

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

Interim financial statements  
for the three-month and six-month periods ended  
30 June 2018  
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 2018, 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 2018 and their financial performance and cash flows for the six-month period then ended in accordance with Thai Financial Reporting Standards (TFRSs).

##### *Basis for Opinion*

I conducted my audit in accordance with Thai Standards on Auditing (TSAs). My responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the interim Consolidated and the Bank only Financial Statements* section of my report. I am independent of the Group and the Bank in accordance with the Code of Ethics for Professional Accountants issued by the Federation of Accounting Professions that are relevant to my audit of the interim consolidated and the Bank only financial statements, and I have fulfilled my other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

##### *Key Audit Matters*

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

| <b>Allowance for doubtful accounts on loans to customers</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |
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| For disclosures related to credit risk of loans to customers and allowance for doubtful accounts, refer to notes 3, 11 and 13.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |
| <b>The key audit matter</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      | <b>How the matter was addressed in the audit</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |
| <p>As at 30 June 2018, loans to customers recorded in the interim consolidated and the Bank only financial statements amounted to Baht 653.65 billion and Baht 653.60 billion (approximately 76.90% and 76.64% of total assets), against which allowances for doubtful accounts of Baht 24.04 billion and Baht 24.01 billion, respectively, were provided.</p> <p>The estimation of the allowance involves judgments over both the timing of recognition and the estimation of the amount of the allowance of certain loans and portfolios of loans to customers. The allowance is determined based on the key factors such as historical loss data, expected loss data, credit risk, collateral, economic conditions and management experience. Accordingly, it is considered a Key Audit Matter.</p> <p>Management has established a control framework over the impairment process which includes governance procedures, management review and approval, and controls to ensure the integrity of data used in the process and compliance with relevant regulations. Within this framework:</p> <ul style="list-style-type: none"> <li>▪ Individual assessments are made by management of credit scoring and classification. Collateral valuation estimates are also used in determining allowances.</li> <li>▪ The allowances are assessed on a portfolio basis for certain portfolios with similar risk characteristics. Model methodologies and assumptions such as customer behavior are selected, approved, and applied to the underlying data.</li> </ul> | <p>In planning my audit procedures, I performed a risk assessment by considering internal and external factors which could affect the performance of individual customers, industry sectors or customer segments, or which could influence the judgments and estimates.</p> <p>My audit procedures included testing the design and operating effectiveness of selected controls surrounding the credit and impairment process.</p> <p>Credit review procedures were performed for a sample of loans, including a detailed review of the individual credit file and other relevant information, from which I formed my own independent assessment. My sample included individually large exposures, loans subject to restructuring and reschedule as well as a selection of loans identified in the risk assessment.</p> <p>Model assumptions and methodologies were tested, where appropriate, including involvement of my own credit risk specialists, reconciliation of data to underlying systems and back-testing results.</p> |

| <b>Valuation of financial instruments in the statements of financial position</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |                                                                                                                                                                                                                                                                                                                                                                                                                           |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| For disclosures related to financial instruments and fair values, refer to note 3 and 5.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |                                                                                                                                                                                                                                                                                                                                                                                                                           |
| <b>The key audit matter</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       | <b>How the matter was addressed in the audit</b>                                                                                                                                                                                                                                                                                                                                                                          |
| As at 30 June 2018, financial assets measured at fair value in the interim consolidated and the Bank only financial statements amounted to Baht 50.96 billion and Baht 50.96 billion, respectively. Financial liabilities measured at fair value in the interim consolidated and the Bank only financial statements amounted to Baht 13.74 billion and Baht 13.74 billion, respectively. The entire amount is classified as “level 2” in the fair value hierarchy. Therefore, judgment is applied in the estimation of the fair value. The use of different valuation techniques and assumptions could produce different estimates of fair value. | For financial instruments, I checked for a selection that pricing inputs used were externally sourced and were correctly input into pricing models. I used my own valuation specialists to assess that the models were appropriate and they valued a selection of the Group’s and the Bank’s debt securities and derivative positions independently and compared their valuation to the Group’s and the Bank’s valuation. |

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

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

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

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

*Auditor’s Responsibilities for the Audit of the Interim Consolidated and the Bank only Financial Statements*

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

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

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

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

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

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

## **Review Report**

I have also reviewed the accompanying interim consolidated and the Bank only statements of profit or loss and other comprehensive income for the three-month period ended 30 June 2018 of the Group and the Bank only, respectively. Management is responsible for the preparation and presentation of these interim consolidated and the Bank only statements of profit or loss and other comprehensive income in accordance with Thai Financial Reporting Standards. My responsibility is to express a conclusion on these interim consolidated and the Bank only statements of profit or loss and other comprehensive income based on my review.

### *Scope of Review*

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

### *Conclusion*

Based on my review, nothing has come to my attention that causes me to believe that the accompanying interim consolidated and the Bank only statements of profit or loss and other comprehensive income for the three-month period ended 30 June 2018 are not prepared, in all material respects, in accordance with Thai Financial Reporting Standards.

(Chanchai Sakulkoedsin)  
Certified Public Accountant  
Registration No. 6827

KPMG Phoomchai Audit Ltd.  
Bangkok  
22 August 2018

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

| Assets                                                         | Note           | Consolidated |              | Bank only    |              |
|----------------------------------------------------------------|----------------|--------------|--------------|--------------|--------------|
|                                                                |                | 30 June      | 31 December  | 30 June      | 31 December  |
|                                                                |                | 2018         | 2017         | 2018         | 2017         |
| (in thousand Baht)                                             |                |              |              |              |              |
| Cash                                                           |                | 12,495,825   | 17,871,736   | 12,495,289   | 17,871,549   |
| Interbank and money market items, net                          | 7, 34.2        | 105,379,200  | 112,534,388  | 104,678,503  | 111,275,311  |
| Derivative assets                                              | 8              | 12,865,587   | 8,673,716    | 12,865,587   | 8,673,716    |
| Investments, net                                               | 9, 34.2        | 62,201,806   | 61,305,161   | 62,201,788   | 58,179,756   |
| Investments in subsidiaries, net                               | 10             | -            | -            | 3,753,633    | 3,753,633    |
| Loans to customers and accrued interest receivables, net       | 11, 34.2       |              |              |              |              |
| Loans to customers                                             |                | 653,650,719  | 643,424,651  | 653,604,578  | 643,376,740  |
| Accrued interest receivables                                   |                | 1,271,876    | 969,067      | 1,271,876    | 969,067      |
| Total loans to customers and accrued interest receivables      |                | 654,922,595  | 644,393,718  | 654,876,454  | 644,345,807  |
| Less deferred revenue                                          |                | (51,355)     | (51,604)     | (51,355)     | (51,604)     |
| Less allowance for doubtful accounts                           | 11.4, 13, 34.2 | (24,036,774) | (24,638,712) | (24,008,353) | (24,608,522) |
| Less revaluation allowance for debt restructuring              | 11.7           | (755,268)    | (330,469)    | (755,268)    | (330,469)    |
| Total loans to customers and accrued interest receivables, net |                | 630,079,198  | 619,372,933  | 630,061,478  | 619,355,212  |
| Properties for sale, net                                       | 14             | 2,315,142    | 2,213,599    | 2,315,142    | 2,213,599    |
| Premises and equipment, net                                    | 15             | 11,745,356   | 12,070,715   | 11,719,030   | 12,045,447   |
| Goodwill and other intangible assets, net                      | 16             | 2,328,203    | 2,131,810    | 2,261,002    | 2,069,669    |
| Deferred tax assets                                            | 17             | 673,159      | 682,970      | 658,424      | 666,968      |
| Other receivables, net                                         | 18, 34.2       | 1,102,233    | 1,689,907    | 1,060,006    | 1,637,186    |
| Other assets, net                                              | 19, 34.2       | 8,828,881    | 5,324,833    | 8,717,065    | 5,234,269    |
| Total assets                                                   |                | 850,014,590  | 843,871,768  | 852,786,947  | 842,976,315  |

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

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

| Liabilities and equity                                                | Note           | Consolidated |             | Bank only   |             |
|-----------------------------------------------------------------------|----------------|--------------|-------------|-------------|-------------|
|                                                                       |                | 30 June      | 31 December | 30 June     | 31 December |
|                                                                       |                | 2018         | 2017        | 2018        | 2017        |
| (in thousand Baht)                                                    |                |              |             |             |             |
| Liabilities                                                           |                |              |             |             |             |
| Deposits                                                              | 20, 34.2       | 632,132,590  | 611,429,815 | 635,343,351 | 611,508,489 |
| Interbank and money market items                                      | 21, 34.2       | 45,171,968   | 60,349,098  | 45,171,968  | 60,349,098  |
| Liabilities payable on demand                                         |                | 4,168,427    | 3,664,924   | 4,168,427   | 3,664,924   |
| Financial liabilities designated at fair value through profit or loss | 22             | 388,621      | 385,698     | 388,621     | 385,698     |
| Derivative liabilities                                                | 8              | 13,786,844   | 8,558,761   | 13,786,844  | 8,558,761   |
| Debts issued and borrowings, net                                      | 23, 34.2       | 32,471,138   | 33,351,579  | 32,471,138  | 33,351,579  |
| Provisions for employee benefits                                      | 24             | 1,167,906    | 1,301,442   | 1,126,818   | 1,270,859   |
| Provisions for other liabilities                                      | 25             | 511,709      | 544,224     | 509,462     | 541,977     |
| Deferred revenue                                                      | 26             | 18,250,007   | 18,907,907  | 18,282,486  | 18,907,925  |
| Other liabilities                                                     | 27, 34.2, 34.4 | 10,467,120   | 15,522,773  | 10,360,701  | 15,340,480  |
| Total liabilities                                                     |                | 758,516,330  | 754,016,221 | 761,609,816 | 753,879,790 |
| Equity                                                                |                |              |             |             |             |
| Share capital                                                         |                |              |             |             |             |
| Authorised share capital                                              |                |              |             |             |             |
| 44,108,738,479 ordinary shares of Baht 0.95 each                      |                | 41,903,302   | 41,903,302  | 41,903,302  | 41,903,302  |
| Issued and paid-up share capital                                      |                |              |             |             |             |
| 43,851,893,110 ordinary shares of Baht 0.95 each                      |                |              |             |             |             |
| (31 December 2017: 43,839,858,871 ordinary shares of Baht 0.95 each)  | 28             | 41,659,299   | 41,647,866  | 41,659,299  | 41,647,866  |
| Premium on share capital                                              | 28             | 403,596      | 378,931     | 403,596     | 378,931     |
| Other reserves                                                        |                | 4,897,966    | 5,097,303   | 4,897,952   | 5,097,113   |
| Retained earnings                                                     |                |              |             |             |             |
| Appropriated                                                          |                |              |             |             |             |
| Legal reserve                                                         | 30, 31         | 2,550,000    | 2,550,000   | 2,550,000   | 2,550,000   |
| Unappropriated                                                        |                | 41,987,399   | 40,181,447  | 41,666,284  | 39,422,615  |
| Equity attributable to equity holders of the Bank                     |                | 91,498,260   | 89,855,547  | 91,177,131  | 89,096,525  |
| Non-controlling interest                                              |                | -            | -           | -           | -           |
| Total equity                                                          |                | 91,498,260   | 89,855,547  | 91,177,131  | 89,096,525  |
| Total liabilities and equity                                          |                | 850,014,590  | 843,871,768 | 852,786,947 | 842,976,315 |

Mr. Piti Tantakasem  
Chief Executive Officer

Mr. Prasong Poontaneat  
Chairman of the Board

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

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

|                                                                                              | Note       | Consolidated             |                  | Bank only                |                  |
|----------------------------------------------------------------------------------------------|------------|--------------------------|------------------|--------------------------|------------------|
|                                                                                              |            | Three-month period ended |                  | Three-month period ended |                  |
|                                                                                              |            | 30 June                  |                  | 30 June                  |                  |
|                                                                                              |            | 2018                     | 2017             | 2018                     | 2017             |
| <i>(in thousand Baht)</i>                                                                    |            |                          |                  |                          |                  |
| Interest income                                                                              | 34.1, 37   | 8,700,234                | 8,687,337        | 8,695,570                | 8,668,053        |
| Interest expenses                                                                            | 34.1, 38   | 2,600,368                | 2,489,391        | 2,604,717                | 2,489,533        |
| <b>Net interest income</b>                                                                   |            | <b>6,099,866</b>         | <b>6,197,946</b> | <b>6,090,853</b>         | <b>6,178,520</b> |
| Fees and service income                                                                      | 34.1, 39   | 3,341,054                | 3,505,902        | 2,986,669                | 3,204,847        |
| Fees and service expenses                                                                    | 34.1, 39   | 881,045                  | 678,742          | 798,436                  | 614,605          |
| <b>Net fees and service income</b>                                                           |            | <b>2,460,009</b>         | <b>2,827,160</b> | <b>2,188,233</b>         | <b>2,590,242</b> |
| Gains on trading and foreign exchange transactions, net                                      | 40         | 351,685                  | 195,382          | 351,685                  | 195,382          |
| Losses on financial liabilities designated<br>at fair value through profit or loss, net      | 41         | (91)                     | (8,827)          | (91)                     | (8,827)          |
| Gains on investments, net                                                                    | 42         | 96,637                   | 47,202           | 96,637                   | 47,202           |
| Other operating income                                                                       | 34.1       | 185,430                  | 248,242          | 180,964                  | 367,450          |
| <b>Total operating income</b>                                                                |            | <b>9,193,536</b>         | <b>9,507,105</b> | <b>8,908,281</b>         | <b>9,369,969</b> |
| <b>Other operating expenses</b>                                                              |            |                          |                  |                          |                  |
| Employee expenses                                                                            | 34.3, 34.4 | 2,065,347                | 2,185,640        | 1,997,829                | 2,125,267        |
| Directors' remuneration                                                                      | 34.3       | 20,937                   | 21,235           | 20,877                   | 21,145           |
| Premises and equipment expenses                                                              |            | 866,833                  | 826,224          | 851,313                  | 810,645          |
| Taxes and duties                                                                             |            | 313,865                  | 325,722          | 313,460                  | 325,101          |
| Others                                                                                       | 34.1, 43   | 1,027,143                | 1,006,314        | 995,663                  | 975,720          |
| <b>Total other operating expenses</b>                                                        |            | <b>4,294,125</b>         | <b>4,365,135</b> | <b>4,179,142</b>         | <b>4,257,878</b> |
| Impairment loss on loans and debt securities                                                 | 34.1, 44   | 2,380,172                | 2,281,506        | 2,385,762                | 2,283,460        |
| <b>Profit from operations before income tax</b>                                              |            | <b>2,519,239</b>         | <b>2,860,464</b> | <b>2,343,377</b>         | <b>2,828,631</b> |
| Income tax                                                                                   | 17         | 492,982                  | 517,747          | 418,122                  | 492,042          |
| <b>Profit for the period</b>                                                                 |            | <b>2,026,257</b>         | <b>2,342,717</b> | <b>1,925,255</b>         | <b>2,336,589</b> |
| <b>Other comprehensive income</b>                                                            |            |                          |                  |                          |                  |
| <i>Items that will be reclassified subsequently to profit or loss</i>                        |            |                          |                  |                          |                  |
| Gains (losses) on remeasuring available-for-sale investments                                 |            | (133,485)                | 35,986           | (133,485)                | 35,437           |
| Gains (losses) arising from translating the financial statements of<br>foreign operations    |            | 10,128                   | (10,103)         | 10,128                   | (10,103)         |
| Income tax relating to items that will be reclassified<br>subsequently to profit or loss     | 17         | 24,671                   | (5,177)          | 24,671                   | (5,067)          |
|                                                                                              |            | <b>(98,686)</b>          | <b>20,706</b>    | <b>(98,686)</b>          | <b>20,267</b>    |
| <i>Items that will not be reclassified subsequently to profit or loss</i>                    |            |                          |                  |                          |                  |
| Change in revaluation surplus on assets                                                      |            | (6,268)                  | (5,286)          | (6,268)                  | (5,286)          |
| Actuarial gains on post-employment benefit plan                                              | 24         | 101,871                  | 108,433          | 108,690                  | 105,561          |
| Income tax relating to items that will not be reclassified<br>subsequently to profit or loss | 17         | (19,121)                 | (20,629)         | (20,484)                 | (20,055)         |
|                                                                                              |            | <b>76,482</b>            | <b>82,518</b>    | <b>81,938</b>            | <b>80,220</b>    |
| <b>Total other comprehensive income for the period,<br/>net of income tax</b>                |            | <b>(22,204)</b>          | <b>103,224</b>   | <b>(16,748)</b>          | <b>100,487</b>   |
| <b>Total comprehensive income for the period</b>                                             |            | <b>2,004,053</b>         | <b>2,445,941</b> | <b>1,908,507</b>         | <b>2,437,076</b> |

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

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

|                                                    | <b>Consolidated</b>       |                         | <b>Bank only</b>         |                         |
|----------------------------------------------------|---------------------------|-------------------------|--------------------------|-------------------------|
|                                                    | Three-month period ended  |                         | Three-month period ended |                         |
|                                                    | 30 June                   |                         | 30 June                  |                         |
| <i>Note</i>                                        | 2018                      | 2017                    | 2018                     | 2017                    |
|                                                    | <i>(in thousand Baht)</i> |                         |                          |                         |
| <b>Profit attributable to:</b>                     |                           |                         |                          |                         |
| Equity holders of the Bank                         | 2,026,257                 | 2,329,539               | 1,925,255                | 2,336,589               |
| Non-controlling interest                           | -                         | 13,178                  | -                        | -                       |
| <b>Profit for the period</b>                       | <b><u>2,026,257</u></b>   | <b><u>2,342,717</u></b> | <b><u>1,925,255</u></b>  | <b><u>2,336,589</u></b> |
| <b>Total comprehensive income attributable to:</b> |                           |                         |                          |                         |
| Equity holders of the Bank                         | 2,004,053                 | 2,432,476               | 1,908,507                | 2,437,076               |
| Non-controlling interest                           | -                         | 13,465                  | -                        | -                       |
| <b>Total comprehensive income for the period</b>   | <b><u>2,004,053</u></b>   | <b><u>2,445,941</u></b> | <b><u>1,908,507</u></b>  | <b><u>2,437,076</u></b> |
| <b>Earnings per share</b>                          |                           |                         |                          |                         |
| Basic earnings per share <i>(in Baht)</i>          | <b><u>0.0462</u></b>      | <b><u>0.0531</u></b>    | <b><u>0.0439</u></b>     | <b><u>0.0533</u></b>    |
| Diluted earnings per share <i>(in Baht)</i>        | <b><u>0.0462</u></b>      | <b><u>0.0531</u></b>    | <b><u>0.0439</u></b>     | <b><u>0.0533</u></b>    |

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Mr. Piti Tantakasem  
Chief Executive Officer

Mr. Prasong Poontaneat  
Chairman of the Board

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

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

|                                                                                              | Note       | Consolidated           |                   | Bank only              |                   |
|----------------------------------------------------------------------------------------------|------------|------------------------|-------------------|------------------------|-------------------|
|                                                                                              |            | Six-month period ended |                   | Six-month period ended |                   |
|                                                                                              |            | 30 June                |                   | 30 June                |                   |
|                                                                                              |            | 2018                   | 2017              | 2018                   | 2017              |
| <i>(in thousand Baht)</i>                                                                    |            |                        |                   |                        |                   |
| Interest income                                                                              | 34.1, 37   | 17,244,909             | 17,247,389        | 17,229,386             | 17,210,042        |
| Interest expenses                                                                            | 34.1, 38   | 5,115,322              | 4,889,897         | 5,123,718              | 4,890,039         |
| <b>Net interest income</b>                                                                   |            | <b>12,129,587</b>      | <b>12,357,492</b> | <b>12,105,668</b>      | <b>12,320,003</b> |
| Fees and service income                                                                      | 34.1, 39   | 6,955,535              | 6,169,411         | 6,233,012              | 5,624,319         |
| Fees and service expenses                                                                    | 34.1, 39   | 1,754,699              | 1,308,588         | 1,583,541              | 1,184,003         |
| <b>Net fees and service income</b>                                                           |            | <b>5,200,836</b>       | <b>4,860,823</b>  | <b>4,649,471</b>       | <b>4,440,316</b>  |
| Gains on trading and foreign exchange transactions, net                                      | 40         | 806,725                | 582,829           | 806,725                | 582,829           |
| Losses on financial liabilities designated<br>at fair value through profit or loss, net      | 41         | (2,923)                | (15,654)          | (2,923)                | (15,654)          |
| Gains on investments, net                                                                    | 42         | 105,904                | 48,560            | 105,707                | 48,560            |
| Other operating income                                                                       | 34.1       | 336,236                | 571,038           | 1,127,556              | 675,273           |
| <b>Total operating income</b>                                                                |            | <b>18,576,365</b>      | <b>18,405,088</b> | <b>18,792,204</b>      | <b>18,051,327</b> |
| <b>Other operating expenses</b>                                                              |            |                        |                   |                        |                   |
| Employee expenses                                                                            | 34.3, 34.4 | 4,134,384              | 4,225,857         | 4,000,231              | 4,104,450         |
| Directors' remuneration                                                                      | 34.3       | 28,597                 | 28,845            | 28,477                 | 28,665            |
| Premises and equipment expenses                                                              |            | 1,699,083              | 1,640,943         | 1,668,292              | 1,610,123         |
| Taxes and duties                                                                             |            | 618,883                | 624,050           | 618,188                | 623,081           |
| Others                                                                                       | 34.1, 43   | 2,077,937              | 1,949,572         | 2,011,595              | 1,892,231         |
| <b>Total other operating expenses</b>                                                        |            | <b>8,558,884</b>       | <b>8,469,267</b>  | <b>8,326,783</b>       | <b>8,258,550</b>  |
| Impairment loss on loans and debt securities                                                 | 34.1, 44   | 4,684,839              | 4,522,783         | 4,693,133              | 4,526,925         |
| <b>Profit from operations before income tax</b>                                              |            | <b>5,332,642</b>       | <b>5,413,038</b>  | <b>5,772,288</b>       | <b>5,265,852</b>  |
| Income tax                                                                                   | 17         | 1,026,645              | 965,245           | 1,034,029              | 916,640           |
| <b>Profit for the period</b>                                                                 |            | <b>4,305,997</b>       | <b>4,447,793</b>  | <b>4,738,259</b>       | <b>4,349,212</b>  |
| <b>Other comprehensive income</b>                                                            |            |                        |                   |                        |                   |
| <i>Items that will be reclassified subsequently to profit or loss</i>                        |            |                        |                   |                        |                   |
| Gains (losses) on remeasuring available-for-sale investments                                 |            | (133,521)              | 84,081            | (133,301)              | 83,659            |
| Losses arising from translating the financial statements of<br>foreign operations            |            | -                      | (30,310)          | -                      | (30,310)          |
| Income tax relating to items that will be reclassified<br>subsequently to profit or loss     | 17         | 26,704                 | (10,754)          | 26,660                 | (10,670)          |
|                                                                                              |            | <b>(106,817)</b>       | <b>43,017</b>     | <b>(106,641)</b>       | <b>42,679</b>     |
| <i>Items that will not be reclassified subsequently to profit or loss</i>                    |            |                        |                   |                        |                   |
| Change in revaluation surplus on assets                                                      |            | (9,614)                | (12,973)          | (9,614)                | (12,973)          |
| Actuarial gains on post-employment benefit plan                                              | 24         | 101,871                | 223,911           | 108,690                | 221,039           |
| Income tax relating to items that will not be reclassified<br>subsequently to profit or loss | 17         | (18,451)               | (42,187)          | (19,815)               | (41,613)          |
|                                                                                              |            | <b>73,806</b>          | <b>168,751</b>    | <b>79,261</b>          | <b>166,453</b>    |
| <b>Total other comprehensive income for the period,<br/>net of income tax</b>                |            | <b>(33,011)</b>        | <b>211,768</b>    | <b>(27,380)</b>        | <b>209,132</b>    |
| <b>Total comprehensive income for the period</b>                                             |            | <b>4,272,986</b>       | <b>4,659,561</b>  | <b>4,710,879</b>       | <b>4,558,344</b>  |

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

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

|                                                    | <b>Consolidated</b>       |                  | <b>Bank only</b>       |                  |
|----------------------------------------------------|---------------------------|------------------|------------------------|------------------|
|                                                    | Six-month period ended    |                  | Six-month period ended |                  |
|                                                    | 30 June                   |                  | 30 June                |                  |
| <i>Note</i>                                        | 2018                      | 2017             | 2018                   | 2017             |
|                                                    | <i>(in thousand Baht)</i> |                  |                        |                  |
| <b>Profit attributable to:</b>                     |                           |                  |                        |                  |
| Equity holders of the Bank                         | 4,305,997                 | 4,425,980        | 4,738,259              | 4,349,212        |
| Non-controlling interest                           | -                         | 21,813           | -                      | -                |
| <b>Profit for the period</b>                       | <b>4,305,997</b>          | <b>4,447,793</b> | <b>4,738,259</b>       | <b>4,349,212</b> |
| <b>Total comprehensive income attributable to:</b> |                           |                  |                        |                  |
| Equity holders of the Bank                         | 4,272,986                 | 4,637,461        | 4,710,879              | 4,558,344        |
| Non-controlling interest                           | -                         | 22,100           | -                      | -                |
| <b>Total comprehensive income for the period</b>   | <b>4,272,986</b>          | <b>4,659,561</b> | <b>4,710,879</b>       | <b>4,558,344</b> |
| <b>Earnings per share</b>                          |                           |                  |                        |                  |
| Basic earnings per share <i>(in Baht)</i>          | <b>0.0982</b>             | <b>0.1010</b>    | <b>0.1081</b>          | <b>0.0992</b>    |
| Diluted earnings per share <i>(in Baht)</i>        | <b>0.0982</b>             | <b>0.1009</b>    | <b>0.1081</b>          | <b>0.0992</b>    |

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Mr. Piti Tantakasem  
Chief Executive Officer

Mr. Prasong Poontaneat  
Chairman of the Board

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

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

|                                                               |            | Consolidated                           |                             |                                                         |                                                       |                                                                                   |                                                                                                                       |                        |               |                |                                                            |                             |              |
|---------------------------------------------------------------|------------|----------------------------------------|-----------------------------|---------------------------------------------------------|-------------------------------------------------------|-----------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------|------------------------|---------------|----------------|------------------------------------------------------------|-----------------------------|--------------|
|                                                               |            | Other reserves                         |                             |                                                         |                                                       |                                                                                   |                                                                                                                       | Retained earnings      |               |                |                                                            |                             |              |
|                                                               |            | Issued and<br>paid-up<br>share capital | Premium on<br>share capital | Other reserve -<br>share-based<br>payments<br>(Note 28) | Revaluation<br>surplus on<br>assets, net<br>(Note 29) | Revaluation<br>surplus on<br>available-for-sale<br>investments, net<br>(Note 9.4) | Translation<br>adjustment arising<br>from translating<br>the financial<br>statements<br>of foreign<br>operations, net | Total other<br>reserve | Legal reserve | Unappropriated | Equity<br>attributable to<br>equity holders<br>of the Bank | Non-controlling<br>interest | Total equity |
| Note                                                          |            |                                        |                             |                                                         |                                                       |                                                                                   |                                                                                                                       |                        |               |                |                                                            |                             |              |
| (in thousand Baht)                                            |            |                                        |                             |                                                         |                                                       |                                                                                   |                                                                                                                       |                        |               |                |                                                            |                             |              |
| Six-month period ended 30 June 2017                           |            |                                        |                             |                                                         |                                                       |                                                                                   |                                                                                                                       |                        |               |                |                                                            |                             |              |
| Balance at 1 January 2017                                     |            | 41,617,002                             | 325,406                     | 105,377                                                 | 5,160,194                                             | (55,683)                                                                          | 67,978                                                                                                                | 5,277,866              | 2,120,000     | 34,382,496     | 83,722,770                                                 | 125,036                     | 83,847,806   |
| Comprehensive income for the period                           |            |                                        |                             |                                                         |                                                       |                                                                                   |                                                                                                                       |                        |               |                |                                                            |                             |              |
| Profit for the period                                         |            | -                                      | -                           | -                                                       | -                                                     | -                                                                                 | -                                                                                                                     | -                      | -             | 4,425,980      | 4,425,980                                                  | 21,813                      | 4,447,793    |
| Other comprehensive income                                    |            | -                                      | -                           | -                                                       | (10,378)                                              | 67,265                                                                            | (24,248)                                                                                                              | 32,639                 | -             | 178,842        | 211,481                                                    | 287                         | 211,768      |
| Total comprehensive income for the period                     |            | -                                      | -                           | -                                                       | (10,378)                                              | 67,265                                                                            | (24,248)                                                                                                              | 32,639                 | -             | 4,604,822      | 4,637,461                                                  | 22,100                      | 4,659,561    |
| Contributions by and distribution to owners of the Bank       |            |                                        |                             |                                                         |                                                       |                                                                                   |                                                                                                                       |                        |               |                |                                                            |                             |              |
| Expenses in relation to share-based payments                  | 28.1, 28.3 | -                                      | -                           | 11,292                                                  | -                                                     | -                                                                                 | -                                                                                                                     | 11,292                 | -             | -              | 11,292                                                     | -                           | 11,292       |
| Issued of ordinary shares to employees                        | 28.3       | 30,864                                 | 54,037                      | (84,901)                                                | -                                                     | -                                                                                 | -                                                                                                                     | (84,901)               | -             | -              | -                                                          | -                           | -            |
| Expenses in relation to issue of ordinary shares to employees | 28.3       | -                                      | (512)                       | -                                                       | -                                                     | -                                                                                 | -                                                                                                                     | -                      | -             | -              | (512)                                                      | -                           | (512)        |
| Dividend paid                                                 | 31         | -                                      | -                           | -                                                       | -                                                     | -                                                                                 | -                                                                                                                     | -                      | -             | (2,622,968)    | (2,622,968)                                                | (17,925)                    | (2,640,893)  |
| Total contributions by and distribution to owners of the Bank |            | 30,864                                 | 53,525                      | (73,609)                                                | -                                                     | -                                                                                 | -                                                                                                                     | (73,609)               | -             | (2,622,968)    | (2,612,188)                                                | (17,925)                    | (2,630,113)  |
| Transfer to retained earnings                                 |            | -                                      | -                           | -                                                       | (72,214)                                              | -                                                                                 | -                                                                                                                     | (72,214)               | -             | 72,214         | -                                                          | -                           | -            |
| Balance at 30 June 2017                                       |            | 41,647,866                             | 378,931                     | 31,768                                                  | 5,077,602                                             | 11,582                                                                            | 43,730                                                                                                                | 5,164,682              | 2,120,000     | 36,436,564     | 85,748,043                                                 | 129,211                     | 85,877,254   |
| Six-month period ended 30 June 2018                           |            |                                        |                             |                                                         |                                                       |                                                                                   |                                                                                                                       |                        |               |                |                                                            |                             |              |
| Balance at 1 January 2018                                     |            | 41,647,866                             | 378,931                     | 35,877                                                  | 5,007,190                                             | 26,672                                                                            | 27,564                                                                                                                | 5,097,303              | 2,550,000     | 40,181,447     | 89,855,547                                                 | -                           | 89,855,547   |
| Comprehensive income for the period                           |            |                                        |                             |                                                         |                                                       |                                                                                   |                                                                                                                       |                        |               |                |                                                            |                             |              |
| Profit for the period                                         |            | -                                      | -                           | -                                                       | -                                                     | -                                                                                 | -                                                                                                                     | -                      | -             | 4,305,997      | 4,305,997                                                  | -                           | 4,305,997    |
| Other comprehensive income                                    |            | -                                      | -                           | -                                                       | (7,691)                                               | (106,817)                                                                         | -                                                                                                                     | (114,508)              | -             | 81,497         | (33,011)                                                   | -                           | (33,011)     |
| Total comprehensive income for the period                     |            | -                                      | -                           | -                                                       | (7,691)                                               | (106,817)                                                                         | -                                                                                                                     | (114,508)              | -             | 4,387,494      | 4,272,986                                                  | -                           | 4,272,986    |
| Contributions by and distribution to owners of the Bank       |            |                                        |                             |                                                         |                                                       |                                                                                   |                                                                                                                       |                        |               |                |                                                            |                             |              |
| Expenses in relation to share-based payments                  | 28.1, 28.3 | -                                      | -                           | 707                                                     | -                                                     | -                                                                                 | -                                                                                                                     | 707                    | -             | -              | 707                                                        | -                           | 707          |
| Issue of ordinary shares to employees                         | 28.3       | 11,433                                 | 25,151                      | (36,584)                                                | -                                                     | -                                                                                 | -                                                                                                                     | (36,584)               | -             | -              | -                                                          | -                           | -            |
| Expenses in relation to issue of ordinary shares to employees | 28.3       | -                                      | (486)                       | -                                                       | -                                                     | -                                                                                 | -                                                                                                                     | -                      | -             | -              | (486)                                                      | -                           | (486)        |
| Dividend paid                                                 | 31         | -                                      | -                           | -                                                       | -                                                     | -                                                                                 | -                                                                                                                     | -                      | -             | (2,630,494)    | (2,630,494)                                                | -                           | (2,630,494)  |
| Total contributions by and distribution to owners of the Bank |            | 11,433                                 | 24,665                      | (35,877)                                                | -                                                     | -                                                                                 | -                                                                                                                     | (35,877)               | -             | (2,630,494)    | (2,630,273)                                                | -                           | (2,630,273)  |
| Transfer to retained earnings                                 |            | -                                      | -                           | -                                                       | (48,952)                                              | -                                                                                 | -                                                                                                                     | (48,952)               | -             | 48,952         | -                                                          | -                           | -            |
| Balance at 30 June 2018                                       |            | 41,659,299                             | 403,596                     | -                                                       | 4,950,547                                             | (80,145)                                                                          | 27,564                                                                                                                | 4,897,966              | 2,550,000     | 41,987,399     | 91,498,260                                                 | -                           | 91,498,260   |

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

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

|                                                               |            | Bank only                        |                          |                                                |                                              |                                                                       |                                                                                                     |                     |               |                |              |
|---------------------------------------------------------------|------------|----------------------------------|--------------------------|------------------------------------------------|----------------------------------------------|-----------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------|---------------------|---------------|----------------|--------------|
|                                                               |            | Other reserves                   |                          |                                                |                                              |                                                                       |                                                                                                     | Retained earnings   |               |                |              |
|                                                               |            |                                  |                          |                                                |                                              |                                                                       |                                                                                                     |                     |               |                |              |
|                                                               | Note       | Issued and paid-up share capital | Premium on share capital | Other reserve - share-based payments (Note 28) | Revaluation surplus on assets, net (Note 29) | Revaluation surplus on available-for-sale investments, net (Note 9.4) | Translation adjustment arising from translating the financial statements of foreign operations, net | Total other reserve | Legal reserve | Unappropriated | Total equity |
| (in thousand Baht)                                            |            |                                  |                          |                                                |                                              |                                                                       |                                                                                                     |                     |               |                |              |
| Six-month period ended 30 June 2017                           |            |                                  |                          |                                                |                                              |                                                                       |                                                                                                     |                     |               |                |              |
| Balance at 1 January 2017                                     |            | 41,617,002                       | 325,406                  | 105,377                                        | 5,160,194                                    | (55,959)                                                              | 67,978                                                                                              | 5,277,590           | 2,120,000     | 33,730,438     | 83,070,436   |
| Comprehensive income for the period                           |            |                                  |                          |                                                |                                              |                                                                       |                                                                                                     |                     |               |                |              |
| Profit for the period                                         |            | -                                | -                        | -                                              | -                                            | -                                                                     | -                                                                                                   | -                   | -             | 4,349,212      | 4,349,212    |
| Other comprehensive income                                    |            | -                                | -                        | -                                              | (10,378)                                     | 66,927                                                                | (24,248)                                                                                            | 32,301              | -             | 176,831        | 209,132      |
| Total comprehensive income for the period                     |            | -                                | -                        | -                                              | (10,378)                                     | 66,927                                                                | (24,248)                                                                                            | 32,301              | -             | 4,526,043      | 4,558,344    |
| Contributions by and distribution to owners of the Bank       |            |                                  |                          |                                                |                                              |                                                                       |                                                                                                     |                     |               |                |              |
| Expenses in relation to share-based payments                  | 28.1, 28.3 | -                                | -                        | 11,292                                         | -                                            | -                                                                     | -                                                                                                   | 11,292              | -             | -              | 11,292       |
| Issue of ordinary shares to employees                         | 28.3       | 30,864                           | 54,037                   | (84,901)                                       | -                                            | -                                                                     | -                                                                                                   | (84,901)            | -             | -              | -            |
| Expenses in relation to issue of ordinary shares to employees | 28.3       | -                                | (512)                    | -                                              | -                                            | -                                                                     | -                                                                                                   | -                   | -             | -              | (512)        |
| Dividend paid                                                 | 31         | -                                | -                        | -                                              | -                                            | -                                                                     | -                                                                                                   | -                   | -             | (2,622,968)    | (2,622,968)  |
| Total contributions by and distribution to owners of the Bank |            | 30,864                           | 53,525                   | (73,609)                                       | -                                            | -                                                                     | -                                                                                                   | (73,609)            | -             | (2,622,968)    | (2,612,188)  |
| Transfer to retained earnings                                 |            | -                                | -                        | -                                              | (72,214)                                     | -                                                                     | -                                                                                                   | (72,214)            | -             | 72,214         | -            |
| Balance at 30 June 2017                                       |            | 41,647,866                       | 378,931                  | 31,768                                         | 5,077,602                                    | 10,968                                                                | 43,730                                                                                              | 5,164,068           | 2,120,000     | 35,705,727     | 85,016,592   |
| Six-month period ended 30 June 2018                           |            |                                  |                          |                                                |                                              |                                                                       |                                                                                                     |                     |               |                |              |
| Balance at 1 January 2018                                     |            | 41,647,866                       | 378,931                  | 35,877                                         | 5,007,190                                    | 26,482                                                                | 27,564                                                                                              | 5,097,113           | 2,550,000     | 39,422,615     | 89,096,525   |
| Comprehensive income for the period                           |            |                                  |                          |                                                |                                              |                                                                       |                                                                                                     |                     |               |                |              |
| Profit for the period                                         |            | -                                | -                        | -                                              | -                                            | -                                                                     | -                                                                                                   | -                   | -             | 4,738,259      | 4,738,259    |
| Other comprehensive income                                    |            | -                                | -                        | -                                              | (7,691)                                      | (106,641)                                                             | -                                                                                                   | (114,332)           | -             | 86,952         | (27,380)     |
| Total comprehensive income for the period                     |            | -                                | -                        | -                                              | (7,691)                                      | (106,641)                                                             | -                                                                                                   | (114,332)           | -             | 4,825,211      | 4,710,879    |
| Contributions by and distribution to owners of the Bank       |            |                                  |                          |                                                |                                              |                                                                       |                                                                                                     |                     |               |                |              |
| Expenses in relation to share-based payments                  | 28.1, 28.3 | -                                | -                        | 707                                            | -                                            | -                                                                     | -                                                                                                   | 707                 | -             | -              | 707          |
| Issue of ordinary shares to employees                         | 28.3       | 11,433                           | 25,151                   | (36,584)                                       | -                                            | -                                                                     | -                                                                                                   | (36,584)            | -             | -              | -            |
| Expenses in relation to issue of ordinary shares to employees | 28.3       | -                                | (486)                    | -                                              | -                                            | -                                                                     | -                                                                                                   | -                   | -             | -              | (486)        |
| Dividend paid                                                 | 31         | -                                | -                        | -                                              | -                                            | -                                                                     | -                                                                                                   | -                   | -             | (2,630,494)    | (2,630,494)  |
| Total contributions by and distribution to owners of the Bank |            | 11,433                           | 24,665                   | (35,877)                                       | -                                            | -                                                                     | -                                                                                                   | (35,877)            | -             | (2,630,494)    | (2,630,273)  |
| Transfer to retained earnings                                 |            | -                                | -                        | -                                              | (48,952)                                     | -                                                                     | -                                                                                                   | (48,952)            | -             | 48,952         | -            |
| Balance at 30 June 2018                                       |            | 41,659,299                       | 403,596                  | -                                              | 4,950,547                                    | (80,159)                                                              | 27,564                                                                                              | 4,897,952           | 2,550,000     | 41,666,284     | 91,177,131   |

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

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

|                                                                                                                                        | <b>Consolidated</b>       |                   | <b>Bank only</b>       |                   |
|----------------------------------------------------------------------------------------------------------------------------------------|---------------------------|-------------------|------------------------|-------------------|
|                                                                                                                                        | Six-month period ended    |                   | Six-month period ended |                   |
|                                                                                                                                        | 30 June                   |                   | 30 June                |                   |
|                                                                                                                                        | 2018                      | 2017              | 2018                   | 2017              |
|                                                                                                                                        | <i>(in thousand Baht)</i> |                   |                        |                   |
| <b><i>Cash flows from operating activities</i></b>                                                                                     |                           |                   |                        |                   |
| Profit from operations before income tax                                                                                               | 5,332,642                 | 5,413,038         | 5,772,288              | 5,265,852         |
| <b><i>Adjustments to reconcile profit from operations before income tax to net cash provided by (used in) operating activities</i></b> |                           |                   |                        |                   |
| Depreciation and amortisation                                                                                                          | 702,502                   | 658,394           | 697,309                | 651,977           |
| Impairment loss on loans and debt securities                                                                                           | 4,684,839                 | 4,522,783         | 4,693,133              | 4,526,925         |
| Impairment loss on premises and equipment                                                                                              | 3,912                     | 14,646            | 3,912                  | 14,646            |
| Impairment loss on properties for sale and other assets                                                                                | 56,998                    | 56,356            | 56,986                 | 53,409            |
| Provisions for employee benefits and other liabilities                                                                                 | 111,894                   | 4,680             | 108,209                | 2,123             |
| Impairment losses on investment (reversal of)                                                                                          | 1,263                     | (21,780)          | 1,263                  | (21,780)          |
| Losses on revaluation of trading investments                                                                                           | 3,632                     | 2,692             | 3,632                  | 2,692             |
| Gains on disposal of premises and equipment                                                                                            | (6,265)                   | (34,947)          | (6,258)                | (34,654)          |
| Gains on disposal of investments                                                                                                       | (107,167)                 | (26,780)          | (106,970)              | (26,780)          |
| Unrealised losses on remeasurement of financial liabilities designated at fair value through profit or loss                            | 2,923                     | 15,654            | 2,923                  | 15,654            |
| Unrealised losses (gains) on exchange on derivatives                                                                                   | 1,023,096                 | (626,172)         | 1,023,096              | (626,172)         |
| Unrealised losses (gains) on exchange on debentures and borrowings                                                                     | 217,712                   | (647,932)         | 217,712                | (647,932)         |
| Expenses in relation to share-based payments                                                                                           | 707                       | 11,292            | 707                    | 11,292            |
| Net interest income                                                                                                                    | (12,129,587)              | (12,357,492)      | (12,105,668)           | (12,320,003)      |
| Dividend income                                                                                                                        | (16,456)                  | (25,925)          | (816,456)              | (151,400)         |
| Interest received                                                                                                                      | 16,430,939                | 16,631,948        | 16,417,453             | 16,639,415        |
| Interest paid                                                                                                                          | (4,489,301)               | (4,166,540)       | (4,497,698)            | (4,166,682)       |
| Income tax paid                                                                                                                        | (319,408)                 | (560,281)         | (254,804)              | (510,438)         |
| <b>Profit from operations before changes in operating assets and liabilities</b>                                                       | <b>11,504,875</b>         | <b>8,863,634</b>  | <b>11,210,769</b>      | <b>8,678,144</b>  |
| <b><i>Decrease (increase) in operating assets</i></b>                                                                                  |                           |                   |                        |                   |
| Interbank and money market items                                                                                                       | 7,115,448                 | 9,527,530         | 6,559,447              | 9,672,032         |
| Trading investments                                                                                                                    | (2,270,821)               | 8,159,591         | (2,270,821)            | 8,159,591         |
| Loans to customers                                                                                                                     | (15,076,060)              | (27,532,901)      | (15,084,355)           | (27,537,044)      |
| Properties for sale                                                                                                                    | (71,689)                  | 350,318           | (71,689)               | 350,318           |
| Other receivables                                                                                                                      | 558,189                   | (19,429,463)      | 547,706                | (19,484,169)      |
| Other accrued income                                                                                                                   | 135,230                   | 93,549            | 151,035                | (12,749)          |
| Other assets                                                                                                                           | (4,636,297)               | 933,128           | (4,630,850)            | 954,918           |
| <b><i>Increase (decrease) in operating liabilities</i></b>                                                                             |                           |                   |                        |                   |
| Deposits                                                                                                                               | 20,704,381                | 2,435,175         | 23,836,468             | 2,459,272         |
| Interbank and money market items                                                                                                       | (15,177,130)              | 9,399,947         | (15,177,130)           | 9,399,947         |
| Liabilities payable on demand                                                                                                          | 503,503                   | 1,265,115         | 503,503                | 1,265,115         |
| Short-term debts issued and borrowings                                                                                                 | -                         | (378,834)         | -                      | (378,834)         |
| Provisions for employee benefits                                                                                                       | (223,564)                 | (106,466)         | (223,564)              | (106,466)         |
| Provisions for other liabilities                                                                                                       | (21,902)                  | (8,526)           | (21,902)               | (8,526)           |
| Account payables                                                                                                                       | (88,421)                  | (160,822)         | (88,396)               | (160,902)         |
| Other accrued expenses                                                                                                                 | (920,907)                 | (168,209)         | (955,597)              | (225,033)         |
| Deferred revenue                                                                                                                       | (664,870)                 | 19,364,498        | (632,409)              | 19,364,498        |
| Other liabilities                                                                                                                      | (3,742,516)               | (481,733)         | (3,706,639)            | (445,290)         |
| <b>Net cash provided by (used in) operating activities</b>                                                                             | <b>(2,372,551)</b>        | <b>12,125,531</b> | <b>(54,424)</b>        | <b>11,944,822</b> |

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

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

|                                                                                                                     | <b>Consolidated</b>       |                    | <b>Bank only</b>       |                    |
|---------------------------------------------------------------------------------------------------------------------|---------------------------|--------------------|------------------------|--------------------|
|                                                                                                                     | Six-month period ended    |                    | Six-month period ended |                    |
|                                                                                                                     | 30 June                   |                    | 30 June                |                    |
|                                                                                                                     | 2018                      | 2017               | 2018                   | 2017               |
|                                                                                                                     | <i>(in thousand Baht)</i> |                    |                        |                    |
| <b><i>Cash flows from investing activities</i></b>                                                                  |                           |                    |                        |                    |
| Interest received                                                                                                   | 645,221                   | 706,906            | 640,805                | 684,222            |
| Dividend received                                                                                                   | 16,456                    | 25,925             | 816,456                | 151,400            |
| Purchase of available-for-sale investments                                                                          | (18,586,025)              | (28,150,266)       | (18,586,025)           | (25,052,937)       |
| Proceeds from sales of available-for-sale investments                                                               | 20,095,376                | 15,482,088         | 16,970,013             | 12,440,988         |
| Purchase of held to maturity debt securities                                                                        | (4,621,132)               | -                  | (4,621,132)            | -                  |
| Proceeds from redemption of held to maturity debt securities                                                        | 4,309,204                 | 4,550,732          | 4,309,204              | 4,550,732          |
| Proceeds from sales of general investments                                                                          | 102,226                   | 66,292             | 102,226                | 66,292             |
| Purchase of premises and equipment                                                                                  | (181,588)                 | (145,064)          | (176,255)              | (141,107)          |
| Purchase of leasehold rights                                                                                        | (1,015)                   | (556)              | (1,015)                | (556)              |
| Purchase of intangible assets                                                                                       | (422,009)                 | (251,075)          | (416,034)              | (250,207)          |
| Proceeds from disposals of premises and equipment                                                                   | 18,032                    | 60,376             | 18,027                 | 59,911             |
| <b>Net cash provided by (used in) investing activities</b>                                                          | <b>1,374,746</b>          | <b>(7,654,642)</b> | <b>(943,730)</b>       | <b>(7,491,262)</b> |
| <b><i>Cash flows from financing activities</i></b>                                                                  |                           |                    |                        |                    |
| Repayments of long-term debts issued and borrowings                                                                 | (6,273)                   | (6,166)            | (6,273)                | (6,166)            |
| Interest paid on long-term debts issued and borrowings                                                              | (648,973)                 | (556,393)          | (648,973)              | (556,393)          |
| Cash receipts on debentures issued                                                                                  | 1,917,000                 | 5,430,000          | 1,917,000              | 5,430,000          |
| Cash paid for redemption of debentures                                                                              | (3,008,880)               | (10,350,000)       | (3,008,880)            | (10,350,000)       |
| Expenses in relation to issue of ordinary shares to employees                                                       | (486)                     | (512)              | (486)                  | (512)              |
| Dividends paid to equity holders of the Bank                                                                        | (2,630,494)               | (2,622,968)        | (2,630,494)            | (2,622,968)        |
| Dividends paid to non-controlling interest                                                                          | -                         | (17,925)           | -                      | -                  |
| <b>Net cash used in financing activities</b>                                                                        | <b>(4,378,106)</b>        | <b>(8,123,964)</b> | <b>(4,378,106)</b>     | <b>(8,106,039)</b> |
| Change in translation adjustments of foreign operations                                                             | -                         | (30,310)           | -                      | (30,310)           |
| <b>Net decrease in cash</b>                                                                                         | <b>(5,375,911)</b>        | <b>(3,683,385)</b> | <b>(5,376,260)</b>     | <b>(3,682,789)</b> |
| Cash at 1 January                                                                                                   | 17,871,736                | 16,530,908         | 17,871,549             | 16,530,044         |
| <b>Cash at 30 June</b>                                                                                              | <b>12,495,825</b>         | <b>12,847,523</b>  | <b>12,495,289</b>      | <b>12,847,255</b>  |
| <b>Supplementary disclosures of cash flow information</b>                                                           |                           |                    |                        |                    |
| Non-cash transactions:                                                                                              |                           |                    |                        |                    |
| Issue of ordinary shares to employees                                                                               | 36,584                    | 84,901             | 36,584                 | 84,901             |
| Change in remeasuring available-for-sale investments                                                                | (133,521)                 | 84,081             | (133,301)              | 83,659             |
| Change in revaluation surplus on assets and transferred revaluation surplus on assets directly to retained earnings | (70,804)                  | (103,241)          | (70,804)               | (103,241)          |
| Actuarial gains on post-employment benefit plan                                                                     | 101,871                   | 223,911            | 108,690                | 221,039            |
| Change in translation adjustments of foreign operations                                                             | -                         | (30,310)           | -                      | (30,310)           |
| Increase in properties for sale due to debts settlement                                                             | 25,554                    | 20,603             | 25,554                 | 20,603             |
| Transfer of premises and equipment to properties for sale                                                           | 20,807                    | 73,231             | 20,807                 | 73,231             |

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 2018**

**For the three-month period ended 30 June 2018 (Unaudited)**

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

## **Notes to the interim financial statements**

**For the six-month period ended 30 June 2018**

**For the three-month period ended 30 June 2018 (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 22 August 2018.

### **1 General information**

TMB Bank Public Company Limited, (“the Bank”), is incorporated in Thailand and has its registered office at 3000 Phaholyothin 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. All subsidiaries are incorporated as limited companies under Thai laws and have been operating in Thailand, with their core businesses being provisions of asset management and fund management services. Details of the Bank’s subsidiaries as at 30 June 2018 and 31 December 2017 are given in note 10.

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

#### **(a) Statement of compliance**

The interim financial statements are prepared in accordance with Thai Accounting Standard (“TAS”) No. 34 (revised 2017) *Interim Financial Reporting*; guidelines promulgated by the Federation of Accounting Professions (“FAP”); and applicable rules and regulations of the Thai Securities and Exchange Commission; and presented as prescribed by the Bank of Thailand (“BoT”) Notification Number Sor Nor Sor. 21/2558, directive dated 4 December 2015, regarding “The preparation and announcement of the financial statements of commercial banks and holding companies which are the parent company of a group of companies offering financial services”.

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

In addition to the above new and revised TFRSs, the FAP has issued TFRS 15 *Revenue from Contracts with Customers* which is effective for annual periods beginning on or after 1 January 2019. The Bank and its subsidiaries has not early adopted this standard in preparing these interim financial statements.

TFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. Revenue should be recognised when (or as) an entity transfers control over goods or services to a customer, measured at the amount to which the entity expects to be entitled. It replaces existing revenue recognition standards as follows:

- TAS 11 (revised 2017) *Construction Contracts*,
- TAS 18 (revised 2017) *Revenue*,
- TSIC 31 (revised 2017) *Revenue-Barter Transactions Involving Advertising Services*,
- TFRIC 13 (revised 2017) *Customer Loyalty Programmes*,
- TFRIC 15 (revised 2017) *Agreements for the Construction of Real Estate*, and
- TFRIC 18 (revised 2017) *Transfers of Assets from Customers*.

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

## **Notes to the interim financial statements**

**For the six-month period ended 30 June 2018**

**For the three-month period ended 30 June 2018 (Unaudited)**

The Bank and its subsidiaries has made a preliminary assessment of the potential impact of adopting and initially applying TFRS 15 on the consolidated and bank only financial statements and expects that there will be no material impact on the consolidated and bank only financial statements in the period of initial application.

### **(b) Basis of measurement**

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

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

### **(c) Functional and presentation currency**

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

### **(d) Use of judgements and estimates**

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

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

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

|         |                                 |
|---------|---------------------------------|
| Note 8  | Derivatives                     |
| Note 13 | Allowance for doubtful accounts |

## **3 Significant accounting policies**

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

### **(a) Basis of consolidation**

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

#### *Business combinations*

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

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

## **Notes to the interim financial statements**

### **For the six-month period ended 30 June 2018**

### **For the three-month period ended 30 June 2018 (Unaudited)**

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

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

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

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

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

#### *Subsidiaries*

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

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

#### *Non-controlling interests*

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

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

#### *Loss of control*

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

#### *Transactions eliminated on consolidation*

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

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

## **Notes to the interim financial statements**

**For the six-month period ended 30 June 2018**

**For the three-month period ended 30 June 2018 (Unaudited)**

### **(b) Foreign currencies**

#### *Foreign currency transactions*

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

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

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

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

#### *Foreign operations*

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

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

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

### **(c) Cash**

Cash includes cash in hand and cash on collection.

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

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

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

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

### **Notes to the interim financial statements**

**For the six-month period ended 30 June 2018**

**For the three-month period ended 30 June 2018 (Unaudited)**

#### **(e) Investments**

##### *Investments in subsidiaries*

Investments in subsidiaries 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.

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

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

##### *Investments in other debt and equity securities*

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

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

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.

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

## **Notes to the interim financial statements**

**For the six-month period ended 30 June 2018**

**For the three-month period ended 30 June 2018 (Unaudited)**

### *Disposal of investments*

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

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

### **(f) *Loans to customers***

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

### **(g) *Bill purchased, trade finance and factoring***

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

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

### **(h) *Allowance for doubtful accounts***

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

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

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

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

## **Notes to the interim financial statements**

**For the six-month period ended 30 June 2018**

**For the three-month period ended 30 June 2018 (Unaudited)**

### **(i) *Troubled debt restructuring***

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

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

### **(j) *Properties for sale***

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

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

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

### **(k) *Premises and equipment***

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

The Bank and its subsidiaries initially record premises and equipment at their costs on the acquisition dates. Cost includes expenditure that is directly attributable to the acquisition of the asset. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

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

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

## **Notes to the interim financial statements**

**For the six-month period ended 30 June 2018**

**For the three-month period ended 30 June 2018 (Unaudited)**

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

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

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

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

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

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

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

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

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

### **Notes to the interim financial statements**

#### **For the six-month period ended 30 June 2018**

#### **For the three-month period ended 30 June 2018 (Unaudited)**

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

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

#### **(l) *Leasehold rights***

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

#### **(m) *Operating lease***

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

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

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

#### **(n) *Goodwill and other intangible assets***

##### *Goodwill*

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

##### *Other intangible assets*

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

##### *Subsequent expenditure*

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognised in profit or loss as incurred.

##### *Amortisation*

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

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

## **Notes to the interim financial statements**

**For the six-month period ended 30 June 2018**

**For the three-month period ended 30 June 2018 (Unaudited)**

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

Computer software

Average at 5 years

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

### **(o) Impairment**

The carrying amounts of the Bank and its subsidiaries' assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the assets' recoverable amounts are estimated.

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

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

#### *Calculation of recoverable amount*

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

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

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

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

#### *Reversals of impairment*

An impairment loss in respect of a financial asset is reversed if the subsequent increase in recoverable amount can be related objectively to an event occurring after the impairment loss was recognised in profit or loss. For financial assets carried at amortised cost and available-for-sale investments that are debt securities, general investments and investments in subsidiaries, the reversal is recognised 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 2018**

**For the three-month period ended 30 June 2018 (Unaudited)**

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

#### **(p) Hybrid instruments**

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

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

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

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

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

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

#### **(q) Derivatives**

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

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

### **Notes to the interim financial statements**

#### **For the six-month period ended 30 June 2018**

#### **For the three-month period ended 30 June 2018 (Unaudited)**

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

#### **(r) Employee benefits**

##### *Short-term employee benefits*

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

##### *Post employment benefits and other long-term employee benefits*

###### *Defined contribution plan*

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

###### *Defined benefit plans*

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

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

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

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

##### *Share-based payments*

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

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

## **Notes to the interim financial statements**

**For the six-month period ended 30 June 2018**

**For the three-month period ended 30 June 2018 (Unaudited)**

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

### **(s) Provisions**

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

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

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

### **(t) Income**

#### *Interest income*

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

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

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

#### *Fees and service income*

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

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

## **Notes to the interim financial statements**

**For the six-month period ended 30 June 2018**

**For the three-month period ended 30 June 2018 (Unaudited)**

### *Dividend income*

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

### **(u) Expenses**

#### *Interest expenses*

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

#### *Fees and service expenses*

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

### **(v) Income tax**

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

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

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

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

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

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

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

## **Notes to the interim financial statements**

**For the six-month period ended 30 June 2018**

**For the three-month period ended 30 June 2018 (Unaudited)**

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. Deferred tax assets are reviewed at each reporting date and reduced to the extent that it is no longer probable that the related tax benefit will be realised.

### **(w) *Earnings per share***

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

### **(x) *Segment reporting***

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

### **(y) *Offsetting***

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

## **4 Risk management**

### ***Risk management approach***

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

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

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

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

## **Notes to the interim financial statements**

**For the six-month period ended 30 June 2018**

**For the three-month period ended 30 June 2018 (Unaudited)**

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

### **4.1 Credit risk**

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

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

#### *Credit policies/Framework*

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

#### *Credit approval process*

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

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

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

## **Notes to the interim financial statements**

**For the six-month period ended 30 June 2018**

**For the three-month period ended 30 June 2018 (Unaudited)**

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

### *Credit review*

The Audit unit, independent unit, is responsible for performing the assessments and making recommendations to improve the adequacy and effectiveness of credit-related processes and the risk management processes. Moreover, the Independent Credit Review (ICR) team, under the Audit 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.

## **4.2 Market risk**

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

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

### *Market risk in the trading book*

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

### *Market risk in the banking book*

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

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

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

### **(a) Interest rate risk**

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

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

# TMB Bank Public Company Limited and its Subsidiaries

## Notes to the interim financial statements

### For the six-month period ended 30 June 2018

### For the three-month period ended 30 June 2018 (Unaudited)

As at 30 June 2018 and 31 December 2017, financial assets and liabilities classified by types of interest rates were as follows:

|                                                                          |                           | <b>Consolidated</b><br>30 June 2018     |                         |                |
|--------------------------------------------------------------------------|---------------------------|-----------------------------------------|-------------------------|----------------|
|                                                                          | Floating<br>interest rate | Fixed<br>interest rate                  | Non-interest<br>bearing | Total          |
|                                                                          | <i>(in million Baht)</i>  |                                         |                         |                |
| <b><i>Financial assets</i></b>                                           |                           |                                         |                         |                |
| Cash                                                                     | -                         | -                                       | 12,496                  | 12,496         |
| Interbank and money market items net of<br>deferred revenue              | 28,865                    | 69,601                                  | 6,940                   | 105,406        |
| Investments, net                                                         | 4,148                     | 57,816                                  | 238                     | 62,202         |
| Loans to customers net of deferred revenue                               | 424,631                   | 219,640                                 | 9,328                   | 653,599        |
| Other financial assets                                                   | 5,517                     | -                                       | 3,849                   | 9,366          |
| <b>Total financial assets</b>                                            | <b>463,161</b>            | <b>347,057</b>                          | <b>32,851</b>           | <b>843,069</b> |
| <b><i>Financial liabilities</i></b>                                      |                           |                                         |                         |                |
| Deposits                                                                 | 527,794                   | 77,739                                  | 26,600                  | 632,133        |
| Interbank and money market items                                         | 4,931                     | 39,044                                  | 1,197                   | 45,172         |
| Liabilities payable on demand                                            | -                         | -                                       | 4,168                   | 4,168          |
| Financial liabilities designated<br>at fair value through profit or loss | 297                       | -                                       | -                       | 297            |
| Debts issued and borrowings                                              | 1,990                     | 30,472                                  | 9                       | 32,471         |
| Other financial liabilities                                              | 1,346                     | -                                       | 9,055                   | 10,401         |
| <b>Total financial liabilities</b>                                       | <b>536,358</b>            | <b>147,255</b>                          | <b>41,029</b>           | <b>724,642</b> |
|                                                                          |                           | <b>Consolidated</b><br>31 December 2017 |                         |                |
|                                                                          | Floating<br>interest rate | Fixed<br>interest rate                  | Non-interest<br>bearing | Total          |
|                                                                          | <i>(in million Baht)</i>  |                                         |                         |                |
| <b><i>Financial assets</i></b>                                           |                           |                                         |                         |                |
| Cash                                                                     | -                         | -                                       | 17,872                  | 17,872         |
| Interbank and money market items net of<br>deferred revenue              | 44,417                    | 61,237                                  | 6,867                   | 112,521        |
| Investments, net                                                         | 8,645                     | 52,348                                  | 312                     | 61,305         |
| Loans to customers net of deferred revenue                               | 412,201                   | 221,837                                 | 9,335                   | 643,373        |
| Other financial assets                                                   | 898                       | -                                       | 5,353                   | 6,251          |
| <b>Total financial assets</b>                                            | <b>466,161</b>            | <b>335,422</b>                          | <b>39,739</b>           | <b>841,322</b> |
| <b><i>Financial liabilities</i></b>                                      |                           |                                         |                         |                |
| Deposits                                                                 | 499,694                   | 82,763                                  | 28,973                  | 611,430        |
| Interbank and money market items                                         | 9,638                     | 49,289                                  | 1,422                   | 60,349         |
| Liabilities payable on demand                                            | -                         | -                                       | 3,665                   | 3,665          |
| Financial liabilities designated<br>at fair value through profit or loss | 296                       | -                                       | -                       | 296            |
| Debts issued and borrowings                                              | -                         | 33,340                                  | 12                      | 33,352         |
| Other financial liabilities                                              | 1,780                     | -                                       | 13,683                  | 15,463         |
| <b>Total financial liabilities</b>                                       | <b>511,408</b>            | <b>165,392</b>                          | <b>47,755</b>           | <b>724,555</b> |

# TMB Bank Public Company Limited and its Subsidiaries

## Notes to the interim financial statements

### For the six-month period ended 30 June 2018

### For the three-month period ended 30 June 2018 (Unaudited)

|                                                                          | <b>Bank only</b><br>30 June 2018 |                        |                         |                |
|--------------------------------------------------------------------------|----------------------------------|------------------------|-------------------------|----------------|
|                                                                          | Floating<br>interest rate        | Fixed<br>interest rate | Non-interest<br>bearing | Total          |
|                                                                          | <i>(in million Baht)</i>         |                        |                         |                |
| <b><i>Financial assets</i></b>                                           |                                  |                        |                         |                |
| Cash                                                                     | -                                | -                      | 12,495                  | 12,495         |
| Interbank and money market items net of<br>deferred revenue              | 28,793                           | 68,976                 | 6,940                   | 104,709        |
| Investments, net                                                         | 4,148                            | 57,816                 | 238                     | 62,202         |
| Investment in subsidiaries, net                                          | -                                | -                      | 3,754                   | 3,754          |
| Loans to customers net of deferred revenue                               | 424,585                          | 219,640                | 9,328                   | 653,553        |
| Other financial assets                                                   | 5,517                            | -                      | 3,691                   | 9,208          |
| <b>Total financial assets</b>                                            | <b>463,043</b>                   | <b>346,432</b>         | <b>36,446</b>           | <b>845,921</b> |
| <b><i>Financial liabilities</i></b>                                      |                                  |                        |                         |                |
| Deposits                                                                 | 530,993                          | 77,739                 | 26,611                  | 635,343        |
| Interbank and money market items                                         | 4,931                            | 39,044                 | 1,197                   | 45,172         |
| Liabilities payable on demand                                            | -                                | -                      | 4,168                   | 4,168          |
| Financial liabilities designated<br>at fair value through profit or loss | 297                              | -                      | -                       | 297            |
| Debts issued and borrowings                                              | 1,990                            | 30,472                 | 9                       | 32,471         |
| Other financial liabilities                                              | 1,346                            | -                      | 8,948                   | 10,294         |
| <b>Total financial liabilities</b>                                       | <b>539,557</b>                   | <b>147,255</b>         | <b>40,933</b>           | <b>727,745</b> |

|                                                                          | <b>Bank only</b><br>31 December 2017 |                        |                         |                |
|--------------------------------------------------------------------------|--------------------------------------|------------------------|-------------------------|----------------|
|                                                                          | Floating<br>interest rate            | Fixed<br>interest rate | Non-interest<br>bearing | Total          |
|                                                                          | <i>(in million Baht)</i>             |                        |                         |                |
| <b><i>Financial assets</i></b>                                           |                                      |                        |                         |                |
| Cash                                                                     | -                                    | -                      | 17,872                  | 17,872         |
| Interbank and money market items net of<br>deferred revenue              | 44,299                               | 60,102                 | 6,867                   | 111,268        |
| Investments, net                                                         | 8,645                                | 49,223                 | 312                     | 58,180         |
| Investment in subsidiaries, net                                          | -                                    | -                      | 3,754                   | 3,754          |
| Loans to customers net of deferred revenue                               | 412,153                              | 221,837                | 9,335                   | 643,325        |
| Other financial assets                                                   | 898                                  | -                      | 5,217                   | 6,115          |
| <b>Total financial assets</b>                                            | <b>465,995</b>                       | <b>331,162</b>         | <b>43,357</b>           | <b>840,514</b> |
| <b><i>Financial liabilities</i></b>                                      |                                      |                        |                         |                |
| Deposits                                                                 | 499,761                              | 82,763                 | 28,984                  | 611,508        |
| Interbank and money market items                                         | 9,638                                | 49,289                 | 1,422                   | 60,349         |
| Liabilities payable on demand                                            | -                                    | -                      | 3,665                   | 3,665          |
| Financial liabilities designated<br>at fair value through profit or loss | 296                                  | -                      | -                       | 296            |
| Debts issued and borrowings                                              | -                                    | 33,340                 | 12                      | 33,352         |
| Other financial liabilities                                              | 1,780                                | -                      | 13,501                  | 15,281         |
| <b>Total financial liabilities</b>                                       | <b>511,475</b>                       | <b>165,392</b>         | <b>47,584</b>           | <b>724,451</b> |

**TMB Bank Public Company Limited and its Subsidiaries**  
**Notes to the interim financial statements**  
**For the six-month period ended 30 June 2018**  
**For the three-month period ended 30 June 2018 (Unaudited)**

As at 30 June 2018 and 31 December 2017, significant financial assets and liabilities classified by interest repricing periods were as follows:

|                                                                       | Consolidated      |                |                |               |               |                |
|-----------------------------------------------------------------------|-------------------|----------------|----------------|---------------|---------------|----------------|
|                                                                       | 30 June 2018      |                |                |               |               |                |
|                                                                       | Repricing periods |                |                |               |               |                |
|                                                                       | Within            | Over           | Over           | Non-          | Non-          |                |
|                                                                       | 3 months          | 3 months       | 1 year         | performing    | interest      | Total          |
|                                                                       |                   | to 1 year      |                | assets        | bearing       |                |
|                                                                       | (in million Baht) |                |                |               |               |                |
| <b>Financial assets</b>                                               |                   |                |                |               |               |                |
| Cash                                                                  | -                 | -              | -              | -             | 12,496        | 12,496         |
| Interbank and money market items net of deferred revenue              | 92,946            | 5,520          | -              | -             | 6,940         | 105,406        |
| Investments, net                                                      | 9,384             | 22,950         | 29,630         | -             | 238           | 62,202         |
| Loans to customers net of deferred revenue                            | 411,817           | 72,887         | 141,876        | 17,691        | 9,328         | 653,599        |
| Other financial assets                                                | 5,517             | -              | -              | -             | 3,849         | 9,366          |
| <b>Total financial assets</b>                                         | <b>519,664</b>    | <b>101,357</b> | <b>171,506</b> | <b>17,691</b> | <b>32,851</b> | <b>843,069</b> |
| <b>Financial liabilities</b>                                          |                   |                |                |               |               |                |
| Deposits                                                              | 558,688           | 43,316         | 3,529          | -             | 26,600        | 632,133        |
| Interbank and money market items                                      | 41,972            | 1,396          | 607            | -             | 1,197         | 45,172         |
| Liabilities payable on demand                                         | -                 | -              | -              | -             | 4,168         | 4,168          |
| Financial liabilities designated at fair value through profit or loss | 297               | -              | -              | -             | -             | 297            |
| Debts issued and borrowings                                           | 5                 | 1,996          | 30,461         | -             | 9             | 32,471         |
| Other financial liabilities                                           | 1,346             | -              | -              | -             | 9,055         | 10,401         |
| <b>Total financial liabilities</b>                                    | <b>602,308</b>    | <b>46,708</b>  | <b>34,597</b>  | <b>-</b>      | <b>41,029</b> | <b>724,642</b> |

|                                                                       | Consolidated      |               |                |               |               |                |
|-----------------------------------------------------------------------|-------------------|---------------|----------------|---------------|---------------|----------------|
|                                                                       | 31 December 2017  |               |                |               |               |                |
|                                                                       | Repricing periods |               |                |               |               |                |
|                                                                       | Within            | Over          | Over           | Non-          | Non-          |                |
|                                                                       | 3 months          | 3 months      | 1 year         | performing    | interest      | Total          |
|                                                                       |                   | to 1 year     |                | assets        | bearing       |                |
|                                                                       | (in million Baht) |               |                |               |               |                |
| <b>Financial assets</b>                                               |                   |               |                |               |               |                |
| Cash                                                                  | -                 | -             | -              | -             | 17,872        | 17,872         |
| Interbank and money market items net of deferred revenue              | 104,639           | 1,015         | -              | -             | 6,867         | 112,521        |
| Investments, net                                                      | 17,191            | 9,712         | 34,090         | -             | 312           | 61,305         |
| Loans to customers net of deferred revenue                            | 416,058           | 66,124        | 134,335        | 17,521        | 9,335         | 643,373        |
| Other financial assets                                                | 898               | -             | -              | -             | 5,353         | 6,251          |
| <b>Total financial assets</b>                                         | <b>538,786</b>    | <b>76,851</b> | <b>168,425</b> | <b>17,521</b> | <b>39,739</b> | <b>841,322</b> |
| <b>Financial liabilities</b>                                          |                   |               |                |               |               |                |
| Deposits                                                              | 533,090           | 45,836        | 3,531          | -             | 28,973        | 611,430        |
| Interbank and money market items                                      | 56,598            | 1,549         | 780            | -             | 1,422         | 60,349         |
| Liabilities payable on demand                                         | -                 | -             | -              | -             | 3,665         | 3,665          |
| Financial liabilities designated at fair value through profit or loss | 296               | -             | -              | -             | -             | 296            |
| Debts issued and borrowings                                           | 3,014             | 7             | 30,319         | -             | 12            | 33,352         |
| Other financial liabilities                                           | 1,780             | -             | -              | -             | 13,683        | 15,463         |
| <b>Total financial liabilities</b>                                    | <b>594,778</b>    | <b>47,392</b> | <b>34,630</b>  | <b>-</b>      | <b>47,755</b> | <b>724,555</b> |

# TMB Bank Public Company Limited and its Subsidiaries

## Notes to the interim financial statements

### For the six-month period ended 30 June 2018

### For the three-month period ended 30 June 2018 (Unaudited)

|                                                                       | Bank only         |                |                |               |               |                |
|-----------------------------------------------------------------------|-------------------|----------------|----------------|---------------|---------------|----------------|
|                                                                       | 30 June 2018      |                |                |               |               |                |
|                                                                       | Repricing periods |                |                |               |               |                |
|                                                                       | Within            | Over           | Over           | Non-          | Non-          |                |
|                                                                       | 3 months          | 3 months       | 1 year         | performing    | interest      | Total          |
|                                                                       |                   | to 1 year      |                | assets        | bearing       |                |
|                                                                       | (in million Baht) |                |                |               |               |                |
| <b>Financial assets</b>                                               |                   |                |                |               |               |                |
| Cash                                                                  | -                 | -              | -              | -             | 12,495        | 12,495         |
| Interbank and money market items net of deferred revenue              | 92,655            | 5,114          | -              | -             | 6,940         | 104,709        |
| Investments, net                                                      | 9,384             | 22,950         | 29,630         | -             | 238           | 62,202         |
| Investments in subsidiaries, net                                      | -                 | -              | -              | -             | 3,754         | 3,754          |
| Loans to customers net of deferred revenue                            | 411,817           | 72,887         | 141,876        | 17,645        | 9,328         | 653,553        |
| Other financial assets                                                | 5,517             | -              | -              | -             | 3,691         | 9,208          |
| <b>Total financial assets</b>                                         | <b>519,373</b>    | <b>100,951</b> | <b>171,506</b> | <b>17,645</b> | <b>36,446</b> | <b>845,921</b> |
| <b>Financial liabilities</b>                                          |                   |                |                |               |               |                |
| Deposits                                                              | 561,887           | 43,316         | 3,529          | -             | 26,611        | 635,343        |
| Interbank and money market items                                      | 41,972            | 1,396          | 607            | -             | 1,197         | 45,172         |
| Liabilities payable on demand                                         | -                 | -              | -              | -             | 4,168         | 4,168          |
| Financial liabilities designated at fair value through profit or loss | 297               | -              | -              | -             | -             | 297            |
| Debts issued and borrowings                                           | 5                 | 1,996          | 30,461         | -             | 9             | 32,471         |
| Other financial liabilities                                           | 1,346             | -              | -              | -             | 8,948         | 10,294         |
| <b>Total financial liabilities</b>                                    | <b>605,507</b>    | <b>46,708</b>  | <b>34,597</b>  | <b>-</b>      | <b>40,933</b> | <b>727,745</b> |

| Bank only                                                                |                    |                               |                |                              |                             |                |
|--------------------------------------------------------------------------|--------------------|-------------------------------|----------------|------------------------------|-----------------------------|----------------|
| 31 December 2017                                                         |                    |                               |                |                              |                             |                |
|                                                                          | Repricing periods  |                               |                |                              |                             |                |
|                                                                          | Within<br>3 months | Over<br>3 months<br>to 1 year | Over<br>1 year | Non-<br>performing<br>assets | Non-<br>interest<br>bearing | Total          |
|                                                                          | (in million Baht)  |                               |                |                              |                             |                |
| <b>Financial assets</b>                                                  |                    |                               |                |                              |                             |                |
| Cash                                                                     | -                  | -                             | -              | -                            | 17,872                      | 17,872         |
| Interbank and money market items net of<br>deferred revenue              | 104,079            | 322                           | -              | -                            | 6,867                       | 111,268        |
| Investments, net                                                         | 14,066             | 9,712                         | 34,090         | -                            | 312                         | 58,180         |
| Investments in subsidiaries, net                                         | -                  | -                             | -              | -                            | 3,754                       | 3,754          |
| Loans to customers net of<br>deferred revenue                            | 416,058            | 66,124                        | 134,335        | 17,473                       | 9,335                       | 643,325        |
| Other financial assets                                                   | 898                | -                             | -              | -                            | 5,217                       | 6,115          |
| <b>Total financial assets</b>                                            | <b>535,101</b>     | <b>76,158</b>                 | <b>168,425</b> | <b>17,473</b>                | <b>43,357</b>               | <b>840,514</b> |
| <b>Financial liabilities</b>                                             |                    |                               |                |                              |                             |                |
| Deposits                                                                 | 533,157            | 45,836                        | 3,531          | -                            | 28,984                      | 611,508        |
| Interbank and money market items                                         | 56,598             | 1,549                         | 780            | -                            | 1,422                       | 60,349         |
| Liabilities payable on demand                                            | -                  | -                             | -              | -                            | 3,665                       | 3,665          |
| Financial liabilities designated at<br>fair value through profit or loss | 296                | -                             | -              | -                            | -                           | 296            |
| Debts issued and borrowings                                              | 3,014              | 7                             | 30,319         | -                            | 12                          | 33,352         |
| Other financial liabilities                                              | 1,780              | -                             | -              | -                            | 13,501                      | 15,281         |
| <b>Total financial liabilities</b>                                       | <b>594,845</b>     | <b>47,392</b>                 | <b>34,630</b>  | <b>-</b>                     | <b>47,584</b>               | <b>724,451</b> |

# TMB Bank Public Company Limited and its Subsidiaries

## Notes to the interim financial statements

### For the six-month period ended 30 June 2018

### For the three-month period ended 30 June 2018 (Unaudited)

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

|                                                                            | <b>Consolidated</b>                     |                         |                                           |                                         |                         |                                           |
|----------------------------------------------------------------------------|-----------------------------------------|-------------------------|-------------------------------------------|-----------------------------------------|-------------------------|-------------------------------------------|
|                                                                            | 30 June 2018                            |                         |                                           | 31 December 2017                        |                         |                                           |
|                                                                            | Average<br>balance<br>(in million Baht) | Interest <sup>(1)</sup> | Average<br>interest rate<br>(% per annum) | Average<br>balance<br>(in million Baht) | Interest <sup>(1)</sup> | Average<br>interest rate<br>(% per annum) |
| <b><i>Interest-bearing financial assets</i></b>                            |                                         |                         |                                           |                                         |                         |                                           |
| Interbank and money market items                                           | 109,433                                 | 883                     | 1.61                                      | 114,460                                 | 1,824                   | 1.59                                      |
| Investments and trading transactions<br>and investments in debt securities | 54,345                                  | 562                     | 2.07                                      | 58,672                                  | 1,274                   | 2.17                                      |
| Loans to customers net from<br>deferred revenue                            | 640,419                                 | 15,795                  | 4.93                                      | 609,365                                 | 31,580                  | 5.18                                      |
| <b>Total</b>                                                               | <b>804,197</b>                          | <b>17,240</b>           |                                           | <b>782,497</b>                          | <b>34,678</b>           |                                           |
| <b><i>Interest-bearing financial liabilities</i></b>                       |                                         |                         |                                           |                                         |                         |                                           |
| Deposits                                                                   | 596,629                                 | 4,152                   | 1.39                                      | 574,414                                 | 7,832                   | 1.36                                      |
| Interbank and money market items                                           | 44,358                                  | 320                     | 1.44                                      | 57,579                                  | 744                     | 1.29                                      |
| Debts issued and borrowings                                                | 30,845                                  | 613                     | 3.98                                      | 35,835                                  | 1,398                   | 3.90                                      |
| <b>Total</b>                                                               | <b>671,832</b>                          | <b>5,085</b>            |                                           | <b>667,828</b>                          | <b>9,974</b>            |                                           |

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

|                                                                            | <b>Bank only</b>                        |                         |                                           |                                         |                         |                                           |
|----------------------------------------------------------------------------|-----------------------------------------|-------------------------|-------------------------------------------|-----------------------------------------|-------------------------|-------------------------------------------|
|                                                                            | 30 June 2018                            |                         |                                           | 31 December 2017                        |                         |                                           |
|                                                                            | Average<br>balance<br>(in million Baht) | Interest <sup>(1)</sup> | Average<br>interest rate<br>(% per annum) | Average<br>balance<br>(in million Baht) | Interest <sup>(1)</sup> | Average<br>interest rate<br>(% per annum) |
| <b><i>Interest-bearing financial assets</i></b>                            |                                         |                         |                                           |                                         |                         |                                           |
| Interbank and money market items                                           | 108,405                                 | 876                     | 1.62                                      | 113,325                                 | 1,808                   | 1.60                                      |
| Investments and trading transactions<br>and investments in debt securities | 53,823                                  | 557                     | 2.07                                      | 55,590                                  | 1,230                   | 2.21                                      |
| Loans to customers net from<br>deferred revenue                            | 640,371                                 | 15,791                  | 4.93                                      | 609,317                                 | 31,564                  | 5.18                                      |
| <b>Total</b>                                                               | <b>802,599</b>                          | <b>17,224</b>           |                                           | <b>778,232</b>                          | <b>34,602</b>           |                                           |
| <b><i>Interest-bearing financial liabilities</i></b>                       |                                         |                         |                                           |                                         |                         |                                           |
| Deposits                                                                   | 596,691                                 | 4,161                   | 1.40                                      | 574,485                                 | 7,832                   | 1.36                                      |
| Interbank and money market items                                           | 44,358                                  | 320                     | 1.44                                      | 57,579                                  | 744                     | 1.29                                      |
| Debts issued and borrowings                                                | 30,845                                  | 613                     | 3.98                                      | 35,835                                  | 1,398                   | 3.90                                      |
| <b>Total</b>                                                               | <b>671,894</b>                          | <b>5,094</b>            |                                           | <b>667,899</b>                          | <b>9,974</b>            |                                           |

<sup>(1)</sup> 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 2018

For the three-month period ended 30 June 2018 (Unaudited)

### (b) Foreign exchange risk

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

In addition to the financial assets and liabilities denominated in foreign currencies already disclosed in the relevant notes to the financial statements, as at 30 June 2018 and 31 December 2017, the Bank's net foreign currency positions categorised by major foreign currencies were as follows:

|                     | Bank only    |            |                                          |                  |            |                      |
|---------------------|--------------|------------|------------------------------------------|------------------|------------|----------------------|
|                     | 30 June 2018 |            |                                          | 31 December 2017 |            |                      |
|                     | USD          | Euro (*)   | Other currencies (*)<br>(in USD million) | USD              | Euro (*)   | Other currencies (*) |
| Spot                | 312          | 4          | 14                                       | 97               | 14         | (75)                 |
| Forward             | (323)        | (10)       | (14)                                     | (101)            | (17)       | 79                   |
| <b>Net position</b> | <b>(11)</b>  | <b>(6)</b> | <b>-</b>                                 | <b>(4)</b>       | <b>(3)</b> | <b>4</b>             |

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

### (c) Equity price risk

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

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

## 4.3 Liquidity risk

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

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

The Balance Sheet Management unit is responsible for overall liquidity management and the Capital Markets 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.

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

### **Notes to the interim financial statements**

#### **For the six-month period ended 30 June 2018**

#### **For the three-month period ended 30 June 2018 (Unaudited)**

In order to manage liquidity, the Bank continually monitors its funding sources and access to capital markets. The Bank recognises 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 sets risk limits and indicators in order to maintain its liquidity risk within the Bank's approved risk appetite. The liquidity position is monitored and reported on daily and monthly basis to the ALCO.

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

As at 30 June 2018, the Bank Loans to Deposits Ratio (excluding loans and deposits from financial institutions) was 102.87% (*31 December 2017: 105.20%*).

The Bank will disclose Liquidity Coverage Ratio (LCR) information on the Bank's website ([www.tmbbank.com/ir/capital\\_funds/basel3](http://www.tmbbank.com/ir/capital_funds/basel3)) within October 2018.

**TMB Bank Public Company Limited and its Subsidiaries**  
**Notes to the interim financial statements**  
**For the six-month period ended 30 June 2018**  
**For the three-month period ended 30 June 2018 (Unaudited)**

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 2018 and 31 December 2017 were summarised as follows:

|                                                                          | At call <sup>(1)</sup> | Within<br>3 months | Over 3 months<br>to 1 year | <b>Consolidated</b><br>30 June 2018<br>Over 1 year<br>to 5 years<br>(in million Baht) | Over<br>5 years | No<br>maturity        | Total          |
|--------------------------------------------------------------------------|------------------------|--------------------|----------------------------|---------------------------------------------------------------------------------------|-----------------|-----------------------|----------------|
| <b><i>Financial assets</i></b>                                           |                        |                    |                            |                                                                                       |                 |                       |                |
| Cash                                                                     | 12,496                 | -                  | -                          | -                                                                                     | -               | -                     | 12,496         |
| Interbank and money market items net of<br>deferred revenue              | 7,696                  | 91,692             | 5,520                      | 498                                                                                   | -               | -                     | 105,406        |
| Investments, net                                                         |                        |                    |                            |                                                                                       |                 |                       |                |
| Trading securities and general investments                               | -                      | 18                 | 783                        | 2,034                                                                                 | 53              | 235 <sup>(2)</sup>    | 3,123          |
| Available-for-sale securities                                            | -                      | 1,412              | 16,417                     | 13,218                                                                                | 4,155           | 3 <sup>(2)</sup>      | 35,205         |
| Held-to-maturity debt securities                                         | -                      | 937                | 6,532                      | 10,272                                                                                | 6,133           | -                     | 23,874         |
| Loans to customers net of deferred revenue                               | 124,810                | 133,543            | 84,103                     | 140,977                                                                               | 152,475         | 17,691 <sup>(3)</sup> | 653,599        |
| Other financial assets                                                   | 1,875                  | 4,427              | -                          | -                                                                                     | 89              | 2,975                 | 9,366          |
| <b>Total financial assets</b>                                            | <b>146,877</b>         | <b>232,029</b>     | <b>113,355</b>             | <b>166,999</b>                                                                        | <b>162,905</b>  | <b>20,904</b>         | <b>843,069</b> |
| <b><i>Financial liabilities</i></b>                                      |                        |                    |                            |                                                                                       |                 |                       |                |
| Deposits                                                                 | 554,404                | 30,774             | 43,350                     | 3,605                                                                                 | -               | -                     | 632,133        |
| Interbank and money market items                                         | 6,128                  | 37,042             | 1,395                      | 595                                                                                   | 12              | -                     | 45,172         |
| Liabilities payable on demand                                            | 4,168                  | -                  | -                          | -                                                                                     | -               | -                     | 4,168          |
| Financial liabilities designated at fair value<br>through profit or loss | -                      | -                  | -                          | -                                                                                     | 297             | -                     | 297            |
| Debts issued and borrowings                                              | 5                      | 2                  | 11                         | 30,408                                                                                | 2,045           | -                     | 32,471         |
| Other financial liabilities                                              | 2,045                  | 1,344              | -                          | -                                                                                     | 485             | 6,527                 | 10,401         |
| <b>Total financial liabilities</b>                                       | <b>566,750</b>         | <b>69,162</b>      | <b>44,756</b>              | <b>34,608</b>                                                                         | <b>2,839</b>    | <b>6,527</b>          | <b>724,642</b> |
| <b>Net liquidity gap</b>                                                 | <b>(419,873)</b>       | <b>162,867</b>     | <b>68,599</b>              | <b>132,391</b>                                                                        | <b>160,066</b>  | <b>14,377</b>         | <b>118,427</b> |
| <b>Net cash flow on derivatives</b>                                      | <b>-</b>               | <b>(871)</b>       | <b>27</b>                  | <b>(446)</b>                                                                          | <b>(14)</b>     | <b>-</b>              | <b>(1,304)</b> |

<sup>(1)</sup> Including transactions with 1-day term.

<sup>(2)</sup> Investment in equity securities.

<sup>(3)</sup> 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 2018**  
**For the three-month period ended 30 June 2018 (Unaudited)**

|                                                                          |                        |                    |                            | <b>Consolidated</b><br>31 December 2017        |                 |                       |                |
|--------------------------------------------------------------------------|------------------------|--------------------|----------------------------|------------------------------------------------|-----------------|-----------------------|----------------|
|                                                                          | At call <sup>(1)</sup> | Within<br>3 months | Over 3 months<br>to 1 year | Over 1 year<br>to 5 years<br>(in million Baht) | Over<br>5 years | No<br>maturity        | Total          |
| <b><i>Financial assets</i></b>                                           |                        |                    |                            |                                                |                 |                       |                |
| Cash                                                                     | 17,872                 | -                  | -                          | -                                              | -               | -                     | 17,872         |
| Interbank and money market items net of<br>deferred revenue              | 7,711                  | 103,795            | 1,015                      | -                                              | -               | -                     | 112,521        |
| Investments, net                                                         |                        |                    |                            |                                                |                 |                       |                |
| Trading securities and general investments                               | -                      | 8                  | 2                          | 94                                             | 516             | 309 <sup>(2)</sup>    | 929            |
| Available-for-sale securities                                            | -                      | 11,918             | 8,771                      | 13,986                                         | 2,187           | 3 <sup>(2)</sup>      | 36,865         |
| Held-to-maturity debt securities                                         | -                      | 509                | 941                        | 14,156                                         | 7,905           | -                     | 23,511         |
| Loans to customers net of deferred revenue                               | 127,843                | 131,417            | 90,324                     | 138,495                                        | 137,773         | 17,521 <sup>(3)</sup> | 643,373        |
| Other financial assets                                                   | 1,275                  | 746                | -                          | -                                              | 275             | 3,955                 | 6,251          |
| <b>Total financial assets</b>                                            | <b>154,701</b>         | <b>248,393</b>     | <b>101,053</b>             | <b>166,731</b>                                 | <b>148,656</b>  | <b>21,788</b>         | <b>841,322</b> |
| <b><i>Financial liabilities</i></b>                                      |                        |                    |                            |                                                |                 |                       |                |
| Deposits                                                                 | 528,647                | 33,299             | 45,863                     | 3,621                                          | -               | -                     | 611,430        |
| Interbank and money market items                                         | 6,485                  | 51,534             | 1,550                      | 749                                            | 31              | -                     | 60,349         |
| Liabilities payable on demand                                            | 3,665                  | -                  | -                          | -                                              | -               | -                     | 3,665          |
| Financial liabilities designated at fair value<br>through profit or loss | -                      | -                  | -                          | -                                              | 296             | -                     | 296            |
| Debts issued and borrowings                                              | 5                      | 3,011              | 11                         | 30,266                                         | 59              | -                     | 33,352         |
| Other financial liabilities                                              | 3,964                  | 1,803              | -                          | -                                              | 545             | 9,151                 | 15,463         |
| <b>Total financial liabilities</b>                                       | <b>542,766</b>         | <b>89,647</b>      | <b>47,424</b>              | <b>34,636</b>                                  | <b>931</b>      | <b>9,151</b>          | <b>724,555</b> |
| <b>Net liquidity gap</b>                                                 | <b>(388,065)</b>       | <b>158,746</b>     | <b>53,629</b>              | <b>132,095</b>                                 | <b>147,725</b>  | <b>12,637</b>         | <b>116,767</b> |
| <b>Net cash flow on derivatives</b>                                      | <b>-</b>               | <b>128</b>         | <b>311</b>                 | <b>(342)</b>                                   | <b>61</b>       | <b>-</b>              | <b>158</b>     |

<sup>(1)</sup> Including transactions with 1-day term.

<sup>(2)</sup> Investment in equity securities.

<sup>(3)</sup> Non-performing loans.

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**For the three-month period ended 30 June 2018 (Unaudited)**

|                                                                          | At call <sup>(1)</sup> | Within<br>3 months | Over 3 months<br>to 1 year | <b>Bank only</b><br>30 June 2018<br>Over 1 year<br>to 5 years<br>(in million Baht) | Over<br>5 years | No<br>maturity        | Total          |
|--------------------------------------------------------------------------|------------------------|--------------------|----------------------------|------------------------------------------------------------------------------------|-----------------|-----------------------|----------------|
| <b>Financial assets</b>                                                  |                        |                    |                            |                                                                                    |                 |                       |                |
| Cash                                                                     | 12,495                 | -                  | -                          | -                                                                                  | -               | -                     | 12,495         |
| Interbank and money market items net of<br>deferred revenue              | 7,624                  | 91,473             | 5,114                      | 498                                                                                | -               | -                     | 104,709        |
| Investments, net                                                         |                        |                    |                            |                                                                                    |                 |                       |                |
| Trading securities and general investments                               | -                      | 18                 | 783                        | 2,034                                                                              | 53              | 235 <sup>(2)</sup>    | 3,123          |
| Available-for-sale securities                                            | -                      | 1,412              | 16,417                     | 13,218                                                                             | 4,155           | 3 <sup>(2)</sup>      | 35,205         |
| Held-to-maturity debt securities                                         | -                      | 937                | 6,532                      | 10,272                                                                             | 6,133           | -                     | 23,874         |
| Investments in subsidiaries, net                                         | -                      | -                  | -                          | -                                                                                  | -               | 3,754 <sup>(2)</sup>  | 3,754          |
| Loans to customers net of deferred revenue                               | 124,810                | 133,543            | 84,103                     | 140,977                                                                            | 152,475         | 17,645 <sup>(3)</sup> | 653,553        |
| Other financial assets                                                   | 1,875                  | 4,409              | -                          | -                                                                                  | 89              | 2,835                 | 9,208          |
| <b>Total financial assets</b>                                            | <b>146,804</b>         | <b>231,792</b>     | <b>112,949</b>             | <b>166,999</b>                                                                     | <b>162,905</b>  | <b>24,472</b>         | <b>845,921</b> |
| <b>Financial liabilities</b>                                             |                        |                    |                            |                                                                                    |                 |                       |                |
| Deposits                                                                 | 557,614                | 30,774             | 43,350                     | 3,605                                                                              | -               | -                     | 635,343        |
| Interbank and money market items                                         | 6,128                  | 37,042             | 1,395                      | 595                                                                                | 12              | -                     | 45,172         |
| Liabilities payable on demand                                            | 4,168                  | -                  | -                          | -                                                                                  | -               | -                     | 4,168          |
| Financial liabilities designated at fair value<br>through profit or loss | -                      | -                  | -                          | -                                                                                  | 297             | -                     | 297            |
| Debts issued and borrowings                                              | 5                      | 2                  | 11                         | 30,408                                                                             | 2,045           | -                     | 32,471         |
| Other financial liabilities                                              | 2,045                  | 1,334              | -                          | -                                                                                  | 484             | 6,431                 | 10,294         |
| <b>Total financial liabilities</b>                                       | <b>569,960</b>         | <b>69,152</b>      | <b>44,756</b>              | <b>34,608</b>                                                                      | <b>2,838</b>    | <b>6,431</b>          | <b>727,745</b> |
| <b>Net liquidity gap</b>                                                 | <b>(423,156)</b>       | <b>162,640</b>     | <b>68,193</b>              | <b>132,391</b>                                                                     | <b>160,067</b>  | <b>18,041</b>         | <b>118,176</b> |
| <b>Net cash flow on derivatives</b>                                      | <b>-</b>               | <b>(871)</b>       | <b>27</b>                  | <b>(446)</b>                                                                       | <b>(14)</b>     | <b>-</b>              | <b>(1,304)</b> |

<sup>(1)</sup> Including transactions with 1-day term.

<sup>(2)</sup> Investment in equity securities.

<sup>(3)</sup> Non-performing loans.

**TMB Bank Public Company Limited and its Subsidiaries**  
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**For the six-month period ended 30 June 2018**  
**For the three-month period ended 30 June 2018 (Unaudited)**

|                                                                          | <b>Bank only</b><br>31 December 2017 |                    |                            |                                                |                 |                       |                |
|--------------------------------------------------------------------------|--------------------------------------|--------------------|----------------------------|------------------------------------------------|-----------------|-----------------------|----------------|
|                                                                          | At call <sup>(1)</sup>               | Within<br>3 months | Over 3 months<br>to 1 year | Over 1 year<br>to 5 years<br>(in million Baht) | Over<br>5 years | No<br>maturity        | Total          |
| <b><i>Financial assets</i></b>                                           |                                      |                    |                            |                                                |                 |                       |                |
| Cash                                                                     | 17,872                               | -                  | -                          | -                                              | -               | -                     | 17,872         |
| Interbank and money market items net of<br>deferred revenue              | 7,594                                | 103,352            | 322                        | -                                              | -               | -                     | 111,268        |
| Investments, net                                                         |                                      |                    |                            |                                                |                 |                       |                |
| Trading securities and general investments                               | -                                    | 8                  | 2                          | 94                                             | 516             | 309 <sup>(2)</sup>    | 929            |
| Available-for-sale securities                                            | -                                    | 8,793              | 8,771                      | 13,986                                         | 2,187           | 3 <sup>(2)</sup>      | 33,740         |
| Held-to-maturity debt securities                                         | -                                    | 509                | 941                        | 14,156                                         | 7,905           | -                     | 23,511         |
| Investments in subsidiaries, net                                         | -                                    | -                  | -                          | -                                              | -               | 3,754 <sup>(2)</sup>  | 3,754          |
| Loans to customers net of deferred revenue                               | 127,843                              | 131,417            | 90,324                     | 138,495                                        | 137,773         | 17,473 <sup>(3)</sup> | 643,325        |
| Other financial assets                                                   | 1,275                                | 746                | -                          | -                                              | 275             | 3,819                 | 6,115          |
| <b>Total financial assets</b>                                            | <b>154,584</b>                       | <b>244,825</b>     | <b>100,360</b>             | <b>166,731</b>                                 | <b>148,656</b>  | <b>25,358</b>         | <b>840,514</b> |
| <b><i>Financial liabilities</i></b>                                      |                                      |                    |                            |                                                |                 |                       |                |
| Deposits                                                                 | 528,725                              | 33,299             | 45,863                     | 3,621                                          | -               | -                     | 611,508        |
| Interbank and money market items                                         | 6,485                                | 51,534             | 1,550                      | 749                                            | 31              | -                     | 60,349         |
| Liabilities payable on demand                                            | 3,665                                | -                  | -                          | -                                              | -               | -                     | 3,665          |
| Financial liabilities designated at fair value<br>through profit or loss | -                                    | -                  | -                          | -                                              | 296             | -                     | 296            |
| Debts issued and borrowings                                              | 5                                    | 3,011              | 11                         | 30,266                                         | 59              | -                     | 33,352         |
| Other financial liabilities                                              | 3,964                                | 1,771              | -                          | -                                              | 545             | 9,001                 | 15,281         |
| <b>Total financial liabilities</b>                                       | <b>542,844</b>                       | <b>89,615</b>      | <b>47,424</b>              | <b>34,636</b>                                  | <b>931</b>      | <b>9,001</b>          | <b>724,451</b> |
| <b>Net liquidity gap</b>                                                 | <b>(388,260)</b>                     | <b>155,210</b>     | <b>52,936</b>              | <b>132,095</b>                                 | <b>147,725</b>  | <b>16,357</b>         | <b>116,063</b> |
| <b>Net cash flow on derivatives</b>                                      | <b>-</b>                             | <b>128</b>         | <b>311</b>                 | <b>(342)</b>                                   | <b>61</b>       | <b>-</b>              | <b>158</b>     |

<sup>(1)</sup> Including transactions with 1-day term.

<sup>(2)</sup> Investment in equity securities.

<sup>(3)</sup> 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 2018

### For the three-month period ended 30 June 2018 (Unaudited)

## 5 Fair value of assets and liabilities

### 5.1 Financial assets and liabilities

The significant different of fair values in comparison with carrying values of each line item of financial assets and financial liabilities as shown in the statements of financial position at 30 June 2018 and 31 December 2017 were as follows:

|                                    | <b>Consolidated</b>      |                |                  |                |
|------------------------------------|--------------------------|----------------|------------------|----------------|
|                                    | 30 June 2018             |                | 31 December 2017 |                |
|                                    | Carrying value           | Fair value     | Carrying value   | Fair value     |
|                                    | <i>(in million Baht)</i> |                |                  |                |
| <b>Financial assets</b>            |                          |                |                  |                |
| Derivatives assets                 | 12,866                   | 12,950         | 8,674            | 8,811          |
| Investments, net                   | 62,202                   | 62,442         | 61,305           | 61,928         |
| <b>Total financial assets</b>      | <b>75,068</b>            | <b>75,392</b>  | <b>69,979</b>    | <b>70,739</b>  |
| <b>Financial liabilities</b>       |                          |                |                  |                |
| Deposits                           | 632,133                  | 632,140        | 611,430          | 611,430        |
| Derivatives liabilities            | 13,787                   | 14,219         | 8,559            | 8,764          |
| Debts issued and borrowings        | 32,471                   | 32,912         | 33,352           | 34,380         |
| <b>Total financial liabilities</b> | <b>678,391</b>           | <b>679,271</b> | <b>653,341</b>   | <b>654,574</b> |

  

|                                    | <b>Bank only</b>         |                |                  |                |
|------------------------------------|--------------------------|----------------|------------------|----------------|
|                                    | 30 June 2018             |                | 31 December 2017 |                |
|                                    | Carrying value           | Fair value     | Carrying value   | Fair value     |
|                                    | <i>(in million Baht)</i> |                |                  |                |
| <b>Financial assets</b>            |                          |                |                  |                |
| Derivatives assets                 | 12,866                   | 12,950         | 8,674            | 8,811          |
| Investments, net                   | 62,202                   | 62,442         | 58,180           | 58,803         |
| <b>Total financial assets</b>      | <b>75,068</b>            | <b>75,392</b>  | <b>66,854</b>    | <b>67,614</b>  |
| <b>Financial liabilities</b>       |                          |                |                  |                |
| Deposits                           | 635,343                  | 635,350        | 611,508          | 611,508        |
| Derivatives liabilities            | 13,787                   | 14,219         | 8,559            | 8,764          |
| Debts issued and borrowings        | 32,471                   | 32,912         | 33,352           | 34,380         |
| <b>Total financial liabilities</b> | <b>681,601</b>           | <b>682,481</b> | <b>653,419</b>   | <b>654,652</b> |

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

- Cash:

The fair value is approximated based on its carrying value.

- Interbank and money market items (assets):

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

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

### **Notes to the interim financial statements**

**For the six-month period ended 30 June 2018**

**For the three-month period ended 30 June 2018 (Unaudited)**

- Investments:

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

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

- Loans to customers and accrued interest receivable, net:

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

- Other financial assets:

The fair value is approximated based on its carrying value.

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

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

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

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

- Debts issued and borrowings:

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

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

## **Notes to the interim financial statements**

### **For the six-month period ended 30 June 2018**

### **For the three-month period ended 30 June 2018 (Unaudited)**

- Other financial liabilities:

The fair value is approximated based on its carrying value.

- Derivatives:

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

#### ***Fair value hierarchy***

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

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

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

The Bank and its subsidiaries recognise transfers between levels of the fair value hierarchy as of the end of the reporting period during which the transfer has occurred. There were no transfers between Level 1 and Level 2 of the fair value hierarchy during the six-month period ended 30 June 2018 and the year ended 31 December 2017.

#### **5.1.1 Financial assets and liabilities measured at fair value**

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

# TMB Bank Public Company Limited and its Subsidiaries

## Notes to the interim financial statements

### For the six-month period ended 30 June 2018

### For the three-month period ended 30 June 2018 (Unaudited)

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

|                                                                          | Consolidated<br>Fair value |                   |         |        |
|--------------------------------------------------------------------------|----------------------------|-------------------|---------|--------|
|                                                                          | Level 1                    | Level 2           | Level 3 | Total  |
|                                                                          |                            | (in million Baht) |         |        |
| <b>30 June 2018</b>                                                      |                            |                   |         |        |
| <b><i>Financial assets</i></b>                                           |                            |                   |         |        |
| Derivatives (trading book)                                               |                            |                   |         |        |
| - Foreign currency related                                               | -                          | 10,022            | -       | 10,022 |
| - Interest rate related                                                  | -                          | 2,842             | -       | 2,842  |
| Investments                                                              |                            |                   |         |        |
| - Trading investments                                                    | -                          | 2,887             | -       | 2,887  |
| - Available-for-sale investments                                         | -                          | 35,206            | -       | 35,206 |
| <b><i>Financial liabilities</i></b>                                      |                            |                   |         |        |
| Financial liabilities designated at fair value<br>through profit or loss | -                          | 389               | -       | 389    |
| Derivatives (trading book)                                               |                            |                   |         |        |
| - Foreign currency related                                               | -                          | 10,563            | -       | 10,563 |
| - Interest rate related                                                  | -                          | 2,791             | -       | 2,791  |
| <b>31 December 2017</b>                                                  |                            |                   |         |        |
| <b><i>Financial assets</i></b>                                           |                            |                   |         |        |
| Derivatives (trading book)                                               |                            |                   |         |        |
| - Foreign currency related                                               | -                          | 5,048             | -       | 5,048  |
| - Interest rate related                                                  | -                          | 3,603             | -       | 3,603  |
| Investments                                                              |                            |                   |         |        |
| - Trading investments                                                    | -                          | 620               | -       | 620    |
| - Available-for-sale investments                                         | -                          | 36,865            | -       | 36,865 |
| <b><i>Financial liabilities</i></b>                                      |                            |                   |         |        |
| Financial liabilities designated at fair value<br>through profit or loss | -                          | 386               | -       | 386    |
| Derivatives (trading book)                                               |                            |                   |         |        |
| - Foreign currency related                                               | -                          | 4,713             | -       | 4,713  |
| - Interest rate related                                                  | -                          | 3,728             | -       | 3,728  |

# TMB Bank Public Company Limited and its Subsidiaries

## Notes to the interim financial statements

### For the six-month period ended 30 June 2018

### For the three-month period ended 30 June 2018 (Unaudited)

|                                                                       | Bank only<br>Fair value |         |         | Total  |
|-----------------------------------------------------------------------|-------------------------|---------|---------|--------|
|                                                                       | Level 1                 | Level 2 | Level 3 |        |
|                                                                       | (in million Baht)       |         |         |        |
| <b>30 June 2018</b>                                                   |                         |         |         |        |
| <b><i>Financial assets</i></b>                                        |                         |         |         |        |
| Derivatives (trading book)                                            |                         |         |         |        |
| - Foreign currency related                                            | -                       | 10,022  | -       | 10,022 |
| - Interest rate related                                               | -                       | 2,842   | -       | 2,842  |
| Investments                                                           |                         |         |         |        |
| - Trading investments                                                 | -                       | 2,887   | -       | 2,887  |
| - Available-for-sale investments                                      | -                       | 35,206  | -       | 35,206 |
| <b><i>Financial liabilities</i></b>                                   |                         |         |         |        |
| Financial liabilities designated at fair value through profit or loss | -                       | 389     | -       | 389    |
| Derivatives (trading book)                                            |                         |         |         |        |
| - Foreign currency related                                            | -                       | 10,563  | -       | 10,563 |
| - Interest rate related                                               | -                       | 2,791   | -       | 2,791  |
| <b>31 December 2017</b>                                               |                         |         |         |        |
| <b><i>Financial assets</i></b>                                        |                         |         |         |        |
| Derivatives (trading book)                                            |                         |         |         |        |
| - Foreign currency related                                            | -                       | 5,048   | -       | 5,048  |
| - Interest rate related                                               | -                       | 3,603   | -       | 3,603  |
| Investments                                                           |                         |         |         |        |
| - Trading investments                                                 | -                       | 620     | -       | 620    |
| - Available-for-sale investments                                      | -                       | 33,740  | -       | 33,740 |
| <b><i>Financial liabilities</i></b>                                   |                         |         |         |        |
| Financial liabilities designated at fair value through profit or loss | -                       | 386     | -       | 386    |
| Derivatives (trading book)                                            |                         |         |         |        |
| - Foreign currency related                                            | -                       | 4,713   | -       | 4,713  |
| - Interest rate related                                               | -                       | 3,728   | -       | 3,728  |

# TMB Bank Public Company Limited and its Subsidiaries

## Notes to the interim financial statements

### For the six-month period ended 30 June 2018

### For the three-month period ended 30 June 2018 (Unaudited)

#### 5.1.2 Financial assets and liabilities not measured at fair value

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

|                                    | Carrying<br>value | Consolidated<br>Fair value |                              |         |         |
|------------------------------------|-------------------|----------------------------|------------------------------|---------|---------|
|                                    |                   | Level 1                    | Level 2<br>(in million Baht) | Level 3 | Total   |
| <b>30 June 2018</b>                |                   |                            |                              |         |         |
| <b>Financial assets</b>            |                   |                            |                              |         |         |
| Derivatives (banking book)         | 2                 | -                          | 86                           | -       | 86      |
| Investments                        |                   |                            |                              |         |         |
| - Held-to-maturity debt securities | 23,874            | -                          | 23,831                       | -       | 23,831  |
| - General investments              | 235               | -                          | -                            | 518     | 518     |
| <b>Financial liabilities</b>       |                   |                            |                              |         |         |
| Deposits                           | 632,133           | -                          | 632,140                      | -       | 632,140 |
| Derivatives (banking book)         | 433               | -                          | 865                          | -       | 865     |
| Debts issued and borrowings        | 32,471            | -                          | 32,912                       | -       | 32,912  |
| <b>31 December 2017</b>            |                   |                            |                              |         |         |
| <b>Financial assets</b>            |                   |                            |                              |         |         |
| Derivatives (banking book)         | 23                | -                          | 160                          | -       | 160     |
| Investments                        |                   |                            |                              |         |         |
| - Held-to-maturity debt securities | 23,511            | -                          | 23,851                       | -       | 23,851  |
| - General investments              | 309               | -                          | -                            | 592     | 592     |
| <b>Financial liabilities</b>       |                   |                            |                              |         |         |
| Deposits                           | 611,430           | -                          | 611,430                      | -       | 611,430 |
| Derivatives (banking book)         | 117               | -                          | 323                          | -       | 323     |
| Debts issued and borrowings        | 33,352            | -                          | 34,380                       | -       | 34,380  |

# TMB Bank Public Company Limited and its Subsidiaries

## Notes to the interim financial statements

For the six-month period ended 30 June 2018

For the three-month period ended 30 June 2018 (Unaudited)

|                                    | Carrying<br>value | Bank only<br>Fair value |                              |         | Total   |
|------------------------------------|-------------------|-------------------------|------------------------------|---------|---------|
|                                    |                   | Level 1                 | Level 2<br>(in million Baht) | Level 3 |         |
| <b>30 June 2018</b>                |                   |                         |                              |         |         |
| <b>Financial assets</b>            |                   |                         |                              |         |         |
| Derivatives (banking book)         | 2                 | -                       | 86                           | -       | 86      |
| Investments                        |                   |                         |                              |         |         |
| - Held-to-maturity debt securities | 23,874            | -                       | 23,831                       | -       | 23,831  |
| - General investments              | 235               | -                       | -                            | 518     | 518     |
| <b>Financial liabilities</b>       |                   |                         |                              |         |         |
| Deposits                           | 635,343           | -                       | 635,350                      | -       | 635,350 |
| Derivatives (banking book)         | 433               | -                       | 865                          | -       | 865     |
| Debts issued and borrowings        | 32,471            | -                       | 32,912                       | -       | 32,912  |
| <b>31 December 2017</b>            |                   |                         |                              |         |         |
| <b>Financial assets</b>            |                   |                         |                              |         |         |
| Derivatives (banking book)         | 23                | -                       | 160                          | -       | 160     |
| Investments                        |                   |                         |                              |         |         |
| - Held-to-maturity debt securities | 23,511            | -                       | 23,851                       | -       | 23,851  |
| - General investments              | 309               | -                       | -                            | 592     | 592     |
| <b>Financial liabilities</b>       |                   |                         |                              |         |         |
| Deposits                           | 611,508           | -                       | 611,508                      | -       | 611,508 |
| Derivatives (banking book)         | 117               | -                       | 323                          | -       | 323     |
| Debts issued and borrowings        | 33,352            | -                       | 34,380                       | -       | 34,380  |

## 5.2 Non-financial assets measured at fair value

The following table analyses non-financial assets carried at fair value at the reporting date, by the level in the fair value hierarchy into which the fair value measurement is categorised.

|                      |                | Consolidated and Bank only |         |         |       |
|----------------------|----------------|----------------------------|---------|---------|-------|
|                      | Carrying value | Fair value                 |         |         |       |
|                      |                | Level 1                    | Level 2 | Level 3 | Total |
|                      |                |                            |         |         |       |
| 30 June 2018         |                |                            |         |         |       |
| Non-financial assets |                |                            |         |         |       |
| Premises, net        | 9,856          | -                          | -       | 9,856   | 9,856 |
|                      |                |                            |         |         |       |
| 31 December 2017     |                |                            |         |         |       |
| Non-financial assets |                |                            |         |         |       |
| Premises, net        | 9,983          | -                          | -       | 9,983   | 9,983 |

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

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

# TMB Bank Public Company Limited and its Subsidiaries

## Notes to the interim financial statements

For the six-month period ended 30 June 2018

For the three-month period ended 30 June 2018 (Unaudited)

### Level 3 fair value

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

|                                           | <b>Consolidated and Bank only</b>      |                                |
|-------------------------------------------|----------------------------------------|--------------------------------|
|                                           | Six-month period ended<br>30 June 2018 | Year ended<br>31 December 2017 |
|                                           | <i>(in million Baht)</i>               |                                |
| Beginning balance                         | 9,983                                  | 10,292                         |
| Acquisitions                              | 197                                    | 545                            |
| Disposals/written-off/transfers out       | (170)                                  | (540)                          |
| Depreciation                              | (153)                                  | (310)                          |
| Loss on impairment during the period/year | (1)                                    | (4)                            |
| <b>Ending balance</b>                     | <b>9,856</b>                           | <b>9,983</b>                   |

## 6 Maintenance of capital fund

The Bank maintains its capital fund in accordance with the Financial Institution Business Act B.E. 2551 by maintaining its capital fund as a proportion of risk weighted assets in accordance with the criteria, methodologies, and conditions prescribed by the Bank of Thailand. As announced by the BoT in its circulars dated 8 November 2012 and 8 May 2015, the Bank is required to calculate its Capital Fund in accordance with Basel III. As at 30 June 2018 and 31 December 2017, the consolidated supervision and the Bank only's total capital funds could be categorised as follows:

|                                                    | <b>Consolidated supervision</b> |                  |
|----------------------------------------------------|---------------------------------|------------------|
|                                                    | 30 June 2018                    | 31 December 2017 |
|                                                    | <i>(in million Baht)</i>        |                  |
| <b>Tier 1 Capital</b>                              |                                 |                  |
| <b>Common Equity Tier 1 Capital (CET1)</b>         |                                 |                  |
| Paid-up share capital                              | 41,659                          | 41,648           |
| Share premium                                      | 404                             | 379              |
| Legal reserve                                      | 2,550                           | 2,550            |
| Net profits after appropriation                    | 37,551                          | 35,129           |
| Other comprehensive income                         | 4,735                           | 4,886            |
| Capital adjustment items on CET1                   | (62)                            | (71)             |
| Capital deduction items on CET1                    | (4,226)                         | (3,666)          |
| <b>Total Tier 1 Capital</b>                        | <b>82,611</b>                   | <b>80,855</b>    |
| <b>Tier 2 Capital</b>                              |                                 |                  |
| Allowance for classified assets of "pass" category | 4,506                           | 4,940            |
| Subordinated debentures                            | 20,430                          | 20,430           |
| <b>Total Tier 2 Capital</b>                        | <b>24,936</b>                   | <b>25,370</b>    |
| <b>Total Capital funds</b>                         | <b>107,547</b>                  | <b>106,225</b>   |
| <b>Total Risk-Weighted Assets</b>                  | <b>614,617</b>                  | <b>609,097</b>   |

# TMB Bank Public Company Limited and its Subsidiaries

## Notes to the interim financial statements

For the six-month period ended 30 June 2018

For the three-month period ended 30 June 2018 (Unaudited)

|                                                                 | The BoT's<br>regulation<br>minimum<br>requirement* | 30 June<br>2018 | The BoT's<br>regulation<br>minimum<br>requirement*<br>(%) | 31 December<br>2017 |
|-----------------------------------------------------------------|----------------------------------------------------|-----------------|-----------------------------------------------------------|---------------------|
| Capital Adequacy Ratio/Total Risk-Weighted Asset                | 10.375                                             | 17.50           | 9.75                                                      | 17.44               |
| Tier 1 Capital Ratio/Total Risk-Weighted Asset                  | 7.875                                              | 13.44           | 7.25                                                      | 13.27               |
| Common Equity Tier 1 Capital Ratio/Total<br>Risk-Weighted Asset | 6.375                                              | 13.44           | 5.75                                                      | 13.27               |

### Bank only

30 June 2018      31 December 2017  
(in million Baht)

#### Tier 1 capital

##### Common Equity Tier 1 capital (CET1)

|                                  |               |               |
|----------------------------------|---------------|---------------|
| Paid-up share capital            | 41,659        | 41,648        |
| Share premium                    | 404           | 379           |
| Legal reserve                    | 2,550         | 2,550         |
| Net profits after appropriation  | 36,792        | 34,587        |
| Other comprehensive income       | 4,735         | 4,885         |
| Capital adjustment items on CET1 | (62)          | (71)          |
| Capital deduction items on CET1  | (4,144)       | (3,588)       |
| <b>Total Tier 1 Capital</b>      | <b>81,934</b> | <b>80,390</b> |

#### Tier 2 capital

|                                                    |               |               |
|----------------------------------------------------|---------------|---------------|
| Allowance for classified assets of "pass" category | 4,506         | 4,940         |
| Subordinated debentures                            | 20,430        | 20,430        |
| <b>Total Tier 2 Capital</b>                        | <b>24,936</b> | <b>25,370</b> |

#### Total Capital funds

|                |                |
|----------------|----------------|
| <b>106,870</b> | <b>105,760</b> |
|----------------|----------------|

#### Total Risk-Weighted Assets

|                |                |
|----------------|----------------|
| <b>616,254</b> | <b>609,875</b> |
|----------------|----------------|

|                                                                 | The BoT's<br>regulation<br>minimum<br>requirement* | 30 June<br>2018 | The BoT's<br>regulation<br>minimum<br>requirement*<br>(%) | 31 December<br>2017 |
|-----------------------------------------------------------------|----------------------------------------------------|-----------------|-----------------------------------------------------------|---------------------|
| Capital Adequacy Ratio/Total Risk-Weighted Asset                | 10.375                                             | 17.34           | 9.75                                                      | 17.34               |
| Tier 1 Capital Ratio/Total Risk-Weighted Asset                  | 7.875                                              | 13.30           | 7.25                                                      | 13.18               |
| Common Equity Tier 1 Capital Ratio/Total<br>Risk-Weighted Asset | 6.375                                              | 13.30           | 5.75                                                      | 13.18               |

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

According to Bank of Thailand's notification number For Nor Sor (23) Wor 263/2556 dated 22 February 2013, the Bank is required to disclose CET1 after deducting capital add-on arising from Single Lending Limit, effective at the end of January 2015. As at 30 June 2018 and 31 December 2017, the Bank has no add-on arising from Single Lending Limit.

The Bank will disclose capital adequacy information for the Bank and the full consolidated financial institutions as at 30 June 2018 through the Bank's website at [www.tmbbank.com/ir/capital\\_funds/basel3](http://www.tmbbank.com/ir/capital_funds/basel3) within October 2018.

# TMB Bank Public Company Limited and its Subsidiaries

## Notes to the interim financial statements

For the six-month period ended 30 June 2018

For the three-month period ended 30 June 2018 (Unaudited)

### Capital management

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

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

|                                                              | Consolidated      |               |                |                  |                |                |
|--------------------------------------------------------------|-------------------|---------------|----------------|------------------|----------------|----------------|
|                                                              | 30 June 2018      |               |                | 31 December 2017 |                |                |
|                                                              | At call           | Term          | Total          | At call          | Term           | Total          |
|                                                              | (in million Baht) |               |                |                  |                |                |
| <b>Domestic</b>                                              |                   |               |                |                  |                |                |
| Bank of Thailand and Financial Institutions Development Fund | 5,300             | 57,801        | 63,101         | 5,225            | 81,756         | 86,981         |
| Commercial banks                                             | 72                | 12,308        | 12,380         | 118              | 3,045          | 3,163          |
| Specialised financial institutions                           | -                 | 1             | 1              | -                | 3,200          | 3,200          |
| Other financial institutions                                 | 1                 | 18,719        | 18,720         | 8                | 14,233         | 14,241         |
| <b>Total</b>                                                 | <b>5,373</b>      | <b>88,829</b> | <b>94,202</b>  | <b>5,351</b>     | <b>102,234</b> | <b>107,585</b> |
| Add accrued interest receivable                              | -                 | 35            | 35             | -                | 37             | 37             |
| Less allowance for doubtful accounts                         | -                 | (8)           | (8)            | -                | (20)           | (20)           |
| <b>Total domestic, net</b>                                   | <b>5,373</b>      | <b>88,856</b> | <b>94,229</b>  | <b>5,351</b>     | <b>102,251</b> | <b>107,602</b> |
| <b>Foreign</b>                                               |                   |               |                |                  |                |                |
| US Dollar                                                    | 1,517             | 8,655         | 10,172         | 1,335            | 2,294          | 3,629          |
| Japanese Yen                                                 | 232               | -             | 232            | 231              | -              | 231            |
| Euro                                                         | 130               | -             | 130            | 245              | -              | 245            |
| Other currencies                                             | 440               | 286           | 726            | 545              | 286            | 831            |
| <b>Total</b>                                                 | <b>2,319</b>      | <b>8,941</b>  | <b>11,260</b>  | <b>2,356</b>     | <b>2,580</b>   | <b>4,936</b>   |
| Add accrued interest receivable                              | -                 | 5             | 5              | -                | 5              | 5              |
| Less deferred revenues                                       | -                 | (56)          | (56)           | -                | -              | -              |
| allowance for doubtful accounts                              | -                 | (59)          | (59)           | -                | (9)            | (9)            |
| <b>Total foreign, net</b>                                    | <b>2,319</b>      | <b>8,831</b>  | <b>11,150</b>  | <b>2,356</b>     | <b>2,576</b>   | <b>4,932</b>   |
| <b>Total domestic and foreign, net</b>                       | <b>7,692</b>      | <b>97,687</b> | <b>105,379</b> | <b>7,707</b>     | <b>104,827</b> | <b>112,534</b> |

|                                                              | Bank only         |               |               |                  |                |                |
|--------------------------------------------------------------|-------------------|---------------|---------------|------------------|----------------|----------------|
|                                                              | 30 June 2018      |               |               | 31 December 2017 |                |                |
|                                                              | At call           | Term          | Total         | At call          | Term           | Total          |
|                                                              | (in million Baht) |               |               |                  |                |                |
| <b>Domestic</b>                                              |                   |               |               |                  |                |                |
| Bank of Thailand and Financial Institutions Development Fund | 5,300             | 57,801        | 63,101        | 5,225            | 81,756         | 86,981         |
| Commercial banks                                             | -                 | 11,683        | 11,683        | -                | 1,910          | 1,910          |
| Specialised financial institutions                           | -                 | 1             | 1             | -                | 3,200          | 3,200          |
| Other financial institutions                                 | 1                 | 18,719        | 18,720        | 8                | 14,233         | 14,241         |
| <b>Total</b>                                                 | <b>5,301</b>      | <b>88,204</b> | <b>93,505</b> | <b>5,233</b>     | <b>101,099</b> | <b>106,332</b> |
| Add accrued interest receivable                              | -                 | 32            | 32            | -                | 31             | 31             |
| Less allowance for doubtful accounts                         | -                 | (8)           | (8)           | -                | (20)           | (20)           |
| <b>Total domestic, net</b>                                   | <b>5,301</b>      | <b>88,228</b> | <b>93,529</b> | <b>5,233</b>     | <b>101,110</b> | <b>106,343</b> |

# TMB Bank Public Company Limited and its Subsidiaries

## Notes to the interim financial statements

For the six-month period ended 30 June 2018

For the three-month period ended 30 June 2018 (Unaudited)

|                                        | Bank only         |               |                |                  |                |                |
|----------------------------------------|-------------------|---------------|----------------|------------------|----------------|----------------|
|                                        | 30 June 2018      |               |                | 31 December 2017 |                |                |
|                                        | At call           | Term          | Total          | At call          | Term           | Total          |
|                                        | (in million Baht) |               |                |                  |                |                |
| <b>Foreign</b>                         |                   |               |                |                  |                |                |
| US Dollar                              | 1,517             | 8,655         | 10,172         | 1,335            | 2,294          | 3,629          |
| Japanese Yen                           | 232               | -             | 232            | 231              | -              | 231            |
| Euro                                   | 130               | -             | 130            | 245              | -              | 245            |
| Other currencies                       | 440               | 286           | 726            | 545              | 286            | 831            |
| <b>Total</b>                           | <b>2,319</b>      | <b>8,941</b>  | <b>11,260</b>  | <b>2,356</b>     | <b>2,580</b>   | <b>4,936</b>   |
| Add accrued interest receivable        | -                 | 5             | 5              | -                | 5              | 5              |
| Less deferred revenues                 | -                 | (56)          | (56)           | -                | -              | -              |
| allowance for doubtful accounts        | -                 | (59)          | (59)           | -                | (9)            | (9)            |
| <b>Total foreign, net</b>              | <b>2,319</b>      | <b>8,831</b>  | <b>11,150</b>  | <b>2,356</b>     | <b>2,576</b>   | <b>4,932</b>   |
| <b>Total domestic and foreign, net</b> | <b>7,620</b>      | <b>97,059</b> | <b>104,679</b> | <b>7,589</b>     | <b>103,686</b> | <b>111,275</b> |

## 8 Derivatives

As at 30 June 2018 and 31 December 2017, fair value of derivatives held for trading book, readjustment based on accrual basis of derivatives held for banking book and notional amount classified by type of risks were as follows:

| Type of risks                   | Consolidated and Bank only                        |                                                   |                  |                                                   |                                                   |                  |
|---------------------------------|---------------------------------------------------|---------------------------------------------------|------------------|---------------------------------------------------|---------------------------------------------------|------------------|
|                                 | 30 June 2018                                      |                                                   | Notional amount  | 31 December 2017                                  |                                                   | Notional amount  |
|                                 | Fair value/Readjustment based on an accrual basis | Fair value/Readjustment based on an accrual basis |                  | Fair value/Readjustment based on an accrual basis | Fair value/Readjustment based on an accrual basis |                  |
|                                 | Assets                                            | Liabilities                                       |                  | Assets                                            | Liabilities                                       |                  |
|                                 | (in million Baht)                                 |                                                   |                  |                                                   |                                                   |                  |
| <b>Foreign currency related</b> |                                                   |                                                   |                  |                                                   |                                                   |                  |
| - Trading Book                  | 10,022                                            | 10,563                                            | 612,581          | 5,048                                             | 4,713                                             | 560,289          |
| - Banking Book <sup>(1)</sup>   | 2                                                 | 433                                               | 11,146           | 48                                                | 117                                               | 9,479            |
| <b>Interest rate related</b>    |                                                   |                                                   |                  |                                                   |                                                   |                  |
| - Trading Book                  | 2,842                                             | 2,791                                             | 483,204          | 3,603                                             | 3,729                                             | 686,419          |
| - Banking Book <sup>(1)</sup>   | 85                                                | 143                                               | 25,380           | 98                                                | 136                                               | 25,234           |
| <b>Total</b>                    | <b>12,951</b>                                     | <b>13,930</b>                                     | <b>1,132,311</b> | <b>8,797</b>                                      | <b>8,695</b>                                      | <b>1,281,421</b> |

<sup>(1)</sup> Readjustment made on an accrual basis at the end of period/year for interest rate swap contracts held for banking book are adjustments of accrued interest receivable or payable or interest paid or received in advance based on the contracts. As at 30 June 2018, accrued interest receivable and interest paid in advance amounting to Baht 85 million (31 December 2017: Baht 123 million) are presented as a part of "Other assets" and accrued interest payable and interest received in advance amounting to Baht 143 million (31 December 2017: Baht 136 million) are presented as a part of "Other liabilities" in the consolidated and Bank only financial statements.

As at 30 June 2018 and 31 December 2017, proportions of the notional amount of derivative transactions, classified by counterparties, consisted of:

| Counterparties         | Consolidated and Bank only |                  |
|------------------------|----------------------------|------------------|
|                        | 30 June 2018               | 31 December 2017 |
|                        | (%)                        |                  |
| Financial institutions | 75.51                      | 79.33            |
| Other parties          | 24.49                      | 20.67            |
| <b>Total</b>           | <b>100.00</b>              | <b>100.00</b>    |

# TMB Bank Public Company Limited and its Subsidiaries

## Notes to the interim financial statements

For the six-month period ended 30 June 2018

For the three-month period ended 30 June 2018 (Unaudited)

### 9 Investments, net

#### 9.1 Classified by type of investments

|                                                               | <b>Consolidated</b>      |                     | <b>Bank only</b> |                     |
|---------------------------------------------------------------|--------------------------|---------------------|------------------|---------------------|
|                                                               | 30 June<br>2018          | 31 December<br>2017 | 30 June<br>2018  | 31 December<br>2017 |
|                                                               | <i>(in million Baht)</i> |                     |                  |                     |
| <b>Trading securities – Fair value</b>                        |                          |                     |                  |                     |
| Government and state enterprise securities                    | 2,887                    | 620                 | 2,887            | 620                 |
| <b>Total</b>                                                  | <b>2,887</b>             | <b>620</b>          | <b>2,887</b>     | <b>620</b>          |
| <b>Available-for-sale securities – Fair value</b>             |                          |                     |                  |                     |
| Government and state enterprise securities                    | 35,203                   | 36,862              | 35,203           | 33,737              |
| Domestic marketable equity securities                         | 3                        | 3                   | 3                | 3                   |
| <b>Total</b>                                                  | <b>35,206</b>            | <b>36,865</b>       | <b>35,206</b>    | <b>33,740</b>       |
| <b>Held-to-maturity debt securities – Cost/Amortised cost</b> |                          |                     |                  |                     |
| Government and state enterprise securities                    | 23,874                   | 23,511              | 23,874           | 23,511              |
| <b>Total</b>                                                  | <b>23,874</b>            | <b>23,511</b>       | <b>23,874</b>    | <b>23,511</b>       |
| <b>General investments – Cost</b>                             |                          |                     |                  |                     |
| Domestic non-marketable equity securities                     | 1,024                    | 1,098               | 1,024            | 1,098               |
| Foreign non-marketable equity securities                      | 2                        | 2                   | 2                | 2                   |
| <b>Total</b>                                                  | <b>1,026</b>             | <b>1,100</b>        | <b>1,026</b>     | <b>1,100</b>        |
| Less allowance for impairment losses                          | (791)                    | (791)               | (791)            | (791)               |
| <b>Net</b>                                                    | <b>235</b>               | <b>309</b>          | <b>235</b>       | <b>309</b>          |
| <b>Total investments, net</b>                                 | <b>62,202</b>            | <b>61,305</b>       | <b>62,202</b>    | <b>58,180</b>       |

As at 30 June 2018, the Bank had purchase and sales of investment in debt securities with net sales amounting to Baht 300 million (31 December 2017: net sales amounting to Baht 68 million), for which the settlement was not due at 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 2018**  
**For the three-month period ended 30 June 2018 (Unaudited)**

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

As at 30 June 2018 and 31 December 2017, the Bank had investments in entities in which the Bank holds 10% or more of the paid-up share capital of the investee companies but such companies are not treated as its subsidiaries and associate. Those investments were summarised below.

|                                       | <b>Consolidated and Bank only</b> |                     |
|---------------------------------------|-----------------------------------|---------------------|
|                                       | 30 June<br>2018                   | 31 December<br>2017 |
|                                       | <i>(in million Baht)</i>          |                     |
| Property development and construction | 34                                | 34                  |
| Public utilities and services         | 14                                | 14                  |
| Mutual funds and financial services   | 47                                | 56                  |
| Others                                | 11                                | 11                  |
| <b>Total</b>                          | <b>106</b>                        | <b>115</b>          |
| Less allowance for impairment losses  | (41)                              | (41)                |
| <b>Investments, net</b>               | <b>65</b>                         | <b>74</b>           |

*Interest in unconsolidated structured entity arising in the normal business*

The Bank and its subsidiaries may enter into transactions with structured entities in the forms of investment in unit trusts, lending and derivative transactions and providing fund management services. Investment in unit trusts is recognised as equity securities. Lending and derivative transactions are provided under normal business terms and are managed the same way as others counterparties. Fund management is provided to mutual funds and private funds from which the Bank and its subsidiaries earns is management fees.

As at 30 June 2018 and 31 December 2017, 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 2018

For the three-month period ended 30 June 2018 (Unaudited)

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

As at 30 June 2018 and 31 December 2017, 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:

|                                                                                                                                                                                                                                 | Consolidated and Bank only  |                                 |               |                                          |                             |                                 |               |                                          |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------|---------------------------------|---------------|------------------------------------------|-----------------------------|---------------------------------|---------------|------------------------------------------|
|                                                                                                                                                                                                                                 | 30 June 2018                |                                 |               |                                          | 31 December 2017            |                                 |               |                                          |
|                                                                                                                                                                                                                                 | No.<br>of<br>Com-<br>panies | Cost<br>value/<br>book<br>value | Fair<br>value | Allowance<br>for<br>Impairment<br>losses | No.<br>of<br>Com-<br>panies | Cost<br>value/<br>book<br>value | Fair<br>value | Allowance<br>for<br>Impairment<br>losses |
|                                                                                                                                                                                                                                 |                             | (in million Baht)               |               |                                          |                             | (in million Baht)               |               |                                          |
| - Listed companies under delisting conditions / defaulted debt securities                                                                                                                                                       | 2                           | 62                              | -             | (62)                                     | 2                           | 62                              | -             | (62)                                     |
| - Companies whose ability to continues as a going concern is uncertain, or unlisted companies whose financial position and operating results are similar to the listed companies which meet criteria for delisting from the SET | 11                          | 730                             | -             | (730)                                    | 11                          | 730                             | -             | (730)                                    |
| <b>Total</b>                                                                                                                                                                                                                    | <b>13</b>                   | <b>792</b>                      | <b>-</b>      | <b>(792)</b>                             | <b>13</b>                   | <b>792</b>                      | <b>-</b>      | <b>(792)</b>                             |

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

As at 30 June 2018 and 31 December 2017, revaluation surplus (deficit) on investments could be summarised as follows:

|                                                           | Consolidated      |                     | Bank only       |                     |
|-----------------------------------------------------------|-------------------|---------------------|-----------------|---------------------|
|                                                           | 30 June<br>2018   | 31 December<br>2017 | 30 June<br>2018 | 31 December<br>2017 |
|                                                           | (in million Baht) |                     |                 |                     |
| <b><i>Revaluation surplus on investments</i></b>          |                   |                     |                 |                     |
| Debt securities                                           | 8                 | 36                  | 8               | 36                  |
| Equity securities                                         | -                 | 1                   | -               | -                   |
| <b>Total</b>                                              | <b>8</b>          | <b>37</b>           | <b>8</b>        | <b>36</b>           |
| <b><i>Revaluation deficit on investments</i></b>          |                   |                     |                 |                     |
| Debt securities                                           | (108)             | (2)                 | (108)           | (2)                 |
| Equity securities                                         | -                 | (1)                 | -               | (1)                 |
| <b>Total</b>                                              | <b>(108)</b>      | <b>(3)</b>          | <b>(108)</b>    | <b>(3)</b>          |
| <b>Total revaluation surplus (deficit) on investments</b> | <b>(100)</b>      | <b>34</b>           | <b>(100)</b>    | <b>33</b>           |
| Add (less) deferred tax                                   | 20                | (7)                 | 20              | (7)                 |
| <b>Net</b>                                                | <b>(80)</b>       | <b>27</b>           | <b>(80)</b>     | <b>26</b>           |

**TMB Bank Public Company Limited and its Subsidiaries**  
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**For the six-month period ended 30 June 2018**  
**For the three-month period ended 30 June 2018 (Unaudited)**

**10 Investments in subsidiaries, net**

**10.1 Detail of investments in subsidiaries**

| Companies                            | Type of business           | Bank only                        |             |                   |             |         |             |                                 |             |              |             |                         |     |
|--------------------------------------|----------------------------|----------------------------------|-------------|-------------------|-------------|---------|-------------|---------------------------------|-------------|--------------|-------------|-------------------------|-----|
|                                      |                            | Percentage of ownership interest |             | Paid-up capital   |             | Cost    |             | Allowance for impairment losses |             | At cost, net |             | Dividend income         |     |
|                                      |                            | 30 June                          | 31 December | 30 June           | 31 December | 30 June | 31 December | 30 June                         | 31 December | 30 June      | 31 December | Six-month periods ended |     |
|                                      |                            | 2018                             | 2017        | 2018              | 2017        | 2018    | 2017        | 2018                            | 2017        | 2018         | 2017        | 30 June                 |     |
|                                      |                            | (%)                              |             | (in million Baht) |             |         |             |                                 |             |              |             |                         |     |
| Subsidiaries                         |                            |                                  |             |                   |             |         |             |                                 |             |              |             |                         |     |
| Phayathai Asset Management Co., Ltd. | Asset management business  | 100.00                           | 100.00      | 1,070             | 1,070       | 3,870   | 3,870       | (679)                           | (679)       | 3,191        | 3,191       | -                       | -   |
| Designee for ETA Contract Ltd.*      | Financial support business | 99.50                            | 99.50       | -                 | -           | -       | -           | -                               | -           | -            | -           | -                       | -   |
| TMB Asset Management Co., Ltd.       | Fund management business   | 100.00                           | 100.00      | 100               | 100         | 563     | 563         | -                               | -           | 563          | 563         | 800                     | 125 |
| Total                                |                            |                                  |             |                   |             | 4,433   | 4,433       | (679)                           | (679)       | 3,754        | 3,754       | 800                     | 125 |

\* The Company registered the dissolution with the Ministry of Commerce on 29 June 2018 and is currently on the liquidation process.

# TMB Bank Public Company Limited and its Subsidiaries

## Notes to the interim financial statements

For the six-month period ended 30 June 2018

For the three-month period ended 30 June 2018 (Unaudited)

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

In accordance with the BoT's Notification Number Sor Nor Sor (01) Wor 3258/2543 dated 27 November 2000, relating to the regulations of the Asset Management Company ("AMC"), the Bank is required to disclose the statements of cash flows of the AMC in the notes to the financial statements. The statements of cash flows of Phayathai Assets Management Co., Ltd., the subsidiary, were as follows:

#### Phayathai Assets Management Co., Ltd. Statement of cash flows

|                                                                                                                                        | Six-month periods ended<br>30 June |             |
|----------------------------------------------------------------------------------------------------------------------------------------|------------------------------------|-------------|
|                                                                                                                                        | 2018                               | 2017        |
|                                                                                                                                        | (in million Baht)                  |             |
| <b><i>Cash flows from operating activities</i></b>                                                                                     |                                    |             |
| Profit from operations before income tax                                                                                               | 28                                 | 39          |
| <b><i>Adjustments to reconcile profit from operations before income tax to net cash provided by (used in) operating activities</i></b> |                                    |             |
| Reversal of impairment loss on loans and debt securities                                                                               | (3)                                | (1)         |
| Impairment loss on properties for sale and other assets                                                                                | -                                  | 3           |
| Net interest income                                                                                                                    | (29)                               | (38)        |
| Interest received                                                                                                                      | 21                                 | 16          |
| Income tax paid                                                                                                                        | (4)                                | (3)         |
| <b>Profit from operations before changes in operating assets and liabilities</b>                                                       | <b>13</b>                          | <b>16</b>   |
| <b><i>Decrease (increase) in operating assets</i></b>                                                                                  |                                    |             |
| Intercompany and money market items                                                                                                    | (3,156)                            | 5           |
| Investments in receivables                                                                                                             | -                                  | 1           |
| Loans to customers                                                                                                                     | 3                                  | -           |
| Receivables from Legal Execution Department                                                                                            | 10                                 | 15          |
| Receivables from BAM's promissory notes                                                                                                | -                                  | 20          |
| Other assets                                                                                                                           | -                                  | (3)         |
| <b><i>Increase (decrease) in operating liabilities</i></b>                                                                             |                                    |             |
| Accrued expenses                                                                                                                       | -                                  | 1           |
| Other liabilities                                                                                                                      | -                                  | 1           |
| <b>Net cash provided by (used in) operating activities</b>                                                                             | <b>(3,130)</b>                     | <b>56</b>   |
| <b><i>Cash flows from investing activities</i></b>                                                                                     |                                    |             |
| Purchase of available-for-sale investments                                                                                             | -                                  | (3,097)     |
| Proceeds from sales of available-for-sale investments                                                                                  | 3,125                              | 3,024       |
| Interest received                                                                                                                      | 5                                  | 17          |
| <b>Net cash provided by (used in) investing activities</b>                                                                             | <b>3,130</b>                       | <b>(56)</b> |
| <b>Net increase (decrease) in cash</b>                                                                                                 | <b>-</b>                           | <b>-</b>    |
| Cash at 1 January                                                                                                                      | -                                  | -           |
| <b>Cash at 30 June</b>                                                                                                                 | <b>-</b>                           | <b>-</b>    |

# TMB Bank Public Company Limited and its Subsidiaries

## Notes to the interim financial statements

For the six-month period ended 30 June 2018

For the three-month period ended 30 June 2018 (Unaudited)

### 11 Loans to customers and accrued interest receivables, net

#### 11.1 Classified by loan type

|                                                                                          | Consolidated             |                     | Bank only       |                     |
|------------------------------------------------------------------------------------------|--------------------------|---------------------|-----------------|---------------------|
|                                                                                          | 30 June<br>2018          | 31 December<br>2017 | 30 June<br>2018 | 31 December<br>2017 |
|                                                                                          | <i>(in million Baht)</i> |                     |                 |                     |
| Overdrafts                                                                               | 114,293                  | 118,834             | 114,293         | 118,834             |
| Loans                                                                                    | 382,609                  | 374,105             | 382,563         | 374,057             |
| Bills                                                                                    | 156,737                  | 150,468             | 156,737         | 150,468             |
| Others                                                                                   | 12                       | 18                  | 12              | 18                  |
| Less deferred revenue                                                                    | (52)                     | (52)                | (52)            | (52)                |
| Loans to customers net of deferred revenue                                               | 653,599                  | 643,373             | 653,553         | 643,325             |
| Add accrued interest receivables                                                         | 1,272                    | 969                 | 1,272           | 969                 |
| <b>Total loans to customers net of deferred revenue and accrued interest receivables</b> | <b>654,871</b>           | <b>644,342</b>      | <b>654,825</b>  | <b>644,294</b>      |
| Less allowance for doubtful accounts                                                     |                          |                     |                 |                     |
| - Provision at BoT's minimum rates required                                              | (15,478)                 | (15,049)            | (15,450)        | (15,019)            |
| - Provision in excess of BoT's minimum rates required                                    | (8,559)                  | (9,590)             | (8,559)         | (9,590)             |
| Less revaluation allowance for debt restructuring                                        | (755)                    | (330)               | (755)           | (330)               |
| <b>Loans to customers and accrued interest receivables, net</b>                          | <b>630,079</b>           | <b>619,373</b>      | <b>630,061</b>  | <b>619,355</b>      |

#### 11.2 Classified by currency and residency of debtors

|                  | Consolidated             |              |                |                  |              |                |
|------------------|--------------------------|--------------|----------------|------------------|--------------|----------------|
|                  | 30 June 2018             |              |                | 31 December 2017 |              |                |
|                  | Domestic                 | Foreign      | Total          | Domestic         | Foreign      | Total          |
|                  | <i>(in million Baht)</i> |              |                |                  |              |                |
| Baht             | 630,208                  | 2,887        | 633,095        | 618,387          | 3,125        | 621,512        |
| US Dollars       | 19,466                   | 422          | 19,888         | 18,896           | 2,084        | 20,980         |
| Other currencies | 569                      | 47           | 616            | 831              | 50           | 881            |
| <b>Total*</b>    | <b>650,243</b>           | <b>3,356</b> | <b>653,599</b> | <b>638,114</b>   | <b>5,259</b> | <b>643,373</b> |

  

|                  | Bank only                |              |                |                  |              |                |
|------------------|--------------------------|--------------|----------------|------------------|--------------|----------------|
|                  | 30 June 2018             |              |                | 31 December 2017 |              |                |
|                  | Domestic                 | Foreign      | Total          | Domestic         | Foreign      | Total          |
|                  | <i>(in million Baht)</i> |              |                |                  |              |                |
| Baht             | 630,162                  | 2,887        | 633,049        | 618,339          | 3,125        | 621,464        |
| US Dollars       | 19,466                   | 422          | 19,888         | 18,896           | 2,084        | 20,980         |
| Other currencies | 569                      | 47           | 616            | 831              | 50           | 881            |
| <b>Total*</b>    | <b>650,197</b>           | <b>3,356</b> | <b>653,553</b> | <b>638,066</b>   | <b>5,259</b> | <b>643,325</b> |

\* Loans to customers net of deferred revenue.

# TMB Bank Public Company Limited and its Subsidiaries

## Notes to the interim financial statements

For the six-month period ended 30 June 2018

For the three-month period ended 30 June 2018 (Unaudited)

### 11.3 Classified by business type and quality of loan classification

|                                       | Pass           | Special<br>mention | Consolidated<br>30 June 2018          |            | Doubtful<br>of loss | Total          |
|---------------------------------------|----------------|--------------------|---------------------------------------|------------|---------------------|----------------|
|                                       |                |                    | Sub-<br>standard<br>(in million Baht) | Doubtful   |                     |                |
| Agriculture and mining                | 11,018         | 220                | 3                                     | -          | 278                 | 11,519         |
| Manufacturing and commerce            | 314,405        | 19,264             | 521                                   | 37         | 12,851              | 347,078        |
| Property development and construction | 19,670         | 297                | 5                                     | -          | 257                 | 20,229         |
| Infrastructure and services           | 61,693         | 1,048              | 90                                    | -          | 644                 | 63,475         |
| Housing loans                         | 139,908        | 4,192              | 702                                   | 615        | 983                 | 146,400        |
| Others                                | 62,428         | 1,765              | 474                                   | 72         | 159                 | 64,898         |
| <b>Total*</b>                         | <b>609,122</b> | <b>26,786</b>      | <b>1,795</b>                          | <b>724</b> | <b>15,172</b>       | <b>653,599</b> |

|                                       | Pass           | Special<br>mention | Consolidated<br>31 December 2017      |              | Doubtful<br>of loss | Total          |
|---------------------------------------|----------------|--------------------|---------------------------------------|--------------|---------------------|----------------|
|                                       |                |                    | Sub-<br>standard<br>(in million Baht) | Doubtful     |                     |                |
| Agriculture and mining                | 11,130         | 209                | 3                                     | -            | 291                 | 11,633         |
| Manufacturing and commerce            | 319,212        | 18,711             | 760                                   | 404          | 12,302              | 351,389        |
| Property development and construction | 17,034         | 784                | 7                                     | -            | 267                 | 18,092         |
| Infrastructure and services           | 62,419         | 1,093              | 10                                    | -            | 746                 | 64,268         |
| Housing loans                         | 128,132        | 3,330              | 452                                   | 545          | 871                 | 133,330        |
| Others                                | 61,843         | 1,955              | 643                                   | 64           | 156                 | 64,661         |
| <b>Total*</b>                         | <b>599,770</b> | <b>26,082</b>      | <b>1,875</b>                          | <b>1,013</b> | <b>14,633</b>       | <b>643,373</b> |

|                                       | Pass           | Special<br>mention | Bank only<br>30 June 2018             |            | Doubtful<br>of loss | Total          |
|---------------------------------------|----------------|--------------------|---------------------------------------|------------|---------------------|----------------|
|                                       |                |                    | Sub-<br>standard<br>(in million Baht) | Doubtful   |                     |                |
| Agriculture and mining                | 11,018         | 220                | 3                                     | -          | 270                 | 11,511         |
| Manufacturing and commerce            | 314,405        | 19,264             | 521                                   | 37         | 12,851              | 347,078        |
| Property development and construction | 19,670         | 297                | 5                                     | -          | 236                 | 20,208         |
| Infrastructure and services           | 61,693         | 1,048              | 90                                    | -          | 627                 | 63,458         |
| Housing loans                         | 139,908        | 4,192              | 702                                   | 615        | 983                 | 146,400        |
| Others                                | 62,428         | 1,765              | 474                                   | 72         | 159                 | 64,898         |
| <b>Total*</b>                         | <b>609,122</b> | <b>26,786</b>      | <b>1,795</b>                          | <b>724</b> | <b>15,126</b>       | <b>653,553</b> |

|                                       | Pass           | Special<br>mention | Bank only<br>31 December 2017         |              | Doubtful<br>of loss | Total          |
|---------------------------------------|----------------|--------------------|---------------------------------------|--------------|---------------------|----------------|
|                                       |                |                    | Sub-<br>standard<br>(in million Baht) | Doubtful     |                     |                |
| Agriculture and mining                | 11,130         | 209                | 3                                     | -            | 284                 | 11,626         |
| Manufacturing and commerce            | 319,212        | 18,711             | 760                                   | 404          | 12,301              | 351,388        |
| Property development and construction | 17,034         | 784                | 7                                     | -            | 245                 | 18,070         |
| Infrastructure and services           | 62,419         | 1,093              | 10                                    | -            | 728                 | 64,250         |
| Housing loans                         | 128,132        | 3,330              | 452                                   | 545          | 871                 | 133,330        |
| Others                                | 61,843         | 1,955              | 643                                   | 64           | 156                 | 64,661         |
| <b>Total*</b>                         | <b>599,770</b> | <b>26,082</b>      | <b>1,875</b>                          | <b>1,013</b> | <b>14,585</b>       | <b>643,325</b> |

\* Loans to customers net of deferred revenue.

# TMB Bank Public Company Limited and its Subsidiaries

## Notes to the interim financial statements

For the six-month period ended 30 June 2018

For the three-month period ended 30 June 2018 (Unaudited)

### 11.4 Classified by loan classification

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

| <b>Consolidated</b>                                    |                                                                                   |                                                                                       |                                     |                                                                           |
|--------------------------------------------------------|-----------------------------------------------------------------------------------|---------------------------------------------------------------------------------------|-------------------------------------|---------------------------------------------------------------------------|
| 30 June 2018                                           |                                                                                   |                                                                                       |                                     |                                                                           |
|                                                        | Loans to<br>customers and<br>accrued interest<br>receivables<br>(in million Baht) | Net amount<br>used to set<br>the allowance<br>for doubtful<br>accounts <sup>(1)</sup> | Minimum<br>rates<br>required<br>(%) | Allowance<br>for doubtful<br>accounts <sup>(2)</sup><br>(in million Baht) |
| Minimum allowance as per<br>BoT's Regulations          |                                                                                   |                                                                                       |                                     |                                                                           |
| Pass                                                   | 610,339                                                                           | 537,832                                                                               | 1                                   | 5,858                                                                     |
| Special mention                                        | 26,841                                                                            | 13,901                                                                                | 2                                   | 396                                                                       |
| Sub-standard                                           | 1,795                                                                             | 914                                                                                   | 100                                 | 995                                                                       |
| Doubtful                                               | 724                                                                               | 245                                                                                   | 100                                 | 248                                                                       |
| Doubtful of loss                                       | 15,172                                                                            | 5,570                                                                                 | 100                                 | 7,981                                                                     |
| Total*                                                 | <u>654,871</u>                                                                    | <u>558,462</u>                                                                        |                                     | <u>15,478</u>                                                             |
| Provision in excess of BoT's<br>minimum rates required |                                                                                   |                                                                                       |                                     | <u>8,559 <sup>(3)</sup></u>                                               |
| <b>Total</b>                                           |                                                                                   |                                                                                       |                                     | <b><u>24,037</u></b>                                                      |

| <b>Consolidated</b>                                    |                                                                                   |                                                                                       |                                     |                                                                           |
|--------------------------------------------------------|-----------------------------------------------------------------------------------|---------------------------------------------------------------------------------------|-------------------------------------|---------------------------------------------------------------------------|
| 31 December 2017                                       |                                                                                   |                                                                                       |                                     |                                                                           |
|                                                        | Loans to<br>customers and<br>accrued interest<br>receivables<br>(in million Baht) | Net amount<br>used to set<br>the allowance<br>for doubtful<br>accounts <sup>(1)</sup> | Minimum<br>rates<br>required<br>(%) | Allowance<br>for doubtful<br>accounts <sup>(2)</sup><br>(in million Baht) |
| Minimum allowance as per<br>BoT's Regulations          |                                                                                   |                                                                                       |                                     |                                                                           |
| Pass                                                   | 600,675                                                                           | 527,213                                                                               | 1                                   | 5,747                                                                     |
| Special mention                                        | 26,146                                                                            | 14,963                                                                                | 2                                   | 457                                                                       |
| Sub-standard                                           | 1,875                                                                             | 1,154                                                                                 | 100                                 | 1,238                                                                     |
| Doubtful                                               | 1,013                                                                             | 444                                                                                   | 100                                 | 470                                                                       |
| Doubtful of loss                                       | 14,633                                                                            | 5,024                                                                                 | 100                                 | 7,137                                                                     |
| Total*                                                 | <u>644,342</u>                                                                    | <u>548,798</u>                                                                        |                                     | <u>15,049</u>                                                             |
| Provision in excess of BoT's<br>minimum rates required |                                                                                   |                                                                                       |                                     | <u>9,590 <sup>(3)</sup></u>                                               |
| <b>Total</b>                                           |                                                                                   |                                                                                       |                                     | <b><u>24,639</u></b>                                                      |

# TMB Bank Public Company Limited and its Subsidiaries

## Notes to the interim financial statements

For the six-month period ended 30 June 2018

For the three-month period ended 30 June 2018 (Unaudited)

| <b>Bank only</b>                                       |                                                                                   |                                                                                       |                                     |                                                                           |
|--------------------------------------------------------|-----------------------------------------------------------------------------------|---------------------------------------------------------------------------------------|-------------------------------------|---------------------------------------------------------------------------|
| 30 June 2018                                           |                                                                                   |                                                                                       |                                     |                                                                           |
|                                                        | Loans to<br>customers and<br>accrued interest<br>receivables<br>(in million Baht) | Net amount<br>used to set<br>the allowance<br>for doubtful<br>accounts <sup>(1)</sup> | Minimum<br>rates<br>required<br>(%) | Allowance<br>for doubtful<br>accounts <sup>(2)</sup><br>(in million Baht) |
| Minimum allowance as per<br>BoT's Regulations          |                                                                                   |                                                                                       |                                     |                                                                           |
| Pass                                                   | 610,339                                                                           | 537,832                                                                               | 1                                   | 5,858                                                                     |
| Special mention                                        | 26,841                                                                            | 13,901                                                                                | 2                                   | 396                                                                       |
| Sub-standard                                           | 1,795                                                                             | 914                                                                                   | 100                                 | 995                                                                       |
| Doubtful                                               | 724                                                                               | 245                                                                                   | 100                                 | 248                                                                       |
| Doubtful of loss                                       | 15,126                                                                            | 5,542                                                                                 | 100                                 | 7,953                                                                     |
| Total*                                                 | <u>654,825</u>                                                                    | <u>558,434</u>                                                                        |                                     | <u>15,450</u>                                                             |
| Provision in excess of BoT's<br>minimum rates required |                                                                                   |                                                                                       |                                     | <u>8,559 <sup>(3)</sup></u>                                               |
| <b>Total</b>                                           |                                                                                   |                                                                                       |                                     | <b><u>24,009</u></b>                                                      |

| <b>Bank only</b>                                       |                                                                                   |                                                                                       |                                     |                                                                           |
|--------------------------------------------------------|-----------------------------------------------------------------------------------|---------------------------------------------------------------------------------------|-------------------------------------|---------------------------------------------------------------------------|
| 31 December 2017                                       |                                                                                   |                                                                                       |                                     |                                                                           |
|                                                        | Loans to<br>customers and<br>accrued interest<br>receivables<br>(in million Baht) | Net amount<br>used to set<br>the allowance<br>for doubtful<br>accounts <sup>(1)</sup> | Minimum<br>rates<br>required<br>(%) | Allowance<br>for doubtful<br>accounts <sup>(2)</sup><br>(in million Baht) |
| Minimum allowance as per<br>BoT's Regulations          |                                                                                   |                                                                                       |                                     |                                                                           |
| Pass                                                   | 600,675                                                                           | 527,213                                                                               | 1                                   | 5,747                                                                     |
| Special mention                                        | 26,146                                                                            | 14,963                                                                                | 2                                   | 457                                                                       |
| Sub-standard                                           | 1,875                                                                             | 1,154                                                                                 | 100                                 | 1,238                                                                     |
| Doubtful                                               | 1,013                                                                             | 444                                                                                   | 100                                 | 470                                                                       |
| Doubtful of loss                                       | 14,585                                                                            | 4,994                                                                                 | 100                                 | 7,107                                                                     |
| Total*                                                 | <u>644,294</u>                                                                    | <u>548,768</u>                                                                        |                                     | <u>15,019</u>                                                             |
| Provision in excess of BoT's<br>minimum rates required |                                                                                   |                                                                                       |                                     | <u>9,590 <sup>(3)</sup></u>                                               |
| <b>Total</b>                                           |                                                                                   |                                                                                       |                                     | <b><u>24,609</u></b>                                                      |

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

<sup>(1)</sup> 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.

<sup>(2)</sup> 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.

<sup>(3)</sup> As at 30 June 2018, this included provision of Baht 1,043 million (31 December 2017: Baht 1,160 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 2018

For the three-month period ended 30 June 2018 (Unaudited)

### 11.5 Non-performing loans

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

As at 30 June 2018 and 31 December 2017, the Bank and its subsidiary's NPLs (including interbank and money market items) were summarised as follows:

|                                                                                      | 30 June 2018                             |                                               |             |              |
|--------------------------------------------------------------------------------------|------------------------------------------|-----------------------------------------------|-------------|--------------|
|                                                                                      | TMB Bank<br>Public<br>Company<br>Limited | Phayathai<br>Asset<br>Management<br>Co., Ltd. | Elimination | Consolidated |
| <b>Net NPLs (principal net of allowance for doubtful accounts)</b>                   |                                          |                                               |             |              |
| NPLs after allowance for doubtful accounts on NPLs ( <i>in million Baht</i> )        | 7,386                                    | 18                                            | -           | 7,404        |
| Total loans after allowance for doubtful accounts on NPLs ( <i>in million Baht</i> ) | 737,399                                  | 18                                            | -           | 737,417      |
| Percentage of net NPLs (%)                                                           | 1.00                                     | 100.00                                        |             | 1.00         |
| <b>NPLs (principal)</b>                                                              |                                          |                                               |             |              |
| NPLs ( <i>in million Baht</i> )                                                      | 17,645                                   | 46                                            | -           | 17,691       |
| Total loans ( <i>in million Baht</i> )                                               | 747,657                                  | 46                                            | -           | 747,703      |
| Percentage of NPLs (%)                                                               | 2.36                                     | 100.00                                        |             | 2.37         |
|                                                                                      |                                          |                                               |             |              |
|                                                                                      | 31 December 2017                         |                                               |             |              |
|                                                                                      | TMB Bank<br>Public<br>Company<br>Limited | Phayathai<br>Asset<br>Management<br>Co., Ltd. | Elimination | Consolidated |
| <b>Net NPLs (principal net of allowance for doubtful accounts)</b>                   |                                          |                                               |             |              |
| NPLs after allowance for doubtful accounts on NPLs ( <i>in million Baht</i> )        | 7,495                                    | 18                                            | -           | 7,513        |
| Total loans after allowance for doubtful accounts on NPLs ( <i>in million Baht</i> ) | 735,334                                  | 18                                            | -           | 735,352      |
| Percentage of net NPLs (%)                                                           | 1.02                                     | 100.00                                        |             | 1.02         |
| <b>NPLs (principal)</b>                                                              |                                          |                                               |             |              |
| NPLs ( <i>in million Baht</i> )                                                      | 17,473                                   | 48                                            | -           | 17,521       |
| Total loans ( <i>in million Baht</i> )                                               | 745,312                                  | 48                                            | -           | 745,360      |
| Percentage of NPLs (%)                                                               | 2.34                                     | 100.00                                        |             | 2.35         |

# TMB Bank Public Company Limited and its Subsidiaries

## Notes to the interim financial statements

### For the six-month period ended 30 June 2018

### For the three-month period ended 30 June 2018 (Unaudited)

For the six-month periods ended 30 June 2018 and 2017, the Bank sold non-performing loans, with principal totaling approximately Baht 1,000 million and Baht 300 million, respectively, to Asset Management Company. The selling price in excess of the carrying value of those non-performing loans was presented as a deduction from “Impairment loss on loans and debt securities” in the statement of profit or loss and other comprehensive income.

As at 30 June 2018, the Bank had loans to customers, amounting to Baht 52,772 million (31 December 2017: Baht 50,177 million) on which it ceased recognition of interest income on an accrual basis.

## 11.6 Troubled debt restructuring

During the six-month periods ended 30 June 2018 and 2017, the Bank and its subsidiary entered into contracts for troubled debt restructuring, (only the account where debtor has present value loss/losses on debt structuring is presented), which could be summarised as follows:

| <b>Consolidated and Bank only</b>            |                   |                                           |                     |                                                           |
|----------------------------------------------|-------------------|-------------------------------------------|---------------------|-----------------------------------------------------------|
| Six-month period ended 30 June 2018          |                   |                                           |                     |                                                           |
|                                              | Number of debtors | Before restructuring<br>(in million Baht) | After restructuring | Asset acquired<br>Type<br>Fair value<br>(in million Baht) |
| <b>Type of restructuring</b>                 |                   |                                           |                     |                                                           |
| Transfer of asset                            | 1                 | 3                                         | -                   | Land and building 3                                       |
| Modification of terms of payments            | 3,449             | 11,063                                    | 11,063              | - -                                                       |
| Combination of methods                       | 2                 | 27                                        | 20                  | Land and building 7                                       |
| <b>Total</b>                                 | <b>3,452</b>      | <b>11,093</b>                             | <b>11,083</b>       | <b>10</b>                                                 |
| <b>Term of debt restructuring agreements</b> |                   |                                           |                     |                                                           |
| Not over 5 years                             | 466               | 47                                        | 45                  |                                                           |
| 5 - 10 years                                 | 1,958             | 857                                       | 852                 |                                                           |
| Over 10 years                                | 1,028             | 10,189                                    | 10,186              |                                                           |
| <b>Total</b>                                 | <b>3,452</b>      | <b>11,093</b>                             | <b>11,083</b>       |                                                           |
| <b>Consolidated and Bank only</b>            |                   |                                           |                     |                                                           |
| Six-month period ended 30 June 2017          |                   |                                           |                     |                                                           |
|                                              | Number of debtors | Before restructuring<br>(in million Baht) | After restructuring | Asset acquired<br>Type<br>Fair value<br>(in million Baht) |
| <b>Type of restructuring</b>                 |                   |                                           |                     |                                                           |
| Modification of terms of payments            | 2,879             | 3,335                                     | 3,335               | - -                                                       |
| <b>Total</b>                                 | <b>2,879</b>      | <b>3,335</b>                              | <b>3,335</b>        | <b>-</b>                                                  |
| <b>Term of debt restructuring agreements</b> |                   |                                           |                     |                                                           |
| Not over 5 years                             | 626               | 1,492                                     | 1,492               |                                                           |
| 5 - 10 years                                 | 2,067             | 465                                       | 465                 |                                                           |
| Over 10 years                                | 186               | 1,378                                     | 1,378               |                                                           |
| <b>Total</b>                                 | <b>2,879</b>      | <b>3,335</b>                              | <b>3,335</b>        |                                                           |

# TMB Bank Public Company Limited and its Subsidiaries

## Notes to the interim financial statements

### For the six-month period ended 30 June 2018

### For the three-month period ended 30 June 2018 (Unaudited)

Supplemental information relating to restructuring debtors for the six-month periods ended 30 June 2018 and 2017 was as follows:

|                                                                               | <b>Consolidated</b>             |      | <b>Bank only</b>                |      |
|-------------------------------------------------------------------------------|---------------------------------|------|---------------------------------|------|
|                                                                               | Six-month periods ended 30 June |      | Six-month periods ended 30 June |      |
|                                                                               | 2018                            | 2017 | 2018                            | 2017 |
|                                                                               | <i>(in million Baht)</i>        |      |                                 |      |
| Interest income on restructured debts, which is recognised during the periods | 137                             | 139  | 136                             | 139  |
| Cash settlement by debtors                                                    | 537                             | 360  | 537                             | 360  |
| Losses on debt restructuring, net                                             | 425                             | 38   | 425                             | 38   |

As at 30 June 2018 and 31 December 2017, the Bank and its subsidiary had the outstanding balances with troubled debt restructuring debtors which had been performing in accordance with debt restructuring agreements, as follows:

|                                            | <b>Consolidated</b> |                          |                   |                          | <b>Bank only</b>  |                          |                   |                          |
|--------------------------------------------|---------------------|--------------------------|-------------------|--------------------------|-------------------|--------------------------|-------------------|--------------------------|
|                                            | 30 June 2018        |                          | 31 December 2017  |                          | 30 June 2018      |                          | 31 December 2017  |                          |
|                                            | Number of debtors   | Outstanding balance      | Number of debtors | Outstanding balance      | Number of debtors | Outstanding balance      | Number of debtors | Outstanding balance      |
|                                            |                     | <i>(in million Baht)</i> |                   | <i>(in million Baht)</i> |                   | <i>(in million Baht)</i> |                   | <i>(in million Baht)</i> |
| <b>Troubled debt restructuring debtors</b> | <b>7,489</b>        | <b>12,981</b>            | <b>6,123</b>      | <b>8,347</b>             | <b>7,488</b>      | <b>12,972</b>            | <b>6,122</b>      | <b>8,336</b>             |

## 11.7 Revaluation allowance for debt restructuring

|                                 | <b>Consolidated and Bank only</b> |                  |
|---------------------------------|-----------------------------------|------------------|
|                                 | 30 June 2018                      | 31 December 2017 |
|                                 | <i>(in million Baht)</i>          |                  |
| Beginning balance               | 330                               | 177              |
| Increase during the period/year | 425                               | 153              |
| <b>Ending balance</b>           | <b>755</b>                        | <b>330</b>       |

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

As at 30 June 2018 and 31 December 2017, the Bank and its subsidiary had loans and accrued interest receivables due from listed companies having problems with their financial position and operating results, and set aside allowances for doubtful accounts as follows:

|                                                           | <b>Consolidated and Bank only</b> |                                        |            |                                 |                          |                                        |            |                                 |
|-----------------------------------------------------------|-----------------------------------|----------------------------------------|------------|---------------------------------|--------------------------|----------------------------------------|------------|---------------------------------|
|                                                           | 30 June 2018                      |                                        |            |                                 | 31 December 2017         |                                        |            |                                 |
|                                                           | Number of debtors                 | Loans and accrued interest receivables | Collateral | Allowance for doubtful accounts | Number of debtors        | Loans and accrued interest receivables | Collateral | Allowance for doubtful accounts |
|                                                           |                                   |                                        |            |                                 |                          |                                        |            |                                 |
|                                                           | <i>(in million Baht)</i>          |                                        |            |                                 | <i>(in million Baht)</i> |                                        |            |                                 |
| <b>Listed companies under delisting conditions in SET</b> | <b>3</b>                          | <b>3</b>                               | <b>-</b>   | <b>-</b>                        | <b>3</b>                 | <b>12</b>                              | <b>10</b>  | <b>-</b>                        |

# TMB Bank Public Company Limited and its Subsidiaries

## Notes to the interim financial statements

For the six-month period ended 30 June 2018

For the three-month period ended 30 June 2018 (Unaudited)

### 12 Classified assets

As at 30 June 2018 and 31 December 2017, classified assets were classified in accordance with the BoT's regulation, consisting of investments (including investments in subsidiaries), loans to customers and accrued interest receivables (including interbank and money market items), properties for sale, premises and equipment and other assets as follows:

| <b>Consolidated</b> |             |                                                     |                          |                        |              |                |
|---------------------|-------------|-----------------------------------------------------|--------------------------|------------------------|--------------|----------------|
| 30 June 2018        |             |                                                     |                          |                        |              |                |
|                     | Investments | Loans to customers and accrued interest receivables | Properties for sale      | Premises and equipment | Other assets | Total          |
|                     |             |                                                     | <i>(in million Baht)</i> |                        |              |                |
| Pass                | -           | 704,480                                             | -                        | -                      | -            | 704,480        |
| Special mention     | -           | 26,841                                              | -                        | -                      | -            | 26,841         |
| Sub-standard        | -           | 1,795                                               | -                        | -                      | 4            | 1,799          |
| Doubtful            | -           | 724                                                 | -                        | -                      | -            | 724            |
| Doubtful of loss    | 953         | 15,172                                              | 141                      | 285                    | 491          | 17,042         |
| <b>Total</b>        | <b>953</b>  | <b>749,012</b>                                      | <b>141</b>               | <b>285</b>             | <b>495</b>   | <b>750,886</b> |

| <b>Consolidated</b> |             |                                                     |                          |                        |              |                |
|---------------------|-------------|-----------------------------------------------------|--------------------------|------------------------|--------------|----------------|
| 31 December 2017    |             |                                                     |                          |                        |              |                |
|                     | Investments | Loans to customers and accrued interest receivables | Properties for sale      | Premises and equipment | Other assets | Total          |
|                     |             |                                                     | <i>(in million Baht)</i> |                        |              |                |
| Pass                | -           | 702,698                                             | -                        | -                      | -            | 702,698        |
| Special mention     | -           | 26,146                                              | -                        | -                      | -            | 26,146         |
| Sub-standard        | -           | 1,875                                               | -                        | -                      | 3            | 1,878          |
| Doubtful            | -           | 1,013                                               | -                        | -                      | 1            | 1,014          |
| Doubtful of loss    | 847         | 14,633                                              | 153                      | 285                    | 469          | 16,387         |
| <b>Total</b>        | <b>847</b>  | <b>746,365</b>                                      | <b>153</b>               | <b>285</b>             | <b>473</b>   | <b>748,123</b> |

| <b>Bank only</b> |              |                                                     |                          |                        |              |                |
|------------------|--------------|-----------------------------------------------------|--------------------------|------------------------|--------------|----------------|
| 30 June 2018     |              |                                                     |                          |                        |              |                |
|                  | Investments  | Loans to customers and accrued interest receivables | Properties for sale      | Premises and equipment | Other assets | Total          |
|                  |              |                                                     | <i>(in million Baht)</i> |                        |              |                |
| Pass             | -            | 704,480                                             | -                        | -                      | -            | 704,480        |
| Special mention  | -            | 26,841                                              | -                        | -                      | -            | 26,841         |
| Sub-standard     | -            | 1,795                                               | -                        | -                      | 4            | 1,799          |
| Doubtful         | -            | 724                                                 | -                        | -                      | -            | 724            |
| Doubtful of loss | 1,632        | 15,126                                              | 141                      | 285                    | 489          | 17,673         |
| <b>Total</b>     | <b>1,632</b> | <b>748,966</b>                                      | <b>141</b>               | <b>285</b>             | <b>493</b>   | <b>751,517</b> |

# TMB Bank Public Company Limited and its Subsidiaries

## Notes to the interim financial statements

For the six-month period ended 30 June 2018

For the three-month period ended 30 June 2018 (Unaudited)

### Bank only 31 December 2017

|                  | Investments  | Loans to customers and accrued interest receivables | Properties for sale<br>(in million Baht) | Premises and equipment | Other assets | Total          |
|------------------|--------------|-----------------------------------------------------|------------------------------------------|------------------------|--------------|----------------|
| Pass             | -            | 702,698                                             | -                                        | -                      | -            | 702,698        |
| Special mention  | -            | 26,146                                              | -                                        | -                      | -            | 26,146         |
| Sub-standard     | -            | 1,875                                               | -                                        | -                      | 3            | 1,878          |
| Doubtful         | -            | 1,013                                               | -                                        | -                      | 1            | 1,014          |
| Doubtful of loss | 1,526        | 14,585                                              | 153                                      | 285                    | 468          | 17,017         |
| <b>Total</b>     | <b>1,526</b> | <b>746,317</b>                                      | <b>153</b>                               | <b>285</b>             | <b>472</b>   | <b>748,753</b> |

## 13 Allowance for doubtful accounts

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

### Consolidated Six-month period ended 30 June 2018

|                                                      | Provision at BoT's minimum rates required |                 |              |            |                  | Provision in excess of BoT's minimum rates required | Total         |
|------------------------------------------------------|-------------------------------------------|-----------------|--------------|------------|------------------|-----------------------------------------------------|---------------|
|                                                      | Pass                                      | Special mention | Sub-standard | Doubtful   | Doubtful of loss |                                                     |               |
|                                                      | (in million Baht)                         |                 |              |            |                  |                                                     |               |
| Beginning balance                                    | 5,747                                     | 457             | 1,238        | 470        | 7,137            | 9,590                                               | 24,639        |
| Allowance for doubtful accounts                      | 111                                       | (61)            | (243)        | (222)      | 5,674            | (1,031)                                             | 4,228         |
| Bad debt recovery                                    | -                                         | -               | -            | -          | 404              | -                                                   | 404           |
| Bad debt written-off                                 | -                                         | -               | -            | -          | (4,616)          | -                                                   | (4,616)       |
| Allowance for doubtful accounts of the disposed debt | -                                         | -               | -            | -          | (618)            | -                                                   | (618)         |
| <b>Ending balance</b>                                | <b>5,858</b>                              | <b>396</b>      | <b>995</b>   | <b>248</b> | <b>7,981</b>     | <b>8,559</b>                                        | <b>24,037</b> |

### Consolidated Year ended 31 December 2017

|                                                      | Provision at BoT's minimum rates required |                 |              |            |                  | Provision in excess of BoT's minimum rates required | Total         |
|------------------------------------------------------|-------------------------------------------|-----------------|--------------|------------|------------------|-----------------------------------------------------|---------------|
|                                                      | Pass                                      | Special mention | Sub-standard | Doubtful   | Doubtful of loss |                                                     |               |
|                                                      | (in million Baht)                         |                 |              |            |                  |                                                     |               |
| Beginning balance                                    | 5,288                                     | 340             | 1,251        | 1,049      | 6,731            | 10,252                                              | 24,911        |
| Allowance for doubtful accounts                      | 459                                       | 117             | (13)         | (579)      | 9,572            | (662)                                               | 8,894         |
| Bad debt recovery                                    | -                                         | -               | -            | -          | 828              | -                                                   | 828           |
| Bad debt written-off                                 | -                                         | -               | -            | -          | (9,183)          | -                                                   | (9,183)       |
| Allowance for doubtful accounts of the disposed debt | -                                         | -               | -            | -          | (811)            | -                                                   | (811)         |
| <b>Ending balance</b>                                | <b>5,747</b>                              | <b>457</b>      | <b>1,238</b> | <b>470</b> | <b>7,137</b>     | <b>9,590</b>                                        | <b>24,639</b> |

# TMB Bank Public Company Limited and its Subsidiaries

## Notes to the interim financial statements

For the six-month period ended 30 June 2018

For the three-month period ended 30 June 2018 (Unaudited)

### Bank only

Six-month period ended 30 June 2018

|                                                         | Provision at BoT's minimum rates required |                    |                  |            |                     | Provision<br>in excess<br>of BoT's<br>minimum<br>rates<br>required | Total         |
|---------------------------------------------------------|-------------------------------------------|--------------------|------------------|------------|---------------------|--------------------------------------------------------------------|---------------|
|                                                         | Pass                                      | Special<br>mention | Sub-<br>standard | Doubtful   | Doubtful<br>of loss |                                                                    |               |
|                                                         | <i>(in million Baht)</i>                  |                    |                  |            |                     |                                                                    |               |
| Beginning balance                                       | 5,747                                     | 457                | 1,238            | 470        | 7,107               | 9,590                                                              | 24,609        |
| Allowance for doubtful accounts                         | 111                                       | (61)               | (243)            | (222)      | 5,682               | (1,031)                                                            | 4,236         |
| Bad debt recovery                                       | -                                         | -                  | -                | -          | 398                 | -                                                                  | 398           |
| Bad debt written-off                                    | -                                         | -                  | -                | -          | (4,616)             | -                                                                  | (4,616)       |
| Allowance for doubtful accounts<br>of the disposed debt | -                                         | -                  | -                | -          | (618)               | -                                                                  | (618)         |
| <b>Ending balance</b>                                   | <b>5,858</b>                              | <b>396</b>         | <b>995</b>       | <b>248</b> | <b>7,953</b>        | <b>8,559</b>                                                       | <b>24,009</b> |

### Bank only

Year ended 31 December 2017

|                                                         | Provision at BoT's minimum rates required |                    |                  |            |                     | Provision<br>in excess<br>of BoT's<br>minimum<br>rates<br>required | Total         |
|---------------------------------------------------------|-------------------------------------------|--------------------|------------------|------------|---------------------|--------------------------------------------------------------------|---------------|
|                                                         | Pass                                      | Special<br>mention | Sub-<br>standard | Doubtful   | Doubtful<br>of loss |                                                                    |               |
|                                                         | <i>(in million Baht)</i>                  |                    |                  |            |                     |                                                                    |               |
| Beginning balance                                       | 5,288                                     | 340                | 1,251            | 1,049      | 6,701               | 10,252                                                             | 24,881        |
| Allowance for doubtful accounts                         | 459                                       | 117                | (13)             | (579)      | 9,582               | (662)                                                              | 8,904         |
| Bad debt recovery                                       | -                                         | -                  | -                | -          | 818                 | -                                                                  | 818           |
| Bad debt written-off                                    | -                                         | -                  | -                | -          | (9,183)             | -                                                                  | (9,183)       |
| Allowance for doubtful accounts<br>of the disposed debt | -                                         | -                  | -                | -          | (811)               | -                                                                  | (811)         |
| <b>Ending balance</b>                                   | <b>5,747</b>                              | <b>457</b>         | <b>1,238</b>     | <b>470</b> | <b>7,107</b>        | <b>9,590</b>                                                       | <b>24,609</b> |

# TMB Bank Public Company Limited and its Subsidiaries

## Notes to the interim financial statements

For the six-month period ended 30 June 2018

For the three-month period ended 30 June 2018 (Unaudited)

### 14 Properties for sale, net

As at 30 June 2018 and 31 December 2017, changes to the properties for sale, net were as follows:

|                                               | Beginning<br>balance | <b>Consolidated and Bank only</b><br>30 June 2018 |                        | Ending<br>balance |
|-----------------------------------------------|----------------------|---------------------------------------------------|------------------------|-------------------|
|                                               |                      | Additions<br>(in million Baht)                    | Disposals/<br>Decrease |                   |
| Assets foreclosed in settlement<br>of debts   |                      |                                                   |                        |                   |
| - Immovable assets                            | 1,931                | 180                                               | (63)                   | 2,048             |
| Assets for sales                              | 436                  | 21                                                | (48)                   | 409               |
| Total                                         | 2,367                | 201                                               | (111)                  | 2,457             |
| Add (less) allowance for<br>impairment losses | (153)                | (4)                                               | 15                     | (142)             |
| <b>Net</b>                                    | <b>2,214</b>         | <b>197</b>                                        | <b>(96)</b>            | <b>2,315</b>      |

  

|                                               | Beginning<br>balance | <b>Consolidated and Bank only</b><br>31 December 2017 |                        | Ending<br>balance |
|-----------------------------------------------|----------------------|-------------------------------------------------------|------------------------|-------------------|
|                                               |                      | Additions<br>(in million Baht)                        | Disposals/<br>Decrease |                   |
| Assets foreclosed in settlement<br>of debts   |                      |                                                       |                        |                   |
| - Immovable assets                            | 1,170                | 1,202                                                 | (441)                  | 1,931             |
| Assets for sales                              | 402                  | 220                                                   | (186)                  | 436               |
| Total                                         | 1,572                | 1,422                                                 | (627)                  | 2,367             |
| Add (less) allowance for<br>impairment losses | (66)                 | (93)                                                  | 6                      | (153)             |
| <b>Net</b>                                    | <b>1,506</b>         | <b>1,329</b>                                          | <b>(621)</b>           | <b>2,214</b>      |

As at 30 June 2018 and 31 December 2017, 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 2018 and 31 December 2017 as follows:

|                                          | <b>Consolidated and Bank only</b> |                     |
|------------------------------------------|-----------------------------------|---------------------|
|                                          | 30 June<br>2018                   | 31 December<br>2017 |
|                                          | (in million Baht)                 |                     |
| Assets foreclosed in settlement of debts |                                   |                     |
| Immovable assets                         |                                   |                     |
| - Appraised by external appraisers       | 1,961                             | 1,704               |
| - Appraised by internal appraisers       | 87                                | 227                 |
| <b>Total</b>                             | <b>2,048</b>                      | <b>1,931</b>        |

**TMB Bank Public Company Limited and its Subsidiaries**  
**Notes to the interim financial statements**  
**For the six-month period ended 30 June 2018**  
**For the three-month period ended 30 June 2018 (Unaudited)**

**15 Premises and equipment, net**

As at 30 June 2018 and 31 December 2017, changes in premises and equipment were as follows:

|                                                     | Cost                                         |                      |                           |                                             |                   | Consolidated<br>30 June 2018<br>Accumulated depreciation |                          |                                                                                 |                   | Allowance for impairment losses |                                                                |                                             |                   | Net book<br>value as at<br>30 June<br>2018 |
|-----------------------------------------------------|----------------------------------------------|----------------------|---------------------------|---------------------------------------------|-------------------|----------------------------------------------------------|--------------------------|---------------------------------------------------------------------------------|-------------------|---------------------------------|----------------------------------------------------------------|---------------------------------------------|-------------------|--------------------------------------------|
|                                                     | Net book<br>value as at<br>1 January<br>2018 | Beginning<br>balance | Increase/<br>transfers in | Disposals/<br>written-off/<br>transfers out | Ending<br>balance | Beginning<br>balance                                     | Depreciation             | Disposals/<br>written-off/<br>transfers out/<br>adjustments<br>from revaluation | Ending<br>balance | Beginning<br>balance            | Reversal of<br>(loss on)<br>impairment<br>during<br>the period | Disposals/<br>written-off/<br>transfers out | Ending<br>balance |                                            |
|                                                     |                                              |                      |                           |                                             |                   |                                                          | <i>(in million Baht)</i> |                                                                                 |                   |                                 |                                                                |                                             |                   |                                            |
| Land                                                |                                              |                      |                           |                                             |                   |                                                          |                          |                                                                                 |                   |                                 |                                                                |                                             |                   |                                            |
| - Cost                                              | 1,900                                        | 2,144                | -                         | (3)                                         | 2,141             | -                                                        | -                        | -                                                                               | -                 | (244)                           | -                                                              | -                                           | (244)             | 1,897                                      |
| - Incremental<br>revaluation*                       | 4,149                                        | 4,149                | -                         | (11)                                        | 4,138             | -                                                        | -                        | -                                                                               | -                 | -                               | -                                                              | -                                           | -                 | 4,138                                      |
| Building under<br>construction                      | 117                                          | 117                  | 53                        | (142)                                       | 28                | -                                                        | -                        | -                                                                               | -                 | -                               | -                                                              | -                                           | -                 | 28                                         |
| Building                                            |                                              |                      |                           |                                             |                   |                                                          |                          |                                                                                 |                   |                                 |                                                                |                                             |                   |                                            |
| - Cost                                              | 1,912                                        | 5,064                | 144                       | (11)                                        | 5,197             | (3,111)                                                  | (108)                    | 8                                                                               | (3,211)           | (41)                            | (1)                                                            | 1                                           | (41)              | 1,945                                      |
| - Incremental<br>revaluation*                       | 1,905                                        | 3,734                | -                         | (33)                                        | 3,701             | (1,829)                                                  | (45)                     | 21                                                                              | (1,853)           | -                               | -                                                              | -                                           | -                 | 1,848                                      |
| Leasehold<br>improvements                           | 351                                          | 1,309                | 43                        | (9)                                         | 1,343             | (958)                                                    | (57)                     | 6                                                                               | (1,009)           | -                               | (3)                                                            | 3                                           | -                 | 334                                        |
| Equipment under<br>construction<br>and installation | 154                                          | 154                  | 124                       | (186)                                       | 92                | -                                                        | -                        | -                                                                               | -                 | -                               | -                                                              | -                                           | -                 | 92                                         |
| Equipment                                           | 1,583                                        | 6,287                | 198                       | (183)                                       | 6,302             | (4,704)                                                  | (254)                    | 119                                                                             | (4,839)           | -                               | -                                                              | -                                           | -                 | 1,463                                      |
| <b>Total</b>                                        | <b>12,071</b>                                | <b>22,958</b>        | <b>562</b>                | <b>(578)</b>                                | <b>22,942</b>     | <b>(10,602)</b>                                          | <b>(464)</b>             | <b>154</b>                                                                      | <b>(10,912)</b>   | <b>(285)</b>                    | <b>(4)</b>                                                     | <b>4</b>                                    | <b>(285)</b>      | <b>11,745</b>                              |

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

**TMB Bank Public Company Limited and its Subsidiaries**  
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**For the six-month period ended 30 June 2018**  
**For the three-month period ended 30 June 2018 (Unaudited)**

|                                                     | Cost                                         |                      |                           |                                             |                   | Consolidated<br>31 December 2017<br>Accumulated depreciation |                   |                                                                                    |                   | Allowance for impairment losses |                                                              |                                             |                   |                                                |
|-----------------------------------------------------|----------------------------------------------|----------------------|---------------------------|---------------------------------------------|-------------------|--------------------------------------------------------------|-------------------|------------------------------------------------------------------------------------|-------------------|---------------------------------|--------------------------------------------------------------|---------------------------------------------|-------------------|------------------------------------------------|
|                                                     | Net book<br>value as at<br>1 January<br>2017 | Beginning<br>balance | Increase/<br>transfers in | Disposals/<br>written-off/<br>transfers out | Ending<br>balance | Beginning<br>balance                                         | Depreciation      | Disposals/<br>written-off/<br>transfers out/<br>adjustments<br>from<br>revaluation | Ending<br>balance | Beginning<br>balance            | Reversal of<br>(loss on)<br>impairment<br>during<br>the year | Disposals/<br>written-off/<br>transfers out | Ending<br>balance | Net book<br>value as at<br>31 December<br>2017 |
|                                                     |                                              |                      |                           |                                             |                   |                                                              | (in million Baht) |                                                                                    |                   |                                 |                                                              |                                             |                   |                                                |
| Land                                                |                                              |                      |                           |                                             |                   |                                                              |                   |                                                                                    |                   |                                 |                                                              |                                             |                   |                                                |
| - Cost                                              | 1,979                                        | 2,241                | -                         | (97)                                        | 2,144             | -                                                            | -                 | -                                                                                  | -                 | (262)                           | (4)                                                          | 22                                          | (244)             | 1,900                                          |
| - Incremental<br>revaluation*                       | 4,224                                        | 4,224                | -                         | (75)                                        | 4,149             | -                                                            | -                 | -                                                                                  | -                 | -                               | -                                                            | -                                           | -                 | 4,149                                          |
| Building under<br>construction                      | 37                                           | 37                   | 337                       | (257)                                       | 117               | -                                                            | -                 | -                                                                                  | -                 | -                               | -                                                            | -                                           | -                 | 117                                            |
| Building                                            |                                              |                      |                           |                                             |                   |                                                              |                   |                                                                                    |                   |                                 |                                                              |                                             |                   |                                                |
| - Cost                                              | 1,976                                        | 5,002                | 208                       | (146)                                       | 5,064             | (2,981)                                                      | (217)             | 87                                                                                 | (3,111)           | (45)                            | -                                                            | 4                                           | (41)              | 1,912                                          |
| - Incremental<br>revaluation*                       | 2,076                                        | 3,928                | -                         | (194)                                       | 3,734             | (1,852)                                                      | (93)              | 116                                                                                | (1,829)           | -                               | -                                                            | -                                           | -                 | 1,905                                          |
| Leasehold<br>improvements                           | 377                                          | 1,308                | 117                       | (116)                                       | 1,309             | (931)                                                        | (123)             | 96                                                                                 | (958)             | -                               | (18)                                                         | 18                                          | -                 | 351                                            |
| Equipment under<br>construction and<br>installation | 136                                          | 136                  | 676                       | (658)                                       | 154               | -                                                            | -                 | -                                                                                  | -                 | -                               | -                                                            | -                                           | -                 | 154                                            |
| Equipment                                           | 1,578                                        | 6,267                | 700                       | (680)                                       | 6,287             | (4,689)                                                      | (511)             | 496                                                                                | (4,704)           | -                               | -                                                            | -                                           | -                 | 1,583                                          |
| <b>Total</b>                                        | <b>12,383</b>                                | <b>23,143</b>        | <b>2,038</b>              | <b>(2,223)</b>                              | <b>22,958</b>     | <b>(10,453)</b>                                              | <b>(944)</b>      | <b>795</b>                                                                         | <b>(10,602)</b>   | <b>(307)</b>                    | <b>(22)</b>                                                  | <b>44</b>                                   | <b>(285)</b>      | <b>12,071</b>                                  |

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

The gross amount of the Bank and its subsidiaries' fully depreciated premises and equipment that were still in use as at 30 June 2018 amounted to Baht 3,660 million (31 December 2017: Baht 3,446 million).

Depreciation presented in the consolidated profit or loss for the six-month periods ended 30 June 2018 and 2017 amounted to Baht 464 million and Baht 473 million, respectively.

**TMB Bank Public Company Limited and its Subsidiaries**  
**Notes to the interim financial statements**  
**For the six-month period ended 30 June 2018**  
**For the three-month period ended 30 June 2018 (Unaudited)**

|                                               | Bank only<br>30 June 2018           |                   |                        |                                       |                |                          |              |                                                                     |                 |                                 |                                                    |                                       |                |                                   |
|-----------------------------------------------|-------------------------------------|-------------------|------------------------|---------------------------------------|----------------|--------------------------|--------------|---------------------------------------------------------------------|-----------------|---------------------------------|----------------------------------------------------|---------------------------------------|----------------|-----------------------------------|
|                                               | Cost                                |                   |                        |                                       |                | Accumulated depreciation |              |                                                                     |                 | Allowance for impairment losses |                                                    |                                       |                |                                   |
|                                               | Net book value as at 1 January 2018 | Beginning balance | Increase/ transfers in | Disposals/ written-off/ transfers out | Ending balance | Beginning balance        | Depreciation | Disposals/ written-off/ transfers out/ adjustments from revaluation | Ending balance  | Beginning balance               | Reversal of (loss on) impairment during the period | Disposals/ written-off/ transfers out | Ending balance | Net book value as at 30 June 2018 |
|                                               | (in million Baht)                   |                   |                        |                                       |                |                          |              |                                                                     |                 |                                 |                                                    |                                       |                |                                   |
| Land                                          |                                     |                   |                        |                                       |                |                          |              |                                                                     |                 |                                 |                                                    |                                       |                |                                   |
| - Cost                                        | 1,900                               | 2,144             | -                      | (3)                                   | 2,141          | -                        | -            | -                                                                   | -               | (244)                           | -                                                  | -                                     | (244)          | 1,897                             |
| - Incremental revaluation*                    | 4,149                               | 4,149             | -                      | (11)                                  | 4,138          | -                        | -            | -                                                                   | -               | -                               | -                                                  | -                                     | -              | 4,138                             |
| Building under construction                   | 117                                 | 117               | 53                     | (142)                                 | 28             | -                        | -            | -                                                                   | -               | -                               | -                                                  | -                                     | -              | 28                                |
| Building                                      |                                     |                   |                        |                                       |                |                          |              |                                                                     |                 |                                 |                                                    |                                       |                |                                   |
| - Cost                                        | 1,912                               | 5,064             | 144                    | (11)                                  | 5,197          | (3,111)                  | (108)        | 8                                                                   | (3,211)         | (41)                            | (1)                                                | 1                                     | (41)           | 1,945                             |
| - Incremental revaluation*                    | 1,905                               | 3,734             | -                      | (33)                                  | 3,701          | (1,829)                  | (45)         | 21                                                                  | (1,853)         | -                               | -                                                  | -                                     | -              | 1,848                             |
| Leasehold improvements                        | 351                                 | 1,309             | 43                     | (9)                                   | 1,343          | (958)                    | (57)         | 6                                                                   | (1,009)         | -                               | (3)                                                | 3                                     | -              | 334                               |
| Equipment under construction and installation | 154                                 | 154               | 124                    | (186)                                 | 92             | -                        | -            | -                                                                   | -               | -                               | -                                                  | -                                     | -              | 92                                |
| Equipment                                     | 1,557                               | 6,171             | 192                    | (177)                                 | 6,186          | (4,614)                  | (249)        | 114                                                                 | (4,749)         | -                               | -                                                  | -                                     | -              | 1,437                             |
| <b>Total</b>                                  | <b>12,045</b>                       | <b>22,842</b>     | <b>556</b>             | <b>(572)</b>                          | <b>22,826</b>  | <b>(10,512)</b>          | <b>(459)</b> | <b>149</b>                                                          | <b>(10,822)</b> | <b>(285)</b>                    | <b>(4)</b>                                         | <b>4</b>                              | <b>(285)</b>   | <b>11,719</b>                     |

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

**TMB Bank Public Company Limited and its Subsidiaries**  
**Notes to the interim financial statements**  
**For the six-month period ended 30 June 2018**  
**For the three-month period ended 30 June 2018 (Unaudited)**

|                                               | Cost                                |                   |                        |                                       |                | Bank only<br>31 December 2017<br>Accumulated depreciation |                          |                                                                     |                 | Allowance for impairment losses |                                                  |                                       |                |                                       |
|-----------------------------------------------|-------------------------------------|-------------------|------------------------|---------------------------------------|----------------|-----------------------------------------------------------|--------------------------|---------------------------------------------------------------------|-----------------|---------------------------------|--------------------------------------------------|---------------------------------------|----------------|---------------------------------------|
|                                               | Net book value as at 1 January 2017 | 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 | Net book value as at 31 December 2017 |
|                                               |                                     |                   |                        |                                       |                |                                                           | <i>(in million Baht)</i> |                                                                     |                 |                                 |                                                  |                                       |                |                                       |
| Land                                          |                                     |                   |                        |                                       |                |                                                           |                          |                                                                     |                 |                                 |                                                  |                                       |                |                                       |
| - Cost                                        | 1,979                               | 2,241             | -                      | (97)                                  | 2,144          | -                                                         | -                        | -                                                                   | -               | (262)                           | (4)                                              | 22                                    | (244)          | 1,900                                 |
| - Incremental revaluation*                    | 4,224                               | 4,224             | -                      | (75)                                  | 4,149          | -                                                         | -                        | -                                                                   | -               | -                               | -                                                | -                                     | -              | 4,149                                 |
| Building under construction                   | 37                                  | 37                | 337                    | (257)                                 | 117            | -                                                         | -                        | -                                                                   | -               | -                               | -                                                | -                                     | -              | 117                                   |
| Building                                      |                                     |                   |                        |                                       |                |                                                           |                          |                                                                     |                 |                                 |                                                  |                                       |                |                                       |
| - Cost                                        | 1,976                               | 5,002             | 208                    | (146)                                 | 5,064          | (2,981)                                                   | (217)                    | 87                                                                  | (3,111)         | (45)                            | -                                                | 4                                     | (41)           | 1,912                                 |
| - Incremental revaluation*                    | 2,076                               | 3,928             | -                      | (194)                                 | 3,734          | (1,852)                                                   | (93)                     | 116                                                                 | (1,829)         | -                               | -                                                | -                                     | -              | 1,905                                 |
| Leasehold improvements                        | 377                                 | 1,308             | 117                    | (116)                                 | 1,309          | (931)                                                     | (123)                    | 96                                                                  | (958)           | -                               | (18)                                             | 18                                    | -              | 351                                   |
| Equipment under construction and installation | 136                                 | 136               | 676                    | (658)                                 | 154            | -                                                         | -                        | -                                                                   | -               | -                               | -                                                | -                                     | -              | 154                                   |
| Equipment                                     | 1,549                               | 6,148             | 693                    | (670)                                 | 6,171          | (4,599)                                                   | (501)                    | 486                                                                 | (4,614)         | -                               | -                                                | -                                     | -              | 1,557                                 |
| <b>Total</b>                                  | <b>12,354</b>                       | <b>23,024</b>     | <b>2,031</b>           | <b>(2,213)</b>                        | <b>22,842</b>  | <b>(10,363)</b>                                           | <b>(934)</b>             | <b>785</b>                                                          | <b>(10,512)</b> | <b>(307)</b>                    | <b>(22)</b>                                      | <b>44</b>                             | <b>(285)</b>   | <b>12,045</b>                         |

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

The gross amount of the Bank only's fully depreciated premises and equipment that were still in use as at 30 June 2018 amounted to Baht 3,588 million (31 December 2017: Baht 3,378 million).

Depreciation presented in the Bank only's profit or loss for the six-month periods ended 30 June 2018 and 2017 amounted to Baht 459 million and Baht 468 million, respectively.

# TMB Bank Public Company Limited and its Subsidiaries

## Notes to the interim financial statements

For the six-month period ended 30 June 2018

For the three-month period ended 30 June 2018 (Unaudited)

### 16 Goodwill and other intangible assets, net

As at 30 June 2018 and 31 December 2017, changes in goodwill and other intangible assets were as follows:

|                                     | Net book value as at 1 January 2018 | Beginning balance | Additions  | Cost        |                     | Consolidated 30 June 2018 |                   | Accumulated amortisation       |                                          |                | Net book value as at 30 June 2018 |
|-------------------------------------|-------------------------------------|-------------------|------------|-------------|---------------------|---------------------------|-------------------|--------------------------------|------------------------------------------|----------------|-----------------------------------|
|                                     |                                     |                   |            | Written-off | Transfers in/ (out) | Ending balance            | Beginning balance | Amortisation during the period | Accumulated amortisation on transfer out | Ending balance |                                   |
|                                     |                                     |                   |            |             |                     | (in million Baht)         |                   |                                |                                          |                |                                   |
| Goodwill                            | 60                                  | 60                | -          | -           | -                   | 60                        | -                 | -                              | -                                        | -              | 60                                |
| Computer software                   | 1,730                               | 5,997             | 9          | -           | 249                 | 6,255                     | (4,267)           | (233)                          | -                                        | (4,500)        | 1,755                             |
| Computer software under development | 342                                 | 342               | 413        | -           | (242)               | 513                       | -                 | -                              | -                                        | -              | 513                               |
| <b>Total</b>                        | <b>2,132</b>                        | <b>6,399</b>      | <b>422</b> | <b>-</b>    | <b>7</b>            | <b>6,828</b>              | <b>(4,267)</b>    | <b>(233)</b>                   | <b>-</b>                                 | <b>(4,500)</b> | <b>2,328</b>                      |

# TMB Bank Public Company Limited and its Subsidiaries

## Notes to the interim financial statements

For the six-month period ended 30 June 2018

For the three-month period ended 30 June 2018 (Unaudited)

|                                           | Consolidated<br>31 December 2017             |                      |            |             |                        |                   |                      |                                    |                                                |                   | Net book<br>value as at<br>31 December<br>2017 |
|-------------------------------------------|----------------------------------------------|----------------------|------------|-------------|------------------------|-------------------|----------------------|------------------------------------|------------------------------------------------|-------------------|------------------------------------------------|
|                                           | Net book<br>value as at<br>1 January<br>2017 | Beginning<br>balance | Cost       |             | Transfers in/<br>(out) | Ending<br>balance | Beginning<br>balance | Accumulated amortisation           |                                                | Ending<br>balance |                                                |
|                                           |                                              |                      | Additions  | Written-off |                        |                   |                      | Amortisation<br>during<br>the year | Accumulated<br>amortisation on<br>transfer out |                   |                                                |
|                                           |                                              |                      |            |             |                        | (in million Baht) |                      |                                    |                                                |                   |                                                |
| Goodwill                                  | 60                                           | 60                   | -          | -           | -                      | 60                | -                    | -                                  | -                                              | -                 | 60                                             |
| Computer<br>software                      | 1,200                                        | 5,085                | 21         | (10)        | 901                    | 5,997             | (3,885)              | (381)                              | (1)                                            | (4,267)           | 1,730                                          |
| Computer<br>software under<br>development | 444                                          | 444                  | 740        | (5)         | (837)                  | 342               | -                    | -                                  | -                                              | -                 | 342                                            |
| <b>Total</b>                              | <b>1,704</b>                                 | <b>5,589</b>         | <b>761</b> | <b>(15)</b> | <b>64</b>              | <b>6,399</b>      | <b>(3,885)</b>       | <b>(381)</b>                       | <b>(1)</b>                                     | <b>(4,267)</b>    | <b>2,132</b>                                   |

The gross amount of the Bank and its subsidiaries' fully amortised intangible assets that were still in use as at 30 June 2018 amounted to Baht 3,406 million (31 December 2017: Baht 3,234 million).

Amortisation presented in the consolidated profit or loss for the six-month periods ended 30 June 2018 and 2017 amounted to Baht 233 million and Baht 178 million, respectively.

|                                           | Bank only<br>30 June 2018                    |                      |            |             |                        |                   |                      |                                      |                                                |                   | Net book<br>value as at<br>30 June<br>2018 |
|-------------------------------------------|----------------------------------------------|----------------------|------------|-------------|------------------------|-------------------|----------------------|--------------------------------------|------------------------------------------------|-------------------|--------------------------------------------|
|                                           | Net book<br>value as at<br>1 January<br>2018 | Beginning<br>balance | Cost       |             | Transfers in/<br>(out) | Ending<br>balance | Beginning<br>balance | Accumulated amortisation             |                                                | Ending<br>balance |                                            |
|                                           |                                              |                      | Additions  | Written-off |                        |                   |                      | Amortisation<br>during<br>the period | Accumulated<br>amortisation on<br>transfer out |                   |                                            |
|                                           |                                              |                      |            |             |                        | (in million Baht) |                      |                                      |                                                |                   |                                            |
| Computer<br>software                      | 1,727                                        | 5,930                | 3          | -           | 249                    | 6,182             | (4,203)              | (232)                                | -                                              | (4,435)           | 1,747                                      |
| Computer<br>software under<br>development | 343                                          | 343                  | 413        | -           | (242)                  | 514               | -                    | -                                    | -                                              | -                 | 514                                        |
| <b>Total</b>                              | <b>2,070</b>                                 | <b>6,273</b>         | <b>416</b> | <b>-</b>    | <b>7</b>               | <b>6,696</b>      | <b>(4,203)</b>       | <b>(232)</b>                         | <b>-</b>                                       | <b>(4,435)</b>    | <b>2,261</b>                               |

**TMB Bank Public Company Limited and its Subsidiaries**  
**Notes to the interim financial statements**  
**For the six-month period ended 30 June 2018**  
**For the three-month period ended 30 June 2018 (Unaudited)**

|  | Bank only                           |                   |           |             |                     |                |                          |                              |                                          |                |                                       |
|--|-------------------------------------|-------------------|-----------|-------------|---------------------|----------------|--------------------------|------------------------------|------------------------------------------|----------------|---------------------------------------|
|  | 31 December 2017                    |                   |           |             |                     |                |                          |                              |                                          |                |                                       |
|  |                                     | Cost              |           |             |                     |                | Accumulated amortisation |                              |                                          |                |                                       |
|  | Net book value as at 1 January 2017 | Beginning balance | Additions | Written-off | Transfers in/ (out) | Ending balance | Beginning balance        | Amortisation during the year | Accumulated amortisation on transfer out | Ending balance | Net book value as at 31 December 2017 |
|  |                                     |                   |           |             |                     |                |                          |                              |                                          |                |                                       |
|  |                                     |                   |           |             |                     |                |                          |                              |                                          |                |                                       |
|  |                                     |                   |           |             |                     |                |                          |                              |                                          |                |                                       |
|  |                                     |                   |           |             |                     |                |                          |                              |                                          |                |                                       |
|  |                                     |                   |           |             |                     |                |                          |                              |                                          |                |                                       |
|  |                                     |                   |           |             |                     |                |                          |                              |                                          |                |                                       |
|  |                                     |                   |           |             |                     |                |                          |                              |                                          |                |                                       |
|  |                                     |                   |           |             |                     |                |                          |                              |                                          |                |                                       |
|  |                                     |                   |           |             |                     |                |                          |                              |                                          |                |                                       |
|  |                                     |                   |           |             |                     |                |                          |                              |                                          |                |                                       |
|  |                                     |                   |           |             |                     |                |                          |                              |                                          |                |                                       |
|  |                                     |                   |           |             |                     |                |                          |                              |                                          |                |                                       |
|  |                                     |                   |           |             |                     |                |                          |                              |                                          |                |                                       |
|  |                                     |                   |           |             |                     |                |                          |                              |                                          |                |                                       |
|  |                                     |                   |           |             |                     |                |                          |                              |                                          |                |                                       |
|  |                                     |                   |           |             |                     |                |                          |                              |                                          |                |                                       |
|  |                                     |                   |           |             |                     |                |                          |                              |                                          |                |                                       |
|  |                                     |                   |           |             |                     |                |                          |                              |                                          |                |                                       |
|  |                                     |                   |           |             |                     |                |                          |                              |                                          |                |                                       |
|  |                                     |                   |           |             |                     |                |                          |                              |                                          |                |                                       |
|  |                                     |                   |           |             |                     |                |                          |                              |                                          |                |                                       |
|  |                                     |                   |           |             |                     |                |                          |                              |                                          |                |                                       |
|  |                                     |                   |           |             |                     |                |                          |                              |                                          |                |                                       |
|  |                                     |                   |           |             |                     |                |                          |                              |                                          |                |                                       |
|  |                                     |                   |           |             |                     |                |                          |                              |                                          |                |                                       |
|  |                                     |                   |           |             |                     |                |                          |                              |                                          |                |                                       |
|  |                                     |                   |           |             |                     |                |                          |                              |                                          |                |                                       |
|  |                                     |                   |           |             |                     |                |                          |                              |                                          |                |                                       |
|  |                                     |                   |           |             |                     |                |                          |                              |                                          |                |                                       |
|  |                                     |                   |           |             |                     |                |                          |                              |                                          |                |                                       |
|  |                                     |                   |           |             |                     |                |                          |                              |                                          |                |                                       |
|  |                                     |                   |           |             |                     |                |                          |                              |                                          |                |                                       |
|  |                                     |                   |           |             |                     |                |                          |                              |                                          |                |                                       |
|  |                                     |                   |           |             |                     |                |                          |                              |                                          |                |                                       |
|  |                                     |                   |           |             |                     |                |                          |                              |                                          |                |                                       |
|  |                                     |                   |           |             |                     |                |                          |                              |                                          |                |                                       |
|  |                                     |                   |           |             |                     |                |                          |                              |                                          |                |                                       |
|  |                                     |                   |           |             |                     |                |                          |                              |                                          |                |                                       |
|  |                                     |                   |           |             |                     |                |                          |                              |                                          |                |                                       |
|  |                                     |                   |           |             |                     |                |                          |                              |                                          |                |                                       |
|  |                                     |                   |           |             |                     |                |                          |                              |                                          |                |                                       |
|  |                                     |                   |           |             |                     |                |                          |                              |                                          |                |                                       |
|  |                                     |                   |           |             |                     |                |                          |                              |                                          |                |                                       |
|  |                                     |                   |           |             |                     |                |                          |                              |                                          |                |                                       |
|  |                                     |                   |           |             |                     |                |                          |                              |                                          |                |                                       |
|  |                                     |                   |           |             |                     |                |                          |                              |                                          |                |                                       |
|  |                                     |                   |           |             |                     |                |                          |                              |                                          |                |                                       |
|  |                                     |                   |           |             |                     |                |                          |                              |                                          |                |                                       |
|  |                                     |                   |           |             |                     |                |                          |                              |                                          |                |                                       |
|  |                                     |                   |           |             |                     |                |                          |                              |                                          |                |                                       |
|  |                                     |                   |           |             |                     |                |                          |                              |                                          |                |                                       |
|  |                                     |                   |           |             |                     |                |                          |                              |                                          |                |                                       |
|  |                                     |                   |           |             |                     |                |                          |                              |                                          |                |                                       |
|  |                                     |                   |           |             |                     |                |                          |                              |                                          |                |                                       |
|  |                                     |                   |           |             |                     |                |                          |                              |                                          |                |                                       |
|  |                                     |                   |           |             |                     |                |                          |                              |                                          |                |                                       |
|  |                                     |                   |           |             |                     |                |                          |                              |                                          |                |                                       |
|  |                                     |                   |           |             |                     |                |                          |                              |                                          |                |                                       |
|  |                                     |                   |           |             |                     |                |                          |                              |                                          |                |                                       |
|  |                                     |                   |           |             |                     |                |                          |                              |                                          |                |                                       |
|  |                                     |                   |           |             |                     |                |                          |                              |                                          |                |                                       |
|  |                                     |                   |           |             |                     |                |                          |                              |                                          |                |                                       |
|  |                                     |                   |           |             |                     |                |                          |                              |                                          |                |                                       |
|  |                                     |                   |           |             |                     |                |                          |                              |                                          |                |                                       |
|  |                                     |                   |           |             |                     |                |                          |                              |                                          |                |                                       |
|  |                                     |                   |           |             |                     |                |                          |                              |                                          |                |                                       |
|  |                                     |                   |           |             |                     |                |                          |                              |                                          |                |                                       |
|  |                                     |                   |           |             |                     |                |                          |                              |                                          |                |                                       |
|  |                                     |                   |           |             |                     |                |                          |                              |                                          |                |                                       |
|  |                                     |                   |           |             |                     |                |                          |                              |                                          |                |                                       |
|  |                                     |                   |           |             |                     |                |                          |                              |                                          |                |                                       |
|  |                                     |                   |           |             |                     |                |                          |                              |                                          |                |                                       |
|  |                                     |                   |           |             |                     |                |                          |                              |                                          |                |                                       |
|  |                                     |                   |           |             |                     |                |                          |                              |                                          |                |                                       |
|  |                                     |                   |           |             |                     |                |                          |                              |                                          |                |                                       |
|  |                                     |                   |           |             |                     |                |                          |                              |                                          |                |                                       |
|  |                                     |                   |           |             |                     |                |                          |                              |                                          |                |                                       |
|  |                                     |                   |           |             |                     |                |                          |                              |                                          |                |                                       |
|  |                                     |                   |           |             |                     |                |                          |                              |                                          |                |                                       |
|  |                                     |                   |           |             |                     |                |                          |                              |                                          |                |                                       |
|  |                                     |                   |           |             |                     |                |                          |                              |                                          |                |                                       |
|  |                                     |                   |           |             |                     |                |                          |                              |                                          |                |                                       |
|  |                                     |                   |           |             |                     |                |                          |                              |                                          |                |                                       |
|  |                                     |                   |           |             |                     |                |                          |                              |                                          |                |                                       |
|  |                                     |                   |           |             |                     |                |                          |                              |                                          |                |                                       |
|  |                                     |                   |           |             |                     |                |                          |                              |                                          |                |                                       |
|  |                                     |                   |           |             |                     |                |                          |                              |                                          |                |                                       |
|  |                                     |                   |           |             |                     |                |                          |                              |                                          |                |                                       |
|  |                                     |                   |           |             |                     |                |                          |                              |                                          |                |                                       |
|  |                                     |                   |           |             |                     |                |                          |                              |                                          |                |                                       |
|  |                                     |                   |           |             |                     |                |                          |                              |                                          |                |                                       |
|  |                                     |                   |           |             |                     |                |                          |                              |                                          |                |                                       |
|  |                                     |                   |           |             |                     |                |                          |                              |                                          |                |                                       |
|  |                                     |                   |           |             |                     |                |                          |                              |                                          |                |                                       |
|  |                                     |                   |           |             |                     |                |                          |                              |                                          |                |                                       |
|  |                                     |                   |           |             |                     |                |                          |                              |                                          |                |                                       |
|  |                                     |                   |           |             |                     |                |                          |                              |                                          |                |                                       |
|  |                                     |                   |           |             |                     |                |                          |                              |                                          |                |                                       |
|  |                                     |                   |           |             |                     |                |                          |                              |                                          |                |                                       |
|  |                                     |                   |           |             |                     |                |                          |                              |                                          |                |                                       |
|  |                                     |                   |           |             |                     |                |                          |                              |                                          |                |                                       |
|  |                                     |                   |           |             |                     |                |                          |                              |                                          |                |                                       |
|  |                                     |                   |           |             |                     |                |                          |                              |                                          |                |                                       |

The gross amount of the Bank only's fully amortised intangible assets that were still in use as at 30 June 2018 amounted to Baht 3,345 million (31 December 2017: Baht 3,174 million).

Amortisation presented in the Bank only's profit or loss for the six-month periods ended 30 June 2018 and 2017 amounted to Baht 232 million and Baht 176 million, respectively.

# TMB Bank Public Company Limited and its Subsidiaries

## Notes to the interim financial statements

For the six-month period ended 30 June 2018

For the three-month period ended 30 June 2018 (Unaudited)

### 17 Deferred tax and income tax

#### 17.1 Deferred tax

Movements in deferred tax assets and liabilities during the six-month periods ended 30 June 2018 and 2017 were as follows:

|                                                       | At<br>1 January<br>2018 | Consolidated<br>(Charged) / Credited to: |                                  | At<br>30 June<br>2018 |
|-------------------------------------------------------|-------------------------|------------------------------------------|----------------------------------|-----------------------|
|                                                       |                         | Profit<br>or loss                        | Other<br>comprehensive<br>income |                       |
|                                                       |                         | (note 17.2)<br>(in million Baht)         |                                  |                       |
| <b>Deferred tax assets</b>                            |                         |                                          |                                  |                       |
| Investments                                           | 169                     | 1                                        | 21                               | 191                   |
| Loans to customer and accrued<br>interest receivables | 747                     | 74                                       | -                                | 821                   |
| Properties for sale                                   | 43                      | (3)                                      | -                                | 40                    |
| Premises and equipment                                | 62                      | -                                        | -                                | 62                    |
| Provisions for employee benefits                      | 260                     | (6)                                      | (20)                             | 234                   |
| Provisions for other liabilities                      | 111                     | (7)                                      | -                                | 104                   |
| Deferred revenue and other liabilities                | 327                     | (138)                                    | -                                | 189                   |
| Others                                                | 261                     | 47                                       | -                                | 308                   |
| <b>Total</b>                                          | <b>1,980</b>            | <b>(32)</b>                              | <b>1</b>                         | <b>1,949</b>          |
| <b>Deferred tax liabilities</b>                       |                         |                                          |                                  |                       |
| Investments                                           | 6                       | -                                        | (5)                              | 1                     |
| Premises and equipment                                | 1,253                   | (12)                                     | (2)                              | 1,239                 |
| Others                                                | 38                      | (2)                                      | -                                | 36                    |
| <b>Total</b>                                          | <b>1,297</b>            | <b>(14)</b>                              | <b>(7)</b>                       | <b>1,276</b>          |
| <b>Net</b>                                            | <b>683</b>              | <b>(18)</b>                              | <b>8</b>                         | <b>673</b>            |

# TMB Bank Public Company Limited and its Subsidiaries

## Notes to the interim financial statements

For the six-month period ended 30 June 2018

For the three-month period ended 30 June 2018 (Unaudited)

|                                                                     | At<br>1 January<br>2017 | Consolidated<br>(Charged) / Credited to: |                                                                      | At<br>30 June<br>2017 |
|---------------------------------------------------------------------|-------------------------|------------------------------------------|----------------------------------------------------------------------|-----------------------|
|                                                                     |                         | Profit<br>or loss                        | Other<br>comprehensive<br>income<br>(note 17.2)<br>(in million Baht) |                       |
| <b>Deferred tax assets</b>                                          |                         |                                          |                                                                      |                       |
| Investments                                                         | 189                     | (4)                                      | (14)                                                                 | 171                   |
| Loans to customer and accrued<br>interest receivables               | 680                     | 62                                       | -                                                                    | 742                   |
| Properties for sale                                                 | 23                      | (4)                                      | -                                                                    | 19                    |
| Premises and equipment                                              | 66                      | (1)                                      | -                                                                    | 65                    |
| Provisions for obligations on<br>transfers of non-performing assets | 332                     | -                                        | -                                                                    | 332                   |
| Provisions for employee benefits                                    | 290                     | (2)                                      | (44)                                                                 | 244                   |
| Provisions for other liabilities                                    | 142                     | (19)                                     | -                                                                    | 123                   |
| Deferred revenue and other liabilities                              | 256                     | (63)                                     | -                                                                    | 193                   |
| Others                                                              | 112                     | 54                                       | -                                                                    | 166                   |
| <b>Total</b>                                                        | <b>2,090</b>            | <b>23</b>                                | <b>(58)</b>                                                          | <b>2,055</b>          |
| <b>Deferred tax liabilities</b>                                     |                         |                                          |                                                                      |                       |
| Investments                                                         | -                       | -                                        | 3                                                                    | 3                     |
| Premises and equipment                                              | 1,291                   | (18)                                     | (2)                                                                  | 1,271                 |
| Others                                                              | 24                      | (2)                                      | (6)                                                                  | 16                    |
| <b>Total</b>                                                        | <b>1,315</b>            | <b>(20)</b>                              | <b>(5)</b>                                                           | <b>1,290</b>          |
| <b>Net</b>                                                          | <b>775</b>              | <b>43</b>                                | <b>(53)</b>                                                          | <b>765</b>            |

|                                                        | At<br>1 January<br>2018 | Bank only<br>(Charged) / Credited to: |                                                                      | At<br>30 June<br>2018 |
|--------------------------------------------------------|-------------------------|---------------------------------------|----------------------------------------------------------------------|-----------------------|
|                                                        |                         | Profit<br>or loss                     | Other<br>comprehensive<br>income<br>(note 17.2)<br>(in million Baht) |                       |
| <b>Deferred tax assets</b>                             |                         |                                       |                                                                      |                       |
| Investments                                            | 169                     | 1                                     | 21                                                                   | 191                   |
| Loans to customers and accrued<br>interest receivables | 735                     | 75                                    | -                                                                    | 810                   |
| Properties for sale                                    | 43                      | (3)                                   | -                                                                    | 40                    |
| Premises and equipment                                 | 62                      | -                                     | -                                                                    | 62                    |
| Provisions for employee benefits                       | 254                     | (7)                                   | (22)                                                                 | 225                   |
| Provisions for other liabilities                       | 108                     | (7)                                   | -                                                                    | 101                   |
| Deferred revenue and other liabilities                 | 327                     | (138)                                 | -                                                                    | 189                   |
| Others                                                 | 265                     | 49                                    | -                                                                    | 314                   |
| <b>Total</b>                                           | <b>1,963</b>            | <b>(30)</b>                           | <b>(1)</b>                                                           | <b>1,932</b>          |

# TMB Bank Public Company Limited and its Subsidiaries

## Notes to the interim financial statements

For the six-month period ended 30 June 2018

For the three-month period ended 30 June 2018 (Unaudited)

|                                 | At<br>1 January<br>2018 | Bank only<br>(Charged) / Credited to: |                                  | At<br>30 June<br>2018 |
|---------------------------------|-------------------------|---------------------------------------|----------------------------------|-----------------------|
|                                 |                         | Profit<br>or loss                     | Other<br>comprehensive<br>income |                       |
|                                 |                         | (note 17.2)<br>(in million Baht)      |                                  |                       |
| <b>Deferred tax liabilities</b> |                         |                                       |                                  |                       |
| Investments                     | 6                       | -                                     | (5)                              | 1                     |
| Premises and equipment          | 1,252                   | (13)                                  | (2)                              | 1,237                 |
| Others                          | 38                      | (2)                                   | -                                | 36                    |
| <b>Total</b>                    | <b>1,296</b>            | <b>(15)</b>                           | <b>(7)</b>                       | <b>1,274</b>          |
| <b>Net</b>                      | <b>667</b>              | <b>(15)</b>                           | <b>6</b>                         | <b>658</b>            |

|                                                                     | At<br>1 January<br>2017 | Bank only<br>(Charged) / Credited to: |                                  | At<br>30 June<br>2017 |
|---------------------------------------------------------------------|-------------------------|---------------------------------------|----------------------------------|-----------------------|
|                                                                     |                         | Profit<br>or loss                     | Other<br>comprehensive<br>income |                       |
|                                                                     |                         | (note 17.2)<br>(in million Baht)      |                                  |                       |
| <b>Deferred tax assets</b>                                          |                         |                                       |                                  |                       |
| Investments                                                         | 189                     | (4)                                   | (14)                             | 171                   |
| Loans to customers and accrued<br>interest receivables              | 667                     | 62                                    | -                                | 729                   |
| Properties for sale                                                 | 23                      | (4)                                   | -                                | 19                    |
| Premises and equipment                                              | 66                      | (1)                                   | -                                | 65                    |
| Provisions for obligations on<br>transfers of non-performing assets | 332                     | -                                     | -                                | 332                   |
| Provisions for employee benefits                                    | 285                     | (4)                                   | (44)                             | 237                   |
| Provisions for other liabilities                                    | 140                     | (18)                                  | -                                | 122                   |
| Deferred revenue and other liabilities                              | 256                     | (63)                                  | -                                | 193                   |
| Others                                                              | 117                     | 60                                    | -                                | 177                   |
| <b>Total</b>                                                        | <b>2,075</b>            | <b>28</b>                             | <b>(58)</b>                      | <b>2,045</b>          |
| <b>Deferred tax liabilities</b>                                     |                         |                                       |                                  |                       |
| Investments                                                         | -                       | -                                     | 3                                | 3                     |
| Premises and equipment                                              | 1,290                   | (18)                                  | (2)                              | 1,270                 |
| Others                                                              | 24                      | (2)                                   | (6)                              | 16                    |
| <b>Total</b>                                                        | <b>1,314</b>            | <b>(20)</b>                           | <b>(5)</b>                       | <b>1,289</b>          |
| <b>Net</b>                                                          | <b>761</b>              | <b>48</b>                             | <b>(53)</b>                      | <b>756</b>            |

As at 30 June 2018 and 31 December 2017, the Bank had tax-deductible temporary differences in relation to investments in subsidiaries totalling Baht 679 million, for which deferred tax assets have not yet been recognised because certain recognition criteria were not met.

# TMB Bank Public Company Limited and its Subsidiaries

## Notes to the interim financial statements

For the six-month period ended 30 June 2018

For the three-month period ended 30 June 2018 (Unaudited)

### 17.2 Income tax

#### Income tax recognised in profit or loss

| <i>Three-month periods ended 30 June</i> |  | <b>Consolidated</b>      |              | <b>Bank only</b> |              |
|------------------------------------------|--|--------------------------|--------------|------------------|--------------|
|                                          |  | 2018                     | 2017         | 2018             | 2017         |
|                                          |  | <i>(in million Baht)</i> |              |                  |              |
| <b>Current tax</b>                       |  |                          |              |                  |              |
| Current period                           |  | 553                      | 689          | 479              | 668          |
| Under (over) provided in prior years     |  | 8                        | (8)          | 8                | (8)          |
|                                          |  | <u>561</u>               | <u>681</u>   | <u>487</u>       | <u>660</u>   |
| <b>Deferred tax</b>                      |  |                          |              |                  |              |
| Movements in temporary differences       |  | (68)                     | (163)        | (69)             | (168)        |
|                                          |  | <u>(68)</u>              | <u>(163)</u> | <u>(69)</u>      | <u>(168)</u> |
| <b>Total</b>                             |  | <u>493</u>               | <u>518</u>   | <u>418</u>       | <u>492</u>   |

  

| <i>Six-month periods ended 30 June</i> |      | <b>Consolidated</b>      |              | <b>Bank only</b> |             |
|----------------------------------------|------|--------------------------|--------------|------------------|-------------|
|                                        |      | 2018                     | 2017         | 2018             | 2017        |
|                                        |      | <i>(in million Baht)</i> |              |                  |             |
| <b>Current tax</b>                     |      |                          |              |                  |             |
| Current period                         |      | 1,001                    | 1,031        | 1,011            | 988         |
| Under (over) provided in prior years   |      | 8                        | (23)         | 8                | (23)        |
|                                        |      | <u>1,009</u>             | <u>1,008</u> | <u>1,019</u>     | <u>965</u>  |
| <b>Deferred tax</b>                    |      |                          |              |                  |             |
| Movements in temporary differences     | 17.1 | 18                       | (43)         | 15               | (48)        |
|                                        |      | <u>18</u>                | <u>(43)</u>  | <u>15</u>        | <u>(48)</u> |
| <b>Total</b>                           |      | <u>1,027</u>             | <u>965</u>   | <u>1,034</u>     | <u>917</u>  |

#### Income tax recognised in other comprehensive income

| <i>Three-month periods ended 30 June</i> |  | <b>Consolidated</b>      |                            |             |            |                            |
|------------------------------------------|--|--------------------------|----------------------------|-------------|------------|----------------------------|
|                                          |  | Before tax               | 2018 Tax (expense) benefit | Net of tax  | Before tax | 2017 Tax (expense) benefit |
|                                          |  | <i>(in million Baht)</i> |                            |             |            |                            |
| Investments                              |  | (134)                    | 26                         | (108)       | 36         | (7)                        |
| Premises and equipment                   |  | (5)                      | 1                          | (4)         | (5)        | 1                          |
| Provisions for employee benefits         |  | 102                      | (20)                       | 82          | 109        | (22)                       |
| Others                                   |  | 10                       | (2)                        | 8           | (10)       | 2                          |
| <b>Total</b>                             |  | <u>(27)</u>              | <u>5</u>                   | <u>(22)</u> | <u>130</u> | <u>(26)</u>                |

# TMB Bank Public Company Limited and its Subsidiaries

## Notes to the interim financial statements

For the six-month period ended 30 June 2018

For the three-month period ended 30 June 2018 (Unaudited)

| <i>Three-month periods<br/>ended 30 June</i> | Bank only     |                             |                   |               |                             |               |
|----------------------------------------------|---------------|-----------------------------|-------------------|---------------|-----------------------------|---------------|
|                                              |               |                             |                   |               |                             |               |
|                                              |               | 2018                        |                   |               | 2017                        |               |
|                                              | Before<br>tax | Tax<br>(expense)<br>benefit | Net of<br>tax     | Before<br>tax | Tax<br>(expense)<br>benefit | Net of<br>tax |
|                                              |               |                             |                   |               |                             |               |
|                                              |               |                             | (in million Baht) |               |                             |               |
| Investments                                  | (133)         | 26                          | (107)             | 36            | (7)                         | 29            |
| Premises and equipment                       | (5)           | 1                           | (4)               | (5)           | 1                           | (4)           |
| Provisions for employee benefits             | 109           | (22)                        | 87                | 106           | (22)                        | 84            |
| Others                                       | 10            | (2)                         | 8                 | (10)          | 2                           | (8)           |
| <b>Total</b>                                 | <b>(19)</b>   | <b>3</b>                    | <b>(16)</b>       | <b>127</b>    | <b>(26)</b>                 | <b>101</b>    |

| <i>Six-month periods<br/>ended 30 June</i> | Consolidated |                      |                          |            |                      |            |
|--------------------------------------------|--------------|----------------------|--------------------------|------------|----------------------|------------|
|                                            |              | 2018                 |                          |            | 2017                 |            |
|                                            | Before       | Tax                  | Net of                   | Before     | Tax                  | Net of     |
|                                            | tax          | (expense)<br>benefit | tax                      | tax        | (expense)<br>benefit | tax        |
|                                            |              |                      | <i>(in million Baht)</i> |            |                      |            |
| Investments                                | (134)        | 26                   | (108)                    | 84         | (17)                 | 67         |
| Premises and equipment                     | (9)          | 2                    | (7)                      | (13)       | 2                    | (11)       |
| Provisions for employee benefits           | 102          | (20)                 | 82                       | 224        | (44)                 | 180        |
| Others                                     | -            | -                    | -                        | (30)       | 6                    | (24)       |
| <b>Total</b>                               | <b>(41)</b>  | <b>8</b>             | <b>(33)</b>              | <b>265</b> | <b>(53)</b>          | <b>212</b> |

| <i>Six-month periods<br/>ended 30 June</i> | Bank only   |                      |                   |            |                      |            |
|--------------------------------------------|-------------|----------------------|-------------------|------------|----------------------|------------|
|                                            |             | 2018                 |                   |            | 2017                 |            |
|                                            | Before      | Tax                  | Net of            | Before     | Tax                  | Net of     |
|                                            | tax         | (expense)<br>benefit | tax               | tax        | (expense)<br>benefit | tax        |
|                                            |             |                      |                   |            |                      |            |
|                                            |             |                      | (in million Baht) |            |                      |            |
| Investments                                | (133)       | 26                   | (107)             | 84         | (17)                 | 67         |
| Premises and equipment                     | (9)         | 2                    | (7)               | (13)       | 2                    | (11)       |
| Provisions for employee benefits           | 109         | (22)                 | 87                | 221        | (44)                 | 177        |
| Others                                     | -           | -                    | -                 | (30)       | 6                    | (24)       |
| <b>Total</b>                               | <b>(33)</b> | <b>6</b>             | <b>(27)</b>       | <b>262</b> | <b>(53)</b>          | <b>209</b> |

# TMB Bank Public Company Limited and its Subsidiaries

## Notes to the interim financial statements

### For the six-month period ended 30 June 2018

### For the three-month period ended 30 June 2018 (Unaudited)

#### Reconciliation of effective tax rate

| <i>Three-month periods ended 30 June</i>                                                                                                        | <b>Consolidated</b> |                      |             |                      |
|-------------------------------------------------------------------------------------------------------------------------------------------------|---------------------|----------------------|-------------|----------------------|
|                                                                                                                                                 | 2018                |                      | 2017        |                      |
|                                                                                                                                                 | Rate<br>(%)         | (in million<br>Baht) | Rate<br>(%) | (in million<br>Baht) |
| Profit before income tax                                                                                                                        |                     | 2,520                |             | 2,860                |
| Income tax using the Thai corporation tax rate                                                                                                  | 20                  | 504                  | 20          | 572                  |
| Deferred tax which previously unrecognised deductible temporary difference had been met the recognition criteria and utilised during the period | -                   | -                    | -           | (11)                 |
| Tax effect of income and expenses that are not taxable income or not deductible in determining taxable profit, net                              | (1)                 | (19)                 | (2)         | (35)                 |
| Under (over) provided in prior periods                                                                                                          | -                   | 8                    | -           | (8)                  |
| <b>Total</b>                                                                                                                                    | <b>19</b>           | <b>493</b>           | <b>18</b>   | <b>518</b>           |

| <i>Three-month periods ended 30 June</i>                                                                                                        | <b>Bank only</b> |                      |             |                      |
|-------------------------------------------------------------------------------------------------------------------------------------------------|------------------|----------------------|-------------|----------------------|
|                                                                                                                                                 | 2018             |                      | 2017        |                      |
|                                                                                                                                                 | Rate<br>(%)      | (in million<br>Baht) | Rate<br>(%) | (in million<br>Baht) |
| Profit before income tax                                                                                                                        |                  | 2,343                |             | 2,829                |
| Income tax using the Thai corporation tax rate                                                                                                  | 20               | 469                  | 20          | 565                  |
| Deferred tax which previously unrecognised deductible temporary difference had been met the recognition criteria and utilised during the period | -                | -                    | -           | (11)                 |
| Tax effect of income and expenses that are not taxable income or not deductible in determining taxable profit, net                              | (3)              | (59)                 | (2)         | (54)                 |
| Under (over) provided in prior periods                                                                                                          | -                | 8                    | -           | (8)                  |
| <b>Total</b>                                                                                                                                    | <b>17</b>        | <b>418</b>           | <b>18</b>   | <b>492</b>           |

| <i>Six-month periods ended 30 June</i>                                                                                                          | <b>Consolidated</b> |                      |             |                      |
|-------------------------------------------------------------------------------------------------------------------------------------------------|---------------------|----------------------|-------------|----------------------|
|                                                                                                                                                 | 2018                |                      | 2017        |                      |
|                                                                                                                                                 | Rate<br>(%)         | (in million<br>Baht) | Rate<br>(%) | (in million<br>Baht) |
| Profit before income tax                                                                                                                        |                     | 5,333                |             | 5,413                |
| Income tax using the Thai corporation tax rate                                                                                                  | 20                  | 1,067                | 20          | 1,083                |
| Deferred tax which previously unrecognised deductible temporary difference had been met the recognition criteria and utilised during the period | -                   | -                    | -           | (11)                 |
| Tax effect of income and expenses that are not taxable income or not deductible in determining taxable profit, net                              | (1)                 | (48)                 | (2)         | (84)                 |
| Under (over) provided in prior periods                                                                                                          | -                   | 8                    | -           | (23)                 |
| <b>Total</b>                                                                                                                                    | <b>19</b>           | <b>1,027</b>         | <b>18</b>   | <b>965</b>           |

# TMB Bank Public Company Limited and its Subsidiaries

## Notes to the interim financial statements

For the six-month period ended 30 June 2018

For the three-month period ended 30 June 2018 (Unaudited)

| <i>Six-month periods ended 30 June</i>                                                                                                          | <b>Bank only</b> |                    |             |                    |
|-------------------------------------------------------------------------------------------------------------------------------------------------|------------------|--------------------|-------------|--------------------|
|                                                                                                                                                 | 2018             |                    | 2017        |                    |
|                                                                                                                                                 | <i>Rate</i>      | <i>(in million</i> | <i>Rate</i> | <i>(in million</i> |
|                                                                                                                                                 | <i>(%)</i>       | <i>Baht)</i>       | <i>(%)</i>  | <i>Baht)</i>       |
| Profit before income tax                                                                                                                        |                  | 5,772              |             | 5,266              |
| Income tax using the Thai corporation tax rate                                                                                                  | 20               | 1,155              | 20          | 1,053              |
| Deferred tax which previously unrecognised deductible temporary difference had been met the recognition criteria and utilised during the period | -                | -                  | -           | (11)               |
| Tax effect of income and expenses that are not taxable income or not deductible in determining taxable profit, net                              | (2)              | (129)              | (2)         | (102)              |
| Under (over) provided in prior periods                                                                                                          | -                | 8                  | -           | (23)               |
| <b>Total</b>                                                                                                                                    | <b>18</b>        | <b>1,034</b>       | <b>18</b>   | <b>917</b>         |

### *Income tax reduction*

Revenue Code Amendment Act No. 42 B.E. 2559 dated 3 March 2016 grants a reduction of the corporate income tax rate to 20% of net taxable profit for accounting periods which begin on or after 1 January 2016.

## 18 Other receivables, net

|                                             | <b>Consolidated</b>      |                     | <b>Bank only</b> |                     |
|---------------------------------------------|--------------------------|---------------------|------------------|---------------------|
|                                             | 30 June<br>2018          | 31 December<br>2017 | 30 June<br>2018  | 31 December<br>2017 |
|                                             | <i>(in million Baht)</i> |                     |                  |                     |
| Receivables from Legal Execution Department | 530                      | 468                 | 493              | 421                 |
| Other receivables                           | 831                      | 1,459               | 824              | 1,452               |
| <b>Total</b>                                | <b>1,361</b>             | <b>1,927</b>        | <b>1,317</b>     | <b>1,873</b>        |
| Less allowance for impairment losses        | (259)                    | (237)               | (257)            | (236)               |
| <b>Net</b>                                  | <b>1,102</b>             | <b>1,690</b>        | <b>1,060</b>     | <b>1,637</b>        |

# TMB Bank Public Company Limited and its Subsidiaries

## Notes to the interim financial statements

For the six-month period ended 30 June 2018

For the three-month period ended 30 June 2018 (Unaudited)

### 19 Other assets, net

|                                       | Consolidated             |                     | Bank only       |                     |
|---------------------------------------|--------------------------|---------------------|-----------------|---------------------|
|                                       | 30 June<br>2018          | 31 December<br>2017 | 30 June<br>2018 | 31 December<br>2017 |
|                                       | <i>(in million Baht)</i> |                     |                 |                     |
| Accrued income                        | 900                      | 1,096               | 849             | 1,061               |
| Collateral on derivative transactions | 5,511                    | 898                 | 5,511           | 898                 |
| Suspense account - debtors            | 884                      | 1,268               | 884             | 1,268               |
| Prepaid expenses                      | 534                      | 212                 | 518             | 204                 |
| Others                                | 1,236                    | 2,087               | 1,191           | 2,039               |
| <b>Total</b>                          | <b>9,065</b>             | <b>5,561</b>        | <b>8,953</b>    | <b>5,470</b>        |
| Less allowance for impairment losses  | (236)                    | (236)               | (236)           | (236)               |
| <b>Net</b>                            | <b>8,829</b>             | <b>5,325</b>        | <b>8,717</b>    | <b>5,234</b>        |

### 20 Deposits

#### 20.1 Classified by type of deposits

|                               | Consolidated             |                     | Bank only       |                     |
|-------------------------------|--------------------------|---------------------|-----------------|---------------------|
|                               | 30 June<br>2018          | 31 December<br>2017 | 30 June<br>2018 | 31 December<br>2017 |
|                               | <i>(in million Baht)</i> |                     |                 |                     |
| Current                       | 48,769                   | 53,034              | 48,781          | 53,045              |
| Savings                       | 505,508                  | 475,506             | 508,707         | 475,573             |
| Term                          | 77,957                   | 82,989              | 77,956          | 82,989              |
| <b>Total</b>                  | <b>632,234</b>           | <b>611,529</b>      | <b>635,444</b>  | <b>611,607</b>      |
| Less prepaid interest expense | (101)                    | (99)                | (101)           | (99)                |
| <b>Total</b>                  | <b>632,133</b>           | <b>611,430</b>      | <b>635,343</b>  | <b>611,508</b>      |

#### 20.2 Classified by currency and residency of depositors

|                  | Consolidated             |              |                |                  |              |                |
|------------------|--------------------------|--------------|----------------|------------------|--------------|----------------|
|                  | 30 June 2018             |              |                | 31 December 2017 |              |                |
|                  | Domestic                 | Foreign      | Total          | Domestic         | Foreign      | Total          |
|                  | <i>(in million Baht)</i> |              |                |                  |              |                |
| Thai Baht        | 620,737                  | 5,688        | 626,425        | 602,705          | 5,556        | 608,261        |
| US Dollar        | 3,340                    | 2,001        | 5,341          | 2,378            | 390          | 2,768          |
| Other currencies | 338                      | 29           | 367            | 379              | 22           | 401            |
| <b>Total</b>     | <b>624,415</b>           | <b>7,718</b> | <b>632,133</b> | <b>605,462</b>   | <b>5,968</b> | <b>611,430</b> |

# TMB Bank Public Company Limited and its Subsidiaries

## Notes to the interim financial statements

For the six-month period ended 30 June 2018

For the three-month period ended 30 June 2018 (Unaudited)

|                  | <b>Bank only</b>         |              |                |                  |              |                |
|------------------|--------------------------|--------------|----------------|------------------|--------------|----------------|
|                  | 30 June 2018             |              |                | 31 December 2017 |              |                |
|                  | Domestic                 | Foreign      | Total          | Domestic         | Foreign      | Total          |
|                  | <i>(in million Baht)</i> |              |                |                  |              |                |
| Thai Baht        | 623,947                  | 5,688        | 629,635        | 602,783          | 5,556        | 608,339        |
| US Dollar        | 3,340                    | 2,001        | 5,341          | 2,378            | 390          | 2,768          |
| Other currencies | 338                      | 29           | 367            | 379              | 22           | 401            |
| <b>Total</b>     | <b>627,625</b>           | <b>7,718</b> | <b>635,343</b> | <b>605,540</b>   | <b>5,968</b> | <b>611,508</b> |

## 21 Interbank and money market items (liabilities)

|                                                              | <b>Consolidated and Bank only</b> |               |               |                  |               |               |
|--------------------------------------------------------------|-----------------------------------|---------------|---------------|------------------|---------------|---------------|
|                                                              | 30 June 2018                      |               |               | 31 December 2017 |               |               |
|                                                              | At call                           | Term          | Total         | At call          | Term          | Total         |
|                                                              | <i>(in million Baht)</i>          |               |               |                  |               |               |
| <b>Domestic</b>                                              |                                   |               |               |                  |               |               |
| Bank of Thailand and Financial Institutions Development Fund | -                                 | 229           | 229           | -                | 420           | 420           |
| Commercial banks                                             | 265                               | 26,795        | 27,060        | 337              | 38,290        | 38,627        |
| Specialised financial institutions                           | 74                                | 11,964        | 12,038        | 68               | 7,905         | 7,973         |
| Other financial institutions                                 | 4,324                             | 56            | 4,380         | 4,417            | 60            | 4,477         |
| <b>Total domestic</b>                                        | <b>4,663</b>                      | <b>39,044</b> | <b>43,707</b> | <b>4,822</b>     | <b>46,675</b> | <b>51,497</b> |
| <b>Foreign</b>                                               |                                   |               |               |                  |               |               |
| US Dollar                                                    | 456                               | -             | 456           | 280              | 7,190         | 7,470         |
| Other currencies                                             | 1,009                             | -             | 1,009         | 1,382            | -             | 1,382         |
| <b>Total foreign</b>                                         | <b>1,465</b>                      | <b>-</b>      | <b>1,465</b>  | <b>1,662</b>     | <b>7,190</b>  | <b>8,852</b>  |
| <b>Total domestic and foreign</b>                            | <b>6,128</b>                      | <b>39,044</b> | <b>45,172</b> | <b>6,484</b>     | <b>53,865</b> | <b>60,349</b> |

## 22 Financial liabilities designated at fair value through profit or loss

Financial liabilities designated at fair value through profit or loss as at 30 June 2018 and 31 December 2017 were as follows:

|              | <b>Consolidated and Bank only</b> |                  |
|--------------|-----------------------------------|------------------|
|              | 30 June 2018                      | 31 December 2017 |
|              | <i>(in million Baht)</i>          |                  |
| Debt issued  | 389                               | 386              |
| <b>Total</b> | <b>389</b>                        | <b>386</b>       |

# TMB Bank Public Company Limited and its Subsidiaries

## Notes to the interim financial statements

For the six-month period ended 30 June 2018

For the three-month period ended 30 June 2018 (Unaudited)

Proportion of transactions classified by the contract parties based on the amount of the contract as at 30 June 2018 and 31 December 2017 were as follows:

| Contract parties       | Consolidated and Bank only |                  |
|------------------------|----------------------------|------------------|
|                        | 30 June 2018               | 31 December 2017 |
|                        | (%)                        |                  |
| Financial institutions | 100.00                     | 100.00           |
| <b>Total</b>           | <b>100.00</b>              | <b>100.00</b>    |

## 23 Debts issued and borrowings, net

|                                        | Consolidated and Bank only |                                             |                   |               |               |                  |               |               |
|----------------------------------------|----------------------------|---------------------------------------------|-------------------|---------------|---------------|------------------|---------------|---------------|
|                                        | Interest rates             |                                             | 30 June 2018      |               |               | 31 December 2017 |               |               |
|                                        | as at                      | Maturities                                  | Domestic          | Foreign       | Total         | Domestic         | Foreign       | Total         |
|                                        | 30 June 2018<br>(%)        |                                             | (in million Baht) |               |               |                  |               |               |
| Subordinated debentures <sup>(1)</sup> | 3.50 and 5.50              | 2019 <sup>(2)</sup> and 2022 <sup>(2)</sup> | 20,430            | -             | 20,430        | 20,430           | -             | 20,430        |
| Senior debentures                      | 3.108 and<br>6mLibor +1.05 | 2021 and 2025                               | -                 | 11,940        | 11,940        | -                | 12,813        | 12,813        |
| Bills of exchange <sup>(3)</sup>       | 2.15                       | 2012                                        | 5                 | -             | 5             | 5                | -             | 5             |
| Other borrowings                       | 0.00 – 0.75                | 2018 - 2031                                 | 9                 | 87            | 96            | 12               | 92            | 104           |
| <b>Total</b>                           |                            |                                             | <b>20,444</b>     | <b>12,027</b> | <b>32,471</b> | <b>20,447</b>    | <b>12,905</b> | <b>33,352</b> |

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

<sup>(2)</sup> The years in which call option exercise periods start

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

### 23.1 Subordinated debentures

- 23.1.1 On 29 August 2014, the Bank issued the Subordinated Debenture No.1/2557 to be counted as Tier 2 capital under Basel III requirement, amounting to Baht 15,000 million, which has a 10-year maturity period and carries a fixed interest rate of 5.50% per annum, payable quarterly in February, May, August and November of every year. The Bank can early redeem the Subordinated Debenture No.1/2557 after 5 years from the issue date or according to certain specified conditions. The Bank has to get the Bank of Thailand's approval before early redemption of the Subordinated Debenture.
- 23.1.2 On 29 May 2017, the Bank issued the Subordinated Debenture No.1/2560 to be counted as Tier 2 capital under Basel III requirement, amounting to Baht 5,430 million, which has a 10.5-year maturity period and carries a fixed interest rate of 3.50% per annum, payable quarterly in February, May, August and November of every year. The Bank can early redeem the Subordinated Debenture No.1/2560 after 5.5 years from the issue date or according to certain specified conditions. The Bank has to get the Bank of Thailand's approval before early redemption of the Subordinated Debenture.

# TMB Bank Public Company Limited and its Subsidiaries

## Notes to the interim financial statements

For the six-month period ended 30 June 2018

For the three-month period ended 30 June 2018 (Unaudited)

### 23.2 Senior debentures

23.2.1 On 9 March 2015, the Bank issued the unsecured senior debentures of CNY 600 million, with a 3-year maturity carrying a fixed interest rate of 5.50% per annum, payable semi-annually in March and September of every year. The debentures have been issued under the Bank's Euro Medium Term Note Programme.

The debentures were matured on 9 March 2018, which has already fully paid with the total amount of CNY 600 million.

23.2.2 On 1 April 2016, the Bank issued unsecured senior debentures of USD 300 million, with a 5.5-year maturity and carrying a fixed interest rate of 3.108% per annum, payable semi-annually in April and October of every year. The debentures have been issued under the Bank's Euro Medium Term Note Programme.

23.2.3 On 5 June 2018, the Bank issued unsecured senior debentures (Green Bond) of USD 60 million, with a 7-year maturity and carrying a floating interest rate of 6M Libor +1.05% per annum, payable semi-annually in June and December of every year. The proceeds from Green Bond issuance will be used to finance the loan to private sector on its investment in sustainable environment.

### 23.3 Other borrowings

Borrowings with specific uses (other borrowings) as at 30 June 2018 and 31 December 2017 were as follows:

| Borrowings from                                          | Objectives of borrowings                                               | Consolidated and Bank only |                                         |                         |                                         |
|----------------------------------------------------------|------------------------------------------------------------------------|----------------------------|-----------------------------------------|-------------------------|-----------------------------------------|
|                                                          |                                                                        | 30 June 2018               |                                         | 31 December 2017        |                                         |
|                                                          |                                                                        | Outstanding<br>balances    | Baht<br>equivalent<br>(in million Baht) | Outstanding<br>balances | Baht<br>equivalent<br>(in million Baht) |
| National Science and<br>Technology Development<br>Agency | For enterprises involving in<br>research and development<br>activities | Baht 9 million             | 9                                       | Baht 12 million         | 12                                      |
| KfW Bankengruppe (KfW)                                   | For small industry businesses                                          | EUR 2 million              | 87                                      | EUR 2 million           | 92                                      |
| <b>Total</b>                                             |                                                                        |                            | <b>96</b>                               |                         | <b>104</b>                              |

## 24 Provision for employee benefits

### 24.1 Defined contribution plan

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

For the six-month periods ended 30 June 2018 and 2017, the Bank and its subsidiaries contributed Baht 202 million and Baht 201 million, respectively, to the funds (Bank only: Baht 196 million and Baht 196 million, respectively).

# TMB Bank Public Company Limited and its Subsidiaries

## Notes to the interim financial statements

For the six-month period ended 30 June 2018

For the three-month period ended 30 June 2018 (Unaudited)

### 24.2 Defined benefit plans

#### (a) Detail of defined benefit plans

|                                        | <b>Consolidated</b>      |                     | <b>Bank only</b> |                     |
|----------------------------------------|--------------------------|---------------------|------------------|---------------------|
|                                        | 30 June<br>2018          | 31 December<br>2017 | 30 June<br>2018  | 31 December<br>2017 |
|                                        | <i>(in million Baht)</i> |                     |                  |                     |
| Post-employment benefit plans          | 1,160                    | 1,291               | 1,119            | 1,261               |
| Other long-term employee benefit plans | 8                        | 10                  | 8                | 10                  |
| <b>Total</b>                           | <b>1,168</b>             | <b>1,301</b>        | <b>1,127</b>     | <b>1,271</b>        |

#### (b) Movement in post-employment benefit obligations

|                                               | <b>Consolidated</b>      |                     | <b>Bank only</b> |                     |
|-----------------------------------------------|--------------------------|---------------------|------------------|---------------------|
|                                               | 30 June<br>2018          | 31 December<br>2017 | 30 June<br>2018  | 31 December<br>2017 |
|                                               | <i>(in million Baht)</i> |                     |                  |                     |
| Beginning balance                             | 1,291                    | 1,442               | 1,261            | 1,414               |
| <b>Included in profit or loss:</b>            |                          |                     |                  |                     |
| Current service cost                          | 179                      | 153                 | 176              | 149                 |
| Loss on benefit settlement                    | -                        | 3                   | -                | 3                   |
| Interest on obligation                        | 15                       | 30                  | 14               | 29                  |
|                                               | <b>194</b>               | <b>186</b>          | <b>190</b>       | <b>181</b>          |
| <b>Included in other comprehensive income</b> |                          |                     |                  |                     |
| Actuarial gain                                | (102)                    | (193)               | (109)            | (190)               |
| <b>Others</b>                                 |                          |                     |                  |                     |
| Benefits paid                                 | (223)                    | (144)               | (223)            | (144)               |
|                                               | <b>(325)</b>             | <b>(337)</b>        | <b>(332)</b>     | <b>(334)</b>        |
| <b>Ending balance</b>                         | <b>1,160</b>             | <b>1,291</b>        | <b>1,119</b>     | <b>1,261</b>        |

Actuarial gains recognised in other comprehensive income arising from:

|                         | <b>Consolidated</b>      |                     | <b>Bank only</b> |                     |
|-------------------------|--------------------------|---------------------|------------------|---------------------|
|                         | 30 June<br>2018          | 31 December<br>2017 | 30 June<br>2018  | 31 December<br>2017 |
|                         | <i>(in million Baht)</i> |                     |                  |                     |
| Demographic assumptions | (23)                     | 31                  | (26)             | 31                  |
| Financial assumptions   | 2                        | (139)               | (2)              | (138)               |
| Experience adjustments  | (81)                     | (85)                | (81)             | (83)                |
| <b>Total</b>            | <b>(102)</b>             | <b>(193)</b>        | <b>(109)</b>     | <b>(190)</b>        |

# TMB Bank Public Company Limited and its Subsidiaries

## Notes to the interim financial statements

For the six-month period ended 30 June 2018

For the three-month period ended 30 June 2018 (Unaudited)

### (c) Actuarial assumptions of post-employment benefit obligations

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

|                      | Consolidated    |                     | Bank only       |                     |
|----------------------|-----------------|---------------------|-----------------|---------------------|
|                      | 30 June<br>2018 | 31 December<br>2017 | 30 June<br>2018 | 31 December<br>2017 |
|                      |                 |                     |                 | (%)                 |
| Discount rate        | 2.71, 2.99      | 2.69, 2.91          | 2.71            | 2.69                |
| Future salary growth | 4.50, 6.00      | 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.

### (d) Sensitivity analysis of post-employment benefit obligations

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

|                      | Consolidated<br>30 June 2018   |                                                                                    |                                |                                                                                    |
|----------------------|--------------------------------|------------------------------------------------------------------------------------|--------------------------------|------------------------------------------------------------------------------------|
|                      | Change (+)<br>in<br>assumption | Post-employment<br>benefit obligations<br>increase (decrease)<br>(in million Baht) | Change (-)<br>in<br>assumption | Post-employment<br>benefit obligations<br>increase (decrease)<br>(in million Baht) |
| Discount rate        | +1%                            | (97)                                                                               | -1%                            | 110                                                                                |
| Future salary growth | +1%                            | 97                                                                                 | -1%                            | (88)                                                                               |
| Turnover rate        | +1%                            | (103)                                                                              | -1%                            | 26                                                                                 |
| Future mortality     | +1 year                        | 6                                                                                  | -1 year                        | (6)                                                                                |

|                      | Consolidated<br>31 December 2017 |                                                                                    |                                |                                                                                    |
|----------------------|----------------------------------|------------------------------------------------------------------------------------|--------------------------------|------------------------------------------------------------------------------------|
|                      | Change (+)<br>in<br>assumption   | Post-employment<br>benefit obligations<br>increase (decrease)<br>(in million Baht) | Change (-)<br>in<br>assumption | Post-employment<br>benefit obligations<br>increase (decrease)<br>(in million Baht) |
| Discount rate        | + 1%                             | (107)                                                                              | - 1%                           | 123                                                                                |
| Future salary growth | + 1%                             | 115                                                                                | - 1%                           | (103)                                                                              |
| Turnover rate        | + 1%                             | (115)                                                                              | - 1%                           | 30                                                                                 |
| Future mortality     | + 1 year                         | 9                                                                                  | - 1 year                       | (9)                                                                                |

|                      | Bank only<br>30 June 2018      |                                                                                    |                                |                                                                                    |
|----------------------|--------------------------------|------------------------------------------------------------------------------------|--------------------------------|------------------------------------------------------------------------------------|
|                      | Change (+)<br>in<br>assumption | Post-employment<br>benefit obligations<br>increase (decrease)<br>(in million Baht) | Change (-)<br>in<br>assumption | Post-employment<br>benefit obligations<br>increase (decrease)<br>(in million Baht) |
| Discount rate        | + 1%                           | (93)                                                                               | - 1%                           | 105                                                                                |
| Future salary growth | + 1%                           | 93                                                                                 | - 1%                           | (84)                                                                               |
| Turnover rate        | + 1%                           | (99)                                                                               | - 1%                           | 24                                                                                 |
| Future mortality     | + 1 year                       | 5                                                                                  | - 1 year                       | (5)                                                                                |

# TMB Bank Public Company Limited and its Subsidiaries

## Notes to the interim financial statements

For the six-month period ended 30 June 2018

For the three-month period ended 30 June 2018 (Unaudited)

| <b>Bank only</b>     |                                |                                                                                    |                                |                                                                                    |
|----------------------|--------------------------------|------------------------------------------------------------------------------------|--------------------------------|------------------------------------------------------------------------------------|
| 31 December 2017     |                                |                                                                                    |                                |                                                                                    |
|                      | Change (+)<br>in<br>assumption | Post-employment<br>benefit obligations<br>increase (decrease)<br>(in million Baht) | Change (-)<br>in<br>assumption | Post-employment<br>benefit obligations<br>increase (decrease)<br>(in million Baht) |
| Discount rate        | + 1%                           | (105)                                                                              | - 1%                           | 119                                                                                |
| Future salary growth | + 1%                           | 111                                                                                | - 1%                           | (100)                                                                              |
| Turnover rate        | + 1%                           | (111)                                                                              | - 1%                           | 29                                                                                 |
| Future mortality     | + 1 year                       | 9                                                                                  | - 1 year                       | (9)                                                                                |

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

## 25 Provision for other liabilities

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

| <b>Consolidated</b>                 |                                                                                     |                                                                        |           |            |
|-------------------------------------|-------------------------------------------------------------------------------------|------------------------------------------------------------------------|-----------|------------|
| Six-month period ended 30 June 2018 |                                                                                     |                                                                        |           |            |
|                                     | Commitment from<br>letters of<br>guarantee issued,<br>avals and other<br>guarantees | Obligation for<br>litigation cases<br>(note 33.2)<br>(in million Baht) | Others    | Total      |
| Beginning balance                   | 328                                                                                 | 165                                                                    | 51        | 544        |
| Provisions increase<br>(decrease)   | 17                                                                                  | (89)                                                                   | 61        | (11)       |
| Paid during the period              | (3)                                                                                 | -                                                                      | (18)      | (21)       |
| <b>Ending balance</b>               | <b>342</b>                                                                          | <b>76</b>                                                              | <b>94</b> | <b>512</b> |

| <b>Consolidated</b>               |                                                                                     |                                                                        |           |            |
|-----------------------------------|-------------------------------------------------------------------------------------|------------------------------------------------------------------------|-----------|------------|
| Year ended 31 December 2017       |                                                                                     |                                                                        |           |            |
|                                   | Commitment from<br>letters of<br>guarantee issued,<br>avals and other<br>guarantees | Obligation for<br>litigation cases<br>(note 33.2)<br>(in million Baht) | Others    | Total      |
| Beginning balance                 | 433                                                                                 | 162                                                                    | 106       | 701        |
| Provisions increase<br>(decrease) | (105)                                                                               | 8                                                                      | (41)      | (138)      |
| Paid during the year              | -                                                                                   | (5)                                                                    | (14)      | (19)       |
| <b>Ending balance</b>             | <b>328</b>                                                                          | <b>165</b>                                                             | <b>51</b> | <b>544</b> |

# TMB Bank Public Company Limited and its Subsidiaries

## Notes to the interim financial statements

For the six-month period ended 30 June 2018

For the three-month period ended 30 June 2018 (Unaudited)

| <b>Bank only</b>                    |                                                                         |                                             |           |            |
|-------------------------------------|-------------------------------------------------------------------------|---------------------------------------------|-----------|------------|
| Six-month period ended 30 June 2018 |                                                                         |                                             |           |            |
|                                     | Commitment from letters of guarantee issued, avals and other guarantees | Obligation for litigation cases (note 33.2) | Others    | Total      |
|                                     | (in million Baht)                                                       |                                             |           |            |
| Beginning balance                   | 328                                                                     | 163                                         | 51        | 542        |
| Provisions increase (decrease)      | 17                                                                      | (89)                                        | 61        | (11)       |
| Paid during the period              | (3)                                                                     | -                                           | (18)      | (21)       |
| <b>Ending balance</b>               | <b>342</b>                                                              | <b>74</b>                                   | <b>94</b> | <b>510</b> |

| <b>Bank only</b>               |                                                                         |                                             |           |            |
|--------------------------------|-------------------------------------------------------------------------|---------------------------------------------|-----------|------------|
| Year ended 31 December 2017    |                                                                         |                                             |           |            |
|                                | Commitment from letters of guarantee issued, avals and other guarantees | Obligation for litigation cases (note 33.2) | Others    | Total      |
|                                | (in million Baht)                                                       |                                             |           |            |
| Beginning balance              | 433                                                                     | 162                                         | 106       | 701        |
| Provisions increase (decrease) | (105)                                                                   | 6                                           | (41)      | (140)      |
| Paid during the year           | -                                                                       | (5)                                         | (14)      | (19)       |
| <b>Ending balance</b>          | <b>328</b>                                                              | <b>163</b>                                  | <b>51</b> | <b>542</b> |

## 26 Deferred revenue

|                           | <b>Consolidated</b> |                  | <b>Bank only</b> |                  |
|---------------------------|---------------------|------------------|------------------|------------------|
|                           | 30 June 2018        | 31 December 2017 | 30 June 2018     | 31 December 2017 |
|                           | (in million Baht)   |                  |                  |                  |
| Deferred revenue          |                     |                  |                  |                  |
| - Funds and Bancassurance | 18,099              | 18,774           | 18,099           | 18,774           |
| - Credit card             | 134                 | 124              | 134              | 124              |
| - Others                  | 17                  | 10               | 49               | 10               |
| <b>Total</b>              | <b>18,250</b>       | <b>18,908</b>    | <b>18,282</b>    | <b>18,908</b>    |

## 27 Other liabilities

|                                                          | <b>Consolidated</b> |                  | <b>Bank only</b> |                  |
|----------------------------------------------------------|---------------------|------------------|------------------|------------------|
|                                                          | 30 June 2018        | 31 December 2017 | 30 June 2018     | 31 December 2017 |
|                                                          | (in million Baht)   |                  |                  |                  |
| Accrued expenses                                         | 4,297               | 5,382            | 4,230            | 5,275            |
| Accrued interest expenses                                | 485                 | 545              | 484              | 545              |
| Deposits and guarantees received                         | 329                 | 1,250            | 329              | 1,250            |
| Collateral on derivative transactions                    | 1,255               | 1,741            | 1,255            | 1,741            |
| Suspense accounts electronic money and money transferred | 2,249               | 4,370            | 2,249            | 4,370            |
| Suspense accounts - others                               | 514                 | 764              | 500              | 749              |
| Other payables                                           | 994                 | 1,081            | 990              | 1,078            |
| Others                                                   | 344                 | 389              | 324              | 332              |
| <b>Total</b>                                             | <b>10,467</b>       | <b>15,522</b>    | <b>10,361</b>    | <b>15,340</b>    |

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

### **Notes to the interim financial statements**

**For the six-month period ended 30 June 2018**

**For the three-month period ended 30 June 2018 (Unaudited)**

## **28 Share-based payments - TMB Performance Share Bonus Scheme**

### **28.1 Information of TMB Performance Share Bonus Scheme**

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

Term of continuing scheme: 5 years starting from the first offering date.

Number of ordinary shares to be offered: Not exceeding the total of 400,000,000 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 PSBP 2010 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 90 calendar days prior to each 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 PSBP 2010 Project 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 PSBP 2010 who will subscribe for the newly issued shares shall be employees of the Bank as of the subscription date of such newly issued shares (the rights for employees who retire pursuant to the Bank’s regulation or death are still retained).

During the six-month periods ended 30 June 2018 and 2017, the Bank recorded expenses in relation to share-based payments of Baht 0.71 million and Baht 11 million, respectively.

# TMB Bank Public Company Limited and its Subsidiaries

## Notes to the interim financial statements

### For the six-month period ended 30 June 2018

### For the three-month period ended 30 June 2018 (Unaudited)

## 28.2 The offering of new ordinary shares

| The offering of new ordinary shares | Par value    | Offering Price | The offering of new ordinary shares | Ordinary shares issued to employees <sup>(1)</sup> | Ordinary shares not to be issued | Balance of new ordinary shares unissued as at 30 June 2018 |
|-------------------------------------|--------------|----------------|-------------------------------------|----------------------------------------------------|----------------------------------|------------------------------------------------------------|
|                                     | (Baht/share) |                |                                     | (shares)                                           |                                  |                                                            |
| The first offering, 2011            | 0.95         | 2.25           | 68,393,400                          | (61,556,286)                                       | (6,837,114)                      | -                                                          |
| The second offering, 2012           | 0.95         | 1.67           | 101,795,300                         | (88,262,936)                                       | (13,532,364)                     | -                                                          |
| The third offering, 2013            | 0.95         | 2.28           | 78,634,700                          | (66,598,950)                                       | (12,035,750)                     | -                                                          |
| The fourth offering, 2014           | 0.95         | 2.30           | 85,191,700                          | (64,686,616)                                       | (20,505,084)                     | -                                                          |
| The fifth offering, 2015            | 0.95         | 3.04           | 53,599,400                          | (42,049,843)                                       | (11,549,557)                     | -                                                          |
| <b>Total</b>                        |              |                | <b>387,614,500</b>                  | <b>(323,154,631)</b>                               | <b>(64,459,869)</b>              | <b>-</b>                                                   |

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

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

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

| Consolidated and Bank only                                    |                                                              |                       |                            |                                      |
|---------------------------------------------------------------|--------------------------------------------------------------|-----------------------|----------------------------|--------------------------------------|
| Year ended 31 December 2017                                   |                                                              |                       |                            |                                      |
|                                                               | Issued and paid-up ordinary share capital<br>(No. of shares) | (in Baht)             | Share premium<br>(in Baht) | Other reserve - share-based payments |
| Beginning balance                                             | 43,807,370,307                                               | 41,617,001,792        | 325,405,639                | 105,376,845                          |
| Issued ordinary shares to employees                           | 32,488,564                                                   | 30,864,135            | 54,036,957                 | (84,901,092)                         |
| Expenses in relation to issue of ordinary shares to employees | -                                                            | -                     | (511,886)                  | -                                    |
| Expenses in relation to share-based payments                  | -                                                            | -                     | -                          | 15,400,387                           |
| <b>Ending balance</b>                                         | <b>43,839,858,871</b>                                        | <b>41,647,865,927</b> | <b>378,930,710</b>         | <b>35,876,140</b>                    |

# TMB Bank Public Company Limited and its Subsidiaries

## Notes to the interim financial statements

For the six-month period ended 30 June 2018

For the three-month period ended 30 June 2018 (Unaudited)

### 29 Revaluation surplus on assets

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

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

|                                            | <b>Consolidated and Bank only</b>      |                                |
|--------------------------------------------|----------------------------------------|--------------------------------|
|                                            | Six-month period ended<br>30 June 2018 | Year ended<br>31 December 2017 |
|                                            | <i>(in million Baht)</i>               |                                |
| Beginning balance                          | 6,259                                  | 6,450                          |
| Amortised during the period/year           | (44)                                   | (92)                           |
| Derecognised during the period/year        | (17)                                   | (59)                           |
| Transferred out during the period/year     | (10)                                   | (40)                           |
| <b>Ending balance</b>                      | <b>6,188</b>                           | <b>6,259</b>                   |
| <i>Less deferred tax</i>                   | <i>(1,237)</i>                         | <i>(1,252)</i>                 |
| <b>Ending balance, net of deferred tax</b> | <b>4,951</b>                           | <b>5,007</b>                   |

### 30 Legal reserve

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

### 31 Appropriation of profit and dividend payment

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

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

(b) On 7 April 2017, the 2017 Annual General Meeting of the Bank's shareholders passed resolutions approving the appropriation of the 2016 operating profit and dividend payment as follows:

- (1) Appropriation of net profit of Baht 410 million to be legal reserve.
- (2) Payment of a dividend of Baht 0.06 per share from the 2016 operating profit to the shareholders. The Bank paid such dividend to its shareholders on 4 May 2017.

# TMB Bank Public Company Limited and its Subsidiaries

## Notes to the interim financial statements

For the six-month period ended 30 June 2018

For the three-month period ended 30 June 2018 (Unaudited)

### 32 Assets pledged as collateral and under restriction

Assets pledged as collateral and under restriction as at 30 June 2018 and 31 December 2017 were as follows:

|                                                         | <b>Consolidated and Bank only</b> |                     |
|---------------------------------------------------------|-----------------------------------|---------------------|
|                                                         | 30 June<br>2018                   | 31 December<br>2017 |
|                                                         | <i>(in million Baht)</i>          |                     |
| Interbank and money market items                        |                                   |                     |
| - Deposit under restriction of oversea branch           | 12                                | 12                  |
| Investments in securities                               |                                   |                     |
| - Pledged as collateral against repurchase transactions | 18,651                            | 19,323              |
| <b>Total</b>                                            | <b>18,663</b>                     | <b>19,335</b>       |

### 33 Commitments and contingent liabilities

#### 33.1 Commitments

|                                        | <b>Consolidated and Bank only</b> |                     |
|----------------------------------------|-----------------------------------|---------------------|
|                                        | 30 June<br>2018                   | 31 December<br>2017 |
|                                        | <i>(in million Baht)</i>          |                     |
| Avals to bills <sup>(1)</sup>          | 761                               | 633                 |
| Liability under unmatured import bills | 3,130                             | 2,529               |
| Letters of credit                      | 14,481                            | 19,360              |
| Other commitments                      |                                   |                     |
| - Other guarantees                     | 61,186                            | 62,045              |
| - Amount of unused bank overdrafts     | 80,738                            | 80,908              |
| - Committed line                       | 4,834                             | 5,566               |
| - Others <sup>(2)</sup>                | 13,808                            | 23,110              |
| <b>Total</b>                           | <b>178,938</b>                    | <b>194,151</b>      |

<sup>(1)</sup> As at 30 June 2018, this included bank acceptance amounting to Baht 5 million (31 December 2017: Baht 3 million)

<sup>(2)</sup> As at 30 June 2018, this included the financial assets accepted as collateral that had been sold or pledged amounting to Baht 12,870 million (31 December 2017: 22,641 million). The Bank is obliged to return those securities in equivalent amount.

As at 30 June 2018 and 31 December 2017, the Bank had no commitments from providing other guarantees to listed companies, which meet criteria for delisting conditions from the Stock Exchange of Thailand.

#### 33.2 Litigation

- (a) As at 30 June 2018 and 31 December 2017, the Bank and its subsidiaries were claimed pursuant to obligations under the letters of guarantee and other claims for 71 cases and 75 cases, respectively (Bank only: claims for 68 cases and 69 cases, respectively). The said claims were made against the Bank and its subsidiaries for the approximate liability amounts of Baht 1,328 million <sup>(1)</sup> and Baht 1,394 million <sup>(1)</sup>, respectively (Bank only: Baht 1,119 million <sup>(1)</sup> and Baht 1,173 million <sup>(1)</sup>, respectively).
- (b) As at 30 June 2018 and 31 December 2017, the Bank and its subsidiaries have recognised provisions for possible losses from the litigation cases totalling Baht 76 million and Baht 165 million, respectively (Bank only: Baht 74 million and Baht 163 million, respectively). The management considers that the provision established for such potential losses due to the said litigation cases is adequate.

<sup>(1)</sup> Excluding the liabilities of the Bank and its subsidiaries as at 30 June 2018 and 31 December 2017 of Baht 718 million and Baht 930 million, respectively (Bank only: Baht 195 million and Baht 407 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 2018

For the three-month period ended 30 June 2018 (Unaudited)

### 33.3 Non-cancellable operating lease commitments

|                                             | <b>Consolidated</b>      |                     | <b>Bank only</b> |                     |
|---------------------------------------------|--------------------------|---------------------|------------------|---------------------|
|                                             | 30 June<br>2018          | 31 December<br>2017 | 30 June<br>2018  | 31 December<br>2017 |
|                                             | <i>(in million Baht)</i> |                     |                  |                     |
| <b><i>Future minimum lease payments</i></b> |                          |                     |                  |                     |
| Within one year                             | 467                      | 534                 | 452              | 519                 |
| After one year but within five years        | 608                      | 381                 | 602              | 371                 |
| <b>Total</b>                                | <b>1,075</b>             | <b>915</b>          | <b>1,054</b>     | <b>890</b>          |

|                                                   | <b>Consolidated</b>      |      | <b>Bank only</b> |      |
|---------------------------------------------------|--------------------------|------|------------------|------|
| <b><i>Three-month periods ended 30 June</i></b>   | 2018                     | 2017 | 2018             | 2017 |
|                                                   | <i>(in million Baht)</i> |      |                  |      |
| <b><i>Amount recognised in profit or loss</i></b> |                          |      |                  |      |
| Lease expenses                                    | 178                      | 146  | 174              | 142  |

|                                                   | <b>Consolidated</b>      |      | <b>Bank only</b> |      |
|---------------------------------------------------|--------------------------|------|------------------|------|
| <b><i>Six-month periods ended 30 June</i></b>     | 2018                     | 2017 | 2018             | 2017 |
|                                                   | <i>(in million Baht)</i> |      |                  |      |
| <b><i>Amount recognised in profit or loss</i></b> |                          |      |                  |      |
| Lease expenses                                    | 340                      | 284  | 332              | 276  |

### 34 Related parties

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

#### Definitions and characteristics of relationships

Related parties are as follows:

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

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

## **Notes to the interim financial statements**

**For the six-month period ended 30 June 2018**

**For the three-month period ended 30 June 2018 (Unaudited)**

4. Key management personnel of the Bank are directors, management personnel at the level “Head of” or executive vice president and above, and related management personnel of Accounting or Finance.
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

The additional information on investments in subsidiaries is disclosed in note 10.

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

| <b>Name of entity/Personnel</b>                                                          | <b>Country of incorporation/<br/>Nationality</b> | <b>Nature of relationship</b>                                                                                                                                                                                                    |
|------------------------------------------------------------------------------------------|--------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Key management personnel                                                                 | Thailand and other countries                     | Persons having authority and responsibility for planning, directing and controlling the activities of the Bank, directly or indirectly, including any director (whether executive or otherwise) of the Bank and its subsidiaries |
| Ministry of Finance                                                                      | Thailand                                         | The major shareholder of the Bank owning over 10% of the Bank’s paid-up share capital                                                                                                                                            |
| ING Bank N.V.                                                                            | The Netherlands                                  | The major shareholder of the Bank owning over 10% of the Bank’s paid-up share capital                                                                                                                                            |
| Entities whose shares have been owned or have been controlled by the Ministry of Finance | Thailand                                         | Related through the major shareholder of the Bank, owning over 10% of the Bank’s paid-up share capital                                                                                                                           |
| Phayathai Asset Management Co., Ltd.                                                     | Thailand                                         | Subsidiary, 100% shareholding, more than 50% of directors are representatives of the Bank                                                                                                                                        |
| TMB Asset Management Co., Ltd.                                                           | Thailand                                         | Subsidiary, 100% shareholding, more than 50% of directors are representatives of the Bank                                                                                                                                        |
| Designee for ETA Contract Ltd.                                                           | Thailand                                         | Subsidiary, 99.5% shareholding, more than 50% of directors are representatives of the Bank                                                                                                                                       |

# TMB Bank Public Company Limited and its Subsidiaries

## Notes to the interim financial statements

For the six-month period ended 30 June 2018

For the three-month period ended 30 June 2018 (Unaudited)

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

### Transactions

Interest rates of loans

Fee and service income

Interest rate on deposits and borrowings

Fee and services income for other types of services

Branch office rental and related service

Sale of non-performing assets to a subsidiary

Sale of government and state enterprise securities to a subsidiary

### Pricing policies

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

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

Based on market rate

Based on market price

Based on market rate

Based on market price

Based on market price

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

Significant related parties transactions for the three-month and six-month periods ended 30 June 2018 and 2017 with key management and other related parties were as follows:

| Consolidated                                                            |                   |                   |                         |                           |                        |                          |                                                            |
|-------------------------------------------------------------------------|-------------------|-------------------|-------------------------|---------------------------|------------------------|--------------------------|------------------------------------------------------------|
| Three-month period ended 30 June 2018                                   |                   |                   |                         |                           |                        |                          |                                                            |
|                                                                         | Interest income   | Interest expenses | Fees and service income | Fees and service expenses | Other operating income | Other operating expenses | Impairment loss on loans and debt securities (reversal of) |
|                                                                         | (in million Baht) |                   |                         |                           |                        |                          |                                                            |
| 1. Major shareholders                                                   | -                 | -                 | -                       | -                         | -                      | 1                        | -                                                          |
| 2. Entities with joint control or significant influence over the entity | 90                | 58                | 3                       | -                         | 9                      | 57                       | 5                                                          |
| 3. Subsidiaries                                                         | -                 | -                 | -                       | -                         | -                      | -                        | -                                                          |
| 4. Key management personnel of the Bank                                 | -                 | 1                 | -                       | -                         | -                      | -                        | -                                                          |
| 5. Other related parties                                                | -                 | -                 | -                       | -                         | -                      | -                        | -                                                          |

# TMB Bank Public Company Limited and its Subsidiaries

## Notes to the interim financial statements

### For the six-month period ended 30 June 2018

### For the three-month period ended 30 June 2018 (Unaudited)

| <b>Consolidated</b>                                                     |                          |                   |                         |                           |                        |                          |                                                            |
|-------------------------------------------------------------------------|--------------------------|-------------------|-------------------------|---------------------------|------------------------|--------------------------|------------------------------------------------------------|
| Three-month period ended 30 June 2017                                   |                          |                   |                         |                           |                        |                          |                                                            |
|                                                                         | Interest income          | Interest expenses | Fees and service income | Fees and service expenses | Other operating income | Other operating expenses | Impairment loss on loans and debt securities (reversal of) |
|                                                                         | <i>(in million Baht)</i> |                   |                         |                           |                        |                          |                                                            |
| 1. Major shareholders                                                   | 6                        | -                 | -                       | -                         | -                      | 2                        | -                                                          |
| 2. Entities with joint control or significant influence over the entity | 82                       | 54                | 6                       | -                         | 16                     | 54                       | 39                                                         |
| 3. Subsidiaries                                                         | -                        | -                 | -                       | -                         | -                      | -                        | -                                                          |
| 4. Key management personnel of the Bank                                 | 1                        | 1                 | -                       | -                         | -                      | -                        | -                                                          |
| 5. Other related parties                                                | -                        | -                 | -                       | -                         | -                      | 7                        | (1)                                                        |

| <b>Consolidated</b>                                                     |                          |                   |                         |                           |                        |                          |                                                            |
|-------------------------------------------------------------------------|--------------------------|-------------------|-------------------------|---------------------------|------------------------|--------------------------|------------------------------------------------------------|
| Six-month period ended 30 June 2018                                     |                          |                   |                         |                           |                        |                          |                                                            |
|                                                                         | Interest income          | Interest expenses | Fees and service income | Fees and service expenses | Other operating income | Other operating expenses | Impairment loss on loans and debt securities (reversal of) |
|                                                                         | <i>(in million Baht)</i> |                   |                         |                           |                        |                          |                                                            |
| 1. Major shareholders                                                   | -                        | 4                 | -                       | -                         | -                      | 2                        | -                                                          |
| 2. Entities with joint control or significant influence over the entity | 181                      | 112               | (1)                     | -                         | 9                      | 111                      | (18)                                                       |
| 3. Subsidiaries                                                         | -                        | -                 | -                       | -                         | -                      | -                        | -                                                          |
| 4. Key management personnel of the Bank                                 | -                        | 2                 | -                       | -                         | -                      | -                        | -                                                          |
| 5. Other related parties                                                | -                        | -                 | -                       | -                         | -                      | 8                        | -                                                          |

| <b>Consolidated</b>                                                     |                          |                   |                         |                           |                        |                          |                                                            |
|-------------------------------------------------------------------------|--------------------------|-------------------|-------------------------|---------------------------|------------------------|--------------------------|------------------------------------------------------------|
| Six-month period ended 30 June 2017                                     |                          |                   |                         |                           |                        |                          |                                                            |
|                                                                         | Interest income          | Interest expenses | Fees and service income | Fees and service expenses | Other operating income | Other operating expenses | Impairment loss on loans and debt securities (reversal of) |
|                                                                         | <i>(in million Baht)</i> |                   |                         |                           |                        |                          |                                                            |
| 1. Major shareholders                                                   | 12                       | -                 | -                       | -                         | -                      | 6                        | -                                                          |
| 2. Entities with joint control or significant influence over the entity | 157                      | 106               | 11                      | -                         | 19                     | 107                      | 41                                                         |
| 3. Subsidiaries                                                         | -                        | -                 | -                       | -                         | -                      | -                        | -                                                          |
| 4. Key management personnel of the Bank                                 | 1                        | 1                 | -                       | -                         | -                      | -                        | -                                                          |
| 5. Other related parties                                                | 1                        | 1                 | -                       | -                         | -                      | 13                       | (1)                                                        |

# TMB Bank Public Company Limited and its Subsidiaries

## Notes to the interim financial statements

### For the six-month period ended 30 June 2018

### For the three-month period ended 30 June 2018 (Unaudited)

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

| <b>Bank only</b>                                                        |                          |                   |                         |                           |                        |                          |                                                            |
|-------------------------------------------------------------------------|--------------------------|-------------------|-------------------------|---------------------------|------------------------|--------------------------|------------------------------------------------------------|
| Three-month period ended 30 June 2017                                   |                          |                   |                         |                           |                        |                          |                                                            |
|                                                                         | Interest income          | Interest expenses | Fees and service income | Fees and service expenses | Other operating income | Other operating expenses | Impairment loss on loans and debt securities (reversal of) |
|                                                                         | <i>(in million Baht)</i> |                   |                         |                           |                        |                          |                                                            |
| 1. Major shareholders                                                   | 6                        | -                 | -                       | -                         | -                      | 2                        | -                                                          |
| 2. Entities with joint control or significant influence over the entity | 80                       | 54                | 6                       | -                         | 16                     | 54                       | 39                                                         |
| 3. Subsidiaries                                                         | -                        | -                 | 715                     | -                         | 126                    | -                        | -                                                          |
| 4. Key management personnel of the Bank                                 | 1                        | 1                 | -                       | -                         | -                      | -                        | -                                                          |
| 5. Other related parties                                                | -                        | -                 | -                       | -                         | -                      | 7                        | (1)                                                        |

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

# TMB Bank Public Company Limited and its Subsidiaries

## Notes to the interim financial statements

### For the six-month period ended 30 June 2018

### For the three-month period ended 30 June 2018 (Unaudited)

| <b>Bank only</b>                                                        |                          |                   |                         |                           |                        |                          |                                                            |
|-------------------------------------------------------------------------|--------------------------|-------------------|-------------------------|---------------------------|------------------------|--------------------------|------------------------------------------------------------|
| Six-month period ended 30 June 2017                                     |                          |                   |                         |                           |                        |                          |                                                            |
|                                                                         | Interest income          | Interest expenses | Fees and service income | Fees and service expenses | Other operating income | Other operating expenses | Impairment loss on loans and debt securities (reversal of) |
|                                                                         | <i>(in million Baht)</i> |                   |                         |                           |                        |                          |                                                            |
| 1. Major shareholders                                                   | 12                       | -                 | -                       | -                         | -                      | 6                        | -                                                          |
| 2. Entities with joint control or significant influence over the entity | 154                      | 106               | 11                      | -                         | 19                     | 107                      | 41                                                         |
| 3. Subsidiaries                                                         | -                        | -                 | 1,245                   | -                         | 126                    | -                        | -                                                          |
| 4. Key management personnel of the Bank                                 | 1                        | 1                 | -                       | -                         | -                      | -                        | -                                                          |
| 5. Other related parties                                                | 1                        | 1                 | -                       | -                         | -                      | 13                       | (1)                                                        |

#### 34.2 Outstanding balances with related parties

As at 30 June 2018 and 31 December 2017, significant outstanding balances with related persons or parties were as follows:

##### 34.2.1 Significant balances between the Bank and its subsidiaries and their major shareholders as at 30 June 2018 and 31 December 2017 were as follows:

|                                                                                               |  | <b>Consolidated and Bank only</b> |                  |
|-----------------------------------------------------------------------------------------------|--|-----------------------------------|------------------|
|                                                                                               |  | 30 June 2018                      | 31 December 2017 |
|                                                                                               |  | <i>(in million Baht)</i>          |                  |
| <b>Loans to customers and accrued interest receivables, net</b>                               |  |                                   |                  |
| Ministry of Finance                                                                           |  | -                                 | 687              |
| <b>Deposits (including interbank and money market items - liabilities)</b>                    |  |                                   |                  |
| ING Bank N.V.                                                                                 |  | 4                                 | 4                |
| <b>Debts issued and borrowings (including interbank and money market items - liabilities)</b> |  |                                   |                  |
| ING Bank N.V.                                                                                 |  | -                                 | 1,634            |
| <b>Other liabilities</b>                                                                      |  |                                   |                  |
| ING Bank N.V.                                                                                 |  | -                                 | 4                |
| <b>Commitments - Derivatives <sup>(1)</sup></b>                                               |  |                                   |                  |
| ING Bank N.V.                                                                                 |  | 4,975                             | 5,422            |
| <b>Other commitments</b>                                                                      |  |                                   |                  |
| ING Bank N.V.                                                                                 |  | 48                                | 16               |

<sup>(1)</sup> Presented in notional amount

**TMB Bank Public Company Limited and its Subsidiaries**  
**Notes to the interim financial statements**  
**For the six-month period ended 30 June 2018**  
**For the three-month period ended 30 June 2018 (Unaudited)**

34.2.2 Significant balances between the Bank and its subsidiaries and other entities with joint control or significant influence over the entities as at 30 June 2018 and 31 December 2017 were as follows:

|                                                                                                          | <b>Consolidated</b>      |                     | <b>Bank only</b> |                     |
|----------------------------------------------------------------------------------------------------------|--------------------------|---------------------|------------------|---------------------|
|                                                                                                          | 30 June<br>2018          | 31 December<br>2017 | 30 June<br>2018  | 31 December<br>2017 |
|                                                                                                          | <i>(in million Baht)</i> |                     |                  |                     |
| <b>Interbank and money market items - assets and loans to customers and accrued interest receivables</b> |                          |                     |                  |                     |
| Entities whose shares are owned or controlled by the Ministry of Finance                                 | 10,959                   | 16,219              | 10,714           | 15,694              |
| <b>Allowance for doubtful accounts</b>                                                                   |                          |                     |                  |                     |
| Entities whose shares are owned or controlled by the Ministry of Finance                                 | 107                      | 125                 | 107              | 125                 |
| <b>Deposits (including interbank and money market items - liabilities)</b>                               |                          |                     |                  |                     |
| Entities whose shares are owned or controlled by the Ministry of Finance                                 | 7,231                    | 7,877               | 7,231            | 7,877               |
| TMB Property Development Co., Ltd.                                                                       | 4                        | 4                   | 4                | 4                   |
| <b>Total</b>                                                                                             | <b>7,235</b>             | <b>7,881</b>        | <b>7,235</b>     | <b>7,881</b>        |
| <b>Debts issued and borrowings (including interbank and money market items - liabilities)</b>            |                          |                     |                  |                     |
| Entities whose shares are owned or controlled by the Ministry of Finance                                 | 13,964                   | 9,907               | 13,964           | 9,907               |
| <b>Other liabilities</b>                                                                                 |                          |                     |                  |                     |
| Entities whose shares are owned or controlled by the Ministry of Finance                                 | 8                        | 9                   | 8                | 9                   |
| <b>Commitments - Derivatives <sup>(1)</sup></b>                                                          |                          |                     |                  |                     |
| Entities whose shares are owned or controlled by the Ministry of Finance                                 | 108,558                  | 120,930             | 108,558          | 120,930             |
| <sup>(1)</sup> Presented in notional amount                                                              |                          |                     |                  |                     |
| <b>Other commitments</b>                                                                                 |                          |                     |                  |                     |
| Entities whose shares are owned or controlled by the Ministry of Finance                                 | 1,146                    | 1,107               | 1,146            | 1,107               |

# TMB Bank Public Company Limited and its Subsidiaries

## Notes to the interim financial statements

### For the six-month period ended 30 June 2018

### For the three-month period ended 30 June 2018 (Unaudited)

34.2.3 Significant balances between the Bank and its subsidiaries as at 30 June 2018 and 31 December 2017 were as follows:

|                                      | <b>Consolidated</b>      |                     | <b>Bank only</b> |                     |
|--------------------------------------|--------------------------|---------------------|------------------|---------------------|
|                                      | 30 June<br>2018          | 31 December<br>2017 | 30 June<br>2018  | 31 December<br>2017 |
|                                      | <i>(in million Baht)</i> |                     |                  |                     |
| <b>Other assets</b>                  |                          |                     |                  |                     |
| Phayathai Asset Management Co., Ltd. | -                        | -                   | 1                | 1                   |
| TMB Asset Management Co., Ltd.       | -                        | -                   | 210              | 252                 |
| <b>Total</b>                         | <b>-</b>                 | <b>-</b>            | <b>211</b>       | <b>253</b>          |
| <b>Deposits</b>                      |                          |                     |                  |                     |
| Phayathai Asset Management Co., Ltd. | -                        | -                   | 3,173            | 16                  |
| TMB Asset Management Co., Ltd.       | -                        | -                   | 38               | 62                  |
| <b>Total</b>                         | <b>-</b>                 | <b>-</b>            | <b>3,211</b>     | <b>78</b>           |

34.2.4 Significant balances between the Bank and its subsidiaries, and their key management personnel as at 30 June 2018 and 31 December 2017 were as follows:

|                                                          | <b>Consolidated</b>      |                     | <b>Bank only</b> |                     |
|----------------------------------------------------------|--------------------------|---------------------|------------------|---------------------|
|                                                          | 30 June<br>2018          | 31 December<br>2017 | 30 June<br>2018  | 31 December<br>2017 |
|                                                          | <i>(in million Baht)</i> |                     |                  |                     |
| Loans to customers and accrued interest receivables, net | 9                        | 15                  | 9                | 15                  |
| Welfare loans                                            | 35                       | 45                  | 35               | 45                  |
| Allowance for doubtful accounts                          | -                        | 1                   | -                | 1                   |
| Deposits                                                 | 303                      | 289                 | 300              | 280                 |

34.2.5 Significant balances between the Bank and its subsidiaries, and other related parties as at 30 June 2018 and 31 December 2017 were as follows:

|                                                          | <b>Consolidated</b>      |                     | <b>Bank only</b> |                     |
|----------------------------------------------------------|--------------------------|---------------------|------------------|---------------------|
|                                                          | 30 June<br>2018          | 31 December<br>2017 | 30 June<br>2018  | 31 December<br>2017 |
|                                                          | <i>(in million Baht)</i> |                     |                  |                     |
| Loans to customers and accrued interest receivables, net | 1                        | 31                  | 1                | 31                  |
| Deposits                                                 | 80                       | 163                 | 78               | 160                 |
| Other commitments                                        | -                        | 45                  | -                | 45                  |

# TMB Bank Public Company Limited and its Subsidiaries

## Notes to the interim financial statements

For the six-month period ended 30 June 2018

For the three-month period ended 30 June 2018 (Unaudited)

### 34.3 Senior management personnel compensation

For the three-month and six-month periods ended 30 June 2018 and 2017, senior management personnel compensation, included in profit or loss, was classified as follows:

| <i>Three-month periods ended 30 June</i>       | <b>Consolidated</b>      |            | <b>Bank only</b> |            |
|------------------------------------------------|--------------------------|------------|------------------|------------|
|                                                | 2018                     | 2017       | 2018             | 2017       |
|                                                | <i>(in million Baht)</i> |            |                  |            |
| Short-term employee benefits - directors       | 21                       | 21         | 21               | 21         |
| Short-term employee benefits - management      | 229                      | 228        | 218              | 219        |
| Post-employment benefits                       | 13                       | 9          | 11               | 8          |
| Share-based payments (performance share bonus) | -                        | 2          | -                | 2          |
| <b>Total</b>                                   | <b>263</b>               | <b>260</b> | <b>250</b>       | <b>250</b> |

  

| <i>Six-month periods ended 30 June</i>         | <b>Consolidated</b>      |            | <b>Bank only</b> |            |
|------------------------------------------------|--------------------------|------------|------------------|------------|
|                                                | 2018                     | 2017       | 2018             | 2017       |
|                                                | <i>(in million Baht)</i> |            |                  |            |
| Short-term employee benefits - directors       | 28                       | 29         | 28               | 29         |
| Short-term employee benefits - management      | 454                      | 430        | 434              | 414        |
| Post-employment benefits                       | 23                       | 19         | 19               | 16         |
| Share-based payments (performance share bonus) | 2                        | 9          | 2                | 9          |
| <b>Total</b>                                   | <b>507</b>               | <b>487</b> | <b>483</b>       | <b>468</b> |

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

### 34.4 Other benefits payable to the senior management personnel

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

# TMB Bank Public Company Limited and its Subsidiaries

## Notes to the interim financial statements

For the six-month period ended 30 June 2018

For the three-month period ended 30 June 2018 (Unaudited)

### 35 Segment information

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

#### 1. Commercial Banking

1.1 Wholesale Banking: These are corporate customers and owner operators with annual revenues of Baht 100 million and over which was changed in 2017 from Baht 1,000 million and over. The main products and services are corporate loans, letters of guarantee, deposits, trade finance and foreign exchange, supply chain solution, financial management, and other financial services.

1.2 Small Enterprise: These are corporate customers and owner operators with annual revenues of less than Baht 100 million which was changed in 2017 from less than Baht 1,000 million. The main products and services are corporate loans, deposits and bancassurance.

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

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

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

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

#### Information about reportable segments:

Three-month period ended  
30 June 2018

|                                                                           | Commercial<br>Banking | Retail<br>Banking | Consolidated<br>Other<br>segments<br>(in million Baht) | Elimination | Total        |
|---------------------------------------------------------------------------|-----------------------|-------------------|--------------------------------------------------------|-------------|--------------|
| Net interest income                                                       | 3,394                 | 2,176             | 632                                                    | -           | 6,202        |
| Other operating income                                                    | 893                   | 1,676             | 431                                                    | (14)        | 2,986        |
| Total operating income                                                    | 4,287                 | 3,852             | 1,063                                                  | (14)        | 9,188        |
| Operating expenses                                                        | (2,007)               | (2,270)           | (55)                                                   | 14          | (4,318)      |
| Profits from operation                                                    | 2,280                 | 1,582             | 1,008                                                  | -           | 4,870        |
| Other income (expenses), net                                              |                       |                   |                                                        |             | -            |
| Provision for doubtful accounts on<br>loans and loan-related transactions |                       |                   |                                                        |             | (2,351)      |
| <b>Profit before income tax</b>                                           |                       |                   |                                                        |             | <b>2,519</b> |
| Income tax                                                                |                       |                   |                                                        |             | (493)        |
| <b>Profit for the period</b>                                              |                       |                   |                                                        |             | <b>2,026</b> |
| <b>Depreciation and amortisation</b>                                      | <b>49</b>             | <b>184</b>        | <b>118</b>                                             | <b>-</b>    | <b>351</b>   |

# TMB Bank Public Company Limited and its Subsidiaries

## Notes to the interim financial statements

For the six-month period ended 30 June 2018

For the three-month period ended 30 June 2018 (Unaudited)

### Three-month period ended 30 June 2018

|                                                                       | Commercial<br>Banking | Retail<br>Banking | Consolidated<br>Other<br>segments<br>(in million Baht) | Elimination | Total        |
|-----------------------------------------------------------------------|-----------------------|-------------------|--------------------------------------------------------|-------------|--------------|
| <b>Source of operating income<br/>breakdown by operating segments</b> |                       |                   |                                                        |             |              |
| Third party                                                           | 5,965                 | 2,208             | 1,015                                                  | -           | 9,188        |
| Inter - segment                                                       | (1,678)               | 1,644             | 48                                                     | (14)        | -            |
| <b>Total operating income</b>                                         | <b>4,287</b>          | <b>3,852</b>      | <b>1,063</b>                                           | <b>(14)</b> | <b>9,188</b> |

### Three-month period ended 30 June 2017

|                                                                           | Commercial<br>Banking | Retail<br>Banking | Consolidated<br>Other<br>segments<br>(in million Baht) | Elimination | Total        |
|---------------------------------------------------------------------------|-----------------------|-------------------|--------------------------------------------------------|-------------|--------------|
| Net interest income                                                       | 3,505                 | 2,174             | 543                                                    | -           | 6,222        |
| Other operating income                                                    | 687                   | 2,158             | 436                                                    | (15)        | 3,266        |
| Total operating income                                                    | 4,192                 | 4,332             | 979                                                    | (15)        | 9,488        |
| Operating expenses                                                        | (1,833)               | (2,278)           | (257)                                                  | 15          | (4,353)      |
| Profits from operation                                                    | 2,359                 | 2,054             | 722                                                    | -           | 5,135        |
| Other income (expenses), net                                              |                       |                   |                                                        |             | -            |
| Provision for doubtful accounts on<br>loans and loan-related transactions |                       |                   |                                                        |             | (2,275)      |
| <b>Profit before income tax</b>                                           |                       |                   |                                                        |             | <b>2,860</b> |
| Income tax                                                                |                       |                   |                                                        |             | (517)        |
| <b>Profit for the period</b>                                              |                       |                   |                                                        |             | <b>2,343</b> |
| <b>Depreciation and amortisation</b>                                      | <b>32</b>             | <b>184</b>        | <b>117</b>                                             | <b>-</b>    | <b>333</b>   |

### Source of operating income breakdown by operating segments

|                               |              |              |            |             |              |
|-------------------------------|--------------|--------------|------------|-------------|--------------|
| Third party                   | 5,941        | 2,492        | 1,055      | -           | 9,488        |
| Inter - segment               | (1,749)      | 1,840        | (76)       | (15)        | -            |
| <b>Total operating income</b> | <b>4,192</b> | <b>4,332</b> | <b>979</b> | <b>(15)</b> | <b>9,488</b> |

### Six-month period ended 30 June 2018

|                                                                           | Commercial<br>Banking | Retail<br>Banking | Consolidated<br>Other<br>segments<br>(in million Baht) | Elimination | Total        |
|---------------------------------------------------------------------------|-----------------------|-------------------|--------------------------------------------------------|-------------|--------------|
| Net interest income                                                       | 6,709                 | 4,358             | 1,156                                                  | -           | 12,223       |
| Other operating income                                                    | 1,812                 | 3,697             | 875                                                    | (32)        | 6,352        |
| Total operating income                                                    | 8,521                 | 8,055             | 2,031                                                  | (32)        | 18,575       |
| Operating expenses                                                        | (4,038)               | (4,545)           | (45)                                                   | 32          | (8,596)      |
| Profits from operation                                                    | 4,483                 | 3,510             | 1,986                                                  | -           | 9,979        |
| Other income (expenses), net                                              |                       |                   |                                                        |             | -            |
| Provision for doubtful accounts on<br>loans and loan-related transactions |                       |                   |                                                        |             | (4,646)      |
| <b>Profit before income tax</b>                                           |                       |                   |                                                        |             | <b>5,333</b> |
| Income tax                                                                |                       |                   |                                                        |             | (1,027)      |
| <b>Profit for the period</b>                                              |                       |                   |                                                        |             | <b>4,306</b> |
| <b>Depreciation and amortisation</b>                                      | <b>95</b>             | <b>359</b>        | <b>249</b>                                             | <b>-</b>    | <b>703</b>   |

# TMB Bank Public Company Limited and its Subsidiaries

## Notes to the interim financial statements

For the six-month period ended 30 June 2018

For the three-month period ended 30 June 2018 (Unaudited)

### Six-month period ended 30 June 2018

|                                                                       | Commercial<br>Banking | Retail<br>Banking | Consolidated<br>Other<br>segments<br>(in million Baht) | Elimination | Total         |
|-----------------------------------------------------------------------|-----------------------|-------------------|--------------------------------------------------------|-------------|---------------|
| <b>Source of operating income<br/>breakdown by operating segments</b> |                       |                   |                                                        |             |               |
| Third party                                                           | 11,868                | 4,495             | 2,212                                                  | -           | 18,575        |
| Inter - segment                                                       | (3,347)               | 3,560             | (181)                                                  | (32)        | -             |
| <b>Total operating income</b>                                         | <b>8,521</b>          | <b>8,055</b>      | <b>2,031</b>                                           | <b>(32)</b> | <b>18,575</b> |

### Six-month period ended 30 June 2017

|                                                                           | Commercial<br>Banking | Retail<br>Banking | Consolidated<br>Other<br>segments<br>(in million Baht) | Elimination | Total        |
|---------------------------------------------------------------------------|-----------------------|-------------------|--------------------------------------------------------|-------------|--------------|
| Net interest income                                                       | 7,031                 | 4,356             | 998                                                    | -           | 12,385       |
| Other operating income                                                    | 1,522                 | 3,552             | 965                                                    | (29)        | 6,010        |
| Total operating income                                                    | 8,553                 | 7,908             | 1,963                                                  | (29)        | 18,395       |
| Operating expenses                                                        | (3,675)               | (4,450)           | (400)                                                  | 29          | (8,496)      |
| Profits from operation                                                    | 4,878                 | 3,458             | 1,563                                                  | -           | 9,899        |
| Other income (expenses), net                                              |                       |                   |                                                        |             | -            |
| Provision for doubtful accounts on<br>loans and loan-related transactions |                       |                   |                                                        |             | (4,486)      |
| <b>Profit before income tax</b>                                           |                       |                   |                                                        |             | <b>5,413</b> |
| Income tax                                                                |                       |                   |                                                        |             | (965)        |
| <b>Profit for the period</b>                                              |                       |                   |                                                        |             | <b>4,448</b> |
| <b>Depreciation and amortisation</b>                                      | <b>59</b>             | <b>362</b>        | <b>237</b>                                             | <b>-</b>    | <b>658</b>   |

### Source of operating income breakdown by operating segments

|                               |              |              |              |             |               |
|-------------------------------|--------------|--------------|--------------|-------------|---------------|
| Third party                   | 12,041       | 4,404        | 1,950        | -           | 18,395        |
| Inter - segment               | (3,488)      | 3,504        | 13           | (29)        | -             |
| <b>Total operating income</b> | <b>8,553</b> | <b>7,908</b> | <b>1,963</b> | <b>(29)</b> | <b>18,395</b> |

# TMB Bank Public Company Limited and its Subsidiaries

## Notes to the interim financial statements

For the six-month period ended 30 June 2018

For the three-month period ended 30 June 2018 (Unaudited)

### Reconciliation of reportable segment profit or loss

#### Three-month period ended

30 June 2018

|                                                       | Net<br>interest<br>income | Non-<br>interest<br>income | Consolidated<br>Operating<br>expenses<br>(in million Baht) | Other<br>income<br>(expenses) | Impairment<br>loss on loans<br>and debt<br>securities |
|-------------------------------------------------------|---------------------------|----------------------------|------------------------------------------------------------|-------------------------------|-------------------------------------------------------|
| Segment reporting                                     | 6,202                     | 2,986                      | (4,318)                                                    | -                             | (2,351)                                               |
| Bad debts, doubtful accounts and<br>impairment losses | -                         | 3                          | 26                                                         | -                             | (29)                                                  |
| Others                                                | (102)                     | 104                        | (2)                                                        | -                             | -                                                     |
| <b>Consolidated financial statements</b>              | <b>6,100</b>              | <b>3,093</b>               | <b>(4,294)</b>                                             | <b>-</b>                      | <b>(2,380)</b>                                        |

#### Three-month period ended

30 June 2017

|                                                       | Net<br>interest<br>income | Non-<br>interest<br>income | Consolidated<br>Operating<br>expenses<br>(in million Baht) | Other<br>income<br>(expenses) | Impairment<br>loss on loans<br>and debt<br>securities |
|-------------------------------------------------------|---------------------------|----------------------------|------------------------------------------------------------|-------------------------------|-------------------------------------------------------|
| Segment reporting                                     | 6,222                     | 3,266                      | (4,353)                                                    | -                             | (2,275)                                               |
| Bad debts, doubtful accounts and<br>impairment losses | -                         | 29                         | (22)                                                       | -                             | (7)                                                   |
| Others                                                | (24)                      | 14                         | 10                                                         | -                             | -                                                     |
| <b>Consolidated financial statements</b>              | <b>6,198</b>              | <b>3,309</b>               | <b>(4,365)</b>                                             | <b>-</b>                      | <b>(2,282)</b>                                        |

#### Six-month period ended

30 June 2018

|                                                       | Net<br>interest<br>income | Non-<br>interest<br>income | Consolidated<br>Operating<br>expenses<br>(in million Baht) | Other<br>income<br>(expenses) | Impairment<br>loss on loans<br>and debt<br>securities |
|-------------------------------------------------------|---------------------------|----------------------------|------------------------------------------------------------|-------------------------------|-------------------------------------------------------|
| Segment reporting                                     | 12,223                    | 6,352                      | (8,596)                                                    | -                             | (4,646)                                               |
| Bad debts, doubtful accounts and<br>impairment losses | -                         | 7                          | 32                                                         | -                             | (39)                                                  |
| Others                                                | (93)                      | 88                         | 5                                                          | -                             | -                                                     |
| <b>Consolidated financial statements</b>              | <b>12,130</b>             | <b>6,447</b>               | <b>(8,559)</b>                                             | <b>-</b>                      | <b>(4,685)</b>                                        |

#### Six-month period ended

30 June 2017

|                                                       | Net<br>interest<br>income | Non-<br>interest<br>income | Consolidated<br>Operating<br>expenses<br>(in million Baht) | Other<br>income<br>(expenses) | Impairment<br>loss on loans<br>and debt<br>securities |
|-------------------------------------------------------|---------------------------|----------------------------|------------------------------------------------------------|-------------------------------|-------------------------------------------------------|
| Segment reporting                                     | 12,385                    | 6,010                      | (8,496)                                                    | -                             | (4,486)                                               |
| Bad debts, doubtful accounts and<br>impairment losses | -                         | 38                         | (1)                                                        | -                             | (37)                                                  |
| Others                                                | (28)                      | -                          | 28                                                         | -                             | -                                                     |
| <b>Consolidated financial statements</b>              | <b>12,357</b>             | <b>6,048</b>               | <b>(8,469)</b>                                             | <b>-</b>                      | <b>(4,523)</b>                                        |

# TMB Bank Public Company Limited and its Subsidiaries

## Notes to the interim financial statements

For the six-month period ended 30 June 2018

For the three-month period ended 30 June 2018 (Unaudited)

|                        | <b>Consolidated</b><br>30 June 2018 |                   |                   |             | Total   |
|------------------------|-------------------------------------|-------------------|-------------------|-------------|---------|
|                        | Commercial<br>Banking               | Retail<br>Banking | Other<br>segments | Elimination |         |
|                        | <i>(in million Baht)</i>            |                   |                   |             |         |
| Assets                 | 572,883                             | 193,127           | 91,160            | (7,155)     | 850,015 |
| Liabilities and equity | 229,876                             | 448,033           | 179,261           | (7,155)     | 850,015 |

|                        | <b>Consolidated</b><br>31 December 2017 |                   |                   |             | Total   |
|------------------------|-----------------------------------------|-------------------|-------------------|-------------|---------|
|                        | Commercial<br>Banking                   | Retail<br>Banking | Other<br>segments | Elimination |         |
|                        | <i>(in million Baht)</i>                |                   |                   |             |         |
| Assets                 | 579,813                                 | 179,939           | 88,149            | (4,029)     | 843,872 |
| Liabilities and equity | 236,303                                 | 425,314           | 186,284           | (4,029)     | 843,872 |

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

36.1 As at 30 June 2018 and 31 December 2017, the financial position classified by domestic and foreign business was as follows:

|                                                             | <b>Consolidated</b><br>30 June 2018 |                     |         | <b>Consolidated</b><br>31 December 2017 |                     |         |
|-------------------------------------------------------------|-------------------------------------|---------------------|---------|-----------------------------------------|---------------------|---------|
|                                                             | Domestic<br>business                | Foreign<br>business | Total   | Domestic<br>business                    | Foreign<br>business | Total   |
|                                                             | <i>(in million Baht)</i>            |                     |         |                                         |                     |         |
| Total assets                                                | 849,328                             | 687                 | 850,015 | 843,202                                 | 670                 | 843,872 |
| Interbank and money market<br>items, net (assets)           | 104,792                             | 587                 | 105,379 | 111,977                                 | 557                 | 112,534 |
| Investments, net                                            | 62,202                              | -                   | 62,202  | 61,305                                  | -                   | 61,305  |
| Loans to customers and accrued<br>interest receivables, net | 630,032                             | 47                  | 630,079 | 619,323                                 | 50                  | 619,373 |
| Deposits                                                    | 632,007                             | 126                 | 632,133 | 611,310                                 | 120                 | 611,430 |
| Interbank and money market<br>items (liabilities)           | 45,013                              | 159                 | 45,172  | 53,005                                  | 7,344               | 60,349  |
| Debts issued and borrowings, net                            | 22,521                              | 9,950               | 32,471  | 20,539                                  | 12,813              | 33,352  |

# TMB Bank Public Company Limited and its Subsidiaries

## Notes to the interim financial statements

For the six-month period ended 30 June 2018

For the three-month period ended 30 June 2018 (Unaudited)

36.2 The results of operations classified by domestic and foreign business for the three-month and six-month periods ended 30 June 2018 and 2017 were as follows:

| <b>Three-month periods<br/>ended 30 June</b>               | <b>Consolidated</b>      |                     |              |                      |                     |              |
|------------------------------------------------------------|--------------------------|---------------------|--------------|----------------------|---------------------|--------------|
|                                                            | 2018                     |                     | 2017         |                      |                     |              |
|                                                            | Domestic<br>business     | Foreign<br>business | Total        | Domestic<br>business | Foreign<br>business | Total        |
|                                                            | <i>(in million Baht)</i> |                     |              |                      |                     |              |
| Interest income                                            | 8,696                    | 4                   | 8,700        | 8,686                | 1                   | 8,687        |
| Interest expenses                                          | 2,519                    | 81                  | 2,600        | 2,361                | 128                 | 2,489        |
| Net interest income (expenses)                             | 6,177                    | (77)                | 6,100        | 6,325                | (127)               | 6,198        |
| Net fees and service income                                | 2,460                    | -                   | 2,460        | 2,827                | -                   | 2,827        |
| Total other operating income                               | 633                      | -                   | 633          | 482                  | -                   | 482          |
| Total other operating expenses                             | 4,291                    | 3                   | 4,294        | 4,362                | 3                   | 4,365        |
| Impairment loss on loans<br>and debt securities            | 2,380                    | -                   | 2,380        | 2,282                | -                   | 2,282        |
| <b>Profit (loss) from operations<br/>before income tax</b> | <b>2,599</b>             | <b>(80)</b>         | <b>2,519</b> | <b>2,990</b>         | <b>(130)</b>        | <b>2,860</b> |

| <b>Six-month periods<br/>ended 30 June</b>                 | <b>Consolidated</b>      |                     |              |                      |                     |              |
|------------------------------------------------------------|--------------------------|---------------------|--------------|----------------------|---------------------|--------------|
|                                                            | 2018                     |                     | 2017         |                      |                     |              |
|                                                            | Domestic<br>business     | Foreign<br>business | Total        | Domestic<br>business | Foreign<br>business | Total        |
|                                                            | <i>(in million Baht)</i> |                     |              |                      |                     |              |
| Interest income                                            | 17,236                   | 9                   | 17,245       | 17,245               | 2                   | 17,247       |
| Interest expenses                                          | 4,900                    | 215                 | 5,115        | 4,628                | 262                 | 4,890        |
| Net interest income (expenses)                             | 12,336                   | (206)               | 12,130       | 12,617               | (260)               | 12,357       |
| Net fees and service income                                | 5,201                    | -                   | 5,201        | 4,861                | -                   | 4,861        |
| Total other operating income                               | 1,246                    | -                   | 1,246        | 1,187                | -                   | 1,187        |
| Total other operating expenses                             | 8,553                    | 6                   | 8,559        | 8,464                | 5                   | 8,469        |
| Impairment loss on loans<br>and debt securities            | 4,685                    | -                   | 4,685        | 4,523                | -                   | 4,523        |
| <b>Profit (loss) from operations<br/>before income tax</b> | <b>5,545</b>             | <b>(212)</b>        | <b>5,333</b> | <b>5,678</b>         | <b>(265)</b>        | <b>5,413</b> |

## 37 Interest income

| <b>Three-month periods ended 30 June</b> | <b>Consolidated</b>      |              | <b>Bank only</b> |              |
|------------------------------------------|--------------------------|--------------|------------------|--------------|
|                                          | 2018                     | 2017         | 2018             | 2017         |
|                                          | <i>(in million Baht)</i> |              |                  |              |
| Interbank and money market items         | 439                      | 421          | 437              | 417          |
| Investments and trading transactions     | 12                       | 32           | 12               | 32           |
| Investments in debt securities           | 258                      | 326          | 258              | 314          |
| Loans to customers                       | 7,989                    | 7,898        | 7,987            | 7,895        |
| Others                                   | 2                        | 10           | 2                | 10           |
| <b>Total</b>                             | <b>8,700</b>             | <b>8,687</b> | <b>8,696</b>     | <b>8,668</b> |

# TMB Bank Public Company Limited and its Subsidiaries

## Notes to the interim financial statements

For the six-month period ended 30 June 2018

For the three-month period ended 30 June 2018 (Unaudited)

| <i>Six-month periods ended 30 June</i> | <b>Consolidated</b>      |               | <b>Bank only</b> |               |
|----------------------------------------|--------------------------|---------------|------------------|---------------|
|                                        | 2018                     | 2017          | 2018             | 2017          |
|                                        | <i>(in million Baht)</i> |               |                  |               |
| Interbank and money market items       | 883                      | 842           | 876              | 835           |
| Investments and trading transactions   | 16                       | 47            | 16               | 47            |
| Investments in debt securities         | 546                      | 635           | 541              | 612           |
| Loans to customers                     | 15,795                   | 15,697        | 15,791           | 15,690        |
| Others                                 | 5                        | 26            | 5                | 26            |
| <b>Total</b>                           | <b>17,245</b>            | <b>17,247</b> | <b>17,229</b>    | <b>17,210</b> |

### 38 Interest expenses

| <i>Three-month periods ended 30 June</i>           | <b>Consolidated</b>      |              | <b>Bank only</b> |              |
|----------------------------------------------------|--------------------------|--------------|------------------|--------------|
|                                                    | 2018                     | 2017         | 2018             | 2017         |
|                                                    | <i>(in million Baht)</i> |              |                  |              |
| Deposits                                           | 1,384                    | 1,241        | 1,388            | 1,242        |
| Interbank and money market items                   | 139                      | 175          | 139              | 175          |
| Contribution to Deposits Protection Agency and BoT | 742                      | 712          | 742              | 712          |
| Debts issued                                       |                          |              |                  |              |
| - Subordinated debentures                          | 228                      | 252          | 228              | 252          |
| - Others                                           | 79                       | 101          | 79               | 101          |
| Borrowings                                         | 4                        | 8            | 4                | 8            |
| Others                                             | 24                       | -            | 24               | -            |
| <b>Total</b>                                       | <b>2,600</b>             | <b>2,489</b> | <b>2,604</b>     | <b>2,490</b> |

| <i>Six-month periods ended 30 June</i>             | <b>Consolidated</b>      |              | <b>Bank only</b> |              |
|----------------------------------------------------|--------------------------|--------------|------------------|--------------|
|                                                    | 2018                     | 2017         | 2018             | 2017         |
|                                                    | <i>(in million Baht)</i> |              |                  |              |
| Deposits                                           | 2,689                    | 2,392        | 2,698            | 2,392        |
| Interbank and money market items                   | 320                      | 336          | 320              | 336          |
| Contribution to Deposits Protection Agency and BoT | 1,463                    | 1,408        | 1,463            | 1,408        |
| Debts issued                                       |                          |              |                  |              |
| - Subordinated debentures                          | 436                      | 534          | 436              | 534          |
| - Others                                           | 168                      | 203          | 168              | 203          |
| Borrowings                                         | 9                        | 16           | 9                | 16           |
| Others                                             | 30                       | 1            | 30               | 1            |
| <b>Total</b>                                       | <b>5,115</b>             | <b>4,890</b> | <b>5,124</b>     | <b>4,890</b> |

# TMB Bank Public Company Limited and its Subsidiaries

## Notes to the interim financial statements

For the six-month period ended 30 June 2018

For the three-month period ended 30 June 2018 (Unaudited)

### 39 Net fees and service income

| <i>Three-month periods ended 30 June</i>                    | <b>Consolidated</b>      |              | <b>Bank only</b> |              |
|-------------------------------------------------------------|--------------------------|--------------|------------------|--------------|
|                                                             | 2018                     | 2017         | 2018             | 2017         |
|                                                             | <i>(in million Baht)</i> |              |                  |              |
| <b>Fees and service income</b>                              |                          |              |                  |              |
| - Acceptance, avals and guarantees                          | 112                      | 136          | 112              | 136          |
| - ATM, Debit card, Credit card and other banking electronic | 792                      | 738          | 792              | 738          |
| - Funds and Bancassurance                                   | 2,087                    | 2,357        | 1,698            | 2,027        |
| - Others                                                    | 350                      | 275          | 385              | 304          |
| <b>Total</b>                                                | <b>3,341</b>             | <b>3,506</b> | <b>2,987</b>     | <b>3,205</b> |
| <b>Fees and service expenses</b>                            |                          |              |                  |              |
| - ATM, Debit card, Credit card and other banking electronic | (581)                    | (429)        | (581)            | (429)        |
| - Others                                                    | (300)                    | (250)        | (218)            | (186)        |
| <b>Total</b>                                                | <b>(881)</b>             | <b>(679)</b> | <b>(799)</b>     | <b>(615)</b> |
| <b>Net</b>                                                  | <b>2,460</b>             | <b>2,827</b> | <b>2,188</b>     | <b>2,590</b> |

  

| <i>Six-month periods ended 30 June</i>                      | <b>Consolidated</b>      |                | <b>Bank only</b> |                |
|-------------------------------------------------------------|--------------------------|----------------|------------------|----------------|
|                                                             | 2018                     | 2017           | 2018             | 2017           |
|                                                             | <i>(in million Baht)</i> |                |                  |                |
| <b>Fees and service income</b>                              |                          |                |                  |                |
| - Acceptance, avals and guarantees                          | 225                      | 266            | 225              | 266            |
| - ATM, Debit card, Credit card and other banking electronic | 1,581                    | 1,503          | 1,581            | 1,503          |
| - Funds and Bancassurance                                   | 4,491                    | 3,795          | 3,697            | 3,193          |
| - Others                                                    | 659                      | 605            | 730              | 662            |
| <b>Total</b>                                                | <b>6,956</b>             | <b>6,169</b>   | <b>6,233</b>     | <b>5,624</b>   |
| <b>Fees and service expenses</b>                            |                          |                |                  |                |
| - ATM, Debit card, Credit card and other banking electronic | (1,177)                  | (834)          | (1,177)          | (834)          |
| - Others                                                    | (578)                    | (474)          | (407)            | (350)          |
| <b>Total</b>                                                | <b>(1,755)</b>           | <b>(1,308)</b> | <b>(1,584)</b>   | <b>(1,184)</b> |
| <b>Net</b>                                                  | <b>5,201</b>             | <b>4,861</b>   | <b>4,649</b>     | <b>4,440</b>   |

### 40 Gains on trading and foreign exchange transactions, net

| <i>Three-month periods ended 30 June</i>                         | <b>Consolidated and Bank only</b> |            |
|------------------------------------------------------------------|-----------------------------------|------------|
|                                                                  | 2018                              | 2017       |
|                                                                  | <i>(in million Baht)</i>          |            |
| Gains (losses) on trading and foreign exchange transactions, net |                                   |            |
| - Foreign currencies and derivatives on foreign exchange         | 310                               | 240        |
| - Derivatives on interest rates                                  | 62                                | (43)       |
| - Debt securities                                                | (20)                              | (2)        |
| <b>Total</b>                                                     | <b>352</b>                        | <b>195</b> |

**TMB Bank Public Company Limited and its Subsidiaries**  
**Notes to the interim financial statements**  
**For the six-month period ended 30 June 2018**  
**For the three-month period ended 30 June 2018 (Unaudited)**

| <i>Six-month periods ended 30 June</i>                           | <b>Consolidated and Bank only</b> |            |
|------------------------------------------------------------------|-----------------------------------|------------|
|                                                                  | 2018                              | 2017       |
|                                                                  | <i>(in million Baht)</i>          |            |
| Gains (losses) on trading and foreign exchange transactions, net |                                   |            |
| - Foreign currencies and derivatives on foreign exchange         | 551                               | 556        |
| - Derivatives on interest rates                                  | 279                               | (10)       |
| - Debt securities                                                | (23)                              | 37         |
| <b>Total</b>                                                     | <b>807</b>                        | <b>583</b> |

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

Losses on financial liabilities designated at fair value through profit or loss, net for the three-month and six-month periods ended 30 June 2018 and 2017 were as follows:

| <i>Three-month periods ended 30 June</i>                                                    | <b>Consolidated and Bank only</b> |            |
|---------------------------------------------------------------------------------------------|-----------------------------------|------------|
|                                                                                             | 2018                              | 2017       |
|                                                                                             | <i>(in million Baht)</i>          |            |
| Net change in fair value                                                                    | -                                 | (9)        |
| <b>Losses on financial liabilities designated at fair value through profit or loss, net</b> | <b>-</b>                          | <b>(9)</b> |

| <i>Six-month periods ended 30 June</i>                                                      | <b>Consolidated and Bank only</b> |             |
|---------------------------------------------------------------------------------------------|-----------------------------------|-------------|
|                                                                                             | 2018                              | 2017        |
|                                                                                             | <i>(in million Baht)</i>          |             |
| Net change in fair value                                                                    | (3)                               | (16)        |
| <b>Losses on financial liabilities designated at fair value through profit or loss, net</b> | <b>(3)</b>                        | <b>(16)</b> |

**42 Gains on investments, net**

| <i>Three-month periods ended 30 June</i>  | <b>Consolidated and Bank only</b> |           |
|-------------------------------------------|-----------------------------------|-----------|
|                                           | 2018                              | 2017      |
| <b>Gains on sales</b>                     |                                   |           |
| - Available-for-sale investments          | 2                                 | 25        |
| - Held to maturity                        | 96                                | -         |
| <b>Total</b>                              | <b>98</b>                         | <b>25</b> |
| <b>Reversal of (losses on) impairment</b> |                                   |           |
| - Available-for-sale investments          | (1)                               | -         |
| - General investments                     | -                                 | 22        |
| <b>Total</b>                              | <b>(1)</b>                        | <b>22</b> |
| <b>Net</b>                                | <b>97</b>                         | <b>47</b> |

# TMB Bank Public Company Limited and its Subsidiaries

## Notes to the interim financial statements

For the six-month period ended 30 June 2018

For the three-month period ended 30 June 2018 (Unaudited)

| <i>Six-month periods ended 30 June</i>    | <b>Consolidated and Bank only</b> |           |
|-------------------------------------------|-----------------------------------|-----------|
|                                           | 2018                              | 2017      |
| <b>Gains on sales</b>                     |                                   |           |
| - Available-for-sale investments          | 10                                | 27        |
| - Held to maturity                        | 96                                | -         |
| - General investments                     | 1                                 | -         |
| <b>Total</b>                              | <b>107</b>                        | <b>27</b> |
| <b>Reversal of (losses on) impairment</b> |                                   |           |
| - Available-for-sale investments          | (1)                               | -         |
| - General investments                     | -                                 | 22        |
| <b>Total</b>                              | <b>(1)</b>                        | <b>22</b> |
| <b>Net</b>                                | <b>106</b>                        | <b>49</b> |

### 43 Other operating expenses

| <i>Three-month periods ended 30 June</i>                          | <b>Consolidated</b>      |              | <b>Bank only</b> |              |
|-------------------------------------------------------------------|--------------------------|--------------|------------------|--------------|
|                                                                   | 2018                     | 2017         | 2018             | 2017         |
|                                                                   | <i>(in million Baht)</i> |              |                  |              |
| Marketing and business promotion expenses                         | 295                      | 313          | 270              | 292          |
| Communication expenses                                            | 82                       | 86           | 82               | 86           |
| Amortisation of intangible assets                                 | 117                      | 92           | 117              | 92           |
| Losses on impairment of properties<br>foreclosed and other assets | 28                       | 32           | 28               | 29           |
| Others                                                            | 505                      | 483          | 499              | 477          |
| <b>Total</b>                                                      | <b>1,027</b>             | <b>1,006</b> | <b>996</b>       | <b>976</b>   |
|                                                                   |                          |              |                  |              |
| <i>Six-month periods ended 30 June</i>                            | <b>Consolidated</b>      |              | <b>Bank only</b> |              |
|                                                                   | 2018                     | 2017         | 2018             | 2017         |
|                                                                   | <i>(in million Baht)</i> |              |                  |              |
| Marketing and business promotion expenses                         | 626                      | 614          | 571              | 572          |
| Communication expenses                                            | 172                      | 176          | 172              | 175          |
| Amortisation of intangible assets                                 | 233                      | 178          | 232              | 177          |
| Losses on impairment of properties<br>foreclosed and other assets | 57                       | 56           | 57               | 53           |
| Others                                                            | 990                      | 926          | 980              | 915          |
| <b>Total</b>                                                      | <b>2,078</b>             | <b>1,950</b> | <b>2,012</b>     | <b>1,892</b> |

# TMB Bank Public Company Limited and its Subsidiaries

## Notes to the interim financial statements

For the six-month period ended 30 June 2018

For the three-month period ended 30 June 2018 (Unaudited)

### 44 Impairment loss on loans and debt securities

| <i>Three-month periods ended 30 June</i>                             | <b>Consolidated</b>      |                      | <b>Bank only</b> |                      |
|----------------------------------------------------------------------|--------------------------|----------------------|------------------|----------------------|
|                                                                      | 2018                     | 2017                 | 2018             | 2017                 |
|                                                                      | <i>(in million Baht)</i> |                      |                  |                      |
| Bad debts and doubtful accounts (reversal of)                        |                          |                      |                  |                      |
| - Interbank and money market items                                   | 43                       | 10                   | 43               | 10                   |
| - Loans to customers                                                 | 2,149                    | 2,286 <sup>(1)</sup> | 2,155            | 2,288 <sup>(1)</sup> |
| Allowance for debt restructuring on loans to customers (reversal of) | 188                      | (14)                 | 188              | (14)                 |
| <b>Total</b>                                                         | <b>2,380</b>             | <b>2,282</b>         | <b>2,386</b>     | <b>2,284</b>         |

  

| <i>Six-month periods ended 30 June</i>                 | <b>Consolidated</b>      |                      | <b>Bank only</b>     |                      |
|--------------------------------------------------------|--------------------------|----------------------|----------------------|----------------------|
|                                                        | 2018                     | 2017                 | 2018                 | 2017                 |
|                                                        | <i>(in million Baht)</i> |                      |                      |                      |
| Bad debts and doubtful accounts                        |                          |                      |                      |                      |
| - Interbank and money market items                     | 38                       | 6                    | 38                   | 6                    |
| - Loans to customers                                   | 4,222 <sup>(1)</sup>     | 4,479 <sup>(1)</sup> | 4,230 <sup>(1)</sup> | 4,483 <sup>(1)</sup> |
| Allowance for debt restructuring on loans to customers | 425                      | 38                   | 425                  | 38                   |
| <b>Total</b>                                           | <b>4,685</b>             | <b>4,523</b>         | <b>4,693</b>         | <b>4,527</b>         |

<sup>(1)</sup> The selling price in excess of the carrying value of NPLs sale (see in Note 11.5) of Baht 6 million for the six-month period ended 30 June 2018 (2017: Baht 51 million) was presented as a deduction from this item.

### 45 Earnings per share

#### *Basic earnings per share*

The calculations of basic earnings per share for the three-month and six-month periods ended 30 June 2018 and 2017 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>                                                   | <b>Consolidated</b> |               | <b>Bank only</b> |               |
|--------------------------------------------------------------------------------------------|---------------------|---------------|------------------|---------------|
|                                                                                            | 2018                | 2017          | 2018             | 2017          |
| Profit for the periods attributable to equity holders of the Bank <i>(in million Baht)</i> | 2,026               | 2,330         | 1,925            | 2,337         |
| Weighted average number of ordinary shares outstanding <i>(in million shares)</i>          | 43,851              | 43,836        | 43,851           | 43,836        |
| <b>Basic earnings per share <i>(in Baht)</i></b>                                           | <b>0.0462</b>       | <b>0.0531</b> | <b>0.0439</b>    | <b>0.0533</b> |

  

| <i>Six-month periods ended 30 June</i>                                                     | <b>Consolidated</b> |               | <b>Bank only</b> |               |
|--------------------------------------------------------------------------------------------|---------------------|---------------|------------------|---------------|
|                                                                                            | 2018                | 2017          | 2018             | 2017          |
| Profit for the periods attributable to equity holders of the Bank <i>(in million Baht)</i> | 4,306               | 4,426         | 4,738            | 4,349         |
| Weighted average number of ordinary shares outstanding <i>(in million shares)</i>          | 43,845              | 43,822        | 43,845           | 43,822        |
| <b>Basic earnings per share <i>(in Baht)</i></b>                                           | <b>0.0982</b>       | <b>0.1010</b> | <b>0.1081</b>    | <b>0.0992</b> |

# TMB Bank Public Company Limited and its Subsidiaries

## Notes to the interim financial statements

For the six-month period ended 30 June 2018

For the three-month period ended 30 June 2018 (Unaudited)

### *Diluted earnings per share*

The calculations of diluted earnings per share for the three-month and six-month periods ended 30 June 2018 and 2017 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>                                                          | <b>Consolidated</b>  |                      | <b>Bank only</b>     |                      |
|---------------------------------------------------------------------------------------------------|----------------------|----------------------|----------------------|----------------------|
|                                                                                                   | 2018                 | 2017                 | 2018                 | 2017                 |
| Profit for the periods attributable to equity holders of the Bank <i>(in million Baht)</i>        | <u>2,026</u>         | <u>2,330</u>         | <u>1,925</u>         | <u>2,337</u>         |
| Weighted average number of ordinary shares outstanding <i>(in million shares)</i>                 | 43,851               | 43,836               | 43,851               | 43,836               |
| Effect of dilutive potential ordinary shares from TMB PSBP 2010 Scheme <i>(in million shares)</i> | <u>1</u>             | <u>18</u>            | <u>1</u>             | <u>18</u>            |
| Weighted average number of diluted ordinary shares outstanding <i>(in million shares)</i>         | <u>43,852</u>        | <u>43,854</u>        | <u>43,852</u>        | <u>43,854</u>        |
| <b>Diluted earnings per share <i>(in Baht)</i></b>                                                | <b><u>0.0462</u></b> | <b><u>0.0531</u></b> | <b><u>0.0439</u></b> | <b><u>0.0533</u></b> |

  

| <i>Six-month periods ended 30 June</i>                                                            | <b>Consolidated</b>  |                      | <b>Bank only</b>     |                      |
|---------------------------------------------------------------------------------------------------|----------------------|----------------------|----------------------|----------------------|
|                                                                                                   | 2018                 | 2017                 | 2018                 | 2017                 |
| Profit for the periods attributable to equity holders of the Bank <i>(in million Baht)</i>        | <u>4,306</u>         | <u>4,426</u>         | <u>4,738</u>         | <u>4,349</u>         |
| Weighted average number of ordinary shares outstanding <i>(in million shares)</i>                 | 43,845               | 43,822               | 43,845               | 43,822               |
| Effect of dilutive potential ordinary shares from TMB PSBP 2010 Scheme <i>(in million shares)</i> | <u>7</u>             | <u>32</u>            | <u>7</u>             | <u>32</u>            |
| Weighted average number of diluted ordinary shares outstanding <i>(in million shares)</i>         | <u>43,852</u>        | <u>43,854</u>        | <u>43,852</u>        | <u>43,854</u>        |
| <b>Diluted earnings per share <i>(in Baht)</i></b>                                                | <b><u>0.0982</u></b> | <b><u>0.1009</u></b> | <b><u>0.1081</u></b> | <b><u>0.0992</u></b> |

**TMB Bank Public Company Limited and its Subsidiaries**  
**Notes to the interim financial statements**  
**For the six-month period ended 30 June 2018**  
**For the three-month period ended 30 June 2018 (Unaudited)**

**46 Events after the reporting period**

**46.1 Execution of an Agreement in relation to TMB Asset Management Company Limited**

On 25 July 2018, the Board of Directors' Meeting of the Bank had passed a resolution to approve that TMB enter into an Agreement with Prudential Corporation Asia Limited ("PCAL") (dated 25 July 2018) to form a partnership with Eastspring Investments (Singapore) Limited ("Eastspring"), an indirect wholly owned subsidiary of PCAL, in relation to TMB Asset Management Company Limited ("TMBAM"). Under the Agreement, TMB agrees to sell 65% of shares in TMBAM shares, a wholly-owned subsidiary of the Bank, to PCAL and to divest the remaining 35% to PCAL through a predefined mechanism in the future. Closing is subject to meeting customary conditions including obtaining regulatory approvals.

**46.2 Counting a part of net profit for the period as Tier 1 Capital**

On 22 Aug 2018, the Board of Directors' Meeting of the Bank passed a resolution to approve the inclusion of a part of net profit for the six-month period ended 30 Jun 2018 amounting to Baht 3,722 million to be counted as Tier 1 Capital of the Bank.