

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

Interim financial statements
for the three-month and nine-month periods ended
30 September 2017
and
Independent Auditor's Report

Independent Auditor's Report on Review of Interim Financial Information

To the Board of Directors of TMB Bank Public Company Limited

I have reviewed the accompanying consolidated and the Bank only statements of financial position of TMB Bank Public Company Limited and its subsidiaries (the "Group"), and of TMB Bank Public Company Limited (the "Bank"), respectively, as at 30 September 2017; the consolidated and the Bank only statements of profit or loss and other comprehensive income for the three-month and nine-month periods ended 30 September 2017, changes in equity and cash flows for the nine-month period ended 30 September 2017; and the condensed notes ("interim financial information"). Management is responsible for the preparation and presentation of this interim financial information in accordance with Thai Accounting Standard 34, "Interim Financial Reporting". My responsibility is to express a conclusion on this interim financial information 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 financial information is not prepared, in all material respects, in accordance with Thai Accounting Standard 34, "Interim Financial Reporting".

(Chanchai Sakulkoedsin)
Certified Public Accountant
Registration No. 6827

KPMG Phoomchai Audit Ltd.
Bangkok
14 November 2017

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

Assets	Note	Consolidated		Bank only	
		30 September 2017	31 December 2016 (Restated) * (in thousand Baht)	30 September 2017	31 December 2016 (Restated) *
Cash		14,318,100	16,530,908	14,316,644	16,530,044
Interbank and money market items, net	15	130,253,463	113,857,825	129,064,618	112,924,852
Derivative assets		8,582,657	10,460,367	8,582,657	10,460,367
Investments, net	7, 15	60,321,862	62,985,265	57,206,382	59,960,002
Investments in subsidiaries, net	8	-	-	3,429,421	3,429,421
Loans to customers and accrued interest receivables, net	9, 15				
Loans to customers		619,146,725	593,509,981	619,098,815	593,461,910
Accrued interest receivables		974,987	914,973	974,987	914,973
Total loans to customers and accrued interest receivables		620,121,712	594,424,954	620,073,802	594,376,883
Less deferred revenue		(54,855)	(68,642)	(54,855)	(68,642)
Less allowance for doubtful accounts	9, 3, 11, 15	(25,121,044)	(24,910,906)	(25,090,854)	(24,880,555)
Less revaluation allowance for debt restructuring	9.6	(273,514)	(177,350)	(273,515)	(177,350)
Total loans to customers and accrued interest receivables, net		594,672,299	569,268,056	594,654,578	569,250,336
Properties for sale, net		2,089,892	1,506,050	2,089,892	1,506,050
Premises and equipment, net		11,692,841	12,383,373	11,666,574	12,354,385
Goodwill and other intangible assets, net		1,893,505	1,704,048	1,831,215	1,640,913
Deferred tax assets	18.1	497,978	774,854	487,986	760,716
Other receivables, net	6, 15	1,114,829	2,261,630	1,061,529	2,151,854
Other assets, net	15	5,276,478	5,583,812	5,265,975	5,518,852
Total assets		830,713,904	797,316,188	829,657,471	796,487,792

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

* Refer to note 3

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

		Consolidated		Bank only	
		30 September 2017	31 December 2016 (Restated) * (in thousand Baht)	30 September 2017	31 December 2016 (Restated) *
Liabilities and equity	<i>Note</i>				
Liabilities					
Deposits	15	607,312,927	598,948,198	607,442,778	599,021,383
Interbank and money market items	15	55,482,698	45,417,479	55,482,698	45,417,479
Liabilities payable on demand		3,549,947	4,032,188	3,549,947	4,032,188
Financial liabilities designated at fair value through profit or loss		384,751	361,634	384,751	361,634
Derivative liabilities		7,718,866	10,728,155	7,718,867	10,728,155
Debts issued and borrowings, net	12, 15	33,850,967	39,874,305	33,850,967	39,874,305
Provisions for obligations on transfers of non-performing assets	6, 15	-	1,656,709	-	1,656,553
Provisions for employee benefits		1,279,462	1,453,099	1,250,140	1,424,722
Provisions for other liabilities		615,178	701,088	614,991	701,058
Deferred revenue		19,232,611	217,981	19,244,102	217,981
Other liabilities	15	13,429,387	10,077,546	13,257,022	9,981,898
Total liabilities		742,856,794	713,468,382	742,796,263	713,417,356
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					
43,839,858,871 ordinary shares of Baht 0.95 each (31 December 2016: 43,807,370,307 ordinary shares of Baht 0.95 each)		41,647,866	41,617,002	41,647,866	41,617,002
Premium on share capital		378,931	325,406	378,931	325,406
Other reserves		5,133,120	5,277,866	5,132,449	5,277,590
Retained earnings					
Appropriated					
Legal reserve		2,120,000	2,120,000	2,120,000	2,120,000
Unappropriated		38,433,728	34,382,496	37,581,962	33,730,438
Equity attributable to equity holders of the Bank		87,713,645	83,722,770	86,861,208	83,070,436
Non-controlling interest		143,465	125,036	-	-
Total equity		87,857,110	83,847,806	86,861,208	83,070,436
Total liabilities and equity		830,713,904	797,316,188	829,657,471	796,487,792

Mr. Boontuck Wungcharoen
Chief Executive Officer

Mr. Singha Nikornpun
Chairman of the Audit Committee

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

* Refer to note 3

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 September		30 September	
		2017	2016	2017	2016
		<i>(in thousand Baht)</i>			
Interest income	15	8,753,366	8,795,151	8,731,506	8,783,006
Interest expenses	15	2,560,727	2,526,905	2,560,727	2,526,905
Net interest income		6,192,639	6,268,246	6,170,779	6,256,101
Fees and service income	15	3,539,102	2,579,522	3,217,966	2,361,679
Fees and service expenses	15	747,722	545,137	683,036	504,539
Net fees and service income		2,791,380	2,034,385	2,534,930	1,857,140
Gains on trading and foreign exchange transactions, net		250,682	371,597	250,682	371,597
Gains (losses) on financial liabilities designated at fair value through profit or loss, net		(7,463)	552	(7,463)	552
Gains on investments, net		8,360	114,524	8,360	18,201
Other operating income	15	140,579	175,229	135,484	168,362
Total operating income		9,376,177	8,964,533	9,092,772	8,671,953
Other operating expenses					
Employee expenses	15	1,961,736	2,098,666	1,900,258	2,040,508
Directors' remuneration	15	8,074	7,484	7,984	7,394
Premises and equipment expenses		849,028	812,854	833,538	797,605
Taxes and duties		312,792	320,053	312,286	319,793
Others	15	1,314,567	884,659	1,269,355	834,752
Total other operating expenses		4,446,197	4,123,716	4,323,421	4,000,052
Impairment loss on loans and debt securities	15	2,390,997	2,540,774	2,394,169	2,548,938
Profit from operations before income tax		2,538,983	2,300,043	2,375,182	2,122,963
Income tax	18.2	521,261	450,523	492,643	415,497
Profit for the period		2,017,722	1,849,520	1,882,539	1,707,466
Other comprehensive income					
<i>Items that will be reclassified subsequently to profit or loss</i>					
Gains (losses) on remeasuring available-for-sale investments		11,821	(104,834)	11,749	(29,659)
Losses arising from translating the financial statements of foreign operations		(10,104)	(10,126)	(10,104)	(10,126)
Income tax relating to items that will be reclassified subsequently to profit or loss	18.2	(344)	22,992	(328)	7,957
		1,373	(91,968)	1,317	(31,828)
<i>Items that will not be reclassified subsequently to profit or loss</i>					
Change in revaluation surplus on assets		(20,473)	(16,023)	(20,473)	(16,023)
Actuarial losses on post-employment benefit plan		(31,139)	-	(31,139)	-
Income tax relating to items that will not be reclassified subsequently to profit or loss	18.2	10,322	3,205	10,322	3,205
		(41,290)	(12,818)	(41,290)	(12,818)
Total other comprehensive income for the period, net of income tax		(39,917)	(104,786)	(39,973)	(44,646)
Total comprehensive income for the period		1,977,805	1,744,734	1,842,566	1,662,820

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

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

	Consolidated		Bank only	
	Three-month period ended		Three-month period ended	
	30 September		30 September	
<i>Note</i>	2017	2016	2017	2016
	<i>(in thousand Baht)</i>			
Profit attributable to:				
Equity holders of the Bank	2,003,468	1,845,167	1,882,539	1,707,466
Non-controlling interest	14,254	4,353	-	-
Profit for the period	2,017,722	1,849,520	1,882,539	1,707,466
Total comprehensive income attributable to:				
Equity holders of the Bank	1,963,551	1,740,381	1,842,566	1,662,820
Non-controlling interest	14,254	4,353	-	-
Total comprehensive income for the period	1,977,805	1,744,734	1,842,566	1,662,820
Earnings per share	19			
Basic earnings per share (in Baht)	0.0457	0.0421	0.0429	0.0390
Diluted earnings per share (in Baht)	0.0457	0.0421	0.0429	0.0389

Mr. Boontuck Wungcharoen
Chief Executive Officer

Mr. Singha Nikornpun
Chairman of the Audit Committee

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

		Consolidated		Bank only	
		Nine-month period ended		Nine-month period ended	
		30 September		30 September	
	<i>Note</i>	2017	2016	2017	2016
		<i>(in thousand Baht)</i>			
Interest income	15	26,000,754	26,854,007	25,941,548	26,826,891
Interest expenses	15	7,450,623	8,484,145	7,450,766	8,484,196
Net interest income		18,550,131	18,369,862	18,490,782	18,342,695
Fees and service income	15	9,708,514	7,358,384	8,842,285	6,795,649
Fees and service expenses	15	2,056,205	1,566,378	1,866,934	1,474,332
Net fees and service income		7,652,309	5,792,006	6,975,351	5,321,317
Gains on trading and foreign exchange transactions, net		833,510	1,115,866	833,510	1,115,866
Losses on financial liabilities designated at fair value through profit or loss, net		(23,117)	(21,933)	(23,117)	(21,933)
Gains on investments, net		56,921	187,270	56,921	90,323
Other operating income	15	711,617	444,865	810,758	423,949
Total operating income		27,781,371	25,887,936	27,144,205	25,272,217
Other operating expenses					
Employee expenses	15	6,187,593	6,000,095	6,004,708	5,825,614
Directors' remuneration	15	36,919	33,929	36,649	33,659
Premises and equipment expenses		2,508,316	2,308,877	2,461,778	2,262,365
Taxes and duties		936,842	955,685	935,367	954,985
Others	15	3,245,899	2,775,067	3,143,574	2,663,828
Total other operating expenses		12,915,569	12,073,653	12,582,076	11,740,451
Impairment loss on loans and debt securities	15	6,913,780	6,415,805	6,921,094	6,425,747
Profit from operations before income tax		7,952,022	7,398,478	7,641,035	7,106,019
Income tax	18.2	1,486,506	1,298,938	1,409,284	1,240,589
Profit for the period		6,465,516	6,099,540	6,231,751	5,865,430
Other comprehensive income					
Items that will be reclassified subsequently to profit or loss					
Gains (losses) on remeasuring available-for-sale investments		95,902	(95,339)	95,408	(58,131)
Losses arising from translating the financial statements of foreign operations		(40,414)	(10,141)	(40,414)	(10,141)
Income tax relating to items that will be reclassified subsequently to profit or loss	18.2	(11,098)	21,096	(10,998)	13,655
		44,390	(84,384)	43,996	(54,617)
Items that will not be reclassified subsequently to profit or loss					
Change in revaluation surplus on assets		(33,446)	2,088,269	(33,446)	2,088,269
Actuarial gains on post-employment benefit plan		192,772	89,069	189,900	91,464
Income tax relating to items that will not be reclassified subsequently to profit or loss	18.2	(31,865)	(435,468)	(31,291)	(435,947)
		127,461	1,741,870	125,163	1,743,786
Total other comprehensive income for the period, net of income tax		171,851	1,657,486	169,159	1,689,169
Total comprehensive income for the period		6,637,367	7,757,026	6,400,910	7,554,599

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	
	Nine-month period ended		Nine-month period ended	
	30 September		30 September	
	2017	2016	2017	2016
	<i>(in thousand Baht)</i>			
Profit attributable to:				
Equity holders of the Bank	6,429,449	6,087,875	6,231,751	5,865,430
Non-controlling interest	36,067	11,665	-	-
Profit for the period	6,465,516	6,099,540	6,231,751	5,865,430
Total comprehensive income attributable to:				
Equity holders of the Bank	6,601,013	7,745,601	6,400,910	7,554,599
Non-controlling interest	36,354	11,425	-	-
Total comprehensive income for the period	6,637,367	7,757,026	6,400,910	7,554,599
Earnings per share	19			
Basic earnings per share (in Baht)	0.1467	0.1390	0.1422	0.1340
Diluted earnings per share (in Baht)	0.1466	0.1388	0.1421	0.1337

Mr. Boontuck Wungcharoen
Chief Executive Officer

Mr. Singha Nikornpun
Chairman of the Audit Committee

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

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

		Consolidated										
		Other reserves						Retained earnings				
						Translation adjustment arising from translating the financial statements of foreign operations, net (in thousand Baht)	Total other reserve			Equity attributable to equity holders of the Bank	Non-controlling interest	Total equity
Note	Issued and paid-up share capital	Premium on share capital	Other reserve - share-based payments	Revaluation surplus on assets, net	Revaluation surplus on available-for-sale investments, net			Legal reserve	Unappropriated			
Nine-month period ended 30 September 2016												
Balance at 1 January 2016	41,562,025	236,181	212,651	3,596,433	82,615	67,991	3,959,690	1,710,000	29,023,338	76,491,234	107,129	76,598,363
Comprehensive income for the period												
Profit for the period	-	-	-	-	-	-	-	-	6,087,875	6,087,875	11,665	6,099,540
Other comprehensive income	-	-	-	1,670,615	(76,272)	(8,113)	1,586,230	-	71,496	1,657,726	(240)	1,657,486
Total comprehensive income for the period	-	-	-	1,670,615	(76,272)	(8,113)	1,586,230	-	6,159,371	7,745,601	11,425	7,757,026
Contributions by and distribution to owners of the bank												
Expenses in relation to share-based payments	-	-	30,036	-	-	-	30,036	-	-	30,036	-	30,036
Issued ordinary shares to employees	54,977	89,766	(144,743)	-	-	-	(144,743)	-	-	-	-	-
Expenses in relation to issuance of ordinary shares to employees	-	(541)	-	-	-	-	-	-	-	(541)	-	(541)
Dividend paid	20	-	-	-	-	-	-	-	(2,628,305)	(2,628,305)	-	(2,628,305)
Total contributions by and distribution to owners of the bank	54,977	89,225	(114,707)	-	-	-	(114,707)	-	(2,628,305)	(2,598,810)	-	(2,598,810)
Transfer to retained earnings	-	-	-	(80,790)	-	-	(80,790)	-	80,790	-	-	-
Balance at 30 September 2016	41,617,002	325,406	97,944	5,186,258	6,343	59,878	5,350,423	1,710,000	32,635,194	81,638,025	118,554	81,756,579
Nine-month period ended 30 September 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	-	-	-	-	-	-	-	-	6,429,449	6,429,449	36,067	6,465,516
Other comprehensive income	-	-	-	(26,756)	76,721	(32,331)	17,634	-	153,930	171,564	287	171,851
Total comprehensive income for the period	-	-	-	(26,756)	76,721	(32,331)	17,634	-	6,583,379	6,601,013	36,354	6,637,367
Contributions by and distribution to owners of the bank												
Expenses in relation to share-based payments	-	-	13,342	-	-	-	13,342	-	-	13,342	-	13,342
Issued ordinary shares to employees	30,864	54,037	(84,901)	-	-	-	(84,901)	-	-	-	-	-
Expenses in relation to issuance of ordinary shares to employees	-	(512)	-	-	-	-	-	-	-	(512)	-	(512)
Dividend paid	20	-	-	-	-	-	-	-	(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	(71,559)	-	-	-	(71,559)	-	(2,622,968)	(2,610,138)	(17,925)	(2,628,063)
Transfer to retained earnings	-	-	-	(90,821)	-	-	(90,821)	-	90,821	-	-	-
Balance at 30 September 2017	41,647,866	378,931	33,818	5,042,617	21,038	35,647	5,133,120	2,120,000	38,433,728	87,713,645	143,465	87,857,110

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

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

		Bank only									
		Other reserves						Retained earnings			
		Issued and paid-up share capital	Premium on share capital	Other reserve - share-based payments	Revaluation surplus on assets, net	Revaluation surplus on available-for-sale investments, net	Translation adjustment arising from translating the financial statements of foreign operations, net	Total other reserve	Legal reserve	Unappropriated	Total equity
(in thousand Baht)											
Nine-month period ended 30 September 2016											
		41,562,025	236,181	212,651	3,596,433	50,683	67,991	3,927,758	1,710,000	28,561,265	75,997,229
Comprehensive income for the period											
		-	-	-	-	-	-	-	-	5,865,430	5,865,430
		-	-	-	1,670,615	(46,504)	(8,113)	1,615,998	-	73,171	1,689,169
		-	-	-	1,670,615	(46,504)	(8,113)	1,615,998	-	5,938,601	7,554,599
Contributions by and distribution to owners of the bank											
		-	-	30,036	-	-	-	30,036	-	-	30,036
		54,977	89,766	(144,743)	-	-	-	(144,743)	-	-	-
		-	(541)	-	-	-	-	-	-	-	(541)
	20	-	-	-	-	-	-	-	-	(2,628,305)	(2,628,305)
Total contributions by and distribution to owners of the bank											
		54,977	89,225	(114,707)	-	-	-	(114,707)	-	(2,628,305)	(2,598,810)
		-	-	-	(80,790)	-	-	(80,790)	-	80,790	-
		41,617,002	325,406	97,944	5,186,258	4,179	59,878	5,348,259	1,710,000	31,952,351	80,953,018
Nine-month period ended 30 September 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											
		-	-	-	-	-	-	-	-	6,231,751	6,231,751
		-	-	-	(26,756)	76,326	(32,331)	17,239	-	151,920	169,159
		-	-	-	(26,756)	76,326	(32,331)	17,239	-	6,383,671	6,400,910
Contributions by and distribution to owners of the bank											
		-	-	13,342	-	-	-	13,342	-	-	13,342
		30,864	54,037	(84,901)	-	-	-	(84,901)	-	-	-
		-	(512)	-	-	-	-	-	-	-	(512)
	20	-	-	-	-	-	-	-	-	(2,622,968)	(2,622,968)
Total contributions by and distribution to owners of the bank											
		30,864	53,525	(71,559)	-	-	-	(71,559)	-	(2,622,968)	(2,610,138)
		-	-	-	(90,821)	-	-	(90,821)	-	90,821	-
		41,647,866	378,931	33,818	5,042,617	20,367	35,647	5,132,449	2,120,000	37,581,962	86,861,208

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

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

	Consolidated		Bank only	
	Nine-month period ended		Nine-month period ended	
	30 September		30 September	
<i>Note</i>	2017	2016	2017	2016
	<i>(in thousand Baht)</i>			
<i>Cash flows from operating activities</i>				
Profit from operations before income tax	7,952,022	7,398,478	7,641,035	7,106,019
<i>Adjustments to reconcile profit from operations before income tax expense to net cash provided by (used in) operating activities</i>				
Depreciation and amortisation	994,630	922,240	985,118	911,292
Impairment loss on loans and debt securities	6,913,780	6,415,805	6,921,094	6,425,747
Impairment loss on premises and equipment (reversal of)	17,266	(60,252)	17,266	(60,252)
Impairment loss on properties for sale and other assets (reversal of)	206,022	(19,445)	203,075	(18,156)
Provisions for employee benefits and other liabilities	53,830	264,712	50,013	260,917
Impairment loss on investments (reversal of)	(21,781)	5,147	(21,781)	5,147
Losses (gains) on revaluation of trading investments	3,075	(1,804)	3,075	(1,804)
Losses on disposal of intangible assets	8,743	-	8,743	-
Gains on disposal of premises and equipment	(35,406)	(30,408)	(35,176)	(28,401)
Gains on disposal of investments	(35,140)	(192,417)	(35,140)	(95,470)
Unrealised losses on remeasurement of financial liabilities designated at fair value through profit or loss	23,117	21,933	23,117	21,933
Unrealised gains on exchange on borrowings and derivatives	(1,965,955)	(219,853)	(1,965,955)	(219,853)
Expenses in relation to share-based payments	13,342	30,036	13,342	30,036
Net interest income	(18,550,131)	(18,369,862)	(18,490,782)	(18,342,695)
Dividend income	(28,559)	(56,404)	(154,034)	(56,404)
Interest received	25,259,199	25,874,270	25,269,143	25,845,992
Interest paid	(5,962,424)	(7,337,254)	(5,962,566)	(7,337,304)
Income tax paid	(2,153,423)	(1,386,721)	(2,088,948)	(1,352,635)
Profit from operations before changes in operating assets and liabilities	12,692,207	13,258,201	12,380,639	13,094,109
<i>Decrease (increase) in operating assets</i>				
Interbank and money market items	(16,376,498)	(750,802)	(16,121,849)	(576,233)
Trading investments	8,990,736	4,495,295	8,990,736	4,495,295
Loans to customers	(32,709,832)	(21,709,597)	(32,717,146)	(21,440,039)
Properties for sale	255,774	339,867	255,774	71,007
Other receivables	718,542	174,744	665,013	51,686
Other accrued income	(83,550)	96,174	(155,987)	47,636
Other assets	283,327	336,196	301,162	354,506
<i>Increase (decrease) in operating liabilities</i>				
Deposits	8,314,809	(38,102,876)	8,371,474	(38,098,110)
Interbank and money market items	10,065,219	(6,240,230)	10,065,219	(6,240,230)
Liabilities payable on demand	(482,241)	1,188,519	(482,241)	1,188,519
Financial liabilities designated at fair value through profit or loss	-	50,000	-	50,000
Short-term debt issued and borrowings	(445,215)	(21,878)	(445,215)	(21,878)
Provisions for obligations on transfers of non-performing assets	(1,317,048)	-	(1,317,048)	-
Provisions for employee benefits	(119,725)	(127,382)	(119,725)	(127,382)
Provisions for other liabilities	(11,820)	(16,740)	(11,820)	(16,740)
Account payables	280,670	(368,076)	280,708	(368,051)
Other accrued expenses	20,936	(713,247)	(59,205)	(781,851)
Deferred revenue	19,010,826	(75)	19,022,317	(75)
Other liabilities	3,049,996	920,946	3,062,944	992,801
Net cash provided by (used in) operating activities	12,137,113	(47,190,961)	11,965,750	(47,325,030)

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

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

	Consolidated		Bank only	
	Nine-month period ended		Nine-month period ended	
	30 September		30 September	
Note	2017	2016	2017	2016
	(in thousand Baht)			
Cash flows from investing activities				
Interest received	913,272	960,940	879,167	960,948
Dividend received	28,559	56,404	154,034	56,404
Purchase of available-for-sale investments	(36,835,136)	(25,606,086)	(32,209,276)	(22,516,022)
Proceeds from sales of available-for-sale investments	26,015,930	54,780,158	21,445,830	51,817,595
Purchase of held to maturity debt securities	-	(8,058,245)	-	(8,058,245)
Proceeds from redemption of matured held to maturity debt securities	4,557,847	14,929,069	4,557,847	14,929,069
Proceeds from sales of general investments	86,548	93,000	86,548	93,000
Purchase of premises and equipment	(370,838)	(760,723)	(364,482)	(751,686)
Purchase of leasehold rights	(1,149)	(2,052)	(1,149)	(2,052)
Purchase of intangible assets	(416,816)	(583,551)	(415,948)	(583,090)
Proceeds from disposals of premises and equipment	124,986	300,592	123,478	298,109
Net cash provided by (used in) investing activities	(5,896,797)	36,109,506	(5,743,951)	36,244,030
Cash flows from financing activities				
Repayments of long-term debts issued and borrowings	(7,666)	(463,102)	(7,666)	(463,102)
Interest paid on long-term debts issued and borrowings	(843,639)	(1,043,137)	(843,639)	(1,043,137)
Cash receipts on debentures issued	5,430,000	10,542,300	5,430,000	10,542,300
Cash paid for redemption of subordinated debenture	(10,350,000)	-	(10,350,000)	-
Expenses in relation to issuance of ordinary shares to employees	(512)	(541)	(512)	(541)
Dividends paid to equity holders of the Bank	(2,622,968)	(2,628,305)	(2,622,968)	(2,628,305)
Dividends paid to non-controlling interest	(17,925)	-	-	-
Net cash provided by (used in) financing activities	(8,412,710)	6,407,215	(8,394,785)	6,407,215
Change in translation adjustments of foreign operations	(40,414)	(10,141)	(40,414)	(10,141)
Net decrease in cash	(2,212,808)	(4,684,381)	(2,213,400)	(4,683,926)
Cash at 1 January	16,530,908	17,290,402	16,530,044	17,289,833
Cash at 30 September	14,318,100	12,606,021	14,316,644	12,605,907
Supplementary disclosures of cash flow information				
Non-cash transactions:				
Issuance of ordinary shares to employees	84,901	144,743	84,901	144,743
Change in remeasuring available-for-sale investments	95,902	(95,339)	95,408	(58,131)
Change in revaluation surplus on assets and transferred revaluation surplus on assets directly to retained earnings	(146,973)	1,987,281	(146,973)	1,987,281
Actuarial gains on post-employees benefit plan	192,772	89,069	189,900	91,464
Change in translation adjustments of foreign operation	(40,414)	(10,141)	(40,414)	(10,141)
Increase in properties for sale due to debts settlement	446,489	30,366	446,489	30,366
Transfer of premises and equipment to properties for sale	190,102	279,386	190,102	279,386
Transfer of other receivables to properties for sale	343,747	-	343,747	-
Reversal of provisions for obligation on transfers of non-performing assets net of written-off promissory note and accrued interest receivables	6	337,668	337,668	4,341,000

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 three-month and nine-month periods ended 30 September 2017 (Unaudited)

Note	Contents
1	General information
2	Basis of preparation of the interim financial statements
3	Changes in accounting policies
4	Fair value of assets and liabilities
5	Maintenance of capital fund
6	Sale of non-performing assets to Thai Asset Management Corporation (“TAMC”)
7	Investments, net
8	Investments in subsidiaries, net
9	Loans to customers and accrued interest receivables, net
10	Classified assets
11	Allowance for doubtful accounts
12	Debts issued and borrowings, net
13	Assets pledged as collateral and under restriction
14	Commitments and contingent liabilities
15	Related parties
16	Segment information
17	Financial position and results of operations classified by domestic and foreign business
18	Deferred tax and income tax
19	Earnings per share
20	Appropriation of profit and dividend payment
21	Thai Financial Reporting Standards (TFRSs) not yet adopted
22	Events after the reporting period
23	Reclassification of accounts

TMB Bank Public Company Limited and its Subsidiaries
Notes to the interim financial statements
For the three-month and nine-month periods ended 30 September 2017 (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 Audit Committee on 14 November 2017.

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 September 2017 and 31 December 2016 are given in note 8.

2 Basis of preparation of the interim financial statements

(a) Statement of compliance

The interim financial statements are prepared on a condensed basis in accordance with Thai Accounting Standards (“TAS”) No. 34 (revised 2016) *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 No. 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 interim financial statements are prepared to provide an update on the financial statements for the year ended 31 December 2016 and for the six-month period ended 30 June 2017. They do not include all of the financial information required for full annual and six-month period financial statements but focus on new activities, events and circumstances to avoid repetition of information previously reported. Accordingly, these interim financial statements should be read in conjunction with the financial statements of the Bank and its subsidiaries for the year ended 31 December 2016 and for the six-month period ended 30 June 2017.

The accounting policies and methods of computation applied in these interim financial statements are consistent with those applied in the financial statements for the year ended 31 December 2016 except that the Bank and its subsidiaries have adopted all the new and revised TFRSs that are effective for annual periods beginning on or after 1 January 2017. The adoption of these new and revised TFRSs did not have any material effect on the accounting policies, methods of computation, financial performance or position of the Bank and its subsidiaries.

In addition to the above new and revised TFRSs, the FAP has issued a number of other revised TFRSs which are effective for annual financial periods beginning on or after 1 January 2018 and have not been adopted in the preparation of these interim financial statements. Those revised TFRSs that are relevant to the Bank and its subsidiaries’ operations are disclosed in note 21.

TMB Bank Public Company Limited and its Subsidiaries
Notes to the interim financial statements
For the three-month and nine-month periods ended 30 September 2017 (Unaudited)

(b) Functional and presentation currency

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

(c) 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 policies and reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

In preparing these interim financial statements, the significant judgements made by management in applying the Bank and its subsidiaries' accounting policies and the key sources of estimation uncertainty were the same as those that applied to the financial statements for the year ended 31 December 2016.

(d) Basis of consolidation

The consolidated financial statements include the account of the Head Office, all domestic and overseas branches and the Bank's subsidiaries and have been prepared on the same basis as that apply for the consolidated financial statements for the year ended 31 December 2016, with no structural changes in the subsidiaries occurring during the period. All inter-company transactions and balances within this Group have been eliminated.

3 Changes in accounting policies

In June 2017, the Bank changed its accounting policy for the recognition of the purchase and sale of investments in debt securities from the trade date to the settlement date basis for management purposes.

In September 2017, the Bank changed its accounting policy for the recognition of the "Claims on securities" and "Customers' liabilities under acceptances" which were presented as assets and "Liabilities to deliver securities" and "Bank's liabilities under acceptances" which were presented as liabilities by excluding those items from the statement of financial position, and disclosing liabilities items as commitments in note 14, in compliance with relevant accounting guideline.

In accordance with Thai Accounting Standard ("TAS") No. 8 (revised 2016), *Accounting policies, changes in accounting estimates and errors*, these changes in accounting policy have been applied retrospectively to the interim consolidated and the Bank only's financial statements for all periods presented with the following impact were as follows:

	Consolidated and Bank only	
	31 December	1 January
	2016	2016
	<i>(in million Baht)</i>	
<i>Statement of financial position</i>		
<i>Change in accounting policy in June 2017</i>		
Increase (decrease) in investments, net	869	(580)
Decrease in other receivables, net	(11,433)	(5,425)
Decrease in other payables	(10,564)	(6,005)
<i>Change in accounting policy in September 2017</i>		
Decrease in claims on securities	(13,115)	(11,945)
Decrease in customers' liabilities under acceptances	(5)	(11)
Decrease in liabilities to deliver securities	(13,115)	(11,945)
Decrease in bank's liabilities under acceptances	(5)	(11)

TMB Bank Public Company Limited and its Subsidiaries

Notes to the interim financial statements

For the three-month and nine-month periods ended 30 September 2017 (Unaudited)

A third statement of financial position was not presented on the basis that the financial effect was not considered by management to be material; the decrease of assets and liabilities in the consolidated and the Bank only statement of financial position as at 1 January 2016 was approximately 2% of total assets.

In addition, in June 2017, the Bank changed the method used to calculate cost of investments in debt securities that have been sold or held from the first-in, first-out method to the weighted average method for management purposes. However, the Bank did not restate the prior years' financial statements because the impact as a result of such change was not considered by management to be material.

4 Fair value of assets and liabilities

4.1 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 September 2017 and 31 December 2016 were as follows:

	Consolidated			
	30 September 2017		31 December 2016	
	Carrying value	Fair value	Carrying value	Fair value
	<i>(in million Baht)</i>			
Financial assets				
Derivatives assets	8,583	8,679	10,460	10,567
Investments, net	60,322	61,045	62,985	63,608
Total financial assets	68,905	69,724	73,445	74,175
Financial liabilities				
Deposits	607,313	607,320	598,948	598,987
Derivatives liabilities	7,719	7,896	10,728	10,995
Debts issued and borrowings	33,851	34,997	39,874	40,982
Total financial liabilities	648,883	650,213	649,550	650,964
Bank only				
	30 September 2017		31 December 2016	
	Carrying value	Fair value	Carrying value	Fair value
	<i>(in million Baht)</i>			
Financial assets				
Derivatives assets	8,583	8,679	10,460	10,567
Investments, net	57,206	57,929	59,960	60,583
Total financial assets	65,789	66,608	70,420	71,150
Financial liabilities				
Deposits	607,443	607,450	599,021	599,060
Derivatives liabilities	7,719	7,896	10,728	10,995
Debts issued and borrowings	33,851	34,997	39,874	40,982
Total financial liabilities	649,013	650,343	649,623	651,037

TMB Bank Public Company Limited and its Subsidiaries
Notes to the interim financial statements
For the three-month and nine-month periods ended 30 September 2017 (Unaudited)

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

- 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.

- 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 market observable 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 that the Bank and its subsidiaries can access at the measurement date.
- 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 nine-month period ended 30 September 2017 and the year ended 31 December 2016.

TMB Bank Public Company Limited and its Subsidiaries
Notes to the interim financial statements
For the three-month and nine-month periods ended 30 September 2017 (Unaudited)

4.1.1 Financial assets and liabilities measured at fair value

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

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

	Consolidated			
	Fair value			
	Level 1	Level 2	Level 3	Total
	<i>(in million Baht)</i>			
30 September 2017				
<i>Financial assets</i>				
Derivatives (trading book)				
- Foreign currency related	-	4,715	-	4,715
- Interest rate related	-	3,817	-	3,817
Investments				
- Trading investments	-	1,220	-	1,220
- Available-for-sale investments	-	38,439	-	38,439
<i>Financial liabilities</i>				
Financial liabilities designated at fair value through profit or loss	-	385	-	385
Derivatives (trading book)				
- Foreign currency related	-	3,690	-	3,690
- Interest rate related	-	3,850	-	3,850
31 December 2016				
<i>Financial assets</i>				
Derivatives (trading book)				
- Foreign currency related	-	6,682	-	6,682
- Interest rate related	-	3,763	-	3,763
Investments				
- Trading investments	-	10,214	-	10,214
- Available-for-sale investments	-	27,380	-	27,380
<i>Financial liabilities</i>				
Financial liabilities designated at fair value through profit or loss	-	362	-	362
Derivatives (trading book)				
- Foreign currency related	-	6,224	-	6,224
- Interest rate related	-	3,927	-	3,927

TMB Bank Public Company Limited and its Subsidiaries
Notes to the interim financial statements
For the three-month and nine-month periods ended 30 September 2017 (Unaudited)

	Bank only			
	Fair value			
	Level 1	Level 2	Level 3	Total
	<i>(in million Baht)</i>			
30 September 2017				
<i>Financial assets</i>				
Derivatives (trading book)				
- Foreign currency related	-	4,715	-	4,715
- Interest rate related	-	3,817	-	3,817
Investments				
- Trading investments	-	1,220	-	1,220
- Available-for-sale investments	-	35,323	-	35,323
<i>Financial liabilities</i>				
Financial liabilities designated at fair value through profit or loss	-	385	-	385
Derivatives (trading book)				
- Foreign currency related	-	3,690	-	3,690
- Interest rate related	-	3,850	-	3,850
31 December 2016				
<i>Financial assets</i>				
Derivatives (trading book)				
- Foreign currency related	-	6,682	-	6,682
- Interest rate related	-	3,763	-	3,763
Investments				
- Trading investments	-	10,214	-	10,214
- Available-for-sale investments	-	24,355	-	24,355
<i>Financial liabilities</i>				
Financial liabilities designated at fair value through profit or loss	-	362	-	362
Derivatives (trading book)				
- Foreign currency related	-	6,224	-	6,224
- Interest rate related	-	3,927	-	3,927

TMB Bank Public Company Limited and its Subsidiaries
Notes to the interim financial statements
For the three-month and nine-month periods ended 30 September 2017 (Unaudited)

4.1.2 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 amount is a reasonable approximation of fair value.

	Consolidated		Bank only	
	Carrying amount	Fair value (in million Baht)	Carrying amount	Fair value
30 September 2017				
<i>Financial assets</i>				
Derivatives (banking book)	51	147	51	147
Investments				
- Held-to-maturity debt securities	20,292	20,733	20,292	20,733
- General investments	371	653	371	653
<i>Financial liabilities</i>				
Deposits	607,313	607,320	607,443	607,450
Derivatives (banking book)	179	356	179	356
Debts issued and borrowings	33,851	34,997	33,851	34,997
31 December 2016				
<i>Financial assets</i>				
Derivatives (banking book)	15	122	15	122
Investments				
- Held-to-maturity debt securities	24,956	25,309	24,956	25,309
- General investments	435	705	435	705
<i>Financial liabilities</i>				
Deposits	598,948	598,987	599,021	599,060
Derivatives (banking book)	577	844	577	844
Debts issued and borrowings	39,874	40,982	39,874	40,982

TMB Bank Public Company Limited and its Subsidiaries

Notes to the interim financial statements

For the three-month and nine-month periods ended 30 September 2017 (Unaudited)

5 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 September 2017 and 31 December 2016, the consolidated supervision and the Bank only's total capital funds could be categorised as follows:

	Consolidated supervision			
	30 September 2017	31 December 2016		
	(in million Baht)			
Tier 1 Capital				
Common Equity Tier 1 Capital (CET1)				
Paid-up share capital	41,648	41,617		
Share premium	379	325		
Legal reserve	2,120	2,120		
Net profits after appropriation	35,239	29,315		
Other comprehensive income	4,914	5,046		
Capital adjustment items on CET1	(74)	(68)		
Capital deduction items on CET1	(3,300)	(3,114)		
Total Common Equity Tier 1 Capital	80,926	75,241		
Additional Tier 1 Capital				
Transactions under subsidiary companies only for non-controlling interest and outside the scope that countable as Tier 1 of financial instruments of consolidated financial institutions	64	50		
Total Tier 1 Capital	80,990	75,291		
Tier 2 Capital				
Allowance for classified assets of “pass” category	5,182	5,878		
Subordinated debentures	20,430	25,350		
Transactions under subsidiary companies only for non-controlling interest and outside the scope that is countable as Tier 2 of consolidated financial institutions	15	12		
Total Tier 2 Capital	25,627	31,240		
Total Capital funds	106,617	106,531		
Total Risk-Weighted Assets	590,286	583,755		
	The BoT’s regulation minimum requirement*	The BoT’s regulation minimum requirement*		
	30 September 2017	31 December 2016		
	(%)			
Capital Adequacy Ratio/Total Risk-Weighted Asset	9.75	18.06	9.125	18.25
Tier 1 Capital Ratio/Total Risk-Weighted Asset	7.25	13.72	6.625	12.90
Common Equity Tier 1 Capital Ratio/Total Risk-Weighted Asset	5.75	13.71	5.125	12.89

TMB Bank Public Company Limited and its Subsidiaries
Notes to the interim financial statements
For the three-month and nine-month periods ended 30 September 2017 (Unaudited)

	Bank only	
	30 September 2017	31 December 2016
	<i>(in million Baht)</i>	
Tier 1 capital		
Common Equity Tier 1 capital (CET1)		
Paid-up share capital	41,648	41,617
Share premium	379	325
Legal reserve	2,120	2,120
Net profits after appropriation	34,586	28,853
Other comprehensive income	4,914	5,046
Capital adjustment items on CET1	(74)	(68)
Capital deduction items on CET1	(3,228)	(3,038)
Total Common Equity Tier 1 Capital	80,345	74,855
Tier 2 capital		
Allowance for classified assets of “pass” category	5,182	5,878
Subordinated debentures	20,430	25,350
Total Tier 2 Capital	25,612	31,228
Total Capital funds	105,957	106,083
Total Risk-Weighted Assets	591,065	584,722

	The BoT's regulation minimum requirement*	30 September 2017	The BoT's regulation minimum requirement*	31 December 2016
			(%)	
Capital Adequacy Ratio/Total Risk-Weighted Asset	9.75	17.93	9.125	18.14
Tier 1 Capital Ratio/Total Risk-Weighted Asset	7.25	13.59	6.625	12.80
Common Equity Tier 1 Capital Ratio/Total Risk-Weighted Asset	5.75	13.59	5.125	12.80

* 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 September 2017 and 31 December 2016, the Bank has no add-on arising from Single Lending Limit.

The Bank disclosed capital adequacy and capital risk exposure information for the Bank and the full consolidated as at 30 June 2017 through the Bank's website at www.tmbbank.com in October 2017.

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.

TMB Bank Public Company Limited and its Subsidiaries
Notes to the interim financial statements
For the three-month and nine-month periods ended 30 September 2017 (Unaudited)

6 Sale of non-performing assets to Thai Asset Management Corporation (“TAMC”)⁽¹⁾

6.1 Asset transfer agreements and profit or loss sharing

The Bank and its subsidiary entered into the Asset Transfer Agreements with TAMC in 2001 for sales of non-performing assets to TAMC, and the Bank and its subsidiary (as the transferors) received promissory notes from TAMC (as the transferee) for settlement of the transfer prices. Under the agreements, TAMC and the transferors were jointly responsible for sharing the profits or losses from TAMC’s management of the non-performing assets at the end of the fifth year and the tenth year commencing 1 July 2001.

In September 2013, the Bank and its subsidiary received letters from TAMC on the subject of “Results of calculating profits or losses from the management of the non-performing assets as of 30 November 2012, official version, and lodging claims for settlement with TAMC”, informing them of their loss sharing of Baht 1,403 million (the Bank only: Baht 1,317 million) from the management of assets transferred (excluding the portion in dispute with respect to transfer price reduction requests) from the Bank and its subsidiary. The Bank and its subsidiary therefore adjusted provisions for liabilities to correspond to the information received from TAMC.

In August 2017, the Bank received a letter from the Comptroller General’s Department (the attorney of the Ministry of Finance) informing the Bank to pay for losses from management of non-performing assets amounting to Baht 1,317 million, as the Supreme Court has judged in favour of TAMC and all disputes have been settled. In September 2017, the Bank paid for the loss sharing to TAMC and reversed “Provision for obligations on transfers of non-performing assets” in the statement of financial position. As at 30 September 2017, the Bank had no obligation with TAMC (*31 December 2016: Baht 1,317 million*).

⁽¹⁾ TAMC was liquidated on 8 June 2013 and has already delivered the remaining assets and liabilities to the Ministry of Finance for further arrangement.

6.2 Promissory notes disputed over transfer price adjustment requests

Over the period of asset management by TAMC, TAMC issued letters to the Bank informing its requests of transfer price adjustments as summarised below:

- (a) In November 2006, TAMC informed the Bank that it requested a transfer price adjustment of Baht 4,341 million, being the collateral value of the pledged machinery transferred to TAMC. The Bank has refused the adjustment request since it breached the conditions of the Asset Transfer Agreements dated 12 October 2001, and therefore has no legal enforcement. The Bank took legal action against TAMC. On 27 April 2010, the Court of First Instance judged in favour of the Bank. On 4 February 2014, however, the Appeal Court reversed the earlier Court’s verdict by making decision to dismiss the case.

On 25 February 2016, the Supreme Court confirmed the Appeal Court’s verdict to dismiss the case. Therefore, TAMC was eligible to adjust the transfer price of non-performing loans down by Baht 4,341 million. Accordingly, the Bank has written off the promissory note and reversed the related provision, amounting to Baht 4,341 million, as the case was finalised.

- (b) In June 2011, the Bank sued TAMC for an additional sum of Baht 242 million over TAMC’s refusals to make settlement of four items of non-performing assets transferred to TAMC of Baht 56 million, presented as a part of “Other receivables”, and interest on promissory notes for the years 2006 and 2007. On 27 September 2012, the Court of First Instance already dismissed the case. On 22 January 2014, the Appeal Court decided to uphold the earlier Court’s verdict.

TMB Bank Public Company Limited and its Subsidiaries

Notes to the interim financial statements

For the three-month and nine-month periods ended 30 September 2017 (Unaudited)

On 20 July 2017, the Supreme Court upheld the verdict of the Court of First Instance and the Appeal Court, and judged in favour of TAMC. Therefore, TAMC was eligible to adjust the transfer price down by Baht 56 million and not liable for interest on that portion. Accordingly, the Bank has written off the other receivables and accrued interest on promissory notes, and reversed the related provision, amounting to Baht 338 million, as the case was finalised. As at 30 September 2017, the Bank had no outstanding balance for those items (31 December 2016: Baht 338 million).

7 Investments, net

7.1 Classified by type of investments

	Consolidated		Bank only	
	30 September 2017	31 December 2016	30 September 2017	31 December 2016
	<i>(in million Baht)</i>			
Trading securities - Fair value				
Government and state enterprise securities	1,220	10,214	1,220	10,214
Total	1,220	10,214	1,220	10,214
Available-for-sale securities - Fair value				
Government and state enterprise securities	38,436	27,377	35,320	24,352
Domestic marketable equity securities	3	3	3	3
Total	38,439	27,380	35,323	24,355
Held-to-maturity debt securities - Cost/Amortised cost				
Government and state enterprise securities	20,292	24,956	20,292	24,956
Total	20,292	24,956	20,292	24,956
General investments - Cost				
Domestic non-marketable equity securities	1,133	1,219	1,133	1,219
Foreign non-marketable equity securities	35	35	35	35
Total	1,168	1,254	1,168	1,254
Less allowance for impairment	(797)	(819)	(797)	(819)
Net	371	435	371	435
Total investments, net	60,322	62,985	57,206	59,960

As at 30 September 2017 the Bank had purchases and sales of investments in debt securities, with net sales amounting to Baht 1,394 million (31 December 2016: net sales amounting to Baht 869 million), for which the settlement was not due.

TMB Bank Public Company Limited and its Subsidiaries
Notes to the interim financial statements
For the three-month and nine-month periods ended 30 September 2017 (Unaudited)

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

As at 30 September 2017 and 31 December 2016, the Bank had investments in entities in which the Bank holds 10% or more of the paid-up share capital of the investee companies but such companies are not treated as its subsidiaries and associate. Those investments were summarised below.

	Consolidated and Bank only	
	30 September	31 December
	2017	2016
	<i>(in million Baht)</i>	
Property development and construction	34	34
Public utilities and services	14	14
Mutual funds and financial services	59	23
Others	11	11
Total	118	82
<i>Less allowance for impairment</i>	<i>(41)</i>	<i>(41)</i>
Investments, net	77	41

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 September 2017 and 31 December 2016, 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 three-month and nine-month periods ended 30 September 2017 (Unaudited)

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

As at 30 September 2017 and 31 December 2016, 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 September 2017				31 December 2016			
	No. of Com- panies	Cost value/ book value	Fair value	Allowance for impairment	No. of Com- panies	Cost value/ book value	Fair value	Allowance for impairment
		<i>(in million Baht)</i>				<i>(in million Baht)</i>		
- 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)	12	740	-	(740)
Total	13	792	-	(792)	14	802	-	(802)

TMB Bank Public Company Limited and its Subsidiaries
Notes to the interim financial statements
For the three-month and nine-month periods ended 30 September 2017 (Unaudited)

8 Investments in subsidiaries, net

8.1 Detail of investments in subsidiaries

		Bank only											
Companies	Type of business	Percentage of ownership interest		Paid-up capital		Cost		Allowance for impairment		At cost, net		Dividend income	
		30 September	31 December	30 September	31 December	30 September	31 December	30 September	31 December	30 September	31 December	Nine-month period ended	
		2017	2016	2017	2016	2017	2016	2017	2016	2017	2016	30 September	
		(%)		(in million Baht)									
Subsidiaries													
Phayathai Asset Management Co., Ltd.	Asset management business	100.00	100.00	1,070	1,070	3,870	3,870	(745)	(745)	3,125	3,125	-	-
Designee for ETA Contract Ltd.	Financial support business	99.50	99.50	-	-	-	-	-	-	-	-	-	-
TMB Asset Management Co., Ltd.	Fund management business	87.50	87.50	100	100	304	304	-	-	304	304	125	-
Total						4,174	4,174	(745)	(745)	3,429	3,429	125	

TMB Bank Public Company Limited and its Subsidiaries
Notes to the interim financial statements
For the three-month and nine-month periods ended 30 September 2017 (Unaudited)

9 Loans to customers and accrued interest receivables, net

9.1 Classified by loan type

	Consolidated		Bank only	
	30 September 2017	31 December 2016	30 September 2017	31 December 2016
	<i>(in million Baht)</i>			
Overdrafts	119,408	125,848	119,408	125,848
Loans	361,670	334,952	361,622	334,904
Bills	138,048	132,587	138,048	132,587
Others	21	123	21	123
Less deferred revenue	(55)	(69)	(55)	(69)
Loans to customers net of deferred revenue	619,092	593,441	619,044	593,393
Add accrued interest receivables	975	915	975	915
Total loans to customers net of deferred revenue and accrued interest receivables	620,067	594,356	620,019	594,308
Less allowance for doubtful accounts				
- Provision at BoT's minimum rates required	(15,037)	(14,659)	(15,007)	(14,629)
- Provision in excess of BoT's minimum rates required	(10,084)	(10,252)	(10,084)	(10,252)
Less revaluation allowance for debt restructuring	(274)	(177)	(274)	(177)
Loans to customers and accrued interest receivables, net	594,672	569,268	594,654	569,250

9.2 Classified by business type and quality of loan classification

	Consolidated					
	30 September 2017					
	Pass	Special mention	Sub- standard	Doubtful	Doubtful of loss	Total
	<i>(in million Baht)</i>					
Agriculture and mining	8,723	172	15	-	312	9,222
Manufacturing and commerce	303,641	18,230	1,239	198	12,104	335,412
Property development and construction	15,130	769	21	-	300	16,220
Infrastructure and services	61,641	1,100	83	58	787	63,669
Housing loans	122,049	3,059	465	468	904	126,945
Others	64,600	1,937	844	85	158	67,624
Total*	575,784	25,267	2,667	809	14,565	619,092

	Consolidated					
	31 December 2016					
	Pass	Special mention	Sub- standard	Doubtful	Doubtful of loss	Total
	<i>(in million Baht)</i>					
Agriculture and mining	9,863	192	-	-	511	10,566
Manufacturing and commerce	303,616	13,218	683	886	11,807	330,210
Property development and construction	21,692	316	4	-	264	22,276
Infrastructure and services	58,402	1,023	12	8	644	60,089
Housing loans	97,765	2,191	280	307	791	101,334
Others	65,694	1,864	818	393	197	68,966
Total*	557,032	18,804	1,797	1,594	14,214	593,441

TMB Bank Public Company Limited and its Subsidiaries
Notes to the interim financial statements
For the three-month and nine-month periods ended 30 September 2017 (Unaudited)

	Bank only 30 September 2017					Total
	Pass	Special mention	Sub-standard (in million Baht)	Doubtful	Doubtful of loss	
Agriculture and mining	8,723	172	15	-	304	9,214
Manufacturing and commerce	303,641	18,230	1,239	198	12,104	335,412
Property development and construction	15,130	769	21	-	278	16,198
Infrastructure and services	61,641	1,100	83	58	769	63,651
Housing loans	122,049	3,059	465	468	904	126,945
Others	64,600	1,937	844	85	158	67,624
Total*	575,784	25,267	2,667	809	14,517	619,044

	Bank only 31 December 2016					Total
	Pass	Special mention	Sub-standard (in million Baht)	Doubtful	Doubtful of loss	
Agriculture and mining	9,863	192	-	-	503	10,558
Manufacturing and commerce	303,616	13,218	683	886	11,807	330,210
Property development and construction	21,692	316	4	-	242	22,254
Infrastructure and services	58,402	1,023	12	8	626	60,071
Housing loans	97,765	2,191	280	307	791	101,334
Others	65,694	1,864	818	393	197	68,966
Total*	557,032	18,804	1,797	1,594	14,166	593,393

* Loans to customers net of deferred revenue.

9.3 Classified by loan classification

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

	Consolidated 30 September 2017			
	Loans to customers and accrued interest receivables (in million Baht)	Net amount used to set the allowance for doubtful accounts ⁽¹⁾ (in million Baht)	Minimum rates required (%)	Allowance for doubtful accounts ⁽²⁾ (in million Baht)
Minimum allowance as per BoT's Regulations				
Pass	576,690	500,734	1	5,502
Special mention	25,336	15,070	2	462
Sub-standard	2,667	1,680	100	1,843
Doubtful	809	235	100	270
Doubtful of loss	14,565	4,629	100	6,960
Total*	620,067	522,348		15,037
Provision in excess of BoT's minimum rates required				10,084 ⁽³⁾
Total				25,121

TMB Bank Public Company Limited and its Subsidiaries
Notes to the interim financial statements
For the three-month and nine-month periods ended 30 September 2017 (Unaudited)

Consolidated				
31 December 2016				
	Loans to customers and accrued interest receivables (in million Baht)	Net amount used to set the allowance for doubtful accounts ⁽¹⁾ (in million Baht)	Minimum rates required (%)	Allowance for doubtful accounts ⁽²⁾ (in million Baht)
Minimum allowance as per BoT's Regulations				
Pass	557,886	472,869	1	5,288
Special mention	18,865	10,220	2	340
Sub-standard	1,797	1,117	100	1,251
Doubtful	1,594	927	100	1,049
Doubtful of loss	14,214	4,408	100	6,731
Total*	<u>594,356</u>	<u>489,541</u>		<u>14,659</u>
Provision in excess of BoT's minimum rates required				<u>10,252 ⁽³⁾</u>
Total				<u>24,911</u>

Bank only				
30 September 2017				
	Loans to customers and accrued interest receivables (in million Baht)	Net amount used to set the allowance for doubtful accounts ⁽¹⁾ (in million Baht)	Minimum rates required (%)	Allowance for doubtful accounts ⁽²⁾ (in million Baht)
Minimum allowance as per BoT's Regulations				
Pass	576,690	500,734	1	5,502
Special mention	25,336	15,070	2	462
Sub-standard	2,667	1,680	100	1,843
Doubtful	809	235	100	270
Doubtful of loss	14,517	4,599	100	6,930
Total*	<u>620,019</u>	<u>522,318</u>		<u>15,007</u>
Provision in excess of BoT's minimum rates required				<u>10,084 ⁽³⁾</u>
Total				<u>25,091</u>

TMB Bank Public Company Limited and its Subsidiaries
Notes to the interim financial statements
For the three-month and nine-month periods ended 30 September 2017 (Unaudited)

	Bank only 31 December 2016			
	Loans to customers and accrued interest receivables (in million Baht)	Net amount used to set the allowance for doubtful accounts ⁽¹⁾	Minimum rates required (%)	Allowance for doubtful accounts ⁽²⁾ (in million Baht)
Minimum allowance as per BoT's Regulations				
Pass	557,886	472,869	1	5,288
Special mention	18,865	10,220	2	340
Sub-standard	1,797	1,117	100	1,251
Doubtful	1,594	927	100	1,049
Doubtful of loss	14,166	4,378	100	6,701
Total*	<u>594,308</u>	<u>489,511</u>		<u>14,629</u>
Provision in excess of BoT's minimum rates required				<u>10,252 ⁽³⁾</u>
Total				<u>24,881</u>

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

- ⁽¹⁾ Balance net of collateral: 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 substandard, doubtful and doubtful of loss, it means the debt balance after deduction of the present value of future cash flows expected to be received from debt collection, or from the disposal of collateral, excluding machinery.
- ⁽²⁾ Allowance for doubtful accounts on loans guaranteed by Small Business 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 Small Business Credit Guarantee Corporation.
- ⁽³⁾ As at 30 September 2017, this included provision of Baht 1,161 million (31 December 2016: Baht 1,262 million) provided for non-performing loans.

TMB Bank Public Company Limited and its Subsidiaries
Notes to the interim financial statements
For the three-month and nine-month periods ended 30 September 2017 (Unaudited)

9.4 Non-performing loans

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

As at 30 September 2017 and 31 December 2016, the Bank and its subsidiaries' NPLs (including interbank and money market items) were summarised as follows:

	30 September 2017			
	TMB Bank Public Company Limited	Phayathai Asset Management Co., Ltd.	Elimination	Consolidated
Net NPLs (principal net of allowance for doubtful accounts)				
NPLs after allowance for doubtful accounts on NPLs (<i>in million Baht</i>)	7,765	18	-	7,783
Total loans after allowance for doubtful accounts on NPLs (<i>in million Baht</i>)	728,371	18	-	728,389
Percentage of net NPLs (%)	1.07	100.00		1.07
NPLs (principal)				
NPLs (<i>in million Baht</i>)	17,993	48	-	18,041
Total loans (<i>in million Baht</i>)	738,599	48	-	738,647
Percentage of NPLs (%)	2.44	100.00		2.44
	31 December 2016			
	TMB Bank Public Company Limited	Phayathai Asset Management Co., Ltd.	Elimination	Consolidated
Net NPLs (principal net of allowance for doubtful accounts)				
NPLs after allowance for doubtful accounts on NPLs (<i>in million Baht</i>)	7,292	18	-	7,310
Total loans after allowance for doubtful accounts on NPLs (<i>in million Baht</i>)	685,471	18	-	685,489
Percentage of net NPLs (%)	1.06	100.00		1.07
NPLs (principal)				
NPLs (<i>in million Baht</i>)	17,557	48	-	17,605
Total loans (<i>in million Baht</i>)	695,736	48	-	695,784
Percentage of NPLs (%)	2.52	100.00		2.53

TMB Bank Public Company Limited and its Subsidiaries

Notes to the interim financial statements

For the three-month and nine-month periods ended 30 September 2017 (Unaudited)

For the nine-month period ended 30 September 2017 and 2016, the Bank sold non-performing loans, with principal totaling approximately Baht 700 million and Baht 600 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 September 2017, the Bank had loans to customers, amounting to Baht 49,472 million (31 December 2016: Baht 41,635 million) on which it ceased recognition of interest income on an accrual basis.

9.5 Troubled debt restructuring

During the nine-month periods ended 30 September 2017 and 2016, the Bank and its subsidiaries entered into contracts for troubled debt restructuring, (only the accounts where debtor has present value loss/losses on debt structuring is presented), which could be summarised as follows:

Consolidated and Bank only					
Nine-month period ended 30 September 2017					
	Number of debtors	Before restructuring (in million Baht)	Number of debtors	After restructuring (in million Baht)	Asset acquired Type Fair value (in million Baht)
Type of restructuring					
Modification of terms of payments	4,666	6,999	4,666	6,999	- -
Combination of methods	5	1,019	4	616	Land and building 350
Total	4,671	8,018	4,670	7,615	350
Term of debt restructuring agreements					
Not over 5 years	928	1,631	928	1,629	
5 - 10 years	3,182	877	3,182	877	
Over 10 years	561	5,510	560	5,109	
Total	4,671	8,018	4,670	7,615	

Consolidated and Bank only					
Nine-month period ended 30 September 2016					
	Number of debtors	Before restructuring (in million Baht)	After restructuring	Type	Asset acquired Fair value (in million Baht)
Type of restructuring					
Modification of terms of payments	4,071	2,201	2,201	-	-
Combination of methods	1	1,540	1,540	-	-
Total	4,072	3,741	3,741		-
Term of debt restructuring agreements					
Not over 5 years	795	1,520	1,520		
5 - 10 years	3,246	2,121	2,121		
Over 10 years	31	100	100		
Total	4,072	3,741	3,741		

TMB Bank Public Company Limited and its Subsidiaries
Notes to the interim financial statements
For the three-month and nine-month periods ended 30 September 2017 (Unaudited)

Supplemental information relating to restructuring debtors for the nine-month periods ended 30 September 2017 and 2016 was as follows:

	Consolidated and Bank only	
	Nine-month periods ended	
	30 September	
	2017	2016
	<i>(in million Baht)</i>	
Interest income on restructured debts, which is recognised during the periods	203	206
Cash settlement by debtors	962	1,202
Losses on (reversal of) debt restructuring	97	(20)

As at 30 September 2017 and 31 December 2016, the Bank and its subsidiaries have the outstanding balances with troubled debt restructuring debtors which had been performing in accordance with debt restructuring agreements, as follows:

	Consolidated				Bank only			
	30 September 2017		31 December 2016		30 September 2017		31 December 2016	
	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>
Troubled debt restructuring debtors	6,269	9,492	5,358	8,062	6,268	9,481	5,357	8,051

9.6 Revaluation allowance for debt restructuring

	Consolidated and Bank only	
	30 September 2017	31 December 2016
	<i>(in million Baht)</i>	
Beginning balance	177	180
Increase (decrease) during the period/year	97	(3)
Ending balance	274	177

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

As at 30 September 2017 and 31 December 2016, the Bank and its subsidiaries had loans and accrued interest receivables due from listed companies having problems with their financial position and operating results, and set aside allowances for doubtful accounts as follows:

	Consolidated and Bank only							
	30 September 2017				31 December 2016			
	Number of debtors	Loans and accrued interest receivables	Collateral	Allowance for doubtful accounts	Number of debtors	Loans and accrued interest receivables	Collateral	Allowance for doubtful accounts
		<i>(in million Baht)</i>				<i>(in million Baht)</i>		
Listed companies under delisting conditions in SET	3	12	10	-	5	43	10	1

TMB Bank Public Company Limited and its Subsidiaries

Notes to the interim financial statements

For the three-month and nine-month periods ended 30 September 2017 (Unaudited)

10 Classified assets

As at 30 September 2017 and 31 December 2016, 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:

Consolidated						
30 September 2017						
	Investments	Loans to customers and accrued interest receivables	Properties for sale (in million Baht)	Premises and equipment	Other assets	Total
Pass	-	696,308	-	-	-	696,308
Special mention	-	25,336	-	-	-	25,336
Sub-standard	-	2,667	-	-	5	2,672
Doubtful	-	809	-	-	1	810
Doubtful of loss	856	14,565	152	293	435	16,301
Total	856	739,685	152	293	441	741,427

Consolidated						
31 December 2016						
	Investments	Loans to customers and accrued interest receivables	Properties for sale (in million Baht)	Premises and equipment	Other assets	Total
Pass	-	660,279	-	-	-	660,279
Special mention	-	18,865	-	-	-	18,865
Sub-standard	-	1,797	-	-	3	1,800
Doubtful	-	1,594	-	-	4	1,598
Doubtful of loss	952	14,214	66	307	388	15,927
Total	952	696,749	66	307	395	698,469

Bank only						
30 September 2017						
	Investments	Loans to customers and accrued interest receivables	Properties for sale (in million Baht)	Premises and equipment	Other assets	Total
Pass	-	696,308	-	-	-	696,308
Special mention	-	25,336	-	-	-	25,336
Sub-standard	-	2,667	-	-	5	2,672
Doubtful	-	809	-	-	1	810
Doubtful of loss	1,601	14,517	152	293	433	16,996
Total	1,601	739,637	152	293	439	742,122

TMB Bank Public Company Limited and its Subsidiaries
Notes to the interim financial statements
For the three-month and nine-month periods ended 30 September 2017 (Unaudited)

Bank only
31 December 2016

	Investments	Loans to customers and accrued interest receivables	Properties for sale (in million Baht)	Premises and equipment	Other assets	Total
Pass	-	660,279	-	-	-	660,279
Special mention	-	18,865	-	-	-	18,865
Sub-standard	-	1,797	-	-	3	1,800
Doubtful	-	1,594	-	-	4	1,598
Doubtful of loss	1,697	14,166	66	307	386	16,622
Total	1,697	696,701	66	307	393	699,164

11 Allowance for doubtful accounts

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

Consolidated

Nine-month period ended 30 September 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	214	122	592	(779)	6,887	(168)	6,868
Bad debt recovery	-	-	-	-	628	-	628
Bad debt written-off	-	-	-	-	(6,848)	-	(6,848)
Allowance for doubtful accounts of the disposed debt	-	-	-	-	(438)	-	(438)
Ending balance	5,502	462	1,843	270	6,960	10,084	25,121

Consolidated

Year ended 31 December 2016

	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	5,027	306	1,412	564	8,769	12,767	28,845
Allowance for doubtful accounts	261	34	(161)	485	11,019	(2,515)	9,123
Bad debt recovery	-	-	-	-	705	-	705
Bad debt written-off	-	-	-	-	(12,923)	-	(12,923)
Allowance for doubtful accounts of the disposed debt	-	-	-	-	(839)	-	(839)
Ending balance	5,288	340	1,251	1,049	6,731	10,252	24,911

TMB Bank Public Company Limited and its Subsidiaries
Notes to the interim financial statements
For the three-month and nine-month periods ended 30 September 2017 (Unaudited)

Bank only							
Nine-month period ended 30 September 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		
	<i>(in million Baht)</i>						
Beginning balance	5,288	340	1,251	1,049	6,701	10,252	24,881
Allowance for doubtful accounts	214	122	592	(779)	6,893	(168)	6,874
Bad debt recovery	-	-	-	-	622	-	622
Bad debt written-off	-	-	-	-	(6,848)	-	(6,848)
Allowance for doubtful accounts of the disposed debt	-	-	-	-	(438)	-	(438)
Ending balance	5,502	462	1,843	270	6,930	10,084	25,091

Bank only							
Year ended 31 December 2016							
	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		
	<i>(in million Baht)</i>						
Beginning balance	5,027	306	1,412	564	8,745	12,767	28,821
Allowance for doubtful accounts	261	34	(161)	485	11,035	(2,515)	9,139
Bad debt recovery	-	-	-	-	683	-	683
Bad debt written-off	-	-	-	-	(12,923)	-	(12,923)
Allowance for doubtful accounts of the disposed debt	-	-	-	-	(839)	-	(839)
Ending balance	5,288	340	1,251	1,049	6,701	10,252	24,881

12 Debts issued and borrowings, net

Consolidated and Bank only								
	Interest rates as at 30 September 2017 (%)	Maturities	30 September 2017			31 December 2016		
			Domestic	Foreign	Total	Domestic	Foreign	Total
			<i>(in million Baht)</i>					
Subordinated debentures ⁽¹⁾	3.50 and 5.50	2019 ⁽²⁾ and 2022 ⁽²⁾	20,430	-	20,430	25,350	-	25,350
Senior debentures	3.108 and 5.50	2018 and 2021	-	13,024	13,024	-	13,834	13,834
Bills of exchange ⁽³⁾	2.15	2012	5	-	5	6	-	6
Other borrowings	0.00 - 2.00	2017 - 2031	13	379	392	30	830	860
Total			20,448	13,403	33,851	25,386	14,664	40,050
Less prepaid interest expenses			-	-	-	(176)	-	(176)
Net			20,448	13,403	33,851	25,210	14,664	39,874

⁽¹⁾ Counted as a part of Tier 2 capital, which is determined under the conditions as specified in the BoT's Notification (note 5)

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

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

TMB Bank Public Company Limited and its Subsidiaries
Notes to the interim financial statements
For the three-month and nine-month periods ended 30 September 2017 (Unaudited)

13 Assets pledged as collateral and under restriction

Assets pledged as collateral and under restriction as at 30 September 2017 and 31 December 2016 were as follow:

	Consolidated and Bank only	
	30 September 2017	31 December 2016
	<i>(in million Baht)</i>	
Investments in securities		
- Pledged as collateral against repurchase transactions	13,129	14,586
Total	13,129	14,586

14 Commitments and contingent liabilities

14.1 Commitments

	Consolidated and Bank only	
	30 September 2017	31 December 2016
	<i>(in million Baht)</i>	
Avals to bills ⁽¹⁾	1,375	1,583
Liability under unmatured import bills	2,093	2,502
Letters of credit	19,697	22,948
Other commitments		
- Other guarantees	65,426	65,488
- Amount of unused bank overdrafts	83,509	90,845
- Committed line	8,419	17,369
- Others ⁽²⁾	25,556	13,615
Total	206,075	214,350

⁽¹⁾ As at 30 September 2017, this included bank acceptance amounting to Baht 5 million (31 December 2016: Baht 5 million).

⁽²⁾ As at 30 September 2017, this included the financial assets accepted as collateral that had been sold or repledged amounting to Baht 24,571 million (31 December 2016: Baht 13,115 million). The Bank is obliged to return those securities in equivalent amount.

As at 30 September 2017 and 31 December 2016, the Bank had no commitments from providing other guarantees to listed companies, which meet criteria for delisting conditions from the Stock Exchange of Thailand.

14.2 Litigation

- (a) As at 30 September 2017 and 31 December 2016, the Bank and its subsidiaries were claimed pursuant to obligations under the letters of guarantee and other claims for 81 cases and 79 cases, respectively (Bank only: claims for 76 cases and 75 cases, respectively). The said claims were made against the Bank and its subsidiaries for the approximate liability amounts of Baht 1,158 million ⁽¹⁾ and Baht 2,634 million ⁽¹⁾, respectively (Bank only: Baht 1,144 million ⁽¹⁾ and Baht 2,619 million ⁽¹⁾, respectively).

TMB Bank Public Company Limited and its Subsidiaries
Notes to the interim financial statements
For the three-month and nine-month periods ended 30 September 2017 (Unaudited)

- (b) As at 30 September 2017 and 31 December 2016, the Bank and its subsidiaries have recognised provisions for possible losses from the litigation cases totalling Baht 171 million and Baht 162 million, respectively (Bank only: Baht 171 million and Baht 162 million, respectively). The management considers that the provision established for such potential losses due to the said litigation cases is adequate.

⁽¹⁾ Excluding the liabilities of the Bank and its subsidiaries as of 30 September 2017 and 31 December 2016 of Baht 1,014 million and Baht 1,187 million, respectively (Bank only: Baht 491 million and Baht 664 million, respectively), which the Court of First Instance and the Appeals Court dismissed the cases.

14.3 Non-cancellable operating lease commitments

	Consolidated		Bank only	
	30 September 2017	31 December 2016	30 September 2017	31 December 2016
	<i>(in million Baht)</i>			
<i>Future minimum lease payments</i>				
Within one year	539	556	524	541
After one year but within five years	471	718	457	693
Total	1,010	1,274	981	1,234

15 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
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.

TMB Bank Public Company Limited and its Subsidiaries
Notes to the interim financial statements
For the three-month and nine-month periods ended 30 September 2017 (Unaudited)

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 8.

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

Name of entity/Personnel	Country of incorporation/nationality	Nature of relationship
Key management personnel	Thailand and other countries	Persons having authority and responsibility for planning, directing and controlling the activities of the Bank, directly or indirectly, including any director (whether executive or otherwise) of the Bank and its subsidiaries
Ministry of Finance	Thailand	The major shareholder of the Bank owning over 10% of the Bank's paid-up share capital
ING Bank N.V.	The Netherlands	The major shareholder of the Bank owning over 10% of the Bank's paid-up share capital
Entities whose shares have been owned or have been controlled by the Ministry of Finance	Thailand	Related through the major shareholder of the Bank, owning over 10% of the Bank's paid-up share capital
Phayathai Asset Management Co., Ltd.	Thailand	Subsidiary, 100% shareholding, 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 Asset Management Co., Ltd.	Thailand	Subsidiary, 87.5% shareholding, more than 50% of directors are representatives of the Bank

The pricing policies for particular types of transactions were 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 is 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

TMB Bank Public Company Limited and its Subsidiaries
Notes to the interim financial statements
For the three-month and nine-month periods ended 30 September 2017 (Unaudited)

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

Significant related parties transactions for the three-month and nine-month periods ended 30 September 2017 and 2016 with key management and other related parties were as follows:

Consolidated							
Three-month period ended 30 September 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	1	-	-	-	2	-
2. Entities with joint control or significant influence over the entity	88	64	4	-	-	39	(4)
3. Subsidiaries	-	-	-	-	-	-	-
4. Key management personnel of the Bank	-	1	-	-	-	-	-
5. Other related parties	1	1	-	-	-	16	-

Consolidated							
Three-month period ended 30 September 2016							
	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	1	-	-	-	3	-
2. Entities with joint control or significant influence over the entity	86	45	4	-	28	58	(23)
3. Subsidiaries	-	-	-	-	-	-	-
4. Key management personnel of the Bank	-	1	-	-	-	-	-
5. Other related parties	1	1	-	-	-	6	-

TMB Bank Public Company Limited and its Subsidiaries
Notes to the interim financial statements
For the three-month and nine-month periods ended 30 September 2017 (Unaudited)

Consolidated
Nine-month period ended 30 September 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	18	1	-	-	-	8	-
2. Entities with joint control or significant influence over the entity	245	169	14	-	13	145	37
3. Subsidiaries	-	-	-	-	-	-	-
4. Key management personnel of the Bank	1	2	-	-	-	-	-
5. Other related parties	2	2	-	-	-	29	(1)

Consolidated
Nine-month period ended 30 September 2016

	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	48	3	-	-	-	9	-
2. Entities with joint control or significant influence over the entity	228	186	13	-	52	173	10
3. Subsidiaries	-	-	-	-	-	-	-
4. Key management personnel of the Bank	1	2	-	-	-	-	-
5. Other related parties	2	3	-	-	-	15	-

Bank only
Three-month period ended 30 September 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	1	-	-	-	2	-
2. Entities with joint control or significant influence over the entity	87	64	4	-	-	39	(4)
3. Subsidiaries	-	-	775	-	-	-	-
4. Key management personnel of the Bank	-	1	-	-	-	-	-
5. Other related parties	1	1	-	-	-	16	-

TMB Bank Public Company Limited and its Subsidiaries
Notes to the interim financial statements
For the three-month and nine-month periods ended 30 September 2017 (Unaudited)

Bank only							
Three-month period ended 30 September 2016							
	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	1	-	-	-	3	-
2. Entities with joint control or significant influence over the entity	84	45	4	-	28	58	(23)
3. Subsidiaries	-	-	398	-	-	-	-
4. Key management personnel of the Bank	-	1	-	-	-	-	-
5. Other related parties	1	1	-	-	-	6	-

Bank only							
Nine-month period ended 30 September 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	18	1	-	-	-	8	-
2. Entities with joint control or significant influence over the entity	240	169	14	-	13	145	37
3. Subsidiaries	-	-	2,020	-	126	-	-
4. Key management personnel of the Bank	1	2	-	-	-	-	-
5. Other related parties	2	2	-	-	-	29	(1)

Bank only							
Nine-month period ended 30 September 2016							
	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	48	3	-	-	-	9	-
2. Entities with joint control or significant influence over the entity	222	186	13	-	52	173	10
3. Subsidiaries	-	-	936	-	-	-	-
4. Key management personnel of the Bank	1	2	-	-	-	-	-
5. Other related parties	2	3	-	-	-	15	-

TMB Bank Public Company Limited and its Subsidiaries
Notes to the interim financial statements
For the three-month and nine-month periods ended 30 September 2017 (Unaudited)

15.2 Outstanding balances with related parties

As at 30 September 2017 and 31 December 2016, significant outstanding balances with related persons or parties were as follows:

15.2.1 Significant balances between the Bank and its subsidiaries and their major shareholders as at 30 September 2017 and 31 December 2016 were as follows:

	Consolidated and Bank only	
	30 September	31 December
	2017	2016
	<i>(in million Baht)</i>	
Loans to customers and accrued interest receivables, net		
Ministry of Finance	685	1,003
Deposits (including interbank and money market items - liabilities)		
ING Bank N.V.	339	345
Debts issued and borrowings (including interbank and money market items - liabilities)		
ING Bank N.V.	1,668	-
Other liabilities		
ING Bank N.V.	1	-
Contingencies - Derivatives ⁽¹⁾		
ING Bank N.V.	5,536	6,547
⁽¹⁾ Presented in notional amount		
Other contingencies		
ING Bank N.V.	16	18

TMB Bank Public Company Limited and its Subsidiaries
Notes to the interim financial statements
For the three-month and nine-month periods ended 30 September 2017 (Unaudited)

15.2.2 Significant balances between the Bank and its subsidiaries and other entities with joint control or significant influence over the entities as at 30 September 2017 and 31 December 2016 were as follows:

	Consolidated		Bank only	
	30 September 2017	31 December 2016	30 September 2017	31 December 2016
	<i>(in million Baht)</i>			
Interbank and money market items - assets and loans to customers and accrued interest receivables				
Entities whose shares are owned or controlled by the Ministry of Finance	15,938	20,208	15,454	19,779
Thai Charoenpol Industry Co., Ltd.	-	3	-	3
Total	15,938	20,211	15,454	19,782
Allowance for doubtful accounts				
Entities whose shares are owned or controlled by the Ministry of Finance	104	65	104	65
Thai Charoenpol Industry Co., Ltd.	-	2	-	2
Total	104	67	104	67
Other receivables				
Entities whose shares are owned or controlled by the Ministry of Finance	-	56	-	56
Other assets				
Entities whose shares are owned or controlled by the Ministry of Finance	2	282	2	282
Deposits (including interbank and money market items - liabilities)				
Entities whose shares are owned or controlled by the Ministry of Finance	12,895	14,838	12,895	14,838
TMB Property Development Co., Ltd.	4	4	4	4
Total	12,899	14,842	12,899	14,842
Debts issued and borrowings (including interbank and money market items - liabilities)				
Entities whose shares are owned or controlled by the Ministry of Finance	9,488	7,765	9,488	7,765
Provisions for obligation on transfers of non-performing assets				
Entities whose shares are owned or controlled by the Ministry of Finance	-	1,657	-	1,657
Other liabilities				
Entities whose shares are owned or controlled by the Ministry of Finance	25	9	25	9
Contingencies - derivatives ⁽¹⁾				
Entities whose shares are owned or controlled by the Ministry of Finance	132,778	128,754	132,778	128,754
⁽¹⁾ Presented in notional amount				
Other contingencies				
Entities whose shares are owned or controlled by the Ministry of Finance	1,082	1,204	1,082	1,204

TMB Bank Public Company Limited and its Subsidiaries
Notes to the interim financial statements
For the three-month and nine-month periods ended 30 September 2017 (Unaudited)

15.2.3 Significant balances between the Bank and its subsidiaries as at 30 September 2017 and 31 December 2016 were as follows:

	Consolidated		Bank only	
	30 September 2017	31 December 2016	30 September 2017	31 December 2016
	<i>(in million Baht)</i>			
Other assets				
Phayathai Asset Management Co., Ltd.	-	-	1	1
TMB Asset Management Co., Ltd.	-	-	293	147
Total	<u>-</u>	<u>-</u>	<u>294</u>	<u>148</u>
Deposits				
Phayathai Asset Management Co., Ltd.	-	-	13	10
TMB Asset Management Co., Ltd.	-	-	117	63
Total	<u>-</u>	<u>-</u>	<u>130</u>	<u>73</u>

15.2.4 Significant balances between the Bank and its subsidiaries, and their key management personnel as at 30 September 2017 and 31 December 2016 were as follows:

	Consolidated		Bank only	
	30 September 2017	31 December 2016	30 September 2017	31 December 2016
	<i>(in million Baht)</i>			
Loans to customers and accrued interest receivables, net	10	20	10	19
Welfare loans	44	43	44	43
Allowance for doubtful accounts	1	1	1	1
Deposits	218	160	213	154
Other liabilities	1	-	1	-

15.2.5 Significant balances between the Bank and its subsidiaries, and other related parties as at 30 September 2017 and 31 December 2016 were as follows:

	Consolidated		Bank only	
	30 September 2017	31 December 2016	30 September 2017	31 December 2016
	<i>(in million Baht)</i>			
Loans to customers and accrued interest receivables, net	31	32	31	32
Deposits	129	192	128	191
Other liabilities	-	1	-	1

TMB Bank Public Company Limited and its Subsidiaries
Notes to the interim financial statements
For the three-month and nine-month periods ended 30 September 2017 (Unaudited)

15.3 Senior management personnel compensation

For the three-month and nine-month periods ended 30 September 2017 and 2016, senior management personnel compensation, included in profit or loss, was classified as follows:

<i>Three-month periods ended 30 September</i>	Consolidated		Bank only	
	2017	2016	2017	2016
	<i>(in million Baht)</i>			
Short-term employee benefits - directors	8	7	8	7
Short-term employee benefits - management	168	203	160	196
Post-employment benefits	10	13	8	12
Share-based payments (performance share bonus)	1	8	1	8
Total	187	231	177	223

<i>Nine-month periods ended 30 September</i>	Consolidated		Bank only	
	2017	2016	2017	2016
	<i>(in million Baht)</i>			
Short-term employee benefits - directors	37	34	37	33
Short-term employee benefits - management	598	547	573	524
Post-employment benefits	28	36	24	33
Share-based payments (performance share bonus)	11	30	11	30
Total	674	647	645	620

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.

15.4 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 15.3 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 three-month and nine-month periods ended 30 September 2017 (Unaudited)

16 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, supply chain solution and financial management, syndicated loans, and investment banking.

1.2 Small and Medium 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 prices. 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 September 2017**

	Commercial Banking	Retail Banking	Consolidated Other segments (in million Baht)	Elimination	Total
Net interest income	3,426	2,185	529	-	6,140
Other operating income	822	2,036	409	(14)	3,253
Total operating income	4,248	4,221	938	(14)	9,393
Operating expenses	(1,883)	(2,364)	(112)	14	(4,345)
Profits from operation	2,365	1,857	826	-	5,048
Other income (expenses), net					-
Provision for doubtful accounts on loans and loan-related transactions					(2,509)
Profit before income tax					2,539
Income tax					(521)
Profit for the period					2,018
 Depreciation and amortisation	 43	 190	 104	 -	 337

TMB Bank Public Company Limited and its Subsidiaries
Notes to the interim financial statements
For the three-month and nine-month periods ended 30 September 2017 (Unaudited)

*Three-month period ended
30 September 2017*

	Commercial Banking	Retail Banking	Consolidated Other segments (in million Baht)	Elimination	Total
Source of operating income breakdown by operating segments					
Third party	6,006	2,377	1,010	-	9,393
Inter - segment	(1,758)	1,844	(72)	(14)	-
Total operating income	4,248	4,221	938	(14)	9,393

*Three-month period ended
30 September 2016*

	Commercial Banking	Retail Banking	Consolidated Other segments (in million Baht)	Elimination	Total
Net interest income	3,732	2,093	485	-	6,310
Other operating income	925	1,337	403	3	2,668
Total operating income	4,657	3,430	888	3	8,978
Operating expenses	(1,781)	(2,043)	(339)	(3)	(4,166)
Profits from operation	2,876	1,387	549	-	4,812
Other income (expenses), net					-
Provision for doubtful accounts on loans and loan-related transactions					(2,512)
Profit before income tax					2,300
Income tax					(451)
Profit for the period					1,849

Depreciation and amortisation	31	169	117	-	317
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Source of operating income breakdown by operating segments					
Third party	6,555	1,673	750	-	8,978
Inter - segment	(1,898)	1,757	138	3	-
Total operating income	4,657	3,430	888	3	8,978

*Nine-month period ended
30 September 2017*

	Commercial Banking	Retail Banking	Consolidated Other segments (in million Baht)	Elimination	Total
Net interest income	10,457	6,541	1,527	-	18,525
Other operating income	2,344	5,588	1,374	(43)	9,263
Total operating income	12,801	12,129	2,901	(43)	27,788
Operating expenses	(5,558)	(6,814)	(512)	43	(12,841)
Profits from operation	7,243	5,315	2,389	-	14,947
Other income (expenses), net					-
Provision for doubtful accounts on loans and loan-related transactions					(6,995)
Profit before income tax					7,952
Income tax					(1,487)
Profit for the period					6,465
Depreciation and amortisation	102	552	341	-	995

TMB Bank Public Company Limited and its Subsidiaries
Notes to the interim financial statements
For the three-month and nine-month periods ended 30 September 2017 (Unaudited)

*Nine-month period ended
30 September 2017*

	Commercial Banking	Retail Banking	Consolidated Other segments (in million Baht)	Elimination	Total
Source of operating income breakdown by operating segments					
Third party	18,047	6,781	2,960	-	27,788
Inter - segment	(5,246)	5,348	(59)	(43)	-
Total operating income	12,801	12,129	2,901	(43)	27,788

*Nine-month period ended
30 September 2016*

	Commercial Banking	Retail Banking	Consolidated Other segments (in million Baht)	Elimination	Total
Net interest income	11,346	5,540	1,587	-	18,473
Other operating income	2,788	3,706	925	(20)	7,399
Total operating income	14,134	9,246	2,512	(20)	25,872
Operating expenses	(5,384)	(6,112)	(563)	20	(12,039)
Profits from operation	8,750	3,134	1,949	-	13,833
Other income (expenses), net					-
Provision for doubtful accounts on loans and loan-related transactions					(6,434)
Profit before income tax					7,399
Income tax					(1,299)
Profit for the period					6,100
Depreciation and amortisation	95	504	323	-	922

**Source of operating income
breakdown by operating segments**

Third party	20,067	3,918	1,887	-	25,872
Inter - segment	(5,933)	5,328	625	(20)	-
Total operating income	14,134	9,246	2,512	(20)	25,872

Reconciliation of reportable segment profit or loss

*Three-month period ended
30 September 2017*

	Net interest income	Non- interest income	Consolidated Operating expenses (in million Baht)	Other income (expenses)	Impairment loss on loans and debt securities
Segment reporting	6,140	3,253	(4,345)	-	(2,509)
Bad debts, doubtful accounts and impairment losses	-	3	(121)	-	118
Others	52	(72)	20	-	-
Consolidated financial statements	6,192	3,184	(4,446)	-	(2,391)

TMB Bank Public Company Limited and its Subsidiaries
Notes to the interim financial statements
For the three-month and nine-month periods ended 30 September 2017 (Unaudited)

**Three-month period ended
30 September 2016**

	Net interest income	Non- interest income	Consolidated Operating expenses (in million Baht)	Other income (expenses)	Impairment loss on loans and debt securities
Segment reporting	6,310	2,668	(4,166)	-	(2,512)
Bad debts, doubtful accounts and impairment losses	-	5	25	-	(29)
Others	(42)	24	17	-	-
Consolidated financial statements	6,268	2,697	(4,124)	-	(2,541)

**Nine-month period ended
30 September 2017**

	Net interest income	Non- interest income	Consolidated Operating expenses (in million Baht)	Other income (expenses)	Impairment loss on loans and debt securities
Segment reporting	18,525	9,263	(12,841)	-	(6,995)
Bad debts, doubtful accounts and impairment losses	-	40	(122)	-	82
Others	25	(72)	47	-	-
Consolidated financial statements	18,550	9,231	(12,916)	-	(6,913)

**Nine-month period ended
30 September 2016**

	Net interest income	Non- interest income	Consolidated Operating expenses (in million Baht)	Other income (expenses)	Impairment loss on loans and debt securities
Segment reporting	18,473	7,399	(12,039)	-	(6,434)
Bad debts, doubtful accounts and impairment losses	-	18	(36)	-	18
Others	(103)	101	1	-	-
Consolidated financial statements	18,370	7,518	(12,074)	-	(6,416)

	Commercial banking	Retail banking	Consolidated 30 September 2017 Other segments (in million Baht)	Elimination	Total
Assets	583,135	171,472	79,921	(3,814)	830,714
Liabilities and equity	233,513	423,368	177,647	(3,814)	830,714

TMB Bank Public Company Limited and its Subsidiaries
Notes to the interim financial statements
For the three-month and nine-month periods ended 30 September 2017 (Unaudited)

	Consolidated				
	31 December 2016				
	Commercial banking	Retail banking	Other segments	Elimination	Total
	<i>(in million Baht)</i>				
Assets	553,894	144,608	102,410	(3,596)	797,316
Liabilities and equity	216,653	404,996	179,263	(3,596)	797,316

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

17.1 As at 30 September 2017 and 31 December 2016, the financial position classified by domestic and foreign business was as follows:

	Consolidated			Consolidated		
	30 September 2017			31 December 2016		
	Domestic business	Foreign business	Total	Domestic business	Foreign business	Total
	<i>(in million Baht)</i>					
Total assets	829,867	847	830,714	796,593	723	797,316
Interbank and money market items, net (assets)	129,679	574	130,253	113,287	571	113,858
Investments, net	60,322	-	60,322	62,985	-	62,985
Loans to customers and accrued interest receivables, net	594,619	53	594,672	569,195	73	569,268
Deposits	607,192	121	607,313	598,783	165	598,948
Interbank and money market items (liabilities)	52,326	3,157	55,483	43,870	1,547	45,417
Debts issued and borrowings, net	20,549	13,302	33,851	25,443	14,431	39,874

17.2 The results of operations classified by domestic and foreign business for the three-month and the nine-month periods ended 30 September 2017 and 2016 were as follows:

Three-month periods ended 30 September	Consolidated					
	2017			2016		
	Domestic business	Foreign business	Total	Domestic business	Foreign business	Total
	<i>(in million Baht)</i>					
Interest income	8,751	2	8,753	8,794	1	8,795
Interest expense	2,434	127	2,561	2,394	133	2,527
Net interest income (expense)	6,317	(125)	6,192	6,400	(132)	6,268
Net fees and service income	2,775	17	2,792	2,034	1	2,035
Total other operating income	392	-	392	662	-	662
Total other operating expenses	4,443	3	4,446	4,123	1	4,124
Impairment loss on loans and debt securities	2,390	1	2,391	2,541	-	2,541
Profit from operations before income tax	2,651	(112)	2,539	2,432	(132)	2,300

TMB Bank Public Company Limited and its Subsidiaries

Notes to the interim financial statements

For the three-month and nine-month periods ended 30 September 2017 (Unaudited)

Nine-month periods ended 30 September

	Consolidated					
	Domestic business	2017 Foreign business	Total	Domestic business	2016 Foreign business	Total
	<i>(in million Baht)</i>					
Interest income	25,997	4	26,001	26,850	4	26,854
Interest expense	7,062	389	7,451	8,165	319	8,484
Net interest income (expense)	18,935	(385)	18,550	18,685	(315)	18,370
Net fees and service income	7,635	17	7,652	5,791	1	5,792
Total other operating income	1,580	(1)	1,579	1,726	-	1,726
Total other operating expenses	12,908	8	12,916	12,064	10	12,074
Impairment loss on loans and debt securities	6,912	1	6,913	6,416	-	6,416
Profit from operations before income tax	8,330	(378)	7,952	7,722	(324)	7,398

18 Deferred tax and income tax

18.1 Deferred tax

Movements in deferred tax assets and liabilities during the nine-month periods ended 30 September 2017 and 2016 were as follows:

	At 1 January 2017	Consolidated (Charged) / Credited to:		At 30 September 2017
		Profit or loss	Other comprehensive income	
		<i>(note 18.2)</i> <i>(in million Baht)</i>		
Deferred tax assets				
Investments	189	(4)	(14)	171
Loans to customer and accrued interest receivables	680	32	-	712
Properties for sale	23	19	-	42
Premises and equipment	66	(3)	-	63
Provisions for obligations on transfers of non-performing assets	332	(332)	-	-
Provisions for employee benefits	290	4	(38)	256
Provisions for other liabilities	142	(18)	-	124
Deferred revenue and other liabilities	256	(30)	-	226
Others	112	100	-	212
Total	2,090	(232)	(52)	1,806
Deferred tax liabilities				
Investments	-	-	5	5
Premises and equipment	1,291	(23)	(6)	1,262
Others	24	25	(8)	41
Total	1,315	2	(9)	1,308
Net	775	(234)	(43)	498

TMB Bank Public Company Limited and its Subsidiaries
Notes to the interim financial statements
For the three-month and nine-month periods ended 30 September 2017 (Unaudited)

		Consolidated (Charged) / Credited to:		
	At 1 January 2016	Profit or loss	Other comprehensive income	At 30 September 2016
		<i>(note 18.2)</i> <i>(in million Baht)</i>		
Deferred tax assets				
Investments	174	1	-	175
Loans to customer and accrued interest receivables	629	193	-	822
Properties for sale	26	(4)	-	22
Premises and equipment	100	(30)	-	70
Provisions for obligations on transfers of non-performing assets	1,200	(868)	-	332
Provisions for employee benefits	298	7	(18)	287
Provisions for other liabilities	110	19	-	129
Deferred revenue and other liabilities	294	(97)	-	197
Others	158	(33)	-	125
Total	2,989	(812)	(18)	2,159
Deferred tax liabilities				
Investments	21	-	(19)	2
Premises and equipment	900	(20)	418	1,298
Others	23	(2)	(2)	19
Total	944	(22)	397	1,319
Net	2,045	(790)	(415)	840

		Bank only (Charged) / Credited to:		
	At 1 January 2017	Profit or loss	Other comprehensive income	At 30 September 2017
		<i>(note 18.2)</i> <i>(in million Baht)</i>		
Deferred tax assets				
Investments	189	(4)	(14)	171
Loans to customers and accrued interest receivables	667	32	-	699
Properties for sale	23	19	-	42
Premises and equipment	66	(3)	-	63
Provisions for obligations on transfers of non-performing assets	332	(332)	-	-
Provisions for employee benefits	285	3	(38)	250
Provisions for other liabilities	140	(17)	-	123
Deferred revenue and other liabilities	256	(30)	-	226
Others	117	104	-	221
Total	2,075	(228)	(52)	1,795

TMB Bank Public Company Limited and its Subsidiaries

Notes to the interim financial statements

For the three-month and nine-month periods ended 30 September 2017 (Unaudited)

	At 1 January 2017	Bank only (Charged) / Credited to:		At 30 September 2017
		Profit or loss (note 18.2) (in million Baht)	Other comprehensive income	
Deferred tax liabilities				
Investments	-	-	5	5
Premises and equipment	1,290	(23)	(6)	1,261
Others	24	25	(8)	41
Total	1,314	2	(9)	1,307
Net	761	(230)	(43)	488

	At 1 January 2016	Bank only (Charged) / Credited to:		At 30 September 2016
		Profit or loss (note 18.2) (in million Baht)	Other comprehensive income	
Deferred tax assets				
Investments	174	1	-	175
Loans to customers and accrued interest receivables	616	193	-	809
Properties for sale	26	(4)	-	22
Premises and equipment	100	(30)	-	70
Provisions for obligations on transfers of non-performing assets	1,200	(868)	-	332
Provisions for employee benefits	294	5	(18)	281
Provisions for other liabilities	108	20	-	128
Deferred revenue and other liabilities	294	(97)	-	197
Others	155	(22)	-	133
Total	2,967	(802)	(18)	2,147

Deferred tax liabilities				
Investments	13	-	(12)	1
Premises and equipment	899	(20)	418	1,297
Others	23	(2)	(2)	19
Total	935	(22)	404	1,317
Net	2,032	(780)	(422)	830

As at 30 September 2017 and 31 December 2016, the Bank had tax-deductible temporary differences in relation to investments in subsidiaries totalling Baht 745 million, for which deferred tax assets have not yet been recognised because certain recognition criteria were not met.

As at 30 September 2017 and 31 December 2016, the Bank and its subsidiaries have tax-deductible temporary differences in respect of loans to customers and accrued interest receivables, for which deferred tax assets have not been recognised since it is uncertain as to whether the Bank and its subsidiaries would be able to utilise such temporary differences.

TMB Bank Public Company Limited and its Subsidiaries
Notes to the interim financial statements
For the three-month and nine-month periods ended 30 September 2017 (Unaudited)

18.2 Income tax

Income tax recognised in profit or loss

<i>Three-month periods ended 30 September</i>	Consolidated		Bank only	
	2017	2016	2017	2016
	<i>(in million Baht)</i>			
Current tax				
Current period	244	206	214	174
Over provided in prior year	-	(2)	-	(2)
	<u>244</u>	<u>204</u>	<u>214</u>	<u>172</u>
Deferred tax				
Movements in temporary differences	277	247	278	244
	<u>277</u>	<u>247</u>	<u>278</u>	<u>244</u>
Total	<u>521</u>	<u>451</u>	<u>492</u>	<u>416</u>

<i>Nine-month periods ended 30 September</i>	<i>Note</i>	Consolidated		Bank only	
		2017	2016	2017	2016
		<i>(in million Baht)</i>			
Current tax					
Current period		1,276	524	1,202	476
Over provided in prior year		(23)	(15)	(23)	(15)
		<u>1,253</u>	<u>509</u>	<u>1,179</u>	<u>461</u>
Deferred tax					
Movements in temporary differences	18.1	234	790	230	780
		<u>234</u>	<u>790</u>	<u>230</u>	<u>780</u>
Total		<u>1,487</u>	<u>1,299</u>	<u>1,409</u>	<u>1,241</u>

Income tax recognised in other comprehensive income

Consolidated						
<i>Three-month periods ended 30 September</i>						
	Before tax	2017 Tax (expense) benefit	Net of tax	Before tax	2016 Tax (expense) benefit	Net of tax
	<i>(in million Baht)</i>					
Investments	12	(2)	10	(105)	21	(84)
Premises and equipment	(21)	5	(16)	(16)	3	(13)
Provisions for employee benefits	(31)	5	(26)	-	-	-
Others	(10)	2	(8)	(10)	2	(8)
Total	<u>(50)</u>	<u>10</u>	<u>(40)</u>	<u>(131)</u>	<u>26</u>	<u>(105)</u>

TMB Bank Public Company Limited and its Subsidiaries
Notes to the interim financial statements
For the three-month and nine-month periods ended 30 September 2017 (Unaudited)

	Bank only					
Three-month periods ended 30 September		2017			2016	
	Before	Tax	Net of	Before	Tax	Net of
	tax	(expense)	tax	tax	(expense)	tax
		benefit			benefit	
			(in million Baht)			
Investments	11	(2)	9	(30)	6	(24)
Premises and equipment	(21)	5	(16)	(16)	3	(13)
Provisions for employee benefits	(31)	6	(25)	-	-	-
Others	(10)	2	(8)	(10)	2	(8)
Total	(51)	11	(40)	(56)	11	(45)

	Consolidated					
Nine-month periods ended 30 September		2017			2016	
	Before tax	Tax (expense) benefit	Net of tax	Before tax	Tax (expense) benefit	Net of tax
			(in million Baht)			
Investments	96	(19)	77	(95)	19	(76)
Premises and equipment	(34)	7	(27)	2,088	(418)	1,670
Provisions for employee benefits	193	(39)	154	89	(18)	71
Others	(40)	8	(32)	(10)	2	(8)
Total	215	(43)	172	2,072	(415)	1,657

	Bank only					
Nine-month periods ended 30 September		2017			2016	
	Before	Tax	Net of	Before	Tax	Net of
	tax	(expense)	tax	tax	(expense)	tax
		benefit			benefit	
			(in million Baht)			
Investments	95	(19)	76	(58)	12	(46)
Premises and equipment	(33)	6	(27)	2,088	(418)	1,670
Provisions for employee benefits	190	(38)	152	91	(18)	73
Others	(40)	8	(32)	(10)	2	(8)
Total	212	(43)	169	2,111	(422)	1,689

TMB Bank Public Company Limited and its Subsidiaries
Notes to the interim financial statements
For the three-month and nine-month periods ended 30 September 2017 (Unaudited)

Reconciliation of effective tax rate

<i>Three-month periods ended 30 September</i>	Consolidated			
	2017		2016	
	<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		2,539		2,300
Income tax using the Thai corporation tax rate	20	507	20	460
Tax effect of income and expenses that are not taxable income or not deductible in determining taxable profit, net	1	14	-	(7)
Over provided in prior year	-	-	-	(2)
Total	21	521	20	451

<i>Three-month periods ended 30 September</i>	Bank only			
	2017		2016	
	<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		2,375		2,123
Income tax using the Thai corporation tax rate	20	475	20	424
Tax effect of income and expenses that are not taxable income or not deductible in determining taxable profit, net	1	17	-	(6)
Over provided in prior year	-	-	-	(2)
Total	21	492	20	416

<i>Nine-month periods ended 30 September</i>	Consolidated			
	2017		2016	
	<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		7,952		7,399
Income tax using the Thai corporation tax rate	20	1,590	20	1,480
Deferred tax which previously unrecognised deductible temporary difference had been met the recognition criteria and utilised during the period	-	(11)	(2)	(155)
Tax effect of income and expenses that are not taxable income or not deductible in determining taxable profit, net	(1)	(69)	-	(11)
Over provided in prior year	-	(23)	-	(15)
Total	19	1,487	18	1,299

TMB Bank Public Company Limited and its Subsidiaries
Notes to the interim financial statements
For the three-month and nine-month periods ended 30 September 2017 (Unaudited)

<i>Nine-month periods ended 30 September</i>	Bank only			
	2017		2016	
	<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		<u>7,641</u>		<u>7,106</u>
Income tax using the Thai corporation tax rate	20	1,528	20	1,421
Deferred tax which previously unrecognised deductible temporary difference had been met the recognition criteria and utilised during the period	-	(11)	(2)	(155)
Tax effect of income and expenses that are not taxable income or not deductible in determining taxable profit, net	(1)	(85)	-	(10)
Over provided in prior year	-	(23)	-	(15)
Total	19	1,409	18	1,241

19 Earnings per share

Basic earnings per share

The calculations of basic earnings per share for the three-month and nine-month periods ended 30 September 2017 and 2016 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 September</i>	Consolidated		Bank only	
	2017	2016	2017	2016
Profit for the periods attributable to equity holders of the Bank <i>(in million Baht)</i>	<u>2,003</u>	<u>1,845</u>	<u>1,883</u>	<u>1,707</u>
Weighted average number of ordinary shares outstanding <i>(in million shares)</i>	<u>43,840</u>	<u>43,807</u>	<u>43,840</u>	<u>43,807</u>
Basic earnings per share <i>(in Baht)</i>	<u>0.0457</u>	<u>0.0421</u>	<u>0.0429</u>	<u>0.0390</u>

<i>Nine-month periods ended 30 September</i>	Consolidated		Bank only	
	2017	2016	2017	2016
Profit for the periods attributable to equity holders of the Bank <i>(in million Baht)</i>	<u>6,429</u>	<u>6,088</u>	<u>6,232</u>	<u>5,865</u>
Weighted average number of ordinary shares outstanding <i>(in million shares)</i>	<u>43,828</u>	<u>43,786</u>	<u>43,828</u>	<u>43,786</u>
Basic earnings per share <i>(in Baht)</i>	<u>0.1467</u>	<u>0.1390</u>	<u>0.1422</u>	<u>0.1340</u>

TMB Bank Public Company Limited and its Subsidiaries
Notes to the interim financial statements
For the three-month and nine-month periods ended 30 September 2017 (Unaudited)

Diluted earnings per share

The calculations of diluted earnings per share for the three-month and nine-month periods ended 30 September 2017 and 2016 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 September</i>	Consolidated		Bank only	
	2017	2016	2017	2016
Profit for the periods attributable to equity holders of the Bank <i>(in million Baht)</i>	<u>2,003</u>	<u>1,845</u>	<u>1,883</u>	<u>1,707</u>
Weighted average number of ordinary shares outstanding <i>(in million shares)</i>	<u>43,840</u>	<u>43,807</u>	<u>43,840</u>	<u>43,807</u>
Effect of dilutive potential ordinary shares from TMB PSBP 2010 Scheme <i>(in million shares)</i>	<u>13</u>	<u>50</u>	<u>13</u>	<u>50</u>
Weighted average number of diluted ordinary shares outstanding <i>(in million shares)</i>	<u>43,853</u>	<u>43,857</u>	<u>43,853</u>	<u>43,857</u>
Diluted earnings per share <i>(in Baht)</i>	<u>0.0457</u>	<u>0.0421</u>	<u>0.0429</u>	<u>0.0389</u>

<i>Nine-month periods ended 30 September</i>	Consolidated		Bank only	
	2017	2016	2017	2016
Profit for the periods attributable to equity holders of the Bank <i>(in million Baht)</i>	<u>6,429</u>	<u>6,088</u>	<u>6,232</u>	<u>5,865</u>
Weighted average number of ordinary shares outstanding <i>(in million shares)</i>	<u>43,828</u>	<u>43,786</u>	<u>43,828</u>	<u>43,786</u>
Effect of dilutive potential ordinary shares from TMB PSBP 2010 Scheme <i>(in million shares)</i>	<u>25</u>	<u>74</u>	<u>25</u>	<u>74</u>
Weighted average number of diluted ordinary shares outstanding <i>(in million shares)</i>	<u>43,853</u>	<u>43,860</u>	<u>43,853</u>	<u>43,860</u>
Diluted earnings per share <i>(in Baht)</i>	<u>0.1466</u>	<u>0.1388</u>	<u>0.1421</u>	<u>0.1337</u>

20 Appropriation of profit and dividend payment

- (a) 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.
- (b) On 8 April 2016, the 2016 Annual General Meeting of the Bank's shareholders passed resolutions approving the appropriation of the 2015 operating profit and dividend payment as follows:
- (1) Appropriation of net profit of Baht 460 million to the legal reserve.
 - (2) Payment of a dividend of Baht 0.06 per share from the 2015 operating profit to the shareholders. The Bank paid such dividend to its shareholders on 4 May 2016.

TMB Bank Public Company Limited and its Subsidiaries
Notes to the interim financial statements
For the three-month and nine-month periods ended 30 September 2017 (Unaudited)

21 Thai Financial Reporting Standards (TFRSs) not yet adopted

A number of revised TFRSs have been issued but are not yet effective and have not been applied in preparing these financial statements. Those revised TFRSs that may be relevant to the Bank and its subsidiaries' operations, which become effective for annual financial periods beginning on or after 1 January 2018, are set out below. The Bank and its subsidiaries does not plan to adopt these TFRSs early.

TFRS	Topic
TAS 1 (revised 2017)	Presentation of Financial Statements
TAS 7 (revised 2017)	Statement of Cash Flow
TAS 8 (revised 2017)	Accounting Policies, Changes in Accounting Estimates and Errors
TAS 10 (revised 2017)	Events after the Reporting Period
TAS 12 (revised 2017)	Income Taxes
TAS 16 (revised 2017)	Property, Plant and Equipment
TAS 17 (revised 2017)	Leases
TAS 18 (revised 2017)	Revenue
TAS 19 (revised 2017)	Employee Benefits
TAS 21 (revised 2017)	The Effects of Changes in Foreign Exchange Rates
TAS 24 (revised 2017)	Related Party Disclosure
TAS 27 (revised 2017)	Separate Financial Statements
TAS 33 (revised 2017)	Earnings per Share
TAS 34 (revised 2017)	Interim Financial Reporting
TAS 36 (revised 2017)	Impairment of Assets
TAS 37 (revised 2017)	Provisions, Contingent Liabilities and Contingent Assets
TAS 38 (revised 2017)	Intangible Assets
TFRS 2 (revised 2017)	Share-based Payment
TFRS 3 (revised 2017)	Business Combination
TFRS 5 (revised 2017)	Non-current Assets Held for Sale and Discontinued Operations
TFRS 8 (revised 2017)	Operating Segments
TFRS 10 (revised 2017)	Consolidated Financial Statements
TFRS 11 (revised 2017)	Joint Arrangements
TFRS 12 (revised 2017)	Disclosure of Interest in Other Entities
TFRS 13 (revised 2017)	Fair Value Measurement
TSIC 15 (revised 2017)	Operating Leases – Incentives
TSIC 27 (revised 2017)	Evaluating the Substance of Transactions in the Legal Form of a Lease
TSIC 32 (revised 2017)	Intangible Assets – Web Site Costs
TFRIC 1 (revised 2017)	Changes in Existing Decommissioning, Restoration and Similar Liabilities
TFRIC 4 (revised 2017)	Determining Whether an Arrangement Contains a Lease
TFRIC 10 (revised 2017)	Interim Financial Reporting and Impairment
TFRIC 13 (revised 2017)	Customer Loyalty Programmes
TFRIC 18 (revised 2017)	Transfers of Assets from Customers

The Bank and its subsidiaries have made a preliminary assessment of the potential initial impact on the consolidated and the Bank only financial statements of these revised TFRSs and expect that there will be no material impact on the financial statements in the period of initial application.

TMB Bank Public Company Limited and its Subsidiaries
Notes to the interim financial statements
For the three-month and nine-month periods ended 30 September 2017 (Unaudited)

22 Events after the reporting period

On 24 October 2017, the Bank invested in additional 1,250,000 ordinary shares of TMB Asset Management Company Limited (“TMBAM”) at a price of Baht 206.75 per share, for a total of Baht 258 million. As a result, the Bank’s shareholding in TMBAM increased from 87.50% to 100.00% of the issued and paid-up share capital of TMBAM.

23 Reclassification of accounts

Certain accounts in the statement of financial position as at 31 December 2016, which are included in the 2017 interim financial statements for comparative purposes, have been reclassified to conform to the presentation in the 2017 interim financial statements. These reclassifications have principally been made following changes in accounting policies as disclosed in note 3 and for comparative purposes. The reclassifications were as follows:

	31 December 2016					
	Consolidated		Bank only			
	Before reclassification	Reclassification	After reclassification	Before reclassification	Reclassification	After reclassification
	<i>(in million Baht)</i>					
<i>Statement of financial position</i>						
Claims on security	13,115	(13,115)	-	13,115	(13,115)	-
Investment, net	62,116	869	62,985	59,091	869	59,960
Customer’s liabilities under acceptance	5	(5)	-	5	(5)	-
Other receivables, net	13,695	(11,433)	2,262	13,585	(11,433)	2,152
Liabilities to deliver securities	13,115	(13,115)	-	13,115	(13,115)	-
Bank’s liabilities under acceptance	5	(5)	-	5	(5)	-
Other payables	11,324	(11,324)	-	11,319	(11,319)	-
Deferred revenue	-	218	218	-	218	218
Other liabilities	9,536	542	10,078	9,445	537	9,982
		<u>-</u>			<u>-</u>	

The reclassifications have been made because, in the opinion of management, the new classifications are more appropriate to the Bank’s and its subsidiaries’ business.