REPORT OF THE INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

TO THE SHAREHOLDERS AND BOARD OF DIRECTORS
BANK OF AYUDHYA PUBLIC COMPANY LIMITED

Opinion

We have audited the consolidated financial statements of Bank of Ayudhya Public Company Limited and its subsidiaries (the "Bank and subsidiaries") and the Bank's financial statements of Bank of Ayudhya Public Company Limited (the "Bank"), which comprise the consolidated and Bank's statements of financial position as at December 31, 2018, and the related consolidated and Bank's statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated and Bank's financial statements present fairly, in all material respects, the financial position of Bank of Ayudhya Public Company Limited and its subsidiaries and of Bank of Ayudhya Public Company Limited as at December 31, 2018, and financial performance and cash flows for the year then ended in accordance with Thai Financial Reporting Standards ("TFRSs").

Basis for Opinion

We conducted our audit in accordance with Thai Standards on Auditing ("TSAs"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated and Bank's Financial Statements section of our report. We are independent of the Bank and subsidiaries in accordance with the Federation of Accounting Professions' Code of Ethics for Professional Accountants together with the ethical requirements that are relevant to the audit of the consolidated and Bank's financial statements, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

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

Key Audit Matters	Key Audit Procedures
Allowance for doubtful accounts The allowance for doubtful accounts is considered to be a matter of most significance as it requires the application of judgment and use of subjective assumptions by management of the Bank and subsidiaries. The Bank and subsidiaries recognized both general and specific allowances of loans to customers, in accordance with the Bank of Thailand (the "BOT")'s notifications. The specific allowances used the specific percentage on loan classification based on collateralized approach on fair value of collateral whether its valuation is evaluated appropriately. The general allowances used the qualitative factors in assessment the ability to pay of debtors, including deteriorating economic and industry. Accounting policy for allowance for doubtful accounts and detail of allowance for doubtful accounts were disclosed in Notes 4.5 and 7.7 to the financial statements, respectively.	• Understood whether there were any changes in accounting policies and procedures regarding allowance for credit losses. If any, assessed the reasonableness of the changes and identified the impact of the changes. • Tested the design and operating effectiveness of the controls over loan classification, collateral value, right in collateral and loan credit review. • Tested the accuracy of loan classification and calculation of the specific allowance based on the specific percentage according to the BOT's notifications. For the valuation of collateral, the appraisal method and amount evaluated by independent authorized appraiser was approved by the Bank's appraisal committee and complied with the BOT's regulation. The appraisal date was in a period of time determined in the BOT's notification. • Tested the adequacy of allowance and the appropriateness of management assumption on general provision and analysis the economic and industry. Tested the loan impairment methodology calculated the expected loss of the loan portfolio by segmentation based on historical data to assess the adequacy of allowance.

Other Information

Management is responsible for the other information. The other information comprises information in the annual report, but does not include the consolidated and Bank's financial statements and our auditor's report thereon. The annual report is expected to be made available to us after the date of this auditor's report.

Our opinion on the consolidated and Bank's financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated and Bank's financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

When we read the annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance and the management of the Bank.

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

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

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

Those charged with governance are responsible for overseeing the Bank and subsidiaries' financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated and Bank's Financial Statements

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

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

- Identify and assess the risks of material misstatement of the consolidated and Bank's financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Bank and subsidiaries' internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Bank and subsidiaries' ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Bank and subsidiaries to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated and the Bank's financial statements, including the disclosures, and whether the consolidated and Bank's financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Bank and subsidiaries to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

Chavala Tienpasertkij
Certified Public Accountant (Thailand)
Registration No. 4301
DELOITTE TOUCHE TOHMATSU JAIYOS AUDIT CO., LTD.

BANGKOK
February 27, 2019

BANK OF AYUDHYA PUBLIC COMPANY LIMITED AND SUBSIDIARIES

STATEMENTS OF FINANCIAL POSITION

AS AT DECEMBER 31, 2018

BAHT: '000

	Notes	CONSOLIDATED FINANCIAL STATEMENTS		THE BANK'S FINANCIAL STATEMENTS	
		December 31, 2018	December 31, 2017	December 31, 2018	December 31, 2017
ASSETS					
CASH		34,679,453	38,244,197	33,467,518	37,671,005
INTERBANK AND MONEY MARKET ITEMS, NET	7.2	245,553,368	330,797,381	239,262,061	325,640,238
CLAIM ON SECURITY		12,739,466	47,134,759	12,739,466	47,134,759
DERIVATIVES ASSETS	7.3	14,114,996	14,561,586	14,118,477	14,572,899
INVESTMENTS, NET	7.4	134,749,046	83,934,465	134,432,727	83,702,705
INVESTMENTS IN SUBSIDIARIES AND JOINT VENTURES, NET	7.5	2,619,961	2,222,431	58,261,091	57,869,606
LOANS TO CUSTOMERS AND ACCRUED INTEREST RECEIVABLES, NET	7.6				
Loans to customers		1,749,254,185	1,619,357,880	1,612,370,410	1,473,612,160
Accrued interest receivables		4,325,799	3,916,985	2,534,581	2,295,796
Total loans to customers and accrued interest receivables		1,753,579,984	1,623,274,865	1,614,904,991	1,475,907,956
Less Deferred revenue		(77,236,147)	(68,953,805)	(64,003,015)	(50,190,371)
Less Allowance for doubtful accounts	7.7	(59,790,567)	(54,172,854)	(45,696,125)	(38,493,249)
Less Revaluation allowance for debt restructuring	7.8	(1,569,084)	(1,302,828)	(100,722)	(48,016)
Net loans and accrued interest receivables		1,614,984,186	1,498,845,378	1,505,105,129	1,387,176,320
CUSTOMERS' LIABILITY UNDER ACCEPTANCE		564,690	500,108	564,690	500,108
PROPERTIES FOR SALE, NET	7.9	3,478,358	3,684,841	2,188,153	2,088,299
PREMISES AND EQUIPMENT, NET	7.10	26,238,751	26,401,168	24,246,855	24,344,496
GOODWILL AND OTHER INTANGIBLE ASSETS, NET	7.11	16,642,318	16,756,121	3,767,460	3,630,013
DEFERRED TAX ASSETS	7.12	4,273,990	4,823,047	256,391	-
ACCOUNTS RECEIVABLE FOR INVESTMENTS		804,663	1,315,317	804,663	1,315,317
ASSETS CLASSIFIED AS HELD FOR SALE	7.13	39,536,149	-	2,413,540	-
OTHER ASSETS, NET	7.14	22,642,989	19,551,268	18,273,336	14,163,285
TOTAL ASSETS		2,173,622,384	2,088,772,067	2,049,901,557	1,999,809,050

Notes to the consolidated and the Bank's financial statements form an integral part of these financial statements

BANK OF AYUDHYA PUBLIC COMPANY LIMITED AND SUBSIDIARIES

STATEMENTS OF FINANCIAL POSITION (CONTINUED)

AS AT DECEMBER 31, 2018

BAHT: '000

		CONSOLIDATED FINANCIAL STATEMENTS		**THE BANK'S FINANCIAL STATEMENTS**	
	Notes	**December 31, 2018**	**December 31, 2017**	**December 31, 2018**	**December 31, 2017**
LIABILITIES AND EQUITY					
DEPOSITS	7.15	1,426,348,223	1,319,228,951	1,420,893,299	1,316,704,846
INTERBANK AND MONEY MARKET ITEMS, NET	7.16	244,097,059	279,720,847	246,253,800	284,477,010
LIABILITY PAYABLE ON DEMAND		5,990,667	6,296,314	5,990,573	6,296,270
LIABILITY TO DELIVER SECURITY		12,739,466	47,134,759	12,739,466	47,134,759
DERIVATIVES LIABILITIES	7.3	13,539,514	15,723,571	13,542,540	15,723,571
DEBT ISSUED AND BORROWINGS	7.17	155,649,788	142,866,150	115,987,549	111,994,878
BANK'S LIABILITY UNDER ACCEPTANCE		564,690	500,108	564,690	500,108
PROVISIONS	7.18	7,763,695	7,467,766	6,867,642	6,549,941
DEFERRED TAX LIABILITIES	7.12	3,765	106,529	-	103,853
ACCOUNTS PAYABLE FOR INVESTMENTS		103,091	1,587,891	103,091	1,587,891
LIABILITIES DIRECTLY ASSOCIATED WITH					
ASSETS CLASSIFIED AS HELD FOR SALE	7.13	13,783,913	-	-	-
OTHER LIABILITIES	7.20	49,320,226	42,151,955	31,029,920	23,210,217
TOTAL LIABILITIES		1,929,904,097	1,862,784,841	1,853,972,570	1,814,283,344
EQUITY					
SHARE CAPITAL	7.21				
Authorized share capital					
7,574,143,747 ordinary shares of					
Baht 10 each		75,741,437	75,741,437	75,741,437	75,741,437
Issued and paid-up share capital					
7,355,761,773 ordinary shares of					
Baht 10 each		73,557,618	73,557,618	73,557,618	73,557,618
PREMIUM ON ORDINARY SHARES		52,878,749	52,878,749	52,878,749	52,878,749
OTHER RESERVES		2,150,878	3,496,606	2,587,947	3,820,139
RETAINED EARNINGS					
Appropriated					
Legal reserve		5,890,800	5,006,800	5,890,800	5,006,800
Unappropriated		108,159,015	90,190,736	61,013,873	50,262,400
TOTAL BANK'S EQUITY		242,637,060	225,130,509	195,928,987	185,525,706
NON-CONTROLLING INTEREST		1,081,227	856,717	-	-
TOTAL EQUITY		243,718,287	225,987,226	195,928,987	185,525,706
TOTAL LIABILITIES AND EQUITY		2,173,622,384	2,088,772,067	2,049,901,557	1,999,809,050

Notes to the consolidated and the Bank's financial statements form an integral part of these financial statements

(Mr. Noriaki Goto)
President and Chief Executive Officer

(Miss Duangdao Wongpanitkrit)
Director

BANK OF AYUDHYA PUBLIC COMPANY LIMITED AND SUBSIDIARIES

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED DECEMBER 31, 2018

BAHT : '000

		CONSOLIDATED FINANCIAL STATEMENTS		THE BANK'S FINANCIAL STATEMENTS	
	Notes	**2018**	**2017**	**2018**	**2017**
INTEREST INCOME	7.29	107,131,778	94,997,812	74,597,475	64,955,061
INTEREST EXPENSES	7.30	31,803,439	26,463,003	29,635,978	24,738,869
INTEREST INCOME, NET		75,328,339	68,534,809	44,961,497	40,216,192
FEES AND SERVICE INCOME		28,999,346	26,340,619	15,447,471	13,736,349
FEES AND SERVICE EXPENSES		7,751,461	6,665,529	5,292,126	4,145,390
FEES AND SERVICE INCOME, NET	7.31	21,247,885	19,675,090	10,155,345	9,590,959
GAINS ON TRADING AND FOREIGN EXCHANGE TRANSACTIONS, NET	7.32	4,736,450	4,233,207	4,718,472	4,215,117
GAINS (LOSSES) ON INVESTMENTS, NET	7.33	374,038	895,933	(25,962)	795,933
SHARE OF PROFIT FROM INVESTMENT USING EQUITY METHOD		391,199	301,603	-	-
DIVIDEND INCOME		202,052	194,826	7,232,737	3,221,218
BAD DEBTS RECOVERIES		5,994,398	5,161,214	1,297,357	845,386
GAINS ON SALE PROPERTIES FOR SALE		263,856	516,064	138,606	363,045
OTHER OPERATING INCOME		1,040,936	967,236	880,229	858,236
TOTAL OPERATING INCOME		109,579,153	100,479,982	69,358,281	60,106,086
OTHER OPERATING EXPENSES					
Employee's expenses		26,286,521	24,437,909	17,425,801	16,604,677
Directors' remuneration		59,390	57,775	53,172	52,130
Premises and equipment expenses		8,419,599	8,248,116	6,285,022	6,326,456
Taxes and duties		2,789,060	2,605,339	1,828,903	1,749,670
Others		14,186,040	12,860,814	7,768,628	6,968,724
Total other operating expenses		51,740,610	48,209,953	33,361,526	31,701,657
IMPAIRMENT LOSS ON LOANS AND DEBT SECURITIES	7.34	26,180,100	22,970,491	15,768,699	13,578,693
PROFIT FROM OPERATING BEFORE INCOME TAX EXPENSES		31,658,443	29,299,538	20,228,056	14,825,736
INCOME TAX EXPENSES	7.35	6,467,289	5,738,988	2,562,530	2,142,481
NET PROFIT		25,191,154	23,560,550	17,665,526	12,683,255

BANK OF AYUDHYA PUBLIC COMPANY LIMITED AND SUBSIDIARIES

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (CONTINUED)

FOR THE YEAR ENDED DECEMBER 31, 2018

BAHT : '000

	Notes	CONSOLIDATED FINANCIAL STATEMENTS 2018	CONSOLIDATED FINANCIAL STATEMENTS 2017	THE BANK'S FINANCIAL STATEMENTS 2018	THE BANK'S FINANCIAL STATEMENTS 2017
OTHER COMPREHENSIVE INCOME					
Items that will be reclassified subsequently to profit or loss:					
Gain (Loss) on remeasuring available-for-sale investments		(1,223,637)	162,971	(1,223,637)	162,971
Loss arising from translating the financial statements of a foreign operation		(139,134)	(527,143)	-	-
Income tax relating to components of other comprehensive income	7.36	272,003	68,589	244,727	(32,595)
Items that will not be reclassified subsequently to profit or loss:					
Actuarial gain (loss) on defined benefit plans	7.18	67,783	378,329	(38,672)	297,771
Share of other comprehensive income of joint venture		6,331	1,449	-	-
Income tax relating to components of other comprehensive income	7.36	(13,689)	(75,666)	7,734	(59,554)
Total other comprehensive income, net		(1,030,343)	8,529	(1,009,848)	368,593
TOTAL COMPREHENSIVE INCOME		24,160,811	23,569,079	16,655,678	13,051,848
NET PROFIT ATTRIBUTABLE					
Owners of the Bank		24,812,637	23,209,271	17,665,526	12,683,255
Non-controlling interest		378,517	351,279	-	-
		25,191,154	23,560,550	17,665,526	12,683,255
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE					
Owners of the Bank		23,782,175	23,220,052	16,655,678	13,051,848
Non-controlling interest		378,636	349,027	-	-
		24,160,811	23,569,079	16,655,678	13,051,848
EARNINGS PER SHARE OF OWNERS OF THE BANK					
BASIC EARNINGS PER SHARE	**BAHT**	3.37	3.16	2.40	1.72
WEIGHTED AVERAGE NUMBER OF ORDINARY SHARES	**SHARES**	7,355,761,773	7,355,761,773	7,355,761,773	7,355,761,773

Notes to the consolidated and the Bank's financial statements form an integral part of these financial statements

(Mr. Noriaki Goto)
President and Chief Executive Officer

(Miss Duangdao Wongpanitkrit)
Director

BANK OF AYUDHYA PUBLIC COMPANY LIMITED AND SUBSIDIARIES

STATEMENTS OF CHANGES IN EQUITY

FOR THE YEAR ENDED DECEMBER 31, 2018

BAHT : '000

		CONSOLIDATED FINANCIAL STATEMENTS										
		Owners of the Bank									Non-Controlling Interest	Total
		Issued and Paid-up Share Capital	Premium on Share Capital	Other reserves				Retained Earnings		Total Bank's Equity		
	Notes			Asset Appraisal Surplus	Revaluation Surplus on Investments	Foreign Currency Translation	Deficit from Business Combination under Common Control	Appropriated Legal Reserve	Unappropriated			
Balance as of January 1, 2017		73,557,618	52,878,749	8,422,604	758,581	99,412	(5,217,755)	4,371,800	73,308,328	208,179,337	588,671	208,768,008
Change in revaluation surplus		-	-	(273,668)	-	-	-	-	273,668	-	-	-
Dividend payment	7.21.2	-	-	-	-	-	-	-	(6,252,397)	(6,252,397)	(81,936)	(6,334,333)
Increase in legal reserve		-	-	-	-	-	-	635,000	(635,000)	-	-	-
Total comprehensive income		-	-	-	130,377	(423,838)	-	-	23,513,513	23,220,052	349,027	23,569,079
Change in shareholding in subsidiaries company		-	-	-	-	893	-	-	(17,376)	(16,483)	955	(15,528)
Balance as of December 31, 2017		73,557,618	52,878,749	8,148,936	888,958	(323,533)	(5,217,755)	5,006,800	90,190,736	225,130,509	856,717	225,987,226
Balance as of January 1, 2018		73,557,618	52,878,749	8,148,936	888,958	(323,533)	(5,217,755)	5,006,800	90,190,736	225,130,509	856,717	225,987,226
Change in revaluation surplus		-	-	(253,282)	-	-	-	-	253,282	-	-	-
Dividend payment	7.21.2	-	-	-	-	-	-	-	(6,252,397)	(6,252,397)	(114,714)	(6,367,111)
Increase in legal reserve		-	-	-	-	-	-	884,000	(884,000)	-	-	-
Total comprehensive income		-	-	-	(978,910)	(111,859)	-	-	24,872,944	23,782,175	378,636	24,160,811
Change in shareholding in subsidiaries company		-	-	-	-	(1,677)	-	-	(21,550)	(23,227)	(39,412)	(62,639)
Balance as of December 31, 2018		73,557,618	52,878,749	7,895,654	(89,952)	(437,069)	(5,217,755)	5,890,800	108,159,015	242,637,060	1,081,227	243,718,287

Notes to the consolidated and the Bank's financial statements form an integral part of these financial statements

BANK OF AYUDHYA PUBLIC COMPANY LIMITED AND SUBSIDIARIES

STATEMENTS OF CHANGES IN EQUITY (CONTINUED)

FOR THE YEAR ENDED DECEMBER 31, 2018

BAHT : '000

THE BANK'S FINANCIAL STATEMENTS

	Notes	Issued and Paid-up Share Capital	Premium on Share Capital	Other reserves: Asset Appraisal Surplus	Other reserves: Revaluation Surplus on Investments	Other reserves: Deficit from Business Combination under Common Control	Retained Earnings: Appropriated Legal Reserve	Retained Earnings: Unappropriated	Total
Balance as of January 1, 2017		73,557,618	52,878,749	8,422,604	758,581	(5,217,755)	4,371,800	43,954,658	178,726,255
Change in revaluation surplus		-	-	(273,668)	-	-	-	273,668	-
Dividend payment	7.21.2	-	-	-	-	-	-	(6,252,397)	(6,252,397)
Increase in legal reserve		-	-	-	-	-	635,000	(635,000)	-
Total comprehensive income		-	-	-	130,377	-	-	12,921,471	13,051,848
Balance as of December 31, 2017		73,557,618	52,878,749	8,148,936	888,958	(5,217,755)	5,006,800	50,262,400	185,525,706
Balance as of January 1, 2018		73,557,618	52,878,749	8,148,936	888,958	(5,217,755)	5,006,800	50,262,400	185,525,706
Change in revaluation surplus		-	-	(253,282)	-	-	-	253,282	-
Dividend payment	7.21.2	-	-	-	-	-	-	(6,252,397)	(6,252,397)
Increase in legal reserve		-	-	-	-	-	884,000	(884,000)	-
Total comprehensive income		-	-	-	(978,910)	-	-	17,634,588	16,655,678
Balance as of December 31, 2018		73,557,618	52,878,749	7,895,654	(89,952)	(5,217,755)	5,890,800	61,013,873	195,928,987

Notes to the consolidated and the Bank's financial statements form an integral part of these financial statements

(Mr. Noriaki Goto)

President and Chief Executive Officer

(Miss Duangdao Wongpanitkrit)

Director

BANK OF AYUDHYA PUBLIC COMPANY LIMITED AND SUBSIDIARIES

STATEMENTS OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2018

BAHT : '000

	CONSOLIDATED FINANCIAL STATEMENTS		THE BANK'S FINANCIAL STATEMENTS	
	2018	2017	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES				
Income from operating before income tax expenses	31,658,443	29,299,538	20,228,056	14,825,736
Adjustments to reconcile income to cash received (paid)				
from operating activities:				
Depreciation and amortization	3,945,241	3,887,437	2,939,162	2,984,804
Interest expenses from finance lease	10,444	1,299	8,927	819
Impairment loss on loans and debt securities	26,180,100	22,970,491	15,768,699	13,578,693
Gain on translation in foreign currencies	(1,343,344)	(13,872,500)	(1,343,344)	(13,872,500)
Unrealized (gain) loss from revaluation of derivatives	(1,956,249)	8,354,876	(1,945,389)	8,343,365
Share of profit from investment using equity method	(391,199)	(301,603)	-	-
(Gain) loss on investments	(374,038)	(895,933)	25,962	(795,933)
Increase in discount on investments	29,879	114,378	29,879	114,378
Gain on sales of properties for sale	(263,856)	(516,064)	(138,606)	(363,045)
(Gain) loss on sales of premises and equipment	(2,066)	12,292	14,805	39,123
Loss on impairment of properties for sale	624,508	481,011	275,391	250,825
Loss on impairment of premises and equipment (reversal)	1,873	132	-	(76)
Loss on impairment of other assets (reversal)	(61,247)	105,088	75,456	61,733
Increase in other reserves	211,743	86,834	256,884	346,090
Interest income, net	(75,328,339)	(68,534,809)	(44,961,497)	(40,216,192)
Income tax refunded	1,789	-	-	-
Interest received	106,745,694	94,930,634	74,352,560	64,868,176
Interest paid	(30,054,466)	(26,076,307)	(27,952,453)	(24,305,089)
Dividend income	(202,052)	(194,826)	(7,232,737)	(3,221,218)
Dividends received	202,982	198,339	202,634	197,808
Increase in other accrued expenses	840,926	1,065,296	1,070,316	501,169
Income tax paid	(6,928,428)	(5,436,105)	(2,616,868)	(1,833,534)
Income from operations before changes in				
operating assets and liabilities	53,548,338	45,679,498	29,057,837	21,505,132
(Increase) decrease in operating assets				
Interbank and money market items	85,650,809	(132,802,223)	85,260,469	(133,497,714)
Current investments - securities for trading	(1,632,762)	275,604	(1,630,764)	275,866
Loans to customers	(191,342,613)	(132,833,393)	(142,989,302)	(106,839,735)
Properties for sale	11,586,122	8,696,473	8,734,929	5,753,772
Other assets	(3,368,167)	(4,543,475)	(4,224,706)	(3,927,740)

BANK OF AYUDHYA PUBLIC COMPANY LIMITED AND SUBSIDIARIES

STATEMENTS OF CASH FLOWS (CONTINUED)

FOR THE YEAR ENDED DECEMBER 31, 2018

BAHT : '000

	CONSOLIDATED FINANCIAL STATEMENTS		THE BANK'S FINANCIAL STATEMENTS	
	2018	2017	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES (CONTINUED)				
Increase (decrease) in operating liabilities				
Deposits	107,601,941	215,417,046	104,671,122	218,266,666
Interbank and money market items	(32,593,024)	(15,574,105)	(35,192,447)	(13,900,926)
Liability payable on demand	(255,324)	2,292,117	(255,374)	2,292,384
Other liabilities	6,089,209	(4,160,288)	4,049,148	(5,462,818)
Net cash from operating activities	35,284,529	(17,552,746)	47,480,912	(15,535,113)
CASH FLOWS FROM INVESTING ACTIVITIES				
Proceeds from sales of investments in securities	70,212,435	129,361,447	70,212,435	129,311,447
Cash paid for purchases of investments in securities	(121,251,286)	(80,581,297)	(121,168,725)	(80,369,111)
Cash paid for investment in subsidiaries	(62,638)	(15,528)	(3,205,025)	(2,259,060)
Dividend received from subsidiaries	-	-	7,031,033	3,026,924
Proceeds from sales of premises and equipment	(495,818)	78,792	18,327	7,720
Cash paid for purchases of premises and equipment	(2,182,631)	(3,926,441)	(1,199,787)	(3,102,329)
Cash paid for purchases of other assets	(1,341,369)	(1,094,420)	(1,048,438)	(822,612)
Net cash from investing activities	(55,121,307)	43,822,553	(49,360,180)	45,792,979
CASH FLOWS FROM FINANCING ACTIVITIES				
Proceeds from debts issued and borrowings	63,282,494	279,104,267	29,000,000	266,731,361
Cash paid for repayment of debts issued and borrowings	(38,269,675)	(296,555,730)	(25,007,329)	(288,655,440)
Cash paid for repayment of liabilities under finance lease agreements	(76,726)	(21,316)	(67,617)	(21,316)
Dividend payment	(6,367,112)	(6,334,333)	(6,252,397)	(6,252,397)
Net cash from financing activities	18,568,981	(23,807,112)	(2,327,343)	(28,197,792)
Total	(1,267,797)	2,462,695	(4,206,611)	2,060,074
Loss arising from translating the financial statements of a foreign operation	(66,015)	(278,541)	-	-
Effect of exchange rate change on cash	3,124	(59,987)	3,124	(59,987)
Net increase (decrease) in cash and cash equivalents	(1,330,688)	2,124,167	(4,203,487)	2,000,087
Cash and cash equivalents as at January 1,	41,701,147	39,576,980	37,671,005	35,670,918
Cash and cash equivalents as at December 31,	40,370,459	41,701,147	33,467,518	37,671,005

Notes to consolidated and the Bank's financial statements form an integral part of these statements

(Mr. Noriaki Goto)
President and Chief Executive Officer

(Miss Duangdao Wongpanitkrit)
Director

BANK OF AYUDHYA PUBLIC COMPANY LIMITED AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED AND THE BANK'S FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018

1. GENERAL INFORMATION

Bank of Ayudhya Public Company Limited ("the Bank") is a public company registered in the Kingdom of Thailand with its head office located at 1222 Rama III Road, Bang Phongphang Subdistrict, Yannawa District, Bangkok. The Bank's main business is commercial banking and the Bank conducts its business through a network of branches throughout Thailand and other countries. The immediate and ultimate parent company of the Bank are MUFG Bank, Ltd. (formerly The Bank of Tokyo-Mitsubishi UFJ, Ltd.) ("MUFG") and Mitsubishi UFJ Financial Group, Inc., respectively, both companies are registered in Japan. As at December 31, 2018 and 2017, the Bank has 17 subsidiaries as follows:

1.1 Ayudhya Development Leasing Company Limited was incorporated in Thailand on July 25, 1991, has changed its registered address from 1222, 16th Floor, Bank of Ayudhya, Rama III Road, Bang Phongphang Subdistrict, Yannawa District, Bangkok to 550, Krungsri Ploenchit Tower, 14th Floor, Ploenchit Road, Lumphini Subdistrict, Pathumwan District, Bangkok in February 2018. The subsidiary's main business includes leasing and hire-purchase.

1.2 Ayudhya Capital Auto Lease Public Company Limited was incorporated in Thailand on November 27, 1995 has changed its registered address from 87/2, 26th, 30th and 48th Floor, CRC Tower, All Seasons Place, Wireless Road, Lumpini Subdistrict, Patumwan District, Bangkok to 550, Krungsri Ploenchit Tower, 16th Floor, Ploenchit Road, Lumphini Subdistrict, Pathumwan District, Bangkok in February 2018. The subsidiary's main business is auto hire-purchase, leasing service and refinancing to individual and corporate customers.

1.3 Ngern Tid Lor Company Limited was incorporated in Thailand on October 24, 2006, has changed its registered address from 89/170, 4th, 5th, 9th and 10th Floor, Juthamard Building, Viphavadi Rangsit Road, Talad Bangkhen Subdistrict, Laksi District, Bangkok to 428 Ari Hills Building 9th-15th Floor, Phahonyothin Road, Sam Sen Nai Subdistrict, Phaya Thai District, Bangkok in April 2018. The subsidiary's main business is hire-purchase loan and secured personal loan for vehicles and motorcycles.

1.4 Ayudhya Capital Services Company Limited was incorporated in Thailand on November 9, 1994, has changed its registered address from 87/1, 1st-6th and 8th-11th Floor, Capital Tower, All Seasons Place, Wireless Road, Lumpini Subdistrict, Pathumwan District, Bangkok to 550, Krungsri Ploenchit Tower, Ploenchit Road, Lumphini Subdistrict, Pathumwan District, Bangkok in February 2018. The subsidiary's main business is credit cards and personal loans.

1.5 General Card Services Limited was incorporated in Thailand on January 24, 1995, has changed its registered address from 87/1, 1^{st}-6^{th} and 8^{th} Floor, Capital Tower, All Seasons Place, Wireless Road, Lumpini Subdistrict, Pathumwan District, Bangkok to 550, Krungsri Ploenchit Tower, Ploenchit Road, Lumphini Subdistrict, Pathumwan District, Bangkok in February 2018. The subsidiary's main business is credit cards and personal loans.

1.6 Krungsriayudhya Card Company Limited was incorporated in Thailand on August 29, 1996, has changed its registered address from 87/1, 1^{st}-6^{th} and 8^{th}-11^{th} Floor, Capital Tower, All Seasons Place, Wireless Road, Lumpini Subdistrict, Pathumwan District, Bangkok to 550, Krungsri Ploenchit Tower, Ploenchit Road, Lumphini Subdistrict, Pathumwan District, Bangkok in February 2018. The subsidiary's main business is credit cards and personal loans.

1.7 Siam Realty and Services Security Company Limited was incorporated in Thailand on June 20, 1988, and is located at 1222 Rama III Road, Bang Phongphang Subdistrict, Yannawa District, Bangkok. The subsidiary's main business is car rental services and personnel services.

1.8 Total Services Solutions Public Company Limited was incorporated as a public company limited in Thailand on May 19, 1997 and is located at 2/3 Moo 14, Bangna Towers B, Bang Na-Trat Km 6.5 Road, Bang Kaeo Subdistrict, Bang Phli District, Samutprakan. The subsidiary's main business is collection services.

1.9 Krungsri Asset Management Company Limited was incorporated in Thailand on December 19, 1996 and is located at 898, Ploenchit Tower Building, 1^{st}-2^{nd} Floor zone A, 12^{th} and 18^{th} Floor zone B, Ploenchit Road, Lumpini Subdistrict, Patumwan District, Bangkok. The subsidiary's main business is mutual funds and private fund management.

1.10 Krungsri Ayudhya AMC Limited was incorporated in Thailand on August 18, 2000 and is located at 1222 Rama III Road, Bang Phongphang Subdistrict, Yannawa District, Bangkok. The subsidiary's main business is to develop, manage and sell assets transferred from financial institutions.

1.11 Krungsri Securities Public Company Limited was incorporated in Thailand on April 16, 2004 and is located at 898, Ploenchit Tower, 3^{rd} Floor, Ploenchit Road, Lumpini Subdistrict, Pathumwan District, Bangkok. The subsidiary's main business is a securities business.

1.12 Krungsri Factoring Company Limited was incorporated in Thailand on February 1, 2007 and is located at 1222, Bank of Ayudhya, 21^{st} Floor, Rama III Road, Bang Phongphang Subdistrict, Yannawa District, Bangkok. The subsidiary's main business is factoring.

1.13 Krungsri Life Assurance Broker Limited which is 99.99% owned by Ayudhya Capital Services Company Limited, the Bank's subsidiary, was incorporated in Thailand on March 2, 2007, has changed its registered address from 87/1, Capital Tower, All Seasons Place, Wireless Road, Lumpini Subdistrict, Pathumwan District, Bangkok to 550, Krungsri Ploenchit Tower, Ploenchit Road, Lumphini Subdistrict, Pathumwan District, Bangkok in February 2018. The subsidiary's main business is as a life insurance broker.

1.14 Krungsri General Insurance Broker Limited which is 99.99% owned by Ayudhya Capital Services Company Limited, the Bank's subsidiary, was incorporated in Thailand on March 2, 2007, has changed its registered address from 87/1, Capital Tower, All Seasons Place, Wireless Road, Lumpini Subdistrict, Pathumwan District, Bangkok to 550, Krungsri Ploenchit Tower, Ploenchit Road, Lumphini Subdistrict, Pathumwan District, Bangkok in February 2018. The subsidiary's main business is as a general insurance broker.

1.15 Krungsri Finnovate Company Limited was incorporated in Thailand on March 27, 2017 and is located at 1222, has changed its registered address from 10th Floor, Rama III Road, Bang Phongphang Subdistrict, Yannawa District, Bangkok to 21st Floor, Rama III Road, Bang Phongphang Subdistrict, Yannawa District, Bangkok in September 2018. The subsidiary's main business is venture capital.

1.16 Krungsri Leasing Services Company Limited, as at December 31, 2018 and 2017, which is owned by Ayudhya Capital Auto Lease Public Company Limited of 75% and 78% and Ayudhya Capital Services Company Limited of 25%, and 12%, respectively, the Bank's subsidiaries, was incorporated in Laos People's Democratic Republic (Lao PDR) on February 18, 2014 and is located at 355, Unit 12, Kamphengmeung Road, Phonethan Village, Sayseththa District, Vientiane Capital, Lao PDR. The subsidiary's main business is hire-purchase, leasing and sales finance.

1.17 Hattha Kaksekar Limited was incorporated in Cambodia in November 1996, and is located at 606, Street 271, Sansam Kosal 3 Village, Sangkat Boeng Tumpun 1, Khan Mean Chey, Phnom Penh, the Kingdom of Cambodia. The subsidiary's main business is providing loans, deposits and other financial services.

2. BASIS FOR PREPARATION OF THE CONSOLIDATED AND THE BANK'S FINANCIAL STATEMENTS

2.1 The consolidated and the Bank's financial statements have been prepared in accordance with Thai Financial Reporting Standards issued by Federation of Accounting Professions ("FAP"), the regulation of the Thai Securities and Exchange Commission ("SEC") and the Stock Exchange of Thailand ("SET"), where the form of financial statements is based on Thai Accounting Standard No. 1 (Revised 2017) "Presentation of Financial Statements", including the Procedures, Policies and Presentation in accordance with the Bank of Thailand ("BOT") Notification Sor.Nor.Sor. 21/2558 regarding the Preparation and Announcement of Financial Statements of Commercial Banks and Holding Companies that is the Parent Company of a Financial Group dated December 4, 2015.

The financial statements have been prepared under the historical cost convention except as disclosed in the accounting policies.

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

The Bank prepares its financial statements in the Thai language in conformity with Thai Financial Reporting Standards ("TFRSs") and the Notifications noted above. However, for convenience of readers, the Bank also prepares its financial statements in English language, by translating from the Thai version.

Thai Financial Reporting Standards announced in the Royal Gazette but not yet effective in 2018

New Thai Financial Reporting Standards and Thai Financial Reporting Standard Interpretation

The Federation of Accounting Professions has issued the Notification regarding Thai Financial Reporting Standards and Thai Financial Reporting Standard Interpretation which have been announced in the Royal Gazette and will be effective for the financial statements for the period beginning on or after January 1, 2019 onwards.

Thai Financial Reporting Standards ("TFRS")

TFRS 1	First-time Adoption of International Financial Reporting Standards
TFRS 15	Revenue from Contracts with Customers

Thai Financial Reporting Standard Interpretation ("TFRIC")

TFRIC 22	Foreign Currency Transactions and Advance Consideration

Thai Financial Reporting Standards (TFRSs) Revised 2018

The Federation of Accounting Professions has issued the Notification regarding Thai Financial Reporting Standards Revised 2018 which have been announced in the Royal Gazette and will be effective for the financial statements for the period beginning on or after January 1, 2019 onwards, These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards, with most of the changes directed towards revision of wording and terminology and reference to other TFRSs except following TFRSs, which there are revision or additional paragraph and accounting guidance.

Thai Accounting Standards ("TAS")

TAS 28 (Revised 2018)	Investment in Associates and Joint Ventures
TAS 40 (Revised 2018)	Investment Property

Thai Financial Reporting Standards ("TFRS")

TFRS 2 (Revised 2018)	Share-based Payment
TFRS 4 (Revised 2018)	Insurance Contracts

Thai Financial Reporting Standards which will be effective for the financial statements with fiscal years beginning on or after January 1, 2020

The Federation of Accounting Professions has issued the Notification regarding Thai Financial Reporting Standards that are relevant to financial instruments, which have been announced in the Royal Gazette and will be effective for the financial statements for the period beginning on or after January 1, 2020 onwards, as follow:

Thai Accounting Standards ("TAS")

TAS 32	Financial Instruments: Presentation

Thai Financial Reporting Standards ("TFRS")

TFRS 7	Financial Instruments: Disclosures
TFRS 9	Financial Instruments

Thai Financial Reporting Standard Interpretations ("TFRIC")

TFRIC 16	Hedges of a Net Investment in a Foreign Operation
TFRIC 19	Extinguishing Financial Liabilities with Equity Instruments

The management of the Bank and its subsidiaries will adopt such TFRSs in the Bank and subsidiaries' financial statements when it becomes effective. The management of the Bank and its subsidiaries have assessed the impact of these TFRSs and considered the adoption of TFRSs does not have any significant impact on the financial statements of the Bank and its subsidiaries in the period of initial application, except Thai Financial Reporting Standards that are relevant to financial instruments, the management of the Bank and its subsidiaries are in the process to assess the impact of these TFRSs on the financial statements of the Bank and its subsidiaries in the period of initial application.

2.2 The consolidated financial statements included the accounts of the head office and all branches of the Bank and its subsidiaries. These subsidiaries are as follows:

	Business Type	Place of incorporation and operation	Proportion of ownership interest and voting power held by the Bank (%) As at December 31,	
Subsidiaries			**2018**	**2017**
Ayudhya Development Leasing Company Limited	Hire-purchase and Leasing	Thailand	99.99	99.99
Ayudhya Capital Auto Lease Public Company Limited	Hire-purchase and auto leasing	Thailand	100.00	100.00
Ngern Tid Lor Company Limited	Hire-purchase and motorcycle loans	Thailand	100.00	100.00
Ayudhya Capital Services Company Limited	Credit cards and personal loans	Thailand	100.00	100.00
General Card Services Limited	Credit cards and personal loans	Thailand	100.00	100.00
Krungsriayudhya Card Company Limited	Credit cards and personal loans	Thailand	100.00	100.00
Siam Realty and Services Security Company Limited	Car rental services and personnel services	Thailand	100.00	100.00
Total Service Solutions Public Company Limited	Collection services	Thailand	100.00	100.00
Krungsri Asset Management Company Limited	Fund management	Thailand	76.59	76.59
Krungsri Ayudhya AMC Limited	Asset management	Thailand	100.00	100.00
Krungsri Securities Public Company Limited	Securities	Thailand	99.84	99.84
Krungsri Factoring Company Limited	Factoring	Thailand	100.00	100.00
Krungsri Life Assurance Broker Limited(1)	Life assurance broker	Thailand	100.00	100.00
Krungsri General Insurance Broker Limited(1)	General insurance broker	Thailand	100.00	100.00
Krungsri Finnovate Company Limited	Venture Capital	Thailand	100.00	100.00
Krungsri Leasing Services Company Limited(2)	Hire-purchase, leasing and sales finance	Lao PDR	100.00	90.00
Hattha Kaksekar Limited	Micro finance	Cambodia	100.00	100.00

(1) Indirectly holding via Ayudhya Capital Services Company Limited of 100%.

(2) As at December 31, 2018 and 2017, indirectly holding via Ayudhya Capital Auto Lease Public Company Limited of 75% and 78% and Ayudhya Capital Services Company Limited of 25% and 12%, respectively.

All material intercompany transactions and balances have been eliminated.

3. ADOPTION OF REVISED THAI FINANCIAL REPORTING STANDARDS

Thai Financial Reporting Standards affecting the presentation and disclosure in the current period financial statements

During the year, the Bank and its subsidiaries have adopted the revised financial reporting standards issued by the Federation of Accounting Professions which become effective for fiscal years beginning on or after January 1, 2018. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards, with most of the changes directed towards revision of wording and terminology, and provision of interpretations and accounting guidance to users of standards. The adoption of these financial reporting standards does not have any significant impact on the Bank and its subsidiaries' financial statements.

4. SIGNIFICANT ACCOUNTING POLICIES

4.1 Cash and cash equivalents

In the Bank's statement of cash flows, cash and cash equivalents consist of cash on hand and cash on collection of the Bank, in accordance with the BOT's Notification Sor.Nor.Sor. 21/2558 regarding the Preparation and Announcement of Financial Statements of Commercial Banks and Holding Companies of Financial Industry dated December 4, 2015.

In the consolidated statement of cash flows, cash and cash equivalents consist of cash and cash equivalents of the Bank and cash on hand, deposits at banks, except for fixed deposits whose terms are greater than 3 months and deposits at banks used as collaterals, and investments of subsidiaries with maturities of 3 months or less.

4.2 Derivatives

The Bank and its subsidiaries have recognized derivatives transactions as follows:

4.2.1 Derivatives for trading are recorded at fair value and profit or loss from the price appraisal is recognized as income or expense in the statements of profit or loss and other comprehensive income.

4.2.2 Derivatives for hedging are recorded and profit or loss from the price appraisal is recognized as income or expense based on the accrual basis in line with the underlying transactions.

4.3 Investments

The Bank and its subsidiaries' investments which consist of debt securities and equity securities are classified as trading securities, available-for-sale securities, held-to-maturity securities or general investments.

In addition, the Bank complies with the BOT's Notification Sor.Nor.Sor. 21/2558 regarding the Preparation and Announcement of Financial Statements of Commercial Banks and Holding Companies that is the Parent Company of Financial Group dated December 4, 2015, requiring commercial banks to present the investments as investments, net and investments in subsidiaries, associates and joint ventures, net.

Investments are initially recognized on the trade date.

Trading securities represent securities acquired with the intention to hold short-term to benefit from the anticipated changes in market value. Trading securities are carried at fair value. Realized gains or losses from the sales of trading securities and unrealized gains or losses on the changes in fair value are recognized as gains (losses) on trading and foreign exchange transactions in the statements of profit or loss and other comprehensive income. Interest earned and dividends received from trading securities are recognized using the accrual basis of accounting as interest income and dividend income, respectively.

Debt securities which the Bank and subsidiaries have the intention and ability to hold until maturity are classified as held-to-maturity and carried at the amortized cost, net of valuation allowances for impairment, if any. Valuation allowances are established to recognize an unrealized loss in the statements of profit or loss and other comprehensive income when impairment is determined by management.

Debt and equity securities with readily determinable market values that are not classified as either trading securities or held-to-maturity securities are classified as available-for-sale securities and carried at fair value. The unrealized gains or losses related to available-for-sale securities are reported as other comprehensive income in equity until realized upon the sale, disposition or a permanent decline in value occurs on such securities. Gain or loss on disposal or loss on impairment is recognized in the statements of profit or loss and other comprehensive income.

Non-marketable equity securities and marketable equity securities acquired from troubled debt restructuring are classified as general investments and carried at cost, net of valuation allowances for impairment, if any. Valuation allowances are established to recognize an unrealized loss in the statements of profit or loss and other comprehensive income when impairment is determined by management.

Premiums and discounts are amortized and accreted into income as adjustments to interest income using the effective interest rate method.

In the consolidated financial statements, investments in associates and joint ventures are accounted for by the equity method. In the Bank’s financial statements, investments in subsidiaries and associates are accounted for by the cost method.

When an investment is assessed as being impaired, the amount of impairment is recognized as expense in the statements of profit or loss and other comprehensive income.

Equity securities which are non-listed securities are stated at cost, except in the case where a permanent decline in value is deemed to have occurred with the loss charged to the statements of profit or loss and other comprehensive income.

Cost of securities sold during the year is computed by using the weighted average method. Realized gains or losses from sales of debt and equity securities are included in the statements of profit or loss and other comprehensive income.

4.4 Loans to customers

Overdrafts are stated at the drawn amounts including interest.

Hire-purchase receivables and finance lease receivables are carried at contract amount plus initial direct cost.

Other loans are stated at the principal amounts.

Unearned discount from notes are presented in deferred revenue.

Unearned interest income and deferred subsidy income on hire-purchase contract and finance lease are presented in deferred revenue and amotized by the effective interest rate method.

Initial direct cost is amortized by the effective interest rate method.

4.5 Allowance for doubtful accounts

Allowance for doubtful accounts is determined through methods in accordance with the BOT's regulations. The Bank and its subsidiaries categorize their loan portfolio and determine allowance for doubtful accounts subject to different levels of provisioning. Allowance for doubtful accounts for loans classified as normal and special mention are calculated based on the minimum percentage in accordance with the BOT's guidelines by using the value of collateral for calculation of reserve. For loans classified as substandard, doubtful and doubtful of loss, the allowance rate is 100 percent of the difference between the outstanding loan value and present value of expected cash flow from proceeds from disposal of the collateralized assets which exclude collateral in the form of machinery. With the exception of a subsidiary that carries out a leasing business, the reserve calculation is determined by including the value of machinery as collateral. In addition, the Bank and its subsidiaries estimate an additional allowance for doubtful debts over the minimum percentage as specified in the BOT's guidelines.

Allowance for doubtful accounts for hire-purchase receivables of the Bank and its subsidiaries are calculated by using the collective approach which classifies a group of loans having similar credit risk characteristics based on the historical loss experience of each loan category.

Loans to customers are written-off in the year that they are determined to be irrecoverable. Bad debts written-off during the year are recorded as a deduction from the allowance for doubtful accounts. Bad debts and doubtful accounts are shown as expenses in the statements of profit or loss and other comprehensive income.

Bad debt recovery is recorded as income in the statements of profit or loss and other comprehensive income when received.

4.6 Troubled debt restructuring

Losses on troubled debt restructurings resulting from the reduction of principal and accrued interest and other form such as modifications of terms, asset transfers, equity securities transfers, and etc. are recognized as expenses in the statements of profit or loss and other comprehensive income.

For troubled debt restructurings with a modification of terms, the Bank has applied the BOT's criteria requiring the Bank to choose between the collateral method to estimate a loss amount and the net present value method which represents expected future cash flows by applying the discounted market interest rate on the restructuring date. Losses from such debt restructurings are recognized in the statements of profit or loss and other comprehensive income.

The Bank has recalculated the fair value of restructured debts in every month based on the discounted market interest rate as of the processing date and based on the discounted market interest rate as of the financial statements date that shown every quarter, except for commercial loan, the recalculation based on the discounted interest rate at contractual rate. The Bank adjusts the valuation on debt restructured for any change on monthly basis, in accordance with the BOT's criteria. The valuation adjustment on restructured debt shall not cause the book value of restructured debt to exceed the investment value on restructured debt.

Restructured debt with assets or equity securities transferred for debt repayment either in whole or in part are recorded at the fair value, net of estimated selling expenses, not to exceed the investment value on such debt and the right-to-claim interest income.

For investments in receivables incurred prior to January 1, 2013, that are subsequently restructured, the Bank has calculated the fair value of restructured debt as of the restructuring date and recognized the difference between book value and fair value in the statements of profit or loss and other comprehensive income for the year and classified investments in receivables as loans in accordance with the BOT's criteria.

4.7 Properties for sale

Properties for sale consist of immovable and movable properties which are recorded at the lower of net investment in the loan plus accrued interest (including previously unrecognized contractual interest) or the fair value of the property as of the date of foreclosure.

The Bank and its subsidiaries provided the allowance for impairment of properties for sale as disclosed in Note 6.3. Losses on impairment of properties for sale are shown as an expense in the statements of profit or loss and other comprehensive income.

Gains or losses on the disposal of such properties are realized upon disposition of the underlying asset and are included in other operating income in the statements of profit or loss and other comprehensive income.

4.8 Property, premises and equipment

Land is stated at the appraised value. Premises are stated at the appraised value less accumulated depreciation. Equipment is stated at cost less accumulated depreciation.

Revaluation of assets

Land and premises have been revalued by independent appraisers based on the market value for land and depreciated replacement cost for premises. For the portion of land and premises which have been revalued, the increments above the previous appraisal are recorded in land revaluation surplus and premises revaluation surplus accounts. In case of a revaluation decrease, the decline in value is deducted from such revaluation surplus to the extent that the new value is above original cost and recognized in the statements of profit or loss and other comprehensive income for the decrease in value below original cost.

The Bank's suite units in condominiums used as offices have been revalued by independent appraisers in accordance with the BOT's guidelines using depreciated replacement cost. The Bank has recorded the increment per appraisal of premises as revaluation surplus. Any revaluation decrease in excess of the original cost is recorded by deducting from the revaluation surplus.

During the Bank's usage of the revalued assets, the revaluation surplus will be gradually transferred directly to retained earnings equal to the difference between the depreciation calculated from book value of the revalued assets and the depreciation calculated from the original cost of such assets. All balances of the outstanding revaluation surplus will be transferred to retained earnings when the Bank writes off such assets from the financial statements.

Leased assets

Leases under which the Bank and its subsidiaries assume substantially all the risks and rewards of ownership are classified as finance leases. Equipment acquired by way of finance leases is capitalized at the lower of its fair value or the present value of the minimum lease payments at the inception of the lease, less accumulated depreciation and impairment losses. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly to the statements of profit or loss and other comprehensive income.

Depreciation

Depreciation of premises (included revaluation) and equipment is calculated by the straight-line method, based on the estimated useful lives of the assets as follows:

Premises and building improvement	10 - 50	years
Equipment, furniture, fixtures, office equipment and vehicles	2 - 10	years

Gains or losses on the disposal of property, premises and equipment are recognized in other operating income or other expenses in the statements of profit or loss and other comprehensive income.

4.9 Intangible assets

Intangible assets with indefinite useful lives are stated at cost less allowance for impairment, if any. Intangible assets with finite useful lives are stated at cost less accumulated amortization and allowance for impairment.

Amortization

Software amortization is calculated by the straight-line method over the expected future economic benefit period between 3 - 10 years.

Amortization of other intangible assets received from business combinations such as information of customer relationships, dealer relationships and the distribution network, are calculated by the straight-line method over the expected future economic benefit period between 8 - 20 years.

Amortization incurred is recognized as other operating expense in the statements of profit or loss and other comprehensive income.

4.10 Assets classified as held for sale

Assets or disposal groups comprising assets and liabilities, are classified as held for sale if it is highly probable that they will be recovered primarily through sale rather than through continuing use. Such assets, or disposal group, are measured at the lower of their carrying amount and fair value less cost to sell. Any impairment loss on a disposal group is allocated first to goodwill, and then to remaining assets and liabilities on a pro rata basis, except that no loss is allocated to financial assets and deferred tax assets. Impairment losses on initial classification as held for sale or held for distribution and subsequent gains and losses on remeasurement are recognised in the statements of profit or loss and other comprehensive income.

4.11 Recognition of income

Interest income from loans to customers and other income are recognized on an accrual basis, except interest income on finance lease and hire-purchase contract is recognized by the effective interest rate method.

Interest income from investment in debt securities and investment in loans are recognized by the effective interest rate method.

The Bank and its subsidiaries are required by the BOT to stop accruing interest income from debtors when more than three months past due and reverse this accrued interest income from interest income. Thereafter, interest income from these debtors shall be recognized on a cash basis.

The asset management subsidiary recognizes interest income from investments in receivables and loans by using the market interest rate plus a risk premium that represents the discounted rate in calculating present value of future cash flows expected to be collected from receivables, except for certain receivables being doubtful of collection where the subsidiary recognizes interest income from such investments in receivables and loans on a cash basis.

The hire-purchase business recognizes income for finance leases and hire-purchase contracts by the effective interest rate method.

4.12 Recognition of expenses

The Bank and its subsidiaries recognize expenses, including interest expenses on an accrual basis.

4.13 Employee benefits

The Bank and subsidiaries have 4 types of employee benefits as follows:

4.13.1 Provident funds

The Bank and its subsidiaries established a provident fund under the Provident Fund Act B.E. 2530. The fund is managed by a financial institution which is an authorized fund manager.

Member is required to make contribution at the rate of not less than 3% of salary.

The Bank and its subsidiaries will contribute as follows:

Service periods	**Contribution rate (%)**
Less than 5 years	5 - 10
5 years but less than 10 years	6 - 12
10 years but less than 20 years	8 - 12
Over 20 years	10 - 12.5

The contributions to the provident fund made by the Bank and its subsidiaries are recorded as employees' expenses in the statements of profit or loss and other comprehensive income.

4.13.2 Post-employment benefit obligations

- Pension plan

  The employees who were permanently employed prior to January 1, 1998 and have completed at least 10 continuous service years are eligible to receive a pension payment when they leave the Bank. On January 1, 1998, the Bank established the provident fund for its employees to replace the pension plan. After the establishment of the provident fund, the amount due to a departing employee shall first be disbursed from the provident fund. If the estimated contributions made by the Bank and interest thereon are less than the pension receivable under the pension plan, the Bank will pay such difference by disbursing from the pension fund.

- Legal severance payment plan

  All employees will receive severance payment upon retirement in accordance with the Labor Protection Act.

- Special retirement allowance

  The employee will receive "Special Retirement Allowance" additional to legal severance payment plan upon resignation in accordance with the Bank's policy.

The obligations of these plans are considered as unfunded defined benefit obligations and are separately measured by an actuary using the projected unit credit method to determine the present value of cash flows of employee benefit to be paid in the future. Under this method, the obligation is based on an actuarial calculation including the employee's expected salary, business turnover rate, salary increase rate, mortality rate, discount rate, years of services and other factors.

The expenses for the defined benefit plan are recognized as employee's expenses in the statement of profit or loss and other comprehensive income.

Actuarial gains (losses) are recognized in other comprehensive income.

4.13.3 Benefit from carry forward leave

The benefit from cumulative carry forward leave is recognized as a liability in the statements of financial position and employee's expenses in the statements of profit or loss and other comprehensive income when the employees render the service.

4.13.4 Other benefit

The employee of a subsidiary will receive "other benefit" upon resignation or retirement in accordance with the subsidiary's policy.

The cumulative of other benefit is recognized as a provision in the statement of financial position.

The expense is categorized as defined contribution plan and recorded as employee's expenses in the statements of profit or loss and other comprehensive income.

4.14 Contributions to the Financial Institution and Development Fund and the Deposit Protection Agency

Contributions to the Financial Institutions Development Fund and the Deposit Protection Agency are recognized on an accrual basis as expenses in the statements of profit or loss and other comprehensive income.

4.15 Customer Loyalty Programmes

Customer Loyalty Programmes are to grant the points to customer who joins the program. The points are based on the certain transactions determined under customer loyalty programmes and able to be redeemed for free or discount of merchandise or services.

Obligation from granting the points is recognized and measured at the fair value of the consideration received or receivable which is derived from outstanding points expected future redemption multiplied by estimated fair value per point.

Such obligation is allocated from consideration received or receivable and recorded through deferred revenue customer loyalty programmes under other liabilities and recognized as fee income when the points are redeemed by customers.

4.16 Taxation

Income tax expenses (income) represent the sum of the tax currently payable and deferred tax.

4.16.1 Current tax

The current tax is the amount of income tax payable in respect of taxable profit for the year. Taxable profit differs from profit as reported in the statements of profit or loss and other comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. Current tax is calculated using tax rates that have been enacted or substantively enacted on the reporting date.

Current tax assets and liabilities are offset when there is a legally enforceable right to set off the recognized amounts and the Bank and its subsidiaries intend to settle on a net basis or to realize the asset and settle the liability simultaneously and when they relate to income taxes levied by the same taxation authority.

4.16.2 Deferred tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax basis used in the computation of taxable profit (tax base). The Bank and its subsidiaries recognize deferred tax liabilities for all taxable temporary differences and recognize deferred tax assets for temporary differences to the extent that it is probable that taxable profits will be available against which those temporary differences can be utilized. The carrying amount of deferred tax assets is reviewed at the reporting date. Deferred tax asset shall be reduced to the extent that utilized taxable profits are decreased. Any such reduction shall be reversed to the extent that it becomes probable that the Bank and its subsidiaries have sufficient taxable profit to allow total or part of the asset to be recovered. The Bank and its subsidiaries do not recognize deferred tax assets and liabilities for goodwill.

The Bank and its subsidiaries measure deferred tax assets and liabilities at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on tax rates that have been enacted or substantively enacted on the end of the reporting period.

Deferred tax assets and liabilities must offset when the Bank and its subsidiaries have legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority.

The Bank and its subsidiaries present income tax expenses or income related to profit or loss in the statements of profit or loss and other comprehensive income. For current income taxes and deferred taxes related to items recognized directly in other comprehensive income in equity in the same or different period, they will be recognized directly in other comprehensive income in equity.

4.17 Earnings per share

Basic earnings per share are calculated by dividing net income by the number of weighted-average ordinary shares outstanding during the year.

4.18 Foreign currency transactions

4.18.1 Translation of foreign currency transactions

Transactions denominated in foreign currency are translated into the functional currency as follows:

On transaction date, the foreign currency transactions are translated using the exchange rate at the date of transaction.

At the end of each reporting period, the balance of monetary assets and liabilities are translated using the exchange rate on the reporting date and the balance of non-monetary assets and liabilities measured at historical cost are translated using the exchange rate at the transaction date.

Foreign exchange gains or losses from translation are recognized as income or expenses in gains (losses) on trading and foreign exchange transactions, net in the statements of profit or loss and other comprehensive income.

4.18.2 Translation of financial statements of foreign operations

In preparation of the consolidated and the Bank’s financial statements, the Bank translates the financial statements of foreign operations which its functional currency is other than Thai Baht currency as follows:

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

The revenue and expenses of foreign operations are translated to Thai Baht at the foreign exchange rate at the dates of the transactions.

Foreign exchange differences arising from translation of the financial statements of foreign operations are recognized in other comprehensive income and its cumulative amount is presented as foreign currency translation reserve in other reserves under equity.

4.19 Business combination

Business combination which is not under common control

The Bank recognizes the identifiable assets acquired, the liabilities assumed and any non-controlling interest in the acquiree separately from goodwill at fair value.

Goodwill in a business combination represents the excess of the cost of acquisition over the Bank's interest in the fair value of the identifiable net assets acquired as at the date of acquisition.

Negative goodwill arising on business acquisition represents the excess of the acquirer's interest in the fair value of the identifiable net asset acquired over the cost of acquisition as at the date of acquisition.

Other costs directly attributable to the business combination are recorded as acquisition costs. Since January 1, 2011, other costs have been recognized as expenses in the statements of profit or loss and other comprehensive income.

Goodwill in a business combination is recognized as an asset recorded as of the acquisition date. Negative goodwill is recognized as income in the statements of profit or loss and other comprehensive income.

Goodwill is stated at cost less allowance for impairment (if any).

Business combination under common control

The Bank recognizes the business combination under common control similar to pooling of interests in accordance with the accounting guidance "Business Combination Under Common Control". The assets and liabilities of the acquiree are recognized using the net book value at the date of business combination. The difference between the cost of business combination and the interest of the Bank in the acquiree's net book value is recognized as premium (deficit) from business combination under common control presented under the Bank's equity in the statement of financial position.

5. RISK MANAGEMENT

5.1 Information of risk of the Bank

Through financial instruments both on-statement of financial position and off-statement of financial position, the Bank conducts its normal course of business to meet the financing needs of its customers, as well as for its investment purposes and to reduce exposure due to the fluctuations in foreign exchange rates and interest rates. The off-statement of financial position's financial instruments include commitments to extend credit, standby letters of credit, financial guarantees, interest rate swap and forward foreign exchange contracts. These instruments involve, to varying degrees, elements of credit, interest rate and foreign exchange risk in excess of the amount recognized in the financial statements. The contractual notional amounts of these instruments reflect the extent of the Bank's involvement in particular classes of financial instruments.

The introduction of new derivative products require an approval from the Board of Directors. Operating processes, including the breach of prescribed limits, and risk control are governed under the Derivatives Product Program and BOT’s notification regarding guidelines on risk management for derivatives transactions.

In 2018 Bank has continuously conducted the forward-looking risk management and closely monitor to support the business expansion in potential financial products and services to meet more complicated and varieties customers’ demand at the acceptable market risk level amid high volatility in global financial markets and tightening regulation from BOT. In addition, Bank has continued to study and make the preparation for the enhancement on market risk measurement to align with new international’s framework issued by Basel Committee on Banking Supervision (BCBS) such as Fundamental Review of the Trading Book (FRTB) and Interest Rate Risk in Banking Book (IRRBB) etc., with continuous MUFG strong support and knowledge sharing.

Credit risk

Credit risk refers to the risk that customer or counterparty will default on its contractual obligations resulting in a financial loss to the Bank. The Bank reviews the policy on a regular basis and the Bank has adopted the policy in dealing with counterparties and obtaining sufficient collateral or other security where appropriate, as a mean of mitigating the risk of financial losses from defaults.

In the case of recognized financial assets, the carrying amount of the assets recorded in the statement of financial position, net of allowance for doubtful accounts (see Note 7.7), represents the Bank’s maximum exposure to credit risk.

The Bank considers that there is no significant concentration of credit risk due to a large number of customers and counterparties in different industries.

Credit risk also arises from the possibility that the counterparty to off-statement of financial position’s financial instruments will not adhere to the terms of the contract with the Bank when settlement becomes due.

The Bank’s exposure to credit loss in the event of non-performance by the other party to the off-statement of financial position’s financial instrument for commitments to extend credit, standby letters of credit, and financial guarantees written is represented by the contractual notional amount of those instruments. The Bank uses the same credit policies in making commitments and conditional obligations as it does for the on-statement of financial position’s financial instruments. For interest rate swap and forward foreign exchange contracts, the contractual notional amounts do not represent exposure to credit loss. The Bank controls the credit risk of its financial instruments through prudent credit approvals, limits, and strict monitoring procedures.

Interest rate risk

Interest rate risk refers to the risk arising from changes in interest rates that have an adverse effect on the net interest earnings and the shareholders’ equity. Interest rate risk arises from the structure and characteristics of the Bank’s assets, liabilities and contingencies, and from the mismatch of their repricing rates.

Interest rate risk management is carried out by the Risk Management Committee (RMC) and the Asset and Liability Management Committee (ALCO), which have been empowered by the Board of Directors with the authority to manage interest rate risk. ALCO is responsible for determining interest rate risk management, together with monitoring and controlling interest rate risk to ensure that it is within an acceptable risk appetite and in line with the interest rate risk management policy as approved by the Board of Directors. The Bank will review such policy on a regular basis to commensurate with operating environments and changes in business.

The Bank employs various tools and methods for the interest rate risk management. Net interest income simulation is conducted to assess the impact on banking book position while Value-at-Risk tool is employed for the trading book position to predict the Bank's potential maximum loss.

Foreign exchange rate risk

Foreign exchange risk refers to the loss affecting income and/or shareholders' equity from the exchange rate fluctuations that affected foreign currency transactions and foreign currency assets and liabilities.

The Bank has a policy to cap the net foreign currency position. Most foreign currency transactions are mainly from services provided to the Bank's customers. The Bank also has positions in emerging currency e.g. MYR/THB and IDR/THB under Appointed Cross Currency Dealers (ACCD) established to support the settlement in local currency among those countries.

In addition, the Bank enters into forward foreign exchange contracts as part of the risk management strategy of the foreign exchange risk arising from the Bank's underlying assets and liabilities and hedges that risk from customers' transactions. The utilization of forward foreign exchange contracts for these purposes is governed by policies and guidelines approved by the Bank's Board of Directors and controlling procedures set by the relevant departments and Committees.

The Bank's Board of Directors is in charge of setting the limits for each specific currency and aggregate net FX position under an acceptable risk level and regularly reviews to be in line with business strategy and change in market circumstance, meanwhile the RMC ensures that the limits remain within the specified amount. The Bank monitors the risk level under the specified limits using the Value-at-Risk Method as a tool to manage the exchange rate risk and prepares a report on regular basis for the Bank's senior management in the relevant departments.

Equity price risk

Price risk refers to the loss affecting income and/or shareholders' equity from a movement in equity price.

The Bank assesses the potential of securities issuer companies and has a policy to buy/sell equity securities mainly for medium-term and long-term purposed. In managing equity position risk which is held, according to initial intention, as long-term, the Bank monitors and reports the equity price risk and ensure that the level of capital fund is appropriate and sufficient to absorb losses arising from the positions.

The Bank's Board of Directors sets the total limit at an acceptable risk level and reviews it annually. The Bank monitors the level of risk under the specified risk limits using the Value-at-Risk Method to manage the equity price risk and prepares a report on regular basis for the Bank's management in relevant departments.

Liquidity risk

Liquidity risk means risk resulting from the Bank's failure to pay its debts and obligations by the due dates because of an inability to convert liquid assets into cash, or its failure to procure enough fund, or, if it can, the fund comes with an exceptionally high cost that may affect income and capital fund now and in the future.

Liquidity risk management of Bank is under the supervision of the ALCO and RMC. ALCO also monitors and manages liquidity risk to ensure that it is at an acceptable risk appetite and in line with the liquidity risk management policy as approved by the Board of Directors. The Bank reviews such policy on a regular basis to commensurate with business strategy and market circumstance that may be changed.

To ensure the efficiency of the liquidity risk management, the Bank has established the liquidity risk management policy and guideline. In addition, liquidity contingency plan and guideline are formulated and regularly tested to ensure readiness to deal with crisis situations and successfully restore the situation to normal.

The Bank also realizes the significance of adequate measurement tools for the size and complexity of transactions both on - and off - balance sheet as well as regulatory compliance. The Bank complies with Liquidity Coverage Ratio (LCR) at the minimum requirement of 80 percent in 2018 and will eventually be 100 percent on January 1, 2020 and Net Stable Funding Ratio (NSFR) guidelines with the minimum requirement of 100 percent, effective on July 1, 2018. For monitoring and management, the Bank applies LCR for short-term liquidity management to ensure maintaining adequate liquid assets and NSFR for long-term liquidity management to ensure maintaining a stable funding. In addition, the Bank has reinforced the information and technological infrastructure model for managing liquidity risk on an on-going basis of reporting frequency.

Disclosure of Liquidity Coverage Ratio (LCR) under BOT's Notification Sor.Nor.Sor. 2/2561 regarding Liquidity coverage ratio disclosure standards dated January 25, 2018, on the Bank's website with details as follows:

Information as at	June 30, 2018
Date of disclosure	October 31, 2018
Location of disclosure	https://www.krungsri.com/bank/en/InvestorRelations/FinancialInformationandReports/liquidity-coverage-ratio.html

The disclosure as at December 31, 2018 will be provided on or before April 30, 2019 on the above Bank's website as indicated in the BOT's notification.

5.2 Assets and liabilities classified by maturity of interest repricing

The Bank and its subsidiaries' financial assets and liabilities classified by maturity of interest repricing as at December 31, 2018 and 2017 are summarized as follows:

Unit: Million Baht

	CONSOLIDATED FINANCIAL STATEMENTS 2018						
	Not over 3 Months	**Greater than 3-12 Months**	**Greater than 1-5 Years**	**Greater than 5 Years**	**Non-Performing Loans**	**Non-Interest Bearing**	**Total**
Financial assets							
Interbank and money market items, net	171,721	2,148	5,500	-	-	66,184	245,553
Investments, net	19,818	45,041	63,872	540	-	5,478	134,749
Loans to customers	876,828	209,873	433,736	37,033	38,446	76,102	1,672,018
Financial liabilities							
Deposits	1,012,872	268,821	109,262	2	-	35,391	1,426,348
Interbank and money market items, net	152,498	82,377	5,449	420	-	3,353	244,097
Debt issued and borrowings	20,068	27,672	65,879	42,009	-	22	155,650

Unit: Million Baht

	CONSOLIDATED FINANCIAL STATEMENTS 2017						
	Not over 3 Months	**Greater than 3-12 Months**	**Greater than 1-5 Years**	**Greater than 5 Years**	**Non-Performing Loans**	**Non-Interest Bearing**	**Total**
Financial assets							
Interbank and money market items, net	284,587	2,083	2,300	-	-	41,827	330,797
Investments, net	9,101	33,711	33,970	1,970	-	5,182	83,934
Loans to customers	842,885	217,768	356,783	24,541	37,622	70,805	1,550,404
Financial liabilities							
Deposits	969,734	288,909	23,764	24	-	36,798	1,319,229
Interbank and money market items, net	241,207	31,397	2,780	474	-	3,863	279,721
Debt issued and borrowings	5,259	31,549	63,865	42,168	-	25	142,866

Unit: Million Baht

	THE BANK'S FINANCIAL STATEMENTS 2018						
	Not Over 3 Months	**Greater than 3-12 Months**	**Greater than 1-5 Years**	**Greater than 5 Years**	**Non-Performing Loans**	**Non-Interest Bearing**	**Total**
Financial assets							
Interbank and money market items, net	170,300	2,098	5,500	-	-	61,364	239,262
Investments, net	19,818	45,041	63,872	540	-	5,162	134,433
Loans to customers	870,647	178,471	424,602	36,618	32,285	5,744	1,548,367
Financial liabilities							
Deposits	1,013,584	262,209	108,537	-	-	36,563	1,420,893
Interbank and money market items, net	156,211	82,377	3,877	420	-	3,369	246,254
Debt issued and borrowings	12,003	13,000	49,000	41,985	-	-	115,988

Unit: Million Baht

	THE BANK'S FINANCIAL STATEMENTS 2017						
	Not Over 3 Months	**Greater than 3-12 Months**	**Greater than 1-5 Years**	**Greater than 5 Years**	**Non-Performing Loans**	**Non-Interest Bearing**	**Total**
Financial assets							
Interbank and money market items, net	282,463	1,983	2,300	-	-	38,894	325,640
Investments, net	9,101	33,711	33,970	1,970	-	4,951	83,703
Loans to customers	850,300	179,975	334,138	24,048	30,419	4,542	1,423,422
Financial liabilities							
Deposits	971,572	283,876	23,439	22	-	37,796	1,316,705
Interbank and money market items, net	244,668	31,397	4,061	474	-	3,877	284,477
Debt issued and borrowings	4,010	21,000	45,000	41,985	-	-	111,995

5.3 Interest bearing financial instruments

The following table presents the Bank's average outstanding balances and interest amounts of interest bearing financial instruments for the years ended December 31, 2018 and 2017.

Unit: Million Baht

	CONSOLIDATED FINANCIAL STATEMENTS					
	2018			2017		
	Average Balance	Interest Amount	Average Rate (%)	Average Balance	Interest Amount	Average Rate (%)
Interest bearing financial assets						
Interbank and money market items	262,351	6,213	2.4	189,941	3,425	1.8
Investments	81,620	1,855	2.3	97,751	2,269	2.3
Loans to customers	1,622,585	99,064	6.1	1,473,633	89,304	6.1
Total	1,966,556	107,132		1,761,325	94,998	
Interest bearing financial liabilities						
Deposits	1,348,215	21,437	1.6	1,142,519	17,955	1.6
Interbank and money market items	246,658	5,534	2.2	279,338	3,959	1.4
Debt issued and borrowings	166,707	4,832	2.9	157,359	4,549	2.9
Total	1,761,580	31,803		1,579,216	26,463	

Unit: Million Baht

	THE BANK'S FINANCIAL STATEMENTS					
	2018			2017		
	Average Balance	Interest Amount	Average Rate (%)	Average Balance	Interest Amount	Average Rate (%)
Interest bearing financial assets						
Interbank and money market items	259,882	6,202	2.4	187,472	3,413	1.8
Investments	81,384	1,855	2.3	97,473	2,269	2.3
Loans to customers	1,478,309	66,540	4.5	1,355,068	59,273	4.4
Total	1,819,575	74,597		1,640,013	64,955	
Interest bearing financial liabilities						
Deposits	1,343,904	20,598	1.5	1,137,844	17,145	1.5
Interbank and money market items	249,611	5,500	2.2	283,375	4,004	1.4
Debt issued and borrowings	122,528	3,538	2.9	128,825	3,590	2.8
Total	1,716,043	29,636		1,550,044	24,739	

5.4 Maturities of financial assets and liabilities

The following table presents the Bank and its subsidiaries' maturities of financial assets and liabilities as at December 31, 2018 and 2017.

Unit: Million Baht

CONSOLIDATED FINANCIAL STATEMENTS

2018

	At Call	Not Over 3 Months	Greater than 3-12 Months	Greater than 1-5 Years	Greater than 5 Years	Non-Performing Loans	No Maturity	Total
Financial assets								
Interbank and money market items, net	68,883	166,017	2,944	5,954	1,537	-	218	245,553
Investments, net	-	4,499	31,990	92,221	539	-	5,500	134,749
Loans to customers	38,835	268,161	322,999	631,949	371,628	38,446	-	1,672,018
Financial liabilities								
Deposits	626,574	421,338	269,172	109,262	2	-	-	1,426,348
Interbank and money market items, net	12,838	143,018	82,434	5,387	420	-	-	244,097
Debt issued and borrowings	-	20,129	26,764	66,738	42,009	-	10	155,650

Unit: Million Baht

CONSOLIDATED FINANCIAL STATEMENTS

2017

	At Call	Not Over 3 Months	Greater than 3-12 Months	Greater than 1-5 Years	Greater than 5 Years	Non-Performing Loans	No Maturity	Total
Financial assets								
Interbank and money market items, net	48,008	275,593	2,891	3,020	1,082	-	203	330,797
Investments, net	-	7,257	17,453	52,561	2,084	-	4,579	83,934
Loans to customers	64,205	243,889	285,943	598,353	320,392	37,622	-	1,550,404
Financial liabilities								
Deposits	587,760	418,468	289,192	23,785	24	-	-	1,319,229
Interbank and money market items, net	11,115	263,326	2,065	2,742	473	-	-	279,721
Debt issued and borrowings	-	5,348	32,921	62,554	42,035	-	8	142,866

Unit: Million Baht

THE BANK'S FINANCIAL STATEMENTS

2018

	At Call	Not Over 3 Months	Greater than 3-12 Months	Greater than 1-5 Years	Greater than 5 Years	Non-Performing Loans	No Maturity	Total
Financial assets								
Interbank and money market items, net	64,660	165,538	2,892	5,954	-	-	218	239,262
Investments, net	-	4,499	31,990	92,221	537	-	5,186	134,433
Loans to customers	38,096	237,177	261,341	609,333	370,135	32,285	-	1,548,367
Financial liabilities								
Deposits	632,059	418,088	262,209	108,537	-	-	-	1,420,893
Interbank and money market items, net	16,695	142,882	82,378	3,879	420	-	-	246,254
Debt issued and borrowings	-	12,001	13,000	49,002	41,985	-	-	115,988

Unit: Million Baht

THE BANK'S FINANCIAL STATEMENTS

2017

	At Call	Not Over 3 Months	Greater than 3-12 Months	Greater than 1-5 Years	Greater than 5 Years	Non-Performing Loans	No Maturity	Total
Financial assets								
Interbank and money market items, net	44,270	275,357	2,791	3,019	-	-	203	325,640
Investments, net	-	7,257	17,453	52,561	2,083	-	4,349	83,703
Loans to customers	63,285	229,963	220,290	560,859	318,606	30,419	-	1,423,422
Financial liabilities								
Deposits	593,275	416,094	283,854	23,460	22	-	-	1,316,705
Interbank and money market items, net	14,606	263,301	2,041	4,056	473	-	-	284,477
Debt issued and borrowings	-	4,010	21,000	45,000	41,985	-	-	111,995

5.5 Fair value of financial instruments

Fair value is the price that would be received from sell an asset or paid for transfer a liability in an orderly transaction between market participants at the measurement date in the principal market or, in the absence of a principal market, the most a liquid market where the Bank and its subsidiaries are able to access.

Fair value measurement of financial assets and liabilities are determined according to the following hierarchy:

Level 1 - Quoted price (unadjusted) in active market for identical assets or liabilities that the Bank and its subsidiaries can access at the measurement date

Level 2 - Quoted price in active market for similar assets or liabilities, the quoted price for identical or similar assets in inactive market and other valuation technique where significant inputs used to measure the fair value are observable

Level 3 - Using techniques where significant inputs used to measure the fair value are unobservable

A summary of carrying amount of financial assets and liabilities as at December 31, 2018 and 2017 are as follows:

Unit: Million Baht

	CONSOLIDATED FINANCIAL STATEMENTS					
	2018			2017		
	Measured at fair value	Not measured at fair value	Total carrying amount	Measured at fair value	Not measured at fair value	Total carrying amount
Financial assets:						
Cash	-	34,679	34,679	-	38,244	38,244
Interbank and money market items, net	-	245,553	245,553	-	330,797	330,797
Derivatives assets	14,037	78	14,115	14,520	42	14,562
Investments, net	118,029	16,720	134,749	67,152	16,782	83,934
Loans to customers and accrued interest receivables, net	-	1,614,984	1,614,984	-	1,498,845	1,498,845
Total	132,066	1,912,014	2,044,080	81,672	1,884,710	1,966,382
Financial liabilities:						
Deposits	-	1,426,348	1,426,348	-	1,319,229	1,319,229
Interbank and money market items, net	-	244,097	244,097	-	279,721	279,721
Liability payable on demand	-	5,991	5,991	-	6,296	6,296
Derivatives liabilities	11,075	2,464	13,539	12,741	2,983	15,724
Debt issued and borrowings	-	155,650	155,650	-	142,866	142,866
Total	11,075	1,834,550	1,845,625	12,741	1,751,095	1,763,836

Unit: Million Baht

	THE BANK'S FINANCIAL STATEMENTS					
	2018			2017		
	Measured at fair value	Not measured at fair value	Total carrying amount	Measured at fair value	Not measured at fair value	Total carrying amount
Financial assets:						
Cash	-	33,468	33,468	-	37,671	37,671
Interbank and money market items, net	-	239,262	239,262	-	325,640	325,640
Derivatives assets	14,041	77	14,118	14,531	42	14,573
Investments, net	118,027	16,406	134,433	67,152	16,551	83,703
Loans to customers and accrued interest receivables, net	-	1,505,105	1,505,105	-	1,387,176	1,387,176
Total	132,068	1,794,318	1,926,386	81,683	1,767,080	1,848,763
Financial liabilities:						
Deposits	-	1,420,893	1,420,893	-	1,316,705	1,316,705
Interbank and money market items, net	-	246,254	246,254	-	284,477	284,477
Liability payable on demand	-	5,991	5,991	-	6,296	6,296
Derivatives liabilities	11,079	2,464	13,543	12,741	2,983	15,724
Debt issued and borrowings	-	115,988	115,988	-	111,995	111,995
Total	11,079	1,791,590	1,802,669	12,741	1,722,456	1,735,197

Financial assets and liabilities measured at fair value

Classification of financial assets and liabilities measured at fair value by the level of fair value hierarchy as at December 31, 2018 and 2017 are as follows:

Unit: Million Baht

CONSOLIDATED FINANCIAL STATEMENTS

	2018				2017			
	Fair value			Carrying	Fair value			Carrying
	Level 1	Level 2	Total fair value	amount	Level 1	Level 2	Total fair value	amount
Derivatives assets								
- trading book	-	14,037	14,037	14,037	-	14,520	14,520	14,520
Investments - trading	2	929	931	931	-	355	355	355
Investments								
- available-for-sale	4,360	112,738	117,098	117,098	3,082	63,715	66,797	66,797
Derivative liabilities								
- trading book	-	11,075	11,075	11,075	-	12,741	12,741	12,741

Unit: Million Baht

THE BANK'S FINANCIAL STATEMENTS

	2018				2017			
	Fair value			Carrying	Fair value			Carrying
	Level 1	Level 2	Total fair value	amount	Level 1	Level 2	Total fair value	amount
Derivatives assets								
- trading book	-	14,041	14,041	14,041	-	14,531	14,531	14,531
Investments - trading	-	929	929	929	-	355	355	355
Investments								
- available-for-sale	4,360	112,738	117,098	117,098	3,082	63,715	66,797	66,797
Derivative liabilities								
- trading book	-	11,079	11,079	11,079	-	12,741	12,741	12,741

There are no transfers of financial assets and liabilities measured at fair value between level 1 and level 2 for the years ended December 31, 2018 and 2017.

Valuation technique for financial assets and liabilities measured at fair value are as follows:

Derivatives - trading book

The valuation techniques using to determine the fair value of derivatives is dependent on the type of instrument and available market data used to measure the fair value. These valuation techniques include discounted cash flow model, option pricing model and other standards model commonly used by market participants. The data used in the valuation is the observable input e.g. interest rate, forward exchange rate. Credit valuation adjustments are also made against the valuation of derivative products to reflect the possibility that the counterparty may default and the Bank may not receive the full market value of the transactions.

Investments

Investment in domestic debt securities listed in Thai Bond Market Association ("ThaiBMA"), discounted cash flow using ThaiBMA yield curve as the discounted rate to determine the fair value.

Equity securities traded in the SET, the fair value is determined by using the last bid price of SET.

Investment in unit trust not listed in SET, the fair value is determined by using the net asset value at the reporting date announced by the asset management company.

Financial assets and liabilities not measured at fair value

Fair value of financial assets and liabilities which are not measured at fair value and their fair value hierarchy level classification is summarized as follows:

Unit: Million Baht

	CONSOLIDATED FINANCIAL STATEMENTS									
	2018					2017				
	Fair value				Carrying amount	Fair value				Carrying amount
	Level 2	Level 3	Their carrying amounts are considered as a reasonable approximate of fair value	Total fair value		Level 2	Level 3	Their carrying amounts are considered as a reasonable approximate of fair value	Total fair value	
Financial assets:										
Cash	-	-	34,679	34,679	34,679	-	-	38,244	38,244	38,244
Interbank and money market items, net	-	-	245,553	245,553	245,553	-	-	330,797	330,797	330,797
Derivatives assets - banking book	136	-	-	136	78	45	-	-	45	42
Held to maturity and general investments	-	15,996	720	16,716	16,720	-	16,043	783	16,826	16,782
Loans to customers and accrued interest receivables, net	-	-	1,614,984	1,614,984	1,614,984	-	-	1,498,845	1,498,845	1,498,845
Total	136	15,996	1,895,936	1,912,068	1,912,014	45	16,043	1,868,669	1,884,757	1,884,710
Financial liabilities:										
Deposits	1,426,892	-	-	1,426,892	1,426,348	1,319,620	-	-	1,319,620	1,319,229
Interbank and money market items, net	-	-	244,097	244,097	244,097	-	-	279,721	279,721	279,721
Liability payable on demand	-	-	5,991	5,991	5,991	-	-	6,296	6,296	6,296
Derivatives liabilities - banking book	2,285	-	-	2,285	2,464	3,045	-	-	3,045	2,983
Debt issued and borrowings	149,863	5,711	2	155,576	155,650	139,337	4,464	10	143,811	142,866
Total	1,579,040	5,711	250,090	1,834,841	1,834,550	1,462,002	4,464	286,027	1,752,493	1,751,095

Unit: Million Baht

THE BANK'S FINANCIAL STATEMENTS

	2018					2017				
	Fair value				Carrying	Fair value				Carrying
	Level 2	Level 3	Their carrying amounts are considered as a reasonable approximate of fair value	Total fair value	amount	Level 2	Level 3	Their carrying amounts are considered as a reasonable approximate of fair value	Total fair value	amount
Financial assets:										
Cash	-	-	33,468	33,468	33,468	-	-	37,671	37,671	37,671
Interbank and money market items, net	-	-	239,262	239,262	239,262	-	-	325,640	325,640	325,640
Derivatives assets - banking book	136	-	-	136	77	45	-	-	45	42
Held to maturity and general investments	-	15,996	406	16,402	16,406	-	16,043	552	16,595	16,551
Loans to customers and accrued interest receivables, net	-	-	1,505,105	1,505,105	1,505,105	-	-	1,387,176	1,387,176	1,387,176
Total	136	15,996	1,778,241	1,794,373	1,794,318	45	16,043	1,751,039	1,767,127	1,767,080
Financial liabilities:										
Deposits	1,421,325	-	-	1,421,325	1,420,893	1,317,022	-	-	1,317,022	1,316,705
Interbank and money market items, net	-	-	246,254	246,254	246,254	-	-	284,477	284,477	284,477
Liability payable on demand	-	-	5,991	5,991	5,991	-	-	6,296	6,296	6,296
Derivatives liabilities - banking book	2,285	-	-	2,285	2,464	3,045	-	-	3,045	2,983
Debt issued and borrowings	116,031	-	2	116,033	115,988	112,864	-	10	112,874	111,995
Total	1,539,641	-	252,247	1,791,888	1,791,590	1,432,931	-	290,783	1,723,714	1,722,456

Valuation technique for financial assets and liabilities not measured at fair value are as follows:

Cash and interbank and money market items (assets)

The carrying amounts of cash and interbank and money market items (assets) presented in the statement of financial position are the approximated fair value.

Held to maturity and general investments

The carrying amount of held to maturity and general investments presented in the statement of financial position is the approximated fair value, except for investment in asset-backed security which fair value calculated based on discounted cash flows.

Loans to customers and accrued interest receivables, net

Loans to customers and accrued interest receivables include variable interest rate loans, fixed rate loans with relatively short maturities and non-performing loans. Most loans carry a floating interest rate. The fair value is approximated by the outstanding balance of loans to customers and accrued interest receivables less allowance for doubtful accounts.

Deposits

The fair value of deposits is calculated based on discounted cash flows.

Interbank and money market items (liabilities)

The carrying amount of interbank and money market items (liabilities) presented in the statement of financial position is the approximated fair value.

Liabilities payable on demand

The carrying amount of liabilities payable on demand presented in the statement of financial position is the approximated fair value.

Debt issued and borrowings

The carrying amount of debt issued and borrowings presented in the statement of financial position is the approximated fair value, except for subordinated and long-term senior securities which fair values are based on the actual market prices and subordinated long-term senior securities and other borrowing of foreign subsidiary which fair value calculated based on discounted cash flows.

Derivatives - banking book

The valuation techniques using to determine the fair value of derivatives is dependent on the type of instrument and available market data used to measure the fair value. These valuation techniques include discounted cash flow model, option pricing model and other standards model commonly used by market participants. The data used in the valuation is the observable input e.g. interest rate, forward exchange rate. Credit valuation adjustments are also made against the valuation of derivative products to reflect the possibility that the counterparty may default and the Bank and its subsidiaries may not receive the full market value of the transactions.

5.6 Capital funds

The Bank maintains the internal capital adequacy assessment process in accordance with the supervisory review process of the BOT and monitors on a regular basis to ensure that the current and future capital requirements are aligned with the risk appetite in the Financial Business Group and the Bank.

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 BOT. The Bank is required to calculate its Capital Funds in accordance with Basel III. As at December 31, 2018 and 2017, the Consolidated Supervision and the Bank's total capital funds and capital adequacy ratios can be categorized as follows:

Unit: Million Baht

	Basel III Consolidated Supervision	
	2018	**2017**
Tier 1 capital		
Common Equity Tier 1 capital		
Issued and paid-up share capital	73,558	73,558
Premium on share capital	52,879	52,879
Legal reserve	5,891	5,007
Cumulative profit after appropriation	95,768	78,166
Other reserves		
Other comprehensive income	7,281	8,590
Other items from owner changes	(5,218)	(5,218)
Deduction items from Common Equity Tier 1 capital	(22,188)	(21,056)
Total Common Equity Tier 1 capital	207,971	191,926
Additional Tier 1 capital		
Non-Controlling interest	1,040	1,307
Total Tier 1 capital	209,011	193,233
Tier 2 capital		
Subordinated debentures	41,985	41,985
General provision	18,235	16,745
Non-Controlling interest	249	206
Total Tier 2 capital	60,469	58,936
Total capital fund	269,480	252,169

Capital adequacy ratio (%)

	BOT regulatory Minimum requirement*		**Basel III Consolidated Supervision**	
	2018	**2017**	**2018**	**2017**
Total Common Equity Tier 1 capital / Total risk weighted assets	6.375	5.75	12.46	12.56
Total Tier 1 capital / Total risk weighted assets	7.875	7.25	12.52	12.64
Total capital / Total risk weighted assets	10.375	9.75	16.15	16.50
Capital after deducting capital add-on arising from Single Lending Limit (Million Baht)			269,480	252,169
Capital ratio after deducting capital add-on arising from Single Lending Limit			16.15	16.50

* BOT requires to maintain minimum CAR at 8.5% and gradually increases the conservation buffer at 0.625% per year since January 1, 2016 until reaching 2.5% by January 1, 2019.

BOT has adopted supervisory framework for Domestic Systemically Important Banks ("D-SIBs") by requiring qualified banks to maintain higher capital to better absorb losses from their operations. The Bank is identified as D-SIBs and required to maintain additional 1% of common equity tier 1 ratio. This new requirement will be phasing in starting at 0.5% on January 1, 2019 and 1% on January 1, 2020.

	Unit: Million Baht Basel III The Bank	
	2018	2017
Tier 1 capital		
Common Equity Tier 1 capital		
Issued and paid-up share capital	73,558	73,558
Premium on share capital	52,879	52,879
Legal reserve	5,891	5,007
Cumulative profit after appropriation	53,786	44,704
Other reserves		
Other comprehensive income	7,805	8,938
Other items from owner changes	(5,218)	(5,218)
Deduction items from Common Equity Tier 1 capital	(13,324)	(12,337)
Total Common Equity Tier 1 capital	175,377	167,531
Additional Tier 1 capital	-	-
Total Tier 1 capital	175,377	167,531
Tier 2 capital		
Subordinated debentures	41,985	41,985
General provision	11,614	9,517
Total Tier 2 capital	53,599	51,502
Total capital fund	228,976	219,033

Capital adequacy ratio (%)

	BOT regulatory Minimum requirement*		Basel III The Bank	
	2018	2017	2018	2017
Total Common Equity Tier 1 capital / Total risk weighted assets	6.375	5.75	11.59	11.97
Total Tier 1 capital / Total risk weighted assets	7.875	7.25	11.59	11.97
Total capital / Total risk weighted assets	10.375	9.75	15.13	15.65
Capital after deducting capital add-on arising from Single Lending Limit (Million Baht)			228,976	219,033
Capital ratio after deducting capital add-on arising from Single Lending Limit			15.13	15.65

* BOT requires to maintain minimum CAR at 8.5% and gradually increases the conservation buffer at 0.625% per year since January 1, 2016 until reaching 2.5% by January 1, 2019.

BOT has adopted supervisory framework for Domestic Systemically Important Banks (“D-SIBs”) by requiring qualified banks to maintain higher capital to better absorb losses from their operations. The Bank is identified as D-SIBs and required to maintain additional 1% of common equity tier 1 ratio. This new requirement will be phasing in starting at 0.5% on January 1, 2019 and 1% on January 1, 2020.

Disclosure of capital maintenance information of the Financial Business Group and the Bank under the BOT's Notification regarding the Disclosure of the Capital Requirement of the Financial Business Group and regarding the Disclosure of the Capital Requirement of Commercial Banks with details as follows:

Location of disclosure	www.krungsri.com
Date of disclosure	October 29, 2018
Information as at	June 30, 2018

The disclosure for the year ended December 31, 2018 will be provided on or before April 30, 2019 on the above Bank's website as indicated in the BOT's notification.

6. ESTIMATES AND ASSUMPTIONS

Preparation of financial statements in conformity with Thai Financial Reporting Standards principles requires management to make estimates and assumptions under certain circumstances. Such estimates and assumptions affect reported amounts of revenues, expenses, assets and liabilities and require the disclosure of contingent assets and liabilities at the date of the financial statements which may differ from these estimates. The significant areas requiring management to make judgments and estimates that affect reported amounts and disclosures are as follows:

6.1 Fair value

For a business acquisition, the Bank's management estimates the fair value of assets, liabilities and other contingent liabilities of the acquiree's identifiable assets and liabilities at the acquisition date. In addition, any adjustments of the initial provision are finalized within 12 months after the acquisition date.

6.2 Allowance for doubtful accounts

The Bank and its subsidiaries estimate the minimum allowance for doubtful accounts in accordance with the BOT's guidelines. In addition, the Bank and its subsidiaries estimate an additional allowance which the management has considered based on the uncollectible loss from past experience, current economic conditions, and the ability to repay loans and accrued interest receivable. The Bank and its subsidiaries consider the value of collateral when deemed the primary source of repayment comes from the sales of the collateral.

A significant factor in the determination of the allowance for doubtful accounts is the value of collateral. Collateral pledged typically consists of land, buildings, and buildings under construction. Value of such collateral is based on independently and/or internally performed appraisals.

6.3 Allowance for properties for sale

The Bank and its subsidiaries estimate the allowance for impairment of properties for sale when there is a decline in net realizable value. In consideration of net realizable value, the Bank and its subsidiaries consider the appraised value together with other factors which can affect the realizable value such as related selling expenses, holding costs and discounted future expenses.

6.4 Goodwill

Goodwill is tested for impairment using a fair value method of discounted cash flows on a semi-annual basis.

6.5 Impairment of assets

The carrying amounts of the Bank and its subsidiaries' assets are reviewed at each financial statements date to determine whether there are any indications of impairment. If any such indication exists, the assets' recoverable amounts are estimated by discounting expected cash flows.

6.6 Provisions

Provisions are recognized as liabilities in the statement of financial position when it is probable that an obligation has been incurred as a result of a past event, and result in the certain likelihood of an outflow of economic benefits to settle the obligation and the amount of such obligation can be reasonably estimated.

6.7 Provision for contingent liabilities

The Bank provides a provision for contingent liabilities with high credit risk such as loan guarantees, avals or non cancellable contingent liabilities at the same provision rate as that provided for the same debtor on the statement of financial position.

6.8 Significant judgement on classification of joint arrangement

Tesco Card Services Limited is a separate limited liability company that Ayudhya Capital Services Company Limited (a subsidiary of the Bank) holds 50% of interests under the joint arrangement agreement which requires unanimous consent from the parties to the agreement for the relevant activities. Furthermore, there is no contractual arrangement or any other facts and circumstances indicate that Ayudhya Capital Services Company Limited and the party to the joint arrangement have rights to the assets and obligations for the liabilities of the joint arrangement. For Tesco Life Assurance Broker Limited and Tesco General Insurance Broker Limited, they are also separate limited liability companies that Tesco Card Services Limited wholly holds 100% of interest. Accordingly, Tesco Card Services Limited, Tesco Life Assurance Broker Limited and Tesco General Insurance Broker Limited are classified as a joint venture of the Bank and its subsidiaries.

7. ADDITIONAL INFORMATION

7.1 Additional information of cash flows

7.1.1 Non-cash transactions for the years ended December 31, 2018 and 2017 are as follows:

Unit: Million Baht

	CONSOLIDATED FINANCIAL STATEMENTS		THE BANK'S FINANCIAL STATEMENTS	
	2018	2017	2018	2017
Increase (decrease) in revaluation surplus on investments	(1,224)	163	(1,224)	163
Amortization of premises appraisal surplus transferred to retained earning	(291)	(326)	(291)	(326)
Properties for sale debt repayment	11,705	8,070	8,875	5,322
Properties and premises transferred to be properties for sale	96	20	96	20

7.1.2 Changes in liabilities arising from financing activity for the years ended December 31, 2018 and 2017 are as follows:

Unit: Million Baht

	CONSOLIDATED FINANCIAL STATEMENTS		THE BANK'S FINANCIAL STATEMENTS	
	2018	2017	2018	2017
Beginning balance	142,890	160,372	112,005	133,949
Financing cash flows	18,569	(23,807)	(2,327)	(28,198)
Other non-cash items	945	(10)	764	2
Liabilities directly associated with assets classified as held for sale	(12,225)	-	-	-
Ending balance	150,179	136,555	110,442	105,753

7.1.3 Realized and unrealized gains (losses) on foreign exchange

In the preparation of cash flows statements, realized gains (losses) on foreign exchange are based on a cash basis. Unrealized gains (losses) on foreign exchange are based on the translation difference of assets and liabilities in foreign currencies as described in the accounting policies. It is presented as an adjustment to reconcile income before tax to cash received (paid) from operating activities.

7.2 Interbank and money market items, net (Asset)

Interbank and money market items, net (Asset) as at December 31, 2018 and 2017 are as follows:

Unit: Million Baht

	CONSOLIDATED FINANCIAL STATEMENTS					
	2018			2017		
	At Call	Time	Total	At Call	Time	Total
Domestic items						
Bank of Thailand and Financial Institution Development Fund	10,951	118,609	129,560	15,903	233,150	249,053
Commercial banks	2,201	7,214	9,415	1,629	2,603	4,232
Specialized financial institutions	-	1,313	1,313	-	6,279	6,279
Other financial institutions	-	39,201	39,201	392	38,610	39,002
Total	13,152	166,337	179,489	17,924	280,642	298,566
Add Accrued interest receivables	-	82	82	-	108	108
Less Allowance for doubtful accounts	-	(448)	(448)	-	(366)	(366)
Total domestic items	13,152	165,971	179,123	17,924	280,384	298,308
Foreign items						
US Dollar	27,375	10,177	37,552	16,647	2,090	18,737
Yen	24,722	-	24,722	10,735	-	10,735
Euro	674	-	674	638	-	638
Other currencies	2,959	520	3,479	2,064	315	2,379
Total	55,730	10,697	66,427	30,084	2,405	32,489
Add Accrued interest receivables	1	2	3	-	-	-
Total foreign items	55,731	10,699	66,430	30,084	2,405	32,489
Total domestic and foreign items	68,883	176,670	245,553	48,008	282,789	330,797

Unit: Million Baht

	THE BANK'S FINANCIAL STATEMENTS					
	2018			2017		
	At Call	Time	Total	At Call	Time	Total
Domestic items						
Bank of Thailand and Financial Institution Development Fund	10,951	118,609	129,560	15,903	233,150	249,053
Commercial banks	157	7,084	7,241	161	2,473	2,634
Specialized financial institutions	-	1,313	1,313	-	6,279	6,279
Other financial institutions	-	39,197	39,197	392	38,608	39,000
Total	11,108	166,203	177,311	16,456	280,510	296,966
Add Accrued interest receivables	-	82	82	-	107	107
Less Allowance for doubtful accounts	-	(448)	(448)	-	(366)	(366)
Total domestic items	11,108	165,837	176,945	16,456	280,251	296,707
Foreign items						
US Dollar	25,850	8,647	34,497	14,765	1,008	15,773
Yen	24,722	-	24,722	10,735	-	10,735
Euro	674	-	674	638	-	638
Other currencies	2,306	118	2,424	1,676	111	1,787
Total	53,552	8,765	62,317	27,814	1,119	28,933
Add Accrued interest receivables	-	-	-	-	-	-
Total foreign items	53,552	8,765	62,317	27,814	1,119	28,933
Total domestic and foreign items	64,660	174,602	239,262	44,270	281,370	325,640

7.3 Derivatives

7.3.1 Fair value and the notional amount classified by type of risk as at December 31, 2018 and 2017 are as follows:

Unit: Million Baht

Risk type	CONSOLIDATED FINANCIAL STATEMENTS 2018 Fair value / Readjustment based on an accrual basis Assets	2018 Fair value / Readjustment based on an accrual basis Liabilities	2018 Notional Amount	2017 Fair value / Readjustment based on an accrual basis Assets	2017 Fair value / Readjustment based on an accrual basis Liabilities	2017 Notional Amount
Exchange rate	9,383	9,750	1,079,935	9,162	10,633	945,452
Interest rate	4,732	3,789	748,891	5,400	5,091	712,294
Total	14,115	13,539	1,828,826	14,562	15,724	1,657,746

Unit: Million Baht

Risk type	THE BANK'S FINANCIAL STATEMENTS 2018 Fair value / Readjustment based on an accrual basis Assets	2018 Fair value / Readjustment based on an accrual basis Liabilities	2018 Notional Amount	2017 Fair value / Readjustment based on an accrual basis Assets	2017 Fair value / Readjustment based on an accrual basis Liabilities	2017 Notional Amount
Exchange rate	9,383	9,750	1,079,935	9,162	10,633	945,452
Interest rate	4,735	3,792	751,658	5,411	5,091	713,863
Total	14,118	13,542	1,831,593	14,573	15,724	1,659,315

7.3.2 Proportion of derivatives transactions classified by type of counterparty on the basis of notional amount as at December 31, 2018 and 2017 are as follows:

Counterparty	CONSOLIDATED FINANCIAL STATEMENTS 2018 Proportion (%)	CONSOLIDATED FINANCIAL STATEMENTS 2017 Proportion (%)	THE BANK'S FINANCIAL STATEMENTS 2018 Proportion (%)	THE BANK'S FINANCIAL STATEMENTS 2017 Proportion (%)
Financial institution	54.11	57.38	54.03	57.32
Related company	17.20	15.37	17.33	15.45
Third party	28.69	27.25	28.64	27.23
Total	100.00	100.00	100.00	100.00

7.4 Investments, net

Investments, net as at December 31, 2018 and 2017 consist of the following:

Unit: Million Baht

	CONSOLIDATED FINANCIAL STATEMENTS							
	2018				2017			
	Cost/ Amortized Cost	Unrealized Gains	Unrealized Losses	Fair Value	Cost/ Amortized Cost	Unrealized Gains	Unrealized Losses	Fair Value
Securities for Trading								
Government and state enterprise securities	929	1	(1)	929	355	-	-	355
Domestic marketable equity securities	3	(1)	-	2	-	-	-	-
	932	-	(1)	931	355	-	-	355
Less Revaluation allowance	(1)			-	-			-
Total	931			931	355			355
Securities Available-for-Sale								
Government and state enterprise securities	100,571	20	(204)	100,387	51,612	235	-	51,847
Private sector's debt securities	11,451	189	(6)	11,634	10,601	392	-	10,993
Domestic marketable equity securities	5,193	613	(724)	5,082	3,757	605	(121)	4,241
	117,215	822	(934)	117,103	65,970	1,232	(121)	67,081
Add Revaluation allowance	(112)			-	1,111			-
Less Allowance for impairment	(5)			(5)	(284)			(284)
Total	117,098			117,098	66,797			66,797
Securities Held-to-Maturity								
Private sector's debt securities	16,000				16,000			
Investment in accounts receivable	311				452			
	16,311				16,452			
Less Allowance for impairment	(14)				(14)			
Total	16,297				16,438			
Securities for General Investments								
Domestic non-marketable equity securities	589				525			
Foreign non-marketable equity securities	1				3			
	590				528			
Less Allowance for impairment	(167)				(184)			
Total	423				344			
Total Investments, net	134,749				83,934			

Unit: Million Baht

	THE BANK'S FINANCIAL STATEMENTS							
	2018				2017			
	Cost/ Amortized Cost	Unrealized Gains	Unrealized Losses	Fair Value	Cost/ Amortized Cost	Unrealized Gains	Unrealized Losses	Fair Value
Securities for Trading								
Government and state enterprise securities	929	1	(1)	929	355	-	-	355
	929	1	(1)	929	355	-	-	355
Less Revaluation allowance	-			-	-			-
Total	929			929	355			355
Securities Available-for-Sale								
Government and state enterprise securities	100,571	20	(204)	100,387	51,612	235	-	51,847
Private sector's debt securities	11,451	189	(6)	11,634	10,322	392	-	10,714
Domestic marketable equity securities	5,193	613	(724)	5,082	3,757	605	(121)	4,241
	117,215	822	(934)	117,103	65,691	1,232	(121)	66,802
Add Revaluation allowance	(112)			-	1,111			-
Less Allowance for impairment	(5)			(5)	(5)			(5)
Total	117,098			117,098	66,797			66,797
Securities Held-to-Maturity								
Private sector's debt securities	16,000				16,000			
Investment in accounts receivable	311				452			
	16,311				16,452			
Less Allowance for impairment	(14)				(14)			
Total	16,297				16,438			
Securities for General Investments								
Domestic non-marketable equity securities	275				278			
Foreign non-marketable equity securities	1				3			
	276				281			
Less Allowance for impairment	(167)				(168)			
Total	109				113			
Total Investments, net	134,433				83,703			

For the years ended December 31, 2018 and 2017, revaluation surplus (deficit) on investments presented in the equity consists of the following:

Unit: Million Baht

	CONSOLIDATED AND THE BANK'S FINANCIAL STATEMENTS	
	2018	2017
Beginning balance	1,111	948
Net amount transferred to profit or loss	(275)	(312)
Net change in fair value	(948)	475
Ending balance	(112)	1,111

As at December 31, 2018 and 2017, the Bank and its subsidiaries had investments in general investments in the consolidated financial statements of 2 companies and 3 companies, respectively, and the Bank's financial statements of 1 company, subject to being delisted from the SET, with cost of Baht 12 million and market price of Baht 0.

7.5 Investments in subsidiaries and joint ventures, net

Investments in subsidiaries and joint ventures, net as at December 31, 2018 and 2017 consist of the following:

Unit: Million Baht

				CONSOLIDATED FINANCIAL STATEMENTS 2018			
Company Name	**Business Type**	**Securities Investment Type**	**Issued and Paid-up Share Capital**	**Proportion of Ownership Interest and Voting Power Held by the Bank (%)**	**Investment (Cost)**	**Investment (Equity Method)**	**Dividend**
Joint ventures							
Tesco Card Services Limited [1]	Credit cards and personal loans	Common stock	2,080	50.00	1,040	2,333	-
Tesco Life Assurance Broker Limited [2]	Life assurance broker	Common stock	12	50.00	-	67	-
Tesco General Insurance Broker Limited [2]	General insurance broker	Common stock	107	50.00	-	220	-
Investments in joint ventures, net					1,040	2,620	-

Unit: Million Baht

				CONSOLIDATED FINANCIAL STATEMENTS 2017			
Company Name	**Business Type**	**Securities Investment Type**	**Issued and Paid-up Share Capital**	**Proportion of Ownership Interest and Voting Power Held by the Bank (%)**	**Investment (Cost)**	**Investment (Equity Method)**	**Dividend**
Joint ventures							
Tesco Card Services Limited [1]	Credit cards and personal loans	Common stock	2,080	50.00	1,040	2,000	-
Tesco Life Assurance Broker Limited [2]	Life assurance broker	Common stock	12	50.00	-	60	-
Tesco General Insurance Broker Limited [2]	General insurance broker	Common stock	107	50.00	-	162	-
Investments in joint ventures, net					1,040	2,222	-

[1] Indirect holding via Ayudhya Capital Services Company Limited
[2] Indirect holding via Tesco Card Services Limited

Unit: Million Baht

Company Name	Business Type	Securities Investment Type	Issued and Paid-up Share Capital	Proportion of Ownership Interest and Voting Power Held by the Bank (%)	Investment (Cost)	Dividend
			THE BANK'S FINANCIAL STATEMENTS 2018			
Subsidiaries						
Ayudhya Development Leasing Company Limited	Hire-purchase and leasing	Common stock	1,235	99.99	3,929	-
Ayudhya Capital Auto Lease Public Company Limited	Hire-purchase and auto leasing	Common stock	25,545	100.00	19,880	4,956
Ngern Tid Lor Company Limited [(1)]	Hire-purchase and motorcycle loans	Common stock	4,990	100.00	2,412	1,700
		Preferred stock			1	-
Ayudhya Capital Services Company Limited	Credit cards and personal loans	Common stock	5,925	100.00	11,941	-
General Card Services Limited	Credit cards and personal loans	Common stock	2,458	100.00	2,581	-
Krungsriayudhya Card Company Limited	Credit cards and personal loans	Common stock	5,906	100.00	6,275	-
Siam Realty and Services Security Company Limited	Car rental services and personnel services	Common stock	100	100.00	100	-
Total Services Solutions Public Company Limited	Collection services	Common stock	401	100.00	1,614	-
Krungsri Asset Management Company Limited	Fund management	Common stock	350	76.59	205	375
Krungsri Ayudhya AMC Limited	Asset management	Common stock	2,700	100.00	4,565	-
Krungsri Securities Public Company Limited	Securities	Common stock	1,350	99.84	1,497	-
Krungsri Factoring Company Limited	Factoring	Common stock	300	100.00	300	-
Krungsri Finnovate Company Limited	Venture capital	Common stock	700	100.00	700	-
Hattha Kaksekar Limited	Micro finance	Common stock	2,536	100.00	7,713	-
Investments in subsidiaries					63,713	7,031
Less Allowance for impairment					(5,452)	-
Investments in subsidiaries, net					58,261	7,031

(1) Investment in Ngern Tid Lor Company Limited was reclassified to assets held for sale 50% of cost value.

Unit: Million Baht

Company Name	Business Type	Securities Investment Type	Issued and Paid-up Share Capital	Proportion of Ownership Interest and Voting Power Held by the Bank (%)	Investment (Cost)	Dividend
		THE BANK'S FINANCIAL STATEMENTS 2017				
Subsidiaries						
Ayudhya Development Leasing Company Limited	Hire-purchase and leasing	Common stock	1,235	99.99	3,929	-
Ayudhya Capital Auto Lease Public Company Limited	Hire-purchase and auto leasing	Common stock	25,545	100.00	19,880	2,759
Ngern Tid Lor Company Limited	Hire-purchase and motorcycle loans	Common stock	3,290	100.00	3,126	-
		Preferred stock			1	-
Ayudhya Capital Services Company Limited	Credit cards and personal loans	Common stock	5,925	100.00	11,941	-
General Card Services Limited	Credit cards and personal loans	Common stock	2,458	100.00	2,581	-
Krungsriayudhya Card Company Limited	Credit cards and personal loans	Common stock	5,906	100.00	6,275	-
Siam Realty and Services Security Company Limited	Car rental services and personnel services	Common stock	100	100.00	100	-
Total Services Solutions Public Company Limited	Collection services	Common stock	401	100.00	1,614	-
Krungsri Asset Management Company Limited	Fund management	Common stock	350	76.59	205	268
Krungsri Ayudhya AMC Limited	Asset management	Common stock	2,700	100.00	4,565	-
Krungsri Securities Public Company Limited	Securities	Common stock	1,350	99.84	1,497	-
Krungsri Factoring Company Limited	Factoring	Common stock	300	100.00	300	-
Krungsri Finnovate Company Limited	Venture capital	Common stock	700	100.00	700	-
Hattha Kaksekar Limited	Micro finance	Common stock	1,031	100.00	6,208	-
Investments in subsidiaries					62,922	3,027
Less Allowance for impairment					(5,052)	-
Investments in subsidiaries, net					57,870	3,027

The summarized financial information of joint ventures

Net profit and total comprehensive income of joint ventures for the years ended December 31, 2018 and 2017 are as follow:

Unit: Million Baht

	2018		2017	
	Net profit	**Total comprehensive income**	**Net profit**	**Total comprehensive income**
Joint ventures	782	744	603	386

DISCLOSURE OF THE STATEMENTS OF CASH FLOWS OF ASSET MANAGEMENT COMPANY

KRUNGSRI AYUDHYA AMC LIMITED
STATEMENTS OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2018

Unit: Million Baht

	2018	2017
Cash flows from operating activities		
Income before income tax	107	188
Adjustments to reconcile income to cash provided (paid) from operating activities		
Bad debt and doubtful accounts	-	21
Loss on impairment of properties for sale	48	17
Depreciation and amortization	1	1
Gain on sales of properties for sale	(102)	(118)
Employment benefits expenses	4	7
Interest income, net	(65)	(145)
Interest received	65	145
Income tax paid	(21)	(41)
Income from operations before changes in operating assets and liabilities	37	75
(Increase) decrease in operating assets		
Investment in receivables	21	22
Loans to customers	-	2
Properties for sale	266	338
Other assets	19	59
Decrease in operating liabilities		
Other liabilities	(42)	(24)
Net cash from operating activities	301	472
Cash flows from investing activities		
Net cash from investing activities	(1)	-
Cash flows from financing activities		
Net cash from financing activities	-	-
Net increase in cash and cash equivalents	300	472
Cash and cash equivalents as at January 1,	1,429	957
Cash and cash equivalents as at December 31,	1,729	1,429

7.6 Loans to customers and accrued interest receivables, net

Loans to customers and accrued interest receivables, net as at December 31, 2018 and 2017 are as follows:

(1) Classified by products

Unit: Million Baht

	CONSOLIDATED FINANCIAL STATEMENTS		THE BANK'S FINANCIAL STATEMENTS	
	2018	2017	2018	2017
Overdrafts	65,542	60,432	65,495	60,382
Loan against contract	862,481	792,493	862,019	810,399
Trade bill	293,963	283,266	296,299	285,321
Hire-purchase receivable	440,153	400,930	378,571	309,557
Lease contract receivable	13,276	14,707	4,428	3,923
Credit card receivable	66,923	62,007	-	-
Others	6,916	5,523	5,558	4,030
Total	1,749,254	1,619,358	1,612,370	1,473,612
Less Deferred revenue	(77,236)	(68,954)	(64,003)	(50,190)
Loans to customers after deferred revenue, net	1,672,018	1,550,404	1,548,367	1,423,422
Add Accrued interest receivables	4,326	3,917	2,535	2,296
Loans to customers and accrued interest receivable after deferred revenue, net	1,676,344	1,554,321	1,550,902	1,425,718
Less Allowance for doubtful accounts				
1) BOT requirement :				
- Individual approach	(28,718)	(26,805)	(24,533)	(21,992)
- Collective approach	(11,332)	(8,916)	(9,549)	(6,984)
2) Surplus reserve	(19,741)	(18,452)	(11,614)	(9,518)
Less Revaluation allowance for debt restructuring	(1,569)	(1,303)	(101)	(48)
Total loans to customers, net	1,614,984	1,498,845	1,505,105	1,387,176

(2) Classified by currency and residence of debtors

Unit: Million Baht

	CONSOLIDATED FINANCIAL STATEMENTS					
	2018			2017		
	Domestic	Foreign	Total	Domestic	Foreign	Total
Baht	1,582,019	10,703	1,592,722	1,452,878	11,159	1,464,037
US Dollar	41,178	30,949	72,127	55,437	26,225	81,662
Other currencies	990	6,179	7,169	980	3,725	4,705
Total	1,624,187	47,831	1,672,018	1,509,295	41,109	1,550,404

Unit: Million Baht

	THE BANK'S FINANCIAL STATEMENTS					
	2018			2017		
	Domestic	Foreign	Total	Domestic	Foreign	Total
Baht	1,483,104	9,813	1,492,917	1,345,001	10,426	1,355,427
US Dollar	41,178	9,497	50,675	55,437	8,983	64,420
Other currencies	990	3,785	4,775	980	2,595	3,575
Total	1,525,272	23,095	1,548,367	1,401,418	22,004	1,423,422

(3) Classified by business type and classification

Unit: Million Baht

CONSOLIDATED FINANCIAL STATEMENTS

2018

	Normal	Special Mention	Substandard	Doubtful	Doubtful of Loss	Total
Agriculture and mining	21,970	1,027	140	118	836	24,091
Manufacturing and trading	381,543	10,617	2,178	1,268	10,810	406,416
Real estate and construction	106,983	3,406	451	260	1,704	112,804
Public utilities and services	162,620	12,416	222	138	1,797	177,193
Housing loans	240,703	3,255	1,414	1,008	4,104	250,484
Others	665,459	23,572	5,661	2,708	3,630	701,030
Total	1,579,278	54,293	10,066	5,500	22,881	1,672,018

Unit: Million Baht

CONSOLIDATED FINANCIAL STATEMENTS

2017

	Normal	Special Mention	Substandard	Doubtful	Doubtful of Loss	Total
Agriculture and mining	18,510	1,080	109	121	800	20,620
Manufacturing and trading	371,182	12,402	3,396	2,620	8,803	398,403
Real estate and construction	89,539	3,946	806	374	1,541	96,206
Public utilities and services	138,883	10,781	270	244	1,693	151,871
Housing loans	209,100	2,749	1,238	1,191	2,820	217,098
Others	631,929	22,681	5,460	2,471	3,665	666,206
Total	1,459,143	53,639	11,279	7,021	19,322	1,550,404

Unit: Million Baht

THE BANK'S FINANCIAL STATEMENTS

2018

	Normal	Special Mention	Substandard	Doubtful	Doubtful of Loss	Total
Agriculture and mining	17,830	1,011	121	83	198	19,243
Manufacturing and trading	376,754	10,580	2,169	1,078	10,280	400,861
Real estate and construction	105,673	3,369	443	256	1,653	111,394
Public utilities and services	162,608	12,415	222	138	1,489	176,872
Housing loans	238,397	3,254	1,412	1,004	4,091	248,158
Others	565,962	18,229	3,189	2,417	2,042	591,839
Total	1,467,224	48,858	7,556	4,976	19,753	1,548,367

Unit: Million Baht

THE BANK'S FINANCIAL STATEMENTS

2017

	Normal	Special Mention	Substandard	Doubtful	Doubtful of Loss	Total
Agriculture and mining	14,663	1,071	85	78	163	16,060
Manufacturing and trading	366,965	12,152	3,370	2,590	8,201	393,278
Real estate and construction	88,414	3,936	792	372	1,467	94,981
Public utilities and services	138,869	10,781	270	244	1,376	151,540
Housing loans	207,318	2,749	1,236	1,187	2,805	215,295
Others	532,545	13,540	2,377	1,811	1,995	552,268
Total	1,348,774	44,229	8,130	6,282	16,007	1,423,422

(4) Classified by type of classification

Unit: Million Baht

CONSOLIDATED FINANCIAL STATEMENTS

2018

	Loans to Customers and Accrued Interest Receivables	Outstanding Balance Used for Calculation Allowance	% Used for Calculation Allowance[3]	Allowance for Doubtful Accounts[4]
1. Minimum allowance per BOT guideline				
Normal	1,583,364	1,049,728	1, 2	12,418
Special mention	54,533	41,361	2, 18	6,375
Substandard	10,066	7,049	51, 100	5,148
Doubtful	5,500	3,753	46, 100	2,787
Doubtful of loss	22,881	11,488	100	13,322
Total	1,676,344	1,113,379		40,050 [1]
2. Surplus Reserve				19,741 [2]
Total				59,791

Unit: Million Baht

CONSOLIDATED FINANCIAL STATEMENTS

2017

	Loans to Customers and Accrued Interest Receivables	Outstanding Balance Used for Calculation Allowance	% Used for Calculation Allowance[3]	Allowance for Doubtful Accounts[4]
1. Minimum allowance per BOT guideline				
Normal	1,462,823	985,804	1, 2	11,863
Special mention	53,876	39,273	2, 15	2,998
Substandard	11,279	7,561	50, 100	5,938
Doubtful	7,021	4,724	46, 100	3,902
Doubtful of loss	19,322	9,251	100	11,020
Total	1,554,321	1,046,613		35,721 [1]
2. Surplus Reserve				18,452 [2]
Total				54,173

[1] Including allowance for doubtful accounts on a collective approach for hire-purchase loans as at December 31, 2018 and 2017, of Baht 11,332 million and Baht 8,916 million, respectively.

[2] Including allowance for doubtful accounts of loans granted to subsidiaries as at December 31, 2018 and 2017, at the rate of 1% of Baht 83,661 million and Baht 102,882 million equal to Baht 837 million and Baht 1,029 million, respectively, which are not eliminated but treated as surplus reserve in the consolidated financial statements.

[3] % set up are the minimum rates required by the BOT for loans to customers and the rates used for the collective approach valuation.

[4] Excluding revaluation allowance for debt restructuring as at December 31, 2018 and 2017, of Baht 1,569 million and Baht 1,303 million, respectively, and excluding allowance for doubtful accounts for interbank and money market items as at December 31, 2018 and 2017, of Baht 448 million and Baht 366 million, respectively.

Unit: Million Baht

	THE BANK'S FINANCIAL STATEMENTS 2018			
	Loans to Customers and Accrued Interest Receivables	**Outstanding Balance Used for Calculation Allowance**	**% Used for Calculation Allowance[3]**	**Allowance for Doubtful Accounts[4]**
1. Minimum allowance per BOT guideline				
Normal	1,469,613	944,802	1, 2	10,911
Special mention	49,004	36,184	2, 12	5,811
Substandard	7,556	4,565	49, 100	3,494
Doubtful	4,976	3,273	55, 100	2,409
Doubtful of loss	19,753	9,554	100	11,457
Total	1,550,902	998,378		34,082[1]
2. Surplus Reserve				11,614[2]
Total				45,696

Unit: Million Baht

	THE BANK'S FINANCIAL STATEMENTS 2017			
	Loans to Customers and Accrued Interest Receivables	**Outstanding Balance Used for Calculation Allowance**	**% Used for Calculation Allowance[3]**	**Allowance for Doubtful Accounts[4]**
1. Minimum allowance per BOT guideline				
Normal	1,350,928	883,154	1, 2	10,549
Special mention	44,371	30,378	2, 10	2,287
Substandard	8,130	4,511	38, 100	3,731
Doubtful	6,282	4,043	38, 100	3,425
Doubtful of loss	16,007	7,319	100	8,984
Total	1,425,718	929,405		28,976 [1]
2. Surplus Reserve				9,518 [2]
Total				38,494

[1] Including allowance for doubtful accounts on a collective approach for hire-purchase loans as at December 31, 2018 and 2017, of Baht 9,549 million and Baht 6,984 million, respectively.

[2] Including allowance for doubtful accounts of loan granted to subsidiaries as at December 31, 2018 and 2017, at the rate of 1% of Baht 83,661 million and Baht 102,882 million, equal to Baht 837 million and Baht 1,029 million, respectively.

[3] % set up are the minimum rates required by the BOT for loans to customers and the rates used for the collective approach valuation.

[4] Excluding revaluation allowance for debt restructuring as at December 31, 2018 and 2017, of Baht 101 million and Baht 48 million, respectively and excluding allowance for doubtful accounts for interbank and money market items as at December 31, 2018 and 2017, of Baht 448 million and Baht 366 million, respectively.

For the years ended December 31, 2018 and 2017, the Bank entered into agreements to sell non-performing loans (NPLs) to the third parties as follows:

Unit: Million Baht

	CONSOLIDATED AND THE BANK'S FINANCIAL STATEMENTS	
	2018	**2017**
Book value	1,462	2,858
Net book value	974	2,084
Sale price	974	2,084

As at December 31, 2018 and 2017, the Bank and Krungsri Ayudhya AMC Limited ("AMC") had non-performing loans which included interbank and money market items as follows:

Unit: Million Baht

	2018		
	The Bank	**AMC**	**The Bank and AMC**
Non-performing loans	32,285	445	32,730
Percentage of total loans	1.87	100.00	1.90
Non-performing loans, net	14,925	306	15,231
Percentage of total loans, net	0.87	100.00	0.89

Unit: Million Baht

	2017		
	The Bank	**AMC**	**The Bank and AMC**
Non-performing loans	30,419	491	30,910
Percentage of total loans	1.78	100.00	1.81
Non-performing loans, net	14,279	334	14,613
Percentage of total loans, net	0.85	100.00	0.86

As at December 31, 2018 and 2017, the Bank and its subsidiaries' non-performing loans are Baht 38,446 million and Baht 37,622 million, respectively.

(5) Troubled debt restructuring

For the years ended December 31, 2018 and 2017, the Bank and its subsidiaries had restructured the following debts:

Unit: Million Baht

CONSOLIDATED FINANCIAL STATEMENTS

	2018				**2017**			
Form of Restructuring	**Number of Debtors**	**Amount of Debt Before Restructuring**	**Type of Assets Acquired**	**Fair Value**	**Number of Debtors**	**Amount of Debt Before Restructuring**	**Type of Assets Acquired**	**Fair Value**
Modification of terms	22,315	5,143	-	-	23,613	6,363	-	-
Reduction of principal and interest	6,655	328	-	-	6,694	330	-	-
Various forms of restructuring	934	4,203	-	-	929	6,647	-	-
Total	29,904	9,674		-	31,236	13,340		-

Unit : Million Baht

THE BANK'S FINANCIAL STATEMENTS

	2018				**2017**			
Form of Restructuring	**Number of Debtors**	**Amount of Debt Before Restructuring**	**Type of Assets Acquired**	**Fair Value**	**Number of Debtors**	**Amount of Debt Before Restructuring**	**Type of Assets Acquired**	**Fair Value**
Modification of terms	2,119	2,576	-	-	2,358	4,817	-	-
Various forms of restructuring	934	4,203	-	-	929	6,647	-	-
Total	3,053	6,779		-	3,287	11,464		-

For the years ended December 31, 2018 and 2017, the Bank and its subsidiaries calculated the net realizable value for the troubled debt restructured by the modification of terms using the present value of future cash flows under the restructured loan agreement, discounted by the market rate, together with the fair value of collateral as follows:

Unit: Million Baht

CONSOLIDATED FINANCIAL STATEMENTS

Method	2018				2017			
	Average Aging (Year)	Number of Debtors	Amount of Debt Before Restructuring	Amount of Debt After Restructuring	Average Aging (Year)	Number of Debtors	Amount of Debt Before Restructuring	Amount of Debt After Restructuring
Present value of future cash flows	4.81	21,862	3,478	3,398	4.75	23,112	5,195	5,181
Fair value of collateral	8.45	453	1,665	1,663	8.11	501	1,168	1,166

Unit: Million Baht

THE BANK'S FINANCIAL STATEMENTS

Method	2018				2017			
	Average Aging (Year)	Number of Debtors	Amount of Debt Before Restructuring	Amount of Debt After Restructuring	Average Aging (Year)	Number of Debtors	Amount of Debt Before Restructuring	Amount of Debt After Restructuring
Present value of future cash flows	5.15	1,679	911	894	4.83	1,906	3,653	3,637
Fair value of collateral	8.70	440	1,665	1,663	8.98	452	1,164	1,162

For the years ended December 31, 2018 and 2017, the Bank and its subsidiaries recognized losses on debt restructured and interest received from debt restructured in the statements of profit or loss and other comprehensive income as follows:

Unit: Million Baht

	CONSOLIDATED FINANCIAL STATEMENTS		THE BANK'S FINANCIAL STATEMENTS	
	2018	2017	2018	2017
Losses on debt restructured	1,716	1,512	91	39
Interest received from debt restructured	990	1,128	919	691

As at December 31, 2018 and 2017, the Bank and its subsidiaries recorded balances of total debt restructured and debt restructured during the years ended December 31, 2018 and 2017, in the statements of financial position as follows:

Unit: Million Baht

	CONSOLIDATED FINANCIAL STATEMENTS		THE BANK'S FINANCIAL STATEMENTS	
	2018	2017	2018	2017
Balances of total debt restructured	22,399	20,542	17,697	15,801
Balances of debt restructured during the year	8,867	11,271	6,044	9,426

(6) Lease receivables (Included hire-purchase receivables and finance lease)

Unit: Million Baht

	CONSOLIDATED FINANCIAL STATEMENTS 2018 Amount due per agreements			
	Within 1 Year	**Greater than 1-5 Years**	**Greater than 5 Years**	**Total**
Minimum lease payments	98,837	245,971	108,621	453,429
Less Unearned interest income				(77,166)
Present value of the minimum lease payments				376,263
Less Allowance for doubtful accounts				(13,215)
Total lease receivables, net				363,048

Unit: Million Baht

	CONSOLIDATED FINANCIAL STATEMENTS 2017 Amount due per agreements			
	Within 1 Year	**Greater than 1-5 Years**	**Greater than 5 Years**	**Total**
Minimum lease payments	100,122	231,619	83,896	415,637
Less Unearned interest income				(68,929)
Present value of the minimum lease payments				346,708
Less Allowance for doubtful accounts				(12,848)
Total lease receivables, net				333,860

Unit: Million Baht

	THE BANK'S FINANCIAL STATEMENTS 2018 Amount due per agreements			
	Within 1 Year	**Greater than 1-5 Years**	**Greater than 5 Years**	**Total**
Minimum lease payments	71,522	210,930	100,547	382,999
Less Unearned interest income				(63,943)
Present value of the minimum lease payments				319,056
Less Allowance for doubtful accounts				(9,479)
Total lease receivables, net				309,577

Unit: Million Baht

	THE BANK'S FINANCIAL STATEMENTS 2017 Amount due per agreements			
	Within 1 Year	**Greater than 1-5 Years**	**Greater than 5 Years**	**Total**
Minimum lease payments	58,715	179,117	75,648	313,480
Less Unearned interest income				(50,174)
Present value of the minimum lease payments				263,306
Less Allowance for doubtful accounts				(6,984)
Total lease receivables, net				256,322

7.7 Allowance for doubtful accounts

Allowance for doubtful accounts as at December 31, 2018 and 2017 are as follows:

Unit: Million Baht

CONSOLIDATED FINANCIAL STATEMENTS

2018

	Normal	Special Mention	Substandard	Doubtful	Doubtful of Loss	Surplus Reserve	Total
Beginning balance	11,863	2,998	5,938	3,902	11,020	18,452	54,173
Doubtful accounts	980	4,466	5,985	2,298	7,550	3,103	24,382
Bad debts written off	(66)	(1,023)	(6,335)	(3,410)	(4,738)	-	(15,572)
Bad debts written off from sales of NPLs	-	-	-	(1)	(509)	-	(510)
Transferred to assets held for sale	(359)	(66)	(439)	-	-	(1,810)	(2,674)
Other	-	-	(1)	(2)	(1)	(4)	(8)
Ending balance	12,418	6,375	5,148	2,787	13,322	19,741	59,791

Unit: Million Baht

CONSOLIDATED FINANCIAL STATEMENTS

2017

	Normal	Special Mention	Substandard	Doubtful	Doubtful of Loss	Surplus Reserve	Total
Beginning balance	10,426	3,100	7,254	2,388	9,050	16,056	48,274
Doubtful accounts	1,579	468	4,866	4,416	7,845	2,407	21,581
Bad debts written off	(124)	(570)	(6,177)	(2,886)	(5,103)	-	(14,860)
Bad debts written off from sales of NPLs	(3)	-	(1)	(11)	(774)	-	(789)
Other	(15)	-	(4)	(5)	2	(11)	(33)
Ending balance	11,863	2,998	5,938	3,902	11,020	18,452	54,173

Unit: Million Baht

THE BANK'S FINANCIAL STATEMENTS

2018

	Normal	Special Mention	Substandard	Doubtful	Doubtful of Loss	Surplus Reserve	Total
Beginning balance	10,549	2,287	3,731	3,425	8,984	9,518	38,494
Doubtful accounts	428	4,547	1,409	2,395	4,720	2,097	15,596
Bad debts written off	(66)	(1,023)	(1,646)	(3,410)	(1,738)	-	(7,883)
Bad debts written off from sales of NPLs	-	-	-	(1)	(509)	-	(510)
Other	-	-	-	-	-	(1)	(1)
Ending balance	10,911	5,811	3,494	2,409	11,457	11,614	45,696

Unit: Million Baht

THE BANK'S FINANCIAL STATEMENTS

2017

	Normal	Special Mention	Substandard	Doubtful	Doubtful of Loss	Surplus Reserve	Total
Beginning balance	9,378	2,157	4,819	2,035	6,837	7,422	32,648
Doubtful accounts	1,298	700	108	4,287	5,170	2,099	13,662
Bad debts written off	(124)	(570)	(1,195)	(2,886)	(2,255)	-	(7,030)
Bad debts written off from sales of NPLs	(3)	-	(1)	(11)	(768)	-	(783)
Other	-	-	-	-	-	(3)	(3)
Ending balance	10,549	2,287	3,731	3,425	8,984	9,518	38,494

As at December 31, 2018 and 2017, the Bank and its subsidiaries estimated the minimum total allowance under the BOT Guidelines as follows:

Unit: Million Baht

	CONSOLIDATED FINANCIAL STATEMENTS		THE BANK'S FINANCIAL STATEMENTS	
	2018	**2017**	**2018**	**2017**
Allowance for doubtful accounts*	42,066	37,389	34,631	29,389

* Such allowance for doubtful accounts consists of allowance for doubtful accounts for loans to customers and accrued interest receivables, allowance for doubtful accounts for interbank and money market items and revaluation allowance for debt restructuring.

The Bank and its subsidiaries recorded allowance for doubtful accounts* in the financial statements as follows:

Unit: Million Baht

	2018	**2017**
Consolidated financial statements	61,808	55,841
The Bank and Krungsri Ayudhya AMC Limited	46,532	39,220
The Bank's financial statements	46,245	38,907

* Such allowance for doubtful accounts consists of allowance for doubtful accounts for loans to customers and accrued interest receivables, allowance for doubtful accounts for interbank and money market items and revaluation allowance for debt restructuring.

As at December 31, 2018 and 2017, the Bank and its subsidiaries had loans to customers and accrued interest receivables to companies which have certain problems in financial position and result of operations as defined in the Guideline of SET dated July 8, 1998 regarding the Quality of Assets and Transactions with Related Parties and the allowance for doubtful accounts for such loans as follows:

Unit: Million Baht

	CONSOLIDATED AND THE BANK'S FINANCIAL STATEMENTS 2018			
	Number	**Outstanding Balance**	**Collateral**	**Allowance for Doubtful Accounts**
Companies subject to be delisted by SET	2	-	-	-
Total	2	-	-	-

Unit: Million Baht

	CONSOLIDATED AND THE BANK'S FINANCIAL STATEMENTS 2017			
	Number	**Outstanding Balance**	**Collateral**	**Allowance for Doubtful Accounts**
Companies subject to be delisted by SET	5	1,180	673	524
Total	5	1,180	673	524

7.8 Revaluation allowance for debt restructuring

Revaluation allowance for debt restructuring as at December 31, 2018 and 2017 are as follows:

Unit: Million Baht

	CONSOLIDATED FINANCIAL STATEMENTS		THE BANK'S FINANCIAL STATEMENTS	
	2018	**2017**	**2018**	**2017**
Beginning balance	1,303	1,188	48	28
Increase during the year	1,716	1,512	91	39
Amount written off	(1,450)	(1,397)	(38)	(19)
Ending balance	1,569	1,303	101	48

7.9 Properties for sale, net

Properties for sale, net as at December 31, 2018 and 2017 are as follows:

Unit: Million Baht

	CONSOLIDATED FINANCIAL STATEMENTS				
Type of Properties for Sale	**Balance as at January 1, 2018**	**Acquisition**	**Disposition**	**Transferred to assets held for sale**	**Balance as at December 31, 2018**
1. Assets acquired from debt repayment					
1.1 Immovable	4,145	83	(526)	-	3,702
1.2 Movable	892	11,622	(11,212)	(94)	1,208
Total	5,037	11,705	(11,738)	(94)	4,910
2. Others	87	94	(21)	-	160
Total properties for sale	5,124	11,799	(11,759)	(94)	5,070
Less Provision for impairment	(1,439)	(1,543)	1,353	37	(1,592)
Total properties for sale	3,685	10,256	(10,406)	(57)	3,478

Unit: Million Baht

	CONSOLIDATED FINANCIAL STATEMENTS			
Type of Properties for Sale	**Balance as at January 1, 2017**	**Acquisition**	**Disposition**	**Balance as at December 31, 2017**
1. Assets acquired from debt repayment				
1.1 Immovable	4,750	37	(642)	4,145
1.2 Movable	763	8,033	(7,904)	892
Total	5,513	8,070	(8,546)	5,037
2. Others	89	20	(22)	87
Total properties for sale	5,602	8,090	(8,568)	5,124
Less Provision for impairment	(1,346)	(1,353)	1,260	(1,439)
Total properties for sale	4,256	6,737	(7,308)	3,685

Unit: Million Baht

Type of Properties for Sale	THE BANK'S FINANCIAL STATEMENTS			
	Balance as at January 1, 2018	Acquisition	Disposition	Balance as at December 31, 2018
1. Assets acquired from debt repayment				
1.1 Immovable	2,431	81	(302)	2,210
1.2 Movable	544	8,794	(8,363)	975
Total	2,975	8,875	(8,665)	3,185
2. Others	87	94	(21)	160
Total properties for sale	3,062	8,969	(8,686)	3,345
Less Provision for impairment	(974)	(245)	62	(1,157)
Total properties for sale	2,088	8,724	(8,624)	2,188

Unit: Million Baht

Type of Properties for Sale	THE BANK'S FINANCIAL STATEMENTS			
	Balance as at January 1, 2017	Acquisition	Disposition	Balance as at December 31, 2017
1. Assets acquired from debt repayment				
1.1 Immovable	2,760	26	(355)	2,431
1.2 Movable	337	5,296	(5,089)	544
Total	3,097	5,322	(5,444)	2,975
2. Others	90	19	(22)	87
Total properties for sale	3,187	5,341	(5,466)	3,062
Less Provision for impairment	(799)	(229)	54	(974)
Total properties for sale	2,388	5,112	(5,412)	2,088

Immovable assets for sale classified by external and internal appraisers as at December 31, 2018 and 2017 consist of the following:

Unit: Million Baht

	CONSOLIDATED FINANCIAL STATEMENTS		THE BANK'S FINANCIAL STATEMENTS	
	2018	2017	2018	2017
Immovable assets-Foreclosed assets				
Appraised by external appraisers	1,400	1,400	1,345	1,345
Appraised by internal appraisers	2,302	2,745	865	1,086
Total	3,702	4,145	2,210	2,431

7.10 Premises and equipment, net

Premises and equipment, net as at December 31, 2018 and 2017 are as follows:

Unit: Million Baht

	CONSOLIDATED FINANCIAL STATEMENTS					
	Balance as at January 1, 2018	**Increase**	**Decrease**	**Transferred to assets held for sale**	**Other**	**Balance as at December 31, 2018**
Land						
Cost	4,306	5	(35)	-	-	4,276
Appraisal increase (Year 2016)	7,086	-	(25)	-	-	7,061
Appraisal decrease (Year 2016)	(37)	-	-	-	-	(37)
Premises						
Cost	7,505	2,298	(57)	-	-	9,746
Appraisal increase (Year 2016)	11,641	-	(17)	-	-	11,624
Appraisal decrease (Year 2016)	(86)	-	2	-	-	(84)
Equipment	16,322	2,635	(2,453)	(569)	(7)	15,928
Leasehold improvement	3,892	578	(608)	(666)	(5)	3,191
Total	50,629	5,516	(3,193)	(1,235)	(12)	51,705
Less Accumulated depreciation						
Premises						
- Cost	(4,343)	(368)	30	-	-	(4,681)
- Appraisal increase (Year 2016)	(8,540)	(281)	7	-	-	(8,814)
Equipment	(11,123)	(1,720)	2,323	262	2	(10,256)
Leasehold improvement	(2,496)	(365)	593	425	-	(1,843)
Total	(26,502)	(2,734)	2,953	687	2	(25,594)
Construction in progress	2,274	330	(2,476)	-	-	128
Premises and equipment, net	26,401					26,239

Unit: Million Baht

	CONSOLIDATED FINANCIAL STATEMENTS				
	Balance as at January 1, 2017	**Increase**	**Decrease**	**Other**	**Balance as at December 31, 2017**
Land					
Cost	4,307	-	(1)	-	4,306
Appraisal increase (Year 2016)	7,102	-	(16)	-	7,086
Appraisal decrease (Year 2016)	(37)	-	-	-	(37)
Premises					
Cost	7,344	164	(3)	-	7,505
Appraisal increase (Year 2016)	11,649	-	(8)	-	11,641
Appraisal decrease (Year 2016)	(86)	-	-	-	(86)
Equipment	15,859	1,887	(1,388)	(36)	16,322
Leasehold improvement	3,582	363	(49)	(4)	3,892
Total	49,720	2,414	(1,465)	(40)	50,629
Less Accumulated depreciation					
Premises					
- Cost	(4,013)	(331)	1	-	(4,343)
- Appraisal increase (Year 2016)	(8,221)	(324)	5	-	(8,540)
Equipment	(10,905)	(1,518)	1,275	25	(11,123)
Leasehold improvement	(2,074)	(460)	35	3	(2,496)
Total	(25,213)	(2,633)	1,316	28	(26,502)
Construction in progress	714	1,697	(137)	-	2,274
Premises and equipment, net	25,221				26,401

Unit: Million Baht

	2018	**2017**
Depreciation for the years	2,734	2,633

As at December 31, 2018 and 2017, the Bank and its subsidiaries had premises and equipment which were fully depreciated but still in use, with the original costs amounting to Baht 10,568 million and Baht 11,479 million, respectively.

As at December 31, 2018 and 2017, the Bank and its subsidiaries had equipment which are under finance leases, with the original costs amounting to Baht 1,064 million and Baht 464 million, respectively.

Unit: Million Baht

	THE BANK'S FINANCIAL STATEMENTS				
	Balance as at January 1, 2018	**Increase**	**Decrease**	**Other**	**Balance as at December 31, 2018**
Land					
Cost	4,306	5	(35)	-	4,276
Appraisal increase (Year 2016)	7,086	-	(25)	-	7,061
Appraisal decrease (Year 2016)	(37)	-	-	-	(37)
Premises					
Cost	7,505	2,298	(57)	-	9,746
Appraisal increase (Year 2016)	11,641	-	(17)	-	11,624
Appraisal decrease (Year 2016)	(86)	-	2	-	(84)
Equipment	12,036	1,722	(1,858)	-	11,900
Leasehold improvement	2,423	176	(216)	-	2,383
Total	44,874	4,201	(2,206)	-	46,869
Less Accumulated depreciation					
Premises					
- Cost	(4,343)	(368)	29	-	(4,682)
- Appraisal increase (Year 2016)	(8,541)	(281)	7	-	(8,815)
Equipment	(8,622)	(1,223)	1,836	-	(8,009)
Leasehold improvement	(1,247)	(197)	205	-	(1,239)
Total	(22,753)	(2,069)	2,077	-	(22,745)
Construction in progress	2,223	294	(2,394)	-	123
Premises and equipment, net	24,344				24,247

Unit: Million Baht

	THE BANK'S FINANCIAL STATEMENTS				
	Balance as at January 1, 2017	**Increase**	**Decrease**	**Other**	**Balance as at December 31, 2017**
Land					
Cost	4,307	-	(1)	-	4,306
Appraisal increase (Year 2016)	7,102	-	(16)	-	7,086
Appraisal decrease (Year 2016)	(37)	-	-	-	(37)
Premises					
Cost	7,344	164	(3)	-	7,505
Appraisal increase (Year 2016)	11,649	-	(8)	-	11,641
Appraisal decrease (Year 2016)	(86)	-	-	-	(86)
Equipment	11,914	1,224	(1,102)	-	12,036
Leasehold improvement	2,230	228	(35)	-	2,423
Total	44,423	1,616	(1,165)	-	44,874
Less Accumulated depreciation					
Premises					
- Cost	(4,013)	(331)	1	-	(4,343)
- Appraisal increase (Year 2016)	(8,222)	(324)	5	-	(8,541)
Equipment	(8,595)	(1,087)	1,060	-	(8,622)
Leasehold improvement	(961)	(305)	19	-	(1,247)
Total	(21,791)	(2,047)	1,085	-	(22,753)
Construction in progress	695	1,631	(103)	-	2,223
Premises and equipment, net	23,327				24,344

Unit: Million Baht

	2018	**2017**
Depreciation for the years	2,069	2,047

As at December 31, 2018 and 2017, the Bank had premises and equipment which were fully depreciated but still in use, with the original costs amounting to Baht 8,258 million and Baht 8,913 million, respectively.

As at December 31, 2018 and 2017, the Bank had equipment which are under finance leases, with the original costs amounting to Baht 863 million and Baht 445 million, respectively.

7.11 Goodwill and other intangible assets, net

Goodwill and other intangible assets, net as at December 31, 2018 and 2017 are as follows:

Unit: Million Baht

	CONSOLIDATED FINANCIAL STATEMENTS					
	Balance as at January 1, 2018	**Increase**	**Decrease**	**Transferred to assets held for sale**	**Other**	**Balance as at December 31, 2018**
Cost						
Goodwill	12,557	-	-	-	(18)	12,539
Software	8,542	1,299	(2)	(324)	(1)	9,514
Other intangible assets	5,757	3	(1)	(17)	(1)	5,741
Total	26,856	1,302	(3)	(341)	(20)	27,794
Accumulated amortization						
Software	(5,316)	(1,020)	3	115	1	(6,217)
Other intangible assets	(4,764)	(152)	1	-	-	(4,915)
Total	(10,080)	(1,172)	4	115	1	(11,132)
Allowance for impairment	(20)	-	-	-	-	(20)
Goodwill and other intangible assets, net	16,756					16,642

Unit: Million Baht

	CONSOLIDATED FINANCIAL STATEMENTS				
	Balance as at January 1, 2017	**Increase**	**Decrease**	**Other**	**Balance as at December 31, 2017**
Cost					
Goodwill	12,470	329	-	(242)	12,557
Software	8,347	1,205	(1,001)	(9)	8,542
Other intangible assets	5,763	7	-	(13)	5,757
Total	26,580	1,541	(1,001)	(264)	26,856
Accumulated amortization					
Software	(5,252)	(1,061)	990	7	(5,316)
Other intangible assets	(4,609)	(154)	(2)	1	(4,764)
Total	(9,861)	(1,215)	988	8	(10,080)
Allowance for impairment	(20)	-	-	-	(20)
Goodwill and other intangible assets, net	16,699				16,756

Unit: Million Baht

	2018	**2017**
Amortization for the years	1,172	1,215

As at December 31, 2018 and 2017, the Bank and its subsidiaries had intangible assets which were fully amortized but still in use, with the original costs amounting to Baht 3,124 million and Baht 2,197 million, respectively.

Unit: Million Baht

	THE BANK'S FINANCIAL STATEMENTS			
	Balance as at January 1, 2018	**Increase**	**Decrease**	**Balance as at December 31, 2018**
Cost				
Goodwill	1,054	-	-	1,054
Software	6,883	968	-	7,851
Other intangible assets	57	-	-	57
Total	7,994	968	-	8,962
Accumulated amortization				
Software	(4,317)	(830)	-	(5,147)
Other intangible assets	(47)	(1)	-	(48)
Total	(4,364)	(831)	-	(5,195)
Goodwill and other intangible assets, net	3,630			3,767

Unit: Million Baht

	THE BANK'S FINANCIAL STATEMENTS			
	Balance as at January 1, 2017	**Increase**	**Decrease**	**Balance as at December 31, 2017**
Cost				
Goodwill	1,054	-	-	1,054
Software	6,929	962	(1,008)	6,883
Other intangible assets	57	-	-	57
Total	8,040	962	(1,008)	7,994
Accumulated amortization				
Software	(4,409)	(897)	989	(4,317)
Other intangible assets	(46)	(1)	-	(47)
Total	(4,455)	(898)	989	(4,364)
Goodwill and other intangible assets, net	3,585			3,630

Unit: Million Baht

	2018	**2017**
Amortization for the years	831	898

As at December 31, 2018 and 2017, the Bank had intangible assets which were fully amortized but still in use, with the original costs amounting to Baht 2,465 million and Baht 1,637 million, respectively.

7.12 Deferred tax

Deferred tax assets and deferred tax liabilities as at December 31, 2018 and 2017 are as follows:

Unit: Million Baht

	CONSOLIDATED FINANCIAL STATEMENTS		THE BANK'S FINANCIAL STATEMENTS	
	2018	**2017**	**2018**	**2017**
Deferred tax assets	4,274	4,823	256	-
Deferred tax liabilities	(4)	(106)	-	(104)
Net	4,270	4,717	256	(104)

Movements of deferred tax assets and deferred tax liabilities during the years are as follows:

Unit: Million Baht

	CONSOLIDATED FINANCIAL STATEMENTS					
	Balance at January 1, 2018	**Items as recognized into Profit or Loss**	**Items as recognized into Other Comprehensive Income**	**Transferred to assets held for sale**	**Others**	**Balance at December 31, 2018**
Deferred tax assets						
Impairment of assets	373	(30)	-	(8)	-	335
Loans and accrued interest receivables, net	5,971	210	-	(616)	-	5,565
Provisions	1,576	(133)	(14)	(9)	1	1,421
Others	690	339	214	(93)	(50)	1,100
Total	8,610	386	200	(726)	(49)	8,421
Deferred tax liabilities						
Asset appraisal surplus	2,110	(136)	-	-	-	1,974
Investments	102	121	(58)	-	-	165
Others	1,681	410	-	(81)	2	2,012
Total	3,893	395	(58)	(81)	2	4,151
Deferred tax assets - net	4,717	(9)	258	(645)	(51)	4,270

Unit: Million Baht

	CONSOLIDATED FINANCIAL STATEMENTS				
	Balance at January 1, 2017	**Items as recognized into Profit or Loss**	**Items as recognized into Other Comprehensive Income**	**Others**	**Balance at December 31, 2017**
Deferred tax assets					
Impairment of assets	343	30	-	-	373
Loans and accrued interest receivables, net	5,592	379	-	-	5,971
Provisions	1,515	134	(73)	-	1,576
Others	463	137	92	(2)	690
Total	7,913	680	19	(2)	8,610
Deferred tax liabilities					
Asset appraisal surplus	2,178	(68)	-	-	2,110
Investments	76	-	26	-	102
Others	1,402	399	-	(120)	1,681
Total	3,656	331	26	(120)	3,893
Deferred tax assets - net	4,257	349	(7)	118	4,717

Unit: Million Baht

	THE BANK'S FINANCIAL STATEMENTS			
	Balance at January 1, 2018	**Items as recognized into Profit or Loss**	**Items as recognized into Other Comprehensive Income**	**Balance at December 31, 2018**
Deferred tax assets				
Impairment of assets	268	(6)	-	262
Loans and accrued interest receivables, net	1,392	276	-	1,668
Provisions	1,312	(86)	7	1,233
Others	128	158	187	473
Total	3,100	342	194	3,636
Deferred tax liabilities				
Asset appraisal surplus	2,037	(63)	-	1,974
Investments	223	-	(58)	165
Others	944	297	-	1,241
Total	3,204	234	(58)	3,380
Deferred tax assets (liabilities) - net	(104)	108	252	256

Unit: Million Baht

	THE BANK'S FINANCIAL STATEMENTS			
	Balance at January 1, 2017	**Items as recognized into Profit or Loss**	**Items as recognized into Other Comprehensive Income**	**Balance at December 31, 2017**
Deferred tax assets				
Impairment of assets	233	35	-	268
Loans and accrued interest receivables, net	977	415	-	1,392
Provisions	1,277	94	(59)	1,312
Others	193	(57)	(8)	128
Total	2,680	487	(67)	3,100
Deferred tax liabilities				
Asset appraisal surplus	2,105	(68)	-	2,037
Investments	198	-	25	223
Others	671	273	-	944
Total	2,974	205	25	3,204
Deferred tax assets (liabilities) - net	(294)	282	(92)	(104)

7.13 Assets classified as held for sale and liabilities directly associated with assets classified as held for sale net

Investment in Ngern Tid Lor Company Limited (“NTL”) is presented as assets classified as held for sale resulting from the following agreements 1) the sale and purchase of shares of NTL agreement by selling 50% of the ordinary shares in NTL to Siam Asia Credit Access PTE LTD, a company ultimately owned by a consortium led by CVC Capital Partners Asia Fund IV and Equity Partners Limited Group and 2) the shareholders agreement in relation to the shareholding in NTL.

However, this transaction is subject to satisfactory completion of conditions precedent and regulatory filings.

Details of assets classified as held for sale and liabilities directly associated with assets held for sale as at December 31, 2018 are as follows:

Consolidated financial statements

Unit: Million Baht

	2018
Assets	
Cash	392
Interbank and money market items	319
Loan and accrued interest receivable, net	37,041
Properties for sale, net	57
Premises and equipment, net	548
Goodwill and other intangible assets, net	225
Deferred tax assets	645
Other assets	309
	39,536
Liabilities	
Debt issued and borrowings	12,225
Provision	75
Other liabilities	1,484
	13,784

For the year ended December 31, 2018, NTL contributed net profit of Baht 1,379 million.

The Bank’s financial statements

The Bank reclassified 50% of investment in NTL to assets classified as held for sale of Baht 2,414 million.

7.14 Other assets, net

Other assets, net as at December 31, 2018 and 2017 are as follows:

Unit: Million Baht

	CONSOLIDATED FINANCIAL STATEMENTS		THE BANK'S FINANCIAL STATEMENTS	
	2018	2017	2018	2017
Accrued income	1,862	2,018	344	324
Prepayment	1,120	1,168	679	664
Other receivables	14,066	12,011	11,825	8,680
Margin call to counterparty	3,406	3,032	3,406	3,032
Others	2,189	1,322	2,019	1,463
Total	22,643	19,551	18,273	14,163

7.15 Deposits

Deposits as at December 31, 2018 and 2017 are as follows:

(1) Classified by product

Unit: Million Baht

	CONSOLIDATED FINANCIAL STATEMENTS		THE BANK'S FINANCIAL STATEMENTS	
	2018	2017	2018	2017
Current deposit	35,391	36,798	36,563	37,796
Savings deposit	591,183	550,962	595,496	555,479
Time deposit				
- Less than 6 months	360,275	341,517	361,383	342,587
- 6 months and less than 1 year	127,892	285,292	126,490	283,739
- 1 year and over	311,607	104,660	300,961	97,104
Total	1,426,348	1,319,229	1,420,893	1,316,705

(2) Classified by currency and residence of depositors

Unit: Million Baht

	CONSOLIDATED FINANCIAL STATEMENTS					
	2018			2017		
	Domestic	Foreign	Total	Domestic	Foreign	Total
Baht	1,351,999	2,231	1,354,230	1,255,331	1,949	1,257,280
US Dollar	41,662	15,198	56,860	36,758	11,881	48,639
Other currencies	9,931	5,327	15,258	8,251	5,059	13,310
Total	1,403,592	22,756	1,426,348	1,300,340	18,889	1,319,229

Unit: Million Baht

	THE BANK'S FINANCIAL STATEMENTS					
	2018			2017		
	Domestic	Foreign	Total	Domestic	Foreign	Total
Baht	1,362,001	1,904	1,363,905	1,264,789	1,619	1,266,408
US Dollar	41,663	1,844	43,507	36,758	1,737	38,495
Other currencies	9,931	3,550	13,481	8,251	3,551	11,802
Total	1,413,595	7,298	1,420,893	1,309,798	6,907	1,316,705

7.16 Interbank and money market items, net (Liability)

Interbank and money market items, net (liability) as at December 31, 2018 and 2017 are as follows:

Unit: Million Baht

	CONSOLIDATED FINANCIAL STATEMENTS					
	2018			2017		
	At Call	Time	Total	At Call	Time	Total
Domestic items						
Bank of Thailand and Financial Institution Development Fund	-	-	-	-	1,166	1,166
Commercial banks	1,548	27,802	29,350	628	47,190	47,818
Specialized financial institutions	2	5,686	5,688	25	6,804	6,829
Other financial institutions	10,359	1,368	11,727	8,184	1,913	10,097
Total domestic items	11,909	34,856	46,765	8,837	57,073	65,910
Foreign items						
US Dollar	-	195,903	195,903	1,208	211,533	212,741
Euro	74	-	74	243	-	243
Other currencies	855	500	1,355	827	-	827
Total foreign items	929	196,403	197,332	2,278	211,533	213,811
Total domestic and foreign items	12,838	231,259	244,097	11,115	268,606	279,721

Unit: Million Baht

	THE BANK'S FINANCIAL STATEMENTS					
	2018			2017		
	At Call	Time	Total	At Call	Time	Total
Domestic items						
Bank of Thailand and Financial Institution Development Fund	-	-	-	-	1,166	1,166
Commercial banks	548	25,802	26,350	628	47,190	47,818
Specialized financial institutions	2	5,686	5,688	25	6,804	6,829
Other financial institutions	15,216	3,369	18,585	11,675	3,914	15,589
Total domestic items	15,766	34,857	50,623	12,328	59,074	71,402
Foreign items						
US Dollar	-	194,702	194,702	1,208	210,797	212,005
Euro	74	-	74	243	-	243
Other currencies	855	-	855	827	-	827
Total foreign items	929	194,702	195,631	2,278	210,797	213,075
Total domestic and foreign items	16,695	229,559	246,254	14,606	269,871	284,477

Additional information on interbank and money market items, net (liability) is as follows:

As at December 31, 2017, the outstanding balances of borrowing from the Bank of Thailand is Baht 1,166 million, bearing an interest rate at 0.01% per annum. The borrowing is restricted to a soft loan program for flood relief in year 2011 provided to small and medium enterprises (SME) and individuals at a rate not over 3% per annum. The soft loan program duration is 5 years and end on December 31, 2018.

7.17 Debt issued and borrowings

Debt issued and borrowings as at December 31, 2018 and 2017 are as follows:

Unit: Million Baht

	Currency	Interest rate (%)	Maturity	CONSOLIDATED FINANCIAL STATEMENTS 2018 Domestic	2018 Foreign	2018 Total	2017 Domestic	2017 Foreign	2017 Total
Subordinated debentures	THB	3.40 - 3.90	2027	41,985	-	41,985	41,985	-	41,985
	USD	7.50 - 10.85	2019-2027	-	750	750	-	823	823
Senior debentures	THB	1.60 - 2.25	2019-2021	107,865	-	107,865	96,325	-	96,325
	KHR	8.50	2021	-	775	775	-	-	-
Bill of exchange	THB	-	-	1	-	1	8	-	8
Other borrowings	THB	0.00 - 7.15	2021-2023	2	251	253	2	276	278
	USD	0.00 - 7.59	2019-2023	-	4,021	4,021	-	3,381	3,381
	KHR	-	-	-	-	-	-	66	66
				149,853	5,797	155,650	138,320	4,546	142,866

Unit: Million Baht

	Currency	Interest rate (%)	Maturity	THE BANK'S FINANCIAL STATEMENTS 2018 Domestic	2018 Foreign	2018 Total	2017 Domestic	2017 Foreign	2017 Total
Subordinated debentures	THB	3.40 - 3.90	2027	41,985	-	41,985	41,985	-	41,985
Senior debentures	THB	1.85 - 2.25	2019-2021	74,000	-	74,000	70,000	-	70,000
Bill of exchange	THB	-	-	1	-	1	8	-	8
Other borrowings	THB	0.00	2023	2	-	2	2	-	2
				115,988	-	115,988	111,995	-	111,995

Additional information on debts issued and borrowings is as follows:

1. On August 11, 2016, the Bank issued subordinated debentures No. 1/2016 in amount of Baht 10,000 million for a 10-year and 6-month tenor at the fixed interest rate of 3.5% per annum, payable quarterly in February, May, August and November of each year. The Bank has the right to redeem subordinated debentures on any interest payment date after the fifth anniversary subject to the approval of the BOT.

2. On May 24, 2017, the Bank issued subordinated debentures No. 1/2017 in amount of Baht 17,007 million for a 10-year and 6-month tenor at the fixed interest rate of 3.9% per annum, payable quarterly in February, May, August and November of each year. The Bank has the right to redeem subordinated debentures on any interest payment date after the fifth anniversary subject to the approval of the BOT.

3. On November 17, 2017, the Bank issued subordinated debentures No. 2/2017 in amount of Baht 14,978 million for a 10-year tenor at the fixed interest rate of 3.4% per annum, payable quarterly in February, May, August, and November of each year. The Bank has the right to redeem subordinated debentures on the fifth anniversary of the issued date or any interest payment date thereafter subject to the approval of the BOT.

7.18 Provisions

Provisions for the years ended December 31, 2018 and 2017 are as follows:

Unit: Million Baht

	CONSOLIDATED FINANCIAL STATEMENTS				
	Balance at January 1, 2017	Increase (Decrease)	Balance at December 31, 2017	Increase (Decrease)	Balance at December 31, 2018
Provision for post-employment benefits obligation	5,241	80	5,321	296	5,617
Others	2,092	55	2,147	-	2,147
Total	7,333	135	7,468	296	7,764

Unit: Million Baht

	THE BANK'S FINANCIAL STATEMENTS				
	Balance at January 1, 2017	Increase (Decrease)	Balance at December 31, 2017	Increase (Decrease)	Balance at December 31, 2018
Provision for post-employment benefits obligation	4,480	51	4,531	340	4,871
Others	1,976	43	2,019	(22)	1,997
Total	6,456	94	6,550	318	6,868

Post-employment benefits obligation

The Bank and its subsidiaries operate post-employment benefits plans under the Thai Labor Protection Act, which are considered as unfunded defined benefit plans. These plans are recognized as provision in the statement of financial position.

Movements in the present value of the defined benefits obligation for the years ended December 31, 2018 and 2017 are as follows:

Unit: Million Baht

	CONSOLIDATED FINANCIAL STATEMENTS		THE BANK'S FINANCIAL STATEMENTS	
	2018	2017	2018	2017
Opening defined benefits obligation	5,321	5,241	4,531	4,480
Current service cost	432	446	334	343
Interest cost	132	165	110	141
Actuarial (gains) losses				
- Experience	56	27	42	40
- Demographic assumptions	(126)	(476)	(32)	(382)
- Financial assumptions	2	70	29	44
Benefit paid	(186)	(153)	(169)	(132)
Transfer employee from subsidiaries	(2)	1	2	(3)
Transferred to liabilities directly associated with assets classified as held for sale	(36)	-	-	-
Other	24	-	24	-
Closing defined benefit obligation	5,617	5,321	4,871	4,531

Actuarial (gains) losses are recognized in other comprehensive income for the years ended December 31, 2018 and 2017 are as follows:

Unit: Million Baht

	CONSOLIDATED FINANCIAL STATEMENTS		THE BANK'S FINANCIAL STATEMENTS	
	2018	**2017**	**2018**	**2017**
Included in retained earnings:				
As at 1 January	316	695	163	461
Recognized during the years	(68)	(379)	39	(298)
As at 31 December	248	316	202	163

Amounts recognized in the statements of profit or loss and other comprehensive income in respect of the defined benefit plans for the years ended December 31, 2018 and 2017 are as follows:

Unit: Million Baht

	CONSOLIDATED FINANCIAL STATEMENTS		THE BANK'S FINANCIAL STATEMENTS	
	2018	**2017**	**2018**	**2017**
Current service cost	432	446	334	343
Interest on obligation	132	165	110	141
	564	611	444	484

The principal actuarial assumptions used to calculate the obligation under the defined benefit plans as at December 31, 2018 and 2017 are as follows:

	CONSOLIDATED AND THE BANK'S FINANCIAL STATEMENTS	
Financial assumptions	**2018**	**2017**
Discount rate	1.73% - 4.50%	1.16% - 4.50%
Salary increase rate	6.0%	6.0%
Retirement age	55 and 60 years	55 and 60 years

Significant Actuarial Assumptions - Impact on increase (decrease) in Defined Benefit Obligation as at December 31, 2018 and 2017 are as follows:

Unit: Million Baht

	CONSOLIDATED FINANCIAL STATEMENTS		THE BANK'S FINANCIAL STATEMENTS	
	2018	**2017**	**2018**	**2017**
Discount rate - 1% increase	(521)	(526)	(434)	(427)
Discount rate - 1% decrease	601	611	498	492
Salary increase rate - 1% increase	892	946	792	831
Salary increase rate - 1% decrease	(799)	(840)	(713)	(742)

7.19 Finance lease liabilities

Finance lease liabilities as at December 31, 2018 and 2017 are as follows:

Unit: Million Baht

	CONSOLIDATED FINANCIAL STATEMENTS					
	2018			2017		
	Principal	Interest	Payment	Principal	Interest	Payment
Within one year	116	13	129	11	1	12
One year to five years	775	38	813	11	-	11
Total	891	51	942	22	1	23

Unit: Million Baht

	THE BANK'S FINANCIAL STATEMENTS					
	2018			2017		
	Principal	Interest	Payment	Principal	Interest	Payment
Within one year	65	9	74	6	-	6
One year to five years	642	31	673	4	-	4
Total	707	40	747	10	-	10

7.20 Other liabilities

Other liabilities as at December 31, 2018 and 2017 are as follows:

Unit : Million Baht

	CONSOLIDATED FINANCIAL STATEMENTS		THE BANK'S FINANCIAL STATEMENTS	
	2018	2017	2018	2017
Accrued expenses	16,600	14,032	12,359	9,653
Tax payable	3,994	4,165	2,174	1,846
Deposit	3,548	4,282	1,386	1,283
Unearned income from customer loyalty program	2,916	2,804	-	3
Other payables	5,402	3,822	3,896	2,724
Margin call from counterparty	3,246	1,962	3,246	1,962
Others	13,614	11,085	7,969	5,739
Total	49,320	42,152	31,030	23,210

7.21 Share capital

7.21.1 Legal reserve

Pursuant to the Public Limited Companies Act, the Bank must allocate to a reserve fund from the annual net profit, not less than five percent of the annual net profit deducted by the total accumulated loss brought forward (if any), until the reserve fund reaches an amount not less than ten percent of the registered capital. The reserve fund is not available for dividend distribution.

7.21.2 Dividend payment

The Annual General Meeting of Shareholders No. 105 held on April 27, 2017, approved the dividend payment for the six-month period ended December 31, 2016 to the shareholders of 7,355,761,773 ordinary shares at Baht 0.45 per share totaling Baht 3,310 million with payment date on May 25, 2017.

The Board of Directors' Meeting No. 8/2017 held on August 23, 2017, approved the interim dividend payment for the six-month period ended June 30, 2017 to the shareholders of 7,355,761,773 ordinary shares at Baht 0.40 per share totaling Baht 2,942 million with payment date on September 21, 2017.

The Annual General Meeting of Shareholders No. 106 held on April 26, 2018, approved the dividend payment for the six-month period ended December 31, 2017 to the shareholders of 7,355,761,773 ordinary shares at Baht 0.45 per share totaling Baht 3,310 million with payment date on May 21, 2018.

The Board of Directors' Meeting No. 8/2018 held on August 22, 2018, approved the interim dividend payment for the six-month period ended June 30, 2018 to the shareholders of 7,355,761,773 ordinary shares at Baht 0.40 per share totaling Baht 2,942 million with payment date on September 20, 2018.

7.22 Assets with obligations and restrictions

As at December 31, 2018 and 2017, government and state enterprise securities with book value of Baht 13,344 million and Baht 59 million, respectively, are used as collateral for other commitments with government departments and state enterprises.

7.23 Contingencies

Contingencies as at December 31, 2018 and 2017 are as follows:

Unit: Million Baht

	CONSOLIDATED FINANCIAL STATEMENTS		THE BANK'S FINANCIAL STATEMENTS	
	2018	**2017**	**2018**	**2017**
Avals to bills	1,108	1,636	1,108	1,636
Guarantees of loans	2,432	1,369	2,432	1,369
Liability under unmatured import bills	1,955	1,437	1,955	1,437
Letters of credit	5,818	7,744	5,818	7,744
Other contingencies				
- Unused overdraft limit	5,266	6,390	5,266	6,390
- Unused credit line	34,693	36,052	39,694	41,915
- Other guarantees	54,895	57,196	54,895	57,196
- Others	210	372	210	372
Total	106,377	112,196	111,378	118,059

The Bank and its subsidiaries have entered into a long-term information technology service agreement, which will be expired in 2023 with a local company. As at December 31, 2018 and 2017, the Bank and its subsidiaries have a commitment to pay in the amounts of Baht 3,720 million and Baht 1,034 million, respectively.

As at December 31, 2018 and 2017, the Bank and its subsidiaries have commitments to pay regarding the information technology services the amounts of Baht 2,409 million and Baht 2,659 million, respectively.

As at December 31, 2018 and 2017, the Bank has commitment payment amount of Baht 338 million and Baht 645 million as a result of entering to the construction agreement of the office building, respectively.

7.24 Related party transactions

The Bank has business transactions with subsidiaries, joint ventures and related companies. These transactions are with companies that have shareholding and/or major shareholders and/or joint directors with the Bank and with related persons. Such loans to related party have the allowance for doubtful accounts policy which comply with the same BOT regulations as those granted to other debtors.

According to the Bank of Thailand's Notification Sor.Nor.Sor. 12/2561 regarding the "Regulations on Risk Supervision of Financial Business Group" dated May 22, 2018, the Bank is required to disclose the Inter-Group Transactions in the Financial Business Group Policy and the Risk Management for Inter-Group Transactions in the Financial Business Group Policy as follows:

1. The Inter-Group Transactions in the Financial Business Group Policy

   The inter-group transactions shall have the same conditions or criteria, including interest rate or service fee charged, as applied when the Bank conducts the transactions with general customers with the same risk level.

2. The Risk Management for Inter-Group Transactions in the Financial Business Group Policy

   The Bank manages risk for all inter-group transactions based on the Credit Risk Management for the Financial Business Policy which covers the key credit risk management processes, namely credit risk control, credit risk measurement, and credit risk monitoring, in accordance with the Bank's policy and the Bank of Thailand's requirements.

Related party transactions are as follows:

7.24.1 Assets, liabilities and contingencies with certain officers from the levels of Bank's Directors, Executive Vice Presidents and higher, and Vice Presidents/ equivalent positions and higher in the Finance and Accounting Functions and the companies in which they and/or the Bank directors and/or their related parties and/or the Bank owned and the companies in which the directors and/or shareholders of the Bank have significant voting right either directly and indirectly, as at December 31, 2018 and 2017 are as follows:

Unit: Million Baht

	CONSOLIDATED FINANCIAL STATEMENTS										
	2018										
	Interbank and money market items (Assets)	**Loans**	**Accrued interest receivables**	**Derivative assets**	**Other assets**	**Deposits**	**Interbank and money market items (Liabilities)**	**Derivative liabilities**	**Other liabilities**	**Derivative (Notional amount)**	**Contingencies**
Parent company											
MUFG Bank, Ltd. (formerly The Bank of Tokyo-Mitsubishi UFJ, Ltd.)	27,680	-	-	3,528	385	-	195,260	1,354	3,365	375,245	2,737
Total	27,680	-	-	3,528	385	-	195,260	1,354	3,365	375,245	2,737
Joint ventures											
Tesco Card Services Limited	-	5,900	20	-	270	575	-	-	3	-	-
Tesco Life Assurance Broker Limited	-	-	-	-	4	157	-	-	-	-	-
Tesco General Insurance Broker Limited	-	-	-	-	9	594	-	-	5	-	-
Less Allowance for doubtful accounts	-	(59)	-	-	-	-	-	-	-	-	-
Total	-	5,841	20	-	283	1,326	-	-	8	-	-
Related companies having joint major shareholders or directors	19	9,365	27	447	26	9,878	180	6	26	19,229	680
Less Allowance for doubtful accounts	-	(89)	-	-	-	-	-	-	-	-	-
Total	19	9,276	27	447	26	9,878	180	6	26	19,229	680
Individual and related parties	-	543	-	-	-	3,468	-	-	804	-	-
Less Allowance for doubtful accounts	-	(1)	-	-	-	-	-	-	-	-	-
Total	-	542	-	-	-	3,468	-	-	804	-	-
Total	27,699	15,659	47	3,975	694	14,672	195,440	1,360	4,203	394,474	3,417

Unit: Million Baht

CONSOLIDATED FINANCIAL STATEMENTS

2017

	Interbank and money market items (Assets)	Loans	Accrued interest receivables	Derivative assets	Other assets	Deposits	Interbank and money market items (Liabilities)	Derivative liabilities	Other liabilities	Derivative (Notional amount)	Contingencies
Parent company											
MUFG Bank, Ltd. (formerly The Bank of Tokyo-Mitsubishi UFJ, Ltd.)	11,889	-	-	1,987	458	-	211,311	1,429	1,430	308,370	7,115
Total	11,889	-	-	1,987	458	-	211,311	1,429	1,430	308,370	7,115
Joint ventures											
Tesco Card Services Limited	-	10,006	21	-	83	402	-	-	1	-	-
Tesco Life Assurance Broker Limited	-	-	-	-	-	136	-	-	-	-	-
Tesco General Insurance Broker Limited	-	-	-	-	-	574	-	-	2	-	-
Less Allowance for doubtful accounts	-	(100)	-	-	-	-	-	-	-	-	-
Total	-	9,906	21	-	83	1,112	-	-	3	-	-
Related companies having joint major shareholders or directors	4	7,728	25	621	16	9,265	172	50	11	18,320	1,471
Less Allowance for doubtful accounts	-	(72)	-	-	-	-	-	-	-	-	-
Total	4	7,656	25	621	16	9,265	172	50	11	18,320	1,471
Individual and related parties	-	468	-	-	-	4,665	-	-	774	-	-
Less Allowance for doubtful accounts	-	-	-	-	-	-	-	-	-	-	-
Total	-	468	-	-	-	4,665	-	-	774	-	-
Total	11,893	18,030	46	2,608	557	15,042	211,483	1,479	2,218	326,690	8,586

Unit: Million Baht

THE BANK'S FINANCIAL STATEMENTS

2018

	Interbank and money market items (Assets)	**Loans**	**Accrued interest receivables**	**Derivative assets**	**Other assets**	**Deposits**	**Interbank and money market items (Liabilities)**	**Derivative liabilities**	**Other liabilities**	**Derivative (Notional amount)**	**Contingencies**
Parent company											
MUFG Bank, Ltd. (formerly The Bank of Tokyo-Mitsubishi UFJ, Ltd.)	27,680	-	-	3,528	385	-	195,260	1,354	3,365	375,245	2,737
Total	27,680	-	-	3,528	385	-	195,260	1,354	3,365	375,245	2,737
Subsidiaries											
Ayudhya Development Leasing Company Limited	-	6,623	3	-	3	13	-	-	2	-	236
Ayudhya Capital Auto Lease Public Company Limited	-	12,054	46	-	73	925	-	-	179	-	-
Ngern Tid Lor Company Limited	-	18,860	8	-	8	291	-	-	2	-	6
Ayudhya Capital Services Company Limited	-	26,841	90	-	109	1,323	-	-	25	-	3
General Card Services Limited	-	10,803	20	-	91	517	-	-	2	-	-
Krungsriayudhya Card Company Limited	-	2,079	4	-	716	1,495	-	-	17	-	1
Siam Realty and Services Security Company Limited	-	560	-	-	1	58	-	-	52	-	-
Total Services Solutions Public Company Limited	-	-	-	-	1	1,484	-	-	6	-	-
Krungsri Asset Management Company Limited	-	-	-	-	90	-	4,522	-	56	-	-
Krungsri Ayudhya AMC Limited	-	-	-	-	-	1,729	-	-	76	-	35
Krungsri Securities Public Company Limited	-	-	-	-	2	2	2,336	-	2	-	-
Krungsri Factoring Company Limited	-	-	-	-	-	190	-	-	-	-	-
Krungsri Life Assurance Broker Limited	-	-	-	-	-	735	-	-	-	-	-
Krungsri General Insurance Broker Limited	-	-	-	-	-	839	-	-	1	-	-

Unit: Million Baht

THE BANK'S FINANCIAL STATEMENTS (CONTINUED)

2018

	Interbank and money market items (Assets)	Loans	Accrued interest receivables	Derivative assets	Other Assets	Deposits	Interbank and money market items (Liabilities)	Derivative liabilities	Other liabilities	Derivative (Notional amount)	Contingencies
Subsidiaries (Continued)											
Krungsri Leasing Services Company Limited	-	5,377	4	-	2	122	-	-	-	-	-
Hattha Kaksekar Limited	-	464	5	4	3	-	-	4	-	2,767	-
Krungsri Finnovate Company Limited	-	-	-	-	2	401	-	-	-	-	-
Total	-	83,661	180	4	1,101	10,124	6,858	4	420	2,767	281
Less Allowance for doubtful accounts	-	(837)	-	-	-	-	-	-	-	-	-
Total	-	82,824	180	4	1,101	10,124	6,858	4	420	2,767	281
Joint ventures											
Tesco Card Services Limited	-	5,900	20	-	40	575	-	-	3	-	-
Tesco Life Assurance Broker Limited	-	-	-	-	-	157	-	-	-	-	-
Tesco General Insurance Broker Limited	-	-	-	-	-	594	-	-	-	-	-
Less Allowance for doubtful accounts	-	(59)	-	-	-	-	-	-	-	-	-
Total	-	5,841	20	-	40	1,326	-	-	3	-	-
Related companies having joint major shareholders or directors	19	9,366	27	447	-	9,878	180	6	24	19,229	680
Less Allowance for doubtful accounts	-	(89)	-	-	-	-	-	-	-	-	-
Total	19	9,277	27	447	-	9,878	180	6	24	19,229	680
Individual and related parties	-	447	-	-	-	3,366	-	-	551	-	-
Total	27,699	98,389	227	3,979	1,526	24,694	202,298	1,364	4,363	397,241	3,698

Unit: Million Baht

THE BANK'S FINANCIAL STATEMENTS

2017

	Interbank and money market items (Assets)	**Loans**	**Accrued interest receivables**	**Derivative assets**	**Other assets**	**Deposits**	**Interbank and money market items (Liabilities)**	**Derivative liabilities**	**Other liabilities**	**Derivative (Notional amount)**	**Contingencies**
Parent company											
MUFG Bank, Ltd. (formerly The Bank of Tokyo-Mitsubishi UFJ, Ltd.)	11,889	-	-	1,987	458	-	211,311	1,429	1,430	308,370	7,115
Total	11,889	-	-	1,987	458	-	211,311	1,429	1,430	308,370	7,115
Subsidiaries											
Ayudhya Development Leasing Company Limited	-	7,171	2	-	3	7	-	-	1	-	44
Ayudhya Capital Auto Lease Public Company Limited	-	19,669	78	-	77	675	-	-	111	-	-
Ngern Tid Lor Company Limited	-	3,390	1	-	15	213	-	-	-	-	2
Ayudhya Capital Services Company Limited	-	29,020	87	-	80	1,026	-	-	12	-	3
General Card Services Limited	-	10,554	20	-	88	353	-	-	-	-	-
Krungsriayudhya Card Company Limited	-	27,225	32	-	718	1,183	-	-	9	-	1
Siam Realty and Services Security Company Limited	-	585	-	-	1	90	-	-	58	-	-
Total Services Solutions Public Company Limited	-	-	-	-	2	1,333	-	-	10	-	-
Krungsri Asset Management Company Limited	-	-	-	-	116	-	3,440	-	18	-	-
Krungsri Ayudhya AMC Limited	-	-	-	-	1	1,429	-	-	64	-	35
Krungsri Securities Public Company Limited	-	-	-	-	2	2	2,053	-	8	-	-
Krungsri Factoring Company Limited	-	-	-	-	-	198	-	-	-	-	-
Krungsri Life Assurance Broker Limited	-	-	-	-	-	1,051	-	-	1	-	-
Krungsri General Insurance Broker Limited	-	-	-	-	-	1,427	-	-	1	-	-

Unit: Million Baht

THE BANK'S FINANCIAL STATEMENTS (CONTINUED)

2017

	Interbank and money market items (Assets)	Loans	Accrued interest receivables	Derivative assets	Other assets	Deposits	Interbank and money market items (Liabilities)	Derivative liabilities	Other liabilities	Derivative (Notional amount)	Contingencies
Subsidiaries (Continued)											
Krungsri Leasing Services Company Limited	-	3,993	2	-	2	26	-	-	-	-	-
Hattha Kaksekar Limited	-	1,275	7	11	2	-	-	-	-	1,569	-
Krungsri Finnovate Company Limited	-	-	-	-	2	471	-	-	-	-	-
Total	-	102,882	229	11	1,109	9,484	5,493	-	293	1,569	85
Less Allowance for doubtful accounts	-	(1,029)	-	-	-	-	-	-	-	-	-
Total	-	101,853	229	11	1,109	9,484	5,493	-	293	1,569	85
Joint ventures											
Tesco Card Services Limited	-	10,006	21	-	50	402	-	-	-	-	-
Tesco Life Assurance Broker Limited	-	-	-	-	-	136	-	-	-	-	-
Tesco General Insurance Broker Limited	-	-	-	-	-	574	-	-	-	-	-
Less Allowance for doubtful accounts	-	(100)	-	-	-	-	-	-	-	-	-
Total	-	9,906	21	-	50	1,112	-	-	-	-	-
Related companies having joint major shareholders or directors	4	7,728	25	621	-	9,265	172	50	10	18,320	1,471
Less Allowance for doubtful accounts	-	(72)	-	-	-	-	-	-	-	-	-
Total	4	7,656	25	621	-	9,265	172	50	10	18,320	1,471
Individual and related parties	-	363	-	-	-	4,518	-	-	575	-	-
Total	11,893	119,778	275	2,619	1,617	24,379	216,976	1,479	2,308	328,259	8,671

As at December 31, 2018 and 2017, the Bank charges interest rates to related parties at 0.95% - 23.82% p.a. and 0.75% - 26.47% p.a., respectively.

As at December 31, 2018 and 2017, the allowance for doubtful accounts of loans granted to subsidiaries of Baht 837 million and Baht 1,029 million, respectively, are not eliminated but treated as surplus reserve in the consolidated financial statements.

7.24.2 The Bank has investments in subsidiaries and joint ventures as disclosed in Note 7.5 and has investments in related companies for the years ended December 31, 2018 and 2017 are as follows:

Unit: Million Baht

	CONSOLIDATED AND THE BANK'S FINANCIAL STATEMENTS				
	2018				
	Business Type	Registered Share Capital	Ownership (%)	Investment Cost	Dividend Amount
Related company					
Sri Ayudhya Capital Public Company Limited	Investment holding company	296	7.17	326	16
Less Allowance for impairment				(5)	-
Investment in related company, net				321	16

Unit: Million Baht

	CONSOLIDATED AND THE BANK'S FINANCIAL STATEMENTS				
	2017				
	Business Type	Registered Share Capital	Ownership (%)	Investment Cost	Dividend Amount
Related company					
Sri Ayudhya Capital Public Company Limited	Investment holding company	250	8.50	326	37
Less Allowance for impairment				(5)	-
Investment in related company, net				321	37

7.24.3 Income and expenses between the Bank and its subsidiaries, joint ventures and related companies for the years ended December 31, 2018 and 2017 are as follows:

Unit: Million Baht

	CONSOLIDATED FINANCIAL STATEMENTS							
	2018				2017			
	Income		Expenses		Income		Expenses	
	Interest income	Non-interest income	Interest expenses	Non- interest expenses	Interest income	Non-interest income	Interest expenses	Non-interest expenses
Parent company								
MUFG Bank, Ltd. (formerly The Bank of Tokyo-Mitsubishi UFJ, Ltd.)	13	2,226	4,463	490	1	(373)	3,037	570
Total	13	2,226	4,463	490	1	(373)	3,037	570
Joint ventures								
Tesco Card Services Limited	195	503	-	(4)	232	495	-	6
Tesco Life Assurance Broker Company Limited	-	6	1	-	-	6	2	-
Tesco General Insurance Broker Limited	-	26	4	-	-	23	4	-
Total	195	535	5	(4)	232	524	6	6
Related companies having joint major shareholders or directors	216	102	66	297	253	1,140	59	275
Total	216	102	66	297	253	1,140	59	275
Individual and related parties	18	8	28	7	17	5	33	1
Total	442	2,871	4,562	790	503	1,296	3,135	852

Unit: Million Baht

	THE BANK'S FINANCIAL STATEMENTS							
	2018				2017			
	Income		Expenses		Income		Expenses	
	Interest income	Non-interest income	Interest expenses	Non- interest expenses	Interest income	Non-interest income	Interest expenses	Non-interest expenses
Parent company								
MUFG Bank, Ltd. (formerly The Bank of Tokyo-Mitsubishi UFJ, Ltd.)	13	2,226	4,463	490	1	(373)	3,037	570
Total	13	2,226	4,463	490	1	(373)	3,037	570
Subsidiaries								
Ayudhya Development Leasing Company Limited	230	19	-	(7)	218	14	-	(5)
Ayudhya Capital Auto Lease Public Company Limited	572	396	11	695	1,056	541	17	581
Ngern Tid Lor Company Limited	282	31	-	1	171	49	-	1
Ayudhya Capital Services Company Limited	690	321	1	(58)	738	280	-	4
General Card Services Limited	228	47		2	228	44	-	8
Krungsriayudhya Card Company Limited	162	227	9	197	597	143	1	191
Siam Realty and Services Security Company Limited	12	6	-	526	13	4	-	529
Total Services Solutions Public Company Limited	-	2	19	49	-	2	18	51
Krungsri Asset Management Company Limited	-	1,059	65	8	-	949	38	14
Krungsri Ayudhya AMC Limited	-	5	2	(3)	-	6	1	(3)
Krungsri Securities Public Company Limited	-	21	24	4	-	21	20	10
Krungsri Factoring Company Limited	-	1	-	(1)	-	4	-	(1)
Krungsri Life Assurance Broker Limited	-	1	4	-	-	1	11	-
Krungsri General Insurance Broker Limited	-	1	5	-	-	1	14	-
Krungsri Leasing Services Company Limited	279	-	-	-	153	5	-	-
Hattha Kaksekar Limited	54	14	-	-	36	23	-	-
Krungsri Finnovate Company Limited	-	8	-	-	-	6	-	-
Total	2,509	2,159	140	1,413	3,210	2,093	120	1,380
Joint ventures								
Tesco Card Services Limited	195	34	-	(5)	232	30	-	5
Tesco Life Assurance Broker Company Limited	-	1	1	-	-	-	2	-
Tesco General Insurance Broker Limited	-	14	4	-	-	11	4	-
Total	195	49	5	(5)	232	41	6	5
Related companies having joint major shareholders or directors	216	94	66	222	253	1,134	59	190
Total	216	94	66	222	253	1,134	59	190
Individual and related parties	17	8	19	-	14	5	14	-
Total	2,950	4,536	4,693	2,120	3,710	2,900	3,236	2,145

7.24.4 For the years ended December 31, 2018 and 2017, compensations paid to key management personnel under TAS 24 (Revised 2017) "Related Party Disclosures" are as follows:

Unit: Million Baht

	CONSOLIDATED FINANCIAL STATEMENTS		THE BANK'S FINANCIAL STATEMENTS	
	2018	**2017**	**2018**	**2017**
Short-term employee benefits	2,016	1,883	1,271	1,215
Post-employment benefits	59	58	38	39
Other long-term benefits	1	20	1	17
Total	2,076	1,961	1,310	1,271

7.24.5 For the years ended December 31, 2018 and 2017, related party transactions among subsidiaries included collection services and other services of Baht 954 million and Baht 961 million, respectively, and office and vehicle rental and facilities service of Baht 77 million and Baht 71 million, respectively.

7.24.6 For the years ended December 31, 2018 and 2017, subsidiaries had related party transactions from the licenses relevant to technology and software of Baht 53 million and Baht 51 million, respectively.

7.24.7 For the years ended December 31, 2018 and 2017, related party transactions among subsidiaries from other services were Baht 1,509 million and Baht 1,511 million, respectively.

7.24.8 The Extraordinary General Meeting of Shareholders No. 1/2013, held on October 31, 2013, approved the integration of the Bank and MUFG Bank, Ltd. Bangkok Branch (MUFG's Bangkok Branch) (formerly The Bank of Tokyo-Mitsubishi UFJ, Ltd. (BTMU's Bangkok Branch)) by acquisition of the business of MUFG's Bangkok Branch and the entering into a Conditional Branch Purchase Agreement between the Bank as transferee and MUFG Bank, Ltd. (MUFG) (formerly The Bank of Tokyo-Mitsubishi UFJ, Ltd. (BTMU)) as transferor and other related agreements which are asset acquisition and connected transactions.

From the date of the business transfer of MUFG's Bangkok Branch under the Conditional Branch Purchase Agreement, MUFG shall provide various services to the Bank as agreed between the Bank and MUFG prior to the transfer. Such services shall include existing services provided by MUFG to MUFG's Bangkok Branch and other services as necessary and appropriate to ensure continued service to MUFG's Bangkok Branch's customers after the transfer of the assets. The Bank and MUFG will also enter into a Master Service Agreement to provide various services to the Bank which will include but not be limited to (a) General Services Agreement (b) Trademark License Agreement (c) Software License Agreement (d) Other ancillary agreements as may be agreed between the parties under the Master Service Agreement.

From the date of the business transfer of MUFG's Bangkok Branch under the Conditional Branch Purchase Agreement until (1) the lapse of 10 years from the date of the transfer or (2) the date MUFG holds shares in the Bank less than 50 percent of all issued shares (whichever occurs later), the Bank may request for MUFG to provide funding assistance to the Bank and MUFG shall use its best efforts to provide such funding assistance after confirming that: (a) the price and condition for the funding assistance is on an Arm's Length Basis and is beneficial to both parties; (b) such funding assistance is aligned with the Bank's Asset and Liability Policy and Funding Policy; (c) such funding assistance complies with the legal requirements (including tax concerning transfer pricing). If MUFG agrees to provide funding assistance as requested by the Bank, the parties shall further agree on the type, amount, tenor and interest rate of such assistance.

On January 5, 2015, the Bank has entered into the borrowing agreement with MUFG under (1) Uncommitted Revolving Facility or (2) Interbank and Money Market Facility. Total facility amount is JPY 900,000 million or USD equivalent which equals to Baht 292,500 million using the exchange rate of Baht 32.50 : JPY 100.

7.25 Management compensation

The Bank and its subsidiaries have no special benefits given to the directors and executive officers beyond the general benefits made as usual, including contingency benefits from employment compensation agreements and other benefits for those persons.

The Bank and its subsidiaries did not sell, give or lease any properties to directors, executive officers, or their related parties, or did not purchase or lease any assets from those persons, except, during the years ended December 31, 2018 and 2017, the subsidiary had sold assets to managements in the amount of Baht 8 million and 6 million with the book value of Baht 6 million and 6 million, respectively.

7.26 Long-term leases

The Bank and its subsidiaries have entered into land and/or buildings and equipment lease agreements for branch offices and operation. The Bank and its subsidiaries are committed to pay future rental as at December 31, 2018 and 2017 which are summarized as follows:

Unit: Million Baht

TYPE OF LEASE	**PERIOD**	**CONSOLIDATED FINANCIAL STATEMENTS**		**THE BANK'S FINANCIAL STATEMENTS**	
		2018	**2017**	**2018**	**2017**
Land and/or premises and equipment	Within 1 year	1,191	1,278	853	1,082
	Greater than 1-5 years	1,223	1,349	1,034	1,073
	Greater than 5 years	147	218	44	25
	Total	2,561	2,845	1,931	2,180

7.27 Operating segments

The business segment results are prepared based on the Bank and its subsidiaries' internal management reporting which reflects the organizational management structure. The operating results by business segment provided to Chief Operating Decision Maker to make decision about resources allocations, and assess the performance of operating segments. The operating segment results are measured in accordance with Thai Financial Reporting Standards, which are also adjusted in accordance with internal management accounting rules and practices. Amounts for each business segment are shown after the allocation of certain centralized costs, income from investment, and the application of transfer pricing, where appropriate. Transactions between segments are recorded on the same basis as the transaction conducted with the third party. Transactions between segments are eliminated on consolidation.

The business segments are described below:

Retail: provides individual customers with a diverse range of banking and related financial services. The products and services available to customers include current and savings accounts, fixed deposits, bill of exchange, housing loan, credit cards, personal loans and sale finance loans, hire-purchase and leasing, wealth management and bancassurance products.

Commercial: provides financial services and products to institutional clients including corporate, small and medium-sized businesses and financial institutions. Products and services comprise the full range of credit facilities from short term working capital, cash management, trade finance, transactional banking, advisory services, and treasury and money markets products.

Others: encompasses other income and expenses generating activities that are not attributed to the business segments described above and eliminated transactions for preparation of consolidated financial statements.

During the years ended December 31, 2018 and 2017, no revenue from transactions with a single external customer or counter party amounted to 10% or more of the Bank's total revenue.

Operating segment by businesses for the years ended December 31, 2018 and 2017 are as follows:

Unit: Million Baht

	CONSOLIDATED FINANCIAL STATEMENTS 2018			
	Retail	**Commercial**	**Others**	**Total**
Interest income, net	53,568	21,711	49	75,328
Other operating income	27,322	8,230	(1,301)	34,251
Total operating income	80,890	29,941	(1,252)	109,579
Operating expenses	38,584	12,015	1,142	51,741
Impairment loss of loans and debt securities	20,274	4,009	1,897	26,180
Profit (loss) before tax	22,032	13,917	(4,291)	31,658
Taxation	4,411	2,612	(556)	6,467
Net profit (loss)	17,621	11,305	(3,735)	25,191
Total assets	936,252	1,397,667	(160,297)	2,173,622

Unit: Million Baht

	CONSOLIDATED FINANCIAL STATEMENTS 2017			
	Retail	**Commercial**	**Others**	**Total**
Interest income, net	46,556	21,924	55	68,535
Other operating income	25,172	8,302	(1,529)	31,945
Total operating income	71,728	30,226	(1,474)	100,480
Operating expenses	36,569	11,356	285	48,210
Impairment loss of loans and debt securities	16,349	4,534	2,087	22,970
Profit (loss) before tax	18,810	14,336	(3,846)	29,300
Taxation	3,779	2,689	(729)	5,739
Net profit (loss)	15,031	11,647	(3,117)	23,561
Total assets	820,603	1,441,891	(173,722)	2,088,772

7.28 Position and results of operations classified by domestic and foreign business

(1) Position classified by type of business

Position classified by domestic and foreign business as at December 31, 2018 and 2017 are as follows:

Unit: Million Baht

	CONSOLIDATED FINANCIAL STATEMENTS 2018			
	Domestic	**Foreign**	**Elimination**	**Total**
Total assets	2,146,407	46,304	(19,089)	2,173,622
Interbank and money market items, net (Assets)	237,901	7,652	-	245,553
Investments, net*	137,368	1	-	137,369
Loans to customers and accrued interest receivable, net	1,583,687	31,297	-	1,614,984
Deposits	1,408,643	17,705	-	1,426,348
Interbank and money market items, net (Liabilities)	237,017	7,080	-	244,097
Debt issued and borrowings	149,389	6,261	-	155,650

Unit: Million Baht

	CONSOLIDATED FINANCIAL STATEMENTS			
	2017			
	Domestic	**Foreign**	**Elimination**	**Total**
Total assets	2,062,031	39,196	(12,455)	2,088,772
Interbank and money market items, net (Assets)	323,049	7,748	-	330,797
Investments, net*	86,156	1	-	86,157
Loans to customers and accrued interest receivable, net	1,474,719	24,126	-	1,498,845
Deposits	1,305,174	14,055	-	1,319,229
Interbank and money market items, net (Liabilities)	274,989	4,732	-	279,721
Debt issued and borrowings	137,045	5,821	-	142,866

Unit: Million Baht

	THE BANK'S FINANCIAL STATEMENTS			
	2018			
	Domestic	**Foreign**	**Elimination**	**Total**
Total assets	2,047,725	7,577	(5,400)	2,049,902
Interbank and money market items, net (Assets)	235,613	3,649	-	239,262
Investments, net*	192,694	-	-	192,694
Loans to customers and accrued interest receivable, net	1,504,068	1,037	-	1,505,105
Deposits	1,418,767	2,126	-	1,420,893
Interbank and money market items, net (Liabilities)	246,252	2	-	246,254
Debt issued and borrowings	115,988	-	-	115,988

Unit: Million Baht

	THE BANK'S FINANCIAL STATEMENTS			
	2017			
	Domestic	**Foreign**	**Elimination**	**Total**
Total assets	1,997,683	9,274	(7,148)	1,999,809
Interbank and money market items, net (Assets)	321,187	4,453	-	325,640
Investments, net*	141,572	-	-	141,572
Loans to customers and accrued interest receivable, net	1,386,140	1,036	-	1,387,176
Deposits	1,314,657	2,048	-	1,316,705
Interbank and money market items, net (Liabilities)	284,475	2	-	284,477
Debt issued and borrowings	111,995	-	-	111,995

*Includes investments in subsidiaries and joint ventures, net

(2) Results of operations classified by business

Results of operations classified by domestic and foreign business for the years ended December 31, 2018 and 2017 are as follows:

Unit: Million Baht

	CONSOLIDATED FINANCIAL STATEMENTS 2018			
	Domestic	**Foreign**	**Elimination**	**Total**
Interest income	103,080	4,385	(333)	107,132
Interest expenses	30,381	1,766	(343)	31,804
Net interest income	72,699	2,619	10	75,328
Fees and service income, net	21,126	122	-	21,248
Other operating income	21,057	55	(8,109)	13,003
Other operating expenses	84,248	1,770	(8,097)	77,921
Profit (loss) from operating before tax	30,634	1,026	(2)	31,658

Unit: Million Baht

	CONSOLIDATED FINANCIAL STATEMENTS 2017			
	Domestic	**Foreign**	**Elimination**	**Total**
Interest income	91,583	3,603	(188)	94,998
Interest expenses	25,212	1,446	(195)	26,463
Net interest income	66,371	2,157	7	68,535
Fees and service income, net	19,634	41	-	19,675
Other operating income	19,139	91	(6,960)	12,270
Other operating expenses	76,516	1,617	(6,953)	71,180
Profit from operating before tax	28,628	672	-	29,300

Unit: Million Baht

	THE BANK'S FINANCIAL STATEMENTS 2018			
	Domestic	**Foreign**	**Elimination**	**Total**
Interest income	74,535	62	-	74,597
Interest expenses	29,626	10	-	29,636
Net interest income	44,909	52	-	44,961
Fees and service income, net	10,132	23	-	10,155
Other operating income	22,337	16	(8,111)	14,242
Other operating expenses	57,168	73	(8,111)	49,130
Profit (loss) from operating before tax	20,210	18	-	20,228

Unit: Million Baht

	THE BANK'S FINANCIAL STATEMENTS			
	2017			
	Domestic	Foreign	Elimination	Total
Interest income	64,891	64	-	64,955
Interest expenses	24,729	10	-	24,739
Net interest income	40,162	54	-	40,216
Fees and service income, net	9,568	23	-	9,591
Other operating income	17,197	55	(6,953)	10,299
Other operating expenses	52,029	204	(6,953)	45,280
Profit (loss) from operating before tax	14,898	(72)	-	14,826

Income and expenses between the head office and branches or inter-branches are determined by the head office at the rate which approximates actual cost.

7.29 Interest income

Interest income for the years ended December 31, 2018 and 2017 are as follows:

Unit: Million Baht

	CONSOLIDATED FINANCIAL STATEMENTS		THE BANK'S FINANCIAL STATEMENTS	
	2018	2017	2018	2017
Interbank and money market items	6,213	3,425	6,202	3,413
Investment and trading transactions	28	81	28	81
Investment in debt securities	1,827	2,188	1,827	2,188
Loans to customers	69,337	61,095	46,797	44,392
Hire purchase and finance lease	29,727	28,209	19,743	14,881
Total interest income	107,132	94,998	74,597	64,955

7.30 Interest expenses

Interest expenses for the years ended December 31, 2018 and 2017 are as follows:

Unit: Million Baht

	CONSOLIDATED FINANCIAL STATEMENTS		THE BANK'S FINANCIAL STATEMENTS	
	2018	2017	2018	2017
Deposits	15,079	12,628	14,253	11,832
Interbank and money market items	5,534	3,959	5,500	4,004
Contributions to Financial Institution Development Fund and Deposit Protection Agency	6,720	5,751	6,720	5,751
Debt issued and borrowings				
- Subordinated debenture	1,606	1,500	1,523	1,409
- Other	2,817	2,579	1,635	1,728
Borrowing fee expense	30	28	1	11
Other	17	18	4	4
Total interest expenses	31,803	26,463	29,636	24,739

7.31 Fees and service income, net

Fees and service income, net for the years ended December 31, 2018 and 2017 are as follows:

Unit: Million Baht

	CONSOLIDATED FINANCIAL STATEMENTS		THE BANK'S FINANCIAL STATEMENTS	
	2018	**2017**	**2018**	**2017**
Fees and service income				
- Acceptances, aval and guarantees	525	537	527	537
- Other	28,474	25,804	14,920	13,199
Total fees and service income	28,999	26,341	15,447	13,736
Fees and service expenses	7,751	6,666	5,292	4,145
Total fees and service income, net	21,248	19,675	10,155	9,591

7.32 Gains on trading and foreign exchange transactions, net

Gains on trading and foreign exchange transactions, net for the years ended December 31, 2018 and 2017 are as follows:

Unit: Million Baht

	CONSOLIDATED FINANCIAL STATEMENTS		THE BANK'S FINANCIAL STATEMENTS	
	2018	**2017**	**2018**	**2017**
Gains (losses) on trading and foreign exchange transactions				
- Foreign currency and derivative of currency	4,345	4,264	4,327	4,231
- Derivative of interest rates	408	(46)	412	(25)
- Debt securities	5	7	5	7
- Equity securities	(26)	7	(26)	2
- Other	4	1	-	-
Total	4,736	4,233	4,718	4,215

7.33 Gains (Losses) on investments, net

Gains (Losses) on investments, net for the years ended December 31, 2018 and 2017 are as follows:

Unit: Million Baht

	CONSOLIDATED FINANCIAL STATEMENTS		THE BANK'S FINANCIAL STATEMENTS	
	2018	**2017**	**2018**	**2017**
Gains on sales of investments				
- Available-for-sale	372	892	372	892
- General investments	2	4	2	4
	374	896	374	896
Losses on impairments				
- Subsidiaries	-	-	(400)	(100)
Total	374	896	(26)	796

7.34 Impairment loss on loans and debt securities

Impairment loss on loans and debt securities (reversal) for the years ended December 31, 2018 and 2017 are as follows:

Unit: Million Baht

	CONSOLIDATED FINANCIAL STATEMENTS		THE BANK'S FINANCIAL STATEMENTS	
	2018	**2017**	**2018**	**2017**
Interbank and money market items	82	(73)	82	(73)
Impairment loss on debt instrument (reversal)	-	(50)	-	(50)
Loans to customers	24,382	21,581	15,596	13,662
Loss on troubled debt restructuring	1,716	1,512	91	39
Total	26,180	22,970	15,769	13,578

7.35 Income tax expenses

Income tax expenses for the years ended December 31, 2018 and 2017 are as follows:

Unit: Million Baht

	CONSOLIDATED FINANCIAL STATEMENTS		THE BANK'S FINANCIAL STATEMENTS	
	2018	**2017**	**2018**	**2017**
Current tax for the years	6,458	6,088	2,671	2,424
Deferred tax	9	(349)	(108)	(282)
Total income tax expenses	6,467	5,739	2,563	2,142

Reconciliation of effective tax rate

	CONSOLIDATED FINANCIAL STATEMENTS				THE BANK'S FINANCIAL STATEMENTS			
	2018		**2017**		**2018**		**2017**	
	(in million Baht)	**Rate (%)**	**(in million Baht)**	**Rate (%)**	**(in million Baht)**	**Rate (%)**	**(in million Baht)**	**Rate (%)**
Profit before tax	31,658		29,300		20,228		14,826	
Income tax at the domestic tax rate	6,332	20.00	5,860	20.00	4,046	20.00	2,965	20.00
Add Tax effect of income and expense that are not exempt for tax purposes	2,218	7.01	867	2.96	143	0.71	97	0.65
Less Tax effect of income and expense that are exempt for tax purposes	(2,083)	(6.58)	(988)	(3.38)	(1,626)	(8.05)	(920)	(6.21)
Income tax expenses as per statements of profit or loss and other comprehensive income	6,467	20.43	5,739	19.58	2,563	12.66	2,142	14.44

7.36 Income tax relating to components of other comprehensive income

Income tax relating to components of other comprehensive income for the years ended December 31, 2018 and 2017 are as follows:

Unit: Million Baht

	CONSOLIDATED FINANCIAL STATEMENTS					
	2018			2017		
	Amount before tax	Tax income (expenses)	Net amount After tax	Amount before tax	Tax income (expenses)	Net amount After tax
Item that will be reclassified subsequently to profit or loss						
Gains (losses) on remeasuring available-for-sale investment	(1,224)	245	(979)	163	(33)	130
Gains (losses) arising from translating the financial statements of a foreign operation	(139)	27	(112)	(527)	101	(426)
Item that will not be reclassified subsequently to profit or loss						
Actuarial gains (losses) on defined benefit plans	68	(14)	54	379	(75)	304
Share of other comprehensive income of joint venture	7	-	7	1	-	1
Other comprehensive income	(1,288)	258	(1,030)	16	(7)	9

Unit: Million Baht

	THE BANK'S FINANCIAL STATEMENTS					
	2018			2017		
	Amount before tax	Tax income (expenses)	Net amount After tax	Amount before tax	Tax income (expenses)	Net amount After tax
Item that will be reclassified subsequently to profit or loss						
Gains (losses) on remeasuring available-for-sale investment	(1,224)	245	(979)	163	(33)	130
Item that will not be reclassified subsequently to profit or loss						
Actuarial gains (losses) on defined benefit plans	(38)	7	(31)	298	(59)	239
Other comprehensive income	(1,262)	252	(1,010)	461	(92)	369

7.37 Approval of financial statements

These financial statements have been approved for issue by the Board of Directors on February 27, 2019.