

REPORT OF THE INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

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

REPORT ON AUDIT OF INTERIM FINANCIAL STATEMENTS

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 June 30, 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 six-month period 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 June 30, 2018, and its financial performance and its cash flows for the six-month period 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 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.

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.

REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION

We have reviewed the consolidated statements of profit or loss and other comprehensive income of Bank of Ayudhya Public Company Limited and its subsidiaries and the Bank's statements of profit or loss and other comprehensive income of Bank of Ayudhya Public Company Limited for the three-month period ended June 30, 2018, and the notes to the financial statements ("interim financial information"). The Bank's management is responsible for the preparation and presentation of this interim financial information in accordance with Thai Accounting Standard No. 34, "Interim Financial Reporting". Our responsibility is to express a conclusion on this interim financial information based on our review.

Scope of Review

We conducted our review in accordance with Thai Standard on Review Engagements No. 2410 “Review of Interim Financial Information Performed by the Independent Auditor of the Entity”. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Thai Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the aforementioned interim financial information is not prepared, in all material respects, in accordance with Thai Accounting Standard No. 34, “Interim Financial Reporting”.

BANGKOK
August 22, 2018

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

BANK OF AYUDHYA PUBLIC COMPANY LIMITED AND SUBSIDIARIES
STATEMENTS OF FINANCIAL POSITION
AS AT JUNE 30, 2018

BAHT: '000

	Notes	CONSOLIDATED		THE BANK'S	
		FINANCIAL STATEMENTS		FINANCIAL STATEMENTS	
		As at	As at	As at	As at
		June 30, 2018	December 31, 2017	June 30, 2018	December 31, 2017
ASSETS					
CASH		31,752,174	38,244,197	30,992,681	37,671,005
INTERBANK AND MONEY MARKET ITEMS, NET	7.2	260,023,816	330,797,381	254,335,779	325,640,238
CLAIM ON SECURITY		14,251,174	47,134,759	14,251,174	47,134,759
DERIVATIVES ASSETS	7.3	24,120,296	14,561,586	24,121,294	14,572,899
INVESTMENTS, NET	7.4	109,032,545	83,934,465	108,772,567	83,702,705
INVESTMENTS IN SUBSIDIARIES					
AND JOINT VENTURES, NET	7.5	2,441,077	2,222,431	59,569,606	57,869,606
LOANS TO CUSTOMERS AND ACCRUED					
INTEREST RECEIVABLES, NET	7.6				
Loans to customers		1,719,575,510	1,619,357,880	1,552,145,590	1,473,612,160
Accrued interest receivables		4,006,679	3,916,985	2,261,838	2,295,796
Total loans to customers and accrued					
interest receivables		1,723,582,189	1,623,274,865	1,554,407,428	1,475,907,956
Less Deferred revenue		(77,277,804)	(68,953,805)	(59,727,816)	(50,190,371)
Less Allowance for doubtful accounts	7.7	(58,658,270)	(54,172,854)	(42,693,575)	(38,493,249)
Less Revaluation allowance for debt					
restructuring	7.8	(1,329,006)	(1,302,828)	(56,258)	(48,016)
Net loans and accrued interest receivables		1,586,317,109	1,498,845,378	1,451,929,779	1,387,176,320
CUSTOMERS' LIABILITY UNDER ACCEPTANCE		590,070	500,108	590,070	500,108
PROPERTIES FOR SALE, NET	7.9	3,679,173	3,684,841	2,182,226	2,088,299
PREMISES AND EQUIPMENT, NET	7.10	25,953,177	26,401,168	23,759,828	24,344,496
GOODWILL AND OTHER INTANGIBLE ASSETS, NET	7.11	16,673,987	16,756,121	3,539,895	3,630,013
DEFERRED TAX ASSETS	7.12	4,856,223	4,823,047	87,494	-
ACCOUNTS RECEIVABLE FOR INVESTMENTS		526,794	1,315,317	526,794	1,315,317
OTHER ASSETS, NET	7.13	20,723,339	19,551,268	15,298,339	14,163,285
TOTAL ASSETS		2,100,940,954	2,088,772,067	1,989,957,526	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 JUNE 30, 2018

BAHT: '000

	Notes	CONSOLIDATED		THE BANK'S	
		FINANCIAL STATEMENTS		FINANCIAL STATEMENTS	
		As at	As at	As at	As at
		June 30, 2018	December 31, 2017	June 30, 2018	December 31, 2017
LIABILITIES AND EQUITY					
DEPOSITS	7.14	1,367,531,128	1,319,228,951	1,362,183,209	1,316,704,846
INTERBANK AND MONEY MARKET ITEMS, NET	7.15	243,980,007	279,720,847	246,278,050	284,477,010
LIABILITY PAYABLE ON DEMAND		6,685,631	6,296,314	6,685,589	6,296,270
LIABILITY TO DELIVER SECURITY		14,251,174	47,134,759	14,251,174	47,134,759
DERIVATIVES LIABILITIES	7.3	16,795,092	15,723,571	16,799,441	15,723,571
DEBT ISSUED AND BORROWINGS	7.16	165,329,243	142,866,150	117,987,714	111,994,878
BANK'S LIABILITY UNDER ACCEPTANCE		590,070	500,108	590,070	500,108
PROVISIONS	7.17	7,720,328	7,467,766	6,693,061	6,549,941
DEFERRED TAX LIABILITIES	7.12	3,540	106,529	-	103,853
ACCOUNTS PAYABLE FOR INVESTMENTS		680,002	1,587,891	680,002	1,587,891
OTHER LIABILITIES	7.19	42,812,127	42,151,955	25,726,763	23,210,217
TOTAL LIABILITIES		1,866,378,342	1,862,784,841	1,797,875,073	1,814,283,344
EQUITY					
SHARE CAPITAL	7.20				
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		2,754,682	3,496,606	3,027,424	3,820,139
RETAINED EARNINGS					
Appropriated					
Legal reserve		5,006,800	5,006,800	5,006,800	5,006,800
Unappropriated		99,478,304	90,190,736	57,611,862	50,262,400
TOTAL BANK'S EQUITY		233,676,153	225,130,509	192,082,453	185,525,706
NON-CONTROLLING INTEREST		886,459	856,717	-	-
TOTAL EQUITY		234,562,612	225,987,226	192,082,453	185,525,706
TOTAL LIABILITIES AND EQUITY		2,100,940,954	2,088,772,067	1,989,957,526	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 THREE-MONTH PERIOD ENDED JUNE 30, 2018
"UNAUDITED"

BAHT : '000

	Notes	CONSOLIDATED FINANCIAL STATEMENTS		THE BANK'S FINANCIAL STATEMENTS	
		2018	2017	2018	2017
INTEREST INCOME	7.28	26,365,103	23,423,741	18,363,907	15,992,259
INTEREST EXPENSES	7.29	7,877,250	6,485,485	7,350,945	6,041,764
INTEREST INCOME, NET		18,487,853	16,938,256	11,012,962	9,950,495
FEES AND SERVICE INCOME		7,044,707	6,266,151	3,715,080	3,190,511
FEES AND SERVICE EXPENSES		1,858,252	1,628,006	1,249,861	939,869
FEES AND SERVICE INCOME, NET	7.30	5,186,455	4,638,145	2,465,219	2,250,642
GAINS ON TRADING AND FOREIGN EXCHANGE TRANSACTIONS, NET	7.31	1,129,477	905,695	1,134,518	918,838
GAINS ON INVESTMENTS, NET	7.32	105,650	148,142	105,650	48,142
SHARE OF PROFIT FROM INVESTMENT USING EQUITY METHOD		106,446	100,319	-	-
DIVIDEND INCOME		58,499	39,330	5,198,854	307,133
BAD DEBTS RECOVERIES		1,453,249	1,267,738	298,205	187,862
GAINS ON SALE PROPERTIES FOR SALE		141,815	153,126	94,246	100,367
OTHER OPERATING INCOME		246,613	170,140	213,445	189,193
TOTAL OPERATING INCOME		26,916,057	24,360,891	20,523,099	13,952,672
OTHER OPERATING EXPENSES					
Employee's expenses		6,456,379	5,757,343	4,250,914	3,987,838
Directors' remuneration		14,889	15,019	13,260	13,569
Premises and equipment expenses		2,101,796	2,031,122	1,600,296	1,556,764
Taxes and duties		680,504	646,648	453,312	440,038
Others		3,324,493	3,056,444	1,846,670	1,707,599
Total other operating expenses		12,578,061	11,506,576	8,164,452	7,705,808
IMPAIRMENT LOSS ON LOANS AND DEBT SECURITIES	7.33	6,403,944	5,439,240	3,682,628	3,207,856
PROFIT FROM OPERATING BEFORE INCOME TAX EXPENSES		7,934,052	7,415,075	8,676,019	3,039,008
INCOME TAX EXPENSES	7.34	1,551,099	1,459,198	667,170	471,759
NET PROFIT		6,382,953	5,955,877	8,008,849	2,567,249

BANK OF AYUDHYA PUBLIC COMPANY LIMITED AND SUBSIDIARIES
STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (CONTINUED)
FOR THE THREE-MONTH PERIOD ENDED JUNE 30, 2018
"UNAUDITED"

BAHT : '000

		CONSOLIDATED		THE BANK'S	
		FINANCIAL STATEMENTS		FINANCIAL STATEMENTS	
	Notes	2018	2017	2018	2017
OTHER COMPREHENSIVE INCOME					
Items that will be reclassified subsequently to profit or loss:					
Gain (loss) on remeasuring available-for-sale investments		(938,733)	201,760	(938,733)	201,760
Gain (loss) arising from translating the financial statements of a foreign operation		401,288	(74,283)	-	-
Income tax relating to components of other comprehensive income	7.35	112,404	(26,996)	187,747	(40,352)
Total other comprehensive income, net		(425,041)	100,481	(750,986)	161,408
TOTAL COMPREHENSIVE INCOME		5,957,912	6,056,358	7,257,863	2,728,657
NET PROFIT ATTRIBUTABLE					
Owners of the Bank		6,273,330	5,871,356	8,008,849	2,567,249
Non-controlling interest		109,623	84,521	-	-
		6,382,953	5,955,877	8,008,849	2,567,249
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE					
Owners of the Bank		5,846,795	5,972,223	7,257,863	2,728,657
Non-controlling interest		111,117	84,135	-	-
		5,957,912	6,056,358	7,257,863	2,728,657
EARNINGS PER SHARE OF OWNERS OF THE BANK					
BASIC EARNINGS PER SHARE	BAHT	0.85	0.80	1.09	0.35
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 PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2018

BAHT : '000

	Notes	CONSOLIDATED FINANCIAL STATEMENTS		THE BANK'S FINANCIAL STATEMENTS	
		2018	2017	2018	2017
INTEREST INCOME	7.28	51,889,836	46,186,338	36,066,133	31,377,218
INTEREST EXPENSES	7.29	15,379,510	12,764,728	14,396,767	11,855,397
INTEREST INCOME, NET		36,510,326	33,421,610	21,669,366	19,521,821
FEES AND SERVICE INCOME		14,251,491	12,552,346	7,574,599	6,487,824
FEES AND SERVICE EXPENSES		3,745,000	3,245,393	2,469,569	1,932,229
FEES AND SERVICE INCOME, NET	7.30	10,506,491	9,306,953	5,105,030	4,555,595
GAINS ON TRADING AND FOREIGN EXCHANGE TRANSACTIONS, NET	7.31	2,443,787	1,923,369	2,439,371	1,959,870
GAINS ON INVESTMENTS, NET	7.32	333,658	341,142	333,658	241,142
SHARE OF PROFIT FROM INVESTMENT USING EQUITY METHOD		218,646	175,791	-	-
DIVIDEND INCOME		108,883	107,968	5,249,238	3,134,493
BAD DEBTS RECOVERIES		2,895,661	2,499,796	579,478	352,928
GAINS ON SALE PROPERTIES FOR SALE		337,145	323,148	216,339	236,953
OTHER OPERATING INCOME		448,264	420,283	427,276	403,419
TOTAL OPERATING INCOME		53,802,861	48,520,060	36,019,756	30,406,221
OTHER OPERATING EXPENSES					
Employee's expenses		12,994,991	12,054,530	8,567,474	8,355,306
Directors' remuneration		30,261	27,795	27,519	24,902
Premises and equipment expenses		4,198,380	4,067,852	3,175,415	3,110,939
Taxes and duties		1,366,056	1,294,243	898,829	874,983
Others		6,387,175	5,843,234	3,498,838	3,245,694
Total other operating expenses		24,976,863	23,287,654	16,168,075	15,611,824
IMPAIRMENT LOSS ON LOANS AND DEBT SECURITIES	7.33	13,086,965	10,682,756	8,091,413	6,308,609
PROFIT FROM OPERATING BEFORE INCOME TAX EXPENSES		15,739,033	14,549,650	11,760,268	8,485,788
INCOME TAX EXPENSES	7.34	3,067,266	2,864,107	1,232,025	977,494
NET PROFIT		12,671,767	11,685,543	10,528,243	7,508,294

BANK OF AYUDHYA PUBLIC COMPANY LIMITED AND SUBSIDIARIES
STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (CONTINUED)
FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2018

BAHT : '000

		CONSOLIDATED		THE BANK'S	
		FINANCIAL STATEMENTS		FINANCIAL STATEMENTS	
	Notes	2018	2017	2018	2017
OTHER COMPREHENSIVE INCOME					
Items that will be reclassified subsequently to profit or loss:					
Gain (loss) on remeasuring available-for-sale investments		(826,754)	189,287	(826,754)	189,287
Gain (loss) arising from translating the financial statements of a foreign operation		63,175	(263,329)	-	-
Income tax relating to components of other comprehensive income	7.35	154,642	12,944	165,351	(37,857)
Total other comprehensive income, net		(608,937)	(61,098)	(661,403)	151,430
TOTAL COMPREHENSIVE INCOME		12,062,830	11,624,445	9,866,840	7,659,724
NET PROFIT ATTRIBUTABLE					
Owners of the Bank		12,487,899	11,516,102	10,528,243	7,508,294
Non-controlling interest		183,868	169,441	-	-
		12,671,767	11,685,543	10,528,243	7,508,294
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE					
Owners of the Bank		11,878,962	11,455,936	9,866,840	7,659,724
Non-controlling interest		183,868	168,509	-	-
		12,062,830	11,624,445	9,866,840	7,659,724
EARNINGS PER SHARE OF OWNERS OF THE BANK					
BASIC EARNINGS PER SHARE	BAHT	1.70	1.57	1.43	1.02
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 SIX-MONTH PERIOD ENDED JUNE 30, 2018

BAHT : '000

CONSOLIDATED FINANCIAL STATEMENTS											
Notes	Owners of the Bank									Non-Controlling Interest	Total
	Issued and Paid-up Share Capital	Premium on Share Capital	Other reserves				Retained Earnings		Total		
			Asset	Revaluation	Foreign	Deficit from Business	Appropriated	Unappropriated	Bank's		
			Appraisal	Surplus	Currency	Combination under	Legal		Equity		
			Capital		Surplus on Investments	Translation	Common Control	Reserve			
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	-	-	(128,497)	-	-	-	-	128,497	-	-	-
Dividend payment	7.20.2	-	-	-	-	-	-	(3,310,093)	(3,310,093)	(81,936)	(3,392,029)
Total comprehensive income	-	-	-	151,430	(211,596)	-	-	11,516,102	11,455,936	168,509	11,624,445
Change in shareholding in subsidiaries company	-	-	-	-	892	-	-	(15,952)	(15,060)	6,474	(8,586)
Balance as of June 30, 2017	73,557,618	52,878,749	8,294,107	910,011	(111,292)	(5,217,755)	4,371,800	81,626,882	216,310,120	681,718	216,991,838
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	-	-	(131,312)	-	-	-	-	131,312	-	-	-
Dividend payment	7.20.2	-	-	-	-	-	-	(3,310,093)	(3,310,093)	(114,714)	(3,424,807)
Total comprehensive income	-	-	-	(661,403)	52,466	-	-	12,487,899	11,878,962	183,868	12,062,830
Change in shareholding in subsidiaries company	-	-	-	-	(1,675)	-	-	(21,550)	(23,225)	(39,412)	(62,637)
Balance as of June 30, 2018	73,557,618	52,878,749	8,017,624	227,555	(272,742)	(5,217,755)	5,006,800	99,478,304	233,676,153	886,459	234,562,612

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 SIX-MONTH PERIOD ENDED JUNE 30, 2018

BAHT : '000

THE BANK'S FINANCIAL STATEMENTS								
Notes	Issued and	Premium	Other reserves			Retained Earnings		Total
	Paid-up	on Share	Asset	Revaluation	Deficit from Business	Appropriated	Unappropriated	
	Share	Capital	Appraisal	Surplus	Combination under	Legal		
	Capital		Surplus	on Investments	Common Control	Reserve		
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	-	-	(128,497)	-	-	-	128,497	-
Dividend payment	7.20.2	-	-	-	-	-	(3,310,093)	(3,310,093)
Total comprehensive income	-	-	-	151,430	-	-	7,508,294	7,659,724
Balance as of June 30, 2017	<u>73,557,618</u>	<u>52,878,749</u>	<u>8,294,107</u>	<u>910,011</u>	<u>(5,217,755)</u>	<u>4,371,800</u>	<u>48,281,356</u>	<u>183,075,886</u>
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	-	-	(131,312)	-	-	-	131,312	-
Dividend payment	7.20.2	-	-	-	-	-	(3,310,093)	(3,310,093)
Total comprehensive income	-	-	-	(661,403)	-	-	10,528,243	9,866,840
Balance as of June 30, 2018	<u>73,557,618</u>	<u>52,878,749</u>	<u>8,017,624</u>	<u>227,555</u>	<u>(5,217,755)</u>	<u>5,006,800</u>	<u>57,611,862</u>	<u>192,082,453</u>

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 SIX-MONTH PERIOD ENDED JUNE 30, 2018

BAHT : '000

	CONSOLIDATED		THE BANK'S	
	FINANCIAL STATEMENTS		FINANCIAL STATEMENTS	
	2018	2017	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES				
Income from operating before income tax expenses	15,739,033	14,549,650	11,760,268	8,485,788
Adjustments to reconcile income to cash received (paid)				
from operating activities:				
Depreciation and amortization	1,881,451	1,935,995	1,403,583	1,490,670
Interest expenses from finance lease	294	757	95	507
Impairment loss on loans and debt securities	13,086,965	10,682,756	8,091,413	6,308,609
Gain on translation in foreign currencies	(9,006,792)	(8,796,332)	(9,006,792)	(8,545,160)
Unrealized (gain) loss from revaluation of derivatives	(8,743,941)	8,548,532	(8,729,277)	8,520,355
Share of profit from investment using equity method	(218,646)	(175,791)	-	-
Gain on investments	(333,658)	(341,142)	(333,658)	(241,142)
Increase in discount on investments	58,270	45,302	58,270	45,302
Gain on sales of properties for sale	(337,145)	(323,148)	(216,339)	(236,953)
(Gain) loss on sales of premises and equipment	(12,807)	18,204	(2,688)	22,786
Loss on impairment of properties for sale	204,874	143,564	82,513	101,029
Loss on impairment of premises and equipment (reversal)	1,263	(30)	-	(30)
Loss on impairment of other assets	54,055	58,056	50,321	31,167
Increase in other reserves	205,201	570,656	132,614	489,749
Interest income, net	(36,510,326)	(33,421,610)	(21,669,366)	(19,521,821)
Income tax refunded	1,789	-	-	-
Interest received	51,842,585	46,169,941	36,102,660	31,387,412
Interest paid	(14,470,097)	(12,599,738)	(13,516,704)	(11,656,055)
Dividend income	(108,883)	(107,968)	(5,249,238)	(3,134,493)
Dividends received	109,812	112,365	109,464	111,966
Decrease in other accrued expenses	(825,344)	(471,190)	(539,511)	(326,214)
Income tax paid	(3,420,632)	(2,634,708)	(1,370,012)	(612,884)
Income (loss) from operations before changes in				
operating assets and liabilities	9,197,321	23,964,121	(2,842,384)	12,720,588
(Increase) decrease in operating assets				
Interbank and money market items	69,394,206	(8,200,093)	69,759,002	(8,880,513)
Current investments - securities for trading	(1,633,650)	(826,130)	(1,633,913)	(821,607)
Loans to customers	(108,664,520)	(42,069,948)	(79,700,557)	(32,853,844)
Properties for sale	5,068,772	4,053,457	3,634,099	2,522,189
Other assets	(1,350,052)	(646,819)	(1,325,294)	(1,021,968)

BANK OF AYUDHYA PUBLIC COMPANY LIMITED AND SUBSIDIARIES
STATEMENTS OF CASH FLOWS (CONTINUED)
FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2018

BAHT : '000

	CONSOLIDATED		THE BANK'S	
	FINANCIAL STATEMENTS		FINANCIAL STATEMENTS	
	2018	2017	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES (CONTINUED)				
Increase (decrease) in operating liabilities				
Deposits	50,756,191	57,389,115	47,932,379	57,874,288
Interbank and money market items	(23,940,058)	(45,901,137)	(26,398,179)	(45,007,560)
Liability payable on demand	451,566	2,148,245	451,567	2,148,181
Other liabilities	910,041	(10,593,011)	2,486,015	(9,300,258)
Net cash from operating activities	189,817	(20,682,200)	12,362,735	(22,620,504)
CASH FLOWS FROM INVESTING ACTIVITIES				
Proceeds from sales of investments in securities	33,106,306	65,113,706	33,106,306	65,113,706
Cash paid for purchases of investments in securities	(57,264,507)	(57,828,461)	(57,236,026)	(57,828,409)
Cash paid for investment in subsidiaries	(62,638)	(8,586)	(1,700,000)	(208,586)
Dividend received from subsidiaries	-	-	5,140,703	3,026,924
Proceeds from sales of premises and equipment	33,687	64,772	14,692	5,472
Cash paid for purchases of premises and equipment	(739,955)	(1,179,692)	(464,468)	(1,012,415)
Cash paid for purchases of other assets	(598,926)	(341,270)	(488,284)	(232,567)
Net cash from investing activities	(25,526,033)	5,820,469	(21,627,077)	8,864,125
CASH FLOWS FROM FINANCING ACTIVITIES				
Proceeds from debts issued and borrowings	34,055,408	213,164,266	15,000,000	210,518,462
Cash paid for repayment of debts issued and borrowings	(11,738,449)	(200,101,940)	(9,007,164)	(198,616,726)
Cash paid for repayment of liabilities under finance lease agreements	(12,485)	(12,140)	(6,111)	(12,140)
Dividend payment	(3,424,807)	(3,392,029)	(3,310,093)	(3,310,093)
Net cash from financing activities	18,879,667	9,658,157	2,676,632	8,579,503
Total	(6,456,549)	(5,203,574)	(6,587,710)	(5,176,876)
(Gain) loss arising from translating the financial statements of a foreign operation	221,253	(134,287)	-	-
Effect of exchange rate change on cash	(90,614)	(30,792)	(90,614)	(30,792)
Net decrease in cash and cash equivalents	(6,325,910)	(5,368,653)	(6,678,324)	(5,207,668)
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 June 30,	35,375,237	34,208,327	30,992,681	30,463,250

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
NOTES TO THE CONSOLIDATED AND THE BANK'S FINANCIAL STATEMENTS
FOR THE THREE-MONTH AND SIX-MONTH PERIODS ENDED JUNE 30, 2018

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BANK OF AYUDHYA PUBLIC COMPANY LIMITED AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED AND THE BANK'S FINANCIAL STATEMENTS
FOR THE THREE-MONTH AND SIX-MONTH PERIODS ENDED JUNE 30, 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 June 30, 2018 and December 31, 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, Lumpini 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, Lumpini 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, Lumpini 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, 1st-6th and 8th Floor, Capital Tower, All Seasons Place, Wireless Road, Lumpini Subdistrict, Pathumwan District, Bangkok to 550, Krungsri Ploenchit Tower, Ploenchit Road, Lumpini 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, 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, Lumpini 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, 1st-2nd Floor zone A, 12th and 18th 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, 3rd 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, 21st 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, Lumpini 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, Lumpini 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, 10th Floor, Rama III Road, Bang Phongphang Subdistrict, Yannawa District, Bangkok. The subsidiary's main business is venture capital.
- 1.16 Krungsri Leasing Services Company Limited, as at June 30, 2018 and December 31, 2017, which is owned by Ayudhya Capital Auto Lease Public Company Limited of 87% and 78% and Ayudhya Capital Services Company Limited of 13%, 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 of Financial Industry dated December 4, 2015.

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

The interim 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 interim financial statements in the Thai language in conformity with Thai Financial Reporting Standards and the Notifications noted above. However, for convenience of readers, the Bank also prepares its interim 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

The Federation of Accounting Professions has issued the Notification regarding Thai Financial Reporting Standard (“TFRS”) No.15 “Revenue from Contracts with Customers” which has been announced in the Royal Gazette on March 14, 2018 and will be effective for the financial statements for the period beginning on or after January 1, 2019 onwards.

The management of the Bank and its subsidiaries will adopt such TFRS in the Bank and subsidiaries’ financial statements when it becomes effective. The management of the Bank and its subsidiaries have assessed the impact of this TFRS and considered the adoption of TFRS does not have any significant impact 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:

Subsidiaries	Business Type	Place of incorporation and operation	Proportion of ownership interest and voting power held by the Bank (%)	
			As at	
			June 30, 2018	December 31, 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 Finnivate 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 June 30, 2018 and December 31, 2017, indirectly holding via Ayudhya Capital Auto Lease Public Company Limited of 87% and 78% and Ayudhya Capital Services Company Limited of 13% 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 period, 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 of Financial Industry 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 period 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 recognized by the effective interest rate method.

Initial direct cost is recognized 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 projected cash flow over the expected future economic benefit period between 8 - 20 years. Since January 1, 2017, amortization of other intangible assets received from business combinations are calculated by the straight-line method.

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

4.10 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.

4.11 Recognition of expenses

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

4.12 Employee benefits

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

4.12.1 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.

4.12.2 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.

4.12.3 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.

4.12.4 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.

4.13 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.

4.14 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.

4.15 Taxation

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

4.15.1 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.

4.15.2 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.

4.16 Earnings per share

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

4.17 Foreign currency transactions

4.17.1 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.

4.17.2 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.

4.18 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 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 enhance 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, change in fair value of financial instruments and the shareholders' equity. Interest rate risk arises from the structure and characteristics of the Bank's assets, liabilities and contingencies, and from mismatch in repricing rates of its assets, liabilities and contingencies.

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 at an acceptable risk appetite and in line with the interest rate risk management policy as approved by the Board of Directors. Bank will review such policy on a regular basis to commensurate with operating environments and changes in business.

The Bank employs various tools and method for its interest rate risk management. Net interest income simulation is conducted to assess the impact on banking book position and 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 exchange rate fluctuations that affected foreign currency transactions and foreign currency assets and liabilities.

The Bank has a policy to cap its net foreign currency position. Most foreign currency transactions are mainly from services provided to the Bank's customers. In addition, the Bank enters into forward foreign exchange contracts as part of its 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 the tool to manage the exchange rate risk and prepares a report on regular basis for the Bank's top 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 when due because of its inability to convert liquid assets into cash, or its failure to procure enough fund, or, if it can, that the fund comes with an exceptionally high cost that may affect income and capital fund now and in the future.

The Bank has established the liquidity risk management policy and the liquidity management guideline. In addition, liquidity contingency plan and guideline are formulated and conducted a plan testing to ensure readiness to deal with crisis situations. All of these are aimed at ensuring the efficiency of the Bank's liquidity risk management.

The Bank maintains liquidity buffer at a level commensurate with the economic situation. The Bank seeks to ensure that there is adequate cash for its business and its subsidiaries' business operations. In addition, the maintenance of liquid assets and Liquidity Coverage Ratio (LCR) "Liquid assets to the expected net cash outflows over 30 days under acute stressed scenarios" are to comply with the BOT's requirements at least 60% by January 2016 and rise by 10% each year to reach 100% on January 2020 onwards. Liquidity management utilizes qualitative and quantitative methods to ensure appropriate risk diversification. Liquidity risk management of Bank is under the supervision of the ALCO. 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.

BOT requires commercial banks to maintain Net Stable Funding Ratio ("NSFR") at least 100% to ensure that commercial banks have stable sources of funding corresponding to the required funding for assets that may not be callable or monetized within a short period of time. The NSFR guidelines will come into effect as from 1 July 2018 onwards. Bank has assessed impacts of compliance in order to ensure that compliance will not have any impact on the liquidity risk management of the Bank and Consolidation.

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	on or before September 30, 2018
Location of disclosure	https://www.krungsri.com/bank/en/InvestorRelations/FinancialInformationandReports/liquidity-coverage-ratio.html

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 June 30, 2018 and December 31, 2017 are summarized as follows:

Unit: Million Baht

CONSOLIDATED FINANCIAL STATEMENTS							
June 30, 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	213,782	2,892	5,300	-	-	38,050	260,024
Investments, net	20,522	23,767	58,310	785	-	5,649	109,033
Loans to customers	880,535	218,963	409,682	31,375	37,417	64,326	1,642,298
Financial liabilities							
Deposits	1,014,777	289,032	29,285	24	-	34,413	1,367,531
Interbank and money market items, net	193,123	44,623	3,362	462	-	2,410	243,980
Debt issued and borrowings	15,453	43,717	64,126	42,009	-	24	165,329

Unit: Million Baht

CONSOLIDATED FINANCIAL STATEMENTS							
December 31, 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

June 30, 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	211,472	2,792	5,300	-	-	34,772	254,336
Investments, net	20,522	23,767	58,310	785	-	5,389	108,773
Loans to customers	868,424	178,116	378,460	31,090	30,968	5,360	1,492,418
Financial liabilities							
Deposits	1,015,327	282,911	28,669	22	-	35,254	1,362,183
Interbank and money market items, net	195,110	44,362	3,922	462	-	2,422	246,278
Debt issued and borrowings	7,003	28,000	41,000	41,985	-	-	117,988

Unit: Million Baht

THE BANK'S FINANCIAL STATEMENTS

December 31, 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 six-month periods ended June 30, 2018 and 2017.

Unit: Million Baht						
CONSOLIDATED FINANCIAL STATEMENTS						
	June 30, 2018			June 30, 2017		
	Average Balance	Interest Amount	Average Rate (%)	Average Balance	Interest Amount	Average Rate (%)
Interest bearing financial assets						
Interbank and money market items	313,295	3,312	2.1	153,089	1,308	1.7
Investments	67,383	785	2.3	120,769	1,354	2.2
Loans to customers	1,584,383	47,793	6.0	1,445,539	43,524	6.0
Total	<u>1,965,061</u>	<u>51,890</u>		<u>1,719,397</u>	<u>46,186</u>	
Interest bearing financial liabilities						
Deposits	1,331,350	10,383	1.6	1,097,313	8,616	1.6
Interbank and money market items	263,506	2,643	2.0	282,842	1,863	1.3
Debt issued and borrowings	162,216	2,354	2.9	166,004	2,286	2.8
Total	<u>1,757,072</u>	<u>15,380</u>		<u>1,546,159</u>	<u>12,765</u>	

Unit: Million Baht						
THE BANK'S FINANCIAL STATEMENTS						
	June 30, 2018			June 30, 2017		
	Average Balance	Interest Amount	Average Rate (%)	Average Balance	Interest Amount	Average Rate (%)
Interest bearing financial assets						
Interbank and money market items	311,127	3,308	2.1	150,352	1,299	1.7
Investments	67,104	785	2.3	120,490	1,354	2.2
Loans to customers	1,443,944	31,973	4.4	1,330,448	28,724	4.3
Total	<u>1,822,175</u>	<u>36,066</u>		<u>1,601,290</u>	<u>31,377</u>	
Interest bearing financial liabilities						
Deposits	1,327,136	10,013	1.5	1,091,641	8,180	1.5
Interbank and money market items	267,190	2,647	2.0	286,454	1,869	1.3
Debt issued and borrowings	121,275	1,737	2.9	139,072	1,806	2.6
Total	<u>1,715,601</u>	<u>14,397</u>		<u>1,517,167</u>	<u>11,855</u>	

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 June 30, 2018 and December 31, 2017.

Unit: Million Baht							
CONSOLIDATED FINANCIAL STATEMENTS							
June 30, 2018							
	Call	Not Over	Greater than	Greater than	Greater than	Non-Performing	No
		3 Months	3-12 Months	1-5 Years	5 Years	Loans	Maturity
Total							
Financial assets							
Interbank and money							
market items, net	52,622	196,339	3,726	5,898	1,236	-	203
Investments, net	-	15,207	7,488	80,035	797	-	5,506
Loans to customers	51,194	265,217	301,883	641,190	345,397	37,417	-
							1,642,298
Financial liabilities							
Deposits	602,093	446,045	290,081	29,288	24	-	-
Interbank and money							
market items, net	21,085	217,715	1,426	3,292	462	-	-
Debt issued and borrowings	-	15,491	42,319	65,500	42,009	-	10
							1,367,531
							243,980
							165,329
Unit: Million Baht							
CONSOLIDATED FINANCIAL STATEMENTS							
December 31, 2017							
	Call	Not Over	Greater than	Greater than	Greater than	Non-Performing	No
		3 Months	3-12 Months	1-5 Years	5 Years	Loans	Maturity
Total							
Financial assets							
Interbank and money							
market items, net	48,008	275,593	2,891	3,020	1,082	-	203
Investments, net	-	7,257	17,453	52,561	2,084	-	4,579
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	-	-
Interbank and money							
market items, net	11,115	263,326	2,065	2,742	473	-	-
Debt issued and borrowings	-	5,348	32,921	62,554	42,035	-	8
							1,319,229
							279,721
							142,866
Unit: Million Baht							
THE BANK'S FINANCIAL STATEMENTS							
June 30, 2018							
	Call	Not Over	Greater than	Greater than	Greater than	Non-Performing	No
		3 Months	3-12 Months	1-5 Years	5 Years	Loans	Maturity
Total							
Financial assets							
Interbank and money							
market items, net	48,583	196,026	3,626	5,898	-	-	203
Investments, net	-	15,207	7,488	80,035	795	-	5,248
Loans to customers	50,358	232,461	235,082	599,622	343,927	30,968	-
							1,492,418
Financial liabilities							
Deposits	606,922	443,659	282,911	28,669	22	-	-
Interbank and money							
market items, net	23,083	217,708	1,107	3,918	462	-	-
Debt issued and borrowings	-	7,003	28,000	41,000	41,985	-	-
							1,362,183
							246,278
							117,988

Unit: Million Baht

THE BANK'S FINANCIAL STATEMENTS								
December 31, 2017								
	Call	Not	Greater than	Greater than	Greater than	Non-Performing	No	Total
		Over	3-12	1-5	5 Years	Loans	Maturity	
		3 Months	Months	Years				
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 June 30, 2018 and December 31, 2017 are as follows:

Unit: Million Baht						
CONSOLIDATED FINANCIAL STATEMENTS						
	June 30, 2018			December 31, 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	-	31,752	31,752	-	38,244	38,244
Interbank and money market items, net	-	260,024	260,024	-	330,797	330,797
Derivatives assets	19,751	4,369	24,120	14,520	42	14,562
Investments, net	92,296	16,737	109,033	67,152	16,782	83,934
Loans to customers and accrued interest receivables, net	-	1,586,317	1,586,317	-	1,498,845	1,498,845
Total	<u>112,047</u>	<u>1,899,199</u>	<u>2,011,246</u>	<u>81,672</u>	<u>1,884,710</u>	<u>1,966,382</u>
Financial liabilities:						
Deposits	-	1,367,531	1,367,531	-	1,319,229	1,319,229
Interbank and money market items, net	-	243,980	243,980	-	279,721	279,721
Liability payable on demand	-	6,686	6,686	-	6,296	6,296
Derivatives liabilities	15,944	851	16,795	12,741	2,983	15,724
Debt issued and borrowings	-	165,329	165,329	-	142,866	142,866
Total	<u>15,944</u>	<u>1,784,377</u>	<u>1,800,321</u>	<u>12,741</u>	<u>1,751,095</u>	<u>1,763,836</u>

Unit: Million Baht						
THE BANK'S FINANCIAL STATEMENTS						
	June 30, 2018			December 31, 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	-	30,993	30,993	-	37,671	37,671
Interbank and money market items, net	-	254,336	254,336	-	325,640	325,640
Derivatives assets	19,752	4,369	24,121	14,531	42	14,573
Investments, net	92,296	16,477	108,773	67,152	16,551	83,703
Loans to customers and accrued interest receivables, net	-	1,451,930	1,451,930	-	1,387,176	1,387,176
Total	<u>112,048</u>	<u>1,758,105</u>	<u>1,870,153</u>	<u>81,683</u>	<u>1,767,080</u>	<u>1,848,763</u>
Financial liabilities:						
Deposits	-	1,362,183	1,362,183	-	1,316,705	1,316,705
Interbank and money market items, net	-	246,278	246,278	-	284,477	284,477
Liability payable on demand	-	6,686	6,686	-	6,296	6,296
Derivatives liabilities	15,948	851	16,799	12,741	2,983	15,724
Debt issued and borrowings	-	117,988	117,988	-	111,995	111,995
Total	<u>15,948</u>	<u>1,733,986</u>	<u>1,749,934</u>	<u>12,741</u>	<u>1,722,456</u>	<u>1,735,197</u>

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 June 30, 2018 and December 31, 2017 are as follows:

Unit: Million Baht

	CONSOLIDATED FINANCIAL STATEMENTS							
	June 30, 2018				December 31, 2017			
	Fair value			Carrying amount	Fair value			Carrying amount
	Level 1	Level 2	Total fair value		Level 1	Level 2	Total fair value	
Derivatives assets								
- trading book	-	19,751	19,751	19,751	-	14,520	14,520	14,520
Investments - trading	30	1,552	1,582	1,582	-	355	355	355
Investments								
- available-for-sale	4,277	86,437	90,714	90,714	3,082	63,715	66,797	66,797
Derivative liabilities								
- trading book	-	15,944	15,944	15,944	-	12,741	12,741	12,741

Unit: Million Baht

	THE BANK'S FINANCIAL STATEMENTS							
	June 30, 2018				December 31, 2017			
	Fair value			Carrying amount	Fair value			Carrying amount
	Level 1	Level 2	Total fair value		Level 1	Level 2	Total fair value	
Derivatives assets								
- trading book	-	19,752	19,752	19,752	-	14,531	14,531	14,531
Investments - trading	30	1,552	1,582	1,582	-	355	355	355
Investments								
- available-for-sale	4,277	86,437	90,714	90,714	3,082	63,715	66,797	66,797
Derivative liabilities								
- trading book	-	15,948	15,948	15,948	-	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 six-month period ended June 30, 2018 and for the year ended December 31, 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									
	June 30, 2018					December 31, 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	-	-	31,752	31,752	31,752	-	-	38,244	38,244	38,244
Interbank and money market items, net	-	-	260,024	260,024	260,024	-	-	330,797	330,797	330,797
Derivatives assets - banking book	4,374	-	-	4,374	4,369	45	-	-	45	42
Held to maturity and general investments	-	16,028	737	16,765	16,737	-	16,043	783	16,826	16,782
Loans to customers and accrued interest receivables, net	-	-	1,586,317	1,586,317	1,586,317	-	-	1,498,845	1,498,845	1,498,845
Total	4,374	16,028	1,878,830	1,899,232	1,899,199	45	16,043	1,868,669	1,884,757	1,884,710
Financial liabilities:										
Deposits	1,368,032	-	-	1,368,032	1,376,531	1,319,620	-	-	1,319,620	1,319,229
Interbank and money market items, net	-	-	243,980	243,980	243,980	-	-	279,721	279,721	279,721
Liability payable on demand	-	-	6,686	6,686	6,686	-	-	6,296	6,296	6,296
Derivatives liabilities - banking book	801	-	-	801	851	3,045	-	-	3,045	2,983
Debt issued and borrowings	159,522	6,129	3	165,654	165,329	139,337	4,464	10	143,811	142,866
Total	1,528,355	6,129	250,669	1,785,153	1,793,377	1,462,002	4,464	286,027	1,752,493	1,751,095

Unit: Million Baht

THE BANK'S FINANCIAL STATEMENTS

	June 30, 2018					December 31, 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	-	-	30,993	30,993	30,993	-	-	37,671	37,671	37,671
Interbank and money market items, net	-	-	254,336	254,336	254,336	-	-	325,640	325,640	325,640
Derivatives assets - banking book	4,374	-	-	4,374	4,369	45	-	-	45	42
Held to maturity and general investments	-	16,028	476	16,504	16,477	-	16,043	552	16,595	16,551
Loans to customers and accrued interest receivables, net	-	-	1,451,930	1,451,930	1,451,930	-	-	1,387,176	1,387,176	1,387,176
Total	<u>4,374</u>	<u>16,028</u>	<u>1,737,735</u>	<u>1,758,137</u>	<u>1,758,105</u>	<u>45</u>	<u>16,043</u>	<u>1,751,039</u>	<u>1,767,127</u>	<u>1,767,080</u>
Financial liabilities:										
Deposits	1,362,578	-	-	1,362,578	1,362,183	1,317,022	-	-	1,317,022	1,316,705
Interbank and money market items, net	-	-	246,278	246,278	246,278	-	-	284,477	284,477	284,477
Liability payable on demand	-	-	6,686	6,686	6,686	-	-	6,296	6,296	6,296
Derivatives liabilities - banking book	801	-	-	801	851	3,045	-	-	3,045	2,983
Debt issued and borrowings	118,329	-	3	118,332	117,988	112,864	-	10	112,874	111,995
Total	<u>1,481,708</u>	<u>-</u>	<u>252,967</u>	<u>1,734,675</u>	<u>1,733,986</u>	<u>1,432,931</u>	<u>-</u>	<u>290,783</u>	<u>1,723,714</u>	<u>1,722,456</u>

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 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 June 30, 2018 and December 31, 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	
	June 30,	December 31,
	2018	2017
Common Equity Tier 1 capital		
Issued and paid-up share capital	73,558	73,558
Premium on share capital	52,879	52,879
Statutory reserve	5,007	5,007
Unappropriated retained earning	86,997	78,166
Other comprehensive income	7,884	8,590
Owner changes - other	(5,218)	(5,218)
Less Deduction items from Common Equity Tier 1 capital	(21,905)	(21,056)
Total Common Equity Tier 1 capital	199,202	191,926
Additional Tier 1	971	1,307
Total Tier 1 capital	200,173	193,233
Tier 2 capital	60,095	58,936
Total capital fund	260,268	252,169

Capital adequacy ratio (%)

	BOT regulatory		Basel III	
	Minimum requirement*		Consolidated Supervision	
	June 30,	December 31,	June 30,	December 31,
	2018	2017	2018	2017
Total Common Equity Tier 1 capital / Total risk weighted assets	6.375	5.75	12.24	12.56
Total Tier 1 capital / Total risk weighted assets	7.875	7.25	12.30	12.64
Total capital / Total risk weighted assets	10.375	9.75	16.00	16.50
Capital after deducting capital add-on arising from Single Lending Limit (Million Baht)			260,268	252,169
Capital ratio after deducting capital add-on arising from Single Lending Limit			16.00	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		
	June 30, 2018	December 31, 2017
Common Equity Tier 1 capital		
Issued and paid-up share capital	73,558	73,558
Premium on share capital	52,879	52,879
Statutory reserve	5,007	5,007
Unappropriated retained earning	46,952	44,704
Other comprehensive income	8,245	8,938
Owner changes - other	(5,218)	(5,218)
Less Deduction items from Common Equity Tier 1 capital	(12,984)	(12,337)
Total Common Equity Tier 1 capital	168,439	167,531
Additional Tier 1	-	-
Total Tier 1 capital	168,439	167,531
Tier 2 capital	54,739	51,502
Total capital fund	223,178	219,033

Capital adequacy ratio (%)

	BOT regulatory		Basel III	
	Minimum requirement*		The Bank	
	June 30, 2018	December 31, 2017	June 30, 2018	December 31, 2017
Total Common Equity Tier 1 capital / Total risk weighted assets	6.375	5.75	11.28	11.97
Total Tier 1 capital / Total risk weighted assets	7.875	7.25	11.28	11.97
Total capital / Total risk weighted assets	10.375	9.75	14.95	15.65
Capital after deducting capital add-on arising from Single Lending Limit (Million Baht)			223,178	219,033
Capital ratio after deducting capital add-on arising from Single Lending Limit			14.95	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	April 27, 2018
Information as at	December 31, 2017

The disclosure as at June 30, 2018 will be provided on or before October 31, 2018 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 six-month periods ended June 30, 2018 and 2017 are as follows:

	CONSOLIDATED		Unit: Million Baht THE BANK'S	
	FINANCIAL STATEMENTS 2018	2017	FINANCIAL STATEMENTS 2018	2017
Increase (decrease) in revaluation surplus on investments	(827)	189	(827)	189
Accumulated depreciation of premises appraisal deducted from premises revaluation surplus	(149)	(161)	(149)	(161)
Properties for sale debt repayment	4,897	3,553	3,563	2,241
Properties and premises transferred to be properties for sale	31	-	31	-

7.1.2 Changes in liabilities arising from financing activity for the six-month periods ended June 30, 2018 and 2017 are as follows:

	CONSOLIDATED		Unit: Million Baht THE BANK'S	
	FINANCIAL STATEMENTS 2018	2017	FINANCIAL STATEMENTS 2018	2017
Beginning balance	142,890	160,372	112,005	133,949
Financing cash flows	18,880	9,658	2,677	8,580
Other non-cash items	145	(266)	-	1
Ending balance	<u>161,915</u>	<u>169,764</u>	<u>114,682</u>	<u>142,530</u>

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 June 30, 2018 and December 31, 2017 are as follows:

Unit: Million Baht						
CONSOLIDATED FINANCIAL STATEMENTS						
	June 30, 2018			December 31, 2017		
	At Call	Time	Total	At Call	Time	Total
Domestic items						
Bank of Thailand and Financial Institution Development Fund	8,574	112,369	120,943	15,903	233,150	249,053
Commercial banks	1,552	33,647	35,199	1,629	2,603	4,232
Specialized financial institutions	-	2,991	2,991	-	6,279	6,279
Other financial institutions	118	52,910	53,028	392	38,610	39,002
Total	10,244	201,917	212,161	17,924	280,642	298,566
<u>Add</u> Accrued interest receivables	-	82	82	-	108	108
<u>Less</u> Allowance for doubtful accounts	-	(520)	(520)	-	(366)	(366)
Total domestic items	10,244	201,479	211,723	17,924	280,384	298,308
Foreign items						
US Dollar	24,115	5,800	29,915	16,647	2,090	18,737
Yen	13,033	2	13,035	10,735	-	10,735
Euro	1,582	-	1,582	638	-	638
Other currencies	3,648	120	3,768	2,064	315	2,379
Total	42,378	5,922	48,300	30,084	2,405	32,489
<u>Add</u> Accrued interest receivables	-	1	1	-	-	-
Total foreign items	42,378	5,923	48,301	30,084	2,405	32,489
Total domestic and foreign items	52,622	207,402	260,024	48,008	282,789	330,797

Unit: Million Baht						
THE BANK'S FINANCIAL STATEMENTS						
	June 30, 2018			December 31, 2017		
	At Call	Time	Total	At Call	Time	Total
Domestic items						
Bank of Thailand and Financial Institution Development Fund	8,574	112,369	120,943	15,903	233,150	249,053
Commercial banks	190	33,517	33,707	161	2,473	2,634
Specialized financial institutions	-	2,991	2,991	-	6,279	6,279
Other financial institutions	118	52,908	53,026	392	38,608	39,000
Total	8,882	201,785	210,667	16,456	280,510	296,966
<u>Add</u> Accrued interest receivables	-	82	82	-	107	107
<u>Less</u> Allowance for doubtful accounts	-	(520)	(520)	-	(366)	(366)
Total domestic items	8,882	201,347	210,229	16,456	280,251	296,707
Foreign items						
US Dollar	21,689	4,285	25,974	14,765	1,008	15,773
Yen	13,033	2	13,035	10,735	-	10,735
Euro	1,582	-	1,582	638	-	638
Other currencies	3,397	119	3,516	1,676	111	1,787
Total	39,701	4,406	44,107	27,814	1,119	28,933
<u>Add</u> Accrued interest receivables	-	-	-	-	-	-
Total foreign items	39,701	4,406	44,107	27,814	1,119	28,933
Total domestic and foreign items	48,583	205,753	254,336	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 June 30, 2018 and December 31, 2017 are as follows:

						Unit: Million Baht
CONSOLIDATED FINANCIAL STATEMENTS						
	June 30, 2018			December 31, 2017		
Risk type	Fair value /		Notional	Fair value /		Notional
	Readjustment based on			Readjustment based on		
	an accrual basis			an accrual basis		
	Assets	Liabilities	Amount	Assets	Liabilities	Amount
Exchange rate	19,016	12,500	945,006	9,162	10,633	945,452
Interest rate	5,104	4,295	716,503	5,400	5,091	712,294
Total	24,120	16,795	1,661,509	14,562	15,724	1,657,746

						Unit: Million Baht
THE BANK'S FINANCIAL STATEMENTS						
	June 30, 2018			December 31, 2017		
Risk type	Fair value /			Fair value /		
	Readjustment based on		Notional	Readjustment based on		Notional
	an accrual basis			an accrual basis		
	Assets	Liabilities	Amount	Assets	Liabilities	Amount
Exchange rate	19,016	12,500	945,006	9,162	10,633	945,452
Interest rate	5,105	4,299	719,626	5,411	5,091	713,863
Total	24,121	16,799	1,664,632	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 June 30, 2018 and December 31, 2017 are as follows:

Counterparty	CONSOLIDATED		THE BANK'S	
	FINANCIAL STATEMENTS		FINANCIAL STATEMENTS	
	June 30,	December 31,	June 30,	December 31,
	2018	2017	2018	2017
	Proportion (%)	Proportion (%)	Proportion (%)	Proportion (%)
Financial institution	54.94	57.38	54.83	57.32
Related company	16.42	15.37	16.58	15.45
Third party	28.64	27.25	28.59	27.23
Total	<u>100.00</u>	<u>100.00</u>	<u>100.00</u>	<u>100.00</u>

7.4 Investments, net

Investments, net as at June 30, 2018 and December 31, 2017 consist of the following:

CONSOLIDATED FINANCIAL STATEMENTS								
Unit: Million Baht								
	June 30, 2018				December 31, 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	1,552	-	-	1,552	355	-	-	355
Domestic marketable equity securities	32	-	(2)	30	-	-	-	-
	1,584	-	(2)	1,582	355	-	-	355
<u>Less</u> Revaluation allowance	(2)			-	-			-
Total	1,582			1,582	355			355
Securities Available-for-Sale								
Government and state enterprise securities	76,668	41	(173)	76,536	51,612	235	-	51,847
Private sector's debt securities	9,051	301	(4)	9,348	10,601	392	-	10,993
Domestic marketable equity securities	4,995	659	(540)	5,114	3,757	605	(121)	4,241
	90,714	1,001	(717)	90,998	65,970	1,232	(121)	67,081
<u>Add</u> Revaluation allowance	284			-	1,111			-
<u>Less</u> Allowance for impairment	(284)			(284)	(284)			(284)
Total	90,714			90,714	66,797			66,797
Securities Held-to-Maturity								
Private sector's debt securities	16,000				16,000			
Investment in accounts receivable	382				452			
	16,382				16,452			
<u>Less</u> Allowance for impairment	(14)				(14)			
Total	16,368				16,438			
Securities for General Investments								
Domestic non-marketable equity securities	551				525			
Foreign non-marketable equity securities	1				3			
	552				528			
<u>Less</u> Allowance for impairment	(183)				(184)			
Total	369				344			
Total Investments, net	<u>109,033</u>				<u>83,934</u>			

Unit: Million Baht								
THE BANK'S FINANCIAL STATEMENTS								
June 30, 2018				December 31, 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	1,552	-	-	1,552	355	-	-	355
Domestic marketable equity securities	32	-	(2)	30	-	-	-	-
	1,584	-	(2)	1,582	355	-	-	355
<u>Less</u> Revaluation allowance	(2)		-	-				-
Total	1,582		1,582	355				355
Securities Available-for-Sale								
Government and state enterprise securities	76,668	41	(173)	76,536	51,612	235	-	51,847
Private sector's debt securities	8,772	301	(4)	9,069	10,322	392	-	10,714
Domestic marketable equity securities	4,995	659	(540)	5,114	3,757	605	(121)	4,241
	90,435	1,001	(717)	90,719	65,691	1,232	(121)	66,802
<u>Add</u> Revaluation allowance	284		-	1,111				-
<u>Less</u> Allowance for impairment	(5)		(5)	(5)				(5)
Total	90,714		90,714	66,797				66,797
Securities Held-to-Maturity								
Private sector's debt securities	16,000			16,000				
Investment in accounts receivable	382			452				
	16,382			16,452				
<u>Less</u> Allowance for impairment	(14)			(14)				
Total	16,368			16,438				
Securities for General Investments								
Domestic non-marketable equity securities	275			278				
Foreign non-marketable equity securities	1			3				
	276			281				
<u>Less</u> Allowance for impairment	(167)			(168)				
Total	109			113				
Total Investments, net	108,773			83,703				

For the six-month periods ended June 30, 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	(170)	(243)
Net change in fair value	(657)	432
Ending balance	284	1,137

As at June 30, 2018 and December 31, 2017, the Bank and its subsidiaries had investments in general investments in the consolidated financial statements of 2 companies and 3 company, 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 June 30, 2018 and December 31, 2017 consist of the following:

Unit: Million Baht							
CONSOLIDATED FINANCIAL STATEMENTS							
June 30, 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	2,170	-
Tesco Life Assurance Broker Limited ⁽²⁾	Life assurance broker	Common stock	12	50.00	-	63	-
Tesco General Insurance Broker Limited ⁽²⁾	General insurance broker	Common stock	107	50.00	-	208	-
Investments in joint ventures, net					<u>1,040</u>	<u>2,441</u>	<u>-</u>

Unit: Million Baht							
CONSOLIDATED FINANCIAL STATEMENTS							
December 31, 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					<u>1,040</u>	<u>2,222</u>	<u>-</u>

⁽¹⁾ Indirect holding via Ayudhya Capital Services Company Limited

⁽²⁾ Indirect holding via Tesco Card Services Limited

Unit: Million Baht						
THE BANK'S FINANCIAL STATEMENTS						
June 30, 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)	Dividend
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	3,065
Ngern Tid Lor Company Limited	Hire-purchase and motorcycle loans	Common stock } Preferred stock }	4,990	100.00	4,826 1	1,700 -
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	1,031	100.00	6,208	-
Investments in subsidiaries					64,622	5,140
<u>Less</u> Allowance for impairment					(5,052)	-
Investments in subsidiaries net					<u>59,570</u>	<u>5,140</u>

Unit: Million Baht						
THE BANK'S FINANCIAL STATEMENTS						
December 31, 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)	Dividend
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 } Preferred stock }	3,290	100.00	3,126 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
<u>Less</u> Allowance for impairment					(5,052)	-
Investments in subsidiaries net					<u>57,870</u>	<u>3,027</u>

DISCLOSURE OF THE STATEMENTS OF CASH FLOWS OF ASSET MANAGEMENT COMPANY

KRUNGSRI AYUDHYA AMC LIMITED
STATEMENTS OF CASH FLOWS
FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2018

	Unit: Million Baht	
	2018	2017
Cash flows from operating activities		
Income before income tax	56	102
Adjustments to reconcile income to cash provided (paid) from operating activities		
Bad debt and doubtful accounts	-	17
Loss on impairment of properties for sale	7	3
Gain on sales of properties for sale	(63)	(48)
Employment benefits expenses	3	4
Interest income, net	(29)	(76)
Interest received	29	76
Income tax paid	(11)	(22)
Income from operations before changes in operating assets and liabilities	(8)	56
(Increase) decrease in operating assets		
Investment in receivables	16	19
Loans to customers	-	1
Properties for sale	133	160
Other assets	10	56
Decrease in operating liabilities		
Other liabilities	(40)	(47)
Net cash from operating activities	111	245
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	110	245
Cash and cash equivalents as at January 1,	1,430	957
Cash and cash equivalents as at June 30,	1,540	1,202

7.6 Loans to customers and accrued interest receivables, net

Loans to customers and accrued interest receivables, net as at June 30, 2018 and December 31, 2017 are as follows:

(1) Classified by products

	CONSOLIDATED FINANCIAL STATEMENTS		Unit: Million Baht THE BANK'S FINANCIAL STATEMENTS	
	June 30, 2018	December 31, 2017	June 30, 2018	December 31, 2017
Overdrafts	61,412	60,432	61,363	60,382
Loan against contract	839,549	792,493	819,828	810,399
Trade bill	304,706	283,266	306,834	285,321
Hire-purchase receivable	439,545	400,930	355,994	309,557
Lease contract receivable	14,224	14,707	4,290	3,923
Credit card receivable	54,892	62,007	-	-
Others	5,248	5,523	3,837	4,030
Total	1,719,576	1,619,358	1,552,146	1,473,612
<u>Less</u> Deferred revenue	(77,278)	(68,954)	(59,728)	(50,190)
Loans to customers after deferred revenue, net	1,642,298	1,550,404	1,492,418	1,423,422
<u>Add</u> Accrued interest receivables	4,006	3,917	2,262	2,296
Loans to customers and accrued interest receivable after deferred revenue, net	1,646,304	1,554,321	1,494,680	1,425,718
<u>Less</u> Allowance for doubtful accounts				
1) BOT requirement :				
- Individual approach	(26,503)	(26,805)	(21,726)	(21,992)
- Collective approach	(10,059)	(8,916)	(8,214)	(6,984)
2) Surplus reserve	(22,096)	(18,452)	(12,754)	(9,518)
<u>Less</u> Revaluation allowance for debt restructuring	(1,329)	(1,303)	(56)	(48)
Total loans to customers, net	1,586,317	1,498,845	1,451,930	1,387,176

(2) Classified by currency and residence of debtors

Unit: Million Baht						
CONSOLIDATED FINANCIAL STATEMENTS						
June 30, 2018			December 31, 2017			
	Domestic	Foreign	Total	Domestic	Foreign	Total
Baht	1,551,203	11,224	1,562,427	1,452,878	11,159	1,464,037
US Dollar	44,171	28,857	73,028	55,437	26,225	81,662
Other currencies	999	5,844	6,843	980	3,725	4,705
Total	<u>1,596,373</u>	<u>45,925</u>	<u>1,642,298</u>	<u>1,509,295</u>	<u>41,109</u>	<u>1,550,404</u>

Unit: Million Baht						
THE BANK'S FINANCIAL STATEMENTS						
June 30, 2018			December 31, 2017			
	Domestic	Foreign	Total	Domestic	Foreign	Total
Baht	1,422,938	10,392	1,433,330	1,345,001	10,426	1,355,427
US Dollar	44,171	9,608	53,779	55,437	8,983	64,420
Other currencies	999	4,310	5,309	980	2,595	3,575
Total	<u>1,468,108</u>	<u>24,310</u>	<u>1,492,418</u>	<u>1,401,418</u>	<u>22,004</u>	<u>1,423,422</u>

(3) Classified by business type and classification

Unit: Million Baht						
CONSOLIDATED FINANCIAL STATEMENTS						
June 30, 2018						
	Normal	Special Mention	Substandard	Doubtful	Doubtful of Loss	Total
Agriculture and mining	18,975	1,157	104	111	790	21,137
Manufacturing and trading	382,370	13,675	2,479	1,152	10,688	410,364
Real estate and construction	98,324	3,786	567	389	1,665	104,731
Public utilities and services	155,365	9,787	210	131	1,879	167,372
Housing loans	222,848	2,218	1,059	1,313	3,632	231,070
Others	671,619	24,756	5,381	2,501	3,367	707,624
Total	<u>1,549,501</u>	<u>55,379</u>	<u>9,800</u>	<u>5,597</u>	<u>22,021</u>	<u>1,642,298</u>

Unit: Million Baht						
CONSOLIDATED FINANCIAL STATEMENTS						
December 31, 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	<u>1,459,143</u>	<u>53,639</u>	<u>11,279</u>	<u>7,021</u>	<u>19,322</u>	<u>1,550,404</u>

Unit: Million Baht						
THE BANK'S FINANCIAL STATEMENTS						
June 30, 2018						
	Normal	Special Mention	Substandard	Doubtful	Doubtful of Loss	Total
Agriculture and mining	14,926	1,142	87	83	185	16,423
Manufacturing and trading	377,842	13,458	2,468	1,122	10,127	405,017
Real estate and construction	97,133	3,762	554	388	1,612	103,449
Public utilities and services	155,355	9,788	210	131	1,568	167,052
Housing loans	220,648	2,217	1,058	1,310	3,618	228,851
Others	548,997	16,182	2,575	2,028	1,844	571,626
Total	1,414,901	46,549	6,952	5,062	18,954	1,492,418

Unit: Million Baht						
THE BANK'S FINANCIAL STATEMENTS						
December 31, 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				
June 30, 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	1,553,262	1,045,455	1, 2	12,987
Special mention	55,624	43,699	2, 17	3,381
Substandard	9,800	7,139	50, 100	5,046
Doubtful	5,597	3,400	44, 100	2,332
Doubtful of loss	22,021	10,767	100	12,816
Total	<u>1,646,304</u>	<u>1,110,460</u>		<u>36,562 ⁽¹⁾</u>
2. Surplus Reserve				<u>22,096 ⁽²⁾</u>
Total				<u><u>58,658</u></u>

Unit: Million Baht

CONSOLIDATED FINANCIAL STATEMENTS

December 31, 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	<u>1,554,321</u>	<u>1,046,613</u>		<u>35,721 ⁽¹⁾</u>
2. Surplus Reserve				<u>18,452 ⁽²⁾</u>
Total				<u>54,173</u>

⁽¹⁾ Including allowance for doubtful accounts on a collective approach for hire-purchase loans as at June 30, 2018 and December 31, 2017, of Baht 10,059 million and Baht 8,916 million, respectively.

⁽²⁾ Including allowance for doubtful accounts of loans granted to subsidiaries as at June 30, 2018 and December 31, 2017, at the rate of 1% of Baht 77,614 million and Baht 102,882 million equal to Baht 776 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 June 30, 2018 and December 31, 2017, of Baht 1,329 million and Baht 1,303 million, respectively, and excluding allowance for doubtful accounts for interbank and money market items as at June 30, 2018 and December 31, 2017, of Baht 520 million and Baht 366 million, respectively.

Unit: Million Baht

THE BANK'S FINANCIAL STATEMENTS

June 30, 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	1,417,007	918,570	1, 2	11,340
Special mention	46,705	35,286	2, 10	2,575
Substandard	6,952	4,326	36, 100	3,100
Doubtful	5,062	2,903	36, 100	1,964
Doubtful of loss	18,954	9,024	100	10,961
Total	<u>1,494,680</u>	<u>970,109</u>		<u>29,940⁽¹⁾</u>
2. Surplus Reserve				<u>12,754⁽²⁾</u>
Total				<u>42,694</u>

Unit: Million Baht				
THE BANK'S FINANCIAL STATEMENTS				
December 31, 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	<u>1,425,718</u>	<u>929,405</u>		<u>28,976⁽¹⁾</u>
2. Surplus Reserve				<u>9,518⁽²⁾</u>
Total				<u>38,494</u>

⁽¹⁾ Including allowance for doubtful accounts on a collective approach for hire-purchase loans as at June 30, 2018 and December 31, 2017, of Baht 8,214 million and Baht 6,984 million, respectively.

⁽²⁾ Including allowance for doubtful accounts of loan granted to subsidiaries as at June 30, 2018 and December 31, 2017, at the rate of 1% of Baht 77,614 million and Baht 102,882 million, equal to Baht 776 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 June 30, 2018 and December 31, 2017, of Baht 56 million and Baht 48 million, respectively and excluding allowance for doubtful accounts for interbank and money market items as at June 30, 2018 and December 31, 2017, of Baht 520 million and Baht 366 million, respectively.

For the six-month period ended June 30, 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	
Book value	1,858
Net book value	1,432
Sale price	1,432

As at June 30, 2018 and December 31, 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			
June 30, 2018			
	The Bank	AMC	The Bank and AMC
Non-performing loans	30,968	458	31,426
Percentage of total loans	1.82	100.00	1.85
Non-performing loans, net	14,942	315	15,257
Percentage of total loans, net	0.89	100.00	0.91

Unit: Million Baht
December 31, 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 June 30, 2018 and December 31, 2017, the Bank and its subsidiaries' non-performing loans are Baht 37,417 million and Baht 37,622 million, respectively.

(5) Troubled debt restructuring

For the three-month and six-month periods ended June 30, 2018 and 2017, the Bank and its subsidiaries had restructured the following debts:

Unit: Million Baht

CONSOLIDATED FINANCIAL STATEMENTS								
Form of Restructuring	For the three-month period ended June 30, 2018				For the three-month period ended June 30, 2017			
	Number	Amount	Type of Assets	Fair Value	Number	Amount	Type of Assets	Fair Value
	of Debtors	of Debt Before Restructuring	Acquired		of Debtors	of Debt Before Restructuring	Acquired	
Modification of terms	6,025	1,401	-	-	5,590	3,763	-	-
Reduction of principal and interest	1,421	74	-	-	1,661	86	-	-
Various forms of restructuring	228	1,473	-	-	256	3,701	-	-
Total	7,674	2,948		-	7,507	7,550		-

Unit: Million Baht

CONSOLIDATED FINANCIAL STATEMENTS								
Form of Restructuring	For the six-month period ended June 30, 2018				For the six-month period ended June 30, 2017			
	Number	Amount	Type of Assets	Fair Value	Number	Amount	Type of Assets	Fair Value
	of Debtors	of Debt Before Restructuring	Acquired		of Debtors	of Debt Before Restructuring	Acquired	
Modification of terms	10,851	2,285	-	-	11,758	4,776	-	-
Reduction of principal and interest	3,335	169	-	-	3,542	177	-	-
Various forms of restructuring	485	2,716	-	-	496	4,671	-	-
Total	14,671	5,170		-	15,796	9,624		-

Unit : Million Baht

THE BANK'S FINANCIAL STATEMENTS								
Form of Restructuring	For the three-month period ended June 30, 2018				For the three-month period ended June 30, 2017			
	Number	Amount	Type of Assets	Fair Value	Number	Amount	Type of Assets	Fair Value
	of Debtors	of Debt Before Restructuring	Acquired		of Debtors	of Debt Before Restructuring	Acquired	
Modification of terms	458	877	-	-	445	3,388	-	-
Various forms of restructuring	228	1,473	-	-	253	3,700	-	-
Total	686	2,350		-	698	7,088		-

Unit : Million Baht

THE BANK'S FINANCIAL STATEMENTS

Form of Restructuring	For the six-month period ended June 30, 2018				For the six-month period ended June 30, 2017			
	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	913	1,455	-	-	1,249	3,989	-	-
Various forms of restructuring	485	2,716	-	-	493	4,669	-	-
Total	1,398	4,171		-	1,742	8,658		-

For the six-month periods ended June 30, 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	For the six-month period ended June 30, 2018				For the six-month period ended June 30, 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	4.76	10,629	1,255	1,228	4.70	11,497	4,031	4,024
Fair value of collateral	8.78	222	1,030	1,030	8.39	261	745	745

Unit: Million Baht

THE BANK'S FINANCIAL STATEMENTS

Method	For the six-month period ended June 30, 2018				For the six-month period ended June 30, 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	5.13	696	425	418	4.70	1,026	3,248	3,242
Fair value of collateral	8.98	217	1,030	1,030	9.82	223	741	741

For the three-month and six-month periods ended June 30, 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	
	For the three-month periods ended June 30,		For the three-month periods ended June 30,	
	2018	2017	2018	2017
Losses on debt restructured	392	365	12	3
Interest received from debt restructured	331	227	243	168

	Unit: Million Baht			
	CONSOLIDATED FINANCIAL STATEMENTS For the six-month periods ended June 30,		THE BANK'S FINANCIAL STATEMENTS For the six-month periods ended June 30,	
	2018	2017	2018	2017
Losses on debt restructured	748	757	26	12
Interest received from debt restructured	615	496	437	315

As at June 30, 2018 and December 31, 2017, the Bank and its subsidiaries recorded balances of total debt restructured and debt restructured during the six-month period ended June 30, 2018 and during the year ended December 31, 2017, in the statements of financial position as follows:

	Unit: Million Baht			
	CONSOLIDATED FINANCIAL STATEMENTS		THE BANK'S FINANCIAL STATEMENTS	
	June 30, 2018	December 31, 2017	June 30, 2018	December 31, 2017
Balances of total debt restructured	22,068	20,542	17,629	15,801
Balances of debt restructured during the period/year	5,401	11,271	4,404	9,426

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

	Unit: Million Baht			
	CONSOLIDATED FINANCIAL STATEMENTS June 30, 2018			
	Amount due per agreements			Total
	Within 1 Year	Greater than 1-5 Years	Greater than 5 Years	
Minimum lease payments	103,786	248,180	101,803	453,769
<u>Less</u> Unearned interest income				(77,238)
Present value of the minimum lease payments				376,531
<u>Less</u> Allowance for doubtful accounts				(13,040)
Total lease receivables, net				363,491

	Unit: Million Baht			
	CONSOLIDATED FINANCIAL STATEMENTS December 31, 2017			
	Amount due per agreements			Total
	Within 1 Year	Greater than 1-5 Years	Greater than 5 Years	
Minimum lease payments	100,122	231,619	83,896	415,637
<u>Less</u> Unearned interest income				(68,929)
Present value of the minimum lease payments				346,708
<u>Less</u> Allowance for doubtful accounts				(12,848)
Total lease receivables, net				333,860

Unit: Million Baht

THE BANK'S FINANCIAL STATEMENTS

June 30, 2018

	Within 1 Year	Greater than 1-5 Years	Greater than 5 Years	Total
Minimum lease payments	66,535	200,486	93,263	360,284
<u>Less</u> Unearned interest income				(59,698)
Present value of the minimum lease payments				300,586
<u>Less</u> Allowance for doubtful accounts				(8,156)
Total lease receivables, net				292,430

Unit: Million Baht

THE BANK'S FINANCIAL STATEMENTS

December 31, 2017

	Within 1 Year	Greater than 1-5 Years	Greater than 5 Years	Total
Minimum lease payments	58,715	179,117	75,648	313,480
<u>Less</u> Unearned interest income				(50,174)
Present value of the minimum lease payments				263,306
<u>Less</u> Allowance for doubtful accounts				(6,984)
Total lease receivables, net				256,322

7.7 Allowance for doubtful accounts

Allowance for doubtful accounts as at June 30, 2018 and December 31, 2017 are as follows:

Unit: Million Baht

CONSOLIDATED FINANCIAL STATEMENTS

June 30, 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	1,144	748	2,281	(21)	4,390	3,643	12,185
Bad debts written off	(24)	(365)	(3,173)	(1,548)	(2,594)	-	(7,704)
Other	4	-	-	(1)	-	1	4
Ending balance	12,987	3,381	5,046	2,332	12,816	22,096	58,658

Unit: Million Baht

CONSOLIDATED FINANCIAL STATEMENTS

December 31, 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
June 30, 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	815	653	147	86	2,974	3,236	7,911
Bad debts written off	(24)	(365)	(778)	(1,547)	(997)	-	(3,711)
Other	-	-	-	-	-	-	-
Ending balance	11,340	2,575	3,100	1,964	10,961	12,754	42,694

Unit: Million Baht

THE BANK'S FINANCIAL STATEMENTS
December 31, 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 June 30, 2018 and December 31, 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	
	June 30, 2018	December 31, 2017	June 30, 2018	December 31, 2017
Allowance for doubtful accounts*	38,411	37,389	30,515	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

	June 30, 2018	December 31, 2017
Consolidated financial statements	60,507	55,841
The Bank and Krungsri Ayudhya AMC Limited	43,566	39,220
The Bank's financial statements	43,270	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 June 30, 2018 and December 31, 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				
June 30, 2018				
Number	Outstanding Balance	Collateral	Allowance for Doubtful Accounts	
Companies subject to be delisted by SET	<u>6</u>	<u>1,156</u>	<u>676</u>	<u>497</u>
Total	6	1,156	676	497

Unit: Million Baht				
CONSOLIDATED AND THE BANK'S FINANCIAL STATEMENTS				
December 31, 2017				
Number	Outstanding Balance	Collateral	Allowance for Doubtful Accounts	
Companies subject to be delisted by SET	<u>5</u>	<u>1,180</u>	<u>673</u>	<u>524</u>
Total	<u>5</u>	<u>1,180</u>	<u>673</u>	<u>524</u>

7.8 Revaluation allowance for debt restructuring

Revaluation allowance for debt restructuring as at June 30, 2018 and December 31, 2017 are as follows:

	CONSOLIDATED FINANCIAL STATEMENTS		Unit: Million Baht THE BANK'S FINANCIAL STATEMENTS	
	June 30, 2018	December 31, 2017	June 30, 2018	December 31, 2017
Beginning balance	1,303	1,188	48	28
Increase (decrease) during the period / year	748	1,512	26	39
Amount written off	(722)	(1,397)	(18)	(19)
Ending balance	1,329	1,303	56	48

7.9 Properties for sale, net

Properties for sale, net as at June 30, 2018 and December 31, 2017 are as follows:

Unit: Million Baht

CONSOLIDATED FINANCIAL STATEMENTS				
Type of Properties For Sale	Balance as at January 1, 2018	Acquisition	Disposition	Balance as at June 30, 2018
1. Assets acquired from debt repayment				
1.1 Immovable	4,145	33	(229)	3,949
1.2 Movable	892	4,864	(4,710)	1,046
Total	5,037	4,897	(4,939)	4,995
2. Others	87	30	-	117
Total properties for sale	5,124	4,927	(4,939)	5,112
<u>Less</u> Provision for impairment	(1,439)	(649)	655	(1,433)
Total properties for sale	3,685	4,278	(4,284)	3,679

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
<u>Less</u> 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

THE BANK'S FINANCIAL STATEMENTS				
Type of Properties For Sale	Balance as at January 1, 2018	Acquisition	Disposition	Balance as at June 30, 2018
1. Assets acquired from debt repayment				
1.1 Immovable	2,431	32	(136)	2,327
1.2 Movable	544	3,531	(3,334)	741
Total	2,975	3,563	(3,470)	3,068
2. Others	87	30	-	117
Total properties for sale	3,062	3,593	(3,470)	3,185
<u>Less</u> Provision for impairment	(974)	(68)	39	(1,003)
Total properties for sale	2,088	3,525	(3,431)	2,182

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 June 30, 2018 and December 31, 2017 consist of the following:

	CONSOLIDATED FINANCIAL STATEMENTS		THE BANK'S FINANCIAL STATEMENTS	
	June 30, 2018	December 31, 2017	June 30, 2018	December 31, 2017
Immovable assets-Foreclosed assets				
Appraised by external appraisers	1,400	1,400	1,345	1,345
Appraised by internal appraisers	2,549	2,745	982	1,086
Total	3,949	4,145	2,327	2,431

7.10 Premises and equipment, net

Premises and equipment, net as at June 30, 2018 and December 31, 2017 are as follows:

	CONSOLIDATED FINANCIAL STATEMENTS				
	Balance as at January 1, 2018	Increase	Decrease	Other	Balance as at June 30, 2018
Land					
Cost	4,306	5	(1)	-	4,310
Appraisal increase (Year 2016)	7,086	-	(15)	-	7,071
Appraisal decrease (Year 2016)	(37)	-	-	-	(37)
Premises					
Cost	7,505	2,110	(17)	-	9,598
Appraisal increase (Year 2016)	11,641	-	(9)	-	11,632
Appraisal decrease (Year 2016)	(86)	-	-	-	(86)
Equipment	16,322	717	(558)	6	16,487
Leasehold improvement	3,892	338	(522)	(2)	3,706
Total	50,629	3,170	(1,122)	4	52,681
Less Accumulated depreciation					
Premises					
- Cost	(4,343)	(172)	8	-	(4,507)
- Appraisal increase (Year 2016)	(8,540)	(144)	4	-	(8,680)
Equipment	(11,123)	(802)	509	(6)	(11,422)
Leasehold improvement	(2,496)	(176)	516	(1)	(2,157)
Total	(26,502)	(1,294)	1,037	(7)	(26,766)
Construction in progress	2,274	197	(2,433)	-	38
Premises and equipment, net	26,401				25,953

Unit: Million Baht

	June 30, 2018	June 30, 2017
Depreciation for the six-month periods	1,294	1,308

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
<u>Less</u> 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					
December 31, 2017					
Depreciation for the year					2,633

As at June 30, 2018 and December 31, 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 11,482 million and Baht 11,479 million, respectively.

As at June 30, 2018 and December 31, 2017, the Bank and its subsidiaries had equipment which are under finance leases, with the original costs amounting to Baht 463 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 June 30, 2018
Land					
Cost	4,306	5	(1)	-	4,310
Appraisal increase (Year 2016)	7,086	-	(15)	-	7,071
Appraisal decrease (Year 2016)	(37)	-	-	-	(37)
Premises					
Cost	7,505	2,110	(17)	-	9,598
Appraisal increase (Year 2016)	11,641	-	(9)	-	11,632
Appraisal decrease (Year 2016)	(86)	-	-	-	(86)
Equipment	12,036	458	(232)	-	12,262
Leasehold improvement	2,423	60	(199)	-	2,284
Total	44,874	2,633	(473)	-	47,034
<u>Less</u> Accumulated depreciation					
Premises					
- Cost	(4,343)	(172)	8	-	(4,507)
- Appraisal increase (Year 2016)	(8,541)	(144)	4	-	(8,681)
Equipment	(8,622)	(567)	226	-	(8,963)
Leasehold improvement	(1,247)	(98)	193	-	(1,152)
Total	(22,753)	(981)	431	-	(23,303)
Construction in progress	2,223	187	(2,381)	-	29
Premises and equipment, net	24,344				23,760

Unit: Million Baht		
	June 30, 2018	June 30, 2017
Depreciation for the six-month periods	981	1,019

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
<u>Less</u> 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	
	December 31, 2017
Depreciation for the year	2,047

As at June 30, 2018 and December 31, 2017, the Bank had premises and equipment which were fully depreciated but still in use, with the original costs amounting to Baht 9,258 million and Baht 8,913 million, respectively.

As at June 30, 2018 and December 31, 2017, the Bank had equipment which are under finance leases, with the original costs amounting to Baht 445 million and Baht 445 million, respectively.

7.11 Goodwill and other intangible assets, net

Goodwill and other intangible assets, net as at June 30, 2018 and December 31, 2017 are as follows:

					Unit: Million Baht
CONSOLIDATED FINANCIAL STATEMENTS					
	Balance as at January 1, 2018	Increase	Decrease	Other	Balance as at June 30, 2018
Cost					
Goodwill	12,557	-	-	39	12,596
Software	8,542	436	-	2	8,980
Other intangible assets	5,757	10	-	2	5,769
Total	26,856	446	-	43	27,345
Accumulated amortization					
Software	(5,316)	(493)	-	(1)	(5,810)
Other intangible assets	(4,764)	(76)	-	(1)	(4,841)
Total	(10,080)	(569)	-	(2)	(10,651)
Allowance for impairment	(20)	-	-	-	(20)
Goodwill and other intangible assets, net	<u>16,756</u>				<u>16,674</u>

	Unit: Million Baht
	June 30, 2018
Amortization for the six-month periods	<u>569</u>
	<u>608</u>

					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	<u>16,699</u>				<u>16,756</u>

	Unit: Million Baht
	December 31, 2017
Amortization for the year	<u>1,215</u>

As at June 30, 2018 and December 31, 2017, the Bank and its subsidiaries had intangible assets which were fully amortized but still in use, with the original costs amounting to Baht 2,719 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 June 30, 2018
Cost				
Goodwill	1,054	-	-	1,054
Software	6,883	313	-	7,196
Other intangible assets	57	-	-	57
Total	7,994	313	-	8,307
Accumulated amortization				
Software	(4,317)	(403)	-	(4,720)
Other intangible assets	(47)	-	-	(47)
Total	(4,364)	(403)	-	(4,767)
Goodwill and other intangible assets, net	<u>3,630</u>			<u>3,540</u>

Unit: Million Baht		
	June 30, 2018	June 30, 2017
Amortization for the six-month periods	<u>403</u>	<u>452</u>

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	<u>3,585</u>			<u>3,630</u>

Unit: Million Baht		
	December 31, 2017	
Amortization for the year	<u>898</u>	

As at June 30, 2018 and December 31, 2017, the Bank had intangible assets which were fully amortized but still in use, with the original costs amounting to Baht 2,120 million and Baht 1,637 million, respectively.

7.12 Deferred tax

Deferred tax assets and deferred tax liabilities as at June 30, 2018 and December 31, 2017 are as follows:

	CONSOLIDATED FINANCIAL STATEMENTS		Unit: Million Baht THE BANK'S FINANCIAL STATEMENTS	
	June 30, 2018	December 31, 2017	June 30, 2018	December 31, 2017
Deferred tax assets	4,856	4,823	87	-
Deferred tax liabilities	(3)	(106)	-	(104)
Net	<u>4,853</u>	<u>4,717</u>	<u>87</u>	<u>(104)</u>

Movements of deferred tax assets and deferred tax liabilities during the periods/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	Others	Balance at June 30, 2018
Deferred tax assets					
Impairment of assets	373	44	-	-	417
Loans and accrued interest receivables, net	5,971	305	-	(1)	6,275
Provisions	1,576	120	-	-	1,696
Others	690	(257)	(4)	(48)	381
Total	<u>8,610</u>	<u>212</u>	<u>(4)</u>	<u>(49)</u>	<u>8,769</u>
Deferred tax liabilities					
Asset appraisal surplus	2,110	40	-	-	2,150
Investments	102	(119)	(159)	-	(176)
Others	1,681	261	-	-	1,942
Total	<u>3,893</u>	<u>182</u>	<u>(159)</u>	<u>-</u>	<u>3,916</u>
Deferred tax assets - net	<u>4,717</u>	<u>30</u>	<u>155</u>	<u>(49)</u>	<u>4,853</u>

	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	<u>7,913</u>	<u>680</u>	<u>19</u>	<u>(2)</u>	<u>8,610</u>
Deferred tax liabilities					
Asset appraisal surplus	2,178	(68)	-	-	2,110
Investments	76	-	26	-	102
Others	1,402	399	-	(120)	1,681
Total	<u>3,656</u>	<u>331</u>	<u>26</u>	<u>(120)</u>	<u>3,893</u>
Deferred tax assets - net	<u>4,257</u>	<u>349</u>	<u>(7)</u>	<u>118</u>	<u>4,717</u>

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 June 30, 2018
Deferred tax assets				
Impairment of assets	268	6	-	274
Loans and accrued interest receivables, net	1,392	175	-	1,567
Provisions	1,312	48	-	1,360
Others	128	(25)	6	109
Total	3,100	204	6	3,310
Deferred tax liabilities				
Asset appraisal surplus	2,037	(33)	-	2,004
Investments	223	-	(159)	64
Others	944	211	-	1,155
Total	3,204	178	(159)	3,223
Deferred tax assets (liabilities) - net	(104)	26	165	87

	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 Other assets, net

Other assets, net as at June 30, 2018 and December 31, 2017 are as follows:

	CONSOLIDATED FINANCIAL STATEMENTS		Unit: Million Baht THE BANK'S FINANCIAL STATEMENTS	
	June 30, 2018	December 31, 2017	June 30, 2018	December 31, 2017
Accrued income	1,648	2,018	331	324
Prepayment	1,388	1,168	738	664
Other receivables	10,503	12,011	7,329	8,680
Margin call to counterparty	4,972	3,032	4,972	3,032
Others	2,212	1,322	1,928	1,463
Total	20,723	19,551	15,298	14,163

7.14 Deposits

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

(1) Classified by product

	CONSOLIDATED FINANCIAL STATEMENTS		Unit: Million Baht THE BANK'S FINANCIAL STATEMENTS	
	June 30, 2018	December 31, 2017	June 30, 2018	December 31, 2017
Current deposit	34,413	36,798	35,254	37,796
Savings deposit	567,680	550,962	571,668	555,479
Time deposit				
- Less than 6 months	350,952	341,517	351,223	342,587
- 6 months and less than 1 year	275,077	285,292	273,571	283,739
- 1 year and over	139,409	104,660	130,467	97,104
Total	<u>1,367,531</u>	<u>1,319,229</u>	<u>1,362,183</u>	<u>1,316,705</u>

(2) Classified by currency and residence of depositors

	Unit: Million Baht CONSOLIDATED FINANCIAL STATEMENTS			Unit: Million Baht THE BANK'S FINANCIAL STATEMENTS		
	June 30, 2018			December 31, 2017		
	Domestic	Foreign	Total	Domestic	Foreign	Total
Baht	1,297,910	2,179	1,300,089	1,255,331	1,949	1,257,280
US Dollar	39,468	14,351	53,819	36,758	11,881	48,639
Other currencies	8,775	4,848	13,623	8,251	5,059	13,310
Total	<u>1,346,153</u>	<u>21,378</u>	<u>1,367,531</u>	<u>1,300,340</u>	<u>18,889</u>	<u>1,319,229</u>

	Unit: Million Baht THE BANK'S FINANCIAL STATEMENTS			Unit: Million Baht THE BANK'S FINANCIAL STATEMENTS		
	June 30, 2018			December 31, 2017		
	Domestic	Foreign	Total	Domestic	Foreign	Total
Baht	1,306,013	1,897	1,307,910	1,264,789	1,619	1,266,408
US Dollar	39,468	2,236	41,704	36,758	1,737	38,495
Other currencies	8,775	3,794	12,569	8,251	3,551	11,802
Total	<u>1,354,256</u>	<u>7,927</u>	<u>1,362,183</u>	<u>1,309,798</u>	<u>6,907</u>	<u>1,316,705</u>

7.15 Interbank and money market items, net (Liability)

Interbank and money market items, net (liability) as at June 30, 2018 and December 31, 2017 are as follows:

Unit: Million Baht						
CONSOLIDATED FINANCIAL STATEMENTS						
	June 30, 2018			December 31, 2017		
	At Call	Time	Total	At Call	Time	Total
Domestic items						
Bank of Thailand and Financial Institution Development Fund	-	476	476	-	1,166	1,166
Commercial banks	2,283	33,600	35,883	628	47,190	47,818
Specialized financial institutions	24	5,067	5,091	25	6,804	6,829
Other financial institutions	10,488	1,285	11,773	8,184	1,913	10,097
Total domestic items	12,795	40,428	53,223	8,837	57,073	65,910
Foreign items						
US Dollar	7,478	182,010	189,488	1,208	211,533	212,741
Yen	-	-	-	-	-	-
Euro	-	-	-	243	-	243
Other currencies	812	457	1,269	827	-	827
Total foreign items	8,290	182,467	190,757	2,278	211,533	213,811
Total domestic and foreign items	21,085	222,895	243,980	11,115	268,606	279,721

Unit: Million Baht						
THE BANK'S FINANCIAL STATEMENTS						
	June 30, 2018			December 31, 2017		
	At Call	Time	Total	At Call	Time	Total
Domestic items						
Bank of Thailand and Financial Institution Development Fund	-	476	476	-	1,166	1,166
Commercial banks	483	33,600	34,083	628	47,190	47,818
Specialized financial institutions	24	5,067	5,091	25	6,804	6,829
Other financial institutions	14,286	3,286	17,572	11,675	3,914	15,589
Total domestic items	14,793	42,429	57,222	12,328	59,074	71,402
Foreign items						
US Dollar	7,478	180,766	188,244	1,208	210,797	212,005
Yen	-	-	-	-	-	-
Euro	-	-	-	243	-	243
Other currencies	812	-	812	827	-	827
Total foreign items	8,290	180,766	189,056	2,278	210,797	213,075
Total domestic and foreign items	23,083	223,195	246,278	14,606	269,871	284,477

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

As at June 30, 2018 and December 31, 2017, the outstanding balances of borrowing from the Bank of Thailand is Baht 476 million and Baht 1,166 million, respectively 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 will end on December 31, 2018.

7.16 Debt issued and borrowings

Debt issued and borrowings as at June 30, 2018 and December 31, 2017 are as follows:

Unit: Million Baht

CONSOLIDATED FINANCIAL STATEMENTS									
	Currency	Interest rate (%)	Maturity	June 30, 2018			December 31, 2017		
				Domestic	Foreign	Total	Domestic	Foreign	Total
Subordinated									
debentures	THB	3.40 - 3.90	2027	41,985	-	41,985	41,985	-	41,985
	USD	7.50 - 11.52	2019-2027	-	801	801	-	823	823
Senior securities	THB	1.60 - 4.50	2018-2022	117,125	-	117,125	96,325	-	96,325
Bill of exchange	THB	-	-	1	-	1	8	-	8
Other borrowings	THB	0.00 - 9.00	2018-2023	2	362	364	2	276	278
	USD	0.00 - 8.02	2018-2023	-	5,053	5,053	-	3,381	3,381
	KHR	-	-	-	-	-	-	66	66
				<u>159,113</u>	<u>6,216</u>	<u>165,329</u>	<u>138,320</u>	<u>4,546</u>	<u>142,866</u>

Unit: Million Baht

THE BANK'S FINANCIAL STATEMENTS									
	Currency	Interest rate (%)	Maturity	June 30, 2018			December 31, 2017		
				Domestic	Foreign	Total	Domestic	Foreign	Total
Subordinated									
debentures	THB	3.40 - 3.90	2027	41,985	-	41,985	41,985	-	41,985
Senior securities	THB	1.85 - 2.25	2018-2021	76,000	-	76,000	70,000	-	70,000
Bill of exchange	THB	-	-	1	-	1	8	-	8
Other borrowings	THB	0.00	2023	2	-	2	2	-	2
				<u>117,988</u>	<u>-</u>	<u>117,988</u>	<u>111,995</u>	<u>-</u>	<u>111,995</u>

Additional information on debts issued and borrowings is as follows:

- 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.
- 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.
- 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.

7.17 Provisions

Provisions for the six-month period ended June 30, 2018 and for the year ended December 31, 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 June 30, 2018
Provision for post-employment benefits obligation	5,241	80	5,321	236	5,557
Others	2,092	55	2,147	16	2,163
Total	7,333	135	7,468	252	7,720

	Unit: Million Baht				
	THE BANK'S FINANCIAL STATEMENTS				
	Balance at January 1, 2017	Increase (Decrease)	Balance at December 31, 2017	Increase (Decrease)	Balance at June 30, 2018
Provision for post-employment benefits obligation	4,480	51	4,531	179	4,710
Others	1,976	43	2,019	(36)	1,983
Total	6,456	94	6,550	143	6,693

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 six-month periods ended June 30, 2018 and 2017 are as follows:

Unit: Million Baht				
CONSOLIDATED FINANCIAL STATEMENTS		THE BANK'S FINANCIAL STATEMENTS		
For the six-month periods ended June 30,		For the six-month periods ended June 30,		
2018	2017	2018	2017	
Opening defined benefits obligation	5,321	5,241	4,531	4,480
Current service cost	217	223	167	172
Interest cost	66	82	55	70
Benefit paid	(47)	(41)	(43)	(38)
Closing defined benefit obligation	5,557	5,505	4,710	4,684

Actuarial (gains) losses are recognized in other comprehensive income as at June 30, 2018 and December 31, 2017 are as follows:

Unit: Million Baht			
CONSOLIDATED FINANCIAL STATEMENTS		THE BANK'S FINANCIAL STATEMENTS	
June 30, 2018	December 31, 2017	June 30, 2018	December 31, 2017
Included in the retained earnings	316	163	163

Amounts recognized in the statements of profit or loss and other comprehensive income in respect of the defined benefit plans for the three-month and six-month periods ended June 30, 2018 and 2017 are as follows:

	CONSOLIDATED FINANCIAL STATEMENTS		Unit: Million Baht THE BANK'S FINANCIAL STATEMENTS	
	For the three-month periods ended June 30,		For the three-month periods ended June 30,	
	2018	2017	2018	2017
Current service cost	109	112	84	86
Interest on obligation	33	41	27	35
	<u>142</u>	<u>153</u>	<u>111</u>	<u>121</u>

	CONSOLIDATED FINANCIAL STATEMENTS		Unit: Million Baht THE BANK'S FINANCIAL STATEMENTS	
	For the six-month periods ended June 30,		For the six-month periods ended June 30,	
	2018	2017	2018	2017
Current service cost	217	223	167	172
Interest on obligation	66	82	55	70
	<u>283</u>	<u>305</u>	<u>222</u>	<u>242</u>

The principal actuarial assumptions used to calculate the obligation under the defined benefit plans as at June 30, 2018 and December 31, 2017 are as follows:

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

Significant Actuarial Assumptions - Impact on increase (decrease) in Defined Benefit Obligation as at June 30, 2018 and December 31, 2017 are as follows:

	CONSOLIDATED FINANCIAL STATEMENTS		Unit: Million Baht THE BANK'S FINANCIAL STATEMENTS	
	June 30, 2018	December 31, 2017	June 30, 2018	December 31, 2017
Discount rate - 1% increase	(529)	(526)	(425)	(427)
Discount rate - 1% decrease	612	611	488	492
Salary increase rate - 1% increase	1,016	946	890	831
Salary increase rate - 1% decrease	(900)	(840)	(793)	(742)

7.18 Finance lease liabilities

Finance lease liabilities as at June 30, 2018 and December 31, 2017 are as follows:

	Unit: Million Baht CONSOLIDATED FINANCIAL STATEMENTS					
	June 30, 2018			December 31, 2017		
	Principal	Interest	Payment	Principal	Interest	Payment
Within one year	7	1	8	11	1	12
One year to five years	6	-	6	11	-	11
Total	<u>13</u>	<u>1</u>	<u>14</u>	<u>22</u>	<u>1</u>	<u>23</u>

Unit: Million Baht

THE BANK'S FINANCIAL STATEMENTS						
	June 30, 2018			December 31, 2017		
	Principal	Interest	Payment	Principal	Interest	Payment
Within one year	3	-	3	6	-	6
One year to five years	1	-	1	4	-	4
Total	<u>4</u>	<u>-</u>	<u>4</u>	<u>10</u>	<u>-</u>	<u>10</u>

7.19 Other liabilities

Other liabilities as at June 30, 2018 and December 31, 2017 are as follows:

	CONSOLIDATED		THE BANK'S	
	FINANCIAL STATEMENTS		FINANCIAL STATEMENTS	
	June 30, 2018	December 31, 2017	June 30, 2018	December 31, 2017
Accrued expenses	14,122	14,032	9,983	9,653
Tax payable	3,654	4,165	1,579	1,846
Deposit	4,032	4,282	1,380	1,283
Unearned income from customer loyalty program	2,882	2,804	-	3
Other payables	2,006	3,822	1,386	2,724
Margin call from counterparty	5,405	1,962	5,405	1,962
Others	10,711	11,085	5,994	5,739
Total	<u>42,812</u>	<u>42,152</u>	<u>25,727</u>	<u>23,210</u>

7.20 Share capital

7.20.1 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.

7.20.2 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.

7.21 Assets with obligations and restrictions

As at June 30, 2018 and December 31, 2017, government and state enterprise securities with book value of Baht 19,693 million and Baht 59 million, respectively, are used as collateral for other commitments with government departments and state enterprises.

7.22 Contingencies

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

	CONSOLIDATED		Unit: Million Baht THE BANK'S	
	FINANCIAL STATEMENTS		FINANCIAL STATEMENTS	
	June 30, 2018	December 31, 2017	June 30, 2018	December 31, 2017
Avals to bills	1,426	1,636	1,426	1,636
Guarantees of loans	2,161	1,369	2,161	1,369
Liability under unmatured import bills	1,496	1,437	1,496	1,437
Letters of credit	6,446	7,744	6,446	7,744
Other contingencies				
- Unused overdraft limit	5,446	6,390	5,446	6,390
- Unused credit line	30,447	36,052	35,852	41,915
- Other guarantees	54,054	57,196	54,054	57,196
- Others	173	372	173	372
Total	<u>101,649</u>	<u>112,196</u>	<u>107,054</u>	<u>118,059</u>

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 June 30, 2018 and December 31, 2017, the Bank and its subsidiaries have a commitment to pay in the amounts of Baht 4,757 million and Baht 1,034 million, respectively.

As at June 30, 2018 and December 31, 2017, the Bank has commitments to pay regarding the information technology services the amounts of Baht 2,744 million and Baht 2,659 million, respectively.

As at June 30, 2018 and December 31, 2017, the Bank has commitment payment amount of Baht 448 million and Baht 645 million as a result of entering to the construction agreement of the office building, respectively.

7.23 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 "Guideline 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:

- 7.23.1 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 June 30, 2018 and December 31, 2017 are as follows:

CONSOLIDATED FINANCIAL STATEMENTS												Unit: Million Baht
	June 30, 2018											
	Interbank and money market items (Assets)	Loans	Accrued interest receivables	Derivative assets	Other assets	Deposits	Interbank and money market items (Liabilities)	Borrowings	Derivative liabilities	Other liabilities	Derivative (Notional amount)	Contingencies
Parent company												
MUFG Bank, Ltd. (formerly The Bank of Tokyo-Mitsubishi UFJ, Ltd.)	15,585	-	-	4,148	395	-	181,283	-	1,113	3,953	333,951	4,265
Total	15,585	-	-	4,148	395	-	181,283	-	1,113	3,953	333,951	4,265
Joint ventures												
Tesco Card Services Limited	-	7,944	19	-	182	339	-	-	-	-	-	-
Tesco Life Assurance Broker Limited	-	-	-	-	3	145	-	-	-	-	-	-
Tesco General Insurance Broker Limited	-	-	-	-	6	555	-	-	-	4	-	-
<u>Less</u> Allowance for doubtful accounts	-	(79)	-	-	-	-	-	-	-	-	-	-
Total	-	7,865	19	-	191	1,039	-	-	-	4	-	-
Related companies having joint major shareholders or directors	2	8,573	28	415	18	8,993	156	-	12	15	19,773	904
<u>Less</u> Allowance for doubtful accounts	-	(81)	-	-	-	-	-	-	-	-	-	-
Total	2	8,492	28	415	18	8,993	156	-	12	15	19,773	904
Individual and related parties	-	482	1	-	-	4,310	-	-	-	699	-	-
<u>Less</u> Allowance for doubtful accounts	-	(1)	-	-	-	-	-	-	-	-	-	-
Total	-	481	1	-	-	4,310	-	-	-	699	-	-
Total	15,587	16,838	48	4,563	604	14,342	181,439	-	1,125	4,671	353,724	5,169

Unit: Million Baht

CONSOLIDATED FINANCIAL STATEMENTS

	December 31, 2017											
	Interbank and money market items (Assets)	Loans	Accrued interest receivables	Derivative assets	Other assets	Deposits	Interbank and money market items (Liabilities)	Borrowings	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												
Less Allowance for doubtful accounts	-	(72)	-	-	-	-	-	-	-	-	-	-
Total	4	7,728	25	621	16	9,265	172	-	50	11	18,320	1,471
Less Allowance for doubtful accounts	-	-	-	-	-	-	-	-	-	-	-	-
Total	4	7,656	25	621	16	9,265	172	-	50	11	18,320	1,471
Individual and related parties												
Less Allowance for doubtful accounts	-	-	-	-	-	-	-	-	-	-	-	-
Total	-	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

THE BANK'S FINANCIAL STATEMENTS												Unit: Million Baht
June 30, 2018												
	Interbank and money market items (Assets)	Loans	Accrued interest receivables	Derivative assets	Other assets	Deposits	Interbank and money market items (Liabilities)	Borrowings	Derivative liabilities	Other liabilities	Derivative (Notional amount)	Contingencies
Parent company												
MUFG Bank, Ltd. (formerly The Bank of Tokyo-Mitsubishi UFJ, Ltd.)	15,585	-	-	4,148	395	-	181,283	-	1,113	3,953	333,951	4,265
Total	15,585	-	-	4,148	395	-	181,283	-	1,113	3,953	333,951	4,265
Subsidiaries												
Ayudhya Development Leasing Company Limited	-	6,961	1	-	10	6	-	-	-	2	-	236
Ayudhya Capital Auto Lease Public Company Limited	-	14,933	59	-	110	675	-	-	-	191	-	-
Ngern Tid Lor Company Limited	-	9,240	2	-	9	215	-	-	-	1	-	2
Ayudhya Capital Services Company Limited	-	26,892	82	-	159	761	-	-	-	11	-	3
General Card Services Limited	-	9,436	17	-	21	379	-	-	-	-	-	-
Krungsriayudhya Card Company Limited	-	3,866	8	-	217	929	-	-	-	14	-	1
Siam Realty and Services Security Company Limited	-	490	-	-	2	48	-	-	-	59	-	-
Total Services Solutions Public Company Limited	-	-	-	-	1	1,395	-	-	-	9	-	-
Krungsri Asset Management Company Limited	-	-	-	-	91	-	3,693	-	-	30	-	-
Krungsri Ayudhya AMC Limited	-	-	-	-	1	1,539	-	-	-	71	-	35
Krungsri Securities Public Company Limited	-	-	-	-	2	3	2,106	-	-	2	-	-
Krungsri Factoring Company Limited	-	-	-	-	-	192	-	-	-	1	-	-
Krungsri Life Assurance Broker Limited	-	-	-	-	-	722	-	-	-	-	-	-
Krungsri General Insurance Broker Limited	-	-	-	-	-	814	-	-	-	-	-	-

Unit: Million Baht

THE BANK'S FINANCIAL STATEMENTS (CONTINUED)

June 30, 2018												
	Interbank and money market items (Assets)	Loans	Accrued interest receivables	Derivative assets	Other assets	Deposits	Interbank and money market items (Liabilities)	Borrowings	Derivative liabilities	Other liabilities	Derivative (Notional amount)	Contingencies
Subsidiaries (Continued)												
Krungsri Leasing Services Company Limited	-	4,962	2	-	2	108	-	-	-	-	-	-
Hattha Kaksekar Limited	-	834	6	1	1	-	-	-	4	-	3,122	-
Krungsri Finnivate Company Limited	-	-	-	-	2	426	-	-	-	-	-	-
Total	-	77,614	177	1	628	8,212	5,799	-	4	391	3,122	277
<u>Less</u> Allowance for doubtful accounts	-	(776)	-	-	-	-	-	-	-	-	-	-
Total	-	76,838	177	1	628	8,212	5,799	-	4	391	3,122	277
Joint ventures												
Tesco Card Services Limited	-	7,944	19	-	13	339	-	-	-	-	-	-
Tesco Life Assurance Broker Limited	-	-	-	-	-	145	-	-	-	-	-	-
Tesco General Insurance Broker Limited	-	-	-	-	-	555	-	-	-	-	-	-
<u>Less</u> Allowance for doubtful accounts	-	(79)	-	-	-	-	-	-	-	-	-	-
Total	-	7,865	19	-	13	1,039	-	-	-	-	-	-
Related companies having joint major shareholders or directors												
	2	8,573	28	415	-	8,993	156	-	12	14	19,773	904
<u>Less</u> Allowance for doubtful accounts	-	(81)	-	-	-	-	-	-	-	-	-	-
Total	2	8,492	28	415	-	8,993	156	-	12	14	19,773	904
Individual and related parties												
	-	413	1	-	-	4,175	-	-	-	496	-	-
Total	15,587	93,608	225	4,564	1,036	22,419	187,238	-	1,129	4,854	356,846	5,446

Unit: Million Baht

THE BANK'S FINANCIAL STATEMENTS												Cont. Minor Bank
December 31, 2017												
	Interbank and money market items (Assets)	Loans	Accrued interest receivables	Derivative assets	Other assets	Deposits	Interbank and money market items (Liabilities)	Borrowings	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)

December 31, 2017

	Interbank and money market items (Assets)	Loans	Accrued interest receivables	Derivative assets	Other assets	Deposits	Interbank and money market items (Liabilities)	Borrowings	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 Finnivate Company Limited	-	-	-	-	2	471	-	-	-	-	-	-
Total	-	102,882	229	11	1,109	9,484	5,493	-	-	293	1,569	85
<u>Less</u> 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	-	-	-	-	-	-
<u>Less</u> 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
<u>Less</u> 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 June 30, 2018 and December 31, 2017, the Bank charges interest rates to related parties at 0.75% - 9.20% p.a. and 0.75% - 26.47% p.a., respectively.

As at June 30, 2018 and December 31, 2017, the allowance for doubtful accounts of loans granted to subsidiaries of Baht 776 million and Baht 1,029 million, respectively, are not eliminated but treated as surplus reserve in the consolidated financial statements.

7.23.2 The Bank has investments in subsidiaries and joint ventures as disclosed in Note 7.5 and has investments in related companies are as follows:

Unit: Million Baht					
CONSOLIDATED AND THE BANK'S FINANCIAL STATEMENTS					
June 30, 2018					
	Business Type	Registered Share Capital	Ownership (%)	Investment Cost	Dividend Amount
Related company					
Sri Ayudhya Capital Public Company Limited	Investment holding company	294	7.23	326	-
<u>Less</u>	Allowance for impairment			(5)	-
Investment in related company, net				<u>321</u>	<u>-</u>

Unit: Million Baht					
CONSOLIDATED AND THE BANK'S FINANCIAL STATEMENTS					
December 31, 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
<u>Less</u>	Allowance for impairment			(5)	-
Investment in related company, net				<u>321</u>	<u>37</u>

7.23.3 Income and expenses between the Bank and its subsidiaries, joint ventures and related companies for the three-month and six-month periods ended June 30, 2018 and 2017 are as follows:

Unit: Million Baht

CONSOLIDATED FINANCIAL STATEMENTS								
	For the three-month period ended June 30, 2018				For the three-month period ended June 30, 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.)	-	2,440	1,080	111	-	(1,228)	721	191
Total	-	2,440	1,080	111	-	(1,228)	721	191
Joint ventures								
Tesco Card Services Limited	51	169	-	4	58	124	-	1
Tesco Life Assurance Broker Company Limited	-	2	-	-	-	2	-	-
Tesco General Insurance Broker Limited	-	5	1	-	-	6	1	-
Total	51	176	1	4	58	132	1	1
Related companies having joint major shareholders or directors								
	55	(341)	17	55	64	184	25	101
Total	55	(341)	17	55	64	184	25	101
Individual and related parties								
	5	2	7	1	5	1	14	1
Total	111	2,277	1,105	171	127	(911)	761	294

Unit: Million Baht

CONSOLIDATED FINANCIAL STATEMENTS								
	For the six-month period ended June 30, 2018				For the six-month period ended June 30, 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.)	7	2,333	2,075	240	-	(1,009)	1,423	287
Total	7	2,333	2,075	240	-	(1,009)	1,423	287
Joint ventures								
Tesco Card Services Limited	109	247	-	6	111	243	-	2
Tesco Life Assurance Broker Company Limited	-	3	-	-	-	3	1	-
Tesco General Insurance Broker Limited	-	11	2	-	-	12	2	-
Total	109	261	2	6	111	258	3	2
Related companies having joint major shareholders or directors								
	105	(75)	32	140	156	774	48	185
Total	105	(75)	32	140	156	774	48	185
Individual and related parties								
	9	3	14	2	9	2	16	1
Total	230	2,522	2,123	388	276	25	1,490	475

Unit: Million Baht

THE BANK'S FINANCIAL STATEMENTS								
	For the three-month period ended June 30, 2018				For the three-month period ended June 30, 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.)	-	2,440	1,080	111	-	(1,228)	721	191
Total	-	2,440	1,080	111	-	(1,228)	721	191
Subsidiaries								
Ayudhya Development Leasing Company Limited	57	4	-	2	53	4	-	-
Ayudhya Capital Auto Lease Public Company Limited	155	84	4	189	282	160	4	158
Ngern Tid Lor Company Limited	45	2	-	1	48	14	-	-
Ayudhya Capital Services Company Limited	169	75	-	26	186	73	-	8
General Card Services Limited	57	12	-	4	54	18	-	(4)
Krungsriayudhya Card Company Limited	25	64	-	51	153	48	-	46
Siam Realty and Services Security Company Limited	3	2	-	132	3	(2)	-	130
Total Services Solutions Public Company Limited	-	-	5	13	-	(11)	5	24
Krungsri Asset Management Company Limited	-	248	16	4	-	212	8	2
Krungsri Ayudhya AMC Limited	-	1	-	1	-	3	-	-
Krungsri Securities Public Company Limited	-	6	6	2	-	5	4	(7)
Krungsri Factoring Company Limited	-	-	-	-	-	1	-	-
Krungsri Life Assurance Broker Limited	-	-	1	-	-	-	3	-
Krungsri General Insurance Broker Limited	-	-	1	-	-	-	4	-
Krungsri Leasing Services Company Limited	67	-	-	-	33	5	-	-
Hattha Kaksekar Limited	12	(1)	-	-	6	-	-	-
Krungsri Finnivate Company Limited	-	1	-	-	-	2	-	-
Total	590	498	33	425	818	532	28	357
Joint ventures								
Tesco Card Services Limited	51	9	-	4	58	7	-	1
Tesco General Insurance Broker Limited	-	2	1	-	-	3	1	-
Total	51	11	1	4	58	10	1	1
Related companies having joint major shareholders or directors								
	55	(343)	17	38	64	181	25	59
Total	55	(343)	17	38	64	181	25	59
Individual and related parties								
	4	2	5	-	3	1	3	-
Total	700	2,608	1,136	578	943	(504)	778	608

Unit: Million Baht

THE BANK'S FINANCIAL STATEMENTS								
For the six-month period ended June 30, 2018				For the six-month period ended June 30, 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.)	7	2,333	2,075	240	-	(1,009)	1,423	287
Total	7	2,333	2,075	240	-	(1,009)	1,423	287
Subsidiaries								
Ayudhya Development Leasing Company Limited	115	8	-	3	100	8	-	-
Ayudhya Capital Auto Lease Public Company Limited	332	198	7	382	610	289	7	291
Ngern Tid Lor Company Limited	71	14	-	2	92	29	-	1
Ayudhya Capital Services Company Limited	341	157	-	45	366	144	-	16
General Card Services Limited	114	23	-	7	115	21	-	3
Krungsriayudhya Card Company Limited	133	116	-	98	315	101	-	86
Siam Realty and Services Security Company Limited	6	2	-	263	6	3	-	262
Total Services Solutions Public Company Limited	-	1	9	25	-	1	9	25
Krungsri Asset Management Company Limited	-	575	31	8	-	402	16	3
Krungsri Ayudhya AMC Limited	-	2	1	2	-	5	1	-
Krungsri Securities Public Company Limited	-	10	12	4	-	11	9	3
Krungsri Factoring Company Limited	-	1	-	-	-	3	-	-
Krungsri Life Assurance Broker Limited	-	1	2	-	-	1	5	-
Krungsri General Insurance Broker Limited	-	1	3	-	-	-	7	-
Krungsri Leasing Services Company Limited	125	-	-	-	57	10	-	-
Hattha Kaksekar Limited	30	1	-	-	9	-	-	-
Krungsri Finnivate Company Limited	-	3	-	-	-	2	-	-
Total	1,267	1,113	65	839	1,670	1,030	54	690
Joint ventures								
Tesco Card Services Limited	109	17	-	6	111	14	-	2
Tesco Life Assurance Broker Company Limited	-	-	-	-	-	-	1	-
Tesco General Insurance Broker Limited	-	6	2	-	-	6	2	-
Total	109	23	2	6	111	20	3	2
Related companies having joint major shareholders or directors								
Total	105	(78)	32	102	156	771	48	143
Individual and related parties	8	3	9	-	7	2	5	-
Total	1,496	3,394	2,183	1,187	1,944	814	1,533	1,122

7.23.4 For the three-month and six-month periods ended June 30, 2018 and 2017, compensations paid to key management personnel under TAS 24 (Revised 2017) “Related Party Disclosures” are as follows:

	CONSOLIDATED FINANCIAL STATEMENTS For the three-month periods ended June 30,		Unit: Million Baht THE BANK'S FINANCIAL STATEMENTS For the three-month periods ended June 30,	
	2018	2017	2018	2017
Short-term employee benefits	469	418	290	284
Post-employment benefits	15	15	10	10
Total	484	433	300	294

	CONSOLIDATED FINANCIAL STATEMENTS For the six-month periods ended June 30,		THE BANK'S FINANCIAL STATEMENTS For the six-month periods ended June 30,	
	2018	2017	2018	2017
Short-term employee benefits	982	893	582	591
Post-employment benefits	29	29	19	19
Other long-term benefits	1	17	1	16
Total	1,012	939	602	626

7.23.5 For the six-month periods ended June 30, 2018 and 2017, related party transactions among subsidiaries included collection services and other services of Baht 483 million and Baht 477 million, respectively, and office and vehicle rental and facilities service of Baht 38 million and Baht 35 million, respectively.

7.23.6 For the six-month periods ended June 30, 2018 and 2017, subsidiaries had related party transactions from the licenses relevant to technology and software of Baht 29 million and Baht 25 million, respectively.

7.23.7 For the six-month periods ended June 30, 2018 and 2017, related party transactions among subsidiaries from other services were Baht 727 million and Baht 712 million, respectively.

7.23.8 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.

7.24 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, for the six-month periods ended June 30, 2018 and 2017, the subsidiary had sold assets to managements in the amount of Baht 4 million and 5 million with the book value of Baht 3 million and 5 million, respectively.

7.25 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 and service as at June 30, 2018 and December 31, 2017 which are summarized as follows:

TYPE OF LEASE	PERIOD	Unit: Million Baht			
		CONSOLIDATED		THE BANK'S	
		FINANCIAL STATEMENTS		FINANCIAL STATEMENTS	
		June 30, 2018	December 31, 2017	June 30, 2018	December 31, 2017
Land and/or premises and equipment	Within 1 year	1,341	1,278	1,027	1,082
	Greater than 1-5 years	1,463	1,349	1,011	1,073
	Greater than 5 years	143	218	23	25
	Total	<u>2,947</u>	<u>2,845</u>	<u>2,061</u>	<u>2,180</u>

7.26 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 three-month and six-month periods ended June 30, 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 three-month and six-month periods ended June 30, 2018 and 2017 are as follows:

Unit: Million Baht				
CONSOLIDATED FINANCIAL STATEMENTS				
For the three-month period ended June 30, 2018				
	Retail	Commercial	Others	Total
Interest income, net	13,182	5,286	20	18,488
Other operating income	6,682	2,000	(254)	8,428
Total operating income	19,864	7,286	(234)	26,916
Operating expenses	9,117	2,944	517	12,578
Impairment loss of loans and debt securities	4,993	756	655	6,404
Profit (loss) before tax	5,754	3,586	(1,406)	7,934
Taxation	1,147	679	(275)	1,551
Net profit (loss)	4,607	2,907	(1,131)	6,383

Unit: Million Baht				
CONSOLIDATED FINANCIAL STATEMENTS				
For the three-month period ended June 30, 2017				
	Retail	Commercial	Others	Total
Interest income, net	11,429	5,518	(9)	16,938
Other operating income	5,957	1,880	(414)	7,423
Total operating income	17,386	7,398	(423)	24,361
Operating expenses	8,707	2,784	16	11,507
Impairment loss of loans and debt securities	4,077	2,058	(696)	5,439
Profit before tax	4,602	2,556	257	7,415
Taxation	903	421	135	1,459
Net Profit	3,699	2,135	122	5,956

Unit: Million Baht				
CONSOLIDATED FINANCIAL STATEMENTS				
For the six-month period ended June 30, 2018				
	Retail	Commercial	Others	Total
Interest income, net	25,837	10,657	16	36,510
Other operating income	13,579	4,334	(620)	17,293
Total operating income	39,416	14,991	(604)	53,803
Operating expenses	18,389	5,817	771	24,977
Impairment loss of loans and debt securities	9,242	609	3,236	13,087
Profit (loss) before tax	11,785	8,565	(4,611)	15,739
Taxation	2,341	1,593	(867)	3,067
Net Profit (loss)	9,444	6,972	(3,744)	12,672

Unit: Million Baht				
CONSOLIDATED FINANCIAL STATEMENTS				
For the six-month period ended June 30, 2017				
	Retail	Commercial	Others	Total
Interest income, net	22,489	10,920	13	33,422
Other operating income	11,941	3,914	(757)	15,098
Total operating income	34,430	14,834	(744)	48,520
Operating expenses	17,238	5,548	501	23,287
Impairment loss of loans and debt securities	7,733	2,838	112	10,683
Profit (loss) before tax	9,459	6,448	(1,357)	14,550
Taxation	1,881	1,155	(172)	2,864
Net Profit (loss)	7,578	5,293	(1,185)	11,686

Unit: Million Baht				
CONSOLIDATED FINANCIAL STATEMENTS				
	Retail	Commercial	Others	Total
Total assets				
As at June 30, 2018	863,607	1,386,690	(149,356)	2,100,941
As at December 31, 2017	820,603	1,441,891	(173,722)	2,088,772

7.27 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 June 30, 2018 and December 31, 2017 are as follows:

Unit: Million Baht				
CONSOLIDATED FINANCIAL STATEMENTS				
June 30, 2018				
	Domestic	Foreign	Elimination	Total
Total assets	2,069,240	41,615	(9,914)	2,100,941
Interbank and money market items, net (Assets)	252,712	7,312	-	260,024
Investments, net*	111,473	1	-	111,474
Loans to customers and accrued interest receivable, net	1,557,901	28,416	-	1,586,317
Deposits	1,351,497	16,034	-	1,367,531
Interbank and money market items, net (Liabilities)	237,315	6,665	-	243,980
Debt issued and borrowings	158,279	7,050	-	165,329

Unit: Million Baht				
CONSOLIDATED FINANCIAL STATEMENTS				
December 31, 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				
June 30, 2018				
	Domestic	Foreign	Elimination	Total
Total assets	1,987,393	6,563	(3,998)	1,989,958
Interbank and money market items, net (Assets)	251,232	3,104	-	254,336
Investments, net*	168,342	-	-	168,342
Loans to customers and accrued interest receivable, net	1,450,670	1,260	-	1,451,930
Deposits	1,359,708	2,475	-	1,362,183
Interbank and money market items, net (Liabilities)	246,276	2	-	246,278
Debt issued and borrowings	117,988	-	-	117,988

Unit: Million Baht				
THE BANK'S FINANCIAL STATEMENTS				
December 31, 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 three-month and six-month periods ended June 30, 2018 and 2017 are as follows:

Unit: Million Baht				
CONSOLIDATED FINANCIAL STATEMENTS				
For the three-month period ended June 30, 2018				
	Domestic	Foreign	Elimination	Total
Interest income	25,388	1,056	(79)	26,365
Interest expenses	7,532	429	(84)	7,877
Net interest income	17,856	627	5	18,488
Fees and service income, net	5,165	21	-	5,186
Other operating income	5,322	(13)	(2,067)	3,242
Other operating expenses	20,620	418	(2,056)	18,982
Profit (loss) from operating before tax	7,723	217	(6)	7,934

	Unit: Million Baht			
	CONSOLIDATED FINANCIAL STATEMENTS			
	For the three-month period ended June 30, 2017			
	Domestic	Foreign	Elimination	Total
Interest income	22,589	882	(47)	23,424
Interest expenses	6,163	370	(47)	6,486
Net interest income	16,426	512	-	16,938
Fees and service income, net	4,646	(8)	-	4,638
Other operating income	4,296	21	(1,532)	2,785
Other operating expenses	17,968	510	(1,532)	16,946
Profit from operating before tax	7,400	15	-	7,415

	Unit: Million Baht			
	CONSOLIDATED FINANCIAL STATEMENTS			
	For the six-month period ended June 30, 2018			
	Domestic	Foreign	Elimination	Total
Interest income	49,983	2,062	(155)	51,890
Interest expenses	14,737	805	(162)	15,380
Net interest income	35,246	1,257	7	36,510
Fees and service income, net	10,465	41	-	10,506
Other operating income	11,273	11	(4,497)	6,787
Other operating expenses	41,724	829	(4,489)	38,064
Profit (loss) from operating before tax	15,260	480	(1)	15,739

	Unit: Million Baht			
	CONSOLIDATED FINANCIAL STATEMENTS			
	For the six-month period ended June 30, 2017			
	Domestic	Foreign	Elimination	Total
Interest income	44,477	1,783	(74)	46,186
Interest expenses	12,105	734	(74)	12,765
Net interest income	32,372	1,049	-	33,421
Fees and service income, net	9,286	21	-	9,307
Other operating income	8,671	54	(2,934)	5,791
Other operating expenses	36,024	880	(2,934)	33,970
Profit from operating before tax	14,305	244	-	14,549

	Unit: Million Baht			
	THE BANK'S FINANCIAL STATEMENTS			
	For the three-month period ended June 30, 2018			
	Domestic	Foreign	Elimination	Total
Interest income	18,347	17	-	18,364
Interest expenses	7,348	3	-	7,351
Net interest income	10,999	14	-	11,013
Fees and service income, net	2,460	5	-	2,465
Other operating income	9,117	(5)	(2,067)	7,045
Other operating expenses	13,894	20	(2,067)	11,847
Profit (loss) from operating before tax	8,682	(6)	-	8,676

	Unit: Million Baht			
	THE BANK'S FINANCIAL STATEMENTS			
	For the three-month period ended June 30, 2017			
	Domestic	Foreign	Elimination	Total
Interest income	15,976	16	-	15,992
Interest expenses	6,039	3	-	6,042
Net interest income	9,937	13	-	9,950
Fees and service income, net	2,245	6	-	2,251
Other operating income	3,263	19	(1,530)	1,752
Other operating expenses	12,298	146	(1,530)	10,914
Profit (loss) from operating before tax	3,147	(108)	-	3,039

	Unit: Million Baht			
	THE BANK'S FINANCIAL STATEMENTS			
	For the six-month period ended June 30, 2018			
	Domestic	Foreign	Elimination	Total
Interest income	36,035	31	-	36,066
Interest expenses	14,392	5	-	14,397
Net interest income	21,643	26	-	21,669
Fees and service income, net	5,095	10	-	5,105
Other operating income	13,738	6	(4,499)	9,245
Other operating expenses	28,721	37	(4,499)	24,259
Profit (loss) from operating before tax	11,755	5	-	11,760

	Unit: Million Baht			
	THE BANK'S FINANCIAL STATEMENTS			
	For the six-month period ended June 30, 2017			
	Domestic	Foreign	Elimination	Total
Interest income	31,345	32	-	31,377
Interest expenses	11,850	5	-	11,855
Net interest income	19,495	27	-	19,522
Fees and service income, net	4,543	12	-	4,555
Other operating income	9,221	38	(2,930)	6,329
Other operating expenses	24,683	167	(2,930)	21,920
Profit (loss) from operating before tax	8,576	(90)	-	8,486

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.

7.28 Interest income

Interest income for the three-month and six-month periods ended June 30, 2018 and 2017 are as follows:

	CONSOLIDATED		Unit: Million Baht	
	FINANCIAL STATEMENTS		THE BANK'S	
	For the three-month periods		For the three-month periods	
	ended June 30,		ended June 30,	
	2018	2017	2018	2017
Interbank and money market items	1,609	718	1,606	715
Investment and trading transactions	10	14	10	14
Investment in debt securities	417	654	417	654
Loans to customers	17,036	15,132	11,488	11,027
Hire purchase and finance lease	7,293	6,906	4,843	3,582
Total interest income	<u>26,365</u>	<u>23,424</u>	<u>18,364</u>	<u>15,992</u>

	CONSOLIDATED		Unit: Million Baht	
	FINANCIAL STATEMENTS		THE BANK'S	
	For the six-month periods		For the six-month periods	
	ended June 30,		ended June 30,	
	2018	2017	2018	2017
Interbank and money market items	3,312	1,307	3,308	1,299
Investment and trading transactions	18	56	18	56
Investment in debt securities	767	1,299	767	1,299
Loans to customers	33,301	30,027	22,649	21,849
Hire purchase and finance lease	14,492	13,497	9,324	6,874
Total interest income	<u>51,890</u>	<u>46,186</u>	<u>36,066</u>	<u>31,377</u>

7.29 Interest expenses

Interest expenses for the three-month and six-month periods ended June 30, 2018 and 2017 are as follows:

	CONSOLIDATED FINANCIAL STATEMENTS		Unit: Million Baht THE BANK'S FINANCIAL STATEMENTS	
	For the three-month periods ended June 30,		For the three-month periods ended June 30,	
	2018	2017	2018	2017
Deposits	3,699	3,074	3,505	2,863
Interbank and money market items	1,368	919	1,372	926
Contributions to Financial Institution				
Development Fund and Deposit				
Protection Agency	1,693	1,434	1,693	1,434
Debt issued and borrowings				
- Subordinated debenture	400	354	380	330
- Other	710	694	399	485
Borrowing fee expense	3	6	1	3
Other	4	5	1	1
Total interest expenses	<u>7,877</u>	<u>6,486</u>	<u>7,351</u>	<u>6,042</u>

	CONSOLIDATED FINANCIAL STATEMENTS		Unit: Million Baht THE BANK'S FINANCIAL STATEMENTS	
	For the six-month periods ended June 30,		For the six-month periods ended June 30,	
	2018	2017	2018	2017
Deposits	7,230	6,067	6,866	5,639
Interbank and money market items	2,643	1,862	2,647	1,869
Contributions to Financial Institution				
Development Fund and Deposit				
Protection Agency	3,331	2,796	3,331	2,796
Debt issued and borrowings				
- Subordinated debenture	796	636	755	588
- Other	1,352	1,386	795	957
Borrowing fee expense	19	9	1	4
Other	9	9	2	2
Total interest expenses	<u>15,380</u>	<u>12,765</u>	<u>14,397</u>	<u>11,855</u>

7.30 Fees and service income, net

Fees and service income, net for the three-month and six-month periods ended June 30, 2018 and 2017 are as follows:

	CONSOLIDATED FINANCIAL STATEMENTS For the three-month periods ended June 30,		Unit: Million Baht THE BANK'S FINANCIAL STATEMENTS For the three-month periods ended June 30,	
	2018	2017	2018	2017
Fees and service income				
- Acceptances, aval and guarantees	129	137	129	137
- Other	6,915	6,129	3,586	3,054
Total fees and service income	7,044	6,266	3,715	3,191
Fees and service expenses	1,858	1,628	1,250	940
Total fees and service income, net	5,186	4,638	2,465	2,251

	CONSOLIDATED FINANCIAL STATEMENTS For the six-month periods ended June 30,		Unit: Million Baht THE BANK'S FINANCIAL STATEMENTS For the six-month periods ended June 30,	
	2018	2017	2018	2017
Fees and service income				
- Acceptances, aval and guarantees	255	269	255	270
- Other	13,996	12,283	7,320	6,218
Total fees and service income	14,251	12,552	7,575	6,488
Fees and service expenses	3,745	3,245	2,470	1,932
Total fees and service income, net	10,506	9,307	5,105	4,556

7.31 Gains on trading and foreign exchange transactions, net

Gains on trading and foreign exchange transactions, net for the three-month and six-month periods ended June 30, 2018 and 2017 are as follows:

	CONSOLIDATED FINANCIAL STATEMENTS For the three-month periods ended June 30,		Unit: Million Baht THE BANK'S FINANCIAL STATEMENTS For the three-month periods ended June 30,	
	2018	2017	2018	2017
Gains (losses) on trading and foreign exchange transactions				
- Foreign currency and derivative of currency	950	1,152	957	1,159
- Derivative of interest rates	197	(251)	194	(245)
- Debt securities	(6)	3	(6)	3
- Equity securities	(12)	2	(10)	2
- Other	-	-	-	-
Total	1,129	906	1,135	919

	CONSOLIDATED FINANCIAL STATEMENTS For the six-month periods ended June 30,		Unit: Million Baht THE BANK'S FINANCIAL STATEMENTS For the six-month periods ended June 30,	
	2018	2017	2018	2017
Gains (losses) on trading and foreign exchange transactions				
- Foreign currency and derivative of currency	2,099	2,152	2,099	2,161
- Derivative of interest rates	367	(240)	363	(211)
- Debt securities	(3)	5	(3)	5
- Equity securities	(20)	6	(20)	5
- Other	1	-	-	-
Total	<u>2,444</u>	<u>1,923</u>	<u>2,439</u>	<u>1,960</u>

7.32 Gains on investments, net

Gains on investments, net for the three-month and six-month periods ended June 30, 2018 and 2017 are as follows:

	CONSOLIDATED FINANCIAL STATEMENTS For the three-month periods ended June 30,		Unit: Million Baht THE BANK'S FINANCIAL STATEMENTS For the three-month periods ended June 30,	
	2018	2017	2018	2017
Gains on sales of investments				
- Available-for-sale	106	148	106	148
	<u>106</u>	<u>148</u>	<u>106</u>	<u>148</u>
Losses on impairments				
- Subsidiaries	-	-	-	(100)
Total	<u>106</u>	<u>148</u>	<u>106</u>	<u>48</u>

	CONSOLIDATED FINANCIAL STATEMENTS For the six-month periods ended June 30,		Unit: Million Baht THE BANK'S FINANCIAL STATEMENTS For the six-month periods ended June 30,	
	2018	2017	2018	2017
Gains on sales of investments				
- Available-for-sale	331	341	331	341
- General investments	3	-	3	-
	<u>334</u>	<u>341</u>	<u>334</u>	<u>341</u>
Losses on impairments				
- Subsidiaries	-	-	-	(100)
Total	<u>334</u>	<u>341</u>	<u>334</u>	<u>241</u>

7.33 Impairment loss on loans and debt securities

Impairment loss on loans and debt securities (reversal) for the three-month and six-month periods ended June 30, 2018 and 2017 are as follows:

	CONSOLIDATED FINANCIAL STATEMENTS For the three-month periods ended June 30,		Unit: Million Baht THE BANK'S FINANCIAL STATEMENTS For the three-month periods ended June 30,	
	2018	2017	2018	2017
Interbank and money market items	109	43	110	43
Loans to customers	5,903	5,031	3,561	3,162
Loss on troubled debt restructuring	392	365	12	3
Total	<u>6,404</u>	<u>5,439</u>	<u>3,683</u>	<u>3,208</u>

	CONSOLIDATED FINANCIAL STATEMENTS For the six-month periods ended June 30,		Unit: Million Baht THE BANK'S FINANCIAL STATEMENTS For the six-month periods ended June 30,	
	2018	2017	2018	2017
Interbank and money market items (reversal)	154	(105)	154	(105)
Loans to customers	12,185	10,031	7,911	6,402
Loss on troubled debt restructuring	748	757	26	12
Total	<u>13,087</u>	<u>10,683</u>	<u>8,091</u>	<u>6,309</u>

7.34 Income tax expenses

Income tax expenses for the three-month and six-month periods ended June 30, 2018 and 2017 are as follows:

	CONSOLIDATED FINANCIAL STATEMENTS For the three-month periods ended June 30,		Unit: Million Baht THE BANK'S FINANCIAL STATEMENTS For the three-month periods ended June 30,	
	2018	2017	2018	2017
Current tax for the periods	1,620	1,375	750	491
Deferred tax	(69)	84	(83)	(19)
Total income tax expenses	<u>1,551</u>	<u>1,459</u>	<u>667</u>	<u>472</u>

	CONSOLIDATED FINANCIAL STATEMENTS For the six-month periods ended June 30,		Unit: Million Baht THE BANK'S FINANCIAL STATEMENTS For the six-month periods ended June 30,	
	2018	2017	2018	2017
Current tax for the periods	3,097	2,909	1,258	1,089
Deferred tax	(30)	(45)	(26)	(112)
Total income tax expenses	<u>3,067</u>	<u>2,864</u>	<u>1,232</u>	<u>977</u>

Reconciliation of effective tax rate

	CONSOLIDATED				THE BANK'S			
	FINANCIAL STATEMENTS				FINANCIAL STATEMENTS			
	For the six-month periods ended June 30,				For the six-month periods ended June 30,			
	2018		2017		2018		2017	
	(in million Baht)	Rate (%)	(in million Baht)	Rate (%)	(in million Baht)	Rate (%)	(in million Baht)	Rate (%)
Profit before tax	15,739		14,550		11,760		8,486	
Income tax at the domestic tax rate	3,148	20.00	2,910	20.00	2,352	20.00	1,697	20.00
<u>Add</u> Tax effect of income and expense that are not exempt for tax purposes	1,458	9.27	804	5.53	22	0.19	83	0.98
<u>Less</u> Tax effect of income and expense that are exempt for tax purposes	(1,539)	(9.78)	(850)	(5.84)	(1,142)	(9.72)	(803)	(9.46)
Income tax expenses as per statements of profit or loss and other comprehensive income	3,067	19.49	2,864	19.69	1,232	10.47	977	11.52

7.35 Income tax relating to components of other comprehensive income

Income tax relating to components of other comprehensive income for the three-month and six-month periods ended June 30, 2018 and 2017 are as follows:

	Unit: Million Baht					
	CONSOLIDATED FINANCIAL STATEMENTS					
	For the three-month periods ended June 30,					
	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	(939)	188	(751)	201	(40)	161
Gains (losses) arising from translating the financial statements of a foreign operation	401	(75)	326	(74)	13	(61)
Other comprehensive income	(538)	113	(425)	127	(27)	100

	Unit: Million Baht					
	CONSOLIDATED FINANCIAL STATEMENTS					
	For the six-month periods ended June 30,					
	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	(827)	165	(662)	189	(38)	151
Gains (losses) arising from translating the financial statements of a foreign operation	63	(10)	53	(263)	51	(212)
Other comprehensive income	(764)	155	(609)	(74)	13	(61)

Unit: Million Baht

THE BANK'S FINANCIAL STATEMENTS

For the three-month periods ended June 30,

	2018			2017		
	Amount	Tax	Net	Amount	Tax	Net
	before tax	income	amount	before tax	income	amount
		(expenses)	After tax		(expenses)	After tax
Item that will be reclassified subsequently to profit or loss						
Gains (losses) on remeasuring available-for-sale investment	(939)	188	(751)	201	(40)	161
Other comprehensive income	(939)	188	(751)	201	(40)	161

Unit: Million Baht

THE BANK'S FINANCIAL STATEMENTS

For the six-month periods ended June 30,

	2018			2017		
	Amount	Tax	Net	Amount	Tax	Net
	before tax	income	amount	before tax	income	amount
		(expenses)	After tax		(expenses)	After tax
Item that will be reclassified subsequently to profit or loss						
Gains (losses) on remeasuring available-for-sale investment	(827)	165	(662)	189	(38)	151
Other comprehensive income	(827)	165	(662)	189	(38)	151

7.36 Approval of financial statements

These financial statements have been approved for issue by the Board of Directors on August 22, 2018.