

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, 2019, 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, 2019, 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, right in collateral and loan credit review. - Tested the accuracy of loan classification and calculation of the specific allowance based on the specific percentage according to the BOT's notifications. For the valuation of collateral, the appraisal method and amount evaluated by independent authorized appraiser was approved by the Bank's appraisal committee and complied with the BOT's regulation. The appraisal date was in a period of time determined in the BOT's notification. - Tested the adequacy of allowance and the appropriateness of management assumption on general provision and analysis the economic and industry. Tested the loan impairment methodology calculated the expected loss of the loan portfolio by segmentation based on historical data to assess the adequacy of allowance.

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, 2019, 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 28, 2019

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, 2019

BAHT: '000

	Notes	CONSOLIDATED		THE BANK'S	
		FINANCIAL STATEMENTS		FINANCIAL STATEMENTS	
		June 30, 2019	December 31, 2018	June 30, 2019	December 31, 2018
ASSETS					
CASH		30,734,529	34,679,453	29,923,931	33,467,518
INTERBANK AND MONEY MARKET ITEMS, NET	7.2	279,485,881	245,553,368	272,981,622	239,262,061
CLAIM ON SECURITY		15,131,838	12,739,466	15,131,838	12,739,466
DERIVATIVES ASSETS	7.3	21,169,406	14,114,996	21,197,359	14,118,477
INVESTMENTS, NET	7.4	143,234,091	134,749,046	142,816,656	134,432,727
INVESTMENTS IN SUBSIDIARIES					
AND JOINT VENTURES, NET	7.5	11,250,764	2,619,961	58,301,091	58,261,091
LOANS TO CUSTOMERS AND ACCRUED					
INTEREST RECEIVABLES, NET	7.6				
Loans to customers		1,840,856,543	1,749,254,185	1,686,120,954	1,612,370,410
Accrued interest receivables		4,450,225	4,325,799	2,559,417	2,534,581
Total loans to customers and accrued					
interest receivables		1,845,306,768	1,753,579,984	1,688,680,371	1,614,904,991
Less Deferred revenue		(84,494,036)	(77,236,147)	(71,493,144)	(64,003,015)
Less Allowance for doubtful accounts	7.7	(62,363,041)	(59,790,567)	(48,729,253)	(45,696,125)
Less Revaluation allowance for debt restructuring	7.8	(1,619,931)	(1,569,084)	(148,885)	(100,722)
Net loans and accrued interest receivables		1,696,829,760	1,614,984,186	1,568,309,089	1,505,105,129
CUSTOMERS' LIABILITY UNDER ACCEPTANCE		544,867	564,690	544,867	564,690
PROPERTIES FOR SALE, NET	7.9	3,369,838	3,478,358	2,169,339	2,188,153
PREMISES AND EQUIPMENT, NET	7.10	25,308,727	26,238,751	23,421,600	24,246,855
GOODWILL AND OTHER INTANGIBLE ASSETS, NET	7.11	16,683,855	16,642,318	3,958,675	3,767,460
DEFERRED TAX ASSETS	7.12	4,363,408	4,273,990	-	256,391
ACCOUNTS RECEIVABLE FOR INVESTMENTS		3,189,243	804,663	3,189,243	804,663
ASSETS CLASSIFIED AS HELD FOR SALE	7.13	-	39,536,149	-	2,413,540
OTHER ASSETS, NET	7.14	25,914,742	22,642,989	19,341,293	18,273,336
TOTAL ASSETS		2,277,210,949	2,173,622,384	2,161,286,603	2,049,901,557

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, 2019

BAHT: '000

	Notes	CONSOLIDATED		THE BANK'S	
		FINANCIAL STATEMENTS		FINANCIAL STATEMENTS	
		June 30, 2019	December 31, 2018	June 30, 2019	December 31, 2018
LIABILITIES AND EQUITY					
DEPOSITS	7.15	1,497,468,884	1,426,348,223	1,489,417,014	1,420,893,299
INTERBANK AND MONEY MARKET ITEMS, NET	7.16	243,767,230	244,097,059	245,616,405	246,253,800
LIABILITY PAYABLE ON DEMAND		7,928,451	5,990,667	7,928,175	5,990,573
LIABILITY TO DELIVER SECURITY		15,131,838	12,739,466	15,131,838	12,739,466
DERIVATIVES LIABILITIES	7.3	24,867,591	13,539,514	24,867,446	13,542,540
DEBT ISSUED AND BORROWINGS	7.17	163,552,747	155,649,788	130,915,085	115,987,549
BANK'S LIABILITY UNDER ACCEPTANCE		544,867	564,690	544,867	564,690
PROVISIONS	7.18	9,210,167	7,763,695	8,021,654	6,867,642
DEFERRED TAX LIABILITIES	7.12	1,118,600	3,765	29,353	-
ACCOUNTS PAYABLE FOR INVESTMENTS		2,647,444	103,091	2,647,444	103,091
LIABILITIES DIRECTLY ASSOCIATED WITH					
ASSETS CLASSIFIED AS HELD FOR SALE	7.13	-	13,783,913	-	-
OTHER LIABILITIES	7.20	50,801,307	49,320,226	30,994,340	31,029,920
TOTAL LIABILITIES		<u>2,017,039,126</u>	<u>1,929,904,097</u>	<u>1,956,113,621</u>	<u>1,853,972,570</u>
EQUITY					
SHARE CAPITAL	7.22				
Authorized share capital					
7,574,143,747 ordinary shares of					
Baht 10 each		<u>75,741,437</u>	<u>75,741,437</u>	<u>75,741,437</u>	<u>75,741,437</u>
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		2,008,087	2,150,878	2,867,065	2,587,947
RETAINED EARNINGS					
Appropriated					
Legal reserve		5,890,800	5,890,800	5,890,800	5,890,800
Unappropriated		124,705,412	108,159,015	69,978,750	61,013,873
TOTAL BANK'S EQUITY		<u>259,040,666</u>	<u>242,637,060</u>	<u>205,172,982</u>	<u>195,928,987</u>
NON-CONTROLLING INTEREST		<u>1,131,157</u>	<u>1,081,227</u>	<u>-</u>	<u>-</u>
TOTAL EQUITY		<u>260,171,823</u>	<u>243,718,287</u>	<u>205,172,982</u>	<u>195,928,987</u>
TOTAL LIABILITIES AND EQUITY		2,277,210,949	2,173,622,384	2,161,286,603	2,049,901,557

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

(Mr. Seiichiro Akita)
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, 2019
"UNAUDITED"

BAHT : '000

		CONSOLIDATED		THE BANK'S	
		FINANCIAL STATEMENTS		FINANCIAL STATEMENTS	
	Notes	2019	2018	2019	2018
INTEREST INCOME	7.30	27,445,313	26,365,103	20,440,993	18,363,907
INTEREST EXPENSES	7.31	8,682,957	7,877,250	8,115,808	7,350,945
INTEREST INCOME, NET		<u>18,762,356</u>	<u>18,487,853</u>	<u>12,325,185</u>	<u>11,012,962</u>
FEES AND SERVICE INCOME		7,308,715	7,044,707	3,814,013	3,715,080
FEES AND SERVICE EXPENSES		<u>1,897,567</u>	<u>1,858,252</u>	<u>1,420,249</u>	<u>1,249,861</u>
FEES AND SERVICE INCOME, NET	7.32	<u>5,411,148</u>	<u>5,186,455</u>	<u>2,393,764</u>	<u>2,465,219</u>
GAINS ON TRADING AND FOREIGN EXCHANGE					
TRANSACTIONS, NET	7.33	1,045,408	1,129,477	1,062,663	1,134,518
GAINS (LOSSES) ON INVESTMENTS, NET	7.34	402,270	105,650	(107,730)	105,650
SHARE OF PROFIT FROM INVESTMENT USING					
EQUITY METHOD		411,564	106,446	-	-
DIVIDEND INCOME		64,784	58,499	2,165,394	5,198,854
BAD DEBTS RECOVERIES		1,530,156	1,453,249	424,115	298,205
GAINS ON SALE PROPERTIES FOR SALE		223,585	141,815	169,000	94,246
OTHER OPERATING INCOME		<u>188,739</u>	<u>246,613</u>	<u>155,786</u>	<u>213,445</u>
TOTAL OPERATING INCOME		<u>28,040,010</u>	<u>26,916,057</u>	<u>18,588,177</u>	<u>20,523,099</u>
OTHER OPERATING EXPENSES					
Employee's expenses		6,512,149	6,456,379	4,504,423	4,250,914
Directors' remuneration		15,347	14,889	13,248	13,260
Premises and equipment expenses		1,926,514	2,101,796	1,571,814	1,600,296
Taxes and duties		708,834	680,504	495,929	453,312
Others		<u>3,296,922</u>	<u>3,324,493</u>	<u>1,872,052</u>	<u>1,846,670</u>
Total other operating expenses		<u>12,459,766</u>	<u>12,578,061</u>	<u>8,457,466</u>	<u>8,164,452</u>
IMPAIRMENT LOSS ON LOANS AND					
DEBT SECURITIES	7.35	<u>6,725,391</u>	<u>6,403,944</u>	<u>4,587,964</u>	<u>3,682,628</u>
PROFIT FROM OPERATING BEFORE					
INCOME TAX EXPENSES		8,854,853	7,934,052	5,542,747	8,676,019
INCOME TAX EXPENSES	7.36	<u>1,737,561</u>	<u>1,551,099</u>	<u>727,516</u>	<u>667,170</u>
NET PROFIT		<u>7,117,292</u>	<u>6,382,953</u>	<u>4,815,231</u>	<u>8,008,849</u>

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, 2019
"UNAUDITED"

BAHT : '000

		CONSOLIDATED		THE BANK'S	
		FINANCIAL STATEMENTS		FINANCIAL STATEMENTS	
	Notes	2019	2018	2019	2018
OTHER COMPREHENSIVE INCOME					
Items that will be reclassified subsequently to profit or loss:					
Loss on remeasuring available-for-sale investments		(69,511)	(938,733)	(69,511)	(938,733)
Gain (loss) arising from translating the financial statements					
of a foreign operation		(325,793)	401,288	-	-
Income tax relating to components of					
other comprehensive income	7.37	70,583	112,404	13,902	187,747
Total other comprehensive income, net		(324,721)	(425,041)	(55,609)	(750,986)
TOTAL COMPREHENSIVE INCOME		6,792,571	5,957,912	4,759,622	7,257,863
NET PROFIT ATTRIBUTABLE					
Owners of the Bank		7,010,190	6,273,330	4,815,231	8,008,849
Non-controlling interest		107,102	109,623	-	-
		7,117,292	6,382,953	4,815,231	8,008,849
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE					
Owners of the Bank		6,685,469	5,846,795	4,759,622	7,257,863
Non-controlling interest		107,102	111,117	-	-
		6,792,571	5,957,912	4,759,622	7,257,863
EARNINGS PER SHARE OF OWNERS OF THE BANK					
BASIC EARNINGS PER SHARE	BAHT	0.95	0.85	0.65	1.09
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. Seiichiro Akita)
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, 2019

BAHT : '000

	Notes	CONSOLIDATED FINANCIAL STATEMENTS		THE BANK'S FINANCIAL STATEMENTS	
		2019	2018	2019	2018
INTEREST INCOME	7.30	54,933,715	51,889,836	39,996,636	36,066,133
INTEREST EXPENSES	7.31	16,759,474	15,379,510	15,606,942	14,396,767
INTEREST INCOME, NET		<u>38,174,241</u>	<u>36,510,326</u>	<u>24,389,694</u>	<u>21,669,366</u>
FEES AND SERVICE INCOME		14,618,658	14,251,491	7,693,058	7,574,599
FEES AND SERVICE EXPENSES		3,911,897	3,745,000	2,906,333	2,469,569
FEES AND SERVICE INCOME, NET	7.32	<u>10,706,761</u>	<u>10,506,491</u>	<u>4,786,725</u>	<u>5,105,030</u>
GAINS ON TRADING AND FOREIGN EXCHANGE TRANSACTIONS, NET	7.33	2,204,886	2,443,787	2,236,650	2,439,371
GAINS ON INVESTMENTS, NET	7.34	9,072,915	333,658	4,956,800	333,658
SHARE OF PROFIT FROM INVESTMENT USING EQUITY METHOD		603,337	218,646	-	-
DIVIDEND INCOME		107,445	108,883	3,307,815	5,249,238
BAD DEBTS RECOVERIES		3,129,904	2,895,661	812,506	579,478
GAINS ON SALE PROPERTIES FOR SALE		447,834	337,145	358,476	216,339
OTHER OPERATING INCOME		338,596	448,264	322,249	427,276
TOTAL OPERATING INCOME		<u>64,785,919</u>	<u>53,802,861</u>	<u>41,170,915</u>	<u>36,019,756</u>
OTHER OPERATING EXPENSES					
Employee's expenses		14,463,606	12,994,991	10,008,521	8,567,474
Directors' remuneration		30,155	30,261	26,862	27,519
Premises and equipment expenses		4,004,103	4,198,380	3,141,076	3,175,415
Taxes and duties		1,459,041	1,366,056	990,101	898,829
Others		6,724,338	6,387,175	3,699,001	3,498,838
Total other operating expenses		<u>26,681,243</u>	<u>24,976,863</u>	<u>17,865,561</u>	<u>16,168,075</u>
IMPAIRMENT LOSS ON LOANS AND DEBT SECURITIES	7.35	<u>13,074,038</u>	<u>13,086,965</u>	<u>8,756,411</u>	<u>8,091,413</u>
PROFIT FROM OPERATING BEFORE INCOME TAX EXPENSES		25,030,638	15,739,033	14,548,943	11,760,268
INCOME TAX EXPENSES	7.36	5,098,578	3,067,266	2,383,527	1,232,025
NET PROFIT		<u>19,932,060</u>	<u>12,671,767</u>	<u>12,165,416</u>	<u>10,528,243</u>

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, 2019

BAHT : '000

		CONSOLIDATED		THE BANK'S	
		FINANCIAL STATEMENTS		FINANCIAL STATEMENTS	
	Notes	2019	2018	2019	2018
OTHER COMPREHENSIVE INCOME					
Items that will be reclassified subsequently to profit or loss:					
Gain (loss) on remeasuring available-for-sale investments		485,840	(826,754)	485,840	(826,754)
Gain (loss) arising from translating the financial statements of a foreign operation		(513,876)	63,175	-	-
Income tax relating to components of other comprehensive income	7.37	(5,201)	154,642	(97,168)	165,351
Total other comprehensive income, net		(33,237)	(608,937)	388,672	(661,403)
TOTAL COMPREHENSIVE INCOME		19,898,823	12,062,830	12,554,088	9,866,840
NET PROFIT ATTRIBUTABLE					
Owners of the Bank		19,746,936	12,487,899	12,165,416	10,528,243
Non-controlling interest		185,124	183,868	-	-
		19,932,060	12,671,767	12,165,416	10,528,243
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE					
Owners of the Bank		19,713,699	11,878,962	12,554,088	9,866,840
Non-controlling interest		185,124	183,868	-	-
		19,898,823	12,062,830	12,554,088	9,866,840
EARNINGS PER SHARE OF OWNERS OF THE BANK					
BASIC EARNINGS PER SHARE	BAHT	2.68	1.70	1.65	1.43
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. Seiichiro Akita)
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, 2019

BAHT : '000

CONSOLIDATED FINANCIAL STATEMENTS											
Notes	Owners of the Bank								Non-		
	Issued and Paid-up Share Capital	Premium on Share Capital	Other reserves				Retained Earnings		Total Bank's Equity	Controlling Interest	Total
			Asset	Revaluation	Foreign	Deficit from Business	Appropriated	Unappropriated			
			Appraisal Surplus	Surplus on Investments	Currency Translation	Combination under Common Control	Legal Reserve				
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	7.22.2	-	-	-	-	-	-	(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	<u>73,557,618</u>	<u>52,878,749</u>	<u>8,017,624</u>	<u>227,555</u>	<u>(272,742)</u>	<u>(5,217,755)</u>	<u>5,006,800</u>	<u>99,478,304</u>	<u>233,676,153</u>	<u>886,459</u>	<u>234,562,612</u>
Balance as of January 1, 2019	73,557,618	52,878,749	7,895,654	(89,952)	(437,069)	(5,217,755)	5,890,800	108,159,015	242,637,060	1,081,227	243,718,287
Change in revaluation surplus	-	-	(109,554)	-	-	-	-	109,554	-	-	-
Dividend payment	7.22.2	-	-	-	-	-	-	(3,310,093)	(3,310,093)	(135,194)	(3,445,287)
Total comprehensive income	-	-	-	388,672	(421,909)	-	-	19,746,936	19,713,699	185,124	19,898,823
Balance as of June 30, 2019	<u>73,557,618</u>	<u>52,878,749</u>	<u>7,786,100</u>	<u>298,720</u>	<u>(858,978)</u>	<u>(5,217,755)</u>	<u>5,890,800</u>	<u>124,705,412</u>	<u>259,040,666</u>	<u>1,131,157</u>	<u>260,171,823</u>

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, 2019

BAHT : '000

THE BANK'S FINANCIAL STATEMENTS									
	Notes	Issued and Paid-up Share Capital	Premium on Share Capital	Other reserves			Retained Earnings		Total
				Asset Appraisal Surplus	Revaluation Surplus on Investments	Deficit from Business Combination under Common Control	Appropriated Legal Reserve	Unappropriated	
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	7.22.2	-	-	-	-	-	-	(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>
Balance as of January 1, 2019		73,557,618	52,878,749	7,895,654	(89,952)	(5,217,755)	5,890,800	61,013,873	195,928,987
Change in revaluation surplus		-	-	(109,554)	-	-	-	109,554	-
Dividend payment	7.22.2	-	-	-	-	-	-	(3,310,093)	(3,310,093)
Total comprehensive income		-	-	-	388,672	-	-	12,165,416	12,554,088
Balance as of June 30, 2019		<u>73,557,618</u>	<u>52,878,749</u>	<u>7,786,100</u>	<u>298,720</u>	<u>(5,217,755)</u>	<u>5,890,800</u>	<u>69,978,750</u>	<u>205,172,982</u>

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

(Mr. Seichiro Akita)
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, 2019

BAHT : '000

	CONSOLIDATED		THE BANK'S	
	FINANCIAL STATEMENTS		FINANCIAL STATEMENTS	
	2019	2018	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES				
Income from operating before income tax expenses	25,030,638	15,739,033	14,548,943	11,760,268
Adjustments to reconcile income to cash received (paid)				
from operating activities:				
Depreciation and amortization	1,983,602	1,881,451	1,508,534	1,403,583
Interest expenses from finance lease	9,072	294	7,880	95
Impairment loss on loans and debt securities	13,074,038	13,086,965	8,756,411	8,091,413
Gain on translation in foreign currencies	(5,698,228)	(9,006,792)	(5,698,228)	(9,006,792)
Unrealized (gain) loss from revaluation of derivatives	3,169,065	(8,743,941)	3,141,421	(8,729,277)
Share of profit from investment using equity method	(603,337)	(218,646)	-	-
Gain on investments	(9,072,915)	(333,658)	(4,956,800)	(333,658)
Increase (decreased) in discount on investments	(156,002)	58,270	(156,002)	58,270
Gain on sales of properties for sale	(447,834)	(337,145)	(358,476)	(216,339)
(Gain) loss on sales of premises and equipment	6,052	(12,807)	12,340	(2,688)
Loss on impairment of properties for sale	43,353	204,874	9,291	82,513
Loss on impairment of premises and equipment	-	1,263	-	-
Loss on impairment of other assets (reversal)	(115,430)	54,055	51,788	50,321
Increase in other reserves	1,446,472	205,201	1,148,517	132,614
Interest income, net	(38,174,241)	(36,510,326)	(24,389,694)	(21,669,366)
Income tax refunded	-	1,789	-	-
Interest received	54,863,428	51,842,585	40,007,210	36,102,660
Interest paid	(15,954,331)	(14,470,097)	(14,757,985)	(13,516,704)
Dividend income	(107,445)	(108,883)	(3,307,815)	(5,249,238)
Dividends received	107,445	109,812	105,076	109,464
Decrease in other accrued expenses	(215,584)	(825,344)	(1,371,503)	(539,511)
Income tax paid	(2,723,294)	(3,420,632)	(1,057,319)	(1,370,012)
Income (loss) from operations before changes in operating assets and liabilities	26,464,524	9,197,321	13,243,589	(2,842,384)
(Increase) decrease in operating assets				
Interbank and money market items	(35,605,076)	69,394,206	(36,615,268)	69,759,002
Current investments - securities for trading	(775,740)	(1,633,650)	(776,796)	(1,633,913)
Loans to customers	(85,225,081)	(108,664,520)	(80,243,270)	(79,700,557)
Properties for sale	7,371,793	5,068,772	6,249,100	3,634,099
Other assets	(4,403,848)	(1,350,052)	(1,418,324)	(1,325,294)

BANK OF AYUDHYA PUBLIC COMPANY LIMITED AND SUBSIDIARIES
STATEMENTS OF CASH FLOWS (CONTINUED)
FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2019

BAHT : '000

	CONSOLIDATED		THE BANK'S	
	FINANCIAL STATEMENTS		FINANCIAL STATEMENTS	
	2019	2018	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES (CONTINUED)				
Increase (decrease) in operating liabilities				
Deposits	74,510,434	50,756,191	72,078,556	47,932,379
Interbank and money market items	8,528,565	(23,940,058)	8,221,000	(26,398,179)
Liability payable on demand	2,029,160	451,566	2,028,978	451,567
Other liabilities	(500,909)	910,041	(830,531)	2,486,015
Net cash from operating activities	(7,606,178)	189,817	(18,062,966)	12,362,735
CASH FLOWS FROM INVESTING ACTIVITIES				
Proceeds from sales of investments in securities	23,865,047	33,106,306	23,865,047	33,106,306
Cash paid for purchases of investments in securities	(30,340,261)	(57,264,507)	(30,238,088)	(57,236,026)
Cash received from sales of investment in subsidiaries	8,027,466	-	8,027,466	-
Cash paid for investment in subsidiaries	-	(62,638)	(1,100,000)	(1,700,000)
Dividend received from subsidiaries	-	-	3,202,739	5,140,703
Proceeds from sales of premises and equipment	47,177	33,687	1,364	14,692
Cash paid for purchases of premises and equipment	(369,090)	(739,955)	(168,697)	(464,468)
Cash paid for purchases of other assets	(709,601)	(598,926)	(563,749)	(488,284)
Net cash from investing activities	520,738	(25,526,033)	3,026,082	(21,627,077)
CASH FLOWS FROM FINANCING ACTIVITIES				
Proceeds from debts issued and borrowings	36,044,694	34,055,408	33,927,700	15,000,000
Cash paid for repayment of debts issued and borrowings	(28,136,980)	(11,738,449)	(19,000,164)	(9,007,164)
Cash paid for repayment of liabilities under finance lease agreements	(84,923)	(12,485)	(78,137)	(6,111)
Dividend payment	(3,445,287)	(3,424,807)	(3,310,093)	(3,310,093)
Net cash from financing activities	4,377,504	18,879,667	11,539,306	2,676,632
Total	(2,707,936)	(6,456,549)	(3,497,578)	(6,587,710)
(Gain) loss arising from translating the financial statements of foreign operations	(360,006)	221,253	-	-
Effect of exchange rate change on cash	(46,009)	(90,614)	(46,009)	(90,614)
Net decrease in cash and cash equivalents	(3,113,951)	(6,325,910)	(3,543,587)	(6,678,324)
Cash and cash equivalents as at January 1,	40,370,459	41,701,147	33,467,518	37,671,005
Cash and cash equivalents as at June 30,	37,256,508	35,375,237	29,923,931	30,992,681

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

(Mr. Seiichiro Akita)
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, 2019

NOTE	CONTENT	PAGE
1.	General information	1
2.	Basis for preparation of the consolidated and the Bank's financial statements	3
3.	Adoption of revised Thai Financial Reporting Standards	6
4.	Significant accounting policies	6
5.	Risk management	16
6.	Estimates and assumptions	32
7.	Additional information	
7.1	Additional information of cash flows	34
7.2	Interbank and money market items, net (Asset)	35
7.3	Derivatives	36
7.4	Investments, net	37
7.5	Investments in subsidiaries and joint ventures, net	39
7.6	Loans to customers and accrued interest receivables, net	43
7.7	Allowance for doubtful accounts	51
7.8	Revaluation allowance for debt restructuring	53
7.9	Properties for sale, net	53
7.10	Premises and equipment, net	55
7.11	Goodwill and other intangible assets, net	57
7.12	Deferred tax	59
7.13	Assets classified as held for sale and liabilities directly associated with assets classified as held for sale	61
7.14	Other assets, net	62
7.15	Deposits	62
7.16	Interbank and money market items, net (Liability)	63
7.17	Debt issued and borrowings	64
7.18	Provisions	65
7.19	Finance lease liabilities	67
7.20	Other liabilities	67
7.21	Advances received from electronic transactions	68
7.22	Share capital	68
7.23	Assets with obligations and restrictions	68
7.24	Contingencies	69
7.25	Related party transactions	69
7.26	Management compensation	82
7.27	Long-term leases	83
7.28	Operating segments	83
7.29	Position and results of operations classified by domestic and foreign business	85
7.30	Interest income	89
7.31	Interest expenses	89
7.32	Fees and service income, net	90
7.33	Gains on trading and foreign exchange transactions, net	91
7.34	Gains (Losses) on investments, net	91
7.35	Impairment loss on loans and debt securities	92
7.36	Income tax expenses	92
7.37	Income tax relating to components of other comprehensive income	93
7.38	Event after the reporting period	95
7.39	Approval of financial statements	95

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, 2019

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. and Mitsubishi UFJ Financial Group, Inc., respectively, both companies are registered in Japan. As at June 30, 2019 and December 31, 2018, the Bank has 16 subsidiaries and 17 subsidiaries, respectively as follows:

- 1.1 Ayudhya Development Leasing Company Limited was incorporated in Thailand on July 25, 1991, and is located at 550, Krungsri Ploenchit Tower, 14th Floor, Ploenchit Road, Lumpini Subdistrict, Pathumwan District, Bangkok. 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, and is located at 550, Krungsri Ploenchit Tower, 16th Floor, Ploenchit Road, Lumpini Subdistrict, Pathumwan District, Bangkok. The subsidiary’s main business is auto hire-purchase, leasing service and refinancing to individual and corporate customers.
- 1.3 Ayudhya Capital Services Company Limited was incorporated in Thailand on November 9, 1994, and is located at 550, Krungsri Ploenchit Tower, Ploenchit Road, Lumpini Subdistrict, Pathumwan District, Bangkok. The subsidiary’s main business is credit cards and personal loans.
- 1.4 General Card Services Limited was incorporated in Thailand on January 24, 1995, and is located at 550, Krungsri Ploenchit Tower, Ploenchit Road, Lumpini Subdistrict, Pathumwan District, Bangkok. The subsidiary’s main business is credit cards and personal loans.
- 1.5 Krungsriayudhya Card Company Limited was incorporated in Thailand on August 29, 1996, and is located at 550, Krungsri Ploenchit Tower, Ploenchit Road, Lumpini Subdistrict, Pathumwan District, Bangkok. The subsidiary’s main business is credit cards and personal loans.
- 1.6 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.

- 1.7 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.
- 1.8 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, Pathumwan District, Bangkok. The subsidiary's main business is mutual funds and private fund management.
- 1.9 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.
- 1.10 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.
- 1.11 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.

On July 22, 2019, Krungsri Factoring Company Limited has changed the name to Krungsri Nimble Company Limited.
- 1.12 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, and is located at 550, Krungsri Ploenchit Tower, Ploenchit Road, Lumpini Subdistrict, Pathumwan District, Bangkok. The subsidiary's main business is as a life insurance broker.
- 1.13 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, and is located at 550, Krungsri Ploenchit Tower, Ploenchit Road, Lumpini Subdistrict, Pathumwan District, Bangkok. The subsidiary's main business is as a general insurance broker.
- 1.14 Krungsri Finnovate Company Limited was incorporated in Thailand on March 27, 2017, and is located at 1222, 21st Floor, Rama III Road, Bang Phongphang Subdistrict, Yannawa District, Bangkok. The subsidiary's main business is venture capital.

- 1.15 Krungsri Leasing Services Company Limited, which is owned by Ayudhya Capital Auto Lease Public Company Limited of 75% and Ayudhya Capital Services Company Limited of 25%, 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.
- 1.16 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.
- 1.17 Ngern Tid Lor Company Limited was incorporated in Thailand on October 24, 2006, and is located at 428 Ari Hills Building 9th-15th Floor, Phahonyothin Road, Sam Sen Nai Subdistrict, Phaya Thai District, Bangkok. The subsidiary's main business is hire-purchase loan and secured personal loan for vehicles and motorcycles.

On February 28, 2019, the Bank sold 50% of investment in Ngern Tid Lor Company Limited, reducing its ownership interest to 50%. As a result, investment in Ngern Tid Lor Company Limited is classified as investment in joint ventures.

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, 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 2018) "Presentation of Financial Statements", including the Procedures, Policies and Presentation in accordance with the Bank of Thailand ("BOT") Notification Sor.Nor.Sor. 21/2558 regarding the Preparation and Announcement of Financial Statements of Commercial Banks and Holding Companies that is the Parent Company of a Financial Group dated December 4, 2015.

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

Thai Financial Reporting Standards announced in the Royal Gazette but not yet effective in 2019

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

On September 21, 2018, the Federation of Accounting Professions has issued the Notification regarding Thai Financial Reporting Standards that are relevant to financial instruments, which have been announced in the Royal Gazette and will be effective for the financial statements for the period beginning on or after January 1, 2020 onwards, as follow:

Thai Accounting Standards (“TAS”)

TAS 32 Financial Instruments: Presentation

Thai Financial Reporting Standards (“TFRS”)

TFRS 7 Financial Instruments: Disclosures

TFRS 9 Financial Instruments

Thai Financial Reporting Standard Interpretations (“TFRIC”)

TFRIC 16 Hedges of a Net Investment in a Foreign Operation

TFRIC 19 Extinguishing Financial Liabilities with Equity Instruments

On March 15, 2019, the Federation of Accounting Professions has issued the Notification regarding Thai Financial Reporting Standards (TFRS) No. 16 “Leases”, which have been announced in the Royal Gazette and will be effective for the financial statements for the period beginning on or after January 1, 2020 onwards.

The management of the Bank and its subsidiaries will adopt such TFRSs in the Bank and subsidiaries’ financial statements when it becomes effective. The management of the Bank and its subsidiaries are in the process to assess the impact of these TFRSs on the financial statements of the Bank and its subsidiaries in the period of initial application.

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

Subsidiaries	Business Type	Place of incorporation and operation	Proportion of ownership interest and voting power held by the Bank (%)	
			As at	
			June 30, 2019	December 31, 2018
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 ⁽¹⁾	Hire-purchase and motorcycle loans	Thailand	-	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 ⁽²⁾	Life assurance broker	Thailand	100.00	100.00
Krungsri General Insurance Broker Limited ⁽²⁾	General insurance broker	Thailand	100.00	100.00
Krungsri Finnovate Company Limited	Venture Capital	Thailand	100.00	100.00
Krungsri Leasing Services Company Limited ⁽³⁾	Hire-purchase, leasing and sales finance	Lao PDR	100.00	100.00
Hattha Kaksekar Limited	Micro finance	Cambodia	100.00	100.00

⁽¹⁾ On February 28, 2019, the Bank sold 50% of investment in Ngern Tid Lor Company Limited, reducing its ownership interest to 50%. As a result, investment in Ngern Tid Lor Company Limited is classified as investment in joint ventures.

⁽²⁾ Indirectly holding via Ayudhya Capital Services Company Limited of 100%.

⁽³⁾ Indirectly holding via Ayudhya Capital Auto Lease Public Company Limited of 75% and Ayudhya Capital Services Company Limited of 25%.

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, 2019. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards, with most of the changes directed towards revision of wording and terminology, and provision of interpretations and accounting guidance to users of standards. The adoption of these financial reporting standards does not have any significant impact on the Bank and its subsidiaries' financial statements.

4. SIGNIFICANT ACCOUNTING POLICIES

4.1 Cash and cash equivalents

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

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

4.2 Derivatives

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

- 4.2.1 Derivatives for trading are recorded at fair value and profit or loss from the price appraisal is recognized as income or expense in the statements of profit or loss and other comprehensive income.
- 4.2.2 Derivatives for hedging are recorded and profit or loss from the price appraisal is recognized as income or expense based on the accrual basis in line with the underlying transactions.

4.3 Investments

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

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

Investments are initially recognized on the trade date.

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

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

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

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

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

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

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

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

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

4.4 Loans to customers

Overdrafts are stated at the drawn amounts including interest.

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

Other loans are stated at the principal amounts.

Unearned discount from notes are presented in deferred revenue.

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

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

4.5 Allowance for doubtful accounts

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

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

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

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

4.6 Troubled debt restructuring

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

For troubled debt restructurings with a modification of terms, the Bank has applied the BOT's criteria requiring the Bank to choose between the collateral method to estimate a loss amount and the net present value method which represents expected future cash flows by applying the discounted rate at 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 rate at market interest rate as of the processing date and based on the discounted rate at market interest rate as of the financial statements date that shown every quarter, except for commercial loan, the recalculation based on the discounted rate at contractual rate. The Bank adjusts the valuation on debt restructured for any change on monthly basis, in accordance with the BOT's criteria. The valuation adjustment on restructured debt shall not cause the book value of restructured debt to exceed the investment value on restructured debt.

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

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

4.7 Properties for sale

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

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

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

4.8 Property, premises and equipment

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

Revaluation of assets

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

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

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

Leased assets

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

Depreciation

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

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

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

4.9 Intangible assets

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

Amortization

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

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

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

4.10 Assets classified as held for sale

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

4.11 Recognition of income

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

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

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

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

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

Fees and Service income - the Bank and its subsidiaries recognizes revenue from contracts with customers in the amount of consideration it expects to receive upon the control of service. The timing of recognition is dependent on whether the Bank and its subsidiaries satisfies a performance obligation by providing service to a customer over time or at a point in time.

4.12 Recognition of expenses

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

4.13 Employee benefits

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

4.13.1 Provident funds

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

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

The Bank and its subsidiaries will contribute as follows:

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

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

4.13.2 Post-employment benefit obligations

- Pension plan

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

- Legal severance payment plan

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

- Special retirement allowance

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

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

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

Past service cost related to the plan amendment is recognized as an employee’s expense in the statement of profit or loss and other comprehensive income when the plan amendment is effective.

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

4.13.3 Benefit from carry forward leave

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

4.13.4 Other benefit

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

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

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

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

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

4.15 Customer Loyalty Programmes

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

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

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

4.16 Taxation

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

4.16.1 Current tax

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

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

4.16.2 Deferred tax

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

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

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

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

4.17 Earnings per share

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

4.18 Foreign currency transactions

4.18.1 Translation of foreign currency transactions

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

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

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

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

4.18.2 Translation of financial statements of foreign operations

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

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

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

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

4.19 Business combination

Business combination which is not under common control

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

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

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

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

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

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

Business combination under common control

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

5. RISK MANAGEMENT

5.1 Information of risk of the Bank

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

Market Risk

Market risk refers to the risk of loss caused by price fluctuations in the trading and banking books related to interest rates, exchange rates, equity instruments, and commodities.

Market risk management is overseen by the Risk Management Committee (RMC) and Asset and Liability Management Committee (ALCO). The Market Risk Management Division has provided strategic risk management options and reported risk exposure to the committee to manage and control market risk consistent with the Bank's policy. The Global Markets Group executes transactions and manages positions as well as provides analysis of the Bank's and competitors' balance sheet management and strategic risk options for more effective market risk management under risk limits approved by the Board.

The Bank has continuously conducted the forward-looking risk management and closely monitor to support the business expansion in potential financial products and services to meet more complicated and varieties customers' demand at the acceptable market risk level amid high volatility in global financial markets and tightening regulation from BOT. In addition, Bank has continued to study and make the preparation for the enhancement on market risk measurement to align with new international's framework such as Thai Financial Reporting Standards that are relevant to financial instruments which will be effective in 2020 etc.

1. Interest rate risk

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

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

2. Foreign exchange rate risk

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

The Bank has a policy to cap the net foreign currency position. Most foreign currency transactions are mainly from products and services provided to the Bank's customers.

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

The Bank monitors the risk level under the specified limits using the Value-at-Risk Method as one of the tools to manage the exchange rate risk.

3. 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.

For Trading Book, the Bank monitors the level of risk under the specified risk limits using the Value-at-Risk Method to manage the equity price risk.

Liquidity risk

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

Liquidity risk management of Bank is under the supervision of the ALCO and RMC. ALCO also monitors and manages liquidity risk to ensure that it is at an acceptable risk appetite and in line with the liquidity risk management policy as approved by the Board of Directors. The Bank reviews such policy on a regular basis to commensurate with business strategy and market circumstance that may be changed. In addition, liquidity contingency plan and guideline are formulated and regularly tested to ensure readiness to deal with crisis situations and successfully restore the situation to normal.

The Bank also realizes the significance of adequate measurement tools for the size and complexity of transactions both on - and off - balance sheet as well as regulatory compliance. The Bank complies with Liquidity Coverage Ratio (LCR) at the minimum requirement of 90 percent in 2019 and will eventually be 100 percent on January 1, 2020 and Net Stable Funding Ratio (NSFR) guidelines with the minimum requirement of 100 percent, effective on July 1, 2018.

The Bank has complied with BOT's Notification Sor.Nor.Sor. 2/2561 regarding Liquidity coverage ratio disclosure standards dated January 25, 2018 by providing key information on LCR to shareholders and investors in order to promote greater transparency and conformity with international standards on the Bank's website with details as follows:

Information as at	December 31, 2018
Date of disclosure	April 30, 2019
Location of disclosure	https://www.krungsri.com/bank/en/InvestorRelations/FinancialInformationandReports/liquidity-coverage-ratio.html

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

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.

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, 2019 and December 31, 2018 are summarized as follows:

Unit: Million Baht

CONSOLIDATED FINANCIAL STATEMENTS							
June 30, 2019							
	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	206,754	2,821	5,500	-	-	64,411	279,486
Investments, net	40,138	58,430	38,270	519	-	5,877	143,234
Loans to customers	913,424	220,994	470,679	41,739	38,221	71,306	1,756,363
Financial liabilities							
Deposits	1,011,673	321,954	125,103	22	-	38,717	1,497,469
Interbank and money market items, net	231,444	3,994	5,038	265	-	3,026	243,767
Debt issued and borrowings	12,266	27,692	62,746	60,833	-	16	163,553

Unit: Million Baht

CONSOLIDATED FINANCIAL STATEMENTS							
December 31, 2018							
	Not over 3 Months	Greater than 3-12 Months	Greater than 1-5 Years	Greater than 5 Years	Non- Performing Loans	Non- Interest Bearing	Total
Financial assets							
Interbank and money market items, net	171,721	2,148	5,500	-	-	66,184	245,553
Investments, net	19,818	45,041	63,872	540	-	5,478	134,749
Loans to customers	876,828	209,873	433,736	37,033	38,446	76,102	1,672,018
Financial liabilities							
Deposits	1,012,872	268,821	109,262	2	-	35,391	1,426,348
Interbank and money market items, net	152,498	82,377	5,449	420	-	3,353	244,097
Debt issued and borrowings	20,068	27,672	65,879	42,009	-	22	155,650

Unit: Million Baht

THE BANK'S FINANCIAL STATEMENTS

June 30, 2019

	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	205,492	2,482	5,500	-	-	59,508	272,982
Investments, net	40,138	58,429	38,270	520	-	5,460	142,817
Loans to customers	905,660	183,940	445,642	40,404	32,702	6,280	1,614,628
Financial liabilities							
Deposits	1,010,635	314,858	124,301	-	-	39,623	1,489,417
Interbank and money market items, net	236,419	874	3,612	265	-	4,446	245,616
Debt issued and borrowings	104	16,000	54,000	60,811	-	-	130,915

Unit: Million Baht

THE BANK'S FINANCIAL STATEMENTS

December 31, 2018

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

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, 2019 and 2018.

Unit: Million Baht						
CONSOLIDATED FINANCIAL STATEMENTS						
	June 30, 2019			June 30, 2018		
	Average Balance	Interest Amount	Average Rate (%)	Average Balance	Interest Amount	Average Rate (%)
Interest bearing financial assets						
Interbank and money market items	228,705	2,472	2.2	313,295	3,312	2.1
Investments	131,482	1,232	1.9	67,383	785	2.3
Loans to customers	1,708,180	51,230	6.0	1,584,383	47,793	6.0
Total	<u>2,068,367</u>	<u>54,934</u>		<u>1,965,061</u>	<u>51,890</u>	
Interest bearing financial liabilities						
Deposits	1,453,145	12,254	1.7	1,331,350	10,383	1.6
Interbank and money market items	235,079	2,194	1.9	263,506	2,643	2.0
Debt issued and borrowings	153,440	2,311	3.0	162,216	2,354	2.9
Total	<u>1,841,664</u>	<u>16,759</u>		<u>1,757,072</u>	<u>15,380</u>	

Unit: Million Baht						
THE BANK'S FINANCIAL STATEMENTS						
	June 30, 2019			June 30, 2018		
	Average Balance	Interest Amount	Average Rate (%)	Average Balance	Interest Amount	Average Rate (%)
Interest bearing financial assets						
Interbank and money market items	227,527	2,465	2.2	311,127	3,308	2.1
Investments	131,482	1,237	1.9	67,104	785	2.3
Loans to customers	1,572,810	36,295	4.6	1,443,944	31,973	4.4
Total	<u>1,931,819</u>	<u>39,997</u>		<u>1,822,175</u>	<u>36,066</u>	
Interest bearing financial liabilities						
Deposits	1,446,103	11,740	1.6	1,327,136	10,013	1.5
Interbank and money market items	241,278	2,122	1.8	267,190	2,647	2.0
Debt issued and borrowings	117,263	1,745	3.0	121,275	1,737	2.9
Total	<u>1,804,644</u>	<u>15,607</u>		<u>1,715,601</u>	<u>14,397</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, 2019 and December 31, 2018.

Unit: Million Baht								
CONSOLIDATED FINANCIAL STATEMENTS								
June 30, 2019								
	At Call	Not Over 3 Months	Greater than 3-12 Months	Greater than 1-5 Years	Greater than 5 Years	Non-Performing Loans	No Maturity	Total
Financial assets								
Interbank and money								
market items, net	82,518	185,564	3,581	5,794	1,794	-	235	279,486
Investments, net	-	19,862	64,074	53,113	517	-	5,668	143,234
Loans to customers	44,047	277,016	336,284	668,931	391,864	38,221	-	1,756,363
Financial liabilities								
Deposits	626,470	423,671	322,204	125,102	22	-	-	1,497,469
Interbank and money								
market items, net	20,402	152,585	65,936	4,579	265	-	-	243,767
Debt issued and borrowings	-	12,335	27,247	63,130	60,833	-	8	163,553

Unit: Million Baht								
CONSOLIDATED FINANCIAL STATEMENTS								
December 31, 2018								
	At Call	Not Over 3 Months	Greater than 3-12 Months	Greater than 1-5 Years	Greater than 5 Years	Non-Performing Loans	No Maturity	Total
Financial assets								
Interbank and money								
market items, net	68,883	166,017	2,944	5,954	1,537	-	218	245,553
Investments, net	-	4,499	31,990	92,221	539	-	5,500	134,749
Loans to customers	38,835	268,161	322,999	631,949	371,628	38,446	-	1,672,018
Financial liabilities								
Deposits	626,574	421,338	269,172	109,262	2	-	-	1,426,348
Interbank and money								
market items, net	12,838	143,018	82,434	5,387	420	-	-	244,097
Debt issued and borrowings	-	20,129	26,764	66,738	42,009	-	10	155,650

Unit: Million Baht								
THE BANK'S FINANCIAL STATEMENTS								
June 30, 2019								
	At Call	Not Over 3 Months	Greater than 3-12 Months	Greater than 1-5 Years	Greater than 5 Years	Non-Performing Loans	No Maturity	Total
Financial assets								
Interbank and money								
market items, net	78,229	185,482	3,243	5,793	-	-	235	272,982
Investments, net	-	19,862	64,074	53,113	515	-	5,253	142,817
Loans to customers	43,516	246,397	272,627	630,063	389,323	32,702	-	1,614,628
Financial liabilities								
Deposits	630,075	420,183	314,858	124,301	-	-	-	1,489,417
Interbank and money								
market items, net	26,949	152,426	62,362	3,614	265	-	-	245,616
Debt issued and borrowings	-	104	16,000	54,000	60,811	-	-	130,915

Unit: Million Baht

THE BANK'S FINANCIAL STATEMENTS								
December 31, 2018								
	At Call	Not Over 3 Months	Greater than 3-12 Months	Greater than 1-5 Years	Greater than 5 Years	Non-Performing Loans	No Maturity	Total
Financial assets								
Interbank and money								
market items, net	64,660	165,538	2,892	5,954	-	-	218	239,262
Investments, net	-	4,499	31,990	92,221	537	-	5,186	134,433
Loans to customers	38,096	237,177	261,341	609,333	370,135	32,285	-	1,548,367
Financial liabilities								
Deposits	632,059	418,088	262,209	108,537	-	-	-	1,420,893
Interbank and money								
market items, net	16,695	142,882	82,378	3,879	420	-	-	246,254
Debt issued and borrowings	-	12,001	13,000	49,002	41,985	-	-	115,988

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, 2019 and December 31, 2018 are as follows:

Unit: Million Baht						
CONSOLIDATED FINANCIAL STATEMENTS						
	June 30, 2019			December 31, 2018		
	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	-	30,735	30,735	-	34,679	34,679
Interbank and money market items, net	-	279,486	279,486	-	245,553	245,553
Derivatives assets	21,144	25	21,169	14,037	78	14,115
Investments, net	126,458	16,776	143,234	118,029	16,720	134,749
Loans to customers and accrued interest receivables, net	-	1,696,830	1,696,830	-	1,614,984	1,614,984
Total	147,602	2,023,852	2,171,454	132,066	1,912,014	2,044,080
Financial liabilities:						
Deposits	-	1,497,469	1,497,469	-	1,426,348	1,426,348
Interbank and money market items, net	-	243,767	243,767	-	244,097	244,097
Liability payable on demand	-	7,929	7,929	-	5,991	5,991
Derivatives liabilities	19,129	5,739	24,868	11,075	2,464	13,539
Debt issued and borrowings	-	163,553	163,553	-	155,650	155,650
Total	19,129	1,918,457	1,937,586	11,075	1,834,550	1,845,625

Unit: Million Baht						
THE BANK'S FINANCIAL STATEMENTS						
	June 30, 2019			December 31, 2018		
	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	-	29,924	29,924	-	33,468	33,468
Interbank and money market items, net	-	272,982	272,982	-	239,262	239,262
Derivatives assets	21,172	25	21,197	14,041	77	14,118
Investments, net	126,441	16,376	142,817	118,027	16,406	134,433
Loans to customers and accrued interest receivables, net	-	1,568,309	1,568,309	-	1,505,105	1,505,105
Total	147,613	1,887,616	2,035,229	132,068	1,794,318	1,926,386
Financial liabilities:						
Deposits	-	1,489,417	1,489,417	-	1,420,893	1,420,893
Interbank and money market items, net	-	245,616	245,616	-	246,254	246,254
Liability payable on demand	-	7,928	7,928	-	5,991	5,991
Derivatives liabilities	19,129	5,738	24,867	11,079	2,464	13,543
Debt issued and borrowings	-	130,915	130,915	-	115,988	115,988
Total	19,129	1,879,614	1,898,743	11,079	1,791,590	1,802,669

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, 2019 and December 31, 2018 are as follows:

Unit: Million Baht								
CONSOLIDATED FINANCIAL STATEMENTS								
	June 30, 2019			Carrying amount	December 31, 2018			Carrying amount
	Fair value		Total fair value		Fair value		Total fair value	
	Level 1	Level 2			Level 1	Level 2		
Derivatives assets								
- trading book	-	21,144	21,144	21,144	-	14,037	14,037	14,037
Investments - trading	66	1,922	1,988	1,988	2	929	931	931
Investments								
- available-for-sale	4,339	120,131	124,470	124,470	4,360	112,738	117,098	117,098
Derivative liabilities								
- trading book	-	19,129	19,129	19,129	-	11,075	11,075	11,075

Unit: Million Baht								
THE BANK'S FINANCIAL STATEMENTS								
	June 30, 2019					December 31, 2018		
	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	-	21,172	21,172	21,172	-	14,041	14,041	14,041
Investments - trading	49	1,922	1,971	1,971	-	929	929	929
Investments								
- available-for-sale	4,339	120,131	124,470	124,470	4,360	112,738	117,098	117,098
Derivative liabilities								
- trading book	-	19,129	19,129	19,129	-	11,079	11,079	11,079

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, 2019 and for the year ended December 31, 2018.

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, 2019					December 31, 2018				
	Fair value		Total	Carrying	amount	Fair value		Total	Carrying	amount
	Level 2	Level 3				Level 2	Level 3			
			Their carrying amounts are considered as a reasonable approximate of fair value					Their carrying amounts are considered as a reasonable approximate of fair value		
Financial assets:										
Cash	-	-	30,735	30,735	30,735	-	-	34,679	34,679	34,679
Interbank and money market items, net	-	-	279,486	279,486	279,486	-	-	245,553	245,553	245,553
Derivatives assets - banking book	36	-	-	36	25	136	-	-	136	78
Held to maturity and general investments	-	16,031	776	16,807	16,776	-	15,996	720	16,716	16,720
Loans to customers and accrued interest receivables, net	-	-	1,696,830	1,696,830	1,696,830	-	-	1,614,984	1,614,984	1,614,984
Total	36	16,031	2,007,827	2,023,894	2,023,852	136	15,996	1,895,936	1,912,068	1,912,014
Financial liabilities:										
Deposits	1,499,306	-	-	1,499,306	1,497,469	1,426,892	-	-	1,426,892	1,426,348
Interbank and money market items, net	-	-	243,767	243,767	243,767	-	-	244,097	244,097	244,097
Liability payable on demand	-	-	7,929	7,929	7,929	-	-	5,991	5,991	5,991
Derivatives liabilities - banking book	5,662	-	-	5,662	5,739	2,285	-	-	2,285	2,464
Debt issued and borrowings	159,572	4,526	104	164,202	163,553	149,863	5,711	2	155,576	155,650
Total	1,664,540	4,526	251,800	1,920,866	1,918,457	1,579,040	5,711	250,090	1,834,841	1,834,550

Unit: Million Baht

THE BANK'S FINANCIAL STATEMENTS

	June 30, 2019					December 31, 2018				
	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	-	-	29,924	29,924	29,924	-	-	33,468	33,468	33,468
Interbank and money market items, net	-	-	272,982	272,982	272,982	-	-	239,262	239,262	239,262
Derivatives assets - banking book	36	-	-	36	25	136	-	-	136	77
Held to maturity and general investments	-	16,031	376	16,407	16,376	-	15,996	406	16,402	16,406
Loans to customers and accrued interest receivables, net	-	-	1,568,309	1,568,309	1,568,309	-	-	1,505,105	1,505,105	1,505,105
Total	36	16,031	1,871,591	1,887,658	1,887,616	136	15,996	1,778,241	1,794,373	1,794,318
Financial liabilities:										
Deposits	1,491,142	-	-	1,491,142	1,489,417	1,421,325	-	-	1,421,325	1,420,893
Interbank and money market items, net	-	-	245,616	245,616	245,616	-	-	246,254	246,254	246,254
Liability payable on demand	-	-	7,928	7,928	7,928	-	-	5,991	5,991	5,991
Derivatives liabilities - banking book	5,662	-	-	5,662	5,738	2,285	-	-	2,285	2,464
Debt issued and borrowings	131,697	-	104	131,801	130,915	116,031	-	2	116,033	115,988
Total	1,628,501	-	253,648	1,882,149	1,879,614	1,539,641	-	252,247	1,791,888	1,791,590

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

Cash and interbank and money market items (assets)

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

Held to maturity and general investments

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

Loans to customers and accrued interest receivables, net

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

Deposits

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

Interbank and money market items (liabilities)

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

Liabilities payable on demand

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

Debt issued and borrowings

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

Derivatives - banking book

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

5.6 Capital funds

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

The Bank maintains its capital fund in accordance with the Financial Institution Business Act B.E. 2551 by maintaining its capital fund as a proportion of risk weighted assets in accordance with the criteria, methodologies, and conditions prescribed by the BOT. The Bank is required to calculate its Capital Funds in accordance with Basel III. As at June 30, 2019 and December 31, 2018, 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, 2019	December 31, 2018
Tier 1 capital		
Common Equity Tier 1 capital		
Issued and paid-up share capital	73,558	73,558
Premium on share capital	52,879	52,879
Legal reserve	5,891	5,891
Cumulative profit after appropriation	104,965	95,768
Other reserves		
Other comprehensive income	7,136	7,281
Other items from owner changes	(5,218)	(5,218)
Deduction items from Common Equity Tier 1 capital	(26,315)	(22,188)
Total Common Equity Tier 1 capital	212,896	207,971
Additional Tier 1 capital		
Non-Controlling interest	3,446	1,040
Total Tier 1 capital	216,342	209,011
Tier 2 capital		
Subordinated debentures	60,811	41,985
General provision	19,158	18,235
Non-Controlling interest	786	249
Total Tier 2 capital	80,755	60,469
Total capital fund	297,097	269,480

Capital adequacy ratio (%)

	BOT regulatory		Basel III	
	Minimum requirement*		Consolidated Supervision	
	June 30, 2019	December 31, 2018	June 30, 2019	December 31, 2018
Total Common Equity Tier 1 capital / Total risk weighted assets	7.50	6.375	12.17	12.46
Total Tier 1 capital / Total risk weighted assets	9.00	7.875	12.37	12.52
Total capital / Total risk weighted assets	11.50	10.375	16.99	16.15
Capital after deducting capital add-on arising from Single Lending Limit (Million Baht)			297,097	269,480
Capital ratio after deducting capital add-on arising from Single Lending Limit			16.99	16.15

* The additional capital maintenances are required to gradually reserve at 0.625% per year, starting from January 1, 2016 to January 1, 2019. (At that time, the total increasing of capital fund would be 2.5%).

The Domestic Systemically Important Banks ("D-SIBs") required to hold additional core capital of 0.5% from January 2019 and 1% from January 2020.

Unit: Million Baht			
Basel III			
The Bank			
	June 30, 2019	December 31, 2018	
Tier 1 capital			
Common Equity Tier 1 capital			
Issued and paid-up share capital	73,558	73,558	
Premium on share capital	52,879	52,879	
Legal reserve	5,891	5,891	
Cumulative profit after appropriation	57,704	53,786	
Other reserves			
Other comprehensive income	8,084	7,805	
Other items from owner changes	(5,218)	(5,218)	
Deduction items from Common Equity Tier 1 capital	(13,093)	(13,324)	
Total Common Equity Tier 1 capital	179,805	175,377	
Additional Tier 1 capital	-	-	
Total Tier 1 capital	179,805	175,377	
Tier 2 capital			
Subordinated debentures	60,811	41,985	
General provision	12,627	11,614	
Total Tier 2 capital	73,438	53,599	
Total capital fund	253,243	228,976	

Capital adequacy ratio (%)

	BOT regulatory		Basel III	
	Minimum requirement*		The Bank	
	June 30, 2019	December 31, 2018	June 30, 2019	December 31, 2018
Total Common Equity Tier 1 capital / Total risk weighted assets	7.50	6.375	11.28	11.59
Total Tier 1 capital / Total risk weighted assets	9.00	7.875	11.28	11.59
Total capital / Total risk weighted assets	11.50	10.375	15.88	15.13
Capital after deducting capital add-on arising from Single Lending Limit (Million Baht)			253,243	228,976
Capital ratio after deducting capital add-on arising from Single Lending Limit			15.88	15.13

* The additional capital maintenances are required to gradually reserve at 0.625% per year, starting from January 1, 2016 to January 1, 2019. (At that time, the total increasing of capital fund would be 2.5%).

The Domestic Systemically Important Banks (“D-SIBs”) required to hold additional core capital of 0.5% from January 2019 and 1% from January 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 30, 2019
Information as at	December 31, 2018

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

6. ESTIMATES AND ASSUMPTIONS

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

6.1 Fair value

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

6.2 Allowance for doubtful accounts

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

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

6.3 Allowance for properties for sale

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

6.4 Goodwill

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

6.5 Impairment of assets

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

6.6 Provisions

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

6.7 Provision for contingent liabilities

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

6.8 Significant judgement on classification of joint arrangement

Tesco Card Services Limited is a company that Ayudhya Capital Services Company Limited (a subsidiary of the Bank) holds 50% of ordinary shares. The decision relating to operation is subject to the approval of the joint venture. The Bank and its subsidiaries classified the investment as a joint venture under TFRS 11 and is accounted for using the equity method accordingly. For Tesco Life Assurance Broker Limited and Tesco General Insurance Broker Limited, they are companies that Tesco Card Services Limited wholly holds 100% of ordinary shares. Accordingly, Tesco Life Assurance Broker Limited and Tesco General Insurance Broker Limited are classified as a joint venture of the Bank and its subsidiaries.

On August 1, 2019 Tesco Card Services Limited has changed the name to Tesco Lotus Money Services Limited.

Ngern Tid Lor Company Limited, since February 28, 2019, the Bank holds 50% of ordinary shares. The decision relating to operation is subject to the approval of the joint venture. The Bank classified the investment as a joint venture under TFRS 11 and is accounted for using the equity method accordingly.

7. ADDITIONAL INFORMATION

7.1 Additional information of cash flows

7.1.1 Non-cash transactions for the six-month periods ended June 30, 2019 and 2018 are as follows:

	CONSOLIDATED FINANCIAL STATEMENTS		Unit: Million Baht THE BANK'S FINANCIAL STATEMENTS	
	2019	2018	2019	2018
Decrease in revaluation surplus on investments	(486)	(827)	(486)	(827)
Amortization of premises appraisal surplus transferred to retained earning	(101)	(149)	(101)	(149)
Properties for sale debt repayment	6,818	4,897	5,840	3,563
Properties and premises transferred to be properties for sale	41	31	41	31

7.1.2 Changes in liabilities arising from financing activity for the six-month periods ended June 30, 2019 and 2018 are as follows:

	CONSOLIDATED FINANCIAL STATEMENTS		Unit: Million Baht THE BANK'S FINANCIAL STATEMENTS	
	2019	2018	2019	2018
Beginning balance	156,547	142,890	116,694	112,005
Financing cash flows	4,378	18,880	11,539	2,677
Other non-cash items	(4)	145	1	-
Ending balance	<u>160,921</u>	<u>161,915</u>	<u>128,234</u>	<u>114,682</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, 2019 and December 31, 2018 are as follows:

Unit: Million Baht						
CONSOLIDATED FINANCIAL STATEMENTS						
	June 30, 2019			December 31, 2018		
	At Call	Time	Total	At Call	Time	Total
Domestic items						
Bank of Thailand and Financial Institution Development Fund	18,739	111,580	130,319	10,951	118,609	129,560
Commercial banks	2,068	26,060	28,128	2,201	7,214	9,415
Specialized financial institutions	-	16,534	16,534	-	1,313	1,313
Other financial institutions	500	38,939	39,439	-	39,201	39,201
Total	21,307	193,113	214,420	13,152	166,337	179,489
<u>Add</u> Accrued interest receivables	-	95	95	-	82	82
<u>Less</u> Allowance for doubtful accounts	-	(423)	(423)	-	(448)	(448)
Total domestic items	21,307	192,785	214,092	13,152	165,971	179,123
Foreign items						
US Dollar	30,639	3,932	34,571	27,375	10,177	37,552
Yen	24,599	32	24,631	24,722	-	24,722
Euro	2,047	-	2,047	674	-	674
Other currencies	3,926	217	4,143	2,959	520	3,479
Total	61,211	4,181	65,392	55,730	10,697	66,427
<u>Add</u> Accrued interest receivables	-	2	2	1	2	3
Total foreign items	61,211	4,183	65,394	55,731	10,699	66,430
Total domestic and foreign items	82,518	196,968	279,486	68,883	176,670	245,553

Unit: Million Baht						
THE BANK'S FINANCIAL STATEMENTS						
	June 30, 2019			December 31, 2018		
	At Call	Time	Total	At Call	Time	Total
Domestic items						
Bank of Thailand and Financial Institution Development Fund	18,739	111,580	130,319	10,951	118,609	129,560
Commercial banks	196	25,930	26,126	157	7,084	7,241
Specialized financial institutions	-	16,534	16,534	-	1,313	1,313
Other financial institutions	500	38,937	39,437	-	39,197	39,197
Total	19,435	192,981	212,416	11,108	166,203	177,311
<u>Add</u> Accrued interest receivables	-	95	95	-	82	82
<u>Less</u> Allowance for doubtful accounts	-	(423)	(423)	-	(448)	(448)
Total domestic items	19,435	192,653	212,088	11,108	165,837	176,945
Foreign items						
US Dollar	28,596	1,943	30,539	25,850	8,647	34,497
Yen	24,599	32	24,631	24,722	-	24,722
Euro	2,047	-	2,047	674	-	674
Other currencies	3,552	125	3,677	2,306	118	2,424
Total	58,794	2,100	60,894	53,552	8,765	62,317
<u>Add</u> Accrued interest receivables	-	-	-	-	-	-
Total foreign items	58,794	2,100	60,894	53,552	8,765	62,317
Total domestic and foreign items	78,229	194,753	272,982	64,660	174,602	239,262

7.3 Derivatives

7.3.1 Fair value and the notional amount classified by type of risk as at June 30, 2019 and December 31, 2018 are as follows:

CONSOLIDATED FINANCIAL STATEMENTS						Unit: Million Baht
Risk type	June 30, 2019			December 31, 2018		
	Fair value /		Notional	Fair value /		Notional
	Readjustment based on			Readjustment based on		
	Assets	Liabilities	Amount	Assets	Liabilities	Amount
Exchange rate	14,795	19,178	1,134,099	9,383	9,750	1,079,935
Interest rate	6,374	5,690	777,466	4,732	3,789	748,891
Total	21,169	24,868	1,911,565	14,115	13,539	1,828,826

						Unit: Million Baht
THE BANK'S FINANCIAL STATEMENTS						
	June 30, 2019			December 31, 2018		
Risk type	Fair value /		Notional	Fair value /		Notional
	Readjustment based on			Readjustment based on		
	an accrual basis		Amount	an accrual basis		Amount
	Assets	Liabilities		Assets	Liabilities	
Exchange rate	14,795	19,178	1,134,191	9,383	9,750	1,079,935
Interest rate	6,402	5,689	779,498	4,735	3,792	751,658
Total	21,197	24,867	1,913,689	14,118	13,542	1,831,593

7.3.2 Proportion of derivatives transactions classified by type of counterparty on the basis of notional amount as at June 30, 2019 and December 31, 2018 are as follows:

Counterparty	CONSOLIDATED		THE BANK'S	
	FINANCIAL STATEMENTS		FINANCIAL STATEMENTS	
	June 30,	December 31,	June 30,	December 31,
	2019	2018	2019	2018
	Proportion (%)	Proportion (%)	Proportion (%)	Proportion (%)
Financial institution	51.83	54.11	51.77	54.03
Related company	18.99	17.20	19.09	17.33
Third party	29.18	28.69	29.14	28.64
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, 2019 and December 31, 2018 consist of the following:

Unit: Million Baht								
CONSOLIDATED FINANCIAL STATEMENTS								
	June 30, 2019				December 31, 2018			
	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	1,921	1	-	1,922	929	1	(1)	929
Domestic marketable equity securities	68	-	(2)	66	3	(1)	-	2
	1,989	1	(2)	1,988	932	-	(1)	931
<u>Less</u> Revaluation allowance	(1)			-	(1)			-
Total	1,988			1,988	931			931
Securities Available-for-Sale								
Government and state enterprise securities	105,434	28	(12)	105,450	100,571	20	(204)	100,387
Private sector's debt securities	13,745	212	(2)	13,955	11,451	189	(6)	11,634
Domestic marketable equity securities	4,921	536	(389)	5,068	5,193	613	(724)	5,082
	124,100	776	(403)	124,473	117,215	822	(934)	117,103
<u>Add (less)</u> Revaluation allowance	373			-	(112)			-
<u>Less</u> Allowance for impairment	(3)			(3)	(5)			(5)
Total	124,470			124,470	117,098			117,098
Securities Held-to-Maturity								
Private sector's debt securities	16,000				16,000			
Investment in accounts receivable	251				311			
	16,251				16,311			
<u>Less</u> Allowance for impairment	(14)				(14)			
Total	16,237				16,297			
Securities for General Investments								
Domestic non-marketable equity securities	706				589			
Foreign non-marketable equity securities	1				1			
	707				590			
<u>Less</u> Allowance for impairment	(168)				(167)			
Total	539				423			
Total Investments, net	143,234				134,749			

Unit: Million Baht

THE BANK'S FINANCIAL STATEMENTS

	June 30, 2019				December 31, 2018			
	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	1,921	1	-	1,922	929	1	(1)	929
Domestic marketable equity securities	49	-	-	49	-	-	-	-
	1,970	1	-	1,971	929	1	(1)	929
<u>Add</u> Revaluation allowance	1			-	-			-
Total	1,971			1,971	929			929
Securities Available-for-Sale								
Government and state enterprise securities	105,434	28	(12)	105,450	100,571	20	(204)	100,387
Private sector's debt securities	13,745	212	(2)	13,955	11,451	189	(6)	11,634
Domestic marketable equity securities	4,921	536	(389)	5,068	5,193	613	(724)	5,082
	124,100	776	(403)	124,473	117,215	822	(934)	117,103
<u>Add</u> (less) Revaluation allowance	373			-	(112)			-
<u>Less</u> Allowance for impairment	(3)			(3)	(5)			(5)
Total	124,470			124,470	117,098			117,098
Securities Held-to-Maturity								
Private sector's debt securities	16,000				16,000			
Investment in accounts receivable	251				311			
	16,251				16,311			
<u>Less</u> Allowance for impairment	(14)				(14)			
Total	16,237				16,297			
Securities for General Investments								
Domestic non-marketable equity securities	306				275			
Foreign non-marketable equity securities	1				1			
	307				276			
<u>Less</u> Allowance for impairment	(168)				(167)			
Total	139				109			
Total Investments, net	142,817				134,433			

For the six-month periods ended June 30, 2019 and 2018, revaluation surplus (deficit) on investments presented in the equity consists of the following:

Unit: Million Baht

CONSOLIDATED AND THE BANK'S
FINANCIAL STATEMENTS

	2019	2018
Beginning balance	(112)	1,111
Net amount transferred to profit or loss	(187)	(170)
Net change in fair value	672	(657)
Ending balance	373	284

As at December 31, 2018, the Bank and its subsidiaries had investments in general investments in the consolidated financial statements of 2 companies 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, 2019 and December 31, 2018 consist of the following:

Unit: Million Baht

CONSOLIDATED FINANCIAL STATEMENTS							
June 30, 2019							
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							
Ngern Tid Lor Company Limited	Hire-purchase and motorcycle loans	Common stock Preferred stock	6,090	50.00	2,963	8,401	-
Tesco Card Services Limited ⁽¹⁾	Credit cards and personal loans	Common stock					
Tesco Life Assurance Broker Limited ⁽²⁾	Life assurance broker	Common stock	12	50.00	-	71	-
Tesco General Insurance Broker Limited ⁽²⁾	General insurance broker	Common stock	107	50.00	-	227	-
Investments in joint ventures, net					<u>4,003</u>	<u>11,251</u>	<u>-</u>

Unit: Million Baht

CONSOLIDATED FINANCIAL STATEMENTS							
December 31, 2018							
Company Name	Business Type	Securities Investment Type	Issued and Paid-up Share Capital	Proportion of Ownership Interest and Voting Power Held by the Bank (%)	Investment (Cost)	Investment (Equity Method)	Dividend
Joint ventures							
Tesco Card Services Limited ⁽¹⁾	Credit cards and personal loans	Common stock	2,080	50.00	1,040	2,333	-
Tesco Life Assurance Broker Limited ⁽²⁾	Life assurance broker	Common stock	12	50.00	-	67	-
Tesco General Insurance Broker Limited ⁽²⁾	General insurance broker	Common stock	107	50.00	-	220	-
Investments in joint ventures, net					<u>1,040</u>	<u>2,620</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, 2019						
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	1,660
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	442
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 Finnivate Company Limited	Venture capital	Common stock	700	100.00	700	-
Hattha Kaksekar Limited	Micro finance	Common stock	2,536	100.00	7,713	-
Investments in subsidiaries					61,300	2,102
Joint venture						
Ngern Tid Lor Company Limited	Hire-purchase and motorcycle loans	Common stock } Preferred stock }	6,090	50.00	2,963	1,100
Investments in subsidiaries and Joint venture					64,263	3,202
<u>Less Allowance for impairment</u>					(5,962)	-
Investments in subsidiaries and Joint venture, net					58,301	3,202

On February 28, 2019, the Bank sold 50% of its interest in Ngern Tid Lor Company Limited (“NTL”), a subsidiary, reducing its ownership interest to 50%, and recognised profit on sales of the subsidiary of Baht 4,290 million, and Baht 5,019 million in the consolidated financial statements and the Bank financial statements, respectively. The Bank had changed the classification of investment in NTL from subsidiary to joint venture. The fair value of the Bank's retained interested in joint venture at the date when control was changed was Baht 8,027 million, which became the carrying value of the Bank's interest in the joint venture at that date in the consolidated financial statements. The difference of fair value was recognised as a profit on the change of control of a subsidiary of Baht 4,335 million which is included in "Gain on investments, net" in the consolidated statements of profit or loss and other comprehensive income.

Unit: Million Baht						
THE BANK'S FINANCIAL STATEMENTS						
December 31, 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	4,956
Ngern Tid Lor Company Limited ⁽¹⁾	Hire-purchase and motorcycle loans	Common stock } Preferred stock }	4,990	100.00	2,412 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	2,536	100.00	7,713	-
Investments in subsidiaries					63,713	7,031
<u>Less Allowance for impairment</u>					(5,452)	-
Investments in subsidiaries, net					<u>58,261</u>	<u>7,031</u>

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

The summarized financial information of joint ventures

Net profit and total comprehensive income of joint ventures for the six-month periods ended June 30, 2019 and 2018 are as follow:

Unit: Million Baht			
2019		2018	
Net profit	Total comprehensive income	Net profit	Total comprehensive income
Joint ventures	1,220	437	437

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, 2019

	Unit: Million Baht	
	2019	2018
Cash flows from operating activities		
Income before income tax	16	56
Adjustments to reconcile income to cash provided (paid) from operating activities		
Loss on impairment of properties for sale	14	7
Gain on sales of properties for sale	(38)	(63)
Employment benefits expenses	12	3
Interest income, net	(35)	(29)
Interest received	35	29
Income tax paid	(11)	(11)
Loss from operations before changes in operating assets and liabilities	(7)	(8)
Decrease in operating assets		
Investment in receivables	11	16
Properties for sale	114	133
Other assets	70	10
Decrease in operating liabilities		
Other liabilities	(19)	(40)
Net cash from operating activities	169	111
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	169	110
Cash and cash equivalents as at January 1,	1,729	1,430
Cash and cash equivalents as at June 30,	1,898	1,540

7.6 Loans to customers and accrued interest receivables, net

Loans to customers and accrued interest receivables, net as at June 30, 2019 and December 31, 2018 are as follows:

(1) Classified by products

	CONSOLIDATED FINANCIAL STATEMENTS		Unit: Million Baht THE BANK'S FINANCIAL STATEMENTS	
	June 30, 2019	December 31, 2018	June 30, 2019	December 31, 2018
Overdrafts	67,708	65,542	67,660	65,495
Loan against contract	915,643	862,481	878,314	862,019
Trade bill	306,835	293,963	320,557	296,299
Hire-purchase receivable	470,956	440,153	411,099	378,571
Lease contract receivable	12,251	13,276	3,923	4,428
Credit card receivable	61,712	66,923	-	-
Others	5,752	6,916	4,568	5,558
Total	1,840,857	1,749,254	1,686,121	1,612,370
<u>Less</u> Deferred revenue	(84,494)	(77,236)	(71,493)	(64,003)
Loans to customers after deferred revenue, net	1,756,363	1,672,018	1,614,628	1,548,367
<u>Add</u> Accrued interest receivables	4,450	4,326	2,559	2,535
Loans to customers and accrued interest receivable after deferred revenue, net	1,760,813	1,676,344	1,617,187	1,550,902
<u>Less</u> Allowance for doubtful accounts				
1) BOT requirement :				
- Individual approach	(29,487)	(28,718)	(25,616)	(24,533)
- Collective approach	(12,314)	(11,332)	(10,486)	(9,549)
2) Surplus reserve	(20,562)	(19,741)	(12,627)	(11,614)
<u>Less</u> Revaluation allowance for debt restructuring	(1,620)	(1,569)	(149)	(101)
Total loans to customers, net	1,696,830	1,614,984	1,568,309	1,505,105

(2) Classified by currency and residence of debtors

	Unit: Million Baht					
	CONSOLIDATED FINANCIAL STATEMENTS					
	June 30, 2019			December 31, 2018		
	Domestic	Foreign	Total	Domestic	Foreign	Total
Baht	1,671,063	10,403	1,681,466	1,582,019	10,703	1,592,722
US Dollar	33,378	30,319	63,697	41,178	30,949	72,127
Other currencies	2,616	8,584	11,200	990	6,179	7,169
Total	1,707,057	49,306	1,756,363	1,624,187	47,831	1,672,018

	Unit: Million Baht					
	THE BANK'S FINANCIAL STATEMENTS					
	June 30, 2019			December 31, 2018		
	Domestic	Foreign	Total	Domestic	Foreign	Total
Baht	1,557,169	9,366	1,566,535	1,483,104	9,813	1,492,917
US Dollar	33,378	8,376	41,754	41,178	9,497	50,675
Other currencies	2,616	3,723	6,339	990	3,785	4,775
Total	1,593,163	21,465	1,614,628	1,525,272	23,095	1,548,367

(3) Classified by business type and classification

Unit: Million Baht						
CONSOLIDATED FINANCIAL STATEMENTS						
June 30, 2019						
	Normal	Special Mention	Substandard	Doubtful	Doubtful of Loss	Total
Agriculture and mining	21,105	1,092	99	124	803	23,223
Manufacturing and trading	380,507	10,479	2,383	910	10,948	405,227
Real estate and construction	119,716	3,075	426	157	1,636	125,010
Public utilities and services	181,516	11,711	198	162	1,867	195,454
Housing loans	249,854	2,584	1,304	978	4,745	259,465
Others	711,067	25,435	5,744	2,996	2,742	747,984
Total	1,663,765	54,376	10,154	5,327	22,741	1,756,363

Unit: Million Baht						
CONSOLIDATED FINANCIAL STATEMENTS						
December 31, 2018						
	Normal	Special Mention	Substandard	Doubtful	Doubtful of Loss	Total
Agriculture and mining	21,970	1,027	140	118	836	24,091
Manufacturing and trading	381,543	10,617	2,178	1,268	10,810	406,416
Real estate and construction	106,983	3,406	451	260	1,704	112,804
Public utilities and services	162,620	12,416	222	138	1,797	177,193
Housing loans	240,703	3,255	1,414	1,008	4,104	250,484
Others	665,459	23,572	5,661	2,708	3,630	701,030
Total	1,579,278	54,293	10,066	5,500	22,881	1,672,018

Unit: Million Baht						
THE BANK'S FINANCIAL STATEMENTS						
June 30, 2019						
	Normal	Special Mention	Substandard	Doubtful	Doubtful of Loss	Total
Agriculture and mining	16,872	1,081	88	107	178	18,326
Manufacturing and trading	375,334	10,475	2,350	903	10,271	399,333
Real estate and construction	118,180	3,048	419	155	1,596	123,398
Public utilities and services	181,516	11,711	197	162	1,566	195,152
Housing loans	247,674	2,582	1,301	974	4,731	257,262
Others	593,391	20,062	3,272	2,765	1,667	621,157
Total	1,532,967	48,959	7,627	5,066	20,009	1,614,628

Unit: Million Baht						
THE BANK'S FINANCIAL STATEMENTS						
December 31, 2018						
	Normal	Special Mention	Substandard	Doubtful	Doubtful of Loss	Total
Agriculture and mining	17,830	1,011	121	83	198	19,243
Manufacturing and trading	376,754	10,580	2,169	1,078	10,280	400,861
Real estate and construction	105,673	3,369	443	256	1,653	111,394
Public utilities and services	162,608	12,415	222	138	1,489	176,872
Housing loans	238,397	3,254	1,412	1,004	4,091	248,158
Others	565,962	18,229	3,189	2,417	2,042	591,839
Total	1,467,224	48,858	7,556	4,976	19,753	1,548,367

(4) Classified by type of classification

Unit: Million Baht				
CONSOLIDATED FINANCIAL STATEMENTS				
June 30, 2019				
	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	1,667,986	1,114,304	1, 2	13,289
Special mention	54,605	42,617	2, 15	7,500
Substandard	10,154	7,430	52, 100	5,371
Doubtful	5,327	3,863	52, 100	2,756
Doubtful of loss	22,741	10,964	100	12,885
Total	<u>1,760,813</u>	<u>1,179,178</u>		<u>41,801</u> ⁽¹⁾
2. Surplus Reserve				<u>20,562</u> ⁽²⁾
Total				<u>62,363</u>

Unit: Million Baht				
CONSOLIDATED FINANCIAL STATEMENTS				
December 31, 2018				
	Loans to Customers and Accrued Interest Receivables	Outstanding Balance Used for Calculation Allowance	% Used for Calculation Allowance ⁽³⁾	Allowance for Doubtful Accounts ⁽⁴⁾
1. Minimum allowance per BOT guideline				
Normal	1,583,364	1,049,728	1, 2	12,418
Special mention	54,533	41,361	2, 18	6,375
Substandard	10,066	7,049	51, 100	5,148
Doubtful	5,500	3,753	46, 100	2,787
Doubtful of loss	22,881	11,488	100	13,322
Total	<u>1,676,344</u>	<u>1,113,379</u>		<u>40,050</u> ⁽¹⁾
2. Surplus Reserve				<u>19,741</u> ⁽²⁾
Total				<u>59,791</u>

⁽¹⁾ Including allowance for doubtful accounts on a collective approach for hire-purchase loans as at June 30, 2019 and December 31, 2018, of Baht 12,314 million and Baht 11,332 million, respectively.

⁽²⁾ Including allowance for doubtful accounts of loans granted to subsidiaries as at June 30, 2019 and December 31, 2018, at the rate of 1% of Baht 62,529 million and Baht 83,661 million equal to Baht 625 million and Baht 837 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, 2019 and December 31, 2018, of Baht 1,620 million and Baht 1,569 million, respectively, and excluding allowance for doubtful accounts for interbank and money market items as at June 30, 2019 and December 31, 2018, of Baht 423 million and Baht 448 million, respectively.

Unit: Million Baht

THE BANK'S FINANCIAL STATEMENTS

June 30, 2019

	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	1,535,393	991,209	1	11,522
Special mention	49,092	37,332	2, 12	6,941
Substandard	7,627	4,970	51, 100	3,770
Doubtful	5,066	3,621	57, 100	2,584
Doubtful of loss	20,009	9,307	100	11,285
Total	<u>1,617,187</u>	<u>1,046,439</u>		<u>36,102⁽¹⁾</u>
2. Surplus Reserve				<u>12,627⁽²⁾</u>
Total				<u>48,729</u>

Unit: Million Baht

THE BANK'S FINANCIAL STATEMENTS

December 31, 2018

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

⁽¹⁾ Including allowance for doubtful accounts on a collective approach for hire-purchase loans as at June 30, 2019 and December 31, 2018, of Baht 10,487 million and Baht 9,549 million, respectively.

⁽²⁾ Including allowance for doubtful accounts of loan granted to subsidiaries as at June 30, 2019 and December 31, 2018, at the rate of 1% of Baht 62,529 million and Baht 83,661 million, equal to Baht 625 million and Baht 837 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, 2019 and December 31, 2018, of Baht 149 million and Baht 101 million, respectively and excluding allowance for doubtful accounts for interbank and money market items as at June 30, 2019 and December 31, 2018, of Baht 423 million and Baht 448 million, respectively.

For the six-month period ended June 30, 2019, 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	930
Net book value	633
Sale price	633

As at June 30, 2019 and December 31, 2018, 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, 2019			
	The Bank	AMC	The Bank and AMC
Non-performing loans	32,702	434	33,136
Percentage of total loans	1.81	100.00	1.83
Non-performing loans, net	15,062	312	15,374
Percentage of total loans, net	0.84	100.00	0.86

Unit: Million Baht			
December 31, 2018			
	The Bank	AMC	The Bank and AMC
Non-performing loans	32,285	445	32,730
Percentage of total loans	1.87	100.00	1.90
Non-performing loans, net	14,925	306	15,231
Percentage of total loans, net	0.87	100.00	0.89

As at June 30, 2019 and December 31, 2018, the Bank and its subsidiaries’ non-performing loans are Baht 38,221 million and Baht 38,446 million, respectively.

(5) Troubled debt restructuring

For the three-month and six-month periods ended June 30, 2019 and 2018, 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, 2019				For the three-month period ended June 30, 2018			
	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	5,586	1,283	-	-	6,025	1,401	-	-
Reduction of principal and interest	1,569	78	-	-	1,421	74	-	-
Various forms of restructuring	243	2,657	-	-	228	1,473	-	-
Total	7,398	4,018			7,674	2,948		

Unit: Million Baht								
CONSOLIDATED FINANCIAL STATEMENTS								
Form of Restructuring	For the six-month period ended June 30, 2019				For the six-month period ended June 30, 2018			
	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	10,879	2,376	-	-	10,851	2,285	-	-
Reduction of principal and interest	2,934	146	-	-	3,335	169	-	-
Various forms of restructuring	486	3,782	-	-	485	2,716	-	-
Total	14,299	6,304			14,671	5,170		

Unit : Million Baht

THE BANK'S FINANCIAL STATEMENTS								
Form of Restructuring	For the three-month period ended June 30, 2019				For the three-month period ended June 30, 2018			
	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	600	859	-	-	458	877	-	-
Reduction of principal and interest	2	1	-	-	-	-	-	-
Various forms of restructuring	243	2,657	-	-	228	1,473	-	-
Total	845	3,517		-	686	2,350		-

Unit : Million Baht

THE BANK'S FINANCIAL STATEMENTS								
Form of Restructuring	For the six-month period ended June 30, 2019				For the six-month period ended June 30, 2018			
	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	1,219	1,601	-	-	913	1,455	-	-
Reduction of principal and interest	2	1	-	-	-	-	-	-
Various forms of restructuring	486	3,782	-	-	485	2,716	-	-
Total	1,707	5,384		-	1,398	4,171		-

For the six-month periods ended June 30, 2019 and 2018, 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, 2019				For the six-month period ended June 30, 2018			
	Average	Number	Amount of Debt		Average	Number	Amount of Debt	
	Aging (Year)	of Debtors	Before Restructuring	After Restructuring	Aging (Year)	of Debtors	Before Restructuring	After Restructuring
Present value of future cash flows	4.86	10,648	1,597	1,601	4.76	10,629	1,255	1,228
Fair value of collateral	8.25	231	779	778	8.78	222	1,030	1,030

Unit: Million Baht

THE BANK'S FINANCIAL STATEMENTS								
Method	For the six-month period ended June 30, 2019				For the six-month period ended June 30, 2018			
	Average	Number	Amount of Debt		Average	Number	Amount of Debt	
	Aging (Year)	of Debtors	Before Restructuring	After Restructuring	Aging (Year)	of Debtors	Before Restructuring	After Restructuring
Present value of future cash flows	5.24	1,010	822	812	5.13	696	425	418
Fair value of collateral	9.11	209	779	778	8.98	217	1,030	1,030

For the three-month and six-month periods ended June 30, 2019 and 2018, 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:

	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,	
	2019	2018	2019	2018
Losses on debt restructured	266	392	58	12
Interest received from debt restructured	331	331	219	243

	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,	
	2019	2018	2019	2018
Losses on debt restructured	578	748	70	26
Interest received from debt restructured	639	615	444	437

As at June 30, 2019 and December 31, 2018, the Bank and its subsidiaries recorded balances of total debt restructured and debt restructured during the six-month period ended June 30, 2019 and during the year ended December 31, 2018, in the statements of financial position as follows:

	CONSOLIDATED		Unit: Million Baht	
	FINANCIAL STATEMENTS		THE BANK'S	
	June 30, December 31,		June 30, December 31,	
	2019	2018	2019	2018
Balances of total debt restructured	24,550	22,399	20,032	17,697
Balances of debt restructured during the period/year	5,773	8,867	4,855	6,044

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

Unit: Million Baht			
CONSOLIDATED FINANCIAL STATEMENTS			
June 30, 2019			
	Amount due per agreements		
	Within	Greater than	Greater than
	1 Year	1-5 Years	5 Years
Minimum lease payments	102,483	257,942	122,782
<u>Less</u> Unearned interest income			(84,420)
Present value of the minimum lease payments			398,787
<u>Less</u> Allowance for doubtful accounts			(13,736)
Total lease receivables, net			385,051

Unit: Million Baht			
CONSOLIDATED FINANCIAL STATEMENTS			
December 31, 2018			
	Amount due per agreements		
	Within	Greater than	Greater than
	1 Year	1-5 Years	5 Years
Minimum lease payments	98,837	245,971	108,621
<u>Less</u> Unearned interest income			(77,166)
Present value of the minimum lease payments			376,263
<u>Less</u> Allowance for doubtful accounts			(13,215)
Total lease receivables, net			363,048

Unit: Million Baht			
THE BANK'S FINANCIAL STATEMENTS			
June 30, 2019			
	Amount due per agreements		
	Within	Greater than	Greater than
	1 Year	1-5 Years	5 Years
Minimum lease payments	76,075	225,610	113,337
<u>Less</u> Unearned interest income			(71,432)
Present value of the minimum lease payments			343,590
<u>Less</u> Allowance for doubtful accounts			(10,397)
Total lease receivables, net			333,193

Unit: Million Baht			
THE BANK'S FINANCIAL STATEMENTS			
December 31, 2018			
	Amount due per agreements		
	Within	Greater than	Greater than
	1 Year	1-5 Years	5 Years
Minimum lease payments	71,522	210,930	100,547
<u>Less</u> Unearned interest income			(63,943)
Present value of the minimum lease payments			319,056
<u>Less</u> Allowance for doubtful accounts			(9,479)
Total lease receivables, net			309,577

7.7 Allowance for doubtful accounts

Allowance for doubtful accounts as at June 30, 2019 and December 31, 2018 are as follows:

Unit: Million Baht

CONSOLIDATED FINANCIAL STATEMENTS							
June 30, 2019							
	Normal	Special Mention	Substandard	Doubtful	Doubtful of Loss	Surplus Reserve	Total
Beginning balance	12,418	6,375	5,148	2,787	13,322	19,741	59,791
Doubtful accounts	942	1,982	3,483	2,319	2,813	982	12,521
Bad debts written off	(58)	(857)	(3,258)	(2,347)	(2,949)	(100)	(9,569)
Bad debts written off from sales of NPLs	-	-	-	-	(298)	-	(298)
Other	(13)	-	(2)	(3)	(3)	(61)	(82)
Ending balance	13,289	7,500	5,371	2,756	12,885	20,562	62,363

Unit: Million Baht

CONSOLIDATED FINANCIAL STATEMENTS							
December 31, 2018							
	Normal	Special Mention	Substandard	Doubtful	Doubtful of Loss	Surplus Reserve	Total
Beginning balance	11,863	2,998	5,938	3,902	11,020	18,452	54,173
Doubtful accounts	980	4,466	5,985	2,298	7,550	3,103	24,382
Bad debts written off	(66)	(1,023)	(6,335)	(3,410)	(4,738)	-	(15,572)
Bad debts written off from sales of NPLs	-	-	-	(1)	(509)	-	(510)
Transferred to assets held for sale	(359)	(66)	(439)	-	-	(1,810)	(2,674)
Other	-	-	(1)	(2)	(1)	(4)	(8)
Ending balance	12,418	6,375	5,148	2,787	13,322	19,741	59,791

Unit: Million Baht

THE BANK'S FINANCIAL STATEMENTS							
June 30, 2019							
	Normal	Special Mention	Substandard	Doubtful	Doubtful of Loss	Surplus Reserve	Total
Beginning balance	10,911	5,811	3,494	2,409	11,457	11,614	45,696
Doubtful accounts	669	1,988	1,294	2,521	1,226	1,013	8,711
Bad debts written off	(58)	(858)	(1,018)	(2,346)	(1,100)	-	(5,380)
Bad debts written off from sales of NPLs	-	-	-	-	(298)	-	(298)
Ending balance	11,522	6,941	3,770	2,584	11,285	12,627	48,729

Unit: Million Baht

THE BANK'S FINANCIAL STATEMENTS							
December 31, 2018							
	Normal	Special Mention	Substandard	Doubtful	Doubtful of Loss	Surplus Reserve	Total
Beginning balance	10,549	2,287	3,731	3,425	8,984	9,518	38,494
Doubtful accounts	428	4,547	1,409	2,395	4,720	2,097	15,596
Bad debts written off	(66)	(1,023)	(1,646)	(3,410)	(1,738)	-	(7,883)
Bad debts written off from sales of NPLs	-	-	-	(1)	(509)	-	(510)
Other	-	-	-	-	-	(1)	(1)
Ending balance	10,911	5,811	3,494	2,409	11,457	11,614	45,696

As at June 30, 2019 and December 31, 2018, the Bank and its subsidiaries estimated the minimum total allowance under the BOT Guidelines as follows:

	CONSOLIDATED FINANCIAL STATEMENTS		THE BANK'S FINANCIAL STATEMENTS	
	June 30, 2019	December 31, 2018	June 30, 2019	December 31, 2018
Allowance for doubtful accounts*	43,844	42,066	36,674	34,631

* 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:

	June 30, 2019	December 31, 2018
Consolidated financial statements	64,406	61,808
The Bank and Krungsri Ayudhya AMC Limited	49,588	46,532
The Bank's financial statements	49,301	46,245

* 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, 2019 and December 31, 2018, 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:

	CONSOLIDATED AND THE BANK'S FINANCIAL STATEMENTS June 30, 2019			
	Number	Outstanding Balance	Collateral	Allowance for Doubtful Accounts
Companies subject to be delisted by SET	4	1,023	626	415
Total	4	1,023	626	415

	CONSOLIDATED AND THE BANK'S FINANCIAL STATEMENTS December 31, 2018			
	Number	Outstanding Balance	Collateral	Allowance for Doubtful Accounts
Companies subject to be delisted by SET	2	-	-	-
Total	2	-	-	-

7.8 Revaluation allowance for debt restructuring

Revaluation allowance for debt restructuring as at June 30, 2019 and December 31, 2018 are as follows:

	CONSOLIDATED FINANCIAL STATEMENTS		THE BANK'S FINANCIAL STATEMENTS	
	June 30, 2019	December 31, 2018	June 30, 2019	December 31, 2018
Beginning balance	1,569	1,303	101	48
Increase during the period/year	578	1,716	70	91
Amount written off	(527)	(1,450)	(22)	(38)
Ending balance	<u>1,620</u>	<u>1,569</u>	<u>149</u>	<u>101</u>

7.9 Properties for sale, net

Properties for sale, net as at June 30, 2019 and December 31, 2018 are as follows:

Type of Properties for Sale	CONSOLIDATED FINANCIAL STATEMENTS			
	Balance as at January 1, 2019	Acquisition	Disposition	Balance as at June 30, 2019
1. Assets acquired from debt repayment				
1.1 Immovable	3,702	124	(216)	3,610
1.2 Movable	<u>1,208</u>	<u>6,694</u>	<u>(6,840)</u>	<u>1,062</u>
Total	4,910	6,818	(7,056)	4,672
2. Others	<u>160</u>	<u>41</u>	<u>-</u>	<u>201</u>
Total properties for sale	5,070	6,859	(7,056)	4,873
Less Provision for impairment	<u>(1,592)</u>	<u>(579)</u>	<u>668</u>	<u>(1,503)</u>
Total properties for sale	<u>3,478</u>	<u>6,280</u>	<u>(6,388)</u>	<u>3,370</u>

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

Unit: Million Baht

Type of Properties for Sale	THE BANK'S FINANCIAL STATEMENTS			
	Balance as at January 1, 2019	Acquisition	Disposition	Balance as at June 30, 2019
1. Assets acquired from debt repayment				
1.1 Immovable	2,210	123	(124)	2,209
1.2 Movable	975	5,717	(5,822)	870
Total	3,185	5,840	(5,946)	3,079
2. Others	160	41	-	201
Total properties for sale	3,345	5,881	(5,946)	3,280
Less Provision for impairment	(1,157)	(31)	77	(1,111)
Total properties for sale	2,188	5,850	(5,869)	2,169

Unit: Million Baht

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

Immovable assets for sale classified by external and internal appraisers as at June 30, 2019 and December 31, 2018 consist of the following:

Unit: Million Baht

	CONSOLIDATED FINANCIAL STATEMENTS		THE BANK'S FINANCIAL STATEMENTS	
	June 30, 2019	December 31, 2018	June 30, 2019	December 31, 2018
Immovable assets-Foreclosed assets				
Appraised by external appraisers	1,400	1,400	1,345	1,345
Appraised by internal appraisers	2,210	2,302	864	865
Total	3,610	3,702	2,209	2,210

7.10 Premises and equipment, net

Premises and equipment, net as at June 30, 2019 and December 31, 2018 are as follows:

						Unit: Million Baht
CONSOLIDATED FINANCIAL STATEMENTS						
	Balance as at January 1, 2019	Increase	Decrease	Other	Balance as at June 30, 2019	
Land						
Cost	4,276	-	(1)	-	4,275	
Appraisal increase (Year 2016)	7,061	-	(36)	-	7,025	
Appraisal decrease (Year 2016)	(37)	-	-	-	(37)	
Premises						
Cost	9,746	36	(12)	45	9,815	
Appraisal increase (Year 2016)	11,624	-	(29)	-	11,595	
Appraisal decrease (Year 2016)	(84)	-	-	-	(84)	
Equipment	15,928	329	(1,582)	(146)	14,529	
Leasehold improvement	3,191	61	(38)	57	3,271	
Total	51,705	426	(1,698)	(44)	50,389	
<u>Less</u> Accumulated depreciation						
Premises						
- Cost	(4,681)	(189)	11	(54)	(4,913)	
- Appraisal increase (Year 2016)	(8,814)	(99)	26	-	(8,887)	
Equipment	(10,256)	(851)	1,525	126	(9,456)	
Leasehold improvement	(1,843)	(136)	36	(41)	(1,984)	
Total	(25,594)	(1,275)	1,598	31	(25,240)	
Construction in progress	128	34	-	(2)	160	
Premises and equipment, net	26,239				25,309	
						Unit: Million Baht
					June 30, 2019	June 30, 2018
Depreciation for the six-month periods					1,275	1,294

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

As at June 30, 2019 and December 31, 2018, the Bank and its subsidiaries had premises and equipment which were fully depreciated but still in use, with the original costs amounting to Baht 8,885 million and Baht 10,568 million, respectively.

As at June 30, 2019 and December 31, 2018, the Bank and its subsidiaries had equipment which are under finance leases, with the original costs amounting to Baht 1,057 million and Baht 1,064 million, respectively.

Unit: Million Baht					
THE BANK'S FINANCIAL STATEMENTS					
	Balance as at January 1, 2019	Increase	Decrease	Other	Balance as at June 30, 2019
Land					
Cost	4,276	-	(1)	-	4,275
Appraisal increase (Year 2016)	7,061	-	(36)	-	7,025
Appraisal decrease (Year 2016)	(37)	-	-	-	(37)
Premises					
Cost	9,746	36	(12)	45	9,815
Appraisal increase (Year 2016)	11,624	-	(29)	-	11,595
Appraisal decrease (Year 2016)	(84)	-	-	-	(84)
Equipment	11,900	153	(1,402)	(88)	10,563
Leasehold improvement	2,383	48	(26)	37	2,442
Total	46,869	237	(1,506)	(6)	45,594
<u>Less</u> Accumulated depreciation					
Premises					
- Cost	(4,682)	(189)	12	(54)	(4,913)
- Appraisal increase (Year 2016)	(8,815)	(99)	27	-	(8,887)
Equipment	(8,009)	(635)	1,392	74	(7,178)
Leasehold improvement	(1,239)	(104)	22	(20)	(1,341)
Total	(22,745)	(1,027)	1,453	-	(22,319)
Construction in progress	123	24	-	-	147
Premises and equipment, net	24,247				23,422
Unit: Million Baht					
	June 30, 2019	June 30, 2018			
Depreciation for the six-month periods	1,027	981			

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

Unit: Million Baht
December 31, 2018

Depreciation for the year

2,069

As at June 30, 2019 and December 31, 2018, the Bank had premises and equipment which were fully depreciated but still in use, with the original costs amounting to Baht 7,177 million and Baht 8,258 million, respectively.

As at June 30, 2019 and December 31, 2018, the Bank had equipment which are under finance leases, with the original costs amounting to Baht 859 million and Baht 863 million, respectively.

7.11 Goodwill and other intangible assets, net

Goodwill and other intangible assets, net as at June 30, 2019 and December 31, 2018 are as follows:

Unit: Million Baht					
CONSOLIDATED FINANCIAL STATEMENTS					
	Balance as at January 1, 2019	Increase	Decrease	Other	Balance as at June 30, 2019
Cost					
Goodwill	12,539	-	-	(137)	12,402
Software	9,514	817	(199)	(7)	10,125
Other intangible assets	5,741	3	-	(7)	5,737
Total	27,794	820	(199)	(151)	28,264
Accumulated amortization					
Software	(6,217)	(542)	183	5	(6,571)
Other intangible assets	(4,915)	(76)	-	2	(4,989)
Total	(11,132)	(618)	183	7	(11,560)
Allowance for impairment	(20)	-	-	-	(20)
Goodwill and other intangible assets, net	16,642				16,684

Unit: Million Baht

	June 30, 2019	June 30, 2018
Amortization for the six-month periods	618	569

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

	Unit: Million Baht
Amortization for the year	December 31, 2018
	1,172

As at June 30, 2019 and December 31, 2018, the Bank and its subsidiaries had intangible assets which were fully amortized but still in use, with the original costs amounting to Baht 3,561 million and Baht 3,124 million, respectively.

THE BANK'S FINANCIAL STATEMENTS				Unit: Million Baht
	Balance as at January 1, 2019	Increase	Decrease	Balance as at June 30, 2019
Cost				
Goodwill	1,054	-	-	1,054
Software	7,851	655	(198)	8,308
Other intangible assets	57	-	-	57
Total	8,962	655	(198)	9,419
Accumulated amortization				
Software	(5,147)	(458)	194	(5,411)
Other intangible assets	(48)	(1)	-	(49)
Total	(5,195)	(459)	194	(5,460)
Goodwill and other intangible assets, net	3,767			3,959

	Unit: Million Baht
Amortization for the six-month periods	June 30, 2019 June 30, 2018
	459 403

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

As at June 30, 2019 and December 31, 2018, the Bank had intangible assets which were fully amortized but still in use, with the original costs amounting to Baht 2,962 million and Baht 2,465 million, respectively.

7.12 Deferred tax

Deferred tax assets and deferred tax liabilities as at June 30, 2019 and December 31, 2018 are as follows:

2019 are as follows:

	CONSOLIDATED FINANCIAL STATEMENTS		Unit: Million Baht THE BANK'S FINANCIAL STATEMENTS	
	June 30, 2019	December 31, 2018	June 30, 2019	December 31, 2018
Deferred tax assets	4,364	4,274	-	256
Deferred tax liabilities	<u>(1,119)</u>	<u>(4)</u>	<u>(29)</u>	<u>-</u>
Net	3,245	4,270	(29)	256

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, 2019	Items as recognized into Profit or Loss	Items as recognized into Other Comprehensive Income	Others	Balance at June 30, 2019
Deferred tax assets					
Impairment of assets	335	5	-	(1)	339
Loans and accrued interest receivables, net	5,565	(459)	-	(3)	5,103
Provisions	1,421	297	-	-	1,718
Others	1,100	(2)	(14)	(27)	1,057
Total	8,421	(159)	(14)	(31)	8,217
Deferred tax liabilities					
Asset appraisal surplus	1,974	(27)	-	-	1,947
Investments	165	-	(9)	-	156
Others	2,012	859	-	(2)	2,869
Total	4,151	832	(9)	(2)	4,972
Deferred tax assets - net	<u>4,270</u>	<u>(991)</u>	<u>(5)</u>	<u>(29)</u>	<u>3,245</u>

Unit: Million Baht

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

Unit: Million Baht

	THE BANK'S FINANCIAL STATEMENTS			
	Balance at January 1, 2019	Items as recognized into Profit or Loss	Items as recognized into Other Comprehensive Income	Balance at June 30, 2019
Deferred tax assets				
Impairment of assets	262	3	-	265
Loans and accrued interest receivables, net	1,668	(313)	-	1,355
Provisions	1,233	234	-	1,467
Others	473	39	(106)	406
Total	3,636	(37)	(106)	3,493
Deferred tax liabilities				
Asset appraisal surplus	1,974	(28)	-	1,946
Investments	165	-	(9)	156
Others	1,241	179	-	1,420
Total	3,380	151	(9)	3,522
Deferred tax assets (liabilities) - net	256	(188)	(97)	(29)

Unit: Million Baht

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

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

As at December 31, 2018, investment in Ngern Tid Lor Company Limited (“NTL”) is presented as assets classified as held for sale resulting from the following agreements 1) the sale and purchase of shares of NTL agreement by selling 50% of the ordinary shares in NTL to Siam Asia Credit Access PTE LTD, a company ultimately owned by a consortium led by CVC Capital Partners Asia Fund IV and Equity Partners Limited Group and 2) the shareholders agreement in relation to the shareholding in NTL. The disposal of NTL is accomplished on February 28, 2019.

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

Consolidated financial statements

Unit: Million Baht

	December 31, 2018
Assets	
Cash	392
Interbank and money market items	319
Loan and accrued interest receivable, net	37,041
Properties for sale, net	57
Premises and equipment, net	548
Goodwill and other intangible assets, net	225
Deferred tax assets	645
Other assets	309
	39,536
Liabilities	
Debt issued and borrowings	12,225
Provision	75
Other liabilities	1,484
	13,784

For the period from January 1, 2019 to February 28, 2019 (disposal date) and for the year ended December 31, 2018, NTL contributed net profit of Baht 275 million and Baht 1,379 million, respectively.

The Bank’s financial statements

As at December 31, 2018, the Bank reclassified 50% of investment in NTL to assets classified as held for sale of Baht 2,414 million.

7.14 Other assets, net

Other assets, net as at June 30, 2019 and December 31, 2018 are as follows:

	CONSOLIDATED		Unit: Million Baht THE BANK'S	
	FINANCIAL STATEMENTS		FINANCIAL STATEMENTS	
	June 30, 2019	December 31, 2018	June 30, 2019	December 31, 2018
Accrued income	2,548	1,862	1,018	344
Prepayment	1,290	1,120	780	679
Other receivables	13,614	14,066	9,267	11,825
Margin call to counterparty	6,614	3,406	6,614	3,406
Others	1,849	2,189	1,662	2,019
Total	<u>25,915</u>	<u>22,643</u>	<u>19,341</u>	<u>18,273</u>

7.15 Deposits

Deposits as at June 30, 2019 and December 31, 2018 are as follows:

(1) Classified by product

	CONSOLIDATED		Unit: Million Baht THE BANK'S	
	FINANCIAL STATEMENTS		FINANCIAL STATEMENTS	
	June 30, 2019	December 31, 2018	June 30, 2019	December 31, 2018
Current deposit	38,717	35,391	39,623	36,563
Savings deposit	587,753	591,183	590,452	595,496
Time deposit				
- Less than 6 months	379,520	360,275	381,072	361,383
- 6 months and less than 1 year	44,932	127,892	43,275	126,490
- 1 year and over	446,547	311,607	434,995	300,961
Total	<u>1,497,469</u>	<u>1,426,348</u>	<u>1,489,417</u>	<u>1,420,893</u>

(2) Classified by currency and residence of depositors

	Unit: Million Baht					
	CONSOLIDATED FINANCIAL STATEMENTS					
	June 30, 2019			December 31, 2018		
	Domestic	Foreign	Total	Domestic	Foreign	Total
Baht	1,389,618	2,057	1,391,675	1,351,999	2,231	1,354,230
US Dollar	50,373	17,963	68,336	41,662	15,198	56,860
Other currencies	10,085	27,373	37,458	9,931	5,327	15,258
Total	<u>1,450,076</u>	<u>47,393</u>	<u>1,497,469</u>	<u>1,403,592</u>	<u>22,756</u>	<u>1,426,348</u>

	Unit: Million Baht					
	THE BANK'S FINANCIAL STATEMENTS					
	June 30, 2019			December 31, 2018		
	Domestic	Foreign	Total	Domestic	Foreign	Total
Baht	1,398,648	1,767	1,400,415	1,362,001	1,904	1,363,905
US Dollar	50,373	1,989	52,362	41,663	1,844	43,507
Other currencies	10,085	26,555	36,640	9,931	3,550	13,481
Total	<u>1,459,106</u>	<u>30,311</u>	<u>1,489,417</u>	<u>1,413,595</u>	<u>7,298</u>	<u>1,420,893</u>

7.16 Interbank and money market items, net (Liability)

Interbank and money market items, net (liability) as at June 30, 2019 and December 31, 2018 are as follows:

Unit: Million Baht						
CONSOLIDATED FINANCIAL STATEMENTS						
	June 30, 2019			December 31, 2018		
	At Call	Time	Total	At Call	Time	Total
Domestic items						
Bank of Thailand and Financial Institution Development Fund	-	-	-	-	-	-
Commercial banks	607	43,724	44,331	1,548	27,802	29,350
Specialized financial institutions	-	5,402	5,402	2	5,686	5,688
Other financial institutions	10,941	1,323	12,264	10,359	1,368	11,727
Total domestic items	11,548	50,449	61,997	11,909	34,856	46,765
Foreign items						
US Dollar	7,758	170,371	178,129	-	195,903	195,903
Euro	-	-	-	74	-	74
Other currencies	1,096	2,545	3,641	855	500	1,355
Total foreign items	8,854	172,916	181,770	929	196,403	197,332
Total domestic and foreign items	20,402	223,365	243,767	12,838	231,259	244,097

Unit: Million Baht						
THE BANK'S FINANCIAL STATEMENTS						
	June 30, 2019			December 31, 2018		
	At Call	Time	Total	At Call	Time	Total
Domestic items						
Bank of Thailand and Financial Institution Development Fund	-	-	-	-	-	-
Commercial banks	607	40,723	41,330	548	25,802	26,350
Specialized financial institutions	-	5,402	5,402	2	5,686	5,688
Other financial institutions	17,488	3,323	20,811	15,216	3,369	18,585
Total domestic items	18,095	49,448	67,543	15,766	34,857	50,623
Foreign items						
US Dollar	7,758	169,096	176,854	-	194,702	194,702
Euro	-	-	-	74	-	74
Other currencies	1,096	123	1,219	855	-	855
Total foreign items	8,854	169,219	178,073	929	194,702	195,631
Total domestic and foreign items	26,949	218,667	245,616	16,695	229,559	246,254

7.17 Debt issued and borrowings

Debt issued and borrowings as at June 30, 2019 and December 31, 2018 are as follows:

CONSOLIDATED FINANCIAL STATEMENTS									Unit: Million Baht
				June 30, 2019			December 31, 2018		
	Currency	Interest rate (%)	Maturity	Domestic	Foreign	Total	Domestic	Foreign	Total
Subordinated									
debentures	THB	3.40 - 3.90	2027-2029	60,811	-	60,811	41,985	-	41,985
	USD	7.50 - 11.59	2019-2027	-	476	476	-	750	750
Senior debentures	THB	1.66 - 2.44	2019-2022	97,865	-	97,865	107,865	-	107,865
	KHR	8.50	2021	-	726	726	-	775	775
Bill of exchange	THB	-	-	1	-	1	1	-	1
Structured note	THB	1.37 - 1.40	2019	102	-	102	-	-	-
Other borrowings	THB	0.00 - 7.15	2021-2023	1	478	479	2	251	253
	USD	0.00 - 7.59	2019-2023	-	3,093	3,093	-	4,021	4,021
	KHR	-	-	-	-	-	-	-	-
				158,780	4,773	163,553	149,853	5,797	155,650

Unit: Million Baht									
THE BANK'S FINANCIAL STATEMENTS									
				June 30, 2019			December 31, 2018		
	Currency	Interest rate	Maturity	Domestic	Foreign	Total	Domestic	Foreign	Total
		(%)							
Subordinated									
debentures	THB	3.40 - 3.90	2027-2029	60,811	-	60,811	41,985	-	41,985
Senior debentures	THB	1.85 - 2.37	2019-2022	70,000	-	70,000	74,000	-	74,000
Bill of exchange	THB	-	-	1	-	1	1	-	1
Structured note	THB	1.37 - 1.40	2019	102	-	102	-	-	-
Other borrowings	THB	0.00	2023	1	-	1	2	-	2
				130,915	-	130,915	115,988	-	115,988

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 the 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.

4. On June 14, 2019, the Bank issued subordinated debentures No. 1/2019 in the amount of Baht 18,826 million for a 10-year tenor at the fixed interest rate of 3.8% per annum, payable quarterly in March, June, September, and December of each year. The Bank has the right to redeem subordinated debentures on the fifth anniversary of the issued date or any interest payment date thereafter subject to the approval of the BOT.

7.18 Provisions

Provisions for the six-month period ended June 30, 2019 and for the year ended December 31, 2018 are as follows:

					Unit: Million Baht
CONSOLIDATED FINANCIAL STATEMENTS					
	Balance at January 1, 2018	Increase (Decrease)	Balance at December 31, 2018	Increase (Decrease)	Balance at June 30, 2019
Provision for post-employment benefits obligation	5,321	296	5,617	1,408	7,025
Others	2,147	-	2,147	38	2,185
Total	7,468	296	7,764	1,446	9,210

	Unit: Million Baht				
	THE BANK'S FINANCIAL STATEMENTS				
	Balance at January 1, 2018	Increase (Decrease)	Balance at December 31, 2018	Increase (Decrease)	Balance at June 30, 2019
Provision for post-employment benefits obligation	4,531	340	4,871	1,140	6,011
Others	2,019	(22)	1,997	14	2,011
Total	6,550	318	6,868	1,154	8,022

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, 2019 and 2018 are as follows:

	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,	
	2019	2018	2019	2018
Opening defined benefits obligation	5,617	5,321	4,871	4,531
Past service cost	1,125	-	918	-
Current service cost	258	217	206	167
Interest cost	91	66	78	55
Benefit paid	(66)	(47)	(62)	(43)
Closing defined benefit obligation	7,025	5,557	6,011	4,710

On April 5, 2019, the Labor Protection Act (No. 7) B.E. 2562 announced in the Royal Gazette and effective on May 5, 2019 onwards. This new Thai labor law amend the amount of severance pay for an employee who has worked at least 20 years in accordance with the entity's working rules and regulations to be increased to 400 days at the employee's last wage rate which impact on the post-employee benefit plan. The Bank and its subsidiaries have considered to amend the post-employee benefit plan and recognize the increase of the post-employment benefit obligation as at the financial reporting date and the increase in such severance pay of Baht 1,125 million and Baht 918 million as the expense for the six-month period ended June 30, 2019, in the consolidated financial statements and the Bank's financial statements, respectively.

Actuarial losses are recognized in other comprehensive income as at June 30, 2019 and December 31, 2018 are as follows:

	CONSOLIDATED FINANCIAL STATEMENTS		Unit: Million Baht THE BANK'S FINANCIAL STATEMENTS	
	June 30, 2019	December 31, 2018	June 30, 2019	December 31, 2018
Included in the retained earnings	<u>248</u>	<u>248</u>	<u>202</u>	<u>202</u>

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, 2019 and 2018 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,	
	2019	2018	2019	2018
Current service cost	129	109	103	84
Interest on obligation	<u>45</u>	<u>33</u>	<u>39</u>	<u>27</u>
	<u>174</u>	<u>142</u>	<u>142</u>	<u>111</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,	
	2019	2018	2019	2018
Past service cost	1,125	-	918	-
Current service cost	258	217	206	167
Interest on obligation	<u>91</u>	<u>66</u>	<u>78</u>	<u>55</u>
	<u>1,474</u>	<u>283</u>	<u>1,202</u>	<u>222</u>

The principal actuarial assumptions used to calculate the obligation under the defined benefit plans as at June 30, 2019 and December 31, 2018 are as follows:

	CONSOLIDATED AND THE BANK'S FINANCIAL STATEMENTS
Financial assumptions	
Discount rate	1.73% - 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, 2019 and December 31, 2018 are as follows:

	CONSOLIDATED FINANCIAL STATEMENTS		THE BANK'S FINANCIAL STATEMENTS	
	June 30, 2019	December 31, 2018	June 30, 2019	December 31, 2018
Discount rate - 1% increase	(639)	(521)	(521)	(434)
Discount rate - 1% decrease	738	601	598	498
Salary increase rate - 1% increase	1,108	892	963	792
Salary increase rate - 1% decrease	(986)	(799)	(862)	(713)

7.19 Finance lease liabilities

Finance lease liabilities as at June 30, 2019 and December 31, 2018 are as follows:

	CONSOLIDATED FINANCIAL STATEMENTS			THE BANK'S FINANCIAL STATEMENTS		
	June 30, 2019			December 31, 2018		
	Principal	Interest	Payment	Principal	Interest	Payment
Within one year	199	15	214	116	13	129
One year to five years	609	22	631	775	38	813
Total	808	37	845	891	51	942

	THE BANK'S FINANCIAL STATEMENTS			THE BANK'S FINANCIAL STATEMENTS		
	June 30, 2019			December 31, 2018		
	Principal	Interest	Payment	Principal	Interest	Payment
Within one year	145	13	158	65	9	74
One year to five years	485	18	503	642	31	673
Total	630	31	661	707	40	747

7.20 Other liabilities

Other liabilities as at June 30, 2019 and December 31, 2018 are as follows:

	CONSOLIDATED FINANCIAL STATEMENTS		THE BANK'S FINANCIAL STATEMENTS	
	June 30, 2019	December 31, 2018	June 30, 2019	December 31, 2018
Accrued expenses	16,312	16,600	11,432	12,359
Tax payable	5,593	3,994	3,221	2,174
Deposit	3,283	3,548	1,262	1,386
Unearned income from customer loyalty program	2,951	2,916	-	-
Other payables	13,412	5,402	6,734	3,896
Margin call from counterparty	2,567	3,246	2,567	3,246
Others	6,683	13,614	5,778	7,969
Total	50,801	49,320	30,994	31,030

7.21 Advances received from electronic transactions

According to BOT's Notification No. Sor. Nor. Chor. 7/2561 regarding the "Regulations on Service Business Relating to Electronic Money (e-Money) Services" dated April 16, 2018, the Bank is required to disclose advances received from e-Money Services. As at June 30, 2019, December 31, 2018 and June 30, 2018, the Bank had advances received from e-Money Services, presented as other liabilities, amounting to Baht 61 million, Baht 38 million and Baht 30 million, respectively.

The BOT Notification No. Sor. Nor. Chor. 8/2561 regarding the "Regulations on Service Business Relating to Electronic Fund Transfer" dated April 16, 2018, the Bank is required to disclose advances received from electronic fund transfer transactions. As of June 30, 2019, December 31, 2018 and June 30, 2018, the Bank had those advances received from electronic fund transfer transactions, presented as liabilities payable on demand amounting to Baht 11 million, Baht 1 million and Baht 14 million, and other liabilities amounting to Baht 3,672 million, Baht 1,911 million and Baht 1,514 million, respectively.

7.22 Share capital

7.22.1 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.

7.22.2 Dividend payment

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

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

The Annual General Meeting of Shareholders No. 107 held on April 25, 2019, approved the dividend payment for the six-month period ended December 31, 2018 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 23, 2019.

7.23 Assets with obligations and restrictions

As at June 30, 2019 and December 31, 2018, government and state enterprise securities with book value of Baht 19,482 million and Baht 13,344 million, respectively, are used as collateral for other commitments with government departments and state enterprises.

7.24 Contingencies

Contingencies as at June 30, 2019 and December 31, 2018 are as follows:

	CONSOLIDATED		Unit: Million Baht THE BANK'S	
	FINANCIAL STATEMENTS		FINANCIAL STATEMENTS	
	June 30, 2019	December 31, 2018	June 30, 2019	December 31, 2018
Avals to bills	1,330	1,108	1,330	1,108
Guarantees of loans	2,464	2,432	2,464	2,432
Liability under unmatured import bills	1,175	1,955	1,175	1,955
Letters of credit	4,315	5,818	4,315	5,818
Other contingencies				
- Unused overdraft limit	5,262	5,266	5,262	5,266
- Unused credit line	36,140	34,693	40,896	39,694
- Other guarantees	54,168	54,895	54,168	54,895
- Others	150	210	150	210
Total	<u>105,004</u>	<u>106,377</u>	<u>109,760</u>	<u>111,378</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, 2019 and December 31, 2018, the Bank and its subsidiaries have a commitment to pay in the amounts of Baht 3,474 million and Baht 3,720 million, respectively.

As at June 30, 2019 and December 31, 2018, the Bank and its subsidiaries have commitments to pay regarding the information technology services the amounts of Baht 2,557 million and Baht 2,409 million, respectively.

As at June 30, 2019 and December 31, 2018, the Bank has commitment payment amount of Baht 362 million and Baht 338 million as a result of entering to the construction agreement of the office building, respectively.

7.25 Related party transactions

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

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

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

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

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

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

Related party transactions are as follows:

- 7.25.1 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, 2019 and December 31, 2018 are as follows:

Unit: Million Baht

CONSOLIDATED FINANCIAL STATEMENTS												
June 30, 2019												
	Interbank and money market items (Assets)	Investment	Loans	Accrued interest receivables	Derivative assets	Other assets	Deposits	Interbank and money market items (Liabilities)	Derivative liabilities	Other liabilities	Derivative (Notional amount)	Contingencies
Parent company												
MUFG Bank, Ltd.	28,357	-	-	-	1,888	1,364	-	169,842	3,311	1,040	457,486	2,541
Total	28,357	-	-	-	1,888	1,364	-	169,842	3,311	1,040	457,486	2,541
Joint ventures												
Ngern Tid Lor Company Limited	-	1,746	22,717	6	-	22	323	-	-	2	-	6
Tesco Card Services Limited	-	-	5,262	16	-	505	392	-	-	3	-	-
Tesco Life Assurance Broker Limited	-	-	-	-	-	9	159	-	-	-	-	-
Tesco General Insurance Broker Limited	-	-	-	-	-	18	523	-	-	6	-	-
Total	-	1,746	27,979	22	-	554	1,397	-	-	11	-	6
<u>Less</u> Allowance for doubtful accounts	-	-	(280)	-	-	-	-	-	-	-	-	-
Total	-	1,746	27,699	22	-	554	1,397	-	-	11	-	6
Related companies having joint major shareholders or directors												
	35	-	9,825	29	699	19	8,986	100	15	18	18,051	323
<u>Less</u> Allowance for doubtful accounts	-	-	(83)	-	-	-	-	-	-	-	-	-
Total	35	-	9,742	29	699	19	8,986	100	15	18	18,051	323
Individual and related parties												
	-	-	488	1	-	-	3,151	-	-	717	-	-
<u>Less</u> Allowance for doubtful accounts	-	-	(1)	-	-	-	-	-	-	-	-	-
Total	-	-	487	1	-	-	3,151	-	-	717	-	-
Total	28,392	1,746	37,928	52	2,587	1,937	13,534	169,942	3,326	1,786	475,537	2,870

Unit: Million Baht

CONSOLIDATED FINANCIAL STATEMENTS											
December 31, 2018											
	Interbank and money market items (Assets)	Loans	Accrued interest receivables	Derivative assets	Other assets	Deposits	Interbank and money market items (Liabilities)	Derivative liabilities	Other liabilities	Derivative (Notional amount)	Contingencies
Parent company											
MUFG Bank, Ltd.	27,680	-	-	3,528	385	-	195,260	1,354	3,365	375,245	2,737
Total	27,680	-	-	3,528	385	-	195,260	1,354	3,365	375,245	2,737
Joint ventures											
Tesco Card Services Limited	-	5,900	20	-	270	575	-	-	3	-	-
Tesco Life Assurance Broker Limited	-	-	-	-	4	157	-	-	-	-	-
Tesco General Insurance Broker Limited	-	-	-	-	9	594	-	-	5	-	-
Total	-	5,900	20	-	283	1,326	-	-	8	-	-
<u>Less</u> Allowance for doubtful accounts	-	(59)	-	-	-	-	-	-	-	-	-
Total	-	5,841	20	-	283	1,326	-	-	8	-	-
Related companies having joint major shareholders or directors	19	9,365	27	447	26	9,878	180	6	26	19,229	680
<u>Less</u> Allowance for doubtful accounts	-	(89)	-	-	-	-	-	-	-	-	-
Total	19	9,276	27	447	26	9,878	180	6	26	19,229	680
Individual and related parties	-	543	-	-	-	3,468	-	-	804	-	-
<u>Less</u> Allowance for doubtful accounts	-	(1)	-	-	-	-	-	-	-	-	-
Total	-	542	-	-	-	3,468	-	-	804	-	-
Total	27,699	15,659	47	3,975	694	14,672	195,440	1,360	4,203	394,474	3,417

Unit: Million Baht

THE BANK'S FINANCIAL STATEMENTS												
June 30, 2019												
	Interbank and money market items (Assets)	Investment	Loans	Accrued interest receivables	Derivative assets	Other assets	Deposits	Interbank and money market items (Liabilities)	Derivative liabilities	Other liabilities	Derivative (Notional amount)	Contingencies
Parent company												
MUFG Bank, Ltd.	28,357	-	-	-	1,888	1,364	-	169,842	3,311	1,040	457,486	2,541
Total	28,357	-	-	-	1,888	1,364	-	169,842	3,311	1,040	457,486	2,541
Subsidiaries												
Ayudhya Development Leasing Company Limited	-	-	7,022	2	-	6	53	-	-	2	-	7
Ayudhya Capital Auto Lease Public Company Limited	-	-	8,343	27	-	472	559	-	-	449	-	-
Ayudhya Capital Services Company Limited	-	-	27,258	96	-	100	1,301	-	-	23	-	3
General Card Services Limited	-	-	10,689	18	-	20	532	-	-	2	-	-
Krungsriayudhya Card Company Limited	-	-	3,350	1	-	292	1,253	-	-	23	-	1
Siam Realty and Services Security Company Limited	-	-	540	-	-	1	65	-	-	89	-	-
Total Services Solutions Public Company Limited	-	-	-	-	-	1	1,496	-	-	10	-	-
Krungsri Asset Management Company Limited	-	-	-	-	-	83	-	4,658	-	79	-	-
Krungsri Ayudhya AMC Limited	-	-	-	-	-	1	1,898	-	-	46	-	35
Krungsri Securities Public Company Limited	-	-	-	-	-	3	3	3,890	-	3	-	-
Krungsri Factoring Company Limited	-	-	-	-	-	-	192	-	-	-	-	-
Krungsri Life Assurance Broker Limited	-	-	-	-	-	-	595	-	-	-	-	-
Krungsri General Insurance Broker Limited	-	-	-	-	-	-	774	-	-	-	-	-

Unit: Million Baht

THE BANK'S FINANCIAL STATEMENTS (CONTINUED)

	June 30, 2019											
	Interbank and money market items (Assets)	Investment	Loans	Accrued interest receivables	Derivative assets	Other Assets	Deposits	Interbank and money market items (Liabilities)	Derivative liabilities	Other liabilities	Derivative (Notional amount)	Contingencies
Subsidiaries (Continued)												
Krungsri Leasing Services Company Limited	-	-	4,976	3	-	2	206	-	-	-	-	-
Hattha Kaksekar Limited	-	-	351	4	28	1	-	-	-	-	2,032	-
Krungsri Finnovate Company Limited	-	-	-	-	-	12	310	-	-	-	-	-
Total	-	-	62,529	151	28	994	9,237	8,548	-	726	2,032	46
<u>Less</u> Allowance for doubtful accounts	-	-	(625)	-	-	-	-	-	-	-	-	-
Total	-	-	61,904	151	28	994	9,237	8,548	-	726	2,032	46
Joint ventures												
Ngern Tid Lor Company Limited	-	1,746	22,715	6	-	11	323	-	-	2	-	6
Tesco Card Services Limited	-	-	5,262	16	-	11	392	-	-	3	-	-
Tesco Life Assurance Broker Limited	-	-	-	-	-	-	159	-	-	-	-	-
Tesco General Insurance Broker Limited	-	-	-	-	-	-	523	-	-	-	-	-
<u>Total</u>	-	1,746	27,977	22	-	22	1,397	-	-	5	-	6
<u>Less</u> Allowance for doubtful accounts	-	-	(280)	-	-	-	-	-	-	-	-	-
Total	-	1,746	27,697	22	-	22	1,397	-	-	5	-	6
Related companies having joint major shareholders or directors												
	35	-	9,825	29	699	-	8,986	100	15	17	18,051	323
<u>Less</u> Allowance for doubtful accounts	-	-	(83)	-	-	-	-	-	-	-	-	-
Total	35	-	9,742	29	699	-	8,986	100	15	17	18,051	323
Individual and related parties												
	-	-	424	-	-	-	2,982	-	-	524	-	-
Total	28,392	1,746	99,767	202	2,615	2,380	22,602	178,490	3,326	2,312	477,569	2,916

Unit: Million Baht

THE BANK'S FINANCIAL STATEMENTS											
December 31, 2018											
	Interbank and money market items (Assets)	Loans	Accrued interest receivables	Derivative assets	Other assets	Deposits	Interbank and money market items (Liabilities)	Derivative liabilities	Other liabilities	Derivative (Notional amount)	Contingencies
Parent company											
MUFG Bank, Ltd.	27,680	-	-	3,528	385	-	195,260	1,354	3,365	375,245	2,737
Total	27,680	-	-	3,528	385	-	195,260	1,354	3,365	375,245	2,737
Subsidiaries											
Ayudhya Development Leasing Company Limited	-	6,623	3	-	3	13	-	-	2	-	236
Ayudhya Capital Auto Lease Public Company Limited	-	12,054	46	-	73	925	-	-	179	-	-
Ngern Tid Lor Company Limited	-	18,860	8	-	8	291	-	-	2	-	6
Ayudhya Capital Services Company Limited	-	26,841	90	-	109	1,323	-	-	25	-	3
General Card Services Limited	-	10,803	20	-	91	517	-	-	2	-	-
Krungsriayudhya Card Company Limited	-	2,079	4	-	716	1,495	-	-	17	-	1
Siam Realty and Services Security Company Limited	-	560	-	-	1	58	-	-	52	-	-
Total Services Solutions Public Company Limited	-	-	-	-	1	1,484	-	-	6	-	-
Krungsri Asset Management Company Limited	-	-	-	-	90	-	4,522	-	56	-	-
Krungsri Ayudhya AMC Limited	-	-	-	-	-	1,729	-	-	76	-	35
Krungsri Securities Public Company Limited	-	-	-	-	2	2	2,336	-	2	-	-
Krungsri Factoring Company Limited	-	-	-	-	-	190	-	-	-	-	-
Krungsri Life Assurance Broker Limited	-	-	-	-	-	735	-	-	-	-	-
Krungsri General Insurance Broker Limited	-	-	-	-	-	839	-	-	1	-	-

Unit: Million Baht

THE BANK'S FINANCIAL STATEMENTS (CONTINUED)

December 31, 2018

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

As at June 30, 2019 and December 31, 2018, the Bank charges interest rates to related parties at 0.95% - 23.89% p.a. and 0.95% - 23.82% p.a., respectively.

As at June 30, 2019 and December 31, 2018, the allowance for doubtful accounts of loans granted to subsidiaries of Baht 625 million and Baht 837 million, respectively, are not eliminated but treated as surplus reserve in the consolidated financial statements.

7.25.2 The Bank has investments in subsidiaries and joint ventures as disclosed in Note 7.5 and has investments in related companies for the six-month periods ended June 30, 2019 and for the year ended December 31, 2018 are as follows:

Unit: Million Baht							
CONSOLIDATED AND THE BANK'S FINANCIAL STATEMENTS							
	Business Type	Registered Share Capital	Ownership (%)	June 30, 2019		December 31, 2018	
				Investment Cost	Dividend Amount	Investment Cost	Dividend Amount
Related company							
Allianz Ayudhya Capital Public Company Limited (Formerly Sri Ayudhya Capital Public Company Limited)	Investment holding company	385	3.15	186	-	326	16
<u>Less</u> Allowance for impairment				(3)	-	(5)	-
Investment in related company, net				<u>183</u>	<u>-</u>	<u>321</u>	<u>16</u>

7.25.3 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, 2019 and 2018 are as follows:

Unit: Million Baht

CONSOLIDATED FINANCIAL STATEMENTS								
	For the three-month period ended June 30, 2019				For the three-month period ended June 30, 2018			
	Income		Expenses		Income		Expenses	
	Interest	Non-interest	Interest	Non-interest	Interest	Non-interest	Interest	Non-interest
	income	income	expenses	expenses	income	income	expenses	expenses
Parent company								
MUFG Bank, Ltd.	-	(1,395)	1,224	118	-	2,440	1,080	111
Total	-	(1,395)	1,224	118	-	2,440	1,080	111
Joint ventures								
Ngern Tid Lor Company Limited	179	26	-	1	-	-	-	-
Tesco Card Services Limited	37	128	-	(2)	51	169	-	4
Tesco Life Assurance Broker Limited	-	2	-	-	-	2	-	-
Tesco General Insurance Broker Limited	-	7	1	-	-	5	1	-
Total	216	163	1	(1)	51	176	1	4
Related companies having joint major shareholders or directors								
	61	223	19	37	55	(341)	17	55
Total	61	223	19	37	55	(341)	17	55
Individual and related parties								
	5	1	7	4	5	2	7	1
Total	282	(1,008)	1,251	158	111	2,277	1,105	171

Unit: Million Baht

CONSOLIDATED FINANCIAL STATEMENTS								
	For the six-month period ended June 30, 2019				For the six-month period ended June 30, 2018			
	Income		Expenses		Income		Expenses	
	Interest	Non-interest	Interest	Non-interest	Interest	Non-interest	Interest	Non-interest
	income	income	expenses	expenses	income	income	expenses	expenses
Parent company								
MUFG Bank, Ltd.	-	(3,267)	2,424	237	7	2,333	2,075	240
Total	-	(3,267)	2,424	237	7	2,333	2,075	240
Joint ventures								
Ngern Tid Lor Company Limited	238	30	-	2	-	-	-	-
Tesco Card Services Limited	74	253	-	(4)	109	247	-	6
Tesco Life Assurance Broker Limited	-	3	1	-	-	3	-	-
Tesco General Insurance Broker Limited	-	12	2	-	-	11	2	-
Total	312	298	3	(2)	109	261	2	6
Related companies having joint major shareholders or directors								
	118	296	37	108	105	(75)	32	140
Total	118	296	37	108	105	(75)	32	140
Individual and related parties								
	10	3	13	10	9	3	14	2
Total	440	(2,670)	2,477	353	230	2,522	2,123	388

Unit: Million Baht

THE BANK'S FINANCIAL STATEMENTS								
	For the three-month period ended June 30, 2019				For the three-month period ended June 30, 2018			
	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.	-	(1,394)	1,224	118	-	2,440	1,080	111
Total	-	(1,394)	1,224	118	-	2,440	1,080	111
Subsidiaries								
Ayudhya Development Leasing Company Limited	57	4	-	(2)	57	4	-	2
Ayudhya Capital Auto Lease Public Company Limited	72	378	1	236	155	84	4	189
Ngern Tid Lor Company Limited	-	-	-	-	45	2	-	1
Ayudhya Capital Services Company Limited	182	83	-	(17)	169	75	-	26
General Card Services Limited	68	9	-	-	57	12	-	4
Krungsriayudhya Card Company Limited	18	46	1	46	25	64	-	51
Siam Realty and Services Security Company Limited	4	2	-	135	3	2	-	132
Total Services Solutions Public Company Limited	-	-	5	12	-	-	5	13
Krungsri Asset Management Company Limited	-	228	19	4	-	248	16	4
Krungsri Ayudhya AMC Limited	-	-	-	(1)	-	1	-	1
Krungsri Securities Public Company Limited	-	5	7	-	-	6	6	2
Krungsri Factoring Company Limited	-	-	-	-	-	-	-	-
Krungsri Life Assurance Broker Limited	-	-	1	-	-	-	1	-
Krungsri General Insurance Broker Limited	-	-	2	-	-	-	1	-
Krungsri Leasing Services Company Limited	82	-	1	-	67	-	-	-
Hattha Kaksekar Limited	9	18	-	-	12	(1)	-	-
Krungsri Finnivate Company Limited	-	7	-	-	-	1	-	-
Total	492	780	37	413	590	498	33	425
Joint ventures								
Ngern Tid Lor Company Limited	179	8	-	1	-	-	-	-
Tesco Card Services Limited	37	8	-	(2)	51	9	-	4
Tesco General Insurance Broker Limited	-	4	1	-	-	2	1	-
Total	216	20	1	(1)	51	11	1	4
Related companies having joint major shareholders or directors								
	61	214	19	17	55	(343)	17	38
Total	61	214	19	17	55	(343)	17	38
Individual and related parties								
	4	1	4	-	4	2	5	-
Total	773	(379)	1,285	547	700	2,608	1,136	578

THE BANK'S FINANCIAL STATEMENTS								
	For the six-month period ended June 30, 2019				For the six-month period ended June 30, 2018			
	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.	-	(3,267)	2,424	237	7	2,333	2,075	240
Total	-	(3,267)	2,424	237	7	2,333	2,075	240
Subsidiaries								
Ayudhya Development Leasing Company Limited	113	9	-	(4)	115	8	-	3
Ayudhya Capital Auto Lease Public Company Limited	155	475	3	412	332	198	7	382
Ngern Tid Lor Company Limited	104	10	-	-	71	14	-	2
Ayudhya Capital Services Company Limited	352	163	1	(34)	341	157	-	45
General Card Services Limited	134	16	-	(1)	114	23	-	7
Krungsriayudhya Card Company Limited	27	84	6	90	133	116	-	98
Siam Realty and Services Security Company Limited	7	4	-	296	6	2	-	263
Total Services Solutions Public Company Limited	-	1	10	24	-	1	9	25
Krungsri Asset Management Company Limited	-	465	37	8	-	575	31	8
Krungsri Ayudhya AMC Limited	-	2	1	(2)	-	2	1	2
Krungsri Securities Public Company Limited	-	11	13	2	-	10	12	4
Krungsri Factoring Company Limited	-	-	-	-	-	1	-	-
Krungsri Life Assurance Broker Limited	-	1	2	-	-	1	2	-
Krungsri General Insurance Broker Limited	-	1	3	-	-	1	3	-
Krungsri Leasing Services Company Limited	164	-	1	-	125	-	-	-
Hattha Kaksekar Limited	18	32	-	-	30	1	-	-
Krungsri Finnovate Company Limited	-	9	-	-	-	3	-	-
Total	1,074	1,283	77	791	1,267	1,113	65	839
Joint ventures								
Ngern Tid Lor Company Limited	238	6	-	2	-	-	-	-
Tesco Card Services Limited	74	16	-	(4)	109	17	-	6
Tesco Life Insurance Broker Limited	-	1	1	-	-	-	-	-
Tesco General Insurance Broker Limited	-	6	2	-	-	6	2	-
Total	312	29	3	(2)	109	23	2	6
Related companies having joint major shareholders or directors								
	118	285	37	68	105	(78)	32	102
Total	118	285	37	68	105	(78)	32	102
Individual and related parties								
	9	3	8	-	8	3	9	-
Total	1,513	(1,667)	2,549	1,094	1,496	3,394	2,183	1,187

- 7.25.4 For the three-month and six-month periods ended June 30, 2019 and 2018, compensations paid to key management personnel under TAS 24 (Revised 2018) “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,	
	2019	2018	2019	2018
Short-term employee benefits	518	469	337	290
Post-employment benefits	17	15	12	10
Total	<u>535</u>	<u>484</u>	<u>349</u>	<u>300</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,	
	2019	2018	2019	2018
Short-term employee benefits	1,125	982	703	582
Post-employment benefits	33	29	23	19
Other long-term benefits	1	1	1	1
Total	<u>1,159</u>	<u>1,012</u>	<u>727</u>	<u>602</u>

- 7.25.5 For the six-month periods ended June 30, 2019 and 2018, related party transactions among subsidiaries included collection services and other services of Baht 473 million and Baht 483 million, respectively, and office and vehicle rental and facilities service of Baht 24 million and Baht 38 million, respectively.
- 7.25.6 For the six-month periods ended June 30, 2019 and 2018, subsidiaries had related party transactions from the licenses relevant to technology and software of Baht 7 million and Baht 29 million, respectively.
- 7.25.7 For the six-month periods ended June 30, 2019 and 2018, related party transactions among subsidiaries from other services were Baht 780 million and Baht 727 million, respectively.
- 7.25.8 The Extraordinary General Meeting of Shareholders No. 1/2013, held on October 31, 2013, approved the integration of the Bank and The Bank of Tokyo-Mitsubishi UFJ, Ltd. (BTMU's Bangkok Branch) by acquisition of the business of BTMU's Bangkok Branch and the entering into a Conditional Branch Purchase Agreement between the Bank as transferee and MUFG Bank, Ltd. (MUFG) as transferor and other related agreements which are asset acquisition and connected transactions.

From the date of the business transfer of BTMU'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 BTMU's Bangkok Branch and other services as necessary and appropriate to ensure continued service to BTMU'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 BTMU'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.

7.26 Management compensation

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

The Bank and its subsidiaries did not sell, give or lease any properties to directors, executive officers, or their related parties, or did not purchase or lease any assets from those persons, except, during the six-month periods ended June 30, 2019 and 2018, the subsidiary had sold assets to managements in the amount of Baht 2 million and 4 million with the book value of Baht 2 million and 3 million, respectively.

7.27 Long-term leases

The Bank and its subsidiaries have entered into land and/or buildings and equipment lease agreements for branch offices and operation. The Bank and its subsidiaries are committed to pay future rental as at June 30, 2019 and December 31, 2018 which are summarized as follows:

TYPE OF LEASE	PERIOD	Unit: Million Baht			
		CONSOLIDATED		THE BANK'S	
		FINANCIAL STATEMENTS		FINANCIAL STATEMENTS	
		June 30, 2019	December 31, 2018	June 30, 2019	December 31, 2018
Land and/or premises and equipment	Within 1 year	1,155	1,191	1,167	853
	Greater than 1-5 years	1,317	1,223	1,517	1,034
	Greater than 5 years	810	147	700	44
	Total	<u>3,282</u>	<u>2,561</u>	<u>3,384</u>	<u>1,931</u>

7.28 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, 2019 and 2018, 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, 2019 and 2018 are as follows:

	Unit: Million Baht			
	CONSOLIDATED FINANCIAL STATEMENTS			
	For the three-month period ended June 30, 2019			
	Retail	Commercial	Others	Total
Interest income, net	13,483	5,271	8	18,762
Other operating income	7,799	2,085	(606)	9,278
Total operating income	21,282	7,356	(598)	28,040
Operating expenses	8,748	2,951	760	12,459
Impairment loss of loans and debt securities	5,480	817	429	6,726
Profit (loss) before tax	7,054	3,588	(1,787)	8,855
Taxation	1,330	666	(258)	1,738
Net profit (loss)	5,724	2,922	(1,529)	7,117

	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 six-month period ended June 30, 2019			
	Retail	Commercial	Others	Total
Interest income, net	27,538	10,619	17	38,174
Other operating income	15,012	3,867	7,733	26,612
Total operating income	42,550	14,486	7,750	64,786
Operating expenses	18,542	6,122	2,017	26,681
Impairment loss of loans and debt securities	10,240	1,821	1,013	13,074
Profit before tax	13,768	6,543	4,720	25,031
Taxation	2,664	1,246	1,189	5,099
Net profit	11,104	5,297	3,531	19,932

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				
	Retail	Commercial	Others	Total
Total assets				
As at June 30, 2019	931,988	1,475,052	(129,829)	2,277,211
As at December 31, 2018	936,252	1,397,667	(160,297)	2,173,622

7.29 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, 2019 and December 31, 2018 are as follows:

Unit: Million Baht				
CONSOLIDATED FINANCIAL STATEMENTS				
June 30, 2019				
	Domestic	Foreign	Elimination	Total
Total assets	2,238,619	48,190	(9,598)	2,277,211
Interbank and money market items, net (Assets)	271,342	8,144	-	279,486
Investments, net*	154,484	1	-	154,485
Loans to customers and accrued interest receivable, net	1,663,030	33,800	-	1,696,830
Deposits	1,477,697	19,772	-	1,497,469
Interbank and money market items, net (Liabilities)	234,967	8,800	-	243,767
Debt issued and borrowings	158,429	5,124	-	163,553

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

Unit: Million Baht

THE BANK'S FINANCIAL STATEMENTS

June 30, 2019

	Domestic	Foreign	Elimination	Total
Total assets	2,158,624	6,715	(4,052)	2,161,287
Interbank and money market items, net (Assets)	269,510	3,472	-	272,982
Investments, net*	201,118	-	-	201,118
Loans to customers and accrued interest receivable, net	1,567,294	1,015	-	1,568,309
Deposits	1,486,934	2,483	-	1,489,417
Interbank and money market items, net (Liabilities)	245,491	125	-	245,616
Debt issued and borrowings	130,915	-	-	130,915

Unit: Million Baht

THE BANK'S FINANCIAL STATEMENTS

December 31, 2018

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

*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, 2019 and 2018 are as follows:

Unit: Million Baht

CONSOLIDATED FINANCIAL STATEMENTS

For the three-month period ended June 30, 2019

	Domestic	Foreign	Elimination	Total
Interest income	26,245	1,291	(91)	27,445
Interest expenses	8,240	534	(91)	8,683
Net interest income	18,005	757	-	18,762
Fees and service income, net	5,374	37	-	5,411
Other operating income	4,976	24	(1,133)	3,867
Other operating expenses	19,834	484	(1,133)	19,185
Profit from operating before tax	8,521	334	-	8,855

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 six-month period ended June 30, 2019				
	Domestic	Foreign	Elimination	Total
Interest income	52,598	2,517	(182)	54,933
Interest expenses	15,911	1,030	(182)	16,759
Net interest income	36,687	1,487	-	38,174
Fees and service income, net	10,630	77	-	10,707
Other operating income	18,077	42	(2,214)	15,905
Other operating expenses	40,996	973	(2,214)	39,755
Profit from operating before tax	24,398	633	-	25,031

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				
THE BANK'S FINANCIAL STATEMENTS				
For the three-month period ended June 30, 2019				
	Domestic	Foreign	Elimination	Total
Interest income	20,425	16	-	20,441
Interest expenses	8,112	4	-	8,116
Net interest income	12,313	12	-	12,325
Fees and service income, net	2,389	5	-	2,394
Other operating income	4,990	12	(1,133)	3,869
Other operating expenses	14,161	17	(1,133)	13,045
Profit from operating before tax	5,531	12	-	5,543

	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 six-month period ended June 30, 2019			
	Domestic	Foreign	Elimination	Total
Interest income	39,967	30	-	39,997
Interest expenses	15,601	6	-	15,607
Net interest income	24,366	24	-	24,390
Fees and service income, net	4,779	8	-	4,787
Other operating income	14,190	18	(2,214)	11,994
Other operating expenses	28,795	41	(2,214)	26,622
Profit from operating before tax	14,540	9	-	14,549

	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 from operating before tax	11,755	5	-	11,760

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.

7.30 Interest income

Interest income for the three-month and six-month periods ended June 30, 2019 and 2018 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,	
	2019	2018	2019	2018
Interbank and money market items	1,382	1,609	1,379	1,606
Investment and trading transactions	22	10	22	10
Investment in debt securities	621	417	621	417
Loans to customers	17,858	17,036	12,644	11,488
Hire purchase and finance lease	7,544	7,293	5,757	4,843
Other	18	-	18	-
Total interest income	27,445	26,365	20,441	18,364

	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,	
	2019	2018	2019	2018
Interbank and money market items	2,436	3,312	2,430	3,308
Investment and trading transactions	41	18	41	18
Investment in debt securities	1,191	767	1,196	767
Loans to customers	36,066	33,301	25,031	22,649
Hire purchase and finance lease	15,164	14,492	11,264	9,324
Other	35	-	35	-
Total interest income	54,933	51,890	39,997	36,066

7.31 Interest expenses

Interest expenses for the three-month and six-month periods ended June 30, 2019 and 2018 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,	
	2019	2018	2019	2018
Deposits	4,664	3,699	4,394	3,505
Interbank and money market items	1,134	1,368	1,084	1,372
Contributions to Financial Institution Development Fund and Deposit Protection Agency	1,814	1,693	1,814	1,693
Debt issued and borrowings				
- Subordinated debenture	623	400	400	380
- Other	426	710	413	399
Borrowing fee expense	9	3	2	1
Other	13	4	9	1
Total interest expenses	8,683	7,877	8,116	7,351

	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,	
	2019	2018	2019	2018
Deposits	8,894	7,230	8,380	6,866
Interbank and money market items	2,194	2,643	2,122	2,647
Contributions to Financial Institution Development Fund and Deposit Protection Agency	3,531	3,331	3,531	3,331
Debt issued and borrowings				
- Subordinated debenture	1,255	796	749	755
- Other	820	1,352	788	795
Borrowing fee expense	25	19	4	1
Other	40	9	33	2
Total interest expenses	16,759	15,380	15,607	14,397

7.32 Fees and service income, net

Fees and service income, net for the three-month and six-month periods ended June 30, 2019 and 2018 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,	
	2019	2018	2019	2018
Fees and service income				
- Acceptances, aval and guarantees	130	129	132	129
- Other	7,179	6,915	3,682	3,586
Total fees and service income	7,309	7,044	3,814	3,715
Fees and service expenses	1,898	1,858	1,420	1,250
Total fees and service income, net	5,411	5,186	2,394	2,465

	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,	
	2019	2018	2019	2018
Fees and service income				
- Acceptances, aval and guarantees	261	255	262	255
- Other	14,358	13,996	7,431	7,320
Total fees and service income	14,619	14,251	7,693	7,575
Fees and service expenses	3,912	3,745	2,906	2,470
Total fees and service income, net	10,707	10,506	4,787	5,105

7.33 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, 2019 and 2018 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,	
	2019	2018	2019	2018
Gains (losses) on trading and foreign exchange transactions				
- Foreign currency and derivative of currency	1,206	950	1,209	957
- Derivative of interest rates	(178)	197	(164)	194
- Debt securities	11	(6)	11	(6)
- Equity securities	6	(12)	7	(10)
- Other	-	-	-	-
Total	<u>1,045</u>	<u>1,129</u>	<u>1,063</u>	<u>1,135</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,	
	2019	2018	2019	2018
Gains (losses) on trading and foreign exchange transactions				
- Foreign currency and derivative of currency	2,370	2,099	2,377	2,099
- Derivative of interest rates	(182)	367	(156)	363
- Debt securities	12	(3)	12	(3)
- Equity securities	5	(20)	4	(20)
- Other	-	1	-	-
Total	<u>2,205</u>	<u>2,444</u>	<u>2,237</u>	<u>2,439</u>

7.34 Gains (losses) on investments, net

Gains (losses) on investments, net for the three-month and six-month periods ended June 30, 2019 and 2018 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,	
	2019	2018	2019	2018
Gains on sales of investments				
- Available-for-sale	402	106	402	106
Losses on impairments				
- Subsidiaries	-	-	(510)	-
Total	<u>402</u>	<u>106</u>	<u>(108)</u>	<u>106</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,	
	2019	2018	2019	2018
Gains on sales of investments				
- Available-for-sale	448	331	448	331
- General investments	-	3	-	3
- Subsidiaries investments	8,625	-	5,019	-
	<u>9,073</u>	<u>334</u>	<u>5,467</u>	<u>334</u>
Losses on impairments				
- Subsidiaries	-	-	(510)	-
Total	<u>9,073</u>	<u>334</u>	<u>4,957</u>	<u>334</u>

7.35 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, 2019 and 2018 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,	
	2019	2018	2019	2018
Interbank and money market items (reversal)	(10)	109	(10)	110
Loans to customers	6,469	5,903	4,540	3,561
Loss on troubled debt restructuring	266	392	58	12
Total	<u>6,725</u>	<u>6,404</u>	<u>4,588</u>	<u>3,683</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,	
	2019	2018	2019	2018
Interbank and money market items (reversal)	(25)	154	(25)	154
Loans to customers	12,521	12,185	8,711	7,911
Loss on troubled debt restructuring	578	748	70	26
Total	<u>13,074</u>	<u>13,087</u>	<u>8,756</u>	<u>8,091</u>

7.36 Income tax expenses

Income tax expenses for the three-month and six-month periods ended June 30, 2019 and 2018 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,	
	2019	2018	2019	2018
Current tax for the periods	1,273	1,620	345	750
Deferred tax	465	(69)	383	(83)
Total income tax expenses	<u>1,738</u>	<u>1,551</u>	<u>728</u>	<u>667</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,	
	2019	2018	2019	2018
Current tax for the periods	4,108	3,097	2,195	1,258
Deferred tax	991	(30)	189	(26)
Total income tax expenses	<u>5,099</u>	<u>3,067</u>	<u>2,384</u>	<u>1,232</u>

Reconciliation of effective tax rate

	CONSOLIDATED FINANCIAL STATEMENTS For the six-month periods ended June 30,				THE BANK'S FINANCIAL STATEMENTS For the six-month periods ended June 30,			
	2019		2018		2019		2018	
	(in million Baht)	Rate (%)	(in million Baht)	Rate (%)	(in million Baht)	Rate (%)	(in million Baht)	Rate (%)
Profit before tax	<u>25,031</u>		<u>15,739</u>		<u>14,549</u>		<u>11,760</u>	
Income tax at the domestic tax rate	5,006	20.00	3,148	20.00	2,910	20.00	2,352	20.00
Add Tax effect of income and expense that are not exempt for tax purposes	1,107	4.42	1,458	9.27	442	3.04	22	0.19
Less Tax effect of income and expense that are exempt for tax purposes	<u>(1,014)</u>	<u>(4.06)</u>	<u>(1,539)</u>	<u>(9.78)</u>	<u>(968)</u>	<u>(6.66)</u>	<u>(1,142)</u>	<u>(9.72)</u>
Income tax expenses as per statements of profit or loss and other comprehensive income	<u>5,099</u>	<u>20.36</u>	<u>3,067</u>	<u>19.49</u>	<u>2,384</u>	<u>16.38</u>	<u>1,232</u>	<u>10.47</u>

7.37 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, 2019 and 2018 are as follows:

	Unit: Million Baht CONSOLIDATED FINANCIAL STATEMENTS For the three-month periods ended June 30,					
	2019			2018		
	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	(69)	14	(55)	(939)	188	(751)
Gains (losses) arising from translating the financial statements of a foreign operation	<u>(326)</u>	<u>57</u>	<u>(269)</u>	<u>401</u>	<u>(75)</u>	<u>326</u>
Other comprehensive income	<u>(395)</u>	<u>71</u>	<u>(324)</u>	<u>(538)</u>	<u>113</u>	<u>(425)</u>

Unit: Million Baht

CONSOLIDATED FINANCIAL STATEMENTS

For the six-month periods ended June 30,

2019

2018

	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	486	(97)	389	(827)	165	(662)
Gains (losses) arising from translating the financial statements of a foreign operation	(514)	92	(422)	63	(10)	53
Other comprehensive income	(28)	(5)	(33)	(764)	155	(609)

Unit: Million Baht

THE BANK'S FINANCIAL STATEMENTS

For the three-month periods ended June 30,

2019

2018

	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	(69)	14	(55)	(939)	188	(751)
Other comprehensive income	(69)	14	(55)	(939)	188	(751)

Unit: Million Baht

THE BANK'S FINANCIAL STATEMENTS

For the six-month periods ended June 30,

2019

2018

	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	486	(97)	389	(827)	165	(662)
Other comprehensive income	486	(97)	389	(827)	165	(662)

7.38 Event after the reporting period

The extraordinary meeting of the Board of Directors No. 3/2019 held on August 8, 2019 approved the Bank or its subsidiaries to offer to purchase 50% of total issued and paid up share capital of SB Finance Company Inc. (“SBF”) from Security Bank Corporation (“SBC”) for an estimated consideration of Philippine Peso 1,828.2 million or Baht 1,096.9 million. The actual consideration is subject to the change in actual equity book value as of the closing date. This transaction is also subject to satisfactory regulatory approvals from BOT, and/or other relevant regulators in Thailand and other countries.

On August 8, 2019, the Bank has entered into a Share Purchase Agreement whereby the Bank agrees to buy 50% of the total issued and paid up share capital of SBF or equivalent to 7,075,000 shares from SBC. The Bank and SBC also have entered into a Joint Venture Agreement whereby both parties have set out scope of business, organizational structure, and roles and responsibilities of each party.

7.39 Approval of financial statements

These financial statements have been approved for issue by the Board of Directors on August 28, 2019.