

NOTES TO THE FINANCIAL STATEMENTS

Bangkok Bank Public Company Limited and Subsidiaries

For the year ended December 31, 2018

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NOTES TO THE FINANCIAL STATEMENTS

Bangkok Bank Public Company Limited and Subsidiaries

For the year ended December 31, 2018

1. GENERAL INFORMATION AND REGULATORY REQUIREMENTS

Bangkok Bank Public Company Limited is a public company limited registered in the Kingdom of Thailand and registered in the Stock Exchange of Thailand with its head office located at 333 Silom Road, Bangrak, Bangkok. The Bank's main business is commercial banking and the Bank conducts its businesses through a network of branches covering all parts of Thailand and some major parts of the world.

The Bank is subject to various capital and regulatory requirements administered by the Bank of Thailand ("BOT"). Under these capital adequacy guidelines and the regulatory framework for prompt corrective action, the Bank must satisfy specific capital guidelines that involve quantitative measurements of the Bank's assets, liabilities and certain off-balance sheet items calculated in accordance with regulatory requirements. The Bank's capital amounts and classification are also subject to qualitative judgment by the BOT about components, risk weightings and other factors. The Bank believes that as at December 31, 2018 and 2017, the Bank complied with all capital adequacy requirements. However, these capital and regulatory requirements are subject to change by the BOT.

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

2.1 The consolidated and the Bank's statutory financial statements are in the Thai language and prepared in accordance with Thai Financial Reporting Standards, accounting treatment guidance promulgated by the Federation of Accounting Professions ("FAP"), accounting practices generally accepted in Thailand including the Regulations of The Securities and Exchange Commission, The Stock Exchange of Thailand and relevant BOT's Notifications.

The consolidated and the Bank's financial statements are prepared in accordance with Thai Accounting Standard No. 1 (Revised 2017) regarding Presentation of Financial Statements; and relevant official regulations, and presented in accordance with the BOT's Notification regarding the Preparation and Announcement of Financial Statements of Commercial Banks and Parent Companies of Financial Holding Groups dated December 4, 2015.

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

The preparation of the financial statements in conformity with Thai Financial Reporting Standards also requires the Bank to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expense during the reporting period. The actual results may differ from those estimates. The use of accounting judgments and estimates that are of significance are disclosed in Note 5. Further information about methods and key assumptions are set out in the relevant notes.

2.2 New or Revised Thai Financial Reporting Standards

2.2.1 The Bank and subsidiaries have adopted the new or revised Thai Accounting Standards, Thai Financial Reporting Standards, Thai Accounting Standards Interpretations and Thai Financial Reporting Interpretations, issued by the FAP and announced in the Royal Gazette, applying for the financial statements of the periods beginning on or after January 1, 2018 onward with no material impact on the Bank and subsidiaries' financial statements.

2.2.2 The Federation of Accounting Professions had issued the Notification of Federation of Accounting Professions regarding Thai Accounting Standards, Thai Financial Reporting Standards, Thai Accounting Standards Interpretations and Thai Financial Reporting Interpretations which had been announced in the Royal Gazette, that are relevant to the Bank but not yet effective in 2018 as follows :

Thai Financial Reporting Standards		Effective date
Thai Accounting Standards (TAS)		
TAS 1 (Revised 2018)	Presentation of Financial Statements	January 1, 2019
TAS 7 (Revised 2018)	Statement of Cash Flows	January 1, 2019
TAS 8 (Revised 2018)	Accounting Policies, Changes in Accounting Estimates and Errors	January 1, 2019
TAS 10 (Revised 2018)	Events after the Reporting Period	January 1, 2019
TAS 12 (Revised 2018)	Income Taxes	January 1, 2019
TAS 16 (Revised 2018)	Property, Plant and Equipment	January 1, 2019
TAS 17 (Revised 2018)	Leases	January 1, 2019
TAS 19 (Revised 2018)	Employee Benefits	January 1, 2019
TAS 21 (Revised 2018)	The Effects of Changes in Foreign Exchange Rates	January 1, 2019
TAS 24 (Revised 2018)	Related Party Disclosures	January 1, 2019
TAS 27 (Revised 2018)	Separate Financial Statements	January 1, 2019
TAS 28 (Revised 2018)	Investments in Associates and Joint Ventures	January 1, 2019
TAS 33 (Revised 2018)	Earnings per Share	January 1, 2019
TAS 34 (Revised 2018)	Interim Financial Reporting	January 1, 2019
TAS 36 (Revised 2018)	Impairment of Assets	January 1, 2019
TAS 37 (Revised 2018)	Provisions, Contingent Liabilities and Contingent Assets	January 1, 2019

Thai Financial Reporting Standards		Effective date
Thai Accounting Standards (TAS)		
TAS 38 (Revised 2018)	Intangible assets	January 1, 2019
Thai Financial Reporting Standards (TFRS)		
TFRS 5 (Revised 2018)	Non - current Assets Held for Sale and Discontinued Operations	January 1, 2019
TFRS 8 (Revised 2018)	Operating Segments	January 1, 2019
TFRS 10 (Revised 2018)	Consolidated Financial Statements	January 1, 2019
TFRS 11 (Revised 2018)	Joint Arrangements	January 1, 2019
TFRS 12 (Revised 2018)	Disclosure of Interests in Other Entities	January 1, 2019
TFRS 13 (Revised 2018)	Fair Value Measurement	January 1, 2019
TFRS 15	Revenue from Contracts with Customers	January 1, 2019
Thai Accounting Standards Interpretations (TSIC)		
TSIC 15 (Revised 2018)	Operating Leases - Incentives	January 1, 2019
TSIC 25 (Revised 2018)	Income Taxes - Changes in the Tax Status of an Entity or its Shareholders	January 1, 2019
TSIC 32 (Revised 2018)	Intangible Assets - Web Site Costs	January 1, 2019
Thai Financial Reporting Interpretations (TFRIC)		
TFRIC 4 (Revised 2018)	Determining whether an Arrangement contains a Lease	January 1, 2019
TFRIC 10 (Revised 2018)	Interim Financial Reporting and Impairment	January 1, 2019
TFRIC 14 (Revised 2018)	TAS 19 (Revised 2018) - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction	January 1, 2019
TFRIC 17 (Revised 2018)	Distributions of Non-cash Assets to Owners	January 1, 2019
TFRIC 21 (Revised 2018)	Levies	January 1, 2019
TFRIC 22	Foreign Currency Transactions and Advance Consideration	January 1, 2019
Financial Instruments Standards		
Thai Accounting Standards (TAS)		
TAS 32	Financial Instruments: Presentation	January 1, 2020
Thai Financial Reporting Standards (TFRS)		
TFRS 7	Financial Instruments: Disclosures	January 1, 2020
TFRS 9	Financial Instruments	January 1, 2020
Thai Financial Reporting Interpretations (TFRIC)		
TFRIC 16	Hedges of a Net Investment in a Foreign Operation	January 1, 2020
TFRIC 19	Extinguishing Financial Liabilities with Equity Instruments	January 1, 2020

New or revised Thai Financial Reporting Standards which are significantly changed can be summarized as follows :

- Thai Financial Reporting Standards No. 15 “Revenue from Contracts with Customers” to supersede the following Thai Accounting Standard and Thai Accounting Standard Interpretation

Thai Accounting Standards

TAS 11 (Revised 2017) Construction Contracts

TAS 18 (Revised 2017) Revenue

Thai Accounting Standard Interpretation

TSIC 13 (Revised 2017) Customer Royalty Programmes

TSIC 15 (Revised 2017) Agreement for the Construction of Real Estate

TSIC 31 (Revised 2017) Revenue-Barter Transactions Involving Advertising

Thai Financial Reporting Interpretation

TFRIC 18 (Revised 2017) Transfers of Assets from Customers

TFRS 15 - Revenue from Contracts with Customers establishes a 5-step approach to recognize the revenue from the contracts made with the customers: step 1 - identify the contracts with the customer, Step 2 - identify the performance obligations in the contract, Step 3 - determine the transaction price, Step 4 - allocate the transaction price to the performance obligations in the contract and Step 5 - recognize revenue when (or as) the entity satisfies a performance obligation of which the entity will recognize revenue at the amount that reflects the return expected to receive from the exchange of the good and service.

- A pack of Standards in relation to financial instruments

Thai Accounting Standards

TAS 32 Financial Instruments: Presentation

Thai Financial Reporting Standards

TFRS 7 Financial Instruments: Disclosure

TFRS 9 Financial Instruments

Thai Financial Reporting Interpretation

TFRIC 16 Hedge of Net Investment in a Foreign Operation

TFRIC 19 Extinguishing Financial Liabilities with Equity Instruments

A pack of Standards in relation to financial instruments includes

- Guidance on the classification and measurement of financial instruments at either fair value or amortized cost based on determination the type of financial instruments, the contractual cash flow characteristics and the business model.
- Impairment assessment using the expected credit loss approach. The instruments that are in the scope of impairment requirement are loan receivable and financial assets which are debt instruments that are not measure at fair value through profit and loss, loan commitment and financial guarantee contract. The expected credit loss and its movement shall be recognized in each financial reporting date to reflect the change of credit risk since initial recognition.
- Hedge accounting which determines the type of transactions eligible for hedge accounting requirement, the types of instruments that qualify for hedging instruments and hedged items, and effectiveness testing which is more aligned with risk management strategy.
- Principle for presentation of hybrid instruments, financial instruments as liabilities or equity and for offsetting financial assets and financial liabilities.
- Disclosure requirement that enable the users of financial statements can evaluate how significant of financial instrument which may have to the financial position and performance. The disclosure also includes the nature and extent of risks arising from the financial instruments and how such risks are managed.

The Bank has considered the impact of the above Thai Accounting Standards, Thai Financial Reporting Standards, Thai Accounting Standards Interpretations and Thai Financial Reporting Interpretations and determined that they will not have any material impact on the Bank's financial statements except for a pack of Thai Financial Reporting Standards in relation to financial instruments which will be effective on January 1, 2020 that the Bank is in the impact assessment process.

- 2.3 The consolidated financial statements for the years ended December 31, 2018 and 2017, included the accounts of the head office and all branches of the Bank and its subsidiaries, by eliminating significant business transactions and outstanding balances between the Bank and its subsidiaries, and included equity interest in associates. The subsidiaries consist of BBL (Cayman) Limited, Bangkok Bank Berhad, Sinnsuptawee Asset Management Company Limited, BBL Asset Management Company Limited, Bualuang Securities Public Company Limited, Bangkok Bank (China) Company Limited and Bualuang Ventures Limited.

In addition, the consolidated financial statements for the years ended December 31, 2018 and 2017, included BBL Nominees (Tempatan) Sdn. Bhd, the 100% owned subsidiary of Bangkok Bank Berhad and Bangkok Capital Asset Management Company Limited, the 100% owned subsidiary of Bualuang Securities Public Company Limited.

All subsidiaries of the Bank were incorporated in the Kingdom of Thailand except for BBL (Cayman) Limited which was incorporated in the Cayman Islands British West Indies, Bangkok Bank Berhad which was incorporated in Malaysia and Bangkok Bank (China) Company Limited which was incorporated in the People's Republic of China. For associates, all were incorporated in the Kingdom of Thailand.

- 2.4 The Bank's financial statements for the years ended December 31, 2018 and 2017, included the accounts of the head office and all branches of the Bank. Investments in subsidiaries and associates were accounted for using the cost method, net of valuation allowance for impairment.

3. SIGNIFICANT ACCOUNTING POLICIES

3.1 Recognition of income

The Bank recognizes interest and fee income on an accrual basis, except for interest from lending which was accrued over three months, such interest is recognized when received. The Bank reverses all accrued interest income for items which are no longer on an accrual basis.

3.2 Recognition of expenses

The Bank recognizes interest and fee expenses on an accrual basis.

3.3 Cash

Cash consists of cash on hand and cash in transit.

3.4 Derivatives

Derivatives are initially recorded at fair value at the date on which a derivative contract is entered into (Trade Date) and are subsequently measured at fair value. The changes in fair value are recognized as gains (losses) on tradings and foreign exchange transactions.

The Bank makes use of derivatives to manage exposures arising from assets, liabilities, off-balance sheet items, net positions or cash flow. Upon meeting specified criteria for hedge accounting, the Bank applies hedge accounting for the aforementioned derivatives and the same basis (accrual basis) of accounting for the hedged items.

In hedging, the Bank takes into consideration the relationship between derivatives and the hedged item, including the nature of the risk, the objective and strategy for undertaking the hedge as well as the effectiveness of the hedging relationship.

The Bank discontinues using hedge accounting when a hedging instrument expires or is sold, or when a hedge no longer meets the criteria for hedge accounting. Derivative is then remeasured at fair value and the difference between the carrying value under accrual method and the fair value of derivative is amortized and recognized in profit or loss in line with the hedged items.

An embedded derivative is a component of a hybrid or combined instrument that also includes a non-derivative host contract. An embedded derivative causes some or all of the cash flows that otherwise would be required by the contract to be modified according to the specified variable. The Bank recognizes, classifies and accounts for the embedded derivative in accordance with the BOT's Notification. An embedded derivative is separated from the host contract and accounted for as a derivative if all of the following criteria are met, namely that the embedded derivative has economic characteristics and risks that are not closely related to that of the host contract, and which when separated from the host contract would still meet the definition of a derivative, and where the hybrid instrument is not measured and recognized at fair value with changes in fair value recognized in profit or loss. An embedded derivative that is separated from the host contract is classified as held for trading and is presented at fair value with changes in fair value recognized as gains (losses) on tradings and foreign exchange transactions. The related host contract is recognized, classified and measured according to the related accounting policy. An embedded derivative in a hybrid instrument which does not meet the aforementioned criteria is accounted for under the host contract.

3.5 Investments

The Bank and its subsidiaries classify debt securities, equity securities and investments in receivables as trading investments, available-for-sale investments, held-to-maturity debt securities, general investments and investments in subsidiaries and associates.

Investments are initially recognized on the settlement date at fair value.

Investments in debt securities or marketable equity securities with readily determinable market values that are acquired with the intent to hold for a short period of time in order to take advantage of anticipated changes in market values are classified as trading investments and carried at fair value. Unrealized gains and losses from changes in their fair value, and gains and losses on disposal of investments are recognized as gains (losses) on tradings and foreign exchange transactions.

Debt securities for which the Bank has the intent and the ability to hold until maturity are classified as held-to-maturity debt securities and carried at the amortized cost, net of valuation allowances for impairment (if any).

Debt securities, investments in receivables and marketable equity securities with readily determinable market values that are not classified as either held-to-maturity debt securities, or trading investments or investments in subsidiaries and associates are classified as available-for-sale investments and carried at fair value. The unrealized gains or losses from changes in their fair value are reported as a component of shareholders' equity through other comprehensive income until realized, after which such gains or losses on disposal of the investments will be recognized as gains (losses) on investments.

Non-marketable equity securities and listed securities with restriction on trading price are classified as general investments and carried at cost, net of valuation allowances for impairment (if any).

Subsidiaries are entities over which the Bank has the power to control the financial and operating policy in order to manage the relevant activities so as to obtain return on the Bank's interest.

Associates are entities over which the Bank has, directly or indirectly, the voting power of the entity which the Bank has significant influence, but not control, over the financial and operating policy decisions.

Investments in subsidiaries and associates in the Bank's financial statements are presented under the cost method, net of valuation allowances for impairment (if any). Investments in associates in the consolidated financial statements are presented under the equity method, net of valuation allowances for impairment (if any).

The Bank presents its investments transferred to a subsidiary as securities transferred to subsidiary, classified as available-for-sale investments. Cash received from the aforementioned transfer is presented as other liabilities in accordance with accounting treatment guidance for transfers and accept transfers of financial assets.

Cost of debt and equity securities disposed is computed based on the weighted-average method. Interest income on debt securities is recognized on an accrual basis. The amortization of premiums and accretion of discounts uses methods that produce a level yield and presents as interest income. Dividend is recognized on an accrual basis as other operating income.

Valuation allowances for impairment are established by recognizing an unrealized loss upon impairment of investments as per the Bank and its subsidiaries' assessment. The impairment loss for equity securities is reported as gains (losses) on investments and the impairment loss for debt securities is reported as impairment loss of loans and debt securities.

3.6 Loans to customers

The Bank recognizes loans to customers at cost when cash is advanced to a borrower and derecognizes when getting repayment or writing off.

Overdrafts are carried at the drawn amounts including interest. Other loans to customers are carried at the principal amounts (See Note 6.6).

3.7 Allowance for doubtful accounts

The BOT allows banks to classify loans and set up the allowance for doubtful accounts on an account-by-account basis or on a customer basis. In this respect, the Bank has chosen to classify loans and set up the allowance for doubtful accounts on a customer basis, such that all loans extended to a customer are classified at the lowest quality category of such customer and the allowance for doubtful accounts is determined according to the loan classification. The Bank also performs qualitative reviews of loans and commitments in accordance with the guidelines of the BOT.

The Bank had set up the minimum allowance for doubtful accounts in accordance with the BOT's Notification regarding the Basis for Classification and Allowance of Financial Institutions dated June 10, 2016.

The Bank had set up the allowance for doubtful accounts for non-performing loans in an amount equal to the difference between the book value of the outstanding loan and the present value of estimated future cash flows from the debtor, or the difference between the book value of the outstanding loan and the present value of estimated future cash flows from the disposal of collateral. For the allowance for doubtful accounts for performing loans, the Bank had set up the allowance in accordance with the minimum percentage of the BOT's guidelines. For loans having similar credit risk characteristics, the Bank may set up the allowance in an amount of collective impairment by using the historical loss data including current observable data (See Note 6.6.1). Furthermore, the Bank had set aside an additional allowance for doubtful accounts in excess of the minimum BOT's requirement by taking into consideration the potential additional loss arising from changes in economic and legal environment and other factors that may impact the ability of the debtors in meeting their obligations under the loan agreements.

Debts that are determined to be irrecoverable are written off in the period in which the decision is taken. Bad debts recovered are recorded as an increase in allowance for doubtful accounts.

In the event of a loss on debt restructuring, the Bank will reduce bad debt and doubtful accounts and allowance for doubtful accounts by either the loss on debt restructuring or the allowance for doubtful accounts for that debtor, whichever is the lower.

3.8 Troubled debt restructurings

The Bank's restructuring methodology includes reduction of principal and/or accrued interest receivables, asset transfer, debt-equity conversion, and modification of payment schedule.

For debt repayment through asset transfer or debt-equity conversion according to debt restructuring contract, the Bank recognizes the transferred asset or equity conservatively at the lower of recorded loan amount or asset fair value, the effect of which is not materially different from recording the transfer at the fair value following Thai Accounting Standard regarding Accounting for Troubled Debt Restructuring.

For debt restructuring using modification of payment schedule, the Bank calculates the fair value of loans based on the present value of the expected future cash flows discounted by the market rate. The Bank applies lending interest rate (MLR) published by the Bank and in force at the time of restructuring as the discount rate in calculating the resulting future loss, and recognizes this loss on restructuring as expense immediately upon restructuring. Subsequently, the Bank recalculates the above-mentioned future loss periodically using the lending interest rate published by the Bank and in force as at the reporting date as the discount rate and recognizes the change of the above-mentioned future loss as an increase or a decrease in expense in loss on restructuring accounts.

3.9 Properties for sale

Properties for sale consist of immovable and movable properties which are stated at the lower of cost or market value at the date of acquisition. In the event where the Bank considers that there is a decline in net realizable value, the impairment is recognized as other operating expense.

Net realizable value is estimated based on the appraised value together with other factors which can affect the realizable value such as related selling expenses and future discounts expenses.

Gains or losses on disposal of such properties for sale are recognized as other operating income or expense on the date of disposal.

The Bank had complied with the BOT's Notification regarding the Immovable Properties for Sale, and the Rules of the Purchase and Holding of Immovable Properties to be used as Premises for Business of Commercial Banks or as Facilities for its Officers and Employees dated December 11, 2009 and the Accounting Rules for Financial Institutions in relation to the Sales of Properties for Sale dated December 4, 2015.

3.10 Premises, equipment and depreciation

Land is stated at the new appraised value. Premises are stated at the new appraised value net of accumulated depreciation and allowance for impairment (if any). Equipment is stated at cost net of accumulated depreciation and allowance for impairment (if any).

The land and premises reappraisal is done by independent appraisers according to the guidelines established by the BOT based on the market value method for land and the replacement cost method net of accumulated depreciation for premises, and such value is subject to review by price-approval committee. The increment resulting from the appraisal is recognized as part of shareholders' equity as unrealized increment per land and premises appraisal. Depreciation of the increment per premises appraisal is recognized as other operating expense and the unrealized increment per premises appraisal is amortized by transferring directly to retained earnings in an amount equal to such depreciation. Land and premises appraisal decrease is charged directly against any prior appraisal increase for the particular asset. The residual appraisal decrease is recognized as other operating expense. Upon disposal, any remaining related revaluation surplus of the land and premises is transferred directly to retained earnings and is not taken into account in calculating the gain or loss on disposal.

Depreciation is calculated by the straight-line method, based on the estimated useful lives of the assets, as follows :

Premises-reappraised	20 - 30 years
Premises-newly constructed	20 years
Equipment	3 - 5 years

Depreciation of premises and equipment in foreign countries is at the legal rates applicable in each locality.

When land, premises and equipment become impaired, the allowance for impairment is recorded to recognize loss on impairment as other operating expenses.

Gains or losses on disposal of land, premises and equipment are recognized as other operating income or expenses upon disposal.

3.11 Intangible assets and amortization

Intangible assets are stated at cost net of accumulated amortization and allowance for impairment (if any).

Amortization is calculated by the straight-line method, based on the estimated useful lives of the assets. For computer software, the estimated useful lives are between 3 - 5 years.

Amortization of intangible assets in foreign countries is at the legal rates applicable in each locality.

When intangible assets become impaired, the allowance for impairment is recorded to recognize loss on impairment as other operating expenses.

Gains or losses on disposal of intangible assets are recognized as other operating income or expenses upon disposal.

3.12 Leaseholds

Leaseholds are stated at cost less amortization. Amortization charge is calculated by the straight-line method, based on the lease period, which ranges between 2 - 30 years.

3.13 Provisions

The Bank recognizes provisions in the statements of financial position when the Bank has obligations as a result of a past event and where it is probable that there will be an outflow of economic benefits to settle such obligations. The provisions, such as the provisions for off-balance sheet contingencies, the provision for the post-employment benefits (See Note 6.21), the probable loss on legal indemnity, and other provisions, have been recognized in the statements of financial position.

The Bank recognizes the provisions as other operating expenses and as provisions in the statements of financial position.

The Bank reviews the provisions on a regular basis, and recognizes the changes in the provisions as increase or decrease in other operating expenses.

3.14 Assets and liabilities in foreign currencies

3.14.1 Functional currency and presentation currency

Items in the financial statements of foreign operations are recorded at their functional currency.

The consolidated and the Bank's financial statements are presented in Baht as the presentation currency.

3.14.2 Translation of foreign currency transactions

Transactions denominated in foreign currencies are translated into the functional currency at the rates of exchange prevailing at the transaction dates.

At the reporting date, balances of monetary assets and liabilities are translated at the exchange rate as of the reporting date. Balances of non-monetary assets and liabilities are translated at the exchange rate prevailing at the transaction dates or exchange rate at the date when the fair value was determined.

Gains and losses on foreign currency trading and foreign currency translation are presented as gains (losses) on tradings and foreign exchange transactions.

3.14.3 Translation of financial statements of foreign operations

In preparation of the consolidated and the Bank's financial statements, the Bank translates the items in the statement of financial position of the foreign operation which its functional currency is other than Baht by using the reference rates of BOT as of the reporting date and translates the items in the statement of profit or loss and other comprehensive income by using the reference rates of BOT at the end of each month.

Gains or losses on translation of the financial statements of foreign operations are recognized as a component of shareholders' equity through other comprehensive income.

3.15 Post-employment benefits

3.15.1 Defined contribution plans

The Bank and its domestic subsidiaries have the provident funds, which are managed by external fund managers, for their employees in accordance with the Provident Fund Act B.E. 2530 (1987). The Bank, its domestic subsidiaries and their employees contribute to the funds at the determined rates. The employees are entitled to benefits according to the Fund regulations.

The provident funds for overseas branches and overseas subsidiaries are established in accordance with each country's legal requirement and any withdrawal is made in compliance therewith.

The provident funds are considered defined contribution plans. The Bank and subsidiaries recognize their contributions to the provident funds as personnel expenses upon receiving the service from employees.

3.15.2 Defined benefit plans

The Bank and its subsidiaries provide the defined benefit plans for their employees under the employment agreements. The provision for the employee benefits is assessed by an actuary using the actuarial techniques called the Projected Unit Credit Method to determine the present value of cash flows of employee benefits to be paid in the future. Under this method, the determination is based on actuarial calculations which include the employee's salaries, turnover rate, mortality rate, years of service and other factors.

The Bank and its subsidiaries recognize the provision for defined benefit plans in the statements of financial position with the net total of the present value of defined benefits obligations minus the fair value of plan assets. The expense for defined benefit plans is recognized as personnel expenses in the statements of profit or loss and other comprehensive income. The actuarial gains (losses) are recognized in other comprehensive income.

3.16 Income taxes

Income taxes comprise of current tax and deferred tax.

Current tax is recognized at the amount expected to be paid or recovered from the tax authorities by calculating from taxable profit or loss for the period and using tax rates enacted or substantively enacted by the reporting date.

Deferred tax is recognized on temporary differences arising between carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit or loss (tax base). The Bank recognized deferred tax assets and liabilities arising from such temporary differences at the amount of expected benefit to be received from the assets or paid for the liabilities in profit or loss except to the extent that it relates to items recognized in equity, in which case it is recognized directly in equity.

Deferred tax assets and liabilities are offset, if the Bank has a legally enforceable right to offset current tax assets and current tax liabilities, and they relate to income taxes levied by the same tax authority on the same taxable entity.

Deferred tax assets are recognized to the extent that it is probable that future taxable profits will be sufficiently available to allow the temporary differences to be utilized. The carrying amount of deferred tax assets are reviewed at each reporting date and reduced to the extent that the related tax benefit will be realized.

3.17 Earnings per share

Basic earnings per share are calculated by dividing the net income attributable to the Bank by the average number of ordinary shares outstanding and issued during the period, weighted by the time and amount paid.

Diluted earnings per share are computed from adjusting the net income attributable to ordinary shares and adjusting the number of ordinary shares by the effect of dilutive potential ordinary shares.

4. RISK MANAGEMENT

4.1 Risk information of the Bank

The Bank's Risk Management Committee plays a significant role in prescribing the risk management policy, reviewing the sufficiency of the risk management policy and system, defining the strategy for risk management, and monitoring the Bank's risk to an appropriate level, in compliance with the Bank's risk management policy which has been approved by the Board of Directors based on the Risk Management Committee's recommendation. The objectives are to manage the relevant risks within designated boundaries, in particular the maintenance of capital in accordance with the revised capital adequacy requirements under the Basel III guidelines and to achieve an appropriate rate of return.

Important processes in the risk management system comprise the identification of significant risks which may potentially impact the Bank's business operations, the assessment of each type of risk, the monitoring of risks to be at an appropriate level under the Bank's policy, and the reporting of the status of each type of risk to relevant parties so as to enable them to manage and/or handle the risks in a timely manner.

The key principle of the risk management system is that business units shall be responsible for continuously managing their risk exposures in order to ensure that the risk is within the specified limits and in compliance with the overall risk management policy approved by the Board of Directors, while the Risk Management unit is responsible for monitoring and controlling the risks on a regular basis.

4.1.1 Credit risk

Credit Risk is the risk that borrowers or counterparties fail to fulfill their obligations under contractual agreements arising from lending, investment and other contractual activities, such as the borrowers' failure to repay principal or interest as agreed in the contract, etc. The Bank's maximum exposure to credit risk is the net carrying amount of the financial assets or the amount which the Bank could have to pay if counterparties cannot meet such contractual obligations.

The Bank has established comprehensive credit underwriting processes which include the formulation of the credit policy, procedures for the assessment of credit risk ratings for customers, and the establishment of various levels of credit approval authority, based on the type of business and/or the size of the credit facilities. In general, credit facilities are extended based on the capacity to repay, which is assessed by evaluating the purpose of the loan, the projected operating cash flows, business feasibility and the capability of management. Collateral coverage is also taken into consideration as a contingency measure. Credit reviews including reviews of the credit risk ratings are undertaken on a regular basis. Furthermore, the Bank also has established limits to be used as a tool to monitor and control credit risk.

4.1.2 Interest rate risk

Interest rate risk is the risk that arises from the potential change in interest rates which may have an adverse effect on the net interest income of the Bank in the current reporting period, and/or in future periods. Interest rate risk arises from the structure and characteristics of the Bank's assets and liabilities, and in the mismatch in repricing dates of its assets and liabilities.

The Bank assesses, monitors, and controls interest rate risk to be at an acceptable level and to comply with the policy set by the Asset-Liability Management Committee (ALCO) and the Risk Management Committee (RMC). The Bank manages interest rate risk in order to achieve business return targets and control the potential impact on capital to be within a specified limit. The Bank thus deploys derivatives to hedge its interest rate risk.

The Bank has significant financial assets and financial liabilities categorized by the earlier of contractual repricing or maturity dates as at December 31, 2018 and 2017 as follows :

Million Baht								
CONSOLIDATED								
2018								
	Call to 1 Month	1 - 3 Months	3 - 12 Months	1 - 5 Years	Over 5 Years	Non - interest bearing	Non - accrual Loans	Total
Financial Assets								
Interbank and money market items *	345,208	33,266	11,762	2,949	-	59,166	-	452,351
Investments in debt securities	21,774	21,621	102,222	282,729	17,871	-	-	446,217
Loans	1,349,860	346,953	222,873	76,381	5,925	9,742	71,426	2,083,160
Financial Liabilities								
Deposits	1,317,049	339,575	548,030	21,628	-	100,188	-	2,326,470
Interbank and money market items	78,339	23,005	6,938	8,973	3,484	16,123	-	136,862
Liabilities payable on demand	7,223	-	-	-	-	-	-	7,223
Debt issued and borrowings	9	140	-	68,359	47,840	-	-	116,348

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Million Baht								
CONSOLIDATED								
2017								
	Call to 1 Month	1 - 3 Months	3 - 12 Months	1 - 5 Years	Over 5 Years	Non - interest bearing	Non - accrual Loans	Total
Financial Assets								
Interbank and money market items *	296,303	50,301	25,217	3,644	-	62,528	-	437,993
Investments in debt securities	6,922	22,962	40,083	373,077	24,545	-	-	467,589
Loans	1,281,759	350,853	186,445	79,217	18,244	9,178	78,293	2,003,989
Financial Liabilities								
Deposits	1,245,875	376,336	561,043	22,507	-	104,982	-	2,310,743
Interbank and money market items	64,677	23,006	11,518	7,477	9,413	17,493	-	133,584
Liabilities payable on demand	7,252	-	-	-	-	-	-	7,252
Debt issued and borrowings	12	226	29,404	52,327	25,221	-	-	107,190

* Excluding allowance for doubtful accounts and accrued interest receivables.

Million Baht

	THE BANK 2018							
	Call to 1 Month	1 - 3 Months	3 - 12 Months	1 - 5 Years	Over 5 Years	Non - interest bearing	Non - accrual Loans	Total
Financial Assets								
Interbank and money market items *	324,393	21,734	3,764	3,126	-	52,541	-	405,558
Investments in debt securities	7,908	20,397	98,519	277,136	17,871	-	-	421,831
Loans	1,326,713	334,597	212,825	69,682	1,634	9,742	70,456	2,025,649
Financial Liabilities								
Deposits	1,294,711	331,899	520,195	15,497	-	100,188	-	2,262,490
Interbank and money market items	72,102	19,922	6,938	9,619	3,484	16,329	-	128,394
Liabilities payable on demand	7,199	-	-	-	-	-	-	7,199
Debt issued and borrowings	9	14	-	68,358	47,840	-	-	116,221

Million Baht

	THE BANK 2017							
	Call to 1 Month	1 - 3 Months	3 - 12 Months	1 - 5 Years	Over 5 Years	Non - interest bearing	Non - accrual Loans	Total
Financial Assets								
Interbank and money market items *	273,518	35,942	17,525	3,644	-	55,094	-	385,723
Investments in debt securities	6,672	14,650	37,427	367,777	24,545	-	-	451,071
Loans	1,256,080	340,654	173,983	78,975	18,178	9,178	76,909	1,953,957
Financial Liabilities								
Deposits	1,224,025	369,410	535,972	18,026	-	104,988	-	2,252,421
Interbank and money market items	61,664	20,365	10,515	7,477	9,413	17,779	-	127,213
Liabilities payable on demand	7,210	-	-	-	-	-	-	7,210
Debt issued and borrowings	12	-	29,404	52,327	25,221	-	-	106,964

* Excluding allowance for doubtful accounts and accrued interest receivables.

Basic information concerning fixed interest rate versus floating interest rate of domestic loans as at December 31, 2018 and 2017 are as follows :

	CONSOLIDATED		THE BANK	
	2018	2017	2018	2017
Fixed interest rate	408,637	380,296	408,637	380,296
Floating interest rate	<u>1,328,908</u>	<u>1,318,977</u>	<u>1,326,718</u>	<u>1,316,100</u>
Total	<u>1,737,545</u>	<u>1,699,273</u>	<u>1,735,355</u>	<u>1,696,396</u>

The interest-earning financial assets and interest-bearing financial liabilities for the years ended December 31, 2018 and 2017 are as follows :

	CONSOLIDATED FOR THE YEARS ENDED DECEMBER 31,						Million Baht
	Average Balance	2018 Interest Income / Expense	Average Rate (%) Per Annum	Average Balance	2017 Interest Income / Expense	Average Rate (%) Per Annum	
Interest-earning Financial Assets							
Interbank and money market items	481,103	8,397	1.75	509,521	8,317	1.63	
Investments in debt securities	460,149	9,199	2.00	424,748	8,242	1.94	
Loans	<u>2,025,402</u>	<u>93,131</u>	4.60	<u>1,939,223</u>	<u>88,876</u>	4.58	
Total	<u>2,966,654</u>	<u>110,727</u>		<u>2,873,492</u>	<u>105,435</u>		
Interest-bearing Financial Liabilities							
Deposits	2,318,609	21,762	0.94	2,268,859	21,596	0.95	
Interbank and money market items	158,312	2,142	1.35	121,349	1,081	0.89	
Debt issued and borrowings	<u>104,552</u>	<u>5,561</u>	5.32	<u>129,984</u>	<u>6,523</u>	5.02	
Total	<u>2,581,473</u>	<u>29,465</u>		<u>2,520,192</u>	<u>29,200</u>		

	THE BANK FOR THE YEARS ENDED DECEMBER 31,						Million Baht
	Average Balance	2018 Interest Income / Expense	Average Rate (%) Per Annum	Average Balance	2017 Interest Income / Expense	Average Rate (%) Per Annum	
Interest-earning Financial Assets							
Interbank and money market items	432,982	6,826	1.58	459,125	6,705	1.46	
Investments in debt securities	440,597	8,737	1.98	404,712	7,755	1.92	
Loans	<u>1,971,807</u>	<u>90,411</u>	4.59	<u>1,890,899</u>	<u>86,540</u>	4.58	
Total	<u>2,845,386</u>	<u>105,974</u>		<u>2,754,736</u>	<u>101,000</u>		
Interest-bearing Financial Liabilities							
Deposits	2,259,501	20,123	0.89	2,212,092	20,017	0.90	
Interbank and money market items	152,055	1,885	1.24	114,525	843	0.74	
Debt issued and borrowings	<u>104,370</u>	<u>5,561</u>	5.33	<u>129,746</u>	<u>6,523</u>	5.03	
Total	<u>2,515,926</u>	<u>27,569</u>		<u>2,456,363</u>	<u>27,383</u>		

4.1.3 Foreign exchange risk

Foreign exchange risk is the risk that arises when the Bank deals in foreign currency transactions which lead to overbought or oversold positions in any individual foreign currency positions. The Bank may incur gains or losses as a result of changes in foreign exchange rates.

The Bank manages its foreign currency positions in compliance with regulatory guidelines and the internal risk limits set by ALCO and RMC.

4.1.4 Equity price risk

Equity price risk is the risk associated with equity price changes and resulting in the deterioration of investment value or profit (loss) fluctuations.

The Bank invests in equity securities within the regulatory guidelines and its investment policy.

4.1.5 Liquidity risk

Liquidity risk is the risk that the Bank is unable to meet financial obligations when they fall due. The purpose of the Bank's liquidity risk management is to maintain sufficient funds to meet present and future financial obligations while managing the use of the funds to generate an appropriate return in line with prevailing market conditions.

The Bank manages liquidity risk in accordance with policies and guidelines established by ALCO and the liquidity reserve requirement as well as other relevant regulatory requirements. Treasury Division is in charge of managing the Bank's liquidity, while the Market Risk unit of the Risk Management unit is responsible for identifying, assessing, monitoring, reporting and controlling risks to be within the specified limits and reports to ALCO on a regular basis.

The Bank has diversified funding sources. Its major funding source is customer deposits which are well-diversified in different deposit types and maturities. Moreover, the Bank manages its liquidity through domestic money and capital markets including swap and repurchase markets, and through international money and capital markets in currencies such as the US dollar and the Euro. The Bank aims to balance the cost of liquidity against liquidity risks as deemed appropriate based on market conditions and acceptable risk levels. The Bank also closely manages short-term and long-term liquidity positions, taking into consideration foreign short-term and long-term borrowings to meet customers' foreign currency loan demands in both domestic and overseas operations as well as planning for capital fund raising as market conditions permit. In addition to funding diversification, the Bank maintains high-quality liquid assets which can be liquidated or realized as needed in order to meet its financial obligations under both business-as-usual and crisis situations.

The Bank has financial assets and financial liabilities categorized by maturity profile as at December 31, 2018 and 2017 as follows :

						Million Baht
CONSOLIDATED						
2018						
	Up to 1 Year	1 to 5 Years	Over 5 Years	No Maturity	Non - accrual Loans	Total
Financial Assets						
Interbank and money market items *	449,402	2,949	-	-	-	452,351
Derivatives	10,381	7,806	10,463	-	-	28,650
Investments	145,295	284,505	18,037	110,559	-	558,396
Loans	884,806	734,445	393,163	-	70,746	2,083,160
Financial Liabilities						
Deposits	2,304,842	21,628	-	-	-	2,326,470
Interbank and money market items	122,142	11,236	3,484	-	-	136,862
Liabilities payable on demand	7,223	-	-	-	-	7,223
Derivatives	7,621	4,834	9,883	-	-	22,338
Debt issued and borrowings	150	68,358	47,840	-	-	116,348
						Million Baht
CONSOLIDATED						
2017						
	Up to 1 Year	1 to 5 Years	Over 5 Years	No Maturity	Non - accrual Loans	Total
Financial Assets						
Interbank and money market items *	434,349	3,644	-	-	-	437,993
Derivatives	9,667	8,345	9,348	-	-	27,360
Investments	71,982	375,910	24,597	120,691	-	593,180
Loans	825,155	672,629	428,623	-	77,582	2,003,989
Financial Liabilities						
Deposits	2,288,236	22,507	-	-	-	2,310,743
Interbank and money market items	116,694	7,477	9,413	-	-	133,584
Liabilities payable on demand	7,252	-	-	-	-	7,252
Derivatives	6,552	5,213	9,237	-	-	21,002
Debt issued and borrowings	29,642	52,327	25,221	-	-	107,190

* Excluding allowance for doubtful accounts and accrued interest receivables.

Million Baht

	THE BANK 2018					
	Up to 1 Year	1 to 5 Years	Over 5 Years	No Maturity	Non - accrual Loans	Total
Financial Assets						
Interbank and money market items *	402,432	3,126	-	-	-	405,558
Derivatives	10,066	7,806	10,462	-	-	28,334
Investments	123,957	278,911	18,038	142,080	-	562,986
Loans	844,998	722,915	387,280	-	70,456	2,025,649
Financial Liabilities						
Deposits	2,246,993	15,497	-	-	-	2,262,490
Interbank and money market items	113,674	11,236	3,484	-	-	128,394
Liabilities payable on demand	7,199	-	-	-	-	7,199
Derivatives	7,137	4,834	9,883	-	-	21,854
Debt issued and borrowings	23	68,358	47,840	-	-	116,221

Million Baht

	THE BANK 2017					Total
	Up to 1 Year	1 to 5 Years	Over 5 Years	No Maturity	Non - accrual Loans	
Financial Assets						
Interbank and money market items *	382,079	3,644	-	-	-	385,723
Derivatives	9,356	8,344	9,348	-	-	27,048
Investments	55,770	370,610	24,597	149,559	-	600,536
Loans	787,097	664,651	425,300	-	76,909	1,953,957
Financial Liabilities						
Deposits	2,234,395	18,026	-	-	-	2,252,421
Interbank and money market items	110,323	7,477	9,413	-	-	127,213
Liabilities payable on demand	7,210	-	-	-	-	7,210
Derivatives	5,763	5,213	9,237	-	-	20,213
Debt issued and borrowings	29,416	52,327	25,221	-	-	106,964

* Excluding allowance for doubtful accounts and accrued interest receivables.

4.2 Fair value of financial instruments

The following table presents the carrying amount and estimated fair value of financial instruments as at December 31, 2018 and 2017 :

	CONSOLIDATED			
	2018		2017	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Million Baht				
Financial Assets				
Cash	62,394	62,394	65,473	65,473
Interbank and money market items, net	450,700	450,700	437,738	437,738
Derivatives	28,650	28,581	27,360	27,815
Investments, net	558,396	635,701	593,180	621,204
Loans to customers and accrued interest receivables, net	1,935,781	1,935,781	1,869,029	1,869,029
Total	3,035,921	3,113,157	2,992,780	3,021,259
Financial Liabilities				
Deposits	2,326,470	2,326,470	2,310,743	2,310,743
Interbank and money market items	136,862	136,862	133,584	133,584
Liabilities payable on demand	7,223	7,223	7,252	7,252
Derivatives	22,338	22,828	21,002	21,559
Debt issued	116,019	128,669	107,032	123,217
Borrowings	329	329	158	158
Total	2,609,241	2,622,381	2,579,771	2,596,513

	THE BANK			
	2018		2017	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Million Baht				
Financial Assets				
Cash	62,329	62,329	65,383	65,383
Interbank and money market items, net	404,378	404,378	385,772	385,772
Derivatives	28,334	28,266	27,048	27,506
Investments, net	562,986	601,919	600,536	643,644
Loans to customers and accrued interest receivables, net	1,881,395	1,881,395	1,822,089	1,822,089
Total	2,939,422	2,978,287	2,900,828	2,944,394
Financial Liabilities				
Deposits	2,262,490	2,262,490	2,252,421	2,252,421
Interbank and money market items	128,394	128,394	127,213	127,213
Liabilities payable on demand	7,199	7,199	7,210	7,210
Derivatives	21,854	22,344	20,213	20,771
Debt issued	115,892	128,542	106,806	122,991
Borrowings	329	329	158	158
Total	2,536,158	2,549,298	2,514,021	2,530,764

For cash, deposits, interbank and money market items (liabilities), liabilities payable on demand, and borrowings, the carrying amounts in the statements of financial position approximate the fair value of the items.

The fair value for loans to customers and interest receivables, net and interbank and money market items, net (assets) is based on the carrying value of the loans to customers and interest receivables, net of the allowance for doubtful accounts as presented in the statement of financial position.

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

The fair values of interbank and money market items, net (assets), loans to customers and interest receivables, net, deposits, interbank and money market items (liabilities), liabilities payable on demand, and borrowings are determined by discounting cash flows using the relevant market interest rates.

The fair value of derivatives is derived from market price or valuation techniques which are based on the market prices of instruments with similar characteristics and maturities or the valuation quoted by a reliable institution.

The fair value determination of investments in debt securities

- For domestic debt securities listed in the Thai Bond Market Association, the fair value is determined by using the market yield of debt securities published by the Thai Bond Market Association. For such debt securities that are not listed in the Thai Bond Market Association, the average bid yield from three reliable financial institutions will be used.
- For foreign debt securities, the value quoted by reliable international financial institutions will be used.

The fair value determination of investments in equity securities

- For marketable equity securities with readily determinable market values, the fair value is determined by the last bid price on The Stock Exchange of Thailand on the last business day of the reporting date. If the last bid price is not available, the last closing price will be used.
- Investments in unit trusts are stated at fair value based on redemption value at the reporting date.
- For general investments, the fair value is determined by using appropriate valuation techniques with price and/or variables from the market and consideration to limitation of sale, liquidation, and discount rate to adjust such fair value. The valuation techniques include the use of recent arm's length transactions, reference to current fair value of other investments that have similar characteristics, discounted cash flows, and market multiples.

The fair value for debt issued is based on the market value.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal market, or in the absence, the most advantageous market, where is accessible to by the Bank. The fair value of instruments that are quoted in active markets is determined using the quoted prices. A market is regarded as active if transactions take place with sufficient frequency and volume to provide pricing information on an ongoing basis. If the market is not active, or an asset or a liability is not traded in an active market, the Bank uses valuation techniques to determine fair value by using the assumptions that market participants would use when pricing the asset or liability. Where applicable, a valuation adjustment is applied to arrive at the fair value.

The following table shows an analysis of financial assets and financial liabilities by level of the fair value hierarchy as at December 31, 2018 and 2017.

								Million Baht
CONSOLIDATED								
	2018				2017			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Items measured at fair value :								
Financial assets								
Derivatives	-	28,581	-	28,581	-	27,815	-	27,815
Investments, net	92,491	412,863	-	505,354	103,117	445,647	-	548,764
Financial liabilities								
Derivatives	300	22,528	-	22,828	366	21,193	-	21,559
Items not measured at fair value :								
Financial assets								
Investments, net	2,676	66,623	61,048	130,347	2,580	9,555	60,305	72,440
Financial liabilities								
Debt issued	-	128,669	-	128,669	-	123,217	-	123,217

								Million Baht
THE BANK								
	2018				2017			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Items measured at fair value :								
Financial assets								
Derivatives	-	28,266	-	28,266	-	27,506	-	27,506
Investments, net	89,945	399,067	-	489,012	98,123	428,748	-	526,871
Financial liabilities								
Derivatives	-	22,344	-	22,344	-	20,771	-	20,771
Items not measured at fair value :								
Financial assets								
Investments, net	2,676	2,857	107,374	112,907	2,580	2,568	111,625	116,773
Financial liabilities								
Debt issued	-	128,542	-	128,542	-	122,991	-	122,991

Fair values are determined according to the following hierarchy :

- Level 1 - quoted prices in active market for identical assets or liabilities
- Level 2 - value derived from valuation techniques for which the significant input used for the fair value measurement is directly or indirectly observable in the market
- Level 3 - value derived from valuation techniques for which the significant input used for the fair value measurement is unobservable in the market

When using valuation techniques, the valuation adjustments are adopted, when the Bank considers that there are additional factors that would be considered by a market participant but are not incorporated within the valuation measurements. The considering factors are such as bid-offer spread, counterparty credit and liquidity, etc.

4.3 Capital fund

It is the Bank's policy to maintain an adequate level of capital to support growth strategies under an acceptable risk framework taking into consideration regulatory requirements and market expectations. The Bank regularly assesses its capital adequacy under various scenarios in order to anticipate capital requirements for the purpose of its capital planning and management process.

The guideline on capital fund based on the Basel III guidelines of the BOT requires the Bank to maintain a capital conservation buffer in addition to minimum capital adequacy ratios which sets out to phasing in additional capital ratio of more than 0.625 percent p.a. starting January 1, 2016 until completion of the increment to more than 2.50 percent in January 1, 2019. The minimum capital adequacy and a capital conservation buffer ratios to risk assets is as follows :

	2018	Percentage 2017
Capital Fund Ratio		
Common Equity Tier 1 ratio	More than 6.375	More than 5.75
Tier 1 capital ratio	More than 7.875	More than 7.25
Total capital fund ratio	More than 10.375	More than 9.75

In September 2017, the BOT has announced the guideline to identify and regulate Domestic Systemically Important Banks (D-SIBs). The BOT requires the Bank, classified as D-SIBs, must have additional capital requirement for Higher Loss Absorbency (HLA) requirement by increasing the Common Equity Tier 1 ratio at 1 percent, beginning at 0.5 percent from January 1, 2019 and increasing to be 1 percent from January 1, 2020 onwards.

Moreover, the BOT may require to maintain additional capital for countercyclical buffer at maximum of 2.50 percent.

As at December 31, 2018 and 2017, the Bank maintained capital adequacy ratios to risk assets and capital fund in accordance with the BOT's Notification relating to the Basel III guidelines as follows :

	CONSOLIDATED		THE BANK		Percentage
	2018	2017	2018	2017	
Common Equity Tier 1 capital to risk assets ratio	16.43	16.62	16.24	16.47	
Tier 1 capital to risk assets ratio	16.43	16.63	16.24	16.47	
Total capital to risk assets ratio	17.96	18.17	17.78	18.03	

	CONSOLIDATED		THE BANK		Million Baht
	2018	2017	2018	2017	
Tier 1 capital	390,369	383,942	374,633	369,261	
Common Equity Tier 1 capital	390,309	383,841	374,633	369,261	
Paid-up share capital	19,088	19,088	19,088	19,088	
Premium on share capital	56,346	56,346	56,346	56,346	
Legal reserve	23,000	22,000	23,000	22,000	
Reserves appropriated from net profit	101,500	96,500	101,500	96,500	
Net profit after appropriation	152,107	134,606	132,089	118,714	
Other comprehensive income	42,039	56,126	45,361	57,374	
Deductions from Common Equity					
Tier 1 capital	(3,771)	(825)	(2,751)	(761)	
Additional Tier 1 capital	60	101	-	-	
Tier 2 capital	36,194	35,638	35,312	34,965	
Total capital fund	426,563	419,580	409,945	404,226	

As at December 31, 2018 and 2017, the Bank has no capital add-on arising from Single Lending Limit.

Disclosure of capital maintenance information of the Bank and the Financial Holding Group under the BOT's Notification regarding the disclosure of the capital requirement of commercial banks, regarding the disclosure of the capital requirement of the Financial Holding Group and regarding liquidity coverage ratio disclosure standards.

Location of disclosure www.bangkokbank.com/Investor Relations/Financial Information/Basel III - Pillar 3

Date of disclosure October 31, 2018

Information as of June 30, 2018

5. SIGNIFICANT USE OF ACCOUNTING JUDGMENTS AND ESTIMATES

5.1 Impairment of investments in securities

The Bank assesses the impairment of investments in securities where objective evidence of impairment exists and determines that the investments are impaired when there has been a significant or prolonged decline in the fair value below its cost. This determination of what is significant or prolonged requires the Bank's judgment. In making this judgment, the Bank evaluates the volatility in the investment's fair value and other factors which include the estimated future cash flows, the deterioration in the financial position of the issuer of the securities and the operating environment in the industry sector of the issuer.

5.2 Allowance for doubtful accounts

The determination of the allowance for doubtful accounts requires the use of various assumptions and judgments by the Bank, which includes the consideration of objective evidence indicating an adverse change in the capacity of the borrowers to repay loans, the estimated future cash flows to be received from the borrowers, the estimated cash flows from the collateral, the timing of future cash flows, the potential of additional future loss and the economic conditions that may have an impact on the loan default rate. The Bank reviews these estimates and assumptions on a regular basis.

5.3 Provisions

The determination of the provisions on the statement of financial position requires the use of various assumptions and judgments by the Bank, taking into consideration the nature of transactions and the circumstances requiring the provisions, the probability of the outflow of economic benefits to settle such obligations and the estimate of the net future cash outflows. The consideration is based on the experience and information that is available at the time that the financial statements are being prepared. The provisions are reviewed regularly. However, the actual results may differ from the estimates.

For the estimation of the provision for the defined benefit plans under the post-employment benefits, the estimation is calculated by an actuary by using the actuarial techniques which requires actuarial assumptions on financial variables such as discount rate, future salaries and benefits etc., and demographic variables such as employee mortality and turnover etc. The past service cost as a result of post-employee benefit plan amendment is recognized as the expense in profit and loss when the plan is amended using the judgment that the obligation is certainly arisen if the new law will be enacted as draft.

5.4 Fair value of financial instruments

Where assets and liabilities are not traded in active markets, the Bank determines fair value by using valuation techniques commonly used by market participants including the reference to the fair value of another instrument of a similar nature, the discounted cash flow analysis and pricing models.

The Bank uses its best judgment in estimating the fair values of financial instruments. However, estimation methodologies and assumptions used to estimate fair values are inherently subjective. Accordingly, the use of different estimation methodologies and/or market assumptions may have a significant effect on the estimated fair values.

6. ADDITIONAL INFORMATION

6.1 Supplementary disclosures of cash flow information

6.1.1 Cash and cash equivalents are cash on hand and cash in transit including subsidiaries' cash at bank and short-term investments with a maturity of less than or equal to three months from the acquisition date and without any obligations.

Cash and cash equivalents as at December 31, 2018 and 2017 are as follows :

	CONSOLIDATED		THE BANK	
	2018	2017	2018	2017
Cash	62,394	65,473	62,329	65,383
Cash equivalents				
Cash at Bank - current and savings accounts	32	45	-	-
Fixed deposits and notes with a maturity less than or equal to three months	50	250	-	-
Total cash and cash equivalents	<u>62,476</u>	<u>65,768</u>	<u>62,329</u>	<u>65,383</u>

6.1.2 Significant non-cash items for the years ended December 31, 2018 and 2017 are as follows :

	CONSOLIDATED		THE BANK	
	FOR THE YEARS ENDED DECEMBER 31,		FOR THE YEARS ENDED DECEMBER 31,	
	2018	2017	2018	2017
Unrealized gains on investments in shareholders' equity increase (decrease)	(9,318)	7,005	(9,283)	6,905
Properties for sale increased from loans payment/inactive assets	1,940	1,032	1,940	1,032
Unrealized increment per premises appraisal transferred to retained earnings	943	944	939	940
Changes in non-cash items of debt issued and borrowing				
Gain on foreign exchange	867	10,962	867	10,962
Amortization on discount	240	215	240	215

6.2 Interbank and money market items, net (assets)

Interbank and money market items, net (assets) as at December 31, 2018 and 2017 consisted of the following :

	CONSOLIDATED					Million Baht
	Demand	2018 Time	Total	Demand	2017 Time	Total
Domestic items						
Bank of Thailand and Financial Institutions						
Development Fund	19,483	220,027	239,510	19,419	193,960	213,379
Commercial banks	3,021	7,285	10,306	2,356	21,355	23,711
Other financial institutions	<u>1,079</u>	<u>19,408</u>	<u>20,487</u>	<u>2,883</u>	<u>20,617</u>	<u>23,500</u>
Total	23,583	246,720	270,303	24,658	235,932	260,590
<u>Add</u> Accrued interest						
receivables	-	148	148	-	109	109
<u>Less</u> Allowance for						
doubtful accounts	<u>(17)</u>	<u>(1,360)</u>	<u>(1,377)</u>	<u>(33)</u>	<u>(247)</u>	<u>(280)</u>
Total domestic items	<u>23,566</u>	<u>245,508</u>	<u>269,074</u>	<u>24,625</u>	<u>235,794</u>	<u>260,419</u>
Foreign items						
USD	20,851	76,534	97,385	15,054	63,824	78,878
JPY	6,454	7,071	13,525	11,531	2,757	14,288
EUR	1,132	3,780	4,912	1,501	6,416	7,917
Others	<u>11,243</u>	<u>54,983</u>	<u>66,226</u>	<u>15,015</u>	<u>61,305</u>	<u>76,320</u>
Total	39,680	142,368	182,048	43,101	134,302	177,403
<u>Add</u> Accrued interest						
receivables	2	265	267	3	501	504
<u>Less</u> Allowance for						
doubtful accounts	<u>-</u>	<u>(689)</u>	<u>(689)</u>	<u>-</u>	<u>(588)</u>	<u>(588)</u>
Total foreign items	<u>39,682</u>	<u>141,944</u>	<u>181,626</u>	<u>43,104</u>	<u>134,215</u>	<u>177,319</u>
Total domestic and foreign items	<u><u>63,248</u></u>	<u><u>387,452</u></u>	<u><u>450,700</u></u>	<u><u>67,729</u></u>	<u><u>370,009</u></u>	<u><u>437,738</u></u>

						Million Baht
THE BANK						
	Demand	2018 Time	Total	Demand	2017 Time	Total
Domestic items						
Bank of Thailand and Financial Institutions						
Development Fund	19,483	220,027	239,510	19,419	193,960	213,379
Commercial banks	6	3,300	3,306	1	13,440	13,441
Other financial institutions	<u>1,079</u>	<u>19,408</u>	<u>20,487</u>	<u>2,883</u>	<u>20,617</u>	<u>23,500</u>
Total	20,568	242,735	263,303	22,303	228,017	250,320
<u>Add</u> Accrued interest						
receivables	-	134	134	-	93	93
<u>Less</u> Allowance for						
doubtful accounts	<u>(17)</u>	<u>(1,360)</u>	<u>(1,377)</u>	<u>(34)</u>	<u>(246)</u>	<u>(280)</u>
Total domestic items	<u>20,551</u>	<u>241,509</u>	<u>262,060</u>	<u>22,269</u>	<u>227,864</u>	<u>250,133</u>
Foreign items						
USD	20,172	74,140	94,312	13,540	61,168	74,708
JPY	6,454	7,071	13,525	11,530	2,757	14,287
EUR	1,119	3,780	4,899	1,486	6,416	7,902
Others	<u>5,307</u>	<u>24,212</u>	<u>29,519</u>	<u>9,124</u>	<u>29,382</u>	<u>38,506</u>
Total	33,052	109,203	142,255	35,680	99,723	135,403
<u>Add</u> Accrued interest						
receivables	-	132	132	-	305	305
<u>Less</u> Allowance for						
doubtful accounts	<u>-</u>	<u>(69)</u>	<u>(69)</u>	<u>-</u>	<u>(69)</u>	<u>(69)</u>
Total foreign items	<u>33,052</u>	<u>109,266</u>	<u>142,318</u>	<u>35,680</u>	<u>99,959</u>	<u>135,639</u>
Total domestic and foreign items	<u>53,603</u>	<u>350,775</u>	<u>404,378</u>	<u>57,949</u>	<u>327,823</u>	<u>385,772</u>

6.3 Derivatives

The fair values and the notional amounts classified by type of risk as at December 31, 2018 and 2017 are as follows :

						Million Baht
CONSOLIDATED						
Type of risk	2018		Notional Amount	2017		Notional Amount
	Fair Value/Readjustment Based on an Accrual Basis			Fair Value/Readjustment Based on an Accrual Basis		
	Assets	Liabilities		Assets	Liabilities	
Foreign exchange rate	20,522	11,924	1,403,260	19,948	10,205	1,138,145
Interest rate	8,126	10,114	961,569	7,409	10,431	806,972
Others	<u>2</u>	<u>300</u>	<u>10,372</u>	<u>3</u>	<u>366</u>	<u>3,335</u>
Total	<u>28,650</u>	<u>22,338</u>	<u>2,375,201</u>	<u>27,360</u>	<u>21,002</u>	<u>1,948,452</u>

						Million Baht
THE BANK						
Type of risk	2018		Notional Amount	2017		Notional Amount
	Fair Value/Readjustment Based on an Accrual Basis			Fair Value/Readjustment Based on an Accrual Basis		
	Assets	Liabilities		Assets	Liabilities	
Foreign exchange rate	20,208	11,740	1,383,684	19,639	9,783	1,119,257
Interest rate	<u>8,126</u>	<u>10,114</u>	<u>961,569</u>	<u>7,409</u>	<u>10,430</u>	<u>806,972</u>
Total	<u>28,334</u>	<u>21,854</u>	<u>2,345,253</u>	<u>27,048</u>	<u>20,213</u>	<u>1,926,229</u>

The proportion of derivative transactions classified by type of counterparty based on the notional amounts as at December 31, 2018 and 2017 are as follows :

	CONSOLIDATED		THE BANK		Percentage
	2018	2017	2018	2017	
Financial Institutions	76.42	79.01	76.87	79.23	
Group companies	-	-	-	0.01	
External entities	<u>23.58</u>	<u>20.99</u>	<u>23.13</u>	<u>20.76</u>	
Total	<u><u>100.00</u></u>	<u><u>100.00</u></u>	<u><u>100.00</u></u>	<u><u>100.00</u></u>	

Derivative is a financial instrument whose value changes in response to the change in an underlying variable such as interest rate, foreign exchange rate, index of prices or rates, or underlying asset price etc. Notional amounts of derivatives reflect the extent of the Bank's involvement in particular classes of derivatives but do not reflect market risk and credit risk. The Bank's derivatives are as follows :

Forward foreign exchange derivatives

- Forward foreign exchange contracts are contracts that effectively fix a future foreign exchange rate. The contract provides that, at a predetermined future date, a cash delivery will be made between the parties at a specified contract rate.
- Currency swaps are contracts which involve the exchange of principal and interest in two different currencies with counterparty for a specified period.

Interest rate derivatives

Interest rate swaps are contracts which involve the exchange of interest with counterparties for a specified period in the same currency of principal without the exchange of the underlying principal.

6.4 Investments, net

6.4.1 Investments as at December 31, 2018 and 2017 consisted of the following :

	CONSOLIDATED		THE BANK	
	2018	2017	2018	2017
	Fair Value	Fair Value	Fair Value	Fair Value
Trading securities				
Government and state enterprise securities	4,950	8,949	4,950	8,949
Private enterprise debt securities	56	260	56	260
Foreign debt securities	-	980	-	980
Domestic marketable equity securities	2,510	4,924	-	-
Total	7,516	15,113	5,006	10,189

	CONSOLIDATED		THE BANK	
	2018	2017	2018	2017
	Fair Value	Fair Value	Fair Value	Fair Value
Available-for-sale securities				
Government and state enterprise securities	293,834	298,464	293,834	298,464
Private enterprise debt securities	37,328	43,208	36,788	42,668
Foreign debt securities	82,707	95,617	73,352	86,005
Domestic marketable equity securities	60,160	69,604	60,160	69,569
Foreign marketable equity securities	11,531	7,537	11,531	7,537
Others	12,278	19,221	8,341	12,439
Total	497,838	533,651	484,006	516,682

	CONSOLIDATED		THE BANK	
	2018	2017	2018	2017
	Cost/ Amortized Cost	Cost/ Amortized Cost	Cost/ Amortized Cost	Cost/ Amortized Cost
Held-to-maturity debt securities				
Government and state enterprise securities	15,757	8,417	2,046	2,051
Foreign debt securities	4,092	2,816	3,312	2,816
Total	19,849	11,233	5,358	4,867

	CONSOLIDATED		THE BANK	
	2018	2017	2018	2017
	Cost	Cost	Cost	Cost
General investments				
Domestic non-marketable equity securities	6,878	6,640	6,729	6,631
Foreign non-marketable equity securities	<u>32,941</u>	<u>30,632</u>	<u>32,830</u>	<u>30,625</u>
Total	39,819	37,272	39,559	37,256
<u>Less</u> Allowance for impairment	<u>(8,234)</u>	<u>(5,549)</u>	<u>(8,234)</u>	<u>(5,549)</u>
Total	<u>31,585</u>	<u>31,723</u>	<u>31,325</u>	<u>31,707</u>
Total investments, net	<u>556,788</u>	<u>591,720</u>	<u>525,695</u>	<u>563,445</u>

Investments classified in accordance with the Notification of the BOT as at December 31, 2018 and 2017 are presented in Note 6.13.

As at December 31, 2018 and 2017, the Bank has investments in 32 companies with cost values of Baht 256 million, which are companies whose prospects as a going concern are uncertain or are unlisted companies but whose financial positions and operations would fall under the SET delisting criteria, which the Bank had set aside allowance for impairment of these investments amounting to Baht 256 million and these companies had net book value totaling Baht 0 million.

As at December 31, 2018 and 2017, the Bank has investments in 3 listed companies and 2 listed companies that are under the SET delisting criteria, amounting to Baht 4 million, with the fair value of Baht 0 million and Baht 2 million, which the Bank had set aside allowance for impairment of these investments amounting to Baht 4 million and Baht 2 million.

On December 30, 2004, the Bank entered into a transaction to transfer certain investments classified as available-for-sale securities received from debt restructuring to Sinnsuptawee Asset Management Co., Ltd., a subsidiary of the Bank, at the closing price on December 28, 2004 quoted on The Stock Exchange of Thailand in the amount of Baht 3,323 million. The proceeds from the aforementioned transfer were recorded as other liabilities and the related securities were recorded as securities transferred to subsidiary under available-for-sale securities in accordance with accounting treatment guidance for Transfer and Transferred Financial Assets. As at December 31, 2018 and 2017, the Bank had outstanding balances of other liabilities from such transaction amounting to Baht 372 million and Baht 720 million, respectively.

6.4.2 As at December 31, 2018 and 2017, the Bank and subsidiaries had investments in other companies of 10% and upwards of the paid-up capital of the respective companies but which are not considered to be investments in subsidiaries and associates. The classification is as follows :

	CONSOLIDATED		THE BANK	
	2018	2017	2018	2017
Manufacturing and commercial	12	12	12	12
Real estate and construction	187	187	187	187
Utilities and services	41	41	41	41
Others	<u>2,039</u>	<u>1,591</u>	<u>2,039</u>	<u>1,591</u>
Total	<u><u>2,279</u></u>	<u><u>1,831</u></u>	<u><u>2,279</u></u>	<u><u>1,831</u></u>

6.5 Investments in subsidiaries and associates, net

As at December 31, 2018 and 2017, the Bank had investments in subsidiaries and associates, net as follows :

				CONSOLIDATED		Investment		Investment	
Company		Type of Business	Type of Shares	Direct and Indirect Shareholding (%)		(Cost Method)		(Equity Method)	
				2018	2017	2018	2017	2018	2017
Associates									
BSL Leasing Co., Ltd.	Finance	Ordinary share		35.88	35.88	201	201	748	699
Processing Center Co., Ltd.	Service	Ordinary share		30.00	30.00	15	15	468	481
National ITMX Co., Ltd.	Service	Ordinary share		13.84	13.84	7	7	226	201
Thai Payment Network Co., Ltd.	Service	Ordinary share		69.08	49.99	<u>362</u>	<u>162</u>	<u>166</u>	<u>79</u>
Total						585	385	1,608	1,460
Less Allowance for impairment						<u>(2)</u>	<u>(2)</u>	<u>-</u>	<u>-</u>
Investments in associates, net						<u><u>583</u></u>	<u><u>383</u></u>	<u><u>1,608</u></u>	<u><u>1,460</u></u>

In September 2018, the Bank has purchased the issued 2,000,000 ordinary shares in Thai Payment Network Co., Ltd. in the amount of Baht 200,000,000, resulting in an increase of the Bank's shareholding to be 69.08%. However, the Bank continued to classify it as an investment in associate since the Bank has only the power to participate in management but is not control. In addition, the Bank also intend to sell 1,000,000 shares in the amount of Baht 100,000,000 of such additionally purchased back to the existing shareholders after its increase in the investment is approved by the regulator, in order to maintain the existing shareholding at 49.99%.

Million Baht

Company	Type of Business	Type of Shares	THE BANK		Investment	
			Direct and Indirect Shareholding (%)		(Cost Method)	
			2018	2017	2018	2017
Subsidiaries						
BBL (Cayman) Limited	Finance	Ordinary share	100.00	100.00	2	2
Bangkok Bank Berhad	Banking	Ordinary share	100.00	100.00	9,261	9,261
Sinnsuptawee Asset Management Co., Ltd.	Asset Management	Ordinary share	100.00	100.00	2,500	2,500
Bangkok Bank (China) Co., Ltd.	Banking	Ordinary share	100.00	100.00	19,585	19,585
Bualuang Ventures Ltd.	Venture Capital Company	Ordinary share	100.00	100.00	500	500
BBL Asset Management Co., Ltd.	Finance	Ordinary share	75.00	75.00	183	183
Bualuang Securities PCL.	Securities	Ordinary share	99.91	99.91	4,772	4,772
Associates						
BSL Leasing Co., Ltd.	Finance	Ordinary share	35.88	35.88	201	201
Processing Center Co., Ltd.	Service	Ordinary share	30.00	30.00	15	15
National ITMX Co., Ltd.	Service	Ordinary share	13.84	13.84	7	7
Thai Payment Network Co., Ltd.	Service	Ordinary share	69.08	49.99	362	162
Total					37,388	37,188
Less Allowance for impairment					(97)	(97)
Investments in subsidiaries and associates, net					37,291	37,091

The aggregated financial information of associates that are not individually material is as follows :

Million Baht

	FOR THE YEARS	
	ENDED DECEMBER 31, 2018	2017
Net profit	696	693
Total comprehensive income	696	693

6.6 Loans to customers and accrued interest receivables, net

6.6.1 Classified by product type as at December 31, 2018 and 2017 :

	CONSOLIDATED		THE BANK	
	2018	2017	2018	2017
Overdrafts	108,023	108,064	107,200	107,089
Loans	1,544,772	1,476,182	1,492,223	1,430,730
Bills	428,747	417,676	424,566	414,034
Others	2,161	2,574	2,160	2,573
<u>Less</u> Deferred revenue	<u>(543)</u>	<u>(507)</u>	<u>(500)</u>	<u>(469)</u>
Loans to customers after deferred revenue, net	2,083,160	2,003,989	2,025,649	1,953,957
<u>Add</u> Accrued interest receivables	<u>5,624</u>	<u>5,061</u>	<u>5,487</u>	<u>4,953</u>
Loans to customers and accrued interest receivables after deferred revenue, net	2,088,784	2,009,050	2,031,136	1,958,910
<u>Less</u> Allowance for doubtful accounts				
Minimum provision according to the BOT's requirement				
- Individual approach	(52,568)	(62,387)	(51,729)	(61,166)
- Collective approach	(6,052)	(5,320)	(6,052)	(5,320)
Excess provision	<u>(88,968)</u>	<u>(70,004)</u>	<u>(86,545)</u>	<u>(68,025)</u>
Total	(147,588)	(137,711)	(144,326)	(134,511)
<u>Less</u> Revaluation allowance				
for debt restructuring	<u>(5,415)</u>	<u>(2,310)</u>	<u>(5,415)</u>	<u>(2,310)</u>
Total loans to customers, net	<u>1,935,781</u>	<u>1,869,029</u>	<u>1,881,395</u>	<u>1,822,089</u>

6.6.2 As at December 31, 2018 and 2017, the Bank and subsidiaries had non-performing loans (NPLs), defined according to the BOT's Notification as loans classified as substandard, doubtful and doubtful of loss including interbank and money market items but excluding accrued interest receivables, as follows :

	CONSOLIDATED		THE BANK	
	2018	2017	2018	2017
NPLs before allowance for doubtful accounts	80,137	87,419	79,279	85,997
NPLs as percentage of total loans	3.42	3.88	3.48	3.92
Net NPLs after allowance for doubtful accounts	26,412	26,576	26,171	26,295
Net NPLs as percentage of net total loans	1.15	1.21	1.18	1.23

6.6.3 Classified by currency and customer's residence as at December 31, 2018 and 2017 :

						Million Baht
CONSOLIDATED						
		2018			2017	
	Domestic	Foreign	Total	Domestic	Foreign	Total
BAHT	1,482,750	32,512	1,515,262	1,477,829	31,318	1,509,147
USD	67,763	248,330	316,093	89,872	212,927	302,799
Others	50,280	201,525	251,805	18,917	173,126	192,043
Total	1,600,793	482,367	2,083,160	1,586,618	417,371	2,003,989

						Million Baht
THE BANK						
		2018			2017	
	Domestic	Foreign	Total	Domestic	Foreign	Total
BAHT	1,483,271	32,512	1,515,783	1,477,662	31,318	1,508,980
USD	67,763	241,818	309,581	89,872	208,634	298,506
Others	50,280	150,005	200,285	18,917	127,554	146,471
Total	1,601,314	424,335	2,025,649	1,586,451	367,506	1,953,957

6.6.4 Classified by business type and in accordance with the Notification of the BOT as at December 31, 2018 and 2017 :

						Million Baht
CONSOLIDATED						
		2018				
	Normal	Special Mentioned	Substandard	Doubtful	Doubtful of Loss	Total
Agriculture and mining	50,061	705	288	178	266	51,498
Manufacturing and commercial	743,379	21,312	1,932	12,626	40,232	819,481
Real estate and construction	188,864	6,410	1,032	1,422	4,872	202,600
Utilities and services	438,322	12,476	182	1,301	3,688	455,969
Housing loans	229,928	2,351	1,799	1,703	4,266	240,047
Others	306,353	2,862	183	3,654	513	313,565
Total	1,956,907	46,116	5,416	20,884	53,837	2,083,160

						Million Baht
CONSOLIDATED						
		2017				
	Normal	Special Mentioned	Substandard	Doubtful	Doubtful of Loss	Total
Agriculture and mining	44,319	788	8	1,170	373	46,658
Manufacturing and commercial	734,283	20,337	8,668	13,332	42,718	819,338
Real estate and construction	178,159	5,334	780	905	5,998	191,176
Utilities and services	401,898	13,802	1,141	1,180	3,574	421,595
Housing loans	219,746	2,312	1,006	1,521	3,561	228,146
Others	292,647	2,945	123	904	457	297,076
Total	1,871,052	45,518	11,726	19,012	56,681	2,003,989

Million Baht

	THE BANK 2018					Total
	Normal	Special Mentioned	Substandard	Doubtful	Doubtful of Loss	
Agriculture and mining	47,808	705	288	178	266	49,245
Manufacturing and commercial	712,232	21,312	1,927	12,600	39,524	787,595
Real estate and construction	180,899	6,410	1,032	1,422	4,861	194,624
Utilities and services	429,337	12,474	182	1,301	3,688	446,982
Housing loans	229,919	2,350	1,797	1,702	4,257	240,025
Others	300,265	2,659	183	3,559	512	307,178
Total	1,900,460	45,910	5,409	20,762	53,108	2,025,649

Million Baht

	THE BANK 2017					Total
	Normal	Special Mentioned	Substandard	Doubtful	Doubtful of Loss	
Agriculture and mining	42,454	788	8	1,170	373	44,793
Manufacturing and commercial	707,712	20,271	8,665	13,332	41,416	791,396
Real estate and construction	171,570	5,323	780	905	5,987	184,565
Utilities and services	396,924	13,802	1,141	1,180	3,574	416,621
Housing loans	219,735	2,310	1,006	1,521	3,551	228,123
Others	284,375	2,696	122	810	456	288,459
Total	1,822,770	45,190	11,722	18,918	55,357	1,953,957

6.6.5 As at December 31, 2018 and 2017, the Bank and subsidiaries had classified loans and allowance for doubtful accounts in accordance with the Notification of the BOT as follows :

Million Baht

	CONSOLIDATED 2018			
	Loans to Customers and Accrued Interest Receivables	Net Outstanding used in Determining the Allowance for Doubtful Accounts	Rate used in Determining the Allowance for Doubtful Accounts (%)	Allowance for Doubtful Accounts Recorded by the Bank
Minimum provision according to the BOT's requirement				
Normal	1,962,102	1,291,067	1	16,215
Special mentioned	46,501	22,387	2	591
Substandard	5,460	1,018	100	1,018
Doubtful	20,884	10,574	100	10,608
Doubtful of loss	53,837	30,188	100	30,188
Excess provision according to the BOT's requirement				88,968
Total	2,088,784	1,355,234		147,588

Million Baht

**CONSOLIDATED
2017**

	Loans to Customers and Accrued Interest Receivables	Net Outstanding used in Determining the Allowance for Doubtful Accounts	Rate used in Determining the Allowance for Doubtful Accounts (%)	Allowance for Doubtful Accounts Recorded by the Bank
Minimum provision according to the				
BOT's requirement				
Normal	1,875,782	1,229,095	1	14,983
Special mentioned	45,815	23,624	2	591
Substandard	11,760	5,274	100	5,275
Doubtful	19,012	10,378	100	10,387
Doubtful of loss	56,681	36,471	100	36,471
Excess provision according to the BOT's requirement				70,004
Total	<u>2,009,050</u>	<u>1,304,842</u>		<u>137,711</u>

Million Baht

**THE BANK
2018**

	Loans to Customers and Accrued Interest Receivables	Net Outstanding used in Determining the Allowance for Doubtful Accounts	Rate used in Determining the Allowance for Doubtful Accounts (%)	Allowance for Doubtful Accounts Recorded by the Bank
Minimum provision according to the				
BOT's requirement				
Normal	1,905,518	1,247,164	1	15,798
Special mentioned	46,295	22,184	2	587
Substandard	5,453	1,018	100	1,018
Doubtful	20,762	10,480	100	10,513
Doubtful of loss	53,108	29,865	100	29,865
Excess provision according to the BOT's requirement				86,545
Total	<u>2,031,136</u>	<u>1,310,711</u>		<u>144,326</u>

				Million Baht
THE BANK 2017				
	Loans to Customers and Accrued Interest Receivables	Net Outstanding used in Determining the Allowance for Doubtful Accounts	Rate used in Determining the Allowance for Doubtful Accounts (%)	Allowance for Doubtful Accounts Recorded by the Bank
Minimum provision according to the				
BOT's requirement				
Normal	1,827,393	1,196,832	1	14,688
Special mentioned	45,486	23,362	2	585
Substandard	11,756	5,271	100	5,272
Doubtful	18,918	10,283	100	10,293
Doubtful of loss	55,357	35,648	100	35,648
Excess provision according to the BOT's				
requirement				68,025
Total	1,958,910	1,271,396		134,511

As at December 31, 2018 and 2017, the consolidated and the Bank's financial statements included the allowance for doubtful accounts amounting to Baht 6,052 million and Baht 5,320 million, respectively, on a collective approach, for loans classified as normal and special mentioned.

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6.6.6 Troubled debt restructurings

Details of the restructured debts of the Bank for the years ended December 31, 2018 and 2017, classified by the restructuring methods, are as follows :

				Million Baht
THE BANK FOR THE YEAR ENDED DECEMBER 31, 2018				
Restructuring Method	No. of Cases	Outstanding Debt before Restructuring	Type of Transferred Assets	Fair Value
Asset transfer	10	278	Land, building, equity securities	278
Debt restructuring in various forms	6,213	53,490	-	-
Total	6,223	53,768		

The weighted average tenure of the above-mentioned restructuring is 6 years; and the total debt outstanding after debt restructuring at the restructuring contract date is Baht 53,768 million.

Million Baht

THE BANK FOR THE YEAR ENDED DECEMBER 31, 2017				
Restructuring Method	No. of Cases	Outstanding Debt before Restructuring	Type of Transferred Assets	Fair Value
Asset transfer	13	240	Land, building	240
Debt restructuring in various forms	6,328	37,489	-	-
Total	6,341	37,729		

The weighted average tenure of the above-mentioned restructuring is 4 years; and the total debt outstanding after debt restructuring at the restructuring contract date is Baht 37,729 million.

For the years ended December 31, 2018 and 2017, the Bank recognized interest income from restructured debts amounting to Baht 3,075 million and Baht 2,990 million, respectively.

As at December 31, 2018 and 2017, the Bank had outstanding balances of loans to restructured debtors amounting to Baht 92,337 million and Baht 76,698 million, respectively.

Disclosures for the consolidated financial statements for troubled debt restructurings which occurred during the years ended December 31, 2018 and 2017 have not been provided, as such information is not significantly different from the above disclosures for the Bank's financial statements.

6.7 Allowance for doubtful accounts

Allowance for doubtful accounts consisted of the following as at December 31, 2018 and 2017 :

Million Baht

CONSOLIDATED 2018							
	Normal	Special Mentioned	Substandard	Doubtful	Doubtful of Loss	Allowance for Doubtful Accounts in Excess of the BOT's Requirement	Total
Beginning balances	14,983	591	5,275	10,387	36,471	70,004	137,711
Doubtful accounts	1,232	-	(4,257)	221	354	19,567	17,117
Bad debt recovered	-	-	-	-	1,121	-	1,121
Bad debt written off	-	-	-	-	(7,758)	-	(7,758)
Others	-	-	-	-	-	(603)	(603)
Ending balances	16,215	591	1,018	10,608	30,188	88,968	147,588

Million Baht

	CONSOLIDATED 2017						Total
	Normal	Special Mentioned	Substandard	Doubtful	Doubtful of Loss	Allowance for Doubtful Accounts in Excess of the BOT's Requirement	
Beginning balances	14,502	548	2,589	10,140	27,815	61,214	116,808
Doubtful accounts	481	43	2,686	247	8,539	10,375	22,371
Bad debt recovered	-	-	-	-	1,273	-	1,273
Bad debt written off	-	-	-	-	(1,156)	-	(1,156)
Others	-	-	-	-	-	(1,585)	(1,585)
Ending balances	<u>14,983</u>	<u>591</u>	<u>5,275</u>	<u>10,387</u>	<u>36,471</u>	<u>70,004</u>	<u>137,711</u>

Million Baht

	THE BANK 2018						Total
	Normal	Special Mentioned	Substandard	Doubtful	Doubtful of Loss	Allowance for Doubtful Accounts in Excess of the BOT's Requirement	
Beginning balances	14,688	585	5,272	10,293	35,648	68,025	134,511
Doubtful accounts	1,110	2	(4,254)	220	376	18,986	16,440
Bad debt recovered	-	-	-	-	1,102	-	1,102
Bad debt written off	-	-	-	-	(7,261)	-	(7,261)
Others	-	-	-	-	-	(466)	(466)
Ending balances	<u>15,798</u>	<u>587</u>	<u>1,018</u>	<u>10,513</u>	<u>29,865</u>	<u>86,545</u>	<u>144,326</u>

Million Baht

	THE BANK 2017						Total
	Normal	Special Mentioned	Substandard	Doubtful	Doubtful of Loss	Allowance for Doubtful Accounts in Excess of the BOT's Requirement	
Beginning balances	14,246	510	2,588	10,045	27,341	58,638	113,368
Doubtful accounts	442	75	2,684	248	8,068	10,916	22,433
Bad debt recovered	-	-	-	-	1,273	-	1,273
Bad debt written off	-	-	-	-	(1,034)	-	(1,034)
Others	-	-	-	-	-	(1,529)	(1,529)
Ending balances	<u>14,688</u>	<u>585</u>	<u>5,272</u>	<u>10,293</u>	<u>35,648</u>	<u>68,025</u>	<u>134,511</u>

As at December 31, 2018 and 2017, the Bank and subsidiaries had the allowance for doubtful accounts in the consolidated financial statements of Baht 147,588 million and Baht 137,711 million, and in the Bank's financial statements of Baht 144,326 million and Baht 134,511 million, respectively.

As at December 31, 2018 and 2017, the Bank and subsidiaries recorded allowances for doubtful accounts in excess of the allowances as per the BOT's requirement in the consolidated financial statements of Baht 88,968 million and Baht 70,004 million, and in the Bank's financial statements of Baht 86,545 million and Baht 68,025 million, respectively (See Note 3.7).

6.8 Revaluation allowance for debt restructuring

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

	CONSOLIDATED		THE BANK	
	2018	2017	2018	2017
Beginning balances	2,310	2,710	2,310	2,710
Increase during the years	3,614	179	3,614	179
Write off/decrease during the years	(509)	(579)	(509)	(579)
Ending balances	5,415	2,310	5,415	2,310

6.9 Properties for sale, net

Properties for sale consisted of the following as at December 31, 2018 and 2017 :

Type of Properties for Sale	Beginning Balance	CONSOLIDATED 2018		Ending Balance
		Additions	Disposals	
Assets from debt repayment				
Immovable assets	16,859	1,988	(2,017)	16,830
Movable assets	134	24	-	158
Total	16,993	2,012	(2,017)	16,988
Others	65	-	(12)	53
Total properties for sale	17,058	2,012	(2,029)	17,041
<u>Less Allowance for impairment</u>	<u>(5,643)</u>	<u>(1,058)</u>	<u>264</u>	<u>(6,437)</u>
Total properties for sale, net	11,415	954	(1,765)	10,604

Type of Properties for Sale	CONSOLIDATED 2017			Million Baht
	Beginning Balance	Additions	Disposals	Ending Balance
Assets from debt repayment				
Immovable assets	18,482	1,130	(2,753)	16,859
Movable assets	218	-	(84)	134
Total	18,700	1,130	(2,837)	16,993
Others	65	-	-	65
Total properties for sale	18,765	1,130	(2,837)	17,058
<u>Less</u> Allowance for impairment	(6,503)	(10)	870	(5,643)
Total properties for sale, net	12,262	1,120	(1,967)	11,415

As at December 31, 2018, the Bank and subsidiaries had immovable assets from debt repayment in the amount of Baht 16,830 million consisting of immovable assets which were appraised by external appraisers in the amount of Baht 12,102 million and appraised by internal appraisers in the amount of Baht 4,728 million.

As at December 31, 2017, the Bank and subsidiaries had immovable assets from debt repayment in the amount of Baht 16,859 million consisting of immovable assets which were appraised by external appraisers in the amount of Baht 12,278 million and appraised by internal appraisers in the amount of Baht 4,581 million.

Type of Properties for Sale	THE BANK 2018			Million Baht
	Beginning Balance	Additions	Disposals	Ending Balance
Assets from debt repayment				
Immovable assets	12,416	1,988	(1,531)	12,873
Movable assets	134	24	-	158
Total	12,550	2,012	(1,531)	13,031
Others	65	-	(12)	53
Total properties for sale	12,615	2,012	(1,543)	13,084
<u>Less</u> Allowance for impairment	(4,085)	(429)	173	(4,341)
Total properties for sale, net	8,530	1,583	(1,370)	8,743

Million Baht

Type of Properties for Sale	THE BANK 2017			Ending Balance
	Beginning Balance	Additions	Disposals	
Assets from debt repayment				
Immovable assets	13,054	1,095	(1,733)	12,416
Movable assets	218	-	(84)	134
Total	13,272	1,095	(1,817)	12,550
Others	65	-	-	65
Total properties for sale	13,337	1,095	(1,817)	12,615
<u>Less</u> Allowance for impairment	<u>(4,561)</u>	<u>(5)</u>	<u>481</u>	<u>(4,085)</u>
Total properties for sale, net	8,776	1,090	(1,336)	8,530

As at December 31, 2018, the Bank had immovable assets from debt repayment in the amount of Baht 12,873 million consisting of immovable assets which were appraised by external appraisers in the amount of Baht 8,994 million and appraised by internal appraisers in the amount of Baht 3,879 million.

As at December 31, 2017, the Bank had immovable assets from debt repayment in the amount of Baht 12,416 million consisting of immovable assets which were appraised by external appraisers in the amount of Baht 8,733 million and appraised by internal appraisers in the amount of Baht 3,683 million.

Classified properties for sale in accordance with the Notification of the BOT as at December 31, 2018 and 2017 are presented in Note 6.13

The Bank had disclosed transactions according to the BOT's Notification regarding the Accounting Rules for Financial Institutions in relations to the Sale of Properties for Sale, dated December 4, 2015. The transactions of the Bank and subsidiaries are as follows :

Million Baht

CONSOLIDATED FOR THE YEARS ENDED DECEMBER 31,							
Type of Sale of Properties for Sale	Income Recognition Method	Deferred Profit on Sale of Properties for Sale	2018	2017	Deferred Profit on Sale of Properties for Sale	Profit on Sale of Properties for Sale	Loss on Sale of Properties for Sale
			Profit on Sale of Properties for Sale	Loss on Sale of Properties for Sale			
Sale to public	Per Installment	11	1	-	5	1	-
Sale to public	Per cost recovery	-	1,074	(23)	-	1,192	(20)

Million Baht

THE BANK FOR THE YEARS ENDED DECEMBER 31,							
Type of Sale of Properties for Sale	Income Recognition Method	Deferred Profit on Sale of Properties for Sale	2018	2017	Deferred Profit on Sale of Properties for Sale	Profit on Sale of Properties for Sale	Loss on Sale of Properties for Sale
			Profit on Sale of Properties for Sale	Loss on Sale of Properties for Sale			
Sale to public	Per Installment	11	1	-	5	1	-
Sale to public	Per cost recovery	-	784	(22)	-	592	(7)

6.10 Premises and equipment, net

Premises and equipment consisted of the following as at December 31, 2018 and 2017 :

											Million Baht
CONSOLIDATED											
2018											
	Cost				Accumulated Depreciation						
	Beginning Balance	Additions/ Transfer	Disposal/ Transfer	Others	Ending Balance	Beginning Balance	Depreciation	Disposal/ Transfer	Others	Ending Balance	Premises and Equipment (Net)
Land											
Cost	7,640	-	-	(28)	7,612	-	-	-	-	-	7,612
Appraisal increase (year 2015)	20,919	-	-	(96)	20,823	-	-	-	-	-	20,823
Appraisal decrease (year 2015)	(705)	-	-	1	(704)	-	-	-	-	-	(704)
Premises											
Cost	3,553	25	(9)	(50)	3,519	544	196	(9)	(4)	727	2,792
Appraisal increase (year 2015)	12,376	-	-	(38)	12,338	3,054	1,179	-	(5)	4,228	8,110
Appraisal decrease (year 2015)	(216)	-	-	(1)	(217)	(34)	(14)	-	-	(48)	(169)
Equipment	21,852	1,296	(611)	(34)	22,503	18,315	1,366	(605)	(30)	19,046	3,457
Others	294	625	(273)	-	646	-	-	-	-	-	646
Total	<u>65,713</u>	<u>1,946</u>	<u>(893)</u>	<u>(246)</u>	<u>66,520</u>	<u>21,879</u>	<u>2,727</u>	<u>(614)</u>	<u>(39)</u>	<u>23,953</u>	<u>42,567</u>

											Million Baht
CONSOLIDATED											
2017											
	Cost				Accumulated Depreciation						
	Beginning Balance	Additions/ Transfer	Disposal/ Transfer	Others	Ending Balance	Beginning Balance	Depreciation	Disposal/ Transfer	Others	Ending Balance	Premises and Equipment (Net)
Land											
Cost	7,683	30	-	(73)	7,640	-	-	-	-	-	7,640
Appraisal increase (year 2015)	20,961	-	-	(42)	20,919	-	-	-	-	-	20,919
Appraisal decrease (year 2015)	(729)	-	-	24	(705)	-	-	-	-	-	(705)
Premises											
Cost	3,331	246	-	(24)	3,553	345	203	-	(4)	544	3,009
Appraisal increase (year 2015)	12,392	-	-	(16)	12,376	1,875	1,180	-	(1)	3,054	9,322
Appraisal decrease (year 2015)	(227)	-	-	11	(216)	(22)	(14)	-	2	(34)	(182)
Equipment	21,458	1,622	(1,157)	(71)	21,852	18,150	1,379	(1,153)	(61)	18,315	3,537
Others	710	340	(754)	(2)	294	-	-	-	-	-	294
Total	<u>65,579</u>	<u>2,238</u>	<u>(1,911)</u>	<u>(193)</u>	<u>65,713</u>	<u>20,348</u>	<u>2,748</u>	<u>(1,153)</u>	<u>(64)</u>	<u>21,879</u>	<u>43,834</u>

The Bank has the land and premises appraised. The appraisal value defined by independent appraisers is categorized as Level 3 in the fair value hierarchy. (Determination of level of the fair value hierarchy are shown in Note 4.2.)

As at December 31, 2018 and 2017, the Bank and subsidiaries had equipment which are fully depreciated but still in use at the original costs amounting to Baht 15,903 million and Baht 15,073 million, respectively.

Million Baht

THE BANK 2018											
	Cost				Accumulated Depreciation						
	Beginning Balance	Additions/ Transfer	Disposal/ Transfer	Others	Ending Balance	Beginning Balance	Depre- ciation	Disposal/ Transfer	Others	Ending Balance	Premises and Equipment (Net)
Land											
Cost	7,635	-	-	(28)	7,607	-	-	-	-	-	7,607
Appraisal increase (year 2015)	20,861	-	-	(95)	20,766	-	-	-	-	-	20,766
Appraisal decrease (year 2015)	(705)	-	-	1	(704)	-	-	-	-	-	(704)
Premises											
Cost	2,401	25	(9)	(13)	2,404	458	165	(8)	(1)	614	1,790
Appraisal increase (year 2015)	12,328	-	-	(37)	12,291	3,042	1,174	-	(5)	4,211	8,080
Appraisal decrease (year 2015)	(216)	-	-	(1)	(217)	(34)	(14)	-	-	(48)	(169)
Equipment	20,789	1,206	(588)	(16)	21,391	17,536	1,267	(584)	(14)	18,205	3,186
Others	278	593	(247)	-	624	-	-	-	-	-	624
Total	<u>63,371</u>	<u>1,824</u>	<u>(844)</u>	<u>(189)</u>	<u>64,162</u>	<u>21,002</u>	<u>2,592</u>	<u>(592)</u>	<u>(20)</u>	<u>22,982</u>	<u>41,180</u>

Million Baht

THE BANK 2017											
	Cost				Accumulated Depreciation						
	Beginning Balance	Additions/ Transfer	Disposal/ Transfer	Others	Ending Balance	Beginning Balance	Depre- ciation	Disposal/ Transfer	Others	Ending Balance	Premises and Equipment (Net)
Land											
Cost	7,678	30	-	(73)	7,635	-	-	-	-	-	7,635
Appraisal increase (year 2015)	20,903	-	-	(42)	20,861	-	-	-	-	-	20,861
Appraisal decrease (year 2015)	(729)	-	-	24	(705)	-	-	-	-	-	(705)
Premises											
Cost	2,299	138	-	(36)	2,401	292	171	-	(5)	458	1,943
Appraisal increase (year 2015)	12,344	-	-	(16)	12,328	1,868	1,175	-	(1)	3,042	9,286
Appraisal decrease (year 2015)	(227)	-	-	11	(216)	(22)	(14)	-	2	(34)	(182)
Equipment	20,498	1,493	(1,134)	(68)	20,789	17,443	1,282	(1,132)	(57)	17,536	3,253
Others	582	308	(612)	-	278	-	-	-	-	-	278
Total	<u>63,348</u>	<u>1,969</u>	<u>(1,746)</u>	<u>(200)</u>	<u>63,371</u>	<u>19,581</u>	<u>2,614</u>	<u>(1,132)</u>	<u>(61)</u>	<u>21,002</u>	<u>42,369</u>

The Bank has the land and premises appraised. The appraisal value defined by independent appraisers is categorized as Level 3 in the fair value hierarchy. (Determination of level of the fair value hierarchy are shown in Note 4.2.)

As at December 31, 2018 and 2017, the Bank had equipment which is fully depreciated but still in use at the original costs amounting to Baht 15,304 million, and Baht 14,544 million, respectively.

6.11 Other intangible assets, net

Other intangible assets consisted of the following as at December 31, 2018 and 2017 :

											Million Baht
CONSOLIDATED											
2018											
	Beginning Balance	Additions/ Transfer	Cost Disposal/ Transfer	Others	Ending Balance	Beginning Balance	Accumulated Amortization Amortization	Disposal/ Transfer	Others	Ending Balance	Other Intangible Assets (Net)
Software	2,644	176	(83)	(9)	2,728	1,959	323	(44)	(9)	2,229	499
Others	347	277	(43)	-	581	-	-	-	-	-	581
Total	2,991	453	(126)	(9)	3,309	1,959	323	(44)	(9)	2,229	1,080

											Million Baht
CONSOLIDATED											
2017											
	Beginning Balance	Additions/ Transfer	Cost Disposal/ Transfer	Others	Ending Balance	Beginning Balance	Accumulated Amortization Amortization	Disposal/ Transfer	Others	Ending Balance	Other Intangible Assets (Net)
Software	2,310	371	(31)	(6)	2,644	1,620	337	7	(5)	1,959	685
Others	139	211	(3)	-	347	-	-	-	-	-	347
Total	2,449	582	(34)	(6)	2,991	1,620	337	7	(5)	1,959	1,032

											Million Baht
THE BANK											
2018											
	Beginning Balance	Additions/ Transfer	Cost Disposal/ Transfer	Others	Ending Balance	Beginning Balance	Accumulated Amortization Amortization	Disposal/ Transfer	Others	Ending Balance	Other Intangible Assets (Net)
Software	2,340	109	(40)	(2)	2,407	1,734	304	(40)	(1)	1,997	410
Others	346	277	(42)	-	581	-	-	-	-	-	581
Total	2,686	386	(82)	(2)	2,988	1,734	304	(40)	(1)	1,997	991

											Million Baht
THE BANK											
2017											
	Beginning Balance	Additions/ Transfer	Cost Disposal/ Transfer	Others	Ending Balance	Beginning Balance	Accumulated Amortization Amortization	Disposal/ Transfer	Others	Ending Balance	Other Intangible Assets (Net)
Software	2,047	318	(22)	(3)	2,340	1,411	320	7	(4)	1,734	606
Others	138	211	(3)	-	346	-	-	-	-	-	346
Total	2,185	529	(25)	(3)	2,686	1,411	320	7	(4)	1,734	952

6.12 Deferred tax assets and liabilities

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

	CONSOLIDATED		THE BANK	
	2018	2017	2018	2017
Deferred tax assets	4,091	3,676	2,948	2,686
Deferred tax liabilities	1,399	5,742	1,187	5,527
Deferred tax assets (liabilities), net	2,692	(2,066)	1,761	(2,841)

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

	CONSOLIDATED				Million Baht
	Beginning Balance	Recognized in Profit and Loss	Recognized in Other Comprehensive Income	Others	Ending Balance
Deferred tax assets					
Investments	2,716	386	356	-	3,458
Loans to customers and accrued interest receivables	7,955	1,498	-	(155)	9,298
Properties for sale	1,129	159	-	-	1,288
Premises and equipment	222	(6)	-	25	241
Provisions	2,761	681	(75)	(4)	3,363
Others	3,642	1	-	(4)	3,639
Total	18,425	2,719	281	(138)	21,287
Deferred tax liabilities					
Investments	10,631	2	(2,043)	-	8,590
Loans to customers and accrued interest receivables	-	132	-	-	132
Properties for sale	2	(2)	-	-	-
Premises and equipment	6,116	(229)	-	(1)	5,886
Others	3,742	245	-	-	3,987
Total	20,491	148	(2,043)	(1)	18,595
Net	(2,066)	2,571	2,324	(137)	2,692

	CONSOLIDATED 2017				Million Baht
	Beginning Balance	Recognized in Profit and Loss	Recognized in Other Comprehensive Income	Others	Ending Balance
Deferred tax assets					
Investments	2,347	260	109	-	2,716
Loans to customers and accrued interest receivables	5,157	3,040	-	(242)	7,955
Properties for sale	1,301	(172)	-	-	1,129
Premises and equipment	222	(3)	-	3	222
Provisions	2,658	56	50	(3)	2,761
Others	4,271	(621)	-	(8)	3,642
Total	<u>15,956</u>	<u>2,560</u>	<u>159</u>	<u>(250)</u>	<u>18,425</u>
Deferred tax liabilities					
Investments	8,682	(9)	1,958	-	10,631
Properties for sale	2	-	-	-	2
Premises and equipment	6,336	(221)	-	1	6,116
Others	3,290	452	-	-	3,742
Total	<u>18,310</u>	<u>222</u>	<u>1,958</u>	<u>1</u>	<u>20,491</u>
Net	<u>(2,354)</u>	<u>2,338</u>	<u>(1,799)</u>	<u>(251)</u>	<u>(2,066)</u>

			THE BANK 2018		Million Baht
	Beginning Balance	Recognized in Profit and Loss	Recognized in Other Comprehensive Income	Others	Ending Balance
Deferred tax assets					
Investments	2,701	386	364	-	3,451
Loans to customers and accrued interest receivables	7,334	1,352	-	(117)	8,569
Properties for sale	817	51	-	-	868
Premises and equipment	222	(6)	-	25	241
Provisions	2,725	676	(76)	(4)	3,321
Others	3,557	56	-	(1)	3,612
Total	<u>17,356</u>	<u>2,515</u>	<u>288</u>	<u>(97)</u>	<u>20,062</u>
Deferred tax liabilities					
Investments	10,363	(1)	(2,029)	-	8,333
Loans to customers and accrued interest receivables	-	132	-	-	132
Properties for sale	2	(2)	-	-	-
Premises and equipment	6,093	(228)	-	-	5,865
Others	3,739	232	-	-	3,971
Total	<u>20,197</u>	<u>133</u>	<u>(2,029)</u>	<u>-</u>	<u>18,301</u>
Net	<u>(2,841)</u>	<u>2,382</u>	<u>2,317</u>	<u>(97)</u>	<u>1,761</u>

	Million Baht				
	Beginning Balance	Recognized in Profit and Loss	THE BANK 2017 Recognized in Other Comprehensive Income	Others	Ending Balance
Deferred tax assets					
Investments	2,329	260	112	-	2,701
Loans to customers and accrued interest receivables	4,600	2,963	-	(229)	7,334
Properties for sale	912	(95)	-	-	817
Premises and equipment	221	(2)	-	3	222
Provisions	2,626	51	51	(3)	2,725
Others	4,232	(668)	-	(7)	3,557
Total	14,920	2,509	163	(236)	17,356
Deferred tax liabilities					
Investments	8,429	-	1,934	-	10,363
Properties for sale	2	-	-	-	2
Premises and equipment	6,316	(223)	-	-	6,093
Others	3,286	453	-	-	3,739
Total	18,033	230	1,934	-	20,197
Net	(3,113)	2,279	(1,771)	(236)	(2,841)

6.13 Classified assets in accordance with the Notification of the BOT

As at December 31, 2018 and 2017, classified assets in accordance with the Notification of the BOT are as follows :

	CONSOLIDATED				Million Baht
	2018				
	Loans to Customers and Accrued Interest Receivables	Investments	Properties for Sale	Other Assets	Total
Normal	1,962,102	-	-	-	1,962,102
Special mentioned	46,501	-	-	-	46,501
Substandard	5,460	-	-	-	5,460
Doubtful	20,884	-	-	-	20,884
Doubtful of loss	53,837	13,811	1,885	1,277	70,810
Total	2,088,784	13,811	1,885	1,277	2,105,757

Million Baht

	CONSOLIDATED 2017				
	Loans to Customers and Accrued Interest Receivables	Investments	Properties for Sale	Other Assets	Total
Normal	1,875,782	-	-	-	1,875,782
Special mentioned	45,815	-	-	-	45,815
Substandard	11,760	-	-	-	11,760
Doubtful	19,012	-	-	-	19,012
Doubtful of loss	56,681	8,095	1,168	1,188	67,132
Total	2,009,050	8,095	1,168	1,188	2,019,501

Million Baht

	THE BANK 2018				
	Loans to Customers and Accrued Interest Receivables	Investments	Properties for Sale	Other Assets	Total
Normal	1,905,518	-	-	-	1,905,518
Special mentioned	46,295	-	-	-	46,295
Substandard	5,453	-	-	-	5,453
Doubtful	20,762	-	-	-	20,762
Doubtful of loss	53,108	13,733	389	1,275	68,505
Total	2,031,136	13,733	389	1,275	2,046,533

Million Baht

	THE BANK 2017				
	Loans to Customers and Accrued Interest Receivables	Investments	Properties for Sale	Other Assets	Total
Normal	1,827,393	-	-	-	1,827,393
Special mentioned	45,486	-	-	-	45,486
Substandard	11,756	-	-	-	11,756
Doubtful	18,918	-	-	-	18,918
Doubtful of loss	55,357	8,107	360	1,183	65,007
Total	1,958,910	8,107	360	1,183	1,968,560

6.14 Deposits

6.14.1 Classified by product type as at December 31, 2018 and 2017 :

	CONSOLIDATED		THE BANK	
	2018	2017	2018	2017
Demand	101,557	106,184	100,188	104,988
Savings	1,117,522	1,065,928	1,105,667	1,055,419
Fixed	1,104,812	1,136,195	1,054,837	1,090,384
Negotiable certificates of deposit	2,579	2,436	1,798	1,630
Total	2,326,470	2,310,743	2,262,490	2,252,421

6.14.2 Classified by currency and customer's residence as at December 31, 2018 and 2017 :

	CONSOLIDATED					
	2018			2017		
	Domestic	Foreign	Total	Domestic	Foreign	Total
BAHT	1,952,933	124,747	2,077,680	2,044,912	12,505	2,057,417
USD	34,827	57,452	92,279	37,313	62,376	99,689
Others	21,839	134,672	156,511	20,229	133,408	153,637
Total	2,009,599	316,871	2,326,470	2,102,454	208,289	2,310,743

	THE BANK					
	2018			2017		
	Domestic	Foreign	Total	Domestic	Foreign	Total
BAHT	1,953,231	124,733	2,077,964	2,045,393	12,487	2,057,880
USD	34,796	57,069	91,865	37,277	60,867	98,144
Others	13,587	79,074	92,661	12,955	83,442	96,397
Total	2,001,614	260,876	2,262,490	2,095,625	156,796	2,252,421

6.15 Interbank and money market items (liabilities)

Interbank and money market items (liabilities) consisted of the following as at December 31, 2018 and 2017 :

						Million Baht
CONSOLIDATED						
	Demand	2018 Time	Total	Demand	2017 Time	Total
Domestic items						
Bank of Thailand and Financial Institutions						
Development Fund	657	-	657	442	511	953
Commercial banks	1,091	25,950	27,041	915	18,973	19,888
Special purpose financial institutions	105	21,200	21,305	160	27,212	27,372
Other financial institutions	12,377	659	13,036	10,472	962	11,434
Total domestic items	14,230	47,809	62,039	11,989	47,658	59,647
Foreign items						
USD	2,257	30,884	33,141	1,747	37,260	39,007
JPY	2	7,005	7,007	438	6,462	6,900
EUR	204	3,141	3,345	792	937	1,729
Others	7,535	23,795	31,330	8,609	17,692	26,301
Total foreign items	9,998	64,825	74,823	11,586	62,351	73,937
Total domestic and foreign items	24,228	112,634	136,862	23,575	110,009	133,584

						Million Baht
THE BANK						
	Demand	2018 Time	Total	Demand	2017 Time	Total
Domestic items						
Bank of Thailand and Financial Institutions						
Development Fund	657	-	657	442	511	953
Commercial banks	1,091	25,950	27,041	915	18,973	19,888
Special purpose financial institutions	105	21,200	21,305	160	27,212	27,372
Other financial institutions	12,707	689	13,396	10,992	992	11,984
Total domestic items	14,560	47,839	62,399	12,509	47,688	60,197
Foreign items						
USD	2,294	29,723	32,017	1,826	36,178	38,004
JPY	31	7,005	7,036	469	6,462	6,931
EUR	270	3,141	3,411	849	937	1,786
Others	7,588	15,943	23,531	8,687	11,608	20,295
Total foreign items	10,183	55,812	65,995	11,831	55,185	67,016
Total domestic and foreign items	24,743	103,651	128,394	24,340	102,873	127,213

6.16 Debt issued and borrowings

6.16.1 Classified by type of instruments and source of fund as at December 31, 2018 and 2017 :

						Million Baht
CONSOLIDATED						
	Domestic	2018 Foreign	Total	Domestic	2017 Foreign	Total
Senior unsecured notes	-	107,027	107,027	-	98,003	98,003
Unsecured subordinated notes	-	14,587	14,587	-	14,692	14,692
Bills of exchange	23	-	23	26	-	26
Others	456	-	456	384	-	384
<u>Less</u> Discount on borrowings	<u>-</u>	<u>(5,745)</u>	<u>(5,745)</u>	<u>-</u>	<u>(5,915)</u>	<u>(5,915)</u>
Total	<u>479</u>	<u>115,869</u>	<u>116,348</u>	<u>410</u>	<u>106,780</u>	<u>107,190</u>

						Million Baht
THE BANK						
	Domestic	2018 Foreign	Total	Domestic	2017 Foreign	Total
Senior unsecured notes	-	107,027	107,027	-	98,003	98,003
Unsecured subordinated notes	-	14,587	14,587	-	14,692	14,692
Bills of exchange	23	-	23	26	-	26
Others	329	-	329	158	-	158
<u>Less</u> Discount on borrowings	<u>-</u>	<u>(5,745)</u>	<u>(5,745)</u>	<u>-</u>	<u>(5,915)</u>	<u>(5,915)</u>
Total	<u>352</u>	<u>115,869</u>	<u>116,221</u>	<u>184</u>	<u>106,780</u>	<u>106,964</u>

6.16.2 Classified by type of instruments, currency, maturity and interest rate as at December 31, 2018 and 2017 :

						Million Baht
CONSOLIDATED						
Type	Currency	Maturity	Interest Rate	Amount		
				2018	2017	
Senior unsecured notes	USD	2018 - 2028	2.75% - 5.00%	107,027	98,003	
Unsecured subordinated notes	USD	2029	9.025%	14,587	14,692	
Bills of exchange	THB	2019	1.00%	23	26	
Others	THB	2018 - 2023	0.00%	456	384	
<u>Less</u> Discount on borrowings				<u>(5,745)</u>	<u>(5,915)</u>	
Total				<u>116,348</u>	<u>107,190</u>	

Type	Currency	Maturity	Interest Rate	THE BANK	
				Amount	
				2018	2017
Senior unsecured notes	USD	2018 - 2028	2.75% - 5.00%	107,027	98,003
Unsecured subordinated notes	USD	2029	9.025%	14,587	14,692
Bills of exchange	THB	2019	1.00%	23	26
Others	THB	2019 - 2023	0.00%	329	158
<u>Less</u> Discount on borrowings				(5,745)	(5,915)
Total				116,221	106,964

Million Baht

6.17 Unsecured subordinated notes

On January 28, 1999, the Bank issued and offered USD 450 million of unsecured subordinated notes with a maturity of 30 years, to be due in 2029, at a coupon rate of 9.025% p.a. for sale to foreign investors in exchange for the Bank's existing USD 150 million of unsecured subordinated notes to be due in 2016 at a coupon rate of 8.25% p.a. and USD 300 million of unsecured subordinated notes to be due in 2027 at a coupon rate of 8.375% p.a., which were redeemed before their maturities and already obtained the approval from the BOT. As this transaction was a redemption of the existing notes at their market values, which were lower than the par values, the Bank recorded the book value of the unsecured subordinated notes to be due in 2029 at the amount of USD 259 million (Baht 9,535 million). The difference between the book value and the redemption value of the notes will be amortized on a monthly basis throughout the life of the notes.

On December 7, 2012, the Bank issued and offered Baht 20,000 million of unsecured subordinated notes with a maturity of 10 years, to be due in 2022 with the issuer's early redemption right, at a coupon rate of 4.375% p.a. for sale to general investors, high net worth investors and institutional investors according to the resolution of the 14th Annual Ordinary Meeting of Shareholders convened on April 12, 2007. On December 7, 2017, the Bank redeemed all unsecured subordinated notes of Baht 20,000 million of with a maturity of 10 years, at a coupon rate of 4.375% p.a. before their maturity, which has been approved by the BOT.

6.18 Bonds

On April 12, 2005, the shareholders reconsidered the resolutions of the shareholders' meeting, convened on April 9, 2004, approving to issue bonds of the Bank and passed a resolution for the Bank to issue and offer subordinated bonds and/or unsubordinated bonds and/or perpetual bonds, both subordinated and unsubordinated, and/or subordinated convertible bonds and/or convertible bonds (together the "Bonds") in an amount not exceeding USD 3,000 million or its equivalent in other currencies, offered and sold in foreign markets and/or domestic markets to general public and/or institutional investors or investors with specific characteristics defined in the Notification of the Securities and Exchange Commission. The Bank may issue different types of Bonds in one issue simultaneously or in several issues at different times. The non-perpetual bonds shall have a maturity of not exceeding 100 years. The subordinated convertible bonds and/or

convertible bonds shall have a maturity of not exceeding 30 years, and the amount of not exceeding USD 1,000 million or its equivalent in other currencies. The Board of Directors or the Executive Board of Directors shall be empowered to consider terms and conditions and other details for the issue and offering of the bonds. The shareholders also approved the allocation of 500 million ordinary shares to accommodate the conversion right of the subordinated convertible bonds and/or convertible bonds (See Note 6.23).

On November 17, 2006, the Bank obtained approval from the Office of the Securities and Exchange Commission (SEC) to issue and offer for sale short-term bonds in an amount not exceeding Baht 30,000 million with no limit on the number of issues. The Bank issued 5 series of short-term bonds totaling Baht 7,863 million which were gradually redeemed up to the full amount as at September 2007.

On April 12, 2007, the shareholders passed a resolution for the issuance of bonds, whether subordinated or unsubordinated and/or secured or unsecured, including but not limited to short-term bonds, derivative bonds and non-cumulative hybrid debt instruments with non-payment of interest in the years where the Bank does not report any profit (together the “Bonds”) in the amount not exceeding Baht 150,000 million or its equivalent in other currencies to be offered for sale in domestic markets and/or in foreign markets to the general public, and/or institutional investors or investors with specific characteristics as defined in the Notification of the Securities and Exchange Commission. At any point in time, the Bank may offer for sale Bonds in an amount within such limit less the amount of Bonds already issued under such limit but not yet redeemed at that point in time. The Bank may issue and offer for sale different types of Bonds simultaneously in one issue at the same time or in several issues at different times and/or as a program and/or on a revolving basis and may issue and offer for sale Bonds in conjunction with or at the same time with other securities, provided that the Bonds, other than perpetual bonds, shall have a maturity of not exceeding 100 years. The Bank may be granted the right to redeem the Bonds prior to their maturities, and/or the bondholders may be granted the right to call the Bank to redeem the Bonds prior to their maturities, in accordance with the condition of the Bonds. The Board of Directors or the Board of Executive Directors shall be empowered to consider terms and conditions and other details for the issue and offering of the bonds.

On October 18, 2010, the Bank issued and offered 2 series of senior unsecured notes for sale to foreign investors according to the resolution of the 12th Annual Ordinary Meeting of Shareholders convened on April 12, 2005 consisting of senior unsecured notes with a maturity of 5 years at a coupon of 3.25% p.a., amounting to USD 400 million and senior unsecured notes with a maturity of 10 years at a coupon of 4.80% p.a., amounting to USD 800 million. The Bank received net proceeds from the sale of senior unsecured notes amounting to USD 1,196 million. On October 19, 2015, the Bank redeemed senior unsecured notes with a maturity of 5 years at a coupon of 3.25% p.a., amounting to USD 400 million.

On September 27, 2012, the Bank issued and offered 2 series of senior unsecured notes for sale to foreign investors according to the resolution of the 12th Annual Ordinary Meeting of Shareholders convened on April 12, 2005 consisting of senior unsecured notes with a maturity of 5.5 years at a coupon of 2.75% p.a., amounting to USD 400 million and senior unsecured notes with a maturity of 10 years at a coupon of 3.875% p.a., amounting to USD 800 million. The Bank received net proceeds from the sale of senior unsecured notes amounting to USD 1,194 million. On March 27, 2018, the Bank redeemed senior unsecured notes with a maturity of 5.5 years at a coupon of 2.75% p.a., amounting to USD 400 million.

On April 12, 2013, the shareholders passed a resolution for the issuance of bonds, whether subordinated or unsubordinated and/or secured or unsecured, including but not limited to short-term bonds, derivative bonds, perpetual bonds and non-cumulative hybrid debt instruments with non-payment of interest in the years where the Bank does not report any profit (together the “Bonds”) in the amount not exceeding Baht 150,000 million or its equivalent in other currencies to be offered for sale in domestic markets and/or in foreign markets to the general public, and/or institutional investors or investors with specific characteristics as defined in the Notification of the Securities and Exchange Commission. At any point in time, the Bank may offer for sale Bonds in an amount within such limit less the amount of Bonds already issued under such limit but not yet redeemed at that point in time. The Bank may issue and offer for sale different types of Bonds simultaneously in one issue at the same time or in several issues at different times and/or as a program and/or on a revolving basis and may issue and offer for sale Bonds in conjunction with or at the same time with other securities, provided that the Bonds, other than perpetual bonds, shall have a maturity of not exceeding 100 years. The Bank may be granted the right to redeem the Bonds prior to their maturities, and/or the bondholders may be granted the right to call the Bank to redeem the Bonds prior to their maturities, in accordance with the terms and conditions of the Bonds. The Board of Directors or the Board of Executive Directors shall be empowered to consider conditions and other details for the issue and offering of the bonds.

On October 3, 2013, the Bank issued and offered 2 series of senior unsecured notes for sale to foreign investors according to the resolution of the 14th Annual Ordinary Meeting of Shareholders convened on April 12, 2007 consisting of senior unsecured notes with a maturity of 5 years at a coupon of 3.30% p.a., amounting to USD 500 million and senior unsecured notes with a maturity of 10 years at a coupon of 5.00% p.a., amounting to USD 500 million. The Bank received net proceeds from the sale of senior unsecured notes amounting to USD 999 million. On October 3, 2018, the Bank redeemed senior unsecured notes with a maturity of 5 years at a coupon of 3.30% p.a., amounting to USD 500 million.

On September 19, 2018, the Bank issued and offered 2 series of senior unsecured notes for sale to foreign investors according to the resolution of the 14th Annual Ordinary Meeting of Shareholders convened on April 12, 2007 consisting of senior unsecured notes with a maturity of 5.5 years at a coupon of 4.05% p.a., amounting to USD 600 million and senior unsecured notes with a maturity of 10 years at a coupon of 4.45% p.a., amounting to USD 600 million. The Bank received net proceeds from the sale of senior unsecured notes amounting to USD 1,198 million.

6.19 The Issuance of Bonds under the Medium Term Note Program

On March 26, 1997, the shareholders passed a resolution for the Bank to issue and offer bonds including subordinated bonds and unsubordinated bonds under the Medium Term Note Program in an amount of not exceeding USD 1,500 million or its equivalent in other currencies. The bonds shall have a maturity of not exceeding 30 years and be offered and sold in foreign markets and/or domestic markets. The Bank may be given the right to redeem the bonds prior to their maturity and/or the bondholders may be given the right to call the Bank to redeem the bonds prior to their maturity in accordance with the condition of the bonds. The Board of Directors was authorized to proceed with the issue. As at December 31, 2018, the Bank had not yet issued bonds according to the aforementioned resolution.

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6.20 Provisions

As at December 31, 2018 and 2017 provisions are as follows :

	CONSOLIDATED		THE BANK	
	2018	2017	2018	2017
Beginning balances	13,504	12,941	13,323	12,778
Increase during the years	4,834	3,467	4,806	3,438
Written off/reversal during the years	(1,819)	(2,904)	(1,818)	(2,893)
Ending balances	16,519	13,504	16,311	13,323

6.21 Post-employment benefits

6.21.1 Defined contribution plans

For the years ended December 31, 2018 and 2017, the Bank and its subsidiaries have the expenses for defined contribution plans in the consolidated financial statements, amounting to Baht 1,240 million and Baht 1,216 million, and in the Bank's financial statements amounting to Baht 1,113 million and Baht 1,096 million, respectively.

6.21.2 Defined benefit plans

As at December 31, 2018 and 2017, the Bank and its local subsidiaries have unfunded defined benefit plans but some overseas branches have funded defined benefit plans. The reconciliation of the defined benefit obligations, both funded and unfunded, and plan assets to the amounts recognized in the financial statements are as follows :

	CONSOLIDATED		THE BANK	
	2018	2017	2018	2017
The present value of the funded defined benefit plans				
	811	797	811	797
The fair value of plan assets	(571)	(552)	(571)	(552)
	240	245	240	245
The present value of the unfunded defined benefit plans				
	10,698	8,119	10,491	7,938
Liabilities, net	10,938	8,364	10,731	8,183

The following table presents the reconciliations of the present value of defined benefit obligations, both funded and unfunded, under the post-employment benefits as at December 31, 2018 and 2017 :

	CONSOLIDATED		THE BANK	
	2018	2017	2018	2017
Beginning balances	8,916	8,190	8,735	8,026
Current service costs	3,114	538	3,093	513
Interest costs	271	268	267	265
Benefit paid during the years	(339)	(331)	(338)	(326)
Actuarial losses (gains) on obligations				
from changes in financial assumptions	51	277	50	281
from changes in demographic assumptions	(297)	190	(308)	187
from experience	(157)	(186)	(147)	(181)
Unrealized gains on exchanges	(50)	(30)	(50)	(30)
Ending balances	11,509	8,916	11,302	8,735

On 13 December 2018, the National Legislative Assembly passed an amendment bill to the Labor Protection Act which is now awaiting for publication in the Royal Gazette in order to determine the effective date. This new Thai Labor Protection Act amend the amount of severance pay for an employee who has worked at least 20 years in accordance with the Bank's working rules and regulations to be increased to 400 days at the employee's last wage rate. The Bank determines that such revision to Thai Labor Act is the post-employee benefit plan amendment which become effective to the post employment benefit obligation as at December 31, 2018. The Bank therefore recognize the increase of the post-employment benefit obligation as at the financial reporting date due to the increase in such severance pay as the expense for the year 2018 amounting to Baht 2,523 million.

The following table presents the reconciliations of the fair value of plan assets related to the funded defined benefit plans as at December 31, 2018 and 2017 :

	CONSOLIDATED		THE BANK	
	2018	2017	2018	2017
Beginning balances	552	535	552	535
Interest income	20	21	20	21
Contributions	62	40	62	40
Benefit paid during the years	(23)	(30)	(23)	(30)
Actuarial losses on plan assets	(4)	(1)	(4)	(1)
Unrealized losses on exchanges	(36)	(13)	(36)	(13)
Ending balances	571	552	571	552

Significant actuarial assumptions used to calculate the defined benefit obligations and plan assets, average per each plan, and the sensitivity analysis for each significant actuarial assumptions which reflect increasing in the obligations if the assumptions change by 1% as at December 31, 2018 and 2017 are as follows :

	CONSOLIDATED		Percentage	
	Significant actuarial assumptions		Increase in defined benefit obligations	
	2018	2017	2018	2017
Discount rate	0.70 - 8.10	0.70 - 6.85	12.84	13.44
Average future salary increases	2.00 - 15.00	2.00 - 15.00	11.47	11.81

	THE BANK		Percentage	
	Significant actuarial assumptions		Increase in defined benefit obligations	
	2018	2017	2018	2017
Discount rate	0.70 - 8.10	0.70 - 6.85	12.88	13.50
Average future salary increases	2.00 - 15.00	2.00 - 15.00	11.47	11.81

6.22 Other liabilities

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

	CONSOLIDATED		THE BANK	
	2018	2017	2018	2017
Deposit received and margin payable	20,676	19,705	4,873	3,939
Accrued expenses	16,494	17,371	15,030	16,356
Other payables	16,497	16,543	13,056	11,818
Advance received from electronic service	5,469	6,421	5,465	6,415
Other liabilities	15,718	13,813	14,112	12,408
Total	74,854	73,853*	52,536	50,936*

6.23 Share capital

The Bank's share capital consists of :

- Ordinary shares
- Class A and Class B preferred shares, the holders of which have rights according to Article 3 of the Bank's Articles of Association.

As at December 31, 2018 and 2017, the Bank had registered share capital of Baht 40,000,000,000 divided into ordinary shares and preferred shares totaling 4,000,000,000 shares, with par value of Baht 10 each, details of which are as follows :

Type	Number of Registered Shares	
	2018	2017
Ordinary shares	3,998,345,000	3,998,345,000
Class A preferred shares	655,000	655,000
Class B preferred shares	1,000,000	1,000,000
Total	4,000,000,000	4,000,000,000

As at December 31, 2018 and 2017, the Bank had 1,908,842,894 issued ordinary shares and 2,039,502,106 unissued ordinary shares and 655,000 Class A unissued preferred shares and 1,000,000 Class B unissued preferred shares. In relation to the allocation of the unissued ordinary shares, the Bank will follow the resolutions of the 12th ordinary shareholders' meeting convened on April 12, 2005, as per the following details :

1. Allocation of 1,339,502,106 ordinary shares as follows :
 - 1.1) Allocation of 459,502,106 ordinary shares for offer and sale to the general public, including the existing shareholders and the beneficial owners of the shares held by custodian or by any other similar arrangements.
 - 1.2) Allocation of 440,000,000 ordinary shares for offer and sale to institutional investors or investors with specific characteristics prescribed in the Notification of the Securities and Exchange Commission.

* The Bank had made changes to the presentations of 2017 for comparison in accordance with the current year presentations.

- 1.3) Allocation of 440,000,000 ordinary shares for offer and sale to the existing shareholders and the beneficial owners of the ordinary shares in proportion to their shareholdings.
2. Allocation of 50,000,000 ordinary shares to be reserved for the exercise of the conversion right attached to the subordinated convertible bonds issued by the Bank and offered for sale in 1999 as part of the Capital Augmented Preferred Securities (CAPS).
3. Allocation of 500,000,000 ordinary shares to be reserved for the exercise of the conversion right attached to the subordinated convertible bonds and/or convertible bonds that may further be issued in the future by the Bank.
4. Allocation of 200,000,000 ordinary shares to be reserved for the exercise of right to purchase ordinary shares by holders of warrants that may further be issued in the future by the Bank.
5. Allocation of 655,000 Class A preferred shares for offer and sale in foreign markets and/or domestic markets, which may be offered and sold in conjunction with subordinated bonds.
6. Allocation of 1,000,000 Class B preferred shares for offer and sale in foreign markets and/or domestic markets, which may be offered and sold in conjunction with subordinated bonds and/or unsubordinated bonds and/or subordinated convertible bonds and/or convertible bonds.

The offer and sale of the Bank's securities shall comply with the regulations prescribed by the Securities and Exchange Commission.

6.24 The establishment of Special Purpose Vehicle to issue capital securities

On April 21, 1998, the shareholders passed a resolution for the Bank to establish Special Purpose Vehicle (SPV) to issue capital securities in the amount not exceeding USD 1,000 million or its equivalent in other currencies, to be offered in private placement and/or to institutional investors in accordance with the rules and guidelines of the Securities and Exchange Commission. The Bank may issue capital securities in whole amount or in lots. The Board of Directors was authorized to proceed with the establishment of the SPV.

Such capital securities may be perpetual, non-cumulative, and redeemable by the SPV or may be guaranteed by the Bank. The terms and conditions in the offering of the capital securities may state that upon specific conditions, the Bank must or may issue other securities in exchange for the capital securities.

Upon the issuance of capital securities by the SPV, the Bank may issue securities which may be subordinated; secured; convertible into ordinary shares or other securities of the Bank; or any other securities in the amount not exceeding USD 1,100 million or its equivalent in other currencies to the SPV. The Board of Directors has been authorized to proceed with the issuance of the capital securities by the SPV and those securities that the Bank may have to issue to the SPV. The terms and conditions of the offering of the capital securities by the SPV may include dividend payment or other kind of payment as determined by the Board of Directors and such payment may be related to payment of dividend or other payment on other securities of the Bank.

On March 18, 1999, the shareholders passed a resolution for the Bank to establish or to invest in a subsidiary or SPV for the purpose of raising fund of the Bank, by issuing preferred shares and/or bonds to the subsidiary or SPV, or the Bank may issue the preferred shares and/or bonds to a mutual fund or a juristic entity that is established for investing mainly in the Bank's preferred shares and/or bonds; and the Bank is authorized to enter into Trust Agreement or Master Investment Agreement between the Bank and the subsidiary or SPV or mutual fund or any other juristic entity. As at December 31, 2018, the Bank had not yet established the SPV as it had not issued the instrument for fund raising via SPV according to the above-mentioned resolution.

6.25 Legal reserve and other reserves

6.25.1 Under the Public Limited Companies Act, the Bank is required to allocate to a reserve fund at least 5% of its net profit after accumulated losses brought forward (if any) until the reserve fund is not less than 10% of the registered capital. However, the Bank's Articles of Association require that the Bank shall allocate to the reserve fund at least 10% of its net profit after accumulated losses brought forward (if any) until the reserve fund is not less than 25% of the registered capital. The reserve fund is not available for dividend distribution.

6.25.2 The Bank appropriated annual profit as other reserves, which are treated as general reserve with no specific purpose.

6.26 The appropriation of the profit and the dividend payments

On April 12, 2017, the 24th Annual Ordinary Meeting of Shareholders approved the resolutions regarding the appropriation of the profit and the payment of dividend for the year 2016 as follows :

- The appropriation as legal reserve and as other reserves amounting to Baht 1,000 million and Baht 5,000 million, respectively, with the amount to be appropriated for the period of January - June 2016 amounting to Baht 500 million as legal reserve and Baht 5,000 million as other reserves (all of which had already been appropriated as stated in the financial statements for the year ended December 31, 2016), and the amount to be appropriated for the period of July - December 2016 amounting to Baht 500 million as legal reserve.
- The payment of dividend at the rate of Baht 6.50 per ordinary share, totaling Baht 12,058 million, a part of which had been paid as interim dividend at the rate of Baht 2.00 per share amounting to Baht 3,712 million on September 23, 2016, and the remaining amount will be paid on May 11, 2017 at the rate of Baht 4.50 per share amounting to Baht 8,346 million.

The Bank already paid dividend according to the above-mentioned resolution amounting to Baht 8,346 million on May 11, 2017.

On August 24, 2017, the meeting of the Board of Directors of the Bank No. 8/2017 approved the resolutions regarding the appropriation of the profit and the payment of interim dividend as follows :

- The appropriation as legal reserve and as other reserves for the period of January - June 2017 amounting to Baht 500 million and Baht 5,000 million, respectively.
- The payment of interim dividend at the rate of Baht 2.00 per ordinary share amounting to Baht 3,710 million on September 22, 2017.

The Bank already paid dividend according to the above-mentioned resolution amounting to Baht 3,710 million on September 22, 2017.

On April 12, 2018, the 25th Annual Ordinary Meeting of Shareholders approved the resolutions regarding the appropriation of the profit and the payment of dividend for the year 2017 as follows :

- The appropriation as legal reserve and as other reserves amounting to Baht 1,000 million and Baht 5,000 million, respectively, with the amount to be appropriated for the period of January - June 2017 amounting to Baht 500 million as legal reserve and Baht 5,000 million as other reserves (all of which had already been appropriated as stated in the financial statements for the year ended December 31, 2017), and the amount to be appropriated for the period of July - December 2017 amounting to Baht 500 million as legal reserve.
- The payment of dividend at the rate of Baht 6.50 per ordinary share, totaling Baht 12,060 million, a part of which had been paid as interim dividend at the rate of Baht 2.00 per share amounting to Baht 3,710 million on September 22, 2017, and the remaining amount will be paid on May 11, 2018 at the rate of Baht 4.50 per share amounting to Baht 8,350 million.

The Bank already paid dividend according to the above-mentioned resolution amounting to Baht 8,350 million on May 11, 2018.

On August 30, 2018, the meeting of the Board of Directors of the Bank No. 8/2018 approved the resolutions regarding the appropriation of the profit and the payment of interim dividend as follows :

- The appropriation as legal reserve and as other reserves for the period of January - June 2018 amounting to Baht 500 million and Baht 5,000 million, respectively.
- The payment of interim dividend at the rate of Baht 2.00 per ordinary share amounting to Baht 3,716 million on September 28, 2018.

The Bank already paid dividend according to the above-mentioned resolution amounting to Baht 3,716 million on September 28, 2018.

6.27 Assets pledged as collateral and under restriction

The Bank had investments in government securities and state enterprise securities which had been pledged as collateral for repurchase agreements and for commitments with government agencies. The book values of such securities, net of valuation allowances for impairment, as at December 31, 2018 and 2017 amounted to Baht 16,207 million and Baht 9,005 million, respectively.

6.28 Contingent liabilities

As at December 31, 2018 and 2017, the Bank and subsidiaries had contingent liabilities as follows :

	CONSOLIDATED		THE BANK	
	2018	2017	2018	2017
Avals to bills	5,800	8,187	5,800	8,187
Guarantees of loans	32,236	20,445	20,525	8,284
Liability under unmatured import bills	19,041	16,394	15,329	14,449
Letters of credit	35,822	31,803	34,486	31,077
Other commitments				
Underwriting commitment	-	1,098	-	1,098
Amount of unused bank overdraft	170,329	174,083	169,326	172,901
Other guarantees	270,320	259,314	267,795	257,089
Others	120,182	88,622	123,426	91,390
Total	653,730	599,946	636,687	584,475

6.29 Litigation

As at December 31, 2018 and 2017, a number of civil proceedings have been brought against the Bank and subsidiaries in the ordinary course of business. The Bank and subsidiaries believe that such proceedings, when resolved, will not materially affect the Bank and subsidiaries's financial position and result of operations.

6.30 Related party transactions

As at December 31, 2018 and 2017, related parties of the Bank consisted of subsidiaries, associates, key management personnel that are directors, executives at the level of executive vice president and higher or equal, any parties related to key management personnel, including the entities in which key management personnel and any parties related which are controlled or significantly influenced.

The Bank and subsidiaries had significant assets, liabilities and commitments with related parties as follows :

	CONSOLIDATED		THE BANK	
	2018	2017	2018	2017
Million Baht				
Placement				
Subsidiaries				
Bangkok Bank Berhad	-	-	2,767	1,970
Bangkok Bank (China) Co., Ltd.	-	-	2,078	5,066
Total	-	-	4,845	7,036
Loans				
Subsidiary				
Sinnsuptawee Asset Management Co., Ltd.	-	-	2,710	2,710
Associate				
BSL Leasing Co., Ltd.	80	300	80	300
Other related parties	72	23	38	20
Total	152	323	2,828	3,030
Allowance for doubtful accounts				
Subsidiary				
Sinnsuptawee Asset Management Co., Ltd.	-	-	33	33
Associate				
BSL Leasing Co., Ltd.	1	3	1	3
Total	1	3	34	36
Other assets				
Subsidiaries				
Bangkok Bank Berhad	-	-	3	5
Sinnsuptawee Asset Management Co., Ltd.	-	-	2	2
BBL Asset Management Co., Ltd.	-	-	378	357
Bualuang Securities PCL.	-	-	1	1
Bangkok Bank (China) Co., Ltd.	-	-	1	30
Associates				
Processing Center Co., Ltd.	38	35	38	35
Thai Payment Network Co., Ltd.	13	3	13	3
Other related parties	6	6	-	-
Total	57	44	436	433

	CONSOLIDATED		THE BANK	
	2018	2017	2018	2017
Million Baht				
Deposits				
Subsidiaries				
BBL (Cayman) Limited	-	-	765	756
Bangkok Bank Berhad	-	-	56	127
Sinnsuptawee Asset Management Co., Ltd.	-	-	11	7
BBL Asset Management Co., Ltd.	-	-	113	112
Bualuang Securities PCL.	-	-	113	244
Bangkok Bank (China) Co., Ltd.	-	-	130	111
Bualuang Venture Co., Ltd.	-	-	288	473
Bangkok Capital Asset Management Co., Ltd.*	-	-	134	194
Associates				
BSL Leasing Co., Ltd.	30	61	30	61
Processing Center Co., Ltd.	99	69	99	69
National ITMX Co., Ltd.	80	57	80	57
Thai Payment Network Co., Ltd.	145	47	145	47
Other related parties	7,730	8,834	7,730	8,834
Total	8,084	9,068	9,694	11,092
Borrowings				
Subsidiary				
Bangkok Bank (China) Co., Ltd.	-	-	519	530
Total	-	-	519	530
Other liabilities				
Subsidiaries				
BBL (Cayman) Limited	-	-	1	1
Bangkok Bank Berhad	-	-	-	2
Sinnsuptawee Asset Management Co., Ltd.	-	-	372	720
Bualuang Securities PCL.	-	-	1	1
Associates				
Processing Center Co., Ltd.	1	8	1	8
National ITMX Co., Ltd.	10	7	10	7
Other related parties	73	46	12	17
Total	84	61	397	756

* Holding by Bualuang Securities PCL.

	CONSOLIDATED		THE BANK	
	2018	2017	2018	2017
Commitments				
Subsidiaries				
Bangkok Bank Berhad	-	-	72	156
Bualuang Securities PCL.	-	-	-	189
Associates				
BSL Leasing Co., Ltd.	19	9	19	9
National ITMX Co., Ltd.	-	1	-	1
Other related parties	3	12	3	12
Total	22	22	94	367

For the year ended December 31, 2018, the Bank and subsidiaries charged interest at rates between 1.62% and 13.00% on loans to these related parties depending on the types of loans and collateral and charged interest at rate of 1.62% on loans to Sinnsuptawee Asset Management Co., Ltd.

For the year ended December 31, 2017, the Bank and subsidiaries charged interest at rates between 1.57% and 13.00% on loans to these related parties depending on the types of loans and collateral and charged interest at rate of 1.57% on loans to Sinnsuptawee Asset Management Co., Ltd.

The Bank follows the BOT guidelines in estimating the minimum allowance for doubtful accounts on loans to related parties similar to loans to normal debtors.

In the consolidated and the Bank's financial statements, investments in subsidiaries and associates as at December 31, 2018 and 2017 are shown in Note 6.5.

Significant accounting transactions between the Bank and subsidiaries, associates and other related parties were transacted under normal business practices. The prices, interest rates, commission charges, terms and conditions are determined on an arm's length basis.

The Bank and subsidiaries had significant income and expenses with related parties as follows :

	CONSOLIDATED		THE BANK	
	FOR THE YEARS		FOR THE YEARS	
	ENDED DECEMBER 31,		ENDED DECEMBER 31,	
	2018	2017	2018	2017
Interest and discount received				
Subsidiaries				
Bangkok Bank Berhad	-	-	47	39
Sinnsuptawee Asset Management Co., Ltd.	-	-	43	43
Bualuang Securities PCL.	-	-	2	-
Bangkok Bank (China) Co., Ltd.	-	-	19	97
Associate				
BSL Leasing Co., Ltd.	4	15	4	15
Other related parties	1	2	1	2
Total	5	17	116	196
Fees and service income				
Subsidiaries				
Bangkok Bank Berhad	-	-	1	2
BBL Asset Management Co., Ltd.	-	-	2,242	1,995
Bualuang Securities PCL.	-	-	24	23
Associate				
Processing Center Co., Ltd.	10	11	10	11
Other related parties	73	52	1	1
Total	83	63	2,278	2,032
Dividend income				
Subsidiaries				
Sinnsuptawee Asset Management Co., Ltd.	-	-	7,000	-
BBL Asset Management Co., Ltd.	-	-	975	755
Bualuang Securities PCL.	-	-	540	540
Associates				
BSL Leasing Co., Ltd.	18	178	18	178
Processing Center Co., Ltd.	109	76	109	76
National ITMX Co., Ltd.	3	5	3	5
Total	130	259	8,645	1,554
Other income				
Subsidiaries				
Bualuang Securities PCL.	-	-	17	4
Bangkok Bank (China) Co., Ltd.	-	-	123	135
Associates				
National ITMX Co., Ltd.	5	5	5	5
Thai Payment Network Co., Ltd.	10	10	10	10
Total	15	15	155	154

	CONSOLIDATED FOR THE YEARS ENDED DECEMBER 31,		THE BANK FOR THE YEARS ENDED DECEMBER 31,	
	2018	2017	2018	2017
Million Baht				
Interest paid				
Subsidiaries				
BBL (Cayman) Limited	-	-	14	8
Bangkok Bank Berhad	-	-	-	1
Sinnsuptawee Asset Management Co., Ltd.	-	-	2	-
BBL Asset Management Co., Ltd.	-	-	2	2
Bualuang Securities PCL.	-	-	3	3
Bangkok Bank (China) Co., Ltd.	-	-	12	7
Bualuang Venture Co., Ltd.	-	-	3	3
Bangkok Capital Asset Management Co., Ltd.*	-	-	1	1
Associate				
Processing Center Co., Ltd.	1	1	1	1
Other related parties	75	73	75	73
Total	<u>76</u>	<u>74</u>	<u>113</u>	<u>99</u>
Commission paid				
Subsidiary				
Bualuang Securities PCL.	-	-	19	34
Other related parties	64	55	-	-
Total	<u>64</u>	<u>55</u>	<u>19</u>	<u>34</u>
Other expenses				
Subsidiaries				
Bangkok Bank Berhad	-	-	3	-
Sinnsuptawee Asset Management Co., Ltd.	-	-	1	1
Bangkok Bank (China) Co., Ltd.	-	-	4	5
Associates				
Processing Center Co., Ltd.	57	70	57	70
National ITMX Co., Ltd.	91	65	91	65
Other related parties	115	106	103	95
Total	<u>263</u>	<u>241</u>	<u>259</u>	<u>236</u>

Compensation of key management personnel for the years ended December 31, 2018 and 2017 consisted of the following :

	CONSOLIDATED FOR THE YEARS ENDED DECEMBER 31,		THE BANK FOR THE YEARS ENDED DECEMBER 31,	
	2018	2017	2018	2017
Million Baht				
Short-term employee benefits	1,759	1,570	1,262	1,090
Post-employment benefits	76	69	68	62
Total	<u>1,835</u>	<u>1,639</u>	<u>1,330</u>	<u>1,152</u>

* Holding by Bualuang Securities PCL.

6.31 Other benefits to directors and persons with managing authority

The Bank has not extended the extraordinary monetary and/or non-monetary benefits to the Banks' directors, executives at the level of executive vice president and higher, other than the ordinary benefits.

6.32 Disclosure of the statements of cash flows of the Asset Management Company (AMC)

In accordance with the BOT's regulations, the Bank is required to disclose the statements of cash flows of the AMC of the Bank in the notes to the financial statements. The statements of cash flows of Sinnsuptawee Asset Management Co., Ltd. are as follows :

SINNSUPTAWEE ASSET MANAGEMENT COMPANY LIMITED
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2018

	Million Baht	
	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit from operating before income tax expenses	3,369	768
Items to reconcile profit from operating before income tax expenses to cash received (paid) from operating activities		
Net profit on disposal of securities	(3,628)	(7)
Reversal on allowance impairment of properties for sale	-	(169)
Loss on impairment of properties for sale	628	5
Provision expenses	1	-
Net interest expenses	41	43
Dividend income	(87)	(104)
Interest received	1	-
Proceeds from dividend income	87	104
Interest expenses paid	(43)	(43)
Income tax paid	(398)	(267)
Profit (loss) from operating before changes in operating assets and liabilities	(29)	330
Operating assets decrease		
Properties for sale	396	765
Other assets	-	2
Operating liabilities increase (decrease)		
Deposits	(121)	86
Other liabilities	1	(1)
Net cash from operating activities	247	1,182
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of available-for-sale securities	(5,450)	(2,588)
Proceeds from disposal of available-for-sale securities	12,206	1,408
Net cash from investing activities	6,756	(1,180)
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividend Paid	(7,000)	-
Net cash from financing activities	(7,000)	-
Net increase in cash and cash equivalents	3	2
Cash and cash equivalents as at January 1,	6	4
Cash and cash equivalents as at December 31,	9	6

6.33 Long-term leases

Long-term leases as at December 31, 2018 and 2017 consisted of the following :

		Million Baht			
Type of lease	Period	REMAINING RENTAL EXPENSES CONSOLIDATED		THE BANK	
		2018	2017	2018	2017
Land and/or premises	1 Year	63	63	63	63
Land and/or premises	Over 1 Year to 5 Years	156	178	156	178
Land and/or premises	Over 5 Years	178	207	178	207
Total		<u>397</u>	<u>448</u>	<u>397</u>	<u>448</u>

6.34 Operating segments

6.34.1 Operating segments

Operating segments are reported measured on a basis that is consistent with internal reporting. Amounts for each operating segment are shown after the allocation of centralized costs and transfer pricing.

Transactions between operating segments are recorded within the segment as if they were third party transactions and are eliminated on consolidated financial statement.

The Bank is organized into segments based on products and services as follows :

Domestic banking

Domestic banking provides financial services in domestic. The main products and services are loans, deposits, trade finance, remittances and payments, electronic services, credit cards, debit cards and related other financial services.

International banking

International banking provides financial services through overseas branches and subsidiaries. The main products and services are loans, deposits, foreign exchange services, international fund transfers and payments, and export and import services.

Investment banking

Investment banking provides project services, corporate finance services, financial advisory services, securities business services, business strategic management by trading financial instruments including liquidity management of the Bank.

Others

Segments other than banking and investment banking business provide fund management services, securities services, assets management services and others, including operating expenses not allocated to operating segments.

The operating results of operating segments for the years ended December 31, 2018 and 2017 are as follows :

	CONSOLIDATED FOR THE YEAR ENDED DECEMBER 31, 2018					Million Baht
	Domestic Banking	International Banking	Investment Banking	Others	Elimination	Total
Total operating income	77,255	13,749	15,880	14,518	(1)	121,401
Total operating expenses before credit losses	<u>(30,843)</u>	<u>(4,320)</u>	<u>(762)</u>	<u>(19,241)</u>	<u>1</u>	<u>(55,165)</u>
Profit from operating before credit losses and income tax expenses	<u>46,412</u>	<u>9,429</u>	<u>15,118</u>	<u>(4,723)</u>	<u>-</u>	<u>66,236</u>

	CONSOLIDATED FOR THE YEAR ENDED DECEMBER 31, 2017					Million Baht
	Domestic Banking	International Banking	Investment Banking	Others	Elimination	Total
Total operating income	74,518	11,385	16,915	9,651	(1)	112,468
Total operating expenses before credit losses	<u>(29,834)</u>	<u>(4,385)</u>	<u>(764)</u>	<u>(13,966)</u>	<u>1</u>	<u>(48,948)</u>
Profit from operating before credit losses and income tax expenses	<u>44,684</u>	<u>7,000</u>	<u>16,151</u>	<u>(4,315)</u>	<u>-</u>	<u>63,520</u>

The financial position of operating segments as at December 31, 2018 and 2017 are as follows :

	CONSOLIDATED					Million Baht
	Domestic Banking	International Banking	Investment Banking	Others	Elimination	Total
Total assets						
As at December 31, 2018	1,659,254	825,697	1,107,633	149,941	(625,775)	3,116,750
As at December 31, 2017	1,627,512	752,751	1,066,340	165,334	(535,627)	3,076,310

6.34.2 Geographical segments

The operating results classified by geographical areas for the years ended December 31, 2018 and 2017 are as follows :

	CONSOLIDATED FOR THE YEARS ENDED DECEMBER 31,						Million Baht
	2018			2017			
	Domestic Operations	Foreign Operations	Total	Domestic Operations	Foreign Operations	Total	
Total operating income	104,303	17,098	121,401	98,658	13,810	112,468	
Total operating expenses*	(67,792)	(9,338)	(77,130)	(63,668)	(7,650)	(71,318)	
Profit from operating							
before income tax expenses	36,511	7,760	44,271	34,990	6,160	41,150	

The financial position classified by geographical areas as at December 31, 2018 and 2017 are as follows :

	CONSOLIDATED						Million Baht
	2018			2017			
	Domestic Operations	Foreign Operations	Total	Domestic Operations	Foreign Operations	Total	
Non-current assets**	36,668	6,979	43,647	37,568	7,298	44,866	
Total assets	2,565,708	551,042	3,116,750	2,567,548	508,762	3,076,310	

6.35 Interest income

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

	CONSOLIDATED FOR THE YEARS ENDED DECEMBER 31,		THE BANK FOR THE YEARS ENDED DECEMBER 31,		Million Baht
	2018	2017	2018	2017	
Interest on interbank and money market items	8,397	8,317	6,826	6,705	
Investments and trading transactions	245	249	243	247	
Investment in debt securities	8,954	7,993	8,494	7,508	
Interest on loans	93,131	88,876	90,411	86,540	
Others	54	41	59	41	
Total interest income	110,781	105,476	106,033	101,041	

* Including credit losses.

** Consisting of premises and equipment, net and other intangible assets, net.

6.36 Interest expenses

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

	CONSOLIDATED FOR THE YEARS ENDED DECEMBER 31,		THE BANK FOR THE YEARS ENDED DECEMBER 31,	
	2018	2017	2018	2017
Interest on deposits	21,762	21,596	20,123	20,017
Interest on interbank and money market items	2,142	1,081	1,885	843
Contributions to the Deposit Protection Agency	9,864	9,617	9,858	9,612
Interest on debt issued				
Bonds and subordinated notes	5,561	6,523	5,561	6,523
Others	76	34	76	34
Total interest expenses	39,405	38,851	37,503	37,029

6.37 Net fees and service income

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

	CONSOLIDATED FOR THE YEARS ENDED DECEMBER 31,		THE BANK FOR THE YEARS ENDED DECEMBER 31,	
	2018	2017	2018	2017
Fees and service income				
Acceptances, aval and guarantees of loans	199	197	158	164
Others	37,238	36,263	31,888	31,620
Total fees and service income	37,437	36,460	32,046	31,784
Fees and service expenses	9,847	8,934	9,682	8,841
Net fees and service income	27,590	27,526	22,364	22,943

6.38 Gains (losses) on tradings and foreign exchange transactions

Gains (losses) on tradings and foreign exchange transactions for the years ended December 31, 2018 and 2017 are as follows :

	CONSOLIDATED FOR THE YEARS ENDED DECEMBER 31,		THE BANK FOR THE YEARS ENDED DECEMBER 31,	
	2018	2017	2018	2017
Gains (losses) on tradings and foreign exchange transactions				
Foreign exchanges and derivatives	7,798	6,725	7,351	7,278
Interest rate derivatives	265	(876)	265	(876)
Debt securities	(114)	66	(117)	61
Equity securities	351	342	-	-
Total gains on tradings and foreign exchange transactions	8,300	6,257	7,499	6,463

6.39 Gains (losses) on investments

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

	CONSOLIDATED FOR THE YEARS ENDED DECEMBER 31,		THE BANK FOR THE YEARS ENDED DECEMBER 31,	
	2018	2017	2018	2017
Gains on investments				
Available-for-sale securities	7,879	2,360	4,220	2,353
General investment	2,806	6,146	2,806	6,146
Investments in associates	-	-	-	42
Total	<u>10,685</u>	<u>8,506</u>	<u>7,026</u>	<u>8,541</u>
Loss on impairment				
Available-for-sale securities	(2)	-	(2)	-
General investment	<u>(2,674)</u>	<u>(2,078)</u>	<u>(2,674)</u>	<u>(2,078)</u>
Total	<u>(2,676)</u>	<u>(2,078)</u>	<u>(2,676)</u>	<u>(2,078)</u>
Total gains on investments	<u>8,009</u>	<u>6,428</u>	<u>4,350</u>	<u>6,463</u>

6.40 Impairment loss of loans and debt securities

Impairment loss of loans and debt securities for the years ended December 31, 2018 and 2017 are as follows :

	CONSOLIDATED FOR THE YEARS ENDED DECEMBER 31,		THE BANK FOR THE YEARS ENDED DECEMBER 31,	
	2018	2017	2018	2017
Interbank and money market items	1,241	247	1,105	112
Loans to customers	17,117	22,371	16,440	22,433
Loss on debt restructuring (reversal)	3,607	(342)	3,607	(342)
Available-for-sale debt securities	-	94	-	94

6.41 Income tax expenses

6.41.1 Income tax recognized in profit or loss for the years ended December 31, 2018 and 2017 are as follows :

	CONSOLIDATED FOR THE YEARS ENDED DECEMBER 31,		THE BANK FOR THE YEARS ENDED DECEMBER 31,	
	2018	2017	2018	2017
Current tax	11,125	10,170	9,315	9,377
Deferred tax	<u>(2,571)</u>	<u>(2,338)</u>	<u>(2,382)</u>	<u>(2,279)</u>
Total income tax expenses	<u>8,554</u>	<u>7,832</u>	<u>6,933</u>	<u>7,098</u>

6.41.2 Income tax recognized in component of other comprehensive income for the years ended December 31, 2018 and 2017 are as follows :

CONSOLIDATED						Million Baht
FOR THE YEARS ENDED DECEMBER 31,						
	2018			2017		
	Before-tax	Tax (expense)	Net-of-tax	Before-tax	Tax (expense)	Net-of-tax
	Amount	Benefit	Amount	Amount	Benefit	Amount
Gains (losses) on remeasuring						
available-for-sale						
investment	(11,717)	2,400	(9,317)	8,855	(1,850)	7,005
Losses arising from						
translating the financial						
statements of foreign						
operations	(3,180)	-	(3,180)	(5,018)	-	(5,018)
Actuarial gain (losses) on						
defined benefit plans	400	(76)	324	(283)	51	(232)
Total	<u>(14,497)</u>	<u>2,324</u>	<u>(12,173)</u>	<u>3,554</u>	<u>(1,799)</u>	<u>1,755</u>

THE BANK						Million Baht
FOR THE YEARS ENDED DECEMBER 31,						
	2018			2017		
	Before-tax	Tax (expense)	Net-of-tax	Before-tax	Tax (expense)	Net-of-tax
	Amount	Benefit	Amount	Amount	Benefit	Amount
Gains (losses) on remeasuring						
available-for-sale						
investment	(11,676)	2,393	(9,283)	8,728	(1,823)	6,905
Losses arising from						
translating the financial						
statements of foreign						
operations	(1,509)	-	(1,509)	(4,434)	-	(4,434)
Actuarial gains (losses) on						
defined benefit plans	401	(76)	325	(288)	52	(236)
Total	<u>(12,784)</u>	<u>2,317</u>	<u>(10,467)</u>	<u>4,006</u>	<u>(1,771)</u>	<u>2,235</u>

6.41.3 Reconciliation of effective tax rates for the years ended December 31, 2018 and 2017 are as follows :

	CONSOLIDATED				Million Baht
	FOR THE YEARS ENDED DECEMBER 31,				
	2018		2017		
	Amount	Percentage	Amount	Percentage	
Profit from operating before income tax expense	44,271		41,150		
Income tax calculated at statutory tax rate	8,854	20.00	8,230	20.00	
Overseas tax	1,251		1,096		
Tax effect of income and expenses that are not taxable and not deductible for tax purposes	(2,524)		(1,185)		
Others	973		(309)		
Total income tax expenses	8,554	19.32	7,832	19.03	

	THE BANK				Million Baht
	FOR THE YEARS ENDED DECEMBER 31,				
	2018		2017		
	Amount	Percentage	Amount	Percentage	
Profit from operating before income tax expense	45,325		38,679		
Income tax calculated at statutory tax rate	9,065	20.00	7,736	20.00	
Overseas tax	1,204		1,081		
Tax effect of income and expenses that are not taxable and not deductible for tax purposes	(2,544)		(1,151)		
Others	(792)		(568)		
Total income tax expenses	6,933	15.30	7,098	18.35	

6.42 Approval of the financial statements

On February 21, 2019, the Audit Committee and the Board of Executive Directors have authorized to issue these financial statements.