

REPORT OF THE INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

TO THE SHAREHOLDERS AND BOARD OF DIRECTORS

BANGKOK BANK PUBLIC COMPANY LIMITED

REPORT ON AUDIT OF INTERIM FINANCIAL STATEMENTS

We have audited the consolidated financial statements of Bangkok Bank Public Company Limited and subsidiaries and the Bank's financial statements of Bangkok Bank Public Company Limited, which comprise the consolidated and Bank's statements of financial position as at June 30, 2016, and the related consolidated and Bank's statements of profit or loss and other comprehensive income, changes in shareholders' equity and cash flows for the six-month period then ended and notes, comprising a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these interim financial statements in accordance with Thai Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these interim financial statements based on our audit. We conducted our audit in accordance with Thai Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Bank's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Bank's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the aforementioned consolidated and Bank's financial statements present fairly, in all material respects, the financial position of Bangkok Bank Public Company Limited and subsidiaries and of Bangkok Bank Public Company Limited as at June 30, 2016, and financial performance and cash flows for the six-month period then ended in accordance with Thai Financial Reporting Standards.

REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION

We have reviewed the consolidated statement of profit or loss and other comprehensive income of Bangkok Bank Public Company Limited and subsidiaries and the Bank's statement of profit or loss and other comprehensive income of Bangkok Bank Public Company Limited for the three-month period ended June 30, 2016, and the notes to the financial statements. The Bank's management is responsible for the preparation and presentation of this interim financial information in accordance with Thai Financial Reporting Standards. Our responsibility is to express a conclusion on this interim financial information based on our review.

Scope of Review

We conducted our review in accordance with Thai Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Thai Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the aforementioned interim financial information is not prepared, in all material respects, in accordance with Thai Financial Reporting Standards.

BANGKOK
August 18, 2016

Dr. Suphamit Techamontrikul
Certified Public Accountant (Thailand)
Registration No. 3356
DELOITTE TOUCHE TOHMATSU JAIYOS AUDIT CO., LTD.

BANGKOK BANK PUBLIC COMPANY LIMITED AND SUBSIDIARIES
STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2016

Baht : '000

		CONSOLIDATED		THE BANK	
	Notes	June 30, 2016	December 31, 2015	June 30, 2016	December 31, 2015
ASSETS					
CASH		54,870,992	61,431,621	54,727,960	61,299,466
INTERBANK AND MONEY MARKET ITEMS, NET	6.2	475,968,191	372,006,625	434,423,797	327,351,431
CLAIMS ON SECURITY		84,078	26,654	-	-
DERIVATIVES ASSETS	6.3	30,947,385	22,744,628	30,771,930	22,637,201
INVESTMENTS, NET	6.4	479,234,428	519,525,046	455,146,135	497,380,783
INVESTMENTS IN SUBSIDIARIES AND ASSOCIATES, NET	6.5	1,236,244	1,280,199	33,680,876	33,180,876
LOANS TO CUSTOMERS AND ACCRUED					
INTEREST RECEIVABLES, NET	6.6				
Loans to customers		1,907,517,171	1,869,539,537	1,859,426,949	1,820,230,566
Accrued interest receivables		3,482,964	4,279,421	3,382,060	4,184,666
Total loans to customers and					
accrued interest receivables		1,911,000,135	1,873,818,958	1,862,809,009	1,824,415,232
<u>Less</u> Deferred revenue		(581,585)	(636,609)	(530,962)	(581,728)
<u>Less</u> Allowance for doubtful accounts	6.7	(109,880,461)	(101,775,087)	(106,491,697)	(98,703,151)
<u>Less</u> Revaluation allowance for debt restructuring	6.8	(1,982,521)	(2,412,029)	(1,982,521)	(2,412,029)
Total loans to customers and					
accrued interest receivables, net		1,798,555,568	1,768,995,233	1,753,803,829	1,722,718,324
CUSTOMER'S LIABILITY UNDER ACCEPTANCES		2,498,918	2,597,526	145,273	181,725
PROPERTIES FOR SALE, NET	6.9	13,296,089	13,579,263	9,307,759	9,502,106
PREMISES AND EQUIPMENT, NET	6.10	45,872,705	46,108,061	44,333,758	44,684,253
OTHER INTANGIBLE ASSETS, NET	6.11	497,485	452,388	454,362	399,897
DEFERRED TAX ASSETS	6.12	2,829,757	2,744,891	1,908,750	1,778,151
COLLATERAL PLACED WITH FINANCIAL COUNTERPARTIES		11,081,693	10,205,630	11,051,995	10,196,984
OTHER ASSETS, NET		15,233,747	14,154,398	9,471,701	10,909,322
TOTAL ASSETS		2,932,207,280	2,835,852,163	2,839,228,125	2,742,220,519

Notes to the financial statements form an integral part of these financial statements

BANGKOK BANK PUBLIC COMPANY LIMITED AND SUBSIDIARIES
STATEMENT OF FINANCIAL POSITION (CONTINUED)
AS AT JUNE 30, 2016

Baht : '000

		CONSOLIDATED		THE BANK	
	Notes	June 30, 2016	December 31, 2015	June 30, 2016	December 31, 2015
LIABILITIES AND SHAREHOLDERS' EQUITY					
DEPOSITS	6.14	2,154,255,765	2,090,964,660	2,105,247,114	2,039,107,787
INTERBANK AND MONEY MARKET ITEMS	6.15	150,394,150	128,681,424	141,485,232	117,141,014
LIABILITY PAYABLE ON DEMAND		12,514,468	10,588,969	12,442,391	10,539,277
LIABILITY TO DELIVER SECURITY		494,317	245,248	-	-
DERIVATIVES LIABILITIES	6.3	34,786,290	34,150,730	34,211,162	33,732,860
DEBT ISSUED AND BORROWINGS	6.16	135,371,635	138,402,557	135,268,415	138,343,911
BANK'S LIABILITY UNDER ACCEPTANCES		2,498,918	2,597,526	145,273	181,725
PROVISIONS	6.20	11,653,911	9,601,115	11,510,517	9,472,449
DEFERRED TAX LIABILITIES	6.12	6,588,166	6,334,871	6,254,287	5,962,980
OTHER LIABILITIES		54,336,268	52,254,039	37,782,172	39,315,652
TOTAL LIABILITIES		2,562,893,888	2,473,821,139	2,484,346,563	2,393,797,655
SHAREHOLDERS' EQUITY					
SHARE CAPITAL	6.22				
Authorized share capital					
1,655,000 preferred shares of Baht 10 each		16,550	16,550	16,550	16,550
3,998,345,000 common shares of Baht 10 each		39,983,450	39,983,450	39,983,450	39,983,450
Issued and paid-up share capital					
1,908,842,894 common shares of Baht 10 each		19,088,429	19,088,429	19,088,429	19,088,429
PREMIUM ON COMMON SHARES		56,346,232	56,346,232	56,346,232	56,346,232
OTHER RESERVES		58,538,807	58,923,754	58,308,924	57,964,301
RETAINED EARNINGS					
Appropriated	6.24 , 6.25				
Legal reserve		20,500,000	20,000,000	20,500,000	20,000,000
Others		86,500,000	86,500,000	86,500,000	86,500,000
Unappropriated		128,123,121	120,973,954	114,137,977	108,523,902
TOTAL BANK'S EQUITY		369,096,589	361,832,369	354,881,562	348,422,864
NON-CONTROLLING INTEREST		216,803	198,655	-	-
TOTAL SHAREHOLDERS' EQUITY		369,313,392	362,031,024	354,881,562	348,422,864
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		2,932,207,280	2,835,852,163	2,839,228,125	2,742,220,519

Notes to the financial statements form an integral part of these financial statements

(Mr. Chartsiri Soponpanich)
President

(Mr. Suvarn Thansathit)
Senior Executive Vice President

BANGKOK BANK PUBLIC COMPANY LIMITED AND SUBSIDIARIES
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE THREE-MONTH PERIOD ENDED JUNE 30, 2016
(Unaudited - Reviewed)

Baht : '000

		CONSOLIDATED		THE BANK	
	Notes	2016	2015	2016	2015
INTEREST INCOME	6.34	25,578,056	25,809,052	24,595,621	24,561,738
INTEREST EXPENSES	6.35	9,982,200	12,591,257	9,573,573	12,007,265
NET INTEREST INCOME		15,595,856	13,217,795	15,022,048	12,554,473
FEES AND SERVICE INCOME	6.36	7,973,303	7,306,046	6,994,510	6,386,667
FEES AND SERVICE EXPENSES	6.36	1,997,482	1,880,252	1,972,695	1,814,903
NET FEES AND SERVICE INCOME		5,975,821	5,425,794	5,021,815	4,571,764
GAINS ON TRADINGS AND FOREIGN EXCHANGE TRANSACTIONS	6.37	1,554,245	1,881,714	1,137,445	1,784,661
GAINS ON INVESTMENTS	6.38	50,662	2,261,546	46,227	1,965,146
SHARE OF PROFIT (LOSS) FROM INVESTMENT USING EQUITY METHOD		(55,393)	51,239	-	-
GAINS ON DISPOSAL OF ASSETS		220,674	418,642	202,071	241,134
DIVIDEND INCOME		1,380,625	1,162,368	1,298,493	1,524,753
OTHER OPERATING INCOME		123,529	126,238	91,749	89,835
TOTAL OPERATING INCOME		24,846,019	24,545,336	22,819,848	22,731,766
OTHER OPERATING EXPENSES					
Employee's expenses		6,299,800	5,986,959	5,706,849	5,450,908
Directors' remuneration		43,602	42,356	38,270	37,140
Premises and equipment expenses		2,820,761	2,503,604	2,645,153	2,334,863
Taxes and duties		836,704	847,217	817,181	802,803
Others		2,598,216	2,208,641	2,393,283	1,978,965
TOTAL OTHER OPERATING EXPENSES		12,599,083	11,588,777	11,600,736	10,604,679
IMPAIRMENT LOSS OF LOANS AND DEBT SECURITIES	6.39	3,541,605	2,921,698	3,415,978	2,728,344
PROFIT FROM OPERATING BEFORE INCOME TAX EXPENSES		8,705,331	10,034,861	7,803,134	9,398,743
INCOME TAX EXPENSES	6.40	1,473,203	1,941,910	1,227,133	1,746,986
NET PROFIT		7,232,128	8,092,951	6,576,001	7,651,757
OTHER COMPREHENSIVE INCOME (LOSSES)					
Items that will be reclassified subsequently to profit or loss					
Gains on remeasuring available-for-sale investment		617,373	2,717,941	339,589	2,609,890
Gains (losses) arising from translating the financial statements of foreign operations		(683,666)	1,910,508	199,842	885,877
Income tax relating to components of other comprehensive income (losses)		(214,646)	(589,926)	(151,221)	(566,645)
Items that will not be reclassified subsequently to profit or loss					
Changes in revaluation surplus		-	15,628,505	-	15,505,052
Actuarial gains (losses) on defined benefit plans		1,739	(1,191)	1,739	(1,191)
Income tax relating to components of other comprehensive income (losses)		(933)	(3,117,853)	(933)	(3,100,494)
TOTAL OTHER COMPREHENSIVE INCOME (LOSSES)		(280,133)	16,547,984	389,016	15,332,489
TOTAL COMPREHENSIVE INCOME		6,951,995	24,640,935	6,965,017	22,984,246
NET PROFIT ATTRIBUTABLE					
Owners of the Bank		7,169,413	8,035,326	6,576,001	7,651,757
Non-controlling interest		62,715	57,625	-	-
		7,232,128	8,092,951	6,576,001	7,651,757
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE					
Owners of the Bank		6,889,066	24,583,284	6,965,017	22,984,246
Non-controlling interest		62,929	57,651	-	-
		6,951,995	24,640,935	6,965,017	22,984,246
BASIC EARNINGS PER SHARE (BAHT)		3.76	4.21	3.45	4.01
WEIGHTED AVERAGE NUMBER OF ORDINARY SHARES (THOUSAND SHARES)		1,908,843	1,908,843	1,908,843	1,908,843

Notes to the financial statements form an integral part of these financial statements

(Mr. Chartsiri Sophonpanich)

President

(Mr. Suvarn Thansathit)

Senior Executive Vice President

BANGKOK BANK PUBLIC COMPANY LIMITED AND SUBSIDIARIES
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2016

Baht : '000

		CONSOLIDATED		THE BANK	
	Notes	2016	2015	2016	2015
INTEREST INCOME	6.34	51,421,117	52,398,148	49,426,595	49,847,729
INTEREST EXPENSES	6.35	19,791,794	24,945,758	18,953,978	23,753,236
NET INTEREST INCOME		31,629,323	27,452,390	30,472,617	26,094,493
FEES AND SERVICE INCOME	6.36	16,230,681	15,849,536	14,366,672	13,365,862
FEES AND SERVICE EXPENSES	6.36	4,151,348	4,029,681	4,101,399	3,771,922
NET FEES AND SERVICE INCOME		12,079,333	11,819,855	10,265,273	9,593,940
GAINS ON TRADINGS AND FOREIGN EXCHANGE TRANSACTIONS	6.37	3,509,597	3,564,995	3,021,708	3,301,123
GAINS ON INVESTMENTS	6.38	1,581,298	3,470,430	649,732	3,171,408
SHARE OF PROFIT FROM INVESTMENT USING EQUITY METHOD		5,443	112,589	-	-
GAINS ON DISPOSAL OF ASSETS		321,138	962,565	301,267	533,153
DIVIDEND INCOME		2,168,108	1,956,194	2,357,903	2,521,200
OTHER OPERATING INCOME		250,804	248,629	195,868	177,609
TOTAL OPERATING INCOME		51,545,044	49,587,647	47,264,368	45,392,926
OTHER OPERATING EXPENSES					
Employee's expenses		12,537,992	12,003,516	11,397,336	10,772,291
Directors' remuneration		62,766	75,073	52,970	51,440
Premises and equipment expenses		5,005,902	4,554,062	4,647,168	4,223,326
Taxes and duties		1,717,328	1,772,583	1,668,513	1,669,609
Others		6,124,301	3,554,113	5,762,720	3,147,688
TOTAL OTHER OPERATING EXPENSES		25,448,289	21,959,347	23,528,707	19,864,354
IMPAIRMENT LOSS OF LOANS AND DEBT SECURITIES	6.39	7,185,771	5,901,232	7,037,739	5,545,981
PROFIT FROM OPERATING BEFORE INCOME TAX EXPENSES		18,910,984	21,727,068	16,697,922	19,982,591
INCOME TAX EXPENSES	6.40	3,301,404	4,177,039	2,744,436	3,706,758
NET PROFIT		15,609,580	17,550,029	13,953,486	16,275,833
OTHER COMPREHENSIVE INCOME (LOSSES)					
Items that will be reclassified subsequently to profit or loss					
Gains on remeasuring available-for-sale investment		1,618,851	5,953,580	1,391,107	5,933,678
Gains (losses) arising from translating the financial statements of foreign operations		(1,108,178)	266,631	(205,725)	(33,359)
Income tax relating to components of other comprehensive income (losses)		(423,703)	(1,242,374)	(370,990)	(1,235,683)
Items that will not be reclassified subsequently to profit or loss					
Changes in revaluation surplus		-	15,628,505	-	15,505,052
Actuarial gains (losses) on defined benefit plans		1,739	(14,368)	1,739	(14,368)
Income tax relating to components of other comprehensive income (losses)		(933)	(3,112,950)	(933)	(3,095,592)
TOTAL OTHER COMPREHENSIVE INCOME (LOSSES)		87,776	17,479,024	815,198	17,059,728
TOTAL COMPREHENSIVE INCOME		15,697,356	35,029,053	14,768,684	33,335,561
NET PROFIT ATTRIBUTABLE					
Owners of the Bank		15,486,597	17,442,225	13,953,486	16,275,833
Non-controlling interest		122,983	107,804	-	-
		15,609,580	17,550,029	13,953,486	16,275,833
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE					
Owners of the Bank		15,574,206	34,921,355	14,768,684	33,335,561
Non-controlling interest		123,150	107,698	-	-
		15,697,356	35,029,053	14,768,684	33,335,561
BASIC EARNINGS PER SHARE (BAHT)		8.11	9.14	7.31	8.53
WEIGHTED AVERAGE NUMBER OF ORDINARY SHARES (THOUSAND SHARES)		1,908,843	1,908,843	1,908,843	1,908,843

Notes to the financial statements form an integral part of these financial statements

(Mr. Chartsiri Sophonpanich)
President

(Mr. Suvarn Thansathit)
Senior Executive Vice President

BANGKOK BANK PUBLIC COMPANY LIMITED AND SUBSIDIARIES
STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2016

Baht : '000

	Notes	CONSOLIDATED									Total Equity Attributable to the Bank's Shareholders	Non-controlling Interest	Total
		Issued and Paid-up Share Capital Common Shares	Premium on Common Shares	Other Reserves			Retained Earnings						
				Unrealized Increment per Land Appraisal	Unrealized Increment per Premises Appraisal	Unrealized Gains on Investments	Foreign Exchange Adjustment	Appropriated		Unappropriated			
								Legal Reserve	Others				
Balance as at January 1, 2015		19,088,429	56,346,232	10,280,263	4,342,722	31,015,155	(2,501,056)	19,000,000	81,500,000	104,419,537	323,491,282	152,304	323,643,586
Dividend paid	6.25	-	-	-	-	-	-	-	-	(8,589,793)	(8,589,793)	(72,992)	(8,662,785)
Legal reserve	6.24 , 6.25	-	-	-	-	-	-	500,000	-	(500,000)	-	-	-
Total comprehensive income		-	-	6,549,356	5,960,780	4,711,312	266,631	-	-	17,433,276	34,921,355	107,698	35,029,053
Transfer to retained earnings		-	-	-	(451,499)	-	-	-	-	451,499	-	-	-
Balance as at June 30, 2015		19,088,429	56,346,232	16,829,619	9,852,003	35,726,467	(2,234,425)	19,500,000	81,500,000	113,214,519	349,822,844	187,010	350,009,854
Balance as at January 1, 2016		19,088,429	56,346,232	16,829,619	9,375,349	32,787,731	(68,945)	20,000,000	86,500,000	120,973,954	361,832,369	198,655	362,031,024
Dividend paid	6.25	-	-	-	-	-	-	-	-	(8,309,986)	(8,309,986)	(105,002)	(8,414,988)
Legal reserve	6.24 , 6.25	-	-	-	-	-	-	500,000	-	(500,000)	-	-	-
Total comprehensive income		-	-	-	-	1,194,981	(1,108,178)	-	-	15,487,403	15,574,206	123,150	15,697,356
Transfer to retained earnings		-	-	-	(471,750)	-	-	-	-	471,750	-	-	-
Balance as at June 30, 2016		19,088,429	56,346,232	16,829,619	8,903,599	33,982,712	(1,177,123)	20,500,000	86,500,000	128,123,121	369,096,589	216,803	369,313,392

Notes to the financial statements form an integral part of these financial statements

BANGKOK BANK PUBLIC COMPANY LIMITED AND SUBSIDIARIES
STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY (CONTINUED)
FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2016

Baht : '000

THE BANK											
	Notes	Issued and	Premium on	Other Reserves				Retained Earnings			Total
		Paid-up Share	Common	Unrealized	Unrealized	Unrealized	Foreign	Appropriated		Unappropriated	
		Capital	Shares	Increment per	Increment per	Gains	Exchange	Legal Reserve	Others		
		Common		Land	Premises	on Investments	Adjustment				
		Shares		Appraisal	Appraisal						
Balance as at January 1, 2015		19,088,429	56,346,232	10,280,263	4,342,722	31,034,749	(3,042,076)	19,000,000	81,500,000	96,578,591	315,128,910
Dividend paid	6.25	-	-	-	-	-	-	-	-	(8,589,793)	(8,589,793)
Legal reserve	6.24 , 6.25	-	-	-	-	-	-	500,000	-	(500,000)	-
Total comprehensive income		-	-	6,485,210	5,918,831	4,697,995	(33,359)	-	-	16,266,884	33,335,561
Transfer to retained earnings		-	-	-	(451,160)	-	-	-	-	451,160	-
Balance as at June 30, 2015		19,088,429	56,346,232	16,765,473	9,810,393	35,732,744	(3,075,435)	19,500,000	81,500,000	104,206,842	339,874,678
Balance as at January 1, 2016		19,088,429	56,346,232	16,765,473	9,335,667	32,842,553	(979,392)	20,000,000	86,500,000	108,523,902	348,422,864
Dividend paid	6.25	-	-	-	-	-	-	-	-	(8,309,986)	(8,309,986)
Legal reserve	6.24 , 6.25	-	-	-	-	-	-	500,000	-	(500,000)	-
Total comprehensive income		-	-	-	-	1,020,117	(205,725)	-	-	13,954,292	14,768,684
Transfer to retained earnings		-	-	-	(469,769)	-	-	-	-	469,769	-
Balance as at June 30, 2016		19,088,429	56,346,232	16,765,473	8,865,898	33,862,670	(1,185,117)	20,500,000	86,500,000	114,137,977	354,881,562

Notes to the financial statements form an integral part of these financial statements

(Mr. Chartsiri Sophonpanich)
President

(Mr. Suvarn Thansathit)
Senior Executive Vice President

BANGKOK BANK PUBLIC COMPANY LIMITED AND SUBSIDIARIES
STATEMENT OF CASH FLOWS
FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2016

Baht : '000

		CONSOLIDATED		THE BANK	
	Notes	2016	2015	2016	2015
CASH FLOWS FROM OPERATING ACTIVITIES					
Profit from operating before income tax expenses		18,910,984	21,727,068	16,697,922	19,982,591
Items to reconcile profit from operating before income tax expenses to cash received (paid) from operating activities					
Depreciation and amortization expenses		1,677,227	1,801,892	1,594,544	1,739,300
Bad debt and doubtful accounts		7,536,469	6,084,384	7,388,437	5,729,133
Loss on debt restructuring (reversal)		(350,698)	(183,152)	(350,698)	(183,152)
(Gain) loss on foreign exchange		(4,715,415)	976,380	(4,625,223)	979,663
Amortization of premium on investment in debt securities		1,363,154	383,803	1,390,029	431,124
Unrealized (gain) loss on revaluation of trading securities		4,435	(58,626)	16,221	(28,311)
Unrealized (gain) loss on transfer of investments		323,661	(5,613)	323,661	(5,613)
Gain on disposal of securities for investments		(1,627,009)	(3,735,398)	(695,443)	(3,436,376)
Loss on impairment of investments		45,711	264,968	45,711	264,968
Share of profit from investment using equity method		(5,443)	(112,589)	-	-
Loss on impairment of properties for sale (reversal)		(98,180)	148,134	(139,158)	87,378
Gain on disposal of premises, equipment and leasehold		(2,752)	(32,675)	(1,442)	(28,360)
Gain on revaluation of land and premises		-	(293,511)	-	(293,511)
Loss on impairment of other assets (reversal)		(132,252)	(18,393)	(132,252)	(18,392)
Provision expenses		2,447,884	432,074	2,431,339	419,766
Net interest income		(31,629,323)	(27,452,390)	(30,472,617)	(26,094,493)
Dividend income		(2,168,108)	(1,956,194)	(2,357,903)	(2,521,200)
Proceeds from interest income		52,574,106	54,724,012	50,482,474	52,073,288
Interest expenses paid		(20,132,136)	(18,970,518)	(19,349,068)	(17,958,058)
Proceeds from dividend income		1,963,786	1,791,489	1,789,186	1,672,342
Income tax paid		(5,024,327)	(3,964,748)	(4,098,074)	(3,601,991)
(Increase) decrease in other accrued receivables		40,154	(34,084)	(12,297)	2,922
Decrease in other accrued expenses		(270,392)	(1,607,301)	(38,076)	(1,478,255)
Profit from operating before changes in operating assets and liabilities		20,731,536	29,909,012	19,887,273	27,734,763
(Increase) decrease in operating assets					
Interbank and money market items		(103,802,605)	(112,373,127)	(107,210,766)	(122,985,053)
Investment in short-term securities		(12,574,982)	18,424,448	(11,630,215)	17,904,725
Loans to customers		(37,619,724)	(11,889,283)	(38,834,568)	(14,675,113)
Properties for sale		553,028	1,624,547	505,179	983,040
Other assets		(10,211,476)	(1,675,613)	(7,490,243)	(507,233)
Increase (decrease) in operating liabilities					
Deposits		63,291,105	69,323,527	66,139,326	76,557,070
Interbank and money market items		21,712,726	(8,593,738)	24,344,219	568,826
Liabilities payable on demand		1,925,500	778,394	1,903,114	812,336
Short-term borrowings		44,574	33,281	-	(144,455)
Other liabilities		1,088,893	3,739,354	(2,525,041)	1,455,259
Net cash from operating activities		(54,861,425)	(10,699,198)	(54,911,722)	(12,295,835)

Notes to the financial statements form an integral part of these financial statements

BANGKOK BANK PUBLIC COMPANY LIMITED AND SUBSIDIARIES
STATEMENT OF CASH FLOWS (CONTINUED)
FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2016

Baht : '000

		CONSOLIDATED		THE BANK	
	Notes	2016	2015	2016	2015
CASH FLOWS FROM INVESTING ACTIVITIES					
Purchase of available-for-sale securities		(187,077,877)	(270,615,807)	(184,932,744)	(255,750,458)
Proceeds from disposal of available-for-sale securities		242,011,804	268,449,816	238,165,233	256,747,849
Purchase of held-to-maturity debt securities		(28,117,955)	(16,937,916)	(2,982,661)	(605,503)
Proceeds from redemption of held-to-maturity debt securities		29,432,540	26,471,798	5,789,396	8,023,489
Purchase of general investments		(803,557)	(458,156)	(803,557)	(458,156)
Proceeds from disposal of general investments		2,449,084	423,290	2,449,084	423,290
Purchase of investments in subsidiary		-	-	(500,000)	-
Proceeds from dividend income					
from subsidiaries and associates		49,398	35,149	364,396	684,154
Purchase of premises, equipment and leasehold		(1,012,468)	(1,070,291)	(868,240)	(908,223)
Proceeds from disposal of premises, equipment and leasehold		3,445	39,512	1,918	28,650
Net cash from investing activities		<u>56,934,414</u>	<u>6,337,395</u>	<u>56,682,825</u>	<u>8,185,092</u>
CASH FLOWS FROM FINANCING ACTIVITIES					
Decrease in borrowings		(21,489)	(22,983)	(21,489)	(22,983)
Dividend paid		(8,309,986)	(8,589,793)	(8,309,986)	(8,589,793)
Dividend paid to non-controlling interest		(105,002)	(72,992)	-	-
Net cash from financing activities		<u>(8,436,477)</u>	<u>(8,685,768)</u>	<u>(8,331,475)</u>	<u>(8,612,776)</u>
Effect on cash due to changes in the exchange rates		<u>(6,821)</u>	<u>36,101</u>	<u>(11,134)</u>	<u>41,454</u>
Net increase in cash and cash equivalents		<u>(6,370,309)</u>	<u>(13,011,470)</u>	<u>(6,571,506)</u>	<u>(12,682,065)</u>
Cash and cash equivalents as at January 1,		65,384,722	62,802,942	61,299,466	59,782,345
Cash and cash equivalents as at June 30,	6.1.1	<u><u>59,014,413</u></u>	<u><u>49,791,472</u></u>	<u><u>54,727,960</u></u>	<u><u>47,100,280</u></u>

Notes to the financial statements form an integral part of these financial statements

(Mr. Chartsiri Sophonpanich)
President

(Mr. Suvarn Thansathit)
Senior Executive Vice President

BANGKOK BANK PUBLIC COMPANY LIMITED AND SUBSIDIARIES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2016

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BANGKOK BANK PUBLIC COMPANY LIMITED AND SUBSIDIARIES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2016

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BANGKOK BANK PUBLIC COMPANY LIMITED AND SUBSIDIARIES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2016

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 judgement by the BOT about components, risk weightings and other factors. The Bank believes that as at June 30, 2016 and December 31, 2015, 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"), 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 2015) 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, 2016 onward with no material impact on the Bank and subsidiaries' financial statements.

2.2.2 In May 2016, the Federation of Accounting Professions had issued the Notification of Federation of Accounting Professions regarding Accounting Treatment Guidance for Derecognition of Financial Assets and Financial Liabilities which had been announced in the Royal Gazette, but not yet effective in 2016, to be effective for the financial statements of periods beginning on or after January 1, 2017 onward. The Bank has considered the impact of the above accounting treatment guidance and determined that it will not have any material impact on the Bank's financial statements.

2.3 The consolidated financial statements for the three-month periods and the six-month periods ended June 30, 2016 and 2015 and the consolidated statement of financial position as at December 31, 2015, 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, which was incorporated on June 22, 2016.

In addition, the consolidated financial statements for the three-month periods and the six-month periods ended June 30, 2016 and 2015 and the consolidated statement of financial position as at December 31, 2015, included BBL Nominees (Tempatan) Sdn. Bhd, the 100.00% owned subsidiary of Bangkok Bank Berhad and Bangkok Capital Asset Management Company Limited, the 100.00% 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 three-month periods and the six-month periods ended June 30, 2016 and 2015 and the consolidated statement of financial position as at December 31, 2015, 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 August 3, 2008.

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 receivable, 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 Restructurings.

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 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 June 30, 2016 and December 31, 2015 as follows :

	Million Baht							
	CONSOLIDATED JUNE 30, 2016							
	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*	340,051	47,836	21,609	11,682	-	55,013	-	476,191
Investments in debt securities	8,164	19,721	79,038	242,375	31,512	-	-	380,810
Loans	1,247,476	333,611	182,237	48,974	22,271	11,882	60,485	1,906,936
Financial Liabilities								
Deposits	1,150,362	510,049	391,324	11,983	1	90,537	-	2,154,256
Interbank and money market items	77,472	20,781	14,637	3,964	16,174	17,366	-	150,394
Liabilities payable on demand	12,514	-	-	-	-	-	-	12,514
Debt issued and borrowings	15	117	50	59,799	75,391	-	-	135,372

* Excluding allowance for doubtful accounts and accrued interest receivable.

Million Baht								
CONSOLIDATED DECEMBER 31, 2015								
	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*	222,490	60,505	30,306	305	-	58,592	-	372,198
Investments in debt securities	10,647	29,005	63,254	301,658	16,092	-	-	420,656
Loans	1,289,577	270,754	183,070	43,628	20,321	13,952	47,601	1,868,903
Financial Liabilities								
Deposits	1,077,298	514,075	405,100	9,721	-	84,771	-	2,090,965
Interbank and money market items	51,196	29,811	10,619	8,647	8,917	19,491	-	128,681
Liabilities payable on demand	10,589	-	-	-	-	-	-	10,589
Debt issued and borrowings	15	72	58	32,532	105,725	-	-	138,402

Million Baht								
THE BANK JUNE 30, 2016								
	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*	323,772	36,058	14,567	11,682	-	48,524	-	434,603
Investments in debt securities	8,164	13,355	75,031	235,405	31,512	-	-	363,467
Loans	1,223,868	320,835	172,052	48,974	22,271	11,882	59,014	1,858,896
Financial Liabilities								
Deposits	1,127,908	500,201	375,173	10,914	1	91,050	-	2,105,247
Interbank and money market items	72,741	18,220	11,965	3,964	16,174	18,421	-	141,485
Liabilities payable on demand	12,442	-	-	-	-	-	-	12,442
Debt issued and borrowings	15	13	50	59,799	75,391	-	-	135,268

* Excluding allowance for doubtful accounts and accrued interest receivable.

Million Baht

	THE BANK							
	DECEMBER 31, 2015							
	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 [*]	210,994	47,233	14,819	305	-	54,041	-	327,392
Investments in debt securities	10,370	23,289	59,685	294,635	16,092	-	-	404,071
Loans	1,267,479	255,831	172,341	43,629	20,321	13,952	46,096	1,819,649
Financial Liabilities								
Deposits	1,055,250	503,922	386,184	8,969	-	84,783	-	2,039,108
Interbank and money market items	49,423	21,830	8,599	8,647	8,917	19,725	-	117,141
Liabilities payable on demand	10,539	-	-	-	-	-	-	10,539
Debt issued and borrowings	15	14	58	32,532	105,725	-	-	138,344

Basic information concerning fixed interest rate versus floating interest rate of domestic loans as at June 30, 2016 and December 31, 2015 are as follows :

	CONSOLIDATED		THE BANK	
	June 30, 2016	December 31, 2015	June 30, 2016	December 31, 2015
Fixed interest rate	367,395	395,191	367,395	395,191
Floating interest rate	<u>1,238,907</u>	<u>1,182,283</u>	<u>1,237,027</u>	<u>1,180,853</u>
Total	<u><u>1,606,302</u></u>	<u><u>1,577,474</u></u>	<u><u>1,604,422</u></u>	<u><u>1,576,044</u></u>

^{*} Excluding allowance for doubtful accounts and accrued interest receivable.

The interest-earning financial assets and interest-bearing financial liabilities for the six-month periods ended June 30, 2016 and 2015 are as follows :

							Million Baht
CONSOLIDATED							
FOR THE SIX-MONTH PERIODS ENDED							
	June 30, 2016			June 30, 2015			
	Average Balance	Interest Income / Expense	Average Rate (%) Per Annum	Average Balance	Interest Income / Expense	Average Rate (%) Per Annum	
Interest-earning Financial Assets							
Interbank and money market items	434,217	3,008	1.4	627,498	5,550	1.8	
Investments in debt securities	426,141	4,203	2.0	279,013	3,494	2.5	
Loans	1,880,950	44,172	4.7	1,774,806	43,338	4.9	
Total	2,741,308	51,383		2,681,317	52,382		
Interest-bearing Financial Liabilities							
Deposits	2,139,530	11,193	1.0	2,120,069	16,160	1.5	
Interbank and money market items	149,305	598	0.8	132,740	804	1.2	
Debt issued and borrowings	136,478	3,411	5.0	140,955	3,396	4.8	
Total	2,425,313	15,202		2,393,764	20,360		

							Million Baht
THE BANK							
FOR THE SIX-MONTH PERIODS ENDED							
	June 30, 2016			June 30, 2015			
	Average Balance	Interest Income / Expense	Average Rate (%) Per Annum	Average Balance	Interest Income / Expense	Average Rate (%) Per Annum	
Interest-earning Financial Assets							
Interbank and money market items	392,062	2,496	1.3	573,500	4,520	1.6	
Investments in debt securities	408,761	3,960	1.9	264,389	3,279	2.5	
Loans	1,832,283	42,933	4.7	1,723,505	42,031	4.9	
Total	2,633,106	49,389		2,561,394	49,830		
Interest-bearing Financial Liabilities							
Deposits	2,090,504	10,423	1.0	2,059,425	15,097	1.5	
Interbank and money market items	139,565	533	0.8	118,323	676	1.1	
Debt issued and borrowings	136,388	3,411	5.0	140,869	3,396	4.8	
Total	2,366,457	14,367		2,318,617	19,169		

4.1.3 Foreign exchange risk

Foreign exchange rate risk 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 has financial assets and financial liabilities categorized by maturity profile as at June 30, 2016 and December 31, 2015 as follows :

	CONSOLIDATED					Million Baht
	DECEMBER 31, 2015					
	Up to 1 Year	1 to 5 Years	Over 5 Years	No Maturity	Non - accrual Loans	Total
Financial Assets						
Interbank and money market items *	371,893	305	-	-	-	372,198
Derivatives	6,154	5,681	10,910	-	-	22,745
Investments	101,774	302,433	18,567	98,031	-	520,805
Loans	845,635	624,098	352,546	-	46,624	1,868,903
Financial Liabilities						
Deposits	2,081,244	9,721	-	-	-	2,090,965
Interbank and money market items	111,117	8,647	8,917	-	-	128,681
Liabilities payable on demand	10,589	-	-	-	-	10,589
Derivatives	14,774	10,295	9,082	-	-	34,151
Debt issued and borrowings	145	32,532	105,725	-	-	138,402

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	THE BANK JUNE 30, 2016						Million Baht
	Up to 1 Year	1 to 5 Years	Over 5 Years	No Maturity	Non - accrual Loans	Total	
Financial Assets							
Interbank and money market items *	422,921	11,682	-	-	-	434,603	
Derivatives	9,444	8,619	12,709	-	-	30,772	
Investments	94,186	235,395	33,886	125,360	-	488,827	
Loans	799,474	618,531	381,877	-	59,014	1,858,896	
Financial Liabilities							
Deposits	2,094,332	10,914	1	-	-	2,105,247	
Interbank and money market items	117,827	7,484	16,174	-	-	141,485	
Liabilities payable on demand	12,442	-	-	-	-	12,442	
Derivatives	12,485	9,396	12,330	-	-	34,211	
Debt issued and borrowings	78	59,799	75,391	-	-	135,268	

* Excluding allowance for doubtful accounts and accrued interest receivable.

4.2 Fair value of financial instruments

The following table presents the carrying amount and estimated fair value of financial instruments as at June 30, 2016 and December 31, 2015 :

	CONSOLIDATED				Million Baht
	June 30, 2016		December 31, 2015		
	Carrying Amount	Fair Value	Carrying Amount	Fair Value	
Financial Assets					
Cash	54,871	54,871	61,432	61,432	
Interbank and money market items, net	475,968	475,968	372,007	372,007	
Derivatives	30,947	30,840	22,745	22,757	
Investments, net	480,471	503,098	520,805	543,618	
Loans to customers and accrued interest receivable, net	1,798,556	1,798,556	1,768,995	1,768,995	
Total	2,840,813	2,863,333	2,745,984	2,768,809	
Financial Liabilities					
Deposits	2,154,256	2,154,256	2,090,965	2,090,965	
Interbank and money market items	150,394	150,394	128,681	128,681	
Liabilities payable on demand	12,514	12,514	10,589	10,589	
Derivatives	34,786	34,855	34,151	34,187	
Debt issued	135,340	157,960	138,353	157,405	
Borrowings	31	31	49	49	
Total	2,487,321	2,510,010	2,402,788	2,421,876	

	THE BANK			
	June 30, 2016		December 31, 2015	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Financial Assets				
Cash	54,728	54,728	61,299	61,299
Interbank and money market items, net	434,424	434,424	327,351	327,351
Derivatives	30,772	30,665	22,637	22,650
Investments, net	488,827	525,751	530,562	566,888
Loans to customers and accrued interest receivable, net	1,753,803	1,753,803	1,722,718	1,722,718
Total	2,762,554	2,799,371	2,664,567	2,700,906
Financial Liabilities				
Deposits	2,105,247	2,105,247	2,039,108	2,039,108
Interbank and money market items	141,485	141,485	117,141	117,141
Liabilities payable on demand	12,442	12,442	10,539	10,539
Derivatives	34,211	34,282	33,733	33,769
Debt issued	135,237	157,857	138,295	157,346
Borrowings	31	31	49	49
Total	2,428,653	2,451,344	2,338,865	2,357,952

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.
- Investment 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 June 30, 2016 and December 31, 2015.

								Million Baht
CONSOLIDATED								
	June 30, 2016			December 31, 2015				
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Items measured at fair value :								
Financial assets								
Derivatives	-	30,840	-	30,840	-	22,757	-	22,757
Investments, net	76,332	360,030	-	436,362	78,098 *	395,084 *	-	473,182
Financial liabilities								
Derivatives	513	34,342	-	34,855	334	33,853	-	34,187
Items not measured at fair value :								
Financial assets								
Investments, net	2,890	12,470	51,376	66,736	2,227	14,315	53,894	70,436
Financial liabilities								
Debt issued	-	157,960	-	157,960	-	157,405	-	157,405

								Million Baht
THE BANK								
	June 30, 2016				December 31, 2015			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Items measured at fair value :								
Financial assets								
Derivatives	-	30,665	-	30,665	-	22,650	-	22,650
Investments, net	73,550	345,063	-	418,613	75,979	379,866	-	455,845
Financial liabilities								
Derivatives	-	34,282	-	34,282	-	33,769	-	33,769
Items not measured at fair value :								
Financial assets								
Investments, net	2,890	6,147	98,101	107,138	2,227	9,524	99,292	111,043
Financial liabilities								
Debt issued	-	157,857	-	157,857	-	157,346	-	157,346

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

* The Bank had made changes the presentation of 2015 comparison to be in accordance with the current year presentations.

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 :

Capital fund ratio	Percentage	
	June 30, 2016	December 31, 2015
Common equity Tier 1 ratio	More than 5.125	Not less than 4.50
Tier 1 capital ratio	More than 6.625	Not less than 6.00
Total capital fund ratio	More than 9.125	Not less than 8.50

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

As at June 30, 2016 and December 31, 2015, 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 :

	PERCENTAGE			
	CONSOLIDATED		THE BANK	
	June 30, 2016	December 31, 2015	June 30, 2016	December 31, 2015
Common equity Tier 1 capital to risk assets ratio	16.10	15.78	15.96	15.84
Tier 1 capital to risk assets ratio	16.10	15.78	15.96	15.84
Total capital to risk assets ratio	18.04	17.87	17.92	17.95

	CONSOLIDATED		THE BANK	
	June 30, 2016	December 31, 2015	June 30, 2016	December 31, 2015
Tier 1 capital	350,817	341,564	338,086	332,058
Common Equity Tier 1 capital	350,707	341,431	338,086	332,058
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	20,500	20,000	20,500	20,000
Reserves appropriated from net profit	86,500	86,500	86,500	86,500
Net profit after appropriation	112,164	103,897	99,714	94,889
Other comprehensive income	56,408	55,781	56,211	55,395
Deductions from Common Equity				
Tier 1 capital	(299)	(181)	(273)	(160)
Additional Tier 1 capital	110	133	-	-
Tier 2 capital	42,223	45,089	41,656	44,207
Total capital fund	393,040	386,653	379,742	376,265

As at June 30, 2016 and December 31, 2015, 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 and regarding the disclosure of the capital requirement of the Financial Holding Group.

Location of disclosure www.bangkokbank.com

Date of disclosure April 29, 2016

Information as of December 31, 2015

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.

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 June 30, 2016 and 2015 are as follows :

	CONSOLIDATED		THE BANK	
	June 30, 2016	June 30, 2015	June 30, 2016	June 30, 2015
Cash	54,871	47,210	54,728	47,100
Cash equivalents				
Cash at Bank - current and saving account	1,567	86	-	-
Fixed deposit and notes with a maturity				
less than or equal to three months	2,576	2,495	-	-
Total cash and cash equivalents	<u>59,014</u>	<u>49,791</u>	<u>54,728</u>	<u>47,100</u>

6.1.2 Significant non-cash items for the six-month periods ended June 30, 2016 and 2015 are as follows :

	CONSOLIDATED		THE BANK	
	FOR THE SIX-MONTH PERIODS ENDED		FOR THE SIX-MONTH PERIODS ENDED	
	June 30, 2016	June 30, 2015	June 30, 2016	June 30, 2015
Unrealized gains on investments in				
shareholders' equity increase	1,195	4,711	1,020	4,698
Properties for sale increased from loans				
payment/inactive assets	257	311	257	311
Unrealized increment per premises				
appraisal transferred to retained earnings	472	451	470	451
Unrealized increment per land and premises				
appraisal increase	-	12,510	-	12,404

6.2 Interbank and money market items, net (assets)

Interbank and money market items, net (assets) as at June 30, 2016 and December 31, 2015 consisted of the following :

	CONSOLIDATED						Million Baht
	June 30, 2016			December 31, 2015			
	Demand	Time	Total	Demand	Time	Total	
Domestic items							
Bank of Thailand and							
Financial Institutions							
Development Fund	18,526	230,516	249,042	13,039	132,000	145,039	
Commercial banks	2,096	17,897	19,993	1,958	12,520	14,478	
Special purpose financial							
institutions	-	14,510	14,510	-	8,855	8,855	
Other financial institutions	1,410	17,602	19,012	79	16,091	16,170	
Total	22,032	280,525	302,557	15,076	169,466	184,542	
<u>Add</u> Accrued interest							
receivables	-	127	127	1	161	162	
<u>Less</u> Allowance for							
doubtful accounts	(14)	(374)	(388)	(14)	(249)	(263)	
Total domestic items	22,018	280,278	302,296	15,063	169,378	184,441	
Foreign items							
USD	15,446	81,602	97,048	22,973	88,933	111,906	
JPY	7,486	2	7,488	10,991	7,529	18,520	
EUR	1,048	4,301	5,349	1,335	1,471	2,806	
Others	12,641	51,108	63,749	12,057	42,367	54,424	
Total	36,621	137,013	173,634	47,356	140,300	187,656	
<u>Add</u> Accrued interest							
receivables	-	275	275	2	337	339	
<u>Less</u> Allowance for							
doubtful accounts	-	(237)	(237)	-	(429)	(429)	
Total foreign items	36,621	137,051	173,672	47,358	140,208	187,566	
Total domestic and							
foreign items	58,639	417,329	475,968	62,421	309,586	372,007	

	THE BANK					
	June 30, 2016			December 31, 2015		
	Demand	Time	Total	Demand	Time	Total
Domestic items						
Bank of Thailand and						
Financial Institutions						
Development Fund	18,526	230,516	249,042	13,039	132,000	145,039
Commercial banks	1	11,150	11,151	-	4,600	4,600
Special purpose financial						
institutions	-	14,510	14,510	-	8,855	8,855
Other financial institutions	<u>1,410</u>	<u>17,602</u>	<u>19,012</u>	<u>79</u>	<u>16,091</u>	<u>16,170</u>
Total	19,937	273,778	293,715	13,118	161,546	174,664
<u>Add</u> Accrued interest						
receivables	-	111	111	-	139	139
<u>Less</u> Allowance for						
doubtful accounts	<u>(14)</u>	<u>(374)</u>	<u>(388)</u>	<u>(14)</u>	<u>(249)</u>	<u>(263)</u>
Total domestic items	<u>19,923</u>	<u>273,515</u>	<u>293,438</u>	<u>13,104</u>	<u>161,436</u>	<u>174,540</u>
Foreign items						
USD	14,417	77,572	91,989	22,152	81,708	103,860
JPY	7,486	2	7,488	10,991	7,528	18,519
EUR	1,036	4,692	5,728	1,330	1,956	3,286
Others	<u>7,201</u>	<u>28,482</u>	<u>35,683</u>	<u>6,541</u>	<u>20,522</u>	<u>27,063</u>
Total	30,140	110,748	140,888	41,014	111,714	152,728
<u>Add</u> Accrued interest						
receivables	-	133	133	-	106	106
<u>Less</u> Allowance for						
doubtful accounts	<u>-</u>	<u>(35)</u>	<u>(35)</u>	<u>-</u>	<u>(23)</u>	<u>(23)</u>
Total foreign items	<u>30,140</u>	<u>110,846</u>	<u>140,986</u>	<u>41,014</u>	<u>111,797</u>	<u>152,811</u>
Total domestic and						
foreign items	<u>50,063</u>	<u>384,361</u>	<u>434,424</u>	<u>54,118</u>	<u>273,233</u>	<u>327,351</u>

6.3 Derivatives

The fair values and the notional amounts classified by type of risk as at June 30, 2016 and December 31, 2015 are as follows :

						Million Baht
CONSOLIDATED						
Type of risk	June 30, 2016			December 31, 2015		
	Fair Value/Readjustment		Notional Amount	Fair Value/Readjustment		Notional Amount
	Based on an Accrual Basis			Based on an Accrual Basis		
	Assets	Liabilities		Assets	Liabilities	
Foreign exchange rate	19,403	18,123	1,308,687	16,723	24,891	1,122,002
Interest rate	11,542	16,150	736,238	6,020	8,926	638,363
Others	<u>2</u>	<u>513</u>	<u>3,430</u>	<u>2</u>	<u>334</u>	<u>3,618</u>
Total	<u>30,947</u>	<u>34,786</u>	<u>2,048,355</u>	<u>22,745</u>	<u>34,151</u>	<u>1,763,983</u>

						Million Baht
THE BANK						
Type of risk	June 30, 2016		Notional Amount	December 31, 2015		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	19,229	18,061	1,285,061	16,617	24,807	1,102,424
Interest rate	<u>11,543</u>	<u>16,150</u>	<u>736,239</u>	<u>6,020</u>	<u>8,926</u>	<u>638,363</u>
Total	<u>30,772</u>	<u>34,211</u>	<u>2,021,300</u>	<u>22,637</u>	<u>33,733</u>	<u>1,740,787</u>

The proportion of derivative transactions classified by type of counterparty based on the notional amounts as at June 30, 2016 and December 31, 2015 are as follows :

	CONSOLIDATED		THE BANK		Percentage
	June 30, 2016	December 31, 2015	June 30, 2016	December 31, 2015	
Financial Institutions	84.22	83.69	84.51	83.98	
Group companies	-	-	0.04	0.02	
External entities	<u>15.78</u>	<u>16.31</u>	<u>15.45</u>	<u>16.00</u>	
Total	<u>100.00</u>	<u>100.00</u>	<u>100.00</u>	<u>100.00</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 June 30, 2016 and December 31, 2015 consisted of the following :

	CONSOLIDATED		THE BANK	
	June 30, 2016	December 31, 2015	June 30, 2016	December 31, 2015
	Fair Value	Fair Value	Fair Value	Fair Value
Trading securities				
Government and state enterprise securities	9,547	30,817	9,547	30,817
Private enterprise debt securities	-	-	-	-
Foreign debt securities	-	54	-	54
Domestic marketable equity securities	1,770	814	-	-
Total	11,317	31,685	9,547	30,871

	CONSOLIDATED		THE BANK	
	June 30, 2016	December 31, 2015	June 30, 2016	December 31, 2015
	Fair Value	Fair Value	Fair Value	Fair Value
Available-for-sale securities				
Government and state enterprise securities	261,763	293,788	261,763	293,788
Private enterprise debt securities	11,926	10,948	11,926	10,948
Foreign debt securities	80,916	66,824	69,896	55,030
Domestic marketable equity securities	59,116	59,794	58,139	58,524
Foreign marketable equity securities	2,497	1,552	2,497	1,552
Others	8,826	8,591	4,845	5,133
Total	425,044	441,497	409,066	424,975

	CONSOLIDATED		THE BANK	
	June 30, 2016	December 31, 2015	June 30, 2016	December 31, 2015
	Cost/ Amortized Cost	Cost/ Amortized Cost	Cost/ Amortized Cost	Cost/ Amortized Cost
Held-to-maturity debt securities				
Government and state enterprise securities	10,377	13,343	4,054	8,552
Private enterprise debt securities	999	-	999	-
Foreign debt securities	<u>3,630</u>	<u>2,870</u>	<u>3,630</u>	<u>2,870</u>
Total	<u><u>15,006</u></u>	<u><u>16,213</u></u>	<u><u>8,683</u></u>	<u><u>11,422</u></u>

	CONSOLIDATED		THE BANK	
	June 30, 2016	December 31, 2015	June 30, 2016	December 31, 2015
	Cost	Cost	Cost	Cost
General investments				
Domestic non-marketable equity securities	6,456	6,455	6,447	6,446
Foreign non-marketable equity securities	<u>25,122</u>	<u>27,395</u>	<u>25,114</u>	<u>27,387</u>
Total	<u>31,578</u>	<u>33,850</u>	<u>31,561</u>	<u>33,833</u>
<u>Less</u> Allowance for impairment	<u>(3,711)</u>	<u>(3,720)</u>	<u>(3,711)</u>	<u>(3,720)</u>
Total	<u><u>27,867</u></u>	<u><u>30,130</u></u>	<u><u>27,850</u></u>	<u><u>30,113</u></u>
Total investments, net	<u><u>479,234</u></u>	<u><u>519,525</u></u>	<u><u>455,146</u></u>	<u><u>497,381</u></u>

Investments classified in accordance with the notification of the BOT as at June 30, 2016 and December 31, 2015 are presented in Note 6.13.

As at June 30, 2016 and December 31, 2015, the Bank has investments in 31 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 June 30, 2016 and December 31, 2015, the Bank has investments in 3 listed companies that are under the SET delisting criteria, amounting to Baht 4 million, with the fair value of Baht 2 million, which the Bank had set aside allowance for impairment of these investments amounting to Baht 2 million, respectively.

For the six-month periods ended June 30, 2016 and 2015, the Bank has recorded loss for impairment of investments in the statements of profit or loss and other comprehensive income amounting to Baht 46 million and Baht 265 million, respectively.

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 recorded as securities transferred to subsidiary under available-for-sale securities in accordance with accounting treatment guidance for transfers and accept transfers of financial assets. As at June 30, 2016 and December 31, 2015, the Bank had outstanding balances of other liabilities from such transaction amounting to Baht 793 million and Baht 868 million, respectively.

6.4.2 As at June 30, 2016 and December 31, 2015, 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	
	June 30, 2016	December 31, 2015	June 30, 2016	December 31, 2015
Manufacturing and commercial	11	11	11	11
Real estate and construction	187	187	187	187
Utilities and services	41	41	41	41
Others	<u>1,456</u>	<u>1,458</u>	<u>1,456</u>	<u>1,458</u>
Total	<u><u>1,695</u></u>	<u><u>1,697</u></u>	<u><u>1,695</u></u>	<u><u>1,697</u></u>

6.5 Investments in subsidiaries and associates, net

As at June 30, 2016 and December 31, 2015, the Bank had investments in subsidiaries and associates, net as follows :

			CONSOLIDATED					
			Direct and Indirect Shareholding (%)		Investment (Cost Method)		Investment (Equity Method)	
Company	Type of Business	Type of Shares	June 30, 2016	December 31, 2015	June 30, 2016	December 31, 2015	June 30, 2016	December 31, 2015
Associates								
BSL Leasing Co., Ltd.	Finance	Ordinary share	35.88	35.88	43	43	618	660
Processing Center Co., Ltd.	Service	Ordinary share	30.00	30.00	15	15	325	317
National ITMX Co., Ltd.	Service	Ordinary share	16.91	16.91	9	9	230	218
Thai Payment Network Co., Ltd.	Service	Ordinary share	49.99	49.99	<u>90</u>	<u>90</u>	<u>63</u>	<u>85</u>
Total					157	157	1,236	1,280
Less Allowance for impairment					<u>(2)</u>	<u>(2)</u>	<u>-</u>	<u>-</u>
Investments in associates, net					<u><u>155</u></u>	<u><u>155</u></u>	<u><u>1,236</u></u>	<u><u>1,280</u></u>

						Million Baht
Company	Type of Business	Type of Shares	THE BANK			
			Direct and Indirect Shareholding (%)		Investment (Cost Method)	
			June 30, 2016	December 31, 2015	June 30, 2016	December 31, 2015
Subsidiaries						
BBL (Cayman) Limited	Finance	Ordinary share	100.00	100.00	2	2
Bangkok Bank Berhad	Banking	Ordinary share	100.00	100.00	6,082	6,082
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	-	500	-
BBL Asset Management Co., Ltd.	Finance	Ordinary share	75.00	75.00	183	183
Bualuang Securities PCL.	Securities	Ordinary share	99.89	99.89	4,769	4,769
Associates						
BSL Leasing Co., Ltd.	Finance	Ordinary share	35.88	35.88	43	43
Processing Center Co., Ltd.	Service	Ordinary share	30.00	30.00	15	15
National ITMX Co., Ltd.	Service	Ordinary share	16.91	16.91	9	9
Thai Payment Network Co., Ltd.	Service	Ordinary share	49.99	49.99	90	90
Total					33,778	33,278
Less Allowance for impairment					(97)	(97)
Investments in subsidiaries and associates, net					33,681	33,181

On June 22, 2016, the Bank invested in Bualuang Ventures Limited which was a new company incorporated in the Kingdom of Thailand. The total registered capital of the company is 200,000,000 shares, par 10 Baht, total amount Baht 2,000 million and the total paid up capital is 200,000,000 shares, paid up 2.50 Baht per share, total amount Baht 500 million. The Bank invested in 199,999,997 shares, amounting to Baht 500 million which was 100.00% equity interest.

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

	Million Baht	
	FOR THE THREE-MONTH PERIODS ENDED	
	June 30, 2016	June 30, 2015
Net profit (loss)	(116)	177
Total comprehensive income (loss)	(116)	177

	Million Baht	
	FOR THE SIX-MONTH PERIODS ENDED	
	June 30, 2016	June 30, 2015
Net profit	83	378
Total comprehensive income	83	378

6.6 Loans to customers and accrued interest receivables, net

6.6.1 Classified by product type as at June 30, 2016 and December 31, 2015 :

	CONSOLIDATED		THE BANK	
	June 30, 2016	December 31, 2015	June 30, 2016	December 31, 2015
Overdrafts	110,599	113,556	109,059	112,085
Loans	1,394,134	1,323,842	1,352,574	1,281,712
Bills	401,363	430,933	396,374	425,227
Others	1,421	1,208	1,420	1,207
<u>Less</u> Deferred revenue	<u>(581)</u>	<u>(636)</u>	<u>(531)</u>	<u>(582)</u>
Loans to customers after deferred revenue, net	1,906,936	1,868,903	1,858,896	1,819,649
<u>Add</u> Accrued interest receivable	<u>3,483</u>	<u>4,279</u>	<u>3,382</u>	<u>4,184</u>
Loans to customers and accrued interest receivables after deferred revenue, net	1,910,419	1,873,182	1,862,278	1,823,833
<u>Less</u> Allowance for doubtful accounts				
Minimum provision according to the BOT's requirement				
- Individual approach	(47,620)	(41,688)	(46,647)	(40,503)
- Collective approach	(4,654)	(4,708)	(4,654)	(4,708)
Excess provision	<u>(57,606)</u>	<u>(55,379)</u>	<u>(55,191)</u>	<u>(53,492)</u>
Total	(109,880)	(101,775)	(106,492)	(98,703)
<u>Less</u> Revaluation allowance				
for debt restructuring	<u>(1,983)</u>	<u>(2,412)</u>	<u>(1,983)</u>	<u>(2,412)</u>
Total loans to customers, net	<u>1,798,556</u>	<u>1,768,995</u>	<u>1,753,803</u>	<u>1,722,718</u>

6.6.2 As at June 30, 2016 and December 31, 2015, 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 receivable, as follows :

	CONSOLIDATED		THE BANK	
	June 30, 2016	December 31, 2015	June 30, 2016	December 31, 2015
NPLs before allowance for doubtful accounts	67,995	56,226	66,480	54,737
NPLs as percentage of total loans	3.11	2.75	3.11	2.76
Net NPLs after allowance for doubtful accounts	20,740	16,622	20,316	16,147
Net NPLs as percentage of net total loans	0.97	0.83	0.97	0.83

6.6.3 Classified by currency and customer's residence as at June 30, 2016 and December 31, 2015 :

Million Baht						
CONSOLIDATED						
	June 30, 2016			December 31, 2015		
	Domestic	Foreign	Total	Domestic	Foreign	Total
BAHT	1,424,527	26,627	1,451,154	1,424,536	28,013	1,452,549
USD	88,305	170,355	258,660	88,262	175,659	263,921
Others	34,003	163,119	197,122	8,646	143,787	152,433
Total	1,546,835	360,101	1,906,936	1,521,444	347,459	1,868,903

Million Baht						
THE BANK						
	June 30, 2016			December 31, 2015		
	Domestic	Foreign	Total	Domestic	Foreign	Total
BAHT	1,425,357	26,627	1,451,984	1,425,816	28,013	1,453,829
USD	88,305	164,734	253,039	88,262	168,283	256,545
Others	34,003	119,870	153,873	8,646	100,629	109,275
Total	1,547,665	311,231	1,858,896	1,522,724	296,925	1,819,649

6.6.4 Classified by business type and in accordance with the notification of the BOT as at June 30, 2016 and December 31, 2015 :

Million Baht						
CONSOLIDATED						
	JUNE 30, 2016					Total
	Normal	Special Mentioned	Substandard	Doubtful	Doubtful of Loss	
Agriculture and mining	34,605	665	320	412	303	36,305
Manufacturing and commercial	725,566	18,655	7,885	9,910	33,578	795,594
Real estate and construction	166,644	5,305	1,345	1,072	4,111	178,477
Utilities and services	364,852	14,833	752	696	1,846	382,979
Housing loans	209,038	2,463	834	1,005	2,666	216,006
Others	293,404	2,911	100	764	396	297,575
Total	1,794,109	44,832	11,236	13,859	42,900	1,906,936

CONSOLIDATED DECEMBER 31, 2015						Million Baht
	Normal	Special Mentioned	Substandard	Doubtful	Doubtful of Loss	Total
Agriculture and mining	36,472	837	286	178	240	38,013
Manufacturing and commercial	768,088	15,591	7,257	9,127	25,850	825,913
Real estate and construction	172,147	6,179	812	2,183	2,737	184,058
Utilities and services	333,063	16,132	510	578	1,508	351,791
Housing loans	202,166	1,887	611	869	2,314	207,847
Others	257,427	2,688	79	790	297	261,281
Total	1,769,363	43,314	9,555	13,725	32,946	1,868,903

THE BANK JUNE 30, 2016						Million Baht
	Normal	Special Mentioned	Substandard	Doubtful	Doubtful of Loss	Total
Agriculture and mining	31,732	665	206	412	303	33,318
Manufacturing and commercial	698,194	17,300	7,835	9,895	32,440	765,664
Real estate and construction	161,190	4,927	1,345	1,072	4,063	172,597
Utilities and services	361,718	14,829	752	696	1,846	379,841
Housing loans	209,019	2,461	834	1,005	2,655	215,974
Others	287,873	2,508	100	669	352	291,502
Total	1,749,726	42,690	11,072	13,749	41,659	1,858,896

THE BANK DECEMBER 31, 2015						Million Baht
	Normal	Special Mentioned	Substandard	Doubtful	Doubtful of Loss	Total
Agriculture and mining	33,502	837	180	178	240	34,937
Manufacturing and commercial	737,695	14,413	7,212	8,909	24,924	793,153
Real estate and construction	166,554	5,911	812	2,183	2,691	178,151
Utilities and services	330,451	16,132	510	578	1,508	349,179
Housing loans	202,145	1,886	610	869	2,304	207,814
Others	252,698	2,688	78	696	255	256,415
Total	1,723,045	41,867	9,402	13,413	31,922	1,819,649

6.6.5 As at June 30, 2016 and December 31, 2015, 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 JUNE 30, 2016				
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	1,797,274	1	13,875	
Special mentioned	45,104	2	548	
Substandard	11,282	100	3,706	
Doubtful	13,859	100	7,573	
Doubtful of loss	42,900	100	26,572	
Excess provision according to the BOT's requirement				57,606
Total	1,910,419	1,230,604	109,880	

				Million Baht
CONSOLIDATED DECEMBER 31, 2015				
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	1,773,357	1	13,788	
Special mentioned	43,504	2	501	
Substandard	9,650	100	3,975	
Doubtful	13,725	100	7,197	
Doubtful of loss	32,946	100	20,935	
Excess provision according to the BOT's requirement				55,379
Total	1,873,182	1,195,670	101,775	

				Million Baht
THE BANK JUNE 30, 2016				
	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	1,752,797	1,142,871	1	13,612
Special mentioned	42,955	20,476	2	521
Substandard	11,118	3,674	100	3,696
Doubtful	13,749	7,448	100	7,463
Doubtful of loss	41,659	25,999	100	26,009
Excess provision according to the BOT's requirement				55,191
Total	<u><u>1,862,278</u></u>	<u><u>1,200,468</u></u>		<u><u>106,492</u></u>

				Million Baht
THE BANK DECEMBER 31, 2015				
	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	1,726,948	1,115,542	1	13,514
Special mentioned	42,053	18,636	2	488
Substandard	9,497	3,971	100	3,971
Doubtful	13,413	6,913	100	6,928
Doubtful of loss	31,922	20,308	100	20,310
Excess provision according to the BOT's requirement				53,492
Total	<u><u>1,823,833</u></u>	<u><u>1,165,370</u></u>		<u><u>98,703</u></u>

As at June 30, 2016 and December 31, 2015, the consolidated and the Bank's financial statements included the allowance for doubtful accounts amounting to Baht 4,654 million and Baht 4,708 million, respectively, on a collective approach, for loans classified as normal and special mentioned.

6.6.6 As at June 30, 2016 and December 31, 2015, the Bank and subsidiaries had loans and accrued interest receivables due from companies experiencing financial difficulties as defined in the SET's guidelines dated July 8, 1998 regarding the disclosure of asset quality and related party transactions, for which the Bank and subsidiaries had provided an allowance for doubtful accounts, as follows :

			CONSOLIDATED JUNE 30, 2016	Provision Required by the BOT	Provision Recorded by the Bank
	No. of Companies	Outstanding Balance	Loans Net of Collateral/Present Value of Future Cash Flows According to the BOT		
Financial institutions ordered closed	-	-	-	-	-
Listed companies identified for delisting	1	373	373	373	373
Total	1	373	373	373	373

			CONSOLIDATED DECEMBER 31, 2015	Provision Required by the BOT	Provision Recorded by the Bank
	No. of Companies	Outstanding Balance	Loans Net of Collateral/Present Value of Future Cash Flows According to the BOT		
Financial institutions ordered closed	-	-	-	-	-
Listed companies identified for delisting	1	373	373	373	373
Total	1	373	373	373	373

			THE BANK JUNE 30, 2016	Provision Required by the BOT	Provision Recorded by the Bank
	No. of Companies	Outstanding Balance	Loans Net of Collateral/Present Value of Future Cash Flows According to the BOT		
Financial institutions ordered closed	-	-	-	-	-
Listed companies identified for delisting	1	373	373	373	373
Total	1	373	373	373	373

					Million Baht
THE BANK DECEMBER 31, 2015					
	No. of Companies	Outstanding Balance	Loans Net of Collateral/Present Value of Future Cash Flows According to the BOT	Provision Required by the BOT	Provision Recorded by the Bank
Financial institutions ordered closed	-	-	-	-	-
Listed companies identified for delisting	1	373	373	373	373
Total	1	373	373	373	373

6.6.7 Troubled debt restructurings

Details of the restructured debts of the Bank for the six-month periods ended June 30, 2016 and 2015, classified by the restructuring methods are as follows :

					Million Baht
THE BANK FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2016					
Restructuring Method	No. of Cases	Outstanding Debt before Restructuring	Type of Transferred Assets	Fair Value	
Debt restructuring in various forms	2,888	18,895	-	-	
Total	2,888	18,895			

The weighted average tenure of the above-mentioned restructuring is 5 years ; and the total debt outstanding after debt restructuring at the restructuring contract date is Baht 18,895 million.

					Million Baht
THE BANK FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2015					
Restructuring Method	No. of Cases	Outstanding Debt before Restructuring	Type of Transferred Assets	Fair Value	
Asset transfer	7	83	Land, building, condominium	83	
Debt restructuring in various forms	3,132	20,634	-	-	
Total	3,139	20,717			

The weighted average tenure of the above-mentioned restructuring is 5 years ; and the total debt outstanding after debt restructuring at the restructuring contract date is Baht 20,717 million.

For the three-month period and the six-month period ended June 30, 2016, the Bank recognized interest income from restructured debts amounting to Baht 800 million and Baht 1,549 million, respectively.

For the three-month period and the six-month period ended June 30, 2015, the Bank recognized interest income from restructured debts amounting to Baht 746 million and Baht 1,790 million, respectively.

As at June 30, 2016 and December 31, 2015, the Bank had outstanding balances of loans to restructured debtors amounting to Baht 64,679 million and Baht 64,821 million, respectively.

Disclosures for the consolidated financial statements for troubled debt restructurings which occurred during the six-month periods ended June 30, 2016 and 2015 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 June 30, 2016 and December 31, 2015 :

	CONSOLIDATED JUNE 30, 2016						Million Baht
	Normal	Special Mentioned	Substandard	Doubtful	Doubtful of Loss	Allowance for Doubtful Accounts in Excess of the BOT's Requirement	Total
Beginning balance	13,788	501	3,975	7,197	20,935	55,379	101,775
Doubtful accounts	87	47	(269)	376	4,889	2,458	7,588
Bad debt recovered	-	-	-	-	940	-	940
Bad debt written off	-	-	-	-	(192)	-	(192)
Others	-	-	-	-	-	(231)	(231)
Ending balance	<u>13,875</u>	<u>548</u>	<u>3,706</u>	<u>7,573</u>	<u>26,572</u>	<u>57,606</u>	<u>109,880</u>

Million Baht

CONSOLIDATED DECEMBER 31, 2015							
	Normal	Special Mentioned	Substandard	Doubtful	Doubtful of Loss	Allowance for Doubtful Accounts in Excess of the BOT's Requirement	Total
Beginning balance	12,687	449	1,631	4,860	11,005	58,779	89,411
Doubtful accounts	1,101	52	2,344	2,339	13,457	(4,586)	14,707
Bad debt recovered	-	-	-	-	2,032	-	2,032
Bad debt written off	-	-	-	(2)	(5,559)	-	(5,561)
Others	-	-	-	-	-	1,186	1,186
Ending balance	<u>13,788</u>	<u>501</u>	<u>3,975</u>	<u>7,197</u>	<u>20,935</u>	<u>55,379</u>	<u>101,775</u>

Million Baht

THE BANK JUNE 30, 2016							
	Normal	Special Mentioned	Substandard	Doubtful	Doubtful of Loss	Allowance for Doubtful Accounts in Excess of the BOT's Requirement	Total
Beginning balance	13,514	488	3,971	6,928	20,310	53,492	98,703
Doubtful accounts	98	33	(275)	535	4,951	1,906	7,248
Bad debt recovered	-	-	-	-	940	-	940
Bad debt written off	-	-	-	-	(192)	-	(192)
Others	-	-	-	-	-	(207)	(207)
Ending balance	<u>13,612</u>	<u>521</u>	<u>3,696</u>	<u>7,463</u>	<u>26,009</u>	<u>55,191</u>	<u>106,492</u>

Million Baht

THE BANK DECEMBER 31, 2015							
	Normal	Special Mentioned	Substandard	Doubtful	Doubtful of Loss	Allowance for Doubtful Accounts in Excess of the BOT's Requirement	Total
Beginning balance	12,346	436	1,614	4,764	10,535	57,400	87,095
Doubtful accounts	1,168	52	2,357	2,164	13,267	(5,084)	13,924
Bad debt recovered	-	-	-	-	2,024	-	2,024
Bad debt written off	-	-	-	-	(5,516)	-	(5,516)
Others	-	-	-	-	-	1,176	1,176
Ending balance	<u>13,514</u>	<u>488</u>	<u>3,971</u>	<u>6,928</u>	<u>20,310</u>	<u>53,492</u>	<u>98,703</u>

As at June 30, 2016 and December 31, 2015, the Bank and subsidiaries had the allowance for doubtful accounts in the consolidated financial statements of Baht 109,880 million and Baht 101,775 million, and in the Bank's financial statements of Baht 106,492 million and Baht 98,703 million, respectively.

As at June 30, 2016 and December 31, 2015, 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 57,606 million and Baht 55,379 million, and in the Bank's financial statements of Baht 55,191 million and Baht 53,492 million, respectively (See Note 3.7).

6.8 Revaluation allowance for debt restructuring

Revaluation allowance for debt restructuring are as follows as at June 30, 2016 and December 31, 2015 :

	CONSOLIDATED		THE BANK	
	June 30, 2016	December 31, 2015	June 30, 2016	December 31, 2015
Beginning balance	2,412	2,514	2,412	2,514
Increase during the period/year	204	664	204	664
Write off/decrease during the period/year	(633)	(766)	(633)	(766)
Ending balance	1,983	2,412	1,983	2,412

6.9 Properties for sale, net

Properties for sale consisted of the following as at June 30, 2016 and December 31, 2015 :

	CONSOLIDATED			Million Baht
	JUNE 30, 2016			
Type of Properties for Sale	Beginning Balance	Additions	Disposals	Ending Balance
Assets from debt repayment				
Immovable assets	20,054	272	(722)	19,604
Movable assets	235	1	(18)	218
Total	20,289	273	(740)	19,822
Others	65	-	-	65
Total properties for sale	20,354	273	(740)	19,887
<u>Less</u> Allowance for impairment	(6,775)	98	86	(6,591)
Total properties for sale, net	13,579	371	(654)	13,296

Type of Properties for Sale	Beginning Balance	CONSOLIDATED DECEMBER 31, 2015		Million Baht
		Additions	Disposals	Ending Balance
Assets from debt repayment				
Immovable assets	23,754	733	(4,433)	20,054
Movable assets	396	1	(162)	235
Total	24,150	734	(4,595)	20,289
Others	65	-	-	65
Total properties for sale	24,215	734	(4,595)	20,354
<u>Less</u> Allowance for impairment	(7,699)	165	759	(6,775)
Total properties for sale, net	16,516	899	(3,836)	13,579

As at June 30, 2016, the Bank and subsidiaries had immovable assets from debt repayment in the amount of Baht 19,604 million consisting of immovable assets which were appraised by external appraisers in the amount of Baht 14,485 million and appraised by internal appraisers in the amount of Baht 5,119 million.

As at December 31, 2015, the Bank and subsidiaries had immovable assets from debt repayment in the amount of Baht 20,054 million consisting of immovable assets which were appraised by external appraisers in the amount of Baht 9,066 million and appraised by internal appraisers in the amount of Baht 10,988 million.

Type of Properties for Sale	Beginning Balance	THE BANK JUNE 30, 2016		Million Baht
		Additions	Disposals	Ending Balance
Assets from debt repayment				
Immovable assets	14,071	272	(673)	13,670
Movable assets	235	1	(18)	218
Total	14,306	273	(691)	13,888
Others	65	-	-	65
Total properties for sale	14,371	273	(691)	13,953
<u>Less</u> Allowance for impairment	(4,869)	139	85	(4,645)
Total properties for sale, net	9,502	412	(606)	9,308

				Million Baht
THE BANK				
DECEMBER 31, 2015				
Type of Properties for Sale	Beginning Balance	Additions	Disposals	Ending Balance
Assets from debt repayment				
Immovable assets	16,976	730	(3,635)	14,071
Movable assets	396	1	(162)	235
Total	17,372	731	(3,797)	14,306
Others	65	-	-	65
Total properties for sale	17,437	731	(3,797)	14,371
<u>Less</u> Allowance for impairment	<u>(5,855)</u>	<u>231</u>	<u>755</u>	<u>(4,869)</u>
Total properties for sale, net	<u>11,582</u>	<u>962</u>	<u>(3,042)</u>	<u>9,502</u>

As at June 30, 2016, the Bank had immovable assets from debt repayment in the amount of Baht 13,670 million consisting of immovable assets which were appraised by external appraisers in the amount of Baht 9,740 million and appraised by internal appraisers in the amount of Baht 3,930 million.

As at December 31, 2015, the Bank had immovable assets from debt repayment in the amount of Baht 14,071 million consisting of immovable assets which were appraised by external appraisers in the amount of Baht 4,321 million and appraised by internal appraisers in the amount of Baht 9,750 million.

Classified properties for sale in accordance with the notification of the BOT as at June 30, 2016 and December 31, 2015 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 THREE-MONTH PERIODS ENDED								
Type of Sale of Properties for Sale	Income Recognition Method	Deferred Profit on Sale of Properties for Sale	June 30, 2016	June 30, 2016	June 30, 2015	June 30, 2015	June 30, 2015	
			Profit on Sale of Properties for Sale	Loss on Sale of Properties for Sale	Deferred Profit 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	-	-	-	1	-	-	
Sale to public	Per cost recovery	-	227	(2)	-	407	(3)	

Million Baht

CONSOLIDATED FOR THE SIX-MONTH PERIODS ENDED							
Type of Sale of Properties for Sale	Income Recognition Method	Deferred Profit on Sale of Properties for Sale	June 30, 2016	June 30, 2015	Deferred Profit on Sale of Properties for Sale	June 30, 2015	June 30, 2015
			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	-	3	-	1	-	-
Sale to public	Per cost recovery	-	326	(4)	-	971	(4)

Million Baht

THE BANK FOR THE THREE-MONTH PERIODS ENDED							
Type of Sale of Properties for Sale	Income Recognition Method	Deferred Profit on Sale of Properties for Sale	June 30, 2016	June 30, 2015	Deferred Profit on Sale of Properties for Sale	June 30, 2015	June 30, 2015
			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	-	-	-	1	-	-
Sale to public	Per cost recovery	-	208	(2)	-	226	(3)

Million Baht

THE BANK FOR THE SIX-MONTH PERIODS ENDED							
Type of Sale of Properties for Sale	Income Recognition Method	Deferred Profit on Sale of Properties for Sale	June 30, 2016	June 30, 2015	Deferred Profit on Sale of Properties for Sale	June 30, 2015	June 30, 2015
			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	-	3	-	1	-	-
Sale to public	Per cost recovery	-	307	(4)	-	526	(4)

6.10 Premises and equipment, net

Premises and equipment consisted of the following as at June 30, 2016 and December 31, 2015 :

													Million Baht
CONSOLIDATED													
JUNE 30, 2016													
	Cost					Accumulated Depreciation							Premises and Equipment (Net)
	Beginning Balance	Additions/ Transfer	Disposal/ Transfer	Net of Accumulated Depreciation	Others	Ending Balance	Beginning Balance	Depreciation	Disposal/ Transfer	Transfer to net with the cost	Others	Ending Balance	
Land													
Cost	7,553	97	-	-	132	7,782	-	-	-	-	-	-	7,782
Appraisal Increase													
(year 2015)	21,084	-	-	-	25	21,109	-	-	-	-	-	-	21,109
Appraisal Decrease													
(year 2015)	(718)	-	-	-	(49)	(767)	-	-	-	-	-	-	(767)
Premises													
Cost	2,014	1,274	-	-	40	3,328	123	118	-	-	3	244	3,084
Appraisal Increase													
(year 2015)	12,433	-	-	-	18	12,451	693	590	-	-	-	1,283	11,168
Appraisal Decrease													
(year 2015)	(222)	-	-	-	(24)	(246)	(8)	(7)	-	-	(2)	(17)	(229)
Equipment	21,297	562	(872)	-	(2)	20,985	18,162	678	(870)	-	(7)	17,963	3,022
Others	1,637	840	(1,808)	-	35	704	-	-	-	-	-	-	704
Total	<u>65,078</u>	<u>2,773</u>	<u>(2,680)</u>	<u>-</u>	<u>175</u>	<u>65,346</u>	<u>18,970</u>	<u>1,379</u>	<u>(870)</u>	<u>-</u>	<u>(6)</u>	<u>19,473</u>	<u>45,873</u>

For the six-month period ended June 30, 2016, 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.)

In addition, the Bank has changed the presentation of the carrying amount of the premises by netting the accumulated depreciation with its cost and increase (decrease) in revaluation. The change in presentation is applied retrospectively as if it had been presented as such since the first appraisal of the premises. This is only a change in presentation without any impact on the financial position and the operating result.

CONSOLIDATED
DECEMBER 31, 2015

	Cost					Accumulated Depreciation							
	Beginning Balance	Additions/ Transfer	Disposal/ Transfer	Net of Accumulated Depreciation	Others	Ending Balance	Beginning Balance	Depre- ciation	Disposal/ Transfer	Transfer to net with the cost	Others	Ending Balance	Premises and Equipment (Net)
Land													
Cost	7,367	45	-	-	141	7,553	-	-	-	-	-	-	7,553
Appraisal													
Increase													
(year 2015)	12,850	8,174	-	-	60	21,084	-	-	-	-	-	-	21,084
Appraisal													
Decrease													
(year 2015)	(1,013)	-	324	-	(29)	(718)	-	-	-	-	-	-	(718)
Premises													
Cost	3,273	132	-	(1,435)	44	2,014	1,350	202	-	(1,435)	6	123	1,891
Appraisal													
Increase													
(year 2015)	10,611	7,454	(1)	(5,648)	17	12,433	5,183	1,160	(2)	(5,648)	-	693	11,740
Appraisal													
Decrease													
(year 2015)	(246)	(30)	1	67	(14)	(222)	(63)	(14)	2	67	-	(8)	(214)
Equipment	21,991	1,081	(1,833)	-	58	21,297	18,422	1,518	(1,828)	-	50	18,162	3,135
Others	1,514	917	(668)	-	(126)	1,637	-	-	-	-	-	-	1,637
Total	<u>56,347</u>	<u>17,773</u>	<u>(2,177)</u>	<u>(7,016)</u>	<u>151</u>	<u>65,078</u>	<u>24,892</u>	<u>2,866</u>	<u>(1,828)</u>	<u>(7,016)</u>	<u>56</u>	<u>18,970</u>	<u>46,108</u>

As at June 30, 2016 and December 31, 2015, the Bank and subsidiaries had equipment which are fully depreciated but still in use at the original costs amounting to Baht 14,536 million and Baht 14,925 million, respectively.

THE BANK
JUNE 30, 2016

	Cost					Accumulated Depreciation							
	Beginning Balance	Additions/ Transfer	Disposal/ Transfer	Net of Accumulated Depreciation	Others	Ending Balance	Beginning Balance	Depre- ciation	Disposal/ Transfer	Transfer to net with the cost	Others	Ending Balance	Premises and Equipment (Net)
Land													
Cost	7,547	97	-	-	132	7,776	-	-	-	-	-	-	7,776
Appraisal													
Increase													
(year 2015)	21,023	-	-	-	23	21,046	-	-	-	-	-	-	21,046
Appraisal													
Decrease													
(year 2015)	(718)	-		-	(49)	(767)	-	-	-	-	-	-	(767)
Premises													
Cost	1,925	237	-	-	37	2,199	105	93	-	-	2	200	1,999
Appraisal													
Increase													
(year 2015)	12,382	-	-	-	16	12,398	690	587	-	-	1	1,278	11,120
Appraisal													
Decrease													
(year 2015)	(222)	-	-	-	(24)	(246)	(8)	(7)	-	-	(2)	(17)	(229)
Equipment	20,398	533	(853)	-	5	20,083	17,487	633	(851)	-	(1)	17,268	2,815
Others	623	716	(763)	-	(2)	574	-	-	-	-	-	-	574
Total	<u>62,958</u>	<u>1,583</u>	<u>(1,616)</u>	<u>-</u>	<u>138</u>	<u>63,063</u>	<u>18,274</u>	<u>1,306</u>	<u>(851)</u>	<u>-</u>	<u>-</u>	<u>18,729</u>	<u>44,334</u>

Million Baht

THE BANK
DECEMBER 31, 2015

	Cost					Accumulated Depreciation							
	Beginning Balance	Additions/ Transfer	Disposal/ Transfer	Net of Accumulated Depreciation	Others	Ending Balance	Beginning Balance	Depre- ciation	Disposal/ Transfer	Transfer to net with the cost	Others	Ending Balance	Premises and Equipment (Net)
Land													
Cost	7,360	45	-	-	142	7,547	-	-	-	-	-	-	7,547
Appraisal Increase													
(year 2015)	12,850	8,107	-	-	66	21,023	-	-	-	-	-	-	21,023
Appraisal Decrease													
(year 2015)	(1,013)	-	324	-	(29)	(718)	-	-	-	-	-	-	(718)
Premises													
Cost	3,099	132	-	(1,361)	55	1,925	1,262	195	-	(1,361)	9	105	1,820
Appraisal Increase													
(year 2015)	10,611	7,398	(1)	(5,648)	22	12,382	5,183	1,157	(2)	(5,648)	-	690	11,692
Appraisal Decrease													
(year 2015)	(246)	(30)	1	67	(14)	(222)	(63)	(14)	2	67	-	(8)	(214)
Equipment	21,117	1,015	(1,794)	-	60	20,398	17,803	1,424	(1,790)	-	50	17,487	2,911
Others	387	763	(530)	-	3	623	-	-	-	-	-	-	623
Total	<u>54,165</u>	<u>17,430</u>	<u>(2,000)</u>	<u>(6,942)</u>	<u>305</u>	<u>62,958</u>	<u>24,185</u>	<u>2,762</u>	<u>(1,790)</u>	<u>(6,942)</u>	<u>59</u>	<u>18,274</u>	<u>44,684</u>

As at June 30, 2016 and December 31, 2015, the Bank had equipment which is fully depreciated but still in use at the original costs amounting to Baht 14,087 million, and Baht 14,475 million, respectively.

6.11 Other intangible assets, net

Other intangible assets consisted of the following as at June 30, 2016 and December 31, 2015 :

Million Baht

CONSOLIDATED

June 30, 2016

	Cost					Accumulated Amortization					
	Beginning Balance	Additions/ Transfer	Disposal/ Transfer	Others	Ending Balance	Beginning Balance	Amorti- zation	Disposal/ Transfer	Others	Ending Balance	Other Intangible Assets (Net)
Software	1,909	125	(82)	(4)	1,948	1,518	130	(75)	(4)	1,569	379
Others	61	64	(6)	-	119	-	-	-	-	-	119
Total	<u>1,970</u>	<u>189</u>	<u>(88)</u>	<u>(4)</u>	<u>2,067</u>	<u>1,518</u>	<u>130</u>	<u>(75)</u>	<u>(4)</u>	<u>1,569</u>	<u>498</u>

Million Baht

CONSOLIDATED
DECEMBER 31, 2015

	Beginning Balance	Additions/ Transfer	Cost Disposal/ Transfer	Others	Ending Balance	Beginning Balance	Accumulated Amortization Amorti- zation	Disposal/ Transfer	Others	Ending Balance	Other Intangible Assets (Net)
Software	2,016	222	(331)	2	1,909	1,571	267	(323)	3	1,518	391
Others	253	77	(270)	1	61	-	-	-	-	-	61
Total	2,269	299	(601)	3	1,970	1,571	267	(323)	3	1,518	452

Million Baht

THE BANK
JUNE 30, 2016

	Beginning Balance	Additions/ Transfer	Cost Disposal/ Transfer	Others	Ending Balance	Beginning Balance	Accumulated Amortization Amorti- zation	Disposal/ Transfer	Others	Ending Balance	Other Intangible Assets (Net)
Software	1,658	117	(75)	(1)	1,699	1,318	121	(75)	(1)	1,363	336
Others	60	64	(6)	-	118	-	-	-	-	-	118
Total	1,718	181	(81)	(1)	1,817	1,318	121	(75)	(1)	1,363	454

Million Baht

THE BANK
DECEMBER 31, 2015

	Beginning Balance	Additions/ Transfer	Cost Disposal/ Transfer	Others	Ending Balance	Beginning Balance	Accumulated Amortization Amorti- zation	Disposal/ Transfer	Others	Ending Balance	Other Intangible Assets (Net)
Software	1,776	194	(314)	2	1,658	1,386	244	(314)	2	1,318	340
Others	253	77	(270)	-	60	-	-	-	-	-	60
Total	2,029	271	(584)	2	1,718	1,386	244	(314)	2	1,318	400

6.12 Deferred tax assets and liabilities

Deferred tax assets and liabilities as at June 30, 2016 and December 31, 2015 are as follows :

	CONSOLIDATED		THE BANK	
	June 30, 2016	December 31, 2015	June 30, 2016	December 31, 2015
Deferred tax assets	2,830	2,745	1,909	1,778
Deferred tax liabilities	<u>6,588</u>	<u>6,335</u>	<u>6,254</u>	<u>5,963</u>
Deferred tax assets (liabilities), net	<u>(3,758)</u>	<u>(3,590)</u>	<u>(4,345)</u>	<u>(4,185)</u>

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

	CONSOLIDATED			
	JUNE 30, 2016			
	Beginning Balance	Recognized in Profit and Loss	Recognized in Other Comprehensive Income	Others
Ending Balance				
Deferred tax assets				
Investments	3,137	3	(225)	-
Loans to customers and				
accrued interest receivables	4,023	33	-	(21)
Properties for sale	1,355	(37)	-	-
Premises and equipment	212	(3)	-	14
Provisions	2,003	400	(1)	(3)
Others	<u>5,031</u>	<u>415</u>	<u>-</u>	<u>(1)</u>
Total	<u>15,761</u>	<u>811</u>	<u>(226)</u>	<u>(11)</u>
Deferred tax liabilities				
Investments	9,079	(17)	199	-
Properties for sale	2	-	-	-
Premises and equipment	6,577	(111)	-	9
Others	<u>3,693</u>	<u>662</u>	<u>-</u>	<u>-</u>
Total	<u>19,351</u>	<u>534</u>	<u>199</u>	<u>9</u>
Net	<u>(3,590)</u>	<u>277</u>	<u>(425)</u>	<u>(20)</u>

Million Baht

	CONSOLIDATED DECEMBER 31, 2015				Ending Balance
	Beginning Balance	Recognized in Profit and Loss	Recognized in Other Comprehensive Income	Others	
Deferred tax assets					
Investments	2,886	198	54	(1)	3,137
Loans to customers and accrued interest receivables	2,772	1,152	-	99	4,023
Properties for sale	1,540	(185)	-	-	1,355
Premises and equipment	266	(65)	-	11	212
Provisions	1,923	40	36	4	2,003
Others	2,894	2,133	-	4	5,031
Total	<u>12,281</u>	<u>3,273</u>	<u>90</u>	<u>117</u>	<u>15,761</u>
Deferred tax liabilities					
Investments	8,514	45	520	-	9,079
Loans to customers and accrued interest receivables	84	(84)	-	-	-
Properties for sale	2	-	-	-	2
Premises and equipment	3,670	(226)	3,118	15	6,577
Others	2,047	1,646	-	-	3,693
Total	<u>14,317</u>	<u>1,381</u>	<u>3,638</u>	<u>15</u>	<u>19,351</u>
Net	<u>(2,036)</u>	<u>1,892</u>	<u>(3,548)</u>	<u>102</u>	<u>(3,590)</u>

Million Baht

	Beginning Balance	Recognized in Profit and Loss	THE BANK JUNE 30, 2016 Recognized in Other Comprehensive Income	Others	Ending Balance
Deferred tax assets					
Investments	3,101	3	(196)	-	2,908
Loans to customers and accrued interest receivables	3,484	1	-	(6)	3,479
Properties for sale	974	(45)	-	-	929
Premises and equipment	212	(3)	-	14	223
Provisions	1,978	397	(1)	(4)	2,370
Others	4,950	474	-	1	5,425
Total	<u>14,699</u>	<u>827</u>	<u>(197)</u>	<u>5</u>	<u>15,334</u>
Deferred tax liabilities					
Investments	8,776	-	175	-	8,951
Properties for sale	2	-	-	-	2
Premises and equipment	6,554	(109)	-	7	6,452
Others	3,552	722	-	-	4,274
Total	<u>18,884</u>	<u>613</u>	<u>175</u>	<u>7</u>	<u>19,679</u>
Net	<u>(4,185)</u>	<u>214</u>	<u>(372)</u>	<u>(2)</u>	<u>(4,345)</u>

	THE BANK				
	DECEMBER 31, 2015				
	Beginning Balance	Recognized in Profit and Loss	Recognized in Other Comprehensive Income	Others	Ending Balance
Deferred tax assets					
Investments	2,869	198	34	-	3,101
Loans to customers and accrued interest receivables	2,324	1,062	-	98	3,484
Properties for sale	1,171	(197)	-	-	974
Premises and equipment	266	(65)	-	11	212
Provisions	1,903	35	35	5	1,978
Others	2,745	2,205	-	-	4,950
Total	11,278	3,238	69	114	14,699
Deferred tax liabilities					
Investments	8,273	(2)	505	-	8,776
Loans to customers and accrued interest receivables	84	(84)	-	-	-
Properties for sale	2	-	-	-	2
Premises and equipment	3,656	(221)	3,101	18	6,554
Others	1,931	1,621	-	-	3,552
Total	13,946	1,314	3,606	18	18,884
Net	(2,668)	1,924	(3,537)	96	(4,185)

6.13 Classified assets in accordance with the notification of the BOT

As at June 30, 2016 and December 31, 2015, classified assets in accordance with the notification of the BOT are as follows :

	CONSOLIDATED JUNE 30, 2016				Million Baht
	Loans to Customers and Accrued Interest Receivables	Investments	Properties for Sale	Other Assets	Total
Normal	1,797,274	-	-	-	1,797,274
Special mentioned	45,104	-	-	-	45,104
Substandard	11,282	-	-	-	11,282
Doubtful	13,859	-	-	-	13,859
Doubtful of loss	42,900	5,955	1,763	1,148	51,766
Total	1,910,419	5,955	1,763	1,148	1,919,285

	CONSOLIDATED DECEMBER 31, 2015				Million Baht
	Loans to Customers and Accrued Interest Receivables	Investments	Properties for Sale	Other Assets	Total
Normal	1,773,357	-	-	-	1,773,357
Special mentioned	43,504	-	-	-	43,504
Substandard	9,650	-	-	-	9,650
Doubtful	13,725	-	-	-	13,725
Doubtful of loss	32,946	7,151	1,911	1,287	43,295
Total	1,873,182	7,151	1,911	1,287	1,883,531

	THE BANK JUNE 30, 2016				Million Baht
	Loans to Customers and Accrued Interest Receivables	Investments	Properties for Sale	Other Assets	Total
Normal	1,752,797	-	-	-	1,752,797
Special mentioned	42,955	-	-	-	42,955
Substandard	11,118	-	-	-	11,118
Doubtful	13,749	-	-	-	13,749
Doubtful of loss	41,659	6,033	734	1,144	49,570
Total	1,862,278	6,033	734	1,144	1,870,189

Million Baht

THE BANK DECEMBER 31, 2015					
	Loans to Customers and Accrued Interest Receivables	Investments	Properties for Sale	Other Assets	Total
Normal	1,726,948	-	-	-	1,726,948
Special mentioned	42,053	-	-	-	42,053
Substandard	9,497	-	-	-	9,497
Doubtful	13,413	-	-	-	13,413
Doubtful of loss	31,922	7,080	922	1,282	41,206
Total	1,823,833	7,080	922	1,282	1,833,117

6.14 Deposits

6.14.1 Classified by product type as at June 30, 2016 and December 31, 2015 :

Million Baht				
	CONSOLIDATED		THE BANK	
	June 30, 2016	December 31, 2015	June 30, 2016	December 31, 2015
Demand	92,437	86,797	91,050	84,783
Savings	915,967	850,689	907,801	841,714
Fixed	1,144,335	1,152,395	1,105,316	1,111,527
Negotiable certificates of deposit	1,517	1,084	1,080	1,084
Total	2,154,256	2,090,965	2,105,247	2,039,108

6.14.2 Classified by currency and customer's residence as at June 30, 2016 and December 31, 2015 :

Million Baht						
	CONSOLIDATED					
	June 30, 2016			December 31, 2015		
	Domestic	Foreign	Total	Domestic	Foreign	Total
BAHT	1,923,763	8,815	1,932,578	1,787,096	98,145	1,885,241
USD	31,582	65,485	97,067	28,021	51,642	79,663
Others	17,542	107,069	124,611	17,193	108,868	126,061
Total	1,972,887	181,369	2,154,256	1,832,310	258,655	2,090,965

Million Baht						
	THE BANK					
	June 30, 2016			December 31, 2015		
	Domestic	Foreign	Total	Domestic	Foreign	Total
BAHT	1,924,265	8,791	1,933,056	1,787,103	98,127	1,885,230
USD	31,454	61,976	93,430	27,935	46,992	74,927
Others	11,604	67,157	78,761	12,189	66,762	78,951
Total	1,967,323	137,924	2,105,247	1,827,227	211,881	2,039,108

6.15 Interbank and money market items (liabilities)

Interbank and money market items (liabilities) consisted of the following as at June 30, 2016 and December 31, 2015 :

Million Baht						
	CONSOLIDATED					
	June 30, 2016			December 31, 2015		
	Demand	Time	Total	Demand	Time	Total
Domestic items						
Bank of Thailand and Financial Institutions						
Development Fund	133	4,146	4,279	41	4,809	4,850
Commercial banks	1,268	33,680	34,948	4,978	22,900	27,878
Special purpose financial Institutions	152	25,811	25,963	145	17,109	17,254
Other financial institutions	<u>8,566</u>	<u>3,485</u>	<u>12,051</u>	<u>10,278</u>	<u>6,116</u>	<u>16,394</u>
Total domestic items	<u>10,119</u>	<u>67,122</u>	<u>77,241</u>	<u>15,442</u>	<u>50,934</u>	<u>66,376</u>
Foreign items						
USD	3,371	30,749	34,120	5,143	18,386	23,529
JPY	517	5,616	6,133	452	5,363	5,815
EUR	2,209	-	2,209	1,874	-	1,874
Others	<u>7,840</u>	<u>22,851</u>	<u>30,691</u>	<u>6,401</u>	<u>24,686</u>	<u>31,087</u>
Total foreign items	<u>13,937</u>	<u>59,216</u>	<u>73,153</u>	<u>13,870</u>	<u>48,435</u>	<u>62,305</u>
Total domestic and foreign items	<u><u>24,056</u></u>	<u><u>126,338</u></u>	<u><u>150,394</u></u>	<u><u>29,312</u></u>	<u><u>99,369</u></u>	<u><u>128,681</u></u>

Million Baht						
	THE BANK					
	June 30, 2016			December 31, 2015		
	Demand	Time	Total	Demand	Time	Total
Domestic items						
Bank of Thailand and Financial Institutions						
Development Fund	133	4,146	4,279	41	4,809	4,850
Commercial banks	1,268	33,680	34,948	4,978	22,900	27,878
Special purpose financial Institutions	152	25,811	25,963	145	17,110	17,255
Other financial institutions	<u>8,782</u>	<u>3,485</u>	<u>12,267</u>	<u>10,427</u>	<u>6,116</u>	<u>16,543</u>
Total domestic items	<u>10,335</u>	<u>67,122</u>	<u>77,457</u>	<u>15,591</u>	<u>50,935</u>	<u>66,526</u>
Foreign items						
USD	3,454	31,633	35,087	5,244	21,340	26,584
JPY	530	5,616	6,146	456	5,363	5,819
EUR	2,219	-	2,219	1,889	-	1,889
Others	<u>8,204</u>	<u>12,372</u>	<u>20,576</u>	<u>6,500</u>	<u>9,823</u>	<u>16,323</u>
Total foreign items	<u>14,407</u>	<u>49,621</u>	<u>64,028</u>	<u>14,089</u>	<u>36,526</u>	<u>50,615</u>
Total domestic and foreign items	<u><u>24,742</u></u>	<u><u>116,743</u></u>	<u><u>141,485</u></u>	<u><u>29,680</u></u>	<u><u>87,461</u></u>	<u><u>117,141</u></u>

6.16 Debt issued and Borrowings

6.16.1 Classified by type of instruments and source of fund as at June 30, 2016 and December 31, 2015 :

							Million Baht
							CONSOLIDATED
							June 30, 2016
							December 31, 2015
	Domestic	Foreign	Total	Domestic	Foreign	Total	
Senior unsecured notes	-	105,586	105,586	-	108,335	108,335	
Unsecured subordinated notes	20,000	15,827	35,827	20,000	16,238	36,238	
Bills of exchange	74	-	74	74	-	74	
Others	135	-	135	107	-	107	
<u>Less</u> Discount on borrowings	<u>-</u>	<u>(6,250)</u>	<u>(6,250)</u>	<u>-</u>	<u>(6,352)</u>	<u>(6,352)</u>	
Total	<u>20,209</u>	<u>115,163</u>	<u>135,372</u>	<u>20,181</u>	<u>118,221</u>	<u>138,402</u>	

							Million Baht
							THE BANK
							June 30, 2016
							December 31, 2015
	Domestic	Foreign	Total	Domestic	Foreign	Total	
Senior unsecured notes	-	105,586	105,586	-	108,335	108,335	
Unsecured subordinated notes	20,000	15,827	35,827	20,000	16,238	36,238	
Bills of exchange	74	-	74	74	-	74	
Others	31	-	31	49	-	49	
<u>Less</u> Discount on borrowings	<u>-</u>	<u>(6,250)</u>	<u>(6,250)</u>	<u>-</u>	<u>(6,352)</u>	<u>(6,352)</u>	
Total	<u>20,105</u>	<u>115,163</u>	<u>135,268</u>	<u>20,123</u>	<u>118,221</u>	<u>138,344</u>	

6.16.2 Classified by type of instruments, currency, maturity and interest rate as at June 30, 2016 and December 31, 2015 :

							Million Baht
							CONSOLIDATED
Type	Currency	Maturity	Interest Rate	Amount			
				June 30, 2016	December 31, 2015		
Senior unsecured notes	USD	2018 - 2023	2.75% - 5.00%	105,586	108,335		
Unsecured subordinated notes	USD	2029	9.025%	15,827	16,238		
Unsecured subordinated notes	THB	2022	4.375%	20,000	20,000		
Bills of exchange	THB	2016	1.00%	74	74		
Others	THB	2016 - 2019	0.00% - 0.50%	135	107		
<u>Less</u> Discount on borrowings				<u>(6,250)</u>	<u>(6,352)</u>		
Total				<u>135,372</u>	<u>138,402</u>		

Type	Currency	Maturity	Interest Rate	THE BANK	
				Amount	
				June 30, 2016	December 31, 2015
Senior unsecured notes	USD	2018 - 2023	2.75% - 5.00%	105,586	108,335
Unsecured subordinated notes	USD	2029	9.025%	15,827	16,238
Unsecured subordinated notes	THB	2022	4.375%	20,000	20,000
Bills of exchange	THB	2016	1.00%	74	74
Others	THB	2016 - 2019	0.50%	31	49
<u>Less Discount on borrowings</u>				<u>(6,250)</u>	<u>(6,352)</u>
Total				<u>135,268</u>	<u>138,344</u>

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.

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 "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 6.22).

On November 17, 2006, the Bank obtained approval from the Office of the Securities and Exchange Committee (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 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.

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 June 30, 2016, the Bank had not yet issued bonds according to the aforementioned resolution.

6.20 Provisions

As at June 30, 2016 and December 31, 2015 provisions are as follows :

	CONSOLIDATED		THE BANK	
	June 30, 2016	December 31, 2015	June 30, 2016	December 31, 2015
Beginning balance	9,601	9,241	9,472	9,143
Increase during the period/year	2,984	1,630	2,968	1,599
Written off/reversal during the period/year	(931)	(1,270)	(929)	(1,270)
Ending balance	<u>11,654</u>	<u>9,601</u>	<u>11,511</u>	<u>9,472</u>

6.21 Post-employment benefits

6.21.1 Defined contribution plans

For the three-month periods ended June 30, 2016 and 2015, the Bank and its subsidiaries have the expenses for defined contribution plans in the consolidated financial statements, amounting to Baht 304 million and Baht 271 million, and in the Bank's financial statements amounting to Baht 277 million and Baht 247 million, respectively.

For the six-month periods ended June 30, 2016 and 2015, the Bank and its subsidiaries have the expenses for defined contribution plans in the consolidated financial statements amounting to Baht 572 million and Baht 511 million, and in the Bank's financial statements amounting to Baht 518 million and Baht 462 million, respectively.

6.21.2 Defined benefit plans

As at June 30, 2016 and December 31, 2015, 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	
	June 30, 2016	December 31, 2015	June 30, 2016	December 31, 2015
The present value of the funded defined benefit plans	825	859	825	859
The fair value of plan assets	<u>(545)</u>	<u>(489)</u>	<u>(545)</u>	<u>(489)</u>
	280	370	280	370
The present value of the unfunded defined benefit plans				
benefit plans	<u>7,169</u>	<u>7,084</u>	<u>7,026</u>	<u>6,955</u>
Liabilities, net	<u><u>7,449</u></u>	<u><u>7,454</u></u>	<u><u>7,306</u></u>	<u><u>7,325</u></u>

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 June 30, 2016 and December 31, 2015 :

	CONSOLIDATED		THE BANK	
	June 30, 2016	December 31, 2015	June 30, 2016	December 31, 2015
Beginning balance	7,943	7,315	7,814	7,216
Current service costs	269	478	254	457
Interest costs	127	249	126	247
Benefit paid during the period/year	(292)	(323)	(290)	(323)
Actuarial losses (gains) on obligations				
from changes in financial assumptions	(1)	(2)	(1)	3
from changes in demographic assumptions	-	168	-	158
from experience	(1)	13	(1)	11
Unrealized losses (gains) on exchanges	<u>(51)</u>	<u>45</u>	<u>(51)</u>	<u>45</u>
Ending balance	<u><u>7,994</u></u>	<u><u>7,943</u></u>	<u><u>7,851</u></u>	<u><u>7,814</u></u>

The following table presents the reconciliations of the fair value of plan assets related to the funded defined benefit plans as at June 30, 2016 and December 31, 2015 :

	CONSOLIDATED		THE BANK	
	June 30, 2016	December 31, 2015	June 30, 2016	December 31, 2015
Beginning balance	489	449	489	449
Interest income	9	22	9	22
Contributions	91	27	91	27
Benefit paid during the period/year	-	(23)	-	(23)
Actuarial losses on plan assets	-	(4)	-	(4)
Unrealized gains (losses) on exchanges	<u>(44)</u>	<u>18</u>	<u>(44)</u>	<u>18</u>
Ending balance	<u><u>545</u></u>	<u><u>489</u></u>	<u><u>545</u></u>	<u><u>489</u></u>

Significant actuarial assumptions used to calculate the defined benefit obligations and plan assets, average per each plan, and the sensitivities analysis for each significant actuarial assumptions which reflects increasing in the obligations if the assumptions change by 1% as at June 30, 2016 and December 31, 2015 are as follows :

	Percentage			
	CONSOLIDATED			
	Significant actuarial assumptions		Increase in defined benefit obligations	
	June 30, 2016	December 31, 2015	June 30, 2016	December 31, 2015
Discount rate	1.10 - 8.70	1.10 - 8.70	13.09	13.14
Average future salary increases	2.00 - 15.00	2.00 - 15.00	11.35	11.27

	Percentage			
	THE BANK			
	Significant actuarial assumptions		Increase in defined benefit obligations	
	June 30, 2016	December 31, 2015	June 30, 2016	December 31, 2015
Discount rate	1.10 - 8.70	1.10 - 8.70	13.06	13.12
Average future salary increases	2.00 - 15.00	2.00 - 15.00	11.31	11.23

6.22 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 June 30, 2016 and December 31, 2015, 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	
	June 30, 2016	December 31, 2015
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 June 30, 2016 and December 31, 2015, 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 by the Securities and Exchange Commission.
 - 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.

6.23 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 June 30, 2016, 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.

6.24 Legal reserve and other reserves

6.24.1 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.

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

6.25 The appropriation of the profit and the dividend payments

On April 10, 2015, the 22nd Annual Ordinary Meeting of Shareholders approved the resolutions regarding the appropriation of the profit and the payment of dividend for the year 2014 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 2014 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, 2014), and the amount to be appropriated for the period of July - December 2014 amounting to Baht 500 million as legal reserve.
- The payment of dividend at the rate of Baht 6.50 per ordinary share, totaling Baht 12,407 million, a part of which had been paid as interim dividend at the rate of Baht 2.00 per share amounting to Baht 3,818 million on September 26, 2014, and the remaining amount will be paid on May 8, 2015 at the rate of Baht 4.50 per share amounting to Baht 8,589 million.

The Bank already paid dividend according to the above-mentioned resolution amounting to Baht 8,589 million on May 8, 2015.

On August 27, 2015, the meeting of the Board of Directors of the Bank No. 8/2015 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 2015 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 3,818 million on September 25, 2015.

The Bank already paid dividend according to the above-mentioned resolution amounting to Baht 3,818 million on September 25, 2015.

On April 12, 2016, the 23rd Annual Ordinary Meeting of Shareholders approved the resolutions regarding the appropriation of the profit and the payment of dividend for the year 2015 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 2015 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, 2015), and the amount to be appropriated for the period of July - December 2015 amounting to Baht 500 million as legal reserve.

- The payment of dividend at the rate of Baht 6.50 per ordinary share, totaling Baht 12,128 million, a part of which had been paid as interim dividend at the rate of Baht 2.00 per share amounting to Baht 3,818 million on September 25, 2015, and the remaining amount will be paid on May 11, 2016 at the rate of Baht 4.50 per share amounting to Baht 8,310 million.

The Bank already paid dividend according to the above-mentioned resolution amounting to Baht 8,310 million on May 11, 2016.

6.26 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 June 30, 2016 and December 31, 2015 amounted to Baht 32,147 million and Baht 19,707 million, respectively.

6.27 Contingent liabilities

As at June 30, 2016 and December 31, 2015, the Bank and subsidiaries had contingent liabilities as follows :

	CONSOLIDATED		THE BANK	
	June 30, 2016	December 31, 2015	June 30, 2016	December 31, 2015
Avals to bills	7,326	6,808	7,326	6,808
Guarantees of loans	11,537	11,788	6,985	7,391
Liability under unmatured import bills	20,502	18,487	18,863	17,295
Letters of credit	27,017	29,192	26,153	27,570
Other commitments				
Amount of unused bank overdraft	177,227	178,698	175,961	177,362
Other guarantees	264,196	220,602	262,775	219,120
Others	108,911	90,449	111,829	94,058
Total	616,716	556,024	609,892	549,604

6.28 Litigation

As at June 30, 2016 and December 31, 2015, 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.

6.29 Related party transactions

As at June 30, 2016 and December 31, 2015, 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	
	June 30, 2016	December 31, 2015	June 30, 2016	December 31, 2015
PLACEMENT				
Subsidiaries				
Bangkok Bank Berhad	-	-	2,533	2,753
Bangkok Bank (China) Co., Ltd.	-	-	6,599	7,227
Total	-	-	9,132	9,980
LOANS				
Subsidiary				
Sinnsuptawee Asset Management Co., Ltd.	-	-	2,710	2,710
Associate				
BSL Leasing Co., Ltd.	345	245	345	245
Other related parties	16	137	11	104
Total	361	382	3,066	3,059
ALLOWANCE FOR DOUBTFUL ACCOUNTS				
Subsidiary				
Sinnsuptawee Asset Management Co., Ltd.	-	-	33	33
Associate				
BSL Leasing Co., Ltd.	4	3	4	3
Total	4	3	37	36
OTHER ASSETS				
Subsidiaries				
Bangkok Bank Berhad	-	-	2	2
Sinnsuptawee Asset Management Co., Ltd.	-	-	-	1
BBL Asset Management Co., Ltd.	-	-	239	226
Bualuang Securities PCL.	-	-	2	1
Bangkok Bank (China) Co., Ltd.	-	-	68	3
Associate				
Processing Center Co., Ltd.	3	29	3	29
Other related parties	6	6	-	-
Total	9	35	314	262

	CONSOLIDATED		THE BANK	
	June 30, 2016	December 31, 2015	June 30, 2016	December 31, 2015
DEPOSITS				
Subsidiaries				
BBL (Cayman) Limited	-	-	803	823
Bangkok Bank Berhad	-	-	96	182
Sinnsuptawee Asset Management Co., Ltd.	-	-	2	7
BBL Asset Management Co., Ltd.	-	-	63	61
Bualuang Securities PCL.	-	-	83	55
Bangkok Bank (China) Co., Ltd.	-	-	375	152
Bualuang Venture Co., Ltd.	-	-	500	-
Bangkok Capital Asset Management Co., Ltd.*	-	-	70	33
Associates				
BSL Leasing Co., Ltd.	60	48	60	48
Processing Center Co., Ltd.	114	48	114	48
National ITMX Co., Ltd.	44	40	44	40
Thai Payment Network Co., Ltd.	20	68	20	68
Other related parties	<u>7,007</u>	<u>5,650</u>	<u>7,007</u>	<u>5,650</u>
Total	<u><u>7,245</u></u>	<u><u>5,854</u></u>	<u><u>9,237</u></u>	<u><u>7,167</u></u>
BORROWINGS				
Subsidiary				
Bangkok Bank (China) Co., Ltd.	<u>-</u>	<u>-</u>	<u>2,077</u>	<u>3,063</u>
OTHER LIABILITIES				
Subsidiaries				
Sinnsuptawee Asset Management Co., Ltd.	-	-	793	868
Bualuang Securities PCL.	-	-	1	-
Associates				
Processing Center Co., Ltd.	4	3	4	3
National ITMX Co., Ltd.	5	-	5	-
Other related parties	<u>16</u>	<u>19</u>	<u>9</u>	<u>12</u>
Total	<u><u>25</u></u>	<u><u>22</u></u>	<u><u>812</u></u>	<u><u>883</u></u>
COMMITMENTS				
Subsidiaries				
Bualuang Securities PCL.	-	-	314	90
Bangkok Bank (China) Co., Ltd.	-	-	957	400
Associates				
BSL Leasing Co., Ltd.	-	79	-	79
National ITMX Co., Ltd.	1	1	1	1
Other related parties	<u>6</u>	<u>6</u>	<u>6</u>	<u>6</u>
Total	<u><u>7</u></u>	<u><u>86</u></u>	<u><u>1,278</u></u>	<u><u>576</u></u>

* Holding by Bualuang Securities PCL.

For the six-month period ended June 30, 2016, the Bank and subsidiaries charged interest at rates between 1.54% to 13.00% on loans to these related parties depending on the types of loans and collateral and interest rate charged between 1.54% on loans to Sinnsuptawee Asset Management Co., Ltd.

For the year ended December 31, 2015, the Bank and subsidiaries charged interest at rates between 1.56% to 13.00% on loans to these related parties depending on the types of loans and collateral and interest rate charged 1.56% 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 June 30, 2016 and December 31, 2015 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 SIX-MONTH PERIODS		FOR THE SIX-MONTH PERIODS	
	ENDED		ENDED	
	June 30, 2016	June 30, 2015	June 30, 2016	June 30, 2015
Interest and discount received				
Subsidiaries				
Bangkok Bank Berhad	-	-	9	8
Sinnsuptawee Asset Management Co., Ltd.	-	-	21	35
Bualuang Securities PCL.	-	-	-	1
Bangkok Bank (China) Co., Ltd.	-	-	18	12
Associate				
BSL Leasing Co., Ltd.	4	4	4	4
Other related parties	-	1	-	1
Total	4	5	52	61
Fees and service income				
Subsidiaries				
Bangkok Bank Berhad	-	-	1	1
BBL Asset Management Co., Ltd.	-	-	713	621
Bualuang Securities PCL.	-	-	11	11
Associates				
BSL Leasing Co., Ltd.	-	1	-	1
Processing Center Co., Ltd.	6	6	6	6
Other related parties	27	24	1	-
Total	33	31	732	640

	Million Baht			
	CONSOLIDATED FOR THE SIX-MONTH PERIODS ENDED		THE BANK FOR THE SIX-MONTH PERIODS ENDED	
	June 30, 2016	June 30, 2015	June 30, 2016	June 30, 2015
Dividend income				
Subsidiaries				
BBL Asset Management Co., Ltd.	-	-	315	217
Bualuang Securities PCL.	-	-	-	432
Associates				
BSL Leasing Co., Ltd.	2	2	2	2
Processing Center Co., Ltd.	47	33	47	33
Total	<u>49</u>	<u>35</u>	<u>364</u>	<u>684</u>
Other income				
Subsidiaries				
Bualuang Securities PCL.	-	-	2	2
Bangkok Bank (China) Co., Ltd.	-	-	72	69
Associate				
National ITMX Co., Ltd.	2	2	2	2
Total	<u>2</u>	<u>2</u>	<u>76</u>	<u>73</u>
Interest paid				
Subsidiaries				
BBL (Cayman) Limited	-	-	2	-
BBL Asset Management Co., Ltd.	-	-	1	1
Bualuang Securities PCL.	-	-	3	2
Bangkok Bank (China) Co., Ltd.	-	-	3	1
Associate				
Thai Payment Network Co., Ltd.	-	1	-	1
Other related parties	25	33	25	33
Total	<u>25</u>	<u>34</u>	<u>34</u>	<u>38</u>
Commission paid				
Subsidiary				
Bualuang Securities PCL.	-	-	-	4
Other related parties	15	13	-	-
Total	<u>15</u>	<u>13</u>	<u>-</u>	<u>4</u>
Other expenses				
Subsidiary				
Bangkok Bank (China) Co., Ltd.	-	-	-	5
Associates				
Processing Center Co., Ltd.	20	13	20	13
National ITMX Co., Ltd.	27	34	27	34
Other related parties	34	22	30	14
Total	<u>81</u>	<u>69</u>	<u>77</u>	<u>66</u>

6.30 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.

6.31 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 SIX-MONTH PERIOD ENDED JUNE 30, 2016 (UNAUDITED - REVIEWED)			Million Baht
	2016	2015	
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit from operating before income tax expenses	944	648	
Items to reconcile profit from operating before income tax expenses to cash received (paid) from operating activities			
Net gain on disposal of securities	(930)	(296)	
Loss on impairment of properties for sale	41	61	
Net interest expenses	21	35	
Dividend income	(73)	(85)	
Proceeds from dividend income	73	85	
Interest expenses paid	(21)	(35)	
Income tax paid	(652)	(22)	
Profit from operating before changes in operating assets and liabilities	(597)	391	
Operating assets (increase) decrease			
Account receivable from properties for rental	3	-	
Properties for sale	48	642	
Operating liabilities increase (decrease)			
Deposits	33	(62)	
Advance received for properties for sale	-	(62)	
Other liabilities	-	(7)	
Net cash from operating activities	(513)	902	
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of available-for-sale securities	(1,214)	(367)	
Proceeds from disposal of available-for-sale securities	1,723	662	
Purchase of equipment	-	-	
Net cash from investing activities	509	295	
CASH FLOWS FROM FINANCING ACTIVITIES			
Cash paid for loan from the parent company	-	(1,240)	
Net cash from financing activities	-	(1,240)	
Net decrease in cash and cash equivalents	(4)	(43)	
Cash and cash equivalents as at January 1,	6	55	
Cash and cash equivalents as at June 30,	2	12	

6.32 Long-term leases

Long-term leases as at June 30, 2016 and December 31, 2015 consisted of the following :

Type of lease	Period	REMAINING RENTAL EXPENSES				Million Baht
		CONSOLIDATED		THE BANK		
		June 30, 2016	December 31, 2015	June 30, 2016	December 31, 2015	
Land and/or premises	1 Year	100	128	100	128	
Land and/or premises	Over 1 Year to 5 Years	202	215	202	215	
Land and/or premises	Over 5 Years	257	263	257	263	
Total		<u>559</u>	<u>606</u>	<u>559</u>	<u>606</u>	

6.33 Operating Segments

6.33.1 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 three-month periods and the six-month periods ended June 30, 2016 and 2015 are as follows :

	CONSOLIDATED FOR THE THREE-MONTH PERIOD ENDED JUNE 30, 2016					Million Baht
	Domestic Banking	International Banking	Investment Banking	Others	Elimination	Total
Total operating income	16,821	3,017	2,747	2,261	-	24,846
Total operating expenses before credit losses	<u>(8,120)</u>	<u>(1,116)</u>	<u>(151)</u>	<u>(3,212)</u>	<u>-</u>	<u>(12,599)</u>
Profit from operating before credit losses and income tax expenses	<u>8,701</u>	<u>1,901</u>	<u>2,596</u>	<u>(951)</u>	<u>-</u>	<u>12,247</u>

	CONSOLIDATED FOR THE THREE-MONTH PERIOD ENDED JUNE 30, 2015					Million Baht
	Domestic Banking	International Banking	Investment Banking	Others	Elimination	Total
Total operating income	14,416	2,548	4,946	2,635	-	24,545
Total operating expenses before credit losses	<u>(7,845)</u>	<u>(1,721)</u>	<u>(160)</u>	<u>(1,863)</u>	<u>-</u>	<u>(11,589)</u>
Profit from operating before credit losses and income tax expenses	<u>6,571</u>	<u>827</u>	<u>4,786</u>	<u>772</u>	<u>-</u>	<u>12,956</u>

	CONSOLIDATED FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2016					Million Baht
	Domestic Banking	International Banking	Investment Banking	Others	Elimination	Total
Total operating income	33,978	5,563	6,792	5,212	-	51,545
Total operating expenses before credit losses	<u>(17,329)</u>	<u>(2,186)</u>	<u>(325)</u>	<u>(5,608)</u>	<u>-</u>	<u>(25,448)</u>
Profit from operating before credit losses and income tax expenses	<u>16,649</u>	<u>3,377</u>	<u>6,467</u>	<u>(396)</u>	<u>-</u>	<u>26,097</u>

	CONSOLIDATED FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2015					Million Baht
	Domestic Banking	International Banking	Investment Banking	Others	Elimination	Total
Total operating income	29,576	5,104	9,436	5,472	-	49,588
Total operating expenses before credit losses	(14,858)	(2,644)	(328)	(4,129)	-	(21,959)
Profit from operating before credit losses and income tax expenses	14,718	2,460	9,108	1,343	-	27,629

The financial position of operating segments as June 30, 2016 and December 31, 2015 are as follows :

	CONSOLIDATED					Million Baht
	Domestic Banking	International Banking	Investment Banking	Others	Elimination	Total
Total assets						
As at June 30, 2016	1,554,145	699,492	970,326	159,873	(451,629)	2,932,207
As at December 31, 2015	1,526,414	706,799	920,854	160,459	(478,674)	2,835,852

6.33.2 Geographical Segments

The operating results classified by geographical areas for the three-month periods and the six-month periods ended June 30, 2016 and 2015 are as follows :

	CONSOLIDATED FOR THE THREE-MONTH PERIODS ENDED						Million Baht
	June 30, 2016			June 30, 2015			
	Domestic Operations	Foreign Operations	Total	Domestic Operations	Foreign Operations	Total	
Total operating income	21,428	3,418	24,846	21,745	2,800	24,545	
Total operating expenses *	(14,145)	(1,996)	(16,141)	(12,036)	(2,474)	(14,510)	
Profit from operating before income tax expenses	7,283	1,422	8,705	9,709	326	10,035	

	CONSOLIDATED FOR THE SIX-MONTH PERIODS ENDED						Million Baht
	June 30, 2016			June 30, 2015			
	Domestic Operations	Foreign Operations	Total	Domestic Operations	Foreign Operations	Total	
Total operating income	45,144	6,401	51,545	43,865	5,723	49,588	
Total operating expenses *	(28,851)	(3,783)	(32,634)	(23,726)	(4,135)	(27,861)	
Profit from operating before income tax expenses	16,293	2,618	18,911	20,139	1,588	21,727	

* Including credit losses.

The financial position classified by geographical areas as at June 30, 2016 and December 31, 2015 are as follows :

	Million Baht					
	CONSOLIDATED					
	June 30, 2016			December 31, 2015		
	Domestic Operations	Foreign Operations	Total	Domestic Operations	Foreign Operations	Total
Non-current assets *	38,468	7,902	46,370	38,932	7,628	46,560
Total assets	2,423,749	508,458	2,932,207	2,321,497	514,355	2,835,852

6.34 Interest income

Interest income for the three-month periods and the six-month periods ended June 30, 2016 and 2015 are as follows :

	Million Baht			
	CONSOLIDATED		THE BANK	
	FOR THE THREE-MONTH PERIODS ENDED		FOR THE THREE-MONTH PERIODS ENDED	
	June 30, 2016	June 30, 2015	June 30, 2016	June 30, 2015
Interest on interbank and money market items	1,668	2,512	1,424	2,044
Investments and trading transactions	103	94	103	94
Investment in debt securities	1,992	1,667	1,869	1,552
Interest on loans	21,797	21,527	21,182	20,863
Others	18	9	18	9
Total interest income	25,578	25,809	24,596	24,562

	Million Baht			
	CONSOLIDATED		THE BANK	
	FOR THE SIX-MONTH PERIODS ENDED		FOR THE SIX-MONTH PERIODS ENDED	
	June 30, 2016	June 30, 2015	June 30, 2016	June 30, 2015
Interest on interbank and money market items	3,008	5,550	2,496	4,521
Investments and trading transactions	243	213	243	212
Investment in debt securities	3,960	3,281	3,717	3,067
Interest on loans	44,172	43,338	42,933	42,031
Others	38	16	38	17
Total interest income	51,421	52,398	49,427	49,848

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

6.35 Interest expenses

Interest expenses for the three-month periods and the six-month periods ended June 30, 2016 and 2015 are as follows :

	CONSOLIDATED FOR THE THREE-MONTH PERIODS ENDED		THE BANK FOR THE THREE-MONTH PERIODS ENDED	
	June 30, 2016	June 30, 2015	June 30, 2016	June 30, 2015
Interest on deposits	5,650	8,162	5,258	7,623
Interest on interbank and money market items	322	355	307	311
Contributions to the Deposit Protection Agency	2,305	2,352	2,304	2,351
Interest on debt issued				
Bonds and subordinated notes	1,703	1,721	1,703	1,721
Others	<u>2</u>	<u>1</u>	<u>2</u>	<u>1</u>
Total interest expenses	<u>9,982</u>	<u>12,591</u>	<u>9,574</u>	<u>12,007</u>

	CONSOLIDATED FOR THE SIX-MONTH PERIODS ENDED		THE BANK FOR THE SIX-MONTH PERIODS ENDED	
	June 30, 2016	June 30, 2015	June 30, 2016	June 30, 2015
Interest on deposits	11,193	16,160	10,423	15,097
Interest on interbank and money market items	598	805	533	676
Contributions to the Deposit Protection Agency	4,586	4,583	4,583	4,582
Interest on debt issued				
Bonds and subordinated notes	3,411	3,395	3,411	3,395
Others	-	1	-	1
Others	<u>4</u>	<u>2</u>	<u>4</u>	<u>2</u>
Total interest expenses	<u>19,792</u>	<u>24,946</u>	<u>18,954</u>	<u>23,753</u>

6.36 Net fees and service income

Net fees and service income for the three-month periods and the six-month periods ended June 30, 2016 and 2015 are as follows :

	CONSOLIDATED FOR THE THREE-MONTH PERIODS ENDED		THE BANK FOR THE THREE-MONTH PERIODS ENDED	
	June 30, 2016	June 30, 2015	June 30, 2016	June 30, 2015
Fees and service income				
Acceptances, aval and guarantees of loans	56	43	48	36
Others	<u>7,917</u>	<u>7,263</u>	<u>6,946</u>	<u>6,351</u>
Total fees and service income	7,973	7,306	6,994	6,387
Fees and service expenses	<u>1,997</u>	<u>1,880</u>	<u>1,972</u>	<u>1,815</u>
Net fees and service income	<u><u>5,976</u></u>	<u><u>5,426</u></u>	<u><u>5,022</u></u>	<u><u>4,572</u></u>

	CONSOLIDATED FOR THE SIX-MONTH PERIODS ENDED		THE BANK FOR THE SIX-MONTH PERIODS ENDED	
	June 30, 2016	June 30, 2015	June 30, 2016	June 30, 2015
Fees and service income				
Acceptances, aval and guarantees of loans	96	68	81	57
Others	<u>16,135</u>	<u>15,782</u>	<u>14,286</u>	<u>13,309</u>
Total fees and service income	16,231	15,850	14,367	13,366
Fees and service expenses	<u>4,152</u>	<u>4,030</u>	<u>4,102</u>	<u>3,772</u>
Net fees and service income	<u><u>12,079</u></u>	<u><u>11,820</u></u>	<u><u>10,265</u></u>	<u><u>9,594</u></u>

6.37 Gains (losses) on tradings and foreign exchange transactions

Gains (losses) on tradings and foreign exchange transactions for the three-month periods and the six-month periods ended June 30, 2016 and 2015 are as follows :

	CONSOLIDATED FOR THE THREE-MONTH PERIODS ENDED		THE BANK FOR THE THREE-MONTH PERIODS ENDED	
	June 30, 2016	June 30, 2015	June 30, 2016	June 30, 2015
Gains (losses) on tradings and foreign exchange transactions				
Foreign exchanges and derivatives	2,407	1,426	2,132	1,467
Interest rate derivatives	(291)	248	(291)	248
Debt securities	(702)	71	(704)	70
Equity securities	<u>140</u>	<u>137</u>	<u>-</u>	<u>-</u>
Total gains (losses) on tradings and foreign exchange transactions	<u><u>1,554</u></u>	<u><u>1,882</u></u>	<u><u>1,137</u></u>	<u><u>1,785</u></u>

	CONSOLIDATED FOR THE SIX-MONTH PERIODS ENDED		THE BANK FOR THE SIX-MONTH PERIODS ENDED	
	June 30, 2016	June 30, 2015	June 30, 2016	June 30, 2015
Gains (losses) on tradings and foreign exchange transactions				
Foreign exchanges and derivatives	5,574	3,166	5,344	3,128
Interest rate derivatives	(1,935)	(56)	(1,935)	(56)
Debt securities	(385)	233	(387)	229
Equity securities	256	222	-	-
Total gains (losses) on tradings and foreign exchange transactions	3,510	3,565	3,022	3,301

6.38 Gains (losses) on investments

Gains (losses) on investments for the three-month periods and the six-month periods ended June 30, 2016 and 2015 are as follows :

	CONSOLIDATED FOR THE THREE-MONTH PERIODS ENDED		THE BANK FOR THE THREE-MONTH PERIODS ENDED	
	June 30, 2016	June 30, 2015	June 30, 2016	June 30, 2015
Gains (losses) on sale of investments				
Available-for-sale securities	348	2,240	343	1,943
General investment	(241)	22	(241)	22
Total	107	2,262	102	1,965
Loss on impairment				
Available-for-sale equity securities	(56)	-	(56)	-
Total	(56)	-	(56)	-
Total gains (losses) on investments	51	2,262	46	1,965

	CONSOLIDATED FOR THE SIX-MONTH PERIODS ENDED		THE BANK FOR THE SIX-MONTH PERIODS ENDED	
	June 30, 2016	June 30, 2015	June 30, 2016	June 30, 2015
Gains (losses) on sale of investments				
Available-for-sale securities	1,767	3,703	836	3,404
General investment	(140)	32	(140)	32
Total	1,627	3,735	696	3,436
Loss on impairment				
Available-for-sale equity securities	(46)	(243)	(46)	(243)
General investment	-	(22)	-	(22)
Total	(46)	(265)	(46)	(265)
Total gains (losses) on investments	1,581	3,470	650	3,171

6.39 Impairment loss of loans and debt securities

Impairment loss of loans and debt securities for the three-month periods and the six-month periods ended June 30, 2016 and 2015 are as follows :

	CONSOLIDATED FOR THE THREE-MONTH PERIODS ENDED		THE BANK FOR THE THREE-MONTH PERIODS ENDED	
	June 30, 2016	June 30, 2015	June 30, 2016	June 30, 2015
Interbank and money market items (reversal)	(64)	83	76	63
Loans to customers	3,609	2,925	3,343	2,752
Loss on debt restructuring (reversal)	(3)	(87)	(3)	(87)

	CONSOLIDATED FOR THE SIX-MONTH PERIODS ENDED		THE BANK FOR THE SIX-MONTH PERIODS ENDED	
	June 30, 2016	June 30, 2015	June 30, 2016	June 30, 2015
Interbank and money market items (reversal)	(51)	38	141	13
Loans to customers	7,588	6,046	7,248	5,716
Loss on debt restructuring (reversal)	(351)	(183)	(351)	(183)

6.40 Income tax expenses

6.40.1 Income tax recognized in profit or loss for the three-month periods and the six-month periods ended June 30, 2016 and 2015 are as follows :

	CONSOLIDATED FOR THE THREE-MONTH PERIODS ENDED		THE BANK FOR THE THREE-MONTH PERIODS ENDED	
	June 30, 2016	June 30, 2015	June 30, 2016	June 30, 2015
Current tax	1,781	2,413	1,582	2,224
Deferred tax	<u>(308)</u>	<u>(471)</u>	<u>(355)</u>	<u>(477)</u>
Total income tax expenses	<u><u>1,473</u></u>	<u><u>1,942</u></u>	<u><u>1,227</u></u>	<u><u>1,747</u></u>

	CONSOLIDATED FOR THE SIX-MONTH PERIODS ENDED		THE BANK FOR THE SIX-MONTH PERIODS ENDED	
	June 30, 2016	June 30, 2015	June 30, 2016	June 30, 2015
Current tax	3,578	4,535	2,958	4,134
Deferred tax	<u>(277)</u>	<u>(358)</u>	<u>(214)</u>	<u>(427)</u>
Total income tax expenses	<u><u>3,301</u></u>	<u><u>4,177</u></u>	<u><u>2,744</u></u>	<u><u>3,707</u></u>

6.40.2 Income tax recognized in component of other comprehensive income for the three-month periods and the six-month periods ended June 30, 2016 and 2015 are as follows :

							Million Baht
CONSOLIDATED							
FOR THE THREE-MONTH PERIODS ENDED							
	June 30, 2016			June 30, 2015			
	Before-tax Amount	Tax (expense) Benefit	Net-of-tax Amount	Before-tax Amount	Tax (expense) Benefit	Net-of-tax Amount	
Changes in revaluation surplus	-	-	-	15,628	(3,119)	12,509	
Gains (losses) on remeasuring available-for-sale							
Investment	617	(214)	403	2,718	(590)	2,128	
Gains (losses) arising from translating the financial statements of foreign							
Operations	(684)	-	(684)	1,911	-	1,911	
Actuarial gains (losses) on defined benefit plans	2	(1)	1	(1)	-	(1)	
Total	<u>(65)</u>	<u>(215)</u>	<u>(280)</u>	<u>20,256</u>	<u>(3,709)</u>	<u>16,547</u>	

							Million Baht
CONSOLIDATED							
FOR THE SIX-MONTH PERIODS ENDED							
	June 30, 2016			June 30, 2015			
	Before-tax Amount	Tax (expense) Benefit	Net-of-tax Amount	Before-tax Amount	Tax (expense) Benefit	Net-of-tax Amount	
Changes in revaluation surplus	-	-	-	15,628	(3,119)	12,509	
Gains (losses) on remeasuring available-for-sale							
investment	1,619	(424)	1,195	5,953	(1,242)	4,711	
Gains (losses) arising from translating the financial statements of foreign							
operations	(1,108)	-	(1,108)	267	-	267	
Actuarial gains (losses) on defined benefit plans	2	(1)	1	(14)	6	(8)	
Total	<u>513</u>	<u>(425)</u>	<u>88</u>	<u>21,834</u>	<u>(4,355)</u>	<u>17,479</u>	

Million Baht

THE BANK						
FOR THE THREE-MONTH PERIODS ENDED						
	June 30, 2016			June 30, 2015		
	Before-tax Amount	Tax (expense) Benefit	Net-of-tax Amount	Before-tax Amount	Tax (expense) Benefit	Net-of-tax Amount
Changes in revaluation surplus	-	-	-	15,505	(3,101)	12,404
Gains (losses) on remeasuring available-for-sale						
Investment	339	(151)	188	2,610	(567)	2,043
Losses arising from translating the financial statements of foreign operations	200	-	200	886	-	886
Actuarial gains (losses) on defined benefit plans	2	(1)	1	(1)	-	(1)
Total	<u>541</u>	<u>(152)</u>	<u>389</u>	<u>19,000</u>	<u>(3,668)</u>	<u>15,332</u>

Million Baht

THE BANK						
FOR THE SIX-MONTH PERIODS ENDED						
	June 30, 2016			June 30, 2015		
	Before-tax Amount	Tax (expense) Benefit	Net-of-tax Amount	Before-tax Amount	Tax (expense) Benefit	Net-of-tax Amount
Changes in revaluation surplus	-	-	-	15,505	(3,101)	12,404
Gains (losses) on remeasuring available-for-sale						
investment	1,391	(371)	1,020	5,934	(1,236)	4,698
Losses arising from translating the financial statements of foreign operations	(206)	-	(206)	(33)	-	(33)
Actuarial gains (losses) on defined benefit plans	2	(1)	1	(14)	6	(8)
Total	<u>1,187</u>	<u>(372)</u>	<u>815</u>	<u>21,392</u>	<u>(4,331)</u>	<u>17,061</u>

6.40.3 Reconciliation of effective tax rates for the three-month periods and the six-month periods ended June 30, 2016 and 2015 are as follows :

Million Baht				
CONSOLIDATED FOR THE THREE-MONTH PERIODS ENDED				
	June 30, 2016		June 30, 2015	
	Amount	Percentage	Amount	Percentage
Profit from operating before income tax expense	8,705		10,035	
Income tax calculated at statutory tax rate	1,741	20.00	2,007	20.00
Overseas tax	135		259	
Tax effect of income and expenses that are not taxable and not deductible for tax purposes	(202)		(299)	
Others	(201)		(25)	
Total income tax expenses	<u>1,473</u>	16.92	<u>1,942</u>	19.35

Million Baht				
CONSOLIDATED FOR THE SIX-MONTH PERIODS ENDED				
	June 30, 2016		June 30, 2015	
	Amount	Percentage	Amount	Percentage
Profit from operating before income tax expense	18,911		21,727	
Income tax calculated at statutory tax rate	3,782	20.00	4,345	20.00
Overseas tax	197		335	
Tax effect of income and expenses that are not taxable and not deductible for tax purposes	(380)		(429)	
Others	(298)		(74)	
Total income tax expenses	<u>3,301</u>	17.46	<u>4,177</u>	19.23

Million Baht				
THE BANK FOR THE THREE-MONTH PERIODS ENDED				
	June 30, 2016		June 30, 2015	
	Amount	Percentage	Amount	Percentage
Profit from operating before income tax expense	7,803		9,399	
Income tax calculated at statutory tax rate	1,561	20.00	1,880	20.00
Overseas tax	118		256	
Tax effect of income and expenses that are not taxable and not deductible for tax purposes	(252)		(308)	
Others	(200)		(81)	
Total income tax expenses	<u>1,227</u>	15.73	<u>1,747</u>	18.59

Million Baht

THE BANK FOR THE SIX-MONTH PERIODS ENDED				
	June 30, 2016		June 30, 2015	
	Amount	Percentage	Amount	Percentage
Profit from operating before income tax expense	16,698		19,983	
Income tax calculated at statutory tax rate	3,339	20.00	3,997	20.00
Overseas tax	176		323	
Tax effect of income and expenses that are not taxable and not deductible for tax purposes	(409)		(464)	
Others	<u>(362)</u>		<u>(149)</u>	
Total income tax expenses	<u>2,744</u>	16.44	<u>3,707</u>	18.55

6.41 Approval of the financial statements

On August 18, 2016, the Audit Committee and the Board of Executive Directors have authorized to issue these financial statements.