



Ref. KTB.FIR. 472 /2016

March 1, 2016

Singapore Exchange Securities Trading Limited

2 Shenton Way

#19-00 SGX Centre 1

Singapore 068804

Attn: Market Control Department

Dear Sir,

Re : Submission of the Financial Statements

Krung Thai Bank Public Company Limited ("The Bank") hereby submits the audited financial statements of the Bank and its subsidiaries for the year ended December 31, 2015 together with the operating performance as follows:

The Bank and its subsidiaries' operating results for the year ended December 31, 2015 show the net interest income of Bt.80,868m, an increase of Bt.3,710m, or 4.81% over the Bt.77,158m, of the corresponding period of 2014. Net profit before income tax and allowance for doubtful accounts of Bt.65,687m, shows an increase of Bt.5,782m, or 9.65% over the Bt.59,905m, of the corresponding period of 2014. After deducting income tax and allowance for doubtful accounts of Bt.36,146m, net profit is Bt.29,541m, shows a decrease of Bt.4,537m, or 13.31% over the Bt.34,078m, of the corresponding period of 2014. Net profit Equity holders of the Bank is Bt.28,494m, shows a decrease of Bt.4,697m, or 14.15% over the Bt.33,191m, of the corresponding period of 2014.

The Bank and its subsidiaries' gross non-performing loans (NPLs) as at December 31, 2015 are Bt.76,371m, show an increase of Bt.18,882m, or 32.84% from Bt.57,489m, as at December 31, 2014. The ratio of NPLs to loans increased to 3.20% compared with 2.41% as at December 31, 2014. Net non-performing loans (NPLs) are Bt.40,612m, or 1.73%. For the year ended December 31, 2015, the Bank and its subsidiaries have set aside allowance for doubtful accounts and loss on impairment of Bt.30,541m, show an increase of Bt.11,898m, or 63.82% over the corresponding period of 2014. The Bank set aside Bt.24,000m, provision for bad debts, doubtful accounts and loss on impairment in accordance with the monthly normalized provision of Bt.700m, and additional provision of Bt.3,600m, in 2Q2015, Bt.6,700m, in 3Q2015, and Bt.5,300m, in 4Q2015, because of the rising in NPLs from retail sector, SME sector, and

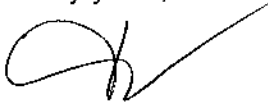
2 / corporate clients in Steel industry...

01m

corporate clients in Steel industry along with the prudent banking practice to retain coverage ratio at appropriate level. The Bank and its subsidiaries' coverage ratio was 112.55% as at the end of year 2015.

Please be advised accordingly.

Sincerely yours,

A handwritten signature in black ink, consisting of a stylized 'V' followed by a checkmark-like flourish.

Vorapak Tanyawong  
President



(TRANSLATION)

## AUDITOR'S REPORT

To: The Shareholders of Krung Thai Bank Public Company Limited

The Office of the Auditor General of Thailand has audited the accompanying consolidated financial statements of Krung Thai Bank Public Company Limited and its subsidiaries, and the Bank's financial statements of Krung Thai Bank Public Company Limited, which comprise the consolidated and the Bank's statements of financial position as at December 31, 2015, and the consolidated and the Bank's statements of income and other comprehensive income, consolidated and the Bank's statements of changes in equity and consolidated and the Bank's statements of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

### *Management's Responsibility for the Consolidated and the Bank's Financial Statements*

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

### *Auditor's Responsibility*

The Office of the Auditor General of Thailand's responsibility is to express an opinion on these consolidated and the Bank's financial statements based on the audit. The Office of the Auditor General of Thailand conducted the audit in accordance with Thai Standards on Auditing. Those standards require that the Office of the Auditor General of Thailand comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated and the Bank's financial statements are free from material misstatement.

*Office of the Auditor General of Thailand*



## (TRANSLATION)

2

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated and the Bank's financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated and the Bank's financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated and the Bank's 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 entity'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 consolidated and the Bank's financial statements.

The Office of the Auditor General of Thailand believes that the audit evidence the Office of the Auditor General of Thailand has obtained is sufficient and appropriate to provide a basis for The Office of the Auditor General of Thailand's audit opinion.

### *Opinion*

In the Office of the Auditor General of Thailand's opinion, the above mentioned consolidated and the Bank's financial statements present fairly, in all material respects, the consolidated financial position of Krung Thai Bank Public Company Limited and its subsidiaries, and the Bank's financial position of Krung Thai Bank Public Company Limited, respectively, as at December 31, 2015, and their consolidated and the Bank's financial performance and cash flows for the year then ended in accordance with Thai Financial Reporting Standards.

(Signed)

*Yupin Chalanonniwat*

(Yupin Chalanonniwat)

Inspector General 1

Acting Deputy Auditor General

(Signed)

*Ratchanee Chohnakijkul*

(Ratchanee Chohnakijkul)

Director of Financial Audit Office No. 2

*Office of the Auditor General of Thailand*

February 24, 2016

**KRUNG THAI BANK PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**  
**STATEMENTS OF FINANCIAL POSITION**  
**AS AT 31 DECEMBER, 2015**

| (Thousand Baht)                                                |                |                      |                   |                                    |                      |                   |                      |
|----------------------------------------------------------------|----------------|----------------------|-------------------|------------------------------------|----------------------|-------------------|----------------------|
|                                                                | NOTE           | CONSOLIDATED         |                   |                                    | THE BANK'S           |                   |                      |
|                                                                |                | FINANCIAL STATEMENTS |                   |                                    | FINANCIAL STATEMENTS |                   |                      |
|                                                                |                | DECEMBER 31, 2015    | DECEMBER 31, 2014 | JANUARY 1, 2014                    | DECEMBER 31, 2015    | DECEMBER 31, 2014 | JANUARY 1, 2014      |
|                                                                |                |                      | (RESTATED)        | (BROUGHT<br>FORWARD)<br>(RESTATED) |                      |                   | (BROUGHT<br>FORWARD) |
| <b>ASSETS</b>                                                  |                |                      |                   |                                    |                      |                   |                      |
| CASH                                                           |                | 71,470,113           | 74,769,982        | 51,148,722                         | 71,294,408           | 74,585,231        | 50,687,465           |
| INTERBANK AND MONEY MARKET ITEMS, NET                          | 6.2            | 397,357,971          | 456,721,172       | 448,818,118                        | 397,061,378          | 456,436,877       | 448,445,334          |
| CLAIMS ON SECURITIES                                           |                | 13,494,400           | 13,215,000        | -                                  | 13,494,400           | 13,215,000        | -                    |
| DERIVATIVES ASSETS                                             | 3.4 6.3        | 34,039,142           | 16,042,974        | 21,310,251                         | 34,088,515           | 16,108,055        | 21,335,305           |
| INVESTMENTS, NET                                               | 3.6 6.4        | 247,081,663          | 245,368,861       | 230,593,981                        | 246,811,058          | 245,108,718       | 230,398,733          |
| INVESTMENTS IN SUBSIDIARIES AND ASSOCIATES, NET                | 3.6 6.5        | 14,650,374           | 13,126,050        | 8,179,413                          | 10,664,593           | 11,463,358        | 5,369,563            |
| LOANS TO CUSTOMERS AND ACCRUED INTEREST RECEIVABLES, NET       | 3.7 6.6        |                      |                   |                                    |                      |                   |                      |
| LOANS TO CUSTOMERS                                             |                | 2,033,250,476        | 1,960,740,862     | 1,769,942,098                      | 1,969,827,420        | 1,900,767,273     | 1,715,679,231        |
| ACCRUED INTEREST RECEIVABLES                                   |                | 5,900,902            | 5,190,813         | 4,647,126                          | 5,462,813            | 5,202,824         | 4,775,672            |
| TOTAL LOANS TO CUSTOMERS AND ACCRUED INTEREST RECEIVABLES      |                | 2,039,151,378        | 1,965,931,675     | 1,774,589,224                      | 1,975,290,233        | 1,905,970,097     | 1,720,454,903        |
| LESS DEFERRED REVENUE                                          |                | (5,810,002)          | (7,744,820)       | (7,643,919)                        | (165,766)            | (120,492)         | (175,334)            |
| LESS ALLOWANCE FOR DOUBTFUL ACCOUNTS                           | 3.8 6.7        | (85,823,934)         | (75,907,427)      | (66,170,463)                       | (77,221,061)         | (68,369,680)      | (60,847,080)         |
| LESS REVALUATION ALLOWANCE FOR DEBT RESTRUCTURING              | 3.9 6.8        | (132,627)            | (113,222)         | (130,221)                          | (132,627)            | (113,222)         | (130,221)            |
| TOTAL LOANS TO CUSTOMERS AND ACCRUED INTEREST RECEIVABLES, NET |                | 1,947,384,815        | 1,882,166,206     | 1,700,644,621                      | 1,897,770,779        | 1,837,366,703     | 1,659,302,268        |
| CUSTOMERS' LIABILITIES UNDER ACCEPTANCES                       |                | 1,567,806            | 1,909,763         | 3,121,789                          | 1,567,806            | 1,909,763         | 3,121,789            |
| PROPERTIES FOR SALE, NET                                       | 3.10 6.9       | 30,008,144           | 30,733,269        | 30,661,019                         | 29,909,856           | 30,486,612        | 30,386,602           |
| PREMISES AND EQUIPMENT, NET                                    | 3.11 6.10      | 26,354,526           | 28,115,773        | 27,243,423                         | 21,376,845           | 21,559,347        | 21,350,942           |
| OTHER INTANGIBLE ASSETS, NET                                   | 3.12 6.11      | 4,571,604            | 4,692,950         | 4,293,318                          | 897,367              | 905,412           | 637,399              |
| DEFERRED TAX ASSETS                                            | 3.13 6.12      | 6,996,109            | 5,690,072         | 5,342,779                          | 5,020,583            | 3,892,134         | 3,719,681            |
| ACCRUED INCOME                                                 |                | 3,788,212            | 4,637,956         | 4,374,111                          | 3,578,869            | 4,429,265         | 4,092,263            |
| OTHER ASSETS, NET                                              | 6.13           | 16,564,767           | 11,952,542        | 18,067,773                         | 15,071,377           | 9,683,916         | 15,445,545           |
| TOTAL ASSETS                                                   |                | 2,815,329,646        | 2,789,142,570     | 2,553,799,318                      | 2,748,607,834        | 2,727,150,391     | 2,494,292,889        |
| <b>LIABILITIES AND EQUITY</b>                                  |                |                      |                   |                                    |                      |                   |                      |
| DEPOSITS                                                       | 3.18 6.14      | 2,135,498,511        | 2,151,268,250     | 1,882,862,755                      | 2,137,446,488        | 2,152,553,446     | 1,884,261,913        |
| INTERBANK AND MONEY MARKET ITEMS, NET                          | 6.15           | 194,242,842          | 167,214,934       | 206,189,265                        | 177,701,199          | 160,774,651       | 199,372,480          |
| LIABILITIES PAYABLE ON DEMAND                                  |                | 6,121,116            | 5,107,990         | 5,695,007                          | 6,121,116            | 5,107,990         | 5,695,007            |
| LIABILITIES TO DELIVER SECURITIES                              |                | 13,494,400           | 13,215,000        | -                                  | 13,494,400           | 13,215,000        | -                    |
| DERIVATIVES LIABILITIES                                        | 3.4 6.3        | 37,232,572           | 16,245,258        | 24,544,712                         | 37,234,793           | 16,245,513        | 24,544,712           |
| DEBT ISSUED AND BORROWINGS                                     | 6.16           | 116,240,463          | 140,970,903       | 167,208,853                        | 86,937,975           | 103,611,501       | 128,911,083          |
| BANK'S LIABILITIES UNDER ACCEPTANCES                           |                | 1,567,806            | 1,909,763         | 3,121,789                          | 1,567,806            | 1,909,763         | 3,121,789            |
| PROVISIONS                                                     | 3.17 3.21 6.17 | 14,424,688           | 14,241,006        | 14,471,933                         | 13,634,737           | 13,443,285        | 13,732,153           |
| DEFERRED TAX LIABILITIES                                       | 3.13 6.12      | -                    | -                 | 182,682                            | -                    | -                 | -                    |
| OTHER LIABILITIES                                              | 6.18           | 46,209,922           | 43,102,818        | 40,334,116                         | 39,997,788           | 36,436,572        | 32,478,952           |
| TOTAL LIABILITIES                                              |                | 2,565,032,320        | 2,553,275,922     | 2,344,611,112                      | 2,514,136,302        | 2,503,297,721     | 2,292,118,089        |

NOTES TO THE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS.

**KRUNG THAI BANK PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**  
**STATEMENTS OF FINANCIAL POSITION (CONTINUED)**  
**AS AT 31 DECEMBER, 2015**

|                                                         |      | (Thousand Baht)      |                   |                                    |                      |                   |                      |
|---------------------------------------------------------|------|----------------------|-------------------|------------------------------------|----------------------|-------------------|----------------------|
|                                                         | NOTE | CONSOLIDATED         |                   |                                    | THE BANK'S           |                   |                      |
|                                                         |      | FINANCIAL STATEMENTS |                   |                                    | FINANCIAL STATEMENTS |                   |                      |
|                                                         |      | DECEMBER 31, 2015    | DECEMBER 31, 2014 | JANUARY 1, 2014                    | DECEMBER 31, 2015    | DECEMBER 31, 2014 | JANUARY 1, 2014      |
|                                                         |      |                      | (RESTATED)        | (BROUGHT<br>FORWARD)<br>(RESTATED) |                      |                   | (BROUGHT<br>FORWARD) |
| <b>LIABILITIES AND EQUITY (CONTINUED)</b>               |      |                      |                   |                                    |                      |                   |                      |
| <b>EQUITY</b>                                           |      |                      |                   |                                    |                      |                   |                      |
| SHARE CAPITAL                                           | 6.19 |                      |                   |                                    |                      |                   |                      |
| AUTHORIZED SHARE CAPITAL                                |      |                      |                   |                                    |                      |                   |                      |
| 5,500,000 PREFERRED SHARES OF BAHT 5.15 EACH            |      | 28,325               | 28,325            | 28,325                             | 28,325               | 28,325            | 28,325               |
| 13,976,061,250 ORDINARY SHARES OF BAHT 5.15 EACH        |      | 71,976,715           | 71,976,715        | 71,976,715                         | 71,976,715           | 71,976,715        | 71,976,715           |
| <hr/>                                                   |      |                      |                   |                                    |                      |                   |                      |
| ISSUED AND PAID-UP SHARE CAPITAL                        |      |                      |                   |                                    |                      |                   |                      |
| 5,500,000 PREFERRED SHARES OF BAHT 5.15 EACH            |      | 28,325               | 28,325            | 28,325                             | 28,325               | 28,325            | 28,325               |
| 13,976,061,250 ORDINARY SHARES OF BAHT 5.15 EACH        |      | 71,976,715           | 71,976,715        | 71,976,715                         | 71,976,715           | 71,976,715        | 71,976,715           |
| <hr/>                                                   |      |                      |                   |                                    |                      |                   |                      |
| PREMIUM ON SHARE CAPITAL                                |      |                      |                   |                                    |                      |                   |                      |
| PREMIUM ON ORDINARY SHARE                               |      | 20,833,734           | 20,833,734        | 20,833,734                         | 20,833,734           | 20,833,734        | 20,833,734           |
| OTHER COMPONENTS OF EQUITY                              |      | 10,643,441           | 12,443,158        | 6,738,638                          | 6,407,413            | 9,206,832         | 6,522,303            |
| <hr/>                                                   |      |                      |                   |                                    |                      |                   |                      |
| RETAINED EARNINGS                                       |      |                      |                   |                                    |                      |                   |                      |
| APPROPRIATED                                            |      |                      |                   |                                    |                      |                   |                      |
| LEGAL RESERVE                                           | 6.20 | 7,200,504            | 7,200,504         | 7,200,504                          | 7,200,504            | 7,200,504         | 7,200,504            |
| UNAPPROPRIATED                                          |      | 135,200,033          | 119,659,819       | 99,312,372                         | 128,024,841          | 114,606,560       | 95,613,219           |
| <hr/>                                                   |      |                      |                   |                                    |                      |                   |                      |
| TOTAL EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE BANK |      | 245,882,752          | 232,142,255       | 206,090,288                        | 234,471,532          | 223,852,670       | 202,174,800          |
| <hr/>                                                   |      |                      |                   |                                    |                      |                   |                      |
| NON-CONTROLLING INTEREST                                |      | 4,414,574            | 3,724,393         | 3,097,918                          |                      |                   |                      |
| <hr/>                                                   |      |                      |                   |                                    |                      |                   |                      |
| TOTAL EQUITY                                            |      | 250,297,326          | 235,866,648       | 209,188,206                        | 234,471,532          | 223,852,670       | 202,174,800          |
| <hr/>                                                   |      |                      |                   |                                    |                      |                   |                      |
| TOTAL LIABILITIES AND EQUITY                            |      | 2,815,329,646        | 2,789,142,570     | 2,553,799,318                      | 2,748,607,834        | 2,727,150,391     | 2,494,292,889        |

NOTES TO THE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS.

(Signed) Somchai Sujjapongse  
**SOMCHAI SUJJAPONGSE**  
**CHAIRMAN OF THE BOARD OF DIRECTORS**

(Signed) Vorapak Tanyawong  
**VORAPAK TANYAWONG**  
**PRESIDENT**

(TRANSLATION)

5

**KRUNG THAI BANK PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES****STATEMENTS OF INCOME AND OTHER COMPREHENSIVE INCOME****FOR THE YEAR ENDED DECEMBER 31, 2015****(Thousand Baht)**

|                                                          | NOTE  |       |      | CONSOLIDATED         |                    | THE BANK'S           |             |
|----------------------------------------------------------|-------|-------|------|----------------------|--------------------|----------------------|-------------|
|                                                          |       |       |      | FINANCIAL STATEMENTS |                    | FINANCIAL STATEMENTS |             |
|                                                          |       |       |      | 2015                 | 2014<br>(RESTATED) | 2015                 | 2014        |
| INTEREST INCOME                                          | 3.1.1 | 3.1.3 | 6.27 | 132,525,324          | 128,229,501        | 120,559,061          | 116,675,690 |
| INTEREST EXPENSES                                        | 3.2   | 6.28  |      | 51,657,469           | 51,071,821         | 49,994,241           | 49,043,987  |
| INTEREST INCOME, NET                                     |       |       |      | 80,867,855           | 77,157,680         | 70,564,820           | 67,631,703  |
| FEES AND SERVICE INCOME                                  |       |       |      | 24,223,837           | 21,027,101         | 19,934,377           | 17,253,395  |
| FEES AND SERVICE EXPENSES                                |       |       |      | 2,880,428            | 2,407,185          | 2,178,256            | 1,842,514   |
| FEES AND SERVICE INCOME, NET                             | 6.29  |       |      | 21,343,409           | 18,619,916         | 17,756,121           | 15,410,881  |
| GAINS ON TRADINGS AND FOREIGN EXCHANGE TRANSACTIONS, NET | 6.30  |       |      | 6,700,615            | 4,826,517          | 6,738,334            | 4,898,674   |
| GAINS (LOSSES) ON INVESTMENTS, NET                       | 6.31  |       |      | 648,130              | 235,265            | (150,635)            | 270,156     |
| SHARE OF PROFIT FROM INVESTMENTS FOR USING EQUITY METHOD |       |       |      | 3,038,174            | 2,931,933          | -                    | -           |
| DIVIDEND INCOME                                          |       |       |      | 407,648              | 424,548            | 3,591,414            | 2,149,926   |
| OTHER OPERATING INCOME                                   |       |       |      | 3,601,542            | 3,853,933          | 858,764              | 1,196,438   |
| TOTAL OPERATING INCOME                                   |       |       |      | 116,607,373          | 108,049,792        | 99,358,818           | 91,557,778  |
| OTHER OPERATING EXPENSES                                 |       |       |      |                      |                    |                      |             |
| EMPLOYEES' EXPENSES                                      |       |       |      | 27,373,533           | 26,067,190         | 22,229,945           | 20,919,316  |
| DIRECTORS' REMUNERATION                                  |       |       |      | 114,938              | 111,132            | 82,700               | 79,158      |
| PREMISES AND EQUIPMENT EXPENSES                          |       |       |      | 9,294,196            | 8,886,901          | 5,244,695            | 5,085,668   |
| TAXES AND DUTIES                                         |       |       |      | 5,044,995            | 4,444,917          | 4,642,603            | 4,055,991   |
| OTHERS                                                   |       |       |      | 9,091,991            | 8,634,845          | 11,693,669           | 11,324,138  |
| TOTAL OTHER OPERATING EXPENSES                           |       |       |      | 50,919,653           | 48,144,985         | 43,893,612           | 41,464,271  |
| IMPAIRMENT LOSS OF LOANS AND DEBT SECURITIES             | 6.32  |       |      | 30,541,508           | 18,643,008         | 23,999,849           | 11,399,849  |
| OPERATING PROFIT BEFORE INCOME TAX EXPENSES              |       |       |      | 35,146,212           | 41,261,799         | 31,465,357           | 38,693,658  |
| INCOME TAX EXPENSES                                      | 3.19  | 6.33  |      | 5,604,746            | 7,183,623          | 4,991,609            | 6,838,349   |
| NET PROFIT                                               |       |       |      | 29,541,466           | 34,078,176         | 26,473,748           | 31,855,309  |

NOTES TO THE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS.

(TRANSLATION)

6

**KRUNG THAI BANK PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**  
**STATEMENTS OF INCOME AND OTHER COMPREHENSIVE INCOME (CONTINUED)**  
**FOR THE YEAR ENDED DECEMBER 31, 2015**

(Thousand Baht)

|                                                                                | NOTE | CONSOLIDATED<br>FINANCIAL STATEMENTS |                    | THE BANK'S<br>FINANCIAL STATEMENTS |            |
|--------------------------------------------------------------------------------|------|--------------------------------------|--------------------|------------------------------------|------------|
|                                                                                |      | 2015                                 | 2014<br>(RESTATED) | 2015                               | 2014       |
| OTHER COMPREHENSIVE INCOME                                                     |      |                                      |                    |                                    |            |
| ITEMS THAT WILL BE RECLASSIFIED SUBSEQUENTLY TO PROFIT OR LOSS                 |      |                                      |                    |                                    |            |
| GAINS (LOSSES) ON REMEASURING AVAILABLE-FOR-SALE INVESTMENTS                   |      | (3,447,861)                          | 3,380,583          | (3,447,861)                        | 3,380,583  |
| LOSSES ARISING FROM TRANSLATING THE FINANCIAL STATEMENTS OF FOREIGN OPERATIONS |      | (38,408)                             | (19,937)           | (38,408)                           | (19,937)   |
| SHARE OF OTHER COMPREHENSIVE INCOME OF ASSOCIATES (EQUITY METHOD)              |      |                                      |                    |                                    |            |
| FOR ITEMS THAT ARE RECLASSIFIED SUBSEQUENTLY TO PROFIT OR LOSS                 |      | 999,703                              | 3,019,991          | -                                  | -          |
| RELATED INCOME TAX EXPENSES                                                    |      |                                      |                    |                                    |            |
| FOR ITEMS THAT ARE RECLASSIFIED SUBSEQUENTLY TO PROFIT OR LOSS                 |      | 689,572                              | (676,117)          | 689,572                            | (676,117)  |
| ITEMS THAT WILL NOT BE RECLASSIFIED SUBSEQUENTLY TO PROFIT OR LOSS             |      |                                      |                    |                                    |            |
| CHANGES IN REVALUATION DEFICIT ON ASSETS                                       |      | (3,403)                              | -                  | (3,403)                            | -          |
| ACTUARIAL LOSSES ON DEFINED BENEFIT PLANS                                      |      | (214,146)                            | (673,705)          | (342,100)                          | (696,680)  |
| RELATED INCOME TAX EXPENSES FOR ITEMS                                          |      |                                      |                    |                                    |            |
| FOR ITEMS THAT ARE NOT RECLASSIFIED SUBSEQUENTLY TO PROFIT OR LOSS             |      | 43,510                               | 134,742            | 69,101                             | 139,336    |
| OTHER COMPREHENSIVE INCOME, NET                                                | 6.34 | (1,971,033)                          | 5,165,557          | (3,073,099)                        | 2,127,185  |
| TOTAL COMPREHENSIVE INCOME                                                     |      | 27,570,433                           | 39,243,733         | 23,400,649                         | 33,982,494 |
| NET PROFIT ATTRIBUTABLE                                                        |      |                                      |                    |                                    |            |
| EQUITY HOLDERS OF THE BANK                                                     |      | 28,493,773                           | 33,191,034         | 26,473,748                         | 31,855,309 |
| NON-CONTROLLING INTEREST                                                       |      | 1,047,693                            | 887,142            |                                    |            |
| TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE                                        |      |                                      |                    |                                    |            |
| EQUITY HOLDERS OF THE BANK                                                     |      | 26,522,284                           | 38,356,591         | 23,400,649                         | 33,982,494 |
| NON-CONTROLLING INTEREST                                                       |      | 1,048,149                            | 887,142            |                                    |            |
| EARNINGS PER SHARE OF PARENT COMPANY                                           |      |                                      |                    |                                    |            |
| BASIC EARNINGS PER SHARE (BAHT)                                                | 3.20 | 2.04                                 | 2.37               | 1.89                               | 2.28       |
| DILUTED EARNINGS PER SHARE (BAHT)                                              | 3.20 | 2.04                                 | 2.37               | 1.89                               | 2.28       |

NOTES TO THE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS.

(Signed) Somchai Sujjapongse

SOMCHAI SUJJAPONGSE

CHAIRMAN OF THE BOARD OF DIRECTORS

(Signed) Vorapak Tanyawong

VORAPAK TANYAWONG

PRESIDENT

(TRANSLATION)

7

## KRUNG THAI BANK PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

## STATEMENTS OF CHANGES IN EQUITY

FOR THE YEAR ENDED DECEMBER 31, 2015

(Thousand Baht)

| CONSOLIDATED FINANCIAL STATEMENTS                                  |                                            |            |                            |                |                  |              |              |             |              |
|--------------------------------------------------------------------|--------------------------------------------|------------|----------------------------|----------------|------------------|--------------|--------------|-------------|--------------|
| NOTE                                                               | ATTRIBUTABLE TO EQUITY HOLDERS OF THE BANK |            |                            |                |                  |              |              | NON-        | TOTAL        |
|                                                                    | ISSUED AND                                 | PREMIUM    | OTHER COMPONENTS OF EQUITY |                |                  | RETAINED     | TOTAL EQUITY | CONTROLLING |              |
|                                                                    | PAID-UP                                    | ON         | APPRAISAL                  | REVALUATION    | GAIN (LOSS) FROM | EARNINGS     | ATTRIBUTABLE | INTEREST    |              |
|                                                                    | SHARE                                      | SHARE      | SURPLUS                    | SURPLUS        | TRANSLATING      |              | TO EQUITY    |             |              |
|                                                                    | CAPITAL                                    | CAPITAL    | (DEFICIT)                  | (DEFICIT)      | THE FINANCIAL    |              | HOLDERS OF   |             |              |
|                                                                    |                                            |            | ON ASSETS                  | ON INVESTMENTS | STATEMENTS       |              | THE BANK     |             |              |
| <b>BEGINNING BALANCE AS AT JANUARY 1, 2014 (BEFORE RESTATED)</b>   | 72,005,040                                 | 20,833,734 | 6,347,639                  | 337,852        | 53,147           | 106,512,876  | 206,090,288  | 1           | 206,090,289  |
| EFFECT FROM TFRS 10 CONSOLIDATED FINANCIAL STATEMENTS              | 2.2.1                                      | -          | -                          | -              | -                | -            | -            | 3,097,917   | 3,097,917    |
| <b>BALANCE AFTER ADJUSTMENT AS AT JANUARY 1, 2014</b>              | 72,005,040                                 | 20,833,734 | 6,347,639                  | 337,852        | 53,147           | 106,512,876  | 206,090,288  | 3,097,918   | 209,188,206  |
| DIVIDEND PAID                                                      | 6.21                                       | -          | -                          | -              | -                | (12,304,624) | (12,304,624) | (260,667)   | (12,565,291) |
| TOTAL COMPREHENSIVE INCOME                                         | 6.34                                       | -          | -                          | 5,724,457      | (19,937)         | 32,652,071   | 38,356,591   | 887,142     | 39,243,733   |
| <b>ENDING BALANCE AS AT DECEMBER 31, 2014</b>                      | 72,005,040                                 | 20,833,734 | 6,347,639                  | 6,062,309      | 33,210           | 126,860,323  | 232,142,255  | 3,724,393   | 235,866,648  |
| <b>BEGINNING BALANCE AS AT DECEMBER 31, 2014 (BEFORE RESTATED)</b> | 72,005,040                                 | 20,833,734 | 6,347,639                  | 6,062,309      | 33,210           | 126,860,323  | 232,142,255  | 8           | 232,142,263  |
| EFFECT FROM TFRS 10 CONSOLIDATED FINANCIAL STATEMENTS              | 2.2.1                                      | -          | -                          | -              | -                | -            | -            | 3,724,385   | 3,724,385    |
| <b>BALANCE AFTER ADJUSTMENT AS AT DECEMBER 31, 2014</b>            | 72,005,040                                 | 20,833,734 | 6,347,639                  | 6,062,309      | 33,210           | 126,860,323  | 232,142,255  | 3,724,393   | 235,866,648  |
| EFFECT FROM TFRS 13 FAIR VALUE MEASUREMENT                         | 2.2.2                                      | -          | -                          | -              | -                | (197,533)    | (197,533)    | -           | (197,533)    |
| <b>BALANCE AFTER ADJUSTMENT AS AT JANUARY 1, 2015</b>              | 72,005,040                                 | 20,833,734 | 6,347,639                  | 6,062,309      | 33,210           | 126,662,790  | 231,944,722  | 3,724,393   | 235,669,115  |
| DIVIDEND PAID                                                      | 6.21                                       | -          | -                          | -              | -                | (12,584,254) | (12,584,254) | (357,968)   | (12,942,222) |
| TOTAL COMPREHENSIVE INCOME                                         | 6.34                                       | -          | -                          | (2,723)        | (1,758,586)      | (38,408)     | 26,522,284   | 1,048,149   | 27,570,433   |
| <b>ENDING BALANCE AS AT DECEMBER 31, 2015</b>                      | 72,005,040                                 | 20,833,734 | 6,344,916                  | 4,303,723      | (5,198)          | 142,400,537  | 245,882,752  | 4,414,574   | 250,297,326  |

NOTES TO THE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS.

## KRUNG THAI BANK PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

## STATEMENTS OF CHANGES IN EQUITY

FOR THE YEAR ENDED DECEMBER 31, 2015

(Thousand Baht)

| THE BANK'S FINANCIAL STATEMENTS                           |                             |                        |                                                |                                                       |                                                                |              |              |
|-----------------------------------------------------------|-----------------------------|------------------------|------------------------------------------------|-------------------------------------------------------|----------------------------------------------------------------|--------------|--------------|
| NOTE                                                      | ISSUED AND                  | PREMIUM                | OTHER COMPONENTS OF EQUITY                     |                                                       |                                                                | RETAINED     | TOTAL        |
|                                                           | PAID-UP<br>SHARE<br>CAPITAL | ON<br>SHARE<br>CAPITAL | APPRAISAL<br>SURPLUS<br>(DEFICIT)<br>ON ASSETS | REVALUATION<br>SURPLUS<br>(DEFICIT)<br>ON INVESTMENTS | GAIN (LOSS) FROM<br>TRANSLATING<br>THE FINANCIAL<br>STATEMENTS | EARNINGS     |              |
| BEGINNING BALANCE AS AT JANUARY 1, 2014                   | 72,005,040                  | 20,833,734             | 6,347,639                                      | 121,517                                               | 53,147                                                         | 102,813,723  | 202,174,800  |
| DIVIDEND PAID                                             | 6.21                        | -                      | -                                              | -                                                     | -                                                              | (12,304,624) | (12,304,624) |
| TOTAL COMPREHENSIVE INCOME                                | 6.34                        | -                      | -                                              | 2,704,466                                             | (19,937)                                                       | 31,297,965   | 33,982,494   |
| ENDING BALANCE AS AT DECEMBER 31, 2014                    | 72,005,040                  | 20,833,734             | 6,347,639                                      | 2,825,983                                             | 33,210                                                         | 121,807,064  | 223,852,670  |
| BEGINNING BALANCE AS AT JANUARY 1, 2015 (BEFORE RESTATED) | 72,005,040                  | 20,833,734             | 6,347,639                                      | 2,825,983                                             | 33,210                                                         | 121,807,064  | 223,852,670  |
| EFFECT FROM TFRS 13 FAIR VALUE MEASUREMENT                | 2.2.2                       | -                      | -                                              | -                                                     | -                                                              | (197,533)    | (197,533)    |
| BALANCE AFTER ADJUSTMENT AS AT JANUARY 1, 2015            | 72,005,040                  | 20,833,734             | 6,347,639                                      | 2,825,983                                             | 33,210                                                         | 121,609,531  | 223,655,137  |
| DIVIDEND PAID                                             | 6.21                        | -                      | -                                              | -                                                     | -                                                              | (12,584,254) | (12,584,254) |
| TOTAL COMPREHENSIVE INCOME                                | 6.34                        | -                      | (2,723)                                        | (2,758,288)                                           | (38,408)                                                       | 26,200,068   | 23,400,649   |
| ENDING BALANCE AS AT DECEMBER 31, 2015                    | 72,005,040                  | 20,833,734             | 6,344,916                                      | 67,695                                                | (5,198)                                                        | 135,225,345  | 234,471,532  |

NOTES TO THE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS.

(Signed) Somchai Sujjapongse

SOMCHAI SUJJAPONGSE

CHAIRMAN OF THE BOARD OF DIRECTORS

(Signed) Vorapak Tanyawong

VORAPAK TANYAWONG

PRESIDENT

## KRUNG THAI BANK PUBLIC COMPANY LIMITED AND SUBSIDIARIES

## STATEMENTS OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2015

|                                                                      |                      |               | (Thousand Baht)      |               |
|----------------------------------------------------------------------|----------------------|---------------|----------------------|---------------|
|                                                                      | CONSOLIDATED         |               | THE BANK'S           |               |
|                                                                      | FINANCIAL STATEMENTS |               | FINANCIAL STATEMENTS |               |
|                                                                      | 2015                 | 2014          | 2015                 | 2014          |
|                                                                      |                      | (RESTATED)    |                      |               |
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>                          |                      |               |                      |               |
| OPERATING PROFIT BEFORE INCOME TAX EXPENSES                          | 35,146,212           | 41,261,799    | 31,465,357           | 38,693,658    |
| ADJUSTMENTS TO RECONCILE OPERATING PROFIT BEFORE INCOME TAX EXPENSES |                      |               |                      |               |
| TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES               |                      |               |                      |               |
| DEPRECIATION AND AMORTIZATION EXPENSES                               | 3,713,422            | 3,550,434     | 1,356,470            | 1,316,549     |
| BAD DEBTS, DOUBTFUL ACCOUNTS AND LOSS ON IMPAIRMENT                  | 30,541,508           | 18,643,008    | 23,999,849           | 11,399,849    |
| SHARE OF PROFIT FROM INVESTMENTS FOR USING EQUITY METHOD             | (3,038,174)          | (2,931,933)   | -                    | -             |
| DIVIDEND RECEIVED FROM ASSOCIATES                                    | 2,513,552            | 1,005,287     | -                    | -             |
| LOSS (GAIN) ON DISPOSAL OF ASSETS                                    | 23,269               | 20,119        | (508)                | (11,795)      |
| GAIN ON DISPOSAL OF INVESTMENTS                                      | (593,939)            | (183,784)     | (593,939)            | (183,784)     |
| LOSS (GAIN) ON REVALUATION OF INVESTMENTS                            | (1,090,626)          | 6,779         | (1,090,626)          | 6,779         |
| LOSS (REVERSAL) ON IMPAIRMENT OF PROPERTIES FOR SALE                 | (88,400)             | 249,668       | (16,243)             | 92,661        |
| LOSS (REVERSAL) ON IMPAIRMENT OF INVESTMENTS                         | (54,190)             | (51,482)      | 744,574              | (86,372)      |
| LOSS ON IMPAIRMENT OF PREMISES AND EQUIPMENT                         | -                    | 3,058         | -                    | 3,058         |
| REVERSAL OF IMPAIRMENT OF OTHER ASSETS                               | (7,956)              | (7,025)       | (7,956)              | (7,025)       |
| LOSS ON IMPAIRMENT OF OTHER ASSETS                                   | 61,421               | 196,369       | 61,421               | 196,369       |
| AMORTIZATION OF DISCOUNT ON INVESTMENTS                              | (3,613,034)          | (1,117,597)   | (3,609,268)          | (1,114,304)   |
| GAIN ON FOREIGN CURRENCY TRANSLATION                                 | (2,025,248)          | (1,279,962)   | (2,025,375)          | (1,279,943)   |
| INCREASE (DECREASE) IN PROVISIONS                                    | 83,470               | (904,633)     | (161,367)            | (985,549)     |
| DECREASE IN OTHER ACCRUED INCOME                                     | 450,092              | 412,358       | 450,744              | 339,202       |
| INCREASE IN OTHER ACCRUED EXPENSES                                   | 274,326              | 1,946,612     | 151,651              | 1,489,706     |
|                                                                      | 62,295,705           | 60,819,075    | 50,724,784           | 49,869,059    |
| INTEREST INCOME, NET                                                 | (80,867,855)         | (77,157,680)  | (70,564,820)         | (67,631,703)  |
| DIVIDEND INCOME                                                      | (407,648)            | (424,548)     | (3,591,414)          | (2,149,926)   |
| PROCEEDS FROM INTEREST INCOME                                        | 132,297,571          | 127,636,627   | 120,781,409          | 116,199,350   |
| CASH PAID ON INTEREST EXPENSES                                       | (51,511,662)         | (48,074,342)  | (49,879,051)         | (48,380,780)  |
| PROCEEDS FROM DIVIDEND INCOME                                        | 407,648              | 424,548       | 3,591,414            | 2,149,926     |
| CASH PAID ON INCOME TAX EXPENSES                                     | (8,176,525)          | (9,419,525)   | (7,256,964)          | (8,681,773)   |
| OPERATING INCOME BEFORE CHANGES IN                                   |                      |               |                      |               |
| OPERATING ASSETS AND LIABILITIES                                     | 54,037,234           | 53,804,155    | 43,805,358           | 41,374,153    |
| (INCREASE) DECREASE IN OPERATING ASSETS                              |                      |               |                      |               |
| INTERBANK AND MONEY MARKET ITEMS                                     | 59,280,517           | (8,530,070)   | 59,292,813           | (8,618,558)   |
| INVESTMENTS IN TRADING SECURITIES                                    | 7,925,774            | (28,127,724)  | 7,925,774            | (28,127,724)  |
| LOANS TO CUSTOMERS                                                   | (93,928,829)         | (203,555,229) | (83,022,737)         | (192,971,455) |
| PROPERTIES FOR SALE                                                  | 3,597,111            | 4,060,389     | 3,368,270            | 4,172,935     |
| OTHER ASSETS                                                         | (20,772,199)         | 13,739,995    | (21,531,374)         | 13,346,669    |
| INCREASE (DECREASE) IN OPERATING LIABILITIES                         |                      |               |                      |               |
| DEPOSITS                                                             | (15,769,739)         | 268,405,495   | (15,106,957)         | 268,291,532   |
| INTERBANK AND MONEY MARKET ITEMS                                     | 27,027,908           | (38,974,331)  | 16,926,547           | (38,597,830)  |
| LIABILITIES PAYABLE ON DEMAND                                        | 1,013,126            | (587,016)     | 1,013,126            | (587,016)     |

|                                           |              |              |              |             |
|-------------------------------------------|--------------|--------------|--------------|-------------|
| DEBT ISSUED AND SHORT-TERM BORROWINGS     | (28,231,373) | 1,569,631    | (14,805,000) | 3,338,000   |
| OTHER LIABILITIES                         | 24,800,189   | (10,725,756) | 25,869,533   | (5,749,455) |
| NET CASH PROVIDED BY OPERATING ACTIVITIES | 18,979,719   | 51,079,539   | 23,735,353   | 55,871,251  |

NOTES TO THE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS.

## KRUNG THAI BANK PUBLIC COMPANY LIMITED AND SUBSIDIARIES

## STATEMENTS OF CASH FLOWS (CONTINUED)

FOR THE YEAR ENDED DECEMBER 31, 2015

(Thousand Baht)

|                                                                              | CONSOLIDATED         |              | THE BANK'S           |              |
|------------------------------------------------------------------------------|----------------------|--------------|----------------------|--------------|
|                                                                              | FINANCIAL STATEMENTS |              | FINANCIAL STATEMENTS |              |
|                                                                              | 2015                 | 2014         | 2015                 | 2014         |
|                                                                              |                      | (RESTATED)   |                      |              |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>                                  |                      |              |                      |              |
| PURCHASES OF AVAILABLE FOR SALE SECURITIES                                   | (181,569,209)        | (92,013,409) | (181,569,209)        | (92,013,409) |
| PROCEEDS FROM DISPOSAL OF AVAILABLE FOR SALE SECURITIES                      | 188,681,319          | 91,534,570   | 188,681,319          | 91,534,570   |
| PURCHASES OF HELD TO MATURITY DEBT SECURITIES                                | (50,485,141)         | (23,816,284) | (49,784,443)         | (23,249,681) |
| PROCEEDS FROM DISPOSAL OF HELD TO MATURITY DEBT SECURITIES                   | 35,640,177           | 41,272,571   | 34,946,177           | 40,767,571   |
| PURCHASES OF GENERAL INVESTMENTS                                             | (443,983)            | (225,034)    | (443,983)            | (225,034)    |
| PROCEEDS FROM DISPOSAL OF GENERAL INVESTMENTS                                | 542,756              | 293,021      | 542,756              | 293,021      |
| PURCHASES OF INVESTMENTS IN ASSOCIATED COMPANIES                             | -                    | -            | -                    | (6,058,905)  |
| PURCHASES OF INTANGIBLE ASSETS                                               | (678,666)            | (1,135,658)  | (101,066)            | (355,909)    |
| PURCHASES OF PREMISES AND EQUIPMENT                                          | (1,199,302)          | (2,928,596)  | (920,508)            | (1,263,528)  |
| PROCEEDS FROM DISPOSAL OF PREMISES AND EQUIPMENT                             | 217,323              | 147,570      | 643                  | 14,849       |
| NET CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES                          | (9,294,726)          | 13,128,751   | (8,648,314)          | 9,443,545    |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>                                  |                      |              |                      |              |
| PROCEEDS FROM DEBT ISSUED AND LONG-TERM BORROWINGS                           | 22,722,400           | 24,299,000   | 9,779,400            | 23,469,000   |
| REPAYMENTS OF DEBT ISSUED AND LONG-TERM BORROWINGS                           | (23,084,600)         | (52,561,469) | (15,534,600)         | (52,561,469) |
| DIVIDEND PAID-ORDINARY SHARE                                                 | (12,578,454)         | (12,298,934) | (12,578,454)         | (12,298,934) |
| DIVIDEND PAID-PREFERRED SHARE                                                | (5,800)              | (5,690)      | (5,800)              | (5,690)      |
| NET CASH USED IN FINANCING ACTIVITIES                                        | (12,946,454)         | (40,567,093) | (18,339,454)         | (41,397,093) |
| LOSS ARISING FROM TRANSLATING THE FINANCIAL STATEMENTS OF FOREIGN OPERATIONS | (38,408)             | (19,937)     | (38,408)             | (19,937)     |
| NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS                         | (3,299,869)          | 23,621,260   | (3,290,823)          | 23,897,766   |
| BEGINNING BALANCE OF CASH AND CASH EQUIVALENTS                               | 74,769,982           | 51,148,722   | 74,585,231           | 50,687,465   |
| ENDING BALANCE OF CASH AND CASH EQUIVALENTS                                  | 71,470,113           | 74,769,982   | 71,294,408           | 74,585,231   |

NOTES TO THE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS.

(Signed) Somchai Sujjapongse

SOMCHAI SUJJAPONGSE

CHAIRMAN OF THE BOARD OF DIRECTORS

(Signed) Vorapak Tanyawong

VORAPAK TANYAWONG

PRESIDENT

**KRUNG THAI BANK PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES****NOTES TO THE FINANCIAL STATEMENTS****FOR THE YEAR ENDED DECEMBER 31, 2015**

---

**1. GENERAL INFORMATION**

Krung Thai Bank Public Company Limited (the Bank) is a public company limited registered in the Kingdom of Thailand with its head office located at 35 Sukhumvit Road, Klongtoey Nua, Wattana, Bangkok, Thailand. The Bank engages in commercial banking business and conducts its business through a nationwide branch network and in certain major centers of the world.

**2. BASIS OF PRESENTATION OF THE FINANCIAL STATEMENTS****2.1 Basis of Preparation of the Consolidated and the Bank's Financial Statements**

The consolidated financial statements and the Bank's financial statements are presented in accordance with the Notification of the Bank of Thailand (BoT) No. SOR NOR SOR.21/2558 dated December 4, 2015, regarding the Preparation and Announcement of Financial Statements of Commercial Banks and Parent Companies of Financial Holding Groups, including any other supplementary BoT's notifications; and with the regulations of the Stock Exchange of Thailand (SET) dated January 22, 2001, regarding the Preparation and Submission of Financial Statements and Report on Financial Position and Results of Business Operations of Listed Companies, B.E. 2544 (2001). Moreover, these financial statements are prepared in conformity with generally accepted accounting principles, under Accounting Act B.E. 2543 (2000).

The Consolidated Financial Statements

The consolidated financial statements comprise the accounts of the Bank and its subsidiaries in which the Bank is a controlling interest or holds over 50 percent of paid-up shares capital after eliminating material intercompany transactions and balances. The 8 consolidated subsidiaries are KTB Law Co., Ltd., KTB General Services Co., Ltd., Krung Thai Asset Management Pcl., KTB Computer Services Co., Ltd., KTB Leasing Co., Ltd., KTB Advisory Co., Ltd., KTB Capital Holding Co., Ltd. (registered as the business dissolution with the Ministry of Commerce on December 18, 2014, in the process of liquidation), and Krungthai Card Pcl. (has entity control).

Percentages of shareholdings and investments in the Bank's subsidiaries and associates are shown in Note 6.5.

Investments in associates are accounted in the consolidated financial statements using the equity method.

The Bank's Financial Statements

Investments in subsidiaries and associates are accounted in the Bank's financial statements using the cost method.

The Bank's financial statements for the years ended December 31, 2015 and 2014 included the accounts of domestic and foreign branches, after eliminating the effects of all interbranch transactions.

The English Translation of Financial Statement

This English translation of financial statement has been prepared from the statutory financial statements that were issued in Thai language. In case of a conflict or a difference in interpretation between the two languages, the Thai language statutory financial statements shall prevail.

## 2.2 Thai Accounting Standards (TAS) and Thai Financial Reporting Standards (TFRS) Effective in Current Period

The Bank has adopted Thai Accounting Standards (TAS), Thai Financial Reporting Standards (TFRS), TSIC Interpretations and TFRIC Interpretations that announced and revised in accordance with the Federation of Accounting Professions, those are effective for the financial statements of the periods beginning on or after January 1, 2015. The Bank has also adopted The Conceptual Financial Reporting Standards (revised 2015) effective since November 6, 2015. The Bank's managements have already considered that they have no significant impacts on the Bank's accounting policies, and the Bank's and its subsidiaries' financial statements, except TFRS 10 Consolidated Financial Statements and TFRS 13 Fair Value Measurement which impacted to the financial statements as follows:

### 2.2.1 Consolidated Financial Statements

TFRS 10 Consolidated Financial Statements provides definitions of control and indicators as criterion to define whether entities have to be consolidated. The Bank has considered that it has entity control in Krungthai Card Pcl. (KTC) as defined indicators in this TFRS, so KTC's financial statements have to be consolidated by applying retrospective approach. The results to the consolidated financial statements as at December 31, 2014 and January 1, 2014 and for the year ended December 31, 2014 which used to be presented were as follows:

|                                                                | (Million Baht)                           |                        |
|----------------------------------------------------------------|------------------------------------------|------------------------|
|                                                                | <u>Consolidated Financial Statements</u> |                        |
|                                                                | <u>December 31, 2014</u>                 | <u>January 1, 2014</u> |
|                                                                | <u>Increase (Decrease)</u>               |                        |
| <b>Statements of Financial Position</b>                        |                                          |                        |
| Assets                                                         |                                          |                        |
| Cash                                                           | 182.36                                   | 459.21                 |
| Interbank and money market items, net                          | 179.73                                   | 245.89                 |
| Investments, net                                               | 20.56                                    | 20.89                  |
| Investments in subsidiaries and associates, net                | (3,643.42)                               | (3,030.57)             |
| Total loans to customers and accrued interest receivables, net | 50,123.27                                | 46,714.08              |
| Premises and equipment, net                                    | 370.66                                   | 444.60                 |
| Other intangible assets, net                                   | 505.22                                   | 445.14                 |
| Deferred tax assets                                            | 1,547.67                                 | 1,466.76               |
| Other assets, net                                              | 490.36                                   | 200.62                 |

**2.2.1 Consolidated Financial Statements (Continued)**

|                                         | (Million Baht)                           |                        |
|-----------------------------------------|------------------------------------------|------------------------|
|                                         | <u>Consolidated Financial Statements</u> |                        |
|                                         | <u>December 31, 2014</u>                 | <u>January 1, 2014</u> |
|                                         | <u>Increase (Decrease)</u>               |                        |
| <b>Statements of Financial Position</b> |                                          |                        |
| Liabilities                             |                                          |                        |
| Deposits                                | (373.03)                                 | (918.41)               |
| Interbank and money market items, net   | 5,200.00                                 | 5,200.00               |
| Debt issued and borrowings              | 36,388.46                                | 34,208.20              |
| Provisions                              | 142.00                                   | 126.00                 |
| Other liabilities                       | 4,694.60                                 | 5,252.92               |
| Equity                                  |                                          |                        |
| Non-controlling interest                | 3,724.38                                 | 3,097.91               |

|                                                            | (Million Baht)                           |
|------------------------------------------------------------|------------------------------------------|
|                                                            | <u>Consolidated Financial Statements</u> |
|                                                            | <u>December 31, 2014</u>                 |
| <b>Statements of Income and Other Comprehensive Income</b> |                                          |
| Interest income                                            | 9,604.84                                 |
| Interest expenses                                          | (1,749.05)                               |
| Fees and service income                                    | 2,932.86                                 |
| Fees and service expenses                                  | (636.14)                                 |
| Share of profit from investments for using equity method   | (867.85)                                 |
| Other operating income                                     | 1,550.07                                 |
| Employees' expenses                                        | (1,870.04)                               |
| Director's remuneration                                    | (8.73)                                   |
| Premises and equipment expenses                            | (704.08)                                 |
| Taxes and duties                                           | (350.46)                                 |
| Others                                                     | (1,574.12)                               |
| Bad debts, doubtful accounts and loss on impairment        | (4,988.71)                               |
| Income tax expenses                                        | (451.45)                                 |
| Net profit                                                 | 887.14                                   |

**2.2.2 Fair Value Measurement**

TFRS 13 Fair Value Measurement defines a conceptual framework and disclosure requirements of fair value measurement. The first time adoption of this TFRS is required to apply prospective approach. The fair value measurement of financial assets and liabilities also includes the effect of credit risk from Credit Valuation Adjustment (CVA). The Bank has recognized CVA to beginning retained earnings of the year 2015. As a result, beginning retained earnings as at January 1, 2015 in the consolidated and the Bank's financial statements have decreased Baht 197.53 million from the effect of credit risk of Baht 246.91 million and related deferred income tax revenue were Baht 49.38 million.

The Bank and its subsidiaries also disclose the fair value of financial instruments in Note 6.36.

## 2.3 The New and Revised Thai Accounting Standards (TAS) and Thai Financial Reporting Standards (TFRS)

### Announced but not yet Effective

The Federation of Accounting Professions has announced Thai Accounting Standards (TAS), Thai Financial Reporting Standards (TFRS), TSIC Interpretations and TFRIC Interpretations, those are effective for the financial statements periods beginning on or after January 1, 2016 as follows:

Conceptual Framework for Financial Reporting

(revised 2015)

|                       |                                                                          |
|-----------------------|--------------------------------------------------------------------------|
| TAS 1 (revised 2015)  | Presentation of Financial Statements                                     |
| TAS 2 (revised 2015)  | Inventories                                                              |
| TAS 7 (revised 2015)  | Statement of Cash Flows                                                  |
| TAS 8 (revised 2015)  | Accounting Policies, Changes in Accounting Estimates and Errors          |
| TAS 10 (revised 2015) | Events after the Reporting Period                                        |
| TAS 11 (revised 2015) | Construction Contracts                                                   |
| TAS 12 (revised 2015) | Income Taxes                                                             |
| TAS 16 (revised 2015) | Property, Plant and Equipment                                            |
| TAS 17 (revised 2015) | Leases                                                                   |
| TAS 18 (revised 2015) | Revenue                                                                  |
| TAS 19 (revised 2015) | Employee Benefits                                                        |
| TAS 20 (revised 2015) | Accounting for Government Grants and Disclosure of Government Assistance |
| TAS 21 (revised 2015) | The Effects of Changes in Foreign Exchange Rates                         |
| TAS 23 (revised 2015) | Borrowing Costs                                                          |
| TAS 24 (revised 2015) | Related Party Disclosures                                                |
| TAS 26 (revised 2015) | Accounting and Reporting by Retirement Benefit Plans                     |
| TAS 27 (revised 2015) | Separate Financial Statements                                            |
| TAS 28 (revised 2015) | Investments in Associates and Joint Ventures                             |
| TAS 29 (revised 2015) | Financial Reporting in Hyperinflationary Economies                       |
| TAS 33 (revised 2015) | Earnings per Share                                                       |
| TAS 34 (revised 2015) | Interim Financial Reporting                                              |
| TAS 36 (revised 2015) | Impairment of Assets                                                     |
| TAS 37 (revised 2015) | Provisions, Contingent Liabilities and Contingent Assets                 |
| TAS 38 (revised 2015) | Intangible Assets                                                        |
| TAS 40 (revised 2015) | Investment Property                                                      |
| TAS 41                | Agriculture                                                              |
| TFRS 2 (revised 2015) | Share-based Payments                                                     |
| TFRS 3 (revised 2015) | Business Combinations                                                    |
| TFRS 4 (revised 2015) | Insurance Contracts                                                      |
| TFRS 5 (revised 2015) | Non-current Assets Held for Sale and Discontinued Operations             |
| TFRS 6 (revised 2015) | Exploration for and Evaluation of Mineral Resources                      |

**2.3 The New and Revised Thai Accounting Standards (TAS) and Thai Financial Reporting Standards (TFRS)****Announced but not yet Effective (Continued)**

|                         |                                                                                                                     |
|-------------------------|---------------------------------------------------------------------------------------------------------------------|
| TFRS 8 (revised 2015)   | Operating Segments                                                                                                  |
| TFRS 10 (revised 2015)  | Consolidated Financial Statements                                                                                   |
| TFRS 11 (revised 2015)  | Joint Arrangements                                                                                                  |
| TFRS 12 (revised 2015)  | Disclosure of Interests in Other Entities                                                                           |
| TFRS 13 (revised 2015)  | Fair Value Measurement                                                                                              |
| TSIC 10 (revised 2015)  | Government Assistance-No Specific Relation to Operating Activities                                                  |
| TSIC 15 (revised 2015)  | Operating Leases-Incentives                                                                                         |
| TSIC 25 (revised 2015)  | Income Taxes-Changes in the Tax Status of an Entity or its Shareholders                                             |
| TSIC 27 (revised 2015)  | Evaluating the Substance of Transactions Involving the Legal Form of a Lease                                        |
| TSIC 29 (revised 2015)  | Service Concession Arrangements : Disclosures                                                                       |
| TSIC 31 (revised 2015)  | Revenue-Barter Transactions Involving Advertising Services                                                          |
| TSIC 32 (revised 2015)  | Intangible Assets-Web Site Costs                                                                                    |
| TFRIC 1 (revised 2015)  | Changes in Existing Decommissioning, Restoration and Similar Liabilities                                            |
| TFRIC 4 (revised 2015)  | Determining whether an Arrangement contains a Lease                                                                 |
| TFRIC 5 (revised 2015)  | Rights to Interests arising from Decommissioning, Restoration and<br>Environmental Rehabilitation Funds             |
| TFRIC 7 (revised 2015)  | Applying the Restatement Approach under IAS 29 (revised 2015) Financial<br>Reporting in Hyperinflationary Economies |
| TFRIC 10 (revised 2015) | Interim Financial Reporting and Impairment                                                                          |
| TFRIC 12 (revised 2015) | Service Concession Arrangements                                                                                     |
| TFRIC 13 (revised 2015) | Customer Loyalty Programmes                                                                                         |
| TFRIC 14 (revised 2015) | TAS 19 (revised 2015) – The Limit on a Defined Benefit Asset, Minimum<br>Funding Requirements and their Interaction |
| TFRIC 15 (revised 2015) | Agreements for the Construction of Real Estate                                                                      |
| TFRIC 17 (revised 2015) | Distribution of Non-cash Assets to Revenues                                                                         |
| TFRIC 18 (revised 2015) | Transfers of Assets from Customers                                                                                  |
| TFRIC 20 (revised 2015) | Stripping Costs in the Production Phase of a Surface Mine                                                           |
| TFRIC 21                | Levies                                                                                                              |

The Bank has been preparing for adopting related TAS, TFRS, TSIC Interpretations and TFRIC Interpretations mentioned above. It is in the process of evaluating the impacts to the financial statements when they are adopted.

### **3. SIGNIFICANT ACCOUNTING POLICIES**

#### **3.1 Recognition of Income**

##### **3.1.1 Interest Income**

Interest income is recognized on an accrual basis, except for interest on loans classified as delinquent over 3 months and interest on loans under troubled debt restructuring contract which would be reversed. In accordance with the BoT's regulations, interest income on delinquent loans over 3 months from the due date already recognized as an income since January 1, 2000 would be reversed and recognized as only income when received.

##### **3.1.2 Dividend Income**

Dividend income from investments is recognized when declared.

##### **3.1.3 Lease Income**

The lease income of the Bank and its subsidiaries is recognized as follows:

- Interest income from hire-purchase and financial lease is recognized by using effective interest rate throughout the term of the lease. Interest on defaulted lease over 4 months is ceased to recognize and reversed, except consumer financial defaulted lease over 3 months is ceased to recognize and reversed. Interest income will be recognized when received.

- Income from operating lease contract is recognized on a straight-line basis over the term of lease.

#### **3.2 Recognition of Expenses**

Interest expenses, fees and service expenses, and other operating expenses, are recognized on an accrual basis.

#### **3.3 Cash and Cash Equivalents**

Cash and cash equivalents represent cash in hand and cash on collection.

#### **3.4 Derivatives**

Accounting for derivative transactions depends on their purposes as follows:

##### **1) Trading Derivatives**

The Bank measures derivatives at fair value and recognizes gains or losses arising from changes in fair value in gains (losses) on tradings and foreign exchange transactions, net in the statements of income and other comprehensive income along with assets or liabilities in the statements of financial position.

##### **2) Hedging Derivatives**

The Bank measures derivatives with the same manner of the hedged items.

### 3.5 Embedded Derivatives

The Bank records accounting for embedded derivatives namely Credit Derivative and Structured Note in line with the IAS 39 Financial Instruments: Recognition and Measurement as follows:

1) For not closely related embedded derivatives, those could be separated from their host contracts; if the Bank is able to measure them separately, their gains (losses) will be recognized at fair value through gains (losses) on tradings and foreign exchange transactions, net in the statements of income and other comprehensive income. For the host contracts, the Bank will apply to related accounting standards. Conversely, the Bank is unable to measure the embedded derivatives separately, the Bank will revalue the entire combined contract and designate as trading booked at fair value through profit or loss, which also be recognized the gains or losses arising from changes in fair value in the statements of income and other comprehensive income.

2) For closely related embedded derivatives, the Bank will not separate them from their host contracts and will recognize the entire combined contract in accordance with related accounting standards.

### 3.6 Investments

#### 3.6.1 Basis of Classification of Investments

The Bank and its subsidiaries classify their investments in debt securities and equity securities as trading securities, available-for-sale securities, held-to-maturity debt securities, or investments in subsidiaries and associates. Non-marketable equity securities are classified as general investments.

#### 3.6.2 Basis of Valuation of Investments

Investments in marketable debt or equity securities classified as trading securities are stated at fair value. Unrealized gains or losses arising from the revaluation are recorded through gains (losses) on tradings and foreign exchange transactions, net in the statements of income and other comprehensive income.

Investments in marketable debt or equity securities classified as available-for-sale securities are stated at fair value, net of allowance for impairment (if any). Unrealized gains or losses arising from the revaluation are separately shown in equity and realized gains or losses after the disposal.

Investments in debt securities classified as held-to-maturity are stated at the amortized cost, net of allowance for impairment (if any). Premiums or discounts on held-to-maturity debt securities are adjusted to interest income at the end of each month by using the straight-line method which is immaterially different from using the effective interest rate method.

General investments are stated at cost, net of allowance for impairment (if any). Losses on impairment are realized through gains (losses) on investments, net in the statements of income and other comprehensive income.

Investments in marketable unit trust classified as trading and available-for-sale securities are stated at fair value whereas investments in non-marketable unit trust are stated at net asset value.

Investments in foreign asset-backed debt securities classified as trading securities-current investments are stated at fair value.

Investments in subsidiaries and associates, shown in the Bank's financial statements, are accounted for by the cost method, net of allowance for impairment (if any). Moreover, investments in associates, shown in the consolidated financial statements, are accounted for by the equity method (the Bank uses financial information from unaudited/unreviewed financial statements of the associates).

### 3.6.2 Basis of Valuation of Investments (Continued)

The cost of disposed investments is calculated by the weighted-average method. Gains or losses on disposal of investments are presented in gains (losses) on investments, net in the statements of income and other comprehensive income, except for trading securities are presented in gains on tradings and foreign exchange transactions, net.

### 3.7 Loans

Loans represent the outstanding principal amounts, except for overdrafts including accrued interest receivables. Deferred revenue is presented as deduction from the loans.

Hire-purchase and financial lease receivables represent the outstanding amounts, less deferred interest receivables, and deferred commission, plus amortized direct expenses.

### 3.8 Allowance for Doubtful Accounts

The Bank and its subsidiaries which operate the loan provider business recognize allowance for doubtful accounts compliance with the BoT's Notification No. SOR NOR SOR.31/2551 dated August 3, 2008, regarding Regulations on Assets Classification and Provision of Financial Institutions and with the BoT's Regulations on Valuation and Appraisal of Collateral and Immovable Properties for Sale acquired through Debt Repayment dated December 9, 2009 summarized as follows:

1) The Bank has set aside provision for normal and special mention categories at 1 percent and 2 percent, respectively, in accordance with the BoT's regulations. The Bank also apply collective approach to set aside provision for each debtor group, grouping by similar credit risk.

2) Provision for impaired-debtors is at 100 percent of the difference between the book value of loans and the present value of expected cash flows from the disposals of collateral as to the practice stipulated by the BoT.

3) Collateral using for calculating the present value of expected cash flows from disposals are such as immovable properties and leasehold rights (e.g. the present value of the expected cash flows from disposals of immovable properties which are collateral of debtors under the litigation process equal to 62.03 percent of the appraisal value and the present value of the expected cash flows from disposals of immovable properties which are collateral of debtors under the public auction process equal to 66.38 percent of the appraisal value). Other types of collateral are calculated by using the valuation rate stipulated by the BoT.

4) Collateral valuation has been conducted according to the BoT's regulations relating to types of collateral, valuation methodology, valuation frequency, and values of collateral that could be deductible from loans balances before provisioning as follows:

- As for normal and special mention categories, the underlying collateral is required to reappraise or revalue on a 3-year basis, except for every credit line of housing loans and other loans apart from housing loans with credit lines or outstanding balances not exceeding Baht 20 million, which their collateral will be reappraised or revalued when change to sub-standard and the last reappraisal or revaluation date exceeding 3 years.

- As for sub-standard, doubtful and doubtful of loss categories are required to reappraise or revalue collaterals by using the methods stipulated by the BoT. Immovable properties collaterals are required to reappraise or revalue on a 3-year basis as minimum. In case of near cash collateral such as marketable securities, is required to reappraise or revalue at the end of the accounting period.

Bad debts written-off and bad debts recovered are either deducted from or added to the allowance for doubtful accounts, whichever the case may be. The Bank defines debt write off guidelines which any debtors classified as doubtful of loss are written off at the underlying value of irrecoverable provision in line with the BoT's debt write off regulations.

### **3.9 Troubled Debt Restructuring and Losses on Troubled Debt Restructuring (TDR)**

The Bank's debt restructuring methodology includes the reduction of principal and/or accrued interest receivables already recorded as revenue, interest rate reduction, debt-equity conversion or debt-convertible securities conversion, repayment period extension, debt type modification, grace period permission for principal and/or interest, collateral assets transfers, noncollateral assets transfers, and assets transfers with buy-back contracts.

Losses arising from debt restructuring are determined as follows:

1) In case of relaxation of the debt repayment conditions without reducing of principal and accrued interest receivables prior to troubled debt, the present value of expected cash flow received is discounted by using the interest rate under the conditions specified in the TDR contract. Where such interest rate is lower than financial cost rate, the financial cost rate will be used instead. If the present value computed is lower than the book value (the principal amount plus accrued interest receivables included in the outstanding balance of restructured debt), an allowance for losses on troubled debt restructuring will be fully recognized in the statements of income and other comprehensive income for the relevant period.

The component of financial costs features the weighted average cost of deposits and borrowings, contributions to the BoT and the Deposit Protection Agency (DPA), and expenses incurred to maintain liquidity.

2) In case of debt repayment through the transfer of assets, financial instruments or debtors' equity from debt-equity conversion, the Bank has entirely written off. Losses on debt restructuring are charged to the statements of income and other comprehensive income instantly upon the transfer of assets considering together with the original allowance for doubtful accounts. Thus, the value of transferred assets shall be recorded not higher than the book value of the debt plus accrued interest receivables entitled by the Bank.

In case of partial debt repayment through the transfer of assets, financial instruments or debtors' equity from debt-equity conversion, the Bank's will follow no. 2) in the first place. For the remaining amount of debt, if there is the relaxation of the repayment condition, the Bank will follow no. 1).

### **3.10 Properties for Sale**

Properties for sale are immovable and movable properties which are stated at lower of cost or market value less allowance for impairment (if any). Losses on impairment or reversal of losses on impairment are recognized as other operating expenses or income in the statements of income and other comprehensive income. Gains or losses on disposals of those properties after deducting selling expenses are recognized as other operating income or expenses in the statements of income and other comprehensive income.

The Bank has followed the BoT's Notification No. SOR NOR SOR.21/2555 dated December 17, 2012, regarding Regulations on Accounting of Financial Institutions Section 1, Accounting for the Sales of Foreclosed Assets, SOR NOR SOR.31/2551 dated August 3, 2008, regarding Regulations on Assets Classification and Provision of Financial Institutions, SOR NOR SOR.22/2552 dated December 11, 2009, regarding Immovable Properties for Sale, and SOR NOR SOR.23/2552 dated December 11, 2009, regarding the Rules of the Purchase and Holding of Immovable Properties Used as Premises for the Business or as Facilities for its Officers and Employees of Financial Institutions.

According to the BoT's Policy No. THOR POR THOR. PHOR NOR SOR.(21) WOR.2470/2552 dated December 9, 2009, regarding Delivery Policy of Appraisal Guarantee and Properties for Sale Received from Financial Institutions, the properties for sale in the amount exceeding Baht 50 million are appraised by the external appraisers, and the amount of not exceeding Baht 50 million are considered to appraise by internal or external appraisers depending on the Bank.

### **3.11 Land, Premises, Equipment, and Depreciation**

Land is presented at revalued amount. Premises and equipment are stated at cost less accumulated depreciation and allowance for impairment (if any). Land is revalued on a 3-5 year basis by independent appraisers in accordance with the BoT's regulations. In case that revaluation result decreased or decreased more than surplus on land revaluation which had been recognized in equity, the Bank will recognize deficit in the statements of income and other comprehensive income. In case that revaluation result increased, the Bank will recognize surplus through appraisal surplus on assets in equity. Except for the case that the Bank revalued decreased on land and already recognized loss in the statements of income and other comprehensive income, the Bank will recognize only surplus amounts that excess of the deficit amounts used to recognized of such land.

Depreciation of premises is calculated on the straight-line basis over their useful lives. Since April 1, 2012, depreciation of premises is calculated on the straight-line basis over their residual useful lives not over 50 years which appraised by independent expert appraisers. Before April 1, 2012, depreciation of premises is calculated on the straight-line basis over their useful lives of 20 years.

Depreciation of equipment is calculated on the straight-line basis over their useful lives of 5 years. Equipment with an acquisition cost not exceeding Baht 3,000 is charged directly to expense in the period of acquisition. The amounts of those transactions have no significant affect to the Bank's financial statements.

Depreciation method, useful lives, and residual value are annually reviewed.

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

### **3.12 Intangible Assets**

Intangible assets, comprising software, licenses, and computer system development costs, are presented at cost net accumulated amortization and allowance for impairment (if any). Amortization is calculated by the straight-line basis and recognized as expense in the statements of income and other comprehensive income. Amortization of intangible assets in foreign countries is at the legal rates applicable in each locality.

### **3.13 Deferred Tax Assets or Liabilities**

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding taxes basis used in the computation of taxable profit (tax base). The Bank recognized deferred tax assets arising from such temporary differences to the extent that it is probable that taxable profit will be available against those temporary differences could be utilized. The carrying amounts of deferred tax assets are reviewed at each reporting date and shall be reduced to the extent that the tax benefit will be realized.

The Bank and its subsidiaries recognize deferred tax in the statements of income and other comprehensive income, except for the extent that relates to items recognized in equity, shall be recognized directly in equity.

The Bank and its subsidiaries calculate amounts of deferred tax assets and liabilities by using tax rates enacted or substantively enacted at the reporting date.

Deferred tax assets and deferred tax 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.

### **3.14 Leaseholds**

Leaseholds, which are included in other assets, are stated at cost less accumulated amortization. Amortization charge is calculated by the straight-line basis over the lease period between 3 – 30 years and recognized as expense in the statements of income and other comprehensive income.

### **3.15 Impairment of Assets**

For outstanding balances of assets as at the end of period, the Bank and its subsidiaries review the impairment of assets by items when there is an indication that the book value of those assets is higher than the expected recoverable amounts. As such, losses on impairment will be realized as other operating expenses. The reversal of losses on impairment will be recorded only when there is an indication that such impairment no longer exists or shown at a declining balance, if any, and reversed to other operating income in the statements of income and other comprehensive income. Except for the case that reversal of the revalued increased of the same assets that used to be recognized in equity, when impairment occurred latterly it will be recognized in equity.

### **3.16 Foreign Currency Translation**

#### **3.16.1 Presentation Currency**

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

#### **3.16.2 Foreign Currency Translation**

Items denominated in foreign currencies are translated into the functional currency at the exchange rates prevailing at the transaction dates. Balances of monetary assets and liabilities are translated by using the reference exchange rates of BoT as at the reporting date. Balances of non-monetary assets and liabilities are translated by using the exchange rates prevailing at the transaction dates or exchange rates at the date when the fair value was measured.

Gains or losses on foreign currency exchange and foreign currency translation are presented in the statements of income and other comprehensive income as gains (losses) on tradings and foreign exchange transactions, net.

#### **3.16.3 Foreign Currency Translation of Foreign Branches' Financial Statements**

Items on the foreign branches' statements of financial position are translated into Baht by using the reference exchange rates of BoT as at the reporting date. The statements of income and other comprehensive income are translated into Baht by using the exchange rate prevailing at the transaction dates or average exchange rates of that accounting period.

Gains or losses on translation of foreign branches' financial statements are presented in equity through other comprehensive income.

### **3.17 Employees Benefit**

#### **3.17.1 Employees Provident Fund**

The Bank established a Provident Fund under the Provident Fund Act B.E. 2530 (1987) and entered to the registered fund approved by the Ministry of Finance in June 25, 1992. The Provident Fund is managed by an external fund manager.

### **3.17.1 Employees Provident Fund (Continued)**

Permanent employees of the Bank are entitled to apply for membership according to the registered KTB Provident Fund regulations. Employees could opt to contribute to the Fund at the rate of either 3, 6 or 10 percent of their basic salaries while the Bank's supplemental contribution is at 10 percent of each employees' basic salary.

### **3.17.2 Defined Benefit Plan**

The Bank and its subsidiaries have defined benefit plan to pay their employees under the employment agreements. The estimate of employee benefits obligations are calculated by using the actuarial techniques called the Projected Unit Credit Method. This method uses statistical data as a factor to estimate the present value of expected future payments and discounts by using market yields on high quality corporate bonds with the approximate maturity of those obligations. The estimate amount is shown in a part of the provisions. The actuarial gains (losses) are recognized in other comprehensive income and transferred immediately to the retained earnings.

### **3.18 Unclaimed Balances**

Unclaimed balances remaining dormancy for over 10 years are taken to other operating income at the end of the accounting period.

### **3.19 Income Taxes**

Income taxes comprise of current tax and deferred tax.

Current tax is the amount expected to be paid to the tax authorities by calculating from taxable profit for the period under Revenue Code.

### **3.20 Earnings per Share**

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

Diluted earnings per share are calculated by dividing the net income after deducting non-cumulative preferred dividend declared during the period by the number of weighted-average ordinary shares.

### **3.21 Provisions**

The BoT's Notification No. SOR NOR SOR.31/2551 dated August 3, 2008, regarding Regulations on Assets Classification and Provision of Financial Institutions prescribed regulations to set provisions for off-the statements of financial position obligations in conformity with TAS 37 (revised 2014): Provisions, Contingent Liabilities and Contingent Assets. The Bank is required to set aside provisions for off-the statements of financial position obligations when satisfied all of the following criteria:

1) Off-the statements of financial position obligations classified as substandard, doubtful, doubtful of loss, and loss.

2) Off-the statements of financial position obligations which the Bank should recognize provisions according to TAS 37 (revised 2014), paragraph 14 when satisfied all of the following criteria:

2.1 A present obligation (a legal or a constructive obligation) resulting from past events could be a legal or a constructive obligation.

2.2 It is possibly certain that there will be a future outflow of resources embodying economic benefit to settle such obligation

2.3 An estimate of obligation can be reliably made.

### **3.21 Provisions (Continued)**

3) Off-the statements of financial position obligations engage in high credit risk such as guarantees on borrowings, aval to bills or irrevocable obligations whereby the Credit Conversion Factor stipulated by the BoT in calculating Capital Fund to be maintained is equal to 1.0.

### **3.22 Customer Loyalty Programme**

The Bank and its subsidiaries have customer loyalty programme by offering reward points to customer together with services entitling customers to redeem those reward points to gifts or discount in the future. The Bank and its subsidiaries also allocate rewards or accrued rewards to the points by referring from fair value of accumulated points. Then, they are recognized to deferred revenue under “other liabilities” in the statements of financial position and shall be recognized to fees and service income when customers redeem.

### **3.23 Fair Value Measurement**

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. The Bank and its subsidiaries have considered fair value of individual financial instrument. Fair value of financial instruments are quoted price (unadjusted) for similar assets or liabilities in active markets that the Bank and its subsidiaries are able to access. In case of there is no quoted price in active markets, the Bank and its subsidiaries will use general accepted valuation technique by maximizing observable inputs and minimizing unobservable inputs in commonly used models or the Bank’s models. Those models are approved by the management and also regularly reviewed and updated.

## **4. RISK MANAGEMENT**

### **4.1 The Bank's Risk Information**

#### **Credit Risk**

Credit risk is the risk that a counterparty or borrower fails to comply with conditions and covenants as stated in the mutual agreement or the deterioration of assets' quality resulting in non-repayment debts as set out in the loan contract and an adverse effect over the Bank's income and capital funds. The assets on the statements of financial position, net of allowance for doubtful accounts, represent the Bank's credit risk exposure.

The Bank's risk arises from the counterparties fails to meet their obligations of contingencies which included aval to bills, guarantees on borrowings, liability under unmatured import bills, letters of credit, derivatives, and other contingencies. The credit risk exposure on these instruments is represented by the amount of the contracts after multiply with Credit Conversion Factor plus present fair value.

#### **4.1 The Bank's Risk Information (Continued)**

The Bank concerns about the contingent credit risk as well as the credit quality, the appropriateness of borrowing objectives and repayment ability of the borrower. The Bank focuses on a credit expansion to both existing and new customers with high potentiality, low risks, and high yield. Moreover, the Bank shall closely evaluate and follow up situations both inside and outside country continually. The Bank also assesses the risks that may impact on solvency of the debtors in the Bank's loan portfolios. Then, the Bank classifies risk level, in order to notice credit department and set the loan policy guideline to prevent the debtors become NPLs. Additionally, the Bank has developed and improved credit process by 3 projects which are Retail Transformation, SME Transformation, and Wholesale Banking Transformation. Moreover, the Bank has regularly improved credit risk management by reviewing/adjusting credit policies and other policies related to the credit risk management for the purpose of complying with economic situation and the Bank's business operation as well as being in consonant with risk management guidance prescribed by the BoT. These adaptive policies shall be practicable with credit offering in order to be flexible in the operation and consistent with the international standards.

The Bank develops Industry Rating and Business Alert (Outlook) report to set Industry Direction & Supply Chain for the credit management and screening criteria for potential entrepreneurs of credit department. The Bank also updates information to increase more effective in credit risk management.

The Bank manages credit risk management of the companies in financial business group of the Bank under the BoT's regulations. The credit risk management policies and guidelines of those companies are also reviewed/improved annually and/or when significantly changed event occurs and affects credit risk management.

The Bank monitors and reports risk management results with the intention to control credit risk to be in compliance with the Bank's risk management plan, the BoT's supervision policy and other regulators' rules.

To follow up and manage the quality of credit, the Bank closely monitors the customers whose credits are approved in order to ensure that they are in comply with the terms and conditions of loan agreements by carrying out NPLs reduction project. The watch list debtors with weak performance will be monitored and controlled to prevent such loans becomes NPLs. However, in case those debtors become NPLs, the measure for debt restructuring shall be set up together with legal process. With this regards, the NPLs reduction project shall help stipulating the implementation plan to become clearer and more effective for the NPLs problem solving. Thus, the regular progress shall be reported regularly in order to expedite debt repayment with minimum loss.

In assessing the adequacy of provision as prescribed by the BoT, the Bank is required to examine the accuracy and completeness of loan classification, debt-restructuring and collateral data as type and value of collateral. Such associated data potentially has significant impacts on the allowance for doubtful accounts of the Bank.

According to assets written-off, the Bank has policy to write off any assets classified as doubtful of loss with 100 percent provision; however, the Bank still closely follow up uncollectible amounts or taken legal proceedings to the final action.

The credit review is established to ensure the compliance with standard operation procedures in relation to credit approval and debt restructuring. In addition, the qualitative assessment for loan and other related assets are conducted for loan classification as prescribed by the BoT.

**4.1 The Bank's Risk Information (Continued)****Market Risk**

Market risk is the risk that the Bank may sustain loss from changes in value of position on the statements of financial position and off-the statements of financial position which is caused by fluctuation of interest rate, foreign exchange rate, equity securities price and commodity price resulting in negative impact on income and capital. The Bank monitors and controls the market risk in the trading book and banking book portfolio by comparing the existing risks with the approved risk limits/indicators, conducting the approval processes for the breach of the limits/indicators and reporting to the executives and the risk management committee regularly.

**Interest Rate Risk**

Interest rate risk is the risk that income or capital is adversely affected by changes in interest rate of the asset, liability and off-the statements of financial position items which are Rate Sensitive Items. These may have negative impact on Net Interest Income, market values of Trading Account, and other income and expenses related to interest rate.

The Bank's significant financial assets and liabilities classified by periods of interest rate repricing are as follows:

(Million Baht)

|                                  | <u>December 31, 2015</u> |                   |                    |                    |                |              |              |
|----------------------------------|--------------------------|-------------------|--------------------|--------------------|----------------|--------------|--------------|
|                                  | Call to                  |                   |                    |                    |                | Non-interest | <u>Total</u> |
|                                  | <u>1 month</u>           | <u>1-3 Months</u> | <u>3-12 Months</u> | <u>Over 1 year</u> | <u>Bearing</u> | <u>NPLs</u>  |              |
| Financial assets                 |                          |                   |                    |                    |                |              |              |
| Interbank and money market items | 353,893.03               | 10,380.88         | 8,035.81           | -                  | 25,873.83      | -            | 398,183.55   |
| Investments*                     | 8,787.92                 | 11,291.77         | 68,253.29          | 124,972.38         | 18,023.21      | -            | 231,328.57   |
| Loans to customers               | 1,448,573.83             | 194,391.89        | 195,389.95         | 58,728.12          | 896.08         | 71,847.55    | 1,969,827.42 |
| Total financial assets           | 1,811,254.78             | 216,064.54        | 271,679.05         | 183,700.50         | 44,793.12      | 71,847.55    | 2,599,339.54 |
| Financial liabilities            |                          |                   |                    |                    |                |              |              |
| Deposits                         | 1,246,235.20             | 265,233.11        | 310,565.94         | 188,003.99         | 127,408.25     | -            | 2,137,446.49 |
| Interbank and money market items | 108,511.19               | 10,522.16         | 6,185.35           | 47,566.12          | 4,916.38       | -            | 177,701.20   |
| Debt issued and borrowings       | 1,441.87                 | -                 | 7,368.78           | 78,127.32          | -              | -            | 86,937.97    |
| Total financial liabilities      | 1,356,188.26             | 275,755.27        | 324,120.07         | 313,697.43         | 132,324.63     | -            | 2,402,085.66 |

(Million Baht)

|                                  | <u>December 31, 2014</u> |                   |                    |                    |                |              |              |
|----------------------------------|--------------------------|-------------------|--------------------|--------------------|----------------|--------------|--------------|
|                                  | Call to                  |                   |                    |                    |                | Non-interest | <u>Total</u> |
|                                  | <u>1 month</u>           | <u>1-3 Months</u> | <u>3-12 Months</u> | <u>Over 1 year</u> | <u>Bearing</u> | <u>NPLs</u>  |              |
| Financial assets                 |                          |                   |                    |                    |                |              |              |
| Interbank and money market items | 420,135.53               | 11,378.23         | 13,239.13          | 3.95               | 13,027.16      | -            | 457,784.00   |
| Investments*                     | 11,684.69                | 30,827.28         | 30,226.35          | 127,467.87         | 18,205.06      | -            | 218,411.25   |
| Loans to customers               | 1,342,010.80             | 215,715.56        | 218,306.26         | 70,143.74          | 966.92         | 53,623.99    | 1,900,767.27 |
| Total financial assets           | 1,773,831.02             | 257,921.07        | 261,771.74         | 197,615.56         | 32,199.14      | 53,623.99    | 2,576,962.52 |
| Financial liabilities            |                          |                   |                    |                    |                |              |              |
| Deposits                         | 1,133,807.03             | 199,070.07        | 345,776.20         | 374,846.44         | 99,053.71      | -            | 2,152,553.45 |
| Interbank and money market items | 74,557.39                | 28,449.46         | 12,248.03          | 40,175.20          | 5,344.57       | -            | 160,774.65   |
| Debt issued and borrowings       | 8,486.87                 | 15,087.00         | 8,157.60           | 71,880.03          | -              | -            | 103,611.50   |
| Total financial liabilities      | 1,216,851.29             | 242,606.53        | 366,181.83         | 486,901.67         | 104,398.28     | -            | 2,416,939.60 |

\*Excluded trading securities, allowance for revaluation and impairment of investment.

#### **4.1 The Bank's Risk Information (Continued)**

##### Foreign Exchange Rate Risk

Foreign exchange rate risk is the risk that foreign exchange rate volatility giving adverse impact on income or capital due to having foreign currency transactions or having assets or liabilities in foreign currency, when converting all items on the Bank's financial statements to local currency, the book values decrease including decline of income or loss incurred from foreign exchange trading.

##### Equity Securities Price Risk

Equity securities price risk is the risk that income or capital is negatively affected by changes in trading equity securities prices. However, the Bank focuses on investing in potential securities which have growth performance and have opportunities to generate bank's return.

##### Commodity Price Risk

This is the risk that income or capital is adversely affected by changes in commodity price. The Bank conducts commodity derivative transactions to accommodate customer hedging of risk. The Bank eliminates those risk exposures by doing back-to-back transactions.

#### **The Bank's Market Risk Management Structure and Supervision**

The Bank has designated the Board of Directors and Risk Management Committee to formulate policy and market risk limit as follows:

##### Board of Directors

To be responsible for the approval of market risk management policy and the limitation acceptance or threshold of Bank in order to control risk exposure that affects to the market risk and decentralized to relevant committees or responsible departments to supervise as appropriate.

##### Risk Management Committee – RMC

To be responsible for the determination of risk management policy to the Board of Directors, controlling, monitoring, assessing the result of risk management and supervising that the risk management policy and guidelines set by the Bank and the regulators have been implemented and observed.

The Bank has designated the Market Risk Management Department, an independent business unit from front office, to supervision risk in order to create transparency and efficiency. Moreover, it conforms with the BoT's market risk supervision regulations and the Bank's market risk management policy. Besides, the Market Risk Management Department is responsible to follow up and supervise market risk not exceeding the limit specified by the Bank. Then, it reports to top-level executives and RMC.

The Bank has set the risk management policy to be in line with the Bank's strategy and the BoT's market risk supervision regulations.

For transactions in trading accounts, the Bank set the maximum acceptable risk limit such as investment value/position, maximum loss, including statistic risk measurement namely Value at Risk (VaR) and Sensitivity for the trading book portfolio. The Bank also regularly assesses market value and conducts stress testing for both trading book portfolio and banking book portfolio. Besides, the Bank prepares Product Programme while enhancing applications and tools used in risk assessment and control for higher efficiency capable of accommodate more complex transactions.

#### **4.1 The Bank's Risk Information (Continued)**

The Bank regularly monitors the interest rate risk in the banking book portfolio by simulating the net interest income change and economic value change. The Bank also regularly conduct stress testing and closely monitor whenever there are some changes in the interest rate market movement that affects the bank significantly.

##### **Market Risk Management Structure and Supervision of the Financial Business Group**

The Bank has supervision of risk management of the financial business group and prescribes policy of risk management of the financial business group. The policy was approved by the Board of Directors determining the subsidiaries within the financial business group to complete all aspects of risk management in accordance with risk management policy which defines the organization chart that support the efficiency of risk management, including the determining of clearly authorization. The policy also determines the subsidiaries to complete and efficiently follow the monitoring process and internal control system by identifying, measuring, monitoring and controlling risk under the guideline prescribed in the risk management policy of the financial business group. Moreover, the subsidiaries are required to prepare their market risk management report and relating information for submission to the Bank in order that the Bank can monitor market risk and risk level of companies in the financial business group and assess effect to the Bank's capital.

The Bank's financial business group has decentralized risk management that means companies within the financial business group manage their own risk and the Bank will consider and comment the companies' key market risk indicators as appropriate.

##### **Liquidity Risk**

Liquidity risk is the risk that the Bank fails to repay liabilities or contingencies on due date because of inability to liquidate assets into cash or having insufficient funds or acquiring funds at a higher unacceptable cost thus affecting income and capital funds at present and in the future.

##### **The Bank's Liquidity Risk Management Structure and Supervision**

The Bank has designated the Board of Directors, Risk Management Committee, Assets and Liabilities Management Committee to prescribe policy and strategy of liquidity risk management as follows:

##### **Board of Directors**

Board of Directors is responsible for the approval of liquidity risk management policy, liquidity management plan and liquidity emergency plan and to approve the Bank's acceptable limit or trigger of liquidity risk.

##### **Risk Management Committee – RMC**

RMC is responsible for the determination of risk management policy to the Board of Directors, controlling, monitoring, assessing the result of risk management and supervising that the risk management policy and guidelines set by the Bank and the regulators have been implemented. RMC also submitted the operational report to the Audit Committee for acknowledgement and/or for considering on monthly basis and report to the Board of Directors for acknowledgement and/or for considering on quarterly basis.

#### **4.1 The Bank's Risk Information (Continued)**

##### **Assets and Liabilities Management Committee – ALCO**

ALCO is responsible for the determination of strategy to manage the Bank's assets, liabilities, and capital to be appropriate. ALCO monitors various external factors affecting the Bank's liquidity, specifies strategy to manage liquidity and interest rate risk and submits ALCO report to the Board of Executive Directors for acknowledgement and/or for considering.

##### **Liquidity Risk Management Structure and Supervision of the Financial Business Group**

The Bank has supervision of risk management of the financial business group and prescribes policy of risk management of the financial business group. The policy was approved by the Board of Directors determining the subsidiaries within the financial business group to complete all aspects of risk management in accordance with risk management policy which defines the organization chart that supports the efficiency of risk management, including the determining of clearly authorization. The policy also determines the subsidiaries to complete and efficiently follow the monitoring process and internal control system by identifying, measuring, monitoring and controlling risk under the guideline prescribed in the risk management policy of the financial business group. Moreover, the group is required to prepare liquidity position report and relating information for submission to the Bank in order that the Bank can monitor liquidity position and risk level of companies in the financial business group and assess effect to the Bank's liquidity.

The Bank's financial business group has decentralized risk management that means companies within the financial business group manage their own risk and the Bank will consider to support their liquidity as appropriate.

##### **Structure of Sources and Uses of Funds**

Liquidity risk is the significant risk of commercial banks. The Bank's liquidity risk factors are the structure of sources and uses of funds. The Bank's sources of funds are from short-term deposits mostly less than one year including saving deposits, while uses of funds for lending have maturity date longer than the deposits. Therefore, the Bank's liquidity risk stems from asset to cash turning period not matching with liability's maturity date. Besides, cost of fund that higher than acceptable limit could affect to the Bank's income and capital at present and in the future.

Thus, liquidity risk management process of the Bank is liquidity trend analysis by estimating the Bank's liquidity status and Net high-quality liquid assets to net liquidity gap ratio in order to evaluate the sufficiency of liquidity assets that supported short-term capital demand. The Bank also assigns the trigger to control liquidity risk and consistency report risk to the Risk Management Committee, the executive officers, and related parties.

##### **Liquidity Risk Management Tools**

Liquidity risk management tools are presented in several reports related to the Bank's liquidity to top-level executives and relating departments in order to efficiently apply to use of liquidity risk management.

- The Bank prepares liquidity risk report to determine liquidity risk on a daily and monthly basis by comparing with the approved risk limit/indicators to manage and control the risk level to the prescribed limit.

- Net liquidity position report is prepared on a daily basis in the first 14 calendar days to present daily details by showing estimated cash inflow and outflow information adjusted according to customer behavior, preceding cash flow model together with future trend considerations adhere to realistic and conservative principles.

**4.1 The Bank's Risk Information (Continued)**

- Liquidity gap report presents estimates of future cash flows determined in accordance with the customer behavior assumptions in normal situation.

- Daily financial position report presents the Bank's liquid assets in terms of balance amount of daily average deposits with the BoT. The BoT's regulation requires to maintain sum of the average daily deposit balance and the average daily cash balance at the cash inventory management center not be less than 1 percent of total customers' deposit and other specified borrowings. Moreover, the report demonstrates high quality liquid assets in each asset category reserved as an operating liquidity for the Bank's normal operations.

- Simulation liquidity risk stress testing report is submitted to the Risk Management Committee on a quarterly basis.

**Liquidity Risk Stress Testing**

The Bank sets quarterly liquidity risk stress testing in conformity with the Bank's stress testing policy by using the 3 situations which are (1) Institution-specific crisis (2) Market-wide crisis and (3) Combination of both. Each situation is based on assumptions such as withdrawing customers' deposit in different proportion, declining in the market liquidity of assets, decreasing in ability to reach large-sized sources of funds. The Bank also prepares contingency plan to support crisis by considering to stress test result of each model situation. The contingency plan is set warning triggers of liquidity crisis in order that the Bank can reduce negative impact from liquidity problems that may occur with reasonable expenses/costs.

**Liquidity Assets**

As at December 31, 2015 and 2014, the Bank's liquidity assets are totaling to Baht 484,510.87 million and Baht 576,972.46 million or 22.24 percent and 26.06 percent of deposits, respectively. However, liquidity assets of the Bank are greater than the BoT's regulations that required commercial banks to maintain average liquidity assets not less than 6 percent of average deposits and borrowings.

**Sources and Uses of Funds**

Sources and uses of funds as at December 31, 2015, the Bank and its subsidiaries' major sources of funds were deposits accounting for 75.85 percent of total funds. Other sources of funds included net interbank and money market items (liabilities) of 6.90 percent, debt issued and borrowings of 4.13 percent, and equity of 8.89 percent.

The Bank and its subsidiaries' uses of funds were loans to customers 72.01 percent of total uses of funds. Other significant uses of funds included net interbank and money market items (assets) of 14.11 percent and net investments of 9.30 percent.

|                                                     | <u>December 31, 2015</u> | <u>December 31, 2014</u> |
|-----------------------------------------------------|--------------------------|--------------------------|
| Sources of Funds                                    |                          |                          |
| Deposits                                            | 75.85%                   | 77.13%                   |
| Interbank and money market items (liabilities), net | 6.90%                    | 6.00%                    |
| Debt issued and borrowings                          | 4.13%                    | 5.05%                    |
| Equity                                              | 8.89%                    | 8.46%                    |
| Uses of Funds                                       |                          |                          |
| Loans to customers                                  | 72.01%                   | 70.02%                   |
| Interbank and money market items (assets), net      | 14.11%                   | 16.37%                   |
| Investments, net                                    | 9.30%                    | 9.27%                    |

**4.1 The Bank's Risk Information (Continued)****Loans to Deposits Ratio**

On the consolidated financial statement as at December 31, 2015, the Bank has loans to deposits ratio of 94.94 percent which has increased from 90.78 percent as at December 31, 2014.

Loans to deposits ratio on the Bank's financial statement as at December 31, 2015 is 92.15 percent which has increased from 88.30 percent as at December 31, 2014. Such increase is from the expansion of loans increasing 3.63 percent while deposits decreasing 0.70 percent from the end of the year 2014.

Considering to the loans to deposits ratio including bills of exchange on the Bank's financial statement as at December 31, 2015 is 91.86 percent which has increased from 87.74 percent as at December 31, 2014. As a result of decreasing in the expansion of deposits including bills of exchange of 1.03 percent (the expansion of deposits has decreased 0.70 percent and bills of exchange decreased 51.61 percent from the end of the year 2014).

|                                                                                       | <u>December 31, 2015</u> | <u>December 31, 2014</u> |
|---------------------------------------------------------------------------------------|--------------------------|--------------------------|
| Loans to deposits ratio (Consolidated financial statements)                           | 94.94%                   | 90.78%                   |
| Loans to deposits ratio (The Bank's financial statements)                             | 92.15%                   | 88.30%                   |
| Loans to deposits ratio including bills of exchange (The Bank's financial statements) | 91.86%                   | 87.74%                   |

As at December 31, 2015 and 2014, the Bank's financial assets and liabilities are classified by remaining maturity as follows:

(Million Baht)

|                                       | <u>December 31, 2015</u> |                   |                    |                    |                    |              |
|---------------------------------------|--------------------------|-------------------|--------------------|--------------------|--------------------|--------------|
|                                       | Less than                |                   | Over 3 Months      |                    |                    |              |
|                                       | <u>1 Month</u>           | <u>1-3 Months</u> | <u>upto 1 Year</u> | <u>Over 1 Year</u> | <u>No Maturity</u> | <u>Total</u> |
| Financial Assets                      |                          |                   |                    |                    |                    |              |
| Interbank and money market items, net | 218,787.84               | 35,654.20         | 108,535.89         | 34,083.45          | -                  | 397,061.38   |
| Investments, net                      | -                        | -                 | 109,921.54         | 136,889.52         | 10,664.59          | 257,475.65   |
| Loans to customers                    | 92,767.13                | 120,327.69        | 439,568.97         | 1,317,163.63       | -                  | 1,969,827.42 |
| Total financial assets                | 311,554.97               | 155,981.89        | 658,026.40         | 1,488,136.60       | 10,664.59          | 2,624,364.45 |
| Financial Liabilities                 |                          |                   |                    |                    |                    |              |
| Deposits                              | 1,371,936.02             | 265,834.18        | 308,943.22         | 190,733.07         | -                  | 2,137,446.49 |
| Interbank and money market items, net | 113,039.23               | 8,787.65          | 6,190.61           | 49,683.71          | -                  | 177,701.20   |
| Debt issued and borrowings            | 1.87                     | -                 | 7,368.78           | 79,567.32          | -                  | 86,937.97    |
| Total financial liabilities           | 1,484,977.12             | 274,621.83        | 322,502.61         | 319,984.10         | -                  | 2,402,085.66 |

**4.1 The Bank's Risk Information (Continued)**

(Million Baht)

|                                       | <u>December 31, 2014</u> |                   |                    |                    |             |              |
|---------------------------------------|--------------------------|-------------------|--------------------|--------------------|-------------|--------------|
|                                       | Less than                |                   | Over 3 Months      |                    | No Maturity | Total        |
|                                       | <u>1 Month</u>           | <u>1-3 Months</u> | <u>upto 1 Year</u> | <u>Over 1 Year</u> |             |              |
| <b>Financial Assets</b>               |                          |                   |                    |                    |             |              |
| Interbank and money market items, net | 243,533.74               | 45,208.29         | 121,008.59         | 46,686.26          | -           | 456,436.88   |
| Investments, net                      | -                        | -                 | 104,449.39         | 140,659.33         | 11,463.36   | 256,572.08   |
| Loans to customers                    | 93,628.11                | 127,265.35        | 393,112.11         | 1,286,761.70       | -           | 1,900,767.27 |
| Total financial assets                | 337,161.85               | 172,473.64        | 618,570.09         | 1,474,107.29       | 11,463.36   | 2,613,776.23 |
| <b>Financial Liabilities</b>          |                          |                   |                    |                    |             |              |
| Deposits                              | 1,231,773.70             | 200,052.36        | 335,114.34         | 385,613.05         | -           | 2,152,553.45 |
| Interbank and money market items, net | 73,162.85                | 5,622.57          | 28,181.77          | 53,807.46          | -           | 160,774.65   |
| Debt issued and borrowings            | 7,046.87                 | 15,087.00         | 6,073.00           | 75,404.63          | -           | 103,611.50   |
| Total financial liabilities           | 1,311,983.42             | 220,761.93        | 369,369.11         | 514,825.14         | -           | 2,416,939.60 |

**4.2 Fair Value of Financial Instruments**

(Million Baht)

| Type of Financial Instruments                            | <u>Consolidated Financial Statements</u> |                   |                          |                   |
|----------------------------------------------------------|------------------------------------------|-------------------|--------------------------|-------------------|
|                                                          | <u>December 31, 2015</u>                 |                   | <u>December 31, 2014</u> |                   |
|                                                          | <u>Book Value</u>                        | <u>Fair Value</u> | <u>Book Value</u>        | <u>Fair Value</u> |
| <b>Financial Assets</b>                                  |                                          |                   |                          |                   |
| Cash                                                     | 71,470.11                                | 71,470.11         | 74,769.98                | 74,769.98         |
| Interbank and money market items, net                    | 397,357.97                               | 397,357.97        | 456,721.17               | 456,721.17        |
| Derivative assets                                        | 34,039.14                                | 34,039.14         | 16,042.97                | 16,042.97         |
| Investments, net                                         | 261,732.04                               | 262,413.73        | 258,494.91               | 258,902.53        |
| Loans to customers and accrued interest receivables, net | 1,947,384.82                             | 1,947,384.82      | 1,882,166.21             | 1,882,166.21      |
| Total                                                    | 2,711,984.08                             | 2,712,665.77      | 2,688,195.24             | 2,688,602.86      |
| <b>Financial Liabilities</b>                             |                                          |                   |                          |                   |
| Deposits                                                 | 2,135,498.51                             | 2,135,498.51      | 2,151,268.25             | 2,151,268.25      |
| Interbank and money market items, net                    | 194,242.84                               | 194,261.31        | 167,214.93               | 167,214.93        |
| Liabilities payable on demand                            | 6,121.12                                 | 6,121.12          | 5,107.99                 | 5,107.99          |
| Derivative liabilities                                   | 37,232.57                                | 37,232.57         | 16,245.26                | 16,245.26         |
| Debt issued and borrowings                               | 116,240.46                               | 117,766.15        | 140,970.90               | 141,598.00        |
| Total                                                    | 2,489,335.50                             | 2,490,879.66      | 2,480,807.33             | 2,481,434.43      |

**4.2 Fair Value of Financial Instruments (Continued)**

(Million Baht)

| Type of Financial Instruments                            | The Bank's Financial Statements |              |                   |              |
|----------------------------------------------------------|---------------------------------|--------------|-------------------|--------------|
|                                                          | December 31, 2015               |              | December 31, 2014 |              |
|                                                          | Book Value                      | Fair Value   | Book Value        | Fair Value   |
| <b>Financial Assets</b>                                  |                                 |              |                   |              |
| Cash                                                     | 71,294.41                       | 71,294.41    | 74,585.23         | 74,585.23    |
| Interbank and money market items, net                    | 397,061.38                      | 397,061.38   | 456,436.88        | 456,436.88   |
| Derivative assets                                        | 34,088.51                       | 34,088.51    | 16,108.06         | 16,108.06    |
| Investments, net                                         | 257,475.65                      | 277,728.05   | 256,572.08        | 269,849.77   |
| Loans to customers and accrued interest receivables, net | 1,897,770.78                    | 1,897,770.78 | 1,837,366.70      | 1,837,366.70 |
| Total                                                    | 2,657,690.73                    | 2,677,943.13 | 2,641,068.95      | 2,654,346.64 |
| <b>Financial Liabilities</b>                             |                                 |              |                   |              |
| Deposits                                                 | 2,137,446.49                    | 2,137,446.49 | 2,152,553.45      | 2,152,553.45 |
| Interbank and money market items, net                    | 177,701.20                      | 177,719.67   | 160,774.65        | 160,774.65   |
| Liabilities payable on demand                            | 6,121.12                        | 6,121.12     | 5,107.99          | 5,107.99     |
| Derivative liabilities                                   | 37,234.79                       | 37,234.79    | 16,245.51         | 16,245.51    |
| Debt issued and borrowings                               | 86,937.97                       | 88,463.66    | 103,611.50        | 104,238.59   |
| Total                                                    | 2,445,441.57                    | 2,446,985.73 | 2,438,293.10      | 2,438,920.19 |

**4.3 Statutory Capital Fund**

As at December 31, 2015 and 2014, the Bank's capital fund is calculated base on Basel III framework of the BoT which requires commercial banks registered in Thailand to maintain the capital fund as ratio to risk weighted assets with the condition that the tier 1 capital - equity is not less than 4.50 percent, the tier 1 capital is not less than 6.0 percent and total capital fund ratios is not less than 8.50 of risk weighted assets. As at December 31, 2015 and 2014, the Bank maintained capital adequacy ratios to risk weighted assets in accordance with the BoT's notification as follows:

(Million Baht)

|                                                          | The Bank's Financial Statements |                   |
|----------------------------------------------------------|---------------------------------|-------------------|
|                                                          | December 31, 2015               | December 31, 2014 |
| <b>Tier 1 capital - equity</b>                           |                                 |                   |
| Paid-up share capital                                    | 72,005.04                       | 72,005.04         |
| Premium on share capital                                 | 20,833.74                       | 20,833.74         |
| Legal reserve (Note 6.20)                                | 7,200.50                        | 7,200.50          |
| Net income after appropriation                           | 117,518.67                      | 98,875.16         |
| Other components of equity                               | 6,928.34                        | 9,443.26          |
| Deduction items from Common Equity Tier 1 capital        | (6,840.30)                      | (7,414.37)        |
| <b>Additional Tier 1 capital - financial instruments</b> |                                 |                   |
| Hybrid tier 1                                            | 7,445.97                        | 8,509.68          |
| Total tier 1 capital                                     | 225,091.96                      | 209,453.01        |
| <b>Tier 2 capital</b>                                    |                                 |                   |
| Long-term subordinated debt                              | 52,098.48                       | 53,407.03         |
| Allowance for assets classified as pass                  | 22,430.16                       | 22,044.97         |
| Total tier 2 capital                                     | 74,528.64                       | 75,452.00         |
| <b>Total capital fund</b>                                | 299,620.60                      | 284,905.01        |

**4.3 Statutory Capital Fund (Continued)**Capital Adequacy Ratios to Risk Weighted AssetsThe Bank's Financial Statements

|                         | <u>December 31, 2015</u> | <u>December 31, 2014</u> |
|-------------------------|--------------------------|--------------------------|
| Tier 1 capital - equity | 11.06                    | 10.47                    |
| Tier 1 capital          | 11.43                    | 10.91                    |
| Total capital fund      | 15.22                    | 14.85                    |

The Bank discloses information about capital maintenance of the Bank and financial business group under the BoT's notifications on disclosure of capital maintenance for financial business group and disclosure of capital maintenance for commercial banks.

Channel of disclosure                      [www.ktb.co.th](http://www.ktb.co.th)>Investor Relations>Financial Information>Pillar III Disclosures

Date of disclosure                      Within April 2016

Information as at                      December 31, 2015

**5. ESTIMATES AND ASSUMPTIONS**

The preparation of financial statements in conformity with the Thai financial reporting standards, requires managements to make estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. Actual results may differ from such estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which estimates are revised and in any future periods affected. Information about significant areas at estimation uncertainty and assumptions in applying accounting policies has significant effects on the amount recognized in the financial statements.

**6. SUPPLEMENTARY INFORMATION****6.1 Supplementary Information of Cash Flows**

Significant non-cash items for the years ended December 31, 2015 and 2014 are as follows:

(Million Baht)

|                                                                     | <u>Consolidated Financial Statements</u> |                          | <u>The Bank's Financial Statements</u> |                          |
|---------------------------------------------------------------------|------------------------------------------|--------------------------|----------------------------------------|--------------------------|
|                                                                     | <u>December 31, 2015</u>                 | <u>December 31, 2014</u> | <u>December 31, 2015</u>               | <u>December 31, 2014</u> |
| Increase (Decrease) in revaluation surplus on investments in equity | (2,448.16)                               | 6,400.57                 | (3,447.86)                             | 3,380.58                 |
| Increase in properties for sale from loan payment                   | 2,770.45                                 | 4,395.75                 | 2,770.45                               | 4,395.75                 |

**6.2 Interbank and Money Market Items, Net (Assets)**

(Million Baht)

Consolidated Financial Statements

|                                             | <u>December 31, 2015</u> |             |              | <u>December 31, 2014</u> |             |              |
|---------------------------------------------|--------------------------|-------------|--------------|--------------------------|-------------|--------------|
|                                             | <u>Demand</u>            | <u>Time</u> | <u>Total</u> | <u>Demand</u>            | <u>Time</u> | <u>Total</u> |
| <b>6.2.1 Domestic Items</b>                 |                          |             |              |                          |             |              |
| Bank of Thailand and                        |                          |             |              |                          |             |              |
| Financial Institutions Development Fund     | 12,322.73                | 160,000.35  | 172,323.08   | 10,742.06                | 187,000.44  | 197,742.50   |
| Commercial banks                            | 273.95                   | 12,369.72   | 12,643.67    | 165.84                   | 31,777.27   | 31,943.11    |
| Special purpose financial institutions      | 30.17                    | 5,462.65    | 5,492.82     | 45.84                    | 20,742.21   | 20,788.05    |
| Other financial institutions                | 38.53                    | 148,271.87  | 148,310.40   | 150.88                   | 161,555.28  | 161,706.16   |
| Total                                       | 12,665.38                | 326,104.59  | 338,769.97   | 11,104.62                | 401,075.20  | 412,179.82   |
| <u>Add</u> Accrued interest receivables     | -                        | 319.10      | 319.10       | -                        | 515.26      | 515.26       |
| <u>Less</u> Allowance for doubtful accounts | (0.27)                   | (1,423.82)  | (1,424.09)   | (0.68)                   | (1,714.39)  | (1,715.07)   |
| Total domestic items                        | 12,665.11                | 324,999.87  | 337,664.98   | 11,103.94                | 399,876.07  | 410,980.01   |
| <b>6.2.2 Foreign Items</b>                  |                          |             |              |                          |             |              |
| US Dollar                                   | 7,054.90                 | 40,334.93   | 47,389.83    | 5,271.24                 | 37,461.50   | 42,732.74    |
| Japanese Yen                                | 8,394.50                 | -           | 8,394.50     | 198.14                   | -           | 198.14       |
| Euro                                        | 211.56                   | -           | 211.56       | 196.82                   | -           | 196.82       |
| Other currencies                            | 1,844.95                 | 1,869.33    | 3,714.28     | 1,152.10                 | 1,608.67    | 2,760.77     |
| Total                                       | 17,505.91                | 42,204.26   | 59,710.17    | 6,818.30                 | 39,070.17   | 45,888.47    |
| <u>Add</u> Accrued interest receivables     | 0.07                     | 279.63      | 279.70       | 0.04                     | 166.19      | 166.23       |
| <u>Less</u> Deferred revenue                | -                        | (1.01)      | (1.01)       | -                        | (1.57)      | (1.57)       |
| Allowance for doubtful accounts             | -                        | (295.87)    | (295.87)     | -                        | (311.97)    | (311.97)     |
| Total foreign items                         | 17,505.98                | 42,187.01   | 59,692.99    | 6,818.34                 | 38,922.82   | 45,741.16    |
| Total domestic and foreign items            | 30,171.09                | 367,186.88  | 397,357.97   | 17,922.28                | 438,798.89  | 456,721.17   |

**6.2 Interbank and Money Market Items, Net (Assets) (Continued)**

(Million Baht)

The Bank's Financial Statements

|                                             | <u>December 31, 2015</u> |             |              | <u>December 31, 2014</u> |             |              |
|---------------------------------------------|--------------------------|-------------|--------------|--------------------------|-------------|--------------|
|                                             | <u>Demand</u>            | <u>Time</u> | <u>Total</u> | <u>Demand</u>            | <u>Time</u> | <u>Total</u> |
| <b>6.2.1 Domestic Items</b>                 |                          |             |              |                          |             |              |
| Bank of Thailand and                        |                          |             |              |                          |             |              |
| Financial Institutions Development Fund     | 12,322.73                | 160,000.35  | 172,323.08   | 10,742.06                | 187,000.44  | 197,742.50   |
| Commercial banks                            | 7.53                     | 12,369.72   | 12,377.25    | 4.70                     | 31,777.27   | 31,781.97    |
| Special purpose financial institutions      | -                        | 5,462.65    | 5,462.65     | -                        | 20,742.21   | 20,742.21    |
| Other financial institutions                | 38.53                    | 148,271.87  | 148,310.40   | 73.57                    | 161,555.28  | 161,628.85   |
| Total                                       | 12,368.79                | 326,104.59  | 338,473.38   | 10,820.33                | 401,075.20  | 411,895.53   |
| <u>Add</u> Accrued interest receivables     | -                        | 319.10      | 319.10       | -                        | 515.26      | 515.26       |
| <u>Less</u> Allowance for doubtful accounts | (0.27)                   | (1,423.82)  | (1,424.09)   | (0.68)                   | (1,714.39)  | (1,715.07)   |
| Total domestic items                        | 12,368.52                | 324,999.87  | 337,368.39   | 10,819.65                | 399,876.07  | 410,695.72   |
| <b>6.2.2 Foreign Items</b>                  |                          |             |              |                          |             |              |
| US Dollar                                   | 7,054.90                 | 40,334.93   | 47,389.83    | 5,271.24                 | 37,461.50   | 42,732.74    |
| Japanese Yen                                | 8,394.50                 | -           | 8,394.50     | 198.14                   | -           | 198.14       |
| Euro                                        | 211.56                   | -           | 211.56       | 196.82                   | -           | 196.82       |
| Other currencies                            | 1,844.95                 | 1,869.33    | 3,714.28     | 1,152.10                 | 1,608.67    | 2,760.77     |
| Total                                       | 17,505.91                | 42,204.26   | 59,710.17    | 6,818.30                 | 39,070.17   | 45,888.47    |
| <u>Add</u> Accrued interest receivables     | 0.07                     | 279.63      | 279.70       | 0.04                     | 166.19      | 166.23       |
| <u>Less</u> Deferred revenue                | -                        | (1.01)      | (1.01)       | -                        | (1.57)      | (1.57)       |
| Allowance for doubtful accounts             | -                        | (295.87)    | (295.87)     | -                        | (311.97)    | (311.97)     |
| Total foreign items                         | 17,505.98                | 42,187.01   | 59,692.99    | 6,818.34                 | 38,922.82   | 45,741.16    |
| Total domestic and foreign items            | 29,874.50                | 367,186.88  | 397,061.38   | 17,637.99                | 438,798.89  | 456,436.88   |

**6.3 Derivatives Held for Trading****The fair values and the notional amounts classified by type of risk**

(Million Baht)

| <u>Consolidated Financial Statements</u> |                          |                    |                 |                          |                    |                 |
|------------------------------------------|--------------------------|--------------------|-----------------|--------------------------|--------------------|-----------------|
| <u>Type of Risk</u>                      | <u>December 31, 2015</u> |                    |                 | <u>December 31, 2014</u> |                    |                 |
|                                          | <u>Fair Value</u>        |                    | <u>Notional</u> | <u>Fair Value</u>        |                    | <u>Notional</u> |
|                                          | <u>Assets</u>            | <u>Liabilities</u> |                 | <u>Assets</u>            | <u>Liabilities</u> |                 |
| Exchange rate                            | 26,687.47                | 30,064.91          | 1,655,572.33    | 10,475.96                | 10,689.98          | 1,259,854.44    |
| Interest rate                            | 4,466.88                 | 4,244.51           | 729,036.66      | 2,277.90                 | 2,098.15           | 308,791.79      |
| Others                                   | 2,884.79                 | 2,923.15           | 91,132.79       | 3,289.11                 | 3,457.13           | 109,110.78      |
| Total                                    | 34,039.14                | 37,232.57          | 2,475,741.78    | 16,042.97                | 16,245.26          | 1,677,757.01    |

(Million Baht)

| <u>The Bank's Financial Statements</u> |                          |                    |                 |                          |                    |                 |
|----------------------------------------|--------------------------|--------------------|-----------------|--------------------------|--------------------|-----------------|
| <u>Type of Risk</u>                    | <u>December 31, 2015</u> |                    |                 | <u>December 31, 2014</u> |                    |                 |
|                                        | <u>Fair Value</u>        |                    | <u>Notional</u> | <u>Fair Value</u>        |                    | <u>Notional</u> |
|                                        | <u>Assets</u>            | <u>Liabilities</u> |                 | <u>Assets</u>            | <u>Liabilities</u> |                 |
| Exchange rate                          | 26,687.63                | 30,067.13          | 1,655,818.68    | 10,475.96                | 10,690.23          | 1,259,873.86    |
| Interest rate                          | 4,516.09                 | 4,244.51           | 732,469.36      | 2,342.99                 | 2,098.15           | 312,811.93      |
| Others                                 | 2,884.79                 | 2,923.15           | 91,132.79       | 3,289.11                 | 3,457.13           | 109,110.78      |
| Total                                  | 34,088.51                | 37,234.79          | 2,479,420.83    | 16,108.06                | 16,245.51          | 1,681,796.57    |

**The proportion of derivative transactions classified by type of counterparty based on the notional amounts**

| <u>Counterparty</u>      | <u>Consolidated Financial Statements</u> |                          | <u>The Bank's Financial Statements</u> |                          |
|--------------------------|------------------------------------------|--------------------------|----------------------------------------|--------------------------|
|                          | <u>December 31, 2015</u>                 | <u>December 31, 2014</u> | <u>December 31, 2015</u>               | <u>December 31, 2014</u> |
|                          | <u>Proportion</u>                        | <u>Proportion</u>        | <u>Proportion</u>                      | <u>Proportion</u>        |
| Financial institutions   | 77.59%                                   | 73.78%                   | 77.47%                                 | 73.60%                   |
| Financial business group | 0.12%                                    | 0.18%                    | 0.27%                                  | 0.42%                    |
| Third parties            | 22.29%                                   | 26.04%                   | 22.26%                                 | 25.98%                   |
| Total                    | 100.00%                                  | 100.00%                  | 100.00%                                | 100.00%                  |

**6.4 Investments, Net**

(Million Baht)

Consolidated Financial Statements

|                                                     | <u>December 31, 2015</u>       |                            |                             |                   | <u>December 31, 2014</u>       |                            |                             |                   |
|-----------------------------------------------------|--------------------------------|----------------------------|-----------------------------|-------------------|--------------------------------|----------------------------|-----------------------------|-------------------|
|                                                     | Cost/<br><u>Amortized Cost</u> | Unrealized<br><u>Gains</u> | Unrealized<br><u>Losses</u> | <u>Fair Value</u> | Cost/<br><u>Amortized Cost</u> | Unrealized<br><u>Gains</u> | Unrealized<br><u>Losses</u> | <u>Fair Value</u> |
| <b>6.4.1 Trading Securities</b>                     |                                |                            |                             |                   |                                |                            |                             |                   |
| Government & state enterprise securities            | 21,474.55                      | 17.48                      | (0.10)                      | 21,491.93         | 36,094.82                      | 17.94                      | (12.39)                     | 36,100.37         |
| Private enterprise debt securities                  | 2,028.49                       | 0.93                       | (0.68)                      | 2,028.74          | -                              | -                          | -                           | -                 |
| Foreign debt securities                             | 4,758.06                       | 0.35                       | -                           | 4,758.41          | -                              | -                          | -                           | -                 |
| Domestic marketable equity securities               | 0.03                           | -                          | -                           | 0.03              | -                              | -                          | -                           | -                 |
| Investments in borrowings with embedded derivatives | -                              | -                          | -                           | -                 | 988.89                         | -                          | (793.55)                    | 195.34            |
| Total                                               | 28,261.13                      | 18.76                      | (0.78)                      | 28,279.11         | 37,083.71                      | 17.94                      | (805.94)                    | 36,295.71         |
| <u>Add (Less)</u> Allowance for revaluation         | 17.98                          |                            |                             |                   | (983.34)                       |                            |                             |                   |
| Total                                               | 28,279.11                      |                            |                             | 28,279.11         | 36,100.37                      |                            |                             | 36,295.71         |
| <b>6.4.2 Available-for-Sale Securities</b>          |                                |                            |                             |                   |                                |                            |                             |                   |
| Government & state enterprise securities            | 82,686.81                      | 24.95                      | (1,144.17)                  | 81,567.59         | 85,376.88                      | 270.34                     | (752.25)                    | 84,894.97         |
| Private enterprise debt securities                  | 2,834.93                       | 24.69                      | (0.38)                      | 2,859.24          | 646.00                         | 11.12                      | -                           | 657.12            |
| Foreign debt securities                             | 2,580.28                       | 0.86                       | (4.63)                      | 2,576.51          | 4,475.15                       | 48.65                      | (4.51)                      | 4,519.29          |
| Domestic marketable equity securities               | 5,015.82                       | 1,322.63                   | (209.58)                    | 6,128.87          | 5,283.73                       | 3,939.45                   | (183.85)                    | 9,039.33          |
| Foreign marketable equity securities                | 542.01                         | 66.26                      | -                           | 608.27            | 330.34                         | 199.74                     | -                           | 530.08            |
| Total                                               | 93,659.85                      | 1,439.39                   | (1,358.76)                  | 93,740.48         | 96,112.10                      | 4,469.30                   | (940.61)                    | 99,640.79         |
| <u>Add</u> Allowance for revaluation                | 84.62                          |                            |                             |                   | 3,532.48                       |                            |                             |                   |
| <u>Less</u> Allowance for impairment                | (3.99)                         |                            |                             |                   | (3.79)                         |                            |                             |                   |
| Total                                               | 93,740.48                      |                            |                             | 93,740.48         | 99,640.79                      |                            |                             | 99,640.79         |

**6.4 Investments, Net (Continued)**

(Million Baht)

| <u>Consolidated Financial Statements</u>      |                             |                              |                   |            |                                 |                             |                              |                   |
|-----------------------------------------------|-----------------------------|------------------------------|-------------------|------------|---------------------------------|-----------------------------|------------------------------|-------------------|
| <u>December 31, 2015</u>                      |                             |                              |                   |            | <u>December 31, 2014</u>        |                             |                              |                   |
| <u>Cost/<br/>Amortized Cost</u>               | <u>Unrealized<br/>Gains</u> | <u>Unrealized<br/>Losses</u> | <u>Fair Value</u> |            | <u>Cost/<br/>Amortized Cost</u> | <u>Unrealized<br/>Gains</u> | <u>Unrealized<br/>Losses</u> | <u>Fair Value</u> |
| <b>6.4.3 Held-to-Maturity Debt Securities</b> |                             |                              |                   |            |                                 |                             |                              |                   |
| Government & state enterprise securities      | 106,180.23                  | 2,527.01                     | (2,098.25)        | 106,608.99 | 89,859.88                       | 1,856.32                    | (1,890.21)                   | 89,825.99         |
| Private enterprise debt securities            | 3,147.52                    | 82.19                        | (36.02)           | 3,193.69   | 2,751.67                        | 75.43                       | (36.17)                      | 2,790.93          |
| Foreign debt securities                       | 15,174.40                   | -                            | -                 | 15,174.40  | 16,429.94                       | -                           | -                            | 16,429.94         |
| Total                                         | 124,502.15                  | 2,609.20                     | (2,134.27)        | 124,977.08 | 109,041.49                      | 1,931.75                    | (1,926.38)                   | 109,046.86        |
| <u>Less</u> Allowance for impairment          | (206.76)                    |                              |                   |            | (206.91)                        |                             |                              |                   |
| Total                                         | 124,295.39                  |                              |                   | 124,977.08 | 108,834.58                      |                             |                              | 109,046.86        |
| <b>6.4.4 General Investments</b>              |                             |                              |                   |            |                                 |                             |                              |                   |
| Domestic non-marketable equity securities     | 1,900.07                    | -                            | (1,207.13)        | 692.94     | 1,985.55                        | -                           | (1,261.32)                   | 724.23            |
| Foreign non-marketable equity securities      | 73.74                       | -                            | -                 | 73.74      | 68.89                           | -                           | -                            | 68.89             |
| Total                                         | 1,973.81                    | -                            | (1,207.13)        | 766.68     | 2,054.44                        | -                           | (1,261.32)                   | 793.12            |
| <u>Less</u> Allowance for impairment          | (1,207.13)                  |                              |                   |            | (1,261.32)                      |                             |                              |                   |
| Total                                         | 766.68                      |                              |                   | 766.68     | 793.12                          |                             |                              | 793.12            |
| Total investments, net                        | 247,081.66                  |                              |                   | 247,763.35 | 245,368.86                      |                             |                              | 245,776.48        |

(Million Baht)

| <u>The Bank's Financial Statements</u>              |                             |                              |                   |           |                                 |                             |                              |                   |
|-----------------------------------------------------|-----------------------------|------------------------------|-------------------|-----------|---------------------------------|-----------------------------|------------------------------|-------------------|
| <u>December 31, 2015</u>                            |                             |                              |                   |           | <u>December 31, 2014</u>        |                             |                              |                   |
| <u>Cost/<br/>Amortized Cost</u>                     | <u>Unrealized<br/>Gains</u> | <u>Unrealized<br/>Losses</u> | <u>Fair Value</u> |           | <u>Cost/<br/>Amortized Cost</u> | <u>Unrealized<br/>Gains</u> | <u>Unrealized<br/>Losses</u> | <u>Fair Value</u> |
| <b>6.4.1 Trading Securities</b>                     |                             |                              |                   |           |                                 |                             |                              |                   |
| Government & state enterprise securities            | 21,474.55                   | 17.48                        | (0.10)            | 21,491.93 | 36,094.82                       | 17.94                       | (12.39)                      | 36,100.37         |
| Private enterprise debt securities                  | 2,028.49                    | 0.93                         | (0.68)            | 2,028.74  | -                               | -                           | -                            | -                 |
| Foreign debt securities                             | 4,758.06                    | 0.35                         | -                 | 4,758.41  | -                               | -                           | -                            | -                 |
| Domestic marketable equity securities               | 0.03                        | -                            | -                 | 0.03      | -                               | -                           | -                            | -                 |
| Investments in borrowings with embedded derivatives | -                           | -                            | -                 | -         | 988.89                          | -                           | (793.55)                     | 195.34            |
| Total                                               | 28,261.13                   | 18.76                        | (0.78)            | 28,279.11 | 37,083.71                       | 17.94                       | (805.94)                     | 36,295.71         |
| <u>Add (Less)</u> Allowance for revaluation         | 17.98                       |                              |                   |           | (983.34)                        |                             |                              |                   |
| Total                                               | 28,279.11                   |                              |                   | 28,279.11 | 36,100.37                       |                             |                              | 36,295.71         |

**6.4 Investments, Net (Continued)**

(Million Baht)

The Bank's Financial Statements

|                                               | <u>December 31, 2015</u>       |                            |                             |                   | <u>December 31, 2014</u>       |                            |                             |                   |
|-----------------------------------------------|--------------------------------|----------------------------|-----------------------------|-------------------|--------------------------------|----------------------------|-----------------------------|-------------------|
|                                               | Cost/<br><u>Amortized Cost</u> | Unrealized<br><u>Gains</u> | Unrealized<br><u>Losses</u> | <u>Fair Value</u> | Cost/<br><u>Amortized Cost</u> | Unrealized<br><u>Gains</u> | Unrealized<br><u>Losses</u> | <u>Fair Value</u> |
| <b>6.4.2 Available-for-Sale Securities</b>    |                                |                            |                             |                   |                                |                            |                             |                   |
| Government & state enterprise securities      | 82,686.81                      | 24.95                      | (1,144.17)                  | 81,567.59         | 85,376.88                      | 270.34                     | (752.25)                    | 84,894.97         |
| Private enterprise debt securities            | 2,834.93                       | 24.69                      | (0.38)                      | 2,859.24          | 646.00                         | 11.12                      | -                           | 657.12            |
| Foreign debt securities                       | 2,580.28                       | 0.86                       | (4.63)                      | 2,576.51          | 4,475.15                       | 48.65                      | (4.51)                      | 4,519.29          |
| Domestic marketable equity securities         | 5,015.82                       | 1,322.63                   | (209.58)                    | 6,128.87          | 5,283.73                       | 3,939.45                   | (183.85)                    | 9,039.33          |
| Foreign marketable equity securities          | 542.01                         | 66.26                      | -                           | 608.27            | 330.34                         | 199.74                     | -                           | 530.08            |
| Total                                         | 93,659.85                      | 1,439.39                   | (1,358.76)                  | 93,740.48         | 96,112.10                      | 4,469.30                   | (940.61)                    | 99,640.79         |
| <u>Add</u> Allowance for revaluation          | 84.62                          |                            |                             |                   | 3,532.48                       |                            |                             |                   |
| <u>Less</u> Allowance for impairment          | (3.99)                         |                            |                             |                   | (3.79)                         |                            |                             |                   |
| Total                                         | 93,740.48                      |                            |                             | 93,740.48         | 99,640.79                      |                            |                             | 99,640.79         |
| <b>6.4.3 Held-to-Maturity Debt Securities</b> |                                |                            |                             |                   |                                |                            |                             |                   |
| Government & state enterprise securities      | 105,909.68                     | 2,526.24                   | (2,098.25)                  | 106,337.67        | 89,599.79                      | 1,855.40                   | (1,890.21)                  | 89,564.98         |
| Private enterprise debt securities            | 3,147.52                       | 82.19                      | (36.02)                     | 3,193.69          | 2,751.67                       | 75.43                      | (36.17)                     | 2,790.93          |
| Foreign debt securities                       | 15,174.40                      | -                          | -                           | 15,174.40         | 16,429.94                      | -                          | -                           | 16,429.94         |
| Total                                         | 124,231.60                     | 2,608.43                   | (2,134.27)                  | 124,705.76        | 108,781.40                     | 1,930.83                   | (1,926.38)                  | 108,785.85        |
| <u>Less</u> Allowance for impairment          | (206.76)                       |                            |                             |                   | (206.91)                       |                            |                             |                   |
| Total                                         | 124,024.84                     |                            |                             | 124,705.76        | 108,574.49                     |                            |                             | 108,785.85        |
| <b>6.4.4 General Investments</b>              |                                |                            |                             |                   |                                |                            |                             |                   |
| Domestic non-marketable equity securities     | 1,900.02                       | -                          | (1,207.13)                  | 692.89            | 1,985.50                       | -                          | (1,261.32)                  | 724.18            |
| Foreign non-marketable equity securities      | 73.74                          | -                          | -                           | 73.74             | 68.89                          | -                          | -                           | 68.89             |
| Total                                         | 1,973.76                       | -                          | (1,207.13)                  | 766.63            | 2,054.39                       | -                          | (1,261.32)                  | 793.07            |
| <u>Less</u> Allowance for impairment          | (1,207.13)                     |                            |                             |                   | (1,261.32)                     |                            |                             |                   |
| Total                                         | 766.63                         |                            |                             | 766.63            | 793.07                         |                            |                             | 793.07            |
| Total investments, net                        | 246,811.06                     |                            |                             | 247,491.98        | 245,108.72                     |                            |                             | 245,515.42        |

#### 6.4 Investments, Net (Continued)

As at December 31, 2014, trading securities which are investments in borrowings with closely related embedded derivatives of Baht 988.89 million are Collateralized Debt Obligations (CDO) with fair value of Baht 195.34 million and have full amount of allowance for revaluation. In 2015, the Bank disposed full amount of them.

As at December 31, 2015 and 2014, held-to-maturity debt securities in government and state enterprise securities included promissory notes issued by the Thai Asset Management Corporation (TAMC) paid for the transfer of the Bank's impaired assets amounting to Baht 2,824.22 million and Baht 3,174.33 million, respectively (Note 6.35). There is a TAMC's promissory note amounting to Baht 2,824.22 million, was already due in 2011, and is in the process of transferred price adjustment in order to change to the new one.

As at December 31, 2015 and 2014, general investments which are domestic non-marketable equity securities of Baht 1,900.02 million and Baht 1,985.50 million included investments in the Islamic Bank of Thailand amounting to Baht 1,048.15 million which the Bank reserved the full amount of allowance for impairment.

As at December 31, 2015 and 2014, the Bank had investments in foreign securities affected by foreign exchange rate, resulting in a increase of the carrying amount of Baht 756.39 million and Baht 52.05 million, respectively.

In addition, the Bank has acquired the investments in other securities, whereby the Bank holds for equal to or over 10 percent of the paid-up capital, classified into industrial sector and stated at their fair value as follows:

|                               | (Million Baht)                           |                          |                                        |                          |
|-------------------------------|------------------------------------------|--------------------------|----------------------------------------|--------------------------|
|                               | <u>Consolidated Financial Statements</u> |                          | <u>The Bank's Financial Statements</u> |                          |
|                               | <u>December 31, 2015</u>                 | <u>December 31, 2014</u> | <u>December 31, 2015</u>               | <u>December 31, 2014</u> |
| Manufacturing                 | 1.00                                     | 1.00                     | 1.00                                   | 1.00                     |
| Banking and financial         | -                                        | 237.17                   | -                                      | 237.17                   |
| Public utilities and services | 1,364.87                                 | 1,338.06                 | 1,364.87                               | 1,338.06                 |
| Others                        | 23.11                                    | 18.48                    | 23.11                                  | 18.48                    |
| Total                         | 1,388.98                                 | 1,594.71                 | 1,388.98                               | 1,594.71                 |

**6.4.5** As at December 31, 2015, the Bank has investments in 2 listed companies in which their financial position and performance fall under SET's delisted criteria, cost of Baht 1.83 million which are reserved full amount of allowance for impairment.

**6.5 Investments in Subsidiaries and Associates, Net****6.5.1 The Bank's Financial Statements**

(Million Baht)

| December 31, 2015                               |                                             |                |                |               |          |
|-------------------------------------------------|---------------------------------------------|----------------|----------------|---------------|----------|
| Name of Company                                 | Type of Business                            | Type of Shares | Percentages of | Investments   | Dividend |
|                                                 |                                             |                | Shareholdings  | (Cost Method) |          |
| Subsidiaries                                    |                                             |                |                |               |          |
| KTB Law Co., Ltd.                               | Legal Services                              | Ordinary       | 100.00         | 30.00         | -        |
| KTB General Services Co., Ltd.                  | General Services                            | Ordinary       | 100.00         | 140.00        | 159.95   |
| Krung Thai Asset Management Pcl.                | Securities Business                         | Ordinary       | 100.00         | 210.90        | 150.00   |
| KTB Computer Services Co., Ltd.                 | IT Services                                 | Ordinary       | 100.00         | 1,300.00      | -        |
| KTB Leasing Co., Ltd.                           | Hire Purchase                               | Ordinary       | 100.00         | 1,000.00      | -        |
| KTB Capital Holding Co., Ltd.*                  | Holding                                     | Ordinary       | 100.00         | 1.00          | -        |
| KTB Advisory Co., Ltd.                          | Financial Counseling &<br>Advisory Services | Ordinary       | 100.00         | 40.00         | 9.64     |
| Krungthai Card Pcl.**                           | Credit Card Business                        | Ordinary       | 49.45          | 1,994.60      | 350.63   |
| Total                                           |                                             |                |                | 4,716.50      | 670.22   |
| Less Allowance for impairment***                |                                             |                |                | (798.77)      |          |
| Total                                           |                                             |                |                | 3,917.73      | 670.22   |
| Associates                                      |                                             |                |                |               |          |
| Krungthai-AXA Life Insurance Pcl.               | Life Insurance                              | Ordinary       | 50.00          | 4,071.77      | 2,100.00 |
| Krungthai Panich Insurance Pcl.                 | Non-Life Insurance                          | Ordinary       | 45.00          | 1,518.82      | 158.40   |
| Krung Thai IBJ Leasing Co., Ltd.                | Hire Purchase                               | Ordinary       | 49.00          | 87.38         | 37.48    |
| KT Zmico Securities Co., Ltd.                   | Securities Business                         | Ordinary       | 50.00          | 1,068.89      | 217.67   |
| Total                                           |                                             |                |                | 6,746.86      | 2,513.55 |
| Investments in subsidiaries and associates, net |                                             |                |                | 10,664.59     | 3,183.77 |

## (Million Baht)

\* Registered as the business dissolution on December 18, 2014 and withdraw from the financial business group.

\*\* The Bank has entity control.

\*\*\* Allowance for impairment in subsidiaries occurs from cost higher than book value.

On October 29, 2014, the Bank has bought the additional shares of KTB Leasing Co., Ltd. (KTBL) of Baht 900 million. As a result, the Bank remains 100 percent of KTBL's total issued shares.

## (Million Baht)

|                                      |                         |                       |                      | December 31, 2015    |                        |
|--------------------------------------|-------------------------|-----------------------|----------------------|----------------------|------------------------|
|                                      |                         |                       | Percentages of       | Investments          | Investments            |
| <u>Name of Company</u>               | <u>Type of Business</u> | <u>Type of Shares</u> | <u>Shareholdings</u> | <u>(Cost Method)</u> | <u>(Equity Method)</u> |
| <b>Associates</b>                    |                         |                       |                      |                      |                        |
| Krungthai-AXA Life Insurance Pcl.    | Life Insurance          | Ordinary              | 50.00                | 593.57               | 10,636.05              |
| Krungthai Panich Insurance Pcl.      | Non-Life Insurance      | Ordinary              | 45.00                | 971.30               | 2,320.28               |
| Krung Thai IBJ Leasing Co., Ltd.     | Hire Purchase           | Ordinary              | 49.00                | 87.38                | 530.21                 |
| KT Zmico Securities Co., Ltd.        | Securities Business     | Ordinary              | 50.00                | 1,068.89             | 1,163.83               |
| Total investments in associates, net |                         |                       |                      | 2,721.14             | 14,650.37              |

**6.5.2 The Consolidated Financial Statements (Continued)**

(Million Baht)

|                                      |                         |                       | December 31, 2014    |                      |                        |
|--------------------------------------|-------------------------|-----------------------|----------------------|----------------------|------------------------|
|                                      |                         |                       | Percentages of       | Investments          | Investments            |
| <u>Name of Company</u>               | <u>Type of Business</u> | <u>Type of Shares</u> | <u>Shareholdings</u> | <u>(Cost Method)</u> | <u>(Equity Method)</u> |
| <b>Associates</b>                    |                         |                       |                      |                      |                        |
| Krungthai-AXA Life Insurance Pcl.    | Life Insurance          | Ordinary              | 50.00                | 593.57               | 9,124.99               |
| Krungthai Panich Insurance Pcl.      | Non-Life Insurance      | Ordinary              | 45.00                | 971.30               | 2,214.26               |
| Krung Thai IBJ Leasing Co., Ltd.     | Hire Purchase           | Ordinary              | 49.00                | 87.38                | 499.03                 |
| KT Zmico Securities Co., Ltd.        | Securities Business     | Ordinary              | 50.00                | 1,068.89             | 1,287.77               |
| Total investments in associates, net |                         |                       |                      | 2,721.14             | 13,126.05              |

Investments in associates are accounted in the consolidated financial statements using the equity method based on financial information from unaudited/unreviewed financial statements of the associates.

**6.5.3 Financial Positions and Operations of Associates**

(Million Baht)

| Name of Company                   | December 31, 2015 |                   |                      | December 31, 2014 |                   |                      |
|-----------------------------------|-------------------|-------------------|----------------------|-------------------|-------------------|----------------------|
|                                   | "Unaudited"       |                   |                      | "Audited"         |                   |                      |
|                                   | Total Assets      | Total Liabilities | Shareholders' Equity | Total Assets      | Total Liabilities | Shareholders' Equity |
| Krung Thai IBJ Leasing Co., Ltd.  | 7,398.15          | 6,316.08          | 1,082.07             | 7,188.68          | 6,170.26          | 1,018.42             |
| KT Zmico Securities Co., Ltd.     | 6,366.50          | 4,038.83          | 2,327.67             | 7,284.70          | 4,698.64          | 2,586.06             |
| Krungthai Panich Insurance Pcl.   | 8,495.91          | 3,339.74          | 5,156.17             | 8,087.63          | 3,178.64          | 4,908.99             |
| Krungthai-AXA Life Insurance Pcl. | 170,337.82        | 149,065.72        | 21,272.10            | 136,841.13        | 118,591.15        | 18,249.98            |
|                                   | 192,598.38        | 162,760.37        | 29,838.01            | 159,402.14        | 132,638.69        | 26,763.45            |

(Million Baht)

| Name of Company                   | December 31, 2015 |                   | December 31, 2014 |                   |
|-----------------------------------|-------------------|-------------------|-------------------|-------------------|
|                                   | "Unaudited"       |                   | "Audited"         |                   |
|                                   | Total Income      | Net Profit (Loss) | Total Income      | Net Profit (Loss) |
| Krung Thai IBJ Leasing Co., Ltd.  | 520.97            | 140.15            | 590.41            | 153.22            |
| KT Zmico Securities Co., Ltd.     | 1,674.53          | 216.53            | 1,893.52          | 307.13            |
| Krungthai Panich Insurance Pcl.   | 2,957.19          | 629.23            | 2,930.28          | 710.74            |
| Krungthai-AXA Life Insurance Pcl. | 60,487.51         | 5,168.69          | 53,888.37         | 4,811.68          |
|                                   | 65,640.20         | 6,154.60          | 59,302.58         | 5,982.77          |

**6.6 Loans to Customers and Accrued Interest Receivables, Net****6.6.1 Classified by Type of Loans**

(Million Baht)

|                                                                                        | <u>Consolidated Financial Statements</u> |                          | <u>The Bank's Financial Statements</u> |                          |
|----------------------------------------------------------------------------------------|------------------------------------------|--------------------------|----------------------------------------|--------------------------|
|                                                                                        | <u>December 31, 2015</u>                 | <u>December 31, 2014</u> | <u>December 31, 2015</u>               | <u>December 31, 2014</u> |
| Overdrafts                                                                             | 169,685.27                               | 163,263.26               | 169,685.27                             | 163,263.26               |
| Loans                                                                                  | 1,365,738.42                             | 1,225,513.56             | 1,352,350.50                           | 1,226,185.26             |
| Bills                                                                                  | 438,972.98                               | 502,207.57               | 446,452.97                             | 510,047.57               |
| Hire purchase receivables                                                              | 46,299.18                                | 56,654.74                | 19.65                                  | 76.75                    |
| Financial lease receivables                                                            | 9,659.13                                 | 10,770.58                | -                                      | -                        |
| Others                                                                                 | 2,895.50                                 | 2,331.16                 | 1,319.03                               | 1,194.43                 |
| <u>Less</u> Deferred revenue                                                           | (5,810.00)                               | (7,744.82)               | (165.76)                               | (120.49)                 |
| Total loans to customers net of deferred revenue                                       | 2,027,440.48                             | 1,952,996.05             | 1,969,661.66                           | 1,900,646.78             |
| <u>Add</u> Accrued interest receivables                                                | 5,900.90                                 | 5,190.81                 | 5,462.81                               | 5,202.82                 |
| Total loans to customers net of deferred revenue,<br>plus accrued interest receivables | 2,033,341.38                             | 1,958,186.86             | 1,975,124.47                           | 1,905,849.60             |
| <u>Less</u> Allowance for doubtful accounts                                            |                                          |                          |                                        |                          |
| 1. Minimum reserve under BoT's regulations                                             |                                          |                          |                                        |                          |
| - Individual approach                                                                  | (57,979.33)                              | (47,436.33)              | (55,397.83)                            | (45,567.69)              |
| - Collective approach                                                                  | (3,957.69)                               | (3,756.54)               | -                                      | -                        |
| 2. Excess allowance                                                                    | (23,886.91)                              | (24,714.56)              | (21,823.23)                            | (22,801.99)              |
| <u>Less</u> Revaluation allowance for debt restructuring                               | (132.63)                                 | (113.22)                 | (132.63)                               | (113.22)                 |
| Total loans to customers, net                                                          | 1,947,384.82                             | 1,882,166.21             | 1,897,770.78                           | 1,837,366.70             |

As at December 31, 2015 and 2014, the Bank's other loans of Baht 1,319.03 million and Baht 1,194.43 million included debts resulting from the Bank's liabilities under acceptances or guarantees amounting to Baht 1,267.36 million and Baht 1,149.11 million, respectively.

**6.6.2 Classified by Currency and Customer's Residence**

(Million Baht)

|                  | <u>Consolidated Financial Statements</u> |                |              |                          |                |              |
|------------------|------------------------------------------|----------------|--------------|--------------------------|----------------|--------------|
|                  | <u>December 31, 2015</u>                 |                |              | <u>December 31, 2014</u> |                |              |
|                  | <u>Domestic</u>                          | <u>Foreign</u> | <u>Total</u> | <u>Domestic</u>          | <u>Foreign</u> | <u>Total</u> |
| Thai Baht        | 1,915,145.64                             | 10.60          | 1,915,156.24 | 1,843,792.54             | 61.36          | 1,843,853.90 |
| US Dollar        | 74,085.50                                | 25,364.65      | 99,450.15    | 81,155.39                | 22,838.07      | 103,993.46   |
| Other currencies | 12,770.04                                | 64.05          | 12,834.09    | 5,064.15                 | 84.54          | 5,148.69     |
| Total            | 2,002,001.18                             | 25,439.30      | 2,027,440.48 | 1,930,012.08             | 22,983.97      | 1,952,996.05 |

**6.6.2 Classified by Currency and Customer's Residence (Continued)**

(Million Baht)

| <u>The Bank's Financial Statements</u> |                          |                |              |                          |                |              |
|----------------------------------------|--------------------------|----------------|--------------|--------------------------|----------------|--------------|
|                                        | <u>December 31, 2015</u> |                |              | <u>December 31, 2014</u> |                |              |
|                                        | <u>Domestic</u>          | <u>Foreign</u> | <u>Total</u> | <u>Domestic</u>          | <u>Foreign</u> | <u>Total</u> |
| Thai Baht                              | 1,857,366.82             | 10.60          | 1,857,377.42 | 1,791,443.27             | 61.36          | 1,791,504.63 |
| US Dollar                              | 74,085.50                | 25,364.65      | 99,450.15    | 81,155.39                | 22,838.07      | 103,993.46   |
| Other currencies                       | 12,770.04                | 64.05          | 12,834.09    | 5,064.15                 | 84.54          | 5,148.69     |
| Total                                  | 1,944,222.36             | 25,439.30      | 1,969,661.66 | 1,877,662.81             | 22,983.97      | 1,900,646.78 |

**6.6.3 Classified by Business Types and Loan Classification**

(Million Baht)

| <u>Consolidated Financial Statements</u> |                          |                        |                    |                 |                         |              |
|------------------------------------------|--------------------------|------------------------|--------------------|-----------------|-------------------------|--------------|
|                                          | <u>December 31, 2015</u> |                        |                    |                 |                         |              |
|                                          | <u>Normal</u>            | <u>Special Mention</u> | <u>Substandard</u> | <u>Doubtful</u> | <u>Doubtful of Loss</u> | <u>Total</u> |
| Agriculture and mining                   | 38,533.31                | 328.68                 | 198.68             | 238.77          | 782.30                  | 40,081.74    |
| Manufacturing and commercial             | 521,107.19               | 22,775.14              | 10,108.58          | 9,557.61        | 14,169.30               | 577,717.82   |
| Real estate and construction             | 131,323.46               | 3,933.13               | 608.96             | 1,768.97        | 9,195.34                | 146,829.86   |
| Public utilities and services            | 373,817.33               | 12,848.17              | 2,416.66           | 1,882.45        | 3,756.51                | 394,721.12   |
| Housing loans                            | 364,053.73               | 5,267.53               | 3,157.94           | 3,260.85        | 6,210.28                | 381,950.33   |
| Others                                   | 470,399.45               | 6,682.40               | 2,231.18           | 2,295.18        | 4,531.40                | 486,139.61   |
| Total                                    | 1,899,234.47             | 51,835.05              | 18,722.00          | 19,003.83       | 38,645.13               | 2,027,440.48 |

**6.6.3 Classified by Business Types and Loan Classification (Continued)**

(Million Baht)

Consolidated Financial StatementsDecember 31, 2014

|                               | <u>Normal</u> | <u>Special Mention</u> | <u>Substandard</u> | <u>Doubtful</u> | <u>Doubtful of Loss</u> | <u>Total</u> |
|-------------------------------|---------------|------------------------|--------------------|-----------------|-------------------------|--------------|
| Agriculture and mining        | 33,874.27     | 430.12                 | 92.09              | 167.42          | 900.67                  | 35,464.57    |
| Manufacturing and commercial  | 504,763.61    | 38,447.01              | 5,873.97           | 4,551.02        | 13,227.59               | 566,863.20   |
| Real estate and construction  | 118,916.93    | 4,407.31               | 587.64             | 1,696.63        | 10,087.86               | 135,696.37   |
| Public utilities and services | 395,543.63    | 11,001.85              | 2,388.00           | 1,547.87        | 4,353.49                | 414,834.84   |
| Housing loans                 | 341,505.53    | 5,193.71               | 977.09             | 1,829.79        | 3,447.99                | 352,954.11   |
| Others                        | 433,946.82    | 7,476.17               | 1,640.64           | 1,231.71        | 2,887.62                | 447,182.96   |
| Total                         | 1,828,550.79  | 66,956.17              | 11,559.43          | 11,024.44       | 34,905.22               | 1,952,996.05 |

(Million Baht)

The Bank's Financial StatementsDecember 31, 2015

|                               | <u>Normal</u> | <u>Special Mention</u> | <u>Substandard</u> | <u>Doubtful</u> | <u>Doubtful of Loss</u> | <u>Total</u> |
|-------------------------------|---------------|------------------------|--------------------|-----------------|-------------------------|--------------|
| Agriculture and mining        | 37,488.74     | 261.70                 | 178.47             | 232.25          | 776.90                  | 38,938.06    |
| Manufacturing and commercial  | 511,970.19    | 22,543.13              | 9,979.76           | 9,414.77        | 14,043.50               | 567,951.35   |
| Real estate and construction  | 128,255.51    | 3,772.54               | 561.89             | 1,700.62        | 9,158.73                | 143,449.29   |
| Public utilities and services | 364,973.07    | 12,688.35              | 2,317.76           | 1,806.56        | 3,720.15                | 385,505.89   |
| Housing loans                 | 364,053.73    | 5,267.53               | 3,157.94           | 3,260.85        | 6,210.28                | 381,950.33   |
| Others                        | 443,259.40    | 3,280.21               | 1,540.76           | 1,899.02        | 1,887.35                | 451,866.74   |
| Total                         | 1,850,000.64  | 47,813.46              | 17,736.58          | 18,314.07       | 35,796.91               | 1,969,661.66 |

**6.6.3 Classified by Business Types and Loan Classification (Continued)**

(Million Baht)

| <u>The Bank's Financial Statements</u> |               |                        |                    |                 |                         |              |
|----------------------------------------|---------------|------------------------|--------------------|-----------------|-------------------------|--------------|
| <u>December 31, 2014</u>               |               |                        |                    |                 |                         |              |
|                                        | <u>Normal</u> | <u>Special Mention</u> | <u>Substandard</u> | <u>Doubtful</u> | <u>Doubtful of Loss</u> | <u>Total</u> |
| Agriculture and mining                 | 32,792.41     | 383.71                 | 67.21              | 150.96          | 900.67                  | 34,294.96    |
| Manufacturing and commercial           | 494,403.56    | 38,292.02              | 5,794.50           | 4,433.95        | 13,209.16               | 556,133.19   |
| Real estate and construction           | 116,494.85    | 4,269.17               | 534.23             | 1,657.19        | 10,074.32               | 133,029.76   |
| Public utilities and services          | 386,021.27    | 10,797.94              | 2,279.22           | 1,515.40        | 4,352.97                | 404,966.80   |
| Housing loans                          | 341,505.53    | 5,193.71               | 977.09             | 1,829.79        | 3,447.99                | 352,954.11   |
| Others                                 | 413,316.41    | 3,552.21               | 874.11             | 810.76          | 714.47                  | 419,267.96   |
| Total                                  | 1,784,534.03  | 62,488.76              | 10,526.36          | 10,398.05       | 32,699.58               | 1,900,646.78 |

**6.6.4 Classified by Loan Classification**

(Million Baht)

| <u>Consolidated Financial Statements</u>   |                    |                                       |                                       |                 |
|--------------------------------------------|--------------------|---------------------------------------|---------------------------------------|-----------------|
| <u>December 31, 2015</u>                   |                    |                                       |                                       |                 |
|                                            | Net Amount         | %                                     |                                       |                 |
|                                            | Loans and          | Used for Set aside                    | Used for Set aside                    | Allowance       |
|                                            | Accrued Interest   | the Allowance for                     | the Allowance for                     | for Doubtful    |
|                                            | <u>Receivables</u> | <u>Doubtful Accounts</u> <sup>1</sup> | <u>Doubtful Accounts</u> <sup>2</sup> | <u>Accounts</u> |
| 1. Minimum reserve under BoT's regulations |                    |                                       |                                       |                 |
| Normal                                     | 1,904,474.38       | 911,787.92                            | 1                                     | 15,163.11       |
| Special mention                            | 52,246.00          | 24,455.63                             | 2                                     | 11,014.83       |
| Substandard                                | 18,724.70          | 8,962.59                              | 100                                   | 8,975.04        |
| Doubtful                                   | 19,083.34          | 9,696.14                              | 100                                   | 9,715.25        |
| Doubtful of loss                           | 38,812.96          | 12,461.90                             | 100                                   | 17,068.79       |
| 2. Excess allowance                        |                    |                                       |                                       | 23,886.91       |
| Total                                      | 2,033,341.38       | 967,364.18                            |                                       | 85,823.93       |

## 6.6.4 Classified by Loan Classification (Continued)

(Million Baht)

Consolidated Financial StatementsDecember 31, 2014

|                                            |                    | Net Amount                            | %                                     |                 |
|--------------------------------------------|--------------------|---------------------------------------|---------------------------------------|-----------------|
|                                            | Loans and          | Used for Set aside                    | Used for Set aside                    | Allowance       |
|                                            | Accrued Interest   | the Allowance for                     | the Allowance for                     | for Doubtful    |
|                                            | <u>Receivables</u> | <u>Doubtful Accounts</u> <sup>1</sup> | <u>Doubtful Accounts</u> <sup>2</sup> | <u>Accounts</u> |
| 1. Minimum reserve under BoT's regulations |                    |                                       |                                       |                 |
| Normal                                     | 1,833,107.56       | 839,897.22                            | 1                                     | 11,942.23       |
| Special mention                            | 67,319.06          | 35,346.57                             | 2                                     | 12,545.24       |
| Substandard                                | 11,559.51          | 6,571.80                              | 100                                   | 6,583.96        |
| Doubtful                                   | 11,134.04          | 5,137.51                              | 100                                   | 5,137.47        |
| Doubtful of loss                           | 35,066.69          | 10,384.90                             | 100                                   | 14,983.97       |
|                                            |                    |                                       |                                       |                 |
| 2. Excess allowance                        |                    |                                       |                                       | 24,714.56       |
|                                            |                    |                                       |                                       |                 |
| Total                                      | 1,958,186.86       | 897,338.00                            |                                       | 75,907.43       |

(Million Baht)

The Bank's Financial StatementsDecember 31, 2015

|                                            |                  | Net Amount                            | %                        |                 |
|--------------------------------------------|------------------|---------------------------------------|--------------------------|-----------------|
|                                            | Loans and        | Used for Set aside                    | Used for Set aside       | Allowance       |
|                                            | Accrued Interest | the Allowance for                     | the Allowance for        | for Doubtful    |
|                                            | Receivables      | <u>Doubtful Accounts</u> <sup>1</sup> | <u>Doubtful Accounts</u> | <u>Accounts</u> |
| 1. Minimum reserve under BoT's regulations |                  |                                       |                          |                 |
| Normal                                     | 1,854,818.37     | 904,151.53                            | 1                        | 13,190.30       |
| Special mention                            | 48,212.45        | 22,878.69                             | 2                        | 10,240.94       |
| Substandard                                | 17,736.65        | 8,400.72                              | 100                      | 8,413.17        |
| Doubtful                                   | 18,393.58        | 9,313.53                              | 100                      | 9,332.64        |
| Doubtful of loss                           | 35,963.42        | 9,613.89                              | 100                      | 14,220.78       |
|                                            |                  |                                       |                          | 21,823.23       |
| 2. Excess allowance                        |                  |                                       |                          |                 |
| Total                                      | 1,975,124.47     | 954,358.36                            |                          | 77,221.06       |

**6.6.4 Classified by Loan Classification (Continued)**

(Million Baht)

| <u>The Bank's Financial Statements</u>       |                                                                           |                                                              |                                       |           |
|----------------------------------------------|---------------------------------------------------------------------------|--------------------------------------------------------------|---------------------------------------|-----------|
| <u>December 31, 2014</u>                     |                                                                           |                                                              |                                       |           |
|                                              | Net Amount                                                                | %                                                            |                                       |           |
| Loans and<br>Accrued Interest<br>Receivables | Used for Set aside<br>the Allowance for<br>Doubtful Accounts <sup>1</sup> | Used for Set aside<br>the Allowance for<br>Doubtful Accounts | Allowance<br>for Doubtful<br>Accounts |           |
| 1. Minimum reserve under BoT's regulations   |                                                                           |                                                              |                                       |           |
| Normal                                       | 1,789,102.81                                                              | 848,105.49                                                   | 1                                     | 10,229.75 |
| Special mention                              | 62,851.65                                                                 | 33,730.29                                                    | 2                                     | 11,805.67 |
| Substandard                                  | 10,526.41                                                                 | 5,930.07                                                     | 100                                   | 5,942.23  |
| Doubtful                                     | 10,507.67                                                                 | 4,775.28                                                     | 100                                   | 4,775.24  |
| Doubtful of loss                             | 32,861.06                                                                 | 8,189.27                                                     | 100                                   | 12,814.80 |
| 2. Excess allowance                          |                                                                           |                                                              |                                       | 22,801.99 |
| Total                                        | 1,905,849.60                                                              | 900,730.40                                                   |                                       | 68,369.68 |

<sup>1</sup> Net amount used for set aside the allowance for doubtful accounts represents outstanding amount of principal excluding accrued interest receivables after deducted collateral, or debts after deducted the present value of expected cash flows from debtors, or present value of expected cash flows from sale of collateral.

<sup>2</sup> Included loss rate net of recovery.

**6.6.5 Non-Performing Loans (NPLs)**

As at December 31, 2015 and 2014, the Bank and its subsidiaries had NPLs classified by the BoT's notifications as substandard, doubtful, doubtful of loss, and loss. Those are included loans that are interbank and money market items but excluded accrued interest receivables.

(Million Baht)

|                                                       | <u>Consolidated Financial Statements</u> |                          | <u>The Bank's Financial Statements</u> |                          |
|-------------------------------------------------------|------------------------------------------|--------------------------|----------------------------------------|--------------------------|
|                                                       | <u>December 31, 2015</u>                 | <u>December 31, 2014</u> | <u>December 31, 2015</u>               | <u>December 31, 2014</u> |
| NPLs before deducting allowance for doubtful accounts | 76,370.98                                | 57,489.09                | 71,847.55                              | 53,623.99                |
| NPLs percentage of total loans                        | 3.20                                     | 2.41                     | 3.09                                   | 2.30                     |
| NPLs after deducting allowance for doubtful accounts  | 40,611.90                                | 30,783.68                | 39,880.96                              | 30,091.71                |
| NPLs percentage of net loans                          | 1.73                                     | 1.31                     | 1.74                                   | 1.30                     |

For the years ended December 31, 2015 and 2014, impaired loans have been written off both principal and accrued interest receivables amounting to Baht 17,326.10 million and Baht 5,626.83 million, respectively.

### 6.6.6 Loans to Potential Delisted Companies

As at December 31, 2015 and 2014, the Bank has loans and accrued interest receivables to 2 potential delisted companies of Baht 163.85 million, accrued interest receivables amounting to Baht 0.03 million, totaling to Baht 163.88 million and to 7 potential delisted companies of Baht 1,000.80 million, accrued interest receivables amounting to Baht 0.01 million, totaling to Baht 1,000.81 million, respectively. In 2014, their allowance for doubtful accounts were provided for Baht 793.63 million in accordance with the BoT's notifications for loan classification.

### 6.6.7 Troubled Debt Restructuring (TDR)

For the years ended December 31, 2015 and 2014, the original loan value of the 23,067 and 11,798 troubled debt restructuring cases are Baht 41,422.74 million and Baht 30,098.70 million. The repayment for related interest and principal are Baht 17,999.37 million and Baht 5,220.11 million, whereas extended lending increased by Baht 13,174.23 million and Baht 4,394.59 million. Bad debts from Troubled Debt Restructuring are Baht 396.21 million and Baht 202.59 million, respectively.

TDR for the year ended December 31, 2015 is set out as follows:

|                                     |              |                      |                 |                   | (Million Baht)                         |
|-------------------------------------|--------------|----------------------|-----------------|-------------------|----------------------------------------|
|                                     |              |                      |                 |                   | <u>The Bank's Financial Statements</u> |
| Troubled Debt Restructuring Methods | No. of       | Outstanding          | Type of         |                   |                                        |
|                                     |              | Debt before          | Transferred     |                   |                                        |
|                                     | <u>Cases</u> | <u>Restructuring</u> | <u>Assets</u>   | <u>Fair Value</u> |                                        |
| Transfers of assets                 | 43           | 1,484.12             | Land & Premises |                   | 1,468.82                               |
| Change of repayment conditions      | 813          | 18,972.40            |                 |                   |                                        |
| Debt restructuring in various forms | 22,211       | 20,966.22            |                 |                   |                                        |
|                                     | 23,067       | 41,422.74            |                 |                   |                                        |

As at December 31, 2015, the Bank has outstanding balance of loans to restructured debts for 29,241 cases amounting to Baht 103,262.54 million, of which 2,969 cases amounting to Baht 9,117.39 million, has been monitored under the new contractual agreements.

The consolidated financial statements for the year ended December 31, 2015, the Bank restructured debts of 23,555 cases which the debts before restructuring were Baht 43,871 million.

**6.6.7 Troubled Debt Restructuring (TDR) (Continued)**

TDR for the year ended December 31, 2014 was set out as follows:

(Million Baht)

| Troubled Debt Restructuring Methods | <u>The Bank's Financial Statements</u> |                      |                 |                   |
|-------------------------------------|----------------------------------------|----------------------|-----------------|-------------------|
|                                     | No. of                                 | Outstanding          | Type of         |                   |
|                                     |                                        | Debt before          | Transferred     |                   |
|                                     | <u>Cases</u>                           | <u>Restructuring</u> | <u>Assets</u>   | <u>Fair Value</u> |
| Transfers of assets                 | 25                                     | 412.38               | Land & Premises | 412.04            |
| Change of repayment conditions      | 1,266                                  | 12,252.01            |                 |                   |
| Debt restructuring in various forms | 10,507                                 | 17,434.31            |                 |                   |
|                                     | 11,798                                 | 30,098.70            |                 |                   |

As at December 31, 2014, the Bank has outstanding balance of restructured debts 26,084 cases amounting to Baht 87,451 million, of which 731 cases amounting to Baht 9,211.88 million, has been monitored under the new contractual agreements.

The consolidated financial statements for the year ended December 31, 2014, the Bank had restructured debts 12,689 cases which the debts before restructuring were Baht 31,687.48 million.

**6.6.8 Financial Lease Receivables (Including Hire Purchase Receivables and Financial Lease Receivables)**

(Million Baht)

|                                         | <u>Consolidated Financial Statements</u> |                    |                |              |                                   |                    |                |              |
|-----------------------------------------|------------------------------------------|--------------------|----------------|--------------|-----------------------------------|--------------------|----------------|--------------|
|                                         | <u>December 31, 2015</u>                 |                    |                |              | <u>December 31, 2014</u>          |                    |                |              |
|                                         | <u>Amount Due of the Contract</u>        |                    |                |              | <u>Amount Due of the Contract</u> |                    |                |              |
|                                         | Not Over                                 | Over               | Over           |              | Not Over                          | Over               | Over           |              |
|                                         | <u>1 Year</u>                            | <u>1 - 5 Years</u> | <u>5 Years</u> | <u>Total</u> | <u>1 Year</u>                     | <u>1 - 5 Years</u> | <u>5 Years</u> | <u>Total</u> |
| Gross investment of leases payment      | 21,986.09                                | 33,062.60          | 909.62         | 55,958.31    | 22,736.09                         | 42,238.59          | 2,450.64       | 67,425.32    |
| <u>Less</u> Unearned financial income   |                                          |                    |                | (5,649.36)   |                                   |                    |                | (7,642.09)   |
| Present value of minimum leases payment |                                          |                    |                | 50,308.95    |                                   |                    |                | 59,783.23    |
| Allowance for doubtful accounts         |                                          |                    |                | (2,001.53)   |                                   |                    |                | (1,547.15)   |
| Financial lease receivables, net        |                                          |                    |                | 48,307.42    |                                   |                    |                | 58,236.08    |

**6.6.8 Financial Lease Receivables (Including Hire Purchase Receivables and Financial Lease Receivables) (Continued)**

(Million Baht)

| The Bank's Financial Statements         |                            |             |         |        |                            |             |         |         |
|-----------------------------------------|----------------------------|-------------|---------|--------|----------------------------|-------------|---------|---------|
|                                         | December 31, 2015          |             |         |        | December 31, 2014          |             |         |         |
|                                         | Amount Due of the Contract |             |         |        | Amount Due of the Contract |             |         |         |
|                                         | Not Over                   | Over        | Over    |        | Not Over                   | Over        | Over    |         |
|                                         | 1 Year                     | 1 - 5 Years | 5 Years | Total  | 1 Year                     | 1 - 5 Years | 5 Years | Total   |
| Gross investment of leases payment      | 14.16                      | 5.49        | -       | 19.65  | 32.75                      | 44.00       | -       | 76.75   |
| Less Unearned financial income          |                            |             |         | (2.05) |                            |             |         | (10.04) |
| Present value of minimum leases payment |                            |             |         | 17.60  |                            |             |         | 66.71   |
| Allowance for doubtful accounts         |                            |             |         | (3.49) |                            |             |         | (3.18)  |
| Financial lease receivables, net        |                            |             |         | 14.11  |                            |             |         | 63.53   |

**6.7 Allowance for Doubtful Accounts**

(Million Baht)

| <u>The Bank's Financial Statements</u>                                                                   |           |                    |             |          |                     |                                                   |             |
|----------------------------------------------------------------------------------------------------------|-----------|--------------------|-------------|----------|---------------------|---------------------------------------------------|-------------|
| <u>December 31, 2015</u>                                                                                 |           |                    |             |          |                     |                                                   |             |
|                                                                                                          | Normal    | Special<br>Mention | Substandard | Doubtful | Doubtful<br>of Loss | Allowance<br>in Excess of<br>BoT's<br>Regulations | Total       |
| Beginning balances                                                                                       | 10,229.75 | 11,805.67          | 5,942.23    | 4,775.24 | 12,814.80           | 22,801.99                                         | 68,369.68   |
| Doubtful accounts                                                                                        | 2,653.47  | (1,564.73)         | 2,470.93    | 4,557.40 | 16,861.69           | (978.76)                                          | 24,000.00   |
| Allowance for doubtful accounts<br>transferred from (to) allowance for<br>debt restructuring revaluation | -         | -                  | -           | -        | (19.41)             | -                                                 | (19.41)     |
| Bad debt recovered                                                                                       | -         | -                  | -           | -        | 1,837.59            | -                                                 | 1,837.59    |
| Bad debt written-off                                                                                     | -         | -                  | -           | -        | (17,326.10)         | -                                                 | (17,326.10) |
| Others                                                                                                   | 307.08    | -                  | -           | -        | 52.22               | -                                                 | 359.30      |
| Ending balances                                                                                          | 13,190.30 | 10,240.94          | 8,413.16    | 9,332.64 | 14,220.79           | 21,823.23                                         | 77,221.06   |

The consolidated financial statements as at December 31, 2015, the Bank has set aside allowance for doubtful accounts of Baht 85,823.93 million, including its subsidiaries' allowance for doubtful accounts of Baht 8,602.87 million.

For the year ended December 31, 2015, the Bank has set aside allowance for doubtful accounts on a monthly basis of Baht 700 million and also set aside an additional of Baht 15,600 million, totaling to Baht 24,000 million.

**6.7 Allowance for Doubtful Accounts (Continued)**

(Million Baht)

| <u>The Bank's Financial Statements</u>                                                                   |               |                            |                    |                 |                             |                              |              |
|----------------------------------------------------------------------------------------------------------|---------------|----------------------------|--------------------|-----------------|-----------------------------|------------------------------|--------------|
| <u>December 31, 2014</u>                                                                                 |               |                            |                    |                 |                             |                              |              |
|                                                                                                          |               |                            |                    |                 |                             | Allowance<br>in Excess of    |              |
|                                                                                                          | <u>Normal</u> | <u>Special<br/>Mention</u> | <u>Substandard</u> | <u>Doubtful</u> | <u>Doubtful<br/>of Loss</u> | <u>BoT's<br/>Regulations</u> | <u>Total</u> |
| Beginning balances                                                                                       | 8,392.84      | 8,291.03                   | 6,459.87           | 3,824.42        | 13,281.89                   | 20,597.03                    | 60,847.08    |
| Increase (decrease) in allowance for<br>doubtful accounts                                                | 2,010.58      | 3,514.54                   | (517.64)           | 950.82          | 3,236.74                    | 2,204.96                     | 11,400.00    |
| Allowance for doubtful accounts<br>transferred from (to) allowance for<br>debt restructuring revaluation | -             | -                          | -                  | -               | 17.00                       | -                            | 17.00        |
| Bad debt recovered                                                                                       | -             | -                          | -                  | -               | 921.74                      | -                            | 921.74       |
| Bad debt written-off                                                                                     | -             | -                          | -                  | -               | (5,626.83)                  | -                            | (5,626.83)   |
| Others                                                                                                   | (173.67)      | 0.10                       | -                  | -               | 984.26                      | -                            | 810.69       |
| Ending balances                                                                                          | 10,229.75     | 11,805.67                  | 5,942.23           | 4,775.24        | 12,814.80                   | 22,801.99                    | 68,369.68    |

The consolidated financial statements as at December 31, 2014, the Bank had set aside allowance for doubtful accounts of Baht 75,907.43 million, including its subsidiaries' allowance for doubtful accounts of Baht 7,537.75 million.

For the year ended December 31, 2014, the Bank had set aside allowance for doubtful accounts on a monthly basis of Baht 500 million, The Bank has increased allowance for doubtful accounts to Baht 700 million per month since April 2014 and also set aside an additional of Baht 3,600 million, totaling to Baht 11,400 million.

**6.8 Revaluation Allowance for Debt Restructuring**

(Million Baht)

| <u>Consolidated and the Bank's Financial Statements</u> |                          |                          |
|---------------------------------------------------------|--------------------------|--------------------------|
|                                                         | <u>December 31, 2015</u> | <u>December 31, 2014</u> |
| Beginning balances                                      | 113.22                   | 130.22                   |
| Transfer from (to) allowance for doubtful accounts      | 19.41                    | (17.00)                  |
| Ending balances                                         | 132.63                   | 113.22                   |

The revaluation allowance for debt restructuring was transferred from allowance for doubtful accounts for restructured debtors, and transferred to allowance for doubtful accounts when the debtors failed to comply with the new troubled debt restructuring agreement.

The revaluation allowance for debt restructuring has not been amortized and recognized as income upon receipt of debt repayment but transferred to allowance for doubtful accounts instead as the restructured debts may again become non-performing.

**6.9 Properties for Sale, Net**

(Million Baht)

| <u>Consolidated Financial Statements</u> |                          |                  |                  |                 |                          |                  |                  |                 |
|------------------------------------------|--------------------------|------------------|------------------|-----------------|--------------------------|------------------|------------------|-----------------|
| Type of Properties for Sale              | <u>December 31, 2015</u> |                  |                  |                 | <u>December 31, 2014</u> |                  |                  |                 |
|                                          | Beginning                |                  |                  | Ending          | Beginning                |                  |                  | Ending          |
|                                          | <u>Balances</u>          | <u>Additions</u> | <u>Disposals</u> | <u>Balances</u> | <u>Balances</u>          | <u>Additions</u> | <u>Disposals</u> | <u>Balances</u> |
| Assets from debt repayment               |                          |                  |                  |                 |                          |                  |                  |                 |
| Immovable properties                     |                          |                  |                  |                 |                          |                  |                  |                 |
| - Appraised by external appraisers       | 28,609.54                | 4,423.90         | 3,670.16         | 29,363.28       | 20,490.38                | 12,014.70        | 3,895.54         | 28,609.54       |
| - Appraised by internal appraisers       | 1,675.61                 | 1,818.75         | 2,647.94         | 846.42          | 10,303.40                | 1,190.11         | 9,817.90         | 1,675.61        |
| Movable properties                       | 539.28                   | 983.89           | 1,204.42         | 318.75          | 410.03                   | 1,394.80         | 1,265.55         | 539.28          |
| Total                                    | 30,824.43                | 7,226.54         | 7,522.52         | 30,528.45       | 31,203.81                | 14,599.61        | 14,978.99        | 30,824.43       |
| Others (closed branches)                 | 41.37                    | 4.82             | -                | 46.19           | 71.52                    | -                | 30.15            | 41.37           |
| Properties for sale in transit           | 944.21                   | 417.25           | 939.38           | 422.08          | 212.99                   | 937.80           | 206.58           | 944.21          |
| Total                                    | 31,810.01                | 7,648.61         | 8,461.90         | 30,996.72       | 31,488.32                | 15,537.41        | 15,215.72        | 31,810.01       |
| <u>Less</u> Allowance for impairment     | (1,076.74)               | -                | (88.16)          | (988.58)        | (827.30)                 | (249.44)         | -                | (1,076.74)      |
| Properties for sale, net                 | 30,733.27                | 7,648.61         | 8,373.74         | 30,008.14       | 30,661.02                | 15,287.97        | 15,215.72        | 30,733.27       |

(Million Baht)

| <u>The Bank's Financial Statements</u> |                          |                  |                  |                 |                          |                  |                  |                 |
|----------------------------------------|--------------------------|------------------|------------------|-----------------|--------------------------|------------------|------------------|-----------------|
| Type of Properties for Sale            | <u>December 31, 2015</u> |                  |                  |                 | <u>December 31, 2014</u> |                  |                  |                 |
|                                        | Beginning                |                  |                  | Ending          | Beginning                |                  |                  | Ending          |
|                                        | <u>Balances</u>          | <u>Additions</u> | <u>Disposals</u> | <u>Balances</u> | <u>Balances</u>          | <u>Additions</u> | <u>Disposals</u> | <u>Balances</u> |
| Assets from debt repayment             |                          |                  |                  |                 |                          |                  |                  |                 |
| Immovable properties                   |                          |                  |                  |                 |                          |                  |                  |                 |
| - Appraised by external appraisers     | 28,609.54                | 4,423.90         | 3,670.16         | 29,363.28       | 20,490.38                | 12,014.70        | 3,895.54         | 28,609.54       |
| - Appraised by internal appraisers     | 1,675.61                 | 1,818.75         | 2,647.94         | 846.42          | 10,303.40                | 1,190.11         | 9,817.90         | 1,675.61        |
| Movable properties                     | 110.60                   | -                | -                | 110.60          | 110.60                   | -                | -                | 110.60          |
| Total                                  | 30,395.75                | 6,242.65         | 6,318.10         | 30,320.30       | 30,904.38                | 13,204.81        | 13,713.44        | 30,395.75       |
| Others (closed branches)               | 41.37                    | 4.82             | -                | 46.19           | 71.52                    | -                | 30.15            | 41.37           |
| Properties for sale in transit         | 944.21                   | 417.25           | 939.38           | 422.08          | 212.99                   | 937.80           | 206.58           | 944.21          |
| Total                                  | 31,381.33                | 6,664.72         | 7,257.48         | 30,788.57       | 31,188.89                | 14,142.61        | 13,950.17        | 31,381.33       |
| <u>Less</u> Allowance for impairment   | (894.72)                 | -                | (16.01)          | (878.71)        | (802.29)                 | (92.43)          | -                | (894.72)        |
| Properties for sale, net               | 30,486.61                | 6,664.72         | 7,241.47         | 29,909.86       | 30,386.60                | 14,050.18        | 13,950.17        | 30,486.61       |

The consolidated and the Bank's financial statements as at December 31, 2015 and 2014, there are an increase in immovable properties for sale appraised by external appraisers of Baht 4,423.90 million and Baht 12,014.70 million. Such immovable properties are included items changed from internal appraisers to external appraisers of Baht 2,539.95 million and Baht 8,257.34 million, respectively.

As at December 31, 2015 and 2014, the Bank's allowance for impairment of properties for sale has decreased Baht 16.01 million and increased Baht 92.43 million, respectively, from reversal or additional of loss on impairment.

For the years ended December 31, 2015 and 2014, the Bank generated gains on sale of properties for sale of Baht 738.26 million and Baht 1,115.87 million, respectively (before deduction of selling expenses of Baht 319.32 million and Baht 384.85 million, respectively).

**6.10 Premises and Equipment, Net**

Premises and equipment as at December 31, 2015 and 2014 are as follows:

(Million Baht)

| <u>Consolidated Financial Statements</u> |                 |                  |                  |                 |                                 |                     |                  |                 |                   |            |
|------------------------------------------|-----------------|------------------|------------------|-----------------|---------------------------------|---------------------|------------------|-----------------|-------------------|------------|
| <u>December 31, 2015</u>                 |                 |                  |                  |                 |                                 |                     |                  |                 |                   |            |
|                                          | <u>Cost</u>     |                  |                  |                 | <u>Accumulated Depreciation</u> |                     |                  | Allowance       | Premises and      |            |
|                                          | Beginning       |                  |                  | Ending          | Beginning                       |                     |                  | Ending          | for               | Equipment, |
|                                          | <u>Balances</u> | <u>Additions</u> | <u>Disposals</u> | <u>Balances</u> | <u>Balances</u>                 | <u>Depreciation</u> | <u>Disposals</u> | <u>Balances</u> | <u>Impairment</u> | <u>Net</u> |
| Land                                     |                 |                  |                  |                 |                                 |                     |                  |                 |                   |            |
| Historical cost                          | 9,180.60        | 1.13             | 1.80             | 9,179.93        | -                               | -                   | -                | -               | 1,622.89          | 7,557.04   |
| Revaluation Surplus in 2011              | 7,950.36        | -                | 3.40             | 7,946.96        | -                               | -                   | -                | -               | -                 | 7,946.96   |
| Revaluation Deficit in 2011              | (15.81)         | -                | -                | (15.81)         | -                               | -                   | -                | -               | -                 | (15.81)    |
| Premises                                 | 10,641.16       | 99.22            | 20.18            | 10,720.20       | 7,183.63                        | 174.60              | 15.30            | 7,342.93        | -                 | 3,377.27   |
| Equipment                                | 24,128.21       | 1,448.56         | 863.41           | 24,713.36       | 15,527.91                       | 2,644.99            | 593.71           | 17,579.19       | -                 | 7,134.17   |
| Others                                   | 565.68          | 128.75           | 339.53           | 354.90          | -                               | -                   | -                | -               | -                 | 354.90     |
| Total                                    | 52,450.20       | 1,677.66         | 1,228.32         | 52,899.54       | 22,711.54                       | 2,819.59            | 609.01           | 24,922.12       | 1,622.89          | 26,354.53  |

(Million Baht)

| <u>Consolidated Financial Statements</u> |                 |                  |                  |                 |                                 |                     |                  |                 |                   |            |
|------------------------------------------|-----------------|------------------|------------------|-----------------|---------------------------------|---------------------|------------------|-----------------|-------------------|------------|
| <u>December 31, 2014</u>                 |                 |                  |                  |                 |                                 |                     |                  |                 |                   |            |
|                                          | <u>Cost</u>     |                  |                  |                 | <u>Accumulated Depreciation</u> |                     |                  | Allowance       | Premises and      |            |
|                                          | Beginning       |                  |                  | Ending          | Beginning                       |                     |                  | Ending          | for               | Equipment, |
|                                          | <u>Balances</u> | <u>Additions</u> | <u>Disposals</u> | <u>Balances</u> | <u>Balances</u>                 | <u>Depreciation</u> | <u>Disposals</u> | <u>Balances</u> | <u>Impairment</u> | <u>Net</u> |
| Land                                     |                 |                  |                  |                 |                                 |                     |                  |                 |                   |            |
| Historical cost                          | 9,151.02        | 29.58            | -                | 9,180.60        | -                               | -                   | -                | -               | 1,622.89          | 7,557.71   |
| Revaluation Surplus in 2011              | 7,950.36        | -                | -                | 7,950.36        | -                               | -                   | -                | -               | -                 | 7,950.36   |
| Revaluation Deficit in 2011              | (15.81)         | -                | -                | (15.81)         | -                               | -                   | -                | -               | -                 | (15.81)    |
| Premises                                 | 10,583.99       | 75.78            | 18.61            | 10,641.16       | 7,033.49                        | 168.48              | 18.34            | 7,183.63        | -                 | 3,457.53   |
| Equipment                                | 22,956.79       | 3,622.37         | 2,450.95         | 24,128.21       | 15,273.26                       | 2,496.42            | 2,241.77         | 15,527.91       | -                 | 8,600.30   |
| Others                                   | 546.71          | 676.78           | 657.81           | 565.68          | -                               | -                   | -                | -               | -                 | 565.68     |
| Total                                    | 51,173.06       | 4,404.51         | 3,127.37         | 52,450.20       | 22,306.75                       | 2,664.90            | 2,260.11         | 22,711.54       | 1,622.89          | 28,115.77  |

**6.10 Premises and Equipment, Net (Continued)**

(Million Baht)

The Bank's Financial StatementsDecember 31, 2015

|                             | <u>Cost</u>     |                  |                  | <u>Accumulated Depreciation</u> |                 |                     |                  | Allowance       | Premises and      |            |
|-----------------------------|-----------------|------------------|------------------|---------------------------------|-----------------|---------------------|------------------|-----------------|-------------------|------------|
|                             | Beginning       |                  | Ending           | Beginning                       |                 | Ending              |                  | for             | Equipment,        |            |
|                             | <u>Balances</u> | <u>Additions</u> | <u>Disposals</u> | <u>Balances</u>                 | <u>Balances</u> | <u>Depreciation</u> | <u>Disposals</u> | <u>Balances</u> | <u>Impairment</u> | <u>Net</u> |
| Land                        |                 |                  |                  |                                 |                 |                     |                  |                 |                   |            |
| Historical cost             | 9,397.54        | 1.13             | 1.80             | 9,396.87                        | -               | -                   | -                | -               | 1,622.89          | 7,773.98   |
| Revaluation Surplus in 2011 | 7,950.36        | -                | 3.40             | 7,946.96                        | -               | -                   | -                | -               | -                 | 7,946.96   |
| Revaluation Deficit in 2011 | (15.81)         | -                | -                | (15.81)                         | -               | -                   | -                | -               | -                 | (15.81)    |
| Premises                    | 9,697.41        | 1.15             | 2.02             | 9,696.54                        | 6,495.74        | 110.57              | 0.67             | 6,605.64        | -                 | 3,090.90   |
| Equipment                   | 10,945.38       | 972.38           | 61.17            | 11,856.59                       | 8,640.04        | 988.77              | 59.37            | 9,569.44        | -                 | 2,287.15   |
| Others                      | 343.13          | 7.99             | 57.45            | 293.67                          | -               | -                   | -                | -               | -                 | 293.67     |
| Total                       | 38,318.01       | 982.65           | 125.84           | 39,174.82                       | 15,135.78       | 1,099.34            | 60.04            | 16,175.08       | 1,622.89          | 21,376.85  |

(Million Baht)

The Bank's Financial StatementsDecember 31, 2014

|                             | <u>Cost</u>     |                  |                  | <u>Accumulated Depreciation</u> |                 |                     |                  | Allowance       | Premises and      |            |
|-----------------------------|-----------------|------------------|------------------|---------------------------------|-----------------|---------------------|------------------|-----------------|-------------------|------------|
|                             | Beginning       |                  |                  | Ending                          | Beginning       |                     |                  | Ending          | for               | Equipment, |
|                             | <u>Balances</u> | <u>Additions</u> | <u>Disposals</u> | <u>Balances</u>                 | <u>Balances</u> | <u>Depreciation</u> | <u>Disposals</u> | <u>Balances</u> | <u>Impairment</u> | <u>Net</u> |
| Land                        |                 |                  |                  |                                 |                 |                     |                  |                 |                   |            |
| Historical cost             | 9,367.96        | 29.58            | -                | 9,397.54                        | -               | -                   | -                | -               | 1,622.89          | 7,774.65   |
| Revaluation Surplus in 2011 | 7,950.36        | -                | -                | 7,950.36                        | -               | -                   | -                | -               | -                 | 7,950.36   |
| Revaluation Deficit in 2011 | (15.81)         | -                | -                | (15.81)                         | -               | -                   | -                | -               | -                 | (15.81)    |
| Premises                    | 9,631.64        | 65.97            | 0.20             | 9,697.41                        | 6,383.92        | 112.12              | 0.30             | 6,495.74        | -                 | 3,201.67   |
| Equipment                   | 10,870.89       | 929.92           | 855.43           | 10,945.38                       | 8,526.07        | 965.36              | 851.39           | 8,640.04        | -                 | 2,305.34   |
| Others                      | 75.72           | 267.41           | -                | 343.13                          | -               | -                   | -                | -               | -                 | 343.13     |
| Total                       | 37,880.76       | 1,292.88         | 855.63           | 38,318.01                       | 14,909.99       | 1,077.48            | 851.69           | 15,135.78       | 1,622.89          | 21,559.34  |

**6.10 Premises and Equipment, Net (Continued)**

As at December 31, 2015 and 2014, the allowance for impairment is as follows:

|                                     | (Million Baht)           |                          |
|-------------------------------------|--------------------------|--------------------------|
|                                     | <u>December 31, 2015</u> | <u>December 31, 2014</u> |
| Beginning balances                  | 1,622.89                 | 1,619.83                 |
| <u>Add</u> Allowance for impairment | -                        | 3.06                     |
| Ending balances                     | <u>1,622.89</u>          | <u>1,622.89</u>          |

**6.11 Other Intangible Assets, Net**

(Million Baht)

| <u>Consolidated Financial Statements</u> |                  |                  |                  |                                 |                 |                  |                  |                 |                   |                 |
|------------------------------------------|------------------|------------------|------------------|---------------------------------|-----------------|------------------|------------------|-----------------|-------------------|-----------------|
| <u>December 31, 2015</u>                 |                  |                  |                  |                                 |                 |                  |                  |                 |                   |                 |
|                                          | <u>Cost</u>      |                  |                  | <u>Accumulated Amortization</u> |                 |                  |                  | Allowance       | Intangible        |                 |
|                                          | Beginning        | Decrease/        | Ending           | Beginning                       | Decrease/       | Ending           | for              |                 | Assets,           |                 |
|                                          | <u>Balances</u>  | <u>Additions</u> | <u>Disposals</u> | <u>Balances</u>                 | <u>Balances</u> | <u>Additions</u> | <u>Disposals</u> | <u>Balances</u> | <u>Impairment</u> | <u>Net</u>      |
| Software licenses                        | 5,852.09         | 398.87           | 301.11           | 5,949.85                        | 3,064.24        | 575.68           | 301.11           | 3,338.81        | -                 | 2,611.04        |
| Other licenses                           | 8.80             | 0.34             | -                | 9.14                            | 7.90            | 0.52             | -                | 8.42            | -                 | 0.72            |
| Development cost                         | 3,217.35         | 841.21           | -                | 4,058.56                        | 2,003.41        | 294.97           | -                | 2,298.38        | -                 | 1,760.18        |
| Partial payment of                       |                  |                  |                  |                                 |                 |                  |                  |                 |                   |                 |
| intangible assets                        | 989.24           | 354.90           | 845.50           | 498.64                          | -               | -                | -                | -               | 298.98            | 199.66          |
| Total                                    | <u>10,067.48</u> | <u>1,595.32</u>  | <u>1,146.61</u>  | <u>10,516.19</u>                | <u>5,075.55</u> | <u>871.17</u>    | <u>301.11</u>    | <u>5,645.61</u> | <u>298.98</u>     | <u>4,571.60</u> |

(Million Baht)

| <u>Consolidated Financial Statements</u> |                 |                  |                  |                                 |                 |                  |                  |                 |                   |                 |
|------------------------------------------|-----------------|------------------|------------------|---------------------------------|-----------------|------------------|------------------|-----------------|-------------------|-----------------|
| <u>December 31, 2014</u>                 |                 |                  |                  |                                 |                 |                  |                  |                 |                   |                 |
|                                          | <u>Cost</u>     |                  |                  | <u>Accumulated Amortization</u> |                 |                  |                  | Allowance       | Intangible        |                 |
|                                          | Beginning       | Decrease/        | Ending           | Beginning                       | Decrease/       | Ending           | for              |                 | Assets,           |                 |
|                                          | <u>Balances</u> | <u>Additions</u> | <u>Disposals</u> | <u>Balances</u>                 | <u>Balances</u> | <u>Additions</u> | <u>Disposals</u> | <u>Balances</u> | <u>Impairment</u> | <u>Net</u>      |
| Software licenses                        | 5,230.63        | 772.97           | 151.51           | 5,852.09                        | 2,550.47        | 571.99           | 58.22            | 3,064.24        | -                 | 2,787.85        |
| Other licenses                           | 8.34            | 0.46             | -                | 8.80                            | 7.03            | 0.87             | -                | 7.90            | -                 | 0.90            |
| Development cost                         | 2,942.15        | 275.20           | -                | 3,217.35                        | 1,740.09        | 263.32           | -                | 2,003.41        | -                 | 1,213.94        |
| Partial payment of                       |                 |                  |                  |                                 |                 |                  |                  |                 |                   |                 |
| intangible assets                        | 708.77          | 1,033.08         | 752.61           | 989.24                          | -               | -                | -                | -               | 298.98            | 690.26          |
| Total                                    | <u>8,889.89</u> | <u>2,081.71</u>  | <u>904.12</u>    | <u>10,067.48</u>                | <u>4,297.59</u> | <u>836.18</u>    | <u>58.22</u>     | <u>5,075.55</u> | <u>298.98</u>     | <u>4,692.95</u> |

**6.11 Other Intangible Assets, Net (Continued)**

(Million Baht)

The Bank's Financial StatementsDecember 31, 2015

|                    | <u>Cost</u>     |                  |                  | <u>Accumulated Amortization</u> |                 |                  |                  | Intangible      |            |
|--------------------|-----------------|------------------|------------------|---------------------------------|-----------------|------------------|------------------|-----------------|------------|
|                    | Beginning       |                  | Decrease/        | Ending                          | Beginning       |                  | Decrease/        | Ending          | Assets,    |
|                    | <u>Balances</u> | <u>Additions</u> | <u>Disposals</u> | <u>Balances</u>                 | <u>Balances</u> | <u>Additions</u> | <u>Disposals</u> | <u>Balances</u> | <u>Net</u> |
| Software licenses  | 709.15          | 23.55            | -                | 732.70                          | 318.09          | 69.11            | -                | 387.20          | 345.50     |
| Other licenses     | 5.03            | 0.09             | -                | 5.12                            | 4.77            | 0.13             | -                | 4.90            | 0.22       |
| Development cost   | 273.20          | 506.74           | -                | 779.94                          | 214.85          | 40.14            | -                | 254.99          | 524.95     |
| Partial payment of |                 |                  |                  |                                 |                 |                  |                  |                 |            |
| intangible assets  | 455.74          | -                | 429.04           | 26.70                           | -               | -                | -                | -               | 26.70      |
| Total              | 1,443.12        | 530.38           | 429.04           | 1,544.46                        | 537.71          | 109.38           | -                | 647.09          | 897.37     |

(Million Baht)

The Bank's Financial StatementsDecember 31, 2014

|                    | <u>Cost</u>     |                  |                  |                 | <u>Accumulated Amortization</u> |                  |                  |                 | Intangible |
|--------------------|-----------------|------------------|------------------|-----------------|---------------------------------|------------------|------------------|-----------------|------------|
|                    | Beginning       |                  | Decrease/        | Ending          | Beginning                       |                  | Decrease/        | Ending          | Assets,    |
|                    | <u>Balances</u> | <u>Additions</u> | <u>Disposals</u> | <u>Balances</u> | <u>Balances</u>                 | <u>Additions</u> | <u>Disposals</u> | <u>Balances</u> | <u>Net</u> |
| Software licenses  | 710.96          | -                | 1.81             | 709.15          | 251.43                          | 68.19            | 1.53             | 318.09          | 391.06     |
| Other licenses     | 4.97            | 0.06             | -                | 5.03            | 4.50                            | 0.27             | -                | 4.77            | 0.26       |
| Development cost   | 262.92          | 10.28            | -                | 273.20          | 195.68                          | 19.17            | -                | 214.85          | 58.35      |
| Partial payment of |                 |                  |                  |                 |                                 |                  |                  |                 |            |
| intangible assets  | 110.16          | 345.58           | -                | 455.74          | -                               | -                | -                | -               | 455.74     |
| Total              | 1,089.01        | 355.92           | 1.81             | 1,443.12        | 451.61                          | 87.63            | 1.53             | 537.71          | 905.41     |

**6.12 Deferred Tax Assets and Deferred Tax Liabilities**

Deferred tax assets and deferred tax liabilities as at December 31, 2015 and 2014 are as follows:

(Million Baht)

|                          | <u>Consolidated Financial Statements</u> |                          | <u>The Bank's Financial Statements</u> |                          |
|--------------------------|------------------------------------------|--------------------------|----------------------------------------|--------------------------|
|                          | <u>December 31, 2015</u>                 | <u>December 31, 2014</u> | <u>December 31, 2015</u>               | <u>December 31, 2014</u> |
| Deferred Tax Assets      | 6,996.11                                 | 5,690.07                 | 5,020.58                               | 3,892.13                 |
| Deferred Tax Liabilities | -                                        | -                        | -                                      | -                        |
| Net                      | 6,996.11                                 | 5,690.07                 | 5,020.58                               | 3,892.13                 |

**6.12 Deferred Tax Assets and Deferred Tax Liabilities (Continued)**

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

(Million Baht)

|                                                          | Consolidated Financial Statements |                      |               |                          |          |
|----------------------------------------------------------|-----------------------------------|----------------------|---------------|--------------------------|----------|
|                                                          | Charged / credited to:            |                      |               |                          |          |
|                                                          | Adjust to                         | Other                |               |                          |          |
| As at                                                    | Brought Forward                   | Comprehensive        |               |                          | As at    |
| <u>January 1, 2015</u>                                   | <u>Retained Earnings</u>          | <u>Profit / Loss</u> | <u>Income</u> | <u>December 31, 2015</u> |          |
| <b>Deferred Tax Assets</b>                               |                                   |                      |               |                          |          |
| Investments                                              | 696.43                            | -                    | (209.68)      | 83.59                    | 570.34   |
| Investments in subsidiaries and associates               | -                                 | -                    | 159.75        | -                        | 159.75   |
| Loans to customers and accrued interest receivables, net | 3,110.27                          | -                    | 555.31        | -                        | 3,665.58 |
| Properties for sale                                      | 215.35                            | -                    | (16.74)       | -                        | 198.61   |
| Premises and equipment                                   | 372.66                            | -                    | (9.57)        | -                        | 363.09   |
| Provisions                                               | 3,926.51                          | 49.38                | 119.89        | 42.83                    | 4,138.61 |
| Guarantee deposit under financial lease                  | 79.72                             | -                    | (28.35)       | -                        | 51.37    |
| Others                                                   | 522.85                            | -                    | 19.70         | -                        | 542.55   |
| Total                                                    | 8,923.79                          | 49.38                | 590.31        | 126.42                   | 9,689.90 |
| <b>Deferred Tax Liabilities</b>                          |                                   |                      |               |                          |          |
| Investments                                              | 897.45                            | -                    | 0.16          | (605.98)                 | 291.63   |
| Premises and equipment                                   | 1,763.55                          | -                    | 49.89         | (0.68)                   | 1,812.76 |
| Loans to customers and accrued interest receivables, net | 572.72                            | -                    | 16.68         | -                        | 589.40   |
| Total                                                    | 3,233.72                          | -                    | 66.73         | (606.66)                 | 2,693.79 |
| Net                                                      | 5,690.07                          | 49.38                | 523.58        | 733.08                   | 6,996.11 |

(Million Baht)

|                                                          | Consolidated Financial Statements |                     |          |                   |
|----------------------------------------------------------|-----------------------------------|---------------------|----------|-------------------|
|                                                          | Charged / credited to:            |                     |          |                   |
|                                                          | As at                             | Other Comprehensive |          | As at             |
|                                                          | January 1, 2014                   | Profit / Loss       | Income   | December 31, 2014 |
| <b>Deferred Tax Assets</b>                               |                                   |                     |          |                   |
| Investments                                              | 910.60                            | (8.65)              | (205.52) | 696.43            |
| Investments in subsidiaries and associates               | 6.98                              | (6.98)              | -        | -                 |
| Loans to customers and accrued interest receivables, net | 2,191.31                          | 918.96              | -        | 3,110.27          |
| Properties for sale                                      | 362.86                            | (147.51)            | -        | 215.35            |
| Premises and equipment                                   | 382.66                            | (10.00)             | -        | 372.66            |
| Provisions                                               | 3,306.83                          | 484.94              | 134.74   | 3,926.51          |
| Guarantee deposit under financial lease                  | 134.10                            | (54.38)             | -        | 79.72             |
| Others                                                   | 534.80                            | (11.95)             | -        | 522.85            |
| Total                                                    | 7,830.14                          | 1,164.43            | (70.78)  | 8,923.79          |
| <b>Deferred Tax Liabilities</b>                          |                                   |                     |          |                   |
| Investments                                              | 425.67                            | 1.18                | 470.60   | 897.45            |
| Premises and equipment                                   | 1,706.32                          | 57.23               | -        | 1,763.55          |
| Loans to customers and accrued interest receivables, net | 538.05                            | 34.67               | -        | 572.72            |
| Total                                                    | 2,670.04                          | 93.08               | 470.60   | 3,233.72          |
| Net                                                      | 5,160.10                          | 1,071.35            | (541.38) | 5,690.07          |

## 6.12 Deferred Tax Assets and Deferred Tax Liabilities (Continued)

(Million Baht)

The Bank's Financial StatementsCharged / credited to:

|                                                          | As at           | Adjust to         |               | Other                | As at             |
|----------------------------------------------------------|-----------------|-------------------|---------------|----------------------|-------------------|
|                                                          | January 1, 2015 | Brought Forward   | Profit / Loss | Comprehensive Income | December 31, 2015 |
|                                                          |                 | Retained Earnings |               |                      |                   |
| <b>Deferred Tax Assets</b>                               |                 |                   |               |                      |                   |
| Investments                                              | 696.43          | -                 | (209.68)      | 83.59                | 570.34            |
| Investments in subsidiaries and associates               | -               | -                 | 159.75        | -                    | 159.75            |
| Loans to customers and accrued interest receivables, net | 1,552.69        | -                 | 344.20        | -                    | 1,896.89          |
| Properties for sale                                      | 178.94          | -                 | (3.20)        | -                    | 175.74            |
| Premises and equipment                                   | 324.58          | -                 | -             | -                    | 324.58            |
| Provisions                                               | 3,332.71        | 49.38             | 73.09         | 68.42                | 3,523.60          |
| Others                                                   | 459.23          | -                 | 12.35         | -                    | 471.58            |
| Total                                                    | 6,544.58        | 49.38             | 376.51        | 152.01               | 7,122.48          |
| <b>Deferred Tax Liabilities</b>                          |                 |                   |               |                      |                   |
| Investments                                              | 897.45          | -                 | 0.16          | (605.98)             | 291.63            |
| Premises and equipment                                   | 1,755.00        | -                 | 55.95         | (0.68)               | 1,810.27          |
| Total                                                    | 2,652.45        | -                 | 56.11         | (606.66)             | 2,101.90          |
| Net                                                      | 3,892.13        | 49.38             | 320.40        | 758.67               | 5,020.58          |

(Million Baht)

The Bank's Financial StatementsCharged / credited to:

|                                                          | As at                  |                      | Other Comprehensive | As at                    |
|----------------------------------------------------------|------------------------|----------------------|---------------------|--------------------------|
|                                                          | <u>January 1, 2014</u> | <u>Profit / Loss</u> | <u>Income</u>       | <u>December 31, 2014</u> |
| <b>Deferred Tax Assets</b>                               |                        |                      |                     |                          |
| Investments                                              | 910.60                 | (8.65)               | (205.52)            | 696.43                   |
| Investments in subsidiaries and associates               | 6.98                   | (6.98)               | -                   | -                        |
| Loans to customers and accrued interest receivables, net | 1,074.39               | 478.30               | -                   | 1,552.69                 |
| Properties for sale                                      | 357.68                 | (178.74)             | -                   | 178.94                   |
| Premises and equipment                                   | 323.97                 | 0.61                 | -                   | 324.58                   |
| Provisions                                               | 2,746.48               | 446.89               | 139.34              | 3,332.71                 |
| Others                                                   | 420.82                 | 38.41                | -                   | 459.23                   |
| Total                                                    | 5,840.92               | 769.84               | (66.18)             | 6,544.58                 |
| <b>Deferred Tax Liabilities</b>                          |                        |                      |                     |                          |
| Investments                                              | 425.67                 | 1.18                 | 470.60              | 897.45                   |
| Premises and equipment                                   | 1,695.57               | 59.43                | -                   | 1,755.00                 |
| Total                                                    | 2,121.24               | 60.61                | 470.60              | 2,652.45                 |
| Net                                                      | 3,719.68               | 709.23               | (536.78)            | 3,892.13                 |

**6.13 Other Assets, Net**

(Million Baht)

|                                                                           | <u>Consolidated Financial Statements</u> |                          | <u>The Bank's Financial Statements</u> |                          |
|---------------------------------------------------------------------------|------------------------------------------|--------------------------|----------------------------------------|--------------------------|
|                                                                           | <u>December 31, 2015</u>                 | <u>December 31, 2014</u> | <u>December 31, 2015</u>               | <u>December 31, 2014</u> |
| Prepaid expenses                                                          | 1,451.82                                 | 1,198.56                 | 1,117.84                               | 844.10                   |
| Account receivables - Revenue Department                                  | 1,684.10                                 | 1,620.46                 | 223.73                                 | 229.38                   |
| Leaseholds                                                                | 372.18                                   | 396.49                   | 372.18                                 | 396.49                   |
| Suspense account debtors                                                  | 2,552.89                                 | 3,087.46                 | 2,535.45                               | 3,077.44                 |
| Collateral under Credit Support Annex Contract<br>and Cash Margin Debtors | 4,249.29                                 | 856.38                   | 4,249.29                               | 856.38                   |
| Interbranch transactions                                                  | 4,974.55                                 | 2,734.54                 | 4,974.55                               | 2,734.54                 |
| Settlement account between the Bank and<br>other financial institutions   | 364.49                                   | 557.87                   | 364.49                                 | 557.87                   |
| Sundry assets                                                             | 3,253.70                                 | 3,759.35                 | 3,545.88                               | 3,246.29                 |
| Total                                                                     | 18,903.02                                | 14,211.11                | 17,383.41                              | 11,942.49                |
| <u>Less</u> Allowance for impairment                                      | (2,338.25)                               | (2,258.57)               | (2,312.03)                             | (2,258.57)               |
| Total other assets, net                                                   | 16,564.77                                | 11,952.54                | 15,071.38                              | 9,683.92                 |

As at December 31, 2015 and 2014, sundry assets are included default debtors from convertible preferred shares contracts of Baht 997.87 million with the same amounts of allowance for impairment (Note 6.38.1).

## 6.14 Deposits

### 6.14.1 Classified by Type of Deposits

(Million Baht)

|                  | <u>Consolidated Financial Statements</u> |                          | <u>The Bank's Financial Statements</u> |                          |
|------------------|------------------------------------------|--------------------------|----------------------------------------|--------------------------|
|                  | <u>December 31, 2015</u>                 | <u>December 31, 2014</u> | <u>December 31, 2015</u>               | <u>December 31, 2014</u> |
| Demand deposits  | 126,974.44                               | 98,738.47                | 127,359.29                             | 99,013.36                |
| Savings deposits | 1,147,811.07                             | 1,009,206.66             | 1,149,177.49                           | 1,010,115.52             |
| Time deposits    | 860,713.00                               | 1,043,323.12             | 860,909.71                             | 1,043,424.57             |
| Total            | 2,135,498.51                             | 2,151,268.25             | 2,137,446.49                           | 2,152,553.45             |

### 6.14.2 Classified by Currency and Residence of Depositors

(Million Baht)

|                  | <u>Consolidated Financial Statements</u> |                |              |                          |                |              |
|------------------|------------------------------------------|----------------|--------------|--------------------------|----------------|--------------|
|                  | <u>December 31, 2015</u>                 |                |              | <u>December 31, 2014</u> |                |              |
|                  | <u>Domestic</u>                          | <u>Foreign</u> | <u>Total</u> | <u>Domestic</u>          | <u>Foreign</u> | <u>Total</u> |
| Thai Baht        | 2,077,113.18                             | 12,651.98      | 2,089,765.16 | 2,100,999.64             | 11,899.08      | 2,112,898.72 |
| US Dollar        | 34,453.95                                | 4,593.56       | 39,047.51    | 25,117.69                | 9,975.04       | 35,092.73    |
| Other currencies | 4,302.77                                 | 2,383.07       | 6,685.84     | 2,917.06                 | 359.74         | 3,276.80     |
| Total            | 2,115,869.90                             | 19,628.61      | 2,135,498.51 | 2,129,034.39             | 22,233.86      | 2,151,268.25 |

**6.14.2 Classified by Currency and Residence of Depositors (Continued)**

(Million Baht)

| <u>The Bank's Financial Statements</u> |                          |                |              |                          |                |              |
|----------------------------------------|--------------------------|----------------|--------------|--------------------------|----------------|--------------|
|                                        | <u>December 31, 2015</u> |                |              | <u>December 31, 2014</u> |                |              |
|                                        | <u>Domestic</u>          | <u>Foreign</u> | <u>Total</u> | <u>Domestic</u>          | <u>Foreign</u> | <u>Total</u> |
| Thai Baht                              | 2,079,061.16             | 12,651.98      | 2,091,713.14 | 2,102,284.84             | 11,899.08      | 2,114,183.92 |
| US Dollar                              | 34,453.95                | 4,593.56       | 39,047.51    | 25,117.69                | 9,975.04       | 35,092.73    |
| Other currencies                       | 4,302.77                 | 2,383.07       | 6,685.84     | 2,917.06                 | 359.74         | 3,276.80     |
| Total                                  | 2,117,817.88             | 19,628.61      | 2,137,446.49 | 2,130,319.59             | 22,233.86      | 2,152,553.45 |

**6.15 Interbank and Money Market Items (Liabilities)**

(Million Baht)

| <u>Consolidated Financial Statements</u>    |                          |             |              |                          |             |              |
|---------------------------------------------|--------------------------|-------------|--------------|--------------------------|-------------|--------------|
|                                             | <u>December 31, 2015</u> |             |              | <u>December 31, 2014</u> |             |              |
|                                             | <u>Demand</u>            | <u>Time</u> | <u>Total</u> | <u>Demand</u>            | <u>Time</u> | <u>Total</u> |
| <b>6.15.1 Domestic Items</b>                |                          |             |              |                          |             |              |
| Bank of Thailand and Financial Institutions |                          |             |              |                          |             |              |
| Development Fund                            | 530.48                   | 44,749.81   | 45,280.29    | 35.50                    | 28,073.28   | 28,108.78    |
| Commercial banks                            | 317.21                   | 50,275.41   | 50,592.62    | 314.67                   | 49,217.66   | 49,532.33    |
| Special purpose financial institutions      | 500.16                   | 17,062.25   | 17,562.41    | 7,101.89                 | 7,939.24    | 15,041.13    |
| Other financial institutions                | 19,022.27                | 34,944.01   | 53,966.28    | 21,596.05                | 32,891.26   | 54,487.31    |
| Total domestic items                        | 20,370.12                | 147,031.48  | 167,401.60   | 29,048.11                | 118,121.44  | 147,169.55   |
| <b>6.15.2 Foreign Items</b>                 |                          |             |              |                          |             |              |
| US Dollar                                   | 1,232.03                 | 24,926.36   | 26,158.39    | 325.69                   | 17,816.50   | 18,142.19    |
| Euro                                        | 225.14                   | -           | 225.14       | 1,783.21                 | -           | 1,783.21     |
| Other currencies                            | 457.71                   | -           | 457.71       | 119.98                   | -           | 119.98       |
| Total foreign items                         | 1,914.88                 | 24,926.36   | 26,841.24    | 2,228.88                 | 17,816.50   | 20,045.38    |
| Total domestic and foreign items            | 22,285.00                | 171,957.84  | 194,242.84   | 31,276.99                | 135,937.94  | 167,214.93   |

(Million Baht)

| <u>The Bank's Financial Statements</u>      |                          |             |              |                          |             |              |
|---------------------------------------------|--------------------------|-------------|--------------|--------------------------|-------------|--------------|
|                                             | <u>December 31, 2015</u> |             |              | <u>December 31, 2014</u> |             |              |
|                                             | <u>Demand</u>            | <u>Time</u> | <u>Total</u> | <u>Demand</u>            | <u>Time</u> | <u>Total</u> |
| <b>6.15.1 Domestic Items</b>                |                          |             |              |                          |             |              |
| Bank of Thailand and Financial Institutions |                          |             |              |                          |             |              |
| Development Fund                            | 530.48                   | 44,749.81   | 45,280.29    | 35.50                    | 28,073.28   | 28,108.78    |
| Commercial banks                            | 317.21                   | 40,715.09   | 41,032.30    | 314.67                   | 44,017.66   | 44,332.33    |
| Special purpose financial institutions      | 500.16                   | 17,062.25   | 17,562.41    | 7,101.89                 | 7,939.24    | 15,041.13    |
| Other financial institutions                | 19,134.80                | 27,850.16   | 46,984.96    | 21,652.12                | 31,594.91   | 53,247.03    |
| Total domestic items                        | 20,482.65                | 130,377.31  | 150,859.96   | 29,104.18                | 111,625.09  | 140,729.27   |
| <b>6.15.2 Foreign Items</b>                 |                          |             |              |                          |             |              |
| US Dollar                                   | 1,232.03                 | 24,926.36   | 26,158.39    | 325.69                   | 17,816.50   | 18,142.19    |
| Euro                                        | 225.14                   | -           | 225.14       | 1,783.21                 | -           | 1,783.21     |
| Other currencies                            | 457.71                   | -           | 457.71       | 119.98                   | -           | 119.98       |
| Total foreign items                         | 1,914.88                 | 24,926.36   | 26,841.24    | 2,228.88                 | 17,816.50   | 20,045.38    |
| Total domestic and foreign items            | 22,397.53                | 155,303.67  | 177,701.20   | 31,333.06                | 129,441.59  | 160,774.65   |

**6.16 Debt Issued and Borrowings** classified by type of debts and sources of fund as follows:

(Million Baht)

| <u>Consolidated Financial Statements</u> |                 |                          |                      |                          |                |              |                          |                |              |
|------------------------------------------|-----------------|--------------------------|----------------------|--------------------------|----------------|--------------|--------------------------|----------------|--------------|
|                                          |                 |                          |                      | <u>December 31, 2015</u> |                |              | <u>December 31, 2014</u> |                |              |
|                                          | <u>Currency</u> | <u>Interest Rate (%)</u> | <u>Maturity Date</u> | <u>Domestic</u>          | <u>Foreign</u> | <u>Total</u> | <u>Domestic</u>          | <u>Foreign</u> | <u>Total</u> |
| Short term bonds                         | Baht            | 2.20-2.46                | 2015                 | -                        | -              | -            | 9,865.00                 | -              | 9,865.00     |
| Long term bonds                          |                 |                          |                      |                          |                |              |                          |                |              |
| 2011                                     | Baht            | 5.50-6.00                | 2015                 | -                        | -              | -            | 1,000.00                 | -              | 1,000.00     |
| 2012                                     | Baht            | 5.40                     | 2016                 | 1,000.00                 | -              | 1,000.00     | 4,200.00                 | -              | 4,200.00     |
| 2013                                     | Baht            | 4.65-5.00                | 2016-2018            | 10,000.00                | -              | 10,000.00    | 10,000.00                | -              | 10,000.00    |
| 2013                                     | USD             | 2.25                     | 2018                 | -                        | 18,024.07      | 18,024.07    | -                        | 16,456.12      | 16,456.12    |
| 2014                                     | Baht            | 3.60-4.50                | 2016-2018            | 8,630.00                 | -              | 8,630.00     | 8,630.00                 | -              | 8,630.00     |
| 2015                                     | Baht            | 2.12-4.00                | 2016-2025            | 9,593.00                 | -              | 9,593.00     | -                        | -              | -            |
| KTB subordinated debentures              |                 |                          |                      |                          |                |              |                          |                |              |
| No.1/2010                                | Baht            | 4.35                     | 2020                 | -                        | -              | -            | 10,400.00                | -              | 10,400.00    |
| No.1/2012                                | Baht            | 4.50                     | 2022                 | 5,155.00                 | -              | 5,155.00     | 5,155.00                 | -              | 5,155.00     |
| No.2/2012                                | Baht            | 4.60                     | 2022                 | 15,133.32                | -              | 15,133.32    | 15,133.32                | -              | 15,133.32    |
| No.1/2014                                | USD             | 5.20                     | 2024                 | -                        | 25,261.98      | 25,261.98    | -                        | 23,074.10      | 23,074.10    |
| No.1/2015                                | MYR             | 5.10                     | 2025                 | -                        | 8,427.95       | 8,427.95     | -                        | -              | -            |
| - Hybrid debt capital instruments        | Baht/USD        | 3.77-7.38                |                      | 1,440.00                 | 6,838.78       | 8,278.78     | 3,524.60                 | 6,246.49       | 9,771.09     |
| Bill of exchange (B/E)                   |                 |                          |                      |                          |                |              |                          |                |              |
| Short term*                              | Baht            | 0.00-3.70                | 2015                 | 80.19                    | -              | 80.19        | 18,470.10                | -              | 18,470.10    |
| Long term                                | Baht            | 3.96-7.18                | 2016-2030            | 6,655.00                 | -              | 6,655.00     | 8,815.00                 | -              | 8,815.00     |
| Others                                   | Baht            |                          |                      | 1.17                     | -              | 1.17         | 1.17                     | -              | 1.17         |
| Total                                    |                 |                          |                      | 57,687.68                | 58,552.78      | 116,240.46   | 95,194.19                | 45,776.71      | 140,970.90   |

(Million Baht)

| <u>The Bank's Financial Statements</u> |                 |                          |                      |                          |                |              |                          |                |              |
|----------------------------------------|-----------------|--------------------------|----------------------|--------------------------|----------------|--------------|--------------------------|----------------|--------------|
|                                        |                 |                          |                      | <u>December 31, 2015</u> |                |              | <u>December 31, 2014</u> |                |              |
|                                        | <u>Currency</u> | <u>Interest Rate (%)</u> | <u>Maturity Date</u> | <u>Domestic</u>          | <u>Foreign</u> | <u>Total</u> | <u>Domestic</u>          | <u>Foreign</u> | <u>Total</u> |
| Short term bonds                       | Baht            | 2.20-2.46                | 2015                 | -                        | -              | -            | 9,865.00                 | -              | 9,865.00     |
| Long term bonds                        |                 |                          |                      |                          |                |              |                          |                |              |
| 2013                                   | USD             | 2.25                     | 2018                 | -                        | 18,024.07      | 18,024.07    | -                        | 16,456.12      | 16,456.12    |
| KTB subordinated debentures            |                 |                          |                      |                          |                |              |                          |                |              |
| No.1/2010                              | Baht            | 4.35                     | 2020                 | -                        | -              | -            | 10,400.00                | -              | 10,400.00    |
| No.1/2012                              | Baht            | 4.50                     | 2022                 | 5,155.00                 | -              | 5,155.00     | 5,155.00                 | -              | 5,155.00     |
| No.2/2012                              | Baht            | 4.60                     | 2022                 | 15,133.32                | -              | 15,133.32    | 15,133.32                | -              | 15,133.32    |
| No.1/2014                              | USD             | 5.20                     | 2024                 | -                        | 25,261.98      | 25,261.98    | -                        | 23,074.10      | 23,074.10    |
| No.1/2015                              | MYR             | 5.10                     | 2025                 | -                        | 8,427.95       | 8,427.95     | -                        | -              | -            |
| - Hybrid debt capital instruments      | Baht/USD        | 3.77-7.38                |                      | 1,440.00                 | 6,838.78       | 8,278.78     | 3,524.60                 | 6,246.49       | 9,771.09     |
| Bill of exchange (B/E)                 |                 |                          |                      |                          |                |              |                          |                |              |
| Short term*                            | Baht            | -                        | 2012                 | 0.70                     | -              | 0.70         | 4,940.70                 | -              | 4,940.70     |
| Long term                              | Baht            | 3.96-7.18                | 2016-2030            | 6,655.00                 | -              | 6,655.00     | 8,815.00                 | -              | 8,815.00     |
| Others                                 | Baht            |                          |                      | 1.17                     | -              | 1.17         | 1.17                     | -              | 1.17         |
| Total                                  |                 |                          |                      | 28,385.19                | 58,552.78      | 86,937.97    | 57,834.79                | 45,776.71      | 103,611.50   |

\*Short term bill of exchange (B/E) is included a maturity B/E but its holder is still not redeemable.

**6.16 Debt Issued and Borrowings (Continued)**

Bonds under Euro Medium Term Note Programme (EMTN Programme) in an amount of USD 2,500 Million

- On March 11, 2013, the Bank issued USD 500 million of unsecured unsubordinated debentures, with a maturity of 5.5 years at a fixed coupon of 2.25 percent per annum. The interest payment is semiannually on 11<sup>th</sup> of March and September of each year, over the time to maturity.

- On June 26, 2014, the Bank issued and offered USD 700 million of subordinated debentures in accordance with Basel III (Subordinated Tier 2), with a maturity of 10.5 years at a fixed coupon of 5.20 percent per annum for the first 5.5 years. After that the interest will equal to 5-year US Treasury Rate plus margin 3.535 percent per annum. The interest payment is semiannually on 26<sup>th</sup> of June and December of each year, over the time to maturity.

Subordinated Debentures

The Bank may be granted the right to redeem the debentures prior to their maturities, on 5<sup>th</sup> anniversary of the issued date or on any interest-payment date after 5<sup>th</sup> anniversary date, except for subordinated debentures under EMTN Programme which can be redeemed prior to their maturities, on 5.5<sup>th</sup> anniversary of the issued date or on any interest-payment date after 5.5<sup>th</sup> anniversary date.

Subordinated Debentures under Malaysian Ringgit Medium Term Note Programme in an amount of MYR 5,000 Million

- On July 6, 2015, the Bank issued and offered MYR 1,000 million of subordinated debentures in accordance with Basel III (Subordinated Tier 2), with a maturity of 10 years at a coupon of 5.10 percent per annum. The Bank may be granted the right to redeem the debentures prior to their maturities, on 5<sup>th</sup> anniversary of the issued date.

Hybrid Debt Capital Instruments

Hybrid debt capital instruments of non-cumulative interest, non-interest payment in the year that there is no profit, non-fixed repayment period as tier 1 capital (Hybrid Tier 1) which the Bank may be granted the right to redeem prior to their maturities, however, on 5<sup>th</sup> anniversary of the issued date or on any interest-payment date after 5<sup>th</sup> anniversary or when the Bank could no longer threat them as tier 1 capital, subject to approval of the BoT's.

The interest rates are fixed during the first 10 years and floating after the 11<sup>th</sup> year at the 6-month fixed deposit rate, general customers plus defined rate and semiannually interest payment.

**6.17 Provisions**

(Million Baht)

|                                                | <u>Consolidated Financial Statements</u> |                          | <u>The Bank's Financial Statements</u> |                          |
|------------------------------------------------|------------------------------------------|--------------------------|----------------------------------------|--------------------------|
|                                                | <u>December 31, 2015</u>                 | <u>December 31, 2014</u> | <u>December 31, 2015</u>               | <u>December 31, 2014</u> |
| Defined benefit plan                           | 10,391.04                                | 10,257.28                | 9,609.72                               | 9,466.48                 |
| Loss from NPLs transferred to TAMC (Note 6.35) | 3,461.48                                 | 3,461.48                 | 3,461.48                               | 3,461.48                 |
| Contingent liabilities from being sued         | 538.01                                   | 497.72                   | 538.01                                 | 497.72                   |
| Other contingent liabilities                   | 34.16                                    | 24.53                    | 25.53                                  | 17.61                    |
| Total provisions                               | 14,424.69                                | 14,241.01                | 13,634.74                              | 13,443.29                |

**6.17 Provisions (Continued)****Defined Benefit Plan**

(Million Baht)

|                                                               | <u>Consolidated Financial Statements</u> |                          | <u>The Bank's Financial Statements</u> |                          |
|---------------------------------------------------------------|------------------------------------------|--------------------------|----------------------------------------|--------------------------|
|                                                               | <u>December 31, 2015</u>                 | <u>December 31, 2014</u> | <u>December 31, 2015</u>               | <u>December 31, 2014</u> |
| Defined benefit plan                                          |                                          |                          |                                        |                          |
| Beginning balances                                            | 10,257.28                                | 10,541.09                | 9,466.48                               | 9,806.06                 |
| Current service costs                                         | 576.25                                   | 521.12                   | 464.10                                 | 439.06                   |
| Interest costs                                                | 476.70                                   | 473.32                   | 442.90                                 | 440.22                   |
| Employee benefits paid during the period                      | (1,133.34)                               | (1,951.96)               | (1,105.86)                             | (1,915.54)               |
| Actuarial losses (gains) on defined benefit plans (Note 6.34) |                                          |                          |                                        |                          |
| - from changes in demographic assumptions                     |                                          |                          |                                        |                          |
| - from changes in financial assumptions                       | 70.50                                    | (56.42)                  | 67.61                                  | (39.34)                  |
| Total defined benefit plan                                    | 143.65                                   | 730.13                   | 274.49                                 | 736.02                   |
|                                                               | <u>10,391.04</u>                         | <u>10,257.28</u>         | <u>9,609.72</u>                        | <u>9,466.48</u>          |

**The Principal Actuarial Assumptions**

|                                     | <u>December 31, 2015</u> | <u>December 31, 2014</u> |
|-------------------------------------|--------------------------|--------------------------|
| Average discount rate               | 3.59% - 5.12%            | 4.00% - 5.12%            |
| Average future salary increase rate | 6.00% - 7.50%            | 6.00% - 7.50%            |
| Average turnover rate               | 0.11% - 17.26%           | 0.02% - 25.08%           |
| Retirement age                      | 50 - 60 years            | 50 - 60 years            |

**Sensitivity Analysis of Principal Actuarial Assumptions**

Defined benefit plan of the Bank and its subsidiaries are sensitive to changes in assumptions used for calculation. The actuarial assumptions may change based on changes in market conditions, changes in inflation condition including demographic changes in the defined benefit plan. The following table shows the effect of changes in each key assumption. The change in each assumption occurs separately.

**6.17 Provisions (Continued)****Sensitivity Analysis of Principal Actuarial Assumptions**

(Million Baht)

|                                     | Increase (Decrease) in Defined Benefit Plan |                                        |
|-------------------------------------|---------------------------------------------|----------------------------------------|
|                                     | <u>Consolidated Financial Statements</u>    | <u>The Bank's Financial Statements</u> |
|                                     | <u>December 31, 2015</u>                    | <u>December 31, 2015</u>               |
| Average discount rate               |                                             |                                        |
| Increase of 1 %                     | (932.20)                                    | (837.94)                               |
| Decrease of 1 %                     | 1,081.50                                    | 968.85                                 |
| Average future salary increase rate |                                             |                                        |
| Increase of 1 %                     | 792.01                                      | 698.44                                 |
| Decrease of 1 %                     | (702.59)                                    | (620.98)                               |
| Average turnover rate               |                                             |                                        |
| Increase of 1 %                     | (126.02)                                    | (97.70)                                |
| Decrease of 1 %                     | 129.56                                      | 97.70                                  |

**Maturity Profile of Defined Benefit Plan**

The following table provides information on the weighted average duration of the defined benefit plan and the maturity analysis of benefit payments calculated based on the defined benefit plan expected to be paid in the future in the undiscounted form.

|                                                       | (Years)                                  |                          |                                        |                          |
|-------------------------------------------------------|------------------------------------------|--------------------------|----------------------------------------|--------------------------|
|                                                       | <u>Consolidated Financial Statements</u> |                          | <u>The Bank's Financial Statements</u> |                          |
|                                                       | <u>December 31, 2015</u>                 | <u>December 31, 2014</u> | <u>December 31, 2015</u>               | <u>December 31, 2014</u> |
| Weighted average duration of the defined benefit plan | 20                                       | 20                       | 19                                     | 19                       |
| (Million Baht)                                        |                                          |                          |                                        |                          |
|                                                       | <u>December 31, 2015</u>                 | <u>December 31, 2014</u> | <u>December 31, 2015</u>               | <u>December 31, 2014</u> |
| Maturity analysis of benefits expected to be paid     |                                          |                          |                                        |                          |
| Amount expected to be paid within 12 months           | 13.36                                    | 494.83                   | 0.49                                   | 489.26                   |
| Amount expected to be paid between 1 to 2 years       | 1,212.40                                 | 622.86                   | 1,182.20                               | 611.07                   |
| Amount expected to be paid between 2 to 5 years       | 2,559.94                                 | 2,420.58                 | 2,395.94                               | 2,269.35                 |
| Amount expected to be paid between 5 to 10 years      | 6,359.08                                 | 6,014.94                 | 5,893.69                               | 5,524.74                 |
| Amount expected to be paid between 10 to 15 years     | 7,297.45                                 | 7,765.83                 | 6,416.66                               | 6,872.60                 |
| Amount expected to be paid between 15 to 25 years     | 9,096.31                                 | 9,761.64                 | 6,288.35                               | 6,560.69                 |
| Amount expected to be paid over 25 years              | 14,147.01                                | 14,387.86                | 12,494.22                              | 12,013.99                |

**6.18 Other Liabilities** comprise the followings:

(Million Baht)

|                                    | <u>Consolidated Financial Statements</u> |                          | <u>The Bank's Financial Statements</u> |                          |
|------------------------------------|------------------------------------------|--------------------------|----------------------------------------|--------------------------|
|                                    | <u>December 31, 2015</u>                 | <u>December 31, 2014</u> | <u>December 31, 2015</u>               | <u>December 31, 2014</u> |
| Accrued interest expenses          | 5,422.75                                 | 5,514.67                 | 5,174.08                               | 5,320.16                 |
| Accrued expenses                   | 13,335.15                                | 12,792.10                | 11,880.67                              | 11,460.28                |
| Suspense account creditors         | 1,411.62                                 | 3,087.99                 | 2,722.99                               | 3,257.11                 |
| Tax payables                       | 3,732.43                                 | 5,019.28                 | 3,200.57                               | 4,549.91                 |
| Deferred revenue for reward points | 2,492.87                                 | 2,378.94                 | 126.30                                 | 137.02                   |
| Cheque in transit                  | 6,360.49                                 | 6,028.55                 | 6,360.49                               | 6,028.55                 |
| Sundry liabilities                 | 13,454.61                                | 8,281.29                 | 10,532.69                              | 5,683.54                 |
| Total                              | 46,209.92                                | 43,102.82                | 39,997.79                              | 36,436.57                |

**6.19 Share Capital****6.19.1 Ordinary Shares**

As at December 31, 2015 and 2014, the Bank's authorized share capital and issued and paid-up share capital are 13,976,061,250 shares.

**6.19.2 Preferred Shares**

The 5.5 million of preferred shares are fully paid-up. Preferred share has more preference over the ordinary share. Apart from entitling to the same voting rights and claims on dividends as ordinary shares, it may enjoy preferential rights to a special dividend at a 3 percent fixed rate per annum prior to the ordinary shares when paid.

**6.19.3** The Bank is the state enterprise, its major shareholder is the Financial Institutions Development Fund (FIDF). As at December 31, 2015, FIDF holds 7,696,248,833 shares or 55.05 percent of paid-up ordinary and preferred shares.

**6.20 Legal Reserve**

According to the Public Limited Company Act, the Bank is required to appropriate net profit of the year as legal reserve which is not less than 5 percent after deducting accumulated losses brought forward (if any) until legal reserve reaches an amount not less than 10 percent of authorized share capital. The Bank also set full amount of legal reserve.

**6.21 The Appropriation of 2014 Net Profit and Dividend Payment**

On April 10, 2015, the 22<sup>nd</sup> Annual General Shareholders' Meeting passed the resolution to approve the appropriation of 2014 net profit amounting to Baht 31,855.31 million. On April 11, 2014, the 21<sup>st</sup> Annual General Shareholders' Meeting passed the resolution to approve the appropriation of 2013 net profit amounting to Baht 30,957.42 million and dividend payment as follows:

|                                                             | (Million Baht)            |                           |
|-------------------------------------------------------------|---------------------------|---------------------------|
|                                                             | <u>Net Profit of 2014</u> | <u>Net Profit of 2013</u> |
| Legal reserve                                               | -                         | 364.04                    |
| Dividend - preferred shares (@ Baht 1.0545 and Baht 1.0345) | 5.80                      | 5.69                      |
| Dividend - ordinary shares (@ Baht 0.90 and Baht 0.88)      | 12,578.46                 | 12,298.93                 |
| Net profit carried forward                                  | 19,271.05                 | 18,288.76                 |

**6.22 Obligations and Contingent Liabilities****6.22.1 Contingent Liabilities**

(Million Baht)

| <u>Consolidated and the Bank's Financial Statements</u> |                          |                          |
|---------------------------------------------------------|--------------------------|--------------------------|
|                                                         | <u>December 31, 2015</u> | <u>December 31, 2014</u> |
| Avals to bills                                          | 6,696.00                 | 4,020.77                 |
| Guarantees of loans                                     | 6,432.23                 | 14,845.02                |
| Letters of credit                                       | 37,029.06                | 40,538.15                |
| Other contingencies                                     |                          |                          |
| Unused credit line of overdraft                         | 162,475.49               | 149,601.74               |
| Other guarantees                                        | 143,210.15               | 140,726.37               |
| Others                                                  | -                        | 988.89                   |
| Total                                                   | <u>355,842.93</u>        | <u>350,720.94</u>        |

Besides the contingent liabilities mentioned above, as at December 31, 2015 and 2014, the Bank has material contingent liabilities owing to prosecutions of Baht 10,451.50 million and Baht 11,657.15 million, respectively. Such prosecutions comprised of the completed cases in the civil court and the cases proceedings in the Appeal Court and the Supreme Court.

As at December 31, 2015 and 2014, the Bank has set aside provisions of Baht 538.01 million and Baht 497.72 million, respectively, for estimated losses from such cases.

**6.22.2 Obligations under Long-Terms Leased**

The Bank has obligations arising from lease agreements. The amounts due are classified as follows:

(Million Baht)

| Period                 | <u>December 31, 2015</u> |                          |                     |                 | <u>December 31, 2014</u> |                          |                     |                 |
|------------------------|--------------------------|--------------------------|---------------------|-----------------|--------------------------|--------------------------|---------------------|-----------------|
|                        | <u>Within 1 year</u>     | <u>Over 1 to 5 years</u> | <u>Over 5 years</u> | <u>Total</u>    | <u>Within 1 year</u>     | <u>Over 1 to 5 years</u> | <u>Over 5 years</u> | <u>Total</u>    |
| Land and/or Premises   | 575.11                   | 528.17                   | 70.77               | 1,174.05        | 483.53                   | 489.97                   | 99.55               | 1,073.05        |
| Vehicles               | 367.22                   | 679.83                   | -                   | 1,047.05        | 317.56                   | 678.97                   | -                   | 996.53          |
| Facsimile/Copy machine | 2.78                     | 1.89                     | -                   | 4.67            | 5.16                     | 4.56                     | -                   | 9.72            |
| Total                  | <u>945.11</u>            | <u>1,209.89</u>          | <u>70.77</u>        | <u>2,225.77</u> | <u>806.25</u>            | <u>1,173.50</u>          | <u>99.55</u>        | <u>2,079.30</u> |

**6.23 Assets with Obligations and Restrictions**

(Million Baht)

| <u>Consolidated and the Bank's Financial Statements</u>                                       |                          |                          |
|-----------------------------------------------------------------------------------------------|--------------------------|--------------------------|
|                                                                                               | <u>December 31, 2015</u> | <u>December 31, 2014</u> |
| Government and state enterprise bonds pledged as collateral                                   |                          |                          |
| - court collateral                                                                            | 134.87                   | 189.53                   |
| - repurchase agreements                                                                       | 33,183.96                | 26,033.93                |
| Properties for sale (debtor is granted the right to buy back or first right for this portion) | 4,961.70                 | 5,842.09                 |
| Total                                                                                         | <u>38,280.53</u>         | <u>32,065.55</u>         |

**6.24.1** As at December 31, 2015 and 2014, loans to the Bank's executives (First Vice President and above) are Baht 1,048.87 million and Baht 985.69 million. The average outstanding balances of such loans at month end are Baht 937.55 million and Baht 736.71 million, respectively.

The loans outstanding as at December 31, 2015 and 2014 to close family of the Bank's executives mentioned above are Baht 150.52 million and Baht 148.69 million, respectively.

As at December 31, 2015 and 2014, the Bank has other benefits paid to authorized managements committed to employment contracts of Baht 321.15 million and Baht 265.43 million, respectively.

The balances of loans and obligations to related companies as at December 31, 2015 and 2014 are as follows:

(Million Baht)

|                                                               |                    | The Bank's Financial Statements |                    |                   |                    |
|---------------------------------------------------------------|--------------------|---------------------------------|--------------------|-------------------|--------------------|
|                                                               | Pricing Policy     | December 31, 2015               |                    | December 31, 2014 |                    |
|                                                               | for Loans and      |                                 |                    |                   |                    |
|                                                               | <u>Obligations</u> | <u>Loans</u>                    | <u>Obligations</u> | <u>Loans</u>      | <u>Obligations</u> |
| Loans and Obligations to Businesses which the Bank Totally    |                    |                                 |                    |                   |                    |
| Held from 10 to 20 Percent of Their Paid-up Capital           | Normal Bank Policy | 0.31                            | 29.19              | 0.57              | 24.63              |
| Loans and Obligations to Businesses which the Bank Acquired   |                    |                                 |                    |                   |                    |
| equal to or over 10 Percent of Their Paid-up Capital from TDR | Normal Bank Policy | 110.41                          | 0.29               | 110.99            | 0.29               |
| <b><u>Subsidiaries</u></b>                                    |                    |                                 |                    |                   |                    |
| KTB General Services Co., Ltd.                                | Normal Bank Policy | 8.16                            | 29.20              | 10.36             | 23.20              |
| KTB Computer Services Co., Ltd.                               | Normal Bank Policy | 3,942.86                        | 4.55               | 4,084.58          | 4.55               |
| KTB Leasing Co., Ltd.                                         | Normal Bank Policy | 50,826.10                       | 1,450.60           | 59,423.54         | 1,071.27           |
| Krung Thai Asset Management Pcl.                              | Normal Bank Policy | 0.05                            | -                  | 0.03              | -                  |
| Krungthai Card Pcl.                                           | Normal Bank Policy | 0.62                            | 2.30               | 0.82              | 2.15               |
| <u>Less</u> Allowance for doubtful accounts                   |                    | (547.78)                        |                    | (635.20)          |                    |
| Total                                                         |                    | <u>54,230.01</u>                |                    | <u>62,884.13</u>  |                    |
| <b><u>Associates</u></b>                                      |                    |                                 |                    |                   |                    |
| Krung Thai IBJ Leasing Co., Ltd.                              | Normal Bank Policy | 0.07                            | 1.39               | 4.84              | 1.27               |
| KT Zmico Securities Co., Ltd.                                 | Normal Bank Policy | 1,080.18                        | -                  | 663.15            | -                  |
| Krungthai Panich Insurance Pcl.                               | Normal Bank Policy | 0.23                            | -                  | 0.24              | -                  |
| <u>Less</u> Allowance for doubtful accounts                   |                    | (10.80)                         |                    | (6.68)            |                    |
| Total                                                         |                    | <u>1,069.68</u>                 |                    | <u>661.55</u>     |                    |
| Loans and Obligations to Related Companies With               |                    |                                 |                    |                   |                    |
| Common Directors or Common Top Managements                    | Normal Bank Policy | 25,450.35                       | 210.16             | 23,518.00         | 128.81             |
| <u>Less</u> Allowance for doubtful accounts                   |                    | (205.35)                        |                    | (224.48)          |                    |
| Total                                                         |                    | <u>25,245.00</u>                |                    | <u>23,293.52</u>  |                    |

**6.24 Related Party Transactions (Continued)****6.24.3 Deposits and Borrowings**

The balances of deposits and borrowings to related companies as at December 31, 2015 and 2014 are as follows:

|                                                 |                       | (Million Baht)           |                   |                          |                   |
|-------------------------------------------------|-----------------------|--------------------------|-------------------|--------------------------|-------------------|
|                                                 | Pricing Policy        | <u>December 31, 2015</u> |                   | <u>December 31, 2014</u> |                   |
|                                                 | for Deposits          |                          |                   |                          |                   |
|                                                 | <u>and Borrowings</u> | <u>Deposits</u>          | <u>Borrowings</u> | <u>Deposits</u>          | <u>Borrowings</u> |
| <b><u>Consolidated Financial Statements</u></b> |                       |                          |                   |                          |                   |
| <b><u>Associates</u></b>                        |                       |                          |                   |                          |                   |
| Krung Thai IBJ Leasing Co., Ltd.                | Normal Bank Policy    | 40.56                    | -                 | 37.42                    | -                 |
| KT Zmico Securities Co., Ltd.                   | Normal Bank Policy    | 40.69                    | -                 | 35.51                    | -                 |
| Krungthai Panich Insurance Pcl.                 | Normal Bank Policy    | 24.38                    | -                 | 94.99                    | -                 |
| Krungthai-AXA Life Insurance Pcl.               | Normal Bank Policy    | 770.70                   | 2,730.00          | 755.64                   | 2,380.00          |
| <b><u>The Bank's Financial Statements</u></b>   |                       |                          |                   |                          |                   |
| <b><u>Subsidiaries</u></b>                      |                       |                          |                   |                          |                   |
| KTB Law Co., Ltd.                               | Normal Bank Policy    | 311.48                   | -                 | 266.05                   | -                 |
| KTB General Services Co., Ltd.                  | Normal Bank Policy    | 643.87                   | -                 | 96.89                    | 430.00            |
| KTB Computer Services Co., Ltd.                 | Normal Bank Policy    | 13.75                    | -                 | 26.52                    | -                 |
| KTB Leasing Co., Ltd.                           | Normal Bank Policy    | 85.99                    | -                 | 203.48                   | -                 |
| Krung Thai Asset Management Pcl.                | Normal Bank Policy    | -                        | -                 | 56.42                    | -                 |
| KTB Capital Holding Co., Ltd.                   | Normal Bank Policy    | 249.30                   | -                 | 247.70                   | -                 |
| KTB Advisory Co., Ltd.                          | Normal Bank Policy    | 53.58                    | -                 | 71.53                    | -                 |
| Krungthai Card Pcl.                             | Normal Bank Policy    | 590.00                   | -                 | 373.03                   | -                 |
| <b><u>Associates</u></b>                        |                       |                          |                   |                          |                   |
| Krung Thai IBJ Leasing Co., Ltd.                | Normal Bank Policy    | 40.56                    | -                 | 37.42                    | -                 |
| KT Zmico Securities Co., Ltd.                   | Normal Bank Policy    | 40.69                    | -                 | 35.51                    | -                 |
| Krungthai Panich Insurance Pcl.                 | Normal Bank Policy    | 24.38                    | -                 | 94.99                    | -                 |
| Krungthai-AXA Life Insurance Pcl.               | Normal Bank Policy    | 770.70                   | 2,730.00          | 755.64                   | 2,380.00          |

**6.24.4 Intercompany Trading Transactions****Subsidiaries**

1) KTB Computer Services Co., Ltd. has been designated mainly to provide information technology (IT) services to various work units in the Bank. Service offers consist of introducing IT to the Bank's business operation and modernizing the existing systems in line with the Bank's requirement, rendering system control and maintenance system software development, offering preliminary consultancy service and organizing training in various applications of IT and techniques. The Bank incurs service charges on a cost plus method amounting to Baht 3,699.56 million and Baht 3,674.00 million for the years ended December 31, 2015 and 2014, respectively.

**6.24 Related Party Transactions (Continued)**

Since 2003, the GFMIS project Phase 2 has been developed and implemented on behalf of the Bank by KTBCS. The Bank and the Office of GFMIS attached to the Secretariat of the Prime Minister have unanimously signed on the Memorandum of Agreement upon the submission of deliverables and disbursement associated to the investments on the GFMIS project on September 22, 2005. Further, the Bank has signed the hiring contract for the implementation and maintenance with the Office of GFMIS. The Bank incurs service charges for the years ended December 31, 2015 and 2014 amounting to Baht 132.88 million and Baht 163.08 million, respectively.

2) The Bank has operated student loans in subjects of public relations, policy, regulation, loan payment, documents filling, loan notification, loans status, including loan collection, claim for payment, and prosecution for the Student Loans Fund. KTB LAW Co., Ltd. has been designated to prosecute debtors of the Student Loans Fund. The Bank incurs service charges for the years ended December 31, 2015 and 2014 of Baht 666.39 million and Baht 555.06 million, respectively.

3) Krungthai Card Pcl. has been designated from the Bank to collect debts. This service charge incurred for the year ended December 31, 2015 of Baht 49.33 million.

4) The Bank incurs service charges on its subsidiaries [including service charges mentioned in No.1) to 3)] for the years ended December 31, 2015 and 2014 amounting to Baht 7,309.24 million and Baht 7,087.81 million, respectively, at the agreed-upon rate.

5) The Bank generates fees income from service contracts for the years ended December 31, 2015 and 2014 amounting to Baht 452.32 million and Baht 387.42 million, respectively.

**6) Other Information**Intercompany Considerations

Intercompany income and expenses are based on the agreed-upon rate and the amount specified in the contract, whereas cost plus system has been applicable to some certain transactions.

The consolidated financial statements include the accounts of subsidiaries after eliminating intercompany transactions and balances.

Associates

1) For the years ended December 31, 2015 and 2014, the Bank generates premises rental income from associates of Baht 0.61 million and Baht 0.55 million at the agreed-upon rate.

2) For the years ended December 31, 2015 and 2014, the Bank generates fees income from supportive service contracts of Baht 2,254.87 million and Baht 1,874.80 million at the agreed-upon rate.

**6.25 Significant Financial Position and Operations Classified by Domestic and Foreign Business Segment****6.25.1 Financial Position Classified by Business Segment**

(Million Baht)

Consolidated Financial Statements

|                                       | <u>December 31, 2015</u> |                  |              | <u>December 31, 2014</u> |                  |              |
|---------------------------------------|--------------------------|------------------|--------------|--------------------------|------------------|--------------|
|                                       | Domestic                 | Foreign Branches |              | Domestic                 | Foreign Branches |              |
|                                       | Business                 | Business         |              | Business                 | Business         |              |
|                                       | <u>Segment</u>           | <u>Segment</u>   | <u>Total</u> | <u>Segment</u>           | <u>Segment</u>   | <u>Total</u> |
| Total assets                          | 2,747,981.67             | 68,667.78        | 2,816,649.45 | 2,726,693.48             | 65,061.68        | 2,791,755.16 |
| Interbank and money market items, net | 357,256.69               | 40,101.28        | 397,357.97   | 418,880.47               | 37,840.70        | 456,721.17   |
| Investments, net                      | 258,635.41               | 3,096.63         | 261,732.04   | 257,451.81               | 1,043.10         | 258,494.91   |
| Loans to customers and                |                          |                  |              |                          |                  |              |
| accrued interest receivables, net     | 1,922,240.18             | 25,144.64        | 1,947,384.82 | 1,858,971.39             | 23,194.82        | 1,882,166.21 |
| Deposits                              | 2,130,163.24             | 5,335.27         | 2,135,498.51 | 2,147,837.93             | 3,430.32         | 2,151,268.25 |
| Interbank and money market items, net | 192,156.66               | 2,086.18         | 194,242.84   | 152,325.98               | 14,888.95        | 167,214.93   |
| Debt issued and borrowings            | 57,687.68                | 58,552.78        | 116,240.46   | 95,194.19                | 45,776.71        | 140,970.90   |

(Million Baht)

The Bank's Financial Statements

|                                       | <u>December 31, 2015</u> |                  |              | <u>December 31, 2014</u> |                  |              |
|---------------------------------------|--------------------------|------------------|--------------|--------------------------|------------------|--------------|
|                                       | Domestic                 | Foreign Branches |              | Domestic                 | Foreign Branches |              |
|                                       | Business                 | Business         |              | Business                 | Business         |              |
|                                       | <u>Segment</u>           | <u>Segment</u>   | <u>Total</u> | <u>Segment</u>           | <u>Segment</u>   | <u>Total</u> |
| Total assets                          | 2,681,259.86             | 68,667.78        | 2,749,927.64 | 2,664,701.30             | 65,061.68        | 2,729,762.98 |
| Interbank and money market items, net | 356,960.10               | 40,101.28        | 397,061.38   | 418,596.18               | 37,840.70        | 456,436.88   |
| Investments, net                      | 254,379.02               | 3,096.63         | 257,475.65   | 255,528.98               | 1,043.10         | 256,572.08   |
| Loans to customers and                |                          |                  |              |                          |                  |              |
| accrued interest receivables, net     | 1,872,626.14             | 25,144.64        | 1,897,770.78 | 1,814,171.88             | 23,194.82        | 1,837,366.70 |
| Deposits                              | 2,132,111.22             | 5,335.27         | 2,137,446.49 | 2,149,123.13             | 3,430.32         | 2,152,553.45 |
| Interbank and money market items, net | 175,615.02               | 2,086.18         | 177,701.20   | 145,885.70               | 14,888.95        | 160,774.65   |
| Debt issued and borrowings            | 28,385.19                | 58,552.78        | 86,937.97    | 57,834.79                | 45,776.71        | 103,611.50   |

The consolidated and the Bank's financial statements as at December 31, 2015 and 2014, the Bank has total assets before eliminating net interbranch transactions of Baht 1,319.81 million and Baht 2,612.59 million, respectively.

**6.25 Significant Financial Position and Operations Classified by Domestic and Foreign Business Segment (Continued)****6.25.2 Operations Classified by Business Segment**

(Million Baht)

|                                             | <u>Consolidated Financial Statements</u> |                  |              |                          |                  |              |
|---------------------------------------------|------------------------------------------|------------------|--------------|--------------------------|------------------|--------------|
|                                             | <u>December 30, 2015</u>                 |                  |              | <u>December 30, 2014</u> |                  |              |
|                                             | Domestic                                 | Foreign Branches |              | Domestic                 | Foreign Branches |              |
|                                             | Business                                 | Business         |              | Business                 | Business         |              |
|                                             | <u>Segment</u>                           | <u>Segment</u>   | <u>Total</u> | <u>Segment</u>           | <u>Segment</u>   | <u>Total</u> |
| Interest income                             | 130,864.29                               | 5,003.38         | 135,867.67   | 127,030.38               | 3,469.75         | 130,500.13   |
| Interest expenses                           | (51,583.80)                              | (3,416.01)       | (54,999.81)  | (51,024.14)              | (2,318.31)       | (53,342.45)  |
| Interest income, net                        | 79,280.49                                | 1,587.37         | 80,867.86    | 76,006.24                | 1,151.44         | 77,157.68    |
| Fees and service income, net                | 21,134.18                                | 209.23           | 21,343.41    | 18,394.71                | 225.21           | 18,619.92    |
| Other operating income                      | 14,344.78                                | 51.32            | 14,396.10    | 12,251.84                | 20.36            | 12,272.20    |
| Other operating expenses                    | (80,766.06)                              | (695.10)         | (81,461.16)  | (66,323.05)              | (464.95)         | (66,788.00)  |
| Operating profit before income tax expenses | 33,993.39                                | 1,152.82         | 35,146.21    | 40,329.74                | 932.06           | 41,261.80    |

(Million Baht)

|                                             | <u>The Bank's Financial Statements</u> |                  |              |                          |                  |              |
|---------------------------------------------|----------------------------------------|------------------|--------------|--------------------------|------------------|--------------|
|                                             | <u>December 30, 2015</u>               |                  |              | <u>December 30, 2014</u> |                  |              |
|                                             | Domestic                               | Foreign Branches |              | Domestic                 | Foreign Branches |              |
|                                             | Business                               | Business         |              | Business                 | Business         |              |
|                                             | <u>Segment</u>                         | <u>Segment</u>   | <u>Total</u> | <u>Segment</u>           | <u>Segment</u>   | <u>Total</u> |
| Interest income                             | 118,898.03                             | 5,003.38         | 123,901.41   | 115,476.57               | 3,469.75         | 118,946.32   |
| Interest expenses                           | (49,920.58)                            | (3,416.01)       | (53,336.59)  | (48,996.31)              | (2,318.31)       | (51,314.62)  |
| Interest income, net                        | 68,977.45                              | 1,587.37         | 70,564.82    | 66,480.26                | 1,151.44         | 67,631.70    |
| Fees and service income, net                | 17,546.89                              | 209.23           | 17,756.12    | 15,185.67                | 225.21           | 15,410.88    |
| Other operating income                      | 10,986.56                              | 51.32            | 11,037.88    | 8,494.84                 | 20.36            | 8,515.20     |
| Other operating expenses                    | (67,198.36)                            | (695.10)         | (67,893.46)  | (52,399.17)              | (464.95)         | (52,864.12)  |
| Operating profit before income tax expenses | 30,312.54                              | 1,152.82         | 31,465.36    | 37,761.60                | 932.06           | 38,693.66    |

The consolidated and the Bank's financial statements for the years ended December 31, 2015 and 2014, the Bank has total interest income and interest expenses before eliminating net interbranch transactions of Baht 3,342.34 million and Baht 2,270.63 million, respectively.

## 6.26 Operations Classified by Operating Segment

### Segment definition

The Bank is organized into segments for internal management which the Management Committee of each segment is the chief operating decision-maker (CODM). Three reportable segments have been divided based on customer types and nature of businesses:

1) *Retail banking segment*: develops financial products and services, and also provides services for individual customers relating to deposits, loans, payment for goods and services as well as sale of products released by the Bank's subsidiaries and business alliances through network branches nationwide.

2) *Wholesale banking segment*: provides credit facilities and financial services to corporate clients; and

3) *Treasury and investment segment*: controls the Bank's financial structure to appropriate to make profit from the Bank's equity investment, foreign currency exchange services, international business and excess liquidity, and also supervising overseas branches and companies in which the Bank has invested.

Other segments comprise of middle offices, back offices, subsidiaries and associates.

### Accounting procedures for segment reporting

In contrast to the accounting procedures for external reporting, the accounting procedures of the operating segments are based on the principle of Economic Value Management (EVM), whereby performance is measured based on segment economic profit (EP), as included in the internal management reports that are reviewed by the Bank's CODM. In accordance with the EVM concept, all business units are treated as profit centers, having internal service charge (ISC) between service providing unit and service receiving unit. Fund Transfer Pricing (FTP) concept is used to calculating value of fund for fund provider unit and cost of fund for fund user unit. Income and expenses are allocated according to ownership basis in order to calculate the economic profit.

(Million Baht)

### Consolidated Financial Statements

December 31, 2015

|                                                                                   | Retail<br><u>Banking</u> | Wholesale<br><u>Banking</u> | Treasury and<br><u>Investment</u> | Support and<br><u>Others</u> | <u>Adjustments</u>       | <u>Total</u> |
|-----------------------------------------------------------------------------------|--------------------------|-----------------------------|-----------------------------------|------------------------------|--------------------------|--------------|
| Total operating income                                                            | 54,099.82                | 36,702.91                   | 10,708.59                         | 15,093.39                    | 2.66 <sup>1</sup>        | 116,607.37   |
| Total expenses (excluding bad debts, doubtful<br>accounts and loss on impairment) | (35,396.57)              | (16,645.87)                 | (6,034.49)                        | (16,958.65)                  | 18,511.19 <sup>1,2</sup> | (56,524.39)  |
| Bad debts, doubtful accounts and loss on impairment                               | (5,133.42)               | (21,325.25)                 | 226.04                            | (4,309.03)                   | 0.15                     | (30,541.51)  |
| Net profit (loss)                                                                 | 13,569.83                | (1,268.21)                  | 4,900.14                          | (6,174.29)                   | 18,514.00                | 29,541.47    |
| Segment assets                                                                    | 857,059.94               | 1,178,327.23                | 145,539.44                        | 634,263.81                   | 139.23 <sup>3</sup>      | 2,815,329.65 |
| Segment liabilities                                                               | 1,492,179.43             | 682,309.15                  | 194,276.24                        | 204,616.07                   | (8,348.57) <sup>3</sup>  | 2,565,032.32 |

**6.26 Operations Classified by Operating Segment (Continued)**

(Million Baht)

| <u>Consolidated Financial Statements</u>                                          |                   |                      |                            |                       |             |                            |
|-----------------------------------------------------------------------------------|-------------------|----------------------|----------------------------|-----------------------|-------------|----------------------------|
| <u>December 31, 2014</u>                                                          |                   |                      |                            |                       |             |                            |
|                                                                                   | Retail<br>Banking | Wholesale<br>Banking | Treasury and<br>Investment | Support and<br>Others | Adjustments | Total                      |
| Total operating income                                                            | 52,481.44         | 35,096.02            | 8,959.52                   | 11,413.35             | 99.46       | <sup>1</sup> 108,049.79    |
| Total expenses (excluding bad debts, doubtful<br>accounts and loss on impairment) | (34,175.39)       | (19,290.05)          | (5,087.06)                 | (14,217.45)           | 17,441.35   | <sup>1,2</sup> (55,328.60) |
| Bad debts, doubtful accounts and loss on impairment                               | (3,242.38)        | (3,121.02)           | (282.46)                   | (11,997.30)           | 0.15        | (18,643.01)                |
| Net profit (loss)                                                                 | 15,063.67         | 12,684.95            | 3,590.00                   | (14,801.40)           | 17,540.96   | 34,078.18                  |
| Segment assets                                                                    | 791,436.25        | 1,200,364.16         | 181,673.67                 | 600,852.34            | 14,816.15   | <sup>3</sup> 2,789,142.57  |
| Segment liabilities                                                               | 1,534,374.88      | 636,315.10           | 198,934.17                 | 184,539.42            | (887.65)    | <sup>3</sup> 2,553,275.92  |

<sup>1</sup> In the financial statements, certain gains are presented net of losses and shown either as gains under operating income or as losses under other operating expenses. However, these items from EVM data are predetermined as either income or expense regardless of whether they are gains or losses.

<sup>2</sup> Capital charge is recorded at each operating segment according to EVM concept, whereas, in the overall Bank's financial statements, capital charge is reversed.

<sup>3</sup> Assets and liabilities in the financial statements are ending balances while assets and liabilities from EVM data are average balances.

**6.27 Interest Income**

(Million Baht)

|                                     | <u>Consolidated Financial Statements</u> |                          | <u>The Bank's Financial Statements</u> |                          |
|-------------------------------------|------------------------------------------|--------------------------|----------------------------------------|--------------------------|
|                                     | <u>December 31, 2015</u>                 | <u>December 31, 2014</u> | <u>December 31, 2015</u>               | <u>December 31, 2014</u> |
| Interbank and money market items    | 12,091.97                                | 14,874.83                | 12,088.79                              | 14,873.05                |
| Investment and trading transactions | 319.53                                   | 188.02                   | 319.53                                 | 188.02                   |
| Investment in debt                  | 4,962.77                                 | 6,256.01                 | 4,957.94                               | 6,251.72                 |
| Loans                               | 111,437.93                               | 102,873.37               | 103,151.38                             | 95,317.72                |
| Hire-purchase and finance lease     | 3,679.05                                 | 4,017.77                 | 7.64                                   | 26.42                    |
| Others                              | 34.07                                    | 19.50                    | 33.78                                  | 18.76                    |
| Total interest income               | 132,525.32                               | 128,229.50               | 120,559.06                             | 116,675.69               |

**6.28 Interest Expenses**

(Million Baht)

|                                                  | <u>Consolidated Financial Statements</u> |                          | <u>The Bank's Financial Statements</u> |                          |
|--------------------------------------------------|------------------------------------------|--------------------------|----------------------------------------|--------------------------|
|                                                  | <u>December 31, 2015</u>                 | <u>December 31, 2014</u> | <u>December 31, 2015</u>               | <u>December 31, 2014</u> |
| Deposits                                         | 33,761.82                                | 32,202.52                | 33,772.23                              | 32,216.00                |
| Interbank and money market items                 | 2,579.58                                 | 3,228.57                 | 2,150.18                               | 2,705.81                 |
| Contributions to Bank of Thailand (BoT)          | 9,842.51                                 | 9,111.09                 | 9,842.51                               | 9,111.09                 |
| Contributions to Deposit Protection Agency (DPA) | 214.71                                   | 196.62                   | 214.71                                 | 196.62                   |
| Debt issued                                      |                                          |                          |                                        |                          |
| - Subordinated notes                             | 4,716.16                                 | 5,184.40                 | 3,567.17                               | 3,928.59                 |
| - B/E                                            | 497.56                                   | 1,060.45                 | 423.39                                 | 825.42                   |
| Borrowings                                       | 27.27                                    | 81.89                    | 8.14                                   | 54.60                    |
| Others                                           | 17.86                                    | 6.28                     | 15.91                                  | 5.86                     |
| Total interest expenses                          | 51,657.47                                | 51,071.82                | 49,994.24                              | 49,043.99                |

**6.29 Fees and Service Income, Net**

(Million Baht)

|                                  | <u>Consolidated Financial Statements</u> |                          | <u>The Bank's Financial Statements</u> |                          |
|----------------------------------|------------------------------------------|--------------------------|----------------------------------------|--------------------------|
|                                  | <u>December 31, 2015</u>                 | <u>December 31, 2014</u> | <u>December 31, 2015</u>               | <u>December 31, 2014</u> |
| Fees and service income          |                                          |                          |                                        |                          |
| - Acceptance, aval and guarantee | 1,902.19                                 | 1,740.42                 | 1,902.19                               | 1,740.42                 |
| - Others                         | 22,321.65                                | 19,286.68                | 18,032.19                              | 15,512.97                |
| Total fees and service income    | 24,223.84                                | 21,027.10                | 19,934.38                              | 17,253.39                |
| Fees and service expenses        | (2,880.43)                               | (2,407.18)               | (2,178.26)                             | (1,842.51)               |
| Fees and service income, net     | 21,343.41                                | 18,619.92                | 17,756.12                              | 15,410.88                |

**6.30 Gains on Tradings and Foreign Exchange Transactions, Net**

(Million Baht)

|                                                                | <u>Consolidated Financial Statements</u> |                          | <u>The Bank's Financial Statements</u> |                          |
|----------------------------------------------------------------|------------------------------------------|--------------------------|----------------------------------------|--------------------------|
|                                                                | <u>December 31, 2015</u>                 | <u>December 31, 2014</u> | <u>December 31, 2015</u>               | <u>December 31, 2014</u> |
| Gains (losses) on Tradings and Foreign Exchange Transactions   |                                          |                          |                                        |                          |
| - Foreign currency and foreign currency related derivatives    | 3,766.22                                 | 3,049.55                 | 3,766.22                               | 3,081.93                 |
| - Interest rate related derivatives                            | 2,069.10                                 | 1,396.17                 | 2,106.81                               | 1,435.94                 |
| - Debt securities                                              | 515.94                                   | 329.19                   | 515.94                                 | 329.19                   |
| - Equity securities                                            | (11.05)                                  | 27.08                    | (11.05)                                | 27.08                    |
| - Others                                                       | 360.41                                   | 24.53                    | 360.41                                 | 24.53                    |
| Total gains on tradings and foreign exchange transactions, net | 6,700.62                                 | 4,826.52                 | 6,738.33                               | 4,898.67                 |

**6.31 Gains (Losses) on Investments, Net**

(Million Baht)

|                                             | <u>Consolidated Financial Statements</u> |                          | <u>The Bank's Financial Statements</u> |                          |
|---------------------------------------------|------------------------------------------|--------------------------|----------------------------------------|--------------------------|
|                                             | <u>December 31, 2015</u>                 | <u>December 31, 2014</u> | <u>December 31, 2015</u>               | <u>December 31, 2014</u> |
| Gains (losses) on sale of                   |                                          |                          |                                        |                          |
| - Available-for-sale securities             | 580.65                                   | 156.83                   | 580.65                                 | 156.83                   |
| - General investments                       | 13.29                                    | 26.96                    | 13.29                                  | 26.96                    |
| Total                                       | 593.94                                   | 183.79                   | 593.94                                 | 183.79                   |
| Reverse (losses) on impairment of           |                                          |                          |                                        |                          |
| - Available-for-sale securities             | -                                        | 70.26                    | -                                      | 70.26                    |
| - General investments                       | 54.19                                    | (18.78)                  | 54.19                                  | (18.78)                  |
| - Investment in subsidiaries and associates | -                                        | -                        | (798.77)                               | 34.89                    |
| Total                                       | 54.19                                    | 51.48                    | (744.58)                               | 86.37                    |
| Total gains (losses) on investments, net    | 648.13                                   | 235.27                   | (150.64)                               | 270.16                   |

**6.32 Bad Debts, Doubtful Accounts, and Loss on Impairment**

(Million Baht)

|                                                            | <u>Consolidated Financial Statements</u> |                          | <u>The Bank's Financial Statements</u> |                          |
|------------------------------------------------------------|------------------------------------------|--------------------------|----------------------------------------|--------------------------|
|                                                            | <u>December 31, 2015</u>                 | <u>December 31, 2014</u> | <u>December 31, 2015</u>               | <u>December 31, 2014</u> |
| Interbank and money market items                           | (307.09)                                 | 173.56                   | (307.09)                               | 173.56                   |
| Held-to-maturity debt securities                           | (0.15)                                   | (0.15)                   | (0.15)                                 | (0.15)                   |
| Loans to customers                                         | 30,848.75                                | 18,469.60                | 24,307.09                              | 11,226.44                |
| Total bad debts, doubtful accounts, and loss on impairment | 30,541.51                                | 18,643.01                | 23,999.85                              | 11,399.85                |

**6.33 Income Tax Expenses**

Income tax expenses recognized in profit or losses for the years ended December 31, 2015 and 2014 are as follows:

(Million Baht)

|                                   | <u>Consolidated Financial Statements</u> |                          | <u>The Bank's Financial Statements</u> |                          |
|-----------------------------------|------------------------------------------|--------------------------|----------------------------------------|--------------------------|
|                                   | <u>December 31, 2015</u>                 | <u>December 31, 2014</u> | <u>December 31, 2015</u>               | <u>December 31, 2014</u> |
| Current Tax                       |                                          |                          |                                        |                          |
| Current period                    | 6,128.32                                 | 8,254.97                 | 5,312.01                               | 7,547.58                 |
| Deferred Tax                      |                                          |                          |                                        |                          |
| Movement in temporary differences | (523.58)                                 | (1,071.35)               | (320.40)                               | (709.23)                 |
| Total                             | <u>5,604.74</u>                          | <u>7,183.62</u>          | <u>4,991.61</u>                        | <u>6,838.35</u>          |

Reconciliation of effective tax rates for the years ended December 31, 2015 and 2014 are as follows:

(Million Baht)

|                                                           | <u>Consolidated Financial Statements</u> |                 | <u>The Bank's Financial Statements</u> |                 |
|-----------------------------------------------------------|------------------------------------------|-----------------|----------------------------------------|-----------------|
|                                                           | <u>December 31, 2015</u>                 |                 | <u>December 31, 2014</u>               |                 |
|                                                           | <u>Tax Rate</u>                          | <u>Amount</u>   | <u>Tax Rate</u>                        | <u>Amount</u>   |
| Operating profit before income tax expenses               |                                          | 35,146.21       |                                        | 41,261.80       |
| Income tax calculated statutory tax rates                 | 20.00%                                   | 7,029.24        | 20.00%                                 | 8,252.36        |
| Tax effects of income and expenses                        |                                          |                 |                                        |                 |
| that are not taxable and deductible for tax purposes, net |                                          | (1,424.50)      |                                        | (1,068.74)      |
| Total                                                     | 15.95%                                   | <u>5,604.74</u> | 17.41%                                 | <u>7,183.62</u> |

(Million Baht)

|                                                           | <u>The Bank's Financial Statements</u> |                 | <u>The Bank's Financial Statements</u> |                 |
|-----------------------------------------------------------|----------------------------------------|-----------------|----------------------------------------|-----------------|
|                                                           | <u>December 31, 2015</u>               |                 | <u>December 31, 2014</u>               |                 |
|                                                           | <u>Tax Rate</u>                        | <u>Amount</u>   | <u>Tax Rate</u>                        | <u>Amount</u>   |
| Operating profit before income tax expenses               |                                        | 31,465.36       |                                        | 38,693.66       |
| Income tax calculated statutory tax rates                 | 20.00%                                 | 6,293.07        | 20.00%                                 | 7,738.73        |
| Tax effects of income and expenses                        |                                        |                 |                                        |                 |
| that are not taxable and deductible for tax purposes, net |                                        | (1,301.46)      |                                        | (900.38)        |
| Total                                                     | 15.86%                                 | <u>4,991.61</u> | 17.67%                                 | <u>6,838.35</u> |

**6.34 Components of Other Comprehensive Income and Related Taxes**

Components of other comprehensive income and related taxes for the years ended December 31, 2015 and 2014.

(Million Baht)

|                                                                | <u>Consolidated Financial Statements</u> |                |                   |                          |                 |                  |
|----------------------------------------------------------------|------------------------------------------|----------------|-------------------|--------------------------|-----------------|------------------|
|                                                                | <u>December 31, 2015</u>                 |                |                   | <u>December 31, 2014</u> |                 |                  |
|                                                                | Amount                                   | Tax (expense)  | Net amount        | Amount                   | Tax (expense)   | Net amount       |
|                                                                | <u>before tax</u>                        | <u>benefit</u> | <u>after tax</u>  | <u>before Tax</u>        | <u>benefit</u>  | <u>after tax</u> |
| Changes in revaluation surplus on assets                       | (3.40)                                   | 0.68           | (2.72)            | -                        | -               | -                |
| Gains (losses) on remeasuring available-for-sale investments   | (3,447.86)                               | 689.57         | (2,758.29)        | 3,380.58                 | (676.12)        | 2,704.46         |
| Gains (losses) arising from translating the                    |                                          |                |                   |                          |                 |                  |
| financial statements of foreign operations                     | (38.41)                                  | -              | (38.41)           | (19.93)                  | -               | (19.93)          |
| Actuarial gains (losses) on defined benefit plans* (Note 6.17) | (214.15)                                 | 42.83          | (171.32)          | (673.71)                 | 134.74          | (538.97)         |
| Share of other comprehensive income from associates            | 999.71                                   | -              | 999.71            | 3,020.00                 | -               | 3,020.00         |
| Other comprehensive income                                     | <u>(2,704.11)</u>                        | <u>733.08</u>  | <u>(1,971.03)</u> | <u>5,706.94</u>          | <u>(541.38)</u> | <u>5,165.56</u>  |

(Million Baht)

|                                                                | <u>The Bank's Financial Statements</u> |                |                   |                          |                 |                  |
|----------------------------------------------------------------|----------------------------------------|----------------|-------------------|--------------------------|-----------------|------------------|
|                                                                | <u>December 31, 2015</u>               |                |                   | <u>December 31, 2014</u> |                 |                  |
|                                                                | Amount                                 | Tax (expense)  | Net amount        | Amount                   | Tax (expense)   | Net amount       |
|                                                                | <u>before tax</u>                      | <u>benefit</u> | <u>after tax</u>  | <u>before Tax</u>        | <u>benefit</u>  | <u>after tax</u> |
| Changes in revaluation surplus on assets                       | (3.40)                                 | 0.68           | (2.72)            | -                        | -               | -                |
| Gains (losses) on remeasuring available-for-sale investments   | (3,447.86)                             | 689.57         | (2,758.29)        | 3,380.58                 | (676.12)        | 2,704.46         |
| Gains (losses) arising from translating the                    |                                        |                |                   |                          |                 |                  |
| financial statements of foreign operations                     | (38.41)                                | -              | (38.41)           | (19.93)                  | -               | (19.93)          |
| Actuarial gains (losses) on defined benefit plans* (Note 6.17) | (342.10)                               | 68.42          | (273.68)          | (696.68)                 | 139.34          | (557.34)         |
| Other comprehensive income                                     | <u>(3,831.77)</u>                      | <u>758.67</u>  | <u>(3,073.10)</u> | <u>2,663.97</u>          | <u>(536.78)</u> | <u>2,127.19</u>  |

\*Recorded in retained earnings

### **6.35 The Transfer of Non-Performing Loans to Thai Asset Management Corporation (TAMC)**

TAMC was established under the Emergency Decree on Thai Asset Management Corporation B.E. 2544 (2001) with an objective to manage impaired assets of financial institutions by acquisition of impaired assets of financial institutions. The transfer price shall be equal to the value of assets held as collateral, with respect to such impaired assets, according to the appraisal criteria specified by the BoT. TAMC and the Bank agree to recognize and share profit or loss arising from the management of impaired assets at the end of the year 5<sup>th</sup> and 10<sup>th</sup> since July 1, 2001. When TAMC and the Bank confirmed amount paid for assets, TAMC shall issue non-transferable promissory notes, with 10 year maturity and avaled by the FIDF, to the Bank. TAMC may exercise the right to redeem these promissory notes before their maturities.

TAMC permanently dissolved its organization on June 8, 2013 and has employed the Phloenchit Capital Co., Ltd. to manage its outstanding tasks.

On September 11, 2013, the Phloenchit Capital Co., Ltd. officially informed the calculation result of profit and loss from impaired asset management as at November 30, 2012 and asked the Bank to pay loss to TAMC of Baht 2,507.48 million. On October 3, 2013, the Bank opposed the calculation of profit and loss from impaired asset management, regarding to add pledged machines of impaired assets of a debtor amounting to Baht 1,744.48 million, in transfer price for calculate profit and loss from impaired asset management as at November 30, 2012.

As at December 31, 2015 and 2014, the Bank has net impaired assets transferred to TAMC after adjusting transfer price of Baht 17,743.18 million. For a debtor who pledging machineries as collaterals, the machine values are Baht 1,744.48 million. TAMC has already decreased the face value of promissory notes but the Bank informed TAMC that it denies to receive those promissory notes until transfer price would be concluded. The Bank has been suing TAMC which the case is in the process of petition to the Civil Court. As at December 31, 2015 and 2014, TAMC has amount due to the Bank of Baht 2,824.22 million and Baht 3,174.33 million, respectively. The 2 promissory notes were issued to the Bank and recorded under held-to-maturity debt securities (Note 6.4). As at December 31, 2015, the Bank recorded accrued interest receivables at Baht 9.15 million.

As at December 31, 2015 and 2014, provisions that may arise from losses on impaired-assets transferred to TAMC were Baht 3,461.48 million. The Bank has been estimated allowance for doubtful accounts at 15 percent upon transfer price. In 2012, the management has considered set more provisions of Baht 800 million as shown in provisions (Note 6.17).

**6.36 Fair Value of Financial Instruments**

Assets and liabilities instruments carried at fair value classified by levels of valuation as follows:

(Million Baht)

| <u>Consolidated Financial Statements</u> |                |                |                |              |
|------------------------------------------|----------------|----------------|----------------|--------------|
| <u>December 31, 2015</u>                 |                |                |                |              |
|                                          | <u>Level 1</u> | <u>Level 2</u> | <u>Level 3</u> | <u>Total</u> |
| Assets instruments                       |                |                |                |              |
| Assets derivatives                       | -              | 34,039.14      | -              | 34,039.14    |
| Trading investments                      | 4,758.45       | 23,520.67      | -              | 28,279.12    |
| Available-for-sale investments           | 6,737.13       | 87,003.34      | -              | 93,740.47    |
| Total                                    | 11,495.58      | 144,563.15     | -              | 156,058.73   |
| Liabilities instruments                  |                |                |                |              |
| Liabilities derivatives                  | -              | 37,232.57      | -              | 37,232.57    |
| Total                                    | -              | 37,232.57      | -              | 37,232.57    |

(Million Baht)

| <u>The Bank's Financial Statements</u> |                |                |                |              |
|----------------------------------------|----------------|----------------|----------------|--------------|
| <u>December 31, 2015</u>               |                |                |                |              |
|                                        | <u>Level 1</u> | <u>Level 2</u> | <u>Level 3</u> | <u>Total</u> |
| Assets instruments                     |                |                |                |              |
| Assets derivatives                     | -              | 34,088.51      | -              | 34,088.51    |
| Trading investments                    | 4,758.45       | 23,520.67      | -              | 28,279.12    |
| Available-for-sale investments         | 6,737.13       | 87,003.34      | -              | 93,740.47    |
| Total                                  | 11,495.58      | 144,612.52     | -              | 156,108.10   |
| Liabilities instruments                |                |                |                |              |
| Liabilities derivatives                | -              | 37,234.79      | -              | 37,234.79    |
| Total                                  | -              | 37,234.79      | -              | 37,234.79    |

There is no transfer between level 1 and 2 of the fair value hierarchy in the period.

**Fair Value Hierarchy**

Fair value hierarchy of the above assets and liabilities instruments depends on differences of data inputs in valuation which determined as follows:

- Level 1 – quoted market price (unadjusted) in active markets for identical assets or liabilities that the Bank can access at the measurement date.
- Level 2 – other directly or indirectly observable inputs for those assets and liabilities besides quoted market price in level 1.
- Level 3 – unobservable inputs for those assets and liabilities.

### **6.36 Fair Value of Financial Instruments (Continued)**

#### **Valuation Techniques for Level 2**

Fair value of derivatives is calculated by using valuation techniques included discounted cash flow model and option pricing model commonly used by market participants. Data used in the valuation is the observable input from reliable institutions, such as interest rates, currency rates, and volatilities.

Fair value of domestic debt securities is calculated by using the published price in the Thai Bond Market Association (ThaiBMA), while fair value of foreign debt securities calculated by using market price evaluated by reliable institutions.

Besides, the Bank has valuation adjustment using valuation techniques in order to reflect Credit Valuation Adjustment (CVA) by considering from credit spread and simulation that counterparties might be default.

### **6.37 Operation and Risk Management Policies within the Financial Business Group**

The BoT's Notification No. SOR NOR SOR.6/2553 dated June 18, 2010, regarding the Consolidated Supervision Policy requires the Bank to disclose the operation and risk management policies within the financial business group as follows:

The operation and risk management within the financial business group are prepared as regulations to supervise the operation within the financial conglomerate, including the Bank and 11 companies within the financial business group (Note 6.5), in terms of common standards and procedures which conform to the BoT's consolidated supervision policy. The policies are approved by the Bank's board of directors and reviewed at least once a year. The policies also include operations, rules and regulations of business transactions, ratio of business transactions within the financial business group, and other related operating procedures. The operations within the group are conducted in the same manner as public operations and follow the Bank's corporate governance.

In case of the Bank has business transactions with a company within the financial business group as it is the Bank's sector, the Bank will follow the BoT's relenting regulations.

### **6.38 Others**

**6.38.1** The Bank has a debtor prosecuted to the Supreme Court's Criminal Division for Holders of Political Positions by the Office of the Attorney General. The Supreme Court issued the order of acceptance on July 25, 2012. This debtor has granted credit limit on December 9, 2003 of Baht 9,900 million which has been drawn down amounting to Baht 8,368.73 million. As at December 31, 2015, the arrears are totally the drawn amount including accrued interest. The Bank also set full amount of allowance for doubtful accounts as the prescription of BoT's regulations. Moreover, such case is related to accrued receivables from default debtors from convertible preferred shares contracts recorded in other assets of Baht 997.87 million with full amount of allowance for impairment. The Supreme Court's Criminal Division for Holders of Political Positions has already judged this suit on August 26, 2015. Moreover, the Bank submitted the letter to the Office of the Attorney General to designate the Department of Legal Execution, the Office of the Attorney General as the Bank's legal executioner. In January 2016, the Office of the Attorney General is already filed a complaint to the Supreme Court to nominate the executing officers, and during in the process of the Supreme Court the Bank submitted the letters to relevant authorities to investigate property of all judgement debtors. Currently, the investigate property execution is in the process.

**6.38.2** In 2010, the Bank's loans to a company amounting to USD 95.67 million (Baht 2,884.61 million) arising from the Bank's investment in ordinary shares of a foreign financial institution, amounting to 50 percent of authorized shares capital. The Bank has a security sold under repurchase agreement to another company within the group of this foreign financial institution with the specific price and period, which the Bank has no influences over this invested financial institution. The Bank determined this transaction to the loan pledge with ordinary shares as collateral. The differences between par value and loans are recognized to interest income. The Bank has completely received total loan repayment of this contract in July, 2011. Currently, the Bank has not yet transferred those ordinary shares pledged as collateral to the company since the company shall find the new investor should be the financial institution.

### **6.39 Approval of the Financial Statements**

These financial statements have been authorized to issue by the Board of Directors on February 24, 2016.

---