

REPORT OF THE INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

TO THE SHAREHOLDERS AND BOARD OF DIRECTORS
BANGKOK BANK PUBLIC COMPANY LIMITED

REPORT ON AUDIT OF INTERIM FINANCIAL STATEMENTS

Opinion

We have audited the consolidated financial statements of Bangkok Bank Public Company Limited and subsidiaries (the “Bank and subsidiaries”) and the Bank’s financial statements of Bangkok Bank Public Company Limited (the “Bank”), which comprise the consolidated and Bank’s statements of financial position as at June 30, 2017, and the related consolidated and Bank’s statements of profit or loss and other comprehensive income, changes in shareholders’ equity and cash flows for the six-month period then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated and Bank’s financial statements present fairly, in all material respects, the financial position of Bangkok Bank Public Company Limited and subsidiaries and of Bangkok Bank Public Company Limited as at June 30, 2017, and its financial performance and its cash flows for the six-month period then ended in accordance with Thai Financial Reporting Standards (“TFRSs”).

Basis for Opinion

We conducted our audit in accordance with Thai Standards on Auditing (“TSAs”). Our responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of the Consolidated and Bank’s Financial Statements section of our report. We are independent of the Bank and subsidiaries in accordance with the requirements of the Code of Ethics for Professional Accountants determined by the Federation of Accounting Professions that are relevant to the audit of the consolidated and Bank’s financial statements, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matter

Key audit matter is this matter that, in our professional judgment, was of most significance in our audit of the consolidated and Bank's financial statements of the current period. This matter was addressed in the context of our audit of the consolidated and Bank's financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on this matter.

Key Audit Matter	Audit Responses
Allowance for doubtful accounts Because allowance for doubtful accounts requires the use of various assumptions and judgment, the recognition of allowance for doubtful accounts in accordance with TFRSs and also the Bank of Thailand's notifications, which includes the consideration of objective evidence indicating an adverse change in the ability of the borrowers to repay loans, the estimated cash flows from the collateral, the estimated future cash flows to be received from the borrowers, the timing of future cash flows, the potential of additional future loss and the economic conditions that may have an impact on the loan default rate. We focused our audit on the following areas of allowance for doubtful accounts specifically relating to: • The classification of quality category of customer which included the qualitative reviews to set up the allowance for doubtful accounts on a customer basis. • The key assumptions and judgements made by the management that underlied the calculation of models which were set up by using the historical loss data and current observable data together with recovery amount from customers. • The allowance for doubtful accounts of loans which having similar credit risk characteristics. • The calculation and the recognition of allowance for doubtful accounts. Accounting policy for allowance for doubtful accounts and detail of allowance for doubtful accounts are disclosed in Notes 3.7 and 6.7 to the financial statements, respectively.	Key audit procedures included • Assessing and testing the design and operating effectiveness of the controls over allowance for doubtful accounts data and calculations. These controls testing included the understanding the accounting policies and procedures regarding allowance for doubtful accounts, loan classification, collateral value and loan credit review. We tested the controls over the end to end business process including monitoring process, the validation process and the Board of Executive Directors' and the Board of Directors' approvals. • Performing detailed testing on samples of new and existing customers used to calculate allowance for doubtful accounts. This test was varied by product type, which typically included the re-performance of the calculation for all product types. • Testing samples of loans to ascertain whether the loss event (that is the point at which impairment is recognized) had been identified on a timely manner, where allowance for doubtful accounts had been identified. • Testing the forecasts of customers' future cash flows prepared by the Bank's management to support its calculation of the allowance for doubtful accounts including review of the assumptions and comparing estimates to available external information. • Assessing allowance for doubtful accounts which has not been identified by management as specific allowance for doubtful accounts using external evidences in forming our own judgment.

Responsibilities of Management and Those Charged with Governance for the Consolidated and Bank's Financial Statements

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

In preparing the consolidated and Bank's financial statements, management is responsible for assessing the Bank and subsidiaries' and the Bank's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Bank or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Bank's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated and Bank's Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated and Bank's financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with TSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated and Bank's financial statements.

As part of an audit in accordance with TSAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated and Bank's financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Bank and subsidiaries' internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Bank and subsidiaries' and the Bank's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Bank and subsidiaries to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated and Bank's financial statements, including the disclosures, and whether the consolidated and Bank's financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Bank and subsidiaries to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated and Bank's financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION

We have reviewed the consolidated statement of profit or loss and other comprehensive income of Bangkok Bank Public Company Limited and subsidiaries and the Bank's statement of profit or loss and other comprehensive income of Bangkok Bank Public Company Limited for the three-month period ended June 30, 2017, and the notes to the financial statements ("interim financial information"). The Bank's management is responsible for the preparation and presentation of this interim financial information in accordance with Thai Accounting Standard No. 34, "Interim Financial Reporting". Our responsibility is to express a conclusion on this interim financial information based on our review.

Scope of Review

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

Conclusion

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

Dr. Suphamit Techamontrikul

Certified Public Accountant (Thailand)

Registration No. 3356

BANGKOK

August 17, 2017

DELOITTE TOUCHE TOHMATSU JAIYOS AUDIT CO., LTD.

BANGKOK BANK PUBLIC COMPANY LIMITED AND SUBSIDIARIES
STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2017

Baht : '000

		CONSOLIDATED		THE BANK	
	Notes	June 30, 2017	December 31, 2016	June 30, 2017	December 31, 2016
ASSETS					
CASH		51,781,577	66,338,317	51,694,137	66,261,272
INTERBANK AND MONEY MARKET ITEMS, NET	6.2	514,487,972	394,612,287	464,086,764	342,757,301
CLAIMS ON SECURITY		7,667	7,449	-	-
DERIVATIVES ASSETS	6.3	26,103,405	24,471,159	25,968,496	24,040,842
INVESTMENTS, NET	6.4	514,825,448	546,613,858	485,640,540	518,115,767
INVESTMENTS IN SUBSIDIARIES AND ASSOCIATES, NET	6.5	1,362,455	1,327,421	37,019,855	33,680,877
LOANS TO CUSTOMERS AND ACCRUED					
INTEREST RECEIVABLES, NET	6.6				
Loans to customers		1,978,947,573	1,941,586,291	1,929,816,117	1,893,632,507
Accrued interest receivables		3,887,898	4,652,521	3,795,838	4,536,487
Total loans to customers and					
accrued interest receivables		1,982,835,471	1,946,238,812	1,933,611,955	1,898,168,994
<u>Less</u> Deferred revenue		(556,226)	(493,063)	(515,246)	(450,949)
<u>Less</u> Allowance for doubtful accounts	6.7	(127,396,039)	(116,808,546)	(124,017,149)	(113,368,416)
<u>Less</u> Revaluation allowance for debt restructuring	6.8	(2,522,448)	(2,709,754)	(2,522,448)	(2,709,754)
Total loans to customers and					
accrued interest receivables, net		1,852,360,758	1,826,227,449	1,806,557,112	1,781,639,875
CUSTOMER'S LIABILITY UNDER ACCEPTANCES		1,291,076	686,373	108,454	116,245
PROPERTIES FOR SALE, NET	6.9	11,297,638	12,262,492	8,349,975	8,776,512
PREMISES AND EQUIPMENT, NET	6.10	44,365,570	45,230,550	42,908,915	43,767,374
OTHER INTANGIBLE ASSETS, NET	6.11	704,448	828,594	636,104	774,276
DEFERRED TAX ASSETS	6.12	3,535,061	3,347,566	2,468,524	2,355,259
SECURITIES BUSINESS RECEIVABLES - CASH ACCOUNTS		3,928,373	3,541,325	-	-
COLLATERAL PLACED WITH FINANCIAL COUNTERPARTIES		2,697,534	4,366,690	2,590,053	4,328,555
OTHER ASSETS, NET		12,383,139	14,368,259	10,467,539	12,184,928
TOTAL ASSETS		3,041,132,121	2,944,229,789	2,938,496,468	2,838,799,083

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

BANGKOK BANK PUBLIC COMPANY LIMITED AND SUBSIDIARIES
STATEMENT OF FINANCIAL POSITION (CONTINUED)
AS AT JUNE 30, 2017

Baht : '000

		CONSOLIDATED		THE BANK	
	Notes	June 30, 2017	December 31, 2016	June 30, 2017	December 31, 2016
LIABILITIES AND SHAREHOLDERS' EQUITY					
DEPOSITS	6.14	2,297,917,600	2,178,140,784	2,239,151,219	2,116,658,689
INTERBANK AND MONEY MARKET ITEMS	6.15	114,537,579	130,927,972	106,671,474	122,899,921
LIABILITY PAYABLE ON DEMAND		13,065,286	12,326,299	13,052,834	12,305,367
LIABILITY TO DELIVER SECURITY		869,067	272,400	-	-
DERIVATIVES LIABILITIES	6.3	19,530,254	26,713,721	19,186,238	26,153,232
DEBT ISSUED AND BORROWINGS	6.16	131,594,658	137,815,211	131,380,977	137,624,479
BANK'S LIABILITY UNDER ACCEPTANCES		1,291,076	686,373	108,454	116,245
PROVISIONS	6.20	12,847,778	12,941,250	12,674,312	12,777,872
DEFERRED TAX LIABILITIES	6.12	5,750,771	5,702,331	5,541,144	5,468,140
OTHER LIABILITIES		58,938,588	59,458,565	40,312,542	40,453,713
TOTAL LIABILITIES		2,656,342,657	2,564,984,906	2,568,079,194	2,474,457,658
SHAREHOLDERS' EQUITY					
SHARE CAPITAL	6.22				
Authorized share capital					
1,655,000 preferred shares of Baht 10 each		16,550	16,550	16,550	16,550
3,998,345,000 common shares of Baht 10 each		39,983,450	39,983,450	39,983,450	39,983,450
Issued and paid-up share capital					
1,908,842,894 common shares of Baht 10 each		19,088,429	19,088,429	19,088,429	19,088,429
PREMIUM ON COMMON SHARES		56,346,232	56,346,232	56,346,232	56,346,232
OTHER RESERVES		52,281,614	55,239,381	54,058,574	56,354,551
RETAINED EARNINGS					
Appropriated	6.24 , 6.25				
Legal reserve		21,500,000	21,000,000	21,500,000	21,000,000
Others		91,500,000	91,500,000	91,500,000	91,500,000
Unappropriated		143,815,710	135,841,529	127,924,039	120,052,213
TOTAL BANK'S EQUITY		384,531,985	379,015,571	370,417,274	364,341,425
NON-CONTROLLING INTEREST		257,479	229,312	-	-
TOTAL SHAREHOLDERS' EQUITY		384,789,464	379,244,883	370,417,274	364,341,425
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		3,041,132,121	2,944,229,789	2,938,496,468	2,838,799,083

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

(Mr. Chartsiri Soponpanich)
President

(Mr. Suvarn Thansathit)
Senior Executive Vice President

BANGKOK BANK PUBLIC COMPANY LIMITED AND SUBSIDIARIES
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE THREE-MONTH PERIOD ENDED JUNE 30, 2017
(Unaudited - Reviewed)

Baht : '000

		CONSOLIDATED		THE BANK	
	Notes	2017	2016	2017	2016
INTEREST INCOME	6.34	26,213,643	25,578,056	25,073,798	24,595,621
INTEREST EXPENSES	6.35	9,645,705	9,982,200	9,182,942	9,573,573
NET INTEREST INCOME		16,567,938	15,595,856	15,890,856	15,022,048
FEES AND SERVICE INCOME	6.36	8,501,081	7,973,303	7,492,199	6,994,510
FEES AND SERVICE EXPENSES	6.36	2,128,985	1,997,482	2,107,063	1,972,695
NET FEES AND SERVICE INCOME		6,372,096	5,975,821	5,385,136	5,021,815
GAINS ON TRADINGS AND FOREIGN EXCHANGE TRANSACTIONS	6.37	1,399,500	1,554,245	1,517,197	1,137,445
GAINS ON INVESTMENTS	6.38	1,633,475	50,662	1,628,628	46,227
SHARE OF PROFIT (LOSS) FROM INVESTMENT USING EQUITY METHOD		53,729	(55,393)	-	-
GAINS ON DISPOSAL OF ASSETS		585,160	220,674	246,147	202,071
DIVIDEND INCOME		1,316,338	1,380,625	2,027,711	1,298,493
OTHER OPERATING INCOME		112,633	123,529	86,520	91,749
TOTAL OPERATING INCOME		28,040,869	24,846,019	26,782,195	22,819,848
OTHER OPERATING EXPENSES					
Employee's expenses		6,273,386	6,299,800	5,687,203	5,706,849
Directors' remuneration		46,497	43,602	40,430	38,270
Premises and equipment expenses		2,916,087	2,820,761	2,733,240	2,645,153
Taxes and duties		862,564	836,704	825,086	817,181
Others		2,747,449	2,598,216	2,556,315	2,393,283
TOTAL OTHER OPERATING EXPENSES		12,845,983	12,599,083	11,842,274	11,600,736
IMPAIRMENT LOSS OF LOANS AND DEBT SECURITIES	6.39	5,688,387	3,541,605	5,715,267	3,415,978
PROFIT FROM OPERATING BEFORE INCOME TAX EXPENSES		9,506,499	8,705,331	9,224,654	7,803,134
INCOME TAX EXPENSES	6.40	1,388,090	1,473,203	1,232,478	1,227,133
NET PROFIT		8,118,409	7,232,128	7,992,176	6,576,001
OTHER COMPREHENSIVE INCOME (LOSSES)					
Items that will be reclassified subsequently to profit or loss					
Gains (losses) on remeasuring available-for-sale investment					
Net change in fair value		(502,589)	908,866	(529,423)	626,719
Net amount transferred to profit or loss		(208,914)	(291,493)	(204,093)	(287,130)
Gains (losses) arising from translating the financial statements of foreign operations		(506,889)	(683,666)	(703,851)	199,842
Income tax relating to components of other comprehensive income (losses)		138,784	(214,646)	142,818	(151,221)
Items that will not be reclassified subsequently to profit or loss					
Actuarial gains on defined benefit plans		-	1,739	-	1,739
Income tax relating to components of other comprehensive income (losses)		18	(933)	18	(933)
TOTAL OTHER COMPREHENSIVE INCOME (LOSSES)		(1,079,590)	(280,133)	(1,294,531)	389,016
TOTAL COMPREHENSIVE INCOME		7,038,819	6,951,995	6,697,645	6,965,017
NET PROFIT ATTRIBUTABLE					
Owners of the Bank		8,047,006	7,169,413	7,992,176	6,576,001
Non-controlling interest		71,403	62,715	-	-
		8,118,409	7,232,128	7,992,176	6,576,001
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE					
Owners of the Bank		6,967,416	6,889,066	6,697,645	6,965,017
Non-controlling interest		71,403	62,929	-	-
		7,038,819	6,951,995	6,697,645	6,965,017
BASIC EARNINGS PER SHARE (BAHT)		4.22	3.76	4.19	3.45
WEIGHTED AVERAGE NUMBER OF ORDINARY SHARES (THOUSAND SHARES)		1,908,843	1,908,843	1,908,843	1,908,843

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

(Mr. Chartsiri Sophonpanich)
President

(Mr. Suvarn Thansathit)
Senior Executive Vice President

BANGKOK BANK PUBLIC COMPANY LIMITED AND SUBSIDIARIES
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2017

Baht : '000

		CONSOLIDATED		THE BANK	
	Notes	2017	2016	2017	2016
INTEREST INCOME	6.34	51,863,020	51,421,117	49,671,801	49,426,595
INTEREST EXPENSES	6.35	19,017,722	19,791,794	18,114,339	18,953,978
NET INTEREST INCOME		32,845,298	31,629,323	31,557,462	30,472,617
FEES AND SERVICE INCOME	6.36	17,531,282	16,230,681	15,479,100	14,366,672
FEES AND SERVICE EXPENSES	6.36	4,439,741	4,151,348	4,388,398	4,101,399
NET FEES AND SERVICE INCOME		13,091,541	12,079,333	11,090,702	10,265,273
GAINS ON TRADINGS AND FOREIGN EXCHANGE TRANSACTIONS	6.37	3,028,833	3,509,597	3,065,568	3,021,708
GAINS ON INVESTMENTS	6.38	2,962,261	1,581,298	2,957,413	649,732
SHARE OF PROFIT FROM INVESTMENT USING EQUITY METHOD		135,725	5,443	-	-
GAINS ON DISPOSAL OF ASSETS		789,114	321,138	443,703	301,267
DIVIDEND INCOME		2,184,979	2,168,108	3,221,724	2,357,903
OTHER OPERATING INCOME		215,793	250,804	157,394	195,868
TOTAL OPERATING INCOME		55,253,544	51,545,044	52,493,966	47,264,368
OTHER OPERATING EXPENSES					
Employee's expenses		12,492,251	12,537,992	11,309,066	11,397,336
Directors' remuneration		79,712	62,766	55,130	52,970
Premises and equipment expenses		5,106,910	5,005,902	4,743,611	4,647,168
Taxes and duties		1,727,087	1,717,328	1,673,154	1,668,513
Others		4,518,996	6,124,301	4,140,474	5,762,720
TOTAL OTHER OPERATING EXPENSES		23,924,956	25,448,289	21,921,435	23,528,707
IMPAIRMENT LOSS OF LOANS AND DEBT SECURITIES	6.39	11,494,060	7,185,771	11,234,375	7,037,739
PROFIT FROM OPERATING BEFORE INCOME TAX EXPENSES		19,834,528	18,910,984	19,338,156	16,697,922
INCOME TAX EXPENSES	6.40	3,339,439	3,301,404	3,086,992	2,744,436
NET PROFIT		16,495,089	15,609,580	16,251,164	13,953,486
OTHER COMPREHENSIVE INCOME (LOSSES)					
Items that will be reclassified subsequently to profit or loss					
Gains on remeasuring available-for-sale investment					
Net change in fair value		800,501	3,340,071	736,482	2,180,833
Net amount transferred to profit or loss		(52,395)	(1,721,220)	(47,575)	(789,726)
Losses arising from translating the financial statements of foreign operations		(3,046,212)	(1,108,178)	(2,338,737)	(205,725)
Income tax relating to components of other comprehensive income (losses)		(191,567)	(423,703)	(179,673)	(370,990)
Items that will not be reclassified subsequently to profit or loss					
Actuarial gains on defined benefit plans		226	1,739	226	1,739
Income tax relating to components of other comprehensive income (losses)		(172)	(933)	(172)	(933)
TOTAL OTHER COMPREHENSIVE INCOME (LOSSES)		(2,489,619)	87,776	(1,829,449)	815,198
TOTAL COMPREHENSIVE INCOME		14,005,470	15,697,356	14,421,715	14,768,684
NET PROFIT ATTRIBUTABLE					
Owners of the Bank		16,351,706	15,486,597	16,251,164	13,953,486
Non-controlling interest		143,383	122,983	-	-
		16,495,089	15,609,580	16,251,164	13,953,486
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE					
Owners of the Bank		13,862,087	15,574,206	14,421,715	14,768,684
Non-controlling interest		143,383	123,150	-	-
		14,005,470	15,697,356	14,421,715	14,768,684
BASIC EARNINGS PER SHARE (BAHT)		8.57	8.11	8.51	7.31
WEIGHTED AVERAGE NUMBER OF ORDINARY SHARES (THOUSAND SHARES)		1,908,843	1,908,843	1,908,843	1,908,843

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

(Mr. Chartsiri Sophonpanich)
President

(Mr. Suvann Thansathit)
Senior Executive Vice President

BANGKOK BANK PUBLIC COMPANY LIMITED AND SUBSIDIARIES
STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2017

Baht : '000

CONSOLIDATED														
Notes	Issued and Paid-up Share Capital Common Shares	Premium on Common Shares	Other Reserves					Retained Earnings			Total Equity Attributable to the Bank's Shareholders	Non-controlling Interest	Total	
			Unrealized Increment per Land Appraisal	Unrealized Increment per Premises Appraisal	Unrealized Gains on Investments	Foreign Exchange Adjustment	Unrealized Gains on net investment of subsidiaries	Appropriated		Unappropriated				
								Legal Reserve	Others					
Balance as at January 1, 2016		19,088,429	56,346,232	16,829,619	9,375,349	32,787,731	(68,945)	-	20,000,000	86,500,000	120,973,954	361,832,369	198,655	362,031,024
Dividend paid	6.25	-	-	-	-	-	-	-	-	-	(8,309,986)	(8,309,986)	(105,002)	(8,414,988)
Legal reserve	6.24 , 6.25	-	-	-	-	-	-	-	500,000	-	(500,000)	-	-	-
Total comprehensive income		-	-	-	-	1,194,981	(1,108,178)	-	-	-	15,487,403	15,574,206	123,150	15,697,356
Transfer to retained earnings		-	-	-	(471,750)	-	-	-	-	-	471,750	-	-	-
Balance as at June 30, 2016		19,088,429	56,346,232	16,829,619	8,903,599	33,982,712	(1,177,123)	-	20,500,000	86,500,000	128,123,121	369,096,589	216,803	369,313,392
Balance as at January 1, 2017		19,088,429	56,346,232	16,829,619	8,427,878	32,168,135	(2,186,251)	-	21,000,000	91,500,000	135,841,529	379,015,571	229,312	379,244,883
Dividend paid	6.25	-	-	-	-	-	-	-	-	-	(8,345,866)	(8,345,866)	(112,975)	(8,458,841)
Legal reserve	6.24 , 6.25	-	-	-	-	-	-	-	500,000	-	(500,000)	-	-	-
Total comprehensive income		-	-	-	-	556,539	(3,046,212)	-	-	-	16,351,760	13,862,087	143,383	14,005,470
Transfer to retained earnings		-	-	-	(468,287)	-	-	-	-	-	468,287	-	-	-
Changes in ownership interests in subsidiaries that did not result in loss of control		-	-	-	-	-	-	193	-	-	-	193	(2,241)	(2,048)
Balance as at June 30, 2017		19,088,429	56,346,232	16,829,619	7,959,591	32,724,674	(5,232,463)	193	21,500,000	91,500,000	143,815,710	384,531,985	257,479	384,789,464

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

BANGKOK BANK PUBLIC COMPANY LIMITED AND SUBSIDIARIES
STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY (CONTINUED)
FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2017

Baht : '000

THE BANK											
	Notes	Issued and	Premium on	Other Reserves				Retained Earnings			Total
		Paid-up Share	Common	Unrealized	Unrealized	Unrealized	Foreign	Appropriated		Unappropriated	
		Capital	Shares	Increment per	Increment per	Gains	Exchange	Legal Reserve	Others		
		Common		Land	Premises	on Investments	Adjustment				
		Shares		Appraisal	Appraisal						
Balance as at January 1, 2016		19,088,429	56,346,232	16,765,473	9,335,667	32,842,553	(979,392)	20,000,000	86,500,000	108,523,902	348,422,864
Dividend paid	6.25	-	-	-	-	-	-	-	-	(8,309,986)	(8,309,986)
Legal reserve	6.24 , 6.25	-	-	-	-	-	-	500,000	-	(500,000)	-
Total comprehensive income		-	-	-	-	1,020,117	(205,725)	-	-	13,954,292	14,768,684
Transfer to retained earnings		-	-	-	(469,769)	-	-	-	-	469,769	-
Balance as at June 30, 2016		19,088,429	56,346,232	16,765,473	8,865,898	33,862,670	(1,185,117)	20,500,000	86,500,000	114,137,977	354,881,562
Balance as at January 1, 2017		19,088,429	56,346,232	16,765,473	8,391,652	32,149,678	(952,252)	21,000,000	91,500,000	120,052,213	364,341,425
Dividend paid	6.25	-	-	-	-	-	-	500,000	-	(8,345,866)	(7,845,866)
Legal reserve	6.24 , 6.25	-	-	-	-	-	-	-	-	(500,000)	(500,000)
Total comprehensive income		-	-	-	-	509,234	(2,338,737)	-	-	16,251,218	14,421,715
Transfer to retained earnings		-	-	-	(466,474)	-	-	-	-	466,474	-
Balance as at June 30, 2017		19,088,429	56,346,232	16,765,473	7,925,178	32,658,912	(3,290,989)	21,500,000	91,500,000	127,924,039	370,417,274

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

(Mr. Chartsiri Sophonpanich)
President

(Mr. Suvann Thansathit)
Senior Executive Vice President

BANGKOK BANK PUBLIC COMPANY LIMITED AND SUBSIDIARIES
STATEMENT OF CASH FLOWS
FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2017

Baht : '000

		CONSOLIDATED		THE BANK	
	Notes	2017	2016	2017	2016
CASH FLOWS FROM OPERATING ACTIVITIES					
Profit from operating before income tax expenses		19,834,528	18,910,984	19,338,156	16,697,922
Items to reconcile profit from operating before income tax expenses to cash received (paid) from operating activities					
Depreciation and amortization expenses		1,694,663	1,677,227	1,619,554	1,594,544
Bad debt and doubtful accounts		11,543,828	7,536,469	11,284,143	7,388,437
Loss on debt restructuring (reversal)		(143,342)	(350,698)	(143,342)	(350,698)
(Gain) loss on foreign exchange		847,740	(4,715,415)	604,102	(4,625,223)
Amortization of premium on investment in debt securities		559,090	1,363,154	635,864	1,390,029
Unrealized loss on revaluation of trading securities		11,633	4,435	10,579	16,221
Unrealized loss on transfer of investments		926	323,661	926	323,661
Gain on disposal of securities for investments		(2,962,261)	(1,627,009)	(2,957,413)	(695,443)
Loss on impairment of investments		93,574	45,711	93,574	45,711
Share of profit from investment using equity method		(135,725)	(5,443)	-	-
Loss on impairment of properties for sale (reversal)		62,949	(98,180)	60,639	(139,158)
Gain on disposal of premises and equipment		(3,042)	(2,752)	(2,568)	(1,442)
Loss on impairment of other assets (reversal)		(174,128)	(132,252)	(174,128)	(132,252)
Provision expenses		251,005	2,447,884	236,717	2,431,339
Net interest income		(32,845,298)	(31,629,323)	(31,557,462)	(30,472,617)
Dividend income		(2,184,979)	(2,168,108)	(3,221,724)	(2,357,903)
Proceeds from interest income		52,468,600	52,574,106	50,364,029	50,482,474
Interest expenses paid		(17,651,965)	(20,132,136)	(17,063,296)	(19,349,068)
Proceeds from dividend income		1,885,248	1,963,786	1,786,432	1,789,186
Income tax paid		(4,192,531)	(5,024,327)	(3,411,645)	(4,098,074)
(Increase) decrease in other accrued receivables		(10,281)	40,154	(26,648)	(12,297)
Decrease in other accrued expenses		(962,834)	(270,392)	(590,336)	(38,076)
Profit from operating before changes in operating assets and liabilities		27,987,398	20,731,536	26,886,153	19,887,273
(Increase) decrease in operating assets					
Interbank and money market items		(123,455,370)	(103,802,605)	(121,389,531)	(107,210,766)
Investment in short-term securities		(1,214,685)	(12,574,982)	(345,695)	(11,630,215)
Loans to customers		(37,583,299)	(37,619,724)	(36,298,073)	(38,834,568)
Properties for sale		1,361,780	553,028	825,773	505,179
Other assets		1,707,982	(10,211,476)	1,671,375	(7,490,243)
Increase (decrease) in operating liabilities					
Deposits		119,776,816	63,291,105	122,492,530	66,139,326
Interbank and money market items		(16,390,394)	21,712,726	(16,228,447)	24,344,219
Liability payable on demand		738,988	1,925,500	747,467	1,903,114
Short-term borrowings		(12,551)	44,574	(35,500)	-
Other liabilities		(15,075,485)	1,088,893	(14,719,624)	(2,525,041)
Net cash from operating activities		(42,158,820)	(54,861,425)	(36,393,572)	(54,911,722)

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

BANGKOK BANK PUBLIC COMPANY LIMITED AND SUBSIDIARIES
STATEMENT OF CASH FLOWS (CONTINUED)
FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2017

Baht : '000

		CONSOLIDATED		THE BANK	
	Notes	2017	2016	2017	2016
CASH FLOWS FROM INVESTING ACTIVITIES					
Purchase of available-for-sale securities		(167,862,934)	(187,077,877)	(164,415,493)	(184,932,744)
Proceeds from disposal of available-for-sale securities		195,007,372	242,011,804	193,061,789	238,165,233
Purchase of held-to-maturity debt securities		(24,285,484)	(28,117,955)	(2,133,313)	(2,982,661)
Proceeds from redemption of held-to-maturity debt securities		27,875,131	29,432,540	4,077,104	5,789,396
Purchase of general investments		(1,240,840)	(803,557)	(1,240,840)	(803,557)
Proceeds from disposal of general investments		3,466,823	2,449,084	3,466,823	2,449,084
Purchase of investments in subsidiary		(159,898)	-	(3,338,978)	(500,000)
Proceeds from dividend income					
from subsidiaries and associates		258,541	49,398	1,135,561	364,396
Purchase of premises, equipment and leasehold		(548,566)	(1,012,468)	(475,658)	(868,240)
Proceeds from disposal of premises and equipment		3,772	3,445	2,986	1,918
Net cash from investing activities		<u>32,513,917</u>	<u>56,934,414</u>	<u>30,139,981</u>	<u>56,682,825</u>
CASH FLOWS FROM FINANCING ACTIVITIES					
Increase (decrease) in borrowings		72,704	(21,489)	72,704	(21,489)
Dividend paid		(8,345,866)	(8,309,986)	(8,345,866)	(8,309,986)
Dividend paid to non-controlling interest		(112,975)	(105,002)	-	-
Net cash from financing activities		<u>(8,386,137)</u>	<u>(8,436,477)</u>	<u>(8,273,162)</u>	<u>(8,331,475)</u>
Effect on cash due to changes in the exchange rates		<u>(41,277)</u>	<u>(6,821)</u>	<u>(40,382)</u>	<u>(11,134)</u>
Net decrease in cash and cash equivalents		<u>(18,072,317)</u>	<u>(6,370,309)</u>	<u>(14,567,135)</u>	<u>(6,571,506)</u>
Cash and cash equivalents as at January 1,		70,137,679	65,384,722	66,261,272	61,299,466
Cash and cash equivalents as at June 30,	6.1.1	<u><u>52,065,362</u></u>	<u><u>59,014,413</u></u>	<u><u>51,694,137</u></u>	<u><u>54,727,960</u></u>

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

(Mr. Chartsiri Sophonpanich)
President

(Mr. Suvarn Thansathit)
Senior Executive Vice President

BANGKOK BANK PUBLIC COMPANY LIMITED AND SUBSIDIARIES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2017

	CONTENT	PAGE
NOTES		
1.	GENERAL INFORMATION AND REGULATORY REQUIREMENTS	16
2.	BASIS FOR PREPARATION OF THE CONSOLIDATED AND THE BANK'S FINANCIAL STATEMENTS	16
3.	SIGNIFICANT ACCOUNTING POLICIES	18
4.	RISK MANAGEMENT	27
5.	SIGNIFICANT USE OF ACCOUNTING JUDGMENTS AND ESTIMATES	40
6.	ADDITIONAL INFORMATION	42
6.1	Supplementary disclosures of cash flow information	42
6.2	Interbank and money market items, net (assets)	43
6.3	Derivatives	45
6.4	Investments, net	46
6.5	Investments in subsidiaries and associates, net	48
6.6	Loans to customers and accrued interest receivables, net	50
6.7	Allowance for doubtful accounts	57
6.8	Revaluation allowance for debt restructuring	59
6.9	Properties for sale, net	59
6.10	Premises and equipment, net	62
6.11	Other intangible assets, net	64
6.12	Deferred tax assets and liabilities	66
6.13	Classified assets in accordance with the notification of the BOT	70
6.14	Deposits	71
6.15	Interbank and money market items (liabilities)	72
6.16	Debt issued and Borrowings	73
6.17	Unsecured subordinated notes	74
6.18	Bonds	74
6.19	The Issuance of Bonds under the Medium Term Note Program	77
6.20	Provisions	77
6.21	Post-employment benefits	77
6.22	Share capital	79
6.23	The establishment of Special Purpose Vehicle to issue capital securities	80
6.24	Legal reserve and other reserves	81
6.25	The appropriation of the profit and the dividend payments	82
6.26	Assets pledged as collateral and under restriction	83

BANGKOK BANK PUBLIC COMPANY LIMITED AND SUBSIDIARIES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2017

	CONTENT	PAGE
NOTES		
6.27	Contingent liabilities	83
6.28	Litigation	83
6.29	Related party transactions	84
6.30	Other benefits to directors and persons with managing authority	88
6.31	Disclosure of the statements of cash flows of the Asset Management Company (AMC)	88
6.32	Long-term leases	89
6.33	Operating Segments	89
6.34	Interest income	92
6.35	Interest expenses	93
6.36	Net fees and service income	94
6.37	Gains (losses) on tradings and foreign exchange transactions	94
6.38	Gains (losses) on investments	95
6.39	Impairment loss of loans and debt securities	96
6.40	Income tax expenses	96
6.41	Approval of the financial statements	100

BANGKOK BANK PUBLIC COMPANY LIMITED AND SUBSIDIARIES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2017

1. GENERAL INFORMATION AND REGULATORY REQUIREMENTS

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

The Bank is subject to various capital and regulatory requirements administered by the Bank of Thailand ("BOT"). Under these capital adequacy guidelines and the regulatory framework for prompt corrective action, the Bank must satisfy specific capital guidelines that involve quantitative measurements of the Bank's assets, liabilities and certain off-balance sheet items calculated in accordance with regulatory requirements. The Bank's capital amounts and classification are also subject to qualitative judgement by the BOT about components, risk weightings and other factors. The Bank believes that as at June 30, 2017 and December 31, 2016, the Bank complied with all capital adequacy requirements. However, these capital and regulatory requirements are subject to change by the BOT.

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

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

The consolidated and the Bank's financial statements are prepared in accordance with Thai Accounting Standard No. 1 (Revised 2016) regarding Presentation of Financial Statements; and relevant official regulations, and presented in accordance with the BOT's Notification regarding the Preparation and Announcement of Financial Statements of Commercial Banks and Parent Companies of Financial Holding Groups dated December 4, 2015.

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

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

2.2 New or Revised Thai Financial Reporting Standards

The Bank and subsidiaries have adopted the new or revised Thai Accounting Standards, Thai Financial Reporting Standards, Thai Accounting Standards Interpretations and Thai Financial Reporting Interpretations, issued by the FAP and announced in the Royal Gazette, applying for the financial statements of the periods beginning on or after January 1, 2017 onward with no material impact on the Bank and subsidiaries' financial statements.

2.3 The consolidated financial statements for the three-month periods and the six-month periods ended June 30, 2017 and 2016 and the consolidated statement of financial position as at December 31, 2016, included the accounts of the head office and all branches of the Bank and its subsidiaries, by eliminating significant business transactions and outstanding balances between the Bank and its subsidiaries, and included equity interest in associates. The subsidiaries consist of BBL (Cayman) Limited, Bangkok Bank Berhad, Sinnsuptawee Asset Management Company Limited, BBL Asset Management Company Limited, Bualuang Securities Public Company Limited, Bangkok Bank (China) Company Limited and Bualuang Ventures Limited.

In addition, the consolidated financial statements for the three-month periods and the six-month periods ended June 30, 2017 and 2016 and the consolidated statement of financial position as at December 31, 2016, included BBL Nominees (Tempatan) Sdn. Bhd, the 100% owned subsidiary of Bangkok Bank Berhad and Bangkok Capital Asset Management Company Limited, the 100% owned subsidiary of Bualuang Securities Public Company Limited.

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

- 2.4 The Bank's financial statements for the three-month periods and the six-month periods ended June 30, 2017 and 2016 and the consolidated statement of financial position as at December 31, 2016, included the accounts of the head office and all branches of the Bank. Investments in subsidiaries and associates were accounted for using the cost method, net of valuation allowance for impairment.

3. SIGNIFICANT ACCOUNTING POLICIES

3.1 Recognition of income

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

3.2 Recognition of expenses

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

3.3 Cash

Cash consists of cash on hand and cash in transit.

3.4 Derivatives

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

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

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

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

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

3.5 Investments

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

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

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

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

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

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

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

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

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

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

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

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

3.6 Loans to customers

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

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

3.7 Allowance for doubtful accounts

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

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

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

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

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

3.8 Troubled debt restructurings

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

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

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

3.9 Properties for sale

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

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

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

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

3.10 Premises, equipment and depreciation

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

The land and premises reappraisal is done by independent appraisers according to the guidelines established by the BOT based on the market value method for land and the replacement cost method net of

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

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

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

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

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

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

3.11 Intangible assets and amortization

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

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

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

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

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

3.12 Leaseholds

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

3.13 Provisions

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

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

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

3.14 Assets and liabilities in foreign currencies

3.14.1 Functional currency and presentation currency

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

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

3.14.2 Translation of foreign currency transactions

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

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

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

3.14.3 Translation of financial statements of foreign operations

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

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

3.15 Post-employment benefits

3.15.1 Defined contribution plans

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

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

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

3.15.2 Defined benefit plans

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

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

3.16 Income taxes

Income taxes comprise of current tax and deferred tax.

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

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

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

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

3.17 Earnings per share

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

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

4. RISK MANAGEMENT

4.1 Risk information of the Bank

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

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

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

4.1.1 Credit risk

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

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

4.1.2 Interest rate risk

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

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

The Bank has significant financial assets and financial liabilities categorized by the earlier of contractual repricing or maturity dates as at June 30, 2017 and December 31, 2016 as follows :

	Million Baht							
	CONSOLIDATED JUNE 30, 2017							
	Call to 1 Month	1 - 3 Months	3 - 12 Months	1 - 5 Years	Over 5 Years	Non - interest bearing	Non - accrual Loans	Total
Financial Assets								
Interbank and money market items*	287,576	136,149	38,199	2,988	-	49,834	-	514,746
Investments in debt securities	11,648	26,112	36,659	313,791	16,329	-	-	404,539
Loans	1,284,782	311,990	220,585	56,561	20,312	8,049	76,112	1,978,391
Financial Liabilities								
Deposits	1,234,562	455,440	490,395	24,491	-	93,030	-	2,297,918
Interbank and money market items	51,355	16,280	12,864	962	15,674	17,403	-	114,538
Liabilities payable on demand	13,065	-	-	-	-	-	-	13,065
Debt issued and borrowings	15	235	10	84,949	46,386	-	-	131,595

* Excluding allowance for doubtful accounts and accrued interest receivable.

Million Baht								
CONSOLIDATED DECEMBER 31, 2016								
	Call to 1 Month	1 - 3 Months	3 - 12 Months	1 - 5 Years	Over 5 Years	Non - interest bearing	Non - accrual Loans	Total
Financial Assets								
Interbank and money market items [*]	253,218	59,451	22,925	9,013	-	50,199	-	394,806
Investments in debt securities	7,148	20,540	60,377	317,039	36,779	-	-	441,883
Loans	1,290,436	304,468	190,115	53,804	20,464	17,633	64,173	1,941,093
Financial Liabilities								
Deposits	1,168,622	406,047	484,408	24,753	-	94,311	-	2,178,141
Interbank and money market items	56,123	23,023	13,160	1,210	15,484	21,928	-	130,928
Liabilities payable on demand	12,326	-	-	-	-	-	-	12,326
Debt issued and borrowings	15	204	61	60,904	76,631	-	-	137,815

Million Baht								
THE BANK JUNE 30, 2017								
	Call to 1 Month	1 - 3 Months	3 - 12 Months	1 - 5 Years	Over 5 Years	Non - interest bearing	Non - accrual Loans	Total
Financial Assets								
Interbank and money market items [*]	274,486	123,003	22,667	2,988	-	40,977	-	464,121
Investments in debt securities	11,648	14,920	33,815	307,628	16,329	-	-	384,340
Loans	1,259,312	301,695	208,901	56,561	20,312	8,049	74,471	1,929,301
Financial Liabilities								
Deposits	1,214,761	443,932	469,645	17,778	-	93,035	-	2,239,151
Interbank and money market items	48,160	15,732	8,597	962	15,674	17,546	-	106,671
Liabilities payable on demand	13,053	-	-	-	-	-	-	13,053
Debt issued and borrowings	15	21	10	84,949	46,386	-	-	131,381

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

Million Baht

	THE BANK							
	DECEMBER 31, 2016							
	Call to 1 Month	1 - 3 Months	3 - 12 Months	1 - 5 Years	Over 5 Years	Non - interest bearing	Non - accrual Loans	Total
Financial Assets								
Interbank and money market items*	241,035	45,751	6,352	9,012	-	40,581	-	342,731
Investments in debt securities	7,148	8,790	58,357	309,664	36,778	-	-	420,737
Loans	1,264,029	296,814	177,643	53,804	20,464	17,633	62,795	1,893,182
Financial Liabilities								
Deposits	1,143,202	401,167	461,050	16,924	-	94,316	-	2,116,659
Interbank and money market items	54,271	19,933	9,819	1,210	15,484	22,183	-	122,900
Liabilities payable on demand	12,305	-	-	-	-	-	-	12,305
Debt issued and borrowings	15	14	61	60,903	76,631	-	-	137,624

Basic information concerning fixed interest rate versus floating interest rate of domestic loans as at June 30, 2017 and December 31, 2016 are as follows :

	CONSOLIDATED		THE BANK	
	June 30, 2017	December 31, 2016	June 30, 2017	December 31, 2016
Fixed interest rate	407,279	378,357	407,279	378,357
Floating interest rate	<u>1,270,546</u>	<u>1,261,134</u>	<u>1,268,195</u>	<u>1,258,916</u>
Total	<u><u>1,677,825</u></u>	<u><u>1,639,491</u></u>	<u><u>1,675,474</u></u>	<u><u>1,637,273</u></u>

* Excluding allowance for doubtful accounts and accrued interest receivable.

The interest-earning financial assets and interest-bearing financial liabilities for the six-month periods ended June 30, 2017 and 2016 are as follows :

							Million Baht
CONSOLIDATED							
FOR THE SIX-MONTH PERIODS ENDED							
	June 30, 2017			June 30, 2016			
	Average Balance	Interest Income / Expense	Average Rate (%) Per Annum	Average Balance	Interest Income / Expense	Average Rate (%) Per Annum	
Interest-earning Financial Assets							
Interbank and money market items	482,466	3,756	1.56	434,217	3,008	1.39	
Investments in debt securities	423,229	4,097	1.94	426,141	4,203	1.97	
Loans	1,933,548	43,994	4.55	1,880,950	44,172	4.70	
Total	2,839,243	51,847		2,741,308	51,383		
Interest-bearing Financial Liabilities							
Deposits	2,240,591	10,428	0.93	2,139,530	11,193	1.05	
Interbank and money market items	116,108	484	0.83	149,305	598	0.80	
Debt issued and borrowings	134,127	3,345	4.99	136,478	3,411	5.00	
Total	2,490,826	14,257		2,425,313	15,202		

							Million Baht
THE BANK							
FOR THE SIX-MONTH PERIODS ENDED							
	June 30, 2017			June 30, 2016			
	Average Balance	Interest Income / Expense	Average Rate (%) Per Annum	Average Balance	Interest Income / Expense	Average Rate (%) Per Annum	
Interest-earning Financial Assets							
Interbank and money market items	431,594	2,964	1.37	392,062	2,496	1.27	
Investments in debt securities	402,077	3,846	1.91	408,761	3,960	1.94	
Loans	1,885,292	42,846	4.55	1,832,283	42,933	4.69	
Total	2,718,963	49,656		2,633,106	49,389		
Interest-bearing Financial Liabilities							
Deposits	2,182,857	9,637	0.88	2,090,504	10,423	1.00	
Interbank and money market items	107,865	374	0.69	139,565	533	0.76	
Debt issued and borrowings	133,847	3,345	5.00	136,388	3,411	5.00	
Total	2,424,569	13,356		2,366,457	14,367		

4.1.3 Foreign exchange risk

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

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

4.1.4 Equity price risk

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

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

4.1.5 Liquidity risk

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

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

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

The Bank has financial assets and financial liabilities categorized by maturity profile as at June 30, 2017 and December 31, 2016 as follows :

	CONSOLIDATED					Million Baht
	DECEMBER 31, 2016					
	Up to 1 Year	1 to 5 Years	Over 5 Years	No Maturity	Non - accrual Loans	Total
Financial Assets						
Interbank and money market items *	385,794	9,012	-	-	-	394,806
Derivatives	8,711	6,138	9,622	-	-	24,471
Investments	87,347	317,650	37,631	105,313	-	547,941
Loans	829,751	640,557	407,519	-	63,266	1,941,093
Financial Liabilities						
Deposits	2,153,388	24,753	-	-	-	2,178,141
Interbank and money market items	114,234	1,210	15,484	-	-	130,928
Liabilities payable on demand	12,326	-	-	-	-	12,326
Derivatives	11,282	7,308	8,124	-	-	26,714
Debt issued and borrowings	281	60,903	76,631	-	-	137,815

- 33 -

	THE BANK					Million Baht
	JUNE 30, 2017					
	Up to 1 Year	1 to 5 Years	Over 5 Years	No Maturity	Non - accrual Loans	Total
Financial Assets						
Interbank and money market items *	461,133	2,988	-	-	-	464,121
Derivatives	10,097	6,786	9,085	-	-	25,968
Investments	57,541	308,787	17,166	139,166	-	522,660
Loans	806,605	628,839	419,386	-	74,471	1,929,301
Financial Liabilities						
Deposits	2,221,373	17,778	-	-	-	2,239,151
Interbank and money market items	90,035	962	15,674	-	-	106,671
Liabilities payable on demand	13,053	-	-	-	-	13,053
Derivatives	5,775	4,859	8,552	-	-	19,186
Debt issued and borrowings	46	84,949	46,386	-	-	131,381

* Excluding allowance for doubtful accounts and accrued interest receivable.

4.2 Fair value of financial instruments

The following table presents the carrying amount and estimated fair value of financial instruments as at June 30, 2017 and December 31, 2016 :

	CONSOLIDATED				Million Baht
	June 30, 2017		December 31, 2016		
	Carrying Amount	Fair Value	Carrying Amount	Fair Value	
Financial Assets					
Cash	51,782	51,782	66,338	66,338	
Interbank and money market items, net	514,488	514,488	394,612	394,612	
Derivatives	26,103	26,445	24,471	24,606	
Investments, net	516,188	545,631	547,941	576,341	
Loans to customers and accrued interest receivable, net	1,852,361	1,852,361	1,826,228	1,826,228	
Total	<u>2,960,922</u>	<u>2,990,707</u>	<u>2,859,590</u>	<u>2,888,125</u>	
Financial Liabilities					
Deposits	2,297,918	2,297,918	2,178,141	2,178,141	
Interbank and money market items	114,538	114,538	130,928	130,928	
Liabilities payable on demand	13,065	13,065	12,326	12,326	
Derivatives	19,530	19,980	26,714	26,886	
Debt issued	131,495	149,371	137,793	155,999	
Borrowings	100	100	22	22	
Total	<u>2,576,646</u>	<u>2,594,972</u>	<u>2,485,924</u>	<u>2,504,302</u>	

	THE BANK			
	June 30, 2017		December 31, 2016	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Financial Assets				
Cash	51,694	51,694	66,261	66,261
Interbank and money market items, net	464,087	464,087	342,757	342,757
Derivatives	25,968	26,315	24,041	24,175
Investments, net	522,660	566,298	551,797	594,978
Loans to customers and accrued interest receivable, net	1,806,557	1,806,557	1,781,640	1,781,640
Total	2,870,966	2,914,951	2,766,496	2,809,811
Financial Liabilities				
Deposits	2,239,151	2,239,151	2,116,659	2,116,659
Interbank and money market items	106,671	106,671	122,900	122,900
Liabilities payable on demand	13,053	13,053	12,305	12,305
Derivatives	19,186	19,636	26,153	26,348
Debt issued	131,281	149,157	137,602	155,808
Borrowings	100	100	22	22
Total	2,509,442	2,527,768	2,415,641	2,434,042

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

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

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

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

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

The fair value determination of investments in debt securities

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

The fair value determination of investments in equity securities

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

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

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

The following table shows an analysis of financial assets and financial liabilities by level of the fair value hierarchy as at June 30, 2017 and December 31, 2016 :

								Million Baht
				CONSOLIDATED				
	June 30, 2017			December 31, 2016				
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Items measured at fair value :								
Financial assets								
Derivatives	-	26,445	-	26,445	-	24,606	-	24,606
Investments, net	85,443	382,726	-	468,169	78,520	417,370	-	495,890
Financial liabilities								
Derivatives	208	19,772	-	19,980	342	26,544	-	26,886
Items not measured at fair value :								
Financial assets								
Investments, net	2,562	12,149	62,751	77,462	3,074	15,308	62,069	80,451
Financial liabilities								
Debt issued	-	149,371	-	149,371	-	155,999	-	155,999

								Million Baht
THE BANK								
	June 30, 2017			December 31, 2016				
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Items measured at fair value :								
Financial assets								
Derivatives	-	26,315	-	26,315	-	24,175	-	24,175
Investments, net	82,638	365,887	-	448,525	76,630	401,870	-	478,500
Financial liabilities								
Derivatives	-	19,636	-	19,636	-	26,348	-	26,348
Items not measured at fair value :								
Financial assets								
Investments, net	2,562	2,623	112,588	117,773	3,074	4,212	109,192	116,478
Financial liabilities								
Debt issued	-	149,157	-	149,157	-	155,808	-	155,808

Fair values are determined according to the following hierarchy :

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

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

4.3 Capital fund

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

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

Capital fund ratio	Percentage	
	June 30, 2017	December 31, 2016
Common equity Tier 1 ratio	More than 5.75	More than 5.125
Tier 1 capital ratio	More than 7.25	More than 6.625
Total capital fund ratio	More than 9.75	More than 9.125

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

As at June 30, 2017 and December 31, 2016, the Bank maintained capital adequacy ratios to risk assets and capital fund in accordance with the BOT's Notification relating to the Basel III guidelines as follows :

	PERCENTAGE			
	CONSOLIDATED		THE BANK	
	June 30, 2017	December 31, 2016	June 30, 2017	December 31, 2016
Common equity Tier 1 capital to risk assets ratio	16.35	16.40	16.14	16.23
Tier 1 capital to risk assets ratio	16.35	16.40	16.14	16.23
Total capital to risk assets ratio	18.13	18.32	17.93	18.17

	CONSOLIDATED		THE BANK	
	June 30, 2017	December 31, 2016	June 30, 2017	December 31, 2016
Tier 1 capital	366,795	360,818	352,369	347,373
Common Equity Tier 1 capital	366,709	360,702	352,369	347,373
Paid-up share capital	19,088	19,088	19,088	19,088
Premium on share capital	56,346	56,346	56,346	56,346
Legal reserve	21,500	21,000	21,500	21,000
Reserves appropriated from net profit	91,500	91,500	91,500	91,500
Net profit after appropriation	126,996	118,911	111,206	104,926
Other comprehensive income	51,842	54,354	53,237	54,977
Deductions from Common Equity				
Tier 1 capital	(563)	(497)	(508)	(464)
Additional Tier 1 capital	86	116	-	-
Tier 2 capital	39,974	42,250	39,101	41,415
Total capital fund	406,769	403,068	391,470	388,788

As at June 30, 2017 and December 31, 2016, the Bank has no capital add-on arising from Single Lending Limit.

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

Location of disclosure www.bangkokbank.com

Date of disclosure April 28, 2017

Information as of December 31, 2016

5. SIGNIFICANT USE OF ACCOUNTING JUDGMENTS AND ESTIMATES

5.1 Impairment of investments in securities

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

5.2 Allowance for doubtful accounts

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

5.3 Provisions

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

For the estimation of the provision for the defined benefit plans under the post-employment benefits, the estimation is calculated by an actuary by using the actuarial techniques which requires actuarial assumptions on financial variables such as discount rate, future salaries and benefits etc., and demographic variables such as employee mortality and turnover etc.

5.4 Fair value of financial instruments

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

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

6. ADDITIONAL INFORMATION

6.1 Supplementary disclosures of cash flow information

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

Cash and cash equivalents as at June 30, 2017 and 2016 are as follows :

	CONSOLIDATED		THE BANK	
	June 30, 2017	June 30, 2016	June 30, 2017	June 30, 2016
Cash	51,782	54,871	51,694	54,728
Cash equivalents				
Cash at Bank - current and saving account	233	1,567	-	-
Fixed deposits and notes with a maturity				
less than or equal to three months	50	2,576	-	-
Total cash and cash equivalents	<u>52,065</u>	<u>59,014</u>	<u>51,694</u>	<u>54,728</u>

6.1.2 Significant non-cash items for the six-month periods ended June 30, 2017 and 2016 are as follows :

	CONSOLIDATED		THE BANK	
	FOR THE SIX-MONTH PERIODS ENDED		FOR THE SIX-MONTH PERIODS ENDED	
	June 30, 2017	June 30, 2016	June 30, 2017	June 30, 2016
Unrealized gains on investments in				
shareholders' equity increase	557	1,195	509	1,020
Properties for sale increased from loans				
payment/inactive assets	460	257	460	257
Unrealized increment per premises				
appraisal transferred to retained earnings	468	472	466	470

6.2 Interbank and money market items, net (assets)

Interbank and money market items, net (assets) as at June 30, 2017 and December 31, 2016 consisted of the following :

Million Baht						
	CONSOLIDATED					
	June 30, 2017			December 31, 2016		
	Demand	Time	Total	Demand	Time	Total
Domestic items						
Bank of Thailand and						
Financial Institutions						
Development Fund	4,310	245,020	249,330	16,254	148,100	164,354
Commercial banks	1,846	32,513	34,359	1,533	18,313	19,846
Special purpose financial						
institutions	-	7,955	7,955	-	11,755	11,755
Other financial institutions	<u>2,864</u>	<u>22,017</u>	<u>24,881</u>	<u>1,728</u>	<u>14,300</u>	<u>16,028</u>
Total	9,020	307,505	316,525	19,515	192,468	211,983
<u>Add</u> Accrued interest						
receivables	3	173	176	-	141	141
<u>Less</u> Allowance for						
doubtful accounts	<u>(28)</u>	<u>(300)</u>	<u>(328)</u>	<u>(17)</u>	<u>(182)</u>	<u>(199)</u>
Total domestic items	<u>8,995</u>	<u>307,378</u>	<u>316,373</u>	<u>19,498</u>	<u>192,427</u>	<u>211,925</u>
Foreign items						
USD	20,520	80,123	100,643	12,318	80,380	92,698
JPY	10,448	3,036	13,484	6,080	2	6,082
EUR	1,023	9,920	10,943	1,286	-	1,286
Others	<u>12,737</u>	<u>60,414</u>	<u>73,151</u>	<u>13,423</u>	<u>69,334</u>	<u>82,757</u>
Total	44,728	153,493	198,221	33,107	149,716	182,823
<u>Add</u> Accrued interest						
receivables	2	489	491	-	300	300
<u>Less</u> Allowance for						
doubtful accounts	<u>-</u>	<u>(597)</u>	<u>(597)</u>	<u>-</u>	<u>(436)</u>	<u>(436)</u>
Total foreign items	<u>44,730</u>	<u>153,385</u>	<u>198,115</u>	<u>33,107</u>	<u>149,580</u>	<u>182,687</u>
Total domestic and						
foreign items	<u><u>53,725</u></u>	<u><u>460,763</u></u>	<u><u>514,488</u></u>	<u><u>52,605</u></u>	<u><u>342,007</u></u>	<u><u>394,612</u></u>

	THE BANK					
	Demand	June 30, 2017 Time	Total	Demand	December 31, 2016 Time	Total
Domestic items						
Bank of Thailand and						
Financial Institutions						
Development Fund	4,310	245,020	249,330	16,254	148,100	164,354
Commercial banks	1	26,140	26,141	-	12,002	12,002
Special purpose financial						
institutions	-	7,955	7,955	-	11,755	11,755
Other financial institutions	<u>2,864</u>	<u>22,017</u>	<u>24,881</u>	<u>1,729</u>	<u>14,299</u>	<u>16,028</u>
Total	7,175	301,132	308,307	17,983	186,156	204,139
<u>Add</u> Accrued interest						
receivables	-	147	147	-	128	128
<u>Less</u> Allowance for						
doubtful accounts	<u>(28)</u>	<u>(299)</u>	<u>(327)</u>	<u>(17)</u>	<u>(181)</u>	<u>(198)</u>
Total domestic items	<u>7,147</u>	<u>300,980</u>	<u>308,127</u>	<u>17,966</u>	<u>186,103</u>	<u>204,069</u>
Foreign items						
USD	18,617	78,897	97,514	10,307	77,449	87,756
JPY	10,448	3,036	13,484	6,080	2	6,082
EUR	1,022	9,920	10,942	1,254	698	1,952
Others	<u>6,678</u>	<u>27,196</u>	<u>33,874</u>	<u>6,864</u>	<u>35,938</u>	<u>42,802</u>
Total	36,765	119,049	155,814	24,505	114,087	138,592
<u>Add</u> Accrued interest						
receivables	-	205	205	-	139	139
<u>Less</u> Allowance for						
doubtful accounts	<u>-</u>	<u>(59)</u>	<u>(59)</u>	<u>-</u>	<u>(43)</u>	<u>(43)</u>
Total foreign items	<u>36,765</u>	<u>119,195</u>	<u>155,960</u>	<u>24,505</u>	<u>114,183</u>	<u>138,688</u>
Total domestic and						
foreign items	<u>43,912</u>	<u>420,175</u>	<u>464,087</u>	<u>42,471</u>	<u>300,286</u>	<u>342,757</u>

6.3 Derivatives

The fair values and the notional amounts classified by type of risk as at June 30, 2017 and December 31, 2016 are as follows :

						Million Baht
CONSOLIDATED						
Type of risk	June 30, 2017			December 31, 2016		
	Fair Value/Readjustment		Notional	Fair Value/Readjustment		Notional
	Based on an Accrual Basis			Based on an Accrual Basis		
	Assets	Liabilities	Amount	Assets	Liabilities	Amount
Foreign exchange rate	19,351	9,690	1,210,874	18,488	17,921	1,179,574
Interest rate	6,751	9,632	777,190	5,982	8,451	704,491
Others	1	208	2,104	1	342	2,889
Total	26,103	19,530	1,990,168	24,471	26,714	1,886,954

						Million Baht
THE BANK						
Type of risk	June 30, 2017		Notional Amount	December 31, 2016		Notional Amount
	Fair Value/Readjustment Based on an Accrual Basis			Fair Value/Readjustment Based on an Accrual Basis		
	Assets	Liabilities		Assets	Liabilities	
Foreign exchange rate	19,217	9,554	1,187,819	18,059	17,702	1,154,474
Interest rate	6,751	9,632	777,190	5,982	8,451	704,491
Total	25,968	19,186	1,965,009	24,041	26,153	1,858,965

The proportion of derivative transactions classified by type of counterparty based on the notional amounts as at June 30, 2017 and December 31, 2016 are as follows :

	CONSOLIDATED		THE BANK		Percentage
	June 30, 2017	December 31, 2016	June 30, 2017	December 31, 2016	
Financial Institutions	80.12	80.75	80.24	80.95	
Group companies	-	-	0.07	0.04	
External entities	19.88	19.25	19.69	19.01	
Total	100.00	100.00	100.00	100.00	

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

Forward foreign exchange derivatives

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

Interest rate derivatives

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

6.4 Investments, net

6.4.1 Investments as at June 30, 2017 and December 31, 2016 consisted of the following :

	CONSOLIDATED		THE BANK	
	June 30, 2017	December 31, 2016	June 30, 2017	December 31, 2016
	Fair Value	Fair Value	Fair Value	Fair Value
Trading securities				
Government and state enterprise securities	9,159	28,228	9,159	28,228
Private enterprise debt securities	3,758	201	3,758	201
Foreign debt securities	6,446	2,942	6,446	2,860
Domestic marketable equity securities	2,690	1,777	-	-
Total	22,053	33,148	19,363	31,289

	CONSOLIDATED		THE BANK	
	June 30, 2017	December 31, 2016	June 30, 2017	December 31, 2016
	Fair Value	Fair Value	Fair Value	Fair Value
Available-for-sale securities				
Government and state enterprise securities	257,142	296,653	257,142	296,653
Private enterprise debt securities	29,622	18,704	29,622	18,704
Foreign debt securities	83,059	76,347	72,384	66,376
Domestic marketable equity securities	63,628	59,750	63,549	59,672
Foreign marketable equity securities	2,119	1,812	2,119	1,812
Others	10,546	9,476	4,346	3,994
Total	446,116	462,742	429,162	447,211

	CONSOLIDATED		THE BANK	
	June 30, 2017	December 31, 2016	June 30, 2017	December 31, 2016
	Cost/ Amortized Cost	Cost/ Amortized Cost	Cost/ Amortized Cost	Cost/ Amortized Cost
Held-to-maturity debt securities				
Government and state enterprise securities	11,577	14,646	2,053	3,553
Foreign debt securities	<u>2,873</u>	<u>3,475</u>	<u>2,873</u>	<u>3,475</u>
Total	<u><u>14,450</u></u>	<u><u>18,121</u></u>	<u><u>4,926</u></u>	<u><u>7,028</u></u>

	CONSOLIDATED		THE BANK	
	June 30, 2017	December 31, 2016	June 30, 2017	December 31, 2016
	Cost	Cost	Cost	Cost
General investments				
Domestic non-marketable equity securities	6,633	6,481	6,624	6,473
Foreign non-marketable equity securities	<u>29,114</u>	<u>29,838</u>	<u>29,107</u>	<u>29,831</u>
Total	<u>35,747</u>	<u>36,319</u>	<u>35,731</u>	<u>36,304</u>
<u>Less</u> Allowance for impairment	<u>(3,541)</u>	<u>(3,716)</u>	<u>(3,541)</u>	<u>(3,716)</u>
Total	<u><u>32,206</u></u>	<u><u>32,603</u></u>	<u><u>32,190</u></u>	<u><u>32,588</u></u>
Total investments, net	<u><u>514,825</u></u>	<u><u>546,614</u></u>	<u><u>485,641</u></u>	<u><u>518,116</u></u>

Investments classified in accordance with the notification of the BOT as at June 30, 2017 and December 31, 2016 are presented in Note 6.13.

As at June 30, 2017 and December 31, 2016, the Bank has investments in 31 companies with cost values of Baht 256 million, which are companies whose prospects as a going concern are uncertain or are unlisted companies but whose financial positions and operations would fall under the SET delisting criteria, which the Bank had set aside allowance for impairment of these investments amounting to Baht 256 million and these companies had net book value totaling Baht 0 million.

As at June 30, 2017 and December 31, 2016, the Bank has investments in 3 listed companies that are under the SET delisting criteria, amounting to Baht 4 million, with the fair value of Baht 2 million, which the Bank had set aside allowance for impairment of these investments amounting to Baht 2 million.

On December 30, 2004, the Bank entered into a transaction to transfer certain investments classified as available-for-sale securities received from debt restructuring to Sinnsuptawee Asset Management Co., Ltd., a subsidiary of the Bank, at the closing price on December 28, 2004 quoted on the SET in the amount of Baht 3,323 million. The proceeds from the aforementioned transfer were recorded as other liabilities and the related securities recorded as securities transferred to subsidiary under available-for-sale securities in accordance with accounting treatment guidance for transfers and accept transfers of financial assets. As at June 30, 2017 and December 31, 2016, the Bank had outstanding balances of other liabilities from such transaction amounting to Baht 720 million.

6.4.2 As at June 30, 2017 and December 31, 2016, the Bank and subsidiaries had investments in other companies of 10% and upwards of the paid-up capital of the respective companies but which are not considered to be investments in subsidiaries and associates. The classification is as follows :

	CONSOLIDATED		THE BANK	
	June 30, 2017	December 31, 2016	June 30, 2017	December 31, 2016
	Million Baht			
Manufacturing and commercial	12	12	12	12
Real estate and construction	187	187	187	187
Utilities and services	41	41	41	41
Others	1,595	1,457	1,595	1,457
Total	1,835	1,697	1,835	1,697

6.5 Investments in subsidiaries and associates, net

As at June 30, 2017 and December 31, 2016, the Bank had investments in subsidiaries and associates, net as follows :

								Million Baht
Company	Type of Business	Type of Shares	CONSOLIDATED					
			Direct and Indirect Shareholding (%)		Investment (Cost Method)		Investment (Equity Method)	
			June 30, 2017	December 31, 2016	June 30, 2017	December 31, 2016	June 30, 2017	December 31, 2016
Associates								
BSL Leasing Co., Ltd.	Finance	Ordinary share	35.88	35.88	201	43	704	662
Processing Center Co., Ltd.	Service	Ordinary share	30.00	30.00	15	15	392	387
National ITMX Co., Ltd.	Service	Ordinary share	16.91	16.91	9	9	244	235
Thai Payment Network Co., Ltd.	Service	Ordinary share	49.99	49.99	90	90	23	43
Total					315	157	1,363	1,327
<u>Less</u> Allowance for impairment					(2)	(2)	-	-
Investments in associates, net					313	155	1,363	1,327

						Million Baht
Company	Type of Business	Type of Shares	THE BANK			
			Direct and Indirect Shareholding (%)		Investment (Cost Method)	
			June 30, 2017	December 31, 2016	June 30, 2017	December 31, 2016
Subsidiaries						
BBL (Cayman) Limited	Finance	Ordinary share	100.00	100.00	2	2
Bangkok Bank Berhad	Banking	Ordinary share	100.00	100.00	9,261	6,082
Sinnsuptawee Asset Management Co., Ltd.	Asset management	Ordinary share	100.00	100.00	2,500	2,500
Bangkok Bank (China) Co., Ltd.	Banking	Ordinary share	100.00	100.00	19,585	19,585
Bualuang Ventures Ltd.	Venture Capital Company	Ordinary share	100.00	100.00	500	500
BBL Asset Management Co., Ltd.	Finance	Ordinary share	75.00	75.00	183	183
Bualuang Securities PCL.	Securities	Ordinary share	99.91	99.89	4,771	4,769
Associates						
BSL Leasing Co., Ltd.	Finance	Ordinary share	35.88	35.88	201	43
Processing Center Co., Ltd.	Service	Ordinary share	30.00	30.00	15	15
National ITMX Co., Ltd.	Service	Ordinary share	16.91	16.91	9	9
Thai Payment Network Co., Ltd.	Service	Ordinary share	49.99	49.99	90	90
Total					37,117	33,778
Less Allowance for impairment					(97)	(97)
Investments in subsidiaries and associates, net					37,020	33,681

In January 2017, Bangkok Bank Berhad which is a subsidiary of the Bank increased its authorized share capital from 600 million shares to 1,000 million shares and increased fully paid-up capital from 600 million shares in the amount of Baht 6,082 million to 1,000 million shares in the amount of Baht 9,261 million. The Bank has purchased all the issued ordinary shares. As a result, the proportion of the Bank's equity interest remains at 100%.

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

	Million Baht	
	FOR THE THREE-MONTH PERIODS ENDED	
	June 30, 2017	June 30, 2016
Net profit (loss)	195	(116)
Total comprehensive income (loss)	195	(116)

	Million Baht	
	FOR THE SIX-MONTH PERIODS ENDED	
	June 30, 2017	June 30, 2016
Net profit	432	83
Total comprehensive income	432	83

6.6 Loans to customers and accrued interest receivables, net

6.6.1 Classified by product type as at June 30, 2017 and December 31, 2016 :

	CONSOLIDATED		THE BANK	
	June 30, 2017	December 31, 2016	June 30, 2017	December 31, 2016
Overdrafts	110,517	109,375	109,372	108,126
Loans	1,429,976	1,411,269	1,386,236	1,368,597
Bills	435,713	418,700	431,468	414,669
Others	2,741	2,242	2,740	2,241
<u>Less</u> Deferred revenue	<u>(556)</u>	<u>(493)</u>	<u>(515)</u>	<u>(451)</u>
Loans to customers after deferred revenue, net	1,978,391	1,941,093	1,929,301	1,893,182
<u>Add</u> Accrued interest receivable	<u>3,888</u>	<u>4,653</u>	<u>3,795</u>	<u>4,536</u>
Loans to customers and accrued interest receivables after deferred revenue, net	1,982,279	1,945,746	1,933,096	1,897,718
<u>Less</u> Allowance for doubtful accounts				
Minimum provision according to the BOT's requirement				
- Individual approach	(61,182)	(50,438)	(60,318)	(49,574)
- Collective approach	(5,340)	(5,156)	(5,340)	(5,156)
Excess provision	<u>(60,874)</u>	<u>(61,214)</u>	<u>(58,359)</u>	<u>(58,638)</u>
Total	(127,396)	(116,808)	(124,017)	(113,368)
<u>Less</u> Revaluation allowance for debt restructuring	<u>(2,522)</u>	<u>(2,710)</u>	<u>(2,522)</u>	<u>(2,710)</u>
Total loans to customers, net	<u>1,852,361</u>	<u>1,826,228</u>	<u>1,806,557</u>	<u>1,781,640</u>

6.6.2 As at June 30, 2017 and December 31, 2016, the Bank and subsidiaries had non-performing loans (NPLs), defined according to the BOT's notification as loans classified as substandard, doubtful and doubtful of loss including interbank and money market items but excluding accrued interest receivable, as follows :

	CONSOLIDATED		THE BANK	
	June 30, 2017	December 31, 2016	June 30, 2017	December 31, 2016
NPLs before allowance for doubtful accounts	85,947	68,841	84,265	67,520
NPLs as percentage of total loans	3.74	3.22	3.76	3.24
Net NPLs after allowance for doubtful accounts	25,697	19,156	25,030	18,790
Net NPLs as percentage of net total loans	1.15	0.92	1.15	0.92

6.6.3 Classified by currency and customer's residence as at June 30, 2017 and December 31, 2016 :

CONSOLIDATED							Million Baht
	June 30, 2017			December 31, 2016			
	Domestic	Foreign	Total	Domestic	Foreign	Total	
BAHT	1,480,892	32,464	1,513,356	1,471,060	31,307	1,502,367	
USD	87,835	194,927	282,762	91,988	176,858	268,846	
Others	18,145	164,128	182,273	9,141	160,739	169,880	
Total	1,586,872	391,519	1,978,391	1,572,189	368,904	1,941,093	

THE BANK							Million Baht
	June 30, 2017			December 31, 2016			
	Domestic	Foreign	Total	Domestic	Foreign	Total	
BAHT	1,481,251	32,464	1,513,715	1,471,552	31,307	1,502,859	
USD	87,835	189,692	277,527	91,988	171,273	263,261	
Others	18,145	119,914	138,059	9,142	117,920	127,062	
Total	1,587,231	342,070	1,929,301	1,572,682	320,500	1,893,182	

6.6.4 Classified by business type and in accordance with the notification of the BOT as at June 30, 2017 and December 31, 2016 :

CONSOLIDATED							Million Baht
	JUNE 30, 2017					Total	
	Normal	Special Mentioned	Substandard	Doubtful	Doubtful of Loss		
Agriculture and mining	35,078	1,742	117	72	374	37,383	
Manufacturing and commercial	731,066	21,051	15,432	11,411	39,305	818,265	
Real estate and construction	176,265	3,385	325	1,139	5,630	186,744	
Utilities and services	402,389	12,173	381	1,535	2,861	419,339	
Housing loans	214,799	2,265	987	1,446	3,480	222,977	
Others	290,799	1,432	192	827	433	293,683	
Total	1,850,396	42,048	17,434	16,430	52,083	1,978,391	

CONSOLIDATED DECEMBER 31, 2016						Million Baht
	Normal	Special Mentioned	Substandard	Doubtful	Doubtful of Loss	Total
Agriculture and mining	36,894	877	362	50	358	38,541
Manufacturing and commercial	737,353	25,367	5,550	9,045	33,020	810,335
Real estate and construction	168,256	4,974	1,002	1,669	4,072	179,973
Utilities and services	381,927	10,536	1,247	3,074	2,588	399,372
Housing loans	211,472	2,446	1,158	1,400	2,889	219,365
Others	290,561	1,589	155	812	390	293,507
Total	1,826,463	45,789	9,474	16,050	43,317	1,941,093

THE BANK JUNE 30, 2017						Million Baht
	Normal	Special Mentioned	Substandard	Doubtful	Doubtful of Loss	Total
Agriculture and mining	31,949	1,742	117	72	374	34,254
Manufacturing and commercial	704,816	19,554	15,191	11,041	38,393	788,995
Real estate and construction	171,044	3,385	325	1,139	5,577	181,470
Utilities and services	398,866	12,173	381	1,535	2,861	415,816
Housing loans	214,788	2,263	987	1,446	3,470	222,954
Others	283,333	1,123	192	732	432	285,812
Total	1,804,796	40,240	17,193	15,965	51,107	1,929,301

THE BANK DECEMBER 31, 2016						Million Baht
	Normal	Special Mentioned	Substandard	Doubtful	Doubtful of Loss	Total
Agriculture and mining	33,619	877	362	50	358	35,266
Manufacturing and commercial	711,411	23,107	5,524	9,045	31,990	781,077
Real estate and construction	162,905	4,974	907	1,669	4,017	174,472
Utilities and services	378,432	10,536	1,247	3,074	2,588	395,877
Housing loans	211,458	2,443	1,156	1,400	2,880	219,337
Others	284,685	1,215	147	717	389	287,153
Total	1,782,510	43,152	9,343	15,955	42,222	1,893,182

6.6.5 As at June 30, 2017 and December 31, 2016, the Bank and subsidiaries had classified loans and allowance for doubtful accounts in accordance with the notification of the BOT as follows :

				Million Baht
CONSOLIDATED JUNE 30, 2017				
Loans to Customers and Accrued Interest Receivables	Net Outstanding used in Determining the Allowance for Doubtful Accounts	Rate used in Determining the Allowance for Doubtful Accounts (%)	Allowance for Doubtful Accounts Recorded by the Bank	
Minimum provision according to the BOT's requirement				
Normal	1,853,978	1	14,953	
Special mentioned	42,306	2	550	
Substandard	17,482	100	9,029	
Doubtful	16,430	100	8,246	
Doubtful of loss	52,083	100	33,744	
Excess provision according to the BOT's requirement				60,874
Total	<u><u>1,982,279</u></u>	<u><u>1,290,134</u></u>	<u><u>127,396</u></u>	

				Million Baht
CONSOLIDATED DECEMBER 31, 2016				
Loans to Customers and Accrued Interest Receivables	Net Outstanding used in Determining the Allowance for Doubtful Accounts	Rate used in Determining the Allowance for Doubtful Accounts (%)	Allowance for Doubtful Accounts Recorded by the Bank	
Minimum provision according to the BOT's requirement				
Normal	1,830,827	1	14,502	
Special mentioned	46,058	2	548	
Substandard	9,495	100	2,589	
Doubtful	16,050	100	10,140	
Doubtful of loss	43,316	100	27,815	
Excess provision according to the BOT's requirement				61,214
Total	<u><u>1,945,746</u></u>	<u><u>1,258,650</u></u>	<u><u>116,808</u></u>	

				Million Baht
THE BANK JUNE 30, 2017				
	Loans to Customers and Accrued Interest Receivables	Net Outstanding used in Determining the Allowance for Doubtful Accounts	Rate used in Determining the Allowance for Doubtful Accounts (%)	Allowance for Doubtful Accounts Recorded by the Bank
Minimum provision according to the BOT's requirement				
Normal	1,808,291	1,186,523	1	14,665
Special mentioned	40,493	20,456	2	529
Substandard	17,240	9,029	100	9,029
Doubtful	15,965	8,061	100	8,062
Doubtful of loss	51,107	33,373	100	33,373
Excess provision according to the BOT's requirement				58,359
Total	<u><u>1,933,096</u></u>	<u><u>1,257,442</u></u>		<u><u>124,017</u></u>

				Million Baht
THE BANK DECEMBER 31, 2016				
	Loans to Customers and Accrued Interest Receivables	Net Outstanding used in Determining the Allowance for Doubtful Accounts	Rate used in Determining the Allowance for Doubtful Accounts (%)	Allowance for Doubtful Accounts Recorded by the Bank
Minimum provision according to the BOT's requirement				
Normal	1,786,783	1,169,068	1	14,246
Special mentioned	43,394	19,450	2	510
Substandard	9,364	2,588	100	2,588
Doubtful	15,955	10,043	100	10,045
Doubtful of loss	42,222	27,341	100	27,341
Excess provision according to the BOT's requirement				58,638
Total	<u><u>1,897,718</u></u>	<u><u>1,228,490</u></u>		<u><u>113,368</u></u>

As at June 30, 2017 and December 31, 2016, the consolidated and the Bank's financial statements included the allowance for doubtful accounts amounting to Baht 5,340 million and Baht 5,156 million, respectively, on a collective approach, for loans classified as normal and special mentioned.

6.6.6 As at June 30, 2017 and December 31, 2016, the Bank and subsidiaries had loans and accrued interest receivables due from companies experiencing financial difficulties as defined in the SET's guidelines dated July 8, 1998 regarding the disclosure of asset quality and related party transactions, for which the Bank and subsidiaries had provided an allowance for doubtful accounts, as follows :

					Million Baht
CONSOLIDATED JUNE 30, 2017					
	No. of Companies	Outstanding Balance	Loans Net of Collateral/Present Value of Future Cash Flows According to the BOT	Provision Required by the BOT	Provision Recorded by the Bank
Listed companies identified for delisting	1	373	373	373	373
Total	1	373	373	373	373

					Million Baht
CONSOLIDATED DECEMBER 31, 2016					
	No. of Companies	Outstanding Balance	Loans Net of Collateral/Present Value of Future Cash Flows According to the BOT	Provision Required by the BOT	Provision Recorded by the Bank
Listed companies identified for delisting	1	373	373	373	373
Total	1	373	373	373	373

					Million Baht
THE BANK JUNE 30, 2017					
	No. of Companies	Outstanding Balance	Loans Net of Collateral/Present Value of Future Cash Flows According to the BOT	Provision Required by the BOT	Provision Recorded by the Bank
Listed companies identified for delisting	1	373	373	373	373
Total	1	373	373	373	373

					Million Baht
THE BANK DECEMBER 31, 2016					
	No. of Companies	Outstanding Balance	Loans Net of Collateral/Present Value of Future Cash Flows According to the BOT	Provision Required by the BOT	Provision Recorded by the Bank
Listed companies identified for delisting	1	373	373	373	373
Total	1	373	373	373	373

6.6.7 Troubled debt restructurings

Details of the restructured debts of the Bank for the six-month periods ended June 30, 2017 and 2016, classified by the restructuring methods are as follows :

THE BANK				Million Baht
FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2017				
Restructuring Method	No. of Cases	Outstanding Debt before Restructuring	Type of Transferred Assets	Fair Value
Asset transfer	8	217	Land, building	217
Debt restructuring in various forms	2,998	17,176	-	-
Total	3,006	17,393		

The weighted average tenure of the above-mentioned restructuring is 5 years; and the total debt outstanding after debt restructuring at the restructuring contract date is Baht 17,393 million.

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

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

For the three-month period and the six-month period ended June 30, 2017, the Bank recognized interest income from restructured debts amounting to Baht 668 million and Baht 1,490 million, respectively.

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

As at June 30, 2017 and December 31, 2016, the Bank had outstanding balances of loans to restructured debtors amounting to Baht 73,434 million and Baht 73,565 million, respectively.

Disclosures for the consolidated financial statements for troubled debt restructurings which occurred during the six-month periods ended June 30, 2017 and 2016 have not been provided, as such information is not significantly different from the above disclosures for the Bank's financial statements.

6.7 Allowance for doubtful accounts

Allowance for doubtful accounts consisted of the following as at June 30, 2017 and December 31, 2016 :

	CONSOLIDATED JUNE 30, 2017						Million Baht
	Normal	Special Mentioned	Substandard	Doubtful	Doubtful of Loss	Allowance for Doubtful Accounts in Excess of the BOT's Requirement	Total
Beginning balance	14,502	548	2,589	10,140	27,815	61,214	116,808
Doubtful accounts	451	2	6,440	(1,894)	5,710	532	11,241
Bad debt recovered	-	-	-	-	538	-	538
Bad debt written off	-	-	-	-	(319)	-	(319)
Others	-	-	-	-	-	(872)	(872)
Ending balance	<u>14,953</u>	<u>550</u>	<u>9,029</u>	<u>8,246</u>	<u>33,744</u>	<u>60,874</u>	<u>127,396</u>

	CONSOLIDATED DECEMBER 31, 2016						Million Baht
	Normal	Special Mentioned	Substandard	Doubtful	Doubtful of Loss	Allowance for Doubtful Accounts in Excess of the BOT's Requirement	Total
Beginning balance	13,788	501	3,975	7,197	20,935	55,379	101,775
Doubtful accounts	714	47	(1,386)	2,943	6,831	6,240	15,389
Bad debt recovered	-	-	-	-	1,282	-	1,282
Bad debt written off	-	-	-	-	(1,233)	-	(1,233)
Others	-	-	-	-	-	(405)	(405)
Ending balance	<u>14,502</u>	<u>548</u>	<u>2,589</u>	<u>10,140</u>	<u>27,815</u>	<u>61,214</u>	<u>116,808</u>

Million Baht

THE BANK JUNE 30, 2017							
	Normal	Special Mentioned	Substandard	Doubtful	Doubtful of Loss	Allowance for Doubtful Accounts in Excess of the BOT's Requirement	Total
Beginning balance	14,246	510	2,588	10,045	27,341	58,638	113,368
Doubtful accounts	419	19	6,441	(1,983)	5,707	526	11,129
Bad debt recovered	-	-	-	-	537	-	537
Bad debt written off	-	-	-	-	(212)	-	(212)
Others	-	-	-	-	-	(805)	(805)
Ending balance	<u>14,665</u>	<u>529</u>	<u>9,029</u>	<u>8,062</u>	<u>33,373</u>	<u>58,359</u>	<u>124,017</u>

Million Baht

THE BANK DECEMBER 31, 2016							
	Normal	Special Mentioned	Substandard	Doubtful	Doubtful of Loss	Allowance for Doubtful Accounts in Excess of the BOT's Requirement	Total
Beginning balance	13,514	488	3,971	6,928	20,310	53,492	98,703
Doubtful accounts	732	22	(1,383)	3,117	6,952	5,362	14,802
Bad debt recovered	-	-	-	-	1,281	-	1,281
Bad debt written off	-	-	-	-	(1,202)	-	(1,202)
Others	-	-	-	-	-	(216)	(216)
Ending balance	<u>14,246</u>	<u>510</u>	<u>2,588</u>	<u>10,045</u>	<u>27,341</u>	<u>58,638</u>	<u>113,368</u>

As at June 30, 2017 and December 31, 2016, the Bank and subsidiaries had the allowance for doubtful accounts in the consolidated financial statements of Baht 127,396 million and Baht 116,808 million, and in the Bank's financial statements of Baht 124,017 million and Baht 113,368 million, respectively.

As at June 30, 2017 and December 31, 2016, the Bank and subsidiaries recorded allowances for doubtful accounts in excess of the allowances as per the BOT's requirement in the consolidated financial statements of Baht 60,874 million and Baht 61,214 million, and in the Bank's financial statements of Baht 58,359 million and Baht 58,638 million, respectively (See Note 3.7).

6.8 Revaluation allowance for debt restructuring

Revaluation allowance for debt restructuring are as follows as at June 30, 2017 and December 31, 2016 :

	CONSOLIDATED		THE BANK	
	June 30, 2017	December 31, 2016	June 30, 2017	December 31, 2016
Beginning balance	2,710	2,412	2,710	2,412
Increase during the period/year	98	940	98	940
Write off/decrease during the period/year	(286)	(642)	(286)	(642)
Ending balance	<u>2,522</u>	<u>2,710</u>	<u>2,522</u>	<u>2,710</u>

6.9 Properties for sale, net

Properties for sale consisted of the following as at June 30, 2017 and December 31, 2016 :

	CONSOLIDATED JUNE 30, 2017			Million Baht
Type of Properties for Sale	Beginning Balance	Additions	Disposals	Ending Balance
Assets from debt repayment				
Immovable assets	18,482	498	(1,849)	17,131
Movable assets	<u>218</u>	<u>-</u>	<u>(84)</u>	<u>134</u>
Total	18,700	498	(1,933)	17,265
Others	<u>65</u>	<u>-</u>	<u>-</u>	<u>65</u>
Total properties for sale	18,765	498	(1,933)	17,330
<u>Less</u> Allowance for impairment	<u>(6,503)</u>	<u>(63)</u>	<u>534</u>	<u>(6,032)</u>
Total properties for sale, net	<u>12,262</u>	<u>435</u>	<u>(1,399)</u>	<u>11,298</u>

	CONSOLIDATED DECEMBER 31, 2016			Million Baht
Type of Properties for Sale	Beginning Balance	Additions	Disposals	Ending Balance
Assets from debt repayment				
Immovable assets	20,054	618	(2,190)	18,482
Movable assets	<u>235</u>	<u>1</u>	<u>(18)</u>	<u>218</u>
Total	20,289	619	(2,208)	18,700
Others	<u>65</u>	<u>-</u>	<u>-</u>	<u>65</u>
Total properties for sale	20,354	619	(2,208)	18,765
<u>Less</u> Allowance for impairment	<u>(6,775)</u>	<u>21</u>	<u>251</u>	<u>(6,503)</u>
Total properties for sale, net	<u>13,579</u>	<u>640</u>	<u>(1,957)</u>	<u>12,262</u>

As at June 30, 2017, the Bank and subsidiaries had immovable assets from debt repayment in the amount of Baht 17,131 million consisting of immovable assets which were appraised by external appraisers in the amount of Baht 12,412 million and appraised by internal appraisers in the amount of Baht 4,719 million.

As at December 31, 2016, the Bank and subsidiaries had immovable assets from debt repayment in the amount of Baht 18,482 million consisting of immovable assets which were appraised by external appraisers in the amount of Baht 13,762 million and appraised by internal appraisers in the amount of Baht 4,720 million.

Type of Properties for Sale	Beginning Balance	THE BANK JUNE 30, 2017		Million Baht
		Additions	Disposals	Ending Balance
Assets from debt repayment				
Immovable assets	13,054	498	(1,204)	12,348
Movable assets	218	-	(84)	134
Total	13,272	498	(1,288)	12,482
Others	65	-	-	65
Total properties for sale	13,337	498	(1,288)	12,547
<u>Less</u> Allowance for impairment	(4,561)	(61)	425	(4,197)
Total properties for sale, net	8,776	437	(863)	8,350

Type of Properties for Sale	Beginning Balance	THE BANK DECEMBER 31, 2016		Million Baht
		Additions	Disposals	Ending Balance
Assets from debt repayment				
Immovable assets	14,071	618	(1,635)	13,054
Movable assets	235	1	(18)	218
Total	14,306	619	(1,653)	13,272
Others	65	-	-	65
Total properties for sale	14,371	619	(1,653)	13,337
<u>Less</u> Allowance for impairment	(4,869)	75	233	(4,561)
Total properties for sale, net	9,502	694	(1,420)	8,776

As at June 30, 2017, the Bank had immovable assets from debt repayment in the amount of Baht 12,348 million consisting of immovable assets which were appraised by external appraisers in the amount of Baht 8,665 million and appraised by internal appraisers in the amount of Baht 3,683 million.

As at December 31, 2016, the Bank had immovable assets from debt repayment in the amount of Baht 13,054 million consisting of immovable assets which were appraised by external appraisers in the amount of Baht 9,424 million and appraised by internal appraisers in the amount of Baht 3,630 million.

Classified properties for sale in accordance with the notification of the BOT as at June 30, 2017 and December 31, 2016 are presented in Note 6.13.

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

Million Baht

CONSOLIDATED FOR THE THREE-MONTH PERIODS ENDED							
Type of Sale of Properties for Sale	Income Recognition Method	Deferred Profit on Sale of Properties for Sale	June 30, 2017	June 30, 2017	Deferred Profit on Sale of Properties for Sale	June 30, 2016	June 30, 2016
			Profit on Sale of Properties for Sale	Loss on Sale of Properties for Sale		Profit on Sale of Properties for Sale	Loss on Sale of Properties for Sale
Sale to public	Per Installment	-	-	-	-	-	-
Sale to public	Per cost recovery	-	590	(2)	-	227	(2)

Million Baht

CONSOLIDATED FOR THE SIX-MONTH PERIODS ENDED							
Type of Sale of Properties for Sale	Income Recognition Method	Deferred Profit on Sale of Properties for Sale	June 30, 2017	June 30, 2017	Deferred Profit on Sale of Properties for Sale	June 30, 2016	June 30, 2016
			Profit on Sale of Properties for Sale	Loss on Sale of Properties for Sale		Profit on Sale of Properties for Sale	Loss on Sale of Properties for Sale
Sale to public	Per Installment	-	-	-	-	3	-
Sale to public	Per cost recovery	-	794	(2)	-	326	(4)

Million Baht

THE BANK FOR THE THREE-MONTH PERIODS ENDED							
Type of Sale of Properties for Sale	Income Recognition Method	Deferred Profit on Sale of Properties for Sale	June 30, 2017	June 30, 2017	Deferred Profit on Sale of Properties for Sale	June 30, 2016	June 30, 2016
			Profit on Sale of Properties for Sale	Loss on Sale of Properties for Sale		Profit on Sale of Properties for Sale	Loss on Sale of Properties for Sale
Sale to public	Per Installment	-	-	-	-	-	-
Sale to public	Per cost recovery	-	245	(1)	-	208	(2)

Million Baht

THE BANK FOR THE SIX-MONTH PERIODS ENDED							
Type of Sale of Properties for Sale	Income Recognition Method	Deferred Profit on Sale of Properties for Sale	June 30, 2017	June 30, 2017	Deferred Profit on Sale of Properties for Sale	June 30, 2016	June 30, 2016
			Profit on Sale of Properties for Sale	Loss on Sale of Properties for Sale		Profit on Sale of Properties for Sale	Loss on Sale of Properties for Sale
Sale to public	Per Installment	-	-	-	-	3	-
Sale to public	Per cost recovery	-	443	(1)	-	307	(4)

6.10 Premises and equipment, net

Premises and equipment consisted of the following as at June 30, 2017 and December 31, 2016 :

											Million Baht
CONSOLIDATED											
JUNE 30, 2017											
	Cost				Accumulated Depreciation						
	Beginning Balance	Additions/ Transfer	Disposal/ Transfer	Others	Ending Balance	Beginning Balance	Depreciation	Disposal/ Transfer	Others	Ending Balance	Premises and Equipment (Net)
Land											
Cost	7,683	30	-	(6)	7,707	-	-	-	-	-	7,707
Appraisal increase (year 2015)	20,961	-	-	(11)	20,950	-	-	-	-	-	20,950
Appraisal decrease (year 2015)	(729)	-	-	4	(725)	-	-	-	-	-	(725)
Premises											
Cost	3,331	226	-	(18)	3,539	345	102	-	(2)	445	3,094
Appraisal increase (year 2015)	12,392	-	-	(6)	12,386	1,875	586	-	-	2,461	9,925
Appraisal decrease (year 2015)	(227)	-	-	3	(224)	(22)	(7)	-	-	(29)	(195)
Equipment	21,458	561	(507)	(67)	21,445	18,150	677	(506)	(36)	18,285	3,160
Others	710	173	(431)	(2)	450	-	-	-	-	-	450
Total	<u>65,579</u>	<u>990</u>	<u>(938)</u>	<u>(103)</u>	<u>65,528</u>	<u>20,348</u>	<u>1,358</u>	<u>(506)</u>	<u>(38)</u>	<u>21,162</u>	<u>44,366</u>

											Million Baht
CONSOLIDATED											
DECEMBER 31, 2016											
	Cost				Accumulated Depreciation						
	Beginning Balance	Additions/ Transfer	Disposal/ Transfer	Others	Ending Balance	Beginning Balance	Depreciation	Disposal/ Transfer	Others	Ending Balance	Premises and Equipment (Net)
Land											
Cost	7,553	96	-	34	7,683	-	-	-	-	-	7,683
Appraisal increase (year 2015)	21,084	-	-	(123)	20,961	-	-	-	-	-	20,961
Appraisal decrease (year 2015)	(718)	-	-	(11)	(729)	-	-	-	-	-	(729)
Premises											
Cost	2,014	1,408	(1)	(90)	3,331	123	228	(1)	(5)	345	2,986
Appraisal increase (year 2015)	12,433	-	-	(41)	12,392	693	1,185	-	(3)	1,875	10,517
Appraisal decrease (year 2015)	(222)	-	-	(5)	(227)	(8)	(15)	-	1	(22)	(205)
Equipment	21,297	1,493	(1,302)	(30)	21,458	18,162	1,347	(1,331)	(28)	18,150	3,308
Others	1,637	1,284	(2,237)	26	710	-	-	-	-	-	710
Total	<u>65,078</u>	<u>4,281</u>	<u>(3,540)</u>	<u>(240)</u>	<u>65,579</u>	<u>18,970</u>	<u>2,745</u>	<u>(1,332)</u>	<u>(35)</u>	<u>20,348</u>	<u>45,231</u>

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

As at June 30, 2017 and December 31, 2016, the Bank and subsidiaries had equipment which are fully depreciated but still in use at the original costs amounting to Baht 14,930 million and Baht 14,876 million, respectively.

	THE BANK										Million Baht
	JUNE 30, 2017										
	Cost				Accumulated Depreciation						
	Beginning Balance	Additions/ Transfer	Disposal/ Transfer	Others	Ending Balance	Beginning Balance	Depreciation	Disposal/ Transfer	Others	Ending Balance	Premises and Equipment (Net)
Land											
Cost	7,678	30	-	(7)	7,701	-	-	-	-	-	7,701
Appraisal increase (year 2015)	20,903	-	-	(10)	20,893	-	-	-	-	-	20,893
Appraisal decrease (year 2015)	(729)	-	-	4	(725)	-	-	-	-	-	(725)
Premises											
Cost	2,299	120	-	(10)	2,409	292	86	-	(2)	376	2,033
Appraisal increase (year 2015)	12,344	-	-	(5)	12,339	1,868	583	-	-	2,451	9,888
Appraisal decrease (year 2015)	(227)	-	-	3	(224)	(22)	(7)	-	-	(29)	(195)
Equipment	20,498	502	(498)	(61)	20,441	17,443	628	(497)	(29)	17,545	2,896
Others	582	142	(306)	-	418	-	-	-	-	-	418
Total	<u>63,348</u>	<u>794</u>	<u>(804)</u>	<u>(86)</u>	<u>63,252</u>	<u>19,581</u>	<u>1,290</u>	<u>(497)</u>	<u>(31)</u>	<u>20,343</u>	<u>42,909</u>

Million Baht

THE BANK
DECEMBER 31, 2016

	Cost					Accumulated Depreciation					
	Beginning Balance	Additions/ Transfer	Disposal/ Transfer	Others	Ending Balance	Beginning Balance	Depre- ciation	Disposal/ Transfer	Others	Ending Balance	Premises and Equipment (Net)
Land											
Cost	7,547	96	-	35	7,678	-	-	-	-	-	7,678
Appraisal increase (year 2015)	21,023	-	-	(120)	20,903	-	-	-	-	-	20,903
Appraisal decrease (year 2015)	(718)	-	-	(11)	(729)	-	-	-	-	-	(729)
Premises											
Cost	1,925	371	(1)	4	2,299	105	189	(1)	(1)	292	2,007
Appraisal increase (year 2015)	12,382	-	-	(38)	12,344	690	1,180	-	(2)	1,868	10,476
Appraisal decrease (year 2015)	(222)	-	-	(5)	(227)	(8)	(15)	-	1	(22)	(205)
Equipment	20,398	1,407	(1,300)	(7)	20,498	17,487	1,259	(1,295)	(8)	17,443	3,055
Others	623	1,110	(1,149)	(2)	582	-	-	-	-	-	582
Total	62,958	2,984	(2,450)	(144)	63,348	18,274	2,613	(1,296)	(10)	19,581	43,767

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

As at June 30, 2017 and December 31, 2016, the Bank had equipment which is fully depreciated but still in use at the original costs amounting to Baht 14,410 million, and Baht 14,394 million, respectively.

6.11 Other intangible assets, net

Other intangible assets consisted of the following as at June 30, 2017 and December 31, 2016 :

Million Baht

CONSOLIDATED
June 30, 2017

	Cost					Accumulated Amortization					
	Beginning Balance	Additions/ Transfer	Disposal/ Transfer	Others	Ending Balance	Beginning Balance	Amorti- zation	Disposal/ Transfer	Others	Ending Balance	Other Intangible Assets (Net)
Software	2,310	49	(20)	(4)	2,335	1,620	175	(12)	(4)	1,779	556
Others	139	12	(2)	-	149	-	-	-	-	-	149
Total	2,449	61	(22)	(4)	2,484	1,620	175	(12)	(4)	1,779	705

Million Baht

CONSOLIDATED
DECEMBER 31, 2016

	Beginning Balance	Cost Additions/ Transfer	Disposal/ Transfer	Others	Ending Balance	Beginning Balance	Accumulated Amortization Amorti- zation	Disposal/ Transfer	Others	Ending Balance	Other Intangible Assets (Net)
Software	1,909	573	(163)	(9)	2,310	1,518	265	(154)	(9)	1,620	690
Others	61	94	(16)	-	139	-	-	-	-	-	139
Total	1,970	667	(179)	(9)	2,449	1,518	265	(154)	(9)	1,620	829

Million Baht

THE BANK
JUNE 30, 2017

	Beginning Balance	Cost Additions/ Transfer	Disposal/ Transfer	Others	Ending Balance	Beginning Balance	Accumulated Amortization Amorti- zation	Disposal/ Transfer	Others	Ending Balance	Other Intangible Assets (Net)
Software	2,047	25	(18)	(2)	2,052	1,411	167	(12)	(2)	1,564	488
Others	138	12	(2)	-	148	-	-	-	-	-	148
Total	2,185	37	(20)	(2)	2,200	1,411	167	(12)	(2)	1,564	636

Million Baht

THE BANK
DECEMBER 31, 2016

	Beginning Balance	Cost Additions/ Transfer	Disposal/ Transfer	Others	Ending Balance	Beginning Balance	Accumulated Amortization Amorti- zation	Disposal/ Transfer	Others	Ending Balance	Other Intangible Assets (Net)
Software	1,658	543	(154)	-	2,047	1,318	246	(153)	-	1,411	636
Others	60	94	(16)	-	138	-	-	-	-	-	138
Total	1,718	637	(170)	-	2,185	1,318	246	(153)	-	1,411	774

6.12 Deferred tax assets and liabilities

Deferred tax assets and liabilities as at June 30, 2017 and December 31, 2016 are as follows :

	CONSOLIDATED		THE BANK	
	June 30, 2017	December 31, 2016	June 30, 2017	December 31, 2016
Deferred tax assets	3,535	3,348	2,469	2,355
Deferred tax liabilities	<u>5,751</u>	<u>5,702</u>	<u>5,541</u>	<u>5,468</u>
Deferred tax assets (liabilities), net	<u>(2,216)</u>	<u>(2,354)</u>	<u>(3,072)</u>	<u>(3,113)</u>

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

	CONSOLIDATED			
	JUNE 30, 2017			
	Beginning Balance	Recognized in Profit and Loss	Recognized in Other Comprehensive Income	Others
Ending Balance				
Deferred tax assets				
Investments	2,347	(86)	133	-
Loans to customers and				
accrued interest receivables	5,157	1,334	-	(127)
Properties for sale	1,301	(94)	-	-
Premises and equipment	222	2	-	-
Provisions	2,658	(22)	-	(1)
Others	<u>4,271</u>	<u>(876)</u>	<u>-</u>	<u>(5)</u>
Total	<u>15,956</u>	<u>258</u>	<u>133</u>	<u>(133)</u>
Deferred tax liabilities				
Investments	8,682	(21)	325	-
Properties for sale	2	-	-	-
Premises and equipment	6,336	(111)	-	-
Others	<u>3,290</u>	<u>(73)</u>	<u>-</u>	<u>-</u>
Total	<u>18,310</u>	<u>(205)</u>	<u>325</u>	<u>-</u>
Net	<u>(2,354)</u>	<u>463</u>	<u>(192)</u>	<u>(133)</u>

Million Baht

	CONSOLIDATED DECEMBER 31, 2016				Ending Balance
	Beginning Balance	Recognized in Profit and Loss	Recognized in Other Comprehensive Income	Others	
Deferred tax assets					
Investments	3,137	(575)	(215)	-	2,347
Loans to customers and accrued interest receivables	4,023	1,156	-	(22)	5,157
Properties for sale	1,355	(54)	-	-	1,301
Premises and equipment	212	(7)	-	17	222
Provisions	2,003	690	(30)	(5)	2,658
Others	5,031	(757)	-	(3)	4,271
Total	<u>15,761</u>	<u>453</u>	<u>(245)</u>	<u>(13)</u>	<u>15,956</u>
Deferred tax liabilities					
Investments	9,079	(49)	(348)	-	8,682
Properties for sale	2	-	-	-	2
Premises and equipment	6,577	(223)	-	(18)	6,336
Others	3,693	(403)	-	-	3,290
Total	<u>19,351</u>	<u>(675)</u>	<u>(348)</u>	<u>(18)</u>	<u>18,310</u>
Net	<u>(3,590)</u>	<u>1,128</u>	<u>103</u>	<u>5</u>	<u>(2,354)</u>

Million Baht

	Beginning Balance	Recognized in Profit and Loss	THE BANK JUNE 30, 2017 Recognized in Other Comprehensive Income	Others	Ending Balance
Deferred tax assets					
Investments	2,329	(86)	138	-	2,381
Loans to customers and accrued interest receivables	4,600	1,216	-	(112)	5,704
Properties for sale	912	(73)	-	-	839
Premises and equipment	221	2	-	-	223
Provisions	2,626	(24)	-	(2)	2,600
Others	4,232	(881)	-	(4)	3,347
Total	<u>14,920</u>	<u>154</u>	<u>138</u>	<u>(118)</u>	<u>15,094</u>
Deferred tax liabilities					
Investments	8,429	-	317	-	8,746
Properties for sale	2	-	-	-	2
Premises and equipment	6,316	(110)	-	-	6,206
Others	3,286	(74)	-	-	3,212
Total	<u>18,033</u>	<u>(184)</u>	<u>317</u>	<u>-</u>	<u>18,166</u>
Net	<u>(3,113)</u>	<u>338</u>	<u>(179)</u>	<u>(118)</u>	<u>(3,072)</u>

Million Baht

	THE BANK				
	DECEMBER 31, 2016				
	Beginning Balance	Recognized in Profit and Loss	Recognized in Other Comprehensive Income	Others	Ending Balance
Deferred tax assets					
Investments	3,101	(575)	(197)	-	2,329
Loans to customers and					
accrued interest receivables	3,484	1,107	-	9	4,600
Properties for sale	974	(62)	-	-	912
Premises and equipment	212	(7)	-	16	221
Provisions	1,978	684	(31)	(5)	2,626
Others	4,950	(720)	-	2	4,232
Total	<u>14,699</u>	<u>427</u>	<u>(228)</u>	<u>22</u>	<u>14,920</u>
Deferred tax liabilities					
Investments	8,776	(2)	(345)	-	8,429
Properties for sale	2	-	-	-	2
Premises and equipment	6,554	(220)	-	(18)	6,316
Others	3,552	(266)	-	-	3,286
Total	<u>18,884</u>	<u>(488)</u>	<u>(345)</u>	<u>(18)</u>	<u>18,033</u>
Net	<u>(4,185)</u>	<u>915</u>	<u>117</u>	<u>40</u>	<u>(3,113)</u>

6.13 Classified assets in accordance with the notification of the BOT

As at June 30, 2017 and December 31, 2016, classified assets in accordance with the notification of the BOT are as follows :

	CONSOLIDATED JUNE 30, 2017				Million Baht
	Loans to Customers and Accrued Interest Receivables	Investments	Properties for Sale	Other Assets	Total
Normal	1,853,978	-	-	-	1,853,978
Special mentioned	42,306	-	-	-	42,306
Substandard	17,482	-	-	-	17,482
Doubtful	16,430	-	-	-	16,430
Doubtful of loss	52,083	6,160	1,298	941	60,482
Total	1,982,279	6,160	1,298	941	1,990,678

	CONSOLIDATED DECEMBER 31, 2016				Million Baht
	Loans to Customers and Accrued Interest Receivables	Investments	Properties for Sale	Other Assets	Total
Normal	1,830,827	-	-	-	1,830,827
Special mentioned	46,058	-	-	-	46,058
Substandard	9,495	-	-	-	9,495
Doubtful	16,050	-	-	-	16,050
Doubtful of loss	43,316	6,453	1,638	1,115	52,522
Total	1,945,746	6,453	1,638	1,115	1,954,952

	THE BANK JUNE 30, 2017				Million Baht
	Loans to Customers and Accrued Interest Receivables	Investments	Properties for Sale	Other Assets	Total
Normal	1,808,291	-	-	-	1,808,291
Special mentioned	40,493	-	-	-	40,493
Substandard	17,240	-	-	-	17,240
Doubtful	15,965	-	-	-	15,965
Doubtful of loss	51,107	6,173	379	936	58,595
Total	1,933,096	6,173	379	936	1,940,584

Million Baht

THE BANK DECEMBER 31, 2016					
	Loans to Customers and Accrued Interest Receivables	Investments	Properties for Sale	Other Assets	Total
Normal	1,786,783	-	-	-	1,786,783
Special mentioned	43,394	-	-	-	43,394
Substandard	9,364	-	-	-	9,364
Doubtful	15,955	-	-	-	15,955
Doubtful of loss	42,222	6,486	612	1,110	50,430
Total	1,897,718	6,486	612	1,110	1,905,926

6.14 Deposits

6.14.1 Classified by product type as at June 30, 2017 and December 31, 2016 :

	Million Baht			
	CONSOLIDATED		THE BANK	
	June 30, 2017	December 31, 2016	June 30, 2017	December 31, 2016
Demand	94,255	95,810	93,034	94,316
Savings	1,019,429	958,150	1,011,532	946,294
Fixed	1,181,556	1,121,494	1,133,491	1,074,960
Negotiable certificates of deposit	<u>2,678</u>	<u>2,687</u>	<u>1,094</u>	<u>1,089</u>
Total	<u>2,297,918</u>	<u>2,178,141</u>	<u>2,239,151</u>	<u>2,116,659</u>

6.14.2 Classified by currency and customer's residence as at June 30, 2017 and December 31, 2016 :

						Million Baht
CONSOLIDATED						
	June 30, 2017			December 31, 2016		
	Domestic	Foreign	Total	Domestic	Foreign	Total
BAHT	1,943,403	110,749	2,054,152	1,933,082	9,440	1,942,522
USD	38,147	56,556	94,703	38,723	60,327	99,050
Others	20,037	129,026	149,063	20,595	115,974	136,569
Total	2,001,587	296,331	2,297,918	1,992,400	185,741	2,178,141

						Million Baht
THE BANK						
	June 30, 2017			December 31, 2016		
	Domestic	Foreign	Total	Domestic	Foreign	Total
BAHT	1,943,891	110,733	2,054,624	1,933,587	9,428	1,943,015
USD	37,987	55,869	93,856	38,543	57,140	95,683
Others	12,901	77,770	90,671	13,238	64,723	77,961
Total	1,994,779	244,372	2,239,151	1,985,368	131,291	2,116,659

6.15 Interbank and money market items (liabilities)

Interbank and money market items (liabilities) consisted of the following as at June 30, 2017 and December 31, 2016 :

CONSOLIDATED						Million Baht
	June 30, 2017			December 31, 2016		
	Demand	Time	Total	Demand	Time	Total
Domestic items						
Bank of Thailand and Financial Institutions						
Development Fund	140	2,362	2,502	158	3,387	3,545
Commercial banks	1,199	7,100	8,299	1,269	21,650	22,919
Special purpose financial Institutions	77	27,750	27,827	119	25,644	25,763
Other financial institutions	10,905	1,135	12,040	10,311	1,693	12,004
Total domestic items	<u>12,321</u>	<u>38,347</u>	<u>50,668</u>	<u>11,857</u>	<u>52,374</u>	<u>64,231</u>
Foreign items						
USD	3,193	30,673	33,866	4,116	25,088	29,204
JPY	641	6,468	7,109	465	7,206	7,671
EUR	858	1,230	2,088	1,225	-	1,225
Others	7,620	13,187	20,807	9,680	18,917	28,597
Total foreign items	<u>12,312</u>	<u>51,558</u>	<u>63,870</u>	<u>15,486</u>	<u>51,211</u>	<u>66,697</u>
Total domestic and foreign items	<u><u>24,633</u></u>	<u><u>89,905</u></u>	<u><u>114,538</u></u>	<u><u>27,343</u></u>	<u><u>103,585</u></u>	<u><u>130,928</u></u>

THE BANK						Million Baht
	June 30, 2017			December 31, 2016		
	Demand	Time	Total	Demand	Time	Total
Domestic items						
Bank of Thailand and Financial Institutions						
Development Fund	140	2,362	2,502	158	3,387	3,545
Commercial banks	1,199	7,100	8,299	1,269	21,650	22,919
Special purpose financial Institutions	77	27,750	27,827	119	25,644	25,763
Other financial institutions	11,231	1,165	12,396	10,546	1,693	12,239
Total domestic items	<u>12,647</u>	<u>38,377</u>	<u>51,024</u>	<u>12,092</u>	<u>52,374</u>	<u>64,466</u>
Foreign items						
USD	3,224	28,666	31,890	4,194	26,702	30,896
JPY	671	6,468	7,139	485	7,206	7,691
EUR	858	821	1,679	1,271	-	1,271
Others	7,680	7,259	14,939	9,764	8,812	18,576
Total foreign items	<u>12,433</u>	<u>43,214</u>	<u>55,647</u>	<u>15,714</u>	<u>42,720</u>	<u>58,434</u>
Total domestic and foreign items	<u><u>25,080</u></u>	<u><u>81,591</u></u>	<u><u>106,671</u></u>	<u><u>27,806</u></u>	<u><u>95,094</u></u>	<u><u>122,900</u></u>

6.16 Debt issued and Borrowings

6.16.1 Classified by type of instruments and source of fund as at June 30, 2017 and December 31, 2016 :

						Million Baht
CONSOLIDATED						
	June 30, 2017			December 31, 2016		
	Domestic	Foreign	Total	Domestic	Foreign	Total
Senior unsecured notes	-	101,988	101,988	-	107,556	107,556
Unsecured subordinated notes	20,000	15,288	35,288	20,000	16,123	36,123
Bills of exchange	39	-	39	74	-	74
Others	314	-	314	213	-	213
<u>Less</u> Discount on borrowings	<u>-</u>	<u>(6,034)</u>	<u>(6,034)</u>	<u>-</u>	<u>(6,151)</u>	<u>(6,151)</u>
Total	<u>20,353</u>	<u>111,242</u>	<u>131,595</u>	<u>20,287</u>	<u>117,528</u>	<u>137,815</u>

						Million Baht
THE BANK						
	June 30, 2017			December 31, 2016		
	Domestic	Foreign	Total	Domestic	Foreign	Total
Senior unsecured notes	-	101,988	101,988	-	107,556	107,556
Unsecured subordinated notes	20,000	15,288	35,288	20,000	16,123	36,123
Bills of exchange	39	-	39	74	-	74
Others	100	-	100	22	-	22
<u>Less</u> Discount on borrowings	<u>-</u>	<u>(6,034)</u>	<u>(6,034)</u>	<u>-</u>	<u>(6,151)</u>	<u>(6,151)</u>
Total	<u>20,139</u>	<u>111,242</u>	<u>131,381</u>	<u>20,096</u>	<u>117,528</u>	<u>137,624</u>

6.16.2 Classified by type of instruments, currency, maturity and interest rate as at June 30, 2017 and December 31, 2016 :

						Million Baht
CONSOLIDATED						
Type	Currency	Maturity	Interest Rate	Amount		
				June 30, 2017	December 31, 2016	
Senior unsecured notes	USD	2018 - 2023	2.75% - 5.00%	101,988	107,556	
Unsecured subordinated notes	USD	2029	9.025%	15,288	16,123	
Unsecured subordinated notes	THB	2022	4.375%	20,000	20,000	
Bills of exchange	THB	2017	1.00%	39	74	
Others	THB	2017 - 2022	0.00% - 0.50%	314	213	
<u>Less</u> Discount on borrowings				<u>(6,034)</u>	<u>(6,151)</u>	
Total				<u>131,595</u>	<u>137,815</u>	

Type	Currency	Maturity	Interest Rate	THE BANK	
				Amount	
				June 30, 2017	December 31, 2016
Senior unsecured notes	USD	2018 - 2023	2.75% - 5.00%	101,988	107,556
Unsecured subordinated notes	USD	2029	9.025%	15,288	16,123
Unsecured subordinated notes	THB	2022	4.375%	20,000	20,000
Bills of exchange	THB	2017	1.00%	39	74
Others	THB	2017 - 2022	0.00% - 0.50%	100	22
<u>Less Discount on borrowings</u>				<u>(6,034)</u>	<u>(6,151)</u>
Total				<u>131,381</u>	<u>137,624</u>

6.17 Unsecured subordinated notes

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

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

6.18 Bonds

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

convertible bonds shall have a maturity of not exceeding 30 years, and the amount of not exceeding USD 1,000 million or its equivalent in other currencies. The Board of Directors or the Executive Board of Directors shall be empowered to consider terms and conditions and other details for the issue and offering of the bonds. The shareholders also approved the allocation of 500 million ordinary shares to accommodate the conversion right of the subordinated convertible bonds and/or convertible bonds (See Note 6.22).

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

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

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

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

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

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

6.19 The Issuance of Bonds under the Medium Term Note Program

On March 26, 1997, the shareholders passed a resolution for the Bank to issue and offer bonds including subordinated bonds and unsubordinated bonds under the Medium Term Note Program in an amount of not exceeding USD 1,500 million or its equivalent in other currencies. The bonds shall have a maturity of not exceeding 30 years and be offered and sold in foreign markets and/or domestic markets. The Bank may be given the right to redeem the bonds prior to their maturity and/or the bondholders may be given the right to call the Bank to redeem the bonds prior to their maturity in accordance with the condition of the bonds. The Board of Directors was authorized to proceed with the issue. As at June 30, 2017, the Bank had not yet issued bonds according to the aforementioned resolution.

6.20 Provisions

As at June 30, 2017 and December 31, 2016 provisions are as follows :

	CONSOLIDATED		THE BANK	
	June 30, 2017	December 31, 2016	June 30, 2017	December 31, 2016
Beginning balance	12,941	9,601	12,778	9,472
Increase during the period/year	1,922	5,359	1,907	5,330
Written off/reversal during the period/year	(2,015)	(2,019)	(2,011)	(2,024)
Ending balance	<u>12,848</u>	<u>12,941</u>	<u>12,674</u>	<u>12,778</u>

6.21 Post-employment benefits

6.21.1 Defined contribution plans

For the three-month periods ended June 30, 2017 and 2016, the Bank and its subsidiaries have the expenses for defined contribution plans in the consolidated financial statements, amounting to Baht 312 million and Baht 304 million, and in the Bank's financial statements amounting to Baht 282 million and Baht 277 million, respectively.

For the six-month periods ended June 30, 2017 and 2016, the Bank and its subsidiaries have the expenses for defined contribution plans in the consolidated financial statements amounting to Baht 604 million and Baht 572 million, and in the Bank's financial statements amounting to Baht 544 million and Baht 518 million, respectively.

6.21.2 Defined benefit plans

As at June 30, 2017 and December 31, 2016, the Bank and its local subsidiaries have unfunded defined benefit plans but some overseas branches have funded defined benefit plans. The reconciliation of the defined benefit obligations, both funded and unfunded, and plan assets to the amounts recognized in the financial statements are as follows :

	CONSOLIDATED		THE BANK	
	June 30, 2017	December 31, 2016	June 30, 2017	December 31, 2016
Million Baht				
The present value of the funded defined benefit plans	808	792*	808	792*
The fair value of plan assets	<u>(569)</u>	<u>(535)</u>	<u>(569)</u>	<u>(535)</u>
	239	257	239	257
The present value of the unfunded defined benefit plans	<u>7,471</u>	<u>7,398*</u>	<u>7,297</u>	<u>7,234*</u>
Liabilities, net	<u><u>7,710</u></u>	<u><u>7,655</u></u>	<u><u>7,536</u></u>	<u><u>7,491</u></u>

The following table presents the reconciliations of the present value of defined benefit obligations, both funded and unfunded, under the post-employment benefits as at June 30, 2017 and December 31, 2016 :

	CONSOLIDATED		THE BANK	
	June 30, 2017	December 31, 2016	June 30, 2017	December 31, 2016
Million Baht				
Beginning balance	8,190	7,943	8,026	7,814
Current service costs	270	533	257	506
Interest costs	134	257	132	254
Benefit paid during the years	(306)	(298)	(301)	(295)
Actuarial losses (gains) on obligations				
from changes in financial assumptions	-	10	-	4
from changes in demographic assumptions	-	6	-	-
from experience	(1)	(169)	(1)	(165)
Unrealized losses (gains) on exchanges	<u>(8)</u>	<u>(92)</u>	<u>(8)</u>	<u>(92)</u>
Ending balance	<u><u>8,279</u></u>	<u><u>8,190</u></u>	<u><u>8,105</u></u>	<u><u>8,026</u></u>

The following table presents the reconciliations of the fair value of plan assets related to the funded defined benefit plans as at June 30, 2017 and December 31, 2016 :

	CONSOLIDATED		THE BANK	
	June 30, 2017	December 31, 2016	June 30, 2017	December 31, 2016
Million Baht				
Beginning balance	535	489	535	489
Interest income	10	20	10	20
Contributions	33	98	33	98
Benefit paid during the years	(6)	(2)	(6)	(2)
Actuarial losses on plan assets	-	(3)	-	(3)
Unrealized gains (losses) on exchanges	<u>(3)</u>	<u>(67)</u>	<u>(3)</u>	<u>(67)</u>
Ending balance	<u><u>569</u></u>	<u><u>535</u></u>	<u><u>569</u></u>	<u><u>535</u></u>

* The Bank had made changes the presentation of 2016 comparison to be in accordance with the current year presentations.

Significant actuarial assumptions used to calculate the defined benefit obligations and plan assets, average per each plan, and the sensitivities analysis for each significant actuarial assumptions which reflects increasing in the obligations if the assumptions change by 1% as at June 30, 2017 and December 31, 2016 are as follows :

	Percentage			
	CONSOLIDATED			
	Significant actuarial assumptions		Increase in defined benefit obligations	
	June 30, 2017	December 31, 2016	June 30, 2017	December 31, 2016
Discount rate	1.10 - 8.10	1.10 - 8.10	13.10	13.14
Average future salary increases	2.00 - 15.00	2.00 - 15.00	11.46	11.49

	Percentage			
	THE BANK			
	Significant actuarial assumptions		Increase in defined benefit obligations	
	June 30, 2017	December 31, 2016	June 30, 2017	December 31, 2016
Discount rate	1.10 - 8.10	1.10 - 8.10	13.14	13.14
Average future salary increases	2.00 - 15.00	2.00 - 15.00	11.46	11.47

6.22 Share capital

The Bank's share capital consists of :

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

As at June 30, 2017 and December 31, 2016, the Bank had registered share capital of Baht 40,000,000,000 divided into ordinary shares and preferred shares totaling 4,000,000,000 shares, with par value of Baht 10 each, details of which are as follows :

Type	Number of Registered Shares	
	June 30, 2017	December 31, 2016
Ordinary shares	3,998,345,000	3,998,345,000
Class A preferred shares	655,000	655,000
Class B preferred shares	1,000,000	1,000,000
Total	4,000,000,000	4,000,000,000

As at June 30, 2017 and December 31, 2016, the Bank had 1,908,842,894 issued ordinary shares and 2,039,502,106 unissued ordinary shares and 655,000 Class A unissued preferred shares and 1,000,000 Class B unissued preferred shares. In relation to the allocation of the unissued ordinary shares, the Bank will follow the resolutions of the 12th ordinary shareholders' meeting convened on April 12, 2005, as per the following details :

1. Allocation of 1,339,502,106 ordinary shares as follows :
 - 1.1) Allocation of 459,502,106 ordinary shares for offer and sale to the general public, including the existing shareholders and the beneficial owners of the shares held by custodian or by any other similar arrangements.
 - 1.2) Allocation of 440,000,000 ordinary shares for offer and sale to institutional investors or investors with specific characteristics prescribed by the Securities and Exchange Commission.
 - 1.3) Allocation of 440,000,000 ordinary shares for offer and sale to the existing shareholders and the beneficial owners of the ordinary shares in proportion to their shareholdings.
2. Allocation of 50,000,000 ordinary shares to be reserved for the exercise of the conversion right attached to the subordinated convertible bonds issued by the Bank and offered for sale in 1999 as part of the Capital Augmented Preferred Securities (CAPS).
3. Allocation of 500,000,000 ordinary shares to be reserved for the exercise of the conversion right attached to the subordinated convertible bonds and/or convertible bonds that may further be issued in the future by the Bank.
4. Allocation of 200,000,000 ordinary shares to be reserved for the exercise of right to purchase ordinary shares by holders of warrants that may further be issued in the future by the Bank.
5. Allocation of 655,000 Class A preferred shares for offer and sale in foreign markets and/or domestic markets, which may be offered and sold in conjunction with subordinated bonds.
6. Allocation of 1,000,000 Class B preferred shares for offer and sale in foreign markets and/or domestic markets, which may be offered and sold in conjunction with subordinated bonds and/or unsubordinated bonds and/or subordinated convertible bonds and/or convertible bonds.

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

6.23 The establishment of Special Purpose Vehicle to issue capital securities

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

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

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

On March 18, 1999, the shareholders passed a resolution for the Bank to establish or to invest in a subsidiary or SPV for the purpose of raising fund of the Bank, by issuing preferred shares and/or bonds to the subsidiary or SPV, or the Bank may issue the preferred shares and/or bonds to a mutual fund or a juristic entity that is established for investing mainly in the Bank's preferred shares and/or bonds; and the Bank is authorized to enter into Trust Agreement or Master Investment Agreement between the Bank and the subsidiary or SPV or mutual fund or any other juristic entity. As at June 30, 2017, the Bank had not yet established the SPV as it had not issued the instrument for fund raising via SPV according to the above-mentioned resolution.

6.24 Legal reserve and other reserves

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

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

6.25 The appropriation of the profit and the dividend payments

On April 12, 2016, the 23rd Annual Ordinary Meeting of Shareholders approved the resolutions regarding the appropriation of the profit and the payment of dividend for the year 2015 as follows :

- The appropriation as legal reserve and as other reserves amounting to Baht 1,000 million and Baht 5,000 million, respectively, with the amount to be appropriated for the period of January - June 2015 amounting to Baht 500 million as legal reserve and Baht 5,000 million as other reserves (all of which had already been appropriated as stated in the financial statements for the year ended December 31, 2015), and the amount to be appropriated for the period of July - December 2015 amounting to Baht 500 million as legal reserve.
- The payment of dividend at the rate of Baht 6.50 per ordinary share, totaling Baht 12,128 million, a part of which had been paid as interim dividend at the rate of Baht 2.00 per share amounting to Baht 3,818 million on September 25, 2015, and the remaining amount will be paid on May 11, 2016 at the rate of Baht 4.50 per share amounting to Baht 8,310 million.

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

On August 25, 2016, the meeting of the Board of Directors of the Bank No. 8/2016 approved the resolutions regarding the appropriation of the profit and the payment of interim dividend as follows :

- The appropriation as legal reserve and as other reserves for the period of January - June 2016 amounting to Baht 500 million and Baht 5,000 million, respectively.
- The payment of interim dividend at the rate of Baht 2.00 per ordinary share amounting to Baht 3,712 million on September 23, 2016.

The Bank already paid dividend according to the above-mentioned resolution amounting to Baht 3,712 million on September 23, 2016.

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

- The appropriation as legal reserve and as other reserves amounting to Baht 1,000 million and Baht 5,000 million, respectively, with the amount to be appropriated for the period of January - June 2016 amounting to Baht 500 million as legal reserve and Baht 5,000 million as other reserves (all of which had already been appropriated as stated in the financial statements for the year ended December 31, 2016), and the amount to be appropriated for the period of July - December 2016 amounting to Baht 500 million as legal reserve.

- The payment of dividend at the rate of Baht 6.50 per ordinary share, totaling Baht 12,058 million, a part of which had been paid as interim dividend at the rate of Baht 2.00 per share amounting to Baht 3,712 million on September 23, 2016, and the remaining amount will be paid on May 11, 2017 at the rate of Baht 4.50 per share amounting to Baht 8,346 million.

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

6.26 Assets pledged as collateral and under restriction

The Bank had investments in government securities and state enterprise securities which had been pledged as collateral for repurchase agreements and for commitments with government agencies. The book values of such securities, net of valuation allowances for impairment, as at June 30, 2017 and December 31, 2016 amounted to Baht 110 million and Baht 18,724 million, respectively.

6.27 Contingent liabilities

As at June 30, 2017 and December 31, 2016, the Bank and subsidiaries had contingent liabilities as follows :

	CONSOLIDATED		THE BANK	
	June 30, 2017	December 31, 2016	June 30, 2017	December 31, 2016
Avals to bills	7,215	5,529	7,215	5,529
Guarantees of loans	17,767	18,001	7,598	7,711
Liability under unmatured import bills	19,180	17,921	16,929	15,699
Letters of credit	31,374	35,623	30,649	34,512
Other commitments				
Amount of unused bank overdraft	173,133	175,893	171,952	174,753
Other guarantees	264,894	267,989	263,627	266,820
Others	113,033	82,088	116,230	85,871
Total	626,596	603,044	614,200	590,895

6.28 Litigation

As at June 30, 2017 and December 31, 2016, a number of civil proceedings have been brought against the Bank and subsidiaries in the ordinary course of business. The Bank and subsidiaries believe that such proceedings, when resolved, will not materially affect the Bank and subsidiaries's financial position and result of operations.

6.29 Related party transactions

As at June 30, 2017 and December 31, 2016, related parties of the Bank consisted of subsidiaries, associates, key management personnel that are directors, executives at the level of executive vice president and higher or equal, any parties related to key management personnel, including the entities in which key management personnel and any parties related which are controlled or significantly influenced.

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

	CONSOLIDATED		THE BANK	
	June 30, 2017	December 31, 2016	June 30, 2017	December 31, 2016
PLACEMENT				
Subsidiaries				
Bangkok Bank Berhad	-	-	3,082	3,163
Bangkok Bank (China) Co., Ltd.	-	-	7,657	6,468
Total	-	-	10,739	9,631
LOANS				
Subsidiary				
Sinnsuptawee Asset Management Co., Ltd.	-	-	2,710	2,710
Associate				
BSL Leasing Co., Ltd.	645	145	645	145
Other related parties	7	7	7	7
Total	652	152	3,362	2,862
ALLOWANCE FOR DOUBTFUL ACCOUNTS				
Subsidiary				
Sinnsuptawee Asset Management Co., Ltd.	-	-	33	33
Associate				
BSL Leasing Co., Ltd.	7	1	7	1
Total	7	1	40	34
OTHER ASSETS				
Subsidiaries				
Bangkok Bank Berhad	-	-	5	7
Sinnsuptawee Asset Management Co., Ltd.	-	-	-	1
BBL Asset Management Co., Ltd.	-	-	302	271
Bualuang Securities PCL.	-	-	2	2
Bangkok Bank (China) Co., Ltd.	-	-	24	9
Associates				
BSL Leasing Co., Ltd.	3	-	3	-
Processing Center Co., Ltd.	11	31	11	31
Thai Payment Network Co., Ltd.	12	7	12	7
Other related parties	6	6	-	-
Total	32	44	359	328

	CONSOLIDATED		THE BANK	
	June 30, 2017	December 31, 2016	June 30, 2017	December 31, 2016
DEPOSITS				
Subsidiaries				
BBL (Cayman) Limited	-	-	782	821
Bangkok Bank Berhad	-	-	65	91
Sinnsuptawee Asset Management Co., Ltd.	-	-	6	5
BBL Asset Management Co., Ltd.	-	-	104	87
Bualuang Securities PCL.	-	-	63	45
Bangkok Bank (China) Co., Ltd.	-	-	56	138
Bualuang Venture Co., Ltd.	-	-	481	500
Bangkok Capital Asset Management Co., Ltd.*	-	-	190	102
Associates				
BSL Leasing Co., Ltd.	118	62	118	62
Processing Center Co., Ltd.	78	94	78	94
National ITMX Co., Ltd.	46	32	46	32
Thai Payment Network Co., Ltd.	37	1	37	1
Other related parties	7,448	5,505	7,448	5,505
Total	7,727	5,694	9,474	7,483
BORROWINGS				
Subsidiaries				
Bangkok Bank Berhad	-	-	34	287
Bangkok Bank (China) Co., Ltd.	-	-	544	2,043
Total	-	-	578	2,330
OTHER LIABILITIES				
Subsidiaries				
Bangkok Bank Berhad	-	-	2	-
Sinnsuptawee Asset Management Co., Ltd.	-	-	720	720
Bualuang Securities PCL.	-	-	1	-
Bangkok Bank (China) Co., Ltd.	-	-	-	1
Associates				
Processing Center Co., Ltd.	7	6	7	6
National ITMX Co., Ltd.	6	6	6	6
Other related parties	23	6	15	6
Total	36	18	751	739
COMMITMENTS				
Subsidiaries				
Bangkok Bank Berhad	-	-	258	171
Bualuang Securities PCL.	-	-	962	73
Bangkok Bank (China) Co., Ltd.	-	-	389	699
Associates				
BSL Leasing Co., Ltd.	2	45	2	45
National ITMX Co., Ltd.	1	-	1	-
Other related parties	14	3	14	3
Total	17	48	1,626	991

* Holding by Bualuang Securities PCL.

For the six-month period ended June 30, 2017, the Bank and subsidiaries charged interest at rates between 1.59% to 13.00% on loans to these related parties depending on the types of loans and collateral and interest rate charged 1.59% on loans to Sinnsuptawee Asset Management Co., Ltd.

For the year ended December 31, 2016, the Bank and subsidiaries charged interest at rates between 1.59% to 13.00% on loans to these related parties depending on the types of loans and collateral and interest rate charged between 1.59% on loans to Sinnsuptawee Asset Management Co., Ltd.

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

In the consolidated and the Bank's financial statements, investments in subsidiaries and associates as at June 30, 2017 and December 31, 2016 are shown in Note 6.5.

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

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

	CONSOLIDATED		THE BANK	
	FOR THE SIX-MONTH PERIODS		FOR THE SIX-MONTH PERIODS	
	ENDED		ENDED	
	June 30, 2017	June 30, 2016	June 30, 2017	June 30, 2016
Interest and discount received				
Subsidiaries				
Bangkok Bank Berhad	-	-	21	9
Sinnsuptawee Asset Management Co., Ltd.	-	-	21	21
Bangkok Bank (China) Co., Ltd.	-	-	46	18
Associate				
BSL Leasing Co., Ltd.	9	4	9	4
Other related parties	1	-	1	-
Total	10	4	98	52
Fees and service income				
Subsidiaries				
Bangkok Bank Berhad	-	-	1	1
BBL Asset Management Co., Ltd.	-	-	819	713
Bualuang Securities PCL.	-	-	11	11
Associate				
Processing Center Co., Ltd.	5	6	5	6
Other related parties	20	27	1	1
Total	25	33	837	732

	CONSOLIDATED		THE BANK	
	FOR THE SIX-MONTH PERIODS		FOR THE SIX-MONTH PERIODS	
	ENDED		ENDED	
	June 30, 2017	June 30, 2016	June 30, 2017	June 30, 2016
Million Baht				
Dividend income				
Subsidiaries				
BBL Asset Management Co., Ltd.	-	-	337	315
Bualuang Securities PCL.	-	-	540	-
Associates				
BSL Leasing Co., Ltd.	178	2	178	2
Processing Center Co., Ltd.	76	47	76	47
National ITMX Co., Ltd.	5	-	5	-
Total	259	49	1,136	364
Other income				
Subsidiaries				
Bualuang Securities PCL.	-	-	2	2
Bangkok Bank (China) Co., Ltd.	-	-	69	72
Associates				
National ITMX Co., Ltd.	3	2	3	2
Thai Payment Network Co., Ltd.	5	-	5	-
Total	8	2	79	76
Interest paid				
Subsidiaries				
BBL (Cayman) Limited	-	-	4	2
Bangkok Bank Berhad	-	-	1	-
BBL Asset Management Co., Ltd.	-	-	1	1
Bualuang Securities PCL.	-	-	-	3
Bangkok Bank (China) Co., Ltd.	-	-	3	3
Bualuang Venture Co., Ltd.	-	-	2	-
Associate				
Processing Center Co., Ltd.	1	-	1	-
Other related parties	35	25	35	25
Total	36	25	47	34
Commission paid				
Subsidiary				
Bualuang Securities PCL.	-	-	9	-
Other related parties	25	15	-	-
Total	25	15	9	-
Other expenses				
Subsidiary				
Bangkok Bank (China) Co., Ltd.	-	-	5	-
Associates				
Processing Center Co., Ltd.	31	20	31	20
National ITMX Co., Ltd.	32	27	32	27
Other related parties	35	34	30	30
Total	98	81	98	77

6.30 Other benefits to directors and persons with managing authority

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

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

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

SINNSUPTAWEE ASSET MANAGEMENT COMPANY LIMITED STATEMENT OF CASH FLOWS FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2017 (UNAUDITED - REVIEWED)			Million Baht
	2017	2016	
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit from operating before income tax expenses	354	944	
Items to reconcile profit from operating before income tax expenses to cash received (paid) from operating activities			
Net gain on disposal of securities	(5)	(930)	
Loss on impairment of properties for sale	2	41	
Net interest expenses	21	21	
Dividend income	(64)	(73)	
Proceeds from dividend income	64	73	
Interest expenses paid	(21)	(21)	
Income tax paid	(240)	(652)	
Profit (loss) from operating before changes in operating assets and liabilities	111	(597)	
Operating assets (increase) decrease			
Account receivable from properties for rental	2	3	
Properties for sale	536	48	
Operating liabilities increase (decrease)			
Deposits	15	33	
Other liabilities	(1)	-	
Net cash from operating activities	663	(513)	
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of available-for-sale securities	(1,765)	(1,214)	
Proceeds from disposal of available-for-sale securities	1,104	1,723	
Net cash from investing activities	(661)	509	
Net increase (decrease) in cash and cash equivalents	2	(4)	
Cash and cash equivalents as at January 1,	4	6	
Cash and cash equivalents as at June 30,	6	2	

6.32 Long-term leases

Long-term leases as at June 30, 2017 and December 31, 2016 consisted of the following :

		Million Baht			
		REMAINING RENTAL EXPENSES			
		CONSOLIDATED		THE BANK	
Type of lease	Period	June 30, 2017	December 31, 2016	June 30, 2017	December 31, 2016
Land and/or premises	1 Year	60	72	60	72
Land and/or premises	Over 1 Year to 5 Years	181	193	181	193
Land and/or premises	Over 5 Years	221	240	221	240
Total		<u>462</u>	<u>505</u>	<u>462</u>	<u>505</u>

6.33 Operating Segments

6.33.1 Operating Segments

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

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

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

Domestic Banking

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

International Banking

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

Investment Banking

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

Others

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

The operating results of operating segments for the three-month periods and the six-month periods ended June 30, 2017 and 2016 are as follows :

	CONSOLIDATED FOR THE THREE-MONTH PERIOD ENDED JUNE 30, 2017					Million Baht
	Domestic Banking	International Banking	Investment Banking	Others	Elimination	Total
Total operating income	18,294	2,777	4,401	2,569	-	28,041
Total operating expenses before credit losses	<u>(7,861)</u>	<u>(1,137)</u>	<u>(184)</u>	<u>(3,664)</u>	<u>-</u>	<u>(12,846)</u>
Profit from operating before credit losses and income tax expenses	<u>10,433</u>	<u>1,640</u>	<u>4,217</u>	<u>(1,095)</u>	<u>-</u>	<u>15,195</u>

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

	CONSOLIDATED FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2017					Million Baht
	Domestic Banking	International Banking	Investment Banking	Others	Elimination	Total
Total operating income	36,737	5,525	8,194	4,798	-	55,254
Total operating expenses before credit losses	<u>(15,374)</u>	<u>(2,221)</u>	<u>(370)</u>	<u>(5,960)</u>	<u>-</u>	<u>(23,925)</u>
Profit from operating before credit losses and income tax expenses	<u>21,363</u>	<u>3,304</u>	<u>7,824</u>	<u>(1,162)</u>	<u>-</u>	<u>31,329</u>

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

The financial position of operating segments as June 30, 2017 and December 31, 2016 are as follows :

	CONSOLIDATED					Million Baht
	Domestic Banking	International Banking	Investment Banking	Others	Elimination	Total
Total assets						
As at June 30, 2017	1,614,343	745,242	1,044,148	154,730	(517,331)	3,041,132
As at December 31, 2016	1,578,943	711,111	944,129	171,899	(461,852)	2,944,230

6.33.2 Geographical Segments

The operating results classified by geographical areas for the three-month periods and the six-month periods ended June 30, 2017 and 2016 are as follows :

	CONSOLIDATED FOR THE THREE-MONTH PERIODS ENDED						Million Baht
	June 30, 2017			June 30, 2016			
	Domestic Operations	Foreign Operations	Total	Domestic Operations	Foreign Operations	Total	
Total operating income	24,648	3,393	28,041	21,428	3,418	24,846	
Total operating expenses *	(16,730)	(1,804)	(18,534)	(14,145)	(1,996)	(16,141)	
Profit from operating before income tax expenses	7,918	1,589	9,507	7,283	1,422	8,705	

	CONSOLIDATED FOR THE SIX-MONTH PERIODS ENDED						Million Baht
	June 30, 2017			June 30, 2016			
	Domestic Operations	Foreign Operations	Total	Domestic Operations	Foreign Operations	Total	
Total operating income	48,521	6,733	55,254	45,144	6,401	51,545	
Total operating expenses *	(31,539)	(3,880)	(35,419)	(28,851)	(3,783)	(32,634)	
Profit from operating before income tax expenses	16,982	2,853	19,835	16,293	2,618	18,911	

* Including credit losses.

The financial position classified by geographical areas as at June 30, 2017 and December 31, 2016 are as follows :

	Million Baht					
	CONSOLIDATED					
	June 30, 2017			December 31, 2016		
	Domestic Operations	Foreign Operations	Total	Domestic Operations	Foreign Operations	Total
Non-current assets *	37,631	7,439	45,070	38,544	7,515	46,059
Total assets	2,514,067	527,065	3,041,132	2,430,690	513,540	2,944,230

6.34 Interest income

Interest income for the three-month periods and the six-month periods ended June 30, 2017 and 2016 are as follows :

	Million Baht			
	CONSOLIDATED		THE BANK	
	FOR THE THREE-MONTH PERIODS ENDED		FOR THE THREE-MONTH PERIODS ENDED	
	June 30, 2017	June 30, 2016	June 30, 2017	June 30, 2016
Interest on interbank and money market items	2,036	1,668	1,627	1,424
Investments and trading transactions	55	103	55	103
Investment in debt securities	1,948	1,992	1,818	1,869
Interest on loans	22,166	21,797	21,565	21,182
Others	9	18	9	18
Total interest income	26,214	25,578	25,074	24,596

	Million Baht			
	CONSOLIDATED		THE BANK	
	FOR THE SIX-MONTH PERIODS ENDED		FOR THE SIX-MONTH PERIODS ENDED	
	June 30, 2017	June 30, 2016	June 30, 2017	June 30, 2016
Interest on interbank and money market items	3,756	3,008	2,964	2,496
Investments and trading transactions	115	243	114	243
Investment in debt securities	3,982	3,960	3,732	3,717
Interest on loans	43,994	44,172	42,846	42,933
Others	16	38	16	38
Total interest income	51,863	51,421	49,672	49,427

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

6.35 Interest expenses

Interest expenses for the three-month periods and the six-month periods ended June 30, 2017 and 2016 are as follows :

	CONSOLIDATED		THE BANK	
	FOR THE THREE-MONTH PERIODS		FOR THE THREE-MONTH PERIODS	
	ENDED		ENDED	
	June 30, 2017	June 30, 2016	June 30, 2017	June 30, 2016
Interest on deposits	5,326	5,650	4,921	5,258
Interest on interbank and money market items	233	322	177	307
Contributions to the Deposit Protection Agency	2,416	2,305	2,414	2,304
Interest on debt issued				
Bonds and subordinated notes	1,662	1,703	1,662	1,703
Others	9	2	9	2
Total interest expenses	9,646	9,982	9,183	9,574

	CONSOLIDATED		THE BANK	
	FOR THE SIX-MONTH PERIODS		FOR THE SIX-MONTH PERIODS	
	ENDED		ENDED	
	June 30, 2017	June 30, 2016	June 30, 2017	June 30, 2016
Interest on deposits	10,428	11,193	9,637	10,423
Interest on interbank and money market items	484	598	374	533
Contributions to the Deposit Protection Agency	4,746	4,586	4,744	4,583
Interest on debt issued				
Bonds and subordinated notes	3,345	3,411	3,345	3,411
Others	15	4	14	4
Total interest expenses	19,018	19,792	18,114	18,954

6.36 Net fees and service income

Net fees and service income for the three-month periods and the six-month periods ended June 30, 2017 and 2016 are as follows :

	CONSOLIDATED FOR THE THREE-MONTH PERIODS ENDED		THE BANK FOR THE THREE-MONTH PERIODS ENDED	
	June 30, 2017	June 30, 2016	June 30, 2017	June 30, 2016
Fees and service income				
Acceptances, aval and guarantees of loans	85	56	78	48
Others	<u>8,416</u>	<u>7,917</u>	<u>7,414</u>	<u>6,946</u>
Total fees and service income	8,501	7,973	7,492	6,994
Fees and service expenses	<u>2,129</u>	<u>1,997</u>	<u>2,107</u>	<u>1,972</u>
Net fees and service income	<u><u>6,372</u></u>	<u><u>5,976</u></u>	<u><u>5,385</u></u>	<u><u>5,022</u></u>

	CONSOLIDATED FOR THE SIX-MONTH PERIODS ENDED		THE BANK FOR THE SIX-MONTH PERIODS ENDED	
	June 30, 2017	June 30, 2016	June 30, 2017	June 30, 2016
Fees and service income				
Acceptances, aval and guarantees of loans	118	96	105	81
Others	<u>17,413</u>	<u>16,135</u>	<u>15,374</u>	<u>14,286</u>
Total fees and service income	17,531	16,231	15,479	14,367
Fees and service expenses	<u>4,440</u>	<u>4,152</u>	<u>4,388</u>	<u>4,102</u>
Net fees and service income	<u><u>13,091</u></u>	<u><u>12,079</u></u>	<u><u>11,091</u></u>	<u><u>10,265</u></u>

6.37 Gains (losses) on tradings and foreign exchange transactions

Gains (losses) on tradings and foreign exchange transactions for the three-month periods and the six-month periods ended June 30, 2017 and 2016 are as follows :

	CONSOLIDATED FOR THE THREE-MONTH PERIODS ENDED		THE BANK FOR THE THREE-MONTH PERIODS ENDED	
	June 30, 2017	June 30, 2016	June 30, 2017	June 30, 2016
Gains (losses) on tradings and foreign exchange transactions				
Foreign exchanges and derivatives	1,781	2,407	1,967	2,132
Interest rate derivatives	(458)	(291)	(458)	(291)
Debt securities	9	(702)	8	(704)
Equity securities	<u>67</u>	<u>140</u>	<u>-</u>	<u>-</u>
Total gains (losses) on tradings and foreign exchange transactions	<u><u>1,399</u></u>	<u><u>1,554</u></u>	<u><u>1,517</u></u>	<u><u>1,137</u></u>

	CONSOLIDATED FOR THE SIX-MONTH PERIODS ENDED		THE BANK FOR THE SIX-MONTH PERIODS ENDED	
	June 30, 2017	June 30, 2016	June 30, 2017	June 30, 2016
Gains (losses) on tradings and foreign exchange transactions				
Foreign exchanges and derivatives	3,401	5,574	3,614	5,344
Interest rate derivatives	(565)	(1,935)	(565)	(1,935)
Debt securities	20	(385)	17	(387)
Equity securities	173	256	-	-
Total gains (losses) on tradings and foreign exchange transactions	3,029	3,510	3,066	3,022

6.38 Gains (losses) on investments

Gains (losses) on investments for the three-month periods and the six-month periods ended June 30, 2017 and 2016 are as follows :

	CONSOLIDATED FOR THE THREE-MONTH PERIODS ENDED		THE BANK FOR THE THREE-MONTH PERIODS ENDED	
	June 30, 2017	June 30, 2016	June 30, 2017	June 30, 2016
Gains (losses) on sale of investments				
Available-for-sale securities	208	348	204	343
General investment	1,425	(241)	1,425	(241)
Total	1,633	107	1,629	102
Loss on impairment				
Available-for-sale equity securities	-	(56)	-	(56)
Total	-	(56)	-	(56)
Total gains (losses) on investments	1,633	51	1,629	46

	CONSOLIDATED FOR THE SIX-MONTH PERIODS ENDED		THE BANK FOR THE SIX-MONTH PERIODS ENDED	
	June 30, 2017	June 30, 2016	June 30, 2017	June 30, 2016
Gains (losses) on sale of investments				
Available-for-sale securities	146	1,767	141	836
General investment	2,816	(140)	2,816	(140)
Total	2,962	1,627	2,957	696
Loss on impairment				
Available-for-sale equity securities	-	(46)	-	(46)
Total	-	(46)	-	(46)
Total gains (losses) on investments	2,962	1,581	2,957	650

6.39 Impairment loss of loans and debt securities

Impairment loss of loans and debt securities for the three-month periods and the six-month periods ended June 30, 2017 and 2016 are as follows :

	CONSOLIDATED FOR THE THREE-MONTH PERIODS ENDED		THE BANK FOR THE THREE-MONTH PERIODS ENDED	
	June 30, 2017	June 30, 2016	June 30, 2017	June 30, 2016
Interbank and money market items (reversal)	115	(64)	93	76
Loans to customers	5,664	3,609	5,713	3,343
Loss on debt restructuring (reversal)	(91)	(3)	(91)	(3)

	CONSOLIDATED FOR THE SIX-MONTH PERIODS ENDED		THE BANK FOR THE SIX-MONTH PERIODS ENDED	
	June 30, 2017	June 30, 2016	June 30, 2017	June 30, 2016
Interbank and money market items (reversal)	303	(51)	155	141
Loans to customers	11,241	7,588	11,129	7,248
Loss on debt restructuring (reversal)	(143)	(351)	(143)	(351)
Available-for-sale debt securities	93	-	93	-

6.40 Income tax expenses

6.40.1 Income tax recognized in profit or loss for the three-month periods and the six-month periods ended June 30, 2017 and 2016 are as follows :

	CONSOLIDATED FOR THE THREE-MONTH PERIODS ENDED		THE BANK FOR THE THREE-MONTH PERIODS ENDED	
	June 30, 2017	June 30, 2016	June 30, 2017	June 30, 2016
Current tax	1,965	1,781	1,763	1,582
Deferred tax	<u>(577)</u>	<u>(308)</u>	<u>(531)</u>	<u>(355)</u>
Total income tax expenses	<u>1,388</u>	<u>1,473</u>	<u>1,232</u>	<u>1,227</u>

	CONSOLIDATED FOR THE SIX-MONTH PERIODS ENDED		THE BANK FOR THE SIX-MONTH PERIODS ENDED	
	June 30, 2017	June 30, 2016	June 30, 2017	June 30, 2016
Current tax	3,802	3,578	3,425	2,958
Deferred tax	<u>(463)</u>	<u>(277)</u>	<u>(338)</u>	<u>(214)</u>
Total income tax expenses	<u>3,339</u>	<u>3,301</u>	<u>3,087</u>	<u>2,744</u>

6.40.2 Income tax recognized in component of other comprehensive income for the three-month periods and the six-month periods ended June 30, 2017 and 2016 are as follows :

						Million Baht
CONSOLIDATED FOR THE THREE-MONTH PERIODS ENDED						
	Before-tax Amount	June 30, 2017 Tax (expense) Benefit	Net-of-tax Amount	Before-tax Amount	June 30, 2016 Tax (expense) Benefit	Net-of-tax Amount
Gains (losses) on remeasuring available-for-sale Investment	(712)	139	(573)	617	(214)	403
Losses arising from translating the financial statements of foreign Operations	(507)	-	(507)	(684)	-	(684)
Actuarial gains (losses) on defined benefit plans	-	-	-	2	(1)	1
Total	<u>(1,219)</u>	<u>139</u>	<u>(1,080)</u>	<u>(65)</u>	<u>(215)</u>	<u>(280)</u>

						Million Baht
CONSOLIDATED FOR THE SIX-MONTH PERIODS ENDED						
	Before-tax Amount	June 30, 2017 Tax (expense) Benefit	Net-of-tax Amount	Before-tax Amount	June 30, 2016 Tax (expense) Benefit	Net-of-tax Amount
Gains (losses) on remeasuring available-for-sale investment	748	(192)	556	1,619	(424)	1,195
Losses arising from translating the financial statements of foreign operations	(3,046)	-	(3,046)	(1,108)	-	(1,108)
Actuarial gains (losses) on defined benefit plans	-	-	-	2	(1)	1
Total	<u>(2,298)</u>	<u>(192)</u>	<u>(2,490)</u>	<u>513</u>	<u>(425)</u>	<u>88</u>

Million Baht

THE BANK						
FOR THE THREE-MONTH PERIODS ENDED						
	Before-tax	June 30, 2017	Net-of-tax	Before-tax	June 30, 2016	Net-of-tax
	Amount	Tax (expense)	Amount	Amount	Tax (expense)	Amount
		Benefit			Benefit	
Gains (losses) on remeasuring available-for-sale investment	(734)	143	(591)	339	(151)	188
Gains (losses) arising from translating the financial statements of foreign operations	(704)	-	(704)	200	-	200
Actuarial gains (losses) on defined benefit plans	-	-	-	2	(1)	1
Total	<u>(1,438)</u>	<u>143</u>	<u>(1,295)</u>	<u>541</u>	<u>(152)</u>	<u>389</u>

Million Baht

THE BANK						
FOR THE SIX-MONTH PERIODS ENDED						
	Before-tax	June 30, 2017	Net-of-tax	Before-tax	June 30, 2016	Net-of-tax
	Amount	Tax (expense)	Amount	Amount	Tax (expense)	Amount
		Benefit			Benefit	
Gains (losses) on remeasuring available-for-sale investment	689	(179)	510	1,391	(371)	1,020
Losses arising from translating the financial statements of foreign operations	(2,339)	-	(2,339)	(206)	-	(206)
Actuarial gains (losses) on defined benefit plans	-	-	-	2	(1)	1
Total	<u>(1,650)</u>	<u>(179)</u>	<u>(1,829)</u>	<u>1,187</u>	<u>(372)</u>	<u>815</u>

6.40.3 Reconciliation of effective tax rates for the three-month periods and the six-month periods ended June 30, 2017 and 2016 are as follows :

Million Baht				
CONSOLIDATED FOR THE THREE-MONTH PERIODS ENDED				
	June 30, 2017		June 30, 2016	
	Amount	Percentage	Amount	Percentage
Profit from operating before income tax expense	9,506		8,705	
Income tax calculated at statutory tax rate	1,901	20.00	1,741	20.00
Overseas tax	51		135	
Tax effect of income and expenses that are not taxable and not deductible for tax purposes	(382)		(202)	
Others	(182)		(201)	
Total income tax expenses	<u>1,388</u>	14.60	<u>1,473</u>	16.92

Million Baht				
CONSOLIDATED FOR THE SIX-MONTH PERIODS ENDED				
	June 30, 2017		June 30, 2016	
	Amount	Percentage	Amount	Percentage
Profit from operating before income tax expense	19,835		18,911	
Income tax calculated at statutory tax rate	3,967	20.00	3,782	20.00
Overseas tax	272		197	
Tax effect of income and expenses that are not taxable and not deductible for tax purposes	(616)		(380)	
Others	(284)		(298)	
Total income tax expenses	<u>3,339</u>	16.84	<u>3,301</u>	17.46

Million Baht				
THE BANK FOR THE THREE-MONTH PERIODS ENDED				
	June 30, 2017		June 30, 2016	
	Amount	Percentage	Amount	Percentage
Profit from operating before income tax expense	9,225		7,803	
Income tax calculated at statutory tax rate	1,845	20.00	1,561	20.00
Overseas tax	47		118	
Tax effect of income and expenses that are not taxable and not deductible for tax purposes	(370)		(252)	
Others	(290)		(200)	
Total income tax expenses	<u>1,232</u>	13.36	<u>1,227</u>	15.73

Million Baht

THE BANK				
FOR THE SIX-MONTH PERIODS ENDED				
	June 30, 2017		June 30, 2016	
	Amount	Percentage	Amount	Percentage
Profit from operating before income tax expense	19,338		16,698	
Income tax calculated at statutory tax rate	3,868	20.00	3,339	20.00
Overseas tax	276		176	
Tax effect of income and expenses that are not taxable and not deductible for tax purposes	(597)		(409)	
Others	(460)		(362)	
Total income tax expenses	<u>3,087</u>	15.96	<u>2,744</u>	16.44

6.41 Approval of the financial statements

On August 17, 2017, the Audit Committee and the Board of Executive Directors have authorized to issue these financial statements.