

REPORT OF THE INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

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

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 December 31, 2016, and the related consolidated and Bank’s statements of profit or loss and other comprehensive income, changes in shareholders’ equity and cash flows for the year 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 December 31, 2016, and its financial performance and its cash flows for the year 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 Code of Ethics for Professional Accountants determined by Federation of Accounting Professions under the Royal Patronage of His Majesty the King (the Code of Ethics) in the part of relevance to the audit of the consolidated and Bank’s financial statements, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated and Bank's financial statements of the current period. These matters were addressed in the context of our audit of the consolidated and Bank's financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit 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 is 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. • Examining the forecasts of future cash flows prepared by management to support the calculation of the allowance for doubtful accounts, reviewing the assumptions and comparing estimates to external evidence where available. • 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.

Other Information

Management is responsible for the other information. The other information comprises information in the annual report, which is expected to be made available to us after the date of this auditor's report.

Our opinion on the consolidated and Bank's financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated and Bank's financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

When we read the annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance and the management of the Bank and subsidiaries.

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 and subsidiaries or to cease operations, or has no realistic alternative but to do so.

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

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

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

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

- Identify and assess the risks of material misstatement of the consolidated and Bank's financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Bank and subsidiaries' internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Bank and subsidiaries' 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.

Dr. Suphamit Techamontrikul

Certified Public Accountant (Thailand)

Registration No. 3356

BANGKOK

February 16, 2017

DELOITTE TOUCHE TOHMATSU JAIYOS AUDIT CO., LTD.

BANGKOK BANK PUBLIC COMPANY LIMITED AND SUBSIDIARIES
STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2016

Baht : '000

		CONSOLIDATED		THE BANK	
	Notes	2016	2015	2016	2015
ASSETS					
CASH		66,338,317	61,431,621	66,261,272	61,299,466
INTERBANK AND MONEY MARKET ITEMS, NET	6.2	394,612,287	372,006,625	342,757,301	327,351,431
CLAIMS ON SECURITY		7,449	26,654	-	-
DERIVATIVES ASSETS	6.3	24,471,159	22,744,628	24,040,842	22,637,201
INVESTMENTS, NET	6.4	546,613,858	519,525,046	518,115,767	497,380,783
INVESTMENTS IN SUBSIDIARIES AND ASSOCIATES, NET	6.5	1,327,421	1,280,199	33,680,877	33,180,876
LOANS TO CUSTOMERS AND ACCRUED					
INTEREST RECEIVABLES, NET	6.6				
Loans to customers		1,941,586,291	1,869,539,537	1,893,632,507	1,820,230,566
Accrued interest receivables		4,652,521	4,279,421	4,536,487	4,184,666
Total loans to customers and					
accrued interest receivables		1,946,238,812	1,873,818,958	1,898,168,994	1,824,415,232
<u>Less</u> Deferred revenue		(493,063)	(636,609)	(450,949)	(581,728)
<u>Less</u> Allowance for doubtful accounts	6.7	(116,808,546)	(101,775,087)	(113,368,416)	(98,703,151)
<u>Less</u> Revaluation allowance for debt restructuring	6.8	(2,709,754)	(2,412,029)	(2,709,754)	(2,412,029)
Total loans to customers and					
accrued interest receivables, net		1,826,227,449	1,768,995,233	1,781,639,875	1,722,718,324
CUSTOMER'S LIABILITY UNDER ACCEPTANCES		686,373	2,597,526	116,245	181,725
PROPERTIES FOR SALE, NET	6.9	12,262,492	13,579,263	8,776,512	9,502,106
PREMISES AND EQUIPMENT, NET	6.10	45,230,550	46,108,061	43,767,374	44,684,253
OTHER INTANGIBLE ASSETS, NET	6.11	828,594	452,388	774,276	399,897
DEFERRED TAX ASSETS	6.12	3,347,566	2,744,891	2,355,259	1,778,151
COLLATERAL PLACED WITH FINANCIAL COUNTERPARTIES		4,366,690	10,205,630	4,328,555	10,196,984
OTHER ASSETS, NET		17,909,584	14,154,398	12,184,928	10,909,322
TOTAL ASSETS		2,944,229,789	2,835,852,163	2,838,799,083	2,742,220,519

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

BANGKOK BANK PUBLIC COMPANY LIMITED AND SUBSIDIARIES
STATEMENT OF FINANCIAL POSITION (CONTINUED)
AS AT DECEMBER 31, 2016

Baht : '000

		CONSOLIDATED		THE BANK	
	Notes	2016	2015	2016	2015
LIABILITIES AND SHAREHOLDERS' EQUITY					
DEPOSITS	6.14	2,178,140,784	2,090,964,660	2,116,658,689	2,039,107,787
INTERBANK AND MONEY MARKET ITEMS	6.15	130,927,972	128,681,424	122,899,921	117,141,014
LIABILITY PAYABLE ON DEMAND		12,326,299	10,588,969	12,305,367	10,539,277
LIABILITY TO DELIVER SECURITY		272,400	245,248	-	-
DERIVATIVES LIABILITIES	6.3	26,713,721	34,150,730	26,153,232	33,732,860
DEBT ISSUED AND BORROWINGS	6.16	137,815,211	138,402,557	137,624,479	138,343,911
BANK'S LIABILITY UNDER ACCEPTANCES		686,373	2,597,526	116,245	181,725
PROVISIONS	6.20	12,941,250	9,601,115	12,777,872	9,472,449
DEFERRED TAX LIABILITIES	6.12	5,702,331	6,334,871	5,468,140	5,962,980
OTHER LIABILITIES		59,458,565	52,254,039	40,453,713	39,315,652
TOTAL LIABILITIES		2,564,984,906	2,473,821,139	2,474,457,658	2,393,797,655
SHAREHOLDERS' EQUITY					
SHARE CAPITAL	6.22				
Authorized share capital					
1,655,000 preferred shares of Baht 10 each		16,550	16,550	16,550	16,550
3,998,345,000 common shares of Baht 10 each		39,983,450	39,983,450	39,983,450	39,983,450
Issued and paid-up share capital					
1,908,842,894 common shares of Baht 10 each		19,088,429	19,088,429	19,088,429	19,088,429
PREMIUM ON COMMON SHARES		56,346,232	56,346,232	56,346,232	56,346,232
OTHER RESERVES		55,239,381	58,923,754	56,354,551	57,964,301
RETAINED EARNINGS					
Appropriated	6.24 , 6.25				
Legal reserve		21,000,000	20,000,000	21,000,000	20,000,000
Others		91,500,000	86,500,000	91,500,000	86,500,000
Unappropriated		135,841,529	120,973,954	120,052,213	108,523,902
TOTAL BANK'S EQUITY		379,015,571	361,832,369	364,341,425	348,422,864
NON-CONTROLLING INTEREST		229,312	198,655	-	-
TOTAL SHAREHOLDERS' EQUITY		379,244,883	362,031,024	364,341,425	348,422,864
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		2,944,229,789	2,835,852,163	2,838,799,083	2,742,220,519

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

(Mr. Chartsiri Soponpanich)
President

(Mr. Suvarn Thansathit)
Senior Executive Vice President

BANGKOK BANK PUBLIC COMPANY LIMITED AND SUBSIDIARIES
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED DECEMBER 31, 2016

Baht : '000

	Notes	CONSOLIDATED		THE BANK	
		2016	2015	2016	2015
INTEREST INCOME	6.35	102,443,089	103,813,976	98,491,679	98,890,031
INTEREST EXPENSES	6.36	38,445,326	46,303,600	36,805,028	43,976,921
NET INTEREST INCOME		63,997,763	57,510,376	61,686,651	54,913,110
FEES AND SERVICE INCOME	6.37	32,936,178	32,082,331	28,868,623	27,803,790
FEES AND SERVICE EXPENSES	6.37	8,444,078	8,011,745	8,343,208	7,716,101
NET FEES AND SERVICE INCOME		24,492,100	24,070,586	20,525,415	20,087,689
GAINS ON TRADINGS AND FOREIGN EXCHANGE TRANSACTIONS	6.38	7,459,181	7,773,939	6,288,147	6,656,028
GAINS ON INVESTMENTS	6.39	4,271,560	5,835,869	2,397,447	2,529,271
SHARE OF PROFIT FROM INVESTMENT USING EQUITY METHOD		96,620	191,901	-	-
GAINS ON DISPOSAL OF ASSETS		998,894	3,008,171	759,561	2,473,316
DIVIDEND INCOME		3,966,068	3,736,868	4,433,468	4,480,549
OTHER OPERATING INCOME		575,335	600,694	443,553	463,224
TOTAL OPERATING INCOME		105,857,521	102,728,404	96,534,242	91,603,187
OTHER OPERATING EXPENSES					
Employee's expenses		25,247,253	24,227,178	22,829,785	21,894,582
Directors' remuneration		125,486	138,451	105,020	103,490
Premises and equipment expenses		9,908,827	9,457,904	9,207,253	8,780,360
Taxes and duties		3,387,529	3,554,700	3,292,570	3,388,639
Others		11,836,074	7,666,692	11,053,285	6,912,593
TOTAL OTHER OPERATING EXPENSES		50,505,169	45,044,925	46,487,913	41,079,664
IMPAIRMENT LOSS OF LOANS AND DEBT SECURITIES	6.40	15,727,950	14,653,515	15,139,314	13,782,259
PROFIT FROM OPERATING BEFORE INCOME TAX EXPENSES		39,624,402	43,029,964	34,907,015	36,741,264
INCOME TAX EXPENSES	6.41	7,555,687	8,629,835	6,427,739	7,172,699
NET PROFIT		32,068,715	34,400,129	28,479,276	29,568,565
OTHER COMPREHENSIVE INCOME (LOSSES)					
Items that will be reclassified subsequently to profit or loss					
Gains (losses) on remeasuring available-for-sale investment		(752,594)	2,238,354	(840,640)	2,278,545
Gains (losses) arising from translating the financial statements of foreign operations		(2,117,306)	2,432,111	27,140	2,062,684
Income tax relating to components of other comprehensive income (losses)		133,437	(466,266)	147,765	(470,741)
Items that will not be reclassified subsequently to profit or loss					
Changes in revaluation surplus		-	15,628,505	-	15,505,053
Actuarial gains (losses) on defined benefit plans		150,762	(182,604)	158,149	(176,491)
Income tax relating to components of other comprehensive income (losses)		(29,828)	(3,082,318)	(31,306)	(3,066,182)
TOTAL OTHER COMPREHENSIVE INCOME (LOSSES)		(2,615,529)	16,567,782	(538,892)	16,132,868
TOTAL COMPREHENSIVE INCOME		29,453,186	50,967,911	27,940,384	45,701,433
NET PROFIT ATTRIBUTABLE					
Owners of the Bank		31,814,845	34,180,628	28,479,276	29,568,565
Non-controlling interest		253,870	219,501	-	-
		32,068,715	34,400,129	28,479,276	29,568,565
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE					
Owners of the Bank		29,205,025	50,748,566	27,940,384	45,701,433
Non-controlling interest		248,161	219,345	-	-
		29,453,186	50,967,911	27,940,384	45,701,433
BASIC EARNINGS PER SHARE (BAHT)		16.67	17.91	14.92	15.49
WEIGHTED AVERAGE NUMBER OF ORDINARY SHARES (THOUSAND SHARES)		1,908,843	1,908,843	1,908,843	1,908,843

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

(Mr. Chartsiri Sophonpanich)
President

(Mr. Suvarn Thansathit)
Senior Executive Vice President

BANGKOK BANK PUBLIC COMPANY LIMITED AND SUBSIDIARIES
STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE YEAR ENDED DECEMBER 31, 2016

Baht : '000

	Notes	CONSOLIDATED									Total Equity Attributable to the Bank's Shareholders	Non-controlling Interest	Total
		Issued and Paid-up Share Capital Common Shares	Premium on Common Shares	Other Reserves			Retained Earnings						
				Unrealized Increment per Land Appraisal	Unrealized Increment per Premises Appraisal	Unrealized Gains on Investments	Foreign Exchange Adjustment	Appropriated		Unappropriated			
								Legal Reserve	Others				
Balance as at January 1, 2015		19,088,429	56,346,232	10,280,263	4,342,722	31,015,155	(2,501,056)	19,000,000	81,500,000	104,419,537	323,491,282	152,304	323,643,586
Appropriation for previous year													
Dividend paid	6.25	-	-	-	-	-	-	-	-	(8,589,793)	(8,589,793)	(72,992)	(8,662,785)
Legal reserve	6.24 , 6.25	-	-	-	-	-	-	500,000	-	(500,000)	-	-	-
Appropriation for current year													
Dividend paid	6.25	-	-	-	-	-	-	-	-	(3,817,686)	(3,817,686)	(100,002)	(3,917,688)
Legal reserve	6.24 , 6.25	-	-	-	-	-	-	500,000	-	(500,000)	-	-	-
Others	6.24 , 6.25	-	-	-	-	-	-	-	5,000,000	(5,000,000)	-	-	-
Total comprehensive income		-	-	6,549,356	5,960,780	1,772,576	2,432,111	-	-	34,033,743	50,748,566	219,345	50,967,911
Transfer to retained earnings		-	-	-	(928,153)	-	-	-	-	928,153	-	-	-
Balance as at December 31, 2015		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
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
Appropriation for previous year													
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)	-	-	-
Appropriation for current year													
Dividend paid	6.25	-	-	-	-	-	-	-	-	(3,711,837)	(3,711,837)	(112,502)	(3,824,339)
Legal reserve	6.24 , 6.25	-	-	-	-	-	-	500,000	-	(500,000)	-	-	-
Others	6.24 , 6.25	-	-	-	-	-	-	-	5,000,000	(5,000,000)	-	-	-
Total comprehensive income		-	-	-	-	(619,596)	(2,117,306)	-	-	31,941,927	29,205,025	248,161	29,453,186
Transfer to retained earnings		-	-	-	(947,471)	-	-	-	-	947,471	-	-	-
Balance as at December 31, 2016		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

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 YEAR ENDED DECEMBER 31, 2016

Baht : '000

	Notes	THE BANK									Total
		Issued and Paid-up Share Capital Common Shares	Premium on Common Shares	Other Reserves				Retained Earnings			
				Unrealized Increment per Land Appraisal	Unrealized Increment per Premises Appraisal	Unrealized Gains on Investments	Foreign Exchange Adjustment	Appropriated		Unappropriated	
								Legal Reserve	Others		
Balance as at January 1, 2015		19,088,429	56,346,232	10,280,263	4,342,722	31,034,749	(3,042,076)	19,000,000	81,500,000	96,578,591	315,128,910
Appropriation for previous year											
Dividend paid	6.25	-	-	-	-	-	-	-	-	(8,589,793)	(8,589,793)
Legal reserve	6.24 , 6.25	-	-	-	-	-	-	500,000	-	(500,000)	-
Appropriation for current year											
Dividend paid	6.25	-	-	-	-	-	-	-	-	(3,817,686)	(3,817,686)
Legal reserve	6.24 , 6.25	-	-	-	-	-	-	500,000	-	(500,000)	-
Others	6.24 , 6.25	-	-	-	-	-	-	-	5,000,000	(5,000,000)	-
Total comprehensive income		-	-	6,485,210	5,918,832	1,807,804	2,062,684	-	-	29,426,903	45,701,433
Transfer to retained earnings		-	-	-	(925,887)	-	-	-	-	925,887	-
Balance as at December 31, 2015		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
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
Appropriation for previous year											
Dividend paid	6.25	-	-	-	-	-	-	-	-	(8,309,986)	(8,309,986)
Legal reserve	6.24 , 6.25	-	-	-	-	-	-	500,000	-	(500,000)	-
Appropriation for current year											
Dividend paid	6.25	-	-	-	-	-	-	-	-	(3,711,837)	(3,711,837)
Legal reserve	6.24 , 6.25	-	-	-	-	-	-	500,000	-	(500,000)	-
Others	6.24 , 6.25	-	-	-	-	-	-	-	5,000,000	(5,000,000)	-
Total comprehensive income		-	-	-	-	(692,875)	27,140	-	-	28,606,119	27,940,384
Transfer to retained earnings		-	-	-	(944,015)	-	-	-	-	944,015	-
Balance as at December 31, 2016		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

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

(Mr. Chartsiri Sophonpanich)
President

(Mr. Suvarn Thansathit)
Senior Executive Vice President

BANGKOK BANK PUBLIC COMPANY LIMITED AND SUBSIDIARIES
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2016

Baht : '000

		CONSOLIDATED		THE BANK	
	Note	2016	2015	2016	2015
CASH FLOWS FROM OPERATING ACTIVITIES					
Profit from operating before income tax expenses		39,624,402	43,029,964	34,907,015	36,741,264
Items to reconcile profit from operating before income tax expenses to cash received (paid) from operating activities					
Depreciation and amortization expenses		3,343,210	3,493,331	3,191,623	3,366,691
Bad debt and doubtful accounts		15,351,307	14,716,004	14,762,671	13,844,748
Loss on debt restructuring (reversal)		376,643	(62,489)	376,643	(62,489)
(Gain) loss on foreign exchange		(4,841,481)	3,478,675	(4,629,103)	3,503,121
Amortization of premium on investment in debt securities		2,203,977	1,053,472	2,299,806	1,122,708
Unrealized (gain) loss on revaluation of trading securities		(26,268)	(44,811)	6,472	(7,833)
Unrealized loss on transfer of investments		337,869	10,548	337,869	10,548
Gain on disposal of securities for investments		(4,317,320)	(6,995,173)	(2,443,207)	(3,688,575)
Loss on impairment of investments		45,760	1,159,304	45,760	1,159,304
Share of profit from investment using equity method		(96,620)	(191,901)	-	-
Loss on impairment of properties for sale (reversal)		(21,098)	(164,905)	(75,311)	(230,448)
Gain on disposal of premises and equipment		(5,954)	(37,175)	(3,588)	(29,373)
Gain on revaluation of land and premises		-	(293,511)	-	(293,511)
Loss on impairment of other assets (reversal)		(107,251)	63,657	(107,251)	63,657
Provision expenses		3,909,536	466,892	3,880,201	443,017
Net interest income		(63,997,763)	(57,510,376)	(61,686,651)	(54,913,110)
Dividend income		(3,966,068)	(3,736,868)	(4,433,468)	(4,480,549)
Proceeds from interest income		102,189,873	105,206,094	98,186,933	99,911,518
Interest expenses paid		(39,975,027)	(46,754,053)	(37,769,480)	(43,752,293)
Proceeds from dividend income		3,966,068	3,736,868	3,731,574	3,496,397
Income tax paid		(9,210,653)	(8,854,424)	(7,703,865)	(8,003,028)
Increase in other accrued receivables		(43,218)	(62,247)	(61,654)	(226,845)
Increase (decrease) in other accrued expenses		470,421	(466,480)	358,209	(569,925)
Profit from operating before changes in operating assets and liabilities		45,210,345	51,240,396	43,171,198	47,404,994
(Increase) decrease in operating assets					
Interbank and money market items		(22,761,540)	160,106,615	(15,339,299)	139,828,788
Investment in short-term securities		(44,882,632)	(13,069,509)	(43,870,549)	(14,143,901)
Loans to customers		(72,801,318)	(90,861,897)	(74,114,138)	(93,363,246)
Properties for sale		1,834,421	3,746,491	1,297,459	2,955,412
Other assets		(46,954)	(10,076,751)	2,795,369	(11,048,291)
Increase (decrease) in operating liabilities					
Deposits		87,176,124	32,185,730	77,550,902	46,519,360
Interbank and money market items		2,246,548	(11,366,711)	5,758,907	(2,677,524)
Liability payable on demand		1,737,329	1,453,379	1,766,090	1,469,296
Short-term borrowings		132,086	(160,580)	-	(198,551)
Other liabilities		3,917,929	23,014,189	(2,915,261)	23,328,048
Net cash from operating activities		1,762,338	146,211,352	(3,899,322)	140,074,385

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 YEAR ENDED DECEMBER 31, 2016

Baht : '000

		CONSOLIDATED		THE BANK	
	Note	2016	2015	2016	2015
CASH FLOWS FROM INVESTING ACTIVITIES					
Purchase of available-for-sale securities		(378,947,953)	(553,363,262)	(372,451,454)	(532,227,970)
Proceeds from disposal of available-for-sale securities		400,802,314	429,436,015	393,377,248	411,321,841
Purchase of held-to-maturity debt securities		(60,217,202)	(36,848,725)	(4,963,972)	(2,433,702)
Proceeds from redemption of held-to-maturity debt securities		58,499,101	50,012,217	9,427,905	16,437,582
Purchase of general investments		(5,733,886)	(5,433,570)	(5,733,886)	(5,433,570)
Proceeds from disposal of general investments		3,034,895	821,752	3,034,895	821,752
Purchase of investment in subsidiary		-	-	(500,000)	-
Proceeds from disposal of investment in associate		-	32,611	-	32,611
Proceeds from dividend income					
from subsidiaries and associates		49,398	35,149	701,893	984,152
Purchase of premises, equipment and leasehold		(2,180,111)	(1,730,827)	(1,937,206)	(1,522,338)
Proceeds from disposal of premises and equipment		7,531	164,550	4,654	29,746
Net cash from investing activities		<u>15,314,087</u>	<u>(116,874,090)</u>	<u>20,960,077</u>	<u>(111,989,896)</u>
CASH FLOWS FROM FINANCING ACTIVITIES					
Cash paid for senior unsecured noted extinguishment		-	(14,241,584)	-	(14,241,584)
Decrease in borrowings		(34,101)	(39,788)	(34,101)	(39,788)
Dividend paid		(12,021,823)	(12,407,479)	(12,021,823)	(12,407,479)
Dividend paid to non-controlling interest		(217,504)	(172,994)	-	-
Net cash from financing activities		<u>(12,273,428)</u>	<u>(26,861,845)</u>	<u>(12,055,924)</u>	<u>(26,688,851)</u>
Effect on cash due to changes in the exchange rates		<u>(50,041)</u>	<u>106,363</u>	<u>(43,025)</u>	<u>121,483</u>
Net increase in cash and cash equivalents		<u>4,752,956</u>	<u>2,581,780</u>	<u>4,961,806</u>	<u>1,517,121</u>
Cash and cash equivalents as at January 1,		<u>65,384,722</u>	<u>62,802,942</u>	<u>61,299,466</u>	<u>59,782,345</u>
Cash and cash equivalents as at December 31,	6.1.1	<u><u>70,137,678</u></u>	<u><u>65,384,722</u></u>	<u><u>66,261,272</u></u>	<u><u>61,299,466</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 YEAR ENDED DECEMBER 31, 2016

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BANGKOK BANK PUBLIC COMPANY LIMITED AND SUBSIDIARIES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016

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BANGKOK BANK PUBLIC COMPANY LIMITED AND SUBSIDIARIES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016

1. GENERAL INFORMATION AND REGULATORY REQUIREMENTS

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

The Bank is subject to various capital and regulatory requirements administered by the Bank of Thailand ("BOT"). Under these capital adequacy guidelines and the regulatory framework for prompt corrective action, the Bank must satisfy specific capital guidelines that involve quantitative measurements of the Bank's assets, liabilities and certain off-balance sheet items calculated in accordance with regulatory requirements. The Bank's capital amounts and classification are also subject to qualitative judgement by the BOT about components, risk weightings and other factors. The Bank believes that as at December 31, 2016 and 2015, the Bank complied with all capital adequacy requirements. However, these capital and regulatory requirements are subject to change by the BOT.

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

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

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

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

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

2.2 New or Revised Thai Financial Reporting Standards

2.2.1 The Bank and subsidiaries have adopted the new or revised Thai Accounting Standards, Thai Financial Reporting Standards, Thai Accounting Standards Interpretations and Thai Financial Reporting Interpretations, issued by the FAP and announced in the Royal Gazette, applying for the financial statements of the periods beginning on or after January 1, 2016 onward with no material impact on the Bank and subsidiaries' financial statements.

2.2.2 The Federation of Accounting Professions had issued the Notifications of Federation of Accounting Professions regarding Thai Accounting Standards, Thai Financial Reporting Standards, Thai Accounting Standards Interpretations and Thai Financial Reporting Interpretations which had been announced in the Royal Gazette, that are relevant to the Bank but not yet effective in 2016, to be applied for the financial statements of the periods beginning on or after January 1, 2017 as follows :

Thai Financial Reporting Standards

Thai Accounting Standards (TAS)

TAS 1 (Revised 2016)	Presentation of Financial Statements
TAS 7 (Revised 2016)	Statement of Cash Flows
TAS 8 (Revised 2016)	Accounting Policies, Changes in Accounting Estimates and Errors
TAS 10 (Revised 2016)	Events after the Reporting Period
TAS 12 (Revised 2016)	Income Taxes
TAS 16 (Revised 2016)	Property, Plant and Equipment
TAS 17 (Revised 2016)	Leases
TAS 18 (Revised 2016)	Revenue
TAS 19 (Revised 2016)	Employee Benefits
TAS 21 (Revised 2016)	The Effects of Changes in Foreign Exchange Rates
TAS 24 (Revised 2016)	Related Party Disclosures
TAS 27 (Revised 2016)	Separate Financial Statements
TAS 28 (Revised 2016)	Investments in Associates and Joint Ventures
TAS 33 (Revised 2016)	Earnings per Share
TAS 34 (Revised 2016)	Interim Financial Reporting
TAS 36 (Revised 2016)	Impairment of Assets
TAS 37 (Revised 2016)	Provisions, Contingent Liabilities and Contingent Assets

Thai Financial Reporting Standards

Thai Accounting Standards (TAS)

TAS 38 (Revised 2016)	Intangible Assets
TAS 104 (Revised 2016)	Accounting for Troubled Debt Restructuring
TAS 105 (Revised 2016)	Accounting for Investments in Debt and Equity Securities
TAS 107 (Revised 2016)	Financial Instruments : Disclosure and Presentation

Thai Financial Reporting Standards (TFRS)

TFRS 5 (Revised 2016)	Non-current Assets Held for Sale and Discontinued Operations
TFRS 8 (Revised 2016)	Operating Segments
TFRS 10 (Revised 2016)	Consolidated Financial Statements
TFRS 11 (Revised 2016)	Joint Arrangements
TFRS 12 (Revised 2016)	Disclosure of Interests in Other Entities
TFRS 13 (Revised 2016)	Fair Value Measurement

Thai Accounting Standards Interpretations (TSIC)

TSIC 15 (Revised 2016)	Operating Leases - Incentives
TSIC 25 (Revised 2016)	Income Taxes - Changes in the Tax Status of an Entity or its Shareholders
TSIC 32 (Revised 2016)	Intangible Assets - Web Site Costs

Thai Financial Reporting Interpretations (TFRIC)

TFRIC 4 (Revised 2016)	Determining whether an Arrangement contains a Lease
TFRIC 10 (Revised 2016)	Interim Financial Reporting and Impairment
TFRIC 13 (Revised 2016)	Customer Loyalty Programmes
TFRIC 14 (Revised 2016)	TAS 19 (Revised 2016) - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction
TFRIC 17 (Revised 2016)	Distributions of Non-cash Assets to Owners
TFRIC 21 (Revised 2016)	Levies

Accounting Treatment Guidance for Derecognition of Financial Assets and Financial Liabilities

The Bank has considered the impact of the above accounting standards, financial reporting standards, accounting standards interpretations, financial reporting interpretations and Accounting Treatment Guidance and determined that they will not have any material impact on the Bank's financial statements.

- 2.3 The consolidated financial statements for the years ended December 31, 2016 and 2015, included the accounts of the head office and all branches of the Bank and its subsidiaries, by eliminating significant business transactions and outstanding balances between the Bank and its subsidiaries, and included equity interest in associates. The subsidiaries consist of BBL (Cayman) Limited, Bangkok Bank Berhad, Sinnsuptawee Asset Management Company Limited, BBL Asset Management Company Limited, Bualuang

Securities Public Company Limited, Bangkok Bank (China) Company Limited and Bualuang Ventures Limited, which was incorporated on June 22, 2016.

In addition, the consolidated financial statements for the years ended December 31, 2016 and 2015, included BBL Nominees (Tempatan) Sdn. Bhd, the 100% owned subsidiary of Bangkok Bank Berhad and Bangkok Capital Asset Management Company Limited, the 100% owned subsidiary of Bualuang Securities Public Company Limited.

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

- 2.4 The Bank's financial statements for the years ended December 31, 2016 and 2015, included the accounts of the head office and all branches of the Bank. Investments in subsidiaries and associates were accounted for using the cost method, net of valuation allowance for impairment.

3. SIGNIFICANT ACCOUNTING POLICIES

3.1 Recognition of income

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

3.2 Recognition of expenses

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

3.3 Cash

Cash consists of cash on hand and cash in transit.

3.4 Derivatives

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

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

hedge accounting for the aforementioned derivatives and the same basis (accrual basis) of accounting for the hedged items.

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

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

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

3.5 Investments

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

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

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

changes in their fair value, and gains and losses on disposal of investments are recognized as gains (losses) on tradings and foreign exchange transactions.

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

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

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

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

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

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

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

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

Valuation allowances for impairment are established by recognizing an unrealized loss upon impairment of investments as per the Bank and its subsidiaries' assessment. The impairment loss for equity securities is

reported as gains (losses) on investments and the impairment loss for debt securities is reported as impairment loss of loans and debt securities.

3.6 Loans to customers

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

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

3.7 Allowance for doubtful accounts

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

The Bank had set up the minimum allowance for doubtful accounts in accordance with the BOT's Notification regarding the Basis for Classification and Allowance of Financial Institutions dated 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 BOT as of the reporting date and translates the items in the statement of profit or loss and other comprehensive income by using the reference rates of BOT at the end of each month.

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

3.15 Post-employment benefits

3.15.1 Defined contribution plans

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

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

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

3.15.2 Defined benefit plans

The Bank and its subsidiaries provide the defined benefit plans for their employees under the employment agreements. The provision for the employee benefits is assessed by an actuary using the actuarial techniques called the Projected Unit Credit Method to determine the present value of

cash flows of employee benefits to be paid in the future. Under this method, the determination is based on actuarial calculations which include the employee's salaries, turnover rate, mortality rate, years of service and other factors.

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

3.16 Income taxes

Income taxes comprise of current tax and deferred tax.

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

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

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

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

3.17 Earnings per share

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

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

4. RISK MANAGEMENT

4.1 Risk information of the Bank

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

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

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

4.1.1 Credit risk

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

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

4.1.2 Interest rate risk

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

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

The Bank has significant financial assets and financial liabilities categorized by the earlier of contractual repricing or maturity dates as at December 31, 2016 and 2015 as follows :

	CONSOLIDATED 2016								Million Baht
	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	

* Excluding allowance for doubtful accounts and accrued interest receivable.

Million Baht								
CONSOLIDATED								
2015								
	Call to 1 Month	1 - 3 Months	3 - 12 Months	1 - 5 Years	Over 5 Years	Non - interest bearing	Non - accrual Loans	Total
Financial Assets								
Interbank and money market items [*]	222,490	60,505	30,306	305	-	58,592	-	372,198
Investments in debt securities	10,647	29,005	63,254	301,658	16,092	-	-	420,656
Loans	1,289,577	270,754	183,070	43,628	20,321	13,952	47,601	1,868,903
Financial Liabilities								
Deposits	1,077,298	514,075	405,100	9,721	-	84,771	-	2,090,965
Interbank and money market items	51,196	29,811	10,619	8,647	8,917	19,491	-	128,681
Liabilities payable on demand	10,589	-	-	-	-	-	-	10,589
Debt issued and borrowings	15	72	58	32,532	105,725	-	-	138,402

Million Baht								
THE BANK								
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

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

Million Baht

	THE BANK 2015							
	Call to 1 Month	1 - 3 Months	3 - 12 Months	1 - 5 Years	Over 5 Years	Non - interest bearing	Non - accrual Loans	Total
Financial Assets								
Interbank and money market items*	210,994	47,233	14,819	305	-	54,041	-	327,392
Investments in debt securities	10,370	23,289	59,685	294,635	16,092	-	-	404,071
Loans	1,267,479	255,831	172,341	43,629	20,321	13,952	46,096	1,819,649
Financial Liabilities								
Deposits	1,055,250	503,922	386,184	8,969	-	84,783	-	2,039,108
Interbank and money market items	49,423	21,830	8,599	8,647	8,917	19,725	-	117,141
Liabilities payable on demand	10,539	-	-	-	-	-	-	10,539
Debt issued and borrowings	15	14	58	32,532	105,725	-	-	138,344

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

	CONSOLIDATED		THE BANK	
	2016	2015	2016	2015
Fixed interest rate	378,357	395,191	378,357	395,191
Floating interest rate	<u>1,261,134</u>	<u>1,182,283</u>	<u>1,258,916</u>	<u>1,180,853</u>
Total	<u><u>1,639,491</u></u>	<u><u>1,577,474</u></u>	<u><u>1,637,273</u></u>	<u><u>1,576,044</u></u>

* Excluding allowance for doubtful accounts and accrued interest receivable.

The interest-earning financial assets and interest-bearing financial liabilities for the years ended December 31, 2016 and 2015 are as follows :

CONSOLIDATED							Million Baht
FOR THE YEARS ENDED DECEMBER 31,							
	Average Balance	2016 Interest Income / Expense	Average Rate (%) Per Annum	Average Balance	2015 Interest Income / Expense	Average Rate (%) Per Annum	
Interest-earning Financial Assets							
Interbank and money market items	432,824	6,056	1.40	575,079	9,465	1.65	
Investments in debt securities	418,671	8,242	1.97	298,747	6,842	2.29	
Loans	1,892,175	88,079	4.65	1,797,529	87,457	4.87	
Total	2,743,670	102,377		2,671,355	103,764		
Interest-bearing Financial Liabilities							
Deposits	2,139,928	21,410	1.00	2,105,926	28,905	1.37	
Interbank and money market items	141,746	1,091	0.77	125,819	1,370	1.09	
Debt issued and borrowings	135,900	6,804	5.01	142,708	6,964	4.88	
Total	2,417,574	29,305		2,374,453	37,239		

THE BANK							Million Baht
FOR THE YEARS ENDED DECEMBER 31,							
	Average Balance	2016 Interest Income / Expense	Average Rate (%) Per Annum	Average Balance	2015 Interest Income / Expense	Average Rate (%) Per Annum	
Interest-earning Financial Assets							
Interbank and money market items	390,264	5,041	1.29	521,742	7,575	1.45	
Investments in debt securities	399,193	7,734	1.94	283,834	6,393	2.25	
Loans	1,844,120	85,651	4.64	1,747,001	84,871	4.86	
Total	2,633,577	98,426		2,552,577	98,839		
Interest-bearing Financial Liabilities							
Deposits	2,089,417	19,892	0.95	2,047,505	26,833	1.31	
Interbank and money market items	132,825	974	0.73	112,012	1,118	1.00	
Debt issued and borrowings	135,785	6,804	5.01	142,588	6,965	4.88	
Total	2,358,027	27,670		2,302,105	34,916		

4.1.3 Foreign exchange risk

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

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

4.1.4 Equity price risk

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

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

4.1.5 Liquidity risk

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

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

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

The Bank has financial assets and financial liabilities categorized by maturity profile as at December 31, 2016 and 2015 as follows :

						Million Baht
CONSOLIDATED						
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

						Million Baht
CONSOLIDATED						
2015						
	Up to 1 Year	1 to 5 Years	Over 5 Years	No Maturity	Non - accrual Loans	Total
Financial Assets						
Interbank and money market items *	371,893	305	-	-	-	372,198
Derivatives	6,154	5,681	10,910	-	-	22,745
Investments	101,774	302,433	16,942 **	99,656 **	-	520,805
Loans	845,635	624,098	352,546	-	46,624	1,868,903
Financial Liabilities						
Deposits	2,081,244	9,721	-	-	-	2,090,965
Interbank and money market items	111,117	8,647	8,917	-	-	128,681
Liabilities payable on demand	10,589	-	-	-	-	10,589
Derivatives	14,774	10,295	9,082	-	-	34,151
Debt issued and borrowings	145	32,532	105,725	-	-	138,402

* Excluding allowance for doubtful accounts and accrued interest receivable.

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

	THE BANK					Million Baht
	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 *	333,719	9,012	-	-	-	342,731
Derivatives	8,281	6,138	9,622	-	-	24,041
Investments	71,688	310,274	37,631	132,204	-	551,797
Loans	794,781	631,303	404,303	-	62,795	1,893,182
Financial Liabilities						
Deposits	2,099,735	16,924	-	-	-	2,116,659
Interbank and money market items	106,206	1,210	15,484	-	-	122,900
Liabilities payable on demand	12,305	-	-	-	-	12,305
Derivatives	10,722	7,308	8,123	-	-	26,153
Debt issued and borrowings	90	60,903	76,631	-	-	137,624

* 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 December 31, 2016 and 2015 :

	CONSOLIDATED			
	2016		2015	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Million Baht				
Financial Assets				
Cash	66,338	66,338	61,432	61,432
Interbank and money market items, net	394,612	394,612	372,007	372,007
Derivatives	24,471	24,606	22,745	22,757
Investments, net	547,941	576,341	520,805	543,618
Loans to customers and accrued interest receivable, net	1,826,228	1,826,228	1,768,995	1,768,995
Total	2,859,590	2,888,125	2,745,984	2,768,809
Financial Liabilities				
Deposits	2,178,141	2,178,141	2,090,965	2,090,965
Interbank and money market items	130,928	130,928	128,681	128,681
Liabilities payable on demand	12,326	12,326	10,589	10,589
Derivatives	26,714	26,886	34,151	34,187
Debt issued	137,793	155,999	138,353	157,405
Borrowings	22	22	49	49
Total	2,485,924	2,504,302	2,402,788	2,421,876

Million Baht

	THE BANK			
	2016		2015	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Financial Assets				
Cash	66,261	66,261	61,299	61,299
Interbank and money market items, net	342,757	342,757	327,351	327,351
Derivatives	24,041	24,175	22,637	22,650
Investments, net	551,797	594,978	530,562	566,888
Loans to customers and accrued interest receivable, net	1,781,640	1,781,640	1,722,718	1,722,718
Total	2,766,496	2,809,811	2,664,567	2,700,906
Financial Liabilities				
Deposits	2,116,659	2,116,659	2,039,108	2,039,108
Interbank and money market items	122,900	122,900	117,141	117,141
Liabilities payable on demand	12,305	12,305	10,539	10,539
Derivatives	26,153	26,348	33,733	33,769
Debt issued	137,602	155,808	138,295	157,346
Borrowings	22	22	49	49
Total	2,415,641	2,434,042	2,338,865	2,357,952

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

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

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

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

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

The fair value determination of investments in debt securities

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

The fair value determination of investments in equity securities

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

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

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

The following table shows an analysis of financial assets and financial liabilities by level of the fair value hierarchy as at December 31, 2016 and 2015.

Million Baht								
CONSOLIDATED								
	2016				2015			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Items measured at fair value :								
Financial assets								
Derivatives	-	24,606	-	24,606	-	22,757	-	22,757
Investments, net	78,520	417,370	-	495,890	78,098 [*]	395,084 [*]	-	473,182
Financial liabilities								
Derivatives	342	26,544	-	26,886	334	33,853	-	34,187
Items not measured at fair value :								
Financial assets								
Investments, net	3,074	15,308	62,069	80,451	2,227	14,315	53,894	70,436
Financial liabilities								
Debt issued	-	155,999	-	155,999	-	157,405	-	157,405

Million Baht								
THE BANK								
	2016				2015			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Items measured at fair value :								
Financial assets								
Derivatives	-	24,175	-	24,175	-	22,650	-	22,650
Investments, net	76,630	401,870	-	478,500	75,980	379,866	-	455,846
Financial liabilities								
Derivatives	-	26,348	-	26,348	-	33,769	-	33,769
Items not measured at fair value :								
Financial assets								
Investments, net	3,074	4,212	109,192	116,478	2,227	9,524	99,292	111,043
Financial liabilities								
Debt issued	-	155,808	-	155,808	-	157,346	-	157,346

Fair values are determined according to the following hierarchy :

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

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

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

4.3 Capital fund

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

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

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

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

As at December 31, 2016 and 2015, the Bank maintained capital adequacy ratios to risk assets and capital fund in accordance with the BOT's Notification relating to the Basel III guidelines as follows :

	PERCENTAGE			
	CONSOLIDATED		THE BANK	
	2016	2015	2016	2015
Common equity Tier 1 capital to risk assets ratio	16.40	15.78	16.23	15.84
Tier 1 capital to risk assets ratio	16.40	15.78	16.23	15.84
Total capital to risk assets ratio	18.32	17.87	18.17	17.95

	CONSOLIDATED		THE BANK	
	2016	2015	2016	2015
Tier 1 capital	360,818	341,564	347,373	332,058
Common Equity Tier 1 capital	360,702	341,431	347,373	332,058
Paid-up share capital	19,088	19,088	19,088	19,088
Premium on share capital	56,346	56,346	56,346	56,346
Legal reserve	21,000	20,000	21,000	20,000
Reserves appropriated from net profit	91,500	86,500	91,500	86,500
Net profit after appropriation	118,911	103,897	104,926	94,889
Other comprehensive income	54,354	55,781	54,977	55,395
Deductions from Common Equity				
Tier 1 capital	(497)	(181)	(464)	(160)
Additional Tier 1 capital	116	133	-	-
Tier 2 capital	42,250	45,089	41,415	44,207
Total capital fund	403,068	386,653	388,788	376,265

As at December 31, 2016 and 2015, the Bank has no capital add-on arising from Single Lending Limit.

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

Location of disclosure www.bangkokbank.com

Date of disclosure October 31, 2016

Information as of June 30, 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 December 31, 2016 and 2015 are as follows :

	CONSOLIDATED		THE BANK	
	2016	2015	2016	2015
Cash	66,338	61,432	66,261	61,299
Cash equivalents				
Cash at Bank - current and saving account	1,325	63	-	-
Fixed deposit and notes with a maturity				
less than or equal to three months	<u>2,475</u>	<u>3,890</u>	<u>-</u>	<u>-</u>
Total cash and cash equivalents	<u>70,138</u>	<u>65,385</u>	<u>66,261</u>	<u>61,299</u>

6.1.2 Significant non-cash items for the years ended December 31, 2016 and 2015 are as follows :

	CONSOLIDATED		THE BANK	
	FOR THE YEARS ENDED DECEMBER 31,		FOR THE YEARS ENDED DECEMBER 31,	
	2016	2015	2016	2015
Unrealized gains on investments in				
shareholders' equity increase (decrease)	(620)	1,773	(693)	1,808
Properties for sale increased from loans				
payment/inactive assets	581	688	581	688
Unrealized increment per premises				
appraisal transferred to retained earnings	947	928	944	926
Unrealized increment per land and premises				
appraisal increase	-	12,510	-	12,404

6.2 Interbank and money market items, net (assets)

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

	Million Baht					
	CONSOLIDATED					
	Demand	2016 Time	Total	Demand	2015 Time	Total
Domestic items						
Bank of Thailand and Financial Institutions						
Development Fund	16,254	148,100	164,354	13,039	132,000	145,039
Commercial banks	1,533	18,313	19,846	1,958	12,520	14,478
Special purpose financial institutions	-	11,755	11,755	-	8,855	8,855
Other financial institutions	<u>1,728</u>	<u>14,300</u>	<u>16,028</u>	<u>79</u>	<u>16,091</u>	<u>16,170</u>
Total	19,515	192,468	211,983	15,076	169,466	184,542
<u>Add</u> Accrued interest receivables	-	141	141	1	161	162
<u>Less</u> Allowance for doubtful accounts	<u>(17)</u>	<u>(182)</u>	<u>(199)</u>	<u>(14)</u>	<u>(249)</u>	<u>(263)</u>
Total domestic items	<u>19,498</u>	<u>192,427</u>	<u>211,925</u>	<u>15,063</u>	<u>169,378</u>	<u>184,441</u>
Foreign items						
USD	12,318	80,380	92,698	22,973	88,933	111,906
JPY	6,080	2	6,082	10,991	7,529	18,520
EUR	1,286	-	1,286	1,335	1,471	2,806
Others	<u>13,423</u>	<u>69,334</u>	<u>82,757</u>	<u>12,057</u>	<u>42,367</u>	<u>54,424</u>
Total	33,107	149,716	182,823	47,356	140,300	187,656
<u>Add</u> Accrued interest receivables	-	300	300	2	337	339
<u>Less</u> Allowance for doubtful accounts	<u>-</u>	<u>(436)</u>	<u>(436)</u>	<u>-</u>	<u>(429)</u>	<u>(429)</u>
Total foreign items	<u>33,107</u>	<u>149,580</u>	<u>182,687</u>	<u>47,358</u>	<u>140,208</u>	<u>187,566</u>
Total domestic and foreign items	<u>52,605</u>	<u>342,007</u>	<u>394,612</u>	<u>62,421</u>	<u>309,586</u>	<u>372,007</u>

						Million Baht
THE BANK						
	Demand	2016 Time	Total	Demand	2015 Time	Total
Domestic items						
Bank of Thailand and						
Financial Institutions						
Development Fund	16,254	148,100	164,354	13,039	132,000	145,039
Commercial banks	-	12,002	12,002	-	4,600	4,600
Special purpose financial						
institutions	-	11,755	11,755	-	8,855	8,855
Other financial institutions	<u>1,729</u>	<u>14,299</u>	<u>16,028</u>	<u>79</u>	<u>16,091</u>	<u>16,170</u>
Total	17,983	186,156	204,139	13,118	161,546	174,664
<u>Add</u> Accrued interest						
receivables	-	128	128	-	139	139
<u>Less</u> Allowance for						
doubtful accounts	<u>(17)</u>	<u>(181)</u>	<u>(198)</u>	<u>(14)</u>	<u>(249)</u>	<u>(263)</u>
Total domestic items	<u>17,966</u>	<u>186,103</u>	<u>204,069</u>	<u>13,104</u>	<u>161,436</u>	<u>174,540</u>
Foreign items						
USD	10,307	77,449	87,756	22,152	81,708	103,860
JPY	6,080	2	6,082	10,991	7,528	18,519
EUR	1,254	698	1,952	1,330	1,956	3,286
Others	<u>6,864</u>	<u>35,938</u>	<u>42,802</u>	<u>6,541</u>	<u>20,522</u>	<u>27,063</u>
Total	24,505	114,087	138,592	41,014	111,714	152,728
<u>Add</u> Accrued interest						
receivables	-	139	139	-	106	106
<u>Less</u> Allowance for						
doubtful accounts	<u>-</u>	<u>(43)</u>	<u>(43)</u>	<u>-</u>	<u>(23)</u>	<u>(23)</u>
Total foreign items	<u>24,505</u>	<u>114,183</u>	<u>138,688</u>	<u>41,014</u>	<u>111,797</u>	<u>152,811</u>
Total domestic and						
foreign items	<u>42,471</u>	<u>300,286</u>	<u>342,757</u>	<u>54,118</u>	<u>273,233</u>	<u>327,351</u>

6.3 Derivatives

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

						Million Baht
Type of risk	CONSOLIDATED					Notional Amount
	2016		Notional Amount	2015		
	Fair Value/Readjustment Based on an Accrual Basis			Fair Value/Readjustment Based on an Accrual Basis		
	Assets	Liabilities		Assets	Liabilities	
Foreign exchange rate	18,488	17,921	1,179,574	16,723	24,891	1,122,002
Interest rate	5,982	8,451	704,491	6,020	8,926	638,363
Others	<u>1</u>	<u>342</u>	<u>2,889</u>	<u>2</u>	<u>334</u>	<u>3,618</u>
Total	<u>24,471</u>	<u>26,714</u>	<u>1,886,954</u>	<u>22,745</u>	<u>34,151</u>	<u>1,763,983</u>

THE BANK						Million Baht
Type of risk	2016		Notional Amount	2015		Notional Amount
	Fair Value/Readjustment Based on an Accrual Basis			Fair Value/Readjustment Based on an Accrual Basis		
	Assets	Liabilities		Assets	Liabilities	
Foreign exchange rate	18,059	17,702	1,154,474	16,617	24,807	1,102,424
Interest rate	<u>5,982</u>	<u>8,451</u>	<u>704,491</u>	<u>6,020</u>	<u>8,926</u>	<u>638,363</u>
Total	<u>24,041</u>	<u>26,153</u>	<u>1,858,965</u>	<u>22,637</u>	<u>33,733</u>	<u>1,740,787</u>

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

	CONSOLIDATED		THE BANK		Percentage
	2016	2015	2016	2015	
Financial Institutions	80.75	83.69	80.95	83.98	
Group companies	-	-	0.04	0.02	
External entities	<u>19.25</u>	<u>16.31</u>	<u>19.01</u>	<u>16.00</u>	
Total	<u><u>100.00</u></u>	<u><u>100.00</u></u>	<u><u>100.00</u></u>	<u><u>100.00</u></u>	

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

Forward foreign exchange derivatives

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

Interest rate derivatives

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

6.4 Investments, net

6.4.1 Investments as at December 31, 2016 and 2015 consisted of the following :

	CONSOLIDATED		THE BANK	
	2016	2015	2016	2015
	Fair Value	Fair Value	Fair Value	Fair Value
Trading securities				
Government and state enterprise securities	28,228	30,817	28,228	30,817
Private enterprise debt securities	201	-	201	-
Foreign debt securities	2,942	54	2,860	54
Domestic marketable equity securities	1,777	814	-	-
Total	33,148	31,685	31,289	30,871

	CONSOLIDATED		THE BANK	
	2016	2015	2016	2015
	Fair Value	Fair Value	Fair Value	Fair Value
Available-for-sale securities				
Government and state enterprise securities	296,653	293,788	296,653	293,788
Private enterprise debt securities	18,704	10,948	18,704	10,948
Foreign debt securities	76,347	66,824	66,376	55,030
Domestic marketable equity securities	59,750	59,794	59,672	58,524
Foreign marketable equity securities	1,812	1,552	1,812	1,552
Others	9,476	8,591	3,994	5,133
Total	462,742	441,497	447,211	424,975

	CONSOLIDATED		THE BANK	
	2016	2015	2016	2015
	Cost/ Amortized Cost	Cost/ Amortized Cost	Cost/ Amortized Cost	Cost/ Amortized Cost
Held-to-maturity debt securities				
Government and state enterprise securities	14,646	13,343	3,553	8,552
Foreign debt securities	<u>3,475</u>	<u>2,870</u>	<u>3,475</u>	<u>2,870</u>
Total	<u><u>18,121</u></u>	<u><u>16,213</u></u>	<u><u>7,028</u></u>	<u><u>11,422</u></u>

	CONSOLIDATED		THE BANK	
	2016	2015	2016	2015
	Cost	Cost	Cost	Cost
General investments				
Domestic non-marketable equity securities	6,481	6,455	6,473	6,446
Foreign non-marketable equity securities	<u>29,838</u>	<u>27,395</u>	<u>29,831</u>	<u>27,387</u>
Total	36,319	33,850	36,304	33,833
<u>Less</u> Allowance for impairment	<u>(3,716)</u>	<u>(3,720)</u>	<u>(3,716)</u>	<u>(3,720)</u>
Total	<u><u>32,603</u></u>	<u><u>30,130</u></u>	<u><u>32,588</u></u>	<u><u>30,113</u></u>
Total investments, net	<u><u>546,614</u></u>	<u><u>519,525</u></u>	<u><u>518,116</u></u>	<u><u>497,381</u></u>

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

As at December 31, 2016 and 2015, the Bank has investments in 31 companies with cost values of Baht 256 million, which are companies whose prospects as a going concern are uncertain or are unlisted companies but whose financial positions and operations would fall under the SET delisting criteria, which the Bank had set aside allowance for impairment of these investments amounting to Baht 256 million and these companies had net book value totaling Baht 0 million.

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

For the years ended December 31, 2016 and 2015, the Bank has recorded loss for impairment of investments in the statements of profit or loss and other comprehensive income amounting to Baht 46 million and Baht 1,159 million, respectively.

On December 30, 2004, the Bank entered into a transaction to transfer certain investments classified as available-for-sale securities received from debt restructuring to Sinnsuptawee Asset Management Co., Ltd., a subsidiary of the Bank, at the closing price on December 28, 2004 quoted on The Stock Exchange of Thailand in the amount of Baht 3,323 million. The proceeds from the aforementioned transfer were recorded as other liabilities and the related securities recorded as securities transferred to subsidiary under available-for-sale securities in accordance with accounting treatment guidance for transfers and accept transfers of financial assets. As at December 31, 2016 and 2015, the Bank had outstanding balances of other liabilities from such transaction amounting to Baht 720 million and Baht 868 million, respectively.

6.4.2 As at December 31, 2016 and 2015, the Bank and subsidiaries had investments in other companies of 10% and upwards of the paid-up capital of the respective companies but which are not considered to be investments in subsidiaries and associates. The classification is as follows :

	CONSOLIDATED		THE BANK	
	2016	2015	2016	2015
Manufacturing and commercial	12	11	12	11
Real estate and construction	187	187	187	187
Utilities and services	41	41	41	41
Others	<u>1,457</u>	<u>1,458</u>	<u>1,457</u>	<u>1,458</u>
Total	<u><u>1,697</u></u>	<u><u>1,697</u></u>	<u><u>1,697</u></u>	<u><u>1,697</u></u>

6.5 Investments in subsidiaries and associates, net

As at December 31, 2016 and 2015, 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)	
			2016	2015	2016	2015	2016	2015
Associates								
BSL Leasing Co., Ltd.	Finance	Ordinary share	35.88	35.88	43	43	662	660
Processing Center Co., Ltd.	Service	Ordinary share	30.00	30.00	15	15	387	317
National ITMX Co., Ltd.	Service	Ordinary share	16.91	16.91	9	9	235	218
Thai Payment Network Co., Ltd.	Service	Ordinary share	49.99	49.99	90	90	43	85
Total					157	157	1,327	1,280
<u>Less</u> Allowance for impairment					(2)	(2)	-	-
Investments in associates, net					155	155	1,327	1,280

						Million Baht
Company	Type of Business	Type of Shares	THE BANK			
			Direct and Indirect Shareholding (%)		Investment (Cost Method)	
			2016	2015	2016	2015
Subsidiaries						
BBL (Cayman) Limited	Finance	Ordinary share	100.00	100.00	2	2
Bangkok Bank Berhad	Banking	Ordinary share	100.00	100.00	6,082	6,082
Sinnsuptawee Asset Management Co., Ltd.	Asset management	Ordinary share	100.00	100.00	2,500	2,500
Bangkok Bank (China) Co., Ltd.	Banking	Ordinary share	100.00	100.00	19,585	19,585
Bualuang Ventures Ltd.	Venture Capital Company	Ordinary share	100.00	-	500	-
BBL Asset Management Co., Ltd.	Finance	Ordinary share	75.00	75.00	183	183
Bualuang Securities PCL.	Securities	Ordinary share	99.89	99.89	4,769	4,769
Associates						
BSL Leasing Co., Ltd.	Finance	Ordinary share	35.88	35.88	43	43
Processing Center Co., Ltd.	Service	Ordinary share	30.00	30.00	15	15
National ITMX Co., Ltd.	Service	Ordinary share	16.91	16.91	9	9
Thai Payment Network Co., Ltd.	Service	Ordinary share	49.99	49.99	90	90
Total					33,778	33,278
Less Allowance for impairment					(97)	(97)
Investments in subsidiaries and associates, net					33,681	33,181

On June 22, 2016, the Bank invested in Bualuang Ventures Limited which was a new company incorporated in the Kingdom of Thailand. The total registered capital of the company is 200,000,000 shares, par 10 Baht, total amount Baht 2,000 million and the total paid up capital is 200,000,000 shares, paid up 2.50 Baht per share, total amount Baht 500 million. The Bank invested in 199,999,997 shares, amounting to Baht 500 million which was 100% equity interest.

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

	Million Baht	
	FOR THE YEARS	
	ENDED DECEMBER 31, 2016	2015
Net profit	403	659
Total comprehensive income	403	659

6.6 Loans to customers and accrued interest receivables, net

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

	CONSOLIDATED		THE BANK	
	2016	2015	2016	2015
Overdrafts	109,375	113,556	108,126	112,085
Loans	1,411,269	1,323,842	1,368,597	1,281,712
Bills	418,700	430,933	414,669	425,227
Others	2,242	1,208	2,241	1,207
<u>Less</u> Deferred revenue	<u>(493)</u>	<u>(636)</u>	<u>(451)</u>	<u>(582)</u>
Loans to customers after deferred revenue, net	1,941,093	1,868,903	1,893,182	1,819,649
<u>Add</u> Accrued interest receivable	<u>4,653</u>	<u>4,279</u>	<u>4,536</u>	<u>4,184</u>
Loans to customers and accrued interest receivables after deferred revenue, net	1,945,746	1,873,182	1,897,718	1,823,833
<u>Less</u> Allowance for doubtful accounts				
Minimum provision according to the BOT's requirement				
- Individual approach	(50,438)	(41,688)	(49,574)	(40,503)
- Collective approach	(5,156)	(4,708)	(5,156)	(4,708)
Excess provision	<u>(61,214)</u>	<u>(55,379)</u>	<u>(58,638)</u>	<u>(53,492)</u>
Total	(116,808)	(101,775)	(113,368)	(98,703)
<u>Less</u> Revaluation allowance for debt restructuring	<u>(2,710)</u>	<u>(2,412)</u>	<u>(2,710)</u>	<u>(2,412)</u>
Total loans to customers, net	<u>1,826,228</u>	<u>1,768,995</u>	<u>1,781,640</u>	<u>1,722,718</u>

6.6.2 As at December 31, 2016 and 2015, the Bank and subsidiaries had non-performing loans (NPLs), defined according to the BOT's notification as loans classified as substandard, doubtful and doubtful of loss including interbank and money market items but excluding accrued interest receivable, as follows :

	CONSOLIDATED		THE BANK	
	2016	2015	2016	2015
NPLs before allowance for doubtful accounts	68,841	56,226	67,520	54,737
NPLs as percentage of total loans	3.22	2.75	3.24	2.76
Net NPLs after allowance for doubtful accounts	19,156	16,622	18,790	16,147
Net NPLs as percentage of net total loans	0.92	0.83	0.92	0.83

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

CONSOLIDATED						Million Baht
	2016		Total	2015		Total
	Domestic	Foreign		Domestic	Foreign	
BAHT	1,471,060	31,307	1,502,367	1,424,536	28,013	1,452,549
USD	91,988	176,858	268,846	88,262	175,659	263,921
Others	9,141	160,739	169,880	8,646	143,787	152,433
Total	1,572,189	368,904	1,941,093	1,521,444	347,459	1,868,903

THE BANK						Million Baht
	2016		Total	2015		Total
	Domestic	Foreign		Domestic	Foreign	
BAHT	1,471,552	31,307	1,502,859	1,425,816	28,013	1,453,829
USD	91,988	171,273	263,261	88,262	168,283	256,545
Others	9,142	117,920	127,062	8,646	100,629	109,275
Total	1,572,682	320,500	1,893,182	1,522,724	296,925	1,819,649

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

CONSOLIDATED						Million Baht
	2016					Total
	Normal	Special Mentioned	Substandard	Doubtful	Doubtful of Loss	
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

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

THE BANK						Million Baht
2016						
	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

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

6.6.5 As at December 31, 2016 and 2015, the Bank and subsidiaries had classified loans and allowance for doubtful accounts in accordance with the notification of the BOT as follows :

	CONSOLIDATED 2016			Million Baht
	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	1,196,786	1	14,502
Special mentioned	46,058	21,314	2	548
Substandard	9,495	2,597	100	2,589
Doubtful	16,050	10,138	100	10,140
Doubtful of loss	43,316	27,815	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>

	CONSOLIDATED 2015			Million Baht
	Loans to Customers and Accrued Interest Receivables	Net Outstanding used in Determining the Allowance for Doubtful Accounts	Rate used in Determining the Allowance for Doubtful Accounts (%)	Allowance for Doubtful Accounts Recorded by the Bank
Minimum provision according to the BOT's requirement				
Normal	1,773,357	1,144,296	1	13,788
Special mentioned	43,504	19,283	2	501
Substandard	9,650	3,976	100	3,975
Doubtful	13,725	7,182	100	7,197
Doubtful of loss	32,946	20,933	100	20,935
Excess provision according to the BOT's requirement				55,379
Total	<u><u>1,873,182</u></u>	<u><u>1,195,670</u></u>		<u><u>101,775</u></u>

				Million Baht
THE BANK 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>

				Million Baht
THE BANK 2015				
	Loans to Customers and Accrued Interest Receivables	Net Outstanding used in Determining the Allowance for Doubtful Accounts	Rate used in Determining the Allowance for Doubtful Accounts (%)	Allowance for Doubtful Accounts Recorded by the Bank
Minimum provision according to the BOT's requirement				
Normal	1,726,948	1,115,542	1	13,514
Special mentioned	42,053	18,636	2	488
Substandard	9,497	3,971	100	3,971
Doubtful	13,413	6,913	100	6,928
Doubtful of loss	31,922	20,308	100	20,310
Excess provision according to the BOT's requirement				53,492
Total	<u><u>1,823,833</u></u>	<u><u>1,165,370</u></u>		<u><u>98,703</u></u>

As at December 31, 2016 and 2015, the consolidated and the Bank's financial statements included the allowance for doubtful accounts amounting to Baht 5,156 million and Baht 4,708 million, respectively, on a collective approach, for loans classified as normal and special mentioned.

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

					Million Baht
CONSOLIDATED 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
Financial institutions ordered closed	-	-	-	-	-
Listed companies identified for delisting	1	373	373	373	373
Total	<u>1</u>	<u>373</u>	<u>373</u>	<u>373</u>	<u>373</u>

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

					Million Baht
THE BANK 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
Financial institutions ordered closed	-	-	-	-	-
Listed companies identified for delisting	1	373	373	373	373
Total	<u>1</u>	<u>373</u>	<u>373</u>	<u>373</u>	<u>373</u>

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

6.6.7 Troubled debt restructurings

Details of the restructured debts of the Bank for the years ended December 31, 2016 and 2015, classified by the restructuring methods are as follows :

					Million Baht
THE BANK FOR THE YEAR ENDED DECEMBER 31, 2016					
Restructuring Method	No. of Cases	Outstanding Debt before Restructuring	Type of Transferred Assets	Fair Value	
Asset transfer	2	12	Land	12	
Debt restructuring in various forms	6,459	51,730	-	-	
Total	6,461	51,742			

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 51,742 million.

					Million Baht
THE BANK FOR THE YEAR ENDED DECEMBER 31, 2015					
Restructuring Method	No. of Cases	Outstanding Debt before Restructuring	Type of Transferred Assets	Fair Value	
Asset transfer	8	485	Land, building	485	
Debt restructuring in various forms	6,907	42,092	-	-	
Total	6,915	42,577			

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 42,577 million.

For the years ended December 31, 2016 and 2015, the Bank recognized interest income from restructured debts amounting to Baht 3,052 million and Baht 3,536 million, respectively.

As at December 31, 2016 and 2015, the Bank had outstanding balances of loans to restructured debtors amounting to Baht 73,565 million and Baht 64,821 million, respectively.

Disclosures for the consolidated financial statements for troubled debt restructurings which occurred during the years ended December 31, 2016 and 2015 have not been provided, as such information is not significantly different from the above disclosures for the Bank's financial statements.

6.7 Allowance for doubtful accounts

Allowance for doubtful accounts consisted of the following as at December 31, 2016 and 2015 :

	CONSOLIDATED						Million Baht
	2016						
	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>

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

	THE BANK 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	13,514	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>

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

As at December 31, 2016 and 2015, the Bank and subsidiaries had the allowance for doubtful accounts in the consolidated financial statements of Baht 116,808 million and Baht 101,775 million, and in the Bank's financial statements of Baht 113,368 million and Baht 98,703 million, respectively.

As at December 31, 2016 and 2015, the Bank and subsidiaries recorded allowances for doubtful accounts in excess of the allowances as per the BOT's requirement in the consolidated financial statements of Baht 61,214 million and Baht 55,379 million, and in the Bank's financial statements of Baht 58,638 million and Baht 53,492 million, respectively (See Note 3.7).

6.8 Revaluation allowance for debt restructuring

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

	CONSOLIDATED		THE BANK	
	2016	2015	2016	2015
Beginning balance	2,412	2,514	2,412	2,514
Increase during the year	940	664	940	664
Write off/decrease during the year	(642)	(766)	(642)	(766)
Ending balance	<u>2,710</u>	<u>2,412</u>	<u>2,710</u>	<u>2,412</u>

6.9 Properties for sale, net

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

	CONSOLIDATED 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>

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

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.

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

Type of Properties for Sale	Beginning Balance	THE BANK 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

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

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.

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

Classified properties for sale in accordance with the notification of the BOT as at December 31, 2016 and 2015 are presented in Note 6.13.

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

Million Baht

CONSOLIDATED FOR THE YEARS ENDED DECEMBER 31,							
Type of Sale of Properties for Sale	Income Recognition Method	Deferred Profit on Sale of Properties for Sale	2016	2015	Deferred Profit on Sale of Properties for Sale	2016	2015
			Profit on Sale of Properties for Sale	Loss on Sale of Properties for Sale		Profit on Sale of Properties for Sale	Loss on Sale of Properties for Sale
Sale to public	Per Installment	-	3	-	3	1	-
Sale to public	Per cost recovery	-	1,025	(12)	-	3,044	(13)

Million Baht

THE BANK FOR THE YEARS ENDED DECEMBER 31,							
Type of Sale of Properties for Sale	Income Recognition Method	Deferred Profit on Sale of Properties for Sale	2016	2015	Deferred Profit on Sale of Properties for Sale	2016	2015
			Profit on Sale of Properties for Sale	Loss on Sale of Properties for Sale		Profit on Sale of Properties for Sale	Loss on Sale of Properties for Sale
Sale to public	Per Installment	-	3	-	3	1	-
Sale to public	Per cost recovery	-	780	(11)	-	2,491	(10)

6.10 Premises and equipment, net

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

											Million Baht
CONSOLIDATED											
2016											
	Cost				Ending Balance	Accumulated Depreciation				Ending Balance	Premises and Equipment (Net)
	Beginning Balance	Additions/ Transfer	Disposal/ Transfer	Others		Beginning Balance	Depre- ciation	Disposal/ Transfer	Others		
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	<u>1,637</u>	<u>1,284</u>	<u>(2,237)</u>	<u>26</u>	<u>710</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>710</u>
Total	<u><u>65,078</u></u>	<u><u>4,281</u></u>	<u><u>(3,540)</u></u>	<u><u>(240)</u></u>	<u><u>65,579</u></u>	<u><u>18,970</u></u>	<u><u>2,745</u></u>	<u><u>(1,332)</u></u>	<u><u>(35)</u></u>	<u><u>20,348</u></u>	<u><u>45,231</u></u>

CONSOLIDATED
2015

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

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

As at December 31, 2016 and 2015, the Bank and subsidiaries had equipment which are fully depreciated but still in use at the original costs amounting to Baht 14,876 million and Baht 14,925 million, respectively.

THE BANK
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	<u>62,958</u>	<u>2,984</u>	<u>(2,450)</u>	<u>(144)</u>	<u>63,348</u>	<u>18,274</u>	<u>2,613</u>	<u>(1,296)</u>	<u>(10)</u>	<u>19,581</u>	<u>43,767</u>

THE BANK
2015

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

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

As at December 31, 2016 and 2015, the Bank had equipment which is fully depreciated but still in use at the original costs amounting to Baht 14,394 million, and Baht 14,475 million, respectively.

6.11 Other intangible assets, net

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

											Million Baht
CONSOLIDATED											
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
CONSOLIDATED											
2015											
	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	2,016	222	(331)	2	1,909	1,571	267	(323)	3	1,518	391
Others	253	77	(270)	1	61	-	-	-	-	-	61
Total	2,269	299	(601)	3	1,970	1,571	267	(323)	3	1,518	452
											Million Baht
THE BANK											
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

Million Baht

THE BANK											
2015											
	Beginning Balance	Additions/ Transfer	Cost		Ending Balance	Beginning Balance	Accumulated Amortization			Ending Balance	Other Intangible Assets (Net)
			Disposal/ Transfer	Others			Amorti- zation	Disposal/ Transfer	Others		
Software	1,776	194	(314)	2	1,658	1,386	244	(314)	2	1,318	340
Others	253	77	(270)	-	60	-	-	-	-	-	60
Total	2,029	271	(584)	2	1,718	1,386	244	(314)	2	1,318	400

6.12 Deferred tax assets and liabilities

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

	CONSOLIDATED		THE BANK	
	2016	2015	2016	2015
Deferred tax assets	3,348	2,745	2,355	1,778
Deferred tax liabilities	5,702	6,335	5,468	5,963
Deferred tax assets (liabilities), net	(2,354)	(3,590)	(3,113)	(4,185)

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

	CONSOLIDATED 2016				Million Baht
	Beginning Balance	Recognized in Profit and Loss	Recognized in Other Comprehensive Income	Others	Ending Balance
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

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

			THE BANK 2016		Million Baht
	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>

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

6.13 Classified assets in accordance with the notification of the BOT

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

	CONSOLIDATED 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

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

	THE BANK 2016				Million Baht
	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

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

6.14 Deposits

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

	CONSOLIDATED		THE BANK		Million Baht
	2016	2015	2016	2015	
Demand	95,810	86,797	94,316	84,783	
Savings	958,150	850,689	946,294	841,714	
Fixed	1,121,494	1,152,395	1,074,960	1,111,527	
Negotiable certificates of deposit	2,687	1,084	1,089	1,084	
Total	2,178,141	2,090,965	2,116,659	2,039,108	

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

	CONSOLIDATED						Million Baht
	2016			2015			
	Domestic	Foreign	Total	Domestic	Foreign	Total	
BAHT	1,933,082	9,440	1,942,522	1,787,096	98,145	1,885,241	
USD	38,723	60,327	99,050	28,021	51,642	79,663	
Others	20,595	115,974	136,569	17,193	108,868	126,061	
Total	1,992,400	185,741	2,178,141	1,832,310	258,655	2,090,965	

	THE BANK						Million Baht
	2016			2015			
	Domestic	Foreign	Total	Domestic	Foreign	Total	
BAHT	1,933,587	9,428	1,943,015	1,787,103	98,127	1,885,230	
USD	38,543	57,140	95,683	27,935	46,992	74,927	
Others	13,238	64,723	77,961	12,189	66,762	78,951	
Total	1,985,368	131,291	2,116,659	1,827,227	211,881	2,039,108	

6.15 Interbank and money market items (liabilities)

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

						Million Baht
CONSOLIDATED						
	Demand	2016 Time	Total	Demand	2015 Time	Total
Domestic items						
Bank of Thailand and Financial Institutions						
Development Fund	158	3,387	3,545	41	4,809	4,850
Commercial banks	1,269	21,650	22,919	4,978	22,900	27,878
Special purpose financial Institutions	119	25,644	25,763	145	17,109	17,254
Other financial institutions	10,311	1,693	12,004	10,278	6,116	16,394
Total domestic items	<u>11,857</u>	<u>52,374</u>	<u>64,231</u>	<u>15,442</u>	<u>50,934</u>	<u>66,376</u>
Foreign items						
USD	4,116	25,088	29,204	5,143	18,386	23,529
JPY	465	7,206	7,671	452	5,363	5,815
EUR	1,225	-	1,225	1,874	-	1,874
Others	9,680	18,917	28,597	6,401	24,686	31,087
Total foreign items	<u>15,486</u>	<u>51,211</u>	<u>66,697</u>	<u>13,870</u>	<u>48,435</u>	<u>62,305</u>
Total domestic and foreign items	<u><u>27,343</u></u>	<u><u>103,585</u></u>	<u><u>130,928</u></u>	<u><u>29,312</u></u>	<u><u>99,369</u></u>	<u><u>128,681</u></u>

						Million Baht
THE BANK						
	Demand	2016 Time	Total	Demand	2015 Time	Total
Domestic items						
Bank of Thailand and Financial Institutions						
Development Fund	158	3,387	3,545	41	4,809	4,850
Commercial banks	1,269	21,650	22,919	4,978	22,900	27,878
Special purpose financial Institutions	119	25,644	25,763	145	17,110	17,255
Other financial institutions	10,546	1,693	12,239	10,427	6,116	16,543
Total domestic items	<u>12,092</u>	<u>52,374</u>	<u>64,466</u>	<u>15,591</u>	<u>50,935</u>	<u>66,526</u>
Foreign items						
USD	4,194	26,702	30,896	5,244	21,340	26,584
JPY	485	7,206	7,691	456	5,363	5,819
EUR	1,271	-	1,271	1,889	-	1,889
Others	9,764	8,812	18,576	6,500	9,823	16,323
Total foreign items	<u>15,714</u>	<u>42,720</u>	<u>58,434</u>	<u>14,089</u>	<u>36,526</u>	<u>50,615</u>
Total domestic and foreign items	<u><u>27,806</u></u>	<u><u>95,094</u></u>	<u><u>122,900</u></u>	<u><u>29,680</u></u>	<u><u>87,461</u></u>	<u><u>117,141</u></u>

6.16 Debt issued and Borrowings

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

						Million Baht
CONSOLIDATED						
	Domestic	2016 Foreign	Total	Domestic	2015 Foreign	Total
Senior unsecured notes	-	107,556	107,556	-	108,335	108,335
Unsecured subordinated notes	20,000	16,123	36,123	20,000	16,238	36,238
Bills of exchange	74	-	74	74	-	74
Others	213	-	213	107	-	107
<u>Less</u> Discount on borrowings	<u>-</u>	<u>(6,151)</u>	<u>(6,151)</u>	<u>-</u>	<u>(6,352)</u>	<u>(6,352)</u>
Total	<u>20,287</u>	<u>117,528</u>	<u>137,815</u>	<u>20,181</u>	<u>118,221</u>	<u>138,402</u>

						Million Baht
THE BANK						
	Domestic	2016 Foreign	Total	Domestic	2015 Foreign	Total
Senior unsecured notes	-	107,556	107,556	-	108,335	108,335
Unsecured subordinated notes	20,000	16,123	36,123	20,000	16,238	36,238
Bills of exchange	74	-	74	74	-	74
Others	22	-	22	49	-	49
<u>Less</u> Discount on borrowings	<u>-</u>	<u>(6,151)</u>	<u>(6,151)</u>	<u>-</u>	<u>(6,352)</u>	<u>(6,352)</u>
Total	<u>20,096</u>	<u>117,528</u>	<u>137,624</u>	<u>20,123</u>	<u>118,221</u>	<u>138,344</u>

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

						Million Baht
CONSOLIDATED						
Type	Currency	Maturity	Interest Rate	Amount		
				2016	2015	
Senior unsecured notes	USD	2018 - 2023	2.75% - 5.00%	107,556	108,335	
Unsecured subordinated notes	USD	2029	9.025%	16,123	16,238	
Unsecured subordinated notes	THB	2022	4.375%	20,000	20,000	
Bills of exchange	THB	2017	1.00%	74	74	
Others	THB	2017 - 2022	0.00% - 0.50%	213	107	
<u>Less</u> Discount on borrowings				<u>(6,151)</u>	<u>(6,352)</u>	
Total				<u>137,815</u>	<u>138,402</u>	

Type	Currency	Maturity	Interest Rate	THE BANK	
				Amount	
				2016	2015
Senior unsecured notes	USD	2018 - 2023	2.75% - 5.00%	107,556	108,335
Unsecured subordinated notes	USD	2029	9.025%	16,123	16,238
Unsecured subordinated notes	THB	2022	4.375%	20,000	20,000
Bills of exchange	THB	2017	1.00%	74	74
Others	THB	2017 - 2022	0.50%	22	49
<u>Less Discount on borrowings</u>				<u>(6,151)</u>	<u>(6,352)</u>
Total				<u>137,624</u>	<u>138,344</u>

6.17 Unsecured subordinated notes

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

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

6.18 Bonds

On April 12, 2005, the shareholders reconsidered the resolutions of the shareholders' meeting, convened on April 9, 2004, approving to issue bonds of the Bank and passed a resolution for the Bank to issue and offer subordinated bonds and/or unsubordinated bonds and/or perpetual bonds, both subordinated and unsubordinated, and/or subordinated convertible bonds and/or convertible bonds (together 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 December 31, 2016, the Bank had not yet issued bonds according to the aforementioned resolution.

6.20 Provisions

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

	CONSOLIDATED		THE BANK	
	2016	2015	2016	2015
Beginning balance	9,601	9,241	9,472	9,143
Increase during the year	5,359	1,630	5,330	1,599
Written off/reversal during the year	(2,019)	(1,270)	(2,024)	(1,270)
Ending balance	<u>12,941</u>	<u>9,601</u>	<u>12,778</u>	<u>9,472</u>

6.21 Post-employment benefits

6.21.1 Defined contribution plans

For the years ended December 31, 2016 and 2015, the Bank and its subsidiaries have the expenses for defined contribution plans in the consolidated financial statements, amounting to Baht 1,167 million and Baht 1,037 million, and in the Bank's financial statements amounting to Baht 1,058 million and Baht 937 million, respectively.

6.21.2 Defined benefit plans

As at December 31, 2016 and 2015, the Bank and its local subsidiaries have unfunded defined benefit plans but some overseas branches have funded defined benefit plans. The reconciliation of the defined benefit obligations, both funded and unfunded, and plan assets to the amounts recognized in the financial statements are as follows :

	CONSOLIDATED		THE BANK	
	2016	2015	2016	2015
The present value of the funded defined benefit plans	820	859	820	859
The fair value of plan assets	<u>(535)</u>	<u>(489)</u>	<u>(535)</u>	<u>(489)</u>
	285	370	285	370
The present value of the unfunded defined benefit plans	<u>7,369</u>	<u>7,084</u>	<u>7,206</u>	<u>6,955</u>
Liabilities, net	<u>7,654</u>	<u>7,454</u>	<u>7,491</u>	<u>7,325</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 December 31, 2016 and 2015 :

	CONSOLIDATED		THE BANK	
			Million Baht	
	2016	2015	2016	2015
Beginning balance	7,943	7,315	7,814	7,216
Current service costs	533	478	506	457
Interest costs	257	249	254	247
Benefit paid during the years	(298)	(323)	(295)	(323)
Actuarial losses (gains) on obligations				
from changes in financial assumptions	10	(2)	4	3
from changes in demographic assumptions	6	168	-	158
from experience	(169)	13	(165)	11
Unrealized losses (gains) on exchanges	(92)	45	(92)	45
Ending balance	<u>8,190</u>	<u>7,943</u>	<u>8,026</u>	<u>7,814</u>

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

	CONSOLIDATED		THE BANK	
			Million Baht	
	2016	2015	2016	2015
Beginning balance	489	449	489	449
Interest income	20	22	20	22
Contributions	98	27	98	27
Benefit paid during the years	(2)	(23)	(2)	(23)
Actuarial losses on plan assets	(3)	(4)	(3)	(4)
Unrealized gains (losses) on exchanges	(67)	18	(67)	18
Ending balance	<u>535</u>	<u>489</u>	<u>535</u>	<u>489</u>

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

	CONSOLIDATED		Percentage	
	Significant actuarial assumptions		Increase in defined benefit obligations	
	2016	2015	2016	2015
Discount rate	1.10 - 8.10	1.10 - 8.70	13.14	13.14
Average future salary increases	2.00 - 15.00	2.00 - 15.00	11.49	11.27

	THE BANK		Percentage	
	Significant actuarial assumptions		Increase in defined benefit obligations	
	2016	2015	2016	2015
Discount rate	1.10 - 8.10	1.10 - 8.70	13.14	13.12
Average future salary increases	2.00 - 15.00	2.00 - 15.00	11.47	11.23

6.22 Share capital

The Bank's share capital consists of :

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

As at December 31, 2016 and 2015, the Bank had registered share capital of Baht 40,000,000,000 divided into ordinary shares and preferred shares totaling 4,000,000,000 shares, with par value of Baht 10 each, details of which are as follows :

Type	Number of Registered Shares	
	2016	2015
Ordinary shares	3,998,345,000	3,998,345,000
Class A preferred shares	655,000	655,000
Class B preferred shares	1,000,000	1,000,000
Total	4,000,000,000	4,000,000,000

As at December 31, 2016 and 2015, the Bank had 1,908,842,894 issued ordinary shares and 2,039,502,106 unissued ordinary shares and 655,000 Class A unissued preferred shares and 1,000,000 Class B unissued preferred shares. In relation to the allocation of the unissued ordinary shares, the Bank will follow the resolutions of the 12th ordinary shareholders' meeting convened on April 12, 2005, as per the following details :

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

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

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

6.23 The establishment of Special Purpose Vehicle to issue capital securities

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

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

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

SPV may include dividend payment or other kind of payment as determined by the Board of Directors and such payment may be related to payment of dividend or other payment on other securities of the Bank.

On March 18, 1999, the shareholders passed a resolution for the Bank to establish or to invest in a subsidiary or SPV for the purpose of raising fund of the Bank, by issuing preferred shares and/or bonds to the subsidiary or SPV, or the Bank may issue the preferred shares and/or bonds to a mutual fund or a juristic entity that is established for investing mainly in the Bank's preferred shares and/or bonds; and the Bank is authorized to enter into Trust Agreement or Master Investment Agreement between the Bank and the subsidiary or SPV or mutual fund or any other juristic entity. As at December 31, 2016, the Bank had not yet established the SPV as it had not issued the instrument for fund raising via SPV according to the above-mentioned resolution.

6.24 Legal reserve and other reserves

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

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

6.25 The appropriation of the profit and the dividend payments

On April 10, 2015, the 22nd Annual Ordinary Meeting of Shareholders approved the resolutions regarding the appropriation of the profit and the payment of dividend for the year 2014 as follows :

- The appropriation as legal reserve and as other reserves amounting to Baht 1,000 million and Baht 5,000 million, respectively, with the amount to be appropriated for the period of January - June 2014 amounting to Baht 500 million as legal reserve and Baht 5,000 million as other reserves (all of which had already been appropriated as stated in the financial statements for the year ended December 31, 2014), and the amount to be appropriated for the period of July - December 2014 amounting to Baht 500 million as legal reserve.
- The payment of dividend at the rate of Baht 6.50 per ordinary share, totaling Baht 12,407 million, a part of which had been paid as interim dividend at the rate of Baht 2.00 per share amounting to Baht 3,818 million on September 26, 2014, and the remaining amount will be paid on May 8, 2015 at the rate of Baht 4.50 per share amounting to Baht 8,589 million.

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

On August 27, 2015, the meeting of the Board of Directors of the Bank No. 8/2015 approved the resolutions regarding the appropriation of the profit and the payment of interim dividend as follows :

- The appropriation as legal reserve and as other reserves for the period of January - June 2015 amounting to Baht 500 million and Baht 5,000 million, respectively.
- The payment of interim dividend at the rate of Baht 2.00 per ordinary share amounting to Baht 3,818 million on September 25, 2015.

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

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

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

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

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.

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 December 31, 2016 and 2015 amounted to Baht 18,724 million and Baht 19,707 million, respectively.

6.27 Contingent liabilities

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

	CONSOLIDATED		THE BANK	
	2016	2015	2016	2015
Avals to bills	5,529	6,808	5,529	6,808
Guarantees of loans	18,001	11,788	7,711	7,391
Liability under unmatured import bills	17,921	18,487	15,699	17,295
Letters of credit	35,623	29,192	34,512	27,570
Other commitments				
Amount of unused bank overdraft	175,893	178,698	174,753	177,362
Other guarantees	267,989	220,602	266,820	219,120
Others	82,088	90,449	85,871	94,058
Total	603,044	556,024	590,895	549,604

6.28 Litigation

As at December 31, 2016 and 2015, a number of civil proceedings have been brought against the Bank and subsidiaries in the ordinary course of business. The Bank and subsidiaries believe that such proceedings, when resolved, will not materially affect the Bank and subsidiaries's financial position and result of operations.

6.29 Related party transactions

As at December 31, 2016 and 2015, related parties of the Bank consisted of subsidiaries, associates, key management personnel that are directors, executives at the level of executive vice president and higher or equal, any parties related to key management personnel, including the entities in which key management personnel and any parties related which are controlled or significantly influenced.

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

	CONSOLIDATED		THE BANK	
	2016	2015	2016	2015
Million Baht				
PLACEMENT				
Subsidiaries				
Bangkok Bank Berhad	-	-	3,163	2,753
Bangkok Bank (China) Co., Ltd.	-	-	6,468	7,227
Total	<u>-</u>	<u>-</u>	<u>9,631</u>	<u>9,980</u>
LOANS				
Subsidiary				
Sinnsuptawee Asset Management Co., Ltd.	-	-	2,710	2,710
Associate				
BSL Leasing Co., Ltd.	145	245	145	245
Other related parties	7	137	7	104
Total	<u>152</u>	<u>382</u>	<u>2,862</u>	<u>3,059</u>
ALLOWANCE FOR DOUBTFUL ACCOUNTS				
Subsidiary				
Sinnsuptawee Asset Management Co., Ltd.	-	-	33	33
Associate				
BSL Leasing Co., Ltd.	1	3	1	3
Total	<u>1</u>	<u>3</u>	<u>34</u>	<u>36</u>
OTHER ASSETS				
Subsidiaries				
Bangkok Bank Berhad	-	-	7	2
Sinnsuptawee Asset Management Co., Ltd.	-	-	1	1
BBL Asset Management Co., Ltd.	-	-	271	226
Bualuang Securities PCL.	-	-	2	1
Bangkok Bank (China) Co., Ltd.	-	-	9	3
Associates				
Processing Center Co., Ltd.	31	29	31	29
Thai Payment Network Co., Ltd.	7	-	7	-
Other related parties	6	6	-	-
Total	<u>44</u>	<u>35</u>	<u>328</u>	<u>262</u>

	CONSOLIDATED		THE BANK	
	2016	2015	2016	2015
Million Baht				
DEPOSITS				
Subsidiaries				
BBL (Cayman) Limited	-	-	821	823
Bangkok Bank Berhad	-	-	91	182
Sinnsuptawee Asset Management Co., Ltd.	-	-	5	7
BBL Asset Management Co., Ltd.	-	-	87	61
Bualuang Securities PCL.	-	-	45	55
Bangkok Bank (China) Co., Ltd.	-	-	138	152
Bualuang Venture Co., Ltd.	-	-	500	-
Bangkok Capital Asset Management Co., Ltd.*	-	-	102	33
Associates				
BSL Leasing Co., Ltd.	62	48	62	48
Processing Center Co., Ltd.	94	48	94	48
National ITMX Co., Ltd.	32	40	32	40
Thai Payment Network Co., Ltd.	1	68	1	68
Other related parties	<u>5,505</u>	<u>5,650</u>	<u>5,505</u>	<u>5,650</u>
Total	<u>5,694</u>	<u>5,854</u>	<u>7,483</u>	<u>7,167</u>
BORROWINGS				
Subsidiaries				
Bangkok Bank Berhad	-	-	287	-
Bangkok Bank (China) Co., Ltd.	<u>-</u>	<u>-</u>	<u>2,043</u>	<u>3,063</u>
Total	<u>-</u>	<u>-</u>	<u>2,330</u>	<u>3,063</u>
OTHER LIABILITIES				
Subsidiaries				
Sinnsuptawee Asset Management Co., Ltd.	-	-	720	868
Bualuang Securities PCL.	-	-	1	-
Associates				
Processing Center Co., Ltd.	6	3	6	3
National ITMX Co., Ltd.	6	-	6	-
Other related parties	<u>6</u>	<u>19</u>	<u>6</u>	<u>12</u>
Total	<u>18</u>	<u>22</u>	<u>739</u>	<u>883</u>
COMMITMENTS				
Subsidiaries				
Bangkok Bank Berhad	-	-	171	-
Bualuang Securities PCL.	-	-	73	90
Bangkok Bank (China) Co., Ltd.	-	-	699	400
Associates				
BSL Leasing Co., Ltd.	45	79	45	79
National ITMX Co., Ltd.	-	1	-	1
Other related parties	<u>3</u>	<u>6</u>	<u>3</u>	<u>6</u>
Total	<u>48</u>	<u>86</u>	<u>991</u>	<u>576</u>

* Holding by Bualuang Securities PCL.

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.

For the year ended December 31, 2015, the Bank and subsidiaries charged interest at rates between 1.56% to 13.00% on loans to these related parties depending on the types of loans and collateral and interest rate charged 1.56% on loans to Sinnsuptawee Asset Management Co., Ltd.

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

In the consolidated and the Bank's financial statements, investments in subsidiaries and associates as at December 31, 2016 and 2015 are shown in Note 6.5.

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

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

	CONSOLIDATED FOR THE YEARS ENDED DECEMBER 31,		THE BANK FOR THE YEARS ENDED DECEMBER 31,	
	2016	2015	2016	2015
Interest and discount received				
Subsidiaries				
Bangkok Bank Berhad	-	-	24	15
Sinnsuptawee Asset Management Co., Ltd.	-	-	42	57
Bualuang Securities PCL.	-	-	-	1
Bangkok Bank (China) Co., Ltd.	-	-	46	24
Associate				
BSL Leasing Co., Ltd.	6	7	6	7
Other related parties	1	1	1	1
Total	<u>7</u>	<u>8</u>	<u>119</u>	<u>105</u>
Fees and service income				
Subsidiaries				
Bangkok Bank Berhad	-	-	2	1
BBL Asset Management Co., Ltd.	-	-	1,493	1,332
Bualuang Securities PCL.	-	-	24	22
Associates				
BSL Leasing Co., Ltd.	-	1	-	1
Processing Center Co., Ltd.	11	13	11	13
Other related parties	57	56	1	-
Total	<u>68</u>	<u>70</u>	<u>1,531</u>	<u>1,369</u>

	CONSOLIDATED FOR THE YEARS ENDED DECEMBER 31,		THE BANK FOR THE YEARS ENDED DECEMBER 31,	
	2016	2015	2016	2015
Dividend income				
Subsidiaries				
BBL Asset Management Co., Ltd.	-	-	652	517
Bualuang Securities PCL.	-	-	-	432
Associates				
BSL Leasing Co., Ltd.	2	2	2	2
Processing Center Co., Ltd.	47	33	47	33
Total	<u>49</u>	<u>35</u>	<u>701</u>	<u>984</u>
Other income				
Subsidiaries				
Bualuang Securities PCL.	-	-	4	3
Bangkok Bank (China) Co., Ltd.	-	-	138	146
Associates				
National ITMX Co., Ltd.	5	5	5	5
Thai Payment Network Co., Ltd.	10	-	10	-
Total	<u>15</u>	<u>5</u>	<u>157</u>	<u>154</u>
Interest paid				
Subsidiaries				
BBL (Cayman) Limited	-	-	4	1
Bangkok Bank Berhad	-	-	1	-
Sinnsuptawee Asset Management Co., Ltd.	-	-	-	1
BBL Asset Management Co., Ltd.	-	-	1	1
Bualuang Securities PCL.	-	-	3	2
Bangkok Bank (China) Co., Ltd.	-	-	6	3
Bualuang Venture Co., Ltd.	-	-	2	-
Associates				
Processing Center Co., Ltd.	1	-	1	-
Thai Payment Network Co., Ltd.	-	1	-	1
Other related parties	47	61	47	61
Total	<u>48</u>	<u>62</u>	<u>65</u>	<u>70</u>
Commission paid				
Subsidiaries				
Sinnsuptawee Asset Management Co., Ltd.	-	-	-	-
Bualuang Securities PCL.	-	-	5	4
Other related parties	35	27	-	-
Total	<u>35</u>	<u>27</u>	<u>5</u>	<u>4</u>
Other expenses				
Subsidiaries				
Bualuang Securities PCL.	-	-	-	1
Bangkok Bank (China) Co., Ltd.	-	-	1	5
Associates				
Processing Center Co., Ltd.	47	30	47	30
National ITMX Co., Ltd.	58	63	58	63
Other related parties	65	58	55	39
Total	<u>170</u>	<u>151</u>	<u>161</u>	<u>138</u>

Compensation of key management personnel for the years ended December 31, 2016 and 2015 consisted of the following :

	CONSOLIDATED FOR THE YEARS ENDED DECEMBER 31,		THE BANK FOR THE YEARS ENDED DECEMBER 31,	
	2016	2015	2016	2015
Short-term employee benefits	1,517	1,468	1,052	1,082
Post-employment benefits	<u>65</u>	<u>55</u>	<u>58</u>	<u>48</u>
Total	<u>1,582</u>	<u>1,523</u>	<u>1,110</u>	<u>1,130</u>

6.30 Other benefits to directors and persons with managing authority

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

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

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

SINNSUPTAWEE ASSET MANAGEMENT COMPANY LIMITED		
STATEMENT OF CASH FLOWS		
FOR THE YEAR ENDED DECEMBER 31, 2016		
		Million Baht
	2016	2015
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit from operating before income tax expenses	1,911	3,801
Items to reconcile profit from operating before income tax expenses to cash received (paid) from operating activities		
Net gain on disposal of securities	(1,704)	(3,328)
Loss on impairment of properties for sale	54	66
Net interest expenses	42	57
Dividend income	(117)	(144)
Proceeds from dividend income	117	144
Interest expenses paid	(42)	(57)
Income tax paid	(796)	(65)
Profit (loss) from operating before changes in operating assets and liabilities	(535)	474
Operating assets (increase) decrease		
Account receivable from properties for rental	2	(3)
Properties for sale	537	791
Operating liabilities increase (decrease)		
Accrued expenses	(2)	-
Deposits	136	(78)
Advance received for properties for sale	-	(133)
Net cash from operating activities	138	1,051
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of available-for-sale securities	(2,856)	(3,771)
Proceeds from disposal of available-for-sale securities	2,716	4,261
Purchase of equipment	-	-
Net cash from investing activities	(140)	490
CASH FLOWS FROM FINANCING ACTIVITIES		
Cash paid for loan from the parent company	-	(1,590)
Net cash from financing activities	-	(1,590)
Net increase (decrease) in cash and cash equivalents	(2)	(49)
Cash and cash equivalents as at January 1,	6	55
Cash and cash equivalents as at December 31,	4	6

6.32 Events after the reporting period

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 9,262 million. The Bank has purchased all the issued ordinary shares. As a result, the proportion of the Bank's equity interest remains at 100%.

6.33 Long-term leases

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

Type of lease	Period	Million Baht			
		REMAINING RENTAL EXPENSES			
		CONSOLIDATED	THE BANK		
		2016	2015	2016	2015
Land and/or premises	1 Year	72	128	72	128
Land and/or premises	Over 1 Year to 5 Years	193	215	193	215
Land and/or premises	Over 5 Years	240	263	240	263
Total		<u>505</u>	<u>606</u>	<u>505</u>	<u>606</u>

6.34 Operating Segments

6.34.1 Operating Segments

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

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

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

Domestic Banking

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

International Banking

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

Investment Banking

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

Others

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

The operating results of operating segments for the years ended December 31, 2016 and 2015 are as follows :

	CONSOLIDATED FOR THE YEAR ENDED DECEMBER 31, 2016					Million Baht
	Domestic Banking	International Banking	Investment Banking	Others	Elimination	Total
Total operating income	69,257	11,631	13,896	11,075	(1)	105,858
Total operating expenses before credit losses	<u>(32,688)</u>	<u>(4,384)</u>	<u>(732)</u>	<u>(12,702)</u>	<u>1</u>	<u>(50,505)</u>
Profit from operating before credit losses and income tax expenses	<u>36,569</u>	<u>7,247</u>	<u>13,164</u>	<u>(1,627)</u>	<u>-</u>	<u>55,353</u>

	CONSOLIDATED FOR THE YEAR ENDED DECEMBER 31, 2015					Million Baht
	Domestic Banking	International Banking	Investment Banking	Others	Elimination	Total
Total operating income	62,097	11,175	14,651	14,806	(1)	102,728
Total operating expenses before credit losses	<u>(28,421)</u>	<u>(4,778)</u>	<u>(698)</u>	<u>(11,149)</u>	<u>1</u>	<u>(45,045)</u>
Profit from operating before credit losses and income tax expenses	<u>33,676</u>	<u>6,397</u>	<u>13,953</u>	<u>3,657</u>	<u>-</u>	<u>57,683</u>

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

	CONSOLIDATED					Million Baht
	Domestic Banking	International Banking	Investment Banking	Others	Elimination	Total
Total assets						
As at December 31, 2016	1,578,943	711,111	944,129	171,899	(461,852)	2,944,230
As at December 31, 2015	1,526,414	706,799	920,854	160,459	(478,674)	2,835,852

6.34.2 Geographical Segments

The operating results classified by geographical areas for the years ended December 31, 2016 and 2015 are as follows :

	CONSOLIDATED FOR THE YEARS ENDED DECEMBER 31,						Million Baht
	2016			2015			
	Domestic Operations	Foreign Operations	Total	Domestic Operations	Foreign Operations	Total	
Total operating income	92,661	13,197	105,858	90,231	12,497	102,728	
Total operating expenses *	(58,344)	(7,890)	(66,234)	(51,619)	(8,079)	(59,698)	
Profit from operating							
before income tax expenses	34,317	5,307	39,624	38,612	4,418	43,030	

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

	CONSOLIDATED					Million Baht
	2016			2015		
	Domestic Operations	Foreign Operations	Total	Domestic Operations	Foreign Operations	Total
Non-current assets **	38,544	7,515	46,059	38,932	7,628	46,560
Total assets	2,430,690	513,540	2,944,230	2,321,497	514,355	2,835,852

* Including credit losses.

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

6.35 Interest income

Interest income for the years ended December 31, 2016 and 2015 are as follows :

	CONSOLIDATED FOR THE YEARS ENDED DECEMBER 31,		THE BANK FOR THE YEARS ENDED DECEMBER 31,	
	2016	2015	2016	2015
Interest on interbank and money market items	6,056	9,465	5,041	7,575
Investments and trading transactions	398	447	397	446
Investment in debt securities	7,844	6,394	7,337	5,947
Interest on loans	88,079	87,458	85,651	84,871
Others	66	50	66	51
Total interest income	102,443	103,814	98,492	98,890

6.36 Interest expenses

Interest expenses for the years ended December 31, 2016 and 2015 are as follows :

	CONSOLIDATED FOR THE YEARS ENDED DECEMBER 31,		THE BANK FOR THE YEARS ENDED DECEMBER 31,	
	2016	2015	2016	2015
Interest on deposits	21,410	28,905	19,892	26,834
Interest on interbank and money market items	1,091	1,370	974	1,118
Contributions to the Deposit Protection Agency	9,127	9,060	9,122	9,056
Interest on debt issued				
Bonds and subordinated notes	6,803	6,963	6,803	6,963
Others	1	2	1	2
Others	13	4	13	4
Total interest expenses	38,445	46,304	36,805	43,977

6.37 Net fees and service income

Net fees and service income for the years ended December 31, 2016 and 2015 are as follows :

	CONSOLIDATED FOR THE YEARS ENDED DECEMBER 31,		THE BANK FOR THE YEARS ENDED DECEMBER 31,	
	2016	2015	2016	2015
Fees and service income				
Acceptances, aval and guarantees of loans	174	144	146	118
Others	32,762	31,939	28,722	27,686
Total fees and service income	32,936	32,083	28,868	27,804
Fees and service expenses	8,444	8,012	8,343	7,716
Net fees and service income	24,492	24,071	20,525	20,088

6.38 Gains (losses) on tradings and foreign exchange transactions

Gains (losses) on tradings and foreign exchange transactions for the years ended December 31, 2016 and 2015 are as follows :

	CONSOLIDATED FOR THE YEARS ENDED DECEMBER 31,		THE BANK FOR THE YEARS ENDED DECEMBER 31,	
	2016	2015	2016	2015
Gains (losses) on tradings and foreign exchange transactions				
Foreign exchanges and derivatives	7,916	7,904	7,180	7,207
Interest rate derivatives	(431)	(798)	(431)	(798)
Debt securities	(455)	253	(461)	247
Equity securities	429	415	-	-
Total gains (losses) on tradings and foreign exchange transactions	7,459	7,774	6,288	6,656

6.39 Gains (losses) on investments

Gains (losses) on investments for the years ended December 31, 2016 and 2015 are as follows :

	CONSOLIDATED FOR THE YEARS ENDED DECEMBER 31,		THE BANK FOR THE YEARS ENDED DECEMBER 31,	
	2016	2015	2016	2015
Gains (losses) on investments				
Available-for-sale securities	4,379	6,874	2,505	3,536
General investment	(62)	121	(62)	121
Investments in associates	-	-	-	31
Total	4,317	6,995	2,443	3,688
Loss on impairment				
Available-for-sale securities	(46)	(632)	(46)	(632)
General investment	-	(527)	-	(527)
Total	(46)	(1,159)	(46)	(1,159)
Total gains (losses) on investments	4,271	5,836	2,397	2,529

6.40 Impairment loss of loans and debt securities

Impairment loss of loans and debt securities for the years ended December 31, 2016 and 2015 are as follows :

	CONSOLIDATED FOR THE YEARS ENDED DECEMBER 31,		THE BANK FOR THE YEARS ENDED DECEMBER 31,	
	2016	2015	2016	2015
Interbank and money market items (reversal)	(38)	9	(40)	(80)
Loans to customers	15,389	14,707	14,802	13,924
Loss on debt restructuring (reversal)	377	(62)	377	(62)

6.41 Income tax expenses

6.41.1 Income tax recognized in profit or loss for the years ended December 31, 2016 and 2015 are as follows :

	CONSOLIDATED FOR THE YEARS ENDED DECEMBER 31,		THE BANK FOR THE YEARS ENDED DECEMBER 31,	
	2016	2015	2016	2015
Current tax	8,684	10,522	7,343	9,097
Deferred tax	(1,128)	(1,892)	(915)	(1,924)
Total income tax expenses	7,556	8,630	6,428	7,173

6.41.2 Income tax recognized in component of other comprehensive income for the years ended December 31, 2016 and 2015 are as follows :

	CONSOLIDATED FOR THE YEARS ENDED DECEMBER 31,					
	2016			2015		
	Before-tax Amount	Tax (expense) Benefit	Net-of-tax Amount	Before-tax Amount	Tax (expense) Benefit	Net-of-tax Amount
Changes in revaluation surplus	-	-	-	15,629	(3,118)	12,511
Gains on remeasuring available-for-sale investment	(753)	133	(620)	2,238	(466)	1,772
Gains (losses) arising from translating the financial statements of foreign operations	(2,117)	-	(2,117)	2,432	-	2,432
Actuarial losses on defined benefit plans	151	(30)	121	(183)	36	(147)
Total	(2,719)	103	(2,616)	20,116	(3,548)	16,568

Million Baht

THE BANK						
FOR THE YEARS ENDED DECEMBER 31,						
	2016			2015		
	Before-tax Amount	Tax (expense) Benefit	Net-of-tax Amount	Before-tax Amount	Tax (expense) Benefit	Net-of-tax Amount
Changes in revaluation surplus	-	-	-	15,505	(3,101)	12,404
Gains on remeasuring available-for-sale investment	(841)	148	(693)	2,279	(471)	1,808
Gain (losses) arising from translating the financial statements of foreign operations	27	-	27	2,062	-	2,062
Actuarial losses on defined benefit plans	158	(31)	127	(176)	35	(141)
Total	<u>(656)</u>	<u>117</u>	<u>(539)</u>	<u>19,670</u>	<u>(3,537)</u>	<u>16,133</u>

6.41.3 Reconciliation of effective tax rates for the years ended December 31, 2016 and 2015 are as follows :

Million Baht

CONSOLIDATED				
FOR THE YEARS ENDED DECEMBER 31,				
	2016		2015	
	Amount	Percentage	Amount	Percentage
Profit from operating before income tax expense	39,624		43,030	
Income tax calculated at statutory tax rate	7,925	20.00	8,606	20.00
Overseas tax	1,048		1,130	
Tax effect of income and expenses that are not taxable and not deductible for tax purposes	(730)		(824)	
Others	(687)		(282)	
Total income tax expenses	<u>7,556</u>	19.07	<u>8,630</u>	20.06

Million Baht

THE BANK				
FOR THE YEARS ENDED DECEMBER 31,				
	2016		2015	
	Amount	Percentage	Amount	Percentage
Profit from operating before income tax expense	34,907		36,741	
Income tax calculated at statutory tax rate	6,982	20.00	7,348	20.00
Overseas tax	1,009		1,090	
Tax effect of income and expenses that are not taxable and not deductible for tax purposes	(791)		(845)	
Others	(772)		(420)	
Total income tax expenses	<u>6,428</u>	18.41	<u>7,173</u>	19.52

6.42 Approval of the financial statements

On February 16, 2017, the Audit Committee and the Board of Executive Directors have authorized to issue these financial statements.