

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, 2017, and the related consolidated and Bank’s statements of profit or loss and other comprehensive income, changes in shareholders’ equity and cash flows for the 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, 2017, 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 Federation of Accounting Professions’ Code of Ethics for Professional Accountants together with the ethical requirements that are relevant to the audit of the consolidated and Bank’s financial statements, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

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

Key Audit Matter	Audit Responses
<p>Allowance for doubtful accounts</p> <p>Because allowance for doubtful accounts requires the use of various assumptions and judgment, the recognition of allowance for doubtful accounts in accordance with TFRSs and also the Bank of Thailand's notifications, which includes the consideration of objective evidence indicating an adverse change in the ability of the borrowers to repay loans, the estimated cash flows from the collateral, the estimated future cash flows to be received from the borrowers, the timing of future cash flows, the potential of additional future loss and the economic conditions that may have an impact on the loan default rate. We focused our audit on the following areas of allowance for doubtful accounts specifically relating to:</p> <ul style="list-style-type: none"> • 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 having similar credit risk characteristics. • The calculation and the recognition of allowance for doubtful accounts. <p>Accounting policy for allowance for doubtful accounts and detail of allowance for doubtful accounts were disclosed in Notes 3.7 and 6.7 to the financial statements, respectively.</p>	<p>Key audit procedures included</p> <ul style="list-style-type: none"> • Assessing and testing the design and operating effectiveness of the controls over allowance for doubtful accounts data and calculations. These controls testing included the understanding the accounting policies and procedures regarding allowance for doubtful accounts, loan classification, collateral value and loan credit review. We tested the controls over the end to end business process including monitoring process, the validation process and the Board of Executive Directors' and the Board of Directors' approvals. • Performing detailed testing on samples of new and existing customers used to calculate allowance for doubtful accounts. This test was varied by product type, which typically included the re-performance of the calculation for all product types. • Testing samples of loans to ascertain whether the loss event (that is the point at which impairment is recognized) had been identified on a timely manner, where allowance for doubtful accounts had been identified. • Testing the forecasts of customers' future cash flows prepared by the Bank's management to support its calculation of the allowance for doubtful accounts including review of the assumptions and comparing estimates to available external information. • Assessing allowance for doubtful accounts which has not been identified by management as specific allowance for doubtful accounts using external evidences in forming our own judgment.

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.

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

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

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

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

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

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

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

- Identify and assess the risks of material misstatement of the consolidated and Bank's financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Bank and subsidiaries' internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Bank and subsidiaries' and the Bank's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Bank and subsidiaries and the Bank 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 matter. 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 20, 2018

DELOITTE TOUCHE TOHMATSU JAIYOS AUDIT CO., LTD.

BANGKOK BANK PUBLIC COMPANY LIMITED AND SUBSIDIARIES
STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2017

Baht : '000

		CONSOLIDATED		THE BANK	
	Notes	2017	2016	2017	2016
ASSETS					
CASH		65,472,802	66,338,317	65,382,699	66,261,272
INTERBANK AND MONEY MARKET ITEMS, NET	6.2	437,738,297	394,612,287	385,771,851	342,757,301
CLAIMS ON SECURITY		6,743	7,449	-	-
DERIVATIVES ASSETS	6.3	27,359,581	24,471,159	27,047,821	24,040,842
INVESTMENTS, NET	6.4	591,719,967	546,613,858	563,445,386	518,115,767
INVESTMENTS IN SUBSIDIARIES AND ASSOCIATES, NET	6.5	1,460,090	1,327,421	37,090,632	33,680,877
LOANS TO CUSTOMERS AND ACCRUED					
INTEREST RECEIVABLES, NET	6.6				
Loans to customers		2,004,496,384	1,941,586,291	1,954,426,697	1,893,632,507
Accrued interest receivables		5,061,073	4,652,521	4,953,268	4,536,487
Total loans to customers and					
accrued interest receivables		2,009,557,457	1,946,238,812	1,959,379,965	1,898,168,994
Less Deferred revenue		(507,523)	(493,063)	(469,345)	(450,949)
Less Allowance for doubtful accounts	6.7	(137,710,621)	(116,808,546)	(134,510,776)	(113,368,416)
Less Revaluation allowance for debt restructuring	6.8	(2,310,372)	(2,709,754)	(2,310,372)	(2,709,754)
Total loans to customers and					
accrued interest receivables, net		1,869,028,941	1,826,227,449	1,822,089,472	1,781,639,875
CUSTOMER'S LIABILITY UNDER ACCEPTANCES		1,432,858	686,373	128,232	116,245
PROPERTIES FOR SALE, NET	6.9	11,415,102	12,262,492	8,529,592	8,776,512
PREMISES AND EQUIPMENT, NET	6.10	43,834,022	45,230,550	42,368,555	43,767,374
OTHER INTANGIBLE ASSETS, NET	6.11	1,032,300	828,594	951,853	774,276
DEFERRED TAX ASSETS	6.12	3,676,165	3,347,566	2,686,368	2,355,259
SECURITIES BUSINESS RECEIVABLES-CASH ACCOUNTS		5,301,324	3,541,325	-	-
COLLATERAL PLACED WITH FINANCIAL COUNTERPARTIES		3,203,364	4,366,690	3,077,643	4,328,555
OTHER ASSETS, NET		13,628,832	14,368,259	11,466,882	12,184,928
TOTAL ASSETS		3,076,310,388	2,944,229,789	2,970,036,986	2,838,799,083

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

BANGKOK BANK PUBLIC COMPANY LIMITED AND SUBSIDIARIES
STATEMENT OF FINANCIAL POSITION (CONTINUED)
AS AT DECEMBER 31, 2017

Baht : '000

		CONSOLIDATED		THE BANK	
	Notes	2017	2016	2017	2016
LIABILITIES AND SHAREHOLDERS' EQUITY					
DEPOSITS	6.14	2,310,743,284	2,178,140,784	2,252,421,001	2,116,658,689
INTERBANK AND MONEY MARKET ITEMS	6.15	133,583,866	130,927,972	127,212,537	122,899,921
LIABILITY PAYABLE ON DEMAND		13,643,338	12,326,299	13,596,284	12,305,367
LIABILITY TO DELIVER SECURITY		421,410	272,400	-	-
DERIVATIVES LIABILITIES	6.3	21,001,637	26,713,721	20,213,259	26,153,232
DEBT ISSUED AND BORROWINGS	6.16	107,189,917	137,815,211	106,963,811	137,624,479
BANK'S LIABILITY UNDER ACCEPTANCES		1,432,858	686,373	128,232	116,245
PROVISIONS	6.20	13,504,271	12,941,250	13,323,068	12,777,872
DEFERRED TAX LIABILITIES	6.12	5,742,629	5,702,331	5,527,563	5,468,140
OTHER LIABILITIES		67,040,142	59,458,565	44,549,927	40,453,713
TOTAL LIABILITIES		2,674,303,352	2,564,984,906	2,583,935,682	2,474,457,658
SHAREHOLDERS' EQUITY					
SHARE CAPITAL	6.22				
Authorized share capital					
1,655,000 preferred shares of Baht 10 each		16,550	16,550	16,550	16,550
3,998,345,000 common shares of Baht 10 each		39,983,450	39,983,450	39,983,450	39,983,450
Issued and paid-up share capital					
1,908,842,894 common shares of Baht 10 each		19,088,429	19,088,429	19,088,429	19,088,429
PREMIUM ON COMMON SHARES		56,346,232	56,346,232	56,346,232	56,346,232
OTHER RESERVES		56,282,626	55,239,381	57,886,128	56,354,551
RETAINED EARNINGS					
Appropriated	6.24 , 6.25				
Legal reserve		22,000,000	21,000,000	22,000,000	21,000,000
Others		96,500,000	91,500,000	96,500,000	91,500,000
Unappropriated		151,506,327	135,841,529	134,280,515	120,052,213
TOTAL BANK'S EQUITY		401,723,614	379,015,571	386,101,304	364,341,425
NON-CONTROLLING INTEREST		283,422	229,312	-	-
TOTAL SHAREHOLDERS' EQUITY		402,007,036	379,244,883	386,101,304	364,341,425
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		3,076,310,388	2,944,229,789	2,970,036,986	2,838,799,083

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

(Mr. Chartsiri Soponpanich)
President

(Mr. Suvarn Thansathit)
Senior Executive Vice President

BANGKOK BANK PUBLIC COMPANY LIMITED AND SUBSIDIARIES
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED DECEMBER 31, 2017

Baht : '000

		CONSOLIDATED		THE BANK	
	Notes	2017	2016	2017	2016
INTEREST INCOME	6.34	105,476,438	102,443,089	101,041,157	98,491,679
INTEREST EXPENSES	6.35	38,851,433	38,445,326	37,028,645	36,805,028
NET INTEREST INCOME		66,625,005	63,997,763	64,012,512	61,686,651
FEES AND SERVICE INCOME	6.36	36,459,914	32,936,178	31,783,903	28,868,623
FEES AND SERVICE EXPENSES	6.36	8,933,985	8,444,078	8,840,706	8,343,208
NET FEES AND SERVICE INCOME		27,525,929	24,492,100	22,943,197	20,525,415
GAINS ON TRADINGS AND FOREIGN EXCHANGE TRANSACTIONS	6.37	6,257,302	7,459,181	6,462,977	6,288,147
GAINS ON INVESTMENTS	6.38	6,428,410	4,271,560	6,463,329	2,397,447
SHARE OF PROFIT FROM INVESTMENT USING EQUITY METHOD		204,290	96,620	-	-
GAINS ON DISPOSAL OF ASSETS		1,196,054	998,894	614,971	759,561
DIVIDEND INCOME		3,787,746	3,966,068	5,174,720	4,433,468
OTHER OPERATING INCOME		442,976	575,335	302,391	443,553
TOTAL OPERATING INCOME		112,467,712	105,857,521	105,974,097	96,534,242
OTHER OPERATING EXPENSES					
Employee's expenses		25,540,525	25,247,253	23,067,692	22,829,785
Directors' remuneration		147,714	125,486	110,940	105,020
Premises and equipment expenses		10,252,212	9,908,827	9,519,196	9,207,253
Taxes and duties		3,357,316	3,387,529	3,258,450	3,292,570
Others		9,650,205	11,836,074	9,041,670	11,053,285
TOTAL OTHER OPERATING EXPENSES		48,947,972	50,505,169	44,997,948	46,487,913
IMPAIRMENT LOSS OF LOANS AND DEBT SECURITIES	6.39	22,369,887	15,727,950	22,297,483	15,139,314
PROFIT FROM OPERATING BEFORE INCOME TAX EXPENSES		41,149,853	39,624,402	38,678,666	34,907,015
INCOME TAX EXPENSES	6.40	7,832,312	7,555,687	7,098,248	6,427,739
NET PROFIT		33,317,541	32,068,715	31,580,418	28,479,276
OTHER COMPREHENSIVE INCOME (LOSSES)					
Items that will be reclassified subsequently to profit or loss					
Gains (losses) on remeasuring available-for-sale investment					
Net change in fair value		11,120,942	3,580,453	10,987,521	1,618,415
Net amount transferred to profit or loss		(2,266,394)	(4,333,047)	(2,259,684)	(2,459,055)
Gains (losses) arising from translating the financial statements of foreign operations		(5,018,159)	(2,117,306)	(4,433,626)	27,140
Income tax relating to components of other comprehensive income (losses)		(1,849,539)	133,437	(1,822,458)	147,765
Items that will not be reclassified subsequently to profit or loss					
Actuarial gains (losses) on defined benefit plans		(282,820)	150,762	(288,545)	158,149
Income tax relating to components of other comprehensive income (losses)		50,548	(29,828)	51,693	(31,306)
TOTAL OTHER COMPREHENSIVE INCOME (LOSSES)		1,754,578	(2,615,529)	2,234,901	(538,892)
TOTAL COMPREHENSIVE INCOME		35,072,119	29,453,186	33,815,319	27,940,384
NET PROFIT ATTRIBUTABLE					
Owners of the Bank		33,008,714	31,814,845	31,580,418	28,479,276
Non-controlling interest		308,827	253,870	-	-
		33,317,541	32,068,715	31,580,418	28,479,276
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE					
Owners of the Bank		34,763,290	29,205,025	33,815,319	27,940,384
Non-controlling interest		308,829	248,161	-	-
		35,072,119	29,453,186	33,815,319	27,940,384
BASIC EARNINGS PER SHARE (BAHT)		17.29	16.67	16.54	14.92
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. Suvam Thansathit)
Senior Executive Vice President

BANGKOK BANK PUBLIC COMPANY LIMITED AND SUBSIDIARIES
STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE YEAR ENDED DECEMBER 31, 2017

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				Unrealized Gains on Net Investment of Subsidiaries	Retained Earnings		Unappropriated				
				Unrealized Increment per Land Appraisal	Unrealized Increment per Premises Appraisal	Unrealized Gains on Investments	Foreign Exchange Adjustment		Appropriated						
									Legal Reserve	Others					
Balance as at January 1, 2016		19,088,429	56,346,232	16,829,619	9,375,349	32,787,731	(68,945)	-	20,000,000	86,500,000	120,973,954	361,832,369	198,655	362,031,024	
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	
Balance as at January 1, 2017		19,088,429	56,346,232	16,829,619	8,427,878	32,168,135	(2,186,251)	-	21,000,000	91,500,000	135,841,529	379,015,571	229,312	379,244,883	
Appropriation for previous year															
Dividend paid	6.25	-	-	-	-	-	-	-	-	-	(8,345,866)	(8,345,866)	(112,975)	(8,458,841)	
Legal reserve	6.24 , 6.25	-	-	-	-	-	-	-	500,000	-	(500,000)	-	-	-	
Appropriation for current year															
Dividend paid	6.25	-	-	-	-	-	-	-	-	-	(3,709,574)	(3,709,574)	(139,503)	(3,849,077)	
Legal reserve	6.24 , 6.25	-	-	-	-	-	-	-	500,000	-	(500,000)	-	-	-	
Others	6.24 , 6.25	-	-	-	-	-	-	-	-	5,000,000	(5,000,000)	-	-	-	
Total comprehensive income		-	-	-	-	7,005,011	(5,018,159)	-	-	-	32,776,438	34,763,290	308,829	35,072,119	
Transfer to retained earnings		-	-	-	(943,800)	-	-	-	-	-	943,800	-	-	-	
Changes in ownership interests in subsidiaries that did not result in loss of control		-	-	-	-	-	-	193	-	-	-	193	(2,241)	(2,048)	
Balance as at December 31, 2017		19,088,429	56,346,232	16,829,619	7,484,078	39,173,146	(7,204,410)	193	22,000,000	96,500,000	151,506,327	401,723,614	283,422	402,007,036	

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, 2017

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, 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
Balance as at January 1, 2017		19,088,429	56,346,232	16,765,473	8,391,652	32,149,678	(952,252)	21,000,000	91,500,000	120,052,213	364,341,425
Appropriation for previous year											
Dividend paid	6.25	-	-	-	-	-	-	-	-	(8,345,866)	(8,345,866)
Legal reserve	6.24 , 6.25	-	-	-	-	-	-	500,000	-	(500,000)	-
Appropriation for current year											
Dividend paid	6.25	-	-	-	-	-	-	-	-	(3,709,574)	(3,709,574)
Legal reserve	6.24 , 6.25	-	-	-	-	-	-	500,000	-	(500,000)	-
Others	6.24 , 6.25	-	-	-	-	-	-	-	5,000,000	(5,000,000)	-
Total comprehensive income		-	-	-	-	6,905,379	(4,433,626)	-	-	31,343,566	33,815,319
Transfer to retained earnings		-	-	-	(940,176)	-	-	-	-	940,176	-
Balance as at December 31, 2017		19,088,429	56,346,232	16,765,473	7,451,476	39,055,057	(5,385,878)	22,000,000	96,500,000	134,280,515	386,101,304

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, 2017

Baht : '000

		CONSOLIDATED		THE BANK	
	Note	2017	2016	2017	2016
CASH FLOWS FROM OPERATING ACTIVITIES					
Profit from operating before income tax expenses		41,149,853	39,624,402	38,678,666	34,907,015
Items to reconcile profit from operating before income tax expenses to cash received (paid) from operating activities					
Depreciation and amortization expenses		3,402,192	3,343,210	3,251,407	3,191,623
Bad debt and doubtful accounts		22,617,969	15,351,307	22,545,565	14,762,671
Loss on debt restructuring (reversal)		(341,656)	376,643	(341,656)	376,643
(Gain) loss on foreign exchange		2,729,633	(4,841,481)	2,379,986	(4,629,103)
Amortization of premium on investment in debt securities		1,226,701	2,203,977	1,355,044	2,299,806
Unrealized (gain) loss on revaluation of trading securities		(39,823)	(26,268)	(5,104)	6,472
Unrealized loss on transfer of investments		926	337,869	926	337,869
Gain on disposal of securities for investments		(8,506,146)	(4,317,320)	(8,541,065)	(2,443,207)
Loss on impairment of investments		2,171,310	45,760	2,171,310	45,760
Share of profit from investment using equity method		(204,290)	(96,620)	-	-
Loss on impairment of properties for sale (reversal)		(159,249)	(21,098)	5,199	(75,311)
Gain on disposal of premises and equipment		(30,593)	(5,954)	(29,776)	(3,588)
Loss on impairment of other assets (reversal)		33,801	(107,251)	34,122	(107,251)
Provision expenses		649,097	3,909,536	620,555	3,880,201
Net interest income		(66,625,005)	(63,997,763)	(64,012,512)	(61,686,651)
Dividend income		(3,787,746)	(3,966,068)	(5,174,720)	(4,433,468)
Proceeds from interest income		104,630,832	102,189,873	100,232,431	98,186,933
Interest expenses paid		(37,192,424)	(39,975,027)	(35,720,689)	(37,769,480)
Proceeds from dividend income		3,669,658	3,966,068	3,502,573	3,731,574
Income tax paid		(8,624,609)	(9,210,653)	(7,520,376)	(7,703,865)
Increase in other accrued receivables		(174,060)	(43,218)	(94,010)	(61,654)
Increase (decrease) in other accrued expenses		(303,922)	470,421	(242,614)	358,209
Profit from operating before changes in operating assets and liabilities		56,292,449	45,210,345	53,095,262	43,171,198
(Increase) decrease in operating assets					
Interbank and money market items		(46,691,452)	(22,761,540)	(42,991,034)	(15,339,299)
Investment in short-term securities		5,989,130	(44,882,632)	8,877,130	(43,870,549)
Loans to customers		(63,868,627)	(72,801,318)	(61,627,139)	(74,114,138)
Properties for sale		2,038,291	1,834,421	1,273,371	1,297,459
Other assets		(2,977,053)	(46,954)	(1,310,958)	2,795,369
Increase (decrease) in operating liabilities					
Deposits		132,602,500	87,176,124	135,762,312	77,550,902
Interbank and money market items		2,655,894	2,246,548	4,312,617	5,758,907
Liability payable on demand		1,317,039	1,737,329	1,290,917	1,766,090
Short-term borrowings		(13,239)	132,086	(48,613)	-
Other liabilities		(14,529,940)	3,917,929	(17,456,007)	(2,915,261)
Net cash from operating activities		72,814,992	1,762,338	81,177,858	(3,899,322)

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, 2017

Baht : '000

		CONSOLIDATED		THE BANK	
	Note	2017	2016	2017	2016
CASH FLOWS FROM INVESTING ACTIVITIES					
Purchase of available-for-sale securities		(440,696,108)	(378,947,953)	(435,117,985)	(372,451,454)
Proceeds from disposal of available-for-sale securities		387,155,324	400,802,314	383,077,621	393,377,248
Purchase of held-to-maturity debt securities		(43,069,324)	(60,217,202)	(3,633,249)	(4,963,972)
Proceeds from redemption of held-to-maturity debt securities		49,810,587	58,499,101	5,510,456	9,427,905
Purchase of general investments		(4,173,656)	(5,733,886)	(4,173,656)	(5,733,886)
Proceeds from disposal of general investments		7,416,233	3,034,895	7,416,233	3,034,895
Purchase of investment in subsidiaries and associates		(231,884)	-	(3,410,964)	(500,000)
Proceeds from disposal of investment in associate		42,916	-	42,916	-
Proceeds from dividend income					
from subsidiaries and associates		258,540	49,398	1,554,058	701,893
Purchase of premises, equipment and leasehold		(1,476,906)	(2,180,111)	(1,345,347)	(1,937,206)
Proceeds from disposal of premises and equipment		38,147	7,531	30,296	4,654
Net cash from investing activities		<u>(44,926,131)</u>	<u>15,314,087</u>	<u>(50,049,621)</u>	<u>20,960,077</u>
CASH FLOWS FROM FINANCING ACTIVITIES					
Cash paid for unsecured subordinated notes extinguishment		(20,000,000)	-	(20,000,000)	-
Increase (decrease) in borrowings		135,573	(34,101)	135,573	(34,101)
Dividend paid		(12,055,440)	(12,021,823)	(12,055,440)	(12,021,823)
Dividend paid to non-controlling interest		(252,478)	(217,504)	-	-
Net cash from financing activities		<u>(32,172,345)</u>	<u>(12,273,428)</u>	<u>(31,919,867)</u>	<u>(12,055,924)</u>
Effect on cash due to changes in the exchange rates		<u>(86,608)</u>	<u>(50,041)</u>	<u>(86,943)</u>	<u>(43,025)</u>
Net increase (decrease) in cash and cash equivalents		<u>(4,370,092)</u>	<u>4,752,956</u>	<u>(878,573)</u>	<u>4,961,806</u>
Cash and cash equivalents as at January 1,		<u>70,137,678</u>	<u>65,384,722</u>	<u>66,261,272</u>	<u>61,299,466</u>
Cash and cash equivalents as at December 31,	6.1.1	<u><u>65,767,586</u></u>	<u><u>70,137,678</u></u>	<u><u>65,382,699</u></u>	<u><u>66,261,272</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, 2017

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BANGKOK BANK PUBLIC COMPANY LIMITED AND SUBSIDIARIES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017

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BANGKOK BANK PUBLIC COMPANY LIMITED AND SUBSIDIARIES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017

1. GENERAL INFORMATION AND REGULATORY REQUIREMENTS

Bangkok Bank Public Company Limited is a public company limited registered in the Kingdom of Thailand and registered in the Stock Exchange of Thailand 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, 2017 and 2016, the Bank complied with all capital adequacy requirements. However, these capital and regulatory requirements are subject to change by the BOT.

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

2.1 The consolidated and the Bank's statutory financial statements are in the Thai language and prepared in accordance with Thai Financial Reporting Standards, accounting treatment guidance promulgated by the Federation of Accounting Professions ("FAP"), accounting practices generally accepted in Thailand including the Regulations of The Securities and Exchange Commission, The 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 2016) regarding Presentation of Financial Statements; and relevant official regulations, and presented in accordance with the BOT's Notification regarding the Preparation and Announcement of Financial Statements of Commercial Banks and Parent Companies of Financial Holding Groups dated December 4, 2015.

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

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

2.2 New or Revised Thai Financial Reporting Standards

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, 2017 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 2017, to be applied for the financial statements of the periods beginning on or after January 1, 2018 as follows :

Thai Financial Reporting Standards

Thai Accounting Standards (TAS)

TAS 1 (Revised 2017)	Presentation of Financial Statements
TAS 7 (Revised 2017)	Statement of Cash Flows
TAS 8 (Revised 2017)	Accounting Policies, Changes in Accounting Estimates and Errors
TAS 10 (Revised 2017)	Events after the Reporting Period
TAS 12 (Revised 2017)	Income Taxes
TAS 16 (Revised 2017)	Property, Plant and Equipment
TAS 17 (Revised 2017)	Leases
TAS 18 (Revised 2017)	Revenue
TAS 19 (Revised 2017)	Employee Benefits
TAS 21 (Revised 2017)	The Effects of Changes in Foreign Exchange Rates
TAS 24 (Revised 2017)	Related Party Disclosures
TAS 27 (Revised 2017)	Separate Financial Statements
TAS 28 (Revised 2017)	Investments in Associates and Joint Ventures
TAS 33 (Revised 2017)	Earnings per Share
TAS 34 (Revised 2017)	Interim Financial Reporting
TAS 36 (Revised 2017)	Impairment of Assets
TAS 37 (Revised 2017)	Provisions, Contingent Liabilities and Contingent Assets
TAS 38 (Revised 2017)	Intangible Assets

Thai Financial Reporting Standards

Thai Financial Reporting Standards (TFRS)

TFRS 5 (Revised 2017)	Non-current Assets Held for Sale and Discontinued Operations
TFRS 8 (Revised 2017)	Operating Segments
TFRS 10 (Revised 2017)	Consolidated Financial Statements
TFRS 11 (Revised 2017)	Joint Arrangements
TFRS 12 (Revised 2017)	Disclosure of Interests in Other Entities
TFRS 13 (Revised 2017)	Fair Value Measurement

Thai Accounting Standards Interpretations (TSIC)

TSIC 15 (Revised 2017)	Operating Leases - Incentives
TSIC 25 (Revised 2017)	Income Taxes - Changes in the Tax Status of an Entity or its Shareholders
TSIC 32 (Revised 2017)	Intangible Assets - Web Site Costs

Thai Financial Reporting Interpretations (TFRIC)

TFRIC 4 (Revised 2017)	Determining whether an Arrangement contains a Lease
TFRIC 10 (Revised 2017)	Interim Financial Reporting and Impairment
TFRIC 13 (Revised 2017)	Customer Loyalty Programmes
TFRIC 14 (Revised 2017)	TAS 19 (Revised 2017) - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction
TFRIC 17 (Revised 2017)	Distributions of Non-cash Assets to Owners
TFRIC 21 (Revised 2017)	Levies

The Bank has considered the impact of the above Accounting Standards, Financial Reporting Standards, Accounting Standards Interpretations and Financial Reporting Interpretations 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, 2017 and 2016, included the accounts of the head office and all branches of the Bank and its subsidiaries, by eliminating significant business transactions and outstanding balances between the Bank and its subsidiaries, and included equity interest in associates. The subsidiaries consist of BBL (Cayman) Limited, Bangkok Bank Berhad, Sinnsuptawee Asset Management Company Limited, BBL Asset Management Company Limited, Bualuang Securities Public Company Limited, Bangkok Bank (China) Company Limited and Bualuang Ventures Limited.

In addition, the consolidated financial statements for the years ended December 31, 2017 and 2016, included BBL Nominees (Tempatan) Sdn. Bhd, the 100% owned subsidiary of Bangkok Bank Berhad and Bangkok Capital Asset Management Company Limited, the 100% owned subsidiary of Bualuang Securities Public Company Limited.

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

- 2.4 The Bank's financial statements for the years ended December 31, 2017 and 2016, included the accounts of the head office and all branches of the Bank. Investments in subsidiaries and associates were accounted for using the cost method, net of valuation allowance for impairment.

3. SIGNIFICANT ACCOUNTING POLICIES

3.1 Recognition of income

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

3.2 Recognition of expenses

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

3.3 Cash

Cash consists of cash on hand and cash in transit.

3.4 Derivatives

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

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

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

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

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

3.5 Investments

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

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

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

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

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

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

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

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

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

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

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

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

3.6 Loans to customers

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

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

3.7 Allowance for doubtful accounts

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

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

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

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

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

3.8 Troubled debt restructurings

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

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

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

3.9 Properties for sale

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

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

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

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

3.10 Premises, equipment and depreciation

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

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

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

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

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

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

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

3.11 Intangible assets and amortization

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

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

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

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

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

3.12 Leaseholds

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

3.13 Provisions

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

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

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

3.14 Assets and liabilities in foreign currencies

3.14.1 Functional currency and presentation currency

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

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

3.14.2 Translation of foreign currency transactions

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

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

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

3.14.3 Translation of financial statements of foreign operations

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

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

3.15 Post-employment benefits

3.15.1 Defined contribution plans

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

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

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

3.15.2 Defined benefit plans

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

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

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

3.16 Income taxes

Income taxes comprise of current tax and deferred tax.

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

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

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

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

3.17 Earnings per share

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

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

4. RISK MANAGEMENT

4.1 Risk information of the Bank

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

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

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

4.1.1 Credit risk

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

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

4.1.2 Interest rate risk

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

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

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

	CONSOLIDATED 2017								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*	296,303	50,301	25,217	3,644	-	62,528	-	437,993	
Investments in debt securities	6,922	22,962	40,083	373,077	24,545	-	-	467,589	
Loans	1,281,759	350,853	186,445	79,217	18,244	9,178	78,293	2,003,989	
Financial Liabilities									
Deposits	1,245,875	376,336	561,043	22,507	-	104,982	-	2,310,743	
Interbank and money market items	64,677	23,006	11,518	7,477	9,413	17,493	-	133,584	
Liabilities payable on demand	13,643	-	-	-	-	-	-	13,643	
Debt issued and borrowings	12	226	29,404	52,327	25,221	-	-	107,190	

* Excluding allowance for doubtful accounts and accrued interest receivables.

Million Baht								
CONSOLIDATED								
2016								
	Call to 1 Month	1 - 3 Months	3 - 12 Months	1 - 5 Years	Over 5 Years	Non - interest bearing	Non - accrual Loans	Total
Financial Assets								
Interbank and money market items*	253,218	59,451	22,925	9,013	-	50,199	-	394,806
Investments in debt securities	7,148	20,540	60,377	317,039	36,779	-	-	441,883
Loans	1,290,436	304,468	190,115	53,804	20,464	17,633	64,173	1,941,093
Financial Liabilities								
Deposits	1,168,622	406,047	484,408	24,753	-	94,311	-	2,178,141
Interbank and money market items	56,123	23,023	13,160	1,210	15,484	21,928	-	130,928
Liabilities payable on demand	12,326	-	-	-	-	-	-	12,326
Debt issued and borrowings	15	204	61	60,904	76,631	-	-	137,815
Million Baht								
THE BANK								
2017								
	Call to 1 Month	1 - 3 Months	3 - 12 Months	1 - 5 Years	Over 5 Years	Non - interest bearing	Non - accrual Loans	Total
Financial Assets								
Interbank and money market items*	273,518	35,942	17,525	3,644	-	55,094	-	385,723
Investments in debt securities	6,672	14,650	37,427	367,777	24,545	-	-	451,071
Loans	1,256,080	340,654	173,983	78,975	18,178	9,178	76,909	1,953,957
Financial Liabilities								
Deposits	1,224,025	369,410	535,972	18,026	-	104,988	-	2,252,421
Interbank and money market items	61,664	20,365	10,515	7,477	9,413	17,779	-	127,213
Liabilities payable on demand	13,596	-	-	-	-	-	-	13,596
Debt issued and borrowings	12	-	29,404	52,327	25,221	-	-	106,964

* Excluding allowance for doubtful accounts and accrued interest receivables.

								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

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

	CONSOLIDATED		THE BANK	
	2017	2016	2017	2016
Fixed interest rate	380,296	378,357	380,296	378,357
Floating interest rate	<u>1,318,977</u>	<u>1,261,134</u>	<u>1,316,100</u>	<u>1,258,916</u>
Total	<u><u>1,699,273</u></u>	<u><u>1,639,491</u></u>	<u><u>1,696,396</u></u>	<u><u>1,637,273</u></u>

* Excluding allowance for doubtful accounts and accrued interest receivables.

The interest-earning financial assets and interest-bearing financial liabilities for the years ended December 31, 2017 and 2016 are as follows :

CONSOLIDATED							Million Baht
FOR THE YEARS ENDED DECEMBER 31,							
	Average Balance	2017 Interest Income / Expense	Average Rate (%) Per Annum	Average Balance	2016 Interest Income / Expense	Average Rate (%) Per Annum	
Interest-earning Financial Assets							
Interbank and money market items	509,521	8,317	1.63	432,824	6,056	1.40	
Investments in debt securities	424,748	8,242	1.94	418,671	8,242	1.97	
Loans	1,939,223	88,876	4.58	1,892,175	88,079	4.65	
Total	2,873,492	105,435		2,743,670	102,377		
Interest-bearing Financial Liabilities							
Deposits	2,268,859	21,596	0.95	2,139,928	21,410	1.00	
Interbank and money market items	121,349	1,081	0.89	141,746	1,091	0.77	
Debt issued and borrowings	129,984	6,523	5.02	135,900	6,804	5.01	
Total	2,520,192	29,200		2,417,574	29,305		

THE BANK							Million Baht
FOR THE YEARS ENDED DECEMBER 31,							
	Average Balance	2017 Interest Income / Expense	Average Rate (%) Per Annum	Average Balance	2016 Interest Income / Expense	Average Rate (%) Per Annum	
Interest-earning Financial Assets							
Interbank and money market items	459,125	6,705	1.46	390,264	5,041	1.29	
Investments in debt securities	404,712	7,755	1.92	399,193	7,734	1.94	
Loans	1,890,899	86,540	4.58	1,844,120	85,651	4.64	
Total	2,754,736	101,000		2,633,577	98,426		
Interest-bearing Financial Liabilities							
Deposits	2,212,092	20,017	0.90	2,089,417	19,892	0.95	
Interbank and money market items	114,525	843	0.74	132,825	974	0.73	
Debt issued and borrowings	129,746	6,523	5.03	135,785	6,804	5.01	
Total	2,456,363	27,383		2,358,027	27,670		

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, 2017 and 2016 as follows :

	CONSOLIDATED					Million Baht
	2017					
	Up to 1 Year	1 to 5 Years	Over 5 Years	No Maturity	Non - accrual Loans	Total
Financial Assets						
Interbank and money market items *	434,349	3,644	-	-	-	437,993
Derivatives	9,667	8,345	9,348	-	-	27,360
Investments	71,982	375,910	24,597	120,691	-	593,180
Loans	825,155	672,629	428,623	-	77,582	2,003,989
Financial Liabilities						
Deposits	2,288,236	22,507	-	-	-	2,310,743
Interbank and money market items	116,694	7,477	9,413	-	-	133,584
Liabilities payable on demand	13,643	-	-	-	-	13,643
Derivatives	6,552	5,213	9,237	-	-	21,002
Debt issued and borrowings	29,642	52,327	25,221	-	-	107,190

	CONSOLIDATED					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 *	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

* Excluding allowance for doubtful accounts and accrued interest receivables.

	THE BANK 2017					Million Baht
	Up to 1 Year	1 to 5 Years	Over 5 Years	No Maturity	Non - accrual Loans	Total
Financial Assets						
Interbank and money market items *	382,079	3,644	-	-	-	385,723
Derivatives	9,356	8,344	9,348	-	-	27,048
Investments	55,770	370,610	24,597	149,559	-	600,536
Loans	787,097	664,651	425,300	-	76,909	1,953,957
Financial Liabilities						
Deposits	2,234,395	18,026	-	-	-	2,252,421
Interbank and money market items	110,323	7,477	9,413	-	-	127,213
Liabilities payable on demand	13,596	-	-	-	-	13,596
Derivatives	5,763	5,213	9,237	-	-	20,213
Debt issued and borrowings	29,416	52,327	25,221	-	-	106,964

* Excluding allowance for doubtful accounts and accrued interest receivables.

4.2 Fair value of financial instruments

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

	CONSOLIDATED			
	2017		2016	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Financial Assets				
Cash	65,473	65,473	66,338	66,338
Interbank and money market items, net	437,738	437,738	394,612	394,612
Derivatives	27,360	27,815	24,471	24,606
Investments, net	593,180	621,204	547,941	576,341
Loans to customers and accrued interest receivables, net	1,869,029	1,869,029	1,826,228	1,826,228
Total	2,992,780	3,021,259	2,859,590	2,888,125
Financial Liabilities				
Deposits	2,310,743	2,310,743	2,178,141	2,178,141
Interbank and money market items	133,584	133,584	130,928	130,928
Liabilities payable on demand	13,643	13,643	12,326	12,326
Derivatives	21,002	21,559	26,714	26,886
Debt issued	107,032	123,217	137,793	155,999
Borrowings	158	158	22	22
Total	2,586,162	2,602,904	2,485,924	2,504,302

Million Baht

Million Baht

	THE BANK			
	2017		2016	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Financial Assets				
Cash	65,383	65,383	66,261	66,261
Interbank and money market items, net	385,772	385,772	342,757	342,757
Derivatives	27,048	27,506	24,041	24,175
Investments, net	600,536	643,644	551,797	594,978
Loans to customers and accrued interest receivables, net	1,822,089	1,822,089	1,781,640	1,781,640
Total	2,900,828	2,944,394	2,766,496	2,809,811
Financial Liabilities				
Deposits	2,252,421	2,252,421	2,116,659	2,116,659
Interbank and money market items	127,213	127,213	122,900	122,900
Liabilities payable on demand	13,596	13,596	12,305	12,305
Derivatives	20,213	20,771	26,153	26,348
Debt issued	106,806	122,991	137,602	155,808
Borrowings	158	158	22	22
Total	2,520,407	2,537,150	2,415,641	2,434,042

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

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

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

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

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

The fair value determination of investments in debt securities

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

The fair value determination of investments in equity securities

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

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

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

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

Million Baht								
CONSOLIDATED								
	2017				2016			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Items measured at fair value :								
Financial assets								
Derivatives	-	27,815	-	27,815	-	24,606	-	24,606
Investments, net	103,117	445,647	-	548,764	78,520	417,370	-	495,890
Financial liabilities								
Derivatives	366	21,193	-	21,559	342	26,544	-	26,886
Items not measured at fair value :								
Financial assets								
Investments, net	2,580	9,555	60,305	72,440	3,074	15,308	62,069	80,451
Financial liabilities								
Debt issued	-	123,217	-	123,217	-	155,999	-	155,999

Million Baht								
THE BANK								
	2017				2016			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Items measured at fair value :								
Financial assets								
Derivatives	-	27,506	-	27,506	-	24,175	-	24,175
Investments, net	98,123	428,748	-	526,871	76,630	401,870	-	478,500
Financial liabilities								
Derivatives	-	20,771	-	20,771	-	26,348	-	26,348
Items not measured at fair value :								
Financial assets								
Investments, net	2,580	2,568	111,625	116,773	3,074	4,212	109,192	116,478
Financial liabilities								
Debt issued	-	122,991	-	122,991	-	155,808	-	155,808

Fair values are determined according to the following hierarchy :

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

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

4.3 Capital fund

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

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

	2017	Percentage 2016
Capital fund ratio		
Common Equity Tier 1 ratio	More than 5.75	More than 5.125
Tier 1 capital ratio	More than 7.25	More than 6.625
Total capital fund ratio	More than 9.75	More than 9.125

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

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

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

	CONSOLIDATED		THE BANK	
	2017	2016	2017	Percentage 2016
Common Equity Tier 1 capital to risk assets ratio	16.62	16.40	16.47	16.23
Tier 1 capital to risk assets ratio	16.63	16.40	16.47	16.23
Total capital to risk assets ratio	18.17	18.32	18.03	18.17

	CONSOLIDATED		THE BANK	
	2017	2016	2017	2016
Tier 1 capital	383,942	360,818	369,261	347,373
Common Equity Tier 1 capital	383,841	360,702	369,261	347,373
Paid-up share capital	19,088	19,088	19,088	19,088
Premium on share capital	56,346	56,346	56,346	56,346
Legal reserve	22,000	21,000	22,000	21,000
Reserves appropriated from net profit	96,500	91,500	96,500	91,500
Net profit after appropriation	134,606	118,911	118,714	104,926
Other comprehensive income	56,126	54,354	57,374	54,977
Deductions from Common Equity				
Tier 1 capital	(825)	(497)	(761)	(464)
Additional Tier 1 capital	101	116	-	-
Tier 2 capital	35,638	42,250	34,965	41,415
Total capital fund	419,580	403,068	404,226	388,788

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

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

Location of disclosure www.bangkokbank.com

Date of disclosure October 31, 2017

Information as of June 30, 2017

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, 2017 and 2016 are as follows :

	CONSOLIDATED		THE BANK	
	2017	2016	2017	2016
Cash	65,473	66,338	65,383	66,261
Cash equivalents				
Cash at Bank - current and savings accounts	45	1,325	-	-
Fixed deposits and notes with a maturity				
less than or equal to three months	250	2,475	-	-
Total cash and cash equivalents	<u>65,768</u>	<u>70,138</u>	<u>65,383</u>	<u>66,261</u>

6.1.2 Significant non-cash items for the years ended December 31, 2017 and 2016 are as follows :

	CONSOLIDATED		THE BANK	
	FOR THE YEARS ENDED DECEMBER 31,		FOR THE YEARS ENDED DECEMBER 31,	
	2017	2016	2017	2016
Unrealized gains on investments in				
shareholders' equity increase (decrease)	7,005	(620)	6,905	(693)
Properties for sale increased from loans				
payment/inactive assets	1,032	581	1,032	581
Unrealized increment per premises				
appraisal transferred to retained earnings	944	947	940	944

6.2 Interbank and money market items, net (assets)

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

	Million Baht					
	2017			2016		
	Demand	Time	Total	Demand	Time	Total
Domestic items						
Bank of Thailand and						
Financial Institutions						
Development Fund	19,419	193,960	213,379	16,254	148,100	164,354
Commercial banks	2,356	21,355	23,711	1,533	18,313	19,846
Special purpose financial						
institutions	-	-	-	-	11,755	11,755
Other financial institutions	2,883	20,617	23,500	1,728	14,300	16,028
Total	24,658	235,932	260,590	19,515	192,468	211,983
<u>Add</u> Accrued interest						
receivables	-	109	109	-	141	141
<u>Less</u> Allowance for						
doubtful accounts	(33)	(247)	(280)	(17)	(182)	(199)
Total domestic items	24,625	235,794	260,419	19,498	192,427	211,925
Foreign items						
USD	15,054	63,824	78,878	12,318	80,380	92,698
JPY	11,531	2,757	14,288	6,080	2	6,082
EUR	1,501	6,416	7,917	1,286	-	1,286
Others	15,015	61,305	76,320	13,423	69,334	82,757
Total	43,101	134,302	177,403	33,107	149,716	182,823
<u>Add</u> Accrued interest						
receivables	3	501	504	-	300	300
<u>Less</u> Allowance for						
doubtful accounts	-	(588)	(588)	-	(436)	(436)
Total foreign items	43,104	134,215	177,319	33,107	149,580	182,687
Total domestic and						
foreign items	67,729	370,009	437,738	52,605	342,007	394,612

Million Baht

	THE BANK					
	Demand	2017 Time	Total	Demand	2016 Time	Total
Domestic items						
Bank of Thailand and						
Financial Institutions						
Development Fund	19,419	193,960	213,379	16,254	148,100	164,354
Commercial banks	1	13,440	13,441	-	12,002	12,002
Special purpose financial						
institutions	-	-	-	-	11,755	11,755
Other financial institutions	<u>2,883</u>	<u>20,617</u>	<u>23,500</u>	<u>1,729</u>	<u>14,299</u>	<u>16,028</u>
Total	22,303	228,017	250,320	17,983	186,156	204,139
<u>Add</u> Accrued interest						
receivables	-	93	93	-	128	128
<u>Less</u> Allowance for						
doubtful accounts	<u>(34)</u>	<u>(246)</u>	<u>(280)</u>	<u>(17)</u>	<u>(181)</u>	<u>(198)</u>
Total domestic items	<u>22,269</u>	<u>227,864</u>	<u>250,133</u>	<u>17,966</u>	<u>186,103</u>	<u>204,069</u>
Foreign items						
USD	13,540	61,168	74,708	10,307	77,449	87,756
JPY	11,530	2,757	14,287	6,080	2	6,082
EUR	1,486	6,416	7,902	1,254	698	1,952
Others	<u>9,124</u>	<u>29,382</u>	<u>38,506</u>	<u>6,864</u>	<u>35,938</u>	<u>42,802</u>
Total	35,680	99,723	135,403	24,505	114,087	138,592
<u>Add</u> Accrued interest						
receivables	-	305	305	-	139	139
<u>Less</u> Allowance for						
doubtful accounts	<u>-</u>	<u>(69)</u>	<u>(69)</u>	<u>-</u>	<u>(43)</u>	<u>(43)</u>
Total foreign items	<u>35,680</u>	<u>99,959</u>	<u>135,639</u>	<u>24,505</u>	<u>114,183</u>	<u>138,688</u>
Total domestic and						
foreign items	<u>57,949</u>	<u>327,823</u>	<u>385,772</u>	<u>42,471</u>	<u>300,286</u>	<u>342,757</u>

6.3 Derivatives

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

						Million Baht
Type of risk	CONSOLIDATED					Notional Amount
	2017		Notional Amount	2016		
	Fair Value/Readjustment Based on an Accrual Basis			Fair Value/Readjustment Based on an Accrual Basis		
	Assets	Liabilities		Assets	Liabilities	
Foreign exchange rate	19,948	10,205	1,138,145	18,488	17,921	1,179,574
Interest rate	7,409	10,431	806,972	5,982	8,451	704,491
Others	3	366	3,335	1	342	2,889
Total	27,360	21,002	1,948,452	24,471	26,714	1,886,954

	THE BANK					Million Baht
Type of risk	2017		Notional Amount	2016		Notional Amount
	Fair Value/Readjustment Based on an Accrual Basis			Fair Value/Readjustment Based on an Accrual Basis		
	Assets	Liabilities		Assets	Liabilities	
Foreign exchange rate	19,639	9,783	1,119,257	18,059	17,702	1,154,474
Interest rate	<u>7,409</u>	<u>10,430</u>	<u>806,972</u>	<u>5,982</u>	<u>8,451</u>	<u>704,491</u>
Total	<u>27,048</u>	<u>20,213</u>	<u>1,926,229</u>	<u>24,041</u>	<u>26,153</u>	<u>1,858,965</u>

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

	CONSOLIDATED		THE BANK		Percentage
	2017	2016	2017	2016	
Financial Institutions	79.01	80.75	79.23	80.95	
Group companies	-	-	0.01	0.04	
External entities	20.99	19.25	20.76	19.01	
Total	100.00	100.00	100.00	100.00	

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

Forward foreign exchange derivatives

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

Interest rate derivatives

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

6.4 Investments, net

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

	CONSOLIDATED		THE BANK	
	2017	2016	2017	2016
	Fair Value	Fair Value	Fair Value	Fair Value
Trading securities				
Government and state enterprise securities	8,949	28,228	8,949	28,228
Private enterprise debt securities	260	201	260	201
Foreign debt securities	980	2,942	980	2,860
Domestic marketable equity securities	4,924	1,777	-	-
Total	15,113	33,148	10,189	31,289

	CONSOLIDATED		THE BANK	
	2017	2016	2017	2016
	Fair Value	Fair Value	Fair Value	Fair Value
Available-for-sale securities				
Government and state enterprise securities	298,464	296,653	298,464	296,653
Private enterprise debt securities	43,208	18,704	42,668	18,704
Foreign debt securities	95,617	76,347	86,005	66,376
Domestic marketable equity securities	69,604	59,750	69,569	59,672
Foreign marketable equity securities	7,537	1,812	7,537	1,812
Others	19,221	9,476	12,439	3,994
Total	533,651	462,742	516,682	447,211

	CONSOLIDATED		THE BANK	
	2017	2016	2017	2016
	Cost/ Amortized Cost	Cost/ Amortized Cost	Cost/ Amortized Cost	Cost/ Amortized Cost
Held-to-maturity debt securities				
Government and state enterprise securities	8,417	14,646	2,051	3,553
Foreign debt securities	<u>2,816</u>	<u>3,475</u>	<u>2,816</u>	<u>3,475</u>
Total	<u><u>11,233</u></u>	<u><u>18,121</u></u>	<u><u>4,867</u></u>	<u><u>7,028</u></u>

	CONSOLIDATED		THE BANK	
	2017	2016	2017	2016
	Cost	Cost	Cost	Cost
General investments				
Domestic non-marketable equity securities	6,640	6,481	6,631	6,473
Foreign non-marketable equity securities	<u>30,632</u>	<u>29,838</u>	<u>30,625</u>	<u>29,831</u>
Total	<u>37,272</u>	<u>36,319</u>	<u>37,256</u>	<u>36,304</u>
<u>Less</u> Allowance for impairment	<u>(5,549)</u>	<u>(3,716)</u>	<u>(5,549)</u>	<u>(3,716)</u>
Total	<u><u>31,723</u></u>	<u><u>32,603</u></u>	<u><u>31,707</u></u>	<u><u>32,588</u></u>
Total investments, net	<u><u>591,720</u></u>	<u><u>546,614</u></u>	<u><u>563,445</u></u>	<u><u>518,116</u></u>

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

As at December 31, 2017 and 2016, the Bank has investments in 32 companies and 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, 2017 and 2016, the Bank has investments in 2 listed companies and 3 listed companies that are under the SET delisting criteria, amounting to Baht 4 million, with the fair value of Baht 2 million, which the Bank had set aside allowance for impairment of these investments amounting to Baht 2 million.

On December 30, 2004, the Bank entered into a transaction to transfer certain investments classified as available-for-sale securities received from debt restructuring to Sinnsuptawee Asset Management Co., Ltd., a subsidiary of the Bank, at the closing price on December 28, 2004 quoted on The 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, 2017 and 2016, the Bank had outstanding balances of other liabilities from such transaction amounting to Baht 720 million.

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

	CONSOLIDATED		THE BANK	
	2017	2016	2017	2016
Manufacturing and commercial	12	12	12	12
Real estate and construction	187	187	187	187
Utilities and services	41	41	41	41
Others	1,591	1,457	1,591	1,457
Total	1,831	1,697	1,831	1,697

6.5 Investments in subsidiaries and associates, net

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

								Million Baht
Company	Type of Business	Type of Shares	CONSOLIDATED					
			Direct and Indirect Shareholding (%)		Investment (Cost Method)		Investment (Equity Method)	
			2017	2016	2017	2016	2017	2016
Associates								
BSL Leasing Co., Ltd.	Finance	Ordinary share	35.88	35.88	201	43	699	662
Processing Center Co., Ltd.	Service	Ordinary share	30.00	30.00	15	15	481	387
National ITMX Co., Ltd.	Service	Ordinary share	13.84	16.91	7	9	201	235
Thai Payment Network Co., Ltd.	Service	Ordinary share	49.99	49.99	162	90	79	43
Total					385	157	1,460	1,327
<u>Less</u> Allowance for impairment					(2)	(2)	-	-
Investments in associates, net					383	155	1,460	1,327

						Million Baht
Company	Type of Business	Type of Shares	THE BANK			
			Direct and Indirect Shareholding (%)		Investment (Cost Method)	
			2017	2016	2017	2016
Subsidiaries						
BBL (Cayman) Limited	Finance	Ordinary share	100.00	100.00	2	2
Bangkok Bank Berhad	Banking	Ordinary share	100.00	100.00	9,261	6,082
Sinnsuptawee Asset Management Co., Ltd.	Asset Management	Ordinary share	100.00	100.00	2,500	2,500
Bangkok Bank (China) Co., Ltd.	Banking	Ordinary share	100.00	100.00	19,585	19,585
Bualuang Ventures Ltd.	Venture Capital Company	Ordinary share	100.00	100.00	500	500
BBL Asset Management Co., Ltd.	Finance	Ordinary share	75.00	75.00	183	183
Bualuang Securities PCL.	Securities	Ordinary share	99.91	99.89	4,772	4,769
Associates						
BSL Leasing Co., Ltd.	Finance	Ordinary share	35.88	35.88	201	43
Processing Center Co., Ltd.	Service	Ordinary share	30.00	30.00	15	15
National ITMX Co., Ltd.	Service	Ordinary share	13.84	16.91	7	9
Thai Payment Network Co., Ltd.	Service	Ordinary share	49.99	49.99	162	90
Total					37,188	33,778
Less Allowance for impairment					(97)	(97)
Investments in subsidiaries and associates, net					37,091	33,681

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

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

	Million Baht	
	FOR THE YEARS	
	ENDED DECEMBER 31, 2017	2016
Net profit	693	403
Total comprehensive income	693	403

6.6 Loans to customers and accrued interest receivables, net

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

	CONSOLIDATED		THE BANK	
	2017	2016	2017	2016
Overdrafts	108,064	109,375	107,089	108,126
Loans	1,476,182	1,411,269	1,430,730	1,368,597
Bills	417,676	418,700	414,034	414,669
Others	2,574	2,242	2,573	2,241
<u>Less</u> Deferred revenue	<u>(507)</u>	<u>(493)</u>	<u>(469)</u>	<u>(451)</u>
Loans to customers after deferred revenue, net	2,003,989	1,941,093	1,953,957	1,893,182
<u>Add</u> Accrued interest receivables	<u>5,061</u>	<u>4,653</u>	<u>4,953</u>	<u>4,536</u>
Loans to customers and accrued interest receivables after deferred revenue, net	2,009,050	1,945,746	1,958,910	1,897,718
<u>Less</u> Allowance for doubtful accounts				
Minimum provision according to the BOT's requirement				
- Individual approach	(62,387)	(50,438)	(61,166)	(49,574)
- Collective approach	(5,320)	(5,156)	(5,320)	(5,156)
Excess provision	<u>(70,004)</u>	<u>(61,214)</u>	<u>(68,025)</u>	<u>(58,638)</u>
Total	(137,711)	(116,808)	(134,511)	(113,368)
<u>Less</u> Revaluation allowance				
for debt restructuring	<u>(2,310)</u>	<u>(2,710)</u>	<u>(2,310)</u>	<u>(2,710)</u>
Total loans to customers, net	<u>1,869,029</u>	<u>1,826,228</u>	<u>1,822,089</u>	<u>1,781,640</u>

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

	CONSOLIDATED		THE BANK	
	2017	2016	2017	2016
NPLs before allowance for doubtful accounts	87,419	68,841	85,997	67,520
NPLs as percentage of total loans	3.88	3.22	3.92	3.24
Net NPLs after allowance for doubtful accounts	26,576	19,156	26,295	18,790
Net NPLs as percentage of net total loans	1.21	0.92	1.23	0.92

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

CONSOLIDATED						Million Baht
	2017		Total	2016		Total
	Domestic	Foreign		Domestic	Foreign	
BAHT	1,477,829	31,318	1,509,147	1,471,060	31,307	1,502,367
USD	89,872	212,927	302,799	91,988	176,858	268,846
Others	18,917	173,126	192,043	9,141	160,739	169,880
Total	1,586,618	417,371	2,003,989	1,572,189	368,904	1,941,093

THE BANK						Million Baht
	2017		Total	2016		Total
	Domestic	Foreign		Domestic	Foreign	
BAHT	1,477,662	31,318	1,508,980	1,471,552	31,307	1,502,859
USD	89,872	208,634	298,506	91,988	171,273	263,261
Others	18,917	127,554	146,471	9,142	117,920	127,062
Total	1,586,451	367,506	1,953,957	1,572,682	320,500	1,893,182

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

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

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

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

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

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

	CONSOLIDATED 2017			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	1,875,782	1,229,095	1	14,983
Special mentioned	45,815	23,624	2	591
Substandard	11,760	5,274	100	5,275
Doubtful	19,012	10,378	100	10,387
Doubtful of loss	56,681	36,471	100	36,471
Excess provision according to the BOT's requirement				70,004
Total	<u><u>2,009,050</u></u>	<u><u>1,304,842</u></u>		<u><u>137,711</u></u>

	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>

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

As at December 31, 2017 and 2016, the consolidated and the Bank's financial statements included the allowance for doubtful accounts amounting to Baht 5,320 million and Baht 5,156 million, respectively, on a collective approach, for loans classified as normal and special mentioned.

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

					Million Baht
CONSOLIDATED 2017					
	No. of Companies	Outstanding Balance	Loans Net of Collateral/Present Value of Future Cash Flows According to the BOT	Provision Required by the BOT	Provision Recorded by the Bank
Listed companies identified for delisting	-	-	-	-	-
Total	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

					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
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 2017					
	No. of Companies	Outstanding Balance	Loans Net of Collateral/Present Value of Future Cash Flows According to the BOT	Provision Required by the BOT	Provision Recorded by the Bank
Listed companies identified for delisting	-	-	-	-	-
Total	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</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
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>

6.6.7 Troubled debt restructurings

Details of the restructured debts of the Bank for the years ended December 31, 2017 and 2016, classified by the restructuring methods are as follows :

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

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

THE BANK FOR THE YEAR ENDED DECEMBER 31, 2016				Million Baht
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.

For the years ended December 31, 2017 and 2016, the Bank recognized interest income from restructured debts amounting to Baht 2,990 million and Baht 3,052 million, respectively.

As at December 31, 2017 and 2016, the Bank had outstanding balances of loans to restructured debtors amounting to Baht 76,698 million and Baht 73,565 million, respectively.

Disclosures for the consolidated financial statements for troubled debt restructurings which occurred during the years ended December 31, 2017 and 2016 have not been provided, as such information is not significantly different from the above disclosures for the Bank's financial statements.

6.7 Allowance for doubtful accounts

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

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

	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>

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

	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>

As at December 31, 2017 and 2016, the Bank and subsidiaries had the allowance for doubtful accounts in the consolidated financial statements of Baht 137,711 million and Baht 116,808 million, and in the Bank's financial statements of Baht 134,511 million and Baht 113,368 million, respectively.

As at December 31, 2017 and 2016, the Bank and subsidiaries recorded allowances for doubtful accounts in excess of the allowances as per the BOT's requirement in the consolidated financial statements of Baht 70,004 million and Baht 61,214 million, and in the Bank's financial statements of Baht 68,025 million and Baht 58,638 million, respectively (See Note 3.7).

6.8 Revaluation allowance for debt restructuring

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

	CONSOLIDATED		THE BANK	
	2017	2016	2017	2016
Beginning balance	2,710	2,412	2,710	2,412
Increase during the year	179	940	179	940
Write off/decrease during the year	(579)	(642)	(579)	(642)
Ending balance	<u>2,310</u>	<u>2,710</u>	<u>2,310</u>	<u>2,710</u>

6.9 Properties for sale, net

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

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

	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>

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

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.

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

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

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

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

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

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

Million Baht

CONSOLIDATED FOR THE YEARS ENDED DECEMBER 31,							
Type of Sale of Properties for Sale	Income Recognition Method	Deferred Profit on Sale of Properties for Sale	2017	2016	Deferred Profit on Sale of Properties for Sale	2017	2016
			Profit on Sale of Properties for Sale	Loss on Sale of Properties for Sale		Profit on Sale of Properties for Sale	Loss on Sale of Properties for Sale
Sale to public	Per Installment	5	1	-	-	3	-
Sale to public	Per cost recovery	-	1,192	(20)	-	1,025	(12)

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	2017	2016	Deferred Profit on Sale of Properties for Sale	2017	2016
			Profit on Sale of Properties for Sale	Loss on Sale of Properties for Sale		Profit on Sale of Properties for Sale	Loss on Sale of Properties for Sale
Sale to public	Per Installment	5	1	-	-	3	-
Sale to public	Per cost recovery	-	592	(7)	-	780	(11)

6.10 Premises and equipment, net

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

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

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

As at December 31, 2017 and 2016, the Bank and subsidiaries had equipment which are fully depreciated but still in use at the original costs amounting to Baht 15,073 million and Baht 14,876 million, respectively.

	THE BANK 2016										Million Baht
	Beginning Balance	Cost Additions/ Transfer	Disposal/ Transfer	Others	Ending Balance	Beginning Balance	Accumulated Depreciation 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 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, 2017 and 2016, the Bank had equipment which is fully depreciated but still in use at the original costs amounting to Baht 14,544 million, and Baht 14,394 million, respectively.

6.11 Other intangible assets, net

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

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

											Million Baht
CONSOLIDATED											
2016											
	Beginning Balance	Additions/ Transfer	Cost Disposal/ Transfer	Others	Ending Balance	Beginning Balance	Accumulated Amortization Amorti- zation	Disposal/ Transfer	Others	Ending Balance	Other Intangible Assets (Net)
Software	1,909	573	(163)	(9)	2,310	1,518	265	(154)	(9)	1,620	690
Others	61	94	(16)	-	139	-	-	-	-	-	139
Total	1,970	667	(179)	(9)	2,449	1,518	265	(154)	(9)	1,620	829

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

Million Baht

THE BANK											
2016											
	Cost					Accumulated Amortization					
	Beginning Balance	Additions/ Transfer	Disposal/ Transfer	Others	Ending Balance	Beginning Balance	Amorti- zation	Disposal/ Transfer	Others	Ending Balance	Other Intangible Assets (Net)
Software	1,658	543	(154)	-	2,047	1,318	246	(153)	-	1,411	636
Others	60	94	(16)	-	138	-	-	-	-	-	138
Total	1,718	637	(170)	-	2,185	1,318	246	(153)	-	1,411	774

6.12 Deferred tax assets and liabilities

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

	CONSOLIDATED		THE BANK	
	2017	2016	2017	2016
Deferred tax assets	3,676	3,348	2,686	2,355
Deferred tax liabilities	5,742	5,702	5,527	5,468
Deferred tax assets (liabilities), net	(2,066)	(2,354)	(2,841)	(3,113)

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

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

Million Baht

	CONSOLIDATED 2016				
	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>

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

6.13 Classified assets in accordance with the Notification of the BOT

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

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

	CONSOLIDATED				Million Baht
	2016				
	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	<u>1,945,746</u>	<u>6,453</u>	<u>1,638</u>	<u>1,115</u>	<u>1,954,952</u>

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

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

6.14 Deposits

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

	CONSOLIDATED		THE BANK	
	2017	2016	2017	2016
Demand	106,184	95,810	104,988	94,316
Savings	1,065,928	958,150	1,055,419	946,294
Fixed	1,136,195	1,121,494	1,090,384	1,074,960
Negotiable certificates of deposit	2,436	2,687	1,630	1,089
Total	2,310,743	2,178,141	2,252,421	2,116,659

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

	CONSOLIDATED					
	2017			2016		
	Domestic	Foreign	Total	Domestic	Foreign	Total
BAHT	2,044,912	12,505	2,057,417	1,933,082	9,440	1,942,522
USD	37,313	62,376	99,689	38,723	60,327	99,050
Others	20,229	133,408	153,637	20,595	115,974	136,569
Total	2,102,454	208,289	2,310,743	1,992,400	185,741	2,178,141

	THE BANK					
	2017			2016		
	Domestic	Foreign	Total	Domestic	Foreign	Total
BAHT	2,045,393	12,487	2,057,880	1,933,587	9,428	1,943,015
USD	37,277	60,867	98,144	38,543	57,140	95,683
Others	12,955	83,442	96,397	13,238	64,723	77,961
Total	2,095,625	156,796	2,252,421	1,985,368	131,291	2,116,659

6.15 Interbank and money market items (liabilities)

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

						Million Baht
CONSOLIDATED						
	Demand	2017 Time	Total	Demand	2016 Time	Total
Domestic items						
Bank of Thailand and Financial Institutions						
Development Fund	442	511	953	158	3,387	3,545
Commercial banks	915	18,973	19,888	1,269	21,650	22,919
Special purpose financial institutions	160	27,212	27,372	119	25,644	25,763
Other financial institutions	<u>10,472</u>	<u>962</u>	<u>11,434</u>	<u>10,311</u>	<u>1,693</u>	<u>12,004</u>
Total domestic items	<u>11,989</u>	<u>47,658</u>	<u>59,647</u>	<u>11,857</u>	<u>52,374</u>	<u>64,231</u>
Foreign items						
USD	1,747	37,260	39,007	4,116	25,088	29,204
JPY	438	6,462	6,900	465	7,206	7,671
EUR	792	937	1,729	1,225	-	1,225
Others	<u>8,609</u>	<u>17,692</u>	<u>26,301</u>	<u>9,680</u>	<u>18,917</u>	<u>28,597</u>
Total foreign items	<u>11,586</u>	<u>62,351</u>	<u>73,937</u>	<u>15,486</u>	<u>51,211</u>	<u>66,697</u>
Total domestic and foreign items	<u><u>23,575</u></u>	<u><u>110,009</u></u>	<u><u>133,584</u></u>	<u><u>27,343</u></u>	<u><u>103,585</u></u>	<u><u>130,928</u></u>

						Million Baht
THE BANK						
	Demand	2017 Time	Total	Demand	2016 Time	Total
Domestic items						
Bank of Thailand and Financial Institutions						
Development Fund	442	511	953	158	3,387	3,545
Commercial banks	915	18,973	19,888	1,269	21,650	22,919
Special purpose financial institutions	160	27,212	27,372	119	25,644	25,763
Other financial institutions	<u>10,992</u>	<u>992</u>	<u>11,984</u>	<u>10,546</u>	<u>1,693</u>	<u>12,239</u>
Total domestic items	<u>12,509</u>	<u>47,688</u>	<u>60,197</u>	<u>12,092</u>	<u>52,374</u>	<u>64,466</u>
Foreign items						
USD	1,826	36,178	38,004	4,194	26,702	30,896
JPY	469	6,462	6,931	485	7,206	7,691
EUR	849	937	1,786	1,271	-	1,271
Others	<u>8,687</u>	<u>11,608</u>	<u>20,295</u>	<u>9,764</u>	<u>8,812</u>	<u>18,576</u>
Total foreign items	<u>11,831</u>	<u>55,185</u>	<u>67,016</u>	<u>15,714</u>	<u>42,720</u>	<u>58,434</u>
Total domestic and foreign items	<u><u>24,340</u></u>	<u><u>102,873</u></u>	<u><u>127,213</u></u>	<u><u>27,806</u></u>	<u><u>95,094</u></u>	<u><u>122,900</u></u>

6.16 Debt issued and Borrowings

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

						Million Baht
CONSOLIDATED						
	Domestic	2017 Foreign	Total	Domestic	2016 Foreign	Total
Senior unsecured notes	-	98,003	98,003	-	107,556	107,556
Unsecured subordinated notes	-	14,692	14,692	20,000	16,123	36,123
Bills of exchange	26	-	26	74	-	74
Others	384	-	384	213	-	213
<u>Less</u> Discount on borrowings	<u>-</u>	<u>(5,915)</u>	<u>(5,915)</u>	<u>-</u>	<u>(6,151)</u>	<u>(6,151)</u>
Total	<u>410</u>	<u>106,780</u>	<u>107,190</u>	<u>20,287</u>	<u>117,528</u>	<u>137,815</u>

						Million Baht
THE BANK						
	Domestic	2017 Foreign	Total	Domestic	2016 Foreign	Total
Senior unsecured notes	-	98,003	98,003	-	107,556	107,556
Unsecured subordinated notes	-	14,692	14,692	20,000	16,123	36,123
Bills of exchange	26	-	26	74	-	74
Others	158	-	158	22	-	22
<u>Less</u> Discount on borrowings	<u>-</u>	<u>(5,915)</u>	<u>(5,915)</u>	<u>-</u>	<u>(6,151)</u>	<u>(6,151)</u>
Total	<u>184</u>	<u>106,780</u>	<u>106,964</u>	<u>20,096</u>	<u>117,528</u>	<u>137,624</u>

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

						Million Baht
CONSOLIDATED						
Type	Currency	Maturity	Interest Rate	Amount		
				2017	2016	
Senior unsecured notes	USD	2018 - 2023	2.75% - 5.00%	98,003	107,556	
Unsecured subordinated notes	USD	2029	9.025%	14,692	16,123	
Unsecured subordinated notes	THB	2022	4.375%	-	20,000	
Bills of exchange	THB	2018	1.00%	26	74	
Others	THB	2018 - 2022	0.00% - 0.50%	384	213	
<u>Less</u> Discount on borrowings				<u>(5,915)</u>	<u>(6,151)</u>	
Total				<u>107,190</u>	<u>137,815</u>	

				Million Baht	
Type	Currency	Maturity	Interest Rate	THE BANK	
				Amount	
				2017	2016
Senior unsecured notes	USD	2018 - 2023	2.75% - 5.00%	98,003	107,556
Unsecured subordinated notes	USD	2029	9.025%	14,692	16,123
Unsecured subordinated notes	THB	2022	4.375%	-	20,000
Bills of exchange	THB	2018	1.00%	26	74
Others	THB	2018 - 2022	0.50%	158	22
<u>Less Discount on borrowings</u>				<u>(5,915)</u>	<u>(6,151)</u>
Total				<u>106,964</u>	<u>137,624</u>

6.17 Unsecured subordinated notes

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

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

6.18 Bonds

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

different types of Bonds in one issue simultaneously or in several issues at different times. The non-perpetual bonds shall have a maturity of not exceeding 100 years. The subordinated convertible bonds and/or convertible bonds shall have a maturity of not exceeding 30 years, and the amount of not exceeding USD 1,000 million or its equivalent in other currencies. The Board of Directors or the Executive Board of Directors shall be empowered to consider terms and conditions and other details for the issue and offering of the bonds. The shareholders also approved the allocation of 500 million ordinary shares to accommodate the conversion right of the subordinated convertible bonds and/or convertible bonds (See Note 6.22).

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

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

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

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

On 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, 2017, the Bank had not yet issued bonds according to the aforementioned resolution.

6.20 Provisions

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

	CONSOLIDATED		THE BANK	
	2017	2016	2017	2016
Beginning balance	12,941	9,601	12,778	9,472
Increase during the year	3,467	5,359	3,438	5,330
Written off/reversal during the year	(2,904)	(2,019)	(2,893)	(2,024)
Ending balance	<u>13,504</u>	<u>12,941</u>	<u>13,323</u>	<u>12,778</u>

6.21 Post-employment benefits

6.21.1 Defined contribution plans

For the years ended December 31, 2017 and 2016, the Bank and its subsidiaries have the expenses for defined contribution plans in the consolidated financial statements, amounting to Baht 1,216 million and Baht 1,167 million, and in the Bank's financial statements amounting to Baht 1,096 million and Baht 1,058 million, respectively.

6.21.2 Defined benefit plans

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

	CONSOLIDATED		THE BANK	
	2017	2016	2017	2016
The present value of the funded defined benefit plans	797	792*	797	792*
The fair value of plan assets	<u>(552)</u>	<u>(535)</u>	<u>(552)</u>	<u>(535)</u>
	245	257	245	257
The present value of the unfunded defined benefit plans	<u>8,119</u>	<u>7,398*</u>	<u>7,938</u>	<u>7,234*</u>
Liabilities, net	<u>8,364</u>	<u>7,655</u>	<u>8,183</u>	<u>7,491</u>

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

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, 2017 and 2016 :

	CONSOLIDATED		THE BANK	
			Million Baht	
	2017	2016	2017	2016
Beginning balance	8,190	7,943	8,026	7,814
Current service costs	538	533	513	506
Interest costs	268	257	265	254
Benefit paid during the years	(331)	(298)	(326)	(295)
Actuarial losses (gains) on obligations				
from changes in financial assumptions	277	10	281	4
from changes in demographic assumptions	190	6	187	-
from experience	(186)	(169)	(181)	(165)
Unrealized gains on exchanges	(30)	(92)	(30)	(92)
Ending balance	<u>8,916</u>	<u>8,190</u>	<u>8,735</u>	<u>8,026</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, 2017 and 2016 :

	CONSOLIDATED		THE BANK	
			Million Baht	
	2017	2016	2017	2016
Beginning balance	535	489	535	489
Interest income	21	20	21	20
Contributions	40	98	40	98
Benefit paid during the years	(30)	(2)	(30)	(2)
Actuarial losses on plan assets	(1)	(3)	(1)	(3)
Unrealized losses on exchanges	(13)	(67)	(13)	(67)
Ending balance	<u>552</u>	<u>535</u>	<u>552</u>	<u>535</u>

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

	CONSOLIDATED		Percentage	
	Significant actuarial assumptions		Increase in defined benefit obligations	
	2017	2016	2017	2016
Discount rate	0.70 - 6.85	1.10 - 8.10	13.44	13.14
Average future salary increases	2.00 - 15.00	2.00 - 15.00	11.81	11.49

	THE BANK		Percentage	
	Significant actuarial assumptions		Increase in defined benefit obligations	
	2017	2016	2017	2016
Discount rate	0.70 - 6.85	1.10 - 8.10	13.50	13.14
Average future salary increases	2.00 - 15.00	2.00 - 15.00	11.81	11.47

6.22 Share capital

The Bank's share capital consists of :

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

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

Type	Number of Registered Shares	
	2017	2016
Ordinary shares	3,998,345,000	3,998,345,000
Class A preferred shares	655,000	655,000
Class B preferred shares	1,000,000	1,000,000
Total	<u>4,000,000,000</u>	<u>4,000,000,000</u>

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

1. Allocation of 1,339,502,106 ordinary shares as follows :
 - 1.1) Allocation of 459,502,106 ordinary shares for offer and sale to the general public, including the existing shareholders and the beneficial owners of the shares held by custodian or by any other similar arrangements.
 - 1.2) Allocation of 440,000,000 ordinary shares for offer and sale to institutional investors or investors with specific characteristics prescribed in the Notification of 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, 2017, the Bank had not yet established the SPV as it had not issued the instrument for fund raising via SPV according to the above-mentioned resolution.

6.24 Legal reserve and other reserves

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

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

6.25 The appropriation of the profit and the dividend payments

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

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

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

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

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

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

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

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

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

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

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

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

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, 2017 and 2016 amounted to Baht 9,005 million and Baht 18,724 million, respectively.

6.27 Contingent liabilities

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

	CONSOLIDATED		THE BANK	
	2017	2016	2017	2016
Avals to bills	8,187	5,529	8,187	5,529
Guarantees of loans	20,445	18,001	8,284	7,711
Liability under unmatured import bills	16,394	17,921	14,449	15,699
Letters of credit	31,803	35,623	31,077	34,512
Other commitments				
Underwriting commitment	1,098	-	1,098	-
Amount of unused bank overdraft	174,083	175,893	172,901	174,753
Other guarantees	259,314	267,989	257,089	266,820
Others	88,622	82,088	91,390	85,871
Total	599,946	603,044	584,475	590,895

6.28 Litigation

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

6.29 Related party transactions

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

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

	CONSOLIDATED		THE BANK	
	2017	2016	2017	2016
Million Baht				
Placement				
Subsidiaries				
Bangkok Bank Berhad	-	-	1,970	3,163
Bangkok Bank (China) Co., Ltd.	-	-	5,066	6,468
Total	<u>-</u>	<u>-</u>	<u>7,036</u>	<u>9,631</u>
Loans				
Subsidiary				
Sinnsuptawee Asset Management Co., Ltd.	-	-	2,710	2,710
Associate				
BSL Leasing Co., Ltd.	300	145	300	145
Other related parties	23	7	20	7
Total	<u>323</u>	<u>152</u>	<u>3,030</u>	<u>2,862</u>
Allowance for doubtful accounts				
Subsidiary				
Sinnsuptawee Asset Management Co., Ltd.	-	-	33	33
Associate				
BSL Leasing Co., Ltd.	3	1	3	1
Total	<u>3</u>	<u>1</u>	<u>36</u>	<u>34</u>
Other assets				
Subsidiaries				
Bangkok Bank Berhad	-	-	5	7
Sinnsuptawee Asset Management Co., Ltd.	-	-	2	1
BBL Asset Management Co., Ltd.	-	-	357	271
Bualuang Securities PCL.	-	-	1	2
Bangkok Bank (China) Co., Ltd.	-	-	30	9
Associates				
Processing Center Co., Ltd.	35	31	35	31
Thai Payment Network Co., Ltd.	3	7	3	7
Other related parties	6	6	-	-
Total	<u>44</u>	<u>44</u>	<u>433</u>	<u>328</u>

	CONSOLIDATED		THE BANK	
	2017	2016	2017	2016
Million Baht				
Deposits				
Subsidiaries				
BBL (Cayman) Limited	-	-	756	821
Bangkok Bank Berhad	-	-	127	91
Sinnsuptawee Asset Management Co., Ltd.	-	-	7	5
BBL Asset Management Co., Ltd.	-	-	112	87
Bualuang Securities PCL.	-	-	244	45
Bangkok Bank (China) Co., Ltd.	-	-	111	138
Bualuang Venture Co., Ltd.	-	-	473	500
Bangkok Capital Asset Management Co., Ltd.*	-	-	194	102
Associates				
BSL Leasing Co., Ltd.	61	62	61	62
Processing Center Co., Ltd.	69	94	69	94
National ITMX Co., Ltd.	57	32	57	32
Thai Payment Network Co., Ltd.	47	1	47	1
Other related parties	<u>8,834</u>	<u>5,505</u>	<u>8,834</u>	<u>5,505</u>
Total	<u><u>9,068</u></u>	<u><u>5,694</u></u>	<u><u>11,092</u></u>	<u><u>7,483</u></u>
Borrowings				
Subsidiaries				
Bangkok Bank Berhad	-	-	-	287
Bangkok Bank (China) Co., Ltd.	<u>-</u>	<u>-</u>	<u>530</u>	<u>2,043</u>
Total	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>530</u></u>	<u><u>2,330</u></u>
Other liabilities				
Subsidiaries				
BBL (Cayman) Limited	-	-	1	-
Bangkok Bank Berhad	-	-	2	-
Sinnsuptawee Asset Management Co., Ltd.	-	-	720	720
Bualuang Securities PCL.	-	-	1	-
Bangkok Bank (China) Co., Ltd.	-	-	-	1
Associates				
Processing Center Co., Ltd.	8	6	8	6
National ITMX Co., Ltd.	7	6	7	6
Other related parties	<u>46</u>	<u>6</u>	<u>17</u>	<u>6</u>
Total	<u><u>61</u></u>	<u><u>18</u></u>	<u><u>756</u></u>	<u><u>739</u></u>

* Holding by Bualuang Securities PCL.

	CONSOLIDATED		THE BANK	
	2017	2016	2017	2016
Commitments				
Subsidiaries				
Bangkok Bank Berhad	-	-	156	171
Bualuang Securities PCL.	-	-	189	73
Bangkok Bank (China) Co., Ltd.	-	-	-	699
Associates				
BSL Leasing Co., Ltd.	9	45	9	45
National ITMX Co., Ltd.	1	-	1	-
Other related parties	12	3	12	3
Total	22	48	367	991

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

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

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

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

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

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

	CONSOLIDATED FOR THE YEARS ENDED DECEMBER 31,		THE BANK FOR THE YEARS ENDED DECEMBER 31,	
	2017	2016	2017	2016
Interest and discount received				
Subsidiaries				
Bangkok Bank Berhad	-	-	39	24
Sinnsuptawee Asset Management Co., Ltd.	-	-	43	42
Bangkok Bank (China) Co., Ltd.	-	-	97	46
Associate				
BSL Leasing Co., Ltd.	15	6	15	6
Other related parties	2	1	2	1
Total	17	7	196	119
Fees and service income				
Subsidiaries				
Bangkok Bank Berhad	-	-	2	2
BBL Asset Management Co., Ltd.	-	-	1,995	1,493
Bualuang Securities PCL.	-	-	23	24
Associate				
Processing Center Co., Ltd.	11	11	11	11
Other related parties	52	57	1	1
Total	63	68	2,032	1,531
Dividend income				
Subsidiaries				
BBL Asset Management Co., Ltd.	-	-	755	652
Bualuang Securities PCL.	-	-	540	-
Associates				
BSL Leasing Co., Ltd.	178	2	178	2
Processing Center Co., Ltd.	76	47	76	47
National ITMX Co., Ltd.	5	-	5	-
Total	259	49	1,554	701
Other income				
Subsidiaries				
Bualuang Securities PCL.	-	-	4	4
Bangkok Bank (China) Co., Ltd.	-	-	135	138
Associates				
National ITMX Co., Ltd.	5	5	5	5
Thai Payment Network Co., Ltd.	10	10	10	10
Total	15	15	154	157

	Million Baht			
	CONSOLIDATED FOR THE YEARS ENDED DECEMBER 31,		THE BANK FOR THE YEARS ENDED DECEMBER 31,	
	2017	2016	2017	2016
Interest paid				
Subsidiaries				
BBL (Cayman) Limited	-	-	8	4
Bangkok Bank Berhad	-	-	1	1
BBL Asset Management Co., Ltd.	-	-	2	1
Bualuang Securities PCL.	-	-	3	3
Bangkok Bank (China) Co., Ltd.	-	-	7	6
Bualuang Venture Co., Ltd.	-	-	3	2
Bangkok Capital Asset Management Co., Ltd.*	-	-	1	-
Associate				
Processing Center Co., Ltd.	1	1	1	1
Other related parties	73	47	73	47
Total	<u>74</u>	<u>48</u>	<u>99</u>	<u>65</u>
Commission paid				
Subsidiary				
Bualuang Securities PCL.	-	-	34	5
Other related parties	55	35	-	-
Total	<u>55</u>	<u>35</u>	<u>34</u>	<u>5</u>
Other expenses				
Subsidiaries				
Sinnsuptawee Asset Management Co., Ltd.	-	-	1	-
Bangkok Bank (China) Co., Ltd.	-	-	5	1
Associates				
Processing Center Co., Ltd.	70	47	70	47
National ITMX Co., Ltd.	65	58	65	58
Other related parties	106	65	95	55
Total	<u>241</u>	<u>170</u>	<u>236</u>	<u>161</u>

Compensation of key management personnel for the years ended December 31, 2017 and 2016 consisted of the following :

	Million Baht			
	CONSOLIDATED FOR THE YEARS ENDED DECEMBER 31,		THE BANK FOR THE YEARS ENDED DECEMBER 31,	
	2017	2016	2017	2016
Short-term employee benefits	1,570	1,517	1,090	1,052
Post-employment benefits	69	65	62	58
Total	<u>1,639</u>	<u>1,582</u>	<u>1,152</u>	<u>1,110</u>

* Holding by Bualuang Securities PCL.

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, 2017		
	Million Baht	
	2017	2016
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit from operating before income tax expenses	768	1,911
Items to reconcile profit from operating before income tax expenses to cash received (paid) from operating activities		
Net gain on disposal of securities	(7)	(1,704)
Reversal on allowance impairment of properties for sale	(169)	-
Loss on impairment of properties for sale	5	54
Net interest expenses	43	42
Dividend income	(104)	(117)
Proceeds from dividend income	104	117
Interest expenses paid	(43)	(42)
Income tax paid	(267)	(796)
Profit (loss) from operating before changes in operating assets and liabilities	330	(535)
Operating assets decrease		
Account receivables from properties for rental	2	2
Properties for sale	765	537
Operating liabilities increase (decrease)		
Accrued expenses	-	(2)
Deposits	86	136
Advance received for properties for sale	(1)	-
Net cash from operating activities	1,182	138
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of available-for-sale securities	(2,588)	(2,856)
Proceeds from disposal of available-for-sale securities	1,408	2,716
Net cash from investing activities	(1,180)	(140)
Net increase (decrease) in cash and cash equivalents	2	(2)
Cash and cash equivalents as at January 1,	4	6
Cash and cash equivalents as at December 31,	6	4

6.32 Long-term leases

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

		Million Baht			
Type of lease	Period	REMAINING RENTAL EXPENSES CONSOLIDATED		THE BANK	
		2017	2016	2017	2016
Land and/or premises	1 Year	63	72	63	72
Land and/or premises	Over 1 Year to 5 Years	178	193	178	193
Land and/or premises	Over 5 Years	207	240	207	240
Total		<u>448</u>	<u>505</u>	<u>448</u>	<u>505</u>

6.33 Operating Segments

6.33.1 Operating Segments

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

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

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

Domestic Banking

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

International Banking

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

Investment Banking

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

Others

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

The operating results of operating segments for the years ended December 31, 2017 and 2016 are as follows :

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

	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>

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

	CONSOLIDATED					Million Baht
	Domestic Banking	International Banking	Investment Banking	Others	Elimination	Total
Total assets						
As at December 31, 2017	1,627,512	752,751	1,066,340	165,334	(535,627)	3,076,310
As at December 31, 2016	1,578,943	711,111	944,129	171,899	(461,852)	2,944,230

6.33.2 Geographical Segments

The operating results classified by geographical areas for the years ended December 31, 2017 and 2016 are as follows :

	Million Baht					
	CONSOLIDATED					
	FOR THE YEARS ENDED DECEMBER 31,					
	2017		Total	2016		Total
	Domestic Operations	Foreign Operations		Domestic Operations	Foreign Operations	
Total operating income	98,658	13,810	112,468	92,661	13,197	105,858
Total operating expenses*	(63,668)	(7,650)	(71,318)	(58,344)	(7,890)	(66,234)
Profit from operating						
before income tax expenses	34,990	6,160	41,150	34,317	5,307	39,624

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

	Million Baht					
	CONSOLIDATED					
	2017		Total	2016		Total
	Domestic Operations	Foreign Operations		Domestic Operations	Foreign Operations	
Non-current assets**	37,568	7,298	44,866	38,544	7,515	46,059
Total assets	2,567,548	508,762	3,076,310	2,430,690	513,540	2,944,230

6.34 Interest income

Interest income for the years ended December 31, 2017 and 2016 are as follows :

	Million Baht			
	CONSOLIDATED		THE BANK	
	FOR THE YEARS		FOR THE YEARS	
	ENDED DECEMBER 31,		ENDED DECEMBER 31,	
	2017	2016	2017	2016
Interest on interbank and money market items	8,317	6,056	6,705	5,041
Investments and trading transactions	249	398	247	397
Investment in debt securities	7,993	7,844	7,508	7,337
Interest on loans	88,876	88,079	86,540	85,651
Others	41	66	41	66
Total interest income	<u>105,476</u>	<u>102,443</u>	<u>101,041</u>	<u>98,492</u>

* Including credit losses.

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

6.35 Interest expenses

Interest expenses for the years ended December 31, 2017 and 2016 are as follows :

	CONSOLIDATED FOR THE YEARS		THE BANK FOR THE YEARS	
	ENDED DECEMBER 31,		ENDED DECEMBER 31,	
	2017	2016	2017	2016
Interest on deposits	21,596	21,410	20,017	19,892
Interest on interbank and money market items	1,081	1,091	843	974
Contributions to the Deposit Protection Agency	9,617	9,127	9,612	9,122
Interest on debt issued				
Bonds and subordinated notes	6,523	6,803	6,523	6,803
Others	-	1	-	1
Others	34	13	34	13
Total interest expenses	38,851	38,445	37,029	36,805

6.36 Net fees and service income

Net fees and service income for the years ended December 31, 2017 and 2016 are as follows :

	CONSOLIDATED FOR THE YEARS		THE BANK FOR THE YEARS	
	ENDED DECEMBER 31,		ENDED DECEMBER 31,	
	2017	2016	2017	2016
Fees and service income				
Acceptances, aval and guarantees of loans	197	174	164	146
Others	36,263	32,762	31,620	28,722
Total fees and service income	36,460	32,936	31,784	28,868
Fees and service expenses	8,934	8,444	8,841	8,343
Net fees and service income	27,526	24,492	22,943	20,525

6.37 Gains (losses) on tradings and foreign exchange transactions

Gains (losses) on tradings and foreign exchange transactions for the years ended December 31, 2017 and 2016 are as follows :

	CONSOLIDATED FOR THE YEARS ENDED DECEMBER 31,		THE BANK FOR THE YEARS ENDED DECEMBER 31,	
	2017	2016	2017	2016
Gains (losses) on tradings and foreign exchange Transactions				
Foreign exchanges and derivatives	6,725	7,916	7,278	7,180
Interest rate derivatives	(876)	(431)	(876)	(431)
Debt securities	66	(455)	61	(461)
Equity securities	342	429	-	-
Total gains on tradings and foreign exchange transactions	6,257	7,459	6,463	6,288

6.38 Gains (losses) on investments

Gains (losses) on investments for the years ended December 31, 2017 and 2016 are as follows :

	CONSOLIDATED FOR THE YEARS ENDED DECEMBER 31,		THE BANK FOR THE YEARS ENDED DECEMBER 31,	
	2017	2016	2017	2016
Gains (losses) on investments				
Available-for-sale securities	2,360	4,379	2,353	2,505
General investment	6,146	(62)	6,146	(62)
Investments in associates	-	-	42	-
Total	8,506	4,317	8,541	2,443
Loss on impairment				
Available-for-sale securities	-	(46)	-	(46)
General investment	(2,078)	-	(2,078)	-
Total	(2,078)	(46)	(2,078)	(46)
Total gains on investments	6,428	4,271	6,463	2,397

6.39 Impairment loss of loans and debt securities

Impairment loss of loans and debt securities for the years ended December 31, 2017 and 2016 are as follows :

	CONSOLIDATED FOR THE YEARS ENDED DECEMBER 31,		THE BANK FOR THE YEARS ENDED DECEMBER 31,	
	2017	2016	2017	2016
Interbank and money market items (reversal)	247	(38)	112	(40)
Loans to customers	22,371	15,389	22,433	14,802
Loss on debt restructuring (reversal)	(342)	377	(342)	377
Available-for-sale debt securities	94	-	94	-

6.40 Income tax expenses

6.40.1 Income tax recognized in profit or loss for the years ended December 31, 2017 and 2016 are as follows :

	CONSOLIDATED FOR THE YEARS ENDED DECEMBER 31,		THE BANK FOR THE YEARS ENDED DECEMBER 31,	
	2017	2016	2017	2016
Current tax	10,170	8,684	9,377	7,343
Deferred tax	<u>(2,338)</u>	<u>(1,128)</u>	<u>(2,279)</u>	<u>(915)</u>
Total income tax expenses	<u>7,832</u>	<u>7,556</u>	<u>7,098</u>	<u>6,428</u>

6.40.2 Income tax recognized in component of other comprehensive income for the years ended December 31, 2017 and 2016 are as follows :

	CONSOLIDATED FOR THE YEARS ENDED DECEMBER 31,					
	2017			2016		
	Before-tax Amount	Tax (expense) Benefit	Net-of-tax Amount	Before-tax Amount	Tax (expense) Benefit	Net-of-tax Amount
Gains (losses) on remeasuring available-for-sale investment	8,855	(1,850)	7,005	(753)	133	(620)
losses arising from translating the financial statements of foreign operations	(5,018)	-	(5,018)	(2,117)	-	(2,117)
Actuarial gain (losses) on defined benefit plans	<u>(283)</u>	<u>51</u>	<u>(232)</u>	<u>151</u>	<u>(30)</u>	<u>121</u>
Total	<u>3,554</u>	<u>(1,799)</u>	<u>1,755</u>	<u>(2,719)</u>	<u>103</u>	<u>(2,616)</u>

	THE BANK FOR THE YEARS ENDED DECEMBER 31,					
	2017			2016		
	Before-tax Amount	Tax (expense) Benefit	Net-of-tax Amount	Before-tax Amount	Tax (expense) Benefit	Net-of-tax Amount
Gains (losses) on remeasuring available-for-sale investment	8,728	(1,823)	6,905	(841)	148	(693)
Gains (losses) arising from translating the financial statements of foreign operations	(4,434)	-	(4,434)	27	-	27
Actuarial gains (losses) on defined benefit plans	<u>(288)</u>	<u>52</u>	<u>(236)</u>	<u>158</u>	<u>(31)</u>	<u>127</u>
Total	<u>4,006</u>	<u>(1,771)</u>	<u>2,235</u>	<u>(656)</u>	<u>117</u>	<u>(539)</u>

6.40.3 Reconciliation of effective tax rates for the years ended December 31, 2017 and 2016 are as follows :

CONSOLIDATED					Million Baht
FOR THE YEARS ENDED DECEMBER 31,					
	2017		2016		
	Amount	Percentage	Amount	Percentage	
Profit from operating before income tax expense	41,150		39,624		
Income tax calculated at statutory tax rate	8,230	20.00	7,925	20.00	
Overseas tax	1,096		1,048		
Tax effect of income and expenses that are not taxable and not deductible for tax purposes	(1,185)		(730)		
Others	<u>(309)</u>		<u>(687)</u>		
Total income tax expenses	<u>7,832</u>	19.03	<u>7,556</u>	19.07	

THE BANK					Million Baht
FOR THE YEARS ENDED DECEMBER 31,					
	2017		2016		
	Amount	Percentage	Amount	Percentage	
Profit from operating before income tax expense	38,679		34,907		
Income tax calculated at statutory tax rate	7,736	20.00	6,982	20.00	
Overseas tax	1,081		1,009		
Tax effect of income and expenses that are not taxable and not deductible for tax purposes	(1,151)		(791)		
Others	<u>(568)</u>		<u>(772)</u>		
Total income tax expenses	<u>7,098</u>	18.35	<u>6,428</u>	18.41	

6.41 Approval of the financial statements

On February 20, 2018, the Audit Committee and the Board of Executive Directors have authorized to issue these financial statements.