



บริษัท ดีลอยท์ ทูเช่ ไร้มัทสึ ไชยยศ
สอบบัญชี จำกัด
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REPORT OF THE INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

**TO THE SHAREHOLDERS AND BOARD OF DIRECTORS
BANK OF AYUDHYA PUBLIC COMPANY LIMITED**

REPORT ON AUDIT OF INTERIM FINANCIAL STATEMENTS

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

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

REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION

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

Scope of Review

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

Conclusion

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



Permsak Wongpatcharapakorn
Certified Public Accountant (Thailand)
Registration No. 3427

BANGKOK
August 24, 2016

DELOITTE TOUCHE TOHMATSU JAIYOS AUDIT CO., LTD.

BANK OF AYUDHYA PUBLIC COMPANY LIMITED AND SUBSIDIARIES
STATEMENTS OF FINANCIAL POSITION
AS AT JUNE 30, 2016

BAHT: '000

	CONSOLIDATED		THE BANK'S	
	FINANCIAL STATEMENTS		FINANCIAL STATEMENTS	
	As at June 30, 2016	As at December 31, 2015	As at June 30, 2016	As at December 31, 2015
ASSETS				
CASH	29,527,512	33,689,886	29,381,987	33,595,831
INTERBANK AND MONEY MARKET ITEMS, NET (Note 7.2)	197,405,377	194,094,463	196,327,756	192,212,476
CLAIM ON SECURITY	29,100,763	-	29,100,763	-
DERIVATIVES ASSETS (Note 7.3)	30,711,734	35,657,181	30,711,734	35,657,181
INVESTMENTS, NET (Note 7.4)	103,996,270	110,026,901	103,979,683	110,010,315
INVESTMENTS IN SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES, NET (Note 7.5)	1,749,075	1,575,581	48,895,618	48,895,618
LOANS TO CUSTOMERS AND ACCRUED INTEREST RECEIVABLES, NET (Note 7.6)				
Loans to customers	1,411,779,069	1,353,558,616	1,299,966,832	1,238,706,187
Accrued interest receivables	3,602,244	3,572,495	2,218,383	2,359,771
Total loans to customers and accrued interest receivables	1,415,381,313	1,357,131,111	1,302,185,215	1,241,065,958
<u>Less</u> Deferred revenue	(53,401,196)	(50,104,606)	(32,322,202)	(27,093,462)
<u>Less</u> Allowance for doubtful accounts (Note 7.7)	(46,895,384)	(43,218,108)	(29,972,685)	(26,286,904)
<u>Less</u> Revaluation allowance for debt restructuring (Note 7.8)	(1,431,049)	(1,725,739)	(364,689)	(412,397)
Net loans and accrued interest receivables	1,313,653,684	1,262,082,658	1,239,525,639	1,187,273,195
CUSTOMERS' LIABILITY UNDER ACCEPTANCE	771,398	558,322	771,398	558,322
PROPERTIES FOR SALE, NET (Note 7.9)	4,623,774	5,049,764	2,559,797	2,857,041
PREMISES AND EQUIPMENT, NET (Note 7.10)	20,615,658	20,993,113	19,089,974	19,320,134
GOODWILL AND OTHER INTANGIBLE ASSETS, NET (Note 7.11)	14,116,673	14,477,378	3,638,973	3,831,864
DEFERRED TAX ASSETS (Note 7.12)	5,329,945	5,369,190	639,343	703,283
ACCOUNTS RECEIVABLE FOR INVESTMENTS	8,345,463	1,036,546	8,345,463	1,036,546
OTHER ASSETS, NET (Note 7.13)	18,853,387	20,905,527	14,110,917	16,599,421
TOTAL ASSETS	1,778,800,713	1,705,516,510	1,727,079,045	1,652,551,227

Note to the consolidated and the Bank's financial statements form an integral part of these financial statements

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

BAHT: '000

	CONSOLIDATED		THE BANK'S	
	FINANCIAL	STATEMENTS	FINANCIAL	STATEMENTS
	As at	As at	As at	As at
	June 30, 2016	December 31, 2015	June 30, 2016	December 31, 2015
LIABILITIES AND EQUITY				
DEPOSITS (Note 7.14)	1,062,102,958	1,046,289,670	1,068,088,596	1,052,071,691
INTERBANK AND MONEY MARKET ITEMS, NET (Note 7.15)	299,099,137	275,059,500	302,083,214	277,245,782
LIABILITY PAYABLE ON DEMAND	5,172,224	3,210,983	5,172,224	3,210,983
LIABILITY TO DELIVER SECURITY	29,100,763	-	29,100,763	-
DERIVATIVES LIABILITIES (Note 7.3)	23,947,798	26,692,658	23,947,798	26,692,658
DEBT ISSUED AND BORROWINGS (Note 7.16)	112,621,900	108,120,551	94,599,084	88,277,551
BANK'S LIABILITY UNDER ACCEPTANCE	771,398	558,322	771,398	558,322
PROVISIONS (Note 7.17)	7,022,547	6,758,757	6,359,323	6,138,420
DEFERRED TAX LIABILITIES (Note 7.12)	37,688	32,179	-	-
ACCOUNTS PAYABLE FOR INVESTMENTS	2,832,086	1,118,197	2,832,086	1,118,197
OTHER LIABILITIES (Note 7.19)	37,707,021	46,927,975	22,324,335	30,658,643
TOTAL LIABILITIES	1,580,415,520	1,514,768,792	1,555,278,821	1,485,972,247
EQUITY				
SHARE CAPITAL (Note 7.20)				
Authorized share capital				
7,574,143,747 ordinary shares of				
Baht 10 each	75,741,437	75,741,437	75,741,437	75,741,437
Issued and paid-up share capital				
7,355,761,773 ordinary shares of				
Baht 10 each	73,557,618	73,557,618	73,557,618	73,557,618
PREMIUM ON ORDINARY SHARES	52,878,749	52,878,749	52,878,749	52,878,749
OTHER RESERVES	2,000,075	1,981,132	1,997,396	1,958,374
RETAINED EARNINGS				
Appropriated				
Legal reserve	3,584,800	3,584,800	3,584,800	3,584,800
Unappropriated	65,917,658	58,352,894	39,781,661	34,599,439
TOTAL BANK'S EQUITY	197,938,900	190,355,193	171,800,224	166,578,980
NON-CONTROLLING INTEREST	446,293	392,525	-	-
TOTAL EQUITY	198,385,193	190,747,718	171,800,224	166,578,980
TOTAL LIABILITIES AND EQUITY	1,778,800,713	1,705,516,510	1,727,079,045	1,652,551,227

Note to the consolidated and the Bank's financial statements form an integral part of these financial statements

(Mr. Noriaki Goto)
President and Chief Executive Officer

(Miss Duangdao Wongpanitkrit)
Director

BANK OF AYUDHYA PUBLIC COMPANY LIMITED AND SUBSIDIARIES
STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE THREE-MONTH PERIOD ENDED JUNE 30, 2016
"UNAUDITED"

BAHT : '000

	CONSOLIDATED		THE BANK'S	
	FINANCIAL STATEMENTS		FINANCIAL STATEMENTS	
	2016	2015	2016	2015
INTEREST INCOME (Note 7.28)	21,085,778	20,400,671	14,821,870	14,274,306
INTEREST EXPENSES (Note 7.29)	5,830,653	6,606,252	5,703,986	6,344,131
INTEREST INCOME, NET	15,255,125	13,794,419	9,117,884	7,930,175
FEES AND SERVICE INCOME	5,694,558	5,509,468	2,877,934	2,643,955
FEES AND SERVICE EXPENSES	1,386,865	1,293,527	814,563	640,588
FEES AND SERVICE INCOME, NET (Note 7.30)	4,307,693	4,215,941	2,063,371	2,003,367
GAINS ON TRADING AND FOREIGN EXCHANGE TRANSACTIONS, NET (Note 7.31)	945,008	748,887	922,551	750,991
GAINS ON INVESTMENTS, NET (Note 7.32)	331,692	151,638	331,692	151,638
SHARE OF PROFIT FROM INVESTMENT FOR USING EQUITY METHOD	102,622	79,218	-	-
DIVIDEND INCOME	38,954	28,019	722,900	27,843
BAD DEBTS RECOVERIES	886,252	718,501	81,328	26,925
GAINS ON SALE PROPERTIES FOR SALE	258,358	346,515	159,447	120,905
OTHER OPERATING INCOME	216,370	210,720	255,018	238,512
TOTAL OPERATING INCOME	22,342,074	20,293,858	13,654,191	11,250,356
OTHER OPERATING EXPENSES				
Employee's expenses	5,254,915	4,620,569	3,810,038	3,345,747
Directors' remuneration	12,186	13,283	11,871	12,258
Premises and equipment expenses	1,766,281	1,686,858	1,390,204	1,313,738
Taxes and duties	640,188	648,579	448,896	476,851
Others	2,666,425	2,584,384	1,526,959	1,368,502
Total other operating expenses	10,339,995	9,553,673	7,187,968	6,517,096
IMPAIRMENT LOSS OF LOANS AND DEBT SECURITIES (Note 7.33)	5,254,706	5,217,359	2,909,114	2,220,246
PROFIT FROM OPERATING BEFORE INCOME TAX EXPENSES	6,747,373	5,522,826	3,557,109	2,513,014
INCOME TAX EXPENSES (Note 7.34)	1,406,710	1,114,940	622,061	491,300
NET PROFIT	5,340,663	4,407,886	2,935,048	2,021,714

BANK OF AYUDHYA PUBLIC COMPANY LIMITED AND SUBSIDIARIES
STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (CONTINUED)
FOR THE THREE-MONTH PERIOD ENDED JUNE 30, 2016
"UNAUDITED"

BAHT : '000

	CONSOLIDATED		THE BANK'S		
	FINANCIAL STATEMENTS		FINANCIAL STATEMENTS		
	2016	2015	2016	2015	
OTHER COMPREHENSIVE INCOME					
Items that will be reclassified subsequently to profit or loss:					
Gain (Loss) on remeasuring available-for-sales investments	(662,899)	91,611	(662,899)	91,611	
Gain arising from translating the financial statements of a foreign operation	5	2,136	-	-	
Income tax relating to components of other comprehensive income (Note 7.35)	132,582	(18,323)	132,582	(18,323)	
Total other comprehensive income, net	(530,312)	75,424	(530,317)	73,288	
TOTAL COMPREHENSIVE INCOME	4,810,351	4,483,310	2,404,731	2,095,002	
NET PROFIT ATTRIBUTABLE					
Owners of the Bank	5,268,748	4,349,275	2,935,048	2,021,714	
Non-controlling interest	71,915	58,611	-	-	
	5,340,663	4,407,886	2,935,048	2,021,714	
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE					
Owners of the Bank	4,738,435	4,424,058	2,404,731	2,095,002	
Non-controlling interest	71,916	59,252	-	-	
	4,810,351	4,483,310	2,404,731	2,095,002	
EARNINGS PER SHARE OF OWNERS OF THE BANK					
BASIC EARNINGS PER SHARE	BAHT	0.72	0.59	0.40	0.27
WEIGHTED AVERAGE NUMBER OF					
ORDINARY SHARES	SHARES	7,355,761,773	7,355,761,773	7,355,761,773	7,355,761,773

Notes to the consolidated and the Bank's financial statements form an integral part of these financial statements

(Mr. Noriaki Goto)
President and Chief Executive Officer

(Miss Duangdao Wongpanitkrit)
Director

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

BAHT : '000

	CONSOLIDATED		THE BANK'S	
	FINANCIAL STATEMENTS		FINANCIAL STATEMENTS	
	2016	2015	2016	2015
INTEREST INCOME (Note 7.28)	41,960,636	41,177,019	29,473,494	28,832,180
INTEREST EXPENSES (Note 7.29)	11,712,958	13,525,854	11,437,451	12,894,030
INTEREST INCOME, NET	30,247,678	27,651,165	18,036,043	15,938,150
FEES AND SERVICE INCOME	11,725,228	11,080,990	5,956,584	5,495,887
FEES AND SERVICE EXPENSES	2,873,779	2,573,353	1,682,837	1,302,520
FEES AND SERVICE INCOME, NET (Note 7.30)	8,851,449	8,507,637	4,273,747	4,193,367
GAINS ON TRADING AND FOREIGN EXCHANGE TRANSACTIONS, NET (Note 7.31)	1,796,232	1,190,256	1,774,328	1,195,837
GAINS ON INVESTMENTS, NET (Note 7.32)	530,745	430,993	530,745	430,993
SHARE OF PROFIT FROM INVESTMENT FOR USING EQUITY METHOD	173,493	185,522	-	-
DIVIDEND INCOME	76,924	95,045	3,775,180	94,869
BAD DEBTS RECOVERIES	1,813,078	1,435,807	145,998	45,861
GAINS ON SALE PROPERTIES FOR SALE	498,482	491,023	244,020	161,035
OTHER OPERATING INCOME	431,357	425,706	449,918	453,350
TOTAL OPERATING INCOME	44,419,438	40,413,154	29,229,979	22,513,462
OTHER OPERATING EXPENSES				
Employee's expenses	10,414,996	9,195,296	7,524,502	6,661,719
Directors' remuneration	23,393	24,198	22,666	22,128
Premises and equipment expenses	3,515,080	3,383,343	2,760,833	2,623,334
Taxes and duties	1,271,029	1,283,441	889,687	931,843
Others	5,245,384	4,988,533	2,958,276	2,688,064
Total other operating expenses	20,469,882	18,874,811	14,155,964	12,927,088
IMPAIRMENT LOSS OF LOANS AND DEBT SECURITIES (Note 7.33)	10,668,747	10,470,023	5,870,388	4,879,860
PROFIT FROM OPERATING BEFORE INCOME TAX EXPENSES	13,280,809	11,068,320	9,203,627	4,706,514
INCOME TAX EXPENSES (Note 7.34)	2,725,913	2,281,102	1,147,596	928,267
NET PROFIT	10,554,896	8,787,218	8,056,031	3,778,247

BANK OF AYUDHYA PUBLIC COMPANY LIMITED AND SUBSIDIARIES
STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (CONTINUED)
FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2016

BAHT : '000

	CONSOLIDATED		THE BANK'S	
	FINANCIAL STATEMENTS		FINANCIAL STATEMENTS	
	2016	2015	2016	2015
OTHER COMPREHENSIVE INCOME				
Items that will be reclassified subsequently to profit or loss:				
Gain on remeasuring available-for-sales investments	134,397	215,537	134,397	215,537
Gain (Loss) arising from translating the financial statements of a foreign operation	(699)	1,213	-	-
Income tax relating to components of other comprehensive income (Note 7.35)	(26,879)	(43,108)	(26,879)	(43,108)
Total other comprehensive income, net	106,819	173,642	107,518	172,429
TOTAL COMPREHENSIVE INCOME	10,661,715	8,960,860	8,163,549	3,950,676
NET PROFIT ATTRIBUTABLE				
Owners of the Bank	10,418,983	8,675,259	8,056,031	3,778,247
Non-controlling interest	135,913	111,959	-	-
	10,554,896	8,787,218	8,056,031	3,778,247
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE				
Owners of the Bank	10,526,012	8,848,537	8,163,549	3,950,676
Non-controlling interest	135,703	112,323	-	-
	10,661,715	8,960,860	8,163,549	3,950,676
EARNINGS PER SHARE OF OWNERS OF THE BANK				
BASIC EARNINGS PER SHARE	BAHT	1.42	1.18	1.10
WEIGHTED AVERAGE NUMBER OF				
ORDINARY SHARES	SHARES	7,355,761,773	7,327,438,723	7,355,761,773
				7,327,438,723

Notes to the consolidated and the Bank's financial statements form an integral part of these financial statements

(Mr. Noriaki Goto)
President and Chief Executive Officer

(Miss Duangdao Wongpanitkrit)
Director

BANK OF AYUDHYA PUBLIC COMPANY LIMITED AND SUBSIDIARIES

STATEMENTS OF CHANGES IN EQUITY

FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2016

BAHT : '000

	CONSOLIDATED FINANCIAL STATEMENTS										
	Owners of the Bank								Non-	Total	
	Issued and Paid-up Share Capital	Premium on Share Capital	Other reserves				Retained Earnings		Total		
			Asset	Revaluation	Foreign	Deficit from Business	Appropriated	Unappropriated	Bank's		
			Appraisal Surplus	Surplus on Investments	Currency Translation	Combination under Common Control	Legal Reserve		Equity		
Balance as of January 1, 2015	60,741,437	13,802,216	6,390,131	947,098	441	-	2,877,700	46,395,844	131,154,867	459,514	131,614,381
Issue of ordinary shares related to business combination	12,816,181	39,076,533	-	-	-	(5,217,755)	-	-	46,674,959	-	46,674,959
Change in revaluation surplus	-	-	(68,241)	-	-	-	-	68,241	-	-	-
Dividend payment (Note 7.20.2)	-	-	-	-	-	-	-	(2,942,305)	(2,942,305)	-	(2,942,305)
Total comprehensive income	-	-	-	172,429	849	-	-	8,675,259	8,848,537	112,323	8,960,860
Balance as of June 30, 2015	73,557,618	52,878,749	6,321,890	1,119,527	1,290	(5,217,755)	2,877,700	52,197,039	183,736,058	571,837	184,307,895
Balance as of January 1, 2016	73,557,618	52,878,749	6,243,620	952,099	3,168	(5,217,755)	3,584,800	58,352,894	190,355,193	392,525	190,747,718
Change in revaluation surplus	-	-	(88,086)	-	-	-	-	88,086	-	-	-
Dividend payment (Note 7.20.2)	-	-	-	-	-	-	-	(2,942,305)	(2,942,305)	(81,935)	(3,024,240)
Total comprehensive income	-	-	-	107,518	(489)	-	-	10,418,983	10,526,012	135,703	10,661,715
Balance as of June 30, 2016	73,557,618	52,878,749	6,155,534	1,059,617	2,679	(5,217,755)	3,584,800	65,917,658	197,938,900	446,293	198,385,193

Note to the consolidated and the Bank's financial statements form an integral part of these financial statements

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

BAHT : '000

	THE BANK'S FINANCIAL STATEMENTS							
	Issued and	Premium	Other reserves			Retained Earnings		Total
	Paid-up	on Share	Asset	Revaluation	Deficit from Business	Appropriated	Unappropriated	
	Share	Capital	Appraisal	Surplus	Combination under	Legal		
	Capital		Surplus	on Investments	Common Control	Reserve		
Balance as of January 1, 2015	60,741,437	13,802,216	6,363,657	947,098	-	2,877,700	27,121,341	111,853,449
Issue of ordinary shares related to business combination	12,816,181	39,076,533	-	-	(5,217,755)	-	-	46,674,959
Change in revaluation surplus	-	-	(67,836)	-	-	-	67,836	-
Dividend payment (Note 7.20.2)	-	-	-	-	-	-	(2,942,305)	(2,942,305)
Total comprehensive income	-	-	-	172,429	-	-	3,778,247	3,950,676
Balance as of June 30, 2015	73,557,618	52,878,749	6,295,821	1,119,527	(5,217,755)	2,877,700	28,025,119	159,536,779
Balance as of January 1, 2016	73,557,618	52,878,749	6,224,030	952,099	(5,217,755)	3,584,800	34,599,439	166,578,980
Change in revaluation surplus	-	-	(68,496)	-	-	-	68,496	-
Dividend payment (Note 7.20.2)	-	-	-	-	-	-	(2,942,305)	(2,942,305)
Total comprehensive income	-	-	-	107,518	-	-	8,056,031	8,163,549
Balance as of June 30, 2016	73,557,618	52,878,749	6,155,534	1,059,617	(5,217,755)	3,584,800	39,781,661	171,800,224

Note to the consolidated and the Bank's financial statements form an integral part of these financial statements

(Mr. Noriaki Goto)
President and Chief Executive Officer

(Miss Duangdao Wongpanitkrit)
Director

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

BAHT : '000

	CONSOLIDATED		THE BANK'S	
	FINANCIAL STATEMENTS		FINANCIAL STATEMENTS	
	2016	2015	2016	2015
CASH FLOWS FROM OPERATING ACTIVITIES				
Income from operating before income tax expenses	13,280,809	11,068,320	9,203,627	4,706,514
Adjustments to reconcile income to cash received (paid)				
from operating activities:				
Depreciation and amortization	1,605,410	1,641,411	1,146,700	1,034,358
Deferred interest expenses	913	1,327	913	1,327
Impairment loss of loans and debt securities	10,668,747	10,470,023	5,870,388	4,879,860
Gains on translation in foreign currencies	(4,358,914)	(656,917)	(4,358,914)	(656,917)
Share of profit from investment for using equity method	(173,493)	(185,522)	-	-
Gains on investments	(530,745)	(430,993)	(530,745)	(430,993)
Increase (decrease) in discount on investments	(28,931)	45,825	(28,931)	45,825
Gains on sales of properties for sale	(498,482)	(491,023)	(244,020)	(161,035)
(Gains) losses on sales of premises and equipment	(4,187)	(11,322)	2,707	1,533
Loss on impairment of properties for sale (reversal)	179,821	(73,920)	126,616	(84,588)
Loss on impairment of premises and equipment (reversal)	(1,329)	2,239	-	-
Loss on impairment of other assets (reversal)	(57,483)	18,459	59,156	49,438
Increase in other reserves	263,790	430,173	204,165	389,699
Interest income, net	(30,247,678)	(27,651,165)	(18,036,043)	(15,938,150)
Income tax refunded	-	16,409	-	-
Interest received	44,595,992	41,121,235	24,751,889	28,858,228
Interest paid	(11,649,157)	(13,391,053)	(11,365,844)	(12,703,096)
Dividend income	(76,924)	(95,045)	(3,775,180)	(94,869)
Dividend received	76,978	96,405	76,222	95,367
Decrease in other accrued expenses	(902,170)	(135,919)	(327,606)	(240,911)
Income tax paid	(2,666,999)	(2,613,473)	(1,208,413)	(1,334,319)
Income from operations before changes in operating assets and liabilities	19,475,968	19,175,474	1,566,687	8,417,271
(Increase) decrease in operating assets				
Interbank and money market items	(3,721,586)	16,216,683	(3,747,849)	16,205,054
Derivatives assets	4,926,669	(476,902)	4,926,669	(476,902)
Current investments - securities for trading	(7,906,296)	1,706,830	(7,906,296)	2,002,853
Loans to customers	(69,833,518)	(9,491,594)	(56,586,818)	(31,006,538)
Properties for sale	4,327,979	4,398,311	2,230,440	1,213,298
Other assets	1,942,359	(3,558,379)	2,194,136	(3,676,752)

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

BAHT : '000

	CONSOLIDATED		THE BANK'S	
	FINANCIAL STATEMENTS		FINANCIAL STATEMENTS	
	2016	2015	2016	2015
CASH FLOWS FROM OPERATING ACTIVITIES (CONTINUED)				
Increase (decrease) in operating liabilities				
Deposits	16,560,770	22,454,972	16,764,388	22,086,412
Interbank and money market items	29,275,778	1,842,545	30,073,572	2,309,763
Liability payable on demand	2,020,503	1,135,481	2,020,503	1,135,481
Derivatives liabilities	(2,725,931)	2,958,006	(2,725,931)	2,958,006
Other liabilities	(8,124,019)	3,019,815	(7,754,620)	4,689,044
Net cash from operating activities	(13,781,324)	59,381,242	(18,945,119)	25,856,990
CASH FLOWS FROM INVESTING ACTIVITIES				
Proceeds from sales of investments in securities	86,431,745	64,530,024	86,431,745	64,530,024
Cash paid for purchases of investments in securities	(77,395,185)	(31,955,452)	(77,395,185)	(31,955,452)
Dividend received from subsidiaries	-	-	3,699,013	51
Proceeds from sales of premises and equipment	38,663	129,351	1,080	3,001
Cash paid for purchases of premises and equipment	(1,242,807)	(1,852,027)	(965,587)	(1,562,615)
Cash paid for purchases of other assets	(457,546)	(757,931)	(406,898)	(686,449)
Net cash from investing activities	7,374,870	30,093,965	11,364,168	30,328,560
CASH FLOWS FROM FINANCING ACTIVITIES				
Proceeds from debts issued and borrowings	151,887,200	145,885,490	149,906,800	144,435,490
Cash paid for repayment of debts issued and borrowings	(147,385,851)	(236,084,775)	(143,585,267)	(201,253,769)
Proceeds from business combination	-	71,767	-	71,767
Cash paid for repayment of liabilities under finance lease agreements	(11,678)	(15,952)	(11,678)	(15,952)
Dividend payment	(3,024,240)	(2,942,305)	(2,942,305)	(2,942,305)
Net cash from financing activities	1,465,431	(93,085,775)	3,367,550	(59,704,769)
Total	(4,941,023)	(3,610,568)	(4,213,401)	(3,519,219)
Gains (losses) arising from translating the financial statements of a foreign operation	(489)	849	-	-
Effect of exchange rate change on cash	(443)	13,216	(443)	13,216
Net decrease in cash and cash equivalents	(4,941,955)	(3,596,503)	(4,213,844)	(3,506,003)
Cash and cash equivalents as at January 1,	35,468,254	34,198,183	33,595,831	31,077,762
Cash and cash equivalents as at June 30,	30,526,299	30,601,680	29,381,987	27,571,759

Note to the consolidated and the Bank's financial statements form an integral part of these financial statements

(Mr. Noriaki Goto)
President and Chief Executive Officer

(Miss Duangdao Wongpanitkrit)
Director

BANK OF AYUDHYA PUBLIC COMPANY LIMITED AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED AND THE BANK'S FINANCIAL STATEMENTS
FOR THE THREE-MONTH AND SIX-MONTH PERIODS ENDED JUNE 30, 2016

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BANK OF AYUDHYA PUBLIC COMPANY LIMITED AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED AND THE BANK'S FINANCIAL STATEMENTS
FOR THE THREE-MONTH AND SIX-MONTH PERIODS ENDED JUNE 30, 2016

1. GENERAL INFORMATION

Bank of Ayudhya Public Company Limited (“the Bank”) is a public company registered in the Kingdom of Thailand with its head office located at 1222 Rama III Road, Bang Phongphang Subdistrict, Yannawa District, Bangkok. The Bank’s main business is commercial banking and the Bank conducts its business through a network of branches throughout Thailand and other countries. The immediate and ultimate parent company of the Bank are the Bank of Tokyo-Mitsubishi UFJ, Ltd. and Mitsubishi UFJ Financial Group, Inc., respectively, both companies are registered in Japan. The Ministry of Commerce granted approval for the Bank and its subsidiaries to operate businesses under Foreign Business Act B.E. 2542 on September 26, 2014. As at June 30, 2016 and December 31, 2015, the Bank has 16 subsidiaries as follows:

- 1.1 Ayudhya Development Leasing Company Limited, was incorporated in Thailand on July 25, 1991 and is located at 1222, 16th Floor, Bank of Ayudhya, Rama III Road, Bang Phongphang Subdistrict, Yannawa District, Bangkok. The subsidiary’s main business includes leasing and hire-purchase.
- 1.2 Ayudhya Capital Auto Lease Public Company Limited, was incorporated in Thailand on November 27, 1995 and is located at 87/2, 26th, 30th and 48th Floor, CRC Tower, All Seasons Place, Wireless Road, Lumpini Subdistrict, Patumwan District, Bangkok. The subsidiary’s main business is auto hire-purchase, leasing service and refinancing to individual and corporate customers.
- 1.3 Ngern Tid Lor Company Limited (formerly CFG Services Company Limited), was incorporated in Thailand on October 24, 2006, and is located at 89/170, 4th, 5th, 9th and 10th Floor, Juthamard Building, Viphavadi Rangsit Road, Talad Bangkhen Subdistrict, Laksi District, Bangkok. The subsidiary’s main business is hire-purchase loan and secured personal loan for vehicles and motorcycles.
- 1.4 Ayudhya Card Services Company Limited, was incorporated in Thailand on December 4, 1997 and is located at 1222, 5th A Floor, Building C, Bank of Ayudhya, Rama III Road, Bang Phongphang Subdistrict, Yannawa District, Bangkok. The subsidiary’s main business is credit cards and personal loans. Currently, the subsidiary is in process of liquidation.
- 1.5 Ayudhya Capital Services Company Limited, was incorporated in Thailand on November 9, 1994 and is located at 87/1, 1st-6th and 8th-11th Floor, Capital Tower, All Seasons Place, Wireless Road, Lumpini Subdistrict, Pathumwan District, Bangkok. The subsidiary’s main business is credit cards and personal loans.

- 1.6 General Card Services Limited, was incorporated in Thailand on January 24, 1995 and is located at 87/1, 1st-6th and 8th Floor, Capital Tower, All Seasons Place, Wireless Road, Lumpini Subdistrict, Pathumwan District, Bangkok. The subsidiary's main business is credit cards and personal loans.
- 1.7 Krungsriayudhya Card Company Limited, was incorporated in Thailand on August 29, 1996 and is located at 87/1, 1st-6th and 8th-11th Floor, Capital Tower, All Seasons Place, Wireless Road, Lumpini Subdistrict, Pathumwan District, Bangkok. The subsidiary's main business is credit cards and personal loans.
- 1.8 Siam Realty and Services Security Company Limited (formerly Siam Realty and Services Company Limited), was incorporated in Thailand on June 20, 1988, and is located at 1222 Rama III Road, Bang Phongphang Subdistrict, Yannawa District, Bangkok. The subsidiary's main business is car rental services and personnel services.
- 1.9 Total Services Solutions Public Company Limited, was incorporated as a public company limited in Thailand on May 19, 1997 and is located at 2/3 Moo 14, Bangna Towers B, Bang Na-Trat Km 6.5 Road, Bang Kaeo Subdistrict, Bang Phli District, Samutprakan. The subsidiary's main business is collection services.
- 1.10 Krungsri Asset Management Company Limited, was incorporated in Thailand on December 19, 1996 and is located at 898, 1st-2nd zone A, 12th and 18th Floor zone B, Ploenchit Tower Building, Ploenchit Road, Lumpini Subdistrict, Patumwan District, Bangkok. The subsidiary's main business is mutual funds and private fund management.
- 1.11 Krungsri Ayudhya AMC Limited, was incorporated in Thailand on August 18, 2000 and is located at 1222 Rama III Road, Bang Phongphang Subdistrict, Yannawa District, Bangkok. The subsidiary's main business is to develop, manage and sell assets transferred from financial institutions.
- 1.12 Krungsri Securities Public Company Limited, was incorporated in Thailand on April 16, 2004 and is located at 898, 3rd Floor, Ploenchit Tower, Ploenchit Road, Lumpini Subdistrict, Pathumwan District, Bangkok. The subsidiary's main business is a securities businesses.
- 1.13 Krungsri Factoring Company Limited, was incorporated in Thailand on February 1, 2007 and is located at 1222, 19th Floor, Bank of Ayudhya, Rama III Road, Bang Phongphang Subdistrict, Yannawa District, Bangkok. The subsidiary's main business is factoring.
- 1.14 Krungsri Life Assurance Broker Company Limited, which is 99.99% owned by Ayudhya Capital Services Company Limited, the Bank's subsidiary, was incorporated in Thailand on March 2, 2007 and located at 87/1, Capital Tower, All Seasons Place, Wireless Road, Lumpini Subdistrict, Pathumwan District, Bangkok. The subsidiary's main business is as a life insurance broker.

- 1.15 Krungsri General Insurance Broker Company Limited, which is 99.99% owned by Ayudhya Capital Services Company Limited, the Bank's subsidiary, was incorporated in Thailand on March 2, 2007 and is located at 87/1, Capital Tower, All Seasons Place, Wireless Road, Lumpini Subdistrict, Pathumwan District, Bangkok. The subsidiary's main business is as a general insurance broker.
- 1.16 Krungsri Leasing Services Company Limited, which is owned by Ayudhya Capital Services Company Limited of 35% and Ayudhya Capital Auto Lease Public Company Limited of 35%, the Bank's subsidiaries, was incorporated in Laos People's Democratic Republic (Lao PDR) on February 18, 2014 and is located at 355, Unit 12, Kamphengmeung Road, Phonethan Village, Sayseththa District, Vientiane Capital, Lao PDR. The subsidiary's main business is hire-purchase, leasing and sales finance.

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

- 2.1 The consolidated and the Bank's financial statements have been prepared in accordance with Thai Financial Reporting Standards issued by Federation of Accounting Professions (FAP), the regulation of the Thai Securities and Exchange Commission (SEC) and the Stock Exchange of Thailand (SET), where the form of financial statements is based on Thai Accounting Standard No. 1 (Revised 2015) "Presentation of Financial Statements", including the Procedures, Policies and Presentation in accordance with the Bank of Thailand ("BOT") Notification Sor.Nor.Sor. 21/2558 regarding the Preparation and Announcement of Financial Statements of Commercial Banks and Holding Companies of Financial Industry dated December 4, 2015.

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

The interim financial statements are presented in Thai Baht, which is the Bank's functional currency. All financial information presented in Thai Baht has been rounded in the financial statements to the nearest thousand and in the notes to financial statements to the nearest million unless otherwise stated.

The Bank prepares its interim financial statements in the Thai language in conformity with Thai Financial Reporting Standards and the Notifications noted above. However, for convenience of readers, the Bank also prepares its interim financial statements in English language, by translating from the Thai version.

Thai Financial Reporting Standards announced but not effective in 2016

The Federation of Accounting Professions issued the Guideline on Accounting regarding Derecognition of Financial Assets and Liabilities, which will be effective for the accounting period beginning on or after January 1, 2017 onwards.

The management of the Bank and subsidiaries anticipate that such Guideline on Accounting will be adopted in the Bank and subsidiaries' financial statements when it becomes effective. The adoption of this guideline will have no material impact on the financial statements of the Bank and subsidiaries in the period of initial application.

2.2 The consolidated financial statements included the accounts of the head office and all branches of the Bank and its subsidiaries. These subsidiaries are as follows:

Subsidiaries	Business Type	Place of incorporation and operation	Proportion of ownership interest and voting power held by the Bank (%)	
			As at	
			June 30, 2016	December 31, 2015
Ayudhya Development Leasing Company Limited	Hire-purchase and Leasing	Thailand	99.99	99.99
Ayudhya Capital Auto Lease Public Company Limited	Hire-purchase and auto leasing	Thailand	100.00	100.00
Ngern Tid Lor Company Limited (formerly CFG Services Company Limited)	Hire-purchase and motorcycle loans	Thailand	100.00	100.00
Ayudhya Card Services Company Limited ⁽¹⁾	Credit cards and personal loans	Thailand	100.00	100.00
Ayudhya Capital Services Company Limited	Credit cards and personal loans	Thailand	100.00	100.00
General Card Services Limited	Credit cards and personal loans	Thailand	100.00	100.00
Krungsriayudhya Card Company Limited	Credit cards and personal loans	Thailand	100.00	100.00
Siam Realty and Services Security Company Limited (formerly Siam Realty and Services Company Limited)	Car rental services and personnel services	Thailand	100.00	100.00
Total Service Solutions Public Company Limited	Collection services	Thailand	100.00	100.00
Krungsri Asset Management Company Limited	Fund management	Thailand	76.59	76.59
Krungsri Ayudhya AMC Limited	Asset management	Thailand	100.00	100.00
Krungsri Securities Public Company Limited	Securities	Thailand	98.71	98.71
Krungsri Factoring Company Limited	Factoring	Thailand	100.00	100.00
Krungsri Life Assurance Broker Limited ⁽²⁾	Life assurance broker	Thailand	100.00	100.00
Krungsri General Insurance Broker Limited ⁽²⁾	General insurance broker	Thailand	100.00	100.00
Krungsri Leasing Services Company Limited ⁽³⁾	Hire-purchase, leasing and sales finance	Lao PDR	70.00	70.00

⁽¹⁾ Subsidiary is in the process of liquidation.

⁽²⁾ Indirectly holding via Ayudhya Capital Services Company Limited of 100%.

⁽³⁾ Indirectly holding via Ayudhya Capital Services Company Limited of 35% and Ayudhya Capital Auto Lease Public Company Limited of 35%.

All material intercompany transactions and balances have been eliminated.

3. ADOPTION OF NEW AND REVISED THAI FINANCIAL REPORTING STANDARDS

Since January 1, 2016, the Bank and its subsidiaries have adopted the new and revised Thai Financial Reporting Standards (TFRSs) issued by the Federation of Accounting Professions, which are effective for the financial statements for the accounting periods beginning on or after January 1, 2016. Thai Financial Reporting Standards which are related to the Bank and its subsidiaries are as follows:

Thai Accounting Standards (TAS)

TAS 1 (Revised 2015)	Presentation of Financial Statements
TAS 7 (Revised 2015)	Statement of Cash Flows
TAS 8 (Revised 2015)	Accounting Policies, Changes in Accounting Estimates and Errors
TAS 10 (Revised 2015)	Events After the Reporting Period
TAS 12 (Revised 2015)	Income Taxes
TAS 16 (Revised 2015)	Property, Plant and Equipment
TAS 17 (Revised 2015)	Leases
TAS 18 (Revised 2015)	Revenue
TAS 19 (Revised 2015)	Employee Benefits
TAS 21 (Revised 2015)	The Effects of Changes in Foreign Exchange Rate
TAS 24 (Revised 2015)	Related Party Disclosures
TAS 27 (Revised 2015)	Separate Financial Statements
TAS 28 (Revised 2015)	Investments in Associates and Joint Ventures
TAS 33 (Revised 2015)	Earnings per Share
TAS 34 (Revised 2015)	Interim Financial Reporting
TAS 36 (Revised 2015)	Impairment of Assets
TAS 37 (Revised 2015)	Provisions, Contingent Liabilities and Contingent Assets
TAS 38 (Revised 2015)	Intangible Assets

Thai Financial Reporting Standards (TFRS)

TFRS 3 (Revised 2015)	Business Combinations
TFRS 5 (Revised 2015)	Non-current Assets Held for Sale and Discontinued Operations
TFRS 8 (Revised 2015)	Operating Segments
TFRS 10 (Revised 2015)	Consolidated Financial Statements
TFRS 11 (Revised 2015)	Joint Arrangements
TFRS 12 (Revised 2015)	Disclosure of Interests in Other Entities
TFRS 13 (Revised 2015)	Fair Value Measurement

Thai Standards Interpretations (TSI)

TSI 15 (Revised 2015)	Operating Leases - Incentives
TSI 27 (Revised 2015)	Evaluating the Substance of Transactions in the Legal Form of a Lease
TSI 31 (Revised 2015)	Revenue - Barter Transactions Involving Advertising Services
TSI 32 (Revised 2015)	Intangible Assets - Web Site Costs

Thai Financial Reporting Standard Interpretations (TFRI)

TFRI 1 (Revised 2015)	Changes in Existing Decommissioning, Restoration and Similar Liabilities
TFRI 4 (Revised 2015)	Determining whether an Arrangement contains a Lease
TFRI 5 (Revised 2015)	Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds

Thai Financial Reporting Standard Interpretations (TFRI) (Continued)

TFRI 10 (Revised 2015)	Interim Financial Reporting and Impairment
TFRI 13 (Revised 2015)	Customer Loyalty Programmes
TFRI 14 (Revised 2015)	TAS 19 (Revised 2014) - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction
TFRI 17 (Revised 2015)	Distributions of Non-cash Assets to Owners
TFRI 18 (Revised 2015)	Transfers of Assets from Customers
TFRI 21 (Revised 2015)	Levies

The above TFRSs have no material impact to the Bank and its subsidiaries' financial statements.

4. SIGNIFICANT ACCOUNTING POLICIES

4.1 Cash and cash equivalents

In the Bank's statement of cash flows, cash and cash equivalents consist of cash on hand and cash on collection of the Bank, in accordance with the BOT's Notification Sor.Nor.Sor. 21/2558 regarding the Preparation and Announcement of Financial Statements of Commercial Banks and Holding Companies of Financial Industry dated December 4, 2015.

In the consolidated statement of cash flows, cash and cash equivalents consist of cash and cash equivalents of the Bank and cash on hand, deposits at banks, except for fixed deposits whose terms are greater than 3 months and deposits at banks used as collaterals, and investments of subsidiaries with maturities of 3 months or less.

4.2 Derivatives

The Bank and its subsidiaries have recognized derivatives transactions as follows:

4.2.1 Derivatives for trading are recorded at fair value and profit or loss from the price appraisal are recognized as income or expense in the statements of profit or loss and other comprehensive income.

4.2.2 Derivatives for hedging are recorded and profit or loss from the price appraisal are recognized as income or expense based on the accrual basis in line with the underlying transactions.

4.3 Investments

The Bank and its subsidiaries' investments which consist of debt securities and equity securities are classified as trading securities, available-for-sale securities, held-to-maturity securities or general investments.

In addition, the Bank complies with the BOT's Notification Sor.Nor.Sor. 21/2558 regarding the Preparation and Announcement of Financial Statements of Commercial Banks and Holding Companies of Financial Industry dated December 4, 2015, requiring commercial banks to present the investments as investments, net and investments in subsidiaries, associates companies and joint ventures, net.

Investments are initially recognized on the trade date.

Trading securities represent securities acquired with the intention to hold short-term to benefit from the anticipated changes in market value. Trading securities are carried at fair value. Realized gains or losses from the sales of trading securities and unrealized gains or losses on the changes in fair value are recognized as gains (losses) on trading and foreign exchange transactions in the statements of profit or loss and other comprehensive income. Interest earned and dividends received from trading securities are recognized using the accrual basis of accounting as interest income and dividend income, respectively.

Debt securities which the Bank and subsidiaries have the intention and ability to hold until maturity are classified as held-to-maturity and carried at the amortized cost, net of valuation allowances for impairment, if any. Valuation allowances are established to recognize an unrealized loss in the statements of profit or loss and other comprehensive income when impairment is determined by management.

Debt and equity securities with readily determinable market values that are not classified as either trading securities or held-to-maturity securities are classified as available-for-sale securities and carried at fair value. The unrealized gains or losses related to available-for-sale securities are reported as other comprehensive income in equity until realized upon the sale, disposition or a permanent decline in value occurs on such securities. Gain or loss on disposal or loss on impairment is recognized in the statements of profit or loss and other comprehensive income.

Non-marketable equity securities and marketable equity securities acquired from troubled debt restructuring are classified as general investments and carried at cost, net of valuation allowances for impairment, if any. Valuation allowances are established to recognize an unrealized loss in the statements of profit or loss and other comprehensive income when impairment is determined by management.

Premiums and discounts are amortized and accreted into income as adjustments to interest income using the effective interest rate method.

In the consolidated financial statements, investments in associated companies and joint ventures are accounted for by the equity method. In the Bank's financial statements, investments in subsidiaries and associated companies are accounted for by the cost method.

When an investment is assessed as being impaired, the amount of impairment is recognized as expense in the statements of profit or loss and other comprehensive income.

Equity securities which are non-listed securities are stated at cost, except in the case where a permanent decline in value is deemed to have occurred with the loss charged to the statements of profit or loss and other comprehensive income.

Cost of securities sold during the period is computed by using the weighted average method. Realized gains or losses from sales of debt and equity securities are included in the statements of profit or loss and other comprehensive income.

4.4 Loans to customers

Overdrafts are stated at the drawn amounts including interest.

Hire-purchase receivable and finance lease receivable are carried at contract amount plus initial direct cost.

Other loans are stated at the principal amounts.

Unearned discount from notes are presented in deferred revenue.

Unearned interest income and deferred subsidy income on hire-purchase contract and finance lease are presented in deferred revenue and recognized by the effective interest rate method.

Initial direct cost is recognized by the effective interest rate method.

4.5 Allowance for doubtful accounts

Allowance for doubtful accounts is determined through methods in accordance with the BOT's regulations. The Bank and its subsidiaries categorize their loan portfolio into six categories and determine allowance for doubtful accounts subject to different levels of provisioning. Allowance for doubtful accounts for loans classified as normal and special mention are calculated based on the minimum percentage in accordance with the BOT's guidelines by using the value of collateral for calculation of reserve. For loans classified as substandard, doubtful and doubtful of loss, the allowance rate is 100 percent of the difference between the outstanding loan value and present value of expected cash flow from proceeds from disposal of the collateralized assets which excludes collateral in the form of machinery. With the exception of a subsidiary that carries out a leasing business, the reserve calculation is determined by including the value of machinery as collateral. In addition, the Bank and its subsidiaries estimate an additional allowance for doubtful debts over the minimum percentage as specified in the BOT's guidelines.

Allowance for doubtful accounts for hire-purchase receivables of the Bank and its subsidiaries are calculated by using the collective approach which classifies a group of loans having similar credit risk characteristics based on the historical loss experience of each loan category.

Loans to customers are written-off in the year that they are determined to be irrecoverable. Bad debts written-off during the year are recorded as a deduction from the allowance for doubtful accounts. Bad debt and doubtful accounts are shown as expenses in the statements of profit or loss and other comprehensive income.

Bad debt recovery is recorded as income in the statements of profit or loss and other comprehensive income when received.

4.6 Troubled debt restructuring

Losses on troubled debt restructurings resulting from the reduction of principal and accrued interest and other form such as modifications of terms, asset transfers, equity securities transfers, and etc. are recognized as expenses in the statements of profit or loss and other comprehensive income.

For troubled debt restructurings with a modification of terms, the Bank has applied the BOT's criteria requiring the Bank to choose between the collateral method to estimate a loss amount and the net present value method which represents expected future cash flows by applying the discounted market interest rate on the restructuring date. Losses from such debt restructurings are recognized in the statements of profit or loss and other comprehensive income.

The Bank has recalculated the fair value of restructured debts in every month based on the discounted market interest rate as of the processing date and based on the discounted market interest rate as of the financial statements date that shown every quarter, except for commercial loan, the recalculation based on the discounted interest rate at contractual rate. The Bank adjusts the valuation on debt restructured for any change on monthly basis, in accordance with the BOT's criteria. The valuation adjustment on restructured debt shall not cause the book value of restructured debt to exceed the investment value on restructured debt.

Restructured debt with assets or equity securities transferred for debt repayment either in whole or in part are recorded at the fair value, net of estimated selling expenses, not to exceed the investment value on such debt and the right-to-claim interest income.

For investments in receivables incurred prior to January 1, 2013, that are subsequently restructured, the Bank has calculated the fair value of restructured debt as of the restructuring date and recognized the difference between book value and fair value in the statements of profit or loss and other comprehensive income for the year and classified investments in receivables as loans in accordance with the BOT's criteria.

4.7 Properties for sale

Properties for sale consist of immovable and movable properties which are recorded at the lower of net investment in the loan plus accrued interest (including previously unrecognized contractual interest) or the fair value of the property as of the date of foreclosure.

The Bank and its subsidiaries provided the allowance for impairment of properties for sale as disclosed in Note 6.3. Losses on impairment of properties for sale are shown as an expense in the statements of profit or loss and other comprehensive income.

Gains or losses on the disposal of such properties are realized upon disposition of the underlying asset and are included in other operating income in the statements of profit or loss and other comprehensive income.

4.8 Property, premises and equipment

Land is stated at the appraised value. Premises are stated at the appraised value less accumulated depreciation. Equipment is stated at cost less accumulated depreciation.

Revaluation of assets

Land and premises have been revalued by independent appraisers based on the market value for land and depreciated replacement cost for premises. For the portion of land and premises which have been revalued, the increments above the previous appraisal are recorded in land revaluation surplus and premises revaluation surplus accounts.

In case of a revaluation decrease, the decline in value is deducted from such revaluation surplus to the extent that the new value is above original cost and recognized in the statements of profit or loss and other comprehensive income for the decrease in value below original cost.

The Bank and its subsidiaries' suite units in condominiums used as offices have been revalued by independent appraisers in accordance with the BOT's guidelines using depreciated replacement cost. The Bank has recorded the increment per appraisal of premises as revaluation surplus. Any revaluation decrease in excess of the original cost is recorded by deducting from the revaluation surplus.

During the Bank's usage of the revalued assets, the revaluation surplus will be gradually transferred directly to retained earnings equal to the difference between the depreciation calculated from book value of the revalued assets and the depreciation calculated from the original cost of such assets. All balances of the outstanding revaluation surplus will be transferred to retained earnings when the Bank writes off such assets from the financial statements.

Leased assets

Leases under which the Bank and its subsidiaries assume substantially all the risk and rewards of ownership are classified as finance leases. Equipment acquired by way of finance leases is capitalized at the lower of its fair value or the present value of the minimum lease payments at the inception of the lease, less accumulated depreciation and impairment losses. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly to the statements of profit or loss and other comprehensive income.

Depreciation

Depreciation of premises (included revaluation) and equipment is calculated by the straight-line method, based on the estimated useful lives of the assets as follows:

Premises and building improvement	10 - 50 years
Equipment, furniture, fixtures, office equipment and vehicle	3 - 10 years

Gains or losses on the disposal of property, premises and equipment are recognized in other operating income or other expenses in the statements of profit or loss and other comprehensive income.

4.9 Intangible assets

Intangible assets with indefinite useful lives are stated at cost less allowance for impairment, if any. Intangible assets with finite useful lives are stated at cost less accumulated amortization and allowance for impairment.

Amortization

Software amortization is calculated by the straight-line method over the expected future economic benefit period between 5 - 10 years.

Amortization of other intangible assets received from business combinations such as information of customer relationships, dealer relationships and the distribution network, are calculated by the projected cash flow over the expected future economic benefit period between 8 - 20 years.

Amortization incurred is recognized as other operating expense in the statements of profit or loss and other comprehensive income.

4.10 Recognition of income

Interest income from loans to customers and other income are recognized on an accrual basis, except interest income on hire-purchase contract is recognized by the effective interest rate method.

Interest income from investment in debt securities and investment in loans are recognized by the effective interest rate method.

The Bank and its subsidiaries are required by the BOT to stop accruing interest income for debtors when more than three months past due and reverse this accrued interest income from interest income. Thereafter, interest income from these debtors shall be recognized on a cash basis.

The asset management subsidiary recognizes interest income from investment in receivable and loans by using the market interest rate plus a risk premium that represents the discounted rate in calculating present value of future cash flows expected to be collected from receivables, except for certain receivables being doubtful of collection where the subsidiary recognizes interest income from such investments in receivable and loans on a cash basis.

The hire-purchase business recognize income for finance leases and hire-purchase contracts by the effective interest rate method.

4.11 Recognition of expenses

The Bank and its subsidiaries recognize expenses, including interest expenses on an accrual basis.

4.12 Employee benefits

The Bank and subsidiaries have 3 types of employee benefits as follows:

4.12.1 Provident funds

The Bank and its subsidiaries established a provident fund under the Provident Fund Act B.E. 2530. The fund is managed by a financial institution which is an authorized fund manager.

Member is required to make contribution at the rate of not less than 3% of salary but not more than the Bank and subsidiaries' contribution.

The Bank and its subsidiaries will contribute as follows:

Service periods	Contribution rate (%)
Less than 5 years	5 - 10
5 years but less than 10 years	6 - 12
10 years but less than 20 years	8 - 12
Over 20 years	10 - 12.5

The contributions to the provident fund made by the Bank and its subsidiaries are recorded as employees' expenses in the statements of profit or loss and other comprehensive income.

4.12.2 Post-employment benefit obligations

- Pension plan

The employees who were permanently employed prior to January 1, 1998 and have completed at least 10 continuous service years are eligible to receive a pension payment when they leave the Bank. On January 1, 1998, the Bank established the provident fund for its employees to replace the pension plan. After the establishment of the provident fund, the amount due to a departing employee shall first be disbursed from the provident fund. If the estimated contributions made by the Bank and interest thereon are less than the pension receivable under the pension plan, the Bank will pay such difference by disbursing from the pension fund.

- Legal severance payment plan

All employees will receive severance payment upon retirement in accordance with the Labor Protection Act.

- Special retirement allowance

The employee will receive "Special Retirement Allowance" additional to legal severance payment plan upon resignation in accordance with the Bank's policy.

The obligations of these plans are considered as unfunded defined benefit obligations and are separately measured by an actuary using the projected unit credit method to determine the present value of cash flows of employee benefit to be paid in the future. Under this method, the obligation is based on an actuarial calculation including the employee's expected salary, business turnover rate, salary increase rate, mortality rate, discount rate, years of services and other factors.

The expenses for the defined benefit plan are recognized as employee's expenses in the statement of profit or loss and other comprehensive income.

Actuarial gains (losses) are recognized in other comprehensive income.

4.12.3 Benefit from carry forward leave

The benefit from cumulative carry forward leave is recognized as a liability in the statement of financial position and employee's expenses in the statement of profit or loss and other comprehensive income when the employees render the service.

4.13 Contributions to the Financial Institution and Development Fund and the Deposit Protection Agency

Contributions to the Financial Institutions Development Fund and the Deposit Protection Agency are recognized on an accrual basis as expenses in the statements of profit or loss and comprehensive income.

4.14 Customer Loyalty Programmes

Customer Loyalty Programmes are to grant the points to customer who joins the program. The points are based on the certain transactions determined under customer loyalty programmes and able to be redeemed for free or discount of merchandise or services.

Obligation from granting the points is recognized and measured at the fair value of the consideration received or receivable which is derived from outstanding points expected future redemption multiplied by estimated fair value per points.

Such obligation is allocated from consideration received or receivable and recorded through deferred revenue customer loyalty programmes under other liabilities and recognized as fee income when the points are redeemed by customers.

4.15 Taxation

Income tax expenses (income) represent the sum of the tax currently payable and deferred tax.

4.15.1 Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the statements of profit or loss and other comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Bank's current tax is calculated using tax rates that have been enacted or substantively enacted on the reporting date.

Current tax assets and liabilities are offset when there is a legally enforceable right to set off the recognized amounts and the Bank and its subsidiaries intend to settle on a net basis or to realize the asset and settle the liability simultaneously and when they relate to income taxes levied by the same taxation authority.

4.15.2 Deferred tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax basis used in the computation of taxable profit (tax base). Deferred tax liabilities are generally recognized for all taxable temporary differences, and deferred tax assets are generally recognized for temporary differences to the extent that it is probable that taxable profits will be available against which those temporary differences can be utilized. The carrying amount of deferred tax assets is reviewed at the reporting date. Deferred tax asset shall be reduced to the extent that utilized taxable profits are decreased. Any such reduction shall be reversed to the extent that it becomes probable that sufficient taxable profit will be available to allow total or part of the asset to be recovered. The Bank and its subsidiaries do not recognize deferred tax assets and liabilities for goodwill.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on tax rates that have been enacted or substantively enacted on the end of the reporting period.

Deferred tax assets and liabilities must offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority.

Income tax expenses or income related to profit or loss are presented in the statements of profit or loss and other comprehensive income. For current income taxes and deferred taxes related to items recognized directly in other comprehensive income in equity in the same or different period, they will be recognized directly in other comprehensive income.

4.16 Earnings per share

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

4.17 Foreign currency transactions

4.17.1 Translation of foreign currency transactions

Transactions denominated in foreign currency are translated into the functional currency as follows:

On transaction date, the foreign currency transactions are translated using the exchange rate at the date of transaction.

At the end of each reporting period, the balance of monetary assets and liabilities are translated using the exchange rate on the reporting date and the balance of non-monetary assets and liabilities measured at historical cost are translated using the exchange rate at the transaction date.

Foreign exchange gains or losses from translation are recognized as income or expenses in gains (losses) on trading and foreign exchange transactions, net in the statements of profit or loss and other comprehensive income.

4.17.2 Translation of financial statements of foreign operations

In preparation of the consolidated and the Bank's financial statements, the Bank translates the financial statements of foreign operations which its functional currency is other than Thai Baht currency as follows:

The assets and liabilities of foreign operation are translated to Thai Baht at the foreign exchange rate at the reporting date.

The revenue and expenses of foreign operations are translated to Thai Baht at the foreign exchange rate at the dates of the transactions.

Foreign exchange differences arising from translation of the financial statements of foreign operation are recognized in other comprehensive income and its cumulative amount is presented as foreign currency translation reserve in other reserves under shareholders equity.

4.18 Business combination

Business combination which is not under common control

The Bank recognizes the identifiable assets acquired, the liabilities assumed and any non-controlling interest in the acquiree separately from goodwill at fair value.

Goodwill in a business combination represents the excess of the cost of acquisition over the Bank's interest in the fair value of the identifiable net assets acquired as at the date of acquisition.

Negative goodwill arising on business acquisition represents the excess of the acquirer's interest in the fair value of the identifiable net asset acquired over the cost of acquisition.

Other costs directly attributable to the business combination are recorded as acquisition costs. Since January 1, 2011, other costs have been recognized as expenses in the statements of profit or loss and other comprehensive income.

Goodwill in a business combination is recognized as an asset recorded as of the acquisition date. Negative goodwill is recognized as income in the statements of profit or loss and other comprehensive income.

Goodwill is stated at cost less allowance for impairment (if any).

Business combination under common control

The Bank recognizes the business combination under common control similar to pooling of interests in accordance with the accounting guidance "Business Combination Under Common Control". The assets and liabilities of the acquiree are recognized using the net book value at the date of business combination. The difference between the cost of business combination and the interest of the Bank in the acquiree's net book value is recognized as premium (deficit) from business combination under common control presented under the Bank's equity in the statement of financial position.

5. RISK MANAGEMENT

5.1 Information of risk of the Bank

Through financial instruments both on-statement of financial position and off-statement of financial position, the Bank conducts its normal course of business to meet the financing needs of its customers, as well as for its investment purposes and to reduce exposure due to the fluctuations in foreign exchange rates and interest rates. The off-statement of financial position's financial instruments include commitments to extend credit, standby letters of credit, financial guarantees, interest rate swap and forward foreign exchange contracts. These instruments involve, to varying degrees, elements of credit, interest rate and foreign exchange risk in excess of the amount recognized in the financial statements. The contract or notional amounts of these instruments reflect the extent of the Bank's involvement in particular classes of financial instruments.

The introduction of new derivative products require an approval from the Board of Directors. Operating processes, including the breach of prescribed limits, and risk control are governed under the Derivatives Product Program and BOT's notification regarding guidelines on risk management for derivatives transactions.

Credit risk

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in a financial loss to the Bank. The Bank reviews the policy on a regular basis and the Bank has adopted the policy in dealing with counterparties and obtaining sufficient collateral or other security where appropriate, as a mean of mitigating the risk of financial losses from defaults.

In the case of recognized financial assets, the carrying amount of the assets recorded in the statement of financial position, net of allowance for doubtful accounts (see Note 7.7), represents the Bank's maximum exposure to credit risk.

The Bank considers that there is no significant concentration of credit risk due to a large number of customers and counterparties in different industries.

Credit risk also arises from the possibility that the counterparty to off-statement of financial position's financial instruments will not adhere to the terms of the contract with the Bank when settlement becomes due.

The Bank's exposure to credit loss in the event of non-performance by the other party to the off-statement of financial position's financial instrument for commitments to extend credit, standby letters of credit, and financial guarantees written is represented by the contractual notional amount of those instruments. The Bank uses the same credit policies in making commitments and conditional obligations as it does for the on-statement of financial position's financial instruments. For interest rate swap and forward foreign exchange contracts, the contract or notional amounts do not represent exposure to credit loss. The Bank controls the credit risk of its financial instruments through prudent credit approvals, limits, and strict monitoring procedures.

Interest rate risk

Interest rate risk refers to the risk arising from changes in interest rates that have an adverse effect on the net interest earnings, change in fair value of financial instruments and the shareholders' equity. Interest rate risk arises from the structure and characteristics of the Bank's assets, liabilities and contingencies, and from mismatch in repricing rates of its assets, liabilities and contingencies.

Interest rate risk management is carried out by the Risk Management Committee (RMC) and the Asset and Liability Management Committee (ALCO), which have been empowered by the Board of Directors with the authority to manage interest rate risk. ALCO is responsible for determining interest rate risk management, together with monitoring and controlling interest rate risk to ensure that it is at an acceptable risk appetite and in line with the interest rate risk management policy as approved by the Board of Directors. Bank will review such policy on a regular basis to commensurate with operating environments and changes in business.

The Bank employs various tools and method for its interest rate risk management. Net interest income simulation is conducted to assess the impact on banking book position and Value-at-Risk tool is employed for the trading book position to predict the Bank's potential maximum loss.

Foreign exchange rate risk

Foreign exchange risk refers to the loss affecting income and/or shareholders' equity from exchange rate fluctuations that affected foreign currency transactions and foreign currency assets and liabilities.

The Bank has a policy to cap its net foreign currency position. Most foreign currency transactions are mainly from services provided to the Bank's customers. In addition, the Bank enters into forward foreign exchange contracts as part of its risk management strategy of the foreign exchange risk arising from the Bank underlying assets and liabilities and hedges that risk from customers' transactions. The utilization of forward foreign exchange contracts for these purposes is governed by policies and guidelines approved by the Bank's Board of Directors and controlling procedures set by the relevant departments and Committees.

The Bank's Board of Directors is in charge of setting the limits for each specific currency and aggregate net FX position under an acceptable risk level and regularly reviews to be in line with business strategy and change in market circumstance, meanwhile the RMC and ALCO ensures that the limits remain within the specified amount. The Bank monitors the risk level under the specified limits using the Value-at-Risk Method as the tool to manage the exchange rate risk and prepares a report on regular basis for the Bank's top management in the relevant departments.

Equity price risk

Price risk refers to the loss affecting income and/or shareholders' equity from a movement in equity price.

The Bank assesses the potential of securities issuer companies and has a policy to buy/sell equity securities mainly for medium-term and long-term purposed. In managing equity position risk which is held, according to initial intention, as long-term, the Bank monitors and reports the equity price risk and ensure that the level of capital fund is appropriate and sufficient to absorb losses arising from the positions.

The Bank's Board of Directors sets the total limit at an acceptable risk level and reviews it annually. The Bank monitors the level of risk under the specified risk limits using the Value-at-Risk Method to manage the equity price risk and prepares a report on regular basis for the Bank's management in relevant departments.

Liquidity risk

Liquidity risk means risk resulting from the Bank's failure to pay its debts and obligations when due because of its inability to convert assets into cash, or its failure to procure enough fund, or, if it can, that the fund comes with an exceptionally high cost that may affect incomes and capital fund now and in the future.

The Bank has established the liquidity risk management policy and the liquidity management guideline. In addition, liquidity contingency plan and guideline are formulated and conducted a plan testing to ensure readiness to deal with crisis situations. All of these are aimed at ensuring the efficiency of the Bank's liquidity risk management.

The Bank maintains an excess liquidity cushion at a level commensurate with the economic situation. The Bank seeks to ensure that there is adequate cash for its business and its subsidiaries' business operations. In addition, the maintenance of liquid assets is to comply with the BOT's requirements. Liquidity management utilizes qualitative and quantitative methods to ensure of appropriate risk diversification. Liquidity risk management of Bank is under the supervision of the ALCO. ALCO also monitors and manages liquidity risk to ensure that it is at an acceptable risk appetite and in line with the liquidity risk management policy as approved by the Board of Directors. The Bank reviews such policy on a regular basis to commensurate with business strategy and market circumstance that may be changed.

BOT has required commercial banks to prepare and submit the liquidity risk reports in accordance with the Basel III guidelines, namely, Report on Liquidity Coverage Ratio (LCR) and Report on Net Stable Funding Ratio (NSFR) so that the BOT can use the information for analyzing the impact and developing an appropriate guideline for Thailand going forward. In May 2015, BOT has announced guidelines on liquid assets to the expected net cash outflows over 30 days under acute stressed scenarios of at least 60% by January 2016. Therefore, the requirement will rise by 10% each year to reach 100% on January 2020 onwards. Bank has assessed impacts of compliance and calculated and reported the daily LCR ratios to relevant committee in order to ensure that compliance will not have any impact on the liquidity risk management of the Bank and Consolidation.

5.2 Assets and liabilities classified by maturity of interest repricing

The Bank and its subsidiaries' financial assets and liabilities classified by maturity of interest repricing as at June 30, 2016 and December 31, 2015 are summarized as follows :

Unit: Million Baht

CONSOLIDATED FINANCIAL STATEMENTS							
June 30, 2016							
	Not over 3 Months	Greater than 3-12 Months	Greater than 1-5 Years	Greater than 5 Years	Non- Performing Loans	Non- Interest Bearing	Total
Financial assets							
Interbank and money market items, net	158,110	7,313	200	-	-	31,782	197,405
Investments, net	19,350	35,226	40,251	3,642	-	5,527	103,996
Loans to customers	751,918	180,751	321,216	16,209	33,263	55,021	1,358,378
Financial liabilities							
Deposits	782,819	242,770	6,894	22	-	29,598	1,062,103
Interbank and money market Items, net	288,402	847	4,052	2,533	-	3,265	299,099
Debt issued and borrowings	28,624	11,879	57,275	14,844	-	-	112,622

Unit: Million Baht

CONSOLIDATED FINANCIAL STATEMENTS							
December 31, 2015							
	Not over 3 Months	Greater than 3-12 Months	Greater than 1-5 Years	Greater than 5 Years	Non- Performing Loans	Non- Interest Bearing	Total
Financial assets							
Interbank and money market items, net	155,882	7,067	200	-	-	30,945	194,094
Investments, net	30,497	11,741	59,817	3,551	-	4,421	110,027
Loans to customers	698,200	193,963	296,548	21,273	32,239	61,231	1,303,454
Financial liabilities							
Deposits	782,118	229,983	4,552	22	-	29,615	1,046,290
Interbank and money market Items, net	135,516	129,655	4,788	868	-	4,233	275,060
Debt issued and borrowings	37,421	13,368	42,488	14,844	-	-	108,121

Unit: Million Baht

THE BANK'S FINANCIAL STATEMENTS

June 30, 2016

	Not Over 3 Months	Greater than 3-12 Months	Greater than 1-5 Years	Greater than 5 Years	Non- Performing Loans	Non- Interest Bearing	Total
Financial assets							
Interbank and money market items, net	157,741	7,233	200	-	-	31,154	196,328
Investments, net	19,350	35,226	40,251	3,642	-	5,511	103,980
Loans to customers	761,446	161,415	301,876	16,645	23,490	2,773	1,267,645
Financial liabilities							
Deposits	785,942	244,747	6,894	22	-	30,484	1,068,089
Interbank and money market Items, net	291,374	847	4,052	2,532	-	3,278	302,083
Debt issued and borrowings	27,176	9,579	43,000	14,844	-	-	94,599

Unit: Million Baht

THE BANK'S FINANCIAL STATEMENTS

December 31, 2015

	Not Over 3 Months	Greater than 3-12 Months	Greater than 1-5 Years	Greater than 5 Years	Non- Performing Loans	Non- Interest Bearing	Total
Financial assets							
Interbank and money market items, net	154,813	7,067	200	-	-	30,132	192,212
Investments, net	30,497	11,741	59,817	3,551	-	4,404	110,010
Loans to customers	714,296	184,656	268,048	20,737	21,627	2,249	1,211,613
Financial liabilities							
Deposits	786,894	229,988	4,552	22	-	30,616	1,052,072
Interbank and money market Items, net	137,690	129,654	4,789	868	-	4,245	277,246
Debt issued and borrowings	37,421	7,500	28,513	14,844	-	-	88,278

5.3 Interest bearing financial instruments

The following table presents the Bank's average outstanding balances and interest amounts of interest bearing financial instruments for the six-month periods ended June 30, 2016 and 2015.

Unit: Million Baht						
CONSOLIDATED FINANCIAL STATEMENTS						
	June 30, 2016			June 30, 2015		
	Average Balance	Interest Amount	Average Rate (%)	Average Balance	Interest Amount	Average Rate (%)
Interest bearing financial assets						
Interbank and money market items	180,425	1,424	1.6	145,276	1,630	2.2
Investments	102,444	1,094	2.1	97,330	1,314	2.7
Loans to customers	1,315,102	39,443	6.0	1,201,097	38,233	6.4
Total	<u>1,597,971</u>	<u>41,961</u>		<u>1,443,703</u>	<u>41,177</u>	
Interest bearing financial liabilities						
Deposits	1,017,352	8,725	1.7	949,322	10,403	2.2
Interbank and money market items	298,582	1,494	1.0	203,728	722	0.7
Debt issued and borrowings	105,768	1,494	2.8	135,216	2,401	3.6
Total	<u>1,421,702</u>	<u>11,713</u>		<u>1,288,266</u>	<u>13,526</u>	

Unit: Million Baht						
THE BANK'S FINANCIAL STATEMENTS						
	June 30, 2016			June 30, 2015		
	Average Balance	Interest Amount	Average Rate (%)	Average Balance	Interest Amount	Average Rate (%)
Interest bearing financial assets						
Interbank and money market items	179,502	1,418	1.6	143,175	1,612	2.3
Investments	102,101	1,094	2.1	97,036	1,311	2.7
Loans to customers	1,223,251	26,961	4.4	1,094,303	25,909	4.7
Total	<u>1,504,854</u>	<u>29,473</u>		<u>1,334,514</u>	<u>28,832</u>	
Interest bearing financial liabilities						
Deposits	1,022,364	8,738	1.7	954,714	10,408	2.2
Interbank and money market items	301,011	1,508	1.0	205,601	731	0.7
Debt issued and borrowings	86,002	1,191	2.8	98,391	1,755	3.6
Total	<u>1,409,377</u>	<u>11,437</u>		<u>1,258,706</u>	<u>12,894</u>	

5.4 Maturities of financial assets and liabilities

The following table presents the Bank and its subsidiaries' maturities of financial assets and liabilities as at June 30, 2016 and December 31, 2015.

Unit: Million Baht								
CONSOLIDATED FINANCIAL STATEMENTS								
June 30, 2016								
	Call	Not	Greater than	Greater than	Greater than	Non-Performing	No	Total
		Over	3 - 12	1 - 5	5 Years	Loans	Maturity	
		3 Months	Months	Years				
Financial assets								
Interbank and money								
market items, net	45,398	129,061	22,556	199	-	-	191	197,405
Investments, net	-	14,364	35,083	45,754	3,903	-	4,892	103,996
Loans to customers	58,806	223,169	275,299	503,966	263,875	33,263	-	1,358,378
Financial liabilities								
Deposits	572,363	238,898	243,900	6,920	22	-	-	1,062,103
Interbank and money								
market items, net	8,148	283,525	847	4,047	2,532	-	-	299,099
Debt issued and borrowings	-	28,624	11,879	57,275	14,844	-	-	112,622
Unit: Million Baht								
CONSOLIDATED FINANCIAL STATEMENTS								
December 31, 2015								
	Call	Not	Greater than	Greater than	Greater than	Non-Performing	No	Total
		Over	3 - 12	1 - 5	5 Years	Loans	Maturity	
		3 Months	Months	Years				
Financial assets								
Interbank and money								
market items, net	52,475	92,208	32,417	16,729	-	-	265	194,094
Investments, net	-	24,815	11,849	65,993	3,760	-	3,610	110,027
Loans to customers	40,896	246,764	271,708	473,129	238,718	32,239	-	1,303,454
Financial liabilities								
Deposits	539,043	274,392	228,255	4,578	22	-	-	1,046,290
Interbank and money								
market items, net	8,618	260,443	347	4,784	868	-	-	275,060
Debt issued and borrowings	-	37,421	13,368	42,488	14,844	-	-	108,121
Unit: Million Baht								
THE BANK'S FINANCIAL STATEMENTS								
June 30, 2016								
	Call	Not	Greater than	Greater than	Greater than	Non-Performing	No	Total
		Over	3 - 12	1 - 5	5 Years	Loans	Maturity	
		3 Months	Months	Years				
Financial assets								
Interbank and money								
market items, net	44,434	129,028	22,476	199	-	-	191	196,328
Investments, net	-	14,365	35,083	45,754	3,901	-	4,877	103,980
Loans to customers	58,061	216,394	234,649	471,961	263,090	23,490	-	1,267,645
Financial liabilities								
Deposits	576,372	240,053	244,722	6,920	22	-	-	1,068,089
Interbank and money								
market items, net	11,131	283,526	847	4,047	2,532	-	-	302,083
Debt issued and borrowings	-	27,176	9,579	43,000	14,844	-	-	94,599

Unit: Million Baht

THE BANK'S FINANCIAL STATEMENTS								
December 31, 2015								
	Call	Not	Greater than	Greater than	Greater than	Non-Performing	No	Total
		Over	3 - 12	1 - 5	5 Years	Loans	Maturity	
		3 Months	Months	Years				
Financial assets								
Interbank and money								
market items, net	51,204	91,597	32,417	16,729	-	-	265	192,212
Investments, net	-	24,815	11,849	65,993	3,759	-	3,594	110,010
Loans to customers	69,885	205,951	240,454	437,040	236,656	21,627	-	1,211,613
Financial liabilities								
Deposits	543,118	274,392	229,962	4,578	22	-	-	1,052,072
Interbank and money								
market items, net	10,803	260,444	348	4,783	868	-	-	277,246
Debt issued and borrowings	-	37,421	7,500	28,513	14,844	-	-	88,278

5.5 Estimated fair value of financial instruments

Fair value is the price that would be received from sell an asset or paid for transfer a liability in an orderly transaction between market participants at the measurement date in the principal market or, in the absence of a principal market, the most a liquid market where the Bank and its subsidiaries are able to access.

Fair value measurement of financial instruments are determined according to the following hierarchy:

- Level 1 - Quoted price (unadjusted) in active market for identical assets or liabilities that the Bank and its subsidiaries can access at the measurement date
- Level 2 - Quoted price in active market for similar assets or liabilities, the quoted price for identical or similar assets in inactive market and other valuation technique where significant inputs used to measure the fair value are observable
- Level 3 - Using techniques where significant inputs used to measure the fair value are unobservable

A summary of carrying amount of financial instruments as at June 30, 2016 and December 31, 2015 are as follows:

Unit: Million Baht						
CONSOLIDATED FINANCIAL STATEMENTS						
	June 30, 2016			December 31, 2015		
	Measured at fair value	Not measured at fair value	Total carrying amount	Measured at fair value	Not measured at fair value	Total carrying amount
Financial assets:						
Cash	-	29,528	29,528	-	33,690	33,690
Interbank and money market items, net	-	197,405	197,405	-	194,094	194,094
Derivatives assets	27,062	3,650	30,712	28,910	6,747	35,657
Investments, net	103,006	990	103,996	108,831	1,196	110,027
Loans to customers and accrued interest receivables, net	-	1,313,654	1,313,654	-	1,262,083	1,262,083
Total	<u>130,068</u>	<u>1,545,227</u>	<u>1,675,295</u>	<u>137,741</u>	<u>1,497,810</u>	<u>1,635,551</u>
Financial liabilities:						
Deposits	-	1,062,103	1,062,103	-	1,046,290	1,046,290
Interbank and money market items, net	-	299,099	299,099	-	275,060	275,060
Liability payable on demand	-	5,172	5,172	-	3,211	3,211
Derivatives liabilities	22,997	951	23,948	25,794	899	26,693
Debt issued and borrowings	-	112,622	112,622	-	108,121	108,121
Total	<u>22,997</u>	<u>1,479,947</u>	<u>1,502,944</u>	<u>25,794</u>	<u>1,433,581</u>	<u>1,459,375</u>

Unit: Million Baht						
THE BANK'S FINANCIAL STATEMENTS						
	June 30, 2016			December 31, 2015		
	Measured at fair value	Not measured at fair value	Total carrying amount	Measured at fair value	Not measured at fair value	Total carrying amount
Financial assets:						
Cash	-	29,382	29,382	-	33,596	33,596
Interbank and money market items, net	-	196,328	196,328	-	192,212	192,212
Derivatives assets	27,062	3,650	30,712	28,910	6,747	35,657
Investments, net	103,006	974	103,980	108,831	1,179	110,010
Loans to customers and accrued interest receivables, net	-	1,239,526	1,239,526	-	1,187,273	1,187,273
Total	<u>130,068</u>	<u>1,469,860</u>	<u>1,599,928</u>	<u>137,741</u>	<u>1,421,007</u>	<u>1,558,748</u>
Financial liabilities:						
Deposits	-	1,068,089	1,068,089	-	1,052,072	1,052,072
Interbank and money market items, net	-	302,083	302,083	-	277,246	277,246
Liability payable on demand	-	5,172	5,172	-	3,211	3,211
Derivatives liabilities	22,997	951	23,948	25,794	899	26,693
Debt issued and borrowings	-	94,599	94,599	-	88,277	88,277
Total	<u>22,997</u>	<u>1,470,894</u>	<u>1,493,891</u>	<u>25,794</u>	<u>1,421,705</u>	<u>1,447,499</u>

Financial instruments measured at fair value

Classification of financial instruments measured at fair value by the level of fair value hierarchy as at June 30, 2016 and December 31, 2015 are summarized as follows:

Unit: Million Baht								
CONSOLIDATED AND THE BANK'S FINANCIAL STATEMENTS								
30 June 2016					31 December 2015			
Fair value			Carrying amount	Fair value			Carrying amount	
Level 1	Level 2	Total fair value		Level 1	Level 2	Total fair value		
Derivatives assets								
- trading book	-	27,062	27,062	27,062	-	28,910	28,910	28,910
Trading investments	67	3,284	3,351	3,351	-	1,075	1,075	1,075
Available-for-sale investment	2,646	97,009	99,655	99,655	1,519	106,237	107,756	107,756
Derivative liabilities								
- trading book	-	22,997	22,997	22,997	-	25,794	25,794	25,794

There are no transfers of financial assets and liabilities measured at fair value between level 1 and level 2 during the six-month period ended June 30, 2016.

Valuation technique for financial instrument measured at fair value are as follows:

Derivative - trading book

The valuation techniques using to determine the fair value of derivatives is dependent on the type of instrument and available market data used to measure the fair value. These valuation techniques include discounted cash flow model, option pricing model and other standards model commonly used by market participants. The data used in the valuation is the observable input e.g. interest rate, forward exchange rate. Credit valuation adjustments are also made against the valuation of derivative products to reflect the possibility that the counterparty may default and the Bank may not receive the full market value of the transactions.

Investments

Investment in domestic debt securities listed in Thai Bond Market Association ("ThaiBMA"), discounted cash flow using ThaiBMA yield curve as the discounted rate to determine the fair value.

Equity securities traded in the Stock Exchange of Thailand ("SET"), the fair value is determined by using the last bid price of SET.

Investment in unit trust not listed in SET, the fair value is determined by using the net asset value at the reporting date announced by the asset management company.

Financial instruments not measured at fair value

Fair value of financial instruments which are not measured at fair value and their fair value hierarchy level classification is summarized as follows:

Unit: Million Baht

CONSOLIDATED FINANCIAL STATEMENTS								
	June 30, 2016				December 31, 2015			
	Fair value			Carrying amount	Fair value			Carrying amount
	Level 2	Their carrying amounts are considered as a reasonable approximate of fair value	Total fair value		Level 2	Their carrying amounts are considered as a reasonable approximate of fair value	Total fair value	
Financial assets:								
Cash	-	29,528	29,528	29,528	-	33,690	33,690	33,690
Interbank and money market items, net	-	197,405	197,405	197,405	-	194,094	194,094	194,094
Derivatives assets - banking book	2,751	-	2,751	3,650	6,288	-	6,288	6,747
Held to maturity and general investments	-	990	990	990	-	1,196	1,196	1,196
Loans to customers and accrued interest receivables, net	-	1,313,654	1,313,654	1,313,654	-	1,262,083	1,262,083	1,262,083
Total	2,751	1,541,577	1,544,328	1,545,227	6,288	1,491,063	1,497,351	1,497,810
Financial liabilities:								
Deposits	1,062,656	-	1,062,656	1,062,103	1,046,795	-	1,046,795	1,046,290
Interbank and money market items, net	-	299,099	299,099	299,099	-	275,060	275,060	275,060
Liability payable on demand	-	5,172	5,172	5,172	-	3,211	3,211	3,211
Derivatives liabilities - banking book	832	-	832	951	1,024	-	1,024	899
Debt issued and borrowings	86,298	27,355	113,653	112,622	72,001	37,434	109,435	108,121
Total	1,149,786	331,626	1,481,412	1,479,947	1,119,820	315,705	1,435,525	1,433,581

Unit: Million Baht

THE BANK'S FINANCIAL STATEMENTS

	June 30, 2016				December 31, 2015			
	Fair value			Carrying amount	Fair value			Carrying amount
	Level 2	Their carrying amounts are considered as a reasonable approximate of fair value	Total fair value		Level 2	Their carrying amounts are considered as a reasonable approximate of fair value	Total fair value	
Financial assets:								
Cash	-	29,382	29,382	29,382	-	33,596	33,596	33,596
Interbank and money market items, net	-	196,328	196,328	196,328	-	192,212	192,212	192,212
Derivatives assets - banking book	2,751	-	2,751	3,650	6,288	-	6,288	6,747
Held to maturity and general investments	-	974	974	974	-	1,179	1,179	1,179
Loans to customers and accrued interest receivables, net	-	1,239,526	1,239,526	1,239,526	-	1,187,273	1,187,273	1,187,273
Total	2,751	1,466,210	1,468,961	1,469,860	6,288	1,414,260	1,420,548	1,421,007
Financial liabilities:								
Deposits	1,068,641	-	1,068,641	1,068,089	1,052,577	-	1,052,577	1,052,072
Interbank and money market items, net	-	302,083	302,083	302,083	-	277,246	277,246	277,246
Liability payable on demand	-	5,172	5,172	5,172	-	3,211	3,211	3,211
Derivatives liabilities - banking book	832	-	832	951	1,024	-	1,024	899
Debt issued and borrowings	68,154	27,255	95,409	94,599	51,893	37,434	89,327	88,277
Total	1,137,627	334,510	1,472,137	1,470,894	1,105,494	317,891	1,423,385	1,421,705

Valuation technique for financial instruments not measured at fair value are as follows:

Cash and interbank and money market items (assets)

The carrying amounts of cash and interbank and money market items (assets) presented in the statement of financial position are the approximated fair value.

Held to maturity and general investments

The carrying amount of held to maturity and general investments presented in the statement of financial position is the approximated fair value.

Loans to customers and accrued interest receivables, net

Loans to customers and accrued interest receivables include variable interest rate loans, fixed rate loans with relatively short maturities and non-performing loans. Most loans carry a floating interest rate. The fair value is approximated by the outstanding balance of loans to customers and accrued interest receivables less allowance for doubtful accounts.

Deposits

The fair value of deposits is calculated based on discounted cash flows.

Interbank and money market items (liabilities)

The carrying amount of interbank and money market items (liabilities) presented in the statement of financial position is the approximated fair value.

Liabilities payable on demand

The carrying amount of liabilities payable on demand presented in the statement of financial position is the approximated fair value.

Debt issued and borrowings

The carrying amount of debt issued and borrowings presented in the statement of financial position is the approximated fair value, except for subordinated and long-term senior securities which fair values are based on the actual market prices.

Derivative - banking book

The valuation techniques using to determine the fair value of derivatives is dependent on the type of instrument and available market data used to measure the fair value. These valuation techniques include discounted cash flow model, option pricing model and other standards model commonly used by market participants. The data used in the valuation is the observable input e.g. interest rate, forward exchange rate. Credit valuation adjustments are also made against the valuation of derivative products to reflect the possibility that the counterparty may default and the Bank and its subsidiaries may not receive the full market value of the transactions.

5.6 Capital funds

The Bank maintains the internal capital adequacy assessment process in accordance with the supervisory review process of the Bank of Thailand and monitors on a regular basis to ensure that the current and future capital requirements are aligned with the risk appetite in the Financial Business Group and the Bank.

The Financial Business Group and the Bank maintain their capital funds in accordance with the criteria, methodologies and conditions prescribed by the Bank of Thailand which is in line with the Basel III. As at June 30, 2016 and December 31, 2015, the capital funds and capital adequacy ratios of the Consolidated Supervision and the Bank are as follows:

	Unit : Million Baht	
	Basel III	
	Consolidated Supervision	
	June 30,	December 31,
	2016	2015
Common Equity Tier 1 capital		
Issued and paid-up share capital	73,558	73,558
Premium on share capital	52,879	52,879
Statutory reserve	3,585	3,585
Unappropriated retained earning	55,526	48,663
Other comprehensive income	6,782	6,514
Owner changes - other	(5,218)	(5,218)
Less Deduction items from Common Equity Tier 1	(18,248)	(17,672)
Total Common Equity Tier 1 capital	168,864	162,309
Additional Tier 1	1,271	1,346
Total Tier 1 capital	170,135	163,655
Tier 2 capital	30,108	28,911
Total capital fund	200,243	192,566

Capital adequacy ratio (%)

	BOT regulatory		Basel III	
	Minimum requirement*		Consolidated Supervision	
	June 30,	December 31,	June 30,	December 31,
	2016	2015	2016	2015
Total Common Equity Tier 1 capital / Total risk weighted assets	5.125	4.5	12.36	12.22
Total Tier 1 capital / Total risk weighted assets	6.625	6.0	12.45	12.33
Total capital / Total risk weighted assets	9.125	8.5	14.65	14.50
Capital after deducting capital add-on arising from Single Lending Limit (Million Baht)			200,243	192,566
Capital ratio after deducting capital add-on arising from Single Lending Limit			14.65	14.50

* Since January 1, 2016, the BOT required the Commercial Banks to gradually increase and maintain the Conservation Buffer at a fixed rate of 0.625 percent per annum until it reaches 2.5 percent by January 1, 2019.

		Unit : Million Baht	
		Basel III	
		The Bank	
		June 30,	December 31,
		2016	2015
Common Equity Tier 1 capital			
Issued and paid-up share capital		73,558	73,558
Premium on share capital		52,879	52,879
Statutory reserve		3,585	3,585
Unappropriated retained earning		31,657	24,376
Other comprehensive income		6,868	6,581
Owner changes - other		(5,218)	(5,218)
<u>Less</u> Deduction items from Common Equity Tier 1		<u>(9,953)</u>	<u>(9,578)</u>
Total Common Equity Tier 1 capital		153,376	146,183
Additional Tier 1		-	-
Total Tier 1 capital		153,376	146,183
Tier 2 capital		21,204	20,081
Total capital fund		<u>174,580</u>	<u>166,264</u>

Capital adequacy ratio (%)

	BOT regulatory		Basel III	
	Minimum requirement*		The Bank	
	June 30,	December 31,	June 30,	December 31,
	2016	2015	2016	2015
Total Common Equity Tier 1 capital / Total risk weighted assets	5.125	4.5	12.11	11.98
Total Tier 1 capital / Total risk weighted assets	6.625	6.0	12.11	11.98
Total capital / Total risk weighted assets	9.125	8.5	13.78	13.63
Capital after deducting capital add-on arising from Single Lending Limit (Million Baht)			174,580	166,264
Capital ratio after deducting capital add-on arising from Single Lending Limit			13.78	13.63

* Since January 1, 2016, the BOT required the Commercial Banks to gradually increase and maintain the Conservation Buffer at a fixed rate of 0.625 percent per annum until it reaches 2.5 percent by January 1, 2019.

Disclosure of capital maintenance information of the Financial Business Group and the Bank under the Bank of Thailand's Notification regarding the Disclosure of the Capital Requirement of the Financial Business Group and regarding the Disclosure of the Capital Requirement of Commercial Banks with details as follows:

Location of disclosure	www.krungsri.com
Date of disclosure	April 27, 2016
Information as at	December 31, 2015

6. ESTIMATES AND ASSUMPTIONS

Preparation of financial statements in conformity with Thai Financial Reporting Standards principles requires management to make estimates and assumptions under certain circumstances. Such estimates and assumption affect reported amounts of revenues, expenses, assets and liabilities and require the disclosure of contingent assets and liabilities at the date of the financial statements that are differed estimates. The significant areas requiring management to make judgments and estimates that affect reported amounts and disclosures are as follows:

6.1 Fair value

For a business acquisition, the Bank's management estimates the fair value of assets, liabilities and other contingent liabilities of the acquiree's identifiable assets and liabilities at the acquisition date. In addition, any adjustments of the initial provision are finalized within 12 months after the acquisition date.

6.2 Allowance for doubtful accounts

The Bank and its subsidiaries estimate the minimum allowance for doubtful accounts in accordance with the BOT's guidelines. In addition, the Bank and its subsidiaries estimate an additional allowance which the management has considered based on the uncollectible loss from past experience, current economic conditions, and the ability to repay loans and accrued interest receivable. The Bank and its subsidiaries consider the value of collateral when deemed the primary source of repayment comes from the sales of the collateral.

A significant factor in the determination of the allowance for doubtful accounts is the value of collateral. Collateral pledged typically consists of land, buildings, and buildings under construction. Value of such collateral is based on independently and/or internally performed appraisals.

6.3 Allowance for properties for sale

The Bank and its subsidiaries estimate the allowance for impairment of properties for sale when there is a decline in net realizable value. In consideration of net realizable value, the Bank and its subsidiaries consider the appraised value together with other factors which can affect the realizable value such as related selling expenses, holding costs and discounted future expenses.

6.4 Goodwill

Goodwill is tested for impairment using a fair value method of discounted cash flows on a semi-annual basis.

6.5 Impairment of assets

The carrying amounts of the Bank and its subsidiaries' assets are reviewed at each financial statement date to determine whether there are any indications of impairment. If any such indication exists, the assets' recoverable amounts are estimated by discounting expected cash flows.

6.6 Provisions

Provisions are recognized as liabilities in the statement of financial position when it is probable that an obligation has been incurred as a result of a past event, and result in the certain likelihood of an outflow of economic benefits to settle the obligation and the amount of such obligation can be reasonably estimated.

6.7 Provision for contingent liabilities

The Bank provides a provision for contingent liabilities with high credit risk such as loan guarantees, avals or non cancellable contingent liabilities at the same provision rate as that provided for the same debtor on the statement of financial position.

6.8 Significant judgement on classification of joint arrangement

Tesco Card Services Limited is a separate limited liability company that Ayudhya Capital Services Company Limited (A subsidiary of the Bank) holds 50% of interests under the joint arrangement agreement which requires unanimous consent from the parties to the agreement for the relevant activities. Furthermore, there is no contractual arrangement or any other facts and circumstances indicate that Ayudhya Capital Services Company Limited and the party to the joint arrangement have rights to the assets and obligations for the liabilities of the joint arrangement. For Tesco Life Assurance Broker Limited and Tesco General Insurance Broker Limited, they are also separate limited liability companies that Tesco Card Services Limited wholly holds 100% of interest. Accordingly, Tesco Card Services Limited, Tesco Life Assurance Broker Limited and Tesco General Insurance Broker Limited are classified as a joint venture of the Bank and its subsidiaries.

7. ADDITIONAL INFORMATION

7.1 Additional information of cash flows

7.1.1 Non-cash transactions of premises and equipment for the six-month periods ended June 30, 2016 and 2015 are as follows:

	CONSOLIDATED		Unit: Million Baht THE BANK'S	
	FINANCIAL STATEMENTS		FINANCIAL STATEMENTS	
	2016	2015	2016	2015
Premises and equipment payable at the beginning of the periods	737	556	579	455
Purchases of premises and equipment	685	1,439	528	1,216
<u>Less</u> Cash payment	<u>(1,243)</u>	<u>(1,852)</u>	<u>(966)</u>	<u>(1,563)</u>
Premises and equipment payable at the end of the periods	<u>179</u>	<u>143</u>	<u>141</u>	<u>108</u>

7.1.2 Non-cash transactions of computer software for the six-month periods ended June 30, 2016 and 2015 are as follows:

	CONSOLIDATED		Unit: Million Baht THE BANK'S	
	FINANCIAL STATEMENTS		FINANCIAL STATEMENTS	
	2016	2015	2016	2015
Computer software payable at the beginning of the periods	300	300	286	283
Purchases of computer software	235	550	183	481
<u>Less</u> Cash payment	<u>(457)</u>	<u>(758)</u>	<u>(407)</u>	<u>(687)</u>
Computer software payable at the end of the periods	<u>78</u>	<u>92</u>	<u>62</u>	<u>77</u>

7.1.3 Others non-cash transactions for the six-month periods ended June 30, 2016 and 2015 are as follows:

	CONSOLIDATED		Unit: Million Baht THE BANK'S	
	FINANCIAL STATEMENTS		FINANCIAL STATEMENTS	
	2016	2015	2016	2015
Increase in revaluation surplus on investments	134	216	134	216
Accumulated depreciation of premises appraisal deducted from premises revaluation surplus	(110)	(85)	(86)	(85)
Properties for sale debt repayment	3,583	3,540	1,816	895
Properties and premises transferred to be properties foreclosed	34	-	-	-

- 7.1.4 On January 5, 2015, the Bank has completed the business transfer of The Bank of Tokyo-Mitsubishi UFJ, Ltd. - Bangkok Branch (“BTMU’s Bangkok Branch”), then allotted 1,281,618,026 newly issued ordinary shares as a private placement to The Bank of Tokyo-Mitsubishi UFJ, Ltd. (“BTMU”) with the par value of Baht 10 per share and the offering price of Baht 40.49 per share as consideration and/or exchange for the transfer of business of BTMU’s Bangkok Branch in accordance with the approval by the Board of Directors Meeting No.12/2014 held on December 17, 2014 under the resolution of the Extraordinary General Meeting of Shareholders No. 1/2013 held on October 31, 2013 to approve the private placement of not more than 1,500,000,000 newly issued ordinary shares with the par value of Baht 10 per share.

Book value of assets and liabilities of BTMU’s Bangkok Branch of each item are as follows:

	Unit: Million Baht
Assets	
Cash	72
Interbank and money market items - net	115,012
Derivative assets	20,903
Investments - net	80,341
Loans to customers and accrued interest receivables - net	231,419
Others	1,064
	<u>448,811</u>
Liabilities	
Deposits	146,865
Interbank and money market items - net	216,837
Derivative liabilities	16,373
Debt issued and borrowings	19,691
Others	2,370
	<u>402,136</u>
Net assets	46,675
Deficit from business combination under common control	5,218
Purchase price	<u>51,893</u>

- 7.1.5 Realized and unrealized gains (losses) on foreign exchange

In the preparation of cash flows statements, realized gains (losses) on foreign exchange are based on a cash basis. Unrealized gains (losses) on foreign exchange are based on the translation difference of assets and liabilities in foreign currencies as described in the accounting policies. It is presented as an adjustment to reconcile income before tax to cash received (paid) from operating activities.

7.2 Interbank and money market items, net (Asset)

Interbank and money market items, net (Asset) as at June 30, 2016 and December 31, 2015 are as follows:

Unit: Million Baht						
CONSOLIDATED FINANCIAL STATEMENTS						
	June 30, 2016			December 31, 2015		
	At Call	Time	Total	At Call	Time	Total
Domestic items						
Bank of Thailand and Financial Institution Development Fund	7,330	75,714	83,044	6,355	59,498	65,853
Commercial banks	1,105	22,212	23,317	1,355	1,485	2,840
Specialized financial institutions	-	25,397	25,397	-	48,288	48,288
Other financial institutions	53	26,512	26,565	202	27,633	27,835
Total	8,488	149,835	158,323	7,912	136,904	144,816
<u>Add</u> Accrued interest receivables	-	98	98	-	112	112
<u>Less</u> Allowance for doubtful accounts	-	(371)	(371)	-	(369)	(369)
Total domestic items	8,488	149,562	158,050	7,912	136,647	144,559
Foreign items						
US Dollar	15,848	2,276	18,124	27,262	4,602	31,864
Yen	13,068	39	13,107	13,697	56	13,753
Euro	4,570	-	4,570	514	-	514
Other currencies	3,424	129	3,553	3,090	313	3,403
Total	36,910	2,444	39,354	44,563	4,971	49,534
<u>Add</u> Accrued interest receivables	-	1	1	-	1	1
Total foreign items	36,910	2,445	39,355	44,563	4,972	49,535
Total domestic and foreign items	45,398	152,007	197,405	52,475	141,619	194,094

Unit: Million Baht						
THE BANK'S FINANCIAL STATEMENTS						
	June 30, 2016			December 31, 2015		
	At Call	Time	Total	At Call	Time	Total
Domestic items						
Bank of Thailand and Financial Institution Development Fund	7,330	75,714	83,044	6,355	59,498	65,853
Commercial banks	251	22,102	22,353	204	874	1,078
Specialized financial institutions	-	25,397	25,397	-	48,288	48,288
Other financial institutions	53	26,509	26,562	202	27,633	27,835
Total	7,634	149,722	157,356	6,761	136,293	143,054
<u>Add</u> Accrued interest receivables	-	98	98	-	112	112
<u>Less</u> Allowance for doubtful accounts	-	(371)	(371)	-	(369)	(369)
Total domestic items	7,634	149,449	157,083	6,761	136,036	142,797
Foreign items						
US Dollar	15,747	2,276	18,023	27,156	4,602	31,758
Yen	13,068	39	13,107	13,697	56	13,753
Euro	4,570	-	4,570	514	-	514
Other currencies	3,415	129	3,544	3,076	313	3,389
Total	36,800	2,444	39,244	44,443	4,971	49,414
<u>Add</u> Accrued interest receivables	-	1	1	-	1	1
Total foreign items	36,800	2,445	39,245	44,443	4,972	49,415
Total domestic and foreign items	44,434	151,894	196,328	51,204	141,008	192,212

7.3 Derivatives

7.3.1 Fair value and the notional amount classified by type of risk as at June 30, 2016 and December 31, 2015 are as follows:

Unit: Million Baht						
CONSOLIDATED AND THE BANK'S FINANCIAL STATEMENTS						
	June 30, 2016			December 31, 2015		
Risk type	Fair value /		Notional	Fair value /		Notional
	Readjustment based on			Readjustment based on		
	an accrual basis			an accrual basis		
	Assets	Liabilities	Amount	Assets	Liabilities	Amount
Exchange rate	22,182	13,237	850,748	30,591	19,550	803,854
Interest rate	8,530	10,711	895,589	5,066	7,143	1,010,296
Total	30,712	23,948	1,746,337	35,657	26,693	1,814,150

7.3.2 Proportion of derivatives transactions classified by type of counterparty on the basis of notional amount as at June 30, 2016 and December 31, 2015 are as follows:

Counterparty	CONSOLIDATED AND THE BANK'S	
	FINANCIAL STATEMENTS	
	June 30, 2016	December 31, 2015
	Proportion (%)	Proportion (%)
Financial institution	56.33	58.93
Related company	24.84	27.08
Third party	<u>18.83</u>	<u>13.99</u>
Total	<u>100.00</u>	<u>100.00</u>

7.4 Investments, net

Investments, net as at June 30, 2016 and December 31, 2015 consisted of the following:

Unit: Million Baht

CONSOLIDATED FINANCIAL STATEMENTS								
	June 30, 2016				December 31, 2015			
	Cost/ Amortized Cost	Unrealized Gains	Unrealized Losses	Fair Value	Cost/ Amortized Cost	Unrealized Gains	Unrealized Losses	Fair Value
Securities for Trading								
Government and state enterprise securities	3,285	1	(2)	3,284	1,074	1	-	1,075
Domestic marketable equity securities	67	1	(1)	67	-	-	-	-
	3,352	2	(3)	3,351	1,074	1	-	1,075
<u>Add</u> Revaluation allowance	(1)			-	1			-
Total	3,351			3,351	1,075			1,075
Securities Available-for-Sale								
Government and state enterprise securities	81,759	471	(2)	82,228	90,425	705	(1)	91,129
Private sector's debt securities	12,926	615	(2)	13,539	13,468	535	-	14,003
Domestic marketable equity securities	3,994	477	(235)	4,236	3,021	467	(516)	2,972
	98,679	1,563	(239)	100,003	106,914	1,707	(517)	108,104
<u>Add</u> Revaluation allowance	1,324			-	1,190			-
<u>Less</u> Allowance for impairment	(348)			(348)	(348)			(348)
Total	99,655			99,655	107,756			107,756
Securities Held-to-Maturity								
Private sector's debt securities	50				50			
Investment in accounts receivable	823				1,020			
	873				1,070			
<u>Less</u> Allowance for impairment	(64)				(64)			
Total	809				1,006			
Securities for General Investments								
Domestic non-marketable equity securities	367				377			
Foreign non-marketable equity securities	32				31			
	399				408			
<u>Less</u> Allowance for impairment	(218)				(218)			
Total	181				190			
Total Investments, net	103,996				110,027			

Unit: Million Baht

THE BANK'S FINANCIAL STATEMENTS

	June 30, 2016				December 31, 2015			
	Cost/ Amortized Cost	Unrealized Gains	Unrealized Losses	Fair Value	Cost/ Amortized Cost	Unrealized Gains	Unrealized Losses	Fair Value
Securities for Trading								
Government and state enterprise securities	3,285	1	(2)	3,284	1,074	1	-	1,075
Domestic marketable equity securities	67	1	(1)	67	-	-	-	-
	3,352	2	(3)	3,351	1,074	1	-	1,075
<u>Add</u> Revaluation allowance	(1)			-	1			-
Total	3,351			3,351	1,075			1,075
Securities Available-for-Sale								
Government and state enterprise securities	81,759	471	(2)	82,228	90,425	705	(1)	91,129
Private sector's debt securities	12,583	615	(2)	13,196	13,125	535	-	13,660
Domestic marketable equity securities	3,994	477	(235)	4,236	3,021	467	(516)	2,972
	98,336	1,563	(239)	99,660	106,571	1,707	(517)	107,761
<u>Add</u> Revaluation allowance	1,324			-	1,190			-
<u>Less</u> Allowance for impairment	(5)			(5)	(5)			(5)
Total	99,655			99,655	107,756			107,756
Securities Held-to-Maturity								
Private sector's debt securities	50				50			
Investment in accounts receivable	823				1,020			
	873				1,070			
<u>Less</u> Allowance for impairment	(64)				(64)			
Total	809				1,006			
Securities for General Investments								
Domestic non-marketable equity securities	335				344			
Foreign non-marketable equity securities	32				31			
	367				375			
<u>Less</u> Allowance for impairment	(202)				(202)			
Total	165				173			
Total Investments, net	103,980				110,010			

For the six-month periods ended June 30, 2016 and 2015, revaluation surplus (deficit) on investments presented in the equity consists of the following:

	CONSOLIDATED FINANCIAL STATEMENTS		Unit: Million Baht THE BANK'S FINANCIAL STATEMENTS	
	2016	2015	2016	2015
Beginning balance	1,190	1,184	1,190	1,184
Increase during the period	134	215	134	215
Ending balance	<u>1,324</u>	<u>1,399</u>	<u>1,324</u>	<u>1,399</u>

As at June 30, 2016 and December 31, 2015, the Bank and its subsidiaries had investments in general investments in the consolidated and the Bank's financial statements of 3 companies and 1 company, respectively, subject to being delisted from the SET, with cost of Baht 12 million and market price of Baht 0.

7.5 Investments in subsidiaries, associates and joint ventures, net

Investments in subsidiaries, associates and joint ventures, net as at June 30, 2016 and December 31, 2015 consisted of the following:

CONSOLIDATED FINANCIAL STATEMENTS							Unit: Million Baht
June 30, 2016							
Company Name	Business Type	Securities Investment Type	Registered Share Capital	Proportion of Ownership Interest and Voting Power Held by the Bank (%)	Investment (Cost)	Investment (Equity Method)	Dividend
Joint ventures							
Tesco Card Services Limited ⁽¹⁾	Credit cards and personal loans	Common Stock	2,080	50.00	1,040	1,551	-
Tesco Life Assurance Broker Limited ⁽²⁾	Life assurance Broker	Common Stock	12	50.00	-	56	-
Tesco General Insurance Broker Limited ⁽²⁾	General insurance broker	Common Stock	107	50.00	-	142	-
Associate							
Metro Designee Company Limited ⁽³⁾	Special Purpose vehicle	Common Stock	-	22.00	-	-	-
Investments in associate and joint ventures, net					1,040	1,749	-

Unit: Million Baht

CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2015

Company Name	Business Type	Securities Investment Type	Registered Share Capital	Proportion of Ownership Interest and Voting Power Held by the Bank (%)	Investment (Cost)	Investment (Equity Method)	Dividend
Joint ventures							
Tesco Card Services Limited ⁽¹⁾	Credit cards and personal loans	Common Stock	2,080	50.00	1,040	1,404	-
Tesco Life Assurance Broker Limited ⁽²⁾	Life assurance Broker	Common Stock	12	50.00	-	55	-
Tesco General Insurance Broker Limited ⁽²⁾	General insurance broker	Common Stock	107	50.00	-	117	-
Associate							
Metro Designee Company Limited ⁽³⁾	Special Purpose vehicle	Common Stock	-	22.00	-	-	-
Investments in associate and joint ventures, net					<u>1,040</u>	<u>1,576</u>	<u>-</u>

⁽¹⁾ Indirect holding via Ayudhya Capital Services Company Limited

⁽²⁾ Indirect holding via Tesco Card Services Limited

⁽³⁾ The company which was established for the transfer of the throughout rights as per the concession agreement between Mass Rapid Transit Authority of Thailand (“MRT”) and Bangkok Expressway and Metro Public Company Limited (“BEM”) (the Company is the result of the amalgamation between Bangkok Expressway Public Company Limited (“BECL”) and Bangkok Metro Public Company Limited (“BMCL”)), in case BEM breaches agreement with MRT or BEM breaches the loan agreement with the creditor group.

Unit: Million Baht						
THE BANK'S FINANCIAL STATEMENTS						
June 30, 2016						
Company Name	Business Type	Securities Investment Type	Registered Share Capital	Proportion of Ownership Interest and Voting Power Held by the Bank (%)	Investment (Cost)	Dividend
Subsidiaries						
Ayudhya Development Leasing Company Limited	Leasing and hire- purchase	Common stock	3,705	99.99	3,929	-
Ayudhya Capital Auto Lease Public Company Limited	Hire-purchase and auto leasing	Common stock	25,545	100.00	19,880	3,431
Ngern Tid Lor Company Limited (Formerly CFG Services Company Limited)	Hire-purchase and motorcycle loans	Common stock	2,290	100.00	2,126	-
		Preferred stock			1	-
Ayudhya Card Services Company Limited ⁽¹⁾	Credit cards and personal loans	Common stock	180	100.00	-	-
Ayudhya Capital Services Company Limited	Credit cards and personal loans	Common stock	5,925	100.00	11,941	-
General Card Services Limited	Credit cards and personal loans	Common stock	2,058	100.00	2,181	-
Krungsriayudhya Card Company Limited	Credit cards and personal loans	Common stock	5,906	100.00	6,275	-
Siam Realty and Services Security Company Limited (formerly Siam Realty and Services Company Limited)	Car rental services and personnel services	Common stock	100	100.00	100	-
Total Services Solutions Public Company Limited	Collection services	Common stock	401	100.00	1,614	-
Krungsri Asset Management Company Limited	Fund management	Common stock	350	76.59	205	268
Krungsri Ayudhya AMC Limited	Asset management	Common stock	2,700	100.00	4,565	-
Krungsri Securities Public Company Limited	Securities	Common stock	600	98.71	731	-
Krungsri Factoring Company Limited	Factoring	Common stock	300	100.00	300	-
Associated Company						
Metro Designee Company Limited ⁽²⁾	Special purpose vehicle	Common stock	-	22.00	-	-
Investments in subsidiaries and associated company					53,848	3,699
Less Allowance for impairment					(4,952)	-
Investments in subsidiaries and associated company, net					<u>48,896</u>	<u>3,699</u>

⁽¹⁾ Subsidiary is in the process of liquidation.

⁽²⁾ The company which was established for the transfer of the throughout rights as per the concession agreement between MRT and BEM, in case BEM breaches agreement with MRT or BEM breaches the loan agreement with the creditor group.

Unit: Million Baht						
THE BANK'S FINANCIAL STATEMENTS						
December 31, 2015						
Company Name	Business Type	Securities Investment Type	Registered Share Capital	Proportion of Ownership Interest and Voting Power Held by the Bank (%)	Investment (Cost)	Dividend
Subsidiaries						
Ayudhya Development Leasing Company Limited	Leasing and hire- purchase	Common stock	3,705	99.99	3,929	-
Ayudhya Capital Auto Lease Public Company Limited	Hire-purchase and auto leasing	Common stock	25,545	100.00	19,880	4,068
Ngern Tid Lor Company Limited (Formerly CFG Services Company Limited)	Hire-purchase and motorcycle loans	Common stock } Preferred stock	2,290	100.00	2,126 1	300 -
Ayudhya Card Services Company Limited ⁽¹⁾	Credit cards and personal loans	Common stock	180	100.00	-	-
Ayudhya Capital Services Company Limited	Credit cards and personal loans	Common stock	5,925	100.00	11,941	-
General Card Services Limited	Credit cards and personal loans	Common stock	2,058	100.00	2,181	-
Krungsriayudhya Card Company Limited	Credit cards and personal loans	Common stock	5,906	100.00	6,275	-
Siam Realty and Services Security Company Limited (formerly Siam Realty and Services Company Limited)	Car rental services and personnel services	Common stock	100	100.00	100	-
Total Services Solutions Public Company Limited	Collection services	Common stock	401	100.00	1,614	-
Krungsri Asset Management Company Limited	Fund management	Common stock	350	76.59	205	938
Krungsri Ayudhya AMC Limited	Asset management	Common stock	2,700	100.00	4,565	-
Krungsri Securities Public Company Limited	Securities	Common stock	600	98.71	731	-
Krungsri Factoring Company Limited	Factoring	Common stock	300	100.00	300	-
Associated Company						
Metro Designee Company Limited ⁽²⁾	Special purpose vehicle	Common stock	-	22.00	-	-
Investments in subsidiaries and associated company					53,848	5,306
<u>Less</u> Allowance for impairment					(4,952)	-
Investments in subsidiaries and associated company, net					<u>48,896</u>	<u>5,306</u>

⁽¹⁾ Subsidiary is in the process of liquidation.

⁽²⁾ The company which was established for the transfer of the throughout rights as per the concession agreement between MRT and BEM in case BEM, breaches agreement with MRT or BEM breaches the loan agreement with the creditor group.

DISCLOSURE OF THE STATEMENTS OF CASH FLOWS OF ASSET MANAGEMENT COMPANY

KRUNGSRI AYUDHYA AMC LIMITED
STATEMENTS OF CASH FLOWS
FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2016

Unit: Million Baht

	2016	2015
Cash flows from operating activities		
Income before income tax	103	129
Adjustments to reconcile income to cash provided (paid) from operating activities		
Bad debt and doubtful accounts	1	4
Loss on impairment of properties for sale	2	-
Depreciation and amortization	1	1
Gain on sales of properties for sale	(56)	(70)
Employment benefits expenses	4	4
Interest income, net	(56)	(56)
Interest received	56	56
Income tax paid	(10)	(53)
Income from operations before changes in operating assets and liabilities	45	15
(Increase) decrease in operating assets		
Investment in receivables	15	4
Loans to customers	16	6
Properties for sale	188	232
Other assets	(11)	4
Decrease in operating liabilities		
Other liabilities	-	(16)
Net cash from operating activities	253	245
Cash flows from investing activities		
Net cash from investing activities	-	-
Cash flows from financing activities		
Net cash from financing activities	-	-
Net increase in cash and cash equivalents	253	245
Cash and cash equivalents as at January 1,	458	1,450
Cash and cash equivalents as at June 30,	711	1,695

7.6 Loans to customers and accrued interest receivables, net

Loans to customers and accrued interest receivables, net as at June 30, 2016 and December 31, 2015 are as follows:

(1) Classified by products

	CONSOLIDATED FINANCIAL STATEMENTS		Unit: Million Baht THE BANK'S FINANCIAL STATEMENTS	
	June 30, 2016	December 31, 2015	June 30, 2016	December 31, 2015
Overdrafts	54,522	54,637	54,455	54,532
Loan against contract	695,024	649,911	766,696	744,533
Trade bill	271,982	269,242	273,007	270,382
Hire-purchase receivable	326,687	309,212	200,500	164,227
Lease contract receivable	13,051	13,825	2,998	2,578
Credit card receivable	47,320	53,310	-	-
Others	3,193	3,422	2,311	2,454
Total	1,411,779	1,353,559	1,299,967	1,238,706
<u>Less</u> Deferred revenue	(53,401)	(50,105)	(32,322)	(27,093)
Loans to customers after deferred revenue, net	1,358,378	1,303,454	1,267,645	1,211,613
<u>Add</u> Accrued interest receivables	3,602	3,573	2,218	2,359
Loans to customers and accrued interest receivable after deferred revenue, net	1,361,980	1,307,027	1,269,863	1,213,972
<u>Less</u> Allowance for doubtful accounts				
1) BOT requirement :				
- Individual approach	(24,677)	(22,966)	(19,248)	(17,621)
- Collective approach	(7,286)	(6,912)	(4,364)	(3,428)
2) Surplus reserve	(14,932)	(13,340)	(6,361)	(5,238)
<u>Less</u> Revaluation allowance for debt restructuring	(1,431)	(1,726)	(364)	(412)
Total loans to customers, net	1,313,654	1,262,083	1,239,526	1,187,273

(2) Classified by currency and residence of debtors

Unit: Million Baht						
CONSOLIDATED FINANCIAL STATEMENTS						
June 30, 2016			December 31, 2015			
Domestic	Foreign	Total	Domestic	Foreign	Total	
Baht	1,270,583	11,105	1,281,688	1,228,060	10,948	1,239,008
US Dollar	55,385	5,213	60,598	53,126	6,236	59,362
Other currencies	13,011	3,081	16,092	1,915	3,169	5,084
Total	<u>1,338,979</u>	<u>19,399</u>	<u>1,358,378</u>	<u>1,283,101</u>	<u>20,353</u>	<u>1,303,454</u>

Unit: Million Baht						
THE BANK'S FINANCIAL STATEMENTS						
June 30, 2016			December 31, 2015			
Domestic	Foreign	Total	Domestic	Foreign	Total	
Baht	1,180,199	11,105	1,191,304	1,136,251	10,948	1,147,199
US Dollar	55,385	4,917	60,302	53,126	6,232	59,358
Other currencies	13,011	3,028	16,039	1,915	3,141	5,056
Total	<u>1,248,595</u>	<u>19,050</u>	<u>1,267,645</u>	<u>1,191,292</u>	<u>20,321</u>	<u>1,211,613</u>

(3) Classified by business type and classification

Unit: Million Baht						
CONSOLIDATED FINANCIAL STATEMENTS						
June 30, 2016						
Normal	Special Mention	Substandard	Doubtful	Doubtful of Loss	Total	
Agriculture and mining	13,148	575	142	123	765	14,753
Manufacturing and trading	343,139	19,227	2,275	1,695	5,163	371,499
Real estate and construction	77,492	2,784	776	445	1,405	82,902
Public utilities and services	151,907	4,823	489	341	2,077	159,637
Housing loans	174,563	1,530	1,032	1,276	2,078	180,479
Others	511,996	23,931	5,715	2,622	4,844	549,108
Total	<u>1,272,245</u>	<u>52,870</u>	<u>10,429</u>	<u>6,502</u>	<u>16,332</u>	<u>1,358,378</u>

Unit: Million Baht						
CONSOLIDATED FINANCIAL STATEMENTS						
December 31, 2015						
Normal	Special Mention	Substandard	Doubtful	Doubtful of Loss	Total	
Agriculture and mining	13,747	1,104	86	109	764	15,810
Manufacturing and trading	336,142	14,798	2,675	2,714	3,442	359,771
Real estate and construction	74,491	2,923	915	691	880	79,900
Public utilities and services	140,557	4,879	481	524	1,836	148,277
Housing loans	154,115	1,881	1,102	1,269	1,790	160,157
Others	503,753	22,825	5,565	3,105	4,291	539,539
Total	<u>1,222,805</u>	<u>48,410</u>	<u>10,824</u>	<u>8,412</u>	<u>13,003</u>	<u>1,303,454</u>

Unit: Million Baht

THE BANK'S FINANCIAL STATEMENTS

June 30, 2016

	Normal	Special Mention	Substandard	Doubtful	Doubtful of Loss	Total
Agriculture and mining	13,148	561	142	123	128	14,102
Manufacturing and trading	342,877	18,966	2,255	1,695	4,391	370,184
Real estate and construction	77,362	2,706	755	445	1,397	82,665
Public utilities and services	151,892	4,823	488	341	1,687	159,231
Housing loans	174,563	1,530	1,032	1,276	2,049	180,450
Others	444,931	10,796	2,423	1,646	1,217	461,013
Total	<u>1,204,773</u>	<u>39,382</u>	<u>7,095</u>	<u>5,526</u>	<u>10,869</u>	<u>1,267,645</u>

Unit: Million Baht

THE BANK'S FINANCIAL STATEMENTS

December 31, 2015

	Normal	Special Mention	Substandard	Doubtful	Doubtful of Loss	Total
Agriculture and mining	13,682	1,104	86	109	118	15,099
Manufacturing and trading	336,006	14,550	2,625	2,681	2,702	358,564
Real estate and construction	74,419	2,839	915	669	872	79,714
Public utilities and services	140,523	4,879	481	524	1,439	147,846
Housing loans	154,115	1,881	1,102	1,270	1,748	160,116
Others	436,808	9,180	1,969	1,649	668	450,274
Total	<u>1,155,553</u>	<u>34,433</u>	<u>7,178</u>	<u>6,902</u>	<u>7,547</u>	<u>1,211,613</u>

(4) Classified by type of classification

Unit: Million Baht

CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2016

	Loans to Customers and Accrued Interest Receivables	Outstanding Balance Use for Calculation Allowance	% Use for Calculation Allowance ⁽³⁾	Allowance for Doubtful Accounts ⁽⁴⁾
1. Minimum allowance per BOT guideline				
Normal	1,275,649	867,898	1	9,628
Special mention	53,066	42,112	2, 13	4,070
Substandard	10,429	7,214	50, 100	6,077
Doubtful	6,502	3,750	47, 100	3,169
Doubtful of loss	16,334	7,893	100	9,019
Total	<u>1,361,980</u>	<u>928,867</u>		<u>31,963⁽¹⁾</u>
2. Surplus Reserve				<u>14,932⁽²⁾</u>
Total				<u>46,895</u>

Unit: Million Baht

CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2015

	Loans to Customers and Accrued Interest Receivables	Outstanding Balance Use for Calculation Allowance	% Use for Calculation Allowance ⁽³⁾	Allowance for Doubtful Accounts ⁽⁴⁾
1. Minimum allowance per BOT guideline				
Normal	1,226,187	845,656	1	9,204
Special mention	48,598	36,427	2, 13	3,802
Substandard	10,824	7,229	52, 100	6,255
Doubtful	8,412	4,692	49, 100	4,271
Doubtful of loss	13,006	5,459	100	6,346
Total	<u>1,307,027</u>	<u>899,463</u>		<u>29,878⁽¹⁾</u>
2. Surplus Reserve				<u>13,340⁽²⁾</u>
Total				<u>43,218</u>

(1) Including allowance for doubtful accounts on a collective approach for hire-purchase loans as at June 30, 2016 and December 31, 2015, of Baht 7,286 million and Baht 6,912 million, respectively.

(2) Including allowance for doubtful accounts of loans granted to subsidiaries as at June 30, 2016 and December 31, 2015, at the rate of 1% of Baht 125,154 million and Baht 145,769 million equal to Baht 1,252 million and Baht 1,458 million, respectively, which are not eliminated but treated as surplus reserve in the consolidated financial statements.

(3) % set up are the minimum rates required by the Bank of Thailand for loans to customers and the rates used for the collective approach valuation.

(4) Excluding revaluation allowance for debt restructuring as at June 30, 2016 and December 31, 2015, of Baht 1,431 million and Baht 1,726 million, respectively, and excluding allowance for doubtful accounts for interbank and money market items as at June 30, 2016 and December 31, 2015, of Baht 370 million and Baht 369 million, respectively.

Unit: Million Baht

THE BANK'S FINANCIAL STATEMENTS

June 30, 2016

	Loans to Customers and Accrued Interest Receivables	Outstanding Balance Use for Calculation Allowance	% Use for Calculation Allowance ⁽³⁾	Allowance for Doubtful Accounts ⁽⁴⁾
1. Minimum allowance per BOT guideline				
Normal	1,206,890	803,053	1	8,862
Special mention	39,483	29,786	2, 12	2,933
Substandard	7,095	4,070	44, 100	3,877
Doubtful	5,526	2,869	43, 100	2,754
Doubtful of loss	10,869	4,089	100	5,186
Total	<u>1,269,863</u>	<u>843,867</u>		<u>23,612⁽¹⁾</u>
2. Surplus Reserve				<u>6,361⁽²⁾</u>
Total				<u>29,973</u>

Unit: Million Baht

THE BANK'S FINANCIAL STATEMENTS

December 31, 2015

	Loans to Customers and Accrued Interest Receivables	Outstanding Balance Use for Calculation Allowance	% Use for Calculation Allowance ⁽³⁾	Allowance for Doubtful Accounts ⁽⁴⁾
1. Minimum allowance per BOT guideline				
Normal	1,157,819	781,259	1	8,462
Special mention	34,526	23,706	2, 13	2,537
Substandard	7,178	3,686	45, 100	3,750
Doubtful	6,902	3,445	45, 100	3,574
Doubtful of loss	7,547	1,860	100	2,726
Total	<u>1,213,972</u>	<u>813,956</u>		<u>21,049⁽¹⁾</u>
2. Surplus Reserve				<u>5,238⁽²⁾</u>
Total				<u>26,287</u>

⁽¹⁾ Including allowance for doubtful accounts on a collective approach for hire-purchase loans as at June 30, 2016 and December 31, 2015 of Baht 4,364 million and Baht 3,428 million, respectively.

⁽²⁾ Including allowance for doubtful accounts of loan granted to subsidiaries as at June 30, 2016 and December 31, 2015, at the rate of 1% of Baht 125,154 million and Baht 145,769 million, equal to Baht 1,252 million and Baht 1,458 million, respectively.

⁽³⁾ % set up are the minimum rates required by the Bank of Thailand for loans to customers and the rates used for the collective approach valuation.

⁽⁴⁾ Excluding revaluation allowance for debt restructuring as at June 30, 2016 and December 31, 2015, of Baht 364 million and Baht 412 million, respectively and excluding allowance for doubtful accounts for interbank and money market items as at June 30, 2016 and December 31, 2015, of Baht 370 million and Baht 369 million, respectively.

For the six-month periods ended June 30, 2016 and 2015, the Bank entered into agreements to sell non-performing loans (NPLs) to the third parties as follows:

Unit: Million Baht

CONSOLIDATED AND THE BANK'S

FINANCIAL STATEMENTS

	2016	2015
Book value	1,152	1,396
Net book value	820	954
Sale price	820	954

As at June 30, 2016 and December 31, 2015, the Bank and Krungsri Ayudhya AMC Limited ("AMC") had non-performing loans which included interbank and money market items as follows:

Unit: Million Baht

June 30, 2016

	The Bank	AMC	The Bank and AMC
Non-performing loans	23,490	575	24,065
Percentage of total loans	1.65	100.00	1.69
Non-performing loans, net	11,673	387	12,060
Percentage of total loans, net	0.83	100.00	0.86

Unit: Million Baht			
December 31, 2015			
	The Bank	AMC	The Bank and AMC
Non-performing loans	21,627	624	22,251
Percentage of total loans	1.60	100.00	1.64
Non-performing loans, net	11,578	433	12,011
Percentage of total loans, net	0.86	100.00	0.89

As at June 30, 2016 and December 31, 2015, the Bank and its subsidiaries' non-performing loans are Baht 33,263 million and Baht 32,239 million, respectively.

(5) Troubled debt restructuring

For the three-month and six-month periods ended June 30, 2016 and 2015, the Bank and its subsidiaries had restructured the following debts:

Unit: Million Baht								
CONSOLIDATED FINANCIAL STATEMENTS								
Form of Restructuring	For the three-month period ended June 30, 2016				For the three-month period ended June 30, 2015			
	Number	Amount	Type of Assets	Fair Value	Number	Amount	Type of Assets	Fair Value
	of Debtors	of Debt Before Restructuring	Acquired		of Debtors	of Debt Before Restructuring	Acquired	
Debt equity conversion	-	-	-	-	3	2	-	-
Modification of terms	4,966	1,404	-	-	5,234	1,235	-	-
Reduction of principal and interest	1,447	77	-	-	1,553	172	-	-
Various forms of restructuring	204	955	-	-	35	112	-	-
Total	6,617	2,436			6,825	1,521		

Unit: Million Baht								
CONSOLIDATED FINANCIAL STATEMENTS								
Form of Restructuring	For the six-month period ended June 30, 2016				For the six-month period ended June 30, 2015			
	Number	Amount	Type of Assets	Fair Value	Number	Amount	Type of Assets	Fair Value
	of Debtors	of Debt Before Restructuring	Acquired		of Debtors	of Debt Before Restructuring	Acquired	
Debt equity conversion	-	-	-	-	3	2	-	-
Modification of terms	10,241	2,255	-	-	10,610	2,301	-	-
Reduction of principal and interest	3,324	169	-	-	3,357	335	-	-
Various forms of restructuring	386	3,828	-	-	84	589	-	-
Total	13,951	6,252			14,054	3,227		

Unit : Million Baht

THE BANK'S FINANCIAL STATEMENTS								
Form of Restructuring	For the three-month period ended June 30, 2016				For the three-month period ended June 30, 2015			
	Number	Amount	Type of Assets	Fair Value	Number	Amount	Type of Assets	Fair Value
	of Debtors	of Debt Before Restructuring	Acquired		of Debtors	of Debt Before Restructuring	Acquired	
Debt equity conversion	-	-	-	-	3	2	-	-
Modification of terms	127	763	-	-	143	440	-	-
Reduction of principal and interest	-	-	-	-	40	98	-	-
Various forms of restructuring	204	954	-	-	35	112	-	-
Total	331	1,717		-	221	652		-

Unit : Million Baht

THE BANK'S FINANCIAL STATEMENTS								
Form of Restructuring	For the six-month period ended June 30, 2016				For the six-month period ended June 30, 2015			
	Number	Amount	Type of Assets	Fair Value	Number	Amount	Type of Assets	Fair Value
	of Debtors	of Debt Before Restructuring	Acquired		of Debtors	of Debt Before Restructuring	Acquired	
Debt equity conversion	-	-	-	-	3	2	-	-
Modification of terms	280	1,214	-	-	266	887	-	-
Reduction of principal and interest	-	-	-	-	70	178	-	-
Various forms of restructuring	386	3,828	-	-	84	589	-	-
Total	666	5,042		-	423	1,656		-

For the six-month periods ended June 30, 2016 and 2015, the Bank and its subsidiaries calculated the net realizable value for the trouble debt restructured by the modification of terms using the present value of future cash flows under the restructured loan agreement, discounted by the market rate, together with the fair value of collateral as follows:

Unit: Million Baht

CONSOLIDATED FINANCIAL STATEMENTS								
Method	For the six-month period ended June 30, 2016				For the six-month period ended June 30, 2015			
	Average	Number	Amount of Debt		Average	Number	Amount of Debt	
	Aging (Year)	of Debtor	Before Restructuring	After Restructuring	Aging (Year)	of Debtor	Before Restructuring	After Restructuring
Present value of future cash flows	4.68	9,929	1,085	1,102	4.62	10,326	1,628	1,577
Fair value of collateral	9.29	312	1,170	1,170	7.53	284	673	673

Unit: Million Baht

THE BANK'S FINANCIAL STATEMENTS								
Method	For the six-month period ended June 30, 2016				For the six-month period ended June 30, 2015			
	Average	Number	Amount of Debt		Average	Number	Amount of Debt	
	Aging (Year)	of Debtor	Before Restructuring	After Restructuring	Aging (Year)	of Debtor	Before Restructuring	After Restructuring
Present value of future cash flows	6.78	8	47	47	4.68	6	214	214
Fair value of collateral	10.65	272	1,167	1,167	8.22	260	673	673

For the three-month and six-month periods ended June 30, 2016 and 2015, the Bank and its subsidiaries recognized losses on debt restructured and interest received from debt restructured in the statements of profit or loss and other comprehensive income as follows:

	CONSOLIDATED		Unit: Million Baht	
	FINANCIAL STATEMENTS		THE BANK'S	
	For the three-month periods		FINANCIAL STATEMENTS	
	ended June 30,		For the three-month periods	
	2016	2015	2016	2015
Losses on debt restructured (reversal)	314	306	(26)	(39)
Interest received from debt restructured	198	235	132	154

	CONSOLIDATED		Unit: Million Baht	
	FINANCIAL STATEMENTS		THE BANK'S	
	For the six-month periods		FINANCIAL STATEMENTS	
	ended June 30,		For the six-month periods	
	2016	2015	2016	2015
Losses on debt restructured (reversal)	373	579	(40)	(118)
Interest received from debt restructured	461	432	262	299

As at June 30, 2016 and December 31, 2015, the Bank and its subsidiaries recorded balances of total debt restructured and debt restructured during the six-month period ended June 30, 2016 and during the year ended December 31, 2015, in the statements of financial position as follows:

	CONSOLIDATED		Unit: Million Baht	
	FINANCIAL STATEMENTS		THE BANK'S	
	June 30,		FINANCIAL STATEMENTS	
	December 31,		June 30,	
	2016	2015	2016	2015
Balances of total debt restructured	16,493	15,943	11,506	11,018
Balances of debt restructured during the period/year	5,679	5,440	4,703	2,865

(6) Lease receivables (Included hire-purchase receivables and finance lease)

Unit: Million Baht				
CONSOLIDATED FINANCIAL STATEMENTS				
June 30, 2016				
	Within	Amount due per agreements		Total
	1 Year	Greater than 1-5 Years	Greater than 5 Years	
Minimum lease payments	92,246	194,979	52,513	339,738
<u>Less</u> Unearned interest income				<u>(53,350)</u>
Present value of the minimum lease payments				286,388
<u>Less</u> Allowance for doubtful accounts				<u>(13,070)</u>
Total lease receivables, net				<u>273,318</u>

Unit: Million Baht				
CONSOLIDATED FINANCIAL STATEMENTS				
December 31, 2015				
	Within	Amount due per agreements		Total
	1 Year	Greater than 1-5 Years	Greater than 5 Years	
Minimum lease payments	91,666	185,408	45,963	323,037
<u>Less</u> Unearned interest income				<u>(50,047)</u>
Present value of the minimum lease payments				272,990
<u>Less</u> Allowance for doubtful accounts				<u>(12,655)</u>
Total lease receivables, net				<u>260,335</u>

Unit: Million Baht				
THE BANK'S FINANCIAL STATEMENTS				
June 30, 2016				
	Within	Amount due per agreements		Total
	1 Year	Greater than 1-5 Years	Greater than 5 Years	
Minimum lease payments	35,426	121,226	46,846	203,498
<u>Less</u> Unearned interest income				<u>(32,280)</u>
Present value of the minimum lease payments				171,218
<u>Less</u> Allowance for doubtful accounts				<u>(4,364)</u>
Total lease receivables, net				<u>166,854</u>

Unit: Million Baht

THE BANK'S FINANCIAL STATEMENTS

December 31, 2015

	Amount due per agreements			
	Within 1 Year	Greater than 1-5 Years	Greater than 5 Years	Total
Minimum lease payments	27,526	99,571	39,708	166,805
<u>Less</u> Unearned interest income				<u>(27,041)</u>
Present value of the minimum lease payments				139,764
<u>Less</u> Allowance for doubtful accounts				<u>(3,427)</u>
Total lease receivables, net				<u>136,337</u>

7.7 Allowance for doubtful accounts

Allowance for doubtful accounts as at June 30, 2016 and December 31, 2015 are as follows:

Unit: Million Baht

CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2016

	Normal	Special Mention	Substandard	Doubtful	Doubtful of Loss	Surplus Reserve	Total
Beginning balance	9,204	3,802	6,255	4,271	6,346	13,340	43,218
Doubtful accounts	586	415	2,475	313	4,913	1,593	10,295
Bad debts written off	(162)	(147)	(2,653)	(1,415)	(1,906)	-	(6,283)
Bad debts written off from sales of NPLs	-	-	-	-	(334)	-	(334)
Other	-	-	-	-	-	(1)	(1)
Ending balance	<u>9,628</u>	<u>4,070</u>	<u>6,077</u>	<u>3,169</u>	<u>9,019</u>	<u>14,932</u>	<u>46,895</u>

Unit: Million Baht

CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2015

	Normal	Special Mention	Substandard	Doubtful	Doubtful of Loss	Surplus Reserve	Total
Beginning balance	6,665	3,239	4,969	3,341	6,441	13,504	38,159
Items arising from business combination	1,991	155	-	377	-	-	2,523
Doubtful accounts (reversal)	596	803	6,687	2,677	8,266	(174)	18,855
Bad debts written off	(48)	(395)	(5,401)	(2,023)	(7,508)	-	(15,375)
Bad debts written off from sales of NPLs	-	-	-	(101)	(853)	-	(954)
Other	-	-	-	-	-	10	10
Ending balance	<u>9,204</u>	<u>3,802</u>	<u>6,255</u>	<u>4,271</u>	<u>6,346</u>	<u>13,340</u>	<u>43,218</u>

Unit: Million Baht

THE BANK'S FINANCIAL STATEMENTS

June 30, 2016

	Normal	Special Mention	Substandard	Doubtful	Doubtful of Loss	Surplus Reserve	Total
Beginning balance	8,462	2,537	3,750	3,574	2,726	5,238	26,287
Doubtful accounts	562	543	274	595	2,811	1,124	5,909
Bad debts written off	(162)	(147)	(147)	(1,415)	(17)	-	(1,888)
Bad debts written off from sales of NPLs	-	-	-	-	(334)	-	(334)
Other	-	-	-	-	-	(1)	(1)
Ending balance	<u>8,462</u>	<u>2,933</u>	<u>3,877</u>	<u>2,754</u>	<u>5,186</u>	<u>6,361</u>	<u>29,973</u>

Unit: Million Baht

THE BANK'S FINANCIAL STATEMENTS

December 31, 2015

	Normal	Special Mention	Substandard	Doubtful	Doubtful of Loss	Surplus Reserve	Total
Beginning balance	5,956	1,635	2,532	2,307	1,803	5,564	19,797
Items arising from business combination	1,991	155	-	377	-	-	2,523
Doubtful accounts (reversal)	563	1,142	1,870	3,014	3,073	(330)	9,332
Bad debts written off	(48)	(395)	(652)	(2,023)	(1,297)	-	(4,415)
Bad debts written off from sales of NPLs	-	-	-	(101)	(853)	-	(954)
Other	-	-	-	-	-	4	4
Ending balance	<u>8,462</u>	<u>2,537</u>	<u>3,750</u>	<u>3,574</u>	<u>2,726</u>	<u>5,238</u>	<u>26,287</u>

As at June 30, 2016 and December 31, 2015, the Bank and its subsidiaries estimated the minimum total allowance under the BOT Guidelines as follows:

Unit: Million Baht

CONSOLIDATED
FINANCIAL STATEMENTS
June 30, 2016 December 31, 2015

THE BANK'S
FINANCIAL STATEMENTS
June 30, 2016 December 31, 2015

Allowance for doubtful accounts*	33,765	31,974	24,348	21,830
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* Such allowance for doubtful accounts consists of allowance for doubtful accounts for loans to customers and accrued interest receivables, allowance for doubtful accounts for interbank and money market items and revaluation allowance for debt restructuring.

The Bank and its subsidiaries recorded allowance for doubtful accounts* in the financial statements as follows:

	June 30, 2016	Unit: Million Baht December 31, 2015
Consolidated financial statements	48,697	45,313
The Bank and Krungsri Ayudhya AMC Limited	31,036	27,401
The Bank's financial statements	30,708	27,069

* Such allowance for doubtful accounts consists of allowance for doubtful accounts for loans to customers and accrued interest receivables, allowance for doubtful accounts for interbank and money market items and revaluation allowance for debt restructuring.

As at June 30, 2016 and December 31, 2015, the Bank and its subsidiaries had loans to customers and accrued interest receivables to companies which have certain problems in financial position and result of operations as defined in the Guideline of SET dated July 8, 1998 regarding the Quality of Assets and Transactions with Related Parties and the allowance for doubtful accounts for such loans as follows:

Unit: Million Baht			
CONSOLIDATED AND THE BANK'S FINANCIAL STATEMENTS			
June 30, 2016			
	Number	Outstanding Balance	Collateral Allowance for Doubtful Accounts
Companies subject to be delisted by SET	3	2,603	845
Total	3	2,603	845

Unit: Million Baht			
CONSOLIDATED AND THE BANK'S FINANCIAL STATEMENTS			
December 31, 2015			
	Number	Outstanding Balance	Collateral Allowance for Doubtful Accounts
Companies subject to be delisted by SET	2	2,225	845
Total	2	2,225	845

7.8 Revaluation allowance for debt restructuring

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

	CONSOLIDATED FINANCIAL STATEMENTS		Unit: Million Baht THE BANK'S FINANCIAL STATEMENTS	
	June 30, 2016	December 31, 2015	June 30, 2016	December 31, 2015
Beginning balance	1,726	1,617	412	563
Increase (decrease) during the period / year	373	1,328	(40)	(145)
Amount written off	(668)	(1,219)	(8)	(6)
Ending balance	<u>1,431</u>	<u>1,726</u>	<u>364</u>	<u>412</u>

7.9 Properties for sale, net

Properties for sale, net as at June 30, 2016 and December 31, 2015 are as follows:

	Unit: Million Baht CONSOLIDATED FINANCIAL STATEMENTS			
Type of Properties For Sale	Balance as at January 1, 2016	Acquisition	Disposition	Balance as at June 30, 2016
1. Assets acquired from debt repayment				
1.1 Immovable	5,468	25	(500)	4,993
1.2 Movable	<u>744</u>	<u>3,559</u>	<u>(3,566)</u>	<u>737</u>
Total	6,212	3,584	(4,066)	5,730
2. Others	<u>131</u>	<u>34</u>	<u>(10)</u>	<u>155</u>
Total properties for sale	6,343	3,618	(4,076)	5,885
Less Provision for impairment	<u>(1,293)</u>	<u>(769)</u>	<u>801</u>	<u>(1,261)</u>
Total properties for sale	<u>5,050</u>	<u>2,849</u>	<u>(3,275)</u>	<u>4,624</u>

	Unit: Million Baht CONSOLIDATED FINANCIAL STATEMENTS			
Type of Properties For Sale	Balance as at January 1, 2015	Acquisition	Disposition	Balance as at December 31, 2015
1. Assets acquired from debt repayment				
1.1 Immovable	6,471	44	(1,047)	5,468
1.2 Movable	<u>850</u>	<u>7,423</u>	<u>(7,529)</u>	<u>744</u>
Total	7,321	7,467	(8,576)	6,212
2. Others	<u>116</u>	<u>15</u>	<u>-</u>	<u>131</u>
Total properties for sale	7,437	7,482	(8,576)	6,343
Less Provision for impairment	<u>(1,981)</u>	<u>(2,122)</u>	<u>2,810</u>	<u>(1,293)</u>
Total properties for sale	<u>5,456</u>	<u>5,360</u>	<u>(5,766)</u>	<u>5,050</u>

Unit: Million Baht

Type of Properties For Sale	THE BANK'S FINANCIAL STATEMENTS			
	Balance as at January 1, 2016	Acquisition	Disposition	Balance as at June 30, 2016
1. Assets acquired from debt repayment				
1.1 Immovable	3,192	23	(347)	2,868
1.2 Movable	275	1,792	(1,729)	338
Total	3,467	1,815	(2,076)	3,206
2. Others	131	-	(10)	121
Total properties for sale	3,598	1,815	(2,086)	3,327
Less Provision for impairment	(741)	(124)	98	(767)
Total properties for sale	2,857	1,691	(1,988)	2,560

Unit: Million Baht

Type of Properties For Sale	THE BANK'S FINANCIAL STATEMENTS			
	Balance as at January 1, 2015	Acquisition	Disposition	Balance as at December 31, 2015
1. Assets acquired from debt repayment				
1.1 Immovable	3,908	39	(755)	3,192
1.2 Movable	109	2,498	(2,332)	275
Total	4,017	2,537	(3,087)	3,467
2. Others	116	15	-	131
Total properties for sale	4,133	2,552	(3,087)	3,598
Less Provision for impairment	(1,290)	(116)	665	(741)
Total properties for sale	2,843	2,436	(2,422)	2,857

Immovable assets for sale classified by external and internal appraisers as at June 30, 2016 and December 31, 2015 consist of the following:

Unit: Million Baht

	CONSOLIDATED FINANCIAL STATEMENTS		THE BANK'S FINANCIAL STATEMENTS	
	June 30, 2016	December 31, 2015	June 30, 2016	December 31, 2015
Immovable assets-Foreclosed assets				
Appraised by external appraisers	1,508	1,693	1,453	1,553
Appraised by internal appraisers	3,485	3,775	1,415	1,639
Total	4,993	5,468	2,868	3,192

7.10 Premises and equipment, net

Premises and equipment, net as at June 30, 2016 and December 31, 2015 are as follows:

Unit: Million Baht					
CONSOLIDATED FINANCIAL STATEMENTS					
	Balance as at January 1, 2016	Increase	Decrease	Other	Balance as at June 30, 2016
Land					
Cost	4,286	-	-	-	4,286
Appraisal increase (Year 2013)	5,174	-	-	-	5,174
Appraisal decrease (Year 2013)	(78)	-	-	-	(78)
Premises					
Cost	7,104	88	(38)	-	7,154
Appraisal increase (Year 2013)	7,708	-	(98)	-	7,610
Appraisal decrease (Year 2013)	(134)	-	-	-	(134)
Equipment	14,235	343	(243)	233	14,568
Leasehold improvement	3,096	173	(11)	-	3,258
Total	41,391	604	(390)	233	41,838
Less Accumulated depreciation					
Premises					
- Cost	(3,736)	(138)	23	-	(3,851)
- Appraisal increase (Year 2013)	(5,077)	(86)	74	-	(5,089)
Equipment	(10,108)	(633)	217	(233)	(10,757)
Leasehold improvement	(1,747)	(152)	7	-	(1,892)
Total	(20,668)	(1,009)	321	(233)	(21,589)
Construction in progress	270	253	(156)	-	367
Premises and equipment, net	20,993				20,616

Unit: Million Baht		
	June 30, 2016	June 30, 2015
Depreciation for the six-month periods	1,009	975

Unit: Million Baht				
CONSOLIDATED FINANCIAL STATEMENTS				
	Balance as at January 1, 2015	Increase	Decrease	Balance as at December 31, 2015
Land				
Cost	3,633	673	(20)	4,286
Appraisal increase (Year 2013)	5,179	-	(5)	5,174
Appraisal decrease (Year 2013)	(79)	-	1	(78)
Premises				
Cost	6,808	327	(31)	7,104
Appraisal increase (Year 2013)	7,748	-	(40)	7,708
Appraisal decrease (Year 2013)	(134)	-	-	(134)
Equipment	13,302	1,632	(699)	14,235
Leasehold improvement	2,467	755	(126)	3,096
Total	38,924	3,387	(920)	41,391
<u>Less</u> Accumulated depreciation				
Premises				
- Cost	(3,482)	(265)	11	(3,736)
- Appraisal increase (Year 2013)	(4,938)	(172)	33	(5,077)
Equipment	(9,434)	(1,285)	611	(10,108)
Leasehold improvement	(1,525)	(278)	56	(1,747)
Total	(19,379)	(2,000)	711	(20,668)
Construction in progress	407	558	(695)	270
Premises and equipment, net	19,952			20,993

Unit: Million Baht
December 31, 2015

Depreciation for the year	2,000
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As at June 30, 2016 and December 31, 2015, the Bank and its subsidiaries had premises and equipment which were fully depreciated but still in use, with the original costs amounting to Baht 8,881 million and Baht 8,184 million, respectively.

As at June 30, 2016 and December 31, 2015, the Bank and its subsidiaries had equipments which are under finance leases, with the original costs amounting to Baht 453 million and Baht 458 million, respectively.

Land and premises of the Bank and its subsidiaries were revalued in June 2013 by the independent professional qualified appraisers. The basis of valuation for land and premises are market value and depreciated replacement cost. The fair value of land and premises are determined as level 3 hierarchy.

Unit: Million Baht					
THE BANK'S FINANCIAL STATEMENTS					
	Balance as at January 1, 2016	Increase	Decrease	Other	Balance as at June 30, 2016
Land					
Cost	4,286	-	-	-	4,286
Appraisal increase (Year 2013)	5,174	-	-	-	5,174
Appraisal decrease (Year 2013)	(78)	-	-	-	(78)
Premises					
Cost	7,066	88	-	-	7,154
Appraisal increase (Year 2013)	7,610	-	-	-	7,610
Appraisal decrease (Year 2013)	(134)	-	-	-	(134)
Equipment	10,926	248	(138)	233	11,269
Leasehold improvement	1,920	127	(8)	-	2,039
Total	36,770	463	(146)	233	37,320
<u>Less</u> Accumulated depreciation					
Premises					
- Cost	(3,713)	(138)	-	-	(3,851)
- Appraisal increase (Year 2013)	(5,004)	(85)	-	-	(5,089)
Equipment	(8,225)	(464)	137	(233)	(8,785)
Leasehold improvement	(774)	(84)	4	-	(854)
Total	(17,716)	(771)	141	(233)	(18,579)
Construction in progress	266	171	(88)	-	349
Premises and equipment, net	19,320				19,090

Unit: Million Baht		
	June 30, 2016	June 30, 2015
Depreciation for the six-month periods	771	719

Unit: Million Baht				
THE BANK'S FINANCIAL STATEMENTS				
	Balance as at January 1, 2015	Increase	Decrease	Balance as at December 31, 2015
Land				
Cost	3,632	673	(19)	4,286
Appraisal increase (Year 2013)	5,175	-	(1)	5,174
Appraisal decrease (Year 2013)	(79)	-	1	(78)
Premises				
Cost	6,750	327	(11)	7,066
Appraisal increase (Year 2013)	7,612	-	(2)	7,610
Appraisal decrease (Year 2013)	(134)	-	-	(134)
Equipment	10,178	1,165	(417)	10,926
Leasehold improvement	1,356	592	(28)	1,920
Total	34,490	2,757	(477)	36,770
<u>Less</u> Accumulated depreciation				
Premises				
- Cost	(3,452)	(264)	3	(3,713)
- Appraisal increase (Year 2013)	(4,833)	(172)	1	(5,004)
Equipment	(7,724)	(916)	415	(8,225)
Leasehold improvement	(654)	(137)	17	(774)
Total	(16,663)	(1,489)	436	(17,716)
Construction in progress	392	396	(522)	266
Premises and equipment, net	18,219			19,320

Unit: Million Baht	
	December 31, 2015
Depreciation for the year	1,489

As at June 30, 2016 and December 31, 2015, the Bank had premises and equipment which were fully depreciated but still in use, with the original costs amounting to Baht 6,793 million and Baht 6,293 million, respectively.

As at June 30, 2016 and December 31, 2015, the Bank had equipments which are under finance leases, with the original costs amounting to Baht 444 million and Baht 445 million, respectively.

7.11 Goodwill and other intangible assets, net

Goodwill and other intangible assets, net as at June 30, 2016 and December 31, 2015 are as follows:

CONSOLIDATED FINANCIAL STATEMENTS				Unit: Million Baht
	Balance as at January 1, 2016	Increase	Decrease	Balance as at June 30, 2016
Cost				
Goodwill	9,947	-	-	9,947
Software	7,396	238	-	7,634
Other intangible assets	5,596	-	-	5,596
Total	22,939	238	-	23,177
Accumulated amortization				
Software	(4,171)	(429)	-	(4,600)
Other intangible assets	(4,271)	(169)	-	(4,440)
Total	(8,442)	(598)	-	(9,040)
Allowance for impairment	(20)	-	-	(20)
Goodwill and other intangible assets, net	<u>14,477</u>			<u>14,117</u>
				Unit: Million Baht
				June 30, 2016 June 30, 2015
Amortization for the six-month periods			<u>598</u>	<u>669</u>

				Unit: Million Baht
CONSOLIDATED FINANCIAL STATEMENTS				
	Balance as at January 1, 2015	Increase	Decrease	Balance as at December 31, 2015
Cost				
Goodwill	9,947	-	-	9,947
Software	6,146	1,252	(2)	7,396
Other intangible assets	5,616	5	(25)	5,596
Total	21,709	1,257	(27)	22,939
Accumulated amortization				
Software	(3,437)	(735)	1	(4,171)
Other intangible assets	(3,668)	(618)	15	(4,271)
Total	(7,105)	(1,353)	16	(8,442)
Allowance for impairment	(20)	-	-	(20)
Goodwill and other intangible assets, net	14,584			14,477

		Unit: Million Baht
		December 31, 2015
Amortization for the year		1,353

As at June 30, 2016 and December 31, 2015, the Bank and its subsidiaries had intangible assets which were fully amortized but still in use, with the original costs amounting to Baht 1,973 million and Baht 1,772 million, respectively.

				Unit: Million Baht
THE BANK'S FINANCIAL STATEMENTS				
	Balance as at January 1, 2016	Increase	Decrease	Balance as at June 30, 2016
Cost				
Goodwill	1,054	-	-	1,054
Software	6,254	183	-	6,437
Other intangible assets	57	-	-	57
Total	7,365	183	-	7,548
Accumulated amortization				
Software	(3,497)	(371)	-	(3,868)
Other intangible assets	(36)	(5)	-	(41)
Total	(3,533)	(376)	-	(3,909)
Goodwill and other intangible assets, net	3,832			3,639

		Unit: Million Baht
		June 30, 2016 June 30, 2015
Amortization for the six-month periods		376 318

Unit: Million Baht				
THE BANK'S FINANCIAL STATEMENTS				
	Balance as at January 1, 2015	Increase	Decrease	Balance as at December 31, 2015
Cost				
Goodwill	1,054	-	-	1,054
Software	5,165	1,089	-	6,254
Other intangible assets	77	5	(25)	57
Total	<u>6,296</u>	<u>1,094</u>	<u>(25)</u>	<u>7,365</u>
Accumulated amortization				
Software	(2,864)	(633)	-	(3,497)
Other intangible assets	(38)	(15)	17	(36)
Total	<u>(2,902)</u>	<u>(648)</u>	<u>17</u>	<u>(3,533)</u>
Goodwill and other intangible assets, net	<u>3,394</u>			<u>3,832</u>

Unit: Million Baht
December 31, 2015

Amortization for the year

648

As at June 30, 2016 and December 31, 2015, the Bank had intangible assets which were fully amortized but still in use, with the original costs amounting to Baht 1,518 million and Baht 1,349 million, respectively.

7.12 Deferred tax

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

Unit: Million Baht			
CONSOLIDATED FINANCIAL STATEMENTS		THE BANK'S FINANCIAL STATEMENTS	
June 30, 2016	December 31, 2015	June 30, 2016	December 31, 2015
Deferred tax assets	5,330	639	703
Deferred tax liabilities	(38)	-	-
Net	<u>5,292</u>	<u>639</u>	<u>703</u>

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

					Unit: Million Baht
CONSOLIDATED FINANCIAL STATEMENTS					
	Balance at January 1, 2016	Items as recognized into Profit or Loss	Items as recognized into Other Comprehensive Income	Items as recognized into Other reserves of owners of the Bank	Balance at June 30, 2016
Deferred tax assets					
Impairment of assets	350	17	-	-	367
Loans and accrued interest receivables, net	5,743	492	-	-	6,235
Provisions	1,390	69	-	-	1,459
Others	773	(417)	(35)	-	321
Total	8,256	161	(35)	-	8,382
Deferred tax liabilities					
Asset appraisal surplus	1,634	(17)	-	-	1,617
Investments	174	-	(8)	-	166
Others	1,111	196	-	-	1,307
Total	2,919	179	(8)	-	3,090
Deferred tax assets - net	5,337	(18)	(27)	-	5,292

					Unit: Million Baht
CONSOLIDATED FINANCIAL STATEMENTS					
	Balance at January 1, 2015	Items as recognized into Profit or Loss	Items as recognized into Other Comprehensive Income	Items as recognized into Other reserves of owners of the Bank	Balance at December 31, 2015
Deferred tax assets					
Impairment of assets	470	(120)	-	-	350
Loans and accrued interest receivables, net	5,562	181	-	-	5,743
Provisions	1,111	221	58	-	1,390
Others	760	(71)	42	42	773
Total	7,903	211	100	42	8,256
Deferred tax liabilities					
Asset appraisal surplus	1,599	35	-	-	1,634
Investments	193	(61)	42	-	174
Others	1,138	(27)	-	-	1,111
Total	2,930	(53)	42	-	2,919
Deferred tax assets - net	4,973	264	58	42	5,337

					Unit: Million Baht
THE BANK'S FINANCIAL STATEMENTS					
	Balance at January 1, 2016	Items as recognized into Profit or Loss	Items as recognized into Other Comprehensive Income	Items as recognized into Other reserves of owners of the Bank	Balance at June 30, 2016
Deferred tax assets					
Impairment of assets	206	29	-	-	235
Loans and accrued interest receivables, net	1,401	(92)	-	-	1,309
Provisions	1,194	62	-	-	1,256
Others	244	28	(35)	-	237
Total	3,045	27	(35)	-	3,037
Deferred tax liabilities					
Asset appraisal surplus	1,556	(17)	-	-	1,539
Investments	296	-	(8)	-	288
Others	490	81	-	-	571
Total	2,342	64	(8)	-	2,398
Deferred tax assets - net	703	(37)	(27)	-	639

					Unit: Million Baht
THE BANK'S FINANCIAL STATEMENTS					
	Balance at January 1, 2015	Items as recognized into Profit or Loss	Items as recognized into Other Comprehensive Income	Items as recognized into Other reserves of owners of the Bank	Balance at December 31, 2015
Deferred tax assets					
Impairment of assets	334	(128)	-	-	206
Loans and accrued interest receivables, net	1,169	232	-	-	1,401
Provisions	949	192	53	-	1,194
Others	204	(42)	40	42	244
Total	2,656	254	93	42	3,045
Deferred tax liabilities					
Asset appraisal surplus	1,591	(35)	-	-	1,556
Investments	193	61	42	-	296
Others	373	117	-	-	490
Total	2,157	143	42	-	2,342
Deferred tax assets - net	499	111	51	42	703

7.13 Other assets, net

Other assets, net as at June 30, 2016 and December 31, 2015 are as follows:

Unit: Million Baht				
		CONSOLIDATED	THE BANK'S	
		FINANCIAL STATEMENTS	FINANCIAL STATEMENTS	
	June 30, 2016	December 31, 2015	June 30, 2016	December 31, 2015
Accrued income	1,368	1,926	281	338
Prepayment	1,810	1,615	1,360	1,404
Other receivables	8,440	11,207	4,906	8,395
Margin call to counterparty	6,036	5,167	6,036	5,167
Others	1,199	991	1,528	1,295
Total	18,853	20,906	14,111	16,599

7.14 Deposits

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

(1) Classified by product

	CONSOLIDATED FINANCIAL STATEMENTS		Unit: Million Baht THE BANK'S FINANCIAL STATEMENTS	
	June 30, 2016	December 31, 2015	June 30, 2016	December 31, 2015
Current deposit	29,598	29,615	30,484	30,616
Savings deposit	542,765	509,428	545,888	512,502
Time deposit				
- Less than 6 months	150,390	164,737	152,364	166,438
- 6 months to 1 year	290,799	315,806	290,801	315,810
- Over 1 year	48,551	26,704	48,552	26,706
Total	<u>1,062,103</u>	<u>1,046,290</u>	<u>1,068,089</u>	<u>1,052,072</u>

(2) Classified by currency and residence of depositors

	Unit: Million Baht					
	CONSOLIDATED FINANCIAL STATEMENTS					
	June 30, 2016			December 31, 2015		
	Domestic	Foreign	Total	Domestic	Foreign	Total
Baht	1,014,633	1,089	1,015,722	1,006,061	1,625	1,007,686
US Dollar	38,249	1,431	39,680	31,020	1,311	32,331
Other currencies	5,723	978	6,701	5,408	865	6,273
Total	<u>1,058,605</u>	<u>3,498</u>	<u>1,062,103</u>	<u>1,042,489</u>	<u>3,801</u>	<u>1,046,290</u>

	Unit: Million Baht					
	THE BANK'S FINANCIAL STATEMENTS					
	June 30, 2016			December 31, 2015		
	Domestic	Foreign	Total	Domestic	Foreign	Total
Baht	1,020,610	1,089	1,021,699	1,011,837	1,625	1,013,462
US Dollar	38,249	1,433	39,682	31,021	1,313	32,334
Other currencies	5,724	984	6,708	5,408	868	6,276
Total	<u>1,064,583</u>	<u>3,506</u>	<u>1,068,089</u>	<u>1,048,266</u>	<u>3,806</u>	<u>1,052,072</u>

7.15 Interbank and money market items, net (Liability)

Interbank and money market items, net (liability) as at June 30, 2016 and December 31, 2015 are as follows:

Unit: Million Baht						
CONSOLIDATED FINANCIAL STATEMENTS						
June 30, 2016			December 31, 2015			
	At Call	Time	Total	At Call	Time	Total
Domestic items						
Bank of Thailand and Financial Institution Development Fund	-	4,049	4,049	-	4,670	4,670
Commercial banks	1,038	61,150	62,188	797	28,100	28,897
Specialized financial institutions	8	9,198	9,206	12	4,687	4,699
Other financial institutions	6,040	284	6,324	6,352	429	6,781
Total domestic items	7,086	74,681	81,767	7,161	37,886	45,047
Foreign items						
US Dollar	90	212,846	212,936	50	225,560	225,610
Yen	-	3,424	3,424	-	2,996	2,996
Euro	-	-	-	57	-	57
Other currencies	972	-	972	1,350	-	1,350
Total foreign items	1,062	216,270	217,332	1,457	228,556	230,013
Total domestic and foreign items	8,148	290,951	299,099	8,618	266,442	275,060

Unit: Million Baht						
THE BANK'S FINANCIAL STATEMENTS						
June 30, 2016			December 31, 2015			
	At Call	Time	Total	At Call	Time	Total
Domestic items						
Bank of Thailand and Financial Institution Development Fund	-	4,049	4,049	-	4,670	4,670
Commercial banks	1,038	61,150	62,188	797	28,100	28,897
Specialized financial institutions	8	9,198	9,206	12	4,687	4,699
Other financial institutions	9,023	285	9,308	8,537	430	8,967
Total domestic items	10,069	74,682	84,751	9,346	37,887	47,233
Foreign items						
US Dollar	90	212,846	212,936	50	225,560	225,610
Yen	-	3,424	3,424	-	2,996	2,996
Euro	-	-	-	57	-	57
Other currencies	972	-	972	1,350	-	1,350
Total foreign items	1,062	216,270	217,332	1,457	228,556	230,013
Total domestic and foreign items	11,131	290,952	302,083	10,803	266,443	277,246

Additional information on interbank and money market items, net (liability) is as follows:

As at June 30, 2016 and December 31, 2015, the outstanding balances of borrowing from the Bank of Thailand is Baht 4,049 million and Baht 4,670 million, respectively bearing an interest rate at 0.01% per annum. The borrowing is restricted to a soft loan program for flood relief in year 2011 provided to small and medium enterprises (SME) and individuals at a rate not over 3% per annum. The soft loan program duration is 5 years and will end on December 31, 2018.

7.16 Debt issued and borrowings

Debt issued and borrowings as at June 30, 2016 and December 31, 2015 are as follows:

Unit: Million Baht

CONSOLIDATED FINANCIAL STATEMENTS									
	Currency	Interest rate (%)	Maturity	Domestic	June 30, 2016		December 31, 2015		
					Foreign	Total	Domestic	Foreign	Total
Subordinated									
debentures	THB	4.70	2022	14,844	-	14,844	14,844	-	14,844
Senior securities	THB	1.65-4.50	2016-2020	70,423	-	70,423	55,843	-	55,843
Bill of exchange	THB	0.50-1.33	2016	27,346	-	27,346	37,420	-	37,420
Other borrowings	THB	0.50	2017	9	-	9	13	-	13
				<u>112,622</u>	<u>-</u>	<u>112,622</u>	<u>108,120</u>	<u>-</u>	<u>108,120</u>

Unit: Million Baht

THE BANK'S FINANCIAL STATEMENTS									
	Currency	Interest rate (%)	Maturity	Domestic	June 30, 2016		December 31, 2015		
					Foreign	Total	Domestic	Foreign	Total
Subordinated									
debentures	THB	4.70	2022	14,844	-	14,844	14,844	-	14,844
Senior securities	THB	1.86-3.34	2016-2019	52,500	-	52,500	36,000	-	36,000
Bill of exchange	THB	0.50-1.33	2016	27,246	-	27,246	37,421	-	37,421
Other borrowings	THB	0.50	2017	9	-	9	13	-	13
				<u>94,599</u>	<u>-</u>	<u>94,599</u>	<u>88,278</u>	<u>-</u>	<u>88,278</u>

Additional information on debts issued and borrowings is as follows:

On November 7, 2012, the Bank issued subordinated debentures No. 1/2012 in the amount of Baht 14,844 million for a 10-year tenor at the fixed interest rate of 4.7% per annum, payable quarterly in February, May, August and November of each year. The Bank has the right to redeem subordinated debentures on the fifth anniversary of the issued date or on any interest payment date after the fifth anniversary subject to the approval of the BOT.

7.17 Provisions

Provisions for the six-month period ended June 30, 2016 and for the year ended December 31, 2015 are as follows:

Unit: Million Baht					
CONSOLIDATED FINANCIAL STATEMENTS					
	Balance at January 1, 2015	Increase (Decrease)	Balance at December 31, 2015	Increase (Decrease)	Balance at June 30, 2016
Provision for post-employment benefits obligation	3,710	1,041	4,751	244	4,995
Others	1,741	267	2,008	20	2,028
Total	5,451	1,308	6,759	264	7,023

	Unit: Million Baht				
	THE BANK'S FINANCIAL STATEMENTS				
	Balance at January 1, 2015	Increase (Decrease)	Balance at December 31, 2015	Increase (Decrease)	Balance at June 30, 2016
Provision for post-employment benefits obligation	3,210	947	4,157	201	4,358
Others	1,721	260	1,981	20	2,001
Total	4,931	1,207	6,138	221	6,359

Post-employment benefits obligation

The Bank and its subsidiaries operate post-employment benefits plans under the Thai Labor Protection Act, which are considered as unfunded defined benefit plans. These plans are recognized as provision in the statement of financial position.

Movements in the present value of the defined benefits obligation for the six-month periods ended June 30, 2016 and 2015 are as follows:

Unit: Million Baht			
CONSOLIDATED FINANCIAL STATEMENTS For the six-month periods ended June 30,		THE BANK'S FINANCIAL STATEMENTS For the six-month periods ended June 30,	
	2016	2015	
Opening defined benefits obligation	4,751	3,710	4,157
Current service cost	201	177	165
Interest cost	78	74	68
Benefit paid	(35)	(18)	(32)
Items arising from business combination	-	344	-
Closing defined benefit obligation	4,995	4,287	4,358

Actuarial (gains) losses are recognized in the retained earnings as at June 30, 2016 and December 31, 2015 are as follows:

	CONSOLIDATED FINANCIAL STATEMENTS		Unit: Million Baht THE BANK'S FINANCIAL STATEMENTS	
	June 30, 2016	December 31, 2015	June 30, 2016	December 31, 2015
Included in the retained earnings	<u>653</u>	<u>653</u>	<u>531</u>	<u>531</u>

Amounts recognized in the statements of profit or loss and other comprehensive income in respect of the defined benefit plans for the three-month and six-month periods ended June 30, 2016 and 2015 are as follows:

	CONSOLIDATED FINANCIAL STATEMENTS For the three-month periods ended June 30,		Unit: Million Baht THE BANK'S FINANCIAL STATEMENTS For the three-month periods ended June 30,	
	2016	2015	2016	2015
Current service cost	101	89	83	72
Interest on obligation	<u>39</u>	<u>37</u>	<u>34</u>	<u>33</u>
	<u>140</u>	<u>126</u>	<u>117</u>	<u>105</u>

	CONSOLIDATED FINANCIAL STATEMENTS For the six-month periods ended June 30,		Unit: Million Baht THE BANK'S FINANCIAL STATEMENTS For the six-month periods ended June 30,	
	2016	2015	2016	2015
Current service cost	201	177	165	145
Interest on obligation	<u>78</u>	<u>74</u>	<u>68</u>	<u>65</u>
	<u>279</u>	<u>251</u>	<u>233</u>	<u>210</u>

The principal actuarial assumptions used to calculate the obligation under the defined benefit plans as at June 30, 2016 and December 31, 2015 are as follows:

	CONSOLIDATED AND THE BANK'S FINANCIAL STATEMENTS
Financial assumptions	
Discount rate	3.3%
Salary increase rate	6.0%
Retirement age	55 and 60 years

Significant Actuarial Assumptions - Impact on increase / (decrease) in Defined Benefit Obligation as at June 30, 2016 are as follows:

	CONSOLIDATED FINANCIAL STATEMENTS	Unit: Million Baht THE BANK'S FINANCIAL STATEMENTS
Discount rate - 1% increase	(562)	(480)
Discount rate - 1% decrease	660	562
Salary increase rate - 1% increase	987	892
Salary increase rate - 1% decrease	(869)	(787)

7.18 Finance lease liabilities

Finance lease liabilities as at June 30, 2016 and December 31, 2015 are as follows:

	Unit: Million Baht CONSOLIDATED FINANCIAL STATEMENTS					
	June 30, 2016			December 31, 2015		
	Principal	Interest	Payment	Principal	Interest	Payment
Within one year	23	1	24	18	2	20
One year to five years	21	1	22	32	1	33
Total	44	2	46	50	3	53

	Unit: Million Baht THE BANK'S FINANCIAL STATEMENTS					
	June 30, 2016			December 31, 2015		
	Principal	Interest	Payment	Principal	Interest	Payment
Within one year	20	1	21	18	2	20
One year to five years	18	1	19	32	1	33
Total	38	2	40	50	3	53

7.19 Other liabilities

Other liabilities as at June 30, 2016 and December 31, 2015 are as follows:

	Unit : Million Baht			
	CONSOLIDATED FINANCIAL STATEMENTS		THE BANK'S FINANCIAL STATEMENTS	
	June 30, 2016	December 31, 2015	June 30, 2016	December 31, 2015
Accrued expenses	10,418	11,257	7,746	7,978
Tax payable	3,278	3,418	1,446	1,703
Deposit	4,662	4,849	939	828
Unearned income from customer loyalty program	2,714	2,633	97	88
Other payables	798	2,456	564	1,765
Margin call from counterparty	7,875	12,727	7,875	12,727
Others	7,962	9,588	3,657	5,570
Total	37,707	46,928	22,324	30,659

7.20 Share capital

7.20.1 Legal reserve

Pursuant to the Public Limited Companies Act, the Bank must allocate to a reserve fund from the annual net profit, not less than five percent of the annual net profit deducted by the total accumulated loss brought forward (if any), until the reserve fund reaches an amount not less than ten percent of the registered capital. The reserve fund is not available for dividend distribution.

7.20.2 Dividend payment

The Annual General Meeting of Shareholders No. 103 held on April 23, 2015, approved the dividend payment for the six-month period ended December 31, 2014 to the shareholders of 7,355,761,773 ordinary shares at Baht 0.40 per share totaling Baht 2,942 million with payment date on May 22, 2015.

The Board of Directors' Meeting No. 8/2015 held on August 26, 2015, approved the interim dividend payment for the six-month period ended June 30, 2015 to the shareholders of 7,355,761,773 ordinary shares at Baht 0.40 per share totaling Baht 2,942 million with payment date on September 24, 2015.

The Annual General Meeting of Shareholders No. 104 held on April 28, 2016, approved the dividend payment for the six-month period ended December 31, 2015 to the shareholders of 7,355,761,773 ordinary shares at Baht 0.40 per share totaling Baht 2,942 million with payment date on May 26, 2016.

7.21 Assets with obligations and restrictions

As at June 30, 2016 and December 31, 2015, government and state enterprise securities with book value of Baht 25,281 million and Baht 24,296 million, respectively, are used as collateral for other commitments with government departments and state enterprises.

7.22 Contingencies

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

	CONSOLIDATED FINANCIAL STATEMENTS		Unit: Million Baht THE BANK'S FINANCIAL STATEMENTS	
	June 30, 2016	December 31, 2015	June 30, 2016	December 31, 2015
Avals to bills	542	2,158	542	2,158
Guarantees of loans	90	108	90	108
Liability under unmatured import bills	1,503	2,560	1,503	2,560
Letters of credit	6,274	4,727	6,274	4,727
Other contingencies				
- Unused overdraft limit	43,708	48,231	43,708	48,321
- Unused credit line	28,659	35,467	28,659	35,467
- Other guarantees	54,413	54,622	54,413	54,622
- Others	144	101	144	101
Total	<u>135,333</u>	<u>147,974</u>	<u>135,333</u>	<u>148,064</u>

The Bank and its subsidiaries have entered into a long-term information technology service agreement, which will be expired in 2020 with a local company. As at June 30, 2016 and December 31, 2015, the Bank and its subsidiaries have a commitment to pay in the amounts of Baht 2,330 million and Baht 2,677 million, respectively.

As at June 30, 2016 and December 31, 2015, the Bank has commitments to pay regarding the information technology services the amounts of Baht 2,342 million and Baht 1,420 million, respectively.

As at June 30, 2016 and December 31, 2015, the Bank has commitment payment amount of Baht 1,541 million and 1,601 million as a result of entering to the construction agreement of the office building.

7.23 Related party transactions

The Bank has business transactions with subsidiaries, associates, joint ventures and related companies. These transactions are with companies that have shareholding and/or major shareholders and/or joint directors with the Bank and with related persons. Such loans to related party have the allowance for doubtful accounts policy which comply with the same BOT regulations as those granted to other debtors.

According to the Bank of Thailand's Notification Sor.Nor.Sor. 19/2555 regarding the "Guideline on Consolidated Supervision (No.2)" dated December 17, 2012, and Sor.Nor.Sor. 6/2553 regarding the "Guideline on Consolidated Supervision" dated June 18, 2010, the Bank is required to disclose the Inter-Group Transactions in the Financial Business Group Policy and the Risk Management for Inter-Group Transactions in the Financial Business Group Policy as follows:

1. The Inter-Group Transactions in the Financial Business Group Policy

The inter-group transactions shall be the same conditions or criteria, including interest rate or service fee charged, as applied when the Bank conducts the transactions with general customers with the same risk level and the Bank does not allow the companies in the financial business group borrow from or lend to each other.

2. The Risk Management for Inter-Group Transactions in the Financial Business Group Policy

The Bank manages risk for all inter-group transactions based on the Credit Risk Management for the Financial Business Policy which covers the key credit risk management process, namely credit risk control, credit risk measurement, and credit risk monitoring, in accordance with the Bank's policy and the Bank of Thailand's requirements.

Related party transactions are as follows:

- 7.23.1 Assets, liabilities and contingencies with certain officers from the levels of Bank's Directors, Executive Vice Presidents and higher, and Vice Presidents/equivalent positions and higher in the Finance and Accounting Functions and the companies in which they and/or the Bank directors and/or their related parties and/or the Bank owned and the companies in which the directors and/or shareholders of the Bank have significant voting right either directly and indirectly, as at June 30, 2016 and December 31, 2015 are as follows:

Unit: Million Baht

CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2016

	Interbank and money market items (Assets)	Loans	Accrued Interest Receivables	Derivative Assets	Other assets	Deposits	Interbank and money market items (Liabilities)	Borrowings	Derivative Liabilities	Other Liabilities	Derivative (Notional amount)	Contingencies
Parent company												
The Bank of Tokyo-Mitsubishi UFJ Ltd.	17,012	-	-	3,421	4,950	-	216,752	-	7,907	442	512,070	6,954
<u>Less</u> Allowance for doubtful accounts	-	-	-	-	-	-	-	-	-	-	-	-
Total	17,012	-	-	3,421	4,950	-	21,6752	-	7,907	442	512,070	6,954
Joint ventures												
Tesco Card Services Limited	-	8,307	24	-	53	294	-	-	-	3	-	-
Tesco Life Assurance Broker Limited	-	-	-	-	1	131	-	-	-	-	-	-
Tesco General Insurance Broker Limited	-	-	-	-	2	497	-	-	-	-	-	-
<u>Less</u> Allowance for doubtful accounts	-	(83)	-	-	-	-	-	-	-	-	-	-
Total	-	8,224	24	-	56	922	-	-	-	3	-	-
Related companies having joint major shareholders or directors	13	9,906	31	254	-	6,754	261	1,100	145	13	14,627	1,886
<u>Less</u> Allowance for doubtful accounts	-	(97)	-	-	-	-	-	-	-	-	-	-
Total	13	9,809	31	254	-	6,754	261	1,100	145	13	14,627	1,886
Individual and related parties	-	411	-	-	-	1,311	-	-	-	491	-	-
<u>Less</u> Allowance for doubtful accounts	-	(1)	-	-	-	-	-	-	-	-	-	-
Total	-	410	-	-	-	1,311	-	-	-	491	-	-
Total	17,025	18,443	55	3,675	5,006	8,987	217,013	1,100	8,052	949	526,697	8,840

Unit: Million Baht

CONSOLIDATED FINANCIAL STATEMENTS

						December 31, 2015						
	Interbank and money market items (Assets)	Loans	Accrued Interest Receivables	Derivative Assets	Other assets	Deposits	Interbank and money market items (Liabilities)	Borrowings	Derivative Liabilities	Other Liabilities	Derivative (Notional amount)	Contingencies
Parent company												
The Bank of Tokyo-Mitsubishi UFJ Ltd.	15,927	-	-	2,747	4,239	-	229,036	-	6,579	311	544,233	6,192
<u>Less</u> Allowance for doubtful accounts	(1)	-	-	-	-	-	-	-	-	-	-	-
Total	15,926	-	-	2,747	4,239	-	229,036	-	6,579	311	544,233	6,192
Joint ventures												
Tesco Card Services Limited	-	8,873	27	-	321	391	-	-	-	4	-	-
Tesco Life Assurance Broker Limited	-	-	-	-	8	134	-	-	-	-	-	-
Tesco General Insurance Broker Limited	-	-	-	-	22	499	-	-	-	-	-	-
<u>Less</u> Allowance for doubtful accounts	-	(89)	-	-	-	-	-	-	-	-	-	-
Total	-	8,784	27	-	351	1,024	-	-	-	4	-	-
Related companies having joint major shareholders or directors												
	13	8,714	28	207	-	8,711	210	858	208	14	11,220	3,167
<u>Less</u> Allowance for doubtful accounts	-	(85)	-	-	-	-	-	-	-	-	-	-
Total	13	8,629	28	207	-	8,711	210	858	208	14	11,220	3,167
Individual and related parties												
	-	311	-	-	-	779	-	-	-	477	-	-
<u>Less</u> Allowance for doubtful accounts	-	(1)	-	-	-	-	-	-	-	-	-	-
Total	-	310	-	-	-	779	-	-	-	477	-	-
Total	15,939	17,723	55	2,954	4,590	10,514	229,246	858	6,787	806	555,453	9,359

Unit: Million Baht

THE BANK'S FINANCIAL STATEMENTS

June 30, 2016

	Interbank and money market items (Assets)	Loans	Accrued Interest Receivables	Derivative Assets	Other assets	Deposits	Interbank and money market items (Liabilities)	Borrowings	Derivative Liabilities	Other Liabilities	Derivative (Notional amount)	Contingencies
Parent company												
The Bank of Tokyo-Mitsubishi UFJ Ltd.	17,012	-	-	3,421	4,950	-	216,752	-	7,907	442	512,070	6,954
<u>Less</u> Allowance for doubtful accounts	-	-	-	-	-	-	-	-	-	-	-	-
Total	17,012	-	-	3,421	4,950	-	216,752	-	7,907	442	512,070	6,954
Subsidiaries												
Ayudhya Development Leasing Company Limited	-	3,409	-	-	3	11	-	-	-	1	-	34
Ayudhya Capital Auto Lease Public Company Ngern Tid Lor Company Limited (formerly CFG Services Company Limited)	-	52,782	132	-	312	307	-	-	-	222	-	-
Ayudhya Capital Services Company Limited	-	6,316	2	-	10	101	-	-	-	-	-	2
General Card Services Limited	-	25,351	78	-	62	627	-	-	-	34	-	3
Krungsriayudhya Card Company Limited	-	11,055	25	-	10	266	-	-	-	-	-	-
Siam Realty and Services Security Company Limited (formerly Siam Realty and Services Company Limited)	-	25,407	43	-	132	599	-	-	-	4	-	1
Total Services Solutions Public Company Limited	-	545	-	-	-	61	-	-	-	62	-	-
Krungsri Asset Management Company Limited	-	-	-	-	2	1,136	-	-	-	16	-	-
Krungsri Ayudhya AMC Limited	-	-	-	-	65	-	1,731	-	-	5	-	38
Krungsri Securities Public Company Limited	-	-	-	-	2	711	-	-	-	78	-	-
Krungsri Factoring Company Limited	-	-	-	-	3	3	1,253	-	-	5	-	-
Krungsri Life Assurance Broker Company Limited	-	-	-	-	1	206	-	-	-	-	-	-
Krungsri General Insurance Broker Company Limited	-	-	-	-	-	777	-	-	-	1	-	-
	-	-	-	-	-	1,172	-	-	-	1	-	-

Unit: Million Baht

THE BANK'S FINANCIAL STATEMENTS (CONTINUED)

June 30, 2016

	Interbank and money market items (Assets)	Loans	Accrued Interest Receivables	Derivative Assets	Other assets	Deposits	Interbank and money market items (Liabilities)	Borrowings	Derivative Liabilities	Other Liabilities	Derivative (Notional amount)	Contingencies
Krungsri Leasing Services Company Limited	-	649	-	-	-	9	-	-	-	4	-	-
Total	-	125,154	280	-	602	5,986	2,984	-	-	433	-	78
<u>Less</u> Allowance for doubtful accounts	-	(1,252)	-	-	-	-	-	-	-	-	-	-
Total	-	123,902	280	-	602	5,986	2,984	-	-	433	-	78
Joint ventures												
Tesco Card Services Limited	-	8,307	24	-	8	294	-	-	-	-	-	-
Tesco Life Assurance Broker Limited	-	-	-	-	-	131	-	-	-	-	-	-
Tesco General Insurance Broker Limited	-	-	-	-	-	497	-	-	-	-	-	-
<u>Less</u> Allowance for doubtful accounts	-	(83)	-	-	-	-	-	-	-	-	-	-
Total	-	8,224	24	-	8	922	-	-	-	-	-	-
Related companies having joint major shareholders or directors	13	9,906	31	254	-	6,754	261	1,100	145	13	14,627	1,886
<u>Less</u> Allowance for doubtful accounts	-	(97)	-	-	-	-	-	-	-	-	-	-
Total	13	9,809	31	254	-	6,754	261	1,100	145	13	14,627	1,886
Individual and related parties	-	378	-	-	-	1,311	-	-	-	356	-	-
Total	17,025	142,313	335	3,675	5,560	14,973	219,997	1,100	8,052	1,244	526,697	8,918

Unit: Million Baht

THE BANK'S FINANCIAL STATEMENTS

December 31, 2015

	Interbank and money market items (Assets)	Loans	Accrued Interest Receivables	Derivative Assets	Other assets	Deposits	Interbank and money market items (Liabilities)	Borrowings	Derivative Liabilities	Other Liabilities	Derivative (Notional amount)	Contingencies
Parent company												
The Bank of Tokyo-Mitsubishi UFJ Ltd.	15,927	-	-	2,747	4,239	-	229,036	-	6,579	311	544,233	6,192
<u>Less</u> Allowance for doubtful accounts	(1)	-	-	-	-	-	-	-	-	-	-	-
Total	15,926	-	-	2,747	4,239	-	229,036	-	6,579	311	544,233	6,192
Subsidiaries												
Ayudhya Development Leasing Company Limited	-	3,207	1	-	1	4	-	-	-	-	-	1
Ayudhya Capital Auto Lease Public Company Ngern Tid Lor Company Limited (formerly CFG Services Company Limited)	-	67,175	173	-	153	358	-	-	-	206	-	-
Ayudhya Capital Services Company Limited	-	5,886	3	-	9	91	-	-	-	-	-	2
General Card Services Limited	-	25,855	95	-	91	909	-	-	-	23	-	3
Krungsriayudhya Card Company Limited	-	12,494	32	-	53	325	-	-	-	-	-	-
Siam Realty and Services Security Company Limited (formerly Siam Realty and Services Company Limited)	-	30,267	41	-	401	682	-	-	-	7	-	1
Total Services Solutions Public Company Limited	-	540	-	-	-	56	-	-	-	48	-	-
Krungsri Asset Management Company Limited	-	-	-	-	1	1,085	-	-	-	17	-	-
Krungsri Ayudhya AMC Limited	-	-	-	-	63	-	1,096	-	-	-	-	722
Krungsri Securities Public Company Limited	-	-	-	-	-	458	-	-	-	69	-	37
Krungsri Factoring Company Limited	-	-	-	-	6	2	1,090	-	-	2	-	-
Krungsri Life Assurance Broker Company Limited	-	-	-	-	-	191	-	-	-	-	-	-
Krungsri General Insurance Broker Company Limited	-	-	-	-	-	629	-	-	-	-	-	-
	-	-	-	-	-	986	-	-	-	-	-	-

Unit: Million Baht

THE BANK'S FINANCIAL STATEMENTS (CONTINUED)

December 31, 2015

	Interbank and money market items (Assets)	Loans	Accrued Interest Receivables	Derivative Assets	Other assets	Deposits	Interbank and money market items (Liabilities)	Borrowings	Derivative Liabilities	Other Liabilities	Derivative (Notional amount)	Contingencies
Krungsri Leasing Services Company Limited	-	341	-	-	-	5	-	-	-	-	-	-
Total	-	145,765	345	-	778	5,781	2,186	-	-	372	-	766
<u>Less</u> Allowance for doubtful accounts	-	(1,458)	-	-	-	-	-	-	-	-	-	-
Total	-	144,307	345	-	778	5,781	2,186	-	-	372	-	766
Joint ventures												
Tesco Card Services Limited	-	8,873	27	-	29	391	-	-	-	-	-	-
Tesco Life Assurance Broker Limited	-	-	-	-	-	134	-	-	-	-	-	-
Tesco General Insurance Broker Limited	-	-	-	-	-	499	-	-	-	-	-	-
<u>Less</u> Allowance for doubtful accounts	-	(89)	-	-	-	-	-	-	-	-	-	-
Total	-	8,784	27	-	29	1,024	-	-	-	-	-	-
Related companies having joint major shareholders or directors	13	8,714	28	207	-	8,711	210	858	208	14	11,220	3,167
<u>Less</u> Allowance for doubtful accounts	-	(85)	-	-	-	-	-	-	-	-	-	-
Total	13	8,629	28	207	-	8,711	210	858	208	14	11,220	3,167
Individual and related parties	-	251	-	-	-	779	-	-	-	349	-	-
Total	15,939	161,971	400	2,954	5,046	16,295	231,432	858	6,787	1,046	555,453	10,125

As at June 30, 2016 and December 31, 2015, the Bank charges interest rates to related parties at 0.50% - 22.99% p.a. and 1.0% - 21.78% p.a., respectively.

As at June 30, 2016 and December 31, 2015, the allowance for doubtful accounts of loans granted to subsidiaries of Baht 1,252 million and Baht 1,458 million, respectively, are not eliminated but treated as surplus reserve in the consolidated financial statements.

7.23.2 The Bank has investments in subsidiaries, associates and joint ventures as disclosed in Note 7.5 and has investments in related companies as follows:

Unit: Million Baht

CONSOLIDATED AND THE BANK'S FINANCIAL STATEMENTS							
				June 30, 2016		December 31, 2015	
	Business Type	Registered Share Capital	Ownership (%)	Investment Cost	Dividend Amount	Investment Cost	Dividend Amount
Related company							
Sri Ayudhya Capital Public Company Limited	Investment holding company	250	8.50	326	21	326	53
Less	Allowance for impairment			(5)	-	(5)	-
Investment in related company, net				<u>321</u>	<u>21</u>	<u>321</u>	<u>53</u>

7.23.3 Income and expenses between the Bank and its subsidiaries, associates, joint ventures and related companies for the three-month and six-month periods ended June 30, 2016 and 2015 are as follows:

Unit: Million Baht

CONSOLIDATED FINANCIAL STATEMENTS								
For the three-month period ended June 30, 2016				For the three-month period ended June 30, 2015				
Income		Expenses		Income		Expenses		
Interest income	Non-interest income	Interest expenses	Non-interest expenses	Interest income	Non-interest income	Interest expenses	Non-interest expenses	
Parent company								
The Bank of Tokyo-Mitsubishi UFJ Ltd.	2	(1,093)	483	189	4	116	338	227
Total	<u>2</u>	<u>(1,093)</u>	<u>483</u>	<u>189</u>	<u>4</u>	<u>116</u>	<u>338</u>	<u>227</u>
Joint ventures								
Tesco Card Services Limited	58	123	-	1	72	124	-	-
Tesco Life Assurance Broker Company Limited	-	1	-	-	-	-	-	-
Tesco General Insurance Broker Limited	-	5	1	-	-	3	1	-
Total	<u>58</u>	<u>129</u>	<u>1</u>	<u>1</u>	<u>72</u>	<u>127</u>	<u>1</u>	<u>-</u>
Related companies having joint major shareholders or directors								
	69	(63)	14	47	65	9	23	63
Total	<u>69</u>	<u>(63)</u>	<u>14</u>	<u>47</u>	<u>65</u>	<u>9</u>	<u>23</u>	<u>63</u>
Individual and related parties								
	3	-	3	-	3	-	3	-
Total	<u>132</u>	<u>(1,027)</u>	<u>501</u>	<u>237</u>	<u>144</u>	<u>252</u>	<u>365</u>	<u>290</u>

Unit: Million Baht

CONSOLIDATED FINANCIAL STATEMENTS								
For the six-month period ended June 30, 2016				For the six-month period ended June 30, 2015				
Income		Expenses		Income		Expenses		
Interest income	Non-interest income	Interest expenses	Non-interest expenses	Interest income	Non-interest income	Interest expenses	Non-interest expenses	
Parent company								
The Bank of Tokyo-Mitsubishi UFJ Ltd.	3	(1,265)	942	332	4	(166)	374	400
Total	.3	(1,265)	942	332	4	(166)	374	400
Joint ventures								
Tesco Card Services Limited	119	242	-	2	157	244	-	1
Tesco Life Assurance Broker Company Limited	-	3	1	-	-	-	1	-
Tesco General Insurance Broker Limited	-	10	2	-	-	7	1	-
Total	119	255	3	2	157	251	2	1
Related companies having joint major shareholders or directors								
Total	140	194	28	98	136	83	39	120
	140	194	28	98	136	83	39	120
Individual and related parties								
Total	6	1	6	-	5	1	7	-
	268	(815)	979	432	302	169	422	521

Unit: Million Baht

THE BANK'S FINANCIAL STATEMENTS								
	For the three-month period ended June 30, 2016				For the three-month period ended June 30, 2015			
	Income		Expenses		Income		Expenses	
	Interest income	Non-interest income	Interest expenses	Non-interest expenses	Interest income	Non-interest income	Interest expenses	Non-interest expenses
Parent company								
The Bank of Tokyo-Mitsubishi UFJ Ltd.	2	(1,093)	483	189	4	116	338	227
Total	2	(1,093)	483	189	4	116	338	227
Subsidiaries								
Ayudhya Development Leasing Company Limited	27	3	-	-	51	2	-	-
Ayudhya Capital Auto Lease Public Company Limited	555	166	1	116	818	173	-	67
Ngern Tid Lor Company Limited (formerly CFG Services Company Limited)	57	12	-	-	67	11	-	-
Ayudhya Capital Services Company Limited	180	63	-	8	211	61	-	7
General Card Services Limited	72	8	-	1	85	11	-	1
Krungsriayudhya Card Company Limited	158	37	-	35	188	50	-	28
Siam Realty and Services Security Company Limited (formerly Siam Realty and Services Company Limited)	3	(3)	-	128	4	1	-	125
Total Services Solutions Public Company Limited	-	1	4	21	-	-	2	25
Krungsri Asset Management Company Limited	-	133	7	1	-	137	-	2
Krungsri Ayudhya AMC Limited	-	3	-	-	-	3	-	-
Krungsri Securities Public Company Limited	-	5	4	3	-	4	5	2
Krungsri Factoring Company Limited	-	2	-	-	-	2	-	-
Krungsri Life Assurance Broker Limited	-	-	2	-	-	-	2	-
Krungsri General Insurance Broker Limited	-	-	3	-	-	-	2	-
Krungsri Leasing Services Company Limited	12	-	-	-	1	-	-	-
Total	1,064	430	21	313	1,425	455	11	257
Joint ventures								
Tesco Card Services Limited	58	5	-	-	72	6	-	-
Tesco Life Assurance Broker Company Limited	-	-	-	-	-	-	-	-
Tesco General Insurance Broker Limited	-	2	1	-	-	2	1	-
Total	58	7	1	-	72	8	1	-
Related companies having joint major shareholders or directors								
	69	(63)	14	47	65	9	23	63
Total	69	(63)	14	47	65	9	23	63
Individual and related parties								
	3	-	2	-	2	-	2	-
Total	1,196	(719)	521	549	1,568	588	375	547

Unit: Million Baht

THE BANK'S FINANCIAL STATEMENTS								
For the six-month period ended June 30, 2016				For the six-month period ended June 30, 2015				
Income		Expenses		Income		Expenses		
Interest income	Non-interest income	Interest expenses	Non-interest expenses	Interest income	Non-interest income	Interest expenses	Non-interest expenses	
Parent company								
The Bank of Tokyo-Mitsubishi UFJ Ltd.	3	(1,265)	942	332	4	(166)	374	400
Total	3	(1,265)	942	332	4	(166)	374	400
Subsidiaries								
Ayudhya Development Leasing Company Limited	55	6	-	-	107	4	-	-
Ayudhya Capital Auto Lease Public Company Limited	1,179	308	1	200	1,626	313	1	143
Ngern Tid Lor Company Limited (formerly CFG Services Company Limited)	118	22	-	1	142	21	-	-
Ayudhya Capital Services Company Limited	366	121	-	22	428	113	-	14
General Card Services Limited	149	17	-	2	178	15	-	2
Krungsriayudhya Card Company Limited	328	83	-	69	398	82	-	56
Siam Realty and Services Security Company Limited (formerly Siam Realty and Services Company Limited)	7	1	-	258	8	1	-	252
Total Services Solutions Public Company Limited	-	1	7	44	-	1	5	52
Krungsri Asset Management Company Limited	-	249	7	3	-	242	-	4
Krungsri Ayudhya AMC Limited	-	5	-	-	-	6	1	-
Krungsri Securities Public Company Limited	-	10	7	5	-	7	9	5
Krungsri Factoring Company Limited	-	3	-	-	-	6	-	-
Krungsri Life Assurance Broker Limited	-	-	5	-	-	-	3	-
Krungsri General Insurance Broker Limited	-	1	6	-	-	1	3	-
Krungsri Leasing Services Company Limited	22	-	-	-	1	-	-	-
Total	2,224	827	33	604	2,888	812	22	528
Joint ventures								
Tesco Card Services Limited	119	11	-	2	157	11	-	1
Tesco Life Assurance Broker Company Limited	-	-	1	-	-	-	1	-
Tesco General Insurance Broker Limited	-	4	2	-	-	4	1	-
Total	119	15	3	2	157	15	2	1
Related companies having joint major shareholders or directors								
	140	194	28	98	136	83	39	120
Total	140	194	28	98	136	83	39	120
Individual and related parties								
	5	1	4	-	4	-	5	-
Total	2,491	(228)	1,010	1,036	3,189	744	442	1,049

7.23.4 For the six-month periods ended June 30, 2016 and 2015, related party transactions among subsidiaries included collection services and other services of Baht 481 million and Baht 451 million, respectively, and office and vehicle rental and facilities service of Baht 31 million and Baht 31 million, respectively.

7.23.5 For the six-month periods ended June 30, 2016 and 2015, subsidiaries had related party transactions from the licenses relevant to technology and software for Baht 26 million and Baht 22 million, respectively.

- 7.23.6 For the six-month periods ended June 30, 2016 and 2015, related party transactions among subsidiaries from other services were Baht 758 million and Baht 680 million, respectively.
- 7.23.7 The Extraordinary General Meeting of Shareholders No. 1/2013, held on October 31, 2013, approved the integration of the Bank and the Bank of Tokyo-Mitsubishi UFJ, Ltd., Bangkok Branch (BTMU's Bangkok Branch) by acquisition of the business of BTMU's Bangkok Branch and the entering into a Conditional Branch Purchase Agreement between the Bank as transferee and the Bank of Tokyo-Mitsubishi UFJ, Ltd. (BTMU) as transferor and other related agreements which are asset acquisition and connected transactions.

From the date of the business transfer of BTMU's Bangkok Branch under the Conditional Branch Purchase Agreement, BTMU shall provide various services to the Bank as agreed between the Bank and BTMU prior to the transfer. Such services shall include existing services provided by BTMU to BTMU's Bangkok Branch and other services as necessary and appropriate to ensure continued service of BTMU's Bangkok Branch's customers after the transfer of the assets. The Bank and BTMU will also enter into a Master Service Agreement to provide various services to the Bank which will include but not be limited to (a) General Services Agreement (b) Trademark License Agreement (c) Software License Agreement (d) Other ancillary agreements as may be agreed between the parties under the Master Service Agreement.

From the date of the business transfer of BTMU's Bangkok Branch under the Conditional Branch Purchase Agreement until (1) the lapse of 10 years from the date of the transfer or (2) the date BTMU holds shares in the Bank less than 50 percent of all issued shares (whichever occurs later). The Bank may request for BTMU to provide funding assistance to the Bank and BTMU shall use its best efforts to provide such funding assistance after confirming that: (a) the price and condition for the Funding assistance is on an Arm's Length Basis and is beneficial to both parties; (b) such funding assistance is aligned with the Bank's Asset and Liability Policy and Funding Policy; (c) such funding assistance complies with the legal requirements (including tax concerning transfer pricing). If BTMU agrees to provide funding assistance as requested by the Bank, the parties shall further agree on the type, amount, tenor and interest rate of such assistance.

On January 5, 2015, the Bank has entered into the borrowing agreement with BTMU under (1) Uncommitted Revolving Facility or (2) Interbank and Money Market Facility. Total facility amount is JPY 900,000 million or USD equivalent which equals to Baht 292,500 million using the exchange rate of Baht 32.50:JPY 100. The facility can be divided to be USD 7,000 million equivalent to Baht 227,500 million and JPY 200,000 million equivalent to Baht 65,000 million.

7.24 Management compensation

The Bank and its subsidiaries have no special benefits given to the directors and executive officers beyond the general benefits made as usual, including contingency benefits from employment compensation agreements and other benefits for those persons.

The Bank and its subsidiaries did not sell, give or lease any properties to directors, executive officers, or their related parties, or did not purchased or leased any assets from those persons, except, in 2015, the subsidiary had sold cars to managements in the amount of Baht 5 million with the book value of Baht 4 million.

For the three-month and six-month periods ended June 30, 2016 and 2015, compensations paid to key management personnel under TAS 24 (Revised 2015) “Related Party Disclosures” are as follows:

	CONSOLIDATED FINANCIAL STATEMENTS		Unit: Million Baht THE BANK'S FINANCIAL STATEMENTS	
	For the three-month periods ended June 30,		For the three-month periods ended June 30,	
	2016	2015	2016	2015
Short-term employee benefits	417	482	287	376
Post-employment benefits	13	12	9	8
Total	<u>430</u>	<u>494</u>	<u>296</u>	<u>384</u>

	CONSOLIDATED FINANCIAL STATEMENTS		Unit: Million Baht THE BANK'S FINANCIAL STATEMENTS	
	For the six-month periods ended June 30,		For the six-month periods ended June 30,	
	2016	2015	2016	2015
Short-term employee benefits	913	1,096	650	881
Post-employment benefits	26	24	19	17
Total	<u>939</u>	<u>1,120</u>	<u>669</u>	<u>898</u>

7.25 Long-term leases

The Bank and its subsidiaries have entered into land and/or buildings and equipment lease agreements for branch offices and operation. The Bank and its subsidiaries are committed to pay future rental and service as at June 30, 2016 and December 31, 2015 which are summarized as follows:

TYPE OF LEASE	PERIOD	CONSOLIDATED		Unit: Million Baht THE BANK'S	
		FINANCIAL STATEMENTS		FINANCIAL STATEMENTS	
		June 30,	December 31,	June 30,	December 31,
		2016	2015	2016	2015
Land and/or premises and equipment	Within 1 year	1,048	1,112	943	912
	Greater than 1-5 years	857	990	975	766
	Greater than 5 years	37	40	25	29
		<u>1,942</u>	<u>2,142</u>	<u>1,943</u>	<u>1,707</u>

7.26 Operating segments

The business segment results are prepared based on the Bank and its subsidiaries' internal management reporting which reflects the organizational management structure. The operating results by business segment provided to Chief Operating Decision Maker to make decision about resources allocations, and assess the performance of, operating segments. The operating segment results are measured in accordance with Thai Financial Reporting Standards, which are also adjusted in accordance with internal management accounting rules and practices. Amounts for each business segment are shown after the allocation of certain centralized costs, income from investment, and the application of transfer pricing, where appropriate. Transactions between segments are recorded on the same basis as the transaction conducted with the third party transactions. Transactions between segments are eliminated on consolidation.

The business segments are described below:

Retail: provides individual customers with a diverse range of banking and related financial services. The products and services available to customers include current and savings accounts, fixed deposits, bill of exchange, housing loan, credit cards, personal loans and sale finance loans, hire-purchase and leasing, wealth management and bancassurance products.

Commercial: provides financial services and products to institutional clients including corporate, small and medium-sized businesses and financial institutions. Products and services comprise the full range of credit facilities from short term working capital, cash management, trade finance, transactional banking, advisory services, and treasury and money markets products.

Others: encompasses other income and expenses generating activities that are not attributed to the business segments described above and eliminated transactions for preparation of consolidated financial statements.

During the three-month and six-month periods ended June 30, 2016 and 2015, no revenue from transactions with a single external customer or counter party amounted to 10% or more of the Bank's total revenue.

Operating segment by businesses for the three-month and six-month periods ended June 30, 2016 and 2015 are as follows:

Unit: Million Baht				
CONSOLIDATED FINANCIAL STATEMENTS				
For the three-month period ended June 30, 2016				
	Retail	Commercial	Others	Total
Interest income, net	9,353	5,900	2	15,255
Other operating income	5,386	1,993	(292)	7,087
Total operating income	14,739	7,893	(290)	22,342
Operating expenses	7,688	2,318	334	10,340
Impairment loss of loans and debt securities	4,053	672	530	5,255
Profit (loss) before tax	2,998	4,903	(1,154)	6,747
Taxation	582	1,072	(248)	1,406
Net Profit (loss)	2,416	3,831	(906)	5,341

Unit: Million Baht				
CONSOLIDATED FINANCIAL STATEMENTS				
For the three-month period ended June 30, 2015				
	Retail	Commercial	Others	Total
Interest income, net	8,138	5,656	-	13,794
Other operating income	5,119	1,701	(320)	6,500
Total operating income	13,257	7,357	(320)	20,294
Operating expenses	7,310	2,317	(73)	9,554
Impairment loss of loans and debt securities	4,388	873	(44)	5,217
Profit (loss) before tax	1,559	4,167	(203)	5,523
Taxation	325	820	(30)	1,115
Net Profit (loss)	1,234	3,347	(173)	4,408

Unit: Million Baht				
CONSOLIDATED FINANCIAL STATEMENTS				
For the six-month period ended June 30, 2016				
	Retail	Commercial	Others	Total
Interest income, net	18,358	11,887	3	30,248
Other operating income	11,103	3,722	(654)	14,171
Total operating income	29,461	15,609	(651)	44,419
Operating expenses	15,284	4,583	602	20,469
Impairment loss of loans and debt securities	7,824	1,723	1,122	10,669
Profit (loss) before tax	6,353	9,303	(2,375)	13,281
Taxation	1,264	1,942	(480)	2,726
Net Profit (loss)	5,089	7,361	(1,895)	10,555

Unit: Million Baht				
CONSOLIDATED FINANCIAL STATEMENTS				
For the six-month period ended June 30, 2015				
	Retail	Commercial	Others	Total
Interest income, net	16,245	11,406	-	27,651
Other operating income	9,925	3,475	(638)	12,762
Total operating income	26,170	14,881	(638)	40,413
Operating expenses	14,377	4,559	(61)	18,875
Impairment loss of loans and debt securities	8,018	1,837	615	10,470
Profit (loss) before tax	3,775	8,485	(1,192)	11,068
Taxation	774	1,724	(217)	2,281
Net Profit (loss)	3,001	6,761	(975)	8,787

Unit: Million Baht				
CONSOLIDATED FINANCIAL STATEMENTS				
	Retail	Commercial	Others	Total
Total assets				
As at June 30, 2016	654,214	1,306,456	(181,869)	1,778,801
As at December 31, 2015	612,931	1,294,104	(201,518)	1,705,517

7.27 Position and results of operations classified by domestic and foreign business

(1) Position classified by type of business

Position classified by domestic and foreign business as at June 30, 2016 and December 31, 2015 are as follows:

Unit: Million Baht				
CONSOLIDATED FINANCIAL STATEMENTS				
June 30, 2016				
	Domestic	Foreign	Elimination	Total
Total assets	1,776,140	10,477	(7,816)	1,778,801
Interbank and money market items, net (Assets)	194,087	3,318	-	197,405
Investments, net*	105,745	-	-	105,745
Loans to customers and accrued interest receivable, net	1,310,766	2,888	-	1,313,654
Deposits	1,060,620	1,483	-	1,062,103
Interbank and money market items, net (Liabilities)	298,424	675	-	299,099
Debt issued and borrowings	112,622	-	-	112,622

Unit: Million Baht				
CONSOLIDATED FINANCIAL STATEMENTS				
December 31, 2015				
	Domestic	Foreign	Elimination	Total
Total assets	1,702,383	16,083	(12,949)	1,705,517
Interbank and money market items, net (Assets)	188,961	5,133	-	194,094
Investments, net*	111,544	58	-	111,602
Loans to customers and accrued interest receivable, net	1,258,107	3,976	-	1,262,083
Deposits	1,044,326	1,964	-	1,046,290
Interbank and money market items, net (Liabilities)	274,213	847	-	275,060
Debt issued and borrowings	108,121	-	-	108,121

Unit: Million Baht				
THE BANK'S FINANCIAL STATEMENTS				
June 30, 2016				
	Domestic	Foreign	Elimination	Total
Total assets	1,725,155	9,740	(7,816)	1,727,079
Interbank and money market items, net (Assets)	193,032	3,296	-	196,328
Investments, net*	152,875	-	-	152,875
Loans to customers and accrued interest receivable, net	1,237,311	2,215	-	1,239,526
Deposits	1,066,606	1,483	-	1,068,089
Interbank and money market items, net (Liabilities)	302,057	26	-	302,083
Debt issued and borrowings	94,599	-	-	94,599

Unit: Million Baht				
THE BANK'S FINANCIAL STATEMENTS				
December 31, 2015				
	Domestic	Foreign	Elimination	Total
Total assets	1,649,833	15,332	(12,614)	1,652,551
Interbank and money market items, net (Assets)	187,101	5,111	-	192,212
Investments, net*	158,848	58	-	158,906
Loans to customers and accrued interest receivable, net	1,183,653	3,620	-	1,187,273
Deposits	1,050,108	1,964	-	1,052,072
Interbank and money market items, net (Liabilities)	276,739	507	-	277,246
Debt issued and borrowings	88,278	-	-	88,278

*Includes investments in subsidiaries, associates and joint ventures, net

(2) Results of operations classified by business

Results of operations classified by domestic and foreign business for the three-month and six-month periods ended June 30, 2016 and 2015 are as follows:

Unit: Million Baht				
CONSOLIDATED FINANCIAL STATEMENTS				
For the three-month period ended June 30, 2016				
	Domestic	Foreign	Elimination	Total
Interest income	21,027	50	9	21,086
Interest expenses	5,807	15	9	5,831
Net interest income	15,220	35	-	15,255
Fees and service income, net	4,298	10	-	4,308
Other operating income	5,027	18	(2,266)	2,779
Other operating expenses	17,816	45	(2,266)	15,595
Profit from operating before tax	6,729	18	-	6,747

Unit: Million Baht				
CONSOLIDATED FINANCIAL STATEMENTS				
For the three-month period ended June 30, 2015				
	Domestic	Foreign	Elimination	Total
Interest income	20,346	55	-	20,401
Interest expenses	6,603	3	-	6,606
Net interest income	13,743	52	-	13,795
Fees and service income, net	4,207	9	-	4,216
Other operating income	3,911	(10)	(1,618)	2,283
Other operating expenses	16,347	42	(1,618)	14,771
Profit from operating before tax	5,514	9	-	5,523

Unit: Million Baht

CONSOLIDATED FINANCIAL STATEMENTS

For the six-month period ended June 30, 2016

	Domestic	Foreign	Elimination	Total
Interest income	41,861	100	-	41,961
Interest expenses	11,686	27	-	11,713
Net interest income	30,175	73	-	30,248
Fees and service income, net	8,833	19	-	8,852
Other operating income	8,948	55	(3,683)	5,320
Other operating expenses	34,736	86	(3,683)	31,139
Profit from operating before tax	13,220	61	-	13,281

Unit: Million Baht

CONSOLIDATED FINANCIAL STATEMENTS

For the six-month period ended June 30, 2015

	Domestic	Foreign	Elimination	Total
Interest income	41,069	108	-	41,177
Interest expenses	13,522	4	-	13,526
Net interest income	27,547	104	-	27,651
Fees and service income, net	8,490	18	-	8,508
Other operating income	7,339	(19)	(3,066)	4,254
Other operating expenses	32,319	92	(3,066)	29,345
Profit from operating before tax	11,057	11	-	11,068

Unit: Million Baht

THE BANK'S FINANCIAL STATEMENTS

For the three-month period ended June 30, 2016

	Domestic	Foreign	Elimination	Total
Interest income	14,798	24	-	14,822
Interest expenses	5,702	2	-	5,704
Net interest income	9,096	22	-	9,118
Fees and service income, net	2,055	8	-	2,063
Other operating income	4,723	16	(2,266)	2,473
Other operating expenses	12,339	24	(2,266)	10,097
Profit from operating before tax	3,535	22	-	3,557

Unit: Million Baht

THE BANK'S FINANCIAL STATEMENTS

For the three-month period ended June 30, 2015

	Domestic	Foreign	Elimination	Total
Interest income	14,222	52	-	14,274
Interest expenses	6,342	2	-	6,344
Net interest income	7,880	50	-	7,930
Fees and service income, net	1,996	7	-	2,003
Other operating income	2,945	(10)	(1,618)	1,317
Other operating expenses	10,337	18	(1,618)	8,737
Profit from operating before tax	2,484	29	-	2,513

Unit: Million Baht			
THE BANK'S FINANCIAL STATEMENTS			
For the six-month period ended June 30, 2016			
	Domestic	Foreign	Elimination Total
Interest income	29,418	55	- 29,473
Interest expenses	11,433	4	- 11,437
Net interest income	17,985	51	- 18,036
Fees and service income, net	4,260	14	- 4,274
Other operating income	10,550	53	(3,683) 6,920
Other operating expenses	23,661	48	(3,683) 20,026
Profit from operating before tax	9,134	70	- 9,204

Unit: Million Baht			
THE BANK'S FINANCIAL STATEMENTS			
For the six-month period ended June 30, 2015			
	Domestic	Foreign	Elimination Total
Interest income	28,726	106	- 28,832
Interest expenses	12,891	3	- 12,894
Net interest income	15,835	103	- 15,938
Fees and service income, net	4,178	15	- 4,193
Other operating income	5,466	(18)	(3,066) 2,382
Other operating expenses	20,819	54	(3,066) 17,807
Profit from operating before tax	4,660	46	- 4,706

Income and expenses between the head office and branches or inter-branches are determined by the head office at the rate which approximates actual cost.

7.28 Interest income

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

Unit: Million Baht			
CONSOLIDATED		THE BANK'S	
FINANCIAL STATEMENTS		FINANCIAL STATEMENTS	
For the three-month periods		For the three-month periods	
ended June 30,		ended June 30,	
2016	2015	2016	2015
Interbank and money market items	801	758	802 750
Investment and trading transactions	25	16	25 16
Investment in debt securities	484	624	484 620
Loans to customers	13,827	13,748	10,917 11,418
Hire purchase and finance lease	5,949	5,255	2,594 1,470
Total interest income	21,086	20,401	14,822 14,274

	CONSOLIDATED FINANCIAL STATEMENTS For the six-month periods ended June 30,		Unit: Million Baht THE BANK'S FINANCIAL STATEMENTS For the six-month periods ended June 30,	
	2016	2015	2016	2015
Interbank and money market items	1,424	1,630	1,419	1,612
Investment and trading transactions	55	44	55	44
Investment in debt securities	1,038	1,270	1,038	1,267
Loans to customers	27,709	27,794	22,033	23,239
Hire purchase and finance lease	11,735	10,439	4,928	2,670
Total interest income	41,961	41,177	29,473	28,832

7.29 Interest expenses

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

	CONSOLIDATED FINANCIAL STATEMENTS For the three-month periods ended June 30,		Unit: Million Baht THE BANK'S FINANCIAL STATEMENTS For the three-month periods ended June 30,	
	2016	2015	2016	2015
Deposits	3,105	3,932	3,115	3,939
Interbank and money market items	775	405	786	409
Contributions to Financial Institution Development Fund and Deposit Protection Agency	1,298	1,249	1,298	1,249
Debt issued and borrowing - Subordinated debenture - Other	174 474	379 624	174 329	379 356
Borrowing fee expense	1	13	1	12
Other	4	4	1	-
Total interest expenses	5,831	6,606	5,704	6,344

	CONSOLIDATED FINANCIAL STATEMENTS For the six-month periods ended June 30,		Unit: Million Baht THE BANK'S FINANCIAL STATEMENTS For the six-month periods ended June 30,	
	2016	2015	2016	2015
Deposits	6,318	8,091	6,337	8,102
Interbank and money market items	1,494	722	1,508	731
Contributions to Financial Institution Development Fund and Deposit Protection Agency	2,561	2,468	2,561	2,468
Debt issued and borrowing - Subordinated debenture - Other	348 977	774 1,449	348 677	774 804
Borrowing fee expense	8	15	4	14
Other	7	7	2	1
Total interest expenses	11,713	13,526	11,437	12,894

7.30 Fees and service income, net

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

	CONSOLIDATED FINANCIAL STATEMENTS For the three-month periods ended June 30,		Unit: Million Baht THE BANK'S FINANCIAL STATEMENTS For the three-month periods ended June 30,	
	2016	2015	2016	2015
Fees and service income				
- Acceptances, aval and guarantees	121	134	121	134
- Other	5,574	5,375	2,757	2,510
Total fees and service income	5,695	5,509	2,878	2,644
Fees and service expenses	1,387	1,293	815	641
Total fees and service income, net	4,308	4,216	2,063	2,003

	CONSOLIDATED FINANCIAL STATEMENTS For the six-month periods ended June 30,		Unit: Million Baht THE BANK'S FINANCIAL STATEMENTS For the six-month periods ended June 30,	
	2016	2015	2016	2015
Fees and service income				
- Acceptances, aval and guarantees	243	268	243	269
- Other	11,482	10,813	5,714	5,227
Total fees and service income	11,725	11,081	5,957	5,496
Fees and service expenses	2,874	2,573	1,683	1,303
Total fees and service income, net	8,851	8,508	4,274	4,193

7.31 Gains on trading and foreign exchange transactions, net

Gains on trading and foreign exchange transactions, net for the three-month and six-month periods ended June 30, 2016 and 2015 are as follows:

	CONSOLIDATED FINANCIAL STATEMENTS For the three-month periods ended June 30,		Unit: Million Baht THE BANK'S FINANCIAL STATEMENTS For the three-month periods ended June 30,	
	2016	2015	2016	2015
Gains (losses) on trading and foreign exchange transactions				
- Foreign currency and derivative of currency	1,153	1,155	1,132	1,158
- Derivative of interest rates	(202)	(402)	(202)	(402)
- Debt securities	(6)	2	(6)	2
- Equity securities	-	(6)	(1)	(7)
- Other	-	-	-	-
Total	945	749	923	751

	CONSOLIDATED FINANCIAL STATEMENTS For the six-month periods ended June 30,		Unit: Million Baht THE BANK'S FINANCIAL STATEMENTS For the six-month periods ended June 30,	
	2016	2015	2016	2015
Gains (losses) on trading and foreign exchange transactions				
- Foreign currency and derivative of currency	2,598	2,044	2,577	2,054
- Derivative of interest rates	(805)	(855)	(805)	(855)
- Debt securities	1	9	1	9
- Equity securities	2	(9)	1	(12)
- Other	-	1	-	-
Total	<u>1,796</u>	<u>1,190</u>	<u>1,774</u>	<u>1,196</u>

7.32 Gains on investments, net

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

	CONSOLIDATED FINANCIAL STATEMENTS For the three-month periods ended June 30,		Unit: Million Baht THE BANK'S FINANCIAL STATEMENTS For the three-month periods ended June 30,	
	2016	2015	2016	2015
Gains on sales of investments				
- Available-for-sale	332	152	332	152
- General investments	-	-	-	-
- Subsidiaries and associates	-	-	-	-
	<u>332</u>	<u>152</u>	<u>332</u>	<u>152</u>
Losses on impairment				
- Available-for-sale	-	-	-	-
- General investments	-	-	-	-
- Subsidiaries and associates	-	-	-	-
Total	<u>332</u>	<u>152</u>	<u>332</u>	<u>152</u>

	CONSOLIDATED FINANCIAL STATEMENTS For the six-month periods ended June 30,		Unit: Million Baht THE BANK'S FINANCIAL STATEMENTS For the six-month periods ended June 30,	
	2016	2015	2016	2015
Gains on sales of investments				
- Available-for-sale	531	429	531	429
- General investments	-	2	-	2
- Subsidiaries and associates	-	-	-	-
	<u>531</u>	<u>431</u>	<u>531</u>	<u>431</u>
Losses on impairment				
- Available-for-sale	-	-	-	-
- General investments	-	-	-	-
- Subsidiaries and associates	-	-	-	-
Total	<u>531</u>	<u>431</u>	<u>531</u>	<u>431</u>

7.33 Impairment loss of loans and debt securities

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

	CONSOLIDATED FINANCIAL STATEMENTS For the three-month periods ended June 30,		Unit: Million Baht THE BANK'S FINANCIAL STATEMENTS For the three-month periods ended June 30,	
	2016	2015	2016	2015
Interbank and money market items	23	118	23	118
Loans to customers	4,918	4,793	2,912	2,141
Loss on troubled debt restructuring	314	306	(26)	(39)
Total	<u>5,255</u>	<u>5,217</u>	<u>2,909</u>	<u>2,220</u>

	CONSOLIDATED FINANCIAL STATEMENTS For the six-month periods ended June 30,		Unit: Million Baht THE BANK'S FINANCIAL STATEMENTS For the six-month periods ended June 30,	
	2016	2015	2016	2015
Interbank and money market items	1	149	1	149
Loans to customers	10,295	9,742	5,909	4,849
Loss on troubled debt restructuring	373	579	(40)	(118)
Total	<u>10,669</u>	<u>10,470</u>	<u>5,870</u>	<u>4,880</u>

7.34 Income tax expenses

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

	CONSOLIDATED FINANCIAL STATEMENTS For the three-month periods ended June 30,		Unit: Million Baht THE BANK'S FINANCIAL STATEMENTS For the three-month periods ended June 30,	
	2016	2015	2016	2015
Current tax for the period	1,349	1,244	554	563
Deferred tax	58	(129)	68	(72)
Total income tax expenses	<u>1,407</u>	<u>1,115</u>	<u>622</u>	<u>491</u>

	CONSOLIDATED FINANCIAL STATEMENTS For the six-month periods ended June 30,		Unit: Million Baht THE BANK'S FINANCIAL STATEMENTS For the six-month periods ended June 30,	
	2016	2015	2016	2015
Current tax for the period	2,708	2,430	1,111	1,070
Deferred tax	18	(149)	37	(142)
Total income tax expenses	<u>2,726</u>	<u>2,281</u>	<u>1,148</u>	<u>928</u>

Reconciliation of effective tax rate

	CONSOLIDATED FINANCIAL STATEMENTS				THE BANK'S FINANCIAL STATEMENTS			
	For the six-month periods ended June 30,				For the six-month periods ended June 30,			
	2016		2015		2016		2015	
	(in million Baht)	Rate (%)	(in million Baht)	Rate (%)	(in million Baht)	Rate (%)	(in million Baht)	Rate (%)
Profit before tax	13,281		11,068		9,204		4,707	
Income tax at the domestic tax rate	2,656	20.00	2,214	20.00	1,841	20.00	941	20.00
Add Tax effect of income and expense that are not exempt for tax purposes	868	6.54	117	1.06	87	0.94	15	0.32
Less Tax effect of income and expense that are exempt for tax purposes	(798)	(6.01)	(50)	(0.45)	(780)	(8.47)	(28)	(0.60)
Income tax expenses as per statements of profit or loss and other comprehensive income	2,726	20.53	2,281	20.61	1,148	12.47	928	19.72

According to the Royal Decree No. 577 B.E. 2557 issued under the Revenue Code regarding the corporate income tax rate reduction effective on November 11, 2014, the corporate income tax rates were reduced from 30% to 20% of net profit for accounting periods beginning on or after January 1, 2015 but not later than December 31, 2015.

In addition, according to the Act to amend the Revenue Code (No. 42) B.E.2559, with an effective from March 5, 2016, the corporate income tax rate shall be reduced from 30% to 20% for the accounting periods beginning on or after January 1, 2016, onwards.

Therefore, the Bank and its subsidiaries used a tax rate of 20% for the corporate income tax and deferred tax calculation for the six-month periods ended June 30, 2016 and 2015.

7.35 Income tax relating to components of other comprehensive income

Income tax relating to components of other comprehensive income for the three-month and six-month periods ended June 30, 2016 and 2015 are as follows:

	Unit: Million Baht					
	CONSOLIDATED FINANCIAL STATEMENTS					
	For the three-month periods ended June 30,					
	2016			2015		
	Amount before tax	Tax income (expenses)	Net amount After tax	Amount before tax	Tax income (expenses)	Net amount After tax
Item that will be reclassified subsequently to profit or loss						
Gains (losses) on remeasuring available-for-sale investment	(663)	133	(530)	91	(18)	73
Gains arising from translating the financial statements of a foreign operation	-	-	-	2	-	2
Other comprehensive income	(663)	133	(530)	93	(18)	75

Unit: Million Baht

CONSOLIDATED FINANCIAL STATEMENTS

For the six-month periods ended June 30,

2016

2015

	Amount before tax	Tax income (expenses)	Net amount After tax	Amount before tax	Tax income (expenses)	Net amount After tax
Item that will be reclassified subsequently to profit or loss						
Gains (losses) on remeasuring available-for-sale investment	135	(27)	108	216	(43)	173
Gains arising from translating the financial statements of a foreign operation	(1)	-	(1)	1	-	1
Other comprehensive income	134	(27)	107	217	(43)	174

Unit: Million Baht

THE BANK'S FINANCIAL STATEMENTS

For the three-month periods ended June 30,

2016

2015

	Amount before tax	Tax income (expenses)	Net amount After tax	Amount before tax	Tax income (expenses)	Net amount After tax
Item that will be reclassified subsequently to profit or loss						
Gains (losses) on remeasuring available-for-sale investment	(663)	113	(530)	91	(18)	73
Other comprehensive income	(663)	113	(530)	91	(18)	73

Unit: Million Baht

THE BANK'S FINANCIAL STATEMENTS

For the six-month periods ended June 30,

2016

2015

	Amount before tax	Tax income (expenses)	Net amount After tax	Amount before tax	Tax income (expenses)	Net amount After tax
Item that will be reclassified subsequently to profit or loss						
Gains (losses) on remeasuring available-for-sale investment	135	(27)	108	215	(43)	172
Other comprehensive income	135	(27)	108	215	(43)	172

7.36 Event after reporting period

On August 11, 2016, the Bank issued subordinated debentures No. 1/2016 in amount of Baht 10,000 million for a 10-year and 6 month tenor at the fixed interest rate of 3.5% per annum, payable quarterly in February, May, August and November of each year. The Bank has the right to redeem debentures on the fifth anniversary of the issue date or on any interest payment date after the fifth anniversary.

7.37 Approval of financial statements

These financial statements have been approved for issue by the Board of Directors on August 24, 2016.