



Ref. KTB.FIR. 1177 /2017

May 12 , 2017

Singapore Exchange Securities Trading Limited

2 Shenton Way

#19-00 SGX Centre 1

Singapore 068804

Attn: Market Control Department

Dear Sir,

Re : Submission of the Financial Statements

Krung Thai Bank Public Company Limited ("The Bank") hereby submits the reviewed financial statements of the Bank and its subsidiaries for the three-month period ended March 31, 2017 together with the operating performance as follows:

The Bank and its subsidiaries' operating results for the three-month period ended March 31, 2017 show the net interest income of Bt.21,820m, an increase of Bt.479m or 2.24% over the Bt.21,341m of the corresponding period of 2016. Net profit before income tax and allowance for doubtful accounts of Bt.18,403m shows an increase of Bt.144m or 0.79% over the Bt.18,259m of the corresponding period of 2016. After deducting income tax and allowance for doubtful accounts of Bt.9,501m, net profit is Bt.8,902m, an increase of Bt.1,041m or 13.24% over the Bt.7,861m of the corresponding period of 2016. Net profit attributable to Equity holders of the Bank is Bt.8,532m, an increase of Bt.992m or 13.16% over the Bt.7,540m of the corresponding period of 2016.

The Bank and its subsidiaries' gross non-performing loans (NPLs) as at March 31, 2017 are Bt.100,382m, an increase of Bt.9,254m or 10.15% from Bt.91,128m as at December 31, 2016. The ratio of NPLs to loans increased to 4.36% compared with 3.97% as at December 31, 2016. Net non-performing loans (NPLs) are Bt.43,491m or 1.94%. The Bank and its subsidiaries set aside Bt 7,460 m provision for impairment loss of loans and debt securities, decreased by Bt 1,163 m (13.49%) compared to 1Q2016. The Bank's monthly normalized provision was Bt 1,000 m and the amount of Bt 2,500 m was set aside as an additional provision for 1Q2017 while the amount of Bt 4,000 m was set aside in 1Q2016.

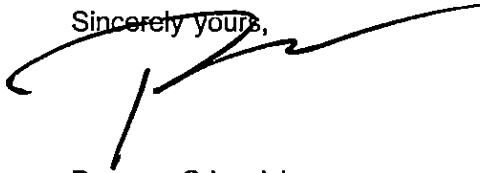
2 / The Banks and its subsidiaries' coverage

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The Banks and its subsidiaries' coverage ratio was 112.11%, showing the decrease from 121.57% as at December 31, 2016.

Please be advised accordingly.

Sincerely yours,

A handwritten signature in black ink, appearing to be 'Payong Srivanich', written over the 'Sincerely yours,' text.

Payong Srivanich
President

AUDITOR'S REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION

To the Shareholders of Krung Thai Bank Public Company Limited

The Office of the Auditor General of Thailand has reviewed the accompanying consolidated and the Bank's statements of financial position as at March 31, 2017, the related consolidated and the Bank's statements of income and other comprehensive income, statements of changes in equity and statements of cash flows for the three-month period then ended, and condensed notes to the financial information of Krung Thai Bank Public Company Limited and its subsidiaries and of Krung Thai Bank Public Company Limited, respectively. The Bank's management is responsible for the preparation and presentation of this interim financial information in accordance with Thai Accounting Standard 34, "Interim Financial Reporting". The responsibility of the Office of the Auditor General of Thailand is to express a conclusion on this interim financial information based on the review.

Scope of Review

The Office of the Auditor General of Thailand conducted the 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 auditing standards and consequently does not enable the Office of the Auditor General of Thailand to obtain assurance that the Office of the Auditor General of Thailand would become aware of all significant matters that might be identified in an audit. Accordingly, the Office of the Auditor General of Thailand does not express an audit opinion.

Conclusion

Based on the review, nothing has come to the attention that causes the Office of the Auditor General of Thailand to believe that the interim financial information is not prepared, in all material respects, in accordance with Thai Accounting Standard 34, “Interim Financial Reporting”.

(Signed) *Yupin Chalanonniwat*

(Mrs. Yupin Chalanonniwat)

Deputy Auditor General

(Signed) *Ratchanee Chohnakijkul*

(Ms. Ratchanee Chohnakijkul)

Director of Financial Audit Office No.2

KRUNG THAI BANK PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
STATEMENTS OF FINANCIAL POSITION
AS AT 31 MARCH, 2017

(Thousand Baht)					
	NOTE	CONSOLIDATED		THE BANK'S	
		FINANCIAL STATEMENTS		FINANCIAL STATEMENTS	
		MARCH 31, 2017	DECEMBER 31, 2016	MARCH 31, 2017	DECEMBER 31, 2016
		(UNAUDITED / REVIEWED)	(AUDITED)	(UNAUDITED / REVIEWED)	(AUDITED)
ASSETS					
CASH		69,569,736	72,106,416	69,476,844	71,929,866
INTERBANK AND MONEY MARKET ITEMS, NET		426,885,637	431,638,413	426,642,331	431,350,214
CLAIMS ON SECURITIES		17,437,500	21,421,700	17,437,500	21,421,700
DERIVATIVES ASSETS	6.2	31,014,876	30,063,046	31,033,375	30,084,832
INVESTMENTS, NET	6.3	243,665,085	226,954,571	243,373,603	226,693,145
INVESTMENTS IN SUBSIDIARIES AND ASSOCIATES, NET	6.4	16,143,550	15,310,646	10,664,593	10,664,593
LOANS TO CUSTOMERS AND ACCRUED INTEREST RECEIVABLES, NET	6.5				
LOANS TO CUSTOMERS		1,916,482,677	1,907,821,949	1,849,915,093	1,837,243,223
ACCRUED INTEREST RECEIVABLES		3,554,012	5,270,682	3,063,134	4,774,560
TOTAL LOANS TO CUSTOMERS AND ACCRUED INTEREST RECEIVABLES		1,920,036,689	1,913,092,631	1,852,978,227	1,842,017,783
LESS DEFERRED REVENUE		(3,196,082)	(3,733,253)	(144,208)	(122,922)
LESS ALLOWANCE FOR DOUBTFUL ACCOUNTS	6.6	(112,480,843)	(110,719,616)	(104,242,232)	(102,859,894)
LESS REVALUATION ALLOWANCE FOR DEBT RESTRUCTURING	6.7	(60,362)	(61,619)	(60,362)	(61,619)
TOTAL LOANS TO CUSTOMERS AND ACCRUED INTEREST RECEIVABLES, NET		1,804,299,402	1,798,578,143	1,748,531,425	1,738,973,348
CUSTOMERS' LIABILITIES UNDER ACCEPTANCES		62,189	45,949	62,189	45,949
PROPERTIES FOR SALE, NET	6.8	36,640,143	35,743,634	36,579,587	35,668,551
PREMISES AND EQUIPMENT, NET		26,913,541	27,312,663	25,046,168	25,239,008
OTHER INTANGIBLE ASSETS, NET		4,129,725	4,210,901	882,265	870,720
DEFERRED TAX ASSETS	6.9	4,053,016	4,496,456	1,770,350	2,321,669
ACCRUED INCOME		2,684,830	2,853,937	2,455,825	2,589,233
OTHER ASSETS, NET		12,865,556	18,709,178	10,626,353	16,945,112
TOTAL ASSETS		2,696,364,786	2,689,445,653	2,624,582,408	2,614,797,940
LIABILITIES AND EQUITY					
DEPOSITS		1,991,443,533	1,972,403,532	1,995,294,864	1,975,157,675
INTERBANK AND MONEY MARKET ITEMS, NET		190,366,702	203,166,312	183,330,147	193,711,003
LIABILITIES PAYABLE ON DEMAND		5,895,077	5,082,471	5,895,077	5,082,471
LIABILITIES TO DELIVER SECURITIES		17,437,500	21,421,700	17,437,500	21,421,700
DERIVATIVES LIABILITIES	6.2	29,179,721	31,516,693	29,179,721	31,516,693
DEBT ISSUED AND BORROWINGS	6.10	113,745,781	120,690,859	72,460,781	79,267,859
BANK'S LIABILITIES UNDER ACCEPTANCES		62,189	45,949	62,189	45,949
PROVISIONS		11,374,108	11,152,279	10,351,392	10,163,418
OTHER LIABILITIES		48,631,876	44,818,915	42,701,674	37,976,431
TOTAL LIABILITIES		2,408,136,487	2,410,298,710	2,356,713,345	2,354,343,199

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

(TRANSLATION)

4

KRUNG THAI BANK PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
STATEMENTS OF FINANCIAL POSITION (CONTINUED)
AS AT 31 MARCH, 2017

		(Thousand Baht)			
	NOTE	CONSOLIDATED		THE BANK'S	
		FINANCIAL STATEMENTS		FINANCIAL STATEMENTS	
		MARCH 31, 2017	DECEMBER 31, 2016	MARCH 31, 2017	DECEMBER 31, 2016
		(UNAUDITED / REVIEWED)	(AUDITED)	(UNAUDITED / REVIEWED)	(AUDITED)
LIABILITIES AND EQUITY (CONTINUED)					
EQUITY					
SHARE CAPITAL	6.11				
AUTHORIZED SHARE CAPITAL					
5,500,000 PREFERRED SHARES OF BAHT 5.15 EACH		28,325	28,325	28,325	28,325
13,976,061,250 ORDINARY SHARES OF BAHT 5.15 EACH		71,976,715	71,976,715	71,976,715	71,976,715
ISSUED AND PAID-UP SHARE CAPITAL					
5,500,000 PREFERRED SHARES OF BAHT 5.15 EACH		28,325	28,325	28,325	28,325
13,976,061,250 ORDINARY SHARES OF BAHT 5.15 EACH		71,976,715	71,976,715	71,976,715	71,976,715
PREMIUM ON SHARE CAPITAL					
PREMIUM ON ORDINARY SHARE		20,833,734	20,833,734	20,833,734	20,833,734
OTHER COMPONENTS OF EQUITY		17,928,409	17,748,818	13,821,212	13,729,430
RETAINED EARNINGS					
APPROPRIATED					
LEGAL RESERVE	6.12	7,200,504	7,200,504	7,200,504	7,200,504
UNAPPROPRIATED		164,672,747	156,141,238	154,008,573	146,686,033
TOTAL EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE BANK		282,640,434	273,929,334	267,869,063	260,454,741
NON-CONTROLLING INTEREST		5,587,865	5,217,609		
TOTAL EQUITY		288,228,299	279,146,943	267,869,063	260,454,741
TOTAL LIABILITIES AND EQUITY		2,696,364,786	2,689,445,653	2,624,582,408	2,614,797,940

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

(Signed) Kittipong Kittayarak
KITTIPONG KITTAYARAK
 CHAIRMAN OF THE AUDIT COMMITTEE

(Signed) Payong Srivanich
PAYONG SRIVANICH
 PRESIDENT

(TRANSLATION)

5

KRUNG THAI BANK PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE THREE-MONTH PERIOD ENDED MARCH 31, 2017

UNAUDITED/
REVIEWED

(Thousand Baht)

	NOTE	CONSOLIDATED FINANCIAL STATEMENTS		THE BANK'S FINANCIAL STATEMENTS	
		2017	2016	2017	2016
INTEREST INCOME	6.18	31,156,885	32,665,877	27,811,760	29,538,913
INTEREST EXPENSES	6.19	9,337,189	11,325,310	8,942,619	10,936,536
INTEREST INCOME, NET		21,819,696	21,340,567	18,869,141	18,602,377
FEES AND SERVICE INCOME		6,795,627	6,130,248	5,554,383	5,019,429
FEES AND SERVICE EXPENSES		1,080,049	921,081	761,860	622,965
FEES AND SERVICE INCOME, NET		5,715,578	5,209,167	4,792,523	4,396,464
GAINS ON TRADINGS AND FOREIGN EXCHANGE TRANSACTIONS, NET		1,423,757	1,826,765	1,421,140	1,844,158
GAINS (LOSSES) ON INVESTMENTS, NET		175,906	337,690	175,906	337,690
SHARE OF PROFIT FROM INVESTMENTS FOR USING EQUITY METHOD		745,095	558,876	-	-
DIVIDEND INCOME		97,994	116,307	97,994	552,708
OTHER OPERATING INCOME		1,025,957	1,333,378	292,833	567,208
TOTAL OPERATING INCOME		31,003,983	30,722,750	25,649,537	26,300,605
OTHER OPERATING EXPENSES					
EMPLOYEES' EXPENSES		7,812,891	7,715,216	6,452,098	6,395,730
DIRECTORS' REMUNERATION		10,488	14,883	6,390	9,771
PREMISES AND EQUIPMENT EXPENSES		1,958,921	2,066,328	1,095,525	1,105,072
TAXES AND DUTIES		1,148,782	1,238,284	1,030,735	1,128,970
OTHERS		1,669,441	1,428,921	2,420,879	2,103,370
TOTAL OTHER OPERATING EXPENSES		12,600,523	12,463,632	11,005,627	10,742,913
IMPAIRMENT LOSS OF LOANS AND DEBT SECURITIES		7,460,390	8,623,234	5,499,849	6,996,302
OPERATING PROFIT BEFORE INCOME TAX EXPENSES		10,943,070	9,635,884	9,144,061	8,561,390
INCOME TAX EXPENSES	6.20	2,041,305	1,775,250	1,821,521	1,575,273
NET PROFIT		8,901,765	7,860,634	7,322,540	6,986,117

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

(TRANSLATION)

6

KRUNG THAI BANK PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE THREE-MONTH PERIOD ENDED MARCH 31, 2017

UNAUDITED/
REVIEWED

(Thousand Baht)

	NOTE	CONSOLIDATED		THE BANK'S	
		FINANCIAL STATEMENTS		FINANCIAL STATEMENTS	
		2017	2016	2017	2016
OTHER COMPREHENSIVE INCOME					
ITEMS THAT WILL BE RECLASSIFIED SUBSEQUENTLY TO PROFIT OR LOSS					
GAINS (LOSSES) ON REMEASURING AVAILABLE-FOR-SALE INVESTMENTS		136,370	5,928,230	136,370	5,928,230
LOSSES ARISING FROM TRANSLATING THE FINANCIAL STATEMENTS OF FOREIGN OPERATIONS		(17,168)	(26,346)	(17,168)	(26,346)
SHARE OF OTHER COMPREHENSIVE INCOME OF ASSOCIATES (EQUITY METHOD)					
FOR ITEMS THAT WILL BE RECLASSIFIED SUBSEQUENTLY TO PROFIT OR LOSS		87,809	5,124,331	-	-
RELATED INCOME TAX EXPENSES					
FOR ITEMS THAT WILL BE RECLASSIFIED SUBSEQUENTLY TO PROFIT OR LOSS		(27,274)	(1,185,646)	(27,274)	(1,185,646)
ITEMS THAT WILL NOT BE RECLASSIFIED SUBSEQUENTLY TO PROFIT OR LOSS					
CHANGES IN REVALUATION SURPLUS ON ASSETS		(182)	-	(182)	-
ACTUARIAL LOSSES ON DEFINED BENEFIT PLANS		-	(1,332)	-	-
RELATED INCOME TAX EXPENSES					
FOR ITEMS THAT WILL NOT BE RECLASSIFIED SUBSEQUENTLY TO PROFIT OR LOSS		36	266	36	-
OTHER COMPREHENSIVE INCOME, NET		179,591	9,839,503	91,782	4,716,238
TOTAL COMPREHENSIVE INCOME		9,081,356	17,700,137	7,414,322	11,702,355
NET PROFIT ATTRIBUTABLE					
EQUITY HOLDERS OF THE BANK		8,531,509	7,539,860	7,322,540	6,986,117
NON-CONTROLLING INTEREST		370,256	320,774		
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE					
EQUITY HOLDERS OF THE BANK		8,711,100	17,379,363	7,414,322	11,702,355
NON-CONTROLLING INTEREST		370,256	320,774		
EARNINGS PER SHARE OF PARENT COMPANY					
BASIC EARNINGS PER SHARE (BAHT)		0.61	0.54	0.52	0.50
DILUTED EARNINGS PER SHARE (BAHT)		0.61	0.54	0.52	0.50

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

(Signed) Kittipong Kittayarak
KITTIPONG KITTAYARAK
CHAIRMAN OF THE AUDIT COMMITTEE

(Signed) Payong Srivanich
PAYONG SRIVANICH
PRESIDENT

(TRANSLATION)

7

KRUNG THAI BANK PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
STATEMENTS OF CHANGES IN EQUITY
FOR THE THREE-MONTH PERIOD ENDED MARCH 31, 2017

UNAUDITED/
REVIEWED

(Thousand Baht)

CONSOLIDATED FINANCIAL STATEMENTS							NON- CONTROLLING INTEREST	TOTAL
ATTRIBUTABLE TO EQUITY HOLDERS OF THE BANK								
ISSUED AND PAID-UP SHARE CAPITAL	PREMIUM ON SHARE CAPITAL	OTHER COMPONENTS OF EQUITY			RETAINED EARNINGS	TOTAL EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE BANK		
		APPRAISAL SURPLUS (DEFICIT) ON ASSETS	REVALUATION SURPLUS (DEFICIT) ON INVESTMENTS	GAIN (LOSS) FROM TRANSLATING THE FINANCIAL STATEMENTS				
72,005,040	20,833,734	6,344,916	4,303,723	(5,198)	142,400,537	245,882,752	4,414,574	250,297,326
-	-	-	-	-	-	-	(423,584)	(423,584)
-	-	-	9,866,915	(26,346)	7,538,794	17,379,363	320,774	17,700,137
72,005,040	20,833,734	6,344,916	14,170,638	(31,544)	149,939,331	263,262,115	4,311,764	267,573,879
72,005,040	20,833,734	8,367,335	9,466,590	(85,107)	163,341,742	273,929,334	5,217,609	279,146,943
-	-	(146)	196,905	(17,168)	8,531,509	8,711,100	370,256	9,081,356
72,005,040	20,833,734	8,367,189	9,663,495	(102,275)	171,873,251	282,640,434	5,587,865	288,228,299

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

KRUNG THAI BANK PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
STATEMENTS OF CHANGES IN EQUITY
FOR THE THREE-MONTH PERIOD ENDED MARCH 31, 2017

**UNAUDITED/
REVIEWED**

(Thousand Baht)

	THE BANK'S FINANCIAL STATEMENTS					RETAINED EARNINGS	TOTAL
	ISSUED AND PAID-UP SHARE CAPITAL	PREMIUM ON SHARE CAPITAL	OTHER COMPONENTS OF EQUITY				
			APPRAISAL SURPLUS (DEFICIT)	REVALUATION SURPLUS (DEFICIT)	GAIN (LOSS) FROM TRANSLATING THE FINANCIAL STATEMENTS		
			ON ASSETS	ON INVESTMENTS			
BEGINNING BALANCE AS AT JANUARY 1, 2016	72,005,040	20,833,734	6,344,916	67,695	(5,198)	135,225,345	234,471,532
TOTAL COMPREHENSIVE INCOME	-	-	-	4,742,584	(26,346)	6,986,117	11,702,355
ENDING BALANCE AS AT MARCH 31, 2016	72,005,040	20,833,734	6,344,916	4,810,279	(31,544)	142,211,462	246,173,887
BEGINNING BALANCE AS AT JANUARY 1, 2017	72,005,040	20,833,734	8,367,335	5,447,202	(85,107)	153,886,537	260,454,741
TOTAL COMPREHENSIVE INCOME	-	-	(146)	109,096	(17,168)	7,322,540	7,414,322
ENDING BALANCE AS AT MARCH 31, 2017	72,005,040	20,833,734	8,367,189	5,556,298	(102,275)	161,209,077	267,869,063

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

(Signed) Payong Srivanich

PAYONG SRIVANICH

PRESIDENT

KRUNG THAI BANK PUBLIC COMPANY LIMITED AND SUBSIDIARIES

STATEMENTS OF CASH FLOWS

FOR THE THREE-MONTH PERIOD ENDED MARCH 31, 2017

(Thousand Baht)

	CONSOLIDATED		THE BANK'S	
	FINANCIAL STATEMENTS		FINANCIAL STATEMENTS	
	2017	2016	2017	2016
CASH FLOWS FROM OPERATING ACTIVITIES				
OPERATING PROFIT BEFORE INCOME TAX EXPENSES	10,943,070	9,635,884	9,144,061	8,561,390
ADJUSTMENTS TO RECONCILE OPERATING PROFIT BEFORE INCOME TAX EXPENSES				
TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES				
DEPRECIATION AND AMORTIZATION EXPENSES	753,645	910,252	364,055	370,756
BAD DEBTS, DOUBTFUL ACCOUNTS AND LOSS ON IMPAIRMENT	7,460,390	8,623,234	5,499,849	6,996,302
SHARE OF PROFIT FROM INVESTMENTS FOR USING EQUITY METHOD	(745,095)	(558,876)	-	-
DIVIDEND RECEIVED FROM ASSOCIATES	-	22,026	-	-
GAIN ON DISPOSAL OF ASSETS	(558)	(110)	(59)	(21)
GAIN ON DISPOSAL OF INVESTMENTS	(175,906)	(337,690)	(175,906)	(337,690)
(GAIN) LOSS ON REVALUATION OF INVESTMENTS	(74,500)	4,492	(74,500)	4,492
REVERSAL OF IMPAIRMENT OF PROPERTIES FOR SALE	(44,296)	(122,383)	(33,694)	(74,113)
REVERSAL OF IMPAIRMENT OF INVESTMENTS	-	(1)	-	-
REVERSAL OF IMPAIRMENT OF OTHER ASSETS	(2,741)	(1,781)	(2,741)	(1,781)
LOSS ON IMPAIRMENT OF OTHER ASSETS	-	1,486	-	1,486
AMORTIZATION OF PREMIUM (DISCOUNT) ON INVESTMENTS	(100,513)	338,187	(99,691)	338,893
(GAIN) LOSS ON FOREIGN CURRENCY TRANSLATION	(1,339,965)	268,393	(1,340,636)	268,360
INCREASE IN PROVISIONS	94,459	212,447	35,149	154,156
INCREASE IN OTHER ACCRUED INCOME	(198,336)	(446,118)	(234,037)	(49,548)
DECREASE IN OTHER ACCRUED EXPENSES	(4,265,005)	(3,378,607)	(3,628,829)	(2,847,109)
	12,304,649	15,170,835	9,453,021	13,385,573
INTEREST INCOME, NET	(21,819,696)	(21,340,567)	(18,869,141)	(18,602,377)
DIVIDEND INCOME	(97,994)	(116,307)	(97,994)	(552,708)
PROCEEDS FROM INTEREST INCOME	33,484,315	35,688,615	30,133,946	32,566,835
CASH PAID ON INTEREST EXPENSES	(10,689,911)	(13,587,584)	(10,346,807)	(13,176,301)
PROCEEDS FROM DIVIDEND INCOME	34,310	40,944	34,310	40,944
CASH PAID ON INCOME TAX EXPENSES	(315,027)	(321,277)	(214,007)	(240,994)
OPERATING INCOME BEFORE CHANGES IN				
OPERATING ASSETS AND LIABILITIES	12,900,646	15,534,659	10,093,328	13,420,972
(INCREASE) DECREASE IN OPERATING ASSETS				
INTERBANK AND MONEY MARKET ITEMS	4,573,144	(98,945,484)	4,528,252	(98,847,686)
INVESTMENTS IN TRADING SECURITIES	(9,424,502)	13,376,030	(9,424,491)	13,376,030
LOANS TO CUSTOMERS	(19,241,584)	33,601,392	(21,112,618)	34,048,590
PROPERTIES FOR SALE	1,689,014	1,405,229	1,639,692	1,324,195
OTHER ASSETS	6,702,976	11,435,577	7,182,174	11,974,655
INCREASE (DECREASE) IN OPERATING LIABILITIES				
DEPOSITS	19,040,001	(42,744,690)	20,137,189	(42,789,726)
INTERBANK AND MONEY MARKET ITEMS	(12,799,610)	31,324,629	(10,380,856)	34,884,119
LIABILITIES PAYABLE ON DEMAND	812,606	2,064,347	812,606	2,064,347
DEBT ISSUED AND SHORT-TERM BORROWINGS	14,321	(8,907)	-	-
OTHER LIABILITIES	5,766,007	8,668,450	6,399,292	8,387,150
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	10,033,019	(24,288,768)	9,874,568	(22,157,354)

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

UNAUDITED/
REVIEWED

KRUNG THAI BANK PUBLIC COMPANY LIMITED AND SUBSIDIARIES

STATEMENTS OF CASH FLOWS (CONTINUED)

FOR THE THREE-MONTH PERIOD ENDED MARCH 31, 2017

	(Thousand Baht)			
	CONSOLIDATED		THE BANK'S	
	FINANCIAL STATEMENTS		FINANCIAL STATEMENTS	
	2017	2016	2017	2016
CASH FLOWS FROM INVESTING ACTIVITIES				
PURCHASES OF AVAILABLE FOR SALE SECURITIES	(36,056,030)	(38,657,482)	(36,056,030)	(38,657,482)
PROCEEDS FROM DISPOSAL OF AVAILABLE FOR SALE SECURITIES	27,936,430	46,462,967	27,936,430	46,462,967
PURCHASES OF HELD TO MATURITY DEBT SECURITIES	(616,710)	(5,751,357)	(316,487)	(5,662,005)
PROCEEDS FROM DISPOSAL OF HELD TO MATURITY DEBT SECURITIES	1,568,076	9,014,586	1,297,076	8,843,586
PURCHASES OF GENERAL INVESTMENTS	(105,705)	(67,496)	(105,705)	(67,496)
PROCEEDS FROM DISPOSAL OF GENERAL INVESTMENTS	91,452	53,377	91,452	53,377
PURCHASES OF INTANGIBLE ASSETS	(126,220)	(63,297)	(47,050)	(18,288)
PURCHASES OF PREMISES AND EQUIPMENT	(151,698)	(477,586)	(155,278)	(441,705)
PROCEEDS FROM DISPOSAL OF PREMISES AND EQUIPMENT	874	56,926	170	108
NET CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES	(7,459,531)	10,570,638	(7,355,422)	10,513,062
CASH FLOWS FROM FINANCING ACTIVITIES				
PROCEEDS FROM DEBT ISSUED AND LONG-TERM BORROWINGS	200,000	2,240,000	200,000	240,000
REPAYMENTS OF DEBT ISSUED AND LONG-TERM BORROWINGS	(5,293,000)	-	(5,155,000)	-
NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES	(5,093,000)	2,240,000	(4,955,000)	240,000
LOSS ARISING FROM TRANSLATING THE FINANCIAL STATEMENTS OF FOREIGN OPERATIONS	(17,168)	(26,346)	(17,168)	(26,346)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(2,536,680)	(11,504,476)	(2,453,022)	(11,430,638)
BEGINNING BALANCE OF CASH AND CASH EQUIVALENTS	72,106,416	71,470,113	71,929,866	71,294,408
ENDING BALANCE OF CASH AND CASH EQUIVALENTS	69,569,736	59,965,637	69,476,844	59,863,770

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

(Signed) Kittipong Kittayarak
KITTIPONG KITTAYARAK
CHAIRMAN OF THE AUDIT COMMITTEE

(Signed) Payong Srivanich
PAYONG SRIVANICH
PRESIDENT

KRUNG THAI BANK PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
NOTES TO THE INTERIM FINANCIAL STATEMENTS
FOR THE THREE-MONTH PERIOD ENDED MARCH 31, 2017 (UNAUDITED/REVIEWED)

1. GENERAL INFORMATION

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

2. BASIS OF PRESENTATION OF THE FINANCIAL STATEMENTS

2.1 Preparation of the Interim Financial Statements

These interim financial statements are prepared in accordance with Thai Accounting Standard No. 34 (revised 2015) Interim Financial Reporting, by choosing to present the interim financial statements for transactions occurred on the statement of financial position, the statement of comprehensive income, the statement of changes in equity, and the statement of cash flows as on the annual financial statements. Notes to the interim financial statements disclosed significant information.

The interim financial statements are prepared to update the information from the financial statements for the year ended December 31, 2016. Accordingly, these interim financial statements should be used together with that mentioned financial statements.

2.2 Basis of Preparation of the Consolidated and the Bank's Financial Statements

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

The Consolidated Financial Statements

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

Percentages of shareholdings and investments in the Bank's subsidiaries and associates are shown in Note 6.4.

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

2.2 Basis of Preparation of the Consolidated and the Bank's Financial Statements (Continued)

The Bank's Financial Statements

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

The Bank's financial statements for the three-month periods ended March 31, 2017 and 2016 and for the year ended December 31, 2016 included the accounts of domestic and foreign branches, after eliminating the effects of all interbranch transactions.

The English Translation of Financial Statements

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

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

The Bank has adopted Thai Accounting Standards (TAS), Thai Financial Reporting Standards (TFRS), TSIC Interpretations and TFRIC Interpretations that announced and revised in accordance with the Federation of Accounting Professions, those are effective for the financial statements of the periods beginning on or after January 1, 2017. The Bank's managements have already considered that they have no significant impacts on the Bank's accounting policies, and the Bank's and its subsidiaries' financial statements.

3. SIGNIFICANT ACCOUNTING POLICIES

The Bank uses the same accounting policies and estimation methods for the interim financial statements as for the financial statements for the year ended December 31, 2016.

4. Statutory Capital Fund

As at March 31, 2017 and December 31, 2016, the Bank calculated capital fund based on Basel III framework of the BoT. Since 2016, it required commercial banks registered in Thailand to additionally maintain the tier 1 capital fund ratios - equity from the minimum to more than 2.5 percent of total risk weighted assets. It could be gradually maintained the additional of more than 0.625 percent each year, beginning on January 1, 2016 to full amounts on January 1, 2019.

Capital Fund Ratios to Risk Weighted Assets

	<u>2017</u>	<u>2016</u>
	<u>More than %</u>	<u>More than %</u>
Tier 1 capital fund ratios - equity	5.75	5.125
Tier 1 capital fund ratios	7.25	6.625
Total capital fund ratios	9.75	9.125

4. Statutory Capital Fund (Continued)

The Bank also maintained capital fund and capital fund ratios to risk weighted assets in accordance with the BoT's regulations as follows:

	(Million Baht)	
	<u>Financial Business Group</u>	
	<u>March 31, 2017</u>	<u>December 31, 2016</u>
Tier 1 capital fund - equity		
Paid-up share capital	72,005.04	72,005.04
Premium on share capital	20,833.74	20,833.74
Legal reserve	7,200.50	7,200.50
Net income after appropriation	141,020.35	140,137.84
Other components of equity	17,537.90	17,049.51
Deduction items from Tier 1 capital fund - equity	(9,384.29)	(8,938.83)
Tier 1 capital fund - financial instruments	1,099.59	1,036.48
Total tier 1 capital fund	<u>250,312.83</u>	<u>249,324.28</u>
Tier 2 capital fund		
Long-term subordinated debt	46,943.48	52,098.48
Allowance for assets classified as pass	22,364.70	21,783.56
Total tier 2 capital fund	<u>69,308.18</u>	<u>73,882.04</u>
Total capital fund	<u>319,621.01</u>	<u>323,206.32</u>

	(Million Baht)	
	<u>The Bank's Financial Statements</u>	
	<u>March 31, 2017</u>	<u>December 31, 2016</u>
Tier 1 capital fund - equity		
Paid-up share capital	72,005.04	72,005.04
Premium on share capital	20,833.74	20,833.74
Legal reserve	7,200.50	7,200.50
Net income after appropriation	134,179.80	134,179.80
Other components of equity	13,918.77	14,019.78
Deduction items from Tier 1 capital fund - equity	(4,616.69)	(4,984.63)
Total tier 1 capital fund	<u>243,521.16</u>	<u>243,254.23</u>
Tier 2 capital fund		
Long-term subordinated debt	46,943.48	52,098.48
Allowance for assets classified as pass	21,001.18	20,995.59
Total tier 2 capital fund	<u>67,944.66</u>	<u>73,094.07</u>
Total capital fund	<u>311,465.82</u>	<u>316,348.30</u>

4. Statutory Capital Fund (Continued)

	<u>Capital Fund Ratios to Risk Weighted Assets</u>			
	<u>Financial Business Group</u>		<u>The Bank's Financial Statements</u>	
	<u>March 31, 2017</u>	<u>December 31, 2016</u>	<u>March 31, 2017</u>	<u>December 31, 2016</u>
Tier 1 capital fund ratios - equity	12.54	12.75	13.01	12.96
Tier 1 capital fund ratios	12.60	12.81	13.01	12.96
Total capital fund ratios	16.09	16.60	16.64	16.85

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

Channel of disclosure	www.ktb.co.th >Investor Relations>Financial Information>Pillar III Disclosures
Date of disclosure	April 30, 2017
Information as at	December 31, 2016

5. ESTIMATES AND ASSUMPTIONS

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

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

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

Significant non-cash items for the three-month periods ended March 31, 2017 and 2016 are as follows:

	(Million Baht)			
	<u>Consolidated Financial Statements</u>		<u>The Bank's Financial Statements</u>	
	<u>March 31, 2017</u>	<u>March 31, 2016</u>	<u>March 31, 2017</u>	<u>March 31, 2016</u>
Increase (Decrease) in revaluation surplus on available-for-sale				
investments net income tax expenses	196.90	9,866.91	109.10	4,742.58
Increase in properties for sale from loan payment	2,492.88	462.73	2,492.88	462.73

6.2 Derivatives Held for Trading**The Fair Values and the Notional Amounts Classified by Type of Risk**

(Million Baht)

<u>Type of Risk</u>	<u>Consolidated Financial Statements</u>					
	<u>March 31, 2017</u>			<u>December 31, 2016</u>		
	<u>Fair Value</u>		<u>Notional</u>	<u>Fair Value</u>		<u>Notional</u>
	<u>Assets</u>	<u>Liabilities</u>		<u>Assets</u>	<u>Liabilities</u>	
Exchange rate	23,334.17	22,023.16	2,510,196.18	22,954.07	24,803.64	1,821,487.20
Interest rate	3,967.28	3,388.77	983,994.35	4,088.77	3,676.02	945,244.59
Others	3,713.43	3,767.79	131,276.29	3,020.21	3,037.03	81,077.83
Total	31,014.88	29,179.72	3,625,466.82	30,063.05	31,516.69	2,847,809.62

(Million Baht)

<u>Type of Risk</u>	<u>The Bank's Financial Statements</u>					
	<u>March 31, 2017</u>			<u>December 31, 2016</u>		
	<u>Fair Value</u>		<u>Notional</u>	<u>Fair Value</u>		<u>Notional</u>
	<u>Assets</u>	<u>Liabilities</u>		<u>Assets</u>	<u>Liabilities</u>	
Exchange rate	23,334.17	22,023.16	2,510,196.18	22,954.06	24,803.64	1,821,487.20
Interest rate	3,985.78	3,388.77	985,572.84	4,110.56	3,676.02	947,082.35
Others	3,713.43	3,767.79	131,276.29	3,020.21	3,037.03	81,077.83
Total	31,033.38	29,179.72	3,627,045.31	30,084.83	31,516.69	2,849,647.38

The Proportion of Derivative Transactions Classified by Type of Counterparty based on the Notional Amounts

<u>Counterparty</u>	<u>Consolidated Financial Statements</u>		<u>The Bank's Financial Statements</u>	
	<u>March 31, 2017</u>	<u>December 31, 2016</u>	<u>March 31, 2017</u>	<u>December 31, 2016</u>
	<u>Proportion</u>	<u>Proportion</u>	<u>Proportion</u>	<u>Proportion</u>
Financial institutions	82.54%	80.85%	82.51%	80.80%
Financial business group	0.24%	0.11%	0.28%	0.17%
Third parties	17.22%	19.04%	17.21%	19.03%
Total	100.00%	100.00%	100.00%	100.00%

6.3 Investments, Net

(Million Baht)

	<u>Consolidated Financial Statements</u>		<u>The Bank's Financial Statements</u>	
	<u>March 31, 2017</u>	<u>December 31, 2016</u>	<u>March 31, 2017</u>	<u>December 31, 2016</u>
	<u>Fair Value</u>	<u>Fair Value</u>	<u>Fair Value</u>	<u>Fair Value</u>
6.3.1 Trading Securities				
Government & state enterprise securities	24,984.78	15,210.53	24,984.78	15,210.53
Private enterprise debt securities	1,563.71	1,892.59	1,583.23	1,912.12
Domestic marketable equity securities	53.39	-	53.39	-
Total	26,601.88	17,103.12	26,621.40	17,122.65
6.3.2 Available-for-Sale Securities				
Government & state enterprise securities	76,580.47	69,006.84	76,580.47	69,006.84
Private enterprise debt securities	4,037.33	3,792.08	4,037.33	3,792.08
Foreign debt securities	21,026.87	20,296.92	21,026.87	20,296.92
Domestic marketable equity securities	12,358.31	12,582.23	12,358.31	12,582.23
Foreign marketable equity securities	569.76	562.79	569.76	562.79
Total	114,572.74	106,240.86	114,572.74	106,240.86

6.3 Investments, Net (Continued)

	Cost/ <u>Amortized Cost</u>	Cost/ <u>Amortized Cost</u>	Cost/ <u>Amortized Cost</u>	Cost/ <u>Amortized Cost</u>
6.3.3 Held-to-Maturity Debt Securities				
Government & state enterprise securities	86,411.55	86,837.65	86,100.59	86,556.74
Private enterprise debt securities	2,691.96	2,692.12	2,691.96	2,692.12
Foreign debt securities	12,553.04	13,261.61	12,553.04	13,261.61
Total	101,656.55	102,791.38	101,345.59	102,510.47
<u>Less</u> Allowance for impairment	(35.71)	(35.87)	(35.71)	(35.87)
Total	101,620.84	102,755.51	101,309.88	102,474.60
6.3.4 General Investments				
Domestic non-marketable equity securities	1,981.41	1,966.33	1,981.36	1,966.28
Foreign non-marketable equity securities	70.24	70.73	70.24	70.73
Others	0.86	0.90	0.86	0.90
Total	2,052.51	2,037.96	2,052.46	2,037.91
<u>Less</u> Allowance for impairment	(1,182.88)	(1,182.88)	(1,182.88)	(1,182.88)
Total	869.63	855.08	869.58	855.03
Total investments, net	243,665.09	226,954.57	243,373.60	226,693.14

6.3 Investments, Net (Continued)

As at March 31, 2017 and December 31, 2016, general investments which are domestic non-marketable equity securities of Baht 1,981.36 million and Baht 1,966.28 million respectively, included investments in the Islamic Bank of Thailand of Baht 1,048.15 million which the Bank reserved the full amount of allowance for impairment and included investment for government policy support by investing in Private Equity Trust for SME Growing Together of Baht 34.79 million

6.3.5 As at March 31, 2017 and December 31, 2016 Unrealized gains or losses arising from the revaluation of available-for-sale securities are as follows:

(Million Baht)

<u>Consolidated and The Bank's Financial Statements</u>								
<u>March 31, 2017</u>				<u>December 31, 2016</u>				
	Unrealized	Unrealized	Fair		Unrealized	Unrealized	Fair	
<u>Cost</u>	<u>Gain</u>	<u>Loss</u>	<u>Value</u>	<u>Cost</u>	<u>Gain</u>	<u>Loss</u>	<u>Value</u>	
Available-for-Sale Securities	107,627.37 *	7,679.65	(734.28)	114,572.74	99,431.86 *	7,811.97	(1,002.97)	106,240.86

* net of allowance for impairment

6.3.6 As at March 31, 2017 and December 31, 2016, the Bank had investments in foreign securities affected by foreign exchange rate, resulting in a decrease of the carrying amount of Baht 221.11 million and Baht 86.94 million, respectively.

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

(Million Baht)

<u>Consolidated and The Bank's Financial Statements</u>		
	<u>March 31, 2017</u>	<u>December 31, 2016</u>
Manufacturing	1.00	1.00
Public utilities and services	1,458.64	1,737.48
Others	23.11	23.11
Total	1,482.75	1,761.59

6.3.8 As at March 31, 2017, the Bank has investments in 2 listed companies in which their financial position and performance fall under SET's delisted criteria, cost of Baht 0.10 million which are reserved full amount of allowance for impairment.

6.4 Investments in Subsidiaries and Associates, Net**6.4.1 The Bank's Financial Statements**

(Million Baht)

March 31, 2017					
Name of Company	Type of Business	Type of Shares	Percentages of	Investments	Dividend
			Shareholdings	(Cost Method)	
Subsidiaries					
KTB Law Co., Ltd.	Legal Services	Ordinary	100.00	30.00	-
KTB General Services and Security Co., Ltd.	General Services	Ordinary	100.00	140.00	-
Krung Thai Asset Management Pcl.	Securities Business	Ordinary	100.00	210.90	-
KTB Computer Services Co., Ltd.	IT Services	Ordinary	100.00	1,300.00	-
KTB Leasing Co., Ltd. *	Hire Purchase	Ordinary	100.00	1,000.00	-
KTB Capital Holding Co., Ltd.**	Holding	Ordinary	100.00	1.00	-
KTB Advisory Co., Ltd.	Financial Counseling & Advisory Services	Ordinary	100.00	40.00	-
Krungthai Card Pcl.***	Credit Card Business	Ordinary	49.45	1,994.60	-
Total				4,716.50	-
Less Allowance for impairment****				(798.77)	
Total				3,917.73	-
Associates					
Krungthai-AXA Life Insurance Pcl.	Life Insurance	Ordinary	50.00	4,071.77	-
Krungthai Panich Insurance Pcl.	Non-Life Insurance	Ordinary	45.00	1,518.82	-
Krung Thai IBJ Leasing Co., Ltd.	Hire Purchase	Ordinary	49.00	87.38	-
KT Zmico Securities Co., Ltd.	Securities Business	Ordinary	50.00	1,068.89	-
Total				6,746.86	-
Investments in subsidiaries and associates, net				10,664.59	-

6.4 Investments in Subsidiaries and Associates, Net (Continued)**6.4.1 The Bank's Financial Statements (Continued)**

(Million Baht)

December 31, 2016					
Name of Company	Type of Business	Type of Shares	Percentages of	Investments	Dividend
			Shareholdings	(Cost Method)	
Subsidiaries					
KTB Law Co., Ltd.	Legal Services	Ordinary	100.00	30.00	15.00
KTB General Services and Security Co., Ltd.	General Services	Ordinary	100.00	140.00	205.80
Krung Thai Asset Management Pcl.	Securities Business	Ordinary	100.00	210.90	205.00
KTB Computer Services Co., Ltd.	IT Services	Ordinary	100.00	1,300.00	13.00
KTB Leasing Co., Ltd. *	Hire Purchase	Ordinary	100.00	1,000.00	-
KTB Capital Holding Co., Ltd.**	Holding	Ordinary	100.00	1.00	-
KTB Advisory Co., Ltd.	Financial Counseling & Advisory Services	Ordinary	100.00	40.00	20.00
Krungthai Card Pcl.***	Credit Card Business	Ordinary	49.45	1,994.60	414.38
Total				4,716.50	873.18
Less Allowance for impairment****				(798.77)	
Total				3,917.73	873.18
Associates					
Krungthai-AXA Life Insurance Pcl.	Life Insurance	Ordinary	50.00	4,071.77	1,875.00
Krungthai Panich Insurance Pcl.	Non-Life Insurance	Ordinary	45.00	1,518.82	158.40
Krung Thai IBJ Leasing Co., Ltd.	Hire Purchase	Ordinary	49.00	87.38	34.20
KT Zmico Securities Co., Ltd.	Securities Business	Ordinary	50.00	1,068.89	138.63
Total				6,746.86	2,206.23
Investments in subsidiaries and associates, net				10,664.59	3,079.41

* Under consideration of business restructuring plan.

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

*** The Bank has entity control.

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

6.4 Investments in Subsidiaries and Associates, Net (Continued)**6.4.2 The Consolidated Financial Statements**

(Million Baht)

				<u>March 31, 2017</u>	
			Percentages of	Investments	Investments
<u>Name of Company</u>	<u>Type of Business</u>	<u>Type of Shares</u>	<u>Shareholdings</u>	<u>(Cost Method)</u>	<u>(Equity Method)</u>
Associates					
Krungthai-AXA Life Insurance Pcl.	Life Insurance	Ordinary	50.00	593.57	11,707.35
Krungthai Panich Insurance Pcl.	Non-Life Insurance	Ordinary	45.00	971.30	2,595.52
Krung Thai IBJ Leasing Co., Ltd.	Hire Purchase	Ordinary	49.00	87.38	599.28
KT Zmico Securities Co., Ltd.	Securities Business	Ordinary	50.00	1,068.89	1,241.40
Total investments in associates, net				2,721.14	16,143.55

(Million Baht)

				December 31, 2016	
			Percentages of	Investments	Investments
<u>Name of Company</u>	<u>Type of Business</u>	<u>Type of Shares</u>	<u>Shareholdings</u>	<u>(Cost Method)</u>	<u>(Equity Method)</u>
Associates					
Krungthai-AXA Life Insurance Pcl.	Life Insurance	Ordinary	50.00	593.57	10,893.64
Krungthai Panich Insurance Pcl.	Non-Life Insurance	Ordinary	45.00	971.30	2,614.41
Krung Thai IBJ Leasing Co., Ltd.	Hire Purchase	Ordinary	49.00	87.38	577.29
KT Zmico Securities Co., Ltd.	Securities Business	Ordinary	50.00	1,068.89	1,225.31
Total investments in associates, net				2,721.14	15,310.65

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

6.4.3 Financial Positions and Operations of Associates

(Million Baht)

Consolidated Financial Statements						
Name of Company	March 31, 2017			December 31, 2016		
	"Unreviewed"			"Audited"		
	Total Assets	Total Liabilities	Shareholders' Equity	Total Assets	Total Liabilities	Shareholders' Equity
Krung Thai IBJ Leasing Co., Ltd.	8,913.27	7,690.26	1,223.01	9,008.12	7,836.85	1,171.27
KT Zmico Securities Co., Ltd.	8,788.13	6,305.32	2,482.81	10,707.75	8,272.51	2,435.24
Krungthai Panich Insurance Pcl.	8,987.80	3,219.98	5,767.82	8,961.00	3,243.16	5,717.84
Krungthai-AXA Life Insurance Pcl.	213,545.64	190,130.94	23,414.70	201,598.62	179,811.33	21,787.29
	240,234.84	207,346.50	32,888.34	230,275.49	199,163.85	31,111.64

6.4 Investments in Subsidiaries and Associates, Net (Continued)**6.4.3 Financial Positions and Operations of Associates (Continued)**

(Million Baht)

Name of Company	Consolidated Financial Statements			
	March 31, 2017		March 31, 2016	
	"Unreviewed"		"Reviewed"	
	Total Income	Net Profit (Loss)	Total Income	Net Profit (Loss)
Krung Thai IBJ Leasing Co., Ltd.	219.71	51.73	121.70	33.05
KT Zmico Securities Co., Ltd.	387.18	33.72	349.52	17.30
Krungthai Panich Insurance Pcl.	700.86	156.99	746.47	93.83
Krungthai-AXA Life Insurance Pcl.	17,951.87	1,302.54	14,729.99	947.64
	<u>19,259.62</u>	<u>1,544.98</u>	<u>15,947.68</u>	<u>1,091.82</u>

6.5 Loans to Customers and Accrued Interest Receivables, Net**6.5.1 Classified by Type of Loans**

(Million Baht)

	Consolidated Financial Statements		The Bank's Financial Statements	
	March 31, 2017	December 31, 2016	March 31, 2017	December 31, 2016
Overdrafts	169,107.19	170,948.74	169,107.19	170,948.74
Loans	1,296,254.71	1,294,499.04	1,259,184.92	1,258,147.90
Bills	412,332.64	398,860.88	419,932.65	406,420.88
Hire purchase receivables	28,868.95	33,065.85	3.41	4.54
Financial lease receivables	7,013.35	7,742.24	-	-
Others	2,905.83	2,705.20	1,686.93	1,721.16
<u>Less</u> Deferred revenue	<u>(3,196.08)</u>	<u>(3,733.25)</u>	<u>(144.21)</u>	<u>(122.92)</u>
Total loans to customers net of deferred revenue	1,913,286.59	1,904,088.70	1,849,770.89	1,837,120.30
<u>Add</u> Accrued interest receivables	<u>3,554.01</u>	<u>5,270.68</u>	<u>3,063.13</u>	<u>4,774.56</u>
Total loans to customers net of deferred revenue, plus accrued interest receivables	1,916,840.60	1,909,359.38	1,852,834.02	1,841,894.86
<u>Less</u> Allowance for doubtful accounts				
1. Minimum reserve under BoT's regulations				
Individual approach	(83,602.37)	(84,302.74)	(81,608.17)	(82,639.69)
Collective approach	(3,942.41)	(4,010.43)	-	-
2. Excess allowance	(24,936.06)	(22,406.45)	(22,634.06)	(20,220.20)
<u>Less</u> Revaluation allowance for debt restructuring	<u>(60.36)</u>	<u>(61.62)</u>	<u>(60.36)</u>	<u>(61.62)</u>
Total loans to customers, net	<u>1,804,299.40</u>	<u>1,798,578.14</u>	<u>1,748,531.43</u>	<u>1,738,973.35</u>

As at March 31, 2017, the Bank's loan to SMEs entrepreneurs responding to the government policy with low interest rate (Soft Loan) amounted to Baht 28,972.76 million.

As at March 31, 2017 and December 31, 2016, the Bank's other loans of Baht 1,686.93 million and Baht 1,721.16 million included debts resulting from the Bank's liabilities under acceptances or guarantees of Baht 1,608.62 million and Baht 1,646.99 million, respectively.

6.5 Loans to Customers and Accrued Interest Receivables, Net (Continued)**6.5.2 Classified by Loan Classification**

(Million Baht)

<u>Consolidated Financial Statements</u>				
<u>March 31, 2017</u>				
	Net Amount	%		
Loans and Accrued Interest <u>Receivables</u>	Used for Set aside the Allowance for <u>Doubtful Accounts</u> ¹	Used for Set aside the Allowance for <u>Doubtful Accounts</u> ²	Allowance for Doubtful <u>Accounts</u>	
1. Minimum reserve under BoT's regulations				
Normal	1,742,738.98	887,560.21	1	11,481.36
Special mention	73,602.78	29,830.86	2	19,121.60
Substandard	18,749.00	9,301.78	100	10,421.85
Doubtful	20,224.08	11,110.27	100	11,358.16
Doubtful of loss	61,525.76	27,349.42	100	35,161.81
2. Excess allowance				24,936.06
Total	1,916,840.60	965,152.54		112,480.84

(Million Baht)

<u>Consolidated Financial Statements</u>				
<u>December 31, 2016</u>				
	Net Amount	%		
Loans and Accrued Interest <u>Receivables</u>	Used for Set aside the Allowance for <u>Doubtful Accounts</u> ¹	Used for Set aside the Allowance for <u>Doubtful Accounts</u> ²	Allowance for Doubtful <u>Accounts</u>	
1. Minimum reserve under BoT's regulations				
Normal	1,747,553.39	887,489.96	1	16,062.69
Special mention	70,527.65	27,223.69	2	21,790.10
Substandard	14,156.39	6,714.81	100	6,784.86
Doubtful	17,059.06	8,778.08	100	9,059.46
Doubtful of loss	60,062.89	27,194.77	100	34,616.06
2. Excess allowance				22,406.45
Total	1,909,359.38	957,401.31		110,719.62

6.5 Loans to Customers and Accrued Interest Receivables, Net (Continued)**6.5.2 Classified by Loan Classification (Continued)**

(Million Baht)

<u>The Bank's Financial Statements</u>				
<u>March 31, 2017</u>				
	Net Amount	%		
Loans and	Used for Set aside	Used for Set aside	Allowance	
Accrued Interest	the Allowance for	the Allowance for	for Doubtful	
<u>Receivables</u>	<u>Doubtful Accounts</u> ¹	<u>Doubtful Accounts</u>	<u>Accounts</u>	
1. Minimum reserve under BoT's regulations				
Normal	1,686,662.51	858,111.81	1	9,505.50
Special mention	70,176.20	28,323.38	2	18,589.40
Substandard	17,469.46	8,723.41	100	9,843.48
Doubtful	19,446.40	10,658.26	100	10,906.15
Doubtful of loss	59,079.45	24,951.26	100	32,763.64
2. Excess allowance				22,634.06
Total	1,852,834.02	930,768.12		104,242.23

(Million Baht)

<u>The Bank's Financial Statements</u>				
<u>December 31, 2016</u>				
	Net Amount	%		
Loans and	Used for Set aside	Used for Set aside	Allowance	
Accrued Interest	the Allowance for	the Allowance for	for Doubtful	
<u>Receivables</u>	<u>Doubtful Accounts</u> ¹	<u>Doubtful Accounts</u>	<u>Accounts</u>	
1. Minimum reserve under BoT's regulations				
Normal	1,687,953.47	858,559.84	1	14,126.11
Special mention	67,008.34	25,605.38	2	21,232.11
Substandard	12,845.26	6,138.19	100	6,208.25
Doubtful	16,337.39	8,442.16	100	8,723.54
Doubtful of loss	57,750.40	24,928.40	100	32,349.68
2. Excess allowance				20,220.20
Total	1,841,894.86	923,673.97		102,859.89

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

² Included loss rate net of recovery.

6.5.3 Non-Performing Loans (NPLs)

As at March 31, 2017 and December 31, 2016, the Bank and its subsidiaries had NPLs classified by the BoT's notifications as substandard, doubtful, doubtful of loss, and loss. Those are included loans that are interbank and money market items but excluded accrued interest receivables.

6.5 Loans to Customers and Accrued Interest Receivables, Net (Continued)**6.5.3 Non-Performing Loans (NPLs) (Continued)**

(Million Baht)

	<u>Consolidated Financial Statements</u>		<u>The Bank's Financial Statements</u>	
	<u>March 31, 2017</u>	<u>December 31, 2016</u>	<u>March 31, 2017</u>	<u>December 31, 2016</u>
NPLs before deducting allowance for doubtful accounts	100,382.16	91,128.23	95,881.11	86,785.96
NPLs percentage of total loans before deducting allowance				
for doubtful accounts	4.36	3.97	4.28	3.89
NPLs after deducting allowance for doubtful accounts	43,491.21	40,757.88	42,416.22	39,591.50
NPLs percentage of net loans before deducting allowance				
for doubtful accounts	1.94	1.81	1.94	1.81

For the three-month period ended March 31, 2017 and for the year ended December 31, 2016, impaired loans have been written off both principal and accrued interest receivables of Baht 2,352.65 million and Baht 1,508.74 million, respectively.

6.5.4 Non-Accrual Loans based on the Accrual Basis

As at March 31, 2017 and December 31, 2016, the Bank and its subsidiaries have non-accrual loans based on the accrual basis and comply with the BoT's regulations as follows:

(Million Baht)

	<u>Consolidated Financial Statements</u>		<u>The Bank's Financial Statements</u>	
	<u>March 31, 2017</u>	<u>December 31, 2016</u>	<u>March 31, 2017</u>	<u>December 31, 2016</u>
Non-accrual loans	100,382.16	91,128.23	95,881.11	86,785.96
Percentage of total loans before deducting allowance				
for doubtful accounts	4.36	3.97	4.28	3.89

6.5.5 Loans to Potential Delisted Companies

As at March 31, 2017 and December 31, 2016, the Bank has loans and accrued interest receivables to 3 potential delisted companies of Baht 10,727.60 million, accrued interest receivables of Baht 0.05 million, totaling to Baht 10,727.65 million which an allowance for doubtful accounts of Baht 7,643.22 million. Moreover, there are 3 potential delisted companies of Baht 10,855.55 million, accrued interest receivables of Baht 0.09 million, totaling to Baht 10,855.64 million which an allowance for doubtful accounts of Baht 7,643.52 million, respectively.

6.5.6 Troubled Debt Restructuring (TDR)

For the three-month period ended March 31, 2017, the original loan value of the 1,605 troubled debt restructuring cases are Baht 7,915.95 million. The repayment for related interest and principal are Baht 2,485.17, whereas extended lending increased by Baht 7,233.07 million.

For year ended December 31, 2016, the original loan value of the 11,662 troubled debt restructuring cases are Baht 59,910.77 million. The repayment for related interest and principal are Baht 27,350.82 million, whereas extended lending increased by Baht 42,374.69 million. Bad debts from troubled debt restructuring are Baht 23.66 Million.

6.5 Loans to Customers and Accrued Interest Receivables, Net (Continued)**6.5.6 Troubled Debt Restructuring (TDR) (Continued)**

TDR for the three-month period ended March 31, 2017 is set out as follows:

(Million Baht)

<u>Troubled Debt Restructuring Methods</u>	<u>No. of Cases</u>	<u>The Bank's Financial Statements</u>		
		<u>Outstanding Debt before Restructuring</u>	<u>Type of Transferred Assets</u>	<u>Fair Value</u>
Transfers of assets	1	2.63	Land & Premises	2.63
Change of repayment conditions	83	3,169.19		
Debt restructuring in various forms	1,521	4,744.13		
	1,605	7,915.95		

As at March 31, 2017, the Bank has outstanding balance of loans to restructured debts for 34,619 cases of Baht 136,899.26 million, of which 9,721 cases of Baht 7,073.33 million, has been monitored under the new contractual agreements.

The consolidated financial statements for the three-month period ended March 31, 2017, the Bank restructured debts of 1,638 cases which the debts before restructuring were Baht 8,527.22 million.

TDR for the year ended December 31, 2016 was set out as follows:

(Million Baht)

<u>Troubled Debt Restructuring Methods</u>	<u>No. of Cases</u>	<u>The Bank's Financial Statements</u>		
		<u>Outstanding Debt before Restructuring</u>	<u>Type of Transferred Assets</u>	<u>Fair Value</u>
Transfers of assets	25	731.47	Land & Premises	716.59
Change of repayment conditions	544	15,396.92		
Debt restructuring in various forms	11,093	43,782.38		
	11,662	59,910.77		

As at December 31, 2016 the Bank has outstanding balance of loans to restructured debts for 34,314 cases of Baht 124,053.72 million, of which 9,348 cases of Baht 11,645.62 million, has been monitored under the new contractual agreements.

The consolidated financial statements for the year ended December 31, 2016, the Bank restructured debts of 11,996 cases which the debts before restructuring were Baht 61,406.17 million.

6.5 Loans to Customers and Accrued Interest Receivables, Net (Continued)**6.5.7 Financial Lease Receivables (Including Hire Purchase Receivables and Financial Lease Receivables)**

(Million Baht)

Consolidated Financial Statements

	<u>March 31, 2017</u>				<u>December 31, 2016</u>			
	<u>Amount Due of the Contract</u>				<u>Amount Due of the Contract</u>			
	Not Over	Over	Over		Not Over	Over	Over	
	<u>1 Year</u>	<u>1 - 5 Years</u>	<u>5 Years</u>	<u>Total</u>	<u>1 Year</u>	<u>1 - 5 Years</u>	<u>5 Years</u>	<u>Total</u>
Gross investment of leases payment	17,710.02	17,780.32	391.96	35,882.30	19,392.43	20,973.33	442.33	40,808.09
<u>Less</u> Unearned financial income				(3,053.06)				(3,611.89)
Present value of minimum leases payment				32,829.24				37,196.20
<u>Less</u> Allowance for doubtful accounts				(1,916.04)				(1,863.93)
Financial lease receivables, net				<u>30,913.20</u>				<u>35,332.27</u>

(Million Baht)

The Bank's Financial Statements

	<u>March 31, 2017</u>				<u>December 31, 2016</u>			
	<u>Amount Due of the Contract</u>				<u>Amount Due of the Contract</u>			
	Not Over	Over	Over		Not Over	Over	Over	
	<u>1 Year</u>	<u>1 - 5 Years</u>	<u>5 Years</u>	<u>Total</u>	<u>1 Year</u>	<u>1 - 5 Years</u>	<u>5 Years</u>	<u>Total</u>
Gross investment of leases payment	3.41	-	-	3.41	4.54	-	-	4.54
<u>Less</u> Unearned financial income				(0.44)				(0.55)
Present value of minimum leases payment				2.97				3.99
<u>Less</u> Allowance for doubtful accounts				(2.70)				(2.98)
Financial lease receivables, net				<u>0.27</u>				<u>1.01</u>

6.6 Allowance for Doubtful Accounts

(Million Baht)

Consolidated Financial StatementsMarch 31, 2017

						Allowance in Excess of	
	Special		Doubtful		BoT's		
	<u>Normal</u>	<u>Mention</u>	<u>Substandard</u>	<u>Doubtful</u>	<u>of Loss</u>	<u>Regulations</u>	<u>Total</u>
Beginning balances	16,062.69	21,790.10	6,784.86	9,059.46	34,616.06	22,406.45	110,719.62
Doubtful accounts	(2,596.98)	(2,359.62)	4,886.26	2,358.12	2,594.76	2,529.61	7,412.15
Allowance for doubtful accounts							
transferred from (to) allowance for							
debt restructuring revaluation	-	1.26	-	-	-	-	1.26
Bad debt recovered	-	-	-	-	375.00	-	375.00
Bad debt written-off	(34.98)	(189.02)	(1,249.27)	(59.42)	(2,400.41)	-	(3,933.10)
Others	(1,949.37)	(121.12)	-	-	(23.60)	-	(2,094.09)
Ending balances	11,481.36	19,121.60	10,421.85	11,358.16	35,161.81	24,936.06	112,480.84

(Million Baht)

Consolidated Financial StatementsDecember 31, 2016

						Allowance in Excess of	
	Special		Doubtful		BoT's		
	<u>Normal</u>	<u>Mention</u>	<u>Substandard</u>	<u>Doubtful</u>	<u>of Loss</u>	<u>Regulations</u>	<u>Total</u>
Beginning balances	15,163.11	11,014.83	8,975.04	9,715.25	17,068.79	23,886.91	85,823.93
Allowance for doubtful accounts	1,214.02	11,611.67	2,164.53	(196.86)	19,950.18	(1,480.46)	33,263.08
Allowance for doubtful accounts							
transferred from (to) allowance for							
debt restructuring revaluation	130.50	(59.49)	-	-	-	-	71.01
Bad debt recovered	-	-	-	-	1,279.89	-	1,279.89
Bad debt written-off	(205.66)	(750.96)	(4,354.71)	(458.93)	(2,903.77)	-	(8,674.03)
Others	(239.28)	(25.95)	-	-	(779.03)	-	(1,044.26)
Ending balances	16,062.69	21,790.10	6,784.86	9,059.46	34,616.06	22,406.45	110,719.62

6.6 Allowance for Doubtful Accounts (Continued)

(Million Baht)

<u>The Bank's Financial Statements</u>							
<u>March 31, 2017</u>							
						Allowance in Excess of	
	Normal	Special Mention	Substandard	Doubtful	Doubtful of Loss	BoT's Regulations	Total
Beginning balances	14,126.11	21,232.11	6,208.25	8,723.54	32,349.68	20,220.20	102,859.89
Allowance for doubtful accounts	(2,671.24)	(2,522.85)	3,635.23	2,182.61	2,462.39	2,413.86	5,500.00
Allowance for doubtful accounts transferred from (to) allowance for debt restructuring revaluation	-	1.26	-	-	-	-	1.26
Bad debt recovered	-	-	-	-	327.82	-	327.82
Bad debt written-off	-	-	-	-	(2,352.65)	-	(2,352.65)
Others	(1,949.37)	(121.12)	-	-	(23.60)	-	(2,094.09)
Ending balances	9,505.50	18,589.40	9,843.48	10,906.15	32,763.64	22,634.06	104,242.23

(Million Baht)

<u>The Bank's Financial Statements</u>							
<u>December 31, 2016</u>							
						Allowance in Excess of	
	Normal	Special Mention	Substandard	Doubtful	Doubtful of Loss	BoT's Regulations	Total
Beginning balances	13,190.30	10,240.94	8,413.17	9,332.64	14,220.78	21,823.23	77,221.06
Allowance for doubtful accounts	1,044.59	11,076.61	(2,204.92)	(609.10)	19,295.85	(1,603.03)	27,000.00
Allowance for doubtful accounts transferred from (to) allowance for debt restructuring revaluation	130.50	(59.49)	-	-	-	-	71.01
Bad debt recovered	-	-	-	-	1,120.82	-	1,120.82
Bad debt written-off	-	-	-	-	(1,508.74)	-	(1,508.74)
Others	(239.28)	(25.95)	-	-	(779.03)	-	(1,044.26)
Ending balances	14,126.11	21,232.11	6,208.25	8,723.54	32,349.68	20,220.20	102,859.89

For the three-month period ended March 31, 2017, the Bank has set aside allowance for doubtful accounts on a monthly basis of Baht 1,000 million and also set aside an additional of Baht 2,500 million, totaling to Baht 5,500 million.

For the year ended December 31, 2016, the Bank has set aside allowance for doubtful accounts on a monthly basis of Baht 1,000 million and also set aside an additional of Baht 15,000 million, totaling to Baht 27,000 million.

6.7 Revaluation Allowance for Debt Restructuring

(Million Baht)

	<u>Consolidated and the Bank's Financial Statements</u>	
	<u>March 31, 2017</u>	<u>December 31, 2016</u>
Beginning balances	61.62	132.63
Transfer from (to) allowance for doubtful accounts	(1.26)	(71.01)
Ending balances	60.36	61.62

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

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

6.8 Properties for Sale, Net

(Million Baht)

Type of Properties for Sale	<u>Consolidated Financial Statements</u>							
	<u>March 31, 2017</u>				<u>December 31, 2016</u>			
	Beginning Balances	Additions	Disposals	Ending Balances	Beginning Balances	Additions	Disposals	Ending Balances
Assets from debt repayment								
Immovable properties								
Appraised by external appraisers	34,387.27	2,457.92	1,728.69	35,116.50	29,363.28	11,677.83	6,653.84	34,387.27
Appraised by internal appraisers	2,399.19	521.03	10.66	2,909.56	846.42	1,628.89	76.12	2,399.19
Movable properties	276.85	102.08	127.22	251.71	318.75	575.10	617.00	276.85
Total	37,063.31	3,081.03	1,866.57	38,277.77	30,528.45	13,881.82	7,346.96	37,063.31
Others (closed branches)	42.31	24.15	-	66.46	46.19	-	3.88	42.31
Properties for sale in transit	454.06	67.66	454.06	67.66	422.08	454.06	422.08	454.06
Total	37,559.68	3,172.84	2,320.63	38,411.89	30,996.72	14,335.88	7,772.92	37,559.68
Less Allowance for impairment	(1,816.05)	-	(44.30)	(1,771.75)	(988.58)	(827.47)	-	(1,816.05)
Properties for sale, net	35,743.63	3,172.84	2,276.33	36,640.14	30,008.14	13,508.41	7,772.92	35,743.63

6.8 Properties for Sale, Net (Continued)

(Million Baht)

<u>The Bank's Financial Statements</u>								
<u>Type of Properties for Sale</u>	<u>March 31, 2017</u>				<u>December 31, 2016</u>			
	Beginning		Ending		Beginning		Ending	
	<u>Balances</u>	<u>Additions</u>	<u>Disposals</u>	<u>Balances</u>	<u>Balances</u>	<u>Additions</u>	<u>Disposals</u>	<u>Balances</u>
Assets from debt repayment								
Immovable properties								
Appraised by external appraisers	34,387.27	2,457.92	1,728.69	35,116.50	29,363.28	11,677.83	6,653.84	34,387.27
Appraised by internal appraisers	2,399.19	521.03	10.66	2,909.56	846.42	1,628.89	76.12	2,399.19
Movable properties	110.60	-	-	110.60	110.60	-	-	110.60
Total	36,897.06	2,978.95	1,739.35	38,136.66	30,320.30	13,306.72	6,729.96	36,897.06
Others (closed branches)	42.31	24.15	-	66.46	46.19	-	3.88	42.31
Properties for sale in transit	454.06	67.66	454.06	67.66	422.08	454.06	422.08	454.06
Total	37,393.43	3,070.76	2,193.41	38,270.78	30,788.57	13,760.78	7,155.92	37,393.43
<u>Less</u> Allowance for impairment	(1,724.88)	-	(33.69)	(1,691.19)	(878.71)	(846.17)	-	(1,724.88)
Properties for sale, net	35,668.55	3,070.76	2,159.72	36,579.59	29,909.86	12,914.61	7,155.92	35,668.55

As at March 31, 2017 and December 31, 2016, the Bank's allowance for impairment of properties for sale has increased by Baht 33.69 million and decreased by Baht 846.17 million, respectively, from reversal or additional of loss on impairment.

For the three-month periods ended March 31, 2017 and 2016, the Bank generated gains on sale of properties for sale of Baht 266.26 million and Baht 496.84 million, respectively (before deduction of selling expenses of Baht 83.79 million and Baht 128.60 million, respectively).

6.9 Deferred Tax Assets and Deferred Tax Liabilities

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

	(Million Baht)			
	<u>Consolidated Financial Statements</u>		<u>The Bank's Financial Statements</u>	
	<u>March 31, 2017</u>	<u>December 31, 2016</u>	<u>March 31, 2017</u>	<u>December 31, 2016</u>
Deferred Tax Assets	4,053.02	4,496.46	1,770.35	2,321.67
Deferred Tax Liabilities	-	-	-	-
Net	4,053.02	4,496.46	1,770.35	2,321.67

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

	(Million Baht)			
	<u>Consolidated Financial Statements</u>			
	<u>Charged / credited to:</u>			
	Other			
	Comprehensive			
	<u>January 1, 2017</u>	<u>Profit / Loss</u>	<u>Income</u>	<u>March 31 2017</u>
Deferred Tax Assets				
Investments	463.44	(0.69)	(53.74)	409.01
Investments in subsidiaries and associates	159.75	-	-	159.75
Loans to customers and accrued interest receivables, net	3,628.12	94.99	-	3,723.11
Properties for sale	363.21	(8.39)	-	354.82
Premises and equipment	205.75	61.24	-	266.99
Provisions	2,843.72	64.07	-	2,907.79
Guarantee deposit under financial lease	51.03	(0.51)	-	50.52
Others	1,263.79	(568.17)	-	695.62
Total	8,978.81	(357.46)	(53.74)	8,567.61
Deferred Tax Liabilities				
Investments	1,565.19	13.73	(26.46)	1,552.46
Premises and equipment	2,366.62	70.54	(0.04)	2,437.12
Loans to customers and accrued interest receivables, net	550.54	(25.53)	-	525.01
Total	4,482.35	58.74	(26.50)	4,514.59
Net	4,496.46	(416.20)	(27.24)	4,053.02

6.9 Deferred Tax Assets and Deferred Tax Liabilities (Continued)

(Million Baht)

<u>Consolidated Financial Statements</u>				
<u>Charged / credited to:</u>				
Other				
Comprehensive				
	<u>January 1, 2016</u>	<u>Profit / Loss</u>	<u>Income</u>	<u>December 31, 2016</u>
Deferred Tax Assets				
Investments	570.34	(36.54)	(70.36)	463.44
Investments in subsidiaries and associates	159.75	-	-	159.75
Loans to customers and accrued interest receivables, net	3,665.58	(37.46)	-	3,628.12
Properties for sale	198.61	164.60	-	363.21
Premises and equipment	363.09	(157.34)	-	205.75
Provisions	4,138.61	(1,482.21)	187.32	2,843.72
Guarantee deposit under financial lease	51.37	(0.34)	-	51.03
Others	542.55	721.24	-	1,263.79
Total	9,689.90	(828.05)	116.96	8,978.81
Deferred Tax Liabilities				
Investments	291.63	(0.96)	1,274.52	1,565.19
Premises and equipment	1,812.76	48.26	505.60	2,366.62
Loans to customers and accrued interest receivables, net	589.40	(38.86)	-	550.54
Total	2,693.79	8.44	1,780.12	4,482.35
Net	6,996.11	(836.49)	(1,663.16)	4,496.46

(Million Baht)

<u>The Bank's Financial Statements</u>				
<u>Charged / credited to:</u>				
Other				
Comprehensive				
	<u>January 1, 2017</u>	<u>Profit / Loss</u>	<u>Income</u>	<u>March 31, 2017</u>
Deferred Tax Assets				
Investments	463.44	(0.69)	(53.74)	409.01
Investments in subsidiaries and associates	159.75	-	-	159.75
Loans to customers and accrued interest receivables, net	1,742.37	34.22	-	1,776.59
Properties for sale	344.97	(6.74)	-	338.23
Premises and equipment	183.88	-	-	183.88
Provisions	2,167.67	3.58	-	2,171.25
Others	1,191.40	(529.40)	-	662.00
Total	6,253.48	(499.03)	(53.74)	5,700.71
Deferred Tax Liabilities				
Investments	1,565.19	13.73	(26.46)	1,552.46
Premises and equipment	2,366.62	11.32	(0.04)	2,377.90
Total	3,931.81	25.05	(26.50)	3,930.36
Net	2,321.67	(524.08)	(27.24)	1,770.35

6.9 Deferred Tax Assets and Deferred Tax Liabilities (Continued)

(Million Baht)

<u>The Bank's Financial Statements</u>				
<u>Charged / credited to:</u>				
Other				
Comprehensive				
	<u>January 1, 2016</u>	<u>Profit / Loss</u>	<u>Income</u>	<u>December 31, 2016</u>
Deferred Tax Assets				
Investments	570.34	(36.54)	(70.36)	463.44
Investments in subsidiaries and associates	159.75	-	-	159.75
Loans to customers and accrued interest receivables, net	1,896.89	(154.52)	-	1,742.37
Properties for sale	175.74	169.23	-	344.97
Premises and equipment	324.58	(140.70)	-	183.88
Provisions	3,523.60	(1,525.87)	169.94	2,167.67
Others	471.58	719.82	-	1,191.40
Total	7,122.48	(968.58)	99.58	6,253.48
Deferred Tax Liabilities				
Investments	291.63	(0.96)	1,274.52	1,565.19
Premises and equipment	1,810.27	50.75	505.60	2,366.62
Total	2,101.90	49.79	1,780.12	3,931.81
Net	5,020.58	(1,018.37)	(1,680.54)	2,321.67

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

(Million Baht)

<u>Consolidated Financial Statements</u>									
				<u>March 3, 2017</u>			<u>December 31, 2016</u>		
	Currency	Interest Rate (%)	Maturity Date	Domestic	Foreign	Total	Domestic	Foreign	Total
Long term bonds									
2013	Baht	4.80-5.00	2017-2018	5,800.00	-	5,800.00	5,800.00	-	5,800.00
2013 (EMTN Programme)	USD	2.25	2018	-	17,214.78	17,214.78	-	17,902.78	17,902.78
2014	Baht	3.65-4.30	2017-2018	8,230.00	-	8,230.00	8,230.00	-	8,230.00
2015	Baht	2.12-4.00	2017-2025	9,255.00	-	9,255.00	9,393.00	-	9,393.00
2016	Baht	1.88-3.85	2018-2026	18,000.00	-	18,000.00	18,000.00	-	18,000.00
KTB subordinated debentures									
No.1/2012	Baht	4.50	2022	-	-	-	5,155.00	-	5,155.00
No.2/2012	Baht	4.60	2022	15,133.32	-	15,133.32	15,133.32	-	15,133.32
No.1/2014 (EMTN Programme)	USD	5.20	2024	-	24,115.03	24,115.03	-	25,081.46	25,081.46
No.1/2015	MYR	5.10	2025	-	7,791.95	7,791.95	-	7,989.60	7,989.60
Bill of exchange (B/E)									
Short term*	Baht	-	2012	0.70	-	0.70	0.70	-	0.70
Long term	Baht	2.56-7.18	2018-2036	8,205.00	-	8,205.00	8,005.00	-	8,005.00
Total				64,624.02	49,121.76	113,745.78	69,717.02	50,973.84	120,690.86

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

(Million Baht)

The Bank's Financial Statements									
				March 31, 2017			December 31, 2016		
	Currency	Interest Rate (%)	Maturity Date	Domestic	Foreign	Total	Domestic	Foreign	Total
Long term bonds									
2013 (EMTN Programme)	USD	2.25	2018	-	17,214.78	17,214.78	-	17,902.78	17,902.78
KTB subordinated debentures									
No.1/2012	Baht	4.50	2022	-	-	-	5,155.00	-	5,155.00
No.2/2012	Baht	4.60	2022	15,133.32	-	15,133.32	15,133.32	-	15,133.32
No.1/2014 (EMTN Programme)	USD	5.20	2024	-	24,115.03	24,115.03	-	25,081.46	25,081.46
No.1/2015	MYR	5.10	2025	-	7,791.95	7,791.95	-	7,989.60	7,989.60
Bill of exchange (B/E)									
Short term*	Baht	-	2012	0.70	-	0.70	0.70	-	0.70
Long term	Baht	2.56-7.18	2018-2036	8,205.00	-	8,205.00	8,005.00	-	8,005.00
Total				23,339.02	49,121.76	72,460.78	28,294.02	50,973.84	79,267.86

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

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

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

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

Subordinated Debentures

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

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

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

6.11 Share Capital

6.11.1 Ordinary Shares

As at March 31, 2017 and December 31, 2016, the Bank's authorized share capital and issued and paid-up share capital are 13,976,061,250 shares.

6.11.2 Preferred Shares

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

6.11.3 The Bank is a state enterprise, its major shareholder is the Financial Institutions Development Fund (FIDF). As at March 31, 2017, FIDF holds 7,696,248,833 shares or 55.05 percent of paid-up ordinary and preferred shares.

6.12 Legal Reserve

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

6.13 Contingent Liabilities

(Million Baht)

<u>Consolidated and the Bank's Financial Statements</u>		
	<u>March 31, 2017</u>	<u>December 31, 2016</u>
Avals to bills	6,434.20	8,111.97
Guarantees of loans	11.22	11.03
Unexpired importd B/E contingencies	5,437.70	4,756.16
Letters of credit	31,215.32	40,407.40
Other contingencies		
Unused credit line of overdraft	157,997.11	156,429.94
Other guarantees	168,882.59	160,273.58
Total	<u>369,978.14</u>	<u>369,990.08</u>

6.13 Contingent Liabilities (Continued)

Besides the contingent liabilities mentioned above, As at March 31, 2017 and December 31, 2016, the Bank has material contingent liabilities owing to prosecutions of Baht 7,138.55 million and Baht 6,962.26 million, respectively. Such prosecutions comprised of the completed cases in the civil court and the cases proceedings in the Appeal Court and the Supreme Court.

As at March 31, 2017 and December 31, 2016, the Bank has set aside provisions of Baht 341.86 million and Baht 335.91 million, respectively, for estimated losses from such cases.

6.14 Assets with Obligations and Restrictions

(Million Baht)

	<u>Consolidated and the Bank's Financial Statements</u>	
	<u>March 31, 2017</u>	<u>December 31, 2016</u>
Government and state enterprise bonds pledged as collateral		
Court collateral	102.51	102.65
Repurchase agreements	52,961.93	58,139.64
Properties for sale (debtor is granted the right to buy back or first right for this portion)	12,586.90	12,911.62
Total	<u>65,651.34</u>	<u>71,153.91</u>

6.15 Related Party Transactions

6.15.1 As at March 31, 2017 and December 31, 2016, loans to the Bank's executives (First Vice President and above) are Baht 95.95 million and Baht 106.35 million. The average outstanding balances of such loans at month end are Baht 102.96 million and Baht 98.12 million, respectively.

The loans outstanding As at March 31, 2017 and December 31, 2016 to close family of the Bank's executives mentioned above are Baht 29.90 million and Baht 29.51 million, respectively.

6.15.2 Loans and Obligations

The balances of loans and obligations to related companies, normal bank pricing policies, As at March 31, 2017 and December 31, 2016 are as follows:

	(Million Baht)			
	<u>Consolidated Financial Statements</u>		<u>The Bank's Financial Statements</u>	
	<u>March 31, 2017</u>	<u>December 31, 2016</u>	<u>March 31, 2017</u>	<u>December 31, 2016</u>
Loans				
Businesses which the Bank totally held from 10 to 20 percent of their paid-up capital	0.48	0.43	0.48	0.43
Businesses which the Bank acquired equal to or over 10 percent of their paid-up capital from TDR	60.79	106.39	60.79	106.39
Subsidiaries				
KTB General Services and Security Co., Ltd.	-	-	9.43	9.09
KTB Computer Services Co., Ltd.	-	-	2,961.48	3,080.72
KTB Leasing Co., Ltd.	-	-	33,485.73	36,815.11
Krung Thai Asset Management Pcl.	-	-	0.04	0.05
Krungthai Card Pcl.	-	-	0.70	0.66
Less Allowance for doubtful accounts	-	-	(364.57)	(399.06)
Total	-	-	36,092.81	39,506.57
Associates				
Krung Thai IBJ Leasing Co., Ltd.	3.80	0.09	3.80	0.09
KT Zmico Securities Co., Ltd.	2,033.63	2,568.94	2,033.63	2,568.94
Krungthai Panich Insurance Pcl.	0.63	0.63	0.63	0.63
Less Allowance for doubtful accounts	(20.38)	(25.70)	(20.38)	(25.70)
Total	2,017.68	2,543.96	2,017.68	2,543.96
Business with common directors or common top managements	5,273.42	5,017.89	5,273.42	5,017.89
Less Allowance for doubtful accounts	(47.60)	(45.32)	(47.60)	(45.32)
Total	5,225.82	4,972.57	5,225.82	4,972.57
Obligations				
Businesses which the Bank totally held from 10 to 20 percent of their paid-up capital	13.01	14.30	13.01	14.30
Businesses which the Bank acquired equal to or over 10 percent of their paid-up capital from TDR	0.96	0.29	0.96	0.29
Subsidiaries				
KTB General Services and Security Co., Ltd.	-	-	24.67	43.40
KTB Computer Services Co., Ltd.	-	-	4.55	4.55
KTB Leasing Co., Ltd.	-	-	1,061.20	1,061.20
Krungthai Card Pcl.	-	-	2.22	2.29
Associates				
Krung Thai IBJ Leasing Co., Ltd.	3.30	3.30	3.30	3.30
Business with common directors or common top managements	3,415.59	4,191.87	3,415.59	4,191.87

6.15 Related Party Transactions (Continued)**6.15.3 Deposits and Borrowings**

The balances of deposits and borrowings to related companies, normal bank pricing policies, As at March 31, 2017 and December 31, 2016 are as follows:

	(Million Baht)			
	<u>Consolidated Financial Statements</u>		<u>The Bank's Financial Statements</u>	
	<u>March 31, 2017</u>	<u>December 31, 2016</u>	<u>March 31, 2017</u>	<u>December 31, 2016</u>
Deposits				
Subsidiaries				
KTB Law Co., Ltd.	-	-	414.33	549.52
KTB General Services and Security Co., Ltd.	-	-	560.62	677.24
KTB Computer Services Co., Ltd.	-	-	97.65	177.22
KTB Leasing Co., Ltd.	-	-	1,361.78	274.78
KTB Capital Holding Co., Ltd.	-	-	252.86	252.86
KTB Advisory Co., Ltd.	-	-	36.75	36.89
Krunghai Card Pcl.	-	-	1,127.34	785.63
Associates				
Krung Thai IBJ Leasing Co., Ltd.	15.83	23.26	15.83	23.26
KT Zmico Securities Co., Ltd.	32.68	36.24	32.68	36.24
Krunghai Panich Insurance Pcl.	138.86	42.36	138.86	42.36
Krunghai-AXA Life Insurance Pcl.	1,431.59	1,627.83	1,431.59	1,627.83
Business with common directors or common top managements	23,121.55	24,522.80	23,121.55	24,522.80
Borrowings				
Associates				
Krunghai-AXA Life Insurance Pcl.	3,450.00	3,250.00	3,450.00	3,250.00

6.15 Related Party Transactions (Continued)**6.15.4 Income and Expenses**

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

(Million Baht)				
	<u>Consolidated Financial Statements</u>		<u>The Bank's Financial Statements</u>	
	<u>March 31, 2017</u>	<u>March 31, 2016</u>	<u>March 31, 2017</u>	<u>March 31, 2016</u>
Interest Income				
Subsidiaries				
KTB General Services and Security Co., Ltd.	-	-	0.20	-
KTB Computer Services Co., Ltd.	-	-	20.99	29.17
KTB Leasing Co., Ltd.	-	-	264.08	398.31
Krungthai Card Pcl.	-	-	4.29	4.97
Associates				
KT Zmico Securities Co., Ltd.	15.17	5.93	15.17	5.93
Interest Expenses				
Subsidiaries				
KTB Law Co., Ltd.	-	-	1.45	0.32
KTB General Services and Security Co., Ltd.	-	-	1.21	1.02
KTB Computer Services Co., Ltd.	-	-	0.20	0.18
Krung Thai Asset Management Pcl.	-	-	0.30	0.12
KTB Capital Holding Co., Ltd.	-	-	0.24	0.23
KTB Advisory Co., Ltd.	-	-	0.03	0.05
Associates				
KT Zmico Securities Co., Ltd.	-	4.39	-	4.39
Krungthai-AXA Life Insurance Pcl.	35.77	34.50	35.77	34.50

6.15 Related Party Transactions (Continued)**6.15.4 Income and Expenses (Continued)**

(Million Baht)

	<u>Consolidated Financial Statements</u>		<u>The Bank's Financial Statements</u>	
	<u>March 31, 2017</u>	<u>March 31, 2016</u>	<u>March 31, 2017</u>	<u>March 31, 2016</u>
Other Income				
Subsidiaries				
KTB Law Co., Ltd.	-	-	0.01	0.01
KTB General Services and Security Co., Ltd.	-	-	1.63	0.11
KTB Computer Services Co., Ltd.	-	-	0.02	0.02
KTB Leasing Co., Ltd.	-	-	7.71	8.07
Krung Thai Asset Management Pcl.	-	-	87.42	62.40
KTB Advisory Co., Ltd.	-	-	-	0.01
Krungthai Card Pcl.	-	-	54.28	54.17
Associates				
KT Zmico Securities Co., Ltd.	4.00	25.07	4.00	25.07
Krungthai Panich Insurance Pcl.	16.18	-	16.18	-
Krungthai-AXA Life Insurance Pcl.	492.31	453.33	492.31	453.33
Other Expenses				
Subsidiaries				
KTB Law Co., Ltd.	-	-	339.45	239.94
KTB General Services and Security Co., Ltd.	-	-	577.03	591.10
KTB Computer Services Co., Ltd.	-	-	839.65	891.97
KTB Leasing Co., Ltd.	-	-	-	70.25
Krungthai Card Pcl.	-	-	2.10	11.55
Associates				
KT Zmico Securities Co., Ltd.	54.80	-	54.80	-
Krung Thai IBJ Leasing Co., Ltd.	0.71	0.55	0.71	0.55

6.15.5 The Bank has no compensations or other benefits, both monetary and non-monetary, to directors and executives except normal benefits as follows:

(Million Baht)

	<u>Consolidated Financial Statements</u>		<u>The Bank's Financial Statements</u>	
	<u>March 31, 2017</u>	<u>March 31, 2016</u>	<u>March 31, 2017</u>	<u>March 31, 2016</u>
Short-term employee benefits	452.43	392.83	294.27	238.58
Post-employment benefits	6.92	7.44	3.02	2.99
Total	459.35	400.27	297.29	241.57

6.15 Related Party Transactions (Continued)**6.15.6 Intercompany Trading Transactions****Subsidiaries**

1) KTB Computer Services Co., Ltd. has been designated mainly to provide information technology (IT) services to various work units in the Bank. Service offers consist of introducing IT to the Bank's business operation and modernizing the existing systems in line with the Bank's requirement, rendering system control and maintenance system software development, offering preliminary consultancy service and organizing training in various applications of IT and techniques. The Bank incurs service charges on a cost plus method for the three-month periods ended March 31, 2017 and 2016 of Baht 808.00 million and Baht 861.60 million, respectively.

Since 2003, the GFMIS project Phase 2 has been developed and implemented on behalf of the Bank by KTBCS. The Bank and the Office of GFMIS attached to the Secretariat of the Prime Minister have unanimously signed on the Memorandum of Agreement upon the submission of deliverables and disbursement associated to the investments on the GFMIS project on September 22, 2005. Further, the Bank has signed the hiring contract for the implementation and maintenance with the Office of GFMIS. The Bank incurs service charges for the three-month periods ended March 31, 2017 and 2016 of Baht 31.65 million and Baht 30.37 million, respectively.

2) The Bank has operated student loans in subjects of public relations, policy, regulation, loan payment, documents filling, loan notification, loans status, including loan collection, claim for payment, and prosecution for the Student Loans Fund. KTB Law Co., Ltd. has been designated to prosecute debtors of the Student Loans Fund. The Bank incurs service charges for the three-month periods ended March 31, 2017 and 2016 of Baht 309.07 million and Baht 220.91 million, respectively.

3) The Bank designates KTB General Services and Security Co., Ltd. and Krungthai Card Pcl. to perform debts collection on behalf of the Bank. These service charges incurred for the three-month periods ended March 31, 2017 of Baht 15.26 million and Baht 0.73 million, respectively.

4) The Bank incurs service charges for sourcing and installing EDC machines for foreign exchange service to Krungthai Card Pcl. for the three-month periods ended March 31, 2017 of Baht 0.03 million.

5) The Bank incurs service charges on its subsidiaries [including service charges mentioned in No.1) to 4)] for the three-month periods ended March 31, 2017 and 2016 of Baht 1,758.23 million and Baht 1,804.80 million, respectively, at the agreed-upon rate.

6) The Bank generates fees income from service contracts for the three-month periods ended March 31, 2017 and 2016 of Baht 143.17 million and Baht 135.04 million, respectively.

7) The Bank generates premises rental income from subsidiaries for the three-month periods ended March 31, 2017 and 2016 of Baht 3.98 million, respectively, at the agreed-upon rate.

Intercompany Considerations

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

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

Associates

1) The Bank generates premises rental income from associates for the three-month periods ended March 31, 2017 and 2016 equally of Baht 0.16 million at the agreed-upon rate.

2) The Bank generates fees income from supportive service contracts for the three-month periods ended March 31, 2017 and 2016 of Baht 490.61 million and Baht 453.86 million, respectively, at the agreed-upon rate.

6.16 Significant Financial Position and Operations Classified by Domestic and Foreign Business Segment**6.16.1 Financial Position Classified by Business Segment**

(Million Baht)

<u>Consolidated Financial Statements</u>						
	<u>March 31, 2017</u>			<u>December 31, 2016</u>		
	Domestic	Foreign Branches	<u>Total</u>	Domestic	Foreign Branches	<u>Total</u>
	Business	Business		Business	Business	
	<u>Segment</u>	<u>Segment</u>		<u>Segment</u>	<u>Segment</u>	
Total assets	2,636,936.51	61,120.37	2,698,056.88	2,629,042.23	64,197.67	2,693,239.90
Interbank and money market items, net	397,998.34	28,887.30	426,885.64	400,746.90	30,891.51	431,638.41
Investments, net*	258,081.05	1,727.58	259,808.63	240,694.29	1,570.93	242,265.22
Loans to customers and						
accrued interest receivables, net	1,774,131.62	30,167.78	1,804,299.40	1,767,185.68	31,392.46	1,798,578.14
Deposits	1,985,467.42	5,976.11	1,991,443.53	1,966,527.15	5,876.38	1,972,403.53
Interbank and money market items, net	186,902.01	3,464.69	190,366.70	200,961.02	2,205.29	203,166.31
Debt issued and borrowings	64,624.02	49,121.76	113,745.78	69,717.02	50,973.84	120,690.86

(Million Baht)

<u>The Bank's Financial Statements</u>						
	<u>March 31, 2017</u>			<u>December 31, 2016</u>		
	Domestic	Foreign Branches	<u>Total</u>	Domestic	Foreign Branches	<u>Total</u>
	Business	Business		Business	Business	
	<u>Segment</u>	<u>Segment</u>		<u>Segment</u>	<u>Segment</u>	
Total assets	2,565,154.13	61,120.37	2,626,274.50	2,554,394.51	64,197.67	2,618,592.18
Interbank and money market items, net	397,755.03	28,887.30	426,642.33	400,458.70	30,891.51	431,350.21
Investments, net*	252,310.62	1,727.58	254,038.20	235,786.81	1,570.93	237,357.74
Loans to customers and						
accrued interest receivables, net	1,718,363.65	30,167.78	1,748,531.43	1,707,580.89	31,392.46	1,738,973.35
Deposits	1,989,318.75	5,976.11	1,995,294.86	1,969,281.29	5,876.38	1,975,157.67
Interbank and money market items, net	179,865.46	3,464.69	183,330.15	191,505.71	2,205.29	193,711.00
Debt issued and borrowings	23,339.02	49,121.76	72,460.78	28,294.02	50,973.84	79,267.86

* Included investments in subsidiaries and associates.

The consolidated and the Bank's financial statements As at March 31, 2017 and December 31, 2016, has total assets before eliminating net interbranch transactions of Baht 1,692.09 million and Baht 3,794.24 million, respectively.

6.16 Significant Financial Position and Operations Classified by Domestic and Foreign Business Segment (Continued)**6.16.2 Operations Classified by Business Segment**

(Million Baht)

<u>Consolidated Financial Statements</u>						
	<u>March 31, 2017</u>			<u>March 31, 2016</u>		
	Domestic	Foreign Branches		Domestic	Foreign Branches	
	Business	Business		Business	Business	
	<u>Segment</u>	<u>Segment</u>	<u>Total</u>	<u>Segment</u>	<u>Segment</u>	<u>Total</u>
Interest income	30,727.07	1,217.72	31,944.79	32,230.22	1,353.71	33,583.93
Interest expenses	(9,311.41)	(813.68)	(10,125.09)	(11,305.23)	(938.13)	(12,243.36)
Interest income, net	21,415.66	404.04	21,819.70	20,924.99	415.58	21,340.57
Fees and service income, net	5,691.31	24.27	5,715.58	5,179.73	29.44	5,209.17
Other operating income	3,453.52	15.18	3,468.70	4,180.77	(7.76)	4,173.01
Other operating expenses	(19,924.93)	(135.98)	(20,060.91)	(21,024.69)	(62.18)	(21,086.87)
Operating profit before income tax expenses	10,635.56	307.51	10,943.07	9,260.80	375.08	9,635.88

(Million Baht)

<u>The Bank's Financial Statements</u>						
	<u>March 31, 2017</u>			<u>March 31, 2016</u>		
	Domestic	Foreign Branches		Domestic	Foreign Branches	
	Business	Business		Business	Business	
	<u>Segment</u>	<u>Segment</u>	<u>Total</u>	<u>Segment</u>	<u>Segment</u>	<u>Total</u>
Interest income	27,381.94	1,217.72	28,599.66	29,103.25	1,353.71	30,456.96
Interest expenses	(8,916.84)	(813.68)	(9,730.52)	(10,916.45)	(938.13)	(11,854.58)
Interest income, net	18,465.10	404.04	18,869.14	18,186.80	415.58	18,602.38
Fees and service income, net	4,768.25	24.27	4,792.52	4,367.02	29.44	4,396.46
Other operating income	1,972.69	15.18	1,987.87	3,309.52	(7.76)	3,301.76
Other operating expenses	(16,369.49)	(135.98)	(16,505.47)	(17,677.03)	(62.18)	(17,739.21)
Operating profit before income tax expenses	8,836.55	307.51	9,144.06	8,186.31	375.08	8,561.39

The consolidated and the Bank's financial statements for the three-month periods ended March 31, 2017 and 2016, has total interest income and interest expenses before eliminating net interbranch transactions of Baht 787.90 million and Baht 918.05 million, respectively.

6.17 Operations Classified by Operating Segment

Segment Definition

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

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

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

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

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

Accounting Procedures for Segment Reporting

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

(Million Baht)

<u>Consolidated Financial Statements</u>						
<u>March 31, 2017</u>						
	<u>Retail</u>	<u>Wholesale</u>	<u>Treasury and</u>	<u>Support and</u>		
	<u>Banking</u>	<u>Banking</u>	<u>Investment</u>	<u>Others</u>	<u>Adjustments</u>	<u>Total</u>
Total operating income	13,787.71	8,347.43	2,404.08	6,428.48	36.28 ¹	31,003.98
Total expenses (excluding bad debts, doubtful						
accounts and loss on impairment)	(9,503.00)	(4,157.36)	(1,433.69)	(4,037.35)	4,489.57 ^{1,2}	(14,641.83)
Bad debts, doubtful accounts and loss on impairment	(1,220.07)	(5,229.95)	609.89	(1,620.41)	0.15	(7,460.39)
Net profit (loss)	3,064.64	(1,039.88)	1,580.28	770.72	4,526.00	8,901.76
Segment assets	817,573.90	1,081,683.80	124,373.63	680,917.88	(8,184.42) ³	2,696,364.79
Segment liabilities	1,433,571.32	597,261.36	185,663.08	189,916.54	1,724.19 ³	2,408,136.49

6.17 Operations Classified by Operating Segment (Continued)

(Million Baht)

<u>Consolidated Financial Statements</u>						
<u>March 31, 2016</u>						
	Retail <u>Banking</u>	Wholesale <u>Banking</u>	Treasury and <u>Investment</u>	Support and <u>Others</u>	<u>Adjustments</u>	<u>Total</u>
Total operating income	14,197.51	9,622.02	2,731.31	4,146.62	25.29 ¹	30,722.75
Total expenses (excluding bad debts, doubtful accounts and loss on impairment)	(9,166.30)	(4,812.76)	(1,390.31)	(3,041.23)	4,171.71 ^{1,2}	(14,238.89)
Bad debts, doubtful accounts and loss on impairment	(1,568.00)	(3,116.13)	68.67	(4,007.77)	-	(8,623.23)
Net profit (loss)	3,463.21	1,693.13	1,409.67	(2,902.38)	4,197.00	7,860.63
Segment assets	855,000.69	1,154,861.84	223,947.58	560,808.73	56,562.06 ³	2,851,180.90
Segment liabilities	1,440,969.05	678,270.52	206,592.42	208,662.94	49,112.10 ³	2,583,607.03

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

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

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

6.18 Interest Income

(Million Baht)

	<u>Consolidated Financial Statements</u>		<u>The Bank's Financial Statements</u>	
	<u>March 31, 2017</u>	<u>March 31, 2016</u>	<u>March 31, 2017</u>	<u>March 31, 2016</u>
Interbank and money market items	2,618.49	2,791.07	2,619.54	2,790.61
Investment and trading transactions	53.72	25.84	53.72	25.84
Investment in debt	985.97	679.35	985.09	678.34
Loans	26,918.17	28,336.14	24,140.49	26,032.53
Hire-purchase and finance lease	567.66	822.49	0.05	0.65
Others	12.88	10.99	12.87	10.94
Total interest income	31,156.89	32,665.88	27,811.76	29,538.91

6.19 Interest Expenses

(Million Baht)

	<u>Consolidated Financial Statements</u>		<u>The Bank's Financial Statements</u>	
	<u>March 31, 2017</u>	<u>March 31, 2016</u>	<u>March 31, 2017</u>	<u>March 31, 2016</u>
Deposits	5,155.18	6,852.40	5,158.31	6,854.20
Interbank and money market items	617.82	706.51	589.99	629.16
Contributions to Bank of Thailand (BoT)	2,310.00	2,408.00	2,310.00	2,408.00
Contributions to Deposit Protection Agency (DPA)	50.22	52.00	50.22	52.00
Debt issued				
Subordinated notes	1,102.29	1,211.52	738.56	904.44
B/E	88.85	78.21	88.85	77.87
Borrowings	7.08	6.88	1.28	1.56
Others	5.75	9.79	5.41	9.30
Total interest expenses	<u>9,337.19</u>	<u>11,325.31</u>	<u>8,942.62</u>	<u>10,936.53</u>

6.20 Income Tax Expenses

The Bank has been conducting tax management under its tax management policy by carrying out tax payment, tax filing and tax benefit utilization correctly according to the regulations of law.

The Bank has considered tax effects both current and future of benefit from carrying amount of assets or settlement of carrying amount of liabilities. If there is reasonably possible that the Bank will get benefits from carrying amount of assets or settlement of carrying amount of liabilities, allowing the Bank to pay income tax increase (or decrease) in its tax base in the future. Such consideration is based on estimates, assumptions, law changes that may occurred, legal interpretation and past experience. In the future, if changes occur, which resulted in Bank to change its decision on the sufficiency of income tax payable, any changes in income tax payable will affect on income tax expenses in the period that the changes occur.

Income tax expenses recognized in profit or losses for the three-month periods ended March 31, 2017 and 2016 are as follows:

	<u>Consolidated Financial Statements</u>		<u>The Bank's Financial Statements</u>	
	<u>March 31, 2017</u>	<u>March 31, 2016</u>	<u>March 31, 2017</u>	<u>March 31, 2016</u>
Current tax				
Current period	1,625.11	1,368.90	1,297.44	1,144.82
Deferred tax				
Movement in temporary differences	416.20	406.35	524.08	430.45
Total	<u>2,041.31</u>	<u>1,775.25</u>	<u>1,821.52</u>	<u>1,575.27</u>

6.21 Fair Value of Financial Instruments

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

(Million Baht)

<u>Consolidated Financial Statements</u>								
	<u>March 31, 2017</u>				<u>December 31, 2016</u>			
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Assets instruments								
Assets derivatives	-	31,014.88	-	31,014.88	-	30,063.05	-	30,063.05
Trading investments	53.39	26,548.49	-	26,601.88	-	17,103.12	-	17,103.12
Available-for-sale investments	33,421.69	81,151.05	-	114,572.74	32,883.94	73,356.92	-	106,240.86
Total assets instruments	33,475.08	138,714.42	-	172,189.50	32,883.94	120,523.09	-	153,407.03
Liabilities instruments								
Liabilities derivatives	-	29,179.72	-	29,179.72	-	31,516.69	-	31,516.69
Total liabilities instruments	-	29,179.72	-	29,179.72	-	31,516.69	-	31,516.69

(Million Baht)

<u>The Bank's Financial Statements</u>								
	<u>March 31, 2017</u>				<u>December 31, 2016</u>			
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Assets instruments								
Assets derivatives	-	31,033.38	-	31,033.38	-	30,084.83	-	30,084.83
Trading investments	53.39	26,568.01	-	26,621.40	-	17,122.65	-	17,122.65
Available-for-sale investments	33,421.69	81,151.05	-	114,572.74	32,883.94	73,356.92	-	106,240.86
Total assets instruments	33,475.08	138,752.44	-	172,227.52	32,883.94	120,564.40	-	153,448.34
Liabilities instruments								
Liabilities derivatives	-	29,179.72	-	29,179.72	-	31,516.69	-	31,516.69
Total liabilities instruments	-	29,179.72	-	29,179.72	-	31,516.69	-	31,516.69

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

Fair Value Hierarchy

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

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

6.21 Fair Value of Financial Instruments (Continued)

Valuation Techniques for Level 2

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

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

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

6.22 Business Transaction within the Financial Business Group Policies and Risk Management Policies regarding Business Transaction within the Financial Business Group.

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

The business transaction and risk management within the financial business group are prepared as regulations to supervise business transaction within the financial business group, including the Bank and 11 companies within the financial business group (Note 6.4), in terms of common standards and procedures which conform to the BoT's consolidated supervision policy. the business transaction within the financial business group policies and risk management policies regarding business transaction within the financial business group are approved by the Bank's board of directors and reviewed at least once a year. The policies also include transaction types, rules and regulations of business transactions, ratio of business transactions within the financial business group, and other related operating procedures. Business transactions within the group are conducted in the same manner as public operations and follow the Bank's corporate governance.

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

6.23 Events after the Reporting Period

On April 28, 2017, the 24th Annual General Meeting passed the resolution to approve the appropriation of net profit of the year 2016 amounting to Baht 29,967.79 million.

	(Million Baht)
Dividend - preferred shares (@ Baht 0.9145)	5.58
Dividend - ordinary shares (@ Baht 0.76)	12,019.41
Net profit carried forward	17,942.80

6.24 Others

6.24.1 The Bank has a debtor prosecuted to the Supreme Court's Criminal Division for Holders of Political Positions by the Office of the Attorney General. The Supreme Court issued the order of acceptance on July 25, 2012. This debtor has granted credit limit on December 9, 2003 of Baht 9,900 million which has been drawn down of Baht 8,368.73 million. As at March 31, 2017, the arrears are totally the drawn amount including accrued interest. The Bank also set aside full amount of allowance for doubtful accounts as the prescription of BoT's regulations. Moreover, such case is related to accrued receivables from default debtors from convertible preferred shares contracts recorded in other assets of Baht 997.87 million with full amount of allowance for impairment. The Supreme Court's Criminal Division for Holders of Political Positions has already judged this suit on August 26, 2015. Moreover, the Bank submitted the letter to the Office of the Attorney General to designate the Department of Legal Execution, the Office of the Attorney General as the Bank's legal executioner. In January 2016, the Office of the Attorney General filed a complaint to the Supreme Court to nominate the executing officers. The Supreme Court has nominated executing officers accordingly. The Bank also provided them the result of property investigation of all debtors in accordance with the court judgment. On October 5, 2016 the attorneys of the Department of Special Litigation arranged a meeting for representatives from the Bank of Thailand, the Anti-money Laundering Office and the Bank to consider the problems regarding execution of the Supreme Court's order. They will coordinate and exchange information. And each will utilize its authority by the law and the Supreme Court's order for legal execution towards the defendants, most importantly for the Bank's benefits. On November 30, 2016, KTB Law Co., Ltd. has been designated to proceed on execution together with the court judgment as well as prosecution against the branches relating to execution of Supreme Court's Criminal Division for Holders of Political Positions' judgment. The Bank has already submitted a power of attorney for seizure of property and property investigation report to the law firm. Furthermore, the Bank has approved hiring a law firm to provide consult, guideline, procedure, priority of the order and proper means to execute this case, auction and administration of the properties that were used as guarantee. Initially, the law firm, the Bank's representatives, and the attorneys of Department of Special Litigation have discussed about the legal execution procedures in order that the Bank earns maximum profits.

6.24.2 In 2010, the Bank lend a company of USD 95.67 million (Baht 2,884.61 million) pledged an investment in ordinary shares of a foreign financial institution as collateral. Although such shares equaled to 50 percent of its authorized shares capital, are on the Bank's behalf, but the Bank has no influences over this invested financial institution. The Bank has already received full loan repayment under this contract since July, 2011, but not yet transferred those ordinary shares as collateral back to the company because the company need to find a financial institution to be a new investor first.

6.24.3 On October 12, 2016, the Bank is considering the principle of closing a certain foreign branch. It is currently following the process of employing a legal advisor in accordance with the Bank's regulations to proceed on branch closing. Assets, liabilities and operating performances of the branch do not have a material effect on the Bank's financial statements..

6.25 Approval of the Financial Statements

These financial statements have been authorized to issue by the Audit Committee on May 11, 2017.
