

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, 2018, 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 Thai Standards on Auditing 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 on the reviewed interim financial information.

Conclusion

Based on the reviews, nothing has come to the attention that causes the Office of the Auditor General of Thailand to believe that the accompanying interim financial information is not prepared, in all material respects, in accordance with Thai Accounting Standard No.34, “Interim Financial Reporting”.

(Signed) Pattha Showsri

(Pattha Showsri)

Inspector General

(Signed) Ratchanee Chohnakijkul

(Ratchanee Chohnakijkul)

Director of Financial Audit Office No.2

Office of the Auditor General

May 9, 2018

KRUNG THAI BANK PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
STATEMENTS OF FINANCIAL POSITION
AS AT 31 MARCH, 2018

(Thousand Baht)

	NOTE	CONSOLIDATED		THE BANK'S	
		FINANCIAL STATEMENTS		FINANCIAL STATEMENTS	
		MARCH 31, 2018	DECEMBER 31, 2017	MARCH 31, 2018	DECEMBER 31, 2017
		(UNAUDITED / REVIEWED)	(AUDITED)	(UNAUDITED / REVIEWED)	(AUDITED)
ASSETS					
CASH		70,400,595	73,572,868	70,241,184	73,334,740
INTERBANK AND MONEY MARKET ITEMS, NET		585,220,743	549,669,529	584,751,513	549,180,025
CLAIMS ON SECURITIES		83,461,600	58,521,800	83,461,600	58,521,800
DERIVATIVES ASSETS	7.2	48,649,381	33,833,398	48,655,790	33,842,515
INVESTMENTS, NET	7.3	185,380,537	209,514,532	185,366,119	209,311,888
INVESTMENTS IN SUBSIDIARIES AND ASSOCIATES, NET	7.4	18,268,736	18,725,225	10,697,950	10,697,950
LOANS TO CUSTOMERS AND ACCRUED INTEREST RECEIVABLES, NET	7.5				
LOANS TO CUSTOMERS		1,929,808,994	1,939,927,818	1,858,442,454	1,865,483,424
ACCRUED INTEREST RECEIVABLES		5,461,758	5,211,737	4,965,210	4,691,079
TOTAL LOANS TO CUSTOMERS AND ACCRUED INTEREST RECEIVABLES		1,935,270,752	1,945,139,555	1,863,407,664	1,870,174,503
LESS DEFERRED REVENUE		(1,603,639)	(1,846,301)	(68,330)	(87,092)
LESS ALLOWANCE FOR DOUBTFUL ACCOUNTS	7.6	(129,585,086)	(125,363,725)	(121,117,362)	(116,726,345)
LESS REVALUATION ALLOWANCE FOR DEBT RESTRUCTURING	7.7	(13,009)	(17,264)	(13,009)	(17,264)
TOTAL LOANS TO CUSTOMERS AND ACCRUED INTEREST RECEIVABLES, NET		1,804,069,018	1,817,912,265	1,742,208,963	1,753,343,802
CUSTOMERS' LIABILITIES UNDER ACCEPTANCES		200,415	152,852	200,415	152,852
PROPERTIES FOR SALE, NET	7.8	34,926,393	35,509,936	34,893,158	35,486,341
PREMISES AND EQUIPMENT, NET		25,877,596	26,019,406	24,184,691	24,413,806
OTHER INTANGIBLE ASSETS, NET		3,784,596	3,906,494	898,424	895,359
DEFERRED TAX ASSETS	7.9	4,617,871	4,592,766	2,169,631	2,130,345
ACCRUED INCOME		3,219,531	3,476,209	2,952,863	3,188,162
OTHER ASSETS, NET		19,423,829	18,802,727	17,552,083	17,082,986
TOTAL ASSETS		2,887,500,841	2,854,210,007	2,808,234,384	2,771,582,571
LIABILITIES AND EQUITY					
DEPOSITS		2,033,068,072	2,070,874,680	2,035,413,959	2,073,594,012
INTERBANK AND MONEY MARKET ITEMS, NET		250,239,035	228,691,395	246,299,947	219,066,748
LIABILITIES PAYABLE ON DEMAND		11,646,804	5,291,692	11,646,804	5,291,692
LIABILITIES TO DELIVER SECURITIES		84,462,934	58,521,804	84,462,934	58,521,804
DERIVATIVES LIABILITIES	7.2	44,692,309	30,284,422	44,692,309	30,284,422
DEBT ISSUED AND BORROWINGS	7.10	110,374,804	110,626,429	65,759,425	67,271,429
BANK'S LIABILITIES UNDER ACCEPTANCES		200,415	152,852	200,415	152,852
PROVISIONS		12,874,088	12,625,672	11,857,005	11,524,569
OTHER LIABILITIES		40,091,997	42,922,118	33,340,928	35,745,892
TOTAL LIABILITIES		2,587,650,458	2,559,991,064	2,533,673,726	2,501,453,420

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 FINANCIAL POSITION (CONTINUED)
AS AT 31 MARCH, 2018

	NOTE	CONSOLIDATED		THE BANK'S	
		FINANCIAL STATEMENTS		FINANCIAL STATEMENTS	
		MARCH 31, 2018	DECEMBER 31, 2017	MARCH 31, 2018	DECEMBER 31, 2017
		(UNAUDITED /	(AUDITED)	(UNAUDITED /	(AUDITED)
		REVIEWED)		REVIEWED)	
LIABILITIES AND EQUITY (CONTINUED)					
EQUITY					
SHARE CAPITAL	7.11				
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		20,152,541	21,918,740	14,289,733	15,015,969
RETAINED EARNINGS					
APPROPRIATED					
LEGAL RESERVE	7.12	7,200,504	7,200,504	7,200,504	7,200,504
UNAPPROPRIATED		172,689,773	165,903,237	160,231,647	155,073,904
TOTAL EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE BANK		292,881,592	287,861,255	274,560,658	270,129,151
NON-CONTROLLING INTEREST		6,968,791	6,357,688		
TOTAL EQUITY		299,850,383	294,218,943	274,560,658	270,129,151
TOTAL LIABILITIES AND EQUITY		2,887,500,841	2,854,210,007	2,808,234,384	2,771,582,571

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

(Signed) Krairit Euchukanonchai
KRAIRIT EUCHUKANONCHAI
 VICE CHAIRMAN
 FOR CHAIRMAN OF THE BOARD OF DIRECTORS

(Signed) Payong Srivanich
PAYONG SRIVANICH
 PRESIDENT

(TRANSLATION)

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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, 2018

UNAUDITED/
REVIEWED

(Thousand Baht)

	NOTE	CONSOLIDATED		THE BANK'S	
		FINANCIAL STATEMENTS		FINANCIAL STATEMENTS	
		2018	2017 (RESTATED)	2018	2017 (RESTATED)
INTEREST INCOME	7.18	29,505,184	31,261,059	26,193,081	27,915,934
INTEREST EXPENSES	7.19	8,964,873	9,133,617	8,584,037	8,739,047
INTEREST INCOME, NET		20,540,311	22,127,442	17,609,044	19,176,887
FEES AND SERVICE INCOME		7,590,175	6,795,627	6,065,818	5,554,383
FEES AND SERVICE EXPENSES		1,431,496	1,080,049	1,050,457	761,860
FEES AND SERVICE INCOME, NET		6,158,679	5,715,578	5,015,361	4,792,523
GAINS ON TRADINGS AND FOREIGN EXCHANGE TRANSACTIONS, NET		909,750	1,116,011	907,757	1,113,394
GAINS ON INVESTMENTS, NET		114,671	175,906	114,671	175,906
SHARE OF PROFIT FROM INVESTMENTS FOR USING EQUITY METHOD		583,474	751,475	-	-
DIVIDEND INCOME		101,152	97,994	101,152	97,994
OTHER OPERATING INCOME		1,111,393	1,025,957	104,913	292,833
TOTAL OPERATING INCOME		29,519,430	31,010,363	23,852,898	25,649,537
OTHER OPERATING EXPENSES					
EMPLOYEES' EXPENSES		8,021,045	7,812,891	6,657,231	6,452,098
DIRECTORS' REMUNERATION		10,099	10,488	6,300	6,390
PREMISES AND EQUIPMENT EXPENSES		2,169,805	1,958,921	1,242,772	1,095,525
TAXES AND DUTIES		1,046,597	1,148,782	919,544	1,030,735
OTHERS		2,277,155	1,669,441	3,062,693	2,420,879
TOTAL OTHER OPERATING EXPENSES		13,524,701	12,600,523	11,888,540	11,005,627
IMPAIRMENT LOSS OF LOANS AND DEBT SECURITIES		6,908,026	7,460,390	5,500,511	5,499,849
OPERATING PROFIT BEFORE INCOME TAX EXPENSES		9,086,703	10,949,450	6,463,847	9,144,061
INCOME TAX EXPENSES	7.20	1,689,064	2,041,305	1,306,104	1,821,521
NET PROFIT		7,397,639	8,908,145	5,157,743	7,322,540

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

(TRANSLATION)

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KRUNG THAI BANK PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (CONTINUED)
FOR THE THREE-MONTH PERIOD ENDED MARCH 31, 2018

UNAUDITED/
REVIEWED

(Thousand Baht)

	CONSOLIDATED		THE BANK'S	
	FINANCIAL STATEMENTS		FINANCIAL STATEMENTS	
	2018	2017	2018	2017
		(RESTATED)		(RESTATED)
OTHER COMPREHENSIVE INCOME				
ITEMS THAT WILL BE RECLASSIFIED SUBSEQUENTLY TO PROFIT OR LOSS				
GAINS (LOSSES) ON REMEASURING AVAILABLE-FOR-SALE INVESTMENTS	(752,807)	136,370	(752,807)	136,370
LOSSES ARISING FROM TRANSLATING THE FINANCIAL STATEMENTS OF FOREIGN OPERATIONS	(123,990)	(17,168)	(123,990)	(17,168)
SHARE OF OTHER COMPREHENSIVE INCOME OF ASSOCIATES (EQUITY METHOD)				
FOR ITEMS THAT WILL BE RECLASSIFIED SUBSEQUENTLY TO PROFIT OR LOSS	(1,039,963)	87,809	-	-
RELATED INCOME TAX EXPENSES				
FOR ITEMS THAT WILL BE RECLASSIFIED SUBSEQUENTLY TO PROFIT OR LOSS	150,561	(27,274)	150,561	(27,274)
ITEMS THAT WILL NOT BE RECLASSIFIED SUBSEQUENTLY TO PROFIT OR LOSS				
CHANGES IN REVALUATION SURPLUS ON ASSETS	-	(182)	-	(182)
RELATED INCOME TAX EXPENSES				
FOR ITEMS THAT WILL NOT BE RECLASSIFIED SUBSEQUENTLY TO PROFIT OR LOSS	-	36	-	36
OTHER COMPREHENSIVE INCOME, NET	(1,766,199)	179,591	(726,236)	91,782
TOTAL COMPREHENSIVE INCOME	5,631,440	9,087,736	4,431,507	7,414,322
NET PROFIT ATTRIBUTABLE				
EQUITY HOLDERS OF THE BANK	6,786,536	8,537,889	5,157,743	7,322,540
NON-CONTROLLING INTEREST	611,103	370,256		
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE				
EQUITY HOLDERS OF THE BANK	5,020,337	8,717,480	4,431,507	7,414,322
NON-CONTROLLING INTEREST	611,103	370,256		
EARNINGS PER SHARE OF PARENT COMPANY				
BASIC EARNINGS PER SHARE (BAHT)	0.49	0.61	0.37	0.52

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

(Signed) Krairit Euchukanonchai

KRAIRIT EUCHUKANONCHAI

VICE CHAIRMAN

FOR CHAIRMAN OF THE BOARD OF DIRECTORS

(Signed) Payong Srivanich

PAYONG SRIVANICH

PRESIDENT

KRUNG THAI BANK PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
STATEMENTS OF CHANGES IN EQUITY
FOR THE THREE - MONTH PERIOD ENDED MARCH 31, 2018

**UNAUDITED/
REVIEWED**

(Thousand Baht)

CONSOLIDATED FINANCIAL STATEMENTS													
ISSUED AND PAID-UP SHARE CAPITAL		PREMIUM ON SHARE CAPITAL	ATTRIBUTABLE TO EQUITY HOLDERS OF THE BANK					RETAINED EARNINGS	TOTAL EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE BANK	NON-CONTROLLING INTEREST	TOTAL		
			APPRAISAL SURPLUS (DEFICIT) ON ASSETS	REVALUATION SURPLUS (DEFICIT) ON INVESTMENTS	GAINS (LOSS) FROM RECLASSIFICATION OF INVESTMENTS	GAIN (LOSS) FROM TRANSLATING THE FINANCIAL STATEMENTS	SHARE OF OTHER COMPREHENSIVE INCOME OF ASSOCIATES						
BALANCE BEFORE ADJUSTMENT AS AT JANUARY 1, 2017			72,005,040	20,833,734	8,367,335	5,630,275	-	(85,107)	3,836,315	163,341,742	273,929,334	5,217,609	279,146,943
EFFECTS OF RETROSPECTIVE RESTATEMENT			-	-	-	-	-	-	-	257,697	257,697	-	257,697
BALANCE AFTER ADJUSTMENT AS AT JANUARY 1, 2017			72,005,040	20,833,734	8,367,335	5,630,275	-	(85,107)	3,836,315	163,399,439	274,187,031	5,217,609	279,404,640
TOTAL COMPREHENSIVE INCOME			-	-	(146)	109,096	-	(17,168)	87,809	8,537,889	8,717,480	370,256	9,087,736
ENDING BALANCE AS AT MARCH 31, 2017			72,005,040	20,833,734	8,367,189	5,739,371	-	(102,275)	3,924,124	172,137,328	282,904,511	5,587,865	288,492,376
BEGINNING BALANCE AS AT JANUARY 1, 2018			72,005,040	20,833,734	8,356,992	6,090,218	644,353	107,479	6,719,698	173,103,741	287,861,255	6,357,688	294,218,943
TOTAL COMPREHENSIVE INCOME			-	-	-	(602,246)	-	(123,990)	(1,039,963)	6,786,536	5,020,337	611,103	5,631,440
ENDING BALANCE AS AT MARCH 31, 2018			72,005,040	20,833,734	8,356,992	5,487,972	644,353	(16,511)	5,679,735	179,890,277	292,881,592	6,968,791	299,850,383

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, 2018

UNAUDITED/
REVIEWED

(Thousand Baht)

THE BANK'S FINANCIAL STATEMENTS

	ISSUED AND PAID-UP SHARE CAPITAL	PREMIUM ON SHARE CAPITAL	OTHER COMPONENTS OF EQUITY					RETAINED EARNINGS	TOTAL
			APPRAISAL SURPLUS (DEFICIT) ON ASSETS	REVALUATION SURPLUS (DEFICIT) ON INVESTMENTS	GAINS (LOSS) FROM RECLASSIFICATION OF INVESTMENTS	GAIN (LOSS) FROM TRANSLATING THE FINANCIAL STATEMENTS			
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	
BEGINNING BALANCE AS AT JANUARY 1, 2018	72,005,040	20,833,734	8,356,992	5,907,145	644,353	107,479	162,274,408	270,129,151	
TOTAL COMPREHENSIVE INCOME	-	-	-	(602,246)	-	(123,990)	5,157,743	4,431,507	
ENDING BALANCE AS AT MARCH 31, 2018	72,005,040	20,833,734	8,356,992	5,304,899	644,353	(16,511)	167,432,151	274,560,658	

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

(Signed) Krairit Euchukanonchai
KRAIRIT EUCHUKANONCHAI
 VICE CHAIRMAN

(Signed) Payong Srivanich
PAYONG SRIVANICH
 PRESIDENT

FOR CHAIRMAN OF THE BOARD OF DIRECTORS

KRUNG THAI BANK PUBLIC COMPANY LIMITED AND SUBSIDIARIES
STATEMENTS OF CASH FLOWS
FOR THE THREE-MONTH PERIOD ENDED MARCH 31, 2018

	CONSOLIDATED		THE BANK'S	
	FINANCIAL STATEMENTS		FINANCIAL STATEMENTS	
	2018	2017	2018	2017
		(RESTATED)		(RESTATED)
CASH FLOWS FROM OPERATING ACTIVITIES				
OPERATING PROFIT BEFORE INCOME TAX EXPENSES	9,086,703	10,949,450	6,463,847	9,144,061
ADJUSTMENTS TO RECONCILE OPERATING PROFIT BEFORE INCOME TAX EXPENSES				
TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES				
DEPRECIATION AND AMORTIZATION EXPENSES	698,883	753,645	326,612	364,055
BAD DEBTS, DOUBTFUL ACCOUNTS AND LOSS ON IMPAIRMENT	6,908,026	7,460,390	5,500,511	5,499,849
SHARE OF PROFIT FROM INVESTMENTS FOR USING EQUITY METHOD	(583,474)	(751,475)	-	-
GAIN ON DISPOSAL OF ASSETS	(222)	(558)	(485)	(59)
GAIN ON DISPOSAL OF INVESTMENTS	(114,671)	(175,906)	(114,671)	(175,906)
(GAIN) LOSS ON REVALUATION OF INVESTMENTS	128,278	(74,500)	128,278	(74,500)
LOSS (REVERSAL) ON IMPAIRMENT OF PROPERTIES FOR SALE	293,737	(44,296)	293,483	(33,694)
REVERSAL OF IMPAIRMENT OF OTHER ASSETS	-	(2,741)	-	(2,741)
LOSS ON IMPAIRMENT OF OTHER ASSETS	126,919	-	126,919	-
AMORTIZATION OF PREMIUM (DISCOUNT) ON INVESTMENTS	31,844	(100,513)	32,401	(99,691)
GAIN ON FOREIGN CURRENCY TRANSLATION	(371,099)	(1,339,965)	(371,108)	(1,340,636)
INCREASE IN PROVISIONS	203,801	94,459	332,436	35,149
INCREASE IN OTHER ACCRUED INCOME	(200,856)	(198,336)	(222,237)	(234,037)
DECREASE IN OTHER ACCRUED EXPENSES	(2,969,813)	(4,265,005)	(1,453,135)	(3,628,829)
	13,238,056	12,304,649	11,042,851	9,453,021
INTEREST INCOME, NET	(20,540,311)	(22,127,442)	(17,609,044)	(19,176,887)
DIVIDEND INCOME	(101,152)	(97,994)	(101,152)	(97,994)
PROCEEDS FROM INTEREST INCOME	29,864,794	33,588,489	26,528,581	30,238,120
CASH PAID ON INTEREST EXPENSES	(9,411,209)	(10,486,339)	(9,099,504)	(10,143,235)
PROCEEDS FROM DIVIDEND INCOME	36,717	34,310	36,717	34,310
CASH PAID ON INCOME TAX EXPENSES	(2,842,970)	(315,027)	(2,745,297)	(214,007)
OPERATING INCOME BEFORE CHANGES IN				
OPERATING ASSETS AND LIABILITIES	10,243,925	12,900,646	8,053,152	10,093,328
(INCREASE) DECREASE IN OPERATING ASSETS				
INTERBANK AND MONEY MARKET ITEMS	(35,638,876)	4,573,144	(35,659,150)	4,528,252
CLAIMS ON SECURITIES	(24,939,800)	3,984,200	(24,939,800)	3,984,200
INVESTMENTS IN TRADING SECURITIES	(6,028,104)	(9,424,502)	(6,028,104)	(9,424,491)
LOANS TO CUSTOMERS	4,865,283	(19,241,584)	3,588,500	(21,112,618)
PROPERTIES FOR SALE	917,697	1,689,014	922,247	1,639,692
OTHER ASSETS	(15,208,076)	6,702,976	(15,053,353)	7,182,174
INCREASE (DECREASE) IN OPERATING LIABILITIES				
DEPOSITS	(37,806,609)	19,040,001	(38,180,054)	20,137,189
INTERBANK AND MONEY MARKET ITEMS	21,547,640	(12,599,610)	27,233,199	(10,180,856)
LIABILITIES PAYABLE ON DEMAND	6,355,112	812,606	6,355,112	812,606
LIABILITIES TO DELIVER SECURITIES	25,941,131	(3,984,200)	25,941,131	(3,984,200)
DEBT ISSUED AND SHORT-TERM BORROWINGS	187,391	14,321	187,391	-
OTHER LIABILITIES	16,045,079	5,766,007	15,418,640	6,399,292
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	(33,518,207)	10,233,019	(32,161,089)	10,074,568

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

KRUNG THAI BANK PUBLIC COMPANY LIMITED AND SUBSIDIARIES
STATEMENTS OF CASH FLOWS (CONTINUED)
FOR THE THREE-MONTH PERIOD ENDED MARCH 31, 2018

	(Thousand Baht)			
	CONSOLIDATED		THE BANK'S	
	FINANCIAL STATEMENTS	FINANCIAL STATEMENTS	FINANCIAL STATEMENTS	FINANCIAL STATEMENTS
	2018	2017	2018	2017
		(RESTATED)		(RESTATED)
CASH FLOWS FROM INVESTING ACTIVITIES				
PURCHASES OF AVAILABLE FOR SALE SECURITIES	(62,765,276)	(36,056,030)	(62,765,276)	(36,056,030)
PROCEEDS FROM DISPOSAL OF AVAILABLE FOR SALE SECURITIES	59,589,500	27,936,430	59,402,888	27,936,430
PURCHASES OF HELD TO MATURITY DEBT SECURITIES	(689,008)	(616,710)	(447,182)	(316,487)
PROCEEDS FROM DISPOSAL OF HELD TO MATURITY DEBT SECURITIES	33,347,098	1,568,076	33,103,098	1,297,076
PURCHASES OF GENERAL INVESTMENTS	(49,955)	(105,705)	(49,955)	(105,705)
PROCEEDS FROM DISPOSAL OF GENERAL INVESTMENTS	43,917	91,452	43,917	91,452
PURCHASES OF INTANGIBLE ASSETS	(74,384)	(126,220)	(41,897)	(47,050)
PURCHASES OF PREMISES AND EQUIPMENT	(195,673)	(151,698)	(54,555)	(155,278)
PROCEEDS FROM DISPOSAL OF PREMISES AND EQUIPMENT	3,327	874	485	170
NET CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES	<u>29,209,546</u>	<u>(7,459,531)</u>	<u>29,191,523</u>	<u>(7,355,422)</u>
CASH FLOWS FROM FINANCING ACTIVITIES				
PROCEEDS FROM DEBT ISSUED AND LONG-TERM BORROWINGS	2,060,378	-	-	-
REPAYMENTS OF DEBT ISSUED AND LONG-TERM BORROWINGS	(800,000)	(5,293,000)	-	(5,155,000)
NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES	<u>1,260,378</u>	<u>(5,293,000)</u>	<u>-</u>	<u>(5,155,000)</u>
LOSS ON ARISING FROM TRANSLATING THE FINANCIAL STATEMENTS OF FOREIGN OPERATIONS	<u>(123,990)</u>	<u>(17,168)</u>	<u>(123,990)</u>	<u>(17,168)</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS	<u>(3,172,273)</u>	<u>(2,536,680)</u>	<u>(3,093,556)</u>	<u>(2,453,022)</u>
BEGINNING BALANCE OF CASH AND CASH EQUIVALENTS	<u>73,572,868</u>	<u>72,106,416</u>	<u>73,334,740</u>	<u>71,929,866</u>
ENDING BALANCE OF CASH AND CASH EQUIVALENTS	<u><u>70,400,595</u></u>	<u><u>69,569,736</u></u>	<u><u>70,241,184</u></u>	<u><u>69,476,844</u></u>

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

(Signed) Krairit Euchukanonchai
KRAIRIT EUCHUKANONCHAI
 VICE CHAIRMAN
 FOR CHAIRMAN OF THE BOARD OF DIRECTORS

(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, 2018 (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 2017) 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, 2017. 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 October 2, 2017, regarding the Preparation and Submission of Financial Statements and Report on Financial Position and Results of Business Operations of Listed Companies, B.E. 2560 (2017). 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 after eliminating material intercompany transactions and balances. The 7 consolidated subsidiaries are KTB Law Co., Ltd., KTB General Services and Security Co., Ltd., Krung Thai Asset Management Pcl., KTB Computer Services Co., Ltd., KTB Leasing Co., Ltd., KTB Advisory Co., Ltd., and Krungthai Card Pcl. (has entity control).

Percentages of shareholdings and investments in the Bank's subsidiaries and associates are shown in Note 7.4.

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, 2018 and 2017 and for the year ended December 31, 2017 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, 2018. 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.

2.4 The New and Revised Thai Accounting Standards (TAS) and Thai Financial Reporting Standards (TFRS)**Announced but not yet Effective**

The Federation of Accounting Professions has announced International Financial Reporting Standards No.15 (IFRS 15), regarding Revenue from Contracts with Customers (Bound volume 2018 Consolidated without early application), those are effective for the financial statements of the periods beginning on or after January 1, 2019. 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, 2017.

4. Statutory Capital Fund

As at March 31, 2018 and December 31, 2017, the Bank calculated capital fund based on Basel III framework of the BoT. Since 2017, 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, 2017 to full amounts on January 1, 2019.

4. Statutory Capital Fund (Continued)**Capital Fund Ratios to Risk Weighted Assets**

	<u>2018</u>	<u>2017</u>
	<u>More than %</u>	<u>More than %</u>
Tier 1 capital fund ratios - equity	6.375	5.75
Tier 1 capital fund ratios	7.875	7.25
Total capital fund ratios	10.375	9.75

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, 2018</u>	<u>December 31, 2017</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	158,039.92	156,895.32
Other components of equity	20,134.14	20,937.26
Deduction items from Tier 1 capital fund - equity	(11,193.21)	(10,415.48)
Tier 1 capital fund - financial instruments	1,035.78	1,149.97
Total tier 1 capital fund	<u>268,055.91</u>	<u>268,606.35</u>
Tier 2 capital fund		
Long-term subordinated debt	51,810.16	51,810.16
Allowance for assets classified as pass	21,628.15	22,331.26
Total tier 2 capital fund	<u>73,438.31</u>	<u>74,141.42</u>
Total capital fund	<u><u>341,494.22</u></u>	<u><u>342,747.77</u></u>

4. Statutory Capital Fund (Continued)**Capital Fund Ratios to Risk Weighted Assets (Continued)**

(Million Baht)

	<u>The Bank's Financial Statements</u>	
	<u>March 31, 2018</u>	<u>December 31, 2017</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	147,414.43	147,414.43
Other components of equity	14,285.33	14,860.62
Deduction items from Tier 1 capital fund - equity	(6,108.19)	(5,886.76)
Total tier 1 capital fund	<u>255,630.85</u>	<u>256,427.57</u>
Tier 2 capital fund		
Long-term subordinated debt	51,810.16	51,810.16
Allowance for assets classified as pass	20,520.94	21,072.95
Total tier 2 capital fund	<u>72,331.10</u>	<u>72,883.11</u>
Total capital fund	<u>327,961.95</u>	<u>329,310.68</u>

Capital Fund Ratios to Risk Weighted Assets

	<u>Financial Business Group</u>		<u>The Bank's Financial Statements</u>	
	<u>March 31, 2018</u>	<u>December 31, 2017</u>	<u>March 31, 2018</u>	<u>December 31, 2017</u>
Tier 1 capital fund ratios - equity	13.73	13.42	13.81	13.59
Tier 1 capital fund ratios	13.78	13.48	13.81	13.59
Total capital fund ratios	17.56	17.20	17.72	17.45

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, 2018

Information as at December 31, 2017

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. RECLASSIFICATION

The Bank reclassified items in the statements of profit or loss and other comprehensive income for the three-month periods ended March 31, 2017 in order to be consistent and comparable with the statements of profit or loss and other comprehensive income for the three-month periods ended March 31, 2018. This reclassification is ineffective to net profit of the Bank as follows.

(Million Baht)

	<u>Consolidated Financial Statements</u>			<u>The Bank's Financial Statements</u>		
	<u>Before</u>	<u>Reclassification</u>	<u>After</u>	<u>Before</u>	<u>Reclassification</u>	<u>After</u>
	<u>reclassification</u>		<u>reclassification</u>	<u>reclassification</u>		<u>reclassification</u>
Statements of Profit or Loss and Other Comprehensive Income						
For the three-month periods ended March 31, 2017						
Interest revenue	31,156.89	104.17	31,261.06	27,811.76	104.17	27,915.93
Interest expense	9,337.20	(203.58)	9,133.62	8,942.63	(203.58)	8,739.05
Net interest	21,819.69	307.75	22,127.44	18,869.13	307.75	19,176.88
Gain on tradings and foreign exchange transactions, net						
Foreign Currency	1,423.76	(307.75)	1,116.01	1,421.14	(307.75)	1,113.39

7. SUPPLEMENTARY INFORMATION

7.1 Supplementary Information of Cash Flows

Significant non-cash items for the three-month periods ended March 31, 2018 and 2017 are as follows:

(Million Baht)

	<u>Consolidated Financial Statements</u>		<u>The Bank's Financial Statements</u>	
	<u>March 31, 2018</u>	<u>March 31, 2017</u>	<u>March 31, 2018</u>	<u>March 31, 2017</u>
Increase (Decrease) in revaluation surplus on available-for-sale				
investments net income tax expenses*	(602.25)	196.90	(602.25)	109.10
Increase in properties for sale from loan payment	622.55	2,492.88	622.55	2,492.88

*Included Gains (Losses) from reclassification of investments

7.2 Derivatives Held for Trading

The Fair Values and the Notional Amounts Classified by Type of Risk

(Million Baht)

Type of Risk	<u>Consolidated Financial Statements</u>					
	<u>March 31, 2018</u>			<u>December 31, 2017</u>		
	<u>Fair Value</u>		<u>Notional</u>	<u>Fair Value</u>		<u>Notional</u>
	<u>Assets</u>	<u>Liabilities</u>	<u>Amounts</u>	<u>Assets</u>	<u>Liabilities</u>	<u>Amounts</u>
Exchange rate	36,097.05	31,814.28	2,136,663.32	24,337.94	20,486.77	1,778,097.10
Interest rate	5,886.79	5,900.39	1,419,329.97	4,913.34	4,736.26	1,162,066.51
Others	6,665.54	6,977.64	113,637.76	4,582.12	5,061.39	88,843.22
Total	48,649.38	44,692.31	3,669,631.05	33,833.40	30,284.42	3,029,006.83

(Million Baht)

Type of Risk	<u>The Bank's Financial Statements</u>					
	<u>March 31, 2018</u>			<u>December 31, 2017</u>		
	<u>Fair Value</u>		<u>Notional</u>	<u>Fair Value</u>		<u>Notional</u>
	<u>Assets</u>	<u>Liabilities</u>	<u>Amounts</u>	<u>Assets</u>	<u>Liabilities</u>	<u>Amounts</u>
Exchange rate	36,097.05	31,814.28	2,136,663.32	24,337.94	20,486.77	1,778,097.10
Interest rate	5,893.20	5,900.39	1,420,066.30	4,922.45	4,736.26	1,162,958.94
Others	6,665.54	6,977.64	113,637.76	4,582.12	5,061.39	88,843.22
Total	48,655.79	44,692.31	3,670,367.38	33,842.51	30,284.42	3,029,899.26

7.2 Derivatives Held for Trading (Continued)**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, 2018</u>	<u>December 31, 2017</u>	<u>March 31, 2018</u>	<u>December 31, 2017</u>
	<u>Proportion</u>	<u>Proportion</u>	<u>Proportion</u>	<u>Proportion</u>
Financial institutions	77.31%	76.16%	77.29%	76.14%
Financial business group	0.35%	0.32%	0.37%	0.35%
Third parties	22.34%	23.52%	22.34%	23.51%
Total	100.00%	100.00%	100.00%	100.00%

7.3 Investments, Net

(Million Baht)

	<u>Consolidated Financial Statements</u>		<u>The Bank's Financial Statements</u>	
	<u>March 31, 2018</u>	<u>December 31, 2017</u>	<u>March 31, 2018</u>	<u>December 31, 2017</u>
	<u>Fair Value</u>	<u>Fair Value</u>	<u>Fair Value</u>	<u>Fair Value</u>
7.3.1 Trading Securities				
Government & state enterprise securities	14,183.92	8,315.31	14,183.92	8,315.31
Private enterprise debt securities	199.82	168.60	202.83	171.61
Total	14,383.74	8,483.91	14,386.75	8,486.92
7.3.2 Available-for-Sale Securities				
Government & state enterprise securities	105,437.14	111,990.81	105,437.14	111,990.81
Private enterprise debt securities	5,410.65	6,383.60	5,597.26	6,383.60
Foreign debt securities	37,535.10	27,295.31	37,535.10	27,295.31
Domestic marketable equity securities	11,784.78	12,348.33	11,784.78	12,348.33
Foreign marketable equity securities	438.02	478.68	438.02	478.68
Total	160,605.69	158,496.73	160,792.30	158,496.73

7.3 Investments, Net (Continued)

(Million Baht)

	<u>Consolidated Financial Statements</u>		<u>The Bank's Financial Statements</u>	
	<u>March 31, 2018</u>	<u>December 31, 2017</u>	<u>March 31, 2018</u>	<u>December 31, 2017</u>
	Cost/ <u>Amortized Cost</u>	Cost/ <u>Amortized Cost</u>	Cost/ <u>Amortized Cost</u>	Cost/ <u>Amortized Cost</u>
7.3.3 Held-to-Maturity Debt Securities				
Government & state enterprise securities	3,251.85	35,510.74	3,047.86	35,305.14
Private enterprise debt securities	295.96	295.96	295.96	295.96
Foreign debt securities	6,175.26	6,066.15	6,175.26	6,066.15
Total	9,723.07	41,872.85	9,519.08	41,667.25
<u>Less</u> Allowance for impairment	(36.22)	(35.71)	(36.22)	(35.71)
Total	9,686.85	41,837.14	9,482.86	41,631.54
7.3.4 General Investments				
Domestic non-marketable equity securities	1,869.80	1,862.19	1,869.75	1,862.14
Foreign non-marketable equity securities	3.91	3.97	3.91	3.97
Others	0.78	0.82	0.78	0.82
Total	1,874.49	1,866.98	1,874.44	1,866.93
<u>Less</u> Allowance for impairment	(1,170.23)	(1,170.23)	(1,170.23)	(1,170.23)
Total	704.26	696.75	704.21	696.70
Total investments, net	185,380.54	209,514.53	185,366.12	209,311.89

As at March 31, 2018 and December 31, 2017, general investments which are domestic non-marketable equity securities of Baht 1,869.75 million and Baht 1,862.14 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.

7.3 Investments, Net (Continued)

7.3.5 As at March 31, 2018 and December 31, 2017 Unrealized gains or losses arising from the revaluation of available-for-sale securities are as follows:

(Million Baht)

<u>Consolidated Financial Statements</u>								
<u>March 31, 2018</u>					<u>December 31, 2017</u>			
		Unrealized	Unrealized	Fair		Unrealized	Unrealized	Fair
	<u>Cost</u> ¹	<u>Gain</u> ²	<u>Loss</u> ²	<u>Value</u>	<u>Cost</u> ¹	<u>Gain</u> ²	<u>Loss</u> ²	<u>Value</u>
Available-for-Sale Securities	153,169.12	8,697.35	(1,260.78)	160,605.69	150,307.36	9,253.48	(1,064.11)	158,496.73

(Million Baht)

<u>The Bank's Financial Statements</u>								
<u>March 31, 2018</u>					<u>December 31, 2017</u>			
		Unrealized	Unrealized	Fair		Unrealized	Unrealized	Fair
	<u>Cost</u> ¹	<u>Gain</u> ²	<u>Loss</u> ²	<u>Value</u>	<u>Cost</u> ¹	<u>Gain</u> ²	<u>Loss</u> ²	<u>Value</u>
Available-for-Sale Securities	153,355.74	8,697.35	(1,260.79)	160,792.30	150,307.36	9,253.48	(1,064.11)	158,496.73

¹ net of allowance for impairment

² Included Gains (Losses) from reclassification of investments

7.3.6 As at March 31, 2018 and December 31, 2017, the Bank had investments in foreign securities affected by foreign exchange rate, resulting in a decrease of the carrying amount of Baht 205.24 million and Baht 965.77 million, respectively.

7.3.7 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, 2018</u>	<u>December 31, 2017</u>
Public utilities and services	1,558.17	1,474.17

7.3.8 As at March 31, 2018, the Bank has investments in 3 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.

7.4 Investments in Subsidiaries and Associates, Net

7.4.1 The Bank's Financial Statements

(Million Baht)

March 31, 2018

			Percentages of	Investments	
<u>Name of Company</u>	<u>Type of Business</u>	<u>Type of Shares</u>	<u>Shareholdings</u>	<u>(Cost Method)</u>	<u>Dividend</u>
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 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				4,715.50	-
<u>Less</u> Allowance for impairment**				(802.46)	
Total				3,913.04	-
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	-
National ITMX Co., Ltd.	Service	Ordinary	21.13	38.05	-
Total				6,784.91	-
Investments in subsidiaries and associates, net				10,697.95	-

7.4 Investments in Subsidiaries and Associates, Net (Continued)**7.4.1 The Bank's Financial Statements (Continued)**

(Million Baht)

						December 31, 2017	
						Percentages of	Investments
<u>Name of Company</u>	<u>Type of Business</u>	<u>Type of Shares</u>	<u>Shareholdings</u>	<u>(Cost Method)</u>	<u>Dividend</u>		
Subsidiaries							
KTB Law Co., Ltd.	Legal Services	Ordinary	100.00	30.00	19.00		
KTB General Services and Security Co., Ltd.	General Services	Ordinary	100.00	140.00	203.00		
Krung Thai Asset Management Pcl.	Securities Business	Ordinary	100.00	210.90	232.00		
KTB Computer Services Co., Ltd.	IT Services	Ordinary	100.00	1,300.00	27.30		
KTB Leasing Co., Ltd.*	Hire Purchase	Ordinary	100.00	1,000.00	-		
KTB Advisory Co., Ltd.	Financial Counseling & Advisory Services	Ordinary	100.00 49.45	40.00	-		
Krungthai Card Pcl.	Credit Card Business	Ordinary		1,994.60	510.00		
Total				4,715.50	991.30		
<u>Less</u> Allowance for impairment**				(802.46)	-		
Total				3,913.04	991.30		
Associates							
Krungthai-AXA Life Insurance Pcl.	Life Insurance	Ordinary	50.00	4,071.77	1,825.00		
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	39.05		
KT Zmico Securities Co., Ltd.	Securities Business	Ordinary	50.00	1,068.89	-		
National ITMX Co., Ltd.	Service	Ordinary	21.13	38.05	6.19		
Total				6,784.91	2,028.64		
Investments in subsidiaries and associates, net				10,697.95	3,019.94		

* Under consideration of business restructuring plan.

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

7.4 Investments in Subsidiaries and Associates, Net (Continued)**7.4.2 The Consolidated Financial Statements**

(Million Baht)

				March 31, 2018	
			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	13,310.73
Krungthai Panich Insurance Pcl.	Non-Life Insurance	Ordinary	45.00	971.30	2,779.83
Krung Thai IBJ Leasing Co., Ltd.	Hire Purchase	Ordinary	49.00	87.38	643.70
KT Zmico Securities Co., Ltd.	Securities Business	Ordinary	50.00	1,068.89	1,223.63
National ITMX Co., Ltd.	Service	Ordinary	21.13	38.05	310.85
Total investments in associates, net				2,759.19	18,268.74
(Million Baht)					

(Million Baht)

			December 31, 2017		
			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	13,906.41
Krungthai Panich Insurance Pcl.	Non-Life Insurance	Ordinary	45.00	971.30	2,674.67
Krung Thai IBJ Leasing Co., Ltd.	Hire Purchase	Ordinary	49.00	87.38	617.15
KT Zmico Securities Co., Ltd.	Securities Business	Ordinary	50.00	1,068.89	1,220.55
National ITMX Co., Ltd.	Service	Ordinary	21.13	38.05	306.44
Total investments in associates, net				2,759.19	18,725.22

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.

7.4.3 Financial Positions and Operations of Associates

(Million Baht)

Consolidated Financial Statements						
Name of Company	March 31, 2018			December 31, 2017		
	"Unreviewed"			"Audited"		
	Total Assets	Total Liabilities	Shareholders' Equity	Total Assets	Total Liabilities	Shareholders' Equity
Krungthai-AXA Life Insurance Pcl.	260,134.48	233,513.03	26,621.45	244,580.16	216,818.57	27,761.59
Krungthai Panich Insurance Pcl.	9,550.61	3,373.21	6,177.40	9,285.39	3,372.35	5,913.04
Krung Thai IBJ Leasing Co., Ltd.	10,037.92	8,724.24	1,313.68	9,729.78	8,469.28	1,260.50
KT Zmico Securities Co., Ltd.	8,451.50	6,004.25	2,447.25	8,859.04	6,467.68	2,391.36
National ITMX Co., Ltd.	1,634.05	162.74	1,471.31	1,630.94	182.10	1,448.84
	289,808.56	251,777.47	38,031.09	274,085.31	235,309.98	38,775.33

7.4 Investments in Subsidiaries and Associates, Net (Continued)**7.4.3 Financial Positions and Operations of Associates (Continued)**

(Million Baht)

<u>Name of Company</u>	<u>Consolidated Financial Statements</u>			
	<u>March 31, 2018</u>		<u>March 31, 2017</u>	
	<u>"Unreviewed"</u>		<u>"Reviewed"</u>	
	<u>Total Income</u>	<u>Net Profit (Loss)</u>	<u>Total Income</u>	<u>Net Profit (Loss)</u>
Krungthai-AXA Life Insurance Pcl.	24,056.95	1,005.04	17,350.53	1,274.29
Krungthai Panich Insurance Pcl.	736.89	131.71	755.40	153.47
Krung Thai IBJ Leasing Co., Ltd. *	217.43	53.18	219.71	51.73
KT Zmico Securities Co., Ltd.	377.81	15.24	382.36	22.10
National ITMX Co., Ltd.	134.64	22.48	125.93	31.81
	<u>25,523.72</u>	<u>1,227.65</u>	<u>18,833.93</u>	<u>1,533.40</u>

* For the three-month period ended March 31, 2017 information is yet unreviewed by the auditor.

7.5 Loans to Customers and Accrued Interest Receivables, Net**7.5.1 Classified by Type of Loans**

(Million Baht)

	<u>Consolidated Financial Statements</u>		<u>The Bank's Financial Statements</u>	
	<u>March 31, 2018</u>	<u>December 31, 2017</u>	<u>March 31, 2018</u>	<u>December 31, 2017</u>
Overdrafts	167,309.68	168,278.16	167,309.68	168,278.16
Loans	1,284,309.31	1,295,457.88	1,226,629.52	1,237,594.66
Bills	455,667.26	450,791.70	463,267.26	458,391.70
Hire purchase receivables	16,081.60	18,514.79	1.50	1.74
Financial lease receivables	3,899.32	4,352.46	-	-
Others	2,541.83	2,532.83	1,234.50	1,217.16
<u>Less</u> Deferred revenue	<u>(1,603.64)</u>	<u>(1,846.30)</u>	<u>(68.33)</u>	<u>(87.09)</u>
Total loans to customers net of deferred revenue	1,928,205.36	1,938,081.52	1,858,374.13	1,865,396.33
<u>Add</u> Accrued interest receivables	<u>5,461.76</u>	<u>5,211.74</u>	<u>4,965.20</u>	<u>4,691.08</u>
Total loans to customers net of deferred revenue, plus accrued interest receivables	1,933,667.12	1,943,293.26	1,863,339.33	1,870,087.41
<u>Less</u> Allowance for doubtful accounts				
1. Minimum reserve under BoT's regulations				
Individual approach	(82,794.72)	(85,134.73)	(80,517.64)	(82,907.08)
Collective approach	(3,680.14)	(3,803.50)	-	-
2. Excess allowance	(43,110.23)	(36,425.50)	(40,599.72)	(33,819.27)
<u>Less</u> Revaluation allowance for debt restructuring	<u>(13.01)</u>	<u>(17.26)</u>	<u>(13.01)</u>	<u>(17.26)</u>
Total loans to customers, net	<u>1,804,069.02</u>	<u>1,817,912.27</u>	<u>1,742,208.96</u>	<u>1,753,343.80</u>

As at March 31, 2018, the Bank has loans to accommodate the government policy program such as SMEs soft loans for working capital, SMEs soft loans for modifying the machine and optimizing production, Financial for supporting to people affected from the flood by the BoT's measure, Financial for supporting to entrepreneurs in 3 Southern border provinces, The revolving financial project for energy conservation by financial institution phase 1-6 and Loan project for environmental totaling to Baht 37,278.54 millions.

7.5 Loans to Customers and Accrued Interest Receivables, Net (Continued)**7.5.2 Classified by Type of Loans**

As at March 31, 2018 and December 31, 2017, the Bank's other loans of Baht 1,234.50 million and Baht 1,217.16 million included debts resulting from the Bank's liabilities under acceptances or guarantees of Baht 1,189.50 million and Baht 1,164.72 million, respectively.

(Million Baht)				
<u>Consolidated Financial Statements</u>				
<u>March 31, 2018</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	1,760,795.37	847,365.93	1	11,328.34
Special mention	65,003.15	28,775.10	2	16,155.32
Substandard	13,580.74	5,598.24	100	5,609.96
Doubtful	35,240.16	23,760.08	100	25,169.54
Doubtful of loss	59,047.70	21,972.41	100	28,211.70
2. Excess allowance				43,110.23
Total	1,933,667.12	927,471.76		129,585.09

(Million Baht)				
<u>Consolidated Financial Statements</u>				
<u>December 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	1,770,815.82	884,654.34	1	11,067.33
Special mention	69,361.72	28,189.24	2	17,305.19
Substandard	12,242.99	7,265.67	100	7,289.59
Doubtful	35,890.08	23,198.05	100	25,029.24
Doubtful of loss	54,982.65	19,924.29	100	28,246.88
2. Excess allowance				36,425.50
Total	1,943,293.26	963,231.59		125,363.73

7.5 Loans to Customers and Accrued Interest Receivables, Net (Continued)**7.5.2 Classified by Loan Classification (Continued)**

(Million Baht)

<u>The Bank's Financial Statements</u>				
<u>March 31, 2018</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>	Allowance for Doubtful <u>Accounts</u>	
1. Minimum reserve under BoT's regulations				
Normal	1,697,206.38	797,541.29	1	9,229.26
Special mention	62,637.31	27,498.18	2	15,702.51
Substandard	13,048.97	5,341.54	100	5,353.26
Doubtful	34,499.57	23,433.95	100	24,843.41
Doubtful of loss	55,947.10	19,149.91	100	25,389.20
2. Excess allowance				40,599.72
Total	1,863,339.33	872,964.87		121,117.36

(Million Baht)

<u>The Bank's Financial Statements</u>				
<u>December 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>	Allowance for Doubtful <u>Accounts</u>	
1. Minimum reserve under BoT's regulations				
Normal	1,704,657.61	834,514.36	1	8,948.50
Special mention	66,699.01	26,762.37	2	16,803.74
Substandard	11,649.33	6,979.62	100	7,003.55
Doubtful	34,907.56	22,820.07	100	24,651.26
Doubtful of loss	52,173.90	17,177.45	100	25,500.03
2. Excess allowance				33,819.27
Total	1,870,087.41	908,253.87		116,726.35

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.

7.5 Loans to Customers and Accrued Interest Receivables, Net (Continued)

7.5.3 Non-Performing Loans (NPLs)

As at March 31, 2018 and December 31, 2017, 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.

(Million Baht)

	<u>Consolidated Financial Statements</u>		<u>The Bank's Financial Statements</u>	
	<u>March 31, 2018</u>	<u>December 31, 2017</u>	<u>March 31, 2018</u>	<u>December 31, 2017</u>
NPLs before deducting allowance for doubtful accounts	107,774.37	103,020.42	103,402.92	98,637.39
NPLs percentage of total loans	4.33	4.19	4.28	4.14
NPLs after deducting allowance for doubtful accounts	48,826.94	42,506.32	47,859.31	41,532.26
NPLs percentage of net loans	2.01	1.77	2.03	1.78

For the three-month periods ended March 31, 2018 and for the year ended December 31, 2017, impaired loans have been written off both principal and accrued interest receivables of Baht 3,173.26 million and Baht 23,738.68 million, respectively.

7.5.4 Non-Accrual Loans based on the Accrual Basis

As at March 31, 2018 and December 31, 2017, 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, 2018</u>	<u>December 31, 2017</u>	<u>March 31, 2018</u>	<u>December 31, 2017</u>
Non-accrual loans	107,774.37	103,020.42	103,402.92	98,637.39
Percentage of total loans	4.33	4.19	4.28	4.14

7.5.5 Loans to Potential Delisted Companies

As at March 31, 2018 and December 31, 2017, the Bank and its subsidiaries has loans and accrued interest receivables to 5 potential delisted companies of Baht 18,108.06 million with an allowance for doubtful accounts of Baht 15,883.08 million. Moreover, there are 5 potential delisted companies of Baht 10,331.11 million, accrued interest receivables of Baht 0.12 million, totaling to Baht 10,331.23 million with an allowance for doubtful accounts of Baht 7,640.29 million, respectively.

7.5.6 Troubled Debt Restructuring (TDR)

For the three-month periods ended March 31, 2018, the original loan value of the 2,245 troubled debt restructuring cases are Baht 11,509.62 million. The repayment for related interest and principal are Baht 1,597.03 million, whereas extended lending increased by Baht 9,259.80 million and Bad debts from troubled debt restructuring of Baht 0.04 million.

7.5 Loans to Customers and Accrued Interest Receivables, Net (Continued)**7.5.6 Troubled Debt Restructuring (TDR) (Continued)**

TDR for the three-month periods ended March 31, 2018 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>Fair Value</u>
		<u>Outstanding Debt before Restructuring</u>	<u>Type of Transferred Assets</u>		
Transfers of assets	1	1.62	Land & Premises		1.62
Change of repayment conditions	82	3,205.49			
Debt restructuring in various forms	2,162	8,302.51			
	2,245	11,509.62			

As at March 31, 2018, the Bank has outstanding balance of loans to restructured debts 36,956 cases of Baht 161,018.23 million, of which 14,181 cases of Baht 15,324.12 million, has been monitored under the new contractual agreements.

The consolidated financial statements for the three-month periods ended March 31, 2018, the Bank restructured debts of 2,256 cases which the debts before restructuring were Baht 12,194.30 million.

For year ended December 31, 2017, the original loan value of the 9,424 troubled debt restructuring cases are Baht 63,019.02 million. The repayment for related interest and principal are Baht 11,291.61 million, whereas extended lending increased by Baht 49,657.77 million. Bad debts from troubled debt restructuring are Baht 2.88 Million.

TDR for the year ended December 31, 2017 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>Fair Value</u>
		<u>Outstanding Debt before Restructuring</u>	<u>Type of Transferred Assets</u>		
Transfers of assets	28	1,161.40	Land & Premises		1,161.40
Change of repayment conditions	401	26,542.34			
Debt restructuring in various forms	8,995	35,315.28			
	9,424	63,019.02			

As at December 31, 2017, the Bank has outstanding balance of loans to restructured debts for 36,555 cases of Baht 162,034.82 million, of which 13,097 cases of Baht 8,751.45 million, has been monitored under the new contractual agreements.

The consolidated financial statements for the year ended December 31, 2017, the Bank restructured debts of 9,492 cases which the debts before restructuring were Baht 65,605.11 million.

7.5 Loans to Customers and Accrued Interest Receivables, Net (Continued)**7.5.7 Financial Lease Receivables (Including Hire Purchase Receivables and Financial Lease Receivables)**

(Million Baht)

Consolidated Financial Statements

	<u>March 31, 2018</u>				<u>December 31, 2017</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	11,525.93	8,432.93	22.05	19,980.91	12,762.83	10,069.96	34.46	22,867.25
<u>Less</u> Unearned financial income				(1,535.51)				(1,759.45)
Present value of minimum leases payment				18,445.40				21,107.80
<u>Less</u> Allowance for doubtful accounts				(1,807.08)				(1,841.17)
Financial lease receivables, net				16,638.32				19,266.63

(Million Baht)

The Bank's Financial Statements

	<u>March 31, 2018</u>				<u>December 31, 2017</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	1.50	-	-	1.50	1.74	-	-	1.74
<u>Less</u> Unearned financial income				(0.20)				(0.24)
Present value of minimum leases payment				1.30				1.50
<u>Less</u> Allowance for doubtful accounts				(1.26)				(1.46)
Financial lease receivables, net				0.04				0.04

7.6 Allowance for Doubtful Accounts

(Million Baht)

Consolidated Financial StatementsMarch 31, 2018

	Special			Doubtful		Allowance in Excess of 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	11,067.33	17,305.19	7,289.59	25,029.24	28,246.88	36,425.50	125,363.73
Doubtful accounts	(1,119.39)	(879.86)	(540.95)	171.39	2,559.87	6,684.73	6,875.79
Allowance for doubtful accounts							
transferred from (to) allowance for							
debt restructuring revaluation	-	4.25	-	-	-	-	4.25
Bad debt recovered	-	-	-	-	904.06	-	904.06
Bad debt written-off	(66.56)	(274.26)	(1,138.68)	(31.09)	(3,238.92)	-	(4,749.51)
Others	1,446.96	-	-	-	(260.19)	-	1,186.77
Ending balances	11,328.34	16,155.32	5,609.96	25,169.54	28,211.70	43,110.23	129,585.09

(Million Baht)

Consolidated Financial StatementsDecember 31, 2017

	Special			Doubtful		Allowance in Excess of 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
Allowance for doubtful accounts	(2,603.05)	(3,601.68)	5,359.53	16,165.46	15,362.30	14,019.05	44,701.61
Allowance for doubtful accounts							
transferred from (to) allowance for							
debt restructuring revaluation	-	44.36	-	-	-	-	44.36
Bad debt recovered	-	-	-	-	2,493.41	-	2,493.41
Bad debt written-off	(191.72)	(864.93)	(4,854.80)	(195.68)	(24,182.01)	-	(30,289.14)
Others	(2,200.59)	(62.66)	-	-	(42.88)	-	(2,306.13)
Ending balances	11,067.33	17,305.19	7,289.59	25,029.24	28,246.88	36,425.50	125,363.73

7.6 Allowance for Doubtful Accounts (Continued)

(Million Baht)

<u>The Bank's Financial Statements</u>							
<u>March 31, 2018</u>							
						Allowance in Excess of	
	Normal	Special Mention	Substandard	Doubtful	Doubtful of Loss	BoT's Regulations	Total
Beginning balances	8,948.50	16,803.74	7,003.55	24,651.26	25,500.03	33,819.27	116,726.35
Allowance for doubtful accounts	(1,166.20)	(1,105.48)	(1,650.29)	192.15	2,449.37	6,780.45	5,500.00
Allowance for doubtful accounts transferred from (to) allowance for debt restructuring revaluation	-	4.25	-	-	-	-	4.25
Bad debt recovered	-	-	-	-	873.25	-	873.25
Bad debt written-off	-	-	-	-	(3,173.26)	-	(3,173.26)
Others	1,446.96	-	-	-	(260.19)	-	1,186.77
Ending balances	9,229.26	15,702.51	5,353.26	24,843.41	25,389.20	40,599.72	121,117.36

(Million Baht)

<u>The Bank's Financial Statements</u>							
<u>December 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
Doubtful accounts	(2,977.02)	(4,410.07)	795.30	15,927.72	14,565.00	13,599.07	37,500.00
Allowance for doubtful accounts transferred from allowance for debt restructuring revaluation	-	44.36	-	-	-	-	44.36
Bad debt recovered	-	-	-	-	2,366.91	-	2,366.91
Bad debt written-off	-	-	-	-	(23,738.68)	-	(23,738.68)
Others	(2,200.59)	(62.66)	-	-	(42.88)	-	(2,306.13)
Ending balances	8,948.50	16,803.74	7,003.55	24,651.26	25,500.03	33,819.27	116,726.35

For the three-month periods ended March 31, 2018, the Bank has set aside allowance for doubtful accounts of Baht 5,500 million. For the year ended December 31, 2017, the Bank has set aside allowance for doubtful accounts of Baht 37,500 million.

7.7 Revaluation Allowance for Debt Restructuring

(Million Baht)

	<u>Consolidated and the Bank's Financial Statements</u>	
	<u>March 31, 2018</u>	<u>December 31, 2017</u>
Beginning balances	17.26	61.62
Transfer from (to) allowance for doubtful accounts	(4.25)	(44.36)
Ending balances	13.01	17.26

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.

7.8 Properties for Sale, Net

(Million Baht)

<u>Type of Properties for Sale</u>	<u>Consolidated Financial Statements</u>							
	<u>March 31, 2018</u>				<u>December 31, 2017</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	32,002.40	584.97	735.05	31,852.32	34,387.27	4,498.03	6,882.90	32,002.40
Appraised by internal appraisers	4,190.69	611.86	56.49	4,746.06	2,399.19	1,896.99	105.49	4,190.69
Movable properties	236.44	48.58	38.69	246.33	276.85	250.05	290.46	236.44
Total	36,429.53	1,245.41	830.23	36,844.71	37,063.31	6,645.07	7,278.85	36,429.53
Others (closed branches)	68.62	-	-	68.62	42.31	26.31	-	68.62
Properties for sale in transit	826.01	121.02	826.01	121.02	454.06	826.01	454.06	826.01
Total	37,324.16	1,366.43	1,656.24	37,034.35	37,559.68	7,497.39	7,732.91	37,324.16
<u>Less</u> Allowance for impairment	(1,814.22)	(293.74)	-	(2,107.96)	(1,816.05)	-	(1.83)	(1,814.22)
Properties for sale, net	35,509.94	1,072.69	1,656.24	34,926.39	35,743.63	7,497.39	7,731.08	35,509.94

7.8 Properties for Sale, Net (Continued)

(Million Baht)

<u>The Bank's Financial Statements</u>								
<u>Type of Properties for Sale</u>	<u>March 31, 2018</u>				<u>December 31, 2017</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	32,002.40	584.97	735.05	31,852.32	34,387.27	4,498.03	6,882.90	32,002.40
Appraised by internal appraisers	4,190.69	611.86	56.49	4,746.06	2,399.19	1,896.99	105.49	4,190.69
Movable properties	110.60	-	-	110.60	110.60	-	-	110.60
Total	36,303.69	1,196.83	791.54	36,708.98	36,897.06	6,395.02	6,988.39	36,303.69
Others (closed branches)	68.62	-	-	68.62	42.31	26.31	-	68.62
Properties for sale in transit	826.01	121.02	826.01	121.02	454.06	826.01	454.06	826.01
Total	37,198.32	1,317.85	1,617.55	36,898.62	37,393.43	7,247.34	7,442.45	37,198.32
<u>Less</u> Allowance for impairment	(1,711.98)	(293.48)	-	(2,005.46)	(1,724.88)	-	(12.90)	(1,711.98)
Properties for sale, net	35,486.34	1,024.37	1,617.55	34,893.16	35,668.55	7,247.34	7,429.55	35,486.34

As at March 31, 2018 and December 31, 2017, the Bank's allowance for impairment of properties for sale has increased by Baht 293.48 million and increased by Baht 12.90 million, respectively, from additional of loss on impairment.

For the three-month periods ended March 31, 2018 and 2017, the Bank generated gains on sale of properties for sale of Baht 84.21 million and Baht 299.26 million, respectively (before deduction of selling expenses of Baht 43.92 million and Baht 83.79 million, respectively).

7.9 Deferred Tax Assets and Deferred Tax Liabilities

Deferred tax assets and deferred tax liabilities as at March 31, 2018 and December 31, 2017 are as follows:

(Million Baht)

	<u>Consolidated Financial Statements</u>		<u>The Bank's Financial Statements</u>	
	<u>March 31, 2018</u>	<u>December 31, 2017</u>	<u>March 31, 2018</u>	<u>December 31, 2017</u>
Deferred Tax Assets	4,617.87	4,592.77	2,169.63	2,130.35
Deferred Tax Liabilities	-	-	-	-
Net	4,617.87	4,592.77	2,169.63	2,130.35

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, 2018</u>	<u>Profit / Loss</u>	<u>Income</u>	<u>March 31, 2018</u>
Deferred Tax Assets				
Investments	470.70	(0.32)	39.33	509.71
Investments in subsidiaries and associates	160.49	-	-	160.49
Loans to customers and accrued interest receivables, net	3,874.51	(25.06)	-	3,849.45
Properties for sale	362.90	58.69	-	421.59
Premises and equipment	212.76	53.81	-	266.57
Provisions	3,131.38	62.07	-	3,193.45
Guarantee deposit under financial lease	31.94	-	-	31.94
Others	1,051.46	(261.36)	-	790.10
Total	9,296.14	(112.17)	39.33	9,223.30
Deferred Tax Liabilities				
Investments	1,867.86	(10.42)	(111.23)	1,746.21
Premises and equipment	2,285.01	185.20	-	2,470.21
Loans to customers and accrued interest receivables, net	550.33	(161.64)	-	388.69
Others	0.17	0.15	-	0.32
Total	4,703.37	13.29	(111.23)	4,605.43
Net	4,592.77	(125.46)	150.56	4,617.87

7.9 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, 2017</u>	<u>Profit / Loss</u>	<u>Income</u>	<u>December 31, 2017</u>
Deferred Tax Assets				
Investments	463.44	(4.97)	12.23	470.70
Investments in subsidiaries and associates	159.75	0.74	-	160.49
Loans to customers and accrued interest receivables, net	3,628.12	246.39	-	3,874.51
Properties for sale	363.21	(0.31)	-	362.90
Premises and equipment	205.75	7.01	-	212.76
Provisions	2,843.72	57.77	229.89	3,131.38
Guarantee deposit under financial lease	51.03	(19.09)	-	31.94
Others	1,263.79	(212.33)	-	1,051.46
Total	8,978.81	75.21	242.12	9,296.14
Deferred Tax Liabilities				
Investments	1,565.19	14.37	288.30	1,867.86
Premises and equipment	2,366.62	(79.03)	(2.58)	2,285.01
Loans to customers and accrued interest receivables, net	550.54	(0.21)	-	550.33
Others	-	0.17	-	0.17
Total	4,482.35	(64.70)	285.72	4,703.37
Net	4,496.46	139.91	(43.60)	4,592.77

(Million Baht)

<u>The Bank's Financial Statements</u>				
<u>Charged / credited to:</u>				
Other				
Comprehensive				
	<u>January 1, 2018</u>	<u>Profit / Loss</u>	<u>Income</u>	<u>March 31, 2018</u>
Deferred Tax Assets				
Investments	470.70	(0.32)	39.33	509.71
Investments in subsidiaries and associates	160.49	-	-	160.49
Loans to customers and accrued interest receivables, net	1,851.40	8.45	-	1,859.85
Properties for sale	342.39	58.70	-	401.09
Premises and equipment	183.88	-	-	183.88
Provisions	2,416.25	101.52	-	2,517.77
Others	981.98	(282.56)	-	699.42
Total	6,407.09	(114.21)	39.33	6,332.21
Deferred Tax Liabilities				
Investments	1,867.86	(10.42)	(111.23)	1,746.21
Premises and equipment	2,408.88	7.49	-	2,416.37
Total	4,276.74	(2.93)	(111.23)	4,162.58
Net	2,130.35	(111.28)	150.56	2,169.63

7.9 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, 2017</u>	<u>Profit / Loss</u>	<u>Income</u>	<u>December 31, 2017</u>
Deferred Tax Assets				
Investments	463.44	(4.97)	12.23	470.70
Investments in subsidiaries and associates	159.75	0.74	-	160.49
Loans to customers and accrued interest receivables, net	1,742.37	109.03	-	1,851.40
Properties for sale	344.97	(2.58)	-	342.39
Premises and equipment	183.88	-	-	183.88
Provisions	2,167.67	23.68	224.90	2,416.25
Others	1,191.40	(209.42)	-	981.98
Total	6,253.48	(83.52)	237.13	6,407.09
Deferred Tax Liabilities				
Investments	1,565.19	14.37	288.30	1,867.86
Premises and equipment	2,366.62	44.84	(2.58)	2,408.88
Total	3,931.81	59.21	285.72	4,276.74
Net	2,321.67	(142.73)	(48.59)	2,130.35

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

(Million Baht)

<u>Consolidated Financial Statements</u>									
				<u>March 31, 2018</u>			<u>December 31, 2017</u>		
	<u>Currency</u>	<u>Interest Rate (%)</u>	<u>Maturity Date</u>	<u>Domestic</u>	<u>Foreign</u>	<u>Total</u>	<u>Domestic</u>	<u>Foreign</u>	<u>Total</u>
Long term bonds									
2013	Baht	5.00	2018	800.00	-	800.00	800.00	-	800.00
2013 (EMTN Programme)	USD	2.25	2018	-	15,612.97	15,612.97	-	16,335.70	16,335.70
2014	Baht	3.80-4.30	2018	4,000.00	-	4,000.00	4,300.00	-	4,300.00
2015	Baht	2.54-4.00	2018-2025	8,755.00	-	8,755.00	8,755.00	-	8,755.00
2016	Baht	1.88-4.00	2018-2026	17,497.00	-	17,497.00	18,000.00	-	18,000.00
2017	Baht	2.46-3.80	2022-2027	11,498.38	-	11,498.38	11,500.00	-	11,500.00
2018	Baht	2.35-3.43	2023-2028	2,065.00	-	2,065.00	-	-	-
KTB subordinated debentures									
No.1/2014 (EMTN Programme)	USD	5.20	2024	-	21,862.26	21,862.26	-	22,876.63	22,876.63
No.1/2015	MYR	5.10	2025	-	8,096.10	8,096.10	-	8,058.40	8,058.40
No.1/2017	Baht	3.40	2027	20,000.00	-	20,000.00	20,000.00	-	20,000.00
Structured Debentures Programme									
(Short term Dual Currency Note)	USD	1.40	2018	187.39	-	187.39	-	-	-
Bill of exchange for short term (B/E)*	Baht	-	2012	0.70	-	0.70	0.70	-	0.70
Total				64,803.47	45,571.33	110,374.80	63,355.70	47,270.73	110,626.43

7.10 Debt Issued and Borrowings classified by type of debts and sources of fund (Continued)

(Million Baht)

The Bank's Financial Statements									
				December 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	-	15,612.97	15,612.97	-	16,335.70	16,335.70
KTB subordinated debentures									
No.1/2014 (EMTN Programme)	USD	5.20	2024	-	21,862.26	21,862.26	-	22,876.63	22,876.63
No.1/2015	MYR	5.10	2025	-	8,096.10	8,096.10	-	8,058.40	8,058.40
No.1/2017	Baht	3.40	2027	20,000.00	-	20,000.00	20,000.00	-	20,000.00
Structured Debentures Programme									
(Short term Dual Currency Note)	USD	1.40	2018	187.39	-	187.39	-	-	-
Bill of exchange for short term (B/E)*	Baht	-	2012	0.70	-	0.70	0.70	-	0.70
Total				20,188.09	45,571.33	65,759.42	20,000.70	47,270.73	67,271.43

*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-years 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 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.

Subordinated Debentures

The Bank has issued subordinated debentures No. 1/2560 totaling of Baht 20,000 million with 20 million units, 1,000 Baht per value and a fixed coupon of 3.40 percent per annum. The coupon payments are made quarterly until maturity in 2027(B.E.2570). The debentures are redeemable at the instance of the issuer after the 5th years of the debenture or thereafter without holder's consent, within the scope of conditions.

Redemption of 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.

7.10 Debt Issued and Borrowings classified by type of debts and sources of fund (Continued)Structured Debentures Programme (Short term Dual Currency Note)

On March 23, 2018, the Bank offered USD 6 million of 1 month USD denominated the dual currency note at a fixed coupon of 1.40 percent per annum. The interest payment was paid upon maturity date on April 23, 2018.

7.11 Share Capital**7.11.1 Ordinary Shares**

As at March 31, 2018 and December 31, 2017, the Bank's authorized share capital and issued and paid-up share capital are 13,976,061,250 shares.

7.11.2 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.

7.11.3 The Bank is the state enterprise; its major shareholder is the Financial Institutions Development Fund (FIDF). As at March 31, 2018, FIDF holds 7,696,248,833 shares or 55.05 percent of paid-up ordinary and preferred shares.

7.12 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.

7.13 Contingent Liabilities

	(Million Baht)	
	<u>Consolidated and the Bank's Financial Statements</u>	
	<u>March 31, 2018</u>	<u>December 31, 2017</u>
Avals to bills	7,635.82	8,062.96
Guarantees of loans	4,011.81	4,011.56
Unexpired importd B/E contingencies	6,262.66	4,368.59
Letters of credit	45,027.35	50,125.01
Other contingencies		
Unused credit line of overdraft	157,282.48	155,394.32
Other guarantees	167,414.28	168,116.68
Total	<u>387,634.40</u>	<u>390,079.12</u>

7.13 Contingent Liabilities (Continued)

Besides the contingent liabilities mentioned above, as at March 31, 2018 and December 31, 2017, the Bank has material contingent liabilities owing to prosecutions of Baht 10,161.18 million and Baht 9,011.62 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, 2018 and December 31, 2017, the Bank has set aside provisions of Baht 606.08 million and Baht 518.85 million, respectively, for estimated losses from such cases.

7.14 Assets with Obligations and Restrictions

	(Million Baht)	
	<u>Consolidated and the Bank's Financial Statements</u>	
	<u>March 31, 2018</u>	<u>December 31, 2017</u>
Government and state enterprise bonds pledged as collateral		
Court collateral	412.00	413.76
Repurchase agreements	35,094.35	36,209.98
Properties for sale (debtor is granted the right to buy back or first right for this portion)	10,048.49	12,453.51
Total	<u>45,554.84</u>	<u>49,077.25</u>

7.15 Related Party Transactions

7.15.1 As at March 31, 2018 and December 31, 2017, loans to the Bank's executives (First Vice President and above) are Baht 122.19 million and Baht 134.96 million. The average outstanding balances of such loans at month end are Baht 129.78 million and Baht 119.47 million, respectively.

The loans outstanding as at March 31, 2018 and December 31, 2017 to close family of the Bank's executives mentioned above are Baht 21.43 million and Baht 18.90 million, respectively.

7.15.2 Loans and Obligations

The balances of loans and obligations to related companies, normal bank pricing policies, as at March 31, 2018 and December 31, 2017 are as follows:

7.15 Related Party Transactions (Continued)**7.15.2 Loans and Obligations (Continued)**

(Million Baht)

	<u>Consolidated Financial Statements</u>		<u>The Bank's Financial Statements</u>	
	<u>March 31, 2018</u>	<u>December 31, 2017</u>	<u>March 31, 2018</u>	<u>December 31, 2017</u>
Loans				
Businesses which the Bank totally held from 10 to 20 percent of their paid-up capital	0.57	0.51	0.57	0.51
Businesses which the Bank acquired equal to or over 10 percent of their paid-up capital from TDR	9,759.42	28.93	9,759.42	28.93
<u>Less</u> Allowance for doubtful accounts	(7,639.50)	-	(7,639.50)	-
Total	2,119.92	28.93	2,119.92	28.93
Subsidiaries				
KTB General Services and Security Co., Ltd.	-	-	10.53	10.16
KTB Computer Services Co., Ltd.	-	-	2,386.38	2,486.61
KTB Leasing Co., Ltd.	-	-	17,684.29	20,726.91
Krung Thai Asset Management Pcl.	-	-	0.04	0.04
Krungthai Card Pcl.	-	-	0.66	0.63
<u>Less</u> Allowance for doubtful accounts	-	-	(200.82)	(232.24)
Total	-	-	19,881.08	22,992.11
Associates				
Krung Thai IBJ Leasing Co., Ltd.	0.10	0.10	0.10	0.10
KT Zmico Securities Co., Ltd.	1,467.28	955.20	1,467.28	955.20
Krungthai Panich Insurance Pcl.	0.64	0.68	0.64	0.68
<u>Less</u> Allowance for doubtful accounts	(14.68)	(9.56)	(14.68)	(9.56)
Total	1,453.34	946.42	1,453.34	946.42
Business with common directors or common top managements	17,080.51	22,082.24	17,080.51	22,082.24
<u>Less</u> Allowance for doubtful accounts	(222.58)	(220.17)	(222.58)	(220.17)
Total	16,857.93	21,862.07	16,857.93	21,862.07
Obligations				
Businesses which the Bank totally held from 10 to 20 percent of their paid-up capital	9.64	12.32	9.64	12.32
Businesses which the Bank acquired equal to or over 10 percent of their paid-up capital from TDR	0.96	0.96	0.96	0.96
Subsidiaries				
KTB General Services and Security Co., Ltd.	-	-	0.78	0.78
KTB Computer Services Co., Ltd.	-	-	4.55	4.55
KTB Leasing Co., Ltd.	-	-	1.10	1.18
Krungthai Card Pcl.	-	-	2.06	2.13
Associates				
Krung Thai IBJ Leasing Co., Ltd.	3.72	3.72	3.72	3.72
Krungthai Panich Insurance Pcl.	5.00	5.00	5.00	5.00
Business with common directors or common top managements	7,957.15	8,375.97	7,957.15	8,375.97

7.15 Related Party Transactions (Continued)**7.15.3 Deposits and Borrowings**

The balances of deposits and borrowings to related companies, normal bank pricing policies, as at March 31, 2018 and December 31, 2017 are as follows:

	(Million Baht)			
	<u>Consolidated Financial Statements</u>		<u>The Bank's Financial Statements</u>	
	<u>March 31, 2018</u>	<u>December 31, 2017</u>	<u>March 31, 2018</u>	<u>December 31, 2017</u>
Deposits				
Subsidiaries				
KTB Law Co., Ltd.	-	-	412.09	472.88
KTB General Services and Security Co., Ltd.	-	-	475.56	601.70
KTB Computer Services Co., Ltd.	-	-	192.26	307.62
KTB Leasing Co., Ltd.	-	-	307.60	218.27
Krung Thai Asset Management Pcl.	-	-	630.50	440.07
KTB Capital Holding Co., Ltd.	-	-	44.69	36.82
KTB Advisory Co., Ltd.	-	-	913.69	1,082.04
Krungthai Card Pcl.				
Associates				
Krung Thai IBJ Leasing Co., Ltd.	39.56	21.15	39.56	21.15
KT Zmico Securities Co., Ltd.	87.79	25.65	87.79	25.65
Krungthai Panich Insurance Pcl.	142.76	183.11	142.76	183.11
Krungthai-AXA Life Insurance Pcl.	1,515.62	2,105.84	1,515.62	2,105.84
Business with common directors or common top managements	21,029.25	25,557.49	21,029.25	25,557.49
Borrowings				
Associates				
Krungthai-AXA Life Insurance Pcl.	3,700.00	3,800.00	3,700.00	3,800.00

7.15 Related Party Transactions (Continued)**7.15.4 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, 2018</u>	<u>March 31, 2017</u>	<u>March 31, 2018</u>	<u>March 31, 2017</u>
Interest Income					
Subsidiaries					
	KTB General Services and Security Co., Ltd.	-	-	0.02	0.20
	KTB Computer Services Co., Ltd.	-	-	16.93	20.99
	KTB Leasing Co., Ltd.	-	-	128.87	264.08
	Krungthai Card Pcl.	-	-	3.91	4.29
Associates					
	KT Zmico Securities Co., Ltd.	8.83	15.17	8.83	15.17
Interest Expenses					
Subsidiaries					
	KTB Law Co., Ltd.	-	-	0.97	1.45
	KTB General Services and Security Co., Ltd.	-	-	1.01	1.21
	KTB Computer Services Co., Ltd.	-	-	0.34	0.20
	KTB Leasing Co., Ltd.	-	-	0.56	-
	Krung Thai Asset Management Pcl.	-	-	0.54	0.30
	KTB Capital Holding Co., Ltd.	-	-	-	0.24
	KTB Advisory Co., Ltd.	-	-	-	0.03
	Krungthai Card Pcl.	-	-	0.31	-
Associates					
	Krungthai Panich Insurance Pcl.	0.03	-	0.03	-
	Krungthai-AXA Life Insurance Pcl.	39.14	35.77	39.14	35.77

7.15 Related Party Transactions (Continued)**7.15.4 Income and Expenses (Continued)**

(Million Baht)

	<u>Consolidated Financial Statements</u>		<u>The Bank's Financial Statements</u>	
	<u>March 31, 2018</u>	<u>March 31, 2017</u>	<u>March 31, 2018</u>	<u>March 31, 2017</u>
Other Income				
Subsidiaries				
KTB Law Co., Ltd.	-	-	0.06	0.01
KTB General Services and Security Co., Ltd.	-	-	1.11	1.63
KTB Computer Services Co., Ltd.	-	-	0.02	0.02
KTB Leasing Co., Ltd.	-	-	5.72	7.71
Krung Thai Asset Management Pcl.	-	-	218.40	87.42
Krungthai Card Pcl.	-	-	69.24	54.28
Associates				
KT Zmico Securities Co., Ltd.	3.59	4.00	3.59	4.00
Krungthai Panich Insurance Pcl.	41.01	16.18	41.01	16.18
Krungthai-AXA Life Insurance Pcl.	766.33	492.31	766.33	492.31
National ITMX Co., Ltd.	0.02	0.02	0.02	0.02
Other Expenses				
Subsidiaries				
KTB Law Co., Ltd.	-	-	296.97	339.45
KTB General Services and Security Co., Ltd.	-	-	584.33	577.03
KTB Computer Services Co., Ltd.	-	-	843.74	839.65
Krungthai Card Pcl.	-	-	2.00	2.10
Associates				
Krung Thai IBJ Leasing Co., Ltd.	43.47	54.80	43.47	54.80
KT Zmico Securities Co., Ltd.	0.48	0.71	0.48	0.71
National ITMX Co., Ltd.	24.14	22.73	24.14	22.73

7.15.5 The Bank and its subsidiaries have 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, 2018</u>	<u>March 31, 2017</u>	<u>March 31, 2018</u>	<u>March 31, 2017</u>
Short-term employee benefits	361.66	452.43	264.41	294.27
Post-employment benefits	10.42	6.92	6.79	3.02
Total	372.08	459.35	271.20	297.29

7.15 Related Party Transactions (Continued)**7.15.6 Intercompany Trading Transactions****Subsidiaries**

1) KTB Computer Services Co., Ltd. and subsidiaries have 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, 2018 and 2017 of Baht 811.00 million and Baht 808.00 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 March 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, 2018 and 2017 of Baht 32.74 million and Baht 31.65 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, 2018 and 2017 of Baht 264.66 million and Baht 309.07 million, respectively.

3) KTB General Services and Security Co., Ltd. is assigned by the Bank to operate all cash delivery, foreign exchange and financial instruments, and the Bank's asset. KTBGS also manages Krung Thai Bank Training Center and the Bank's other buildings. The Bank's expense from those services for the three-month periods ended March 31, 2018 and 2017 of Baht 584.33 million and Baht 577.03 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, 2018 and 2017 of Baht 0.05 million and 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, 2018 and 2017 of Baht 1,727.04 million and Baht 1,758.23 million, respectively, at the agreed-upon rate.

6) The Bank generates fees income from service contracts for the three-month periods ended March 31, 2018 and 2017 of Baht 286.00 million and Baht 143.17 million, respectively.

7) The Bank generates premises rental income from subsidiaries for the three-month periods ended March 31, 2018 and 2017 of Baht 3.98 million 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, 2018 and 2017 at the amount 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, 2018 and 2017 of Baht 789.01 million and Baht 490.63 million, respectively, at the agreed-upon rate.

7.16 Significant Financial Position and Operations Classified by Domestic and Foreign Business Segment**7.16.1 Financial Position Classified by Business Segment**

(Million Baht)

<u>Consolidated Financial Statements</u>						
	<u>March 31, 2018</u>			<u>December 31, 2017</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>
Total assets	2,841,964.97	53,834.80	2,895,799.77	2,804,573.24	55,231.82	2,859,805.06
Interbank and money market items, net	566,212.96	19,007.78	585,220.74	529,284.84	20,384.69	549,669.53
Investments, net*	202,055.28	1,593.99	203,649.27	226,479.52	1,760.24	228,239.76
Loans to customers and						
accrued interest receivables, net	1,779,461.09	24,607.93	1,804,069.02	1,790,762.28	27,149.99	1,817,912.27
Deposits	2,027,784.71	5,283.36	2,033,068.07	2,065,458.14	5,416.54	2,070,874.68
Interbank and money market items, net	248,140.63	2,098.40	250,239.03	227,074.21	1,617.19	228,691.40
Debt issued and borrowings	64,803.47	45,571.33	110,374.80	63,355.70	47,270.73	110,626.43

(Million Baht)

<u>The Bank's Financial Statements</u>						
	<u>March 31, 2018</u>			<u>December 31, 2017</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>
Total assets	2,762,698.51	53,834.80	2,816,533.31	2,721,945.80	55,231.82	2,777,177.62
Interbank and money market items, net	565,743.73	19,007.78	584,751.51	528,795.34	20,384.69	549,180.03
Investments, net*	194,470.08	1,593.99	196,064.07	218,249.60	1,760.24	220,009.84
Loans to customers and						
accrued interest receivables, net	1,717,601.03	24,607.93	1,742,208.96	1,726,193.81	27,149.99	1,753,343.80
Deposits	2,030,130.60	5,283.36	2,035,413.96	2,068,177.47	5,416.54	2,073,594.01
Interbank and money market items, net	244,201.55	2,098.40	246,299.95	217,449.56	1,617.19	219,066.75
Debt issued and borrowings	20,188.09	45,571.33	65,759.42	20,000.70	47,270.73	67,271.43

* Included investments in subsidiaries and associates.

The consolidated and the Bank's financial statements as at March 31, 2018 and December 31, 2017, has total assets before eliminating net interbranch transactions of Baht 8,298.93 million and Baht 5,595.05 million, respectively.

7.16 Significant Financial Position and Operations Classified by Domestic and Foreign Business Segment (Continued)**7.16.2 Operations Classified by Business Segment**

(Million Baht)

<u>Consolidated Financial Statements</u>						
	<u>March 31, 2018</u>			<u>March 31, 2017</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	29,161.84	1,059.42	30,221.26	30,831.24	1,217.72	32,048.96
Interest expenses	(8,935.51)	(745.44)	(9,680.95)	(9,107.84)	(813.68)	(9,921.52)
Interest income, net	20,226.33	313.98	20,540.31	21,723.40	404.04	22,127.44
Fees and service income, net	6,141.51	17.17	6,158.68	5,691.31	24.27	5,715.58
Other operating income	2,836.69	(16.25)	2,820.44	3,152.16	15.18	3,167.34
Other operating expenses	(20,375.31)	(57.42)	(20,432.73)	(19,924.93)	(135.98)	(20,060.91)
Operating profit before income tax expenses	8,829.22	257.48	9,086.70	10,641.94	307.51	10,949.45

(Million Baht)

<u>The Bank's Financial Statements</u>						
	<u>March 31, 2018</u>			<u>March 31, 2017</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	25,849.74	1,059.42	26,909.16	27,486.11	1,217.72	28,703.83
Interest expenses	(8,554.68)	(745.44)	(9,300.12)	(8,713.26)	(813.68)	(9,526.94)
Interest income, net	17,295.06	313.98	17,609.04	18,772.85	404.04	19,176.89
Fees and service income, net	4,998.19	17.17	5,015.36	4,768.25	24.27	4,792.52
Other operating income	1,244.75	(16.25)	1,228.50	1,664.94	15.18	1,680.12
Other operating expenses	(17,331.63)	(57.42)	(17,389.05)	(16,369.49)	(135.98)	(16,505.47)
Operating profit before income tax expenses	6,206.37	257.48	6,463.85	8,836.55	307.51	9,144.06

The consolidated and the Bank's financial statements for the three-month periods ended March 31, 2018 and 2017, has total assets before eliminating net interbranch transactions of Baht 716.08 million and Baht 787.90 million, respectively.

7.17 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, 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 gain net operating profit after tax (NOPAT).

(Million Baht)

<u>Consolidated Financial Statements</u>						
<u>March 31, 2018</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	12,957.08	8,046.05	1,134.20	7,381.59	0.51	¹ 29,519.43
Total expenses (excluding bad debts, doubtful						
accounts and loss on impairment)	(8,242.37)	(2,448.34)	(486.77)	(4,036.28)	-	¹ (15,213.76)
Bad debts, doubtful accounts and loss on impairment	(753.42)	(424.13)	(184.25)	(5,545.72)	(0.51)	(6,908.03)
Net profit (loss)	3,961.29	5,173.58	463.18	(2,200.41)	-	7,397.64
Segment assets	1,012,247.47	1,040,220.49	37,343.54	723,835.69	73,853.65	2,887,500.84
Segment liabilities	1,499,706.16	613,966.91	214,098.15	184,630.11	75,249.13	2,587,650.46

7.17 Operations Classified by Operating Segment (Continued)

(Million Baht)

<u>Consolidated Financial Statements</u>						
<u>March 31, 2017</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	13,787.71	8,347.43	2,342.72	6,496.22	36.28 ¹	31,010.36
Total expenses (excluding bad debts, doubtful accounts and loss on impairment)	(7,974.70)	(1,466.10)	(882.24)	(4,282.36)	(36.43) ¹	(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)	4,592.94	1,651.38	2,070.37	593.45	-	8,908.14
Segment assets	817,573.90	1,081,683.80	117,587.17	687,968.41	(8,184.42)	2,696,628.86
Segment liabilities	1,433,571.32	597,261.36	175,824.61	199,755.00	1,724.20	2,408,136.49

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.

7.18 Interest Income

(Million Baht)

	<u>Consolidated Financial Statements</u>		<u>The Bank's Financial Statements</u>	
	<u>March 31, 2018</u>	<u>March 31, 2017</u>	<u>March 31, 2018</u>	<u>March 31, 2017</u>
Interbank and money market items	2,707.85	2,618.49	2,707.78	2,619.54
Investment and trading transactions	77.84	53.72	77.84	53.72
Investment in debt	848.45	1,090.14	847.84	1,089.26
Loans	25,551.60	26,918.17	22,540.44	24,140.49
Hire-purchase and finance lease	300.26	567.66	-	0.05
Others	19.18	12.88	19.18	12.87
Total interest income	29,505.18	31,261.06	26,193.08	27,915.93

7.19 Interest Expenses

(Million Baht)

	<u>Consolidated Financial Statements</u>		<u>The Bank's Financial Statements</u>	
	<u>March 31, 2018</u>	<u>March 31, 2017</u>	<u>March 31, 2018</u>	<u>March 31, 2017</u>
Deposits	4,830.64	5,061.92	4,833.83	5,065.05
Interbank and money market items	668.58	642.73	649.81	614.90
Contributions to Bank of Thailand (BoT)	2,389.00	2,310.00	2,389.00	2,310.00
Contributions to Deposit Protection Agency (DPA)	52.20	50.22	52.20	50.22
Debt issued				
Subordinated notes	1,001.04	1,055.92	640.74	692.19
B/E	0.07	-	0.07	-
Borrowings	5.75	7.08	0.74	1.28
Others	17.59	5.75	17.65	5.41
Total interest expenses	8,964.87	9,133.62	8,584.04	8,739.05

7.20 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 to 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, 2018 and 2017 are as follows:

(Million Baht)

	<u>Consolidated Financial Statements</u>		<u>The Bank's Financial Statements</u>	
	<u>March 31, 2018</u>	<u>March 31, 2017</u>	<u>March 31, 2018</u>	<u>March 31, 2017</u>
Current tax				
Current period	1,563.60	1,625.11	1,194.82	1,297.44
Deferred tax				
Movement in temporary differences	125.46	416.20	111.28	524.08
Total	1,689.06	2,041.31	1,306.10	1,821.52

7.21 Fair Value of Financial Instruments

Financial assets and financial liabilities instruments carried at fair value classified by levels of valuation as follows:

(Million Baht)

<u>Consolidated Financial Statements</u>								
<u>March 31, 2018</u>					<u>December 31, 2017</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	-	48,649.38	-	48,649.38	-	33,833.40	-	33,833.40
Trading investments	-	14,383.74	-	14,383.74	-	8,483.91	-	8,483.91
Available-for-sale investments	49,644.13	110,961.56	-	160,605.69	39,514.28	118,982.45	-	158,496.73
Total assets instruments	49,644.13	173,994.68	-	223,638.81	39,514.28	161,299.76	-	200,814.04
Liabilities instruments								
Liabilities derivatives	-	44,692.31	-	44,692.31	-	30,284.42	-	30,284.42
Total liabilities instruments	-	44,692.31	-	44,692.31	-	30,284.42	-	30,284.42

(Million Baht)

<u>The Bank's Financial Statements</u>								
<u>March 31, 2018</u>					<u>December 31, 2017</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	-	48,655.79	-	48,655.79	-	33,842.51	-	33,842.51
Trading investments	-	14,386.75	-	14,386.75	-	8,486.92	-	8,486.92
Available-for-sale investments	49,644.13	111,148.17	-	160,792.30	39,514.28	118,982.45	-	158,496.73
Total assets instruments	49,644.13	174,190.71	-	223,834.84	39,514.28	161,311.88	-	200,826.16
Liabilities instruments								
Liabilities derivatives	-	44,692.31	-	44,692.31	-	30,284.42	-	30,284.42
Total liabilities instruments	-	44,692.31	-	44,692.31	-	30,284.42	-	30,284.42

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.

7.21 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, exchange rates, and volatilities.

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

Besides, by using valuation techniques the Bank has valuation adjustment in order to properly reflect related risk i.e. Credit Valuation Adjustment (CVA), liquidity risk of market is considered by Bid – offer Spread Adjustment and model risk used in the option valuation by currency guarantee program for SMEs.

7.22 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. 5/2560 - SOR NOR SOR. 9/2560 dated April 27, 2017 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 7.4), 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.

7.23 Events after the Reporting Period

On April 27, 2018, the 25th Annual General Shareholders' Meeting passed the resolution to approve the appropriation of 2017 net profit of Baht 21,312.47 million and dividend payment as follows:

	(Million Baht)
Dividend - preferred shares (@ Baht 0.7645)	4.20
Dividend - ordinary shares (@ Baht 0.61)	8,525.40
Net profit carried forward	12,782.87

7.24 Others

7.24.1 The Bank has certain default debtors in relation to convertible preferred shares sale and lending with the outstanding principal amounts as per the related agreements totaling Baht 9,745 million as at December 31, 2017, exclusive of the interest charged thereon at default rates. The Bank has fully made a provision for impairment and allowance for doubtful accounts according to the BoT's regulations and is currently in the execution process following the orders of the Civil and Bankruptcy Courts.

These debtors, together with certain other defendants, have also been prosecuted to the Criminal Division for Persons Holding Political Position of The Supreme Court by the Office of the Attorney General. The Supreme Court had issued the order of acceptance on July 25, 2012 and later gave a final judgment on August 26, 2015 that all defendants must be accountable for the damage caused to the Bank. The Bank submitted the letter to the Office of the Attorney General to designate its Department of Legal Execution 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 with 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 the legal execution of the Supreme Court's order. They will coordinate and exchange information, and each party will utilize its authority by the law and the Supreme Court's order for legal execution towards the defendants for the Bank's benefits.

On August 17, 2017, a defendant of the criminal suit of the Persons Holding Political Positions, who was not one of the default debtors, made a partial settlement of Baht 1,635.74 million to the Bank in relation to the criminal lawsuit. The Bank has accepted such payment, which is recorded the transaction as revenue from litigation compensation, and also sent a letter to this defendant demanding for further payment together with all other defendants to the Bank for the remaining compensation amount according to the order of the Criminal Division for Persons Holding Political Position of The Supreme Court. For the civil lawsuit, the Bank still has the right to full suit and will continue debt collection processes against all the default debtors according to the relevant judgments.

Currently, the legal execution process of this case in both the civil lawsuit and the criminal lawsuit is being proceeded.

7.24.2 In 2010, the Bank lend a company of USD 96 million (Baht 2,885 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.

7.24.3 On October 12, 2016, the Bank is considering the principle of closing a certain foreign branch. Currently, the Bank in the process of execution follows the legal consultant advised. Assets, liabilities and operating performances of the branch do not have a material effect on the Bank's financial statements.

7.25 Approval of the Financial Statements

These financial statements have been authorized for issue by the Board of the Bank on May 9, 2018.
