



Ref. KTB.FIR. ๑๑๙๗ /2015

SEP 1 , 2015

Singapore Exchange Securities Trading Limited

2 Shenton Way

#19-00 SGX Centre 1

Singapore 068804

Attn: Market Control Department

Dear Sir,

Re : Submission of the Financial Statements

Krung Thai Bank Public Company Limited ("The Bank") hereby submits the audited financial statements of the Bank and its subsidiaries for the three-month period and the six-month period ended June 30, 2015 together with the operating performance as follows:

The Bank and its subsidiaries' operating results for the three-month period ended June 30, 2015 show the net interest income of Bt.20,896m, an increase of Bt.898m or 4.49% over the Bt.19,998m of the corresponding period of 2014. Net profit before income tax and allowance for doubtful accounts of Bt.17,458m, shows an increase of Bt.1,349m or 8.37% over the Bt.16,109m of the corresponding period of 2014. After deducting income tax and allowance for doubtful accounts of Bt.8,774m, net profit is Bt.8,684m, shows an increase of Bt.826m or 10.51% over the Bt.7,858m of the corresponding period of 2014. Net profit Equity holders of the Bank is Bt.8,449m, shows an increase of Bt.829m or 10.88% over the Bt.7,620m of the corresponding period of 2014.

The Bank and its subsidiaries' operating results for the six-month period ended June 30, 2015 show the net interest income of Bt.40,234m, an increase of Bt.1,070m or 2.73% over the Bt.39,164m of the corresponding period of 2014. Net profit before income tax and allowance for doubtful accounts of Bt.31,379m, shows an increase of Bt.1,897m or 6.43% over the Bt.29,482m of the corresponding period of 2014. After deducting income tax and allowance for doubtful accounts of Bt.14,476m, net profit is Bt.16,903m, shows an increase of Bt.568m or 3.48% over the Bt.16,335m of the corresponding period of 2014. Net profit Equity holders of the Bank is Bt.16,378m, shows an increase of Bt.461m or 2.90% over the Bt.15,917m of the corresponding period of 2014.

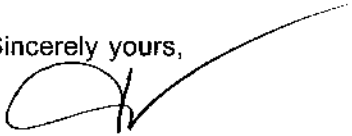
The Bank and its subsidiaries' gross non-performing loans (NPLs) as at June 30, 2015 are Bt.67,551m, show an increase of Bt.10,062m or 17.50% from Bt.57,489m as at December 31, 2014. The ratio of NPLs to loans increased to 2.96% compared with 2.41% as at December 31, 2014.

2 / Net non-performing loans (NPLs)...

Net non-performing loans (NPLs) are Bt.35,728m or 1.59%. For the six-month ended June 30, 2015, the Bank and its subsidiaries have set aside allowance for doubtful accounts and loss on impairment of Bt.11,240m, show an increase of Bt.1,639m or 17.07% over the corresponding period of 2014. The Bank set aside quarterly normalized provision of Bt.2,100m, given the expansion in the Bank's loan portfolio. The Bank also set aside additional provision for bad debts, doubtful accounts and loss on impairment of Bt.3,600m, given the negative industry outlook that might affect Thai economy.

Please be advised accordingly.

Sincerely yours,



Vorapak Tanyawong

President

(TRANSLATION)

AUDITOR'S REPORT

TO : THE SHAREHOLDERS OF KRUNG THAI BANK PUBLIC COMPANY LIMITED

1. Report on Audit of Interim Financial Statements

The Office of the Auditor General of Thailand has audited the accompanying consolidated and the Bank's financial statements of Krung Thai Bank Public Company Limited and its subsidiaries and of Krung Thai Bank Public Company Limited, which comprise the consolidated and the Bank's statements of financial position as at June 30, 2015 and the related consolidated and the Bank's statements of comprehensive income, changes in shareholders' equity and cash flows for the six-month period then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

The Office of the Auditor General of Thailand's responsibility is to express an opinion on the consolidated and the Bank's financial statements based on our audit. The Office of the Auditor General of Thailand conducted our audit in accordance with Thai Standards on Auditing. Those standards require that the Office of the Auditor General of Thailand complies with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated and the Bank's financial statements are free from material misstatement.

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

The Office of the Auditor General of Thailand believes that the audit evidence obtained is sufficient and appropriate to provide a basis for the audit opinion.

Opinion

In the opinion of the Office of the Auditor General of Thailand, the consolidated and the Bank's financial statements referred to above present fairly, in all material respects, the financial position of Krung Thai Bank Public Company Limited and its subsidiaries and of Krung Thai Bank Public Company Limited as at June 30, 2015, and financial performance and cash flows for six-month period then ended in accordance with Thai Financial Reporting Standards.

2. Report on Review of Interim Financial Information

The Office of the Auditor General of Thailand has reviewed the consolidated and the Bank's statements of comprehensive income for the three-month period ended June 30, 2015 of Krung Thai Bank Public Company Limited and its subsidiaries, and of Krung Thai Bank Public Company Limited. 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 our reviews.

Scope of Reviews

The Office of the Auditor General of Thailand conducted the reviews in accordance with Thai Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with auditing standards and consequently does not enable the Office of the Auditor General of Thailand to obtain assurance that the Office of the Auditor General of Thailand would become aware of all significant matters that might be identified in an audit. Accordingly, the Office of the Auditor General of Thailand does not express an audit opinion 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 consolidated and the Bank's statements of comprehensive income for the three-month period ended June 30, 2015 of Krung Thai Bank Public Company Limited and its subsidiaries, and of Krung Thai Bank Public Company Limited, are not prepared, in all material respects in accordance with Thai Accounting Standard 34, "Interim Financial Reporting".

(Signed) *Yupin Chalanonniwat*

(Mrs. Yupin Chalanonniwat)

Inspector General 1

(Signed) *Ratchanee Chohnakijkul*

(Ms. Ratchanee Chohnakijkul)

Director of Financial Audit Office No.2

KRUNG THAI BANK PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
STATEMENTS OF FINANCIAL POSITION
AS AT 30 JUNE, 2015

(Thousand Baht)							
	NOTE	CONSOLIDATED			THE BANK'S		
		FINANCIAL STATEMENTS			FINANCIAL STATEMENTS		
		JUNE 30, 2015	DECEMBER 31, 2014	JANUARY 1, 2014	JUNE 30, 2015	DECEMBER 31, 2014	JANUARY 1, 2014
			(RESTATEd)	(BROUGHT FORWARD) (RESTATEd)			(BROUGHT FORWARD)
ASSETS							
CASH		54,050,482	74,769,982	51,148,722	53,937,356	74,585,231	50,687,465
INTERBANK AND MONEY MARKET ITEMS, NET	6.2	329,043,424	456,721,172	448,818,118	328,812,553	456,436,877	448,445,334
CLAIMS ON SECURITIES		27,392,600	13,215,000	-	27,392,600	13,215,000	-
DERIVATIVES ASSETS	3.4 6.3	20,161,059	16,042,974	21,310,251	20,232,184	16,108,055	21,335,305
INVESTMENTS, NET	3.6 6.4	294,259,778	245,368,861	230,593,981	294,030,379	245,108,718	230,398,733
INVESTMENTS IN SUBSIDIARIES AND ASSOCIATES, NET	3.6 6.5	14,370,812	13,126,050	8,179,413	10,971,894	11,463,358	5,369,563
LOANS TO CUSTOMERS AND ACCRUED INTEREST RECEIVABLES, NET	3.7 6.6						
LOANS TO CUSTOMERS		1,986,899,138	1,960,740,862	1,769,942,098	1,929,868,345	1,900,767,273	1,715,679,231
ACCRUED INTEREST RECEIVABLES		3,088,503	5,190,813	4,647,126	3,096,728	5,202,824	4,775,672
TOTAL LOANS TO CUSTOMERS AND ACCRUED INTEREST RECEIVABLES		1,989,987,641	1,965,931,675	1,774,589,224	1,932,965,073	1,905,970,097	1,720,454,903
LESS DEFERRED REVENUE		(6,644,266)	(7,744,820)	(7,643,919)	(191,858)	(120,492)	(175,334)
LESS ALLOWANCE FOR DOUBTFUL ACCOUNTS	3.8 6.7	(84,405,645)	(75,907,427)	(66,170,463)	(76,191,293)	(68,369,680)	(60,847,080)
LESS REVALUATION ALLOWANCE FOR DEBT RESTRUCTURING	3.9 6.8	(172,247)	(113,222)	(130,221)	(172,247)	(113,222)	(130,221)
TOTAL LOANS TO CUSTOMERS AND ACCRUED INTEREST RECEIVABLES, NET		1,898,765,483	1,882,166,206	1,700,644,621	1,856,409,675	1,837,366,703	1,659,302,268
CUSTOMERS' LIABILITIES UNDER ACCEPTANCES		1,773,045	1,909,763	3,121,789	1,773,045	1,909,763	3,121,789
PROPERTIES FOR SALE, NET	3.10 6.9	30,427,309	30,733,269	30,661,019	30,305,787	30,486,612	30,386,602
PREMISES AND EQUIPMENT, NET	3.11 6.10	27,233,801	28,115,773	27,243,423	21,499,360	21,559,347	21,350,942
OTHER INTANGIBLE ASSETS, NET	3.12 6.11	4,707,050	4,692,950	4,293,318	1,053,416	905,412	637,399
DEFERRED TAX ASSETS	3.18 6.12	6,454,080	5,690,072	5,342,779	4,543,355	3,892,134	3,719,681
ACCRUED INCOME		6,175,883	4,637,956	4,374,111	5,965,463	4,429,265	4,092,263
OTHER ASSETS, NET	6.13	12,758,691	11,952,542	18,067,773	10,202,427	9,683,916	15,445,545
TOTAL ASSETS		2,727,573,497	2,789,142,570	2,553,799,318	2,667,129,494	2,727,150,391	2,494,292,889
LIABILITIES AND EQUITY							
DEPOSITS	3.17 6.14	2,083,916,828	2,151,268,250	1,882,862,755	2,085,228,810	2,152,553,446	1,884,261,913
INTERBANK AND MONEY MARKET ITEMS, NET	6.15	177,993,993	167,214,934	206,189,265	160,071,267	160,774,651	199,372,480
LIABILITIES PAYABLE ON DEMAND		5,429,731	5,107,990	5,695,007	5,429,731	5,107,990	5,695,007
LIABILITIES TO DELIVER SECURITIES		27,392,600	13,215,000	-	27,392,600	13,215,000	-
DERIVATIVES LIABILITIES	3.4 6.3	21,171,350	16,245,258	24,544,712	21,171,350	16,245,513	24,544,712
DEBT ISSUED AND BORROWINGS	6.16	105,510,718	140,970,903	167,208,853	81,419,196	103,611,501	128,911,083
BANK'S LIABILITIES UNDER ACCEPTANCES		1,773,045	1,909,763	3,121,789	1,773,045	1,909,763	3,121,789
PROVISIONS	3.16.2 3.20 6.17	14,735,647	14,241,006	14,471,933	13,964,916	13,443,285	13,732,153
DEFERRED TAX LIABILITIES	3.18 6.12	-	-	182,682	-	-	-
OTHER LIABILITIES	6.18	50,280,937	43,102,818	40,334,116	45,113,038	36,436,572	32,478,952
TOTAL LIABILITIES		2,488,204,849	2,553,275,922	2,344,611,112	2,441,563,953	2,503,297,721	2,292,118,089

NOTES TO THE 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 30 JUNE, 2015

							(Thousand Baht)
	NOTE	CONSOLIDATED			THE BANK'S		
		FINANCIAL STATEMENTS			FINANCIAL STATEMENTS		
		JUNE 30, 2015	DECEMBER 31, 2014	JANUARY 1, 2014	JUNE 30, 2015	DECEMBER 31, 2014	JANUARY 1, 2014
			(RESTATED)	(BROUGHT FORWARD) (RESTATED)			(BROUGHT FORWARD)
LIABILITIES AND EQUITY (CONTINUED)							
EQUITY							
SHARE CAPITAL	6.19						
AUTHORIZED SHARE CAPITAL							
5,500,000 PREFERRED SHARES OF BAHT 5.15 EACH		28,325	28,325	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	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	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	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	20,833,734	20,833,734
OTHER COMPONENTS OF EQUITY		12,131,832	12,443,158	6,738,638	9,206,093	9,206,832	6,522,303
RETAINED EARNINGS							
APPROPRIATED							
LEGAL RESERVE	6.20	7,200,504	7,200,504	7,200,504	7,200,504	7,200,504	7,200,504
UNAPPROPRIATED		123,306,334	119,659,819	99,312,372	116,320,170	114,606,560	95,613,219
TOTAL EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE BANK		235,477,444	232,142,255	206,090,288	225,565,541	223,852,670	202,174,800
NON-CONTROLLING INTEREST		3,891,204	3,724,393	3,097,918			
TOTAL EQUITY		239,368,648	235,866,648	209,188,206	225,565,541	223,852,670	202,174,800
TOTAL LIABILITIES AND EQUITY		2,727,573,497	2,789,142,570	2,553,799,318	2,667,129,494	2,727,150,391	2,494,292,889

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

(Signed) Chakkrit Parapuntakul
CHAKKRIT PARAPUNTAKUL
CHAIRMAN OF THE BOARD OF EXECUTIVE DIRECTORS

(Signed) Vorapak Tanyawong
VORAPAK TANYAWONG
PRESIDENT

(TRANSLATION)

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KRUNG THAI BANK PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
STATEMENTS OF COMPREHENSIVE INCOME
FOR THE THREE-MONTH PERIOD ENDED JUNE 30, 2015

**UNAUDITED/
REVIEWED**

		(Thousand Baht)			
	NOTE	CONSOLIDATED		THE BANK'S	
		FINANCIAL STATEMENTS		FINANCIAL STATEMENTS	
		2015	2014 (RESTATED)	2015	2014
INTEREST INCOME	3.1.1 3.1.3	33,936,853	32,297,293	30,396,601	28,855,870
INTEREST EXPENSES	3.2	13,041,382	12,299,750	12,611,733	11,773,337
INTEREST INCOME, NET		20,895,471	19,997,543	17,784,868	17,082,533
FEES AND SERVICE INCOME		5,334,500	4,747,441	4,894,523	4,364,348
FEES AND SERVICE EXPENSES		729,934	594,330	586,320	489,805
FEES AND SERVICE INCOME, NET		4,604,566	4,153,111	4,308,203	3,874,543
GAINS ON TRADINGS AND FOREIGN EXCHANGE TRANSACTIONS, NET		1,915,200	1,178,156	1,920,697	1,178,238
GAINS (LOSSES) ON INVESTMENTS, NET		328,179	179,436	(163,285)	214,326
SHARE OF PROFIT FROM INVESTMENTS FOR USING EQUITY METHOD		931,120	747,209	-	-
DIVIDEND INCOME	3.1.2	77,599	128,172	686,094	749,051
OTHER OPERATING INCOME		856,341	1,072,286	163,907	409,717
TOTAL OPERATING INCOME		29,608,476	27,455,913	24,700,484	23,508,408
OTHER OPERATING EXPENSES					
EMPLOYEES' EXPENSES		6,491,821	6,126,986	5,258,508	4,854,608
DIRECTORS' REMUNERATION		73,383	71,314	57,303	56,627
PREMISES AND EQUIPMENT EXPENSES		2,275,946	2,162,678	1,255,737	1,250,788
TAXES AND DUTIES		1,257,958	1,106,277	1,161,883	1,008,124
OTHERS		2,051,466	1,879,806	2,784,900	2,586,263
TOTAL OTHER OPERATING EXPENSES		12,150,574	11,347,061	10,518,331	9,756,410
BAD DEBTS, DOUBTFUL ACCOUNTS AND LOSS ON IMPAIRMENT		7,515,303	6,590,184	5,700,000	5,100,000
OPERATING PROFIT BEFORE INCOME TAX EXPENSES		9,942,599	9,518,668	8,482,153	8,651,998
INCOME TAX EXPENSES	3.18	1,258,932	1,661,129	1,132,140	1,509,020
NET PROFIT		8,683,667	7,857,539	7,350,013	7,142,978

NOTES TO THE 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 COMPREHENSIVE INCOME (CONTINUED)
FOR THE THREE-MONTH PERIOD ENDED JUNE 30, 2015

UNAUDITED/
REVIEWED

(Thousand Baht)					
	NOTE	CONSOLIDATED		THE BANK'S	
		FINANCIAL STATEMENTS		FINANCIAL STATEMENTS	
		2015	2014	2015	2014
			(RESTATED)		
OTHER COMPREHENSIVE INCOME					
ITEMS THAT MAY BE RECLASSIFIED SUBSEQUENTLY TO PROFIT OR LOSS					
GAINS ON REMEASURING AVAILABLE-FOR-SALE INVESTMENTS		35,944	1,554,816	35,944	1,554,816
GAINS (LOSSES) ARISING FROM TRANSLATING THE FINANCIAL STATEMENTS OF FOREIGN OPERATIONS		18,735	(7,107)	18,735	(7,107)
SHARE OF OTHER COMPREHENSIVE INCOME FROM ASSOCIATES		(837,378)	515,456	-	-
RELATED INCOME TAX EXPENSES		(7,189)	(310,964)	(7,189)	(310,964)
ITEMS THAT WILL NOT BE RECLASSIFIED SUBSEQUENTLY TO PROFIT OR LOSS					
CHANGES IN REVALUATION SURPLUS ON ASSETS		(3,403)	-	(3,403)	-
ACTUARIAL GAINS (LOSSES) ON DEFINED BENEFIT PLANS		63,268	(640,826)	(14,259)	(657,904)
RELATED INCOME TAX EXPENSES		(11,973)	128,166	3,532	131,581
OTHER COMPREHENSIVE INCOME, NET		(741,996)	1,239,541	33,360	710,422
TOTAL COMPREHENSIVE INCOME		7,941,671	9,097,080	7,383,373	7,853,400
NET PROFIT ATTRIBUTABLE					
EQUITY HOLDERS OF THE BANK		8,448,741	7,619,383	7,350,013	7,142,978
NON-CONTROLLING INTEREST		234,926	238,156		
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE					
EQUITY HOLDERS OF THE BANK		7,706,745	8,858,924	7,383,373	7,853,400
NON-CONTROLLING INTEREST		234,926	238,156		
EARNINGS PER SHARE OF PARENT COMPANY					
BASIC EARNINGS PER SHARE (BAHT)	3.19	0.60	0.55	0.53	0.51
DILUTED EARNINGS PER SHARE (BAHT)	3.19	0.60	0.55	0.53	0.51

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

(Signed) Chakkrit Parapuntakul
CHAKKRIT PARAPUNTAKUL
CHAIRMAN OF THE BOARD OF EXECUTIVE DIRECTORS

(Signed) Vorapak Tanyawong
VORAPAK TANYAWONG
PRESIDENT

(TRANSLATION)

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KRUNG THAI BANK PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
STATEMENTS OF COMPREHENSIVE INCOME
FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2015

							(Thousand Baht)
NOTE				CONSOLIDATED		THE BANK'S	
				FINANCIAL STATEMENTS		FINANCIAL STATEMENTS	
				2015	2014	2015	2014
				(RESTATED)			
INTEREST INCOME	3.1.1	3.1.3	6.27	66,985,340	64,002,213	59,962,138	57,401,449
INTEREST EXPENSES	3.2	6.28		26,751,393	24,838,539	25,886,721	23,812,307
INTEREST INCOME, NET				40,233,947	39,163,674	34,075,417	33,589,142
FEES AND SERVICE INCOME				10,326,772	9,252,763	9,457,656	8,490,534
FEES AND SERVICE EXPENSES				1,389,691	1,173,815	1,092,797	946,917
FEES AND SERVICE INCOME, NET	6.29			8,937,081	8,078,948	8,364,859	7,543,617
GAINS ON TRADINGS AND FOREIGN EXCHANGE TRANSACTIONS, NET	6.30			3,006,803	2,400,223	3,041,621	2,408,795
GAINS ON INVESTMENTS, NET	6.31			605,535	263,801	114,071	298,691
SHARE OF PROFIT FROM INVESTMENTS FOR USING EQUITY METHOD				1,844,254	1,297,425	-	-
DIVIDEND INCOME	3.1.2			252,678	218,985	1,211,798	1,094,864
OTHER OPERATING INCOME				1,754,425	1,952,256	409,346	609,392
TOTAL OPERATING INCOME				56,634,723	53,375,312	47,217,112	45,544,501
OTHER OPERATING EXPENSES							
EMPLOYEES' EXPENSES				14,364,339	13,761,062	11,718,298	11,199,257
DIRECTORS' REMUNERATION				86,903	85,701	65,221	65,237
PREMISES AND EQUIPMENT EXPENSES				4,559,862	4,189,821	2,492,369	2,427,991
TAXES AND DUTIES				2,518,878	2,255,081	2,327,066	2,061,341
OTHERS				3,725,745	3,601,248	5,334,753	5,024,829
TOTAL OTHER OPERATING EXPENSES				25,255,727	23,892,913	21,937,707	20,778,655
BAD DEBTS, DOUBTFUL ACCOUNTS AND LOSS ON IMPAIRMENT	6.32			11,239,719	9,601,698	7,800,000	6,600,000
OPERATING PROFIT BEFORE INCOME TAX EXPENSES				20,139,277	19,880,701	17,479,405	18,165,846
INCOME TAX EXPENSES	3.18	6.33		3,236,492	3,546,042	2,972,601	3,229,020
NET PROFIT				16,902,785	16,334,659	14,506,804	14,936,826

NOTES TO THE 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 COMPREHENSIVE INCOME (CONTINUED)
FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2015

(Thousand Baht)					
	NOTE	CONSOLIDATED		THE BANK'S	
		FINANCIAL STATEMENTS		FINANCIAL STATEMENTS	
		2015	2014	2015	2014
(RESTATED)					
OTHER COMPREHENSIVE INCOME					
ITEMS THAT MAY BE RECLASSIFIED SUBSEQUENTLY TO PROFIT OR LOSS					
GAINS (LOSSES) ON REMEASURING AVAILABLE-FOR-SALE INVESTMENTS		(13,048)	2,378,907	(13,048)	2,378,907
GAINS (LOSSES) ARISING FROM TRANSLATING THE FINANCIAL STATEMENTS OF FOREIGN OPERATIONS		12,422	(36,504)	12,422	(36,504)
SHARE OF OTHER COMPREHENSIVE INCOME FROM ASSOCIATES		(310,587)	1,292,345	-	-
RELATED INCOME TAX EXPENSES		2,610	(475,782)	2,610	(475,782)
ITEMS THAT WILL NOT BE RECLASSIFIED SUBSEQUENTLY TO PROFIT OR LOSS					
CHANGES IN REVALUATION SURPLUS ON ASSETS		(3,403)	-	(3,403)	-
ACTUARIAL GAINS (LOSSES) ON DEFINED BENEFIT PLANS		63,431	(641,218)	(14,259)	(657,904)
RELATED INCOME TAX EXPENSES		(12,006)	128,244	3,532	131,581
OTHER COMPREHENSIVE INCOME, NET		(260,581)	2,645,992	(12,146)	1,340,298
TOTAL COMPREHENSIVE INCOME	6.34	16,642,204	18,980,651	14,494,658	16,277,124
NET PROFIT ATTRIBUTABLE					
EQUITY HOLDERS OF THE BANK		16,377,557	15,916,991	14,506,804	14,936,826
NON-CONTROLLING INTEREST		525,228	417,668		
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE					
EQUITY HOLDERS OF THE BANK		16,116,976	18,562,983	14,494,658	16,277,124
NON-CONTROLLING INTEREST		525,228	417,668		
EARNINGS PER SHARE OF PARENT COMPANY					
BASIC EARNINGS PER SHARE (BAHT)	3.19	1.17	1.14	1.04	1.07
DILUTED EARNINGS PER SHARE (BAHT)	3.19	1.17	1.14	1.04	1.07

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

(Signed) Chakkrit Parapuntakul
CHAKKRIT PARAPUNTAKUL
CHAIRMAN OF THE BOARD OF EXECUTIVE DIRECTORS

(Signed) Vorapak Tanyawong
VORAPAK TANYAWONG
PRESIDENT

(TRANSLATION)

10

KRUNG THAI BANK PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

STATEMENTS OF CHANGES IN EQUITY

FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2015

(Thousand Baht)

CONSOLIDATED FINANCIAL STATEMENTS										
		ATTRIBUTABLE TO EQUITY HOLDERS OF THE BANK						NON-	TOTAL	
	NOTE	ISSUED AND	PREMIUM	OTHER COMPONENTS OF EQUITY			RETAINED	TOTAL EQUITY	CONTROLLING	
		PAID-UP	ON	APPRAISAL	REVALUATION	GAIN (LOSS) FROM	EARNINGS	ATTRIBUTABLE	INTEREST	
		SHARE	SHARE	SURPLUS	SURPLUS	TRANSLATING		TO EQUITY		
		CAPITAL	CAPITAL	(DEFICIT)	(DEFICIT)	THE FINANCIAL		HOLDERS OF		
				ON ASSETS	ON INVESTMENTS	STATEMENTS		THE BANK		
BEGINNING BALANCE AS AT JANUARY 1, 2014 (BEFORE RESTATED)		72,005,040	20,833,734	6,347,639	337,852	53,147	106,512,876	206,090,288	1	206,090,289
EFFECT FROM TFRS 10 CONSOLIDATED FINANCIAL STATEMENTS	2.2.1	-	-	-	-	-	-	-	3,097,917	3,097,917
BALANCE AFTER ADJUSTMENT AS AT JANUARY 1, 2014		72,005,040	20,833,734	6,347,639	337,852	53,147	106,512,876	206,090,288	3,097,918	209,188,206
DIVIDEND PAID	6.21	-	-	-	-	-	-	-	(12,304,624)	(12,304,624)
TOTAL COMPREHENSIVE INCOME	6.34	-	-	-	3,195,470	(36,504)	15,404,017	18,562,983	417,668	18,980,651
ENDING BALANCE AS AT JUNE 30, 2014		72,005,040	20,833,734	6,347,639	3,533,322	16,643	121,916,893	224,653,271	(8,789,038)	215,864,233
BEGINNING BALANCE AS AT DECEMBER 31, 2014 (BEFORE RESTATED)		72,005,040	20,833,734	6,347,639	6,062,309	33,210	126,860,323	232,142,255	8	232,142,263
EFFECT FROM TFRS 10 CONSOLIDATED FINANCIAL STATEMENTS	2.2.1	-	-	-	-	-	-	-	3,724,385	3,724,385
BALANCE AFTER ADJUSTMENT AS AT DECEMBER 31, 2014		72,005,040	20,833,734	6,347,639	6,062,309	33,210	126,860,323	232,142,255	3,724,393	235,866,648
EFFECT FROM TFRS 13 FAIR VALUE MEASUREMENT	2.2.2	-	-	-	-	-	(197,533)	(197,533)	-	(197,533)
BALANCE AFTER ADJUSTMENT AS AT JANUARY 1, 2015		72,005,040	20,833,734	6,347,639	6,062,309	33,210	126,662,790	231,944,722	3,724,393	235,669,115
DIVIDEND PAID	6.21	-	-	-	-	-	(12,584,254)	(12,584,254)	(358,417)	(12,942,671)
TOTAL COMPREHENSIVE INCOME	6.34	-	-	(2,723)	(321,025)	12,422	16,428,302	16,116,976	525,228	16,642,204
ENDING BALANCE AS AT JUNE 30, 2015		72,005,040	20,833,734	6,344,916	5,741,284	45,632	130,506,838	235,477,444	3,891,204	239,368,648

NOTES TO THE 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 SIX-MONTH PERIOD ENDED JUNE 30, 2015

(Thousand Baht)

THE BANK'S FINANCIAL STATEMENTS							
NOTE	ISSUED AND	PREMIUM	OTHER COMPONENTS OF EQUITY			RETAINED	TOTAL
	PAID-UP	ON	APPRAISAL	REVALUATION	GAIN (LOSS) FROM	EARNINGS	
	SHARE	SHARE	SURPLUS	SURPLUS	TRANSLATING		
	CAPITAL	CAPITAL	(DEFICIT)	(DEFICIT)	THE FINANCIAL		
			ON ASSETS	ON INVESTMENTS	STATEMENTS		
BEGINNING BALANCE AS AT JANUARY 1, 2014	72,005,040	20,833,734	6,347,639	121,517	53,147	102,813,723	202,174,800
DIVIDEND PAID	6.21	-	-	-	-	(12,304,624)	(12,304,624)
TOTAL COMPREHENSIVE INCOME	6.34	-	-	1,903,125	(36,504)	14,410,503	16,277,124
ENDING BALANCE AS AT JUNE 30, 2014	72,005,040	20,833,734	6,347,639	2,024,642	16,643	104,919,602	206,147,300
BEGINNING BALANCE AS AT JANUARY 1, 2015 (BEFORE RESTATED)	72,005,040	20,833,734	6,347,639	2,825,983	33,210	121,807,064	223,852,670
EFFECT FROM TFRS 13 FAIR VALUE MEASUREMENT	2.2.2	-	-	-	-	(197,533)	(197,533)
BALANCE AFTER ADJUSTMENT AS AT JANUARY 1, 2015	72,005,040	20,833,734	6,347,639	2,825,983	33,210	121,609,531	223,655,137
DIVIDEND PAID	6.21	-	-	-	-	(12,584,254)	(12,584,254)
TOTAL COMPREHENSIVE INCOME	6.34	-	(2,723)	(10,438)	12,422	14,495,397	14,494,658
ENDING BALANCE AS AT JUNE 30, 2015	72,005,040	20,833,734	6,344,916	2,815,545	45,632	123,520,674	225,565,541

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

(Signed) Chakkrit Parapuntakul
 CHAKKRIT PARAPUNTAKUL
 CHAIRMAN OF THE BOARD OF EXECUTIVE DIRECTORS

(Signed) Vorapak Tanyawong
 VORAPAK TANYAWONG
 PRESIDENT

KRUNG THAI BANK PUBLIC COMPANY LIMITED AND SUBSIDIARIES

STATEMENTS OF CASH FLOWS

FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2015

(Thousand Baht)

	CONSOLIDATED		THE BANK'S	
	FINANCIAL STATEMENTS		FINANCIAL STATEMENTS	
	2015	2014	2015	2014
		(RESTATED)		(RESTATED)
CASH FLOWS FROM OPERATING ACTIVITIES				
OPERATING PROFIT BEFORE INCOME TAX EXPENSES	20,139,277	19,880,701	17,479,405	18,165,846
ADJUSTMENTS TO RECONCILE OPERATING PROFIT BEFORE INCOME TAX EXPENSES				
TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES				
DEPRECIATION AND AMORTIZATION EXPENSES	1,883,290	1,685,707	688,636	651,018
BAD DEBTS, DOUBTFUL ACCOUNTS AND LOSS ON IMPAIRMENT	11,239,719	9,601,698	7,800,000	6,600,000
SHARE OF PROFIT FROM INVESTMENTS FOR USING EQUITY METHOD	(1,844,254)	(1,297,425)	-	-
DIVIDEND RECEIVED FROM ASSOCIATES	288,905	155,787	-	-
LOSS (GAIN) ON DISPOSAL OF ASSETS	9,761	(7,098)	(88)	(11,614)
GAIN ON DISPOSAL OF INVESTMENTS	(551,437)	(212,320)	(551,437)	(212,320)
LOSS (GAIN) ON REVALUATION OF INVESTMENTS	(30,197)	9,438	(30,197)	9,438
LOSS (REVERSAL) ON IMPAIRMENT OF PROPERTIES FOR SALE	(80,516)	238,221	(53,758)	151,958
LOSS (REVERSAL) ON IMPAIRMENT OF INVESTMENTS	(54,098)	(51,480)	437,366	(86,371)
REVERSAL OF IMPAIRMENT OF OTHER ASSETS	(7,693)	-	(7,693)	-
LOSS ON IMPAIRMENT OF OTHER ASSETS	61,342	71,077	61,342	71,077
AMORTIZATION OF DISCOUNT ON INVESTMENTS	(27,007)	(855,152)	(24,955)	(853,751)
LOSS (GAIN) ON FOREIGN CURRENCY TRANSLATION	683,940	(2,791,434)	683,872	(2,791,601)
INCREASE (DECREASE) IN PROVISIONS	559,139	(549,935)	470,944	(606,946)
INCREASE IN OTHER ACCRUED EXPENSES	(236,300)	(5,026)	(234,570)	(51,822)
DECREASE IN OTHER ACCRUED EXPENSES	(1,874,231)	(715,148)	(1,398,413)	(463,434)
	30,159,640	25,157,611	25,320,454	20,571,478
INTEREST INCOME, NET	(40,233,947)	(39,163,674)	(34,075,417)	(33,589,142)
DIVIDEND INCOME	(252,678)	(218,985)	(1,211,798)	(1,094,864)
PROCEEDS FROM INTEREST INCOME	68,016,447	65,462,267	60,997,030	58,983,969
CASH PAID ON INTEREST EXPENSES	(24,231,965)	(24,617,447)	(23,354,512)	(23,595,511)
PROCEEDS FROM DIVIDEND INCOME	246,651	218,985	1,205,770	1,094,864
CASH PAID ON INCOME TAX EXPENSES	(3,768,800)	(4,778,972)	(3,316,683)	(4,452,221)
OPERATING INCOME BEFORE CHANGES IN				
OPERATING ASSETS AND LIABILITIES	29,935,348	22,059,785	25,564,844	17,918,573
(INCREASE) DECREASE IN OPERATING ASSETS				
INTERBANK AND MONEY MARKET ITEMS	127,453,351	102,269,606	127,399,926	102,184,069
INVESTMENTS IN TRADING SECURITIES	(15,882,701)	(23,251,591)	(15,882,701)	(23,251,591)
LOANS TO CUSTOMERS	(29,786,153)	(101,328,544)	(28,793,915)	(90,714,580)
PROPERTIES FOR SALE	1,382,241	2,696,004	1,220,796	2,780,119
OTHER ASSETS	(5,977,051)	19,303,665	(5,695,391)	19,624,117
INCREASE (DECREASE) IN OPERATING LIABILITIES				
DEPOSITS	(67,351,422)	(15,704,371)	(67,324,636)	(15,983,399)
INTERBANK AND MONEY MARKET ITEMS	10,779,058	9,182,631	(703,384)	9,429,159
LIABILITIES PAYABLE ON DEMAND	321,740	(444,066)	321,740	(444,066)
DEBT ISSUED AND SHORT-TERM BORROWINGS	(27,009,414)	5,874,776	(13,421,000)	2,172,500
OTHER LIABILITIES	10,710,804	(15,756,659)	12,069,961	(13,369,973)
NET CASH PROVIDED BY OPERATING ACTIVITIES	34,575,801	4,901,236	34,756,240	10,344,928

NOTES TO THE 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 SIX-MONTH PERIOD ENDED JUNE 30, 2015

(Thousand Baht)

	CONSOLIDATED		THE BANK'S	
	FINANCIAL STATEMENTS		FINANCIAL STATEMENTS	
	2015	2014	2015	2014
		(RESTATED)		(RESTATED)
CASH FLOWS FROM INVESTING ACTIVITIES				
PURCHASES OF AVAILABLE FOR SALE SECURITIES	(123,152,879)	(61,178,431)	(123,152,879)	(61,178,431)
PROCEEDS FROM DISPOSAL OF AVAILABLE FOR SALE SECURITIES	106,795,831	57,987,798	106,795,831	57,987,798
PURCHASES OF HELD TO MATURITY DEBT SECURITIES	(42,685,079)	(17,563,473)	(42,193,876)	(17,235,354)
PROCEEDS FROM DISPOSAL OF HELD TO MATURITY DEBT SECURITIES	26,840,831	38,208,048	26,316,831	37,873,048
PURCHASES OF GENERAL INVESTMENTS	(248,513)	(100,500)	(248,513)	(100,500)
PROCEEDS FROM DISPOSAL OF GENERAL INVESTMENTS	262,566	170,466	262,566	170,466
PURCHASES OF INVESTMENTS IN ASSOCIATED COMPANIES	-	-	-	(5,158,905)
PURCHASES OF INTANGIBLE ASSETS	(431,153)	(581,560)	(191,591)	(156,709)
PURCHASES OF PREMISES AND EQUIPMENT	(640,437)	(1,410,096)	(515,784)	(550,214)
PROCEEDS FROM DISPOSAL OF PREMISES AND EQUIPMENT	102,365	38,046	133	11,872
NET CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES	(33,156,468)	15,570,298	(32,927,282)	11,663,071
CASH FLOWS FROM FINANCING ACTIVITIES				
PROCEEDS FROM DEBT ISSUED AND LONG-TERM BORROWINGS	833,000	24,424,000	495,000	23,224,000
REPAYMENTS OF DEBT ISSUED AND LONG-TERM BORROWINGS	(10,400,000)	(39,161,469)	(10,400,000)	(39,161,469)
DIVIDEND PAID-ORDINARY SHARE	(12,578,455)	(12,298,934)	(12,578,455)	(12,298,934)
DIVIDEND PAID-PREFERRED SHARE	(5,800)	(5,690)	(5,800)	(5,690)
NET CASH USED IN FINANCING ACTIVITIES	(22,151,255)	(27,042,093)	(22,489,255)	(28,242,093)
GAIN (LOSS) ARISING FROM TRANSLATING THE FINANCIAL STATEMENTS OF FOREIGN OPERATIONS	12,422	(36,504)	12,422	(36,504)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(20,719,500)	(6,607,063)	(20,647,875)	(6,270,598)
BEGINNING BALANCE OF CASH AND CASH EQUIVALENTS	74,769,982	51,148,722	74,585,231	50,687,465
ENDING BALANCE OF CASH AND CASH EQUIVALENTS	54,050,482	44,541,659	53,937,356	44,416,867

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

(Signed) Chakkrit Parapuntakul

CHAKKRIT PARAPUNTAKUL

CHAIRMAN OF THE BOARD OF EXECUTIVE DIRECTORS

(Signed) Vorapak Tanyawong

VORAPAK TANYAWONG

PRESIDENT

KRUNG THAI BANK PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**NOTES TO THE FINANCIAL STATEMENTS****FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2015**

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 Sukhufmvit Road, Klongtoey Nua, Wattana, Bangkok, Thailand. 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 Basis of Preparation of the Consolidated and the Bank's Financial Statements**

The consolidated financial statements and the Bank's financial statements are presented in accordance with the Notification of the Bank of Thailand (BoT) No. SOR NOR SOR.11/2553 dated December 3, 2010, regarding the Preparation and Announcement of Financial Statements of Commercial Banks and Parent Companies of Financial Holding Groups, including any other supplementary BoT's notifications; and with the regulations of the Stock Exchange of Thailand (SET) dated January 22, 2001, regarding the Preparation and Submission of Financial Statements and Report on Financial Position and Results of Business Operations of Listed Companies, B.E. 2544 (2001). Moreover, these financial statements are prepared in conformity with generally accepted accounting principles, under Accounting Act B.E. 2543 (2000).

The Consolidated Financial Statements

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

Percentages of shareholdings and investments in the Bank's subsidiaries and associates are shown in Note 6.5.

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

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 six-month periods ended June 30, 2015 and 2014 and for the year ended December 31, 2014 included the accounts of domestic and foreign branches, after eliminating the effects of all interbranch transactions.

The English Translation of Financial Statement

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.

2.2 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, 2015. 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, except TFRS 10 Consolidated Financial Statements and TFRS 13 Fair Value Measurement which impacted to the financial statements as follows:

2.2.1 Consolidated Financial Statements

TFRS 10 Consolidated Financial Statements has definitions of control and indicators as criterion to define whether entities have to be consolidated. The Bank has considered that it has entity control in Krungthai Card Pcl. (KTC) as defined indicators in this TFRS, so KTC's financial statements have to be consolidated by applying retrospective approach. The results to the consolidated financial statements as at December 31, 2014 and January 1, 2014 and for the six-month period ended June 30, 2014 which used to be presented were as follows:

	(Million Baht)	
	<u>Consolidated Financial Statements</u>	
	<u>December 31, 2014</u>	<u>January 1, 2014</u>
	<u>Increase (Decrease)</u>	
Statements of Financial Position		
Assets		
Cash	182.36	459.21
Interbank and money market items, net	179.73	245.89
Investments, net	20.56	20.89
Investments in subsidiaries and associates, net	(3,643.42)	(3,030.57)
Total loans to customers and accrued interest receivables, net	50,123.27	46,714.08
Premises and equipment, net	370.66	444.60
Other intangible assets, net	505.22	445.14
Deferred tax assets	1,547.67	1,466.76
Other assets, net	490.36	200.62
Liabilities		
Deposits	(373.03)	(918.41)
Interbank and money market items, net	5,200.00	5,200.00
Debt issued and borrowings	36,388.46	34,208.20
Provisions	142.00	126.00
Other liabilities	4,694.60	5,252.92
Equity		
Non-controlling interest	3,724.38	3,097.91

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

	(Million Baht)
	<u>Consolidated Financial Statements</u>
	<u>June 30, 2014</u>
Statements of Comprehensive Income	
Interest income	5,688.27
Interest expenses	(869.03)
Fees and service income	346.39
Fees and service expenses	(297.26)
Share of profit from investments for using equity method	(408.58)
Other operating income	740.67
Employees' expenses	(897.58)
Director's remuneration	(7.01)
Premises and equipment expenses	(345.53)
Taxes and duties	(169.38)
Others	(690.54)
Bad debts, doubtful accounts and loss on impairment	(2,460.84)
Income tax expenses	(211.92)
Net profit	417.66

2.2.2 Fair Value Measurement

TFRS 13 Fair Value Measurement set framework and presentation of fair value measurement. The first time adoption of this TFRS has to apply prospective approach. For fair value measurement of financial assets and liabilities, it must be concluded Credit Valuation Adjustment (CVA) by recognizing to brought forward retained earnings. The Bank also chose to recognize CVA to brought forward retained earnings of the year 2015. As a result, brought forward retained earnings as at January 1, 2015 in the consolidated and the Bank's financial statements have decreased Baht 197.53 million from CVA of Baht 246.91 million and related deferred income tax revenue were Baht 49.38 million.

The Bank and its subsidiaries have disclosed more information about fair value of financial instruments in Note 6.36.

2.3 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 TFRS 4 Insurance Contracts which are effective for the financial statements periods beginning on or after January 1, 2016.

3. SIGNIFICANT ACCOUNTING POLICIES

3.1 Recognition of Income

3.1.1 Interest Income

Interest income is recognized on an accrual basis, except for interest on loans classified as delinquent over 3 months and interest on loans under troubled debt restructuring contract which had been reversed. In accordance with the BoT's regulations, interest income on delinquent loans over 3 months from the due date already recognized as an income since January 1, 2000 would have been reversed and recognized as only income when the actual payments are received.

3.1.2 Dividend Income

Dividend income from investments is recognized when declared.

3.1.3 Lease Income

The lease income of the Bank and its subsidiaries is recognized as follows:

- Interest income from hire-purchase and financial lease are recognized by using effective interest rate throughout the term of the lease. Interest on defaulted lease over 4 months are ceased to recognize and reversed, whereas consumer financial defaulted lease over 3 months are ceased to recognize and reversed. Interest income will be recognized when the actual payment are received.
- Income from operating lease contract is recognized on a straight-line basis over the term of lease.

3.2 Recognition of Expenses

Interest expenses, fees and service expenses, and other operating expenses, are recognized on an accrual basis.

3.3 Cash and Cash Equivalents

Cash and cash equivalents represent cash in hand and cash on collection.

3.4 Derivatives

Accounting for derivative transactions depends on their purposes as follows:

1) Trading Derivatives

The Bank measures derivatives at fair value and recognizes gains or losses arising from changes in fair value in gains (losses) on tradings and foreign exchange transactions, net in the statements of comprehensive income along with assets or liabilities in the statements of financial position.

2) Hedging Derivatives

The Bank measures derivatives with the same manner of the hedged items.

3.5 Embedded Derivatives

The Bank records accounting for embedded derivatives namely Credit Derivative and Structured Note in line with the IAS 39 Financial Instruments: Recognition and Measurement as follows:

- 1) For not closely related embedded derivatives, those could be separated from their host contracts; if the Bank is able to measure them separately, their gains (losses) will be recognized at fair value through gains (losses) on tradings and foreign exchange transactions, net in the statements of comprehensive income. For the host contracts, the Bank will apply to related accounting standards. Conversely, the Bank is unable to measure the embedded derivatives separately, the Bank will revalue the entire combined contract and designate as trading booked at fair value through profit or loss, which also be recognized the gains or losses arising from changes in fair value in the statements of comprehensive income.

2) For closely related embedded derivatives, the Bank will not separate them from their host contracts and will recognize the entire combined contract in accordance with related accounting standards.

3.6 Investments

3.6.1 Basis of Classification of Investments

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

3.6.2 Basis of Valuation of Investments

Investments in marketable debt or equity securities classified as trading securities are stated at fair value. Unrealized gains or losses arising from the revaluation are recorded through gains (losses) on tradings and foreign exchange transactions, net in the statements of comprehensive income.

Investments in marketable debt or equity securities classified as available-for-sale securities are stated at fair value, net of allowance for impairment (if any). Unrealized gains or losses arising from the revaluation are separately shown in equity and realized gains or losses after the disposal.

Investments in debt securities classified as held-to-maturity are stated at the amortized cost, net of allowance for impairment (if any). Premiums or discounts on held-to-maturity debt securities are adjusted to interest income at the end of each month by using the straight-line method which is immaterially different from using the effective interest rate method.

General investments are stated at cost, net of allowance for impairment (if any). Losses on impairment are realized through gains (losses) on investments, net in the statements of comprehensive income.

Investments in marketable unit trust classified as trading and available-for-sale securities are stated at fair value whereas investments in non-marketable unit trust are stated at net asset value.

Investments in foreign asset-backed debt securities classified as trading securities-current investments are stated at fair value.

Investments in subsidiaries and associates, shown in the Bank's financial statements, are accounted for by the cost method, net of allowance for impairment (if any). Moreover, investments in associates, shown in the consolidated financial statements, are accounted for by the equity method (the Bank uses financial information from unaudited/unreviewed financial statements of the associates).

The cost of disposed investments is calculated by the weighted-average method. Gains or losses on disposal of investments are presented in gains (losses) on investments, net in the statements of comprehensive income, except for trading securities are presented in gains on tradings and foreign exchange transactions, net.

3.7 Loans

Loans represent the outstanding principal amounts, except for overdrafts including accrued interest receivables. Deferred revenue is presented as deduction from the loans.

Hire-purchase and financial lease receivables represent the outstanding amounts, less deferred interest receivables, and deferred commission, plus amortized direct expenses.

3.8 Allowance for Doubtful Accounts

The Bank and its subsidiaries where run the loans business set aside allowance for doubtful accounts compliance with the BoT's Notification No. SOR NOR SOR.31/2551 dated August 3, 2008, regarding Regulations on Assets Classification and Provision of Financial Institutions and with the BoT's Regulations on Valuation and Appraisal of Collateral and Immovable Properties for Sale acquired through Debt Repayment dated December 9, 2009 which are summarized as follows:

1) The Bank has set aside provision for normal and special mention categories at 1 percent and 2 percent in accordance with the BoT's regulations. The Bank may also apply collective approach if it can suitable classify loans that have similar credit risk into the same group.

2) Provision for impaired-debtors is at 100 percent of the difference between the book value of loans and the present value of expected cash flows from the disposals of collateral as to the practice stipulated by the BoT.

3) Collateral using for calculating the present value of expected cash flows from disposals are such as immovable properties and leasehold rights (e.g. the present value of the expected cash flows from disposals of immovable properties which are collateral of debtors under the litigation process equal to 62.03 percent of the appraisal value and the present value of the expected cash flows from disposals of immovable properties which are collateral of debtors under the public auction process equal to 66.38 percent of the appraisal value). Other types of collateral are calculated by using the valuation rate stipulated by the BoT.

4) Collateral valuation has been conducted according to the BoT's regulations relating to types of collateral, valuation methodology, valuation frequency, and values of collateral that could be deductible from loans balances before provisioning as follows:

- As for normal and special mention categories, the underlying collateral is required to reappraise or revalue on a 3-year basis, except for every credit line of housing loans and other loans apart from housing loans with credit lines or outstanding balances not exceeding Baht 20 million, which their collateral will be reappraised or revalued when change to sub-standard and the last reappraisal or revaluation date exceeding 3 years.

- As for sub-standard, doubtful and doubtful of loss categories are required to reappraise or revalue collaterals by using the methods stipulated by the BoT. Immovable properties collaterals are required to reappraise or revalue on a 3-year basis as minimum. In case of near cash collateral such as marketable securities, is required to reappraise or revalue at the end of the accounting period.

Bad debts written-off and bad debts recovered are either deducted from or added to the allowance for doubtful accounts, whichever the case may be. The Bank also has written off policy by writing off any debtors classified as doubtful of loss at the underlying value of irrecoverable provisioning in line with the BoT's written off regulations.

3.9 Troubled Debt Restructuring and Losses on Troubled Debt Restructuring (TDR)

The Bank's debt restructuring methodology are such as reduce principal and/or accrued interest receivables that had been recorded as revenue, reduce interest rate, debt-equity conversion or debt-convertible debt securities conversion, extend repayment periods, adjust short-term to long-term debt, allow grace period for principal and/or interest, accept collateral assets, accept uncollateral assets, and accept assets with buy-back contracts.

Losses arising from debt restructuring are determined as follows:

1) In case of relaxation of the debt repayment conditions without reducing of principal and accrued interest receivables prior to troubled debt, the present value of expected cash flow received is discounted by using the interest rate under the conditions specified in the TDR contract. Where such interest rate is lower than financial cost rate, the financial cost rate will be used instead. If the present value computed is lower than the book value (the principal amount plus accrued interest receivables included in the outstanding balance of restructured debt), an allowance for losses on troubled debt restructuring will be fully recognized in the statements of comprehensive income for the relevant period.

The component of financial costs features the weighted average cost of deposits and borrowings, contributions to the BoT and the Deposit Protection Agency (DPA), and expenses incurred to maintain liquidity.

2) In case of debt repayment through the transfer of assets, financial instruments or debtors' equity from debt-equity conversion, the Bank has entirely written off. Losses on debt restructuring are charged to the statements of comprehensive income instantly upon the transfer of assets considering together with the original allowance for doubtful accounts. Thus, the value of transferred assets shall be recorded not higher than the book value of the debt plus accrued interest receivables entitled by the Bank.

In case of partial debt repayment through the transfer of assets, financial instruments or debtors' equity from debt-equity conversion, the Bank's will follow no. 2) in the first place. For the remaining amount of debt, if there is the relaxation of the repayment condition, the Bank will follow no. 1).

3.10 Properties for Sale

Properties for sale are immovable and movable properties which are stated at lower of cost or market value less allowance for impairment (if any). Losses on impairment or reversal of losses on impairment are recognized as other operating expenses or income in the statements of comprehensive income. Gains or losses on disposals of those properties after deducting selling expenses are recognized as other operating income or expenses in the statements of comprehensive income.

The Bank has followed the BoT's Notification No. SOR NOR SOR.21/2555 dated December 17, 2012, regarding Regulations on Accounting of Financial Institutions Section 1, Accounting for the Sales of Foreclosed Assets, SOR NOR SOR.31/2551 dated August 3, 2008, regarding Regulations on Assets Classification and Provision of Financial Institutions, SOR NOR SOR.22/2552 dated December 11, 2009, regarding Immovable Properties for Sale, and SOR NOR SOR.23/2552 dated December 11, 2009, regarding the Rules of the Purchase and Holding of Immovable Properties Used as Premises for the Business or as Facilities for its Officers and Employees of Financial Institutions.

According to the BoT's Policy No. THOR POR THOR. PHOR NOR SOR.(21) WOR.2470/2552 dated December 9, 2009, regarding Delivery Policy of Appraisal Guarantee and Properties for Sale Received from Financial Institutions, the properties for sale in the amount exceeding Baht 50 million are appraised by the external appraisers, and the amount of not exceeding Baht 50 million are considered to appraise by internal or external appraisers depending on the Bank.

3.11 Premises and Equipment

Land is stated at revalued amount. Premises and equipment are stated at cost less accumulated depreciation and allowance for impairment (if any). Land is revalued on a 3-5 year basis by independent appraisers in accordance with the BoT's regulations. In case that revaluation result decreased or decreased more than surplus on land revaluation which had been recognized in equity, the Bank will recognize deficit in the statements of comprehensive income. In case that revaluation result increased, the Bank will recognize surplus through appraisal surplus on assets in equity. Except for the case that the Bank revalued decreased on land and already recognized loss in the statements of comprehensive income, the Bank will recognize only surplus amounts that excess of the deficit amounts used to recognized of such land.

Depreciation of premises is calculated on the straight-line basis over their useful lives. Since April 1, 2012, depreciation of premises is calculated on the straight-line basis over their residual useful lives not over 50 years which appraised by independent expert appraisers. Before April 1, 2012, depreciation of premises is calculated on the straight-line basis over their useful lives of 20 years.

Depreciation of equipment is calculated on the straight-line basis over their useful lives of 5 years. Equipment with an acquisition cost not exceeding Baht 3,000 is charged directly to expense in the period of acquisition. The amounts of those transactions have no significant affect to the Bank's financial statements.

Depreciation method, useful lives, and residual value are annually reviewed.

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

3.12 Intangible Assets

Intangible assets, comprising software, licenses, and computer system development costs, are stated at cost net accumulated amortization and allowance for impairment (if any). Amortization is calculated by the straight-line basis at the rate of 10 percent per annum and recognized as expense in the statements of comprehensive income. Amortization of intangible assets in foreign countries is at the legal rates applicable in each locality.

3.13 Leaseholds

Leaseholds, which are included in other assets, are stated at cost less accumulated amortization. Amortization charge is calculated by the straight-line basis over the lease period between 3 – 30 years and recognized as expense in the statements of comprehensive income.

3.14 Impairment of Assets

For outstanding balances of assets as at the end of period, the Bank and its subsidiaries review the impairment of assets by items when there is an indication that the book value of those assets is higher than the expected recoverable amounts. As such, losses on impairment will be realized as other operating expenses. The reversal of losses on impairment will be recorded only when there is an indication that such impairment no longer exists or shown at a declining balance, if any, and reversed to other operating income in the statements of comprehensive income. Except for the case that reversal the revalued increased of the same assets that used to be recognized in equity, when impairment occurred latterly it will be recognized in equity.

3.15 Foreign Currency Translation

3.15.1 Presentation Currency

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

3.15.2 Foreign Currency Translation

Items denominated in foreign currencies are translated into the functional currency at the exchange rates prevailing at the transaction dates. Balances of monetary assets and liabilities are translated by using the reference exchange rates of BoT as at the reporting date. Balances of non-monetary assets and liabilities are translated by using the exchange rates prevailing at the transaction dates or exchange rates at the date when the fair value was measured.

Gains or losses on foreign currency exchange and foreign currency translation are presented in the statements of comprehensive income as gains (losses) on tradings and foreign exchange transactions, net.

3.15.3 Foreign Currency Translation of Foreign Branches' Financial Statements

Items on the foreign branches' statements of financial position are translated into Baht by using the reference exchange rates of BoT as at the reporting date. The statements of comprehensive income are translated into Baht by using the exchange rate prevailing at the transaction dates or average exchange rates of that accounting period.

Gains or losses on translation of foreign branches' financial statements are presented in equity through other comprehensive income.

3.16 Employees Benefit

3.16.1 Employees Provident Fund

The Bank established a Provident Fund under the Provident Fund Act B.E. 2530 (1987) and entered to the registered fund approved by the Ministry of Finance in June 25, 1992. The Provident Fund is managed by an external fund manager.

Permanent employees of the Bank are entitled to apply for membership according to the registered KTB Provident Fund regulations. Employees could opt to contribute to the Fund at the rate of either 3, 6 or 10 percent of their basic salaries while the Bank's supplemental contribution is at 10 percent of each employees' basic salary.

3.16.2 Defined Benefit Plan

The Bank and its subsidiaries have defined benefit plan to pay their employees under the employment agreements. The estimate of employee benefits obligations are calculated by using the actuarial techniques called the Projected Unit Credit Method. This method uses statistical data as a factor to estimate the present value of expected future payments and discounts by using market yields on high quality corporate bonds with the approximate maturity of those obligations. The estimate amount is shown in a part of the provisions. The actuarial gains (losses) are recognized in other comprehensive income and transferred immediately to the retained earnings.

3.17 Unclaimed Balances

Unclaimed balances remaining dormancy for over 10 years are taken to other operating income at the end of the accounting period.

3.18 Income Taxes

Income taxes comprise of current tax and deferred tax.

1) Current Tax

Current tax is the amount expected to be paid to the tax authorities by calculating from taxable profit for the period under Revenue Code.

2) Deferred Tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding taxes basis used in the computation of taxable profit (tax base). The Bank recognized deferred tax assets arising from such temporary differences to the extent that it is probable that taxable profit will be available against those temporary differences could be utilized. The carrying amounts of deferred tax assets are reviewed at each reporting date and shall be reduced to the extent that the tax benefit will be realized.

The Bank and its subsidiaries recognize deferred tax in the statements of comprehensive income, except for the extent that relates to items recognized in equity, will be recognized directly in equity.

The Bank and its subsidiaries calculate amounts of deferred tax assets and liabilities by using tax rates enacted or substantively enacted at the reporting date.

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

3.19 Earnings per Share

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

Diluted earnings per share are calculated by dividing the net income after deducting non-cumulative preferred dividend declared during the period by the number of weighted-average ordinary shares.

3.20 Provisions

The BoT's Notification No. SOR NOR SOR.31/2551 dated August 3, 2008, regarding Regulations on Assets Classification and Provision of Financial Institutions prescribed regulations to set provisions for off-the statements of financial position obligations in conformity with TAS 37 (revised 2014): Provisions, Contingent Liabilities and Contingent Assets. The Bank is required to set aside provisions for off-the statements of financial position obligations when satisfied all of the following criteria:

- 1) Off-the statements of financial position obligations classified as substandard, doubtful, doubtful of loss, and loss.
- 2) Off-the statements of financial position obligations which the Bank should recognize provisions according to TAS 37 (revised 2009), paragraph 14 when satisfied all of the following criteria:

2.1 A present obligation (a legal or a constructive obligation) resulting from past events could be a legal or a constructive obligation.

2.2 It is possibly certain that there will be a future outflow of resources embodying economic benefit to settle such obligation

2.3 An estimate of obligation can be reliably made.

3) Off-the statements of financial position obligations engage in high credit risk such as guarantees on borrowings, aval to bills or irrevocable obligations whereby the Credit Conversion Factor stipulated by the BoT in calculating Capital Fund to be maintained is equal to 1.0.

3.21 Loyalty Programme

The Bank and its subsidiaries have loyalty programme by giving points together with services. Customers can redeem those points to gifts or as discount in the future. The Bank and its subsidiaries also allocate rewards or accrued rewards to the points by referring from fair value of accumulated points. Then, they are recognized to deferred revenue under “other liabilities” in the statements of financial position and will be recognized to fees and service income when customers redeem.

3.22 Fair Value Measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The Bank and its subsidiaries have considered fair value of individual financial instrument. Fair value of financial instruments in active markets are quoted prices (unadjusted) for similar assets or liabilities and the Bank and its subsidiaries can access those markets. In case of there are no quoted prices in active markets, the Bank and its subsidiaries will use general accepted valuation technique by maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs in general models or the Bank’s models. Those models have to be approved by the management before using and also be regularly reviewed of suitability and accuracy.

4. RISK MANAGEMENT

4.1 The Bank's Risk Information

Credit Risk

Credit risk is the risk that a counterparty or borrower fails to comply with conditions and covenants as stated in the mutual agreement or the deterioration of assets' quality resulting in non-repayment debts as set out in the loan contract and an adverse effect over the Bank's income and capital funds. The assets on the statements of financial position, net of allowance for doubtful accounts, represent the Bank's credit risk exposure.

The Bank's risk arises from the counterparties fails to meet their obligations of contingencies which included aval to bills, guarantees on borrowings, liability under unmatured import bills, letters of credit, and other contingencies. The credit risk exposure on these instruments is represented by the notional amount recorded off-the statements of financial position.

The Bank concerns about the contingent credit risk as well as the credit quality, the appropriateness of borrowing objectives and repayment ability of the borrower. The Bank focuses on a credit expansion to both existing and new customers with high potentiality, low risks, and high yield. Moreover, the Bank shall closely evaluate and follow up situations both inside and outside country continually. The Bank also assesses the risks that may impact on solvency of the debtors in the Bank’s loan portfolios. Then, the Bank classifies risk level, in order to notice credit department and set the loan policy guideline to prevent the debtors become NPLs. Additionally, the Bank has developed and enhance credit process by separating into 3 projects which are Retail Transformation, SME Transformation, and Wholesale Banking Transformation. They have already been rolled out. Moreover, the Bank has regularly improved credit risk management by reviewing/adjusting credit policies and other policies related to the credit risk management for the purpose of complying with economic situation and the Bank’s business operation as well as being in consonant with risk management guidance prescribed by the BoT. These adaptive policies shall be practicable with credit offering in order to be flexible in the operation and consistent with the international standards.

The Bank develops Industry Rating and Business Alert (Outlook) report to set Industry Direction & Supply Chain for the credit management and screening criteria for potential entrepreneurs of credit department. The Bank also update information to increase more effective in credit risk management.

The Bank manages credit risk management of the companies in financial business group of the Bank under the BoT's regulations. The credit risk management policies and guidelines of those companies are also reviewed/improved annually and/or when significantly changed event occurs and affects credit risk management.

The Bank monitors and reports risk management results with the intention to control credit risk to be in compliance with the Bank's risk management plan, the BoT's supervision policy and other regulators' rules.

To follow up and manage the quality of credit, the Bank closely monitors the customers whose credits are approved in order to ensure that they are in comply with the terms and conditions of loan agreements by carrying out NPLs reduction project. The watch list debtors with weak performance will be monitored and controlled to prevent such loans becomes NPLs. However, in case those debtors become NPLs, the measure for debt restructuring shall be set up together with legal process. With this regards, the NPLs reduction project shall help stipulating the implementation plan to become clearer and more effective for the NPLs problem solving. Thus, the regular progress shall be reported regularly in order to expedite debt repayment with minimum loss.

In assessing the adequacy of provision as prescribed by the BoT, the Bank is required to examine the accuracy and completeness of loan classification, debt-restructuring and collateral data as type and value of collateral. Such associated data potentially has significant impacts on the allowance for doubtful accounts of the Bank.

According to assets written-off, the Bank has policy to write off any assets classified as doubtful of loss with 100 percent provision; however, the Bank still closely follow up uncollectible amounts or taken legal proceedings to the final action.

The credit review is established to ensure the compliance with standard operation procedures in relation to credit approval and debt restructuring. In addition, the qualitative assessment for loan and other related assets are conducted for loan classification as prescribed by the BoT.

Market Risk

Market risk is the risk that the Bank may sustain loss from changes in value of position on the statements of financial position and off-the statements of financial position which is caused by fluctuation of interest rate, foreign exchange rate, equity securities price and commodity price resulting in negative impact on income and capital. The Bank monitors and controls the market risk in the trading book and banking book portfolio by comparing the existing risks with the approved risk limits/indicators, conducting the approval processes for the breach of the limits/indicators and reporting to the executives and the risk management committee regularly.

Interest Rate Risk

Interest rate risk is the risk that income or capital is adversely affected by changes in interest rate of the asset, liability and off-the statements of financial position items which are Rate Sensitive Items. These may have negative impact on Net Interest Income, market values of Trading Account, and other income and expenses related to interest rate.

The Bank's significant financial assets and liabilities classified by periods of interest rate repricing are as follows:

(Million Baht)

<u>June 30, 2015</u>							
	Call to	Non-interest					
	<u>1 month</u>	<u>1-3 Months</u>	<u>3-12 Months</u>	<u>Over 1 year</u>	<u>Bearing</u>	<u>NPLs</u>	<u>Total</u>
Financial assets							
Interbank and money market items	288,687.36	15,737.64	6,761.35	-	18,980.70	-	330,167.05
Investments*	4,721.45	20,444.20	80,194.69	128,240.05	17,749.63	-	251,350.02
Loans to customers	1,434,051.80	165,172.37	195,258.43	71,311.94	972.22	63,101.59	1,929,868.35
Total financial assets	1,727,460.61	201,354.21	282,214.47	199,551.99	37,702.55	63,101.59	2,511,385.42
Financial liabilities							
Deposits	1,191,677.95	122,673.35	472,635.74	219,775.07	78,466.70	-	2,085,228.81
Interbank and money market items	92,733.78	13,440.09	12,585.88	36,800.63	4,510.89	-	160,071.27
Debt issued and borrowings	2,745.88	80.00	5,084.60	73,508.72	-	-	81,419.20
Total financial liabilities	1,287,157.61	136,193.44	490,306.22	330,084.42	82,977.59	-	2,326,719.28

(Million Baht)

<u>December 31, 2014</u>							
	Call to	Non-interest					
	<u>1 month</u>	<u>1-3 Months</u>	<u>3-12 Months</u>	<u>Over 1 year</u>	<u>Bearing</u>	<u>NPLs</u>	<u>Total</u>
Financial assets							
Interbank and money market items	420,135.53	11,378.23	13,239.13	3.95	13,027.16	-	457,784.00
Investments*	11,684.69	30,827.28	30,226.35	127,467.87	18,205.06	-	218,411.25
Loans to customers	1,342,010.80	215,715.56	218,306.26	70,143.74	966.92	53,623.99	1,900,767.27
Total financial assets	1,773,831.02	257,921.07	261,771.74	197,615.56	32,199.14	53,623.99	2,576,962.52
Financial liabilities							
Deposits	1,133,807.03	199,070.07	345,776.20	374,846.44	99,053.71	-	2,152,553.45
Interbank and money market items	74,557.39	28,449.46	12,248.03	40,175.20	5,344.57	-	160,774.65
Debt issued and borrowings	8,486.87	15,087.00	8,157.60	71,880.03	-	-	103,611.50
Total financial liabilities	1,216,851.29	242,606.53	366,181.83	486,901.67	104,398.28	-	2,416,939.60

*Excluded trading securities, allowance for revaluation and impairment of investment.

Foreign Exchange Rate Risk

Foreign exchange rate risk is the risk that foreign exchange rate volatility giving adverse impact on income or capital due to having foreign currency transactions or having assets or liabilities in foreign currency, when converting all items on the Bank's financial statements to local currency, the book values decrease including decline of income or loss incurred from foreign exchange trading.

Equity Securities Price Risk

Equity securities price risk is the risk that income or capital is negatively affected by changes in trading equity securities prices. However, the Bank focuses on investing in potential securities which have growth performance and have opportunities to generate bank's return.

Commodity Price Risk

This is the risk that income or capital is adversely affected by changes in commodity price. The Bank conducts commodity derivative transactions to accommodate customer hedging of risk. The Bank eliminates those risk exposures by doing back-to-back transactions.

The Bank's Market Risk Management Structure and Supervision

The Bank has designated the Board of Directors and Risk Management Committee to formulate policy and market risk limit as follows:

Board of Directors

To be responsible for the approval of market risk management policy and the limitation acceptance or threshold of Bank in order to control risk exposure that affects to the market risk and decentralized to relevant committees or responsible departments to supervise as appropriate.

Risk Management Committee – RMC

To be responsible for the determination of risk management policy to the Board of Directors, controlling, monitoring, assessing the result of risk management and supervising that the risk management policy and guidelines set by the Bank and the regulators have been implemented and observed.

The Bank has designated the Market Risk Management Department, an independent business unit from front office, to supervision risk in order to create transparency and efficiency. Moreover, it conforms with the BoT's market risk supervision regulations and the Bank's market risk management policy. Besides, the Market Risk Management Department is responsible to follow up and supervise market risk not exceeding the limit specified by the Bank. Then, it reports to top-level executives and RMC.

The Bank has set the risk management policy to be in line with the Bank's strategy and the BoT's market risk supervision regulations.

For transactions in trading accounts, the Bank set the maximum acceptable risk limit such as investment value/position, maximum loss, including statistic risk measurement namely Value at Risk (VaR) and Sensitivity for the trading book portfolio. The Bank also regularly assesses market value and conducts stress testing for both trading book portfolio and banking book portfolio. Besides, the Bank prepares Product Programme while enhancing applications and tools used in risk assessment and control for higher efficiency capable of accommodate more complex transactions.

The Bank regularly monitors the interest rate risk in the banking book portfolio by simulating the net interest income change and economic value change. The Bank also regularly conduct stress testing and closely monitor whenever there are some changes in the interest rate market movement that affects the bank significantly.

Market Risk Management Structure and Supervision of the Financial Business Group

The Bank has supervision of risk management of the financial business group and prescribes policy of risk management of the financial business group. The policy was approved by the Board of Directors determining the subsidiaries within the financial business group to complete all aspects of risk management in accordance with risk management policy which defines the organization chart that support the efficiency of risk management, including the determining of clearly authorization. The policy also determines the subsidiaries to complete and efficiently follow the monitoring process and internal control system by identifying, measuring, monitoring and controlling risk under the guideline prescribed in the risk management policy of the financial business group. Moreover, the subsidiaries are required to prepare their market risk management report and relating information for submission to the Bank in order that the Bank can monitor market risk and risk level of companies in the financial business group and assess effect to the Bank's capital.

The Bank's financial business group has decentralized risk management that means companies within the financial business group manage their own risk and the Bank will consider and comment the companies' key market risk indicators as appropriate.

Liquidity Risk

Liquidity risk is the risk that the Bank fails to repay liabilities or contingencies on due date because of inability to liquidate assets into cash or having insufficient funds or acquiring funds at a higher unacceptable cost thus affecting income and capital funds at present and in the future.

The Bank's Liquidity Risk Management Structure and Supervision

The Bank has designated the Board of Directors, Risk Management Committee, Assets and Liabilities Management Committee to prescribe policy and strategy of liquidity risk management as follows:

Board of Directors

Board of Directors is responsible for the approval of liquidity risk management policy, liquidity management plan and liquidity emergency plan and to approve the Bank's acceptable limit or trigger of liquidity risk.

Risk Management Committee – RMC

RMC is responsible for the determination of risk management policy to the Board of Directors, controlling, monitoring, assessing the result of risk management and supervising that the risk management policy and guidelines set by the Bank and the regulators have been implemented. RMC also submitted the operational report to the Audit Committee for acknowledgement and/or for considering on monthly basis and report to the Board of Directors for acknowledgement and/or for considering on quarterly basis.

Assets and Liabilities Management Committee – ALCO

ALCO is responsible for the determination of strategy to manage the Bank's assets, liabilities, and capital to be appropriate. ALCO monitors various external factors affecting the Bank's liquidity, specifies strategy to manage liquidity and interest rate risk and submits ALCO report to the Board of Executive Directors for acknowledgement and/or for considering.

Liquidity Risk Management Structure and Supervision of the Financial Business Group

The Bank has supervision of risk management of the financial business group and prescribes policy of risk management of the financial business group. The policy was approved by the Board of Directors determining the subsidiaries within the financial business group to complete all aspects of risk management in accordance with risk management policy which defines the organization chart that supports the efficiency of risk management, including the determining of clearly authorization. The policy also determines the subsidiaries to complete and efficiently follow the monitoring process and internal control system by identifying, measuring, monitoring and controlling risk under the guideline prescribed in the risk management policy of the financial business group. Moreover, the group is required to prepare liquidity position report and relating information for submission to the Bank in order that the Bank can monitor liquidity position and risk level of companies in the financial business group and assess effect to the Bank's liquidity.

The Bank's financial business group has decentralized risk management that means companies within the financial business group manage their own risk and the Bank will consider to support their liquidity as appropriate.

Structure of Sources and Uses of Funds

Liquidity risk is the significant risk of commercial banks. The Bank's liquidity risk factors are the structure of sources and uses of funds. The Bank's sources of funds are from short-term deposits mostly less than one year including saving deposits, while uses of funds for lending have maturity date longer than the deposits. Therefore, the Bank's liquidity risk stems from asset to cash turning period not matching with liability's maturity date. Besides, cost of fund that higher than acceptable limit could affect to the Bank's income and capital at present and in the future.

Thus, liquidity risk management process of the Bank is liquidity trend analysis by estimating the Bank's liquidity status and Net high-quality liquid assets to net liquidity gap ratio in order to evaluate the sufficiency of liquidity assets that supported short-term capital demand. The Bank also assigns the trigger to control liquidity risk and consistency report risk to the Risk Management Committee, the executive officers, and related parties.

Liquidity Risk Management Tools

Liquidity risk management tools are presented in several reports related to the Bank's liquidity to top-level executives and relating departments in order to efficiently apply to use of liquidity risk management.

- The Bank prepares liquidity risk report to determine liquidity risk on a daily and monthly basis by comparing with the approved risk limit/indicators to manage and control the risk level to the prescribed limit.

- Net liquidity position report is prepared on a daily basis in the first 14 calendar days to present daily details by showing estimated cash inflow and outflow information adjusted according to customer behavior, preceding cash flow model together with future trend considerations adhere to realistic and conservative principles.

- Daily liquidity position report represents liquidity reserve of deposits at the BoT by the BoT's requirement that required financial institutions to maintain deposits at the BoT at least 0.8 percent of total deposits and other specified borrowings. Moreover, the report demonstrates high quality liquidity assets in each asset category reserved as an operating liquidity for the Bank's normal operations.

- Simulation liquidity risk stress testing report is submitted to the Risk Management Committee on a quarterly basis.

Liquidity Risk Stress Testing

The Bank sets quarterly liquidity risk stress testing in conformity with the Bank's stress testing policy by using the 3 situations which are (1) Institution-specific crisis (2) Market-wide crisis and (3) Combination of both. Each situation is based on assumptions such as withdrawing customers' deposit in different proportion, declining in the market liquidity of assets, decreasing in ability to reach large-sized sources of funds. The Bank also prepares contingency plan to support crisis by considering to stress test result of each model situation. The contingency plan is set warning triggers of liquidity crisis in order that the Bank can reduce negative impact from liquidity problems that may occur with reasonable expenses/costs.

Liquidity Assets

As at June 30, 2015 and December 31, 2014, the Bank's liquidity assets are totaling to Baht 461,570.49 million and Baht 576,972.46 million or 21.61 percent and 26.06 percent of deposits, respectively. However, liquidity assets of the Bank are greater than the BoT's regulations that required commercial banks to maintain average liquidity assets not less than 6 percent of average deposits and borrowings.

Sources and Uses of Funds

Sources and uses of funds as at June 30, 2015, the Bank and its subsidiaries' major sources of funds were deposits accounting for 76.40 percent of total funds. Other sources of funds included net interbank and money market items (liabilities) of 6.53 percent, debt issued and borrowings of 3.87 percent, and equity of 8.78 percent.

The Bank and its subsidiaries' uses of funds were loans to customers 72.60 percent of total uses of funds. Other significant uses of funds included net interbank and money market items (assets) of 12.06 percent and net investments of 11.32 percent.

	<u>June 30, 2015</u>	<u>December 31, 2014</u>
Sources of Funds		
Deposits	76.40%	77.13%
Interbank and money market items (liabilities), net	6.53%	6.00%
Debt issued and borrowings	3.87%	5.05%
Equity	8.78%	8.46%
Uses of Funds		
Loans to customers	72.60%	70.02%
Interbank and money market items (assets), net	12.06%	16.37%
Investments, net	11.32%	9.27%

Loans to Deposits Ratio

On the consolidated financial statement as at June 30, 2015, the Bank has loans to deposits ratio of 95.03 percent which has increased from 90.78 percent as at December 31, 2014.

Loans to deposits ratio on the Bank's financial statement as at June 30, 2015 is 92.54 percent which has increased from 88.30 percent as at December 31, 2014. Such increase is from the expansion of loans increasing 1.53 percent while deposits decreasing 3.13 percent from the end of the year 2014.

Considering to the loans to deposits ratio including bills of exchange on the Bank's financial statement as at June 30, 2015 is 92.08 percent which has increased from 87.74 percent as at December 31, 2014. As a result of decreasing in the expansion of deposits including bills of exchange of 3.26 percent (the expansion of deposits has decreased 3.13 percent and bills of exchange decreased 24.05 percent from the end of the year 2014).

	<u>June 30, 2015</u>	<u>December 31, 2014</u>
Loans to deposits ratio (Consolidated financial statements)	95.03%	90.78%
Loans to deposits ratio (The Bank's financial statements)	92.54%	88.30%
Loans to deposits ratio including bills of exchange (The Bank's financial statements)	92.08%	87.74%

As at June 30, 2015 and December 31, 2014, the Bank's financial assets and liabilities are classified by remaining maturity as follows:

(Million Baht)

	<u>June 30, 2015</u>					
	Less than	Over 3 Months				
	<u>1 Month</u>	<u>1-3 Months</u>	<u>upto 1 Year</u>	<u>Over 1 Year</u>	<u>No Maturity</u>	<u>Total</u>
Financial Assets						
Interbank and money market items, net	131,541.19	21,937.14	142,016.87	33,317.35	-	328,812.55
Investments, net	-	-	152,954.38	141,076.00	10,971.89	305,002.27
Loans to customers	93,529.85	119,879.98	402,742.73	1,313,715.79	-	1,929,868.35
Total financial assets	225,071.04	141,817.12	697,713.98	1,488,109.14	10,971.89	2,563,683.17
Financial Liabilities						
Deposits	1,269,698.59	115,434.13	477,692.64	222,403.45	-	2,085,228.81
Interbank and money market items, net	90,119.49	5,528.70	14,542.57	49,880.51	-	160,071.27
Debt issued and borrowings	1,305.88	80.00	3,000.00	77,033.32	-	81,419.20
Total financial liabilities	1,361,123.96	121,042.83	495,235.21	349,317.28	-	2,326,719.28

(Million Baht)

<u>December 31, 2014</u>						
	Less than	Over 3 Months				<u>Total</u>
	<u>1 Month</u>	<u>1-3 Months</u>	<u>upto 1 Year</u>	<u>Over 1 Year</u>	<u>No Maturity</u>	
Financial Assets						
Interbank and money market items, net	243,533.74	45,208.29	121,008.59	46,686.26	-	456,436.88
Investments, net	-	-	104,449.39	140,659.33	11,463.36	256,572.08
Loans to customers	93,628.11	127,265.35	393,112.11	1,286,761.70	-	1,900,767.27
Total financial assets	337,161.85	172,473.64	618,570.09	1,474,107.29	11,463.36	2,613,776.23
Financial Liabilities						
Deposits	1,231,773.70	200,052.36	335,114.34	385,613.05	-	2,152,553.45
Interbank and money market items, net	73,162.85	5,622.57	28,181.77	53,807.46	-	160,774.65
Debt issued and borrowings	7,046.87	15,087.00	6,073.00	75,404.63	-	103,611.50
Total financial liabilities	1,311,983.42	220,761.93	369,369.11	514,825.14	-	2,416,939.60

4.2 Fair Value of Financial Instruments

(Million Baht)

<u>Consolidated Financial Statements</u>				
Type of Financial Instruments	<u>June 30, 2015</u>		<u>December 31, 2014</u>	
	<u>Book Value</u>	<u>Fair Value</u>	<u>Book Value</u>	<u>Fair Value</u>
Financial Assets				
Cash	54,050.48	54,050.48	74,769.98	74,769.98
Interbank and money market items, net	329,043.42	329,043.42	456,721.17	456,721.17
Derivative assets	20,161.06	20,161.06	16,042.97	16,042.97
Investments, net	308,630.59	309,676.97	258,494.91	258,902.53
Loans to customers and accrued interest receivables, net	1,898,765.48	1,898,765.48	1,882,166.21	1,882,166.21
Total	2,610,651.03	2,611,697.41	2,688,195.24	2,688,602.86
Financial Liabilities				
Deposits	2,083,916.83	2,083,916.83	2,151,268.25	2,151,268.25
Interbank and money market items, net	177,993.99	177,993.99	167,214.93	167,214.93
Liabilities payable on demand	5,429.73	5,429.73	5,107.99	5,107.99
Derivative liabilities	21,171.35	21,171.35	16,245.26	16,245.26
Debt issued and borrowings	105,510.72	106,438.33	140,970.90	141,598.00
Total	2,394,022.62	2,394,950.23	2,480,807.33	2,481,434.43

4.2 Fair Value of Financial Instruments (Continued)

(Million Baht)

Type of Financial Instruments	The Bank's Financial Statements			
	June 30, 2015		December 31, 2014	
	Book Value	Fair Value	Book Value	Fair Value
Financial Assets				
Cash	53,937.35	53,937.35	74,585.23	74,585.23
Interbank and money market items, net	328,812.55	328,812.55	456,436.88	456,436.88
Derivative assets	20,232.18	20,232.18	16,108.06	16,108.06
Investments, net	305,002.27	324,687.26	256,572.08	269,849.77
Loans to customers and accrued interest receivables, net	1,856,409.68	1,856,409.68	1,837,366.70	1,837,366.70
Total	2,564,394.03	2,584,079.02	2,641,068.95	2,654,346.64
Financial Liabilities				
Deposits	2,085,228.81	2,085,228.81	2,152,553.45	2,152,553.45
Interbank and money market items, net	160,071.27	160,071.27	160,774.65	160,774.65
Liabilities payable on demand	5,429.73	5,429.73	5,107.99	5,107.99
Derivative liabilities	21,171.35	21,171.35	16,245.51	16,245.51
Debt issued and borrowings	81,419.20	82,346.81	103,611.50	104,238.59
Total	2,353,320.36	2,354,247.97	2,438,293.10	2,438,920.19

4.3 Statutory Capital Fund

As at June 30, 2015 and December 31, 2014, the Bank's capital fund calculated based on Basel III framework of the BoT. It requires commercial banks registered in Thailand to maintain the capital fund as ratio to risk weighted assets with the condition that the tier 1 capital - equity is not less than 4.50 percent, the tier 1 capital is not less than 6.0 percent and total capital fund ratios is not less than 8.50 of risk weighted assets. As at June 30, 2015 and December 31, 2014, the Bank maintained capital adequacy ratios to risk weighted assets in accordance with the BoT's notification as follows:

4.3 Statutory Capital Fund (Continued)

	(Million Baht)	
	<u>The Bank's Financial Statements</u>	
	<u>June 30, 2015</u>	<u>December 31, 2014</u>
Tier 1 capital - equity		
Paid-up share capital	72,005.04	72,005.04
Premium on share capital	20,833.74	20,833.74
Legal reserve (Note 6.20)	7,200.50	7,200.50
Net income after appropriation	103,011.86	98,875.16
Other components of equity	9,408.72	9,443.26
Deduction items from Common Equity Tier 1 capital	(8,261.76)	(7,414.37)
Additional Tier 1 capital - financial instruments		
Hybrid tier 1	7,445.97	8,509.68
Total tier 1 capital	<u>211,644.07</u>	<u>209,453.01</u>
Tier 2 capital		
Long-term subordinated debt	43,007.03	53,407.03
Allowance for assets classified as pass	21,936.43	22,044.97
Total tier 2 capital	<u>64,943.46</u>	<u>75,452.00</u>
Total capital fund	<u><u>276,587.53</u></u>	<u><u>284,905.01</u></u>

Capital Adequacy Ratios to Risk Weighted Assets

	<u>June 30, 2015</u>	<u>December 31, 2014</u>
Tier 1 capital - equity	10.64	10.47
Tier 1 capital	11.02	10.91
Total capital fund	14.41	14.85
<u>June 30, 2015</u>		
Total capital fund after deduct incremental fund for supporting corporate loans	276,587.53	
Total capital adequacy ratios after deduct incremental fund for supporting corporate loans	14.41	

5. ESTIMATES AND ASSUMPTIONS

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

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

6. SUPPLEMENTARY INFORMATION

6.1 Supplementary Information of Cash Flows

Significant non-cash items for the six-month periods ended June 30, 2015 and 2014 are as follows:

(Million Baht)

	<u>Consolidated Financial Statements</u>		<u>The Bank's Financial Statements</u>	
	<u>June 30, 2015</u>	<u>June 30, 2014</u>	<u>June 30, 2015</u>	<u>June 30, 2014</u>
Increase (Decrease) in revaluation surplus on investments in equity	(323.63)	3,671.25	(13.05)	2,378.91
Increase in properties for sale from loan payment	981.40	1,585.31	981.40	1,585.31

6.2 Interbank and Money Market Items, Net (Assets)

(Million Baht)

	<u>Consolidated Financial Statements</u>					
	<u>June 30, 2015</u>			<u>December 31, 2014</u>		
	<u>Demand</u>	<u>Time</u>	<u>Total</u>	<u>Demand</u>	<u>Time</u>	<u>Total</u>
6.2.1 Domestic Items						
Bank of Thailand and						
Financial Institutions Development Fund	14,124.69	87,150.43	101,275.12	10,742.06	187,000.44	197,742.50
Commercial banks	208.63	13,190.42	13,399.05	165.84	31,777.27	31,943.11
Special purpose financial institutions	39.22	13,501.59	13,540.81	45.84	20,742.21	20,788.05
Other financial institutions	73.57	159,277.87	159,351.44	150.88	161,555.28	161,706.16
Total	14,446.11	273,120.31	287,566.42	11,104.62	401,075.20	412,179.82
<u>Add</u> Accrued interest receivables	-	149.71	149.71	-	515.26	515.26
<u>Less</u> Allowance for doubtful accounts	(0.68)	(1,490.43)	(1,491.11)	(0.68)	(1,714.39)	(1,715.07)
Total domestic items	14,445.43	271,779.59	286,225.02	11,103.94	399,876.07	410,980.01
6.2.2 Foreign Items						
US Dollar	4,792.32	33,755.88	38,548.20	5,271.24	37,461.50	42,732.74
Japanese Yen	292.59	-	292.59	198.14	-	198.14
Euro	341.43	-	341.43	196.82	-	196.82
Other currencies	1,855.75	1,793.53	3,649.28	1,152.10	1,608.67	2,760.77
Total	7,282.09	35,549.41	42,831.50	6,818.30	39,070.17	45,888.47
<u>Add</u> Accrued interest receivables	0.04	307.33	307.37	0.04	166.19	166.23
<u>Less</u> Deferred revenue	-	(1.28)	(1.28)	-	(1.57)	(1.57)
Allowance for doubtful accounts	-	(319.19)	(319.19)	-	(311.97)	(311.97)
Total foreign items	7,282.13	35,536.27	42,818.40	6,818.34	38,922.82	45,741.16
Total domestic and foreign items	21,727.56	307,315.86	329,043.42	17,922.28	438,798.89	456,721.17

6.2 Interbank and Money Market Items, Net (Assets) (Continued)

(Million Baht)

The Bank's Financial Statements						
	June 30, 2015			December 31, 2014		
	<u>Demand</u>	<u>Time</u>	<u>Total</u>	<u>Demand</u>	<u>Time</u>	<u>Total</u>
6.2.1 Domestic Items						
Bank of Thailand and						
Financial Institutions Development Fund	14,124.69	87,150.43	101,275.12	10,742.06	187,000.44	197,742.50
Commercial banks	16.98	13,190.42	13,207.40	4.70	31,777.27	31,781.97
Special purpose financial institutions	-	13,501.59	13,501.59	-	20,742.21	20,742.21
Other financial institutions	73.57	159,277.87	159,351.44	73.57	161,555.28	161,628.85
Total	14,215.24	273,120.31	287,335.55	10,820.33	401,075.20	411,895.53
<u>Add</u> Accrued interest receivables	-	149.71	149.71	-	515.26	515.26
<u>Less</u> Allowance for doubtful accounts	(0.68)	(1,490.43)	(1,491.11)	(0.68)	(1,714.39)	(1,715.07)
Total domestic items	14,214.56	271,779.59	285,994.15	10,819.65	399,876.07	410,695.72
6.2.2 Foreign Items						
US Dollar	4,792.32	33,755.88	38,548.20	5,271.24	37,461.50	42,732.74
Japanese Yen	292.59	-	292.59	198.14	-	198.14
Euro	341.43	-	341.43	196.82	-	196.82
Other currencies	1,855.75	1,793.53	3,649.28	1,152.10	1,608.67	2,760.77
Total	7,282.09	35,549.41	42,831.50	6,818.30	39,070.17	45,888.47
<u>Add</u> Accrued interest receivables	0.04	307.33	307.37	0.04	166.19	166.23
<u>Less</u> Deferred revenue	-	(1.28)	(1.28)	-	(1.57)	(1.57)
Allowance for doubtful accounts	-	(319.19)	(319.19)	-	(311.97)	(311.97)
Total foreign items	7,282.13	35,536.27	42,818.40	6,818.34	38,922.82	45,741.16
Total domestic and foreign items	21,496.69	307,315.86	328,812.55	17,637.99	438,798.89	456,436.88

6.3 Derivatives Held for Trading

The fair values and the notional amounts classified by type of risk

(Million Baht)

<u>Consolidated Financial Statements</u>						
<u>Type of Risk</u>	<u>June 30, 2015</u>			<u>December 31, 2014</u>		
	<u>Fair Value</u>		<u>Notional</u>	<u>Fair Value</u>		<u>Notional</u>
	<u>Assets</u>	<u>Liabilities</u>		<u>Assets</u>	<u>Liabilities</u>	
Exchange rate	16,790.64	17,956.12	1,543,088.46	10,475.96	10,689.98	1,259,854.44
Interest rate	2,319.83	2,149.29	470,412.67	2,277.90	2,098.15	308,791.79
Others	1,050.59	1,065.94	79,512.20	3,289.11	3,457.13	109,110.78
Total	20,161.06	21,171.35	2,093,013.33	16,042.97	16,245.26	1,677,757.01

(Million Baht)

<u>The Bank's Financial Statements</u>						
<u>Type of Risk</u>	<u>June 30, 2015</u>			<u>December 31, 2014</u>		
	<u>Fair Value</u>		<u>Notional</u>	<u>Fair Value</u>		<u>Notional</u>
	<u>Assets</u>	<u>Liabilities</u>		<u>Assets</u>	<u>Liabilities</u>	
Exchange rate	16,790.64	17,956.12	1,543,088.46	10,475.96	10,690.23	1,259,873.86
Interest rate	2,390.96	2,149.29	474,660.78	2,342.99	2,098.15	312,811.93
Others	1,050.58	1,065.94	79,512.20	3,289.11	3,457.13	109,110.78
Total	20,232.18	21,171.35	2,097,261.44	16,108.06	16,245.51	1,681,796.57

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>June 30, 2015</u>	<u>December 31, 2014</u>	<u>June 30, 2015</u>	<u>December 31, 2014</u>
	<u>Proportion</u>	<u>Proportion</u>	<u>Proportion</u>	<u>Proportion</u>
Financial institutions	75.78%	73.78%	75.63%	73.60%
Financial business group	0.13%	0.18%	0.33%	0.42%
Third parties	24.09%	26.04%	24.04%	25.98%
Total	100.00%	100.00%	100.00%	100.00%

6.4 Investments, Net

(Million Baht)

Consolidated Financial Statements

	<u>June 30, 2015</u>				<u>December 31, 2014</u>			
	<u>Cost/ Amortized Cost</u>	<u>Unrealized Gains</u>	<u>Unrealized Losses</u>	<u>Fair Value</u>	<u>Cost/ Amortized Cost</u>	<u>Unrealized Gains</u>	<u>Unrealized Losses</u>	<u>Fair Value</u>
6.4.1 Trading Securities								
Government & state enterprise securities	50,314.55	44.21	(7.94)	50,350.82	36,094.82	17.94	(12.39)	36,100.37
Domestic marketable equity securities	1,589.07	0.28	(0.23)	1,589.12				
Investments in borrowings with embedded derivatives	102.93	1.95	(2.52)	102.36	-	-	-	-
Total	1,013.30	-	(772.24)	241.06	988.89	-	(793.55)	195.34
<u>Less</u> Allowance for revaluation	53,019.85	46.44	(782.93)	52,283.36	37,083.71	17.94	(805.94)	36,295.71
Total	(977.55)				(983.34)			
	<u>52,042.30</u>			<u>52,283.36</u>	<u>36,100.37</u>			<u>36,295.71</u>
6.4.2 Available-for-Sale Securities								
Government & state enterprise securities	102,560.85	57.43	(610.66)	102,007.62	85,376.88	270.34	(752.25)	84,894.97
Private enterprise debt securities	646.00	10.48	-	656.48	646.00	11.12	-	657.12
Foreign debt securities	4,638.43	47.65	(3.88)	4,682.20	4,475.15	48.65	(4.51)	4,519.29
Domestic marketable equity securities	5,053.77	3,929.82	(129.13)	8,854.46	5,283.73	3,939.45	(183.85)	9,039.33
Foreign marketable equity securities	334.37	213.84	-	548.21	330.34	199.74	-	530.08
Total	113,233.42	4,259.22	(743.67)	116,748.97	96,112.10	4,469.30	(940.61)	99,640.79
<u>Add</u> Allowance for revaluation	3,519.43				3,532.48			
<u>Less</u> Allowance for impairment	(3.88)				(3.79)			
Total	<u>116,748.97</u>			<u>116,748.97</u>	<u>99,640.79</u>			<u>99,640.79</u>
6.4.3 Held-to-Maturity Debt Securities								
Government & state enterprise securities	111,073.71	2,279.75	(1,720.40)	111,633.06	89,859.88	1,856.32	(1,890.21)	89,825.99
Private enterprise debt securities	2,751.67	75.22	(36.17)	2,790.72	2,751.67	75.43	(36.17)	2,790.93
Foreign debt securities	11,009.25	-	-	11,009.25	16,429.94	-	-	16,429.94
Total	124,834.63	2,354.97	(1,756.57)	125,433.03	109,041.49	1,931.75	(1,926.38)	109,046.86
<u>Less</u> Allowance for impairment	(206.91)				(206.91)			
Total	<u>124,627.72</u>			<u>125,433.03</u>	<u>108,834.58</u>			<u>109,046.86</u>

6.4 Investments, Net (Continued)

(Million Baht)

Consolidated Financial Statements

	<u>June 30, 2015</u>				<u>December 31, 2014</u>			
	Cost/ Amortized Cost	Unrealized Gains	Unrealized Losses	Fair Value	Cost/ Amortized Cost	Unrealized Gains	Unrealized Losses	Fair Value
6.4.4 General Investments								
Domestic non-marketable equity								
securities	1,975.70	-	(1,207.22)	768.48	1,985.55	-	(1,261.32)	724.23
Foreign non-marketable equity								
securities	72.31	-	-	72.31	68.89	-	-	68.89
Total	2,048.01	-	(1,207.22)	840.79	2,054.44	-	(1,261.32)	793.12
<u>Less</u> Allowance for impairment	(1,207.22)				(1,261.32)			
Total	840.79			840.79	793.12			793.12
Total investments, net	294,259.78			295,306.15	245,368.86			245,776.48

(Million Baht)

The Bank's Financial Statements

	<u>June 30, 2015</u>				<u>December 31, 2014</u>			
	Cost/ Amortized Cost	Unrealized Gains	Unrealized Losses	Fair Value	Cost/ Amortized Cost	Unrealized Gains	Unrealized Losses	Fair Value
6.4.1 Trading Securities								
Government & state enterprise								
securities	50,314.55	44.21	(7.94)	50,350.82	36,094.82	17.94	(12.39)	36,100.37
Private enterprise debt securities	1,589.07	0.28	(0.23)	1,589.12	-	-	-	-
Domestic marketable equity								
securities	102.93	1.95	(2.52)	102.36	-	-	-	-
Investments in borrowings with								
embedded derivatives	1,013.30	-	(772.24)	241.06	988.89	-	(793.55)	195.34
Total	53,019.85	46.44	(782.93)	52,283.36	37,083.71	17.94	(805.94)	36,295.71
<u>Less</u> Allowance for revaluation	(977.55)				(983.34)			
Total	52,042.30			52,283.36	36,100.37			36,295.71

6.4 Investments, Net (Continued)

(Million Baht)

The Bank's Financial Statements

	<u>June 30, 2015</u>				<u>December 31, 2014</u>			
	Cost/ <u>Amortized Cost</u>	Unrealized <u>Gains</u>	Unrealized <u>Losses</u>	<u>Fair Value</u>	Cost/ <u>Amortized Cost</u>	Unrealized <u>Gains</u>	Unrealized <u>Losses</u>	<u>Fair Value</u>
6.4.2 Available-for-Sale Securities								
Government & state enterprise securities	102,560.85	57.43	(610.66)	102,007.62	85,376.88	270.34	(752.25)	84,894.97
Private enterprise debt securities	646.00	10.48	-	656.48	646.00	11.12	-	657.12
Foreign debt securities	4,638.43	47.65	(3.88)	4,682.20	4,475.15	48.65	(4.51)	4,519.29
Domestic marketable equity securities	5,053.77	3,929.82	(129.13)	8,854.46	5,283.73	3,939.45	(183.85)	9,039.33
Foreign marketable equity securities	334.37	213.84	-	548.21	330.34	199.74	-	530.08
Total	113,233.42	4,259.22	(743.67)	116,748.97	96,112.10	4,469.30	(940.61)	99,640.79
<u>Add</u> Allowance for revaluation	3,519.43				3,532.48			
<u>Less</u> Allowance for impairment	(3.88)				(3.79)			
Total	116,748.97			116,748.97	99,640.79			99,640.79
6.4.3 Held-to-Maturity Debt Securities								
Government & state enterprise securities	110,844.36	2,278.81	(1,720.40)	111,402.77	89,599.79	1,855.40	(1,890.21)	89,564.98
Private enterprise debt securities	2,751.67	75.22	(36.17)	2,790.72	2,751.67	75.43	(36.17)	2,790.93
Foreign debt securities	11,009.25	-	-	11,009.25	16,429.94	-	-	16,429.94
Total	124,605.28	2,354.03	(1,756.57)	125,202.74	108,781.40	1,930.83	(1,926.38)	108,785.85
<u>Less</u> Allowance for impairment	(206.91)				(206.91)			
Total	124,398.37			125,202.74	108,574.49			108,785.85
6.4.4 General Investments								
Domestic non-marketable equity securities	1,975.65	-	(1,207.22)	768.43	1,985.50	-	(1,261.32)	724.18
Foreign non-marketable equity securities	72.31	-	-	72.31	68.89	-	-	68.89
Total	2,047.96	-	(1,207.22)	840.74	2,054.39	-	(1,261.32)	793.07
<u>Less</u> Allowance for impairment	(1,207.22)				(1,261.32)			
Total	840.74			840.74	793.07			793.07
Total investments, net	294,030.38			295,075.81	245,108.72			245,515.42

As at June 30, 2015 and December 31, 2014, trading securities which are investments in borrowings with closely related embedded derivatives of Baht 1,013.30 million and Baht 988.89 million, respectively, are Collateralized Debt Obligations (CDO) with fair value of Baht 241.06 million and Baht 195.34 million, respectively, and have full allowance for revaluation.

As at June 30, 2015 and December 31, 2014, held-to-maturity debt securities in government and state enterprise securities included promissory notes issued by the Thai Asset Management Corporation (TAMC) paid for the transfer of the Bank's impaired assets amounting to Baht 2,853.87 million and Baht 3,174.33 million, respectively (Note 6.35). There is a TAMC's promissory note amounting to Baht 2,824.22 million, was already due in 2011, and is in the process of transferred price adjustment in order to change to the new one.

As at June 30, 2015 and December 31, 2014, general investments which are domestic non-marketable equity securities of Baht 1,975.65 million and Baht 1,985.50 million included investments in the Islamic Bank of Thailand amounting to Baht 1,048.15 million which the Bank reserved the full amount of allowance for impairment.

As at June 30, 2015 and December 31, 2014, the Bank had investments in foreign securities affected by foreign exchange rate, resulting in a increase of the carrying amount of Baht 239.65 million and Baht 52.05 million, respectively.

Sales of Investments to the Bank's Subsidiaries

In 2009, the Bank sold some CDO, cost of Baht 3,090.46 million which was reserved the full amount of allowance for revaluation, to its subsidiary at Baht 3. Moreover, the Bank sold general investments in ordinary shares of 12 companies, cost of Baht 912.41 million which was reserved the full allowance for impairment to its subsidiary at Baht 13.

In 2011, the Bank sold some CDO, cost of Baht 1,266.20 million which was reserved the full amount of allowance for revaluation, to its subsidiary at Baht 1.

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 Financial Statements</u>		<u>The Bank's Financial Statements</u>	
	<u>June 30, 2015</u>	<u>December 31, 2014</u>	<u>June 30, 2015</u>	<u>December 31, 2014</u>
Manufacturing	1.00	1.00	1.00	1.00
Banking and financial	-	237.17	-	237.17
Public utilities and services	1,400.62	1,338.06	1,400.62	1,338.06
Others	18.48	18.48	18.48	18.48
Total	<u>1,420.10</u>	<u>1,594.71</u>	<u>1,420.10</u>	<u>1,594.71</u>

6.4.5 As at June 30, 2015, the Bank has investments in 2 listed companies in which their financial position and performance fall under SET's delisted criteria, cost of Baht 1.83 million which are reserved full amount of allowance for impairment.

6.5 Investments in Subsidiaries and Associates, Net**6.5.1 The Bank's Financial Statements**

(Million Baht)

<u>June 30, 2015</u>					
			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 Co., Ltd.	General Services	Ordinary	100.00	140.00	159.95
Krung Thai Asset Management Pcl.	Securities Business	Ordinary	100.00	210.90	150.00
KTB Computer Services Co., Ltd.	IT Services	Ordinary	100.00	1,300.00	-
KTB Leasing Co., Ltd.	Hire Purchase	Ordinary	100.00	1,000.00	-
KTB Capital Holding Co., Ltd.*	Holding	Ordinary	100.00	1.00	-
KTB Advisory Co., Ltd.	Financial Counseling & Advisory Services	Ordinary	100.00	40.00	9.64
Krungthai Card Pcl.**	Credit Card Business	Ordinary	49.45	1,994.60	350.63
Total				4,716.50	670.22
Less Allowance for impairment***				(491.47)	
Total				4,225.03	670.22
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	108.90
Krung Thai IBJ Leasing Co., Ltd.	Hire Purchase	Ordinary	49.00	87.38	37.48
KT Zmico Securities Co., Ltd.	Securities Business	Ordinary	50.00	1,068.89	142.52
Total				6,746.86	288.90
Investments in subsidiaries and associates, net				10,971.89	959.12

6.5.1 The Bank's Financial Statements (Continued)

(Million Baht)

December 31, 2014					
Name of Company	Type of Business	Type of Shares	Percentages of	Investments	Dividend
			Shareholdings	(Cost Method)	
Subsidiaries					
KTB Law Co., Ltd.	Legal Services	Ordinary	100.00	30.00	-
KTB General Services Co., Ltd.	General Services	Ordinary	100.00	140.00	56.00
Krung Thai Asset Management Pcl.	Securities Business	Ordinary	100.00	210.90	100.00
KTB Computer Services Co., Ltd.	IT Services	Ordinary	100.00	1,300.00	29.90
KTB Leasing Co., Ltd.	Hire Purchase	Ordinary	100.00	1,000.00	-
KTB Capital Holding Co., Ltd.*	Holding	Ordinary	100.00	1.00	268.99
KTB Advisory Co., Ltd.	Financial Counseling & Advisory Services	Ordinary	100.00	40.00	10.20
Krungthai Card Pcl.**	Credit Card Business	Ordinary	49.45	1,994.60	255.00
Total				4,716.50	720.09
Associates					
Krungthai-AXA Life Insurance Pcl.	Life Insurance	Ordinary	50.00	4,071.77	800.00
Krungthai Panich Insurance Pcl.	Non-Life Insurance	Ordinary	45.00	1,518.82	108.90
Krung Thai IBJ Leasing Co., Ltd.	Hire Purchase	Ordinary	49.00	87.38	31.61
KT Zmico Securities Co., Ltd.	Securities Business	Ordinary	50.00	1,068.89	64.78
Total				6,746.86	1,005.29
Investments in subsidiaries and associates, net				11,463.36	1,725.38

* Registered as the business dissolution and withdraw from the financial business group.

** The Bank has entity control.

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

Investments in Subsidiaries

KTBC Capital Holding Co., Ltd. (KTBC) has operated to invest in other companies, as a holding company, which the Bank has entity control. It was be registered on December 21, 2012 with Baht 1 million of registered share capital. The Bank owned 49,000 shares or 49 percent of KTBC with the remaining 51,000 shares or 51 percent of total issued shares being held by Thai individuals. The BoT already approves KTBC to be a company in the Bank's financial business group.

KTBC was established with the objective to be the Bank's agent holding shares in the insurance company, in order to be in compliance with Life Insurance Act No.2 B.E. 2551 and Non-Life Insurance Act No.2 B.E. 2551. According to those Acts, the insurance companies are supposed to have (1) a Thai individual and/or (2) a legal person incorporated in Thailand (in which more than 50 percent of the total number of voting issued shares is held by Thai individuals directly or through holding legal entities) holding shares more than 75 percent in aggregate of the total of voting issued shares of such insurance company. The Bank is a state enterprise held by the FIDF 55.05 percent (the Bank itself considers that the FIDF is a legal person); however, the Bank was not a Thai individual or a legal person which met these qualifications at that point in time. If the Bank continues to hold shares in these companies, the shareholding structure in life insurance company and non-life insurance company will not be in compliance with those Acts.

On December 26, 2012, the Bank sold ordinary shares comprising 25 percent of total issued shares of Krungthai Panich Insurance Pcl. (KPI) (percentage of shareholding is 20 percent) and ordinary shares comprising 50 percent of the total issued shares of Krungthai-AXA Life Insurance Pcl. (KTAL) (held only 1 share) to KTB Capital Holding Co., Ltd. at book value amounting to Baht 4,800.74 million. The Bank had gain on sale of investments in associates of Baht 3,667.55 million (Note 6.24.8).

On March 11, 2013, the Office of Insurance Commission (OIC) informed the Bank for the interpretation of the Office of the Council of State of Thailand that the shareholding by the FIDF is regarded as a holding by Thai individual for the purpose of the relevant acts. As a result, the Bank is now able to hold shares in an insurance company. On July 24, 2013, the Bank submitted its reorganized shareholding structure of the financial business group to the BoT for the approval. In its approval on August 26, 2013, the BoT stipulated that the Bank had to purchase 51 percent of total issued shares of KTBCH from former shareholders and also repurchase shares of KPI and KTAL from KTBCH. Moreover, the Bank had to exclude KTBCH from its financial business group.

On October 1, 2013, the Bank conducted the process that was stipulated the BoT by purchasing KTBCH's total issued shares at the cost. As a result, the Bank currently holds 100 percent of KTBCH's total issued shares.

In 2014, the Bank has repurchased shares in KPI and KTAL from KTBCH at book value amounting to Baht 5,158.90 million (Note 6.24.8) and registered as the business dissolution with the Ministry of Commerce on December 18, 2014. The Bank also withdraws KTBCH from the financial business group.

On October 29, 2014, the Bank has bought the additional shares of KTB Leasing Co., Ltd. (KTBL) of Baht 900 million. As a result, the Bank remains 100 percent of KTBL's total issued shares.

6.5.2 The Consolidated Financial Statements

					(Million Baht)	
					<u>June 30, 2015</u>	
<u>Name of Company</u>	<u>Type of Business</u>	<u>Type of Shares</u>	<u>Percentages of Shareholdings</u>	<u>Investments (Cost Method)</u>	<u>Investments (Equity Method)</u>	
Associates						
Krungthai-AXA Life Insurance Pcl.	Life Insurance	Ordinary	50.00	593.57	10,375.29	
Krungthai Panich Insurance Pcl.	Non-Life Insurance	Ordinary	45.00	971.30	2,292.79	
Krung Thai IBJ Leasing Co., Ltd.	Hire Purchase	Ordinary	49.00	87.38	495.54	
KT Zmico Securities Co., Ltd.	Securities Business	Ordinary	50.00	1,068.89	1,207.19	
Total investments in associates, net				2,721.14	14,370.81	

6.5.2 The Consolidated Financial Statements (Continued)

(Million Baht)

			December 31, 2014		
			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	9,124.99
Krungthai Panich Insurance Pcl.	Non-Life Insurance	Ordinary	45.00	971.30	2,214.26
Krung Thai IBJ Leasing Co., Ltd.	Hire Purchase	Ordinary	49.00	87.38	499.03
KT Zmico Securities Co., Ltd.	Securities Business	Ordinary	50.00	1,068.89	1,287.77
Total investments in associates, net				2,721.14	13,126.05

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

6.5.3 Financial Positions and Operations of Associates

(Million Baht)

Consolidated Financial Statements						
Name of Company	June 30, 2015			December 31, 2014		
	"Unaudited"			"Audited"		
	Total Assets	Total Liabilities	Shareholders' Equity	Total Assets	Total Liabilities	Shareholders' Equity
Krung Thai IBJ Leasing Co., Ltd.	6,885.26	5,873.95	1,011.31	7,188.68	6,170.26	1,018.42
KT Zmico Securities Co., Ltd.	6,982.02	4,567.63	2,414.39	7,284.70	4,698.64	2,586.06
Krungthai Panich Insurance Pcl.	8,370.34	3,275.26	5,095.08	8,087.63	3,178.64	4,908.99
Krungthai-AXA Life Insurance Pcl.	155,926.02	135,175.44	20,750.58	136,841.13	118,591.15	18,249.98
	178,163.64	148,892.28	29,271.36	159,402.14	132,638.69	26,763.45

(Million Baht)

Consolidated Financial Statements					
Name of Company	June 30, 2015		June 30, 2014		
	"Unaudited"		"Unaudited"		
	Total Income	Net Profit (Loss)	Total Income	Net Profit (Loss)	
Krung Thai IBJ Leasing Co., Ltd.	267.75	69.39	300.19	70.07	
KT Zmico Securities Co., Ltd.	879.33	121.34	778.92	99.96	
Krungthai Panich Insurance Pcl.	1,435.62	354.52	1,512.24	449.38	
Krungthai-AXA Life Insurance Pcl.	31,022.57	3,189.22	26,060.35	2,074.72	
	33,605.27	3,734.47	28,651.70	2,694.13	

6.6 Loans to Customers and Accrued Interest Receivables, Net**6.6.1 Classified by Type of Loans**

(Million Baht)

	<u>Consolidated Financial Statements</u>		<u>The Bank's Financial Statements</u>	
	<u>June 30, 2015</u>	<u>December 31, 2014</u>	<u>June 30, 2015</u>	<u>December 31, 2014</u>
Overdrafts	174,364.50	163,263.26	174,364.50	163,263.26
Loans	1,310,794.76	1,225,513.56	1,307,447.17	1,226,185.26
Bills	437,911.72	502,207.57	446,524.39	510,047.57
Hire purchase receivables	50,988.90	56,654.74	39.70	76.75
Financial lease receivables	9,960.35	10,770.58	-	-
Others	2,878.91	2,331.16	1,492.59	1,194.43
<u>Less</u> Deferred revenue	(6,644.27)	(7,744.82)	(191.86)	(120.49)
Total loans to customers net of deferred revenue	1,980,254.87	1,952,996.05	1,929,676.49	1,900,646.78
<u>Add</u> Accrued interest receivables	3,088.50	5,190.81	3,096.73	5,202.82
Total loans to customers net of deferred revenue, plus accrued interest receivables	1,983,343.37	1,958,186.86	1,932,773.22	1,905,849.60
<u>Less</u> Allowance for doubtful accounts				
1. Minimum reserve under BoT's regulations				
- Individual approach	(54,275.56)	(47,436.33)	(51,844.83)	(45,567.69)
- Collective approach	(3,682.63)	(3,756.54)	-	-
2. Excess allowance	(26,447.45)	(24,714.56)	(24,346.46)	(22,801.99)
<u>Less</u> Revaluation allowance for debt restructuring	(172.25)	(113.22)	(172.25)	(113.22)
Total loans to customers, net	1,898,765.48	1,882,166.21	1,856,409.68	1,837,366.70

As at June 30, 2015 and December 31, 2014, the Bank's other loans of Baht 1,492.59 million and Baht 1,194.43 million included debts resulting from the Bank's liabilities under acceptances or guarantees amounting to Baht 1,444.82 million and Baht 1,149.11 million, respectively.

6.6.2 Classified by Currency and Customer's Residence

(Million Baht)

	<u>Consolidated Financial Statements</u>					
	<u>June 30, 2015</u>			<u>December 31, 2014</u>		
	<u>Domestic</u>	<u>Foreign</u>	<u>Total</u>	<u>Domestic</u>	<u>Foreign</u>	<u>Total</u>
Thai Baht	1,876,115.19	10.08	1,876,125.27	1,851,537.36	61.36	1,851,598.72
US Dollar	82,596.67	23,331.04	105,927.71	81,155.39	22,838.07	103,993.46
Other currencies	4,805.35	40.81	4,846.16	5,064.15	84.54	5,148.69
Total	1,963,517.21	23,381.93	1,986,899.14	1,937,756.90	22,983.97	1,960,740.87
<u>Less</u> Deferred revenue			(6,644.27)			(7,744.82)
Total loans net from deferred revenue			1,980,254.87			1,952,996.05

6.6.2 Classified by Currency and Customer's Residence (Continued)

(Million Baht)

<u>The Bank's Financial Statements</u>						
	<u>June 30, 2015</u>			<u>December 31, 2014</u>		
	<u>Domestic</u>	<u>Foreign</u>	<u>Total</u>	<u>Domestic</u>	<u>Foreign</u>	<u>Total</u>
Thai Baht	1,819,084.40	10.08	1,819,094.48	1,791,563.76	61.36	1,791,625.12
US Dollar	82,596.67	23,331.04	105,927.71	81,155.39	22,838.07	103,993.46
Other currencies	4,805.35	40.81	4,846.16	5,064.15	84.54	5,148.69
Total	1,906,486.42	23,381.93	1,929,868.35	1,877,783.30	22,983.97	1,900,767.27
<u>Less</u> Deferred revenue			(191.86)			(120.49)
Total loans net from deferred revenue			1,929,676.49			1,900,646.78

6.6.3 Classified by Business Types and Loan Classification

(Million Baht)

<u>Consolidated Financial Statements</u>						
	<u>June 30, 2015</u>					
	<u>Normal</u>	<u>Special Mention</u>	<u>Substandard</u>	<u>Doubtful</u>	<u>Doubtful of Loss</u>	<u>Total</u>
Agriculture and mining	37,578.77	562.67	191.68	278.15	904.78	39,516.05
Manufacturing and commercial	504,370.67	39,008.77	6,134.40	5,798.97	14,095.72	569,408.53
Real estate and construction	125,026.65	4,540.39	553.50	2,237.69	9,177.55	141,535.78
Public utilities and services	362,328.63	13,349.68	2,649.10	1,274.90	4,729.67	384,331.98
Housing loans	362,617.63	5,249.66	2,950.12	2,730.32	5,150.43	378,698.16
Others	455,935.19	8,430.57	2,635.02	2,378.26	4,029.60	473,408.64
Total	1,847,857.54	71,141.74	15,113.82	14,698.29	38,087.75	1,986,899.14
<u>Less</u> Deferred revenue						(6,644.27)
Total loans net from deferred revenue						1,980,254.87

6.6.3 Classified by Business Types and Loan Classification (Continued)

(Million Baht)

Consolidated Financial StatementsDecember 31, 2014

	<u>Normal</u>	<u>Special Mention</u>	<u>Substandard</u>	<u>Doubtful</u>	<u>Doubtful of Loss</u>	<u>Total</u>
Agriculture and mining	33,998.12	435.38	96.53	171.17	900.67	35,601.87
Manufacturing and commercial	505,901.88	38,471.05	5,886.14	4,575.38	13,229.61	568,064.06
Real estate and construction	119,533.50	4,424.09	595.93	1,702.33	10,089.43	136,345.28
Public utilities and services	396,779.71	11,027.43	2,404.78	1,552.68	4,353.63	416,118.23
Housing loans	341,505.53	5,193.71	977.09	1,829.79	3,447.99	352,954.11
Others	437,767.22	7,930.91	1,721.37	1,300.77	2,937.05	451,657.32
Total	1,835,485.96	67,482.57	11,681.84	11,132.12	34,958.38	1,960,740.87
<u>Less</u> Deferred revenue						(7,744.82)
Total loans net from deferred revenue						1,952,996.05

(Million Baht)

The Bank's Financial StatementsJune 30, 2015

	<u>Normal</u>	<u>Special Mention</u>	<u>Substandard</u>	<u>Doubtful</u>	<u>Doubtful of Loss</u>	<u>Total</u>
Agriculture and mining	36,319.61	540.34	173.62	231.00	891.91	38,156.48
Manufacturing and commercial	494,096.15	38,695.18	6,039.63	5,605.97	13,937.64	558,374.57
Real estate and construction	122,965.68	4,313.77	503.14	2,145.67	9,123.17	139,051.43
Public utilities and services	352,209.74	13,012.16	2,550.76	1,196.24	4,629.56	373,598.46
Housing loans	362,617.64	5,249.66	2,950.12	2,730.32	5,150.43	378,698.17
Others	432,439.73	4,306.30	1,876.55	1,870.20	1,496.46	441,989.24
Total	1,800,648.55	66,117.41	14,093.82	13,779.40	35,229.17	1,929,868.35
<u>Less</u> Deferred revenue						(191.86)
Total loans net from deferred revenue						1,929,676.49

6.6.3 Classified by Business Types and Loan Classification (Continued)

(Million Baht)

<u>The Bank's Financial Statements</u>						
<u>December 31, 2014</u>						
	<u>Normal</u>	<u>Special Mention</u>	<u>Substandard</u>	<u>Doubtful</u>	<u>Doubtful of Loss</u>	<u>Total</u>
Agriculture and mining	32,792.61	383.71	67.20	150.96	900.67	34,295.15
Manufacturing and commercial	494,503.33	38,297.54	5,794.53	4,433.98	13,209.16	556,238.54
Real estate and construction	116,498.77	4,269.17	534.23	1,657.19	10,074.32	133,033.68
Public utilities and services	386,022.26	10,797.94	2,279.22	1,515.40	4,352.97	404,967.79
Housing loans	341,505.53	5,193.71	977.09	1,829.79	3,447.99	352,954.11
Others	413,325.37	3,552.47	874.28	811.03	714.85	419,278.00
Total	1,784,647.87	62,494.54	10,526.55	10,398.35	32,699.96	1,900,767.27
<u>Less</u> Deferred revenue						(120.49)
Total loans net from deferred revenue						1,900,646.78

6.6.4 Classified by Loan Classification

(Million Baht)

<u>Consolidated Financial Statements</u>				
<u>June 30, 2015</u>				
	Net Amount	%		
Loans and	Used for Set aside	Used for Set aside	Allowance	
Accrued Interest	the Allowance for	the Allowance for	for Doubtful	
<u>Receivables</u>	<u>Doubtful Accounts</u> ¹	<u>Doubtful Accounts</u> ²	<u>Accounts</u>	
1. Minimum reserve under BoT's regulations				
Normal	1,844,425.12	871,731.35	1	12,277.98
Special mention	71,096.97	36,016.97	2	13,857.01
Substandard	15,186.97	7,758.69	100	7,721.05
Doubtful	14,623.09	7,204.46	100	7,242.34
Doubtful of loss	38,011.22	12,257.60	100	16,859.81
2. Excess allowance				26,447.45
Total *	1,983,343.37	934,969.07		84,405.64

* Total loans to customers net of deferred revenue in Note 6.6.1

6.6.4 Classified by Loan Classification (Continued)

(Million Baht)

<u>Consolidated Financial Statements</u>				
<u>December 31, 2014</u>				
	Net Amount		%	
Loans and	Used for Set aside	Used for Set aside		Allowance
Accrued Interest	the Allowance for	the Allowance for		for Doubtful
Receivables	<u>Doubtful Accounts</u> ¹	<u>Doubtful Accounts</u> ²		<u>Accounts</u>
1. Minimum reserve under BoT's regulations				
Normal	1,833,107.56	839,897.22	1	11,942.23
Special mention	67,319.06	35,346.57	2	12,545.24
Substandard	11,559.51	6,571.80	100	6,583.96
Doubtful	11,134.04	5,137.51	100	5,137.47
Doubtful of loss	35,066.69	10,384.90	100	14,983.97
2. Excess allowance				24,714.56
Total *	1,958,186.86	897,338.00		75,907.43

(Million Baht)

<u>The Bank's Financial Statements</u>				
<u>June 30, 2015</u>				
	Net Amount		%	
Loans and	Used for Set aside	Used for Set aside		Allowance
Accrued Interest	the Allowance for	the Allowance for		for Doubtful
Receivables	<u>Doubtful Accounts</u> ¹	<u>Doubtful Accounts</u>		<u>Accounts</u>
1. Minimum reserve under BoT's regulations				
Normal	1,802,896.88	877,914.44	1	10,502.06
Special mention	66,504.51	34,435.25	2	13,122.50
Substandard	14,093.89	7,093.49	100	7,104.76
Doubtful	13,880.70	6,811.08	100	6,852.32
Doubtful of loss	35,397.24	9,654.77	100	14,263.19
2. Excess allowance				24,346.46
Total *	1,932,773.22	935,909.03		76,191.29

* Total loans to customers net of deferred revenue in Note 6.6.1

6.6.4 Classified by Loan Classification (Continued)

(Million Baht)

	<u>The Bank's Financial Statements</u>			
	<u>December 31, 2014</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	1,789,102.81	848,105.49	1	10,229.75
Special mention	62,851.65	33,730.29	2	11,805.67
Substandard	10,526.41	5,930.07	100	5,942.23
Doubtful	10,507.67	4,775.28	100	4,775.24
Doubtful of loss	32,861.06	8,189.27	100	12,814.80
2. Excess allowance				22,801.99
Total *	1,905,849.60	900,730.40		68,369.68

* Total loans to customers net of deferred revenue in Note 6.6.1

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

² Included loss rate net of recovery.

6.6.5 Non-Performing Loans (NPLs)

As at June 30, 2015 and December 31, 2014, 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 as follows:

(Million Baht)

	<u>Consolidated Financial Statements</u>		<u>The Bank's Financial Statements</u>	
	<u>June 30, 2015</u>	<u>December 31, 2014</u>	<u>June 30, 2015</u>	<u>December 31, 2014</u>
NPLs before deducting allowance for doubtful accounts	67,551.06	57,489.09	63,101.59	53,623.99
NPLs percentage of total loans	2.96	2.41	2.82	2.30
NPLs after deducting allowance for doubtful accounts	35,727.86	30,783.68	34,881.31	30,091.71
NPLs percentage of net loans	1.59	1.31	1.58	1.30

For the six-month period ended June 30, 2015 and for the year ended December 31, 2014, impaired loans have been written off both principal and accrued interest receivables amounting to Baht 1,440.36 million and Baht 5,626.83 million, respectively.

6.6.6 Loans to Potential Delisted Companies

As at June 30, 2015 and December 31, 2014, the Bank has loans and accrued interest receivables to 4 potential delisted companies of Baht 719.83 million and to 7 potential delisted companies of Baht 1,000.80 million, accrued interest receivables amounting to Baht 0.01 million, totaling to Baht 719.83 million and Baht 1,000.81 million, their allowance for doubtful accounts were provided for Baht 536.92 million and Baht 793.63 million in accordance with the BoT's notifications for loan classification, respectively.

6.6.7 Troubled Debt Restructuring (TDR)

For the six-month period ended June 30, 2015 and for the year ended December 31, 2014, the original loan value of the 4,788 and 11,798 troubled debt restructuring cases are Baht 21,011.36 million and Baht 30,098.70 million. The repayment for related interest and principal are Baht 2,834.80 million and Baht 5,220.11 million, whereas extended lending increased by Baht 698.74 million and Baht 4,394.59 million. Bad debts from Troubled Debt Restructuring are Baht 118.93 million and Baht 202.59 million, respectively.

TDR for the six-month period ended June 30, 2015 is set out as follows:

(Million Baht)

	<u>The Bank's Financial Statements</u>			
	No. of	Outstanding	Type of	
	Cases	Debt before	Transferred	
Troubled Debt Restructuring Methods		Restructuring	Assets	Fair Value
Transfers of assets	18	607.19	Land & Premises	606.99
Change of repayment conditions	499	11,443.00		
Debt restructuring in various forms	4,271	8,961.17		
	4,788	21,011.36		

As at June 30, 2015, the Bank has outstanding balance of loans to restructured debts for 28,032 cases amounting to Baht 111,255.13 million, of which 901 cases amounting to Baht 37,979.04 million, has been monitored under the new contractual agreements.

The consolidated financial statements as at June 30, 2015, the Bank restructured debts of 4,846 cases which the debts before restructuring were Baht 21,652.33 million.

6.6.7 Troubled Debt Restructuring (TDR) (Continued)

TDR for the year ended December 31, 2014 was set out as follows:

(Million Baht)

	<u>The Bank's Financial Statements</u>			
	Outstanding	Type of		
	No. of	Debt before	Transferred	
Troubled Debt Restructuring Methods	<u>Cases</u>	<u>Restructuring</u>	<u>Assets</u>	<u>Fair Value</u>
Transfers of assets	25	412.38	Land & Premises	412.04
Change of repayment conditions	1,266	12,252.01		
Debt restructuring in various forms	10,507	17,434.31		
	<u>11,798</u>	<u>30,098.70</u>		

As at December 31, 2014, the Bank has outstanding balance of restructured debts 26,084 cases amounting to Baht 87,451 million, of which 731 cases amounting to Baht 9,211.88 million, has been monitored under the new contractual agreements.

The consolidated financial statements as at December 31, 2014, the Bank had restructured debts 12,689 cases which the debts before restructuring were Baht 31,687.48 million.

6.6.8 Financial Lease Receivables (Including Hire Purchase Receivables and Financial Lease Receivables)

(Million Baht)

	<u>Consolidated Financial Statements</u>							
	<u>June 30, 2015</u>				<u>December 31, 2014</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	22,896.15	36,620.40	1,432.70	60,949.25	22,736.09	42,238.59	2,450.64	67,425.32
<u>Less</u> Unearned financial income				(6,461.58)				(7,642.09)
Present value of minimum leases payment				54,487.67				59,783.23
Allowance for doubtful accounts				(2,079.85)				(1,547.15)
Financial lease receivables, net				<u>52,407.82</u>				<u>58,236.08</u>

6.6.8 Financial Lease Receivables (Including Hire Purchase Receivables and Financial Lease Receivables) (Continued)

(Million Baht)

<u>The Bank's Financial Statements</u>								
<u>June 30, 2015</u>					<u>December 31, 2014</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	20.51	19.19	-	39.70	32.75	44.00	-	76.75
<u>Less</u> Unearned financial income			(4.67)					(10.04)
Present value of minimum leases payment			35.03					66.71
Allowance for doubtful accounts			(3.66)					(3.18)
Financial lease receivables, net			31.37					63.53

6.7 Allowance for Doubtful Accounts

(Million Baht)

<u>The Bank's Financial Statements</u>							
<u>June 30, 2015</u>							
							Allowance
							in Excess of
	Normal	Special	Substandard	Doubtful	Doubtful	BoT's	Total
	<u>Normal</u>	<u>Mention</u>	<u>Substandard</u>	<u>Doubtful</u>	<u>of Loss</u>	<u>Regulations</u>	<u>Total</u>
Beginning balances	10,229.75	11,805.67	5,942.23	4,775.24	12,814.80	22,801.99	68,369.68
Increase (decrease) in allowance for doubtful accounts	55.51	1,316.89	1,162.53	2,077.08	1,643.52	1,544.47	7,800.00
Allowance for doubtful accounts transferred from (to) allowance for debt restructuring revaluation	-	-	-	-	(59.03)	-	(59.03)
Bad debt recovered	-	-	-	-	1,290.81	-	1,290.81
Bad debt written-off	-	-	-	-	(1,440.36)	-	(1,440.36)
Others	216.80	(0.06)	-	-	13.45	-	230.19
Ending balances	10,502.06	13,122.50	7,104.76	6,852.32	14,263.19	24,346.46	76,191.29

The consolidated financial statements as at June 30, 2015, the Bank has set aside allowance for doubtful accounts of Baht 84,405.64 million, including its subsidiaries' allowance for doubtful accounts of Baht 8,214.35 million.

For the six-month period ended June 30, 2015, the Bank has set aside allowance for doubtful accounts on a monthly basis of Baht 700 million and also set aside an additional of Baht 3,600 million, totaling to Baht 7,800 million.

6.7 Allowance for Doubtful Accounts (Continued)

(Million Baht)

<u>The Bank's Financial Statements</u>							
<u>December 31, 2014</u>							
						Allowance in Excess of BoT's	
	<u>Normal</u>	<u>Special Mention</u>	<u>Substandard</u>	<u>Doubtful</u>	<u>Doubtful of Loss</u>	<u>Regulations</u>	<u>Total</u>
Beginning balances	8,392.84	8,291.03	6,459.87	3,824.42	13,281.89	20,597.03	60,847.08
Increase (decrease) in allowance for doubtful accounts	2,010.58	3,514.54	(517.64)	950.82	3,236.74	2,204.96	11,400.00
Allowance for doubtful accounts transferred from allowance for debt restructuring revaluation	-	-	-	-	17.00	-	17.00
Bad debt recovered	-	-	-	-	921.74	-	921.74
Bad debt written-off	-	-	-	-	(5,626.83)	-	(5,626.83)
Others	(173.67)	0.10	-	-	984.26	-	810.69
Ending balances	10,229.75	11,805.67	5,942.23	4,775.24	12,814.80	22,801.99	68,369.68

The consolidated financial statements as at December 31, 2014, the Bank had set aside allowance for doubtful accounts of Baht 75,907.43 million, including its subsidiaries' allowance for doubtful accounts of Baht 7,537.75 million.

For the year ended December 31, 2014, the Bank had set aside allowance for doubtful accounts on a monthly basis of Baht 500 million, The Bank has increased allowance for doubtful accounts to Baht 700 million per month since April 2014 and also set aside an additional of Baht 3,600 million, totaling to Baht 11,400 million.

6.8 Revaluation Allowance for Debt Restructuring

(Million Baht)

<u>Consolidated and the Bank's Financial Statements</u>		
	<u>June 30, 2015</u>	<u>December 31, 2014</u>
Beginning balances	113.22	130.22
Transfer from (to) allowance for doubtful accounts	59.03	(17.00)
Ending balances	172.25	113.22

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

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

6.9 Properties for Sale, Net

(Million Baht)

<u>Consolidated Financial Statements</u>								
Type of Properties for Sale	<u>June 30, 2015</u>				<u>December 31, 2014</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	28,609.54	2,116.91	1,812.15	28,914.30	20,490.38	12,014.70	3,895.54	28,609.54
- Appraised by internal appraisers	1,675.61	872.73	1,707.27	841.07	10,303.40	1,190.11	9,817.90	1,675.61
Movable properties	539.28	527.01	678.90	387.39	410.03	1,394.80	1,265.55	539.28
Total	30,824.43	3,516.65	4,198.32	30,142.76	31,203.81	14,599.61	14,978.99	30,824.43
Others (closed branches)	41.37	4.82	-	46.19	71.52	-	30.15	41.37
Properties for sale in transit	944.21	1,187.62	897.24	1,234.59	212.99	937.80	206.58	944.21
Total	31,810.01	4,709.09	5,095.56	31,423.54	31,488.32	15,537.41	15,215.72	31,810.01
<u>Less</u> Allowance for impairment	(1,076.74)	-	(80.51)	(996.23)	(827.30)	(249.44)	-	(1,076.74)
Properties for sale, net	30,733.27	4,709.09	5,015.05	30,427.31	30,661.02	15,287.97	15,215.72	30,733.27

(Million Baht)

<u>The Bank's Financial Statements</u>								
Type of Properties for Sale	<u>June 30, 2015</u>				<u>December 31, 2014</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	28,609.54	2,116.91	1,812.15	28,914.30	20,490.38	12,014.70	3,895.54	28,609.54
- Appraised by internal appraisers	1,675.61	872.73	1,707.27	841.07	10,303.40	1,190.11	9,817.90	1,675.61
Movable properties	110.60	-	-	110.60	110.60	-	-	110.60
Total	30,395.75	2,989.64	3,519.42	29,865.97	30,904.38	13,204.81	13,713.44	30,395.75
Others (closed branches)	41.37	4.82	-	46.19	71.52	-	30.15	41.37
Properties for sale in transit	944.21	1,187.62	897.24	1,234.59	212.99	937.80	206.58	944.21
Total	31,381.33	4,182.08	4,416.66	31,146.75	31,188.89	14,142.61	13,950.17	31,381.33
<u>Less</u> Allowance for impairment	(894.72)	-	(53.76)	(840.96)	(802.29)	(92.43)	-	(894.72)
Properties for sale, net	30,486.61	4,182.08	4,362.90	30,305.79	30,386.60	14,050.18	13,950.17	30,486.61

The consolidated and the Bank's financial statements as at June 30, 2015 and December 31, 2014, there are an increase in immovable properties for sale appraised by external appraisers of Baht 2,116.91 million and Baht 12,014.70 million. Such immovable properties are included items changed from internal appraisers to external appraisers of Baht 1,615.31 million and Baht 8,257.34 million, respectively.

As at June 30, 2015 and December 31, 2014, the Bank's allowance for impairment of properties for sale has decreased Baht 53.76 million and increased Baht 92.43 million, respectively, from reversal or additional of loss on impairment.

For the six-month periods ended June 30, 2015 and 2014, the Bank generated gains on sale of properties for sale of Baht 337.45 million and Baht 561.93 million, respectively (before deduction of selling expenses of Baht 145.04 million and Baht 175.27 million, respectively).

6.10 Premises and Equipment, Net

Premises and equipment as at June 30, 2015 and December 31, 2014 are as follows:

(Million Baht)

Consolidated Financial Statements										
June 30, 2015										
	Cost				Accumulated Depreciation				Allowance	Premises and
	Beginning			Ending	Beginning			Ending	for	Equipment,
	Balances	Additions	Disposals	Balances	Balances	Depreciation	Disposals	Balances	Impairment	Net
Land										
Historical cost	9,180.60	0.29	1.80	9,179.09	-	-	-	-	1,622.89	7,556.20
Revaluation Surplus in 2011	7,950.36	-	3.40	7,946.96	-	-	-	-	-	7,946.96
Revaluation Deficit in 2011	(15.81)	-	-	(15.81)	-	-	-	-	-	(15.81)
Premises	10,641.16	97.15	13.31	10,725.00	7,183.63	87.36	10.26	7,260.73	-	3,464.27
Equipment	24,128.21	986.20	369.03	24,745.38	15,527.91	1,373.80	232.02	16,669.69	-	8,075.69
Others	565.68	59.84	419.03	206.49	-	-	-	-	-	206.49
Total	52,450.20	1,143.48	806.57	52,787.11	22,711.54	1,461.16	242.28	23,930.42	1,622.89	27,233.80

(Million Baht)

Consolidated Financial Statements										
December 31, 2014										
	Cost				Accumulated Depreciation				Allowance	Premises and
	Beginning			Ending	Beginning			Ending	for	Equipment,
	Balances	Additions	Disposals	Balances	Balances	Depreciation	Disposals	Balances	Impairment	Net
Land										
Historical cost	9,151.02	29.58	-	9,180.60	-	-	-	-	1,622.89	7,557.71
Revaluation Surplus in 2011	7,950.36	-	-	7,950.36	-	-	-	-	-	7,950.36
Revaluation Deficit in 2011	(15.81)	-	-	(15.81)	-	-	-	-	-	(15.81)
Premises	10,583.99	75.78	18.61	10,641.16	7,033.49	168.48	18.34	7,183.63	-	3,457.53
Equipment	22,956.79	3,622.37	2,450.95	24,128.21	15,273.26	2,496.42	2,241.77	15,527.91	-	8,600.30
Others	546.71	676.78	657.81	565.68	-	-	-	-	-	565.68
Total	51,173.06	4,404.51	3,127.37	52,450.20	22,306.75	2,664.90	2,260.11	22,711.54	1,622.89	28,115.77

6.10 Premises and Equipment, Net (Continued)

(Million Baht)

The Bank's Financial StatementsJune 30, 2015

	<u>Cost</u>			<u>Accumulated Depreciation</u>				Allowance	Premises and	
	Beginning			Ending	Beginning			Ending	for	Equipment,
	<u>Balances</u>	<u>Additions</u>	<u>Disposals</u>	<u>Balances</u>	<u>Balances</u>	<u>Depreciation</u>	<u>Disposals</u>	<u>Balances</u>	<u>Impairment</u>	<u>Net</u>
Land										
Historical cost	9,397.54	0.29	1.80	9,396.03	-	-	-	-	1,622.89	7,773.14
Revaluation Surplus in 2011	7,950.36	-	3.40	7,946.96	-	-	-	-	-	7,946.96
Revaluation Deficit in 2011	(15.81)	-	-	(15.81)	-	-	-	-	-	(15.81)
Premises	9,697.41	0.50	2.02	9,695.89	6,495.74	55.42	0.21	6,550.95	-	3,144.94
Equipment	10,945.38	685.68	29.17	11,601.89	8,640.04	509.16	26.64	9,122.56	-	2,479.33
Others	343.13	-	172.33	170.80	-	-	-	-	-	170.80
Total	38,318.01	686.47	208.72	38,795.76	15,135.78	564.58	26.85	15,673.51	1,622.89	21,499.36

(Million Baht)

The Bank's Financial StatementsDecember 31, 2014

	<u>Cost</u>			<u>Accumulated Depreciation</u>				Allowance	Premises and	
	Beginning			Ending	Beginning			Ending	for	Equipment,
	<u>Balances</u>	<u>Additions</u>	<u>Disposals</u>	<u>Balances</u>	<u>Balances</u>	<u>Depreciation</u>	<u>Disposals</u>	<u>Balances</u>	<u>Impairment</u>	<u>Net</u>
Land										
Historical cost	9,367.96	29.58	-	9,397.54	-	-	-	-	1,622.89	7,774.65
Revaluation Surplus in 2011	7,950.36	-	-	7,950.36	-	-	-	-	-	7,950.36
Revaluation Deficit in 2011	(15.81)	-	-	(15.81)	-	-	-	-	-	(15.81)
Premises	9,631.64	65.97	0.20	9,697.41	6,383.92	112.12	0.30	6,495.74	-	3,201.67
Equipment	10,870.89	929.92	855.43	10,945.38	8,526.07	965.36	851.39	8,640.04	-	2,305.34
Others	75.72	267.41	-	343.13	-	-	-	-	-	343.13
Total	37,880.76	1,292.88	855.63	38,318.01	14,909.99	1,077.48	851.69	15,135.78	1,622.89	21,559.34

As at June 30, 2015 and December 31, 2014, the Bank has premises and equipment which were full depreciated but still in use, with the original cost approximately Baht 7,569.78 million and Baht 7,050.58 million, respectively.

6.10 Premises and Equipment, Net (Continued)

As at June 30, 2015 and December 31, 2014, the allowance for impairment is as follows:

	(Million Baht)	
	<u>June 30, 2015</u>	<u>December 31, 2014</u>
Beginning balances	1,622.89	1,619.83
<u>Add</u> Allowance for impairment	-	3.06
Ending balances	<u>1,622.89</u>	<u>1,622.89</u>

6.11 Other Intangible Assets, Net

(Million Baht)

Consolidated Financial StatementsJune 30, 2015

	<u>Cost</u>			<u>Accumulated Amortization</u>				Allowance	Intangible	
	Beginning		Decrease/	Ending	Beginning		Decrease/	Ending	for	Assets,
	<u>Balances</u>	<u>Additions</u>	<u>Disposals</u>	<u>Balances</u>	<u>Balances</u>	<u>Additions</u>	<u>Disposals</u>	<u>Balances</u>	<u>Impairment</u>	<u>Net</u>
Software licenses	5,852.09	131.47	251.14	5,732.42	3,064.24	291.93	251.14	3,105.03	-	2,627.39
Other licenses	8.80	-	-	8.80	7.90	0.28	-	8.18	-	0.62
Development cost	3,217.35	368.05	-	3,585.40	2,003.41	132.84	-	2,136.25	-	1,449.15
Partial payment of										
intangible assets	989.24	161.29	221.66	928.87	-	-	-	-	298.98	629.89
Total	10,067.48	660.81	472.80	10,255.49	5,075.55	425.05	251.14	5,249.46	298.98	4,707.05

(Million Baht)

Consolidated Financial StatementsDecember 31, 2014

	<u>Cost</u>				<u>Accumulated Amortization</u>				Allowance	Intangible
	Beginning		Decrease/	Ending	Beginning		Decrease/	Ending	for	Assets,
	<u>Balances</u>	<u>Additions</u>	<u>Disposals</u>	<u>Balances</u>	<u>Balances</u>	<u>Additions</u>	<u>Disposals</u>	<u>Balances</u>	<u>Impairment</u>	<u>Net</u>
Software licenses	5,230.63	772.97	151.51	5,852.09	2,550.47	571.99	58.22	3,064.24	-	2,787.85
Other licenses	8.34	0.46	-	8.80	7.03	0.87	-	7.90	-	0.90
Development cost	2,942.15	275.20	-	3,217.35	1,740.09	263.32	-	2,003.41	-	1,213.94
Partial payment of										
intangible assets	708.77	1,033.08	752.61	989.24	-	-	-	-	298.98	690.26
Total	8,889.89	2,081.71	904.12	10,067.48	4,297.59	836.18	58.22	5,075.55	298.98	4,692.95

6.11 Other Intangible Assets, Net (Continued)

(Million Baht)

<u>The Bank's Financial Statements</u>									
<u>June 30, 2015</u>									
	<u>Cost</u>			<u>Accumulated Amortization</u>				<u>Intangible</u>	
	Beginning	Decrease/	Ending	Beginning	Decrease/	Ending	Ending	Assets,	
	<u>Balances</u>	<u>Additions</u>	<u>Disposals</u>	<u>Balances</u>	<u>Balances</u>	<u>Additions</u>	<u>Disposals</u>	<u>Balances</u>	<u>Net</u>
Software licenses	709.15	0.11	-	709.26	318.09	34.30	-	352.39	356.87
Other licenses	5.03	-	-	5.03	4.77	0.10	-	4.87	0.16
Development cost	273.20	184.90	-	458.10	214.85	9.29	-	224.14	233.96
Partial payment of									
intangible assets	455.74	6.69	-	462.43	-	-	-	-	462.43
Total	1,443.12	191.70	-	1,634.82	537.71	43.69	-	581.40	1,053.42

(Million Baht)

<u>The Bank's Financial Statements</u>									
<u>December 31, 2014</u>									
	<u>Cost</u>			<u>Accumulated Amortization</u>				<u>Intangible</u>	
	Beginning	Decrease/	Ending	Beginning	Decrease/	Ending	Ending	Assets,	
	<u>Balances</u>	<u>Additions</u>	<u>Disposals</u>	<u>Balances</u>	<u>Balances</u>	<u>Additions</u>	<u>Disposals</u>	<u>Balances</u>	<u>Net</u>
Software licenses	710.96	-	1.81	709.15	251.43	68.19	1.53	318.09	391.06
Other licenses	4.97	0.06	-	5.03	4.50	0.27	-	4.77	0.26
Development cost	262.92	10.28	-	273.20	195.68	19.17	-	214.85	58.35
Partial payment of									
intangible assets	110.16	345.58	-	455.74	-	-	-	-	455.74
Total	1,089.01	355.92	1.81	1,443.12	451.61	87.63	1.53	537.71	905.41

6.12 Deferred Tax Assets and Deferred Tax Liabilities

Deferred tax assets and deferred tax liabilities as at June 30, 2015 and December 31, 2014 are as follows:

(Million Baht)

	<u>Consolidated Financial Statements</u>		<u>The Bank's Financial Statements</u>	
	<u>June 30, 2015</u>	<u>December 31, 2014</u>	<u>June 30, 2015</u>	<u>December 31, 2014</u>
Deferred Tax Assets	6,454.08	5,690.07	4,543.35	3,892.13
Deferred Tax Liabilities	-	-	-	-
Net	6,454.08	5,690.07	4,543.35	3,892.13

6.12 Deferred Tax Assets and Deferred Tax Liabilities (Continued)

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

(Million Baht)

	Consolidated Financial Statements				
			Charged / credited to:		
	As at	Adjust to		Other	As at
	January 1, 2015	Brought Forward		Comprehensive	
		Retained Earnings	Profit / Loss	Income	June 30, 2015
Deferred Tax Assets					
Investments	696.43	-	(6.96)	(39.40)	650.07
Investments in subsidiaries and associates	-	-	98.29	-	98.29
Loans to customers and accrued interest receivables, net	3,110.27	-	515.34	-	3,625.61
Properties for sale	215.35	-	(16.10)	-	199.25
Premises and equipment	372.66	-	(4.60)	-	368.06
Provisions	3,926.51	49.38	171.51	(12.69)	4,134.71
Guarantee deposit under financial lease	79.72	-	(4.94)	-	74.78
Others	522.85	-	16.10	-	538.95
Total	8,923.79	49.38	768.64	(52.09)	9,689.72
Deferred Tax Liabilities					
Investments	897.45	-	5.70	(42.01)	861.14
Premises and equipment	1,763.55	-	23.10	(0.68)	1,785.97
Loans to customers and accrued interest receivables, net	572.72	-	15.81	-	588.53
Total	3,233.72	-	44.61	(42.69)	3,235.64
Net	5,690.07	49.38	724.03	(9.40)	6,454.08

(Million Baht)

	Consolidated Financial Statements			
	Charged / credited to:			
	As at	Other Comprehensive		As at
	January 1, 2014	Profit / Loss	Income	December 31, 2014
Deferred Tax Assets				
Investments	910.60	(8.65)	(205.52)	696.43
Investments in subsidiaries and associates	6.98	(6.98)	-	-
Loans to customers and accrued interest receivables, net	2,191.31	918.96	-	3,110.27
Properties for sale	362.86	(147.51)	-	215.35
Premises and equipment	382.66	(10.00)	-	372.66
Provisions	3,306.83	484.94	134.74	3,926.51
Guarantee deposit under financial lease	134.10	(54.38)	-	79.72
Others	534.80	(11.95)	-	522.85
Total	7,830.14	1,164.43	(70.78)	8,923.79
Deferred Tax Liabilities				
Investments	425.67	1.18	470.60	897.45
Premises and equipment	1,706.32	57.23	-	1,763.55
Loans to customers and accrued interest receivables, net	538.05	34.67	-	572.72
Total	2,670.04	93.08	470.60	3,233.72
Net	5,160.10	1,071.35	(541.38)	5,690.07

6.12 Deferred Tax Assets and Deferred Tax Liabilities (Continued)

(Million Baht)

The Bank's Financial Statements					
Charged / credited to:					
	As at	Adjust to	Other		As at
	January 1, 2015	Brought Forward	Profit / Loss	Comprehensive	June 30, 2015
		Retained Earnings		Income	
Deferred Tax Assets					
Investments	696.43	-	(6.96)	(39.40)	650.07
Investments in subsidiaries and associates	-	-	98.29	-	98.29
Loans to customers and accrued interest receivables, net	1,552.69	-	375.54	-	1,928.23
Properties for sale	178.94	-	(10.75)	-	168.19
Premises and equipment	324.58	-	-	-	324.58
Provisions	3,332.71	49.38	161.41	2.85	3,546.35
Others	459.23	-	12.16	-	471.39
Total	6,544.58	49.38	629.69	(36.55)	7,187.10
Deferred Tax Liabilities					
Investments	897.45	-	5.70	(42.01)	861.14
Premises and equipment	1,755.00	-	28.29	(0.68)	1,782.61
Total	2,652.45	-	33.99	(42.69)	2,643.75
Net	3,892.13	49.38	595.70	6.14	4,543.35

(Million Baht)

	The Bank's Financial Statements			
	Charged / credited to:			
	As at	Other Comprehensive		As at
	January 1, 2014	Profit / Loss	Income	December 31, 2014
Deferred Tax Assets				
Investments	910.60	(8.65)	(205.52)	696.43
Investments in subsidiaries and associates	6.98	(6.98)	-	-
Loans to customers and accrued interest receivables, net	1,074.39	478.30	-	1,552.69
Properties for sale	357.68	(178.74)	-	178.94
Premises and equipment	323.97	0.61	-	324.58
Provisions	2,746.48	446.89	139.34	3,332.71
Others	420.82	38.41	-	459.23
Total	5,840.92	769.84	(66.18)	6,544.58
Deferred Tax Liabilities				
Investments	425.67	1.18	470.60	897.45
Premises and equipment	1,695.57	59.43	-	1,755.00
Total	2,121.24	60.61	470.60	2,652.45
Net	3,719.68	709.23	(536.78)	3,892.13

6.13 Other Assets, Net

(Million Baht)

	<u>Consolidated Financial Statements</u>		<u>The Bank's Financial Statements</u>	
	<u>June 30, 2015</u>	<u>December 31, 2014</u>	<u>June 30, 2015</u>	<u>December 31, 2014</u>
Prepaid expenses	1,185.25	1,198.56	814.19	844.10
Account receivables - Revenue Department	1,609.44	1,620.46	211.74	229.38
Leaseholds	399.20	396.49	399.20	396.49
Suspense account debtors	2,478.25	3,087.46	2,464.67	3,077.44
Collateral under Credit Support Annex Contract and Cash Margin Debtors	1,663.79	856.38	1,663.79	856.38
Interbranch transactions	3,218.51	2,734.54	3,218.51	2,734.54
Settlement account between the Bank and other financial institutions	329.73	557.87	329.73	557.87
Sundry assets	4,186.74	3,759.35	3,412.82	3,246.29
Total	15,070.91	14,211.11	12,514.65	11,942.49
<u>Less</u> Allowance for impairment	(2,312.22)	(2,258.57)	(2,312.22)	(2,258.57)
Total other assets, net	12,758.69	11,952.54	10,202.43	9,683.92

As at June 30, 2015 and December 31, 2014, sundry assets are included default debtors from convertible preferred shares contracts of Baht 997.87 million with the same amounts of allowance for impairment (Note 6.38.1).

6.14 Deposits**6.14.1 Classified by Type of Deposits**

(Million Baht)

	<u>Consolidated Financial Statements</u>		<u>The Bank's Financial Statements</u>	
	<u>June 30, 2015</u>	<u>December 31, 2014</u>	<u>June 30, 2015</u>	<u>December 31, 2014</u>
Demand deposits	78,249.93	98,738.47	78,421.09	99,013.36
Savings deposits	1,083,073.83	1,009,206.66	1,084,138.22	1,010,115.52
Time deposits	922,593.07	1,043,323.12	922,669.50	1,043,424.57
Total	2,083,916.83	2,151,268.25	2,085,228.81	2,152,553.45

6.14.2 Classified by Currency and Residence of Depositors

(Million Baht)

	<u>Consolidated Financial Statements</u>					
	<u>June 30, 2015</u>			<u>December 31, 2014</u>		
	<u>Domestic</u>	<u>Foreign</u>	<u>Total</u>	<u>Domestic</u>	<u>Foreign</u>	<u>Total</u>
Thai Baht	2,019,443.31	12,212.41	2,031,655.72	2,100,999.64	11,899.08	2,112,898.72
US Dollar	40,569.24	5,537.00	46,106.24	25,117.69	9,975.04	35,092.73
Other currencies	5,282.26	872.61	6,154.87	2,917.06	359.74	3,276.80
Total	2,065,294.81	18,622.02	2,083,916.83	2,129,034.39	22,233.86	2,151,268.25

6.14.2 Classified by Currency and Residence of Depositors (Continued)

(Million Baht)

<u>The Bank's Financial Statements</u>						
	<u>June 30, 2015</u>			<u>December 31, 2014</u>		
	<u>Domestic</u>	<u>Foreign</u>	<u>Total</u>	<u>Domestic</u>	<u>Foreign</u>	<u>Total</u>
Thai Baht	2,020,755.29	12,212.41	2,032,967.70	2,102,284.84	11,899.08	2,114,183.92
US Dollar	40,569.24	5,537.00	46,106.24	25,117.69	9,975.04	35,092.73
Other currencies	5,282.26	872.61	6,154.87	2,917.06	359.74	3,276.80
Total	2,066,606.79	18,622.02	2,085,228.81	2,130,319.59	22,233.86	2,152,553.45

6.15 Interbank and Money Market Items (Liabilities)

(Million Baht)

<u>Consolidated Financial Statements</u>						
	<u>June 30, 2015</u>			<u>December 31, 2014</u>		
	<u>Demand</u>	<u>Time</u>	<u>Total</u>	<u>Demand</u>	<u>Time</u>	<u>Total</u>
6.15.1 Domestic Items						
Bank of Thailand and Financial Institutions						
Development Fund	31.24	25,247.03	25,278.27	35.50	28,073.28	28,108.78
Commercial banks	268.83	61,318.57	61,587.40	314.67	49,217.66	49,532.33
Special purpose financial institutions	6,094.53	14,464.04	20,558.57	7,101.89	7,939.24	15,041.13
Other financial institutions	20,172.16	39,308.68	59,480.84	21,596.05	32,891.26	54,487.31
Total domestic items	26,566.76	140,338.32	166,905.08	29,048.11	118,121.44	147,169.55
6.15.2 Foreign Items						
US Dollar	953.81	9,778.38	10,732.19	325.69	17,816.50	18,142.19
Euro	196.23	-	196.23	1,783.21	-	1,783.21
Other currencies	160.49	-	160.49	119.98	-	119.98
Total foreign items	1,310.53	9,778.38	11,088.91	2,228.88	17,816.50	20,045.38
Total domestic and foreign items	27,877.29	150,116.70	177,993.99	31,276.99	135,937.94	167,214.93

(Million Baht)

<u>The Bank's Financial Statements</u>						
	<u>June 30, 2015</u>			<u>December 31, 2014</u>		
	<u>Demand</u>	<u>Time</u>	<u>Total</u>	<u>Demand</u>	<u>Time</u>	<u>Total</u>
6.15.1 Domestic Items						
Bank of Thailand and Financial Institutions						
Development Fund	31.24	25,247.03	25,278.27	35.50	28,073.28	28,108.78
Commercial banks	268.83	51,650.09	51,918.92	314.67	44,017.66	44,332.33
Special purpose financial institutions	6,094.53	14,464.04	20,558.57	7,101.89	7,939.24	15,041.13
Other financial institutions	20,242.74	30,983.86	51,226.60	21,652.12	31,594.91	53,247.03
Total domestic items	26,637.34	122,345.02	148,982.36	29,104.18	111,625.09	140,729.27
6.15.2 Foreign Items						
US Dollar	953.81	9,778.38	10,732.19	325.69	17,816.50	18,142.19
Euro	196.23	-	196.23	1,783.21	-	1,783.21
Other currencies	160.49	-	160.49	119.98	-	119.98
Total foreign items	1,310.53	9,778.38	11,088.91	2,228.88	17,816.50	20,045.38
Total domestic and foreign items	27,947.87	132,123.40	160,071.27	31,333.06	129,441.59	160,774.65

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

(Million Baht)

<u>Consolidated Financial Statements</u>									
				<u>June 30, 2015</u>			<u>December 31, 2014</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>
Short term bonds	Baht	1.97-2.04	2015	247.00	-	247.00	9,865.00	-	9,865.00
Long term bonds									
2011	Baht	5.50-6.00	2015	1,000.00	-	1,000.00	1,000.00	-	1,000.00
2012	Baht	5.20-5.40	2015-2016	4,200.00	-	4,200.00	4,200.00	-	4,200.00
2013	Baht	4.65-5.00	2016-2018	10,000.00	-	10,000.00	10,000.00	-	10,000.00
2013	USD	2.25	2018	-	16,865.94	16,865.94	-	16,456.12	16,456.12
2014	Baht	3.60-4.50	2016-2018	8,630.00	-	8,630.00	8,630.00	-	8,630.00
2015	Baht	3.00-3.15	2016-2017	338.00	-	338.00	-	-	-
KTB subordinated debentures									
No.1/2010	Baht	4.35	2020	-	-	-	10,400.00	-	10,400.00
No.1/2012	Baht	4.50	2022	5,155.00	-	5,155.00	5,155.00	-	5,155.00
No.2/2012	Baht	4.60	2022	15,133.32	-	15,133.32	15,133.32	-	15,133.32
No.1/2014	USD	5.20	2024	-	23,643.76	23,643.76	-	23,074.10	23,074.10
- Hybrid debt capital instruments	Baht/USD	3.98-7.38		3,524.60	6,400.71	9,925.31	3,524.60	6,246.49	9,771.09
Bill of exchange (B/E)									
Short term*	Baht	0.00-3.70	2015	1,061.22	-	1,061.22	18,470.10	-	18,470.10
Long term	Baht	3.73-6.60	2015-2026	9,310.00	-	9,310.00	8,815.00	-	8,815.00
Others	Baht			1.17	-	1.17	1.17	-	1.17
Total				58,600.31	46,910.41	105,510.72	95,194.19	45,776.71	140,970.90

(Million Baht)

<u>The Bank's Financial Statements</u>									
				<u>June 30, 2015</u>			<u>December 31, 2014</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>
Short term bonds	Baht	1.97-2.04	2015	247.00	-	247.00	9,865.00	-	9,865.00
Long term bonds									
2013	USD	2.25	2018	-	16,865.94	16,865.94	-	16,456.12	16,456.12
KTB subordinated debentures									
No.1/2010	Baht	4.35	2020	-	-	-	10,400.00	-	10,400.00
No.1/2012	Baht	4.50	2022	5,155.00	-	5,155.00	5,155.00	-	5,155.00
No.2/2012	Baht	4.60	2022	15,133.32	-	15,133.32	15,133.32	-	15,133.32
No.1/2014	USD	5.20	2024	-	23,643.76	23,643.76	-	23,074.10	23,074.10
- Hybrid debt capital instruments	Baht/USD	3.98-7.38		3,524.60	6,400.71	9,925.31	3,524.60	6,246.49	9,771.09
Bill of exchange (B/E)									
Short term*	Baht	0.00-0.85	2015	1,137.70	-	1,137.70	4,940.70	-	4,940.70
Long term	Baht	3.73-6.60	2015-2026	9,310.00	-	9,310.00	8,815.00	-	8,815.00
Others	Baht			1.17	-	1.17	1.17	-	1.17
Total				34,508.79	46,910.41	81,419.20	57,834.79	45,776.71	103,611.50

*Short term bill of exchange (B/E) is included mature B/E which has not yet redeemed.

6.16 Debt Issued and Borrowings (Continued)

Long Term 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 11th of March and September of each year, over the time to maturity.

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

Subordinated Debentures

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

Hybrid Debt Capital Instruments

Hybrid debt capital instruments of non-cumulative interest, non-interest payment in the year that there is no profit, non-fixed repayment period as tier 1 capital (Hybrid Tier 1) which the Bank may be granted the right to redeem prior to their maturities, however, on 5th anniversary of the issued date or on any interest-payment date after 5th anniversary or when the Bank could no longer threat them as tier 1 capital, subject to approval of the BoT's.

The interest rates are fixed during the first 10 years and floating after the 11th year at the 6-month fixed deposit rate, general customers plus defined rate and semiannually interest payment.

6.17 Provisions

(Million Baht)

	<u>Consolidated Financial Statements</u>		<u>The Bank's Financial Statements</u>	
	<u>June 30, 2015</u>	<u>December 31, 2014</u>	<u>June 30, 2015</u>	<u>December 31, 2014</u>
Defined benefit plan	10,688.98	10,257.28	9,919.74	9,466.48
Loss from NPLs transferred to TAMC (Note 6.35)	3,461.48	3,461.48	3,461.48	3,461.48
Contingent liabilities from being sued	566.09	497.72	566.09	497.72
Other contingent liabilities	19.10	24.53	17.61	17.61
Total provisions	14,735.65	14,241.01	13,964.92	13,443.29

Defined Benefit Plan

(Million Baht)

	<u>Consolidated Financial Statements</u>		<u>The Bank's Financial Statements</u>	
	<u>June 30, 2015</u>	<u>December 31, 2014</u>	<u>June 30, 2015</u>	<u>December 31, 2014</u>
Defined benefit plan				
Beginning balances	10,257.28	10,541.09	9,466.48	9,806.06
Current service cost	281.89	521.13	233.12	439.06
Interest	244.26	473.32	226.69	440.22
Employee benefits paid during the period	(31.02)	(1,951.96)	(20.81)	(1,915.54)
Actuarial losses (gains) on defined benefit plans (Note 6.34)				
- from demographic assumptions	10.86	(56.42)	83.86	(39.34)
- from financial assumptions	(74.29)	730.12	(69.60)	736.02
Total defined benefit plan	10,688.98	10,257.28	9,919.74	9,466.48

The Principal Actuarial Assumptions

	<u>June 30, 2015</u>	<u>December 31, 2014</u>
Average discount rate	4.00% - 5.12%	4.00% - 5.12%
Average rate of salary raise	6.00% - 7.50%	6.00% - 7.50%
Average rate of resignation	0.02% - 25.08%	0.02% - 25.08%
Age of retirement	50 - 60 years	50 - 60 years

Sensitivity Analysis of Principal Actuarial Assumptions

Defined benefit plan of the Bank and its subsidiaries are sensitive to changes in actuarial assumptions used in the calculation. The actuarial assumptions changes are subject to change in market conditions, change in inflation condition as well as experience from the plan member profile. The following table shows the effect of changes in each key assumption. The change in each assumption occurs separately.

Sensitivity Analysis of Principal Actuarial Assumptions (Continued)

(Million Baht)

	Increase (Decrease) in Defined Benefit Plan	
	<u>Consolidated Financial Statements</u>	<u>The Bank's Financial Statements</u>
	<u>June 30, 2015</u>	<u>June 30, 2015</u>
Average discount rate		
Increase of 1 %	(941.98)	(855.45)
Decrease of 1 %	1,109.09	990.25
Average rate of salary raise		
Increase of 1 %	861.16	757.61
Decrease of 1 %	(748.45)	(670.93)
Average rate of resignation		
Increase of 1 %	(121.44)	(100.85)
Decrease of 1 %	138.94	100.85

Maturity Profile of Defined Benefit Plan

The following table provides information on the weighted average duration of the defined benefit plan and the maturity analysis of benefit payments calculated based on the defined benefit plan expected to be paid in the future in the undiscounted form.

	(Years)			
	<u>Consolidated Financial Statements</u>		<u>The Bank's Financial Statements</u>	
	<u>June 30, 2015</u>	<u>December 31, 2014</u>	<u>June 30, 2015</u>	<u>December 31, 2014</u>
Weighted average duration of the defined benefit plan	21	20	20	19
	(Million Baht)			
	<u>June 30, 2015</u>	<u>December 31, 2014</u>	<u>June 30, 2015</u>	<u>December 31, 2014</u>
Maturity analysis of benefits expected to be paid				
Amount expected to be paid within 12 months	492.04	494.83	484.24	489.26
Amount expected to be paid between 1 to 2 years	620.84	622.86	605.02	611.07
Amount expected to be paid between 2 to 5 years	2,397.34	2,420.58	2,246.88	2,269.35
Amount expected to be paid between 5 to 10 years	5,988.17	6,014.94	5,518.71	5,524.74
Amount expected to be paid between 10 to 15 years	7,745.70	7,765.83	6,928.80	6,872.60
Amount expected to be paid between 15 to 25 years	9,781.91	9,761.64	6,833.47	6,560.69
Amount expected to be paid over 25 years	15,108.98	14,387.86	13,143.03	12,013.99

6.18 Other Liabilities comprise the followings:

(Million Baht)

	<u>Consolidated Financial Statements</u>		<u>The Bank's Financial Statements</u>	
	<u>June 30, 2015</u>	<u>December 31, 2014</u>	<u>June 30, 2015</u>	<u>December 31, 2014</u>
Accrued interest expenses	7,706.74	5,514.67	7,507.54	5,320.16
Accrued expenses	11,266.15	12,792.10	10,410.16	11,460.28
Suspense account creditors	3,833.36	3,087.99	4,509.19	3,257.11
Tax payables	5,495.77	5,019.28	4,960.51	4,549.91
Deferred revenue for reward points	2,380.00	2,378.94	100.59	137.02
Cheque in transit	9,732.88	6,028.55	9,732.88	6,028.55
Sundry liabilities	9,866.04	8,281.29	7,892.17	5,683.54
Total	50,280.94	43,102.82	45,113.04	36,436.57

6.19 Share Capital**6.19.1 Ordinary Shares**

As at June 30, 2015 and December 31, 2014, the Bank's authorized share capital and issued and paid-up share capital are 13,976,061,250 shares.

6.19.2 Preferred Shares

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

6.19.3 The Bank is the state enterprise, its major shareholder is the Financial Institutions Development Fund (FIDF). As at June 30, 2015, FIDF holds 7,696,248,833 shares or 55.05 percent of paid-up ordinary and preferred shares.

6.20 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.

As at June 30, 2015 and December 31, 2014, the Bank's legal reserve is already 10 percent of authorized share capital.

6.21 The Appropriation of 2014 Net Profit and Dividend Payment

On April 10, 2015, the 22nd Annual General Shareholders' Meeting passed the resolution to approve the appropriation of 2014 net profit amounting to Baht 31,855.31 million. On April 11, 2014, the 21st Annual General Shareholders' Meeting passed the resolution to approve the appropriation of 2013 net profit amounting to Baht 30,957.42 million and dividend payment as follows:

	(Million Baht)	
	<u>Net Profit of 2014</u>	<u>Net Profit of 2013</u>
Legal reserve	-	364.04
Dividend - preferred shares (@ Baht 1.0545 and Baht 1.0345)	5.80	5.69
Dividend - ordinary shares (@ Baht 0.90 and Baht 0.88)	12,578.46	12,298.93
Net profit carried forward	19,271.05	18,288.76

6.22 Obligations and Contingent Liabilities

6.22.1 Contingent Liabilities

	(Million Baht)	
	<u>Consolidated and the Bank's Financial Statements</u>	
	<u>June 30, 2015</u>	<u>December 31, 2014</u>
Avals to bills	3,745.25	4,020.77
Guarantees of loans	15,190.68	14,845.02
Letters of credit	42,470.82	40,538.15
Other contingencies		
Unused credit line of overdraft	156,354.23	149,601.74
Other guarantees	134,663.71	140,726.37
Others	1,013.30	988.89
Total	<u>353,437.99</u>	<u>350,720.94</u>

Besides the contingent liabilities mentioned above, as at June 30, 2015 and December 31, 2014, the Bank has material contingent liabilities owing to prosecutions of Baht 11,700.43 million and Baht 11,657.15 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 June 30, 2015 and December 31, 2014, the Bank has set aside provisions of Baht 566.09 million and Baht 497.72 million, respectively, for estimated losses from such cases.

6.22.2 Obligations under Long-Terms Leased

The Bank has obligations arising from lease agreements. The amounts due are classified as follows:

(Million Baht)

Period	<u>June 30, 2015</u>				<u>December 31, 2014</u>			
	<u>Within 1 year</u>	<u>Over 1 to 5 years</u>	<u>Over 5 years</u>	<u>Total</u>	<u>Within 1 year</u>	<u>Over 1 to 5 years</u>	<u>Over 5 years</u>	<u>Total</u>
Land and/or Premises	503.73	461.68	94.88	1,060.29	483.53	489.97	99.55	1,073.05
Vehicles	345.54	684.12	-	1,029.66	317.56	678.97	-	996.53
Facsimile/Copy machine	4.74	2.39	-	7.13	5.16	4.56	-	9.72
Total	854.01	1,148.19	94.88	2,097.08	806.25	1,173.50	99.55	2,079.30

6.23 Assets with Obligations and Restrictions

(Million Baht)

	<u>Consolidated and the Bank's Financial Statements</u>	
	<u>June 30, 2015</u>	<u>December 31, 2014</u>
Government and state enterprise bonds pledged as collateral		
- court collateral	162.39	189.53
- repurchase agreements	32,571.97	26,033.93
Properties for sale (debtor is granted the right to buy back or first right for this portion)	4,859.48	5,842.09
Total	37,593.84	32,065.55

6.24 Related Party Transactions

6.24.1 As at June 30, 2015 and December 31, 2014, loans to the Bank's executives (First Vice President and above) are Baht 943.75 million and Baht 985.69 million. The average outstanding balances of such loans at month end are Baht 932.14 million and Baht 736.71 million, respectively.

The loans outstanding as at June 30, 2015 and December 31, 2014 to close family of the Bank's executives mentioned above are Baht 166.85 million and Baht 148.69 million, respectively.

6.24 Related Party Transactions (Continued)

(Million Baht)

		The Bank's Financial Statements			
		Pricing Policy	June 30, 2015		December 31, 2014
		for Loans and			
	Obligations	Loans	Obligations	Loans	Obligations
6.24.2 Loans and Obligations to Businesses which the Bank Totally Held from 10 to 20 Percent of Their Paid-up Capital					
Dhipaya Insurance Pcl.	Normal Bank Policy	0.35	26.02	0.57	24.63
6.24.3 Loans and Obligations to Businesses which the Bank Acquired equal to or over 10 Percent of Their Paid-up Capital from TDR					
Kiatpapha Co., Ltd.	Normal Bank Policy	110.71	-	110.99	-
Manager Media Group Pcl.	Normal Bank Policy	-	0.29	-	0.29
6.24.4 Loans and Obligations to Subsidiaries and Associates					
<u>Subsidiaries</u>					
KTB General Services Co., Ltd.	Normal Bank Policy	9.70	39.20	10.36	23.20
KTB Computer Services Co., Ltd.	Normal Bank Policy	4,686.90	4.55	4,084.58	4.55
KTB Leasing Co., Ltd.	Normal Bank Policy	55,177.50	1,402.43	59,423.54	1,071.27
Krung Thai Asset Management Pcl.	Normal Bank Policy	0.02	-	0.03	-
Krungthai Card Pcl.	Normal Bank Policy	0.70	2.19	0.82	2.15
<u>Associates</u>					
Krung Thai IBJ Leasing Co., Ltd.	Normal Bank Policy	0.08	1.27	4.84	1.27
KT Zmico Securities Co., Ltd.	Normal Bank Policy	380.19	-	663.15	-
Krungthai Panich Insurance Pcl.	Normal Bank Policy	0.26	-	0.24	-
6.24.5 Loans and Obligations to Related Companies					
<u>With Common Directors</u>					
PTT Pcl.	Normal Bank Policy	880.00	44.95	-	44.95
PTT Global Chemical Pcl.*	Normal Bank Policy	-	-	15,589.35	16.22
Dhanarak Asset Development Co., Ltd.**	Normal Bank Policy	0.03	-	-	-
Don Muang Tollway Pcl.**	Normal Bank Policy	0.56	-	-	-
Thai Airways International Pcl.	Normal Bank Policy	3,012.40	12.69	3,014.57	-
Synnex (Thailand) Pcl.	Normal Bank Policy	78.50	8.16	138.50	8.16
Provincial Waterworks Authority	Normal Bank Policy	0.04	-	0.04	-
PTT Exploration and Production Pcl.	Normal Bank Policy	0.74	0.35	0.84	0.35
T.K.S. Siampress Management Co., Ltd.	Normal Bank Policy	-	40.45	-	41.15
True Corporation Pcl.**	Normal Bank Policy	2.24	-	-	-
<u>With Common Top Managements</u>					
Bangkok Expressway Pcl.	Normal Bank Policy	5,342.63	-	1,216.38	-
Bangkok Metro Pcl.	Normal Bank Policy	3,666.24	17.98	3,558.32	17.98

*As at June 30, 2015, the Bank has no common directors and common top managements.

**As at December 31, 2014, the Bank has no common directors and common top managements.

6.24 Related Party Transactions (Continued)

(Million Baht)

	Pricing Policy	<u>June 30, 2015</u>		<u>December 31, 2014</u>	
	for Deposits				
	and Borrowings	Deposits	Borrowings	Deposits	Borrowings
6.24.6 Deposits and Borrowings to Related Companies					
<u>Consolidated Financial Statements</u>					
<u>Associates</u>					
Krung Thai IBJ Leasing Co., Ltd.	Normal Bank Policy	29.42	-	37.42	-
KT Zmico Securities Co., Ltd.	Normal Bank Policy	64.42	-	35.51	-
Krungthai Panich Insurance Pcl.	Normal Bank Policy	176.64	-	94.99	-
Krungthai-AXA Life Insurance Pcl.	Normal Bank Policy	345.04	2,730.00	755.64	2,380.00
<u>The Bank's Financial Statements</u>					
<u>Subsidiaries</u>					
KTB Law Co., Ltd.	Normal Bank Policy	135.14	-	266.05	-
KTB General Services Co., Ltd.	Normal Bank Policy	83.85	285.00	96.89	430.00
KTB Computer Services Co., Ltd.	Normal Bank Policy	198.25	-	26.52	-
KTB Leasing Co., Ltd.	Normal Bank Policy	173.00	-	203.48	-
Krung Thai Asset Management Pcl.	Normal Bank Policy	70.94	-	56.42	-
KTB Capital Holding Co., Ltd.	Normal Bank Policy	248.83	-	247.70	-
KTB Advisory Co., Ltd.	Normal Bank Policy	45.59	-	71.53	-
Krungthai Card Pcl.	Normal Bank Policy	427.33	-	373.03	-
<u>Associates</u>					
Krung Thai IBJ Leasing Co., Ltd.	Normal Bank Policy	29.42	-	37.42	-
KT Zmico Securities Co., Ltd.	Normal Bank Policy	64.42	-	35.51	-
Krungthai Panich Insurance Pcl.	Normal Bank Policy	176.64	-	94.99	-
Krungthai-AXA Life Insurance Pcl.	Normal Bank Policy	345.04	2,730.00	755.64	2,380.00

As at June 30, 2015 and December 31, 2014, the Bank has other benefits paid to authorized managements which are committed to employment contracts of Baht 185.47 million and Baht 265.43 million, respectively.

6.24.7 Intercompany Trading Transactions**Subsidiaries**

1) KTB Computer Services Co., Ltd. has been designated mainly to provide information technology (IT) services to various work units in the Bank. Service offers consist of introducing IT to the Bank's business operation and modernizing the existing systems in line with the Bank's requirement, rendering system control and maintenance system software development, offering preliminary consultancy service and organizing training in various applications of IT and techniques. The Bank incurs service charges on a cost plus method amounting to Baht 1,956.72 million and Baht 1,840.07 million for the six-month periods ended June 30, 2015 and 2014, respectively.

Since 2003, the GFMIS project Phase 2 has been developed and implemented on behalf of the Bank by KTBCS. The Bank and the Office of GFMIS attached to the Secretariat of the Prime Minister have unanimously signed on the Memorandum of Agreement upon the submission of deliverables and disbursement associated to the investments on the GFMIS project on September 22, 2005. Further, the Bank has signed the hiring contract for the implementation and maintenance with the Office of GFMIS. The Bank incurs service charges for the six-month periods ended June 30, 2015 and 2014 amounting to Baht 68.34 million and Baht 81.68 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 six-month periods ended June 30, 2015 and 2014 of Baht 359.93 million and Baht 298.75 million, respectively.

3) Krungthai Card Pcl. has been designated to collect debts. The Bank incurs service charges for the six-month period ended June 30, 2015 of Baht 26.55 million.

4) The Bank incurs service charges on its subsidiaries [including service charges mentioned in No.1 to 3)] for the six-month periods ended June 30, 2015 and 2014 amounting to Baht 3,764.96 million and Baht 3,520.56 million, respectively, at the agreed-upon rate.

5) The Bank generates fees income from service contracts for the six-month periods ended June 30, 2015 and 2014 amounting to Baht 199.96 million and Baht 188.68 million, respectively.

6) Other Information

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) For the six-month periods ended June 30, 2015 and 2014, the Bank generates premises rental income from associates of Baht 0.31 million and Baht 0.27 million at the agreed-upon rate.

2) For the six-month periods ended June 30, 2015 and 2014, the Bank generates fees income from supportive service contracts of Baht 1,072.27 million and Baht 869.58 million at the agreed-upon rate.

6.24.8 Sales of Investments to the Bank's Subsidiaries

On December 26, 2012, the Bank sold 25 percent of total issued shares in Krungthai Panich Insurance Pcl. (KPI) and 50 percent of total issued shares in Krungthai-AXA Life Insurance Pcl. (KTAL) to KTB Capital Holding Co., Ltd. at book value amounting to Baht 4,800.74 million with gain on sale of Baht 3,667.55 million. In 2014, the Bank repurchased all shares in KPI and KTAL from KTBCH at book value amounting to Baht 5,158.90 million (Note 6.5.1).

The consolidated financial statements had been already eliminated intercompany transactions.

6.25 Significant Financial Position and Operations Classified by Domestic and Foreign Business Segment**6.25.1 Financial Position Classified by Business Segment**

(Million Baht)

<u>Consolidated Financial Statements</u>						
	<u>June 30, 2015</u>			<u>December 31, 2014</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	2,666,187.03	65,353.66	2,731,540.69	2,726,693.48	65,061.68	2,791,755.16
Interbank and money market items, net	288,776.05	40,267.37	329,043.42	418,880.47	37,840.70	456,721.17
Investments, net	307,420.31	1,210.28	308,630.59	257,451.81	1,043.10	258,494.91
Loans to customers and						
accrued interest receivables, net	1,875,317.74	23,447.74	1,898,765.48	1,858,971.39	23,194.82	1,882,166.21
Deposits	2,079,638.40	4,278.43	2,083,916.83	2,147,837.93	3,430.32	2,151,268.25
Interbank and money market items, net	169,218.92	8,775.07	177,993.99	152,325.98	14,888.95	167,214.93
Debt issued and borrowings	58,600.32	46,910.40	105,510.72	95,194.19	45,776.71	140,970.90

(Million Baht)

<u>The Bank's Financial Statements</u>						
	<u>June 30, 2015</u>			<u>December 31, 2014</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	2,605,743.03	65,353.66	2,671,096.69	2,664,701.30	65,061.68	2,729,762.98
Interbank and money market items, net	288,545.18	40,267.37	328,812.55	418,596.18	37,840.70	456,436.88
Investments, net	303,791.99	1,210.28	305,002.27	255,528.98	1,043.10	256,572.08
Loans to customers and						
accrued interest receivables, net	1,832,961.94	23,447.74	1,856,409.68	1,814,171.88	23,194.82	1,837,366.70
Deposits	2,080,950.38	4,278.43	2,085,228.81	2,149,123.13	3,430.32	2,152,553.45
Interbank and money market items, net	151,296.20	8,775.07	160,071.27	145,885.70	14,888.95	160,774.65
Debt issued and borrowings	34,508.80	46,910.40	81,419.20	57,834.79	45,776.71	103,611.50

The consolidated and the Bank's financial statements as at June 30, 2015 and December 31, 2014, the Bank has total assets before eliminating net interbranch transactions of Baht 3,967.19 million and Baht 2,612.59 million, respectively.

6.25 Significant Financial Position and Operations Classified by Domestic and Foreign Business Segment (Continued)**6.25.2 Operations Classified by Business Segment**

(Million Baht)

<u>Consolidated Financial Statements</u>						
	<u>June 30, 2015</u>			<u>June 30, 2014</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	66,172.58	2,350.03	68,522.61	63,405.35	1,481.44	64,886.79
Interest expenses	(26,718.76)	(1,569.90)	(28,288.66)	(24,812.35)	(910.77)	(25,723.12)
Interest income, net	39,453.82	780.13	40,233.95	38,593.00	570.67	39,163.67
Fees and service income, net	8,829.36	107.72	8,937.08	7,941.25	137.70	8,078.95
Other operating income	7,449.09	14.60	7,463.69	6,108.75	23.94	6,132.69
Other operating expenses	(36,299.39)	(196.05)	(36,495.44)	(33,390.74)	(103.87)	(33,494.61)
Operating profit before income tax expenses	19,432.88	706.40	20,139.28	19,252.26	628.44	19,880.70

(Million Baht)

<u>The Bank's Financial Statements</u>						
	<u>June 30, 2015</u>			<u>June 30, 2014</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	59,149.38	2,350.03	61,499.41	56,804.59	1,481.44	58,286.03
Interest expenses	(25,854.09)	(1,569.90)	(27,423.99)	(23,786.12)	(910.77)	(24,696.89)
Interest income, net	33,295.29	780.13	34,075.42	33,018.47	570.67	33,589.14
Fees and service income, net	8,257.14	107.72	8,364.86	7,405.92	137.70	7,543.62
Other operating income	4,762.23	14.60	4,776.83	4,387.80	23.94	4,411.74
Other operating expenses	(29,541.66)	(196.05)	(29,737.71)	(27,274.78)	(103.87)	(27,378.65)
Operating profit before income tax expenses	16,773.00	706.40	17,479.40	17,537.41	628.44	18,165.85

The consolidated and the Bank's financial statements for the six-month periods ended June 30, 2015 and 2014, the Bank has total interest income and interest expenses before eliminating net interbranch transactions of Baht 1,537.27 million and Baht 884.58 million, respectively.

6.26 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; and

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 policies for segment reporting

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

(Million Baht)

<u>Consolidated Financial Statements</u>						
<u>June 30, 2015</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	25,008.60	17,615.58	5,086.66	8,921.19	2.69 ¹	56,634.72
Total expenses (excluding bad debts, doubtful accounts and loss on impairment)	(17,079.37)	(10,164.88)	(2,906.97)	(7,334.30)	8,993.31 ^{1,2}	(28,492.21)
Bad debts, doubtful accounts and loss on impairment	(4,164.53)	(938.21)	164.82	(6,301.80)	-	(11,239.72)
Net profit (loss)	3,764.70	6,512.49	2,344.51	(4,714.91)	8,996.00	16,902.79
Segment assets	840,976.81	1,178,376.23	149,235.97	557,960.68	1,023.81 ³	2,727,573.50
Segment liabilities	1,502,814.82	644,398.83	185,385.01	167,700.66	(12,094.47) ³	2,488,204.85

6.26 Operations Classified by Operating Segment (Continued)

(Million Baht)

<u>Consolidated Financial Statements</u>						
<u>June 30, 2014</u>						
	Retail Banking	Wholesale Banking	Treasury and Investment	Support and Others	Adjustments	Total
Total operating income	24,755.57	19,669.90	4,885.41	3,901.30	163.13	¹ 53,375.31
Total expenses (excluding bad debts, doubtful accounts and loss on impairment)	(15,695.60)	(11,730.82)	(2,648.17)	(5,546.20)	8,181.84	^{1,2} (27,438.95)
Bad debts, doubtful accounts and loss on impairment						
Net profit (loss)	(2,728.07)	(1,962.89)	213.93	(5,124.67)	-	(9,601.70)
	6,331.90	5,976.19	2,451.17	(6,769.57)	8,344.97	16,334.66
Segment assets	722,234.64	1,166,730.30	339,662.77	309,250.63	(9,700.94)	³ 2,528,177.40
Segment liabilities	1,393,778.24	512,128.22	237,923.75	192,411.30	(23,667.68)	³ 2,312,573.83

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

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

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

6.27 Interest Income

(Million Baht)

	<u>Consolidated Financial Statements</u>		<u>The Bank's Financial Statements</u>	
	<u>June 30, 2015</u>	<u>June 30, 2014</u>	<u>June 30, 2015</u>	<u>June 30, 2014</u>
Interbank and money market items	6,547.54	7,247.34	6,545.63	7,246.26
Investment and trading transactions	224.37	86.69	224.37	86.69
Investment in debt	2,357.34	3,599.00	2,354.79	3,597.10
Loans	55,928.19	51,124.93	50,821.12	46,446.71
Hire-purchase and finance lease	1,916.62	1,935.82	5.15	16.64
Others	11.28	8.43	11.08	8.05
Total interest income	66,985.34	64,002.21	59,962.14	57,401.45

6.28 Interest Expenses

(Million Baht)

	<u>Consolidated Financial Statements</u>		<u>The Bank's Financial Statements</u>	
	<u>June 30, 2015</u>	<u>June 30, 2014</u>	<u>June 30, 2015</u>	<u>June 30, 2014</u>
Deposits	17,773.47	15,751.24	17,778.91	15,757.22
Interbank and money market items	1,328.93	1,433.24	1,108.03	1,155.12
Contributions to Bank of Thailand (BoT)	4,960.27	4,490.73	4,960.27	4,490.73
Contributions to Deposit Protection Agency (DPA)	107.86	96.88	107.86	96.88
Debt issued				
- Subordinated notes	2,276.31	2,423.57	1,709.34	1,800.34
- B/E	286.73	583.08	214.67	462.67
Borrowings	13.65	58.25	4.67	47.80
Others	4.17	1.55	2.97	1.55
Total interest expenses	26,751.39	24,838.54	25,886.72	23,812.31

6.29 Fees and Service Income, Net

(Million Baht)

	<u>Consolidated Financial Statements</u>		<u>The Bank's Financial Statements</u>	
	<u>June 30, 2015</u>	<u>June 30, 2014</u>	<u>June 30, 2015</u>	<u>June 30, 2014</u>
Fees and service income				
- Acceptance, aval and guarantee	873.71	783.48	873.71	783.48
- Others	9,453.06	8,469.28	8,583.95	7,707.05
Total fees and service income	10,326.77	9,252.76	9,457.66	8,490.53
Fees and service expenses	(1,389.69)	(1,173.81)	(1,092.80)	(946.91)
Fees and service income, net	8,937.08	8,078.95	8,364.86	7,543.62

6.30 Gains on Tradings and Foreign Exchange Transactions, Net

(Million Baht)

	<u>Consolidated Financial Statements</u>		<u>The Bank's Financial Statements</u>	
	<u>June 30, 2015</u>	<u>June 30, 2014</u>	<u>June 30, 2015</u>	<u>June 30, 2014</u>
Gains (losses) on Tradings and Foreign Exchange Transactions				
- Foreign currency and foreign currency related derivatives	1,791.42	1,675.78	1,819.94	1,688.39
- Interest rate related derivatives	871.27	544.01	877.57	539.98
- Debt securities	160.62	156.42	160.62	156.42
- Equity securities	0.47	10.22	0.47	10.22
- Others	183.02	13.79	183.02	13.79
Total gains on tradings and foreign exchange transactions, net	3,006.80	2,400.22	3,041.62	2,408.80

6.31 Gains (Losses) on Investments, Net

(Million Baht)

	<u>Consolidated Financial Statements</u>		<u>The Bank's Financial Statements</u>	
	<u>June 30, 2015</u>	<u>June 30, 2014</u>	<u>June 30, 2015</u>	<u>June 30, 2014</u>
Gains (losses) on sale of				
- Available-for-sale securities	547.24	202.28	547.24	202.28
- General investments	4.20	10.04	4.20	10.04
Total	551.44	212.32	551.44	212.32
Reverse (losses) on impairment of				
- Available-for-sale securities	-	70.26	-	70.26
- General investments	54.10	(18.78)	54.10	(18.78)
- Investment in subsidiaries and associates	-	-	(491.47)	34.89
Total	54.10	51.48	(437.37)	86.37
Total gains (losses) on investments, net	605.54	263.80	114.07	298.69

6.32 Bad Debts, Doubtful Accounts, and Loss on Impairment

(Million Baht)

	<u>Consolidated Financial Statements</u>		<u>The Bank's Financial Statements</u>	
	<u>June 30, 2015</u>	<u>June 30, 2014</u>	<u>June 30, 2015</u>	<u>June 30, 2014</u>
Interbank and money market items	(216.74)	(197.63)	(216.74)	(197.63)
Loans to customers	11,456.46	9,799.33	8,016.74	6,797.63
Total bad debts, doubtful accounts, and loss on impairment	11,239.72	9,601.70	7,800.00	6,600.00

6.33 Income Tax Expenses

Income tax expenses recognized in profit or losses for the six-month periods ended June 30, 2015 and 2014 are as follows:

	(Million Baht)			
	<u>Consolidated Financial Statements</u>		<u>The Bank's Financial Statements</u>	
	<u>June 30, 2015</u>	<u>June 30, 2014</u>	<u>June 30, 2015</u>	<u>June 30, 2014</u>
Current Tax				
Current period	3,960.52	4,027.51	3,568.30	3,627.30
Deferred Tax				
Movement in temporary differences	(724.03)	(481.47)	(595.70)	(398.28)
Total	<u>3,236.49</u>	<u>3,546.04</u>	<u>2,972.60</u>	<u>3,229.02</u>

Reconciliation of effective tax rates for the six-month periods ended June 30, 2015 and 2014 are as follows:

	(Million Baht)			
	<u>Consolidated Financial Statements</u>			
	<u>June 30, 2015</u>		<u>June 30, 2014</u>	
	<u>Tax Rate</u>	<u>Amount</u>	<u>Tax Rate</u>	<u>Amount</u>
Operating profit before income tax expenses		20,139.28		19,880.70
Income tax calculated statutory tax rates	20.00%	4,027.86	20.00%	3,976.14
Tax effects of income and expenses				
that are not taxable and deductible for tax purposes, net		(791.37)		(430.10)
Total	16.07%	<u>3,236.49</u>	17.84%	<u>3,546.04</u>

	(Million Baht)			
	<u>The Bank's Financial Statements</u>			
	<u>June 30, 2015</u>		<u>June 30, 2014</u>	
	<u>Tax Rate</u>	<u>Amount</u>	<u>Tax Rate</u>	<u>Amount</u>
Operating profit before income tax expenses		17,479.40		18,165.85
Income tax calculated statutory tax rates	20.00%	3,495.88	20.00%	3,633.17
Tax effects of income and expenses				
that are not taxable and deductible for tax purposes, net		(523.28)		(404.15)
Total	17.01%	<u>2,972.60</u>	17.78%	<u>3,229.02</u>

6.34 Components of Other Comprehensive Income and Related Taxes

Components of other comprehensive income and related taxes for the six-month periods ended June 30, 2015 and 2014.

(Million Baht)

<u>Consolidated Financial Statements</u>						
	<u>June 30, 2015</u>			<u>June 30, 2014</u>		
	Amount	Tax (expense)	Net amount	Amount	Tax (expense)	Net amount
	<u>before tax</u>	<u>benefit</u>	<u>after tax</u>	<u>before Tax</u>	<u>benefit</u>	<u>after tax</u>
Changes in revaluation surplus on assets	(3.40)	0.68	(2.72)	-	-	-
Gains on remeasuring available-for-sale investments	(13.05)	2.61	(10.44)	2,378.91	(475.78)	1,903.13
Gains (losses) arising from translating the financial statements of foreign operations	12.42	-	12.42	(36.51)	-	(36.51)
Actuarial gains (losses) on defined benefit plans* (Note 6.17)	63.43	(12.69)	50.74	(641.22)	128.24	(512.98)
Share of other comprehensive income from associates	(310.58)	-	(310.58)	1,292.35	-	1,292.35
Other comprehensive income	(251.18)	(9.40)	(260.58)	2,993.53	(347.54)	2,645.99

(Million Baht)

<u>The Bank's Financial Statements</u>						
	<u>June 30, 2015</u>			<u>June 30, 2014</u>		
	Amount	Tax (expense)	Net amount	Amount	Tax (expense)	Net amount
	<u>before tax</u>	<u>benefit</u>	<u>after tax</u>	<u>before Tax</u>	<u>benefit</u>	<u>after tax</u>
Changes in revaluation surplus on assets	(3.40)	0.68	(2.72)	-	-	-
Gains on remeasuring available-for-sale investments	(13.05)	2.61	(10.44)	2,378.91	(475.78)	1,903.13
Gains (losses) arising from translating the financial statements of foreign operations	12.42	-	12.42	(36.51)	-	(36.51)
Actuarial losses on defined benefit plans* (Note 6.17)	(14.26)	2.85	(11.41)	(657.90)	131.58	(526.32)
Other comprehensive income	(18.29)	6.14	(12.15)	1,684.50	(344.20)	1,340.30

*Recorded in retained earnings

6.35 The Transfer of Non-Performing Loans to Thai Asset Management Corporation (TAMC)

TAMC was established under the Emergency Decree on Thai Asset Management Corporation B.E. 2544 (2001) with an objective to manage impaired assets of financial institutions by acquisition of impaired assets of financial institutions. The transfer price shall be equal to the value of assets held as collateral, with respect to such impaired assets, according to the appraisal criteria specified by the BoT. TAMC and the Bank agree to recognize and share profit or loss arising from the management of impaired assets at the end of the year 5th and 10th since July 1, 2001. Having confirmed matching asset price, TAMC shall issue non-transferable promissory notes, with 10 year maturity and availed by the FIDF, to the Bank. TAMC may exercise the right to redeem these promissory notes before their maturities.

TAMC permanently dissolved its organization on June 8, 2013 and has employed the Phloenchit Capital Co., Ltd. to manage its outstanding tasks.

On September 11, 2013, the Phloenchit Capital Co., Ltd. officially informed the calculation result of profit and loss from impaired asset management as at November 30, 2012 and asked the Bank to pay loss to TAMC of Baht 2,507.48 million. On October 3, 2013, the Bank opposed the calculation of profit and loss from impaired asset management, regarding to add pledged machines of impaired assets of a debtor amounting to Baht 1,744.48 million, in transfer price for calculate profit and loss from impaired asset management as at November 30, 2012.

As at June 30, 2015 and December 31, 2014, the Bank has net impaired assets transferred to TAMC after adjusting transfer price of Baht 17,743.18 million. For a debtor who pledging machineries as collaterals, the machine values are Baht 1,744.48 million. TAMC has already decreased the face value of promissory notes but the Bank informed TAMC that it denies to receive those promissory notes until transfer price would be concluded. The Bank has been suing TAMC which the case is in the process of petition to the Civil Court. As at June 30, 2015 and December 31, 2014, TAMC has amount due to the Bank of Baht 2,853.87 million and Baht 3,174.33 million, respectively. The 3 promissory notes were issued to the Bank and recorded under held-to-maturity debt securities (Note 6.4). As at June 30, 2015, the Bank recorded accrued interest receivables at Baht 11.28 million.

As at June 30, 2015 and December 31, 2014, provisions that may arise from losses on impaired-assets transferred to TAMC were Baht 3,461.48 million. The Bank has been estimated allowance for doubtful accounts at 15 percent upon transfer price. In 2012, the management has considered set more provisions of Baht 800 million as shown in provisions (Note 6.17).

6.36 Fair Value of Financial Instruments

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

(Million Baht)

<u>Consolidated Financial Statements</u>				
<u>June 30, 2015</u>				
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Assets instruments				
Assets derivatives	-	20,161.06	-	20,161.06
Trading investments	102.36	51,939.94	-	52,042.30
Available-for-sale investments	9,402.67	107,346.30	-	116,748.97
Total	9,505.03	179,447.30	-	188,952.33
Liabilities instruments				
Liabilities derivatives	-	21,171.35	-	21,171.35
Total	-	21,171.35	-	21,171.35

(Million Baht)

<u>The Bank's Financial Statements</u>				
<u>June 30, 2015</u>				
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Assets instruments				
Assets derivatives	-	20,232.18	-	20,232.18
Trading investments	102.36	51,939.94	-	52,042.30
Available-for-sale investments	9,402.67	107,346.30	-	116,748.97
Total	9,505.03	179,518.42	-	189,023.45
Liabilities instruments				
Liabilities derivatives	-	21,171.35	-	21,171.35
Total	-	21,171.35	-	21,171.35

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

Valuation Techniques for Level 2

Fair value of derivatives is calculated by using valuation techniques based on generally discounted cash flow analyses and option pricing model. Inputs come from observable market that referred from reliable institutions, such as interest rate yield curves, currency rates, and volatilities.

Fair value of domestic debt securities is calculated by using ThaiBMA's price, while fair value of foreign debt securities is calculated by using market price that evaluated by reliable institutions.

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

6.37 Operation and Risk Management Policies within the Financial Business Group

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

The operation and risk management within the financial business group are prepared as regulations to supervise the operation within the financial conglomerate, including the Bank and 11 companies within the financial business group (Note 6.5), in terms of common standards and procedures which conform to the BoT's consolidated supervision policy. The policies are approved by the Bank's board of directors and reviewed at least once a year. The policies also include operations, rules and regulations of business transactions, ratio of business transactions within the financial business group, and other related operating procedures. The operations within the group are conducted in the same manner as public operations and follow the Bank's corporate governance.

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

6.38 Others

6.38.1 The Bank has a debtor prosecuted to the Supreme Court's Criminal Division for Person Holding Political Positions by the Office of the Attorney General. The Supreme Court issued the order of acceptance on July 25, 2012. This debtor has granted credit limit on December 9, 2003 of Baht 9,900 million which has been drawn down amounting to Baht 8,368.73 million. As at June 30, 2015, the arrears are totally the drawn amount including accrued interest. The Bank also set full amounts of allowance for doubtful accounts as the prescription of BoT's regulations. Moreover, such case is related to accrued receivables from default debtors from convertible preferred shares contracts recorded in other assets of Baht 997.87 million with full amounts of allowance for impairment (Note 6.13). Besides, the Supreme Court's Criminal Division for Person Holding Political Positions has already read the verdict on August 26, 2015.

6.38.2 In 2010, the Bank's loans to a company amounting to USD 95.67 million (Baht 2,884.61 million) arising from the Bank's investment in ordinary shares of a foreign financial institution, amounting to 50 percent of authorized shares capital. The Bank has a security sold under repurchase agreement to another company within the group of this foreign financial institution with the specific price and period, which the Bank has no influences over this invested financial institution. The Bank determined this transaction to the loan pledge with ordinary shares as collateral. The differences between par value and loans are recognized to interest income. The Bank has completely received total loan repayment of this contract in July, 2011. Currently, the Bank has not yet transferred those ordinary shares pledged as collateral to the company since the company shall find the new investor should be the financial institution.

6.39 Information Disclosure under the BoT's Notifications

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

Location of disclosure	www.ktb.co.th >Investor Relations>Financial Information>Pillar III Disclosures
Date of disclosure	April 30, 2015
Information as at	December 31, 2014

6.40 Approval of the Financial Statements

These financial statements have been authorized to issue by the Board of Executive Directors on August 31, 2015.
