



Ref. KTB.FIR. 1069 /2015

May 15, 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 reviewed financial statements of the Bank and its subsidiaries for the three-month period ended March 31, 2015 together with the operating performance as follows:

The Bank and its subsidiaries' operating results for the three-month period ended March 31, 2015 show the net interest income of Bt.19,338m, an increase of Bt.172m or 0.90% over the Bt.19,166m of the corresponding period of 2014. Net profit before income tax and allowance for doubtful accounts of Bt.13,921m, shows an increase of Bt.547m or 4.09% over the Bt.13,374m of the corresponding period of 2014. After deducting income tax and allowance for doubtful accounts of Bt.5,702m, net profit is Bt.8,219m, shows a decrease of Bt.258m or 3.04% over the Bt.8,477m of the corresponding period of 2014. Net profit Equity holders of the Bank is Bt.7,929m, shows a decrease of Bt.369m or 4.45% over the Bt.8,298m of the corresponding period of 2014.

The Bank and its subsidiaries' gross non-performing loans (NPLs) as at March 31, 2015 are Bt.68,057m, show an increase of Bt.10,568m or 18.38% from Bt.57,489m as at December 31, 2014. The ratio of NPLs to loans increased to 2.82% compared with 2.41% as at December 31, 2014. Net non-performing loans (NPLs) are Bt.36,084m or 1.52%. For the three-month ended March 31, 2015, the Bank and its subsidiaries have set aside allowance for doubtful accounts and loss on impairment of Bt.3,724m, show an increase of Bt.712m or 23.64% over the corresponding period of 2014. The Bank set aside quarterly normalized provision of Bt 2,100 m, given the expansion in the Bank's loan portfolio in order to strengthen the Bank's provisioning level regarding the prudent banking practice to prepare for any economic uncertainty in the future.

Please be advised accordingly.

Sincerely yours,

Vorapak Tanyawong

President

Financial Institutions & Investor Relations Department Tel. +66 2 208 3668-9

AUDITOR'S REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION

TO : THE SHAREHOLDERS OF KRUNG THAI BANK PUBLIC COMPANY LIMITED

The Office of the Auditor General of Thailand has reviewed the accompanying consolidated and the Bank's statements of financial position as at March 31, 2015, the related consolidated and the Bank's statements of comprehensive income, statements of changes in equity and statements of cash flows for the three-month period ended March 31, 2015, and condensed notes to the financial information of Krung Thai Bank Public Company Limited and its subsidiaries and of Krung Thai Bank Public Company Limited. The Bank's management is responsible for the preparation and presentation of this interim financial information in accordance with Thai Accounting Standard 34, "Interim Financial Reporting". The responsibility of the Office of the Auditor General of Thailand is to express a conclusion on this interim financial information based on the review.

Scope of Review

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

Conclusion

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

(Signed) *Yupin Chalanonniwat*

(Mrs. Yupin Chalanonniwat)

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 31 MARCH, 2015

(Thousand Baht)

	NOTE	CONSOLIDATED			THE BANK'S		
		FINANCIAL STATEMENTS			FINANCIAL STATEMENTS		
		MARCH 31, 2015	DECEMBER 31, 2014	JANUARY 1, 2014	MARCH 31, 2015	DECEMBER 31, 2014	JANUARY 1, 2014
		(UNAUDITED/ REVIEWED)	(RESTATED)	(BROUGHT FORWARD) (RESTATED)	(UNAUDITED/ REVIEWED)	(AUDITED)	(BROUGHT FORWARD)
ASSETS							
CASH		48,067,361	74,769,982	51,148,722	47,955,948	74,585,231	50,687,465
INTERBANK AND MONEY MARKET ITEMS, NET		522,671,379	456,721,172	448,818,118	522,355,036	456,436,877	448,445,334
CLAIMS ON SECURITIES		47,205,400	13,215,000	-	47,205,400	13,215,000	-
DERIVATIVES ASSETS	6.2	15,576,322	16,042,974	21,310,251	15,657,046	16,108,055	21,335,305
INVESTMENTS, NET	6.3	279,270,620	245,368,861	230,593,981	279,010,538	245,108,718	230,398,733
INVESTMENTS IN SUBSIDIARIES AND ASSOCIATES, NET	6.4	14,565,974	13,126,050	8,179,413	11,463,358	11,463,358	5,369,563
LOANS TO CUSTOMERS AND ACCRUED INTEREST RECEIVABLES, NET	6.5						
LOANS TO CUSTOMERS		1,961,092,483	1,960,740,862	1,769,942,098	1,905,075,373	1,900,767,273	1,715,679,231
ACCRUED INTEREST RECEIVABLES		3,880,227	5,190,813	4,647,126	3,889,321	5,202,824	4,775,672
TOTAL LOANS TO CUSTOMERS AND ACCRUED INTEREST RECEIVABLES		1,964,972,710	1,965,931,675	1,774,589,224	1,908,964,694	1,905,970,097	1,720,454,903
<u>LESS</u> DEFERRED REVENUE		(7,104,017)	(7,744,820)	(7,643,919)	(97,834)	(120,492)	(175,334)
<u>LESS</u> ALLOWANCE FOR DOUBTFUL ACCOUNTS	6.6	(78,623,239)	(75,907,427)	(66,170,463)	(70,818,028)	(68,369,680)	(60,847,080)
<u>LESS</u> REVALUATION ALLOWANCE FOR DEBT RESTRUCTURING	6.7	(193,710)	(113,222)	(130,221)	(193,710)	(113,222)	(130,221)
TOTAL LOANS TO CUSTOMERS AND ACCRUED INTEREST RECEIVABLES, NET		1,879,051,744	1,882,166,206	1,700,644,621	1,837,855,122	1,837,366,703	1,659,302,268
CUSTOMERS' LIABILITIES UNDER ACCEPTANCES		1,643,684	1,909,763	3,121,789	1,643,684	1,909,763	3,121,789
PROPERTIES FOR SALE, NET	6.8	29,668,047	30,733,269	30,661,019	29,392,638	30,486,612	30,386,602
PREMISES AND EQUIPMENT, NET		27,708,084	28,115,773	27,243,423	21,573,668	21,559,347	21,350,942
OTHER INTANGIBLE ASSETS, NET		4,647,986	4,692,950	4,293,318	918,239	905,412	637,399
DEFERRED TAX ASSETS	6.9	5,841,072	5,690,072	5,342,779	3,992,035	3,892,134	3,719,681
ACCRUED INCOME		6,082,347	4,637,956	4,374,111	5,909,260	4,429,265	4,092,263
OTHER ASSETS, NET		10,546,351	11,952,542	18,067,773	7,962,700	9,683,916	15,445,545
TOTAL ASSETS		2,892,546,371	2,789,142,570	2,553,799,318	2,832,894,672	2,727,150,391	2,494,292,889
LIABILITIES AND EQUITY							
DEPOSITS		2,196,566,382	2,151,268,250	1,882,862,755	2,197,744,451	2,152,553,446	1,884,261,913
INTERBANK AND MONEY MARKET ITEMS, NET		195,369,418	167,214,934	206,189,265	189,002,523	160,774,651	199,372,480
LIABILITIES PAYABLE ON DEMAND		6,402,382	5,107,990	5,695,007	6,402,382	5,107,990	5,695,007
LIABILITIES TO DELIVER SECURITIES		47,205,400	13,215,000	-	47,205,400	13,215,000	-
DERIVATIVES LIABILITIES	6.2	15,778,913	16,245,258	24,544,712	15,778,913	16,245,513	24,544,712
DEBT ISSUED AND BORROWINGS	6.10	117,253,105	140,970,903	167,208,853	82,900,747	103,611,501	128,911,083
BANK'S LIABILITIES UNDER ACCEPTANCES		1,643,684	1,909,763	3,121,789	1,643,684	1,909,763	3,121,789
PROVISIONS		14,369,797	14,241,006	14,471,933	13,540,901	13,443,285	13,732,153
DEFERRED TAX LIABILITIES		-	-	182,682	-	-	-
OTHER LIABILITIES		53,946,059	43,102,818	40,334,116	47,909,249	36,436,572	32,478,952
TOTAL LIABILITIES		2,648,535,140	2,553,275,922	2,344,611,112	2,602,128,250	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 31 MARCH, 2015

(Thousand Baht)

	NOTE	CONSOLIDATED			THE BANK'S		
		FINANCIAL STATEMENTS			FINANCIAL STATEMENTS		
		MARCH 31, 2015	DECEMBER 31, 2014	JANUARY 1, 2014	MARCH 31, 2015	DECEMBER 31, 2014	JANUARY 1, 2014
		(UNAUDITED/ REVIEWED)	(RESTATED)	(BROUGHT FORWARD) (RESTATED)	(UNAUDITED/ REVIEWED)	(AUDITED)	(BROUGHT FORWARD)
LIABILITIES AND EQUITY (CONTINUED)							
EQUITY							
SHARE CAPITAL	6.11						
AUTHORIZED SHARE CAPITAL							
5,500,000 PREFERRED SHARES OF BAHT 5.15 EACH		28,325	28,325	28,325	28,325	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		12,924,443	12,443,158	6,738,638	9,161,326	9,206,832	6,522,303
RETAINED EARNINGS							
APPROPRIATED							
LEGAL RESERVE	6.12	7,200,504	7,200,504	7,200,504	7,200,504	7,200,504	7,200,504
UNAPPROPRIATED		127,391,232	119,659,819	99,312,372	121,565,818	114,606,560	95,613,219
TOTAL EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE BANK		240,354,953	232,142,255	206,090,288	230,766,422	223,852,670	202,174,800
NON-CONTROLLING INTEREST		3,656,278	3,724,393	3,097,918			
TOTAL EQUITY		244,011,231	235,866,648	209,188,206	230,766,422	223,852,670	202,174,800
TOTAL LIABILITIES AND EQUITY		2,892,546,371	2,789,142,570	2,553,799,318	2,832,894,672	2,727,150,391	2,494,292,889

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

(Signed) Areepong Bhoocha-oom
AREEPONG BHOOCHA-OOM
CHAIRMAN

(Signed) Vorapak Tanyawong
VORAPAK TANYAWONG
PRESIDENT

(TRANSLATION)

5

KRUNG THAI BANK PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
STATEMENTS OF COMPREHENSIVE INCOME
FOR THE THREE-MONTH PERIOD ENDED MARCH 31, 2015

						(Thousand Baht)	
	NOTE	CONSOLIDATED		THE BANK'S			
		FINANCIAL STATEMENTS		FINANCIAL STATEMENTS			
		2015	2014	2015	2014		
		(UNAUDITED/ REVIEWED)	(RESTATED)	(UNAUDITED/ REVIEWED)	(UNAUDITED/ REVIEWED)		
INTEREST INCOME	6.18	33,048,487	31,704,920	29,565,537	28,545,579		
INTEREST EXPENSES	6.19	13,710,011	12,538,789	13,274,988	12,038,970		
INTEREST INCOME, NET		19,338,476	19,166,131	16,290,549	16,506,609		
FEES AND SERVICE INCOME		4,992,272	4,505,322	4,563,133	4,126,186		
FEES AND SERVICE EXPENSES		659,757	579,485	506,477	457,112		
FEES AND SERVICE INCOME, NET		4,332,515	3,925,837	4,056,656	3,669,074		
GAINS ON TRADINGS AND FOREIGN EXCHANGE TRANSACTIONS, NET		1,091,603	1,222,067	1,120,924	1,230,557		
GAINS ON INVESTMENTS, NET	6.3.5	277,356	84,365	277,356	84,365		
SHARE OF PROFIT FROM INVESTMENTS FOR USING EQUITY METHOD		913,134	550,216	-	-		
DIVIDEND INCOME		175,079	90,813	525,704	345,813		
OTHER OPERATING INCOME		959,136	879,970	306,491	199,675		
TOTAL OPERATING INCOME		27,087,299	25,919,399	22,577,680	22,036,093		
OTHER OPERATING EXPENSES							
EMPLOYEES' EXPENSES		7,872,518	7,634,076	6,459,790	6,344,649		
DIRECTORS' REMUNERATION		13,520	14,387	7,918	8,610		
PREMISES AND EQUIPMENT EXPENSES		2,283,916	2,027,143	1,236,632	1,177,203		
TAXES AND DUTIES		1,260,920	1,148,804	1,165,183	1,053,217		
OTHERS		1,735,331	1,721,442	2,610,905	2,438,566		
TOTAL OTHER OPERATING EXPENSES		13,166,205	12,545,852	11,480,428	11,022,245		
BAD DEBTS, DOUBTFUL ACCOUNTS AND LOSS ON IMPAIRMENT		3,724,416	3,011,514	2,100,000	1,500,000		
OPERATING PROFIT BEFORE INCOME TAX EXPENSES		10,196,678	10,362,033	8,997,252	9,513,848		
INCOME TAX EXPENSES	6.20	1,977,560	1,884,913	1,840,461	1,720,000		
NET PROFIT		8,219,118	8,477,120	7,156,791	7,793,848		

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

(TRANSLATION)

6

KRUNG THAI BANK PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
STATEMENTS OF COMPREHENSIVE INCOME (CONTINUED)
FOR THE THREE-MONTH PERIOD ENDED MARCH 31, 2015

(Thousand Baht)					
	NOTE	CONSOLIDATED		THE BANK'S	
		FINANCIAL STATEMENTS		FINANCIAL STATEMENTS	
		2015	2014	2015	2014
		(UNAUDITED/ REVIEWED)	(RESTATED)	(UNAUDITED/ REVIEWED)	(UNAUDITED/ REVIEWED)
OTHER COMPREHENSIVE INCOME					
ITEMS THAT MAY BE RECLASSIFIED SUBSEQUENTLY TO PROFIT OR LOSS					
GAINS (LOSSES) ON REMEASURING AVAILABLE-FOR-SALE INVESTMENTS		(48,992)	824,091	(48,992)	824,091
LOSSES ARISING FROM TRANSLATING THE FINANCIAL STATEMENTS OF FOREIGN OPERATIONS		(6,313)	(29,397)	(6,313)	(29,397)
SHARE OF OTHER COMPREHENSIVE INCOME FROM ASSOCIATES		526,791	776,889	-	-
RELATED INCOME TAX EXPENSES		9,799	(164,818)	9,799	(164,818)
ITEMS THAT WILL NOT BE RECLASSIFIED SUBSEQUENTLY TO PROFIT OR LOSS					
ACTUARIAL GAINS (LOSSES) ON DEFINED BENEFIT PLANS		163	(392)	-	-
RELATED INCOME TAX EXPENSES		(33)	78	-	-
OTHER COMPREHENSIVE INCOME, NET		481,415	1,406,451	(45,506)	629,876
TOTAL COMPREHENSIVE INCOME		8,700,533	9,883,571	7,111,285	8,423,724
NET PROFIT ATTRIBUTABLE					
EQUITY HOLDERS OF THE BANK		7,928,816	8,297,608	7,156,791	7,793,848
NON-CONTROLLING INTEREST		290,302	179,512		
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE					
EQUITY HOLDERS OF THE BANK		8,410,231	9,704,059	7,111,285	8,423,724
NON-CONTROLLING INTEREST		290,302	179,512		
EARNINGS PER SHARE OF PARENT COMPANY					
BASIC EARNINGS PER SHARE (BAHT)		0.57	0.59	0.51	0.56
DILUTED EARNINGS PER SHARE (BAHT)		0.57	0.59	0.51	0.56

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

(Signed) Areepong Bhoocha-oom
AREEPONG BHOOCHA-OOM
CHAIRMAN

(Signed) Vorapak Tanyawong
VORAPAK TANYAWONG
PRESIDENT

KRUNG THAI BANK PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
STATEMENTS OF CHANGES IN EQUITY
FOR THE THREE-MONTH PERIOD ENDED MARCH 31, 2015

**UNAUDITED/
REVIEWED**

(ในousands 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	2.3.1	-	-	-	-	-	-	-	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		-	-	-	-	-	-	-	(260,665)	(260,665)
TOTAL COMPREHENSIVE INCOME		-	-	-	1,436,162	(29,397)	8,297,294	9,704,059	179,512	9,883,571
ENDING BALANCE AS AT MARCH 31, 2014		72,005,040	20,833,734	6,347,639	1,774,014	23,750	114,810,170	215,794,347	3,016,765	218,811,112
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	2.3.1	-	-	-	-	-	-	-	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	2.3.2	-	-	-	-	-	(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		-	-	-	-	-	-	-	(358,417)	(358,417)
TOTAL COMPREHENSIVE INCOME		-	-	-	487,598	(6,313)	7,928,946	8,410,231	290,302	8,700,533
ENDING BALANCE AS AT MARCH 31, 2015		72,005,040	20,833,734	6,347,639	6,549,907	26,897	134,591,736	240,354,953	3,656,278	244,011,231

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 THREE-MONTH PERIOD ENDED MARCH 31, 2015

**UNAUDITED/
REVIEWED**

(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
TOTAL COMPREHENSIVE INCOME	-	-	-	659,273	(29,397)	7,793,848	8,423,724
ENDING BALANCE AS AT MARCH 31, 2014	72,005,040	20,833,734	6,347,639	780,790	23,750	110,607,571	210,598,524
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	-	-	-	-	-	(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
TOTAL COMPREHENSIVE INCOME	-	-	-	(39,193)	(6,313)	7,156,791	7,111,285
ENDING BALANCE AS AT MARCH 31, 2015	72,005,040	20,833,734	6,347,639	2,786,790	26,897	128,766,322	230,766,422

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

(Signed) Areepong Bhoocha-oom
AREEPONG BHOOCHA-OOM
CHAIRMAN

(Signed) Vorapak Tanyawong
VORAPAK TANYAWONG
PRESIDENT

KRUNG THAI BANK PUBLIC COMPANY LIMITED AND SUBSIDIARIES

STATEMENTS OF CASH FLOWS

FOR THE THREE-MONTH PERIOD ENDED MARCH 31, 2015

			(Thousand Baht)	
	CONSOLIDATED		THE BANK'S	
	FINANCIAL STATEMENTS		FINANCIAL STATEMENTS	
	2015	2014	2015	2014
	(UNAUDITED/ REVIEWED)	(RESTATED)	(UNAUDITED/ REVIEWED)	(UNAUDITED/ REVIEWED)
CASH FLOWS FROM OPERATING ACTIVITIES				
OPERATING PROFIT BEFORE INCOME TAX EXPENSES	10,196,678	10,362,033	8,997,252	9,513,848
ADJUSTMENTS TO RECONCILE OPERATING PROFIT BEFORE INCOME TAX EXPENSES				
TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES				
DEPRECIATION AND AMORTIZATION EXPENSES	938,833	821,101	336,325	324,550
BAD DEBTS, DOUBTFUL ACCOUNTS AND LOSS ON IMPAIRMENT	3,724,416	3,011,514	2,100,000	1,500,000
SHARE OF PROFIT FROM INVESTMENTS FOR USING EQUITY METHOD	(913,134)	(550,216)	-	-
LOSS (GAIN) ON DISPOSAL OF ASSETS	1,835	(11,016)	(25)	(11,446)
GAIN ON DISPOSAL OF INVESTMENTS	(267,336)	(84,365)	(267,336)	(84,365)
LOSS (GAIN) ON REVALUATION OF INVESTMENTS	(14,496)	827	(14,496)	827
LOSS (REVERSAL) ON IMPAIRMENT OF PROPERTIES FOR SALE	(103,998)	92,606	(115,040)	88,216
REVERSAL OF IMPAIRMENT OF INVESTMENTS	(10,020)	-	(10,020)	-
REVERSAL OF IMPAIRMENT OF OTHER ASSETS	(7,746)	(322)	(7,746)	(322)
LOSS ON IMPAIRMENT OF OTHER ASSETS	47,927	12,793	47,927	12,793
AMORTIZATION OF PREMIUM (DISCOUNT) ON INVESTMENTS	404,134	(336,317)	405,221	(335,373)
LOSS (GAIN) ON FOREIGN CURRENCY TRANSLATION	821,116	(2,555,569)	821,067	(2,555,784)
INCREASE IN PROVISIONS	156,289	358,253	97,616	311,402
DECREASE (INCREASE) IN OTHER ACCRUED EXPENSES	(428,797)	(170,328)	(113,777)	44,780
DECREASE IN OTHER ACCRUED EXPENSES	(2,950,103)	(1,852,261)	(2,249,727)	(1,391,943)
	11,595,598	9,098,733	10,027,241	7,417,183
INTEREST INCOME, NET	(19,338,476)	(19,166,131)	(16,290,549)	(16,506,609)
DIVIDEND INCOME	(175,079)	(90,813)	(525,704)	(345,813)
PROCEEDS FROM INTEREST INCOME	33,619,168	33,549,578	30,139,134	30,513,289
CASH PAID ON INTEREST EXPENSES	(12,453,026)	(13,347,793)	(12,035,193)	(12,836,462)
PROCEEDS FROM DIVIDEND INCOME	37,724	21,946	37,724	21,946
CASH PAID ON INCOME TAX EXPENSES	(270,408)	(229,782)	(199,887)	(168,982)
OPERATING INCOME BEFORE CHANGES IN				
OPERATING ASSETS AND LIABILITIES	13,015,501	9,835,738	11,152,766	8,094,552
(INCREASE) DECREASE IN OPERATING ASSETS				
INTERBANK AND MONEY MARKET ITEMS	(66,088,540)	49,398,781	(66,056,493)	49,297,468
INVESTMENTS IN TRADING SECURITIES	5,418,640	(24,887,995)	5,418,640	(24,887,995)
LOANS TO CUSTOMERS	(3,168,365)	(56,358,938)	(5,149,747)	(47,603,468)
PROPERTIES FOR SALE	1,909,691	1,581,363	1,894,104	1,679,411
OTHER ASSETS	1,156,179	16,982,458	1,455,725	17,268,526
INCREASE (DECREASE) IN OPERATING LIABILITIES				
DEPOSITS	45,298,131	79,209,904	45,191,006	79,466,284
INTERBANK AND MONEY MARKET ITEMS	28,154,484	(38,451,249)	28,227,872	(38,220,481)
LIABILITIES PAYABLE ON DEMAND	1,294,392	820,914	1,294,392	820,914
DEBT ISSUED AND SHORT-TERM BORROWINGS	(13,091,044)	8,288,482	(9,746,000)	4,249,000
OTHER LIABILITIES	9,833,276	(3,501,493)	10,233,711	(2,324,868)
NET CASH PROVIDED BY OPERATING ACTIVITIES	23,732,345	42,917,965	23,915,976	47,839,343

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 THREE-MONTH PERIOD ENDED MARCH 31, 2015

	(Thousand Baht)			
	CONSOLIDATED		THE BANK'S	
	FINANCIAL STATEMENTS		FINANCIAL STATEMENTS	
	2015	2014	2015	2014
	(UNAUDITED/ REVIEWED)	(RESTATED)	(UNAUDITED/ REVIEWED)	(UNAUDITED/ REVIEWED)
CASH FLOWS FROM INVESTING ACTIVITIES				
PURCHASES OF AVAILABLE FOR SALE SECURITIES	(67,499,884)	(50,407,732)	(67,499,884)	(50,407,732)
PROCEEDS FROM DISPOSAL OF AVAILABLE FOR SALE SECURITIES	50,452,625	30,190,620	50,452,625	30,190,620
PURCHASES OF HELD TO MATURITY DEBT SECURITIES	(40,933,803)	(11,854,912)	(40,694,951)	(11,695,344)
PROCEEDS FROM DISPOSAL OF HELD TO MATURITY DEBT SECURITIES	18,130,331	17,161,031	17,890,331	17,001,031
PURCHASES OF GENERAL INVESTMENTS	(161,074)	(69,777)	(161,074)	(69,777)
PROCEEDS FROM DISPOSAL OF GENERAL INVESTMENTS	201,802	81,953	201,802	81,953
PURCHASES OF INVESTMENTS IN ASSOCIATED COMPANIES	-	-	-	(5,158,905)
PURCHASES OF INTANGIBLE ASSETS	(192,557)	(262,344)	(34,140)	(5,838)
PURCHASES OF PREMISES AND EQUIPMENT	(389,007)	(450,632)	(293,680)	(122,269)
PROCEEDS FROM DISPOSAL OF PREMISES AND EQUIPMENT	24,914	16,582	25	11,618
NET CASH USED IN INVESTING ACTIVITIES	(40,366,653)	(15,595,211)	(40,138,946)	(20,174,643)
CASH FLOWS FROM FINANCING ACTIVITIES				
PROCEEDS FROM DEBT ISSUED AND LONG-TERM BORROWINGS	338,000	-	-	-
REPAYMENTS OF DEBT ISSUED AND LONG-TERM BORROWINGS	(10,400,000)	(35,062,369)	(10,400,000)	(35,062,369)
NET CASH USED IN FINANCING ACTIVITIES	(10,062,000)	(35,062,369)	(10,400,000)	(35,062,369)
LOSS ARISING FROM TRANSLATING THE FINANCIAL STATEMENTS OF FOREIGN OPERATIONS	(6,313)	(29,397)	(6,313)	(29,397)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(26,702,621)	(7,769,012)	(26,629,283)	(7,427,066)
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	48,067,361	43,379,710	47,955,948	43,260,399

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

(Signed) Areepong Bhoocha-oom
AREEPONG BHOOCHA-OOM
CHAIRMAN

(Signed) Vorapak Tanyawong
VORAPAK TANYAWONG
PRESIDENT

KRUNG THAI BANK PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
NOTES TO THE INTERIM FINANCIAL STATEMENTS
FOR THE THREE-MONTH PERIOD ENDED MARCH 31, 2015 (UNAUDITED/REVIEWED)

1. GENERAL INFORMATION

Krung Thai Bank Public Company Limited (the Bank) is a public company limited registered in the Kingdom of Thailand with its head office located at 35 Sukhumvit Road, Klongtoey Nua, Wattana, Bangkok, 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 Preparation of the Interim Financial Statements

These interim financial statements are prepared in accordance with Thai Accounting Standard No. 34 (revised 2012) Interim Financial Reporting, by choosing to present the interim financial statements for transactions occurred on the statement of financial position, the statement of comprehensive income, the statement of changes in equity, and the statement of cash flows as on the annual financial statements. Notes to the interim financial statements disclosed significant information.

The interim financial statements are prepared to update the information from the financial statements for the year ended December 31, 2014. Accordingly, these interim financial statements should be used together with that mentioned financial statements.

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

The consolidated 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 6.4.

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 three-month periods ended March 31, 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.

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

The Bank has adopted Thai Accounting Standards (TAS), Thai Financial Reporting Standards (TFRS), TSIC Interpretations and TFRIC Interpretations that announced and revised in accordance with The Federation of Accounting Professions, those are effective for the financial statements of the periods beginning on or after January 1, 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:

2.3.1 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 Plc. (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 three-month period ended March 31, 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

2.3.1 Consolidated Financial Statements (Continued)

	(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		
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

	(Million Baht)
	<u>Consolidated Financial Statements</u>
	<u>March 31, 2014</u>
Statements of Comprehensive Income	
Interest income	2,778.83
Interest expenses	(432.29)
Fees and service income	171.10
Fees and service expenses	(145.44)
Share of profit from investments for using equity method	(175.61)
Other operating income	371.30
Employees' expenses	(436.68)
Director's remuneration	(0.91)
Premises and equipment expenses	(170.80)
Taxes and duties	(82.18)
Others	(368.36)
Bad debts, doubtful accounts and loss on impairment	(1,235.51)
Income tax expenses	(93.62)
Net profit	179.83

2.3.2 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 income tax expenses were Baht 49.38 million.

2.4 The New and Revised Thai Accounting Standards (TAS) and Thai Financial Reporting Standards (TFRS)

Announced but not yet Effective

The Federation of Accounting Professions has announced TFRS 4 Insurance Contracts which are effective for the financial statements periods beginning on or after January 1, 2016.

2.5 Reclassification

The financial statements for the three-month period ended March 31, 2014 are reclassified to conform with presentation of the financial statements for the three-month period ended March 31, 2015 as follows:

	(Million Baht)
<u>Consolidated Financial Statements</u>	
<u>for the Three-Month Period Ended</u>	
	<u>March 31, 2014</u>
Statement of Comprehensive Income	
Decreased in losses on remeasuring available-for-sale investments	(776.89)
Increased in share of other comprehensive income from associates	776.89

3. SIGNIFICANT ACCOUNTING POLICIES

The Bank uses the same accounting policies and estimation methods for the interim financial statements as for the financial statements for the year ended December 31, 2014 and adds the new and revised TFRS as mentioned in Note 2.3.1 and 2.3.2.

4. Statutory Capital Fund

	(Million Baht)	
	<u>The Bank's Financial Statements</u>	
	<u>March 31, 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 6.12)	7,200.50	7,200.50
Net income after appropriation	98,677.64	98,875.16
Other components of equity	9,294.86	9,443.26
Deduction items from Common Equity Tier 1 capital	(7,641.31)	(7,414.37)
Additional Tier 1 capital - financial instruments		
Hybrid tier 1	7,445.97	8,509.68
Total tier 1 capital	<u>207,816.44</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	22,220.71	22,044.97
Total tier 2 capital	<u>65,227.74</u>	<u>75,452.00</u>
Total capital fund	<u><u>273,044.18</u></u>	<u><u>284,905.01</u></u>

As at March 31, 2015 and December 31, 2014, the Bank's capital fund was calculated based on Basel III framework of the BoT, which required commercial banks registered in Thailand to maintain the minimum capital adequacy ratio to be 8.5 percent of risk weighted assets with the condition that the tier 1 capital is not less than 6.0 percent of risk weighted assets. As at March 31, 2015 and December 31, 2014, the Bank maintained capital adequacy ratios to risk weighted assets in accordance with the BoT's notification as follows:

	<u>Capital Adequacy Ratios to Risk Weighted Assets</u>	
	<u>March 31, 2015</u>	<u>December 31, 2014</u>
Total capital fund	14.15	14.85
Tier 1 capital	10.77	10.91

5. ESTIMATES AND ASSUMPTIONS

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

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

6. SUPPLEMENTARY INFORMATION

6.1 Supplementary Information of Cash Flows

Significant non-cash items for the three-month periods ended March 31, 2015 and 2014 are as follows:

	(Million Baht)			
	<u>Consolidated Financial Statements</u>		<u>The Bank's Financial Statements</u>	
	<u>March 31, 2015</u>	<u>March 31, 2014</u>	<u>March 31, 2015</u>	<u>March 31, 2014</u>
Increase (Decrease) in revaluation surplus on investments in equity	477.80	1,600.98	(48.99)	824.09
Increase in properties for sale from loan payment	685.09	1,143.68	685.09	1,143.68

6.2 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>March 31, 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	10,475.34	10,487.07	1,238,168.65	10,475.96	10,689.98	1,259,854.44
Interest rate	2,316.68	2,301.68	337,484.96	2,277.90	2,098.15	308,791.79
Others	2,784.30	2,990.16	108,094.84	3,289.11	3,457.13	109,110.78
Total	15,576.32	15,778.91	1,683,748.45	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>March 31, 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	10,475.35	10,487.07	1,238,183.07	10,475.96	10,690.23	1,259,873.86
Interest rate	2,397.39	2,301.68	342,136.31	2,342.99	2,098.15	312,811.93
Others	2,784.31	2,990.16	108,094.84	3,289.11	3,457.13	109,110.78
Total	15,657.05	15,778.91	1,688,414.22	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>March 31, 2015</u>	<u>December 31, 2014</u>	<u>March 31, 2015</u>	<u>December 31, 2014</u>
	<u>Proportion</u>	<u>Proportion</u>	<u>Proportion</u>	<u>Proportion</u>
Financial institutions	73.92%	73.78%	73.71%	73.60%
Financial business group	0.17%	0.18%	0.45%	0.42%
Third parties	25.91%	26.04%	25.84%	25.98%
Total	100.00%	100.00%	100.00%	100.00%

6.3 Investments, Net

(Million Baht)

Consolidated Financial Statements

	<u>March 31, 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>
6.3.1 Trading Securities								
Government & state enterprise securities	30,600.87	24.44	(0.07)	30,625.24	36,094.82	17.94	(12.39)	36,100.37
Domestic marketable equity securities	67.32	0.29	(4.61)	63.00	-	-	-	-
Investments in borrowings with embedded derivatives	976.65	-	(768.22)	208.43	988.89	-	(793.55)	195.34
Total	31,644.84	24.73	(772.90)	30,896.67	37,083.71	17.94	(805.94)	36,295.71
<u>Less</u> Allowance for revaluation	(956.60)				(983.34)			
Total	30,688.24			30,896.67	36,100.37			36,295.71
6.3.2 Available-for-Sale Securities								
Government & state enterprise securities	102,412.64	215.77	(605.45)	102,022.96	85,376.88	270.34	(752.25)	84,894.97
Private enterprise debt securities	646.00	10.79	-	656.79	646.00	11.12	-	657.12
Foreign debt securities	4,570.68	51.16	(3.82)	4,618.02	4,475.15	48.65	(4.51)	4,519.29
Domestic marketable equity securities	5,284.59	3,733.44	(195.79)	8,822.24	5,283.73	3,939.45	(183.85)	9,039.33
Foreign marketable equity securities	322.28	273.57	-	595.85	330.34	199.74	-	530.08
Total	113,236.19	4,284.73	(805.06)	116,715.86	96,112.10	4,469.30	(940.61)	99,640.79
<u>Add</u> Allowance for revaluation	3,483.49				3,532.48			
<u>Less</u> Allowance for impairment	(3.82)				(3.79)			
Total	116,715.86			116,715.86	99,640.79			99,640.79
6.3.3 Held-to-Maturity Debt Securities								
Government & state enterprise securities	117,623.32	2,397.43	(1,748.69)	118,272.06	89,859.88	1,856.32	(1,890.21)	89,825.99
Private enterprise debt securities	2,751.67	67.95	(36.17)	2,783.45	2,751.67	75.43	(36.17)	2,790.93
Foreign debt securities	10,935.71	-	-	10,935.71	16,429.94	-	-	16,429.94
Total	131,310.70	2,465.38	(1,784.86)	131,991.22	109,041.49	1,931.75	(1,926.38)	109,046.86
<u>Less</u> Allowance for impairment	(206.91)				(206.91)			
Total	131,103.79			131,991.22	108,834.58			109,046.86

6.3 Investments, Net (Continued)

(Million Baht)

<u>Consolidated Financial Statements</u>								
	<u>March 31, 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>
6.3.4 General Investments								
Domestic non-marketable equity								
securities	1,948.60	-	(1,251.30)	697.30	1,985.55	-	(1,261.32)	724.23
Foreign non-marketable equity								
securities	65.43	-	-	65.43	68.89	-	-	68.89
Total	2,014.03	-	(1,251.30)	762.73	2,054.44	-	(1,261.32)	793.12
<u>Less</u> Allowance for impairment	(1,251.30)				(1,261.32)			
Total	762.73			762.73	793.12			793.12
Total investments, net	279,270.62			280,366.48	245,368.86			245,776.48

(Million Baht)

<u>The Bank's Financial Statements</u>								
	<u>March 31, 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>
6.3.1 Trading Securities								
Government & state enterprise								
securities	30,600.87	24.44	(0.07)	30,625.24	36,094.82	17.94	(12.39)	36,100.37
Domestic marketable equity								
securities	67.32	0.29	(4.61)	63.00	-	-	-	-
Investments in borrowings with								
embedded derivatives	976.65	-	(768.22)	208.43	988.89	-	(793.55)	195.34
Total	31,644.84	24.73	(772.90)	30,896.67	37,083.71	17.94	(805.94)	36,295.71
<u>Less</u> Allowance for revaluation	(956.60)				(983.34)			
Total	30,688.24			30,896.67	36,100.37			36,295.71
6.3.2 Available-for-Sale Securities								
Government & state enterprise								
securities	102,412.64	215.77	(605.45)	102,022.96	85,376.88	270.34	(752.25)	84,894.97
Private enterprise debt securities	646.00	10.79	-	656.79	646.00	11.12	-	657.12
Foreign debt securities	4,570.68	51.16	(3.82)	4,618.02	4,475.15	48.65	(4.51)	4,519.29
Domestic marketable equity								
securities	5,284.59	3,733.44	(195.79)	8,822.24	5,283.73	3,939.45	(183.85)	9,039.33
Foreign marketable equity								
securities	322.28	273.57	-	595.85	330.34	199.74	-	530.08
Total	113,236.19	4,284.73	(805.06)	116,715.86	96,112.10	4,469.30	(940.61)	99,640.79
<u>Add</u> Allowance for revaluation	3,483.49				3,532.48			
<u>Less</u> Allowance for impairment	(3.82)				(3.79)			
Total	116,715.86			116,715.86	99,640.79			99,640.79

6.3 Investments, Net (Continued)

(Million Baht)

<u>The Bank's Financial Statements</u>								
<u>March 31, 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>
6.3.3 Held-to-Maturity Debt Securities								
Government & state enterprise securities	117,363.29	2,396.73	(1,748.69)	118,011.33	89,599.79	1,855.40	(1,890.21)	89,564.98
Private enterprise debt securities	2,751.67	67.95	(36.17)	2,783.45	2,751.67	75.43	(36.17)	2,790.93
Foreign debt securities	10,935.71	-	-	10,935.71	16,429.94	-	-	16,429.94
Total	131,050.67	2,464.68	(1,784.86)	131,730.49	108,781.40	1,930.83	(1,926.38)	108,785.85
<u>Less</u> Allowance for impairment	(206.91)				(206.91)			
Total	130,843.76			131,730.49	108,574.49			108,785.85
6.3.4 General Investments								
Domestic non-marketable equity securities	1,948.55	-	(1,251.30)	697.25	1,985.50	-	(1,261.32)	724.18
Foreign non-marketable equity securities	65.43	-	-	65.43	68.89	-	-	68.89
Total	2,013.98	-	(1,251.30)	762.68	2,054.39	-	(1,261.32)	793.07
<u>Less</u> Allowance for impairment	(1,251.30)				(1,261.32)			
Total	762.68			762.68	793.07			793.07
Total investments, net	279,010.54			280,105.70	245,108.72			245,515.42

As at March 31, 2015 and December 31, 2014, trading securities which are investments in borrowings with embedded derivatives, closely related, of Baht 976.65 million and Baht 988.89 million, respectively, are Collateralized Debt Obligations (CDO) with fair value of Baht 208.43 million and Baht 195.34 million, respectively, and have full allowance for revaluation.

As at March 31, 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 6.21). 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 March 31, 2015 and December 31, 2014, general investments which are domestic non-marketable equity securities of Baht 1,948.55 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 March 31, 2015 and December 31, 2014, the Bank had investments in foreign securities affected by foreign exchange rate, resulting in a decrease of the carrying amount of Baht 130.43 million and an increase of the carrying amount of Baht 52.05 million, respectively.

6.3 Investments, Net (Continued)

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>March 31, 2015</u>	<u>December 31, 2014</u>	<u>March 31, 2015</u>	<u>December 31, 2014</u>
Manufacturing	1.00	1.00	1.00	1.00
Banking and financial	225.22	237.17	225.22	237.17
Public utilities and services	1,347.00	1,338.06	1,347.00	1,338.06
Others	18.48	18.48	18.48	18.48
Total	1,591.70	1,594.71	1,591.70	1,594.71

6.3.5 Gains (Losses) on Investments, Net Shown in the Statements of Comprehensive Income for the three-month

periods ended March 31, 2015 and 2014 comprise the following:

(Million Baht)				
	<u>Consolidated Financial Statements</u>			
	<u>March 31, 2015</u>		<u>March 31, 2014</u>	
	<u>Gain/Reverse</u>	<u>Loss</u>	<u>Gain/Reverse</u>	<u>Loss</u>
Realized gain on disposal of current available-for-sale investments	26.23	-	11.59	-
Realized gain on disposal of current general investments	1.13	-	0.91	-
Realized gain (loss) on disposal of long term available-for-sale investments	237.33	-	72.83	(0.97)
Realized gain on disposal of long term general investments	2.65	-	-	-
Reversed on impairment of investments	10.02	-	-	-
Total	277.36	-	85.33	(0.97)
Gain on investments, net	277.36		84.36	

6.3.5 Gains (Losses) on Investments, Net Shown in the Statements of Comprehensive Income (Continued)

(Million Baht)

<u>The Bank's Financial Statements</u>				
	<u>March 31, 2015</u>		<u>March 31, 2014</u>	
	<u>Gain/Reverse</u>	<u>Loss</u>	<u>Gain/Reverse</u>	<u>Loss</u>
Realized gain on disposal of current available-for-sale investments	26.23	-	11.59	-
Realized gain on disposal of current general investments	1.13	-	0.91	-
Realized gain (loss) on disposal of long term available-for-sale investments	237.33	-	72.83	(0.97)
Realized gain on disposal of long term general investments	2.65	-	-	-
Reversed on impairment of investments	10.02	-	-	-
Total	277.36	-	85.33	(0.97)
Gain on investments, net	277.36		84.36	

6.3.6 As at March 31, 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.

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

(Million Baht)

March 31, 2015					
<u>Name of Company</u>	<u>Type of Business</u>	<u>Type of Shares</u>	Percentages of <u>Shareholdings</u>	Investments <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	-
Krung Thai Asset Management Pcl.	Securities Business	Ordinary	100.00	210.90	-
KTB Computer Services Co., Ltd.	IT Services	Ordinary	100.00	1,300.00	-
KTB Leasing Co., Ltd.	Hire Purchase	Ordinary	100.00	1,000.00	-
KTB Capital Holding Co., Ltd.*	Holding	Ordinary	100.00	1.00	-
KTB Advisory Co., Ltd.	Financial Counseling & Advisory Services	Ordinary	100.00	40.00	-
Krungthai Card Pcl.**	Credit Card Business	Ordinary	49.45	1,994.60	350.63
Total				4,716.50	350.63
Associates					
Krungthai-AXA Life Insurance Pcl.	Life Insurance	Ordinary	50.00	4,071.77	-
Krungthai Panich Insurance Pcl.	Non-Life Insurance	Ordinary	45.00	1,518.82	-
Krung Thai IBJ Leasing Co., Ltd.	Hire Purchase	Ordinary	49.00	87.38	-
KT Zmico Securities Co., Ltd.	Securities Business	Ordinary	50.00	1,068.89	-
Total				6,746.86	-
Investments in subsidiaries and associates, net				11,463.36	350.63

6.4.1 The Bank's Financial Statements (Continued)

(Million Baht)

						December 31, 2014
<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>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	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.

Investments in Subsidiaries

KTB Capital Holding Co., Ltd. (KT BCH) 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 KT BCH with the remaining 51,000 shares or 51 percent of total issued shares being held by Thai individuals. The BoT already approves KT BCH to be a company in the Bank's financial business group.

KT BCH 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 6.15.8).

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 6.15.8) 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.

6.4.2 The Consolidated Financial Statements

					(Million Baht)
					March 31, 2015
Name of Company	Type of Business	Type of Shares	Percentages of Shareholdings	Investments	Investments
				(Cost Method)	(Equity Method)
Associates					
Krungthai-AXA Life Insurance Pcl.	Life Insurance	Ordinary	50.00	593.57	10,414.17
Krungthai Panich Insurance Pcl.	Non-Life Insurance	Ordinary	45.00	971.30	2,304.76
Krung Thai IBJ Leasing Co., Ltd.	Hire Purchase	Ordinary	49.00	87.38	516.34
KT Zmico Securities Co., Ltd.	Securities Business	Ordinary	50.00	1,068.89	1,330.70
Total investments in associates, net				2,721.14	14,565.97

6.4.2 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.

6.4.3 Financial Positions and Operations of Associates

(Million Baht)

Consolidated Financial Statements						
Name of Company	March 31, 2015			December 31, 2014		
	"Unreviewed"			"Audited"		
	Total Assets	Total Liabilities	Shareholders' Equity	Total Assets	Total Liabilities	Shareholders' Equity
Krung Thai IBJ Leasing Co., Ltd.	6,888.31	5,834.56	1,053.75	7,188.68	6,170.26	1,018.42
KT Zmico Securities Co., Ltd.	7,580.01	4,918.61	2,661.40	7,284.70	4,698.64	2,586.06
Krungthai Panich Insurance Pcl.	8,388.73	3,267.03	5,121.70	8,087.63	3,178.64	4,908.99
Krungthai-AXA Life Insurance Pcl.	148,036.14	127,207.79	20,828.35	136,841.13	118,591.15	18,249.98
	170,893.19	141,227.99	29,665.20	159,402.14	132,638.69	26,763.45

(Million Baht)

Consolidated Financial Statements				
Name of Company	March 31, 2015		March 31, 2014	
	"Unreviewed"		"Reviewed"	
	Total Income	Net Profit (Loss)	Total Income	Net Profit (Loss)
Krung Thai IBJ Leasing Co., Ltd.	138.06	35.33	147.51	36.50
KT Zmico Securities Co., Ltd.	492.04	73.63	315.79	11.91
Krungthai Panich Insurance Pcl.	736.05	211.55	764.45	172.38
Krungthai-AXA Life Insurance Pcl.	14,663.09	1,536.55	12,015.21	955.60
	16,029.24	1,857.06	13,242.96	1,176.39

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

(Million Baht)

	<u>Consolidated Financial Statements</u>		<u>The Bank's Financial Statements</u>	
	<u>March 31, 2015</u>	<u>December 31, 2014</u>	<u>March 31, 2015</u>	<u>December 31, 2014</u>
Overdrafts	168,472.17	163,263.26	168,472.17	163,263.26
Loans	1,268,082.64	1,225,513.56	1,269,988.65	1,226,185.26
Bills	457,772.06	502,207.57	465,282.05	510,047.57
Hire purchase receivables	53,743.80	56,654.74	55.46	76.75
Financial lease receivables	10,478.59	10,770.58	-	-
Others	2,543.22	2,331.16	1,277.04	1,194.43
<u>Less</u> Deferred revenue	(7,104.02)	(7,744.82)	(97.83)	(120.49)
Total loans to customers net of deferred revenue	1,953,988.46	1,952,996.05	1,904,977.54	1,900,646.78
<u>Add</u> Accrued interest receivables	3,880.23	5,190.81	3,889.32	5,202.82
Total loans to customers net of deferred revenue, plus accrued interest receivables	1,957,868.69	1,958,186.86	1,908,866.86	1,905,849.60
<u>Less</u> Allowance for doubtful accounts				
1. Minimum reserve under BoT's regulations				
- Individual approach	(52,969.46)	(47,436.33)	(50,894.80)	(45,567.69)
- Collective approach	(3,653.53)	(3,756.54)	-	-
2. Excess allowance	(22,000.25)	(24,714.56)	(19,923.23)	(22,801.99)
<u>Less</u> Revaluation allowance for debt restructuring	(193.71)	(113.22)	(193.71)	(113.22)
Total loans to customers, net	1,879,051.74	1,882,166.21	1,837,855.12	1,837,366.70

As at March 31, 2015 and December 31, 2014, the Bank's other loans of Baht 1,277.04 million and Baht 1,194.43 million included debts resulting from the Bank's liabilities under acceptances or guarantees amounting to Baht 1,233.41 million and Baht 1,149.11 million, respectively.

6.5.2 Classified by Loan Classification

(Million Baht)

	<u>Consolidated Financial Statements</u>			
	<u>March 31, 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	1,813,534.38	847,738.89	1	12,034.29
Special mention	76,006.43	40,698.64	2	12,615.61
Substandard	20,024.78	10,117.03	100	10,128.76
Doubtful	10,622.92	5,234.94	100	5,234.94
Doubtful of loss	37,680.18	11,988.55	100	16,609.39
2. Excess allowance				22,000.25
Total *	1,957,868.69	915,778.05		78,623.24

* Total loans to customers net of deferred revenue in Note 6.5.1

6.5.2 Classified by Loan Classification (Continued)

(Million Baht)

<u>Consolidated Financial Statements</u>				
<u>December 31, 2014</u>				
	Net Amount	%		
Loans and Accrued Interest	Used for Set aside the Allowance for	Used for Set aside the Allowance for	Allowance 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	1,833,107.56	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>March 31, 2015</u>				
	Net Amount	%		
Loans and Accrued Interest	Used for Set aside the Allowance for	Used for Set aside the Allowance for	Allowance for Doubtful	
<u>Receivables</u>	<u>Doubtful Accounts</u> ¹	<u>Doubtful Accounts</u>	<u>Accounts</u>	
1. Minimum reserve under BoT's regulations				
Normal	1,773,313.69	856,721.83	1	10,318.64
Special mention	71,281.77	39,084.55	2	11,906.73
Substandard	19,019.58	9,534.26	100	9,545.98
Doubtful	9,913.85	4,838.55	100	4,838.56
Doubtful of loss	35,337.97	9,652.27	100	14,284.89
2. Excess allowance				19,923.23
Total *	1,908,866.86	919,831.46		70,818.03

* Total loans to customers net of deferred revenue in Note 6.5.1

6.5.2 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 Receivables	Used for Set aside the Allowance for Doubtful Accounts ¹	Used for Set aside the Allowance for Doubtful Accounts	Allowance for Doubtful Accounts	
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 6.5.1

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.

6.5.3 Non-Performing Loans (NPLs)

As at March 31, 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, including loans to interbank and money market excluding accrued interest receivables.

(Million Baht)

	<u>Consolidated Financial Statements</u>		<u>The Bank's Financial Statements</u>	
	<u>March 31, 2015</u>	<u>December 31, 2014</u>	<u>March 31, 2015</u>	<u>December 31, 2014</u>
NPLs before deducting allowance for doubtful accounts	68,057.01	57,489.09	64,000.53	53,623.99
NPLs percentage of total loans	2.82	2.41	2.71	2.30
NPLs after deducting allowance for doubtful accounts	36,083.91	30,783.68	35,331.09	30,091.71
NPLs percentage of net loans	1.52	1.31	1.51	1.30

For the three-month period ended March 31, 2015 and for the year ended December 31, 2014, impaired loans have been written off both principal and accrued interest receivables amounting to Baht 62.20 million and Baht 5,626.83 million, respectively.

6.5.4 Loans to Potential Delisted Companies

As at March 31, 2015 and December 31, 2014, the Bank has loans and accrued interest receivables to 5 potential delisted companies of Baht 892.28 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 892.28 million and Baht 1,000.81 million, their allowance for doubtful accounts were provided for Baht 709.19 million and Baht 793.63 million in accordance with the BoT's notifications for loan classification, respectively.

6.5.5 Troubled Debt Restructuring (TDR)

For the three-month period ended March 31, 2015 and for the year ended December 31, 2014, the original loan value of the 661 and 11,798 troubled debt restructuring cases are Baht 3,355.33 million and Baht 30,098.70 million. The repayment for related interest and principal are Baht 2,082.96 million and Baht 5,220.11 million, whereas extended lending increased by Baht 297.04 million and Baht 4,394.59 million. Bad debts from Troubled Debt Restructuring are Baht 20.34 million and Baht 202.59 million, respectively.

TDR for the three-month period ended March 31, 2015 is set out as follows:

(Million Baht)

	<u>The Bank's Financial Statements</u>			
	No. of	Outstanding	Type of	
Troubled Debt Restructuring Methods	Cases	Debt before	Transferred	Fair Value
		Restructuring	Assets	
Transfers of assets	5	578.23	Land & Premises	578.23
Change of repayment conditions	88	1,447.56		
Debt restructuring in various forms	568	1,329.54		
	661	3,355.33		

As at March 31, 2015, the Bank has outstanding balance of loans to restructured debts for 25,990 cases amounting to Baht 86,854.56 million, of which 610 cases amounting to Baht 10,730.82 million, has been monitored under the new contractual agreements.

The consolidated financial statements as at March 31, 2015, the Bank restructured debts of 675 cases which the debts before restructuring were Baht 3,622.88 million.

6.5.5 Troubled Debt Restructuring (TDR) (Continued)

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

(Million Baht)

Troubled Debt Restructuring Methods	<u>The Bank's Financial Statements</u>			
	Outstanding		Type of	
	No. of	Debt before	Transferred	
	<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.

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

(Million Baht)

	<u>Consolidated Financial Statements</u>							
	<u>March 31, 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	22,914.39	39,415.63	1,892.37	64,222.39	22,736.09	42,238.59	2,450.64	67,425.32
<u>Less</u> Unearned financial income				(7,019.02)				(7,642.09)
Present value of minimum leases payment				57,203.37				59,783.23
Allowance for doubtful accounts				(1,806.78)				(1,547.15)
Financial lease receivables, net				<u>55,396.59</u>				<u>58,236.08</u>

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

(Million Baht)

<u>The Bank's Financial Statements</u>								
	<u>March 31, 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	26.13	29.33	-	55.46	32.75	44.00	-	76.75
<u>Less</u> Unearned financial income				(6.87)				(10.04)
Present value of minimum leases payment				48.59				66.71
Allowance for doubtful accounts				(3.44)				(3.18)
Financial lease receivables, net				45.15				63.53

6.6 Allowance for Doubtful Accounts

(Million Baht)

<u>The Bank's Financial Statements</u>							
<u>March 31, 2015</u>							
					Allowance in Excess of		
	<u>Normal</u>	<u>Special Mention</u>	<u>Substandard</u>	<u>Doubtful</u>	<u>Doubtful of Loss</u>	<u>BoT's 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	65.97	101.14	3,603.75	63.32	1,144.58	(2,878.76)	2,100.00
Allowance for doubtful accounts transferred from (to) allowance for debt restructuring revaluation	-	-	-	-	(80.49)	-	(80.49)
Bad debt recovered	-	-	-	-	474.70	-	474.70
Bad debt written-off	-	-	-	-	(62.20)	-	(62.20)
Others	22.92	(0.08)	-	-	(6.50)	-	16.34
Ending balances	10,318.64	11,906.73	9,545.98	4,838.56	14,284.89	19,923.23	70,818.03

The consolidated financial statements as at March 31, 2015, the Bank has set aside allowance for doubtful accounts of Baht 78,623.24 million, including its subsidiaries' allowance for doubtful accounts of Baht 7,805.21 million.

For the three-month period ended March 31, 2015, the Bank has set aside allowance for doubtful accounts on a monthly basis of Baht 700 million, totaling to Baht 2,100 million.

6.6 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.

6.7 Revaluation Allowance for Debt Restructuring

(Million Baht)

<u>Consolidated and the Bank's Financial Statements</u>		
	<u>March 31, 2015</u>	<u>December 31, 2014</u>
Beginning balances	113.22	130.22
Transfer from (to) allowance for doubtful accounts	80.49	(17.00)
Ending balances	193.71	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.

6.8 Properties for Sale, Net

(Million Baht)

<u>Consolidated Financial Statements</u>								
Type of Properties for Sale	<u>March 31, 2015</u>				<u>December 31, 2014</u>			
	Beginning				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	1,494.09	1,368.72	28,734.91	20,490.38	12,014.70	3,895.54	28,609.54
- Appraised by internal appraisers	1,675.61	542.65	1,197.46	1,020.80	10,303.40	1,190.11	9,817.90	1,675.61
Movable properties	539.28	349.69	309.89	579.08	410.03	1,394.80	1,265.55	539.28
Total	30,824.43	2,386.43	2,876.07	30,334.79	31,203.81	14,599.61	14,978.99	30,824.43
Others (closed branches)	41.37	1.67	-	43.04	71.52	-	30.15	41.37
Properties for sale in transit	944.21	184.87	865.88	263.20	212.99	937.80	206.58	944.21
Total	31,810.01	2,572.97	3,741.95	30,641.03	31,488.32	15,537.41	15,215.72	31,810.01
<u>Less</u> Allowance for impairment	(1,076.74)	-	(103.76)	(972.98)	(827.30)	(249.44)	-	(1,076.74)
Properties for sale, net	30,733.27	2,572.97	3,638.19	29,668.05	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>March 31, 2015</u>				<u>December 31, 2014</u>			
	Beginning				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	1,494.09	1,368.72	28,734.91	20,490.38	12,014.70	3,895.54	28,609.54
- Appraised by internal appraisers	1,675.61	542.65	1,197.46	1,020.80	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	2,036.74	2,566.18	29,866.31	30,904.38	13,204.81	13,713.44	30,395.75
Others (closed branches)	41.37	1.67	-	43.04	71.52	-	30.15	41.37
Properties for sale in transit	944.21	184.87	865.88	263.20	212.99	937.80	206.58	944.21
Total	31,381.33	2,223.28	3,432.06	30,172.55	31,188.89	14,142.61	13,950.17	31,381.33
<u>Less</u> Allowance for impairment	(894.72)	-	(114.81)	(779.91)	(802.29)	(92.43)	-	(894.72)
Properties for sale, net	30,486.61	2,223.28	3,317.25	29,392.64	30,386.60	14,050.18	13,950.17	30,486.61

The consolidated and the Bank's financial statements as at March 31, 2015 and December 31, 2014, there are an increase in immovable properties for sale appraised by external appraisers of Baht 1,494.09 million and Baht 12,014.70 million and a decrease in immovable properties for sale appraised by internal appraisers from disposals of Baht 1,197.46 million and Baht 9,817.90 million. Such immovable properties are included items changed from internal appraisers to external appraisers of Baht 1,129.75 million and Baht 8,257.34 million, respectively.

As at March 31, 2015 and December 31, 2014, the Bank's allowance for impairment of properties for sale has decreased Baht 114.81 million and increased Baht 92.43 million, respectively, from reversal or additional of loss on impairment.

For the three-month periods ended March 31, 2015 and 2014, the Bank generated gains on sale of properties for sale of Baht 192.64 million and Baht 168.59 million, respectively (before deduction of selling expenses of Baht 80.88 million and Baht 71.86 million, respectively).

6.9 Deferred Tax Assets and Deferred Tax Liabilities

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

	(Million Baht)			
	<u>Consolidated Financial Statements</u>		<u>The Bank's Financial Statements</u>	
	<u>March 31, 2015</u>	<u>December 31, 2014</u>	<u>March 31, 2015</u>	<u>December 31, 2014</u>
Deferred Tax Assets	5,841.07	5,690.07	3,992.04	3,892.13
Deferred Tax Liabilities	-	-	-	-
Net	5,841.07	5,690.07	3,992.04	3,892.13

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

(Million Baht)					
Consolidated Financial Statements					
Charged / credited to:					
	Adjust to	Other			
As at	Brought Forward	Comprehensive			As at
January 1, 2015	Retained Earnings	Profit / Loss	Income		March 31, 2015
Deferred Tax Assets					
Investments	696.43	-	(5.04)	(27.12)	664.27
Loans to customers and accrued interest receivables, net	3,110.27	-	77.08	-	3,187.35
Properties for sale	215.35	-	(20.75)	-	194.60
Premises and equipment	372.66	-	(4.57)	-	368.09
Provisions	3,926.51	49.38	49.80	(0.03)	4,025.66
Guarantee deposit under financial lease	79.72	-	(3.72)	-	76.00
Others	522.85	-	11.32	-	534.17
Total	8,923.79	49.38	104.12	(27.15)	9,050.14
Deferred Tax Liabilities					
Investments	897.45	-	1.36	(36.92)	861.89
Premises and equipment	1,763.55	-	8.43	-	1,771.98
Loans to customers and accrued interest receivables, net	572.72	-	2.48	-	575.20
Total	3,233.72	-	12.27	(36.92)	3,209.07
Net	5,690.07	49.38	91.85	9.77	5,841.07

6.9 Deferred Tax Assets and Deferred Tax Liabilities (Continued)

(Million Baht)

<u>Consolidated Financial Statements</u>				
<u>Charged / credited to:</u>				
	As at	Other Comprehensive		As at
	<u>January 1, 2014</u>	<u>Profit / Loss</u>	<u>Income</u>	<u>December 31, 2014</u>
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

6.9 Deferred Tax Assets and Deferred Tax Liabilities (Continued)

(Million Baht)

<u>The Bank's Financial Statements</u>					
<u>Charged / credited to:</u>					
	As at	Adjust to	Other		
	January 1, 2015	Brought Forward	Comprehensive	As at	
		Retained Earnings	Profit / Loss	Income	March 31, 2015
Deferred Tax Assets					
Investments	696.43	-	(5.04)	(27.11)	664.28
Loans to customers and accrued interest receivables, net	1,552.69	-	25.46	-	1,578.15
Properties for sale	178.94	-	(22.96)	-	155.98
Premises and equipment	324.58	-	-	-	324.58
Provisions	3,332.71	49.38	49.62	-	3,431.71
Others	459.23	-	8.85	-	468.08
Total	6,544.58	49.38	55.93	(27.11)	6,622.78
Deferred Tax Liabilities					
Investments	897.45	-	1.36	(36.92)	861.89
Premises and equipment	1,755.00	-	13.85	-	1,768.85
Total	2,652.45	-	15.21	(36.92)	2,630.74
Net	3,892.13	49.38	40.72	9.81	3,992.04

(Million Baht)

<u>The Bank's Financial Statements</u>				
<u>Charged / credited to:</u>				
	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

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

(Million Baht)

<u>Consolidated Financial Statements</u>									
				<u>March 31, 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	1.97-2.42	2015	3,320.00	-	3,320.00	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	-	16,254.19	16,254.19	-	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	-	22,788.57	22,788.57	-	23,074.10	23,074.10
- Hybrid debt capital instruments	Baht/USD	3.98-7.38		3,524.60	6,169.20	9,693.80	3,524.60	6,246.49	9,771.09
Bill of exchange (B/E)									
Short term*	Baht	0.00-3.70	2015	11,924.06	-	11,924.06	18,470.10	-	18,470.10
Long term	Baht	3.73-6.60	2015-2026	8,815.00	-	8,815.00	8,815.00	-	8,815.00
Others	Baht			1.17	-	1.17	1.17	-	1.17
Total				72,041.15	45,211.96	117,253.11	95,194.19	45,776.71	140,970.90

(Million Baht)

<u>The Bank's Financial Statements</u>									
				<u>March 31, 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	1.97-2.42	2015	3,320.00	-	3,320.00	9,865.00	-	9,865.00
Long term bonds									
2013	USD	2.25	2018	-	16,254.19	16,254.19	-	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	-	22,788.57	22,788.57	-	23,074.10	23,074.10
- Hybrid debt capital instruments	Baht/USD	3.98-7.38		3,524.60	6,169.20	9,693.80	3,524.60	6,246.49	9,771.09
Bill of exchange (B/E)									
Short term*	Baht	0.00-1.55	2015	1,739.70	-	1,739.70	4,940.70	-	4,940.70
Long term	Baht	3.73-6.60	2015-2026	8,815.00	-	8,815.00	8,815.00	-	8,815.00
Others	Baht			1.17	-	1.17	1.17	-	1.17
Total				37,688.79	45,211.96	82,900.75	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.

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. 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.

6.11 Share Capital

6.11.1 Ordinary Shares

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

6.11.2 Preferred Shares

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

6.11.3 The Bank is the state enterprise, its major shareholder is the Financial Institutions Development Fund (FIDF). As at March 31, 2015, FIDF holds 7,696,248,833 shares or 55.05 percent of paid-up ordinary and preferred shares.

6.12 Legal Reserve

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

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

6.13 Contingent Liabilities

(Million Baht)

<u>Consolidated and the Bank's Financial Statements</u>		
	<u>March 31, 2015</u>	<u>December 31, 2014</u>
Avals to bills	3,520.47	4,020.77
Guarantees of loans	7,407.21	14,845.02
Letters of credit	39,514.06	40,538.15
Other contingencies		
Unused credit line of overdraft	151,174.24	149,601.74
Other guarantees	136,455.42	140,726.37
Others	976.65	988.89
Total	<u>339,048.05</u>	<u>350,720.94</u>

Besides the contingent liabilities mentioned above, as at March 31, 2015 and December 31, 2014, the Bank has material contingent liabilities owing to prosecutions of Baht 11,563.08 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 March 31, 2015 and December 31, 2014, the Bank has set aside provisions of Baht 379.47 million and Baht 497.72 million, respectively, for estimated losses from such cases.

6.14 Assets with Obligations and Restrictions

(Million Baht)

<u>Consolidated and the Bank's Financial Statements</u>		
	<u>March 31, 2015</u>	<u>December 31, 2014</u>
Government and state enterprise bonds pledged as collateral		
- court collateral	158.77	189.53
- repurchase agreements	22,384.62	26,033.93
Properties for sale (debtor is granted the right to buy back or first right for this portion)	5,211.25	5,842.09
Total	<u>27,754.64</u>	<u>32,065.55</u>

6.15 Related Party Transactions

6.15.1 As at March 31, 2015 and December 31, 2014, loans to the Bank's executives (First Vice President and above) are Baht 906.74 million and Baht 985.69 million. The average outstanding balances of such loans at month end are Baht 941.81 million and Baht 736.71 million, respectively.

The loans outstanding as at March 31, 2015 and December 31, 2014 to close family of the Bank's executives mentioned above are Baht 167.68 million and Baht 148.69 million, respectively.

6.15 Related Party Transactions (Continued)

(Million Baht)

		<u>The Bank's Financial Statements</u>			
		<u>Pricing Policy</u>	<u>March 31, 2015</u>	<u>December 31, 2014</u>	
		for Loans and			
	<u>Obligations</u>	<u>Loans</u>	<u>Obligations</u>	<u>Loans</u>	<u>Obligations</u>
6.15.2 <u>Loans and Obligations to Businesses which the Bank Totally Held from 10 to 20 Percent of Their Paid-up Capital</u>					
Dhipaya Insurance Pcl.	Normal Bank Policy	0.35	26.58	0.57	24.63
6.15.3 <u>Loans and Obligations to Businesses which the Bank Acquired equal to or over 10 Percent of Their Paid-up Capital from TDR</u>					
Kiatpapha Co., Ltd.	Normal Bank Policy	110.85	-	110.99	-
Manager Media Group Pcl.	Normal Bank Policy	-	0.29	-	0.29
6.15.4 <u>Loans and Obligations to Subsidiaries and Associates</u>					
<u>Subsidiaries</u>					
KTB General Services Co., Ltd.	Normal Bank Policy	10.00	39.20	10.36	23.20
KTB Computer Services Co., Ltd.	Normal Bank Policy	4,759.90	4.55	4,084.58	4.55
KTB Leasing Co., Ltd.	Normal Bank Policy	58,005.47	1,082.48	59,423.54	1,071.27
Krung Thai Asset Management Pcl.	Normal Bank Policy	0.02	-	0.03	-
Krungthai Card Pcl.	Normal Bank Policy	0.78	2.13	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	558.21	-	663.15	-
Krungthai Panich Insurance Pcl.	Normal Bank Policy	0.24	-	0.24	-
6.15.5 <u>Loans and Obligations to Related Companies</u>					
<u>With Common Directors</u>					
PTT Pcl.	Normal Bank Policy	-	44.95	-	44.95
PTT Global Chemical Pcl.	Normal Bank Policy	17,754.03	16.22	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	3,012.88	-	3,014.57	-
Synnex (Thailand) Pcl.	Normal Bank Policy	108.50	8.16	138.50	8.16
Provincial Waterworks Authority	Normal Bank Policy	0.05	-	0.04	-
PTT Exploration and Production Pcl.	Normal Bank Policy	0.72	0.35	0.84	0.35
T.K.S. Siampress Management Co., Ltd.	Normal Bank Policy	-	41.15	-	41.15
<u>With Common Top Managements</u>					
Bangkok Expressway Pcl.	Normal Bank Policy	1,726.38	-	1,216.38	-
Bangkok Metro Pcl.	Normal Bank Policy	3,611.47	17.98	3,558.32	17.98

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

6.15 Related Party Transactions (Continued)

(Million Baht)

	Pricing Policy	<u>March 31, 2015</u>		<u>December 31, 2014</u>	
	for Deposits				
	and Borrowings	Deposits	Borrowings	Deposits	Borrowings
6.15.6 Deposits and Borrowings to Related Companies					
<u>Consolidated Financial Statements</u>					
<u>Associates</u>					
Krung Thai IBJ Leasing Co., Ltd.	Normal Bank Policy	19.50	-	37.42	-
KT Zmico Securities Co., Ltd.	Normal Bank Policy	33.58	-	35.51	-
Krungthai Panich Insurance Pcl.	Normal Bank Policy	168.20	-	94.99	-
Krungthai-AXA Life Insurance Pcl.	Normal Bank Policy	296.83	2,380.00	755.64	2,380.00
<u>The Bank's Financial Statements</u>					
<u>Subsidiaries</u>					
KTB Law Co., Ltd.	Normal Bank Policy	210.55	-	266.05	-
KTB General Services Co., Ltd.	Normal Bank Policy	122.24	350.00	96.89	430.00
KTB Computer Services Co., Ltd.	Normal Bank Policy	68.61	-	26.52	-
KTB Leasing Co., Ltd.	Normal Bank Policy	132.26	-	203.48	-
Krung Thai Asset Management Pcl.	Normal Bank Policy	32.23	-	56.42	-
KTB Capital Holding Co., Ltd.	Normal Bank Policy	248.29	-	247.70	-
KTB Advisory Co., Ltd.	Normal Bank Policy	67.90	-	71.53	-
Krungthai Card Pcl.	Normal Bank Policy	328.22	-	373.03	-
<u>Associates</u>					
Krung Thai IBJ Leasing Co., Ltd.	Normal Bank Policy	19.50	-	37.42	-
KT Zmico Securities Co., Ltd.	Normal Bank Policy	33.58	-	35.51	-
Krungthai Panich Insurance Pcl.	Normal Bank Policy	168.20	-	94.99	-
Krungthai-AXA Life Insurance Pcl.	Normal Bank Policy	296.83	2,380.00	755.64	2,380.00

As at March 31, 2015 and December 31, 2014, the Bank has other benefits paid to authorized managements which are committed to employment contracts of Baht 123.89 million and Baht 265.43 million, respectively.

6.15.7 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 1,057.55 million and Baht 915.05 million for the three-month periods ended March 31, 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 three-month periods ended March 31, 2015 and 2014 amounting to Baht 34.17 million and Baht 40.84 million, respectively.

2) The Bank has operated student loans in subjects of public relations, policy, regulation, loan payment, documents filling, loan notification, loans status, including loan collection, claim for payment, and prosecution for the Student Loans Fund. KTB LAW Co., Ltd. has been designated to prosecute debtors of the Student Loans Fund. The Bank incurs service charges for the three-month periods ended March 31, 2015 and 2014 of Baht 163.70 million and Baht 131.24 million, respectively.

3) Krungthai Card Pcl. has been designated to collect debts. The Bank incurs service charges for the three-month period ended March 31, 2015 of Baht 12.74 million.

4) The Bank incurs service charges on its subsidiaries [including service charges mentioned in No.1 to 3)] for the three-month periods ended March 31, 2015 and 2014 amounting to Baht 1,939.39 million and Baht 1,711.18 million, respectively, at the agreed-upon rate.

5) The Bank generates fees income from service contracts for the three-month periods ended March 31, 2015 and 2014 amounting to Baht 91.68 million and Baht 90.22 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 three-month periods ended March 31, 2015 and 2014, the Bank generates premises rental income from associates of Baht 0.15 million and Baht 0.14 million at the agreed-upon rate.

2) For the three-month periods ended March 31, 2015 and 2014, the Bank generates fees income from supportive service contracts of Baht 500.79 million and Baht 380.75 million at the agreed-upon rate.

6.15.8 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 KTBCS at book value amounting to Baht 5,158.90 million (Note 6.4.1).

The consolidated financial statements had been already eliminated intercompany transactions.

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

(Million Baht)

<u>Consolidated Financial Statements</u>						
	<u>March 31, 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	2,830,457.27	65,074.34	2,895,531.61	2,726,693.48	65,061.68	2,791,755.16
Interbank and money market items, net	484,571.19	38,100.19	522,671.38	418,880.47	37,840.70	456,721.17
Investments, net	292,713.20	1,123.39	293,836.59	257,451.81	1,043.10	258,494.91
Loans to customers and						
accrued interest receivables, net	1,856,517.76	22,533.98	1,879,051.74	1,858,971.39	23,194.82	1,882,166.21
Deposits	2,192,705.12	3,861.26	2,196,566.38	2,147,837.93	3,430.32	2,151,268.25
Interbank and money market items, net	180,373.17	14,996.25	195,369.42	152,325.98	14,888.95	167,214.93
Debt issued and borrowings	72,041.16	45,211.95	117,253.11	95,194.19	45,776.71	140,970.90

(Million Baht)

<u>The Bank's Financial Statements</u>						
	<u>March 31, 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	2,770,805.57	65,074.34	2,835,879.91	2,664,701.30	65,061.68	2,729,762.98
Interbank and money market items, net	484,254.85	38,100.19	522,355.04	418,596.18	37,840.70	456,436.88
Investments, net	289,350.51	1,123.39	290,473.90	255,528.98	1,043.10	256,572.08
Loans to customers and						
accrued interest receivables, net	1,815,321.14	22,533.98	1,837,855.12	1,814,171.88	23,194.82	1,837,366.70
Deposits	2,193,883.19	3,861.26	2,197,744.45	2,149,123.13	3,430.32	2,152,553.45
Interbank and money market items, net	174,006.27	14,996.25	189,002.52	145,885.70	14,888.95	160,774.65
Debt issued and borrowings	37,688.80	45,211.95	82,900.75	57,834.79	45,776.71	103,611.50

The consolidated and the Bank's financial statements as at March 31, 2015 and December 31, 2014, the Bank has total assets before eliminating net interbranch transactions of Baht 2,985.24 million and Baht 2,612.59 million, respectively.

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

(Million Baht)

<u>Consolidated Financial Statements</u>						
	<u>March 31, 2015</u>			<u>March 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>
Interest income	32,646.26	1,163.48	33,809.74	31,412.52	744.44	32,156.96
Interest expenses	(13,694.72)	(776.54)	(14,471.26)	(12,526.63)	(464.20)	(12,990.83)
Interest income, net	18,951.54	386.94	19,338.48	18,885.89	280.24	19,166.13
Fees and service income, net	4,290.08	42.43	4,332.51	3,854.06	71.78	3,925.84
Other operating income	3,400.35	15.96	3,416.31	2,816.89	10.53	2,827.42
Other operating expenses	(16,763.79)	(126.83)	(16,890.62)	(15,459.76)	(97.60)	(15,557.36)
Operating profit before income tax expenses	9,878.18	318.50	10,196.68	10,097.08	264.95	10,362.03

(Million Baht)

<u>The Bank's Financial Statements</u>						
	<u>March 31, 2015</u>			<u>March 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>
Interest income	29,163.31	1,163.48	30,326.79	28,253.18	744.44	28,997.62
Interest expenses	(13,259.70)	(776.54)	(14,036.24)	(12,026.81)	(464.20)	(12,491.01)
Interest income, net	15,903.61	386.94	16,290.55	16,226.37	280.24	16,506.61
Fees and service income, net	4,014.23	42.43	4,056.66	3,597.29	71.78	3,669.07
Other operating income	2,214.51	15.96	2,230.47	1,849.88	10.53	1,860.41
Other operating expenses	(13,453.60)	(126.83)	(13,580.43)	(12,424.64)	(97.60)	(12,522.24)
Operating profit before income tax expenses	8,678.75	318.50	8,997.25	9,248.90	264.95	9,513.85

The consolidated and the Bank's financial statements for the three-month periods ended March 31, 2015 and 2014, the Bank has total interest income and interest expenses before eliminating net interbranch transactions of Baht 761.25 million and Baht 452.04 million, respectively.

6.17 Operations Classified by Operating Segment

Segment definition

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

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

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

Consolidated Financial Statements

March 31, 2015

	Retail <u>Banking</u>	Wholesale <u>Banking</u>	Treasury and <u>Investment</u>	Support and <u>Others</u>	<u>Adjustments</u>	<u>Total</u>
Total operating income	14,319.80	9,031.09	1,905.64	1,825.75	5.02 ¹	27,087.30
Total expenses (excluding bad debts, doubtful accounts and loss on impairment)	(8,679.43)	(5,101.75)	(1,266.64)	(4,591.92)	4,495.98 ^{1,2}	(15,143.76)
Bad debts, doubtful accounts and loss on impairment	(3,938.65)	(271.20)	(48.30)	533.73	-	(3,724.42)
Net profit (loss)	1,701.72	3,658.14	590.70	(2,232.44)	4,501.00	8,219.12
Segment assets	812,887.12	1,193,549.98	221,175.45	583,961.05	80,972.77 ³	2,892,546.37
Segment liabilities	1,562,031.34	649,606.24	185,492.99	176,750.91	74,653.66 ³	2,648,535.14

6.17 Operations Classified by Operating Segment (Continued)

(Million Baht)

<u>Consolidated Financial Statements</u>						
<u>March 31, 2014</u>						
	<u>Retail</u>	<u>Wholesale</u>	<u>Treasury and</u>	<u>Support and</u>	<u>Adjustments</u>	<u>Total</u>
	<u>Banking</u>	<u>Banking</u>	<u>Investment</u>	<u>Others</u>		
Total operating income	12,297.12	9,252.32	2,378.31	2,389.74	(398.09) ¹	25,919.40
Total expenses (excluding bad debts, doubtful						
accounts and loss on impairment)	(7,761.21)	(5,078.48)	(1,350.22)	(4,807.95)	4,567.09 ^{1,2}	(14,430.77)
Bad debts, doubtful accounts and loss on impairment	(2,311.36)	(1,618.30)	133.98	784.17	-	(3,011.51)
Net profit (loss)	2,224.55	2,555.54	1,162.07	(1,634.04)	4,169.00	8,477.12
Segment assets	698,889.78	1,136,606.78	332,651.55	397,725.54	9,144.15 ³	2,575,017.80
Segment liabilities	1,447,493.82	554,796.04	170,238.91	182,292.49	1,385.43 ³	2,356,206.69

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

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

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

6.18 Interest Income

(Million Baht)

<u>Consolidated Financial Statements</u>		<u>The Bank's Financial Statements</u>	
	<u>March 31, 2015</u>	<u>March 31, 2014</u>	<u>March 31, 2015</u>
			<u>March 31, 2014</u>
Interbank and money market items	3,498.87	3,606.43	3,498.53
Investment and trading transactions	118.59	51.35	118.59
Investment in debt	856.22	1,824.08	854.89
Loans	27,584.87	25,285.87	25,085.14
Hire-purchase and finance lease	984.47	933.42	3.04
Others	5.47	3.77	5.35
Total interest income	33,048.49	31,704.92	29,565.54

6.19 Interest Expenses

(Million Baht)

	<u>Consolidated Financial Statements</u>		<u>The Bank's Financial Statements</u>	
	<u>March 31, 2015</u>	<u>March 31, 2014</u>	<u>March 31, 2015</u>	<u>March 31, 2014</u>
Deposits	9,161.94	7,964.86	9,165.09	7,966.76
Interbank and money market items	606.46	666.47	530.08	538.82
Contributions to Bank of Thailand (BoT)	2,492.00	2,234.00	2,492.00	2,234.00
Contributions to Deposit Protection Agency (DPA)	54.13	48.00	54.13	48.00
Debt issued				
- Subordinated notes	1,203.92	1,269.70	917.79	957.47
- B/E	182.79	318.17	112.27	260.97
Borrowings	6.65	37.06	2.13	32.42
Others	2.12	0.53	1.50	0.53
Total interest expenses	13,710.01	12,538.79	13,274.99	12,038.97

6.20 Income Tax Expenses

Income tax expenses recognized in profit or losses for the three-month periods ended March 31, 2015 and 2014 are as follows:

(Million Baht)

	<u>Consolidated Financial Statements</u>		<u>The Bank's Financial Statements</u>	
	<u>March 31, 2015</u>	<u>March 31, 2014</u>	<u>March 31, 2015</u>	<u>March 31, 2014</u>
Current Tax				
Current period	2,069.41	2,132.66	1,881.18	1,964.29
Deferred Tax				
Movement in temporary differences	(91.85)	(247.75)	(40.72)	(244.29)
Total	1,977.56	1,884.91	1,840.46	1,720.00

6.21 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 as well as any other rights over the property being held as collateral for debt repayments with respect to such impaired assets. Under such decree, financial institutions are required to transfer their impaired assets to TAMC as well as any other rights over the property held as collateral under the conditions and within the timeframe specified by TAMC. 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. The Bank shall have the right to request a new appraisal of the collaterals within specified criteria and timeframe. 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. TAMC shall calculate the profit or loss for the transferred impaired-assets of each debtor who completely repaid or only debtors whose assets are disposed in the case of asset transferred for repayment. The calculation as such will base on accumulated asset recoveries on a cash basis up to the date of calculation less transfer cost, other operating expenses incurred by TAMC including all interest expenses paid to the Bank.

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

In the case of generating the profits, the first portion of profits not exceeding 20 percent of the transfer price will be evenly shared between the Bank and TAMC. The second portion of the profits included with the first portion thus not exceeding the difference between the book value of impaired assets and transfer price will be realized by the Bank. The residual profit will be realized by TAMC.

In the case of realizing the consequent losses, the first portion not exceeding 20 percent of the transfer price will be solely absorbed by the Bank whereas the second portion not exceeding 20 percent of the transfer price will be evenly shared between the Bank and TAMC. The residual losses will be wholly absorbed by TAMC. Total losses absorbed by the Bank, therefore, will be up to 30 percent of the transfer price.

The Bank had transferred impaired assets to TAMC during the year 2001-2006. TAMC shall complete a preliminary verification of asset price within 180 days for each transfer. 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. Interest rates will be calculated by using reference weighted-average deposit interest rate of the five large scale commercial banks announced by the BoT and will be paid on the last workday of the year.

TAMC has completely reached a decade of running its business under the Emergency Decree on Thai Asset Management Corporation B.E. 2544 (2001) Clause 95 dated June 8, 2011. TAMC has dissolved its business on June 9, 2011 and is in the process of liquidation under the Royal Decree on Liquidation of Thai Asset Management Corporation B.E. 2554 (2011).

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 March 31, 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 March 31, 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 6.3). As at March 31, 2015, the Bank recorded accrued interest receivables at Baht 11.18 million.

As at March 31, 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.

6.22 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 6.4), 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.

6.23 Events after the Reporting Period

On April 10, 2014, the 22nd Annual General Meeting passed the resolution to approve the appropriation of net profit of the year 2014 amounting to Baht 31,855.31 million.

	(Million Baht)
Dividend - preferred shares (@ Baht 1.0545)	5.80
Dividend - ordinary shares (@ Baht 0.90)	12,578.46
Net profit carried forward	19,271.05

6.24 Others

6.24.1 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 March 31, 2015, the arrears is 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.

6.24.2 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.

6.25 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	Within April 2015
Information as at	December 31, 2014

6.26 Approval of the Financial Statements

These financial statements have been authorized to issue by the Audit Committee on May 12, 2015.
