



Ref. KTB.FIR. 1818 /2017

July 20 , 2017

Singapore Exchange Securities Trading Limited

2 Shenton Way

#19-00 SGX Centre 1 .

Singapore 068804

Attn: Market Control Department

Dear Sir,

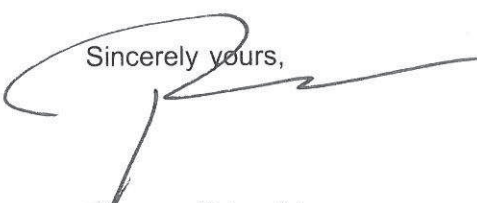
Re : Submission of the Unaudited Financial Statements

Krung Thai Bank Public Company Limited hereby submits the unaudited financial statements for the three-month period and the six-month period ended June 30, 2017 compared with various time intervals of the financial statements previously reported.

1. Consolidated and the Bank's statements of financial position as of 30 June 2017, compared with as of 31 December 2016.
2. Consolidated and the Bank's statements of profit or loss and other comprehensive income for the three-month period and the six-month period ended 30 June 2017, compared with 2016.
3. Management Discussion and Analysis for the three-month period ended 30 June 2017.

Please be informed accordingly.

Sincerely yours,



Payong Srivanich

President

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

(TRANSLATION)

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KRUNG THAI BANK PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

STATEMENTS OF FINANCIAL POSITION

AS AT 30 JUNE, 2017

(Thousand Baht)

	CONSOLIDATED			THE BANK'S		
	FINANCIAL STATEMENTS			FINANCIAL STATEMENTS		
	JUNE 30, 2017	DECEMBER 31, 2016	JANUARY 1, 2016	JUNE 30, 2017	DECEMBER 31, 2016	JANUARY 1, 2016
	(UNAUDITED)	(RESTATED)	(BROUGHT FORWARD) (RESTATED)	(UNAUDITED)	(RESTATED)	(BROUGHT FORWARD) (RESTATED)
ASSETS						
CASH	67,238,851	72,106,416	71,470,113	67,141,405	71,929,866	71,294,408
INTERBANK AND MONEY MARKET ITEMS, NET	426,468,996	431,638,413	397,357,971	426,188,631	431,350,214	397,061,378
CLAIMS ON SECURITIES	22,759,400	21,421,700	13,494,400	22,759,400	21,421,700	13,494,400
DERIVATIVES ASSETS	33,640,093	30,063,046	34,039,142	33,655,568	30,084,832	34,088,515
INVESTMENTS, NET	204,316,163	226,931,461	247,058,553	204,115,378	226,670,035	246,787,948
INVESTMENTS IN SUBSIDIARIES AND ASSOCIATES, NET	17,359,554	15,591,453	14,910,552	10,684,008	10,687,703	10,687,703
LOANS TO CUSTOMERS AND ACCRUED INTEREST RECEIVABLES, NET						
LOANS TO CUSTOMERS	1,920,704,232	1,907,821,949	2,033,250,476	1,853,091,067	1,837,243,223	1,969,827,420
ACCRUED INTEREST RECEIVABLES	3,159,383	5,270,682	5,900,902	2,681,537	4,774,560	5,462,813
TOTAL LOANS TO CUSTOMERS AND ACCRUED INTEREST RECEIVABLES	1,923,863,615	1,913,092,631	2,039,151,378	1,855,772,604	1,842,017,783	1,975,290,233
LESS DEFERRED REVENUE	(2,694,099)	(3,733,253)	(5,810,002)	(206,159)	(122,922)	(165,766)
LESS ALLOWANCE FOR DOUBTFUL ACCOUNTS	(111,332,132)	(110,719,616)	(85,823,934)	(102,765,187)	(102,859,894)	(77,221,061)
LESS REVALUATION ALLOWANCE FOR DEBT RESTRUCTURING	(134,367)	(61,619)	(132,627)	(134,367)	(61,619)	(132,627)
TOTAL LOANS TO CUSTOMERS AND ACCRUED INTEREST RECEIVABLES, NET	1,809,703,017	1,798,578,143	1,947,384,815	1,752,666,891	1,738,973,348	1,897,770,779
CUSTOMERS' LIABILITIES UNDER ACCEPTANCES	110,403	45,949	1,567,806	110,403	45,949	1,567,806
PROPERTIES FOR SALE, NET	35,121,739	35,743,634	30,008,144	35,069,303	35,668,551	29,909,856
PREMISES AND EQUIPMENT, NET	26,514,766	27,312,663	26,354,526	24,796,226	25,239,008	21,376,845
OTHER INTANGIBLE ASSETS, NET	3,997,854	4,210,901	4,571,604	883,806	870,720	897,367
DEFERRED TAX ASSETS	4,487,224	4,496,456	6,996,109	2,088,818	2,321,669	5,020,583
ACCRUED INCOME	2,971,622	2,853,937	3,788,212	2,723,152	2,589,233	3,578,869
OTHER ASSETS, NET	17,348,653	18,709,178	16,564,767	15,065,969	16,945,112	15,071,377
TOTAL ASSETS	2,672,038,335	2,689,703,350	2,815,566,714	2,597,948,958	2,614,797,940	2,748,607,834
LIABILITIES AND EQUITY						
DEPOSITS	1,962,421,645	1,972,403,532	2,135,498,511	1,965,316,105	1,975,157,675	2,137,446,488
INTERBANK AND MONEY MARKET ITEMS, NET	186,649,761	203,166,312	194,242,842	181,644,810	193,711,003	177,701,199
LIABILITIES PAYABLE ON DEMAND	7,764,570	5,082,471	6,121,116	7,764,570	5,082,471	6,121,116
LIABILITIES TO DELIVER SECURITIES	22,759,400	21,421,700	13,494,400	22,759,400	21,421,700	13,494,400
DERIVATIVES LIABILITIES	32,060,561	31,516,693	37,232,572	32,060,561	31,516,693	37,234,793
DEBT ISSUED AND BORROWINGS	116,806,625	120,690,859	116,240,463	72,521,625	79,267,859	86,937,975
BANK'S LIABILITIES UNDER ACCEPTANCES	110,403	45,949	1,567,806	110,403	45,949	1,567,806
PROVISIONS	11,574,224	11,152,279	14,424,688	10,550,981	10,163,418	13,634,737
OTHER LIABILITIES	52,177,077	44,818,915	46,209,922	46,446,344	37,976,431	39,997,788
TOTAL LIABILITIES	2,392,324,266	2,410,298,710	2,565,032,320	2,339,174,799	2,354,343,199	2,514,136,302

KRUNG THAI BANK PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

STATEMENTS OF FINANCIAL POSITION (CONTINUED)

AS AT 30 JUNE, 2017

(Thousand Baht)

	CONSOLIDATED			THE BANK'S		
	FINANCIAL STATEMENTS			FINANCIAL STATEMENTS		
	JUNE 30, 2017	DECEMBER 31, 2016	JANUARY 1, 2016	JUNE 30, 2017	DECEMBER 31, 2016	JANUARY 1, 2016
	(UNAUDITED)	(RESTATED)	(BROUGHT FORWARD) (RESTATED)	(UNAUDITED)	(RESTATED)	(BROUGHT FORWARD) (RESTATED)
LIABILITIES AND EQUITY (CONTINUED)						
EQUITY						
SHARE CAPITAL						
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	18,076,763	17,748,818	10,643,441	13,460,978	13,729,430	6,407,413
RETAINED EARNINGS						
APPROPRIATED						
LEGAL RESERVE	7,200,504	7,200,504	7,200,504	7,200,504	7,200,504	7,200,504
UNAPPROPRIATED	156,133,847	156,398,935	135,437,101	145,273,903	146,686,033	128,024,841
TOTAL EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE BANK	274,249,888	274,187,031	246,119,820	258,774,159	260,454,741	234,471,532
NON-CONTROLLING INTEREST	5,464,181	5,217,609	4,414,574			
TOTAL EQUITY	279,714,069	279,404,640	250,534,394	258,774,159	260,454,741	234,471,532
TOTAL LIABILITIES AND EQUITY	2,672,038,335	2,689,703,350	2,815,566,714	2,597,948,958	2,614,797,940	2,748,607,834

(Signed) Payong Srivanich

PAYONG SRIVANICH

PRESIDENT

KRUNG THAI BANK PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE THREE-MONTH PERIOD ENDED JUNE 30, 2017

	(Thousand Baht)			
	CONSOLIDATED		THE BANK'S	
	FINANCIAL STATEMENTS		FINANCIAL STATEMENTS	
	2017	2016	2017	2016
	(UNAUDITED/ UNREVIEWED)	(RESTATED)	(UNAUDITED/ UNREVIEWED)	(UNAUDITED/ REVIEWED)
INTEREST INCOME	30,697,724	32,920,233	27,330,663	29,740,668
INTEREST EXPENSES	9,093,416	10,743,040	8,698,021	10,368,330
INTEREST INCOME, NET	21,604,308	22,177,193	18,632,642	19,372,338
FEES AND SERVICE INCOME	6,757,859	6,393,685	5,474,864	5,257,695
FEES AND SERVICE EXPENSES	997,251	1,063,226	621,903	739,205
FEES AND SERVICE INCOME, NET	5,760,608	5,330,459	4,852,961	4,518,490
GAINS ON TRADINGS AND FOREIGN EXCHANGE TRANSACTIONS, NET	674,861	1,689,033	672,066	1,685,042
GAINS (LOSSES) ON INVESTMENTS, NET	150,508	236,373	146,814	236,373
SHARE OF PROFIT FROM INVESTMENTS FOR USING EQUITY METHOD	574,372	549,555	-	-
DIVIDEND INCOME	129,278	157,321	1,274,720	759,223
OTHER OPERATING INCOME	1,002,817	758,359	228,508	64,747
TOTAL OPERATING INCOME	29,896,752	30,898,293	25,807,711	26,636,213
OTHER OPERATING EXPENSES				
EMPLOYEES' EXPENSES	6,809,851	6,743,964	5,460,489	5,444,118
DIRECTORS' REMUNERATION	69,672	67,336	53,430	51,580
PREMISES AND EQUIPMENT EXPENSES	2,160,472	2,221,604	1,247,535	1,281,196
TAXES AND DUTIES	1,094,327	1,125,301	975,912	1,015,074
OTHERS	1,552,444	2,025,585	2,305,355	2,682,719
TOTAL OTHER OPERATING EXPENSES	11,686,766	12,183,790	10,042,721	10,474,687
IMPAIRMENT LOSS OF LOANS AND DEBT SECURITIES	13,877,629	7,741,010	12,000,000	6,000,004
OPERATING PROFIT BEFORE INCOME TAX EXPENSES	4,332,357	10,973,493	3,764,990	10,161,522
INCOME TAX EXPENSES	712,695	1,995,112	474,668	1,826,613
NET PROFIT	3,619,662	8,978,381	3,290,322	8,334,909

(TRANSLATION)

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KRUNG THAI BANK PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (CONTINUED)
FOR THE THREE-MONTH PERIOD ENDED JUNE 30, 2017

	CONSOLIDATED		THE BANK'S	
	FINANCIAL STATEMENTS		FINANCIAL STATEMENTS	
	2017	2016	2017	2016
	(UNAUDITED/ UNREVIEWED)	(RESTATED)	(UNAUDITED/ UNREVIEWED)	(UNAUDITED/ REVIEWED)
OTHER COMPREHENSIVE INCOME				
ITEMS THAT WILL BE RECLASSIFIED SUBSEQUENTLY TO PROFIT OR LOSS				
GAINS (LOSSES) ON REMEASURING AVAILABLE-FOR-SALE INVESTMENTS	(464,794)	974,763	(464,794)	974,763
GAINS (LOSSES) ARISING FROM TRANSLATING THE FINANCIAL STATEMENTS OF FOREIGN OPERATIONS	21,798	(26,165)	21,798	(26,165)
SHARE OF OTHER COMPREHENSIVE INCOME OF ASSOCIATES (EQUITY METHOD)				
FOR ITEMS THAT WILL BE RECLASSIFIED SUBSEQUENTLY TO PROFIT OR LOSS	508,588	(781,867)	-	-
RELATED INCOME TAX EXPENSES				
FOR ITEMS THAT WILL BE RECLASSIFIED SUBSEQUENTLY TO PROFIT OR LOSS	92,958	(194,953)	92,958	(194,953)
ITEMS THAT WILL NOT BE RECLASSIFIED SUBSEQUENTLY TO PROFIT OR LOSS				
CHANGES IN REVALUATION SURPLUS ON ASSETS	(12,746)	-	(12,746)	-
RELATED INCOME TAX EXPENSES				
FOR ITEMS THAT WILL NOT BE RECLASSIFIED SUBSEQUENTLY TO PROFIT OR LOSS	2,549	-	2,549	-
OTHER COMPREHENSIVE INCOME, NET	148,353	(28,222)	(360,235)	753,645
TOTAL COMPREHENSIVE INCOME	3,768,015	8,950,159	2,930,087	9,088,554
NET PROFIT ATTRIBUTABLE				
EQUITY HOLDERS OF THE BANK	3,222,015	8,685,264	3,290,322	8,334,909
NON-CONTROLLING INTEREST	397,647	293,117		
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE				
EQUITY HOLDERS OF THE BANK	3,370,368	8,657,042	2,930,087	9,088,554
NON-CONTROLLING INTEREST	397,647	293,117		
EARNINGS PER SHARE OF PARENT COMPANY				
BASIC EARNINGS PER SHARE (BAHT)	0.23	0.62	0.24	0.60
DILUTED EARNINGS PER SHARE (BAHT)	0.23	0.62	0.24	0.60

(Signed) Payong Srivanich

PAYONG SRIVANICH**PRESIDENT**

KRUNG THAI BANK PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2017

	(Thousand Baht)			
	CONSOLIDATED		THE BANK'S	
	FINANCIAL STATEMENTS		FINANCIAL STATEMENTS	
	2017	2016	2017	2016
	(UNAUDITED)	(RESTATED)	(UNAUDITED)	(AUDITED)
INTEREST INCOME	61,854,609	65,586,110	55,142,423	59,279,581
INTEREST EXPENSES	18,430,605	22,068,350	17,640,640	21,304,866
INTEREST INCOME, NET	43,424,004	43,517,760	37,501,783	37,974,715
FEES AND SERVICE INCOME	13,553,486	12,523,933	11,029,247	10,277,124
FEES AND SERVICE EXPENSES	2,077,300	1,984,307	1,383,764	1,362,170
FEES AND SERVICE INCOME, NET	11,476,186	10,539,626	9,645,483	8,914,954
GAINS ON TRADINGS AND FOREIGN EXCHANGE TRANSACTIONS, NET	2,098,618	3,515,798	2,093,207	3,529,200
GAINS (LOSSES) ON INVESTMENTS, NET	326,414	574,063	322,720	574,063
SHARE OF PROFIT FROM INVESTMENTS FOR USING EQUITY METHOD	1,325,847	1,114,278	-	-
DIVIDEND INCOME	227,272	273,628	1,372,714	1,311,931
OTHER OPERATING INCOME	1,998,552	1,905,290	491,120	445,508
TOTAL OPERATING INCOME	60,876,893	61,440,443	51,427,027	52,750,371
OTHER OPERATING EXPENSES				
EMPLOYEES' EXPENSES	14,622,742	14,459,180	11,912,587	11,839,848
DIRECTORS' REMUNERATION	80,160	82,219	59,820	61,351
PREMISES AND EQUIPMENT EXPENSES	4,119,393	4,287,932	2,343,060	2,386,268
TAXES AND DUTIES	2,243,109	2,363,585	2,006,647	2,144,044
OTHERS	3,191,663	3,268,059	4,696,012	4,599,642
TOTAL OTHER OPERATING EXPENSES	24,257,067	24,460,975	21,018,126	21,031,153
IMPAIRMENT LOSS OF LOANS AND DEBT SECURITIES	21,338,019	16,364,244	17,499,849	12,996,306
OPERATING PROFIT BEFORE INCOME TAX EXPENSES	15,281,807	20,615,224	12,909,052	18,722,912
INCOME TAX EXPENSES	2,754,000	3,770,362	2,296,190	3,401,886
NET PROFIT	12,527,807	16,844,862	10,612,862	15,321,026

(TRANSLATION)

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KRUNG THAI BANK PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (CONTINUED)
FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2017

	(Thousand Baht)			
	CONSOLIDATED		THE BANK'S	
	FINANCIAL STATEMENTS		FINANCIAL STATEMENTS	
	2017	2016	2017	2016
	(UNAUDITED)	(RESTATED)	(UNAUDITED)	(AUDITED)
OTHER COMPREHENSIVE INCOME				
ITEMS THAT WILL BE RECLASSIFIED SUBSEQUENTLY TO PROFIT OR LOSS				
GAINS (LOSSES) ON REMEASURING AVAILABLE-FOR-SALE INVESTMENTS	(328,424)	6,902,993	(328,424)	6,902,993
LOSSES ARISING FROM TRANSLATING THE FINANCIAL STATEMENTS OF FOREIGN OPERATIONS	4,631	(52,511)	4,631	(52,511)
SHARE OF OTHER COMPREHENSIVE INCOME OF ASSOCIATES (EQUITY METHOD)				
FOR ITEMS THAT WILL BE RECLASSIFIED SUBSEQUENTLY TO PROFIT OR LOSS	596,397	4,342,464	-	-
RELATED INCOME TAX EXPENSES				
FOR ITEMS THAT WILL BE RECLASSIFIED SUBSEQUENTLY TO PROFIT OR LOSS	65,684	(1,380,599)	65,684	(1,380,599)
ITEMS THAT WILL NOT BE RECLASSIFIED SUBSEQUENTLY TO PROFIT OR LOSS				
CHANGES IN REVALUATION SURPLUS ON ASSETS	(12,928)	-	(12,928)	-
ACTUARIAL LOSSES ON DEFINED BENEFIT PLANS	-	(1,332)	-	-
RELATED INCOME TAX EXPENSES				
FOR ITEMS THAT WILL NOT BE RECLASSIFIED SUBSEQUENTLY TO PROFIT OR LO	2,585	266	2,585	-
OTHER COMPREHENSIVE INCOME, NET	327,945	9,811,281	(268,452)	5,469,883
TOTAL COMPREHENSIVE INCOME	12,855,752	26,656,143	10,344,410	20,790,909
NET PROFIT ATTRIBUTABLE				
EQUITY HOLDERS OF THE BANK	11,759,904	16,230,971	10,612,862	15,321,026
NON-CONTROLLING INTEREST	767,903	613,891		
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE				
EQUITY HOLDERS OF THE BANK	12,087,849	26,042,252	10,344,410	20,790,909
NON-CONTROLLING INTEREST	767,903	613,891		
EARNINGS PER SHARE OF PARENT COMPANY				
BASIC EARNINGS PER SHARE (BAHT)	0.84	1.16	0.76	1.10
DILUTED EARNINGS PER SHARE (BAHT)	0.84	1.16	0.76	1.10

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

(Signed) Payong Srivanich

PAYONG SRIVANICH

PRESIDENT

Management Discussion and Analysis for 2Q2017

This report discusses on principal changes in the unaudited consolidated financial statements for the quarter ended June 30, 2017. In June 2017, the Bank has combined National ITMX Co., Ltd to the Bank's associate company in accordance with Thai Accounting Standard 28 (TAS 28): Investments in Associates and Joint Ventures. The Bank considered its shareholding together with its power to participate in the company's operating policy through its representatives in the position of the company's board of directors as significant influence to the company. The Bank also restated consolidated financial statements for Statements of Financial Position as at December 31, 2016 and Statements of Comprehensive Income for the three-month ended June 30, 2016, March 31, 2017 and for the six-month ended June 30, 2016. However, the above change had insignificant impact to financial position and performance of the Bank.

I. The Bank and Its Subsidiaries' Overview for the first half of 2017

Thai economic further improved in the first half of the year as expansions of merchandise exports across various product categories i.e. agricultural, chemical, and electronic products, and also driven by the enhancement of tourism sector as the number of foreign tourists in some important groups expanded. In particular, Chinese tourists continued to revert to the level of pre-illegitimate tour operator crackdown. Private consumption continued to expand from the improvements of farm households' income, though, income of non-farm households still lingered. Public spending remained an important economic growth engine, even, slight decreased in capital spending (excluding transfers) due to accelerated disbursements in earlier periods. Nevertheless, private investment remained unchanged.

For the first half of the year 2017, KTB's consolidated pre-provision profit was Bt 36,620 m, slightly decreased by Bt 359 m (0.97%). The main operating performance such as fee and service income and operating expenses were well performed offsetting with the slight decrease of net interest income. However, the Bank and its subsidiaries also underwent the fluctuation of money market. In summary, the main impacts to the Bank and its subsidiaries' financial result for the first half of the year compared to the same period of last year were showed as follows:

- 1) The increase of net fee and service Income by Bt 936 m (8.88%) from the expansion of ATM related business as well as electronic banking service fees
- 2) The reduction of other operating expenses by Bt 204 m (0.83%) as The Bank and its subsidiaries still held the line on operating expense management policy resulting in the Cost-to-income slightly changed, compared to the same period of last year, from 39.81% to 39.85%.
- 3) The slight contraction of net interest income by Bt 94 m (0.22%). Most of impacts were from slow growth of loans in the first half of the year as the Bank emphasized on conservative lending and the lending rate cut on Minimum Retail Rate (MRR) at 0.50% since mid of May 2017 as the Bank aims to support Thai economic growth. However, the Bank strictly proceeded on appropriate funding cost management, resulting in an increase of Net Interest Margin (NIM) by 0.16% to 3.40% compared to 3.24% at the same period of 2016

- 4) The decrease of net gain on trading and foreign exchange transactions by Bt 1,417 m (40.30) as the fluctuation of the interest rate and foreign exchange.

The Bank and its subsidiaries' net profit was Bt 12,528 m, showing a contraction of Bt 4,317 m (25.63%) and the Net Profit Attributable to Equity Holders of the Bank was Bt 11,760 m, decreased by Bt 4,471 m (27.55%). The main reason was the Bank and its subsidiaries increase in provision by Bt 4,974 m (30.40%) compared to the same period of 2016. To comply with bank's risk management policy and prudent banking practice, the Bank decided to set aside 100% of loans from large client group in agriculture and mining industries that significantly showed weak performance outlook, which was contributed to coverage ratio at 112.50%, even, increase in NPLs from the end of the year.

The Bank' consolidated NPLs as at June 30, 2017 was Bt 99,078 m, 40% of NPLs were legacy, and gross NPLs ratio was 4.33%. The Bank improved its strategies and business operating process emphasizing on quality of loan portfolio along with enhancing efficiency of monitoring and restructuring process. Moreover, The Bank enabled to control its coverage ratio at the appropriate level or not less than 110%.

The Bank's consolidated total loan to customers (less deferred revenue) was Bt 1,918,010 m, improved by Bt 13,921 m (0.73%) from the end of last year as a consequence of the expansion of loan from government and state enterprise sector whereas the Bank's consolidated deposits dropped by Bt 9,982 m (0.51%).

Over all, the Bank and its subsidiaries have strong financial position, solid capital level and effective business operation to cope with any uncertainty occurred in the future.

II. The Bank and Its Subsidiaries' performance for the quarter ended June 30,2017

A) Operating Profit before Tax and Net Profit

In 2Q2017, KTB's consolidated pre-provision profit was Bt 18,210 m, decreased by Bt 504 m (2.69%) compared to 2Q2016. After deducting Bt 13,878 m impairment loss on loans and debt securities (Further information was showed in part F) impairment loss on loans and debt securities) and Bt 712 m income tax expense, net profit for 2Q2017 was Bt 3,620 m, showing a decrease of Bt 5,358 m (59.68%) compared to 2Q2016. Net profit, attributable to equity holders of the Bank, was Bt 3,222 m, showing a decrease of Bt 5,463 m (62.90%) as a result of the expansion of Impairment loss of loans and debt securities while net interest income and net gain on trading and foreign exchange transactions dropped.

Unit : Million Baht

	2Q2017	1Q2017**	Change		2Q2016**	Change	
			Amount	(%)		Amount	(%)
Pre-provision profit*	18,210	18,409	(199)	(1.08)	18,714	(504)	(2.69)
Operating profit before tax	4,332	10,949	(6,617)	(60.43)	10,973	(6,641)	(60.52)
Income tax expense	712	2,041	(1,329)	(65.12)	1,995	(1,283)	(64.31)
Net profit	3,620	8,908	(5,288)	(59.36)	8,978	(5,358)	(59.68)
Net profit (attributable to equity holders of the Bank)	3,222	8,538	(5,316)	(62.26)	8,685	(5,463)	(62.90)

*Pre-provision profit before Impairment loss of loans and debt securities and income tax expense

**The bank's consolidated financial statements for Statements of Comprehensive Income for the three-month ended June 30, 2016 and March 31, 2017 was restated by combining National ITMX Co., Ltd to the Bank's associate company in accordance with Thai Accounting Standard 28 (TAS 28): Investments in Associates and Joint Ventures.

B) Net Interest Income

KTB's consolidated net interest income equaled Bt 21,604 m, showing a decrease of Bt 573 m (2.58%) from 2Q2016. Most of impacts were from slow growth of loans in the first half of the year as well as the lending rate cut on Minimum Retail Rate (MRR) at 0.50% since mid of May 2017. However, KTB's funding cost management policy helped increase Net Interest Margin (NIM) from 3.28% in 2Q2016 to 3.35% in 2Q2017.

Unit : Million Baht

	2Q2017	1Q2017	Change		2Q2016	Change	
			Amount	(%)		Amount	(%)
Interest income	30,698	31,157	(459)	(1.47)	32,920	(2,222)	(6.75)
- Interbank and money market items	2,537	2,618	(81)	(3.09)	2,839	(302)	(10.64)
- Investments and trading transactions	88	54	34	62.96	34	54	158.82
- Investment in debt securities	852	986	(134)	(13.59)	1,739	(887)	(51.01)
- Loans	26,734	26,918	(184)	(0.68)	27,534	(800)	(2.91)
- Hire purchase and financial lease	473	568	(95)	(16.73)	765	(292)	(38.17)
- Others	14	13	1	7.69	9	5	55.56
Less Interest expense	9,094	9,337	(243)	(2.60)	10,743	(1,649)	(15.35)
- Deposits	5,007	5,155	(148)	(2.87)	6,317	(1,310)	(20.74)
- Interbank and money market items	581	618	(37)	(5.99)	670	(89)	(13.28)
- Contributions to BOT and DPA	2,336	2,360	(24)	(1.02)	2,445	(109)	(4.46)
- Debts issued	1,156	1,191	(35)	(2.94)	1,297	(141)	(10.87)
Debenture	1,062	1,102	(40)	(3.63)	1,214	(152)	(12.52)
B/E	94	89	5	5.62	83	11	13.25
- Borrowings	7	8	(1)	(12.50)	7	-	-
- Others	7	5	2	40.00	7	-	-
Net interest income	21,604	21,820	(216)	(0.99)	22,177	(573)	(2.58)
Net interest margin [based on earning assets] (%)	3.35	3.42			3.28		

	30 Jun 2017	31 Mar 2017	31 Dec 2016	30 Sep 2016	30 Jun 2016
Policy Interest Rate (%)	1.50%	1.50%	1.50%	1.50%	1.50%
Deposit Rate (%)					
- Saving Rate	0.50%	0.50%	0.50%	0.50%	0.50%
- 3 Months Fixed Rate	0.90%	0.90%	0.90%	0.90%	0.90%
- 6 Months Fixed Rate	1.15%-1.35%	1.15%-1.35%	1.15%-1.35%	1.35%	1.35%
- 12 Months Fixed Rate	1.30%	1.30%	1.30%	1.40%	1.40%
Loan Rate (%)					
- MLR	6.275%	6.275%	6.275%	6.275%	6.275%
- MOR	7.120%	7.120%	7.120%	7.120%	7.120%
- MRR*	7.120%*	7.620%	7.620%	7.620%	7.620%

* Minimum Retail Rate (MRR) was cut at 0.50% effective mid of May 2017 onwards.

C) Net Fee and Service Income

KTB's consolidated net fee and service income in 2Q2017 amounted to Bt 5,761 m, raised by Bt 430 m (8.07%) 2Q2016 in response to the expansion of ATM related business as well as electronic banking service fees.

Unit : Million Baht							
	2Q2017	1Q2017	Change		2Q2016	Change	
			Amount	(%)		Amount	(%)
Fee and service income	6,758	6,796	(38)	(0.56)	6,394	364	5.69
Less Fee and service expense	997	1,080	(83)	(7.69)	1,063	(66)	(6.21)
Net fee and service income	5,761	5,716	45	0.79	5,331	430	8.07

D) Total Other Operating Income

KTB's consolidated total other operating income in 2Q2017 amounted to Bt 2,532 m, decreased by Bt 858 m (25.31%) from 2Q2016 as a result of the deceleration of net gain on trading and foreign exchange transactions by Bt 1,014 m (60.04%).

Unit : Million Baht							
	2Q2017	1Q2017*	Change		2Q2016*	Change	
			Amount	(%)		Amount	(%)
Gain (loss) on trading and foreign exchange transactions, net	675	1,424	(749)	(52.60)	1,689	(1,014)	(60.04)
Gain (loss) on investments, net	151	176	(25)	(14.20)	236	(85)	(36.02)
Share of profit (loss) from investments on equity method	574	751	(177)	(23.57)	550	24	4.36
Dividend income	129	98	31	31.63	157	(28)	(17.83)
Other income	1,003	1,025	(22)	(2.15)	758	245	32.32
Total other operating income	2,532	3,474	(942)	(27.12)	3,390	(858)	(25.31)

**The bank's consolidated financial statements for Statements of Comprehensive Income for the three-month ended June 30, 2016 and March 31, 2017 was restated by combining National ITMX Co., Ltd to the Bank's associate company in accordance with Thai Accounting Standard 28 (TAS 28): Investments in Associates and Joint Ventures.

E) Other Operating Expenses

Bank and its subsidiaries well managed its operating expenses as other operating expenses amounted to Bt 11,687 m, reduced by Bt 497 m (4.08%) compared to 2Q2016 and other main operating expenses showed slight movement. The Cost-to-Income Ratio in 2Q2017 reduced to 39.09% from 39.43% in 2Q2016

Unit : Million Baht							
	2Q2017	1Q2017	Change		2Q2016	Change	
			Amount	(%)		Amount	(%)
Personnel expenses	6,810	7,813	(1,003)	(12.84)	6,744	66	0.98
Directors' remuneration	70	10	60	600.00	67	3	4.48
Premises and equipment expenses	2,161	1,959	202	10.31	2,222	(61)	(2.75)
Taxes and duties	1,094	1,149	(55)	(4.79)	1,125	(31)	(2.76)
Others	1,552	1,670	(118)	(7.07)	2,026	(474)	(23.40)
Total other operating expenses	11,687	12,601	(914)	(7.25)	12,184	(497)	(4.08)
Cost-to-income ratio (%)	39.09	40.64			39.43		

F) Impairment Loss of Loans and Debt Securities

In 2Q2017, the Bank and its subsidiaries set aside Bt 13,878 m provision for impairment loss of loans and debt securities, increased by Bt 6,137 m (79.28%) compared to 2Q2016 as a large client group in agriculture and mining industries significantly showed weak performance outlook. Thus, the Bank decided to set aside 100% of its loan to comply with risk management policy and prudent banking practice.

The Banks and its subsidiaries' coverage ratio was 112.50%, stable to the previous quarter, whereas showing the decrease from 121.57% as at December 31, 2016.

Unit : Million Baht							
	2Q2017	1Q2017	Change		2Q2016	Change	
			Amount	(%)		Amount	(%)
Impairment loss of loans and debt securities	13,878	7,460	6,418	86.03	7,741	6,137	79.28

III. The Bank and Its Subsidiaries' Financial Status – as at the period ended June 30, 2017

A) Loans to Customers

The Bank's consolidated total loans to customers (less deferred revenue) was Bt 1,918,010 m, gradually improved by Bt 13,921 m (0.73%) from end of year 2016, as a consequence of the expansion of loan from government and state enterprise sector.

■ Loan portfolio breakdown by borrowers

Unit : Million Baht

The Bank's Financial Statements	30 Jun 2017		31 Dec 2016		Change	
	Amount	(%)	Amount	(%)	Amount	(%)
Private Corporate	677,905	36.58	673,217	36.64	4,688	0.70
Government and State Enterprise	111,233	6.00	81,513	4.44	29,720	36.46
SMEs*	359,830	19.42	372,413	20.27	(12,583)	(3.38)
Retail	703,708	37.98	709,642	38.63	(5,934)	(0.84)
Others	415	0.02	458	0.02	(43)	(9.39)
Total loans	1,853,091	100.00	1,837,243	100.00	15,848	0.86
Less Deferred revenue	206		123			
Total	1,852,885		1,837,120		15,765	0.86

*SMEs were private companies that have employee no. less than/equal to 200 people and fixed asset (excluding land) less than/equal to Bt 200 m.

■ Loan portfolio breakdown by industry

Unit : Million Baht

	30 Jun 2017		31 Dec 2016		Change	
	Amount	(%)	Amount	(%)	Amount	(%)
Agriculture and mining	40,831	2.13	40,799	2.14	32	0.08
Manufacturing and commerce	562,799	29.34	574,205	30.16	(11,406)	(1.99)
Real estate and construction	147,330	7.69	127,181	6.68	20,149	15.84
Public utilities and services	299,480	15.61	264,001	13.86	35,479	13.44
Housing loans	351,286	18.32	361,770	19.00	(10,484)	(2.90)
Others	516,284	26.91	536,133	28.16	(19,849)	(3.70)
Total loans*	1,918,010	100.00	1,904,089	100.00	13,921	0.73

*Less deferred revenue

B) Investments

KTB's consolidated net investments as of June 30, 2017 totaled Bt 221,675 m, reduced by Bt 20,848 m (8.60%) from the end of last year as a result of the decrease of investment in debt securities.

Unit : Million Baht

	30 Jun 2017		31 Dec 2016*		Change	
	Amount	(%)	Amount	(%)	Amount	(%)
Investments, net	204,316	92.17	226,932	93.57	(22,616)	(9.97)
Investments in subsidiaries and associates, net	17,359	7.83	15,591	6.43	1,768	11.34
Total investments, net	221,675	100.00	242,523	100.00	(20,848)	(8.60)

*The bank's consolidated financial statements for Statements of Financial Position as at December 31, 2016 was restated by combining National ITMX Co., Ltd to the Bank's associate company in accordance with Thai Accounting Standard 28 (TAS 28): Investments in Associates and Joint Ventures.

C) Total Assets

KTB's consolidated total assets as at June 30, 2017 was Bt 2,672,038 m, dropped by Bt 17,665 m (0.66%) from December 31, 2016, owing to the declining of net investments.

D) Liabilities

The Bank's consolidated deposits were Bt 1,962,422 m, decreased by Bt 9,982 m (0.51%) from December 31, 2016 due to the contraction of time deposits and demand deposits despite some raise of saving deposits. The Bank's consolidated loans to customers (less deferred revenue) -to-deposits ratio was 97.74%, increased from the end of year 2016 at 96.54%. Meanwhile, the net interbank and money market items were Bt 186,650 m; decreased by Bt 16,516 m (8.13%) resulting in the reduction of Bank's consolidated total liabilities from December 31, 2016 by Bt 17,975 m (0.75%) to Bt 2,392,324 m.

Unit : Million Baht

	30 Jun 2017		31 Dec 2016		Change	
	Amount	(%)	Amount	(%)	Amount	(%)
Demand deposits	84,226	4.29	92,574	4.69	(8,348)	(9.02)
Savings deposits	1,275,290	64.99	1,221,292	61.92	53,998	4.42
Time deposits	602,906	30.72	658,538	33.39	(55,632)	(8.45)
Total Deposits	1,962,422	100.00	1,972,404	100.00	(9,982)	(0.51)
B/E	8,701		8,006			8.68

E) Equity

The total equity (Equity holders of the Bank) as at June 30, 2017 amounted to Bt 274,250 m, showing slight increase of Bt 63 m (0.02%) from December 31, 2016.

Book value per share (Equity holders of the Bank) was Bt 19.61, unchanged from the end of the year 2016.

F) Sources and Uses of Funds

As of June 30, 2017, 73.44% of the Bank's source of funds was deposits; the rests were interbank borrowings, debt issued and borrowings, and equity. The Bank's use of funds comprised of 71.78% loans to customers (less deferred revenue), 15.96% net interbank and money market items, and 8.30% net investments and net investments in subsidiaries and associates.

Unit : Million Baht

	30 Jun 2017		31 Dec 2016*		Change	
	Amount	(%)	Amount	(%)	Amount	(%)
Deposits	1,962,422	73.44	1,972,404	73.33	(9,982)	(0.51)
Interbank and money market items, net	186,650	6.99	203,166	7.55	(16,516)	(8.13)
Debt issued and borrowings	116,807	4.37	120,691	4.49	(3,884)	(3.22)
Others	126,445	4.73	114,038	4.24	12,407	10.88
Total equity						
- Equity holders of the Bank	274,250	10.26	274,187	10.19	63	0.02
- Non-controlling interest	5,464	0.21	5,217	0.20	247	4.73
Total	2,672,038	100.00	2,689,703	100.00	(17,665)	(0.66)

*The bank's consolidated financial statements for Statements of Financial Position as at December 31, 2016 was restated by combining National ITMX Co., Ltd to the Bank's associate company in accordance with Thai Accounting Standard 28 (TAS 28): Investments in Associates and Joint Ventures.

■ Loans and deposits classified by remaining maturity

Unit : Million Baht

The Bank's Financial Statements	30 Jun 2017		31 Dec 2016		Change	
	Amount	(%)	Amount	(%)	Amount	(%)
Loans						
- ≤ 1 year	644,770	34.80	621,906	33.85	22,864	3.68
- > 1 year	1,208,321	65.21	1,215,337	66.16	(7,106)	(0.58)
Less Unearned Discounts	206	0.01	123	0.01	83	67.48
Total loans *	1,852,885	100.00	1,837,120	100.00	15,765	0.86
Deposits						
- ≤ 1 year	1,832,346	93.23	1,831,142	92.71	1,204	0.07
- > 1 year	132,970	6.77	144,016	7.29	(11,046)	(7.67)
Total deposits	1,965,316	100.00	1,975,158	100.00	(9,842)	(0.50)

* Excluding accrued interest receivable and interbank loans and money market item.

G) Statutory Capital Fund

As of June 30, 2017, Bank's Common Equity Tier 1 capital and Tier I capital were Bt 245,443 m (13.07% of its risk-weighted assets (RWA)). Total capital was Bt 313,353 m (16.69% of its RWA), declined from 16.85% as at December 31, 2016. The decrease of capital ratio was due to the redemption of the subordinated debentures, which was countable as Tier 2 capital, under its redemption condition. The calculation was in line with BOT's regulations regarding Basel III compliance.

Unit : Million Baht

The Bank's Financial Statements	30 Jun 2017			31 Dec 2016		
	Amount	(%)	The minimum rate required by the BOT (%)*	Amount	(%)	The minimum rate required by the BOT (%)
Common Equity Tier 1 capital	245,443	13.07	5.75	243,254	12.96	5.125
Tier 1 capital	245,443	13.07	7.25	243,254	12.96	6.625
Tier 2 capital	67,910			73,094		
Total capital fund	313,353	16.69	9.75	316,348	16.85	9.125
Risk-weighted assets	1,877,673			1,877,670		

* According to BOT's regulation, the minimum capital ratios of Commercial Banks in Thailand will be increased to absorb Capital conservation buffer at 0.625 percent starting from January 1, 2016 until reaches 2.50 percent by January 1, 2019.

H) Asset Quality - Non-Performing Loans (NPLs)

The Bank' consolidated NPLs as at June 30, 2017 was Bt 99,078 m, rose by Bt 7,950 m (8.72%) from December 31, 2016 and the gross NPLs ratio was 4.33% due to the increase in NPLs of corporate and SME clients from some industries. However, 40% of NPLs were legacy.

Compared to the previous quarter, the NPLs remained at the same level which showed the reduction by Bt 1,304 m (1.30%) and the gross NPLs ratio dropped by 0.03% from 4.36%.

In 2017, The Bank improved its strategies and business operating process emphasizing on quality of loan portfolio along with enhancing efficiency of monitoring and restructuring process. Moreover, The Bank enabled to control its coverage ratio at the appropriate level or not less than 110%.

Unit : Million Baht

	30 Jun 2017		31 Dec 2016		Change	
	Amount	(%)	Amount	(%)	Amount	(%)
1. Loans						
Pass	1,744,789	90.97	1,742,881	91.53	1,908	0.11
Special Mention	74,144	3.87	70,079	3.68	4,065	5.80
Sub-Standard	22,481	1.17	14,152	0.74	8,329	58.85
Doubtful	25,534	1.33	17,017	0.90	8,517	50.05
Doubtful of loss	51,062	2.66	59,960	3.15	(8,898)	(14.84)
Total Loans	1,918,010	100.00	1,904,089	100.00	13,921	0.73
2. NPLs gross ⁽¹⁾	99,078	4.33	91,128	3.97	7,950	8.72
NPLs net ⁽¹⁾	42,150	1.89	40,758	1.81	1,392	3.42
3. Actual provisioning for loan loss ⁽²⁾	111,466		110,782			
Coverage Ratio		112.50		121.57		

(1) NPLs Ratio (gross) and NPLs Ratio (net) from BOT definition

(2) Allowance for doubtful accounts and revaluation allowance for debt restructuring

Unit : Million Baht

NPLs (gross) breakdown by industry	30 Jun 2017		31 Dec 2016		Change	
	Amount	(%)	Amount	(%)	Amount	(%)
Agriculture and mining	12,097	12.21	1,590	1.74	10,507	660.82
Manufacturing and commerce	38,047	38.40	39,276	43.10	(1,229)	(3.13)
Real estate and construction	11,362	11.47	10,988	12.06	374	3.40
Public utilities and services	10,468	10.57	11,335	12.44	(867)	(7.65)
Housing loans	16,098	16.25	17,236	18.91	(1,138)	(6.60)
Others	11,006	11.11	10,703	11.75	303	2.83
Total NPLs (gross)	99,078	100.00	91,128	100.00	7,950	8.72

IV. Credit Ratings

Bank's credit ratings rated by Standard and Poor's, Moody's Investors Service and Fitch Ratings were as follows:

Standard & Poor's		June 2017	December 2016
▪ Long-term/ Short-term	Long-term/ Short-term	BBB / A-2	BBB / A-2
▪ Outlook		Stable	Stable
▪ Stand-Alone Credit Profile (SACP)		bb+	bb+
Moody's Investors Service		June 2017	December 2016
▪ Long-term/ Short-term		Baa1 / P-2	Baa1 / P-2
▪ Outlook		Stable	Stable
▪ Baseline Credit Assessment (BCA)		ba1	ba1
Fitch Ratings		June 2017	December 2016
Foreign Currency Credit Ratings			
▪ Long-term/ Short-term		BBB / F3	BBB / F3
▪ Outlook		Stable	Stable
▪ Viability Rating		bbb-	bbb-
▪ Subordinated Debt (USD)		BBB-	BBB-
National Credit Ratings			
▪ Long-term/ Short-term	AA+(tha) / F1+ (tha)	AA+(tha) / F1+ (tha)	AA+(tha) / F1+ (tha)
▪ Outlook		Stable	Stable
▪ Subordinated Debt (Baht)		AA(tha)	AA(tha)