



Ref. KTB.FIS. ๒๖๖ /2018

November ๑๔ , 2018

To: Market Control Department
Singapore Exchange Securities Trading Limited
2 Shenton Way
#19-00 SGX Centre 1
Singapore 068804

Re : Submission of the Reviewed Financial Statements for the three-month period and nine-month period ended September 30, 2018

Krung Thai Bank Public Company Limited hereby submits the reports for the three-month period and nine-month period ended September 30, 2018 through SET Portal as follows:

1. The financial statements which have been reviewed by certified public accountant.
2. The Management Discussion and Analysis (MD&A) report.

Please be informed accordingly.

Sincerely yours,

Payong Srivanich
President

Apichaya Chitmunchaitham Vice President and Manager
Financial Institutions 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 September 30, 2018, the related consolidated and the Bank's statements of income and other comprehensive income for the three-month period and the nine-month period ended, statements of changes in equity and statements of cash flows for the nine-month period ended and condensed notes to the financial information of Krung Thai Bank Public Company Limited and its subsidiaries and of Krung Thai Bank Public Company Limited, respectively. The Bank's management is responsible for the preparation and presentation of this interim financial information in accordance with Thai Accounting Standard 34, "Interim Financial Reporting". The responsibility of the Office of the Auditor General of Thailand is to express a conclusion on this interim financial information based on the review.

Scope of Review

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

Conclusion

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

(Signed) Pornchai Jumroonpanichkul

(Mr. Pornchai Jumroonpanichkul)

Deputy Auditor General

(Signed) Ratchanee Chohnakijkul

(Ms. Ratchanee Chohnakijkul)

Director of Financial Audit Office No.2

Office of the Auditor General

November 12, 2018

(TRANSLATION)

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KRUNG THAI BANK PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
STATEMENTS OF FINANCIAL POSITION
AS AT 30 SEPTEMBER, 2018

(Thousand Baht)					
	NOTE	CONSOLIDATED		THE BANK'S	
		FINANCIAL STATEMENTS		FINANCIAL STATEMENTS	
		SEPTEMBER 30, 2018	DECEMBER 31, 2017	SEPTEMBER 30, 2018	DECEMBER 31, 2017
		(UNAUDITED/ REVIEWED)	(AUDITED)	(UNAUDITED/ REVIEWED)	(AUDITED)
ASSETS					
CASH		59,983,111	73,572,868	59,787,940	73,334,740
INTERBANK AND MONEY MARKET ITEMS, NET		441,905,983	549,669,529	441,242,797	549,180,025
CLAIMS ON SECURITIES		43,410,200	58,521,800	43,410,200	58,521,800
DERIVATIVES ASSETS	7.2	37,935,323	33,833,398	37,938,149	33,842,515
INVESTMENTS, NET	7.3	192,325,279	209,514,532	192,492,473	209,311,888
INVESTMENTS IN SUBSIDIARIES AND ASSOCIATES, NET	7.4	16,557,467	18,725,225	10,697,855	10,697,950
LOANS TO CUSTOMERS AND ACCRUED INTEREST RECEIVABLES, NET	7.5				
LOANS TO CUSTOMERS		1,982,170,354	1,939,927,818	1,907,596,032	1,865,483,424
ACCRUED INTEREST RECEIVABLES		5,208,699	5,211,737	4,712,394	4,691,079
TOTAL LOANS TO CUSTOMERS AND ACCRUED INTEREST RECEIVABLES		1,987,379,053	1,945,139,555	1,912,308,426	1,870,174,503
LESS DEFERRED REVENUE		(1,196,773)	(1,846,301)	(102,244)	(87,092)
LESS ALLOWANCE FOR DOUBTFUL ACCOUNTS	7.6	(129,542,287)	(125,363,725)	(120,619,078)	(116,726,345)
LESS REVALUATION ALLOWANCE FOR DEBT RESTRUCTURING	7.7	-	(17,264)	-	(17,264)
TOTAL LOANS TO CUSTOMERS AND ACCRUED INTEREST RECEIVABLES, NET		1,856,639,993	1,817,912,265	1,791,587,104	1,753,343,802
CUSTOMERS' LIABILITIES UNDER ACCEPTANCES		194,911	152,852	194,911	152,852
PROPERTIES FOR SALE, NET	7.8	35,611,733	35,509,936	35,506,818	35,486,341
PREMISES AND EQUIPMENT, NET		25,789,060	26,019,406	24,223,337	24,413,806
OTHER INTANGIBLE ASSETS, NET		3,860,015	3,906,494	972,876	895,359
DEFERRED TAX ASSETS	7.9	5,187,833	4,592,766	2,639,421	2,130,345
ACCRUED INCOME		2,806,096	3,476,209	2,466,907	3,188,162
OTHER ASSETS, NET		13,740,872	18,802,727	12,977,578	17,082,986
TOTAL ASSETS		2,735,947,876	2,854,210,007	2,656,138,366	2,771,582,571
LIABILITIES AND EQUITY					
DEPOSITS		2,007,391,657	2,070,874,680	2,010,159,746	2,073,594,012
INTERBANK AND MONEY MARKET ITEMS, NET		178,429,094	228,691,395	173,580,167	219,066,748
LIABILITIES PAYABLE ON DEMAND		6,108,185	5,291,692	6,108,185	5,291,692
LIABILITIES TO DELIVER SECURITIES		43,616,014	58,521,804	43,616,014	58,521,804
DERIVATIVES LIABILITIES	7.2	33,684,083	30,284,422	33,684,083	30,284,422
DEBT ISSUED AND BORROWINGS	7.10	95,744,235	110,626,429	50,510,835	67,271,429
BANK'S LIABILITIES UNDER ACCEPTANCES		194,911	152,852	194,911	152,852
PROVISIONS		13,486,089	12,625,672	12,434,317	11,524,569
OTHER LIABILITIES		51,971,886	42,922,118	44,958,152	35,745,892
TOTAL LIABILITIES		2,430,626,154	2,559,991,064	2,375,246,410	2,501,453,420

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

(TRANSLATION)

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KRUNG THAI BANK PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
STATEMENTS OF FINANCIAL POSITION (CONTINUED)
AS AT 30 SEPTEMBER, 2018

		(Thousand Baht)			
	NOTE	CONSOLIDATED		THE BANK'S	
		FINANCIAL STATEMENTS		FINANCIAL STATEMENTS	
		SEPTEMBER 30, 2018	DECEMBER 31, 2017	SEPTEMBER 30, 2018	DECEMBER 31, 2017
		(UNAUDITED/ REVIEWED)	(AUDITED)	(UNAUDITED/ REVIEWED)	(AUDITED)
LIABILITIES AND EQUITY (CONTINUED)					
EQUITY					
SHARE CAPITAL	7.11				
AUTHORIZED SHARE CAPITAL					
5,500,000 PREFERRED SHARES OF BAHT 5.15 EACH		28,325	28,325	28,325	28,325
13,976,061,250 ORDINARY SHARES OF BAHT 5.15 EACH		71,976,715	71,976,715	71,976,715	71,976,715
ISSUED AND PAID-UP SHARE CAPITAL					
5,500,000 PREFERRED SHARES OF BAHT 5.15 EACH		28,325	28,325	28,325	28,325
13,976,061,250 ORDINARY SHARES OF BAHT 5.15 EACH		71,976,715	71,976,715	71,976,715	71,976,715
PREMIUM ON SHARE CAPITAL					
PREMIUM ON ORDINARY SHARE		20,833,734	20,833,734	20,833,734	20,833,734
OTHER COMPONENTS OF EQUITY		17,932,183	21,918,740	14,070,777	15,015,969
RETAINED EARNINGS					
APPROPRIATED					
LEGAL RESERVE	7.12	7,200,504	7,200,504	7,200,504	7,200,504
UNAPPROPRIATED		179,706,341	165,903,237	166,781,901	155,073,904
TOTAL EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE BANK		297,677,802	287,861,255	280,891,956	270,129,151
NON-CONTROLLING INTEREST		7,643,920	6,357,688		
TOTAL EQUITY		305,321,722	294,218,943	280,891,956	270,129,151
TOTAL LIABILITIES AND EQUITY		2,735,947,876	2,854,210,007	2,656,138,366	2,771,582,571

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

(Signed) Somchai Boonnamsiri
SOMCHAI BOONNAMSIRI
CHAIRMAN OF THE AUDIT COMMITTEE

(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 SEPTEMBER 30, 2018

UNAUDITED/
REVIEWED

(Thousand Baht)

	CONSOLIDATED FINANCIAL STATEMENTS		THE BANK'S FINANCIAL STATEMENTS	
	2018	2017 (RESTATED)	2018	2017 (RESTATED)
INTEREST INCOME	29,993,458	30,449,106	26,493,144	27,063,108
INTEREST EXPENSES	9,103,684	8,953,197	8,725,388	8,546,544
INTEREST INCOME, NET	20,889,774	21,495,909	17,767,756	18,516,564
FEES AND SERVICE INCOME	7,027,403	7,066,781	5,464,902	5,783,622
FEES AND SERVICE EXPENSES	1,370,140	1,258,792	919,513	872,711
FEES AND SERVICE INCOME, NET	5,657,263	5,807,989	4,545,389	4,910,911
GAINS ON TRADINGS AND FOREIGN EXCHANGE TRANSACTIONS, NET	919,682	951,401	918,541	948,507
GAINS ON INVESTMENTS, NET	40,178	469,138	40,178	469,138
SHARE OF PROFIT FROM INVESTMENTS FOR USING EQUITY METHOD	141,474	449,223	-	-
DIVIDEND INCOME	140,933	135,109	140,933	2,009,608
OTHER OPERATING INCOME	1,098,278	836,172	161,520	305,041
TOTAL OPERATING INCOME	28,887,582	30,144,941	23,574,317	27,159,769
OTHER OPERATING EXPENSES				
EMPLOYEES' EXPENSES	7,081,650	6,807,207	5,584,070	5,486,225
DIRECTORS' REMUNERATION	10,562	9,583	6,480	6,100
PREMISES AND EQUIPMENT EXPENSES	2,109,427	2,178,980	1,230,150	1,271,718
TAXES AND DUTIES	1,052,577	1,064,768	924,253	938,670
OTHERS	2,484,102	2,427,121	3,193,869	3,120,194
TOTAL OTHER OPERATING EXPENSES	12,738,318	12,487,659	10,938,822	10,822,907
IMPAIRMENT LOSS OF LOANS AND DEBT SECURITIES	6,084,099	9,917,916	4,499,446	8,000,000
OPERATING PROFIT BEFORE INCOME TAX EXPENSES	10,065,165	7,739,366	8,136,049	8,336,862
INCOME TAX EXPENSES	1,521,043	1,439,883	1,174,967	1,217,334
NET PROFIT	8,544,122	6,299,483	6,961,082	7,119,528

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

(TRANSLATION)

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KRUNG THAI BANK PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (CONTINUED)
FOR THE THREE-MONTH PERIOD ENDED SEPTEMBER 30, 2018

UNAUDITED/
REVIEWED

(Thousand Baht)

	CONSOLIDATED		THE BANK'S	
	FINANCIAL STATEMENTS		FINANCIAL STATEMENTS	
	2018	2017	2018	2017
		(RESTATED)		(RESTATED)
OTHER COMPREHENSIVE INCOME				
ITEMS THAT WILL BE RECLASSIFIED SUBSEQUENTLY TO PROFIT OR LOSS				
GAINS ON REMEASURING AVAILABLE-FOR-SALE INVESTMENTS	1,015,816	1,347,399	1,010,439	1,347,399
GAINS FROM RECLASSIFICATION OF INVESTMENTS	-	805,442	-	805,442
GAINS (LOSSES) ARISING FROM TRANSLATING THE FINANCIAL STATEMENTS OF FOREIGN OPERATIONS	(69,038)	37,247	(69,038)	37,247
SHARE OF OTHER COMPREHENSIVE INCOME OF ASSOCIATES (EQUITY METHOD)				
FOR ITEMS THAT WILL BE RECLASSIFIED SUBSEQUENTLY TO PROFIT OR LOSS	362,196	1,927,164	-	-
RELATED INCOME TAX EXPENSES				
FOR ITEMS THAT WILL BE RECLASSIFIED SUBSEQUENTLY TO PROFIT OR LOSS	(203,163)	(430,568)	(202,088)	(430,568)
ITEMS THAT WILL NOT BE RECLASSIFIED SUBSEQUENTLY TO PROFIT OR LOSS				
CHANGES IN REVALUATION SURPLUS ON ASSETS	(8,194)	-	(8,194)	-
ACTUARIAL LOSSES ON DEFINED BENEFIT PLANS	-	(44,759)	-	-
RELATED INCOME TAX EXPENSES				
FOR ITEMS THAT WILL NOT BE RECLASSIFIED SUBSEQUENTLY TO PROFIT OR LOSS	1,639	8,952	1,639	-
OTHER COMPREHENSIVE INCOME, NET	1,099,256	3,650,877	732,758	1,759,520
TOTAL COMPREHENSIVE INCOME	9,643,378	9,950,360	7,693,840	8,879,048
NET PROFIT ATTRIBUTABLE				
EQUITY HOLDERS OF THE BANK	7,838,345	5,871,812	6,961,082	7,119,528
NON-CONTROLLING INTEREST	705,777	427,671		
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE				
EQUITY HOLDERS OF THE BANK	8,937,601	9,522,689	7,693,840	8,879,048
NON-CONTROLLING INTEREST	705,777	427,671		
EARNINGS PER SHARE OF PARENT COMPANY				
BASIC EARNINGS PER SHARE (BAHT)	0.56	0.42	0.50	0.51

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

(Signed) Somchai Boonnamsiri
SOMCHAI BOONNAMSIRI
CHAIRMAN OF THE AUDIT COMMITTEE

(Signed) Payong Srivanich
PAYONG SRIVANICH
PRESIDENT

(TRANSLATION)

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KRUNG THAI BANK PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2018

UNAUDITED/
REVIEWED

(Thousand Baht)

	NOTE	CONSOLIDATED		THE BANK'S	
		FINANCIAL STATEMENTS		FINANCIAL STATEMENTS	
		2018	2017 (RESTATED)	2018	2017 (RESTATED)
INTEREST INCOME	7.19	89,376,166	92,482,791	79,134,994	82,384,607
INTEREST EXPENSES	7.20	27,147,454	27,012,336	26,003,110	25,815,719
INTEREST INCOME, NET		62,228,712	65,470,455	53,131,884	56,568,888
FEES AND SERVICE INCOME		21,887,204	20,620,267	17,270,598	16,812,869
FEES AND SERVICE EXPENSES		4,236,408	3,336,092	3,007,556	2,256,474
FEES AND SERVICE INCOME, NET		17,650,796	17,284,175	14,263,042	14,556,395
GAINS ON TRADINGS AND FOREIGN EXCHANGE TRANSACTIONS, NET		3,051,778	2,499,477	3,045,733	2,491,172
GAINS ON INVESTMENTS, NET		344,374	795,552	344,279	791,858
SHARE OF PROFIT FROM INVESTMENTS FOR USING EQUITY METHOD		1,048,698	1,775,070	-	-
DIVIDEND INCOME		389,193	362,381	1,746,411	3,382,322
OTHER OPERATING INCOME		3,104,948	2,815,442	377,168	789,947
TOTAL OPERATING INCOME		87,818,499	91,002,552	72,908,517	78,580,582
OTHER OPERATING EXPENSES					
EMPLOYEES' EXPENSES		21,831,755	21,429,949	17,671,499	17,398,812
DIRECTORS' REMUNERATION		82,207	89,743	52,406	65,920
PREMISES AND EQUIPMENT EXPENSES		6,412,118	6,298,373	3,732,957	3,614,779
TAXES AND DUTIES		3,219,990	3,307,877	2,840,116	2,945,317
OTHERS		6,909,045	5,599,502	9,165,740	7,809,992
TOTAL OTHER OPERATING EXPENSES		38,455,115	36,725,444	33,462,718	31,834,820
IMPAIRMENT LOSS OF LOANS AND DEBT SECURITIES		19,761,714	31,255,935	15,000,074	25,499,849
OPERATING PROFIT BEFORE INCOME TAX EXPENSES		29,601,670	23,021,173	24,445,725	21,245,913
INCOME TAX EXPENSES	7.21	5,291,967	4,193,883	4,208,126	3,513,524
NET PROFIT		24,309,703	18,827,290	20,237,599	17,732,389

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

(TRANSLATION)

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KRUNG THAI BANK PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (CONTINUED)
FOR THE NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2018

UNAUDITED/
REVIEWED

(Thousand Baht)

	NOTE	CONSOLIDATED		THE BANK'S	
		FINANCIAL STATEMENTS		FINANCIAL STATEMENTS	
		2018	2017 (RESTATED)	2018	2017 (RESTATED)
OTHER COMPREHENSIVE INCOME					
ITEMS THAT WILL BE RECLASSIFIED SUBSEQUENTLY TO PROFIT OR LOSS					
GAINS (LOSSES) ON REMEASURING AVAILABLE-FOR-SALE INVESTMENTS		(893,960)	1,018,976	(906,025)	1,018,976
GAINS FROM RECLASSIFICATION OF INVESTMENTS		-	805,442	-	805,442
GAINS (LOSSES) ARISING FROM TRANSLATING THE FINANCIAL STATEMENTS OF FOREIGN OPERATIONS		(213,817)	41,878	(213,817)	41,878
SHARE OF OTHER COMPREHENSIVE INCOME OF ASSOCIATES (EQUITY METHOD)					
FOR ITEMS THAT WILL BE RECLASSIFIED SUBSEQUENTLY TO PROFIT OR LOSS		(3,051,017)	2,523,561	-	-
RELATED INCOME TAX EXPENSES					
FOR ITEMS THAT WILL BE RECLASSIFIED SUBSEQUENTLY TO PROFIT OR LOSS		178,792	(364,884)	181,205	(364,884)
ITEMS THAT WILL NOT BE RECLASSIFIED SUBSEQUENTLY TO PROFIT OR LOSS					
CHANGES IN REVALUATION SURPLUS ON ASSETS		(8,194)	(12,928)	(8,194)	(12,928)
ACTUARIAL LOSSES ON DEFINED BENEFIT PLANS		-	(44,759)	-	-
RELATED INCOME TAX EXPENSES					
FOR ITEMS THAT WILL NOT BE RECLASSIFIED SUBSEQUENTLY TO PROFIT OR LOSS		1,639	11,537	1,639	2,585
OTHER COMPREHENSIVE INCOME, NET		(3,986,557)	3,978,823	(945,192)	1,491,069
TOTAL COMPREHENSIVE INCOME		20,323,146	22,806,113	19,292,407	19,223,458
NET PROFIT ATTRIBUTABLE					
EQUITY HOLDERS OF THE BANK		22,332,706	17,631,716	20,237,599	17,732,389
NON-CONTROLLING INTEREST		1,976,997	1,195,574		
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE					
EQUITY HOLDERS OF THE BANK		18,346,149	21,610,539	19,292,407	19,223,458
NON-CONTROLLING INTEREST		1,976,997	1,195,574		
EARNINGS PER SHARE OF PARENT COMPANY					
BASIC EARNINGS PER SHARE (BAHT)		1.60	1.26	1.45	1.27

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

(Signed) Somchai Boonnamsiri
SOMCHAI BOONNAMSIRI
CHAIRMAN OF THE AUDIT COMMITTEE

(Signed) Payong Srivanich
PAYONG SRIVANICH
PRESIDENT

KRUNG THAI BANK PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
STATEMENTS OF CHANGES IN EQUITY
FOR THE NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2018

UNAUDITED/
REVIEWED

(Thousand Baht)

CONSOLIDATED FINANCIAL STATEMENTS

NOTE	ATTRIBUTABLE TO EQUITY HOLDERS OF THE BANK										NON-CONTROLLING INTEREST	TOTAL
	ISSUED AND PAID-UP SHARE CAPITAL	PREMIUM ON SHARE CAPITAL	OTHER COMPONENTS OF EQUITY					RETAINED EARNINGS	TOTAL EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE BANK			
			APPRAISAL SURPLUS (DEFICIT)	REVALUATION SURPLUS (DEFICIT)	GAINS (LOSS) FROM RECLASSIFICATION OF INVESTMENTS	GAIN (LOSS) FROM TRANSLATING THE FINANCIAL STATEMENTS	SHARE OF OTHER COMPREHENSIVE INCOME OF ASSOCIATES					
										ON ASSETS		
BALANCE BEFORE ADJUSTMENT AS AT JANUARY 1, 2017	72,005,040	20,833,734	8,367,335	5,630,275	-	(85,107)	3,836,315	163,341,742	273,929,334	5,217,609	279,146,943	
	-	-	-	-	-	-	-	257,697	257,697	-	257,697	
	72,005,040	20,833,734	8,367,335	5,630,275	-	(85,107)	3,836,315	163,599,439	274,187,031	5,217,609	279,404,640	
	7.13	-	-	-	-	-	-	(12,024,992)	(12,024,992)	(521,331)	(12,546,323)	
TOTAL COMPREHENSIVE INCOME	-	-	(10,343)	815,181	644,353	41,878	2,523,561	17,595,909	21,610,539	1,195,574	22,806,113	
ENDING BALANCE AS AT SEPTEMBER 30, 2017	72,005,040	20,833,734	8,356,992	6,445,456	644,353	(43,229)	6,359,876	169,170,356	283,772,578	5,891,852	289,664,430	
BEGINNING BALANCE AS AT JANUARY 1, 2018	72,005,040	20,833,734	8,356,992	6,090,218	644,353	107,479	6,719,698	173,103,741	287,861,255	6,357,688	294,218,943	
DIVIDEND PAID	-	-	-	-	-	-	-	(8,529,602)	(8,529,602)	(690,765)	(9,220,367)	
TOTAL COMPREHENSIVE INCOME	-	-	(6,555)	(715,168)	-	(213,817)	(3,051,017)	22,332,706	18,346,149	1,976,997	20,323,146	
ENDING BALANCE AS AT SEPTEMBER 30, 2018	72,005,040	20,833,734	8,350,437	5,375,050	644,353	(106,338)	3,668,681	186,906,845	297,677,802	7,643,920	305,321,722	

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

KRUNG THAI BANK PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
STATEMENTS OF CHANGES IN EQUITY
FOR THE NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2018

UNAUDITED/
REVIEWED

(Thousand Baht)

THE BANK'S FINANCIAL STATEMENTS

NOTE	ISSUED AND PAID-UP SHARE CAPITAL	PREMIUM ON SHARE CAPITAL	OTHER COMPONENTS OF EQUITY				RETAINED EARNINGS	TOTAL	
			APPRAISAL SURPLUS (DEFICIT) ON ASSETS	REVALUATION SURPLUS (DEFICIT) ON INVESTMENTS	GAINS (LOSS) FROM RECLASSIFICATION OF INVESTMENTS	GAIN (LOSS) FROM TRANSLATING THE FINANCIAL STATEMENTS			
7.13	72,005,040	20,833,734	8,367,335	5,447,202	-	(85,107)	153,886,537	260,454,741	
	-	-	-	-	-	-	(12,024,992)	(12,024,992)	
	-	-	(10,343)	815,181	644,353	41,878	17,732,389	19,223,458	
ENDING BALANCE AS AT SEPTEMBER 30, 2017			72,005,040	20,833,734	8,356,992	6,262,383	644,353	(43,229)	267,653,207
BEGINNING BALANCE AS AT JANUARY 1, 2018			72,005,040	20,833,734	8,356,992	5,907,145	644,353	107,479	270,129,151
7.13	-	-	-	-	-	-	-	(8,529,602)	(8,529,602)
TOTAL COMPREHENSIVE INCOME			-	-	(6,555)	(724,820)	-	(213,817)	19,292,407
ENDING BALANCE AS AT SEPTEMBER 30, 2018			72,005,040	20,833,734	8,350,437	5,182,325	644,353	173,982,405	280,891,956

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

(Signed) Somchai Boonnamsiri

SOMCHAI BOONNAMSIRI

CHAIRMAN OF THE AUDIT COMMITTEE

(Signed) Payong Srivanich

PAYONG SRIVANICH

PRESIDENT

KRUNG THAI BANK PUBLIC COMPANY LIMITED AND SUBSIDIARIES
STATEMENTS OF CASH FLOWS
FOR THE NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2018

(Thousand Baht)

	CONSOLIDATED FINANCIAL STATEMENTS		THE BANK'S FINANCIAL STATEMENTS	
	2018	2017 (RESTATED)	2018	2017 (RESTATED)
CASH FLOWS FROM OPERATING ACTIVITIES				
OPERATING PROFIT BEFORE INCOME TAX EXPENSES	29,601,670	23,021,173	24,445,725	21,245,913
ADJUSTMENTS TO RECONCILE OPERATING PROFIT BEFORE INCOME TAX EXPENSES				
TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES				
DEPRECIATION AND AMORTIZATION EXPENSES	2,066,400	2,219,971	959,029	1,067,216
BAD DEBTS, DOUBTFUL ACCOUNTS AND LOSS ON IMPAIRMENT	19,761,714	31,255,935	15,000,074	25,499,849
SHARE OF PROFIT FROM INVESTMENTS FOR USING EQUITY METHOD	(1,048,698)	(1,775,070)	-	-
GAIN ON DISPOSAL OF ASSETS	(21,277)	(3,150)	(17,030)	(1,886)
GAIN ON LIQUIDATION OF INVESTMENTS IN SUBSIDIARY COMPANY	-	-	-	(252,253)
GAIN ON DISPOSAL OF INVESTMENTS	(335,518)	(530,648)	(335,518)	(530,648)
(GAIN) LOSS ON REVALUATION OF INVESTMENTS	158,371	(144,535)	158,371	(144,535)
LOSS (REVERSAL) ON IMPAIRMENT OF PROPERTIES FOR SALE	262,933	17,614	250,813	9,017
REVERSAL ON IMPAIRMENT OF INVESTMENTS	(8,856)	(12,651)	(8,761)	(8,957)
LOSS ON IMPAIRMENT OF OTHER ASSETS	350,388	45,735	350,388	45,735
AMORTIZATION OF PREMIUM (DISCOUNT) ON INVESTMENTS	5,026	4,523	7,278	6,619
GAIN ON FOREIGN CURRENCY TRANSLATION	(181,600)	(196,153)	(181,610)	(196,153)
INCREASE IN PROVISIONS	671,980	700,425	909,747	592,287
DECREASE IN OTHER ACCRUED INCOME	224,846	17,616	275,986	3,885
DECREASE IN OTHER ACCRUED EXPENSES	(352,482)	(2,588,404)	(183,641)	(2,304,941)
	51,154,897	52,032,381	41,630,851	45,031,148
INTEREST INCOME, NET	(62,228,712)	(65,470,455)	(53,131,884)	(56,568,888)
DIVIDEND INCOME	(389,193)	(362,381)	(1,746,411)	(3,382,322)
PROCEEDS FROM INTEREST INCOME	89,944,651	93,270,162	79,679,125	83,146,088
CASH PAID ON INTEREST EXPENSES	(27,269,707)	(28,277,873)	(26,176,378)	(27,162,801)
PROCEEDS FROM DIVIDEND INCOME	389,193	362,231	389,193	362,231
CASH PAID ON INCOME TAX EXPENSES	(6,066,233)	(4,937,260)	(4,621,052)	(3,835,548)
OPERATING INCOME BEFORE CHANGES IN				
OPERATING ASSETS AND LIABILITIES	45,534,896	46,616,805	36,023,444	37,589,908
(INCREASE) DECREASE IN OPERATING ASSETS				
INTERBANK AND MONEY MARKET ITEMS	107,643,368	(34,838,729)	107,817,050	(34,756,142)
CLAIMS ON SECURITIES	15,111,600	(3,935,200)	15,111,600	(3,935,200)
INVESTMENTS IN TRADING SECURITIES	(2,328,194)	5,361,923	(2,325,184)	5,381,456
LOANS TO CUSTOMERS	(60,707,550)	(897,244)	(55,437,130)	4,230,994
PROPERTIES FOR SALE	1,285,914	4,369,865	1,297,905	4,340,099
OTHER ASSETS	1,161,760	(248,011)	211,765	(120,636)
INCREASE (DECREASE) IN OPERATING LIABILITIES				
DEPOSITS	(63,483,024)	(22,317,997)	(63,434,266)	(22,752,323)
INTERBANK AND MONEY MARKET ITEMS	(50,262,301)	(17,758,987)	(45,486,581)	(14,015,439)
LIABILITIES PAYABLE ON DEMAND	816,493	1,179,513	816,493	1,179,513
LIABILITIES TO DELIVER SECURITIES	(14,905,789)	3,980,910	(14,905,789)	3,980,910
OTHER LIABILITIES	12,817,725	11,987,271	12,723,804	12,613,086
NET CASH USED IN OPERATING ACTIVITIES	(7,315,102)	(6,499,881)	(7,586,889)	(6,263,774)

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

KRUNG THAI BANK PUBLIC COMPANY LIMITED AND SUBSIDIARIES
STATEMENTS OF CASH FLOWS (CONTINUED)
FOR THE NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2018

	CONSOLIDATED		THE BANK'S	
	FINANCIAL STATEMENTS		FINANCIAL STATEMENTS	
	2018	2017	2018	2017
		(RESTATED)		(RESTATED)
CASH FLOWS FROM INVESTING ACTIVITIES				
PURCHASES OF AVAILABLE FOR SALE SECURITIES	(105,436,802)	(106,747,766)	(106,088,402)	(106,747,766)
PROCEEDS FROM DISPOSAL OF AVAILABLE FOR SALE SECURITIES	85,722,712	109,589,738	85,722,712	109,589,738
PURCHASES OF HELD TO MATURITY DEBT SECURITIES	(1,593,333)	(1,159,715)	(637,563)	(316,487)
PROCEEDS FROM DISPOSAL OF HELD TO MATURITY DEBT SECURITIES	40,122,753	12,762,280	39,431,418	11,839,279
PURCHASES OF GENERAL INVESTMENTS	(263,970)	(287,377)	(263,970)	(287,377)
PROCEEDS FROM DISPOSAL OF GENERAL INVESTMENTS	197,638	376,968	197,638	376,968
PURCHASES OF INVESTMENTS IN ASSOCIATED COMPANIES	-	(14,942)	-	(14,942)
PROCEEDS FROM LIQUIDATION OF INVESTMENTS IN SUBSIDIARY COMPANY	-	-	-	253,253
PROCEEDS FROM DIVIDEND INCOME FROM SUBSIDIARIES / ASSOCIATES	165,438	203,641	1,357,218	1,194,941
PURCHASES OF INTANGIBLE ASSETS	(494,112)	(386,140)	(199,467)	(120,082)
PURCHASES OF PREMISES AND EQUIPMENT	(770,383)	(612,110)	(343,427)	(306,091)
PROCEEDS FROM DISPOSAL OF PREMISES AND EQUIPMENT	41,188	33,519	17,351	2,044
NET CASH PROVIDED BY INVESTING ACTIVITIES	17,691,129	13,758,096	19,193,508	15,463,478
CASH FLOWS FROM FINANCING ACTIVITIES				
PROCEEDS FROM DEBT ISSUED AND LONG-TERM BORROWINGS	8,598,400	6,500,000	-	-
REPAYMENTS OF DEBT ISSUED AND LONG-TERM BORROWINGS	(23,130,000)	(9,193,000)	(16,410,000)	(5,155,000)
DIVIDEND PAID-ORDINARY SHARE	(8,525,397)	(12,019,412)	(8,525,397)	(12,019,412)
DIVIDEND PAID-PREFERRED SHARE	(4,205)	(5,580)	(4,205)	(5,580)
DIVIDEND PAID TO NON-CONTROLLING INTEREST	(690,765)	(521,331)	-	-
NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES	(23,751,967)	(15,239,323)	(24,939,602)	(17,179,992)
GAIN (LOSS) ON ARISING FROM TRANSLATING THE FINANCIAL STATEMENTS OF FOREIGN OPERATIONS	(213,817)	41,878	(213,817)	41,878
NET DECREASE IN CASH AND CASH EQUIVALENTS	(13,589,757)	(7,939,230)	(13,546,800)	(7,938,410)
BEGINNING BALANCE OF CASH AND CASH EQUIVALENTS	73,572,868	72,106,416	73,334,740	71,929,866
ENDING BALANCE OF CASH AND CASH EQUIVALENTS	59,983,111	64,167,186	59,787,940	63,991,456

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

(Signed) Somchai Boonnamsiri
SOMCHAI BOONNAMSIRI
CHAIRMAN OF THE AUDIT COMMITTEE

(Signed) Payong Srivanich
PAYONG SRIVANICH
PRESIDENT

KRUNG THAI BANK PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
NOTES TO THE INTERIM FINANCIAL STATEMENTS
FOR THE NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2018 (UNAUDITED/REVIEWED)

1. GENERAL INFORMATION

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

2. BASIS OF PRESENTATION OF THE FINANCIAL STATEMENT

2.1 Preparation of the Interim Financial Statements

These interim financial statements are prepared in accordance with Thai Accounting Standard No. 34 (revised 2017) Interim Financial Reporting, by choosing to present the interim financial statements for transactions occurred on the statement of financial position, the statement of comprehensive income, the statement of changes in equity, and the statement of cash flows as on the annual financial statements. Notes to the interim financial statements disclosed significant information.

The interim financial statements are prepared to update the information from the financial statements for the year ended December 31, 2017. Accordingly, these interim financial statements should be used together with that mentioned financial statements.

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

The consolidated and the Bank's financial statements are presented in accordance with the Notification of the Bank of Thailand (BoT) No. SOR NOR SOR.21/2558 dated December 4, 2015, regarding the Preparation and Announcement of Financial Statements of Commercial Banks and Parent Companies of Financial Holding Groups, including any other supplementary BoT's notifications; and with the regulations of the Stock Exchange of Thailand (SET) dated October 2, 2017, regarding the Preparation and Submission of Financial Statements and Report on Financial Position and Results of Business Operations of Listed Companies, B.E. 2560 (2017). Moreover, these financial statements are prepared in conformity with generally accepted accounting principles, under Accounting Act B.E. 2543 (2000).

The Consolidated Financial Statements

The consolidated financial statements comprise the accounts of the Bank and its subsidiaries in which the Bank is a controlling interest after eliminating material intercompany transactions and balances. The 7 consolidated subsidiaries are KTB Law Co., Ltd., KTB General Services and Security Co., Ltd., Krung Thai Asset Management Pcl., KTB Computer Services Co., Ltd., KTB Leasing Co., Ltd., KTB Advisory Co., Ltd., and Krungthai Card Pcl.

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

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

2. BASIS OF PRESENTATION OF THE FINANCIAL STATEMENT (Continued)

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

The Bank's Financial Statements

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

The Bank's financial statements for the nine-month periods ended September 30, 2018 and 2017 and for the year ended December 31, 2017 included the accounts of domestic and foreign branches, after eliminating the effects of all interbranch transactions.

The English Translation of Financial Statements

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

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

The Bank has adopted Thai Accounting Standards (TAS), Thai Financial Reporting Standards (TFRS), TSIC Interpretations and IFRIC Interpretations that announced and revised in accordance with the Federation of Accounting Professions, those are effective for the financial statements of the periods beginning on or after January 1, 2018. The Bank's managements have already considered that they have no significant impacts on the Bank's accounting policies, and the Bank's and its subsidiaries' financial statements.

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

The Federation of Accounting Professions has announced Thai Accounting Standards (TAS), Thai Financial Reporting Standards (TFRS), TSIC Interpretations and IFRIC Interpretations.

2.4.1 Those are effective for the financial statements periods beginning on or after January 1, 2019 that are relevant to the Bank as follows:

TFRS 15	Revenue from Contracts with Customers
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The Bank's managements have already considered that they have no significant impacts on the Bank's accounting policies, and the Bank's and its subsidiaries' financial statements.

2.4.2 Those are effective for the financial statements periods beginning on or after January 1, 2020 that are relevant to the Bank as follows:

TAS 32	Financial Instrument
TFRS 7	Financial Instruments: Disclosures
TFRS 9	Financial Instrument
IFRIC 16	Hedges of a Net Investment in a Foreign Operation
IFRIC 19	Extinguishing Financial Liabilities with Equity Instruments

2. BASIS OF PRESENTATION OF THE FINANCIAL STATEMENT (Continued)

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

The Bank has adopted Thai Accounting Standards (TAS) and Thai Financial Reporting Standards (TFRS) stated above will have an impact on the financial statements related to reclassification and the measurement of financial assets and liabilities, the impairment calculation of financial instruments and the disclosure of financial instruments, those are effective for the financial statement period as mentioned above. The Bank has been preparing for adopting related TAS, TFRS, IFRIC Interpretations mentioned above by setting up the working group on policies regulations, management planning process for operating system, and implementing as planned. The Bank has been on the process of implementing those effected TAS and TFRS mentioned above in time.

3. SIGNIFICANT ACCOUNTING POLICIES

The Bank uses the same accounting policies and estimation methods for the interim financial statements as for the financial statements for the year ended December 31, 2017.

4. STATUTORY CAPITAL FUND

As at September 30, 2018 and December 31, 2017, the Bank calculated capital fund based on Basel III framework of the BoT. Since 2017, it required commercial banks registered in Thailand to additionally maintain the tier 1 capital fund ratios - equity from the minimum to more than 2.5 percent of total risk weighted assets. It could be gradually maintained the additional of more than 0.625 percent each year, beginning on January 1, 2017 to full amounts on January 1, 2019.

Capital Fund Ratios to Risk Weighted Assets

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

The initial information about statutory capital fun as at September 30, 2018 is based on rule and regulations prescribed by BOT. It's required the Bank to disclose the information to BOT within 3 months from the end of each quarter. It's also required the Bank to disclose the information via Web Site as at June 30 and December 31 each year. For the information as at December 31, 2017 already adjusted and sent to BOT as follows.

4. STATUTORY CAPITAL FUND (Continued)

	(Million Baht)	
	<u>Financial Business Group</u>	
	<u>September 30, 2018</u>	<u>December 31, 2017</u>
Tier 1 capital fund - equity		
Paid-up share capital	72,005.04	72,005.04
Premium on share capital	20,833.74	20,833.74
Legal reserve	7,200.50	7,200.50
Net income after appropriation	160,220.02	156,895.32
Other components of equity	17,895.41	20,836.56
Deduction items from Tier 1 capital fund - equity	(10,712.87)	(10,390.16)
Tier 1 capital fund - financial instruments	1,042.43	1,136.47
Total tier 1 capital fund	<u>268,484.27</u>	<u>268,517.47</u>
Tier 2 capital fund		
Long-term subordinated debt	51,810.16	51,810.16
Allowance for assets classified as pass	21,200.47	22,394.91
Total tier 2 capital fund	<u>73,010.63</u>	<u>74,205.07</u>
Total capital fund	<u>341,494.90</u>	<u>342,722.54</u>

	(Million Baht)	
	<u>The Bank's Financial Statements</u>	
	<u>September 30, 2018</u>	<u>December 31, 2017</u>
Tier 1 capital fund - equity		
Paid-up share capital	72,005.04	72,005.04
Premium on share capital	20,833.74	20,833.74
Legal reserve	7,200.50	7,200.50
Net income after appropriation	149,584.43	147,414.43
Other components of equity	14,066.38	14,860.62
Deduction items from Tier 1 capital fund - equity	(6,652.43)	(5,886.76)
Total tier 1 capital fund	<u>257,037.66</u>	<u>256,427.57</u>
Tier 2 capital fund		
Long-term subordinated debt	51,810.16	51,810.16
Allowance for assets classified as pass	20,345.43	21,072.95
Total tier 2 capital fund	<u>72,155.59</u>	<u>72,883.11</u>
Total capital fund	<u>329,193.25</u>	<u>329,310.68</u>

4. STATUTORY CAPITAL FUND (Continued)

	<u>Capital Fund Ratios to Risk Weighted Assets</u>			
	<u>Financial Business Group</u>		<u>The Bank's Financial Statements</u>	
	<u>September 30, 2018</u>	<u>December 31, 2017</u>	<u>September 30, 2018</u>	<u>December 31, 2017</u>
Tier 1 capital fund ratios - equity	13.93	13.38	13.92	13.59
Tier 1 capital fund ratios	13.98	13.44	13.92	13.59
Total capital fund ratios	17.78	17.15	17.82	17.45

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

Channel of disclosure www.ktb.co.th>Investor Relations>Financial Information>Pillar III Disclosures

Date of disclosure October 31, 2018

Information as at June 30, 2018

5. ESTIMATES AND ASSUMPTIONS

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

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

6. RECLASSIFICATION

The Bank reclassified items in the statements of profit or loss and other comprehensive income for the three-month and the nine-month periods ended September 30, 2017 in order to be consistent and comparable with the statements of profit or loss and other comprehensive income for the three-month and the nine-month periods ended September 30, 2018. This reclassification is ineffective to net profit of the Bank as follows.

(Million Baht)

	<u>Consolidated Financial Statements</u>			<u>The Bank's Financial Statements</u>		
	<u>Before</u>	<u>Reclassification</u>	<u>After</u>	<u>Before</u>	<u>Reclassification</u>	<u>After</u>
	<u>Reclassification</u>		<u>Reclassification</u>	<u>Reclassification</u>		<u>Reclassification</u>
Statements of Profit or Loss and Other Comprehensive Income						
For the three-month periods ended September 30, 2017						
Interest revenue	30,370.32	78.79	30,449.11	26,984.32	78.79	27,063.11
Interest expense	9,111.53	(158.33)	8,953.20	8,704.87	(158.33)	8,546.54
Net interest	21,258.79	237.12	21,495.91	18,279.45	237.12	18,516.57
Gain on tradings and foreign exchange transactions, net						
Foreign Currency	1,188.52	(237.12)	951.40	1,185.62	(237.12)	948.50

(Million Baht)

	<u>Consolidated Financial Statements</u>			<u>The Bank's Financial Statements</u>		
	<u>Before</u>	<u>Reclassification</u>	<u>After</u>	<u>Before</u>	<u>Reclassification</u>	<u>After</u>
	<u>Reclassification</u>		<u>Reclassification</u>	<u>Reclassification</u>		<u>Reclassification</u>
Statements of Profit or Loss and Other Comprehensive Income						
For the nine-month periods ended September 30, 2017						
Interest revenue	92,224.93	257.86	92,482.79	82,126.75	257.86	82,384.61
Interest expense	27,542.13	(529.80)	27,012.33	26,345.52	(529.80)	25,815.72
Net interest	64,682.80	787.66	65,470.46	55,781.23	787.66	56,568.89
Gain on tradings and foreign exchange transactions, net						
Foreign Currency	3,287.14	(787.66)	2,499.48	3,278.83	(787.66)	2,491.17

7. SUPPLEMENTARY INFORMATION

7.1 Supplementary Information of Cash Flows

7.1.1 Significant non-cash items for the nine-month periods ended September 30, 2018 and 2017 are as follows:

(Million Baht)

	<u>Consolidated Financial Statements</u>		<u>The Bank's Financial Statements</u>	
	<u>September 30, 2018</u>	<u>September 30, 2017</u>	<u>September 30, 2018</u>	<u>September 30, 2017</u>
Increase (Decrease) in revaluation surplus on available-for-sale				
Investments, net income tax expenses*	(715.17)	1,459.53	(724.82)	1,459.53
Increase in properties for sale from loan payment	1,869.20	3,759.60	1,869.20	3,759.60

*Included Gains (Losses) from reclassification of investments

7.1.2 Disclosure of Change Related to Liabilities from Financing Activities

(Million Baht)

	<u>Consolidated Financial Statements</u>			
		<u>Cash Flow from</u>	<u>Classified None-Cash</u>	
<u>Classification</u>	<u>January 1, 2018</u>	<u>Financing Activities,</u>	<u>Exchange Currency</u>	<u>Amortize Discount</u>
		<u>Net</u>		
Securities and Borrowing	110,626.43	(14,531.60)	(345.94)	(4.65)
Total	110,626.43	(14,531.60)	(345.94)	(4.65)

(Million Baht)

	<u>The Bank's Financial Statements</u>			
		<u>Cash Flow from</u>	<u>Classified None-Cash</u>	
<u>Classification</u>	<u>January 1, 2018</u>	<u>Financing Activities,</u>	<u>Exchange Currency</u>	<u>Amortize Discount</u>
		<u>Net</u>		
Securities and Borrowing	67,271.43	(16,410.00)	(345.94)	(4.65)
Total	67,271.43	(16,410.00)	(345.94)	(4.65)

7.2 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>September 30, 2018</u>			<u>December 31, 2017</u>		
	<u>Fair Value</u>		<u>Notional</u>	<u>Fair Value</u>		<u>Notional</u>
	<u>Assets</u>	<u>Liabilities</u>		<u>Assets</u>	<u>Liabilities</u>	
Exchange rate	26,112.36	21,370.80	2,154,653.12	24,337.94	20,486.77	1,778,097.10
Interest rate	5,928.05	6,253.06	1,621,529.81	4,913.34	4,736.26	1,162,066.51
Others	5,894.91	6,060.22	109,821.91	4,582.12	5,061.39	88,843.22
Total	37,935.32	33,684.08	3,886,004.84	33,833.40	30,284.42	3,029,006.83

(Million Baht)

<u>The Bank's Financial Statements</u>						
<u>Type of Risk</u>	<u>September 30, 2018</u>			<u>December 31, 2017</u>		
	<u>Fair Value</u>		<u>Notional</u>	<u>Fair Value</u>		<u>Notional</u>
	<u>Assets</u>	<u>Liabilities</u>		<u>Assets</u>	<u>Liabilities</u>	
Exchange rate	26,112.36	21,370.80	2,154,653.12	24,337.94	20,486.77	1,778,097.10
Interest rate	5,930.88	6,253.06	1,621,972.96	4,922.45	4,736.26	1,162,958.94
Others	5,894.91	6,060.22	109,821.91	4,582.12	5,061.39	88,843.22
Total	37,938.15	33,684.08	3,886,447.99	33,842.51	30,284.42	3,029,899.26

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>September 30, 2018</u>	<u>December 31, 2017</u>	<u>September 30, 2018</u>	<u>December 31, 2017</u>
	<u>Proportion</u>	<u>Proportion</u>	<u>Proportion</u>	<u>Proportion</u>
Financial institutions	74.32%	76.16%	74.31%	76.14%
Financial business group	0.29%	0.32%	0.30%	0.35%
Third parties	25.39%	23.52%	25.39%	23.51%
Total	100.00%	100.00%	100.00%	100.00%

7.3 Investments, Net

(Million Baht)

	<u>Consolidated Financial Statements</u>		<u>The Bank's Financial Statements</u>	
	<u>September 30, 2018</u>	<u>December 31, 2017</u>	<u>September 30, 2018</u>	<u>December 31, 2017</u>
	<u>Fair Value</u>	<u>Fair Value</u>	<u>Fair Value</u>	<u>Fair Value</u>
7.3.1 Trading Securities				
Government & state enterprise securities	10,650.31	8,315.31	10,650.31	8,315.31
Private enterprise debt securities	3.43	168.60	3.43	171.61
Total	10,653.74	8,483.91	10,653.74	8,486.92
7.3.2 Available-for-Sale Securities				
Government & state enterprise securities	116,869.05	111,990.81	116,869.05	111,990.81
Private enterprise debt securities	11,268.33	6,383.60	11,907.87	6,383.60
Foreign debt securities	34,148.29	27,295.31	34,148.29	27,295.31
Domestic marketable equity securities	14,355.77	12,348.33	14,355.77	12,348.33
Foreign marketable equity securities	423.11	478.68	423.11	478.68
Total	177,064.55	158,496.73	177,704.09	158,496.73
	<u>Cost/</u>	<u>Cost/</u>	<u>Cost/</u>	<u>Cost/</u>
	<u>Amortized Cost</u>	<u>Amortized Cost</u>	<u>Amortized Cost</u>	<u>Amortized Cost</u>
7.3.3 Held-to-Maturity Debt Securities				
Government & state enterprise securities	1,472.29	35,510.74	1,000.00	35,305.14
Private enterprise debt securities	35.71	295.96	35.71	295.96
Foreign debt securities	2,360.67	6,066.15	2,360.68	6,066.15
Total	3,868.67	41,872.85	3,396.39	41,667.25
<u>Less</u> Allowance for impairment	(35.81)	(35.71)	(35.81)	(35.71)
Total	3,832.86	41,837.14	3,360.58	41,631.54
7.3.4 General Investments				
Domestic non-marketable equity securities	1,930.86	1,862.19	1,930.81	1,862.14
Foreign non-marketable equity securities	3.83	3.97	3.83	3.97
Others	0.81	0.82	0.81	0.82
Total	1,935.50	1,866.98	1,935.45	1,866.93
<u>Less</u> Allowance for impairment	(1,161.37)	(1,170.23)	(1,161.37)	(1,170.23)
Total	774.13	696.75	774.08	696.70
Total investments, net	192,325.28	209,514.53	192,492.49	209,311.89

7.3 Investments, Net (Continued)

As at September 30, 2018 and December 31, 2017, general investments which are domestic non-marketable equity securities of Baht 1,930.81 million and Baht 1,862.14 million respectively, included investments in the Islamic Bank of Thailand of Baht 1,048.15 million which the Bank reserved the full amount of allowance for impairment and included investment for government policy support by investing in Private Equity Trust for SME Growing Together of Baht 78.16 million.

7.3.5 As at September 30, 2018 and December 31, 2017 unrealized gains or losses arising from the revaluation of available-for-sale securities are as follows:

(Million Baht)

<u>Consolidated Financial Statements</u>								
	<u>September 30, 2018</u>				<u>December 31, 2017</u>			
		Unrealized	Unrealized	Fair		Unrealized	Unrealized	Fair
	<u>Cost</u> ¹	<u>Gain</u>	<u>Loss</u>	<u>Value</u>	<u>Cost</u> ¹	<u>Gain</u> ²	<u>Loss</u> ²	<u>Value</u>
Available-for-Sale Securities	169,769.14	9,559.46	(2,264.05)	177,064.55	150,307.36	9,253.48	(1,064.11)	158,496.73

(Million Baht)

<u>The Bank's Financial Statements</u>								
	<u>September 30, 2018</u>				<u>December 31, 2017</u>			
		Unrealized	Unrealized	Fair		Unrealized	Unrealized	Fair
	<u>Cost</u> ¹	<u>Gain</u>	<u>Loss</u>	<u>Value</u>	<u>Cost</u> ¹	<u>Gain</u> ²	<u>Loss</u> ²	<u>Value</u>
Available-for-Sale Securities	170,420.74	9,559.46	(2,276.11)	177,704.09	150,307.36	9,253.48	(1,064.11)	158,496.73

¹ net of allowance for impairment

² Included Gains (Losses) from reclassification of investments

7.3.6 As at September 30, 2018 and December 31, 2017, the Bank had investments in foreign securities affected by foreign exchange rate, resulting in a decrease of the carrying amount of Baht 853.89 million and a decrease of Baht 965.77 million, respectively.

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

(Million Baht)

<u>Consolidated and The Bank's Financial Statements</u>		
	<u>September 30, 2018</u>	<u>December 31, 2017</u>
Public utilities and services	1,554.11	1,474.17

7.3.8 As at September 30, 2018, the Bank has investments in 3 listed companies in which their financial position and performance fall under SET's delisted criteria, cost of Baht 0.10 million which are reserved full amount of allowance for impairment.

7.4 Investments in Subsidiaries and Associates, Net

7.4.1 The Bank's Financial Statements

(Million Baht)

September 30, 2018					
Name of Company	Type of Business	Type of Shares	Percentages of	Investments	Dividend
			Shareholdings	(Cost Method)	
Subsidiaries					
KTB Law Co., Ltd.	Legal Services	Ordinary	100.00	30.00	22.50
KTB General Services and Security Co., Ltd.	General Services	Ordinary	100.00	140.00	157.15
Krung Thai Asset Management Pcl.	Securities Business	Ordinary	100.00	210.90	320.00
KTB Computer Services Co., Ltd.	IT Services	Ordinary	100.00	1,300.00	16.38
KTB Leasing Co., Ltd. *	Hire Purchase	Ordinary	100.00	1,000.00	-
KTB Advisory Co., Ltd.**	Financial Counseling & Advisory Services	Ordinary	100.00	40.00	-
Krungthai Card Pcl.	Credit Card Business	Ordinary	49.45	1,994.60	675.75
Total				4,715.50	1,191.78
Less Allowance for impairment***				(802.56)	
Total				3,912.94	1,191.78
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	118.80
Krung Thai IBJ Leasing Co., Ltd.	Hire Purchase	Ordinary	49.00	87.38	41.36
KT Zmico Securities Co., Ltd.	Securities Business	Ordinary	50.00	1,068.89	-
National ITMX Co., Ltd.	Service	Ordinary	21.13	38.05	5.28
Total				6,784.91	165.44
Investments in subsidiaries and associates, net				10,697.85	1,357.22

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

(Million Baht)

<u>December 31, 2017</u>					
<u>Name of Company</u>	<u>Type of Business</u>	<u>Type of Shares</u>	<u>Percentages of Shareholdings</u>	<u>Investments (Cost Method)</u>	<u>Dividend</u>
Subsidiaries					
KTB Law Co., Ltd.	Legal Services	Ordinary	100.00	30.00	19.00
KTB General Services and Security Co., Ltd.	General Services	Ordinary	100.00	140.00	203.00
Krung Thai Asset Management Pcl.	Securities Business	Ordinary	100.00	210.90	232.00
KTB Computer Services Co., Ltd.	IT Services	Ordinary	100.00	1,300.00	27.30
KTB Leasing Co., Ltd.*	Hire Purchase	Ordinary	100.00	1,000.00	-
KTB Advisory Co., Ltd.	Financial Counseling & Advisory Services	Ordinary	100.00	40.00	-
Krungthai Card Pcl.	Credit Card Business	Ordinary	49.45	1,994.60	510.00
Total				4,715.50	991.30
<u>Less Allowance for impairment***</u>				(802.46)	-
Total				3,913.04	991.30
Associates					
Krungthai-AXA Life Insurance Pcl.	Life Insurance	Ordinary	50.00	4,071.77	1,825.00
Krungthai Panich Insurance Pcl.	Non-Life Insurance	Ordinary	45.00	1,518.82	158.40
Krung Thai IBJ Leasing Co., Ltd.	Hire Purchase	Ordinary	49.00	87.38	39.05
KT Zmico Securities Co., Ltd.	Securities Business	Ordinary	50.00	1,068.89	-
National ITMX Co., Ltd.	Service	Ordinary	21.13	38.05	6.19
Total				6,784.91	2,028.64
Investments in subsidiaries and associates, net				10,697.95	3,019.94

* Under consideration of business restructuring plan.

** Under operation of business setting plan.

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

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

(Million Baht)

			<u>September 30, 2018</u>		
<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>	Investments <u>(Equity Method)</u>
Associates					
Krungthai-AXA Life Insurance Pcl.	Life Insurance	Ordinary	50.00	593.57	11,566.78
Krungthai Panich Insurance Pcl.	Non-Life Insurance	Ordinary	45.00	971.30	2,770.96
Krung Thai IBJ Leasing Co., Ltd.	Hire Purchase	Ordinary	49.00	87.38	651.78
KT Zmico Securities Co., Ltd.	Securities Business	Ordinary	50.00	1,068.89	1,239.39
National ITMX Co., Ltd.	Service	Ordinary	21.13	38.05	328.56
Total investments in associates, net				2,759.19	16,557.47

(Million Baht)

			<u>December 31, 2017</u>		
<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>	Investments <u>(Equity Method)</u>
Associates					
Krungthai-AXA Life Insurance Pcl.	Life Insurance	Ordinary	50.00	593.57	13,906.41
Krungthai Panich Insurance Pcl.	Non-Life Insurance	Ordinary	45.00	971.30	2,674.67
Krung Thai IBJ Leasing Co., Ltd.	Hire Purchase	Ordinary	49.00	87.38	617.15
KT Zmico Securities Co., Ltd.	Securities Business	Ordinary	50.00	1,068.89	1,220.55
National ITMX Co., Ltd.	Service	Ordinary	21.13	38.05	306.44
Total investments in associates, net				2,759.19	18,725.22

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

7.4.3 Financial Positions and Operations of Associates

(Million Baht)

<u>Consolidated Financial Statements</u>						
<u>September 30, 2018</u>			<u>December 31, 2017</u>			
<u>"Unreviewed"</u>			<u>"Audited"</u>			
<u>Name of Company</u>	<u>Total Assets</u>	<u>Total Liabilities</u>	<u>Shareholders' Equity</u>	<u>Total Assets</u>	<u>Total Liabilities</u>	<u>Shareholders' Equity</u>
Krungthai-AXA Life Insurance Pcl.	266,759.26	243,625.70	23,133.56	244,580.16	216,818.57	27,761.59
Krungthai Panich Insurance Pcl.	9,970.81	3,813.12	6,157.69	9,285.39	3,372.35	5,913.04
Krung Thai IBJ Leasing Co., Ltd.	10,908.01	9,577.85	1,330.16	9,729.78	8,469.28	1,260.50
KT Zmico Securities Co., Ltd.	7,897.87	5,419.09	2,478.78	8,859.04	6,467.68	2,391.36
National ITMX Co., Ltd.	1,715.90	160.79	1,555.11	1,630.94	182.10	1,448.84
	297,251.85	262,596.55	34,655.30	274,085.31	235,309.98	38,775.33

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

(Million Baht)

Name of Company	Consolidated Financial Statements			
	September 30, 2018		September 30, 2017	
	"Unreviewed"		"Reviewed"	
	Total Income	Net Profit (Loss)	Total Income	Net Profit (Loss)
Krungthai-AXA Life Insurance Pcl.	49,792.30	1,507.88	51,522.25	3,001.05
Krungthai Panich Insurance Pcl.	2,271.99	516.99	2,329.42	514.46
Krung Thai IBJ Leasing Co., Ltd. *	668.07	154.06	639.63	128.31
KT Zmico Securities Co., Ltd.	1,098.04	59.28	1,044.52	(49.80)
National ITMX Co., Ltd.*	515.77	131.28	381.56	90.53
	<u>54,346.17</u>	<u>2,369.49</u>	<u>55,917.38</u>	<u>3,684.55</u>

* For the nine-month period ended September 30, 2017 information is yet unreviewed by the auditor.

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

(Million Baht)

	Consolidated Financial Statements		The Bank's Financial Statements	
	September 30, 2018	December 31, 2017	September 30, 2018	December 31, 2017
Overdrafts	172,685.98	168,278.16	172,685.98	168,278.16
Loans	1,323,203.00	1,295,457.88	1,257,162.21	1,237,594.66
Bills	469,119.74	450,791.70	476,719.74	458,391.70
Hire purchase receivables	11,221.14	18,514.79	1.06	1.74
Financial lease receivables	3,055.10	4,352.46	-	-
Others	2,885.39	2,532.83	1,027.04	1,217.16
<u>Less</u> Deferred revenue	(1,196.77)	(1,846.30)	(102.24)	(87.09)
Total loans to customers net of deferred revenue	<u>1,980,973.58</u>	<u>1,938,081.52</u>	<u>1,907,493.79</u>	<u>1,865,396.33</u>
<u>Add</u> Accrued interest receivables	<u>5,208.70</u>	<u>5,211.74</u>	<u>4,712.39</u>	<u>4,691.08</u>
Total loans to customers net of deferred revenue, plus accrued interest receivables	<u>1,986,182.28</u>	<u>1,943,293.26</u>	<u>1,912,206.18</u>	<u>1,870,087.41</u>
<u>Less</u> Allowance for doubtful accounts				
1. Minimum reserve under BoT's regulations				
Individual approach	(71,411.30)	(85,134.73)	(68,732.69)	(82,907.08)
Collective approach	(3,672.20)	(3,803.50)	-	-
2. Excess allowance	(54,458.79)	(36,425.50)	(51,886.39)	(33,819.27)
<u>Less</u> Revaluation allowance for debt restructuring	-	(17.26)	-	(17.26)
Total loans to customers, net	<u>1,856,639.99</u>	<u>1,817,912.27</u>	<u>1,791,587.10</u>	<u>1,753,343.80</u>

As at September 30, 2018, the Bank has loans to accommodate government policy program, that loans are included interbank and money market items, such as KTB- Soft Loan which supporting SMEs to access source of fund with the appropriate cost for changing machine and enhance business operation. Other projects such as financial support for the damaged from flood, for businesses in Southern border provinces, Revolving Fund for energy conservation by financial institution phase 1 - 6, and Loan project for environment totaling to Baht 35,301.66 million.

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

As at September 30, 2018 and as at December 31, 2017, the Bank's other loans of Baht 1,027.04 million and Baht 1,217.16 million included debts resulting from the Bank's liabilities under acceptances or guarantees of Baht 979.15 million and Baht 1,163.72 million, respectively.

7.5.2 Classified by Type of Loans

					(Million Baht)
					<u>Consolidated Financial Statements</u>
					<u>September 30, 2018</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	1,807,468.17	850,364.68	1	11,681.49	
Special mention	73,023.92	34,258.17	2	16,272.32	
Substandard	14,490.06	5,922.34	100	5,932.02	
Doubtful	21,371.63	9,612.32	100	10,912.32	
Doubtful of loss	69,828.50	29,995.36	100	30,285.35	
2. Excess allowance					54,458.79
Total	1,986,182.28	930,152.87		129,542.29	

					(Million Baht)
					<u>Consolidated Financial Statements</u>
					<u>December 31, 2017</u>
					Net Amount %
					Loans and Used for Set aside Used for Set aside Allowance
					Accrued Interest the Allowance for the Allowance for for Doubtful
					<u>Receivables</u> <u>Doubtful Accounts</u> ¹ <u>Doubtful Accounts</u> ² <u>Accounts</u>
1. Minimum reserve under BoT's regulations					
Normal	1,770,815.82	884,654.34	1	11,067.33	
Special mention	69,361.72	28,189.24	2	17,305.19	
Substandard	12,242.99	7,265.67	100	7,289.59	
Doubtful	35,890.08	23,198.05	100	25,029.24	
Doubtful of loss	54,982.65	19,924.29	100	28,246.88	
2. Excess allowance					36,425.50
Total	1,943,293.26	963,231.59		125,363.73	

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

(Million Baht)

<u>The Bank's Financial Statements</u>				
<u>September 30, 2018</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	1,740,667.30	792,558.27	1	9,505.32
Special mention	70,422.39	32,787.92	2	15,803.57
Substandard	13,938.15	5,652.66	100	5,662.34
Doubtful	20,907.55	9,391.81	100	10,691.81
Doubtful of loss	66,270.79	26,779.67	100	27,069.65
2. Excess allowance				51,886.39
Total	1,912,206.18	867,170.33		120,619.08

(Million Baht)

<u>The Bank's Financial Statements</u>				
<u>December 31, 2017</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	1,704,657.61	834,514.36	1	8,948.50
Special mention	66,699.01	26,762.37	2	16,803.74
Substandard	11,649.33	6,979.62	100	7,003.55
Doubtful	34,907.56	22,820.07	100	24,651.26
Doubtful of loss	52,173.90	17,177.45	100	25,500.03
2. Excess allowance				33,819.27
Total	1,870,087.41	908,253.87		116,726.35

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

² Included loss rate net of recovery.

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

7.5.3 Non-Performing Loans (NPLs)

As at September 30, 2018 and December 31, 2017, the Bank and its subsidiaries had NPLs classified by the BoT's notifications as substandard, doubtful, doubtful of loss, and loss. Those are included loans that are interbank and money market items but excluded accrued interest receivables.

(Million Baht)

	<u>Consolidated Financial Statements</u>		<u>The Bank's Financial Statements</u>	
	<u>September 30, 2018</u>	<u>December 31, 2017</u>	<u>September 30, 2018</u>	<u>December 31, 2017</u>
NPLs before deducting allowance for doubtful accounts	105,675.40	103,020.42	101,102.93	98,637.39
NPLs percentage of total loans	4.42	4.19	4.36	4.14
NPLs after deducting allowance for doubtful accounts	45,554.04	42,506.32	44,686.21	41,532.26
NPLs percentage of net loans	1.95	1.77	1.98	1.78

For the nine-month periods ended September 30, 2018 and for the year ended December 31, 2017, impaired loans have been written off both principal and accrued interest receivables of Baht 16,719.96 million and Baht 23,738.68 million, respectively.

7.5.4 Non-Accrual Loans based on the Accrual Basis

As at September 30, 2018 and December 31, 2017, the Bank and its subsidiaries have non-accrual loans based on the accrual basis and comply with the BoT's regulations as follows:

(Million Baht)

	<u>Consolidated Financial Statements</u>		<u>The Bank's Financial Statements</u>	
	<u>September 30, 2018</u>	<u>December 31, 2017</u>	<u>September 30, 2018</u>	<u>December 31, 2017</u>
Non-accrual loans	105,675.40	103,020.42	101,102.93	98,637.39
Percentage of total loans	4.42	4.19	4.36	4.14

7.5.5 Loans to Potential Delisted Companies

As at September 30, 2018 and December 31, 2017, the Bank and its subsidiaries has loans and accrued interest receivables to 3 potential delisted companies of Baht 9,166.68 million with an allowance for doubtful accounts of Baht 7,628.30 million. Moreover, there are 5 potential delisted companies of Baht 10,331.11 million, accrued interest receivables of Baht 0.12 million, totaling to Baht 10,331.23 million which an allowance for doubtful accounts of Baht 7,640.29 million, respectively.

7.5.6 Troubled Debt Restructuring (TDR)

For the nine-month periods ended September 30, 2018, the original loan value of the 7,205 troubled debt restructuring cases are Baht 44,486.17 million. The repayment for related interest and principal are Baht 7,463.02 million, whereas extended lending increased by Baht 29,740.21 million and Bad debts from troubled debt restructuring of Baht 0.11 million.

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

TDR for the nine-month periods ended September 30, 2018 is set out as follows:

(Million Baht)

<u>Troubled Debt Restructuring Methods</u>	<u>No. of Cases</u>	<u>The Bank's Financial Statements</u>		<u>Fair Value</u>
		<u>Outstanding Debt before Restructuring</u>	<u>Type of Transferred Assets</u>	
Transfers of assets	3	2.91	Land & Premises	2.91
Change of repayment conditions	273	18,688.04		
Debt restructuring in various forms	6,929	25,795.22		
	7,205	44,486.17		

As at September 30, 2018, the Bank has outstanding balance of loans to restructured debts 37,773 cases of Baht 163,039.71 million, of which 15,829 cases of Baht 11,086.34 million, has been monitored under the new contractual agreements.

The consolidated financial statements for the nine-month periods ended September 30, 2018, the Bank restructured debts of 7,252 cases which the debts before restructuring were Baht 46,570.28 million.

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

TDR for the year ended December 31, 2017 was set out as follows:

(Million Baht)

<u>Troubled Debt Restructuring Methods</u>	<u>No. of Cases</u>	<u>The Bank's Financial Statements</u>		<u>Fair Value</u>
		<u>Outstanding Debt before Restructuring</u>	<u>Type of Transferred Assets</u>	
Transfers of assets	28	1,161.40	Land & Premises	1,161.40
Change of repayment conditions	401	26,542.34		
Debt restructuring in various forms	8,995	35,315.28		
	9,424	63,019.02		

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

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

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

(Million Baht)

Consolidated Financial Statements

	<u>September 30, 2018</u>				<u>December 31, 2017</u>			
	<u>Amount Due of the Contract</u>				<u>Amount Due of the Contract</u>			
	Not Over	Over	Over		Not Over	Over	Over	
	<u>1 Year</u>	<u>1 - 5 Years</u>	<u>5 Years</u>	<u>Total</u>	<u>1 Year</u>	<u>1 - 5 Years</u>	<u>5 Years</u>	<u>Total</u>
Gross investment of leases payment	8,400.80	5,847.83	27.61	14,276.24	12,762.83	10,069.96	34.46	22,867.25
<u>Less</u> Unearned financial income				(1,094.68)				(1,759.45)
Present value of minimum leases payment				13,181.56				21,107.80
<u>Less</u> Allowance for doubtful accounts				(1,767.11)				(1,841.17)
Financial lease receivables, net				11,414.45				19,266.63

(Million Baht)

The Bank's Financial Statements

	<u>September 30, 2018</u>				<u>December 31, 2017</u>			
	<u>Amount Due of the Contract</u>				<u>Amount Due of the Contract</u>			
	Not Over	Over	Over		Not Over	Over	Over	
	<u>1 Year</u>	<u>1 - 5 Years</u>	<u>5 Years</u>	<u>Total</u>	<u>1 Year</u>	<u>1 - 5 Years</u>	<u>5 Years</u>	<u>Total</u>
Gross investment of leases payment	1.06	-	-	1.06	1.74	-	-	1.74
<u>Less</u> Unearned financial income				(0.15)				(0.24)
Present value of minimum leases payment				0.91				1.50
<u>Less</u> Allowance for doubtful accounts				(0.91)				(1.46)
Financial lease receivables, net				-				0.04

(Million Baht)

September 30, 2018

					Allowance		
					in Excess of		
		Special		Doubtful	BoT's		
	<u>Normal</u>	<u>Mention</u>	<u>Substandard</u>	<u>Doubtful</u>	<u>of Loss</u>	<u>Regulations</u>	<u>Total</u>
Beginning balances	11,067.33	17,305.19	7,289.59	25,029.24	28,246.88	36,425.50	125,363.73
Doubtful accounts	(1,437.00)	(227.01)	1,867.38	(13,996.75)	15,461.54	18,033.29	19,701.45
Allowance for doubtful accounts							
transferred from (to) allowance for							
debt restructuring revaluation	-	17.26	-	-	-	-	17.26
Bad debt recovered	-	-	-	-	3,693.41	-	3,693.41
Bad debt written-off	(174.63)	(823.10)	(3,224.95)	(85.17)	(16,886.54)	-	(21,194.39)
Others	2,225.79	(0.02)	-	(35.00)	(229.94)	-	1,960.83
Ending balances	11,681.49	16,272.32	5,932.02	10,912.32	30,285.35	54,458.79	129,542.29
							(Million Baht)
<u>Consolidated Financial Statements</u>							
<u>December 31, 2017</u>							
						Allowance	
						in Excess of	
		Special			Doubtful	BoT's	
	<u>Normal</u>	<u>Mention</u>	<u>Substandard</u>	<u>Doubtful</u>	<u>of Loss</u>	<u>Regulations</u>	<u>Total</u>
Beginning balances	16,062.69	21,790.10	6,784.86	9,059.46	34,616.06	22,406.45	110,719.62
Allowance for doubtful accounts	(2,603.05)	(3,601.68)	5,359.53	16,165.46	15,362.30	14,019.05	44,701.61
Allowance for doubtful accounts							
transferred from (to) allowance for							
debt restructuring revaluation	-	44.36	-	-	-	-	44.36
Bad debt recovered	-	-	-	-	2,493.41	-	2,493.41
Bad debt written-off	(191.72)	(864.93)	(4,854.80)	(195.68)	(24,182.01)	-	(30,289.14)
Others	(2,200.59)	(62.66)	-	-	(42.88)	-	(2,306.13)
Ending balances	11,067.33	17,305.19	7,289.59	25,029.24	28,246.88	36,425.50	125,363.73

7.6 Allowance for Doubtful Accounts (Continued)

(Million Baht)

<u>The Bank's Financial Statements</u>							
<u>September 30, 2018</u>							
	Special			Doubtful		Allowance in Excess of BoT's	
	<u>Normal</u>	<u>Mention</u>	<u>Substandard</u>	<u>Doubtful</u>	<u>of Loss</u>	<u>Regulations</u>	<u>Total</u>
Beginning balances	8,948.50	16,803.74	7,003.55	24,651.26	25,500.03	33,819.27	116,726.35
Allowance for doubtful accounts	(1,668.97)	(1,017.41)	(1,341.21)	(13,924.45)	14,884.92	18,067.12	15,000.00
Allowance for doubtful accounts transferred from (to) allowance for debt restructuring revaluation	-	17.26	-	-	-	-	17.26
Bad debt recovered	-	-	-	-	3,634.60	-	3,634.60
Bad debt written-off	-	-	-	-	(16,719.96)	-	(16,719.96)
Others	2,225.79	(0.02)	-	(35.00)	(229.94)	-	1,960.83
Ending balances	9,505.32	15,803.57	5,662.34	10,691.81	27,069.65	51,886.39	120,619.08

(Million Baht)

<u>The Bank's Financial Statements</u>							
<u>December 31, 2017</u>							
	Special			Doubtful		Allowance in Excess of BoT's	
	<u>Normal</u>	<u>Mention</u>	<u>Substandard</u>	<u>Doubtful</u>	<u>of Loss</u>	<u>Regulations</u>	<u>Total</u>
Beginning balances	14,126.11	21,232.11	6,208.25	8,723.54	32,349.68	20,220.20	102,859.89
Doubtful accounts	(2,977.02)	(4,410.07)	795.30	15,927.72	14,565.00	13,599.07	37,500.00
Allowance for doubtful accounts transferred from allowance for debt restructuring revaluation	-	44.36	-	-	-	-	44.36
Bad debt recovered	-	-	-	-	2,366.91	-	2,366.91
Bad debt written-off	-	-	-	-	(23,738.68)	-	(23,738.68)
Others	(2,200.59)	(62.66)	-	-	(42.88)	-	(2,306.13)
Ending balances	8,948.50	16,803.74	7,003.55	24,651.26	25,500.03	33,819.27	116,726.35

For the nine-month periods ended September 30, 2018, the Bank has set aside allowance for doubtful accounts of Baht 15,000 million. Such amount already included full provision for a large client group in agriculture and mining sector.

For the year ended December 31, 2017, the Bank has set aside allowance for doubtful accounts of Baht 37,500 million.

7.7 Revaluation Allowance for Debt Restructuring

(Million Baht)

	<u>Consolidated and the Bank's Financial Statements</u>	
	<u>September 30, 2018</u>	<u>December 31, 2017</u>
Beginning balances	17.26	61.62
Transfer from (to) allowance for doubtful accounts	(17.26)	(44.36)
Ending balances	-	17.26

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

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

7.8 Properties for Sale, Net

(Million Baht)

<u>Type of Properties for Sale</u>	<u>Consolidated Financial Statements</u>							
	<u>September 30, 2018</u>				<u>December 31, 2017</u>			
	Beginning Balances	Additions	Disposals	Ending Balances	Beginning Balances	Additions	Disposals	Ending Balances
Assets from debt repayment								
Immovable properties								
Appraised by external appraisers	32,002.40	1,831.86	2,433.80	31,400.46	34,387.27	4,498.03	6,882.90	32,002.40
Appraised by internal appraisers	4,190.69	1,567.49	208.47	5,549.71	2,399.19	1,896.99	105.49	4,190.69
Movable properties	236.44	181.99	88.55	329.88	276.85	250.05	290.46	236.44
Total	36,429.53	3,581.34	2,730.82	37,280.05	37,063.31	6,645.07	7,278.85	36,429.53
Others (closed branches)	68.62	-	-	68.62	42.31	26.31	-	68.62
Properties for sale in transit	826.01	340.22	826.01	340.22	454.06	826.01	454.06	826.01
Total	37,324.16	3,921.56	3,556.83	37,688.89	37,559.68	7,497.39	7,732.91	37,324.16
<u>Less</u> Allowance for impairment	(1,814.22)	(262.94)	-	(2,077.16)	(1,816.05)	-	(1.83)	(1,814.22)
Properties for sale, net	35,509.94	3,658.62	3,556.83	35,611.73	35,743.63	7,497.39	7,731.08	35,509.94

7.8 Properties for Sale, Net (Continued)

(Million Baht)

Type of Properties for Sale	The Bank's Financial Statements							
	September 30, 2018				December 31, 2017			
	Beginning			Ending	Beginning			Ending
	Balances	Additions	Disposals	Balances	Balances	Additions	Disposals	Balances
Assets from debt repayment								
Immovable properties								
Appraised by external appraisers	32,002.40	1,831.86	2,433.80	31,400.46	34,387.27	4,498.03	6,882.90	32,002.40
Appraised by internal appraisers	4,190.69	1,567.49	208.47	5,549.71	2,399.19	1,896.99	105.49	4,190.69
Movable properties	110.60	-	-	110.60	110.60	-	-	110.60
Total	36,303.69	3,399.35	2,642.27	37,060.77	36,897.06	6,395.02	6,988.39	36,303.69
Others (closed branches)	68.62	-	-	68.62	42.31	26.31	-	68.62
Properties for sale in transit	826.01	340.22	826.01	340.22	454.06	826.01	454.06	826.01
Total	37,198.32	3,739.57	3,468.28	37,469.61	37,393.43	7,247.34	7,442.45	37,198.32
Less Allowance for impairment	(1,711.98)	(250.81)	-	(1,962.79)	(1,724.88)	-	(12.90)	(1,711.98)
Properties for sale, net	35,486.34	3,488.76	3,468.28	35,506.82	35,668.55	7,247.34	7,429.55	35,486.34

As at September 30, 2018 and December 31, 2017, the Bank's allowance for impairment of properties for sale has increased by Baht 250.81 million and decreased by Baht 12.90 million, respectively, from additional of loss on impairment.

For the nine-month periods ended September 30, 2018 and 2017, the Bank generated gains on sale of properties for sale of Baht 380.84 million and Baht 806.87 million, respectively (before collection of transfer fees customer paid of Baht 58.75 million and Baht 207.81 million, and expenses on sale of Baht 201.70 million and Baht 325.03 million, respectively).

7.9 Deferred Tax Assets and Deferred Tax Liabilities

Deferred tax assets and deferred tax liabilities as at September 30, 2018 and December 31, 2017 are as follows:

(Million Baht)

	Consolidated Financial Statements		The Bank's Financial Statements	
	September 30, 2018	December 31, 2017	September 30, 2018	December 31, 2017
Deferred Tax Assets	5,187.83	4,592.77	2,639.42	2,130.35
Deferred Tax Liabilities	-	-	-	-
Net	5,187.83	4,592.77	2,639.42	2,130.35

7.9 Deferred Tax Assets and Deferred Tax Liabilities (Continued)

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

(Million Baht)

<u>Consolidated Financial Statements</u>				
<u>Charged / credited to:</u>				
Other				
Comprehensive				
	<u>January 1, 2018</u>	<u>Profit / Loss</u>	<u>Income</u>	<u>September 30, 2018</u>
Deferred Tax Assets				
Investments	470.70	(2.63)	239.99	708.06
Investments in subsidiaries and associates	160.49	0.02	-	160.51
Loans to customers and accrued interest receivables, net	3,874.51	13.97	-	3,888.48
Properties for sale	362.90	52.64	-	415.54
Premises and equipment	212.76	52.96	-	265.72
Provisions	3,131.38	129.27	-	3,260.65
Guarantee deposit under financial lease	31.94	(0.61)	-	31.33
Others	1,051.46	118.79	-	1,170.25
Total	9,296.14	364.41	239.99	9,900.54
Deferred Tax Liabilities				
Investments	1,867.86	(15.29)	61.20	1,913.77
Premises and equipment	2,285.01	199.65	(1.64)	2,483.02
Loans to customers and accrued interest receivables, net	550.33	(234.73)	-	315.60
Others	0.17	0.15	-	0.32
Total	4,703.37	(50.22)	59.56	4,712.71
Net	4,592.77	414.63	180.43	5,187.83

(Million Baht)

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

7.9 Deferred Tax Assets and Deferred Tax Liabilities (Continued)

(Million Baht)

<u>The Bank's Financial Statements</u>				
<u>Charged / credited to:</u>				
Other				
Comprehensive				
	<u>January 1, 2018</u>	<u>Profit / Loss</u>	<u>Income</u>	<u>September 30, 2018</u>
Deferred Tax Assets				
Investments	470.70	(2.63)	242.40	710.47
Investments in subsidiaries and associates	160.49	0.02	-	160.51
Loans to customers and accrued interest receivables, net	1,851.40	(10.29)	-	1,841.11
Properties for sale	342.39	50.16	-	392.55
Premises and equipment	183.88	-	-	183.88
Provisions	2,416.25	203.24	-	2,619.49
Others	981.98	92.89	-	1,074.87
Total	6,407.09	333.39	242.40	6,982.88
Deferred Tax Liabilities				
Investments	1,867.86	(15.29)	61.20	1,913.77
Premises and equipment	2,408.88	22.45	(1.64)	2,429.69
Total	4,276.74	7.16	59.56	4,343.46
Net	2,130.35	326.23	182.84	2,639.42

(Million Baht)

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

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

(Million Baht)

Consolidated Financial Statements									
				September 30, 2018			December 31, 2017		
	Currency	Interest Rate (%)	Maturity Date	Domestic	Foreign	Total	Domestic	Foreign	Total
Long term bonds									
2013	Baht	5.00	2018	-	-	-	800.00	-	800.00
2013 (EMTN Programme)	USD	2.25	2018	-	-	-	-	16,335.70	16,335.70
2014	Baht	3.80-4.30	2018	-	-	-	4,300.00	-	4,300.00
2015	Baht	2.54-4.00	2018-2025	7,629.00	-	7,629.00	8,755.00	-	8,755.00
2016	Baht	1.88-4.00	2018-2026	17,496.00	-	17,496.00	18,000.00	-	18,000.00
2017	Baht	2.46-3.80	2022-2027	11,043.40	-	11,043.40	11,500.00	-	11,500.00
2018	Baht	2.20-3.83	2023-2029	9,065.00	-	9,065.00	-	-	-
KTB subordinated debentures									
No.1/2014 (EMTN Programme)	USD	5.20	2024	-	22,684.59	22,684.59	-	22,876.63	22,876.63
No.1/2015	MYR	5.10	2025	-	7,825.55	7,825.55	-	8,058.40	8,058.40
No.1/2017	Baht	3.40	2027	20,000.00	-	20,000.00	20,000.00	-	20,000.00
Bill of exchange for short term (B/E)*	Baht	-	2012	0.70	-	0.70	0.70	-	0.70
Total				65,234.10	30,510.14	95,744.24	63,355.70	47,270.73	110,626.43

(Million Baht)

The Bank's Financial Statements									
				September 30, 2018			December 31, 2017		
	Currency	Interest Rate (%)	Maturity Date	Domestic	Foreign	Total	Domestic	Foreign	Total
Long term bonds									
2013 (EMTN Programme)	USD	2.25	2018	-	-	-	-	16,335.70	16,335.70
KTB subordinated debentures									
No.1/2014 (EMTN Programme)	USD	5.20	2024	-	22,684.59	22,684.59	-	22,876.63	22,876.63
No.1/2015	MYR	5.10	2025	-	7,825.55	7,825.55	-	8,058.40	8,058.40
No.1/2017	Baht	3.40	2027	20,000.00	-	20,000.00	20,000.00	-	20,000.00
Bill of exchange (B/E) for short term*	Baht	-	2012	0.70	-	0.70	0.70	-	0.70
Total				20,000.70	30,510.14	50,510.84	20,000.70	47,270.73	67,271.43

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

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

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

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

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

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

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

Subordinated Debentures

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

Redemption of Subordinated Debentures

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

7.11 Share Capital

7.11.1 Ordinary Shares

As at September 30, 2018 and December 31, 2017, the Bank's authorized share capital and issued and paid-up share capital are 13,976,061,250 shares.

7.11.2 Preferred Shares

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

7.11.3 The Bank is the state enterprise; its major shareholder is the Financial Institutions Development Fund (FIDF). As at June 30, 2018, FIDF holds 7,696,248,833 shares or 55.05 percent of paid-up ordinary and preferred shares.

7.12 Legal Reserve

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

7.13 The Appropriation of 2017 Net Profit and Dividend Payment

On April 27, 2018, the 25th Annual General Shareholders' Meeting passed the resolution to approve the appropriation of 2016 net profit of Baht 21,312.47 million. On April 27, 2017, the 24th Annual General Shareholders' Meeting passed the resolution to approve the appropriation of 2015 net profit of Baht 29,967.79 million and dividend payment as follows:

	(Million Baht)	
	<u>Net Profit of 2017</u>	<u>Net Profit of 2016</u>
Dividend - preferred shares (@ Baht 0.7645 and Baht 1.0145)	4.20	5.58
Dividend - ordinary shares (@ Baht 0.61 and Baht 0.86)	8,525.40	12,019.41
Net profit carried forward	12,782.87	17,942.80

7.14 Contingent Liabilities

	(Million Baht)	
	<u>Consolidated and the Bank's Financial Statements</u>	
	<u>September 30, 2018</u>	<u>December 31, 2017</u>
Avals to bills	10,213.63	8,062.96
Guarantees of loans	3,777.12	4,011.56
Liability under unmatured import bills	4,603.56	4,368.59
Letters of credit	55,988.99	50,125.01
Other contingencies		
Unused credit line of overdraft	155,444.44	155,394.32
Other guarantees	168,766.08	168,116.68
Total	<u>398,793.82</u>	<u>390,079.12</u>

Besides the contingent liabilities mentioned above, as at September 30, 2018 and December 31 2017, the Bank has material contingent liabilities owing to prosecutions of Baht 14,341.65 million and Baht 9,011.62 million, respectively. Such prosecutions comprised of the completed cases in the civil court and the cases proceedings in the Appeal Court and the Supreme Court.

As at September 30, 2018 and December 31 2017, the Bank has set aside provisions of Baht 704.68 million and Baht 518.85 million, respectively, for estimated losses from such cases.

7.15 Assets with Obligations and Restrictions

	(Million Baht)	
	<u>Consolidated and the Bank's Financial Statements</u>	
	<u>September 30, 2018</u>	<u>December 31, 2017</u>
Government and state enterprise bonds pledged as collateral		
Court collateral	519.87	413.76
Repurchase agreements	14,007.67	36,209.98
Properties for sale (debtor is granted the right to buy back or first right for this portion)	8,681.40	12,453.51
Total	<u>23,208.94</u>	<u>49,077.25</u>

7.16 Related Party Transactions

7.16.1 As at September 30, 2018 and December 31, 2017, loans to the Bank's executives (First Vice President and above) are Baht 128.66 million and Baht 134.96 million. The average outstanding balances of such loans at month end are Baht 125.59 million and Baht 119.47 million, respectively.

The loans outstanding as at September 30, 2018 and December 31, 2017 to close family of the Bank's executives mentioned above are Baht 20.74 million and Baht 18.90 million, respectively.

7.16.2 Loans, Obligations, Derivative, And Other Assets

The balances of loans and obligations to related companies, normal bank pricing policies, as at September 30, 2018 and December 31, 2017 are as follows:

	(Million Baht)			
	<u>Consolidated Financial Statements</u>		<u>The Bank's Financial Statements</u>	
	<u>September 30, 2018</u>	<u>December 31, 2017</u>	<u>September 30, 2018</u>	<u>December 31, 2017</u>
Loans				
Businesses which the Bank totally held from 10 to 20 percent of their paid-up capital	0.57	0.51	0.57	0.51
Businesses which the Bank acquired equal to or over 10 percent of their paid-up capital from TDR	9,063.19	28.93	9,063.19	28.93
	(7,628.27)	-	(7,628.27)	-
	<u>1,434.92</u>	<u>28.93</u>	<u>1,434.92</u>	<u>28.93</u>
Subsidiaries				
KTB General Services and Security Co., Ltd.	-	-	10.05	10.16
KTB Computer Services Co., Ltd.	-	-	2,277.99	2,486.61
KTB Leasing Co., Ltd.	-	-	12,142.41	20,726.91
Krung Thai Asset Management Pcl.	-	-	0.05	0.04
Krungthai Card Pcl.	-	-	0.64	0.63
<u>Less</u> Allowance for doubtful accounts	-	-	(144.31)	(232.24)
Total	<u>-</u>	<u>-</u>	<u>14,286.83</u>	<u>22,992.11</u>
Associates				
Krung Thai IBJ Leasing Co., Ltd.	0.12	0.10	0.12	0.10
KT Zmico Securities Co., Ltd.	1,090.17	955.20	1,090.17	955.20
Krungthai Panich Insurance Pcl.	0.63	0.68	0.63	0.68
<u>Less</u> Allowance for doubtful accounts	(10.91)	(9.56)	(10.91)	(9.56)
Total	<u>1,080.01</u>	<u>946.42</u>	<u>1,080.01</u>	<u>946.42</u>
Business with common directors or common top managements	34,412.69	22,082.24	34,412.69	22,082.24
<u>Less</u> Allowance for doubtful accounts	(468.90)	(220.17)	(468.90)	(220.17)
Total	<u>33,943.79</u>	<u>21,862.07</u>	<u>33,943.79</u>	<u>21,862.07</u>

7.16 Related Party Transactions (Continued)**7.16.2 Loans, Obligations, Derivative, And Other Assets (Continued)**

(Million Baht)

	<u>Consolidated Financial Statements</u>		<u>The Bank's Financial Statements</u>	
	<u>September 30, 2018</u>	<u>December 31, 2017</u>	<u>September 30, 2018</u>	<u>December 31, 2017</u>
Obligations				
Businesses which the Bank totally held from 10 to 20 percent				
of their paid-up capital	9.76	12.32	9.76	12.32
Businesses which the Bank acquired equal to or over 10 percent				
of their paid-up capital from TDR	0.96	0.96	0.96	0.96
Subsidiaries				
KTB General Services and Security Co., Ltd.	-	-	0.96	0.78
KTB Computer Services Co., Ltd.	-	-	4.55	4.55
KTB Leasing Co., Ltd.	-	-	0.98	1.18
Krungthai Card Pcl.	-	-	2.12	2.13
Associates				
Krung Thai IBJ Leasing Co., Ltd.	1.80	3.72	1.80	3.72
Krungthai-AXA Life Insurance Pcl.	0.85	-	0.85	-
Krungthai Panich Insurance Pcl.	-	5.00	-	5.00
Business with common directors or common top managements	13,009.20	8,375.97	13,009.20	8,375.97
Derivative				
Subsidiaries				
KTB Leasing Co., Ltd.	-	-	443.14	892.42
Associates				
Krungthai-AXA Life Insurance Pcl.	11,248.77	9,614.42	11,248.77	9,614.42
Other Assets				
Subsidiaries				
KTB General Services and Security Co., Ltd.	-	-	2.62	2.70
KTB Computer Services Co., Ltd.	-	-	0.52	0.57
KTB Leasing Co., Ltd.	-	-	5.59	11.27
Krungthai Card Pcl.	-	-	1,316.78	1,318.44
Krung Thai Asset Management Pcl.	-	-	47.77	55.36
Associates				
Krungthai-AXA Life Insurance Pcl.	144.77	204.96	144.77	204.96
Krungthai Panich Insurance Pcl.	29.75	32.13	29.75	32.13
KT Zmico Securities Co., Ltd.	2.25	1.84	2.25	1.84

7.16 Related Party Transactions (Continued)**7.16.3 Deposits, Borrowings, And Other Liabilities**

The balances of deposits and borrowings to related companies, normal bank pricing policies, as at September 30, 2018 and December 31, 2017 are as follows:

	(Million Baht)			
	<u>Consolidated Financial Statements</u>		<u>The Bank's Financial Statements</u>	
	<u>September 30, 2018</u>	<u>December 31, 2018</u>	<u>September 30, 2018</u>	<u>December 31, 2018</u>
Deposits				
Subsidiaries				
KTB Law Co., Ltd.	-	-	378.01	472.88
KTB General Services and Security Co., Ltd.	-	-	630.84	601.70
KTB Computer Services Co., Ltd.	-	-	51.55	307.62
KTB Leasing Co., Ltd.	-	-	206.28	218.27
Krung Thai Asset Management Pcl.,	-	-	240.09	440.07
KTB Advisory Co., Ltd.	-	-	44.22	36.82
Krungthai Card Pcl.	-	-	1,457.20	1,082.04
Associates				
Krung Thai IBJ Leasing Co., Ltd.	45.91	21.15	45.91	21.15
KT Zmico Securities Co., Ltd.	53.01	25.65	53.01	25.65
Krungthai Panich Insurance Pcl.	139.30	183.11	139.30	183.11
Krungthai-AXA Life Insurance Pcl.	1,227.33	2,105.84	1,227.33	2,105.84
Other parties related with directors or key managements	15,992.29	25,557.49	15,992.29	25,557.49
Borrowings				
Associates				
Krungthai-AXA Life Insurance Pcl.	4,200.00	3,800.00	4,200.00	3,800.00
Other Liabilities				
Subsidiaries				
KTB General Services and Security Co., Ltd.	-	-	255.21	397.23
KTB Computer Services Co., Ltd.	-	-	676.16	583.36
KTB Leasing Co., Ltd.	-	-	0.69	0.35
Krungthai Card Pcl.	-	-	1.14	0.64
KTB Law Co., Ltd.	-	-	422.85	158.79
Krung Thai Asset Management Pcl.	-	-	0.38	0.04
Associates				
KT Zmico Securities Co., Ltd.	0.04	0.05	0.04	0.05
Krungthai Panich Insurance Pcl.	8.01	19.20	8.01	19.20
Krungthai-AXA Life Insurance Pcl.	18.52	38.26	18.52	38.26
National ITMX Co., Ltd.	11.89	8.78	11.89	8.78

7.16 Related Party Transactions (Continued)**7.16.4 Income and Expenses**

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

		(Million Baht)			
		<u>Consolidated Financial Statements</u>		<u>The Bank's Financial Statements</u>	
		<u>September 30, 2018</u>	<u>September 30, 2017</u>	<u>September 30, 2018</u>	<u>September 30, 2017</u>
Interest Income					
Subsidiaries					
	KTB Computer Services Co., Ltd.	-	-	51.03	61.67
	KTB Leasing Co., Ltd.	-	-	320.67	698.39
	Krungthai Card Pcl.			13.85	13.50
Associates					
	KT Zmico Securities Co., Ltd.	16.50	31.68	16.50	31.68
Interest Expenses					
Subsidiaries					
	KTB Law Co., Ltd.	-	-	2.74	2.71
	KTB General Services and Security Co., Ltd.	-	-	3.51	3.77
	KTB Computer Services Co., Ltd.	-	-	1.06	0.44
	KTB Leasing Co., Ltd.	-	-	1.39	4.35
	Krung Thai Asset Management Pcl.	-	-	1.39	0.79
	KTB Advisory Co., Ltd.	-	-	0.12	0.10
	Krungthai Card Pcl.	-	-	1.05	1.80
Associates					
	KT Zmico Securities Co., Ltd.	0.03	0.03	0.03	0.03
	Krungthai Panich Insurance Pcl.	0.57	0.46	0.57	0.46
	Krungthai-AXA Life Insurance Pcl.	133.54	122.36	133.54	122.36

7.16 Related Party Transactions (Continued)**7.16.4 Income and Expenses (Continued)**

(Million Baht)

	<u>Consolidated Financial Statements</u>		<u>The Bank's Financial Statements</u>	
	<u>September 30, 2018</u>	<u>September 30, 2017</u>	<u>September 30, 2018</u>	<u>September 30, 2017</u>
Other Income				
Subsidiaries				
KTB Law Co., Ltd.	-	-	0.12	0.09
KTB General Services and Security Co., Ltd.	-	-	3.66	3.93
KTB Computer Services Co., Ltd.	-	-	0.06	0.06
KTB Leasing Co., Ltd.	-	-	16.53	20.37
Krung Thai Asset Management Pcl.	-	-	504.80	308.80
Krungthai Card Pcl.	-	-	237.98	243.96
Associates				
KT Zmico Securities Co., Ltd.	4.88	12.10	4.88	12.10
Krungthai Panich Insurance Pcl.	125.09	121.43	125.09	121.43
Krungthai-AXA Life Insurance Pcl.	1,908.90	1,585.90	1,908.90	1,585.90
National ITMX Co., Ltd.	0.06	0.07	0.06	0.07
Other Expenses				
Subsidiaries				
KTB Law Co., Ltd.	-	-	633.58	784.78
KTB General Services and Security Co., Ltd.	-	-	1,757.50	1,709.80
KTB Computer Services Co., Ltd.	-	-	2,471.71	2,554.44
Krungthai Card Pcl.	-	-	6.32	6.38
Associates				
Krung Thai IBJ Leasing Co., Ltd.	108.68	165.61	108.68	165.61
KT Zmico Securities Co., Ltd.	8.15	1.56	8.15	1.56
National ITMX Co., Ltd.	169.11	68.08	169.11	68.08

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

(Million Baht)

	<u>Consolidated Financial Statements</u>		<u>The Bank's Financial Statements</u>	
	<u>September 30, 2018</u>	<u>September 30, 2017</u>	<u>September 30, 2018</u>	<u>September 30, 2017</u>
Short-term employee benefits	900.47	906.42	609.02	602.16
Post-employment benefits	32.31	20.52	20.38	9.42
Total	932.78	926.94	629.40	611.58

7.16 Related Party Transactions (Continued)

7.16.6 Intercompany Trading Transactions

Subsidiaries

1) KTB Computer Services Co., Ltd. has been designated mainly to provide information technology (IT) services to various work units in the Bank. Service offers consist of introducing IT to the Bank's business operation and modernizing the existing systems in line with the Bank's requirement, rendering system control and maintenance system software development, offering preliminary consultancy service and organizing training in various applications of IT and techniques. The Bank incurs service charges on a cost plus method for the nine-month periods ended September 30, 2018 and 2017 of Baht 2,373.50 million and Baht 2,459.50 million, respectively.

Since 2003, the GFMIS project Phase 2 has been developed and implemented on behalf of the Bank by KTBCS. The Bank and the Office of GFMIS attached to the Secretariat of the Prime Minister have unanimously signed on the Memorandum of Agreement upon the submission of deliverables and disbursement associated to the investments on the GFMIS project on September 22, 2005. Further, the Bank has signed the hiring contract for the implementation and maintenance with the Office of GFMIS. The Bank incurs service charges for the nine-month periods ended September 30, 2018 and 2017 of Baht 98.21 million and Baht 94.94 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 nine-month periods ended September 30, 2018 and 2017 of Baht 526.00 million and Baht 689.05 million, respectively.

3) KTB General Services and Security Co., Ltd. is assigned by the Bank to operate all cash delivery, foreign exchange and financial instruments, and the Bank's asset. KTBGS also manages Krung Thai Bank Training Center and the Bank's other buildings. The Bank's expense from those services for the nine-month periods ended September 30, 2018 and 2017 of Baht 1,757.50 million and Baht 1,709.80 million, respectively.

4) The Bank incurs service charges for sourcing and installing EDC machines for foreign exchange service to Krungthai Card Pcl. for the nine-month periods ended September 30, 2018 and 2017 of Baht 0.28 million and Baht 0.10 million, respectively.

5) The Bank incurs service charges on its subsidiaries [including service charges mentioned in No.1) to 4)] for the nine-month periods ended September 30, 2018 and 2017 of Baht 4,869.12 million and Baht 5,055.40 million, respectively, at the agreed-upon rate.

6) The Bank generates fees income from service contracts for the nine-month periods ended September 30, 2018 and 2017 of Baht 720.24 million and Baht 473.83 million, respectively.

7) The Bank generates premises rental income from subsidiaries for the nine-month periods ended September 30, 2018 and 2017 of Baht 14.61 million and Baht 14.51 million at the agreed-upon rate.

Intercompany Considerations

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

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

Associates

1) The Bank generates premises rental income from associates for the nine-month periods ended September 30, 2018 and 2017 at the amount of Baht 1.10 million and Baht 0.92 million, respectively, at the agreed-upon rate.

2) The Bank generates fees income from supportive service contracts for the nine-month periods ended September 30, 2018 and 2017 of Baht 1,983.36 million and Baht 1,654.46 million, respectively, at the agreed-upon rate.

7.17 Significant Financial Position and Operations Classified by Domestic and Foreign Business Segment**7.17.1 Financial Position Classified by Business Segment**

(Million Baht)

<u>Consolidated Financial Statements</u>						
	<u>September 30, 2018</u>			<u>December 31, 2017</u>		
	Domestic	Foreign Branches		Domestic	Foreign Branches	
	Business	Business		Business	Business	
	<u>Segment</u>	<u>Segment</u>	<u>Total</u>	<u>Segment</u>	<u>Segment</u>	<u>Total</u>
Total assets	2,697,404.14	43,497.29	2,740,901.43	2,804,573.24	55,231.82	2,859,805.06
Interbank and money market items, net	422,058.86	19,847.12	441,905.98	529,284.84	20,384.69	549,669.53
Investments, net*	207,461.74	1,421.01	208,882.75	226,479.52	1,760.24	228,239.76
Loans to customers and						
accrued interest receivables, net	1,834,716.97	21,923.02	1,856,639.99	1,790,762.28	27,149.99	1,817,912.27
Deposits	2,000,805.49	6,586.17	2,007,391.66	2,065,458.14	5,416.54	2,070,874.68
Interbank and money market items, net	177,863.83	565.26	178,429.09	227,074.21	1,617.19	228,691.40
Debt issued and borrowings	65,234.10	30,510.14	95,744.24	63,355.70	47,270.73	110,626.43

(Million Baht)

<u>The Bank's Financial Statements</u>						
	<u>September 30, 2018</u>			<u>December 31, 2017</u>		
	Domestic	Foreign Branches		Domestic	Foreign Branches	
	Business	Business		Business	Business	
	<u>Segment</u>	<u>Segment</u>	<u>Total</u>	<u>Segment</u>	<u>Segment</u>	<u>Total</u>
Total assets	2,617,594.63	43,497.29	2,661,091.92	2,721,945.80	55,231.82	2,777,177.62
Interbank and money market items, net	421,395.68	19,847.12	441,242.80	528,795.34	20,384.69	549,180.03
Investments, net*	201,769.32	1,421.01	203,190.33	218,249.60	1,760.24	220,009.84
Loans to customers and						
accrued interest receivables, net	1,769,664.08	21,923.02	1,791,587.10	1,726,193.81	27,149.99	1,753,343.80
Deposits	2,003,573.58	6,586.17	2,010,159.75	2,068,177.47	5,416.54	2,073,594.01
Interbank and money market items, net	173,014.91	565.26	173,580.17	217,449.56	1,617.19	219,066.75
Debt issued and borrowings	20,000.70	30,510.14	50,510.84	20,000.70	47,270.73	67,271.43

* Included investments in subsidiaries and associates.

The consolidated and the Bank's financial statements as at September 30, 2018 and December 31, 2017, has total assets before eliminating net interbranch transactions of Baht 4,953.55 million and Baht 5,595.05 million, respectively.

7.17 Significant Financial Position and Operations Classified by Domestic and Foreign Business Segment (Continued)**7.17.2 Operations Classified by Business Segment**

(Million Baht)

	<u>Consolidated Financial Statements</u>					
	<u>September 30, 2018</u>			<u>September 30, 2017</u>		
	Domestic	Foreign Branches		Domestic	Foreign Branches	
	Business	Business		Business	Business	
	<u>Segment</u>	<u>Segment</u>	<u>Total</u>	<u>Segment</u>	<u>Segment</u>	<u>Total</u>
Interest income	88,301.85	3,272.91	91,574.76	91,183.81	3,618.84	94,802.65
Interest expenses	(27,041.01)	(2,305.04)	(29,346.05)	(26,928.62)	(2,403.57)	(29,332.19)
Interest income, net	61,260.84	967.87	62,228.71	64,255.19	1,215.27	65,470.46
Fees and service income, net	17,606.61	44.19	17,650.80	17,221.84	62.33	17,284.17
Other operating income	7,796.73	142.26	7,938.99	8,235.22	12.70	8,247.92
Other operating expenses	(58,127.58)	(89.25)	(58,216.83)	(67,704.20)	(277.18)	(67,981.38)
Operating profit before income tax expenses	28,536.60	1,065.07	29,601.67	22,008.05	1,013.12	23,021.17

(Million Baht)

	<u>The Bank's Financial Statements</u>					
	<u>September 30, 2018</u>			<u>September 30, 2017</u>		
	Domestic	Foreign Branches		Domestic	Foreign Branches	
	Business	Business		Business	Business	
	<u>Segment</u>	<u>Segment</u>	<u>Total</u>	<u>Segment</u>	<u>Segment</u>	<u>Total</u>
Interest income	78,060.68	3,272.91	81,333.59	81,085.63	3,618.84	84,704.47
Interest expenses	(25,896.67)	(2,305.04)	(28,201.71)	(25,732.01)	(2,403.57)	(28,135.58)
Interest income, net	52,164.01	967.87	53,131.88	55,353.62	1,215.27	56,568.89
Fees and service income, net	14,218.85	44.19	14,263.04	14,494.06	62.33	14,556.39
Other operating income	5,371.33	142.26	5,513.59	7,442.60	12.70	7,455.30
Other operating expenses	(48,373.54)	(89.25)	(48,462.79)	(57,057.49)	(277.18)	(57,334.67)
Operating profit before income tax expenses	23,380.65	1,065.07	24,445.72	20,232.79	1,013.12	21,245.91

The consolidated and the Bank's financial statements for the nine-month periods ended September 30, 2018 and 2017, has total assets before eliminating net interbranch transactions of Baht 2,198.60 million and Baht 2,319.86 million, respectively.

7.18 Operations Classified by Operating Segment

Segment Definition

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

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

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

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

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

Accounting Procedures for Segment Reporting

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

(Million Baht)

	Consolidated Financial Statements					
	September 30, 2018					
	Retail Banking	Wholesale Banking	Treasury and Investment	Support and Others	Adjustments	Total
Total operating income	38,549.24	23,144.01	5,286.37	20,838.88	-	87,818.50
Total expenses (excluding bad debts, doubtful accounts and loss on impairment)	(24,420.50)	(7,736.69)	(1,821.38)	(9,768.51)	-	(43,747.08)
Bad debts, doubtful accounts and loss on impairment	(1,782.05)	(1,075.79)	64.10	(16,967.98)	-	(19,761.72)
Net profit (loss)	12,346.69	14,331.53	3,529.09	(5,897.61)	-	24,309.70
Segment assets	1,034,316.47	1,118,023.99	39,985.07	550,803.78	(7,181.43)	2,735,947.88
Segment liabilities	1,477,968.14	605,943.65	174,186.10	179,207.19	(6,678.93)	2,430,626.15

7.18 Operations Classified by Operating Segment (Continued)

(Million Baht)

<u>Consolidated Financial Statements</u>						
<u>September 30, 2017</u>						
	Retail	Wholesale	Treasury and	Support and		
	<u>Banking</u>	<u>Banking</u>	<u>Investment</u>	<u>Others</u>	<u>Adjustments</u>	<u>Total</u>
Total operating income	40,762.03	26,152.05	6,108.47	17,980.15	(0.15) ¹	91,002.55
Total expenses (excluding bad debts, doubtful						
accounts and loss on impairment)	(22,770.20)	(3,454.74)	(2,179.97)	(12,514.42)	-	(40,919.33)
Bad debts, doubtful accounts and loss on impairment	(3,500.35)	(23,069.05)	823.32	(5,510.00)	0.15	(31,255.93)
Net profit (loss)	14,491.48	(371.74)	4,751.82	(44.27)	-	18,827.29
Segment assets	967,555.85	1,147,301.12	31,833.95	571,168.79	(49,798.48)	2,668,061.23
Segment liabilities	1,435,991.60	586,617.55	214,343.94	180,230.56	(38,786.85)	2,378,396.80

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

7.19 Interest Income

(Million Baht)

	<u>Consolidated Financial Statements</u>		<u>The Bank's Financial Statements</u>	
	<u>September 30, 2018</u>	<u>September 30, 2017</u>	<u>September 30, 2018</u>	<u>September 30, 2017</u>
Interbank and money market items	7,763.29	7,752.10	7,763.15	7,751.97
Investment and trading transactions	238.98	208.57	238.98	208.57
Investment in debt	2,652.55	2,960.46	2,650.14	2,958.20
Loans	77,862.86	80,072.44	68,373.66	71,422.80
Hire-purchase and finance lease	749.43	1,446.22	-	0.08
Others	109.06	43.00	109.06	42.99
Total interest income	89,376.17	92,482.79	79,134.99	82,384.61

7.20 Interest Expenses

(Million Baht)

	<u>Consolidated Financial Statements</u>		<u>The Bank's Financial Statements</u>	
	<u>September 30, 2018</u>	<u>September 30, 2017</u>	<u>September 30, 2018</u>	<u>September 30, 2017</u>
Deposits	14,564.71	14,878.42	14,574.58	14,891.60
Interbank and money market items	2,097.46	1,928.60	2,047.34	1,865.98
Contributions to Bank of Thailand (BoT)	7,087.78	6,848.31	7,087.78	6,848.31
Contributions to Deposit Protection Agency (DPA)	154.38	149.15	154.38	149.15
Debt issued				
Subordinated notes	3,130.17	3,161.03	2,041.64	2,030.11
B/E	-	0.31	-	-
Borrowings	17.41	20.33	2.16	3.75
Others	95.09	26.18	95.23	26.82
Total interest expenses	27,147.00	27,012.33	26,003.11	25,815.72

7.21 Income Tax Expenses

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

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

Income tax expenses recognized in profit or losses for the nine-month periods ended September 30, 2018 and 2017 are as follows:

(Million Baht)

	<u>Consolidated Financial Statements</u>		<u>The Bank's Financial Statements</u>	
	<u>September 30, 2018</u>	<u>September 30, 2017</u>	<u>September 30, 2018</u>	<u>September 30, 2017</u>
Current tax				
Current period	5,706.60	4,466.38	4,534.36	3,485.31
Deferred tax				
Movement in temporary differences	(414.63)	(272.50)	(326.23)	28.21
Total	5,291.97	4,193.88	4,208.13	3,513.52

7.22 Fair Value of Financial Instruments

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

(Million Baht)

<u>Consolidated Financial Statements</u>								
	<u>September 30, 2018</u>				<u>December 31, 2017</u>			
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Assets instruments								
Assets derivatives	-	37,935.32	-	37,935.32	-	33,833.40	-	33,833.40
Trading investments	-	10,653.74	-	10,653.74	-	8,483.91	-	8,483.91
Available-for-sale investments	48,776.65	128,293.90	-	177,070.55	39,514.28	118,982.45	-	158,496.73
Total assets instruments	48,776.65	176,882.96	-	225,659.61	39,514.28	161,299.76	-	200,814.04
Liabilities instruments								
Liabilities derivatives	-	33,684.08	-	33,684.08	-	30,284.42	-	30,284.42
Total liabilities instruments	-	33,684.08	-	33,684.08	-	30,284.42	-	30,284.42

(Million Baht)

<u>The Bank's Financial Statements</u>								
	<u>September 30, 2018</u>				<u>December 31, 2017</u>			
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Assets instruments								
Assets derivatives	-	37,938.15	-	37,938.15	-	33,842.51	-	33,842.51
Trading investments	-	10,653.74	-	10,653.74	-	8,486.92	-	8,486.92
Available-for-sale investments	48,770.65	128,933.44	-	177,704.09	39,514.28	118,982.45	-	158,496.73
Total assets instruments	48,770.65	177,525.33	-	226,295.98	39,514.28	161,311.88	-	200,826.16
Liabilities instruments								
Liabilities derivatives	-	33,684.08	-	33,684.08	-	30,284.42	-	30,284.42
Total liabilities instruments	-	33,684.08	-	33,684.08	-	30,284.42	-	30,284.42

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

Fair Value Hierarchy

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

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

7.22 Fair Value of Financial Instruments (Continued)

Valuation Techniques for Level 2

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

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

Besides, by using valuation techniques the Bank has valuation adjustment in order to properly reflect related risk i.e. Credit Valuation Adjustment (CVA), liquidity risk of market is considered by Bid – offer Spread Adjustment.

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

The BOT's Notification No. SOR NOR SOR. 5/2560 and SOR NOR SOR. 9/2560 dated April 27, 2017, SOR NOR SOR. 8/2561 and SOR NOR SOR. 9/2561 dated April 11, 2018, and SOR NOR SOR. 12/2561 dated May 22, 2018, regarding the Consolidated Supervision Policy requires the Bank to disclose the business transaction within the financial business group policies and risk management policies are prepared as regulations to supervise business transaction within the financial business group, including the Bank and 11 companies within the financial business group (Note 7.4 except National ITMX Co., Ltd.), in terms of common standards and procedures which conform to the BoT's consolidated supervision policy. the business transaction within the financial business group policies and risk management policies regarding business transaction within the financial business group are approved by the Bank's board of directors and reviewed at least once a year. The policies also include transaction types, rules and regulations of business transactions, ratio of business transactions within the financial business group, capital group of financial group and other related operating procedures. Business transactions within the group are conducted in the same manner as public operations and follow the Bank's corporate governance.

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

7.24 Others

7.24.1 The Bank has certain default debtors in relation to convertible preferred shares sale and lending with the outstanding principal amounts as per the related agreements totaling Baht 9,745 million as at September 30, 2018, exclusive of the interest charged thereon at default rates. The Bank has fully made a provision for impairment and allowance for doubtful accounts according to the BoT's regulations and is currently in the execution process following the orders of the Civil and Bankruptcy Courts.

7.24 Others (Continued)

These debtors, together with certain other defendants, have also been prosecuted to the Criminal Division for Persons Holding Political Position of the Supreme Court by the Office of the Attorney General. The Supreme Court had issued the order of acceptance on July 25, 2012 and later gave a final judgment on August 26, 2015 that all defendants must be accountable for the damage caused to the Bank. The Bank submitted the letter to the Office of the Attorney General to designate its Department of Legal Execution as the Bank's legal executioner. In January 2016, the Office of the Attorney General filed a complaint to the Supreme Court to nominate the executing officers. The Supreme Court has nominated executing officers accordingly. The Bank also provided them with the result of property investigation of all debtors in accordance with the court judgment. On October 5, 2016 the attorneys of the Department of Special Litigation arranged a meeting for representatives from the Bank of Thailand, the Anti-Money Laundering Office and the Bank to consider the problems regarding the legal execution of the Supreme Court's order. They will coordinate and exchange information, and each party will utilize its authority by the law and the Supreme Court's order for legal execution towards the defendants for the Bank's benefits.

On August 17, 2017, a defendant of the criminal suit of the Persons Holding Political Positions, who was not one of the default debtors, made a partial settlement of Baht 1,635.74 million to the Bank in relation to the criminal lawsuit. The Bank has accepted such payment, which is recorded the transaction as revenue from litigation compensation, and also sent a letter to this defendant demanding for further payment together with all other defendants to the Bank for the remaining compensation amount according to the order of the Criminal Division for Persons Holding Political Position of the Supreme Court. Moreover, there are currently the enforce of the insurance lawsuit which has affected to the damages in the criminal lawsuit, and the bankruptcy count and including the other civil lawsuit. That assets were announced and auctioned by the Regal Execution Department at Insurance Auction on October 17, 2018. The outsider auctioned them in the value of Baht 8,914.07 million.

For the civil lawsuit, the Bank still has the right to full suit and will continue debt collection process against all the default debtors according to the relevant judgement. On October 31, 2008 the Court of Appeal has a render judgement as same as the Civil Court. The Bank currently on the process of legal execution followed Court's order.

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

7.24.3 On October 12, 2016, the Bank is considering the principle of closing a certain foreign branch. Currently, the Bank continues on the process of discussion following advice of legal consultants. Assets, liabilities and operating performances of the branch do not have a material effect on the Bank's financial statements.

7.25 Approval of the Financial Statements

These financial statements have been authorized for issue by the Board of the Audit Committee on November 12, 2018.
