



Ref. KTB.FIR. 1279 /2014

Date May 15 , 2014

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

Dear Sir,

Re : Submission of the Financial Statements

Krung Thai Bank Public Company Limited ("The Bank") hereby submits the reviewed financial statements of the Bank and its subsidiaries for the three-month period ended March 31, 2014 together with the operating performance as follows:

The Bank and its subsidiaries' operating results for the three-month period ended March 31, 2014 show the net interest income of Bt.16,819m, an increase of Bt.1,795m or 11.95% over the Bt.15,024m of the corresponding period of 2013. Net profit before income tax and allowance for doubtful accounts of Bt.11,864m, shows a decrease of Bt.252m or 2.08% over the Bt.12,116m of the corresponding period of 2013. After deducting income tax and allowance for doubtful accounts of Bt.3,567m, net profit is Bt.8,297m, shows a decrease of Bt.249m or 2.91% over the Bt.8,546m of the corresponding period of 2013.

The Bank and its subsidiaries' gross non-performing loans (NPLs) as at March 31, 2014 are Bt.62,269m, show an increase of Bt.5,811m or 10.29% from Bt.56,458m as at December 31, 2013. The ratio of NPLs to loans increased to 2.95% compared with 2.65% as at December 31, 2013. Net non-performing loans (NPLs) are Bt.34,961m or 1.68%. In 2014, the Bank and its subsidiaries have set aside allowance for doubtful accounts and loss on impairment of Bt.1,776m, show an increase of Bt.157m or 9.70% over the corresponding period of 2013. In this respect, the Bank has booked allowance for doubtful accounts of Bt.500m per month in compliance with the prudent banking practice to provide sufficient allowance for doubtful accounts for both non-performing loans (NPLs) which might occur and performing loans with relatively weak performance.

Please be advised accordingly.

Sincerely yours,

(Mr.Vorapak Tanyawong)
President

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

(TRANSLATION)

AUDITOR'S REPORT

TO : THE SHAREHOLDERS OF KRUNG THAI BANK PUBLIC COMPANY LIMITED

The Office of the Auditor General of Thailand has reviewed the accompanying consolidated and the Bank's statements of financial position as at March 31, 2014, the related consolidated and the Bank's statements of comprehensive income, statements of changes in equity and statements of cash flows for the three-month period then ended, and condensed notes to the interim financial information of Krung Thai Bank Public Company Limited and its subsidiaries and of Krung Thai Bank Public Company Limited. The Bank's management is responsible for the preparation and presentation of this interim financial information in accordance with Thai Accounting Standard 34, "Interim Financial Reporting". The responsibility of the Office of the Auditor General of Thailand is to express a conclusion on this interim financial information based on the review.

Scope of Review

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

Conclusion

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

(Signed) *Jiraporn Piriyaakitpaiboon*

(Ms. Jiraporn Piriyaakitpaiboon)

Inspector General 1

(Signed) *Pithada Rothakit*

(Mrs. Pithada Rothakit)

Division Director

Acting For Director of Financial Audit Office No.2

สำนักงานการตรวจเงินแผ่นดิน

Office of the Auditor General

May 8, 2014

(TRANSLATION)

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KRUNG THAI BANK PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
STATEMENTS OF FINANCIAL POSITION
AS AT MARCH 31, 2014

					(Thousand Baht)
	NOTE	CONSOLIDATED		THE BANK'S	
		FINANCIAL STATEMENTS		FINANCIAL STATEMENTS	
		MARCH 31, 2014	DECEMBER 31, 2013	MARCH 31, 2014	DECEMBER 31, 2013
		(UNAUDITED/ REVIEWED)	(AUDITED)	(UNAUDITED/ REVIEWED)	(AUDITED)
ASSETS					
CASH		43,262,519	50,689,508	43,260,399	50,687,465
INTERBANK AND MONEY MARKET ITEMS, NET		398,549,954	448,572,228	398,439,780	448,445,334
CLAIMS ON SECURITIES		979,200	-	979,200	-
DERIVATIVES ASSETS	6.2	15,027,968	21,310,251	15,055,700	21,335,305
INVESTMENTS, NET	6.3	271,097,651	230,573,088	270,922,703	230,398,733
INVESTMENTS IN SUBSIDIARIES AND ASSOCIATES, NET	6.4	12,457,696	11,209,982	10,528,468	5,369,563
LOANS TO CUSTOMERS AND ACCRUED INTEREST RECEIVABLES, NET	6.5				
LOANS TO CUSTOMERS		1,774,785,800	1,718,734,183	1,761,984,467	1,715,679,231
ACCRUED INTEREST RECEIVABLES		3,739,642	4,647,126	3,745,135	4,775,672
TOTAL LOANS TO CUSTOMERS AND ACCRUED INTEREST RECEIVABLES		1,778,525,442	1,723,381,309	1,765,729,602	1,720,454,903
LESS DEFERRED REVENUE		(8,085,861)	(7,643,919)	(183,441)	(175,334)
LESS ALLOWANCE FOR DOUBTFUL ACCOUNTS	6.6	(63,260,527)	(61,676,632)	(62,231,995)	(60,847,080)
LESS REVALUATION ALLOWANCE FOR DEBT RESTRUCTURING	6.7	(333,978)	(130,221)	(333,978)	(130,221)
TOTAL LOANS TO CUSTOMERS AND ACCRUED INTEREST RECEIVABLES, NET		1,706,845,076	1,653,930,537	1,702,980,188	1,659,302,268
CUSTOMERS' LIABILITIES UNDER ACCEPTANCES		2,668,635	3,121,789	2,668,635	3,121,789
PROPERTIES FOR SALE, NET	6.8	30,149,352	30,661,019	29,762,653	30,386,602
PREMISES AND EQUIPMENT, NET		26,676,203	26,798,824	21,207,640	21,350,942
OTHER INTANGIBLE ASSETS, NET		3,987,912	3,848,182	620,990	637,399
DEFERRED TAX ASSETS	6.9	3,922,031	3,876,024	3,799,160	3,719,681
ACCRUED INCOME		4,384,219	4,374,111	4,142,264	4,092,263
OTHER ASSETS, NET		16,010,943	25,805,007	13,722,534	23,383,397
TOTAL ASSETS		2,536,019,359	2,514,770,550	2,518,090,314	2,502,230,741
LIABILITIES AND EQUITY					
DEPOSITS		1,962,581,825	1,883,781,168	1,963,728,198	1,884,261,913
INTERBANK AND MONEY MARKET ITEMS, NET		162,636,783	200,989,265	161,152,000	199,372,480
LIABILITIES PAYABLE ON DEMAND		6,515,921	5,695,007	6,515,921	5,695,007
LIABILITIES TO DELIVER SECURITIES		979,200	-	979,200	-
DERIVATIVES LIABILITIES	6.2	14,309,659	24,544,712	14,309,659	24,544,712
DEBT ISSUED AND BORROWINGS	6.10	107,495,912	133,000,654	97,844,389	128,911,083
BANK'S LIABILITIES UNDER ACCEPTANCES		2,668,635	3,121,789	2,668,635	3,121,789
PROVISIONS		14,679,650	14,345,933	14,043,555	13,732,153
DEFERRED TAX LIABILITIES	6.9	181,935	182,682	-	-
OTHER LIABILITIES		48,175,490	43,019,051	46,250,233	40,416,804
TOTAL LIABILITIES		2,320,225,010	2,308,680,261	2,307,491,790	2,300,055,941

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

(TRANSLATION)

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KRUNG THAI BANK PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
STATEMENTS OF FINANCIAL POSITION (CONTINUED)
AS AT MARCH 31, 2014

					(Thousand Baht)
	NOTE	CONSOLIDATED		THE BANK'S	
		FINANCIAL STATEMENTS		FINANCIAL STATEMENTS	
		MARCH 31, 2014	DECEMBER 31, 2013	MARCH 31, 2014	DECEMBER 31, 2013
		(UNAUDITED/ REVIEWED)	(AUDITED)	(UNAUDITED/ REVIEWED)	(AUDITED)
LIABILITIES AND EQUITY (CONTINUED)					
EQUITY					
SHARE CAPITAL	6.11				
AUTHORIZED SHARE CAPITAL					
5,500,000 PREFERRED SHARES OF BAHT 5.15 EACH		28,325	28,325	28,325	28,325
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		8,145,403	6,738,638	7,152,179	6,522,303
RETAINED EARNINGS					
APPROPRIATED					
LEGAL RESERVE	6.12	7,200,504	7,200,504	7,200,504	7,200,504
UNAPPROPRIATED		107,609,667	99,312,372	103,407,067	95,613,219
TOTAL EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE BANK		215,794,348	206,090,288	210,598,524	202,174,800
NON-CONTROLLING INTEREST		1	1		
TOTAL EQUITY		215,794,349	206,090,289	210,598,524	202,174,800
TOTAL LIABILITIES AND EQUITY		2,536,019,359	2,514,770,550	2,518,090,314	2,502,230,741

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

(Signed) Voravidh Champeeratana
(MR. VORAVIDH CHAMPEERATANA)
CHAIRMAN

(Signed) Vorapak Tanyawong
(MR. VORAPAK TANYAWONG)
PRESIDENT

(TRANSLATION)

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KRUNG THAI BANK PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
STATEMENTS OF COMPREHENSIVE INCOME
FOR THE THREE-MONTH PERIOD ENDED MARCH 31, 2014

UNAUDITED/
REVIEWED

(Thousand Baht)					
	NOTE	CONSOLIDATED FINANCIAL STATEMENTS		THE BANK'S FINANCIAL STATEMENTS	
		2014	2013	2014	2013
INTEREST INCOME	6.18	28,926,089	26,230,266	28,545,579	26,028,252
INTEREST EXPENSES	6.19	12,106,502	11,206,242	12,038,970	11,194,974
INTEREST INCOME, NET		16,819,587	15,024,024	16,506,609	14,833,278
FEES AND SERVICE INCOME		4,334,227	4,047,349	4,126,186	3,841,835
FEES AND SERVICE EXPENSES		434,047	384,364	457,112	418,417
FEES AND SERVICE INCOME, NET		3,900,180	3,662,985	3,669,074	3,423,418
GAINS ON TRADINGS AND FOREIGN EXCHANGE TRANSACTIONS, NET		1,222,067	1,046,875	1,230,557	1,047,381
GAINS ON INVESTMENTS, NET	6.3.5	84,365	258,760	84,365	258,760
SHARE OF PROFIT FROM INVESTMENTS FOR USING EQUITY METHOD		725,826	864,889	-	-
DIVIDEND INCOME		90,813	980,807	345,813	1,031,807
OTHER OPERATING INCOME		508,672	587,900	199,675	294,044
TOTAL OPERATING INCOME		23,351,510	22,426,240	22,036,093	20,888,688
OTHER OPERATING EXPENSES					
EMPLOYEES' EXPENSES		7,197,397	6,729,405	6,344,649	5,884,289
DIRECTORS' REMUNERATION		13,474	12,181	8,610	7,868
PREMISES AND EQUIPMENT EXPENSES		1,856,344	1,748,147	1,177,203	1,149,176
TAXES AND DUTIES		1,066,628	850,048	1,053,217	839,581
OTHERS		1,353,080	970,020	2,438,566	1,995,441
TOTAL OTHER OPERATING EXPENSES		11,486,923	10,309,801	11,022,245	9,876,355
BAD DEBTS, DOUBTFUL ACCOUNTS AND LOSS ON IMPAIRMENT		1,776,006	1,619,175	1,500,000	1,500,000
OPERATING PROFIT BEFORE INCOME TAX EXPENSES		10,088,581	10,497,264	9,513,848	9,512,333
INCOME TAX EXPENSES	6.20	1,791,286	1,950,876	1,720,000	1,920,000
NET PROFIT		8,297,295	8,546,388	7,793,848	7,592,333

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

KRUNG THAI BANK PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
STATEMENTS OF COMPREHENSIVE INCOME (CONTINUED)
FOR THE THREE-MONTH PERIOD ENDED MARCH 31, 2014

UNAUDITED/
REVIEWED

(Thousand Baht)					
	NOTE	CONSOLIDATED		THE BANK'S	
		FINANCIAL STATEMENTS		FINANCIAL STATEMENTS	
		2014	2013	2014	2013
OTHER COMPREHENSIVE INCOME					
CHANGES IN REVALUATION SURPLUS ON ASSETS		-	(1,629)	-	(1,629)
GAINS ON REMEASURING AVAILABLE-FOR-SALE INVESTMENTS		1,600,980	800,531	824,091	725,740
GAINS (LOSSES) ARISING FROM TRANSLATING THE FINANCIAL STATEMENTS OF FOREIGN OPERATIONS		(29,397)	886	(29,397)	886
INCOME TAX RELATING TO COMPONENTS OF OTHER COMPREHENSIVE INCOME		(164,818)	(144,999)	(164,818)	(144,999)
OTHER COMPREHENSIVE INCOME, NET		1,406,765	654,789	629,876	579,998
TOTAL COMPREHENSIVE INCOME		9,704,060	9,201,177	8,423,724	8,172,331
NET PROFIT ATTRIBUTABLE					
EQUITY HOLDERS OF THE BANK		8,297,295	8,546,388	7,793,848	7,592,333
NON-CONTROLLING INTEREST		-	-	-	-
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE					
EQUITY HOLDERS OF THE BANK		9,704,060	9,201,177	8,423,724	8,172,331
NON-CONTROLLING INTEREST		-	-	-	-
EARNINGS PER SHARE OF PARENT COMPANY					
BASIC EARNINGS PER SHARE (BAHT)		0.59	0.61	0.56	0.54
DILUTED EARNINGS PER SHARE (BAHT)		0.59	0.61	0.56	0.54

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

(Signed) Voravidh Champeeratana
(MR. VORAVIDH CHAMPEERATANA)
CHAIRMAN

(Signed) Vorapak Tanyawong
(MR. VORAPAK TANYAWONG)
PRESIDENT

(TRANSLATION)

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KRUNG THAI BANK PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

STATEMENTS OF CHANGES IN EQUITY

FOR THE THREE-MONTH PERIOD ENDED MARCH 31, 2014

UNAUDITED/
REVIEWED

(Thousand Baht)

CONSOLIDATED FINANCIAL STATEMENTS							NON- CONTROLLING INTEREST	TOTAL
ATTRIBUTABLE TO EQUITY HOLDERS OF THE BANK								
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) ON ASSETS	REVALUATION SURPLUS (DEFICIT) ON INVESTMENTS	GAIN (LOSS) FROM TRANSLATING THE FINANCIAL STATEMENTS				
72,005,040	20,833,734	7,936,424	5,693,999	(5,994)	73,799,887	180,263,090	511	180,263,601
-	-	(1,587,285)	(765,807)	1,198	4,936,033	2,584,139	-	2,584,139
72,005,040	20,833,734	6,349,139	4,928,192	(4,796)	78,735,920	182,847,229	511	182,847,740
-	-	(1,303)	655,383	709	8,546,388	9,201,177	-	9,201,177
72,005,040	20,833,734	6,347,836	5,583,575	(4,087)	87,282,308	192,048,406	511	192,048,917
72,005,040	20,833,734	6,347,639	337,852	53,147	106,512,876	206,090,288	1	206,090,289
-	-	-	1,436,162	(29,397)	8,307,088	9,713,853	-	9,713,853
72,005,040	20,833,734	6,347,639	1,774,014	23,750	114,819,964	215,804,141	1	215,804,142

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

KRUNG THAI BANK PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
STATEMENTS OF CHANGES IN EQUITY
FOR THE THREE-MONTH PERIOD ENDED MARCH 31, 2014

**UNAUDITED/
REVIEWED**

(Thousand Baht)

	THE BANK'S FINANCIAL STATEMENTS					RETAINED EARNINGS	TOTAL
	ISSUED AND	PREMIUM	OTHER COMPONENTS OF EQUITY				
	PAID-UP	ON	APPRAISAL	REVALUATION	GAIN (LOSS) FROM		
	SHARE	SHARE	SURPLUS	SURPLUS	TRANSLATING		
	CAPITAL	CAPITAL	(DEFICIT)	(DEFICIT)	THE FINANCIAL		
			ON ASSETS	ON INVESTMENTS	STATEMENTS		
BEGINNING BALANCE AS AT JANUARY 1, 2013 (BEFORE RESTATED)	72,005,040	20,833,734	7,936,424	3,829,036	(5,994)	73,040,443	177,638,683
EFFECT OF CHANGE IN ACCOUNTING POLICY							
REGARDING DEFERRED TAX	-	-	(1,587,285)	(765,807)	1,198	4,968,172	2,616,278
BALANCE AFTER ADJUSTMENT AS AT JANUARY 1, 2013	72,005,040	20,833,734	6,349,139	3,063,229	(4,796)	78,008,615	180,254,961
TOTAL COMPREHENSIVE INCOME	-	-	(1,303)	580,592	709	7,592,333	8,172,331
ENDING BALANCE AS AT MARCH 31, 2013	72,005,040	20,833,734	6,347,836	3,643,821	(4,087)	85,600,948	188,427,292
BEGINNING BALANCE AS AT JANUARY 1, 2014	72,005,040	20,833,734	6,347,639	121,517	53,147	102,813,723	202,174,800
TOTAL COMPREHENSIVE INCOME	-	-	-	659,273	(29,397)	7,793,848	8,423,724
ENDING BALANCE AS AT MARCH 31, 2014	72,005,040	20,833,734	6,347,639	780,790	23,750	110,607,571	210,598,524

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

(Signed) Voravidh Champeeratana
(MR. VORAVIDH CHAMPEERATANA)
CHAIRMAN

(Signed) Vorapak Tanyawong
(MR. VORAPAK TANYAWONG)
PRESIDENT

KRUNG THAI BANK PUBLIC COMPANY LIMITED AND SUBSIDIARIES

STATEMENTS OF CASH FLOWS

FOR THE THREE-MONTH PERIOD ENDED MARCH 31, 2014

Unaudited/

Reviewed

(Thousand Baht)

	CONSOLIDATED		THE BANK'S	
	FINANCIAL STATEMENTS		FINANCIAL STATEMENTS	
	2014	2013	2014	2013
CASH FLOWS FROM OPERATING ACTIVITIES				
OPERATING PROFIT BEFORE INCOME TAX EXPENSES	10,088,581	10,497,264	9,513,848	9,512,333
ADJUSTMENTS TO RECONCILE OPERATING PROFIT BEFORE INCOME TAX EXPENSES				
TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES				
DEPRECIATION AND AMORTIZATION EXPENSES	750,582	722,982	324,550	341,849
BAD DEBTS, DOUBTFUL ACCOUNTS AND LOSS ON IMPAIRMENT	1,776,006	1,619,175	1,500,000	1,500,000
SHARE OF PROFIT FROM INVESTMENTS FOR USING EQUITY METHOD	(725,826)	(864,889)	-	-
DIVIDEND RECEIVED FROM ASSOCIATES	255,000	51,000	-	-
GAIN ON DISPOSAL OF ASSETS	(11,016)	(812)	(11,446)	(273)
GAIN ON DISPOSAL OF INVESTMENTS	(84,365)	(258,759)	(84,365)	(258,759)
LOSS ON RECLASSIFICATION OF INVESTMENTS	-	500	-	500
LOSS ON REVALUATION OF INVESTMENTS	827	6,686	827	6,686
LOSS (REVERSAL) ON IMPAIRMENT OF PROPERTIES FOR SALE	92,606	(116,136)	88,216	(118,822)
REVERSAL OF IMPAIRMENT OF INVESTMENTS	-	(1)	-	(1)
REVERSAL OF IMPAIRMENT OF OTHER ASSETS	(322)	(1,146)	(322)	(1,146)
LOSS ON IMPAIRMENT OF OTHER ASSETS	12,793	18,473	12,793	18,473
AMORTIZATION OF DISCOUNT ON INVESTMENTS	(336,399)	(129,299)	(335,373)	(128,780)
LOSS (GAIN) ON FOREIGN CURRENCY TRANSLATION	(2,555,569)	1,607,262	(2,555,784)	1,606,754
INCREASE IN PROVISIONS	333,717	250,125	311,402	242,896
DECREASE (INCREASE) IN OTHER ACCRUED INCOME	(170,328)	(189,298)	44,780	(282,623)
DECREASE IN OTHER ACCRUED EXPENSES	(1,282,140)	(942,892)	(1,391,943)	(1,073,883)
	8,144,147	12,270,235	7,417,183	11,365,204
INTEREST INCOME, NET	(16,819,587)	(15,024,024)	(16,506,609)	(14,833,278)
DIVIDEND INCOME	(90,813)	(980,807)	(345,813)	(1,031,807)
PROCEEDS FROM INTEREST INCOME	30,770,747	25,580,478	30,513,289	25,335,960
CASH PAID ON INTEREST EXPENSES	(10,556,299)	(8,965,239)	(12,836,462)	(11,376,181)
PROCEEDS FROM DIVIDEND INCOME	21,946	893,423	21,946	944,423
CASH PAID ON INCOME TAX EXPENSES	(221,442)	(165,044)	(168,982)	(117,116)
OPERATING INCOME BEFORE CHANGES IN				
OPERATING ASSETS AND LIABILITIES	11,248,699	13,609,022	8,094,552	10,287,205
(INCREASE) DECREASE IN OPERATING ASSETS				
INTERBANK AND MONEY MARKET ITEMS	49,314,188	(73,105,607)	49,297,468	(73,036,726)
INVESTMENTS IN TRADING SECURITIES	(24,887,995)	10,091,866	(24,887,995)	10,091,866
LOANS TO CUSTOMERS	(56,993,039)	(69,363,698)	(47,603,468)	(68,450,181)
PROPERTIES FOR SALE	1,581,363	4,889,208	1,679,411	4,910,786
OTHER ASSETS	19,187,579	(7,140,614)	19,051,914	(6,984,948)
INCREASE (DECREASE) IN OPERATING LIABILITIES				
DEPOSITS	78,800,657	44,839,001	79,466,284	44,749,685
INTERBANK AND MONEY MARKET ITEMS	(38,352,483)	11,009,414	(38,220,481)	11,093,562
LIABILITIES PAYABLE ON DEMAND	820,914	1,121,461	820,914	1,121,460
DEBT ISSUED AND SHORT-TERM BORROWINGS	9,810,951	(4,818,454)	4,249,000	(4,818,454)
OTHER LIABILITIES	(7,387,832)	10,397,152	(4,108,256)	12,408,262
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	43,143,002	(58,471,249)	47,839,343	(58,627,483)

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

KRUNG THAI BANK PUBLIC COMPANY LIMITED AND SUBSIDIARIES

STATEMENTS OF CASH FLOWS (CONTINUED)

FOR THE THREE-MONTH PERIOD ENDED MARCH 31, 2014

Unaudited/

Reviewed

(Thousand Baht)

	CONSOLIDATED		THE BANK'S	
	FINANCIAL STATEMENTS		FINANCIAL STATEMENTS	
	2014	2013	2014	2013
CASH FLOWS FROM INVESTING ACTIVITIES				
PURCHASES OF AVAILABLE FOR SALE SECURITIES	(50,407,732)	(15,087,196)	(50,407,732)	(15,087,196)
PROCEEDS FROM DISPOSAL OF AVAILABLE FOR SALE SECURITIES	30,190,620	32,601,858	30,190,620	32,601,858
PURCHASES OF HELD TO MATURITY DEBT SECURITIES	(11,854,912)	(2,778,222)	(11,695,344)	(2,568,759)
PROCEEDS FROM DISPOSAL OF HELD TO MATURITY DEBT SECURITIES	17,161,031	19,497,227	17,001,031	19,287,227
PURCHASES OF GENERAL INVESTMENTS	(69,777)	(35,009)	(69,777)	(35,009)
PROCEEDS FROM DISPOSAL OF GENERAL INVESTMENTS	81,953	87,100	81,953	87,100
PURCHASES OF INVESTMENTS IN ASSOCIATED COMPANIES	-	-	(5,158,905)	-
PURCHASES OF INTANGIBLE ASSETS	(209,716)	(52,195)	(5,838)	(4,968)
PURCHASES OF PREMISES AND EQUIPMENT	(386,274)	(414,730)	(122,269)	(237,021)
PROCEEDS FROM DISPOSAL OF PREMISES AND EQUIPMENT	16,582	18,494	11,618	318
NET CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES	(15,478,225)	33,837,327	(20,174,643)	34,043,550
CASH FLOWS FROM FINANCING ACTIVITIES				
PROCEEDS FROM DEBT ISSUED AND LONG-TERM BORROWINGS	-	14,875,674	-	14,825,674
REPAYMENTS OF DEBT ISSUED AND LONG-TERM BORROWINGS	(35,062,369)	(42,202)	(35,062,369)	(42,202)
NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES	(35,062,369)	14,833,472	(35,062,369)	14,783,472
LOSS ARISING FROM TRANSLATING THE FINANCIAL STATEMENTS OF FOREIGN OPERATIONS	(29,397)	(367,172)	(29,397)	(367,172)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(7,426,989)	(10,167,622)	(7,427,066)	(10,167,633)
BEGINNING BALANCE OF CASH AND CASH EQUIVALENTS	50,689,508	43,705,259	50,687,465	43,703,573
ENDING BALANCE OF CASH AND CASH EQUIVALENTS	43,262,519	33,537,637	43,260,399	33,535,940

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

(Signed) Voravidh Champeeratana
(MR. VORAVIDH CHAMPEERATANA)
CHAIRMAN

(Signed) Vorapak Tanyawong
(MR. VORAPAK TANYAWONG)
PRESIDENT

KRUNG THAI BANK PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**NOTES TO THE INTERIM FINANCIAL STATEMENTS****FOR THE THREE-MONTH PERIOD ENDED MARCH 31, 2014 (UNAUDITED/REVIEWED)**

1. GENERAL INFORMATION

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

2. BASIS OF PRESENTATION OF THE FINANCIAL STATEMENTS**2.1 Preparation of the Interim Financial Statements**

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

The interim financial statements are prepared to update the information from the financial statements for the year ended December 31, 2013. Accordingly, these interim financial statements should be used together with that mentioned financial statements.

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

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

The Consolidated Financial Statements

The consolidated financial statements comprise the accounts of the Bank and its subsidiaries in which the Bank has entity control or holds over 50 percent of paid-up shares capital after eliminating material intercompany transactions and balances. The 7 consolidated subsidiaries are KTB Law Co., Ltd., KTB General Services Co., Ltd., Krung Thai Asset Management Pcl., KTB Computer Services Co., Ltd., KTB Leasing Co., Ltd., KTB Advisory Co., Ltd., and KTB Capital Holding Co., Ltd. Percentages of shareholdings and investments in the Bank's subsidiaries and associates are shown in Note 6.4.

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

The Bank's Financial Statements

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

The Bank's financial statements for the three-month periods ended March 31, 2014 and 2013 and for the year ended December 31, 2013 included the accounts of domestic and foreign branches, after eliminating the effects of all interbranch transactions.

The English Translation of Financial Statement

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

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

The Bank adopt Thai Accounting Standards (TAS), Thai Financial Reporting Standards (TFRS), TSIC Interpretations and TFRIC Interpretations that announced and revised in accordance with The Federation of Accounting Professions effected for the financial statements periods beginning on or after January 1, 2014. The Bank's managements have already considered adopting TAS, TFRS, TSIC Interpretations and TFRIC Interpretations will not have any significant impacts on the Bank's accounting policies, the Bank's and its subsidiaries' financial statements.

3. SIGNIFICANT ACCOUNTING POLICIES

The Bank uses the same accounting policies and estimation methods for the interim financial statements as for the financial statements for the year ended December 31, 2013.

4. Statutory Capital Fund

	(Million Baht)	
	<u>The Bank's Financial Statements</u>	
	<u>March 31, 2014</u>	<u>December 31, 2013</u>
Tier 1 capital		
Paid-up share capital	72,005.04	72,005.04
Premium on share capital	20,833.74	20,833.74
Legal reserve (Note 6.12)	7,200.50	7,200.50
Net income after appropriated	78,089.99	78,089.99
Appraisal surplus on land	6,340.00	6,340.00
<u>Add</u> Revaluation surplus on investments in available-for-sale equity securities, net	1,347.45	1,321.62
<u>Less</u> Revaluation deficit on investments in available-for-sale debt securities, net	(113.33)	-
<u>Add</u> Gains arising from translating the financial statements of foreign operations	4.75	-
Hybrid tier 1	8,509.68	9,573.39
<u>Less</u> Intangible assets	(124.20)	-
<u>Less</u> Deferred tax assets	(4,968.17)	(4,968.17)
Total tier 1 capital	<u>189,125.45</u>	<u>190,396.11</u>
Tier 2 capital		
Long-term subordinated debt	43,688.32	64,688.32
Allowance for pass asset-classification	22,128.99	21,611.90
Total tier 2 capital	<u>65,817.31</u>	<u>86,300.22</u>
Total capital fund	<u><u>254,942.76</u></u>	<u><u>276,696.33</u></u>

As at March 31, 2014 and December 31, 2013, the Bank's capital fund calculated based on Basel III framework that was adjusted to conform with the BoT's Notification No. SOR NOR SOR.13/2555, regarding the Composition of Capital Fund for Commercial Banks Registered in Thailand. Adjustment of supervisory revision of capital fund regulations and supplement, effective since January 1, 2014, based on Basel III: a global regulatory framework for more resilient banks and banking systems (Revised version: June 2011), issued by the Basel Committee on Banking Supervision (BCBS), to support the Bank's quality and sufficiently capital fund to deal with losses might occur in normal and crisis situation and to preserve the stability of overall financial institutional system.

The BoT's Notification No. SOR NOR SOR.12/2555, regarding the Capital Fund for Commercial Banks Supervision, requires commercial banks registered in Thailand to maintain the minimum capital ratio to be 8.5 percent of total risk weighted assets and obligations with the condition that the tier 1 capital must not be less than previously 4.25 to currently 6.0 percent of total risk weighted assets and obligations. As at March 31, 2014 and December 31, 2013, the Bank maintains a ratio of capital fund to assets and obligations as prescribed by the BoT's regulations and process as follows:

	<u>Percentage</u>	
	<u>March 31, 2014</u>	<u>December 31, 2013</u>
Total capital fund	13.32	14.79
Tier 1 capital	9.88	10.17

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 of estimation uncertainty and assumptions in applying accounting policies has significant effects on the amount recognized in the financial statements.

6. SUPPLEMENTARY INFORMATION

6.1 Supplementary Information of Cash Flows

Significant non-cash items for the three-month periods ended March 31, 2014 and 2013 are as follows:

(Million Baht)

	<u>Consolidated Financial Statements</u>		<u>The Bank's Financial Statements</u>	
	<u>March 31, 2014</u>	<u>March 31, 2013</u>	<u>March 31, 2014</u>	<u>March 31, 2013</u>
Increase in revaluation surplus on investments in equity	1,600.98	800.53	824.09	725.74
Increase in properties for sale from loan payment	1,143.68	2,939.52	1,143.68	2,939.52

6.2 Derivatives Held for Trading

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

(Million Baht)

	<u>Consolidated Financial Statements</u>					
	<u>March 31, 2014</u>			<u>December 31, 2013</u>		
	<u>Fair Value</u>		<u>Notional</u>	<u>Fair Value</u>		<u>Notional</u>
<u>Type of Risks</u>	<u>Assets</u>	<u>Liabilities</u>	<u>Amounts</u>	<u>Assets</u>	<u>Liabilities</u>	<u>Amounts</u>
Exchange rate	11,528.49	10,776.47	1,213,134.21	18,420.31	21,666.86	1,228,659.61
Interest rate	1,680.03	1,600.28	260,344.68	1,639.12	1,550.87	243,214.21
Others	1,819.45	1,932.91	54,606.32	1,250.82	1,326.98	49,706.04
Total	15,027.97	14,309.66	1,528,085.21	21,310.25	24,544.71	1,521,579.86

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

(Million Baht)

Type of Risks	The Bank's Financial Statements					
	March 31, 2014			December 31, 2013		
	Fair Value		Notional Amounts	Fair Value		Notional Amounts
	Assets	Liabilities		Assets	Liabilities	
Exchange rate	11,528.49	10,776.47	1,213,134.21	18,420.31	21,666.86	1,228,659.61
Interest rate	1,707.76	1,600.28	262,005.16	1,664.18	1,550.87	245,024.49
Others	1,819.45	1,932.91	54,606.32	1,250.82	1,326.98	49,706.04
Total	15,055.70	14,309.66	1,529,745.69	21,335.31	24,544.71	1,523,390.14

The proportion of derivative transactions classified by type of counterparty based on the notional amounts

Counterparty	Consolidated Financial Statements		The Bank's Financial Statements	
	March 31, 2014	December 31, 2013	March 31, 2014	December 31, 2013
	Proportion	Proportion	Proportion	Proportion
Financial institutions	76.32%	69.73%	76.24%	69.65%
Financial business group	0.19%	0.17%	0.30%	0.29%
Third parties	23.49%	30.10%	23.46%	30.06%
Total	100.00%	100.00%	100.00%	100.00%

6.3 Investments, Net

(Million Baht)

	Consolidated Financial Statements							
	March 31, 2014				December 31, 2013			
	Cost/ Amortized Cost	Unrealized Gains	Unrealized Losses	Fair Value	Cost/ Amortized Cost	Unrealized Gains	Unrealized Losses	Fair Value
6.3.1 Trading Securities								
Government & state enterprise securities	32,504.15	19.60	(7.58)	32,516.17	7,958.66	12.06	-	7,970.72
Private enterprise debt securities	311.42	0.08	-	311.50	-	-	-	-
Foreign debt securities	-	-	-	-	-	-	-	-
Domestic marketable equity securities	19.15	0.04	(0.91)	18.28	-	-	-	-
Investments in borrowings with embedded derivatives	973.30	-	(742.85)	230.45	984.41	-	(778.97)	205.44
Total	33,808.02	19.72	(751.34)	33,076.40	8,943.07	12.06	(778.97)	8,176.16
Less Allowance for revaluation	(962.07)				(972.35)			
Total	32,845.95			33,076.40	7,970.72			8,176.16

6.3 Investments, Net (Continued)

(Million Baht)

<u>Consolidated Financial Statements</u>								
<u>March 31, 2014</u>					<u>December 31, 2013</u>			
	Cost/ <u>Amortized Cost</u>	Unrealized <u>Gains</u>	Unrealized <u>Losses</u>	<u>Fair Value</u>	Cost/ <u>Amortized Cost</u>	Unrealized <u>Gains</u>	Unrealized <u>Losses</u>	<u>Fair Value</u>
6.3.2 Available-for-Sale Securities								
Government & state enterprise securities	104,469.44	280.35	(1,060.29)	103,689.50	84,071.53	162.45	(1,703.75)	82,530.23
Private enterprise debt securities	646.00	11.96	-	657.96	646.00	6.79	(0.51)	652.28
Foreign debt securities	4,191.91	59.64	(3.98)	4,247.57	4,185.66	35.24	(4.24)	4,216.66
Domestic marketable equity securities	5,495.08	1,944.71	(414.04)	7,025.75	5,409.04	1,792.75	(259.80)	6,941.99
Foreign marketable equity securities	392.42	153.65	(70.14)	475.93	400.77	119.07	(70.42)	449.42
Others - VAYUPAK MUTUAL FUND 1	-	-	-	-	-	-	-	-
Total	115,194.85	2,450.31	(1,548.45)	116,096.71	94,713.00	2,116.30	(2,038.72)	94,790.58
<u>Add</u> Allowance for revaluation	975.98				151.89			
<u>Less</u> Allowance for impairment	(74.12)				(74.31)			
Total	116,096.71			116,096.71	94,790.58			94,790.58
6.3.3 Held-to-Maturity Debt Securities								
Government & state enterprise securities	103,433.13	633.61	(2,367.96)	101,698.78	110,520.51	411.42	(3,007.38)	107,924.55
Private enterprise debt securities	751.82	26.74	(36.32)	742.24	893.32	18.83	(36.32)	875.83
Foreign debt securities	17,332.97	-	-	17,332.97	15,749.32	-	-	15,749.32
Total	121,517.92	660.35	(2,404.28)	119,773.99	127,163.15	430.25	(3,043.70)	124,549.70
<u>Less</u> Allowance for impairment	(207.06)				(207.06)			
Total	121,310.86			119,773.99	126,956.09			124,549.70
6.3.4 General Investments								
Domestic non-marketable equity securities	2,015.32	-	(1,242.54)	772.78	2,026.58	-	(1,242.54)	784.04
Foreign non-marketable equity securities	71.35	-	-	71.35	71.66	-	-	71.66
Total	2,086.67	-	(1,242.54)	844.13	2,098.24	-	(1,242.54)	855.70
<u>Less</u> Allowance for impairment	(1,242.54)				(1,242.54)			
Total	844.13			844.13	855.70			855.70
Total investments, net	271,097.65			269,791.23	230,573.09			228,372.14

6.3 Investments, Net (Continued)

(Million Baht)

<u>The Bank's Financial Statements</u>								
	<u>March 31, 2014</u>				<u>December 31, 2013</u>			
	<u>Cost/ Amortized Cost</u>	<u>Unrealized Gains</u>	<u>Unrealized Losses</u>	<u>Fair Value</u>	<u>Cost/ Amortized Cost</u>	<u>Unrealized Gains</u>	<u>Unrealized Losses</u>	<u>Fair Value</u>
6.3.1 Trading Securities								
Government & state enterprise securities	32,504.15	19.60	(7.58)	32,516.17	7,958.66	12.06	-	7,970.72
Private enterprise debt securities	311.42	0.08	-	311.50	-	-	-	-
Foreign debt securities	-	-	-	-	-	-	-	-
Domestic marketable equity securities	19.15	0.04	(0.91)	18.28	-	-	-	-
Investments in borrowings with embedded derivatives	973.30	-	(742.85)	230.45	984.41	-	(778.97)	205.44
Total	33,808.02	19.72	(751.34)	33,076.40	8,943.07	12.06	(778.97)	8,176.16
<u>Less</u> Allowance for revaluation	(962.07)				(972.35)			
Total	32,845.95			33,076.40	7,970.72			8,176.16
6.3.2 Available-for-Sale Securities								
Government & state enterprise securities	104,469.44	280.35	(1,060.29)	103,689.50	84,071.53	162.45	(1,703.75)	82,530.23
Private enterprise debt securities	646.00	11.96	-	657.96	646.00	6.79	(0.51)	652.28
Foreign debt securities	4,191.91	59.64	(3.98)	4,247.57	4,185.66	35.24	(4.24)	4,216.66
Domestic marketable equity securities	5,495.08	1,944.71	(414.04)	7,025.75	5,409.04	1,792.75	(259.80)	6,941.99
Foreign marketable equity securities	392.42	153.65	(70.14)	475.93	400.77	119.07	(70.42)	449.42
Others - VAYUPAK MUTUAL FUND 1	-	-	-	-	-	-	-	-
Total	115,194.85	2,450.31	(1,548.45)	116,096.71	94,713.00	2,116.30	(2,038.72)	94,790.58
<u>Add</u> Allowance for revaluation	975.98				151.89			
<u>Less</u> Allowance for impairment	(74.12)				(74.31)			
Total	116,096.71			116,096.71	94,790.58			94,790.58
6.3.3 Held-to-Maturity Debt Securities								
Government & state enterprise securities	103,258.23	633.61	(2,367.96)	101,523.88	110,346.20	411.42	(3,007.38)	107,750.24
Private enterprise debt securities	751.82	26.74	(36.32)	742.24	893.32	18.83	(36.32)	875.83
Foreign debt securities	17,332.97	-	-	17,332.97	15,749.32	-	-	15,749.32
Total	121,343.02	660.35	(2,404.28)	119,599.09	126,988.84	430.25	(3,043.70)	124,375.39
<u>Less</u> Allowance for impairment	(207.06)				(207.06)			
Total	121,135.96			119,599.09	126,781.78			124,375.39

6.3 Investments, Net (Continued)

(Million Baht)

<u>The Bank's Financial Statements</u>								
<u>March 31, 2014</u>					<u>December 31, 2013</u>			
	Cost/ <u>Amortized Cost</u>	Unrealized <u>Gains</u>	Unrealized <u>Losses</u>	<u>Fair Value</u>	Cost/ <u>Amortized Cost</u>	Unrealized <u>Gains</u>	Unrealized <u>Losses</u>	<u>Fair Value</u>
6.3.4 General Investments								
Domestic non-marketable equity								
securities	2,015.27	-	(1,242.54)	772.73	2,026.53	-	(1,242.54)	783.99
Foreign non-marketable equity								
securities	71.35	-	-	71.35	71.66	-	-	71.66
Total	2,086.62	-	(1,242.54)	844.08	2,098.19	-	(1,242.54)	855.65
<u>Less</u> Allowance for impairment	(1,242.54)				(1,242.54)			
Total	844.08			844.08	855.65			855.65
Total investments, net	270,922.70			269,616.28	230,398.73			228,197.78

As at March 31, 2014 and December 31, 2013, trading securities which are investments in borrowings with embedded derivatives, closely related, of Baht 973.30 million and Baht 984.41 million, respectively, are Collateralized Debt Obligations (CDO) with fair value of Baht 230.45 million and Baht 205.44 million, respectively, and have full allowance for revaluation.

As at March 31, 2014 and December 31, 2013, held-to-maturity investments in government and state enterprise debt securities included promissory notes issued by the Thai Asset Management Corporation (TAMC) paid for the transfer of the Bank's impaired assets amounting to Baht 3,388.20 million (Note 6.22). There is a TAMC's promissory note amounting to Baht 2,824.22 million, was already due in 2011, and is in the process of transferred price adjustment.

As at March 31, 2014 and December 31, 2013, general investments which are domestic non-marketable equity securities of Baht 2,015.27 million and Baht 2,026.53 million included investments in the Islamic Bank of Thailand amounting to Baht 1,048.15 million which the Bank reserved the full amount of allowance for impairment.

As at March 31, 2014 and December 31, 2013, the Bank had foreign debt securities affected by foreign exchange rate, resulting in a decrease of the carrying amount of Baht 39 million and an increase of the carrying amount of Baht 243.50 million, respectively.

Sales of Investments to the Bank's Subsidiaries

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

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

6.3 Investments, Net (Continued)

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

(Million Baht)

	<u>Consolidated Financial Statements</u>		<u>The Bank's Financial Statements</u>	
	<u>March 31, 2014</u>	<u>December 31, 2013</u>	<u>March 31, 2014</u>	<u>December 31, 2013</u>
Manufacturing	1.00	1.00	1.00	1.00
Banking and financial	225.23	232.05	225.23	232.05
Public utilities and services	1,306.68	1,131.16	1,306.68	1,131.16
Others	18.48	18.48	18.48	18.48
Total	1,551.39	1,382.69	1,551.39	1,382.69

6.3.5 Gains (Losses) on Investments, Net shown in the Statements of Comprehensive Income for the three-month periods ended March 31, 2014 and 2013 comprise the following:

(Million Baht)

	<u>Consolidated Financial Statements</u>			
	<u>March 31, 2014</u>		<u>March 31, 2013</u>	
	<u>Gain/Reverse</u>	<u>Loss</u>	<u>Gain/Reverse</u>	<u>Loss</u>
Realized gain (loss) on disposal of available-for-sale current investments	11.59	-	22.69	-
Realized gain on disposal of current general investments	0.91	-	0.55	-
Realized gain (loss) on disposal of available-for-sale long-term investments	72.83	(0.97)	243.88	(8.36)
Total	85.33	(0.97)	267.12	(8.36)
Gain on investments, net	84.36		258.76	

(Million Baht)

	<u>The Bank's Financial Statements</u>			
	<u>March 31, 2014</u>		<u>March 31, 2013</u>	
	<u>Gain/Reverse</u>	<u>Loss</u>	<u>Gain/Reverse</u>	<u>Loss</u>
Realized gain (loss) on disposal of available-for-sale current investments	11.59	-	22.69	-
Realized gain on disposal of current general investments	0.91	-	0.55	-
Realized gain (loss) on disposal of available-for-sale long-term investments	72.83	(0.97)	243.88	(8.36)
Total	85.33	(0.97)	267.12	(8.36)
Gain on investments, net	84.36		258.76	

6.3.6 As at March 31, 2014, the Bank has investments in 2 listed companies in which their financial position and performance fall under SET's delisted criteria, cost of Baht 1.83 million which are reserved full amount of allowance for impairment.

6.4 Investments in Subsidiaries and Associates, Net

6.4.1 The Bank's Financial Statements

(Million Baht)

<u>March 31, 2014</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	-
KTB General Services Co., Ltd.	General Services	Ordinary	100.00	140.00	-
Krung Thai Asset Management Pcl.	Securities Business	Ordinary	100.00	210.90	-
KTB Computer Services Co., Ltd.	IT Services	Ordinary	100.00	1,300.00	-
KTB Leasing Co., Ltd.	Hire Purchase	Ordinary	100.00	100.00	-
KTB Capital Holding Co., Ltd.	Holding	Ordinary	100.00	1.00	-
KTB Advisory Co., Ltd.	Financial Counseling & Advisory Services	Ordinary	100.00	40.00	-
Total				1,821.90	-
<u>Less</u> Allowance for impairment *				(34.89)	
Total				1,787.01	-
Associates					
Krungthai-AXA Life Insurance Pcl.	Life Insurance	Ordinary	50.00	4,071.77	-
Krungthai Card Pcl.	Credit Card Business	Ordinary	49.45	1,994.60	255.00
Krungthai Panich Insurance Pcl.	Non-Life Insurance	Ordinary	45.00	1,518.82	-
Krung Thai IBJ Leasing Co., Ltd.	Hire Purchase	Ordinary	49.00	87.38	-
KT Zmico Securities Co., Ltd.	Securities Business	Ordinary	50.00	1,068.89	-
Total				8,741.46	255.00
Investments in subsidiaries and associates, net				10,528.47	255.00

6.4.1 The Bank's Financial Statements (Continued)

(Million Baht)

<u>December 31, 2013</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	-
KTB General Services Co., Ltd.	General Services	Ordinary	100.00	140.00	5.12
Krung Thai Asset Management Pcl.	Securities Business	Ordinary	100.00	210.90	16.50
KTB Computer Services Co., Ltd.	IT Services	Ordinary	100.00	1,300.00	50.70
KTB Leasing Co., Ltd.	Hire Purchase	Ordinary	100.00	100.00	-
KTB Capital Holding Co., Ltd.	Holding	Ordinary	100.00	1.00	-
KTB Advisory Co., Ltd.	Financial Counseling & Advisory Services	Ordinary	100.00	40.00	-
Total				1,821.90	72.32
Less Allowance for impairment *				(34.89)	
Total				1,787.01	72.32
Associates					
Krungthai-AXA Life Insurance Pcl.**	Life Insurance	Ordinary	0.00	0.00	-
Krungthai Card Pcl.	Credit Card Business	Ordinary	49.45	1,994.60	51.00
Krungthai Panich Insurance Pcl.	Non-Life Insurance	Ordinary	20.00	431.68	37.40
Krung Thai IBJ Leasing Co., Ltd.	Hire Purchase	Ordinary	49.00	87.38	32.83
KT Zmico Securities Co., Ltd.	Securities Business	Ordinary	50.00	1,068.89	155.71
Total				3,582.55	276.94
Investments in subsidiaries and associates, net				5,369.56	349.26

* Allowance for impairment of investments in subsidiaries comes from cost higher than book value.

** The Bank has investment in 1 share of Krungthai-AXA Life Insurance Pcl.

Investments in Subsidiaries

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

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

On December 26, 2012, the Bank sold ordinary shares comprising 25 percent of total issued shares of Krungthai Panich Insurance Pcl. (KPI) (percentages of shareholding are 20%) and ordinary shares comprising 50 percent of the total issued shares of Krungthai-AXA Life Insurance Pcl. (KTAL) (holds only 1 share) to KTB Capital Holding Co., Ltd. amounting to Baht 4,800.74 million. The Bank has gain on sale of investments in associates of Baht 3,667.55 million (Note 6.15.7).

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

On October 1, 2013, the Bank conducted the process that was stipulated the BoT by purchasing KTBCH's total issued shares at the cost. As a result, the Bank currently holds 100 percent of KTBCH's total issued shares. In this period, the Bank repurchased shares in KPI and KTAL from KTBCH amounting to Baht 5,158.90 million (Note 6.15.7).

Investments in Associates

In 2013, the Bank bought 18.18 million of the additional shares of KT Zmico Securities Co., Ltd., amounting to Baht 150 million.

6.4.2 The Consolidated Financial Statements

						(Million Baht)
						March 31, 2014
		Percentages of		Investments	Investments	
Name of Company	Type of Business	Type of Shares	Shareholdings	(Cost Method)	(Equity Method)	
Associates						
Krungthai-AXA Life Insurance Pcl.	Life Insurance	Ordinary	50.00	593.57	5,790.12	
Krungthai Card Pcl.	Credit Card Business	Ordinary	49.45	1,994.60	2,951.18	
Krungthai Panich Insurance Pcl.	Non-Life Insurance	Ordinary	45.00	971.30	2,039.95	
Krung Thai IBJ Leasing Co., Ltd.	Hire Purchase	Ordinary	49.00	87.38	473.44	
KT Zmico Securities Co., Ltd.	Securities Business	Ordinary	50.00	1,068.89	1,203.01	
Total investments in associates, net				4,715.74	12,457.70	

6.4.2 The Consolidated Financial Statements (Continued)

(Million Baht)

			December 31, 2013		
			Percentages of	Investments	Investments
<u>Name of Company</u>	<u>Type of Business</u>	<u>Type of Shares</u>	<u>Shareholdings</u>	<u>(Cost Method)</u>	<u>(Equity Method)</u>
Associates					
Krungthai-AXA Life Insurance Pcl.	Life Insurance	Ordinary	50.00	593.57	4,625.71
Krungthai Card Pcl.	Credit Card Business	Ordinary	49.45	1,994.60	3,030.57
Krungthai Panich Insurance Pcl.	Non-Life Insurance	Ordinary	45.00	971.30	1,902.09
Krung Thai IBJ Leasing Co., Ltd.	Hire Purchase	Ordinary	49.00	87.38	455.55
KT Zmico Securities Co., Ltd.	Securities Business	Ordinary	50.00	1,068.89	1,196.06
Total investments in associates, net				4,715.74	11,209.98

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

6.4.3 Financial Positions and Operations of Associates

(Million Baht)

Consolidated Financial Statements						
Name of Company	March 31, 2014			December 31, 2013		
	"Unreviewed"			"Audited"		
	Total Assets	Total Liabilities	Shareholders' Equity	Total Assets	Total Liabilities	Shareholders' Equity
Krung Thai IBJ Leasing Co., Ltd.	7,596.80	6,630.60	966.20	6,910.49	5,980.79	929.70
KT Zmico Securities Co., Ltd.	6,669.72	4,263.71	2,406.01	6,546.35	4,134.76	2,411.59
Krungthai Panich Insurance Pcl.	9,658.33	5,125.09	4,533.24	9,435.66	5,245.19	4,190.47
Krungthai-AXA Life Insurance Pcl.	106,039.79	94,459.56	11,580.23	96,719.92	87,467.27	9,252.65
Krungthai Card Pcl.	49,077.59	43,109.65	5,967.94	51,904.83	45,776.34	6,128.49
	179,042.23	153,588.61	25,453.62	171,517.25	148,604.35	22,912.90

(Million Baht)

Consolidated Financial Statements					
Name of Company	March 31, 2014		March 31, 2013		
	"Unreviewed"		"Unreviewed"		
	Total Income	Net Profit (Loss)	Total Income	Net Profit (Loss)	
Krung Thai IBJ Leasing Co., Ltd.	147.51	36.50	126.27	21.70	
KT Zmico Securities Co., Ltd.	315.34	13.23	735.79	152.07	
Krungthai Panich Insurance Pcl.	729.91	169.28	690.79	98.46	
Krungthai-AXA Life Insurance Pcl.	11,956.64	955.60	9,815.83	940.93	
Krungthai Card Pcl.	3,368.97	355.12	3,243.02	421.94	
	16,518.37	1,529.73	14,611.70	1,635.10	

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

(Million Baht)

	<u>Consolidated Financial Statements</u>		<u>The Bank's Financial Statements</u>	
	<u>March 31, 2014</u>	<u>December 31, 2013</u>	<u>March 31, 2014</u>	<u>December 31, 2013</u>
Overdrafts	153,154.74	152,640.55	153,154.74	152,640.55
Loans	1,130,383.43	1,104,846.15	1,176,298.20	1,151,116.26
Bills	424,032.46	398,217.40	431,272.46	410,409.06
Hire purchase receivables	55,981.46	51,902.47	178.47	232.63
Financial lease receivables	9,649.99	9,470.50	-	-
Others	1,583.72	1,657.11	1,080.60	1,280.73
<u>Less</u> Deferred revenue	(8,085.86)	(7,643.92)	(183.44)	(175.33)
Total loans to customers net of deferred revenue	1,766,699.94	1,711,090.26	1,761,801.03	1,715,503.90
<u>Add</u> Accrued interest receivables	3,739.64	4,647.13	3,745.13	4,775.67
Total loans to customers net of deferred revenue, plus accrued interest receivables	1,770,439.58	1,715,737.39	1,765,546.16	1,720,279.57
<u>Less</u> Allowance for doubtful accounts				
1. Minimum reserve under BoT's regulations				
- Individual approach	(42,697.42)	(40,959.49)	(41,798.99)	(40,250.05)
2. Excess allowance	(20,563.11)	(20,717.14)	(20,433.00)	(20,597.03)
<u>Less</u> Revaluation allowance for debt restructuring	(333.98)	(130.22)	(333.98)	(130.22)
Total loans to customers, net	1,706,845.07	1,653,930.54	1,702,980.19	1,659,302.27

As at March 31, 2014 and December 31, 2013, the Bank's other loans of Baht 1,080.60 million and Baht 1,280.73 million included debts resulting from the Bank's liabilities under acceptances or guarantees amounting to Baht 1,020.19 million and Baht 1,220.20 million, respectively.

6.5.2 Classified by Loan Classification

(Million Baht)

<u>Consolidated Financial Statements</u>				
<u>March 31, 2014</u>				
	Net Amount	%		
Loans and Accrued Interest	Used for Set aside the Allowance for	Used for Set aside the Allowance for	Allowance for Doubtful	
<u>Receivables</u>	<u>Doubtful Accounts</u> ¹	<u>Doubtful Accounts</u>	<u>Accounts</u>	
1. Minimum reserve under BoT's regulations				
Normal	1,641,830.91	763,605.21	1	8,537.48
Special mention	66,061.10	32,180.16	2	6,852.05
Substandard	14,073.84	8,168.55	100	8,181.32
Doubtful	12,646.27	4,600.26	100	4,600.39
Doubtful of loss	35,827.46	9,908.79	100	14,526.18
2. Excess allowance				20,563.11
Total *	1,770,439.58	818,462.97		63,260.53

(Million Baht)

<u>Consolidated Financial Statements</u>				
<u>December 31, 2013</u>				
	Net Amount	%		
Loans and Accrued Interest	Used for Set aside the Allowance for	Used for Set aside the Allowance for	Allowance for Doubtful	
<u>Receivables</u>	<u>Doubtful Accounts</u> ¹	<u>Doubtful Accounts</u>	<u>Accounts</u>	
1. Minimum reserve under BoT's regulations				
Normal	1,598,588.83	735,043.05	1	8,425.05
Special mention	60,408.87	34,256.19	2	8,298.61
Substandard	10,383.59	6,418.79	100	6,631.83
Doubtful	11,095.86	3,888.01	100	3,937.03
Doubtful of loss	35,260.24	8,801.45	100	13,666.97
2. Excess allowance				20,717.14
Total *	1,715,737.39	788,407.49		61,676.63

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

6.5.2 Classified by Loan Classification (Continued)

(Million Baht)

<u>The Bank's Financial Statements</u>				
<u>March 31, 2014</u>				
	Net Amount	%		
Loans and Accrued Interest	Used for Set aside the Allowance for	Used for Set aside the Allowance for	Allowance for Doubtful	
<u>Receivables</u>	<u>Doubtful Accounts</u> ¹	<u>Doubtful Accounts</u>	<u>Accounts</u>	
1. Minimum reserve under BoT's regulations				
Normal	1,641,926.24	813,795.24	1	8,505.76
Special mention	62,830.20	31,798.43	2	6,844.41
Substandard	13,309.32	7,969.68	100	7,982.46
Doubtful	12,190.11	4,450.53	100	4,450.66
Doubtful of loss	35,290.29	9,378.73	100	14,015.70
2. Excess allowance				20,433.00
Total *	1,765,546.16	867,392.61		62,231.99

(Million Baht)

<u>The Bank's Financial Statements</u>				
<u>December 31, 2013</u>				
	Net Amount	%		
Loans and Accrued Interest	Used for Set aside the Allowance for	Used for Set aside the Allowance for	Allowance for Doubtful	
<u>Receivables</u>	<u>Doubtful Accounts</u> ¹	<u>Doubtful Accounts</u>	<u>Accounts</u>	
1. Minimum reserve under BoT's regulations				
Normal	1,607,545.13	790,510.12	1	8,392.84
Special mention	57,426.52	33,877.30	2	8,291.03
Substandard	9,709.84	6,246.84	100	6,459.87
Doubtful	10,730.87	3,775.39	100	3,824.42
Doubtful of loss	34,867.21	8,412.81	100	13,281.89
2. Excess allowance				20,597.03
Total *	1,720,279.57	842,822.46		60,847.08

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

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

6.5.3 Non-Performing Loans (NPLs)

As at March 31, 2014 and December 31, 2013, the Bank and its subsidiaries had NPLs classified by the BoT's notifications as substandard, doubtful, doubtful of loss, and loss, including loans to interbank and money market except accrued interest receivables.

(Million Baht)

	<u>Consolidated Financial Statements</u>		<u>The Bank's Financial Statements</u>	
	<u>March 31, 2014</u>	<u>December 31, 2013</u>	<u>March 31, 2014</u>	<u>December 31, 2013</u>
NPLs before deducting allowance for doubtful accounts	62,268.54	56,458.09	60,510.69	55,026.31
Percentage of total loans	2.95	2.65	2.87	2.58
NPLs after deducting allowance for doubtful accounts	34,960.64	32,222.25	34,061.86	31,460.13
Percentage of net loans	1.68	1.53	1.64	1.49

For the three-month period ended March 31, 2014 and for the year ended December 31, 2013, impaired loans have been written off both principal and accrued interest receivables amounting to Baht 98.60 million and Baht 6,809.64 million, respectively.

6.5.4 Loans to Potential Delisted Companies

As at March 31, 2014 and December 31, 2013, the Bank has loans and accrued interest receivables to 7 potential delisted companies of Baht 1,102.46 million and Baht 1,150.26 million, and accrued interest receivables of Baht 0.02 million and Baht 0.14 million, totaling to Baht 1,102.48 million and Baht 1,150.40 million, their allowance for doubtful accounts were provided for Baht 889.47 million and Baht 830.44 million in accordance with the BoT's notifications for loan classification, respectively.

6.5.5 Troubled Debt Restructuring (TDR)

For the three-month period ended March 31, 2014 and for the year ended December 31, 2013, the original loan value of the 804 and 7,040 troubled debt restructuring cases are Baht 4,314.03 million and Baht 30,661.41 million. The repayment for related interest and principal are Baht 969.71 million and Baht 5,221.10 million, whereas extended lending increased by Baht 1,342.41 million and Baht 2,309.04 million. Bad debts from Troubled Debt Restructuring are Baht 12.53 million and Baht 324.48 million, respectively.

TDR for the three-month period ended March 31, 2014 is set out as follows:

(Million Baht)

		<u>The Bank's Financial Statements</u>		
		<u>Outstanding</u>	<u>Type of</u>	
<u>Approaches</u>	<u>No. of</u>	<u>Debt before</u>	<u>Transferred</u>	<u>Fair Value</u>
	<u>Cases</u>	<u>Restructuring</u>	<u>Assets</u>	
Troubled Debt Restructuring				
Transfers of assets	2	88.34	Land & Premises	88.34
Change of repayment conditions	103	2,427.22		
Debt restructuring in various forms	699	1,798.47		
	804	4,314.03		

As at March 31, 2014, the Bank has outstanding balance of loans to restructured debts for 23,903 cases amounting to Baht 80,651.02 million, of which 514 cases amounting to Baht 8,253.23 million, has been monitored under the new contractual agreements.

The consolidated financial statements as at March 31, 2014, the Bank restructured debts of 828 cases which the debts before restructuring were Baht 4,466.21 million.

TDR for the year ended December 31, 2013 was set out as follows:

					(Million Baht)
<u>The Bank's Financial Statements</u>					
Troubled Debt Restructuring	No. of	Outstanding	Type of		
		Debt before	Transferred		
<u>Approaches</u>	<u>Cases</u>	<u>Restructuring</u>	<u>Assets</u>	<u>Fair Value</u>	
Transfers of assets	20	3,080.46	Land & Premises	2,897.69	
Change of repayment conditions	1,021	15,003.30			
Debt restructuring in various forms	5,999	12,577.65			
	7,040	30,661.41			

As at December 31, 2013, the Bank has outstanding balance of loans to restructured debts for 23,898 cases amounting to Baht 80,513.22 million, of which 532 cases amounting to Baht 6,458.77 million, has been monitored under the new contractual agreements.

The consolidated financial statements as at December 31, 2013, the Bank restructured debts of 7,086 cases which the debts before restructuring were Baht 31,208.33 million.

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

									(Million Baht)
<u>Consolidated Financial Statements</u>									
<u>March 31, 2014</u>				<u>December 31, 2013</u>					
<u>The Amount Due to Pay of the Contract</u>				<u>The Amount Due to Pay 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 minimum leases payment	20,931.12	41,740.72	2,959.61	65,631.45	19,177.20	39,537.20	2,658.57	61,372.97	
<u>Less</u> Unearned financial income			(7,944.68)					(7,526.31)	
Present value of minimum leases payment			57,686.77					53,846.66	
Allowance for doubtful accounts			(548.49)					(460.02)	
Financial lease receivables, net			57,138.28					53,386.64	

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

(Million Baht)

The Bank's Financial Statements								
	March 31, 2014				December 31, 2013			
	The Amount Due to Pay of the Contract				The Amount Due to Pay of the Contract			
	Not Over	Over	Over		Not Over	Over	Over	
	1 Year	1 - 5 Years	5 Years	Total	1 Year	1 - 5 Years	5 Years	Total
Gross investment of minimum leases payment	53.93	124.54	-	178.47	62.36	170.27	-	232.63
Less Unearned financial income				(27.67)				(37.88)
Present value of minimum leases payment				150.80				194.75
Allowance for doubtful accounts				(3.48)				(3.29)
Financial lease receivables, net				147.32				191.46

6.6 Allowance for Doubtful Accounts

(Million Baht)

<u>The Bank's Financial Statements</u>							
<u>March 31, 2014</u>							
					Allowance in Excess of		
	<u>Normal</u>	<u>Special Mention</u>	<u>Substandard</u>	<u>Doubtful</u>	<u>Doubtful of Loss</u>	<u>BoT's Regulations</u>	<u>Total</u>
Beginning balance	8,392.84	8,291.03	6,459.87	3,824.42	13,281.89	20,597.03	60,847.08
Increase (decrease) in allowance for doubtful accounts	51.54	(1,446.53)	1,522.59	626.24	910.19	(164.03)	1,500.00
Allowance for doubtful accounts transferred to allowance for debt restructuring revaluation	-	-	-	-	(203.76)	-	(203.76)
Bad debt recovered	-	-	-	-	131.57	-	131.57
Bad debt written-off	-	-	-	-	(98.60)	-	(98.60)
Others	61.38	(0.09)	-	-	(5.59)	-	55.70
Ending balance	8,505.76	6,844.41	7,982.46	4,450.66	14,015.70	20,433.00	62,231.99

The consolidated financial statements as at March 31, 2014, the Bank has set aside allowance for doubtful accounts of Baht 63,260.53 million including its subsidiaries' allowance for doubtful accounts of Baht 1,028.54 million.

For the three-month period ended March 31, 2014, the Bank has set aside allowance for doubtful accounts of Baht 500 million a month, totaling to Baht 1,500 million.

6.6 Allowance for Doubtful Accounts (Continued)

(Million Baht)

<u>The Bank's Financial Statements</u>							
<u>December 31, 2013</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 balance	11,123.65	4,602.35	3,604.49	7,002.69	16,578.81	11,880.26	54,792.25
Increase (decrease) in allowance for doubtful accounts	(2,365.09)	3,688.28	2,855.38	(3,178.27)	1,882.93	8,716.77	11,600.00
Allowance for doubtful accounts transferred from (to) allowance for debt restructuring revaluation	-	-	-	-	(80.36)	-	(80.36)
Bad debt recovered	-	-	-	-	1,669.69	-	1,669.69
Bad debt written-off	-	-	-	-	(6,809.64)	-	(6,809.64)
Others	(365.72)	0.40	-	-	40.46	-	(324.86)
Total	8,392.84	8,291.03	6,459.87	3,824.42	13,281.89	20,597.03	60,847.08

The consolidated financial statements as at December 31, 2013, the Bank has set aside allowance for doubtful accounts of Baht 61,676.63 million including its subsidiaries' allowance for doubtful accounts of Baht 829.55 million.

For the year ended December 31, 2013, the Bank has set aside allowance for doubtful accounts of Baht 500 million a month, totaling to Baht 6,000 million and set more of Baht 5,600 million, totaling to Baht 11,600 million.

6.7 Revaluation Allowance for Debt Restructuring

(Million Baht)

<u>Consolidated and the Bank's Financial Statements</u>		
	<u>March 31, 2014</u>	<u>December 31, 2013</u>
Beginning balance	130.22	49.86
Transfer from (to) allowance for doubtful accounts	203.76	80.36
Ending balance	333.98	130.22

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

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

6.8 Properties for Sale, Net

(Million Baht)

<u>Consolidated Financial Statements</u>								
Type of Properties for Sale	<u>March 31, 2014</u>				<u>December 31, 2013</u>			
	Beginning			Ending	Beginning			Ending
	<u>Balance</u>	<u>Additions</u>	<u>Disposals</u>	<u>Balance</u>	<u>Balance</u>	<u>Additions</u>	<u>Disposals</u>	<u>Balance</u>
Assets from debt repayment								
Immovable properties								
- Appraised by external appraisers	20,490.38	1,578.69	621.27	21,447.80	22,749.02	3,775.37	6,034.01	20,490.38
- Appraised by internal appraisers	10,303.40	206.01	1,782.62	8,726.79	11,636.43	2,286.17	3,619.20	10,303.40
Movable properties	410.03	307.81	191.14	526.70	160.14	736.62	486.73	410.03
Total	31,203.81	2,092.51	2,595.03	30,701.29	34,545.59	6,798.16	10,139.94	31,203.81
Others (closed branches)	71.52	-	-	71.52	84.39	6.35	19.22	71.52
Properties for sale in transit	212.99	250.69	167.23	296.45	2,454.85	214.13	2,455.99	212.99
Total	31,488.32	2,343.20	2,762.26	31,069.26	37,084.83	7,018.64	12,615.15	31,488.32
<u>Less</u> Allowance for impairment	(827.30)	(92.61)	-	(919.91)	(1,148.00)	-	(320.70)	(827.30)
Properties for sale, net	30,661.02	2,250.59	2,762.26	30,149.35	35,936.83	7,018.64	12,294.45	30,661.02

(Million Baht)

<u>The Bank's Financial Statements</u>								
Type of Properties for Sale	<u>March 31, 2014</u>				<u>December 31, 2013</u>			
	Beginning			Ending	Beginning			Ending
	<u>Balance</u>	<u>Additions</u>	<u>Disposals</u>	<u>Balance</u>	<u>Balance</u>	<u>Additions</u>	<u>Disposals</u>	<u>Balance</u>
Assets from debt repayment								
Immovable properties								
- Appraised by external appraisers	20,490.38	1,578.69	621.27	21,447.80	22,749.02	3,775.37	6,034.01	20,490.38
- Appraised by internal appraisers	10,303.40	206.01	1,782.62	8,726.79	11,636.43	2,286.17	3,619.20	10,303.40
Movable properties	110.60	-	-	110.60	110.60	-	-	110.60
Total	30,904.38	1,784.70	2,403.89	30,285.19	34,496.05	6,061.54	9,653.21	30,904.38
Others (closed branches)	71.52	-	-	71.52	84.39	6.35	19.22	71.52
Properties for sale in transit	212.99	250.69	167.23	296.45	2,454.85	214.13	2,455.99	212.99
Total	31,188.89	2,035.39	2,571.12	30,653.16	37,035.29	6,282.02	12,128.42	31,188.89
<u>Less</u> Allowance for impairment	(802.29)	(88.22)	-	(890.51)	(1,145.83)	-	(343.54)	(802.29)
Properties for sale, net	30,386.60	1,947.17	2,571.12	29,762.65	35,889.46	6,282.02	11,784.88	30,386.60

As at March 31, 2014 and December 31, 2013, the Bank's allowance for impairment of properties for sale has increased Baht 88.22 million and decreased Baht 343.54 million, respectively, from reversal or additional of loss on impairment.

For the three-month periods ended March 31, 2014 and 2013, the Bank generated gains on sale of properties for sale of Baht 168.59 million and Baht 219.84 million, respectively (before deduction of selling expenses of Baht 71.86 million and Baht 91.39 million, respectively).

6.9 Deferred Tax Assets and Deferred Tax Liabilities

Deferred tax assets and deferred tax liabilities as at March 31, 2014 and December 31, 2013 are as follows:

(Million Baht)				
	<u>Consolidated Financial Statements</u>		<u>The Bank's Financial Statements</u>	
	<u>March 31, 2014</u>	<u>December 31, 2013</u>	<u>March 31, 2014</u>	<u>December 31, 2013</u>
Deferred Tax Assets	3,922.03	3,876.02	3,799.16	3,719.68
Deferred Tax Liabilities	181.93	182.68	-	-
Net	3,740.10	3,693.34	3,799.16	3,719.68

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>			
	<u>January 1, 2014</u>	<u>Profit / Loss</u>	<u>Other Comprehensive Income</u>	<u>March 31, 2014</u>
Deferred Tax Assets				
Investments	910.60	(2.33)	(98.01)	810.26
Investments in subsidiaries and associates	6.98	-	-	6.98
Loans to customers and accrued interest receivables, net	1,256.83	63.69	-	1,320.52
Properties for sale	362.86	18.71	-	381.57
Premises and equipment	328.70	(0.38)	-	328.32
Provisions	2,869.22	66.75	-	2,935.97
Guarantee deposit under financial lease	134.10	0.48	-	134.58
Others	494.10	109.47	-	603.57
Total	6,363.39	256.39	(98.01)	6,521.77
Deferred Tax Liabilities				
Investments	425.67	1.53	66.80	494.00
Premises and equipment	1,706.32	18.13	-	1,724.45
Loans to customers and accrued interest receivables, net	538.06	25.16	-	563.22
Total	2,670.05	44.82	66.80	2,781.67
Net	3,693.34	211.57	(164.81)	3,740.10

6.9 Deferred Tax Assets and Deferred Tax Liabilities (Continued)

(Million Baht)

<u>Consolidated Financial Statements</u>				
<u>Charged / credited to:</u>				
Other Comprehensive				
	<u>January 1, 2013</u>	<u>Profit / Loss</u>	<u>Income</u>	<u>December 31, 2013</u>
Deferred Tax Assets				
Investments	376.69	218.46	315.45	910.60
Investments in subsidiaries and associates	6.88	0.10	-	6.98
Loans to customers and accrued interest receivables, net	1,094.36	162.47	-	1,256.83
Properties for sale	426.39	(63.53)	-	362.86
Premises and equipment	328.75	(0.05)	-	328.70
Provisions	2,657.38	211.84	-	2,869.22
Guarantee deposit under financial lease	114.90	19.20	-	134.10
Others	448.36	46.94	(1.20)	494.10
Total	5,453.71	595.43	314.25	6,363.39
Deferred Tax Liabilities				
Investments	848.52	(2.87)	(419.98)	425.67
Premises and equipment	1,648.30	58.39	(0.37)	1,706.32
Loans to customers and accrued interest receivables, net	372.75	165.31	-	538.06
Total	2,869.57	220.83	(420.35)	2,670.05
Net	2,584.14	374.60	734.60	3,693.34

(Million Baht)

<u>The Bank's Financial Statements</u>				
<u>Charged / credited to:</u>				
Other Comprehensive				
	<u>January 1, 2014</u>	<u>Profit / Loss</u>	<u>Income</u>	<u>March 31, 2014</u>
Deferred Tax Assets				
Investments	910.60	(2.33)	(98.01)	810.26
Investments in subsidiaries and associates	6.98	-	-	6.98
Loans to customers and accrued interest receivables, net	1,074.39	18.76	-	1,093.15
Properties for sale	357.68	17.64	-	375.32
Premises and equipment	323.97	-	-	323.97
Provisions	2,746.48	62.28	-	2,808.76
Others	420.82	164.31	-	585.13
Total	5,840.92	260.66	(98.01)	6,003.57

6.9 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, 2014</u>	<u>Profit / Loss</u>	<u>Income</u>	<u>March 31, 2014</u>
Deferred Tax Liabilities				
Investments	425.67	1.53	66.80	494.00
Premises and equipment	1,695.57	14.84	-	1,710.41
Total	2,121.24	16.37	66.80	2,204.41
Net	3,719.68	244.29	(164.81)	3,799.16

(Million Baht)

<u>The Bank's Financial Statements</u>				
<u>Charged / credited to:</u>				
Other Comprehensive				
	<u>January 1, 2013</u>	<u>Profit / Loss</u>	<u>Income</u>	<u>December 31, 2013</u>
Deferred Tax Assets				
Investments	376.69	218.46	315.45	910.60
Investments in subsidiaries and associates	6.88	0.10	-	6.98
Loans to customers and accrued interest receivables, net	1,018.76	55.63	-	1,074.39
Properties for sale	426.39	(68.71)	-	357.68
Premises and equipment	323.97	-	-	323.97
Provisions	2,547.41	199.07	-	2,746.48
Others	399.35	22.67	(1.20)	420.82
Total	5,099.45	427.22	314.25	5,840.92
Deferred Tax Liabilities				
Investments	848.52	(2.87)	(419.98)	425.67
Premises and equipment	1,634.65	61.29	(0.37)	1,695.57
Total	2,483.17	58.42	(420.35)	2,121.24
Net	2,616.28	368.80	734.60	3,719.68

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

(Million Baht)

Consolidated Financial Statements									
				March 31, 2014			December 31, 2013		
	Currency	Interest Rate (%)	Maturity Date	Domestic	Foreign	Total	Domestic	Foreign	Total
Short-term bonds	Baht	1.80-3.08	2014	13,295.00	-	13,295.00	6,081.00	-	6,081.00
Long-term bonds	USD	2.25	2018	-	16,191.51	16,191.51	-	16,374.64	16,374.64
KTB subordinated debentures									
No.1/2009	Baht	5.00	2019	-	-	-	21,000.00	-	21,000.00
No.2/2009	Baht	4.80	2019	13,000.00	-	13,000.00	13,000.00	-	13,000.00
No.1/2010	Baht	4.35	2020	10,400.00	-	10,400.00	10,400.00	-	10,400.00
No.1/2012	Baht	4.50	2022	5,155.00	-	5,155.00	5,155.00	-	5,155.00
No.2/2012	Baht	4.60	2022	15,133.32	-	15,133.32	15,133.32	-	15,133.32
- Hybrid debt capital instruments	Baht/USD	4.43-7.38		3,524.60	6,147.99	9,672.59	3,524.60	6,218.18	9,742.78
Bill of exchange (B/E)									
Short term*	Baht	0.00-2.80	2014	12,073.22	-	12,073.22	8,976.27	-	8,976.27
Long term	Baht	3.50-6.60	2014-2026	12,574.10	-	12,574.10	26,636.47	-	26,636.47
Private repo	Baht	2.65	2014	-	-	-	500.00	-	500.00
Others	Baht	0.00-0.50	2018	1.17	-	1.17	1.17	-	1.17
Total				85,156.41	22,339.50	107,495.91	110,407.83	22,592.82	133,000.65

(Million Baht)

The Bank's Financial Statements									
				March 31, 2014			December 31, 2013		
	Currency	Interest Rate (%)	Maturity Date	Domestic	Foreign	Total	Domestic	Foreign	Total
Short-term bonds	Baht	1.80-3.08	2014	13,295.00	-	13,295.00	6,081.00	-	6,081.00
Long-term bonds	USD	2.25	2018	-	16,191.51	16,191.51	-	16,374.64	16,374.64
KTB subordinated debentures									
No.1/2009	Baht	5.00	2019	-	-	-	21,000.00	-	21,000.00
No.2/2009	Baht	4.80	2019	13,000.00	-	13,000.00	13,000.00	-	13,000.00
No.1/2010	Baht	4.35	2020	10,400.00	-	10,400.00	10,400.00	-	10,400.00
No.1/2012	Baht	4.50	2022	5,155.00	-	5,155.00	5,155.00	-	5,155.00
No.2/2012	Baht	4.60	2022	15,133.32	-	15,133.32	15,133.32	-	15,133.32
- Hybrid debt capital instruments	Baht/USD	4.43-7.38		3,524.60	6,147.99	9,672.59	3,524.60	6,218.18	9,742.78
Bill of exchange (B/E)									
Short term*	Baht	0.00-2.80	2014	2,421.70	-	2,421.70	4,886.70	-	4,886.70
Long term	Baht	3.50-6.60	2014-2026	12,574.10	-	12,574.10	26,636.47	-	26,636.47
Private repo	Baht	2.65	2014	-	-	-	500.00	-	500.00
Others	Baht	0.00-0.50	2018	1.17	-	1.17	1.17	-	1.17
Total				75,504.89	22,339.50	97,844.39	106,318.26	22,592.82	128,911.08

*Short term bill of exchange (B/E) is included maturity B/E but not yet redeemed.

6.10 Debt Issued and Borrowings (Continued)

Long-Term Bonds No. 1/2013 (Euro Medium Term Note Programme)

On March 11, 2013, the Bank launched and sold unsubordinated debentures, unsecured of USD 500 million, with maturity of 5.5 years and a fixed coupon of 2.25 percent per annum under Euro Medium Term Note Programme. The interest payment is semiannually on 11th of March and September of each year, over the time to maturity.

6.11 Share Capital

6.11.1 Ordinary Shares

On September 28, 2012, the Bank had registered with the Department of Business Development, the Ministry of Commerce to reduce authorized share capital served as the back up to the warrants granted to the Bank's employees which were entirely exercised on December 30, 2004 of 11,663,250 shares, approved by the Extraordinary General Meeting of Shareholders No.1/2012 on September 21, 2012. As a result, authorized share capital and issued and paid-up share capital are equal to 11,179,749,000 shares.

Then, on October 1, 2012, the Bank registered with the Department of Business Development, the Ministry of Commerce to increase authorized share capital of 2,796,312,250 shares from previously 11,179,749,000 shares to currently 13,976,061,250 shares, approved by the Extraordinary General Meeting of Shareholders No.1/2012 on September 21, 2012. As a result, authorized share capital is 13,976,061,250 shares and issued and paid-up share capital is 11,179,749,000 shares. On October 19, 2012, the Bank registered the increase of issued and paid-up share capital, as a result, authorized share capital and issued and paid-up share capital are equal to 13,976,061,250 shares.

6.11.2 Preferred Shares

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

6.11.3 The Bank is the state enterprise, its major shareholder is the Financial Institutions Development Fund (FIDF). As at March 31, 2014, FIDF holds 7,696,248,833 shares or 55.05 percent of paid-up ordinary and preferred shares.

6.12 Legal Reserve

	(Million Baht)
Net profit of the year 2013	30,957.42
Legal reserve	364.04
Balance brought forward	6,836.46
Total (as at March 31, 2014 and December 31, 2013)	7,200.50

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 to be not less than 10 percent of authorized share capital.

As at March 31, 2014 and December 31, 2013, the Bank's legal reserve is already 10 percent of authorized share capital.

6.13 Contingent Liabilities

	(Million Baht)	
	<u>Consolidated and the Bank's Financial Statements</u>	
	<u>March 31, 2014</u>	<u>December 31, 2013</u>
Avals to bills	4,220.59	4,715.65
Guarantees of loans	19,225.83	12,194.90
Letters of credit	46,366.32	48,687.76
Other contingencies		
Liabilities under unmatured import bills	0.01	-
Unused credit line of overdraft	144,863.42	141,086.85
Other guarantees	135,120.28	134,635.54
Others	973.30	984.41
Total	<u>350,769.75</u>	<u>342,305.11</u>

Besides the contingent liabilities mentioned above, as at March 31, 2014 and December 31, 2013, the Bank has material contingent liabilities owing to prosecutions of Baht 15,685.53 million and Baht 15,392.66 million, respectively. Such prosecutions comprised of the completed cases in the civil court and the cases proceedings in the Appeal Court and the Supreme Court.

As at March 31, 2014 and December 31, 2013, the Bank has set up provisions of Baht 543.17 million and Baht 446.18 million, respectively.

6.14 Assets with Obligations and Restrictions

	(Million Baht)	
	<u>Consolidated and the Bank's Financial Statements</u>	
	<u>March 31, 2014</u>	<u>December 31, 2013</u>
Government and state enterprise bonds pledged as collateral		
- court collateral	358.21	263.81
- repurchase agreements	40,079.17	83,378.56
Properties for sale (debtor is granted the right to buy back or first right for this portion)	6,650.53	7,540.25
Total	<u>47,087.91</u>	<u>91,182.62</u>

6.15 Related Party Transactions

6.15.1 As at March 31, 2014 and December 31, 2013, loans to the Bank's executives (First Vice President and above) are Baht 682.31 million and Baht 487.91 million. The average outstanding balances of such loans at month-end are Baht 725.48 million and Baht 496.15 million, respectively.

The loans outstanding as at March 31, 2014 and December 31, 2013 to close family of the Bank's executives mentioned above are Baht 186.40 million and Baht 161.47 million, respectively.

(Million Baht)

<u>The Bank's Financial Statements</u>					
Pricing Policy		<u>March 31, 2014</u>		<u>December 31, 2013</u>	
for Loans and					
	<u>Obligations</u>	<u>Loans</u>	<u>Obligations</u>	<u>Loans</u>	<u>Obligations</u>
6.15.2 <u>Loans and Obligations to Businesses which the Bank Totally Held from 10 to 20 Percent of Their Paid-up Capital</u>					
Dhipaya Insurance Pcl.	Normal Bank Policy	0.45	25.69	0.35	24.57
6.15.3 <u>Loans and Obligations to Businesses which the Bank Acquired equal to or over 10 Percent of Their Paid-up Capital from TDR</u>					
Kiatpapha Co., Ltd.	Normal Bank Policy	113.66	-	113.76	-
Manager Media Group Pcl.	Normal Bank Policy	-	0.29	-	0.29
6.15.4 <u>Loans and Obligations to Subsidiaries and Associates</u>					
<u>Subsidiaries</u>					
KTB General Services Co., Ltd.	Normal Bank Policy	11.36	25.20	9.75	23.20
KTB Computer Services Co., Ltd.	Normal Bank Policy	4,251.16	4.55	3,775.69	4.55
KTB Leasing Co., Ltd.	Normal Bank Policy	48,892.24	1,102.58	50,204.68	1,118.39
Krung Thai Asset Management Pcl.	Normal Bank Policy	0.02	-	0.01	-
KTB Capital Holding Co., Ltd.	Normal Bank Policy	-	-	4,471.66	-
<u>Associates</u>					
Krung Thai IBJ Leasing Co., Ltd.	Normal Bank Policy	1,078.08	1.27	1,925.73	1.27
Krungthai Card Pcl.	Normal Bank Policy	0.98	-	0.91	-
KT Zmico Securities Co., Ltd.	Normal Bank Policy	2,425.70	-	965.33	0.25
Krungthai Panich Insurance Pcl.	Normal Bank Policy	0.31	-	0.27	-
6.15.5 <u>Loans and Obligations to Related Companies</u>					
<u>With Common Directors</u>					
PTT Pcl.	Normal Bank Policy	-	9,017.86	-	9,570.78
PTT Global Chemical Pcl.	Normal Bank Policy	16,424.68	16.22	17,085.00	16.22

6.15 Related Party Transactions (Continued)

(Million Baht)

		<u>The Bank's Financial Statements</u>			
		<u>March 31, 2014</u>		<u>December 31, 2013</u>	
Pricing Policy					
for Loans and					
	<u>Obligations</u>	<u>Loans</u>	<u>Obligations</u>	<u>Loans</u>	<u>Obligations</u>
6.15.5 Loans and Obligations to Related Companies					
<u>With Common Directors</u>					
Bangkok Commercial Asset Management Co., Ltd.	Normal Bank Policy	0.44	-	0.37	-
MCOT Pcl.	Normal Bank Policy	0.49	0.10	0.40	0.10
Electricity Generating Authority of Thailand	Normal Bank Policy	13.44	11,624.85	78.78	11,866.47
Eastern Water Resources Development and Management Pcl.	Normal Bank Policy	1,493.04	20.60	1,496.03	10.25
Mass Rapid Transit Authority of Thailand*	Normal Bank Policy	-	-	0.05	-
Provincial Electricity Authority	Normal Bank Policy	0.17	13.92	0.01	6.84
The Siam United Steel (1995) Co.,Ltd.	Normal Bank Policy	0.26	-	0.26	-
Bangchak Petroleum Pcl.	Normal Bank Policy	2,800.71	-	-	-
<u>With Common Top Managements</u>					
Siam Paper Pcl.*	Normal Bank Policy	-	-	326.87	2.19
Bangkok Expressway Pcl.	Normal Bank Policy	325.60	-	446.13	-
Bangkok Metro Pcl.	Normal Bank Policy	4,144.74	17.98	4,144.73	17.98

As at March 31, 2014 and December 31, 2013, the Bank has other benefits paid to authorized managements which are committed to employment contracts of Baht 57.48 million and Baht 69.40 million, respectively.

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

6.15.6 Intercompany Trading Transactions**Subsidiaries**

1) KTB Computer Services Co., Ltd. (KTBCS) 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 incurred service charges on a cost plus method amounting to Baht 915.05 million and Baht 800.06 million for the three-month periods ended March 31, 2014 and 2013, respectively.

Since 2003, the GFMIS project Phase 2 has been developed and implemented on behalf of the Bank by KTBCS. The Bank and the Office of GFMIS attached to the Secretariat of the Prime Minister have unanimously signed on the Memorandum of Agreement upon the submission of deliverables and disbursement associated to the investments on the GFMIS project on September 22, 2005. Further, the Bank has signed the hiring contract for the implementation and maintenance with the Office of GFMIS. The Bank incurs service charges for the three-month periods ended March 31, 2014 and 2013 amounting to Baht 40.84 million and Baht 59.20 million, respectively.

2) The Bank incurs service charges on its subsidiaries [including service charges mentioned in No.1)] for the three-month periods ended March 31, 2014 and 2013 amounting to Baht 1,710.38 million and Baht 1,581.61 million, respectively, at the agreed-upon rate.

3) The Bank generates fees income from service contracts for the three-month periods ended March 31, 2014 and 2013 amounting to Baht 58.06 million and Baht 87.74 million, respectively.

4) Other Information

Intercompany Considerations

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

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

Associates

1) For the three-month periods ended March 31, 2014 and 2013, the Bank generates premises rental income from associates of Baht 0.19 million and Baht 0.18 million at the agreed-upon rate.

2) For the three-month periods ended March 31, 2014 and 2013, the Bank generates fees income from supportive service contracts of Baht 412.91 million and Baht 327.73 million at the agreed-upon rate.

6.15.7 Sales of Investments to the Bank's Subsidiaries

On December 26, 2012, the Bank sold 25 percent of total issued shares in Krungthai Panich Insurance Pcl. (KPI) and 50 percent of total issued shares in Krungthai-AXA Life Insurance Pcl. (KTAL) to KTB Capital Holding Co., Ltd. amounting to Baht 4,800.74 million with gain on sale of Baht 3,667.55 million. In this period, the Bank repurchased whole shares in KPI and KTAL from KTBCH amounting to Baht 5,158.90 million (Note 6.4.1).

The consolidated financial statements had been already eliminated intercompany transactions.

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

(Million Baht)

<u>Consolidated Financial Statements</u>						
	<u>March 31, 2014</u>			<u>December 31, 2013</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	2,493,211.37	51,014.96	2,544,226.33	2,470,661.39	52,681.66	2,523,343.05
Interbank and money market items, net	369,961.23	28,588.72	398,549.95	417,740.60	30,831.63	448,572.23
Investments, net	282,950.79	604.56	283,555.35	241,182.13	600.94	241,783.07
Loans to customers and						
accrued interest receivables, net	1,685,497.23	21,347.84	1,706,845.07	1,632,986.29	20,944.25	1,653,930.54
Deposits	1,959,803.98	2,777.85	1,962,581.83	1,880,723.33	3,057.84	1,883,781.17
Interbank and money market items, net	145,827.09	16,809.69	162,636.78	183,633.11	17,356.16	200,989.27
Debt issued and borrowings	85,156.41	22,339.50	107,495.91	110,407.83	22,592.82	133,000.65

(Million Baht)

<u>The Bank's Financial Statements</u>						
	<u>March 31, 2014</u>			<u>December 31, 2013</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	2,475,282.32	51,014.96	2,526,297.28	2,458,121.58	52,681.66	2,510,803.24
Interbank and money market items, net	369,851.06	28,588.72	398,439.78	417,613.70	30,831.63	448,445.33
Investments, net	280,846.61	604.56	281,451.17	235,167.36	600.94	235,768.30
Loans to customers and						
accrued interest receivables, net	1,681,632.35	21,347.84	1,702,980.19	1,638,358.02	20,944.25	1,659,302.27
Deposits	1,960,950.35	2,777.85	1,963,728.20	1,881,204.07	3,057.84	1,884,261.91
Interbank and money market items, net	144,342.31	16,809.69	161,152.00	182,016.32	17,356.16	199,372.48
Debt issued and borrowings	75,504.89	22,339.50	97,844.39	106,318.26	22,592.82	128,911.08

The consolidated and the Bank's financial statements as at March 31, 2014 and December 31, 2013, the Bank has total assets before eliminating net interbranch transactions of Baht 8,206.97 million and Baht 8,572.50 million, respectively.

6.16.2 Operations Classified by Business Segment

(Million Baht)

<u>Consolidated Financial Statements</u>						
	<u>March 31, 2014</u>			<u>March 31, 2013</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	28,633.69	744.44	29,378.13	25,861.48	699.37	26,560.85
Interest expenses	(12,094.34)	(464.20)	(12,558.54)	(11,193.23)	(343.60)	(11,536.83)
Interest income, net	16,539.35	280.24	16,819.59	14,668.25	355.77	15,024.02
Fees and service income, net	3,828.40	71.78	3,900.18	3,642.87	20.12	3,662.99
Other operating income	2,621.21	10.53	2,631.74	3,735.58	3.65	3,739.23
Other operating expenses	(13,165.33)	(97.60)	(13,262.93)	(11,864.71)	(64.26)	(11,928.97)
Operating profit (loss) before income tax expenses	9,823.63	264.95	10,088.58	10,181.99	315.28	10,497.27

(Million Baht)

<u>The Bank's Financial Statements</u>						
	<u>March 31, 2014</u>			<u>March 31, 2013</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	28,253.18	744.44	28,997.62	25,659.47	699.37	26,358.84
Interest expenses	(12,026.81)	(464.20)	(12,491.01)	(11,181.96)	(343.60)	(11,525.56)
Interest income, net	16,226.37	280.24	16,506.61	14,477.51	355.77	14,833.28
Fees and service income, net	3,597.29	71.78	3,669.07	3,403.29	20.12	3,423.41
Other operating income	1,849.88	10.53	1,860.41	2,628.34	3.65	2,631.99
Other operating expenses	(12,424.64)	(97.60)	(12,522.24)	(11,312.09)	(64.26)	(11,376.35)
Operating profit (loss) before income tax expenses	9,248.90	264.95	9,513.85	9,197.05	315.28	9,512.33

The consolidated and the Bank's financial statements for the three-month periods ended March 31, 2014 and 2013, the Bank has total interest income and interest expenses before eliminating net interbranch transactions of Baht 452.04 million and Baht 330.58 million, respectively.

6.17 Operations Classified by Operating Segment

Segment definition

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

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

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

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

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

Accounting policies for segment reporting

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

(Million Baht)

<u>Consolidated Financial Statements</u>						
<u>March 31, 2014</u>						
	Retail <u>Banking</u>	Wholesale <u>Banking</u>	Treasury and <u>Investment</u>	Support and <u>Others</u>	<u>Adjustments</u>	<u>Total</u>
Total operating income	12,297.12	9,252.32	2,378.31	(175.92)	(400.32) ¹	23,351.51
Total expenses (excluding bad debts, doubtful accounts and loss on impairment)	(7,761.21)	(5,078.48)	(1,350.22)	(3,646.30)	4,558.00 ^{1,2}	(13,278.21)
Bad debts, doubtful accounts and loss on impairment	(2,311.36)	(1,618.30)	133.98	2,019.68	-	(1,776.00)
Net profit (loss)	2,224.55	2,555.54	1,162.07	(1,802.54)	4,157.68	8,297.30
Segment assets	698,889.78	1,136,606.78	332,651.55	352,573.84	15,297.41 ³	2,536,019.36
Segment liabilities ⁴	1,447,493.82	554,796.04	170,238.91	140,146.23	7,550.01 ³	2,320,225.01

6.17 Operations Classified by Operating Segment (Continued)

(Million Baht)

<u>Consolidated Financial Statements</u>						
<u>March 31, 2013</u>						
	Retail <u>Banking</u>	Wholesale <u>Banking</u>	Treasury and <u>Investment</u>	Support and <u>Others</u>	<u>Adjustments</u>	<u>Total</u>
Total operating income	11,479.21	6,324.47	2,757.00	1,615.66	249.90 ¹	22,426.24
Total expenses (excluding bad debts, doubtful accounts and loss on impairment)	(7,109.64)	(4,192.59)	(1,875.68)	(2,725.27)	3,642.51 ^{1,2}	(12,260.67)
Bad debts, doubtful accounts and loss on impairment	(857.70)	(82.06)	(7.40)	(672.02)	-	(1,619.18)
Net profit (loss)	3,511.87	2,049.82	873.92	(1,781.63)	3,892.41	8,546.39
Segment assets	585,799.23	1,139,285.47	368,439.36	199,274.76	52,922.43 ³	2,345,721.25
Segment liabilities ⁴	1,752,948.60	776.06	206,570.26	147,902.33	45,472.40 ³	2,153,669.65

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

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

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

⁴ The Bank's major liabilities are deposits which are booked across business segments in 2014 according to ownership basis, unlike in 2013 where most deposits were booked at branches under retail banking segment.

6.18 Interest Income

(Million Baht)

	<u>Consolidated Financial Statements</u>		<u>The Bank's Financial Statements</u>	
	<u>March 31, 2014</u>	<u>March 31, 2013</u>	<u>March 31, 2014</u>	<u>March 31, 2013</u>
Interbank and money market items	3,606.44	3,125.38	3,606.06	3,125.17
Investment and trading transactions	51.35	55.83	51.35	55.32
Investment in debt	1,823.92	1,562.95	1,822.89	1,562.95
Loans	22,507.39	20,869.90	23,052.30	21,262.17
Hire-purchase and finance lease	933.42	612.70	9.41	19.13
Others	3.57	3.51	3.57	3.51
Total interest income	28,926.09	26,230.27	28,545.58	26,028.25

6.19 Interest Expenses

(Million Baht)

	<u>Consolidated Financial Statements</u>		<u>The Bank's Financial Statements</u>	
	<u>March 31, 2014</u>	<u>March 31, 2013</u>	<u>March 31, 2014</u>	<u>March 31, 2013</u>
Deposits	7,964.86	6,708.60	7,966.76	6,709.56
Interbank and money market items	606.43	929.88	538.82	929.98
Contributions to Bank of Thailand (BoT)*	2,234.00	1,934.81	2,234.00	1,934.81
Contributions to Deposit Protection Agency (DPA)**	48.00	42.02	48.00	42.02
Debt issued				
- Subordinated notes	957.47	1,036.24	957.47	1,036.24
- B/E	260.97	499.31	260.97	499.31
Borrowings	34.24	54.70	32.42	42.37
Others	0.53	0.68	0.53	0.68
Total interest expenses	12,106.50	11,206.24	12,038.97	11,194.97

*According to the Emergency Decree on Revising Management of Ministry of Finance Loans to Support the Financial Institutions Development Fund (FIDF), B.E.2555, the Bank has to contribute to the "Account for Amortization of the Principle of Fiscalize the FIDF Losses" at the rate of BoT specified, 0.46 percent per annum since January 27, 2012 onward.

**DPA set the new calculation criteria of cash contribution by changing the contributed rate from 0.4 percent per annum to 0.01 percent per annum since January 27, 2012 onward.

6.20 Income Tax Expenses

Income tax expenses that are realized in profit or losses for the three-month periods ended March 31, 2014 and 2013 are as follows:

(Million Baht)

	<u>Consolidated Financial Statements</u>		<u>The Bank's Financial Statements</u>	
	<u>March 31, 2014</u>	<u>March 31, 2013</u>	<u>March 31, 2014</u>	<u>March 31, 2013</u>
Current Tax				
Current period	2,002.86	1,950.85	1,964.29	1,931.49
Deferred Tax				
Movement in temporary differences	(211.57)	0.02	(244.29)	(11.49)
Total	1,791.29	1,950.87	1,720.00	1,920.00

6.21 The Acquisition of Assets and Liabilities of Bangkok Bank of Commerce Pcl.

During the period from October 8, 1998 to December 31, 1998, the Bank acquired certain liabilities (depositors and creditors) and performing assets of Bangkok Bank of Commerce, Pcl. (BBC) [as now called Bangkok Commerce Pcl.]. BBC was recorded as a Bank's debtor for the difference of Baht 16,580.57 million and was liable to pay interest at weighted average cost of 3 month-fixed deposit rate of the previous month, plus 1 percent per annum on the net debtor amount. The transfer value as such was settled since October 8, 2003. The Bank still has repayment approximately to Baht 966.70 million related to debts borne by the BBC, as the notice letter to the Ministry of Finance (MOF) dated August 15, 2002.

On September 25, 2002, KTB Law Co., Ltd., acting as a fiduciary of the Bank, filed the claim with the receiver against BBC as a debtor in Bankruptcy. A permission has been passed by the court's order but the repayment amount has yet to be considered. Where such case was not fully met, the Bank would be totally set off by the FIDF or the MOF.

The Bank has consulted with the FIDF, the Fiscal Policy Office, and the MOF many times since the year 2004-2013 to consider the Bank's compensation of Baht 981.86 million (which is right obligations).

On August 7, 2013, the Bank was informed by the FIDF that the MOF notified the FIDF to pay the Bank's compensation; however, the Bank has to make a right transferred contract on settle BBC's bankruptcy to the FIDF instead. When official receiver or the court orders the FIDF to subrogate as the Bank, the FIDF should pay compensation to the Bank.

The Bank already made a right transferred contract on settle BBC's bankruptcy to the FIDF on September 4, 2013. Then, official receiver ordered the FIDF to subrogate as the Bank on September 12, 2013.

On September 26, 2013, the Bank received total amounts of the right compensation for interest expenses and other liabilities from the acquisition of assets and liabilities of Bangkok Bank of Commerce Pcl. [as now called Bangkok Commerce Pcl.] amounting to Baht 981.86 million.

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

TAMC was established under the Emergency Decree on Thai Asset Management Corporation B.E. 2544 (2001) with an objective to manage impaired assets of financial institutions by acquisition of impaired assets of financial institutions as well as any other rights over the property being held as collateral for debt repayments with respect to such impaired assets. Under such decree, financial institutions are required to transfer their impaired assets to TAMC as well as any other rights over the property held as collateral under the conditions and within the timeframe specified by TAMC. The transfer price shall be equal to the value of assets held as collateral, with respect to such impaired assets, according to the appraisal criteria specified by the BoT. The Bank shall have the right to request a new appraisal of the collaterals within specified criteria and timeframe. TAMC and the Bank agree to recognize and share profit or loss arising from the management of impaired assets at the end of the year 5th and 10th since July 1, 2001. TAMC shall calculate the profit or loss for the transferred impaired-assets of each debtor who completely repaid or only debtors whose assets are disposed in the case of asset transferred for repayment. The calculation as such will base on accumulated asset recoveries on a cash basis up to the date of calculation less transfer cost, other operating expenses incurred by TAMC including all interest expenses paid to the Bank.

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

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

The Bank had transferred impaired assets to TAMC during the year 2001-2006. TAMC shall complete a preliminary verification of asset price within 180 days for each transfer. Having confirmed matching asset price, TAMC shall issue non-transferable promissory notes, with 10 year maturity and availed by the FIDF, to the Bank. TAMC may exercise the right to redeem these promissory notes before their maturities. Interest rates will be calculated by using reference weighted-average deposit interest rate of the five large scale commercial banks announced by the BoT and will be paid on the last workday of the year.

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

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

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

As at March 31, 2014 and December 31, 2013, the Bank has net impaired assets transferred to TAMC after adjusting transfer price of Baht 17,743.18 million. For a debtor who pledging machineries as collaterals, the machine values are Baht 1,744.48 million. TAMC has already decreased the face value of promissory notes but the Bank informed TAMC that it denies to receive those promissory notes until transfer price would be concluded. The Bank has been suing TAMC which the case is in the process of appeal court considering. As at March 31, 2014 and December 31, 2013, TAMC has amount due to the Bank of Baht 3,388.20 million. The 10 promissory notes were issued to the Bank and recorded under held-to-maturity investments (Note 6.3). As at March 31, 2014, the Bank recorded accrued interest receivables at Baht 39.43 million.

As at March 31, 2014 and December 31, 2013, provisions that may arise from losses on impaired-assets transferred to TAMC were Baht 3,461.48 million. The Bank has been estimated allowance for doubtful accounts at 15 percent upon transfer price. In 2012, the management has considered set more provisions of Baht 800 million as shown in provisions.

6.23 Operation and Risk Management Policies within the Financial Business Group

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

The operation and risk management within the financial business group are prepared as regulations to supervise the operation within the financial conglomerate, including the Bank and 12 companies within the financial business group (Note 6.4), in terms of common standards and procedures which conform to the BoT's consolidated supervision policy. The policies are approved by the Bank's board of directors and reviewed at least once a year. The policies also include operations, rules and regulations of business transactions, ratio of business transactions within the financial business group, and other related operating procedures. The operations within the group are conducted in the same manner as public operations and follow the Bank's corporate governance.

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

6.24 Events after the Reporting Period

On April 11, 2014 the 21st Annual General Meeting passed the resolution to approve the appropriation of net profit of the year 2013 amounting to Baht 30,957.42 million.

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

6.25 Others

6.25.1 The Bank has a debtor prosecuted to the Supreme Court's Criminal Division for Person Holding Political Positions by the Office of the Attorney General. The Supreme Court issued the order of acceptance on July 25, 2012. This debtor has granted credit limit on December 9, 2003 of Baht 9,900 million which has been drawn down amounting to Baht 8,368.73 million. As at March 31, 2014, the arrears is totally the drawn amount including accrued interest. The Bank also set full amounts of allowance for doubtful accounts as the prescription of BoT's regulations. Moreover, such case is related to accrued receivables from default debtors from convertible preferred shares contracts recorded in other assets of Baht 997.87 million with full amounts of allowance for impairment.

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

6.26 Information Disclosure under the BoT's Notifications

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

Location of disclosure	www.ktb.co.th >Investor Relations>Financial Information>Pillar III Disclosures
Date of disclosure	April 30, 2014
Information as at	December 31, 2013

6.27 Approval of the Financial Statements

These financial statements have been authorized to issue by the Board of Directors on May 8, 2014.
