



Ref. KTB.FIR. 2211 /2014

Date September 1, 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 audited financial statements of the Bank and its subsidiaries for the three-month period and the six-month period ended June 30, 2014 together with the operating performance as follows:

The Bank and its subsidiaries' operating results for the three-month period ended June 30, 2014 show the net interest income of Bt.17,525m, an increase of Bt.1,821m or 11.60% over the Bt.15,704m of the corresponding period of 2013. Net profit before income tax and allowance for doubtful accounts of Bt.14,527m, shows an increase of Bt.2,206m or 17.90% over the Bt.12,321m of the corresponding period of 2013. After deducting income tax and allowance for doubtful accounts of Bt.6,907m, net profit is Bt.7,620m, shows an increase of Bt.1,106m or 16.98% over the Bt.6,514m of the corresponding period of 2013.

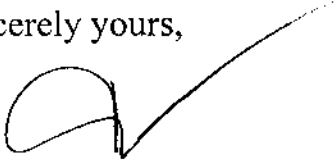
The Bank and its subsidiaries' operating results for the six-month period ended June 30, 2014 show the net interest income of Bt.34,344m, an increase of Bt.3,616m or 11.77% over the Bt.30,728m of the corresponding period of 2013. Net profit before income tax and allowance for doubtful accounts of Bt.26,392m, shows an increase of Bt.1,871m or 7.63% over the Bt.24,521m of the corresponding period of 2013. After deducting income tax and allowance for doubtful accounts of Bt.10,475m, net profit is Bt.15,917m, shows an increase of Bt.790m or 5.22% over the Bt.15,127m of the corresponding period of 2013.

The Bank and its subsidiaries' gross non-performing loans (NPLs) as at June 30, 2014 are Bt.62,043m, show an increase of Bt.5,585m or 9.89% from Bt.56,458m as at December 31, 2013. The ratio of NPLs to loans increased to 2.91% compared with 2.65% as at December 31, 2013. Net non-performing loans (NPLs) are Bt.33,680m or 1.60%. For the six-month period ended June 30, 2014, the Bank and its subsidiaries have set aside allowance for doubtful accounts and loss on impairment of Bt.7,141m, show an increase of Bt.1,376m or 23.87% over the corresponding period of 2013. In this respect, the Bank has determined to increase its monthly provision

for doubtful accounts from Bt.500m to Bt.700m in order to provide an appropriate allowance for doubtful accounts given the increase in the Bank's loan portfolio. The Bank also set aside additional provision for bad debts, doubtful accounts and loss on impairment of Bt.3,000m in order to strengthen the Bank's provisioning level with regarding to the prudent banking practice to prepare for any economic uncertainty in the future.

Please be advised accordingly.

Sincerely yours,

A handwritten signature in black ink, consisting of a large, stylized 'V' followed by a checkmark-like stroke.

(Mr.Vorapak Tanyawong)
President

(TRANSLATION)

AUDITOR'S REPORT

TO : THE SHAREHOLDERS OF KRUNG THAI BANK PUBLIC COMPANY LIMITED

1. Report on Audit of Interim Financial Statements

The Office of the Auditor General of Thailand has audited the accompanying consolidated and the Bank's financial statements of Krung Thai Bank Public Company Limited and its subsidiaries and of Krung Thai Bank Public Company Limited, which comprise the consolidated and the Bank's statements of financial position as at June 30, 2014 and the related consolidated and the Bank's statements of comprehensive income, changes in shareholders' equity and cash flows for the six-month period then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In the opinion of the Office of the Auditor General of Thailand, the consolidated and the Bank's financial statements referred to above present fairly, in all material respects, the financial position of Krung Thai Bank Public Company Limited and its subsidiaries and of Krung Thai Bank Public Company Limited as at June 30, 2014, and financial performance and cash flows for six-month period then ended in accordance with Thai Financial Reporting Standards.

2. Report on Review of Interim Financial Information

The Office of the Auditor General of Thailand has reviewed the consolidated and the Bank's statements of comprehensive income for the three-month period ended June 30, 2014 of Krung Thai Bank Public Company Limited and its subsidiaries, and of Krung Thai Bank Public Company Limited. The Bank's management is responsible for the preparation and presentation of this interim financial information in accordance with Thai Accounting Standard 34, "Interim Financial Reporting". The responsibility of the Office of the Auditor General of Thailand is to express a conclusion on this interim financial information based on our reviews.

Scope of Reviews

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

Conclusion

Based on the reviews, nothing has come to the attention that causes the Office of the Auditor General of Thailand to believe that the consolidated and the Bank's statements of comprehensive income for the three-month period ended June 30, 2014 of Krung Thai Bank Public Company Limited and its subsidiaries, and of Krung Thai Bank Public Company Limited, are not prepared, in all material respects in accordance with Thai Accounting Standard 34, "Interim Financial Reporting".

(Signed) *Jiraporn Piriyakitpaiboon*

(Ms. Jiraporn Piriyakitpaiboon)

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

August 27, 2014

(TRANSLATION)

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KRUNG THAI BANK PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
STATEMENTS OF FINANCIAL POSITION
AS AT JUNE 30, 2014

(Thousand Baht)

	NOTE	CONSOLIDATED		THE BANK'S	
		FINANCIAL STATEMENTS		FINANCIAL STATEMENTS	
		JUNE 30, 2014	DECEMBER 31, 2013	JUNE 30, 2014	DECEMBER 31, 2013
ASSETS					
CASH		44,419,069	50,689,508	44,416,867	50,687,465
INTERBANK AND MONEY MARKET ITEMS, NET	6.2	346,149,503	448,572,228	346,034,988	448,445,334
CLAIMS ON SECURITIES		204,400	-	204,400	-
DERIVATIVES ASSETS	3.4 6.3	11,017,730	21,310,251	11,038,748	21,335,305
INVESTMENTS, NET	3.6 6.4	239,416,607	230,573,088	239,247,567	230,398,733
INVESTMENTS IN SUBSIDIARIES AND ASSOCIATES, NET	3.6 6.5	13,797,547	11,209,982	10,563,358	5,369,563
LOANS TO CUSTOMERS AND ACCRUED INTEREST RECEIVABLES, NET	3.7 6.6				
LOANS TO CUSTOMERS		1,818,701,762	1,718,734,183	1,805,981,707	1,715,679,231
ACCRUED INTEREST RECEIVABLES		3,193,968	4,647,126	3,200,047	4,775,672
TOTAL LOANS TO CUSTOMERS AND ACCRUED INTEREST RECEIVABLES		1,821,895,730	1,723,381,309	1,809,181,754	1,720,454,903
LESS DEFERRED REVENUE		(8,648,493)	(7,643,919)	(245,190)	(175,334)
LESS ALLOWANCE FOR DOUBTFUL ACCOUNTS	3.8 6.7	(69,888,398)	(61,676,632)	(68,673,488)	(60,847,080)
LESS REVALUATION ALLOWANCE FOR DEBT RESTRUCTURING	3.9 6.8	(257,468)	(130,221)	(257,468)	(130,221)
TOTAL LOANS TO CUSTOMERS AND ACCRUED INTEREST RECEIVABLES, NET		1,743,101,371	1,653,930,537	1,740,005,608	1,659,302,268
CUSTOMERS' LIABILITIES UNDER ACCEPTANCES		3,333,942	3,121,789	3,333,942	3,121,789
PROPERTIES FOR SALE, NET	3.10 6.9	29,340,145	30,661,019	29,039,830	30,386,602
PREMISES AND EQUIPMENT, NET	3.11 6.10	27,142,072	26,798,824	21,370,199	21,350,942
OTHER INTANGIBLE ASSETS, NET	3.12 6.11	4,065,144	3,848,182	749,592	637,399
DEFERRED TAX ASSETS	3.19 6.12	3,899,995	3,876,024	3,773,758	3,719,681
ACCRUED INCOME		4,598,555	4,374,111	4,363,467	4,092,263
OTHER ASSETS, NET	6.13	17,802,094	25,805,007	15,431,763	23,383,397
TOTAL ASSETS		2,488,288,174	2,514,770,550	2,469,574,087	2,502,230,741
LIABILITIES AND EQUITY					
DEPOSITS	3.18 6.14	1,867,456,089	1,883,781,168	1,868,278,514	1,884,261,913
INTERBANK AND MONEY MARKET ITEMS, NET	6.15	210,271,416	200,989,265	208,801,639	199,372,480
LIABILITIES PAYABLE ON DEMAND		5,250,941	5,695,007	5,250,941	5,695,007
LIABILITIES TO DELIVER SECURITIES		204,400	-	204,400	-
DERIVATIVES LIABILITIES	3.4 6.3	9,983,046	24,544,712	9,983,046	24,544,712
DEBT ISSUED AND BORROWINGS	6.16	124,573,678	133,000,654	114,892,118	128,911,083
BANK'S LIABILITIES UNDER ACCEPTANCES		3,333,942	3,121,789	3,333,942	3,121,789
PROVISIONS	3.17 3.21 6.17	14,424,216	14,345,933	13,783,111	13,732,153
DEFERRED TAX LIABILITIES	3.19 6.12	115,549	182,682	-	-
OTHER LIABILITIES	6.18	40,326,242	43,019,051	38,899,076	40,416,804
TOTAL LIABILITIES		2,275,939,519	2,308,680,261	2,263,426,787	2,300,055,941

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

KRUNG THAI BANK PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
STATEMENTS OF FINANCIAL POSITION (CONTINUED)
AS AT JUNE 30, 2014

(Thousand Baht)

	NOTE	CONSOLIDATED		THE BANK'S	
		FINANCIAL STATEMENTS	FINANCIAL STATEMENTS	FINANCIAL STATEMENTS	FINANCIAL STATEMENTS
		JUNE 30, 2014	DECEMBER 31, 2013	JUNE 30, 2014	DECEMBER 31, 2013
LIABILITIES AND EQUITY (CONTINUED)					
EQUITY					
SHARE CAPITAL	6.19				
AUTHORIZED SHARE CAPITAL					
5,500,000 PREFERRED SHARES OF BAHT 5.15 EACH		28,325	28,325	28,325	28,325
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		9,897,604	6,738,638	8,388,924	6,522,303
RETAINED EARNINGS					
APPROPRIATED					
LEGAL RESERVE	6.20	7,200,504	7,200,504	7,200,504	7,200,504
UNAPPROPRIATED		102,411,765	99,312,372	97,719,098	95,613,219
TOTAL EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE BANK		212,348,647	206,090,288	206,147,300	202,174,800
NON-CONTROLLING INTEREST		8	1		
TOTAL EQUITY		212,348,655	206,090,289	206,147,300	202,174,800
TOTAL LIABILITIES AND EQUITY		2,488,288,174	2,514,770,550	2,469,574,087	2,502,230,741

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

(Signed) Areepong Bhoocha-oom
(MR. AREEPONG BHOOTHA-OOM)
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 JUNE 30, 2014

UNAUDITED/
REVIEWED

(Thousand Baht)					
	NOTE	CONSOLIDATED		THE BANK'S	
		FINANCIAL STATEMENTS		FINANCIAL STATEMENTS	
		2014	2013	2014	2013
			(RESTATED)		(RESTATED)
INTEREST INCOME	3.2	29,387,853	27,137,178	28,855,870	27,026,559
INTEREST EXPENSES	3.3	11,863,008	11,433,369	11,773,337	11,407,820
INTEREST INCOME, NET		17,524,845	15,703,809	17,082,533	15,618,739
FEES AND SERVICE INCOME		4,572,142	4,554,954	4,364,348	4,347,578
FEES AND SERVICE EXPENSES		442,506	380,766	489,805	440,148
FEES AND SERVICE INCOME, NET		4,129,636	4,174,188	3,874,543	3,907,430
GAINS ON TRADINGS AND FOREIGN EXCHANGE TRANSACTIONS, NET		1,178,156	1,020,748	1,178,238	1,021,779
GAINS (LOSSES) ON INVESTMENTS, NET		179,436	(892,104)	214,326	(892,594)
SHARE OF PROFIT FROM INVESTMENTS FOR USING EQUITY METHOD		980,181	798,443	-	-
DIVIDEND INCOME		128,172	63,931	749,051	269,052
OTHER OPERATING INCOME		702,915	622,754	409,717	361,736
TOTAL OPERATING INCOME		24,823,341	21,491,769	23,508,408	20,286,142
OTHER OPERATING EXPENSES					
EMPLOYEES' EXPENSES		5,666,080	5,133,646	4,854,608	4,400,341
DIRECTORS' REMUNERATION		65,220	59,729	56,627	52,280
PREMISES AND EQUIPMENT EXPENSES		1,987,944	1,843,315	1,250,788	1,228,779
TAXES AND DUTIES		1,019,072	933,831	1,008,124	922,924
OTHERS		1,557,631	1,200,062	2,586,263	2,157,308
TOTAL OTHER OPERATING EXPENSES		10,295,947	9,170,583	9,756,410	8,761,632
BAD DEBTS, DOUBTFUL ACCOUNTS AND LOSS ON IMPAIRMENT		5,364,851	4,145,861	5,100,000	4,000,000
OPERATING PROFIT BEFORE INCOME TAX EXPENSES		9,162,543	8,175,325	8,651,998	7,524,510
INCOME TAX EXPENSES	3.19	1,542,840	1,661,482	1,509,020	1,616,530
NET PROFIT		7,619,703	6,513,843	7,142,978	5,907,980

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

(TRANSLATION)

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KRUNG THAI BANK PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
STATEMENTS OF COMPREHENSIVE INCOME (CONTINUED)
FOR THE THREE-MONTH PERIOD ENDED JUNE 30, 2014

**UNAUDITED/
REVIEWED**

(Thousand Baht)

	NOTE	CONSOLIDATED		THE BANK'S	
		FINANCIAL STATEMENTS		FINANCIAL STATEMENTS	
		2014	2013	2014	2013
			(RESTATED)		(RESTATED)
OTHER COMPREHENSIVE INCOME					
GAINS (LOSSES) ON REMEASURING AVAILABLE-FOR-SALE INVESTMENTS		1,554,816	(385,144)	1,554,816	(385,144)
GAINS (LOSSES) ARISING FROM TRANSLATING THE FINANCIAL STATEMENTS OF FOREIGN OPERATIONS		(7,107)	44,037	(7,107)	44,037
ACTUARIAL LOSSES ON DEFINED BENEFIT PLANS		(641,218)	(83,163)	(657,904)	(82,646)
SHARE OF OTHER COMPREHENSIVE INCOME FROM ASSOCIATES		515,456	(1,043,475)	-	-
INCOME TAX RELATING TO COMPONENTS OF OTHER COMPREHENSIVE INCOME		(182,720)	92,640	(179,383)	92,537
OTHER COMPREHENSIVE INCOME, NET		1,239,227	(1,375,105)	710,422	(331,216)
TOTAL COMPREHENSIVE INCOME		8,858,930	5,138,738	7,853,400	5,576,764
NET PROFIT ATTRIBUTABLE					
EQUITY HOLDERS OF THE BANK		7,619,696	6,513,843	7,142,978	5,907,980
NON-CONTROLLING INTEREST		7	-		
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE					
EQUITY HOLDERS OF THE BANK		8,858,923	5,138,738	7,853,400	5,576,764
NON-CONTROLLING INTEREST		7	-		
EARNINGS PER SHARE OF PARENT COMPANY					
BASIC EARNINGS PER SHARE (BAHT)	3.20	0.55	0.47	0.51	0.42
DILUTED EARNINGS PER SHARE (BAHT)	3.20	0.55	0.47	0.51	0.42

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

(Signed) Areepong Bhoocha-oom
(MR. AREEPONG BHOOTHA-OM)
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 SIX-MONTH PERIOD ENDED JUNE 30, 2014

(Thousand Baht)					
	NOTE	CONSOLIDATED		THE BANK'S	
		FINANCIAL STATEMENTS		FINANCIAL STATEMENTS	
		2014	2013 (RESTATED)	2014	2013 (RESTATED)
INTEREST INCOME	3.2 6.27	58,313,942	53,367,444	57,401,449	53,054,811
INTEREST EXPENSES	3.3 6.28	23,969,510	22,639,611	23,812,307	22,602,794
INTEREST INCOME, NET		34,344,432	30,727,833	33,589,142	30,452,017
FEES AND SERVICE INCOME		8,906,369	8,602,303	8,490,534	8,189,413
FEES AND SERVICE EXPENSES		876,553	765,130	946,917	858,565
FEES AND SERVICE INCOME, NET	6.29	8,029,816	7,837,173	7,543,617	7,330,848
GAINS ON TRADINGS AND FOREIGN EXCHANGE TRANSACTIONS, NET	6.30	2,400,223	2,067,623	2,408,795	2,069,160
GAINS (LOSSES) ON INVESTMENTS, NET	6.31	263,801	(633,344)	298,691	(633,834)
SHARE OF PROFIT FROM INVESTMENTS FOR USING EQUITY METHOD		1,706,007	1,663,332	-	-
DIVIDEND INCOME		218,985	1,044,738	1,094,864	1,300,859
OTHER OPERATING INCOME		1,211,587	1,210,654	609,392	655,780
TOTAL OPERATING INCOME		48,174,851	43,918,009	45,544,501	41,174,830
OTHER OPERATING EXPENSES					
EMPLOYEES' EXPENSES		12,863,477	11,779,888	11,199,257	10,201,984
DIRECTORS' REMUNERATION		78,694	71,910	65,237	60,148
PREMISES AND EQUIPMENT EXPENSES		3,844,288	3,591,462	2,427,991	2,377,955
TAXES AND DUTIES		2,085,700	1,783,879	2,061,341	1,762,505
OTHERS		2,910,711	2,170,082	5,024,829	4,152,749
TOTAL OTHER OPERATING EXPENSES		21,782,870	19,397,221	20,778,655	18,555,341
BAD DEBTS, DOUBTFUL ACCOUNTS AND LOSS ON IMPAIRMENT	6.32	7,140,857	5,765,036	6,600,000	5,500,000
OPERATING PROFIT BEFORE INCOME TAX EXPENSES		19,251,124	18,755,752	18,165,846	17,119,489
INCOME TAX EXPENSES	3.19 6.33	3,334,126	3,628,991	3,229,020	3,553,059
NET PROFIT		15,916,998	15,126,761	14,936,826	13,566,430

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

(TRANSLATION)

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KRUNG THAI BANK PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
STATEMENTS OF COMPREHENSIVE INCOME (CONTINUED)
FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2014

					(Thousand Baht)
	NOTE	CONSOLIDATED		THE BANK'S	
		FINANCIAL STATEMENTS		FINANCIAL STATEMENTS	
		2014	2013	2014	2013
			(RESTATED)		(RESTATED)
OTHER COMPREHENSIVE INCOME					
CHANGES IN REVALUATION SURPLUS ON ASSETS		-	(1,629)	-	(1,629)
GAINS ON REMEASURING AVAILABLE-FOR-SALE INVESTMENTS		2,378,907	340,596	2,378,907	340,596
GAINS (LOSSES) ARISING FROM TRANSLATING THE FINANCIAL STATEMENTS OF FOREIGN OPERATIONS		(36,504)	44,923	(36,504)	44,923
ACTUARIAL LOSSES ON DEFINED BENEFIT PLANS		(641,218)	(166,326)	(657,904)	(165,293)
SHARE OF OTHER COMPREHENSIVE INCOME FROM ASSOCIATES		1,292,345	(968,684)	-	-
INCOME TAX RELATING TO COMPONENTS OF OTHER COMPREHENSIVE INCOME		(347,538)	(35,727)	(344,201)	(35,933)
OTHER COMPREHENSIVE INCOME, NET	6.34	2,645,992	(786,847)	1,340,298	182,664
TOTAL COMPREHENSIVE INCOME		18,562,990	14,339,914	16,277,124	13,749,094
NET PROFIT ATTRIBUTABLE					
EQUITY HOLDERS OF THE BANK		15,916,991	15,126,761	14,936,826	13,566,430
NON-CONTROLLING INTEREST		7	-		
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE					
EQUITY HOLDERS OF THE BANK		18,562,983	14,339,914	16,277,124	13,749,094
NON-CONTROLLING INTEREST		7	-		
EARNINGS PER SHARE OF PARENT COMPANY					
BASIC EARNINGS PER SHARE (BAHT)	3.20	1.14	1.08	1.07	0.97
DILUTED EARNINGS PER SHARE (BAHT)	3.20	1.14	1.08	1.07	0.97

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

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

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

KRUNG THAI BANK PUBLIC COMPANY LIMITED AND SUBSIDIARIES
STATEMENTS OF CHANGES IN EQUITY
FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2014

(Thousand Baht)

CONSOLIDATED FINANCIAL STATEMENTS

ATTRIBUTABLE TO EQUITY HOLDER OF THE BANK

**NON-
CONTROLLING
INTEREST**

TOTAL

NOTE	ISSUED AND	PREMIUM	OTHER COMPONENTS OF EQUITY			RETAINED	TOTAL EQUITY	CONTROLLING	
	PAID-UP	ON	APPRAISAL	REVALUATION	GAIN (LOSS) FROM	EARNINGS	ATTRIBUTABLE	INTEREST	
	SHARE	SHARE	SURPLUS	SURPLUS	TRANSLATING		TO EQUITY		
	CAPITAL	CAPITAL	(DEFICIT)	(DEFICIT)	THE FINANCIAL		HOLDERS OF		
			ON ASSETS	ON INVESTMENTS	STATEMENTS		THE BANK		
	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
6.21	-	-	-	-	-	(6,152,312)	(6,152,312)	-	(6,152,312)
6.34	-	-	(1,303)	(696,208)	43,725	14,993,700	14,339,914	-	14,339,914
	72,005,040	20,833,734	6,347,836	4,231,984	38,929	87,577,308	191,034,831	511	191,035,342
	72,005,040	20,833,734	6,347,639	337,852	53,147	106,512,876	206,090,288	1	206,090,289
6.21	-	-	-	-	-	(12,304,624)	(12,304,624)	-	(12,304,624)
6.34	-	-	-	3,195,470	(36,504)	15,404,017	18,562,983	7	18,562,990
	72,005,040	20,833,734	6,347,639	3,533,322	16,643	109,612,269	212,348,647	8	212,348,655

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

KRUNG THAI BANK PUBLIC COMPANY LIMITED AND SUBSIDIARIES

STATEMENTS OF CHANGES IN EQUITY

FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2014

(Thousand Baht)

THE BANK'S FINANCIAL STATEMENTS							
NOTE	ISSUED AND PAID-UP SHARE CAPITAL	PREMIUM ON SHARE CAPITAL	OTHER COMPONENTS OF EQUITY			RETAINED EARNINGS	TOTAL
			APPRAISAL SURPLUS (DEFICIT) ON ASSETS	REVALUATION SURPLUS (DEFICIT) ON INVESTMENTS	GAIN (LOSS) FROM TRANSLATING THE FINANCIAL 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
DIVIDEND PAID	6.21	-	-	-	-	(6,152,312)	(6,152,312)
TOTAL COMPREHENSIVE INCOME	6.34	-	(1,303)	272,476	43,725	13,434,196	13,749,094
ENDING BALANCE AS AT JUNE 30, 2013	<u>72,005,040</u>	<u>20,833,734</u>	<u>6,347,836</u>	<u>3,335,705</u>	<u>38,929</u>	<u>85,290,499</u>	<u>187,851,743</u>
BEGINNING BALANCE AS AT JANUARY 1, 2014	72,005,040	20,833,734	6,347,639	121,517	53,147	102,813,723	202,174,800
DIVIDEND PAID	6.21	-	-	-	-	(12,304,624)	(12,304,624)
TOTAL COMPREHENSIVE INCOME	6.34	-	-	1,903,125	(36,504)	14,410,503	16,277,124
ENDING BALANCE AS AT JUNE 30, 2014	<u>72,005,040</u>	<u>20,833,734</u>	<u>6,347,639</u>	<u>2,024,642</u>	<u>16,643</u>	<u>104,919,602</u>	<u>206,147,300</u>

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

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

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

KRUNG THAI BANK PUBLIC COMPANY LIMITED AND SUBSIDIARIES

STATEMENTS OF CASH FLOWS

FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2014

(Thousand Baht)

	CONSOLIDATED		THE BANK'S	
	FINANCIAL STATEMENTS		FINANCIAL STATEMENTS	
	2014	2013 (RESTATED)	2014	2013 (RESTATED)
CASH FLOWS FROM OPERATING ACTIVITIES				
OPERATING PROFIT BEFORE INCOME TAX EXPENSES	19,251,124	18,755,752	18,165,846	17,119,489
ADJUSTMENTS TO RECONCILE OPERATING PROFIT BEFORE INCOME TAX EXPENSES				
TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES				
DEPRECIATION AND AMORTIZATION EXPENSES	1,543,190	1,464,336	651,018	685,486
BAD DEBTS, DOUBTFUL ACCOUNTS AND LOSS ON IMPAIRMENT	7,140,857	5,765,036	6,600,000	5,500,000
SHARE OF PROFIT FROM INVESTMENTS FOR USING EQUITY METHOD	(1,706,007)	(1,663,332)	-	-
DIVIDEND RECEIVED FROM ASSOCIATES	410,787	211,297	-	-
GAIN ON DISPOSAL OF ASSETS	(7,098)	(13,377)	(11,614)	(584)
GAIN ON DISPOSAL OF INVESTMENTS	(212,320)	(451,535)	(212,320)	(451,535)
LOSS ON RECLASSIFICATION OF INVESTMENTS	-	500	-	500
LOSS ON REVALUATION OF INVESTMENTS	9,438	35,630	9,438	35,630
LOSS (REVERSAL) ON IMPAIRMENT OF PROPERTIES FOR SALE	238,221	(290,605)	151,958	(297,965)
LOSS (REVERSAL) ON IMPAIRMENT OF INVESTMENTS	(51,480)	1,084,879	(86,371)	1,085,369
REVERSAL OF IMPAIRMENT OF OTHER ASSETS	-	(2,271)	-	(2,271)
LOSS ON IMPAIRMENT OF OTHER ASSETS	71,077	38,586	71,077	38,586
AMORTIZATION OF DISCOUNT ON INVESTMENTS	(855,318)	(310,363)	(853,751)	(309,389)
LOSS (GAIN) ON FOREIGN CURRENCY TRANSLATION	(2,791,434)	2,730,239	(2,791,601)	2,730,323
INCREASE (DECREASE) IN PROVISIONS	(562,935)	406,535	(606,946)	378,427
INCREASE IN OTHER ACCRUED INCOME	(5,062)	(356,631)	(51,822)	(454,622)
DECREASE IN OTHER ACCRUED EXPENSES	(296,112)	(394,615)	(463,434)	(676,157)
	22,176,928	27,010,061	20,571,478	25,381,287
INTEREST INCOME, NET	(34,344,432)	(30,727,833)	(33,589,142)	(30,452,017)
DIVIDEND INCOME	(218,985)	(1,044,738)	(1,094,864)	(1,300,859)
PROCEEDS FROM INTEREST INCOME	59,773,995	52,482,572	58,983,969	51,956,562
CASH PAID ON INTEREST EXPENSES	(21,404,731)	(20,869,549)	(23,595,511)	(23,298,038)
PROCEEDS FROM DIVIDEND INCOME	218,985	1,045,218	1,094,864	1,301,339
CASH PAID ON INCOME TAX EXPENSES	(4,570,715)	(3,507,718)	(4,452,221)	(3,401,941)
OPERATING INCOME BEFORE CHANGES IN				
OPERATING ASSETS AND LIABILITIES	21,631,045	24,388,013	17,918,573	20,186,333
(INCREASE) DECREASE IN OPERATING ASSETS				
INTERBANK AND MONEY MARKET ITEMS	102,196,448	(26,672,574)	102,184,069	(26,586,957)
INVESTMENTS IN TRADING SECURITIES	(23,251,591)	15,581,091	(23,251,591)	15,581,091
LOANS TO CUSTOMERS	(99,600,464)	(118,989,465)	(90,714,580)	(115,545,259)
PROPERTIES FOR SALE	2,696,004	7,695,097	2,780,119	7,809,363
OTHER ASSETS	21,505,757	(11,797,950)	21,458,766	(11,267,302)
INCREASE (DECREASE) IN OPERATING LIABILITIES				
DEPOSITS	(16,325,080)	31,673,443	(15,983,399)	31,693,370
INTERBANK AND MONEY MARKET ITEMS	9,282,151	51,665,701	9,429,159	51,777,262
LIABILITIES PAYABLE ON DEMAND	(444,066)	883,519	(444,066)	883,519
DEBT ISSUED AND SHORT-TERM BORROWINGS	7,764,489	497,695	2,172,500	(3,078,454)
OTHER LIABILITIES	(19,158,861)	13,272,128	(15,204,622)	16,102,348
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	6,295,832	(11,803,302)	10,344,928	(12,444,686)

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

KRUNG THAI BANK PUBLIC COMPANY LIMITED AND SUBSIDIARIES

STATEMENTS OF CASH FLOWS (CONTINUED)

FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2014

(Thousand Baht)

	CONSOLIDATED		THE BANK'S	
	FINANCIAL STATEMENTS		FINANCIAL STATEMENTS	
	2014	2013	2014	2013
		(RESTATED)		(RESTATED)
CASH FLOWS FROM INVESTING ACTIVITIES				
PURCHASES OF AVAILABLE FOR SALE SECURITIES	(61,178,431)	(50,722,667)	(61,178,431)	(50,722,667)
PROCEEDS FROM DISPOSAL OF AVAILABLE FOR SALE SECURITIES	57,987,798	48,817,381	57,987,798	48,817,381
PURCHASES OF HELD TO MATURITY DEBT SECURITIES	(17,563,473)	(25,839,666)	(17,235,354)	(25,470,819)
PROCEEDS FROM DISPOSAL OF HELD TO MATURITY DEBT SECURITIES	38,208,048	33,065,213	37,873,048	32,725,213
PURCHASES OF GENERAL INVESTMENTS	(100,500)	(220,950)	(100,500)	(220,950)
PROCEEDS FROM DISPOSAL OF GENERAL INVESTMENTS	170,466	171,967	170,466	171,967
PURCHASES OF INVESTMENTS IN ASSOCIATED COMPANIES	-	(150,000)	(5,158,905)	(150,000)
PURCHASES OF INTANGIBLE ASSETS	(515,230)	(146,432)	(156,709)	(11,656)
PURCHASES OF PREMISES AND EQUIPMENT	(1,334,398)	(1,038,954)	(550,214)	(484,783)
PROCEEDS FROM DISPOSAL OF PREMISES AND EQUIPMENT	38,046	97,257	11,872	695
NET CASH PROVIDED BY INVESTING ACTIVITIES	15,712,326	4,033,149	11,663,071	4,654,381
CASH FLOWS FROM FINANCING ACTIVITIES				
PROCEEDS FROM DEBT ISSUED AND LONG-TERM BORROWINGS	23,224,000	14,805,673	23,224,000	14,825,673
REPAYMENTS OF DEBT ISSUED AND LONG-TERM BORROWINGS	(39,161,469)	(12,094,865)	(39,161,469)	(12,094,865)
DIVIDEND PAID-ORDINARY SHARE	(12,298,934)	(6,149,467)	(12,298,934)	(6,149,467)
DIVIDEND PAID-PREFERRED SHARE	(5,690)	(2,845)	(5,690)	(2,845)
NET CASH USED IN FINANCING ACTIVITIES	(28,242,093)	(3,441,504)	(28,242,093)	(3,421,504)
GAIN (LOSS) ARISING FROM TRANSLATING THE FINANCIAL STATEMENTS OF FOREIGN OPERATIONS	(36,504)	883,303	(36,504)	883,303
NET DECREASE IN CASH AND CASH EQUIVALENTS	(6,270,439)	(10,328,354)	(6,270,598)	(10,328,506)
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	44,419,069	33,376,905	44,416,867	33,375,067

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

(Signed) Areepong Bhoocha-oom
(MR. AREEPONG BHOOCHA-OOM)

CHAIRMAN

(Signed) Vorapak Tanyawong
(MR. VORAPAK TANYAWONG)

PRESIDENT

KRUNG THAI BANK PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2014

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 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 6.5.

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

The Bank's Financial Statements

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

The Bank's financial statements for the six-month periods ended June 30, 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.

2.2 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.

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

The Federation of Accounting Professions has announced financial reporting standards effective for the financial statements for periods beginning on or after January 1, 2016 as follows:

TFRS 4 Insurance Contracts

2.4 Changes in Accounting Policy of Employee Benefits

The Bank has changed in accounting policy of Employee Benefits from formerly recognized the actuarial gains and losses in operating income or expenses to directly recognized in other comprehensive income which are immediately recognized in retained earnings to conform with the international accounting standards.

The Bank applies retrospective approach for these changes which the results that used to be presented in the consolidated financial statements and the Bank's financial statements for the six-month period ended June 30, 2013 were as follows:

	(Million Baht)	
	Consolidated	The Bank's
	<u>Financial Statements</u>	<u>Financial Statements</u>
	<u>June 30, 2013</u>	<u>June 30, 2013</u>
Statements of Comprehensive Income		
Decreased in employees' expenses	(166.33)	(165.29)
Increased in income tax expenses	33.26	33.06
Other Comprehensive Income		
Increased in other comprehensive income	166.33	165.29
Decreased in income tax relating to components of other comprehensive income	(33.26)	(33.06)

3. SIGNIFICANT ACCOUNTING POLICIES

3.1 Cash and Cash Equivalents

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

3.2 Recognition of Interest Income

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

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

- Interest income from hire-purchase and financial lease are recognized by using effective interest rate throughout the term of the lease. Interest on defaulted lease over 4 months of hire-purchase and financial lease and over 3 months of consumer financial lease are ceased to recognize and reversed from the statements of comprehensive income, and will be recognized only when the actual payment are received.

- Income from operating lease contract is recognized in profit or loss on a straight-line basis over the term of lease.

3.3 Recognition of Expenses

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

3.4 Derivatives

Accounting for financial derivative transactions depends on their purposes as follows:

1) Trading Derivatives

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

2) Hedging Derivatives

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

3.5 Embedded Derivatives

Accounting for embedded derivatives namely Credit Derivative and Structured Note in line with the IAS 39 Financial Instruments: Recognition and Measurement is treated as follows:

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

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

3.6 Investments

3.6.1 Basis of Classification of Investments

Marketable debt and/or equity securities are classified as trading securities, and/or as available-for-sale securities, and held-to-maturity debt securities. Non-marketable equity securities are classified as general investments. Securities held for 1 year or less are presented as current investments, while those held for more than 1 year are presented as long-term investments. Trading securities are classified as current investments.

3.6.2 Basis of Valuation of Investments

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

Investments in marketable debt or equity securities classified as available-for-sale securities are stated at fair value. Unrealized gains or losses arising from the revaluation are separately shown in equity and realized gains or losses when disposal.

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

Investments in non-marketable equity securities classified as general investments are stated at cost, net of allowance for impairment. Losses on impairment are recorded through gains (losses) on investments, net in the statements of comprehensive income.

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

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

Investments in subsidiaries and associates, shown in the Bank's financial statements, are accounted for by the cost method, net of allowance for impairment.

Investments in subsidiaries and associates, shown in the consolidated financial statements of the Bank and its subsidiaries, are accounted for by the equity method (the Bank uses financial information from unaudited/unreviewed financial statements of the associates).

The cost of disposed investments is calculated by the weighted-average method. Gains or losses on disposal of investments are presented under gains (losses) on investments, net in the statements of comprehensive income.

Dividend income from investments is recognized when declared (except dividend income from associates in the consolidated financial statements is recognized by the equity method).

3.7 Loans

Loans represent the outstanding principal amounts, except for bank overdrafts 2012 including accrued interest receivables. Deferred revenue is presented as deduction from the loans.

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

3.8 Allowance for Doubtful Accounts

Allowance for doubtful accounts are set aside compliance with the BoT's Notification No. SOR NOR SOR.31/2551 dated August 3, 2008, regarding Regulations on Assets Classification and Provision of Financial Institutions and with the BoT's Regulations on Valuation and Appraisal of Collateral and Immovable Properties for Sale acquired through Debt Repayment dated December 9, 2009. The notifications and policy regulations are as follows:

1) The Bank has set aside provision for impaired-debtors at 100 percent of the difference between the book value of loans and the present value of expected cash flows from the disposals of collateral as to the practice stipulated by the BoT.

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

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

- As for normal and special mention categories, the underlying collateral is required to reappraise or revalue on a 3-year basis except for every credit line of housing loans and other loans apart from housing loans with credit lines or outstanding balances not exceeding Baht 10 million.

- As for sub-standard, doubtful and doubtful of loss, the reappraisal or revaluation of collateral is conducted by using the methods specified by the BoT. All types of immovable properties are required to reappraise or revalue on a 3-year basis as minimum; whereas, near-cash collateral such as marketable securities, is required to reappraise or revalue at the end of each accounting period.

Besides, the Bank has gradually set aside the allowance for doubtful accounts on a monthly basis of Baht 500 million since the accounting period of 2008 and set more to Baht 700 million since April 2014. Apart from this, the additional provision has been appropriately considered. In quarter 2 of 2014, the Bank set more of the allowance for doubtful accounts at Baht 3,000 million (Note 6.7).

Bad debts written off and bad debts recovered are either deducted from or added to the allowance for doubtful accounts, whichever the case may be.

Any debtors classified as doubtful of loss and considered to be irrecoverable are written off at the underlying value of provisioning as prescribed by the Bank's write-off policy and in line with the BoT's regulations.

3.9 Determination of Losses on Troubled Debt Restructuring (TDR)

Losses arising from debt restructuring are determined as follows:

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

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

3.9.2 In case of receipt of assets, financial instruments, or debtors' equity, accounts receivables are entirely written off. Losses on debt restructuring arising are charged to the statements of comprehensive income instantly upon the receipt of assets by taking into account the original allowance for doubtful accounts. Thus, the value of transferred assets shall be recorded not higher than the book value of the debt plus accrued interest receivables entitled by the Bank.

In case of partial settlement of debt through the transfer of assets, financial instruments or debtors' equity, the Bank's will follow Note 3.9.2 in the first place. For the remaining amount of debt, if there is the relaxation of the repayment condition, the Bank will follow Note 3.9.1.

3.10 Properties for Sale

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

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

According to the BoT's Policy No. THOR POR THOR. PHOR NOR SOR.(21) WOR.2470/2552 dated December 9, 2009, regarding Delivery Policy of Appraisal Guarantee and Properties for Sale Received from Financial Institutions, the Bank appraises properties for sale that amount not over than Baht 50 million by internal appraisers and amount over Baht 50 million by external appraisers.

3.11 Premises and Equipment

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

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

Before April 1, 2012, depreciation of premises is calculated on the straight-line basis over their useful lives of 20 years.

Depreciation of equipment is calculated on the straight-line basis over their useful lives of 5 years. Equipment with an acquisition cost not over Baht 3,000 is charged directly to expense in the period of acquisition. The amounts of those transactions are not significant affect to the Bank's financial statements.

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

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

3.12 Intangible Assets

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

3.13 Leaseholds

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

3.14 Impairment of Assets

For outstanding balances of assets as at the end of period, the Bank reviews the impairment of assets by items when there is an indication that the book value of those assets is higher than the expected recoverable amounts. As such, losses on impairment will be realized as other operating expenses. The reversal of losses on impairment will be recorded only when there is an indication that such impairment no longer exists or shown at a declining balance, if any, and reversed to other operating income in the statements of comprehensive income.

3.15 Foreign Currency Translation

Assets and Liabilities in Foreign Currencies:

1. Presentation currency in Baht
2. Foreign currency translation

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

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

3. Foreign currency translation of foreign branches' financial statements

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

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

3.16 Employees Provident Fund and Retirement Pay

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

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

3.17 Defined Benefit Plan

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

3.18 Unclaimed Balances

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

3.19 Income Taxes

Income taxes comprise of current tax and deferred tax.

1) Current Tax

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

2) Deferred Tax

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

Deferred tax is recognized directly to equity if it relates to items recognized in equity.

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

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

3.20 Earnings per Share

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

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

3.21 Provisions

The BoT's Notification No. SOR NOR SOR.31/2551 dated August 3, 2008, regarding Regulations on Assets Classification and Provision of Financial Institutions prescribed regulations to set provisions for off-the statements of financial position obligations in conformity with TAS 37 (revised 2009): Provisions, Contingent Liabilities and Contingent Assets. The Bank is required to set provisions for off-the statements of financial position obligations when satisfied all of the following criteria:

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

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

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

2.3 An estimate of obligation can be reliably made.

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

4. RISK MANAGEMENT

4.1 The Bank's Risk Information

Credit Risk

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

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

The Bank concerns about the contingent credit risk as well as the credit quality, the appropriateness of borrowing objectives and repayment ability of the borrower. The Bank also accentuates a credit expansion to both existing and new customers with high potentiality, low risks, and high yield. Moreover, the Bank shall closely evaluate and follow up situations both inside and outside country continually. The Bank also estimate the risks that may impact on solvency of the debtors within the Bank's credit portfolio. Later, the Bank shall signal the credit department to grade the violence of the consequences and determine the loan policy guidance before the debtors become NPLs. Additionally, the Bank has launched "KTB Transformation" since 2013 so far in order to improve credit process and risk management by separating into 3 projects. There are Retail Transformation, SME Transformation, and Wholesale Banking Transformation. The Retail Transformation and the SME Transformation have gradually been roll out, while the Wholesale Banking Transformation is in the process of improving credit approval method to quicken response the customers needs by not increasing risks. The Bank also adjusts approval Credit Rating authority to approval credit committees instead of head of credit department in order to boost up Check & Balance in approval authority and to have more efficiency in Credit Rating process. Nevertheless, the Bank has regularly improved credit risk management together with making review/improvement of credit policies and policies related to the credit risk management for the purpose of complying with economic situation and the Bank's business operation as well as being in consonant with risk management guidance prescribed by the BoT. Therefore, this adaptive policy guidance shall be set so as to enhance credit extension, establish flexible in practical operation and conform to the international standards.

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

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

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

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

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

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

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

Market Risk

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

Interest Rate Risk

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

The Bank's significant monetary assets and liabilities classified by periods of changing in interest rate are as follows:

(Million Baht)

	<u>June 30, 2014</u>						
	Immediately change to						
	<u>within 1 month</u>	<u>1-3 Months</u>	<u>3-12 Months</u>	<u>Over 1 year</u>	<u>No interest</u>	<u>NPLs</u>	<u>Total</u>
Monetary assets							
Interbank and money market items*	261,266.20	70,264.86	12,011.43	6.66	2,584.25	19.02	346,152.42
Investments*	5,408.28	9,567.86	79,358.57	137,982.59	17,085.03	-	249,402.33
Loans to customers	1,265,810.82	196,851.16	205,743.86	76,627.68	1,005.99	59,942.20	1,805,981.71
Total monetary assets	1,532,485.30	276,683.88	297,113.86	214,616.93	20,675.27	59,961.22	2,401,536.46
Monetary liabilities							
Deposits	1,046,202.09	135,770.55	376,515.75	231,818.24	77,971.88	-	1,868,278.51
Interbank and money market items	89,256.75	75,996.74	13,125.43	27,264.23	3,158.49	-	208,801.64
Debt issued and borrowings	6,337.37	5,408.00	27,136.00	76,010.75	-	-	114,892.12
Total monetary liabilities	1,141,796.21	217,175.29	416,777.18	335,093.22	81,130.37	-	2,191,972.27

*Excluded allowance for doubtful accounts and allowance for revaluation/impairment of investments.

Foreign Exchange Rate Risk

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

Equity Securities Price Risk

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

Commodity Price Risk

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

The Bank's Market Risk Management Structure and Supervision

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

Board of Directors

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

Risk Management Committee – RMC

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

The Bank has designated the Market Risk Management Department, an independent business unit from front office, to supervision risk in order to create transparency and efficiency. Moreover, it conforms with the BoT's market risk supervision regulations and the Bank's market risk management policy.

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

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

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

Liquidity Risk

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

The Bank's Liquidity Risk Management Structure and Supervision

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

Board of Directors

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

Risk Management Committee – RMC

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

Assets and Liabilities Management Committee – ALCO

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

Liquidity Risk Management Structure and Supervision of the Financial Business Group

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

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

Structure of Sources and Uses of Funds

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

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

Liquidity Risk Management Tools

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

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

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

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

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

Liquidity Risk Stress Testing

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

Liquidity Assets

As at June 30, 2014 and December 31, 2013, the Bank's liquidity assets are totaling to Baht 316,190 million and Baht 366,761 million or 16.55 percent and 18.75 percent of deposits, respectively. However, liquidity assets of the Bank are greater than the BoT's regulations that required commercial banks to maintain average liquidity assets not less than 6 percent of average deposits and borrowings.

Sources and Uses of Funds

Sources and uses of funds as at June 30, 2014, the Bank and its subsidiaries' major sources of funds were deposits accounting for 75.05 percent of total funds. Other sources of funds included net interbank and money market borrowings of 8.45 percent, debt issued and borrowings of 5.01 percent, and equity of 8.53 percent.

The Bank and its subsidiaries' uses of funds were loans to customers 72.74 percent of total uses of funds. Other significant uses of funds included net interbank and money market items of 13.91 percent and net investments of 10.18 percent.

	<u>June 30, 2014</u>	<u>December 31, 2013</u>
Sources of Funds		
Deposits	75.05%	74.91%
Interbank and money market borrowings, net	8.45%	7.99%
Debt issued and borrowings	5.01%	5.29%
Equity	8.53%	8.20%
Uses of Funds		
Loans to customers	72.74%	68.04%
Interbank and money market borrowings, net	13.91%	17.84%
Investments, net	10.18%	9.61%

Loans to Deposits Ratio

On the consolidated financial statement as at June 30, 2014, the Bank has loans to deposits ratio of 96.93 percent which increased from 90.83 percent as at December 31, 2013.

Loans to deposits ratio on the Bank's financial statement as at June 30, 2014 is 96.65 percent which increased from 91.04 percent as at December 31, 2013. The increased in loans to deposits ratio comes from expansion of loans increased 5.26 percent while expansion of deposits decreased 0.85 percent from the end of the year 2013.

When considering to the loans to deposits ratio including bills of exchange on the Bank's financial statement as at June 30, 2014 is 96.04 percent which a bit increased from 89.55 percent as at December 31, 2013. This is because increasing in expansion of loans while deposits including bills of exchange decreased in expansion of 1.85 percent (from expansion of deposits decreased 0.85 percent and bills of exchange decreased 61.93 percent, comparing to the end of the year 2013).

	<u>June 30, 2014</u>	<u>December 31, 2013</u>
Loans to deposits ratio (Consolidated financial statements)	96.93%	90.83%
Loans to deposits ratio (The Bank's financial statements)	96.65%	91.04%
Loans to deposits ratio including bills of exchange (The Bank's financial statements)	96.04%	89.55%

As at June 30, 2014 and December 31, 2013, the Bank's financial assets and liabilities are classified by remaining maturity as follows:

(Million Baht)

	June 30, 2014					
	Less than		Over 3 Months			
	<u>1 Month</u>	<u>1-3 Months</u>	<u>upto 1 Year</u>	<u>Over 1 Year</u>	<u>No Maturity</u>	<u>Total</u>
Financial Assets						
Interbank and money market items, net	78,762.17	22,362.06	208,151.57	36,759.19	-	346,034.99
Investments, net	-	-	105,258.63	133,988.94	10,563.36	249,810.93
Loans to customers	118,175.92	132,724.14	331,362.00	1,223,719.65	-	1,805,981.71
Total financial assets	196,938.09	155,086.20	644,772.20	1,394,467.78	10,563.36	2,401,827.63
Financial Liabilities						
Deposits	1,123,492.98	130,461.45	380,608.75	233,715.33	-	1,868,278.51
Interbank and money market items, net	85,476.06	55,374.57	21,096.20	46,854.81	-	208,801.64
Debt issued and borrowings	4,897.37	5,408.00	16,736.00	87,850.75	-	114,892.12
Total financial liabilities	1,213,866.41	191,244.02	418,440.95	368,420.89	-	2,191,972.27

(Million Baht)

	December 31, 2013					
	Less than		Over 3 Months			
	<u>1 Month</u>	<u>1-3 Months</u>	<u>upto 1 Year</u>	<u>Over 1 Year</u>	<u>No Maturity</u>	<u>Total</u>
Financial Assets						
Interbank and money market items, net	177,850.69	47,499.12	127,076.57	96,018.95	-	448,445.33
Investments, net	-	-	75,031.64	155,367.10	5,369.56	235,768.30
Loans to customers	95,465.78	96,930.97	352,250.93	1,171,031.55	-	1,715,679.23
Total financial assets	273,316.47	144,430.09	554,359.14	1,422,417.60	5,369.56	2,399,892.86
Financial Liabilities						
Deposits	1,154,745.35	161,230.62	424,784.19	143,501.75	-	1,884,261.91
Interbank and money market items, net	101,647.03	18,213.26	29,780.32	49,731.87	-	199,372.48
Debt issued and borrowings	3,777.87	20,720.57	5,531.90	98,880.74	-	128,911.08
Total financial liabilities	1,260,170.25	200,164.45	460,096.41	292,114.36	-	2,212,545.47

4.2 Fair Value of Financial Instruments

(Million Baht)

<u>Consolidated Financial Statements</u>				
Type of Financial Instruments	<u>June 30, 2014</u>		<u>December 31, 2013</u>	
	<u>Book Value</u>	<u>Fair Value</u>	<u>Book Value</u>	<u>Fair Value</u>
<u>Financial Assets</u>				
Cash	44,419.07	44,419.07	50,689.51	50,689.51
Interbank and money market items, net	346,149.50	346,149.50	448,572.23	448,572.23
Derivative assets	11,017.73	11,017.73	21,310.25	21,310.25
Investments, net	253,214.16	254,612.71	241,783.07	240,312.80
Loans to customers and accrued interest receivables, net	1,743,101.37	1,743,101.37	1,653,930.54	1,653,930.54
Total	2,397,901.83	2,399,300.38	2,416,285.60	2,414,815.33
<u>Financial Liabilities</u>				
Deposits	1,867,456.09	1,867,456.09	1,883,781.17	1,883,781.17
Interbank and money market items, net	210,271.42	210,271.42	200,989.27	200,989.27
Liabilities payable on demand	5,250.94	5,250.94	5,695.01	5,695.01
Derivative liabilities	9,983.05	9,983.05	24,544.71	24,544.71
Debt issued and borrowings	124,573.68	124,752.18	133,000.65	133,156.85
Total	2,217,535.18	2,217,713.68	2,248,010.81	2,248,167.01

(Million Baht)

<u>The Bank's Financial Statements</u>				
Type of Financial Instruments	<u>June 30, 2014</u>		<u>December 31, 2013</u>	
	<u>Book Value</u>	<u>Fair Value</u>	<u>Book Value</u>	<u>Fair Value</u>
<u>Financial Assets</u>				
Cash	44,416.87	44,416.87	50,687.47	50,687.47
Interbank and money market items, net	346,034.99	346,034.99	448,445.33	448,445.33
Derivative assets	11,038.75	11,038.75	21,335.31	21,335.31
Investments, net	249,810.93	257,431.85	235,768.30	238,238.57
Loans to customers and accrued interest receivables, net	1,740,005.61	1,740,005.61	1,659,302.27	1,659,302.27
Total	2,391,307.15	2,398,928.07	2,415,538.68	2,418,008.95
<u>Financial Liabilities</u>				
Deposits	1,868,278.51	1,868,278.51	1,884,261.91	1,884,261.91
Interbank and money market items, net	208,801.64	208,801.64	199,372.48	199,372.48
Liabilities payable on demand	5,250.94	5,250.94	5,695.01	5,695.01
Derivative liabilities	9,983.05	9,983.05	24,544.71	24,544.71
Debt issued and borrowings	114,892.12	115,070.62	128,911.08	129,067.28
Total	2,207,206.26	2,207,384.76	2,242,785.19	2,242,941.39

4.3 Statutory Capital Fund

(Million Baht)

<u>The Bank's Financial Statements</u>		
	<u>June 30, 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 6.20)	7,200.50	7,200.50
Net income after appropriated	82,782.27	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	2,466.95	1,321.62
<u>Less</u> Revaluation deficit on investments in available-for-sale debt securities, net	(88.46)	-
<u>Add</u> Gains arising from translating the financial statements of foreign operations	3.33	-
Hybrid tier 1	8,509.68	9,573.39
<u>Less</u> Intangible assets	(149.92)	-
<u>Less</u> Deferred tax assets	(5,336.97)	(4,968.17)
Total tier 1 capital	<u>194,566.16</u>	<u>190,396.11</u>
Tier 2 capital		
Long-term subordinated debt	66,407.03	64,688.32
Allowance for pass asset-classification	22,019.59	21,611.90
Total tier 2 capital	<u>88,426.62</u>	<u>86,300.22</u>
Total capital fund	<u>282,992.78</u>	<u>276,696.33</u>

As at June 30, 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.

4.3 Statutory Capital Fund (Continued)

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 risk weighted assets with the condition that the tier 1 capital must not be less than previously 4.25 to currently 6.0 percent of risk weighted assets. As at June 30, 2014 and December 31, 2013, the Bank maintains a ratio of capital fund to risk weighted assets as prescribed by the BoT's regulations and process as follows:

	<u>Capital Fund to Risk Weighted Assets Ratio</u>	
	<u>June 30, 2014</u>	<u>December 31, 2013</u>
Total capital fund	14.81	14.79
Tier 1 capital	10.18	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 six-month periods ended June 30, 2014 and 2013 are as follows:

(Million Baht)

	<u>Consolidated Financial Statements</u>		<u>The Bank's Financial Statements</u>	
	<u>June 30, 2014</u>	<u>June 30, 2013</u>	<u>June 30, 2014</u>	<u>June 30, 2013</u>
Increase (decrease) in revaluation surplus on investments in equity	3,671.25	(628.09)	2,378.91	340.60
Increase in properties for sale from loan payment	1,585.31	3,378.34	1,585.31	3,378.34

6.2 Interbank and Money Market Items, Net (Assets)

(Million Baht)

Consolidated Financial Statements

	<u>June 30, 2014</u>			<u>December 31, 2013</u>		
	<u>Demand</u>	<u>Time</u>	<u>Total</u>	<u>Demand</u>	<u>Time</u>	<u>Total</u>
6.2.1 Domestic Items						
Bank of Thailand and						
Financial Institutions Development Fund	11,268.59	49,500.58	60,769.17	4,879.93	108,500.51	113,380.44
Commercial banks	59.48	536.93	596.41	75.44	18,796.80	18,872.24
Special purpose financial institutions	-	80,391.18	80,391.18	0.15	95,971.46	95,971.61
Other financial institutions	201.72	170,055.39	170,257.11	292.93	174,203.10	174,496.03
Total	11,529.79	300,484.08	312,013.87	5,248.45	397,471.87	402,720.32
<u>Add</u> Accrued interest receivables	-	868.14	868.14	-	1,124.23	1,124.23
<u>Less</u> Deferred revenue	-	-	-	-	-	-
Allowance for doubtful accounts	(1.13)	(1,453.62)	(1,454.75)	(1.81)	(1,649.12)	(1,650.93)
Revaluation allowance for						
debt restructuring	-	-	-	-	-	-
Total domestic items	11,528.66	299,898.60	311,427.26	5,246.64	396,946.98	402,193.62
6.2.2 Foreign Items						
US Dollar	6,453.81	24,876.18	31,329.99	15,155.81	27,980.88	43,136.69
Japanese Yen	367.16	-	367.16	377.93	-	377.93
Euro	250.91	-	250.91	456.50	-	456.50
Other currencies	1,206.14	1,555.71	2,761.85	1,571.77	854.00	2,425.77
Total	8,278.02	26,431.89	34,709.91	17,562.01	28,834.88	46,396.89
<u>Add</u> Accrued interest receivables	0.04	214.05	214.09	0.04	184.23	184.27
<u>Less</u> Deferred revenue	-	(0.67)	(0.67)	-	-	-
Allowance for doubtful accounts	-	(201.09)	(201.09)	-	(202.55)	(202.55)
Revaluation allowance for						
debt restructuring	-	-	-	-	-	-
Total foreign items	8,278.06	26,444.18	34,722.24	17,562.05	28,816.56	46,378.61
Total domestic and foreign items	19,806.72	326,342.78	346,149.50	22,808.69	425,763.54	448,572.23

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

(Million Baht)

<u>The Bank's Financial Statements</u>						
	<u>June 30, 2014</u>			<u>December 31, 2013</u>		
	<u>Demand</u>	<u>Time</u>	<u>Total</u>	<u>Demand</u>	<u>Time</u>	<u>Total</u>
6.2.1 Domestic Items						
Bank of Thailand and						
Financial Institutions Development Fund	11,268.59	49,500.58	60,769.17	4,879.93	108,500.51	113,380.44
Commercial banks	22.18	536.93	559.11	27.91	18,796.80	18,824.71
Special purpose financial institutions	-	80,391.18	80,391.18	0.15	95,971.46	95,971.61
Other financial institutions	124.51	170,055.39	170,179.90	213.56	174,203.10	174,416.66
Total	11,415.28	300,484.08	311,899.36	5,121.55	397,471.87	402,593.42
<u>Add</u> Accrued interest receivables	-	868.14	868.14	-	1,124.23	1,124.23
<u>Less</u> Deferred revenue	-	-	-	-	-	-
Allowance for doubtful accounts	(1.13)	(1,453.62)	(1,454.75)	(1.81)	(1,649.12)	(1,650.93)
Revaluation allowance for						
debt restructuring	-	-	-	-	-	-
Total domestic items	11,414.15	299,898.60	311,312.75	5,119.74	396,946.98	402,066.72
6.2.2 Foreign Items						
US Dollar	6,453.81	24,876.18	31,329.99	15,155.81	27,980.88	43,136.69
Japanese Yen	367.16	-	367.16	377.93	-	377.93
Euro	250.91	-	250.91	456.50	-	456.50
Other currencies	1,206.14	1,555.71	2,761.85	1,571.77	854.00	2,425.77
Total	8,278.02	26,431.89	34,709.91	17,562.01	28,834.88	46,396.89
<u>Add</u> Accrued interest receivables	0.04	214.05	214.09	0.04	184.23	184.27
<u>Less</u> Deferred revenue	-	(0.67)	(0.67)	-	-	-
Allowance for doubtful accounts	-	(201.09)	(201.09)	-	(202.55)	(202.55)
Revaluation allowance for						
debt restructuring	-	-	-	-	-	-
Total foreign items	8,278.06	26,444.18	34,722.24	17,562.05	28,816.56	46,378.61
Total domestic and foreign items	19,692.21	326,342.78	346,034.99	22,681.79	425,763.54	448,445.33

6.3 Derivatives Held for Trading**The fair values and the notional amounts classified by type of risk**

(Million Baht)

<u>Consolidated Financial Statements</u>						
<u>Type of Risks</u>	<u>June 30, 2014</u>			<u>December 31, 2013</u>		
	<u>Fair Value</u>		Notional	<u>Fair Value</u>		Notional
	<u>Assets</u>	<u>Liabilities</u>		<u>Assets</u>	<u>Liabilities</u>	
Exchange rate	7,977.80	6,925.85	1,276,206.41	18,420.31	21,666.86	1,228,659.61
Interest rate	1,714.27	1,652.21	296,323.16	1,639.12	1,550.87	243,214.21
Others	1,325.66	1,404.99	41,955.38	1,250.82	1,326.98	49,706.04
Total	11,017.73	9,983.05	1,614,484.95	21,310.25	24,544.71	1,521,579.86

(Million Baht)

<u>The Bank's Financial Statements</u>						
<u>Type of Risks</u>	<u>June 30, 2014</u>			<u>December 31, 2013</u>		
	<u>Fair Value</u>		Notional	<u>Fair Value</u>		Notional
	<u>Assets</u>	<u>Liabilities</u>		<u>Assets</u>	<u>Liabilities</u>	
Exchange rate	7,977.81	6,925.85	1,276,216.00	18,420.31	21,666.86	1,228,659.61
Interest rate	1,735.28	1,652.21	297,832.85	1,664.18	1,550.87	245,024.49
Others	1,325.66	1,404.99	41,955.38	1,250.82	1,326.98	49,706.04
Total	11,038.75	9,983.05	1,616,004.23	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

<u>Counterparty</u>	<u>Consolidated Financial Statements</u>		<u>The Bank's Financial Statements</u>	
	<u>June 30, 2014</u>	<u>December 31, 2013</u>	<u>June 30, 2014</u>	<u>December 31, 2013</u>
	<u>Proportion</u>	<u>Proportion</u>	<u>Proportion</u>	<u>Proportion</u>
Financial institutions	75.70%	69.73%	75.62%	69.65%
Financial business group	0.19%	0.17%	0.29%	0.29%
Third parties	24.11%	30.10%	24.09%	30.06%
Total	100.00%	100.00%	100.00%	100.00%

6.4 Investments, Net

(Million Baht)

<u>Consolidated Financial Statements</u>								
<u>June 30, 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>
6.4.1 Trading Securities								
Government & state enterprise securities	30,916.56	13.58	(10.94)	30,919.20	7,958.66	12.06	-	7,970.72
Private enterprise debt securities	236.57	-	(0.23)	236.34	-	-	-	-
Foreign debt securities	-	-	-	-	-	-	-	-
Domestic marketable equity securities	45.54	1.09	(0.87)	45.76	-	-	-	-
Investments in borrowings with embedded derivatives	973.65	-	(724.97)	248.68	984.41	-	(778.97)	205.44
Total	32,172.32	14.67	(737.01)	31,449.98	8,943.07	12.06	(778.97)	8,176.16
<u>Less</u> Allowance for revaluation	(971.02)				(972.35)			
Total	31,201.30			31,449.98	7,970.72			8,176.16
6.4.2 Available-for-Sale Securities								
Government & state enterprise securities	87,913.66	123.06	(734.11)	87,302.61	84,071.53	162.45	(1,703.75)	82,530.23
Private enterprise debt securities	646.00	11.13	-	657.13	646.00	6.79	(0.51)	652.28
Foreign debt securities	4,226.89	47.03	(3.97)	4,269.95	4,185.66	35.24	(4.24)	4,216.66
Domestic marketable equity securities	5,499.00	3,055.42	(123.50)	8,430.92	5,409.04	1,792.75	(259.80)	6,941.99
Foreign marketable equity securities	326.31	151.77	-	478.08	400.77	119.07	(70.42)	449.42
Total	98,611.86	3,388.41	(861.58)	101,138.69	94,713.00	2,116.30	(2,038.72)	94,790.58
<u>Add</u> Allowance for revaluation	2,530.80				151.89			
<u>Less</u> Allowance for impairment	(3.97)				(74.31)			
Total	101,138.69			101,138.69	94,790.58			94,790.58
6.4.3 Held-to-Maturity Debt Securities								
Government & state enterprise securities	89,110.01	591.28	(2,033.08)	87,668.21	110,520.51	411.42	(3,007.38)	107,924.55
Private enterprise debt securities	751.82	26.96	(36.32)	742.46	893.32	18.83	(36.32)	875.83
Foreign debt securities	16,644.60	-	-	16,644.60	15,749.32	-	-	15,749.32
Total	106,506.43	618.24	(2,069.40)	105,055.27	127,163.15	430.25	(3,043.70)	124,549.70
<u>Less</u> Allowance for impairment	(207.06)				(207.06)			
Total	106,299.37			105,055.27	126,956.09			124,549.70

6.4 Investments, Net (Continued)

(Million Baht)

<u>Consolidated Financial Statements</u>								
<u>June 30, 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>
6.4.4 General Investments								
Domestic non-marketable equity								
securities	1,966.66	-	(1,261.32)	705.34	2,026.58	-	(1,242.54)	784.04
Foreign non-marketable equity								
securities	71.91	-	-	71.91	71.66	-	-	71.66
Total	2,038.57	-	(1,261.32)	777.25	2,098.24	-	(1,242.54)	855.70
<u>Less</u> Allowance for impairment	(1,261.32)				(1,242.54)			
Total	777.25			777.25	855.70			855.70
Total investments, net	239,416.61			238,421.19	230,573.09			228,372.14

(Million Baht)

<u>The Bank's Financial Statements</u>								
<u>June 30, 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>
6.4.1 Trading Securities								
Government & state enterprise								
securities	30,916.56	13.58	(10.94)	30,919.20	7,958.66	12.06	-	7,970.72
Private enterprise debt securities	236.57	-	(0.23)	236.34	-	-	-	-
Foreign debt securities	-	-	-	-	-	-	-	-
Domestic marketable equity								
securities	45.54	1.09	(0.87)	45.76	-	-	-	-
Investments in borrowings with								
embedded derivatives	973.65	-	(724.97)	248.68	984.41	-	(778.97)	205.44
Total	32,172.32	14.67	(737.01)	31,449.98	8,943.07	12.06	(778.97)	8,176.16
<u>Less</u> Allowance for revaluation	(971.02)				(972.35)			
Total	31,201.30			31,449.98	7,970.72			8,176.16

6.4.2 Available-for-Sale Securities

Government & state enterprise								
securities	87,913.66	123.06	(734.11)	87,302.61	84,071.53	162.45	(1,703.75)	82,530.23
Private enterprise debt securities	646.00	11.13	-	657.13	646.00	6.79	(0.51)	652.28
Foreign debt securities	4,226.89	47.03	(3.97)	4,269.95	4,185.66	35.24	(4.24)	4,216.66
Domestic marketable equity								
securities	5,499.00	3,055.42	(123.50)	8,430.92	5,409.04	1,792.75	(259.80)	6,941.99
Foreign marketable equity								
securities	326.31	151.77	-	478.08	400.77	119.07	(70.42)	449.42
Total	98,611.86	3,388.41	(861.58)	101,138.69	94,713.00	2,116.30	(2,038.72)	94,790.58
<u>Add</u> Allowance for revaluation	2,530.80				151.89			
<u>Less</u> Allowance for impairment	(3.97)				(74.31)			
Total	101,138.69			101,138.69	94,790.58			94,790.58

6.4 Investments, Net (Continued)

(Million Baht)

The Bank's Financial Statements								
	June 30, 2014				December 31, 2013			
	Cost/ Amortized Cost	Unrealized Gains	Unrealized Losses	Fair Value	Cost/ Amortized Cost	Unrealized Gains	Unrealized Losses	Fair Value
6.4.3 Held-to-Maturity Debt Securities								
Government & state enterprise securities	88,941.02	591.28	(2,033.08)	87,499.22	110,346.20	411.42	(3,007.38)	107,750.24
Private enterprise debt securities	751.82	26.96	(36.32)	742.46	893.32	18.83	(36.32)	875.83
Foreign debt securities	16,644.60	-	-	16,644.60	15,749.32	-	-	15,749.32
Total	106,337.44	618.24	(2,069.40)	104,886.28	126,988.84	430.25	(3,043.70)	124,375.39
<u>Less</u> Allowance for impairment	(207.06)				(207.06)			
Total	106,130.38			104,886.28	126,781.78			124,375.39
6.4.4 General Investments								
Domestic non-marketable equity securities	1,966.61	-	(1,261.32)	705.29	2,026.53	-	(1,242.54)	783.99
Foreign non-marketable equity securities	71.91	-	-	71.91	71.66	-	-	71.66
Total	2,038.52	-	(1,261.32)	777.20	2,098.19	-	(1,242.54)	855.65
<u>Less</u> Allowance for impairment	(1,261.32)				(1,242.54)			
Total	777.20			777.20	855.65			855.65
Total investments, net	239,247.57			238,252.15	230,398.73			228,197.78

As at June 30, 2014 and December 31, 2013, trading securities which are investments in borrowings with embedded derivatives, closely related, of Baht 973.65 million and Baht 984.41 million, respectively, are Collateralized Debt Obligations (CDO) with fair value of Baht 248.68 million and Baht 205.44 million, respectively, and have full allowance for revaluation.

As at June 30, 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 3,375.25 million and Baht 3,388.20 million, respectively (Note 6.35). There is a TAMC's promissory note amounting to Baht 2,824.22 million, was already due in 2011, and is in the process of transferred price adjustment.

As at June 30, 2014 and December 31, 2013, general investments which are domestic non-marketable equity securities of Baht 1,966.61 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 June 30, 2014 and December 31, 2013, the Bank had investments in foreign securities affected by foreign exchange rate, resulting in a decrease of the carrying amount of Baht 60.18 million and an increase of the carrying amount of Baht 243.50 million, respectively.

6.4 Investments, Net (Continued)

Sales of Investments to the Bank's Subsidiaries

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

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

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

	<u>Consolidated Financial Statements</u>		<u>The Bank's Financial Statements</u>	
	<u>June 30, 2014</u>	<u>December 31, 2013</u>	<u>June 30, 2014</u>	<u>December 31, 2013</u>
Manufacturing	1.00	1.00	1.00	1.00
Banking and financial	245.70	232.05	245.70	232.05
Public utilities and services	1,576.22	1,131.16	1,576.22	1,131.16
Others	18.48	18.48	18.48	18.48
Total	1,841.40	1,382.69	1,841.40	1,382.69

6.4.5 Gains (Losses) on Investments, Net Shown in the Statements of Comprehensive Income for the six-month periods ended June 30, 2014 and 2013 comprise the following:

	<u>Consolidated Financial Statements</u>			
	<u>June 30, 2014</u>		<u>June 30, 2013</u>	
	<u>Gain/Reverse</u>	<u>Loss</u>	<u>Gain/Reverse</u>	<u>Loss</u>
Realized gains on disposal of current available-for-sale investments	63.30	-	27.34	-
Realized gains on disposal of current general investments	2.15	-	1.75	-
Realized gains (losses) on disposal of long-term available-for-sale investments	206.77	(67.79)	432.64	(10.19)
Realized losses on disposal of long-term general investments	7.89	-	-	-
Losses on impairment of investments	51.48	-	-	(1,084.88)
Total	331.59	(67.79)	461.73	(1,095.07)
Gains (losses) on investments, net	263.80		(633.34)	

	<u>The Bank's Financial Statements</u>			
	<u>June 30, 2014</u>		<u>June 30, 2013</u>	
	<u>Gain/Reverse</u>	<u>Loss</u>	<u>Gain/Reverse</u>	<u>Loss</u>
Realized gains on disposal of current available-for-sale investments	63.30	-	27.34	-
Realized gains on disposal of current general investments	2.15	-	1.75	-
Realized gains (losses) on disposal of long-term available-for-sale investments	206.77	(67.79)	432.64	(10.19)
Realized gains (losses) on disposal of long-term general investments	7.89	-	-	-
Losses on impairment of investments	86.37	-	-	(1,085.37)
Total	366.48	(67.79)	461.73	(1,095.56)
Gains (losses) on investments, net	298.69		(633.83)	

6.4 Investments, Net (Continued)

6.4.6 As at June 30, 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.

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

(Million Baht)

June 30, 2014					
Name of Company	Type of Business	Type of Shares	Percentages of	Investments	Dividend
			Shareholdings	(Cost Method)	
Subsidiaries					
KTB Law Co., Ltd.	Legal Services	Ordinary	100.00	30.00	-
KTB General Services Co., Ltd.	General Services	Ordinary	100.00	140.00	56.00
Krung Thai Asset Management Pcl.	Securities Business	Ordinary	100.00	210.90	100.00
KTB Computer Services Co., Ltd.	IT Services	Ordinary	100.00	1,300.00	29.90
KTB Leasing Co., Ltd.	Hire Purchase	Ordinary	100.00	100.00	-
KTB Capital Holding Co., Ltd.	Holding	Ordinary	100.00	1.00	268.99
KTB Advisory Co., Ltd.	Financial Counseling & Advisory Services	Ordinary	100.00	40.00	10.20
Total				1,821.90	465.09
Associates					
Krunghthai-AXA Life Insurance Pcl.	Life Insurance	Ordinary	50.00	4,071.77	-
Krunghthai Card Pcl.	Credit Card Business	Ordinary	49.45	1,994.60	255.00
Krunghthai Panich Insurance Pcl.	Non-Life Insurance	Ordinary	45.00	1,518.82	59.40
Krung Thai IBJ Leasing Co., Ltd.	Hire Purchase	Ordinary	49.00	87.38	31.61
KT Zmico Securities Co., Ltd.	Securities Business	Ordinary	50.00	1,068.89	64.78
Total				8,741.46	410.79
Investments in subsidiaries and associates, net				10,563.36	875.88

6.5.1 The Bank's Financial Statements (Continued)

(Million Baht)

December 31, 2013					
<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.

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

On December 26, 2012, the Bank sold ordinary shares comprising 25 percent of total issued shares of Krungthai Panich Insurance Pcl. (KPI) (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 book value of Baht 4,800.74 million. The Bank has gain on sale of investments in associates of Baht 3,667.55 million (Note 6.24.8).

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

On October 1, 2013, the Bank conducted the process that was stipulated the BoT by purchasing KT BCH's total issued shares at the cost. As a result, the Bank currently holds 100 percent of KT BCH's total issued shares. In this period, the Bank repurchased shares in KPI and KTAL from KT BCH amounting to book value of Baht 5,158.90 million (Note 6.24.8).

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.

6.5.2 The Consolidated Financial Statements

					(Million Baht)	
					June 30, 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	6,763.75	
Krungthai Card Pcl.	Credit Card Business	Ordinary	49.45	1,994.60	3,184.15	
Krungthai Panich Insurance Pcl.	Non-Life Insurance	Ordinary	45.00	971.30	2,206.55	
Krung Thai IBJ Leasing Co., Ltd.	Hire Purchase	Ordinary	49.00	87.38	458.28	
KT Zmico Securities Co., Ltd.	Securities Business	Ordinary	50.00	1,068.89	1,184.82	
Total investments in associates, net				4,715.74	13,797.55	

6.5.2 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.

6.5.3 Financial Positions and Operations of Associates

(Million Baht)

Name of Company	Consolidated Financial Statements			Consolidated Financial Statements		
	June 30, 2014			December 31, 2013		
	"Unaudited"			"Audited"		
	Total Assets	Total Liabilities	Shareholders' Equity	Total Assets	Total Liabilities	Shareholders' Equity
Krung Thai IBJ Leasing Co., Ltd.	7,460.89	6,525.62	935.27	6,910.49	5,980.79	929.70
KT Zmico Securities Co., Ltd.	7,428.77	5,059.14	2,369.63	6,546.35	4,134.76	2,411.59
Krungthai Panich Insurance Pcl.	9,340.21	4,436.77	4,903.44	9,435.66	5,245.19	4,190.47
Krungthai-AXA Life Insurance Pcl.	116,104.47	102,576.96	13,527.51	96,719.92	87,467.27	9,252.65
Krungthai Card Pcl.	49,933.78	43,494.72	6,439.06	51,904.83	45,776.34	6,128.49
	190,268.12	162,093.21	28,174.91	171,517.25	148,604.35	22,912.90

(Million Baht)

Name of Company	Consolidated Financial Statements			
	June 30, 2014		June 30, 2013	
	"Unaudited"		"Unaudited"	
	Total Income	Net Profit (Loss)	Total Income	Net Profit (Loss)
Krung Thai IBJ Leasing Co., Ltd.	300.19	70.07	256.15	43.72
KT Zmico Securities Co., Ltd.	777.74	103.55	1,280.61	235.03
Krungthai Panich Insurance Pcl.	1,512.24	449.38	1,470.32	264.57
Krungthai-AXA Life Insurance Pcl.	25,905.06	2,074.72	19,887.67	2,028.37
Krungthai Card Pcl.	6,882.53	826.24	6,624.89	745.68
	35,377.76	3,523.96	29,519.64	3,317.37

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

(Million Baht)

	<u>Consolidated Financial Statements</u>		<u>The Bank's Financial Statements</u>	
	<u>June 30, 2014</u>	<u>December 31, 2013</u>	<u>June 30, 2014</u>	<u>December 31, 2013</u>
Overdrafts	158,913.19	152,640.55	158,913.19	152,640.55
Loans	1,144,768.77	1,104,846.15	1,194,664.73	1,151,116.26
Bills	443,329.61	398,217.40	451,129.61	410,409.06
Hire purchase receivables	59,669.79	51,902.47	137.28	232.63
Financial lease receivables	10,245.61	9,470.50	-	-
Others	1,774.79	1,657.11	1,136.90	1,280.73
<u>Less</u> Deferred revenue	(8,648.49)	(7,643.92)	(245.19)	(175.33)
Total loans to customers net of deferred revenue	1,810,053.27	1,711,090.26	1,805,736.52	1,715,503.90
<u>Add</u> Accrued interest receivables	3,193.97	4,647.13	3,200.05	4,775.67
Total loans to customers net of deferred revenue, plus accrued interest receivables	1,813,247.24	1,715,737.39	1,808,936.57	1,720,279.57
<u>Less</u> Allowance for doubtful accounts				
1. Minimum reserve under BoT's regulations				
- Individual approach	(47,316.78)	(40,959.49)	(46,231.71)	(40,250.05)
2. Excess allowance	(22,571.62)	(20,717.14)	(22,441.78)	(20,597.03)
<u>Less</u> Revaluation allowance for debt restructuring	(257.47)	(130.22)	(257.47)	(130.22)
Total loans to customers, net	1,743,101.37	1,653,930.54	1,740,005.61	1,659,302.27

As at June 30, 2014 and December 31, 2013, the Bank's other loans of Baht 1,136.90 million and Baht 1,280.73 million included debts resulting from the Bank's liabilities under acceptances or guarantees amounting to Baht 1,077.54 million and Baht 1,220.20 million, respectively.

6.6.2 Classified by Currency and Customer's Residence

(Million Baht)

<u>Consolidated Financial Statements</u>						
	<u>June 30, 2014</u>			<u>December 31, 2013</u>		
	<u>Domestic</u>	<u>Foreign</u>	<u>Total</u>	<u>Domestic</u>	<u>Foreign</u>	<u>Total</u>
Thai Baht	1,705,819.25	48.62	1,705,867.87	1,593,013.61	89.25	1,593,102.86
US Dollar	82,719.17	24,094.22	106,813.39	103,627.78	20,431.16	124,058.94
Other currencies	5,940.33	80.17	6,020.50	1,502.48	69.90	1,572.38
Total	<u>1,794,478.75</u>	<u>24,223.01</u>	<u>1,818,701.76</u>	<u>1,698,143.87</u>	<u>20,590.31</u>	<u>1,718,734.18</u>
<u>Less</u> Deferred revenue			<u>(8,648.49)</u>			<u>(7,643.92)</u>
Total loans net from deferred revenue			<u>1,810,053.27</u>			<u>1,711,090.26</u>

(Million Baht)

<u>The Bank's Financial Statements</u>						
	<u>June 30, 2014</u>			<u>December 31, 2013</u>		
	<u>Domestic</u>	<u>Foreign</u>	<u>Total</u>	<u>Domestic</u>	<u>Foreign</u>	<u>Total</u>
Thai Baht	1,693,099.20	48.62	1,693,147.82	1,589,958.66	89.25	1,590,047.91
US Dollar	82,719.17	24,094.22	106,813.39	103,627.78	20,431.16	124,058.94
Other currencies	5,940.33	80.17	6,020.50	1,502.48	69.90	1,572.38
Total	<u>1,781,758.70</u>	<u>24,223.01</u>	<u>1,805,981.71</u>	<u>1,695,088.92</u>	<u>20,590.31</u>	<u>1,715,679.23</u>
<u>Less</u> Deferred revenue			<u>(245.19)</u>			<u>(175.33)</u>
Total loans net from deferred revenue			<u>1,805,736.52</u>			<u>1,715,503.90</u>

6.6.3 Classified by Business Types and Loan Classification

(Million Baht)

<u>Consolidated Financial Statements</u>						
	<u>June 30, 2014</u>					
	<u>Normal</u>	<u>Special Mention</u>	<u>Substandard</u>	<u>Doubtful</u>	<u>Doubtful of Loss</u>	<u>Total</u>
Agriculture and mining	36,993.50	742.52	176.44	239.83	872.99	39,025.28
Manufacturing and commercial	496,379.44	35,481.98	6,011.57	5,456.00	13,273.63	556,602.62
Real estate and construction	115,287.98	4,977.91	704.75	1,637.42	10,677.29	133,285.35
Public utilities and services	366,681.10	13,596.47	858.33	2,574.71	6,253.98	389,964.59
Housing loans	298,452.88	4,635.66	2,295.74	1,947.09	3,112.41	310,443.78
Others	376,742.14	6,372.40	2,349.28	2,126.26	1,790.06	389,380.14
Total	<u>1,690,537.04</u>	<u>65,806.94</u>	<u>12,396.11</u>	<u>13,981.31</u>	<u>35,980.36</u>	<u>1,818,701.76</u>
<u>Less</u> Deferred revenue						<u>(8,648.49)</u>
Total loans net from deferred revenue						<u>1,810,053.27</u>

6.6.3 Classified by Business Types and Loan Classification (Continued)

(Million Baht)

Consolidated Financial StatementsDecember 31, 2013

	<u>Normal</u>	<u>Special Mention</u>	<u>Substandard</u>	<u>Doubtful</u>	<u>Doubtful of Loss</u>	<u>Total</u>
Agriculture and mining	36,710.94	416.30	120.30	190.96	911.07	38,349.57
Manufacturing and commercial	472,745.80	31,321.07	6,454.98	5,386.57	12,671.14	528,579.56
Real estate and construction	113,114.74	5,704.20	385.44	1,272.12	10,949.37	131,425.87
Public utilities and services	339,979.59	13,051.91	970.79	1,683.73	6,984.62	362,670.64
Housing loans	270,382.58	4,212.59	1,120.14	1,218.71	2,540.50	279,474.52
Others	368,394.65	6,018.41	1,470.14	1,402.65	948.17	378,234.02
Total	1,601,328.30	60,724.48	10,521.79	11,154.74	35,004.87	1,718,734.18
<u>Less</u> Deferred revenue						(7,643.92)
Total loans net from deferred revenue						1,711,090.26

(Million Baht)

The Bank's Financial StatementsJune 30, 2014

	<u>Normal</u>	<u>Special Mention</u>	<u>Substandard</u>	<u>Doubtful</u>	<u>Doubtful of Loss</u>	<u>Total</u>
Agriculture and mining	35,949.26	489.19	175.08	239.83	866.21	37,719.57
Manufacturing and commercial	485,133.05	35,151.42	5,960.10	5,384.81	13,260.87	544,890.25
Real estate and construction	112,011.88	4,779.14	648.03	1,617.29	10,670.23	129,726.57
Public utilities and services	356,386.23	13,421.11	812.59	2,566.88	6,253.98	379,440.79
Housing loans	298,452.88	4,635.66	2,295.74	1,947.09	3,112.41	310,443.78
Others	396,087.93	3,522.55	1,566.60	1,466.54	1,117.13	403,760.75
Total	1,684,021.23	61,999.07	11,458.14	13,222.44	35,280.83	1,805,981.71
<u>Less</u> Deferred revenue						(245.19)
Total loans net from deferred revenue						1,805,736.52

6.6.3 Classified by Business Types and Loan Classification (Continued)

(Million Baht)

The Bank's Financial StatementsDecember 31, 2013

	<u>Normal</u>	<u>Special Mention</u>	<u>Substandard</u>	<u>Doubtful</u>	<u>Doubtful of Loss</u>	<u>Total</u>
Agriculture and mining	35,512.39	395.23	100.53	184.18	911.07	37,103.40
Manufacturing and commercial	462,193.94	31,057.90	6,364.86	5,367.79	12,662.88	517,647.37
Real estate and construction	109,929.75	5,575.08	316.33	1,237.20	10,945.25	128,003.61
Public utilities and services	329,634.63	12,863.56	908.50	1,680.23	6,984.62	352,071.54
Housing loans	270,382.58	4,212.59	1,120.14	1,218.71	2,540.50	279,474.52
Others	395,793.55	3,100.76	899.40	1,020.20	564.88	401,378.79
Total	1,603,446.84	57,205.12	9,709.76	10,708.31	34,609.20	1,715,679.23
<u>Less</u> Deferred revenue						(175.33)
Total loans net from deferred revenue						1,715,503.90

6.6.4 Classified by Loan Classification

(Million Baht)

Consolidated Financial StatementsJune 30, 2014

		Net Amount	%	
	Loans and	Used for Set aside	Used for Set aside	Allowance
	Accrued Interest	the Allowance for	the Allowance for	for Doubtful
	<u>Receivables</u>	<u>Doubtful Accounts</u> ¹	<u>Doubtful Accounts</u>	<u>Accounts</u>
1. Minimum reserve under BoT's regulations				
Normal	1,685,298.77	754,629.11	1	9,306.41
Special mention	65,629.62	28,910.91	2	9,647.56
Substandard	12,236.09	6,694.91	100	6,727.50
Doubtful	13,946.57	6,872.56	100	6,872.51
Doubtful of loss	36,136.19	10,138.17	100	14,762.80
2. Excess allowance				22,571.62
Total *	1,813,247.24	807,245.66		69,888.40

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

6.6.4 Classified by Loan Classification (Continued)

(Million Baht)

<u>Consolidated Financial Statements</u>				
<u>December 31, 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

(Million Baht)

<u>The Bank's Financial Statements</u>				
<u>June 30, 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	1,686,330.75	809,491.96	1	9,276.24
Special mention	62,369.44	28,541.86	2	9,640.18
Substandard	11,457.81	6,508.52	100	6,541.11
Doubtful	13,331.98	6,693.41	100	6,693.36
Doubtful of loss	35,446.59	9,454.44	100	14,080.82
2. Excess allowance				22,441.78
Total *	1,808,936.57	860,690.19		68,673.49

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

6.6.4 Classified by Loan Classification (Continued)

(Million Baht)

<u>The Bank's Financial Statements</u>				
<u>December 31, 2013</u>				
	Net Amount	%		
Loans and Accrued Interest <u>Receivables</u>	Used for Set aside the Allowance for <u>Doubtful Accounts</u> ¹	Used for Set aside the Allowance for <u>Doubtful Accounts</u>	Allowance for Doubtful <u>Accounts</u>	
1. Minimum reserve under BoT's regulations				
Normal	1,607,545.13	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 6.6.1

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

6.6.5 Non-Performing Loans (NPLs)

As at June 30, 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>June 30, 2014</u>	<u>December 31, 2013</u>	<u>June 30, 2014</u>	<u>December 31, 2013</u>
NPLs before deducting allowance for doubtful accounts	62,042.99	56,458.09	59,960.51	55,026.31
Percentage of total loans	2.91	2.65	2.82	2.58
NPLs after deducting allowance for doubtful accounts	33,680.18	32,222.25	32,645.22	31,460.13
Percentage of net loans	1.60	1.53	1.56	1.49

For the six-month period ended June 30, 2014 and for the year ended December 31, 2013, impaired loans have been written off both principal and accrued interest receivables amounting to Baht 232.54 million and Baht 6,809.64 million, respectively.

6.6.6 Loans to Potential Delisted Companies

As at June 30, 2014 and December 31, 2013, the Bank has loans and accrued interest receivables to 7 potential delisted companies of Baht 1,067.51 million and Baht 1,150.26 million, and accrued interest receivables of Baht 0.02 million and Baht 0.14 million, totaling to Baht 1,067.53 million and Baht 1,150.40 million, their allowance for doubtful accounts were provided for Baht 799.40 million and Baht 830.44 million in accordance with the BoT's notifications for loan classification, respectively.

6.6.7 Troubled Debt Restructuring (TDR)

For the six-month period ended June 30, 2014 and for the year ended December 31, 2013, the original loan value of the 3,667 and 7,040 troubled debt restructuring cases are Baht 10,890.44 million and Baht 30,661.41 million. The repayment for related interest and principal are Baht 2,886.13 million and Baht 5,221.10 million, whereas extended lending increased by Baht 2,221.24 million and Baht 2,309.04 million. Bad debts from Troubled Debt Restructuring are Baht 64.62 million and Baht 324.48 million, respectively.

TDR for the six-month period ended June 30, 2014 is set out as follows:

(Million Baht)

	<u>The Bank's Financial Statements</u>			
	No. of	Outstanding	Type of	
		Debt before	Transferred	
		Restructuring	Assets	Fair Value
Troubled Debt Restructuring Approaches	Cases			
Transfers of assets	11	145.66	Land & Premises	145.32
Change of repayment conditions	496	4,804.03		
Debt restructuring in various forms	3,160	5,940.75		
	3,667	10,890.44		

As at June 30, 2014, the Bank has outstanding balance of loans to restructured debts for 25,328 cases amounting to Baht 80,777.34 million, of which 605 cases amounting to Baht 7,620.62 million, has been monitored under the new contractual agreements.

The consolidated financial statements as at June 30, 2014, the Bank restructured debts of 4,294 cases which the debts before restructuring were Baht 11,450.36 million.

6.6.7 Troubled Debt Restructuring (TDR) (Continued)

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

(Million Baht)

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

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

(Million Baht)

	<u>Consolidated Financial Statements</u>							
	<u>June 30, 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	21,992.88	44,578.25	3,344.27	69,915.40	19,177.20	39,537.20	2,658.57	61,372.97
<u>Less</u> Unearned financial income				(8,435.74)				(7,526.31)
Present value of minimum leases payment				61,479.66				53,846.66
Allowance for doubtful accounts				(582.13)				(460.02)
Financial lease receivables, net				60,897.53				53,386.64

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

(Million Baht)

<u>The Bank's Financial Statements</u>								
	<u>June 30, 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	47.64	89.64	-	137.28	62.36	170.27	-	232.63
<u>Less</u> Unearned financial income				(20.25)				(37.88)
Present value of minimum leases payment				117.03				194.75
Allowance for doubtful accounts				(3.36)				(3.29)
Financial lease receivables, net				113.67				191.46

6.7 Allowance for Doubtful Accounts

(Million Baht)

<u>The Bank's Financial Statements</u>							
<u>June 30, 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	685.67	1,349.24	81.24	2,868.94	(229.84)	1,844.75	6,600.00
Allowance for doubtful accounts transferred to allowance for debt restructuring revaluation	-	-	-	-	(127.25)	-	(127.25)
Bad debt recovered	-	-	-	-	407.50	-	407.50
Bad debt written-off	-	-	-	-	(232.54)	-	(232.54)
Others	197.73	(0.09)	-	-	981.06	-	1,178.70
Ending balance	9,276.24	9,640.18	6,541.11	6,693.36	14,080.82	22,441.78	68,673.49

The consolidated financial statements as at June 30, 2014, the Bank has set aside allowance for doubtful accounts of Baht 69,888.40 million including its subsidiaries' allowance for doubtful accounts of Baht 1,214.91 million.

For the six-month period ended June 30, 2014, the Bank has set aside allowance for doubtful accounts of Baht 500 million a month. Since April 2014, the Bank set more to Baht 700 million a month and also set more of Baht 3,000 million, totaling to Baht 6,600 million.

6.7 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	
	Normal	Mention	Substandard	Doubtful	of Loss	Regulations	Total
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)
Ending balance	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.

6.8 Revaluation Allowance for Debt Restructuring

(Million Baht)

<u>Consolidated and the Bank's Financial Statements</u>		
	<u>June 30, 2014</u>	<u>December 31, 2013</u>
Beginning balance	130.22	49.86
Transfer from (to) allowance for doubtful accounts	127.25	80.36
Ending balance	257.47	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.

6.9 Properties for Sale, Net

(Million Baht)

<u>Consolidated Financial Statements</u>								
Type of Properties for Sale	<u>June 30, 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	1,891.62	1,181.83	21,200.17	22,749.02	3,775.37	6,034.01	20,490.38
- Appraised by internal appraisers	10,303.40	454.51	2,544.62	8,213.29	11,636.43	2,286.17	3,619.20	10,303.40
Movable properties	410.03	576.11	463.95	522.19	160.14	736.62	486.73	410.03
Total	31,203.81	2,922.24	4,190.40	29,935.65	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	366.64	181.12	398.51	2,454.85	214.13	2,455.99	212.99
Total	31,488.32	3,288.88	4,371.52	30,405.68	37,084.83	7,018.64	12,615.15	31,488.32
<u>Less</u> Allowance for impairment	(827.30)	(238.24)	-	(1,065.54)	(1,148.00)	-	(320.70)	(827.30)
Properties for sale, net	30,661.02	3,050.64	4,371.52	29,340.14	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>June 30, 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	1,891.62	1,181.83	21,200.17	22,749.02	3,775.37	6,034.01	20,490.38
- Appraised by internal appraisers	10,303.40	454.51	2,544.62	8,213.29	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	2,346.13	3,726.45	29,524.06	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	366.64	181.12	398.51	2,454.85	214.13	2,455.99	212.99
Total	31,188.89	2,712.77	3,907.57	29,994.09	37,035.29	6,282.02	12,128.42	31,188.89
<u>Less</u> Allowance for impairment	(802.29)	(151.97)	-	(954.26)	(1,145.83)	-	(343.54)	(802.29)
Properties for sale, net	30,386.60	2,560.80	3,907.57	29,039.83	35,889.46	6,282.02	11,784.88	30,386.60

As at June 30, 2014 and December 31, 2013, the Bank's allowance for impairment of properties for sale has increased Baht 151.97 million and decreased Baht 343.54 million, respectively, from reversal or additional of loss on impairment.

For the six-month periods ended June 30, 2014 and 2013, the Bank generated gains on sale of properties for sale of Baht 561.93 million and Baht 480.74 million, respectively (before deduction of selling expenses of Baht 175.27 million and Baht 220.27 million, respectively).

6.10 Premises and Equipment, Net

Premises and equipment as at June 30, 2014 and December 31, 2013 are as follows:

(Million Baht)

<u>Consolidated Financial Statements</u>										
<u>June 30, 2014</u>										
	<u>Cost</u>			<u>Accumulated Depreciation</u>				Allowance		Premises and
	Beginning			Ending	Beginning			Ending	for	Equipment,
	<u>Balance</u>	<u>Additions</u>	<u>Disposals</u>	<u>Balance</u>	<u>Balance</u>	<u>Depreciation</u>	<u>Disposals</u>	<u>Balance</u>	<u>Impairment</u>	<u>Net</u>
Land										
Historical cost	9,151.02	-	0.13	9,150.89	-	-	-	-	1,619.83	7,531.06
Revaluation Surplus in 2011	7,950.36	-	-	7,950.36	-	-	-	-	-	7,950.36
Revaluation Deficit in 2011	(15.81)	-	-	(15.81)	-	-	-	-	-	(15.81)
Premises	10,099.40	42.68	0.68	10,141.40	6,612.93	69.03	0.95	6,681.01	-	3,460.39
Equipment	22,421.37	1,758.13	1,717.01	22,462.49	14,650.56	1,069.40	1,179.43	14,540.53	-	7,921.96
Others	75.80	218.31	-	294.11	-	-	-	-	-	294.11
Total	49,682.14	2,019.12	1,717.82	49,983.44	21,263.49	1,138.43	1,180.38	21,221.54	1,619.83	27,142.07

(Million Baht)

<u>Consolidated Financial Statements</u>										
<u>December 31, 2013</u>										
	<u>Cost</u>			<u>Accumulated Depreciation</u>				Allowance		Premises and
	Beginning			Ending	Beginning			Ending	for	Equipment,
	<u>Balance</u>	<u>Additions</u>	<u>Disposals</u>	<u>Balance</u>	<u>Balance</u>	<u>Depreciation</u>	<u>Disposals</u>	<u>Balance</u>	<u>Impairment</u>	<u>Net</u>
Land										
Historical cost	9,151.93	5.09	6.00	9,151.02	-	-	-	-	1,619.83	7,531.19
Revaluation Surplus in 2011	7,952.23	-	1.87	7,950.36	-	-	-	-	-	7,950.36
Revaluation Deficit in 2011	(15.81)	-	-	(15.81)	-	-	-	-	-	(15.81)
Premises	10,026.41	118.49	45.50	10,099.40	6,498.88	135.18	21.13	6,612.93	-	3,486.47
Equipment	20,327.12	3,184.53	1,090.28	22,421.37	13,211.86	2,202.44	763.74	14,650.56	-	7,770.81
Others	13.68	64.37	2.25	75.80	-	-	-	-	-	75.80
Total	47,455.56	3,372.48	1,145.90	49,682.14	19,710.74	2,337.62	784.87	21,263.49	1,619.83	26,798.82

6.10 Premises and Equipment, Net (Continued)

(Million Baht)

The Bank's Financial StatementsJune 30, 2014

	<u>Cost</u>			<u>Accumulated Depreciation</u>				Allowance	Premises and	
	Beginning			Ending	Beginning			Ending	for	Equipment,
	<u>Balance</u>	<u>Additions</u>	<u>Disposals</u>	<u>Balance</u>	<u>Balance</u>	<u>Depreciation</u>	<u>Disposals</u>	<u>Balance</u>	<u>Impairment</u>	<u>Net</u>
Land										
Historical cost	9,367.96	-	0.13	9,367.83	-	-	-	-	1,619.83	7,748.00
Revaluation Surplus in 2011	7,950.36	-	-	7,950.36	-	-	-	-	-	7,950.36
Revaluation Deficit in 2011	(15.81)	-	-	(15.81)	-	-	-	-	-	(15.81)
Premises	9,631.64	38.82	0.08	9,670.38	6,383.92	54.95	0.40	6,438.47	-	3,231.91
Equipment	10,870.89	292.94	296.04	10,867.79	8,526.07	474.60	294.51	8,706.16	-	2,161.63
Others	75.72	218.39	-	294.11	-	-	-	-	-	294.11
Total	37,880.76	550.15	296.25	38,134.66	14,909.99	529.55	294.91	15,144.63	1,619.83	21,370.20

(Million Baht)

The Bank's Financial StatementsDecember 31, 2013

	<u>Cost</u>			<u>Accumulated Depreciation</u>				Allowance	Premises and	
	Beginning			Ending	Beginning			Ending	for	Equipment,
	<u>Balance</u>	<u>Additions</u>	<u>Disposals</u>	<u>Balance</u>	<u>Balance</u>	<u>Depreciation</u>	<u>Disposals</u>	<u>Balance</u>	<u>Impairment</u>	<u>Net</u>
Land										
Historical cost	9,368.87	5.09	6.00	9,367.96	-	-	-	-	1,619.83	7,748.13
Revaluation Surplus in 2011	7,952.23	-	1.87	7,950.36	-	-	-	-	-	7,950.36
Revaluation Deficit in 2011	(15.81)	-	-	(15.81)	-	-	-	-	-	(15.81)
Premises	9,595.65	37.50	1.51	9,631.64	6,277.26	107.81	1.15	6,383.92	-	3,247.72
Equipment	10,286.04	733.47	148.62	10,870.89	7,663.16	1,004.66	141.75	8,526.07	-	2,344.82
Others	13.60	62.12	-	75.72	-	-	-	-	-	75.72
Total	37,200.58	838.18	158.00	37,880.76	13,940.42	1,112.47	142.90	14,909.99	1,619.83	21,350.94

As at June 30, 2014 and December 31, 2013, the Bank has premises and equipment which were full depreciated but still in use, with the original cost approximately Baht 7,214.90 million and Baht 7,102.89 million, respectively.

6.10 Premises and Equipment, Net (Continued)

As at June 30, 2014 and December 31, 2013, the allowance for impairment is as follows:

	(Million Baht)	
	<u>June 30, 2014</u>	<u>December 31, 2013</u>
Beginning balance	1,619.83	1,619.83
<u>Add</u> Allowance for impairment	-	-
<u>Less</u> Transfer to income	-	-
Ending balance	<u>1,619.83</u>	<u>1,619.83</u>

6.11 Other Intangible Assets, Net

(Million Baht)

Consolidated Financial StatementsJune 30, 2014

	<u>Cost</u>			<u>Accumulated Amortization</u>				Intangible	
	Beginning		Decrease/	Ending	Beginning		Decrease/	Ending	Assets,
	<u>Balance</u>	<u>Additions</u>	<u>Disposals</u>	<u>Balance</u>	<u>Balance</u>	<u>Additions</u>	<u>Disposals</u>	<u>Balance</u>	<u>Net</u>
Software licenses	4,367.89	396.44	0.06	4,764.27	2,109.37	212.44	-	2,321.81	2,442.46
Other licenses	8.34	0.04	-	8.38	7.03	0.47	-	7.50	0.88
Development cost	2,942.15	160.69	-	3,102.84	1,740.09	129.12	-	1,869.21	1,233.63
Partial payment of									
intangible assets	386.29	478.33	476.45	388.17	-	-	-	-	388.17
Total	7,704.67	1,035.50	476.51	8,263.66	3,856.49	342.03	-	4,198.52	4,065.14

(Million Baht)

Consolidated Financial StatementsDecember 31, 2013

	<u>Cost</u>			<u>Accumulated Amortization</u>				Intangible	
	Beginning		Decrease/	Ending	Beginning		Decrease/	Ending	Assets,
	<u>Balance</u>	<u>Additions</u>	<u>Disposals</u>	<u>Balance</u>	<u>Balance</u>	<u>Additions</u>	<u>Disposals</u>	<u>Balance</u>	<u>Net</u>
Software licenses	3,742.00	625.89	-	4,367.89	1,724.00	385.37	-	2,109.37	2,258.52
Other licenses	7.65	0.69	-	8.34	5.87	1.16	-	7.03	1.31
Development cost	2,721.22	220.93	-	2,942.15	1,463.82	276.27	-	1,740.09	1,202.06
Partial payment of									
intangible assets	446.52	88.81	(149.04)	386.29	-	-	-	-	386.29
Total	6,917.39	936.32	(149.04)	7,704.67	3,193.69	662.80	-	3,856.49	3,848.18

6.11 Other Intangible Assets, Net (Continued)

(Million Baht)

The Bank's Financial StatementsJune 30, 2014

	Cost			Accumulated Amortization				Intangible	
	Beginning		Decrease/	Ending	Beginning		Decrease/	Ending	Assets,
	Balance	Additions	Disposals	Balance	Balance	Additions	Disposals	Balance	Net
Software licenses	710.96	-	0.06	710.90	251.43	34.20	-	285.63	425.27
Other licenses	4.97	-	-	4.97	4.50	0.13	-	4.63	0.34
Development cost	262.92	5.85	-	268.77	195.68	10.14	-	205.82	62.95
Partial payment of									
intangible assets	110.16	150.87	-	261.03	-	-	-	-	261.03
Total	1,089.01	156.72	0.06	1,245.67	451.61	44.47	-	496.08	749.59

(Million Baht)

The Bank's Financial StatementsDecember 31, 2013

	<u>Cost</u>			<u>Accumulated Amortization</u>			Intangible		
	Beginning		Decrease/	Ending	Beginning		Decrease/	Ending	Assets,
	<u>Balance</u>	<u>Additions</u>	<u>Disposals</u>	<u>Balance</u>	<u>Balance</u>	<u>Additions</u>	<u>Disposals</u>	<u>Balance</u>	<u>Net</u>
Software licenses	696.11	14.85	-	710.96	183.23	68.20	-	251.43	459.53
Other licenses	4.91	0.06	-	4.97	4.01	0.49	-	4.50	0.47
Development cost	262.46	0.46	-	262.92	173.29	22.39	-	195.68	67.24
Partial payment of									
intangible assets	23.90	86.26	-	110.16	-	-	-	-	110.16
Total	987.38	101.63	-	1,089.01	360.53	91.08	-	451.61	637.40

6.12 Deferred Tax Assets and Deferred Tax Liabilities

Deferred tax assets and deferred tax liabilities as at June 30, 2014 and December 31, 2013 are as follows:

(Million Baht)

	<u>Consolidated Financial Statements</u>		<u>The Bank's Financial Statements</u>	
	<u>June 30, 2014</u>	<u>December 31, 2013</u>	<u>June 30, 2014</u>	<u>December 31, 2013</u>
Deferred Tax Assets	3,899.99	3,876.02	3,773.76	3,719.68
Deferred Tax Liabilities	115.55	182.68	-	-
Net	3,784.44	3,693.34	3,773.76	3,719.68

6.12 Deferred Tax Assets and Deferred Tax Liabilities (Continued)

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

(Million Baht)

<u>Consolidated Financial Statements</u>				
<u>Charged / credited to:</u>				
Other Comprehensive				
	<u>January 1, 2014</u>	<u>Profit / Loss</u>	<u>Income</u>	<u>June 30, 2014</u>
Deferred Tax Assets				
Investments	910.60	(10.23)	(221.36)	679.01
Investments in subsidiaries and associates	6.98	(6.98)	-	-
Loans to customers and accrued interest receivables, net	1,256.83	487.23	-	1,744.06
Properties for sale	362.86	(149.75)	-	213.11
Premises and equipment	328.70	(0.54)	-	328.16
Provisions	2,869.22	215.14	128.24	3,212.60
Guarantee deposit under financial lease	134.10	(59.24)	-	74.86
Others	494.10	(48.75)	-	445.35
Total	6,363.39	426.88	(93.12)	6,697.15
Deferred Tax Liabilities				
Investments	425.67	0.52	254.42	680.61
Premises and equipment	1,706.32	37.88	-	1,744.20
Loans to customers and accrued interest receivables, net	538.06	(50.16)	-	487.90
Total	2,670.05	(11.76)	254.42	2,912.71
Net	3,693.34	438.64	(347.54)	3,784.44

6.12 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	66.34	145.50	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	449.93	459.75	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	229.10	880.10	3,693.34

6.12 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>June 30, 2014</u>
Deferred Tax Assets				
Investments	910.60	(10.23)	(221.36)	679.01
Investments in subsidiaries and associates	6.98	(6.98)	-	-
Loans to customers and accrued interest receivables, net	1,074.39	398.87	-	1,473.26
Properties for sale	357.68	(166.84)	-	190.84
Premises and equipment	323.97	-	-	323.97
Provisions	2,746.48	201.01	131.58	3,079.07
Others	420.82	12.67	-	433.49
Total	5,840.92	428.50	(89.78)	6,179.64
Deferred Tax Liabilities				
Investments	425.67	0.52	254.42	680.61
Premises and equipment	1,695.57	29.70	-	1,725.27
Total	2,121.24	30.22	254.42	2,405.88
Net	3,719.68	398.28	(344.20)	3,773.76

(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	53.45	145.62	2,746.48
Others	399.35	22.67	(1.20)	420.82
Total	5,099.45	281.60	459.87	5,840.92

6.12 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, 2013</u>	<u>Profit / Loss</u>	<u>Income</u>	<u>December 31, 2013</u>
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	223.18	880.22	3,719.68

6.13 Other Assets, Net

(Million Baht)

	<u>Consolidated Financial Statements</u>		<u>The Bank's Financial Statements</u>	
	<u>June 30, 2014</u>	<u>December 31, 2013</u>	<u>June 30, 2014</u>	<u>December 31, 2013</u>
Prepaid expenses	1,130.46	1,043.21	885.36	928.29
Advances	90.18	37.30	31.06	28.49
Account receivables - Revenue Department	1,453.94	1,271.87	223.73	221.67
Leaseholds	426.52	450.23	426.52	450.23
Collateral under Credit Support Annex Contract and Cash Margin Debtors	2,231.85	4,973.31	2,231.85	4,973.31
Inter account between head office and branches	-	3,141.74	-	3,141.74
Suspense account between the Bank and other financial institutions	6,250.12	9,517.99	6,250.12	9,517.99
Sundry assets	8,359.33	7,440.89	7,523.43	6,190.91
Total	19,942.40	27,876.54	17,572.07	25,452.63
<u>Less</u> Allowance for impairment	(2,140.31)	(2,071.53)	(2,140.31)	(2,069.23)
Total other assets, net	17,802.09	25,805.01	15,431.76	23,383.40

As at June 30, 2014 and December 31, 2013, sundry assets are included default debtors from convertible preferred shares contracts of Baht 997.87 million with the same amounts of allowance for impairment (Note 6.37.1).

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

(Million Baht)

	<u>Consolidated Financial Statements</u>		<u>The Bank's Financial Statements</u>	
	<u>June 30, 2014</u>	<u>December 31, 2013</u>	<u>June 30, 2014</u>	<u>December 31, 2013</u>
Demand deposits	77,939.75	97,970.25	77,941.62	97,973.10
Savings deposits	968,366.34	967,701.56	969,140.99	968,163.78
Time deposits	821,150.00	818,109.36	821,195.90	818,125.03
Total	1,867,456.09	1,883,781.17	1,868,278.51	1,884,261.91

6.14.2 Classified by Currency and Residence of Depositors

(Million Baht)

	<u>Consolidated Financial Statements</u>					
	<u>June 30, 2014</u>			<u>December 31, 2013</u>		
	<u>Domestic</u>	<u>Foreign</u>	<u>Total</u>	<u>Domestic</u>	<u>Foreign</u>	<u>Total</u>
Thai Baht	1,834,090.57	12,460.50	1,846,551.07	1,820,242.87	10,167.88	1,830,410.75
US Dollar	13,794.71	4,399.99	18,194.70	47,875.94	3,013.49	50,889.43
Other currencies	2,385.28	325.04	2,710.32	2,182.51	298.48	2,480.99
Total	1,850,270.56	17,185.53	1,867,456.09	1,870,301.32	13,479.85	1,883,781.17

(Million Baht)

	<u>The Bank's Financial Statements</u>					
	<u>June 30, 2014</u>			<u>December 31, 2013</u>		
	<u>Domestic</u>	<u>Foreign</u>	<u>Total</u>	<u>Domestic</u>	<u>Foreign</u>	<u>Total</u>
Thai Baht	1,834,912.99	12,460.50	1,847,373.49	1,820,723.61	10,167.88	1,830,891.49
US Dollar	13,794.71	4,399.99	18,194.70	47,875.94	3,013.49	50,889.43
Other currencies	2,385.28	325.04	2,710.32	2,182.51	298.48	2,480.99
Total	1,851,092.98	17,185.53	1,868,278.51	1,870,782.06	13,479.85	1,884,261.91

6.15 Interbank and Money Market Items (Liabilities)

(Million Baht)

<u>Consolidated Financial Statements</u>						
	<u>June 30, 2014</u>			<u>December 31, 2013</u>		
	<u>Demand</u>	<u>Time</u>	<u>Total</u>	<u>Demand</u>	<u>Time</u>	<u>Total</u>
6.15.1 Domestic Items						
Bank of Thailand and Financial Institutions						
Development Fund	180.70	31,017.58	31,198.28	8.78	33,931.82	33,940.60
Commercial banks	374.65	84,046.06	84,420.71	509.55	78,046.19	78,555.74
Special purpose financial institutions	7,499.72	27,863.89	35,363.61	7,497.73	11,650.00	19,147.73
Other financial institutions	16,697.69	11,851.89	28,549.58	18,122.49	22,139.48	40,261.97
Total domestic items	24,752.76	154,779.42	179,532.18	26,138.55	145,767.49	171,906.04
6.15.2 Foreign Items						
US Dollar	238.63	30,205.87	30,444.50	166.92	28,603.62	28,770.54
Japanese Yen	-	-	-	-	-	-
Euro	187.76	-	187.76	176.04	-	176.04
Other currencies	106.98	-	106.98	136.65	-	136.65
Total foreign items	533.37	30,205.87	30,739.24	479.61	28,603.62	29,083.23
Total domestic and foreign items	25,286.13	184,985.29	210,271.42	26,618.16	174,371.11	200,989.27

(Million Baht)

<u>The Bank's Financial Statements</u>						
	<u>June 30, 2014</u>			<u>December 31, 2013</u>		
	<u>Demand</u>	<u>Time</u>	<u>Total</u>	<u>Demand</u>	<u>Time</u>	<u>Total</u>
6.15.1 Domestic Items						
Bank of Thailand and Financial Institutions						
Development Fund	180.70	31,017.58	31,198.28	8.78	33,931.82	33,940.60
Commercial banks	374.65	84,046.06	84,420.71	509.55	78,046.19	78,555.74
Special purpose financial institutions	7,499.72	27,863.89	35,363.61	7,497.73	11,650.00	19,147.73
Other financial institutions	16,715.88	10,363.92	27,079.80	18,180.48	20,464.70	38,645.18
Total domestic items	24,770.95	153,291.45	178,062.40	26,196.54	144,092.71	170,289.25
6.15.2 Foreign Items						
US Dollar	238.63	30,205.87	30,444.50	166.92	28,603.62	28,770.54
Japanese Yen	-	-	-	-	-	-
Euro	187.76	-	187.76	176.04	-	176.04
Other currencies	106.98	-	106.98	136.65	-	136.65
Total foreign items	533.37	30,205.87	30,739.24	479.61	28,603.62	29,083.23
Total domestic and foreign items	25,304.32	183,497.32	208,801.64	26,676.15	172,696.33	199,372.48

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

(Million Baht)

<u>Consolidated Financial Statements</u>									
				<u>June 30, 2014</u>			<u>December 31, 2013</u>		
	<u>Currency</u>	<u>Interest Rate (%)</u>	<u>Maturity Date</u>	<u>Domestic</u>	<u>Foreign</u>	<u>Total</u>	<u>Domestic</u>	<u>Foreign</u>	<u>Total</u>
Short-term bonds	Baht	2.40-2.80	2014-2015	10,609.00	-	10,609.00	6,081.00	-	6,081.00
Long-term bonds									
No.1/2013	USD	2.25	2018	-	16,199.10	16,199.10	-	16,374.64	16,374.64
No.1/2014	USD	5.20	2019	-	22,718.50	22,718.50	-	-	-
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	6,150.23	9,674.83	3,524.60	6,218.18	9,742.78
Bill of exchange (B/E)									
Short term*	Baht	0.00-2.25	2014	12,712.76	-	12,712.76	8,976.27	-	8,976.27
Long term	Baht	3.73-6.60	2014-2026	8,970.00	-	8,970.00	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				79,505.85	45,067.83	124,573.68	110,407.83	22,592.82	133,000.65

(Million Baht)

<u>The Bank's Financial Statements</u>									
				<u>June 30, 2014</u>			<u>December 31, 2013</u>		
	<u>Currency</u>	<u>Interest Rate (%)</u>	<u>Maturity Date</u>	<u>Domestic</u>	<u>Foreign</u>	<u>Total</u>	<u>Domestic</u>	<u>Foreign</u>	<u>Total</u>
Short-term bonds	Baht	2.40-2.80	2014-2015	10,609.00	-	10,609.00	6,081.00	-	6,081.00
Long-term bonds									
No.1/2013	USD	2.25	2018	-	16,199.10	16,199.10	-	16,374.64	16,374.64
No.1/2014	USD	5.20	2019	-	22,718.50	22,718.50	-	-	-
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	6,150.23	9,674.83	3,524.60	6,218.18	9,742.78
Bill of exchange (B/E)									
Short term*	Baht	0.00-2.25	2014	3,031.20	-	3,031.20	4,886.70	-	4,886.70
Long term	Baht	3.73-6.60	2014-2026	8,970.00	-	8,970.00	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				69,824.29	45,067.83	114,892.12	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.

6.16 Debt Issued and Borrowings (Continued)

Long-Term Bonds under Euro Medium Term Note Programme (EMTN Programme) Credit Limit USD 2,500 Million

- No. 1/2013 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. The interest payment is semiannually on 11th of March and September of each year, over the time to maturity.

- No. 1/2014 on June 26, 2014, the Bank launched and sold subordinated debentures in accordance with Basel III (Subordinated Tier 2) of USD 700 million, with maturity of 10.5 years and a fixed coupon of 5.20 percent per annum for the first 5.5 years. After that the interest will equal to 5-year US Treasury Rate. The interest payment is semiannually on 26th of June and December of each year, over the time to maturity.

Subordinated Debentures

It is eligible to redeem the debentures before their maturities, if however, on 5 years of the issuance date or on any interest-paid date after 5 years of the issuance date or under defined conditions.

Hybrid Debt Capital Instruments

Hybrid debt capital instruments of non-cumulative interest, non-interest payment in the year that there is no profit, non-fixed repayment period as tier 1 capital (Hybrid Tier 1) which the Bank is eligible to redeem before their maturities, if however, on 5 years of the issuance date or on any interest-paid date after 5 years of the issuance date or when the Bank could not set them to tier 1 capital any more, with the BOT's approval.

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

6.17 Provisions

(Million Baht)

	<u>Consolidated Financial Statements</u>		<u>The Bank's Financial Statements</u>	
	<u>June 30, 2014</u>	<u>December 31, 2013</u>	<u>June 30, 2014</u>	<u>December 31, 2013</u>
Defined benefit plan				
Balance brought forward	10,415.09	9,285.33	9,806.06	8,750.79
Current service cost	252.46	502.14	219.53	434.60
Interest	232.26	477.66	220.11	453.91
Employee benefits pay in the period	(1,040.32)	(577.55)	(1,038.62)	(561.36)
Actuarial losses (gains) on defined benefit plans (Note 6.34)	641.22	727.51	657.90	728.12
Total defined benefit plan	10,500.71	10,415.09	9,864.98	9,806.06
Loss from NPLs transferred to TAMC (Note 6.35)	3,461.48	3,461.48	3,461.48	3,461.48
Contingent liabilities from being sued	439.04	447.00	439.04	447.00
Other contingent liabilities	22.99	22.36	17.61	17.61
Total provisions	14,424.22	14,345.93	13,783.11	13,732.15

The Significant Actuarial Assumptions

Average discount rate	4.00% - 5.12%
Average rate of salary raise	6.00% - 7.50%
Average rate of resignation	0.02% - 23.24%
Age of retirement	50 - 60 years

6.18 Other Liabilities comprise the followings:

(Million Baht)

	<u>Consolidated Financial Statements</u>		<u>The Bank's Financial Statements</u>	
	<u>June 30, 2014</u>	<u>December 31, 2013</u>	<u>June 30, 2014</u>	<u>December 31, 2013</u>
Accrued interest expenses	5,002.74	5,173.07	5,002.71	5,171.66
Accrued expenses	9,542.12	9,957.10	9,374.80	9,449.06
Inter account between head office and branches	1,148.06	-	1,148.06	-
Suspense account creditors	2,703.65	3,453.00	2,542.80	2,748.34
Tax payables	4,921.81	5,482.53	4,770.82	5,440.09
Deferred revenue	-	986.16	-	986.16
Suspense account between the Bank and other financial institutions	6,170.04	8,060.10	6,170.04	8,060.10
Sundry liabilities	10,837.82	9,907.09	9,889.85	8,561.39
Total	40,326.24	43,019.05	38,899.08	40,416.80

6.19 Share Capital**6.19.1 Ordinary Shares**

As at June 30, 2014 and December 31, 2013, the Bank's authorized share capital and issued and paid-up share capital are 13,976,061,250 shares.

6.19.2 Preferred Shares

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

6.19.3 The Bank is the state enterprise, its major shareholder is the Financial Institutions Development Fund (FIDF). As at June 30, 2014, FIDF holds 7,696,248,833 shares or 55.05 percent of paid-up ordinary and preferred shares.

6.20 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 June 30, 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 June 30, 2014 and December 31, 2013, the Bank's legal reserve is already 10 percent of authorized share capital.

6.21 The Appropriation of 2013 Net Profit and Dividend Payment

On April 11, 2014, the 21st Annual General Shareholders' Meeting passed the resolution to approve the appropriation of 2013 net profit amounting to Baht 30,957.42 million. On April 5, 2013, the 20th Annual General Shareholders' Meeting passed the resolution to approve the appropriation of 2012 net profit amounting to Baht 25,719.64 million and dividend payment as follows:

	(Million Baht)	
	<u>Net Profit of 2013</u>	<u>Net Profit of 2012</u>
Legal reserve	364.04	1,286.00
Dividend - preferred shares (@ Baht 1.0345 and Baht 0.9545)	5.69	5.25
Dividend - ordinary shares (@ Baht 0.88 and Baht 0.80)	12,298.93	10,174.18
Net profit carried forward	18,288.76	14,254.21

In 2012, the Bank paid interim dividend payment for the first half of the year 2012 to the preference shareholders at the rate of Baht 0.43725 per share, totaling to Baht 2.40 million and to the ordinary shareholders at the rate of Baht 0.36 per share, totaling to Baht 4,024.71 million. The Bank also paid additional dividend, according to the 20th Annual General Meeting resolution, for the second half of the year to the preference shareholders at the rate of Baht 0.51725 per share, totaling to Baht 2.85 million and to the ordinary shareholders at the rate of Baht 0.44 per share, totaling to Baht 6,149.47 million.

6.22 Obligations and Contingent Liabilities

6.22.1 Contingent Liabilities

	(Million Baht)	
	<u>Consolidated and the Bank's Financial Statements</u>	
	<u>June 30, 2014</u>	<u>December 31, 2013</u>
Avals to bills	4,136.71	4,715.65
Guarantees of loans	14,461.79	12,194.90
Letters of credit	44,499.78	48,687.76
Other contingencies		
Unused credit line of overdraft	143,696.91	141,086.85
Other guarantees	134,773.92	134,635.54
Others	973.65	984.41
Total	<u>342,542.76</u>	<u>342,305.11</u>

Besides the contingent liabilities mentioned above, as at June 30, 2014 and December 31, 2013, the Bank has contingent liabilities owing to prosecutions of Baht 15,851.71 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 June 30, 2014 and December 31, 2013, the Bank has set up provisions of Baht 439.04 million and Baht 447 million, respectively.

6.22.2 Obligations under Long-Terms Leased

The Bank has commitments arising from lease agreements. The amounts due according to the period of time are classified as follows:

(Million Baht)								
Period	<u>June 30, 2014</u>				<u>December 31, 2013</u>			
	<u>Within 1 year</u>	<u>Over 1 to 5 years</u>	<u>Over 5 years</u>	<u>Total</u>	<u>Within 1 year</u>	<u>Over 1 to 5 years</u>	<u>Over 5 years</u>	<u>Total</u>
Land and/or Premises	231.87	619.17	117.45	968.49	408.42	439.14	104.16	951.72
Vehicles	145.12	796.28	11.02	952.42	252.10	641.90	-	894.00
Facsimile/Copy machine	2.49	7.26	0.03	9.78	4.98	6.62	-	11.60
Total	379.48	1,422.71	128.50	1,930.69	665.50	1,087.66	104.16	1,857.32

6.23 Assets with Obligations and Restrictions

(Million Baht)		
<u>Consolidated and the Bank's Financial Statements</u>		
	<u>June 30, 2014</u>	<u>December 31, 2013</u>
Government and state enterprise bonds pledged as collateral		
- court collateral	189.36	263.81
- repurchase agreements	92,448.89	83,378.56
Properties for sale (debtor is granted the right to buy back or first right for this portion)	6,840.73	7,540.25
Total	99,478.98	91,182.62

6.24 Related Party Transactions

6.24.1 As at June 30, 2014 and December 31, 2013, loans to the Bank's executives (First Vice President and above) are Baht 669.51 million and Baht 487.91 million. The average outstanding balances of such loans at month-end are Baht 705.29 million and Baht 496.15 million, respectively.

The loans outstanding as at June 30, 2014 and December 31, 2013 to close family of the Bank's executives mentioned above are Baht 190.57 million and Baht 161.47 million, respectively.

6.24 Related Party Transactions (Continued)

(Million Baht)

		<u>The Bank's Financial Statements</u>			
		<u>Pricing Policy</u>	<u>June 30, 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>	<u>Loans</u>
6.24.2 Loans and Obligations to Businesses which the Bank Totally Held from 10 to 20 Percent of Their Paid-up Capital					
Dhipaya Insurance Pcl.	Normal Bank Policy	0.43	24.58	0.35	24.57
6.24.3 Loans and Obligations to Businesses which the Bank Acquired equal to or over 10 Percent of Their Paid-up Capital from TDR					
Kiatpapha Co., Ltd.	Normal Bank Policy	113.55	-	113.76	-
Manager Media Group Pcl.	Normal Bank Policy	-	0.29	-	0.29
6.24.4 Loans and Obligations to Subsidiaries and Associates					
<u>Subsidiaries</u>					
KTB General Services Co., Ltd.	Normal Bank Policy	12.05	25.20	9.75	23.20
KTB Computer Services Co., Ltd.	Normal Bank Policy	4,219.64	4.55	3,775.69	4.55
KTB Leasing Co., Ltd.	Normal Bank Policy	53,464.27	1,141.91	50,204.68	1,118.39
Krung Thai Asset Management Pcl.	Normal Bank Policy	0.03	-	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	162.11	1.27	1,925.73	1.27
Krungthai Card Pcl.	Normal Bank Policy	0.95	-	0.91	-
KT Zmico Securities Co., Ltd.	Normal Bank Policy	2,061.31	-	965.33	0.25
Krungthai Panich Insurance Pcl.	Normal Bank Policy	0.30	-	0.27	-
6.24.5 Loans and Obligations to Related Companies					
<u>With Common Directors</u>					
PTT Pcl.	Normal Bank Policy	-	9,733.65	-	9,570.78
PTT Global Chemical Pcl.	Normal Bank Policy	16,424.68	16.22	17,085.00	16.22
Bangkok Commercial Asset Management Co., Ltd.*	Normal Bank Policy	-	-	0.37	-
MCOT Pcl.*	Normal Bank Policy	-	-	0.40	0.10
Electricity Generating Authority of Thailand*	Normal Bank Policy	-	-	78.78	11,866.47
Eastern Water Resources Development and Management Pcl.	Normal Bank Policy	1,610.04	25.94	1,496.03	10.25
Mass Rapid Transit Authority of Thailand*	Normal Bank Policy	-	-	0.05	-
Provincial Electricity Authority	Normal Bank Policy	-	13.92	0.01	6.84
The Siam United Steel (1995) Co.,Ltd.*	Normal Bank Policy	-	-	0.26	-
Thai Airways International Pcl.**	Normal Bank Policy	4,014.92	-	-	-

6.24 Related Party Transactions (Continued)

(Million Baht)

		<u>The Bank's Financial Statements</u>			
		<u>June 30, 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>
6.24.5 Loans and Obligations to Related Companies (Continued)					
<u>With Common Top Managements</u>					
Siam Paper Pcl.*	Normal Bank Policy	-	-	326.87	2.19
Bangkok Expressway Pcl.	Normal Bank Policy	205.08	-	446.13	-
Bangkok Metro Pcl.	Normal Bank Policy	3,558.34	17.98	4,144.73	17.98
TSFC Securities Pcl.**	Normal Bank Policy	0.04	-	-	-
6.24.6 Deposits and Borrowings to Related Companies					
<u>Consolidated Financial Statements</u>					
<u>Associates</u>					
Krung Thai IBJ Leasing Co., Ltd.	Normal Bank Policy	47.72	-	37.19	-
Krungthai Card Pcl.	Normal Bank Policy	297.70	-	918.41	-
KT Zmico Securities Co., Ltd.	Normal Bank Policy	39.29	199.29	71.61	-
Krungthai Panich Insurance Pcl.	Normal Bank Policy	78.77	-	143.51	-
Krungthai-AXA Life Insurance Pcl.	Normal Bank Policy	268.45	2,780.00	391.39	2,730.00
<u>The Bank's Financial Statements</u>					
<u>Subsidiaries</u>					
KTB Law Co., Ltd.	Normal Bank Policy	129.61	-	234.53	-
KTB General Services Co., Ltd.	Normal Bank Policy	57.92	250.00	57.64	280.00
KTB Computer Services Co., Ltd.	Normal Bank Policy	51.82	-	33.29	-
KTB Leasing Co., Ltd.	Normal Bank Policy	258.53	-	119.31	-
Krung Thai Asset Management Pcl.	Normal Bank Policy	18.55	-	58.34	-
KTB Capital Holding Co., Ltd.	Normal Bank Policy	247.78	-	3.10	-
KTB Advisory Co., Ltd.	Normal Bank Policy	76.77	-	32.88	-
<u>Associates</u>					
Krung Thai IBJ Leasing Co., Ltd.	Normal Bank Policy	47.72	-	37.19	-
Krungthai Card Pcl.	Normal Bank Policy	297.70	-	918.41	-
KT Zmico Securities Co., Ltd.	Normal Bank Policy	39.29	199.29	71.61	-
Krungthai Panich Insurance Pcl.	Normal Bank Policy	78.77	-	143.51	-
Krungthai-AXA Life Insurance Pcl.	Normal Bank Policy	268.45	2,780.00	391.39	2,730.00

As at June 30, 2014 and December 31, 2013, the Bank has other benefits paid to authorized managements which are committed to employment contracts of Baht 127.38 million and Baht 102.55 million, respectively.

*As at June 30, 2014, the Bank has no common directors and common top managements.

**As at December 31, 2013, the Bank has no common directors and common top managements.

6.24.7 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 1,840.07 million and Baht 1,578.63 million for the six-month periods ended June 30, 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 six-month periods ended June 30, 2014 and 2013 amounting to Baht 81.68 million and Baht 107.75 million, respectively.

2) The Bank incurs service charges on its subsidiaries [including service charges mentioned in No.1)] for the six-month periods ended June 30, 2014 and 2013 amounting to Baht 3,512.50 million and Baht 3,152.74 million, respectively, at the agreed-upon rate.

3) The Bank generates fees income from service contracts for the six-month periods ended June 30, 2014 and 2013 amounting to Baht 119.45 million and Baht 144.64 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 six-month periods ended June 30, 2014 and 2013, the Bank generates premises rental income from associates of Baht 0.38 million and Baht 0.36 million at the agreed-upon rate.

2) For the six-month periods ended June 30, 2014 and 2013, the Bank generates fees income from supportive service contracts of Baht 938.81 million and Baht 739.52 million at the agreed-upon rate.

6.24.8 Sales of Investments to the Bank's Subsidiaries

On December 26, 2012, the Bank sold 25 percent of total issued shares in Krungthai Panich Insurance Pcl. (KPI) and 50 percent of total issued shares in Krungthai-AXA Life Insurance Pcl. (KTAL) to KTB Capital Holding Co., Ltd. amounting to book value of 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 KTBCB amounting to book value of Baht 5,158.90 million (Note 6.5.1).

The consolidated financial statements had been already eliminated intercompany transactions.

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

(Million Baht)

<u>Consolidated Financial Statements</u>						
	<u>June 30, 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	2,433,085.59	67,195.79	2,500,281.38	2,470,661.39	52,681.66	2,523,343.05
Interbank and money market items, net	316,857.97	29,291.53	346,149.50	417,740.60	30,831.63	448,572.23
Investments, net	252,572.97	641.18	253,214.15	241,182.13	600.94	241,783.07
Loans to customers and						
accrued interest receivables, net	1,718,619.55	24,481.82	1,743,101.37	1,632,986.29	20,944.25	1,653,930.54
Deposits	1,863,912.99	3,543.10	1,867,456.09	1,880,723.33	3,057.84	1,883,781.17
Interbank and money market items, net	193,276.01	16,995.41	210,271.42	183,633.11	17,356.16	200,989.27
Debt issued and borrowings	79,505.85	45,067.83	124,573.68	110,407.83	22,592.82	133,000.65

(Million Baht)

<u>The Bank's Financial Statements</u>						
	<u>June 30, 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	2,414,371.50	67,195.79	2,481,567.29	2,458,121.58	52,681.66	2,510,803.24
Interbank and money market items, net	316,743.46	29,291.53	346,034.99	417,613.70	30,831.63	448,445.33
Investments, net	249,169.75	641.18	249,810.93	235,167.36	600.94	235,768.30
Loans to customers and						
accrued interest receivables, net	1,715,523.79	24,481.82	1,740,005.61	1,638,358.02	20,944.25	1,659,302.27
Deposits	1,864,735.41	3,543.10	1,868,278.51	1,881,204.07	3,057.84	1,884,261.91
Interbank and money market items, net	191,806.23	16,995.41	208,801.64	182,016.32	17,356.16	199,372.48
Debt issued and borrowings	69,824.29	45,067.83	114,892.12	106,318.26	22,592.82	128,911.08

The consolidated and the Bank's financial statements as at June 30, 2014 and December 31, 2013, the Bank has total assets before eliminating net interbranch transactions of Baht 11,993.21 million and Baht 8,572.50 million, respectively.

6.25.2 Operations Classified by Business Segment

(Million Baht)

<u>Consolidated Financial Statements</u>						
	<u>June 30, 2014</u>			<u>June 30, 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	57,717.08	1,481.44	59,198.52	52,752.82	1,302.52	54,055.34
Interest expenses	(23,943.32)	(910.77)	(24,854.09)	(22,614.13)	(713.38)	(23,327.51)
Interest income, net	33,773.76	570.67	34,344.43	30,138.69	589.14	30,727.83
Fees and service income, net	7,892.12	137.70	8,029.82	7,752.57	84.60	7,837.17
Other operating income	5,776.66	23.94	5,800.60	5,350.12	2.88	5,353.00
Other operating expenses	(28,819.86)	(103.87)	(28,923.73)	(25,054.23)	(108.02)	(25,162.25)
Operating profit before income tax expenses	18,622.68	628.44	19,251.12	18,187.15	568.60	18,755.75

(Million Baht)

<u>The Bank's Financial Statements</u>						
	<u>June 30, 2014</u>			<u>June 30, 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	56,804.59	1,481.44	58,286.03	52,440.19	1,302.52	53,742.71
Interest expenses	(23,786.12)	(910.77)	(24,696.89)	(22,577.31)	(713.38)	(23,290.69)
Interest income, net	33,018.47	570.67	33,589.14	29,862.88	589.14	30,452.02
Fees and service income, net	7,405.92	137.70	7,543.62	7,246.25	84.60	7,330.85
Other operating income	4,387.80	23.94	4,411.74	3,389.08	2.88	3,391.96
Other operating expenses	(27,274.78)	(103.87)	(27,378.65)	(23,947.32)	(108.02)	(24,055.34)
Operating profit before income tax expenses	17,537.41	628.44	18,165.85	16,550.89	568.60	17,119.49

The consolidated and the Bank's financial statements for the six-month periods ended June 30, 2014 and 2013, the Bank has total interest income and interest expenses before eliminating net interbranch transactions of Baht 884.58 million and Baht 687.90 million, respectively.

6.26 Operations Classified by Operating Segment

Segment definition

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

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

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

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

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

Accounting policies for segment reporting

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

(Million Baht)

<u>Consolidated Financial Statements</u>						
<u>June 30, 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	24,755.57	19,669.90	4,885.41	(1,299.16)	163.13 ¹	48,174.85
Total expenses (excluding bad debts, doubtful accounts and loss on impairment)	(15,695.60)	(11,730.82)	(2,648.17)	(3,224.24)	8,181.84 ^{1,2}	(25,116.99)
Bad debts, doubtful accounts and loss on impairment	(2,728.07)	(1,962.89)	213.93	(2,663.83)	-	(7,140.86)
Net profit (loss)	6,331.90	5,976.19	2,451.17	(7,187.23)	8,344.97	15,917.00
Segment assets	722,234.64	1,166,730.30	339,662.77	263,258.20	(3,597.74) ³	2,488,288.17
Segment liabilities ⁴	1,393,778.24	512,128.22	237,923.75	149,673.78	(17,564.48) ³	2,275,939.51

6.26 Operations Classified by Operating Segment (Continued)

(Million Baht)

<u>Consolidated Financial Statements</u>						
<u>June 30, 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	26,172.08	13,852.14	2,963.55	1,607.50	(677.26) ¹	43,918.01
Total expenses (excluding bad debts, doubtful accounts and loss on impairment)	(17,050.70)	(9,449.35)	(2,026.80)	(3,222.33)	8,722.97 ^{1,2}	(23,026.21)
Bad debts, doubtful accounts and loss on impairment	(922.22)	335.81	48.47	(5,227.10)	-	(5,765.04)
Net profit (loss)	8,199.16	4,738.60	985.22	(6,841.93)	8,045.71	15,126.76
Segment assets	616,568.32	1,137,918.52	413,895.25	178,016.45	25,244.30 ³	2,371,642.84
Segment liabilities ⁴	1,786,642.29	620.27	227,752.61	151,535.70	14,056.63 ³	2,180,607.50

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.

6.27 Interest Income

(Million Baht)

	<u>Consolidated Financial Statements</u>		<u>The Bank's Financial Statements</u>	
	<u>June 30, 2014</u>	<u>June 30, 2013</u>	<u>June 30, 2014</u>	<u>June 30, 2013</u>
Interbank and money market items	7,247.29	6,478.81	7,246.26	6,478.25
Investment and trading transactions	86.69	121.47	86.69	120.49
Investment in debt	3,598.67	3,152.17	3,597.10	3,152.17
Loans	45,437.42	42,293.73	46,446.71	43,258.70
Hire-purchase and finance lease	1,935.82	1,313.09	16.64	37.03
Others	8.05	8.17	8.05	8.17
Total interest income	58,313.94	53,367.44	57,401.45	53,054.81

6.28 Interest Expenses

(Million Baht)

	<u>Consolidated Financial Statements</u>		<u>The Bank's Financial Statements</u>	
	<u>June 30, 2014</u>	<u>June 30, 2013</u>	<u>June 30, 2014</u>	<u>June 30, 2013</u>
Deposits	15,752.77	13,590.02	15,757.22	13,592.29
Interbank and money market items	1,313.03	1,872.88	1,155.12	1,873.10
Contributions to Bank of Thailand (BoT)*	4,490.73	3,925.44	4,490.73	3,925.44
Contributions to Deposit Protection Agency (DPA)**	96.88	85.57	96.88	85.57
Debt issued				
- Subordinated notes	1,800.34	2,098.00	1,800.34	2,098.00
- B/E	462.67	968.78	462.67	968.78
Borrowings	51.54	96.90	47.80	57.59
Others	1.55	2.02	1.55	2.02
Total interest expenses	23,969.51	22,639.61	23,812.31	22,602.79

*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.

6.29 Fees and Service Income, Net

(Million Baht)

	<u>Consolidated Financial Statements</u>		<u>The Bank's Financial Statements</u>	
	<u>June 30, 2014</u>	<u>June 30, 2013</u>	<u>June 30, 2014</u>	<u>June 30, 2013</u>
Fees and service income				
- Acceptance, aval and guarantee	783.48	788.57	783.48	788.57
- Others	8,122.89	7,813.73	7,707.05	7,400.84
Total fees and service income	8,906.37	8,602.30	8,490.53	8,189.41
Fees and service expenses	(876.55)	(765.13)	(946.91)	(858.56)
Fees and service income, net	8,029.82	7,837.17	7,543.62	7,330.85

6.30 Gains on Tradings and Foreign Exchange Transactions, Net

(Million Baht)

	<u>Consolidated Financial Statements</u>		<u>The Bank's Financial Statements</u>	
	<u>June 30, 2014</u>	<u>June 30, 2013</u>	<u>June 30, 2014</u>	<u>June 30, 2013</u>
Gains (losses) on Tradings and Foreign Exchange Transactions				
- Foreign currency and derivatives on foreign exchange rate	1,675.78	1,834.55	1,688.39	1,836.09
- Derivatives on interest rate	544.01	206.51	539.98	206.51
- Debt securities	156.42	(5.17)	156.42	(5.17)
- Equity securities	10.22	9.34	10.22	9.34
- Others	13.79	22.39	13.79	22.39
Total gains on tradings and foreign exchange transactions, net	2,400.22	2,067.62	2,408.80	2,069.16

6.31 Gains (Losses) on Investments, Net

(Million Baht)

	<u>Consolidated Financial Statements</u>		<u>The Bank's Financial Statements</u>	
	<u>June 30, 2014</u>	<u>June 30, 2013</u>	<u>June 30, 2014</u>	<u>June 30, 2013</u>
Gains (losses) on sale of				
- Available-for-sale securities	202.28	449.78	202.28	449.78
- General investments	10.04	1.75	10.04	1.75
Total	212.32	451.53	212.32	451.53
Reverse (losses) on impairment of				
- Available-for-sale securities	70.26	-	70.26	-
- General investments	(18.78)	(1,084.87)	(18.78)	(1,084.87)
- Investment in subsidiaries and associates	-	-	34.89	(0.49)
Total	51.48	(1,084.87)	86.37	(1,085.36)
Total gains (losses) on investments, net	263.80	(633.34)	298.69	(633.83)

6.32 Bad Debts, Doubtful Accounts, and Loss on Impairment

(Million Baht)

	<u>Consolidated Financial Statements</u>		<u>The Bank's Financial Statements</u>	
	<u>June 30, 2014</u>	<u>June 30, 2013</u>	<u>June 30, 2014</u>	<u>June 30, 2013</u>
Interbank and money market items	(197.63)	125.34	(197.63)	125.34
Loans to customers	7,338.49	5,639.70	6,797.63	5,374.66
Total bad debts, doubtful accounts, and loss on impairment	7,140.86	5,765.04	6,600.00	5,500.00

6.33 Income Tax Expenses

Income tax expenses that are realized in profit or losses for the six-month periods ended June 30, 2014 and 2013 are as follows

	(Million Baht)			
	<u>Consolidated Financial Statements</u>		<u>The Bank's Financial Statements</u>	
	<u>June 30, 2014</u>	<u>June 30, 2013</u>	<u>June 30, 2014</u>	<u>June 30, 2013</u>
Current Tax				
Current period	3,772.77	3,852.49	3,627.30	3,797.24
Deferred Tax				
Movement in temporary differences	(438.64)	(223.50)	(398.28)	(244.18)
Total	<u>3,334.13</u>	<u>3,628.99</u>	<u>3,229.02</u>	<u>3,553.06</u>

Reconciliation of effective tax rates for the six-month periods ended June 30, 2014 and 2013 are as follows:

	(Million Baht)			
	<u>Consolidated Financial Statements</u>			
	<u>June 30, 2014</u>		<u>June 30, 2013</u>	
	<u>Tax Rate</u>	<u>Amount</u>	<u>Tax Rate</u>	<u>Amount</u>
Operating profit before income tax expenses		19,251.12		18,755.75
Income tax calculated statutory tax rates	20.00%	3,850.22	20.00%	3,751.15
Tax effects of income and expenses				
that are not taxable and deductible for tax purposes, net		(516.09)		(122.16)
Total	17.32%	<u>3,334.13</u>	19.35%	<u>3,628.99</u>

	(Million Baht)			
	<u>The Bank's Financial Statements</u>			
	<u>June 30, 2014</u>		<u>June 30, 2013</u>	
	<u>Tax Rate</u>	<u>Amount</u>	<u>Tax Rate</u>	<u>Amount</u>
Operating profit before income tax expenses		18,165.85		17,119.49
Income tax calculated statutory tax rates	20.00%	3,633.17	20.00%	3,423.90
Tax effects of income and expenses				
that are not taxable and deductible for tax purposes, net		(404.15)		129.16
Total	17.78%	<u>3,229.02</u>	20.75%	<u>3,553.06</u>

6.34 Components of Other Comprehensive Income and Related Taxes

Components of other comprehensive income and related taxes for the six-month periods ended June 30, 2014 and 2013.

(Million Baht)

<u>Consolidated Financial Statements</u>						
	<u>June 30, 2014</u>			<u>June 30, 2013</u>		
	Amount	Benefit	Net of	Amount	Benefit	Net of
	<u>before Tax</u>	<u>(Expense) Tax</u>	<u>Tax</u>	<u>before Tax</u>	<u>(Expense) Tax</u>	<u>Tax</u>
Changes in revaluation surplus on assets	-	-	-	(1.62)	0.32	(1.30)
Gains on remeasuring available-for-sale investments	2,378.91	(475.78)	1,903.13	340.60	(68.12)	272.48
Gains (losses) arising from translating the						
financial statements of foreign operations	(36.51)	-	(36.51)	44.92	(1.20)	43.72
Actuarial losses on defined benefit plans* (Note 6.17)	(641.22)	128.24	(512.98)	(166.33)	33.26	(133.07)
Share of other comprehensive income from associates	1,292.35	-	1,292.35	(968.68)	-	(968.68)
Other comprehensive income	2,993.53	(347.54)	2,645.99	(751.11)	(35.74)	(786.85)

(Million Baht)

<u>The Bank's Financial Statements</u>						
	<u>June 30, 2014</u>			<u>June 30, 2013</u>		
	Amount	Benefit	Net of	Amount	Benefit	Net of
	<u>before Tax</u>	<u>(Expense) Tax</u>	<u>Tax</u>	<u>before Tax</u>	<u>(Expense) Tax</u>	<u>Tax</u>
Changes in revaluation surplus on assets	-	-	-	(1.62)	0.32	(1.30)
Gains on remeasuring available-for-sale investments	2,378.91	(475.78)	1,903.13	340.60	(68.12)	272.48
Gains (losses) arising from translating the						
financial statements of foreign operations	(36.51)	-	(36.51)	44.92	(1.20)	43.72
Actuarial losses on defined benefit plans* (Note 6.17)	(657.90)	131.58	(526.32)	(165.29)	33.06	(132.23)
Other comprehensive income	1,684.50	(344.20)	1,340.30	218.61	(35.94)	182.67

*Recorded in retained earnings

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

TAMC was established under the Emergency Decree on Thai Asset Management Corporation B.E. 2544 (2001) with an objective to manage impaired assets of financial institutions by acquisition of impaired assets of financial institutions 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 June 30, 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 supreme court considering. As at June 30, 2014 and December 31, 2013, TAMC has amount due to the Bank of Baht 3,375.25 million and Baht 3,388.20 million, respectively. The 9 promissory notes were issued to the Bank and recorded under held-to-maturity investments (Note 6.4). As at June 30, 2014, the Bank recorded accrued interest receivables at Baht 40.67 million.

As at June 30, 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 (Note 6.17).

6.36 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 6.5), in terms of common standards and procedures which conform to the BoT's consolidated supervision policy. The policies are approved by the Bank's board of directors and reviewed at least once a year. The policies also include operations, rules and regulations of business transactions, ratio of business transactions within the financial business group, and other related operating procedures. The operations within the group are conducted in the same manner as public operations and follow the Bank's corporate governance.

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

6.37 Others

6.37.1 The Bank has a debtor prosecuted to the Supreme Court's Criminal Division for Person Holding Political Positions by the Office of the Attorney General. The Supreme Court issued the order of acceptance on July 25, 2012. This debtor has granted credit limit on December 9, 2003 of Baht 9,900 million which has been drawn down amounting to Baht 8,368.73 million. As at June 30, 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 (Note 6.13).

6.37.2 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.

6.38 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

6.39 Approval of the Financial Statements

These financial statements have been authorized to issue by the Board of Directors on August 27, 2014.
