



Ref. KTB.FIR. 2701 /2015

November 16 , 2015

Singapore Exchange Securities Trading Limited

2 Shenton Way

#19-00 SGX Centre 1

Singapore 068804

Attn: Market Control Department

Dear Sir,

Re : Submission of the Financial Statements

Krung Thai Bank Public Company Limited ("The Bank") hereby submits the reviewed financial statements of the Bank and its subsidiaries for the three-month period and the nine-month period ended September 30, 2015 together with the operating performance as follows:

The Bank and its subsidiaries' operating results for the three-month period ended September 30, 2015 show the net interest income of Bt.19,235m, an increase of Bt.791m or 4.29% over the Bt.18,444m of the corresponding period of 2014. Net profit before income tax and allowance for doubtful accounts of Bt.17,041m, shows an increase of Bt.1,438m or 9.22% over the Bt.15,603m of the corresponding period of 2014. After deducting income tax and allowance for doubtful accounts of Bt.11,442m, net profit is Bt.5,599m, shows a decrease of Bt.3,911m or 41.13% over the Bt.9,510m of the corresponding period of 2014. Net profit Equity holders of the Bank is Bt.5,347m, shows a decrease of Bt.3,908m or 42.23% over the Bt.9,255m of the corresponding period of 2014.

The Bank and its subsidiaries' operating results for the nine-month period ended September 30, 2015 show the net interest income of Bt.59,469m, an increase of Bt.1,862m or 3.23% over the Bt.57,607m of the corresponding period of 2014. Net profit before income tax and allowance for doubtful accounts of Bt.48,420m, shows an increase of Bt.3,335m or 7.40% over the Bt.45,085m of the corresponding period of 2014. After deducting income tax and allowance for doubtful accounts of Bt.25,918m, net profit is Bt.22,502m, shows a decrease of Bt.3,343m or 12.93% over the Bt.25,845m of the corresponding period of 2014. Net profit Equity holders of the Bank is Bt.21,724m, shows a decrease of Bt.3,448m or 13.70% over the Bt.25,172m of the corresponding period of 2014.

The Bank and its subsidiaries' gross non-performing loans (NPLs) as at September 30, 2015 are Bt.91,532m, show an increase of Bt.34,043m or 59.22% from Bt.57,489m as at December 31, 2014. The ratio of NPLs to loans increased to 4.03% compared with 2.41% as at December 31, 2014.

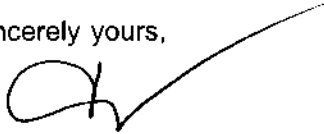
2 / Net non-performing loans (NPLs)...

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Net non-performing loans (NPLs) are Bt.40,384m or 1.82%. For the nine-month ended September 30, 2015, the Bank and its subsidiaries have set aside allowance for doubtful accounts and loss on impairment of Bt.21,692m, show an increase of Bt.8,108m or 59.69% over the corresponding period of 2014. In 3Q2015, the Bank set aside additional provision for bad debts, doubtful accounts and loss on impairment of Bt.6,700m, for the 2 corporate clients in Steel Industry and for some of increased non-performing loans from SME and retail debtors, in order to maintain coverage ratio above 100%.

Please be advised accordingly.

Sincerely yours,



Vorapak Tanyawong

President

(TRANSLATION)

Auditor's Report on Review of Interim Financial Information

To the Shareholders of Krung Thai Bank Public Company Limited

The Office of the Auditor General of Thailand has reviewed the accompanying consolidated and the Bank's statements of financial position as at September 30, 2015 and the related consolidated and the Bank's statements of comprehensive income for the three-month and nine-month periods ended September 30, 2015, the related consolidated and the Bank's statements of changes in equity and cash flows for the nine-month period ended September 30, 2015 and the condensed notes to interim financial statements of Krung Thai Bank Public Company Limited and its subsidiaries, and of Krung Thai Bank Public Company Limited, respectively. The Bank's management is responsible for the preparation and presentation of this interim financial information in accordance with Thai Accounting Standard No. 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 Review

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

Conclusion

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

(Signed) *Yupin Chalanonniwat*

(Mrs. Yupin Chalanonniwat)

Regional Inspector General No.1

Acting Inspector General 1

(Signed) *Ratchanee Chohnakijkul*

(Ms. Ratchanee Chohnakijkul)

Director of Financial Audit Office No.2

สำนักงานการตรวจเงินแผ่นดิน

Office of the Auditor General

November 12, 2015

KRUNG THAI BANK PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
STATEMENTS OF FINANCIAL POSITION
AS AT 30 SEPTEMBER, 2015

(Thousand Baht)

	NOTE	CONSOLIDATED			THE BANK'S		
		FINANCIAL STATEMENTS			FINANCIAL STATEMENTS		
		SEPTEMBER 30, 2015	DECEMBER 31, 2014	JANUARY 1, 2014	SEPTEMBER 30, 2015	DECEMBER 31, 2014	JANUARY 1, 2014
		(UNAUDITED/ REVIEWED)	(RESTATED)	(BROUGHT FORWARD) (RESTATED)	(UNAUDITED/ REVIEWED)	(AUDITED)	(BROUGHT FORWARD)
ASSETS							
CASH		55,408,870	74,769,982	51,148,722	55,311,059	74,585,231	50,687,465
INTERBANK AND MONEY MARKET ITEMS, NET		333,159,226	456,721,172	448,818,118	332,946,737	456,436,877	448,445,334
CLAIMS ON SECURITIES		2,143,500	13,215,000	-	2,143,500	13,215,000	-
DERIVATIVES ASSETS	6.2	45,259,944	16,042,974	21,310,251	45,323,654	16,108,055	21,335,305
INVESTMENTS, NET	6.3	295,137,559	245,368,861	230,593,981	294,868,499	245,108,718	230,398,733
INVESTMENTS IN SUBSIDIARIES AND ASSOCIATES, NET	6.4	12,921,022	13,126,050	8,179,413	10,664,593	11,463,358	5,369,563
LOANS TO CUSTOMERS AND ACCRUED INTEREST RECEIVABLES, NET	6.5						
LOANS TO CUSTOMERS		1,990,367,192	1,960,740,862	1,769,942,098	1,932,164,938	1,900,767,273	1,715,679,231
ACCRUED INTEREST RECEIVABLES		3,245,648	5,190,813	4,647,126	3,252,933	5,202,824	4,775,672
TOTAL LOANS TO CUSTOMERS AND ACCRUED INTEREST RECEIVABLES		1,993,612,840	1,965,931,675	1,774,589,224	1,935,417,871	1,905,970,097	1,720,454,903
LESS DEFERRED REVENUE		(6,298,548)	(7,744,820)	(7,643,919)	(230,123)	(120,492)	(175,334)
LESS ALLOWANCE FOR DOUBTFUL ACCOUNTS	6.6	(93,697,692)	(75,907,427)	(66,170,463)	(85,225,566)	(68,369,680)	(60,847,080)
LESS REVALUATION ALLOWANCE FOR DEBT RESTRUCTURING	6.7	(119,938)	(113,222)	(130,221)	(119,938)	(113,222)	(130,221)
TOTAL LOANS TO CUSTOMERS AND ACCRUED INTEREST RECEIVABLES, NET		1,893,496,662	1,882,166,206	1,700,644,621	1,849,842,244	1,837,366,703	1,659,302,268
CUSTOMERS' LIABILITIES UNDER ACCEPTANCES		2,180,780	1,909,763	3,121,789	2,180,780	1,909,763	3,121,789
PROPERTIES FOR SALE, NET	6.8	30,161,282	30,733,269	30,661,019	30,042,916	30,486,612	30,386,602
PREMISES AND EQUIPMENT, NET		26,778,722	28,115,773	27,243,423	21,443,116	21,559,347	21,350,942
OTHER INTANGIBLE ASSETS, NET		4,724,045	4,692,950	4,293,318	1,098,613	905,412	637,399
DEFERRED TAX ASSETS	6.9	6,924,540	5,690,072	5,342,779	4,941,413	3,892,134	3,719,681
ACCRUED INCOME		6,160,671	4,637,956	4,374,111	5,952,255	4,429,265	4,092,263
OTHER ASSETS, NET		15,701,368	11,952,542	18,067,773	13,331,320	9,683,916	15,445,545
TOTAL ASSETS		2,730,158,191	2,789,142,570	2,553,799,318	2,670,090,699	2,727,150,391	2,494,292,889
LIABILITIES AND EQUITY							
DEPOSITS		2,072,760,082	2,151,268,250	1,882,862,755	2,074,475,317	2,152,553,446	1,884,261,913
INTERBANK AND MONEY MARKET ITEMS, NET		161,888,933	167,214,934	206,189,265	145,709,757	160,774,651	199,372,480
LIABILITIES PAYABLE ON DEMAND		4,880,246	5,107,990	5,695,007	4,880,246	5,107,990	5,695,007
LIABILITIES TO DELIVER SECURITIES		2,143,500	13,215,000	-	2,143,500	13,215,000	-
DERIVATIVES LIABILITIES	6.2	52,109,249	16,245,258	24,544,712	52,111,123	16,245,513	24,544,712
DEBT ISSUED AND BORROWINGS	6.10	118,366,784	140,970,903	167,208,853	92,019,427	103,611,501	128,911,083
BANK'S LIABILITIES UNDER ACCEPTANCES		2,180,780	1,909,763	3,121,789	2,180,780	1,909,763	3,121,789
PROVISIONS		14,781,829	14,241,006	14,471,933	13,987,668	13,443,285	13,732,153
DEFERRED TAX LIABILITIES		-	-	182,682	-	-	-
OTHER LIABILITIES		57,969,344	43,102,818	40,334,116	52,691,062	36,436,572	32,478,952
TOTAL LIABILITIES		2,487,080,747	2,553,275,922	2,344,611,112	2,440,198,880	2,503,297,721	2,292,118,089

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

KRUNG THAI BANK PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
STATEMENTS OF FINANCIAL POSITION (CONTINUED)
AS AT 30 SEPTEMBER, 2015

(Thousand Baht)						
	NOTE	CONSOLIDATED			THE BANK'S	
		FINANCIAL STATEMENTS			FINANCIAL STATEMENTS	
		SEPTEMBER 30, 2015	DECEMBER 31, 2014	JANUARY 1, 2014	SEPTEMBER 30, 2015	DECEMBER 31, 2014
		(UNAUDITED/ REVIEWED)	(RESTATED)	(BROUGHT FORWARD) (RESTATED)	(UNAUDITED/ REVIEWED)	(AUDITED) (BROUGHT FORWARD)
LIABILITIES AND EQUITY (CONTINUED)						
EQUITY						
SHARE CAPITAL	6.11					
AUTHORIZED SHARE CAPITAL						
5,500,000 PREFERRED SHARES OF BAHT 5.15 EACH		28,325	28,325	28,325	28,325	28,325
13,976,061,250 ORDINARY SHARES OF BAHT 5.15 EACH		71,976,715	71,976,715	71,976,715	71,976,715	71,976,715
ISSUED AND PAID-UP SHARE CAPITAL						
5,500,000 PREFERRED SHARES OF BAHT 5.15 EACH		28,325	28,325	28,325	28,325	28,325
13,976,061,250 ORDINARY SHARES OF BAHT 5.15 EACH		71,976,715	71,976,715	71,976,715	71,976,715	71,976,715
PREMIUM ON SHARE CAPITAL						
PREMIUM ON ORDINARY SHARE		20,833,734	20,833,734	20,833,734	20,833,734	20,833,734
OTHER COMPONENTS OF EQUITY		10,592,259	12,443,158	6,738,638	7,525,009	9,206,832
RETAINED EARNINGS						
APPROPRIATED						
LEGAL RESERVE	6.12	7,200,504	7,200,504	7,200,504	7,200,504	7,200,504
UNAPPROPRIATED		128,302,124	119,659,819	99,312,372	122,327,532	114,606,560
TOTAL EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE BANK		238,933,661	232,142,255	206,090,288	229,891,819	202,174,800
NON-CONTROLLING INTEREST		4,143,783	3,724,393	3,097,918		
TOTAL EQUITY		243,077,444	235,866,648	209,188,206	229,891,819	202,174,800
TOTAL LIABILITIES AND EQUITY		2,730,158,191	2,789,142,570	2,553,799,318	2,670,090,699	2,494,292,889

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

(Signed) Kittipong Kittayarak
KITTIPONG KITTAYARAK
 CHAIRMAN OF THE AUDIT COMMITTEE

(Signed) Vorapak Tanyawong
VORAPAK TANYAWONG
 PRESIDENT

KRUNG THAI BANK PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
STATEMENTS OF COMPREHENSIVE INCOME
FOR THE THREE-MONTH PERIOD ENDED SEPTEMBER 30, 2015

	NOTE	CONSOLIDATED		THE BANK'S	
		FINANCIAL STATEMENTS		FINANCIAL STATEMENTS	
		2015	2014	2015	2014
		(UNAUDITED/ REVIEWED)	(RESTATED)	(UNAUDITED/ REVIEWED)	(UNAUDITED/ REVIEWED)
INTEREST INCOME		31,791,237	31,020,534	29,955,852	29,091,908
INTEREST EXPENSES		12,556,287	12,576,759	12,157,744	12,054,597
INTEREST INCOME, NET		19,234,950	18,443,775	17,798,108	17,037,311
FEES AND SERVICE INCOME		7,470,099	6,187,840	5,231,861	4,204,075
FEES AND SERVICE EXPENSES		709,520	564,424	539,802	416,210
FEES AND SERVICE INCOME, NET		6,760,579	5,623,416	4,692,059	3,787,865
GAINS ON TRADINGS AND FOREIGN EXCHANGE TRANSACTIONS, NET		1,688,026	1,136,854	1,692,992	1,189,163
GAINS (LOSSES) ON INVESTMENTS, NET		27,359	11,345	(279,942)	11,345
SHARE OF PROFIT FROM INVESTMENTS FOR USING EQUITY METHOD		508,700	797,251	-	-
DIVIDEND INCOME		97,832	80,854	2,197,832	930,354
OTHER OPERATING INCOME		956,738	922,643	287,176	276,125
TOTAL OPERATING INCOME		29,274,184	27,016,138	26,388,225	23,232,163
OTHER OPERATING EXPENSES					
EMPLOYEES' EXPENSES		6,548,134	6,162,003	5,308,958	4,903,153
DIRECTORS' REMUNERATION		13,772	12,492	8,516	6,670
PREMISES AND EQUIPMENT EXPENSES		2,291,167	2,194,360	1,302,170	1,235,588
TAXES AND DUTIES		1,255,775	1,116,086	1,151,719	1,016,733
OTHERS		2,124,044	1,928,154	2,680,288	2,594,258
TOTAL OTHER OPERATING EXPENSES		12,232,892	11,413,095	10,451,651	9,756,402
BAD DEBTS, DOUBTFUL ACCOUNTS AND LOSS ON IMPAIRMENT		10,452,782	3,982,852	8,800,000	2,100,000
OPERATING PROFIT BEFORE INCOME TAX EXPENSES		6,588,510	11,620,191	7,136,574	11,375,761
INCOME TAX EXPENSES		989,513	2,110,163	845,406	2,041,168
NET PROFIT		5,598,997	9,510,028	6,291,168	9,334,593

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 SEPTEMBER 30, 2015

	(Thousand Baht)				
	NOTE	CONSOLIDATED		THE BANK'S	
		FINANCIAL STATEMENTS		FINANCIAL STATEMENTS	
		2015	2014	2015	2014
		(UNAUDITED/ REVIEWED)	(RESTATED)	(UNAUDITED/ REVIEWED)	(UNAUDITED/ REVIEWED)
OTHER COMPREHENSIVE INCOME					
ITEMS THAT MUST BE RECLASSIFIED SUBSEQUENTLY TO PROFIT OR LOSS					
GAINS (LOSSES) ON REMEASURING AVAILABLE-FOR-SALE INVESTMENTS		(2,054,385)	1,371,078	(2,054,385)	1,371,078
GAINS (LOSSES) ARISING FROM TRANSLATING THE FINANCIAL STATEMENTS OF FOREIGN OPERATIONS		(37,576)	14,655	(37,576)	14,655
SHARE OF OTHER COMPREHENSIVE INCOME FROM ASSOCIATES		141,510	875,263	-	-
RELATED INCOME TAX EXPENSES		410,877	(274,215)	410,877	(274,215)
ITEMS THAT MUST NOT BE RECLASSIFIED SUBSEQUENTLY TO PROFIT OR LOSS					
ACTUARIAL LOSSES ON DEFINED BENEFIT PLANS		(438,845)	(391)	(354,759)	-
RELATED INCOME TAX EXPENSES		87,769	78	70,953	-
OTHER COMPREHENSIVE INCOME, NET		(1,890,650)	1,986,468	(1,964,890)	1,111,518
TOTAL COMPREHENSIVE INCOME		3,708,347	11,496,496	4,326,278	10,446,111
NET PROFIT ATTRIBUTABLE					
EQUITY HOLDERS OF THE BANK		5,346,867	9,255,232	6,291,168	9,334,593
NON-CONTROLLING INTEREST		252,130	254,796		
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE					
EQUITY HOLDERS OF THE BANK		3,456,217	11,241,700	4,326,278	10,446,111
NON-CONTROLLING INTEREST		252,130	254,796		
EARNINGS PER SHARE OF PARENT COMPANY					
BASIC EARNINGS PER SHARE (BAHT)		0.38	0.66	0.45	0.67
DILUTED EARNINGS PER SHARE (BAHT)		0.38	0.66	0.45	0.67

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

(Signed) Kittipong Kittayarak
KITTIPONG KITTAYARAK
CHAIRMAN OF THE AUDIT COMMITTEE

(Signed) Vorapak Tanyawong
VORAPAK TANYAWONG
PRESIDENT

(TRANSLATION)

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KRUNG THAI BANK PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
STATEMENTS OF COMPREHENSIVE INCOME
FOR THE NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2015

		(Thousand Baht)			
	NOTE	CONSOLIDATED		THE BANK'S	
		FINANCIAL STATEMENTS		FINANCIAL STATEMENTS	
		2015	2014	2015	2014
		(UNAUDITED/ REVIEWED)	(RESTATED)	(UNAUDITED/ REVIEWED)	(UNAUDITED/ REVIEWED)
INTEREST INCOME	6.19	98,776,577	95,022,747	89,917,990	86,493,357
INTEREST EXPENSES	6.20	39,307,680	37,415,298	38,044,465	35,866,904
INTEREST INCOME, NET		59,468,897	57,607,449	51,873,525	50,626,453
FEES AND SERVICE INCOME		17,796,871	15,440,603	14,689,517	12,694,609
FEES AND SERVICE EXPENSES		2,099,211	1,738,239	1,632,599	1,363,127
FEES AND SERVICE INCOME, NET		15,697,660	13,702,364	13,056,918	11,331,482
GAINS ON TRADINGS AND FOREIGN EXCHANGE TRANSACTIONS, NET		4,694,829	3,537,077	4,734,613	3,597,958
GAINS (LOSSES) ON INVESTMENTS, NET		632,894	275,146	(165,871)	310,036
SHARE OF PROFIT FROM INVESTMENTS FOR USING EQUITY METHOD		2,352,954	2,094,676	-	-
DIVIDEND INCOME		350,510	299,839	3,409,630	2,025,218
OTHER OPERATING INCOME		2,711,163	2,874,899	696,522	885,517
TOTAL OPERATING INCOME		85,908,907	80,391,450	73,605,337	68,776,664
OTHER OPERATING EXPENSES					
EMPLOYEES' EXPENSES		20,912,473	19,923,065	17,027,256	16,102,410
DIRECTORS' REMUNERATION		100,675	98,193	73,737	71,907
PREMISES AND EQUIPMENT EXPENSES		6,851,029	6,384,181	3,794,539	3,663,579
TAXES AND DUTIES		3,774,653	3,371,167	3,478,785	3,078,074
OTHERS		5,849,789	5,529,402	8,015,041	7,619,087
TOTAL OTHER OPERATING EXPENSES		37,488,619	35,306,008	32,389,358	30,535,057
BAD DEBTS, DOUBTFUL ACCOUNTS AND LOSS ON IMPAIRMENT		21,692,501	13,584,550	16,600,000	8,700,000
OPERATING PROFIT BEFORE INCOME TAX EXPENSES		26,727,787	31,500,892	24,615,979	29,541,607
INCOME TAX EXPENSES	6.21	4,226,005	5,656,205	3,818,007	5,270,188
NET PROFIT		22,501,782	25,844,687	20,797,972	24,271,419

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 NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2015

	NOTE	(Thousand Baht)			
		CONSOLIDATED		THE BANK'S	
		FINANCIAL STATEMENTS		FINANCIAL STATEMENTS	
		2015	2014	2015	2014
		(UNAUDITED/ REVIEWED)	(RESTATED)	(UNAUDITED/ REVIEWED)	(UNAUDITED/ REVIEWED)
OTHER COMPREHENSIVE INCOME					
ITEMS THAT MUST BE RECLASSIFIED SUBSEQUENTLY TO PROFIT OR LOSS					
GAINS (LOSSES) ON REMEASURING AVAILABLE-FOR-SALE INVESTMENTS		(2,067,433)	3,749,985	(2,067,433)	3,749,985
LOSSES ARISING FROM TRANSLATING THE FINANCIAL STATEMENTS OF FOREIGN OPERATIONS		(25,154)	(21,849)	(25,154)	(21,849)
SHARE OF OTHER COMPREHENSIVE INCOME FROM ASSOCIATES		(169,077)	2,167,608	-	-
RELATED INCOME TAX EXPENSES		413,487	(749,997)	413,487	(749,997)
ITEMS THAT MUST NOT BE RECLASSIFIED SUBSEQUENTLY TO PROFIT OR LOSS					
CHANGES IN REVALUATION SURPLUS ON ASSETS		(3,403)	-	(3,403)	-
ACTUARIAL LOSSES ON DEFINED BENEFIT PLANS		(375,414)	(641,609)	(369,018)	(657,904)
RELATED INCOME TAX EXPENSES		75,763	128,322	74,485	131,581
OTHER COMPREHENSIVE INCOME, NET		(2,151,231)	4,632,460	(1,977,036)	2,451,816
TOTAL COMPREHENSIVE INCOME		20,350,551	30,477,147	18,820,936	26,723,235
NET PROFIT ATTRIBUTABLE					
EQUITY HOLDERS OF THE BANK		21,724,424	25,172,223	20,797,972	24,271,419
NON-CONTROLLING INTEREST		777,358	672,464		
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE					
EQUITY HOLDERS OF THE BANK		19,573,193	29,804,683	18,820,936	26,723,235
NON-CONTROLLING INTEREST		777,358	672,464		
EARNINGS PER SHARE OF PARENT COMPANY					
BASIC EARNINGS PER SHARE (BAHT)		1.55	1.80	1.49	1.74
DILUTED EARNINGS PER SHARE (BAHT)		1.55	1.80	1.49	1.74

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

(Signed) Kittipong Kittayarak
KITTIPONG KITTAYARAK
CHAIRMAN OF THE AUDIT COMMITTEE

(Signed) Vorapak Tanyawong
VORAPAK TANYAWONG
PRESIDENT

(TRANSLATION)

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KRUNG THAI BANK PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

STATEMENTS OF CHANGES IN EQUITY

FOR THE NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2015

UNAUDITED/
REVIEWED

(Thousand Baht)

CONSOLIDATED FINANCIAL STATEMENTS										
		ATTRIBUTABLE TO EQUITY HOLDERS OF THE BANK						NON-	TOTAL	
	NOTE	ISSUED AND	PREMIUM	OTHER COMPONENTS OF EQUITY			RETAINED	TOTAL EQUITY	CONTROLLING	
		PAID-UP	ON	APPRAISAL	REVALUATION	GAIN (LOSS) FROM	EARNINGS	ATTRIBUTABLE	INTEREST	
		SHARE	SHARE	SURPLUS	SURPLUS	TRANSLATING		TO EQUITY		
		CAPITAL	CAPITAL	(DEFICIT)	(DEFICIT)	THE FINANCIAL		HOLDERS OF		
				ON ASSETS	ON INVESTMENTS	STATEMENTS		THE BANK		
BEGINNING BALANCE AS AT JANUARY 1, 2014 (BEFORE RESTATED)		72,005,040	20,833,734	6,347,639	337,852	53,147	106,512,876	206,090,288	1	206,090,289
EFFECT FROM TFRS 10 CONSOLIDATED FINANCIAL STATEMENTS	2.3.1	-	-	-	-	-	-	-	3,097,917	3,097,917
BALANCE AFTER ADJUSTMENT AS AT JANUARY 1, 2014		72,005,040	20,833,734	6,347,639	337,852	53,147	106,512,876	206,090,288	3,097,918	209,188,206
DIVIDEND PAID		-	-	-	-	-	(12,304,624)	(12,304,624)	(260,667)	(12,565,291)
TOTAL COMPREHENSIVE INCOME		-	-	-	5,167,596	(21,849)	24,658,936	29,804,683	672,464	30,477,147
ENDING BALANCE AS AT SEPTEMBER 30, 2014		72,005,040	20,833,734	6,347,639	5,505,448	31,298	118,867,188	223,590,347	3,509,715	227,100,062
BEGINNING BALANCE AS AT DECEMBER 31, 2014 (BEFORE RESTATED)		72,005,040	20,833,734	6,347,639	6,062,309	33,210	126,860,323	232,142,255	8	232,142,263
EFFECT FROM TFRS 10 CONSOLIDATED FINANCIAL STATEMENTS	2.3.1	-	-	-	-	-	-	-	3,724,385	3,724,385
BALANCE AFTER ADJUSTMENT AS AT DECEMBER 31, 2014		72,005,040	20,833,734	6,347,639	6,062,309	33,210	126,860,323	232,142,255	3,724,393	235,866,648
EFFECT FROM TFRS 13 FAIR VALUE MEASUREMENT	2.3.2	-	-	-	-	-	(197,533)	(197,533)	-	(197,533)
BALANCE AFTER ADJUSTMENT AS AT JANUARY 1, 2015		72,005,040	20,833,734	6,347,639	6,062,309	33,210	126,662,790	231,944,722	3,724,393	235,669,115
DIVIDEND PAID		-	-	-	-	-	(12,584,254)	(12,584,254)	(357,968)	(12,942,222)
TOTAL COMPREHENSIVE INCOME		-	-	(2,723)	(1,823,022)	(25,154)	21,424,092	19,573,193	777,358	20,350,551
ENDING BALANCE AS AT SEPTEMBER 30, 2015		72,005,040	20,833,734	6,344,916	4,239,287	8,056	135,502,628	238,933,661	4,143,783	243,077,444

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

KRUNG THAI BANK PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

STATEMENTS OF CHANGES IN EQUITY

FOR THE NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2015

UNAUDITED/
REVIEWED

(Thousand Baht)

THE BANK'S FINANCIAL STATEMENTS							
NOTE	ISSUED AND	PREMIUM	OTHER COMPONENTS OF EQUITY			RETAINED	TOTAL
	PAID-UP	ON	APPRAISAL	REVALUATION	GAIN (LOSS) FROM	EARNINGS	
	SHARE	SHARE	SURPLUS	SURPLUS	TRANSLATING		
	CAPITAL	CAPITAL	(DEFICIT)	(DEFICIT)	THE FINANCIAL		
			ON ASSETS	ON INVESTMENTS	STATEMENTS		
BEGINNING BALANCE AS AT JANUARY 1, 2014	72,005,040	20,833,734	6,347,639	121,517	53,147	102,813,723	202,174,800
DIVIDEND PAID	-	-	-	-	-	(12,304,624)	(12,304,624)
TOTAL COMPREHENSIVE INCOME	-	-	-	2,999,988	(21,849)	23,745,096	26,723,235
ENDING BALANCE AS AT SEPTEMBER 30, 2014	<u>72,005,040</u>	<u>20,833,734</u>	<u>6,347,639</u>	<u>3,121,505</u>	<u>31,298</u>	<u>114,254,195</u>	<u>216,593,411</u>
BEGINNING BALANCE AS AT JANUARY 1, 2015 (BEFORE RESTATED)	72,005,040	20,833,734	6,347,639	2,825,983	33,210	121,807,064	223,852,670
EFFECT FROM TFRS 13 FAIR VALUE MEASUREMENT	2.3.2 -	-	-	-	-	(197,533)	(197,533)
BALANCE AFTER ADJUSTMENT AS AT JANUARY 1, 2015	<u>72,005,040</u>	<u>20,833,734</u>	<u>6,347,639</u>	<u>2,825,983</u>	<u>33,210</u>	<u>121,609,531</u>	<u>223,655,137</u>
DIVIDEND PAID	-	-	-	-	-	(12,584,254)	(12,584,254)
TOTAL COMPREHENSIVE INCOME	-	-	(2,723)	(1,653,946)	(25,154)	20,502,759	18,820,936
ENDING BALANCE AS AT SEPTEMBER 30, 2015	<u>72,005,040</u>	<u>20,833,734</u>	<u>6,344,916</u>	<u>1,172,037</u>	<u>8,056</u>	<u>129,528,036</u>	<u>229,891,819</u>

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

(Signed) Kittipong Kittayarak

KITTIPONG KITTAYARAK

CHAIRMAN OF THE AUDIT COMMITTEE

(Signed) Vorapak Tanyawong

VORAPAK TANYAWONG

PRESIDENT

KRUNG THAI BANK PUBLIC COMPANY LIMITED AND SUBSIDIARIES

STATEMENTS OF CASH FLOWS

FOR THE NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2015

	CONSOLIDATED		THE BANK'S	
	FINANCIAL STATEMENTS		FINANCIAL STATEMENTS	
	2015	2014	2015	2014
		(RESTATED)		(RESTATED)
CASH FLOWS FROM OPERATING ACTIVITIES				
OPERATING PROFIT BEFORE INCOME TAX EXPENSES	26,727,787	31,500,892	24,615,979	29,541,607
ADJUSTMENTS TO RECONCILE OPERATING PROFIT BEFORE INCOME TAX EXPENSES				
TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES				
DEPRECIATION AND AMORTIZATION EXPENSES	2,822,568	2,573,813	1,041,861	980,171
BAD DEBTS, DOUBTFUL ACCOUNTS AND LOSS ON IMPAIRMENT	21,692,501	13,584,550	16,600,000	8,700,000
SHARE OF PROFIT FROM INVESTMENTS FOR USING EQUITY METHOD	(2,352,954)	(2,094,676)	-	-
DIVIDEND RECEIVED FROM ASSOCIATES	2,388,905	1,005,287	-	-
LOSS (GAIN) ON DISPOSAL OF ASSETS	19,321	(230)	(242)	(11,786)
GAIN ON DISPOSAL OF INVESTMENTS	(578,796)	(223,664)	(578,796)	(223,664)
GAIN ON REVALUATION OF INVESTMENTS	(8,910)	(878)	(8,910)	(878)
LOSS (REVERSAL) ON IMPAIRMENT OF PROPERTIES FOR SALE	(125,235)	174,624	(85,723)	71,914
LOSS (REVERSAL) ON IMPAIRMENT OF INVESTMENTS	(54,097)	(51,482)	744,666	(86,373)
LOSS ON IMPAIRMENT OF PREMISES AND EQUIPMENT	-	3,058	-	3,058
REVERSAL OF IMPAIRMENT OF OTHER ASSETS	(7,761)	(3,977)	(7,761)	(3,977)
LOSS ON IMPAIRMENT OF OTHER ASSETS	79,660	187,599	79,660	187,599
AMORTIZATION OF DISCOUNT ON INVESTMENTS	(376,456)	(1,114,327)	(373,552)	(1,112,129)
LOSS (GAIN) ON FOREIGN CURRENCY TRANSLATION	210,593	(1,832,758)	210,289	(1,832,730)
INCREASE (DECREASE) IN PROVISIONS	206,223	(573,425)	150,535	(653,402)
DECREASE IN OTHER ACCRUED INCOME	252,122	195,246	251,847	130,866
INCREASE (DECREASE) IN OTHER ACCRUED EXPENSES	(858,486)	265,168	(842,428)	80,269
	50,036,985	43,594,820	41,797,425	35,770,545
INTEREST INCOME, NET	(59,468,897)	(57,607,449)	(51,873,525)	(50,626,453)
DIVIDEND INCOME	(350,510)	(299,839)	(3,409,630)	(2,025,218)
PROCEEDS FROM INTEREST INCOME	99,205,485	97,215,271	90,351,624	88,808,347
CASH PAID ON INTEREST EXPENSES	(36,589,379)	(35,654,178)	(35,316,985)	(36,452,667)
PROCEEDS FROM DIVIDEND INCOME	350,510	299,839	3,409,630	2,025,218
CASH PAID ON INCOME TAX EXPENSES	(7,928,743)	(9,050,481)	(7,103,565)	(8,529,661)
OPERATING INCOME BEFORE CHANGES IN				
OPERATING ASSETS AND LIABILITIES	45,255,451	38,497,983	37,854,974	28,970,111
(INCREASE) DECREASE IN OPERATING ASSETS				
INTERBANK AND MONEY MARKET ITEMS	123,303,366	25,083,104	123,231,560	24,979,292
INVESTMENTS IN TRADING SECURITIES	5,745,427	(21,579,646)	5,745,427	(21,579,646)
LOANS TO CUSTOMERS	(33,109,740)	(97,146,732)	(29,167,048)	(88,526,642)
PROPERTIES FOR SALE	2,895,324	5,792,915	2,707,385	5,846,813
OTHER ASSETS	(34,631,947)	16,225,200	(34,528,656)	16,134,199
INCREASE (DECREASE) IN OPERATING LIABILITIES				
DEPOSITS	(78,508,168)	19,980,486	(78,078,128)	19,530,622
INTERBANK AND MONEY MARKET ITEMS	(5,326,001)	11,704,123	(15,064,894)	12,064,443
LIABILITIES PAYABLE ON DEMAND	(227,744)	(644,615)	(227,744)	(644,615)
DEBT ISSUED AND SHORT-TERM BORROWINGS	(28,094,054)	13,762,315	(14,805,000)	15,169,000
OTHER LIABILITIES	51,202,038	(7,986,511)	52,760,947	(2,514,544)
NET CASH PROVIDED BY OPERATING ACTIVITIES	48,503,952	3,688,622	50,428,823	9,429,033

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 NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2015

	CONSOLIDATED		THE BANK'S	
	FINANCIAL STATEMENTS		FINANCIAL STATEMENTS	
	2015	2014	2015	2014
		(RESTATED)		(RESTATED)
CASH FLOWS FROM INVESTING ACTIVITIES				
PURCHASES OF AVAILABLE FOR SALE SECURITIES	(173,514,052)	(75,861,237)	(173,514,052)	(75,861,237)
PROCEEDS FROM DISPOSAL OF AVAILABLE FOR SALE SECURITIES	126,388,557	66,233,326	126,388,557	66,233,326
PURCHASES OF HELD TO MATURITY DEBT SECURITIES	(43,203,889)	(19,527,765)	(42,589,876)	(19,120,416)
PROCEEDS FROM DISPOSAL OF HELD TO MATURITY DEBT SECURITIES	34,984,667	38,705,653	34,376,666	38,320,653
PURCHASES OF GENERAL INVESTMENTS	(343,016)	(165,987)	(343,016)	(165,987)
PROCEEDS FROM DISPOSAL OF GENERAL INVESTMENTS	414,502	231,379	414,502	231,379
PURCHASES OF INVESTMENTS IN ASSOCIATED COMPANIES	-	-	-	(5,158,905)
PURCHASES OF INTANGIBLE ASSETS	(687,455)	(831,662)	(273,214)	(161,145)
PURCHASES OF PREMISES AND EQUIPMENT	(950,523)	(2,312,434)	(737,882)	(885,828)
PROCEEDS FROM DISPOSAL OF PREMISES AND EQUIPMENT	163,153	65,708	328	12,050
NET CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES	(56,748,056)	6,536,981	(56,277,987)	3,443,890
CASH FLOWS FROM FINANCING ACTIVITIES				
PROCEEDS FROM DEBT ISSUED AND LONG-TERM BORROWINGS	11,898,950	25,624,000	9,584,400	23,324,000
REPAYMENTS OF DEBT ISSUED AND LONG-TERM BORROWINGS	(10,406,550)	(39,561,469)	(10,400,000)	(39,561,469)
DIVIDEND PAID-ORDINARY SHARE	(12,578,454)	(12,298,934)	(12,578,454)	(12,298,934)
DIVIDEND PAID-PREFERRED SHARE	(5,800)	(5,690)	(5,800)	(5,690)
NET CASH USED IN FINANCING ACTIVITIES	(11,091,854)	(26,242,093)	(13,399,854)	(28,542,093)
LOSS ARISING FROM TRANSLATING THE FINANCIAL STATEMENTS OF FOREIGN OPERATIONS	(25,154)	(21,849)	(25,154)	(21,849)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(19,361,112)	(16,038,339)	(19,274,172)	(15,691,019)
BEGINNING BALANCE OF CASH AND CASH EQUIVALENTS	74,769,982	51,148,722	74,585,231	50,687,465
ENDING BALANCE OF CASH AND CASH EQUIVALENTS	55,408,870	35,110,383	55,311,059	34,996,446

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

(Signed) Kittipong Kittayarak
KITTIPONG KITTAYARAK
CHAIRMAN OF THE AUDIT COMMITTEE

(Signed) Vorapak Tanyawong
VORAPAK TANYAWONG
PRESIDENT

KRUNG THAI BANK PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
NOTES TO THE INTERIM FINANCIAL STATEMENTS
FOR THE NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2015 (UNAUDITED/REVIEWED)

1. GENERAL INFORMATION

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

2. BASIS OF PRESENTATION OF THE FINANCIAL STATEMENTS

2.1 Preparation of the Interim Financial Statements

These interim financial statements are prepared in accordance with Thai Accounting Standard No. 34 (revised 2014) Interim Financial Reporting, by choosing to present the interim financial statements for transactions occurred on the statement of financial position, the statement of comprehensive income, the statement of changes in equity, and the statement of cash flows as on the annual financial statements. Notes to the interim financial statements disclosed significant information.

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

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

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

The Consolidated Financial Statements

The consolidated financial statements comprise the accounts of the Bank and its subsidiaries in which the Bank is a controlling interest or holds over 50 percent of paid-up shares capital after eliminating material intercompany transactions and balances. The 8 consolidated subsidiaries are KTB Law Co., Ltd., KTB General Services Co., Ltd., Krung Thai Asset Management Pcl., KTB Computer Services Co., Ltd., KTB Leasing Co., Ltd., KTB Advisory Co., Ltd., KTB Capital Holding Co., Ltd. (registered as the business dissolution with the Ministry of Commerce on December 18, 2014, in the process of liquidation), and Krungthai Card Pcl. (has entity control).

Percentages of shareholdings and investments in the Bank's subsidiaries and associates are shown in Note 6.4.

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

The Bank's Financial Statements

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

The Bank's financial statements for the nine-month periods ended September 30, 2015 and 2014 and for the year ended December 31, 2014 included the accounts of domestic and foreign branches, after eliminating the effects of all interbranch transactions.

The English Translation of Financial Statement

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

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

The Bank has adopted Thai Accounting Standards (TAS), Thai Financial Reporting Standards (TFRS), TSIC Interpretations and TFRIC Interpretations that announced and revised in accordance with the Federation of Accounting Professions, those are effective for the financial statements of the periods beginning on or after January 1, 2015. The Bank's managements have already considered that they have no significant impacts on the Bank's accounting policies, and the Bank's and its subsidiaries' financial statements, except TFRS 10 Consolidated Financial Statements and TFRS 13 Fair Value Measurement which impacted to the financial statements as follows:

2.3.1 Consolidated Financial Statements

TFRS 10 Consolidated Financial Statements has definitions of control and indicators as criterion to define whether entities have to be consolidated. The Bank has considered that it has entity control in Krungthai Card Pcl. (KTC) as defined indicators in this TFRS, so KTC's financial statements have to be consolidated by applying retrospective approach. The results to the consolidated financial statements as at December 31, 2014 and January 1, 2014 and for the nine-month period ended September 30, 2014 which used to be presented were as follows:

	(Million Baht)	
	<u>Consolidated Financial Statements</u>	
	<u>December 31, 2014</u>	<u>January 1, 2014</u>
	<u>Increase (Decrease)</u>	
Statements of Financial Position		
Assets		
Cash	182.36	459.21
Interbank and money market items, net	179.73	245.89
Investments, net	20.56	20.89
Investments in subsidiaries and associates, net	(3,643.42)	(3,030.57)
Total loans to customers and accrued interest receivables, net	50,123.27	46,714.08
Premises and equipment, net	370.66	444.60
Other intangible assets, net	505.22	445.14
Deferred tax assets	1,547.67	1,466.76
Other assets, net	490.36	200.62

2.3.1 Consolidated Financial Statements (Continued)

(Million Baht)

Consolidated Financial StatementsDecember 31, 2014 January 1, 2014Increase (Decrease)**Statements of Financial Position**

Liabilities

Deposits	(373.03)	(918.41)
Interbank and money market items, net	5,200.00	5,200.00
Debt issued and borrowings	36,388.46	34,208.20
Provisions	142.00	126.00
Other liabilities	4,694.60	5,252.92

Equity

Non-controlling interest	3,724.38	3,097.91
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(Million Baht)

Consolidated Financial StatementsSeptember 30, 2014**Statements of Comprehensive Income**

Interest income	7,087.62
Interest expenses	(1,314.07)
Fees and service income	2,112.68
Fees and service expenses	(452.44)
Share of profit from investments for using equity method	(657.84)
Other operating income	1,134.61
Employees' expenses	(1,369.26)
Director's remuneration	(7.87)
Premises and equipment expenses	(521.23)
Taxes and duties	(258.20)
Others	(1,119.68)
Bad debts, doubtful accounts and loss on impairment	(3,619.52)
Income tax expenses	(342.34)
Net profit	672.46

2.3.2 Fair Value Measurement

TFRS 13 Fair Value Measurement set framework and presentation of fair value measurement. The first time adoption of this TFRS has to apply prospective approach. For fair value measurement of financial assets and liabilities, it must be concluded Credit Valuation Adjustment (CVA) by recognizing to brought forward retained earnings. The Bank also chose to recognize CVA to brought forward retained earnings of the year 2015. As a result, brought forward retained earnings as at January 1, 2015 in the consolidated and the Bank's financial statements have decreased Baht 197.53 million from CVA of Baht 246.91 million and related deferred income tax revenue were Baht 49.38 million.

The Bank and its subsidiaries also disclose the fair value of financial instruments in Note 6.23.

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

Announced but not yet Effective

The Federation of Accounting Professions has announced Thai Accounting Standards (TAS), Thai Financial Reporting Standards (TFRS), TSIC Interpretations and TFRIC Interpretations, those are effective for the financial statements periods beginning on or after January 1, 2016 as follows:

Conceptual Framework for Financial Reporting

(revised 2015)

TAS 1 (revised 2015)	Presentation of Financial Statements
TAS 2 (revised 2015)	Inventories
TAS 7 (revised 2015)	Statement of Cash Flows
TAS 8 (revised 2015)	Accounting Policies, Changes in Accounting Estimates and Errors
TAS 11 (revised 2015)	Construction Contracts
TAS 12 (revised 2015)	Income Taxes
TAS 16 (revised 2015)	Property, Plant and Equipment
TAS 17 (revised 2015)	Leases
TAS 18 (revised 2015)	Revenue
TAS 19 (revised 2015)	Employee Benefits
TAS 20 (revised 2015)	Accounting for Government Grants and Disclosure of Government Assistance
TAS 21 (revised 2015)	The Effects of Changes in Foreign Exchange Rates
TAS 23 (revised 2015)	Borrowing Costs
TAS 24 (revised 2015)	Related Party Disclosures
TAS 26 (revised 2015)	Accounting and Reporting by Retirement Benefit Plans
TAS 27 (revised 2015)	Separate Financial Statements
TAS 28 (revised 2015)	Investments in Associates and Joint Ventures
TAS 29 (revised 2015)	Financial Reporting in Hyperinflationary Economies
TAS 33 (revised 2015)	Earnings per Share
TAS 34 (revised 2015)	Interim Financial Reporting
TAS 36 (revised 2015)	Impairment of Assets
TAS 37 (revised 2015)	Provisions, Contingent Liabilities and Contingent Assets

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

TAS 38 (revised 2015)	Intangible Assets
TAS 40 (revised 2015)	Investment Property
TAS 41 (revised 2015)	Agriculture
TFRS 2 (revised 2015)	Share-based Payment
TFRS 3 (revised 2015)	Business Combinations
TFRS 4 (revised 2015)	Insurance Contracts
TFRS 5 (revised 2015)	Non-current Assets Held for Sale and Discontinued Operations
TFRS 6 (revised 2015)	Exploration for and Evaluation of Mineral Resources
TFRS 8 (revised 2015)	Operating Segments
TFRS 10 (revised 2015)	Consolidated Financial Statements
TFRS 11 (revised 2015)	Joint Arrangements
TFRS 12 (revised 2015)	Disclosure of Interests in Other Entities
TFRS 13 (revised 2015)	Fair Value Measurement
TSIC 10 (revised 2015)	Government Assistance-No Specific Relation to Operating Activities
TSIC 15 (revised 2015)	Operating Leases-Incentives
TSIC 25 (revised 2015)	Income Taxes-Changes in the Tax Status of an Entity or its Shareholders
TSIC 27 (revised 2015)	Evaluating the Substance of Transactions Involving the Legal Form of a Lease
TSIC 29 (revised 2015)	Service Concession Arrangements : Disclosures
TSIC 31 (revised 2015)	Revenue-Barter Transactions Involving Advertising Services
TSIC 32 (revised 2015)	Intangible Assets-Web Site Costs
TFRIC 1 (revised 2015)	Changes in Existing Decommissioning, Restoration and Similar Liabilities
TFRIC 4 (revised 2015)	Determining whether an Arrangement contains a Lease
TFRIC 5 (revised 2015)	Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds
TFRIC 7 (revised 2015)	Applying the Restatement Approach under IAS 29 (revised 2015) Financial Reporting in Hyperinflationary Economies
TFRIC 10 (revised 2015)	Interim Financial Reporting and Impairment
TFRIC 12 (revised 2015)	Service Concession Arrangements
TFRIC 13 (revised 2015)	Customer Loyalty Programmes
TFRIC 14 (revised 2015)	TAS 19 (revised 2015) – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction
TFRIC 15 (revised 2015)	Agreements for the Construction of Real Estate
TFRIC 17 (revised 2015)	Distribution of Non-cash Assets to Revenues
TFRIC 18 (revised 2015)	Transfers of Assets from Customers
TFRIC 20 (revised 2015)	Stripping Costs in the Production Phase of a Surface Mine
TFRIC 21 (revised 2015)	Levies

The Bank has been preparing for adopting related TAS, TFRS, TSIC Interpretations and TFRIC Interpretations mentioned above. It is in the process of evaluating the impacts to the financial statements when they are adopted.

3. SIGNIFICANT ACCOUNTING POLICIES

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

4. STATUTORY CAPITAL FUND

As at September 30, 2015 and December 31, 2014, the Bank's capital fund calculated based on Basel III framework of the BoT. It requires commercial banks registered in Thailand to maintain the capital fund as ratio to risk weighted assets with the condition that the tier 1 capital - equity is not less than 4.50 percent, the tier 1 capital is not less than 6.0 percent and total capital fund ratios is not less than 8.50 of risk weighted assets. As at September 30, 2015 and December 31, 2014, the Bank maintained capital adequacy ratios to risk weighted assets in accordance with the BoT's notification as follows:

	(Million Baht)	
	<u>The Bank's Financial Statements</u>	
	<u>September 30, 2015</u>	<u>December 31, 2014</u>
Tier 1 capital - equity		
Paid-up share capital	72,005.04	72,005.04
Premium on share capital	20,833.74	20,833.74
Legal reserve (Note 6.12)	7,200.50	7,200.50
Net income after appropriation	117,518.66	98,875.16
Other components of equity	8,434.49	9,443.26
Deduction items from Common Equity Tier 1 capital	(8,371.82)	(7,414.37)
Additional Tier 1 capital - financial instruments		
Hybrid tier 1	7,445.97	8,509.68
Total tier 1 capital	<u>225,066.58</u>	<u>209,453.01</u>
Tier 2 capital		
Long-term subordinated debt	52,098.48	53,407.03
Allowance for assets classified as pass	22,064.76	22,044.97
Total tier 2 capital	<u>74,163.24</u>	<u>75,452.00</u>
Total capital fund	<u>299,229.82</u>	<u>284,905.01</u>

Capital Adequacy Ratios to Risk Weighted Assets

	<u>September 30, 2015</u>	<u>December 31, 2014</u>
Tier 1 capital - equity	11.27	10.47
Tier 1 capital	11.65	10.91
Total capital fund	15.49	14.85

September 30, 2015

Total capital fund after deduct incremental fund for supporting corporate loans	299,229.82
Total capital adequacy ratios after deduct incremental fund for supporting corporate loans	15.49

5. ESTIMATES AND ASSUMPTIONS

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

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

6. SUPPLEMENTARY INFORMATION

6.1 Supplementary Information of Cash Flows

Significant non-cash items for the nine-month periods ended September 30, 2015 and 2014 are as follows:

(Million Baht)

	<u>Consolidated Financial Statements</u>		<u>The Bank's Financial Statements</u>	
	<u>September 30, 2015</u>	<u>September 30, 2014</u>	<u>September 30, 2015</u>	<u>September 30, 2014</u>
Increase (Decrease) in revaluation surplus on investments in equity	(2,236.51)	5,917.59	(2,067.43)	3,749.99
Increase in properties for sale from loan payment	2,173.15	4,136.63	2,173.15	4,136.63

6.2 Derivatives Held for Trading

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

(Million Baht)

<u>Type of Risk</u>	<u>Consolidated Financial Statements</u>					
	<u>September 30, 2015</u>			<u>December 31, 2014</u>		
	<u>Fair Value</u>		<u>Notional</u>	<u>Fair Value</u>		<u>Notional</u>
	<u>Assets</u>	<u>Liabilities</u>		<u>Assets</u>	<u>Liabilities</u>	
Exchange rate	40,654.09	47,536.63	1,578,715.42	10,475.96	10,689.98	1,259,854.44
Interest rate	2,988.87	2,923.36	617,011.45	2,277.90	2,098.15	308,791.79
Others	1,616.98	1,649.26	133,576.11	3,289.11	3,457.13	109,110.78
Total	45,259.94	52,109.25	2,329,302.98	16,042.97	16,245.26	1,677,757.01

(Million Baht)

<u>Type of Risk</u>	<u>The Bank's Financial Statements</u>					
	<u>September 30, 2015</u>			<u>December 31, 2014</u>		
	<u>Fair Value</u>		<u>Notional</u>	<u>Fair Value</u>		<u>Notional</u>
	<u>Assets</u>	<u>Liabilities</u>		<u>Assets</u>	<u>Liabilities</u>	
Exchange rate	40,654.09	47,538.50	1,578,817.17	10,475.96	10,690.23	1,259,873.86
Interest rate	3,052.58	2,923.36	620,853.58	2,342.99	2,098.15	312,811.93
Others	1,616.98	1,649.26	133,576.11	3,289.11	3,457.13	109,110.78
Total	45,323.65	52,111.12	2,333,246.86	16,108.06	16,245.51	1,681,796.57

6.2 Derivatives Held for Trading (Continued)**The proportion of derivative transactions classified by type of counterparty based on the notional amounts**

<u>Counterparty</u>	<u>Consolidated Financial Statements</u>		<u>The Bank's Financial Statements</u>	
	<u>September 30, 2015</u>	<u>December 31, 2014</u>	<u>September 30, 2015</u>	<u>December 31, 2014</u>
	<u>Proportion</u>	<u>Proportion</u>	<u>Proportion</u>	<u>Proportion</u>
Financial institutions	76.94%	73.78%	76.81%	73.60%
Financial business group	0.11%	0.18%	0.28%	0.42%
Third parties	22.95%	26.04%	22.91%	25.98%
Total	100.00%	100.00%	100.00%	100.00%

6.3 Investments, Net

(Million Baht)

	<u>Consolidated Financial Statements</u>							
	<u>September 30, 2015</u>				<u>December 31, 2014</u>			
	<u>Cost/ Amortized Cost</u>	<u>Unrealized Gains</u>	<u>Unrealized Losses</u>	<u>Fair Value</u>	<u>Cost/ Amortized Cost</u>	<u>Unrealized Gains</u>	<u>Unrealized Losses</u>	<u>Fair Value</u>
6.3.1 Trading Securities								
Government & state enterprise securities	29,294.58	18.72	(2.85)	29,310.45	36,094.82	17.94	(12.39)	36,100.37
Private enterprise debt securities	1,137.99	0.03	(0.71)	1,137.31	-	-	-	-
Domestic marketable equity securities	22.10	0.04	(0.76)	21.38	-	-	-	-
Investments in borrowings with embedded derivatives	1,091.09	-	(866.72)	224.37	988.89	-	(793.55)	195.34
Total	31,545.76	18.79	(871.04)	30,693.51	37,083.71	17.94	(805.94)	36,295.71
<u>Less</u> Allowance for revaluation	(1,076.62)				(983.34)			
Total	30,469.14			30,693.51	36,100.37			36,295.71

6.3.2 Available-for-Sale Securities

Government & state enterprise securities	132,147.74	20.47	(1,977.94)	130,190.27	85,376.88	270.34	(752.25)	84,894.97
Private enterprise debt securities	5,774.61	36.44	(1.23)	5,809.82	646.00	11.12	-	657.12
Foreign debt securities	1,122.78	1.87	(4.38)	1,120.27	4,475.15	48.65	(4.51)	4,519.29
Domestic marketable equity securities	5,053.26	3,443.94	(211.40)	8,285.80	5,283.73	3,939.45	(183.85)	9,039.33
Foreign marketable equity securities	548.17	153.25	-	701.42	330.34	199.74	-	530.08
Total	144,646.56	3,655.97	(2,194.95)	146,107.58	96,112.10	4,469.30	(940.61)	99,640.79
<u>Add</u> Allowance for revaluation	1,465.05				3,532.48			
<u>Less</u> Allowance for impairment	(4.03)				(3.79)			
Total	146,107.58			146,107.58	99,640.79			99,640.79

6.3 Investments, Net (Continued)

(Million Baht)

<u>Consolidated Financial Statements</u>								
	<u>September 30, 2015</u>				<u>December 31, 2014</u>			
	Cost/ Amortized Cost	Unrealized Gains	Unrealized Losses	Fair Value	Cost/ Amortized Cost	Unrealized Gains	Unrealized Losses	Fair Value
6.3.3 Held-to-Maturity Debt Securities								
Government & state enterprise securities	106,429.71	2,255.92	(2,801.71)	105,883.92	89,859.88	1,856.32	(1,890.21)	89,825.99
Private enterprise debt securities	3,147.66	73.92	(36.17)	3,185.41	2,751.67	75.43	(36.17)	2,790.93
Foreign debt securities	8,396.72	-	-	8,396.72	16,429.94	-	-	16,429.94
Total	117,974.09	2,329.84	(2,837.88)	117,466.05	109,041.49	1,931.75	(1,926.38)	109,046.86
<u>Less</u> Allowance for impairment	(206.91)				(206.91)			
Total	117,767.18			117,466.05	108,834.58			109,046.86
6.3.4 General Investments								
Domestic non-marketable equity securities	1,927.02	-	(1,207.22)	719.80	1,985.55	-	(1,261.32)	724.23
Foreign non-marketable equity securities	73.86	-	-	73.86	68.89	-	-	68.89
Total	2,000.88	-	(1,207.22)	793.66	2,054.44	-	(1,261.32)	793.12
<u>Less</u> Allowance for impairment	(1,207.22)				(1,261.32)			
Total	793.66			793.66	793.12			793.12
Total investments, net	295,137.56			295,060.80	245,368.86			245,776.48

(Million Baht)

<u>The Bank's Financial Statements</u>								
	<u>September 30, 2015</u>				<u>December 31, 2014</u>			
	Cost/ Amortized Cost	Unrealized Gains	Unrealized Losses	Fair Value	Cost/ Amortized Cost	Unrealized Gains	Unrealized Losses	Fair Value
6.3.1 Trading Securities								
Government & state enterprise securities	29,294.58	18.72	(2.85)	29,310.45	36,094.82	17.94	(12.39)	36,100.37
Private enterprise debt securities	1,137.99	0.03	(0.71)	1,137.31	-	-	-	-
Domestic marketable equity securities	22.10	0.04	(0.76)	21.38	-	-	-	-
Investments in borrowings with embedded derivatives	1,091.09	-	(866.72)	224.37	988.89	-	(793.55)	195.34
Total	31,545.76	18.79	(871.04)	30,693.51	37,083.71	17.94	(805.94)	36,295.71
<u>Less</u> Allowance for revaluation	(1,076.62)				(983.34)			
Total	30,469.14			30,693.51	36,100.37			36,295.71

6.3 Investments, Net (Continued)

(Million Baht)

The Bank's Financial Statements

	<u>September 30, 2015</u>				<u>December 31, 2014</u>			
	Cost/ <u>Amortized Cost</u>	Unrealized <u>Gains</u>	Unrealized <u>Losses</u>	<u>Fair Value</u>	Cost/ <u>Amortized Cost</u>	Unrealized <u>Gains</u>	Unrealized <u>Losses</u>	<u>Fair Value</u>
6.3.2 Available-for-Sale Securities								
Government & state enterprise securities	132,147.74	20.47	(1,977.94)	130,190.27	85,376.88	270.34	(752.25)	84,894.97
Private enterprise debt securities	5,774.61	36.44	(1.23)	5,809.82	646.00	11.12	-	657.12
Foreign debt securities	1,122.78	1.87	(4.38)	1,120.27	4,475.15	48.65	(4.51)	4,519.29
Domestic marketable equity securities	5,053.26	3,443.94	(211.40)	8,285.80	5,283.73	3,939.45	(183.85)	9,039.33
Foreign marketable equity securities	548.17	153.25	-	701.42	330.34	199.74	-	530.08
Total	144,646.56	3,655.97	(2,194.95)	146,107.58	96,112.10	4,469.30	(940.61)	99,640.79
<u>Add</u> Allowance for revaluation	1,465.05				3,532.48			
<u>Less</u> Allowance for impairment	(4.03)				(3.79)			
Total	146,107.58			146,107.58	99,640.79			99,640.79
6.3.3 Held-to-Maturity Debt Securities								
Government & state enterprise securities	106,160.70	2,255.32	(2,801.71)	105,614.31	89,599.79	1,855.40	(1,890.21)	89,564.98
Private enterprise debt securities	3,147.66	73.92	(36.17)	3,185.41	2,751.67	75.43	(36.17)	2,790.93
Foreign debt securities	8,396.72	-	-	8,396.72	16,429.94	-	-	16,429.94
Total	117,705.08	2,329.24	(2,837.88)	117,196.44	108,781.40	1,930.83	(1,926.38)	108,785.85
<u>Less</u> Allowance for impairment	(206.91)				(206.91)			
Total	117,498.17			117,196.44	108,574.49			108,785.85
6.3.4 General Investments								
Domestic non-marketable equity securities	1,926.97	-	(1,207.22)	719.75	1,985.50	-	(1,261.32)	724.18
Foreign non-marketable equity securities	73.86	-	-	73.86	68.89	-	-	68.89
Total	2,000.83	-	(1,207.22)	793.61	2,054.39	-	(1,261.32)	793.07
<u>Less</u> Allowance for impairment	(1,207.22)				(1,261.32)			
Total	793.61			793.61	793.07			793.07
Total investments, net	294,868.50			294,791.14	245,108.72			245,515.42

As at September 30, 2015 and December 31, 2014, trading securities which are investments in borrowings with closely related embedded derivatives of Baht 1,091.09 million and Baht 988.89 million, respectively, are Collateralized Debt Obligations (CDO) with fair value of Baht 224.37 million and Baht 195.34 million, respectively, and have full amount of allowance for revaluation.

As at September 30, 2015 and December 31, 2014, held-to-maturity debt securities in government and state enterprise securities included promissory notes issued by the Thai Asset Management Corporation (TAMC) paid for the transfer of the Bank's impaired assets amounting to Baht 2,824.91 million and Baht 3,174.33 million, respectively (Note 6.22). There is a TAMC's promissory note amounting to Baht 2,824.22 million, was already due in 2011, and is in the process of transferred price adjustment in order to change to the new one.

As at September 30, 2015 and December 31, 2014, general investments which are domestic non-marketable equity securities of Baht 1,926.97 million and Baht 1,985.50 million included investments in the Islamic Bank of Thailand amounting to Baht 1,048.15 million which the Bank reserved the full amount of allowance for impairment.

As at September 30, 2015 and December 31, 2014, the Bank had investments in foreign securities affected by foreign exchange rate, resulting in a increase of the carrying amount of Baht 952.95 million and Baht 52.05 million, respectively.

Sales of Investments to the Bank's Subsidiaries

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

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

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

	(Million Baht)			
	<u>Consolidated Financial Statements</u>		<u>The Bank's Financial Statements</u>	
	<u>September 30, 2015</u>	<u>December 31, 2014</u>	<u>September 30, 2015</u>	<u>December 31, 2014</u>
Manufacturing	1.00	1.00	1.00	1.00
Banking and financial	-	237.17	-	237.17
Public utilities and services	1,391.68	1,338.06	1,391.68	1,338.06
Others	23.11	18.48	23.11	18.48
Total	<u>1,415.79</u>	<u>1,594.71</u>	<u>1,415.79</u>	<u>1,594.71</u>

6.3.5 As at September 30, 2015, the Bank has investments in 2 listed companies in which their financial position and performance fall under SET's delisted criteria, cost of Baht 1.83 million which are reserved full amount of allowance for impairment.

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

(Million Baht)

September 30, 2015					
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	159.95
Krung Thai Asset Management Pcl.	Securities Business	Ordinary	100.00	210.90	150.00
KTB Computer Services Co., Ltd.	IT Services	Ordinary	100.00	1,300.00	-
KTB Leasing Co., Ltd.	Hire Purchase	Ordinary	100.00	1,000.00	-
KTB Capital Holding Co., Ltd.*	Holding	Ordinary	100.00	1.00	-
KTB Advisory Co., Ltd.	Financial Counseling & Advisory Services	Ordinary	100.00	40.00	9.64
Krungthai Card Pcl.**	Credit Card Business	Ordinary	49.45	1,994.60	350.63
Total				4,716.50	670.22
Less Allowance for impairment***				(798.77)	
Total				3,917.73	670.22
Associates					
Krungthai-AXA Life Insurance Pcl.	Life Insurance	Ordinary	50.00	4,071.77	2,100.00
Krungthai Panich Insurance Pcl.	Non-Life Insurance	Ordinary	45.00	1,518.82	108.90
Krung Thai IBJ Leasing Co., Ltd.	Hire Purchase	Ordinary	49.00	87.38	37.48
KT Zmico Securities Co., Ltd.	Securities Business	Ordinary	50.00	1,068.89	142.52
Total				6,746.86	2,388.90
Investments in subsidiaries and associates, net				10,664.59	3,059.12

6.4.1 The Bank's Financial Statements (Continued)

(Million Baht)

December 31, 2014					
<u>Name of Company</u>	<u>Type of Business</u>	<u>Type of Shares</u>	<u>Percentages of Shareholdings</u>	<u>Investments (Cost Method)</u>	<u>Dividend</u>
Subsidiaries					
KTB Law Co., Ltd.	Legal Services	Ordinary	100.00	30.00	-
KTB General Services Co., Ltd.	General Services	Ordinary	100.00	140.00	56.00
Krung Thai Asset Management Pcl.	Securities Business	Ordinary	100.00	210.90	100.00
KTB Computer Services Co., Ltd.	IT Services	Ordinary	100.00	1,300.00	29.90
KTB Leasing Co., Ltd.	Hire Purchase	Ordinary	100.00	1,000.00	-
KTB Capital Holding Co., Ltd.*	Holding	Ordinary	100.00	1.00	268.99
KTB Advisory Co., Ltd.	Financial Counseling & Advisory Services	Ordinary	100.00	40.00	10.20
Krungthai Card Pcl.**	Credit Card Business	Ordinary	49.45	1,994.60	255.00
Total				4,716.50	720.09
Associates					
Krungthai-AXA Life Insurance Pcl.	Life Insurance	Ordinary	50.00	4,071.77	800.00
Krungthai Panich Insurance Pcl.	Non-Life Insurance	Ordinary	45.00	1,518.82	108.90
Krung Thai IBJ Leasing Co., Ltd.	Hire Purchase	Ordinary	49.00	87.38	31.61
KT Zmico Securities Co., Ltd.	Securities Business	Ordinary	50.00	1,068.89	64.78
Total				6,746.86	1,005.29
Investments in subsidiaries and associates, net				11,463.36	1,725.38

* Registered as the business dissolution and withdraw from the financial business group.

** The Bank has entity control.

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

Investments in Subsidiaries

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

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

On December 26, 2012, the Bank sold ordinary shares comprising 25 percent of total issued shares of Krungthai Panich Insurance Pcl. (KPI) (percentage of shareholding is 20 percent) and ordinary shares comprising 50 percent of the total issued shares of Krungthai-AXA Life Insurance Pcl. (KTAL) (held only 1 share) to KTB Capital Holding Co., Ltd. at book value amounting to Baht 4,800.74 million. The Bank had gain on sale of investments in associates of Baht 3,667.55 million (Note 6.16.8).

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

On October 1, 2013, the Bank conducted the process that was stipulated the BoT by purchasing KTBCH's total issued shares at the cost. As a result, the Bank currently holds 100 percent of KTBCH's total issued shares.

In 2014, the Bank has repurchased shares in KPI and KTAL from KTBCH at book value amounting to Baht 5,158.90 million (Note 6.16.8) and registered as the business dissolution with the Ministry of Commerce on December 18, 2014. The Bank also withdraws KTBCH from the financial business group.

On October 29, 2014, the Bank has bought the additional shares of KTB Leasing Co., Ltd. (KTBL) of Baht 900 million. As a result, the Bank remains 100 percent of KTBL's total issued shares.

6.4.2 The Consolidated Financial Statements

						(Million Baht)
						September 30, 2015
Name of Company	Type of Business	Type of Shares	Percentages of	Investments	Investments	
			Shareholdings	(Cost Method)	(Equity Method)	
Associates						
Krungthai-AXA Life Insurance Pcl.	Life Insurance	Ordinary	50.00	593.57	8,816.99	
Krungthai Panich Insurance Pcl.	Non-Life Insurance	Ordinary	45.00	971.30	2,349.82	
Krung Thai IBJ Leasing Co., Ltd.	Hire Purchase	Ordinary	49.00	87.38	512.89	
KT Zmico Securities Co., Ltd.	Securities Business	Ordinary	50.00	1,068.89	1,241.32	
Total investments in associates, net				2,721.14	12,921.02	

6.4.2 The Consolidated Financial Statements (Continued)

(Million Baht)

			December 31, 2014		
			Percentages of	Investments	Investments
<u>Name of Company</u>	<u>Type of Business</u>	<u>Type of Shares</u>	<u>Shareholdings</u>	<u>(Cost Method)</u>	<u>(Equity Method)</u>
Associates					
Krungthai-AXA Life Insurance Pcl.	Life Insurance	Ordinary	50.00	593.57	9,124.99
Krungthai Panich Insurance Pcl.	Non-Life Insurance	Ordinary	45.00	971.30	2,214.26
Krung Thai IBJ Leasing Co., Ltd.	Hire Purchase	Ordinary	49.00	87.38	499.03
KT Zmico Securities Co., Ltd.	Securities Business	Ordinary	50.00	1,068.89	1,287.77
Total investments in associates, net				2,721.14	13,126.05

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

6.4.3 Financial Positions and Operations of Associates

(Million Baht)

Name of Company	Consolidated Financial Statements					
	September 30, 2015			December 31, 2014		
	"Unreviewed"			"Audited"		
	Total Assets	Total Liabilities	Shareholders' Equity	Total Assets	Total Liabilities	Shareholders' Equity
Krung Thai IBJ Leasing Co., Ltd.	6,976.75	5,930.03	1,046.72	7,188.68	6,170.26	1,018.42
KT Zmico Securities Co., Ltd.	6,628.53	4,145.88	2,482.65	7,284.70	4,698.64	2,586.06
Krungthai Panich Insurance Pcl.	8,387.85	3,166.03	5,221.82	8,087.63	3,178.64	4,908.99
Krungthai-AXA Life Insurance Pcl.	158,023.67	140,389.70	17,633.97	136,841.13	118,591.15	18,249.98
	180,016.80	153,631.64	26,385.16	159,402.14	132,638.69	26,763.45

(Million Baht)

Name of Company	Consolidated Financial Statements			
	September 30, 2015		September 30, 2014	
	"Unreviewed"		"Reviewed"	
	Total Income	Net Profit (Loss)	Total Income	Net Profit (Loss)
Krung Thai IBJ Leasing Co., Ltd.	395.75	104.80	447.51	107.78
KT Zmico Securities Co., Ltd.	1,330.41	196.35	1,333.36	207.34
Krungthai Panich Insurance Pcl.	2,174.84	481.25	2,234.46	611.57
Krungthai-AXA Life Insurance Pcl.	44,598.12	3,982.85	38,552.97	3,390.75
	48,499.12	4,765.25	42,568.30	4,317.44

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

(Million Baht)

	<u>Consolidated Financial Statements</u>		<u>The Bank's Financial Statements</u>	
	<u>September 30, 2015</u>	<u>December 31, 2014</u>	<u>September 30, 2015</u>	<u>December 31, 2014</u>
Overdrafts	176,878.37	163,263.26	176,878.37	163,263.26
Loans	1,335,949.81	1,225,513.56	1,330,000.92	1,226,185.26
Bills	416,173.71	502,207.57	423,843.71	510,047.57
Hire purchase receivables	48,558.33	56,654.74	27.68	76.75
Financial lease receivables	9,755.50	10,770.58	-	-
Others	3,051.47	2,331.16	1,414.26	1,194.43
<u>Less</u> Deferred revenue	<u>(6,298.55)</u>	<u>(7,744.82)</u>	<u>(230.12)</u>	<u>(120.49)</u>
Total loans to customers net of deferred revenue	1,984,068.64	1,952,996.05	1,931,934.82	1,900,646.78
<u>Add</u> Accrued interest receivables	<u>3,245.65</u>	<u>5,190.81</u>	<u>3,252.93</u>	<u>5,202.82</u>
Total loans to customers net of deferred revenue, plus accrued interest receivables	1,987,314.29	1,958,186.86	1,935,187.75	1,905,849.60
<u>Less</u> Allowance for doubtful accounts				
1. Minimum reserve under BoT's regulations				
- Individual approach	(65,180.00)	(47,436.33)	(62,578.76)	(45,567.69)
- Collective approach	(3,766.74)	(3,756.54)	-	-
2. Excess allowance	(24,750.95)	(24,714.56)	(22,646.81)	(22,801.99)
<u>Less</u> Revaluation allowance for debt restructuring	<u>(119.94)</u>	<u>(113.22)</u>	<u>(119.94)</u>	<u>(113.22)</u>
Total loans to customers, net	<u>1,893,496.66</u>	<u>1,882,166.21</u>	<u>1,849,842.24</u>	<u>1,837,366.70</u>

As at September 30, 2015 and December 31, 2014, the Bank's other loans of Baht 1,414.26 million and Baht 1,194.43 million included debts resulting from the Bank's liabilities under acceptances or guarantees amounting to Baht 1,366.61 million and Baht 1,149.11 million, respectively.

6.5.2 Classified by Loan Classification

(Million Baht)

	<u>Consolidated Financial Statements</u>			
	<u>September 30, 2015</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> ²	Allowance for Doubtful <u>Accounts</u>
1. Minimum reserve under BoT's regulations				
Normal	1,842,217.13	862,681.62	1	13,011.05
Special mention	53,318.66	22,978.47	2	4,787.67
Substandard	23,043.26	12,016.27	100	12,016.88
Doubtful	28,743.49	20,686.67	100	20,705.75
Doubtful of loss	39,991.75	13,821.09	100	18,425.39
2. Excess allowance				24,750.95
Total *	<u>1,987,314.29</u>	<u>932,184.12</u>		<u>93,697.69</u>

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

6.5.2 Classified by Loan Classification (Continued)

(Million Baht)

<u>Consolidated Financial Statements</u>				
<u>December 31, 2014</u>				
	Net Amount	%		
Loans and Accrued Interest	Used for Set aside the Allowance for	Used for Set aside the Allowance for	Allowance for Doubtful	
<u>Receivables</u>	<u>Doubtful Accounts</u> ¹	<u>Doubtful Accounts</u> ²	<u>Accounts</u>	
1. Minimum reserve under BoT's regulations				
Normal	1,833,107.56	839,897.22	1	11,942.23
Special mention	67,319.06	35,346.57	2	12,545.24
Substandard	11,559.51	6,571.80	100	6,583.96
Doubtful	11,134.04	5,137.51	100	5,137.47
Doubtful of loss	35,066.69	10,384.90	100	14,983.97
2. Excess allowance				24,714.56
Total *	1,958,186.86	897,338.00		75,907.43

(Million Baht)

<u>The Bank's Financial Statements</u>				
<u>September 30, 2015</u>				
	Net Amount	%		
Loans and Accrued Interest	Used for Set aside the Allowance for	Used for Set aside the Allowance for	Allowance for Doubtful	
<u>Receivables</u>	<u>Doubtful Accounts</u> ¹	<u>Doubtful Accounts</u>	<u>Accounts</u>	
1. Minimum reserve under BoT's regulations				
Normal	1,799,007.97	863,888.99	1	11,173.62
Special mention	48,972.50	21,308.68	2	4,039.40
Substandard	21,950.20	11,417.98	100	11,418.59
Doubtful	28,088.63	20,319.53	100	20,338.61
Doubtful of loss	37,168.45	11,000.13	100	15,608.54
2. Excess allowance				22,646.81
Total *	1,935,187.75	927,935.31		85,225.57

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

6.5.2 Classified by Loan Classification (Continued)

(Million Baht)

	<u>The Bank's Financial Statements</u>			
	<u>December 31, 2014</u>			
	Net Amount		%	
	Loans and Accrued Interest <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	1,789,102.81	848,105.49	1	10,229.75
Special mention	62,851.65	33,730.29	2	11,805.67
Substandard	10,526.41	5,930.07	100	5,942.23
Doubtful	10,507.67	4,775.28	100	4,775.24
Doubtful of loss	32,861.06	8,189.27	100	12,814.80
2. Excess allowance				22,801.99
Total *	1,905,849.60	900,730.40		68,369.68

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

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

² Included loss rate net of recovery.

6.5.3 Non-Performing Loans (NPLs)

As at September 30, 2015 and December 31, 2014, the Bank and its subsidiaries had NPLs classified by the BoT's notifications as substandard, doubtful, doubtful of loss, and loss. Those are included loans that are interbank and money market items but excluded accrued interest receivables as follows:

(Million Baht)

	<u>Consolidated Financial Statements</u>		<u>The Bank's Financial Statements</u>	
	<u>September 30, 2015</u>	<u>December 31, 2014</u>	<u>September 30, 2015</u>	<u>December 31, 2014</u>
NPLs before deducting allowance for doubtful accounts	91,531.72	57,489.09	86,960.50	53,623.99
NPLs percentage of total loans	4.03	2.41	3.92	2.30
NPLs after deducting allowance for doubtful accounts	40,383.70	30,783.68	39,594.77	30,091.71
NPLs percentage of net loans	1.82	1.31	1.82	1.30

For the nine-month period ended September 30, 2015 and for the year ended December 31, 2014, impaired loans have been written off both principal and accrued interest receivables amounting to Baht 1,568.50 million and Baht 5,626.83 million, respectively.

6.5.4 Loans to Potential Delisted Companies

As at September 30, 2015 and December 31, 2014, the Bank has loans and accrued interest receivables to 3 potential delisted companies of Baht 718.55 million and to 7 potential delisted companies of Baht 1,000.80 million, accrued interest receivables amounting to Baht 0.01 million, totaling to Baht 718.55 million and Baht 1,000.81 million, their allowance for doubtful accounts were provided for Baht 529.72 million and Baht 793.63 million in accordance with the BoT's notifications for loan classification, respectively.

6.5.5 Troubled Debt Restructuring (TDR)

For the nine-month period ended September 30, 2015 and for the year ended December 31, 2014, the original loan value of the 12,395 and 11,798 troubled debt restructuring cases are Baht 30,894.08 million and Baht 30,098.70 million. The repayment for related interest and principal are Baht 3,945.57 million and Baht 5,220.11 million, whereas extended lending increased by Baht 3,117.54 million and Baht 4,394.59 million. Bad debts from Troubled Debt Restructuring are Baht 196.72 million and Baht 202.59 million, respectively.

TDR for the nine-month period ended September 30, 2015 is set out as follows:

					(Million Baht)
<u>The Bank's Financial Statements</u>					
Troubled Debt Restructuring Methods	No. of Cases	Outstanding		Type of	Fair Value
		Debt before Restructuring	Transferred	Assets	
Transfers of assets	21	1,186.92	Land & Premises		1,186.72
Change of repayment conditions	641	16,858.34			
Debt restructuring in various forms	11,733	12,848.82			
	12,395	30,894.08			

As at September 30, 2015, the Bank has outstanding balance of loans to restructured debts for 28,775 cases amounting to Baht 114,340.88 million, of which 1,264 cases amounting to Baht 29,944.42 million, has been monitored under the new contractual agreements.

The consolidated financial statements for the nine-month period ended September 30, 2015, the Bank restructured debts of 12,497 cases which the debts before restructuring were Baht 32,704.33 million.

6.5.5 Troubled Debt Restructuring (TDR) (Continued)

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

(Million Baht)

Troubled Debt Restructuring Methods	<u>The Bank's Financial Statements</u>			
	No. of	Outstanding	Type of	
		Debt before	Transferred	
	<u>Cases</u>	<u>Restructuring</u>	<u>Assets</u>	<u>Fair Value</u>
Transfers of assets	25	412.38	Land & Premises	412.04
Change of repayment conditions	1,266	12,252.01		
Debt restructuring in various forms	10,507	17,434.31		
	11,798	30,098.70		

As at December 31, 2014, the Bank has outstanding balance of restructured debts 26,084 cases amounting to Baht 87,451 million, of which 731 cases amounting to Baht 9,211.88 million, has been monitored under the new contractual agreements.

The consolidated financial statements for the year ended December 31, 2014, the Bank had restructured debts 12,689 cases which the debts before restructuring were Baht 31,687.48 million.

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

(Million Baht)

	<u>Consolidated Financial Statements</u>							
	<u>September 30, 2015</u>				<u>December 31, 2014</u>			
	<u>Amount Due of the Contract</u>				<u>Amount Due of the Contract</u>			
	Not Over	Over	Over		Not Over	Over	Over	
	<u>1 Year</u>	<u>1 - 5 Years</u>	<u>5 Years</u>	<u>Total</u>	<u>1 Year</u>	<u>1 - 5 Years</u>	<u>5 Years</u>	<u>Total</u>
Gross investment of leases payment	22,286.98	34,883.45	1,143.40	58,313.83	22,736.09	42,238.59	2,450.64	67,425.32
<u>Less</u> Unearned financial income				(6,074.84)				(7,642.09)
Present value of minimum leases payment				52,238.99				59,783.23
Allowance for doubtful accounts				(2,021.67)				(1,547.15)
Financial lease receivables, net				50,217.32				58,236.08

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

(Million Baht)

<u>The Bank's Financial Statements</u>								
<u>September 30, 2015</u>					<u>December 31, 2014</u>			
<u>Amount Due of the Contract</u>					<u>Amount Due of the Contract</u>			
Not Over	Over	Over			Not Over	Over	Over	
<u>1 Year</u>	<u>1 - 5 Years</u>	<u>5 Years</u>	<u>Total</u>		<u>1 Year</u>	<u>1 - 5 Years</u>	<u>5 Years</u>	<u>Total</u>
Gross investment of leases payment	16.27	11.41	-	27.68	32.75	44.00	-	76.75
<u>Less</u> Unearned financial income			(3.12)					(10.04)
Present value of minimum leases payment			24.56					66.71
Allowance for doubtful accounts			(3.55)					(3.18)
Financial lease receivables, net			21.01					63.53

6.6 Allowance for Doubtful Accounts

(Million Baht)

<u>The Bank's Financial Statements</u>							
<u>September 30, 2015</u>							
					Allowance		
					in Excess of		
	Normal	Special			BoT's		
	<u>Normal</u>	<u>Mention</u>	<u>Substandard</u>	<u>Doubtful</u>	<u>of Loss</u>	<u>Regulations</u>	<u>Total</u>
Beginning balances	10,229.75	11,805.67	5,942.23	4,775.24	12,814.80	22,801.99	68,369.68
Increase (decrease) in allowance for							
doubtful accounts	644.45	(7,766.27)	5,476.35	15,563.37	2,837.28	(155.18)	16,600.00
Allowance for doubtful accounts							
transferred from (to) allowance for							
debt restructuring revaluation	-	-	-	-	(6.72)	-	(6.72)
Bad debt recovered	-	-	-	-	1,474.85	-	1,474.85
Bad debt written-off	-	-	-	-	(1,568.50)	-	(1,568.50)
Others	299.43	-	-	-	56.83	-	356.26
Ending balances	11,173.63	4,039.40	11,418.58	20,338.61	15,608.54	22,646.81	85,225.57

The consolidated financial statements as at September 30, 2015, the Bank has set aside allowance for doubtful accounts of Baht 93,697.69 million, including its subsidiaries' allowance for doubtful accounts of Baht 8,472.12 million.

For the nine-month period ended September 30, 2015, the Bank has set aside allowance for doubtful accounts on a monthly basis of Baht 700 million and also set aside an additional of Baht 10,300 million, totaling to Baht 16,600 million.

6.6 Allowance for Doubtful Accounts (Continued)

(Million Baht)

<u>The Bank's Financial Statements</u>							
<u>December 31, 2014</u>							
						Allowance in Excess of	
	<u>Normal</u>	<u>Special Mention</u>	<u>Substandard</u>	<u>Doubtful</u>	<u>Doubtful of Loss</u>	<u>BoT's Regulations</u>	<u>Total</u>
Beginning balances	8,392.84	8,291.03	6,459.87	3,824.42	13,281.89	20,597.03	60,847.08
Increase (decrease) in allowance for doubtful accounts	2,010.58	3,514.54	(517.64)	950.82	3,236.74	2,204.96	11,400.00
Allowance for doubtful accounts transferred from allowance for debt restructuring revaluation	-	-	-	-	17.00	-	17.00
Bad debt recovered	-	-	-	-	921.74	-	921.74
Bad debt written-off	-	-	-	-	(5,626.83)	-	(5,626.83)
Others	(173.67)	0.10	-	-	984.26	-	810.69
Ending balances	10,229.75	11,805.67	5,942.23	4,775.24	12,814.80	22,801.99	68,369.68

The consolidated financial statements as at December 31, 2014, the Bank had set aside allowance for doubtful accounts of Baht 75,907.43 million, including its subsidiaries' allowance for doubtful accounts of Baht 7,537.75 million.

For the year ended December 31, 2014, the Bank had set aside allowance for doubtful accounts on a monthly basis of Baht 500 million, The Bank has increased allowance for doubtful accounts to Baht 700 million per month since April 2014 and also set aside an additional of Baht 3,600 million, totaling to Baht 11,400 million.

6.7 Revaluation Allowance for Debt Restructuring

(Million Baht)

<u>Consolidated and the Bank's Financial Statements</u>		
	<u>September 30, 2015</u>	<u>December 31, 2014</u>
Beginning balances	113.22	130.22
Transfer from (to) allowance for doubtful accounts	6.72	(17.00)
Ending balances	119.94	113.22

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

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

6.8 Properties for Sale, Net

(Million Baht)

<u>Consolidated Financial Statements</u>								
Type of Properties for Sale	<u>September 30, 2015</u>				<u>December 31, 2014</u>			
	Beginning			Ending	Beginning			Ending
	<u>Balances</u>	<u>Additions</u>	<u>Disposals</u>	<u>Balances</u>	<u>Balances</u>	<u>Additions</u>	<u>Disposals</u>	<u>Balances</u>
Assets from debt repayment								
Immovable properties								
- Appraised by external appraisers	28,609.54	3,716.33	2,492.75	29,833.12	20,490.38	12,014.70	3,895.54	28,609.54
- Appraised by internal appraisers	1,675.61	1,209.25	2,276.30	608.56	10,303.40	1,190.11	9,817.90	1,675.61
Movable properties	539.28	809.38	977.18	371.48	410.03	1,394.80	1,265.55	539.28
Total	30,824.43	5,734.96	5,746.23	30,813.16	31,203.81	14,599.61	14,978.99	30,824.43
Others (closed branches)	41.37	4.82	-	46.19	71.52	-	30.15	41.37
Properties for sale in transit	944.21	749.58	1,440.11	253.68	212.99	937.80	206.58	944.21
Total	31,810.01	6,489.36	7,186.34	31,113.03	31,488.32	15,537.41	15,215.72	31,810.01
<u>Less</u> Allowance for impairment	(1,076.74)	-	(124.99)	(951.75)	(827.30)	(249.44)	-	(1,076.74)
Properties for sale, net	30,733.27	6,489.36	7,061.35	30,161.28	30,661.02	15,287.97	15,215.72	30,733.27

(Million Baht)

<u>The Bank's Financial Statements</u>								
Type of Properties for Sale	<u>September 30, 2015</u>				<u>December 31, 2014</u>			
	Beginning			Ending	Beginning			Ending
	<u>Balances</u>	<u>Additions</u>	<u>Disposals</u>	<u>Balances</u>	<u>Balances</u>	<u>Additions</u>	<u>Disposals</u>	<u>Balances</u>
Assets from debt repayment								
Immovable properties								
- Appraised by external appraisers	28,609.54	3,716.33	2,492.75	29,833.12	20,490.38	12,014.70	3,895.54	28,609.54
- Appraised by internal appraisers	1,675.61	1,209.25	2,276.30	608.56	10,303.40	1,190.11	9,817.90	1,675.61
Movable properties	110.60	-	-	110.60	110.60	-	-	110.60
Total	30,395.75	4,925.58	4,769.05	30,552.28	30,904.38	13,204.81	13,713.44	30,395.75
Others (closed branches)	41.37	4.82	-	46.19	71.52	-	30.15	41.37
Properties for sale in transit	944.21	749.58	1,440.11	253.68	212.99	937.80	206.58	944.21
Total	31,381.33	5,679.98	6,209.16	30,852.15	31,188.89	14,142.61	13,950.17	31,381.33
<u>Less</u> Allowance for impairment	(894.72)	-	(85.49)	(809.23)	(802.29)	(92.43)	-	(894.72)
Properties for sale, net	30,486.61	5,679.98	6,123.67	30,042.92	30,386.60	14,050.18	13,950.17	30,486.61

The consolidated and the Bank's financial statements as at September 30, 2015 and December 31, 2014, there are an increase in immovable properties for sale appraised by external appraisers of Baht 3,716.33 million and Baht 12,014.70 million. Such immovable properties are included items changed from internal appraisers to external appraisers of Baht 2,172.38 million and Baht 8,257.34 million, respectively.

As at September 30, 2015 and December 31, 2014, the Bank's allowance for impairment of properties for sale has decreased Baht 85.49 million and increased Baht 92.43 million, respectively, from reversal or additional of loss on impairment.

For the nine-month periods ended September 30, 2015 and 2014, the Bank generated gains on sale of properties for sale of Baht 491.21 million and Baht 796.11 million, respectively (before deduction of selling expenses of Baht 223.45 million and Baht 282.87 million, respectively).

6.9 Deferred Tax Assets and Deferred Tax Liabilities

Deferred tax assets and deferred tax liabilities as at September 30, 2015 and December 31, 2014 are as follows:

	(Million Baht)			
	<u>Consolidated Financial Statements</u>		<u>The Bank's Financial Statements</u>	
	<u>September 30, 2015</u>	<u>December 31, 2014</u>	<u>September 30, 2015</u>	<u>December 31, 2014</u>
Deferred Tax Assets	6,924.54	5,690.07	4,941.41	3,892.13
Deferred Tax Liabilities	-	-	-	-
Net	<u>6,924.54</u>	<u>5,690.07</u>	<u>4,941.41</u>	<u>3,892.13</u>

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>				
	As at	Adjust to		Other	As at
	<u>January 1, 2015</u>	<u>Brought Forward</u>	<u>Profit / Loss</u>	<u>Comprehensive</u>	<u>September 30, 2015</u>
		<u>Retained Earnings</u>		<u>Income</u>	
Deferred Tax Assets					
Investments	696.43	-	8.61	250.82	955.86
Investments in subsidiaries and associates	-	-	159.75	-	159.75
Loans to customers and accrued interest receivables, net	3,110.27	-	587.16	-	3,697.43
Properties for sale	215.35	-	(24.12)	-	191.23
Premises and equipment	372.66	-	(6.49)	-	366.17
Provisions	3,926.51	49.38	12.48	75.08	4,063.45
Guarantee deposit under financial lease	79.72	-	(23.48)	-	56.24
Others	522.85	-	21.53	-	544.38
Total	<u>8,923.79</u>	<u>49.38</u>	<u>735.44</u>	<u>325.90</u>	<u>10,034.51</u>
Deferred Tax Liabilities					
Investments	897.45	-	0.17	(162.67)	734.95
Premises and equipment	1,763.55	-	36.65	(0.68)	1,799.52
Loans to customers and accrued interest receivables, net	572.72	-	2.78	-	575.50
Total	<u>3,233.72</u>	<u>-</u>	<u>39.60</u>	<u>(163.35)</u>	<u>3,109.97</u>
Net	<u>5,690.07</u>	<u>49.38</u>	<u>695.84</u>	<u>489.25</u>	<u>6,924.54</u>

	(Million Baht)			
	<u>Consolidated Financial Statements</u>			
	<u>Charged / credited to:</u>			
	As at		Other Comprehensive	As at
	<u>January 1, 2014</u>	<u>Profit / Loss</u>	<u>Income</u>	<u>December 31, 2014</u>
Deferred Tax Assets				
Investments	910.60	(8.65)	(205.52)	696.43
Investments in subsidiaries and associates	6.98	(6.98)	-	-
Loans to customers and accrued interest receivables, net	2,191.31	918.96	-	3,110.27
Properties for sale	362.86	(147.51)	-	215.35
Premises and equipment	382.66	(10.00)	-	372.66
Provisions	3,306.83	484.94	134.74	3,926.51
Guarantee deposit under financial lease	134.10	(54.38)	-	79.72
Others	534.80	(11.95)	-	522.85
Total	<u>7,830.14</u>	<u>1,164.43</u>	<u>(70.78)</u>	<u>8,923.79</u>
Deferred Tax Liabilities				
Investments	425.67	1.18	470.60	897.45
Premises and equipment	1,706.32	57.23	-	1,763.55
Loans to customers and accrued interest receivables, net	538.05	34.67	-	572.72
Total	<u>2,670.04</u>	<u>93.08</u>	<u>470.60</u>	<u>3,233.72</u>
Net	<u>5,160.10</u>	<u>1,071.35</u>	<u>(541.38)</u>	<u>5,690.07</u>

6.9 Deferred Tax Assets and Deferred Tax Liabilities (Continued)

(Million Baht)

The Bank's Financial Statements					
<u>Charged / credited to:</u>					
	As at	Adjust to	Other		As at
	January 1, 2015	Brought Forward	Profit / Loss	Comprehensive Income	September 30, 2015
		Retained Earnings			
Deferred Tax Assets					
Investments	696.43	-	8.61	250.82	955.86
Investments in subsidiaries and associates	-	-	159.75	-	159.75
Loans to customers and accrued interest receivables, net	1,552.69	-	397.71	-	1,950.40
Properties for sale	178.94	-	(17.10)	-	161.84
Premises and equipment	324.58	-	-	-	324.58
Provisions	3,332.71	49.38	(10.66)	73.80	3,445.23
Others	459.23	-	15.90	-	475.13
Total	6,544.58	49.38	554.21	324.62	7,472.79
Deferred Tax Liabilities					
Investments	897.45	-	0.17	(162.67)	734.95
Premises and equipment	1,755.00	-	42.11	(0.68)	1,796.43
Total	2,652.45	-	42.28	(163.35)	2,531.38
Net	3,892.13	49.38	511.93	487.97	4,941.41

(Million Baht)

The Bank's Financial Statements				
<u>Charged / credited to:</u>				
	As at	Other Comprehensive		As at
	January 1, 2014	Profit / Loss	Income	December 31, 2014
Deferred Tax Assets				
Investments	910.60	(8.65)	(205.52)	696.43
Investments in subsidiaries and associates	6.98	(6.98)	-	-
Loans to customers and accrued interest receivables, net	1,074.39	478.30	-	1,552.69
Properties for sale	357.68	(178.74)	-	178.94
Premises and equipment	323.97	0.61	-	324.58
Provisions	2,746.48	446.89	139.34	3,332.71
Others	420.82	38.41	-	459.23
Total	5,840.92	769.84	(66.18)	6,544.58
Deferred Tax Liabilities				
Investments	425.67	1.18	470.60	897.45
Premises and equipment	1,695.57	59.43	-	1,755.00
Total	2,121.24	60.61	470.60	2,652.45
Net	3,719.68	709.23	(536.78)	3,892.13

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

(Million Baht)

<u>Consolidated Financial Statements</u>									
				<u>September 30, 2015</u>			<u>December 31, 2014</u>		
	<u>Currency</u>	<u>Interest Rate (%)</u>	<u>Maturity Date</u>	<u>Domestic</u>	<u>Foreign</u>	<u>Total</u>	<u>Domestic</u>	<u>Foreign</u>	<u>Total</u>
Short term bonds	Baht	2.20-2.46	2015	-	-	-	9,865.00	-	9,865.00
Long term bonds									
2011	Baht	5.50-6.00	2015	1,000.00	-	1,000.00	1,000.00	-	1,000.00
2012	Baht	5.20-5.40	2015-2016	1,000.00	-	1,000.00	4,200.00	-	4,200.00
2013	Baht	4.65-5.00	2016-2018	10,000.00	-	10,000.00	10,000.00	-	10,000.00
2013	USD	2.25	2018	-	18,162.53	18,162.53	-	16,456.12	16,456.12
2014	Baht	3.60-4.50	2016-2018	8,630.00	-	8,630.00	8,630.00	-	8,630.00
2015	Baht	2.12-4.00	2016-2025	5,508.00	-	5,508.00	-	-	-
KTB subordinated debentures									
No.1/2010	Baht	4.35	2020	-	-	-	10,400.00	-	10,400.00
No.1/2012	Baht	4.50	2022	5,155.00	-	5,155.00	5,155.00	-	5,155.00
No.2/2012	Baht	4.60	2022	15,133.32	-	15,133.32	15,133.32	-	15,133.32
No.1/2014	USD	5.20	2024	-	25,458.72	25,458.72	-	23,074.10	23,074.10
No.1/2015	MYR	5.10	2025	-	8,181.35	8,181.35	-	-	-
- Hybrid debt capital instruments	Baht/USD	3.77-7.38		3,524.60	6,892.04	10,416.64	3,524.60	6,246.49	9,771.09
Bill of exchange (B/E)									
Short term*	Baht	0.00-3.70	2015	210.05	-	210.05	18,470.10	-	18,470.10
Long term	Baht	3.73-6.60	2015-2026	9,510.00	-	9,510.00	8,815.00	-	8,815.00
Others	Baht			1.17	-	1.17	1.17	-	1.17
Total				59,672.14	58,694.64	118,366.78	95,194.19	45,776.71	140,970.90

(Million Baht)

<u>The Bank's Financial Statements</u>									
				<u>September 30, 2015</u>			<u>December 31, 2014</u>		
	<u>Currency</u>	<u>Interest Rate (%)</u>	<u>Maturity Date</u>	<u>Domestic</u>	<u>Foreign</u>	<u>Total</u>	<u>Domestic</u>	<u>Foreign</u>	<u>Total</u>
Short term bonds	Baht	2.20-2.46	2015	-	-	-	9,865.00	-	9,865.00
Long term bonds									
2013	USD	2.25	2018	-	18,162.53	18,162.53	-	16,456.12	16,456.12
KTB subordinated debentures									
No.1/2010	Baht	4.35	2020	-	-	-	10,400.00	-	10,400.00
No.1/2012	Baht	4.50	2022	5,155.00	-	5,155.00	5,155.00	-	5,155.00
No.2/2012	Baht	4.60	2022	15,133.32	-	15,133.32	15,133.32	-	15,133.32
No.1/2014	USD	5.20	2024	-	25,458.72	25,458.72	-	23,074.10	23,074.10
No.1/2015	MYR	5.10	2025	-	8,181.35	8,181.35	-	-	-
- Hybrid debt capital instruments	Baht/USD	3.77-7.38		3,524.60	6,892.04	10,416.64	3,524.60	6,246.49	9,771.09
Bill of exchange (B/E)									
Short term*	Baht	-	2012	0.70	-	0.70	4,940.70	-	4,940.70
Long term	Baht	3.73-6.60	2015-2026	9,510.00	-	9,510.00	8,815.00	-	8,815.00
Others	Baht			1.17	-	1.17	1.17	-	1.17
Total				33,324.79	58,694.64	92,019.43	57,834.79	45,776.71	103,611.50

*Short term bill of exchange (B/E) is included mature B/E but the clients cannot yet to redeem.

6.10 Debt Issued and Borrowings (Continued)

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

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

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

Subordinated Debentures

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

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

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

Hybrid Debt Capital Instruments

Hybrid debt capital instruments of non-cumulative interest, non-interest payment in the year that there is no profit, non-fixed repayment period as tier 1 capital (Hybrid Tier 1) which the Bank may be granted the right to redeem prior to their maturities, however, on 5th anniversary of the issued date or on any interest-payment date after 5th anniversary or when the Bank could no longer threat them as tier 1 capital, subject to approval of the BoT's.

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

6.11 Share Capital

6.11.1 Ordinary Shares

As at September 30, 2015 and December 31, 2014, the Bank's authorized share capital and issued and paid-up share capital are 13,976,061,250 shares.

6.11.2 Preferred Shares

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

6.11.3 The Bank is the state enterprise, its major shareholder is the Financial Institutions Development Fund (FIDF). As at September 30, 2015, FIDF holds 7,696,248,833 shares or 55.05 percent of paid-up ordinary and preferred shares.

6.12 Legal Reserve

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

6.13 The Appropriation of 2014 Net Profit and Dividend Payment

On April 10, 2015, the 22nd Annual General Shareholders' Meeting passed the resolution to approve the appropriation of 2014 net profit amounting to Baht 31,855.31 million. 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 and dividend payment as follows:

	(Million Baht)	
	<u>Net Profit of 2014</u>	<u>Net Profit of 2013</u>
Legal reserve	-	364.04
Dividend - preferred shares (@ Baht 1.0545 and Baht 1.0345)	5.80	5.69
Dividend - ordinary shares (@ Baht 0.90 and Baht 0.88)	12,578.46	12,298.93
Net profit carried forward	19,271.05	18,288.76

6.14 Contingent Liabilities

	(Million Baht)	
	<u>Consolidated and the Bank's Financial Statements</u>	
	<u>September 30, 2015</u>	<u>December 31, 2014</u>
Avals to bills	6,030.62	4,020.77
Guarantees of loans	8,331.27	14,845.02
Letters of credit	37,763.93	40,538.15
Other contingencies		
Unused credit line of overdraft	157,874.73	149,601.74
Other guarantees	140,735.61	140,726.37
Others	1,091.09	988.89
Total	<u>351,827.25</u>	<u>350,720.94</u>

Besides the contingent liabilities mentioned above, as at September 30, 2015 and December 31, 2014, the Bank has material contingent liabilities owing to prosecutions of Baht 10,783.39 million and Baht 11,657.15 million, respectively. Such prosecutions comprised of the completed cases in the civil court and the cases proceedings in the Appeal Court and the Supreme Court.

As at September 30, 2015 and December 31, 2014, the Bank has set aside provisions of Baht 596.97 million and Baht 497.72 million, respectively, for estimated losses from such cases.

6.15 Assets with Obligations and Restrictions

	(Million Baht)	
	<u>Consolidated and the Bank's Financial Statements</u>	
	<u>September 30, 2015</u>	<u>December 31, 2014</u>
Government and state enterprise bonds pledged as collateral		
- court collateral	145.74	189.53
- repurchase agreements	29,374.00	26,033.93
Properties for sale (debtor is granted the right to buy back or first right for this portion)	5,172.85	5,842.09
Total	<u>34,692.59</u>	<u>32,065.55</u>

6.16 Related Party Transactions

6.16.1 As at September 30, 2015 and December 31, 2014, loans to the Bank's executives (First Vice President and above) are Baht 905.20 million and Baht 985.69 million. The average outstanding balances of such loans at month end are Baht 932.16 million and Baht 736.71 million, respectively.

The loans outstanding as at September 30, 2015 and December 31, 2014 to close family of the Bank's executives mentioned above are Baht 150.37 million and Baht 148.69 million, respectively.

(Million Baht)

The Bank's Financial Statements					
	Pricing Policy	September 30, 2015		December 31, 2014	
	for Loans and				
	Obligations	Loans	Obligations	Loans	Obligations
6.16.2 <u>Loans and Obligations to Businesses which the Bank Totally Held from 10 to 20 Percent of Their Paid-up Capital</u>					
Dhipaya Insurance Pcl.	Normal Bank Policy	0.34	25.44	0.57	24.63
6.16.3 <u>Loans and Obligations to Businesses which the Bank Acquired equal to or over 10 Percent of Their Paid-up Capital from TDR</u>					
Kiatpapha Co., Ltd.	Normal Bank Policy	110.57	-	110.99	-
Manager Media Group Pcl.	Normal Bank Policy	-	0.29	-	0.29
6.16.4 <u>Loans and Obligations to Subsidiaries and Associates</u>					
<u>Subsidiaries</u>					
KTB General Services Co., Ltd.	Normal Bank Policy	8.95	48.20	10.36	23.20
KTB Computer Services Co., Ltd.	Normal Bank Policy	4,465.12	4.55	4,084.58	4.55
KTB Leasing Co., Ltd.	Normal Bank Policy	52,949.70	1,427.10	59,423.54	1,071.27
Krung Thai Asset Management Pcl.	Normal Bank Policy	0.04	-	0.03	-
Krungthai Card Pcl.	Normal Bank Policy	0.66	2.32	0.82	2.15
<u>Associates</u>					
Krung Thai IBJ Leasing Co., Ltd.	Normal Bank Policy	0.07	1.39	4.84	1.27
KT Zmico Securities Co., Ltd.	Normal Bank Policy	58.67	-	663.15	-
Krungthai Panich Insurance Pcl.	Normal Bank Policy	0.23	-	0.24	-
6.16.5 <u>Loans and Obligations to Related Companies</u>					
<u>With Common Directors</u>					
PTT Pcl.	Normal Bank Policy	-	47.81	-	44.95
PTT Global Chemical Pcl.*	Normal Bank Policy	-	-	15,589.35	16.22
Don Muang Tollway Pcl.**	Normal Bank Policy	0.49	-	-	-
Thai Airways International Pcl.	Normal Bank Policy	11.03	-	3,014.57	-
Synnex (Thailand) Pcl.	Normal Bank Policy	48.50	8.16	138.50	8.16
Provincial Waterworks Authority	Normal Bank Policy	0.05	-	0.04	-
PTT Exploration and Production Pcl.*	Normal Bank Policy	-	-	0.84	0.35
T.K.S. Siampress Management Co., Ltd.	Normal Bank Policy	-	40.45	-	41.15
True Corporation Pcl.**	Normal Bank Policy	2.10	-	-	-
True Move Co., Ltd.**	Normal Bank Policy	1.67	337.50	-	-
True Distribution and Sale Co., Ltd.**	Normal Bank Policy	7.20	-	-	-
True Move H Universal Communication Co., Ltd.**	Normal Bank Policy	0.27	1,986.58	-	-

*As at September 30, 2015, the Bank has no common directors and common top managements.

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

6.16 Related Party Transactions (Continued)

(Million Baht)

		<u>The Bank's Financial Statements</u>			
		<u>September 30, 2015</u>		<u>December 31, 2014</u>	
Pricing Policy					
for Loans and					
<u>Obligations</u>		<u>Loans</u>	<u>Obligations</u>	<u>Loans</u>	<u>Obligations</u>
6.16.5 Loans and Obligations to Related Companies					
<u>With Common Top Managements</u>					
Bangkok Expressway Pcl.	Normal Bank Policy	6,065.13	-	1,216.38	-
Bangkok Metro Pcl.	Normal Bank Policy	3,713.17	78.98	3,558.32	17.98
Pricing Policy		<u>September 30, 2015</u>		<u>December 31, 2014</u>	
for Deposits					
<u>and Borrowings</u>		<u>Deposits</u>	<u>Borrowings</u>	<u>Deposits</u>	<u>Borrowings</u>
6.16.6 Deposits and Borrowings to Related Companies					
<u>Consolidated Financial Statements</u>					
<u>Associates</u>					
Krung Thai IBJ Leasing Co., Ltd.	Normal Bank Policy	14.58	-	37.42	-
KT Zmico Securities Co., Ltd.	Normal Bank Policy	132.49	-	35.51	-
Krungthai Panich Insurance Pcl.	Normal Bank Policy	134.40	-	94.99	-
Krungthai-AXA Life Insurance Pcl.	Normal Bank Policy	204.45	2,730.00	755.64	2,380.00
<u>The Bank's Financial Statements</u>					
<u>Subsidiaries</u>					
KTB Law Co., Ltd.	Normal Bank Policy	326.02	-	266.05	-
KTB General Services Co., Ltd.	Normal Bank Policy	497.10	-	96.89	430.00
KTB Computer Services Co., Ltd.	Normal Bank Policy	43.07	-	26.52	-
KTB Leasing Co., Ltd.	Normal Bank Policy	143.26	-	203.48	-
Krung Thai Asset Management Pcl.	Normal Bank Policy	49.73	-	56.42	-
KTB Capital Holding Co., Ltd.	Normal Bank Policy	248.83	-	247.70	-
KTB Advisory Co., Ltd.	Normal Bank Policy	56.80	-	71.53	-
Krungthai Card Pcl.	Normal Bank Policy	400.15	-	373.03	-
<u>Associates</u>					
Krung Thai IBJ Leasing Co., Ltd.	Normal Bank Policy	14.58	-	37.42	-
KT Zmico Securities Co., Ltd.	Normal Bank Policy	132.49	-	35.51	-
Krungthai Panich Insurance Pcl.	Normal Bank Policy	134.40	-	94.99	-
Krungthai-AXA Life Insurance Pcl.	Normal Bank Policy	204.45	2,730.00	755.64	2,380.00

As at September 30, 2015 and December 31, 2014, the Bank has other benefits paid to authorized managements which are committed to employment contracts of Baht 253.48 million and Baht 265.43 million, respectively.

6.16 Related Party Transactions (Continued)

6.16.7 Intercompany Trading Transactions

Subsidiaries

1) KTB Computer Services Co., Ltd. has been designated mainly to provide information technology (IT) services to various work units in the Bank. Service offers consist of introducing IT to the Bank's business operation and modernizing the existing systems in line with the Bank's requirement, rendering system control and maintenance system software development, offering preliminary consultancy service and organizing training in various applications of IT and techniques. The Bank incurs service charges on a cost plus method amounting to Baht 2,833.72 million and Baht 2,775.08 million for the nine-month periods ended September 30, 2015 and 2014, respectively.

Since 2003, the GFMIS project Phase 2 has been developed and implemented on behalf of the Bank by KTBCS. The Bank and the Office of GFMIS attached to the Secretariat of the Prime Minister have unanimously signed on the Memorandum of Agreement upon the submission of deliverables and disbursement associated to the investments on the GFMIS project on September 22, 2005. Further, the Bank has signed the hiring contract for the implementation and maintenance with the Office of GFMIS. The Bank incurs service charges for the nine-month periods ended September 30, 2015 and 2014 amounting to Baht 102.51 million and Baht 122.52 million, respectively.

2) The Bank has operated student loans in subjects of public relations, policy, regulation, loan payment, documents filling, loan notification, loans status, including loan collection, claim for payment, and prosecution for the Student Loans Fund. KTB LAW Co., Ltd. has been designated to prosecute debtors of the Student Loans Fund. The Bank incurs service charges for the nine-month periods ended September 30, 2015 and 2014 of Baht 541.44 million and Baht 415.57 million, respectively.

3) Krunghthai Card Pcl. has been designated to collect debts. The Bank incurs service charges for the nine-month period ended September 30, 2015 of Baht 39.91 million.

4) The Bank incurs service charges on its subsidiaries [including service charges mentioned in No.1) to 3)] for the nine-month periods ended September 30, 2015 and 2014 amounting to Baht 5,559.86 million and Baht 5,301.25 million, respectively, at the agreed-upon rate.

5) The Bank generates fees income from service contracts for the nine-month periods ended September 30, 2015 and 2014 amounting to Baht 315.21 million and Baht 285.24 million, respectively.

6) Other Information

Intercompany Considerations

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

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

Associates

1) For the nine-month periods ended September 30, 2015 and 2014, the Bank generates premises rental income from associates of Baht 0.46 million and Baht 0.41 million at the agreed-upon rate.

2) For the nine-month periods ended September 30, 2015 and 2014, the Bank generates fees income from supportive service contracts of Baht 1,735.04 million and Baht 1,311.64 million at the agreed-upon rate.

6.16 Related Party Transactions (Continued)**6.16.8 Sales of Investments to the Bank's Subsidiaries**

On December 26, 2012, the Bank sold 25 percent of total issued shares in Krungthai Panich Insurance Pcl. (KPI) and 50 percent of total issued shares in Krungthai-AXA Life Insurance Pcl. (KTAL) to KTB Capital Holding Co., Ltd. at book value amounting to Baht 4,800.74 million with gain on sale of Baht 3,667.55 million. In 2014, the Bank repurchased all shares in KPI and KTAL from KTBCB at book value amounting to Baht 5,158.90 million (Note 6.4.1).

The consolidated financial statements had been already eliminated intercompany transactions.

6.17 Significant Financial Position and Operations Classified by Domestic and Foreign Business Segment**6.17.1 Financial Position Classified by Business Segment**

(Million Baht)

<u>Consolidated Financial Statements</u>						
	<u>September 30, 2015</u>			<u>December 31, 2014</u>		
	Domestic	Foreign Branches		Domestic	Foreign Branches	
	Business	Business		Business	Business	
	<u>Segment</u>	<u>Segment</u>	<u>Total</u>	<u>Segment</u>	<u>Segment</u>	<u>Total</u>
Total assets	2,662,490.12	74,794.61	2,737,284.73	2,726,693.48	65,061.68	2,791,755.16
Interbank and money market items, net	293,054.04	40,105.19	333,159.23	418,880.47	37,840.70	456,721.17
Investments, net	306,413.70	1,644.88	308,058.58	257,451.81	1,043.10	258,494.91
Loans to customers and						
accrued interest receivables, net	1,868,235.90	25,260.76	1,893,496.66	1,858,971.39	23,194.82	1,882,166.21
Deposits	2,067,477.53	5,282.55	2,072,760.08	2,147,837.93	3,430.32	2,151,268.25
Interbank and money market items, net	152,280.54	9,608.39	161,888.93	152,325.98	14,888.95	167,214.93
Debt issued and borrowings	59,672.15	58,694.63	118,366.78	95,194.19	45,776.71	140,970.90

(Million Baht)

<u>The Bank's Financial Statements</u>						
	<u>September 30, 2015</u>			<u>December 31, 2014</u>		
	Domestic	Foreign Branches		Domestic	Foreign Branches	
	Business	Business		Business	Business	
	<u>Segment</u>	<u>Segment</u>	<u>Total</u>	<u>Segment</u>	<u>Segment</u>	<u>Total</u>
Total assets	2,602,422.63	74,794.61	2,677,217.24	2,664,701.30	65,061.68	2,729,762.98
Interbank and money market items, net	292,841.55	40,105.19	332,946.74	418,596.18	37,840.70	456,436.88
Investments, net	303,888.21	1,644.88	305,533.09	255,528.98	1,043.10	256,572.08
Loans to customers and						
accrued interest receivables, net	1,824,581.48	25,260.76	1,849,842.24	1,814,171.88	23,194.82	1,837,366.70
Deposits	2,069,192.77	5,282.55	2,074,475.32	2,149,123.13	3,430.32	2,152,553.45
Interbank and money market items, net	136,101.37	9,608.39	145,709.76	145,885.70	14,888.95	160,774.65
Debt issued and borrowings	33,324.80	58,694.63	92,019.43	57,834.79	45,776.71	103,611.50

The consolidated and the Bank's financial statements as at September 30, 2015 and December 31, 2014, the Bank has total assets before eliminating net interbranch transactions of Baht 7,126.54 million and Baht 2,612.59 million, respectively.

6.17 Significant Financial Position and Operations Classified by Domestic and Foreign Business Segment (Continued)**6.17.2 Operations Classified by Business Segment**

(Million Baht)

	<u>Consolidated Financial Statements</u>					
	<u>September 30, 2015</u>			<u>September 30, 2014</u>		
	Domestic	Foreign Branches		Domestic	Foreign Branches	
	Business	Business		Business	Business	
	<u>Segment</u>	<u>Segment</u>	<u>Total</u>	<u>Segment</u>	<u>Segment</u>	<u>Total</u>
Interest income	97,548.06	3,667.96	101,216.02	94,132.49	2,464.41	96,596.90
Interest expenses	(39,253.08)	(2,494.04)	(41,747.12)	(37,377.21)	(1,612.24)	(38,989.45)
Interest income, net	58,294.98	1,173.92	59,468.90	56,755.28	852.17	57,607.45
Fees and service income, net	15,547.32	150.34	15,697.66	13,543.26	159.10	13,702.36
Other operating income	10,735.47	6.88	10,742.35	9,060.02	21.62	9,081.64
Other operating expenses	(58,919.13)	(261.99)	(59,181.12)	(48,756.05)	(134.51)	(48,890.56)
Operating profit before income tax expenses	25,658.64	1,069.15	26,727.79	30,602.51	898.38	31,500.89

(Million Baht)

	<u>The Bank's Financial Statements</u>					
	<u>September 30, 2015</u>			<u>September 30, 2014</u>		
	Domestic	Foreign Branches		Domestic	Foreign Branches	
	Business	Business		Business	Business	
	<u>Segment</u>	<u>Segment</u>	<u>Total</u>	<u>Segment</u>	<u>Segment</u>	<u>Total</u>
Interest income	88,689.47	3,667.96	92,357.43	85,603.09	2,464.41	88,067.50
Interest expenses	(37,989.87)	(2,494.04)	(40,483.91)	(35,828.81)	(1,612.24)	(37,441.05)
Interest income, net	50,699.60	1,173.92	51,873.52	49,774.28	852.17	50,626.45
Fees and service income, net	12,906.58	150.34	13,056.92	11,172.38	159.10	11,331.48
Other operating income	8,668.02	6.88	8,674.90	6,797.11	21.62	6,818.73
Other operating expenses	(48,727.37)	(261.99)	(48,989.36)	(39,100.54)	(134.51)	(39,235.05)
Operating profit before income tax expenses	23,546.83	1,069.15	24,615.98	28,643.23	898.38	29,541.61

The consolidated and the Bank's financial statements for the nine-month periods ended September 30, 2015 and 2014, the Bank has total interest income and interest expenses before eliminating net interbranch transactions of Baht 2,439.44 million and Baht 1,574.15 million, respectively.

6.18 Operations Classified by Operating Segment

Segment definition

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

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

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

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

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

Accounting policies for segment reporting

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

(Million Baht)

<u>Consolidated Financial Statements</u>						
<u>September 30, 2015</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	39,652.74	26,960.18	7,867.64	11,425.66	2.69 ¹	85,908.91
Total expenses (excluding bad debts, doubtful accounts and loss on impairment)	(25,453.15)	(11,344.58)	(4,383.64)	(14,240.57)	13,707.31 ^{1,2}	(41,714.63)
Bad debts, doubtful accounts and loss on impairment	(5,101.60)	(20,671.45)	202.70	3,877.85	-	(21,692.50)
Net profit (loss)	9,097.99	(5,055.85)	3,686.70	1,062.94	13,710.00	22,501.78
Segment assets	858,726.15	1,146,828.23	180,435.73	561,270.93	(17,102.85) ³	2,730,158.19
Segment liabilities	1,485,450.13	639,737.73	205,171.06	178,677.53	(21,955.70) ³	2,487,080.75

6.18 Operations Classified by Operating Segment (Continued)

(Million Baht)

<u>Consolidated Financial Statements</u>						
<u>September 30, 2014</u>						
	Retail Banking	Wholesale Banking	Treasury and Investment	Support and Others	Adjustments	Total
Total operating income	37,764.07	29,417.56	6,985.56	6,141.92	82.34 ¹	80,391.45
Total expenses (excluding bad debts, doubtful accounts and loss on impairment)	(23,571.36)	(17,735.83)	(3,884.05)	(8,643.60)	12,872.63 ^{1,2}	(40,962.21)
Bad debts, doubtful accounts and loss on impairment	(5,381.51)	(1,773.08)	24.34	(6,454.30)	-	(13,584.55)
Net profit (loss)	8,811.20	9,908.65	3,125.85	(8,955.98)	12,954.97	25,844.69
Segment assets	745,842.99	1,139,727.07	288,282.24	426,500.69	3,656.68 ³	2,604,009.67
Segment liabilities	1,396,151.73	536,077.22	254,047.86	195,866.50	(5,233.70) ³	2,376,909.61

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

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

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

6.19 Interest Income

(Million Baht)

	<u>Consolidated Financial Statements</u>		<u>The Bank's Financial Statements</u>	
	<u>September 30, 2015</u>	<u>September 30, 2014</u>	<u>September 30, 2015</u>	<u>September 30, 2014</u>
Interbank and money market items	9,274.65	10,960.38	9,272.56	10,958.98
Investment and trading transactions	284.47	128.91	284.47	128.91
Investment in debt	3,725.28	5,021.61	3,721.62	5,018.66
Loans	82,655.46	75,919.67	76,611.45	70,351.48
Hire-purchase and finance lease	2,815.20	2,978.49	6.63	22.20
Others	21.52	13.69	21.26	13.13
Total interest income	98,776.58	95,022.75	89,917.99	86,493.36

6.20 Interest Expenses

(Million Baht)

	<u>Consolidated Financial Statements</u>		<u>The Bank's Financial Statements</u>	
	<u>September 30, 2015</u>	<u>September 30, 2014</u>	<u>September 30, 2015</u>	<u>September 30, 2014</u>
Deposits	25,897.21	23,381.82	25,904.70	23,390.25
Interbank and money market items	1,973.17	2,412.50	1,641.35	1,995.74
Contributions to Bank of Thailand (BoT)	7,367.27	6,704.73	7,367.27	6,704.73
Contributions to Deposit Protection Agency (DPA)	160.05	144.99	160.05	144.99
Debt issued				
- Subordinated notes	3,485.23	3,874.82	2,635.18	2,928.61
- B/E	391.92	822.92	318.54	646.96
Borrowings	20.86	70.15	7.17	52.27
Others	11.97	3.37	10.21	3.35
Total interest expenses	<u>39,307.68</u>	<u>37,415.30</u>	<u>38,044.47</u>	<u>35,866.90</u>

6.21 Income Tax Expenses

Income tax expenses recognized in profit or losses for the nine-month periods ended September 30, 2015 and 2014 are as follows:

(Million Baht)

	<u>Consolidated Financial Statements</u>		<u>The Bank's Financial Statements</u>	
	<u>September 30, 2015</u>	<u>September 30, 2014</u>	<u>September 30, 2015</u>	<u>September 30, 2014</u>
Current Tax				
Current period	4,921.84	6,393.01	4,329.93	5,818.81
Deferred Tax				
Movement in temporary differences	(695.84)	(736.80)	(511.93)	(548.62)
Total	<u>4,226.00</u>	<u>5,656.21</u>	<u>3,818.00</u>	<u>5,270.19</u>

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

TAMC was established under the Emergency Decree on Thai Asset Management Corporation B.E. 2544 (2001) with an objective to manage impaired assets of financial institutions by acquisition of impaired assets of financial institutions. 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. 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. Having confirmed matching asset price, TAMC shall issue non-transferable promissory notes, with 10 year maturity and avaled by the FIDF, to the Bank. TAMC may exercise the right to redeem these promissory notes before their maturities.

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 September 30, 2015 and December 31, 2014, the Bank has net impaired assets transferred to TAMC after adjusting transfer price of Baht 17,743.18 million. For a debtor who pledging machineries as collaterals, the machine values are Baht 1,744.48 million. TAMC has already decreased the face value of promissory notes but the Bank informed TAMC that it denies to receive those promissory notes until transfer price would be concluded. The Bank has been suing TAMC which the case is in the process of petition to the Civil Court. As at September 30, 2015 and December 31, 2014, TAMC has amount due to the Bank of Baht 2,824.91 million and Baht 3,174.33 million, respectively. The 2 promissory notes were issued to the Bank and recorded under held-to-maturity debt securities (Note 6.3). As at September 30, 2015, the Bank recorded accrued interest receivables at Baht 9.20 million.

As at September 30, 2015 and December 31, 2014, provisions that may arise from losses on impaired-assets transferred to TAMC were Baht 3,461.48 million. The Bank has been estimated allowance for doubtful accounts at 15 percent upon transfer price. In 2012, the management has considered set more provisions of Baht 800 million as shown in provisions.

6.23 Fair Value of Financial Instruments

Assets and liabilities instruments carried at fair value classified by levels of valuation as follows:

				(Million Baht)
<u>Consolidated Financial Statements</u>				
<u>September 30, 2015</u>				
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Assets instruments				
Assets derivatives	-	45,259.94	-	45,259.94
Trading investments	21.38	30,672.13	-	30,693.51
Available-for-sale investments	8,987.22	137,120.36	-	146,107.58
Total	9,008.60	213,052.43	-	222,061.03
Liabilities instruments				
Liabilities derivatives	-	52,109.25	-	52,109.25
Total	-	52,109.25	-	52,109.25

6.23 Fair Value of Financial Instruments (Continued)

(Million Baht)

<u>The Bank's Financial Statements</u>				
<u>September 30, 2015</u>				
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Assets instruments				
Assets derivatives	-	45,323.65	-	45,323.65
Trading investments	21.38	30,672.13	-	30,693.51
Available-for-sale investments	8,987.22	137,120.36	-	146,107.58
Total	9,008.60	213,116.14	-	222,124.74
Liabilities instruments				
Liabilities derivatives	-	52,111.12	-	52,111.12
Total	-	52,111.12	-	52,111.12

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

Fair Value Hierarchy

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

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

Valuation Techniques for Level 2

Fair value of derivatives is calculated by using valuation techniques based on generally discounted cash flow analyses and option pricing model. Inputs come from observable market that referred from reliable institutions, such as interest rate yield curves, currency rates, and volatilities.

Fair value of domestic debt securities is calculated by using ThaiBMA's price, while fair value of foreign debt securities is calculated by using market price that evaluated by reliable institutions.

Besides, the Bank has valuation adjustment when using valuation techniques in order to reflect Credit Valuation Adjustment (CVA) by considering from credit spread and simulation that counterparties might be default.

6.24 Operation and Risk Management Policies within the Financial Business Group

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

The operation and risk management within the financial business group are prepared as regulations to supervise the operation within the financial conglomerate, including the Bank and 11 companies within the financial business group (Note 6.4), in terms of common standards and procedures which conform to the BoT's consolidated supervision policy. The policies are approved by the Bank's board of directors and reviewed at least once a year. The policies also include operations, rules and regulations of business transactions, ratio of business transactions within the financial business group, and other related operating procedures. The operations within the group are conducted in the same manner as public operations and follow the Bank's corporate governance.

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

6.25 Others

6.25.1 The Bank has a debtor prosecuted to the Supreme Court's Criminal Division for Person Holding Political Positions by the Office of the Attorney General. The Supreme Court issued the order of acceptance on July 25, 2012. This debtor has granted credit limit on December 9, 2003 of Baht 9,900 million which has been drawn down amounting to Baht 8,368.73 million. As at September 30, 2015, the arrears are totally the drawn amount including accrued interest. The Bank also set full amount 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 amount of allowance for impairment. The Supreme Court's Criminal Division for Person Holding Political Positions has already judged on August 26, 2015. Currently, the Bank has sent the letter to the Office of the Attorney General to designate the Department of Legal Execution, the Office of the Attorney General as the Bank's legal executioner.

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

6.26 Information Disclosure under the BoT's Notifications

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

Location of disclosure	www.ktb.co.th >Investor Relations>Financial Information>Pillar III Disclosures
Date of disclosure	October 30, 2015
Information as at	June 30, 2015

6.27 Approval of the Financial Statements

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