



Ref. KTB.FIR. 3033 /2014

Date November 14 , 2014

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

Dear Sir,

Re : Submission of the Financial Statements

Krung Thai Bank Public Company Limited ("The Bank") hereby submits the reviewed financial statements of the Bank and its subsidiaries for the three-month period and the nine-month period ended September 30, 2014 together with the operating performance as follows:

The Bank and its subsidiaries' operating results for the three-month period ended September 30, 2014 show the net interest income of Bt.17,489m, an increase of Bt.1,121m or 6.85% over the Bt.16,368m of the corresponding period of 2013. Net profit before income tax and allowance for doubtful accounts of Bt.14,059m, shows a decrease of Bt.205m or 1.44% over the Bt.14,264m of the corresponding period of 2013. After deducting income tax and allowance for doubtful accounts of Bt.4,804m, net profit is Bt.9,255m, shows an increase of Bt.290m or 3.23% over the Bt.8,965m of the corresponding period of 2013.

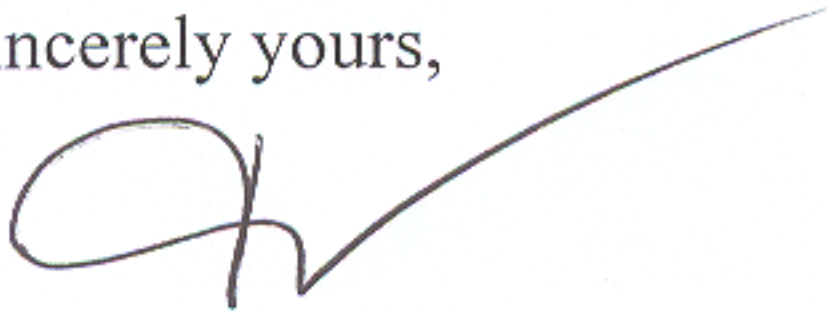
The Bank and its subsidiaries' operating results for the nine-month period ended September 30, 2014 show the net interest income of Bt.51,834m, an increase of Bt.4,738m or 10.06% over the Bt.47,096m of the corresponding period of 2013. Net profit before income tax and allowance for doubtful accounts of Bt.40,451m, shows an increase of Bt.1,667m or 4.30% over the Bt.38,784m of the corresponding period of 2013. After deducting income tax and allowance for doubtful accounts of Bt.15,279m, net profit is Bt.25,172m, shows an increase of Bt.1,081m or 4.49% over the Bt.24,091m of the corresponding period of 2013.

The Bank and its subsidiaries' gross non-performing loans (NPLs) as at September 30, 2014 are Bt.67,467m, show an increase of Bt.11,009m or 19.50% from Bt.56,458m as at December 31, 2013. The ratio of NPLs to loans increased to 3.08% compared with 2.65% as at December 31, 2013. Net non-performing loans (NPLs) are Bt.35,428m or 1.64%. For the nine-month period ended September 30, 2014, the Bank and its subsidiaries have set aside allowance for doubtful accounts and loss on

impairment of Bt.9,965m, show an increase of Bt.791m or 8.62% over the corresponding period of 2013. In this respect, the Bank has determined to increase its monthly provision for doubtful accounts from Bt.500m to Bt.700m in order to provide an appropriate allowance for doubtful accounts given the increase in the Bank's loan portfolio. In 2Q2014, the Bank also set aside additional provision for bad debts, doubtful accounts and loss on impairment of Bt.3,000m in order to strengthen the Bank's provisioning level with regarding to the prudent banking practice to prepare for any economic uncertainty in the future.

Please be advised accordingly.

Sincerely yours,



(Mr. 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 separate statements of financial position as at September 30 ,2014 and the related consolidated and the Bank's separate statements of comprehensive income for the three-month and nine-month periods ended September 30 ,2014, the related consolidated and the Bank's separate statements of changes in equity and cash flows for the nine-month period ended September 30 ,2014 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 the review.

Scope of Review

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

Conclusion

Based on the review, nothing has come to the attention that causes the Office of the Auditor General of Thailand to believe that the 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 11, 2014

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

(Thousand Baht)					
	NOTE	CONSOLIDATED		THE BANK'S	
		FINANCIAL STATEMENTS		FINANCIAL STATEMENTS	
		SEPTEMBER 30, 2014	DECEMBER 31, 2013	SEPTEMBER 30, 2014	DECEMBER 31, 2013
		(UNAUDITED/ REVIEWED)	(AUDITED)	(UNAUDITED/ REVIEWED)	(AUDITED)
ASSETS					
CASH		34,998,865	50,689,508	34,996,446	50,687,465
INTERBANK AND MONEY MARKET ITEMS, NET		422,869,459	448,572,228	422,756,935	448,445,334
CLAIMS ON SECURITIES		10,653,100	-	10,653,100	-
DERIVATIVES ASSETS	6.2	13,979,978	21,310,251	14,047,143	21,335,305
INVESTMENTS, NET	6.3	247,929,273	230,573,088	247,730,122	230,398,733
INVESTMENTS IN SUBSIDIARIES AND ASSOCIATES, NET	6.4	14,869,816	11,209,982	10,563,358	5,369,563
LOANS TO CUSTOMERS AND ACCRUED INTEREST RECEIVABLES, NET	6.5				
LOANS TO CUSTOMERS		1,809,334,038	1,718,734,183	1,801,021,455	1,715,679,231
ACCRUED INTEREST RECEIVABLES		3,382,419	4,647,126	3,388,498	4,775,672
TOTAL LOANS TO CUSTOMERS AND ACCRUED INTEREST RECEIVABLES		1,812,716,457	1,723,381,309	1,804,409,953	1,720,454,903
LESS DEFERRED REVENUE		(8,366,987)	(7,643,919)	(178,445)	(175,334)
LESS ALLOWANCE FOR DOUBTFUL ACCOUNTS	6.6	(72,679,155)	(61,676,632)	(70,855,254)	(60,847,080)
LESS REVALUATION ALLOWANCE FOR DEBT RESTRUCTURING	6.7	(131,553)	(130,221)	(131,553)	(130,221)
TOTAL LOANS TO CUSTOMERS AND ACCRUED INTEREST RECEIVABLES, NET		1,731,538,762	1,653,930,537	1,733,244,701	1,659,302,268
CUSTOMERS' LIABILITIES UNDER ACCEPTANCES		2,439,928	3,121,789	2,439,928	3,121,789
PROPERTIES FOR SALE, NET	6.8	28,870,261	30,661,019	28,574,356	30,386,602
PREMISES AND EQUIPMENT, NET		27,208,003	26,798,824	21,463,453	21,350,942
OTHER INTANGIBLE ASSETS, NET		4,120,116	3,848,182	731,355	637,399
DEFERRED TAX ASSETS	6.9	3,782,962	3,876,024	3,649,889	3,719,681
ACCRUED INCOME		3,960,209	4,374,111	3,742,688	4,092,263
OTHER ASSETS, NET		10,107,823	25,805,007	8,167,658	23,383,397
TOTAL ASSETS		2,557,328,555	2,514,770,550	2,542,761,132	2,502,230,741
LIABILITIES AND EQUITY					
DEPOSITS		1,903,139,414	1,883,781,168	1,903,792,535	1,884,261,913
INTERBANK AND MONEY MARKET ITEMS, NET		212,792,150	200,989,265	211,436,924	199,372,480
LIABILITIES PAYABLE ON DEMAND		5,050,392	5,695,007	5,050,392	5,695,007
LIABILITIES TO DELIVER SECURITIES		10,653,100	-	10,653,100	-
DERIVATIVES LIABILITIES	6.2	13,078,638	24,544,712	13,078,649	24,544,712
DEBT ISSUED AND BORROWINGS	6.10	132,529,428	133,000,654	127,476,798	128,911,083
BANK'S LIABILITIES UNDER ACCEPTANCES		2,439,928	3,121,789	2,439,928	3,121,789
PROVISIONS		14,394,617	14,345,933	13,736,656	13,732,153
DEFERRED TAX LIABILITIES	6.9	21,152	182,682	-	-
OTHER LIABILITIES		39,639,381	43,019,051	38,502,739	40,416,804
TOTAL LIABILITIES		2,333,738,200	2,308,680,261	2,326,167,721	2,300,055,941

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

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

(Thousand Baht)

	NOTE	CONSOLIDATED		THE BANK'S	
		FINANCIAL STATEMENTS		FINANCIAL STATEMENTS	
		SEPTEMBER 30, 2014	DECEMBER 31, 2013	SEPTEMBER 30, 2014	DECEMBER 31, 2013
		(UNAUDITED/ REVIEWED)	(AUDITED)	(UNAUDITED/ REVIEWED)	(AUDITED)
LIABILITIES AND EQUITY (CONTINUED)					
EQUITY					
SHARE CAPITAL	6.11				
AUTHORIZED SHARE CAPITAL					
5,500,000 PREFERRED SHARES OF BAHT 5.15 EACH		28,325	28,325	28,325	28,325
13,976,061,250 ORDINARY SHARES OF BAHT 5.15 EACH		71,976,715	71,976,715	71,976,715	71,976,715
ISSUED AND PAID-UP SHARE CAPITAL					
5,500,000 PREFERRED SHARES OF BAHT 5.15 EACH		28,325	28,325	28,325	28,325
13,976,061,250 ORDINARY SHARES OF BAHT 5.15 EACH		71,976,715	71,976,715	71,976,715	71,976,715
PREMIUM ON SHARE CAPITAL					
PREMIUM ON ORDINARY SHARE		20,833,734	20,833,734	20,833,734	20,833,734
OTHER COMPONENTS OF EQUITY		11,884,385	6,738,638	9,500,442	6,522,303
RETAINED EARNINGS					
APPROPRIATED					
LEGAL RESERVE	6.12	7,200,504	7,200,504	7,200,504	7,200,504
UNAPPROPRIATED		111,666,684	99,312,372	107,053,691	95,613,219
TOTAL EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE BANK		223,590,347	206,090,288	216,593,411	202,174,800
NON-CONTROLLING INTEREST		8	1		
TOTAL EQUITY		223,590,355	206,090,289	216,593,411	202,174,800
TOTAL LIABILITIES AND EQUITY		2,557,328,555	2,514,770,550	2,542,761,132	2,502,230,741

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

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

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

(TRANSLATION)

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

UNAUDITED/

	(Thousand Baht)			
	NOTE	CONSOLIDATED FINANCIAL STATEMENTS	THE BANK'S FINANCIAL STATEMENTS	
		2014	2013 (RESTATED)	2014 2013 (RESTATED)
INTEREST INCOME		29,621,189	28,177,064	29,091,908 27,940,935
INTEREST EXPENSES		12,131,719	11,808,986	12,054,597 11,758,640
INTEREST INCOME, NET		17,489,470	16,368,078	17,037,311 16,182,295
FEES AND SERVICE INCOME		4,421,552	4,230,892	4,204,075 3,999,162
FEES AND SERVICE EXPENSES		409,240	328,835	416,210 351,176
FEES AND SERVICE INCOME, NET		4,012,312	3,902,057	3,787,865 3,647,986
GAINS ON TRADINGS AND FOREIGN EXCHANGE TRANSACTIONS, NET		1,136,854	1,161,828	1,189,163 1,176,861
GAINS ON INVESTMENTS, NET		11,345	97,452	11,345 97,452
SHARE OF PROFIT FROM INVESTMENTS FOR USING EQUITY METHOD		1,046,507	731,103	- -
DIVIDEND INCOME		80,854	809,381	930,354 887,119
OTHER OPERATING INCOME		596,273	507,640	360,145 257,569
TOTAL OPERATING INCOME		24,373,615	23,577,539	23,316,183 22,249,282
OTHER OPERATING EXPENSES				
EMPLOYEES' EXPENSES		5,690,328	5,164,030	4,903,153 4,441,301
DIRECTORS' REMUNERATION		11,631	12,559	6,670 7,965
PREMISES AND EQUIPMENT EXPENSES		2,018,663	1,853,369	1,235,588 1,216,359
TAXES AND DUTIES		1,027,266	966,354	1,016,733 956,533
OTHERS		1,566,584	1,317,243	2,678,278 2,279,103
TOTAL OTHER OPERATING EXPENSES		10,314,472	9,313,555	9,840,422 8,901,261
BAD DEBTS, DOUBTFUL ACCOUNTS AND LOSS ON IMPAIRMENT		2,824,168	3,409,387	2,100,000 3,200,000
OPERATING PROFIT BEFORE INCOME TAX EXPENSES		11,234,975	10,854,597	11,375,761 10,148,021
INCOME TAX EXPENSES		1,979,743	1,889,901	2,041,168 1,851,529
NET PROFIT		9,255,232	8,964,696	9,334,593 8,296,492

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, 2014

UNAUDITED/

	NOTE	CONSOLIDATED		(Thousand Baht)	
		FINANCIAL STATEMENTS		THE BANK'S	
		2014	2013	2014	2013
			(RESTATED)		(RESTATED)
OTHER COMPREHENSIVE INCOME					
GAINS (LOSSES) ON REMEASURING AVAILABLE-FOR-SALE INVESTMENTS		1,371,078	(1,389,338)	1,371,078	(1,389,338)
GAINS (LOSSES) ARISING FROM TRANSLATING THE FINANCIAL STATEMENTS OF FOREIGN OPERATIONS		14,655	(15,371)	14,655	(15,371)
ACTUARIAL LOSSES ON DEFINED BENEFIT PLANS		(391)	(82,943)	-	(82,647)
SHARE OF OTHER COMPREHENSIVE INCOME FROM ASSOCIATES		875,263	(520,309)	-	-
INCOME TAX RELATING TO COMPONENTS OF OTHER COMPREHENSIVE INCOME		(274,137)	294,456	(274,215)	294,396
OTHER COMPREHENSIVE INCOME, NET		1,986,468	(1,713,505)	1,111,518	(1,192,960)
TOTAL COMPREHENSIVE INCOME		11,241,700	7,251,191	10,446,111	7,103,532
NET PROFIT ATTRIBUTABLE					
EQUITY HOLDERS OF THE BANK		9,255,232	8,964,696	9,334,593	8,296,492
NON-CONTROLLING INTEREST		-	-	-	-
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE					
EQUITY HOLDERS OF THE BANK		11,241,700	7,251,191	10,446,111	7,103,532
NON-CONTROLLING INTEREST		-	-	-	-
EARNINGS PER SHARE OF PARENT COMPANY					
BASIC EARNINGS PER SHARE (BAHT)		0.66	0.64	0.67	0.59
DILUTED EARNINGS PER SHARE (BAHT)		0.66	0.64	0.67	0.59

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

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

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

(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, 2014

**UNAUDITED/
REVIEWED**

(Thousand Baht)					
	NOTE	CONSOLIDATED FINANCIAL STATEMENTS		THE BANK'S FINANCIAL STATEMENTS	
		2014	2013 (RESTATED)	2014	2013 (RESTATED)
INTEREST INCOME	6.19	87,935,131	81,544,508	86,493,357	80,995,746
INTEREST EXPENSES	6.20	36,101,229	34,448,597	35,866,904	34,361,434
INTEREST INCOME, NET		51,833,902	47,095,911	50,626,453	46,634,312
FEES AND SERVICE INCOME		13,327,921	12,833,195	12,694,609	12,188,575
FEES AND SERVICE EXPENSES		1,285,793	1,093,965	1,363,127	1,209,741
FEES AND SERVICE INCOME, NET		12,042,128	11,739,230	11,331,482	10,978,834
GAINS ON TRADINGS AND FOREIGN EXCHANGE TRANSACTIONS, NET		3,537,077	3,229,451	3,597,958	3,246,021
GAINS (LOSSES) ON INVESTMENTS, NET	6.3.5	275,146	(535,892)	310,036	(536,382)
SHARE OF PROFIT FROM INVESTMENTS FOR USING EQUITY METHOD		2,752,514	2,394,435	-	-
DIVIDEND INCOME		299,839	1,854,119	2,025,218	2,187,978
OTHER OPERATING INCOME		1,740,286	1,718,294	885,517	913,349
TOTAL OPERATING INCOME		72,480,892	67,495,548	68,776,664	63,424,112
OTHER OPERATING EXPENSES					
EMPLOYEES' EXPENSES		18,553,805	16,943,918	16,102,410	14,643,285
DIRECTORS' REMUNERATION		90,325	84,469	71,907	68,113
PREMISES AND EQUIPMENT EXPENSES		5,862,951	5,444,831	3,663,579	3,594,314
TAXES AND DUTIES		3,112,966	2,750,233	3,078,074	2,719,038
OTHERS		4,409,721	3,487,325	7,619,087	6,431,852
TOTAL OTHER OPERATING EXPENSES		32,029,768	28,710,776	30,535,057	27,456,602
BAD DEBTS, DOUBTFUL ACCOUNTS AND LOSS ON IMPAIRMENT		9,965,025	9,174,423	8,700,000	8,700,000
OPERATING PROFIT BEFORE INCOME TAX EXPENSES		30,486,099	29,610,349	29,541,607	27,267,510
INCOME TAX EXPENSES	6.21	5,313,869	5,518,892	5,270,188	5,404,588
NET PROFIT		25,172,230	24,091,457	24,271,419	21,862,922

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, 2014

**UNAUDITED/
REVIEWED**

	NOTE	CONSOLIDATED		THE BANK'S	
		FINANCIAL STATEMENTS		FINANCIAL STATEMENTS	
		2014	2013	2014	2013
			(RESTATED)		(RESTATED)
OTHER COMPREHENSIVE INCOME					
CHANGES IN REVALUATION SURPLUS ON ASSETS		-	(1,629)	-	(1,629)
GAINS ON REMEASURING AVAILABLE-FOR-SALE INVESTMENTS		3,749,985	(1,048,742)	3,749,985	(1,048,742)
GAINS (LOSSES) ARISING FROM TRANSLATING THE FINANCIAL STATEMENTS OF FOREIGN OPERATIONS		(21,849)	29,552	(21,849)	29,552
ACTUARIAL LOSSES ON DEFINED BENEFIT PLANS		(641,609)	(249,269)	(657,904)	(247,940)
SHARE OF OTHER COMPREHENSIVE INCOME FROM ASSOCIATES		2,167,608	(1,488,993)	-	-
INCOME TAX RELATING TO COMPONENTS OF OTHER COMPREHENSIVE INCOME		(621,675)	258,729	(618,416)	258,463
OTHER COMPREHENSIVE INCOME, NET		4,632,460	(2,500,352)	2,451,816	(1,010,296)
TOTAL COMPREHENSIVE INCOME		29,804,690	21,591,105	26,723,235	20,852,626
NET PROFIT ATTRIBUTABLE					
EQUITY HOLDERS OF THE BANK		25,172,223	24,091,457	24,271,419	21,862,922
NON-CONTROLLING INTEREST		7	-		
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE					
EQUITY HOLDERS OF THE BANK		29,804,683	21,591,105	26,723,235	20,852,626
NON-CONTROLLING INTEREST		7	-		
EARNINGS PER SHARE OF PARENT COMPANY					
BASIC EARNINGS PER SHARE (BAHT)		1.80	1.72	1.74	1.56
DILUTED EARNINGS PER SHARE (BAHT)		1.80	1.72	1.74	1.56

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

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

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

(TRANSLATION)

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KRUNG THAI BANK PUBLIC COMPANY LIMITED AND SUBSIDIARIES

STATEMENTS OF CHANGES IN EQUITY

UNAUDITED/

FOR THE NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2014

(Thousand Baht)

CONSOLIDATED FINANCIAL STATEMENTS										
		ATTRIBUTABLE TO EQUITY HOLDER 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, 2013 (BEFORE RESTATED)		72,005,040	20,833,734	7,936,424	5,693,999	(5,994)	73,799,887	180,263,090	511	180,263,601
EFFECT OF CHANGE IN ACCOUNTING POLICY										
REGARDING DEFERRED TAX		-	-	(1,587,285)	(765,807)	1,198	4,936,033	2,584,139	-	2,584,139
BALANCE AFTER ADJUSTMENT AS AT JANUARY 1, 2013		72,005,040	20,833,734	6,349,139	4,928,192	(4,796)	78,735,920	182,847,229	511	182,847,740
DIVIDEND PAID	6.13	-	-	-	-	-	(6,152,312)	(6,152,312)	-	(6,152,312)
TOTAL COMPREHENSIVE INCOME		-	-	(1,303)	(2,327,987)	28,353	23,892,042	21,591,105	-	21,591,105
ENDING BALANCE AS AT SEPTEMBER 30, 2013		72,005,040	20,833,734	6,347,836	2,600,205	23,557	96,475,650	198,286,022	511	198,286,533
BEGINNING BALANCE AS AT JANUARY 1, 2014		72,005,040	20,833,734	6,347,639	337,852	53,147	106,512,876	206,090,288	1	206,090,289
DIVIDEND PAID	6.13	-	-	-	-	-	(12,304,624)	(12,304,624)	-	(12,304,624)
TOTAL COMPREHENSIVE INCOME		-	-	-	5,167,596	(21,849)	24,658,936	29,804,683	7	29,804,690
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	8	223,590,355

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

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

UNAUDITED/

(Thousand Baht)

THE BANK'S FINANCIAL STATEMENTS							
NOTE	ISSUED AND PAID-UP SHARE CAPITAL	PREMIUM ON SHARE CAPITAL	OTHER COMPONENTS OF EQUITY			RETAINED EARNINGS	TOTAL
			APPRAISAL SURPLUS (DEFICIT) ON ASSETS	REVALUATION SURPLUS (DEFICIT) ON INVESTMENTS	GAIN (LOSS) FROM TRANSLATING THE FINANCIAL STATEMENTS		
BEGINNING BALANCE AS AT JANUARY 1, 2013 (BEFORE RESTATED)	72,005,040	20,833,734	7,936,424	3,829,036	(5,994)	73,040,443	177,638,683
EFFECT OF CHANGE IN ACCOUNTING POLICY							
REGARDING DEFERRED TAX	-	-	(1,587,285)	(765,807)	1,198	4,968,172	2,616,278
BALANCE AFTER ADJUSTMENT AS AT JANUARY 1, 2013	72,005,040	20,833,734	6,349,139	3,063,229	(4,796)	78,008,615	180,254,961
DIVIDEND PAID	6.13	-	-	-	-	(6,152,312)	(6,152,312)
TOTAL COMPREHENSIVE INCOME	-	-	(1,303)	(838,994)	28,353	21,664,570	20,852,626
ENDING BALANCE AS AT SEPTEMBER 30, 2013	72,005,040	20,833,734	6,347,836	2,224,235	23,557	93,520,873	194,955,275
BEGINNING BALANCE AS AT JANUARY 1, 2014	72,005,040	20,833,734	6,347,639	121,517	53,147	102,813,723	202,174,800
DIVIDEND PAID	6.13	-	-	-	-	(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	72,005,040	20,833,734	6,347,639	3,121,505	31,298	114,254,195	216,593,411

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

(Signed) Areepong Bhoocha-oom
(MR. AREEPONG BHOOTHA-OM)
CHAIRMAN

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

KRUNG THAI BANK PUBLIC COMPANY LIMITED AND SUBSIDIARIES

STATEMENTS OF CASH FLOWS

FOR THE NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2014

Unaudited/
Reviewed

(Thousand Baht)

	CONSOLIDATED		THE BANK'S	
	FINANCIAL STATEMENTS		FINANCIAL STATEMENTS	
	2014	2013 (RESTATED)	2014	2013 (RESTATED)
CASH FLOWS FROM OPERATING ACTIVITIES				
OPERATING PROFIT BEFORE INCOME TAX EXPENSES	30,486,099	29,610,349	29,541,607	27,267,510
ADJUSTMENTS TO RECONCILE OPERATING PROFIT BEFORE INCOME TAX EXPENSES				
TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES				
DEPRECIATION AND AMORTIZATION EXPENSES	2,358,597	2,211,717	980,171	1,021,659
BAD DEBTS, DOUBTFUL ACCOUNTS AND LOSS ON IMPAIRMENT	9,965,025	9,174,423	8,700,000	8,700,000
SHARE OF PROFIT FROM INVESTMENTS FOR USING EQUITY METHOD	(2,752,514)	(2,394,435)	-	-
DIVIDEND RECEIVED FROM ASSOCIATES	1,260,287	289,035	-	-
GAIN ON DISPOSAL OF ASSETS	(230)	(21,271)	(11,786)	(819)
GAIN ON DISPOSAL OF INVESTMENTS	(223,664)	(548,986)	(223,664)	(548,986)
LOSS ON RECLASSIFICATION OF INVESTMENTS	-	500	-	500
LOSS (GAIN) ON REVALUATION OF INVESTMENTS	(878)	20,215	(878)	20,215
LOSS (REVERSAL) ON IMPAIRMENT OF PROPERTIES FOR SALE	174,624	(294,134)	71,914	(309,227)
LOSS (REVERSAL) ON IMPAIRMENT OF INVESTMENTS	(51,482)	1,084,879	(86,373)	1,085,369
LOSS ON IMPAIRMENT OF PREMISES AND EQUIPMENT	3,058	-	3,058	-
REVERSAL OF IMPAIRMENT OF OTHER ASSETS	(3,977)	(5,045)	(3,977)	(5,045)
LOSS ON IMPAIRMENT OF OTHER ASSETS	187,599	64,478	187,599	64,478
AMORTIZATION OF DISCOUNT ON INVESTMENTS	(1,114,577)	(541,046)	(1,112,129)	(539,474)
GAIN ON FOREIGN CURRENCY TRANSLATION	(1,832,758)	(357,639)	(1,832,730)	(357,713)
INCREASE (DECREASE) IN PROVISIONS	(592,925)	582,939	(653,402)	533,492
DECREASE (INCREASE) IN OTHER ACCRUED INCOME	195,193	(350,035)	130,866	(413,716)
INCREASE (DECREASE) IN OTHER ACCRUED EXPENSES	265,168	(151,510)	80,269	(356,926)
	38,322,645	38,374,434	35,770,545	36,161,317
INTEREST INCOME, NET	(51,833,902)	(47,095,911)	(50,626,453)	(46,634,312)
DIVIDEND INCOME	(299,839)	(1,854,119)	(2,025,218)	(2,187,978)
PROCEEDS FROM INTEREST INCOME	90,127,655	83,350,927	88,808,347	82,475,411
CASH PAID ON INTEREST EXPENSES	(34,340,109)	(32,863,482)	(36,452,667)	(35,240,420)
PROCEEDS FROM DIVIDEND INCOME	299,839	1,854,599	2,025,218	2,188,458
CASH PAID ON INCOME TAX EXPENSES	(8,728,633)	(7,224,616)	(8,529,661)	(7,048,962)
OPERATING INCOME BEFORE CHANGES IN				
OPERATING ASSETS AND LIABILITIES	33,547,656	34,541,832	28,970,111	29,713,514
(INCREASE) DECREASE IN OPERATING ASSETS				
INTERBANK AND MONEY MARKET ITEMS	24,993,662	(50,458,995)	24,979,292	(50,362,618)
INVESTMENTS IN TRADING SECURITIES	(21,579,646)	11,420,966	(21,579,646)	11,420,966
LOANS TO CUSTOMERS	(93,334,991)	(155,068,994)	(88,526,642)	(150,795,940)
PROPERTIES FOR SALE	5,792,915	9,123,313	5,846,813	9,322,943
OTHER ASSETS	24,595,432	(7,281,522)	24,072,052	(5,912,055)
INCREASE (DECREASE) IN OPERATING LIABILITIES				
DEPOSITS	19,358,246	111,107,076	19,530,622	111,044,621
INTERBANK AND MONEY MARKET ITEMS	11,802,884	29,469,730	12,064,443	28,702,933
LIABILITIES PAYABLE ON DEMAND	(644,615)	241,489	(644,615)	241,489
DEBT ISSUED AND SHORT-TERM BORROWINGS	16,132,060	(1,415,096)	15,169,000	(6,105,654)
OTHER LIABILITIES	(14,495,634)	11,410,364	(10,452,397)	14,261,947
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	6,167,969	(6,909,837)	9,429,033	(8,467,854)

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, 2014

Unaudited/

Reviewed

(Thousand Baht)

	CONSOLIDATED		THE BANK'S	
	FINANCIAL STATEMENTS		FINANCIAL STATEMENTS	
	2014	2013	2014	2013
		(RESTATED)		(RESTATED)
CASH FLOWS FROM INVESTING ACTIVITIES				
PURCHASES OF AVAILABLE FOR SALE SECURITIES	(75,861,237)	(57,679,367)	(75,861,237)	(57,679,367)
PROCEEDS FROM DISPOSAL OF AVAILABLE FOR SALE SECURITIES	66,233,326	57,906,840	66,233,326	57,906,840
PURCHASES OF HELD TO MATURITY DEBT SECURITIES	(19,527,765)	(34,142,333)	(19,120,416)	(33,678,976)
PROCEEDS FROM DISPOSAL OF HELD TO MATURITY DEBT SECURITIES	38,705,653	45,661,582	38,320,653	45,226,582
PURCHASES OF GENERAL INVESTMENTS	(165,987)	(301,760)	(165,987)	(301,760)
PROCEEDS FROM DISPOSAL OF GENERAL INVESTMENTS	231,379	496,196	231,379	496,196
PURCHASES OF INVESTMENTS IN ASSOCIATED COMPANIES	-	(150,000)	(5,158,905)	(150,000)
PURCHASES OF INTANGIBLE ASSETS	(743,208)	(244,338)	(161,145)	(17,189)
PURCHASES OF PREMISES AND EQUIPMENT	(2,232,539)	(2,106,970)	(885,828)	(673,977)
PROCEEDS FROM DISPOSAL OF PREMISES AND EQUIPMENT	65,708	231,694	12,050	973
NET CASH PROVIDED BY INVESTING ACTIVITIES	6,705,330	9,671,544	3,443,890	11,129,322
CASH FLOWS FROM FINANCING ACTIVITIES				
PROCEEDS FROM DEBT ISSUED AND LONG-TERM BORROWINGS	23,324,000	14,825,673	23,324,000	14,925,673
REPAYMENTS OF DEBT ISSUED AND LONG-TERM BORROWINGS	(39,561,469)	(24,477,015)	(39,561,469)	(24,477,015)
DIVIDEND PAID-ORDINARY SHARE	(12,298,934)	(6,149,467)	(12,298,934)	(6,149,467)
DIVIDEND PAID-PREFERRED SHARE	(5,690)	(2,845)	(5,690)	(2,845)
NET CASH USED IN FINANCING ACTIVITIES	(28,542,093)	(15,803,654)	(28,542,093)	(15,703,654)
GAIN (LOSS) ARISING FROM TRANSLATING THE FINANCIAL STATEMENTS OF FOREIGN OPERATIONS	(21,849)	1,047,404	(21,849)	1,047,404
NET DECREASE IN CASH AND CASH EQUIVALENTS	(15,690,643)	(11,994,543)	(15,691,019)	(11,994,782)
BEGINNING BALANCE OF CASH AND CASH EQUIVALENTS	50,689,508	43,705,259	50,687,465	43,703,573
ENDING BALANCE OF CASH AND CASH EQUIVALENTS	34,998,865	31,710,716	34,996,446	31,708,791

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

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

CHAIRMAN

(Signed) Vorapak Tanyawong
(MR. VORAPAK TANYAWONG)

PRESIDENT

KRUNG THAI BANK PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
NOTES TO THE INTERIM FINANCIAL STATEMENTS
FOR THE NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2014 (UNAUDITED/REVIEWED)

1. GENERAL INFORMATION

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

2. BASIS OF PRESENTATION OF THE FINANCIAL STATEMENTS

2.1 Preparation of the Interim Financial Statements

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

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

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

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

The Consolidated Financial Statements

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

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

The Bank's Financial Statements

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

The Bank's financial statements for the nine-month periods ended September 30, 2014 and 2013 and for the year ended December 31, 2013 included the accounts of domestic and foreign branches, after eliminating the effects of all interbranch transactions.

The English Translation of Financial Statement

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

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

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

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

The Federation of Accounting Professions has announced conceptual framework for financial reporting and financial reporting standards but not yet effective as follows:

1. Conceptual Framework for Financial Reporting (revised 2014) already announced in the government gazette and effective on October 15, 2014 onward.
2. TFRS 4 Insurance Contracts effective for the financial statements for periods beginning on or after January 1, 2016 onward.

2.5 Changes in Accounting Policy of Employee Benefits

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

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

	(Million Baht)	
	Consolidated	The Bank's
	Financial Statements	Financial Statements
	<u>September 30, 2013</u>	<u>September 30, 2013</u>
Statements of Comprehensive Income		
Decreased in employees' expenses	(249.27)	(247.94)
Increased in income tax expenses	49.85	49.59
Other Comprehensive Income		
Increased in other comprehensive income	249.27	247.94
Decreased in income tax relating to components of other comprehensive income	(49.85)	(49.59)

2.6 Reclassification

The financial statements for the three-month and nine-month periods ended September 30, 2013 are reclassified to conform with presentation of the financial statements for the three-month and nine-month periods ended September 30, 2014 as follows:

	(Million Baht)	
	<u>Consolidated Financial Statements</u>	
	<u>Three-Month Period</u>	<u>Nine-Month Period</u>
	<u>September 30, 2013</u>	<u>September 30, 2013</u>
Statement of Comprehensive Income		
Decreased in losses on remeasuring available-for sale investments	(520.31)	(1,488.99)
Increased in share of other comprehensive income from associates	520.31	1,488.99

3. SIGNIFICANT ACCOUNTING POLICIES

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

4. Statutory Capital Fund

	(Million Baht)	
	<u>The Bank's Financial Statements</u>	
	<u>September 30, 2014</u>	<u>December 31, 2013</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 appropriated	98,875.16	78,089.99
Other transactions in equity	9,504.95	7,661.62
Deducting transactions from tier 1 capital - equity	(7,187.93)	(4,968.17)
Tier 1 capital - financial instruments		
Hybrid tier 1	8,509.68	9,573.39
Total tier 1 capital	209,741.14	190,396.11
Tier 2 capital		
Long-term subordinated debt	66,407.03	64,688.32
Allowance for normal asset-classification	21,653.70	21,611.90
Total tier 2 capital	88,060.73	86,300.22
Total capital fund	297,801.87	276,696.33

As at September 30, 2014 and December 31, 2013, the Bank's capital fund calculated based on Basel III framework that was adjusted to conform with the BoT's Notification No. SOR NOR SOR.13/2555, regarding the Composition of Capital Fund for Commercial Banks Registered in Thailand. Adjustment of supervisory revision of capital fund regulations and supplement, effective since January 1, 2014, based on Basel III: a global regulatory framework for more resilient banks and banking systems (Revised version: June 2011), issued by the Basel Committee on Banking Supervision (BCBS), to support the Bank's quality and sufficiently capital fund to deal with losses might occur in normal and crisis situation and to preserve the stability of overall financial institutional system.

The BoT's Notification No. SOR NOR SOR.12/2555, regarding the Capital Fund for Commercial Banks Supervision, requires commercial banks registered in Thailand to maintain the minimum capital ratio to be 8.5 percent of risk weighted assets with the condition that the tier 1 capital must not be less than previously 4.25 to currently 6.0 percent of risk weighted assets. As at September 30, 2014 and December 31, 2013, the Bank maintains a ratio of capital fund to risk weighted assets as prescribed by the BoT's regulations and process as follows:

	<u>Capital Fund to Risk Weighted Assets Ratio</u>	
	<u>September 30, 2014</u>	<u>December 31, 2013</u>
Total capital fund	15.85	14.79
Tier 1 capital	11.16	10.17

5. ESTIMATES AND ASSUMPTIONS

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

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

6. SUPPLEMENTARY INFORMATION

6.1 Supplementary Information of Cash Flows

Significant non-cash items for the nine-month periods ended September 30, 2014 and 2013 are as follows:

(Million Baht)

	<u>Consolidated Financial Statements</u>		<u>The Bank's Financial Statements</u>	
	<u>September 30, 2014</u>	<u>September 30, 2013</u>	<u>September 30, 2014</u>	<u>September 30, 2013</u>
Increase (decrease) in revaluation surplus on investments in equity	5,917.59	(2,537.74)	3,749.99	(1,048.74)
Increase in properties for sale from loan payment	4,136.63	4,351.22	4,136.63	4,351.22

6.2 Derivatives Held for Trading

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

(Million Baht)

<u>Type of Risks</u>	<u>Consolidated Financial Statements</u>					
	<u>September 30, 2014</u>			<u>December 31, 2013</u>		
	<u>Fair Value</u>		Notional	<u>Fair Value</u>		Notional
	<u>Assets</u>	<u>Liabilities</u>		<u>Assets</u>	<u>Liabilities</u>	
Exchange rate	8,915.82	7,988.74	1,210,941.15	18,420.31	21,666.86	1,228,659.61
Interest rate	1,847.86	1,724.66	308,093.47	1,639.12	1,550.87	243,214.21
Others	3,216.30	3,365.24	98,568.60	1,250.82	1,326.98	49,706.04
Total	13,979.98	13,078.64	1,617,603.22	21,310.25	24,544.71	1,521,579.86

(Million Baht)

<u>Type of Risks</u>	<u>The Bank's Financial Statements</u>					
	<u>September 30, 2014</u>			<u>December 31, 2013</u>		
	<u>Fair Value</u>		Notional	<u>Fair Value</u>		Notional
	<u>Assets</u>	<u>Liabilities</u>		<u>Assets</u>	<u>Liabilities</u>	
Exchange rate	8,915.82	7,988.75	1,210,942.02	18,420.31	21,666.86	1,228,659.61
Interest rate	1,915.02	1,724.66	312,464.13	1,664.18	1,550.87	245,024.49
Others	3,216.30	3,365.24	98,568.60	1,250.82	1,326.98	49,706.04
Total	14,047.14	13,078.65	1,621,974.75	21,335.31	24,544.71	1,523,390.14

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, 2014</u>	<u>December 31, 2013</u>	<u>September 30, 2014</u>	<u>December 31, 2013</u>
	<u>Proportion</u>	<u>Proportion</u>	<u>Proportion</u>	<u>Proportion</u>
Financial institutions	72.64%	69.73%	72.44%	69.65%
Financial business group	0.19%	0.17%	0.46%	0.29%
Third parties	27.17%	30.10%	27.10%	30.06%
Total	100.00%	100.00%	100.00%	100.00%

6.3 Investments, Net

(Million Baht)

<u>Consolidated Financial Statements</u>								
	<u>September 30, 2014</u>				<u>December 31, 2013</u>			
	<u>Cost/ Amortized Cost</u>	<u>Unrealized Gains</u>	<u>Unrealized Losses</u>	<u>Fair Value</u>	<u>Cost/ Amortized Cost</u>	<u>Unrealized Gains</u>	<u>Unrealized Losses</u>	<u>Fair Value</u>
6.3.1 Trading Securities								
Government & state enterprise securities	29,460.03	14.90	(1.14)	29,473.79	7,958.66	12.06	-	7,970.72
Private enterprise debt securities	-	-	-	-	-	-	-	-
Foreign debt securities	-	-	-	-	-	-	-	-
Domestic marketable equity securities	64.85	1.28	(2.09)	64.04	-	-	-	-
Investments in borrowings with embedded derivatives	971.20	-	(728.50)	242.70	984.41	-	(778.97)	205.44
Total	30,496.08	16.18	(731.73)	29,780.53	8,943.07	12.06	(778.97)	8,176.16
<u>Less</u> Allowance for revaluation	(958.25)				(972.35)			
Total	29,537.83			29,780.53	7,970.72			8,176.16
6.3.2 Available-for-Sale Securities								
Government & state enterprise securities	94,737.53	140.44	(257.54)	94,620.43	84,071.53	162.45	(1,703.75)	82,530.23
Private enterprise debt securities	646.00	11.48	-	657.48	646.00	6.79	(0.51)	652.28
Foreign debt securities	4,228.89	47.52	(3.86)	4,272.55	4,185.66	35.24	(4.24)	4,216.66
Domestic marketable equity securities	5,284.99	3,931.30	(151.20)	9,065.09	5,409.04	1,792.75	(259.80)	6,941.99
Foreign marketable equity securities	322.28	179.88	-	502.16	400.77	119.07	(70.42)	449.42
Total	105,219.69	4,310.62	(412.60)	109,117.71	94,713.00	2,116.30	(2,038.72)	94,790.58
<u>Add</u> Allowance for revaluation	3,901.88				151.89			
<u>Less</u> Allowance for impairment	(3.86)				(74.31)			
Total	109,117.71			109,117.71	94,790.58			94,790.58

6.3 Investments, Net (Continued)

(Million Baht)

<u>Consolidated Financial Statements</u>								
<u>September 30, 2014</u>					<u>December 31, 2013</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	89,694.15	833.82	(1,472.96)	89,055.01	110,520.51	411.42	(3,007.38)	107,924.55
Private enterprise debt securities	751.82	28.89	(36.32)	744.39	893.32	18.83	(36.32)	875.83
Foreign debt securities	18,238.10	-	-	18,238.10	15,749.32	-	-	15,749.32
Total	108,684.07	862.71	(1,509.28)	108,037.50	127,163.15	430.25	(3,043.70)	124,549.70
<u>Less</u> Allowance for impairment	(207.06)				(207.06)			
Total	108,477.01			108,037.50	126,956.09			124,549.70
6.3.4 General Investments								
Domestic non-marketable equity securities	1,987.72	-	(1,261.32)	726.40	2,026.58	-	(1,242.54)	784.04
Foreign non-marketable equity securities	70.32	-	-	70.32	71.66	-	-	71.66
Total	2,058.04	-	(1,261.32)	796.72	2,098.24	-	(1,242.54)	855.70
<u>Less</u> Allowance for impairment	(1,261.32)				(1,242.54)			
Total	796.72			796.72	855.70			855.70
Total investments, net	247,929.27			247,732.46	230,573.09			228,372.14

(Million Baht)

<u>The Bank's Financial Statements</u>								
<u>September 30, 2014</u>					<u>December 31, 2013</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	29,460.03	14.90	(1.14)	29,473.79	7,958.66	12.06	-	7,970.72
Private enterprise debt securities	-	-	-	-	-	-	-	-
Foreign debt securities	-	-	-	-	-	-	-	-
Domestic marketable equity securities	64.85	1.28	(2.09)	64.04	-	-	-	-
Investments in borrowings with embedded derivatives	971.20	-	(728.50)	242.70	984.41	-	(778.97)	205.44
Total	30,496.08	16.18	(731.73)	29,780.53	8,943.07	12.06	(778.97)	8,176.16
<u>Less</u> Allowance for revaluation	(958.25)				(972.35)			
Total	29,537.83			29,780.53	7,970.72			8,176.16

6.3 Investments, Net (Continued)

(Million Baht)

<u>The Bank's Financial Statements</u>								
<u>September 30, 2014</u>					<u>December 31, 2013</u>			
	Cost/ <u>Amortized Cost</u>	Unrealized <u>Gains</u>	Unrealized <u>Losses</u>	<u>Fair Value</u>	Cost/ <u>Amortized Cost</u>	Unrealized <u>Gains</u>	Unrealized <u>Losses</u>	<u>Fair Value</u>
6.3.2 Available-for-Sale Securities								
Government & state enterprise securities	94,737.53	140.44	(257.54)	94,620.43	84,071.53	162.45	(1,703.75)	82,530.23
Private enterprise debt securities	646.00	11.48	-	657.48	646.00	6.79	(0.51)	652.28
Foreign debt securities	4,228.89	47.52	(3.86)	4,272.55	4,185.66	35.24	(4.24)	4,216.66
Domestic marketable equity securities	5,284.99	3,931.30	(151.20)	9,065.09	5,409.04	1,792.75	(259.80)	6,941.99
Foreign marketable equity securities	322.28	179.88	-	502.16	400.77	119.07	(70.42)	449.42
Total	105,219.69	4,310.62	(412.60)	109,117.71	94,713.00	2,116.30	(2,038.72)	94,790.58
Add Allowance for revaluation	3,901.88				151.89			
Less Allowance for impairment	(3.86)				(74.31)			
Total	109,117.71			109,117.71	94,790.58			94,790.58
6.3.3 Held-to-Maturity Debt Securities								
Government & state enterprise securities	89,495.05	833.82	(1,472.96)	88,855.91	110,346.20	411.42	(3,007.38)	107,750.24
Private enterprise debt securities	751.82	28.89	(36.32)	744.39	893.32	18.83	(36.32)	875.83
Foreign debt securities	18,238.10	-	-	18,238.10	15,749.32	-	-	15,749.32
Total	108,484.97	862.71	(1,509.28)	107,838.40	126,988.84	430.25	(3,043.70)	124,375.39
Less Allowance for impairment	(207.06)				(207.06)			
Total	108,277.91			107,838.40	126,781.78			124,375.39
6.3.4 General Investments								
Domestic non-marketable equity securities	1,987.67	-	(1,261.32)	726.35	2,026.53	-	(1,242.54)	783.99
Foreign non-marketable equity securities	70.32	-	-	70.32	71.66	-	-	71.66
Total	2,057.99	-	(1,261.32)	796.67	2,098.19	-	(1,242.54)	855.65
Less Allowance for impairment	(1,261.32)				(1,242.54)			
Total	796.67			796.67	855.65			855.65
Total investments, net	247,730.12			247,533.31	230,398.73			228,197.78

As at September 30, 2014 and December 31, 2013, trading securities which are investments in borrowings with embedded derivatives, closely related, of Baht 971.20 million and Baht 984.41 million, respectively, are Collateralized Debt Obligations (CDO) with fair value of Baht 242.70 million and Baht 205.44 million, respectively, and have full allowance for revaluation.

6.3 Investments, Net (Continued)

As at September 30, 2014 and December 31, 2013, held-to-maturity investments in government and state enterprise debt securities included promissory notes issued by the Thai Asset Management Corporation (TAMC) paid for the transfer of the Bank's impaired assets amounting to Baht 3,375.25 million and Baht 3,388.20 million, respectively (Note 6.22). There is a TAMC's promissory note amounting to Baht 2,824.22 million, was already due in 2011, and is in the process of transferred price adjustment.

As at September 30, 2014 and December 31, 2013, general investments which are domestic non-marketable equity securities of Baht 1,987.68 million and Baht 2,026.53 million included investments in the Islamic Bank of Thailand amounting to Baht 1,048.15 million which the Bank reserved the full amount of allowance for impairment.

As at September 30, 2014 and December 31, 2013, the Bank had investments in foreign securities affected by foreign exchange rate, resulting in a decrease of the carrying amount of Baht 97.23 million and an increase of the carrying amount of Baht 243.50 million, respectively.

Sales of Investments to the Bank's Subsidiaries

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

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

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, 2014</u>	<u>December 31, 2013</u>	<u>September 30, 2014</u>	<u>December 31, 2013</u>
Manufacturing		1.00	1.00	1.00	1.00
Banking and financial		245.70	232.05	245.70	232.05
Public utilities and services		1,481.04	1,131.16	1,481.04	1,131.16
Others		18.48	18.48	18.48	18.48
Total		<u>1,746.22</u>	<u>1,382.69</u>	<u>1,746.22</u>	<u>1,382.69</u>

6.3.5 Gains (Losses) on Investments, Net Shown in the Statements of Comprehensive Income for the nine-month

periods ended September 30, 2014 and 2013 comprise the following:

(Million Baht)

<u>Consolidated Financial Statements</u>				
	<u>September 30, 2014</u>		<u>September 30, 2013</u>	
	<u>Gain/Reverse</u>	<u>Loss</u>	<u>Gain/Reverse</u>	<u>Loss</u>
Realized gains (losses) on disposal of current available-for-sale investments	66.88	(22.77)	29.60	-
Realized gains on disposal of current general investments	2.80	-	2.20	-
Realized gains (losses) on disposal of long-term available-for-sale investments	238.33	(85.31)	464.97	(35.92)
Realized gains (losses) on disposal of long-term general investments	24.71	(0.97)	89.20	(1.06)
Reversed (losses) on impairment of investments	51.48	-	-	(1,084.88)
Total	384.20	(109.05)	585.97	(1,121.86)
Gains (losses) on investments, net	275.15		(535.89)	

(Million Baht)

<u>The Bank's Financial Statements</u>				
	<u>September 30, 2014</u>		<u>September 30, 2013</u>	
	<u>Gain/Reverse</u>	<u>Loss</u>	<u>Gain/Reverse</u>	<u>Loss</u>
Realized gains (losses) on disposal of current available-for-sale investments	66.88	(22.77)	29.60	-
Realized gains on disposal of current general investments	2.80	-	2.20	-
Realized gains (losses) on disposal of long-term available-for-sale investments	238.33	(85.31)	464.97	(35.92)
Realized gains (losses) on disposal of long-term general investments	24.71	(0.97)	89.20	(1.06)
Reversed (losses) on impairment of investments	86.37	-	-	(1,085.37)
Total	419.09	(109.05)	585.97	(1,122.35)
Gains (losses) on investments, net	310.04		(536.38)	

6.3.6 As at September 30, 2014, the Bank has investments in 2 listed companies in which their financial position and performance fall under SET's delisted criteria, cost of Baht 1.83 million which are reserved full amount of allowance for impairment.

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

(Million Baht)

September 30, 2014

<u>Name of Company</u>	<u>Type of Business</u>	<u>Type of Shares</u>	Percentages of	Investments	<u>Dividend</u>
			<u>Shareholdings</u>	<u>(Cost Method)</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	100.00	-
KTB Capital Holding Co., Ltd.	Holding	Ordinary	100.00	1.00	268.99
KTB Advisory Co., Ltd.	Financial Counseling & Advisory Services	Ordinary	100.00	40.00	10.20
Total				1,821.90	465.09
Associates					
Krungthai-AXA Life Insurance Pcl.	Life Insurance	Ordinary	50.00	4,071.77	800.00
Krungthai Card Pcl.	Credit Card Business	Ordinary	49.45	1,994.60	255.00
Krungthai Panich Insurance Pcl.	Non-Life Insurance	Ordinary	45.00	1,518.82	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				8,741.46	1,260.29
Investments in subsidiaries and associates, net				10,563.36	1,725.38

6.4.1 The Bank's Financial Statements (Continued)

(Million Baht)

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

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

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

Investments in Subsidiaries

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

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

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

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 KTBCB from former shareholders and also repurchase shares of KPI and KTAL from KTBCB. Moreover, the Bank had to exclude KTBCB from its financial business group.

On October 1, 2013, the Bank conducted the process that was stipulated the BoT by purchasing KTBCB's total issued shares at the cost. As a result, the Bank currently holds 100 percent of KTBCB's total issued shares. In this period, the Bank repurchased shares in KPI and KTAL from KTBCB amounting to book value of Baht 5,158.90 million (Note 6.16.8).

Investments in Associates

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

6.4.2 The Consolidated Financial Statements

						(Million Baht)
						September 30, 2014
				Percentages of	Investments	Investments
<u>Name of Company</u>	<u>Type of Business</u>	<u>Type of Shares</u>	<u>Shareholdings</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	7,499.02	
Krungthai Card Pcl.	Credit Card Business	Ordinary	49.45	1,994.60	3,433.41	
Krungthai Panich Insurance Pcl.	Non-Life Insurance	Ordinary	45.00	971.30	2,223.44	
Krung Thai IBJ Leasing Co., Ltd.	Hire Purchase	Ordinary	49.00	87.38	476.76	
KT Zmico Securities Co., Ltd.	Securities Business	Ordinary	50.00	1,068.89	1,237.19	
Total investments in associates, net					4,715.74	14,869.82

6.4.2 The Consolidated Financial Statements (Continued)

(Million Baht)

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

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

6.4.3 Financial Positions and Operations of Associates

(Million Baht)

Consolidated Financial Statements						
Name of Company	September 30, 2014			December 31, 2013		
	"Unreviewed"			"Audited"		
	Total Assets	Total Liabilities	Shareholders' Equity	Total Assets	Total Liabilities	Shareholders' Equity
Krung Thai IBJ Leasing Co., Ltd.	7,157.28	6,184.30	972.98	6,910.49	5,980.79	929.70
KT Zmico Securities Co., Ltd.	8,747.93	6,273.55	2,474.38	6,546.35	4,134.76	2,411.59
Krungthai Panich Insurance Pcl.	9,009.80	4,068.82	4,940.98	9,435.66	5,245.19	4,190.47
Krungthai-AXA Life Insurance Pcl.	128,527.50	113,529.46	14,998.04	96,719.92	87,467.27	9,252.65
Krungthai Card Pcl.	50,852.40	43,909.29	6,943.11	51,904.83	45,776.34	6,128.49
	204,294.91	173,965.42	30,329.49	171,517.25	148,604.35	22,912.90

(Million Baht)

Consolidated Financial Statements				
Name of Company	September 30, 2014		September 30, 2013	
	"Unreviewed"		"Reviewed"	
	Total Income	Net Profit (Loss)	Total Income	Net Profit (Loss)
Krung Thai IBJ Leasing Co., Ltd.	447.51	107.78	397.45	79.16
KT Zmico Securities Co., Ltd.	1,330.99	208.75	1,735.90	303.33
Krungthai Panich Insurance Pcl.	2,150.10	600.84	2,170.88	332.93
Krungthai-AXA Life Insurance Pcl.	38,415.88	3,390.75	29,812.91	3,067.45
Krungthai Card Pcl.	10,506.15	1,330.29	10,329.26	1,054.03
	52,850.63	5,638.41	44,446.40	4,836.90

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, 2014</u>	<u>December 31, 2013</u>	<u>September 30, 2014</u>	<u>December 31, 2013</u>
Overdrafts	161,129.70	152,640.55	161,129.70	152,640.55
Loans	1,143,967.72	1,104,846.15	1,198,396.63	1,151,116.26
Bills	432,249.64	398,217.40	440,229.64	410,409.06
Hire purchase receivables	59,695.29	51,902.47	103.21	232.63
Financial lease receivables	10,263.64	9,470.50	-	-
Others	2,028.04	1,657.11	1,162.27	1,280.73
<u>Less</u> Deferred revenue	(8,366.98)	(7,643.92)	(178.44)	(175.33)
Total loans to customers net of deferred revenue	1,800,967.05	1,711,090.26	1,800,843.01	1,715,503.90
<u>Add</u> Accrued interest receivables	3,382.42	4,647.13	3,388.49	4,775.67
Total loans to customers net of deferred revenue, plus accrued interest receivables	1,804,349.47	1,715,737.39	1,804,231.50	1,720,279.57
<u>Less</u> Allowance for doubtful accounts				
1. Minimum reserve under BoT's regulations				
- Individual approach	(50,986.81)	(40,959.49)	(49,293.09)	(40,250.05)
2. Excess allowance	(21,692.35)	(20,717.14)	(21,562.16)	(20,597.03)
<u>Less</u> Revaluation allowance for debt restructuring	(131.55)	(130.22)	(131.55)	(130.22)
Total loans to customers, net	1,731,538.76	1,653,930.54	1,733,244.70	1,659,302.27

As at September 30, 2014 and December 31, 2013, the Bank's other loans of Baht 1,162.27 million and Baht 1,280.73 million included debts resulting from the Bank's liabilities under acceptances or guarantees amounting to Baht 1,101.39 million and Baht 1,220.20 million, respectively.

6.5.2 Classified by Loan Classification

(Million Baht)

	<u>Consolidated Financial Statements</u>			
	<u>September 30, 2014</u>			
	Net Amount	%		
Loans and Accrued Interest Receivables	Used for Set aside the Allowance for Doubtful Accounts ¹	Used for Set aside the Allowance for Doubtful Accounts		Allowance for Doubtful Accounts
1. Minimum reserve under BoT's regulations				
Normal	1,668,452.37	736,803.14	1	8,617.89
Special mention	68,150.70	33,868.11	2	10,330.18
Substandard	14,605.54	7,669.58	100	7,686.78
Doubtful	15,464.29	7,806.84	100	7,806.84
Doubtful of loss	37,676.57	11,946.51	100	16,545.12
2. Excess allowance				21,692.35
Total *	1,804,349.47	798,094.18		72,679.16

6.5.2 Classified by Loan Classification (Continued)

(Million Baht)

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

(Million Baht)

<u>The Bank's Financial Statements</u>				
<u>September 30, 2014</u>				
	Net Amount		%	
Loans and Accrued Interest	Used for Set aside the Allowance for	Used for Set aside the Allowance for		Allowance for Doubtful
<u>Receivables</u>	<u>Doubtful Accounts</u> ¹	<u>Doubtful Accounts</u>		<u>Accounts</u>
1. Minimum reserve under BoT's regulations				
Normal	1,673,952.17	796,431.75	1	8,588.53
Special mention	65,042.63	33,508.61	2	10,322.99
Substandard	13,719.76	7,315.92	100	7,333.12
Doubtful	14,954.32	7,575.65	100	7,575.65
Doubtful of loss	36,562.62	10,852.35	100	15,472.80
2. Excess allowance				21,562.16
Total *	1,804,231.50	855,684.28		70,855.25

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

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

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

6.5.3 Non-Performing Loans (NPLs)

As at September 30, 2014 and December 31, 2013, the Bank and its subsidiaries had NPLs classified by the BoT's notifications as substandard, doubtful, doubtful of loss, and loss, including loans to interbank and money market except accrued interest receivables.

(Million Baht)

	<u>Consolidated Financial Statements</u>		<u>The Bank's Financial Statements</u>	
	<u>September 30, 2014</u>	<u>December 31, 2013</u>	<u>September 30, 2014</u>	<u>December 31, 2013</u>
NPLs before deducting allowance for doubtful accounts	67,466.62	56,458.09	64,956.92	55,026.31
Percentage of total loans	3.08	2.65	2.96	2.58
NPLs after deducting allowance for doubtful accounts	35,427.88	32,222.25	34,575.35	31,460.13
Percentage of net loans	1.64	1.53	1.60	1.49

For the nine-month period ended September 30, 2014 and for the year ended December 31, 2013, impaired loans have been written off both principal and accrued interest receivables amounting to Baht 399.32 million and Baht 6,809.64 million, respectively.

6.5.4 Loans to Potential Delisted Companies

As at September 30, 2014 and December 31, 2013, the Bank has loans and accrued interest receivables to 7 potential delisted companies of Baht 1,036.40 million and Baht 1,150.26 million, and accrued interest receivables of Baht 0.01 million and Baht 0.14 million, totaling to Baht 1,036.41 million and Baht 1,150.40 million, their allowance for doubtful accounts were provided for Baht 797.30 million and Baht 830.44 million in accordance with the BoT's notifications for loan classification, respectively.

6.5.5 Troubled Debt Restructuring (TDR)

For the nine-month period ended September 30, 2014 and for the year ended December 31, 2013, the original loan value of the 6,262 and 7,040 troubled debt restructuring cases are Baht 14,912.04 million and Baht 30,661.41 million. The repayment for related interest and principal are Baht 3,657.87 million and Baht 5,221.10 million, whereas extended lending increased by Baht 2,772.96 million and Baht 2,309.04 million. Bad debts from Troubled Debt Restructuring are Baht 84.22 million and Baht 324.48 million, respectively.

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

(Million Baht)				
<u>The Bank's Financial Statements</u>				
	No. of	Outstanding	Type of	
		Debt before	Transferred	
Troubled Debt Restructuring Approaches	<u>Cases</u>	<u>Restructuring</u>	<u>Assets</u>	<u>Fair Value</u>
Transfers of assets	14	308.45	Land & Premises	308.11
Change of repayment conditions	609	6,004.35		
Debt restructuring in various forms	5,639	8,599.24		
	6,262	14,912.04		

As at September 30, 2014, the Bank has outstanding balance of loans to restructured debts for 25,286 cases amounting to Baht 81,624.30 million, of which 1,122 cases amounting to Baht 7,285.80 million, has been monitored under the new contractual agreements.

The consolidated financial statements as at September 30, 2014, the Bank restructured debts of 7,085 cases which the debts before restructuring were Baht 15,958.63 million.

6.5.5 Troubled Debt Restructuring (TDR) (Continued)

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

(Million Baht)

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

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

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

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

(Million Baht)

	<u>Consolidated Financial Statements</u>							
	<u>September 30, 2014</u>				<u>December 31, 2013</u>			
	<u>The Amount Due to Pay of the Contract</u>				<u>The Amount Due to Pay of the Contract</u>			
	Not Over	Over	Over		Not Over	Over	Over	
	<u>1 Year</u>	<u>1 - 5 Years</u>	<u>5 Years</u>	<u>Total</u>	<u>1 Year</u>	<u>1 - 5 Years</u>	<u>5 Years</u>	<u>Total</u>
Gross investment of minimum leases payment	22,869.87	43,744.79	3,344.27	69,958.93	19,177.20	39,537.20	2,658.57	61,372.97
<u>Less</u> Unearned financial income				(8,212.78)				(7,526.31)
Present value of minimum leases payment				61,746.15				53,846.66
Allowance for doubtful accounts				(982.76)				(460.02)
Financial lease receivables, net				60,763.39				53,386.64

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, 2014</u>					<u>December 31, 2013</u>			
<u>The Amount Due to Pay of the Contract</u>					<u>The Amount Due to Pay of the Contract</u>			
Not Over	Over	Over			Not Over	Over	Over	
<u>1 Year</u>	<u>1 - 5 Years</u>	<u>5 Years</u>	<u>Total</u>		<u>1 Year</u>	<u>1 - 5 Years</u>	<u>5 Years</u>	<u>Total</u>
Gross investment of minimum leases payment	41.77	61.44	-	103.21	62.36	170.27	-	232.63
<u>Less</u> Unearned financial income			(14.44)					(37.88)
Present value of minimum leases payment			88.77					194.75
Allowance for doubtful accounts			(2.79)					(3.29)
Financial lease receivables, net			85.98					191.46

6.6 Allowance for Doubtful Accounts

(Million Baht)

<u>The Bank's Financial Statements</u>							
<u>September 30, 2014</u>							
					Allowance in Excess of		
	<u>Normal</u>	<u>Special Mention</u>	<u>Substandard</u>	<u>Doubtful</u>	<u>Doubtful of Loss</u>	<u>BoT's Regulations</u>	<u>Total</u>
Beginning balance	8,392.84	8,291.03	6,459.87	3,824.42	13,281.89	20,597.03	60,847.08
Increase (decrease) in allowance for doubtful accounts	34.92	2,031.90	873.25	3,751.23	1,043.57	965.13	8,700.00
Allowance for doubtful accounts transferred to allowance for debt restructuring revaluation	-	-	-	-	(1.33)	-	(1.33)
Bad debt recovered	-	-	-	-	571.20	-	571.20
Bad debt written-off	-	-	-	-	(399.32)	-	(399.32)
Others	160.77	0.06	-	-	976.79	-	1,137.62
Ending balance	8,588.53	10,322.99	7,333.12	7,575.65	15,472.80	21,562.16	70,855.25

The consolidated financial statements as at September 30, 2014, the Bank has set aside allowance for doubtful accounts of Baht 72,679.15 million including its subsidiaries' allowance for doubtful accounts of Baht 1,823.90 million.

For the nine-month period ended September 30, 2014, the Bank has set aside allowance for doubtful accounts of Baht 500 million a month. Since April 2014, the Bank set more to Baht 700 million a month and also set more of Baht 3,000 million, totaling to Baht 8,700 million.

6.6 Allowance for Doubtful Accounts (Continued)

(Million Baht)

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

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

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

6.7 Revaluation Allowance for Debt Restructuring

(Million Baht)

<u>Consolidated and the Bank's Financial Statements</u>		
	<u>September 30, 2014</u>	<u>December 31, 2013</u>
Beginning balance	130.22	49.86
Transfer from (to) allowance for doubtful accounts	1.33	80.36
Ending balance	131.55	130.22

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

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

6.8 Properties for Sale, Net

(Million Baht)

<u>Consolidated Financial Statements</u>								
Type of Properties for Sale	<u>September 30, 2014</u>				<u>December 31, 2013</u>			
	Beginning		Ending		Beginning		Ending	
	<u>Balance</u>	<u>Additions</u>	<u>Disposals</u>	<u>Balance</u>	<u>Balance</u>	<u>Additions</u>	<u>Disposals</u>	<u>Balance</u>
Assets from debt repayment								
Immovable properties								
- Appraised by external appraisers	20,490.38	4,920.25	2,385.86	23,024.77	22,749.02	3,775.37	6,034.01	20,490.38
- Appraised by internal appraisers	10,303.40	686.13	5,112.90	5,876.63	11,636.43	2,286.17	3,619.20	10,303.40
Movable properties	410.03	1,012.91	888.70	534.24	160.14	736.62	486.73	410.03
Total	31,203.81	6,619.29	8,387.46	29,435.64	34,545.59	6,798.16	10,139.94	31,203.81
Others (closed branches)	71.52	-	30.15	41.37	84.39	6.35	19.22	71.52
Properties for sale in transit	212.99	363.31	181.12	395.18	2,454.85	214.13	2,455.99	212.99
Total	31,488.32	6,982.60	8,598.73	29,872.19	37,084.83	7,018.64	12,615.15	31,488.32
<u>Less</u> Allowance for impairment	(827.30)	(174.63)	-	(1,001.93)	(1,148.00)	-	(320.70)	(827.30)
Properties for sale, net	30,661.02	6,807.97	8,598.73	28,870.26	35,936.83	7,018.64	12,294.45	30,661.02

(Million Baht)

<u>The Bank's Financial Statements</u>								
Type of Properties for Sale	<u>September 30, 2014</u>				<u>December 31, 2013</u>			
	Beginning		Ending		Beginning		Ending	
	<u>Balance</u>	<u>Additions</u>	<u>Disposals</u>	<u>Balance</u>	<u>Balance</u>	<u>Additions</u>	<u>Disposals</u>	<u>Balance</u>
Assets from debt repayment								
Immovable properties								
- Appraised by external appraisers	20,490.38	4,920.25	2,385.86	23,024.77	22,749.02	3,775.37	6,034.01	20,490.38
- Appraised by internal appraisers	10,303.40	686.13	5,112.90	5,876.63	11,636.43	2,286.17	3,619.20	10,303.40
Movable properties	110.60	-	-	110.60	110.60	-	-	110.60
Total	30,904.38	5,606.38	7,498.76	29,012.00	34,496.05	6,061.54	9,653.21	30,904.38
Others (closed branches)	71.52	-	30.15	41.37	84.39	6.35	19.22	71.52
Properties for sale in transit	212.99	363.31	181.12	395.18	2,454.85	214.13	2,455.99	212.99
Total	31,188.89	5,969.69	7,710.03	29,448.55	37,035.29	6,282.02	12,128.42	31,188.89
<u>Less</u> Allowance for impairment	(802.29)	(71.91)	-	(874.20)	(1,145.83)	-	(343.54)	(802.29)
Properties for sale, net	30,386.60	5,897.78	7,710.03	28,574.35	35,889.46	6,282.02	11,784.88	30,386.60

As at September 30, 2014 and December 31, 2013, the Bank's allowance for impairment of properties for sale has increased Baht 71.91 million and decreased Baht 343.54 million, respectively, from reversal or additional of loss on impairment.

For the nine-month periods ended September 30, 2014 and 2013, the Bank generated gains on sale of properties for sale of Baht 796.11 million and Baht 694.61 million, respectively (before deduction of selling expenses of Baht 282.87 million and Baht 321.59 million, respectively).

6.9 Deferred Tax Assets and Deferred Tax Liabilities

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

(Million Baht)

	<u>Consolidated Financial Statements</u>		<u>The Bank's Financial Statements</u>	
	<u>September 30, 2014</u>	<u>December 31, 2013</u>	<u>September 30, 2014</u>	<u>December 31, 2013</u>
Deferred Tax Assets	3,782.96	3,876.02	3,649.89	3,719.68
Deferred Tax Liabilities	21.15	182.68	-	-
Net	3,761.81	3,693.34	3,649.89	3,719.68

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

(Million Baht)

	<u>Consolidated Financial Statements</u>			
	<u>Charged / credited to:</u>			
	<u>Other Comprehensive</u>			
	<u>January 1, 2014</u>	<u>Profit / Loss</u>	<u>Income</u>	<u>September 30, 2014</u>
Deferred Tax Assets				
Investments	910.60	(11.50)	(311.13)	587.97
Investments in subsidiaries and associates	6.98	(6.98)	-	-
Loans to customers and accrued interest receivables, net	1,256.83	616.06	-	1,872.89
Properties for sale	362.86	(162.47)	-	200.39
Premises and equipment	328.70	(0.93)	-	327.77
Provisions	2,869.22	372.70	128.32	3,370.24
Guarantee deposit under financial lease	134.10	(60.55)	-	73.55
Others	494.10	(25.66)	-	468.44
Total	6,363.39	720.67	(182.81)	6,901.25
Deferred Tax Liabilities				
Investments	425.67	0.82	438.86	865.35
Premises and equipment	1,706.32	53.05	-	1,759.37
Loans to customers and accrued interest receivables, net	538.06	(23.34)	-	514.72
Total	2,670.05	30.53	438.86	3,139.44
Net	3,693.34	690.14	(621.67)	3,761.81

6.9 Deferred Tax Assets and Deferred Tax Liabilities (Continued)

(Million Baht)

<u>Consolidated Financial Statements</u>				
<u>Charged / credited to:</u>				
Other Comprehensive				
	<u>January 1, 2013</u>	<u>Profit / Loss</u>	<u>Income</u>	<u>December 31, 2013</u>
Deferred Tax Assets				
Investments	376.69	218.46	315.45	910.60
Investments in subsidiaries and associates	6.88	0.10	-	6.98
Loans to customers and accrued interest receivables, net	1,094.36	162.47	-	1,256.83
Properties for sale	426.39	(63.53)	-	362.86
Premises and equipment	328.75	(0.05)	-	328.70
Provisions	2,657.38	66.34	145.50	2,869.22
Guarantee deposit under financial lease	114.90	19.20	-	134.10
Others	448.36	46.94	(1.20)	494.10
Total	5,453.71	449.93	459.75	6,363.39
Deferred Tax Liabilities				
Investments	848.52	(2.87)	(419.98)	425.67
Premises and equipment	1,648.30	58.39	(0.37)	1,706.32
Loans to customers and accrued interest receivables, net	372.75	165.31	-	538.06
Total	2,869.57	220.83	(420.35)	2,670.05
Net	2,584.14	229.10	880.10	3,693.34

6.9 Deferred Tax Assets and Deferred Tax Liabilities (Continued)

(Million Baht)

<u>The Bank's Financial Statements</u>				
<u>Charged / credited to:</u>				
Other Comprehensive				
	<u>January 1, 2014</u>	<u>Profit / Loss</u>	<u>Income</u>	<u>September 30, 2014</u>
Deferred Tax Assets				
Investments	910.60	(11.50)	(311.13)	587.97
Investments in subsidiaries and associates	6.98	(6.98)	-	-
Loans to customers and accrued interest receivables, net	1,074.39	405.90	-	1,480.29
Properties for sale	357.68	(182.84)	-	174.84
Premises and equipment	323.97	0.61	-	324.58
Provisions	2,746.48	352.52	131.58	3,230.58
Others	420.82	36.30	-	457.12
Total	5,840.92	594.01	(179.55)	6,255.38
Deferred Tax Liabilities				
Investments	425.67	0.82	438.86	865.35
Premises and equipment	1,695.57	44.57	-	1,740.14
Total	2,121.24	45.39	438.86	2,605.49
Net	3,719.68	548.62	(618.41)	3,649.89

(Million Baht)

<u>The Bank's Financial Statements</u>				
<u>Charged / credited to:</u>				
Other Comprehensive				
	<u>January 1, 2013</u>	<u>Profit / Loss</u>	<u>Income</u>	<u>December 31, 2013</u>
Deferred Tax Assets				
Investments	376.69	218.46	315.45	910.60
Investments in subsidiaries and associates	6.88	0.10	-	6.98
Loans to customers and accrued interest receivables, net	1,018.76	55.63	-	1,074.39
Properties for sale	426.39	(68.71)	-	357.68
Premises and equipment	323.97	-	-	323.97
Provisions	2,547.41	53.45	145.62	2,746.48
Others	399.35	22.67	(1.20)	420.82
Total	5,099.45	281.60	459.87	5,840.92

6.9 Deferred Tax Assets and Deferred Tax Liabilities (Continued)

(Million Baht)

<u>The Bank's Financial Statements</u>				
<u>Charged / credited to:</u>				
Other Comprehensive				
	<u>January 1, 2013</u>	<u>Profit / Loss</u>	<u>Income</u>	<u>December 31, 2013</u>
Deferred Tax Liabilities				
Investments	848.52	(2.87)	(419.98)	425.67
Premises and equipment	1,634.65	61.29	(0.37)	1,695.57
Total	2,483.17	58.42	(420.35)	2,121.24
Net	2,616.28	223.18	880.22	3,719.68

6.10 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, 2014</u>						<u>December 31, 2013</u>			
		Interest	Maturity						
	<u>Currency</u>	<u>Rate (%)</u>	<u>Date</u>	<u>Domestic</u>	<u>Foreign</u>	<u>Total</u>	<u>Domestic</u>	<u>Foreign</u>	<u>Total</u>
Short-term bonds	Baht	2.25-2.85	2014-2015	12,357.00	-	12,357.00	6,081.00	-	6,081.00
Long-term bonds									
No.1/2013	USD	2.25	2018	-	16,159.99	16,159.99	-	16,374.64	16,374.64
No.1/2014	USD	5.20	2019	-	22,661.28	22,661.28	-	-	-
KTB subordinated debentures									
No.1/2009	Baht	5.00	2019	-	-	-	21,000.00	-	21,000.00
No.2/2009	Baht	4.80	2019	13,000.00	-	13,000.00	13,000.00	-	13,000.00
No.1/2010	Baht	4.35	2020	10,400.00	-	10,400.00	10,400.00	-	10,400.00
No.1/2012	Baht	4.50	2022	5,155.00	-	5,155.00	5,155.00	-	5,155.00
No.2/2012	Baht	4.60	2022	15,133.32	-	15,133.32	15,133.32	-	15,133.32
- Hybrid debt capital instruments	Baht/USD	4.09-7.38	-	3,524.60	6,134.73	9,659.33	3,524.60	6,218.18	9,742.78
Bill of exchange (B/E)									
Short term*	Baht	0.00-2.10	2014	19,332.33	-	19,332.33	8,976.27	-	8,976.27
Long term	Baht	3.73-6.60	2015-2026	8,670.00	-	8,670.00	26,636.47	-	26,636.47
Private repo	Baht	2.65	2014	-	-	-	500.00	-	500.00
Others	Baht	0.00-0.50	-	1.17	-	1.17	1.17	-	1.17
Total				87,573.42	44,956.00	132,529.42	110,407.83	22,592.82	133,000.65

6.10 Debt Issued and Borrowings (Continued)

(Million Baht)

The Bank's Financial Statements									

6.11 Share Capital

6.11.1 Ordinary Shares

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

6.11.2 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, 2014, FIDF holds 7,696,248,833 shares or 55.05 percent of paid-up ordinary and preferred shares.

6.12 Legal Reserve

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

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

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

6.13 The Appropriation of 2013 Net Profit and Dividend Payment

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

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

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

6.14 Contingent Liabilities

	(Million Baht)	
	<u>Consolidated and the Bank's Financial Statements</u>	
	<u>September 30, 2014</u>	<u>December 31, 2013</u>
Avals to bills	3,867.02	4,715.65
Guarantees of loans	14,600.48	12,194.90
Letters of credit	43,100.32	48,687.76
Other contingencies		
Unused credit line of overdraft	146,815.34	141,086.85
Other guarantees	137,050.22	134,635.54
Others	971.20	984.41
Total	<u>346,404.58</u>	<u>342,305.11</u>

Besides the contingent liabilities mentioned above, as at September 30, 2014 and December 31, 2013, the Bank has contingent liabilities owing to prosecutions of Baht 16,289.16 million and Baht 15,392.66 million, respectively. Such prosecutions comprised of the completed cases in the civil court and the cases proceedings in the Appeal Court and the Supreme Court.

As at September 30, 2014 and December 31, 2013, the Bank has set up provisions of Baht 478.16 million and Baht 447 million, respectively.

6.15 Assets with Obligations and Restrictions

	(Million Baht)	
	<u>Consolidated and the Bank's Financial Statements</u>	
	<u>September 30, 2014</u>	<u>December 31, 2013</u>
Government and state enterprise bonds pledged as collateral		
- court collateral	189.97	263.81
- repurchase agreements	90,026.07	83,378.56
Properties for sale (debtor is granted the right to buy back or first right for this portion)	5,989.95	7,540.25
Total	<u>96,205.99</u>	<u>91,182.62</u>

6.16 Related Party Transactions

6.16.1 As at September 30, 2014 and December 31, 2013, loans to the Bank's executives (First Vice President and above) are Baht 715.29 million and Baht 487.91 million. The average outstanding balances of such loans at month-end are Baht 707.90 million and Baht 496.15 million, respectively.

The loans outstanding as at September 30, 2014 and December 31, 2013 to close family of the Bank's executives mentioned above are Baht 168.43 million and Baht 161.47 million, respectively.

6.16 Related Party Transactions (Continued)

(Million Baht)

		<u>The Bank's Financial Statements</u>			
		<u>Pricing Policy</u>	<u>September 30, 2014</u>	<u>December 31, 2013</u>	
		for Loans and			
		<u>Obligations</u>	<u>Loans</u>	<u>Obligations</u>	<u>Loans</u>
				<u>Obligations</u>	<u>Loans</u>
6.16.2 Loans and Obligations to Businesses which the Bank Totally Held from 10 to 20 Percent of Their Paid-up Capital					
Dhipaya Insurance Pcl.	Normal Bank Policy	0.52	22.49	0.35	24.57
6.16.3 Loans and Obligations to Businesses which the Bank Acquired equal to or over 10 Percent of Their Paid-up Capital from TDR					
Kiatpapha Co., Ltd.	Normal Bank Policy	111.12	-	113.76	-
Manager Media Group Pcl.	Normal Bank Policy	-	0.29	-	0.29
6.16.4 Loans and Obligations to Subsidiaries and Associates					
<u>Subsidiaries</u>					
KTB General Services Co., Ltd.	Normal Bank Policy	12.25	38.20	9.75	23.20
KTB Computer Services Co., Ltd.	Normal Bank Policy	4,106.55	4.55	3,775.69	4.55
KTB Leasing Co., Ltd.	Normal Bank Policy	58,290.11	1,099.00	50,204.68	1,118.39
Krung Thai Asset Management Pcl.	Normal Bank Policy	0.02	-	0.01	-
KTB Capital Holding Co., Ltd.	Normal Bank Policy	-	-	4,471.66	-
<u>Associates</u>					
Krung Thai IBJ Leasing Co., Ltd.	Normal Bank Policy	7.15	1.27	1,925.73	1.27
Krungthai Card Pcl.	Normal Bank Policy	0.87	-	0.91	-
KT Zmico Securities Co., Ltd.	Normal Bank Policy	1,635.42	-	965.33	0.25
Krungthai Panich Insurance Pcl.	Normal Bank Policy	0.30	-	0.27	-
6.16.5 Loans and Obligations to Related Companies					
<u>With Common Directors</u>					
PTT Pcl.	Normal Bank Policy	-	44.95	-	9,570.78
PTT Global Chemical Pcl.	Normal Bank Policy	15,589.35	16.22	17,085.00	16.22
Bangkok Commercial Asset Management Co., Ltd.*	Normal Bank Policy	-	-	0.37	-
MCOT Pcl.*	Normal Bank Policy	-	-	0.40	0.10
Electricity Generating Authority of Thailand*	Normal Bank Policy	-	-	78.78	11,866.47
Eastern Water Resources Development and Management Pcl.	Normal Bank Policy	1,574.00	18.15	1,496.03	10.25
Mass Rapid Transit Authority of Thailand*	Normal Bank Policy	-	-	0.05	-
Provincial Electricity Authority	Normal Bank Policy	-	13.92	0.01	6.84
The Siam United Steel (1995) Co.,Ltd.*	Normal Bank Policy	-	-	0.26	-
Thai Airways International Pcl.**	Normal Bank Policy	4,015.30	-	-	-

6.16 Related Party Transactions (Continued)

(Million Baht)

		The Bank's Financial Statements			
		<u>September 30, 2014</u>		<u>December 31, 2013</u>	
	Pricing Policy for Loans and Obligations	<u>Loans</u>	<u>Obligations</u>	<u>Loans</u>	<u>Obligations</u>
6.16.5 <u>Loans and Obligations to Related Companies (Continued)</u>					
<u>With Common Directors</u>					
Synnex (Thailand) Pcl.**	Normal Bank Policy	168.50	8.16	-	-
PTT Exploration and Production Pcl.**	Normal Bank Policy	0.98	0.70	-	-
T.K.S. Siampress Management Co., Ltd.**	Normal Bank Policy	-	41.15	-	-
<u>With Common Top Managements</u>					
Siam Paper Pcl.*	Normal Bank Policy	-	-	326.87	2.19
Bangkok Expressway Pcl.	Normal Bank Policy	1,216.38	-	446.13	-
Bangkok Metro Pcl.	Normal Bank Policy	3,558.32	17.98	4,144.73	17.98

(Million Baht)

	Pricing Policy for Deposits and Borrowings	September 30, 2014		December 31, 2013	
		Deposits	Borrowings	Deposits	Borrowings

6.16.6 Deposits and Borrowings to Related Companies**Consolidated Financial Statements****Associates**

Krung Thai IBJ Leasing Co., Ltd.	Normal Bank Policy	3.73	-	37.19	-
Krungthai Card Pcl.	Normal Bank Policy	296.17	-	918.41	-
KT Zmico Securities Co., Ltd.	Normal Bank Policy	39.97	-	71.61	-
Krungthai Panich Insurance Pcl.	Normal Bank Policy	191.33	-	143.51	-
Krungthai-AXA Life Insurance Pcl.	Normal Bank Policy	265.31	2,380.00	391.39	2,730.00

The Bank's Financial Statements**Subsidiaries**

KTB Law Co., Ltd.	Normal Bank Policy	91.56	-	234.53	-
KTB General Services Co., Ltd.	Normal Bank Policy	44.38	395.00	57.64	280.00
KTB Computer Services Co., Ltd.	Normal Bank Policy	79.37	-	33.29	-
KTB Leasing Co., Ltd.	Normal Bank Policy	110.60	-	119.31	-
Krung Thai Asset Management Pcl.	Normal Bank Policy	37.93	-	58.34	-
KTB Capital Holding Co., Ltd.	Normal Bank Policy	247.76	-	3.10	-
KTB Advisory Co., Ltd.	Normal Bank Policy	79.43	-	32.88	-

Associates

Krung Thai IBJ Leasing Co., Ltd.	Normal Bank Policy	3.73	-	37.19	-
Krungthai Card Pcl.	Normal Bank Policy	296.17	-	918.41	-
KT Zmico Securities Co., Ltd.	Normal Bank Policy	39.97	-	71.61	-
Krungthai Panich Insurance Pcl.	Normal Bank Policy	191.33	-	143.51	-
Krungthai-AXA Life Insurance Pcl.	Normal Bank Policy	265.31	2,380.00	391.39	2,730.00

As at September 30, 2014 and December 31, 2013, the Bank has other benefits paid to authorized managements which are committed to employment contracts of Baht 175.79 million and Baht 102.55 million, respectively.

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

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

6.16.7 Intercompany Trading Transactions

Subsidiaries

1) KTB Computer Services Co., Ltd. (KTBCS) has been designated mainly to provide information technology (IT) services to various work units in the Bank. Service offers consist of introducing IT to the Bank's business operation and modernizing the existing systems in line with the Bank's requirement, rendering system control and maintenance system software development, offering preliminary consultancy service and organizing training in various applications of IT and techniques. The Bank incurred service charges on a cost plus method amounting to Baht 2,775.08 million and Baht 2,371.63 million for the nine-month periods ended September 30, 2014 and 2013, respectively.

Since 2003, the GFMIS project Phase 2 has been developed and implemented on behalf of the Bank by KTBCS. The Bank and the Office of GFMIS attached to the Secretariat of the Prime Minister have unanimously signed on the Memorandum of Agreement upon the submission of deliverables and disbursement associated to the investments on the GFMIS project on September 22, 2005. Further, the Bank has signed the hiring contract for the implementation and maintenance with the Office of GFMIS. The Bank incurs service charges for the nine-month periods ended September 30, 2014 and 2013 amounting to Baht 122.52 million and Baht 147.89 million, respectively.

2) The Bank incurs service charges on its subsidiaries [including service charges mentioned in No.1)] for the nine-month periods ended September 30, 2014 and 2013 amounting to Baht 5,280.29 million and Baht 4,645.18 million, respectively, at the agreed-upon rate.

3) The Bank generates fees income from service contracts for the nine-month periods ended September 30, 2014 and 2013 amounting to Baht 176.35 million and Baht 199.24 million, respectively.

4) Other Information

Intercompany Considerations

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

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

Associates

1) For the nine-month periods ended September 30, 2014 and 2013, the Bank generates premises rental income from associates of Baht 0.57 million and Baht 0.54 million at the agreed-upon rate.

2) For the nine-month periods ended September 30, 2014 and 2013, the Bank generates fees income from supportive service contracts of Baht 1,420.53 million and Baht 1,139.01 million at the agreed-upon rate.

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 Krunghthai Panich Insurance Pcl. (KPI) and 50 percent of total issued shares in Krunghthai-AXA Life Insurance Pcl. (KTAL) to KTB Capital Holding Co., Ltd. amounting to book value of Baht 4,800.74 million with gain on sale of Baht 3,667.55 million. In this period, the Bank repurchased whole shares in KPI and KTAL from KTBCS amounting to book value of 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, 2014</u>			<u>December 31, 2013</u>		
	Domestic	Foreign Branches	Total	Domestic	Foreign Branches	Total
	Business	Business		Business	Business	
	<u>Segment</u>	<u>Segment</u>		<u>Segment</u>	<u>Segment</u>	
Total assets	2,506,758.20	63,991.33	2,570,749.53	2,470,661.39	52,681.66	2,523,343.05
Interbank and money market items, net	394,429.47	28,439.99	422,869.46	417,740.60	30,831.63	448,572.23
Investments, net	262,000.23	798.86	262,799.09	241,182.13	600.94	241,783.07
Loans to customers and						
accrued interest receivables, net	1,710,700.97	20,837.79	1,731,538.76	1,632,986.29	20,944.25	1,653,930.54
Deposits	1,899,715.21	3,424.20	1,903,139.41	1,880,723.33	3,057.84	1,883,781.17
Interbank and money market items, net	198,162.64	14,629.51	212,792.15	183,633.11	17,356.16	200,989.27
Debt issued and borrowings	87,573.42	44,956.00	132,529.42	110,407.83	22,592.82	133,000.65

(Million Baht)

<u>The Bank's Financial Statements</u>						
	<u>September 30, 2014</u>			<u>December 31, 2013</u>		
	Domestic	Foreign Branches	Total	Domestic	Foreign Branches	Total
	Business	Business		Business	Business	
	<u>Segment</u>	<u>Segment</u>		<u>Segment</u>	<u>Segment</u>	
Total assets	2,492,190.78	63,991.33	2,556,182.11	2,458,121.58	52,681.66	2,510,803.24
Interbank and money market items, net	394,316.94	28,439.99	422,756.93	417,613.70	30,831.63	448,445.33
Investments, net	257,494.62	798.86	258,293.48	235,167.36	600.94	235,768.30
Loans to customers and						
accrued interest receivables, net	1,712,406.91	20,837.79	1,733,244.70	1,638,358.02	20,944.25	1,659,302.27
Deposits	1,900,368.34	3,424.20	1,903,792.54	1,881,204.07	3,057.84	1,884,261.91
Interbank and money market items, net	196,807.42	14,629.51	211,436.93	182,016.32	17,356.16	199,372.48
Debt issued and borrowings	82,520.79	44,956.00	127,476.79	106,318.26	22,592.82	128,911.08

The consolidated and the Bank's financial statements as at September 30, 2014 and December 31, 2013, the Bank has total assets before eliminating net interbranch transactions of Baht 13,420.98 million and Baht 8,572.50 million, respectively.

6.17.2 Operations Classified by Business Segment

(Million Baht)

Consolidated Financial Statements

	<u>September 30, 2014</u>			<u>September 30, 2013</u>		
	Domestic	Foreign Branches		Domestic	Foreign Branches	
	Business	Business		Business	Business	
	<u>Segment</u>	<u>Segment</u>	<u>Total</u>	<u>Segment</u>	<u>Segment</u>	<u>Total</u>
Interest income	87,044.86	2,464.41	89,509.27	80,687.32	1,929.77	82,617.09
Interest expenses	(36,063.13)	(1,612.24)	(37,675.37)	(34,410.39)	(1,110.79)	(35,521.18)
Interest income, net	50,981.73	852.17	51,833.90	46,276.93	818.98	47,095.91
Fees and service income, net	11,883.03	159.10	12,042.13	11,635.20	104.03	11,739.23
Other operating income	8,583.24	21.62	8,604.86	8,651.04	9.36	8,660.40
Other operating expenses	(41,860.28)	(134.51)	(41,994.79)	(37,618.31)	(266.88)	(37,885.19)
Operating profit before income tax expenses	29,587.72	898.38	30,486.10	28,944.86	665.49	29,610.35

(Million Baht)

The Bank's Financial Statements

	<u>September 30, 2014</u>			<u>September 30, 2013</u>		
	Domestic	Foreign Branches		Domestic	Foreign Branches	
	Business	Business		Business	Business	
	<u>Segment</u>	<u>Segment</u>	<u>Total</u>	<u>Segment</u>	<u>Segment</u>	<u>Total</u>
Interest income	85,603.09	2,464.41	88,067.50	80,138.56	1,929.77	82,068.33
Interest expenses	(35,828.81)	(1,612.24)	(37,441.05)	(34,323.23)	(1,110.79)	(35,434.02)
Interest income, net	49,774.28	852.17	50,626.45	45,815.33	818.98	46,634.31
Fees and service income, net	11,172.38	159.10	11,331.48	10,874.81	104.03	10,978.84
Other operating income	6,797.11	21.62	6,818.73	5,801.60	9.36	5,810.96
Other operating expenses	(39,100.55)	(134.51)	(39,235.06)	(35,889.72)	(266.88)	(36,156.60)
Operating profit before income tax expenses	28,643.22	898.38	29,541.60	26,602.02	665.49	27,267.51

The consolidated and the Bank's financial statements for the nine-month periods ended September 30, 2014 and 2013, the Bank has total interest income and interest expenses before eliminating net interbranch transactions of Baht 1,574.15 million and Baht 1,072.59 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, 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, 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	(1,768.64)	82.34 ¹	72,480.89
Total expenses (excluding bad debts, doubtful accounts and loss on impairment)	(23,571.36)	(17,735.83)	(3,884.05)	(5,025.03)	12,872.63 ^{1,2}	(37,343.64)
Bad debts, doubtful accounts and loss on impairment	(5,381.51)	(1,773.08)	24.34	(2,834.77)	-	(9,965.02)
Net profit (loss)	8,811.20	9,908.65	3,125.85	(9,628.44)	12,954.97	25,172.23
Segment assets	745,842.99	1,139,727.07	288,282.24	379,819.58	3,656.68 ³	2,557,328.56
Segment liabilities ⁴	1,396,151.73	536,077.22	254,047.86	152,695.09	(5,233.70) ³	2,333,738.20

6.18 Operations Classified by Operating Segment (Continued)

(Million Baht)

<u>Consolidated Financial Statements</u>						
<u>September 30, 2013</u>						
	Retail Banking	Wholesale Banking	Treasury and Investment	Support and Others	Adjustments	Total
Total operating income	36,878.40	21,186.73	5,949.18	4,398.63	(917.40) ¹	67,495.54
Total expenses (excluding bad debts, doubtful accounts and loss on impairment)	(22,719.57)	(14,029.49)	(3,536.78)	(7,158.04)	13,214.22 ^{1,2}	(34,229.66)
Bad debts, doubtful accounts and loss on impairment	(2,084.44)	229.40	(53.57)	(7,265.81)	-	(9,174.42)
Net profit (loss)	12,074.39	7,386.64	2,358.83	(10,025.22)	12,296.82	24,091.46
Segment assets	644,240.30	1,157,523.98	395,743.15	198,425.62	18,789.82 ³	2,414,722.87
Segment liabilities ⁴	1,829,455.61	824.30	221,872.81	153,926.95	10,356.67 ³	2,216,436.34

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

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

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

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

6.19 Interest Income

(Million Baht)

	<u>Consolidated Financial Statements</u>		<u>The Bank's Financial Statements</u>	
	<u>September 30, 2014</u>	<u>September 30, 2013</u>	<u>September 30, 2014</u>	<u>September 30, 2013</u>
Interbank and money market items	10,960.33	9,711.77	10,958.98	9,710.82
Investment and trading transactions	128.91	158.99	128.91	158.99
Investment in debt	5,021.11	4,886.64	5,018.66	4,885.07
Loans	68,833.16	64,667.80	70,351.48	66,173.13
Hire-purchase and finance lease	2,978.49	2,103.55	22.20	51.98
Others	13.13	15.76	13.13	15.76
Total interest income	87,935.13	81,544.51	86,493.36	80,995.75

6.20 Interest Expenses

(Million Baht)

	<u>Consolidated Financial Statements</u>		<u>The Bank's Financial Statements</u>	
	<u>September 30, 2014</u>	<u>September 30, 2013</u>	<u>September 30, 2014</u>	<u>September 30, 2013</u>
Deposits	23,383.35	20,798.04	23,390.25	20,801.61
Interbank and money market items	2,231.44	2,970.11	1,995.74	2,970.45
Contributions to Bank of Thailand (BoT)*	6,704.73	5,925.45	6,704.73	5,925.45
Contributions to Deposit Protection Agency (DPA)**	144.99	128.68	144.99	128.68
Debt issued				
- Subordinated notes	2,928.61	3,112.26	2,928.61	3,112.26
- B/E	646.96	1,359.53	646.96	1,359.53
Borrowings	57.78	150.74	52.27	59.66
Others	3.37	3.79	3.35	3.79
Total interest expenses	36,101.23	34,448.60	35,866.90	34,361.43

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

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

6.21 Income Tax Expenses

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

(Million Baht)

	<u>Consolidated Financial Statements</u>		<u>The Bank's Financial Statements</u>	
	<u>September 30, 2014</u>	<u>September 30, 2013</u>	<u>September 30, 2014</u>	<u>September 30, 2013</u>
Current Tax				
Current period	6,004.01	5,754.48	5,818.81	5,665.27
Deferred Tax				
Movement in temporary differences	(690.14)	(235.59)	(548.62)	(260.68)
Total	5,313.87	5,518.89	5,270.19	5,404.59

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

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

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

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

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

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

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

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

As at September 30, 2014 and December 31, 2013, the Bank has net impaired assets transferred to TAMC after adjusting transfer price of Baht 17,743.18 million. For a debtor who pledging machineries as collaterals, the machine values are Baht 1,744.48 million. TAMC has already decreased the face value of promissory notes but the Bank informed TAMC that it denies to receive those promissory notes until transfer price would be concluded. The Bank has been suing TAMC which the case is in the process of supreme court considering. As at September 30, 2014 and December 31, 2013, TAMC has amount due to the Bank of Baht 3,375.25 million and Baht 3,388.20 million, respectively. The 9 promissory notes were issued to the Bank and recorded under held-to-maturity investments (Note 6.3). As at September 30, 2014, the Bank recorded accrued interest receivables at Baht 42.75 million.

As at September 30, 2014 and December 31, 2013, provisions that may arise from losses on impaired-assets transferred to TAMC were Baht 3,461.48 million. The Bank has been estimated allowance for doubtful accounts at 15 percent upon transfer price. In 2012, the management has considered set more provisions of Baht 800 million as shown in provisions.

6.23 Operation and Risk Management Policies within the Financial Business Group

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

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

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

6.24 Others

6.24.1 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, 2014, the arrear is totally the drawn amount including accrued interest. The Bank also set full amounts of allowance for doubtful accounts as the prescription of BoT's regulations. Moreover, such case is related to accrued receivables from default debtors from convertible preferred shares contracts recorded in other assets of Baht 997.87 million with full amounts of allowance for impairment.

6.24.2 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.

6.25 Information Disclosure under the BoT's Notifications

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

Location of disclosure	www.ktb.co.th >Investor Relations>Financial Information>Pillar III Disclosures
Date of disclosure	October 30, 2014
Information as at	June 30, 2014

6.26 Approval of the Financial Statements

These financial statements have been authorized to issue by the Board of Executive Directors on November 11, 2014.
