



Ref. KTB.FIS. 1135 /2018

August 31<sup>st</sup> , 2018

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

Re : Submission of the Audited Financial Statements for the three-month period and six-month period ended June 30, 2018

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

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

Please be informed accordingly.

Sincerely yours,

Payong Srivanich  
President

Apichaya Chitmunchaitham Vice President and Manager  
Financial Institutions Department Tel. +66 2 208 3668-9

(TRANSLATION)

AUDITOR'S REPORT

To: THE SHAREHOLDERS OF KRUNG THAI BANK PUBLIC COMPANY LIMITED

**1. Report on Audit of Interim Financial Statements**

***Opinion***

The Office of the Auditor General of Thailand has audited the accompanying consolidated financial statements of Krung Thai Bank Public Company Limited and its subsidiaries (the Group), and the Bank's financial statements of Krung Thai Bank Public Company Limited (the Bank), which comprise the consolidated and the Bank's statements of financial position as at June 30, 2018, the consolidated and the Bank's statements of profit or loss and other comprehensive income, the consolidated and the Bank's statements of changes in equity and the consolidated and the Bank's statements of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In the Office of the Auditor General of Thailand's opinion, the accompanying consolidated and the Bank's financial statements present fairly, in all material respects, the consolidated financial position of the Group and the Bank as at June 30, 2018, and its consolidated and the Bank's financial performance and its consolidated and the Bank's cash flows for the year then ended in accordance with Thai Financial Reporting Standards.

***Basis for Opinion***

The Office of the Auditor General of Thailand conducted the audit in accordance with Thai Standards on Auditing. The Office of the Auditor General of Thailand's responsibilities under those standards are further described in the Auditor's Responsibilities for the audit of the consolidated and the Bank's financial statements section of the report. The Office of the Auditor General of Thailand is independent of the Group and the Bank in accordance with the State Audit Standards issued and the Federation of Accounting Professions's Code of Ethics for Professional Accountants that are relevant to the audit of the consolidated and the Bank, and the Office of the Auditor General of Thailand has fulfilled other ethical responsibilities in accordance with these requirements. The Office of the Auditor General of Thailand believes that the audit evidence the Office of the Auditor General of Thailand has obtained is sufficient and appropriate to provide a basis for the Office of the Auditor General of Thailand opinion.



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***Key Audit Matters***

Key audit matters are those matters that, in the Office of the Auditor General of Thailand professional judgment, were of most significance in the audit of the consolidated and the Bank's financial statements of the current period. The Office of the Auditor General of Thailand has considered these matters addressed in the context of the audit of the consolidated and the Bank's financial statements as a whole, and in forming the Office of the Auditor General of Thailand's opinion thereon, and the Office of the Auditor General of Thailand does not provide a separate opinion on these matters.

The Office of the Auditor General of Thailand determines key audit matter communicated in the auditor's report as follows:

***Allowance for Doubtful Accounts***

The allowance for doubtful accounts for loans to customers requires the application of judgment and use of subjective assumptions and related factors applied by management in the estimates. Bank and its subsidiaries which engaged in the business of lending business recorded allowance for doubtful accounts in compliance with the Bank of Thailand's notifications and policy regulations on assets classification, determining provisions and the application of value of collateral in determining provisions. In addition, management considered determining additional allowances to cover any loss that may occur in the future by using more strict criteria than the requirements of the Bank of Thailand. Additional allowances consist of specific allowance for an individual that is likely to be non-performing loans or is likely to have loss more than allowance determined under normal regulations, and general allowance, including an individual that is not non-performing loans but there are any indicators of impairment.

Loans to customers as at June 30, 2018 represented 69.91 % of the Group's total assets and 69.24 % of the Bank's total assets, which an allowance for doubtful accounts in the consolidated and the Bank's financial statements amount of Baht 136,576.71 million and Baht 127,807.96 million was provided, respectively.

The Office of the Auditor General of Thailand focuses on allowance for doubtful accounts. Due to the adoption of regulations on allowance for doubtful accounts, management shall determine the quantitative and qualitative factors used for assets classification, assumptions and methods of calculating the allowances, such as present value of future cash flows expected to be received from the sale of collateral, previous loss experience, the ability of the borrower to repay loans, the declining of economic and industries conditions. This is a process related to uncertainty. The accounting policy for allowance for doubtful accounts and detail of allowance for doubtful accounts are disclosed in Notes 3.8 and 7.7 to the financial statements, respectively.

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The Office of the Auditor General of Thailand's key audit procedures include understanding and assessing the effectiveness of the key controls, and test of controls as follows:

- The identification of circumstances which indicate that the borrower is likely to be non-performing loans, and may affect ability to repay;
- The governance over the determining allowances processes, including the continuous re-assessment by management that models, assumptions used in the calculation are still calibrated in a way which is appropriate for the impairment risks in the Bank's loan portfolios;
- The review and approval process that management have in place for the models, assumptions used in the calculation, outputs from such models, and the adjustments that are applied to modelled outputs;
- The accuracy, completeness and quality of data input to the system;
- The data interface between systems from the approval to recording and monitoring of loans; and
- The transfer of data between underlying source systems and models used in the calculation.

For the selected borrowers, the Office of the Auditor General of Thailand reviewed credit process, tested the accuracy, completeness and quality of data input to the system, assessed reasonableness of assumptions applied to identify circumstances which indicate that the borrower is likely to be non-performing loans and re-computed the calculation of allowances, assessed reasonableness of assumptions applied to forecast of future cash flows, valuation of collaterals and loss given default, and tested the accuracy of data transfer from credit systems to data captured in the accounting records.

***Responsibilities of Management and Those Charged with Governance for the Consolidated and the Bank's Financial Statements***

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

In preparing the consolidated and the Bank's financial statements, management is responsible for assessing the Group and the Bank's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group and the Bank's or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group and the Bank's financial reporting processes.



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*Auditor's Responsibilities for the Audit of the Consolidated and the Bank's Financial Statements*

The Office of the Auditor General of Thailand's objectives are to obtain reasonable assurance about whether the consolidated and the Bank's financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes the Office of the Auditor General of Thailand's opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Thai Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated and the Bank's financial statements.

As part of the Office of the Auditor General of Thailand's audit in accordance with Thai Standards on Auditing, the Office of the Auditor General of Thailand exercises professional judgment and maintains professional skepticism throughout the audit. The Office of the Auditor General of Thailand also:

- Identifies and assesses the risks of material misstatement of the consolidated and the Bank's financial statements, whether due to fraud or error, designs and performs audit procedures responsive to those risks, and obtains audit evidence that is sufficient and appropriate to provide a basis for the Office of the Auditor General of Thailand's opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtains an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group and the Bank's internal controls.
- Evaluates the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Concludes on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group and the Bank's ability to continue as a going concern. If the Office of the Auditor General of Thailand concludes that a material uncertainty exists, the Office of the Auditor General of Thailand is required to draw attention in the auditor's report to the related disclosures in the consolidated and the Bank's financial statements or, if such disclosures are inadequate, to modify the Office of the Auditor General of Thailand's opinion. The Office of the Auditor General of Thailand's conclusions are based on the audit evidence obtained up to the date of the auditor's report. However, future events or conditions may cause the Group and the Bank's to cease to continue as a going concern.



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- Evaluates the overall presentation, structure and content of the consolidated and the Bank's financial statements, including the disclosures, and whether the consolidated and the Bank's financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtains sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. The Office of the Auditor General of Thailand is responsible for the direction, supervision and performance of the Group audit. The Office of the Auditor General of Thailand remains solely responsible for the Office of the Auditor General of Thailand's opinion.

The Office of the Auditor General of Thailand communicates with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that the Office of the Auditor General of Thailand identifies during the audit.

The Office of the Auditor General of Thailand also provides those charged with governance with a statement that the Office of the Auditor General of Thailand has complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on the Office of the Auditor General of Thailand's independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, the Office of the Auditor General of Thailand determines those matters that were of most significance in the audit of the consolidated and the Bank's financial statements of the current period and are therefore the key audit matters. The Office of the Auditor General of Thailand describes these matters in the auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, the Office of the Auditor General of Thailand determines that a matter should not be communicated in the report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

## **2. Report on Review of Interim Financial Information**

The Office of the Auditor General of Thailand has reviewed the consolidated and the Bank's statements of comprehensive income for the three-month period ended June 30, 2018 of Krung Thai Bank Public Company Limited and its subsidiaries, and of Krung Thai Bank Public Company Limited. The Bank's management is responsible for the preparation and presentation of this interim financial information in accordance with Thai Accounting Standard 34, "Interim Financial Reporting". The responsibility of the Office of the Auditor General of Thailand is to express a conclusion on this interim financial information based on our reviews.



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***Scope of Reviews***

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

***Conclusion***

Based on the reviews, nothing has come to the attention that causes the Office of the Auditor General of Thailand to believe that the consolidated and the Bank’s statements of comprehensive income for the three-month period ended June 30, 2018 of Krung Thai Bank Public Company Limited and its subsidiaries, and of Krung Thai Bank Public Company Limited, are not prepared, in all material respects in accordance with Thai Accounting Standard 34, “Interim Financial Reporting”.

*(Signed)*

*Pichit Warrasuttiyaibul*

*(Pichit Warrasuttiyaibul)*

*Deputy Auditor General*

*(Signed)*

*Ratchanee Chohnakijkul*

*(Ratchanee Chohnakijkul)*

*Director of Financial and Procurement Audit Office No.4*

(TRANSLATION)

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## KRUNG THAI BANK PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

## STATEMENTS OF FINANCIAL POSITION

AS AT 30 JUNE, 2018

(Thousand Baht)

|                                                                | NOTE | CONSOLIDATED         |                   | THE BANK'S           |                   |
|----------------------------------------------------------------|------|----------------------|-------------------|----------------------|-------------------|
|                                                                |      | FINANCIAL STATEMENTS |                   | FINANCIAL STATEMENTS |                   |
|                                                                |      | JUNE 30, 2018        | DECEMBER 31, 2017 | JUNE 30, 2018        | DECEMBER 31, 2017 |
| ASSETS                                                         |      |                      |                   |                      |                   |
| CASH                                                           |      | 66,501,296           | 73,572,868        | 66,347,946           | 73,334,740        |
| INTERBANK AND MONEY MARKET ITEMS, NET                          | 7.2  | 521,213,886          | 549,669,529       | 520,666,645          | 549,180,025       |
| CLAIMS ON SECURITIES                                           |      | 56,588,700           | 58,521,800        | 56,588,700           | 58,521,800        |
| DERIVATIVES ASSETS                                             | 7.3  | 49,654,139           | 33,833,398        | 49,658,419           | 33,842,515        |
| INVESTMENTS, NET                                               | 7.4  | 175,762,254          | 209,514,532       | 176,204,160          | 209,311,888       |
| INVESTMENTS IN SUBSIDIARIES AND ASSOCIATES, NET                | 7.5  | 16,053,797           | 18,725,225        | 10,697,855           | 10,697,950        |
| LOANS TO CUSTOMERS AND ACCRUED INTEREST RECEIVABLES, NET       | 7.6  |                      |                   |                      |                   |
| LOANS TO CUSTOMERS                                             |      | 1,960,921,819        | 1,939,927,818     | 1,887,998,717        | 1,865,483,424     |
| ACCRUED INTEREST RECEIVABLES                                   |      | 4,987,542            | 5,211,737         | 4,497,290            | 4,691,079         |
| TOTAL LOANS TO CUSTOMERS AND ACCRUED INTEREST RECEIVABLES      |      | 1,965,909,361        | 1,945,139,555     | 1,892,496,007        | 1,870,174,503     |
| LESS DEFERRED REVENUE                                          |      | (1,373,071)          | (1,846,301)       | (120,956)            | (87,092)          |
| LESS ALLOWANCE FOR DOUBTFUL ACCOUNTS                           | 7.7  | (136,576,711)        | (125,363,725)     | (127,807,963)        | (116,726,345)     |
| LESS REVALUATION ALLOWANCE FOR DEBT RESTRUCTURING              | 7.8  | (9,763)              | (17,264)          | (9,763)              | (17,264)          |
| TOTAL LOANS TO CUSTOMERS AND ACCRUED INTEREST RECEIVABLES, NET |      | 1,827,949,816        | 1,817,912,265     | 1,764,557,325        | 1,753,343,802     |
| CUSTOMERS' LIABILITIES UNDER ACCEPTANCES                       |      | 191,614              | 152,852           | 191,614              | 152,852           |
| PROPERTIES FOR SALE, NET                                       | 7.9  | 34,899,152           | 35,509,936        | 34,860,261           | 35,486,341        |
| PREMISES AND EQUIPMENT, NET                                    | 7.10 | 25,953,654           | 26,019,406        | 24,379,847           | 24,413,806        |
| OTHER INTANGIBLE ASSETS, NET                                   | 7.11 | 3,922,063            | 3,906,494         | 970,606              | 895,359           |
| DEFERRED TAX ASSETS                                            | 7.12 | 5,132,349            | 4,592,766         | 2,628,385            | 2,130,345         |
| ACCRUED INCOME                                                 |      | 3,455,017            | 3,476,209         | 3,246,107            | 3,188,162         |
| OTHER ASSETS, NET                                              | 7.13 | 17,494,551           | 18,802,727        | 15,717,875           | 17,082,986        |
| TOTAL ASSETS                                                   |      | 2,804,772,288        | 2,854,210,007     | 2,726,715,745        | 2,771,582,571     |
| LIABILITIES AND EQUITY                                         |      |                      |                   |                      |                   |
| DEPOSITS                                                       | 7.14 | 2,040,349,202        | 2,070,874,680     | 2,042,820,674        | 2,073,594,012     |
| INTERBANK AND MONEY MARKET ITEMS, NET                          | 7.15 | 193,702,839          | 228,691,395       | 187,345,239          | 219,066,748       |
| LIABILITIES PAYABLE ON DEMAND                                  |      | 5,460,172            | 5,291,692         | 5,460,172            | 5,291,692         |
| LIABILITIES TO DELIVER SECURITIES                              |      | 56,670,500           | 58,521,804        | 56,670,500           | 58,521,804        |
| DERIVATIVES LIABILITIES                                        | 7.3  | 46,804,853           | 30,284,422        | 46,804,853           | 30,284,422        |
| DEBT ISSUED AND BORROWINGS                                     | 7.16 | 112,168,658          | 110,626,429       | 68,010,258           | 67,271,429        |
| BANK'S LIABILITIES UNDER ACCEPTANCES                           |      | 191,614              | 152,852           | 191,614              | 152,852           |
| PROVISIONS                                                     | 7.17 | 13,206,760           | 12,625,672        | 12,176,364           | 11,524,569        |
| OTHER LIABILITIES                                              | 7.18 | 40,539,346           | 42,922,118        | 34,037,955           | 35,745,892        |
| TOTAL LIABILITIES                                              |      | 2,509,093,944        | 2,559,991,064     | 2,453,517,629        | 2,501,453,420     |

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

(TRANSLATION)

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**KRUNG THAI BANK PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**

**STATEMENTS OF FINANCIAL POSITION (CONTINUED)**

**AS AT 30 JUNE, 2018**

|                                                         | NOTE | CONSOLIDATED         |                      | THE BANK'S           |                      |
|---------------------------------------------------------|------|----------------------|----------------------|----------------------|----------------------|
|                                                         |      | FINANCIAL STATEMENTS | FINANCIAL STATEMENTS | FINANCIAL STATEMENTS | FINANCIAL STATEMENTS |
|                                                         |      | JUNE 30, 2018        | DECEMBER 31, 2017    | JUNE 30, 2018        | DECEMBER 31, 2017    |
| <b>LIABILITIES AND EQUITY (CONTINUED)</b>               |      |                      |                      |                      |                      |
| EQUITY                                                  |      |                      |                      |                      |                      |
| SHARE CAPITAL                                           | 7.19 |                      |                      |                      |                      |
| AUTHORIZED SHARE CAPITAL                                |      |                      |                      |                      |                      |
| 5,500,000 PREFERRED SHARES OF BAHT 5.15 EACH            |      | 28,325               | 28,325               | 28,325               | 28,325               |
| 13,976,061,250 ORDINARY SHARES OF BAHT 5.15 EACH        |      | 71,976,715           | 71,976,715           | 71,976,715           | 71,976,715           |
| ISSUED AND PAID-UP SHARE CAPITAL                        |      |                      |                      |                      |                      |
| 5,500,000 PREFERRED SHARES OF BAHT 5.15 EACH            |      | 28,325               | 28,325               | 28,325               | 28,325               |
| 13,976,061,250 ORDINARY SHARES OF BAHT 5.15 EACH        |      | 71,976,715           | 71,976,715           | 71,976,715           | 71,976,715           |
| PREMIUM ON SHARE CAPITAL                                |      |                      |                      |                      |                      |
| PREMIUM ON ORDINARY SHARE                               |      | 20,833,734           | 20,833,734           | 20,833,734           | 20,833,734           |
| OTHER COMPONENTS OF EQUITY                              |      | 16,832,927           | 21,918,740           | 13,338,019           | 15,015,969           |
| RETAINED EARNINGS                                       |      |                      |                      |                      |                      |
| APPROPRIATED                                            |      |                      |                      |                      |                      |
| LEGAL RESERVE                                           | 7.20 | 7,200,504            | 7,200,504            | 7,200,504            | 7,200,504            |
| UNAPPROPRIATED                                          |      | 171,867,996          | 165,903,237          | 159,820,819          | 155,073,904          |
| TOTAL EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE BANK |      | 288,740,201          | 287,861,255          | 273,198,116          | 270,129,151          |
| NON-CONTROLLING INTEREST                                |      | 6,938,143            | 6,357,688            |                      |                      |
| TOTAL EQUITY                                            |      | 295,678,344          | 294,218,943          | 273,198,116          | 270,129,151          |
| TOTAL LIABILITIES AND EQUITY                            |      | 2,804,772,288        | 2,854,210,007        | 2,726,715,745        | 2,771,582,571        |

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

(Signed) Ekniti Nitithanprapas  
EKNITI NITITHANPRAPAS  
CHAIRMAN

(Signed) Payong Srivanich  
PAYONG SRIVANICH  
PRESIDENT

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

**UNAUDITED/  
REVIEWED**

|                                                          | (Thousand Baht)      |            |                      |            |
|----------------------------------------------------------|----------------------|------------|----------------------|------------|
|                                                          | CONSOLIDATED         |            | THE BANK'S           |            |
|                                                          | FINANCIAL STATEMENTS |            | FINANCIAL STATEMENTS |            |
|                                                          | 2018                 | 2017       | 2018                 | 2017       |
|                                                          |                      | (RESTATED) |                      | (RESTATED) |
| INTEREST INCOME                                          | 29,877,524           | 30,772,626 | 26,448,769           | 27,405,566 |
| INTEREST EXPENSES                                        | 9,078,897            | 8,925,522  | 8,693,685            | 8,530,128  |
| INTEREST INCOME, NET                                     | 20,798,627           | 21,847,104 | 17,755,084           | 18,875,438 |
| FEES AND SERVICE INCOME                                  | 7,269,626            | 6,757,859  | 5,739,878            | 5,474,864  |
| FEES AND SERVICE EXPENSES                                | 1,434,772            | 997,251    | 1,037,586            | 621,903    |
| FEES AND SERVICE INCOME, NET                             | 5,834,854            | 5,760,608  | 4,702,292            | 4,852,961  |
| GAINS ON TRADINGS AND FOREIGN EXCHANGE TRANSACTIONS, NET | 1,222,345            | 432,065    | 1,219,435            | 429,270    |
| GAINS ON INVESTMENTS, NET                                | 189,525              | 150,508    | 189,430              | 146,814    |
| SHARE OF PROFIT FROM INVESTMENTS FOR USING EQUITY METHOD | 323,750              | 574,372    | -                    | -          |
| DIVIDEND INCOME                                          | 147,108              | 129,278    | 1,504,326            | 1,274,720  |
| OTHER OPERATING INCOME                                   | 961,783              | 1,002,817  | 176,931              | 228,508    |
| TOTAL OPERATING INCOME                                   | 29,477,992           | 29,896,752 | 25,547,498           | 25,807,711 |
| OTHER OPERATING EXPENSES                                 |                      |            |                      |            |
| EMPLOYEES' EXPENSES                                      | 6,729,060            | 6,809,851  | 5,430,198            | 5,460,489  |
| DIRECTORS' REMUNERATION                                  | 61,546               | 69,672     | 39,626               | 53,430     |
| PREMISES AND EQUIPMENT EXPENSES                          | 2,132,886            | 2,160,471  | 1,260,035            | 1,247,535  |
| TAXES AND DUTIES                                         | 1,120,816            | 1,094,327  | 996,320              | 975,912    |
| OTHERS                                                   | 2,214,294            | 1,552,444  | 2,975,373            | 2,305,355  |
| TOTAL OTHER OPERATING EXPENSES                           | 12,258,602           | 11,686,765 | 10,701,552           | 10,042,721 |
| IMPAIRMENT LOSS OF LOANS AND DEBT SECURITIES             | 6,769,588            | 13,877,629 | 5,000,117            | 12,000,000 |
| OPERATING PROFIT BEFORE INCOME TAX EXPENSES              | 10,449,802           | 4,332,358  | 9,845,829            | 3,764,990  |
| INCOME TAX EXPENSES                                      | 2,081,860            | 712,695    | 1,727,055            | 474,668    |
| NET PROFIT                                               | 8,367,942            | 3,619,663  | 8,118,774            | 3,290,322  |

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 PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (CONTINUED)**  
**FOR THE THREE-MONTH PERIOD ENDED JUNE 30, 2018**

UNAUDITED/  
 REVIEWED

| (Thousand Baht)                                                                                |                      |                    |                      |                    |
|------------------------------------------------------------------------------------------------|----------------------|--------------------|----------------------|--------------------|
|                                                                                                | CONSOLIDATED         |                    | THE BANK'S           |                    |
|                                                                                                | FINANCIAL STATEMENTS |                    | FINANCIAL STATEMENTS |                    |
|                                                                                                | 2018                 | 2017<br>(RESTATED) | 2018                 | 2017<br>(RESTATED) |
| OTHER COMPREHENSIVE INCOME                                                                     |                      |                    |                      |                    |
| ITEMS THAT WILL BE RECLASSIFIED SUBSEQUENTLY TO PROFIT OR LOSS                                 |                      |                    |                      |                    |
| GAINS (LOSSES) ON REMEASURING AVAILABLE-FOR-SALE INVESTMENTS                                   | (1,156,969)          | (464,794)          | (1,163,657)          | (464,794)          |
| GAINS (LOSSES) ARISING FROM TRANSLATING THE FINANCIAL STATEMENTS OF FOREIGN OPERA <sup>1</sup> | (20,789)             | 21,799             | (20,789)             | 21,799             |
| SHARE OF OTHER COMPREHENSIVE INCOME OF ASSOCIATES (EQUITY METHOD)                              |                      |                    |                      |                    |
| FOR ITEMS THAT WILL BE RECLASSIFIED SUBSEQUENTLY TO PROFIT OR                                  | (2,373,251)          | 508,588            | -                    | -                  |
| RELATED INCOME TAX EXPENSES                                                                    |                      |                    |                      |                    |
| FOR ITEMS THAT WILL BE RECLASSIFIED SUBSEQUENTLY TO PROFIT OR LOSS                             | 231,394              | 92,959             | 232,732              | 92,959             |
| ITEMS THAT WILL NOT BE RECLASSIFIED SUBSEQUENTLY TO PROFIT OR LOSS                             |                      |                    |                      |                    |
| CHANGES IN REVALUATION SURPLUS ON ASSETS                                                       | -                    | (12,746)           | -                    | (12,746)           |
| RELATED INCOME TAX EXPENSES                                                                    |                      |                    |                      |                    |
| FOR ITEMS THAT WILL NOT BE RECLASSIFIED SUBSEQUENTLY TO PROFIT OR I                            | -                    | 2,549              | -                    | 2,549              |
| OTHER COMPREHENSIVE INCOME, NET                                                                | (3,319,615)          | 148,355            | (951,714)            | (360,233)          |
| TOTAL COMPREHENSIVE INCOME                                                                     | 5,048,327            | 3,768,018          | 7,167,060            | 2,930,089          |
| NET PROFIT ATTRIBUTABLE                                                                        |                      |                    |                      |                    |
| EQUITY HOLDERS OF THE BANK                                                                     | 7,707,825            | 3,222,016          | 8,118,774            | 3,290,322          |
| NON-CONTROLLING INTEREST                                                                       | 660,117              | 397,647            |                      |                    |
| TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE                                                        |                      |                    |                      |                    |
| EQUITY HOLDERS OF THE BANK                                                                     | 4,388,210            | 3,370,371          | 7,167,060            | 2,930,089          |
| NON-CONTROLLING INTEREST                                                                       | 660,117              | 397,647            |                      |                    |
| EARNINGS PER SHARE OF PARENT COMPANY                                                           |                      |                    |                      |                    |
| BASIC EARNINGS PER SHARE (BAHT)                                                                | 0.55                 | 0.23               | 0.58                 | 0.24               |

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

(Signed) Ekniti Nitithanprapas  
 EKNITI NITITHANPRAPAS  
 CHAIRMAN

(Signed) Payong Srivanich  
 PAYONG SRIVANICH  
 PRESIDENT

(TRANSLATION)

11

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

|                                                          |      | (Thousand Baht)      |            |                      |            |
|----------------------------------------------------------|------|----------------------|------------|----------------------|------------|
|                                                          | NOTE | CONSOLIDATED         |            | THE BANK'S           |            |
|                                                          |      | FINANCIAL STATEMENTS |            | FINANCIAL STATEMENTS |            |
|                                                          |      | 2018                 | 2017       | 2018                 | 2017       |
|                                                          |      |                      | (RESTATED) |                      | (RESTATED) |
| INTEREST INCOME                                          | 7.27 | 59,382,708           | 62,033,685 | 52,641,850           | 55,321,500 |
| INTEREST EXPENSES                                        | 7.28 | 18,043,770           | 18,059,139 | 17,277,722           | 17,269,175 |
| INTEREST INCOME, NET                                     |      | 41,338,938           | 43,974,546 | 35,364,128           | 38,052,325 |
| FEES AND SERVICE INCOME                                  |      | 14,859,801           | 13,553,486 | 11,805,696           | 11,029,247 |
| FEES AND SERVICE EXPENSES                                |      | 2,866,268            | 2,077,300  | 2,088,043            | 1,383,764  |
| FEES AND SERVICE INCOME, NET                             | 7.29 | 11,993,533           | 11,476,186 | 9,717,653            | 9,645,483  |
| GAINS ON TRADINGS AND FOREIGN EXCHANGE TRANSACTIONS, NET | 7.30 | 2,132,096            | 1,548,076  | 2,127,192            | 1,542,665  |
| GAINS ON INVESTMENTS, NET                                | 7.31 | 304,196              | 326,414    | 304,101              | 322,720    |
| SHARE OF PROFIT FROM INVESTMENTS FOR USING EQUITY METHOD |      | 907,224              | 1,325,847  | -                    | -          |
| DIVIDEND INCOME                                          |      | 248,260              | 227,272    | 1,605,478            | 1,372,714  |
| OTHER OPERATING INCOME                                   |      | 2,006,727            | 1,998,552  | 215,648              | 491,120    |
| TOTAL OPERATING INCOME                                   |      | 58,930,974           | 60,876,893 | 49,334,200           | 51,427,027 |
| OTHER OPERATING EXPENSES                                 |      |                      |            |                      |            |
| EMPLOYEES' EXPENSES                                      |      | 14,750,105           | 14,622,742 | 12,087,429           | 11,912,587 |
| DIRECTORS' REMUNERATION                                  |      | 71,645               | 80,160     | 45,926               | 59,820     |
| PREMISES AND EQUIPMENT EXPENSES                          |      | 4,302,691            | 4,119,393  | 2,502,807            | 2,343,060  |
| TAXES AND DUTIES                                         |      | 2,167,413            | 2,243,109  | 1,915,863            | 2,006,647  |
| OTHERS                                                   |      | 4,425,000            | 3,191,663  | 5,971,871            | 4,696,012  |
| TOTAL OTHER OPERATING EXPENSES                           |      | 25,716,854           | 24,257,067 | 22,523,896           | 21,018,126 |
| IMPAIRMENT LOSS OF LOANS AND DEBT SECURITIES             | 7.32 | 13,677,615           | 21,338,019 | 10,500,628           | 17,499,849 |
| OPERATING PROFIT BEFORE INCOME TAX EXPENSES              |      | 19,536,505           | 15,281,807 | 16,309,676           | 12,909,052 |
| INCOME TAX EXPENSES                                      | 7.33 | 3,770,924            | 2,754,000  | 3,033,159            | 2,296,190  |
| NET PROFIT                                               |      | 15,765,581           | 12,527,807 | 13,276,517           | 10,612,862 |

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

(TRANSLATION)

12

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

|                                                                                |      | (Thousand Baht)      |            |                      |            |
|--------------------------------------------------------------------------------|------|----------------------|------------|----------------------|------------|
|                                                                                |      | CONSOLIDATED         |            | THE BANK'S           |            |
|                                                                                |      | FINANCIAL STATEMENTS |            | FINANCIAL STATEMENTS |            |
|                                                                                |      | 2018                 | 2017       | 2018                 | 2017       |
|                                                                                |      |                      | (RESTATED) |                      | (RESTATED) |
| OTHER COMPREHENSIVE INCOME                                                     |      |                      |            |                      |            |
| ITEMS THAT WILL BE RECLASSIFIED SUBSEQUENTLY TO PROFIT OR LOSS                 |      |                      |            |                      |            |
| GAINS (LOSSES) ON REMEASURING AVAILABLE-FOR-SALE INVESTMENTS                   |      | (1,909,776)          | (328,424)  | (1,916,464)          | (328,424)  |
| LOSSES ARISING FROM TRANSLATING THE FINANCIAL STATEMENTS OF FOREIGN OPERATIONS |      | (144,779)            | 4,631      | (144,779)            | 4,631      |
| SHARE OF OTHER COMPREHENSIVE INCOME OF ASSOCIATES (EQUITY METHOD)              |      |                      |            |                      |            |
| FOR ITEMS THAT WILL BE RECLASSIFIED SUBSEQUENTLY TO PROFIT OR LOSS             |      | (3,413,213)          | 596,397    | -                    | -          |
| RELATED INCOME TAX EXPENSES                                                    |      |                      |            |                      |            |
| FOR ITEMS THAT WILL BE RECLASSIFIED SUBSEQUENTLY TO PROFIT OR LOSS             |      | 381,955              | 65,684     | 383,293              | 65,684     |
| ITEMS THAT WILL NOT BE RECLASSIFIED SUBSEQUENTLY TO PROFIT OR LOSS             |      |                      |            |                      |            |
| CHANGES IN REVALUATION SURPLUS ON ASSETS                                       |      | -                    | (12,928)   | -                    | (12,928)   |
| RELATED INCOME TAX EXPENSES                                                    |      |                      |            |                      |            |
| FOR ITEMS THAT WILL NOT BE RECLASSIFIED SUBSEQUENTLY TO PROFIT OR LOSS         |      | -                    | 2,585      | -                    | 2,585      |
| OTHER COMPREHENSIVE INCOME, NET                                                |      | (5,085,813)          | 327,945    | (1,677,950)          | (268,452)  |
| TOTAL COMPREHENSIVE INCOME                                                     | 7.34 | 10,679,768           | 12,855,752 | 11,598,567           | 10,344,410 |
| NET PROFIT ATTRIBUTABLE                                                        |      |                      |            |                      |            |
| EQUITY HOLDERS OF THE BANK                                                     |      | 14,494,361           | 11,759,904 | 13,276,517           | 10,612,862 |
| NON-CONTROLLING INTEREST                                                       |      | 1,271,220            | 767,903    |                      |            |
| TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE                                        |      |                      |            |                      |            |
| EQUITY HOLDERS OF THE BANK                                                     |      | 9,408,548            | 12,087,849 | 11,598,567           | 10,344,410 |
| NON-CONTROLLING INTEREST                                                       |      | 1,271,220            | 767,903    |                      |            |
| EARNINGS PER SHARE OF PARENT COMPANY                                           |      |                      |            |                      |            |
| BASIC EARNINGS PER SHARE (BAHT)                                                |      | 1.04                 | 0.84       | 0.95                 | 0.76       |

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

(Signed) Ekniti Nitithanprapas  
**EKNITI NITITHANPRAPAS**  
**CHAIRMAN**

(Signed) Payong Srivanich  
**PAYONG SRIVANICH**  
**PRESIDENT**

(TRANSLATION)

13

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

**CONSOLIDATED FINANCIAL STATEMENTS**

(Thousand Baht)

| NOTE                                            | ATTRIBUTABLE TO EQUITY HOLDERS OF THE BANK |                          |                             |                               |                                                   |                                                       |                                                   |                   | NON-                                                    | TOTAL                |              |
|-------------------------------------------------|--------------------------------------------|--------------------------|-----------------------------|-------------------------------|---------------------------------------------------|-------------------------------------------------------|---------------------------------------------------|-------------------|---------------------------------------------------------|----------------------|--------------|
|                                                 | ISSUED AND SHARE CAPITAL                   | PREMIUM ON SHARE CAPITAL | OTHER COMPONENTS OF EQUITY  |                               |                                                   |                                                       |                                                   | RETAINED EARNINGS | TOTAL EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE BANK | CONTROLLING INTEREST |              |
|                                                 |                                            |                          | APPRAISAL SURPLUS (DEFICIT) | REVALUATION SURPLUS (DEFICIT) | GAINS (LOSS) FROM RECLASSIFICATION OF INVESTMENTS | GAIN (LOSS) FROM TRANSLATING THE FINANCIAL STATEMENTS | SHARE OF OTHER COMPREHENSIVE INCOME OF ASSOCIATES |                   |                                                         |                      |              |
|                                                 |                                            |                          |                             |                               |                                                   |                                                       |                                                   |                   |                                                         |                      |              |
|                                                 |                                            |                          |                             |                               |                                                   |                                                       |                                                   |                   |                                                         |                      |              |
| BALANCE BEFORE ADJUSTMENT AS AT JANUARY 1, 2017 | 72,005,040                                 | 20,833,734               | 8,367,335                   | 5,630,275                     | -                                                 | (85,107)                                              | 3,836,315                                         | 163,341,742       | 273,929,334                                             | 5,217,609            | 279,146,943  |
| EFFECTS OF RETROSPECTIVE RESTATEMENT            | -                                          | -                        | -                           | -                             | -                                                 | -                                                     | -                                                 | 257,697           | 257,697                                                 | -                    | 257,697      |
| BALANCE AFTER ADJUSTMENT AS AT JANUARY 1, 2017  | 72,005,040                                 | 20,833,734               | 8,367,335                   | 5,630,275                     | -                                                 | (85,107)                                              | 3,836,315                                         | 163,599,439       | 274,187,031                                             | 5,217,609            | 279,404,640  |
| DIVIDEND PAID                                   | 7.21                                       | -                        | -                           | -                             | -                                                 | -                                                     | -                                                 | (12,024,992)      | (12,024,992)                                            | (521,331)            | (12,546,323) |
| TOTAL COMPREHENSIVE INCOME                      | -                                          | -                        | (10,343)                    | (262,740)                     | -                                                 | 4,631                                                 | 596,397                                           | 11,759,904        | 12,087,849                                              | 767,903              | 12,855,752   |
| ENDING BALANCE AS AT JUNE 30, 2017              | 72,005,040                                 | 20,833,734               | 8,356,992                   | 5,367,535                     | -                                                 | (80,476)                                              | 4,432,712                                         | 163,334,351       | 274,249,888                                             | 5,464,181            | 279,714,069  |
| BEGINNING BALANCE AS AT JANUARY 1, 2018         | 72,005,040                                 | 20,833,734               | 8,356,992                   | 6,090,218                     | 644,353                                           | 107,479                                               | 6,719,698                                         | 173,103,741       | 287,861,255                                             | 6,357,688            | 294,218,943  |
| DIVIDEND PAID                                   | 7.21                                       | -                        | -                           | -                             | -                                                 | -                                                     | -                                                 | (8,529,602)       | (8,529,602)                                             | (690,765)            | (9,220,367)  |
| TOTAL COMPREHENSIVE INCOME                      | -                                          | -                        | -                           | (1,527,821)                   | -                                                 | (144,779)                                             | (3,413,213)                                       | 14,494,361        | 9,408,548                                               | 1,271,220            | 10,679,768   |
| ENDING BALANCE AS AT JUNE 30, 2018              | 72,005,040                                 | 20,833,734               | 8,356,992                   | 4,562,397                     | 644,353                                           | (37,300)                                              | 3,306,485                                         | 179,068,500       | 288,740,201                                             | 6,938,143            | 295,678,344  |

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

(TRANSLATION)

14

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

(Thousand Baht)

| THE BANK'S FINANCIAL STATEMENTS         |      |            |            |                            |                |                   |                  |              |              |
|-----------------------------------------|------|------------|------------|----------------------------|----------------|-------------------|------------------|--------------|--------------|
|                                         | NOTE | ISSUED AND | PREMIUM    | OTHER COMPONENTS OF EQUITY |                |                   | RETAINED         | TOTAL        |              |
|                                         |      | PAID-UP    | ON         | APPRAISAL                  | REVALUATION    | GAINS (LOSS) FROM | GAIN (LOSS) FROM |              |              |
|                                         |      | SHARE      | SHARE      | SURPLUS                    | SURPLUS        | RECLASSIFICATION  | TRANSLATING      | EARNINGS     |              |
|                                         |      | CAPITAL    | CAPITAL    | (DEFICIT)                  | (DEFICIT)      | OF INVESTMENTS    | THE FINANCIAL    |              |              |
|                                         |      |            |            | ON ASSETS                  | ON INVESTMENTS |                   | STATEMENTS       |              |              |
| BEGINNING BALANCE AS AT JANUARY 1, 2017 |      | 72,005,040 | 20,833,734 | 8,367,335                  | 5,447,202      | -                 | (85,107)         | 153,886,537  | 260,454,741  |
| DIVIDEND PAID                           | 7.21 | -          | -          | -                          | -              | -                 | -                | (12,024,992) | (12,024,992) |
| TOTAL COMPREHENSIVE INCOME              |      | -          | -          | (10,343)                   | (262,740)      | -                 | 4,631            | 10,612,862   | 10,344,410   |
| ENDING BALANCE AS AT JUNE 30, 2017      |      | 72,005,040 | 20,833,734 | 8,356,992                  | 5,184,462      | -                 | (80,476)         | 152,474,407  | 258,774,159  |
| BEGINNING BALANCE AS AT JANUARY 1, 2018 |      | 72,005,040 | 20,833,734 | 8,356,992                  | 5,907,145      | 644,353           | 107,479          | 162,274,408  | 270,129,151  |
| DIVIDEND PAID                           | 7.21 | -          | -          | -                          | -              | -                 | -                | (8,529,602)  | (8,529,602)  |
| TOTAL COMPREHENSIVE INCOME              |      | -          | -          | -                          | (1,533,171)    | -                 | (144,779)        | 13,276,517   | 11,598,567   |
| ENDING BALANCE AS AT JUNE 30, 2018      |      | 72,005,040 | 20,833,734 | 8,356,992                  | 4,373,974      | 644,353           | (37,300)         | 167,021,323  | 273,198,116  |

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

(Signed) Ekniti Nitithanprapas  
EKNITI NITITHANPRAPAS  
CHAIRMAN

(Signed) Payong Srivanich  
PAYONG SRIVANICH  
PRESIDENT

## KRUNG THAI BANK PUBLIC COMPANY LIMITED AND SUBSIDIARIES

## STATEMENTS OF CASH FLOWS

FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2018

|                                                                      | (Thousand Baht)      |                      |                      |                      |
|----------------------------------------------------------------------|----------------------|----------------------|----------------------|----------------------|
|                                                                      | CONSOLIDATED         |                      | THE BANK'S           |                      |
|                                                                      | FINANCIAL STATEMENTS | FINANCIAL STATEMENTS | FINANCIAL STATEMENTS | FINANCIAL STATEMENTS |
|                                                                      | 2018                 | 2017                 | 2018                 | 2017                 |
|                                                                      |                      | (RESTATE)            |                      | (RESTATE)            |
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>                          |                      |                      |                      |                      |
| OPERATING PROFIT BEFORE INCOME TAX EXPENSES                          | 19,536,505           | 15,281,807           | 16,309,676           | 12,909,052           |
| ADJUSTMENTS TO RECONCILE OPERATING PROFIT BEFORE INCOME TAX EXPENSES |                      |                      |                      |                      |
| TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES               |                      |                      |                      |                      |
| DEPRECIATION AND AMORTIZATION EXPENSES                               | 1,380,577            | 1,488,893            | 644,734              | 720,312              |
| BAD DEBTS, DOUBTFUL ACCOUNTS AND LOSS ON IMPAIRMENT                  | 13,677,615           | 21,338,019           | 10,500,628           | 17,499,849           |
| SHARE OF PROFIT FROM INVESTMENTS FOR USING EQUITY METHOD             | (907,224)            | (1,325,847)          | -                    | -                    |
| GAIN ON DISPOSAL OF ASSETS                                           | (3,928)              | (869)                | (562)                | (262)                |
| GAIN ON DISPOSAL OF INVESTMENTS                                      | (295,339)            | (313,763)            | (295,339)            | (313,763)            |
| (GAIN) LOSS ON REVALUATION OF INVESTMENTS                            | 213,170              | (13,590)             | 213,170              | (13,590)             |
| LOSS (REVERSAL) ON IMPAIRMENT OF PROPERTIES FOR SALE                 | 227,231              | (19,281)             | 227,287              | (6,214)              |
| REVERSAL ON IMPAIRMENT OF INVESTMENTS                                | (8,856)              | (12,651)             | (8,761)              | (8,957)              |
| LOSS ON IMPAIRMENT OF OTHER ASSETS                                   | 258,430              | 3,711                | 258,430              | 3,711                |
| AMORTIZATION OF PREMIUM (DISCOUNT) ON INVESTMENTS                    | 51,799               | (19,238)             | 52,878               | (17,758)             |
| GAIN ON FOREIGN CURRENCY TRANSLATION                                 | (566,993)            | (839,618)            | (567,003)            | (841,386)            |
| INCREASE IN PROVISIONS                                               | 456,884              | 327,116              | 651,796              | 234,739              |
| INCREASE IN OTHER ACCRUED INCOME                                     | (229,675)            | (235,866)            | (308,812)            | (252,100)            |
| DECREASE IN OTHER ACCRUED EXPENSES                                   | (1,190,177)          | (3,489,593)          | (746,855)            | (3,094,117)          |
|                                                                      | 32,600,019           | 32,169,230           | 26,931,267           | 26,819,516           |
| INTEREST INCOME, NET                                                 | (41,338,938)         | (43,974,547)         | (35,364,128)         | (38,052,325)         |
| DIVIDEND INCOME                                                      | (248,260)            | (227,272)            | (1,605,478)          | (1,372,714)          |
| PROCEEDS FROM INTEREST INCOME                                        | 59,915,871           | 64,424,626           | 53,144,606           | 57,694,164           |
| CASH PAID ON INTEREST EXPENSES                                       | (17,718,178)         | (18,561,580)         | (16,960,836)         | (17,770,093)         |
| PROCEEDS FROM DIVIDEND INCOME                                        | 248,260              | 227,272              | 248,260              | 227,272              |
| CASH PAID ON INCOME TAX EXPENSES                                     | (2,338,061)          | (2,497,151)          | (1,628,558)          | (1,952,242)          |
| OPERATING INCOME BEFORE CHANGES IN                                   |                      |                      |                      |                      |
| OPERATING ASSETS AND LIABILITIES                                     | 31,120,713           | 31,560,578           | 24,765,133           | 25,593,578           |
| (INCREASE) DECREASE IN OPERATING ASSETS                              |                      |                      |                      |                      |
| INTERBANK AND MONEY MARKET ITEMS                                     | 28,397,543           | 5,007,957            | 28,455,280           | 5,000,123            |
| CLAIMS ON SECURITIES                                                 | 1,933,100            | (1,337,700)          | 1,933,100            | (1,337,700)          |
| INVESTMENTS IN TRADING SECURITIES                                    | (1,042,175)          | 6,371,387            | (1,039,165)          | 6,390,921            |
| LOANS TO CUSTOMERS                                                   | (24,165,966)         | (39,656,565)         | (22,134,544)         | (38,368,788)         |
| PROPERTIES FOR SALE                                                  | 1,060,031            | 3,492,728            | 1,067,993            | 3,431,402            |
| OTHER ASSETS                                                         | (15,378,485)         | (248,496)            | (15,321,946)         | 278,405              |
| INCREASE (DECREASE) IN OPERATING LIABILITIES                         |                      |                      |                      |                      |
| DEPOSITS                                                             | (30,525,479)         | (9,981,887)          | (30,773,338)         | (9,841,570)          |
| INTERBANK AND MONEY MARKET ITEMS                                     | (34,988,556)         | (15,721,551)         | (31,721,510)         | (11,371,194)         |
| LIABILITIES PAYABLE ON DEMAND                                        | 168,480              | 2,682,100            | 168,480              | 2,682,100            |
| LIABILITIES TO DELIVER SECURITIES                                    | (1,851,304)          | 1,337,700            | (1,851,304)          | 1,337,700            |
| DEBT ISSUED AND SHORT-TERM BORROWINGS                                | -                    | 3,826                | -                    | -                    |
| OTHER LIABILITIES                                                    | 13,118,960           | 11,482,791           | 13,495,264           | 12,519,018           |
| NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES                  | (32,153,138)         | (5,007,132)          | (32,956,557)         | (3,686,005)          |

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

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

|                                                                               | <b>CONSOLIDATED</b>         |                   | <b>(Thousand Baht)</b>      |                   |
|-------------------------------------------------------------------------------|-----------------------------|-------------------|-----------------------------|-------------------|
|                                                                               |                             |                   | <b>THE BANK'S</b>           |                   |
|                                                                               | <b>FINANCIAL STATEMENTS</b> |                   | <b>FINANCIAL STATEMENTS</b> |                   |
|                                                                               | <b>2018</b>                 | <b>2017</b>       | <b>2018</b>                 | <b>2017</b>       |
|                                                                               |                             | <b>(RESTATED)</b> |                             | <b>(RESTATED)</b> |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>                                   |                             |                   |                             |                   |
| PURCHASES OF AVAILABLE FOR SALE SECURITIES                                    | (78,237,908)                | (69,144,296)      | (78,237,908)                | (69,144,296)      |
| PROCEEDS FROM DISPOSAL OF AVAILABLE FOR SALE SECURITIES                       | 76,305,781                  | 79,064,638        | 75,658,671                  | 79,064,638        |
| PURCHASES OF HELD TO MATURITY DEBT SECURITIES                                 | (1,073,696)                 | (966,833)         | (637,564)                   | (316,488)         |
| PROCEEDS FROM DISPOSAL OF HELD TO MATURITY DEBT SECURITIES                    | 37,342,814                  | 6,412,834         | 36,903,814                  | 5,680,834         |
| PURCHASES OF GENERAL INVESTMENTS                                              | (144,955)                   | (212,009)         | (144,955)                   | (212,009)         |
| PROCEEDS FROM DISPOSAL OF GENERAL INVESTMENTS                                 | 122,291                     | 174,635           | 122,291                     | 174,635           |
| PROCEEDS FROM DIVIDEND INCOME FROM SUBSIDIARIES AND ASSOCIATES                | 165,438                     | 154,141           | 1,357,218                   | 1,145,441         |
| PURCHASES OF INTANGIBLE ASSETS                                                | (355,311)                   | (225,534)         | (154,590)                   | (84,881)          |
| PURCHASES OF PREMISES AND EQUIPMENT                                           | (498,771)                   | (297,012)         | (223,396)                   | (235,353)         |
| PROCEEDS FROM DISPOSAL OF PREMISES AND EQUIPMENT                              | 17,629                      | 13,695            | 563                         | 384               |
| NET CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES                           | 33,643,312                  | 14,974,259        | 34,644,144                  | 16,072,905        |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>                                   |                             |                   |                             |                   |
| PROCEEDS FROM DEBT ISSUED AND LONG-TERM BORROWINGS                            | 1,603,400                   | 4,000,000         | -                           | -                 |
| REPAYMENTS OF DEBT ISSUED AND LONG-TERM BORROWINGS                            | (800,000)                   | (6,293,000)       | -                           | (5,155,000)       |
| DIVIDEND PAID-ORDINARY SHARE                                                  | (8,525,397)                 | (12,019,412)      | (8,525,397)                 | (12,019,412)      |
| DIVIDEND PAID-PREFERRED SHARE                                                 | (4,205)                     | (5,580)           | (4,205)                     | (5,580)           |
| DIVIDEND PAID TO NON-CONTROLLING INTEREST                                     | (690,765)                   | (521,331)         | -                           | -                 |
| NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES                           | (8,416,967)                 | (14,839,323)      | (8,529,602)                 | (17,179,992)      |
| GAIN (LOSS) ON ARISING FROM TRANSLATING THE FINANCIAL STATEMENTS OF FOREIGN C | (144,779)                   | 4,631             | (144,779)                   | 4,631             |
| NET DECREASE IN CASH AND CASH EQUIVALENTS                                     | (7,071,572)                 | (4,867,565)       | (6,986,794)                 | (4,788,461)       |
| BEGINNING BALANCE OF CASH AND CASH EQUIVALENTS                                | 73,572,868                  | 72,106,416        | 73,334,740                  | 71,929,866        |
| ENDING BALANCE OF CASH AND CASH EQUIVALENTS                                   | 66,501,296                  | 67,238,851        | 66,347,946                  | 67,141,405        |

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

(Signed) Ekniti Nitithanprapas  
EKNITI NITITHANPRAPAS  
CHAIRMAN

(Signed) Payong Srivanich  
PAYONG SRIVANICH  
PRESIDENT

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

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**1. GENERAL INFORMATION**

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

**2. BASIS OF PRESENTATION OF THE FINANCIAL STATEMENT**

**2.1 Basis of Preparation of the Consolidated and the Bank's Financial Statements**

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

The Consolidated Financial Statements

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

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

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

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

The Bank's Financial Statements

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

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

The English Translation of Financial Statements

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

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

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

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

### **Announced but not yet Effective**

The Federation of Accounting Professions has announced International Financial Reporting Standards No. 15 (IFRS 15), regarding Revenue from Contracts with Customers (Bound volume 2018 Consolidated without early application), those are effective for the financial statements of the periods beginning on or after January 1, 2019. The Bank's managements have already considered that they have no significant impacts on the Bank's accounting policies, and the Bank's and its subsidiaries' financial statements.

## **3. SIGNIFICANT ACCOUNTING POLICIES**

### **3.1 Recognition of Income**

#### **3.1.1 Interest Income**

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

#### **3.1.2 Fees and Service Income**

Fees and Service Income is recognized when the related services are performed.

#### **3.1.3 Dividend Income**

Dividend income from investments is recognized when declared.

#### **3.1.4 Lease Income**

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

- Interest income from hire-purchase and financial lease is recognized by using effective interest rate throughout the term of the lease. Interest on defaulted lease over 3 months is ceased to recognize and reversed from the due date, and interest income will be recognized on an accrual basis when received all overdue payments.

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

### **3.2 Recognition of Expenses**

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

### **3.3 Cash and Cash Equivalents**

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

### **3.4 Derivatives**

Accounting for derivative transactions depends on their purposes as follows:

#### **1) Trading Derivatives**

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

#### **2) Hedging Derivatives**

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

### **3.5 Embedded Derivatives**

The Bank records accounting for embedded derivatives namely Credit Derivative and Structured Note in line with the IAS 39 Financial Instruments: Recognition and Measurement as follows:

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

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

### **3.6 Investments**

#### **3.6.1 Basis of Classification of Investments**

The Bank and its subsidiaries classify their investments in debt securities and equity securities as trading securities, available-for-sale securities, held-to-maturity debt securities, or investments in subsidiaries and associates. Non-marketable equity securities are classified as general investments.

#### **3.6.2 Basis of Valuation of Investments**

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

Investments in marketable debt or equity securities classified as available-for-sale securities are stated at fair value, net of allowance for impairment (if any). Unrealized gains or losses arising from the revaluation are separately shown in other components of equity and realized gains or losses after the disposal.

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

General investments are stated at cost, net of allowance for impairment (if any). Losses on impairment are realized through gains (losses) on investments, net in the statements of profit or loss and other comprehensive income.

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

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

#### **3.6.2 Basis of Valuation of Investments (Continued)**

Investments in subsidiaries and associates, shown in the Bank's financial statements, are accounted for by the cost method, net of allowance for impairment (if any). Moreover, investments in associates, shown in the consolidated financial statements, are accounted for by the equity method (the Bank uses financial information from unaudited/unreviewed financial statements of the associates).

The cost of disposed investments is calculated by the weighted-average method. Gains or losses on disposal of investments are presented in gains (losses) on investments, net in the statements of profit or loss and other comprehensive income, except for trading securities are presented in gains on tradings and foreign exchange transactions, net.

### **3.7 Loans**

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

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

### 3.8 Allowance for Doubtful Accounts

The Bank and its subsidiaries which operate the loan provider business recognize allowance for doubtful accounts compliance with the BoT's Notification No. SOR NOR SOR.5/2559 dated June 10, 2016, regarding Regulations on Assets Classification and Provision of Financial Institutions based on the BoT's Regulations on Valuation and Appraisal of Collateral and Immovable Properties for Sale acquired through Debt Repayment, Loan Collateral or Public Auction of Financial Institution dated June 10, 2016 summarized as follows:

1) The Bank has set aside provision for normal and special mention categories at 1 percent and 2 percent, respectively, in accordance with the BoT's regulations. The Bank also applies collective approach to set aside provision for each debtor group, grouping by similar credit risk.

2) Provision for impaired-debtors is at 100 percent of the difference between the book value of loans and the present value of expected cash flows from the disposals of collateral as to the practice stipulated by the BoT.

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

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

- As for normal and special mention categories, the underlying collateral is required to reappraise or revalue on a 3-years basis excluding collateral of credit lines of housing loans and other loans in the charge of retail business and network support team, will be reappraised or revalued when changed to sub-standard, doubtful and doubtful of loss, as well as the collateral which have been reappraised or revalued over the past 3 years.

- As for sub-standard, doubtful and doubtful of loss categories are required to reappraise or revalue collaterals by using the methods stipulated by the BoT. Immovable properties collaterals are required to reappraise or revalue on a 3-years basis as minimum. In case of near cash collateral such as marketable securities, is required to reappraise or revalue at the end of the accounting period.

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

Bad debts written-off and bad debts recovered are either deducted from or added to the allowance for doubtful accounts, whichever the case may be. The Bank defines debt write off guidelines which any debtors classified as doubtful of loss with 100% provision in line with the BOT's debt write off regulations. The Bank also continues the legal execution and debt collection process against all those debtors mentioned above.

### **3.9 Troubled Debt Restructuring and Losses on Troubled Debt Restructuring (TDR)**

The Bank's debt restructuring methodology includes the reduction of principal and/or accrued interest receivables already recorded as revenue, interest rate reduction, debt-equity conversion or debt-convertible securities conversion, repayment period extension, debt type modification, grace period permission for principal and/or interest, collateral assets transfers, noncollateral assets transfers, and assets transfers with buy back contracts.

#### **3.9 Troubled Debt Restructuring and Losses on Troubled Debt Restructuring (TDR) (Continued)**

Losses arising from debt restructuring are determined as follows:

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

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

2) In case of debt repayment through the transfer of assets, financial instruments or debtors' equity from debt-equity conversion, the Bank has entirely written off. Losses on debt restructuring are charged to the statements of profit or loss and other comprehensive income instantly upon the transfer of assets considering together with the original allowance for doubtful accounts. Thus, the value of transferred assets shall be recorded not higher than the book value of the debt plus accrued interest receivables entitled by the Bank.

In case of partial debt repayment through the transfer of assets, financial instruments or debtors' equity from debt-equity conversion, the Bank's will follow no. 2) in the first place. For the remaining amount of debt, if there is the relaxation of the repayment condition, the Bank will follow no. 1).

### **3.10 Properties for Sale**

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

The Bank has followed the BoT's Notification No. SOR NOR SOR.20/2558 dated December 4, 2015, regarding Regulations on Accounting of Financial Institutions Section 1, Accounting for the Sales of Foreclosed Assets, SOR NOR SOR.5/2559 dated June 10, 2016, regarding Regulations on Assets Classification and Provision of Financial Institutions, SOR NOR SOR.22/2552 dated December 11, 2009, regarding Immovable Properties for Sale, and SOR NOR SOR.23/2552 dated December 11, 2009, regarding the Rules of the Purchase and Holding of Immovable Properties Used as Premises for the Business or as Facilities for its Officers and Employees of Financial Institutions.

According to the BoT's Policy No. THOR POR THOR. PHOR NOR SOR. (23) WOR.745/2559 dated June 10, 2016, regarding Delivery Policy of Appraisal Guarantee and Properties for Sale acquired through Debt Repayment, Loan Collateral or Public Auction of Financial Institutions, the properties for sale in the amount exceeding Baht 50 million are appraised by the external appraisers, and the amount of not exceeding Baht 50 million are considered to appraise by internal or external appraisers depending on the Bank.

### **3.11 Land, Premises, Equipment, and Depreciation**

Land is presented at revalued amount. Premises and equipment are stated at cost less accumulated depreciation and allowance for impairment (if any). Land is revalued on a 3-5 years basis by independent appraisers in accordance with the BoT's regulations. In case that revaluation result decreased or decreased more than surplus on land revaluation which had been recognized in other components of equity, the Bank will recognize deficit in the statements of profit or loss and other comprehensive income. In case that revaluation result increased, the Bank will recognize surplus through appraisal surplus on assets in other components of equity. Except for the case that the Bank revalued decreased on land and already recognized loss in the statements of profit or loss and other comprehensive income, the Bank will recognize only surplus amounts that excess of the deficit amounts used to recognized of such land.

Depreciation of premises is calculated on the straight-line basis over their useful lives. Since April 1, 2012, depreciation of premises is calculated on the straight-line basis over their residual useful lives not over 50 years which appraised by independent expert appraisers. Before April 1, 2012, depreciation of premises is calculated on the straight-line basis over their useful lives of 20 years.

Depreciation of equipment is calculated on the straight-line basis over their useful lives of 5 years. Equipment with an acquisition cost not exceeding Baht 3,000 is charged directly to expense in the period of acquisition. The amounts of those transactions have no significant effect to the Bank's financial statements.

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

### **3.12 Intangible Assets**

Intangible assets, comprising software, licenses, and computer system development costs, are presented at cost net accumulated amortization and allowance for impairment (if any). Amortization is calculated by the straight-line basis over their useful lives and recognized as expense in the statements of profit or loss and other comprehensive income. Amortization of intangible assets in foreign countries is at the legal rates applicable in each locality.

### **3.13 Deferred Tax Assets or Liabilities**

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

The Bank and its subsidiaries recognize deferred tax in the statements of profit or loss and other comprehensive income, except for the extent that relates to items recognized in equity, shall be recognized directly in equity.

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

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

### **3.14 Leaseholds**

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

### **3.15 Impairment of Assets**

For outstanding balances of assets as at the end of period, the Bank and its subsidiaries review the impairment of assets by items when there is an indication that the book value of those assets is higher than the expected recoverable amounts. As such, losses on impairment will be realized as other operating expenses. The reversal of losses on impairment will be recorded only when there is an indication that such impairment no longer exists or shown at a declining balance, if any, and reversed to other operating income in the statements of profit or loss and other comprehensive income. Except for the case that reversal of the revalued increased of the same assets that used to be recognized in equity, when impairment occurred latterly it will be recognized in equity.

### **3.16 Foreign Currency Translation**

#### **3.16.1 Presentation Currency**

The consolidated and the Bank's financial statements are presented in Baht.

#### **3.16.2 Foreign Currency Translation**

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

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

#### **3.16.3 Foreign Currency Translation of Foreign Branches' Financial Statements**

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

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

### **3.17 Employees Benefit**

#### **3.17.1 Employees Provident Fund**

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

Permanent employees of the Bank are entitled to apply for membership according to the registered KTB Provident Fund regulations. Employees could opt to contribute to the Fund at the rate of either 3, 6, 10, 12 or 15 percent of their basic salaries while the Bank's supplemental contribution is at 10 percent of each employees' basic salary.

#### **3.17.2 Defined Benefit Plan**

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

### **3.18 Income Taxes**

Income taxes comprise of current tax and deferred tax.

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

### **3.19 Earnings per Share**

Basic earnings per share are calculated by dividing the net profit attributable to ordinary equity holders of the Bank by the weighted average number of ordinary shares outstanding.

### **3.20 Provisions**

The BoT's Notification No. SOR NOR SOR.5/2559 dated June 10, 2016, regarding Regulations on Assets Classification and Provision of Financial Institutions prescribed regulations to set aside provisions for off-the statements of financial position obligations in conformity with TAS 37 (revised 2016): Provisions, Contingent Liabilities and Contingent Assets. The Bank is required to set aside provisions for off-the statements of financial position obligations when satisfied all of the following criteria:

- 1) Off-the statements of financial position obligations classified as substandard, doubtful, doubtful of loss, and loss.
- 2) Off-the statements of financial position obligations which the Bank should recognize provisions according to TAS 37 (revised 2016), paragraph 14 when satisfied all of the following criteria:

- 2.1 A present obligation (a legal or a constructive obligation) resulting from past events.
- 2.2 It is possibly certain that there will be a future outflow of resources embodying economic benefit to settle such obligation and

- 2.3 An estimate of obligation can be reliably made.

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

### **3.21 Customer Loyalty Programme**

The Bank's subsidiaries have customer loyalty programme by offering reward points to customer together with services entitling customers to redeem those reward points to gifts or discount in the future. The Bank's subsidiaries also allocate rewards or accrued rewards to the points by referring from fair value of accumulated points. Then, they are recognized to deferred revenue under "other liabilities" in the statements of financial position and shall be recognized to fees and service income when customers redeem.

### **3.22 Fair Value Measurement**

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The Bank and its subsidiaries have considered fair value of individual financial instrument. Fair value of financial instruments are quoted price (unadjusted) for similar assets or liabilities in active markets that the Bank and its subsidiaries are able to access. In case of there is no quoted price in active markets, the Bank and its subsidiaries will use general accepted valuation technique by maximizing observable inputs and minimizing unobservable inputs in commonly used models or the Bank's models. Those models are approved by the management and also regularly reviewed and updated.

## **4. Statutory Capital Fund**

### **4.1 The Bank's Risk Information**

#### **Credit Risk**

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

The Bank concerns about the contingent credit risk at all time. The Bank also concentrates on economic and business research related to the Bank's loan portfolio in order to monitor loan portfolio efficiently and effectively, such as Industry Direction in managing Stress Testing and Industry Indicators as a tool for better loan management. The Bank continually evaluate and follow up situations both inside and outside country in order to assess the risk that may impact on solvency of the debtors and the Bank's loan portfolio.

The Bank focuses on a credit expansion to both existing and new customers with high potentiality and high yield. The Bank highly concentrates on customer evaluation, business potential, ability to repay debt, and obvious objective of loan purpose. The Bank develops not only risk management tool to rank credit rating in order to be an element to estimate risk of large and middle size of loans, but The Bank also develops Credit Scoring tool in order to consider retail loaners including the development of Early Warning System notice credit department and set the loan policy guideline to prevent the debtors become NPLs. Moreover, the Bank has regularly improved credit risk management by reviewing/adjusting credit policies and other policies related to the credit risk management for the purpose of complying with economic situation and the Bank's business operation as well as being in consonant with risk management guidance prescribed by the BOT and The credit risk management policies and guidelines are reviewed/improved at least once a year in order to match with current situation.

#### **4.1 The Bank's Risk Information (Continued)**

The Bank monitors and reports risk management results with the intention to control credit risk to be in compliance with the Bank's risk management plan, the BoT's supervision policy and other regulators' rules. The risk management results reports are normally submitted to the Risk Management Committee and the Audit Committee at least once a month and to the Board of Directors at least quarterly.

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

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

##### **Market Risk**

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

##### **Interest Rate Risk**

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

**4.1 The Bank's Risk Information (Continued)**

The Bank's significant financial assets and liabilities classified by periods of interest rate repricing are as follows:

(Million Baht)

|                                  | <u>June 30, 2017</u> |                   |                    |                    |                |             |              |
|----------------------------------|----------------------|-------------------|--------------------|--------------------|----------------|-------------|--------------|
|                                  | Call to              |                   |                    |                    | Non-interest   |             |              |
|                                  | <u>1 month</u>       | <u>1-3 Months</u> | <u>3-12 Months</u> | <u>Over 1 year</u> | <u>Bearing</u> | <u>NPLs</u> | <u>Total</u> |
| <b>Financial assets</b>          |                      |                   |                    |                    |                |             |              |
| Interbank and money market items | 490,345.13           | 11,306.36         | 5,346.75           | 1.67               | 15,718.22      | 57.50       | 522,775.63   |
| Investments*                     | 426.35               | 2,503.52          | 16,112.40          | 133,601.14         | 20,673.24      | -           | 173,316.65   |
| Loans to customers               | 1,326,637.84         | 229,340.06        | 178,640.33         | 46,162.64          | 1,143.98       | 106,073.87  | 1,887,998.72 |
| Total financial assets           | 1,817,409.32         | 243,149.94        | 200,099.48         | 179,765.45         | 37,535.44      | 106,131.37  | 2,584,091.00 |
| <b>Financial liabilities</b>     |                      |                   |                    |                    |                |             |              |
| Deposits                         | 1,486,359.64         | 122,360.64        | 283,503.55         | 63,824.63          | 86,772.21      | -           | 2,042,820.67 |
| Interbank and money market items | 111,115.40           | 21,687.08         | 3,007.63           | 46,288.12          | 5,247.01       | -           | 187,345.24   |
| Debt issued and borrowings       | 0.70                 | 16,582.20         | -                  | 51,427.36          | -              | -           | 68,010.26    |
| Total financial liabilities      | 1,597,475.74         | 160,629.92        | 286,511.18         | 161,540.11         | 92,019.22      | -           | 2,298,176.17 |

(Million Baht)

|                                  | <u>December 31, 2017</u> |                   |                    |                    |                |             |              |
|----------------------------------|--------------------------|-------------------|--------------------|--------------------|----------------|-------------|--------------|
|                                  | Call to                  |                   |                    |                    | Non-interest   |             |              |
|                                  | <u>1 month</u>           | <u>1-3 Months</u> | <u>3-12 Months</u> | <u>Over 1 year</u> | <u>Bearing</u> | <u>NPLs</u> | <u>Total</u> |
| <b>Financial assets</b>          |                          |                   |                    |                    |                |             |              |
| Interbank and money market items | 522,794.48               | 7,077.87          | 5,367.09           | 1.56               | 17,721.97      | -           | 552,962.97   |
| Investments*                     | 30,848.88                | 9,753.61          | 10,825.23          | 133,922.83         | 19,991.57      | -           | 205,342.12   |
| Loans to customers               | 1,357,047.26             | 204,878.81        | 163,255.01         | 40,578.57          | 1,086.38       | 98,637.39   | 1,865,483.42 |
| Total financial assets           | 1,910,690.62             | 221,710.29        | 179,447.33         | 174,502.96         | 38,799.92      | 98,637.39   | 2,623,788.51 |
| <b>Financial liabilities</b>     |                          |                   |                    |                    |                |             |              |
| Deposits                         | 1,462,873.53             | 132,820.09        | 255,548.29         | 126,012.48         | 96,339.62      | -           | 2,073,594.01 |
| Interbank and money market items | 151,649.33               | 12,041.79         | 8,359.92           | 38,600.44          | 8,415.27       | -           | 219,066.75   |
| Debt issued and borrowings       | 0.70                     | -                 | 16,335.70          | 50,935.03          | -              | -           | 67,271.43    |
| Total financial liabilities      | 1,614,523.56             | 144,861.88        | 280,243.91         | 215,547.95         | 104,754.89     | -           | 2,359,932.19 |

\*Included investments in subsidiaries and associates. (excluded trading securities, allowance for revaluation and impairment)

**Foreign Exchange Rate Risk**

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

#### **4.1 The Bank's Risk Information (Continued)**

##### Equity Securities Price Risk

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

##### Commodity Price Risk

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

#### **The Bank's Market Risk Management Structure and Supervision**

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

##### Board of Directors

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

##### Risk Management Committee – RMC

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

The Bank has designated the Market Risk Management Department, an independent business unit from front office, to supervision risk in order to create transparency and efficiency. Moreover, it conforms to the BoT's market risk supervision regulations and the Bank's market risk management policy. Besides, the Market Risk Management Department is responsible to follow up and supervise market risk not exceeding the limit specified by the Bank. Then, it reports to top-level executives and RMC.

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

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

#### **4.1 The Bank's Risk Information (Continued)**

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

##### **Market Risk Management Structure and Supervision of the Financial Business Group**

The Bank has supervision of risk management of the financial business group and prescribes policy of risk management of the financial business group. The policy was approved by the Board of Directors determining the subsidiaries within the financial business group to complete all aspects of risk management in accordance with the Company's significant risks and risk management policy which defines the organization chart that support the efficiency of risk management, including the determining of clearly authorization. The policy also determines the subsidiaries to complete and efficiently follow the monitoring process and internal control system by identifying, measuring, monitoring and controlling risk under the guideline prescribed in the risk management policy of the financial business group. Moreover, the subsidiaries are required to prepare their market risk management report and relating information for submission to the Bank in order that the Bank can monitor market risk and risk level of companies in the financial business group and assess effect to the Bank's capital.

The Bank's financial business group has decentralized risk management that means companies within the financial business group manage their own risk and the Bank will consider and comment the companies' key market risk indicators as appropriate.

##### **Liquidity Risk**

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

##### **The Bank's Liquidity Risk Management Structure and Supervision**

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

##### **Board of Directors**

Board of Directors is responsible for the approval of liquidity risk management policy and liquidity emergency plan and to approve the Bank's acceptable limit or trigger of liquidity risk.

##### **Risk Management Committee – RMC**

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

#### **4.1 The Bank's Risk Information (Continued)**

##### **Assets and Liabilities Management Committee – ALCO**

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

##### **Liquidity Risk Management Structure and Supervision of the Financial Business Group**

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

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

##### **Structure of Sources and Uses of Funds**

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

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

##### **Liquidity Risk Management Tools**

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

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

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

- Liquidity gap report presents estimates of future cash flows determined in accordance with the customer behavior assumptions in normal situation.

#### **4.1 The Bank's Risk Information (Continued)**

- Daily financial position report presents the Bank's liquid assets in terms of balance amount of daily average deposits with the BoT. The BoT's regulation requires maintaining sum of the average daily deposit balance and the average daily cash balance at the cash inventory management center not less than 1 percent of total customers' deposit and other specified borrowings. Moreover, the report demonstrates high quality liquid assets in each asset category reserved as an operating liquidity for the Bank's normal operations.

- Liquidity coverage ratio (LCR) Report is reported to the Risk Management Committee and the Assets and Liabilities Management Committee on a monthly basis in accordance with BoT's regulations. LCR is the liquidity risk measurement standard that aims to ensure that a bank has an adequate stock of unencumbered high quality liquid assets (HQLA) which consists of cash or assets that can be converted into cash at little or no loss of value in private markets to meet its liquidity needs for a 30 calendar day liquidity stress scenario.

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

#### **Liquidity Risk Stress Testing**

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

#### **Liquidity Assets Ratio**

As at June 30, 2018, and December 31, 2017, the Bank has deposits at the BOT and cash at Cash Center Bank of Baht 12,076.26 million and Baht 19,507.24 million which the Bank has average fortnightly liquid assets not less than 1 percent of deposits and borrowings as prescribed by the BoT.

#### **Sources and Uses of Funds**

Sources and uses of funds as at June 30, 2018, the Bank and its subsidiaries' major sources of funds were deposits accounting for 72.75 percent of total funds. Other significant sources of funds included net interbank and money market items (liabilities) of 6.91 percent, debt issued and borrowings of 4.00 percent, and equity of 10.54 percent.

The Bank and its subsidiaries' uses of funds were loans to customers 69.86 percent of total uses of funds. Other significant uses of funds included net interbank and money market items (assets) of 18.58 percent and net investments of 6.84 percent.

**4.1 The Bank's Risk Information (Continued)**

|                                       | <u>June 30, 2018</u> | <u>December 31, 2017</u> |
|---------------------------------------|----------------------|--------------------------|
| <b>Sources of Funds</b>               |                      |                          |
| Deposits                              | 72.75%               | 72.56%                   |
| Interbank and money market items, net | 6.91%                | 8.01%                    |
| Debt issued and borrowings            | 4.00%                | 3.88%                    |
| Equity                                | 10.54%               | 10.31%                   |
| <b>Uses of Funds</b>                  |                      |                          |
| Loans to customers                    | 69.86%               | 67.90%                   |
| Interbank and money market items, net | 18.58%               | 19.26%                   |
| Investments, net                      | 6.84%                | 8.00%                    |

**Loans to Deposits Ratio**

On the consolidated financial statements as at June 30, 2018, the Bank has loans to deposits ratio of 96.04 percent which has increased from 93.59 percent as at December 31, 2017.

Loan to deposits ratio on the Bank's financial statements as at June 30, 2018 is 92.42 percent which has increased from 89.96 percent as at December 31, 2017. As a result of loan increased 1.21 percent and the reduction of deposits decreased 1.48 percent from the end of the year 2017.

|                                                             | <u>June 30, 2018</u> | <u>December 31, 2017</u> |
|-------------------------------------------------------------|----------------------|--------------------------|
| Loans to deposits ratio (Consolidated financial statements) | 96.04%               | 93.59%                   |
| Loans to deposits ratio (The Bank's financial statements)   | 92.42%               | 89.96%                   |

As at June 30, 2018 and December 31, 2017, the Bank's financial assets and liabilities are classified by remaining maturity as follows:

(Million Baht)

|                                       | <u>June 30, 2018</u> |                   |                    |                    |                    |              |
|---------------------------------------|----------------------|-------------------|--------------------|--------------------|--------------------|--------------|
|                                       | Less than            | Over 3 Months     |                    |                    |                    |              |
|                                       | <u>1 Month</u>       | <u>1-3 Months</u> | <u>upto 1 Year</u> | <u>Over 1 Year</u> | <u>No Maturity</u> | <u>Total</u> |
| <b>Financial Assets</b>               |                      |                   |                    |                    |                    |              |
| Interbank and money market items, net | 437,256.36           | 27,163.10         | 45,019.54          | 11,227.65          | -                  | 520,666.65   |
| Investments, net*                     | 9,738.81             | 2,509.46          | 16,162.45          | 147,793.44         | 10,697.86          | 186,902.02   |
| Loans to customers                    | 114,327.23           | 159,103.19        | 341,204.88         | 1,273,363.42       | -                  | 1,887,998.72 |
| Total financial assets                | 561,322.40           | 188,775.75        | 402,386.87         | 1,432,384.51       | 10,697.86          | 2,595,567.39 |
| <b>Financial Liabilities</b>          |                      |                   |                    |                    |                    |              |
| Deposits                              | 1,568,334.52         | 121,168.97        | 283,692.41         | 69,624.77          | -                  | 2,042,820.67 |
| Interbank and money market items, net | 116,372.34           | 21,684.74         | 2,939.91           | 46,348.25          | -                  | 187,345.24   |
| Debt issued and borrowings            | 0.70                 | 16,582.20         | -                  | 51,427.36          | -                  | 68,010.26    |
| Total financial liabilities           | 1,684,707.56         | 159,435.91        | 286,632.32         | 167,400.38         | -                  | 2,298,176.17 |

\*Included investments in subsidiaries and associates.

**4.1 The Bank's Risk Information (Continued)**

(Million Baht)

|                                       | <u>December 31, 2017</u> |                   |                    |                    |             |              |
|---------------------------------------|--------------------------|-------------------|--------------------|--------------------|-------------|--------------|
|                                       | Less than                |                   | Over 3 Months      |                    | No Maturity | Total        |
|                                       | <u>1 Month</u>           | <u>1-3 Months</u> | <u>upto 1 Year</u> | <u>Over 1 Year</u> |             |              |
| <b>Financial Assets</b>               |                          |                   |                    |                    |             |              |
| Interbank and money market items, net | 436,285.59               | 32,790.72         | 65,811.50          | 14,292.22          | -           | 549,180.03   |
| Investments, net*                     | 39,337.15                | 9,754.27          | 10,907.06          | 149,313.41         | 10,697.95   | 220,009.84   |
| Loans to customers                    | 110,911.92               | 101,363.25        | 408,884.17         | 1,244,324.08       | -           | 1,865,483.42 |
| Total financial assets                | 586,534.66               | 143,908.24        | 485,602.73         | 1,407,929.71       | 10,697.95   | 2,634,673.29 |
| <b>Financial Liabilities</b>          |                          |                   |                    |                    |             |              |
| Deposits                              | 1,557,499.12             | 134,289.86        | 252,969.41         | 128,835.62         | -           | 2,073,594.01 |
| Interbank and money market items, net | 163,604.12               | 8,558.36          | 8,303.53           | 38,600.74          | -           | 219,066.75   |
| Debt issued and borrowings            | 0.70                     | -                 | 16,335.70          | 50,935.03          | -           | 67,271.43    |
| Total financial liabilities           | 1,721,103.94             | 142,848.22        | 277,608.64         | 218,371.39         | -           | 2,359,932.19 |

\*Included investments in subsidiaries and associates.

**4.2 Fair Value of Financial Instruments**

(Million Baht)

|                                                          | <u>Consolidated Financial Statements</u> |                   |                      |                   |
|----------------------------------------------------------|------------------------------------------|-------------------|----------------------|-------------------|
|                                                          | <u>June 30, 2018</u>                     |                   | <u>June 31, 2017</u> |                   |
|                                                          | <u>Book Value</u>                        | <u>Fair Value</u> | <u>Book Value</u>    | <u>Fair Value</u> |
| <b>Financial Assets</b>                                  |                                          |                   |                      |                   |
| Cash                                                     | 66,501.30                                | 66,501.30         | 73,572.87            | 73,572.87         |
| Interbank and money market items, net                    | 521,213.89                               | 521,213.89        | 549,669.53           | 549,669.53        |
| Derivative assets                                        | 49,654.14                                | 49,654.14         | 33,833.40            | 33,833.40         |
| Investments, net*                                        | 191,816.05                               | 191,838.66        | 228,239.76           | 228,240.26        |
| Loans to customers and accrued interest receivables, net | 1,827,949.82                             | 1,827,949.82      | 1,817,912.27         | 1,817,912.27      |
| Total financial assets                                   | 2,657,135.20                             | 2,657,157.81      | 2,703,227.83         | 2,703,228.33      |
| <b>Financial Liabilities</b>                             |                                          |                   |                      |                   |
| Deposits                                                 | 2,040,349.20                             | 2,040,349.20      | 2,070,874.68         | 2,070,874.68      |
| Interbank and money market items, net                    | 193,702.84                               | 193,618.89        | 228,691.40           | 223,399.10        |
| Liabilities payable on demand                            | 5,460.17                                 | 5,460.17          | 5,291.69             | 5,291.69          |
| Derivative liabilities                                   | 46,804.85                                | 46,804.85         | 30,284.42            | 30,284.42         |
| Debt issued and borrowings                               | 112,168.66                               | 112,382.92        | 110,626.43           | 111,455.31        |
| Total financial liabilities                              | 2,398,485.72                             | 2,398,616.03      | 2,445,768.62         | 2,441,305.20      |

\*Included investments in subsidiaries and associates.

**4.2 Fair Value of Financial Instruments (Continued)**

(Million Baht)

| <u>The Bank's Financial Statements</u>                   |                      |                   |                          |                   |
|----------------------------------------------------------|----------------------|-------------------|--------------------------|-------------------|
|                                                          | <u>June 30, 2018</u> |                   | <u>December 31, 2017</u> |                   |
|                                                          | <u>Book Value</u>    | <u>Fair Value</u> | <u>Book Value</u>        | <u>Fair Value</u> |
| <b>Financial Assets</b>                                  |                      |                   |                          |                   |
| Cash                                                     | 66,347.95            | 66,347.95         | 73,334.74                | 73,334.74         |
| Interbank and money market items, net                    | 520,666.65           | 520,666.65        | 549,180.03               | 549,180.03        |
| Derivative assets                                        | 49,658.42            | 49,658.42         | 33,842.51                | 33,842.51         |
| Investments, net*                                        | 186,902.01           | 240,249.48        | 220,009.84               | 254,948.87        |
| Loans to customers and accrued interest receivables, net | 1,764,557.33         | 1,764,557.32      | 1,753,343.80             | 1,753,343.80      |
| Total financial assets                                   | 2,588,132.36         | 2,641,479.82      | 2,629,710.92             | 2,664,649.95      |
| <b>Financial Liabilities</b>                             |                      |                   |                          |                   |
| Deposits                                                 | 2,042,820.67         | 2,042,820.67      | 2,073,594.01             | 2,073,594.01      |
| Interbank and money market items, net                    | 187,345.24           | 187,261.29        | 219,066.75               | 213,774.45        |
| Liabilities payable on demand                            | 5,460.17             | 5,460.17          | 5,291.69                 | 5,291.69          |
| Derivative liabilities                                   | 46,804.85            | 46,804.85         | 30,284.42                | 30,284.42         |
| Debt issued and borrowings                               | 68,010.26            | 68,230.38         | 67,271.43                | 68,100.31         |
| Total financial liabilities                              | 2,350,441.19         | 2,350,577.36      | 2,395,508.30             | 2,391,044.88      |

\* Included investments in subsidiaries and associates.

**4.3 Statutory Capital Fund**

As at June 30, 2018 and December 31, 2017 the Bank calculated capital fund based on Basel III framework of the BoT. Since 2016, it required commercial banks registered in Thailand to additionally maintain the tier 1 capital fund ratios - equity from the minimum to more than 2.5 percent of total risk weighted assets. It could be gradually maintained the additional of more than 0.625 percent each year, beginning on January 1, 2016 to full amounts on January 1, 2019.

**Capital Fund Ratios to Risk Weighted Assets**

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

**4.3 Statutory Capital Fund (Continued)**

The Bank also maintained capital fund and capital fund ratios to risk weighted assets in accordance with the BoT's regulations as follows:

|                                                   | (Million Baht)                  |                          |
|---------------------------------------------------|---------------------------------|--------------------------|
|                                                   | <u>Financial Business Group</u> |                          |
|                                                   | <u>June 30, 2018</u>            | <u>December 31, 2017</u> |
| Tier 1 capital fund - equity                      |                                 |                          |
| Paid-up share capital                             | 72,005.04                       | 72,005.04                |
| Premium on share capital                          | 20,833.74                       | 20,833.74                |
| Legal reserve                                     | 7,200.50                        | 7,200.50                 |
| Net income after appropriation                    | 160,209.92                      | 156,895.32               |
| Other components of equity                        | 16,811.62                       | 20,937.26                |
| Deduction items from Tier 1 capital fund - equity | (10,702.48)                     | (10,415.48)              |
| Tier 1 capital fund - financial instruments       | 983.19                          | 1,149.97                 |
| Total tier 1 capital fund                         | <u>267,341.53</u>               | <u>268,606.35</u>        |
| Tier 2 capital fund                               |                                 |                          |
| Long-term subordinated debt                       | 51,810.16                       | 51,810.16                |
| Allowance for assets classified as pass           | 21,468.07                       | 22,331.26                |
| Total tier 2 capital fund                         | <u>73,278.23</u>                | <u>74,141.42</u>         |
| Total capital fund                                | <u>340,619.76</u>               | <u>342,747.77</u>        |

|                                                   | (Million Baht)                         |                          |
|---------------------------------------------------|----------------------------------------|--------------------------|
|                                                   | <u>The Bank's Financial Statements</u> |                          |
|                                                   | <u>June 30, 2018</u>                   | <u>December 31, 2017</u> |
| Tier 1 capital fund - equity                      |                                        |                          |
| Paid-up share capital                             | 72,005.04                              | 72,005.04                |
| Premium on share capital                          | 20,833.74                              | 20,833.74                |
| Legal reserve                                     | 7,200.50                               | 7,200.50                 |
| Net income after appropriation                    | 149,584.43                             | 147,414.43               |
| Other components of equity                        | 13,333.61                              | 14,860.62                |
| Deduction items from Tier 1 capital fund - equity | (6,639.12)                             | (5,886.76)               |
| Total tier 1 capital fund                         | <u>256,318.20</u>                      | <u>256,427.57</u>        |
| Tier 2 capital fund                               |                                        |                          |
| Long-term subordinated debt                       | 51,810.16                              | 51,810.16                |
| Allowance for assets classified as pass           | 20,631.93                              | 21,072.95                |
| Total tier 2 capital fund                         | <u>72,442.09</u>                       | <u>72,883.11</u>         |
| Total capital fund                                | <u>328,760.29</u>                      | <u>329,310.68</u>        |

**4.3 Statutory Capital Fund (Continued)**

| <u>Capital Fund Ratios to Risk Weighted Assets</u> |                                 |                          |                                        |                          |
|----------------------------------------------------|---------------------------------|--------------------------|----------------------------------------|--------------------------|
|                                                    | <u>Financial Business Group</u> |                          | <u>The Bank's Financial Statements</u> |                          |
|                                                    | <u>June 30, 2018</u>            | <u>December 31, 2017</u> | <u>June 30, 2018</u>                   | <u>December 31, 2017</u> |
| Tier 1 capital fund ratios - equity                | 13.74                           | 13.42                    | 13.73                                  | 13.59                    |
| Tier 1 capital fund ratios                         | 13.79                           | 13.48                    | 13.73                                  | 13.59                    |
| Total capital fund ratios                          | 17.57                           | 17.20                    | 17.61                                  | 17.45                    |

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

|                       |                                                                                                                   |
|-----------------------|-------------------------------------------------------------------------------------------------------------------|
| Channel of disclosure | <a href="http://www.ktb.co.th">www.ktb.co.th</a> >Investor Relations>Financial Information>Pillar III Disclosures |
| Date of disclosure    | Within 4 months after the end of June 30, 2018                                                                    |
| Information as at     | June 30, 2018                                                                                                     |

**5. ESTIMATES AND ASSUMPTIONS**

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

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

**6. RECLASSIFICATION**

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

(Million Baht)

|                                                                    | <u>Consolidated Financial Statements</u> |                         |                         | <u>The Bank's Financial Statements</u> |                         |                         |
|--------------------------------------------------------------------|------------------------------------------|-------------------------|-------------------------|----------------------------------------|-------------------------|-------------------------|
|                                                                    | <u>Before</u>                            | <u>Reclassification</u> | <u>After</u>            | <u>Before</u>                          | <u>Reclassification</u> | <u>After</u>            |
|                                                                    | <u>reclassification</u>                  |                         | <u>reclassification</u> | <u>reclassification</u>                |                         | <u>reclassification</u> |
| <b>Statements of Profit or Loss and Other Comprehensive Income</b> |                                          |                         |                         |                                        |                         |                         |
| <b>For the three-month periods ended June 30, 2017</b>             |                                          |                         |                         |                                        |                         |                         |
| Interest revenue                                                   | 30,697.72                                | 74.90                   | 30,772.62               | 27,330.66                              | 74.90                   | 27,405.56               |
| Interest expense                                                   | 9,093.41                                 | (167.89)                | 8,925.52                | 8,698.02                               | (167.89)                | 8,530.13                |
| Net interest                                                       | 21,604.31                                | 242.79                  | 21,847.10               | 18,632.64                              | 242.79                  | 18,875.43               |
| Gain on tradings and foreign exchange transactions, net            |                                          |                         |                         |                                        |                         |                         |
| Foreign Currency                                                   | 674.86                                   | (242.79)                | 432.07                  | 672.06                                 | (242.79)                | 429.27                  |

**6. RECLASSIFICATION (Continued)**

(Million Baht)

|                                                                    | <u>Consolidated Financial Statements</u> |                         |                         | <u>The Bank's Financial Statements</u> |                         |                         |
|--------------------------------------------------------------------|------------------------------------------|-------------------------|-------------------------|----------------------------------------|-------------------------|-------------------------|
|                                                                    | <u>Before</u>                            | <u>Reclassification</u> | <u>After</u>            | <u>Before</u>                          | <u>Reclassification</u> | <u>After</u>            |
|                                                                    | <u>reclassification</u>                  |                         | <u>reclassification</u> | <u>reclassification</u>                |                         | <u>reclassification</u> |
| <b>Statements of Profit or Loss and Other Comprehensive Income</b> |                                          |                         |                         |                                        |                         |                         |
| <b>For the six-month periods ended June 30, 2017</b>               |                                          |                         |                         |                                        |                         |                         |
| Interest revenue                                                   | 61,854.61                                | 179.08                  | 62,033.69               | 55,142.42                              | 179.08                  | 55,321.50               |
| Interest expense                                                   | 18,430.60                                | (371.46)                | 18,059.14               | 17,640.64                              | (371.46)                | 17,269.18               |
| Net interest                                                       | 43,424.01                                | 550.54                  | 43,974.55               | 37,501.78                              | 550.54                  | 38,052.32               |
| Gain on tradings and foreign exchange transactions, net            |                                          |                         |                         |                                        |                         |                         |
| Foreign Currency                                                   | 2,098.62                                 | (550.54)                | 1,548.08                | 2,093.21                               | (550.54)                | 1,542.67                |

**7. SUPPLEMENTARY INFORMATION****7.1.1 Supplementary Information of Cash Flows**

Significant non-cash items for the three-month periods ended June 30, 2018 and 2017 are as follows:

(Million Baht)

|                                                                  | <u>Consolidated Financial Statements</u> |                      | <u>The Bank's Financial Statements</u> |                      |
|------------------------------------------------------------------|------------------------------------------|----------------------|----------------------------------------|----------------------|
|                                                                  | <u>June 30, 2018</u>                     | <u>June 30, 2017</u> | <u>June 30, 2018</u>                   | <u>June 30, 2017</u> |
| Increase (Decrease) in revaluation surplus on available-for-sale |                                          |                      |                                        |                      |
| investments net income tax expenses*                             | (1,527.82)                               | (262.74)             | (1,533.17)                             | (262.74)             |
| Increase in properties for sale from loan payment                | 969.20                                   | 2,799.63             | 969.20                                 | 2,799.63             |

\*Included Gains (Losses) from reclassification of investments

**7.1.2 Disclosure of Change Related to Liabilities from Financing Activities**

(Million Baht)

| <u>Classification</u> | <u>Consolidated Financial Statements</u> |                           |                             |                 |                         | <u>June 30, 2017</u> |
|-----------------------|------------------------------------------|---------------------------|-----------------------------|-----------------|-------------------------|----------------------|
|                       | <u>January 1, 2017</u>                   | <u>Cash Flow</u>          | <u>Classified None-Cash</u> |                 |                         |                      |
|                       |                                          | <u>increase(decrease)</u> | <u>Increase</u>             | <u>Exchange</u> | <u>Amotize Discount</u> |                      |
| Securities and        |                                          |                           |                             |                 |                         | -                    |
| Borrowing             | 110,626.43                               | 1,603.40                  |                             | 741.97          | (3.14)                  | 112,968.66           |
|                       |                                          | (800.00)                  |                             |                 |                         |                      |
| <b>Total</b>          | 110,626.43                               | 1,603.40                  | -                           | 741.97          | (3.14)                  | 112,968.66           |

(Million Baht)

| The Bank's Financial Statements |                 |                    |                      |          |                  |               |
|---------------------------------|-----------------|--------------------|----------------------|----------|------------------|---------------|
| Classification                  | January 1, 2017 | Cash Flow          | Classified None-Cash |          |                  | June 30, 2017 |
|                                 |                 | increase(decrease) | Increase             | Exchange | Amotize Discount |               |
| Securities and                  |                 |                    |                      |          |                  | -             |
| Borrowing                       | 67,271.43       | 0.00               |                      | 741.97   | (3.14)           | 68,010.26     |
| <b>Total</b>                    | 67,271.43       | -                  | -                    | 741.97   | (3.14)           | 68,010.26     |

**7.2 Interbank and Money Market Items, Net (Assets)**

(Million Baht)

Consolidated Financial Statements

|                                         | <u>June 30, 2018</u> |             |              | <u>December 31, 2017</u> |             |              |
|-----------------------------------------|----------------------|-------------|--------------|--------------------------|-------------|--------------|
|                                         | <u>Demand</u>        | <u>Time</u> | <u>Total</u> | <u>Demand</u>            | <u>Time</u> | <u>Total</u> |
| <b>7.2.1 Domestic Items</b>             |                      |             |              |                          |             |              |
| Bank of Thailand and                    |                      |             |              |                          |             |              |
| Financial Institutions Development Fund | 7,978.14             | 393,343.49  | 401,321.63   | 15,428.20                | 392,249.35  | 407,677.55   |
| Commercial banks                        | 559.50               | 7,716.83    | 8,276.33     | 493.02                   | 3,197.44    | 3,690.46     |
| Special purpose financial institutions  | 20.18                | 12,496.60   | 12,516.78    | 19.94                    | 4,649.23    | 4,669.17     |
| Other financial institutions            | 26.88                | 57,627.30   | 57,654.18    | 30.54                    | 105,798.38  | 105,828.92   |
| Total                                   | 8,584.70             | 471,184.22  | 479,768.92   | 15,971.70                | 505,894.40  | 521,866.10   |
| <u>Add</u> Accrued interest receivables | -                    | 195.93      | 195.93       | -                        | 292.55      | 292.55       |
| <u>Less</u> Deferred Revenue            | -                    | (14.13)     | (14.13)      | -                        | (5.89)      | (5.89)       |
| Allowance for doubtful accounts         | (0.69)               | (2,351.64)  | (2,352.33)   | (0.67)                   | (4,108.49)  | (4,109.16)   |
| Total domestic items                    | 8,584.01             | 469,014.38  | 477,598.39   | 15,971.03                | 502,072.57  | 518,043.60   |
| <b>7.2.2 Foreign Items</b>              |                      |             |              |                          |             |              |
| US Dollar                               | 18,425.18            | 16,089.55   | 34,514.73    | 11,390.45                | 15,272.45   | 26,662.90    |
| Japanese Yen                            | 3,365.95             | -           | 3,365.95     | 219.79                   | -           | 219.79       |
| Euro                                    | 1,798.44             | -           | 1,798.44     | 688.82                   | -           | 688.82       |
| Other currencies                        | 1,315.31             | 2,559.52    | 3,874.83     | 1,768.26                 | 2,246.60    | 4,014.86     |
| Total                                   | 24,904.88            | 18,649.07   | 43,553.95    | 14,067.32                | 17,519.05   | 31,586.37    |
| <u>Add</u> Accrued interest receivables | 0.01                 | 218.50      | 218.51       | 0.31                     | 179.68      | 179.99       |
| <u>Less</u> Deferred revenue            | -                    | (3.89)      | (3.89)       | -                        | (1.15)      | (1.15)       |
| Allowance for doubtful accounts         | -                    | (153.07)    | (153.07)     | -                        | (139.28)    | (139.28)     |
| Total foreign items                     | 24,904.89            | 18,710.61   | 43,615.50    | 14,067.63                | 17,558.30   | 31,625.93    |
| Total domestic and foreign items        | 33,488.90            | 487,724.99  | 521,213.89   | 30,038.66                | 519,630.87  | 549,669.53   |

**7.2 Interbank and Money Market Items, Net (Assets) (Continued)**

(Million Baht)

The Bank's Financial Statements

|                                         | <u>June 30, 2018</u> |                   |                   | <u>December 31, 2017</u> |                   |                   |
|-----------------------------------------|----------------------|-------------------|-------------------|--------------------------|-------------------|-------------------|
|                                         | <u>Demand</u>        | <u>Time</u>       | <u>Total</u>      | <u>Demand</u>            | <u>Time</u>       | <u>Total</u>      |
| <b>7.2.1 Domestic Items</b>             |                      |                   |                   |                          |                   |                   |
| Bank of Thailand and                    |                      |                   |                   |                          |                   |                   |
| Financial Institutions Development Fund | 7,978.14             | 393,343.49        | 401,321.63        | 15,428.20                | 392,249.35        | 407,677.55        |
| Commercial banks                        | 32.44                | 7,716.83          | 7,749.27          | 23.46                    | 3,197.44          | 3,220.90          |
| Special purpose financial institutions  | -                    | 12,496.60         | 12,496.60         | -                        | 4,649.23          | 4,649.23          |
| Other financial institutions            | 26.88                | 57,627.30         | 57,654.18         | 30.54                    | 105,798.38        | 105,828.92        |
| <b>Total</b>                            | <b>8,037.46</b>      | <b>471,184.22</b> | <b>479,221.68</b> | <b>15,482.20</b>         | <b>505,894.40</b> | <b>521,376.60</b> |
| <u>Add</u> Accrued interest receivables | -                    | 195.93            | 195.93            | -                        | 292.55            | 292.55            |
| <u>Less</u> Deferred Revenue            | -                    | (14.13)           | (14.13)           | -                        | (5.89)            | (5.89)            |
| Allowance for doubtful accounts         | (0.69)               | (2,351.64)        | (2,352.33)        | (0.67)                   | (4,108.49)        | (4,109.16)        |
| <b>Total domestic items</b>             | <b>8,036.77</b>      | <b>469,014.38</b> | <b>477,051.15</b> | <b>15,481.53</b>         | <b>502,072.57</b> | <b>517,554.10</b> |
| <b>7.2.2 Foreign Items</b>              |                      |                   |                   |                          |                   |                   |
| US Dollar                               | 18,425.18            | 16,089.55         | 34,514.73         | 11,390.45                | 15,272.45         | 26,662.90         |
| Japanese Yen                            | 3,365.95             | -                 | 3,365.95          | 219.79                   | -                 | 219.79            |
| Euro                                    | 1,798.44             | -                 | 1,798.44          | 688.82                   | -                 | 688.82            |
| Other currencies                        | 1,315.31             | 2,559.52          | 3,874.83          | 1,768.26                 | 2,246.60          | 4,014.86          |
| <b>Total</b>                            | <b>24,904.88</b>     | <b>18,649.07</b>  | <b>43,553.95</b>  | <b>14,067.32</b>         | <b>17,519.05</b>  | <b>31,586.37</b>  |
| <u>Add</u> Accrued interest receivables | 0.01                 | 218.50            | 218.51            | 0.31                     | 179.68            | 179.99            |
| <u>Less</u> Deferred revenue            | -                    | (3.89)            | (3.89)            | -                        | (1.15)            | (1.15)            |
| Allowance for doubtful accounts         | -                    | (153.07)          | (153.07)          | -                        | (139.28)          | (139.28)          |
| <b>Total foreign items</b>              | <b>24,904.89</b>     | <b>18,710.61</b>  | <b>43,615.50</b>  | <b>14,067.63</b>         | <b>17,558.30</b>  | <b>31,625.93</b>  |
| <b>Total domestic and foreign items</b> | <b>32,941.66</b>     | <b>487,724.99</b> | <b>520,666.65</b> | <b>29,549.16</b>         | <b>519,630.87</b> | <b>549,180.03</b> |

**7.3 Derivatives Held for Trading****The Fair Values and the Notional Amounts Classified by Type of Risk**

(Million Baht)

| <u>Type of Risk</u> | <u>Consolidated Financial Statements</u> |                    |                            |                          |                    |                            |
|---------------------|------------------------------------------|--------------------|----------------------------|--------------------------|--------------------|----------------------------|
|                     | <u>June 30, 2018</u>                     |                    |                            | <u>December 31, 2017</u> |                    |                            |
|                     | <u>Fair Value</u>                        |                    | Notional<br><u>Amounts</u> | <u>Fair Value</u>        |                    | Notional<br><u>Amounts</u> |
|                     | <u>Assets</u>                            | <u>Liabilities</u> |                            | <u>Assets</u>            | <u>Liabilities</u> |                            |
| Exchange rate       | 36,813.35                                | 33,929.21          | 2,118,015.65               | 24,337.94                | 20,486.77          | 1,778,097.10               |
| Interest rate       | 5,663.85                                 | 5,577.01           | 1,540,186.08               | 4,913.34                 | 4,736.26           | 1,162,066.51               |
| Others              | 7,176.94                                 | 7,298.63           | 130,040.71                 | 4,582.12                 | 5,061.39           | 88,843.22                  |
| Total               | 49,654.14                                | 46,804.85          | 3,788,242.44               | 33,833.40                | 30,284.42          | 3,029,006.83               |

(Million Baht)

| <u>Type of Risk</u> | <u>The Bank's Financial Statements</u> |                    |                            |                          |                    |                            |
|---------------------|----------------------------------------|--------------------|----------------------------|--------------------------|--------------------|----------------------------|
|                     | <u>June 30, 2018</u>                   |                    |                            | <u>December 31, 2017</u> |                    |                            |
|                     | <u>Fair Value</u>                      |                    | Notional<br><u>Amounts</u> | <u>Fair Value</u>        |                    | Notional<br><u>Amounts</u> |
|                     | <u>Assets</u>                          | <u>Liabilities</u> |                            | <u>Assets</u>            | <u>Liabilities</u> |                            |
| Exchange rate       | 36,813.35                              | 33,929.21          | 2,118,015.65               | 24,337.94                | 20,486.77          | 1,778,097.10               |
| Interest rate       | 5,668.13                               | 5,577.01           | 1,540,765.17               | 4,922.45                 | 4,736.26           | 1,162,958.94               |
| Others              | 7,176.94                               | 7,298.63           | 130,040.71                 | 4,582.12                 | 5,061.39           | 88,843.22                  |
| Total               | 49,658.42                              | 46,804.85          | 3,788,821.53               | 33,842.51                | 30,284.42          | 3,029,899.26               |

**The Proportion of Derivative Transactions Classified by Type of Counterparty based on the Notional Amounts**

| <u>Counterparty</u>      | <u>Consolidated Financial Statements</u> |                          | <u>The Bank's Financial Statements</u> |                          |
|--------------------------|------------------------------------------|--------------------------|----------------------------------------|--------------------------|
|                          | <u>June 30, 2018</u>                     | <u>December 31, 2017</u> | <u>June 30, 2018</u>                   | <u>December 31, 2017</u> |
|                          | <u>Proportion</u>                        | <u>Proportion</u>        | <u>Proportion</u>                      | <u>Proportion</u>        |
| Financial institutions   | 75.31%                                   | 76.16%                   | 75.31%                                 | 76.14%                   |
| Financial business group | 0.29%                                    | 0.32%                    | 0.30%                                  | 0.35%                    |
| Third parties            | 24.40%                                   | 23.52%                   | 24.39%                                 | 23.51%                   |
| Total                    | 100.00%                                  | 100.00%                  | 100.00%                                | 100.00%                  |

**7.4 Investments, Net**

(Million Baht)

|                                               | <u>Consolidated Financial Statements</u> |                          | <u>The Bank's Financial Statements</u> |                          |
|-----------------------------------------------|------------------------------------------|--------------------------|----------------------------------------|--------------------------|
|                                               | <u>June 30, 2018</u>                     | <u>December 31, 2017</u> | <u>June 30, 2018</u>                   | <u>December 31, 2017</u> |
|                                               | <u>Fair Value</u>                        | <u>Fair Value</u>        | <u>Fair Value</u>                      | <u>Fair Value</u>        |
| <b>7.4.1 Trading Securities</b>               |                                          |                          |                                        |                          |
| Government & state enterprise securities      | 9,155.01                                 | 8,315.31                 | 9,155.01                               | 8,315.31                 |
| Private enterprise debt securities            | 157.91                                   | 168.60                   | 157.91                                 | 171.61                   |
| Total                                         | 9,312.92                                 | 8,483.91                 | 9,312.92                               | 8,486.92                 |
| <b>7.4.2 Available-for-Sale Securities</b>    |                                          |                          |                                        |                          |
| Government & state enterprise securities      | 104,103.78                               | 111,990.81               | 104,103.78                             | 111,990.81               |
| Private enterprise debt securities            | 6,921.05                                 | 6,383.60                 | 7,566.82                               | 6,383.60                 |
| Foreign debt securities                       | 35,472.08                                | 27,295.31                | 35,472.08                              | 27,295.31                |
| Domestic marketable equity securities         | 12,580.67                                | 12,348.33                | 12,580.67                              | 12,348.33                |
| Foreign marketable equity securities          | 437.33                                   | 478.68                   | 437.33                                 | 478.68                   |
| Total                                         | 159,514.91                               | 158,496.73               | 160,160.68                             | 158,496.73               |
|                                               |                                          |                          |                                        |                          |
|                                               | <u>Cost/</u>                             | <u>Cost/</u>             | <u>Cost/</u>                           | <u>Cost/</u>             |
|                                               | <u>Amortized Cost</u>                    | <u>Amortized Cost</u>    | <u>Amortized Cost</u>                  | <u>Amortized Cost</u>    |
| <b>7.4.3 Held-to-Maturity Debt Securities</b> |                                          |                          |                                        |                          |
| Government & state enterprise securities      | 3,245.61                                 | 35,510.74                | 3,041.80                               | 35,305.14                |
| Private enterprise debt securities            | 295.96                                   | 295.96                   | 295.96                                 | 295.96                   |
| Foreign debt securities                       | 2,698.74                                 | 6,066.15                 | 2,698.73                               | 6,066.15                 |
| Total                                         | 6,240.31                                 | 41,872.85                | 6,036.49                               | 41,667.25                |
| <u>Less</u> Allowance for impairment          | (36.37)                                  | (35.71)                  | (36.37)                                | (35.71)                  |
| Total                                         | 6,203.94                                 | 41,837.14                | 6,000.12                               | 41,631.54                |
| <b>7.4.4 General Investments</b>              |                                          |                          |                                        |                          |
| Domestic non-marketable equity securities     | 1,887.11                                 | 1,862.19                 | 1,887.07                               | 1,862.14                 |
| Foreign non-marketable equity securities      | 3.91                                     | 3.97                     | 3.91                                   | 3.97                     |
| Others                                        | 0.83                                     | 0.82                     | 0.83                                   | 0.82                     |
| Total                                         | 1,891.85                                 | 1,866.98                 | 1,891.81                               | 1,866.93                 |
| <u>Less</u> Allowance for impairment          | (1,161.37)                               | (1,170.23)               | (1,161.37)                             | (1,170.23)               |
| Total                                         | 730.48                                   | 696.75                   | 730.44                                 | 696.70                   |
| Total investments, net                        | 175,762.25                               | 209,514.53               | 176,204.16                             | 209,311.89               |

#### 7.4 Investments, Net (Continued)

As at June 30, 2018 and December 31, 2017, general investments which are domestic non-marketable equity securities of Baht 1,887.06 million and Baht 1,862.14 million respectively, included investments in the Islamic Bank of Thailand of Baht 1,048.15 million which the Bank reserved the full amount of allowance for impairment and included investment for government policy support by investing in Private Equity Trust for SME Growing Together of Baht 34.79 million.

**7.4.5** As at June 30, 2018 and December 31, 2017 Unrealized gains or losses arising from the revaluation of available-for-sale securities are as follows:

| (Million Baht)                           |                          |                          |                          |              |                          |                          |                          |              |
|------------------------------------------|--------------------------|--------------------------|--------------------------|--------------|--------------------------|--------------------------|--------------------------|--------------|
| <u>Consolidated Financial Statements</u> |                          |                          |                          |              |                          |                          |                          |              |
|                                          | <u>June 30, 2018</u>     |                          |                          |              | <u>December 31, 2017</u> |                          |                          |              |
|                                          | Unrealized               | Unrealized               | Fair                     |              | Unrealized               | Unrealized               | Fair                     |              |
|                                          | <u>Cost</u> <sup>1</sup> | <u>Gain</u> <sup>2</sup> | <u>Loss</u> <sup>2</sup> | <u>Value</u> | <u>Cost</u> <sup>1</sup> | <u>Gain</u> <sup>2</sup> | <u>Loss</u> <sup>2</sup> | <u>Value</u> |
| Available-for-Sale Securities            | 153,235.32               | 8,337.53                 | (2,057.94)               | 159,514.91   | 150,307.36               | 9,253.48                 | (1,064.11)               | 158,496.73   |
| (Million Baht)                           |                          |                          |                          |              |                          |                          |                          |              |
| <u>The Bank's Financial Statements</u>   |                          |                          |                          |              |                          |                          |                          |              |
|                                          | <u>June 30, 2018</u>     |                          |                          |              | <u>December 31, 2017</u> |                          |                          |              |
|                                          | Unrealized               | Unrealized               | Fair                     |              | Unrealized               | Unrealized               | Fair                     |              |
|                                          | <u>Cost</u> <sup>1</sup> | <u>Gain</u> <sup>2</sup> | <u>Loss</u> <sup>2</sup> | <u>Value</u> | <u>Cost</u> <sup>1</sup> | <u>Gain</u> <sup>2</sup> | <u>Loss</u> <sup>2</sup> | <u>Value</u> |
| Available-for-Sale Securities            | 153,887.78               | 8,337.53                 | (2,064.63)               | 160,160.68   | 150,307.36               | 9,253.48                 | (1,064.11)               | 158,496.73   |

<sup>1</sup> net of allowance for impairment

<sup>2</sup> Included Gains (Losses) from reclassification of investments

**7.4.6** As at June 30, 2018 and December 31, 2017, the Bank had investments in foreign securities affected by foreign exchange rate, resulting in an increase of the carrying amount of Baht 290.94 million and a decrease of Baht 965.77 million, respectively.

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

| (Million Baht)                                          |                      |                          |
|---------------------------------------------------------|----------------------|--------------------------|
| <u>Consolidated and The Bank's Financial Statements</u> |                      |                          |
|                                                         | <u>June 30, 2018</u> | <u>December 31, 2017</u> |
| Public utilities and services                           | 1,386.11             | 1,474.17                 |

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

## 7.5 Investments in Subsidiaries and Associates, Net

### 7.5.1 The Bank's Financial Statements

(Million Baht)

| June 30, 2018                                   |                         |                       |                      |                      |                 |
|-------------------------------------------------|-------------------------|-----------------------|----------------------|----------------------|-----------------|
|                                                 |                         |                       | Percentages of       | Investments          |                 |
| <u>Name of Company</u>                          | <u>Type of Business</u> | <u>Type of Shares</u> | <u>Shareholdings</u> | <u>(Cost Method)</u> | <u>Dividend</u> |
| Subsidiaries                                    |                         |                       |                      |                      |                 |
| KTB Law Co., Ltd.                               | Legal Services          | Ordinary              | 100.00               | 30.00                | 22.50           |
| KTB General Services and Security Co., Ltd.     | General Services        | Ordinary              | 100.00               | 140.00               | 157.15          |
| Krung Thai Asset Management Pcl.                | Securities Business     | Ordinary              | 100.00               | 210.90               | 320.00          |
| KTB Computer Services Co., Ltd.                 | IT Services             | Ordinary              | 100.00               | 1,300.00             | 16.38           |
| KTB Leasing Co., Ltd. *                         | Hire Purchase           | Ordinary              | 100.00               | 1,000.00             | -               |
| KTB Advisory Co., Ltd.**                        | Financial Counseling &  | Ordinary              | 100.00               | 40.00                | -               |
|                                                 | Advisory Services       |                       |                      |                      |                 |
| Krungthai Card Pcl.                             | Credit Card Business    | Ordinary              | 49.45                | 1,994.60             | 675.75          |
| Total                                           |                         |                       |                      | 4,715.50             | 1,191.78        |
| <u>Less</u> Allowance for impairment***         |                         |                       |                      | (802.56)             |                 |
| Total                                           |                         |                       |                      | 3,912.94             | 1,191.78        |
| Associates                                      |                         |                       |                      |                      |                 |
| Krungthai-AXA Life Insurance Pcl.               | Life Insurance          | Ordinary              | 50.00                | 4,071.77             | -               |
| Krungthai Panich Insurance Pcl.                 | Non-Life Insurance      | Ordinary              | 45.00                | 1,518.82             | 118.80          |
| Krung Thai IBJ Leasing Co., Ltd.                | Hire Purchase           | Ordinary              | 49.00                | 87.38                | 41.36           |
| KT Zmico Securities Co., Ltd.                   | Securities Business     | Ordinary              | 50.00                | 1,068.89             | -               |
| National ITMX Co., Ltd.                         | Service                 | Ordinary              | 21.13                | 38.05                | 5.28            |
| Total                                           |                         |                       |                      | 6,784.91             | 165.44          |
| Investments in subsidiaries and associates, net |                         |                       |                      | 10,697.85            | 1,357.22        |

**7.5 Investments in Subsidiaries and Associates, Net (Continued)****7.5.1 The Bank's Financial Statements (Continued)**

(Million Baht)

| December 31, 2017                               |                                          |                       |                      |                      |                 |
|-------------------------------------------------|------------------------------------------|-----------------------|----------------------|----------------------|-----------------|
|                                                 |                                          |                       | Percentages of       | Investments          |                 |
| <u>Name of Company</u>                          | <u>Type of Business</u>                  | <u>Type of Shares</u> | <u>Shareholdings</u> | <u>(Cost Method)</u> | <u>Dividend</u> |
| <b>Subsidiaries</b>                             |                                          |                       |                      |                      |                 |
| KTB Law Co., Ltd.                               | Legal Services                           | Ordinary              | 100.00               | 30.00                | 19.00           |
| KTB General Services and Security Co., Ltd.     | General Services                         | Ordinary              | 100.00               | 140.00               | 203.00          |
| Krung Thai Asset Management Pcl.                | Securities Business                      | Ordinary              | 100.00               | 210.90               | 232.00          |
| KTB Computer Services Co., Ltd.                 | IT Services                              | Ordinary              | 100.00               | 1,300.00             | 27.30           |
| KTB Leasing Co., Ltd.*                          | Hire Purchase                            | Ordinary              | 100.00               | 1,000.00             | -               |
| KTB Advisory Co., Ltd.                          | Financial Counseling & Advisory Services | Ordinary              | 100.00               | 40.00                | -               |
| Krungthai Card Pcl.                             | Credit Card Business                     | Ordinary              | 49.45                | 1,994.60             | 510.00          |
| Total                                           |                                          |                       |                      | 4,715.50             | 991.30          |
| <u>Less</u> Allowance for impairment***         |                                          |                       |                      | (802.46)             | -               |
| Total                                           |                                          |                       |                      | 3,913.04             | 991.30          |
| <b>Associates</b>                               |                                          |                       |                      |                      |                 |
| Krungthai-AXA Life Insurance Pcl.               | Life Insurance                           | Ordinary              | 50.00                | 4,071.77             | 1,825.00        |
| Krungthai Panich Insurance Pcl.                 | Non-Life Insurance                       | Ordinary              | 45.00                | 1,518.82             | 158.40          |
| Krung Thai IBJ Leasing Co., Ltd.                | Hire Purchase                            | Ordinary              | 49.00                | 87.38                | 39.05           |
| KT Zmico Securities Co., Ltd.                   | Securities Business                      | Ordinary              | 50.00                | 1,068.89             | -               |
| National ITMX Co., Ltd.                         | Service                                  | Ordinary              | 21.00                | 38.05                | 6.19            |
| Total                                           |                                          |                       |                      | 6,784.91             | 2,028.64        |
| Investments in subsidiaries and associates, net |                                          |                       |                      | 10,697.95            | 3,019.94        |

\* Under consideration of business restructuring plan.

\*\* Under operation of business setting plan.

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

**7.5 Investments in Subsidiaries and Associates, Net (Continued)****7.5.2 The Consolidated Financial Statements**

(Million Baht)

|                                      |                         |                       |                      | June 30, 2018        |                        |
|--------------------------------------|-------------------------|-----------------------|----------------------|----------------------|------------------------|
|                                      |                         |                       | 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> |
| <b>Associates</b>                    |                         |                       |                      |                      |                        |
| Krungthai-AXA Life Insurance Pcl.    | Life Insurance          | Ordinary              | 50.00                | 593.57               | 11,236.44              |
| Krungthai Panich Insurance Pcl.      | Non-Life Insurance      | Ordinary              | 45.00                | 971.30               | 2,642.02               |
| Krung Thai IBJ Leasing Co., Ltd.     | Hire Purchase           | Ordinary              | 49.00                | 87.38                | 627.17                 |
| KT Zmico Securities Co., Ltd.        | Securities Business     | Ordinary              | 50.00                | 1,068.89             | 1,235.19               |
| National ITMX Co., Ltd.              | Service                 | Ordinary              | 21.13                | 38.05                | 312.98                 |
| Total investments in associates, net |                         |                       |                      | 2,759.19             | 16,053.80              |
| (Million Baht)                       |                         |                       |                      |                      |                        |

(Million Baht)

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

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

**7.5.3 Financial Positions and Operations of Associates**

(Million Baht)

| <u>Consolidated Financial Statements</u> |                      |                          |                             |                          |                          |                             |
|------------------------------------------|----------------------|--------------------------|-----------------------------|--------------------------|--------------------------|-----------------------------|
| <u>Name of Company</u>                   | <u>June 30, 2018</u> |                          |                             | <u>December 31, 2017</u> |                          |                             |
|                                          | <u>"Unreviewed"</u>  |                          |                             | <u>"Audited"</u>         |                          |                             |
|                                          | <u>Total Assets</u>  | <u>Total Liabilities</u> | <u>Shareholders' Equity</u> | <u>Total Assets</u>      | <u>Total Liabilities</u> | <u>Shareholders' Equity</u> |
| Krungthai-AXA Life Insurance Pcl.        | 258,618.54           | 236,145.66               | 22,472.88                   | 244,580.16               | 216,818.57               | 27,761.59                   |
| Krungthai Panich Insurance Pcl.          | 9,362.75             | 3,491.60                 | 5,871.15                    | 9,285.39                 | 3,372.35                 | 5,913.04                    |
| Krung Thai IBJ Leasing Co., Ltd.         | 10,351.08            | 9,071.14                 | 1,279.94                    | 9,729.78                 | 8,469.28                 | 1,260.50                    |
| KT Zmico Securities Co., Ltd.            | 7,076.30             | 4,605.92                 | 2,470.38                    | 8,859.04                 | 6,467.68                 | 2,391.36                    |
| National ITMX Co., Ltd.                  | 1,673.44             | 192.05                   | 1,481.39                    | 1,630.94                 | 182.10                   | 1,448.84                    |
|                                          | 287,082.11           | 253,506.37               | 33,575.74                   | 274,085.31               | 235,309.98               | 38,775.33                   |

**7.5 Investments in Subsidiaries and Associates, Net (Continued)****7.5.3 Financial Positions and Operations of Associates (Continued)**

(Million Baht)

| Name of Company                    | Consolidated Financial Statements |                   |                  |                   |
|------------------------------------|-----------------------------------|-------------------|------------------|-------------------|
|                                    | June 30, 2018                     |                   | June 30, 2017    |                   |
|                                    | "Unreviewed"                      |                   | "Reviewed"       |                   |
|                                    | Total Income                      | Net Profit (Loss) | Total Income     | Net Profit (Loss) |
| Krungthai-AXA Life Insurance Pcl.  | 41,997.39                         | 1,406.04          | 35,537.43        | 2,323.63          |
| Krung Thai IBJ Leasing Co., Ltd. * | 1,522.83                          | 320.15            | 1,572.07         | 365.49            |
| KT Zmico Securities Co., Ltd.      | 444.05                            | 103.84            | 433.47           | 93.81             |
| Krungthai Panich Insurance Pcl.    | 741.03                            | 36.07             | 693.38           | (74.91)           |
| National ITMX Co., Ltd.            | 308.28                            | 57.55             | 250.29           | 57.24             |
|                                    | <u>45,013.58</u>                  | <u>1,923.65</u>   | <u>38,486.64</u> | <u>2,765.26</u>   |

\* For the six-month period ended June 30, 2017 information is yet unreviewed by the auditor.

**7.6 Loans to Customers and Accrued Interest Receivables, Net****7.6.1 Classified by Type of Loans**

(Million Baht)

|                                                                                        | Consolidated Financial Statements |                     | The Bank's Financial Statements |                     |
|----------------------------------------------------------------------------------------|-----------------------------------|---------------------|---------------------------------|---------------------|
|                                                                                        | June 30, 2018                     | December 31, 2017   | June 30, 2018                   | December 31, 2017   |
| Overdrafts                                                                             | 169,341.15                        | 168,278.16          | 169,341.15                      | 168,278.16          |
| Loans                                                                                  | 1,307,648.68                      | 1,295,457.88        | 1,245,472.87                    | 1,237,594.66        |
| Bills                                                                                  | 464,209.02                        | 450,791.70          | 471,909.02                      | 458,391.70          |
| Hire purchase receivables                                                              | 13,572.78                         | 18,514.79           | 1.08                            | 1.74                |
| Financial lease receivables                                                            | 3,399.21                          | 4,352.46            | -                               | -                   |
| Others                                                                                 | 2,750.98                          | 2,532.83            | 1,274.60                        | 1,217.16            |
| <u>Less</u> Deferred revenue                                                           | <u>(1,373.07)</u>                 | <u>(1,846.30)</u>   | <u>(120.96)</u>                 | <u>(87.09)</u>      |
| Total loans to customers net of deferred revenue                                       | 1,959,548.75                      | 1,938,081.52        | 1,887,877.76                    | 1,865,396.33        |
| <u>Add</u> Accrued interest receivables                                                | <u>4,987.54</u>                   | <u>5,211.74</u>     | <u>4,497.29</u>                 | <u>4,691.08</u>     |
| Total loans to customers net of deferred revenue,<br>plus accrued interest receivables | 1,964,536.29                      | 1,943,293.26        | 1,892,375.05                    | 1,870,087.41        |
| <u>Less</u> Allowance for doubtful accounts                                            | <u>(84,575.42)</u>                | <u>(85,134.73)</u>  | <u>(82,008.97)</u>              | <u>(82,907.08)</u>  |
| 1. Minimum reserve under BoT's regulations                                             |                                   |                     |                                 |                     |
| Individual approach                                                                    | (3,667.61)                        | (3,803.50)          | -                               | -                   |
| Collective approach                                                                    | (48,333.68)                       | (36,425.50)         | (45,798.99)                     | (33,819.27)         |
| 2. Excess allowance                                                                    |                                   |                     |                                 |                     |
| <u>Less</u> Revaluation allowance for debt restructuring                               | <u>(9.76)</u>                     | <u>(17.26)</u>      | <u>(9.76)</u>                   | <u>(17.26)</u>      |
| Total loans to customers, net                                                          | <u>1,827,949.82</u>               | <u>1,817,912.27</u> | <u>1,764,557.33</u>             | <u>1,753,343.80</u> |

As at June 30, 2018, the Bank improved product condition to accommodate government policy with the amount of Baht xx million such as KTB-Soft Loan which supporting SMEs to access source of fund with the appropriate cost for changing machine and enhance business operation. Other projects such as financial support for the damaged from flood, for businesses in Southern border provinces, Revolving Fund for energy conservation by financial institution phase 1-6, and Loan project for environment totaling to Baht 3,6924.26 million.

**7.6 Loans to Customers and Accrued Interest Receivables, Net (Continued)****7.6.1 Classified by Type of Loans (Continued)**

As at June 30, 2018 and as at December 31, 2017, the Bank's other loans of Baht 1,274.60 million and Baht 1,217.16 million included debts resulting from the Bank's liabilities under acceptances or guarantees of Baht 1,228.48 million and Baht 1,163.72 million, respectively.

**7.6.2 Classified by Currency and Customer's Residence**

(Million Baht)

|                  | <u>Consolidated Financial Statements</u> |                |              |                          |                |              |
|------------------|------------------------------------------|----------------|--------------|--------------------------|----------------|--------------|
|                  | <u>June 30, 2018</u>                     |                |              | <u>December 31, 2017</u> |                |              |
|                  | <u>Domestic</u>                          | <u>Foreign</u> | <u>Total</u> | <u>Domestic</u>          | <u>Foreign</u> | <u>Total</u> |
| Thai Baht        | 1,868,711.61                             | 1.74           | 1,868,713.35 | 1,841,799.36             | 1.37           | 1,841,800.73 |
| US Dollar        | 63,133.67                                | 25,346.39      | 88,480.06    | 65,792.54                | 27,554.29      | 93,346.83    |
| Other currencies | 2,246.08                                 | 109.26         | 2,355.34     | 2,801.53                 | 132.43         | 2,933.96     |
| Total            | 1,934,091.36                             | 25,457.39      | 1,959,548.75 | 1,910,393.43             | 27,688.09      | 1,938,081.52 |

(Million Baht)

|                  | <u>The Bank's Financial Statements</u> |                |              |                          |                |              |
|------------------|----------------------------------------|----------------|--------------|--------------------------|----------------|--------------|
|                  | <u>June 30, 2018</u>                   |                |              | <u>December 31, 2017</u> |                |              |
|                  | <u>Domestic</u>                        | <u>Foreign</u> | <u>Total</u> | <u>Domestic</u>          | <u>Foreign</u> | <u>Total</u> |
| Thai Baht        | 1,797,040.62                           | 1.74           | 1,797,042.36 | 1,769,114.17             | 1.37           | 1,769,115.54 |
| US Dollar        | 63,133.67                              | 25,346.39      | 88,480.06    | 65,792.54                | 27,554.29      | 93,346.83    |
| Other currencies | 2,246.08                               | 109.26         | 2,355.34     | 2,801.53                 | 132.43         | 2,933.96     |
| Total            | 1,862,420.37                           | 25,457.39      | 1,887,877.76 | 1,837,708.24             | 27,688.09      | 1,865,396.33 |

**7.6.3 Classified by Business Types and Loan Classification**

(Million Baht)

|                               | <u>Consolidated Financial Statements</u> |                        |                    |                 |                         |              |
|-------------------------------|------------------------------------------|------------------------|--------------------|-----------------|-------------------------|--------------|
|                               | <u>June 30, 2018</u>                     |                        |                    |                 |                         |              |
|                               | <u>Normal</u>                            | <u>Special Mention</u> | <u>Substandard</u> | <u>Doubtful</u> | <u>Doubtful of Loss</u> | <u>Total</u> |
| Agriculture and mining        | 27,524.60                                | 1,905.75               | 233.53             | 706.88          | 10,949.87               | 41,320.63    |
| Manufacturing and commercial  | 453,113.84                               | 31,604.80              | 5,185.92           | 12,892.61       | 32,148.94               | 534,946.11   |
| Real estate and construction  | 99,123.43                                | 3,871.65               | 1,142.20           | 1,598.12        | 8,849.58                | 114,584.98   |
| Public utilities and services | 308,482.93                               | 18,295.90              | 1,175.24           | 3,682.54        | 5,247.97                | 336,884.58   |
| Housing loans                 | 334,905.55                               | 6,852.57               | 2,030.43           | 2,704.08        | 11,881.74               | 358,374.37   |
| Others                        | 557,508.39                               | 5,853.61               | 1,466.96           | 1,645.93        | 6,963.19                | 573,438.08   |
| Total                         | 1,780,658.74                             | 68,384.28              | 11,234.28          | 23,230.16       | 76,041.29               | 1,959,548.75 |

**7.6 Loans to Customers and Accrued Interest Receivables, Net (Continued)****7.6.3 Classified by Business Types and Loan Classification (Continued)**

(Million Baht)

| <u>Consolidated Financial Statements</u> |               |                        |                    |                 |                         |              |
|------------------------------------------|---------------|------------------------|--------------------|-----------------|-------------------------|--------------|
| <u>December 31, 2017</u>                 |               |                        |                    |                 |                         |              |
|                                          | <u>Normal</u> | <u>Special Mention</u> | <u>Substandard</u> | <u>Doubtful</u> | <u>Doubtful of Loss</u> | <u>Total</u> |
| Agriculture and mining                   | 26,110.94     | 1,780.74               | 246.10             | 10,275.71       | 782.07                  | 39,195.56    |
| Manufacturing and commercial             | 474,662.38    | 34,147.33              | 5,018.44           | 13,058.77       | 24,680.61               | 551,567.53   |
| Real estate and construction             | 88,839.74     | 5,472.79               | 406.89             | 2,881.74        | 7,996.12                | 105,597.28   |
| Public utilities and services            | 293,552.42    | 16,019.45              | 663.85             | 4,383.22        | 5,730.66                | 320,349.60   |
| Housing loans                            | 327,161.82    | 6,143.16               | 2,845.77           | 3,205.40        | 10,566.70               | 349,922.85   |
| Others                                   | 555,641.01    | 5,529.32               | 3,060.44           | 2,085.12        | 5,132.81                | 571,448.70   |
| Total                                    | 1,765,968.31  | 69,092.79              | 12,241.49          | 35,889.96       | 54,888.97               | 1,938,081.52 |

(Million Baht)

| <u>The Bank's Financial Statements</u> |               |                        |                    |                 |                         |              |
|----------------------------------------|---------------|------------------------|--------------------|-----------------|-------------------------|--------------|
| <u>June 30, 2018</u>                   |               |                        |                    |                 |                         |              |
|                                        | <u>Normal</u> | <u>Special Mention</u> | <u>Substandard</u> | <u>Doubtful</u> | <u>Doubtful of Loss</u> | <u>Total</u> |
| Agriculture and mining                 | 27,339.25     | 1,880.42               | 215.52             | 660.19          | 10,884.33               | 40,979.71    |
| Manufacturing and commercial           | 450,398.28    | 31,525.43              | 5,040.71           | 12,791.43       | 31,725.34               | 531,481.19   |
| Real estate and construction           | 99,258.74     | 3,830.10               | 1,103.35           | 1,544.57        | 8,378.57                | 114,115.33   |
| Public utilities and services          | 306,160.95    | 17,836.27              | 1,094.30           | 3,621.13        | 4,851.95                | 333,564.60   |
| Housing loans                          | 334,905.55    | 6,852.57               | 2,030.43           | 2,704.08        | 11,881.74               | 358,374.37   |
| Others                                 | 497,668.98    | 4,147.50               | 1,248.02           | 1,468.76        | 4,829.30                | 509,362.56   |
| Total                                  | 1,715,731.75  | 66,072.29              | 10,732.33          | 22,790.16       | 72,551.23               | 1,887,877.76 |

(Million Baht)

| <u>The Bank's Financial Statements</u> |               |                        |                    |                 |                         |              |
|----------------------------------------|---------------|------------------------|--------------------|-----------------|-------------------------|--------------|
| <u>December 31, 2017</u>               |               |                        |                    |                 |                         |              |
|                                        | <u>Normal</u> | <u>Special Mention</u> | <u>Substandard</u> | <u>Doubtful</u> | <u>Doubtful of Loss</u> | <u>Total</u> |
| Agriculture and mining                 | 25,778.58     | 1,763.73               | 213.23             | 10,226.42       | 755.76                  | 38,737.72    |
| Manufacturing and commercial           | 470,747.10    | 33,986.11              | 4,925.07           | 12,866.04       | 24,335.96               | 546,860.28   |
| Real estate and construction           | 88,548.16     | 5,400.04               | 355.13             | 2,513.17        | 7,852.42                | 104,668.92   |
| Public utilities and services          | 290,011.94    | 15,765.12              | 563.18             | 4,249.00        | 5,399.54                | 315,988.78   |
| Housing loans                          | 327,161.82    | 6,143.16               | 2,845.77           | 3,205.41        | 10,566.70               | 349,922.86   |
| Others                                 | 498,070.34    | 3,382.84               | 2,746.93           | 1,847.41        | 3,170.25                | 509,217.77   |
| Total                                  | 1,700,317.94  | 66,441.00              | 11,649.31          | 34,907.45       | 52,080.63               | 1,865,396.33 |

**7.6 Loans to Customers and Accrued Interest Receivables, Net (Continued)****7.6.4 Classified by Type of Loans (Continued)**

(Million Baht)

| <u>Consolidated Financial Statements</u>            |                                                                                  |                                                                                  |     |                                              |
|-----------------------------------------------------|----------------------------------------------------------------------------------|----------------------------------------------------------------------------------|-----|----------------------------------------------|
| <u>June 30, 2018</u>                                |                                                                                  |                                                                                  |     |                                              |
|                                                     | Net Amount                                                                       |                                                                                  | %   |                                              |
| Loans and<br>Accrued Interest<br><u>Receivables</u> | Used for Set aside<br>the Allowance for<br><u>Doubtful Accounts</u> <sup>1</sup> | Used for Set aside<br>the Allowance for<br><u>Doubtful Accounts</u> <sup>2</sup> |     | Allowance<br>for Doubtful<br><u>Accounts</u> |
| 1. Minimum reserve under BoT's regulations          |                                                                                  |                                                                                  |     |                                              |
| Normal                                              | 1,785,322.29                                                                     | 858,797.83                                                                       | 1   | 11,630.36                                    |
| Special mention                                     | 68,615.67                                                                        | 27,616.73                                                                        | 2   | 15,778.62                                    |
| Substandard                                         | 11,235.28                                                                        | 4,425.47                                                                         | 100 | 4,436.46                                     |
| Doubtful                                            | 23,230.16                                                                        | 12,025.86                                                                        | 100 | 13,434.45                                    |
| Doubtful of loss                                    | 76,132.89                                                                        | 37,093.46                                                                        | 100 | 42,963.14                                    |
| 2. Excess allowance                                 |                                                                                  |                                                                                  |     | 48,333.68                                    |
| Total                                               | 1,964,536.29                                                                     | 939,959.35                                                                       |     | 136,576.71                                   |

(Million Baht)

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

**7.6 Loans to Customers and Accrued Interest Receivables, Net (Continued)****7.6.4 Classified by Loan Classification (Continued)**

(Million Baht)

| <u>The Bank's Financial Statements</u>              |                                                                                  |                                                                     |                                              |            |
|-----------------------------------------------------|----------------------------------------------------------------------------------|---------------------------------------------------------------------|----------------------------------------------|------------|
| <u>June 30, 2018</u>                                |                                                                                  |                                                                     |                                              |            |
|                                                     | Net Amount                                                                       | %                                                                   |                                              |            |
| Loans and<br>Accrued Interest<br><u>Receivables</u> | Used for Set aside<br>the Allowance for<br><u>Doubtful Accounts</u> <sup>1</sup> | Used for Set aside<br>the Allowance for<br><u>Doubtful Accounts</u> | Allowance<br>for Doubtful<br><u>Accounts</u> |            |
| 1. Minimum reserve under BoT's regulations          |                                                                                  |                                                                     |                                              |            |
| Normal                                              | 1,719,915.68                                                                     | 804,778.18                                                          | 1                                            | 9,488.54   |
| Special mention                                     | 66,294.31                                                                        | 26,206.30                                                           | 2                                            | 15,325.04  |
| Substandard                                         | 10,732.35                                                                        | 4,195.02                                                            | 100                                          | 4,206.01   |
| Doubtful                                            | 22,790.17                                                                        | 11,778.86                                                           | 100                                          | 13,187.44  |
| Doubtful of loss                                    | 72,642.54                                                                        | 33,932.26                                                           | 100                                          | 39,801.94  |
| 2. Excess allowance                                 |                                                                                  |                                                                     |                                              | 45,798.99  |
| Total                                               | 1,892,375.05                                                                     | 880,890.62                                                          |                                              | 127,807.96 |

(Million Baht)

| <u>The Bank's Financial Statements</u>              |                                                                                  |                                                                     |                                              |            |
|-----------------------------------------------------|----------------------------------------------------------------------------------|---------------------------------------------------------------------|----------------------------------------------|------------|
| <u>December 31, 2017</u>                            |                                                                                  |                                                                     |                                              |            |
|                                                     | Net Amount                                                                       | %                                                                   |                                              |            |
| Loans and<br>Accrued Interest<br><u>Receivables</u> | Used for Set aside<br>the Allowance for<br><u>Doubtful Accounts</u> <sup>1</sup> | Used for Set aside<br>the Allowance for<br><u>Doubtful Accounts</u> | Allowance<br>for Doubtful<br><u>Accounts</u> |            |
| 1. Minimum reserve under BoT's regulations          |                                                                                  |                                                                     |                                              |            |
| Normal                                              | 1,704,657.61                                                                     | 834,514.36                                                          | 1                                            | 8,948.50   |
| Special mention                                     | 66,699.01                                                                        | 26,762.37                                                           | 2                                            | 16,803.74  |
| Substandard                                         | 11,649.33                                                                        | 6,979.62                                                            | 100                                          | 7,003.55   |
| Doubtful                                            | 34,907.56                                                                        | 22,820.07                                                           | 100                                          | 24,651.26  |
| Doubtful of loss                                    | 52,173.90                                                                        | 17,177.45                                                           | 100                                          | 25,500.03  |
| 2. Excess allowance                                 |                                                                                  |                                                                     |                                              | 33,819.27  |
| Total                                               | 1,870,087.41                                                                     | 908,253.87                                                          |                                              | 116,726.35 |

<sup>1</sup> 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.

<sup>2</sup> Included loss rate net of recovery.

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

### 7.6.5 Non-Performing Loans (NPLs)

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

(Million Baht)

|                                                       | <u>Consolidated Financial Statements</u> |                          | <u>The Bank's Financial Statements</u> |                          |
|-------------------------------------------------------|------------------------------------------|--------------------------|----------------------------------------|--------------------------|
|                                                       | <u>June 30, 2018</u>                     | <u>December 31, 2017</u> | <u>June 30, 2018</u>                   | <u>December 31, 2017</u> |
| NPLs before deducting allowance for doubtful accounts | 110,563.23                               | 103,020.42               | 106,131.22                             | 98,637.39                |
| NPLs percentage of total loans                        | 4.52                                     | 4.19                     | 4.47                                   | 4.14                     |
| NPLs after deducting allowance for doubtful accounts  | 44,690.97                                | 42,506.32                | 43,896.35                              | 41,532.26                |
| NPLs percentage of net loans                          | 1.88                                     | 1.77                     | 1.90                                   | 1.78                     |

For the six-month periods ended June 30, 2018 and for the year ended December 31, 2017, impaired loans have been written off both principal and accrued interest receivables of Baht 3,933.52 million and Baht 23,738.68 million, respectively.

### 7.7.6 Non-Accrual Loans based on the Accrual Basis

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

(Million Baht)

|                           | <u>Consolidated Financial Statements</u> |                          | <u>The Bank's Financial Statements</u> |                          |
|---------------------------|------------------------------------------|--------------------------|----------------------------------------|--------------------------|
|                           | <u>June 30, 2018</u>                     | <u>December 31, 2017</u> | <u>June 30, 2018</u>                   | <u>December 31, 2017</u> |
| Non-accrual loans         | 110,563.23                               | 103,020.42               | 106,131.22                             | 98,637.39                |
| Percentage of total loans | 4.52                                     | 4.19                     | 4.47                                   | 4.14                     |

### 7.6.7 Loans to Potential Delisted Companies

As at June 30, 2018 and December 31, 2017, the Bank and its subsidiaries has loans and accrued interest receivables to 5 potential delisted companies of Baht 17,974.08 million with an allowance for doubtful accounts of Baht 16,110.65 million. Moreover, there are 5 potential delisted companies of Baht 10,331.11 million, accrued interest receivables of Baht 0.12 million, totaling to Baht 10,331.23 million which an allowance for doubtful accounts of Baht 7,640.29 million, respectively.

### 7.6.8 Troubled Debt Restructuring (TDR)

For the six-month periods ended June 30, 2018, the original loan value of the 4,843 troubled debt restructuring cases are Baht 32,246.74 million. The repayment for related interest and principal are Baht 5,193.48, whereas extended lending increased by Baht 21,574.47 million and Bad debts from troubled debt restructuring of Baht 0.11 million.

**7.6 Loans to Customers and Accrued Interest Receivables, Net (Continued)****7.6.8 Troubled Debt Restructuring (TDR) (Continued)**

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

(Million Baht)

| <u>Troubled Debt Restructuring Methods</u> | <u>No. of Cases</u> | <u>The Bank's Financial Statements</u>       |                                   | <u>Fair Value</u> |
|--------------------------------------------|---------------------|----------------------------------------------|-----------------------------------|-------------------|
|                                            |                     | <u>Outstanding Debt before Restructuring</u> | <u>Type of Transferred Assets</u> |                   |
| Transfers of assets                        | 1                   | 1.62                                         | Land & Premises                   | 1.62              |
| Change of repayment conditions             | 163                 | 14,054.14                                    |                                   |                   |
| Debt restructuring in various forms        | 4,679               | 18,190.98                                    |                                   |                   |
|                                            | 4,843               | 32,246.74                                    |                                   |                   |

As at June 30, 2018, the Bank has outstanding balance of loans to restructured debts 37,464 cases of Baht 161,884.26 million, of which 14,870 cases of Baht 11,438.99 million, has been monitored under the new contractual agreements.

The consolidated financial statements for the six-month periods ended June 30, 2018, the Bank restructured debts of 4,860 cases which the debts before restructuring were Baht 32,975.76 million.

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

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

(Million Baht)

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

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

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

**7.6 Loans to Customers and Accrued Interest Receivables, Net (Continued)****7.6.9 Financial Lease Receivables (Including Hire Purchase Receivables and Financial Lease Receivables)**

(Million Baht)

Consolidated Financial Statements

|                                             | <u>June 30, 2018</u>              |                    |                |              | <u>December 31, 2017</u>          |                    |                |              |
|---------------------------------------------|-----------------------------------|--------------------|----------------|--------------|-----------------------------------|--------------------|----------------|--------------|
|                                             | <u>Amount Due of the Contract</u> |                    |                |              | <u>Amount Due of the Contract</u> |                    |                |              |
|                                             | Not Over                          | Over               | Over           |              | Not Over                          | Over               | Over           |              |
|                                             | <u>1 Year</u>                     | <u>1 - 5 Years</u> | <u>5 Years</u> | <u>Total</u> | <u>1 Year</u>                     | <u>1 - 5 Years</u> | <u>5 Years</u> | <u>Total</u> |
| Gross investment of leases payment          | 10,158.92                         | 6,802.81           | 10.26          | 16,971.99    | 12,762.83                         | 10,069.96          | 34.46          | 22,867.25    |
| <u>Less</u> Unearned financial income       |                                   |                    |                | (1,252.26)   |                                   |                    |                | (1,759.45)   |
| Present value of minimum leases payment     |                                   |                    |                | 15,719.73    |                                   |                    |                | 21,107.80    |
| <u>Less</u> Allowance for doubtful accounts |                                   |                    |                | (1,986.52)   |                                   |                    |                | (1,841.17)   |
| Financial lease receivables, net            |                                   |                    |                | 13,733.21    |                                   |                    |                | 19,266.63    |

(Million Baht)

The Bank's Financial Statements

|                                             | <u>June 30, 2017</u>              |                    |                |              | <u>December 31, 2017</u>          |                    |                |              |
|---------------------------------------------|-----------------------------------|--------------------|----------------|--------------|-----------------------------------|--------------------|----------------|--------------|
|                                             | <u>Amount Due of the Contract</u> |                    |                |              | <u>Amount Due of the Contract</u> |                    |                |              |
|                                             | Not Over                          | Over               | Over           |              | Not Over                          | Over               | Over           |              |
|                                             | <u>1 Year</u>                     | <u>1 - 5 Years</u> | <u>5 Years</u> | <u>Total</u> | <u>1 Year</u>                     | <u>1 - 5 Years</u> | <u>5 Years</u> | <u>Total</u> |
| Gross investment of leases payment          | 1.08                              | -                  | -              | 1.08         | 1.74                              | -                  | -              | 1.74         |
| <u>Less</u> Unearned financial income       |                                   |                    |                | (0.15)       |                                   |                    |                | (0.24)       |
| Present value of minimum leases payment     |                                   |                    |                | 0.93         |                                   |                    |                | 1.50         |
| <u>Less</u> Allowance for doubtful accounts |                                   |                    |                | (0.91)       |                                   |                    |                | (1.46)       |
| Financial lease receivables, net            |                                   |                    |                | 0.02         |                                   |                    |                | 0.04         |

**7.7 Allowance for Doubtful Accounts**

(Million Baht)

Consolidated Financial StatementsJune 30, 2018

|                                     |               |                |                    |                 |                | Allowance<br>in Excess of |              |
|-------------------------------------|---------------|----------------|--------------------|-----------------|----------------|---------------------------|--------------|
|                                     | Special       |                | Doubtful           |                 | BoT's          |                           |              |
|                                     | <u>Normal</u> | <u>Mention</u> | <u>Substandard</u> | <u>Doubtful</u> | <u>of Loss</u> | <u>Regulations</u>        | <u>Total</u> |
| Beginning balances                  | 11,067.33     | 17,305.19      | 7,289.59           | 25,029.24       | 28,246.88      | 36,425.50                 | 125,363.73   |
| Doubtful accounts                   | (1,109.52)    | (943.21)       | (682.86)           | (11,496.21)     | 15,946.14      | 11,908.18                 | 13,622.52    |
| Allowance for doubtful accounts     |               |                |                    |                 |                |                           |              |
| transferred from (to) allowance for |               |                |                    |                 |                |                           |              |
| debt restructuring revaluation      | -             | 7.50           | -                  | -               | -              | -                         | 7.50         |
| Bad debt recovered                  | -             | -              | -                  | -               | 3,035.51       | -                         | 3,035.51     |
| Bad debt written-off                | (128.11)      | (570.73)       | (2,170.27)         | (61.08)         | (4,053.28)     | -                         | (6,983.47)   |
| Others                              | 1,800.66      | (20.13)        | -                  | (37.50)         | (212.11)       | -                         | 1,530.92     |
| Ending balances                     | 11,630.36     | 15,778.62      | 4,436.46           | 13,434.45       | 42,963.14      | 48,333.68                 | 136,576.71   |

(Million Baht)

Consolidated Financial StatementsDecember 31, 2017

|                                     |               |                |                    |                 |                | Allowance<br>in Excess of |              |
|-------------------------------------|---------------|----------------|--------------------|-----------------|----------------|---------------------------|--------------|
|                                     | Special       |                | Doubtful           |                 | BoT's          |                           |              |
|                                     | <u>Normal</u> | <u>Mention</u> | <u>Substandard</u> | <u>Doubtful</u> | <u>of Loss</u> | <u>Regulations</u>        | <u>Total</u> |
| Beginning balances                  | 16,062.69     | 21,790.10      | 6,784.86           | 9,059.46        | 34,616.06      | 22,406.45                 | 110,719.62   |
| Allowance for doubtful accounts     | (2,603.05)    | (3,601.68)     | 5,359.53           | 16,165.46       | 15,362.30      | 14,019.05                 | 44,701.61    |
| Allowance for doubtful accounts     |               |                |                    |                 |                |                           |              |
| transferred from (to) allowance for |               |                |                    |                 |                |                           |              |
| debt restructuring revaluation      | -             | 44.36          | -                  | -               | -              | -                         | 44.36        |
| Bad debt recovered                  | -             | -              | -                  | -               | 2,493.41       | -                         | 2,493.41     |
| Bad debt written-off                | (191.72)      | (864.93)       | (4,854.80)         | (195.68)        | (24,182.01)    | -                         | (30,289.14)  |
| Others                              | (2,200.59)    | (62.66)        | -                  | -               | (42.88)        | -                         | (2,306.13)   |
| Ending balances                     | 11,067.33     | 17,305.19      | 7,289.59           | 25,029.24       | 28,246.88      | 36,425.50                 | 125,363.73   |

**7.7 Allowance for Doubtful Accounts (Continued)**

(Million Baht)

| <u>The Bank's Financial Statements</u>                                                                   |               |                            |                    |                 |                             |                                    |              |
|----------------------------------------------------------------------------------------------------------|---------------|----------------------------|--------------------|-----------------|-----------------------------|------------------------------------|--------------|
| <u>June 30, 2018</u>                                                                                     |               |                            |                    |                 |                             |                                    |              |
|                                                                                                          |               |                            |                    |                 |                             | Allowance<br>in Excess of<br>BoT's |              |
|                                                                                                          | <u>Normal</u> | <u>Special<br/>Mention</u> | <u>Substandard</u> | <u>Doubtful</u> | <u>Doubtful<br/>of Loss</u> | <u>Regulations</u>                 | <u>Total</u> |
| Beginning balances                                                                                       | 8,948.50      | 16,803.74                  | 7,003.55           | 24,651.26       | 25,500.03                   | 33,819.27                          | 116,726.35   |
| Allowance for doubtful accounts                                                                          | (1,260.62)    | (1,466.07)                 | (2,797.54)         | (11,426.32)     | 15,470.83                   | 11,979.72                          | 10,500.00    |
| Allowance for doubtful accounts<br>transferred from (to) allowance for<br>debt restructuring revaluation | -             | 7.50                       | -                  | -               | -                           | -                                  | 7.50         |
| Bad debt recovered                                                                                       | -             | -                          | -                  | -               | 2,976.71                    | -                                  | 2,976.71     |
| Bad debt written-off                                                                                     | -             | -                          | -                  | -               | (3,933.52)                  | -                                  | (3,933.52)   |
| Others                                                                                                   | 1,800.66      | (20.13)                    | -                  | (37.50)         | (212.11)                    | -                                  | 1,530.92     |
| Ending balances                                                                                          | 9,488.54      | 15,325.04                  | 4,206.01           | 13,187.44       | 39,801.94                   | 45,798.99                          | 127,807.96   |

(Million Baht)

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

For the six-month periods ended June 30, 2018, the Bank has set aside allowance for doubtful accounts of Baht 10,500 million. Such amount already included full provision for a large client group in agriculture and mining sector.

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

**7.8 Revaluation Allowance for Debt Restructuring**

(Million Baht)

|                                                    | <u>Consolidated and the Bank's Financial Statements</u> |                          |
|----------------------------------------------------|---------------------------------------------------------|--------------------------|
|                                                    | <u>June 30, 2018</u>                                    | <u>December 31, 2017</u> |
| Beginning balances                                 | 17.26                                                   | 61.62                    |
| Transfer from (to) allowance for doubtful accounts | (7.50)                                                  | (44.36)                  |
| Ending balances                                    | 9.76                                                    | 17.26                    |

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

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

**7.9 Properties for Sale, Net**

(Million Baht)

| <u>Type of Properties for Sale</u>   | <u>Consolidated Financial Statements</u> |                  |                  |                 |                          |                  |                  |                 |
|--------------------------------------|------------------------------------------|------------------|------------------|-----------------|--------------------------|------------------|------------------|-----------------|
|                                      | <u>June 30, 2018</u>                     |                  |                  |                 | <u>December 31, 2017</u> |                  |                  |                 |
|                                      | Beginning                                |                  |                  | Ending          | Beginning                |                  |                  | Ending          |
|                                      | <u>Balances</u>                          | <u>Additions</u> | <u>Disposals</u> | <u>Balances</u> | <u>Balances</u>          | <u>Additions</u> | <u>Disposals</u> | <u>Balances</u> |
| Assets from debt repayment           |                                          |                  |                  |                 |                          |                  |                  |                 |
| Immovable properties                 |                                          |                  |                  |                 |                          |                  |                  |                 |
| Appraised by external appraisers     | 32,002.40                                | 933.64           | 1,717.31         | 31,218.73       | 34,387.27                | 4,498.03         | 6,882.90         | 32,002.40       |
| Appraised by internal appraisers     | 4,190.69                                 | 1,038.44         | 123.67           | 5,105.46        | 2,399.19                 | 1,896.99         | 105.49           | 4,190.69        |
| Movable properties                   | 236.44                                   | 80.99            | 65.75            | 251.68          | 276.85                   | 250.05           | 290.46           | 236.44          |
| Total                                | 36,429.53                                | 2,053.07         | 1,906.73         | 36,575.87       | 37,063.31                | 6,645.07         | 7,278.85         | 36,429.53       |
| Others (closed branches)             | 68.62                                    | -                | -                | 68.62           | 42.31                    | 26.31            | -                | 68.62           |
| Properties for sale in transit       | 826.01                                   | 296.12           | 826.01           | 296.12          | 454.06                   | 826.01           | 454.06           | 826.01          |
| Total                                | 37,324.16                                | 2,349.19         | 2,732.74         | 36,940.61       | 37,559.68                | 7,497.39         | 7,732.91         | 37,324.16       |
| <u>Less</u> Allowance for impairment | (1,814.22)                               | (227.24)         | -                | (2,041.46)      | (1,816.05)               | -                | (1.83)           | (1,814.22)      |
| Properties for sale, net             | 35,509.94                                | 2,121.95         | 2,732.74         | 34,899.15       | 35,743.63                | 7,497.39         | 7,731.08         | 35,509.94       |

**7.9 Properties for Sale, Net (Continued)**

(Million Baht)

| <u>The Bank's Financial Statements</u> |                      |                  |                  |                 |                          |                  |                  |                 |
|----------------------------------------|----------------------|------------------|------------------|-----------------|--------------------------|------------------|------------------|-----------------|
| <u>Type of Properties for Sale</u>     | <u>June 30, 2018</u> |                  |                  |                 | <u>December 31, 2017</u> |                  |                  |                 |
|                                        | Beginning            |                  | Ending           |                 | Beginning                |                  | Ending           |                 |
|                                        | <u>Balances</u>      | <u>Additions</u> | <u>Disposals</u> | <u>Balances</u> | <u>Balances</u>          | <u>Additions</u> | <u>Disposals</u> | <u>Balances</u> |
| Assets from debt repayment             |                      |                  |                  |                 |                          |                  |                  |                 |
| Immovable properties                   |                      |                  |                  |                 |                          |                  |                  |                 |
| Appraised by external appraisers       | 32,002.40            | 933.64           | 1,717.31         | 31,218.73       | 34,387.27                | 4,498.03         | 6,882.90         | 32,002.40       |
| Appraised by internal appraisers       | 4,190.69             | 1,038.44         | 123.67           | 5,105.46        | 2,399.19                 | 1,896.99         | 105.49           | 4,190.69        |
| Movable properties                     | 110.60               | -                | -                | 110.60          | 110.60                   | -                | -                | 110.60          |
| Total                                  | 36,303.69            | 1,972.08         | 1,840.98         | 36,434.79       | 36,897.06                | 6,395.02         | 6,988.39         | 36,303.69       |
| Others (closed branches)               | 68.62                | -                | -                | 68.62           | 42.31                    | 26.31            | -                | 68.62           |
| Properties for sale in transit         | 826.01               | 296.12           | 826.01           | 296.12          | 454.06                   | 826.01           | 454.06           | 826.01          |
| Total                                  | 37,198.32            | 2,268.20         | 2,666.99         | 36,799.53       | 37,393.43                | 7,247.34         | 7,442.45         | 37,198.32       |
| <u>Less</u> Allowance for impairment   | (1,711.98)           | (227.29)         | -                | (1,939.27)      | (1,724.88)               | -                | (12.90)          | (1,711.98)      |
| Properties for sale, net               | 35,486.34            | 2,040.91         | 2,666.99         | 34,860.26       | 35,668.55                | 7,247.34         | 7,429.55         | 35,486.34       |

As at June 30, 2018 and December 31, 2017, the Bank's allowance for impairment of properties for sale has increased by Baht 227.29 million and increased by Baht 12.90 million, respectively, from additional of loss on impairment.

For the six-month periods ended June 30, 2018 and 2017, the Bank generated gains on sale of properties for sale of Baht 221.34million and Baht 488.59 million, respectively (before deduction of selling expenses of Baht 120.96 million and Baht 228.82 million, respectively).

**7.10 Premises and Equipment, Net**

Premises and equipment as at June 30, 2018 and December 31, 2017 are as follows:

(Million Baht)

Consolidated Financial Statements

June 30, 2018

|                       | <u>Cost</u>     |                    |                     |                 | <u>Accumulated Depreciation</u> |                     |                  |                 | Allowance         | Premises and |
|-----------------------|-----------------|--------------------|---------------------|-----------------|---------------------------------|---------------------|------------------|-----------------|-------------------|--------------|
|                       | Beginning       | Additions /        | Disposals /         | Ending          | Beginning                       |                     |                  | Ending          | for               | Equipment,   |
|                       | <u>Balances</u> | <u>Transfer in</u> | <u>Transfer out</u> | <u>Balances</u> | <u>Balances</u>                 | <u>Depreciation</u> | <u>Disposals</u> | <u>Balances</u> | <u>Impairment</u> | <u>Net</u>   |
| Land                  |                 |                    |                     |                 |                                 |                     |                  |                 |                   |              |
| Historical cost       | 9,213.10        | 119.05             | -                   | 9,332.15        | -                               | -                   | -                | -               | 919.40            | 8,412.75     |
| Revaluation Surplus * | 10,446.24       | -                  | -                   | 10,446.24       | -                               | -                   | -                | -               | -                 | 10,446.24    |
| Premises              | 11,909.89       | 204.70             | 15.57               | 12,099.02       | 8,420.97                        | 146.90              | 8.12             | 8,559.75        | -                 | 3,539.27     |
| Equipment             | 21,897.66       | 382.12             | 279.02              | 22,000.76       | 18,430.89                       | 741.80              | 169.92           | 19,002.77       | -                 | 2,997.99     |
| Others                | 888.82          | 319.62             | 39.72               | 1,168.72        | 565.04                          | 49.89               | 3.61             | 611.32          | -                 | 557.40       |
| Total                 | 54,355.71       | 1,025.49           | 334.31              | 55,046.89       | 27,416.90                       | 938.59              | 181.65           | 28,173.84       | 919.40            | 25,953.65    |

(Million Baht)

Consolidated Financial Statements

December 31, 2017

|                       | <u>Cost</u>     |                    |                     |                 | <u>Accumulated Depreciation</u> |                     |                  |                 | Allowance         | Premises and |
|-----------------------|-----------------|--------------------|---------------------|-----------------|---------------------------------|---------------------|------------------|-----------------|-------------------|--------------|
|                       | Beginning       | Additions /        | Disposals /         | Ending          | Beginning                       |                     |                  | Ending          | for               | Equipment,   |
|                       | <u>Balances</u> | <u>Transfer in</u> | <u>Transfer out</u> | <u>Balances</u> | <u>Balances</u>                 | <u>Depreciation</u> | <u>Disposals</u> | <u>Balances</u> | <u>Impairment</u> | <u>Net</u>   |
| Land                  |                 |                    |                     |                 |                                 |                     |                  |                 |                   |              |
| Historical cost       | 9,237.34        | -                  | 24.24               | 9,213.10        | -                               | -                   | -                | -               | 919.40            | 8,293.70     |
| Revaluation Surplus * | 10,459.17       | -                  | 12.93               | 10,446.24       | -                               | -                   | -                | -               | -                 | 10,446.24    |
| Premises              | 11,918.86       | 101.04             | 110.01              | 11,909.89       | 8,205.50                        | 322.51              | 107.04           | 8,420.97        | -                 | 3,488.92     |
| Equipment             | 22,037.26       | 996.62             | 1,136.22            | 21,897.66       | 17,711.98                       | 1,637.46            | 918.55           | 18,430.89       | -                 | 3,466.77     |
| Others                | 946.50          | 168.58             | 226.26              | 888.82          | 449.59                          | 120.83              | 5.38             | 565.04          | -                 | 323.78       |
| Total                 | 54,599.13       | 1,266.24           | 1,509.66            | 54,355.71       | 26,367.07                       | 2,080.80            | 1,030.97         | 27,416.90       | 919.40            | 26,019.41    |

**7.10 Premises and Equipment, Net (Continued)**

(Million Baht)

The Bank's Financial StatementsJune 30, 2018

|                       | <u>Cost</u>     |                    |                     |                 | <u>Accumulated Depreciation</u> |                     |                  | Allowance<br>for<br>Impairment | Premises and<br>Equipment,<br>Net |
|-----------------------|-----------------|--------------------|---------------------|-----------------|---------------------------------|---------------------|------------------|--------------------------------|-----------------------------------|
|                       | Beginning       | Additions /        | Disposals /         | Ending          | Beginning                       |                     | Ending           |                                |                                   |
|                       | <u>Balances</u> | <u>Transfer in</u> | <u>Transfer out</u> | <u>Balances</u> | <u>Balances</u>                 | <u>Depreciation</u> | <u>Disposals</u> | <u>Balances</u>                | <u>Net</u>                        |
| Land                  |                 |                    |                     |                 |                                 |                     |                  |                                |                                   |
| Historical cost       | 9,430.04        | 119.05             | -                   | 9,549.09        | -                               | -                   | -                | -                              | 8,629.69                          |
| Revaluation Surplus * | 10,446.24       | -                  | -                   | 10,446.24       | -                               | -                   | -                | -                              | 10,446.24                         |
| Premises              | 10,956.57       | 202.87             | 8.30                | 11,151.14       | 7,698.21                        | 128.19              | 1.17             | 7,825.23                       | 3,325.91                          |
| Equipment             | 12,905.52       | 275.56             | 111.85              | 13,069.23       | 11,000.32                       | 379.04              | 23.50            | 11,355.86                      | 1,713.37                          |
| Others                | 858.41          | 21.72              | 4.17                | 875.96          | 565.04                          | 49.89               | 3.61             | 611.32                         | 264.64                            |
| Total                 | 44,596.78       | 619.20             | 124.32              | 45,091.66       | 19,263.57                       | 557.12              | 28.28            | 19,792.41                      | 24,379.85                         |

(Million Baht)

The Bank's Financial StatementsDecember 31, 2017

|                       | <u>Cost</u>     |                    |                     |                 | <u>Accumulated Depreciation</u> |                     |                  | Allowance<br>for<br>Impairment | Premises and<br>Equipment,<br>Net |
|-----------------------|-----------------|--------------------|---------------------|-----------------|---------------------------------|---------------------|------------------|--------------------------------|-----------------------------------|
|                       | Beginning       | Additions /        | Disposals /         | Ending          | Beginning                       |                     | Ending           |                                |                                   |
|                       | <u>Balances</u> | <u>Transfer in</u> | <u>Transfer out</u> | <u>Balances</u> | <u>Balances</u>                 | <u>Depreciation</u> | <u>Disposals</u> | <u>Balances</u>                | <u>Net</u>                        |
| Land                  |                 |                    |                     |                 |                                 |                     |                  |                                |                                   |
| Historical cost       | 9,454.28        | -                  | 24.24               | 9,430.04        | -                               | -                   | -                | -                              | 8,510.64                          |
| Revaluation Surplus * | 10,459.17       | -                  | 12.93               | 10,446.24       | -                               | -                   | -                | -                              | 10,446.24                         |
| Premises              | 10,884.67       | 88.50              | 16.60               | 10,956.57       | 7,432.11                        | 279.88              | 13.78            | 7,698.21                       | 3,258.36                          |
| Equipment             | 12,752.72       | 481.22             | 328.42              | 12,905.52       | 10,361.57                       | 837.44              | 198.69           | 11,000.32                      | 1,905.20                          |
| Others                | 850.84          | 59.80              | 52.23               | 858.41          | 449.59                          | 120.83              | 5.38             | 565.04                         | 293.37                            |
| Total                 | 44,401.68       | 629.52             | 434.42              | 44,596.78       | 18,243.27                       | 1,238.15            | 217.85           | 19,263.57                      | 24,413.81                         |

\* The Bank revalues its land in 2016.

**7.10 Premises and Equipment, Net (Continued)**

As at June 30, 2018 and December 31, 2017, the allowance for impairment is as follows:

|                                     | (Million Baht)       |                          |
|-------------------------------------|----------------------|--------------------------|
|                                     | <u>June 30, 2018</u> | <u>December 31, 2017</u> |
| Beginning balances                  | 919.40               | 919.40                   |
| <u>Add</u> Allowance for impairment | -                    | -                        |
| Ending balances                     | <u>919.40</u>        | <u>919.40</u>            |

**7.11 Other Intangible Assets, Net**

(Million Baht)

Consolidated Financial StatementsJune 30, 2018

|                    | <u>Cost</u>     |                  |                  | <u>Accumulated Amortization</u> |                 |                  |                  | <u>Allowance</u> | <u>Intangible</u> |            |
|--------------------|-----------------|------------------|------------------|---------------------------------|-----------------|------------------|------------------|------------------|-------------------|------------|
|                    | Beginning       |                  | Decrease/        | Ending                          | Beginning       |                  | Decrease/        | Ending           | for               | Assets,    |
|                    | <u>Balances</u> | <u>Additions</u> | <u>Disposals</u> | <u>Balances</u>                 | <u>Balances</u> | <u>Additions</u> | <u>Disposals</u> | <u>Balances</u>  | <u>Impairment</u> | <u>Net</u> |
| Software licenses  | 6,120.21        | 380.27           | 27.77            | 6,472.71                        | 3,717.66        | 303.40           | 27.74            | 3,993.32         | -                 | 2,479.39   |
| Other licenses     | 10.61           | 0.43             | -                | 11.04                           | 9.44            | 0.31             | -                | 9.75             | -                 | 1.29       |
| Development cost   | 4,224.13        | 11.59            | -                | 4,235.72                        | 2,838.67        | 129.90           | -                | 2,968.57         | -                 | 1,267.15   |
| Partial payment of |                 |                  |                  |                                 |                 |                  |                  |                  |                   |            |
| intangible assets  | 390.76          | 109.03           | 52.11            | 447.68                          | -               | -                | -                | -                | 273.45            | 174.23     |
| Total              | 10,745.71       | 501.32           | 79.88            | 11,167.15                       | 6,565.77        | 433.61           | 27.74            | 6,971.64         | 273.45            | 3,922.06   |

(Million Baht)

Consolidated Financial StatementsDecember 31, 2017

|                    | <u>Cost</u>     |                  |                  | <u>Accumulated Amortization</u> |                 |                  |                  | Allowance       | Intangible        |            |
|--------------------|-----------------|------------------|------------------|---------------------------------|-----------------|------------------|------------------|-----------------|-------------------|------------|
|                    | Beginning       |                  | Decrease/        | Ending                          | Beginning       |                  | Decrease/        | Ending          | for               | Assets,    |
|                    | <u>Balances</u> | <u>Additions</u> | <u>Disposals</u> | <u>Balances</u>                 | <u>Balances</u> | <u>Additions</u> | <u>Disposals</u> | <u>Balances</u> | <u>Impairment</u> | <u>Net</u> |
| Software licenses  | 6,350.22        | 551.96           | 781.97           | 6,120.21                        | 3,899.79        | 599.84           | 781.97           | 3,717.66        | -                 | 2,402.55   |
| Other licenses     | 9.59            | 1.02             | -                | 10.61                           | 8.84            | 0.60             | -                | 9.44            | -                 | 1.17       |
| Development cost   | 4,215.42        | 8.71             | -                | 4,224.13                        | 2,566.41        | 272.26           | -                | 2,838.67        | -                 | 1,385.46   |
| Partial payment of |                 |                  |                  |                                 |                 |                  |                  |                 |                   |            |
| intangible assets  | 384.16          | 143.85           | 137.25           | 390.76                          | -               | -                | -                | -               | 273.45            | 117.31     |
| Total              | 10,959.39       | 705.54           | 919.22           | 10,745.71                       | 6,475.04        | 872.70           | 781.97           | 6,565.77        | 273.45            | 3,906.49   |

**7.11 Other Intangible Assets, Net (Continued)**

(Million Baht)

The Bank's Financial StatementsJune 30, 2018

|                                      | <u>Cost</u>     |                  |                  | <u>Accumulated Amortization</u> |                 |                  |                  | <u>Intangible Assets,</u> |            |
|--------------------------------------|-----------------|------------------|------------------|---------------------------------|-----------------|------------------|------------------|---------------------------|------------|
|                                      | Beginning       | Decrease/        |                  | Ending                          | Beginning       | Decrease/        |                  | Ending                    |            |
|                                      | <u>Balances</u> | <u>Additions</u> | <u>Disposals</u> | <u>Balances</u>                 | <u>Balances</u> | <u>Additions</u> | <u>Disposals</u> | <u>Balances</u>           | <u>Net</u> |
| Software licenses                    | 967.00          | 134.98           | 0.03             | 1,101.95                        | 545.21          | 49.31            | -                | 594.52                    | 507.43     |
| Other licenses                       | 5.12            | -                | -                | 5.12                            | 4.97            | 0.01             | -                | 4.98                      | 0.14       |
| Development cost                     | 738.10          | -                | -                | 738.10                          | 336.11          | 30.02            | -                | 366.13                    | 371.97     |
| Partial payment of intangible assets | 71.43           | 19.64            | -                | 91.07                           | -               | -                | -                | -                         | 91.07      |
| Total                                | 1,781.65        | 154.62           | 0.03             | 1,936.24                        | 886.29          | 79.34            | -                | 965.63                    | 970.61     |

(Million Baht)

The Bank's Financial StatementsDecember 31, 2017

|                                      | <u>Cost</u>     |                  |                  | <u>Accumulated Amortization</u> |                 |                  |                  | <u>Intangible Assets,</u> |            |
|--------------------------------------|-----------------|------------------|------------------|---------------------------------|-----------------|------------------|------------------|---------------------------|------------|
|                                      | Beginning       | Decrease/        |                  | Ending                          | Beginning       | Decrease/        |                  | Ending                    |            |
|                                      | <u>Balances</u> | <u>Additions</u> | <u>Disposals</u> | <u>Balances</u>                 | <u>Balances</u> | <u>Additions</u> | <u>Disposals</u> | <u>Balances</u>           | <u>Net</u> |
| Software licenses                    | 803.94          | 163.06           | -                | 967.00                          | 459.20          | 86.01            | -                | 545.21                    | 421.79     |
| Other licenses                       | 5.12            | -                | -                | 5.12                            | 4.95            | 0.02             | -                | 4.97                      | 0.15       |
| Development cost                     | 738.10          | -                | -                | 738.10                          | 275.03          | 61.08            | -                | 336.11                    | 401.99     |
| Partial payment of intangible assets | 62.74           | 8.69             | -                | 71.43                           | -               | -                | -                | -                         | 71.43      |
| Total                                | 1,609.90        | 171.75           | -                | 1,781.65                        | 739.18          | 147.11           | -                | 886.29                    | 895.36     |

**7.12 Deferred Tax Assets and Deferred Tax Liabilities**

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

(Million Baht)

|                          | <u>Consolidated Financial Statements</u> |                          | <u>The Bank's Financial Statements</u> |                          |
|--------------------------|------------------------------------------|--------------------------|----------------------------------------|--------------------------|
|                          | <u>June 30, 2018</u>                     | <u>December 31, 2017</u> | <u>June 30, 2018</u>                   | <u>December 31, 2017</u> |
| Deferred Tax Assets      | 5,132.35                                 | 4,592.77                 | 2,628.39                               | 2,130.35                 |
| Deferred Tax Liabilities | -                                        | -                        | -                                      | -                        |
| Net                      | 5,132.35                                 | 4,592.77                 | 2,628.39                               | 2,130.35                 |

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

(Million Baht)

|                                                          | <u>Consolidated Financial Statements</u> |                      |               |                      |
|----------------------------------------------------------|------------------------------------------|----------------------|---------------|----------------------|
|                                                          | <u>Charged / credited to:</u>            |                      |               |                      |
|                                                          | Other                                    |                      |               |                      |
|                                                          | Comprehensive                            |                      |               |                      |
|                                                          | <u>January 1, 2018</u>                   | <u>Profit / Loss</u> | <u>Income</u> | <u>June 30, 2018</u> |
| <b>Deferred Tax Assets</b>                               |                                          |                      |               |                      |
| Investments                                              | 470.70                                   | (2.49)               | 198.77        | 666.98               |
| Investments in subsidiaries and associates               | 160.49                                   | 0.02                 | -             | 160.51               |
| Loans to customers and accrued interest receivables, net | 3,874.51                                 | (20.73)              | -             | 3,853.78             |
| Properties for sale                                      | 362.90                                   | 45.46                | -             | 408.36               |
| Premises and equipment                                   | 212.76                                   | 53.39                | -             | 266.15               |
| Provisions                                               | 3,131.38                                 | 127.67               | -             | 3,259.05             |
| Guarantee deposit under financial lease                  | 31.94                                    | -                    | -             | 31.94                |
| Others                                                   | 1,051.46                                 | (81.98)              | -             | 969.48               |
| Total                                                    | 9,296.14                                 | 121.34               | 198.77        | 9,616.25             |
| <b>Deferred Tax Liabilities</b>                          |                                          |                      |               |                      |
| Investments                                              | 1,867.86                                 | (15.65)              | (183.19)      | 1,669.02             |
| Premises and equipment                                   | 2,285.01                                 | 192.45               | -             | 2,477.46             |
| Loans to customers and accrued interest receivables, net | 550.33                                   | (213.57)             | -             | 336.76               |
| Others                                                   | 0.17                                     | 0.49                 | -             | 0.66                 |
| Total                                                    | 4,703.37                                 | (36.28)              | (183.19)      | 4,483.90             |
| Net                                                      | 4,592.77                                 | 157.62               | 381.96        | 5,132.35             |

**7.12 Deferred Tax Assets and Deferred Tax Liabilities (Continued)**

(Million Baht)

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

(Million Baht)

| <u>The Bank's Financial Statements</u>                   |                        |                      |               |                      |
|----------------------------------------------------------|------------------------|----------------------|---------------|----------------------|
| <u>Charged / credited to:</u>                            |                        |                      |               |                      |
| Other                                                    |                        |                      |               |                      |
| Comprehensive                                            |                        |                      |               |                      |
|                                                          | <u>January 1, 2018</u> | <u>Profit / Loss</u> | <u>Income</u> | <u>June 30, 2018</u> |
| <b>Deferred Tax Assets</b>                               |                        |                      |               |                      |
| Investments                                              | 470.70                 | (2.49)               | 200.10        | 668.31               |
| Investments in subsidiaries and associates               | 160.49                 | 0.02                 | -             | 160.51               |
| Loans to customers and accrued interest receivables, net | 1,851.40               | (25.15)              | -             | 1,826.25             |
| Properties for sale                                      | 342.39                 | 45.46                | -             | 387.85               |
| Premises and equipment                                   | 183.88                 | -                    | -             | 183.88               |
| Provisions                                               | 2,416.25               | 199.14               | -             | 2,615.39             |
| Others                                                   | 981.98                 | (102.91)             | -             | 879.07               |
| Total                                                    | 6,407.09               | 114.07               | 200.10        | 6,721.26             |
| <b>Deferred Tax Liabilities</b>                          |                        |                      |               |                      |
| Investments                                              | 1,867.86               | (15.65)              | (183.19)      | 1,669.02             |
| Premises and equipment                                   | 2,408.88               | 14.97                | -             | 2,423.85             |
| Total                                                    | 4,276.74               | (0.68)               | (183.19)      | 4,092.87             |
| <b>Net</b>                                               | 2,130.35               | 114.75               | 383.29        | 2,628.39             |

**7.12 Deferred Tax Assets and Deferred Tax Liabilities (Continued)**

(Million Baht)

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

**7.13 Other Assets, Net**

(Million Baht)

|                                                | <u>Consolidated Financial Statements</u> |                          | <u>The Bank's Financial Statements</u> |                          |
|------------------------------------------------|------------------------------------------|--------------------------|----------------------------------------|--------------------------|
|                                                | <u>June 30, 2018</u>                     | <u>December 31, 2017</u> | <u>June 30, 2018</u>                   | <u>December 31, 2017</u> |
| Prepaid expenses                               | 1,197.84                                 | 1,207.20                 | 888.98                                 | 996.89                   |
| Account receivables - Revenue Department       |                                          |                          |                                        |                          |
| Leaseholds                                     | 1,732.34                                 | 1,681.74                 | 3.73                                   | 3.41                     |
| Suspense account debtors                       | 73.51                                    | 79.78                    | 73.52                                  | 79.78                    |
| Collateral under Credit Support Annex Contract | 3,639.40                                 | 3,354.47                 | 3,630.56                               | 3,345.30                 |
| and Cash Margin Debtors                        | 7,544.10                                 | 3,918.35                 | 7,544.10                               | 3,918.35                 |
| Interbranch transactions                       | 404.22                                   | -                        | 404.22                                 | -                        |
| Settlement account between the Bank and        | 28.70                                    | 1,576.82                 | 28.70                                  | 1,576.82                 |
| other financial institutions                   | 5,632.85                                 | 9,480.09                 | 5,859.03                               | 9,618.75                 |
| Sundry assets                                  |                                          |                          |                                        |                          |
| Total                                          | 20,252.96                                | 21,298.45                | 18,432.84                              | 19,539.30                |
| <u>Less</u> Allowance for impairment           | (2,758.41)                               | (2,495.72)               | (2,714.96)                             | (2,456.31)               |
| Total other assets, net                        | 17,494.55                                | 18,802.73                | 15,717.88                              | 17,082.99                |

As at December 31, 2017 and 2016, sundry assets are included default debtors from convertible preferred shares contracts of Baht 997.87 million with the same amounts of allowance for impairment (Note 7.37.1).

**7.14 Deposits****7.14.1 Classified by Type of Deposits**

(Million Baht)

|                  | <u>Consolidated Financial Statements</u> |                          | <u>The Bank's Financial Statements</u> |                          |
|------------------|------------------------------------------|--------------------------|----------------------------------------|--------------------------|
|                  | <u>June 30, 2018</u>                     | <u>December 31, 2017</u> | <u>June 30, 2018</u>                   | <u>December 31, 2017</u> |
| Demand deposits  | 85,988.92                                | 95,462.41                | 86,741.14                              | 96,317.51                |
| Savings deposits | 1,391,735.10                             | 1,387,164.71             | 1,392,830.20                           | 1,388,420.83             |
| Time deposits    | 562,625.18                               | 588,247.56               | 563,249.33                             | 588,855.67               |
| Total            | 2,040,349.20                             | 2,070,874.68             | 2,042,820.67                           | 2,073,594.01             |

**7.14.2 Classified by Currency and Residence of Depositors**

(Million Baht)

|                  | <u>Consolidated Financial Statements</u> |                |              |                          |                |              |
|------------------|------------------------------------------|----------------|--------------|--------------------------|----------------|--------------|
|                  | <u>June 30, 2018</u>                     |                |              | <u>December 31, 2017</u> |                |              |
|                  | <u>Domestic</u>                          | <u>Foreign</u> | <u>Total</u> | <u>Domestic</u>          | <u>Foreign</u> | <u>Total</u> |
| Thai Baht        | 1,966,546.15                             | 14,600.14      | 1,981,146.29 | 2,011,185.44             | 12,909.23      | 2,024,094.67 |
| US Dollar        | 46,531.39                                | 6,282.87       | 52,814.26    | 34,310.68                | 7,282.32       | 41,593.00    |
| Other currencies | 3,709.19                                 | 2,679.46       | 6,388.65     | 2,401.03                 | 2,785.98       | 5,187.01     |
| Total            | 2,016,786.73                             | 23,562.47      | 2,040,349.20 | 2,047,897.15             | 22,977.53      | 2,070,874.68 |

(Million Baht)

|                  | <u>The Bank's Financial Statements</u> |                |              |                          |                |              |
|------------------|----------------------------------------|----------------|--------------|--------------------------|----------------|--------------|
|                  | <u>June 30, 2018</u>                   |                |              | <u>December 31, 2017</u> |                |              |
|                  | <u>Domestic</u>                        | <u>Foreign</u> | <u>Total</u> | <u>Domestic</u>          | <u>Foreign</u> | <u>Total</u> |
| Thai Baht        | 1,969,017.62                           | 14,600.14      | 1,983,617.76 | 2,013,904.77             | 12,909.23      | 2,026,814.00 |
| US Dollar        | 46,531.39                              | 6,282.87       | 52,814.26    | 34,310.68                | 7,282.32       | 41,593.00    |
| Other currencies | 3,709.19                               | 2,679.46       | 6,388.65     | 2,401.03                 | 2,785.98       | 5,187.01     |
| Total            | 2,019,258.20                           | 23,562.47      | 2,042,820.67 | 2,050,616.48             | 22,977.53      | 2,073,594.01 |

**7.15 Interbank and Money Market Items (Liabilities)**

(Million Baht)

| <u>Consolidated Financial Statements</u>    |                      |             |              |                          |             |              |
|---------------------------------------------|----------------------|-------------|--------------|--------------------------|-------------|--------------|
|                                             | <u>June 30, 2018</u> |             |              | <u>December 31, 2017</u> |             |              |
|                                             | <u>Demand</u>        | <u>Time</u> | <u>Total</u> | <u>Demand</u>            | <u>Time</u> | <u>Total</u> |
| <b>7.15.1 Domestic Items</b>                |                      |             |              |                          |             |              |
| Bank of Thailand and Financial Institutions |                      |             |              |                          |             |              |
| Development Fund                            | 426.98               | 30,111.58   | 30,538.56    | 983.11                   | 31,679.38   | 32,662.49    |
| Commercial banks                            | 348.59               | 74,531.21   | 74,879.80    | 331.51                   | 106,564.88  | 106,896.39   |
| Special purpose financial institutions      | 602.18               | 25,214.76   | 25,816.94    | 612.06                   | 18,015.92   | 18,627.98    |
| Other financial institutions                | 23,305.93            | 36,212.45   | 59,518.38    | 26,691.17                | 34,322.74   | 61,013.91    |
| Total domestic items                        | 24,683.68            | 166,070.00  | 190,753.68   | 28,617.85                | 190,582.92  | 219,200.77   |
| <b>7.15.2 Foreign Items</b>                 |                      |             |              |                          |             |              |
| US Dollar                                   | 368.04               | 2,354.87    | 2,722.91     | 398.25                   | 8,791.16    | 9,189.41     |
| Euro                                        | 89.11                | -           | 89.11        | 143.98                   | -           | 143.98       |
| Other currencies                            | 137.14               | -           | 137.14       | 157.23                   | -           | 157.23       |
| Total foreign items                         | 594.29               | 2,354.87    | 2,949.16     | 699.46                   | 8,791.16    | 9,490.62     |
| Total domestic and foreign items            | 25,277.97            | 168,424.87  | 193,702.84   | 29,317.31                | 199,374.08  | 228,691.39   |

(Million Baht)

| <u>The Bank's Financial Statements</u>      |                      |             |              |                          |             |              |
|---------------------------------------------|----------------------|-------------|--------------|--------------------------|-------------|--------------|
|                                             | <u>June 30, 2018</u> |             |              | <u>December 31, 2017</u> |             |              |
|                                             | <u>Demand</u>        | <u>Time</u> | <u>Total</u> | <u>Demand</u>            | <u>Time</u> | <u>Total</u> |
| <b>7.15.1 Domestic Items</b>                |                      |             |              |                          |             |              |
| Bank of Thailand and Financial Institutions |                      |             |              |                          |             |              |
| Development Fund                            | 426.98               | 30,111.58   | 30,538.56    | 983.11                   | 31,679.38   | 32,662.49    |
| Commercial banks                            | 348.59               | 70,881.81   | 71,230.40    | 331.51                   | 97,900.10   | 98,231.61    |
| Special purpose financial institutions      | 602.18               | 24,214.76   | 24,816.94    | 612.06                   | 17,015.92   | 17,627.98    |
| Other financial institutions                | 23,695.91            | 34,114.27   | 57,810.18    | 27,131.24                | 33,922.81   | 61,054.05    |
| Total domestic items                        | 25,073.66            | 159,322.42  | 184,396.08   | 29,057.92                | 180,518.21  | 209,576.13   |
| <b>7.15.2 Foreign Items</b>                 |                      |             |              |                          |             |              |
| US Dollar                                   | 368.04               | 2,354.87    | 2,722.91     | 398.25                   | 8,791.16    | 9,189.41     |
| Euro                                        | 89.11                | -           | 89.11        | 143.98                   | -           | 143.98       |
| Other currencies                            | 137.14               | -           | 137.14       | 157.23                   | -           | 157.23       |
| Total foreign items                         | 594.29               | 2,354.87    | 2,949.16     | 699.46                   | 8,791.16    | 9,490.62     |
| Total domestic and foreign items            | 25,667.95            | 161,677.29  | 187,345.24   | 29,757.38                | 189,309.37  | 219,066.75   |

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

(Million Baht)

| <u>Consolidated Financial Statements</u> |                 |                 |             |                      |                |              |                          |                |              |
|------------------------------------------|-----------------|-----------------|-------------|----------------------|----------------|--------------|--------------------------|----------------|--------------|
|                                          |                 |                 |             | <u>June 30, 2018</u> |                |              | <u>December 31, 2017</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> |
| Long term bonds                          |                 |                 |             |                      |                |              |                          |                |              |
| 2013                                     | Baht            | 5.00            | 2018        | 800.00               | -              | 800.00       | 800.00                   | -              | 800.00       |
| 2013 (EMTN Programme)                    | USD             | 2.25            | 2018        | -                    | 16,582.20      | 16,582.20    | -                        | 16,335.70      | 16,335.70    |
| 2014                                     | Baht            | 3.80-4.30       | 2018        | 4,000.00             | -              | 4,000.00     | 4,300.00                 | -              | 4,300.00     |
| 2015                                     | Baht            | 2.54-4.00       | 2018-2025   | 8,754.00             | -              | 8,754.00     | 8,755.00                 | -              | 8,755.00     |
| 2016                                     | Baht            | 1.88-4.00       | 2018-2026   | 17,496.00            | -              | 17,496.00    | 18,000.00                | -              | 18,000.00    |
| 2017                                     | Baht            | 2.46-3.80       | 2022-2027   | 11,043.40            | -              | 11,043.40    | 11,500.00                | -              | 11,500.00    |
| 2018                                     | Baht            | 2.35-3.43       | 2023-2029   | 2,065.00             | -              | 2,065.00     | -                        | -              | -            |
| KTB subordinated debentures              |                 |                 |             |                      |                |              |                          |                |              |
| No.1/2014 (EMTN Programme)               | USD             | 5.20            | 2024        | -                    | 23,217.01      | 23,217.01    | -                        | 22,876.63      | 22,876.63    |
| No.1/2015                                | MYR             | 5.10            | 2025        | -                    | 8,210.35       | 8,210.35     | -                        | 8,058.40       | 8,058.40     |
| No.1/2017                                | Baht            | 3.40            | 2027        | 20,000.00            | -              | 20,000.00    | 20,000.00                | -              | 20,000.00    |
| Bill of exchange for short term (B/E)*   | Baht            | -               | 2012        | 0.70                 | -              | 0.70         | 0.70                     | -              | 0.70         |
| Total                                    |                 |                 |             | 64,159.10            | 48,009.56      | 112,168.66   | 63,355.70                | 47,270.73      | 110,626.43   |

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

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

(Million Baht)

| The Bank's Financial Statements        |          |                      |                  |               |           |           |                   |           |           |
|----------------------------------------|----------|----------------------|------------------|---------------|-----------|-----------|-------------------|-----------|-----------|
|                                        |          |                      |                  | June 30, 2018 |           |           | December 31, 2017 |           |           |
|                                        | Currency | Interest<br>Rate (%) | Maturity<br>Date | Domestic      | Foreign   | Total     | Domestic          | Foreign   | Total     |
| Long term bonds                        |          |                      |                  |               |           |           |                   |           |           |
| 2013 (EMTN Programme)                  | USD      | 2.25                 | 2018             | -             | 16,582.20 | 16,582.20 | -                 | 16,335.70 | 16,335.70 |
| KTB subordinated debentures            |          |                      |                  |               |           |           |                   |           |           |
| No.1/2014 (EMTN Programme)             | USD      | 5.20                 | 2024             | -             | 23,217.01 | 23,217.01 | -                 | 22,876.63 | 22,876.63 |
| No.1/2015                              | MYR      | 5.10                 | 2025             | -             | 8,210.35  | 8,210.35  | -                 | 8,058.40  | 8,058.40  |
| No.1/2017                              | Baht     | 3.40                 | 2027             | 20,000.00     | -         | 20,000.00 | 20,000.00         | -         | 20,000.00 |
| Bill of exchange (B/E) for short term* | Baht     | -                    | 2012             | 0.70          | -         | 0.70      | 0.70              | -         | 0.70      |
| Total                                  |          |                      |                  | 20,000.70     | 48,009.56 | 68,010.26 | 20,000.70         | 47,270.73 | 67,271.43 |

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

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

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

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

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

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

Subordinated Debentures

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

Redemption of Subordinated Debentures

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

**7.17 Provisions**

(Million Baht)

|                                  | <u>Consolidated Financial Statements</u> |                          | <u>The Bank's Financial Statements</u> |                          |
|----------------------------------|------------------------------------------|--------------------------|----------------------------------------|--------------------------|
|                                  | <u>June 30, 2018</u>                     | <u>December 31, 2017</u> | <u>June 30, 2018</u>                   | <u>December 31, 2017</u> |
| Provisions for employee benefits | 12,384.34                                | 11,947.70                | 11,355.54                              | 10,859.40                |
| Provisions for Litigations       | 674.50                                   | 518.85                   | 674.50                                 | 518.85                   |
| Other provisions                 | 147.92                                   | 159.12                   | 146.32                                 | 146.32                   |
| Total provisions                 | 13,206.76                                | 12,625.67                | 12,176.36                              | 11,524.57                |

**Provisions for Employee Benefits**

(Million Baht)

|                                                               | <u>Consolidated Financial Statements</u> |                          | <u>The Bank's Financial Statements</u> |                          |
|---------------------------------------------------------------|------------------------------------------|--------------------------|----------------------------------------|--------------------------|
|                                                               | <u>June 30, 2018</u>                     | <u>December 31, 2017</u> | <u>June 30, 2018</u>                   | <u>December 31, 2017</u> |
| Provisions for employee benefits                              |                                          |                          |                                        |                          |
| Beginning balances                                            | 11,947.70                                | 10,776.99                | 10,859.40                              | 9,795.64                 |
| Current service costs                                         | 306.61                                   | 608.26                   | 332.05                                 | 506.27                   |
| Interest costs                                                | 194.50                                   | 420.53                   | 204.16                                 | 383.64                   |
| Employee benefits paid during the period                      | (64.47)                                  | (1,007.55)               | (40.07)                                | (950.66)                 |
| Actuarial losses (gains) on defined benefit plans (Note 7.34) |                                          |                          |                                        |                          |
| - from changes in demographic assumptions                     | -                                        | (13.06)                  | -                                      | (28.82)                  |
| - from changes in financial assumptions                       | -                                        | 1,162.53                 | -                                      | 1,153.33                 |
| Total provisions for employee benefits                        | 12,384.34                                | 11,947.70                | 11,355.54                              | 10,859.40                |

**The Principal Actuarial Assumptions**

|                                     | <u>June 30, 2018</u> | <u>December 31, 2017</u> |
|-------------------------------------|----------------------|--------------------------|
| Average discount rate               | 2.50% - 3.98%        | 2.50% - 4.03%            |
| Average future salary increase rate | 3.82% - 6.92%        | 4.00% - 7.50%            |
| Average turnover rate               | 0.10% -26.27%        | 0.10% - 26.27%           |
| Retirement age                      | 55 - 60 Years        | 55 - 60 Years            |

**Sensitivity Analysis of Principal Actuarial Assumptions**

Defined benefit plan of the Bank and its subsidiaries are sensitive to changes in assumptions used for calculation. The actuarial assumptions may change based on changes in market conditions, changed in inflation condition including demographic changes in the defined benefit plan. The following table shows the effect of changes in each key assumption. The change in each assumption occurs separately.

**7.17 Provisions (Continue)**

(Million Baht)

|                                     | <u>Increase (Decrease) in Defined Benefit Plan</u> |                          |                                        |                          |
|-------------------------------------|----------------------------------------------------|--------------------------|----------------------------------------|--------------------------|
|                                     | <u>Consolidated Financial Statements</u>           |                          | <u>The Bank's Financial Statements</u> |                          |
|                                     | <u>June 30, 2018</u>                               | <u>December 31, 2017</u> | <u>June 30, 2018</u>                   | <u>December 31, 2017</u> |
| Average discount rate               |                                                    |                          |                                        |                          |
| Increase of 1 %                     | (1,223.73)                                         | (1,216.67)               | (1,111.00)                             | (1,091.60)               |
| Decrease of 1 %                     | 1,463.34                                           | 1,454.82                 | 1,329.14                               | 1,305.09                 |
| Average future salary increase rate |                                                    |                          |                                        |                          |
| Increase of 1 %                     | 1,184.68                                           | 1,119.29                 | 1,062.28                               | 993.52                   |
| Decrease of 1 %                     | (1,013.42)                                         | (959.60)                 | (905.84)                               | (849.49)                 |
| Average turnover rate               |                                                    |                          |                                        |                          |
| Increase of 1 %                     | (144.17)                                           | (137.92)                 | (117.35)                               | (111.83)                 |
| Decrease of 1 %                     | 144.97                                             | 145.35                   | 117.35                                 | 111.83                   |

**Maturity Profile of Defined Benefit Plan**

The following table provides information on the weighted average duration of the defined benefit plan and the maturity analysis of benefit payments calculated based on the defined benefit plan expected to be paid in the future in the undiscounted form.

(Years)

|                                                       | <u>Consolidated Financial Statements</u> |                          | <u>The Bank's Financial Statements</u> |                          |
|-------------------------------------------------------|------------------------------------------|--------------------------|----------------------------------------|--------------------------|
|                                                       | <u>June 30, 2018</u>                     | <u>December 31, 2017</u> | <u>June 30, 2018</u>                   | <u>December 31, 2017</u> |
|                                                       |                                          |                          |                                        |                          |
| Weighted average duration of the defined benefit plan | 23                                       | 23                       | 22                                     | 22                       |

(Million Baht)

|                                                   | <u>Consolidated Financial Statements</u> |                          | <u>The Bank's Financial Statements</u> |                          |
|---------------------------------------------------|------------------------------------------|--------------------------|----------------------------------------|--------------------------|
|                                                   | <u>June 30, 2018</u>                     | <u>December 31, 2017</u> | <u>June 30, 2018</u>                   | <u>December 31, 2017</u> |
|                                                   |                                          |                          |                                        |                          |
| Maturity analysis of benefits expected to be paid |                                          |                          |                                        |                          |
| Amount expected to be paid within 12 months       | 542.20                                   | 531.08                   | 489.03                                 | 489.03                   |
| Amount expected to be paid between 1 to 2 years   | 589.36                                   | 586.87                   | 543.84                                 | 543.84                   |
| Amount expected to be paid between 2 to 5 years   | 2,686.90                                 | 2,686.83                 | 2,496.87                               | 2,496.87                 |
| Amount expected to be paid between 5 to 10 years  | 6,632.96                                 | 6,646.06                 | 6,125.71                               | 6,125.71                 |
| Amount expected to be paid between 10 to 15 years | 5,915.60                                 | 5,986.73                 | 5,135.56                               | 5,135.56                 |
| Amount expected to be paid between 15 to 25 years | 9,956.45                                 | 10,425.51                | 7,713.35                               | 7,713.35                 |

**7.17 Provisions (Continue)****Provisions for Litigations**

(Million Baht)

|                            | <u>Consolidated Financial Statements</u> |                          | <u>The Bank's Financial Statements</u> |                          |
|----------------------------|------------------------------------------|--------------------------|----------------------------------------|--------------------------|
|                            | <u>June 30, 2018</u>                     | <u>December 31, 2017</u> | <u>June 30, 2018</u>                   | <u>December 31, 2017</u> |
| Provisions for Litigations |                                          |                          |                                        |                          |
| Beginning balance          | 518.85                                   | 335.91                   | 518.85                                 | 335.91                   |
| Increase (decrease)        | 155.65                                   | 182.94                   | 155.65                                 | 182.94                   |
| Ending balance             | 674.50                                   | 518.85                   | 674.50                                 | 518.85                   |

**Other Provisions**

(Million Baht)

|                   | <u>Consolidated Financial Statements</u> |                          | <u>The Bank's Financial Statements</u> |                          |
|-------------------|------------------------------------------|--------------------------|----------------------------------------|--------------------------|
|                   | <u>June 30, 2018</u>                     | <u>December 31, 2017</u> | <u>June 30, 2018</u>                   | <u>December 31, 2017</u> |
| Other provisions  |                                          |                          |                                        |                          |
| Beginning balance | 159.12                                   | 39.38                    | 146.32                                 | 31.87                    |
| Increase          | (11.20)                                  | 119.74                   | -                                      | 114.45                   |
| Ending balance    | 147.92                                   | 159.12                   | 146.32                                 | 146.32                   |

**7.18 Other Liabilities** comprise the followings:

(Million Baht)

|                                    | <u>Consolidated Financial Statements</u> |                          | <u>The Bank's Financial Statements</u> |                          |
|------------------------------------|------------------------------------------|--------------------------|----------------------------------------|--------------------------|
|                                    | <u>June 30, 2018</u>                     | <u>December 31, 2017</u> | <u>June 30, 2018</u>                   | <u>December 31, 2017</u> |
| Accrued interest expenses          | 3,883.49                                 | 3,734.98                 | 3,582.88                               | 3,443.08                 |
| Accrued expenses                   | 10,750.46                                | 11,760.42                | 9,444.76                               | 10,011.39                |
| Interbranch account                | -                                        | 832.16                   | -                                      | 832.16                   |
| Suspense account creditors         | 3,124.93                                 | 3,495.95                 | 3,913.34                               | 5,064.80                 |
| Tax payables                       | 4,174.49                                 | 2,730.09                 | 3,324.26                               | 1,965.53                 |
| Deferred revenue for reward points | 2,434.34                                 | 2,558.54                 | -                                      | -                        |
| Interbank account                  | 543.94                                   | 812.09                   | 543.94                                 | 812.09                   |
| Advanced account                   | 448.82                                   | 198.34                   | 448.82                                 | 198.34                   |
| Cheque in transit                  | 4,680.40                                 | 5,289.95                 | 4,680.40                               | 5,289.95                 |
| Sundry liabilities                 | 10,498.48                                | 11,509.60                | 8,099.56                               | 8,128.55                 |
| Total                              | 40,539.35                                | 42,922.12                | 34,037.96                              | 35,745.89                |

## 7.19 Share Capital

### 7.19.1 Ordinary Shares

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

### 7.19.2 Preferred Shares

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

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

## 7.20 Legal Reserve

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

## 7.21 The Appropriation of 2017 Net Profit and Dividend Payment

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

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

## 7.22 Obligations and Contingent Liabilities

### 7.22.1 Contingent Liabilities

|                                        | (Million Baht)                                          |                          |
|----------------------------------------|---------------------------------------------------------|--------------------------|
|                                        | <u>Consolidated and the Bank's Financial Statements</u> |                          |
|                                        | <u>June 30, 2018</u>                                    | <u>December 31, 2017</u> |
| Avals to bills                         | 8,439.84                                                | 8,062.96                 |
| Guarantees of loans                    | 3,776.35                                                | 4,011.56                 |
| Liability under unmatured import bills | 5,240.35                                                | 4,368.59                 |
| Letters of credit                      | 50,354.73                                               | 50,125.01                |
| Other contingencies                    |                                                         |                          |
| Unused credit line of overdraft        | 156,399.72                                              | 155,394.32               |
| Other guarantees                       | 164,615.91                                              | 168,116.68               |
| Total                                  | 388,826.90                                              | 390,079.12               |

## 7.22 Obligations and Contingent Liabilities

### 7.22.1 Contingent Liabilities

Besides the contingent liabilities mentioned above, as at June 30, 2018 and December 31, 2017, the Bank has material contingent liabilities owing to prosecutions of Baht 10,126.82 million and Baht 9,011.62 million, respectively. Such prosecutions comprised of the completed cases in the civil court and the cases proceedings in the Appeal Court and the Supreme Court.

As at June 30, 2018 and December 31, 2017, the Bank has set aside provisions of Baht 674.50 million and Baht 518.85 million, respectively, for estimated losses from such cases.

### 7.22.2 Obligations under Long-Terms Leased

The Bank has obligations arising from lease agreements. The amounts due are classified as follows:

(Million Baht)

| <u>Consolidated Financial Statements</u> |                      |                          |                     |              |                          |                          |                     |              |
|------------------------------------------|----------------------|--------------------------|---------------------|--------------|--------------------------|--------------------------|---------------------|--------------|
| <u>Period</u>                            | <u>June 30, 2018</u> |                          |                     |              | <u>December 31, 2017</u> |                          |                     |              |
|                                          | <u>Within 1 year</u> | <u>Over 1 to 5 years</u> | <u>Over 5 years</u> | <u>Total</u> | <u>Within 1 year</u>     | <u>Over 1 to 5 years</u> | <u>Over 5 years</u> | <u>Total</u> |
| Land and/or Premises                     | 798.17               | 745.18                   | 52.36               | 1,595.71     | 814.08                   | 926.51                   | 57.41               | 1,798.00     |
| Vehicles                                 | 361.66               | 576.57                   | -                   | 938.23       | 402.22                   | 652.66                   | -                   | 1,054.88     |
| Others                                   | 97.15                | 170.91                   | -                   | 268.06       | 54.15                    | 32.94                    | -                   | 87.09        |
| Total                                    | 1,256.98             | 1,492.66                 | 52.36               | 2,802.00     | 1,270.45                 | 1,612.11                 | 57.41               | 2,939.97     |

(Million Baht)

| <u>The Bank's Financial Statements</u> |                      |                          |                     |              |                          |                          |                     |              |
|----------------------------------------|----------------------|--------------------------|---------------------|--------------|--------------------------|--------------------------|---------------------|--------------|
| <u>Period</u>                          | <u>June 30, 2018</u> |                          |                     |              | <u>December 31, 2017</u> |                          |                     |              |
|                                        | <u>Within 1 year</u> | <u>Over 1 to 5 years</u> | <u>Over 5 years</u> | <u>Total</u> | <u>Within 1 year</u>     | <u>Over 1 to 5 years</u> | <u>Over 5 years</u> | <u>Total</u> |
| Land and/or Premises                   | 590.57               | 548.69                   | 52.36               | 1,191.62     | 568.90                   | 557.36                   | 57.41               | 1,183.67     |
| Vehicles                               | 315.90               | 508.15                   | -                   | 824.05       | 355.69                   | 582.52                   | -                   | 938.21       |
| Others                                 | 2.13                 | 0.23                     | -                   | 2.36         | 3.58                     | 1.06                     | -                   | 4.64         |
| Total                                  | 908.60               | 1,057.07                 | 52.36               | 2,018.03     | 928.17                   | 1,140.94                 | 57.41               | 2,126.52     |

## 7.23 Assets with Obligations and Restrictions

(Million Baht)

| <u>Consolidated and the Bank's Financial Statements</u>                                       |                      |                          |
|-----------------------------------------------------------------------------------------------|----------------------|--------------------------|
|                                                                                               | <u>June 30, 2018</u> | <u>December 31, 2017</u> |
| Government and state enterprise bonds pledged as collateral                                   |                      |                          |
| Court collateral                                                                              | 501.54               | 413.76                   |
| Repurchase agreements                                                                         | 18,159.92            | 36,209.98                |
| Properties for sale (debtor is granted the right to buy back or first right for this portion) | 8,500.68             | 12,453.51                |
| Total                                                                                         | 27,162.14            | 49,077.25                |

## 7.24 Related Party Transactions

**7.24.1** As at June 30, 2018 and December 31, 2017, loans to the Bank's executives (First Vice President and above) are Baht 125.21 million and Baht 134.96 million. The average outstanding balances of such loans at month end are Baht 127.24 million and Baht 119.47 million, respectively.

The loans outstanding as at June 30, 2018 and December 31, 2017 to close family of the Bank's executives mentioned above are Baht 21.24 million and Baht 18.90 million, respectively.

**7.24.2 Loans, Obligations, Derivative, And Other Assets**

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

|                                                                                                  | (Million Baht)                           |                          |                                        |                          |
|--------------------------------------------------------------------------------------------------|------------------------------------------|--------------------------|----------------------------------------|--------------------------|
|                                                                                                  | <u>Consolidated Financial Statements</u> |                          | <u>The Bank's Financial Statements</u> |                          |
|                                                                                                  | <u>June 30, 2018</u>                     | <u>December 31, 2017</u> | <u>June 30, 2018</u>                   | <u>December 31, 2017</u> |
| <b>Loans</b>                                                                                     |                                          |                          |                                        |                          |
| Businesses which the Bank totally held from 10 to 20 percent of their paid-up capital            | 0.58                                     | 0.51                     | 0.58                                   | 0.51                     |
| Businesses which the Bank acquired equal to or over 10 percent of their paid-up capital from TDR | 9,392.73                                 | 28.93                    | 9,392.73                               | 28.93                    |
|                                                                                                  | (7,633.57)                               | -                        | (7,633.57)                             | -                        |
|                                                                                                  | <u>1,759.16</u>                          | <u>28.93</u>             | <u>1,759.16</u>                        | <u>28.93</u>             |
| <b>Subsidiaries</b>                                                                              |                                          |                          |                                        |                          |
| KTB General Services and Security Co., Ltd.                                                      | -                                        | -                        | 11.02                                  | 10.16                    |
| KTB Computer Services Co., Ltd.                                                                  | -                                        | -                        | 2,482.98                               | 2,486.61                 |
| KTB Leasing Co., Ltd.                                                                            | -                                        | -                        | 15,066.50                              | 20,726.91                |
| Krung Thai Asset Management Pcl.                                                                 | -                                        | -                        | 0.04                                   | 0.04                     |
| Krungthai Card Pcl.                                                                              | -                                        | -                        | 0.62                                   | 0.63                     |
| <u>Less</u> Allowance for doubtful accounts                                                      | -                                        | -                        | (175.61)                               | (232.24)                 |
| Total                                                                                            | <u>-</u>                                 | <u>-</u>                 | <u>17,385.55</u>                       | <u>22,992.11</u>         |
| <b>Associates</b>                                                                                |                                          |                          |                                        |                          |
| Krung Thai IBJ Leasing Co., Ltd.                                                                 | 0.13                                     | 0.10                     | 0.13                                   | 0.10                     |
| KT Zmico Securities Co., Ltd.                                                                    | 240.17                                   | 955.20                   | 240.17                                 | 955.20                   |
| Krungthai Panich Insurance Pcl.                                                                  | 0.67                                     | 0.68                     | 0.67                                   | 0.68                     |
| <u>Less</u> Allowance for doubtful accounts                                                      | (2.41)                                   | (9.56)                   | (2.41)                                 | (9.56)                   |
| Total                                                                                            | <u>238.56</u>                            | <u>946.42</u>            | <u>238.56</u>                          | <u>946.42</u>            |
| Business with common directors or common top managements                                         | 21,940.67                                | 22,082.24                | 21,940.67                              | 22,082.24                |
| <u>Less</u> Allowance for doubtful accounts                                                      | (312.53)                                 | (220.17)                 | (312.53)                               | (220.17)                 |
| Total                                                                                            | <u>21,628.14</u>                         | <u>21,862.07</u>         | <u>21,628.14</u>                       | <u>21,862.07</u>         |
| <b>Obligations</b>                                                                               |                                          |                          |                                        |                          |
| Businesses which the Bank totally held from 10 to 20 percent of their paid-up capital            | 8.84                                     | 12.32                    | 8.84                                   | 12.32                    |
| Businesses which the Bank acquired equal to or over 10 percent of their paid-up capital from TDR | 0.96                                     | 0.96                     | 0.96                                   | 0.96                     |
| <b>Subsidiaries</b>                                                                              |                                          |                          |                                        |                          |
| KTB General Services and Security Co., Ltd.                                                      | -                                        | -                        | 0.94                                   | 0.78                     |
| KTB Computer Services Co., Ltd.                                                                  | -                                        | -                        | 4.55                                   | 4.55                     |
| KTB Leasing Co., Ltd.                                                                            | -                                        | -                        | 0.98                                   | 1.18                     |
| Krungthai Card Pcl.                                                                              | -                                        | -                        | 2.16                                   | 2.13                     |
| <b>Associates</b>                                                                                |                                          |                          |                                        |                          |
| Krung Thai IBJ Leasing Co., Ltd.                                                                 | 3.72                                     | 3.72                     | 3.72                                   | 3.72                     |
| Krungthai Panich Insurance Pcl.                                                                  | 5.00                                     | 5.00                     | 5.00                                   | 5.00                     |
| Business with common directors or common top managements                                         | 13,379.34                                | 8,375.97                 | 13,379.34                              | 8,375.97                 |

**7.24 Related Party Transactions (Continued)****7.24.2 Loans, Obligations, Derivative, And Other Assets (Continued)**

|                                             | <u>June 30, 2018</u> | <u>December 31, 2017</u> | <u>June 30, 2018</u> | <u>December 31, 2017</u> |
|---------------------------------------------|----------------------|--------------------------|----------------------|--------------------------|
| <b>Derivative</b>                           |                      |                          |                      |                          |
| Subsidiaries                                |                      |                          |                      |                          |
| KTB Leasing Co., Ltd.                       | -                    | -                        | 579.09               | 892.42                   |
| Associates                                  |                      |                          |                      |                          |
| Krungthai-AXA Life Insurance Pcl.           | 10,945.36            | 9,614.42                 | 10,945.36            | 9,614.42                 |
| <b>Other Assets</b>                         |                      |                          |                      |                          |
| Subsidiaries                                |                      |                          |                      |                          |
| KTB Law Co., Ltd.                           |                      |                          |                      |                          |
| KTB General Services and Security Co., Ltd. | -                    | -                        | 2.64                 | 2.70                     |
| KTB Computer Services Co., Ltd.             | -                    | -                        | 0.38                 | 0.57                     |
| KTB Leasing Co., Ltd.                       | -                    | -                        | 4.80                 | 11.27                    |
| Krungthai Card Pcl.                         | -                    | -                        | 970.28               | 1,318.44                 |
| Krung Thai Asset Management Pcl.            | -                    | -                        | 64.72                | 55.36                    |
| Associates                                  |                      |                          |                      |                          |
| Krungthai-AXA Life Insurance Pcl.           | 169.67               | 204.96                   | 169.67               | 204.96                   |
| Krungthai Panich Insurance Pcl.             | 28.49                | 32.13                    | 28.49                | 32.13                    |
| KT Zmico Securities Co., Ltd.               | 1.42                 | 1.84                     | 1.42                 | 1.84                     |

**7.24 Related Party Transactions (Continued)****7.24.3 Deposits, Borrowings, And Other Liabilities**

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

|                                                         |                                          |                          | (Million Baht)                         |                          |
|---------------------------------------------------------|------------------------------------------|--------------------------|----------------------------------------|--------------------------|
|                                                         | <u>Consolidated Financial Statements</u> |                          | <u>The Bank's Financial Statements</u> |                          |
|                                                         | <u>June 31, 2018</u>                     | <u>December 31, 2018</u> | <u>June 31, 2018</u>                   | <u>December 31, 2018</u> |
| <b>Deposits</b>                                         |                                          |                          |                                        |                          |
| Subsidiaries                                            |                                          |                          |                                        |                          |
| KTB Law Co., Ltd.                                       | -                                        | -                        | 424.76                                 | 472.88                   |
| KTB General Services and Security Co., Ltd.             | -                                        | -                        | 461.86                                 | 601.70                   |
| KTB Computer Services Co., Ltd.                         | -                                        | -                        | 207.23                                 | 307.62                   |
| KTB Leasing Co., Ltd.                                   | -                                        | -                        | 280.93                                 | 218.27                   |
| Krung Thai Asset Management Pcl.,                       | -                                        | -                        | 389.99                                 | 440.07                   |
| KTB Advisory Co., Ltd.                                  | -                                        | -                        | 44.31                                  | 36.82                    |
| Krungthai Card Pcl.                                     | -                                        | -                        | 1,052.39                               | 1,082.04                 |
| Associates                                              |                                          |                          |                                        |                          |
| Krung Thai IBJ Leasing Co., Ltd.                        | 22.90                                    | 21.15                    | 22.90                                  | 21.15                    |
| KT Zmico Securities Co., Ltd.                           | 107.71                                   | 25.65                    | 107.71                                 | 25.65                    |
| Krungthai Panich Insurance Pcl.                         | 132.51                                   | 183.11                   | 132.51                                 | 183.11                   |
| Krungthai-AXA Life Insurance Pcl.                       | 981.04                                   | 2,105.84                 | 981.04                                 | 2,105.84                 |
| Other parties related with directors or key managements | 12,928.49                                | 25,557.49                | 12,928.49                              | 25,557.49                |
| <b>Borrowings</b>                                       |                                          |                          |                                        |                          |
| Associates                                              |                                          |                          |                                        |                          |
| Krungthai-AXA Life Insurance Pcl.                       | 3,700.00                                 | 3,800.00                 | 3,700.00                               | 3,800.00                 |
| <b>Other Liabilities</b>                                |                                          |                          |                                        |                          |
| Subsidiaries                                            |                                          |                          |                                        |                          |
| KTB General Services and Security Co., Ltd.             | -                                        | -                        | 348.64                                 | 397.23                   |
| KTB Computer Services Co., Ltd.                         | -                                        | -                        | 664.07                                 | 583.36                   |
| KTB Leasing Co., Ltd.                                   | -                                        | -                        | 0.35                                   | 0.35                     |
| Krungthai Card Pcl.                                     | -                                        | -                        | 1.30                                   | 0.64                     |
| KTB Law Co., Ltd.                                       | -                                        | -                        | 383.23                                 | 158.79                   |
| Krung Thai Asset Management Pcl.                        | -                                        | -                        | 0.04                                   | 0.04                     |
| Associates                                              |                                          |                          |                                        |                          |
| KT Zmico Securities Co., Ltd.                           | 1.09                                     | 0.05                     | 1.09                                   | 0.05                     |
| Krungthai Panich Insurance Pcl.                         | 19.11                                    | 19.20                    | 19.11                                  | 19.20                    |
| Krungthai-AXA Life Insurance Pcl.                       | 33.61                                    | 38.26                    | 33.61                                  | 38.26                    |
| National ITMX Co., Ltd.                                 | 10.40                                    | 8.78                     | 10.40                                  | 8.78                     |

**7.23 Related Party Transactions (Continued)****7.23.4 Income and Expenses**

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

|                          |                                             | (Million Baht)                           |                      |                                        |                      |
|--------------------------|---------------------------------------------|------------------------------------------|----------------------|----------------------------------------|----------------------|
|                          |                                             | <u>Consolidated Financial Statements</u> |                      | <u>The Bank's Financial Statements</u> |                      |
|                          |                                             | <u>June 30, 2018</u>                     | <u>June 30, 2017</u> | <u>June 30, 2018</u>                   | <u>June 30, 2017</u> |
| <b>Interest Income</b>   |                                             |                                          |                      |                                        |                      |
| Subsidiaries             |                                             |                                          |                      |                                        |                      |
|                          | KTB Computer Services Co., Ltd.             | -                                        | -                    | 34.29                                  | 41.55                |
|                          | KTB Leasing Co., Ltd.                       | -                                        | -                    | 234.85                                 | 501.21               |
|                          | Krungthai Card Pcl.                         | -                                        | -                    | 8.10                                   | 8.95                 |
| Associates               |                                             |                                          |                      |                                        |                      |
|                          | KT Zmico Securities Co., Ltd.               | 12.28                                    | 24.04                | 12.28                                  | 24.04                |
| <b>Interest Expenses</b> |                                             |                                          |                      |                                        |                      |
| Subsidiaries             |                                             |                                          |                      |                                        |                      |
|                          | KTB Law Co., Ltd.                           | -                                        | -                    | 1.79                                   | 1.91                 |
|                          | KTB General Services and Security Co., Ltd. | -                                        | -                    | 2.44                                   | 2.74                 |
|                          | KTB Computer Services Co., Ltd.             | -                                        | -                    | 0.61                                   | 0.29                 |
|                          | KTB Leasing Co., Ltd.                       | -                                        | -                    | 1.05                                   | 3.08                 |
|                          | Krung Thai Asset Management Pcl.            | -                                        | -                    | 1.05                                   | 0.55                 |
|                          | KTB Capital Holding Co., Ltd.               | -                                        | -                    | -                                      | 0.47                 |
|                          | KTB Advisory Co., Ltd.                      | -                                        | -                    | 0.08                                   | 0.07                 |
|                          | Krungthai Card Pcl.                         | -                                        | -                    | 0.67                                   | 1.45                 |
| Associates               |                                             |                                          |                      |                                        |                      |
|                          | KT Zmico Securities Co., Ltd.               | 0.03                                     | 0.03                 | 0.03                                   | 0.03                 |
|                          | Krungthai Panich Insurance Pcl.             | 0.05                                     | 0.43                 | 0.05                                   | 0.43                 |
|                          | Krungthai-AXA Life Insurance Pcl.           | 40.32                                    | 81.08                | 40.32                                  | 81.08                |
| <b>Dividend Income</b>   |                                             |                                          |                      |                                        |                      |
| Subsidiaries             |                                             |                                          |                      |                                        |                      |
|                          | KTB Law Co., Ltd.                           | -                                        | -                    | 22.50                                  | 19.00                |
|                          | KTB General Services and Security Co., Ltd. | -                                        | -                    | 157.15                                 | 203.00               |
|                          | KTB Computer Services Co., Ltd.             | -                                        | -                    | 16.38                                  | 27.30                |
|                          | Krung Thai Asset Management Pcl.            | -                                        | -                    | 320.00                                 | 232.00               |
|                          | Krungthai Card Pcl.                         | -                                        | -                    | 675.75                                 | 510.00               |
| Associates               |                                             |                                          |                      |                                        |                      |
|                          | Krung Thai IBJ Leasing Co., Ltd.            | 41.36                                    | 39.05                | 41.36                                  | 39.05                |
|                          | National ITMX Co., Ltd.                     | 5.28                                     | 6.19                 | 5.28                                   | 6.19                 |
|                          | Krungthai Panich Insurance Pcl.             | 118.80                                   | 108.90               | 118.80                                 | 108.90               |

**7.23 Related Party Transactions (Continued)****7.23.4 Income and Expenses (Continued)**

(Million Baht)

|                                             | <u>Consolidated Financial Statements</u> |                      | <u>The Bank's Financial Statements</u> |                      |
|---------------------------------------------|------------------------------------------|----------------------|----------------------------------------|----------------------|
|                                             | <u>June 30, 2018</u>                     | <u>June 30, 2017</u> | <u>June 30, 2018</u>                   | <u>June 30, 2017</u> |
| <b>Other Income</b>                         |                                          |                      |                                        |                      |
| Subsidiaries                                |                                          |                      |                                        |                      |
| KTB Law Co., Ltd.                           | -                                        | -                    | 0.10                                   | 0.07                 |
| KTB General Services and Security Co., Ltd. | -                                        | -                    | 2.22                                   | 2.76                 |
| KTB Computer Services Co., Ltd.             | -                                        | -                    | 0.04                                   | 0.04                 |
| KTB Leasing Co., Ltd.                       | -                                        | -                    | 11.03                                  | 14.57                |
| Krung Thai Asset Management Pcl.            | -                                        | -                    | 368.92                                 | 184.70               |
| Krungthai Card Pcl.                         | -                                        | -                    | 158.91                                 | 111.38               |
| Associates                                  |                                          |                      |                                        |                      |
| KT Zmico Securities Co., Ltd.               | 3.97                                     | 9.16                 | 3.97                                   | 9.16                 |
| Krungthai Panich Insurance Pcl.             | 85.09                                    | 77.25                | 85.09                                  | 77.25                |
| Krungthai-AXA Life Insurance Pcl.           | 1,436.50                                 | 1,003.80             | 1,436.50                               | 1,003.80             |
| National ITMX Co., Ltd.                     | 0.04                                     | 0.05                 | 0.04                                   | 0.05                 |
| <b>Other Expenses</b>                       |                                          |                      |                                        |                      |
| Subsidiaries                                |                                          |                      |                                        |                      |
| KTB Law Co., Ltd.                           | -                                        | -                    | 559.91                                 | 562.34               |
| KTB General Services and Security Co., Ltd. | -                                        | -                    | 1,177.39                               | 1,144.92             |
| KTB Computer Services Co., Ltd.             | -                                        | -                    | 1,652.47                               | 1,717.29             |
| Krungthai Card Pcl.                         | -                                        | -                    | 4.16                                   | 4.30                 |
| Associates                                  |                                          |                      |                                        |                      |
| Krung Thai IBJ Leasing Co., Ltd.            | 82.78                                    | 106.84               | 82.78                                  | 106.84               |
| KT Zmico Securities Co., Ltd.               | 7.21                                     | 1.17                 | 7.21                                   | 1.17                 |
| National ITMX Co., Ltd.                     | 52.59                                    | 45.20                | 52.59                                  | 45.20                |

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

(Million Baht)

|                              | <u>Consolidated Financial Statements</u> |                      | <u>The Bank's Financial Statements</u> |                      |
|------------------------------|------------------------------------------|----------------------|----------------------------------------|----------------------|
|                              | <u>June 30, 2018</u>                     | <u>June 30, 2017</u> | <u>June 30, 2018</u>                   | <u>June 30, 2017</u> |
| Short-term employee benefits | 660.74                                   | 715.10               | 455.18                                 | 473.74               |
| Post-employment benefits     | 25.70                                    | 14.08                | 13.37                                  | 6.28                 |
| Total                        | 686.44                                   | 729.18               | 468.55                                 | 480.02               |

## 7.23 Related Party Transactions (Continued)

### 7.23.6 Intercompany Trading Transactions

#### Subsidiaries

1) KTB Computer Services Co., Ltd. has been designated mainly to provide information technology (IT) services to various work units in the Bank. Service offers consist of introducing IT to the Bank's business operation and modernizing the existing systems in line with the Bank's requirement, rendering system control and maintenance system software development, offering preliminary consultancy service and organizing training in various applications of IT and techniques. The Bank incurs service charges on a cost plus method for the six-month periods ended June 30, 2018 and 2017 of Baht 1,587.00 million and Baht 1,654.00 million, respectively.

Since 2003, the GFMIS project Phase 2 has been developed and implemented on behalf of the Bank by KTBCS. The Bank and the Office of GFMIS attached to the Secretariat of the Prime Minister have unanimously signed on the Memorandum of Agreement upon the submission of deliverables and disbursement associated to the investments on the GFMIS project on September 22, 2005. Further, the Bank has signed the hiring contract for the implementation and maintenance with the Office of GFMIS. The Bank incurs service charges for the six-month periods ended June 30, 2018 and 2017 of Baht 65.47 million and Baht 63.29 million, respectively.

2) The Bank has operated student loans in subjects of public relations, policy, regulation, loan payment, documents filling, loan notification, loans status, including loan collection, claim for payment, and prosecution for the Student Loans Fund. KTB Law Co., Ltd. has been designated to prosecute debtors of the Student Loans Fund. The Bank incurs service charges for the six-month periods ended June 30, 2018 and 2017 of Baht 488.67 million and Baht 501.12 million, respectively.

3) KTB General Services and Security Co., Ltd. is assigned by the Bank to operate all cash delivery, foreign exchange and financial instruments, and the Bank's asset. KTBGS also manages Krung Thai Bank Training Center and the Bank's other buildings. The Bank's expense from those services for the six-month periods ended June 30, 2018 and 2017 of Baht 1,177.39 million and Baht 1,144.92 million, respectively.

4) The Bank incurs service charges for sourcing and installing EDC machines for foreign exchange service to Krungthai Card Pcl. for the six-month periods ended June 30, 2018 of Baht 0.11 million and Baht 0.07 million, respectively.

5) The Bank incurs service charges on its subsidiaries [including service charges mentioned in No.1) to 4)] for the six-month periods ended June 30, 2018 and 2017 of Baht 3,393.93 million and Baht 3,428.86 million, respectively, at the agreed-upon rate.

6) The Bank generates fees income from service contracts for the six-month periods ended June 30, 2018 and 2017 of Baht 521.07 million and Baht 298.32 million, respectively.

7) The Bank generates premises rental income from subsidiaries for the six-month periods ended June 30, 2018 and 2017 of Baht 9.70 million and Baht 9.66 million at the agreed-upon rate.

#### Intercompany Considerations

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

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

#### Associates

1) The Bank generates premises rental income from associates for the six-month periods ended June 30, 2018 and 2017 at the amount of Baht 0.77 million and Baht 0.57 million, respectively, at the agreed-upon rate.

2) The Bank generates fees income from supportive service contracts for the six-month periods ended June 30, 2018 and 2017 of Baht 1,486.60 million and Baht 1,045.51 million, respectively, at the agreed-upon rate.

**7.25 Significant Financial Position and Operations Classified by Domestic and Foreign Business Segment****7.25.1 Financial Position Classified by Business Segment**

(Million Baht)

| <u>Consolidated Financial Statements</u> |                      |                  |              |                          |                  |              |
|------------------------------------------|----------------------|------------------|--------------|--------------------------|------------------|--------------|
|                                          | <u>June 30, 2018</u> |                  |              | <u>December 31, 2017</u> |                  |              |
|                                          | Domestic             | Foreign Branches |              | Domestic                 | Foreign Branches |              |
|                                          | Business             | Business         |              | Business                 | Business         |              |
|                                          | <u>Segment</u>       | <u>Segment</u>   | <u>Total</u> | <u>Segment</u>           | <u>Segment</u>   | <u>Total</u> |
| Total assets                             | 2,755,999.97         | 57,093.01        | 2,813,092.98 | 2,804,573.24             | 55,231.82        | 2,859,805.06 |
| Interbank and money market items, net    | 499,410.19           | 21,803.70        | 521,213.89   | 529,284.84               | 20,384.69        | 549,669.53   |
| Investments, net*                        | 190,093.38           | 1,722.67         | 191,816.05   | 226,479.52               | 1,760.24         | 228,239.76   |
| Loans to customers and                   |                      |                  |              |                          |                  |              |
| accrued interest receivables, net        | 1,803,038.25         | 24,911.57        | 1,827,949.82 | 1,790,762.28             | 27,149.99        | 1,817,912.27 |
| Deposits                                 | 2,034,675.28         | 5,673.92         | 2,040,349.20 | 2,065,458.14             | 5,416.54         | 2,070,874.68 |
| Interbank and money market items, net    | 191,331.92           | 2,370.92         | 193,702.84   | 227,074.21               | 1,617.19         | 228,691.40   |
| Debt issued and borrowings               | 64,159.10            | 48,009.56        | 112,168.66   | 63,355.70                | 47,270.73        | 110,626.43   |

(Million Baht)

| <u>The Bank's Financial Statements</u> |                      |                  |              |                          |                  |              |
|----------------------------------------|----------------------|------------------|--------------|--------------------------|------------------|--------------|
|                                        | <u>June 30, 2018</u> |                  |              | <u>December 31, 2017</u> |                  |              |
|                                        | Domestic             | Foreign Branches |              | Domestic                 | Foreign Branches |              |
|                                        | Business             | Business         |              | Business                 | Business         |              |
|                                        | <u>Segment</u>       | <u>Segment</u>   | <u>Total</u> | <u>Segment</u>           | <u>Segment</u>   | <u>Total</u> |
| Total assets                           | 2,677,943.43         | 57,093.01        | 2,735,036.44 | 2,721,945.80             | 55,231.82        | 2,777,177.62 |
| Interbank and money market items, net  | 498,862.95           | 21,803.70        | 520,666.65   | 528,795.34               | 20,384.69        | 549,180.03   |
| Investments, net*                      | 185,179.35           | 1,722.67         | 186,902.02   | 218,249.60               | 1,760.24         | 220,009.84   |
| Loans to customers and                 |                      |                  |              |                          |                  |              |
| accrued interest receivables, net      | 1,739,645.76         | 24,911.57        | 1,764,557.33 | 1,726,193.81             | 27,149.99        | 1,753,343.80 |
| Deposits                               | 2,037,146.75         | 5,673.92         | 2,042,820.67 | 2,068,177.47             | 5,416.54         | 2,073,594.01 |
| Interbank and money market items, net  | 184,974.32           | 2,370.92         | 187,345.24   | 217,449.56               | 1,617.19         | 219,066.75   |
| Debt issued and borrowings             | 20,000.70            | 48,009.56        | 68,010.26    | 20,000.70                | 47,270.73        | 67,271.43    |

\* Included investments in subsidiaries and associates.

The consolidated and the Bank's financial statements as at June 30, 2018 and December 31, 2017, has total assets before eliminating net interbranch transactions of Baht 8,320.69 million and Baht 5,595.05 million, respectively.

**7.25 Significant Financial Position and Operations Classified by Domestic and Foreign Business Segment (Continued)****7.25.2 Operations Classified by Business Segment**

(Million Baht)

| <u>Consolidated Financial Statements</u>    |                      |                  |              |                      |                  |              |
|---------------------------------------------|----------------------|------------------|--------------|----------------------|------------------|--------------|
|                                             | <u>June 30, 2018</u> |                  |              | <u>June 30, 2017</u> |                  |              |
|                                             | Domestic             | Foreign Branches |              | Domestic             | Foreign Branches |              |
|                                             | Business             | Business         |              | Business             | Business         |              |
|                                             | <u>Segment</u>       | <u>Segment</u>   | <u>Total</u> | <u>Segment</u>       | <u>Segment</u>   | <u>Total</u> |
| Interest income                             | 58,677.20            | 2,179.83         | 60,857.03    | 61,151.81            | 2,448.82         | 63,600.63    |
| Interest expenses                           | (17,977.46)          | (1,540.63)       | (19,518.09)  | (18,003.12)          | (1,622.97)       | (19,626.09)  |
| Interest income, net                        | 40,699.74            | 639.20           | 41,338.94    | 43,148.69            | 825.85           | 43,974.54    |
| Fees and service income, net                | 11,963.85            | 29.68            | 11,993.53    | 11,436.47            | 39.72            | 11,476.19    |
| Other operating income                      | 5,535.91             | 62.59            | 5,598.50     | 5,409.96             | 16.20            | 5,426.16     |
| Other operating expenses                    | (39,308.49)          | (85.98)          | (39,394.47)  | (45,333.49)          | (261.59)         | (45,595.08)  |
| Operating profit before income tax expenses | 18,891.01            | 645.49           | 19,536.50    | 14,661.63            | 620.18           | 15,281.81    |

(Million Baht)

| <u>The Bank's Financial Statements</u>      |                      |                  |              |                      |                  |              |
|---------------------------------------------|----------------------|------------------|--------------|----------------------|------------------|--------------|
|                                             | <u>June 30, 2018</u> |                  |              | <u>June 30, 2017</u> |                  |              |
|                                             | Domestic             | Foreign Branches |              | Domestic             | Foreign Branches |              |
|                                             | Business             | Business         |              | Business             | Business         |              |
|                                             | <u>Segment</u>       | <u>Segment</u>   | <u>Total</u> | <u>Segment</u>       | <u>Segment</u>   | <u>Total</u> |
| Interest income                             | 51,936.34            | 2,179.83         | 54,116.17    | 54,439.63            | 2,448.82         | 56,888.45    |
| Interest expenses                           | (17,211.41)          | (1,540.63)       | (18,752.04)  | (17,213.16)          | (1,622.97)       | (18,836.13)  |
| Interest income, net                        | 34,724.93            | 639.20           | 35,364.13    | 37,226.47            | 825.85           | 38,052.32    |
| Fees and service income, net                | 9,687.97             | 29.68            | 9,717.65     | 9,605.76             | 39.72            | 9,645.48     |
| Other operating income                      | 4,189.83             | 62.59            | 4,252.42     | 3,713.02             | 16.20            | 3,729.22     |
| Other operating expenses                    | (32,938.54)          | (85.98)          | (33,024.52)  | (38,256.38)          | (261.59)         | (38,517.97)  |
| Operating profit before income tax expenses | 15,664.19            | 645.49           | 16,309.68    | 12,288.87            | 620.18           | 12,909.05    |

The consolidated and the Bank's financial statements for the six-month periods ended June 30, 2018 and 2017, has total assets before eliminating net interbranch transactions of Baht 1,474.32 million and Baht 1,566.95 million, respectively.

## 7.26 Operations Classified by Operating Segment

### Segment Definition

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

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

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

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 and etc.

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

### Accounting Procedures for Segment Reporting

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

(Million Baht)

| <u>Consolidated Financial Statements</u>            |                |                  |                     |                    |                    |                          |
|-----------------------------------------------------|----------------|------------------|---------------------|--------------------|--------------------|--------------------------|
| <u>June 30, 2018</u>                                |                |                  |                     |                    |                    |                          |
|                                                     | <u>Retail</u>  | <u>Wholesale</u> | <u>Treasury and</u> | <u>Support and</u> |                    |                          |
|                                                     | <u>Banking</u> | <u>Banking</u>   | <u>Investment</u>   | <u>Others</u>      | <u>Adjustments</u> | <u>Total</u>             |
| Total operating income                              | 25,746.60      | 15,731.24        | 4,128.76            | 13,323.74          | 0.63               | <sup>1</sup> 58,930.97   |
| Total expenses (excluding bad debts, doubtful       |                |                  |                     |                    |                    |                          |
| accounts and loss on impairment)                    | (16,330.60)    | (4,463.56)       | (1,398.44)          | (7,295.18)         | -                  | <sup>1</sup> (29,487.78) |
| Bad debts, doubtful accounts and loss on impairment | (896.48)       | (2,232.08)       | (22.57)             | (10,525.85)        | (0.63)             | (13,677.61)              |
| Net profit (loss)                                   | 8,519.52       | 9,035.60         | 2,707.75            | (4,497.29)         | -                  | 15,765.58                |
| Segment assets                                      | 1,017,397.77   | 1,024,751.80     | 102,267.03          | 645,555.89         | 14,799.80          | 2,804,772.29             |
| Segment liabilities                                 | 1,494,725.44   | 592,636.38       | 205,927.53          | 197,813.06         | 17,991.53          | 2,509,093.94             |

**7.26 Operations Classified by Operating Segment (Continued)**

(Million Baht)

| <u>Consolidated Financial Statements</u>            |                |                |                   |               |                    |                          |
|-----------------------------------------------------|----------------|----------------|-------------------|---------------|--------------------|--------------------------|
| <u>June 30, 2017</u>                                |                |                |                   |               |                    |                          |
|                                                     | Retail         | Wholesale      | Treasury and      | Support and   |                    |                          |
|                                                     | <u>Banking</u> | <u>Banking</u> | <u>Investment</u> | <u>Others</u> | <u>Adjustments</u> | <u>Total</u>             |
| Total operating income                              | 27,236.63      | 16,701.75      | 3,854.01          | 13,078.53     | 5.97               | <sup>1</sup> 60,876.89   |
| Total expenses (excluding bad debts, doubtful       |                |                |                   |               |                    |                          |
| accounts and loss on impairment)                    | (15,442.66)    | (1,298.54)     | (1,483.86)        | (8,779.79)    | (6.21)             | <sup>1</sup> (27,011.06) |
| Bad debts, doubtful accounts and loss on impairment | (2,138.38)     | (18,366.30)    | 676.50            | (1,509.99)    | 0.15               | (21,338.02)              |
| Net profit (loss)                                   | 9,655.59       | (2,963.09)     | 3,046.65          | 2,788.75      | (0.09)             | 12,527.81                |
| Segment assets                                      | 814,217.15     | 1,081,043.10   | 108,954.35        | 685,932.81    | (18,109.07)        | 2,672,038.34             |
| Segment liabilities                                 | 1,419,405.03   | 595,753.28     | 181,253.40        | 198,572.75    | (2,660.20)         | 2,392,324.26             |

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

**7.27 Interest Income**

(Million Baht)

|                                     | <u>Consolidated Financial Statements</u> |                      | <u>The Bank's Financial Statements</u> |                      |
|-------------------------------------|------------------------------------------|----------------------|----------------------------------------|----------------------|
|                                     | <u>June 30, 2018</u>                     | <u>June 30, 2017</u> | <u>June 30, 2018</u>                   | <u>June 30, 2017</u> |
| Interbank and money market items    | 5,379.10                                 | 5,155.07             | 5,379.01                               | 5,155.01             |
| Investment and trading transactions | 161.13                                   | 142.12               | 161.13                                 | 142.12               |
| Investment in debt                  | 1,696.58                                 | 2,017.33             | 1,695.39                               | 2,015.74             |
| Loans                               | 51,535.32                                | 53,652.07            | 45,348.68                              | 47,981.76            |
| Hire-purchase and finance lease     | 552.95                                   | 1,040.29             | 0.01                                   | 0.07                 |
| Others                              | 57.63                                    | 26.81                | 57.63                                  | 26.80                |
| Total interest income               | 59,382.71                                | 62,033.69            | 52,641.85                              | 55,321.50            |

**7.28 Interest Expenses**

(Million Baht)

|                                                  | <u>Consolidated Financial Statements</u> |                      | <u>The Bank's Financial Statements</u> |                      |
|--------------------------------------------------|------------------------------------------|----------------------|----------------------------------------|----------------------|
|                                                  | <u>June 30, 2018</u>                     | <u>June 30, 2017</u> | <u>June 30, 2018</u>                   | <u>June 30, 2017</u> |
| Deposits                                         | 9,674.76                                 | 9,982.75             | 9,681.40                               | 9,992.77             |
| Interbank and money market items                 | 1,377.84                                 | 1,248.24             | 1,344.26                               | 1,200.61             |
| Contributions to Bank of Thailand (BoT)          | 4,752.67                                 | 4,596.31             | 4,752.68                               | 4,596.31             |
| Contributions to Deposit Protection Agency (DPA) | 103.15                                   | 99.92                | 103.15                                 | 99.92                |
| Debt issued                                      |                                          |                      |                                        |                      |
| Subordinated notes                               | 2,071.37                                 | 2,104.81             | 1,342.15                               | 1,363.91             |
| B/E                                              | 0.45                                     | -                    | 0.45                                   | -                    |
| Borrowings                                       | 11.62                                    | 14.62                | 1.62                                   | 2.70                 |
| Others                                           | 51.91                                    | 12.49                | 52.01                                  | 12.96                |
| Total interest expenses                          | 18,043.77                                | 18,059.14            | 17,277.72                              | 17,269.18            |

**7.29 Fees and Service Income, Net**

(Million Baht)

|                                | <u>Consolidated Financial Statements</u> |                      | <u>The Bank's Financial Statements</u> |                      |
|--------------------------------|------------------------------------------|----------------------|----------------------------------------|----------------------|
|                                | <u>June 30, 2018</u>                     | <u>June 30, 2017</u> | <u>June 30, 2018</u>                   | <u>June 30, 2017</u> |
| Fees and service income        |                                          |                      |                                        |                      |
| Acceptance, aval and guarantee | 839.12                                   | 870.23               | 839.12                                 | 870.23               |
| Others                         | 14,020.68                                | 12,683.26            | 10,966.57                              | 10,159.02            |
| Total fees and service income  | 14,859.80                                | 13,553.49            | 11,805.69                              | 11,029.25            |
| Fees and service expenses      | (2,866.27)                               | (2,077.30)           | (2,088.04)                             | (1,383.77)           |
| Fees and service income, net   | 11,993.53                                | 11,476.19            | 9,717.65                               | 9,645.48             |

**7.30 Gains on Tradings and Foreign Exchange Transactions, Net**

(Million Baht)

|                                                                | <u>Consolidated Financial Statements</u> |                      | <u>The Bank's Financial Statements</u> |                      |
|----------------------------------------------------------------|------------------------------------------|----------------------|----------------------------------------|----------------------|
|                                                                | <u>June 30, 2018</u>                     | <u>June 30, 2017</u> | <u>June 30, 2018</u>                   | <u>June 30, 2017</u> |
| Gains (losses) on tradings and foreign exchange transactions   |                                          |                      |                                        |                      |
| Foreign currency and foreign currency related derivatives      | 2,333.60                                 | 1,296.28             | 2,333.53                               | 1,297.18             |
| Interest rate related derivatives                              | (315.80)                                 | 254.10               | (320.64)                               | 247.79               |
| Debt securities                                                | (317.61)                                 | 193.21               | (317.61)                               | 193.21               |
| Equity securities                                              | -                                        | 0.47                 | -                                      | 0.47                 |
| Others                                                         | 431.91                                   | (195.98)             | 431.91                                 | (195.98)             |
| Total gains on tradings and foreign exchange transactions, net | 2,132.10                                 | 1,548.08             | 2,127.19                               | 1,542.67             |

**7.31 Gain on Investments, Net**

(Million Baht)

|                                                   | <u>Consolidated Financial Statements</u> |                      | <u>The Bank's Financial Statements</u> |                      |
|---------------------------------------------------|------------------------------------------|----------------------|----------------------------------------|----------------------|
|                                                   | <u>June 30, 2018</u>                     | <u>June 30, 2017</u> | <u>June 30, 2018</u>                   | <u>June 30, 2017</u> |
| Gains on sale of                                  |                                          |                      |                                        |                      |
| Available-for-sale securities                     | 293.08                                   | 312.61               | 293.08                                 | 312.61               |
| General investments                               | 2.26                                     | 1.15                 | 2.26                                   | 1.15                 |
| Total                                             | 295.34                                   | 313.76               | 295.34                                 | 313.76               |
| Gains on investments in the liquidation associate |                                          |                      |                                        |                      |
| Reverse (losses) on impairment of                 |                                          |                      |                                        |                      |
| General investments                               | 8.86                                     | 12.65                | 8.86                                   | 12.65                |
| Investment in subsidiaries and associates         | -                                        | -                    | (0.10)                                 | (3.69)               |
| Total                                             | 8.86                                     | 12.65                | 8.76                                   | 8.96                 |
| Total gains on investments, net                   | 304.20                                   | 326.41               | 304.10                                 | 322.72               |

**7.32 Bad Debts, Doubtful Accounts, and Loss on Impairment**

(Million Baht)

|                                                            | <u>Consolidated Financial Statements</u> |                      | <u>The Bank's Financial Statements</u> |                      |
|------------------------------------------------------------|------------------------------------------|----------------------|----------------------------------------|----------------------|
|                                                            | <u>June 30, 2018</u>                     | <u>June 30, 2017</u> | <u>June 30, 2018</u>                   | <u>June 30, 2017</u> |
| Interbank and money market items                           | (1,743.03)                               | 2,011.66             | (1,743.03)                             | 2,011.66             |
| Available-for-sale debt securities                         | -                                        | -                    | -                                      | -                    |
| Held-to-maturity debt securities                           | 0.63                                     | (0.15)               | 0.63                                   | (0.15)               |
| Loans to customers                                         | 15,427.40                                | 19,253.76            | 12,250.42                              | 15,415.59            |
| Loss from troubled debt restructuring                      | (7.39)                                   | 72.75                | (7.39)                                 | 72.75                |
| Total bad debts, doubtful accounts, and loss on impairment | 13,677.61                                | 21,338.02            | 10,500.63                              | 17,499.85            |

### 7.33 Income Tax Expenses

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

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

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

|                                   |  | (Million Baht)                           |                                        |
|-----------------------------------|--|------------------------------------------|----------------------------------------|
|                                   |  | <u>Consolidated Financial Statements</u> | <u>The Bank's Financial Statements</u> |
|                                   |  | <u>June 30, 2018</u>                     | <u>June 30, 2017</u>                   |
|                                   |  | <u>June 30, 2018</u>                     | <u>June 30, 2017</u>                   |
| Current tax                       |  |                                          |                                        |
| Current period                    |  | 3,928.54                                 | 2,676.49                               |
| Deferred tax                      |  |                                          |                                        |
| Movement in temporary differences |  | (157.62)                                 | 77.51                                  |
| Total                             |  | <u>3,770.92</u>                          | <u>2,754.00</u>                        |

|                                                           |        | (Million Baht)                           |                      |
|-----------------------------------------------------------|--------|------------------------------------------|----------------------|
|                                                           |        | <u>Consolidated Financial Statements</u> |                      |
|                                                           |        | <u>June 30, 2018</u>                     | <u>June 30, 2017</u> |
|                                                           |        | <u>Tax Rate</u>                          | <u>Amount</u>        |
| Operating profit before income tax expenses               |        |                                          | 19,536.50            |
| Income tax calculated statutory tax rates                 | 20.00% |                                          | 3,907.30             |
| Tax effects of income and expenses                        |        |                                          |                      |
| that are not taxable and deductible for tax purposes, net |        |                                          | (136.38)             |
| Total                                                     | 19.30% |                                          | <u>3,770.92</u>      |

|                                                           |        | (Million Baht)                         |                      |
|-----------------------------------------------------------|--------|----------------------------------------|----------------------|
|                                                           |        | <u>The Bank's Financial Statements</u> |                      |
|                                                           |        | <u>June 30, 2018</u>                   | <u>June 30, 2017</u> |
|                                                           |        | <u>Tax Rate</u>                        | <u>Amount</u>        |
| Operating profit before income tax expenses               |        |                                        | 16,309.68            |
| Income tax calculated statutory tax rates                 | 20.00% |                                        | 3,261.94             |
| Tax effects of income and expenses                        |        |                                        |                      |
| that are not taxable and deductible for tax purposes, net |        |                                        | (228.78)             |
| Total                                                     | 18.60% |                                        | <u>3,033.16</u>      |

**7.34 Components of Other Comprehensive Income and Related Taxes**

Components of other comprehensive income and related taxes the six-month periods ended June 30, 2018 and 2017.

(Million Baht)

| <u>Consolidated Financial Statements</u>               |                      |                |                  |                      |                |                  |
|--------------------------------------------------------|----------------------|----------------|------------------|----------------------|----------------|------------------|
|                                                        | <u>June 30, 2018</u> |                |                  | <u>June 30, 2017</u> |                |                  |
|                                                        | Amount               | Tax (expense)  | Net amount       | Amount               | Tax (expense)  | Net amount       |
|                                                        | <u>before tax</u>    | <u>benefit</u> | <u>after tax</u> | <u>before Tax</u>    | <u>benefit</u> | <u>after tax</u> |
| Changes in revaluation surplus on assets               | -                    | -              | -                | (12.93)              | 2.59           | (10.34)          |
| Losses on remeasuring available-for-sale investments** | (1,909.78)           | 381.96         | (1,527.82)       | (328.42)             | 65.68          | (262.74)         |
| Gains (losses) arising from translating the            |                      |                |                  |                      |                |                  |
| financial statements of foreign operations             | (144.78)             | -              | (144.78)         | 4.63                 | -              | 4.63             |
| Actuarial losses on defined benefit plans* (Note 7.17) |                      |                |                  |                      |                |                  |
| Share of other comprehensive income from associates    | (4,266.51)           | 853.30         | (3,413.21)       | 745.50               | (149.10)       | 596.40           |
| Other comprehensive income                             | (6,321.07)           | 1,235.26       | (5,085.81)       | 408.78               | (80.83)        | 327.95           |

(Million Baht)

| <u>The Bank's Financial Statements</u>                 |                      |                |                  |                      |                |                  |
|--------------------------------------------------------|----------------------|----------------|------------------|----------------------|----------------|------------------|
|                                                        | <u>June 30, 2018</u> |                |                  | <u>June 30, 2017</u> |                |                  |
|                                                        | Amount               | Tax (expense)  | Net amount       | Amount               | Tax (expense)  | Net amount       |
|                                                        | <u>before tax</u>    | <u>benefit</u> | <u>after tax</u> | <u>before Tax</u>    | <u>benefit</u> | <u>after tax</u> |
| Changes in revaluation surplus on assets               | -                    | -              | -                | (12.93)              | 2.59           | (10.34)          |
| Gains on remeasuring available-for-sale investments**  | (1,916.46)           | 383.29         | (1,533.17)       | (328.42)             | 65.68          | (262.74)         |
| Gains (losses) arising from translating the            |                      |                |                  |                      |                |                  |
| financial statements of foreign operations             |                      |                |                  |                      |                |                  |
| Actuarial losses on defined benefit plans* (Note 7.17) | (144.78)             | -              | (144.78)         | 4.63                 | -              | 4.63             |
| Other comprehensive income                             | (2,061.24)           | 383.29         | (1,677.95)       | (336.72)             | 68.27          | (268.45)         |

\* Recorded in retained earnings

\*\* Included Gains (Losses) from reclassification of investments

### 7.35 Fair Value of Financial Instruments

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

(Million Baht)

| <u>Consolidated Financial Statements</u> |                      |                |                |              |                          |                |                |              |
|------------------------------------------|----------------------|----------------|----------------|--------------|--------------------------|----------------|----------------|--------------|
|                                          | <u>June 30, 2018</u> |                |                |              | <u>December 31, 2017</u> |                |                |              |
|                                          | <u>Level 1</u>       | <u>Level 2</u> | <u>Level 3</u> | <u>Total</u> | <u>Level 1</u>           | <u>Level 2</u> | <u>Level 3</u> | <u>Total</u> |
| <b>Assets instruments</b>                |                      |                |                |              |                          |                |                |              |
| Assets derivatives                       | -                    | 49,654.14      | -              | 49,654.14    | -                        | 33,833.40      | -              | 33,833.40    |
| Trading investments                      | -                    | 9,312.92       | -              | 9,312.92     | -                        | 8,483.91       | -              | 8,483.91     |
| Available-for-sale investments           | 48,300.68            | 111,214.23     | -              | 159,514.91   | 39,514.28                | 118,982.45     | -              | 158,496.73   |
| Total assets instruments                 | 48,300.68            | 170,181.29     | -              | 218,481.97   | 39,514.28                | 161,299.76     | -              | 200,814.04   |
| <b>Liabilities instruments</b>           |                      |                |                |              |                          |                |                |              |
| Liabilities derivatives                  | -                    | 46,804.85      | -              | 46,804.85    | -                        | 30,284.42      | -              | 30,284.42    |
| Total liabilities instruments            | -                    | 46,804.85      | -              | 46,804.85    | -                        | 30,284.42      | -              | 30,284.42    |

(Million Baht)

| <u>The Bank's Financial Statements</u> |                      |                |                |              |                          |                |                |              |
|----------------------------------------|----------------------|----------------|----------------|--------------|--------------------------|----------------|----------------|--------------|
|                                        | <u>June 30, 2018</u> |                |                |              | <u>December 31, 2017</u> |                |                |              |
|                                        | <u>Level 1</u>       | <u>Level 2</u> | <u>Level 3</u> | <u>Total</u> | <u>Level 1</u>           | <u>Level 2</u> | <u>Level 3</u> | <u>Total</u> |
| <b>Assets instruments</b>              |                      |                |                |              |                          |                |                |              |
| Assets derivatives                     | -                    | 49,658.42      | -              | 49,658.42    | -                        | 33,842.51      | -              | 33,842.51    |
| Trading investments                    | -                    | 9,312.92       | -              | 9,312.92     | -                        | 8,486.92       | -              | 8,486.92     |
| Available-for-sale investments         | 48,300.68            | 111,860.00     | -              | 160,160.68   | 39,514.28                | 118,982.45     | -              | 158,496.73   |
| Total assets instruments               | 48,300.68            | 170,831.34     | -              | 219,132.02   | 39,514.28                | 161,311.88     | -              | 200,826.16   |
| <b>Liabilities instruments</b>         |                      |                |                |              |                          |                |                |              |
| Liabilities derivatives                | -                    | 46,804.85      | -              | 46,804.85    | -                        | 30,284.42      | -              | 30,284.42    |
| Total liabilities instruments          | -                    | 46,804.85      | -              | 46,804.85    | -                        | 30,284.42      | -              | 30,284.42    |

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

#### Fair Value Hierarchy

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

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

### **7.35 Fair Value of Financial Instruments (Continued)**

#### **Valuation Techniques for Level 2**

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

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

Besides, by using valuation techniques the Bank has valuation adjustment in order to properly reflect related risk i.e. Credit Valuation Adjustment (CVA), liquidity risk of market is considered by Bid – offer Spread Adjustment and model risk used in the option valuation by currency guarantee program for SMEs.

### **7.36 Business Transaction within the Financial Business Group Policies and Risk Management Policies regarding Business Transaction within the Financial Business Group.**

The BOT's Notification No. SOR NOR SOR. 5/2560 and SOR NOR SOR. 9/2560 dated April 27, 2018, SOR NOR SOR. 8/2561 and SOR NOR SOR. 9/2561 dated April 11, 2018, and SOR NOR SOR. 12/2561 dated May 22, 2018, regarding the Consolidated Supervision Policy requires the Bank to disclose the business transaction within the financial business group policies and risk management policies are prepared as regulations to supervise business transaction within the financial business group, including the Bank and 11 companies within the financial business group (Note 7.5 except National ITMX Co., Ltd.), in terms of common standards and procedures which conform to the BoT's consolidated supervision policy. the business transaction within the financial business group policies and risk management policies regarding business transaction within the financial business group are approved by the Bank's board of directors and reviewed at least once a year. The policies also include transaction types, rules and regulations of business transactions, ratio of business transactions within the financial business group, capital group of financial group and other related operating procedures. Business transactions within the group are conducted in the same manner as public operations and follow the Bank's corporate governance.

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

### **7.37 Others**

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

### **7.37 Others**

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

On August 17, 2017, a defendant of the criminal suit of the Persons Holding Political Positions, who was not one of the default debtors, made a partial settlement of Baht 1,635.74 million to the Bank in relation to the criminal lawsuit. The Bank has accepted such payment, which is recorded the transaction as revenue from litigation compensation, and also sent a letter to this defendant demanding for further payment together with all other defendants to the Bank for the remaining compensation amount according to the order of the Criminal Division for Persons Holding Political Position of The Supreme Court. Moreover, The Legal Execution Department has re-open the auction for the collateral related to those criminal lawsuit, other bankruptcy lawsuit and civil lawsuit, since they've suspended those during June till August 2018.

For the civil lawsuit, the Bank still has the right to full suit and will continue debt collection process against all the default debtors according to the relevant judgements despite it is processing in the Court of Appeal.

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

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

### **7.38 Approval of the Financial Statements**

These financial statements have been authorized for issue by the Board of Directors on August 29, 2018.

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