



Ref. KTB.ACC. 2877 / 2016

November 14, 2016

The President

The Stock Exchange of Thailand

Bangkok

Dear Sir,

Re : Submission of the Financial Statements

Krung Thai Bank Public Company Limited (“The Bank”) hereby submits the reviewed financial statements of the Bank and its subsidiaries for the three-month period and the nine-month period ended September 30, 2016 together with the operating performance as follows:

The Bank and its subsidiaries’ operating results for the three-month period ended September 30, 2016 show the net interest income of Bt.21,595m, an increase of Bt.2,360m or 12.27% over the Bt.19,235m of the corresponding period of 2015. Net profit before income tax and allowance for doubtful accounts of Bt.18,400m shows an increase of Bt.1,358m or 7.97% over the Bt.17,042m of the corresponding period of 2015. After deducting income tax and allowance for doubtful accounts of Bt.9,454m, net profit is Bt.8,946m, an increase of Bt.3,347m or 59.78% over the Bt.5,599m of the corresponding period of 2015. Net profit attributable to Equity holders of the Bank is Bt.8,622m, an increase of Bt.3,275m or 61.25% over the Bt.5,347m of the corresponding period of 2015.

The Bank and its subsidiaries’ operating results for the nine-month period ended September 30, 2016 show the net interest income of Bt.65,113m, an increase of Bt.5,644m or 9.49% over the Bt.59,469m of the corresponding period of 2015. Net profit before income tax and allowance for doubtful accounts of Bt.55,367m shows an increase of Bt.6,946m or 14.35% over the Bt.48,421m of the corresponding period of 2015. After deducting income tax and allowance for doubtful accounts of Bt.29,589m, net profit is Bt.25,778m, an increase of Bt.3,276m or 14.56% over the Bt.22,502m of the corresponding period of 2015. Net profit attributable to Equity holders of the Bank is Bt.24,841m, an increase of Bt.3,117m or 14.35% over the Bt.21,724m of the corresponding period of 2015.

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The Bank and its subsidiaries' gross non-performing loans (NPLs) as at September 30, 2016 are Bt.98,421m, an increase of Bt.22,050m or 28.88% from Bt.76,371m as at December 31, 2015. The ratio of NPLs to loans increased to 4.24% compared with 3.20% as at December 31, 2015. Net non-performing loans (NPLs) are Bt.48,235m or 2.12% which the Bank and its subsidiaries have set aside allowance for doubtful accounts and loss on impairment of Bt.24,000m for the nine-month period ended September 30, 2016, an increase of Bt.2,307m or 10.63% compared to the corresponding period of 2015. The Bank set aside Bt.19,496m provision for bad debts, doubtful accounts and loss on impairment. In 3Q2016, the Bank set aside Bt.6,500m provision for bad debts, doubtful accounts and loss on impairment as a result of an increase in the Bank's monthly normalized provision from Bt.700m to Bt.1,000m, starting from 2016 onwards, to be consistent to the Bank's outstanding loans. Moreover, the Bank set aside additional provision of Bt.3,500m due to the Bank's asset quality trends.

The Banks and its subsidiaries' coverage ratio is 105.58%, a decrease from 112.55% as at December 31, 2015. While the Bank's coverage ratio is 104.52%, a decrease from 110.54% as at December 31, 2015.

Please be advised accordingly.

Sincerely yours,

(Signed) Payong Srivanich

Payong Srivanich

President

(TRANSLATION)

Auditor's Report on Review of Interim Financial Information

To the Shareholders of Krung Thai Bank Public Company Limited

The Office of the Auditor General of Thailand has reviewed the accompanying consolidated and the Bank's statements of financial position as at September 30, 2016 and the related consolidated and the Bank's statements of comprehensive income for the three-month and nine-month periods then ended, the related consolidated and the Bank's statements of changes in equity and the related consolidated and the Bank's statements of cash flows for the nine-month period then ended and the condensed notes to financial statements of Krung Thai Bank Public Company Limited and its subsidiaries, and of Krung Thai Bank Public Company Limited, respectively. The Bank's management is responsible for the preparation and presentation of this interim financial information in accordance with Thai Accounting Standard No. 34, "Interim Financial Reporting". The Office of the Auditor General of Thailand's responsibility is to express a conclusion on this interim financial information based on our reviews.

Scope of Review

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

Conclusion

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

(Signed) *Yupin Chalanonniwat*

(Mrs. Yupin Chalanonniwat)

Inspector General 1

(Signed) *Ratchanee Chohnakijkul*

(Ms. Ratchanee Chohnakijkul)

Director of Financial Audit Office No.2

Office of the Auditor General

November 11, 2016

(TRANSLATION)

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KRUNG THAI BANK PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
STATEMENTS OF FINANCIAL POSITION
AS AT 30 SEPTEMBER, 2016

(Thousand Baht)

	NOTE	CONSOLIDATED		THE BANK'S	
		FINANCIAL STATEMENTS		FINANCIAL STATEMENTS	
		SEPTEMBER 30, 2016	DECEMBER 31, 2015	SEPTEMBER 30, 2016	DECEMBER 31, 2015
		(UNAUDITED/ REVIEWED)	(AUDITED)	(UNAUDITED/ REVIEWED)	(AUDITED)
ASSETS					
CASH		63,838,856	71,470,113	63,743,908	71,294,408
INTERBANK AND MONEY MARKET ITEMS, NET		446,998,998	397,357,971	446,783,140	397,061,378
CLAIMS ON SECURITIES		24,296,500	13,494,400	24,296,500	13,494,400
DERIVATIVES ASSETS	6.2	24,853,048	34,039,142	24,883,874	34,088,515
INVESTMENTS, NET	6.3	221,614,250	247,081,663	221,323,556	246,811,058
INVESTMENTS IN SUBSIDIARIES AND ASSOCIATES, NET	6.4	18,352,286	14,650,374	10,664,593	10,664,593
LOANS TO CUSTOMERS AND ACCRUED INTEREST RECEIVABLES, NET	6.5				
LOANS TO CUSTOMERS		1,910,412,731	2,033,250,476	1,845,609,766	1,969,827,420
ACCRUED INTEREST RECEIVABLES		3,377,685	5,900,902	2,936,048	5,462,813
TOTAL LOANS TO CUSTOMERS AND ACCRUED INTEREST RECEIVABLES		1,913,790,416	2,039,151,378	1,848,545,814	1,975,290,233
LESS DEFERRED REVENUE		(4,359,634)	(5,810,002)	(158,889)	(165,766)
LESS ALLOWANCE FOR DOUBTFUL ACCOUNTS	6.6	(103,836,075)	(85,823,934)	(96,357,709)	(77,221,061)
LESS REVALUATION ALLOWANCE FOR DEBT RESTRUCTURING	6.7	(72,206)	(132,627)	(72,206)	(132,627)
TOTAL LOANS TO CUSTOMERS AND ACCRUED INTEREST RECEIVABLES, NET		1,805,522,501	1,947,384,815	1,751,957,010	1,897,770,779
CUSTOMERS' LIABILITIES UNDER ACCEPTANCES		66,887	1,567,806	66,887	1,567,806
PROPERTIES FOR SALE, NET	6.8	28,869,335	30,008,144	28,793,200	29,909,856
PREMISES AND EQUIPMENT, NET		27,366,091	26,354,526	25,267,614	21,376,845
OTHER INTANGIBLE ASSETS, NET		4,157,595	4,571,604	854,637	897,367
DEFERRED TAX ASSETS	6.9	5,267,502	6,996,109	3,184,358	5,020,583
ACCRUED INCOME		3,108,336	3,788,212	2,846,187	3,578,869
OTHER ASSETS, NET		14,865,267	16,564,767	12,602,354	15,071,377
TOTAL ASSETS		2,689,177,452	2,815,329,646	2,617,267,818	2,748,607,834
LIABILITIES AND EQUITY					
DEPOSITS		1,973,357,072	2,135,498,511	1,975,471,234	2,137,446,488
INTERBANK AND MONEY MARKET ITEMS, NET		209,366,299	194,242,842	196,980,265	177,701,199
LIABILITIES PAYABLE ON DEMAND		5,646,082	6,121,116	5,646,082	6,121,116
LIABILITIES TO DELIVER SECURITIES		24,296,500	13,494,400	24,296,500	13,494,400
DERIVATIVES LIABILITIES	6.2	27,202,977	37,232,572	27,202,977	37,234,793
DEBT ISSUED AND BORROWINGS	6.10	119,276,214	116,240,463	85,753,214	86,937,975
BANK'S LIABILITIES UNDER ACCEPTANCES		66,887	1,567,806	66,887	1,567,806
PROVISIONS		15,689,933	14,424,688	14,818,538	13,634,737
OTHER LIABILITIES		38,107,275	46,209,922	31,893,704	39,997,788
TOTAL LIABILITIES		2,413,009,239	2,565,032,320	2,362,129,401	2,514,136,302

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 SEPTEMBER, 2016

(Thousand Baht)

	NOTE	CONSOLIDATED		THE BANK'S	
		FINANCIAL STATEMENTS		FINANCIAL STATEMENTS	
		SEPTEMBER 30, 2016	DECEMBER 31, 2015	SEPTEMBER 30, 2016	DECEMBER 31, 2015
		(UNAUDITED/ REVIEWED)	(AUDITED)	(UNAUDITED/ REVIEWED)	(AUDITED)
LIABILITIES AND EQUITY (CONTINUED)					
EQUITY					
SHARE CAPITAL	6.11				
AUTHORIZED SHARE CAPITAL					
5,500,000 PREFERRED SHARES OF BAHT 5.15 EACH		28,325	28,325	28,325	28,325
13,976,061,250 ORDINARY SHARES OF BAHT 5.15 EACH		71,976,715	71,976,715	71,976,715	71,976,715
ISSUED AND PAID-UP SHARE CAPITAL					
5,500,000 PREFERRED SHARES OF BAHT 5.15 EACH		28,325	28,325	28,325	28,325
13,976,061,250 ORDINARY SHARES OF BAHT 5.15 EACH		71,976,715	71,976,715	71,976,715	71,976,715
PREMIUM ON SHARE CAPITAL					
PREMIUM ON ORDINARY SHARE		20,833,734	20,833,734	20,833,734	20,833,734
OTHER COMPONENTS OF EQUITY		21,787,726	10,643,441	13,655,435	6,407,413
RETAINED EARNINGS					
APPROPRIATED					
LEGAL RESERVE	6.12	7,200,504	7,200,504	7,200,504	7,200,504
UNAPPROPRIATED		149,412,924	135,200,033	141,443,704	128,024,841
TOTAL EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE BANK		271,239,928	245,882,752	255,138,417	234,471,532
NON-CONTROLLING INTEREST		4,928,285	4,414,574		
TOTAL EQUITY		276,168,213	250,297,326	255,138,417	234,471,532
TOTAL LIABILITIES AND EQUITY		2,689,177,452	2,815,329,646	2,617,267,818	2,748,607,834

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

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

(Signed) Payong Srivanich
PAYONG SRIVANICH
PRESIDENT

KRUNG THAI BANK PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
STATEMENTS OF INCOME AND OTHER COMPREHENSIVE INCOME
FOR THE THREE-MONTH PERIOD ENDED SEPTEMBER 30, 2016

UNAUDITED/
REVIEWED

(Thousand Baht)

	CONSOLIDATED		THE BANK'S	
	FINANCIAL STATEMENTS		FINANCIAL STATEMENTS	
	2016	2015	2016	2015
INTEREST INCOME	31,996,200	31,791,237	28,727,636	29,955,852
INTEREST EXPENSES	10,401,022	12,556,287	10,045,611	12,157,744
INTEREST INCOME, NET	21,595,178	19,234,950	18,682,025	17,798,108
FEES AND SERVICE INCOME	6,513,874	7,470,099	5,331,037	5,231,861
FEES AND SERVICE EXPENSES	920,969	709,520	539,964	539,802
FEES AND SERVICE INCOME, NET	5,592,905	6,760,579	4,791,073	4,692,059
GAINS ON TRADINGS AND FOREIGN EXCHANGE TRANSACTIONS, NET	1,850,738	1,688,026	1,821,548	1,692,992
GAINS (LOSSES) ON INVESTMENTS, NET	148,134	27,359	148,134	(279,942)
SHARE OF PROFIT FROM INVESTMENTS FOR USING EQUITY METHOD	744,059	508,700	-	-
DIVIDEND INCOME	145,603	97,832	2,020,603	2,197,832
OTHER OPERATING INCOME	1,460,906	956,738	746,310	287,176
TOTAL OPERATING INCOME	31,537,523	29,274,184	28,209,693	26,388,225
OTHER OPERATING EXPENSES				
EMPLOYEES' EXPENSES	6,842,846	6,548,134	5,515,797	5,308,958
DIRECTORS' REMUNERATION	13,957	13,772	10,510	8,516
PREMISES AND EQUIPMENT EXPENSES	2,205,022	2,291,167	1,280,802	1,302,170
TAXES AND DUTIES	1,123,112	1,255,775	1,006,697	1,151,719
OTHERS	2,952,490	2,124,044	3,579,091	2,680,288
TOTAL OTHER OPERATING EXPENSES	13,137,427	12,232,892	11,392,897	10,451,651
IMPAIRMENT LOSS OF LOANS AND DEBT SECURITIES	7,636,238	10,452,782	6,500,000	8,800,000
OPERATING PROFIT BEFORE INCOME TAX EXPENSES	10,763,858	6,588,510	10,316,796	7,136,574
INCOME TAX EXPENSES	1,818,154	989,513	1,592,122	845,406
NET PROFIT	8,945,704	5,598,997	8,724,674	6,291,168

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 INCOME AND OTHER COMPREHENSIVE INCOME (CONTINUED)
FOR THE THREE-MONTH PERIOD ENDED SEPTEMBER 30, 2016

UNAUDITED/
REVIEWED

(Thousand Baht)

	CONSOLIDATED		THE BANK'S	
	FINANCIAL STATEMENTS		FINANCIAL STATEMENTS	
	2016	2015	2016	2015
OTHER COMPREHENSIVE INCOME				
ITEMS THAT WILL BE RECLASSIFIED SUBSEQUENTLY TO PROFIT OR LOSS				
GAINS (LOSSES) ON REMEASURING AVAILABLE-FOR-SALE INVESTMENTS	(295,288)	(2,054,385)	(295,288)	(2,054,385)
GAINS (LOSSES) ARISING FROM TRANSLATING THE FINANCIAL STATEMENTS OF FOREIGN OPERATIONS	(8,050)	(37,576)	(8,050)	(37,576)
SHARE OF OTHER COMPREHENSIVE INCOME OF ASSOCIATES (EQUITY METHOD)				
FOR ITEMS THAT WILL BE RECLASSIFIED SUBSEQUENTLY TO PROFIT OR LOSS	(446,201)	141,510	-	-
RELATED INCOME TAX EXPENSES				
FOR ITEMS THAT WILL BE RECLASSIFIED SUBSEQUENTLY TO PROFIT OR LOSS	59,058	410,877	59,058	410,877
ITEMS THAT WILL NOT BE RECLASSIFIED SUBSEQUENTLY TO PROFIT OR LOSS				
CHANGES IN REVALUATION SURPLUS ON ASSETS	2,528,024	-	2,528,024	-
ACTUARIAL GAINS (LOSSES) ON DEFINED BENEFIT PLANS	-	(438,845)	-	(354,759)
RELATED INCOME TAX EXPENSES				
FOR ITEMS THAT WILL NOT BE RECLASSIFIED SUBSEQUENTLY TO PROFIT OR LOSS	(505,605)	87,769	(505,605)	70,953
OTHER COMPREHENSIVE INCOME, NET	1,331,938	(1,890,650)	1,778,139	(1,964,890)
TOTAL COMPREHENSIVE INCOME	10,277,642	3,708,347	10,502,813	4,326,278
NET PROFIT ATTRIBUTABLE				
EQUITY HOLDERS OF THE BANK	8,622,384	5,346,867	8,724,674	6,291,168
NON-CONTROLLING INTEREST	323,320	252,130	-	-
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE	8,954,322	3,456,217	10,502,813	4,326,278
EQUITY HOLDERS OF THE BANK	9,954,322	3,456,217	10,502,813	4,326,278
NON-CONTROLLING INTEREST	323,320	252,130	-	-
EARNINGS PER SHARE OF PARENT COMPANY				
BASIC EARNINGS PER SHARE (BAHT)	0.62	0.38	0.62	0.45
DILUTED EARNINGS PER SHARE (BAHT)	0.62	0.38	0.62	0.45

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

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

(Signed) Payong Srivanich
PAYONG SRIVANICH
PRESIDENT

(TRANSLATION)

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KRUNG THAI BANK PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
STATEMENTS OF INCOME AND OTHER COMPREHENSIVE INCOME
FOR THE NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2016

**UNAUDITED/
REVIEWED**

(Thousand Baht)

	NOTE	CONSOLIDATED		THE BANK'S	
		FINANCIAL STATEMENTS		FINANCIAL STATEMENTS	
		2016	2015	2016	2015
INTEREST INCOME	6.19	97,582,310	98,776,577	88,007,217	89,917,990
INTEREST EXPENSES	6.20	32,469,372	39,307,680	31,350,477	38,044,465
INTEREST INCOME, NET		65,112,938	59,468,897	56,656,740	51,873,525
FEES AND SERVICE INCOME		19,037,807	17,796,871	15,608,161	14,689,517
FEES AND SERVICE EXPENSES		2,905,276	2,099,211	1,902,134	1,632,599
FEES AND SERVICE INCOME, NET		16,132,531	15,697,660	13,706,027	13,056,918
GAINS ON TRADINGS AND FOREIGN EXCHANGE TRANSACTIONS, NET		5,366,536	4,694,829	5,350,748	4,734,613
GAINS ON INVESTMENTS, NET		722,197	632,894	722,197	(165,871)
SHARE OF PROFIT FROM INVESTMENTS FOR USING EQUITY METHOD		1,845,776	2,352,954	-	-
DIVIDEND INCOME		419,231	350,510	3,332,534	3,409,630
OTHER OPERATING INCOME		3,366,196	2,711,163	1,191,818	696,522
TOTAL OPERATING INCOME		92,965,405	85,908,907	80,960,064	73,605,337
OTHER OPERATING EXPENSES					
EMPLOYEES' EXPENSES		21,302,026	20,912,473	17,355,645	17,027,256
DIRECTORS' REMUNERATION		96,176	100,675	71,861	73,737
PREMISES AND EQUIPMENT EXPENSES		6,492,954	6,851,029	3,667,070	3,794,539
TAXES AND DUTIES		3,486,697	3,774,653	3,150,741	3,478,785
OTHERS		6,220,549	5,849,789	8,178,733	8,015,041
TOTAL OTHER OPERATING EXPENSES		37,598,402	37,488,619	32,424,050	32,389,358
IMPAIRMENT LOSS OF LOANS AND DEBT SECURITIES		24,000,482	21,692,501	19,496,306	16,600,000
OPERATING PROFIT BEFORE INCOME TAX EXPENSES		31,366,521	26,727,787	29,039,708	24,615,979
INCOME TAX EXPENSES	6.21	5,588,516	4,226,005	4,994,008	3,818,007
NET PROFIT		25,778,005	22,501,782	24,045,700	20,797,972

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 INCOME AND OTHER COMPREHENSIVE INCOME (CONTINUED)
FOR THE NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2016

UNAUDITED/
REVIEWED

(Thousand Baht)

	NOTE	CONSOLIDATED		THE BANK'S	
		FINANCIAL STATEMENTS		FINANCIAL STATEMENTS	
		2016	2015	2016	2015
OTHER COMPREHENSIVE INCOME					
ITEMS THAT WILL BE RECLASSIFIED SUBSEQUENTLY TO PROFIT OR LOSS					
GAINS (LOSSES) ON REMEASURING AVAILABLE-FOR-SALE INVESTMENTS		6,607,705	(2,067,433)	6,607,705	(2,067,433)
GAINS (LOSSES) ARISING FROM TRANSLATING THE FINANCIAL STATEMENTS OF FOREIGN OPERATIONS		(60,561)	(25,154)	(60,561)	(25,154)
SHARE OF OTHER COMPREHENSIVE INCOME OF ASSOCIATES (EQUITY METHOD)					
FOR ITEMS THAT WILL BE RECLASSIFIED SUBSEQUENTLY TO PROFIT OR LOSS		3,896,263	(169,077)	-	-
RELATED INCOME TAX EXPENSES					
FOR ITEMS THAT WILL BE RECLASSIFIED SUBSEQUENTLY TO PROFIT OR LOSS		(1,321,541)	413,487	(1,321,541)	413,487
ITEMS THAT WILL NOT BE RECLASSIFIED SUBSEQUENTLY TO PROFIT OR LOSS					
CHANGES IN REVALUATION SURPLUS ON ASSETS		2,528,024	(3,403)	2,528,024	(3,403)
ACTUARIAL GAINS (LOSSES) ON DEFINED BENEFIT PLANS		(1,332)	(375,414)	-	(369,018)
RELATED INCOME TAX EXPENSES					
FOR ITEMS THAT WILL NOT BE RECLASSIFIED SUBSEQUENTLY TO PROFIT OR LOSS		(505,339)	75,763	(505,605)	74,485
OTHER COMPREHENSIVE INCOME, NET		11,143,219	(2,151,231)	7,248,022	(1,977,036)
TOTAL COMPREHENSIVE INCOME		36,921,224	20,350,551	31,293,722	18,820,936
NET PROFIT ATTRIBUTABLE					
EQUITY HOLDERS OF THE BANK		24,840,794	21,724,424	24,045,700	20,797,972
NON-CONTROLLING INTEREST		937,211	777,358		
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE					
EQUITY HOLDERS OF THE BANK		35,984,013	19,573,193	31,293,722	18,820,936
NON-CONTROLLING INTEREST		937,211	777,358		
EARNINGS PER SHARE OF PARENT COMPANY					
BASIC EARNINGS PER SHARE (BAHT)		1.78	1.55	1.72	1.49
DILUTED EARNINGS PER SHARE (BAHT)		1.78	1.55	1.72	1.49

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

(Signed) Kittipong Kittayarak

KITTIPONG KITTAYARAK

CHAIRMAN OF THE AUDIT COMMITTEE

(Signed) Payong Srivanich

PAYONG SRIVANICH

PRESIDENT

(TRANSLATION)

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KRUNG THAI BANK PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
STATEMENTS OF CHANGES IN EQUITY
FOR THE NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2016

UNAUDITED/
REVIEWED

(Thousand Baht)

	CONSOLIDATED FINANCIAL STATEMENTS					RETAINED EARNINGS	TOTAL EQUITY ATTRIBUTABLE TO HOLDERS OF THE BANK	NON-CONTROLLING INTEREST	TOTAL
	ATTRIBUTABLE TO EQUITY HOLDERS OF THE BANK								
	ISSUED AND PAID-UP SHARE CAPITAL	PREMIUM ON SHARE CAPITAL	OTHER COMPONENTS OF EQUITY						
			APPRAISAL SURPLUS (DEFICIT) ON ASSETS	REVALUATION SURPLUS (DEFICIT) ON INVESTMENTS	GAIN (LOSS) FROM TRANSLATING THE FINANCIAL STATEMENTS				
BEGINNING BALANCE AS AT DECEMBER 31, 2014 (BEFORE RESTATED)	72,005,040	20,833,734	6,347,639	6,062,309	33,210	126,860,323	232,142,255	8	232,142,263
EFFECT FROM TFRS 10 CONSOLIDATED FINANCIAL STATEMENTS	-	-	-	-	-	-	-	3,724,385	3,724,385
BALANCE AFTER ADJUSTMENT AS AT DECEMBER 31, 2014	72,005,040	20,833,734	6,347,639	6,062,309	33,210	126,860,323	232,142,255	3,724,393	235,866,648
EFFECT FROM TFRS 13 FAIR VALUE MEASUREMENT	-	-	-	-	-	(197,533)	(197,533)	-	(197,533)
BALANCE AFTER ADJUSTMENT AS AT JANUARY 1, 2015	72,005,040	20,833,734	6,347,639	6,062,309	33,210	126,662,790	231,944,722	3,724,393	235,669,115
DIVIDEND PAID	-	-	-	-	-	(12,584,254)	(12,584,254)	(357,968)	(12,942,222)
TOTAL COMPREHENSIVE INCOME	-	-	(2,723)	(1,823,022)	(25,154)	21,424,092	19,573,193	777,358	20,350,551
ENDING BALANCE AS AT SEPTEMBER 30, 2015	72,005,040	20,833,734	6,344,916	4,239,287	8,056	135,502,628	238,933,661	4,143,783	243,077,444
BEGINNING BALANCE AS AT JANUARY 1, 2016	72,005,040	20,833,734	6,344,916	4,303,723	(5,198)	142,400,537	245,882,752	4,414,574	250,297,326
DIVIDEND PAID	-	-	-	-	-	(10,626,837)	(10,626,837)	(423,500)	(11,050,337)
TOTAL COMPREHENSIVE INCOME	-	-	2,022,419	9,182,427	(60,561)	24,839,728	35,984,013	937,211	36,921,224
ENDING BALANCE AS AT SEPTEMBER 30, 2016	72,005,040	20,833,734	8,367,335	13,486,150	(65,759)	156,613,428	271,239,928	4,928,285	276,168,213

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

KRUNG THAI BANK PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
STATEMENTS OF CHANGES IN EQUITY
FOR THE NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2016

**UNAUDITED/
REVIEWED**

(Thousand Baht)

	THE BANK'S FINANCIAL STATEMENTS					RETAINED EARNINGS	TOTAL
	ISSUED AND PAID-UP SHARE CAPITAL	PREMIUM ON SHARE CAPITAL	OTHER COMPONENTS OF EQUITY				
			APPRAISAL SURPLUS (DEFICIT) ON ASSETS	REVALUATION SURPLUS (DEFICIT) ON INVESTMENTS	GAIN (LOSS) FROM TRANSLATING THE FINANCIAL STATEMENTS		
BEGINNING BALANCE AS AT JANUARY 1, 2015 (BEFORE RESTATED)	72,005,040	20,833,734	6,347,639	2,825,983	33,210	121,807,064	223,852,670
EFFECT FROM TFRS 13 FAIR VALUE MEASUREMENT	-	-	-	-	-	(197,533)	(197,533)
BALANCE AFTER ADJUSTMENT AS AT JANUARY 1, 2015	72,005,040	20,833,734	6,347,639	2,825,983	33,210	121,609,531	223,655,137
DIVIDEND PAID	-	-	-	-	-	(12,584,254)	(12,584,254)
TOTAL COMPREHENSIVE INCOME	-	-	(2,723)	(1,653,946)	(25,154)	20,502,759	18,820,936
ENDING BALANCE AS AT SEPTEMBER 30, 2015	72,005,040	20,833,734	6,344,916	1,172,037	8,056	129,528,036	229,891,819
BEGINNING BALANCE AS AT JANUARY 1, 2016	72,005,040	20,833,734	6,344,916	67,695	(5,198)	135,225,345	234,471,532
DIVIDEND PAID	-	-	-	-	-	(10,626,837)	(10,626,837)
TOTAL COMPREHENSIVE INCOME	-	-	2,022,419	5,286,164	(60,561)	24,045,700	31,293,722
ENDING BALANCE AS AT SEPTEMBER 30, 2016	72,005,040	20,833,734	8,367,335	5,353,859	(65,759)	148,644,208	255,138,417

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

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

(Signed) Payong Srivanich
PAYONG SRIVANICH
 PRESIDENT

KRUNG THAI BANK PUBLIC COMPANY LIMITED AND SUBSIDIARIES

STATEMENTS OF CASH FLOWS

FOR THE NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2016

	(Thousand Baht)			
	CONSOLIDATED		THE BANK'S	
	FINANCIAL STATEMENTS		FINANCIAL STATEMENTS	
	2016	2015	2016	2015
CASH FLOWS FROM OPERATING ACTIVITIES				
OPERATING PROFIT BEFORE INCOME TAX EXPENSES	31,366,521	26,727,787	29,039,708	24,615,979
ADJUSTMENTS TO RECONCILE OPERATING PROFIT BEFORE INCOME TAX EXPENSES				
TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES				
DEPRECIATION AND AMORTIZATION EXPENSES	2,563,165	2,822,568	1,090,717	1,041,861
BAD DEBTS, DOUBTFUL ACCOUNTS AND LOSS ON IMPAIRMENT	24,000,482	21,692,501	19,496,306	16,600,000
SHARE OF PROFIT FROM INVESTMENTS FOR USING EQUITY METHOD	(1,845,776)	(2,352,954)	-	-
DIVIDEND RECEIVED FROM ASSOCIATES	2,040,128	2,388,905	-	-
LOSS (GAIN) ON DISPOSAL OF ASSETS	147,596	19,321	(220)	(242)
GAIN ON DISPOSAL OF INVESTMENTS	(696,148)	(578,796)	(696,148)	(578,796)
LOSS (GAIN) ON REVALUATION OF INVESTMENTS	30,332	(8,910)	30,332	(8,910)
LOSS (REVERSAL) ON IMPAIRMENT OF PROPERTIES FOR SALE	802,278	(125,235)	843,126	(85,723)
LOSS (REVERSAL) ON IMPAIRMENT OF INVESTMENTS	(26,050)	(54,097)	(26,049)	744,666
REVERSAL OF IMPAIRMENT OF PREMISES AND EQUIPMENT	(703,493)	-	(703,493)	-
REVERSAL OF IMPAIRMENT OF OTHER ASSETS	-	(7,761)	-	(7,761)
LOSS ON IMPAIRMENT OF OTHER ASSETS	53,352	79,660	53,352	79,660
AMORTIZATION OF DISCOUNT ON INVESTMENTS	(122,796)	(376,456)	(120,687)	(373,552)
LOSS (GAIN) ON FOREIGN CURRENCY TRANSLATION	(150,895)	210,593	(151,379)	210,289
INCREASE IN PROVISIONS	1,395,767	206,223	1,210,971	150,535
DECREASE (INCREASE) IN OTHER ACCRUED INCOME	(219,794)	252,122	(166,987)	251,847
DECREASE IN OTHER ACCRUED EXPENSES	(1,363,683)	(858,486)	(1,498,814)	(842,428)
	<u>57,270,986</u>	<u>50,036,985</u>	<u>48,400,735</u>	<u>41,797,425</u>
INTEREST INCOME, NET	(65,112,938)	(59,468,897)	(56,656,740)	(51,873,525)
DIVIDEND INCOME	(419,231)	(350,510)	(3,332,534)	(3,409,630)
PROCEEDS FROM INTEREST INCOME	101,248,101	99,205,485	91,676,556	90,351,624
CASH PAID ON INTEREST EXPENSES	(35,047,447)	(36,589,379)	(33,935,654)	(35,316,985)
PROCEEDS FROM DIVIDEND INCOME	419,231	350,510	3,332,534	3,409,630
CASH PAID ON INCOME TAX EXPENSES	(4,659,480)	(7,928,743)	(3,689,986)	(7,103,565)
OPERATING INCOME BEFORE CHANGES IN				
OPERATING ASSETS AND LIABILITIES	53,699,222	45,255,451	45,794,911	37,854,974
(INCREASE) DECREASE IN OPERATING ASSETS				
INTERBANK AND MONEY MARKET ITEMS	(49,883,932)	123,303,366	(49,964,666)	123,231,560
INVESTMENTS IN TRADING SECURITIES	17,986,724	5,745,427	17,966,971	5,745,427
LOANS TO CUSTOMERS	110,272,736	(33,109,740)	118,724,820	(29,167,048)
PROPERTIES FOR SALE	3,447,433	2,895,324	3,373,649	2,707,385
OTHER ASSETS	11,628,150	(34,631,947)	12,416,989	(34,528,656)
INCREASE (DECREASE) IN OPERATING LIABILITIES				
DEPOSITS	(162,141,439)	(78,508,168)	(161,975,254)	(78,078,128)
INTERBANK AND MONEY MARKET ITEMS	15,123,456	(5,326,001)	19,279,066	(15,064,894)
LIABILITIES PAYABLE ON DEMAND	(475,034)	(227,744)	(475,034)	(227,744)
DEBT ISSUED AND SHORT-TERM BORROWINGS	(69,041)	(28,094,054)	(1,174)	(14,805,000)
OTHER LIABILITIES	(16,084,242)	51,202,038	(15,665,321)	52,760,947
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	<u>(16,495,967)</u>	<u>48,503,952</u>	<u>(10,525,043)</u>	<u>50,428,823</u>

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

KRUNG THAI BANK PUBLIC COMPANY LIMITED AND SUBSIDIARIES

STATEMENTS OF CASH FLOWS (CONTINUED)

FOR THE NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2016

	(Thousand Baht)			
	CONSOLIDATED		THE BANK'S	
	FINANCIAL STATEMENTS		FINANCIAL STATEMENTS	
	2016	2015	2016	2015
CASH FLOWS FROM INVESTING ACTIVITIES				
PURCHASES OF AVAILABLE FOR SALE SECURITIES	(96,271,354)	(173,514,052)	(96,271,354)	(173,514,052)
PROCEEDS FROM DISPOSAL OF AVAILABLE FOR SALE SECURITIES	100,972,907	126,388,557	100,972,907	126,388,557
PURCHASES OF HELD TO MATURITY DEBT SECURITIES	(6,400,258)	(43,203,889)	(5,890,528)	(42,589,876)
PROCEEDS FROM DISPOSAL OF HELD TO MATURITY DEBT SECURITIES	15,534,355	34,984,667	15,062,355	34,376,666
PURCHASES OF GENERAL INVESTMENTS	(213,315)	(343,016)	(213,315)	(343,016)
PROCEEDS FROM DISPOSAL OF GENERAL INVESTMENTS	147,828	414,502	147,828	414,502
PURCHASES OF INTANGIBLE ASSETS	(217,392)	(687,455)	(57,898)	(273,214)
PURCHASES OF PREMISES AND EQUIPMENT	(1,067,277)	(950,523)	(873,463)	(737,882)
PROCEEDS FROM DISPOSAL OF PREMISES AND EQUIPMENT	1,981,614	163,153	408	328
NET CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES	<u>14,467,108</u>	<u>(56,748,056)</u>	<u>12,876,940</u>	<u>(56,277,987)</u>
CASH FLOWS FROM FINANCING ACTIVITIES				
PROCEEDS FROM DEBT ISSUED AND LONG-TERM BORROWINGS	13,305,000	11,898,950	1,355,000	9,584,400
REPAYMENTS OF DEBT ISSUED AND LONG-TERM BORROWINGS	(8,220,000)	(10,406,550)	(570,000)	(10,400,000)
DIVIDEND PAID-ORDINARY SHARE	(10,621,807)	(12,578,454)	(10,621,806)	(12,578,454)
DIVIDEND PAID-PREFERRED SHARE	(5,030)	(5,800)	(5,030)	(5,800)
NET CASH USED IN FINANCING ACTIVITIES	<u>(5,541,837)</u>	<u>(11,091,854)</u>	<u>(9,841,836)</u>	<u>(13,399,854)</u>
LOSS ARISING FROM TRANSLATING THE FINANCIAL STATEMENTS OF FOREIGN OPERATIONS	(60,561)	(25,154)	(60,561)	(25,154)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(7,631,257)	(19,361,112)	(7,550,500)	(19,274,172)
BEGINNING BALANCE OF CASH AND CASH EQUIVALENTS	71,470,113	74,769,982	71,294,408	74,585,231
ENDING BALANCE OF CASH AND CASH EQUIVALENTS	<u>63,838,856</u>	<u>55,408,870</u>	<u>63,743,908</u>	<u>55,311,059</u>

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

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

(Signed) Payong Srivanich
PAYONG SRIVANICH
PRESIDENT

KRUNG THAI BANK PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
NOTES TO THE INTERIM FINANCIAL STATEMENTS
FOR THE NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2016 (UNAUDITED/REVIEWED)

1. GENERAL INFORMATION

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

2. BASIS OF PRESENTATION OF THE FINANCIAL STATEMENTS

2.1 Preparation of the Interim Financial Statements

These interim financial statements are prepared in accordance with Thai Accounting Standard No. 34 (revised 2015) Interim Financial Reporting, by choosing to present the interim financial statements for transactions occurred on the statement of financial position, the statement of comprehensive income, the statement of changes in equity, and the statement of cash flows as on the annual financial statements. Notes to the interim financial statements disclosed significant information.

The interim financial statements are prepared to update the information from the financial statements for the year ended December 31, 2015. Accordingly, these interim financial statements should be used together with that mentioned financial statements.

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

The consolidated 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 January 22, 2001, regarding the Preparation and Submission of Financial Statements and Report on Financial Position and Results of Business Operations of Listed Companies, B.E. 2544 (2001). Moreover, these financial statements are prepared in conformity with generally accepted accounting principles, under Accounting Act B.E. 2543 (2000).

The Consolidated Financial Statements

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

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

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

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 nine-month periods ended September 30, 2016 and 2015 and for the year ended December 31, 2015 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, 2016. 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

The Bank uses the same accounting policies and estimation methods for the interim financial statements as for the financial statements for the year ended December 31, 2015.

4. Statutory Capital Fund

As at September 30, 2016 and December 31, 2015, 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>2016</u>	2015
	<u>More than %</u>	<u>Not less than %</u>
Tier 1 capital fund ratios - equity	5.125	4.5
Tier 1 capital fund ratios	6.625	6.0
Total capital fund ratios	9.125	8.5

4. 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>September 30, 2016</u>	<u>December 31, 2015</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	140,137.84	121,607.68
Other components of equity	17,182.66	8,818.54
Deduction items from Tier 1 capital fund - equity	(9,025.78)	(9,974.19)
Tier 1 capital fund - financial instruments	7,842.01	8,856.95
Total tier 1 capital fund	<u>256,176.01</u>	<u>229,348.26</u>
Tier 2 capital fund		
Long-term subordinated debt	52,098.48	52,098.48
Allowance for assets classified as pass	22,498.21	23,397.47
Total tier 2 capital fund	<u>74,596.69</u>	<u>75,495.95</u>
Total capital fund	<u><u>330,772.70</u></u>	<u><u>304,844.21</u></u>

	(Million Baht)	
	<u>The Bank's Financial Statements</u>	
	<u>September 30, 2016</u>	<u>December 31, 2015</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	134,179.80	117,518.67
Other components of equity	11,693.87	6,928.34
Deduction items from Tier 1 capital fund - equity	(5,157.91)	(6,840.30)
Tier 1 capital fund - financial instruments	6,382.26	7,445.97
Total tier 1 capital fund	<u>247,137.30</u>	<u>225,091.96</u>
Tier 2 capital fund		
Long-term subordinated debt	52,098.48	52,098.48
Allowance for assets classified as pass	21,065.27	22,430.16
Total tier 2 capital fund	<u>73,163.75</u>	<u>74,528.64</u>
Total capital fund	<u><u>320,301.05</u></u>	<u><u>299,620.60</u></u>

4. 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>September 30, 2016</u>	<u>December 31, 2015</u>	<u>September 30, 2016</u>	<u>December 31, 2015</u>
Tier 1 capital fund ratios - equity	12.45	10.74	12.81	11.06
Tier 1 capital fund ratios	12.85	11.17	13.15	11.43
Total capital fund ratios	16.59	14.85	17.04	15.22

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	www.ktb.co.th >Investor Relations>Financial Information>Pillar III Disclosures
Date of disclosure	October 31, 2016
Information as at	June 30, 2016

5. ESTIMATES AND ASSUMPTIONS

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

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

6. SUPPLEMENTARY INFORMATION**6.1 Supplementary Information of Cash Flows**

Significant non-cash items for the nine-month periods ended September 30, 2016 and 2015 are as follows:

	(Million Baht)			
	<u>Consolidated Financial Statements</u>		<u>The Bank's Financial Statements</u>	
	<u>September 30, 2016</u>	<u>September 30, 2015</u>	<u>September 30, 2016</u>	<u>September 30, 2015</u>
Increase (Decrease) in revaluation surplus on available-for-sale investments net income tax expenses	9,182.43	(1,823.02)	5,286.16	(1,653.95)
Increase in properties for sale from loan payment	3,100.12	2,173.15	3,100.12	2,173.15

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

(Million Baht)

Type of Risk	<u>Consolidated Financial Statements</u>					
	<u>September 30, 2016</u>			<u>December 31, 2015</u>		
	<u>Fair Value</u>		<u>Notional Amounts</u>	<u>Fair Value</u>		<u>Notional Amounts</u>
	<u>Assets</u>	<u>Liabilities</u>		<u>Assets</u>	<u>Liabilities</u>	
Exchange rate	15,714.97	18,474.68	1,689,822.49	26,687.47	30,064.91	1,655,572.33
Interest rate	5,230.87	4,779.55	869,458.61	4,466.88	4,244.51	729,036.66
Others	3,907.21	3,948.75	117,701.83	2,884.79	2,923.15	91,132.79
Total	24,853.05	27,202.98	2,676,982.93	34,039.14	37,232.57	2,475,741.78

(Million Baht)

Type of Risk	<u>The Bank's Financial Statements</u>					
	<u>September 30, 2016</u>			<u>December 31, 2015</u>		
	<u>Fair Value</u>		<u>Notional Amounts</u>	<u>Fair Value</u>		<u>Notional Amounts</u>
	<u>Assets</u>	<u>Liabilities</u>		<u>Assets</u>	<u>Liabilities</u>	
Exchange rate	15,714.97	18,474.68	1,689,822.49	26,687.63	30,067.13	1,655,818.68
Interest rate	5,261.69	4,779.55	871,644.49	4,516.09	4,244.51	732,469.36
Others	3,907.21	3,948.75	117,701.83	2,884.79	2,923.15	91,132.79
Total	24,883.87	27,202.98	2,679,168.81	34,088.51	37,234.79	2,479,420.83

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

Counterparty	<u>Consolidated Financial Statements</u>		<u>The Bank's Financial Statements</u>	
	<u>September 30, 2016</u>	<u>December 31, 2015</u>	<u>September 30, 2016</u>	<u>December 31, 2015</u>
	<u>Proportion</u>	<u>Proportion</u>	<u>Proportion</u>	<u>Proportion</u>
Financial institutions	80.64%	77.59%	80.57%	77.47%
Financial business group	0.14%	0.12%	0.22%	0.27%
Third parties	19.22%	22.29%	19.21%	22.26%
Total	100.00%	100.00%	100.00%	100.00%

6.3 Investments, Net

(Million Baht)

<u>Consolidated Financial Statements</u>								
<u>September 30, 2016</u>				<u>December 31, 2015</u>				
	Cost/ <u>Amortized Cost</u>	Unrealized <u>Gains</u>	Unrealized <u>Losses</u>	<u>Fair Value</u>	Cost/ <u>Amortized Cost</u>	Unrealized <u>Gains</u>	Unrealized <u>Losses</u>	<u>Fair Value</u>
6.3.1 Trading Securities								
Government & state enterprise securities								
	6,497.21	5.86	(17.66)	6,485.41	21,474.55	17.48	(0.10)	21,491.93
Private enterprise debt securities								
	1,215.73	0.61	(0.77)	1,215.57	2,028.49	0.93	(0.68)	2,028.74
Foreign debt securities								
	-	-	-	-	4,758.06	0.35	-	4,758.41
Domestic marketable equity securities								
	10.96	-	(0.39)	10.57	0.03	-	-	0.03
Total	7,723.90	6.47	(18.82)	7,711.55	28,261.13	18.76	(0.78)	28,279.11
<u>Add</u> Allowance for revaluation	(12.35)				17.98			
Total	7,711.55			7,711.55	28,279.11			28,279.11
6.3.2 Available-for-Sale Securities								
Government & state enterprise securities								
	60,325.35	80.37	(252.75)	60,152.97	82,686.81	24.95	(1,144.17)	81,567.59
Private enterprise debt securities								
	3,801.18	17.35	(3.05)	3,815.48	2,834.93	24.69	(0.38)	2,859.24
Foreign debt securities								
	20,720.07	26.24	(0.19)	20,746.12	2,580.28	0.86	(4.63)	2,576.51
Domestic marketable equity securities								
	4,984.12	6,965.75	(150.77)	11,799.10	5,015.82	1,322.63	(209.58)	6,128.87
Foreign marketable equity securities								
	529.69	9.19	-	538.88	542.01	66.26	-	608.27
Total	90,360.41	7,098.90	(406.76)	97,052.55	93,659.85	1,439.39	(1,358.76)	93,740.48
<u>Add</u> Allowance for revaluation	6,692.32				84.62			
<u>Less</u> Allowance for impairment	(0.18)				(3.99)			
Total	97,052.55			97,052.55	93,740.48			93,740.48

6.3 Investments, Net (Continued)

(Million Baht)

<u>Consolidated Financial Statements</u>								
<u>September 30, 2016</u>				<u>December 31, 2015</u>				
	Cost/ <u>Amortized Cost</u>	Unrealized <u>Gains</u>	Unrealized <u>Losses</u>	<u>Fair Value</u>	Cost/ <u>Amortized Cost</u>	Unrealized <u>Gains</u>	Unrealized <u>Losses</u>	<u>Fair Value</u>
6.3.3 Held-to-Maturity Debt Securities								
Government & state enterprise securities	99,547.39	2,609.22	(1,161.30)	100,995.31	106,180.23	2,527.01	(2,098.25)	106,608.99
Private enterprise debt securities	2,692.27	107.18	(36.02)	2,763.43	3,147.52	82.19	(36.02)	3,193.69
Foreign debt securities	13,954.59	88.24	-	14,042.83	15,174.40	-	-	15,174.40
Total	116,194.25	2,804.64	(1,197.32)	117,801.57	124,502.15	2,609.20	(2,134.27)	124,977.08
<u>Less</u> Allowance for impairment	(206.76)				(206.76)			
Total	115,987.49			117,801.57	124,295.39			124,977.08
6.3.4 General Investments								
Domestic non-marketable equity securities	1,970.43	-	(1,181.08)	789.35	1,900.07	-	(1,207.13)	692.94
Foreign non-marketable equity securities	72.44	-	-	72.44	73.74	-	-	73.74
Others	0.87	-	-	0.87	-	-	-	-
Total	2,043.74	-	(1,181.08)	862.66	1,973.81	-	(1,207.13)	766.68
<u>Less</u> Allowance for impairment	(1,181.08)				(1,207.13)			
Total	862.66			862.66	766.68			766.68
Total investments, net	221,614.25			223,428.33	247,081.66			247,763.35

(Million Baht)

<u>The Bank's Financial Statements</u>								
<u>September 30, 2016</u>				<u>December 31, 2015</u>				
	Cost/ <u>Amortized Cost</u>	Unrealized <u>Gains</u>	Unrealized <u>Losses</u>	<u>Fair Value</u>	Cost/ <u>Amortized Cost</u>	Unrealized <u>Gains</u>	Unrealized <u>Losses</u>	<u>Fair Value</u>
6.3.1 Trading Securities								
Government & state enterprise securities	6,497.21	5.86	(17.66)	6,485.41	21,474.55	17.48	(0.10)	21,491.93
Private enterprise debt securities	1,235.48	0.61	(0.77)	1,235.32	2,028.49	0.93	(0.68)	2,028.74
Foreign debt securities	-	-	-	-	4,758.06	0.35	-	4,758.41
Domestic marketable equity securities	10.96	-	(0.39)	10.57	0.03	-	-	0.03
Total	7,743.65	6.47	(18.82)	7,731.30	28,261.13	18.76	(0.78)	28,279.11
<u>Add</u> Allowance for revaluation	(12.35)				17.98			
Total	7,731.30			7,731.30	28,279.11			28,279.11

6.3 Investments, Net (Continued)

(Million Baht)

	<u>The Bank's Financial Statements</u>							
	<u>September 30, 2016</u>				<u>December 31, 2015</u>			
	Cost/ Amortized Cost	Unrealized Gains	Unrealized Losses	Fair Value	Cost/ Amortized Cost	Unrealized Gains	Unrealized Losses	Fair Value
6.3.2 Available-for-Sale Securities								
Government & state enterprise securities	60,325.35	80.37	(252.75)	60,152.97	82,686.81	24.95	(1,144.17)	81,567.59
Private enterprise debt securities	3,801.18	17.35	(3.05)	3,815.48	2,834.93	24.69	(0.38)	2,859.24
Foreign debt securities	20,720.07	26.24	(0.19)	20,746.12	2,580.28	0.86	(4.63)	2,576.51
Domestic marketable equity securities	4,984.12	6,965.75	(150.77)	11,799.10	5,015.82	1,322.63	(209.58)	6,128.87
Foreign marketable equity securities	529.69	9.19	-	538.88	542.01	66.26	-	608.27
Total	90,360.41	7,098.90	(406.76)	97,052.55	93,659.85	1,439.39	(1,358.76)	93,740.48
<u>Add</u> Allowance for revaluation	6,692.32				84.62			
<u>Less</u> Allowance for impairment	(0.18)				(3.99)			
Total	97,052.55			97,052.55	93,740.48			93,740.48
6.3.3 Held-to-Maturity Debt Securities								
Government & state enterprise securities	99,237.00	2,609.17	(1,161.30)	100,684.87	105,909.68	2,526.24	(2,098.25)	106,337.67
Private enterprise debt securities	2,692.27	107.18	(36.02)	2,763.43	3,147.52	82.19	(36.02)	3,193.69
Foreign debt securities	13,954.59	88.24	-	14,042.83	15,174.40	-	-	15,174.40
Total	115,883.86	2,804.59	(1,197.32)	117,491.13	124,231.60	2,608.43	(2,134.27)	124,705.76
<u>Less</u> Allowance for impairment	(206.76)				(206.76)			
Total	115,677.10			117,491.13	124,024.84			124,705.76
6.3.4 General Investments								
Domestic non-marketable equity securities	1,970.38	-	(1,181.08)	789.30	1,900.02	-	(1,207.13)	692.89
Foreign non-marketable equity securities	72.44	-	-	72.44	73.74	-	-	73.74
Others	0.87	-	-	0.87	-	-	-	-
Total	2,043.69	-	(1,181.08)	862.61	1,973.76	-	(1,207.13)	766.63
<u>Less</u> Allowance for impairment	(1,181.08)				(1,207.13)			
Total	862.61			862.61	766.63			766.63
Total investments, net	221,323.56			223,137.59	246,811.06			247,491.98

6.3 Investments, Net (Continued)

As at September 30, 2016 and December 31, 2015, held-to-maturity debt securities in government and state enterprise securities included promissory notes issued by the Thai Asset Management Corporation (TAMC) paid for the transfer of the Bank's impaired assets of Baht 2,653.48 million (Note 6.22) was already due in 2011. Currently, the Bank is requesting for an extension of the offsetting period between the amount of loss payable and the amount of promissory notes redemption together with interest receivable.

As at September 30, 2016 and December 31, 2015, general investments which are domestic non-marketable equity securities of Baht 1,970.38 million and Baht 1,900.02 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.

As at September 30, 2016 and December 31, 2015, the Bank had investments in foreign securities affected by foreign exchange rate, resulting in an increase of the carrying amount of Baht 14.89 million and Baht 756.39 million, respectively.

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>September 30, 2016</u>	<u>December 31, 2015</u>
Manufacturing	1.00	1.00
Public utilities and services	1,367.92	1,364.87
Others	23.11	23.11
Total	1,392.03	1,388.98

6.3.5 As at September 30, 2016, the Bank has investments in 2 listed companies in which its 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.

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

(Million Baht)

<u>September 30, 2016</u>					
<u>Name of Company</u>	<u>Type of Business</u>	<u>Type of Shares</u>	Percentages of Investments		
			<u>Shareholdings</u>	<u>(Cost Method)</u>	<u>Dividend</u>
Subsidiaries					
KTB Law Co., Ltd.	Legal Services	Ordinary	100.00	30.00	15.00
KTB General Services and Security Co., Ltd.	General Services	Ordinary	100.00	140.00	205.80
Krung Thai Asset Management Pcl.	Securities Business	Ordinary	100.00	210.90	205.00
KTB Computer Services Co., Ltd.	IT Services	Ordinary	100.00	1,300.00	13.00
KTB Leasing Co., Ltd. *	Hire Purchase	Ordinary	100.00	1,000.00	-
KTB Capital Holding Co., Ltd.**	Holding	Ordinary	100.00	1.00	-
KTB Advisory Co., Ltd.	Financial Counseling & Advisory Services	Ordinary	100.00	40.00	20.00
Krungthai Card Pcl.***	Credit Card Business	Ordinary	49.45	1,994.60	414.38
Total				4,716.50	873.18
<u>Less Allowance for impairment****</u>				(798.77)	
Total				3,917.73	873.18
Associates					
Krungthai-AXA Life Insurance Pcl.	Life Insurance	Ordinary	50.00	4,071.77	1,875.00
Krungthai Panich Insurance Pcl.	Non-Life Insurance	Ordinary	45.00	1,518.82	108.90
Krung Thai IBJ Leasing Co., Ltd.	Hire Purchase	Ordinary	49.00	87.38	34.20
KT Zmico Securities Co., Ltd.	Securities Business	Ordinary	50.00	1,068.89	22.02
Total				6,746.86	2,040.12
Investments in subsidiaries and associates, net				10,664.59	2,913.30

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

(Million Baht)

<u>December 31, 2015</u>					
<u>Name of Company</u>	<u>Type of Business</u>	<u>Type of Shares</u>	Percentages of Investments		
			<u>Shareholdings</u>	<u>(Cost Method)</u>	<u>Dividend</u>
Subsidiaries					
KTB Law Co., Ltd.	Legal Services	Ordinary	100.00	30.00	-
KTB General Services and Security Co., Ltd.	General Services	Ordinary	100.00	140.00	159.95
Krung Thai Asset Management Pcl.	Securities Business	Ordinary	100.00	210.90	150.00
KTB Computer Services Co., Ltd.	IT Services	Ordinary	100.00	1,300.00	-
KTB Leasing Co., Ltd. *	Hire Purchase	Ordinary	100.00	1,000.00	-
KTB Capital Holding Co., Ltd.**	Holding	Ordinary	100.00	1.00	-
KTB Advisory Co., Ltd.	Financial Counseling & Advisory Services	Ordinary	100.00	40.00	9.64
Krungthai Card Pcl.***	Credit Card Business	Ordinary	49.45	1,994.60	350.63
Total				4,716.50	670.22
<u>Less</u> Allowance for impairment****				(798.77)	
Total				3,917.73	670.22
Associates					
Krungthai-AXA Life Insurance Pcl.	Life Insurance	Ordinary	50.00	4,071.77	2,100.00
Krungthai Panich Insurance Pcl.	Non-Life Insurance	Ordinary	45.00	1,518.82	158.40
Krung Thai IBJ Leasing Co., Ltd.	Hire Purchase	Ordinary	49.00	87.38	37.48
KT Zmico Securities Co., Ltd.	Securities Business	Ordinary	50.00	1,068.89	217.67
Total				6,746.86	2,513.55
Investments in subsidiaries and associates, net				10,664.59	3,183.77

* In the process of consideration of incorporate the business into the Bank.

** Registered as the business dissolution on December 18, 2014 and withdrawn from the financial business group.

*** The Bank has entity control.

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

6.4 Investments in Subsidiaries and Associates, Net (Continued)**6.4.2 The Consolidated Financial Statements**

(Million Baht)

Name of Company	Type of Business	Type of Shares	Percentages of Shareholdings	September 30, 2016	
				Investments (Cost Method)	Investments (Equity Method)
Associates					
Krungthai-AXA Life Insurance Pcl.	Life Insurance	Ordinary	50.00	593.57	14,052.59
Krungthai Panich Insurance Pcl.	Non-Life Insurance	Ordinary	45.00	971.30	2,483.35
Krung Thai IBJ Leasing Co., Ltd.	Hire Purchase	Ordinary	49.00	87.38	550.13
KT Zmico Securities Co., Ltd.	Securities Business	Ordinary	50.00	1,068.89	1,266.22
Total investments in associates, net				2,721.14	18,352.29

(Million Baht)

Name of Company	Type of Business	Type of Shares	Percentages of Shareholdings	December 31, 2015	
				Investments (Cost Method)	Investments (Equity Method)
Associates					
Krungthai-AXA Life Insurance Pcl.	Life Insurance	Ordinary	50.00	593.57	10,636.05
Krungthai Panich Insurance Pcl.	Non-Life Insurance	Ordinary	45.00	971.30	2,320.28
Krung Thai IBJ Leasing Co., Ltd.	Hire Purchase	Ordinary	49.00	87.38	530.21
KT Zmico Securities Co., Ltd.	Securities Business	Ordinary	50.00	1,068.89	1,163.83
Total investments in associates, net				2,721.14	14,650.37

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

6.4.3 Financial Positions and Operations of Associates

(Million Baht)

Name of Company	Consolidated Financial Statements					
	September 30, 2016			December 31, 2015		
	Total Assets	Total Liabilities	Shareholders' Equity	Total Assets	Total Liabilities	Shareholders' Equity
	<u>"Unreviewed"</u>			<u>"Audited"</u>		
Krung Thai IBJ Leasing Co., Ltd.	8,717.06	7,594.35	1,122.71	7,372.60	6,291.02	1,081.58
KT Zmico Securities Co., Ltd.	9,088.91	6,556.48	2,532.43	6,390.20	4,052.89	2,337.31
Krungthai Panich Insurance Pcl.	8,413.78	2,895.22	5,518.56	8,457.42	3,334.69	5,122.73
Krungthai-AXA Life Insurance Pcl.	205,533.41	177,428.23	28,105.18	170,559.77	149,293.22	21,266.55
	231,753.16	194,474.28	37,278.88	192,779.99	162,971.82	29,808.17

6.4 Investments in Subsidiaries and Associates, Net (Continued)**6.4.3 Financial Positions and Operations of Associates (Continued)**

(Million Baht)

Name of Company	Consolidated Financial Statements			
	September 30, 2016		September 30, 2015	
	"Unreviewed"		"Reviewed"	
	Total Income	Net Profit (Loss)	Total Income	Net Profit (Loss)
Krung Thai IBJ Leasing Co., Ltd.	494.57	110.93	395.75	104.81
KT Zmico Securities Co., Ltd.	1,450.49	258.06	1,330.99	189.46
Krungthai Panich Insurance Pcl.	2,273.20	511.33	2,004.25	470.40
Krungthai-AXA Life Insurance Pcl.	46,139.59	2,921.44	44,705.88	3,982.85
	<u>50,357.85</u>	<u>3,801.76</u>	<u>48,436.87</u>	<u>4,747.52</u>

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

(Million Baht)

	Consolidated Financial Statements		The Bank's Financial Statements	
	September 30, 2016	December 31, 2015	September 30, 2016	December 31, 2015
Overdrafts	173,423.68	169,685.27	173,423.68	169,685.27
Loans	1,304,598.54	1,365,738.42	1,278,926.94	1,352,350.50
Bills	384,221.68	438,972.98	391,621.68	446,452.97
Hire purchase receivables	37,093.12	46,299.18	6.70	19.65
Financial lease receivables	8,491.63	9,659.13	-	-
Others	2,584.08	2,895.50	1,630.77	1,319.03
<u>Less</u> Deferred revenue	<u>(4,359.63)</u>	<u>(5,810.00)</u>	<u>(158.89)</u>	<u>(165.76)</u>
Total loans to customers net of deferred revenue	1,906,053.10	2,027,440.48	1,845,450.88	1,969,661.66
<u>Add</u> Accrued interest receivables	<u>3,377.69</u>	<u>5,900.90</u>	<u>2,936.05</u>	<u>5,462.81</u>
Total loans to customers net of deferred revenue, plus accrued interest receivables	1,909,430.79	2,033,341.38	1,848,386.93	1,975,124.47
<u>Less</u> Allowance for doubtful accounts				
1. Minimum reserve under BoT's regulations				
Individual approach	(72,184.60)	(57,979.33)	(70,656.79)	(55,397.83)
Collective approach	(3,968.82)	(3,957.69)	-	-
2. Excess allowance	(27,682.66)	(23,886.91)	(25,700.92)	(21,823.23)
<u>Less</u> Revaluation allowance for debt restructuring	<u>(72.21)</u>	<u>(132.63)</u>	<u>(72.21)</u>	<u>(132.63)</u>
Total loans to customers, net	<u>1,805,522.50</u>	<u>1,947,384.82</u>	<u>1,751,957.01</u>	<u>1,897,770.78</u>

As at September 30, 2016 and December 31, 2015, the Bank's other loans of Baht 1,630.77 million and Baht 1,319.03 million included debts resulting from the Bank's liabilities under acceptances or guarantees of Baht 1,560.29 million and Baht 1,267.36 million, respectively.

6.5 Loans to Customers and Accrued Interest Receivables, Net (Continued)**6.5.2 Classified by Loan Classification**

(Million Baht)

	<u>Consolidated Financial Statements</u>			
	<u>September 30, 2016</u>			
		Net Amount		%
	Loans and Accrued Interest <u>Receivables</u>	Used for Set aside the Allowance for <u>Doubtful Accounts</u> ¹	Used for Set aside the Allowance for <u>Doubtful Accounts</u> ²	Allowance for Doubtful <u>Accounts</u>
1. Minimum reserve under BoT's regulations				
Normal	1,766,247.34	868,725.52	1	16,888.21
Special mention	44,518.69	18,747.57	2	9,016.25
Substandard	14,215.32	6,118.80	100	6,768.44
Doubtful	31,368.57	19,107.27	100	19,923.77
Doubtful of loss	53,080.87	18,930.06	100	23,556.75
2. Excess allowance				27,682.66
Total	1,909,430.79	931,629.22		103,836.08

(Million Baht)

	<u>Consolidated Financial Statements</u>			
	<u>December 31, 2015</u>			
		Net Amount		%
	Loans and Accrued Interest <u>Receivables</u>	Used for Set aside the Allowance for <u>Doubtful Accounts</u> ¹	Used for Set aside the Allowance for <u>Doubtful Accounts</u> ²	Allowance for Doubtful <u>Accounts</u>
1. Minimum reserve under BoT's regulations				
Normal	1,904,474.38	911,787.92	1	15,163.11
Special mention	52,246.00	24,455.63	2	11,014.83
Substandard	18,724.70	8,962.59	100	8,975.04
Doubtful	19,083.34	9,696.14	100	9,715.25
Doubtful of loss	38,812.96	12,461.90	100	17,068.79
2. Excess allowance				23,886.91
Total	2,033,341.38	967,364.18		85,823.93

(Million Baht)

	<u>The Bank's Financial Statements</u>			
	<u>September 30, 2016</u>			
		Net Amount		%
	Loans and Accrued Interest <u>Receivables</u>	Used for Set aside the Allowance for <u>Doubtful Accounts</u> ¹	Used for Set aside the Allowance for <u>Doubtful Accounts</u> ²	Allowance for Doubtful <u>Accounts</u>
1. Minimum reserve under BoT's regulations				
Normal	1,712,961.86	849,882.99	1	15,060.28
Special mention	41,030.70	17,128.00	2	8,444.52
Substandard	12,787.49	5,501.71	100	6,151.35
Doubtful	30,725.45	18,783.29	100	19,599.79
Doubtful of loss	50,881.43	16,774.17	100	21,400.85
2. Excess allowance				25,700.92
Total	1,848,386.93	908,070.16		96,357.71

6.5 Loans to Customers and Accrued Interest Receivables, Net (Continued)**6.5.2 Classified by Loan Classification (Continued)**

(Million Baht)

	<u>The Bank's Financial Statements</u>			
	<u>December 31, 2015</u>			
	Net Amount		%	
	Loans and Accrued Interest Receivables	Used for Set aside the Allowance for Doubtful Accounts ¹	Used for Set aside the Allowance for Doubtful Accounts	Allowance for Doubtful Accounts
1. Minimum reserve under BoT's regulations				
Normal	1,854,818.37	904,151.53	1	13,190.30
Special mention	48,212.45	22,878.69	2	10,240.94
Substandard	17,736.65	8,400.72	100	8,413.17
Doubtful	18,393.58	9,313.53	100	9,332.64
Doubtful of loss	35,963.42	9,613.89	100	14,220.78
2. Excess allowance				21,823.23
Total	1,975,124.47	954,358.36		77,221.06

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

² Included loss rate net of recovery.

6.5.3 Non-Performing Loans (NPLs)

As at September 30, 2016 and December 31, 2015, 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>September 30, 2016</u>	<u>December 31, 2015</u>	<u>September 30, 2016</u>	<u>December 31, 2015</u>
NPLs before deducting allowance for doubtful accounts	98,421.14	76,370.98	94,153.65	71,847.55
NPLs percentage of total loans before deducting allowance				
for doubtful accounts	4.24	3.20	4.16	3.09
NPLs after deducting allowance for doubtful accounts	48,235.49	40,611.90	47,062.08	39,880.96
NPLs percentage of net loans before deducting allowance				
for doubtful accounts	2.12	1.73	2.13	1.74

For the nine-month period ended September 30, 2016 and for the year ended December 31, 2015, impaired loans have been written off both principal and accrued interest receivables of Baht 719.64 million and Baht 17,326.10 million, respectively.

6.5 Loans to Customers and Accrued Interest Receivables, Net (Continued)**6.5.4 Non-Accrual Loans based on the Accrual Basis**

As at September 30, 2016 and December 31, 2015, the Bank and its subsidiaries have non-accrual loans based on the accrual basis and comply with the BoT's regulations as follows:

	<u>Consolidated Financial Statements</u>		<u>The Bank's Financial Statements</u>	
	<u>September 30, 2016</u>	<u>December 31, 2015</u>	<u>September 30, 2016</u>	<u>December 31, 2015</u>
Non-accrual loans	98,421.14	76,370.98	94,153.65	71,847.55
Percentage of total loans before deducting allowance				
for doubtful accounts	4.24	3.20	4.16	3.09

6.5.5 Loans to Potential Delisted Companies

As at September 30, 2016 and December 31, 2015, the Bank has loans and accrued interest receivables to 3 potential delisted companies of Baht 10,869.59 million, accrued interest receivables of Baht 0.05 million, totaling to Baht 10,869.64 million which an allowance for doubtful accounts of Baht 7,460.44 million in accordance with the BoT's notifications for loan classification. Moreover, there are 2 potential delisted companies of Baht 163.85 million, accrued interest receivables of Baht 0.03 million, totaling to Baht 163.88 million, respectively.

6.5.6 Troubled Debt Restructuring (TDR)

For the nine-month period ended September 30, 2016 and for the year ended December 31, 2015, the Bank entered into 8,732 and 10,072 debt restructuring agreements with original loan value of Baht 32,764.60 million and Baht 41,422.74 million. The repayment for related interest and principal are Baht 8,462.13 million and Baht 17,999.37 million, whereas extended lending increased by Baht 1,123.49 million and Baht 13,174.23 million. Bad debts from troubled debt restructuring are Baht 25.23 million and Baht 25.73 million, respectively.

TDR for the nine-month period ended September 30, 2016 is set out as follows:

<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	12	559.57	Land & Premises	545.41
Change of repayment conditions	401	8,031.28		
Debt restructuring in various forms	8,319	24,173.75		
	<u>8,732</u>	<u>32,764.60</u>		

As at September 30, 2016, the Bank has outstanding balance of loans to restructured debts for 33,428 cases of Baht 114,261.35 million, of which 8,475 cases of Baht 10,162.00 million, has been monitored under the new contractual agreements.

The consolidated financial statements for the nine-month period ended September 30, 2016, the Bank restructured debts of 9,027 cases which the debts before restructuring were Baht 34,082.46 million.

6.5 Loans to Customers and Accrued Interest Receivables, Net (Continued)**6.5.6 Troubled Debt Restructuring (TDR) (Continued)**

TDR for the year ended December 31, 2015 was set out as follows:

<u>Troubled Debt Restructuring Methods</u>	<u>No. of Cases</u>	<u>The Bank's Financial Statements</u>		
		<u>Outstanding Debt before Restructuring</u>	<u>Type of Transferred Assets</u>	<u>Fair Value</u>
Transfers of assets	43	1,484.12	Land & Premises	1,468.82
Change of repayment conditions	813	18,972.40		
Debt restructuring in various forms	9,216	20,966.22		
		<u>10,072</u>		<u>41,422.74</u>

As at December 31, 2015 the Bank has outstanding balance of loans to restructured debts for 29,241 cases of Baht 103,262.54 million, of which 2,969 cases of Baht 9,117.39 million, has been monitored under the new contractual agreements.

The consolidated financial statements for the year ended December 31, 2015, the Bank restructured debts of 10,560 cases which the debts before restructuring were Baht 43,871 million.

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

	<u>Consolidated Financial Statements</u>							
	<u>September 30, 2016</u>				<u>December 31, 2015</u>			
	<u>Amount Due of the Contract</u>				<u>Amount Due of the Contract</u>			
	<u>Not Over 1 Year</u>	<u>Over 1 - 5 Years</u>	<u>Over 5 Years</u>	<u>Total</u>	<u>Not Over 1 Year</u>	<u>Over 1 - 5 Years</u>	<u>Over 5 Years</u>	<u>Total</u>
Gross investment of leases payment	20,345.11	24,734.10	505.54	45,584.75	21,986.09	33,062.60	909.62	55,958.31
<u>Less</u> Unearned financial income				(4,202.79)				(5,649.36)
Present value of minimum leases payment				41,381.96				50,308.95
<u>Less</u> Allowance for doubtful accounts				(1,780.54)				(2,001.53)
Financial lease receivables, net				<u>39,601.42</u>				<u>48,307.42</u>

6.5 Loans to Customers and Accrued Interest Receivables, Net (Continued)**6.5.7 Financial Lease Receivables (Including Hire Purchase Receivables and Financial Lease Receivables) (Continued)**

(Million Baht)

	<u>The Bank's Financial Statements</u>							
	<u>September 30, 2016</u>				<u>December 31, 2015</u>			
	<u>Amount Due of the Contract</u>				<u>Amount Due of the Contract</u>			
	Not Over <u>1 Year</u>	Over <u>1 - 5 Years</u>	Over <u>5 Years</u>	<u>Total</u>	Not Over <u>1 Year</u>	Over <u>1 - 5 Years</u>	Over <u>5 Years</u>	<u>Total</u>
Gross investment of leases payment	6.64	0.06	-	6.70	14.16	5.49	-	19.65
<u>Less</u> Unearned financial income				(0.71)				(2.05)
Present value of minimum leases payment				5.99				17.60
<u>Less</u> Allowance for doubtful accounts				(3.33)				(3.49)
Financial lease receivables, net				<u>2.66</u>				<u>14.11</u>

6.6 Allowance for Doubtful Accounts

(Million Baht)

	<u>Consolidated Financial Statements</u>						
	<u>September 30, 2016</u>						
					Allowance in Excess of		
	<u>Normal</u>	<u>Special Mention</u>	<u>Substandard</u>	<u>Doubtful</u>	<u>Doubtful of Loss</u>	<u>BoT's Regulations</u>	<u>Total</u>
Beginning balances	15,163.11	11,014.83	8,975.04	9,715.25	17,068.79	23,886.91	85,823.93
Doubtful accounts	1,772.91	(1,433.72)	931.00	10,608.87	8,216.00	3,795.75	23,890.81
Allowance for doubtful accounts transferred from (to) allowance for debt restructuring revaluation	-	-	-	-	60.42	-	60.42
Bad debt recovered	-	-	-	-	910.25	-	910.25
Bad debt written-off	(161.10)	(564.86)	(3,137.60)	(400.35)	(2,073.74)	-	(6,337.65)
Others	113.29	-	-	-	(624.97)	-	(511.68)
Ending balances	<u>16,888.21</u>	<u>9,016.25</u>	<u>6,768.44</u>	<u>19,923.77</u>	<u>23,556.75</u>	<u>27,682.66</u>	<u>103,836.08</u>

6.6 Allowance for Doubtful Accounts (Continued)

(Million Baht)

	<u>Consolidated Financial Statements</u>						
	<u>December 31, 2015</u>						
	<u>Normal</u>	<u>Special Mention</u>	<u>Substandard</u>	<u>Doubtful</u>	<u>Doubtful of Loss</u>	<u>Allowance in Excess of BoT's Regulations</u>	<u>Total</u>
Beginning balances	11,942.23	12,545.24	6,583.96	5,137.47	14,983.97	24,714.56	75,907.43
Allowance for doubtful accounts	3,070.51	(986.26)	6,425.44	4,907.87	17,822.99	(827.65)	30,412.90
Allowance for doubtful accounts transferred from (to) allowance for debt restructuring revaluation	-	-	-	-	(19.41)	-	(19.41)
Bad debt recovered	-	-	-	-	1,947.41	-	1,947.41
Bad debt written-off	(156.71)	(544.15)	(4,034.36)	(330.09)	(17,718.39)	-	(22,783.70)
Others	307.08	-	-	-	52.22	-	359.30
Ending balances	15,163.11	11,014.83	8,975.04	9,715.25	17,068.79	23,886.91	85,823.93

(Million Baht)

	<u>The Bank's Financial Statements</u>						
	<u>September 30, 2016</u>						
	<u>Normal</u>	<u>Special Mention</u>	<u>Substandard</u>	<u>Doubtful</u>	<u>Doubtful of Loss</u>	<u>Allowance in Excess of BoT's Regulations</u>	<u>Total</u>
Beginning balances	13,190.30	10,240.94	8,413.17	9,332.64	14,220.78	21,823.23	77,221.06
Allowance for doubtful accounts	1,756.69	(1,796.42)	(2,261.82)	10,267.15	7,656.71	3,877.69	19,500.00
Allowance for doubtful accounts transferred from (to) allowance for debt restructuring revaluation	-	-	-	-	60.42	-	60.42
Bad debt recovered	-	-	-	-	807.55	-	807.55
Bad debt written-off	-	-	-	-	(719.64)	-	(719.64)
Others	113.29	-	-	-	(624.97)	-	(511.68)
Ending balances	15,060.28	8,444.52	6,151.35	19,599.79	21,400.85	25,700.92	96,357.71

6.6 Allowance for Doubtful Accounts (Continued)

(Million Baht)

	<u>The Bank's Financial Statements</u>						
	<u>December 31, 2015</u>						
	<u>Normal</u>	<u>Special Mention</u>	<u>Substandard</u>	<u>Doubtful</u>	<u>Doubtful of Loss</u>	<u>Allowance in Excess of BoT's Regulations</u>	<u>Total</u>
Beginning balances	10,229.75	11,805.67	5,942.23	4,775.24	12,814.80	22,801.99	68,369.68
Allowance for doubtful accounts	2,653.47	(1,564.73)	2,470.94	4,557.40	16,861.68	(978.76)	24,000.00
Allowance for doubtful accounts transferred from (to) allowance for debt restructuring revaluation	-	-	-	-	(19.41)	-	(19.41)
Bad debt recovered	-	-	-	-	1,837.59	-	1,837.59
Bad debt written-off	-	-	-	-	(17,326.10)	-	(17,326.10)
Others	307.08	-	-	-	52.22	-	359.30
Ending balances	<u>13,190.30</u>	<u>10,240.94</u>	<u>8,413.17</u>	<u>9,332.64</u>	<u>14,220.78</u>	<u>21,823.23</u>	<u>77,221.06</u>

For the nine-month period ended September 30, 2016, the Bank has set aside allowance for doubtful accounts on a monthly basis of Baht 1,000 million and also set aside an additional of Baht 10,500 million, totaling to Baht 19,500 million.

For the year ended December 31, 2015, the Bank has set aside allowance for doubtful accounts on a monthly basis of Baht 700 million and also set aside an additional of Baht 15,600 million, totaling to Baht 24,000 million.

6.7 Revaluation Allowance for Debt Restructuring

(Million Baht)

	<u>Consolidated and the Bank's Financial Statements</u>	
	<u>September 30, 2016</u>	<u>December 31, 2015</u>
Beginning balances	132.63	113.22
Transfer from (to) allowance for doubtful accounts	(60.42)	19.41
Ending balances	<u>72.21</u>	<u>132.63</u>

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

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

6.8 Properties for Sale, Net

(Million Baht)

Type of Properties for Sale	Consolidated Financial Statements							
	September 30, 2016				December 31, 2015			
	Beginning Balances	Additions	Disposals	Ending Balances	Beginning Balances	Additions	Disposals	Ending Balances
Assets from debt repayment								
Immovable properties								
Appraised by external appraisers	29,363.28	4,011.54	4,162.22	29,212.60	28,609.54	4,423.90	3,670.16	29,363.28
Appraised by internal appraisers	846.42	1,236.70	1,399.90	683.22	1,675.61	1,818.75	2,647.94	846.42
Movable properties	318.75	454.96	517.96	255.75	539.28	983.89	1,204.42	318.75
Total	30,528.45	5,703.20	6,080.08	30,151.57	30,824.43	7,226.54	7,522.52	30,528.45
Others (closed branches)	46.19	-	-	46.19	41.37	4.82	-	46.19
Properties for sale in transit	422.08	462.43	422.08	462.43	944.21	417.25	939.38	422.08
Total	30,996.72	6,165.63	6,502.16	30,660.19	31,810.01	7,648.61	8,461.90	30,996.72
Less Allowance for impairment	(988.58)	(802.27)	-	(1,790.85)	(1,076.74)	-	(88.16)	(988.58)
Properties for sale, net	30,008.14	5,363.36	6,502.16	28,869.34	30,733.27	7,648.61	8,373.74	30,008.14

(Million Baht)

Type of Properties for Sale	The Bank's Financial Statements							
	September 30, 2016				December 31, 2015			
	Beginning Balances	Additions	Disposals	Ending Balances	Beginning Balances	Additions	Disposals	Ending Balances
Assets from debt repayment								
Immovable properties								
Appraised by external appraisers	29,363.28	4,011.54	4,162.22	29,212.60	28,609.54	4,423.90	3,670.16	29,363.28
Appraised by internal appraisers	846.42	1,236.70	1,399.90	683.22	1,675.61	1,818.75	2,647.94	846.42
Movable properties	110.60	-	-	110.60	110.60	-	-	110.60
Total	30,320.30	5,248.24	5,562.12	30,006.42	30,395.75	6,242.65	6,318.10	30,320.30
Others (closed branches)	46.19	-	-	46.19	41.37	4.82	-	46.19
Properties for sale in transit	422.08	462.43	422.08	462.43	944.21	417.25	939.38	422.08
Total	30,788.57	5,710.67	5,984.20	30,515.04	31,381.33	6,664.72	7,257.48	30,788.57
Less Allowance for impairment	(878.71)	(843.13)	-	(1,721.84)	(894.72)	-	(16.01)	(878.71)
Properties for sale, net	29,909.86	4,867.54	5,984.20	28,793.20	30,486.61	6,664.72	7,241.47	29,909.86

The consolidated and the Bank's financial statements as at September 30, 2016 and December 31, 2015, there are an increase in immovable properties for sale appraised by external appraisers of Baht 4,011.54 million and Baht 4,423.90 million. Such immovable properties are included items changed from internal appraisers to external appraisers of Baht 1,330.84 million and Baht 2,539.95 million, respectively.

As at September 30, 2016 and December 31, 2015, the Bank's allowance for impairment of properties for sale has increased by Baht 843.13 million and decreased by Baht 16.01 million, respectively, from reversal or additional of loss on impairment.

For the nine-month periods ended September 30, 2016 and 2015, the Bank generated gains on sale of properties for sale of Baht 552.73 million and Baht 491.21 million, respectively (before deduction of selling expenses of Baht 335.39 million and Baht 223.45 million, respectively).

6.9 Deferred Tax Assets and Deferred Tax Liabilities

Deferred tax assets and deferred tax liabilities as at September 30, 2016 and December 31, 2015 are as follows:

	(Million Baht)			
	<u>Consolidated Financial Statements</u>		<u>The Bank's Financial Statements</u>	
	<u>September 30, 2016</u>	<u>December 31, 2015</u>	<u>September 30, 2016</u>	<u>December 31, 2015</u>
Deferred Tax Assets	5,267.50	6,996.11	3,184.36	5,020.58
Deferred Tax Liabilities	-	-	-	-
Net	<u>5,267.50</u>	<u>6,996.11</u>	<u>3,184.36</u>	<u>5,020.58</u>

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

	(Million Baht)			
	<u>Consolidated Financial Statements</u>			
	<u>Charged / credited to:</u>			
	<u>January 1, 2016</u>	<u>Profit / Loss</u>	<u>Other Comprehensive Income</u>	<u>September 30, 2016</u>
Deferred Tax Assets				
Investments	570.34	(2.09)	(189.63)	378.62
Investments in subsidiaries and associates	159.75	-	-	159.75
Loans to customers and accrued interest receivables, net	3,665.58	(31.63)	-	3,633.95
Properties for sale	198.61	159.64	-	358.25
Premises and equipment	363.09	(150.10)	-	212.99
Provisions	4,138.61	(405.67)	0.26	3,733.20
Guarantee deposit under financial lease	51.37	5.63	-	57.00
Others	542.55	541.32	-	1,083.87
Total	<u>9,689.90</u>	<u>117.10</u>	<u>(189.37)</u>	<u>9,617.63</u>
Deferred Tax Liabilities				
Investments	291.63	(2.46)	1,131.90	1,421.07
Premises and equipment	1,812.76	36.57	505.61	2,354.94
Loans to customers and accrued interest receivables, net	589.40	(15.28)	-	574.12
Total	<u>2,693.79</u>	<u>18.83</u>	<u>1,637.51</u>	<u>4,350.13</u>
Net	<u>6,996.11</u>	<u>98.27</u>	<u>(1,826.88)</u>	<u>5,267.50</u>

6.9 Deferred Tax Assets and Deferred Tax Liabilities (Continued)

(Million Baht)

	<u>Consolidated Financial Statements</u>				<u>December 31, 2015</u>
	<u>January 1, 2015</u>	<u>Charged / credited to:</u>			
		Adjust to	Other		
		Brought Forward	Comprehensive		
	<u>Retained Earnings</u>	<u>Profit / Loss</u>	<u>Income</u>		
Deferred Tax Assets					
Investments	696.43	-	(209.68)	83.59	570.34
Investments in subsidiaries and associates	-	-	159.75	-	159.75
Loans to customers and accrued interest receivables, net	3,110.27	-	555.31	-	3,665.58
Properties for sale	215.35	-	(16.74)	-	198.61
Premises and equipment	372.66	-	(9.57)	-	363.09
Provisions	3,926.51	49.38	119.89	42.83	4,138.61
Guarantee deposit under financial lease	79.72	-	(28.35)	-	51.37
Others	522.85	-	19.70	-	542.55
Total	<u>8,923.79</u>	<u>49.38</u>	<u>590.31</u>	<u>126.42</u>	<u>9,689.90</u>
Deferred Tax Liabilities					
Investments	897.45	-	0.16	(605.98)	291.63
Premises and equipment	1,763.55	-	49.89	(0.68)	1,812.76
Loans to customers and accrued interest receivables, net	572.72	-	16.68	-	589.40
Total	<u>3,233.72</u>	<u>-</u>	<u>66.73</u>	<u>(606.66)</u>	<u>2,693.79</u>
Net	<u>5,690.07</u>	<u>49.38</u>	<u>523.58</u>	<u>733.08</u>	<u>6,996.11</u>

(Million Baht)

	<u>The Bank's Financial Statements</u>				<u>September 30, 2016</u>
	<u>January 1, 2016</u>	<u>Charged / credited to:</u>			
		Profit / Loss	Other		
			Comprehensive		
	<u>Income</u>				
Deferred Tax Assets					
Investments	570.34	(2.09)	(189.63)	-	378.62
Investments in subsidiaries and associates	159.75	-	-	-	159.75
Loans to customers and accrued interest receivables, net	1,896.89	(103.37)	-	-	1,793.52
Properties for sale	175.74	168.63	-	-	344.37
Premises and equipment	324.58	(140.70)	-	-	183.88
Provisions	3,523.60	(437.64)	-	-	3,085.96
Others	471.58	541.70	-	-	1,013.28
Total	<u>7,122.48</u>	<u>26.53</u>	<u>(189.63)</u>	<u>-</u>	<u>6,959.38</u>
Deferred Tax Liabilities					
Investments	291.63	(2.46)	1,131.90	-	1,421.07
Premises and equipment	1,810.27	38.07	505.61	-	2,353.95
Total	<u>2,101.90</u>	<u>35.61</u>	<u>1,637.51</u>	<u>-</u>	<u>3,775.02</u>
Net	<u>5,020.58</u>	<u>(9.08)</u>	<u>(1,827.14)</u>	<u>-</u>	<u>3,184.36</u>

6.9 Deferred Tax Assets and Deferred Tax Liabilities (Continued)

(Million Baht)

	<u>The Bank's Financial Statements</u>				<u>December 31, 2015</u>
	<u>Charged / credited to:</u>				
	Adjust to	Other			
	Brought Forward	Comprehensive			
<u>January 1, 2015</u>	<u>Retained Earnings</u>	<u>Profit / Loss</u>	<u>Income</u>	<u>December 31, 2015</u>	
Deferred Tax Assets					
Investments	696.43	-	(209.68)	83.59	570.34
Investments in subsidiaries and associates	-	-	159.75	-	159.75
Loans to customers and accrued interest receivables, net	1,552.69	-	344.20	-	1,896.89
Properties for sale	178.94	-	(3.20)	-	175.74
Premises and equipment	324.58	-	-	-	324.58
Provisions	3,332.71	49.38	73.09	68.42	3,523.60
Others	459.23	-	12.35	-	471.58
Total	<u>6,544.58</u>	<u>49.38</u>	<u>376.51</u>	<u>152.01</u>	<u>7,122.48</u>
Deferred Tax Liabilities					
Investments	897.45	-	0.16	(605.98)	291.63
Premises and equipment	1,755.00	-	55.95	(0.68)	1,810.27
Total	<u>2,652.45</u>	<u>-</u>	<u>56.11</u>	<u>(606.66)</u>	<u>2,101.90</u>
Net	<u>3,892.13</u>	<u>49.38</u>	<u>320.40</u>	<u>758.67</u>	<u>5,020.58</u>

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

(Million Baht)

	<u>Consolidated Financial Statements</u>								
	<u>Currency</u>	<u>Interest Rate (%)</u>	<u>Maturity Date</u>	<u>September 30, 2016</u>			<u>December 31, 2015</u>		
				<u>Domestic</u>	<u>Foreign</u>	<u>Total</u>	<u>Domestic</u>	<u>Foreign</u>	<u>Total</u>
Long term bonds									
2012	Baht	5.40	2016	-	-	-	1,000.00	-	1,000.00
2013	Baht	4.80-5.00	2017-2018	5,800.00	-	5,800.00	10,000.00	-	10,000.00
2013 (EMTN Programme)	USD	2.25	2018	-	17,335.98	17,335.98	-	18,024.07	18,024.07
2014	Baht	3.60-4.30	2017-2018	8,230.00	-	8,230.00	8,630.00	-	8,630.00
2015	Baht	2.12-4.00	2017-2025	9,393.00	-	9,393.00	9,593.00	-	9,593.00
2016	Baht	1.88-3.85	2018-2026	10,100.00	-	10,100.00	-	-	-
KTB subordinated debentures									
No.1/2012	Baht	4.50	2022	5,155.00	-	5,155.00	5,155.00	-	5,155.00
No.2/2012	Baht	4.60	2022	15,133.32	-	15,133.32	15,133.32	-	15,133.32
No.1/2014 (EMTN Programme)	USD	5.20	2024	-	24,289.93	24,289.93	-	25,261.98	25,261.98
No.1/2015	MYR	5.10	2025	-	8,382.65	8,382.65	-	8,427.95	8,427.95
- Hybrid debt capital instruments	Baht/USD	3.77-7.38		1,440.00	6,575.63	8,015.63	1,440.00	6,838.78	8,278.78
Bill of exchange (B/E)									
Short term*	Baht	-	2012	0.70	-	0.70	80.19	-	80.19
Long term	Baht	3.06-7.18	2016-2036	7,440.00	-	7,440.00	6,655.00	-	6,655.00
Others	Baht			-	-	-	1.17	-	1.17
Total				<u>62,692.02</u>	<u>56,584.19</u>	<u>119,276.21</u>	<u>57,687.68</u>	<u>58,552.78</u>	<u>116,240.46</u>

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

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

(Million Baht)

	The Bank's Financial Statements								
	September 30, 2016						December 31, 2015		
	Currency	Interest Rate (%)	Maturity Date	Domestic	Foreign	Total	Domestic	Foreign	Total
Long term bonds									
2013 (EMTN Programme)	USD	2.25	2018	-	17,335.98	17,335.98	-	18,024.07	18,024.07
KTB subordinated debentures									
No.1/2012	Baht	4.50	2022	5,155.00	-	5,155.00	5,155.00	-	5,155.00
No.2/2012	Baht	4.60	2022	15,133.32	-	15,133.32	15,133.32	-	15,133.32
No.1/2014 (EMTN Programme)	USD	5.20	2024	-	24,289.93	24,289.93	-	25,261.98	25,261.98
No.1/2015	MYR	5.10	2025	-	8,382.65	8,382.65	-	8,427.95	8,427.95
- Hybrid debt capital instruments	Baht/USD	3.77-7.38		1,440.00	6,575.63	8,015.63	1,440.00	6,838.78	8,278.78
Bill of exchange (B/E)									
Short term*	Baht	-	2012	0.70	-	0.70	0.70	-	0.70
Long term	Baht	3.06-7.18	2016-2036	7,440.00	-	7,440.00	6,655.00	-	6,655.00
Others	Baht			-	-	-	1.17	-	1.17
Total				29,169.02	56,584.19	85,753.21	28,385.19	58,552.78	86,937.97

*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 11st of March and September of each year, over the time to maturity.

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

Subordinated Debentures

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

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

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

6.10 Debt Issued and Borrowings classified by type of debts and sources of fund (Continued)Hybrid Debt Capital Instruments

Hybrid debt capital instruments of non-cumulative interest, non-interest payment in the year that there is no profit, non-fixed repayment period as tier 1 capital (Hybrid Tier 1) which consisted of USD currency amounting to USD 189.5 million and Baht currency amounting to Baht 1,440 million. The starting dates of when the Bank could exercise the right of redemption are October 10, 2016 and November 28, 2016, respectively, or any interest payment date after the starting date of when the Bank could exercise the right of redemption.

6.11 Share Capital**6.11.1 Ordinary Shares**

As at September 30, 2016 and December 31, 2015, the Bank's authorized share capital and issued and paid-up share capital are 13,976,061,250 shares.

6.11.2 Preferred Shares

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

6.11.3 The Bank is a state enterprise, its major shareholder is the Financial Institutions Development Fund (FIDF). As at September 30, 2016, FIDF holds 7,696,248,833 shares or 55.05 percent of paid-up ordinary and preferred shares.

6.12 Legal Reserve

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

6.13 The Appropriation of 2015 Net Profit and Dividend Payment

On April 29, 2016, the 23rd Annual General Shareholders' Meeting passed the resolution to approve the appropriation of 2015 net profit of Baht 26,473.75 million. On April 10, 2015, the 22nd Annual General Shareholders' Meeting passed the resolution to approve the appropriation of 2014 net profit of Baht 31,855.31 million and dividend payment as follows:

	(Million Baht)	
	<u>Net Profit of 2015</u>	<u>Net Profit of 2014</u>
Dividend - preferred shares (@ Baht 0.9145 and Baht 1.0545)	5.03	5.80
Dividend - ordinary shares (@ Baht 0.76 and Baht 0.90)	10,621.81	12,578.46
Net profit carried forward	15,846.91	19,271.05

6.14 Contingent Liabilities

	(Million Baht)	
	<u>Consolidated and the Bank's Financial Statements</u>	
	<u>September 30, 2016</u>	<u>December 31, 2015</u>
Avals to bills	7,508.50	6,696.00
Guarantees of loans	11.03	6,432.23
Unexpired importd B/E contingencies	5,081.40	-
Letters of credit	37,461.11	37,029.06
Other contingencies		
Unused credit line of overdraft	157,424.31	162,475.49
Other guarantees	150,932.08	143,210.15
Total	358,418.43	355,842.93

Besides the contingent liabilities mentioned above, as at September 30, 2016 and December 31, 2015, the Bank has material contingent liabilities owing to prosecutions of Baht 6,923.81 million and Baht 10,451.50 million, respectively. Such prosecutions comprised of the completed cases in the civil court and the cases proceedings in the Appeal Court and the Supreme Court.

As at September 30, 2016 and December 31, 2015, the Bank has set aside provisions of Baht 517.41 million and Baht 538.01 million, respectively, for estimated losses from such cases.

6.15 Assets with Obligations and Restrictions

	(Million Baht)	
	<u>Consolidated and the Bank's Financial Statements</u>	
	<u>September 30, 2016</u>	<u>December 31, 2015</u>
Government and state enterprise bonds pledged as collateral		
Court collateral	102.93	134.87
Repurchase agreements	60,272.33	33,183.96
Properties for sale (debtor is granted the right to buy back or first right for this portion)	5,415.30	4,961.70
Total	65,790.56	38,280.53

6.16 Related Party Transactions

6.16.1 As at September 30, 2016 and December 31, 2015, loans to the Bank's executives (First Vice President and above) are Baht 106.59 million and Baht 93.03 million. The average outstanding balances of such loans at month end are Baht 94.99 million and Baht 91.66 million, respectively.

The loans outstanding as at September 30, 2016 and December 31, 2015 to close family of the Bank's executives mentioned above are Baht 36.31 million and Baht 14.59 million, respectively.

16 Related Party Transactions (Continued)**6.16.2 Loans and Obligations**

The balances of loans and obligations to related companies, normal bank pricing policies, as at September 30, 2016 and December 31, 2015 are as follows:

	(Million Baht)			
	<u>Consolidated Financial Statements</u>		<u>The Bank's Financial Statements</u>	
	<u>September 30, 2016</u>	<u>December 31, 2015</u>	<u>September 30, 2016</u>	<u>December 31, 2015</u>
Loans				
Businesses which the Bank totally held from 10 to 20 percent of their paid-up capital	0.40	0.31	0.40	0.31
Businesses which the Bank acquired equal to or over 10 percent of their paid-up capital from TDR	107.49	110.41	107.49	110.41
Subsidiaries				
KTB General Services and Security Co., Ltd.	-	-	8.12	8.16
KTB Computer Services Co., Ltd.	-	-	3,199.97	3,942.86
KTB Leasing Co., Ltd.	-	-	40,702.26	50,826.10
Krung Thai Asset Management Pcl.	-	-	0.05	0.05
Krungthai Card Pcl.	-	-	0.64	0.62
Less Allowance for doubtful accounts	-	-	(439.11)	(547.78)
Total	-	-	43,471.93	54,230.01
Associates				
Krung Thai IBJ Leasing Co., Ltd.	0.08	0.07	0.08	0.07
KT Zmico Securities Co., Ltd.	817.38	1,080.18	817.38	1,080.18
Krungthai Panich Insurance Pcl.	0.63	0.23	0.63	0.23
Less Allowance for doubtful accounts	(8.18)	(10.80)	(8.18)	(10.80)
Total	809.91	1,069.68	809.91	1,069.68
Business with common directors or common top managements	12,551.48	25,450.35	12,551.48	25,450.35
Less Allowance for doubtful accounts	(92.14)	(205.35)	(92.14)	(205.35)
Total	12,459.34	25,245.00	12,459.34	25,245.00
Obligations				
Businesses which the Bank totally held from 10 to 20 percent of their paid-up capital	13.09	29.19	13.09	29.19
Businesses which the Bank acquired equal to or over 10 percent of their paid-up capital from TDR	0.29	0.29	0.29	0.29
Subsidiaries				
KTB General Services and Security Co., Ltd.	-	-	48.20	29.20
KTB Computer Services Co., Ltd.	-	-	4.55	4.55
KTB Leasing Co., Ltd.	-	-	1,095.22	1,450.60
Krungthai Card Pcl.	-	-	0.50	2.30
Associates				
Krung Thai IBJ Leasing Co., Ltd.	3.30	1.39	3.30	1.39
Business with common directors or common top managements	4,302.72	210.16	4,302.72	210.16

6.16 Related Party Transactions (Continued)**6.16.3 Deposits and Borrowings**

The balances of deposits and borrowings to related companies, normal bank pricing policies, as at September 30, 2016 and December 31, 2015 are as follows:

	(Million Baht)			
	<u>Consolidated Financial Statements</u>		<u>The Bank's Financial Statements</u>	
	<u>September 30, 2016</u>	<u>December 31, 2015</u>	<u>September 30, 2016</u>	<u>December 31, 2015</u>
Deposits				
Subsidiaries				
KTB Law Co., Ltd.	-	-	554.55	311.48
KTB General Services and Security Co., Ltd.	-	-	552.63	643.87
KTB Computer Services Co., Ltd.	-	-	28.92	13.75
KTB Leasing Co., Ltd.	-	-	104.62	85.99
KTB Capital Holding Co., Ltd.	-	-	252.40	249.30
KTB Advisory Co., Ltd.	-	-	37.20	53.58
Krungthai Card Pcl.	-	-	583.84	590.00
Associates				
Krung Thai IBJ Leasing Co., Ltd.	15.85	40.56	15.85	40.56
KT Zmico Securities Co., Ltd.	65.90	40.69	65.90	40.69
Krungthai Panich Insurance Pcl.	188.81	24.38	188.81	24.38
Krungthai-AXA Life Insurance Pcl.	1,001.31	770.70	1,001.31	770.70
Business with common directors or common top managements	23,968.38	17,340.91	23,968.38	17,340.91
Borrowings				
Associates				
Krungthai-AXA Life Insurance Pcl.	3,250.00	2,730.00	3,250.00	2,730.00

6.16 Related Party Transactions (Continued)**6.16.4 Income and Expenses**

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

	<u>Consolidated Financial Statements</u>		<u>The Bank's Financial Statements</u>	
	<u>September 30, 2016</u>	<u>September 30, 2015</u>	<u>September 30, 2016</u>	<u>September 30, 2015</u>
(Million Baht)				
Interest Income				
Subsidiaries				
KTB General Services and Security Co., Ltd.	-	-	1.52	-
KTB Computer Services Co., Ltd.	-	-	82.03	106.42
KTB Leasing Co., Ltd.	-	-	1,106.25	1,413.08
Krungthai Card Pcl.	-	-	13.04	6.87
Associates				
KT Zmico Securities Co., Ltd.	19.02	9.09	19.02	9.09
Interest Expenses				
Subsidiaries				
KTB Law Co., Ltd.	-	-	1.21	0.82
KTB General Services and Security Co., Ltd.	-	-	3.28	4.69
KTB Computer Services Co., Ltd.	-	-	0.31	0.41
KTB Leasing Co., Ltd.	-	-	0.33	0.46
Krung Thai Asset Management Pcl.	-	-	0.30	0.33
KTB Capital Holding Co., Ltd.	-	-	0.70	0.81
KTB Advisory Co., Ltd.	-	-	0.13	0.30
Krungthai Card Pcl.	-	-	1.36	-
Associates				
KT Zmico Securities Co., Ltd.	5.23	15.93	5.23	15.93

6.16 Related Party Transactions (Continued)**6.16.4 Income and Expenses (Continued)**

(Million Baht)

	<u>Consolidated Financial Statements</u>		<u>The Bank's Financial Statements</u>	
	<u>September 30, 2016</u>	<u>December 31, 2015</u>	<u>September 30, 2016</u>	<u>December 31, 2015</u>
Other Income				
Subsidiaries				
KTB Law Co., Ltd.	-	-	0.15	0.09
KTB General Services and Security Co., Ltd.	-	-	3.18	2.25
KTB Computer Services Co., Ltd.	-	-	0.05	0.05
KTB Leasing Co., Ltd.	-	-	30.74	25.40
Krung Thai Asset Management Pcl.	-	-	219.61	149.08
KTB Advisory Co., Ltd.	-	-	0.01	0.02
Krungthai Card Pcl.	-	-	172.87	131.02
Associates				
Krung Thai IBJ Leasing Co., Ltd.	34.20	37.48	34.20	37.48
KT Zmico Securities Co., Ltd.	59.78	159.04	59.78	159.04
Krungthai Panich Insurance Pcl.	109.07	109.06	109.07	109.06
Krungthai-AXA Life Insurance Pcl.	3,216.78	3,832.15	3,216.78	3,832.15
Other Expenses				
Subsidiaries				
KTB Law Co., Ltd.	-	-	768.30	599.07
KTB General Services and Security Co., Ltd.	-	-	1,784.71	1,757.36
KTB Computer Services Co., Ltd.	-	-	2,639.72	2,936.24
KTB Leasing Co., Ltd.	-	-	117.07	224.82
Krungthai Card Pcl.	-	-	17.75	42.35
Associates				
Krung Thai IBJ Leasing Co., Ltd.	92.37	-	92.37	-
KT Zmico Securities Co., Ltd.	1.18	2.54	1.18	2.54

6.16.5 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>September 30, 2016</u>	<u>September 30, 2015</u>	<u>September 30, 2016</u>	<u>September 30, 2015</u>
Short-term employee benefits	902.67	824.90	603.20	516.72
Post-employment benefits	25.83	24.21	10.36	10.84
Total	<u>928.50</u>	<u>849.11</u>	<u>613.56</u>	<u>527.56</u>

6.16 Related Party Transactions (Continued)

6.16.6 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 nine-month periods ended September 30, 2016 and 2015 of Baht 2,548.60 million and Baht 2,833.72 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 nine-month periods ended September 30, 2016 and 2015 of Baht 91.11 million and Baht 102.51 million, respectively.

2) The Bank has operated student loans in subjects of public relations, policy, regulation, loan payment, documents filling, loan notification, loans status, including loan collection, claim for payment, and prosecution for the Student Loans Fund. KTB Law Co., Ltd. has been designated to prosecute debtors of the Student Loans Fund. The Bank incurs service charges for the nine-month periods ended September 30, 2016 and 2015 of Baht 698.44 million and Baht 541.44 million, respectively.

3) Krungthai Card Pcl. has been designated from the Bank to collect debts. This service charge incurred for the nine-month periods ended September 30, 2016 of Baht 13.68 million.

4) The Bank incurs service charges on its subsidiaries [including service charges mentioned in No.1) to 3)] for the nine-month periods ended September 30, 2016 and 2015 of Baht 5,326.15 million and Baht 5,559.86 million, respectively, at the agreed-upon rate.

5) The Bank generates fees income from service contracts for the nine-month periods ended September 30, 2016 and 2015 of Baht 404.31 million and Baht 315.21 million, respectively.

6) The Bank generates premises rental income from subsidiaries for the nine-month periods ended September 30, 2016 and 2015 of Baht 11.95 million and Baht 11.94 million, respectively, 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 nine-month periods ended September 30, 2016 and 2015 of Baht 0.47 million and Baht 0.46 million, respectively, at the agreed-upon rate.

2) The Bank generates fees income from supportive service contracts for the nine-month periods ended September 30, 2016 and 2015 of Baht 1,343.54 million and Baht 1,735.04 million, respectively, at the agreed-upon rate.

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

(Million Baht)

	<u>Consolidated Financial Statements</u>					
	<u>September 30, 2016</u>			<u>December 31, 2015</u>		
	Domestic	Foreign Branches	Total	Domestic	Foreign Branches	Total
	Business	Business		Business	Business	
	<u>Segment</u>	<u>Segment</u>		<u>Segment</u>	<u>Segment</u>	
Total assets	2,622,344.02	68,144.66	2,690,488.68	2,747,981.67	68,667.78	2,816,649.45
Interbank and money market items, net	414,188.79	32,810.21	446,999.00	357,256.69	40,101.28	397,357.97
Investments, net*	237,088.52	2,878.02	239,966.54	258,635.41	3,096.63	261,732.04
Loans to customers and						
accrued interest receivables, net	1,774,864.30	30,658.20	1,805,522.50	1,922,240.18	25,144.64	1,947,384.82
Deposits	1,966,720.72	6,636.35	1,973,357.07	2,130,163.24	5,335.27	2,135,498.51
Interbank and money market items, net	205,548.77	3,817.53	209,366.30	192,156.66	2,086.18	194,242.84
Debt issued and borrowings	62,692.02	56,584.19	119,276.21	57,687.68	58,552.78	116,240.46

(Million Baht)

	<u>The Bank's Financial Statements</u>					
	<u>September 30, 2016</u>			<u>December 31, 2015</u>		
	Domestic	Foreign Branches	Total	Domestic	Foreign Branches	Total
	Business	Business		Business	Business	
	<u>Segment</u>	<u>Segment</u>		<u>Segment</u>	<u>Segment</u>	
Total assets	2,550,434.39	68,144.66	2,618,579.05	2,681,259.86	68,667.78	2,749,927.64
Interbank and money market items, net	413,972.93	32,810.21	446,783.14	356,960.10	40,101.28	397,061.38
Investments, net*	229,110.13	2,878.02	231,988.15	254,379.02	3,096.63	257,475.65
Loans to customers and						
accrued interest receivables, net	1,721,298.81	30,658.20	1,751,957.01	1,872,626.14	25,144.64	1,897,770.78
Deposits	1,968,834.88	6,636.35	1,975,471.23	2,132,111.22	5,335.27	2,137,446.49
Interbank and money market items, net	193,162.74	3,817.53	196,980.27	175,615.02	2,086.18	177,701.20
Debt issued and borrowings	29,169.02	56,584.19	85,753.21	28,385.19	58,552.78	86,937.97

*Included investments in subsidiaries and associates.

The consolidated and the Bank's financial statements as at September 30, 2016 and December 31, 2015, has total assets before eliminating net interbranch transactions of Baht 1,311.23 million and Baht 1,319.81 million, respectively.

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

(Million Baht)

	<u>Consolidated Financial Statements</u>					
	<u>September 30, 2016</u>			<u>September 30, 2015</u>		
	Domestic	Foreign Branches	Total	Domestic	Foreign Branches	Total
	Business	Business		Business	Business	
<u>Segment</u>	<u>Segment</u>		<u>Segment</u>	<u>Segment</u>		
Interest income	96,197.62	4,142.15	100,339.77	97,548.06	3,667.96	101,216.02
Interest expenses	(32,398.82)	(2,828.01)	(35,226.83)	(39,253.08)	(2,494.04)	(41,747.12)
Interest income, net	63,798.80	1,314.14	65,112.94	58,294.98	1,173.92	59,468.90
Fees and service income, net	16,055.63	76.90	16,132.53	15,547.32	150.34	15,697.66
Other operating income	11,667.99	51.95	11,719.94	10,735.47	6.88	10,742.35
Other operating expenses	(61,463.49)	(135.40)	(61,598.89)	(58,919.13)	(261.99)	(59,181.12)
Operating profit before income tax expenses	30,058.93	1,307.59	31,366.52	25,658.64	1,069.15	26,727.79

(Million Baht)

	<u>The Bank's Financial Statements</u>					
	<u>September 30, 2016</u>			<u>September 30, 2015</u>		
	Domestic	Foreign Branches	Total	Domestic	Foreign Branches	Total
	Business	Business		Business	Business	
<u>Segment</u>	<u>Segment</u>		<u>Segment</u>	<u>Segment</u>		
Interest income	86,622.53	4,142.15	90,764.68	88,689.47	3,667.96	92,357.43
Interest expenses	(31,279.93)	(2,828.01)	(34,107.94)	(37,989.87)	(2,494.04)	(40,483.91)
Interest income, net	55,342.60	1,314.14	56,656.74	50,699.60	1,173.92	51,873.52
Fees and service income, net	13,629.13	76.90	13,706.03	12,906.58	150.34	13,056.92
Other operating income	10,545.35	51.95	10,597.30	8,668.02	6.88	8,674.90
Other operating expenses	(51,784.96)	(135.40)	(51,920.36)	(48,727.37)	(261.99)	(48,989.36)
Operating profit before income tax expenses	27,732.12	1,307.59	29,039.71	23,546.83	1,069.15	24,615.98

The consolidated and the Bank's financial statements for the nine-month periods ended September 30, 2016 and 2015, has total interest income and interest expenses before eliminating net interbranch transactions of Baht 2,757.46 million and Baht 2,439.44 million, respectively.

6.18 Operations Classified by Operating Segment

Segment Definition

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

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

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

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

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

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

(Million Baht)

	<u>Consolidated Financial Statements</u>					<u>Total</u>
	<u>September 30, 2016</u>					
	<u>Retail Banking</u>	<u>Wholesale Banking</u>	<u>Treasury and Investment</u>	<u>Support and Others</u>	<u>Adjustments</u>	
Total operating income	42,460.38	27,783.22	8,623.90	13,230.97	866.93 ¹	92,965.40
Total expenses (excluding bad debts, doubtful accounts and loss on impairment)	(26,997.15)	(15,009.74)	(3,870.17)	(8,810.82)	11,500.96 ^{1,2}	(43,186.92)
Bad debts, doubtful accounts and loss on impairment	(3,048.86)	(4,677.88)	121.77	(16,834.62)	439.11	(24,000.48)
Net profit (loss)	12,414.37	8,095.60	4,875.50	(12,414.47)	12,807.00	25,778.00
Segment assets	835,724.47	1,079,870.26	42,021.50	782,526.23	(50,965.01) ³	2,689,177.45
Segment liabilities	1,424,085.35	621,144.53	198,598.40	212,603.70	(43,422.74) ³	2,413,009.24

6.18 Operations Classified by Operating Segment (Continued)

(Million Baht)

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

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

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

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

6.19 Interest Income

(Million Baht)

	<u>Consolidated Financial Statements</u>		<u>The Bank's Financial Statements</u>	
	<u>September 30, 2016</u>	<u>September 30, 2015</u>	<u>September 30, 2016</u>	<u>September 30, 2015</u>
	Interbank and money market items	8,471.31	9,274.65	8,470.53
Investment and trading transactions	96.99	284.47	96.99	284.47
Investment in debt	3,500.62	3,725.28	3,497.69	3,721.62
Loans	83,178.74	82,655.46	75,911.03	76,611.45
Hire-purchase and finance lease	2,304.85	2,815.20	1.28	6.63
Others	29.80	21.52	29.70	21.26
Total interest income	97,582.31	98,776.58	88,007.22	89,917.99

6.20 Interest Expenses

(Million Baht)

	<u>Consolidated Financial Statements</u>		<u>The Bank's Financial Statements</u>	
	<u>September 30, 2016</u>	<u>September 30, 2015</u>	<u>September 30, 2016</u>	<u>September 30, 2015</u>
Deposits	19,212.89	25,897.21	19,220.22	25,904.70
Interbank and money market items	2,046.69	1,973.17	1,863.85	1,641.35
Contributions to Bank of Thailand (BoT)	7,135.53	7,367.27	7,135.53	7,367.27
Contributions to Deposit Protection Agency (DPA)	155.55	160.05	155.55	160.05
Debt issued				
Subordinated notes	3,628.17	3,485.23	2,703.25	2,635.18
B/E	246.51	391.92	245.97	318.54
Borrowings	21.53	20.86	4.96	7.17
Others	22.50	11.97	21.15	10.21
Total interest expenses	<u>32,469.37</u>	<u>39,307.68</u>	<u>31,350.48</u>	<u>38,044.47</u>

6.21 Income Tax Expenses

Income tax expenses recognized in profit or losses for the nine-month periods ended September 30, 2016 and 2015 are as follows:

(Million Baht)

	<u>Consolidated Financial Statements</u>		<u>The Bank's Financial Statements</u>	
	<u>September 30, 2016</u>	<u>September 30, 2015</u>	<u>September 30, 2016</u>	<u>September 30, 2015</u>
Current tax				
Current period	5,686.79	4,921.84	4,984.93	4,329.93
Deferred tax				
Movement in temporary differences	(98.27)	(695.84)	9.08	(511.93)
Total	<u>5,588.52</u>	<u>4,226.00</u>	<u>4,994.01</u>	<u>3,818.00</u>

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

TAMC was established under the Emergency Decree on Thai Asset Management Corporation B.E. 2544 (2001) with an objective to manage impaired assets of financial institutions by acquisition of impaired assets of financial institutions. The transfer price shall be equal to the value of assets held as collateral, with respect to such impaired assets, according to the appraisal criteria specified by the BoT. TAMC and the Bank agree to recognize and share profit or loss arising from the management of impaired assets at the end of the year 5th and 10th since July 1, 2001. When TAMC and the Bank confirmed amount paid for assets, TAMC shall issue non-transferable promissory notes, with 10 year maturity and avaled by the FIDF, to the Bank. TAMC may exercise the right to redeem these promissory notes before their maturities.

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

TAMC permanently dissolved its organization on June 8, 2013 and transferred all outstanding assets to the Ministry of Finance. The Director General of the Comptroller General's Department (CGD) is assigned to run its outstanding tasks.

As at September 30, 2016 and December 31, 2015, the Bank has net impaired assets transferred to TAMC after adjusting transfer price of Baht 17,743.18 million. For a debtor who pledged machineries of Baht 1,744.48 million as collaterals, TAMC had already decreased the face value of promissory notes but the Bank denied receiving those promissory notes until transfer price issue would be concluded and The Bank sued TAMC on this issue. On March 31, 2016, the Supreme Court read the judgment, based on the Appeal Court and the Civil Court's judgement, ordered TAMC to set transfer price of pledging machineries to the Bank. Consequently, the Bank issued the force, complied with the Civil Court - the Supreme Court's judgement, ordered TAMC to follow the judgement within 30 days since it received that force. As at September 30, 2016 and December 31, 2015, TAMC has amount due to the Bank of Baht 2,653.48 million. A promissory note was issued to the Bank and recorded under held-to-maturity debt securities (Note 6.3). As at September 30, 2016 and December 31, 2015, the Bank records accrued interest receivables at Baht 385.87 million and Baht 9.15 million, respectively.

As a result of the dispute on the additional fee from impaired asset management which the Bank requested from TAMC, The bank issued SorKorRor.6074/2559 dated July 12, 2016, regarding the cause why the management fee under the contract are not paid, asking The Comptroller General's Department for the clarification of the management fee payment under the asset management contract. Consequently, the Comptroller General's Department informed that regarding the TAMC employment committee's resolution, management fee under the asset management contract was fully paid to the Bank until the maturity of the contract. Therefore, there is no reason to pay any additional management fee as requested by the Bank. The Bank received a letter informing the latest amount of loss from asset management which the Bank is liable to pay amounting to Baht 3,946.61 million. The Bank subsequently sent a correspondence to request for a term extension of the offsetting between the amount of loss liable and the amount of promissory notes redemption together with interest receivable.

As at September 30, 2016 and December 31, 2015, provisions that may arise from losses on impaired-assets transferred to TAMC are Baht 4,061.48 million and Baht 3,461.48 million, respectively. The Bank has been estimated allowance for doubtful accounts at 15 percent upon transfer price. In 2012 and as at June 30, 2016, the management has considered to set aside more provisions of Baht 800 million and Baht 600 million, respectively.

6.23 Fair Value of Financial Instruments

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

(Million Baht)

	<u>Consolidated Financial Statements</u>							
	<u>September 30, 2016</u>				<u>December 31, 2015</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>
Assets instruments								
Assets derivatives	-	24,853.05	-	24,853.05	-	34,039.14	-	34,039.14
Trading investments	10.58	7,700.97	-	7,711.55	4,758.45	23,520.67	-	28,279.12
Available-for-sale investments	32,640.69	64,411.86	-	97,052.55	6,737.13	87,003.34	-	93,740.47
Total assets instruments	32,651.27	96,965.88	-	129,617.15	11,495.58	144,563.15	-	156,058.73
Liabilities instruments								
Liabilities derivatives	-	27,202.98	-	27,202.98	-	37,232.57	-	37,232.57
Total liabilities instruments	-	27,202.98	-	27,202.98	-	37,232.57	-	37,232.57

(Million Baht)

	<u>The Bank's Financial Statements</u>							
	<u>September 30, 2016</u>				<u>December 31, 2015</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>
Assets instruments								
Assets derivatives	-	24,883.87	-	24,883.87	-	34,088.51	-	34,088.51
Trading investments	10.58	7,720.72	-	7,731.30	4,758.45	23,520.67	-	28,279.12
Available-for-sale investments	32,640.69	64,411.86	-	97,052.55	6,737.13	87,003.34	-	93,740.47
Total assets instruments	32,651.27	97,016.45	-	129,667.72	11,495.58	144,612.52	-	156,108.10
Liabilities instruments								
Liabilities derivatives	-	27,202.98	-	27,202.98	-	37,234.79	-	37,234.79
Total liabilities instruments	-	27,202.98	-	27,202.98	-	37,234.79	-	37,234.79

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.

6.23 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, currency rates, and volatilities.

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

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

6.24 Operation and Risk Management Policies within the Financial Business Group

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

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

6.25 Events after the Reporting Period

On October 12, 2016, the Bank is considering the principle of opening a foreign branch and is following the procedure as well as preparing a business continuity plan. Assets, liabilities and operating performances of the branch do not have a material effect on the Bank's financial statements.

6.26 Others

6.26.1 The Bank has a debtor prosecuted to the Supreme Court's Criminal Division for Holders of Political Positions by the Office of the Attorney General. The Supreme Court issued the order of acceptance on July 25, 2012. This debtor has granted credit limit on December 9, 2003 of Baht 9,900 million which has been drawn down of Baht 8,368.73 million. As at September 30, 2016, the arrears are totally the drawn amount including accrued interest. The Bank also set aside full amount of allowance for doubtful accounts as the prescription of BoT's regulations. Moreover, such case is related to accrued receivables from default debtors from convertible preferred shares contracts recorded in other assets of Baht 997.87 million with full amount of allowance for impairment. The Supreme Court has already judged this suit on August 26, 2015. Moreover, the Bank submitted the letter to the Office of the Attorney General to designate the Department of Legal Execution, the Office of the Attorney General as the Bank's legal executioner. 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 already nominated the executing officers. The Bank also informs the attorney about investigation property of all judgment debtors. On October 5, 2016, the prosecutor of Department of Special Investigation arranged a meeting between the Bank of Thailand, The Anti-Money Laundering Office and the Bank's representatives on the issue of execution of the Supreme Court's judgment. Those will coordinate and exchange information among each other. Each party will utilize its authority by law and the Supreme Court's order to execute the defendants, ultimately aiming at the Bank's benefit. Besides, the Bank has approved employment of a law firm for consulting of method, procedure, sequence, and appropriate way to execution, auction, and sale collateral assets, for the Bank's maximum benefits. At present, the Bank has requested for the meeting between the law firm, the Bank's representatives, and attorneys of Department of Special Litigation to further determine those executions.

6.26.2 In 2010, the Bank lend a company of USD 95.67 million (Baht 2,884.61 million) pledged with investment in ordinary shares of a foreign financial institution as collateral. Such shares are under the Bank's name equaled to 50 percent of its authorized shares capital. The Bank has no influences over this invested financial institution. The Bank fully received total loan repayment of this contract in July, 2011, while those ordinary shares pledged as collateral has not been transferred back to the company since the company has to seek for a new investor which has to be a financial institution.

6.27 Approval of the Financial Statements

These financial statements have been authorized to issue by the Audit Committee on November 11, 2016.
