

(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, 2019, the related consolidated and the Bank's statements of income and other comprehensive income for the three-month period and the nine-month period ended, statements of changes in equity and statements of cash flows for the nine-month period ended and condensed notes to the financial information 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 34, "Interim Financial Reporting". The responsibility of the Office of the Auditor General of Thailand is to express a conclusion on this interim financial information based on the review.

Scope of Review

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

(Mr. Pornchai Jumroonpanichkul)

Deputy Auditor General

(Signed) Kanitha Tassanapitak

(Ms.Kanitha Tassanapitak)

Director of Financial and Procurement Audit Office No.4

Office of the Auditor General

November 13, 2019

(TRANSLATION)

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KRUNG THAI BANK PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
STATEMENTS OF FINANCIAL POSITION
AS AT 30 SEPTEMBER, 2019

(Thousand Baht)

	NOTE	CONSOLIDATED		THE BANK'S	
		FINANCIAL STATEMENTS		FINANCIAL STATEMENTS	
		SEPTEMBER 30, 2019	DECEMBER 31, 2018	SEPTEMBER 30, 2019	DECEMBER 31, 2018
		(UNAUDITED / REVIEWED)	(AUDITED)	(UNAUDITED / REVIEWED)	(AUDITED)
ASSETS					
CASH		57,423,355	68,878,125	57,354,396	68,661,544
INTERBANK AND MONEY MARKET ITEMS, NET		338,730,821	372,513,779	338,407,826	371,763,700
CLAIMS ON SECURITIES		50,111,800	33,595,200	50,111,800	33,595,200
DERIVATIVES ASSETS	6.2	57,901,368	36,229,566	57,901,536	36,231,033
INVESTMENTS, NET	6.3	327,872,688	223,332,594	328,116,492	223,228,712
INVESTMENTS IN SUBSIDIARIES AND ASSOCIATES, NET	6.4	32,373,300	16,834,298	10,830,013	10,697,855
LOANS TO CUSTOMERS AND ACCRUED INTEREST RECEIVABLES, NET	6.5				
LOANS TO CUSTOMERS		2,092,642,949	2,025,130,041	2,013,388,433	1,948,747,872
ACCRUED INTEREST RECEIVABLES		3,646,224	5,424,063	3,112,727	4,877,860
TOTAL LOANS TO CUSTOMERS AND ACCRUED INTEREST RECEIVABLES		2,096,289,173	2,030,554,104	2,016,501,160	1,953,625,732
<u>LESS DEFERRED REVENUE</u>		(586,411)	(925,374)	(73,461)	(45,990)
<u>LESS ALLOWANCE FOR DOUBTFUL ACCOUNTS</u>	6.6	(140,645,169)	(133,754,394)	(132,337,503)	(125,339,870)
TOTAL LOANS TO CUSTOMERS AND ACCRUED INTEREST RECEIVABLES, NET		1,955,057,593	1,895,874,336	1,884,090,196	1,828,239,872
CUSTOMERS' LIABILITIES UNDER ACCEPTANCES		163,813	208,030	163,813	208,030
PROPERTIES FOR SALE, NET	6.8	31,356,313	35,983,101	31,351,444	35,912,796
PREMISES AND EQUIPMENT, NET		26,438,149	26,501,196	24,427,724	24,592,840
OTHER INTANGIBLE ASSETS, NET		3,790,163	3,943,802	1,178,943	994,705
DEFERRED TAX ASSETS	6.9	5,788,426	5,127,961	3,313,332	2,666,690
ACCRUED INCOME		3,016,026	3,837,229	2,688,853	3,627,623
OTHER ASSETS, NET		23,335,124	16,343,974	22,597,235	15,760,774
TOTAL ASSETS		2,913,358,939	2,739,203,191	2,812,533,603	2,656,181,374

NOTES TO THE INTERIM 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, 2019

(Thousand Baht)

	NOTE	CONSOLIDATED		THE BANK'S	
		FINANCIAL STATEMENTS		FINANCIAL STATEMENTS	
		SEPTEMBER 30, 2019	DECEMBER 31, 2018	SEPTEMBER 30, 2019	DECEMBER 31, 2018
		(UNAUDITED / REVIEWED)	(AUDITED)	(UNAUDITED / REVIEWED)	(AUDITED)
LIABILITIES AND EQUITY					
DEPOSITS		2,082,508,628	2,039,601,901	2,084,972,850	2,042,947,825
INTERBANK AND MONEY MARKET ITEMS, NET		184,601,736	157,395,930	176,957,762	151,999,937
LIABILITIES PAYABLE ON DEMAND		5,932,327	5,579,659	5,932,327	5,579,659
LIABILITIES TO DELIVER SECURITIES		50,111,800	33,595,200	50,111,800	33,595,200
DERIVATIVES LIABILITIES	6.2	57,526,511	32,345,613	57,526,511	32,345,613
DEBT ISSUED AND BORROWINGS	6.10	116,126,295	95,205,510	72,722,895	50,521,110
BANK'S LIABILITIES UNDER ACCEPTANCES		163,813	208,030	163,813	208,030
PROVISIONS		14,041,107	11,837,740	12,717,934	10,734,911
OTHER LIABILITIES		57,213,950	49,292,505	50,502,959	40,743,911
TOTAL LIABILITIES		2,568,226,167	2,425,062,088	2,511,608,851	2,368,676,196
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		36,579,790	19,074,388	18,051,932	14,970,218
RETAINED EARNINGS					
APPROPRIATED					
LEGAL RESERVE	6.12	7,200,504	7,200,504	7,200,504	7,200,504
UNAPPROPRIATED		199,118,751	186,761,783	182,833,542	172,495,682
TOTAL EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE BANK		335,737,819	305,875,449	300,924,752	287,505,178
NON-CONTROLLING INTEREST		9,394,953	8,265,654		
TOTAL EQUITY		345,132,772	314,141,103	300,924,752	287,505,178
TOTAL LIABILITIES AND EQUITY		2,913,358,939	2,739,203,191	2,812,533,603	2,656,181,374

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

(Signed) Vichai Assarasakorn

VICHAI ASSARASAKORN

CHAIRMAN OF THE AUDIT COMMITTEE

(Signed) Payong Srivanich

PAYONG SRIVANICH

PRESIDENT

KRUNG THAI BANK PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE THREE-MONTH PERIOD ENDED SEPTEMBER 30, 2019

UNAUDITED/
REVIEWED

	(Thousand Baht)			
	CONSOLIDATED		THE BANK'S	
	FINANCIAL STATEMENTS		FINANCIAL STATEMENTS	
	2019	2018	2019	2018
INTEREST INCOME	29,843,988	29,993,458	26,153,735	26,493,144
INTEREST EXPENSES	8,682,652	9,103,684	8,299,778	8,725,388
INTEREST INCOME, NET	21,161,336	20,889,774	17,853,957	17,767,756
FEES AND SERVICE INCOME	7,522,799	7,027,403	6,056,238	5,464,902
FEES AND SERVICE EXPENSES	1,574,301	1,370,140	1,148,733	919,513
FEES AND SERVICE INCOME, NET	5,948,498	5,657,263	4,907,505	4,545,389
GAINS ON TRADINGS AND FOREIGN EXCHANGE TRANSACTIONS, NET	473,676	919,682	473,464	918,541
GAINS ON INVESTMENTS, NET	1,153,855	40,178	1,153,855	40,178
SHARE OF PROFIT FROM INVESTMENTS FOR USING EQUITY METHOD	458,420	141,474	-	-
DIVIDEND INCOME	153,672	140,933	227,922	140,933
OTHER OPERATING INCOME	1,078,134	1,098,278	190,258	161,520
TOTAL OPERATING INCOME	30,427,591	28,887,582	24,806,961	23,574,317
OTHER OPERATING EXPENSES				
EMPLOYEES' EXPENSES	10,012,460	7,081,650	8,577,015	5,584,070
DIRECTORS' REMUNERATION	10,352	10,562	6,155	6,480
PREMISES AND EQUIPMENT EXPENSES	2,229,389	2,109,427	1,322,651	1,230,150
TAXES AND DUTIES	1,145,788	1,052,577	1,006,527	924,253
IMPAIRMENT LOSS OF PROPERTIES FORECLOSED	-	35,702	-	23,525
OTHERS	2,738,949	2,448,400	3,483,222	3,170,344
TOTAL OTHER OPERATING EXPENSES	16,136,938	12,738,318	14,395,570	10,938,822
IMPAIRMENT LOSS OF LOANS AND DEBT SECURITIES	6,097,675	6,084,099	4,501,156	4,499,446
PROFIT FROM OPERATING BEFORE INCOME TAX EXPENSES	8,192,978	10,065,165	5,910,235	8,136,049
INCOME TAX EXPENSES	1,154,481	1,521,043	756,442	1,174,967
NET PROFIT	7,038,497	8,544,122	5,153,793	6,961,082

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

(TRANSLATION)

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KRUNG THAI BANK PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (CONTINUED)
FOR THE THREE-MONTH PERIOD ENDED SEPTEMBER 30, 2019

UNAUDITED/
REVIEWED

(Thousand Baht)

	CONSOLIDATED		THE BANK'S	
	2019	2018	2019	2018
OTHER COMPREHENSIVE INCOME				
ITEMS THAT WILL BE RECLASSIFIED SUBSEQUENTLY TO PROFIT OR LOSS				
GAINS (LOSSES) ON REMEASURING AVAILABLE-FOR-SALE INVESTMENTS	481,954	1,015,816	489,235	1,010,439
LOSSES ARISING FROM TRANSLATING THE FINANCIAL STATEMENTS OF FOREIGN OPERATIONS	(16,051)	(69,038)	(16,051)	(69,038)
SHARE OF OTHER COMPREHENSIVE INCOME OF ASSOCIATES (EQUITY METHOD)				
WILL BE RECLASSIFIED SUBSEQUENTLY TO PROFIT OR LOSS	9,870,456	362,196	-	-
INCOME TAX RELATING TO COMPONENTS OF OTHER COMPREHENSIVE INCOME				
WILL BE RECLASSIFIED SUBSEQUENTLY TO PROFIT OR LOSS	(96,391)	(203,163)	(97,847)	(202,088)
ITEMS THAT WILL NOT BE RECLASSIFIED SUBSEQUENTLY TO PROFIT OR LOSS				
CHANGES IN REVALUATION SURPLUS ON ASSETS	(63,164)	(8,194)	(63,164)	(8,194)
ACTUARIAL GAINS ON DEFINED BENEFIT PLANS	703,629	-	699,059	-
INCOME TAX RELATING TO COMPONENTS OF OTHER COMPREHENSIVE INCOME				
WILL NOT BE RECLASSIFIED SUBSEQUENTLY TO PROFIT OR LOSS	(128,093)	1,639	(127,179)	1,639
OTHER COMPREHENSIVE INCOME, NET	10,752,340	1,099,256	884,053	732,758
TOTAL COMPREHENSIVE INCOME	17,790,837	9,643,378	6,037,846	7,693,840
NET PROFIT ATTRIBUTABLE				
EQUITY HOLDERS OF THE BANK	6,354,570	7,838,345	5,153,793	6,961,082
NON-CONTROLLING INTEREST	683,927	705,777		
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE				
EQUITY HOLDERS OF THE BANK	17,106,910	8,937,601	6,037,846	7,693,840
NON-CONTROLLING INTEREST	683,927	705,777		
EARNINGS PER SHARE OF PARENT COMPANY				
BASIC EARNINGS PER SHARE (BAHT)	0.45	0.56	0.37	0.50

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

(Signed) Vichai Assarasakorn
VICHAI ASSARASAKORN
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 PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2019

**UNAUDITED/
REVIEWED**

(Thousand Baht)

	NOTE	CONSOLIDATED		THE BANK'S	
		FINANCIAL STATEMENTS		FINANCIAL STATEMENTS	
		2019	2018	2019	2018
INTEREST INCOME	6.19	93,466,106	89,376,166	82,666,946	79,134,994
INTEREST EXPENSES	6.20	25,859,067	27,147,454	24,730,636	26,003,110
INTEREST INCOME, NET		67,607,039	62,228,712	57,936,310	53,131,884
FEES AND SERVICE INCOME		21,852,365	21,887,204	17,312,570	17,270,598
FEES AND SERVICE EXPENSES		4,618,430	4,236,408	3,387,753	3,007,556
FEES AND SERVICE INCOME, NET		17,233,935	17,650,796	13,924,817	14,263,042
GAINS ON TRADINGS AND FOREIGN EXCHANGE TRANSACTIONS, NET		2,139,274	3,051,778	2,138,715	3,045,733
GAINS ON INVESTMENTS, NET		1,826,058	344,374	1,829,848	344,279
SHARE OF PROFIT FROM INVESTMENTS FOR USING EQUITY METHOD		1,239,605	1,048,698	-	-
DIVIDEND INCOME		458,166	389,193	2,437,132	1,746,411
OTHER OPERATING INCOME		3,525,267	3,104,948	754,752	377,168
TOTAL OPERATING INCOME		94,029,344	87,818,499	79,021,574	72,908,517
OTHER OPERATING EXPENSES					
EMPLOYEES' EXPENSES		24,300,512	21,831,755	19,859,567	17,671,499
DIRECTORS' REMUNERATION		97,979	82,207	58,515	52,406
PREMISES AND EQUIPMENT EXPENSES		6,638,243	6,412,118	3,887,968	3,732,957
TAXES AND DUTIES		3,339,812	3,219,990	2,932,606	2,840,116
IMPAIRMENT LOSS OF PROPERTIES FORECLOSED		4,814,172	262,933	4,845,675	250,813
OTHERS		6,666,341	6,646,112	9,218,624	8,914,927
TOTAL OTHER OPERATING EXPENSES		45,857,059	38,455,115	40,802,955	33,462,718
IMPAIRMENT LOSS OF LOANS AND DEBT SECURITIES		18,989,045	19,761,714	14,504,132	15,000,074
PROFIT FROM OPERATING BEFORE INCOME TAX EXPENSES		29,183,240	29,601,670	23,714,487	24,445,725
INCOME TAX EXPENSES	6.21	5,175,645	5,291,967	3,896,263	4,208,126
NET PROFIT		24,007,595	24,309,703	19,818,224	20,237,599

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

(TRANSLATION)

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KRUNG THAI BANK PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (CONTINUED)
FOR THE NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2019

UNAUDITED/
REVIEWED

	NOTE	(Thousand Baht)			
		CONSOLIDATED		THE BANK'S	
		FINANCIAL STATEMENTS		FINANCIAL STATEMENTS	
		2019	2018	2019	2018
OTHER COMPREHENSIVE INCOME					
ITEMS THAT WILL BE RECLASSIFIED SUBSEQUENTLY TO PROFIT OR LOSS					
GAINS (LOSSES) ON REMEASURING AVAILABLE-FOR-SALE INVESTMENTS		3,932,534	(893,960)	3,948,048	(906,025)
LOSSES ARISING FROM TRANSLATING THE FINANCIAL STATEMENTS OF FOREIGN OPERATIONS		(26,193)	(213,817)	(26,193)	(213,817)
SHARE OF OTHER COMPREHENSIVE INCOME OF ASSOCIATES (EQUITY METHOD)					
WILL BE RECLASSIFIED SUBSEQUENTLY TO PROFIT OR LOSS		14,436,099	(3,051,017)	-	-
INCOME TAX RELATING TO COMPONENTS OF OTHER COMPREHENSIVE INCOME					
WILL BE RECLASSIFIED SUBSEQUENTLY TO PROFIT OR LOSS		(786,507)	178,792	(789,610)	181,205
ITEMS THAT WILL NOT BE RECLASSIFIED SUBSEQUENTLY TO PROFIT OR LOSS					
CHANGES IN REVALUATION SURPLUS ON ASSETS		(63,164)	(8,194)	(63,164)	(8,194)
ACTUARIAL GAINS ON DEFINED BENEFIT PLANS		714,064	-	699,059	-
INCOME TAX RELATING TO COMPONENTS OF OTHER COMPREHENSIVE INCOME					
WILL NOT BE RECLASSIFIED SUBSEQUENTLY TO PROFIT OR LOSS		(130,180)	1,639	(127,179)	1,639
OTHER COMPREHENSIVE INCOME, NET		<u>18,076,653</u>	<u>(3,986,557)</u>	<u>3,640,961</u>	<u>(945,192)</u>
TOTAL COMPREHENSIVE INCOME		<u>42,084,248</u>	<u>20,323,146</u>	<u>23,459,185</u>	<u>19,292,407</u>
NET PROFIT ATTRIBUTABLE					
EQUITY HOLDERS OF THE BANK		21,825,328	22,332,706	19,818,224	20,237,599
NON-CONTROLLING INTEREST		<u>2,182,267</u>	<u>1,976,997</u>		
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE					
EQUITY HOLDERS OF THE BANK		39,901,981	18,346,149	23,459,185	19,292,407
NON-CONTROLLING INTEREST		<u>2,182,267</u>	<u>1,976,997</u>		
EARNINGS PER SHARE OF PARENT COMPANY					
BASIC EARNINGS PER SHARE (BAHT)		1.56	1.60	1.42	1.45

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

(Signed) Vichai Assarasakorn
VICHAI ASSARASAKORN
CHAIRMAN OF THE AUDIT COMMITTEE

(Signed) Payong Srivanich
PAYONG SRIVANICH
PRESIDENT

UNAUDITED/
REVIEWED

KRUNG THAI BANK PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
STATEMENTS OF CHANGES IN EQUITY
FOR THE NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2019

(Thousand Baht)

NOTE	CONSOLIDATED FINANCIAL STATEMENTS											NON-CONTROLLING INTEREST	TOTAL
	ATTRIBUTABLE TO EQUITY HOLDERS OF THE BANK												
	ISSUED AND PAID-UP SHARE CAPITAL	PREMIUM ON SHARE CAPITAL	APPRAISAL SURPLUS (DEFICIT) ON ASSETS	REVALUATION SURPLUS (DEFICIT) ON INVESTMENTS	OTHER COMPONENTS OF EQUITY	RETAINED EARNINGS	TOTAL EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE BANK						
				GAINS (LOSS) FROM RECLASSIFICATION OF INVESTMENTS	GAIN (LOSS) FROM TRANSLATING THE FINANCIAL STATEMENTS	SHARE OF OTHER COMPREHENSIVE INCOME OF ASSOCIATES							
6.13	72,005,040	20,833,734	8,356,992	6,090,218	644,353	107,479	6,719,698	173,103,741	287,861,255	6,357,688	294,218,943		
	-	-	-	-	-	-	-	(8,529,602)	(8,529,602)	(690,765)	(9,220,367)		
	-	-	(6,555)	(715,168)	-	(213,817)	(3,051,017)	22,332,706	18,346,149	1,976,997	20,323,146		
	72,005,040	20,833,734	8,350,437	5,375,050	644,353	(106,338)	3,668,681	186,906,845	297,677,802	7,643,920	305,321,722		
	72,005,040	20,833,734	8,350,437	6,265,396	644,353	(99,869)	3,914,071	193,962,287	305,875,449	8,265,654	314,141,103		
6.13	-	-	-	-	-	-	-	(10,039,611)	(10,039,611)	(1,068,730)	(11,108,341)		
	-	-	(50,531)	3,146,027	-	(26,193)	14,436,099	22,396,579	39,901,981	2,182,267	42,084,248		
	-	-	-	610,918	(610,918)	-	-	-	-	-	-		
	-	-	-	-	-	-	-	-	-	-	-		
	72,005,040	20,833,734	8,299,906	10,022,341	33,435	(126,062)	18,350,170	206,319,255	335,737,819	9,394,953	345,132,772	15,762	

NOTES TO THE INTERIM 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, 2019

UNAUDITED/
REVIEWED

(Thousand Baht)

THE BANK'S FINANCIAL STATEMENTS

NOTE	ISSUED AND			PREMIUM		OTHER COMPONENTS OF EQUITY			GAIN (LOSS) FROM TRANSLATING THE FINANCIAL STATEMENTS	RETAINED EARNINGS	TOTAL
	PAID-UP SHARE CAPITAL	ON SHARE CAPITAL	APPRAISAL SURPLUS (DEFICIT)	ON ASSETS	ON INVESTMENTS	REVALUATION SURPLUS (DEFICIT)	GAINS (LOSS) FROM RECLASSIFICATION OF INVESTMENTS				
	72,005,040	20,833,734	8,356,992	5,907,145	644,353	107,479	162,274,408	270,129,151			
6.13	-	-	-	-	-	-	(8,529,602)	(8,529,602)			
BEGINNING BALANCE AS AT JANUARY 1, 2018											
DIVIDEND PAID	-	-	(6,555)	(724,820)	-	(213,817)	20,237,599	19,292,407			
TOTAL COMPREHENSIVE INCOME											
ENDING BALANCE AS AT SEPTEMBER 30, 2018	72,005,040	20,833,734	8,350,437	5,182,325	644,353	(106,338)	173,982,405	280,891,956			
	72,005,040	20,833,734	8,350,437	6,075,297	644,353	(99,869)	179,696,186	287,505,178			
6.13	-	-	(50,531)	3,158,438	-	(26,193)	(10,039,611)	(10,039,611)			
BEGINNING BALANCE AS AT JANUARY 1, 2019											
DIVIDEND PAID	-	-	-	610,918	(610,918)	-	20,377,471	23,459,185			
TOTAL COMPREHENSIVE INCOME											
ADJUSTMENT GAINS (LOSS) FROM RECLASSIFICATION OF INVESTMENTS	-	-	-	9,844,653	33,435	(126,062)	190,034,046	300,924,752			
ENDING BALANCE AS AT SEPTEMBER 30, 2019	72,005,040	20,833,734	8,299,906	9,844,653	33,435	(126,062)	190,034,046	300,924,752			

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

(Signed) **Vichai Assarasakorn**
VICHAJ ASSARASAKORN
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, 2019

(Thousand Baht)

	CONSOLIDATED		THE BANK'S	
	FINANCIAL STATEMENTS		FINANCIAL STATEMENTS	
	2019	2018	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES				
PROFIT FROM OPERATING BEFORE INCOME TAX EXPENSES	29,183,240	29,601,670	23,714,487	24,445,725
ADJUSTMENTS TO RECONCILE PROFIT FROM OPERATING BEFORE INCOME TAX EXPENSES				
TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES				
DEPRECIATION AND AMORTIZATION EXPENSES	1,978,179	2,066,400	910,539	959,029
BAD DEBTS, DOUBTFUL ACCOUNTS AND LOSS ON IMPAIRMENT	18,989,045	19,761,714	14,504,132	15,000,074
SHARE OF PROFIT FROM INVESTMENTS FOR USING EQUITY METHOD	(1,239,605)	(1,048,698)	-	-
GAIN ON DISPOSAL OF ASSETS	(6,719)	(21,277)	(1,679)	(17,030)
GAIN ON DISPOSAL OF INVESTMENTS	(1,869,348)	(335,518)	(1,869,348)	(335,518)
(GAIN) LOSS ON REVALUATION OF INVESTMENTS	(560,876)	158,371	(560,876)	158,371
LOSS ON IMPAIRMENT OF PROPERTIES FOR SALE	4,814,172	262,933	4,845,675	250,813
LOSS (REVERSAL) ON IMPAIRMENT OF INVESTMENTS	43,290	(8,856)	39,500	(8,761)
LOSS ON IMPAIRMENT OF OTHER ASSETS	235,444	350,388	235,444	350,388
AMORTIZATION OF PREMIUM (DISCOUNT) ON INVESTMENTS	(91,670)	5,026	(85,580)	7,278
(GAIN) LOSS ON FOREIGN CURRENCY TRANSLATION	6,877,258	(181,600)	6,877,263	(181,610)
INCREASE IN PROVISIONS	2,872,320	671,980	2,682,082	909,747
DECREASE IN OTHER ACCRUED INCOME	671,831	224,846	789,397	275,986
DECREASE IN OTHER ACCRUED EXPENSES	(2,114,066)	(352,482)	(2,107,655)	(183,641)
	59,782,495	51,154,897	49,973,381	41,630,851
INTEREST INCOME, NET	(67,607,039)	(62,228,712)	(57,936,310)	(53,131,884)
DIVIDEND INCOME	(458,166)	(389,193)	(2,437,132)	(1,746,411)
PROCEEDS FROM INTEREST INCOME	95,597,216	89,944,651	84,785,352	79,679,125
CASH PAID ON INTEREST EXPENSES	(26,161,024)	(27,269,707)	(24,981,641)	(26,176,378)
PROCEEDS FROM DIVIDEND INCOME	458,696	389,193	458,696	389,193
CASH PAID ON INCOME TAX EXPENSES	(9,017,801)	(6,066,233)	(7,327,259)	(4,621,052)
PROFIT FROM OPERATION BEFORE CHANGES IN				
OPERATING ASSETS AND LIABILITIES	52,594,377	45,534,896	42,535,087	36,023,444
(INCREASE) DECREASE IN OPERATING ASSETS				
INTERBANK AND MONEY MARKET ITEMS	33,652,779	107,643,368	33,225,695	107,817,050
CLAIMS ON SECURITIES	(16,516,600)	15,111,600	(16,516,600)	15,111,600
DERIVATIVES ASSETS	(21,671,802)	(4,101,925)	(21,670,503)	(4,095,634)
INVESTMENTS IN TRADING SECURITIES	(37,202,284)	(2,328,194)	(37,202,284)	(2,325,184)
LOANS TO CUSTOMERS	(83,391,069)	(60,707,550)	(75,560,517)	(55,437,130)
PROPERTIES FOR SALE	1,272,721	1,285,914	1,172,702	1,297,905
OTHER ASSETS	(11,334,039)	5,263,685	(11,179,284)	4,307,399
INCREASE (DECREASE) IN OPERATING LIABILITIES				
DEPOSITS	42,906,727	(63,483,024)	42,025,025	(63,434,266)
INTERBANK AND MONEY MARKET ITEMS	27,205,806	(50,262,301)	24,957,825	(45,486,581)
LIABILITIES PAYABLE ON DEMAND	352,668	816,493	352,668	816,493
LIABILITIES TO DELIVER SECURITIES	16,516,600	(14,905,789)	16,516,600	(14,905,789)
DERIVATIVES LIABILITIES	25,180,898	3,399,661	25,180,898	3,399,661
OTHER LIABILITIES	11,181,333	9,418,064	13,660,977	9,324,143
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	40,748,115	(7,315,102)	37,498,289	(7,586,889)

NOTES TO THE INTERIM 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, 2019

(Thousand Baht)

	CONSOLIDATED		THE BANK'S	
	FINANCIAL STATEMENTS		FINANCIAL STATEMENTS	
	2019	2018	2019	2018
CASH FLOWS FROM INVESTING ACTIVITIES				
PURCHASES OF AVAILABLE FOR SALE SECURITIES	(156,307,162)	(105,436,802)	(156,953,762)	(106,088,402)
PROCEEDS FROM DISPOSAL OF AVAILABLE FOR SALE SECURITIES	91,841,376	85,722,712	92,484,951	85,722,712
PURCHASES OF HELD TO MATURITY DEBT SECURITIES	(1,714,063)	(1,593,333)	(1,181,324)	(637,563)
PROCEEDS FROM DISPOSAL OF HELD TO MATURITY DEBT SECURITIES	2,633,898	40,122,753	1,758,895	39,431,418
PURCHASES OF GENERAL INVESTMENTS	(441,608)	(263,970)	(441,608)	(263,970)
PROCEEDS FROM DISPOSAL OF GENERAL INVESTMENTS	194,755	197,638	194,755	197,638
PURCHASES OF INVESTMENTS IN SUBSIDIARY / ASSOCIATED COMPANIES	(117,500)	-	(144,945)	-
PROCEEDS FROM DISPOSAL OF INVESTMENTS IN SUBSIDIARY / ASSOCIATED COMPANIES	427,052	-	427,052	-
PROCEEDS FROM DIVIDEND INCOME FROM SUBSIDIARIES AND ASSOCIATES	179,136	165,438	1,904,716	1,357,218
PURCHASES OF INTANGIBLE ASSETS	(524,321)	(494,112)	(317,933)	(199,467)
PURCHASES OF PREMISES AND EQUIPMENT	(1,053,584)	(770,383)	(472,123)	(343,427)
PROCEEDS FROM DISPOSAL OF PREMISES AND EQUIPMENT	27,009	41,188	1,693	17,351
NET CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES	<u>(64,855,012)</u>	<u>17,691,129</u>	<u>(62,739,633)</u>	<u>19,193,508</u>
CASH FLOWS FROM FINANCING ACTIVITIES				
PROCEEDS FROM DEBT ISSUED AND LONG-TERM BORROWINGS	28,000,000	8,598,400	24,000,000	-
REPAYMENTS OF DEBT ISSUED AND LONG-TERM BORROWINGS	(5,281,000)	(23,130,000)	-	(16,410,000)
DIVIDEND PAID-ORDINARY SHARE	(10,034,812)	(8,525,397)	(10,034,812)	(8,525,397)
DIVIDEND PAID-PREFERRED SHARE	(4,799)	(4,205)	(4,799)	(4,205)
DIVIDEND PAID TO NON-CONTROLLING INTEREST	(1,069)	(690,765)	-	-
NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES	<u>12,678,320</u>	<u>(23,751,967)</u>	<u>13,960,389</u>	<u>(24,939,602)</u>
LOSS ON ARISING FROM TRANSLATING THE FINANCIAL STATEMENTS OF FOREIGN OPERATIONS	<u>(26,193)</u>	<u>(213,817)</u>	<u>(26,193)</u>	<u>(213,817)</u>
DECREASE IN CASH AND CASH EQUIVALENTS	<u>(11,454,770)</u>	<u>(13,589,757)</u>	<u>(11,307,148)</u>	<u>(13,546,800)</u>
BEGINNING BALANCE OF CASH AND CASH EQUIVALENTS	<u>68,878,125</u>	<u>73,572,868</u>	<u>68,661,544</u>	<u>73,334,740</u>
ENDING BALANCE OF CASH AND CASH EQUIVALENTS	<u><u>57,423,355</u></u>	<u><u>59,983,111</u></u>	<u><u>57,354,396</u></u>	<u><u>59,787,940</u></u>

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

(Signed) Vichai Assarasakorn
VICHAI ASSARASAKORN
CHAIRMAN OF THE AUDIT COMMITTEE

(Signed) Payong Srivanich
PAYONG SRIVANICH
PRESIDENT

KRUNG THAI BANK PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2019 (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 STATEMENT

2.1 Preparation of the Interim Financial Statements

These interim financial statements are prepared in accordance with Thai Accounting Standard No. 34 (revised 2018) 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, 2018. 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 October 2, 2017, regarding the Preparation and Submission of Financial Statements, and Financial reports and Operating results of Listed Companies, B.E. 2560 (2017). Moreover, these financial statements are prepared in conformity with generally accepted accounting principles, under Accounting Act B.E. 2543 (2000).

The Consolidated Financial Statements

The consolidated financial statements comprise the accounts of the Bank and its subsidiaries in which the Bank is a controlling interest after eliminating material intercompany transactions and balances. The 13 consolidated subsidiaries are KTB Law Co., Ltd., KTB General Services and Security Co., Ltd., Krung Thai Asset Management Pcl., KTB Computer Services Co., Ltd., KTB Leasing Co., Ltd., KTB Advisory Co., Ltd., Krungthai Card Pcl., KTC Nano Co.,Ltd., KTC Pico (Bangkok) Co., Ltd. KTC Pico (Chonburi) Co., Ltd., KTC Pico (Pathumthani) Co., Ltd., KTC Pico (Samutprakan) Co., Ltd. and KTC Pico (Samutsakhon) Co., Ltd..

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

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

2. BASIS OF PRESENTATION OF THE FINANCIAL STATEMENT (Continued)

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 period ended September 30, 2019 and 2018 and for the year ended December 31, 2018 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 statements have 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 period beginning on or after January 1, 2019. The Bank administrators have considered to constitute no significant impacts on the Bank's accounting policies, and the Bank's and its subsidiaries' financial statements.

2.4 The New and Revised Thai Accounting Standards (TAS) and Thai Financial Reporting Standards (TFRS) announced but not yet Effective.

The Federation of Accounting Professions has announced Thai Accounting Standards (TAS), Thai Financial Reporting Standards (TFRS), TSIC Interpretations, TFRIC Interpretations and Thai Accounting Guidances that are relevant to the Bank. Effective for the financial statements period beginning on or after January 1, 2020 as follows:

TAS 32 (revised 2019)	Financial Instruments: Presentation
TFRS 7 (revised 2019)	Financial Instruments: Disclosures
TFRS 9	Financial Instruments
TFRIC 16 (revised 2019)	Hedges of a Net Investment in a Foreign Operation
TFRIC 19 (revised 2019)	Extinguishing Financial Liabilities with Equity Instruments

Thai Accounting Standards (TAS) and Thai Financial Reporting Standards (TFRS) stated above will have impacts on the Bank's financial statements in relation to the classification, the measurement of financial assets and liabilities, the impairment calculation of financial instruments and the presentation and disclosure of financial instruments at the effective mentioned above. In preparing of adopting of such TAS, TFRS and IFRIC mentioned above the Bank has set up the working group on policies, operation process management, and implementing plan. The Bank is in the preparation process for adoption of such TAS and TFRS mentioned above according to the effective date.

2. BASIS OF PRESENTATION OF THE FINANCIAL STATEMENT (Continued)

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

TAS 1 (revised 2019)	Presentation of Financial Statements
TAS 7 (revised 2019)	Statement of Cash Flows
TAS 8 (revised 2019)	Accounting Policies, Changes in Accounting Estimates and Errors
TAS 10 (revised 2019)	Events after the Reporting Period
TAS 16 (revised 2019)	Property, Plant and Equipment
TAS 20 (revised 2019)	Accounting for Government Grants and Disclosure of Government Assistance
TAS 21 (revised 2019)	The Effects of Changes in Foreign Exchange Rates
TAS 24 (revised 2019)	Related Party Disclosures
TAS 26 (revised 2019)	Accounting and Reporting by Retirement Benefit Plans
TAS 27 (revised 2019)	Separate Financial Statements
TAS 29 (revised 2019)	Financial Reporting in Hyperinflationary Economies
TAS 33 (revised 2019)	Earnings per Share
TAS 34 (revised 2019)	Interim Financial Reporting
TAS 36 (revised 2019)	Impairment of Assets
TAS 37 (revised 2019)	Provisions, Contingent Liabilities and Contingent Assets
TAS 38 (revised 2019)	Intangible Assets
TAS 40 (revised 2019)	Investment Property
TFRS 2 (revised 2019)	Share-based Payment
TFRS 4 (revised 2019)	Insurance
TFRS 5 (revised 2019)	Non-current Assets Held for Sale and Discontinued Operations
TFRS 8 (revised 2019)	Operating Segments
TFRS 10 (revised 2019)	Consolidated Financial Statements
TFRS 12 (revised 2019)	Disclosure of Interests in Other Entities
TFRS 13 (revised 2019)	Fair Value Measurement
TFRS 15 (revised 2019)	Revenue from Contracts with Customers
TFRS 16	Leases
TSIC 10 (revised 2019)	Government Assistance-No Specific Relation to Operating Activities

2. BASIS OF PRESENTATION OF THE FINANCIAL STATEMENT (Continued)

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

TSIC 25 (revised 2019)	Income Taxes - Changes in the Tax Status of an Entity or its Shareholders
TSIC 32 (revised 2019)	Intangible Assets-Web Site Costs
TFRIC 1 (revised 2019)	Changes in Existing Decommissioning, Restoration and Similar Liabilities
TFRIC 5 (revised 2019)	Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds
TFRIC 7 (revised 2019)	Applying the Restatement Approach under TAS 29 Financial Reporting in Hyperinflationary Economies
TFRIC 10 (revised 2019)	Interim Financial Reporting and Impairment
TFRIC 14 (revised 2019)	The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction under TAS 19 Employee Benefits
TFRIC 17 (revised 2019)	Distributions of Non-cash Assets to Owners
TFRIC 21 (revised 2019)	Levies
TFRIC 22 (revised 2019)	Foreign Currency Transactions and Advance Consideration
Thai Accounting Guidances	Financial instruments and Presentation for Insurance business

The Bank administrators have considered not to constitute no significant impacts on the Bank's accounting policies 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, 2018.

4. Capital Requirements

As at September 30, 2019 and December 31, 2018, the Bank has calculated the capital fund in accordance with the BOT's Basel III Framework. Since 2016, which is required the commercial banks that registered in Thailand to maintain the additional common equity Tier 1 ratio more than minimum capital fund 2.5 percent of total Risk-Weighted Assets by gradually maintained the additional more than 0.625 percent of each year, beginning from January 1, 2016 until fully amount on January 1, 2019.

The BOT uplifted the regulation for commercial banks that were classified as the Domestic Systemically Important Banks (D-SIBs), requiring to hold all capital ratios to absorb higher loss absorbency of an additional 0.5 percent of risk-weight assets from January 1, 2019 and of 1 percent of risk-weight assets from January 1, 2020 onwards.

4. Capital Requirements (Continued)**Capital Adequacy Ratios**

	<u>2019</u>	<u>2018</u>
	<u>More than %</u>	<u>More than %</u>
Common Equity Tier 1 Ratio	7.50	6.375
Tier 1 capital fund ratio	9.00	7.875
Capital Adequacy Ratio	11.50	10.375

Capital fund and Capital adequacy ratio information as at September 30, 2019 is preliminary information prepared by criteria and methodologies, that prescribed by the BOT, which is required the Bank to prepare and submit the information to the BOT within 3 months from the end of the quarter including disclose the information as at June 30 and December 31 of each year via the Bank's Web Site. For the comparable information as at December 31, 2018 already submitted to the BOT as follow.

	(Million Baht)	
	<u>Financial Business Groups</u>	
	<u>September 30, 2019</u>	<u>December 31, 2018</u>
Common Equity Tier 1		
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	178,593.33	174,631.23
Other components of equity	36,582.13	19,063.98
Capital deduction items on common equity Tier 1	(20,228.64)	(9,721.13)
Tier 1 capital fund - financial instruments	1,122.56	968.79
Total tier 1 capital fund	<u>296,108.66</u>	<u>284,982.15</u>
Tier 2 capital fund		
Long-term subordinated debt	75,810.16	51,810.16
Allowance for assets classified as normal	21,953.57	21,908.25
Total tier 2 capital fund	<u>97,763.73</u>	<u>73,718.41</u>
Total capital fund	<u><u>393,872.39</u></u>	<u><u>358,700.56</u></u>

4. Capital Requirements (Continued)

(Million Baht)

	<u>The Bank's Financial Statements</u>	
	<u>September 30, 2019</u>	<u>December 31, 2018</u>
Common equity Tier 1		
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	164,645.44	162,860.95
Other components of equity	18,047.53	14,965.81
Capital deduction items on common equity Tier 1	(6,122.40)	(5,850.76)
Total tier 1 capital fund	<u>276,609.85</u>	<u>272,015.28</u>
Tier 2 capital fund		
Long-term subordinated debt	75,810.16	51,810.16
Allowance for assets classified as normal	21,054.94	21,045.98
Total tier 2 capital fund	<u>96,865.10</u>	<u>72,856.14</u>
Total capital fund	<u><u>373,474.95</u></u>	<u><u>344,871.42</u></u>

Capital Adequacy Ratio

	<u>Financial Business Groups</u>		<u>The Bank's Financial Statements</u>	
	<u>September 30, 2019</u>	<u>December 31, 2018</u>	<u>September 30, 2019</u>	<u>December 31, 2018</u>
Common equity Tier 1 ratio	14.91	14.42	14.54	14.35
Tier 1 capital fund ratio	14.96	14.47	14.54	14.35
Capital adequacy ratio	19.91	18.22	19.63	18.19

The Bank discloses information about capital requirements of the Bank and financial business groups under the BOT's Notifications regarding the Disclosure of Capital Requirements of Commercial Banks and regarding the Disclosure of Capital Requirement of the Financial Business Group.

Channel of disclosure	www.ktb.co.th >Investor Relations>Financial Information>Pillar III Disclosures
Date of disclosure	October 31, 2019
Information as at	as at June 30, 2019

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 these 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 period affected. Information about significant areas at estimation uncertainty and assumptions in applying accounting policies that have a significant effect on the amounts recognized in the financial statements.

6. SUPPLEMENTARY INFORMATION

6.1. Supplementary Information of Cash Flows

6.1.1 Significant non-cash items for the nine-month period ended September 30, 2019 and 2018 are as follows:

(Million Baht)

	<u>Consolidated Financial Statements</u>		<u>The Bank's Financial Statements</u>	
	<u>September 30, 2019</u>	<u>September 30, 2018</u>	<u>September 30, 2019</u>	<u>September 30, 2018</u>
Increase (decrease) in revaluation surplus on available-for-sale				
investments net income tax expenses	3,146.03	(715.17)	3,158.44	(724.82)
Increase in properties for sale from loans payment	1,642.61	1,869.20	1,642.61	1,869.20

6.1.2 Disclosures of Related change in Liabilities from Financing Activities

(Million Baht)

<u>Item</u>	<u>Consolidated Financial Statements</u>			
	<u>January 1, 2019</u>	<u>Cash Flows From</u>	<u>None-Cash Item</u>	<u>September 30, 2019</u>
		<u>Financing Activities</u>	<u>Exchange Rate</u>	
		<u>. Net</u>	<u>Conversion</u>	
Debt Issued and Borrowings	95,205.51	22,719.00	(1,798.21)	116,126.30
Total	95,205.51	22,719.00	(1,798.21)	116,126.30

(Million Baht)

<u>Item</u>	<u>Consolidated Financial Statements</u>			
	<u>January 1, 2019</u>	<u>Cash Flows From</u>	<u>None-Cash Item</u>	<u>September 30, 2019</u>
		<u>Financing Activities</u>	<u>Exchange Rate</u>	
		<u>. Net</u>	<u>Conversion</u>	
Debt Issued and Borrowings	50,521.11	24,000.00	(1,798.21)	72,722.90
Total	50,521.11	24,000.00	(1,798.21)	72,722.90

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

(Million Baht)

<u>Type of Risk</u>	<u>Consolidated Financial Statements</u>					
	<u>September 30, 2019</u>			<u>December 31, 2018</u>		
	<u>Fair Value</u>		<u>Notional</u>	<u>Fair Value</u>		<u>Notional</u>
	<u>Assets</u>	<u>Liabilities</u>	<u>Amounts</u>	<u>Assets</u>	<u>Liabilities</u>	<u>Amounts</u>
Exchange rate	31,604.31	30,816.75	2,200,469.31	23,368.23	18,779.56	2,214,299.83
Interest rate	20,016.86	18,781.66	2,163,062.23	6,739.14	7,037.15	1,784,644.83
Others	6,280.20	7,928.10	192,374.59	6,122.20	6,528.90	111,623.79
Total	57,901.37	57,526.51	4,555,906.13	36,229.57	32,345.61	4,110,568.45

(Million Baht)

<u>Type of Risk</u>	<u>The Bank's Financial Statements</u>					
	<u>September 30, 2019</u>			<u>December 31, 2018</u>		
	<u>Fair Value</u>		<u>Notional</u>	<u>Fair Value</u>		<u>Notional</u>
	<u>Assets</u>	<u>Liabilities</u>	<u>Amounts</u>	<u>Assets</u>	<u>Liabilities</u>	<u>Amounts</u>
Exchange rate	31,604.31	30,816.75	2,200,469.32	23,368.23	18,779.56	2,214,299.83
Interest rate	20,017.03	18,781.66	2,163,144.17	6,740.60	7,037.15	1,784,982.84
Others	6,280.20	7,928.10	192,374.59	6,122.20	6,528.90	111,623.78
Total	57,901.54	57,526.51	4,555,988.08	36,231.03	32,345.61	4,110,906.45

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

<u>Counterparty</u>	<u>Consolidated Financial Statements</u>		<u>The Bank's Financial Statements</u>	
	<u>September 30, 2019</u>	<u>December 31, 2018</u>	<u>September 30, 2019</u>	<u>December 31, 2018</u>
	<u>Proportion</u>	<u>Proportion</u>	<u>Proportion</u>	<u>Proportion</u>
Financial institutions	76.80%	75.18%	76.80%	75.18%
Group companies	0.24%	0.26%	0.25%	0.27%
Third parties	22.96%	24.56%	22.95%	24.55%
Total	100.00%	100.00%	100.00%	100.00%

6.3 Investments, Net

(Million Baht)

	<u>Consolidated Financial Statements</u>		<u>The Bank's Financial Statements</u>	
	<u>September 30, 2019</u>	<u>December 31, 2018</u>	<u>September 30, 2019</u>	<u>December 31, 2018</u>
	<u>Fair Value</u>	<u>Fair Value</u>	<u>Fair Value</u>	<u>Fair Value</u>
6.3.1 Trading Securities				
Government and state enterprises securities	30,898.66	15,670.50	30,898.66	15,670.50
Private enterprises debt securities	-	239.95	-	239.95
Foreign debt securities	29,595.08	7,452.93	29,595.08	7,452.93
Total	60,493.74	23,363.38	60,493.74	23,363.38
6.3.2 Available-for-Sale Securities				
Government and state enterprises securities	206,296.98	132,192.80	206,296.98	132,192.80
Private enterprises debt securities	14,732.45	14,045.36	15,385.79	14,687.18
Foreign debt securities	26,910.15	35,046.70	26,910.15	35,046.70
Domestic marketable equity securities	16,679.35	15,133.22	16,679.34	15,133.22
Foreign marketable equity securities	304.41	382.34	304.41	382.34
Total	264,923.34	196,800.42	265,576.67	197,442.24
	<u>Cost/</u>	<u>Cost/</u>	<u>Cost/</u>	<u>Cost/</u>
	<u>Amortized Cost</u>	<u>Amortized Cost</u>	<u>Amortized Cost</u>	<u>Amortized Cost</u>
6.3.3 Held-to-Maturity Debt Securities				
Government and state enterprises securities	407.00	1,745.65	-	1,000.00
Private enterprises debt securities	604.46	35.71	604.46	35.71
Foreign debt securities	464.35	646.30	464.35	646.30
Total	1,475.81	2,427.66	1,068.81	1,682.01
<u>Less</u> Allowance for impairment	(35.71)	(35.82)	(35.71)	(35.82)
Total	1,440.10	2,391.84	1,033.10	1,646.19
6.3.4 General Investments				
Domestic non-marketable equity securities	2,216.00	1,933.74	2,213.47	1,933.69
Foreign non-marketable equity securities	3.40	3.77	3.40	3.77
Others	0.77	0.81	0.77	0.81
Total	2,220.17	1,938.32	2,217.64	1,938.27
<u>Less</u> Allowance for impairment	(1,204.66)	(1,161.37)	(1,204.66)	(1,161.37)
Total	1,015.51	776.95	1,012.98	776.90
	327,872.69	223,332.59	328,116.49	223,228.71

6.3 Investments, Net (Continued)

As at September 30, 2019 and December 31, 2018, general investments which are domestic non-marketable equity securities of Baht 2,213.48 million and Baht 1,933.69 million respectively, included investments in the Islamic Bank of Thailand of Baht 1,048.15 million, which the Bank reserved the full amount of allowances for impairment and included investments in Private Equity Trust for SME Growing Together of Baht 409.49 million which support the government policies.

6.3.5 As at September 30, 2019 and December 31, 2018 unrealized gains (losses) on revaluation of available-for-sale securities are as follows:

(Million Baht)

	<u>Consolidated Financial Statements</u>							
	<u>September 30, 2019</u>				<u>December 31, 2018</u>			
	<u>Cost</u> ¹	<u>Unrealized Gains</u> ²	<u>Unrealized Losses</u> ²	<u>Fair Value</u>	<u>Cost</u> ¹	<u>Unrealized Gains</u> ²	<u>Unrealized Losses</u> ²	<u>Fair Value</u>
Available-for-Sale Securities	252,582.47	13,065.28	(731.14)	264,923.34	188,392.08	10,532.73	(2,124.39)	196,800.42

(Million Baht)

	<u>The Bank's Financial Statements</u>							
	<u>September 30, 2019</u>				<u>December 31, 2018</u>			
	<u>Cost</u> ¹	<u>Unrealized Gains</u> ²	<u>Unrealized Losses</u> ²	<u>Fair Value</u>	<u>Cost</u> ¹	<u>Unrealized Gains</u> ²	<u>Unrealized Losses</u> ²	<u>Fair Value</u>
Available-for-Sale Securities	253,229.06	13,072.02	(724.41)	265,576.67	189,042.68	10,532.73	(2,133.17)	197,442.24

¹ net of allowance for impairment

² Included Gains (Losses) from reclassification of investments

6.3.6 As at September 30, 2019 and December 31, 2018, the Bank has investments in foreign securities that are affected by foreign exchange rate, resulting in a decrease of the carrying amount of Baht 1,574.14 million and Baht 608.53 million, respectively.

6.3.7 The Bank has the other investments with holding of 10 percent and upwards of the paid-up capital, classified by industrial sector and represented at their fair value as follows:

(Million Baht)

	<u>Consolidated and The Bank's Financial Statements</u>	
	<u>September 30, 2019</u>	<u>December 31, 2018</u>
Public utilities and services	1,513.58	1,434.11

6.3.8 As at September 30, 2019, the Bank has investments in 3 listed companies that are subject to delisting from SET, their cost of Baht 0.10 million which are fully reserved allowance for impairment.

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

(Million Baht)

<u>Name of Company</u>	<u>Type of Business</u>	<u>Type of Shares</u>	<u>September 30, 2019</u>		
			<u>Percentages of Shareholdings</u>	<u>Investments (Cost Method)</u>	<u>Dividend</u>
Subsidiaries					
Direct Holding Group					
KTB Law Co., Ltd.	Legal Services	Ordinary	100.00	30.00	27.00
KTB General Services and Security Co., Ltd.	General Services	Ordinary	100.00	140.00	118.65
Krung Thai Asset Management Pcl.	Securities Business	Ordinary	100.00	210.90	455.00
KTB Computer Services Co., Ltd.	IT Services	Ordinary	100.00	1,300.00	79.43
KTB Leasing Co., Ltd. *	Hire Purchase	Ordinary	100.00	1,000.00	-
KTB Advisory Co., Ltd.**	Financial Counseling & Advisory Services	Ordinary	100.00	40.00	-
Krungthai Card Pcl.	Credit Card Business	Ordinary	49.10	1,980.36	1,045.50
KTC Nano Co.,Ltd ****	Personal Loan to Natural Person in order to use for Career	Ordinary	24.95	12.48	-
KTC Pico (Bangkok) Co., Ltd. ****	Personal Loan	Ordinary	24.95	14.97	-
Indirect Holding Group					
KTC Pico (Chonburi) Co., Ltd. *****	Personal Loan				
KTC Pico (Pathumthani) Co., Ltd. *****	Personal Loan				
KTC Pico (Samutprakan) Co., Ltd. *****	Personal Loan				
KTC Pico (Samutsakhon) Co., Ltd. *****	Personal Loan				
Total				4,728.71	1,725.58
<u>Less</u> Allowance for impairment ***				(798.76)	-
Total				3,929.95	1,725.58
Associates					
Krungthai-AXA Life Insurance Pcl.	Life Insurance	Ordinary	50.00	4,071.77	-
Krungthai Panich Insurance Pcl.	Non-Life Insurance	Ordinary	45.00	1,518.82	193.05
Krung Thai IBJ Leasing Co., Ltd.	Hire Purchase	Ordinary	49.00	87.38	43.12
KT Zmico Securities Co., Ltd.	Securities Business	Ordinary	50.00	1,068.89	-
National ITMX Co., Ltd.	Service	Ordinary	19.82	35.70	17.22
BCI (Thailand) Co., Ltd.	Service	Ordinary	22.17	117.50	-
Total				6,900.06	253.39
Investments in subsidiaries and associates, net				10,830.01	1,978.97

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

(Million Baht)

<u>Name of Company</u>	<u>Type of Business</u>	<u>Type of Shares</u>	<u>December 31, 2018</u>		
			<u>Percentages of Shareholdings</u>	<u>Investments (Cost Method)</u>	<u>Dividend</u>
Subsidiaries					
KTB Law Co., Ltd.	Legal Services	Ordinary	100.00	30.00	22.50
KTB General Services and Security Co., Ltd.	General Services	Ordinary	100.00	140.00	157.15
Krung Thai Asset Management Pcl.	Securities Business	Ordinary	100.00	210.90	320.00
KTB Computer Services Co., Ltd.	IT Services	Ordinary	100.00	1,300.00	16.38
KTB Leasing Co., Ltd.*	Hire Purchase	Ordinary	100.00	1,000.00	-
KTB Advisory Co., Ltd. **	Financial Counseling & Advisory Services	Ordinary	100.00	40.00	-
Krungthai Card Pcl.	Credit Card Business	Ordinary	49.45	1,994.60	675.75
Total				4,715.50	1,191.78
<u>Less Allowance for impairment***</u>				(802.56)	-
Total				3,912.94	1,191.78
Associates					
Krungthai-AXA Life Insurance Pcl.	Life Insurance	Ordinary	50.00	4,071.77	-
Krungthai Panich Insurance Pcl.	Non-Life Insurance	Ordinary	45.00	1,518.82	168.30
Krung Thai IBJ Leasing Co., Ltd.	Hire Purchase	Ordinary	49.00	87.38	41.36
KT Zmico Securities Co., Ltd.	Securities Business	Ordinary	50.00	1,068.89	-
National ITMX Co., Ltd.	Service	Ordinary	21.13	38.05	5.28
Total				6,784.91	214.94
Investments in subsidiaries and associates, net				10,697.85	1,406.72

* Under consideration of business restructuring plan.

** Under operation of business plan preparation.

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

**** The Bank invested in KTC Nano Co., Ltd. and KTC Pico (Bangkok) Co., Ltd. holding 24.95% and invested indirectly via KTC Co., Ltd. by the Bank invested in KTC Co., Ltd. holding 49.10% and KTC Co., Ltd. invested in KTC Nano Co., Ltd. and KTC Pico (Bangkok) Co., Ltd. holding 75.05%.

***** The Bank invested indirectly in KTC Pico (Bangkok) Co., Ltd. by KTC Pico (Bangkok) Co., Ltd. invested in KTC Pico (Chonburi) Co., Ltd., KTC Pico (Pathumthani) Co., Ltd., KTC Pico (Samutprakan) Co., Ltd. and KTC Pico (Samutsakhon) Co., Ltd. holding 100%.

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, 2019	
				Investments (Cost Method)	Investments (Equity Method)
Associates					
Krungthai-AXA Life Insurance Pcl.	Life Insurance	Ordinary	50.00	593.57	27,178.54
Krungthai Panich Insurance Pcl.	Non-Life Insurance	Ordinary	45.00	971.30	2,934.12
Krung Thai IBJ Leasing Co., Ltd.	Hire Purchase	Ordinary	49.00	87.38	659.94
KT Zmico Securities Co., Ltd.	Securities Business	Ordinary	50.00	1,068.89	1,119.93
National ITMX Co., Ltd.	Service	Ordinary	19.82	35.70	356.61
BCI (Thailand) Co., Ltd.	Service	Ordinary	22.17	117.50	124.16
Total investments in associates, net				2,874.34	32,373.30

(Million Baht)

Name of Company	Type of Business	Type of Shares	Percentages of Shareholdings	December 31, 2018	
				Investments (Cost Method)	Investments (Equity Method)
Associates					
Krungthai-AXA Life Insurance Pcl.	Life Insurance	Ordinary	50.00	593.57	11,900.65
Krungthai Panich Insurance Pcl.	Non-Life Insurance	Ordinary	45.00	971.30	2,761.78
Krung Thai IBJ Leasing Co., Ltd.	Hire Purchase	Ordinary	49.00	87.38	659.77
KT Zmico Securities Co., Ltd.	Securities Business	Ordinary	50.00	1,068.89	1,167.81
National ITMX Co., Ltd.	Service	Ordinary	21.13	38.05	344.29
Total investments in associates, net				2,759.19	16,834.30

Investments in associates are accounted in the consolidated financial statements by 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, 2019			December 31, 2018		
	"Unreviewed"			"Audited"		
	Total Assets	Total Liabilities	Shareholders' Equity	Total Assets	Total Liabilities	Shareholders' Equity
Krungthai-AXA Life Insurance Pcl.	334,825.49	280,468.41	54,357.08	275,484.29	251,627.05	23,857.24
Krungthai Panich Insurance Pcl.	10,666.15	4,145.89	6,520.26	9,792.84	3,652.00	6,140.84
Krung Thai IBJ Leasing Co., Ltd.	12,538.91	11,192.09	1,346.82	11,203.31	9,851.20	1,352.11
KT Zmico Securities Co., Ltd.	6,356.02	4,116.15	2,239.87	6,661.43	4,368.05	2,293.38
National ITMX Co., Ltd.	2,125.75	321.15	1,804.60	1,847.03	219.48	1,627.55
BCI (Thailand) Co, Ltd.	587.29	27.26	560.03	-	-	-
	367,099.61	300,270.95	66,828.66	304,988.90	269,717.78	35,271.12

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, 2019		September 30, 2018	
	"Unreviewed"		"Reviewed"	
	Total Income	Net Profit (Loss)	Total Income	Net Profit (Loss)
Krungthai-AXA Life Insurance Pcl.	50,619.69	1,772.39	49,851.98	1,507.88
Krungthai Panich Insurance Pcl.	2,196.22	600.70	2,271.99	518.98
Krung Thai IBJ Leasing Co., Ltd. *	708.26	82.71	668.07	154.05
KT Zmico Securities Co., Ltd.	811.06	(1.08)	1,100.58	60.63
National ITMX Co., Ltd. *	769.99	258.54	515.77	131.28
BCI (Thailand) Co., Ltd.	51.01	30.03	-	-
	<u>55,156.23</u>	<u>2,743.29</u>	<u>54,408.39</u>	<u>2,372.82</u>

* For the nine-month period ended September 30, 2018 information is yet unreviewed by the auditor.

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, 2019	December 31, 2018	September 30, 2019	December 31, 2018
	Overdrafts	170,332.24	171,033.53	170,332.24
Loans	1,405,284.55	1,347,062.18	1,328,126.74	1,273,401.07
Bills	507,264.46	492,393.92	513,794.46	503,233.92
Hire purchase receivables	4,551.37	9,173.43	1.02	1.04
Financial lease receivables	1,483.98	2,338.81	-	-
Others	3,726.35	3,128.17	1,133.97	1,078.31
<u>Less</u> Deferred revenue	(586.41)	(925.37)	(73.46)	(45.99)
Total loans to customers net of deferred revenue	<u>2,092,056.54</u>	<u>2,024,204.67</u>	<u>2,013,314.97</u>	<u>1,948,701.88</u>
<u>Add</u> Accrued interest receivables	3,646.22	5,424.06	3,112.73	4,877.86
Total loans to customers net of deferred revenue, plus accrued interest receivables	<u>2,095,702.76</u>	<u>2,029,628.73</u>	<u>2,016,427.70</u>	<u>1,953,579.74</u>
<u>Less</u> Allowance for doubtful accounts				
1. Minimum reserve under BOT's regulations				
Individual approach	(73,766.86)	(71,305.17)	(71,472.54)	(69,052.44)
Collective approach	(3,804.18)	(3,781.72)	-	-
2. Excess allowance	(63,074.13)	(58,667.50)	(60,864.96)	(56,287.43)
Total loans to customers, net	<u>1,955,057.59</u>	<u>1,895,874.34</u>	<u>1,884,090.20</u>	<u>1,828,239.87</u>

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

6.5.1 Classified by Type of Loans (Continued)

As at September 30, 2019, the Bank has loans to interbank and money market items which subject to government policy program, the loans are as follows : KTB- Soft Loan which is a working capital for Medium- Sized Enterprises and Retails (SMEs), KTB- Soft Loan which is a principal of machinery improvement and increase productivity for Medium- Sized Enterprises and Retails (SMEs), financial support for the nine Southern provinces' entrepreneur, revolving fund project for energy conservation by financial institution phase 6, and Loan project for environment totaling amount Baht 31,283.00 million.

As at September 30, 2019 and December 31, 2018 , the Bank's other loans of Baht 1,133.97 million and Baht 1,078.31 million included debts resulting from the Bank's liabilities under acceptances or guarantees of Baht 1,080.90 million and Baht 1,031.55 million, respectively.

6.5.2 Classified by Loans Classification

	<u>Consolidated Financial Statements</u>			(Million Baht)
	<u>September 30, 2019</u>			
	Net Amount	%		
Loans and Accrued Interest Receivables	Used for Setting the Allowance for Doubtful Accounts ¹	Used for Setting the Allowance for Doubtful Accounts ²	Allowance for Doubtful Accounts	
1. Minimum reserve under BOT's regulations				
Normal	1,917,468.19	900,469.34	1	13,532.70
Special mention	68,362.51	31,827.05	2	14,190.87
Substandard	15,351.79	6,070.64	100	6,095.79
Doubtful	14,021.27	7,129.22	100	7,129.22
Doubtful of loss	80,499.00	35,295.80	100	36,622.46
2. Excess allowance				63,074.13
Total	<u>2,095,702.76</u>	<u>980,792.05</u>		<u>140,645.17</u>

	<u>Consolidated Financial Statements</u>			(Million Baht)
	<u>December 31, 2018</u>			
	Net Amount	%		
Loans and Accrued Interest Receivables	Used for Setting the Allowance for Doubtful Accounts ¹	Used for Setting the Allowance for Doubtful Accounts ²	Allowance for Doubtful Accounts	
1. Minimum reserve under BOT's regulations				
Normal	1,858,756.46	872,883.93	1	13,399.00
Special mention	64,464.87	25,554.66	2	11,584.89
Substandard	14,404.28	7,898.81	100	7,898.81
Doubtful	17,923.17	9,196.18	100	9,196.18
Doubtful of loss	74,079.95	31,511.21	100	33,008.01
2. Excess allowance				58,667.50
Total	<u>2,029,628.73</u>	<u>947,044.79</u>		<u>133,754.39</u>

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

(Million Baht)

	<u>The Bank's Financial Statements</u>			
	<u>September 30, 2019</u>			
		Net Amount	%	
	Loans and Accrued Interest <u>Receivables</u>	Used for Setting the Allowance for <u>Doubtful Accounts</u> ¹	Used for Setting the Allowance for <u>Doubtful Accounts</u>	Allowance for Doubtful <u>Accounts</u>
1. Minimum reserve under BOT's regulations				
Normal	1,843,229.21	830,384.60	1	11,146.12
Special mention	66,721.52	30,456.41	2	13,702.25
Substandard	15,115.99	5,874.64	100	5,899.78
Doubtful	13,843.78	6,991.18	100	6,991.18
Doubtful of loss	77,517.20	32,406.55	100	33,733.21
2. Excess allowance				59,364.96
Total	2,016,427.70	906,113.38		130,837.50

(Million Baht)

	<u>The Bank's Financial Statements</u>			
	<u>December 31, 2018</u>			
		Net Amount	%	
	Loans and Accrued Interest <u>Receivables</u>	Used for Setting the Allowance for <u>Doubtful Accounts</u> ¹	Used for Setting the Allowance for <u>Doubtful Accounts</u>	Allowance for Doubtful <u>Accounts</u>
1. Minimum reserve under BOT's regulations				
Normal	1,788,230.40	810,450.16	1	11,142.66
Special mention	62,679.70	24,206.50	2	11,091.42
Substandard	14,097.45	7,689.49	100	7,689.49
Doubtful	17,622.11	9,019.90	100	9,019.90
Doubtful of loss	70,950.08	28,612.17	100	30,108.97
2. Excess allowance				56,287.43
Total	1,953,579.74	879,978.22		125,339.87

¹ Net amount used for setting 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 Loans to Customers and Accrued Interest Receivables, Net (Continued)

6.5.3 Non-Performing Loans (NPLs)

As at September 30, 2019 and December 31, 2018, the Bank and its subsidiaries had NPLs defined according to the BOT's notification as loans classified substandard, doubtful, doubtful of loss, and loss. Including interbank and money market items but excluding accrued interest receivables.

(Million Baht)

	<u>Consolidated Financial Statements</u>		<u>The Bank's Financial Statements</u>	
	<u>September 30, 2019</u>	<u>December 31, 2018</u>	<u>September 30, 2019</u>	<u>December 31, 2018</u>
NPLs before allowance for doubtful accounts	109,818.22	106,369.71	106,424.70	102,633.69
NPLs as percentage of total loans	4.58	4.53	4.59	4.52
NPLs after allowance for doubtful accounts	44,909.99	44,396.08	44,738.18	43,942.97
NPLs as percentage of net total loans	1.92	1.94	1.98	1.98

For the nine-month period ended September 30, 2019 and for the year ended December 31, 2018, the Bank write off bad debts from non-performing debtors which included principal and accrued interest receivables of Baht 9,682.66 million and Baht 18,330.35 million, respectively.

6.5.4 Non-Accrual Loans based on the Accrual Basis

As at September 30, 2019 and December 31, 2018, the Bank and its subsidiaries have non-accrual loans based on the accrual basis and comply with the BOT's requirement as follows:

(Million Baht)

	<u>Consolidated Financial Statements</u>		<u>The Bank's Financial Statements</u>	
	<u>September 30, 2019</u>	<u>December 31, 2018</u>	<u>September 30, 2019</u>	<u>December 31, 2018</u>
Non-accrual loans	109,818.22	106,369.71	106,424.70	102,633.69
Percentage of total loans before allowance for doubtful accounts	4.58	4.53	4.59	4.52

6.5.5 Loans to Potential Delisted Companies

As at September 30, 2019 and December 31, 2018, the Bank and its subsidiaries have loans and accrued interest receivables to 3 potential delisted companies of Baht 8,708.65 million which have allowance for doubtful accounts of Baht 3,183.92 million. Moreover, there are 3 potential delisted companies of Baht 9,052.68 million, which have allowance for doubtful accounts of Baht 7,616.11 million, respectively.

6.5.6 Troubled Debt Restructuring (TDR)

For the nine-month period ended September 30, 2019, the Bank conducts the troubled debt restructuring contracts in 5,767 cases, which the debt balance before restructuring of Baht 45,055.82 million, principal repayment is in amount of Baht 7,796.39 million, whereas its loans increase in amount of Baht 21,356.74 million, and bad debt after restructuring of Baht 0.18 million.

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

TDR for the nine-month period ended September 30, 2019 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	17	265.03	Land & Premises	265.03
Change of repayment conditions	306	20,198.12		
Debt restructuring in various forms	5,444	24,592.67		
	<u>5,767</u>	<u>45,055.82</u>		

(Million Baht)

As at September 30, 2019, the Bank has outstanding balance of loans restructured debts 37,425 cases of Baht 164,537.71 million, of which 18,203 cases of Baht 13,687.70 million, has been monitored under the new contractual agreements.

The consolidated financial statements for the nine-month period ended September 30, 2019, the Bank and its subsidiaries restructured debts of 5,829 cases, which the debts before restructuring were Baht 46,555.04 million.

For the year ended December 31, 2018, the Bank conducts the troubled debt restructuring contracts in 9,410 cases, which the debt balance before restructuring of Baht 67,302.08 million, principal repayment is in amount of Baht 10,857.72 million, whereas its loans increase in amount of Baht 44,680.60 million, and bad debts from troubled debt restructuring of Baht 3.80 million.

TDR for the year ended December 31, 2018 was 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	6	52.56	Land & Premises	52.56
Change of repayment conditions	381	29,283.27		
Debt restructuring in various forms	9,023	37,966.25		
	<u>9,410</u>	<u>67,302.08</u>		

(Million Baht)

As at December 31, 2018, the Bank has outstanding balance of loans restructured debts 36,782 cases of Baht 165,455.48 million, of which 16,175 cases of Baht 8,830.08 million, has been monitored under the new contractual agreements.

The consolidated financial statements for the year ended December 31, 2018, the Bank and its subsidiaries restructured debts of 9,467 cases, which the debts before restructuring were Baht 69,562.05 million.

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)**

(Million Baht)

Consolidated Financial Statements

	<u>September 30, 2019</u>				<u>December 31, 2018</u>			
	<u>Amount Due of the Contract</u>				<u>Amount Due of the Contract</u>			
	Not Over	Over	Over		Not Over	Over	Over	
	<u>1 Year</u>	<u>1 - 5 Years</u>	<u>5 Years</u>	<u>Total</u>	<u>1 Year</u>	<u>1 - 5 Years</u>	<u>5 Years</u>	<u>Total</u>
Gross investment of leases payment	3,496.77	2,504.48	34.10	6,035.35	6,778.78	4,712.38	21.08	11,512.24
<u>Less</u> Unearned financial income				(513.09)				(879.53)
Present value of minimum leases payment				5,522.26				10,632.71
<u>Less</u> Allowance for doubtful accounts				(636.67)				(1,238.29)
Financial lease receivables, net				4,885.59				9,394.42

(Million Baht)

The Bank's Financial Statements

	<u>September 30, 2019</u>				<u>December 31, 2018</u>			
	<u>Amount Due of the Contract</u>				<u>Amount Due of the Contract</u>			
	Not Over	Over	Over		Not Over	Over	Over	
	<u>1 Year</u>	<u>1 - 5 Years</u>	<u>5 Years</u>	<u>Total</u>	<u>1 Year</u>	<u>1 - 5 Years</u>	<u>5 Years</u>	<u>Total</u>
Gross investment of leases payment	1.02	-	-	1.02	1.04	-	-	1.04
<u>Less</u> Unearned financial income				(0.14)				(0.15)
Present value of minimum leases payment				0.88				0.89
<u>Less</u> Allowance for doubtful accounts				(0.88)				(0.89)
Financial lease receivables, net				-				-

6.6 Allowance for Doubtful Accounts

(Million Baht)

	<u>Consolidated Financial Statements</u>						
	<u>September 30, 2019</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 Requirement</u>	<u>Total</u>
Beginning balances	13,399.00	11,584.89	7,898.81	9,196.18	33,008.01	58,667.50	133,754.39
Doubtful accounts	227.00	3,351.69	1,769.23	(2,006.71)	11,856.40	3,813.97	19,011.58
Allowance for doubtful accounts				xx	xx	xx	
transferred from allowance for				xx	xx	xx	
debt restructuring revaluation	-	-	-	xx	xx	xx	-
Bad debt recovered	-	-	-	-	1,673.48	-	1,673.48
Bad debt written-off	(108.60)	(746.09)	(3,572.25)	(79.25)	(9,860.44)	-	(14,366.63)
Others	15.30	0.38	-	19.00	(54.99)	592.66	572.35
Ending balances	13,532.70	14,190.87	6,095.79	7,129.22	36,622.46	63,074.13	140,645.17

(Million Baht)

	<u>Consolidated Financial Statements</u>						
	<u>December 31, 2018</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 Requirement</u>	<u>Total</u>
Beginning balances	11,067.33	17,305.19	7,289.59	25,029.24	28,246.88	36,425.50	125,363.73
Doubtful accounts	(1,300.47)	(4,752.43)	4,952.00	(15,682.55)	19,260.70	23,735.97	26,213.22
Allowance for doubtful accounts							
transferred from allowance for							
debt restructuring revaluation	-	17.26	-	-	-	-	17.26
Bad debt recovered	-	-	-	-	4,343.30	-	4,343.30
Bad debt written-off	(216.14)	(1,083.64)	(4,342.78)	(119.51)	(18,607.45)	-	(24,369.52)
Others	3,848.28	98.51	-	(31.00)	(235.42)	(1,493.97)	2,186.40
Ending balances	13,399.00	11,584.89	7,898.81	9,196.18	33,008.01	58,667.50	133,754.39

6.6 Allowance for Doubtful Accounts (Continued)

(Million Baht)

	<u>The Bank's Financial Statements</u>						
	<u>September 30, 2019</u>						
	Allowance						<u>Total</u>
	in Excess of						
<u>Normal</u>	<u>Special Mention</u>	<u>Substandard</u>	<u>Doubtful</u>	<u>Doubtful of Loss</u>	<u>BOT's Requirement</u>		
Beginning balances	11,142.66	11,091.42	7,689.49	9,019.90	30,108.97	56,287.43	125,339.87
Doubtful accounts	(11.84)	2,610.45	(1,789.71)	(2,047.72)	11,753.95	3,984.87	14,500.00
Bad debt recovered	-	-	-	-	1,607.94	-	1,607.94
Bad debt written-off	-	-	-	-	(9,682.66)	-	(9,682.66)
Others	15.30	0.38	-	19.00	(54.99)	592.66	572.35
Ending balances	11,146.12	13,702.25	5,899.78	6,991.18	33,733.21	60,864.96	132,337.50

(Million Baht)

	<u>The Bank's Financial Statements</u>						
	<u>December 31, 2018</u>						
	Allowance						<u>Total</u>
	in Excess of						
<u>Normal</u>	<u>Special Mention</u>	<u>Substandard</u>	<u>Doubtful</u>	<u>Doubtful of Loss</u>	<u>BOT's Requirement</u>		
Beginning balances	8,948.50	16,803.74	7,003.55	24,651.26	25,500.03	33,819.27	116,726.35
Doubtful accounts	(1,654.12)	(5,828.09)	685.94	(15,600.36)	18,934.50	23,962.13	20,500.00
Allowance for doubtful accounts transferred from allowance for debt restructuring revaluation	-	17.26	-	-	-	-	17.26
Bad debt recovered	-	-	-	-	4,240.21	-	4,240.21
Bad debt written-off	-	-	-	-	(18,330.35)	-	(18,330.35)
Others	3,848.28	98.51	-	(31.00)	(235.42)	(1,493.97)	2,186.40
Ending balances	11,142.66	11,091.42	7,689.49	9,019.90	30,108.97	56,287.43	125,339.87

For the nine-month period ended September 30, 2019, the Bank has the allowance for doubtful accounts of Baht 14,500 million. For the year ended December 31, 2018, the Bank has the allowance for doubtful accounts of Baht 20,500 million.

6.7 Revaluation Allowance for Debt Restructuring

(Million Baht)

	<u>Consolidated and the Bank's Financial Statements</u>	
	<u>September 30, 2019</u>	<u>December 31, 2018</u>
Beginning balance	-	17.26
Transfer to allowance for doubtful accounts	-	(17.26)
Ending balance	-	-

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 defaulted 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 become non-performing.

6.8 Properties for Sale, Net

(Million Baht)

<u>Type of Properties for Sale</u>	<u>Consolidated Financial Statements</u>							
	<u>September 30, 2019</u>				<u>December 31, 2018</u>			
	Beginning Balance	Additions	Disposals	Ending Balance	Beginning Balance	Additions	Disposals	Ending Balance
Assets from debt repayment								
Immovable properties								
Appraised by external appraisers	30,718.06	1,838.85	3,419.54	29,137.37	32,002.40	2,236.11	3,520.45	30,718.06
Appraised by internal appraisers	6,080.65	2,010.13	177.61	7,913.17	4,190.69	2,172.98	283.02	6,080.65
Movable properties	297.35	34.54	131.47	200.42	236.44	168.47	107.56	297.35
Total	37,096.06	3,883.52	3,728.62	37,250.96	36,429.53	4,577.56	3,911.03	37,096.06
Others (closed branches)	68.62	-	-	68.62	68.62	-	-	68.62
Properties for sale in transit	901.95	173.62	901.95	173.62	826.01	901.95	826.01	901.95
Total	38,066.63	4,057.14	4,630.57	37,493.20	37,324.16	5,479.51	4,737.04	38,066.63
Less Allowance for impairment	(2,083.53)	(4,053.36)	-	(6,136.89)	(1,814.22)	(269.31)	-	(2,083.53)
Properties for sale, net	35,983.10	3.78	4,630.57	31,356.31	35,509.94	5,210.20	4,737.04	35,983.10

6.8 Properties for Sale, Net (Continued)

(Million Baht)

<u>Type of Properties for Sale</u>	<u>The Bank's Financial Statements</u>							
	<u>September 30, 2019</u>				<u>December 31, 2018</u>			
	Beginning			Ending	Beginning			Ending
	<u>Balance</u>	<u>Additions</u>	<u>Disposals</u>	<u>Balance</u>	<u>Balance</u>	<u>Additions</u>	<u>Disposals</u>	<u>Balance</u>
Assets from debt repayment								
Immovable properties								
Appraised by external appraisers	30,718.06	1,838.85	3,419.54	29,137.37	32,002.40	2,236.11	3,520.45	30,718.06
Appraised by internal appraisers	6,080.65	2,010.13	177.61	7,913.17	4,190.69	2,172.98	283.02	6,080.65
Movable properties	110.60	-	-	110.60	110.60	-	-	110.60
Total	36,909.31	3,848.98	3,597.15	37,161.14	36,303.69	4,409.09	3,803.47	36,909.31
Others (closed branches)	68.62	-	-	68.62	68.62	-	-	68.62
Properties for sale in transit	901.95	173.62	901.95	173.62	826.01	901.95	826.01	901.95
Total	37,879.88	4,022.60	4,499.10	37,403.38	37,198.32	5,311.04	4,629.48	37,879.88
<u>Less</u> Allowance for impairment	(1,967.08)	(4,084.86)	-	(6,051.94)	(1,711.98)	(255.10)	-	(1,967.08)
Properties for sale, net	35,912.80	(62.26)	4,499.10	31,351.44	35,486.34	5,055.94	4,629.48	35,912.80

As at September 30, 2019 and December 31, 2018, the Bank has allowance for impairment of properties for sale, net which is increased in the amount of Baht 4,084.86 million and the amount of Baht 255.10 million, respectively, from additional of loss on impairment.

For the nine-month period ended September 30, 2019 and 2018, the Bank generated gains on sale of properties for sale in the amount of Baht 723.49 million and Baht 380.84 million, respectively (before including revenue from ownership transferring fees which were paid by customer in the amount of Baht 37.80 million and Baht 58.75 million and selling expenses in the amount of Baht 160.60 million and Baht 201.70 million, respectively).

6.9 Deferred Tax Assets and Deferred Tax Liabilities

Deferred tax assets and deferred tax liabilities as at September 30, 2019 and December 31, 2018 are as follows:

(Million Baht)

	<u>Consolidated Financial Statements</u>		<u>The Bank's Financial Statements</u>	
	<u>September 30, 2019</u>	<u>December 31, 2018</u>	<u>September 30, 2019</u>	<u>December 31, 2018</u>
Deferred Tax Assets	5,788.43	5,127.96	3,313.33	2,666.69
Deferred Tax Liabilities	-	-	-	-
Net	5,788.43	5,127.96	3,313.33	2,666.69

6.9 Deferred Tax Assets and Deferred Tax Liabilities

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

	(Million Baht)			
	<u>Consolidated Financial Statements</u>			
	<u>Charged / credited to:</u>			
	Other			
	Comprehensive			
	<u>January 1, 2019</u>	<u>Profit / Loss</u>	<u>Income</u>	<u>September 30, 2019</u>
Deferred Tax Assets				
Investments	680.13	8.63	(280.00)	408.76
Investments in subsidiaries and associates	160.51	(0.76)	-	159.75
Loans to customers and accrued interest receivables, net	4,008.39	414.51	-	4,422.90
Properties for sale	416.90	810.58	-	1,227.48
Premises and equipment	268.60	0.52	-	269.12
Provisions	2,966.05	626.76	(142.81)	3,450.00
Guarantee deposit under financial lease	15.20	(13.66)	-	1.54
Others	1,514.33	(184.04)	-	1,330.29
Total	<u>10,030.11</u>	<u>1,662.54</u>	<u>(422.81)</u>	<u>11,269.84</u>
Deferred Tax Liabilities				
Investments	2,138.32	111.90	506.51	2,756.73
Premises and equipment	2,492.00	17.82	(12.63)	2,497.19
Loans to customers and accrued interest receivables, net	271.71	(44.49)	-	227.22
Others	0.12	0.15	-	0.27
Total	<u>4,902.15</u>	<u>85.38</u>	<u>493.88</u>	<u>5,481.41</u>
Net	<u>5,127.96</u>	<u>1,577.16</u>	<u>(916.69)</u>	<u>5,788.43</u>
		<u>Charged / credited to:</u>		
		Other		
		Comprehensive		
	<u>January 1, 2018</u>	<u>Profit / Loss</u>	<u>Income</u>	<u>December 31, 2018</u>
Deferred Tax Assets				
Investments	470.70	(2.62)	212.05	680.13
Investments in subsidiaries and associates	160.49	0.02	-	160.51
Loans to customers and accrued interest receivables, net	3,874.51	133.88	-	4,008.39
Properties for sale	362.90	54.00	-	416.90
Premises and equipment	212.76	55.84	-	268.60
Provisions	3,131.38	59.06	(224.39)	2,966.05
Guarantee deposit under financial lease	31.94	(16.74)	-	15.20
Others	1,051.46	462.87	-	1,514.33
Total	<u>9,296.14</u>	<u>746.31</u>	<u>(12.34)</u>	<u>10,030.11</u>
Deferred Tax Liabilities				
Investments	1,867.86	14.61	255.85	2,138.32
Premises and equipment	2,408.67	84.97	(1.64)	2,492.00
Loans to customers and accrued interest receivables, net	426.67	(154.96)	-	271.71
Others	0.17	(0.05)	-	0.12
Total	<u>4,703.37</u>	<u>(55.43)</u>	<u>254.21</u>	<u>4,902.15</u>
Net	<u>4,592.77</u>	<u>801.74</u>	<u>(266.55)</u>	<u>5,127.96</u>

6.9 Deferred Tax Assets and Deferred Tax Liabilities (Continued)

(Million Baht)

	<u>The Bank's Financial Statements</u>			<u>September 30, 2019</u>
	<u>Charged / credited to:</u>			
	Other			
	Comprehensive			
	<u>January 1, 2019</u>	<u>Profit / Loss</u>	<u>Income</u>	
Deferred Tax Assets				
Investments	681.89	8.63	(281.76)	408.76
Investments in subsidiaries and associates	160.51	(0.76)	-	159.75
Loans to customers and accrued interest receivables, net	2,085.57	451.07	-	2,536.64
Properties for sale	393.42	816.97	-	1,210.39
Premises and equipment	187.09	-	-	187.09
Provisions	2,332.62	599.57	(139.81)	2,792.38
Others	1,401.09	(184.70)	-	1,216.39
Total	<u>7,242.19</u>	<u>1,690.78</u>	<u>(421.57)</u>	<u>8,511.40</u>
Deferred Tax Liabilities				
Investments	2,138.32	111.90	507.85	2,758.07
Premises and equipment	2,437.18	15.45	(12.63)	2,440.00
Total	<u>4,575.50</u>	<u>127.35</u>	<u>495.22</u>	<u>5,198.07</u>
Net	<u>2,666.69</u>	<u>1,563.43</u>	<u>(916.79)</u>	<u>3,313.33</u>

(Million Baht)

	<u>The Bank's Financial Statements</u>			<u>December 31, 2018</u>
	<u>Charged / credited to:</u>			
	Other			
	Comprehensive			
	<u>January 1, 2018</u>	<u>Profit / Loss</u>	<u>Income</u>	
Deferred Tax Assets				
Investments	470.70	(2.62)	213.81	681.89
Investments in subsidiaries and associates	160.49	0.02	-	160.51
Loans to customers and accrued interest receivables, net	1,851.40	234.17	-	2,085.57
Properties for sale	342.39	51.03	-	393.42
Premises and equipment	183.88	3.21	-	187.09
Provisions	2,416.25	129.06	(212.69)	2,332.62
Others	981.98	419.11	-	1,401.09
Total	<u>6,407.09</u>	<u>833.98</u>	<u>1.12</u>	<u>7,242.19</u>
Deferred Tax Liabilities				
Investments	1,867.86	14.61	255.85	2,138.32
Premises and equipment	2,408.88	29.94	(1.64)	2,437.18
Total	<u>4,276.74</u>	<u>44.55</u>	<u>254.21</u>	<u>4,575.50</u>
Net	<u>2,130.35</u>	<u>789.43</u>	<u>(253.09)</u>	<u>2,666.69</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>									
September 30, 2019									
December 31, 2018									
		Interest	Maturity						
	Currency	Rate (%)	Date	Domestic	Foreign	Total	Domestic	Foreign	Total
Long term bonds									
2015	Baht	3.14-4.00	2019-2025	4,695.00	-	4,695.00	7,080.00	-	7,080.00
2016	Baht	1.88-4.00	2019-2026	14,600.00	-	14,600.00	17,496.00	-	17,496.00
2017	Baht	2.46-3.80	2022-2027	11,043.40	-	11,043.40	11,043.40	-	11,043.40
2018	Baht	2.20-3.83	2020-2028	9,065.00	-	9,065.00	9,065.00	-	9,065.00
2019	Baht	2.40-3.20	2021-2029	4,000.00	-	4,000.00	-	-	-
KTB subordinated debentures									
No.1/2014 (EMTN Programme)	USD	5.20	2024	-	21,414.30	21,414.30	-	22,714.86	22,714.86
No.1/2015	MYR	5.10	2025	-	7,307.90	7,307.90	-	7,805.55	7,805.55
No.1/2017	Baht	3.40	2027	20,000.00	-	20,000.00	20,000.00	-	20,000.00
No.1/2019	Baht	3.70	2029	24,000.00	-	24,000.00	-	-	-
Short-term bill of exchange (B/E) *	Baht	-	2012	0.70	-	0.70	0.70	-	0.70
Total				87,404.10	28,722.20	116,126.30	64,685.10	30,520.41	95,205.51

(Million Baht)

<u>The Bank's Financial Statements</u>									
September 30, 2019									
December 31, 2018									
		Interest	Maturity						
	Currency	Rate (%)	Date	Domestic	Foreign	Total	Domestic	Foreign	Total
KTB subordinated debentures									
No.1/2014 (EMTN Programme)	USD	5.20	2024	-	21,414.30	21,414.30	-	22,714.86	22,714.86
No.1/2015	MYR	5.10	2025	-	7,307.90	7,307.90	-	7,805.55	7,805.55
No.1/2017	Baht	3.40	2027	20,000.00	-	20,000.00	20,000.00	-	20,000.00
No.1/2019	Baht	3.70	2029	24,000.00	-	24,000.00	-	-	-
Short-term bill of exchange (B/E) *	Baht	-	2012	0.70	-	0.70	0.70	-	0.70
Total				44,000.70	28,722.20	72,722.90	20,000.70	30,520.41	50,521.11

* A maturity B/E that its holder is still not redeemable, is included in short-term bill of exchange.

6.10 Debt Issued and Borrowings (Continued)

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

On June 26, 2014, the Bank issued and offered USD 700 million of subordinated debentures pursuant to Basel III (Tier 2 subordinated debenture). The debentures has tenor 10.5 years. The constant interest rate of 5.20 percent per annum for the first 5.5 years, after that the interest rate is equal to 5-years US Treasury Rate plus margin that is the interest rate of 3.535 percent per annum with a payment of interest every nine months. It's on 26th of June and December of each year until maturity.

The Bank will redeem all debentures mentioned above after 5.5 years.

Subordinated Debentures pursuant to Malaysian Ringgit Medium Term Note Programme amount MYR 5,000 Million

On July 6, 2015, the Bank issued and offered MYR 1,000 million of subordinated debentures pursuant to Basel III (Tier 2 subordinated debenture). The debenture has tenor 10 years, constant interest rate of 5.10 percent per annum. The right to early redeem the debentures after 5 years.

Subordinated Debentures

The Bank issued subordinated debentures No. 1/2560 that amount Baht 20,000 million, 20 million units of Baht 1,000 each, constant interest rate of 3.40 percent per annum with a payment of interest every nine months until maturity. The debenture has tenor of 10 years and is due in 2027 (B.E.2570). The right to early redeem the debenture after 5 years or after that subject to the Bank's condition, without holder's consent.

The Bank issued subordinated debentures No. 1/2562 that amount Baht 24,000 million, 24 million units of Baht 1,000 each, constant interest rate of 3.70 percent per annum with a payment of interest every nine months until maturity. The debenture has tenor of 10 years and is due in 2029 (B.E.2572). The right to early redeem the debenture after 5 years or after that subject to the Bank's condition, without holder's consent.

Redemption of Subordinated Debentures

The right to early redeem the debenture after 5 years or any interest payment date after 5 years or according to the condition of agreement, except for the subordinated debenture pursuant to EMTN Programme, the right to early redeem the debenture after 5.5 years or any interest payment date after 5.5 years.

6.11 Share Capital

6.11.1 Ordinary Shares

As at September 30, 2019 and December 31, 2018, the Bank's authorized share capital and issued and paid-up share capital are 13,976,061,250 shares.

6.11.2 Preferred Shares

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

6.11.3 The Bank is the state enterprise; its major shareholder is the Financial Institutions Development Fund (FIDF). As at September 30, 2019, 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 2017 Net Profit and Dividend Payment

On April 12, 2019, the 26th Annual General Shareholders' Meeting passed the resolution to approve the appropriation of 2018 net profit of Baht 25,100.62 million. On April 27, 2018, the 25th Annual General Shareholders' Meeting passed the resolution to approve the appropriation of 2017 net profit of Baht 21,312.47 million and dividend payment as follows:

	(Million Baht)	
	<u>Net Profit of 2018</u>	<u>Net Profit of 2017</u>
Dividend - preferred shares (@ Baht 0.8725 and Baht 0.7645)	4.80	4.20
Dividend - ordinary shares (@ Baht 0.718 and Baht 0.61)	10,034.81	8,525.40
Net profit carried forward	15,061.01	12,782.87

6.14 Contingent Liabilities

	(Million Baht)	
	<u>Consolidated and the Bank's Financial Statements</u>	
	<u>September 30, 2019</u>	<u>December 31, 2018</u>
Avals to bills	8,085.08	9,996.58
Guarantees of loans	3,544.42	3,781.13
Liability under unmatured import bills	5,160.96	5,626.47
Letters of credit	52,064.36	54,990.07
Other contingencies		
Unused credit line of overdraft	155,487.61	154,399.93
Other guarantees	185,986.85	172,789.00
Others	-	246.59
Total	<u>410,329.28</u>	<u>401,829.77</u>

Besides the contingent liabilities are mentioned above, as at September 30, 2019 and December 31, 2018, the Bank has contingent liabilities owing to prosecutions that are significant case of Baht 10,148.60 million and Baht 12,560.20 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, 2019 and December 31, 2018, the Bank has recognized provisions of Baht 752.90 million and Baht 684.40 million, respectively.

6.15 Assets with Obligations and Restrictions

	(Million Baht)	
	<u>Consolidated and the Bank's Financial Statements</u>	
	<u>September 30, 2019</u>	<u>December 31, 2018</u>
Government and state enterprise bonds pledged as collateral		
Court collateral	766.72	517.71
Repurchase agreements	14,116.34	-
Properties for sale (debtor is granted the right to buy back or first right for this portion)	8,675.77	8,450.02
Total	<u>23,558.83</u>	<u>8,967.73</u>

6.16 Related Party Transactions

6.16.1 As at September 30, 2019 and December 31, 2018, loans to the Bank's executives are Baht 117.87 million and Baht 126.69 million. The average outstanding balances of such loans at month end are Baht 118.17 million and Baht 125.68 million, respectively.

The loans and obligation outstanding as at September 30, 2019 and December 31, 2018 to close family of the Bank's executives mentioned above are Baht 11.47 million and Baht 16.58 million, respectively.

6.16.2 Loans, Obligations, Derivatives, and Other Assets

The balances of loans and obligations to related parties, normal bank pricing policies, as at September 30, 2019 and December 31, 2018 are as follows:

	(Million Baht)			
	<u>Consolidated Financial Statements</u>		<u>The Bank's Financial Statements</u>	
	<u>September 30, 2019</u>	<u>December 31, 2018</u>	<u>September 30, 2019</u>	<u>December 31, 2018</u>
Loans				
Related parties which the Bank totally held from 10 to 20 percent				
of their paid-up capital	0.56	0.48	0.56	0.48
Related parties which the Bank acquired equal to or over 10 percent				
of their paid-up capital from TDR	8,605.18	8,949.19	8,605.18	8,949.19
<u>Less</u> Allowance for doubtful accounts	(3,183.92)	(7,616.08)	(3,183.92)	(7,616.08)
Total	5,421.26	1,333.11	5,421.26	1,333.11
Subsidiaries				
KTB General Services and Security Co., Ltd.	-	-	8.87	9.00
KTB Computer Services Co., Ltd.	-	-	2,373.58	2,356.11
KTB Leasing Co., Ltd.	-	-	4,827.02	9,825.38
Krung Thai Asset Management Pcl.	-	-	0.05	0.03
Krungthai Card Pcl.	-	-	1,780.56	3,190.59
<u>Less</u> Allowance for doubtful accounts	-	-	(89.90)	(153.81)
Total	-	-	8,900.18	15,227.30
Associates				
Krung Thai IBJ Leasing Co., Ltd.	4,720.31	2,000.12	4,720.31	2,000.12
KT Zmico Securities Co., Ltd.	740.56	0.58	740.56	0.58
Krungthai Panich Insurance Pcl.	0.59	0.55	0.59	0.55
<u>Less</u> Allowance for doubtful accounts	(54.61)	(20.01)	(54.61)	(20.01)
Total	5,406.85	1,981.24	5,406.85	1,981.24
Related parties with directors or key management personal				
	16,959.72	27,245.27	16,959.72	27,245.27
<u>Less</u> Allowance for doubtful accounts	(245.24)	(393.97)	(245.24)	(393.97)
Total	16,714.48	26,851.30	16,714.48	26,851.30

6.16 Related Party Transactions (Continued)**6.16.2 Loans, Obligations, Derivatives, and Other Assets (Continued)**

(Million Baht)

	<u>Consolidated Financial Statements</u>		<u>The Bank's Financial Statements</u>	
	<u>September 30, 2019</u>	<u>December 31, 2018</u>	<u>September 30, 2019</u>	<u>December 31, 2018</u>
Obligations				
Related parties which the Bank totally held from 10 to 20 percent				
of their paid-up capital	19.77	20.89	19.77	20.89
Related parties which the Bank acquired equal to or over 10 percent				
of their paid-up capital from TDR	0.96	0.96	0.96	0.96
Subsidiaries				
KTB General Services and Security Co., Ltd.	-	-	0.54	0.96
KTB Computer Services Co., Ltd.	-	-	4.55	4.55
KTB Leasing Co., Ltd.	-	-	0.89	0.98
Krungthai Card Pcl.	-	-	0.50	0.50
Associates				
Krung Thai IBJ Leasing Co., Ltd.	2.09	1.80	2.09	1.80
Krungthai-AXA Life Insurance Pcl.	0.85	0.85	0.85	0.85
Krungthai Panich Insurance Pcl.	5.00	-	5.00	-
Related parties with directors or key management personal	140.45	12,168.19	140.45	12,168.19
Derivatives				
Subsidiaries				
KTB Leasing Co., Ltd.	-	-	81.95	338.01
Associates				
Krung Thai IBJ Leasing Co., Ltd.	983.20	-	983.20	-
Krungthai-AXA Life Insurance Pcl.	10,055.85	10,773.81	10,055.85	10,773.81
Other Assets				
Subsidiaries				
KTB General Services and Security Co., Ltd.	-	-	-	2.70
KTB Computer Services Co., Ltd.	-	-	0.18	0.72
KTB Leasing Co., Ltd.	-	-	1.92	3.81
Krungthai Card Pcl.	-	-	642.08	1,772.88
Krung Thai Asset Management Pcl.	-	-	65.98	46.59
Associates				
Krungthai-AXA Life Insurance Pcl.	156.67	171.36	156.67	171.36
Krungthai Panich Insurance Pcl.	29.67	28.52	29.67	28.52
KT Zmico Securities Co., Ltd.	0.83	1.03	0.83	1.03

6.16 Related Party Transactions (Continued)**6.16.3 Deposits, Interbank and Money Market Items, and Other Liabilities**

The balances of deposits and interbank and money market items to related parties, normal bank pricing policies, as at September 30, 2019 and December 31, 2018 are as follows:

	<u>Consolidated Financial Statements</u>		<u>The Bank's Financial Statements</u>	
	<u>September 30, 2019</u>	<u>December 31, 2018</u>	<u>September 30, 2019</u>	<u>December 31, 2018</u>
(Million Baht)				
Deposits				
Subsidiaries				
KTB Law Co., Ltd.	-	-	562.21	556.72
KTB General Services and Security Co., Ltd.	-	-	661.72	580.91
KTB Computer Services Co., Ltd.	-	-	132.25	46.77
KTB Leasing Co., Ltd.	-	-	186.35	251.74
Krung Thai Asset Management Pcl.,	-	-	375.30	201.31
KTB Advisory Co., Ltd.	-	-	43.71	44.13
Krungthai Card Pcl.	-	-	877.37	1,865.65
KTC Nano Co.,Ltd	-	-	0.18	-
KTC Pico (Bangkok) Co., Ltd.	-	-	0.43	-
Associates				
Krung Thai IBJ Leasing Co., Ltd.	31.82	36.91	31.82	36.91
KT Zmico Securities Co., Ltd.	40.21	38.73	40.21	38.73
Krungthai Panich Insurance Pcl.	446.74	129.42	446.74	129.42
Krungthai-AXA Life Insurance Pcl.	1,663.79	2,580.73	1,663.79	2,580.73
Other parties related with directors or key managements	4,551.67	21,867.66	4,551.67	21,867.66
Interbank and Money Market Items				
Associates				
Krungthai-AXA Life Insurance Pcl.	3,700.00	4,200.00	3,700.00	4,200.00
Other Liabilities				
Subsidiaries				
KTB General Services and Security Co., Ltd.	-	-	249.02	336.15
KTB Computer Services Co., Ltd.	-	-	755.11	1,008.03
KTB Leasing Co., Ltd.	-	-	0.17	0.35
Krungthai Card Pcl.	-	-	1.13	1.17
KTB Law Co., Ltd.	-	-	171.01	125.00
Krung Thai Asset Management Pcl.	-	-	0.39	0.04
KTB Advisory Co., Ltd.	-	-	0.04	-
Associates				
KT Zmico Securities Co., Ltd.	0.01	0.03	0.01	0.03
Krungthai Panich Insurance Pcl.	9.27	13.22	9.27	13.22
Krungthai-AXA Life Insurance Pcl.	15.56	29.35	15.56	29.35
National ITMX Co., Ltd.	26.52	13.86	26.52	13.86

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, 2019</u>	<u>September 30, 2018</u>	<u>September 30, 2019</u>	<u>September 30, 2018</u>
(Million Baht)				
Interest Income				
Subsidiaries				
KTB Computer Services Co., Ltd.	-	-	53.62	51.03
KTB Leasing Co., Ltd.	-	-	105.45	320.67
Krungthai Card Pcl.	-	-	29.71	13.85
Associates				
KT Zmico Securities Co., Ltd.	17.35	16.50	17.35	16.50
Krung Thai IBJ Leasing Co., Ltd.	41.10	-	41.10	-
Interest Expenses				
Subsidiaries				
KTB Law Co., Ltd.	-	-	2.92	2.74
KTB General Services and Security Co., Ltd.	-	-	3.45	3.51
KTB Computer Services Co., Ltd.	-	-	0.67	1.06
KTB Leasing Co., Ltd.	-	-	0.66	1.39
Krung Thai Asset Management Pcl.	-	-	0.88	1.39
KTB Advisory Co., Ltd.	-	-	0.12	0.12
Krungthai Card Pcl.	-	-	1.21	1.05
Associates				
KT Zmico Securities Co., Ltd.	0.03	0.03	0.03	0.03
Krungthai Panich Insurance Pcl.	0.94	0.57	0.94	0.57
Krungthai-AXA Life Insurance Pcl.	119.14	133.54	119.14	133.54
Krung Thai IBJ Leasing Co., Ltd.	0.01	-	0.01	-

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, 2019</u>	<u>September 30, 2018</u>	<u>September 30, 2019</u>	<u>September 30, 2018</u>
Other Income				
Subsidiaries				
KTB Law Co., Ltd.	-	-	0.12	0.12
KTB General Services and Security Co., Ltd.	-	-	3.81	3.66
KTB Computer Services Co., Ltd.	-	-	0.14	0.06
KTB Leasing Co., Ltd.	-	-	20.32	16.53
Krung Thai Asset Management Pcl.	-	-	470.56	504.80
Krungthai Card Pcl.	-	-	203.57	237.98
Associates				
Krung Thai IBJ Leasing Co., Ltd.	5.58	-	5.58	-
KT Zmico Securities Co., Ltd.	3.93	4.95	3.93	4.95
Krungthai Panich Insurance Pcl.	132.01	125.09	132.01	125.09
Krungthai-AXA Life Insurance Pcl.	1,565.19	1,908.90	1,565.19	1,908.90
National ITMX Co., Ltd.	0.05	0.06	0.05	0.06
Other Expenses				
Subsidiaries				
KTB Law Co., Ltd.	-	-	600.60	633.58
KTB General Services and Security Co., Ltd.	-	-	1,786.24	1,757.50
KTB Computer Services Co., Ltd.	-	-	2,823.21	2,471.71
Krungthai Card Pcl.	-	-	5.46	6.32
Associates				
Krung Thai IBJ Leasing Co., Ltd.	34.52	108.68	34.52	108.68
KT Zmico Securities Co., Ltd.	2.95	8.15	2.95	8.15
National ITMX Co., Ltd.	137.72	169.11	137.72	169.11

6.16.5 The Bank has no compensations or other benefits, both monetary and non-monetary, to directors and executives except the benefits that are normally paid as follows:

(Million Baht)

	<u>Consolidated Financial Statements</u>		<u>The Bank's Financial Statements</u>	
	<u>September 30, 2019</u>	<u>September 30, 2018</u>	<u>September 30, 2019</u>	<u>September 30, 2018</u>
Short-term employee benefits	901.63	900.47	630.76	609.02
Post-employment benefits	46.59	32.31	19.65	20.38
Total	948.22	932.78	650.41	629.40

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 period ended September 30, 2019 and 2018 of Baht 2,725.00 million and Baht 2,373.50 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 period ended September 30, 2019 and 2018 of Baht 98.21 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 period ended September 30, 2019 and 2018 of Baht 471.45 million and Baht 526.00 million, respectively.

3) KTB General Services and Security Co., Ltd. is assigned by the Bank to operate all cash delivery, foreign exchange and financial instruments, and the Bank's asset. KTBGS also manages Krung Thai Bank Training Center and the Bank's other buildings. The Bank's expense from those services for the nine-month period ended September 30, 2019 and 2018 of Baht 1,786.24 million and Baht 1,757.50 million, respectively.

4) The Bank incurs service charges for sourcing and installing EDC machines for foreign exchange service to Krungthai Card Pcl. for the nine-month period ended September 30, 2019 and 2018 of Baht 0.23 million and Baht 0.28 million, respectively.

5) The Bank incurs service charges on its subsidiaries [including service charges mentioned in No.1) to 4)] for the nine-month period ended September 30, 2019 and 2018 of Baht 5,215.50 million and 4,869.12 million, respectively, at the rate upon agreement.

6) The Bank generates fees income from service contracts for the nine-month period ended September 30, 2019 and 2018 of Baht 667.05 million and Baht 720.24 million, respectively.

7) The Bank generates premises rental income from subsidiaries for the nine-month period ended September 30, 2019 and 2018 of Baht 14.97 million and Baht 14.61 million at the rate upon agreement.

Intercompany Considerations

Intercompany income and expenses are based on the rate upon agreement 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.

6.16 Related Party Transactions (Continued)**6.16.6 Intercompany Trading Transactions (Continued)****Associates**

1) The Bank generates premises rental income from associates for the nine-month period ended September 30, 2019 and 2018 at the amount of Baht 0.34 million and Baht 1.10 million, respectively, at the rate upon agreement.

2) The Bank generates fees income from supportive service contracts for the nine-month period ended September 30, 2019 and 2018 of Baht 1,589.43 million and 1,983.36 million, respectively, at the rate upon agreement.

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, 2019</u>			<u>December 31, 2018</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	2,886,815.98	33,977.25	2,920,793.23	2,704,603.14	39,363.72	2,743,966.86
Interbank and money market items, net	327,076.71	11,654.11	338,730.82	357,494.13	15,019.65	372,513.78
Investments, net*	357,815.23	2,430.76	360,245.99	238,710.38	1,456.51	240,166.89
Loans to customers and						
accrued interest receivables, net	1,942,965.13	12,092.46	1,955,057.59	1,878,056.87	17,817.47	1,895,874.34
Deposits	2,077,882.14	4,626.49	2,082,508.63	2,033,590.08	6,011.82	2,039,601.90
Interbank and money market items, net	184,586.45	15.29	184,601.74	155,433.18	1,962.75	157,395.93
Debt issued and borrowings	87,404.10	28,722.20	116,126.30	64,685.10	30,520.41	95,205.51

(Million Baht)

	<u>The Bank's Financial Statements</u>					
	<u>September 30, 2019</u>			<u>December 31, 2018</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	2,785,990.64	33,977.25	2,819,967.89	2,621,581.33	39,363.72	2,660,945.05
Interbank and money market items, net	326,753.72	11,654.11	338,407.83	356,744.05	15,019.65	371,763.70
Investments, net*	336,515.74	2,430.76	338,946.50	232,470.06	1,456.51	233,926.57
Loans to customers and						
accrued interest receivables, net	1,871,997.74	12,092.46	1,884,090.20	1,810,422.40	17,817.47	1,828,239.87
Deposits	2,080,346.36	4,626.49	2,084,972.85	2,036,936.01	6,011.82	2,042,947.83
Interbank and money market items, net	176,942.47	15.29	176,957.76	150,037.19	1,962.75	151,999.94
Debt issued and borrowings	44,000.70	28,722.20	72,722.90	20,000.70	30,520.41	50,521.11

* Included investments in subsidiaries and associates.

The consolidated and the Bank's financial statements as at September 30, 2019 and December 31, 2018, have total assets before eliminating net interbranch transactions of Baht 7,434.29 million and Baht 4,763.67 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, 2019</u>			<u>September 30, 2018</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	92,829.01	2,264.13	95,093.14	88,301.85	3,272.91	91,574.76
Interest expenses	(25,773.07)	(1,713.03)	(27,486.10)	(27,041.01)	(2,305.04)	(29,346.05)
Interest income, net	67,055.94	551.10	67,607.04	61,260.84	967.87	62,228.71
Fees and service income, net	17,198.53	35.41	17,233.94	17,606.61	44.19	17,650.80
Other operating income	9,098.56	89.81	9,188.37	7,796.73	142.26	7,938.99
Other operating expenses	(64,610.03)	(236.08)	(64,846.11)	(58,127.58)	(89.25)	(58,216.83)
Profit from operating before income tax expenses	28,743.00	440.24	29,183.24	28,536.60	1,065.07	29,601.67

(Million Baht)

	<u>The Bank's Financial Statements</u>					
	<u>September 30, 2019</u>			<u>September 30, 2018</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	82,029.85	2,264.13	84,293.98	78,060.68	3,272.91	81,333.59
Interest expenses	(24,644.64)	(1,713.03)	(26,357.67)	(25,896.67)	(2,305.04)	(28,201.71)
Interest income, net	57,385.21	551.10	57,936.31	52,164.01	967.87	53,131.88
Fees and service income, net	13,889.41	35.41	13,924.82	14,218.85	44.19	14,263.04
Other operating income	7,070.64	89.81	7,160.45	5,371.33	142.26	5,513.59
Other operating expenses	(55,071.01)	(236.08)	(55,307.09)	(48,373.54)	(89.25)	(48,462.79)
Profit from operating before income tax expenses	23,274.25	440.24	23,714.49	23,380.65	1,065.07	24,445.72

The consolidated and the Bank's financial statements for the nine-month period ended September 30, 2019 and 2018, have total interest income and interest expenses before eliminating net interbranch transactions of Baht 1,627.04 million and Baht 2,198.60 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, international business and excess liquidity, and also supervising overseas branches and companies in which the Bank has invested and etc.

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

Accounting Procedures for Segment Reporting

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

(Million Baht)

	<u>Consolidated Financial Statements</u>					
	<u>September 30, 2019</u>					
	<u>Retail</u> <u>Banking</u>	<u>Wholesale</u> <u>Banking</u>	<u>Treasury and</u> <u>Investment</u>	<u>Support and</u> <u>Others</u>	<u>Adjustments</u>	<u>Total</u>
Total operating income	37,016.63	25,587.27	5,399.99	26,025.45	-	94,029.34
Total expenses (excluding bad debts, doubtful accounts and loss on impairment)	(24,146.58)	(10,797.67)	(1,820.24)	(14,268.21)	-	(51,032.70)
Bad debts, doubtful accounts and loss on impairment	(1,456.71)	(6,397.74)	(163.89)	(10,970.71)	-	(18,989.05)
Net profit (loss)	11,413.34	8,391.86	3,415.86	786.53	-	24,007.59
Segment assets	917,934.07	1,101,867.09	728,089.49	153,703.24	11,765.05	2,913,358.94
Segment liabilities	1,545,416.56	595,124.67	218,603.42	193,603.49	15,478.03	2,568,226.17

6.18 Operations Classified by Operating Segment (Continued)

(Million Baht)

	<u>Consolidated Financial Statements</u>					<u>Total</u>
	<u>September 30, 2018</u>					
	<u>Retail</u>	<u>Wholesale</u>	<u>Treasury and</u>	<u>Support and</u>	<u>Adjustments</u>	
	<u>Banking</u>	<u>Banking</u>	<u>Investment</u>	<u>Others</u>		
Total operating income	38,549.24	23,144.01	5,286.37	20,838.88	-	87,818.50
Total expenses (excluding bad debts, doubtful accounts and loss on impairment)	(24,420.50)	(7,736.69)	(1,821.38)	(9,768.51)	-	(43,747.08)
Bad debts, doubtful accounts and loss on impairment	(1,782.05)	(1,075.79)	64.10	(16,967.98)	-	(19,761.72)
Net profit (loss)	12,346.69	14,331.53	3,529.09	(5,897.61)	-	24,309.70
Segment assets	865,031.72	1,072,576.02	680,866.09	124,655.48	(7,181.43)	2,735,947.88
Segment liabilities	1,477,968.14	605,943.65	174,186.10	179,207.19	(6,678.93)	2,430,626.15

6.19 Interest Income

(Million Baht)

	<u>Consolidated Financial Statements</u>		<u>The Bank's Financial Statements</u>	
	<u>September 30, 2019</u>	<u>September 30, 2018</u>	<u>September 30, 2019</u>	<u>September 30, 2018</u>
	Interbank and money market items	5,546.15	7,763.29	5,545.93
Investment and trading transactions	323.53	238.98	323.53	238.98
Investment in debt	3,583.39	2,652.55	3,577.15	2,650.14
Loans *	83,537.45	77,862.86	73,110.33	68,373.66
Hire-purchase and finance lease	347.21	749.43	-	-
Others	128.37	109.06	110.01	109.06
Total interest income	93,466.10	89,376.17	82,666.95	79,134.99

* Interest income from loans for the nine-month period ended September 30, 2019 included the income received from the auction of mortgaged guarantee asset of a particular debtor amounting 3,898.70 million baht (Note 6.24.1).

6.20 Interest Expenses

(Million Baht)

	<u>Consolidated Financial Statements</u>		<u>The Bank's Financial Statements</u>	
	<u>September 30, 2019</u>	<u>September 30, 2018</u>	<u>September 30, 2019</u>	<u>September 30, 2018</u>
Deposits	13,444.38	14,564.71	13,453.41	14,574.58
Interbank and money market items	1,934.60	2,097.91	1,880.41	2,047.34
Contributions to Bank of Thailand (BOT)	7,222.89	7,087.78	7,222.89	7,087.78
Contributions to Deposit Protection Agency (DPA)	156.72	154.38	156.72	154.38
Debt issued				
Subordinated notes	2,975.04	3,130.17	1,907.73	2,041.64
Borrowings	2.40	4.03	1.39	2.16
Borrowing Fees	14.95	13.38	-	-
Others	108.09	95.09	108.09	95.23
Total interest expenses	<u>25,859.07</u>	<u>27,147.45</u>	<u>24,730.64</u>	<u>26,003.11</u>

6.21 Income Tax Expenses

The Bank has tax management policy and has been conducting tax management pursuant to the policy that correctly operates tax payment, tax filing and tax benefit utilization according to the legal regulations.

The Bank has considered tax effects both current and future of benefit from carrying amount of assets or settlement of carrying amount of liabilities. If there is probable that the Bank will get benefits from carrying amount of assets or settlement of carrying amount of liabilities, the Bank will pay income tax increase (or decrease) on the basis of amounts expected to be paid. Such the consideration is based on estimates, assumptions, regulation changes that may occur, legal interpretation and historical experience. In the future, if events change, which resulted in Bank to change its decision on the sufficiency of accrued income tax, any changes in accrued income tax will affect to income tax in the period that the changes occur.

Income tax expenses recognized in profit or loss for the nine-month period ended September 30, 2019 and 2018 are as follows:

(Million Baht)

	<u>Consolidated Financial Statements</u>		<u>The Bank's Financial Statements</u>	
	<u>September 30, 2019</u>	<u>September 30, 2018</u>	<u>September 30, 2019</u>	<u>September 30, 2018</u>
Current tax				
Current period	6,752.81	5,706.60	5,459.69	4,534.36
Deferred tax				
Movement in temporary differences	(1,577.16)	(414.63)	(1,563.43)	(326.23)
Total	<u>5,175.65</u>	<u>5,291.97</u>	<u>3,896.26</u>	<u>4,208.13</u>

6.22 Fair Value of Financial Instruments

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

(Million Baht)

	<u>Consolidated Financial Statements</u>							
	<u>September 30, 2019</u>				<u>December 31, 2018</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>
Financial assets								
Derivatives assets	-	57,901.37	-	57,901.37	-	36,229.57	-	36,229.57
Trading investments	29,595.08	30,898.66	-	60,493.74	7,452.93	15,910.45	-	23,363.38
Available-for-sale investments	42,542.91	222,380.43	-	264,923.34	50,380.46	146,419.96	-	196,800.42
Total financial assets	72,137.99	311,180.46	-	383,318.45	57,833.39	198,559.98	-	256,393.37
Financial liabilities								
Derivatives liabilities	-	57,526.51	-	57,526.51	-	32,345.61	-	32,345.61
Total financial liabilities	-	57,526.51	-	57,526.51	-	32,345.61	-	32,345.61

(Million Baht)

	<u>The Bank's Financial Statements</u>							
	<u>September 30, 2019</u>				<u>December 31, 2018</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>
Financial assets								
Derivatives assets	-	57,901.54	-	57,901.54	-	36,231.03	-	36,231.03
Trading investments	29,595.08	30,898.66	-	60,493.74	7,452.93	15,910.45	-	23,363.38
Available-for-sale investments	42,542.91	223,033.76	-	265,576.67	50,380.46	147,061.78	-	197,442.24
Total financial assets	72,137.99	311,833.96	-	383,971.95	57,833.39	199,203.26	-	257,036.65
Financial liabilities								
Derivatives liabilities	-	57,526.51	-	57,526.51	-	32,345.61	-	32,345.61
Total financial liabilities	-	57,526.51	-	57,526.51	-	32,345.61	-	32,345.61

There are no transfers between level 1 and level 2 of the fair value hierarchy during the period.

Fair Value Hierarchy

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

- Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities that the Bank and its subsidiaries can access at the measurement date.
- Level 2 – Inputs that, can be observed either directly or indirectly for those assets and liabilities other than quoted prices in level 1.
- Level 3 – Inputs that are unobservable for those assets and liabilities.

6.22 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 used practically by market participants. Data used in the valuation such as interest rates, exchange rates, and volatilities, is the observable input from reliable institutions.

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

Moreover, because of using valuation techniques the Bank has valuation adjustment in order to properly reflect related risk. There are many valuation adjustment types such as credit valuation adjustment (CVA), bid-offer spread adjustment for market liquidity risk, and model risk arising from option valuation for SMEs' currency guarantee program.

6.23 Business Transaction within the Financial Business Group Policies and Risk Management Policies regarding Business Transaction within the Financial Business Group.

The BOT's Notification No. SOR NOR SOR. 5/2560 and SOR NOR SOR. 9/2560 dated April 27, 2017, SOR NOR SOR. 8/2561 and SOR NOR SOR. 9/2561 dated April 11, 2018, and SOR NOR SOR. 12/2561 dated May 22, 2018, regarding the Consolidated Supervision Policy requires the Bank to disclose the business transaction within the financial business group policies and risk management policies are prepared as regulations to supervise business transaction within the financial business group, including the Bank and 17 companies within the financial business group (Note 6.4 except National ITMX Co., Ltd. and BCI (Thailand) Co., Ltd.), in terms of common standards and procedures which conform to the BOT's consolidated supervision policy. The business transaction within the financial business group policies and risk management policies regarding business transaction within the financial business group are approved by the Bank's board of directors and reviewed at least once a year. The policies also include transaction types, rules and regulations of business transactions, ratio of business transactions within the financial business group, capital requirements of the financial business groups and other related operating procedures. Business transactions within the group are conducted in the same manner as public operations and follow the Bank's corporate governance.

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

6.24 Others

6.24.1 The Bank has certain default debtors in relation to convertible preferred shares sale and lending with the outstanding principal amounts as per the related agreements totaling Baht 9,745 million as at September 30, 2019, exclusive of the interest charged thereon at default rates. The Bank has fully made a provision for impairment and allowance for doubtful accounts according to the BOT's regulations and is currently in the execution process following the orders of the Civil and Bankruptcy Courts.

6.24 Others (Continue)**6.24.1 (Continue)**

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

On August 17, 2017, a defendant of the criminal suit of the Persons Holding Political Positions, who was not one of the default debtors, made a partial settlement of Baht 1,635.74 million to the Bank in relation to the criminal lawsuit. The Bank has accepted such payment, which is recorded the transaction as revenue from litigation compensation, and also sent a letter to this defendant demanding for further payment together with all other defendants to the Bank for the remaining compensation amount according to the order of the Criminal Division for Persons Holding Political Position of the Supreme Court.

In the present, criminal, other bankruptcy, and other civil case judgments are bought to levy compulsory execution of the mortgaged assets that assure debt obligation in the Bank's civil case for auction. The court commanded the Bank to be settled as a mortgagee accepting aforementioned mortgaged guarantee assets as the Bank requested for being mortgage settled. Afterwards, on October 17, 2018, the Legal Execution Department noticed to auction and managed auction the mortgaged guarantee assets, which outsiders bid at Baht 8,914.07 million. At present, the Bank has received a settlement of aforementioned mortgaged guarantee assets from the Legal Execution Department, which were sold under criminal case, of Baht 3,898.99 million. The Bank has the rights as prescribed by Thai laws by deducting the transaction fees and litigation expenses of Baht 0.29 million and, the net amount of Baht 3,898.70 million resulted as the interest payment per civil case judgments under the financial statements for the nine-month period ended September 30, 2019. Moreover, on September 25, 2019, a defendant of the criminal suit of the Persons Holding Political Positions have prosecuted the civil case to the Bank take the amount in dispute which is recorded the damage fees per criminal case judgment. After, the Bank will defend the case and still insist the act. For the mortgaged guarantee assets sold in other bankruptcy and other civil cases, buyer has submitted a request for extending the payment on the remaining amount as there were applicants filing to withdraw the auction. The executing officer then commanded to allow such extension until the court verdict on withdrawing the auction has been established.

6.24 Others (Continue)**6.24.1 (Continue)**

Under the civil case that the Bank being a plaintiff suing for the mortgage enforcement on the aforementioned mortgaged guarantee assets, the Civil Court has the verdict for the Bank to receive all of the filed principal and the interest on September 28, 2017. On October 31, 2018, the Court of Appeals has appointed for the verdict and sustained such prior Civil Court's verdict, in which the defendant has filed for the appeal to the Supreme Court on December 25, 2018 while the Bank also filed against such defendant's petition to the Supreme Court on February 25, 2019. At present, such case is in the period of consideration by the Supreme Court.

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

6.24.3 On October 12, 2016, the Bank has considered closing a certain foreign branch. Currently, the Bank continues to follow advice from legal consultants. Assets, liabilities and operating performance of the branch do not have a material effect on the Bank's financial statements.

6.25 Approval of the Financial Statements

These financial statements have been authorized for issue by the Board of the Audit Committee on November 13, 2019.
