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Management Discussion and Analysis

For the quarter and nine-month period ended
September 30, 2017

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Executive Summary:

Krungsri recorded a net profit of Baht 6,014 million in 3Q/17, a 2.4% increase from 2Q/17, and a 3.2% increased from 3Q/16, driven by higher net interest income and net fees and service income.

For the first nine months of 2017, net profit registered at Baht 17,530 million, an increase of Baht 1,282 million, or 7.9%, over the same period of 2016. The solid financial results were contributed by higher net interest income and net fees and service income.

Total **loans** outstanding at the end of September 2017 were Baht 1,496,209 million, an increase of Baht 20,708 million, or 1.4% from June 2017, and increased by Baht 47,327 million, or 3.3% from December 2016. The growth of total loans was mainly driven by broad-based retail loans and the SME segment.

Deposits totaled Baht 1,197,283 million, an increase of Baht 33,971 million, or 2.9%, from 2Q/17. On a year-to-date basis, deposits grew by 8.0%, largely driven by time deposits with maturity less than one year.

Non-interest income increased by 10.6% from 2Q/17, mainly driven by an increase in net fees and service income and gains on investments. For the first nine months of 2017, non-interest income increased by 5.2%, compared to the same period of 2016. The increase in non-interest income was driven by an increase in net fees and service income from card-related fees, wealth & fund management and securities and auto hire purchase fees.

Non-Performing Loan (NPL) ratio improved to 2.16% in 3Q/17, compared to 2.24% in 2Q/17.

Our loan loss reserves stood at Baht 55,060 million, with an excess of Baht 18,589 million over the Bank of Thailand's reserve requirements, or equivalent to 151.0% of the requirements. Concurrently, the loan loss coverage ratio increased to 149.4% at end of 3Q/17 from 143.6% at end of 2Q/17.

Corresponding to the higher net profit, **earnings per share (EPS)** rose to Baht 2.38 for 9M/17, compared to Baht 2.21 for 9M/16.

As for the remaining months of 2017, we expect the continuation of economic momentum, together with an expected seasonal rise in business for both retail and commercial lending. Krungsri therefore maintains our full year loan growth guidance, albeit at the lower range of 6-8% target.

NIM: 3.89%

**Net Profit:
Baht 6.0 billion**

Coverage Ratio: 149.4%

NPL Ratio: 2.16%

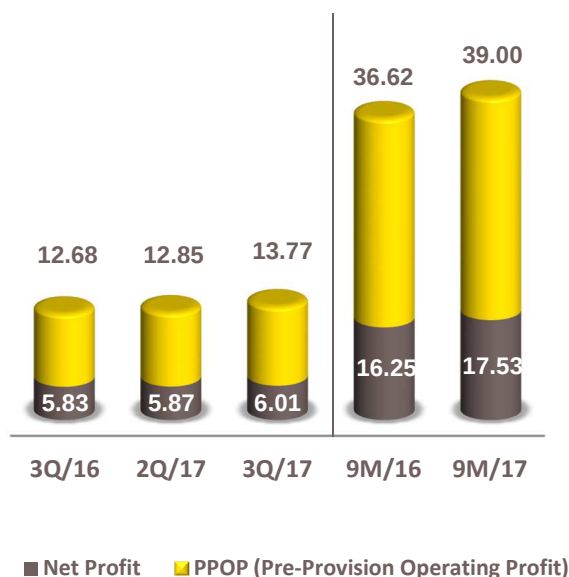
Summary of Financial Performance and Status:

Key 3Q/17 deliverables:

- **Loan Growth:**
Increased by 1.4%, or Baht 20,708 million, compared to June 2017, and an increase of 3.3%, or Baht 47,327 million compared to December 2016.
- **Deposit Growth:**
Increased by 2.9%, or Baht 33,971 million, compared to June 2017 and an increase of 8.0%, or Baht 88,995 million compared to December 2016.
- **Net Profit:**
Increased to Baht 6,014 million, representing a 2.4% increase over 2Q/17 and a 3.2% increase from 3Q/16.
- **Net Interest Margin (NIM):**
Recorded at 3.89%, unchanged from 2Q/17.
- **Non-Interest Income:**
Increased by 10.6% from 2Q/17, mainly driven by an increase in net fees and service income and gains on investments.
- **Cost to Income Ratio:**
Improved to 46.1% from 47.2% in 2Q/17, reflecting higher operating income and effective expense management.
- **Non-Performing Loans (NPLs) Ratio:**
Improved to 2.16 %, compared to 2.24% in 2Q/17.
- **Coverage Ratio:**
Recorded at a strong level of 149.4%.
- **Capital Adequacy Ratio:**
Recorded at 16.28%, compared to 15.96% in June 2017.

PPOP & Net Profit

Unit: Baht Billion



For the third quarter period ended September 30, 2017

In 3Q/17, operating profit was Baht 13,766 million, representing an increase of Baht 912 million, or 7.1%, when compared to 2Q/17, driven by both higher net interest income from loan expansion and improvement in non-interest income. As regards total operating income, 68% was derived from net interest income while the remaining 32% was derived from non-interest income.

Net profit in 3Q/17 was Baht 6,014 million, representing an increase of Baht 143 million, or 2.4%, when compared to 2Q/17, and an increase of Baht 185 million, or 3.2%, on a year-on-year basis, driven largely by higher net interest income and net fees and service income.

For the nine-month period ended September 30, 2017

In the first nine months of 2017, net profit registered at Baht 17,530 million, an increase of Baht 1,282 million, or 7.9%, year-on-year, driven largely by higher net interest income and net fees and service income.

1. Statements of Profit or Loss and Other Comprehensive Income

Consolidated	3Q/17	2Q/17	3Q/16	Change QoQ		Change YoY	
				Baht mn	%	Baht mn	%
Interest Income	23,974	23,424	21,475	550	2.3	2,499	11.6
Interest Expenses	6,628	6,485	5,897	143	2.2	731	12.4
Interest Income, Net	17,346	16,939	15,578	407	2.4	1,768	11.3
Fees and Service Income	6,580	6,266	6,082	314	5.0	498	8.2
Fees and Service Expense	1,542	1,628	1,481	(86)	(5.3)	61	4.1
Fees and Service Income, Net	5,038	4,638	4,601	400	8.6	437	9.5
Non-interest and Non-fees Income	3,172	2,784	3,376	388	13.9	(204)	(6.0)
Other Operating Expenses	11,790	11,507	10,880	283	2.5	910	8.4
Pre-Provision Operating Profit (PPOP)	13,766	12,854	12,675	912	7.1	1,091	8.6
Impairment Loss of Loan and Debt Securities	6,177	5,439	5,275	738	13.6	902	17.1
Income Tax Expense	1,480	1,459	1,494	21	1.4	(14)	(0.9)
Net Profit	6,109	5,956	5,906	153	2.6	203	3.4
Other Comprehensive Income, Net	(132)	100	2,369	(232)	(232.0)	(2,501)	(105.6)
Total Comprehensive Income	5,977	6,056	8,275	(79)	(1.3)	(2,298)	(27.8)
Net Profit Attributable To							
Owners of the Bank	6,014	5,871	5,829	143	2.4	185	3.2
Non-Controlling Interest	95	85	77	10	11.8	18	23.4
Net Profit	6,109	5,956	5,906	153	2.6	203	3.4
Total Comprehensive Income Attributable To							
Owners of the Bank	5,882	5,972	8,198	(90)	(1.5)	(2,316)	(28.3)
Non-Controlling Interest	95	84	77	11	13.1	18	23.4
Total Comprehensive Income	5,977	6,056	8,275	(79)	(1.3)	(2,298)	(27.8)
Earning Per Share (Baht)	0.82	0.80	0.79	0.02	2.5	0.03	3.8

Consolidated	9M/17	9M/16	Change YoY	
			Baht mn	%
Interest Income	70,160	63,435	6,725	10.6
Interest Expense	19,393	17,610	1,783	10.1
Interest Income, Net	50,767	45,825	4,942	10.8
Fees and Service Income	19,132	17,808	1,324	7.4
Fees and Service Expense	4,787	4,355	432	9.9
Fees and Service Income, Net	14,345	13,453	892	6.6
Non-interest and Non-fees Income	8,964	8,697	267	3.1
Other Operating Expenses	35,077	31,350	3,727	11.9
Pre-Provision Operating Profit (PPOP)	38,999	36,625	2,374	6.5
Impairment Loss of Loan and Debt Securities	16,860	15,944	916	5.7
Income Tax Expense	4,344	4,220	124	2.9
Net Profit	17,795	16,461	1,334	8.1
Other Comprehensive Income, Net	(193)	2,475	(2,668)	(107.8)
Total Comprehensive Income	17,602	18,936	(1,334)	(7.0)
Net Profit Attributable To				
Owners of the Bank	17,530	16,248	1,282	7.9
Non-Controlling Interest	265	213	52	24.4
Net Profit	17,795	16,461	1,334	8.1
Total Comprehensive Income Attributable To				
Owners of the Bank	17,339	18,724	(1,385)	(7.4)
Non-Controlling Interest	263	212	51	24.1
Total Comprehensive Income	17,602	18,936	(1,334)	(7.0)
Earning Per Share (Baht)	2.38	2.21	0.17	7.7

2. Financial Performance

2.1 Net Interest Income

Consolidated	3Q/17	2Q/17	3Q/16	Change QoQ		Change YoY	
				Baht mn	%	Baht mn	%
INTEREST INCOME							
Interest on loans	15,452	15,132	13,988	320	2.1	1,464	10.5
Interest on interbank and money market items	818	718	711	100	13.9	107	15.0
Hire purchase and financial lease income	7,203	6,906	6,198	297	4.3	1,005	16.2
Investments and trading transactions	17	14	38	3	21.4	(21)	(55.3)
Investments in debt securities	484	654	540	(170)	(26.0)	(56)	(10.4)
Total Interest Income	23,974	23,424	21,475	550	2.3	2,499	11.6
INTEREST EXPENSE							
Interest on deposits	3,103	3,074	3,026	29	0.9	77	2.5
Interest on interbank and money market items	1,022	919	789	103	11.2	233	29.5
Interest on borrowings	1,072	1,048	760	24	2.3	312	41.1
Contribution to Financial Institution Development Fund and Deposit Protection Agency	1,406	1,434	1,315	(28)	(2.0)	91	6.9
Borrowing fee expenses	21	6	3	15	250.0	18	600.0
Other interest expenses	4	4	4	0	0.0	0	0.0
Total Interest Expenses	6,628	6,485	5,897	143	2.2	731	12.4
Interest Income, Net	17,346	16,939	15,578	407	2.4	1,768	11.3
Net Interest Margin	3.89%	3.89%	3.77%				
Yield on Earning Assets	5.37%	5.38%	5.20%				
Cost of Funds	1.64%	1.64%	1.58%				

Consolidated	9M/17	9M/16	Change YoY	
			Baht mn	%
INTEREST INCOME				
Interest on loans	45,479	41,696	3,783	9.1
Interest on interbank and money market items	2,126	2,135	(9)	(0.4)
Hire purchase and financial lease income	20,700	17,933	2,767	15.4
Investments and trading transactions	72	93	(21)	(22.6)
Investments in debt securities	1,783	1,578	205	13.0
Total Interest Income	70,160	63,435	6,725	10.6
INTEREST EXPENSE				
Interest on deposits	9,170	9,344	(174)	(1.9)
Interest on interbank and money market items	2,885	2,283	602	26.4
Interest on borrowings	3,094	2,084	1,010	48.5
Contributions to Financial Institution Development Fund and Deposit Protection Agency	4,202	3,877	325	8.4
Borrowing fee expenses	29	11	18	163.6
Other interest expenses	13	11	2	18.2
Total Interest Expenses	19,393	17,610	1,783	10.1
Interest Income, Net	50,767	45,825	4,942	10.8
Net Interest Margin	3.82%	3.76%		
Yield on Earning Assets	5.28%	5.20%		
Cost of Funds	1.61%	1.60%		

For the third quarter period ended September 30, 2017

Interest income in 3Q/17 was recorded at Baht 23,974 million, representing an increase of Baht 550 million, or 2.3% on a quarter-on-quarter basis, driven by an increase in interest on loans as well as hire purchase and financial lease income. Meanwhile, interest expense increased by 2.2% owing to an increase in interest on interbank and money market items from higher transaction volumes. Consequently, net interest income increased by 2.4% on a quarter-on-quarter basis.

On a year-on-year basis, interest income increased by Baht 2,499 million, or 11.6%, largely attributed to higher interest income on loans and an increase in interest on hire purchase and financial lease income. Meanwhile, interest expenses increased by Baht 731 million, or 12.4%, driven by an increase in interest on borrowings, mainly from the issuance of subordinated debentures of Baht 17,007 million in 2Q/17.

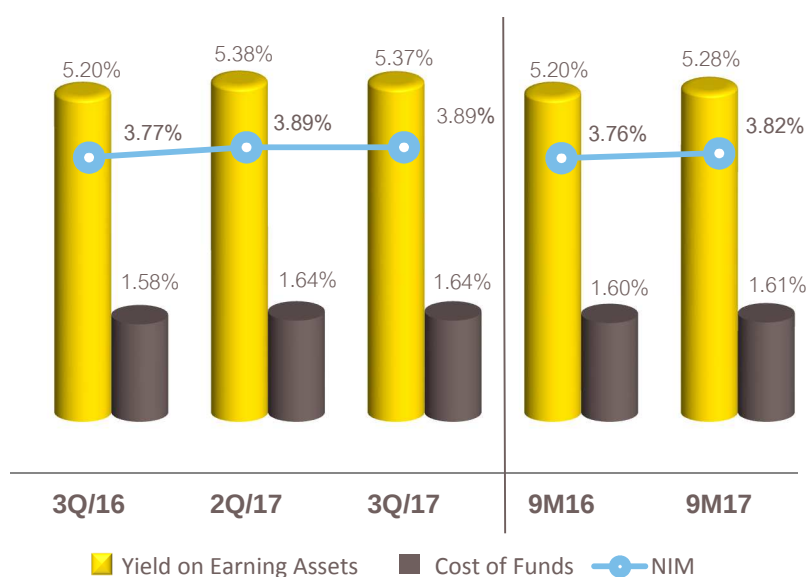
For the nine-month period ended September 30, 2017

In the first nine months of 2017, interest income reached Baht 70,160 million, an increase of Baht 6,725 million, or 10.6%, compared to the same period last year, resulting primarily from higher interest on loan corresponding to loan expansion together with higher hire purchase and financial lease income. Meanwhile, interest expenses increased Baht 1,783 million, or 10.1%, owing to an increase in interest on borrowings from the issuance of subordinated debentures amounting Baht 10,000 million in August 2016 and Baht 17,007 million in May 2017, and interbank and money market items from higher transaction volumes.

NIM was maintained at 3.89% for 3Q/17. Overall yields slightly decreased to 5.37% in 3Q/17 from 5.38% in 2Q/17, reflecting a larger component of lower yield on earning assets. Meanwhile, cost of funds maintained at 1.64%.

Year-to-date, NIM stood at 3.82%, well above the full year target of 3.70%.

Net Interest Margin (NIM)



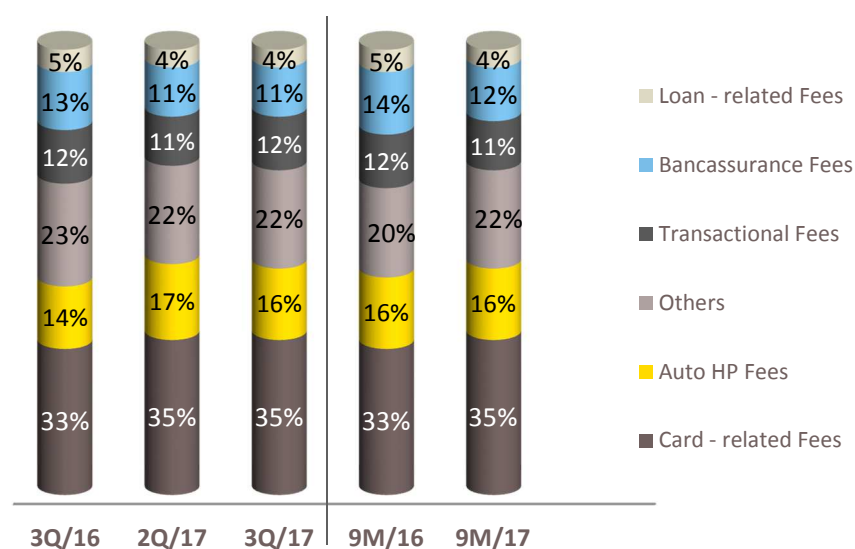
	Dec-15	Mar-16	Jun-16	Sep-16	Dec-16	Mar-17	Jun-17	Sep-17
Policy Rate	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%
Krungsri Lending Rate	6.85%	6.85%	6.60%	6.60%	6.60%	6.60%	6.60%	6.60%
Saving Rate	0.30%	0.30%	0.30%	0.30%	0.30%	0.30%	0.30%	0.30%
3 - month deposits	0.80-1.00%	0.80-1.00%	0.80-1.00%	0.80-1.00%	0.80-1.00%	0.80-1.00%	0.80-1.00%	0.80-1.00%
6 - month deposits	0.90-1.20%	0.90-1.20%	0.90-1.20%	0.90-1.20%	0.90-1.20%	0.90-1.20%	0.90-1.20%	0.90-1.20%
12 - month deposits	1.10-1.35%	1.10-1.35%	1.10-1.35%	1.10-1.35%	1.10-1.35%	1.10-1.35%	1.10-1.35%	1.10-1.35%

2.2 Net Fees and Service Income

Consolidated	3Q/17	2Q/17	3Q/16	Change QoQ		Change YoY	
				Baht mn	%	Baht mn	%
Acceptances, aval and guarantees	134	137	128	(3)	(2.2)	6	4.7
Other fees and service income	6,446	6,129	5,954	317	5.2	492	8.3
Fees and service income	6,580	6,266	6,082	314	5.0	498	8.2
Fees and service expense	1,542	1,628	1,481	(86)	(5.3)	61	4.1
Fees and Service Income, net	5,038	4,638	4,601	400	8.6	437	9.5

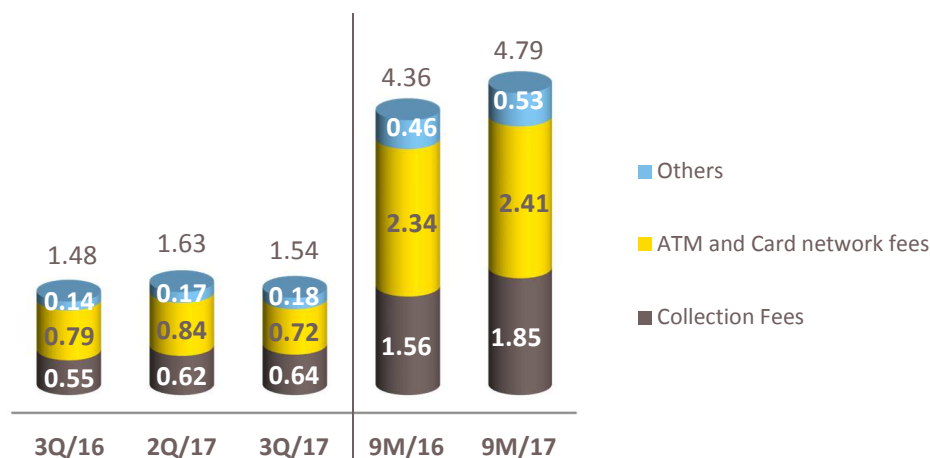
Consolidated	9M/17	9M/16	Change YoY	
			Baht mn	%
Acceptances, aval and guarantees	403	372	31	8.3
Other fees and service income	18,729	17,436	1,293	7.4
Fees and service income	19,132	17,808	1,324	7.4
Fees and service expense	4,787	4,355	432	9.9
Fees and Service Income, net	14,345	13,453	892	6.6

Fees & Service Income Breakdown



Fees & Service Expense

Unit: Baht Billion



For the third quarter period ended September 30, 2017

The increase in fees and service income of Baht 314 million, or 5.0%, from 2Q/17, was mainly driven by an increase in card-related fees of Baht 129 million, or 5.9%, wealth & fund management and securities-related fees of Baht 122 million, or 12.5%, mirroring the capital market conditions in the third quarter. In addition, transactional fees and bancassurance fees increased by Baht 35 million and Baht 19 million, respectively. Meanwhile, fees and service expenses decreased by Baht 86 million, or 5.3%. Consequently, net fees and service income increased by Baht 400 million, or 8.6%, quarter-on-quarter.

On a year-on-year basis, fees and service income increased by Baht 498 million or 8.2%, mainly driven by an increase in card-related fees of Baht 335 million, or 16.9%, auto hire purchase fees of Baht 184 million, or 21.3%, wealth & fund management and securities-related fees of Baht 162 million, or 17.4%, and transactional fees of Baht 38 million, mainly offset by a decrease in bancassurance fees, loan-related fees and other fees of Baht 170 million, or 16.7%. Concurrently, fees and service expenses increased by Baht 61 million, or 4.1%. Net fees and service income therefore increased by Baht 437 million, or 9.5%.

For the nine-month period ended September 30, 2017

For the first nine months of 2017, fees and service income increased by Baht 1,324 million, or 7.4%, year-on-year, mainly driven by an increase in card-related fees of Baht 727 million, or 12.2%, wealth & fund management and securities-related fees of Baht 507 million, or 20.3%, auto hire purchase fees of Baht 301 million, or 10.8%, transactional fees and collection fees of Baht 47 and 14 million, respectively, offset by a decrease in bancassurance fees of Baht 198 million, or 8.2% and loan-related fees of Baht 80 million, or 8.8%. Meanwhile, fees and service expenses increased Baht 432 million, or 9.9%. Correspondingly, net fees and service income increased by Baht 892 million, or 6.6%.

2.3 Non-interest and Non-fees Income

Consolidated	3Q/17	2Q/17	3Q/16	Change QoQ		Change YoY	
				Baht mn	%	Baht mn	%
Gains (losses) on trading and foreign exchange transactions	903	906	1,023	(3)	(0.3)	(120)	(11.7)
Gains (losses) on investments	484	148	83	336	227.0	401	483.1
Share of profit (loss) from investment for using equity method	84	100	93	(16)	(16.0)	(9)	(9.7)
Bad debt recoveries	1,333	1,268	1,796	65	5.1	(463)	(25.8)
Other operating income	368	362	381	6	1.7	(13)	(3.4)
Total Non-interest and Non-fees Income	3,172	2,784	3,376	388	13.9	(204)	(6.0)

Consolidated	9M/17	9M/16	Change YoY	
			Baht mn	%
Gains (losses) on trading and foreign exchange transactions	2,827	2,819	8	0.3
Gains (losses) on investments	825	613	212	34.6
Share of profit (loss) from investment for using equity method	260	266	(6)	(2.3)
Bad debt recoveries	3,833	3,610	223	6.2
Other operating income	1,219	1,389	(170)	(12.2)
Total Non-interest and Non-fees Income	8,964	8,697	267	3.1

For the third quarter period ended September 30, 2017

On a quarter-on-quarter basis, total non-interest and non-fees income increased by Baht 388 million, or 13.9%, largely driven by an increase in gains on investments by Baht 336 million -- mainly from the Available for Sale (AFS) portfolio and bad debt recoveries of Baht 65 million.

On a year-on-year basis, total non-interest and non-fees income decreased by Baht 204 million, or 6.0% mainly from a decrease in bad debt recoveries of Baht 463 million (owing to one-time recovery of a syndicated loan recognized in 3Q/16) and a decrease in gains on trading and foreign exchange transactions of Baht 120 million, offset by an increase in gains on investment of Baht 401 million from the Available for Sales (AFS) portfolio.

For the nine-month period ended September 30, 2017

For the first nine months of 2017, total non-interest and non-fees income increased by Baht 267 million or 3.1%, year-on-year driven primarily by an increase in bad debt recoveries of Baht 223 million and gains on investments by Baht 212 million, offset by a decrease in other operating income of Baht 170 million -- mainly from a decrease in gains on sales of properties for sale of Baht 158 million.

2.4 Other Operating Expenses

Consolidated	3Q/17	2Q/17	3Q/16	Change QoQ		Change YoY	
				Baht mn	%	Baht mn	%
Employee expenses	6,011	5,757	5,430	254	4.4	581	10.7
Premises and equipment expenses	2,042	2,031	1,831	11	0.5	211	11.5
Taxes and duties	653	647	633	6	0.9	20	3.2
Directors' remuneration	14	15	13	(1)	(6.7)	1	7.7
Other expenses	3,070	3,057	2,973	13	0.4	97	3.3
Total Other Operating Expenses	11,790	11,507	10,880	283	2.5	910	8.4

Consolidated	9M/17	9M/16	Change YoY	
			Baht mn	%
Employee expenses	18,065	15,845	2,220	14.0
Premises and equipment expenses	6,110	5,346	764	14.3
Taxes and duties	1,947	1,904	43	2.3
Directors' remuneration	42	36	6	16.7
Other expenses	8,913	8,219	694	8.4
Total Other Operating Expenses	35,077	31,350	3,727	11.9

For the third quarter period ended September 30, 2017

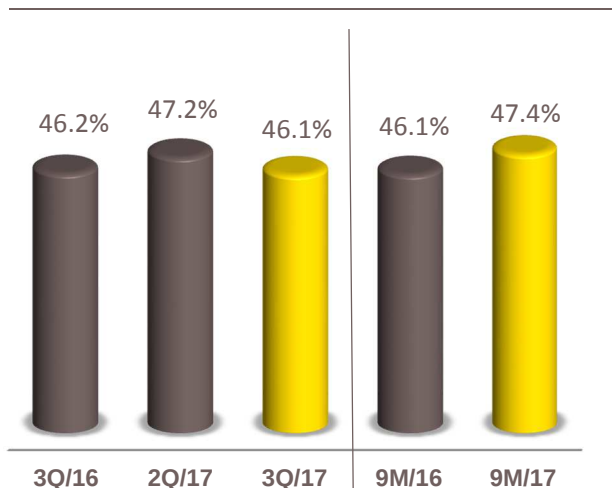
On a quarter-on-quarter basis, total other operating expenses increased by Baht 283 million, or 2.5%, largely driven by an increase in employee expenses of Baht 254 million, or 4.4%, mainly due to an increase in staff compensation and incentives corresponding to growing business volume.

Total other operating expenses increased by Baht 910 million, or 8.4%, compared to 3Q/16 driven by an increase in employee expenses of Baht 581 million, or 10.7%, mainly due to annual merit increases and staff promotions and premises and equipment expenses of Baht 211 million, or 11.5%.

For the nine-month period ended September 30, 2017

For the first nine months of 2017, total other operating expenses increased by Baht 3,727 million, or 11.9%, year-on-year, mainly driven by an increase in employee expenses of Baht 2,220 million, or 14.0%, mainly due to annual merit increases, staff promotions, and the acquisition of Hattha Kaksekar Limited (HKL) in September 2016. Moreover, premises and equipment expenses increased by Baht 764 million, or 14.3% due to higher depreciation and rental expenses. Other expenses increased by Baht 694 million, or 8.4%, mainly from promotion expenses and incentives.

Cost to Income Ratio



The cost to income ratio improved to 46.1% in 3Q/17, compared to 47.2% in 2Q/17, as a result of higher operating income and effective expense management.

For 9M/17, the cost to income ratio stood at 47.4%.

2.5 Impairment loss of loans and debt securities

Consolidated	3Q/17	2Q/17	3Q/16	Change QoQ		Change YoY	
				Baht mn	%	Baht mn	%
Bad Debt and Doubtful Accounts	5,797	5,075	4,929	722	14.2	868	17.6
Loss on Debt Restructuring	380	364	346	16	4.4	34	9.8
Total impairment loss of loan and debt securities	6,177	5,439	5,275	738	13.6	902	17.1

Consolidated	9M/17	9M/16	Change YoY	
			Baht mn	%
Bad Debt and Doubtful Accounts	15,722	15,226	496	3.3
Loss on Debt Restructuring	1,138	718	420	58.5
Total impairment loss of loan and debt securities	16,860	15,944	916	5.7

Loan loss provision in 3Q/17 amounted to Baht 6,177 million, an increase of Baht 738 million, or 13.6%, from 2Q/17, corresponding to our continuous prudent management of loan portfolio.

As of September 30, 2017, total loans loss reserves recorded at Baht 55,060 million, with an excess of Baht 18,589 million over the Bank of Thailand's reserve requirements, representing 151.0% of the requirements. Consequently, the loan loss coverage ratio increased to 149.4% at end of 3Q/17 from 143.6% at end of 2Q/17.

3. Financial Status

3.1 Statement of Financial Position

Consolidated	As at Sep. 30, 17	As at Jun. 30, 17	As at Dec. 31, 16	Change from Jun. 30, 17		Change from Dec. 31, 16	
				Baht mn	%	Baht mn	%
ASSETS							
Cash	32,368	30,976	36,142	1,392	4.5	(3,774)	(10.4)
Interbank and money market items, net	265,566	207,021	200,283	58,545	28.3	65,283	32.6
Investments, net	91,350	125,377	131,782	(34,027)	(27.1)	(40,432)	(30.7)
Investments in subsidiaries and joint ventures, net	2,179	2,095	1,919	84	4.0	260	13.5
Loans to customers	1,561,340	1,538,256	1,506,222	23,084	1.5	55,118	3.7
Accrued interest receivable	4,377	3,953	3,865	424	10.7	512	13.2
Deferred revenue	(65,131)	(62,755)	(57,340)	(2,376)	(3.8)	(7,791)	(13.6)
Allowance for doubtful accounts	(53,438)	(50,831)	(48,274)	(2,607)	(5.1)	(5,164)	(10.7)
Revaluation allowance for debt restructuring	(1,291)	(1,259)	(1,188)	(32)	(2.5)	(103)	(8.7)
Properties for sale, net	3,876	3,935	4,256	(59)	(1.5)	(380)	(8.9)
Others	116,974	91,763	105,521	25,211	27.5	11,453	10.9
TOTAL ASSETS	1,958,170	1,888,531	1,883,188	69,639	3.7	74,982	4.0
LIABILITIES AND SHAREHOLDERS' EQUITY							
Deposits	1,197,283	1,163,312	1,108,288	33,971	2.9	88,995	8.0
Interbank and money market items, net	290,438	256,881	314,400	33,557	13.1	(23,962)	(7.6)
Debt issued and borrowings	148,222	173,122	160,326	(24,900)	(14.4)	(12,104)	(7.5)
Others	102,204	78,224	91,406	23,980	30.7	10,798	11.8
TOTAL LIABILITIES	1,738,147	1,671,539	1,674,420	66,608	4.0	63,727	3.8
Issued and paid-up share capital	73,558	73,558	73,558	0	0.0	0	0.0
Retained earning	89,136	85,999	77,680	3,137	3.6	11,456	14.7
Others	57,329	57,435	57,530	(106)	(0.2)	(201)	(0.3)
TOTAL SHAREHOLDERS' EQUITY	220,023	216,992	208,768	3,031	1.4	11,255	5.4
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	1,958,170	1,888,531	1,883,188	69,639	3.7	74,982	4.0
Book value per share (Baht)	29.91	29.50	28.38	0.41	1.4	1.53	5.4

As of September 30, 2017, total assets stood at Baht 1,958,170 million, representing an increase of Baht 69,639 million, or 3.7%, from June 2017. Key items are as follows:

- Net interbank and money market items increased by Baht 58,545 million, or 28.3%, driven by an increase in repurchase agreements of Baht 58,277 million.
- Other assets increased by Baht 25,211 million, or 27.5%, mainly owing to an increase in claim on securities of Baht 20,200 million.
- Total loans (net of deferred revenue) increased by Baht 20,708 million, or 1.4%.
- Net investments decreased by Baht 34,027 million, or 27.1%, mainly from a decrease in the Available for Sale (AFS) portfolio.

On a year-to-date basis, total assets increased by Baht 74,982 million, or 4.0%. Key items are as follows:

- Net interbank and money market items increased by Baht 65,283 million, or 32.6%, driven by an increase in repurchase agreements of Baht 101,294 million, offset by a decrease in loans to financial institutions and interbank accounts of Baht 36,112 million.
- Total loans (net of deferred revenue) increased by Baht 47,327 million, or 3.3%.
- Other assets increased by Baht 11,453 million, or 10.9%, mainly from an increase in claims on securities.
- Net investments decreased by Baht 40,432 million, or 30.7%, mainly from a decrease in the Available for Sale (AFS) portfolio.

As of September 30, 2017, total liabilities stood at Baht 1,738,147 million, representing an increase of Baht 66,608 million, or 4.0%, from June 2017. Key items are as follows:

- Deposits increased by Baht 33,971 million, or 2.9%, largely driven by time deposits with maturity of less than one year.
- Net interbank and money market items increased by Baht 33,557 million, or 13.1%, mainly due to an increase in financial institution loans of Baht 32,452 million.
- Other liabilities increased by Baht 23,980 million, or 30.7%, mainly from liabilities to deliver securities.
- Debt issued and borrowings decreased by Baht 24,900 million, or 14.4%, driven by a decrease in bills of exchange of Baht 29,695 million, offset by net issuance of Krungsri Group's debenture of Baht 5,000 million.

On a year-to-date basis, total liabilities increased by Baht 63,727 million, or 3.8%. Key items are as follows:

- Deposits increased by Baht 88,995 million, or 8.0%, largely from time deposits of Baht 103,155 million, or 19.7%, while saving deposits decreased by Baht 14,221 million, or 2.6%.

- Net interbank and money market items decreased by Baht 23,962 million, or 7.6%, mainly due to a decrease in financial institution loans of Baht 19,067 million and repurchase agreement of Baht 12,300 million, offset by an increase in deposit of Baht 7,405 million.
- Debt issued and borrowings decreased by Baht 12,104 million, or 7.5%, driven by a decrease in bills of exchange of Baht 35,545 million, offset by the issuance of new subordinated debentures totaling Baht 17,007 million in 2Q/17, and net issuance of Krungsri Group's debenture of Baht 6,900 million.
- Other liabilities increased by Baht 10,798 million, or 11.8%, mainly from a margin call from counterparty.

Total shareholders' equity rose to Baht 220,023 million, reflecting an increase of Baht 11,255 million, or 5.4%, from December 2016 due to an increase in equity holders' net income of Baht 17,530 million in 9M/17, which was partially offset by dividends paid of Baht 6,252 million.

Book value per share as of September 30, 2017 increased by 5.4% to Baht 29.91 from Baht 28.38 at the end of 2016.

3.2 Loans to customers

3.2.1 Loans by segment

Consolidated	Sep. 30, 17	Jun. 30, 17	Dec. 31, 16	Change from Jun. 30, 17		Change from Dec. 31, 16	
				Baht mn	%	Baht mn	%
Corporate	586,999	590,263	588,167	(3,264)	(0.6)	(1,168)	(0.2)
- Thai Corporate	423,898	435,039	426,445	(11,141)	(2.6)	(2,547)	(0.6)
- International Corporate (JPC/MNC)	163,101	155,224	161,722	7,877	5.1	1,379	0.9
SMEs	218,396	215,096	215,549	3,300	1.5	2,847	1.3
Retail	690,814	670,142	645,166	20,672	3.1	45,648	7.1
- Hire purchase	321,510	311,216	292,268	10,294	3.3	29,242	10.0
- Mortgage	210,812	204,804	196,385	6,008	2.9	14,427	7.3
- Credit cards and personal loans	142,788	139,025	141,625	3,763	2.7	1,163	0.8
- HKL personal loans	15,704	15,097	14,888	607	4.0	816	5.5
Total *	1,496,209	1,475,501	1,448,882	20,708	1.4	47,327	3.3

* Loans to customers net of deferred revenue

As of September 30, 2017, total outstanding loans (net of deferred revenue) stood at Baht 1,496,209 million, an increase of Baht 20,708 million, or 1.4% from June 2017 and increased by Baht 47,327 million, or 3.3% from December 2016. The growth of total loans was mainly driven by broad-based retail loans and the SME segment. Details of loan performance by segment are as follows:

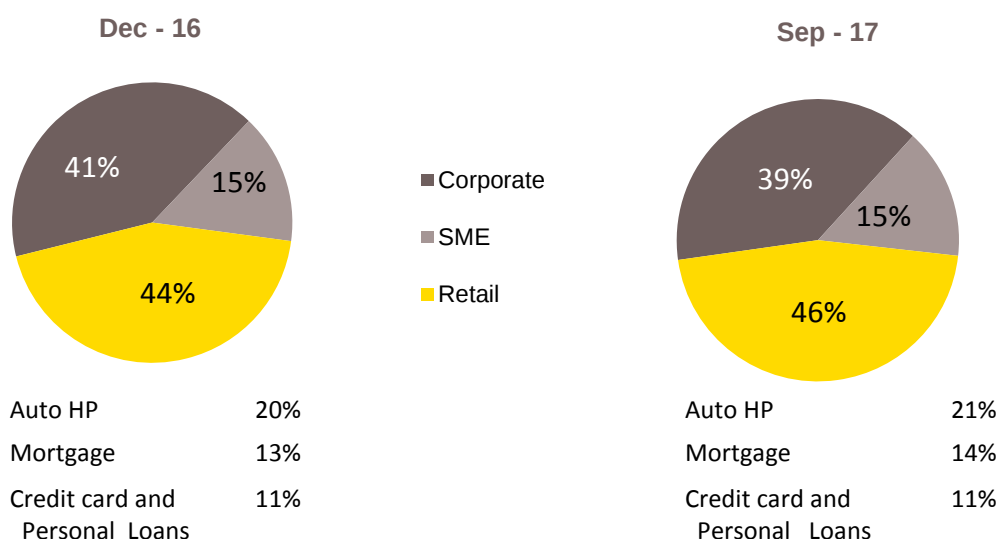
Corporate loans decreased by 0.6%, or Baht 3,264 million in the third quarter. Thai Corporate loans contracted by 2.6% due to loan repayments, while international corporate loans rose by 5.1%, mirroring the improvement of global economic conditions. On a year-to-date basis, corporate loans slightly contracted by 0.2%.

SME loans grew by 1.5%, or Baht 3,300 million during the third quarter. The growth of SME loans was driven by medium and small-sized SMEs, underpinning Thailand's economic recovery. On a year-to-date basis, SME loans increased by 1.3%.

Retail loans recorded a growth of Baht 20,672 million, or 3.1% in the third quarter and rose by 7.1% on a year-to-date basis.

- **Auto hire purchase loans** recorded a 3.3% growth in the third quarter, and a 10.0% year-to-date. The robust performance in auto hire purchase lending was broad-based, comprising both new and used car segments, mirroring improved economic conditions, domestic car sales and synergy effect with auto manufacturers. Consequently, Krungsri's relationship with auto dealers and market share have strengthened.
- **Mortgage loans** grew at 2.9% in 3Q/17 and 7.3% year-to-date. The growth of mortgage loans was supported by Krungsri's strategic shift to service excellence amid the property market's new normal paradigm in terms of growth pattern.
- **Credit cards and personal loans** grew by 2.7% in the third quarter and 0.8% year-to-date. The improvement in 3Q/17 was mainly driven by seasonality and improvement in domestic spending.

Loan Composition



3.2.2 Loan classification and provision

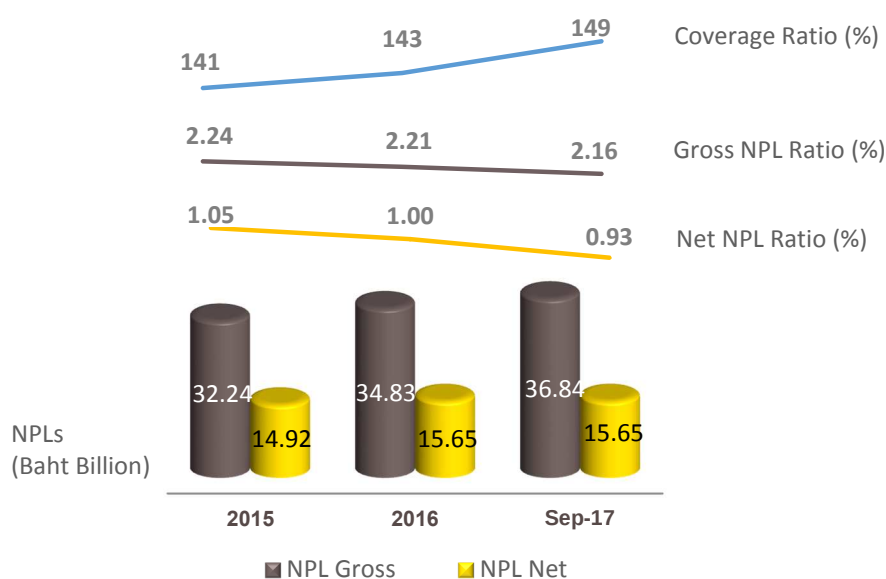
Unit : Baht mn

Consolidated	Sep. 30, 17		Dec. 31, 16		Change	
	Loans and Accrued Interest Receivable	Provision	Loans and Accrued Interest Receivable	Provision	Loans and Accrued Interest Receivable	Provision
Normal	1,406,843	11,049	1,359,936	10,426	46,907	623
Special mention	56,897	3,120	57,976	3,100	(1,079)	20
Substandard	12,219	7,555	12,564	7,254	(345)	301
Doubtful	5,827	2,743	5,876	2,388	(49)	355
Doubtful of loss	18,800	10,382	16,395	9,050	2,405	1,332
Total	1,500,586	34,849	1,452,747	32,218	47,839	2,631
Surplus Reserve		18,589		16,056		2,533
Total	1,500,586	53,438	1,452,747	48,274	47,839	5,164

3.2.3 Non-performing loans

Consolidated	Sep. 30, 17	Jun. 30, 17	Dec. 31, 16	Change from Jun. 30, 17		Change from Dec. 31, 16	
				Baht mn	%	Baht mn	%
Non-Performing Loans (Net)	15,647	15,747	15,653	(100)	(0.6)	(6)	(0.0)
Non-Performing Loans (Gross)	36,844	36,506	34,834	338	0.9	2,010	5.8
Loans Loss Reserves (LLR)	55,060	52,425	49,900	2,635	5.0	5,160	10.3
Coverage Ratio	149.4%	143.6%	143.3%	5.8%	4.0	6.1%	4.3
BOT Requirement	36,471	36,346	33,844	125	0.3	2,627	7.8
Actual / Required LLR	151.0%	144.2%	147.4%	6.8%	4.7	3.6%	2.4

NPLs and Coverage Ratio



As of September 30, 2017, gross NPLs slightly increased by Baht 338 million from June 2017 to Baht 36,844 million. The gross NPL ratio improved to 2.16% in 3Q/17, compared to 2.24% in 2Q/17.

As of September 30, 2017, loan loss reserves stood at Baht 55,060 million, with an excess of Baht 18,589 million over the Bank of Thailand's reserve requirements. Correspondingly, the actual provisioning ratio when compared to the Bank of Thailand's requirements stood at 151.0%. The coverage ratio also improved to 149.4% from 143.6% as of 2Q/17.

3.3 Funding Structure

Consolidated	Sep. 30, 17	Jun. 30, 17	Dec. 31, 16	Change from Jun. 30, 17		Change from Dec. 31, 16	
				Baht mn	%	Baht mn	%
Current	33,234	31,033	33,173	2,201	7.1	61	0.2
Savings	536,536	549,513	550,757	(12,977)	(2.4)	(14,221)	(2.6)
Time	627,513	582,766	524,358	44,747	7.7	103,155	19.7
< 6 Months	264,527	239,189	188,335	25,338	10.6	76,192	40.5
6 Months and < 1 Year	279,614	267,833	260,313	11,781	4.4	19,301	7.4
1 Year and over 1 Year	83,372	75,744	75,710	7,628	10.1	7,662	10.1
Total Deposit	1,197,283	1,163,312	1,108,288	33,971	2.9	88,995	8.0
B/E	6,272	35,967	41,817	(29,695)	(82.6)	(35,545)	(85.0)
Debenture	96,175	91,175	89,275	5,000	5.5	6,900	7.7
Total Funding	1,299,730	1,290,454	1,239,380	9,276	0.7	60,350	4.9

As of September 30, 2017, overall funding for the Bank, including deposits, bills of exchange and debentures, increased by Baht 9,276 million, or 0.7%, from June 2017. When compared with December 2016, total funding increased by Baht 60,350 million, or 4.9%.

Deposits totaled Baht 1,197,283 million, an increase of Baht 33,971 million, or 2.9%, from 2Q/17. The growth of deposits was resulted from time deposits with maturity less than one year of Baht 37,119 million, offset by a decrease in savings deposits of Baht 12,977 million, or 2.4%. On a Year-to-date basis, deposits grew by 8.0%, or Baht 88,995 million.

As a result, the proportion of current and savings deposits (CASA) as a percentage of total deposits decreased to 47.6%, compared to 49.9% in 2Q/17, and 52.7% in December 2016.

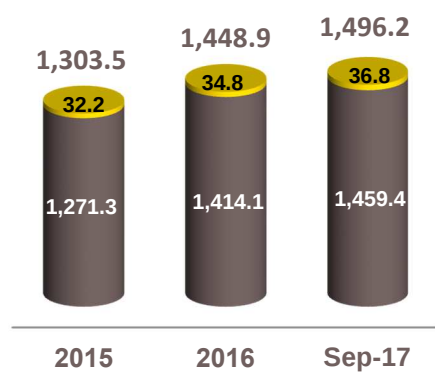
Bills of exchange (B/E) totaled Baht 6,272 million, a substantial decrease of Baht 29,695 million or 82.6%, from June 2017. On a Year-to-date basis, bills of exchange also decreased by 85.0%, or Baht 35,545 million.

Debentures stood at Baht 96,175 million as of September 2017. The increase of Baht 5,000 million or 5.5% from June 2017 was driven largely by the net issuance of Krungsri Group's debentures. On a year-to-date basis, debentures increased by 7.7%, or Baht 6,900 million.

Consequently, the loan to deposit ratio improved to 125% from 127% in 2Q/17, and 131% in December 2016. The loan to deposit plus bills of exchange and debentures ratio was maintained at 115% for the quarter, and improved from 117% recorded in December 2016.

Loans

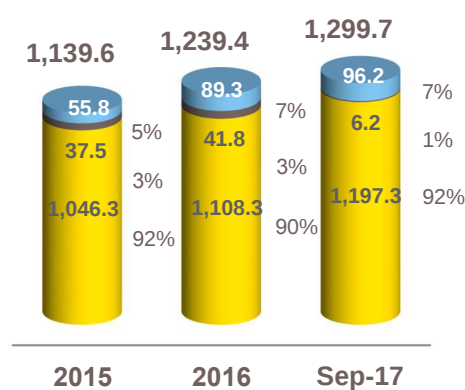
Unit: Baht Billion



■ Non-Performing Loan (NPL)
■ Performing Loan (PL)

Deposits + B/E + Debenture

Unit: Baht Billion



■ Deposit ■ B/E ■ Debenture

	2015	2016	Sep-17
L/D	125%	131%	125%
L/D+B/E+Debentures	114%	117%	115%

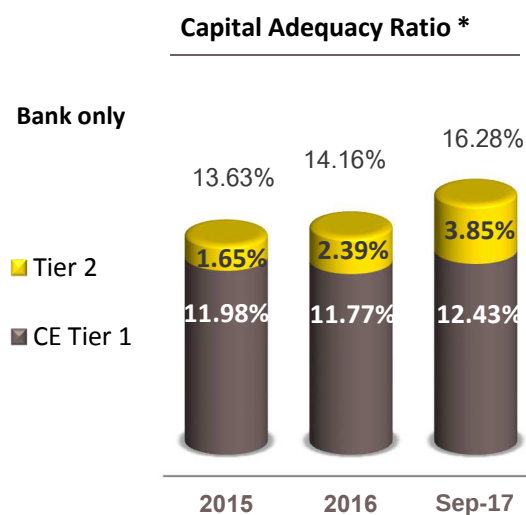
3.4 Contingencies

Consolidated	Sep. 30, 17	Jun. 30, 17	Dec. 31, 16	Change from Jun. 30, 17		Change from Dec. 31, 16	
				Baht mn	%	Baht mn	%
Avals to bills and Guarantees of loans	1,681	1,995	1,565	(314)	(15.7)	116	7.4
Liability under unmatured import bills	1,380	1,600	1,601	(220)	(13.8)	(221)	(13.8)
Letters of credit	8,590	7,113	8,425	1,477	20.8	165	2.0
Other contingencies	100,947	101,897	110,105	(950)	(0.9)	(9,158)	(8.3)
Total	112,598	112,605	121,696	(7)	(0.0)	(9,098)	(7.5)

Krungsri Group's contingencies as of September 30, 2017 totaled Baht 112,598 million, a decrease of Baht 9,098 million, or 7.5%, from December 31, 2016. The decrease was driven mainly by a decrease in other contingencies of Baht 9,158 million.

3.5 Statutory Capital

As of September 30, 2017, the Bank's capital increased to Baht 219,582 million, equivalent to 16.28% of risk-weighted assets, compared to 14.16% in December 2016. The improvement in the capital adequacy ratio was largely attributed to the issuance of new subordinated debenture totaling Baht 17,007 million in May 2017 in support of Krungsri's business growth plan.



* BOT requires to maintain minimum CAR at 8.5% and gradually increases the conservation buffer at 0.625% per year since January 1, 2016 until reaching 2.5% by January 1, 2019

Baht Billion	2015	2016	Sep-17
CE Tier 1	146.18	158.83	167.69
Tier 2	20.08	32.26	51.89
Total Capital	166.26	191.09	219.58

4. Credit Ratings

The Bank's credit ratings assigned by Moody's Investors Service, Standard & Poor's, Fitch Ratings and TRIS Rating as of September 30, 2017 are shown in the table below.

1. Moody's Investors Service

Bank Deposits

- Long Term	Baa1
- Short Term	Prime-2

Debt

- Long Term -Senior Debt	Baa1
Debt and Deposit Rating Outlook	Stable

Baseline Credit Assessment (BCA)	Ba1
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2. Standard and Poor's

Issuer Credit Rating (ICR)

- Long Term	BBB+
- Short Term	A-2

Foreign Currency

- Long Term - Senior Debt	BBB+
- Short Term	A-2

Stand-alone Credit Profile (SACP)	bb+
Outlook	Stable

3. Fitch Ratings

International Ratings (Foreign Currency)

- Long Term	A-
- Subordinated Debt	BBB+
- Short Term	F2
- Viability Rating	bbb
- Support	1
- Outlook	Stable

3. Fitch Ratings

National Ratings

- Long Term – Debenture	AAA (tha)
- Subordinated Debt	AA+ (tha)
- Short Term	F1+ (tha)
- Outlook	Stable

4. TRIS Rating

National Ratings

- Company Rating	AAA
- Issue Rating (subordinated)	AA+
- Outlook	Stable

5. 2017 Key Performance Targets

Consolidated	2016	1H/17	3Q/17	9M/17	2017 Targets	
Loan Growth (Net)	+145.4 bn +11.2%	+26.6 bn +1.8%	+20.7 bn +1.4%	+ 47.3 bn +3.3%	6-8%	✓
NPLs Ratio	2.21%	2.24%	2.16%	2.16%	< 2.5%	✓
Deposit Mix: Savings and Current	53%	50%	48%	48%	> 50%	~
Loan Mix : Retail	44%	45%	46%	46%	~ 40%	✓
L/Deposit+Debenture+B/E	117%	114%	115%	115%	n.d.	n.d.
NIM	3.74%	3.82%	3.89%	3.82%	~ 3.7%	✓
Non-interest income growth* (YoY)	11.7%	6.5%	2.9%	5.2%	5.0%+	✓
Cost to Income Ratio	47.1%	48.0%	46.1%	47.4%	< 50%	✓
Provisions	147 bps	146 bps	165 bps	151 bps	~ 140 bps	~
Loan Loss Coverage	143%	144%	149%	149%	140%+	✓
CAR (Bank Only)	14.16%	15.96%	16.28%	16.28%	n.d.	n.d.

* Net Fees Income + Non-Interest and Non-Fees Income