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Management Discussion and Analysis

For the quarter and year ended
December 31, 2017

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Executive Summary:

Krungsri delivered a record net profit of Baht 23,209 million in 2017, representing an 8.4%, or Baht 1,805 million increase from 2016. The increase in net profit was attributed to higher net interest income, driven by loan growth, and solid performance in non-interest and non-fees income, and net fees and service income.

Total **loans** outstanding reached Baht 1,550,404 million, an increase of Baht 101,522 million, or 7.0% from 2016. For the year, the retail segment was the key driver with a robust growth of 12.8% underscored by a broad-based expansion in auto hire purchase, mortgage as well as credit cards and personal loan businesses. Corporate and SME loans grew by 2.3% and 2.4%, respectively.

Deposits totaled Baht 1,319,229 million, an increase of Baht 210,941 million, or 19.0%, from December 2016, strengthening Krungsri's liquidity position in anticipation of stronger loan demand.

Non-interest income increased by 8.3% from 2016, driven by card-related, wealth & fund management and securities, and auto hire purchase businesses, as well as gains on trading and foreign exchange transactions and gains on investment.

Non-Performing Loans (NPLs) ratio improved from 2.21% in 2016 to 2.05% in 2017, the lowest level since the Asian Financial Crisis. In 2017, Krungsri sold Baht 2,858 million of NPLs.

Our **loan loss reserves** stood at Baht 55,841 million, with an excess of Baht 18,452 million over the Bank of Thailand's reserve requirements. Correspondingly, the actual provisioning ratio when compared to the Bank of Thailand's requirements improved to 149.4%. The coverage ratio also improved to 148.4% from 143.3% at the end of 2016.

Corresponding to the higher net profit, **earnings per share (EPS)** rose to Baht 3.16 in 2017, compared to Baht 2.91 in 2016.

In 2018, the Thai economy is forecast to grow steadily and become more broad-based with GDP growth of 4.0%. A sustained growth in the export and tourism sectors together with the intended acceleration of infrastructure investments will provide key catalysts for loan growth. With a favorable operating environment together with our strategic executions under the new Medium-Term Business Plan (2018-2020), we target a loan growth of 6-8% for the year.

NIM: 3.74%

**Net Profit:
Baht 23.2 billion**

Coverage Ratio: 148.4%

NPLs Ratio: 2.05%

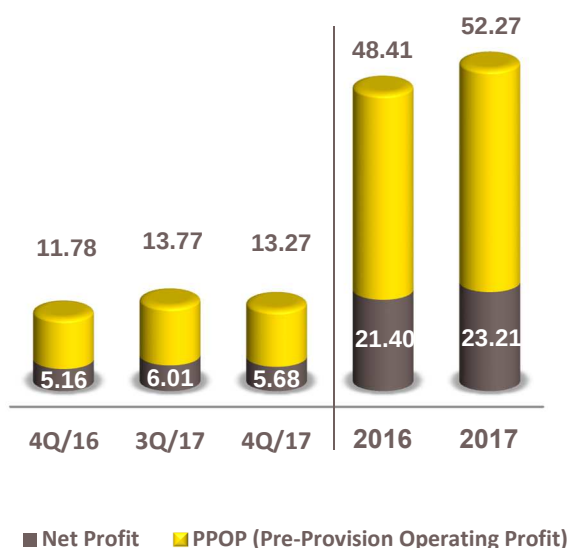
Summary of Financial Performance and Status:

Key 2017 deliverables:

- **Loan Growth:**
Increased by 7.0%, or Baht 101,522 million, compared to December 2016, driven by a broad-based expansion in the retail segment.
- **Deposit Growth:**
Strongly grew by 19.0%, or Baht 210,941 million, compared to December 2016, strengthening Krungsri's liquidity position in anticipation of stronger loan demand.
- **Net Profit:**
Recorded at Baht 23,209 million, representing an 8.4% increase over 2016.
- **Net Interest Margin (NIM):**
Recorded at 3.74%, unchanged from 2016.
- **Non-Interest Income:**
Increased by 8.3% from 2016, mainly driven by an increase in net fees and service income, gains on trading and foreign exchange transactions, and gains on investment.
- **Cost to Income Ratio:**
Recorded at 48.0%, increased from 47.1% in 2016.
- **Non-Performing Loans (NPLs) Ratio:**
Improved to 2.05%, compared to 2.21% in December 2016.
- **Coverage Ratio:**
Recorded at a strong level of 148.4%.
- **Capital Adequacy Ratio:**
Recorded at 15.65%, compared to 14.16% in December 2016.

PPOP & Net Profit

Unit: Baht Billion



For the year ended December 31, 2017

In 2017, operating profit was Baht 52,270 million, representing an increase of Baht 3,863 million, or 8.0% from 2016, driven by higher net interest income, supported by loan expansion, together with a solid performance in non-interest and non-fees income, and net fees and service income.

Net profit increased to Baht 23,209 million in 2017, representing an 8.4%, or Baht 1,805 million increase over 2016, largely attributed to higher operating profits.

For the fourth quarter ended December 31, 2017

Given an improvement in both interest and non-interest income in 4Q/17, operating profit was Baht 13,271 million, representing a decrease of Baht 495 million, or 3.6%, when compared to 3Q/17, driven largely by higher other operating expenses -- mainly from promotion expenses corresponding to an increase in business volume for year-end 2017. Consequently net profit totaled Baht 5,679 million, a decrease of Baht 335 million, or 5.6%, quarter-on-quarter.

On a year-on-year basis, operating profit increased by Baht 1,489 million, or 12.6%, driven by both higher net interest income from loan growth and improvement in non-interest income. Net profit increased by Baht 523 million, or 10.1%, year-on-year, driven by higher operating profit.

1. Statements of Profit or Loss and Other Comprehensive Income

Consolidated Statements of Profit or Loss and Other Comprehensive Income	4Q/17	3Q/17	4Q/16	Change QoQ		Change YoY	
				Baht mn	%	Baht mn	%
Interest Income	24,837	23,974	22,489	863	3.6	2,348	10.4
Interest Expenses	7,070	6,628	6,338	442	6.7	732	11.5
Interest Income, Net	17,767	17,346	16,151	421	2.4	1,616	10.0
Fees and Service Income	7,208	6,580	6,334	628	9.5	874	13.8
Fees and Service Expense	1,878	1,542	1,612	336	21.8	266	16.5
Fees and Service Income, Net	5,330	5,038	4,722	292	5.8	608	12.9
Non-interest and Non-fees Income	3,307	3,172	2,639	135	4.3	668	25.3
Other Operating Expenses	13,133	11,790	11,730	1,343	11.4	1,403	12.0
Pre-Provision Operating Profit (PPOP)	13,271	13,766	11,782	(495)	(3.6)	1,489	12.6
Impairment Loss of Loan and Debt Securities	6,110	6,177	5,371	(67)	(1.1)	739	13.8
Income Tax Expense	1,395	1,480	1,188	(85)	(5.7)	207	17.4
Net Profit	5,766	6,109	5,223	(343)	(5.6)	543	10.4
Other Comprehensive Income, Net	201	(132)	(173)	333	252.3	374	216.2
Total Comprehensive Income	5,967	5,977	5,050	(10)	(0.2)	917	18.2
Net Profit Attributable To							
Owners of the Bank	5,679	6,014	5,156	(335)	(5.6)	523	10.1
Non-Controlling Interest	87	95	67	(8)	(8.4)	20	29.9
Net Profit	5,766	6,109	5,223	(343)	(5.6)	543	10.4
Total Comprehensive Income Attributable To							
Owners of the Bank	5,881	5,882	4,985	(1)	(0.0)	896	18.0
Non-Controlling Interest	86	95	65	(9)	(9.5)	21	32.3
Total Comprehensive Income	5,967	5,977	5,050	(10)	(0.2)	917	18.2
Earning Per Share (Baht)	0.77	0.82	0.70	(0.05)	(6.1)	0.07	10.0

Consolidated Statements of Profit or Loss and Other Comprehensive Income	2017	2016	Change YoY	
			Baht mn	%
Interest Income	94,998	85,925	9,073	10.6
Interest Expense	26,463	23,948	2,515	10.5
Interest Income, Net	68,535	61,977	6,558	10.6
Fees and Service Income	26,341	24,142	2,199	9.1
Fees and Service Expense	6,666	5,967	699	11.7
Fees and Service Income, Net	19,675	18,175	1,500	8.3
Non-interest and Non-fees Income	12,270	11,335	935	8.2
Other Operating Expenses	48,210	43,080	5,130	11.9
Pre-Provision Operating Profit (PPOP)	52,270	48,407	3,863	8.0
Impairment Loss of Loan and Debt Securities	22,970	21,314	1,656	7.8
Income Tax Expense	5,739	5,409	330	6.1
Net Profit	23,561	21,684	1,877	8.7
Other Comprehensive Income, Net	8	2,303	(2,295)	(99.7)
Total Comprehensive Income	23,569	23,987	(418)	(1.7)
Net Profit Attributable To				
Owners of the Bank	23,209	21,404	1,805	8.4
Non-Controlling Interest	352	280	72	25.7
Net Profit	23,561	21,684	1,877	8.7
Total Comprehensive Income Attributable To				
Owners of the Bank	23,220	23,709	(489)	(2.1)
Non-Controlling Interest	349	278	71	25.5
Total Comprehensive Income	23,569	23,987	(418)	(1.7)
Earning Per Share (Baht)	3.16	2.91	0.25	8.6

2. Financial Performance

2.1 Net Interest Income

Consolidated	4Q/17	3Q/17	4Q/16	Change QoQ		Change YoY	
				Baht mn	%	Baht mn	%
INTEREST INCOME							
Interest on loans	15,615	15,452	14,786	163	1.1	829	5.6
Interest on interbank and money market items	1,299	818	698	481	58.8	601	86.1
Hire purchase and financial lease income	7,509	7,203	6,389	306	4.2	1,120	17.5
Investments and trading transactions	9	17	46	(8)	(47.1)	(37)	(80.4)
Investments in debt securities	405	484	570	(79)	(16.3)	(165)	(28.9)
Total Interest Income	24,837	23,974	22,489	863	3.6	2,348	10.4
INTEREST EXPENSE							
Interest on deposits	3,459	3,103	3,106	356	11.5	353	11.4
Interest on interbank and money market items	1,074	1,022	920	52	5.1	154	16.7
Interest on borrowings	985	1,072	967	(87)	(8.1)	18	1.9
Contribution to Financial Institution Development Fund and Deposit Protection Agency	1,549	1,406	1,345	143	10.2	204	15.2
Borrowing fee expenses	(1)	21	(4)	(22)	(104.8)	3	75.0
Other interest expenses	4	4	4	0	0.0	0	0.0
Total Interest Expenses	7,070	6,628	6,338	442	6.7	732	11.5
Interest Income, Net	17,767	17,346	16,151	421	2.4	1,616	10.0
Net Interest Margin	3.81%	3.89%	3.79%				
Yield on Earning Assets	5.33%	5.37%	5.27%				
Cost of Funds	1.68%	1.64%	1.64%				

Consolidated	2017	2016	Change YoY	
			Baht mn	%
INTEREST INCOME				
Interest on loans	61,095	56,483	4,612	8.2
Interest on interbank and money market items	3,425	2,833	592	20.9
Hire purchase and financial lease income	28,209	24,322	3,887	16.0
Investments and trading transactions	81	139	(58)	(41.7)
Investments in debt securities	2,188	2,148	40	1.9
Total Interest Income	94,998	85,925	9,073	10.6
INTEREST EXPENSE				
Interest on deposits	12,628	12,450	178	1.4
Interest on interbank and money market items	3,959	3,202	757	23.6
Interest on borrowings	4,079	3,052	1,027	33.7
Contributions to Financial Institution Development Fund and Deposit Protection Agency	5,751	5,222	529	10.1
Borrowing fee expenses	28	7	21	300.0
Other interest expenses	18	15	3	20.0
Total Interest Expenses	26,463	23,948	2,515	10.5
Interest Income, Net	68,535	61,977	6,558	10.6
Net Interest Margin	3.74%	3.74%		
Yield on Earning Assets	5.19%	5.19%		
Cost of Funds	1.60%	1.59%		

For the year ended December 31, 2017

For 2017, interest income was recorded at Baht 94,998 million, representing an increase of Baht 9,073 million, or 10.6%, compared to 2016, driven by an increase in interest on loans as well as hire purchase and financial lease income, resulting primarily from loan portfolio expansion. Interest expenses were recorded at Baht 26,463 million, representing an increase of Baht 2,515 million, or 10.5%, driven by an increase in:

- 1) interest on borrowings of Baht 1,027 million, or 33.7%, mainly from higher volume of debentures and issuances of two tranches of subordinated debentures of Baht 17,007 million in May 2017 (with a tenor of 10.5 years at an interest rate of 3.9%) and Baht 14,978 million in November 2017 (with a tenor of 10 years at an interest rate of 3.4%), offset by early redemption of subordinated debentures of Baht 14,844 million in November 2017 (with a tenor of 10 years at an interest rate of 4.7%),
- 2) interest on interbank and money market items of Baht 757 million, or 23.6%, and
- 3) contributions to Financial Institutional Development Fund (FIDF) and Deposit Protection Agency (DPA) of Baht 529 million, or 10.1%, as a result of strong deposits mobilization.

Consequently, net interest income was recorded at Baht 68,535 million, an increase of 6,558 million, or 10.6% from 2016.

For the fourth quarter ended December 31, 2017

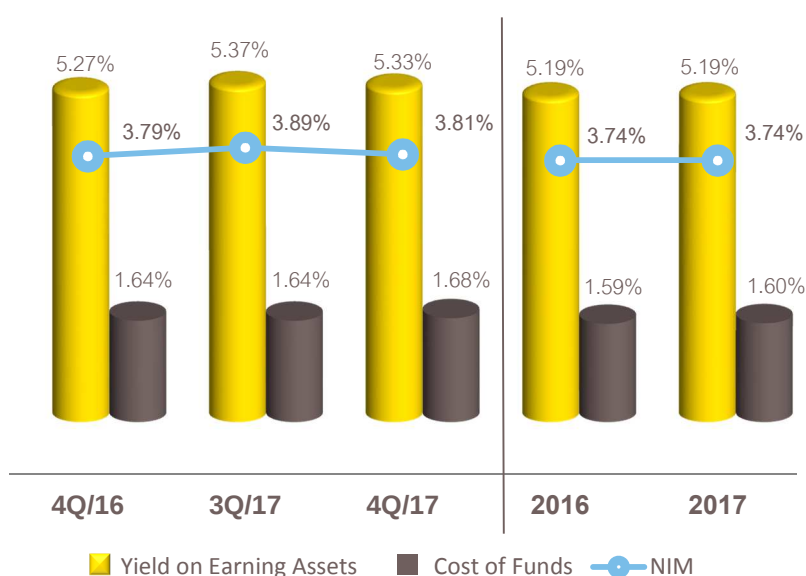
Interest income in 4Q/17 was recorded at Baht 24,837 million, representing an increase of Baht 863 million, or 3.6% on a quarter-on-quarter basis, driven by an increase in interest on interbank and money market items from higher transaction volumes as well as hire purchase and financial lease income. Meanwhile, interest expense increased by Baht 442 million, or 6.7% owing to an increase in interest on deposit corresponding larger deposits volumes. Consequently, net interest income increased by Baht 421 million, or 2.4% on a quarter-on-quarter basis.

On a year-on-year basis, interest income increased by Baht 2,348 million, or 10.4%, largely attributed to higher interest income on hire purchase and financial lease income loans and an increase in interest on loans, as well as interest on interbank and money market items. Meanwhile, interest expenses increased by Baht 732 million, or 11.5%, driven by an increase in interest on deposit and contributions to FIDF and DPA, mainly resulting from higher deposits volume in 4Q/17. Consequently, net interest income increased by Baht 1,616 million, or 10.0% on a year-on-year basis.

Notwithstanding the lending rate cut in May 2017, overall yield on earning assets was maintained at 5.19%, reflecting a larger component of high yield segments. Underlining our effective funding management, our cost of funds slightly increased to 1.60% from 1.59% in 2016, despite a robust growth of deposit with a higher mix of time deposits. NIM therefore recorded at 3.74% in 2017, unchanged from 2016, and outperforming the Bank's full year guidance of 3.70%.

In 4Q/17, NIM decreased to 3.81% compared to 3.89% in the prior quarter, mainly resulting from the lower yield on earning assets which recorded at 5.33% in 4Q/17, a decrease from 5.37% in 3Q/17. Meanwhile cost of funds increased to 1.68% in 4Q/17 from 1.64% in 3Q/17, reflecting an increase of interest expenses due to strong deposits mobilization.

Net Interest Margin (NIM)



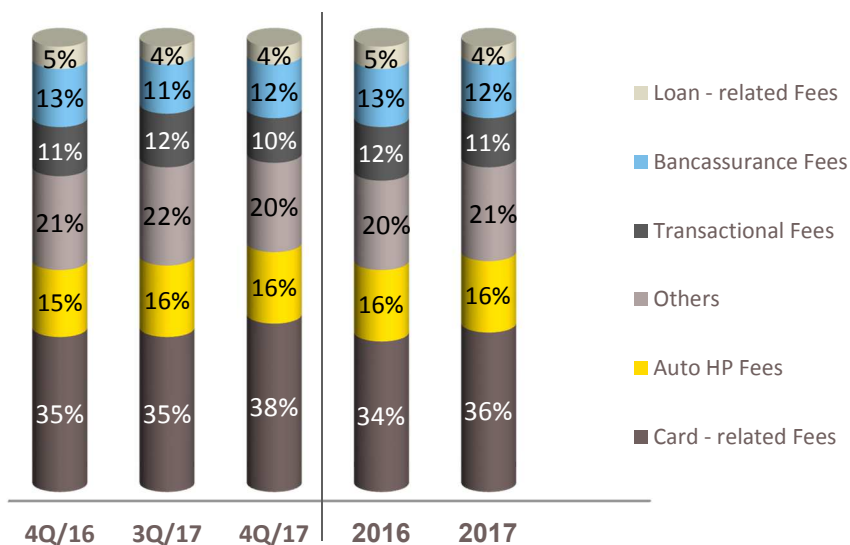
	Dec-15	Mar-16	Jun-16	Sep-16	Dec-16	Mar-17	Jun-17	Sep-17	Dec-17
Policy Rate	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%
Krungsri Lending Rate	6.85%	6.85%	6.60%	6.60%	6.60%	6.60%	6.60%	6.60%	6.60%
Saving Rate	0.30%	0.30%	0.30%	0.30%	0.30%	0.30%	0.30%	0.30%	0.30%
3 - month deposits	0.80-1.00%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

2.2 Net Fees and Service Income

Consolidated	4Q/17	3Q/17	4Q/16	Change QoQ		Change YoY	
				Baht mn	%	Baht mn	%
Acceptances, aval and guarantees	133	134	130	(1)	(0.7)	3	2.3
Other fees and service income	7,075	6,446	6,204	629	9.8	871	14.0
Fees and service income	7,208	6,580	6,334	628	9.5	874	13.8
Fees and service expense	1,878	1,542	1,612	336	21.8	266	16.5
Fees and Service Income, net	5,330	5,038	4,722	292	5.8	608	12.9

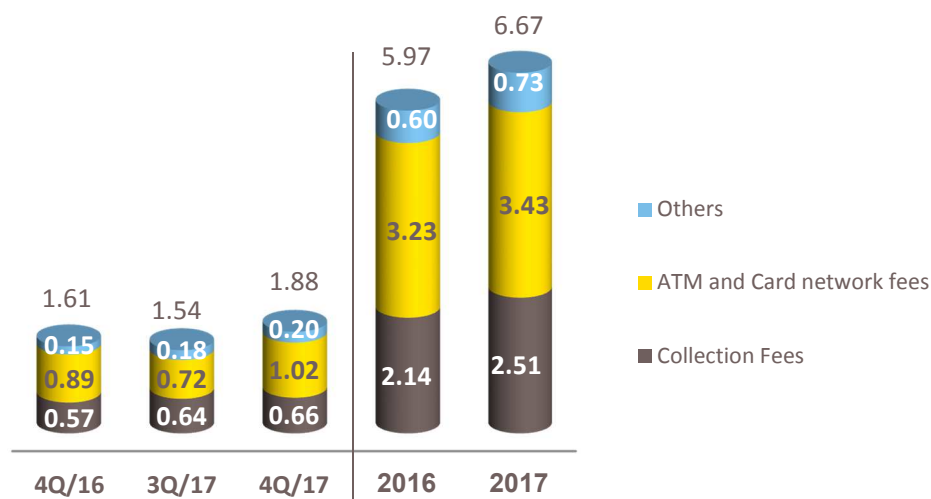
Consolidated	2017	2016	Change YoY	
			Baht mn	%
Acceptances, aval and guarantees	537	501	36	7.2
Other fees and service income	25,804	23,641	2,163	9.1
Fees and service income	26,341	24,142	2,199	9.1
Fees and service expense	6,666	5,967	699	11.7
Fees and Service Income, net	19,675	18,175	1,500	8.3

Fees & Service Income Breakdown



Fees & Service Expense

Unit: Baht Billion



For the year ended December 31, 2017

Net fees and service income in 2017 was Baht 19,675 million, increased by Baht 1,500 million, or 8.3% compared to 2016. Fees and service income increased by Baht 2,199 million, or 9.1%. The increase in fees and service income was mainly driven by a significant increase of Baht 1,205 million, or 14.7% in card-related fees, an increase of Baht 793 million, or 23.5% in wealth & fund management and securities-related fees -- mirroring the capital market conditions in 2H/17 -- and an increase of auto hire purchase fees of Baht 533 million, or 14.2%. Meanwhile, loan-related fees and bancassurance fees decreased by 8.5% and 5.5% respectively. Fees and service expenses increased Baht 699 million, or 11.7%, mainly due to an increase in expense relating to card business, wealth & fund management & securities-related activities and collection fee expenses.

For the fourth quarter ended December 31, 2017

The increase in fees and service income of Baht 628 million, or 9.5%, from 3Q/17 was mainly driven by an increase in card-related fees of Baht 398 million, or 17.2%, auto hire purchase fees of Baht 134 million, or 12.8%, bancassurance fees of Baht 112 million or 15.3%, and wealth & fund management and securities-related fees of Baht 66 million, or 6.1%, mirroring the capital market conditions in the fourth quarter. Meanwhile, fees and service expenses increased by Baht 336 million, or 21.8 % mainly driven by variable expenses relating to business seasonal growth. Consequently, net fees and service income increased by Baht 292 million, or 5.8%, quarter-on-quarter.

On a year-on-year basis, fees and service income increased by Baht 874 million or 13.8%, mainly driven by an increase in card-related fees of Baht 477 million, or 21.3%, wealth & fund management and securities-related fees of Baht 286 million, or 32.6%, and auto hire purchase fees of Baht 232 million, or 24.4%. Concurrently, fees and service expenses increased by Baht 266 million, or 16.5%, mainly driven by variable expenses relating to business volume growth. Net fees and service income therefore increased by Baht 608 million, or 12.9%.

2.3 Non-interest and Non-fees Income

Consolidated	4Q/17	3Q/17	4Q/16	Change QoQ		Change YoY	
				Baht mn	%	Baht mn	%
Gains (losses) on trading and foreign							
exchange transactions	1,406	903	1,086	503	55.7	320	29.5
Gains (losses) on investments	71	484	(15)	(413)	(85.3)	86	573.3
Share of profit (loss) from investment for							
using equity method	42	84	81	(42)	(50.0)	(39)	(48.1)
Bad debt recoveries	1,329	1,333	1,102	(4)	(0.3)	227	20.6
Other operating income	459	368	385	91	24.7	74	19.2
Total Non-interest and Non-fees Income	3,307	3,172	2,639	135	4.3	668	25.3

Consolidated	2017	2016	Change YoY	
			Baht mn	%
Gains (losses) on trading and foreign exchange transactions	4,233	3,905	328	8.4
Gains (losses) on investments	896	598	298	49.8
Share of profit (loss) from investment for using equity method	302	348	(46)	(13.2)
Bad debt recoveries	5,161	4,711	450	9.6
Other operating income	1,678	1,773	(95)	(5.4)
Total Non-interest and Non-fees Income	12,270	11,335	935	8.2

For the year ended December 31, 2017

Total non-interest and non-fees income increased by Baht 935 million or 8.2%, driven primarily by an increase in bad debt recoveries of Baht 450 million, gains on trading and foreign exchange transactions of Baht 328 million and gains on investments of Baht 298 million respectively, offset by a decrease in other operating income of Baht 95 million -- mainly from a decrease in gains on sales of properties for sale of Baht 113 million offsetting by an increase in dividend income of Baht 34 million.

For the fourth quarter ended December 31, 2017

On a quarter-on-quarter basis, total non-interest and non-fees income increased by Baht 135 million, or 4.3%, largely driven by an increase in gains on trading and foreign exchange transactions of Baht 503 million, offset by a decrease in gains on investments by Baht 413 million -- mainly from the Available for Sale (AFS) portfolio.

On a year-on-year basis, total non-interest and non-fees income increased by Baht 668 million, or 25.3%, mainly from an increase in gains on trading and foreign exchange transactions of Baht 320 million, bad debt recoveries of Baht 227 million, an increase in gains on investment of Baht 86 million from the Available for Sales (AFS) portfolio and an increase in other income of Baht 74 million -- mainly from an increase in gains on sale of properties for sale of Baht 45 million.

2.4 Other Operating Expenses

Consolidated	4Q/17	3Q/17	4Q/16	Change QoQ		Change YoY	
				Baht mn	%	Baht mn	%
Employee expenses	6,373	6,011	5,488	362	6.0	885	16.1
Premises and equipment expenses	2,138	2,042	2,010	96	4.7	128	6.4
Taxes and duties	658	653	640	5	0.8	18	2.8
Directors' remuneration	16	14	13	2	14.3	3	23.1
Other expenses	3,948	3,070	3,579	878	28.6	369	10.3
Total Other Operating Expenses	13,133	11,790	11,730	1,343	11.4	1,403	12.0

Consolidated	2017	2016	Change YoY	
			Baht mn	%
Employee expenses	24,438	21,334	3,104	14.5
Premises and equipment expenses	8,248	7,356	892	12.1
Taxes and duties	2,605	2,544	61	2.4
Directors' remuneration	58	49	9	18.4
Other expenses	12,861	11,797	1,064	9.0
Total Other Operating Expenses	48,210	43,080	5,130	11.9

For the year ended December 31, 2017

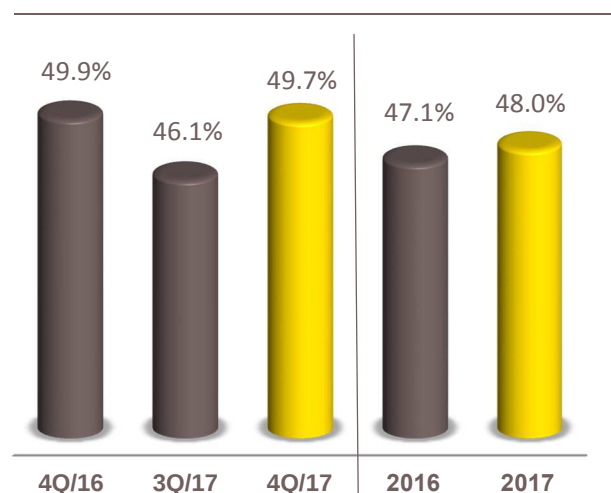
For 2017, total other operating expenses increased by Baht 5,130 million, or 11.9% from 2016, largely driven by an increase in employee expenses of Baht 3,104 million, or 14.5%, mainly due to an increase in annual merit increase, staff promotions, and number of employees of Krungsri Group which increased by 7.8% from the end of 2016. Other expenses increased by Baht 1,064 million, or 9.0%, mainly from marketing promotion expenses of Baht 566 million corresponding to the growing retail business volume, and an increase in IT expenses of Baht 210 million.

For the fourth quarter ended December 31, 2017

On a quarter-on-quarter basis, total other operating expenses increased by Baht 1,343 million, or 11.4%, driven by an increase in employee expenses of Baht 362 million, or 6.0%. Other expenses increased by Baht 878 million, or 28.6%, mainly due to an increase in marketing promotion expenses corresponding to a higher business volume in 4Q/17.

On a year-on-year basis, total other operating expenses increased by Baht 1,403 million, or 12.0%, mainly driven by an increase in employee expenses of Baht 885 million, or 16.1%, mainly due to an increase in staff compensation and benefit, and marketing promotion expenses of Baht 108 million.

Cost to Income Ratio



The cost-to-income ratio recorded at 49.7% in 4Q/17, increasing from 46.1% in 3Q/17, mainly from an increase in other expenses relating to business activities and seasonal volume in 4Q/17.

In 2017, the cost-to-income ratio recorded at 48.0%, an increase from 47.1% in 2016.

2.5 Impairment loss of loans and debt securities

Consolidated	4Q/17	3Q/17	4Q/16	Change QoQ		Change YoY	
				Baht mn	%	Baht mn	%
Impairment loss on debt instrument (reversal)	(50)	0	0	(50)	-	(50)	-
Bad Debt and Doubtful Accounts	5,786	5,797	5,303	(11)	(0.2)	483	9.1
Loss on Debt Restructuring	374	380	68	(6)	(1.6)	306	450.0
Total impairment loss of loan and debt securities	6,110	6,177	5,371	(67)	(1.1)	739	13.8

Consolidated	2017	2016	Change YoY	
			Baht mn	%
Impairment loss on debt instrument (reversal)	(50)	0	(50)	-
Bad Debt and Doubtful Accounts	21,508	20,528	980	4.8
Loss on Debt Restructuring	1,512	786	726	92.4
Total impairment loss of loan and debt securities	22,970	21,314	1,656	7.8

Loan loss provision in 2017 amounted to Baht 22,970 million, an increase of Baht 1,656 million, or 7.8%, from 2016, corresponding to a higher loan volume in 2017.

As of December 31, 2017, total loan loss reserves recorded at Baht 55,841 million, with an excess of Baht 18,452 million over the Bank of Thailand's reserve requirements, representing 149.4% of the requirements. Consequently, the loan loss coverage ratio improved to 148.4% from 143.3% at the end of 2016.

3. Financial Status

3.1 Statement of Financial Position

Consolidated	As at Dec. 31, 17	As at Sep. 30, 17	As at Dec. 31, 16	Change from Sep. 30, 17		Change from Dec. 31, 16	
				Baht mn	%	Baht mn	%
ASSETS							
Cash	38,244	32,368	36,142	5,876	18.2	2,102	5.8
Interbank and money market items, net	330,797	265,566	200,283	65,231	24.6	130,514	65.2
Investments, net	83,934	91,350	131,782	(7,416)	(8.1)	(47,848)	(36.3)
Investments in subsidiaries and joint ventures, net	2,222	2,179	1,919	43	2.0	303	15.8
Loans to customers	1,619,358	1,561,340	1,506,222	58,018	3.7	113,136	7.5
Accrued interest receivable	3,917	4,377	3,865	(460)	(10.5)	52	1.3
Deferred revenue	(68,954)	(65,131)	(57,340)	(3,823)	(5.9)	(11,614)	(20.3)
Allowance for doubtful accounts	(54,173)	(53,438)	(48,274)	(735)	(1.4)	(5,899)	(12.2)
Revaluation allowance for debt restructuring	(1,303)	(1,291)	(1,188)	(12)	(0.9)	(115)	(9.7)
Properties for sale, net	3,685	3,876	4,256	(191)	(4.9)	(571)	(13.4)
Others	131,045	116,974	105,521	14,071	12.0	25,524	24.2
TOTAL ASSETS	2,088,772	1,958,170	1,883,188	130,602	6.7	205,584	10.9
LIABILITIES AND SHAREHOLDERS' EQUITY							
Deposits	1,319,229	1,197,283	1,108,288	121,946	10.2	210,941	19.0
Interbank and money market items, net	279,721	290,438	314,400	(10,717)	(3.7)	(34,679)	(11.0)
Debt issued and borrowings	142,866	148,222	160,326	(5,356)	(3.6)	(17,460)	(10.9)
Others	120,969	102,204	91,406	18,765	18.4	29,563	32.3
TOTAL LIABILITIES	1,862,785	1,738,147	1,674,420	124,638	7.2	188,365	11.2
Issued and paid-up share capital	73,558	73,558	73,558	0	0.0	0	0.0
Retained earning	95,198	89,136	77,680	6,062	6.8	17,518	22.6
Others	57,231	57,329	57,530	(98)	(0.2)	(299)	(0.5)
TOTAL SHAREHOLDERS' EQUITY	225,987	220,023	208,768	5,964	2.7	17,219	8.2
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	2,088,772	1,958,170	1,883,188	130,602	6.7	205,584	10.9
Book value per share (Baht)	30.72	29.91	28.38	0.81	2.7	2.34	8.2

As of December 31, 2017, total assets reached Baht 2,088,772 million, representing an increase of Baht 205,584 million, or 10.9%, from December 2016. Key items are as follows:

- Net interbank and money market items increased by Baht 130,514 million, or 65.2%, driven by an increase in repurchase agreements of Baht 172,358 million, offset by a decrease in deposits with financial institution of Baht 20,765 million and loans to financial institution of Baht 21,078 million.
- Total loans (net of deferred revenue) increased by Baht 101,522 million, or 7.0%.
- Other assets increased by Baht 25,524 million, or 24.2%, mainly owing to an increase in claim on securities of Baht 33,296 million, offset by a decrease in derivative assets of Baht 14,556 million.
- Net investments decreased by Baht 47,848 million, or 36.3%, mainly from a decrease in the Available for Sale (AFS) portfolio.

Compared to 3Q/2017, total assets increased by Baht 130,602 million, or 6.7%. Key items are as follows:

- Net interbank and money market items increased by Baht 65,231 million, or 24.6%, driven by an increase in repurchase agreements of Baht 71,064 million, offset by a decrease in foreign currency deposits with financial institution of Baht 5,245 million.
- Total loans (net of deferred revenue) increased by Baht 54,195 million, or 3.6%.
- Other assets increased by Baht 14,071 million, or 12.0%, mainly from an increase in claims on securities.
- Net investments decreased by Baht 7,416 million, or 8.1%, mainly from a decrease in the trading portfolio of Baht 4,554 million.

As of December 31, 2017, total liabilities stood at Baht 1,862,785 million, representing an increase of Baht 188,365 million, or 11.2%, from December 2016. Key items are as follows:

- Deposits increased by Baht 210,941 million, or 19.0%, largely driven by time deposits with maturity of less than one year.
- Net interbank and money market items decreased by Baht 34,679 million, or 11.0%, mainly due to a decrease in financial institution loans of Baht 30,682 million.
- Debt issued and borrowings decreased by Baht 17,460 million, or 10.9%, driven by a decrease in bills of exchange of Baht 41,809 million, offset by net issuance of Krungsri Group's subordinated debentures of Baht 17,058 million and debentures of Baht 7,050 million.

Compared to 3Q/2017, total liabilities increased by Baht 124,638 million, or 7.2%. Key items are as follows:

- Deposits increased by Baht 121,946 million, or 10.2%, largely from time deposits with maturity of less than one year of Baht 82,668 million, or 14.9%.

- Net interbank and money market items decreased by Baht 10,717 million, or 3.7%, mainly due to a decrease in financial institution loans of Baht 11,615 million and deposits of Baht 5,792 million, offset by an increase in repurchase agreements of Baht 6,690 million.
- Debt issued and borrowings decreased by Baht 5,356 million, or 3.6%, driven by a decrease in bills of exchange of Baht 6,264 million, offset by the net issuance of Krungsri Group's subordinated debentures totaling Baht 117 million and net issuance of Krungsri Group's debentures of Baht 150 million, together with an increase in other borrowings of subsidiary in the amount of Baht 642 million.

Total shareholders' equity rose to Baht 225,987million, reflecting an increase of Baht 17,219 million, or 8.2%, from December 2016 due to an increase in equity holders' net income of Baht 23,209 million for 2017, which was partially offset by dividends paid of Baht 6,252 million.

Book value per share as of December 31, 2017 increased by 8.2% to Baht 30.72 from Baht 28.38 at the end of 2016.

3.2 Loans to customers

3.2.1 Loans by segment

Consolidated	Dec. 31, 17	Sep. 30, 17	Dec. 31, 16	Change from Sep. 30, 17		Change from Dec. 31, 16	
				Baht mn	%	Baht mn	%
Corporate	601,797	586,999	588,167	14,798	2.5	13,630	2.3
- Thai Corporate	431,136	423,898	426,445	7,238	1.7	4,691	1.1
- International Corporate (JPC/MNC)	170,661	163,101	161,722	7,560	4.6	8,939	5.5
SMEs	220,627	218,396	215,549	2,231	1.0	5,078	2.4
Retail	727,980	690,814	645,166	37,166	5.4	82,814	12.8
- Hire purchase	336,627	321,510	292,268	15,117	4.7	44,359	15.2
- Mortgage	217,098	210,812	196,385	6,286	3.0	20,713	10.5
- Credit cards and personal loans	157,400	142,788	141,625	14,612	10.2	15,775	11.1
- HKL personal loans	16,855	15,704	14,888	1,151	7.3	1,967	13.2
Total *	1,550,404	1,496,209	1,448,882	54,195	3.6	101,522	7.0

* Loans to customers net of deferred revenue

As of December 31, 2017, total outstanding loans (net of deferred revenue) stood at Baht 1,550,404 million, an increase of Baht 54,195 million, or 3.6% from 3Q/17, and an increase of Baht 101,522 million, or 7.0% from December 2016.

In 2017, the retail segment was the key growth driver with a robust growth of 12.8% underscored by a broad-based expansion in auto hire purchase, mortgage, as well as credit cards and personal loans. Corporate and SME loans grew by 2.3% and 2.4% respectively.

As a result of substantial growth in the retail segment, the proportion of retail loan as of end of December 2017 represented 47% of our total loan portfolio, while commercial loan (Corporate and SME) represented the remaining 53%.

Details of loan performance by segment are as follows:

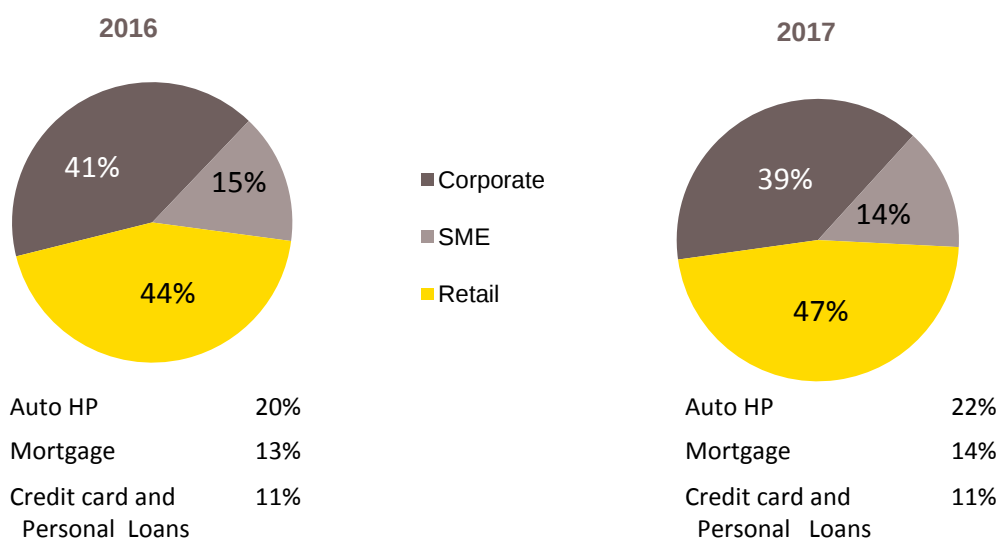
Corporate loans grew by 2.3%, or Baht 13,630 million in 2017. In 4Q/17, corporate loans expanded by 2.5%, or Baht 14,798 million, driven by an increase in Thai Corporate loans of Baht 7,238 million, or 1.7%, reflecting both improved loan demand and the Krungsri-MUFG synergy achievement. Furthermore, international corporate loans increased by 4.6%, or Baht 7,560 million, mirroring the improvement of global economic conditions.

SME loans grew by 2.4%, or Baht 5,078 million in 2017. In 4Q/17 SME loans increased by 1.0% or Baht 2,231 million resonating Thailand's economic activities in the quarter. The growth of SME loans was driven by medium and small-sized SMEs mainly from the expansion of trade finance loan and supply chain solutions.

Retail loans recorded a growth of Baht 82,814 million, or 12.8% in 2017 and rose by 5.4%, or Baht 37,166 million in 4Q/17.

- **Auto hire purchase loans** recorded a 15.2% growth in 2017, and a 4.7% growth in 4Q/17. The robust performance in auto hire purchase loans was broad-based, comprising new car, used car, refinancing, and motorcycle portfolios, mirroring not only improved domestic car sales but also Krungsri's strong partnerships with auto dealers and manufacturers, as well as enhanced service channels through digital platforms.
- **Mortgage loans** grew by 10.5%, or Baht 20,713 million in 2017, and increased by 3.0%, or Baht 6,286 million in 4Q/17. The growth of mortgage loans amid the slightly cooling property market condition was supported by Krungsri's strategic focus on services efficiency enhancement and employment of digital platforms to improve customer experience.
- **Credit cards and personal loans** grew by 11.1% or Baht 15,775 million in 2017, largely attributed to a strong growth of 10.2%, or Baht 14,612 million in 4Q/17, attributed to improved domestic confidence, seasonal year-end spending pattern, and tax break measures for year-end shopping.

Loan Composition



3.2.2 Loan classification and provision

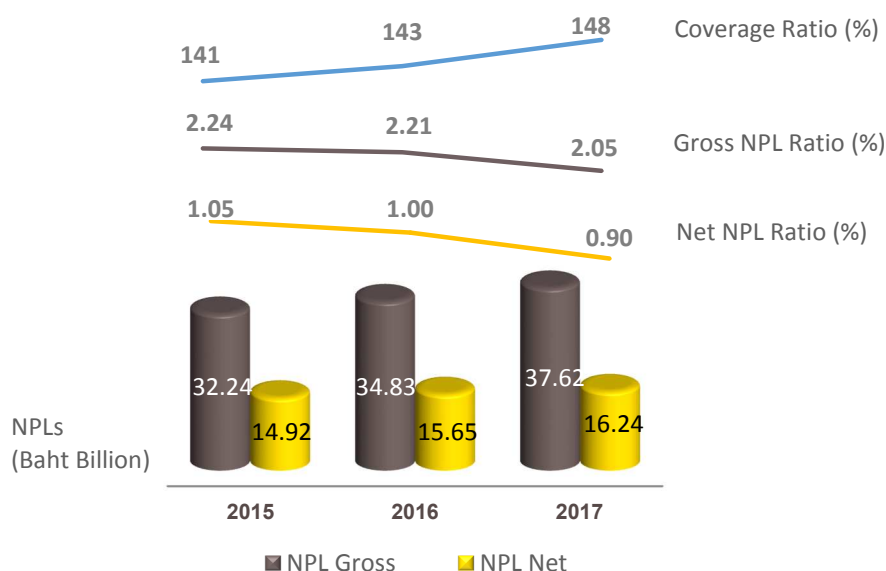
Unit : Baht mn

Consolidated	Dec. 31, 17		Dec. 31, 16		Change	
	Loans and Accrued Interest Receivable	Provision	Loans and Accrued Interest Receivable	Provision	Loans and Accrued Interest Receivable	Provision
Normal	1,462,823	11,863	1,359,936	10,426	102,887	1,437
Special mention	53,876	2,998	57,976	3,100	(4,100)	(102)
Substandard	11,279	5,938	12,564	7,254	(1,285)	(1,316)
Doubtful	7,021	3,902	5,876	2,388	1,145	1,514
Doubtful of loss	19,322	11,020	16,395	9,050	2,927	1,970
Total	1,554,321	35,721	1,452,747	32,218	101,574	3,503
Surplus Reserve		18,452		16,056		2,396
Total	1,554,321	54,173	1,452,747	48,274	101,574	5,899

3.2.3 Non-performing loans

Consolidated	Dec. 31, 17	Sep. 30, 17	Dec. 31, 16	Change from Sep. 30, 17		Change from Dec. 31, 16	
				Baht mn	%	Baht mn	%
Non-Performing Loans (Net)	16,243	15,647	15,653	596	3.8	590	3.8
Non-Performing Loans (Gross)	37,622	36,844	34,834	778	2.1	2,788	8.0
Loans Loss Reserves (LLR)	55,841	55,060	49,900	781	1.4	5,941	11.9
Coverage Ratio	148.4%	149.4%	143.3%	(1.0%)	(0.7)	5.1%	3.6
BOT Requirement	37,389	36,471	33,844	918	2.5	3,545	10.5
Actual / Required LLR	149.4%	151.0%	147.4%	(1.6%)	(1.1)	2.0%	1.4

NPLs and Coverage Ratio



As of December 31, 2017, gross NPLs stood at Baht 37,622 million, an increase of Baht 2,788 million, or 8.0%, from Baht 34,834 million at the end of 2016. The gross NPL ratio improved to 2.05% at the end of 2017, compared to 2.21% at the end of 2016.

Krungsri attained the NPL sales of Baht 999 million in 4Q/17. In 2017, the Bank sold two tranches of NPLs to third parties in 2Q/17 and 4Q/17, reducing outstanding NPLs by Baht 2,858 million.

As of December 31, 2017, loan loss reserves stood at Baht 55,841 million, with an excess of Baht 18,452 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 149.4%. The coverage ratio also improved to 148.4% from 143.3% at the end of 2016.

3.3 Funding Structure

Consolidated	Dec. 31, 17	Sep. 30, 17	Dec. 31, 16	Change from Sep. 30, 17		Change from Dec. 31, 16	
				Baht mn	%	Baht mn	%
Current	36,798	33,234	33,173	3,564	10.7	3,625	10.9
Savings	550,962	536,536	550,757	14,426	2.7	205	0.0
Time	731,469	627,513	524,358	103,956	16.6	207,111	39.5
< 6 Months	341,517	264,527	188,335	76,990	29.1	153,182	81.3
6 Months and < 1 Year	285,292	279,614	260,313	5,678	2.0	24,979	9.6
1 Year and over 1 Year	104,660	83,372	75,710	21,288	25.5	28,950	38.2
Total Deposit	1,319,229	1,197,283	1,108,288	121,946	10.2	210,941	19.0
B/E	8	6,272	41,817	(6,264)	(99.9)	(41,809)	(100.0)
Debenture	96,325	96,175	89,275	150	0.2	7,050	7.9
Total Funding	1,415,562	1,299,730	1,239,380	115,832	8.9	176,182	14.2

As of December 31, 2017, overall funding for the Bank, including deposits, bills of exchange and debentures, increased by Baht 176,182 million, or 14.2%, from December 2016. When compared with September 2017, total funding increased by Baht 115,832 million, or 8.9%.

Deposits totaled Baht 1,319,229 million, an increase of Baht 210,941 million, or 19.0%, from December 2016, strengthening Krungsri's liquidity position in anticipation of stronger loan demand. The growth of deposits largely resulted from time deposits with maturity less than one year of Baht 178,161 million. Compared to 3Q/17, deposits grew by 10.2%, or Baht 121,946 million.

As a result, the proportion of current and savings deposits (CASA) as a percentage of total deposits decreased to 44.6%, compared to 52.7% in December 2016.

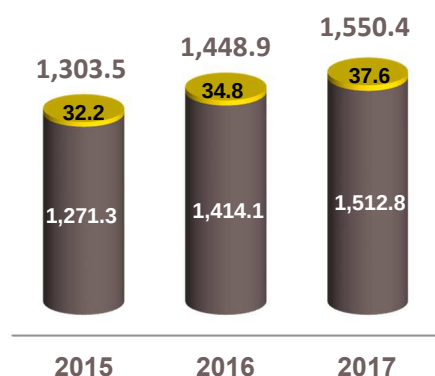
Bills of exchange (B/E) totaled Baht 8 million, a significant decrease of Baht 41,809 million, or 100.0%, from December 2016, reflecting the Bank's deliberated effort in shifting to deposits to accommodate customers' requirements. Compared to 3Q/17, bills of exchange decreased by 99.9%, or Baht 6,264 million

Debentures stood at Baht 96,325 million as of December 2017. The increase of Baht 7,050 million or 7.9% from December 2016 was driven largely by the net issuance of Krungsri Group's debentures. Compared to 3Q/17, debentures slightly increased by 0.2%, or Baht 150 million

Consequently, the loan to deposit ratio and the loan to deposit plus bills of exchange and debentures ratio in 2017 improved to 118% and 110%, respectively.

Loans

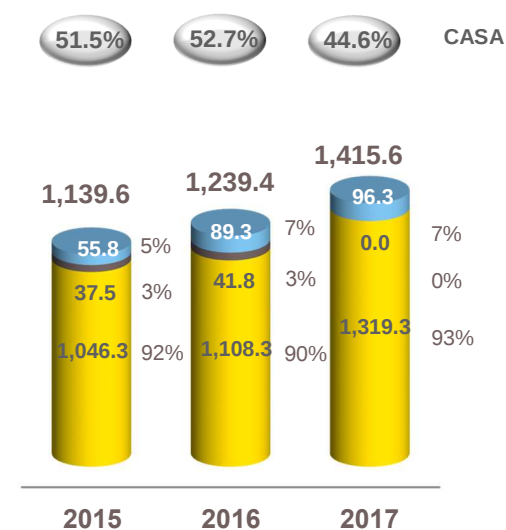
Unit: Baht Billion



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

Deposits + B/E + Debenture

Unit: Baht Billion



■ Deposit ■ B/E ■ Debenture

	2015	2016	2017
L/D	125%	131%	118%
L/D+B/E+Debentures	114%	117%	110%

3.4 Contingencies

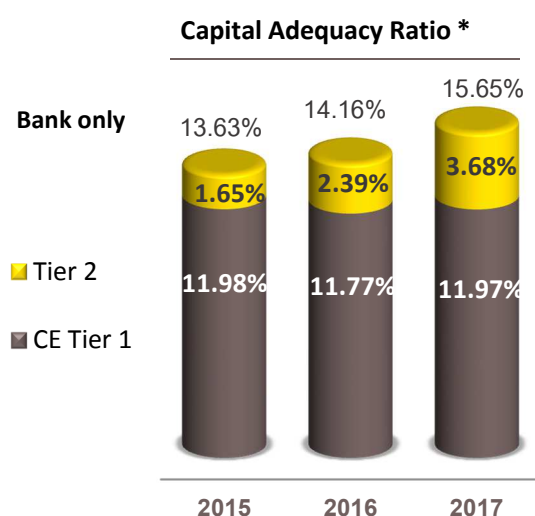
Consolidated	Dec. 31, 17	Sep. 30, 17	Dec. 31, 16	Change from Sep. 30, 17		Change from Dec. 31, 16	
				Baht mn	%	Baht mn	%
Avals to bills and Guarantees of loans	3,005	1,681	1,565	1,324	78.8	1,440	92.0
Liability under unmatured import bills	1,437	1,380	1,601	57	4.1	(164)	(10.2)
Letters of credit	7,744	8,590	8,425	(846)	(9.8)	(681)	(8.1)
Other contingencies	100,010	100,947	110,105	(937)	(0.9)	(10,095)	(9.2)
Total	112,196	112,598	121,696	(402)	(0.4)	(9,500)	(7.8)

Krungsri Group's contingencies as of December 31, 2017 totaled Baht 112,196 million, a decrease of Baht 9,500 million, or 7.8%, from December 31, 2016. The decrease was driven mainly by a decrease in other contingencies of Baht 10,095 million, mainly from unused overdraft limit.

3.5 Statutory Capital

As of December 31, 2017, the Bank's capital increased to Baht 219,033 million, equivalent to 15.65% of risk-weighted assets, compared to 14.16% in December 2016. The improvement in the capital adequacy ratio was largely attributed to the net issuance of the Bank's subordinated debentures totaling Baht 17,141 million in 2017 in support of Krungsri's business growth plan.

The Bank of Thailand (BOT) has adopted a supervisory framework for Domestic Systemically Important Banks (D-SIBs) by requiring qualified banks to maintain a higher capital to better absorb losses from their operations. Krungsri has been identified as a D-SIB and is required to maintain an additional 1% of common equity tier 1 ratio. This new requirement will be phasing in starting at 0.5% on January 1, 2019 and 1% on January 1, 2020.



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

Baht Billion	2015	2016	2017
CE Tier 1	146.18	158.83	167.53
Tier 2	20.08	32.26	51.50
Total Capital	166.26	191.09	219.03

4. Credit Ratings

The Bank's credit ratings assigned by Moody's Investors Service, Standard & Poor's, Fitch Ratings and TRIS Rating as of December 31, 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	4Q/16	4Q/17	2016	2017	2017 Targets	
Loan Growth (Net)	+44.9 bn +3.2%	+54.2 bn +3.6%	+145.4 bn +11.2%	+101.5 bn +7.0%	6-8%	✓
NPLs Ratio	2.21%	2.05%	2.21%	2.05%	< 2.5%	✓
Deposit Mix: Savings and Current	53%	45%	53%	45%	> 50%	~
Loan Mix : Retail	44%	47%	44%	47%	~ 40%	✓
L/Deposit+Debenture+B/E	117%	110%	117%	110%	n.d.	n.d.
NIM	3.79%	3.81%	3.74%	3.74%	~ 3.7%	✓
Non-interest income growth* (YoY)	5.9%	17.3%	11.7%	8.3%	5.0%+	✓
Cost to Income Ratio	49.9%	49.7%	47.1%	48.0%	< 50%	✓
Provisions	145 bps	157 bps	147 bps	149 bps	~ 140 bps	~
Loan Loss Coverage	143%	148%	143%	148%	140%+	✓
CAR (Bank Only)	14.16%	15.65%	14.16%	15.65%	n.d.	n.d.

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