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Management Discussion and Analysis

For the quarter ended March 31, 2017

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Executive Summary:

In 1Q/17, net profit of Baht 5,645 million was achieved, representing a notable 9.5% increase from 4Q/16, and a 9.6% increase from 1Q/16. This quarterly record of net profit was delivered amid the seasonality impact generated from repayments of loans by customers. Underlining the robust results in 1Q/17 were the solid performances in both net interest income and non-interest income.

Total loans stood at Baht 1,432,039 million, a decrease of Baht 16,843 million, or 1.2% from December 2016. The loan contraction in 1Q/17 resulted from repayments of corporate working capital lines and seasonally lower retail spending for credit cards and personal loans. Meanwhile, auto hire purchase and mortgage segments continued to expand.

Deposits totaled Baht 1,125,464 million, an increase of Baht 17,176 million, or 1.5%, from December 2016, mainly resulting from an increase in time deposits.

Non-interest income increased by 4.3% quarter-on-quarter, mainly driven by an increase in auto hire-purchase fees, wealth & fund management and securities-related fees, and gain on investment.

Non-performing loans stood at 2.33% in March 2017.

Meanwhile, our **total provision** stood at Baht 51,687 million, with an excess provision over the Bank of Thailand's reserve requirements of Baht 16,778 million, representing 148.1% of the Bank of Thailand's reserving requirements. Concurrently, the loan loss coverage ratio was strong at 143.0%.

Earnings per share (EPS) was Baht 0.77 in 1Q/17.

While the economic growth momentum continued in 1Q/17, we expect the momentum to gain further traction in the latter part of the year, supported by an acceleration in government spending, robust growth in the tourism sector, and improved export outlook. Driven by improving agricultural prices and lowering household leverages, an expansion in consumption is also expected. Under this outlook, we maintain our GDP forecast of 3.3% which contributes to a broad-based loan growth in the range of 6-8% for 2017.

NIM: 3.82%

Coverage Ratio: 143.0%

***Net Profit:
At Baht 5.6 billion***

NPL: 2.33%

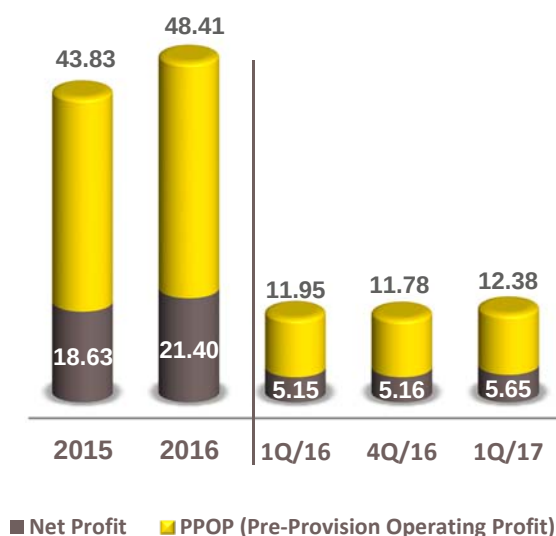
Summary of Financial Performance and Status:

1Q/17 deliverables:

- **Net Profit:**
Strongly recorded at Baht 5,645 million, representing a 9.5% increase from 4Q/16, and a 9.6% increase from 1Q/16.
- **Loan Growth:**
Decreased by 1.2%, or Baht 16,843 million, compared to December 2016.
- **Deposit Growth:**
Increased by 1.5%, or Baht 17,176 million, compared to December 2016.
- **Net Interest Margin (NIM):**
Recorded at 3.82%, improved from 3.79% in 4Q/16.
- **Non-Interest Income:**
Increased by 4.3% from 4Q/16, mainly driven by an increase in auto hire-purchase fees, wealth & fund management and securities-related fees, and gain on investment.
- **Cost to Income Ratio:**
Recorded at 48.8%, improved from 49.9% in 4Q/16.
- **Non-Performing Loans (NPLs):**
Recorded at 2.33%, compared to 2.21% in December 2016.
- **Coverage Ratio:**
Stood at 143.0%.
- **Capital Adequacy Ratio:**
Recorded at 14.4% compared to 14.2% recorded in December 2016.

PPOP & Net Profit

Unit: Baht Billion



In 1Q/17, operating profit amounted to Baht 12,378 million, representing an increase of Baht 431 million or 3.6% compared to 1Q/16, driven by an increase in net interest income and non-interest income, offsetting with an increase in operating expenses. Net profit in 1Q/17 was Baht 5,645 million, representing an increase of Baht 495 million, or 9.6% compared to 1Q/16, mainly driven by higher operating profit and lower provision expense.

On a quarter-on-quarter basis, operating profit increased by Baht 596 million or 5.1% from 4Q/16, largely driven by an increase in net interest income and non-interest income and non-fee income. Net profit increased by Baht 489 million or 9.5% from 4Q/16, attributed to higher operating profit and lower provision expense.

1. Statements of Profit or Loss and Other Comprehensive Income

Consolidated	1Q/17	4Q/16	1Q/16	Change QoQ		Change YoY	
				Baht mn	%	Baht mn	%
Interest Income	22,762	22,489	20,875	273	1.2	1,887	9.0
Interest Expenses	6,279	6,338	5,882	(59)	(0.9)	397	6.7
Interest Income, Net	16,483	16,151	14,993	332	2.1	1,490	9.9
Fees and Service Income	6,286	6,334	6,031	(48)	(0.8)	255	4.2
Fees and Service Expense	1,617	1,612	1,487	5	0.3	130	8.7
Fees and Service Income, Net	4,669	4,722	4,544	(53)	(1.1)	125	2.8
Non-interest and Non-fees Income	3,007	2,639	2,540	368	13.9	467	18.4
Other Operating Expenses	11,781	11,730	10,130	51	0.4	1,651	16.3
Pre-Provision Operating Profit (PPOP)	12,378	11,782	11,947	596	5.1	431	3.6
Impairment Loss of Loan and Debt Securities	5,243	5,371	5,414	(128)	(2.4)	(171)	(3.2)
Income Tax Expense	1,405	1,188	1,319	217	18.3	86	6.5
Net Profit	5,730	5,223	5,214	507	9.7	516	9.9
Other Comprehensive income, net	(162)	(173)	637	11	6.4	(799)	(125.4)
Total Comprehensive income	5,568	5,050	5,851	518	10.3	(283)	(4.8)
Net Profit Attributable To							
Owners of the Bank	5,645	5,156	5,150	489	9.5	495	9.6
Non-Controlling Interest	85	67	64	18	26.9	21	32.8
Net Profit	5,730	5,223	5,214	507	9.7	516	9.9
Total Comprehensive Income Attributable To							
Owners of the Bank	5,484	4,985	5,787	499	10.0	(303)	(5.2)
Non-Controlling Interest	84	65	64	19	29.2	20	31.3
Total Comprehensive income	5,568	5,050	5,851	518	10.3	(283)	(4.8)
Earning Per Share (Baht)	0.77	0.70	0.70	0.07	10.0	0.07	10.0

2. Financial Performance

2.1 Net Interest Income

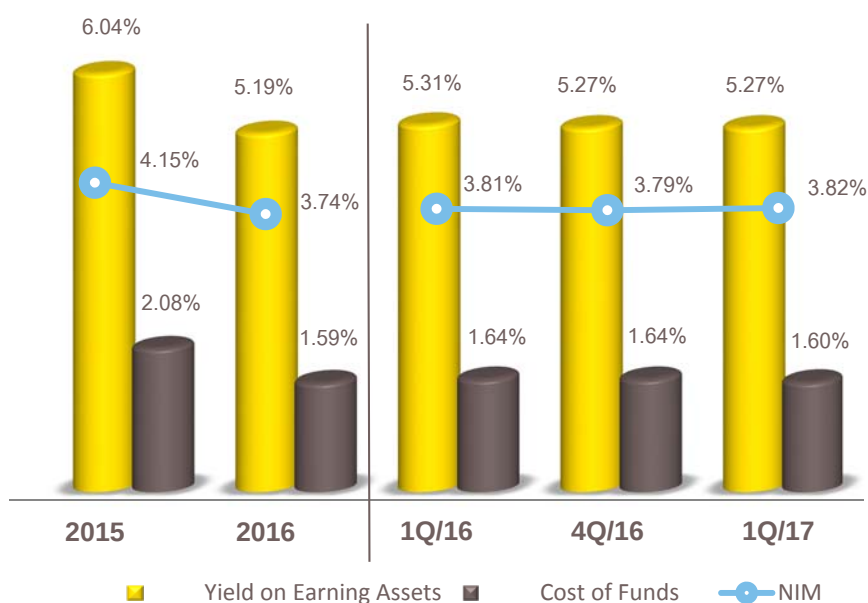
Consolidated	1Q/17	4Q/16	1Q/16	Change QoQ		Change YoY	
				Baht mn	%	Baht mn	%
INTEREST INCOME							
Interest on loans	14,895	14,786	13,882	109	0.7	1,013	7.3
Interest on interbank and money market items	590	698	623	(108)	(15.5)	(33)	(5.3)
Hire purchase and financial lease income	6,592	6,389	5,785	203	3.2	807	13.9
Investments and trading transactions	41	46	30	(5)	(10.9)	11	36.7
Investments in debt securities	644	570	555	74	13.0	89	16.0
Total Interest Income	22,762	22,489	20,875	273	1.2	1,887	9.0
INTEREST EXPENSE							
Interest on deposits	2,993	3,106	3,213	(113)	(3.6)	(220)	(6.8)
Interest on interbank and money market items	944	920	719	24	2.6	225	31.3
Interest on borrowings	974	967	677	7	0.7	297	43.9
Contribution to Financial Institution Development Fund and Deposit Protection Agency	1,361	1,345	1,263	16	1.2	98	7.8
Borrowing fee expenses	3	(4)	7	7	175.0	(4)	(57.1)
Other interest expenses	4	4	3	0	0.0	1	33.3
Total Interest Expenses	6,279	6,338	5,882	(59)	(0.9)	397	6.7
Interest Income, net	16,483	16,151	14,993	332	2.1	1,490	9.9
Net Interest Margin	3.82%	3.79%	3.81%				
Yield on Earning Assets	5.27%	5.27%	5.31%				
Cost of Funds	1.60%	1.64%	1.64%				

Net interest income in 1Q/17 was Baht 16,483 million, representing an increase of Baht 332 million or 2.1% from 4Q/16, largely attributed to higher interest income in hire purchase and financial lease income and interest on loans. Meanwhile, an interest expense decreased by Baht 59 million or 0.9% owing to an improvement in funding costs.

On a year-on-year basis, net interest income increased by Baht 1,490 million or 9.9%, mainly attributed to a significant increase in interest income of Baht 1,887 million on loans and hire purchase and financial lease income. Meanwhile, interest expense increased by Baht 397 million, or 6.7%, largely driven by an increase in interest expenses on borrowings corresponding to an increase in the outstanding balance for debentures and bills of exchange during the period.

The yield on earning assets was steady at 5.27%, compared to 4Q/16. Cost of funds improved to 1.60% in 1Q/17 compared to 1.64% in 4Q/16, underscoring the shift from higher cost borrowing to lower rate ones. Corresponding to the effective cost of fund management, NIM improved to 3.82% in 1Q/17 from 3.79% in the previous quarter.

Net Interest Margin (NIM)

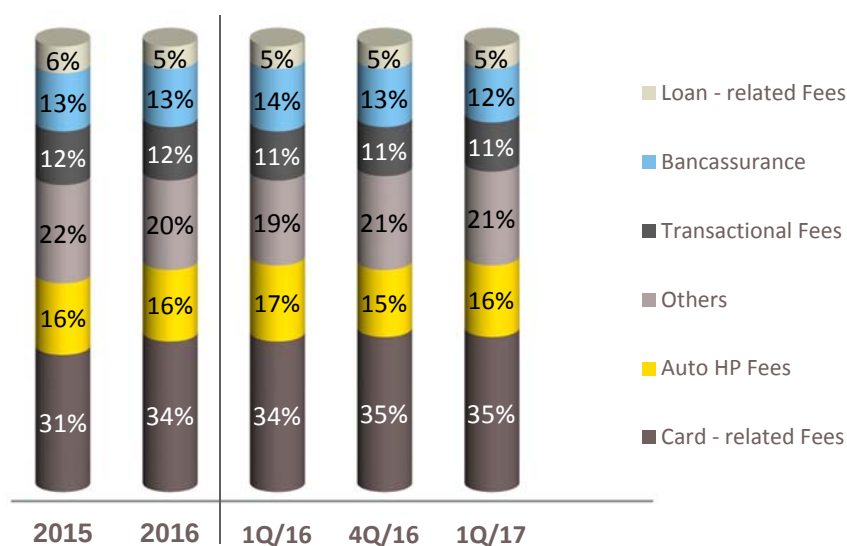


	Dec-15	Mar-16	Jun-16	Sep-16	Dec-16	Mar-17
Policy Rate	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%
Krungsri Lending Rate	6.85%	6.85%	6.60%	6.60%	6.60%	6.60%
Saving Rate	0.30%	0.30%	0.30%	0.30%	0.30%	0.30%
3 - month deposits	0.80-1.00%	0.80-1.00%	0.80-1.00%	0.80-1.00%	0.80-1.00%	0.80-1.00%
6 - month deposits	0.90-1.20%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

2.2 Net Fees and Service Income

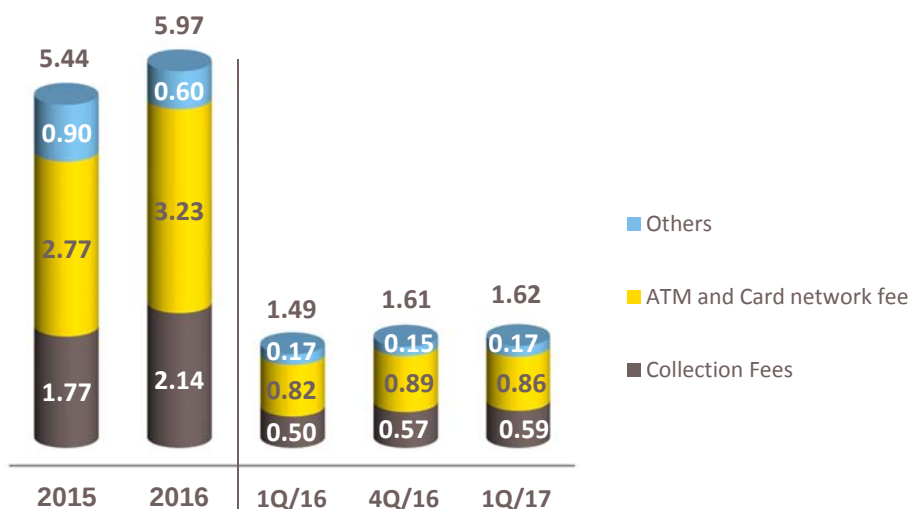
Consolidated	1Q/17	4Q/16	1Q/16	Change QoQ		Change YoY	
				Baht mn	%	Baht mn	%
Acceptances, aval and guarantees	132	130	122	2	1.5	10	8.2
Other fees and service income	6,154	6,204	5,909	(50)	(0.8)	245	4.1
Fees and service income	6,286	6,334	6,031	(48)	(0.8)	255	4.2
Fees and service expense	1,617	1,612	1,487	5	0.3	130	8.7
Fees and Service Income, net	4,669	4,722	4,544	(53)	(1.1)	125	2.8

Fees & Service Income Breakdown



Fees & Service Expense

Unit: Baht Billion



On a quarter-on-quarter basis, fees and service income decreased by Baht 48 million, or 0.8%, mainly from bancassurance fees, collection fees, and card-related fees which contracted by 6.5%, 6.2%, and 2.9%, respectively. Meanwhile, wealth & fund management and securities-related fees increased by 7.2%, auto hire purchase fees increased by 6.3%, loan-related fees and transactional fees increased by 5.6% and 0.4%, respectively. Fees and service expense increased by 0.3%. Consequently, net fees and service income decreased by Baht 53 million, or 1.1%.

On a year-on-year basis, net fees and service income increased by Baht 125 million, or 2.8%. Fees and service income increased by Baht 255 million or 4.2%, largely driven by a notable increase of wealth & fund management and securities-related fees of 19.5%, collection fees of 9.7%, card-related fees of 8.2%, and transactional fees of 2.1%. On the other hand, bancassurance fees decreased by 7.4%, loan-related fees and auto hire purchase fees decreased by 3.2% and 2.4%, respectively. Meanwhile, fees and service expense increased by 8.7%.

2.3 Non-interest and Non-fee Income

Consolidated	1Q/17	4Q/16	1Q/16	Change QoQ		Change YoY	
				Baht mn	%	Baht mn	%
Gains (losses) on trading and foreign exchange transactions	1,018	1,086	851	(68)	(6.3)	167	19.6
Gains (losses) on investments	193	(15)	199	208	1,386.7	(6)	(3.0)
Share of profit (loss) from investment for using equity method	75	81	71	(6)	(7.4)	4	5.6
Bad debt recoveries	1,232	1,102	926	130	11.8	306	33.0
Other operating income	489	385	493	104	27.0	(4)	(0.8)
Total Non-interest and Non-fees Income	3,007	2,639	2,540	368	13.9	467	18.4

On a quarter-on-quarter basis, non-interest and non-fee income increased by Baht 368 million or 13.9%, driven primarily by an increase in gains on investments in Available-for-Sale (AFS) portfolio of Baht 208 million, and bad debt recoveries income of Baht 130 million and other operating income of Baht 104 million, which was mainly attributed to dividend income and gains on sale of properties for sale. Meanwhile, gains on trading and foreign exchange transactions contracted by Baht 68 million.

Compared to 1Q/16, non-interest and non-fee income increased by Baht 467 million or 18.4%, driven primarily by bad debt recoveries income of Baht 306 million and gains on trading and foreign exchange transactions of Baht 167 million.

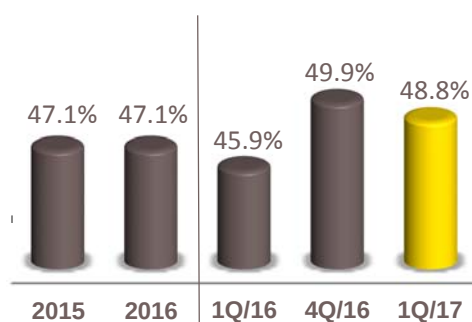
2.4 Other Operating Expenses

Consolidated	1Q/17	4Q/16	1Q/16	Change QoQ		Change YoY	
				Baht mn	%	Baht mn	%
Employee's expenses	6,297	5,488	5,160	809	14.7	1,137	22.0
Premises and equipment expenses	2,037	2,010	1,749	27	1.3	288	16.5
Taxes and duties	647	640	631	7	1.1	16	2.5
Directors' remuneration	13	13	11	0	0.0	2	18.2
Other expenses	2,787	3,579	2,579	(792)	(22.1)	208	8.1
Total Other Operating Expenses	11,781	11,730	10,130	51	0.4	1,651	16.3

On a quarter-on-quarter basis, other operating expenses increased by Baht 51 million or 0.4%, driven by an increase in employee's expenses of Baht 809 million, which was largely offset by an improvement in other expenses, mainly from a decrease in promotion expenses.

Compared to 1Q/16, other operating expenses increased by Baht 1,651 million, or 16.3%, largely driven by an increase in employee's expenses of Baht 1,137 million from annual merit increase, staff promotions, and additional employee's expenses from the acquisition of Hattha Kaksekar Limited (HKL) in September 2016.

Cost to Income Ratio



The cost to income ratio recorded at 48.8% in 1Q/17, decreasing from 49.9% in 4Q/16.

2.5 Impairment loss of loans and debt securities

Consolidated	1Q/17	4Q/16	1Q/16	Change QoQ		Change YoY	
				Baht mn	%	Baht mn	%
Bad Debt and Doubtful Accounts	4,851	5,303	5,355	(452)	(8.5)	(504)	(9.4)
Loss on Debt Restructuring	392	68	59	324	476.5	333	564.4
Total impairment loss of loan and debt securities	5,243	5,371	5,414	(128)	(2.4)	(171)	(3.2)

Loan loss provision in 1Q/17 amounted to Baht 5,243 million, a decrease of Baht 128 million, or 2.4%, from the prior quarter.

As of March 31, 2017, total provision was Baht 51,687 million, with an excess provision over the Bank of Thailand's reserve requirements of Baht 16,778 million, representing 148.1% of the Bank of Thailand's reserve requirements. The coverage ratio was strong at 143.0%.

3. Financial Status

3.1 Statement of Financial Position

Consolidated	As at Mar. 31, 17	As at Dec. 31, 16	Change from Dec. 31, 16	
			Baht mn	%
ASSETS				
Cash	32,356	36,142	(3,786)	(10.5)
Interbank and money market items, net	184,959	200,283	(15,324)	(7.7)
Investments, net	150,415	131,782	18,633	14.1
Investments in subsidiaries and joint ventures, net	1,995	1,919	76	4.0
Loans to customers	1,491,574	1,506,222	(14,648)	(1.0)
Accrued interest receivable	4,084	3,865	219	5.7
Deferred revenue	(59,535)	(57,340)	(2,195)	(3.8)
Allowance for doubtful accounts	(50,153)	(48,274)	(1,879)	(3.9)
Revaluation allowance for debt restructuring	(1,242)	(1,188)	(54)	(4.5)
Properties for sale, net	4,047	4,256	(209)	(4.9)
Others	98,504	105,521	(7,017)	(6.6)
TOTAL ASSETS	1,857,004	1,883,188	(26,184)	(1.4)
LIABILITIES AND SHAREHOLDERS' EQUITY				
Deposits	1,125,464	1,108,288	17,176	1.5
Interbank and money market items, net	268,600	314,400	(45,800)	(14.6)
Debt issued and borrowings	173,876	160,326	13,550	8.5
Others	74,728	91,406	(16,678)	(18.2)
TOTAL LIABILITIES	1,642,668	1,674,420	(31,752)	(1.9)
Issued and paid-up share capital	73,558	73,558	0	0.0
Retained earning	83,389	77,680	5,709	7.3
Others	57,389	57,530	(141)	(0.2)
TOTAL SHAREHOLDERS' EQUITY	214,336	208,768	5,568	2.7
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	1,857,004	1,883,188	(26,184)	(1.4)
Book value per share (Baht)	29.14	28.38	0.76	2.7

As of March 31, 2017, assets stood at Baht 1,857,004 million, representing a decrease of Baht 26,184 million, or 1.4% from December 2016, largely attributed to a lower net loan volume of Baht 16,843 million, or 1.2% and a lower interbank and money market volume of Baht 15,324 million, or 7.7%. The decrease in interbank and money market items was mainly due to a decrease in loans to financial institutions of Baht 31,368 million, deposits to financial institutions of Baht 5,957 million, while being offset by an increase in repurchase agreements of Baht 16,889 million and foreign currency deposits at financial institutions of Baht 4,964 million.

Compared to 4Q/16, liabilities decreased by 1.9%, or Baht 31,752 million, driven largely by a decrease in interbank and money market items of Baht 45,800 million, or 14.6%, mainly from a decrease in loans from financial institutions amounting to Baht 23,521 million, and a decrease in repurchase agreement of Baht 20,700 million. Moreover, other liabilities decreased by 18.2% or Baht 16,678 million. Meanwhile, deposits increased by Baht 17,176 million, or 1.5%, mainly from time deposits with maturity of less than one year. Debt issued and borrowing increased by Baht 13,550 million, or 8.5%, mainly from the new issuance of long-term debentures totaled Baht 10,000 million, offset by the matured debentures totaled Baht 4,000 million and an increase in bills of exchange of Baht 6,985 million.

Total shareholders' equity rose to Baht 214,336 million, reflecting an increase of Baht 5,568 million, or 2.7%, from December 2016. The increase was mainly due to an increase in equity holders' net income of Baht 5,645 million in 1Q/17.

Book value per share as of March 31, 2017 increased by 2.7% to Baht 29.14 from Baht 28.38 at the end of 2016.

3.2 Loans to customers

3.2.1 Loans by segment

Consolidated	Mar. 31, 17	Dec. 31, 16	Change from Dec. 31, 16	
			Baht mn	%
Corporate	571,448	588,167	(16,719)	(2.8)
- Thai Corporate	406,805	426,445	(19,640)	(4.6)
- International Corporate (JPC/MNC)	164,643	161,722	2,921	1.8
SMEs	208,942	215,549	(6,607)	(3.1)
Retail	651,649	645,166	6,483	1.0
- Hire purchase	300,853	292,268	8,585	2.9
- Mortgage	200,391	196,385	4,006	2.0
- Credit cards and personal loans	135,558	141,625	(6,067)	(4.3)
- HKL personal loans	14,847	14,888	(41)	(0.3)
Total *	1,432,039	1,448,882	(16,843)	(1.2)

* Loans to customers net of deferred revenue

As of March 31, 2017, total loans stood at Baht 1,432,039 million, a decrease of Baht 16,843 million, or 1.2% from December 2016. The loan contraction in 1Q/17 was a result of seasonality repayment of corporate working capital lines and seasonally lower retail spending on credit cards and personal loans.

Corporate loans contracted by 2.8%, driven largely by the seasonality impact of working capital repayments for Thai corporates. Meanwhile, an expansion in international corporate loans mirrored an improvement in global economic sentiment and outlook.

The **SME's** portfolio decreased by 3.1% during 1Q/17. The contraction in SME growth was driven by retail-sized SMEs. Meanwhile, supported by Krungsri's products and programs, medium and small-sized SMEs portfolio registered moderate growth.

The **retail segment** recorded an expansion of 1.0% in 1Q/17 or an increase of Baht 6,483 million. The retail loan growth was largely attributed to growth in auto hire purchase and mortgage segments. Meanwhile, the contraction in credit card and personal loans was largely attributed to seasonally lower spending together with repayment patterns from spending during the festive season in 4Q/16.

Auto hire purchase loans grew by 2.9% in 1Q/17, reflecting an improvement in domestic car sales. The growth was underpinned by both new and used car volumes, underlying our firm relationships with partners and robust auto business franchise.

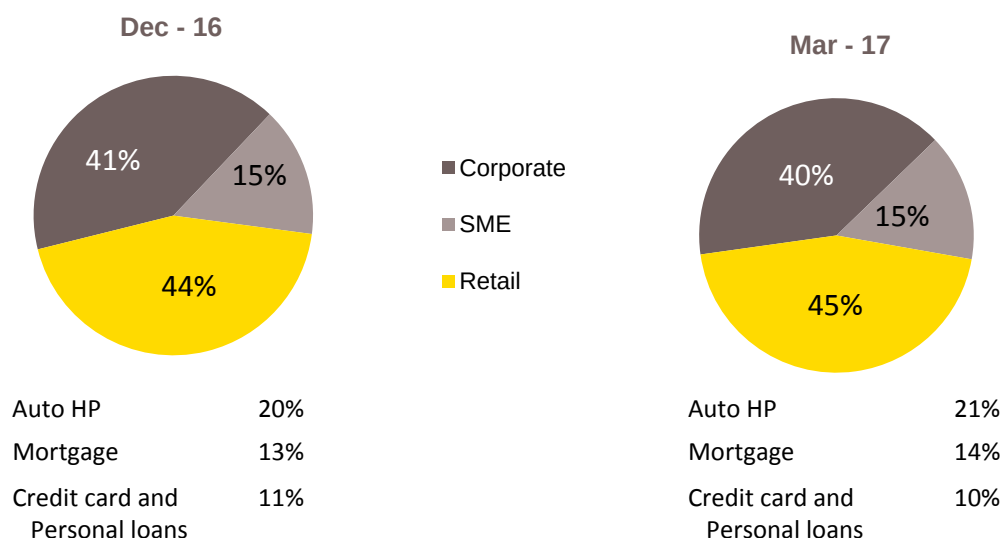
Mortgage loans grew by 2.0% during the quarter, particularly driven by new projects launched in 1Q/17 by our key developer partners. Meanwhile, the low interest rate environment remained supportive for homebuyers' decision.

Credit cards and personal loans contracted by 4.3% in 1Q/17, driven mainly by seasonally lower spending patterns and normal repayments, following significant growth at 8.6% in the previous quarter.

As at end 1Q/17, commercial lending, comprising corporate and SME customers, accounted for 55% of total loan portfolio, while retail lending represented the remaining 45%.

While the economic growth momentum continued in 1Q/17, we expect the momentum to gain further traction in the latter part of the year, supported by an acceleration in government spending, robust growth in the tourism sector, and improved export outlook. Driven by improving agricultural prices and lowering household leverages, an expansion in consumption is also expected. Under this outlook, we maintain our GDP forecast of 3.3% which contributes to a broad-based loan growth in the range of 6-8% for 2017.

Loan Composition



3.2.2 Loan classification and provision

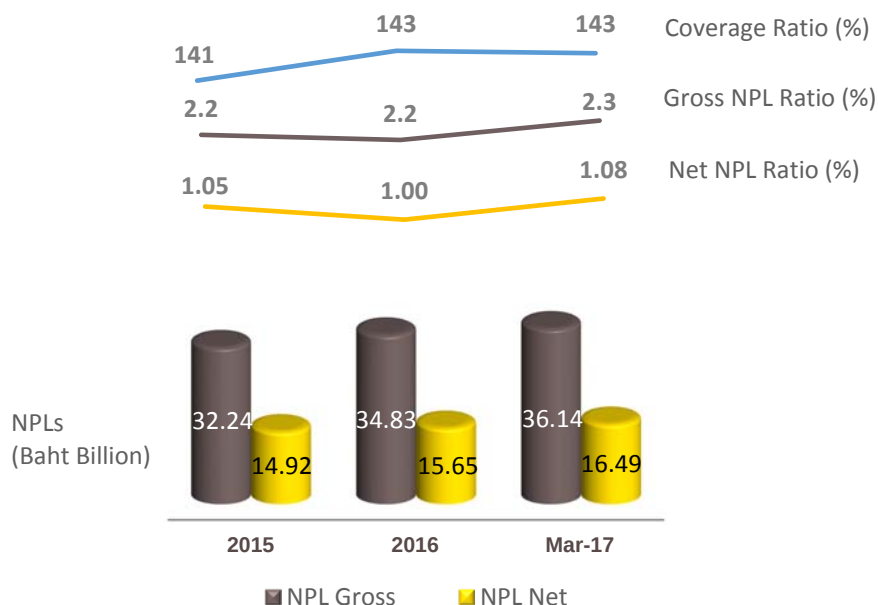
Unit : Baht mn

Consolidated	Mar. 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	1,344,791	10,778	1,359,936	10,426	(15,145)	352
Special mention	55,193	2,954	57,976	3,100	(2,783)	(146)
Substandard	11,916	7,228	12,564	7,254	(648)	(26)
Doubtful	5,172	1,891	5,876	2,388	(704)	(497)
Doubtful of loss	19,051	10,524	16,395	9,050	2,656	1,474
Total	1,436,123	33,375	1,452,747	32,218	(16,624)	1,157
Surplus Reserve		16,778		16,056		722
Total	1,436,123	50,153	1,452,747	48,274	(16,624)	1,879

3.2.3 Non-performing loans

Consolidated	Mar. 31, 17	Dec. 31, 16	Change from Dec. 31, 16	
			Baht mn	%
Non-Performing Loans (Net)	16,493	15,653	840	5.4
Non-Performing Loans (Gross)	36,137	34,834	1,303	3.7
Loans loss reserves (LLR)	51,687	49,900	1,787	3.6
Coverage Ratio	143.0%	143.3%	(0.3%)	(0.2)
BOT Requirement	34,908	33,844	1,064	3.1
Actual / Required LLR	148.1%	147.4%	0.7%	0.5

NPLs and Coverage Ratio



As of March 31, 2017, gross NPLs stood at Baht 36,137 million, an increase of Baht 1,303 million from Baht 34,834 million at the end of 2016. The ratio of gross NPLs in 1Q/17 stood at 2.33%, compared to 2.21% at the end of 2016.

As of March 31, 2017 our total provisions stood at Baht 51,687 million, with an excess provision over Bank of Thailand's requirements of Baht 16,778 million. Correspondingly, the actual provisioning ratio when compared to Bank of Thailand's requirements stood at 148.1%, while the Group's coverage ratio was strong at 143.0%.

3.3 Funding Structure

Consolidated	Mar. 31, 17	Dec. 31, 16	Change from Dec. 31, 16	
			Baht mn	%
Current	31,388	33,173	(1,785)	(5.4)
Savings	544,393	550,757	(6,364)	(1.2)
Time	549,683	524,358	25,325	4.8
< 6 Months	204,694	188,335	16,359	8.7
6 Months and < 1 Year	267,000	260,313	6,687	2.6
1 Year and over 1 Year	77,989	75,710	2,279	3.0
Total Deposit	1,125,464	1,108,288	17,176	1.5
B/E	48,802	41,817	6,985	16.7
Debenture	95,975	89,275	6,700	7.5
Total Funding	1,270,241	1,239,380	30,861	2.5

As of March 31, 2017, overall funding for the Bank, including deposits, bills of exchange, and debentures, increased by Baht 30,861 million, or 2.5%, from December 2016.

Deposits totaled Baht 1,125,464 million, an increase of Baht 17,176 million, or 1.5%, from December 2016. The growth in deposits resulted from an increase in time deposits with maturity less than one year in the amount of Baht 23,046 million.

As a result, the proportion of current and savings deposits (CASA) as a percentage of total deposits decreased to 51.2%, compared to 52.7% as of December 2016.

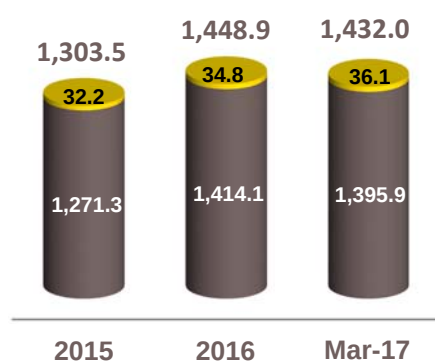
Bills of exchange (B/E) totaled Baht 48,802 million, an increase of Baht 6,985 million, or 16.7%, from December 2016.

Debentures stood at Baht 95,975 million as of March 2017. The increase of Baht 6,700 million or 7.5% from December 2016 was mainly driven by the new issuance of long-term debentures in the amount of Baht 10,000 million with maturity 3 years at an interest rate of 2.25%, offsetting the matured debentures totaling Baht 4,000 million.

Consequently, the loan to deposit ratio improved to 127%, and the loan to deposit plus bills of exchange and debentures ratio improved to 113%.

Loans

Unit: Baht Billion

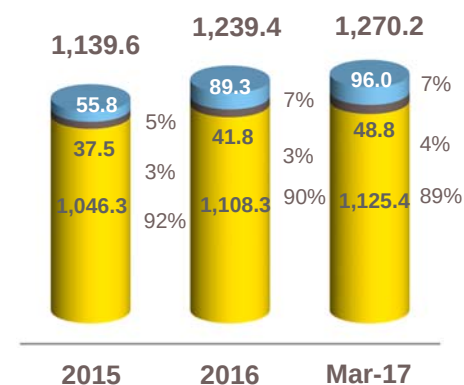


■ Non-Performing Loan (NPL)
■ Performing Loan (PL)

Deposits + B/E + Debenture

Unit: Baht Billion

51.5% 52.7% 51.2% CASA



■ Deposit ■ B/E ■ Debenture

	2015	2016	Mar-17
L/D	125%	131%	127%
L/D+B/E+Debenture	114%	117%	113%

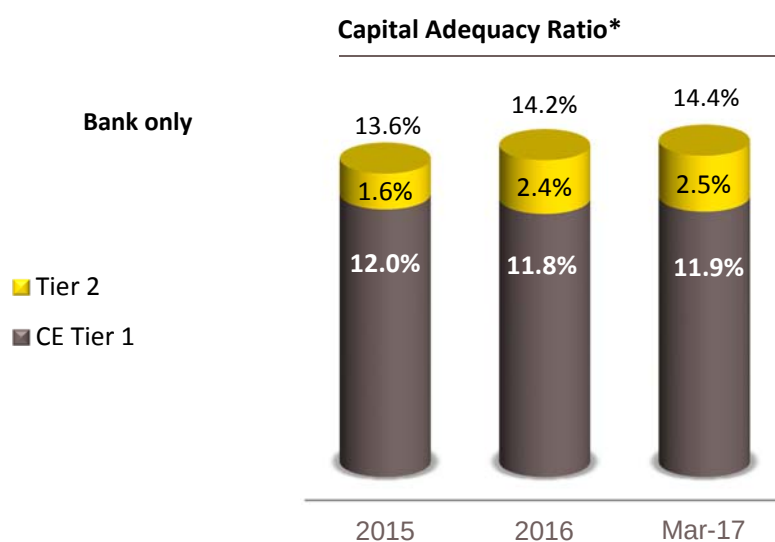
3.4 Contingencies

Consolidated	Mar. 31, 17	Dec. 31, 16	Change from Dec. 31, 16	
			Baht mn	%
Avals to bills and Guarantees of loans	1,719	1,565	154	9.8
Liability under unmatured import bills	1,488	1,601	(113)	(7.1)
Letters of credit	8,354	8,425	(71)	(0.8)
Other contingencies	101,720	110,105	(8,385)	(7.6)
Total	113,281	121,696	(8,415)	(6.9)

The Krungsri Group's contingencies as of March 31, 2017 totaled Baht 113,281 million, a decrease of Baht 8,415 million, or 6.9%, from December 31, 2016. This decrease was driven mainly by a decrease in other contingencies of Baht 8,385 million.

3.5 Statutory Capital

As of March 31, 2017, the Bank's capital was strong at Baht 191,279 million, equivalent to 14.4% of risk-weighted assets, comprising common equity tier 1 capital of 11.9% and Tier-2 capital of 2.5%. The current level of capital is sufficient to provide Krungsri with the flexibility to continue growing our business.



* CAR required by BOT at 8.5% for 2015, at 9.125% for 2016 and at 9.75% for 2017

Baht Billion	2015	2016	Mar-17
CE Tier 1	146.18	158.83	158.21
Tier 2	20.08	32.26	33.07
Total Capital	166.26	191.09	191.28

4. Credit Ratings

The Bank's credit ratings assigned by 1. Moody's Investors Service, 2. Standard & Poor's, 3. Fitch Ratings, and 4. TRIS Rating as of March 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	Negative

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	1Q/16	4Q/16	1Q/17	2017 Targets	
Loan Growth (Net)	-1.3 bn -0.1%	+44.9 bn +3.2%	-16.8 bn -1.2%	6-8%	~
NPLs Ratio	2.28%	2.21%	2.33%	< 2.5%	✓
Deposit Mix: Savings and Current	55%	53%	51%	> 50%	✓
Loan Mix : Retail	44%	44%	45%	~ 40%	✓
L/Deposit+Debenture+B/E	116%	117%	113%	n.d.	n.d.
NIM	3.81%	3.79%	3.82%	~ 3.7%	✓
Non-interest income growth* (YoY)	13.1%	5.9%	8.3%	5.0%+	✓
Cost to Income Ratio	45.9%	49.9%	48.8%	< 50%	✓
Provisions	167 bps	145 bps	151 bps	~ 140 bps	~
Loan Loss Coverage	143%	143%	143%	140%+	✓
CAR (Bank Only)	13.5%	14.2%	14.4%	n.d.	n.d.

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