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Management Discussion and Analysis

For the quarter and nine-month period ended
September 30, 2015

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Executive Summary:

Despite the weakened economic environment in the third quarter of 2015, Krungsri still managed to deliver another satisfactory quarter. **Net profit** recorded at Baht 4,915 million for the period, representing a 11.5% increase on a quarter-on-quarter basis. Key drivers of performance included higher net interest income and higher fee and service income growth.

For the first nine months of 2015, net profit totaled Baht 13,702 million.

Loans totaled Baht 1,236,743 million. For the first nine months of 2015, loan growth of 22.1% was achieved, representing an increase of Baht 223,982 million compared to the December 2014. This growth was largely driven by the corporate loans growth of 73.5%, primarily as a result of the loan transfer from Bank of Tokyo-Mitsubishi UFJ, Ltd. (BTMU) Bangkok Branch. Meanwhile, SME loans contracted 8.1%, reflecting the slowing economy. Retail loans grew 5.1%, largely driven by mortgage and auto hire purchase portfolio.

Deposits totaled Baht 1,012,541 million, an increase of Baht 174,985 million, or 20.9%, from December 2014. The growth in deposits mainly resulted from the deposit transfer from BTMU Bangkok Branch in January 2015, the sustained performance of Step Up Time Deposit products, and special savings products --“Mee Tae Dai” and “Jad Hai”.

Net fees and service income increased 1.9% quarter-on-quarter, mainly driven by card-related, transactional, auto hire purchase, and wealth, fund management & securities-related fees.

As of September, 2015, **non-performing loans recorded at 2.4%** of total loans.

Total provision was Baht 45,775 million, with an excess provision of Baht 15,102 million, or 49.2% over the Bank of Thailand’s reserve requirements. The coverage ratio was 139%.

Following the higher net profit, **earnings per share (EPS)** rose to Baht 1.84 for the first nine months of 2015 compared to Baht 1.68 for nine months of 2014.

For the fourth quarter of 2015, the fiscal stimulus, together with the government’s soft loans to support SMEs and the seasonal rise in business volume for both retail and commercial lending are supportive to bank lending towards year end. Krungsri targets the loan growth at the lower range of 4-6% for 2015.

NIM: 4.24% ytd

Coverage Ratio: 139%

Net Profit:

At Baht 4.9 billion

NPL: 2.44%

Of Total loans

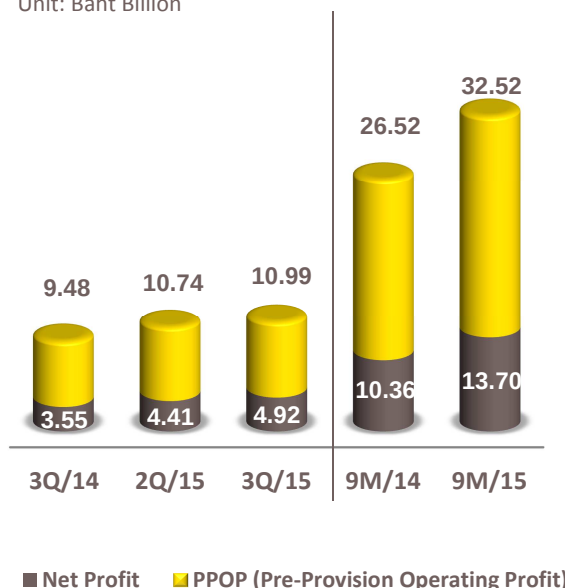
Summary of Financial Performance and Status:

Key 3Q/15 deliverables:

- **Loan Growth:**
Increased 22.1 %, or Baht 223,982 million, compared to December 2014, but decreased 0.7%, or Baht 8,127 million, compared to June 2015 mirroring slow lending demand.
- **Deposit Growth:**
Increased 20.9 %, or Baht 174,985 million, compared to December 2014, and increased 0.5%, or Baht 5,226 million, compared to June 2015.
- **Net Profit:**
Increased to Baht 4,915 million, representing a 11.5% increased over 2Q/15, and a 38.3% increase from 3Q/14.
- **Net Interest Margin (NIM):**
Year to date, NIM stood at 4.24%. In 3Q/15, NIM improved to 3.79%, compared to 3.70% in the prior quarter, mainly resulting from an improvement in cost of funds.
- **Net Fees and Service Income:**
Increased 1.9% from 2Q/15, mainly driven by card-related, transactional, auto hire purchases, and wealth, fund management & securities-related fees.
- **Cost to Income Ratio:**
Recorded at 47.1%, the same level as 2Q/15.
- **Non-Performing Loans (NPLs):**
Recorded at 2.44% of total loans, compared to 2.35% in the prior quarter.
- **Coverage Ratio:**
Strong at 139%.
- **Capital Adequacy Ratio:**
Recorded at 14.3% compared to 14.7% in December 2014.

PPOP & Net Profit

Unit: Baht Billion



For the third quarter period ended September 30, 2015

In 3Q/15, operating profit was Baht 10,985 million, representing an increase of Baht 245 million, or 2.3%, compared to 2Q/15, driven by higher net interest income mainly from a measurable reduction in interest expense, higher non interest income and net fees and service income.

Net profit in 3Q/15 was Baht 4,915 million, representing an increase of Baht 507 million, or 11.5%, compared to 2Q/15, and an increase of Baht 1,361 million, or 38.3%, on a year-on-year basis, driven largely by higher net interest income resulting from lending growth as well as net fees and service income, largely driven by the business transfer from BTMU Bangkok Branch.

For the nine-month period ended September 30, 2015

In the first nine months of 2015, net profit totaled Baht 13,702 million, an increase of Baht 3,344 million, or 32.3%, year-on-year, largely driven by higher net interest income, non interest income and net fees and service income owing to the business transfer from BTMU Bangkok Branch.

1. Statements of Profit or Loss and Other Comprehensive Income

Consolidated Statements of Profit or Loss and Other Comprehensive Income	3Q/15	2Q/15	3Q/14	Change QoQ		Change YoY	
				Baht mn	%	Baht mn	%
Interest Income	20,084	20,401	18,937	(317)	(1.6)	1,147	6.1
Interest Expenses	6,023	6,607	6,730	(584)	(8.8)	(707)	(10.5)
Interest Income, Net	14,061	13,794	12,207	267	1.9	1,854	15.2
Fees and Service Income	5,678	5,510	4,848	168	3.0	830	17.1
Fees and Service Expense	1,380	1,294	1,081	86	6.6	299	27.7
Fees and Service Income, Net	4,298	4,216	3,767	82	1.9	531	14.1
Non-interest and Non-fees Income	2,414	2,284	2,063	130	5.7	351	17.0
Other Operating Expenses	9,788	9,554	8,559	234	2.4	1,229	14.4
Pre-Provision Operating Profit (PPOP)	10,985	10,740	9,478	245	2.3	1,507	15.9
Impairment Loss of Loan and Debt Securities	4,840	5,217	4,889	(377)	(7.2)	(49)	(1.0)
Income Tax Expense	1,230	1,115	1,035	115	10.3	195	18.8
Net Profit	4,915	4,408	3,554	507	11.5	1,361	38.3
Other Comprehensive income, net	(162)	75	417	(237)	(316.0)	(579)	(138.8)
Total Comprehensive income	4,753	4,483	3,971	270	6.0	782	19.7
Net Profit Attributable To							
Owners of the Bank	4,852	4,349	3,507	503	11.6	1,345	38.4
Non-Controlling Interest	63	59	47	4	6.8	16	34.0
Net Profit	4,915	4,408	3,554	507	11.5	1,361	38.3
Total Comprehensive Income Attributable To							
Owners of the Bank	4,689	4,424	3,924	265	6.0	765	19.5
Non-Controlling Interest	64	59	47	5	8.5	17	36.2
Total Comprehensive income	4,753	4,483	3,971	270	6.0	782	19.7
Earning Per Share (Baht)	0.66	0.59	0.58	0.07	11.9	0.08	13.8

Consolidated Statements of Profit or Loss and Other Comprehensive Income	9M/15	9M/14	Change YoY	
			Baht mn	%
Interest Income	61,261	55,564	5,697	10.3
Interest Expense	19,549	19,984	(435)	(2.2)
Interest Income, Net	41,712	35,580	6,132	17.2
Fees and Service Income	16,759	13,972	2,787	19.9
Fees and Service Expense	3,953	3,167	786	24.8
Fees and Service Income, Net	12,806	10,805	2,001	18.5
Non-interest and Non-fees Income	6,668	5,475	1,193	21.8
Other Operating Expenses	28,663	25,341	3,322	13.1
Pre-Provision Operating Profit (PPOP)	32,523	26,519	6,004	22.6
Impairment Loss of Loan and Debt Securities	15,310	13,227	2,083	15.7
Income Tax Expense	3,511	2,934	577	19.7
Net Profit	13,702	10,358	3,344	32.3
Other Comprehensive income, net	11	1,417	(1,406)	(99.2)
Total Comprehensive income	13,713	11,775	1,938	16.5
Net Profit Attributable To				
Owners of the Bank	13,527	10,234	3,293	32.2
Non-Controlling Interest	175	124	51	41.1
Net Profit	13,702	10,358	3,344	32.3
Total Comprehensive Income Attributable To				
Owners of the Bank	13,537	11,651	1,886	16.2
Non-Controlling Interest	176	124	52	41.9
Total Comprehensive income	13,713	11,775	1,938	16.5
Earning Per Share (Baht)	1.84	1.68	0.16	9.5

2. Financial Performance

2.1 Net Interest Income

Consolidated	3Q/15	2Q/15	3Q/14	Change QoQ		Change YoY	
				Baht mn	%	Baht mn	%
INTEREST INCOME							
Interest on loans	13,584	13,748	12,548	(164)	(1.2)	1,036	8.3
Interest on interbank and money market items	503	758	787	(255)	(33.6)	(284)	(36.1)
Hire purchase and financial lease income	5,372	5,255	5,082	117	2.2	290	5.7
Investments and trading transactions	19	16	40	3	18.8	(21)	(52.5)
Investments in debt securities	606	624	480	(18)	(2.9)	126	26.3
Total Interest Income	20,084	20,401	18,937	(317)	(1.6)	1,147	6.1
INTEREST EXPENSE							
Interest on deposits	3,744	3,932	3,879	(188)	(4.8)	(135)	(3.5)
Interest on interbank and money market items	455	406	447	49	12.1	8	1.8
Interest on borrowings	606	1,003	1,369	(397)	(39.6)	(763)	(55.7)
Contribution to Financial Institution Development							
Fund and Deposit Protection Agency	1,212	1,249	1,032	(37)	(3.0)	180	17.4
Borrowing fee expenses	3	13	0	(10)	(76.9)	3	-
Other interest expenses	3	4	3	(1)	(25.0)	0	0.0
Total Interest Expenses	6,023	6,607	6,730	(584)	(8.8)	(707)	(10.5)
Interest Income, net	14,061	13,794	12,207	267	1.9	1,854	15.2
Net Interest Margin	3.79%	3.70%	4.33%				
Yield on Earning Assets	5.41%	5.48%	6.72%				
Cost of Funds	1.76%	1.95%	2.64%				

Consolidated	9M/15	9M/14	Change YoY	
			Baht mn	%
INTEREST INCOME				
Interest on loans	41,378	36,859	4,519	12.3
Interest on interbank and money market items	2,133	2,022	111	5.5
Hire purchase and financial lease income	15,811	15,069	742	4.9
Investments and trading transactions	63	113	(50)	(44.2)
Investments in debt securities	1,876	1,501	375	25.0
Total Interest Income	61,261	55,564	5,697	10.3
INTEREST EXPENSE				
Interest on deposits	11,834	11,596	238	2.1
Interest on interbank and money market items	1,177	1,130	47	4.2
Interest on borrowings	2,828	4,209	(1,381)	(32.8)
Contributions to Financial Institution Development				
Fund and Deposit Protection Agency	3,680	3,034	646	21.3
Borrowing fee expenses	19	4	15	375.0
Other interest expenses	11	11	0	0.0
Total Interest Expenses	19,549	19,984	(435)	(2.2)
Interest Income, net	41,712	35,580	6,132	17.2
Net Interest Margin	4.24%	4.26%		
Yield on Earning Assets	6.22%	6.65%		
Cost of Funds	2.19%	2.64%		

For the third quarter period ended September 30, 2015

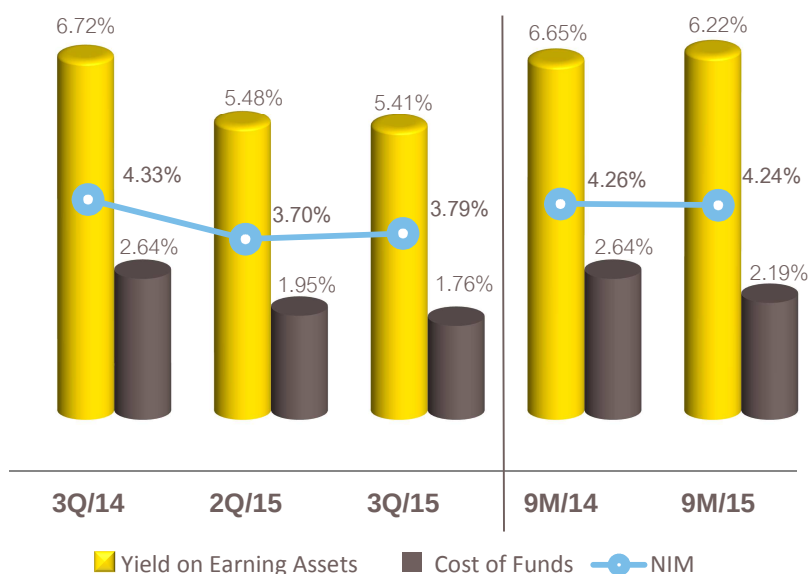
Net interest income in the third quarter was Baht 14,061 million, representing an increase of 1.9% on a quarter-on-quarter basis, and 15.2% on a year-on-year basis, as interest expense declined by a larger magnitude than interest income.

For the nine-month period ended September 30, 2015

In the first nine months of 2015, net interest income reached Baht 41,712 million, an increase of Baht 6,132 million, or 17.2%, compared to the same period last year, resulting primarily from higher interest on loans. Meanwhile, interest on borrowing significantly decreased as a result of early redemption of subordinated debenture, totaling Baht 20,000 million in 2Q/15.

Year to date, NIM stood at 4.24%. In 3Q/15, NIM improved to 3.79%, compared to 3.70% in the prior quarter, mainly resulting from an improvement in cost of funds. Cost of funds was at 1.76% in 3Q/15, a significant decrease from 1.95% in 2Q/15. Meanwhile, the overall yield moderated to 5.41% in 3Q/15 from 5.48% in 2Q/15.

Net Interest Margin (NIM)



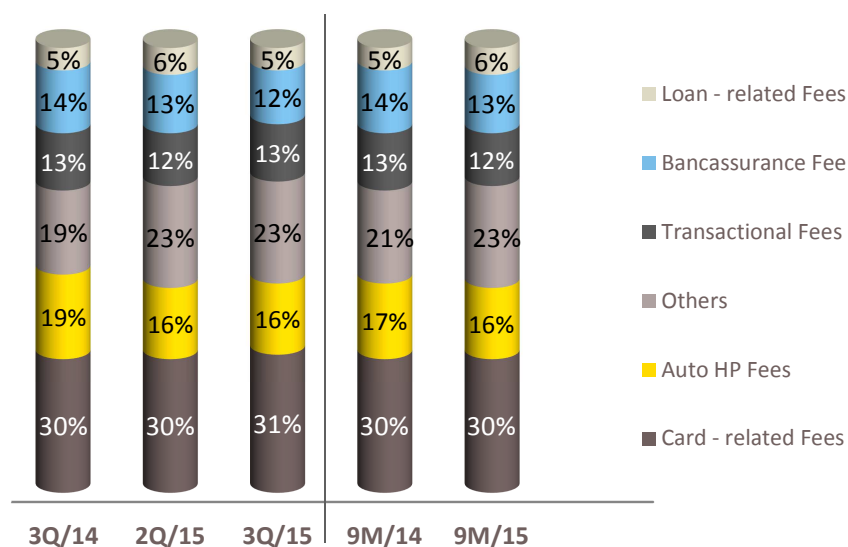
	Jan-14	Mar-14	Jun-14	Sep-14	Dec-14	Mar-15	Jun-15	Sep-15
Policy Rate	2.25%	2.00%	2.00%	2.00%	2.00%	1.75%	1.50%	1.50%
Krungsri Lending Rate	7.25%	7.125%	7.125%	7.125%	7.125%	6.975%	6.85%	6.85%
Saving Rate	0.50%	0.40%	0.40%	0.40%	0.40%	0.40%	0.40%	0.30%
3 - month deposits	1.50-1.75%	1.25-1.55%	1.10-1.30%	1.10-1.30%	1.10-1.30%	1.00-1.10%	0.80-1.00%	0.80-1.00%
6 - month deposits	1.85-2.00%	1.50-1.70%	1.35-1.50%	1.35-1.50%	1.35-1.50%	1.25-1.30%	1.00-1.20%	0.90-1.20%
12 - month deposits	2.25%	1.95-2.05%	1.50-1.75%	1.50-1.75%	1.50-1.75%	1.25-1.50%	1.10-1.50%	1.10-1.50%

2.2 Net Fees and Service Income

Consolidated	3Q/15	2Q/15	3Q/14	Change QoQ		Change YoY	
				Baht mn	%	Baht mn	%
Acceptances, aval and guarantees	127	134	126	(7)	(5.2)	1	0.8
Other fees and service income	5,551	5,376	4,722	175	3.3	829	17.6
Fees and service income	5,678	5,510	4,848	168	3.0	830	17.1
Fees and service expense	1,380	1,294	1,081	86	6.6	299	27.7
Fees and Service Income, net	4,298	4,216	3,767	82	1.9	531	14.1

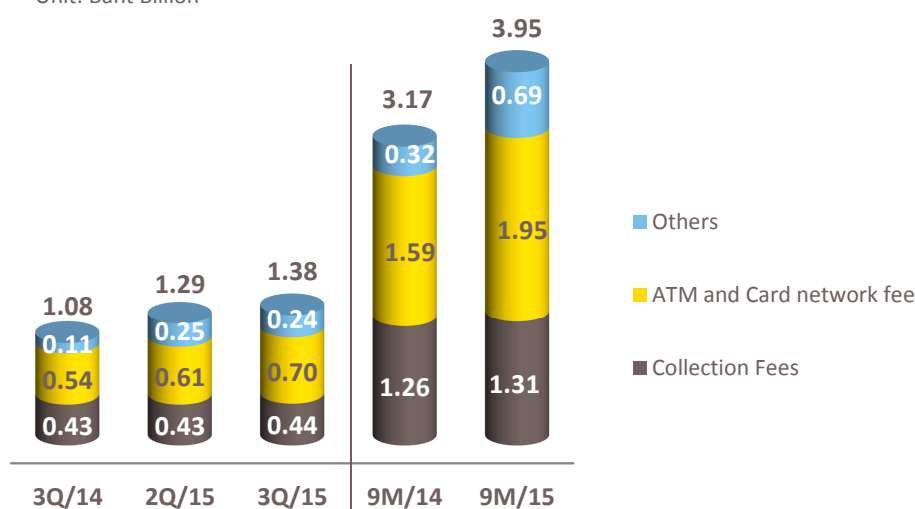
Consolidated	9M/15	9M/14	Change YoY	
			Baht mn	%
Acceptances, aval and guarantees	396	382	14	3.7
Other fees and service income	16,363	13,590	2,773	20.4
Fees and service income	16,759	13,972	2,787	19.9
Fees and service expense	3,953	3,167	786	24.8
Fees and Service Income, net	12,806	10,805	2,001	18.5

Fees & Service Income Breakdown



Fees & Service Expense

Unit: Baht Billion



For the third quarter period ended September 30, 2015

Compared with 2Q/15, net fees and service income increased by Baht 82 million, or 1.9%, quarter-on-quarter. Fees and service income increased by Baht 168 million, or 3.0%, mainly driven by card-related fees of 5.4% and transactional fees of 8.3%. Meanwhile, fees from auto hire purchases increased 3.0% and wealth, fund management and securities-related fees increased 2.2%. This was offset by declines in Bancassurance and loan-related fees of 5.0% and 4.6%, respectively during the quarter. Fees and service expense increased 6.6%.

On a year-on-year basis, net fees and service income increased Baht 531 million, or 14.1%, largely driven by a significant increase of 32.0% in wealth, fund management and securities-related fees, 20.1% increase in card-related fees, 17.3% increase in transactional fees, 16.1% increase in loan-related fees, 15.6% increase in collection fees, 2.7% increase in Bancassurance fees, and 0.5% increase in auto hire purchase fees. Meanwhile, fees and service expense increased 27.7%.

For the nine-month period ended September 30, 2015

For the first nine months of 2015, net fees and service income increased Baht 2,001 million, or 18.5% compared with 9M/14, reflecting enhanced fee income generation achieved from synergy with MUFG/BTMU. The increase in net fees and service income was mainly driven by a significant increase of 49.7% in loan-related fees, and a 43.9% increase in wealth & fund management & securities-related fees. Meanwhile, card business, transactional fees, auto-hire purchase fees and Bancassurance fees grew 19.1%, 18.1%, 8.3% and 7.4%, respectively. Fees and service expense increased 24.8%, mainly due to an increase in variable expenses relating to the fee growth in the card business and wealth, fund management and securities-related activities.

2.3 Non-interest and Non-fees Income

Consolidated	3Q/15	2Q/15	3Q/14	Change QoQ		Change YoY	
				Baht mn	%	Baht mn	%
Gains (losses) on trading and foreign							
exchange transactions	1,171	749	334	422	56.3	837	250.6
Gains (losses) on investments	(124)	152	438	(276)	(181.6)	(562)	(128.3)
Share of profit (loss) from investment for							
using equity method	84	79	33	5	6.3	51	154.5
Bad debt recoveries	760	719	734	41	5.7	26	3.5
Other operating income	523	585	524	(62)	(10.6)	(1)	(0.2)
Total Non-interest and Non-fees Income	2,414	2,284	2,063	130	5.7	351	17.0

Consolidated	9M/15	9M/14	Change YoY	
			Baht mn	%
Gains (losses) on trading and foreign				
exchange transactions	2,361	1,110	1,251	112.7
Gains (losses) on investments	307	578	(271)	(46.9)
Share of profit (loss) from investment for				
using equity method	270	153	117	76.5
Bad debt recoveries	2,196	2,133	63	3.0
Other operating income	1,534	1,501	33	2.2
Total Non-interest and Non-fees Income	6,668	5,475	1,193	21.8

For the third quarter period ended September 30, 2015

On a quarter-on-quarter basis, non-interest and non-fees income increased Baht 130 million, or 5.7%, compared to 2Q/15, mainly driven by gains on trading and foreign exchange transactions of Baht 422 million, or 56.3%, mirroring the foreign exchange transaction during the period. Meanwhile gains on investments from Available for Sales (AFS) decreased Baht 276 million, or 181.6%, reflecting capital market conditions in 3Q/15.

On a year-on-year basis, non-interest and non-fees income increased Baht 351 million, or 17.0%, mainly driven by gains on trading and foreign exchange transactions of Baht 837 million, or 250.6%. Meanwhile gains on investments from Available for Sales (AFS) decreased Baht 562 million, or 128.3%, reflecting capital market conditions in 3Q/15.

For the nine-month period ended September 30, 2015

For the nine months of 2015, non-interest and non-fees income increased Baht 1,193 million, or 21.8%, driven primarily by an increase in gains on trading and foreign exchange transactions of Baht 1,251 million, or 112.7%, while gains on investments from Available for Sales (AFS) decreased of Baht 271 million, or 46.9%.

2.4 Other Operating Expenses

Consolidated	3Q/15	2Q/15	3Q/14	Change QoQ		Change YoY	
				Baht mn	%	Baht mn	%
Employee's expenses	4,631	4,621	4,046	10	0.2	585	14.5
Premises and equipment expenses	1,689	1,687	1,632	2	0.1	57	3.5
Taxes and duties	631	649	577	(18)	(2.8)	54	9.4
Directors' remuneration	12	13	13	(1)	(7.7)	(1)	(7.7)
Other expenses	2,825	2,584	2,291	241	9.3	534	23.3
Total Other Operating Expenses	9,788	9,554	8,559	234	2.4	1,229	14.4

Consolidated	9M/15	9M/14	Change YoY	
			Baht mn	%
Employee's expenses	13,826	12,085	1,741	14.4
Premises and equipment expenses	5,072	4,803	269	5.6
Taxes and duties	1,915	1,723	192	11.1
Directors' remuneration	36	35	1	2.9
Other expenses	7,814	6,695	1,119	16.7
Total Other Operating Expenses	28,663	25,341	3,322	13.1

For the third quarter period ended September 30, 2015

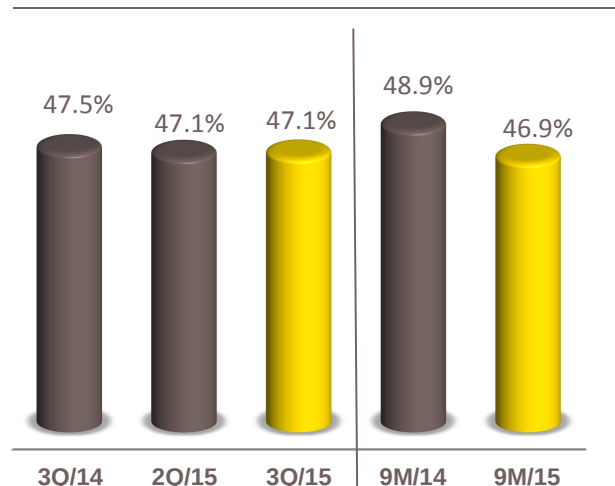
On a quarter-on-quarter basis, other operating expenses increased Baht 234 million, or 2.4%, driven by an increase in other expenses of Baht 241 million, or 9.3%, offsetting a decrease in taxes and duties of Baht 18 million.

Other operating expenses increased Baht 1,229 million, or 14.4%, compared to 3Q/14, driven by an increase in employee expenses of Baht 585 million, or 14.5%, mainly due to annual merit increases and the transfer of employees from BTMU Bangkok Branch in 1Q/15. In addition, other expenses increased Baht 534 million, or 23.3%.

For the nine-month period ended September 30, 2015

For first nine months of 2015, other operating expenses increased Baht 3,322 million, or 13.1%, driven by an increase in employee expenses of Baht 1,741 million, or 14.4%, mainly due to annual merit increases and the additional headcounts from BTMU Bangkok Branch. Moreover, other expenses increase Baht 1,119 million, or 16.7%, mainly from an increase in promotion expenses of Baht 371 million.

Cost to Income Ratio



In 3Q/15, the cost to income ratio recorded at 47.1%, the same level as 2Q/15. The cost to income ratio slightly improved from 47.5% recorded in 3Q/14.

In 9M/15, the cost to income ratio significantly improved to 46.9% compared to 48.9% in 9M/14, reflecting our continued improvement in expenses management and increased efficiency over a year.

2.5 Impairment loss of loans and debt securities

Consolidated	3Q/15	2Q/15	3Q/14	Change QoQ		Change YoY	
				Baht mn	%	Baht mn	%
Impairment loss on debt instrument (reversal)	(4)	0	0	(4)	-	(4)	-
Bad Debt and Doubtful Accounts	4,454	4,911	4,548	(457)	(9.3)	(94)	(2.1)
Loss on Debt Restructuring	390	306	341	84	27.5	49	14.4
Total impairment loss of loan and debt securities	4,840	5,217	4,889	(377)	(7.2)	(49)	(1.0)

Consolidated	9M/15	9M/14	Change YoY	
			Baht mn	%
Impairment loss on debt instrument (reversal)	(4)	0	(4)	-
Bad Debt and Doubtful Accounts	14,345	12,159	2,186	18.0
Loss on Debt Restructuring	969	1,068	(99)	(9.3)
Total impairment loss of loan and debt securities	15,310	13,227	2,083	15.7

Loan loss provisions in 3Q/15 amounted to Baht 4,840 million, a decrease of Baht 377 million from the prior quarter.

As of September 30, 2015, total provision stood at Baht 45,775 million, with an excess provision of Baht 15,102 million, or 49.2% over the Bank of Thailand's reserve requirements. The coverage ratio was 139%.

3. Financial Status

3.1 Statement of Financial Position

Consolidated	As at Sep. 30, 15	As at Jun. 30, 15	As at Dec. 31, 14	Change from Jun. 30, 15		Change from Dec. 31, 14	
				Baht mn	%	Baht mn	%
ASSETS							
Cash	28,915	27,667	31,155	1,248	4.5	(2,240)	(7.2)
Interbank and money market items, net	203,279	180,566	80,364	22,713	12.6	122,915	152.9
Investments, net	112,712	109,095	60,573	3,617	3.3	52,139	86.1
Investments in subsidiaries, associates and joint ventures, net	1,487	1,403	1,217	84	6.0	270	22.2
Loans to customers	1,284,584	1,291,301	1,057,636	(6,717)	(0.5)	226,948	21.5
Accrued interest receivable	3,722	3,709	2,636	13	0.4	1,086	41.2
Deferred revenue	(47,841)	(46,430)	(44,875)	(1,411)	(3.0)	(2,966)	(6.6)
Allowance for doubtful accounts	(43,685)	(43,114)	(38,159)	(571)	(1.3)	(5,526)	(14.5)
Revaluation allowance for debt restructuring	(1,697)	(1,614)	(1,617)	(83)	(5.1)	(80)	(4.9)
Properties for sale, net	5,014	5,183	5,456	(169)	(3.3)	(442)	(8.1)
Others	110,289	84,544	56,976	25,745	30.5	53,313	93.6
TOTAL ASSETS	1,656,779	1,612,310	1,211,362	44,469	2.8	445,417	36.8
LIABILITIES AND SHAREHOLDERS' EQUITY							
Deposits	1,012,541	1,007,315	837,556	5,226	0.5	174,985	20.9
Interbank and money market items, net	275,322	270,056	46,612	5,266	1.9	228,710	490.7
Debt issued and borrowings	92,953	81,297	151,805	11,656	14.3	(58,852)	(38.8)
Others	90,131	69,334	43,719	20,797	30.0	46,412	106.2
TOTAL LIABILITIES	1,470,947	1,428,002	1,079,692	42,945	3.0	391,255	36.2
Issued and paid-up share capital	73,558	73,558	60,741	0	0.0	12,817	21.1
Retained earning	57,028	55,075	49,329	1,953	3.5	7,699	15.6
Others	55,246	55,675	21,600	(429)	(0.8)	33,646	155.8
TOTAL SHAREHOLDERS' EQUITY	185,832	184,308	131,670	1,524	0.8	54,162	41.1
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	1,656,779	1,612,310	1,211,362	44,469	2.8	445,417	36.8
Book value per share (Baht)	25.26	25.06	21.68	0.20	0.8	3.58	16.5

As of September 30, 2015, total assets stood at Baht 1,656,779 million, representing an increase of Baht 445,417 million, or 36.8% from December 2014, largely attributed to higher net loan volume of Baht 223,982 million, or 22.1%, and an increase in interbank and money market items of Baht 122,915 million, or 152.9%. The increase in interbank and money market items was mainly driven by an increase in loans to money market of Baht 50,386 million and deposit with financial institutions of Baht 69,338 million.

Compared to 2Q/15, total assets increased Baht 44,469 million, or 2.8%, driven by an increase in interbank and money market items of Baht 22,713 million, or 12.6%, mainly from an increase in deposit with financial institutions of Baht 21,714 million, and loans to money market of Baht 3,798 million, offsetting a decrease in repurchase agreements of Baht 2,045 million. Moreover, other assets increased Baht 25,745 million, or 30.5%, mainly from an increase in derivative assets. Meanwhile, net loan volume decreased Baht 8,127 million, or 0.7%.

On a year-to-date basis, liabilities grew 36.2%, or Baht 391,255 million. The growth in liabilities was driven by an increase in interbank and money market items of 490.7%, or Baht 228,710 million, mainly from an increase in loans from financial institutions amounting to Baht 230,344 million, and an increase in deposits of 20.9%, or Baht 174,985 million, mainly resulting from the deposit transfer from BTMU Bangkok Branch, the sustained performance of Step Up Time Deposit products, and special savings products --“Mee Tae Dai” and “Jad Hai”. Meanwhile, debt issued and borrowings significantly decreased by Baht 58,852 million, or 38.8%, in part driven by the maturity of debentures, totaling Baht 62,740 million, offsetting new issuance of debentures in the amount of Baht 25,100 million. In addition, the decrease in debt issued and borrowings was also due to early redemption of subordinated debenture no. 1/2010 totaling Baht 20,000 million in 2Q/15.

Compared to 2Q/15, liabilities increased 3.0%, or Baht 42,945 million, driven by an increase in debt issued and borrowings of Baht 11,656 million, largely owing to new issuance of debentures in the amount of Baht 16,100 million, an increase in interbank and liabilities items of Baht 5,266 million, mainly from an increase in loans from financial institutions. In addition, other liabilities increased Baht 20,797 million, or 30.0%, mainly from an increase in derivatives liabilities.

The total shareholders' equity rose to Baht 185,832 million, reflecting an increase of Baht 54,162 million, or 41.1%, from December 2014. The increase was mainly due to an increase in additional new shares issued in 1Q/15 and equity holders' net income of Baht 13,702 million for 9M/15. These increases were partially offset by dividends paid of Baht 5,884 million

The book value per share as of September 30, 2015 increased 16.5% to Baht 25.26 from Baht 21.68 at the end of 2014.

3.2 Loans to customers

3.2.1 Loans by segment

Consolidated	Sep. 30, 15	Jun. 30, 15	Dec. 31, 14	Change from Jun. 30, 15		Change from Dec. 31, 14	
				Baht mn	%	Baht mn	%
Corporate	511,674	529,453	294,955	(17,779)	(3.4)	216,719	73.5
- Thai Corporate	334,431	356,519	267,147	(22,088)	(6.2)	67,284	25.2
- International Corporate (JPC/MNC)	177,243	172,934	27,808	4,309	2.5	149,435	537.4
SMEs	202,768	208,386	220,651	(5,618)	(2.7)	(17,883)	(8.1)
Retail	522,301	507,031	497,155	15,270	3.0	25,146	5.1
- Hire purchase	253,145	248,519	241,008	4,626	1.9	12,137	5.0
- Mortgage	147,733	139,477	132,966	8,256	5.9	14,767	11.1
- Credit cards and personal loans	121,423	119,035	123,181	2,388	2.0	(1,758)	(1.4)
Total *	1,236,743	1,244,870	1,012,761	(8,127)	(0.7)	223,982	22.1

* Loans to customers net of deferred revenue

As of September 30, 2015, total loans outstanding stood at Baht 1,236,743 million, a decrease of Baht 8,127 million, or 0.7%, from the previous quarter. As of September 30, 2015, commercial lending, comprising corporate and SME customers accounted for 58% of our total loan portfolio, while retail lending represented the remaining 42%.

For the first nine months of 2015, loan growth of 22.1% was achieved, largely driven by corporate loan growth of 73.5% as a result of the loan transfer from BTMU Bangkok Branch. Meanwhile, SME loans contracted 8.1% in line with the slowing economy. Retail loans grew 5.1%, primarily driven by demand for mortgage and auto hire purchase loans.

Retail segment loan recorded growth of Baht 25,146 million, or 5.1% on a year-to-date basis, and 3.0% during the third quarter, compared to an increase of 2.1% in the second quarter.

Under the retail segment, **mortgage loans** grew strongly at 11.1% on a year-to-date basis, and 5.9% during the quarter, driven by Krungsri's strategies. In addition, the One Scan system which helps enhance process efficiency through digitization was implemented. With the system, the turnaround time for loan approval process was effectively reduced.

Despite a contraction in domestic car sales, **auto hire purchase** loans recorded 5.0% growth year-to-date, and 1.9% growth during the third quarter. The strong Auto business franchise and adoption of integrated digital channel contributed to this notable performance.

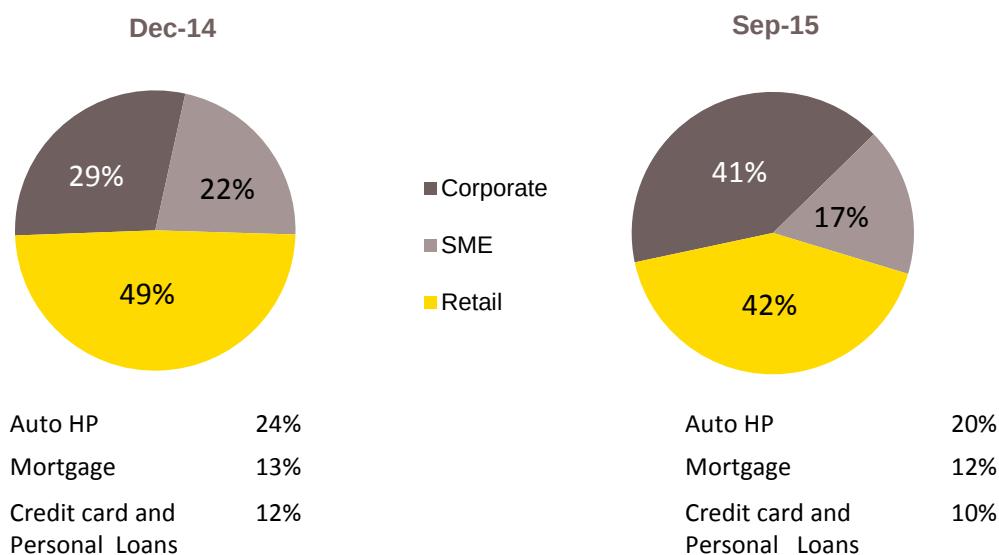
Credit cards and personal loans contracted 1.4% year-to-date. During the third quarter, credit cards and personal loans grew 2.0%. The improvement in 3Q/15 was attributed to business seasonality.

Given the weak macroeconomic momentum, the **SME's portfolio** contracted 8.1% year-to-date, and 2.7% during the third quarter. Since the beginning of the year, Krungsri launched assistance programs to support SME clients and recently participated in the government's soft loan program to assist SME clients, aiming to provide Baht 20,000 million of loans under the program.

Corporate loans contracted 3.4% during the third quarter, largely driven by repayment of working capital of Thai corporate. Thai corporate loans contracted 6.2%, while international corporates grew 2.5% during the quarter. Year to date, corporate loans grew 73.5%, primarily as a result of corporate loan portfolio transfer from BTMU Bangkok Branch in January.

For the fourth quarter of 2015, the fiscal stimulus, together with the government's soft loans to support SMEs and the seasonal rise in business volume for both retail and commercial lending are supportive to bank lending towards year end. Krungsri targets the loan growth at the lower range of 4-6% for 2015.

Loan Composition



3.2.2 Loan classification and provision

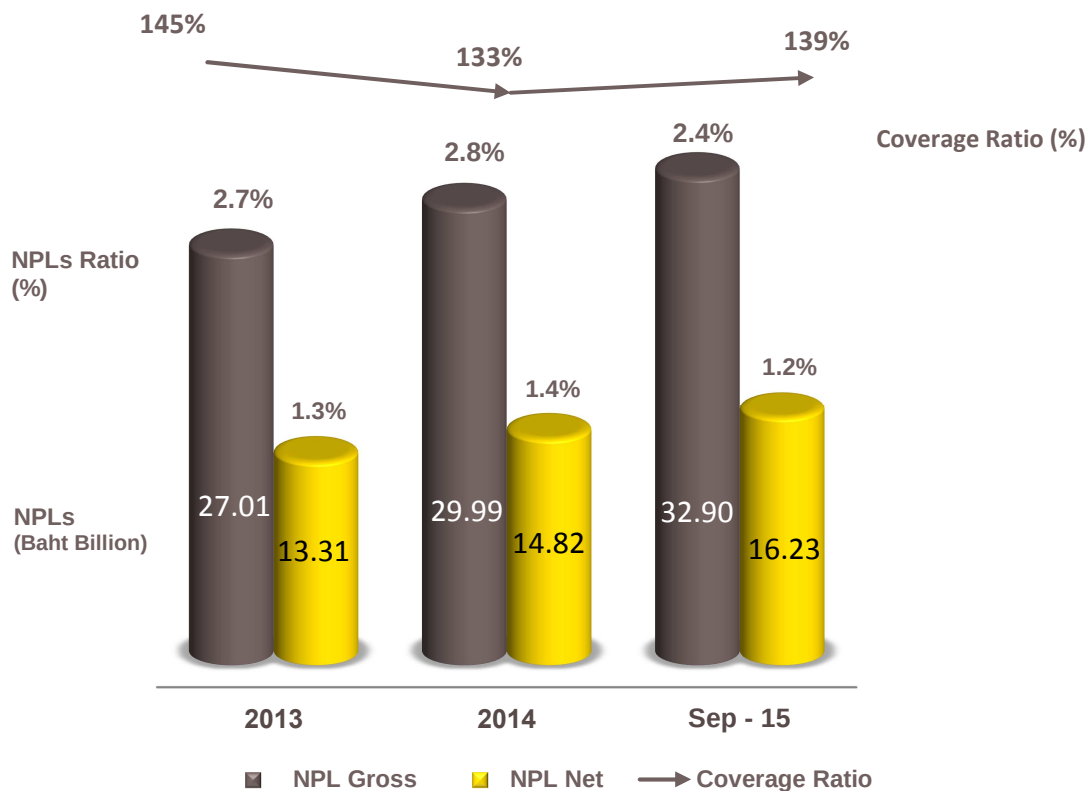
Unit : Baht mn

Consolidated	Sep. 30, 15		Dec. 31, 14		Change	
	Loans and Accrued Interest Receivable	Provision	Loans and Accrued Interest Receivable	Provision	Loans and Accrued Interest Receivable	Provision
Normal	1,161,423	8,517	952,203	6,665	209,220	1,852
Special mention	46,137	3,818	33,202	3,239	12,935	579
Substandard	10,135	5,798	10,031	4,969	104	829
Doubtful	8,956	3,640	8,601	3,341	355	299
Doubtful of loss	13,814	6,810	11,360	6,441	2,454	369
Total	1,240,465	28,583	1,015,397	24,655	225,068	3,928
Surplus Reserve		15,102		13,504		1,598
Total	1,240,465	43,685	1,015,397	38,159	225,068	5,526

3.2.3 Non-performing loans

Consolidated	Sep 30, 15	Jun 30, 15	Dec 31, 14	Change from Jun 30, 15		Change from Dec 31, 14	
				Baht mn	%	Baht mn	%
Non-Performing Loans (Net)	16,225	15,129	14,818	1,096	7.2	1,407	9.5
Non-Performing Loans (Gross)	32,902	31,774	29,988	1,128	3.6	2,914	9.7
Loans loss reserves (LLR)	45,775	45,240	39,958	535	1.2	5,817	14.6
Coverage Ratio	139.1%	142.4%	133.2%	(3.3%)	(2.3)	5.9%	4.4
BOT Requirement	30,674	31,021	26,453	(347)	(1.1)	4,221	16.0
Actual / Required LLR	149.2%	145.8%	151.1%	3.4%	2.3	(1.9%)	(1.3)

NPLs and Coverage Ratio



As of September 30, 2015, gross NPLs stood at Baht 32,902 million. Gross NPLs increased Baht 1,128 million from June 2015, driven largely by the SME segment due to the slow economy. The ratio of gross NPLs to total loans at 3Q/15 stood at 2.44%, compared to 2.35% in 2Q/15.

Total provisions stood at Baht 45,775 million, with an excess provision of Baht 15,102 million over the Bank of Thailand's requirements. Correspondingly, the actual provisioning ratio when compared to the Bank of Thailand's requirements stood at 149.2%, while the Group's coverage ratio was 139%.

3.3 Funding Structure

Consolidated	Sep. 30, 15	Jun. 30, 15	Dec. 31, 14	Change from Jun. 30, 15		Change from Dec. 31, 14	
				Baht mn	%	Baht mn	%
Current	32,226	27,749	20,234	4,477	16.1	11,992	59.3
Savings	495,040	502,792	404,466	(7,752)	(1.5)	90,574	22.4
Time	485,275	476,774	412,856	8,501	1.8	72,419	17.5
< 6 months	124,394	133,782	75,815	(9,388)	(7.0)	48,579	64.1
6M - 1 Year	333,595	312,219	246,144	21,376	6.8	87,451	35.5
> 1 Year	27,286	30,773	90,897	(3,487)	(11.3)	(63,611)	(70.0)
Total Deposit	1,012,541	1,007,315	837,556	5,226	0.5	174,985	20.9
B/E	24,752	24,720	25,950	32	0.1	(1,198)	(4.6)
Debenture	53,343	41,712	90,983	11,631	27.9	(37,640)	(41.4)
Total Funding	1,090,636	1,073,747	954,489	16,889	1.6	136,147	14.3

As of September 30, 2015, overall funding for the Bank, including deposits, bills of exchange and debentures, increased Baht 136,147 million, or 14.3%, from December 2014.

Deposits totaled Baht 1,012,541 million, an increase of Baht 174,985 million, or 20.9%, from December 2014. The growth in deposits mainly resulted from the deposit transfer from BTMU Bangkok Branch in January 2015, the sustained performance of Step Up Time Deposit products, and special savings products --“Mee Tae Dai” and “Jad Hai”, with total balances exceeding Baht 195,000 million.

As a result, the proportion of current and savings deposits (CASA) as a percentage of total deposits increased to 52.1%, compared to 50.7% as of December 2014.

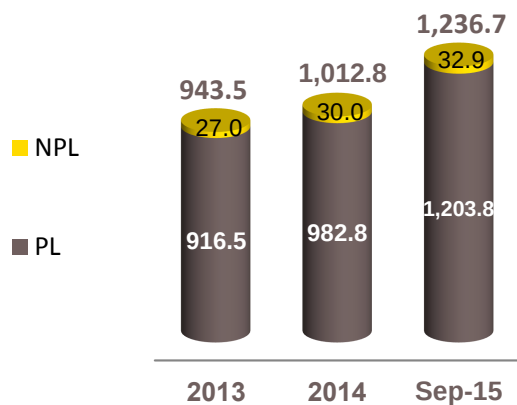
Bills of exchange (B/E) totaled Baht 24,752 million, a decrease of Baht 1,198 million, or 4.6%, from December 2014.

Debentures stood at Baht 53,343 million as of September 30, 2015. The significant decrease of Baht 37,640 million, or 41.4%, from December 2014 was driven by the maturity of debentures totaling Baht 62,740 million, offsetting new issuance of debentures in the amount of Baht 25,100 million.

Consequently, the loan to deposit ratio slightly increased to 122% from 121%, and the loan to deposit plus bills of exchange and debentures ratio increased to 113% from 106%.

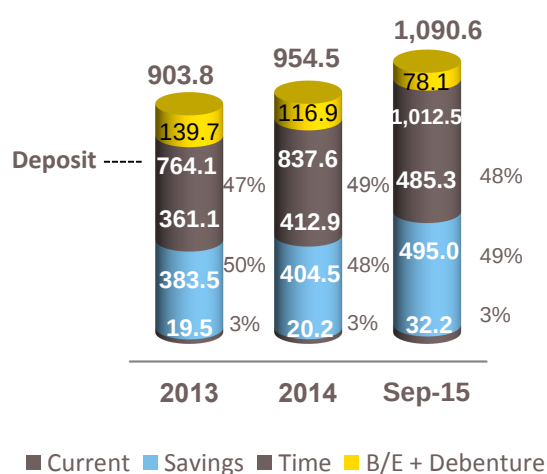
Loans

Unit: Baht Billion



Deposits + B/E + Debenture

Unit: Baht Billion



	2013	2014	Sep-15
L/D	123%	121%	122%
L/D+B/E+Debentures	104%	106%	113%

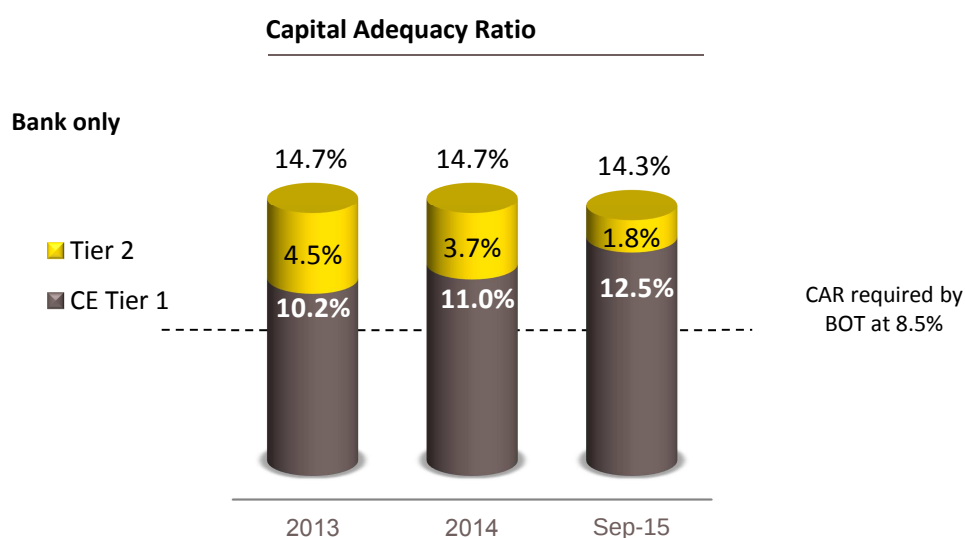
3.4 Contingencies

Consolidated	Sep. 30, 15	Jun. 30, 15	Dec. 31, 14	Change from Jun. 30, 15		Change from Dec. 31, 14	
				Baht mn	%	Baht mn	%
Avals to bills and Guarantees of loans	1,859	1,854	1,947	5	0.3	(88)	(4.5)
Liability under unmatured import bills	2,098	1,681	7,688	417	24.8	(5,590)	(72.7)
Letters of credit	4,255	7,085	5,701	(2,830)	(39.9)	(1,446)	(25.4)
Other contingencies	124,987	123,522	108,119	1,465	1.2	16,868	15.6
Total	133,199	134,142	123,455	(943)	(0.7)	9,744	7.9

The Krungsri Group's contingencies as of September 30, 2015, totaled Baht 133,199 million, an increase of Baht 9,744 million, or 7.9%, from December 31, 2014. This increase was driven mainly by an increase in other contingencies of Baht 16,868 million, offset by a decrease in liability under unmatured import bills and letters of credit of Baht 5,590 million and Baht 1,446 million, respectively.

3.5 Statutory Capital

As of September 30, 2015, The Bank's capital recorded at Baht 168,223 million, equivalent to 14.3% of risk-weighted assets, with 12.5% in common equity tier 1 capital. The current level of capital remain strong and sufficient to provide Krungsri with the flexibility to continue growing our business.



Baht Billion	2013	2014	Sep - 15
CE Tier 1	84.73	98.99	146.45
Tier 2	37.60	33.44	21.77
Total Capital	122.33	132.43	168.22

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 September 30, 2015 are shown in the table below.

1. <u>Moody's Investors Service</u>	
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
2. <u>Standard and Poor's</u>	
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. <u>Fitch Ratings</u>	
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. 2015 Key Performance Targets

Consolidated	2014	1H/15	3Q/15	9M/15	2015 Targets	
Loan Growth (Net)	+69.3 bn +7.3%	+232.1 bn +22.9%	-8.1 bn -0.7%	+224.0 bn +22.1%	4-6%*	~
NPLs Ratio	2.79%	2.35%	2.44%	2.44%	< 2.5%	✓
Deposit Mix: Savings and Current	51%	53%	52%	52%	> 50%	✓
Loan Mix : Retail	49%	41%	42%	42%	~ 40%	✓
L/Deposit+Debentures+B/E	106%	116%	113%	113%	n.d.	~
NIM	4.32%	4.23%	3.79%	4.24%	~ 4%	✓
Fee income growth (YoY)	3.5%	21.4%	17.1%	19.9%	12%+	✓
Cost to Income Ratio	48.47%	46.70%	47.1%	46.9%	< 50%	✓
Provisions	179 bps	163 bps	160 bps	163 bps	~ 150 bps	~
Loan Loss Coverage	133%	142%	139%	139%	135%+	✓
CAR (Bank Only)	14.7%	13.8%	14.3%	14.3%	n.d.	~

* Excluding the effect of the loan transfer from BTMU Bangkok Branch