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Management Discussion and Analysis

For the quarter ended March 31, 2014

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Executive Summary:

The prolonged political uncertainties, which commenced in late 2013, and continued through the first quarter of 2014, have weakened household consumption, business investment, and overall domestic economy. Given this challenging environment, loans contracted by 0.4% for the first quarter resulting from seasonally lower retail spending, repayment of corporate working capital lines and slowing loan demand. However, Krungsri's strategic focus for this year continues to be growing prudently in the context of a weaker economic outlook and higher household leverage.

Total loans outstanding at the end of the first quarter were Baht 939,843 million, a decrease of Baht 3,659 million from December 2013.

Deposits totaled Baht 780,597 million, an increase of Baht 16,547 million, or 2.2%, from December 2013. The growth in deposits was the result of the continued success of our Big Bang products – “Mee Tae Dai” and “Jad Hai” – and the progressive shift from higher cost borrowings to deposit products. At the end of March 2014, “Mee Tae Dai” account balances outstanding exceeded Baht 178,000 million, while “Jad Hai” accounts outstanding increased by more than 97,000 from December 2013.

Net profit was Baht 3,303 million for the first quarter of 2014, representing an 18.8% decrease on a year-on-year basis.

Net fees and service income decreased 5.7% quarter-on-quarter, pressured by weaker loan-related, auto hire purchase and card-related fees. Fees generated from cross selling activities remained strong with Bancassurance fees growing 5.0%, while wealth, fund management and security fees improved 6.5%.

As of March 31, 2014, non-performing loans represented 2.97% of total loans, compared to 2.67% in December 2013. The uptick in NPLs was attributed to SME and retail segments on the backdrop of weaker economic conditions and higher household leverage.

Meanwhile, our total **provision** stood at Baht 40,383 million, with an excess provision over Bank of Thailand's reserving requirements of Baht 14,441 million, or 155.7%. The loan loss coverage ratio was 134.5%.

Earnings per share (EPS) was Baht 0.54 in 1Q/14.

The slowdown in the economy observed in the first quarter together with uncertainties on the political front has softened our outlook for 2014. As a result, we have revised down our 2014 economic growth forecast to 2.7%. Nevertheless, should the political situation subside by mid-2014, domestic demand is expected to pick up and be the driver of economic growth together with exports. With this baseline assumption, we have modified our 2014 loan growth target from 9% to the range of 7 - 9%.

NIM: 4.22%

Net Profit:

Baht 3.3 billion

Coverage: 134.5%

Deposits grew:

2.2% ytd

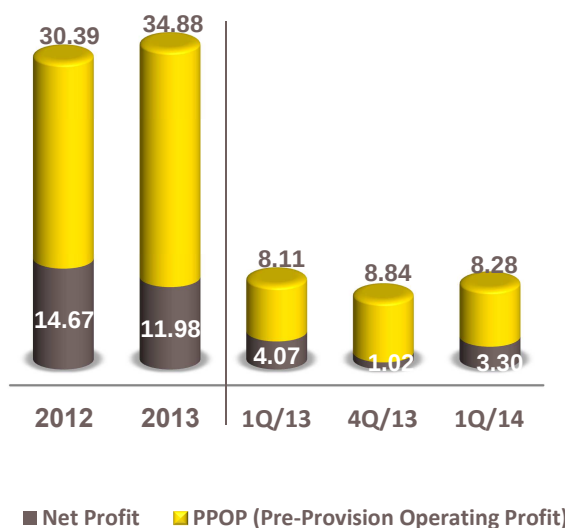
Summary of Financial Performance and Status:

1Q/14 deliverables:

- **Loan Growth:**
Decreased 0.4%, or Baht 3,659 million, compared to December 2013.
- **Deposit Growth:**
Increased by 2.2%, or Baht 16,547 million.
- **Net Profit:**
Baht 3,303 million, representing a 223.5% increase from 4Q/13, and an 18.8% decrease from 1Q/13.
- **Net Interest Margin (NIM):**
Reduced slightly from the prior quarter to 4.22%.
- **Net Fees and Service Income:**
Contracted at 5.7% from 4Q/13 and 2.5% from 1Q/13, as a result of weaker loan-related, auto hire purchase and card-related fees.
- **Cost to Income Ratio:**
Improved to 50.1% from 50.9% in 4Q/13.
- **Non-Performing Loans (NPLs):**
Non-performing loans represented 2.97% of total loans, compared to 2.67% in December 2013. The uptick in NPLs was driven by the SME and retail segments resulting from weaker economic conditions and higher household leverage.
- **Coverage Ratio:**
Strong at 134.5%.
- **Capital Adequacy Ratio:**
Stable at 14.4% compared to 14.7% in December 2013.

PPOP & Net Profit

Unit: Baht Billion



Starting January 2014, Krungsri Group has adopted Thai Financial Reporting Interpretation No. 13 (TFRI 13): Customer Loyalty Programmes, which has been issued by the Federation of Accounting Professions. As a result of TFRI 13's adoption, we have restated our prior period financial statements. The key changes from TFRI 13's adoption is the recognition of provision for customer loyalty credits (points) as a deduction item in fee income as opposed to previous recognition of such provision as an operating expense and the reflection of customer loyalty credits on a fair value rather than cost basis.

In 1Q/14, operating profit was Baht 8,281 million, representing an increase of Baht 167 million or 2.1%, when compared to 1Q/13, resulting from growth in net interest income. Net profit in 1Q/14 was Baht 3,303 million, representing a decrease of Baht 764 million, or 18.8%, when compared to 1Q/13, driven by higher loan loss provisions.

On a quarter-on-quarter basis, operating profit decreased Baht 554 million, or 6.3%, from 4Q/13, driven by a decrease in net interest income from a contraction in loans outstanding. Net profit increased by Baht 2,282 million, or 223.5%, from 4Q/13, driven mainly by significantly lower loan loss provisions.

1. Statements of Comprehensive Income

Consolidated Statements of Comprehensive Income	1Q/14	4Q/13	1Q/13	Change QoQ		Change YoY	
		Restated	Restated	Baht mn	%	Baht mn	%
Interest Income	18,275	18,939	16,918	(664)	(3.5)	1,357	8.0
Interest Expenses	6,778	6,841	6,316	(63)	(0.9)	462	7.3
Interest Income, Net	11,497	12,098	10,602	(601)	(5.0)	895	8.4
Fees and Service Income	4,491	4,716	4,584	(225)	(4.8)	(93)	(2.0)
Fees and Service Expense	1,044	1,061	1,047	(17)	(1.6)	(3)	(0.3)
Fees and Service Income, Net	3,447	3,655	3,537	(208)	(5.7)	(90)	(2.5)
Non-interest and Non-fees Income	1,642	2,221	2,223	(579)	(26.1)	(581)	(26.1)
Other Operating Expenses	8,305	9,139	8,248	(834)	(9.1)	57	0.7
Pre-Provision Operating Profit (PPOP)	8,281	8,835	8,114	(554)	(6.3)	167	2.1
Impairment Loss of Loan and Debt Securities	4,084	6,822	3,081	(2,738)	(40.1)	1,003	32.6
Income Tax Expense	894	992	966	(98)	(9.9)	(72)	(7.5)
Net Profit	3,303	1,021	4,067	2,282	223.5	(764)	(18.8)
Other Comprehensive income	572	56	136	516	921.4	436	320.6
Total Comprehensive income	3,875	1,077	4,203	2,798	259.8	(328)	(7.8)
Net Profit Attributable To							
Owners of the Bank	3,266	1,002	4,041	2,264	225.9	(775)	(19.2)
Non-Controlling Interest	37	19	26	18	94.7	11	42.3
Net Profit	3,303	1,021	4,067	2,282	223.5	(764)	(18.8)
Total Comprehensive Income Attributable To							
Owners of the Bank	3,838	1,058	4,177	2,780	262.8	(339)	(8.1)
Non-Controlling Interest	37	19	26	18	94.7	11	42.3
Total Comprehensive income	3,875	1,077	4,203	2,798	259.8	(328)	(7.8)
Earning Per Share (Baht)	0.54	0.17	0.67	0.37	217.6	(0.13)	(19.4)

2. Financial Performance

2.1 Net Interest Income

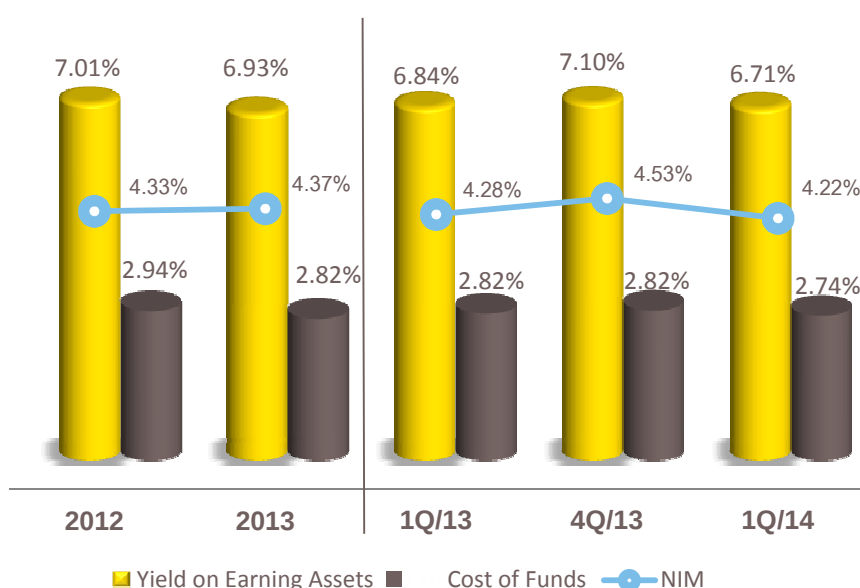
Consolidated	1Q/14	4Q/13	1Q/13	Change QoQ		Change YoY	
				Baht mn	%	Baht mn	%
INTEREST INCOME							
Interest on loans	12,114	12,723	11,012	(609)	(4.8)	1,102	10.0
Interest on interbank and money market items	638	591	641	47	8.0	(3)	(0.5)
Hire purchase and financial lease income	4,968	5,021	4,674	(53)	(1.1)	294	6.3
Investments and trading transactions	33	32	53	1	3.1	(20)	(37.7)
Investments in debt securities	522	572	538	(50)	(8.7)	(16)	(3.0)
Total Interest Income	18,275	18,939	16,918	(664)	(3.5)	1,357	8.0
INTEREST EXPENSE							
Interest on deposits	3,991	4,018	3,744	(27)	(0.7)	247	6.6
Interest on interbank and money market items	336	378	332	(42)	(11.1)	4	1.2
Interest on borrowings	1,453	1,489	1,353	(36)	(2.4)	100	7.4
Contribution to Financial Institution Development							
Fund and Deposit Protection Agency	994	951	880	43	4.5	114	13.0
Borrowing fee expenses	0	0	3	0	0.0	(3)	(100.0)
Other interest expenses	4	5	4	(1)	(20.0)	0	0.0
Total Interest Expenses	6,778	6,841	6,316	(63)	(0.9)	462	7.3
Interest Income, net	11,497	12,098	10,602	(601)	(5.0)	895	8.4
Net Interest Margin	4.22%	4.53%	4.28%				
Yield on Earning Assets	6.71%	7.10%	6.84%				
Cost of Funds	2.74%	2.82%	2.82%				

Net interest income in 1Q/14 was Baht 11,497 million, representing a decrease of Baht 601 million, or 5.0%, from 4Q/13, largely attributed to lower interest income. A decrease in interest income was driven by a contraction in loans outstanding and a higher component of lower yielding loans. Notwithstanding the higher volume of deposits, interest expense decreased by Baht 63 million, or 0.9%, attributed to the improvement in funding costs driven by the shift from higher cost borrowings to lower rate special saving products and a lower market interest rate.

On a year-on-year basis, net interest income increased by Baht 895 million, or 8.4%, mainly due to performing loan growth of 11.6%. Interest expense increased mainly from an increase in deposit expense as a result of a higher volume of deposits.

Reflecting the seasonality impact on our loan portfolio structure together with a higher component of lower yielding loans, Krungsri's overall yield moderated to 6.71% in 1Q/14 from 7.10% in 4Q/13. Nevertheless, our cost of funds improved to 2.74% from 2.82% in 4Q/13. Consequently, NIM was reduced to 4.22% from 4.53% in the prior quarter. The moderation in NIM also reflected the interest income recognized from the restructuring of one corporate account in 4Q/13.

Net Interest Margin (NIM)

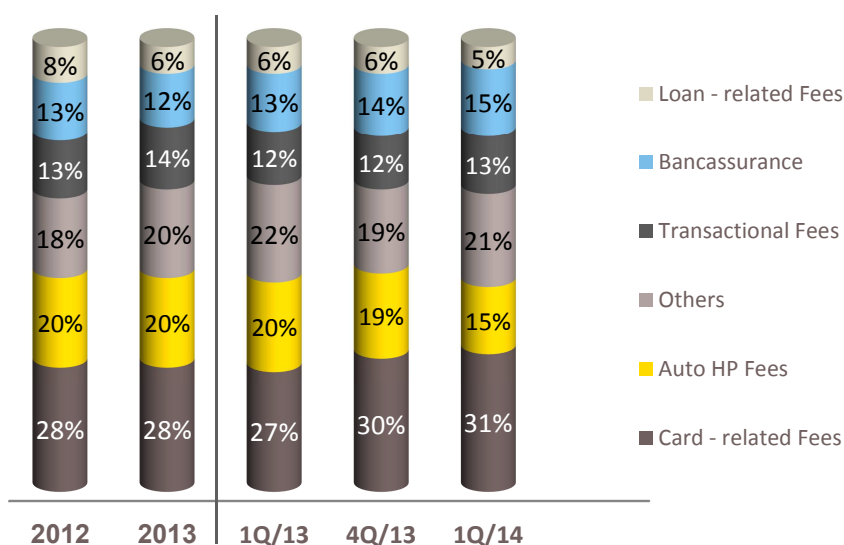


	Feb-13	May-13	Aug-13	Nov-13	Dec-13	Jan-14	Feb-14	Mar-14
Policy Rate	2.75%	2.50%	2.50%	2.25%	2.25%	2.25%	2.25%	2.00%
Krungsri Lending Rate	7.375%	7.375%	7.375%	7.375%	7.25%	7.25%	7.25%	7.125%
Saving Rate	0.65%	0.65%	0.60%	0.60%	0.50%	0.50%	0.50%	0.40%
3 - month deposits	1.70- 2.00%	1.70- 2.00%	1.70- 2.00%	1.70- 2.00%	1.60- 2.00%	1.50- 1.75%	1.45- 1.70%	1.30- 1.45%
6 - month deposits	2.00- 2.25%	2.00- 2.25%	2.00- 2.25%	2.00- 2.25%	1.90- 2.25%	1.85- 2.00%	1.75- 1.95%	1.65- 1.70%
12 - month deposits	2.35- 2.50%	2.35- 2.50%	2.35- 2.50%	2.35- 2.50%	2.25- 2.35%	2.25%	2.15%	1.95- 2.05%

2.2 Net Fees and Service Income

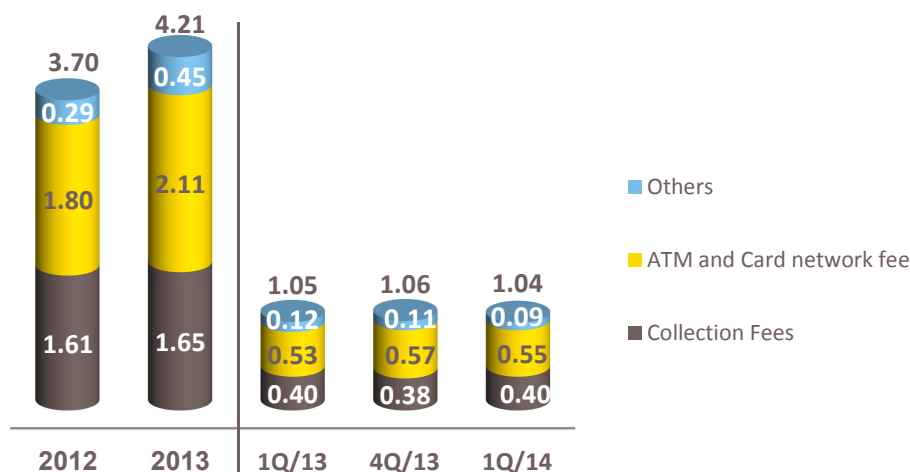
Consolidated	1Q/14	4Q/13	1Q/13	Change QoQ		Change YoY	
		Restated	Restated	Baht mn	%	Baht mn	%
Acceptances, aval and guarantees	126	129	120	(3)	(2.3)	6	5.0
Other fees and service income	4,365	4,587	4,464	(222)	(4.8)	(99)	(2.2)
Fees and service income	4,491	4,716	4,584	(225)	(4.8)	(93)	(2.0)
Fees and service expense	1,044	1,061	1,047	(17)	(1.6)	(3)	(0.3)
Fees and Service Income, net	3,447	3,655	3,537	(208)	(5.7)	(90)	(2.5)

Fees & Service Income Breakdown



Fees & Service Expense

Unit: Baht Billion



Net fees and service income decreased 5.7% quarter-on-quarter, driven by a decrease in the loan-related, auto hire purchase and card-related fees. Fees generated from cross selling activities remained strong with Bancassurance growing 5.0%, while wealth, fund management and security fees improved 6.5%.

On a year-on-year basis, net fees and service income decreased 2.5%, driven by a decrease in loan-related, auto hire purchase, wealth & fund management and security fees. Meanwhile, Bancassurance fees improved 14.5%.

2.3 Non-interest and Non-fees Income

Consolidated	1Q/14	4Q/13	1Q/13	Change QoQ		Change YoY	
				Baht mn	%	Baht mn	%
Gains (losses) on trading and foreign exchange transactions	425	354	463	71	20.1	(38)	(8.2)
Gains (losses) on investments	24	244	112	(220)	(90.2)	(88)	(78.6)
Share of profit (loss) from investment for using equity method	62	(42)	66	104	247.6	(4)	(6.1)
Bad debt recoveries	713	824	823	(111)	(13.5)	(110)	(13.4)
Other operating income	418	841	759	(423)	(50.3)	(341)	(44.9)
Total Non-interest and Non-fees Income	1,642	2,221	2,223	(579)	(26.1)	(581)	(26.1)

On a quarter-on-quarter basis, non-interest and non-fees income decreased by Baht 579 million, or 26.1%, driven primarily by a reduction in gains on property for sale and gains on investments, particularly sales of Vayupak Fund 1 which was realized in 4Q/13. However, a higher volume of trading and foreign exchange activities resulted in an improvement on gains from trading and foreign exchange transactions of Baht 71 million, or 20.1%, from the prior quarter.

Compared to 1Q/13, non-interest and non-fees income decreased by Baht 581 million, or 26.1%, driven primarily by a decrease in dividend income of Baht 291 million and a decrease in bad debt recoveries of Baht 110 million.

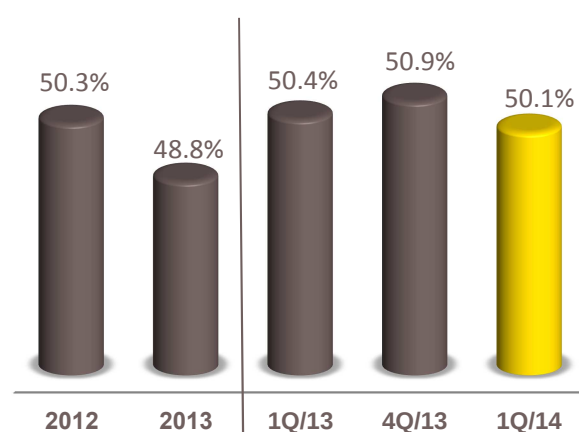
2.4 Other Operating Expenses

Consolidated	1Q/14	4Q/13	1Q/13	Change QoQ		Change YoY	
		Restated	Restated	Baht mn	%	Baht mn	%
Employee's expenses	4,035	3,793	3,882	242	6.4	153	3.9
Premises and equipment expenses	1,584	1,478	1,481	106	7.2	103	7.0
Taxes and duties	577	606	524	(29)	(4.8)	53	10.1
Directors' remuneration	9	9	8	0	0.0	1	12.5
Other expenses	2,100	3,253	2,353	(1,153)	(35.4)	(253)	(10.8)
Total Other Operating Expenses	8,305	9,139	8,248	(834)	(9.1)	57	0.7

On a quarter-on-quarter basis, operating expenses decreased by Baht 834 million, or 9.1%, largely driven by a decrease in other expenses of Baht 1,153 million, or 35.4%, mainly due to a decrease in reserve for impairment loss on other assets of Baht 559 million posted in 4Q/13 and lower marketing and promotion expenses.

Operating expenses increased by Baht 57 million, or 0.7%, compared to 1Q/13, driven by an increase in employee expenses of Baht 153 million, or 3.9%, mainly due to annual merit increases and staff promotions and an increase in premises and equipment expenses of Baht 104 million, or 7.0%, mainly driven by higher depreciation expense on fixed assets, partially offset by a decrease in other expenses of Baht 253 million.

Cost to Income Ratio



In 1Q/14, the cost-to-income ratio stood at 50.1%, improving from 50.9% in 4Q/13. Throughout 2014, Krungsri will continue to employ effective cost controls to compensate for slowing loan and fees income growth. However, our investments to enhance business intelligence, productivity improvements and operational excellence will be maintained to continue enhancing our competitiveness in the marketplace.

2.5 Impairment loss of loans and debt securities

Consolidated	1Q/14	4Q/13	1Q/13	Change QoQ		Change YoY	
				Baht mn	%	Baht mn	%
Bad Debt and Doubtful Accounts	3,693	6,533	2,903	(2,840)	(43.5)	790	27.2
Loss on Debt Restructuring	391	289	178	102	35.3	213	119.7
Total impairment loss of loan and debt securities	4,084	6,822	3,081	(2,738)	(40.1)	1,003	32.6

Loan loss provisions in the current period amounted to Baht 4,084 million, a decrease of Baht 2,738 million from the prior quarter, largely attributed to an absence of the prudential provision booked in 4Q/13. Nevertheless, the provision booked in the first quarter of 2014 reflected rising NPLs in the SME and retail segments observed during the current period and a weaker economic growth outlook for 2014.

As of March 31, 2014, our total provision was Baht 40,383 million, with an excess provision over Bank of Thailand's reserve requirements of Baht 14,441 million, representing 155.7% of the Bank of Thailand's reserving requirements. The loan loss coverage ratio was 134.5%.

3. Financial Status

3.1 Financial Position

Consolidated	As at Mar. 31, 14	As at Dec. 31, 13 Restated	Change from Dec. 31, 13	
			Baht mn	%
ASSETS				
Cash	26,793	28,216	(1,423)	(5.0)
Interbank and money market items, net	91,246	87,027	4,219	4.8
Investments, net	76,247	73,274	2,973	4.1
Investments in subsidiaries and associates, net	1,121	1,059	62	5.9
Loans to customers	984,427	988,014	(3,587)	(0.4)
Accrued interest receivable	2,552	2,648	(96)	(3.6)
Deferred revenue	(44,583)	(44,511)	(72)	(0.2)
Allowance for doubtful accounts	(38,551)	(37,466)	(1,085)	(2.9)
Revaluation allowance for debt restructuring	(1,605)	(1,520)	(85)	(5.6)
Properties for sale, net	6,554	6,865	(311)	(4.5)
Others	81,468	76,000	5,468	7.2
TOTAL ASSETS	1,185,669	1,179,606	6,063	0.5
LIABILITIES AND SHAREHOLDERS' EQUITY				
Deposits	780,597	764,050	16,547	2.2
Interbank and money market items, net	63,943	55,497	8,446	15.2
Debt issued and borrowings	146,308	174,605	(28,297)	(16.2)
Others	69,393	63,901	5,492	8.6
TOTAL LIABILITIES	1,060,241	1,058,053	2,188	0.2
Issued and paid-up share capital	60,741	60,741	0	0.0
Retained earning	43,512	40,158	3,354	8.4
Others	21,175	20,654	521	2.5
TOTAL SHAREHOLDERS' EQUITY	125,428	121,553	3,875	3.2
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	1,185,669	1,179,606	6,063	0.5
Book value per share (Baht)	20.65	20.01	0.64	3.2

As of March 31, 2014, assets stood at Baht 1,185,669 million, representing an increase of Baht 6,063 million, or 0.5%, driven by an increase in other assets of Baht 5,468 million, or 7.2%, mainly from an increase in claims on securities from repurchase agreements of Baht 10,647 million and an increase in interbank and money market items of Baht 4,219 million, or 4.8%, offset by a lower net loan volume of Baht 3,659 million, or 0.4%, from December 2013.

Compared to 4Q/13, liabilities grew 0.2%, or Baht 2,188 million. The growth in liabilities was predominantly driven by an increase in deposits of 2.2%, or Baht 16,547 million, and an increase in interbank and money market items of 15.2%, or Baht 8,446 million. Debt issued and borrowings decreased 16.2%, or Baht 28,297 million, in part driven by the maturity of two tranches of long-term debentures issued in 2012, totaling Baht 11,600 million with an average interest rate of 3.7%.

Total shareholders' equity rose to Baht 125,428 million, an increase of Baht 3,875 million, or 3.2%, from December 2013. The increase was mainly due to equity holders' net income of Baht 3,303 million in 1Q/14.

Book value per share as of March 31, 2014 increased 3.2% to Baht 20.65 from Baht 20.01 at the end of 2013.

3.2 Loans to customers

3.2.1 Loans by segment

Consolidated	Mar. 31, 14	Dec. 31, 13 Restated	Change from Dec. 31, 13	
			Baht mn	%
Corporate	266,543	269,392	(2,849)	(1.1)
SMEs	206,883	206,452	431	0.2
Retail	466,417	467,658	(1,241)	(0.3)
- Hire purchase	232,882	232,472	410	0.2
- Housing	123,498	120,571	2,927	2.4
- Credit cards and personal loans	110,037	114,615	(4,578)	(4.0)
Total *	939,843	943,502	(3,659)	(0.4)

* Loans to customers net of deferred revenue

Krungsri reclassified a portion of SME loans into the Corporate loan segment as of December 2013, in line with our revised commercial lending growth strategy going forward. The reclassification resulted in approximately Baht 25,799 million in loans migrating from the SME segment to the Corporate segment.

As of March 31, 2014, total outstanding loans stood at Baht 939,843 million, a decrease of Baht 3,659 million, or 0.4%, from December 31, 2013. The contraction in loan growth in 1Q/14 was attributed to seasonally lower retail spending, repayment of corporate working capital lines and slowing loan demand. However, Krungsri's strategic focus for this year remains focused on growing prudently in the context of a weaker economic outlook and higher household leverage.

The **retail segment** saw a contraction of 0.3% in 1Q/14, or a decrease of Baht 1,241 million. This was largely attributed to the slowing economy and prolonged political tension, which resulted in a steady decline in consumer sentiment and spending.

Auto hire purchase loans grew slightly at 0.2% in 1Q/14, underlying our strong Krungsri Auto business and customers' brand preference.

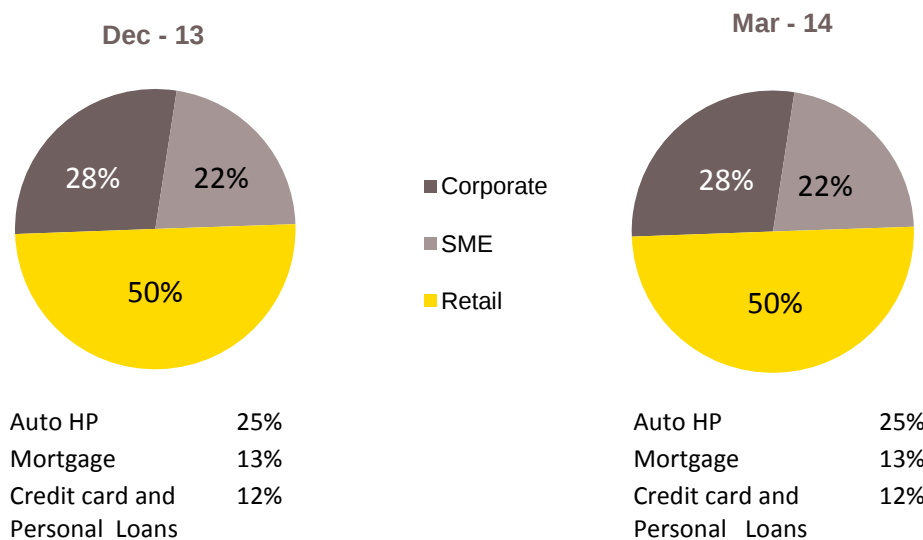
Housing loans grew 2.4% during the quarter, confirming the continued success of our business partnership model adopted in early 2013.

In line with current industry developments, Krungsri's **credit cards and personal loans** contracted by 4.0% in 1Q/2014 driven mainly by seasonally lower spending patterns in the first quarter, normal repayments, weaker consumer confidence and higher household leverage.

Driven largely by the seasonality impact of working capital repayments, **corporate loans** contracted by 1.1%, while **SME** loans remained flat in 1Q/14.

The slowdown in the economy observed in the first quarter together with uncertainties on the political front has softened our outlook for 2014. As a result, we have revised down our 2014 economic growth forecast to 2.7%. Nevertheless, should the political situation subside by mid-2014, domestic demand is expected to pick up and be the driver of economic growth along with exports. With this baseline assumption, we have modified our 2014 loan growth target from 9% to the range of 7 - 9%.

Loan Composition (Restated)



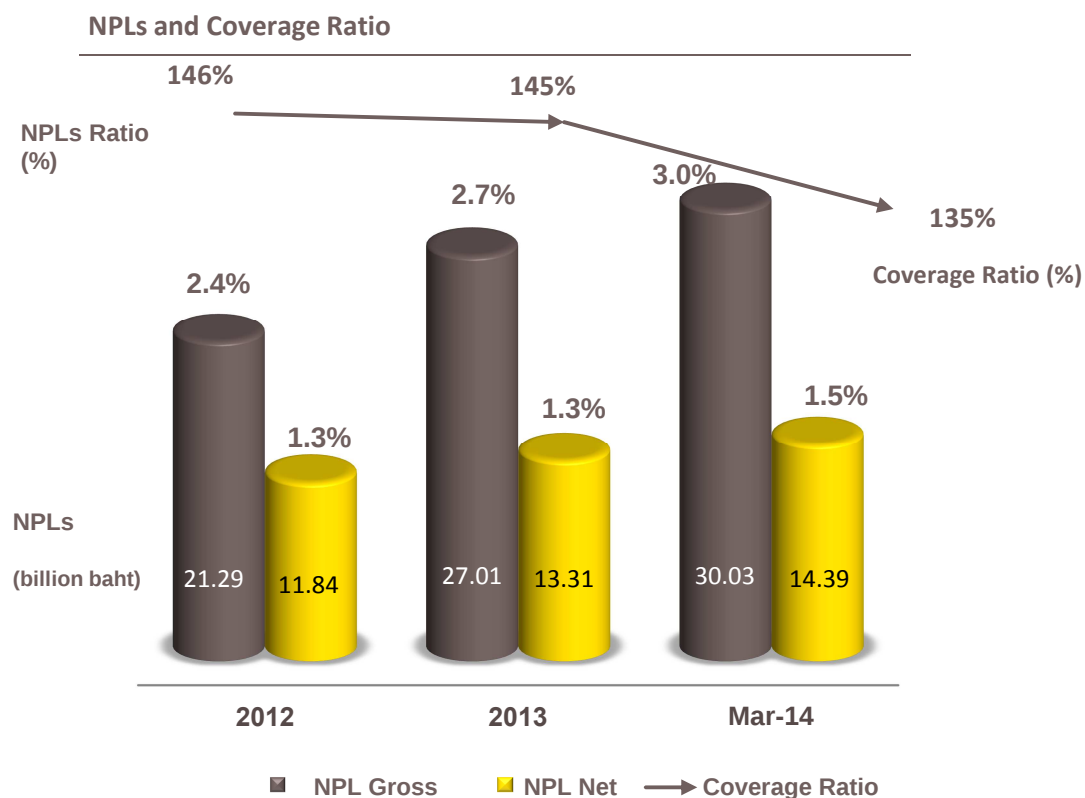
3.2.2 Loan classification and provision

Unit : Baht mn

Consolidated	Mar. 31, 14		Dec. 31, 13		Change	
	Loans and Accrued Interest Receivable	Provision	Loans and Accrued Interest Receivable	Provision	Loans and Accrued Interest Receivable	Provision
Normal	876,736	5,582	883,380	5,713	(6,644)	(131)
Special mention	35,620	3,338	35,748	3,664	(128)	(326)
Substandard	10,186	4,899	9,207	4,419	979	480
Doubtful	9,839	4,268	11,014	5,706	(1,175)	(1,438)
Doubtful of loss	10,015	6,023	6,801	3,197	3,214	2,826
Total	942,396	24,110	946,150	22,699	(3,754)	1,411
Surplus Reserve		14,441		14,767		(326)
Total	942,396	38,551	946,150	37,466	(3,754)	1,085

3.2.3 Non-performing loans

Consolidated	Mar 31, 14	Dec 31, 13	Change from Dec 31, 13	
			Baht mn	%
Non-Performing Loans (Net)	14,392	13,308	1,084	8.1
Non-Performing Loans (Gross)	30,032	27,014	3,018	11.2
Loans loss reserves (LLR)	40,383	39,185	1,198	3.1
Coverage Ratio	134.5%	145.1%	(10.6%)	(7.3)
BOT Requirement	25,942	24,418	1,524	6.2
Actual / Required LLR	155.7%	160.5%	(4.8%)	(3.0)



As of March 31, 2014, gross NPLs increased Baht 3,018 million from December 2013 to Baht 30,032 million. The ratio of gross NPLs to total loans at 1Q/14 stood at 2.97%, compared to 2.67% in December 2013. The uptick in NPLs was attributed to SME and retail segments on the backdrop of weaker economic conditions and higher household leverage.

Total provisions stood at Baht 40,383 million, with an excess provision over Bank of Thailand requirements of Baht 14,441 million. Correspondingly, the actual provisioning ratio when compared to Bank of Thailand requirements stood at 155.7%, while the Group's coverage ratio was 134.5%.

3.3 Funding Structure

Consolidated	Mar. 31, 14	Dec. 31, 13	Change from Dec. 31, 13	
			Baht mn	%
Current	18,485	19,470	(985)	(5.1)
Savings	411,411	383,471	27,940	7.3
Time	350,701	361,109	(10,408)	(2.9)
< 6 Months	131,386	133,061	(1,675)	(1.3)
6 Months - 1 Year	105,760	127,010	(21,250)	(16.7)
> 1 Year	113,554	101,038	12,516	12.4
Total Deposit	780,597	764,050	16,547	2.2
B/E	24,088	38,649	(14,561)	(37.7)
Debenture	87,331	101,053	(13,722)	(13.6)
Total Funding	892,016	903,752	(11,736)	(1.3)

As of March 31, 2014, overall funding for the Bank, including deposits, bills of exchange and debentures, decreased Baht 11,736 million, or 1.3%, from December 2013.

Deposits totaled Baht 780,597 million, an increase of Baht 16,547 million, or 2.2%, from December 2013. The growth in deposits was the result of the continued success of our Big Bang products – “Mee Tae Dai” and “Jad Hai” – and the progressive shift from higher cost borrowings to deposit products. At the end of March 2014, “Mee Tae Dai” account balances outstanding exceeded Baht 178,000 million, while “Jad Hai” accounts outstanding increased by more than 97,000 from December 2013.

As a result, the proportion of current and savings deposits (CASA) as a percentage of total deposits increased to 55.1%, compared to 52.7% as of December 2013.

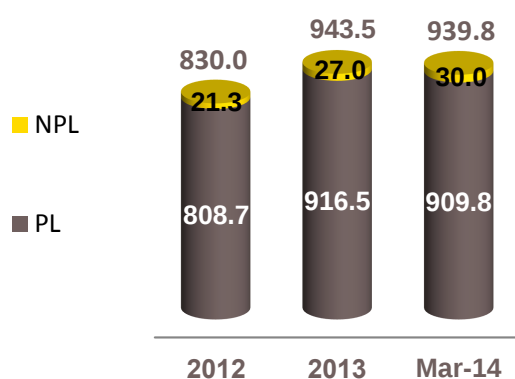
Bills of exchange (B/E) totaled Baht 24,088 million, a decrease of Baht 14,561 million, or 37.7%, from December 2013.

Debentures stood at Baht 87,331 million as of March 2014. The decrease of Baht 13,722 million, or 13.6%, from December 2013 was driven by the maturity of two tranches of long-term debentures issued in 2012, totaling Baht 11,600 million with an average interest rate of 3.7%.

Consequently, the loan to deposit ratio improved to 120%, and the loan to deposit plus B/E and debentures ratio increased slightly to 105%.

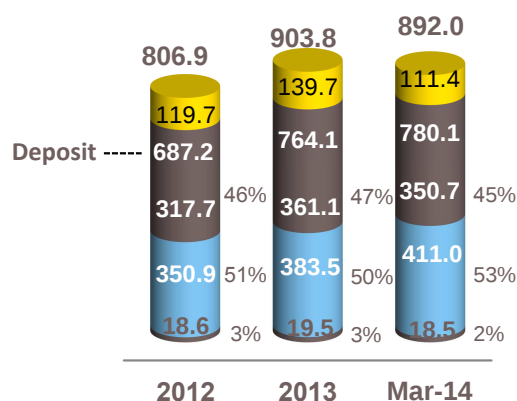
Loans

Unit: Baht Billion



Deposits + B/E + Debenture

Unit: Baht Billion



■ Current ■ Savings ■ Time ■ B/E + Debenture

	2012	2013	Mar -14
L/D	121%	123%	120%
L/D+B/E+Debenture	103%	104%	105%

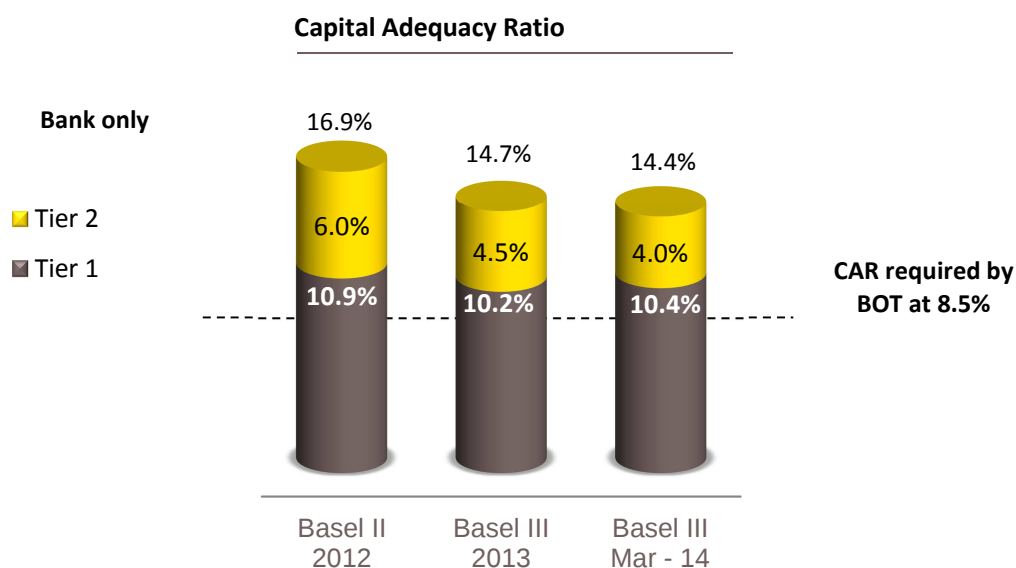
3.4 Contingencies

Consolidated	Mar. 31, 14	Dec. 31, 13	Change from Dec. 31, 13	
			Baht mn	%
Avals to bills and Guarantees of loans	867	1,315	(448)	(34.1)
Liability under unmatured import bills	1,629	1,559	70	4.5
Letters of credit	9,734	9,335	399	4.3
Other contingencies	109,284	102,337	6,947	6.8
Total	121,514	114,546	6,968	6.1

The Krungsri Group's contingencies as of March 31, 2014, totaled Baht 121,514 million, an increase of Baht 6,968 million, or 6.1%, from December 31, 2013. This increase was driven mainly by an increase in other contingencies of Baht 6,947 million.

3.5 Statutory Capital

As of March 31, 2014, the Bank's capital remained strong at Baht 120,856 million, equivalent to 14.4% of risk-weighted assets with 10.4% in Tier 1 capital. Our current level of capital is sufficient to provide Krungsri with the flexibility to continue growing our business.



Baht Billion	2012	2013	Mar - 14
	Basel II	Basel III	Basel III
Tier 1	81.75	84.73	86.91
Tier 2	44.80	37.60	33.95
Total Capital	126.55	122.33	120.86

4. Credit Ratings

In January 2014, following positive rating actions taken by Moody's Investor Service, Standard & Poor's and TRIS Rating in late December 2013, Fitch Ratings upgraded Krungsri's International Ratings (Long-Term Issuer Default Rating-IDR) and National Long-Term Rating from "BBB" to "A-" and from "AA-(tha)" to "AAA(tha)", respectively. This upgrade action reflected Fitch Ratings' assumption that Krungsri has an extremely high probability of support from The Bank of Tokyo-Mitsubishi UFJ, Ltd. (BTMU) which holds 72.01% of Krungsri's shares.

With Fitch Ratings' upgrade actions, Krungsri's Long-Term Issuer Default Rating-IDR ranked above Thailand's sovereign's rating of "BBB+" and at Thailand's country ceiling "A-", while Krungsri's National Long-Term Rating is also ranked highest on Fitch Ratings' national scales.

The Bank's credit ratings assigned by 1. Moody's Investors Service, 2. Standard & Poor's, 3. Fitch Ratings and 4. TRIS Rating as at March 31, 2014 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
Bank Financial Strength Ratings	D+
Outlook	Stable
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
- Support Rating Floor	BB+
- 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. 2014 Key Performance Targets

Consolidated	1Q/13	4Q/13	1Q/14	2014 Targets
Loan Growth (Net)	+7.2 bn +0.9%	+54.3 bn +6.1%	-3.7 bn -0.4%	7-9%
NPLs Ratio	2.38%	2.67%	2.97%	~ 2.5%
Deposit Mix: Savings and Current	56%	53%	55%	~ 50%
Loan Mix : Retail	50%	50%	50%	n.d.
L/D Ratio	119%	123%	120%	n.d.
L/Deposit+Debentures+B/E	103%	104%	105%	100%
NIM	4.28%	4.53%	4.22%	~ 4.2%
Fee income growth (YoY)	24.5%	7.6%	-2.0%	12%+
Cost to Income Ratio	50.41%	50.85%	50.08%	<49%
Provisions	146 bps	289 bps	173 bps	~ 160 bps
Loan Loss Coverage	148%	145%	135%	~ 150%
CAR (Bank Only)	16.6%	14.7%	14.4%	n.d.