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"Make Life Simple
เรื่องเงิน เรื่องง่าย"

Management Discussion and Analysis

For the quarter ended March 31, 2018

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Executive Summary:

Krungsri delivered a record net profit of Baht 6,215 million in 1Q/18, representing a notable 9.4% increase from 4Q/17, and a 10.1% increase from 1Q/17. This quarterly record of net profit was delivered despite the recurring seasonal impact generated by loan repayments in the first quarter.

Total **loans** outstanding stood at Baht 1,573,050 million, an increase of Baht 22,646 million, or 1.5% from December 2017. The increase was achieved despite the seasonal repayments of loans typically observed in the first quarter. The loan expansion in 1Q/18 was driven by auto hire purchase, international corporate (JPC/MNC), SMEs and mortgage segments. Meanwhile, credit cards and personal loans and Thai corporate loans contracted due to the seasonality of repayments.

Corresponding to Krungsri's continued effort to build stable funding, **deposits** totaled Baht 1,369,427 million, an increase of Baht 50,198 million, or 3.8%, from December 2017, mainly resulting from an increase in time and savings deposits.

Non-interest income was recorded at Baht 8,864 million, an increase of Baht 1,189 million, or 15.5%, from 1Q/17, mainly driven by fees of wealth and fund management and securities, auto hire purchase, and card-related businesses, as well as gains on trading and foreign exchange transactions, and bad debt recoveries.

Non-performing loan (NPL) ratio improved from 2.05% in December 2017 to the strongest level of 1.96% in 1Q/18.

Our **loan loss reserves** stood at Baht 58,910 million, with an excess provision over the Bank of Thailand's requirements of Baht 20,999 million. Correspondingly, the actual provisioning ratio when compared to the Bank of Thailand's requirements was strengthened to 155.4%. The coverage ratio also significantly improved to 157.0% from 148.4% at the end of 2017.

Corresponding to the higher net profit, **earnings per share** (EPS) rose to Baht 0.84 in 1Q/18, compared to Baht 0.77 in 4Q/17.

With a solid start in 1Q/18, we expect the economic momentum to gain further traction in the remaining part of the year, supported by sustained growth in export and tourism sectors together with accelerated implementation of public infrastructure investments which will provide catalysts for private investment and loan demand. Under this favorable outlook, we maintain our GDP forecast of 4.0%, which contributes to Krungsri's broad-based loan growth in the range of 6-8% for 2018.

NIM: 3.67%	***Coverage Ratio: 157.0%***
Net Profit: Baht 6.2 billion	***NPL Ratio: 1.96%***

Summary of Financial Performance and Status:

1Q/18 deliverables:

- **Net Profit:**

  Recorded at Baht 6,215 million, representing a marked rise of 9.4% from 4Q/17, and a robust 10.1% increase from 1Q/17.

- **Loan Growth:**

  Increased by 1.5%, or Baht 22,646 million, compared to December 2017.

- **Deposit Growth:**

  Increased by 3.8%, or Baht 50,198 million, compared to December 2017.

- **Net Interest Margin (NIM):**

  Recorded at 3.67%, moderated from 3.81% in 4Q/17, reflecting a shift of portfolio mix during the quarter.

- **Non-Interest Income:**

  Increased by 15.5%, or Baht 1,189 million from 1Q/17, mainly driven by fees of wealth and fund management and securities, auto hire purchase, and card-related businesses, as well as gains on trading and foreign exchange transactions, and bad debt recoveries.

- **Cost to Income Ratio:**

  Recorded at 46.1%, firmly improved from 49.7% in 4Q/17.

- **Non-Performing Loan (NPL) Ratio:**

  Recorded at the strongest level of 1.96%, improved from 2.05% in December 2017.

- **Coverage Ratio:**

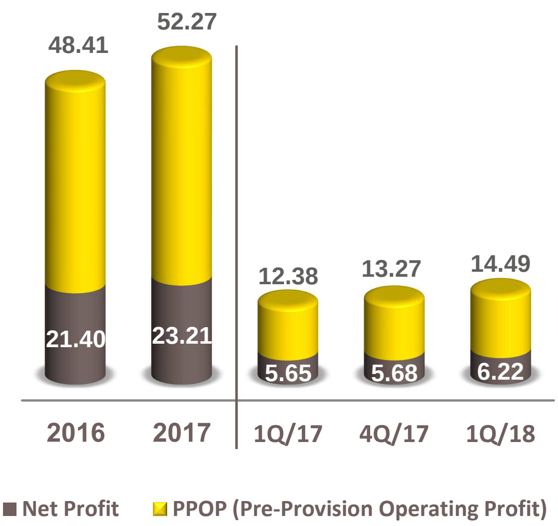
  Recorded at a strong level of 157.0%.

- **Capital Adequacy Ratio:**

  Recorded at 15.61%, compared to 15.65% in December 2017.

PPOP & Net Profit

Unit: Baht Billion



In 1Q/18, operating profit was Baht 14,488 million, representing a marked increase of Baht 1,217 million, or 9.2%, from 4Q/17, driven by an increase in net interest income and non-interest and non-fees income, namely gains on investments and bad debt recoveries, as well as a reduction in operating expenses.

On a year-on-year basis, operating profit robustly increased by Baht 2,110 million or 17.0% from 1Q/17, largely driven by an increase in both net interest income and non-interest income, namely gains on trading and foreign exchange transaction and bad debt recoveries, offset by an increase in operating expenses.

With strong operating profits, driven by both revenue growth and operating efficiency, and notwithstanding notable improvement in asset quality, loan loss provision was amounted to Baht 6,683 million, an increase of Baht 573 million, or 9.4%, from 4Q/17, and an increase of Baht 1,440 million, from 1Q/17.

Net profit in 1Q/18 was Baht 6,215 million, representing an increase of Baht 536 million, or 9.4% compared to 4Q/17, and an increase of Baht 570 million, or 10.1% from 1Q/17.

1. Statements of Profit or Loss and Other Comprehensive Income

Consolidated	1Q/18	4Q/17	1Q/17	Change QoQ		Change YoY	
				Baht mn	%	Baht mn	%
Interest Income	25,525	24,837	22,762	688	2.8	2,763	12.1
Interest Expenses	7,502	7,070	6,279	432	6.1	1,223	19.5
Interest Income, Net	**18,023**	**17,767**	**16,483**	**256**	**1.4**	**1,540**	**9.3**
Fees and Service Income	7,207	7,208	6,286	(1)	(0.0)	921	14.7
Fees and Service Expense	1,887	1,878	1,617	9	0.5	270	16.7
Fees and Service Income, Net	**5,320**	**5,330**	**4,669**	**(10)**	**(0.2)**	**651**	**13.9**
Non-interest and Non-fees Income	3,544	3,307	3,007	237	7.2	537	17.9
Other Operating Expenses	12,399	13,133	11,781	(734)	(5.6)	618	5.2
Pre-Provision Operating Profit (PPOP)	**14,488**	**13,271**	**12,378**	**1,217**	**9.2**	**2,110**	**17.0**
Impairment Loss of Loan and Debt Securities	6,683	6,110	5,243	573	9.4	1,440	27.5
Income Tax Expense	1,516	1,395	1,405	121	8.7	111	7.9
Net Profit	**6,289**	**5,766**	**5,730**	**523**	**9.1**	**559**	**9.8**
Other Comprehensive Income, Net	(184)	201	(162)	(385)	(191.5)	(22)	(13.6)
Total Comprehensive Income	**6,105**	**5,967**	**5,568**	**138**	**2.3**	**537**	**9.6**
Net Profit Attributable To							
Owners of the Bank	6,215	5,679	5,645	536	9.4	570	10.1
Non-Controlling Interest	74	87	85	(13)	(14.9)	(11)	(12.9)
Net Profit	**6,289**	**5,766**	**5,730**	**523**	**9.1**	**559**	**9.8**
Total Comprehensive Income Attributable To							
Owners of the Bank	6,032	5,881	5,484	151	2.6	548	10.0
Non-Controlling Interest	73	86	84	(13)	(15.1)	(11)	(13.1)
Total Comprehensive Income	**6,105**	**5,967**	**5,568**	**138**	**2.3**	**537**	**9.6**
Earning Per Share (Baht)	**0.84**	**0.77**	**0.77**	**0.07**	**9.1**	**0.07**	**9.1**

2. Financial Performance

2.1 Net Interest Income

Consolidated	1Q/18	4Q/17	1Q/17	Change QoQ		Change YoY	
				Baht mn	%	Baht mn	%
INTEREST INCOME							
Interest on loans	16,265	15,615	14,895	650	4.2	1,370	9.2
Interest on interbank and money market items	1,703	1,299	590	404	31.1	1,113	188.6
Hire purchase and financial lease income	7,199	7,509	6,592	(310)	(4.1)	607	9.2
Investments and trading transactions	8	9	41	(1)	(11.1)	(33)	(80.5)
Investments in debt securities	350	405	644	(55)	(13.6)	(294)	(45.7)
Total Interest Income	**25,525**	**24,837**	**22,762**	**688**	**2.8**	**2,763**	**12.1**
INTEREST EXPENSE							
Interest on deposits	3,531	3,459	2,993	72	2.1	538	18.0
Interest on interbank and money market items	1,275	1,074	944	201	18.7	331	35.1
Interest on borrowings	1,037	985	974	52	5.3	63	6.5
Contribution to Financial Institution Development Fund and Deposit Protection Agency	1,638	1,549	1,361	89	5.7	277	20.4
Borrowing fee expenses	16	(1)	3	17	1,700.0	13	433.3
Other interest expenses	5	4	4	1	25.0	1	25.0
Total Interest Expenses	**7,502**	**7,070**	**6,279**	**432**	**6.1**	**1,223**	**19.5**
Interest Income, Net	**18,023**	**17,767**	**16,483**	**256**	**1.4**	**1,540**	**9.3**
Net Interest Margin	3.67%	3.81%	3.82%				
Yield on Earning Assets	5.20%	5.33%	5.27%				
Cost of Funds	1.69%	1.68%	1.60%				

Interest income in 1Q/18 was Baht 25,525 million, increased by Baht 688 million, or 2.8% from 4Q/17, mainly driven by:

- Interest on loans increased by Baht 650 million, or 4.2% from loan portfolio expansion.
- Interest on interbank and money market items increased by Baht 404 million, or 31.1%, from higher repurchase agreement transactions.

Interest expenses in 1Q/18 were Baht 7,502 million, increased by Baht 432 million, or 6.1%, from 4Q/17. Key items are as follows:

- Interest on deposits increased by Baht 72 million, or 2.1%, reflecting a strong deposit volume mobilized in 1Q/18.
- Interest on interbank and money market items increased by Baht 201 million, or 18.7%, driven by borrowing from financial institutions.
- Contribution to the Financial Institutions Development Fund (FIDF) and the Deposit Protection Agency (DPA) increased by Baht 89 million, or 5.7%, corresponding to a higher deposit volume.
- Interest on borrowing increased by Baht 52 million, or 5.3%, mainly from a higher volume of debentures.

Consequently, net interest income in 1Q/18 was Baht 18,023 million, representing an increase of Baht 256 million or 1.4% from 4Q/17.

On a year-on-year basis, interest income robustly increased by Baht 2,763 million or 12.1%. Key items are as follows:

- Interest on loans increased by Baht 1,370 million, or 9.2%, corresponding to the higher outstanding balance on loans.
- Interest on interbank and money market items increased by Baht 1,113 million, or 188.6%, mainly due to higher repurchase agreement transactions.
- Interest on hire purchase and financial lease income increased by Baht 607 million, or 9.2%, resulting from a robust auto hire purchase portfolio expansion of 17.3%.
- Meanwhile, investment in debt securities decreased by Baht 294 million, or 45.7%, driven by a decrease in the AFS portfolio.

Interest expenses increased by Baht 1,223 million, or 19.5% from 1Q/17. Key items are as follows:

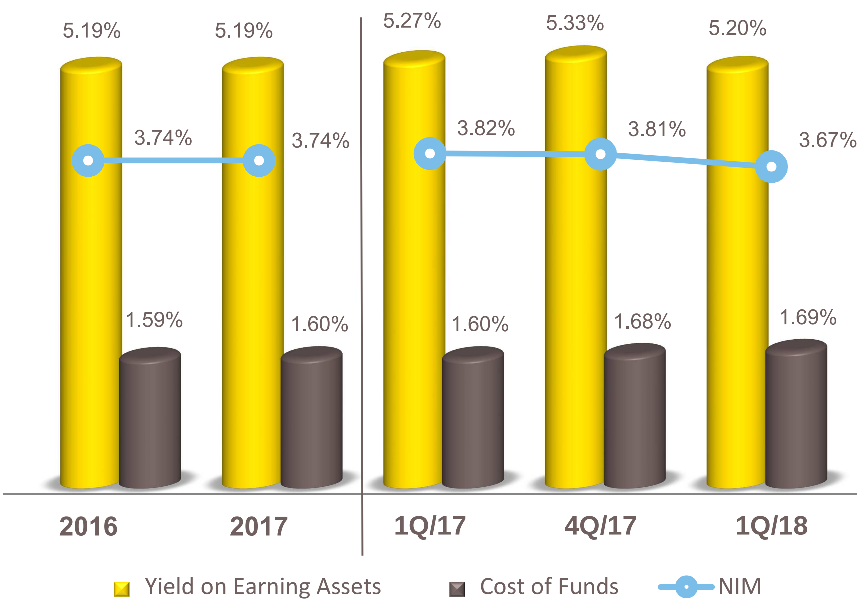
- Interest on deposits increased by Baht 538 million, or 18.0%, reflecting the higher outstanding balance of deposits at 21.7%.
- Interest on interbank and money market items increased by Baht 331 million, or 35.1%, driven by borrowing from financial institutions.
- Contribution to the FIDF and the DPA increased by Baht 277 million, or 20.4%, corresponding to a higher deposit volume of 21.7%.
- Interest on borrowing increased by Baht 63 million, or 6.5%, mainly from higher volume of subordinated debentures and debentures.

Consequently, net interest income in 1Q/18 increased by Baht 1,540 million, or 9.3% from 1Q/17.

The yield on earning assets was at 5.20%, compared to 5.33% in the prior quarter, reflecting a shift of portfolio mix during the quarter. Corresponding to our effective funding management, cost of funds slightly increased to 1.69% from 1.68% in 4Q/17, despite a robust growth of deposits and debentures.

Consequently, NIM moderated to 3.67% in 1Q/18 compared to 3.81% in the previous quarter.

Net Interest Margin (NIM)

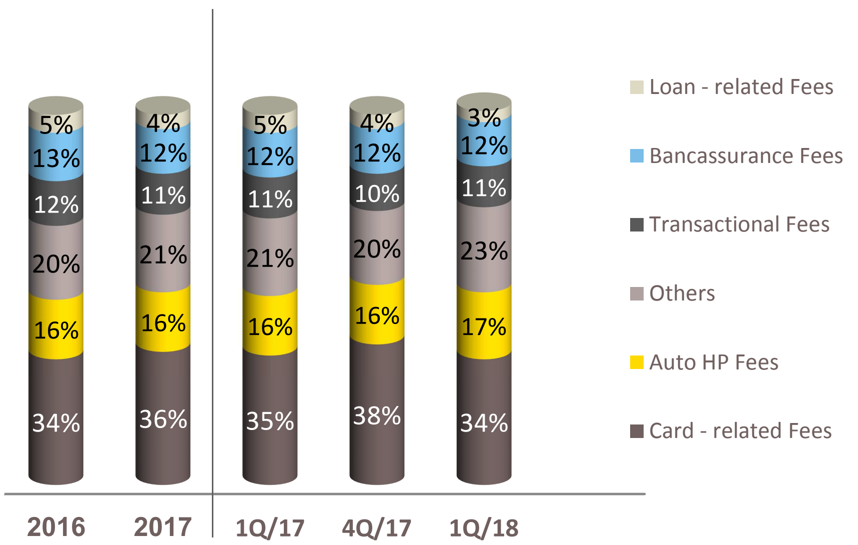


	Dec-16	Mar-17	Jun-17	Sep-17	Dec-17	Mar-18
Policy Rate	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%
Krungsri Lending Rate	6.60%	6.60%	6.60%	6.60%	6.60%	6.60%
Saving Rate	0.30%	0.30%	0.30%	0.30%	0.30%	0.30%
3 - month deposits	0.80-1.00%	0.80-1.00%	0.80-1.00%	0.80-1.00%	0.80-1.00%	0.80-1.00%
6 - month deposits	0.90-1.20%	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%

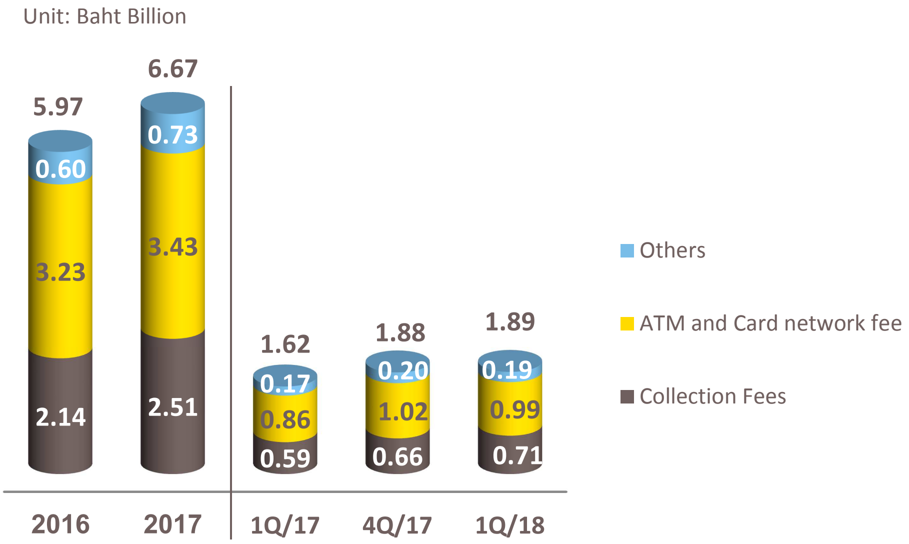
2.2 Net Fees and Service Income

Consolidated	1Q/18	4Q/17	1Q/17	Change QoQ		Change YoY	
				Baht mn	%	Baht mn	%
Acceptances, aval and guarantees	126	133	132	(7)	(5.3)	(6)	(4.5)
Other fees and service income	7,081	7,075	6,154	6	0.1	927	15.1
Fees and service income	**7,207**	**7,208**	**6,286**	**(1)**	**(0.0)**	**921**	**14.7**
Fees and service expense	1,887	1,878	1,617	9	0.5	270	16.7
Fees and Service Income, net	**5,320**	**5,330**	**4,669**	**(10)**	**(0.2)**	**651**	**13.9**

Fees & Service Income Breakdown



Fees & Service Expense



Fees and service income in 1Q/18 was Baht 7,207 million, remained unchanged from the prior quarter. Key items are as follows:

- Wealth & fund management and securities-related fees increased by Baht 130 million, or 11.2%, mirroring the capital market conditions in 1Q/18.
- Auto hire purchase fee increased by Baht 80 million, or 6.7%
- Transactional fees increased by Baht 57 million, or 7.7%.
- Corresponding to the contraction in credit card and personal loan portfolios, card-related fees decreased by Baht 299 million, or 11.0%.

Fees and service expense in 1Q/18 was Baht 1,887 million, increased by 0.5% from 4Q/17, mainly due to collection fees, offset by a decrease in ATM and card network fee expenses.

Consequently, net fees and service income in 1Q/18 slightly decreased by Baht 10 million, or 0.2% from 4Q/17.

On a year-on-year basis, fees and service income increased by Baht 921 million or 14.7%. Key items are as follows:

- Wealth & fund management and securities-related fees increased by Baht 352 million, or 37.5%.
- Auto hire purchase fees increased robustly by Baht 252 million, or 24.9%, resulting from the portfolio expansion of 17.3%.
- Card-related fees increased by Baht 242 million, or 11.1%.

Fees and service expense increased by Baht 270 million, or 16.7%, from 1Q/17, mainly from ATM and card network fee expenses and collection fees.

Consequently, net fees and service income increased by Baht 651 million, or 13.9%, from 1Q/17.

2.3 Non-interest and Non-fees Income

Consolidated	1Q/18	4Q/17	1Q/17	Change QoQ		Change YoY	
				Baht mn	%	Baht mn	%
Gains (losses) on trading and foreign exchange transactions, net	1,314	1,406	1,018	(92)	(6.5)	296	29.1
Gains (losses) on investments, net	228	71	193	157	221.1	35	18.1
Share of profit (loss) from investment for using equity method	112	42	75	70	166.7	37	49.3
Bad debt recoveries	1,443	1,329	1,232	114	8.6	211	17.1
Other operating income	447	459	489	(12)	(2.6)	(42)	(8.6)
Total Non-interest and Non-fees Income	**3,544**	**3,307**	**3,007**	**237**	**7.2**	**537**	**17.9**

Non-interest and non-fees income in 1Q/18 was Baht 3,544 million, increased by Baht 237 million, or 7.2% from 4Q/17. Key items are as follows:

- Gains on investments increased by Baht 157 million, or 221.1%, mainly from the Available-for-Sale (AFS) portfolio.
- Bad debt recoveries increased by Baht 114 million, or 8.6%.
- Gains on trading and foreign exchange transactions contracted by Baht 92 million, or 6.5%, mainly from a decrease in gains on interest rate derivatives.

On a year-on-year basis, non-interest and non-fees income increased by Baht 537 million, or 17.9%. Key items are as follows:

- Gains on trading and foreign exchange transactions increased by Baht 296 million, or 29.1%, mainly due to an increase in gains on FX and derivatives and interest rate derivatives.
- Bad debt recoveries increased by Baht 211 million, or 17.1%.
- Other operating income contracted by Baht 42 million or 8.6%, mainly attributed to decreases of other income and dividend income of Baht 48 million and Baht 18 million respectively, offset by an increase in gains on sale of properties for sale of Baht 25 million.

2.4 Other Operating Expenses

Consolidated	1Q/18	4Q/17	1Q/17	Change QoQ		Change YoY	
				Baht mn	%	Baht mn	%
Employee expenses	6,539	6,373	6,297	166	2.6	242	3.8
Premises and equipment expenses	2,097	2,138	2,037	(41)	(1.9)	60	2.9
Taxes and duties	685	658	647	27	4.1	38	5.9
Directors' remuneration	15	16	13	(1)	(6.3)	2	15.4
Other expenses	3,063	3,948	2,787	(885)	(22.4)	276	9.9
Total Other Operating Expenses	**12,399**	**13,133**	**11,781**	**(734)**	**(5.6)**	**618**	**5.2**

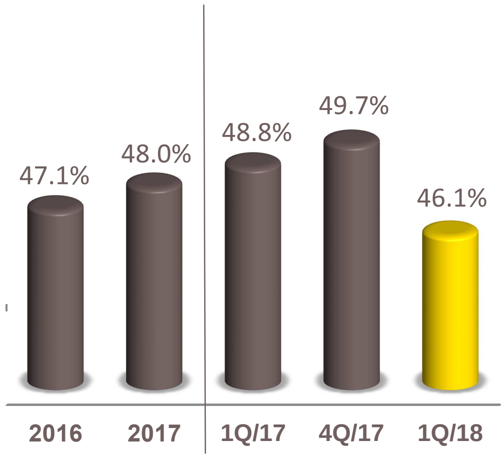
Other operating expenses were Baht 12,399 million, decreased by Baht 734 million or 5.6% from 4Q/17. Key items are as follows:

- Other expenses decreased by 22.4%, or Baht 885 million, driven by the lower marketing promotion expense of Baht 513 million compared to the high base in 4Q/17, corresponding to the growth of the retail business volume.
- Employee expenses increased by 2.6%, or Baht 166 million, mainly due to an increase in staff salaries, compensation and benefits.
- Premises and equipment expenses declined by 1.9%, or Baht 41 million, mainly due to a decrease in depreciation of leasehold improvement.

Compared to 1Q/17, other operating expenses increased by Baht 618 million, or 5.2%. Key items are as follows:

- Other expenses increased by Baht 276 million, or 9.9%, driven by a higher IT expenses of Baht 113 million, and an increase in marketing promotion expenses of Baht 72 million.
- Employee expenses increased by 3.8%, or Baht 242 million, mainly from an annual merit increase and staff promotions.
- Premises and equipment expenses increased by 2.9%, or Baht 60 million, mainly due to an increase in office rental expenses.

Cost to Income Ratio



We continued to enhance our operational efficiency. The cost-to-income ratio was recorded at 46.1% in 1Q/18, decreased from 49.7% in 4Q/17, which was corresponding to business activities and the seasonal volume in the previous quarter.

2.5 Impairment loss on loans and debt securities

Consolidated	1Q/18	4Q/17	1Q/17	Change QoQ		Change YoY	
				Baht mn	%	Baht mn	%
Impairment loss on debt instrument (reversal)	0	(50)	0	50	100.0	0	0.0
Bad Debt and Doubtful Accounts	6,326	5,786	4,851	540	9.3	1,475	30.4
Loss on Debt Restructuring	357	374	392	(17)	(4.5)	(35)	(8.9)
Total impairment loss on loan and debt securities	**6,683**	**6,110**	**5,243**	**573**	**9.4**	**1,440**	**27.5**

Loan loss provision in 1Q/18 amounted to Baht 6,683 million, an increase of Baht 573 million, or 9.4%, from the prior quarter, corresponding our prudential safeguard. As a result, the coverage ratio significantly improved to 157.0% from 148.4% in December 2017.

3. Financial Status

3.1 Statement of Financial Position

Consolidated	As at Mar. 31, 18	As at Dec. 31, 17	Change from Dec. 31, 17 Baht mn	%
ASSETS				
Cash	33,604	38,244	(4,640)	(12.1)
Interbank and money market items, net	393,282	330,797	62,485	18.9
Investments, net	77,725	83,934	(6,209)	(7.4)
Investments in subsidiaries				
and joint ventures, net	2,334	2,222	112	5.0
Loans to customers	1,646,441	1,619,358	27,083	1.7
Accrued interest receivable	4,148	3,917	231	5.9
Deferred revenue	(73,391)	(68,954)	(4,437)	(6.4)
Allowance for doubtful accounts	(57,204)	(54,173)	(3,031)	(5.6)
Revaluation allowance for debt				
restructuring	(1,295)	(1,303)	8	0.6
Properties for sale, net	3,520	3,685	(165)	(4.5)
Others	131,064	131,045	19	0.0
TOTAL ASSETS	**2,160,228**	**2,088,772**	**71,456**	**3.4**
LIABILITIES AND SHAREHOLDERS' EQUITY				
Deposits	1,369,427	1,319,229	50,198	3.8
Interbank and money market items, net	268,411	279,721	(11,310)	(4.0)
Debt issued and borrowings	171,259	142,866	28,393	19.9
Others	119,039	120,969	(1,930)	(1.6)
TOTAL LIABILITIES	**1,928,136**	**1,862,785**	**65,351**	**3.5**
Issued and paid-up share capital	73,558	73,558	0	0.0
Retained earning	101,476	95,198	6,278	6.6
Others	57,058	57,231	(173)	(0.3)
TOTAL SHAREHOLDERS' EQUITY	**232,092**	**225,987**	**6,105**	**2.7**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**2,160,228**	**2,088,772**	**71,456**	**3.4**
Book value per share (Baht)	**31.55**	**30.72**	**0.83**	**2.7**

As of March 31, 2018, total assets stood at Baht 2,160,228 million, representing an increase of Baht 71,456 million, or 3.4%, from December 2017. Key items are as follows:

- Net interbank and money market items increased by Baht 62,485 million, or 18.9%, driven by an increase in repurchase agreements of Baht 53,509 million and loans to financial institutions of Baht 4,665 million.

- Total loans (net deferred revenue) increased by Baht 22,646 million, or 1.5%.

- Net investments decreased by Baht 6,209 million, or 7.4%, mainly due to a decrease in the Available for Sale (AFS) portfolio.

Compared to December 2017, total liabilities increased by Baht 65,351 million, or 3.5%. Key items are as follows:

- Deposits increased by Baht 50,198 million, or 3.8%, driven by both time and savings deposits.

- Debts issued and borrowings increased by Baht 28,393 million, or 19.9%, driven by an increase in net issuance of Krungsri Group's debentures of Baht 26,800 million.

- Net interbank and money market items decreased by Baht 11,310 million, or 4.0%, mainly due to a decrease in financial institution loans of Baht 13,825 million, offset by an increase in repurchase agreements of Baht 1,760 million.

Total shareholders' equity rose to Baht 232,092 million, reflecting an increase of Baht 6,105 million, or 2.7%, from December 2017. The increase was mainly due to an increase in equity holders' net profit of Baht 6,215 million in 1Q/18.

Book value per share as of March 31, 2018 increased by 2.7% to Baht 31.55 from Baht 30.72 at the end of 2017.

3.2 Loans to customers

3.2.1 Loans by segment

Consolidated	Mar. 31, 18	Dec. 31, 17	Change from Dec. 31, 17	
			Baht mn	%
Corporate	**603,234**	**601,797**	**1,437**	**0.2**
- Thai Corporate	423,478	431,136	(7,658)	(1.8)
- International Corporate (JPC/MNC)	179,756	170,661	9,095	5.3
SMEs	**226,749**	**220,627**	**6,122**	**2.8**
Retail	**743,067**	**727,980**	**15,087**	**2.1**
- Hire purchase	352,829	336,627	16,202	4.8
- Mortgage	222,471	217,098	5,373	2.5
- Credit cards and personal loans	167,767	174,255	(6,488)	(3.7)
Total *	**1,573,050**	**1,550,404**	**22,646**	**1.5**

* Loans to customers net of deferred revenue

As of March 31, 2018, total outstanding loans (net of deferred revenue) stood at Baht 1,573,050 million, an increase of Baht 22,646 million, or 1.5%, from December 2017. The loan expansion in 1Q/18 driven by auto hire purchase, international corporate (JPC/MNC), SMEs and mortgage loans. Meanwhile, credit cards and personal loans and Thai corporate loans contracted due to the seasonality of repayments.

At the end of 1Q/18, commercial loans, comprising corporate and SME customers, accounted for 53% of the total loan portfolio, while retail lending represented the remaining 47%.

Details of loan performance by segment are as follows:

Corporate loans grew by 0.2%, or Baht 1,437 million, driven by an expansion in international corporate (JPC/MNC) loans of Baht 9,095 million, or 5.3%, mirroring an improvement in global economic conditions. Meanwhile, the Thai corporate portfolio contracted by 1.8%, or Baht 7,658 million, driven largely by the seasonal repayments of working capital.

SMEs loans grew by 2.8%, or Baht 6,122 million, mainly driven by medium and small-sized SMEs, mirroring Thailand's economic improvements and Krungsri's enhanced SME service efficiency.

Retail loans recorded a growth of Baht 15,087 million, or 2.1%, largely attributed to the growth in auto hire purchase and mortgage segments. Meanwhile, credit card and personal loans contracted due to seasonal repayments and lower spending.

Auto hire purchase loans grew by 4.8%, or Baht 16,202 million. The growth was broad-based, and of particularly strong in the new car segment, reflecting an improvement in domestic car sales and our strong relationship with strategic partners and dealers.

Mortgage loans grew by 2.5%, or Baht 5,373 million, driven by Krungsri's strategy focusing on premium segments with continuous customer service enhancement.

Credit cards and personal loans contracted by 3.7%, or Baht 6,488 million, mainly due to seasonally lower spending patterns and repayments, following a substantial growth at 10.2% in the prior quarter.

Loan Composition

Auto HP	22%	Auto HP	22%
Mortgage	14%	Mortgage	14%
Credit card and Personal Loans	11%	Credit card and Personal Loans	11%

3.2.2 Loan classification and provision

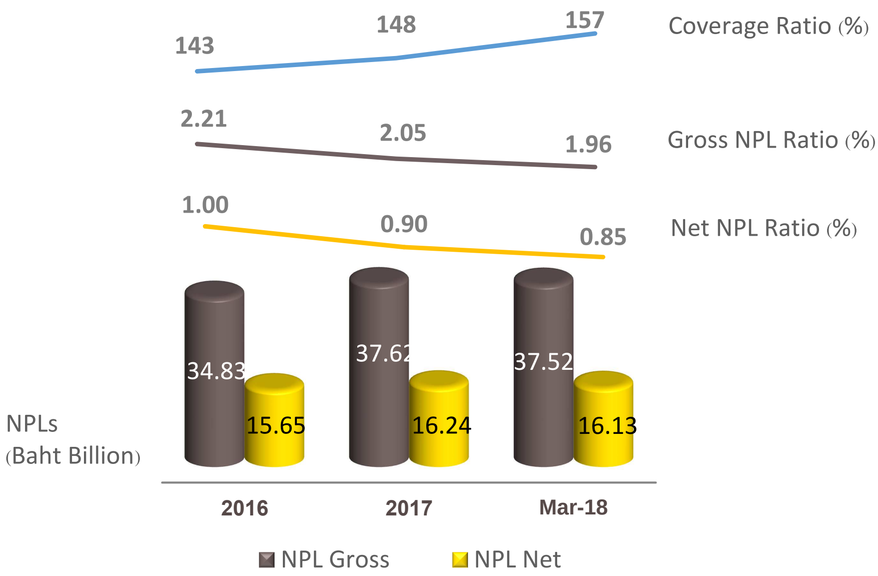
Unit : Baht mn

Consolidated	Mar. 31, 18		Dec. 31, 17		Change	
	Loans and Accrued Interest Receivable	Provision	Loans and Accrued Interest Receivable	Provision	Loans and Accrued Interest Receivable	Provision
Normal	1,482,419	12,218	1,462,823	11,863	19,596	355
Special mention	57,263	3,114	53,876	2,998	3,387	116
Substandard	9,458	4,914	11,279	5,938	(1,821)	(1,024)
Doubtful	7,809	4,264	7,021	3,902	788	362
Doubtful of loss	20,249	11,695	19,322	11,020	927	675
Total	1,577,198	36,205	1,554,321	35,721	22,877	484
Surplus Reserve		20,999		18,452		2,547
Total	**1,577,198**	**57,204**	**1,554,321**	**54,173**	**22,877**	**3,031**

3.2.3 Non-performing loans

Consolidated	Mar. 31, 18	Dec. 31, 17	Change from Dec. 31, 17	
			Baht mn	%
Non-Performing Loans (Net)	16,125	16,243	(118)	(0.7)
Non-Performing Loans (Gross)	37,515	37,622	(107)	(0.3)
Loans Loss Reserves (LLR)	58,910	55,841	3,069	5.5
Coverage Ratio	**157.0%**	**148.4%**	**8.6%**	**5.8**
BOT Requirement	37,910	37,389	521	1.4
Actual / Required LLR	**155.4%**	**149.4%**	**6.0%**	**4.0**

NPLs and Coverage Ratio



As of March 31, 2018, gross NPLs stood at Baht 37,515 million, a decrease of Baht 107 million, or 0.3%, from Baht 37,622 million at the end of 2017. The ratio of gross NPLs in 1Q/18 stood at 1.96%, compared to 2.05% at the end of 2017.

As of March 31, 2018, notwithstanding the improvement in NPLs outstanding, loan loss reserves prudentially increased to Baht 58,910 million, with an excess provision over the Bank of Thailand's requirements of Baht 20,999 million. Correspondingly, the actual provisioning ratio when compared to the Bank of Thailand's requirements was strengthened to 155.4%. The coverage ratio also significantly improved to 157.0% from 148.4% at the end of 2017, well-above the Bank's full year guidance at the level of 140%.

3.3 Funding Structure

Consolidated	Mar. 31, 18	Dec. 31, 17	Change from Dec. 31, 17	
			Baht mn	%
Current	**33,747**	**36,798**	**(3,051)**	**(8.3)**
Savings	**571,898**	**550,962**	**20,936**	**3.8**
Time	**763,782**	**731,469**	**32,313**	**4.4**
< 6 Months	355,804	341,517	14,287	4.2
6 Months and < 1 Year	287,907	285,292	2,615	0.9
1 Year and over 1 Year	120,071	104,660	15,411	14.7
Total Deposit	**1,369,427**	**1,319,229**	**50,198**	**3.8**
B/E	**1**	**8**	**(7)**	**(87.5)**
Debenture	**123,125**	**96,325**	**26,800**	**27.8**
Total Funding	**1,492,553**	**1,415,562**	**76,991**	**5.4**

As of March 31, 2018, overall funding, including deposits, bills of exchange, and debentures, was Baht 1,492,553 million, increased by Baht 76,991 million, or 5.4%, from December 2017.

Deposits totaled Baht 1,369,427 million, an increase of Baht 50,198 million, or 3.8%, from December 2017. The growth in deposits resulted from an increase in time deposits of Baht 32,313 million and savings deposits of Baht 20,936 million.

As a result, the proportion of current and savings deposits (CASA) as a percentage of total deposits decreased to 44.2%, compared to 44.6% as of December 2017.

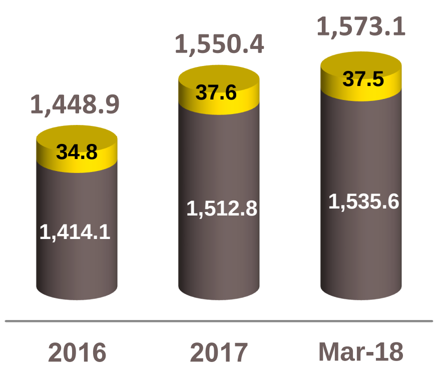
Bills of exchange (B/E) totaled Baht 1 million, a decrease of Baht 7 million, or 87.5%, from December 2017, mirroring customers' preferences.

Debentures stood at Baht 123,125 million as of March 2018, an increase of Baht 26,800 million, or 27.8%, from December 2017 which was mainly driven by the net issuance of Krungsri Group's debentures. In 1Q/18, the Bank issued new long-term debentures in the amount of Baht 15,000 million with a maturity of 3 years carrying an interest rate of 1.91%, offset by the matured debentures totaling Baht 4,000 million. In addition, Krungsri Group's subsidiaries issued new debentures in the amount of Baht 17,000 million offset by the matured debentures totaling Baht 1,200 million

Both strong deposit growth and new issuance of long-term debentures during the period reflected Krungsri's continued effort to build stable funding as well as Krungsri's stringent match-funding discipline, consequently, the loan to deposit ratio improved to 115%, and the loan to deposit ratio, which included bills of exchange and debentures, improved to 105%.

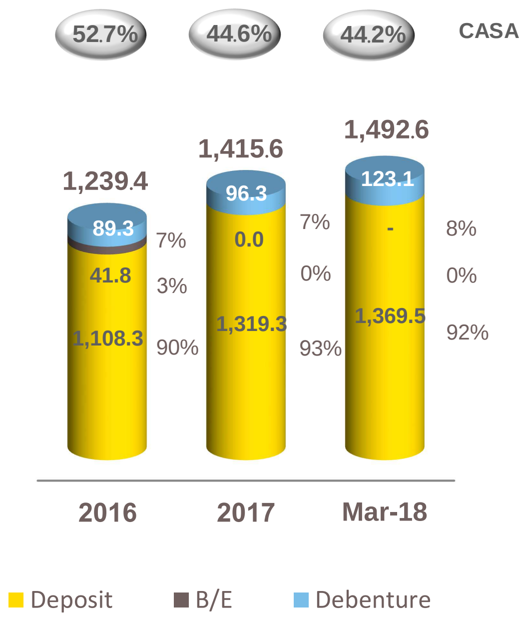
Loans

Unit: Baht Billion



Deposits + B/E + Debenture

Unit: Baht Billion



	2016	2017	Mar-18
L/D	131%	118%	115%
L/D+B/E+Debentures	117%	110%	105%

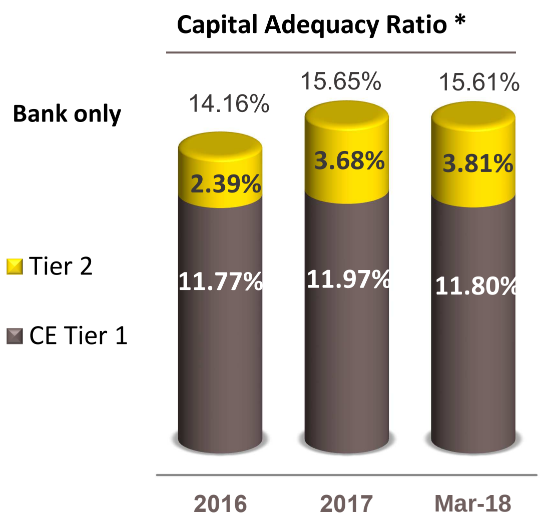
3.4 Contingencies

Consolidated	Mar. 31, 18	Dec. 31, 17	Change from Dec. 31, 17	
			Baht mn	%
Avals to bills and Guarantees of loans	3,983	3,005	978	32.5
Liability under unmatured import bills	1,335	1,437	(102)	(7.1)
Letters of credit	7,763	7,744	19	0.2
Other contingencies	95,824	100,010	(4,186)	(4.2)
Total	**108,905**	**112,196**	**(3,291)**	**(2.9)**

Krungsri Group's contingencies as of March 31, 2018 totaled Baht 108,905 million, a decrease of Baht 3,291 million, or 2.9%, from December 31, 2017. The decrease was mainly driven by a decrease in other contingencies of Baht 4,186 million, mainly from unused credit limit.

3.5 Statutory Capital

As of March 31, 2018, the Bank's capital was strong at Baht 221,461 million, equivalent to 15.61% of risk-weighted assets, comprising common equity tier 1 capital of 11.80% and tier 2 capital of 3.81%. The current level of capital is sufficient to provide Krungsri with the flexibility to continue growing our business.



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

Baht Billion	2016	2017	Mar-18
CE Tier 1	158.83	167.53	167.38
Tier 2	32.26	51.50	54.08
Total Capital	191.09	219.03	221.46

Remark: BOT has adopted supervisory framework for Domestic Systemically Important Banks (D-SIBs) by requiring qualified banks to maintain additional 1% of common equity tier 1 from the current minimum requirement, starting 0.5% on Jan 1, 2019 and 1% on Jan 1, 2020.

4. Credit Ratings

The Bank's credit ratings assigned by Moody's Investors Service, Standard & Poor's, Fitch Ratings and TRIS Rating as of March 31, 2018 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**
2. Standard and Poor's	
Issuer Credit Rating (ICR)	
- Long Term	**BBB+**
- Short Term	**A-2**
Foreign Currency	
- Long Term - Senior Debt	**BBB+**
- Short Term	**A-2**
Stand-alone Credit Profile (SACP)	**bb+**
Outlook	**Stable**
3. Fitch Ratings	
International Ratings (Foreign Currency)	
- Long Term	**A-**
- Subordinated Debt	**BBB+**
- Short Term	**F2**
- Viability Rating	**bbb**
- Support	**1**
- Outlook	**Stable**

3. **Fitch Ratings**

National Ratings

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

4. **TRIS Rating**

National Ratings

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

5. 2018 Key Performance Targets

Consolidated	1Q/17	4Q/17	1Q/18	2018 Targets	
Loan Growth (Net)	-16.8 bn -1.2%	+54.2 bn +3.6%	+22.6 bn +1.5%	6-8%	✓
NPLs Ratio	2.33%	2.05%	1.96%	< 2.5%	✓
Loan Mix : Retail	45%	47%	47%	50%	✓
NIM	3.82%	3.81%	3.67%	3.5-3.7%	✓
Non-interest income growth* (YoY)	8.3%	17.3%	15.5%	~ 5.0%	✓
Cost to Income Ratio	48.8%	49.7%	46.1%	< 50%	✓
Provisions	151 bps	157 bps	169 bps	130-140 bps	~
Loan Loss Coverage Ratio	143%	148%	157%	~ 140%	✓

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