



"Make Life Simple
เรื่องเงิน เรื่องง่าย"

Management Discussion and Analysis

For the quarter ended March 31, 2016

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Executive Summary:

In 1Q/16, net profit of Baht 5,150 million was remarkably achieved, representing a 0.8% increase on a quarter-on-quarter basis, and a 19.0% increase over the same period of 2015, amidst the challenging environment, and the seasonality impact on retail spending, and repayment of corporate working capital lines. Underlining the robust results in 1Q/16 was the solid performance in non-interest incomes, one of Krungsri strategic focus under the Mid-Term Business Plan. Meanwhile, higher net interest income was underscored by the improvement in funding costs driven by the shift from higher cost borrowing to lower rate saving products, and lowered deposit volume.

Total loans stood at Baht 1,302,180 million, a decrease of Baht 1,274 million, or 0.1% from December 2015. The slight loan contraction in 1Q/16 was resulting from seasonality repayment of corporate working capital lines and lackluster loan demand, mirroring the slow pace of economic recovery. Meanwhile, the retail segment recorded growth in auto hire purchase and mortgage.

Deposits totaled Baht 1,032,473 million, a decrease of Baht 13,817 million, or 1.3%, from December 2015. The contraction in deposits corresponded to the tepid loan demand.

Net fees and service income increased by 2.7% quarter-on-quarter, driven by an increase in loan-related fees, hire purchase fees and bancassurance fees.

Non-performing loans represented 2.28% of total loans, comparable to 2.24% in December 2015.

Meanwhile, our **total reserve** stood at Baht 47,174 million, with an excess reserve over the Bank of Thailand's reserve requirements of Baht 14,330 million, or 43.6%. The loan loss coverage ratio was 142.9%.

Earnings per share (EPS) was Baht 0.70 in 1Q/16.

While the economic recovery in the first quarter was restrained, we expect the recovery momentum to gain traction in the latter part of the year, supported by an acceleration in government spending and robust growth in the tourism sector, despite a weak external sector. A modest pickup in consumption is expected to be driven by stabilizing agricultural prices, paced growth in non-farm income, and more government stimulus measures. Meanwhile, an accelerated government budget disbursement together with investment projects will support a rebound in investment. In this scenario, although we need to remain cautious on the down-side risks of the economy, we expect the economy to grow by 3.2% and contribute to broad-based loan growth in the range of 5-6% for 2016.

NIM: 3.8%

Net Profit:

Baht 5.2 billion

Coverage: 142.9%

NPLs ratio:

2.28%

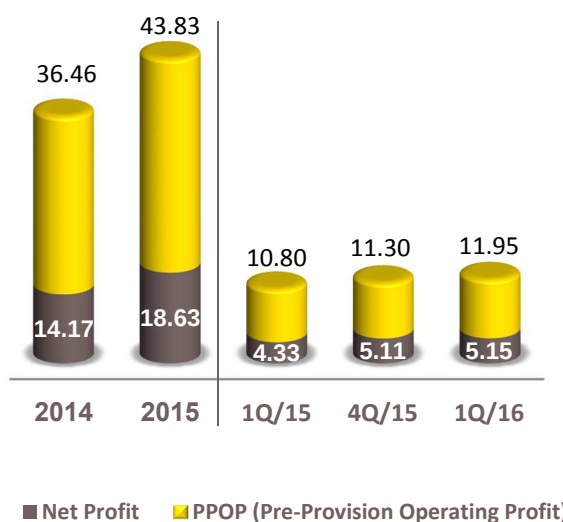
Summary of Financial Performance and Status:

1Q/16 deliverables:

- Loan Growth:**
Slightly decreased by 0.1% or Baht 1,274 million compared to December 2015.
- Deposit Growth:**
Decreased by 1.3% or Baht 13,817 million compared to December 2015.
- Net Profit:**
Recorded at Baht 5,150 million, representing a 0.8% increase from 4Q/15, and a 19.0% increase from 1Q/15.
- Net Interest Margin (NIM):**
Steady at 3.81%, comparable to 3.82% in 4Q/15 as the lower yield on earning assets was offset by the lower cost of funds during the quarter.
- Net Fees and Service Income:**
Increased by 2.7% from 4Q/15, driven by an increase in loan-related fees, hire purchase fees and bancassurance fees.
- Cost to Income Ratio:**
Significantly improved to 45.9% from 47.6% in 4Q/15, reflecting a growth in total income and effective expense management.
- Non-Performing Loans (NPLs):**
Represented 2.28% of total loans, comparable to 2.24% in December 2015.
- Coverage Ratio:**
Strongly stood at 142.9%, compared to 140.6% in December 2015
- Capital Adequacy Ratio:**
Recorded at 13.5%, compared to 13.6% in December 2015.

PPOP & Net Profit

Unit: Baht Billion



In 1Q/16, operating profit amounted to Baht 11,947 million, representing a robust increase of Baht 1,149 million or 10.6% compared to 1Q/15. Net profit in 1Q/16 was Baht 5,150 million, representing an increase of Baht 824 million or 19.0% compared to 1Q/15, mainly driven by net interest income, non-interest and non-fee income and net fees and service income.

On a quarter-on-quarter basis, operating profit increased by Baht 645 million or 5.7% from 4Q/15, largely driven by an increase in net interest income, non-interest income and effective expense management. Net profit increased by Baht 43 million or 0.8% from 4Q/15.

1. Statements of Profit or Loss and Other Comprehensive Income

Consolidated Statements of Profit or Loss and Other Comprehensive Income	1Q/16	4Q/15	1Q/15	Change QoQ		Change YoY	
				Baht mn	%	Baht mn	%
Interest Income	20,875	20,685	20,776	190	0.9	99	0.5
Interest Expenses	5,882	6,047	6,919	(165)	(2.7)	(1,037)	(15.0)
Interest Income, Net	14,993	14,638	13,857	355	2.4	1,136	8.2
Fees and Service Income	6,031	5,911	5,572	120	2.0	459	8.2
Fees and Service Expense	1,487	1,487	1,280	0	0.0	207	16.2
Fees and Service Income, Net	4,544	4,424	4,292	120	2.7	252	5.9
Non-interest and Non-fees Income	2,540	2,525	1,970	15	0.6	570	28.9
Other Operating Expenses	10,130	10,285	9,321	(155)	(1.5)	809	8.7
Pre-Provision Operating Profit (PPOP)	11,947	11,302	10,798	645	5.7	1,149	10.6
Impairment Loss of Loan and Debt Securities	5,414	4,876	5,253	538	11.0	161	3.1
Income Tax Expense	1,319	1,276	1,166	43	3.4	153	13.1
Net Profit	5,214	5,150	4,379	64	1.2	835	19.1
Other Comprehensive income, net	637	(234)	98	871	372.2	539	550.0
Total Comprehensive income	5,851	4,916	4,477	935	19.0	1,374	30.7
Net Profit Attributable To							
Owners of the Bank	5,150	5,107	4,326	43	0.8	824	19.0
Non-Controlling Interest	64	43	53	21	48.8	11	20.8
Net Profit	5,214	5,150	4,379	64	1.2	835	19.1
Total Comprehensive Income Attributable To							
Owners of the Bank	5,787	4,873	4,424	914	18.8	1,363	30.8
Non-Controlling Interest	64	43	53	21	48.8	11	20.8
Total Comprehensive income	5,851	4,916	4,477	935	19.0	1,374	30.7
Earning Per Share (Baht)	0.70	0.69	0.59	0.01	1.4	0.11	18.6

2. Financial Performance

2.1 Net Interest Income

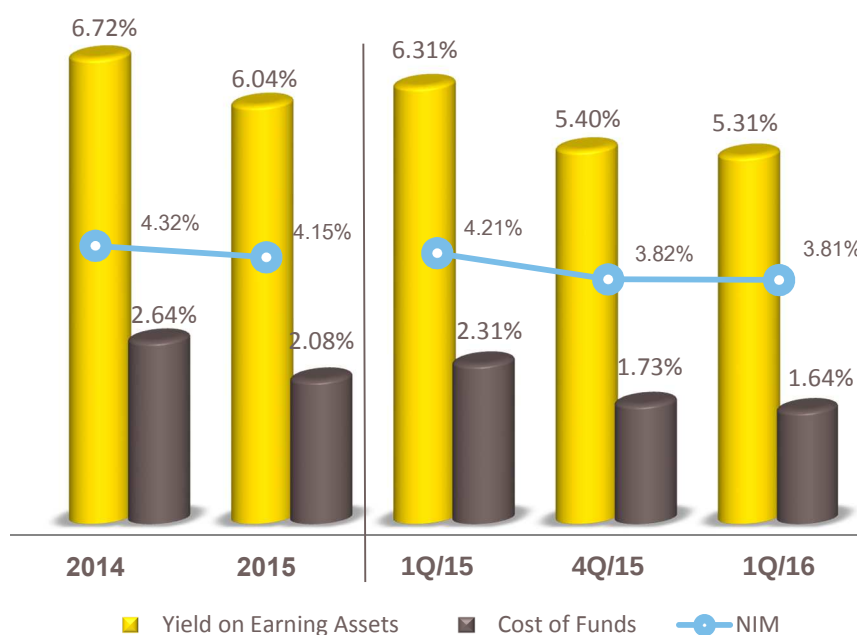
Consolidated	1Q/16	4Q/15	1Q/15	Change QoQ		Change YoY	
				Baht mn	%	Baht mn	%
INTEREST INCOME							
Interest on loans	13,882	13,901	14,047	(19)	(0.1)	(165)	(1.2)
Interest on interbank and money market items	623	673	871	(50)	(7.4)	(248)	(28.5)
Hire purchase and financial lease income	5,785	5,502	5,183	283	5.1	602	11.6
Investments and trading transactions	30	23	28	7	30.4	2	7.1
Investments in debt securities	555	586	647	(31)	(5.3)	(92)	(14.2)
Total Interest Income	20,875	20,685	20,776	190	0.9	99	0.5
INTEREST EXPENSE							
Interest on deposits	3,213	3,620	4,158	(407)	(11.2)	(945)	(22.7)
Interest on interbank and money market items	719	488	317	231	47.3	402	126.8
Interest on borrowings	677	666	1,219	11	1.7	(542)	(44.5)
Contribution to Financial Institution Development							
Fund and Deposit Protection Agency	1,263	1,261	1,219	2	0.2	44	3.6
Borrowing fee expenses	7	9	2	(2)	(22.2)	5	250.0
Other interest expenses	3	3	4	0	0.0	(1)	(25.0)
Total Interest Expenses	5,882	6,047	6,919	(165)	(2.7)	(1,037)	(15.0)
Interest Income, net	14,993	14,638	13,857	355	2.4	1,136	8.2
Net Interest Margin	3.81%	3.82%	4.21%				
Yield on Earning Assets	5.31%	5.40%	6.31%				
Cost of Funds	1.64%	1.73%	2.31%				

Net interest income in 1Q/16 was Baht 14,993 million, representing an increase of Baht 355 million or 2.4% from 4Q/15 largely attributed to higher interest income. An increase in interest income was driven by an increase in hire purchase and financial lease income. Meanwhile, an interest expense decreased by Baht 165 million or 2.7% owing to the effective cost of fund management, and a decrease in the volume of deposits as well.

On a year-on-year basis, net interest income increased by Baht 1,136 million or 8.2%, mainly attributed to a significant decrease in interest expense of Baht 1,037 million as a result of a decrease in interest on deposits and interest on borrowing, supplementing an increased interest income of Baht 99 million.

The lower yield on earning assets was offset by the lower cost of funds led to a steady NIM at 3.81%, in 1Q/16, comparable to 3.82% in 4Q/15. In 1Q/16 the overall yield moderated to 5.31% from 5.40% in 4Q/15. While cost of funds improved to 1.64% from 1.73% in 4Q/15 in line with a higher mix of lower cost funds, as reflected from an increase portion of current and savings deposits.

Net Interest Margin (NIM)

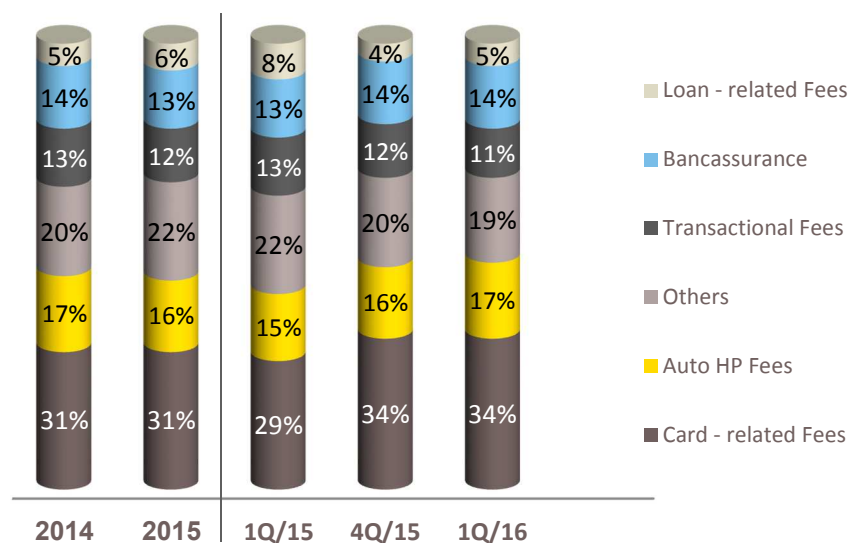


	Dec-14	Mar-15	Jun-15	Sep-15	Dec-15	Mar-16
Policy Rate	2.00%	1.75%	1.50%	1.50%	1.50%	1.50%
Krungsri Lending Rate	7.125%	6.975%	6.85%	6.85%	6.85%	6.85%
Saving Rate	0.40%	0.40%	0.40%	0.30%	0.30%	0.30%
3 - month deposits	1.10-1.30%	1.00-1.10%	0.80-1.00%	0.80-1.00%	0.80-1.00%	0.80-1.00%
6 - month deposits	1.35-1.50%	1.25-1.30%	1.00-1.20%	0.90-1.20%	0.90-1.20%	0.90-1.15%
12 - month deposits	1.50-1.75%	1.25-1.50%	1.10-1.50%	1.10-1.50%	1.10-1.35%	1.10-1.35%

2.2 Net Fees and Service Income

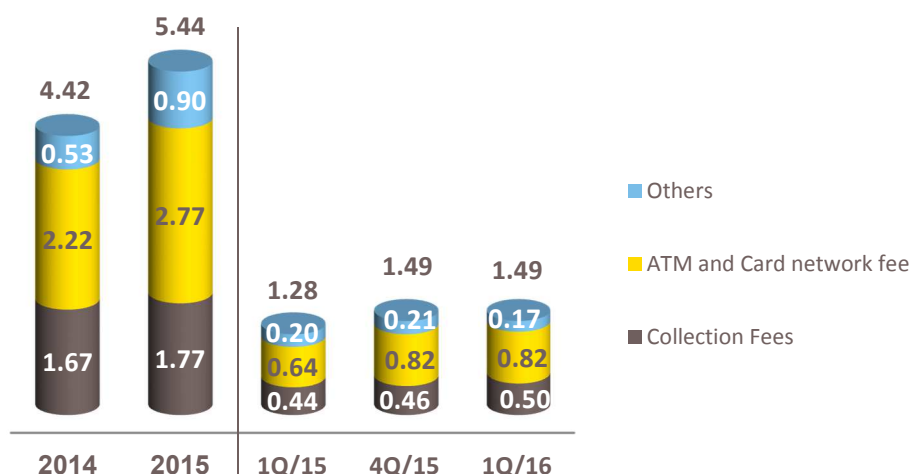
Consolidated	1Q/16	4Q/15	1Q/15	Change QoQ		Change YoY	
				Baht mn	%	Baht mn	%
Acceptances, aval and guarantees	122	125	135	(3)	(2.4)	(13)	(9.6)
Other fees and service income	5,909	5,786	5,437	123	2.1	472	8.7
Fees and service income	6,031	5,911	5,572	120	2.0	459	8.2
Fees and service expense	1,487	1,487	1,280	0	0.0	207	16.2
Fees and Service Income, net	4,544	4,424	4,292	120	2.7	252	5.9

Fees & Service Income Breakdown



Fees & Service Expense

Unit: Baht Billion



Net fees and service income increased by 2.7% quarter-on-quarter, driven by an increase in the loan-related fees of 27.8%, auto hire purchase fee of 7.1%, and bancassurance fees of 4.0%. On the other hand, transactional fee, wealth, fund management and securities-related fees and card-related fee decreased by 4.5%, 0.7% and 0.7%, respectively.

On a year-on-year basis, net fees and service income increased by 5.9%, driven by an increase in various components, including an increase of 23.3% in card-related fees, 22.5% in auto hire purchase fees and 19.3% in bancassurance fees. Meanwhile, loan-related fees decreased 30.6%, and collection fees decreased 24.9%. Fees and service expenses increased by 16.2%.

2.3 Non-interest and Non-fees Income

Consolidated	1Q/16	4Q/15	1Q/15	Change QoQ		Change YoY	
				Baht mn	%	Baht mn	%
Gains (losses) on trading and foreign							
exchange transactions	851	855	441	(4)	(0.5)	410	93.0
Gains (losses) on investments	199	102	279	97	95.1	(80)	(28.7)
Share of profit (loss) from investment for							
using equity method	71	89	106	(18)	(20.2)	(35)	(33.0)
Bad debt recoveries	926	846	717	80	9.5	209	29.1
Other operating income	493	633	427	(140)	(22.1)	66	15.5
Total Non-interest and Non-fees Income	2,540	2,525	1,970	15	0.6	570	28.9

On a quarter-on-quarter basis, non-interest and non-fees income increased 0.6%, driven primarily by an increase in gains on investments from Available for Sale (AFS) portfolio of 95.1%, and a 9.5% increase in bad debt recoveries income. Meanwhile other operating income decreased by 22.1%, owing to a 32.1% reduction in gain on sales of property for sale.

Compared to 1Q/15, non-interest and non-fees income increased by 28.9%, driven primarily by a higher gains on trading and foreign exchange transactions of Baht 410 million, or 93.0%, reflecting the Global Markets Group's enhanced capability. Bad debt recoveries increased 29.1%. On the other hand, gain on investment from Available for Sales (AFS) portfolio decreased by 28.7%.

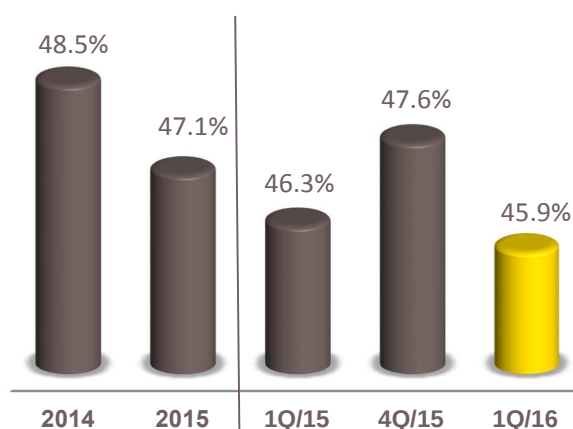
2.4 Other Operating Expenses

Consolidated	1Q/16	4Q/15	1Q/15	Change QoQ		Change YoY	
				Baht mn	%	Baht mn	%
Employee's expenses	5,160	5,088	4,575	72	1.4	585	12.8
Premises and equipment expenses	1,749	1,759	1,696	(10)	(0.6)	53	3.1
Taxes and duties	631	633	635	(2)	(0.3)	(4)	(0.6)
Directors' remuneration	11	12	11	(1)	(8.3)	0	0.0
Other expenses	2,579	2,793	2,404	(214)	(7.7)	175	7.3
Total Other Operating Expenses	10,130	10,285	9,321	(155)	(1.5)	809	8.7

On a quarter-on-quarter basis, other operating expenses decreased by Baht 155 million or 1.5%, driven by a decrease in other expenses of Baht 214 million or 7.7%, mainly from a decrease in promotion expenses, offset by an increase in employee's expenses of Baht 72 million.

Other operating expenses increased by Baht 809 million or 8.7% compared to 1Q/15, driven by an increase in employee's expenses of Baht 585 million or 12.8%, mainly due to an increase in annual merit, workforce, and staff promotions. Other expenses increased by Baht 175 million or 7.3%, in line with an increase in total income .

Cost to Income Ratio



In 1Q/16, the cost-to-income ratio significantly improved, edging down to 45.9% from 47.6% in 4Q/15 and 46.3% in 1Q/15. This was a result of growth in total income and our effective expense management.

2.5 Impairment loss of loans and debt securities

Consolidated	1Q/16	4Q/15	1Q/15	Change QoQ		Change YoY	
				Baht mn	%	Baht mn	%
Bad Debt and Doubtful Accounts	5,355	4,516	4,980	839	18.6	375	7.5
Loss on Debt Restructuring	59	360	273	(301)	(83.6)	(214)	(78.4)
Total impairment loss of loan and debt securities	5,414	4,876	5,253	538	11.0	161	3.1

Loan loss provisions in 1Q/16 amounted to Baht 5,414 million, representing an increase of Baht 538 million from the prior quarter to maintain our strong coverage ratio as well as continue our prudent portfolio management.

As of March 31, 2016, total reserve was Baht 47,174 million, with an excess reserve of Baht 14,330 million, or 43.6% over the Bank of Thailand's reserve requirements. The coverage ratio was 142.9%.

3. Financial Status

3.1 Financial Position

Consolidated	As at Mar. 31, 16	As at Dec. 31, 15	Change from Dec. 31, 15	
			Baht mn	%
ASSETS				
Cash	31,197	33,690	(2,493)	(7.4)
Interbank and money market items, net	220,833	194,094	26,739	13.8
Investments, net	103,251	110,027	(6,776)	(6.2)
Investments in subsidiaries , associates and joint ventures, net	1,646	1,576	70	4.4
Loans to customers	1,354,076	1,353,559	517	0.0
Accrued interest receivable	3,758	3,572	186	5.2
Deferred revenue	(51,896)	(50,105)	(1,791)	(3.6)
Allowance for doubtful accounts	(45,381)	(43,218)	(2,163)	(5.0)
Revaluation allowance for debt restructuring	(1,445)	(1,726)	281	16.3
Properties for sale, net	4,871	5,050	(179)	(3.5)
Others	132,946	98,998	33,948	34.3
TOTAL ASSETS	1,753,856	1,705,517	48,339	2.8
LIABILITIES AND SHAREHOLDERS' EQUITY				
Deposits	1,032,473	1,046,290	(13,817)	(1.3)
Interbank and money market items, net	303,162	275,059	28,103	10.2
Debt issued and borrowings	109,315	108,121	1,194	1.1
Others	112,307	85,299	27,008	31.7
TOTAL LIABILITIES	1,557,257	1,514,769	42,488	2.8
Issued and paid-up share capital	73,558	73,558	0	0.0
Retained earning	67,122	61,938	5,184	8.4
Others	55,919	55,252	667	1.2
TOTAL SHAREHOLDERS' EQUITY	196,599	190,748	5,851	3.1
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	1,753,856	1,705,517	48,339	2.8
Book value per share (Baht)	26.73	25.93	0.80	3.1

As of March 31, 2016, assets stood at Baht 1,753,856 million, representing an increase of Baht 48,339 million or 2.8% from December 2015, mainly from an increase in other assets of Baht 33,948 million, or 34.3%, mainly from an increase in claim on securities of Baht 32,545 million. Interbank and money market items increased Baht 26,739 million or 13.8%, driven by an increase in deposits with financial institutions of Baht 15,892 million and repurchase agreements of Baht 7,338 million.

Compared to 4Q/15, liabilities grew by 2.8%, or Baht 42,488 million. The growth in liabilities was driven by an increase in interbank and money market items of Baht 28,103 million, or 10.2%, mainly due to an increase in repurchase agreement of Baht 28,150 million, offset by loan from financial institution which decreased by Baht 393 million. Moreover, other liabilities increased of 31.7% or Baht 27,008 million, as a result of an increase in liabilities to deliver securities. Meanwhile, deposits decreased Baht 13,817 million, or 1.3%, mainly from time deposits with maturity less than one year.

Total shareholders' equity rose to Baht 196,599 million, reflecting an increase of Baht 5,851 million or 3.1%, from December 2015. The increase was mainly due to an increase in equity holders' net income of Baht 5,150 million in 1Q/16.

Book value per share as of March 31, 2016 increased by 3.1% to Baht 26.73 from Baht 25.93 at the end of 2015.

3.2 Loans to customers

3.2.1 Loans by segment

Consolidated	Mar. 31, 16	Dec. 31, 15	Change from Dec. 31, 15	
			Baht mn	%
Corporate	530,466	544,413	(13,947)	(2.6)
- Thai Corporate	361,230	374,232	(13,002)	(3.5)
- International Corporate (JPC/MNC)	169,236	170,181	(945)	(0.6)
SMEs	203,575	202,469	1,106	0.5
Retail	568,139	556,572	11,567	2.1
- Hire purchase	272,477	264,820	7,657	2.9
- Mortgage	170,654	160,157	10,497	6.6
- Credit cards and personal loans	125,008	131,595	(6,587)	(5.0)
Total *	1,302,180	1,303,454	(1,274)	(0.1)

* Loans to customers net of deferred revenue

As of March 31, 2016, total loans stood at Baht 1,302,180 million, a decrease of Baht 1,274 million, or 0.1% from December 2015. The slight loan contraction in 1Q/16 was resulting from seasonality repayment of corporate working capital lines and lackluster loan demand, mirroring the slow pace of economic recovery.

The **retail segment** saw an increase of 2.1% in 1Q/16 or an increase of Baht 11,567 million. The retail loan growth was largely attributed to growth in auto hire purchase and mortgage segments. Meanwhile, the contraction in credit card and personal loan was largely attributed to seasonally lower spending and repayment patterns.

Auto hire purchase loans grew by 2.9% in 1Q/16 despite a contraction in domestic car sales (for the first 2 months of 2016, domestic car sales dropped by 12% compared to the same period last year). The growth was underpinned by both new and used cars volumes, underlying our strong Auto business franchise and customers' brand preference.

Mortgage loans grew by 6.6% during the quarter, particularly from the segment which Krungsri partnered with key developers. An increase in demand for housing loan was fuelled by consumers speeding up their purchase and transfer of housing prior to an expiration of government's assistance measure (reduction in the housing transfer fee and housing registration fee) at the end of April 2016.

In line with industry development, **credit cards and personal loans** contracted by 5.0% in 1Q/16, driven mainly by seasonally lower spending patterns, and normal repayments, following significant growth at 8.4% in the previous quarter.

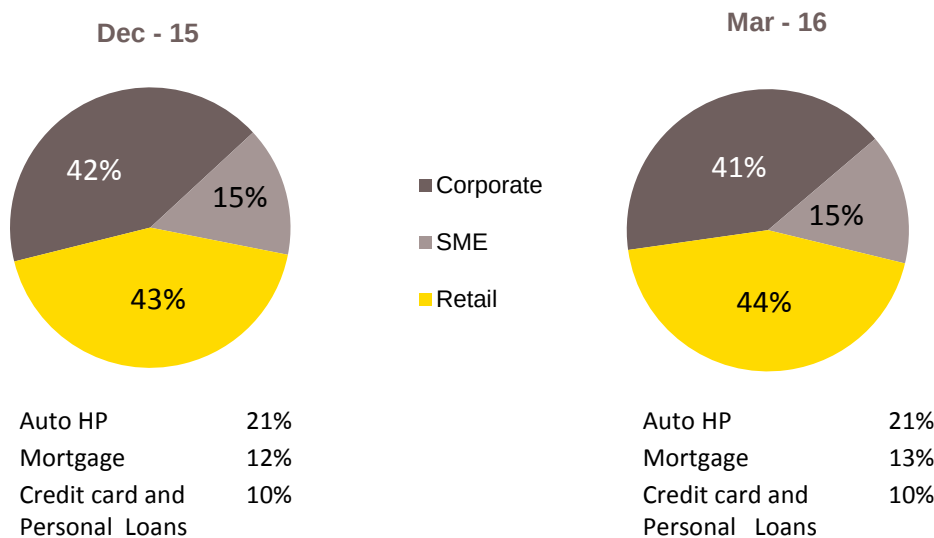
The **corporate** loan contracted by 2.6% driven largely by the seasonality impact of working capital repayments for Thai corporates. International corporate loan slightly decreased by 0.6% owing to a lackluster loan demand that mirrored fragile global economic recovery.

SME loans increased 0.5% in 1Q/16. The growth in SME loan was driven by medium and small SMEs, attributed to the participation in the government's soft loan scheme.

As at end 1Q/16, commercial lending, comprising corporate and SME customers accounted for 56% of our total loan portfolio, while retail lending represented the remaining 44%.

While the economic recovery in the first quarter was restrained, we expect the recovery momentum to gain traction in the latter part of the year, supported by an acceleration in government spending and robust growth in the tourism sector, despite a weak external sector. A modest pickup in consumption is expected to be driven by stabilizing agricultural prices, paced growth in non-farm income, and more government stimulus measures. Meanwhile, an accelerated government budget disbursement together with investment projects will support a rebound in investment. In this scenario, although we need to remain cautious on the down-side risks of the economy, we expect the economy to grow by 3.2% and contribute to broad-based loan growth in the range of 5-6% for 2016.

Loan Composition



3.2.2 Loan classification and provision

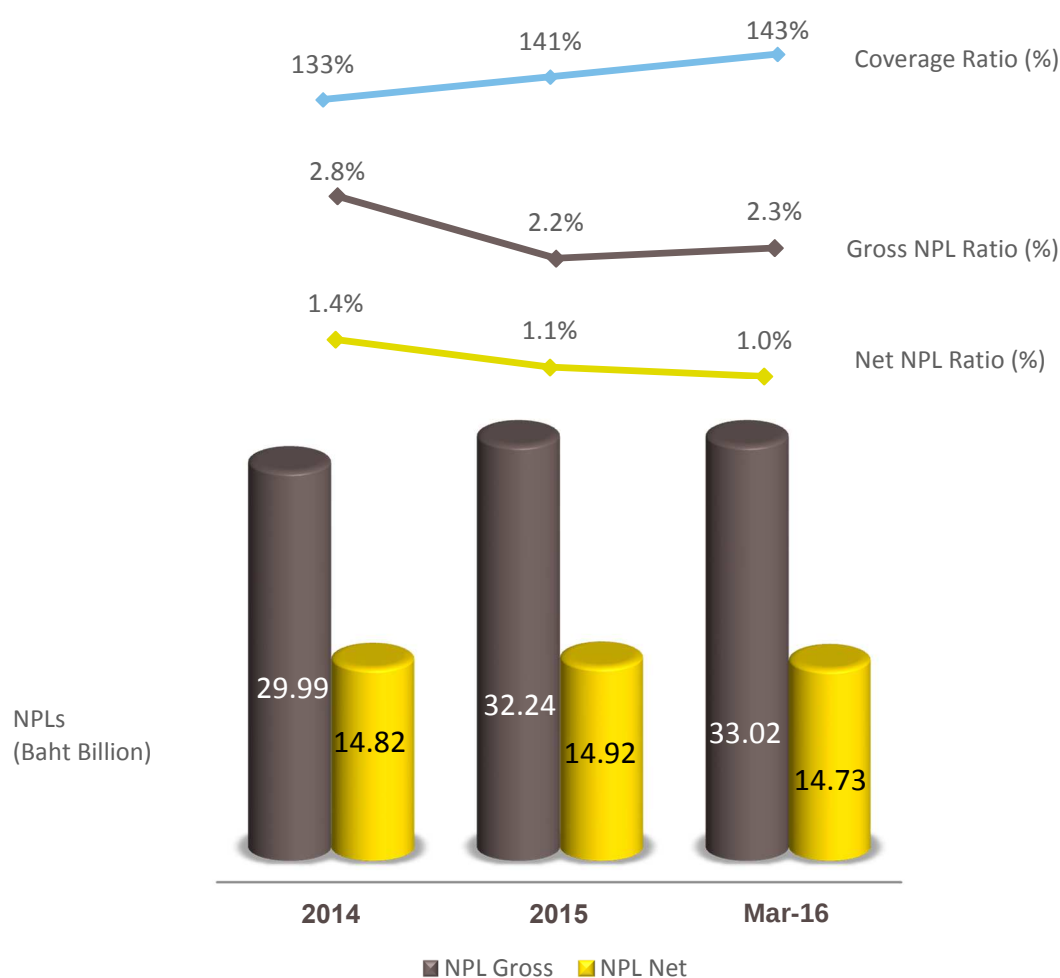
Unit : Baht mn

Consolidated	Mar. 31, 16		Dec. 31, 15		Change	
	Loans and Accrued Interest Receivable	Provision	Loans and Accrued Interest Receivable	Provision	Loans and Accrued Interest Receivable	Provision
Normal	1,221,364	9,147	1,226,187	9,204	(4,823)	(57)
Special mention	51,550	4,067	48,598	3,802	2,952	265
Substandard	9,444	5,673	10,824	6,255	(1,380)	(582)
Doubtful	7,518	3,811	8,412	4,271	(894)	(460)
Doubtful of loss	16,062	8,353	13,006	6,346	3,056	2,007
Total	1,305,938	31,051	1,307,027	29,878	(1,089)	1,173
Surplus Reserve		14,330		13,340		990
Total	1,305,938	45,381	1,307,027	43,218	(1,089)	2,163

3.2.3 Non-performing loans

Consolidated	Mar 31, 16	Dec. 31, 15	Change from Dec 31, 15	
			Baht mn	%
Non-Performing Loans (Net)	14,729	14,919	(190)	(1.3)
Non-Performing Loans (Gross)	33,022	32,239	783	2.4
Loans loss reserves (LLR)	47,174	45,313	1,861	4.1
Coverage Ratio	142.9%	140.6%	2.3%	1.6
BOT Requirement	32,844	31,973	871	2.7
Actual / Required LLR	143.6%	141.7%	1.9%	1.3

NPLs and Coverage Ratio



As of March 31, 2016, gross NPLs increased by Baht 783 million from December 2015 to Baht 33,022 million. An increase in NPLs in 1Q/16 was driven largely by one corporate account. The ratio of gross NPLs to total loans at 1Q/16 stood at 2.28% compared to 2.24% in December 2015.

Total reserve stood at Baht 47,174 million, with an excess reserve over the Bank of Thailand requirements of Baht 14,330 million. Correspondingly, the actual reserve ratio when compared to the Bank of Thailand's requirements stood at 143.6%, while the Group's coverage ratio was 142.9%.

3.3 Funding Structure

Consolidated	Mar. 31, 16	Dec. 31, 15	Change from	
			Dec. 31, 15	
			Baht mn	%
Current	30,579	29,615	964	3.3
Savings	535,174	509,428	25,746	5.1
Time	466,720	507,247	(40,527)	(8.0)
< 6 Months	141,602	164,737	(23,135)	(14.0)
6 Months - 1 Year	290,119	315,806	(25,687)	(8.1)
> 1 Year	34,999	26,704	8,295	31.1
Total Deposit	1,032,473	1,046,290	(13,817)	(1.3)
B/E	26,118	37,421	(11,303)	(30.2)
Debenture	68,343	55,843	12,500	22.4
Total Funding	1,126,934	1,139,554	(12,620)	(1.1)

As of March 31, 2016, overall funding for the Bank, including deposits, bills of exchange and debentures, decreased by Baht 12,620 million or 1.1% from December 2015.

Deposits totaled at Baht 1,032,473 million, a decrease of Baht 13,817 million or 1.3% from December 2015. The contraction in deposits corresponded to the tepid loan demand.

As a results, the proportion of current and savings deposits (CASA) as a percentage of total deposits increased significantly to 54.8% compared to 51.5% as of December 2015.

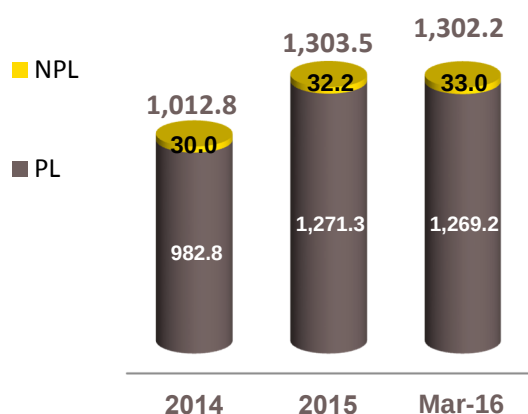
Bills of exchange (B/E) totaled at Baht 26,118 million, representing a decrease of Baht 11,303 million or 30.2% from December 2015.

Debentures stood at Baht 68,343 million as of March 2016, an increase of Baht 12,500 million, or 22.4%, from December 2015 driven by a new issuance of long term debenture.

Consequently, the loan to deposit ratio increased to 126%, while the ratio of loan to deposit plus bill of exchange and debentures increased to 116%.

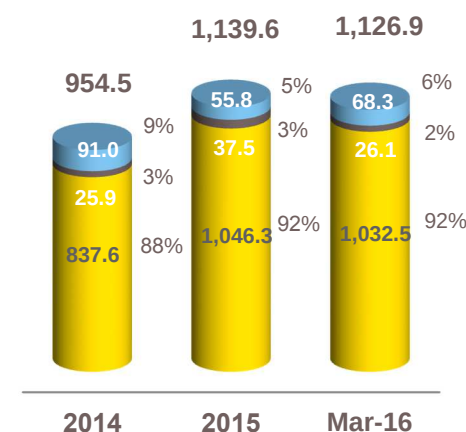
Loans

Unit: Baht Billion



Deposits + B/E + Debenture

Unit: Baht Billion



Legend: Deposit (Yellow), B/E (Dark Grey), Debenture (Blue)

2014 2015 Mar-16

L/D	121%	125%	126%
L/D+B/E+Debenture	106%	114%	116%

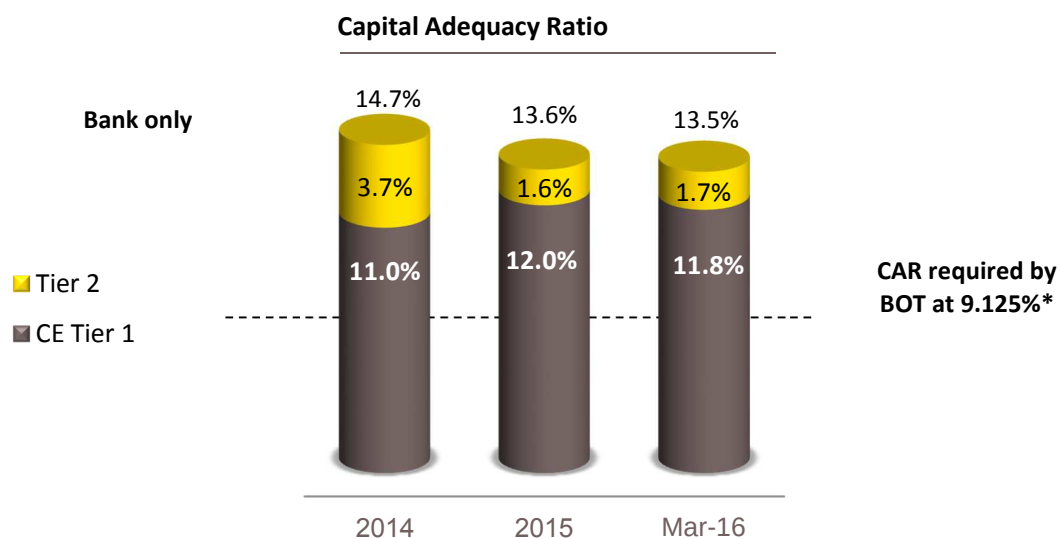
3.4 Contingencies

Consolidated	Mar. 31, 16	Dec. 31, 15	Change from Dec. 31, 15	
			Baht mn	%
Avals to bills and Guarantees of loans	909	2,266	(1,357)	(59.9)
Liability under unmatured import bills	1,499	2,560	(1,061)	(41.4)
Letters of credit	6,885	4,727	2,158	45.7
Other contingencies	134,489	138,421	(3,932)	(2.8)
Total	143,782	147,974	(4,192)	(2.8)

The Krungsri Group's contingencies as of March 31, 2016, totaled at Baht 143,782 million, a decrease of Baht 4,192 million or 2.8%, from December 31, 2015. This decrease was driven mainly by a decrease in other contingencies of Baht 3,932 million, avals to bills and guarantees of loans of Baht 1,357 million and liability under unmatured import bills of Baht 1,061 million offset by an increase in letters of credit of Baht 2,158 million.

3.5 Statutory Capital

As of March 31, 2016, the Bank's capital remained strong at Baht 167,184 million, equivalent to 13.5% of risk-weighted assets with 11.8% in common equity Tier 1 capital. The current level of capital remained strong and sufficient to provide Krungsri with the flexibility to continue growing our business.



* CAR required by BOT at 8.5% for 2014 - 2015 and at 9.125% for 2016

Baht Billion	2014	2015	Mar - 16
CE Tier 1	98.99	146.18	146.51
Tier 2	33.44	20.08	20.67
Total Capital	132.43	166.26	167.18

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 at March 31, 2016 are shown in the table below.

1. Moody's Investors Service

Bank Deposits

- Long Term	Baa1
- Short Term	Prime-2

Debt

- Long Term -Senior Debt	Baa1
Debt and Deposit Rating Outlook	Stable

Baseline Credit Assessment (BCA)	Ba1
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2. Standard and Poor's

Issuer Credit Rating (ICR)

- Long Term	BBB+
- Short Term	A-2

Foreign Currency

- Long Term - Senior Debt	BBB+
- Short Term	A-2

Stand-alone Credit Profile (SACP)	bb+
Outlook	Stable

3. Fitch Ratings

International Ratings (Foreign Currency)

- Long Term	A-
- 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
- Outlook	Stable

5. 2016 Key Performance Targets

Consolidated	1Q/15	4Q/15	1Q/16	2016 Targets	
Loan Growth (Net)	+222.0 bn +21.9%	+66.7 bn +5.4%	-1.3 bn -0.1%	5-6%	~
NPLs Ratio	2.36%	2.24%	2.28%	< 2.5%	✓
Deposit Mix: Savings and Current	53%	52%	55%	> 50%	✓
Loan Mix : Retail	40%	43%	44%	~ 40%	✓
L/Deposit+Debentures+B/E	111%	114%	116%	n.d.	~
NIM	4.21%	3.82%	3.81%	~ 3.7%	✓
Non-interest income growth (YoY)	23.0%	6.3%	13.1%	7.0%+	✓
Cost to Income Ratio	46.3%	47.6%	45.9%	< 50%	✓
Provisions	163 bps	150 bps	167 bps	~ 145 bps	~
Loan Loss Coverage	139%	141%	143%	135%+	✓
CAR (Bank Only)	15.1%	13.6%	13.5%	n.d.	✓