



"Make Life Simple
เรื่องเงิน เรื่องง่าย"

Management Discussion and Analysis

For the quarter and nine-month period
ended September 30, 2013

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4.32% NIM

Net Interest Margin:
Maintaining Strong NIM

3.8 billion

Net Profit:
Increased 1.9% YoY

Executive Summary:

Krungsri's loan growth momentum remained healthy. **For the first nine months of 2013**, the loan growth of 7.1% was broad-based covering retail, SME, and corporate segments. Retail loans grew 12%, while SME and corporate loans recorded 3.6% and 1.3% growth, respectively.

For the third quarter of 2013, net profit registered at Baht 3,830 million, representing a 24.5% increase on a quarter-on-quarter basis, and a 1.9% increase from the same quarter last year.

For the first nine months of 2013, net profits reached Baht 10,978 million, an increase of Baht 65 million, or 0.6% year-on-year from Baht 10,913 million. (Excluding the countercyclical resource of Baht 2,552 million recorded in 2Q/13, core net profit would have been Baht 13,020 million, or an increase of 19% from last year). Key drivers were attributed to higher net interest income resulting from strong loan growth and continued growth in non-interest income, particularly from healthy fees and service income growth.

Loan loss provisions in the current period normalized to Baht 3,149 million, a decrease of Baht 2,758 million, or 46.7% quarter-on-quarter, largely attributed to an absence of prudential surplus reserve of Baht 2,552 million recorded in 2Q/13. On a normalized basis, loan loss provisions decreased Baht 206 million, or 6.2%, compared to the prior quarter.

Earnings per share (EPS) rose to Baht 1.79 for the first nine months of 2013.

Deposits grew by 7.2%, representing an increase of Baht 49,280 million from December 2012, mirroring the continued robust demand by customers of our Big Bang products -- "Mee Tae Dai" and "Jad Hai" -- and the successful launch of time deposit products -- "9-month Step Up Time Deposit" on 28 March 2013 and "15-month Time Deposit" on 1 August 2013. The longer tenor time deposit products introduced in 3Q/13 reflected our effort in rebalancing our liabilities mix to match both the liquidity outlook and interest rate trend.

For the remainder of 2013, Krungsri's outlook remains moderate, given that the economic slowdown is expected to stabilize and improve later next year. Yet, with an expected seasonal rise in business and volume for both retail and commercial lending, and the increasing level of Krungsri brand preference among customers and business partners, the loan growth target for Krungsri is maintained at 12% for this year.

Following the announcement on 2 July 2013, with regard to the Bank of Tokyo-Mitsubishi UFJ, Ltd.'s (BTMU) intention to launch a Voluntary Tender Offer (VTO) for the shares of Bank of Ayudhya (Krungsri), the progress since has been on track. On 27 August 2013, Krungsri obtained approval from the Bank of Thailand for the Bank to have more than 49% foreign shareholders. Furthermore, on 18 September 2013, we announced the plan to purchase BTMU's Bangkok Branch in accordance to the One Presence Policy of the Bank of Thailand. An Extraordinary General Meeting for Krungsri's shareholders is scheduled for October 31, 2013, to consider and approve, among other items, the Conditional Branch Purchase Agreement.

Loan Growth

2.9% QoQ

7.1% YTD

Increased Baht 59.2 billion
compared to December 2012

Non-Performing Loans

At 2.6%

Coverage at 142.9%

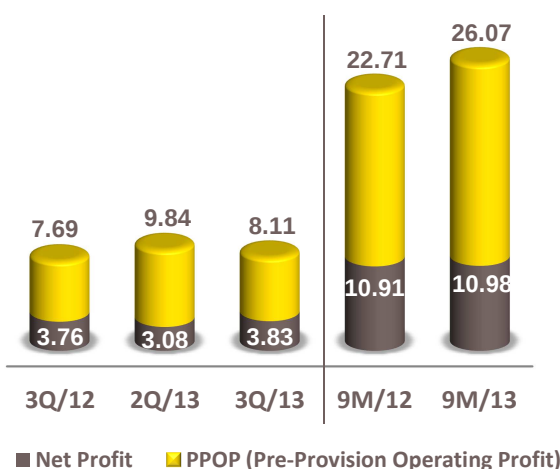
Summary of Financial Performance and Status:

Key third quarter deliverables:

- **Loan Growth:**
Increased 7.1%, or Baht 59.2 billion, compared to December 2012, and 2.9%, or Baht 24.9 billion, compared to June 2013
- **Net Profit:**
Baht 3.8 billion, increased 24.5% from 2Q/13, and 1.9% from 3Q/12
- **Net Interest Margin (NIM):**
Maintained at 4.32% in 3Q/13
- **Cost to Income Ratio:**
Stood at 48.4% in 9M/13, improving from 49.6% in 9M/12
- **Coverage:**
Strong at 142.9%
- **Fees and Service Income:**
Increased 11.0% from 3Q/12, and decreased 1.3% from 2Q/13
- **Deposit Growth:**
Increased 7.2%, or Baht 49.3 billion, compared to December 2012, and 0.6%, or Baht 4,708 million from 2Q/13
- **Capital Adequacy Ratio:**
Remained strong at 16.9%, amid a strong loan growth of 2.9% in 3Q/13

PPOP & Net Profit

Unit: Baht Billion



For the third quarter period ended September 30, 2013

In 3Q/13, the operating profit was Baht 8,105 million, representing an increase of Baht 417 million, or 5.4% when compared to 3Q/12, driven by an increase in net interest income and fees and service income.

On a quarter-on-quarter basis, operating profit decreased by Baht 1,738 million, or 17.7%, driven by a decrease in non-interest income as income recovered from the Dubai World Group Finance Limited's account and a gain on NPA sales were recorded in 2Q/13.

For the nine-month period ended September 30, 2013

In the first nine months of 2013, operating profit rose to Baht 26,068 million, representing an increase of Baht 3,361 million, or 14.8% year-on-year, resulting from robust growth in net interest income, fees and service income, and non-interest and non-fees income.

Meanwhile, other operating expenses increased by Baht 2,039 million, or 9.1%, driven by higher employee expenses and an increase in premises and equipment expenses. The higher number of employees reflected both our robust business expansion and strong commitment to service customers, while an increase in premises and equipment expenses reflected the additional 395 units of ATMs installed over the last 12 months.

1. Statements of Comprehensive Income

Consolidated Statements of Comprehensive Income	3Q/13	2Q/13	3Q/12	Change QoQ		Change YoY	
				Baht mn	%	Baht mn	%
Interest Income	18,078	17,446	16,512	632	3.6	1,566	9.5
Interest Expenses	6,832	6,453	6,292	379	5.9	540	8.6
Interest Income, Net	11,246	10,993	10,220	253	2.3	1,026	10.0
Fees and Service Income	4,648	4,708	4,189	(60)	(1.3)	459	11.0
Fees and Service Expense	1,058	1,049	960	9	0.9	98	10.2
Fees and Service Income, Net	3,590	3,659	3,229	(69)	(1.9)	361	11.2
Non-interest and Non-fees Income	1,744	2,822	1,966	(1,078)	(38.2)	(222)	(11.3)
Other Operating Expenses	8,475	7,631	7,727	844	11.1	748	9.7
Pre-Provision Operating Profit (PPOP)	8,105	9,843	7,688	(1,738)	(17.7)	417	5.4
Impairment Loss of Loan and Debt Securities	3,149	5,907	2,785	(2,758)	(46.7)	364	13.1
Income Tax Expense	1,126	860	1,146	266	30.9	(20)	(1.7)
Net Profit	3,830	3,076	3,757	754	24.5	73	1.9
Other Comprehensive income	(434)	1,282	6	(1,716)	(133.9)	(440)	n.m.
Total Comprehensive income	3,396	4,358	3,763	(962)	(22.1)	(367)	(9.8)
Net Profit Attributable To							
Owners of the Bank	3,794	3,038	3,742	756	24.9	52	1.4
Non-Controlling Interest	36	38	15	(2)	(5.3)	21	140.0
Net Profit	3,830	3,076	3,757	754	24.5	73	1.9
Total Comprehensive Income Attributable To							
Owners of the Bank	3,360	4,320	3,748	(960)	(22.2)	(388)	(10.4)
Non-Controlling Interest	36	38	15	(2)	(5.3)	21	140.0
Total Comprehensive income	3,396	4,358	3,763	(962)	(22.1)	(367)	(9.8)
Earning Per Share (Baht)	0.62	0.50	0.62	0.12	24.0	0.00	0.0

Statements of Comprehensive Income Consolidated	9M/13	9M/12	Change YoY	
			Baht mn	%
Interest Income	52,442	47,941	4,501	9.4
Interest Expense	19,601	18,288	1,313	7.2
Interest Income, Net	32,841	29,653	3,188	10.8
Fees and Service Income	14,010	12,049	1,961	16.3
Fees and Service Expense	3,154	2,688	466	17.3
Fees and Service Income, Net	10,856	9,361	1,495	16.0
Non-interest and Non-fees Income	6,789	6,072	717	11.8
Other Operating Expenses	24,418	22,379	2,039	9.1
Pre-Provision Operating Profit (PPOP)	26,068	22,707	3,361	14.8
Impairment Loss of Loan and Debt Securities	12,137	8,487	3,650	43.0
Income Tax Expense	2,953	3,307	(354)	(10.7)
Net Profit	10,978	10,913	65	0.6
Other Comprehensive income	984	309	675	218.4
Total Comprehensive income	11,962	11,222	740	6.6
Net Profit Attributable To				
Owners of the Bank	10,878	10,871	7	0.1
Non-Controlling Interest	100	42	58	138.1
Net Profit	10,978	10,913	65	0.6
Total Comprehensive Income Attributable To				
Owners of the Bank	11,862	11,180	682	6.1
Non-Controlling Interest	100	42	58	138.1
Total Comprehensive income	11,962	11,222	740	6.6
Earning Per Share (Baht)	1.79	1.79	0.00	0.0

2. Financial Performance

2.1 Net Interest Income

Consolidated	3Q/13	2Q/13	3Q/12	Change QoQ		Change YoY	
				Baht mn	%	Baht mn	%
INTEREST INCOME							
Interest on loans	11,669	11,347	10,846	322	2.8	823	7.6
Interest on interbank and money market items	809	668	665	141	21.1	144	21.7
Hire purchase and financial lease income	5,000	4,866	4,316	134	2.8	684	15.8
Investments and trading transactions	39	33	61	6	18.2	(22)	(36.1)
Investments in debt securities	561	532	624	29	5.5	(63)	(10.1)
Total Interest Income	18,078	17,446	16,512	632	3.6	1,566	9.5
INTEREST EXPENSE							
Interest on deposits	4,095	3,844	3,580	251	6.5	515	14.4
Interest on interbank and money market items	379	380	314	(1)	(0.3)	65	20.7
Interest on borrowings	1,417	1,324	1,552	93	7.0	(135)	(8.7)
Contribution to Financial Institution Development							
Fund and Deposit Protection Agency	935	899	843	36	4.0	92	10.9
Borrowing fee expenses	1	1	-	0	0.0	1	-
Other interest expenses	5	5	3	0	0.0	2	66.7
Total Interest Expenses	6,832	6,453	6,292	379	5.9	540	8.6
Interest Income, net	11,246	10,993	10,220	253	2.3	1,026	10.0
Net Interest Margin	4.32%	4.31%	4.35%				
Yield on Earning Assets	6.94%	6.83%	7.03%				
Cost of Funds	2.89%	2.79%	2.94%				

Consolidated	9M/13	9M/12	Change YoY	
			Baht mn	%
INTEREST INCOME				
Interest on loans	34,028	31,529	2,499	7.9
Interest on interbank and money market items	2,118	1,897	221	11.6
Hire purchase and financial lease income	14,540	12,421	2,119	17.1
Investments and trading transactions	125	155	(30)	(19.4)
Investments in debt securities	1,631	1,939	(308)	(15.9)
Total Interest Income	52,442	47,941	4,501	9.4
INTEREST EXPENSE				
Interest on deposits	11,683	9,633	2,050	21.3
Interest on interbank and money market items	1,091	905	186	20.6
Interest on borrowings	4,094	5,402	(1,308)	(24.2)
Contributions to Financial Institution Development Fund and Deposit Protection Agency	2,714	2,339	375	16.0
Borrowing fee expenses	5	-	5	-
Other interest expenses	14	9	5	55.6
Total Interest Expenses	19,601	18,288	1,313	7.2
Interest Income, net	32,841	29,653	3,188	10.8
Net Interest Margin	4.33%	4.35%		
Yield on Earning Assets	6.92%	7.04%		
Cost of Funds	2.85%	2.95%		

For the third quarter period ended September 30, 2013

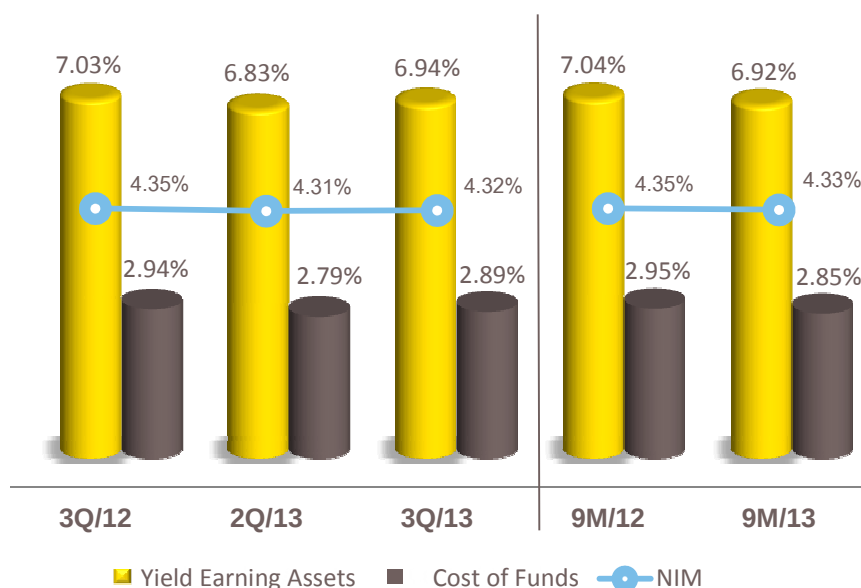
Net interest income in the third quarter was Baht 11,246 million, representing an increase of 2.3% on a quarter-on-quarter basis, and 10.0% on a year-on-year basis, as interest income grew faster than interest expense.

For the nine-month period ended September 30, 2013

In the first nine months of 2013, net interest income reached Baht 32,841 million, an increase of Baht 3,188 million, or 10.8%, compared to the same period last year, resulting primarily from the robust loan and hire purchase volumes growth of 13.4%. Correspondingly, interest expense increased mainly from the higher volume of deposits of Baht 64,115 million to support business growth.

Notwithstanding the competitive environment for deposit mobilization experienced in 3Q/13 combined with our effort in rebalancing our liabilities mix to match the interest rate trend, a larger component of higher yield earning assets helped to improve the overall yield from last quarter. Consequently, net interest margin (NIM) was 4.32%, an improvement from the average NIM of 4.3% for 1H/13.

Net Interest Margin (NIM)



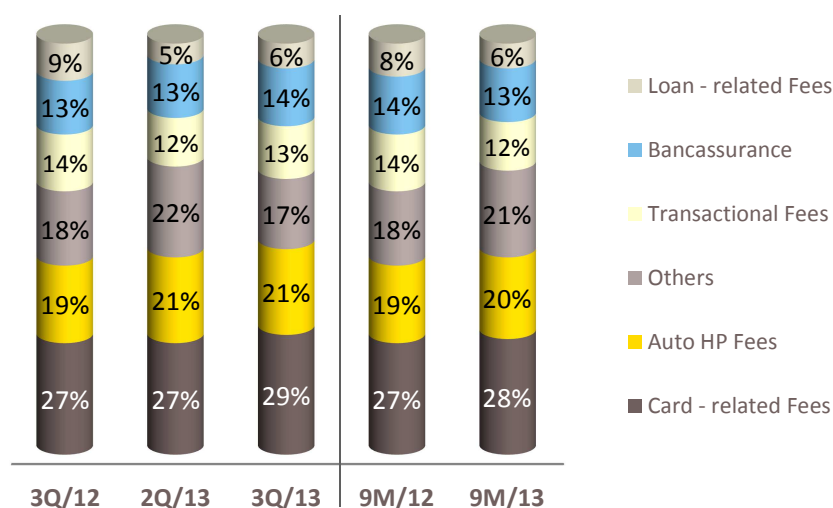
	Jan-12	Feb-12	Sep-12	Oct-12	Dec-12	Feb-13	May-13	Aug-13
Policy Rate	3.00%	3.00%	3.00%	2.75%	2.75%	2.75%	2.50%	2.50%
Krungsri Lending Rate	7.625%	7.50%	7.50%	7.375%	7.375%	7.375%	7.375%	7.375%
Saving Rate	0.87%	0.75-0.87%	0.75%	0.75%	0.70-0.75%	0.65%	0.65%	0.60%
3 - month deposits	2.05-2.25%	2.05-2.25%	2.05-2.25%	1.80-2.00%	1.70-2.00%	1.70-2.00%	1.70-2.00%	1.70-2.00%
6 - month deposits	2.35-2.50%	2.35-2.50%	2.35-2.50%	2.15-2.30%	2.00-2.25%	2.00-2.25%	2.00-2.25%	2.00-2.25%
12 - month deposits	2.75-3.00%	2.75-3.00%	2.75-3.00%	2.60-2.75%	2.35-2.70%	2.35-2.50%	2.35-2.50%	2.35-2.50%

2.2 Net Fees and Service Income

Consolidated	3Q/13	2Q/13	3Q/12	Change QoQ		Change YoY	
				Baht mn	%	Baht mn	%
Acceptances, aval and guarantees	130	126	130	4	3.2	0	0.0
Other fees and service income	4,518	4,582	4,059	(64)	(1.4)	459	11.3
Fees and service income	4,648	4,708	4,189	(60)	(1.3)	459	11.0
Fees and service expense	1,058	1,049	960	9	0.9	98	10.2
Fees and Service Income, net	3,590	3,659	3,229	(69)	(1.9)	361	11.2

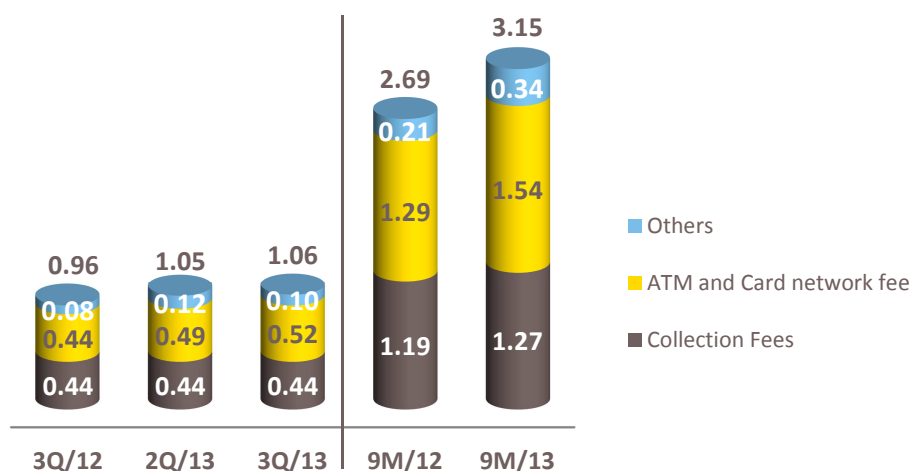
Consolidated	9M/13	9M/12	Change YoY	
			Baht mn	%
Acceptances, aval and guarantees	376	389	(13)	(3.3)
Other fees and service income	13,634	11,660	1,974	16.9
Fees and service income	14,010	12,049	1,961	16.3
Fees and service expense	3,154	2,688	466	17.3
Fees and Service Income, net	10,856	9,361	1,495	16.0

Fees & Service Income Breakdown



Fees & Service Expense

Unit: Baht Billion



For the third quarter period ended September 30, 2013

Net fees and service income decreased 1.9% quarter-on-quarter, driven by a decrease in securities brokerage fees, mirroring the capital market retractions in 3Q/13 which resulted in the average daily turnover contracting 24.4% on a quarter-on-quarter basis.

On a year-on-year basis, net fees and service income increased 11.2%, driven by an increase in fees from wealth & fund management and security fees (an increase of 52.9%), card businesses (an increase of 17.5%), auto hire purchase (an increase of 17.1%), and bancassurance (an increase of 13.2%).

Corresponding to the robust fees growth recorded in 3Q/13, fees and service expense increased 10.2%, year-on-year, mainly due to an increase in wealth & fund management fees and card network fees.

For the nine-month period ended September 30, 2013

Compared with 9M/12, net fees and service income grew strongly by Baht 1,495 million, or 16.0%, driven by the continued focus of the Krungsri Group in growing fees and wealth & fund management franchises. Wealth & fund management and security fees improved 78.5%, in part, attributed to the robust growth in assets under management and capital market conditions. Fees from auto hire purchase grew strongly at 22.5%, while the card business and bancassurance grew 18.3% and 12.6%, respectively, in 9M/13. Fees and service expense increased 17.3%, mainly due to an increase in variable expenses relating to the fees growth in the card business and wealth & fund management.

2.3 Non-interest and Non-fees Income

Consolidated	3Q/13	2Q/13	3Q/12	Change QoQ		Change YoY	
				Baht mn	%	Baht mn	%
Gains (losses) on trading and foreign							
exchange transactions	382	365	398	17	4.7	(16)	(4.0)
Gains (losses) on investments	73	205	150	(132)	(64.4)	(77)	(51.3)
Share of profit (loss) from investment for							
using equity method	49	39	24	10	25.6	25	104.2
Bad debt recoveries	822	1,410	826	(588)	(41.7)	(4)	(0.5)
Other operating income	418	803	568	(385)	(47.9)	(150)	(26.4)
Total Non-interest and Non-fees Income	1,744	2,822	1,966	(1,078)	(38.2)	(222)	(11.3)

Consolidated	9M/13	9M/12	Change YoY	
			Baht mn	%
Gains (losses) on trading and foreign				
exchange transactions	1,210	1,173	37	3.2
Gains (losses) on investments	390	611	(221)	(36.2)
Share of profit (loss) from investment for				
using equity method	154	129	25	19.4
Bad debt recoveries	3,055	2,348	707	30.1
Other operating income	1,980	1,811	169	9.3
Total Non-interest and Non-fees Income	6,789	6,072	717	11.8

For the third quarter period ended September 30, 2013

On a quarter-on-quarter basis, non-interest and non-fees income decreased by Baht 1,078 million, or 38.2%, driven primarily by bad debt recoveries income from Dubai World Group Finance Limited's account of Baht 550 million and gains on NPA sales of Baht 403 million recognized in 2Q/13.

Non-interest and non-fees income decreased by Baht 222 million, or 11.3%, compared to 3Q/12, driven primarily by a decrease in dividend income and gains on investment in 3Q/13.

For the nine-month period ended September 30, 2013

Non-interest and non-fees income increased by Baht 717 million, or 11.8%, compared to 9M/12, driven mainly by increases in bad debt recoveries income of Baht 707 million. The increase in bad debt recoveries was largely attributed to the income recovered from the Dubai World Group Finance Limited's account. Meanwhile, the improvement in other operating income was driven by an

increase in dividend income of Baht 109 million. These improvements were partially offset by a decrease in gains on investment.

2.4 Other Operating Expenses

Consolidated	3Q/13	2Q/13	3Q/12	Change QoQ		Change YoY	
				Baht mn	%	Baht mn	%
Employee's expenses	3,769	3,712	3,486	57	1.5	283	8.1
Premises and equipment expenses	1,444	1,406	1,458	38	2.7	(14)	(1.0)
Taxes and duties	550	541	530	9	1.7	20	3.8
Directors' remuneration	9	9	9	0	0.0	0	0.0
Other expenses	2,703	1,963	2,244	740	37.7	459	20.5
Total Other Operating Expenses	8,475	7,631	7,727	844	11.1	748	9.7

Consolidated	9M/13	9M/12	Change YoY	
			Baht mn	%
Employee's expenses	11,363	10,085	1,278	12.7
Premises and equipment expenses	4,331	4,025	306	7.6
Taxes and duties	1,615	1,560	55	3.5
Directors' remuneration	26	25	1	4.0
Other expenses	7,083	6,684	399	6.0
Total Other Operating Expenses	24,418	22,379	2,039	9.1

For the third quarter period ended September 30, 2013

On a quarter-on-quarter basis, operating expenses increased by Baht 844 million, or 11.1%, driven by other expenses of Baht 740 million, or 37.7%, mainly due to an increase in the reserve for impairment loss on other assets of Baht 245 million and the absence of a reversal of reserve on TAMC totaling Baht 1,085 million, offset by reserve for contingent liabilities of Baht 715 million, recognized in 2Q/13.

Operating expenses increased by Baht 748 million, or 9.7%, compared to 3Q/12, driven by an increase in employee expenses of Baht 283 million, or 8.1%, mainly due a higher headcount. Other expenses increased by Baht 459 million, or 20.5%, mainly due to an increase in the reserve for impairment loss on other assets, marketing and promotion expenses, insurance and outsourcing expenses.

For the nine-month period ended September 30, 2013

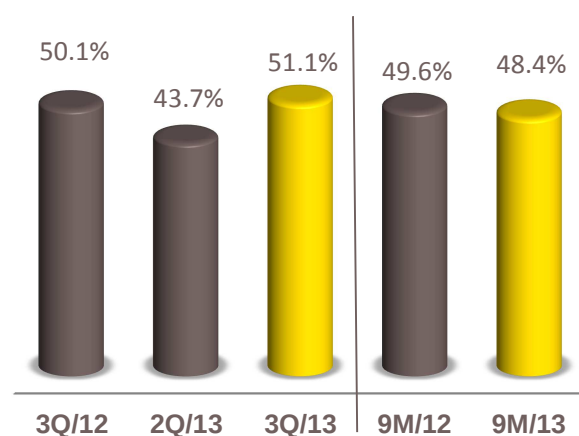
For the first nine months of 2013, other operating expenses increased by Baht 2,039 million, or 9.1%, driven by an increase in employee expenses of Baht 1,278 million, or 12.7%. As of end September 2013, Krungsri's workforce totaled 19,178, representing an increase of 1,205,

or 6.7%, year-on-year. The notable increase in headcount reflected both our robust business expansion and commitment to customer service and customer relationship management (CRM) undertakings. This customer-centric focus yielded positive results, with the average number of products held per customer rising from 2.78 in 2012 to 2.97 as of August 2013. Furthermore, our customer satisfaction score -- Net Promoter Score (NPS) -- rose to 49 in September 2013.

The increase in premises and equipment expenses of Baht 306 million, or 7.6%, was driven by an increase in depreciation expenses of fixed assets and IT service expenses. In particular, the installation of 395 ATM machines over the last 12 months enhanced service channels and provided greater convenience to customers. Correspondingly, the volume of transactions for both financial transaction and electronic payments via ATMs for Krungsri has expanded significantly.

An increase in Other Expenses of Baht 399 million, or 6.0%, was due to the reserve for impairment loss on other assets, reserve for contingent liabilities, marketing and promotion expenses offset by a reversal of reserve on TAMC in 2Q/13.

Cost to Income Ratio



For the first nine months of 2013, the cost-to-income ratio stood at 48.4%, improving from 49.6% in 9M/12.

2.5 Impairment loss of loans and debt securities

Consolidated	3Q/13	2Q/13	3Q/12	Change QoQ		Change YoY	
				Baht mn	%	Baht mn	%
Impairment loss on debt instrument	(27)	0	41	(27)	-	(68)	(165.9)
Bad Debt and Doubtful Accounts	1,984	5,987	2,293	(4,003)	(66.9)	(309)	(13.5)
Loss on Debt Restructuring	1,192	(80)	451	1,272	n.m.	741	164.3
Total impairment loss of loan and debt securities	3,149	5,907	2,785	(2,758)	(46.7)	364	13.1

Consolidated	9M/13	9M/12	Change YoY	
			Baht mn	%
Impairment loss on debt instrument	(27)	41	(68)	(165.9)
Bad Debt and Doubtful Accounts	10,874	7,625	3,249	42.6
Loss on Debt Restructuring	1,290	821	469	57.1
Total impairment loss of loan and debt securities	12,137	8,487	3,650	43.0

Loan loss provisions in the current period normalized to Baht 3,149 million, a decrease of Baht 2,758 million, or 46.7%, quarter-on-quarter, largely attributed to an absence of the prudential surplus reserve of Baht 2,552 million recorded in 2Q/13. On a normalized basis, loan loss provisions decreased Baht 206 million, or 6.2%, compared to 2Q/13.

As of September 30, 2013, our total provision stood at Baht 35,845 million, with an excess provision over Bank of Thailand's reserve requirements of Baht 15,359 million, or 175.0%, of the Bank of Thailand's reserving requirement. The loan loss coverage ratio recorded at 142.9%.

3. Financial Status

3.1 Financial Position

Consolidated	As at Sep. 30, 13	As at Jun. 30, 13	As at Dec. 31, 12	Change from Jun. 30, 13		Change from Dec. 31, 12	
				Baht mn	%	Baht mn	%
ASSETS							
Cash	23,818	24,486	25,079	(668)	(2.7)	(1,261)	(5.0)
Interbank and money market items, net	88,003	109,446	79,390	(21,443)	(19.6)	8,613	10.8
Investments, net	83,385	77,552	78,302	5,833	7.5	5,083	6.5
Investments in subsidiaries and associates, net	1,101	1,052	947	49	4.7	154	16.3
Loans to customers	934,187	908,602	869,382	25,585	2.8	64,805	7.5
Accrued interest receivable	2,465	2,359	2,257	106	4.5	208	9.2
Deferred revenue	(44,980)	(44,261)	(39,374)	(719)	(1.6)	(5,606)	(14.2)
Allowance for doubtful accounts	(34,173)	(34,007)	(30,306)	(166)	(0.5)	(3,867)	(12.8)
Revaluation allowance for debt restructuring	(1,481)	(498)	(723)	(983)	(197.4)	(758)	(104.8)
Properties for sale, net	8,462	8,847	9,452	(385)	(4.4)	(990)	(10.5)
Others	84,380	76,578	77,560	7,802	10.2	6,820	8.8
TOTAL ASSETS	1,145,167	1,130,156	1,071,966	15,011	1.3	73,201	6.8
LIABILITIES AND SHAREHOLDERS' EQUITY							
Deposits	736,439	731,731	687,159	4,708	0.6	49,280	7.2
Interbank and money market items, net	63,501	53,002	48,821	10,499	19.8	14,680	30.1
Debt issued and borrowings	151,862	159,558	154,629	(7,696)	(4.8)	(2,767)	(1.8)
Others	72,780	66,243	67,870	6,537	9.9	4,910	7.2
TOTAL LIABILITIES	1,024,582	1,010,534	958,479	14,048	1.4	66,103	6.9
Issued and paid-up share capital	60,741	60,741	60,741	0	0.0	0	0.0
Retained earning	38,961	37,543	32,796	1,418	3.8	6,165	18.8
Others	20,883	21,338	19,950	(455)	(2.1)	933	4.7
TOTAL SHAREHOLDERS' EQUITY	120,585	119,622	113,487	963	0.8	7,098	6.3
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	1,145,167	1,130,156	1,071,966	15,011	1.3	73,201	6.8

As of September 30, 2013, assets stood at Baht 1,145,167 million, representing an increase of Baht 15,011 million, or 1.3%, from June 2013, largely attributed to a higher net loan volume of Baht 24,866 million, or 2.9%, and an increase in investment of Baht 5,833 million, or 7.5%. Interbank and money market items decreased 19.6%, or Baht 21,443 million, mainly from a decrease in repurchase agreements of Baht 17,525 million.

On a year-to-date basis, assets grew by Baht 73,201 million, or 6.8%, largely driven by net loan volume of Baht 59,199 million, or 7.1%, and increase in interbank and money market items of Baht 8,613 million, or 10.8%.

On a quarter-on-quarter basis, liabilities grew 1.4%, or Baht 14,048 million. The growth in liabilities was driven by an increase in interbank and money market items of Baht 10,499 million, or 19.8%, largely driven by an increase of repurchase agreements. Meanwhile, debt issues and borrowings decreased 4.8%, or Baht 7,696 million, mainly driven by a decrease in bills of exchange and short-term debentures.

On a year-to-date basis, liabilities grew 6.9%, or Baht 66,103 million. The growth in liabilities was driven by an increase in deposits of 7.2%, or Baht 49,280 million, mirroring the continued robust demand by customers of our Big Bang products -- “Mee Tae Dai” and “Jad Hai” -- and the successful launch of time deposit products -- “9-month Step Up Time Deposit” on 28 March 2013 and “15-month Time Deposit” on 1 August 2013. The longer tenor time deposit products introduced in 3Q/13 reflected our effort in rebalancing our liabilities mix to match both the liquidity outlook and interest rate trend.

Total shareholders’ equity rose to Baht 120,585 million, an increase of Baht 963 million, or 0.8%, from June 2013. The increase was mainly due to equity holders’ net income of Baht 3,830 million for 3Q/13, offset by interim dividends paid of Baht 2,430 million.

Book value per share as at September 30, 2013 increased 0.8% to Baht 19.85 from Baht 19.69 at the end of June 2013.

3.2 Loans to customers

3.2.1 Loans by segment

Consolidated	Sep. 30, 13	Jun. 30, 13	Dec. 31, 12	Change from Jun. 30, 13		Change from Dec. 31, 12	
				Baht mn	%	Baht mn	%
Corporate	214,694	205,887	211,914	8,807	4.3	2,780	1.3
SMEs	220,571	216,246	212,834	4,325	2.0	7,737	3.6
Retail	453,942	442,208	405,260	11,734	2.7	48,682	12.0
- Hire purchase	233,536	229,419	202,089	4,117	1.8	31,447	15.6
- Housing	114,787	110,817	103,080	3,970	3.6	11,707	11.4
- Credit cards and personal loans	105,619	101,972	100,091	3,647	3.6	5,528	5.5
Total *	889,207	864,341	830,008	24,866	2.9	59,199	7.1

* Loans to customers net of deferred income

As at September 30, 2013, total outstanding loans stood at Baht 889,207 million, an increase of Baht 24,866 million, or 2.9%, from the previous quarter.

For the first nine months of 2013, the loan growth of 7.1% was broad-based covering retail, SME, and corporate segments. Retail loans grew by 12% while SME and corporate loans recorded 3.6% and 1.3% growth, respectively.

Under the **retail segment**, auto hire purchase loans grew strongly at 15.6% year-to-date, and 1.8% quarter-on-quarter. The auto hire purchase loan growth in the third quarter decelerated from the first half of 2013 in line with the completion of delivery of cars sold under the government's first time buyer program in 2012.

Housing loans grew 11.4% on a year-to-date basis, and 3.6% quarter-on-quarter, reflecting our strategic shift in partnering with top developers and targeting a higher income segment of customers.

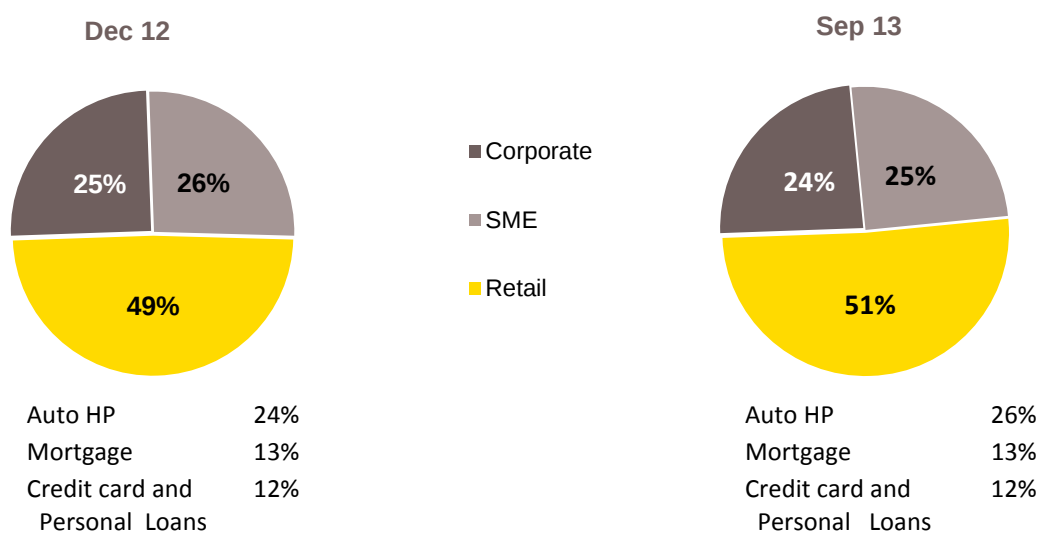
Credit cards and personal loans expanded 5.5% year-to-date, and 3.6% quarter-on-quarter. The improvement in 3Q/13 was attributed to normal business seasonality as reflected by both industry transactions and volume growth. Notwithstanding the good momentum observed in the first nine months of 2013, Krungsri Group has tightened underwriting standards in the unsecured lending segments amid the slowing economy and increasing household indebtedness.

The **SME portfolio** grew at 3.6% year-to-date, and 2.0% quarter-on-quarter. The growth was broadly observed in all SME segments.

Corporate loans recorded a notable growth of 4.3% in 3Q/13, driven by an increase in both working capital requirements and term loans, supported by business seasonality and higher utilization rates. Year-to-date, corporate loans increased 1.3%.

For the remainder of 2013, Krungsri's outlook remains moderate, given the economic slowdown expected to stabilize and improve later next year. Yet, with an expected seasonal rise in business volume for both retail and commercial lending, the loan growth target for Krungsri is maintained at 12% for this year.

Loan Composition



3.2.2 Loan classification and provision

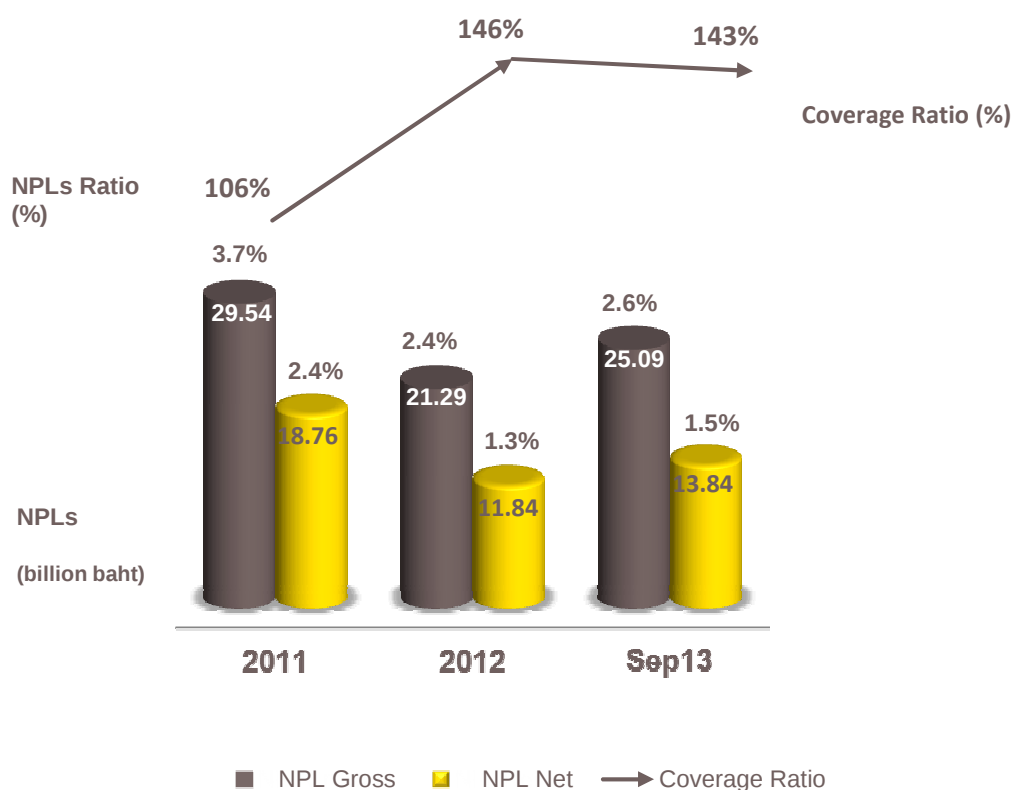
Unit : Baht mn

Consolidated	Sep. 30, 2013		Dec. 31, 2012		Change	
	Loans and Accrued Interest Receivable	Provision	Loans and Accrued Interest Receivable	Provision	Loans and Accrued Interest Receivable	Provision
Normal	837,389	5,126	786,545	7,205	50,844	(2,079)
Special mention	29,179	2,849	24,414	1,651	4,765	1,198
Substandard	10,804	4,067	7,057	3,337	3,747	730
Doubtful	7,573	4,577	5,207	2,142	2,366	2,435
Doubtful of loss	6,727	2,195	9,042	3,685	(2,315)	(1,490)
Total	891,672	18,814	832,265	18,020	59,407	794
Surplus Reserve		15,359		12,286		3,073
Total	891,672	34,173	832,265	30,306	59,407	3,867

3.2.3 Non-performing loans

Consolidated	Sep 30, 13	Jun 30, 13	Dec 31, 12	Change from Jun 30, 13		Change from Dec 31, 12	
				Baht mn	%	Baht mn	%
Non-Performing Loans (Net)	13,839	11,431	11,835	2,408	21.1	2,004	16.9
Non-Performing Loans (Gross)	25,092	22,817	21,292	2,275	10.0	3,800	17.8
Loans loss reserves (LLR)	35,845	34,638	31,127	1,207	3.5	4,718	15.2
Coverage	142.9%	151.8%	146.2%	(8.9%)	(5.9)	(3.3%)	(2.3)
BOT Requirement	20,486	18,977	18,841	1,509	8.0	1,645	8.7
Actual / Required LLR	175.0%	182.5%	165.2%	(7.5%)	(4.1)	9.8%	5.9

NPLs and Coverage Ratio



As of September 30, 2013, gross NPLs increased Baht 2,275 million from June 2013 to Baht 25,092 million. The ratio of gross NPLs to total loans stood at 2.6%. An increase in NPLs in 3Q/13 was driven largely by commercial accounts of our leasing subsidiary and the used car segment.

Total provisions stood at Baht 35,845 million, with an excess provision over Bank of Thailand requirements of Baht 15,359 million. Correspondingly, the actual provisioning ratio when compared to Bank of Thailand requirements stood at 175%; while the Group's coverage ratio was 142.9%.

3.3 Funding Structure

Consolidated	Sep. 30, 13	Jun. 30, 13	Dec. 31, 12	Change from Jun. 30, 13		Change from Dec. 31, 12	
				Baht mn	%	Baht mn	%
Current	19,572	18,269	18,646	1,303	7.1	926	5.0
Savings	378,161	354,949	350,814	23,212	6.5	27,347	7.8
Time	338,706	358,513	317,699	(19,807)	(5.5)	21,007	6.6
< 6 Months	131,575	156,875	147,053	(25,300)	(16.1)	(15,478)	(10.5)
6 Months - 1 Year	144,511	154,653	120,927	(10,142)	(6.6)	23,584	19.5
> 1 Year	62,620	46,985	49,719	15,635	33.3	12,901	25.9
Total Deposit	736,439	731,731	687,159	4,708	0.6	49,280	7.2
B/E	39,121	43,402	48,523	(4,281)	(9.9)	(9,402)	(19.4)
Debenture	77,836	81,240	71,170	(3,404)	(4.2)	6,666	9.4
Total Funding	853,396	856,373	806,852	(2,977)	(0.3)	46,544	5.8

As of September 30, 2013, overall funding for the Bank including deposits, bills of exchange and debentures increased Baht 46,544 million, or 5.8%, from December 2012.

Deposits totaled Baht 736,439 million, an increase of 49,280 million, or 7.2%, from December 2012, and an increase of Baht 4,708 million, or 0.6%, in 3Q/13.

On a year-to-date basis, the deposit growth was 7.2%, or Baht 49,280 million, mirroring the continued robust demand by customers of our Big Bang products -- “Mee Tae Dai” and “Jad Hai” -- and the successful launch of time deposit products -- “9-month Step Up Time Deposit” on 28 March 2013 and “15-month Time Deposit” on 1 August 2013. The longer tenor time deposit products introduced in 3Q/13 reflected our effort in rebalancing our liabilities mix to match the liquidity outlook and interest rate trend. “Mee Tae Dai” and “Jad Hai”, our special saving products, balances exceeded Baht 170,000 million as of September 2013.

As a result, the proportion of savings and current deposit (CASA) as a percentage of total deposits improved slightly to 54.0%, compared to 53.8% as of December 2012.

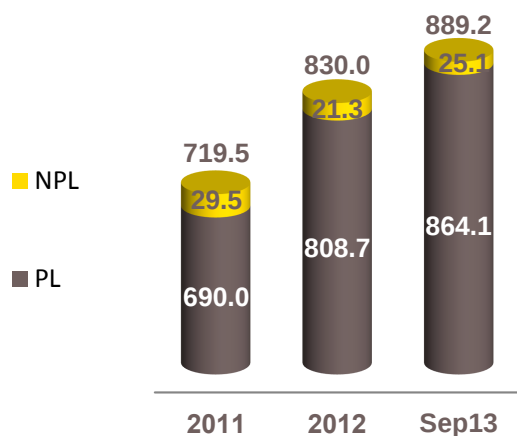
Bills of exchange totaled Baht 39,121 million, representing a decrease of Baht 9,402 million, or 19.4%, from December 2012.

Debentures stood at Baht 77,836 million as of September 2013. An increase of Baht 6,666 million, or 9.4%, from December 2012, was mainly driven by the issuance of long-term debentures in support of our matched funding discipline.

Consequently, the loan to deposit ratio registered at 121%, and the loan to deposit plus bills of exchange and debentures ratio increased slightly to 104%.

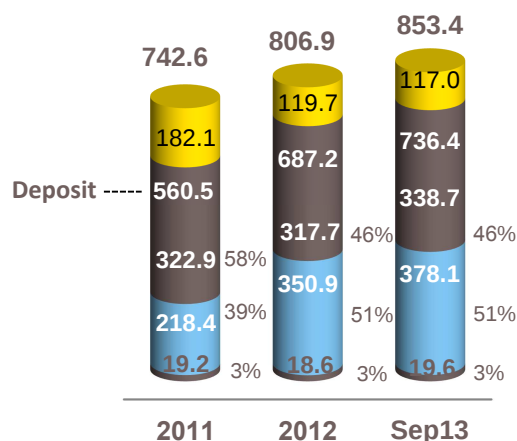
Loans

Unit: Baht Billion



Deposits + B/E + Debenture

Unit: Baht Billion



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

	2011	2012	Sep13
L/D	128%	121%	121%
L/D+B/E+Debenture	97%	103%	104%

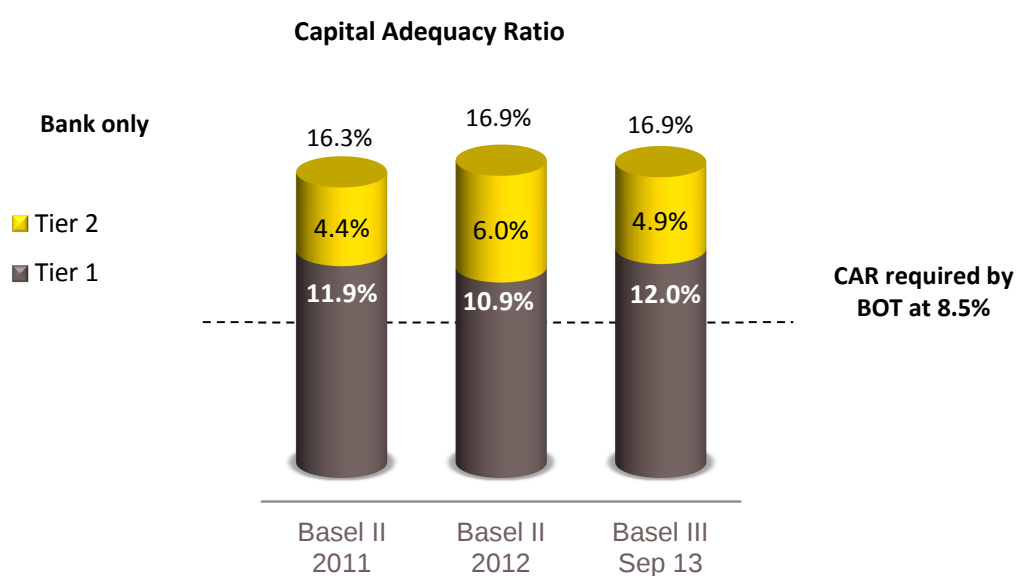
3.4 Contingencies

Consolidated	Sep. 30, 13	Jun. 30, 13	Dec. 31, 12	Change from Jun. 30, 13		Change from Dec. 31, 12	
				Baht mn	%	Baht mn	%
Avals to bills and Guarantees of loans	1,472	1,167	1,067	305	26.1	405	38.0
Liability under unmatured import bills	1,368	1,575	1,548	(207)	(13.1)	(180)	(11.6)
Letters of credit	8,527	8,886	8,043	(359)	(4.0)	484	6.0
Other contingencies	101,620	103,256	94,727	(1,636)	(1.6)	6,893	7.3
Total	112,987	114,884	105,385	(1,897)	(1.7)	7,602	7.2

The Krungsri Group's contingencies as at September 30, 2013 totaled Baht 112,987 million, an increase of Baht 7,602 million, or 7.2%, from December 31, 2012. This increase was driven mainly by an increase of other contingencies of Baht 6,893 million.

3.5 Statutory Capital

Effective in January 2013, the BIS ratio is calculated under Basel III guidance as prescribed by the Bank of Thailand. As at September 30, 2013, the Bank's capital remained strong at Baht 132,824 million, equivalent to 16.9% of risk-weighted assets, with 12% in Tier 1 capital.



Baht Billion	2011	2012	Sep 13
	Basel II	Basel II	Basel III
Tier 1	80.84	81.75	94.30
Tier 2	30.28	44.80	38.52
Total Capital	111.12	126.55	132.82

4. Credit Ratings

Following the Bank of Tokyo-Mitsubishi UFJ (BTMU)'s announcement on July 2, 2013 of its intention to acquire a majority stake in Krungsri, Moody's Investors Service adjusted the outlook of the Bank's deposit rating to "Positive", while Standard & Poor's and Fitch Ratings placed the Bank of Ayudhya on "CreditWatch Positive" and "Rating Watch Positive", respectively.* The Bank's credit ratings assigned by Moody's Investors Service, Standard & Poor's and Fitch Ratings as at September 30, 2013 are shown in the table below.

<u>Moody's Investors Service</u>	
Bank Deposits	
- Long Term	Baa2
- Short Term	Prime-2
Debt	
- Long Term -Senior Debt	Baa2
- Long Term –Subordinated Debt	Ba2
- Short Term	Prime-3
Debt and Deposit Rating Outlook	Positive
Bank Financial Strength Ratings	D+
Outlook	Stable
<u>Standard and Poor's</u>	
Issuer Credit Rating (ICR)	
- Long Term	BBB- , placed on CreditWatch Positive
- Short Term	A-3
Foreign Currency	
- Long Term - Senior Debt	BBB- , placed on CreditWatch Positive
- Short Term	A-3
Stand-alone Credit Profile (SACP)	bb+
Outlook	Stable
<u>Fitch Ratings</u>	
International Rating (Foreign Currency)	
- Long Term	BBB , placed on Rating Watch Positive
- Subordinated Debt	BBB-
- Short Term	F3
- Viability Rating	bbb
- Support	3
- Support Rating Floor	BB+
- Outlook	Stable
National Ratings	
- Long Term – Debenture	AA- (tha) , placed on Rating Watch Positive
- Subordinated Debt	A+ (tha)
- Short Term	F1+ (tha)
- Outlook	Stable

*Note : Credit Watch and Rating Watch indicate that there is a heightened probability of a rating change and the likely direction of a change. The Watch period is typically used to gather further information and/or subject the information to further analysis and/or where the rating implications are already clear, but where a triggering event (e.g. shareholder or regulatory approval) exists.

5. 2013 Key Performance Targets

Consolidated	2012	1H/13	3Q/13	9M/13	2013 Targets	
Loan Growth (Net)	+110.5 bn +15.4%	+34.3 bn +4.1%	+24.9 bn +2.9%	+59.2 bn +7.1%	n.d.	✓
Performing Loan Growth	+118.8 bn +17.2%	+32.8 bn +4.1%	+22.6 bn +2.7%	+55.4 bn +6.9%	12%+	✓
NPLs Ratio	2.39%	2.40%	2.60%	2.60%	~ 2.5%	✓
Deposit Mix: Savings and Current	54%	51%	54%	54%	~ 50%	✓
Loan Mix : Retail	49%	51%	51%	51%	50%	✓
L/D Ratio	121%	118%	121%	121%	n.d.	✓
L/Deposit+Debentures+B/E	103%	101%	104%	104%	95-96%	~
NIM	4.33%	4.30%	4.32%	4.33%	4.4%	✓
Fee income growth (YoY)	18.8%	19.1%	10.9%	16.3%	15%	✓
Cost to Income Ratio	50.33%	47.02%	51.12%	48.37%	<48%	✓
Provisions	137 bps	207 bps *	139 bps	181 bps *	130 bps	~
Loan Loss Coverage	146%	152%	143%	143%	150%	✓
CAR **	16.9%	17.0%	16.9%	16.9%	n.d.	✓

*Included one-time prudential surplus reserves of THB 2,552 mn. booked in 2Q/13

**Bank only