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Management Discussion and Analysis

For the quarter and the year ended
December 31, 2015

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Executive Summary:

Krungsri Group delivered a strong performance in 2015 against the backdrop of a slowing economy caused by a subdued domestic demand and a weaker-than-expected global recovery. A **net profit** of Baht 18,852 million was recorded, representing a 31.6% increase over 2014.

The increase in net profit was attributed to substantially higher net interest income, supported by loan growth, higher net fees and service income growth, and effective expenses management, mirroring Krungsri's strengthened operating platform and capability together with the synergies achieved from the successful integration of Krungsri and Bank of Tokyo-Mitsubishi UFJ, Ltd. (BTMU) Bangkok Branch at the beginning of 2015.

Total **loans** reached Baht 1,303,454 million, an increase of Baht 290,693 million, or 28.7%, from the year earlier. In 2015, the corporate segment was the key contributor of loan growth with a notable increase of 84.6%, largely driven by a transfer of corporate loan from BTMU Bangkok Branch. The retail segments' growth of 12.0% was broad-based and attributed to growth in hire purchase, mortgages, credit cards and personal loans. Meanwhile, the SME segment recorded a contraction of 8.2%.

Deposits reached a new milestone of Baht 1,046,290 million, an increase of Baht 208,734 million, or 24.9%, from December 2014, mainly resulting from deposit transfer from BTMU Bangkok Branch of Baht 146,865 million, the sustain growth of our special savings products –“ Mee Tae Dai” and “Jad Hai”.

Net fees and service income increased 16.7%, mainly driven by loan-related fees, wealth, fund management & securities-related fees and card business fees.

Non-performing loans represented 2.24% of total loans, decreasing from 2.79% in 2014, a satisfactory level despite adverse pressures from the weak economic condition, reflecting prudent business undertaking together with continued resolution of legacy NPLs. The Bank sold Baht 2,874 million of NPLs in 2015.

Our **total provision** was Baht 45,313 million, with an excess provision over the Bank of Thailand's reserve requirements of Baht 13,340 million, representing 41.7% over the Bank of Thailand's reserving requirements. The loan loss coverage ratio was 140.6%.

Earnings per share (EPS) increased to Baht 2.54 in 2015 from Baht 2.33 in 2014.

Going forward, 2016 presents new business opportunities, especially with the commencement of ASEAN Economic Community (AEC) and the economic recovery. We expect the economy to regain momentum on the back of a pick-up in both public and private investment, which should be more favorable for business expansion. With our projected GDP growth of 3.2% in 2016, we expect loan growth to be more broad-based and exceed GDP growth. Yet, given the ongoing challenges in the operating environment from both external and internal developments, Krungsri continues to be prudent in the conduct of our business with the loan growth projected at 5-6% in 2016.

NIM: 4.15%

Coverage Ratio: 140.6%

Net Profit:
At Baht 18.9 billion

NPL: 2.24%
Of Total loans

Summary of Financial Performance and Status:

Key 2015 deliverables:

- **Loan Growth:**

Increased 28.7%, or Baht 290,693 million, compared to December 2014, largely driven by loan transfer from BTMU Bangkok Branch, and increased 5.4%, or Baht 66,711 million, compared to September 2015.

- **Deposit Growth:**

Increased 24.9%, or Baht 208,734 million, compared to December 2014, and increased 3.3% or Baht 33,749 million, compared to September 2015.

- **Net Profit:**

Increased to Baht 18,852 million, representing a 31.6% increase over 2014, driven by higher net interest income supported by robust loan growth, net fees and service income growth and disciplined expenses management.

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

Recorded at 4.15% compared to 4.32% in 2014, largely attributed to higher component of corporate lending. In 4Q/15, NIM improved to 3.82% compared to 3.79% in 3Q/15.

- **Net Fees and Service Income:**

Increased 16.7% from 2014, supported by loan-related fees, wealth & fund management & securities-related fees and card business fees.

- **Cost to Income Ratio:**

Improved to 47.1% from 48.5% in 2014, reflecting strong growth in total income and increased efficiency from Krungsri and BTMU Bangkok Branch's integration synergy together with our disciplined expenses management.

- **Non-Performing Loans (NPLs):**

Represented 2.24% of total loan, decreasing from 2.79% in 2014.

- **Coverage Ratio:**

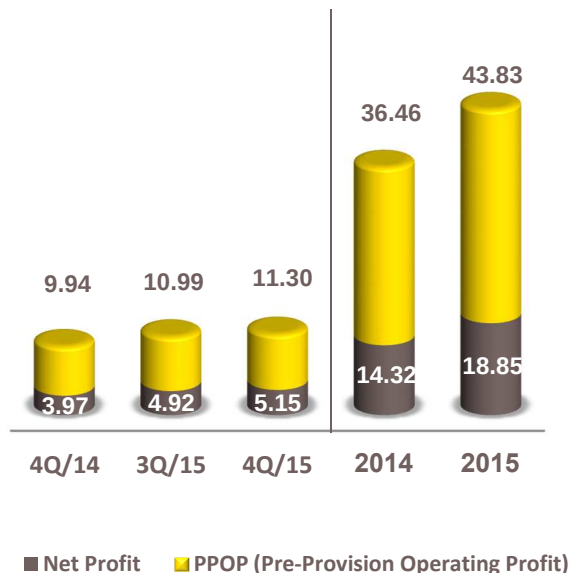
Stood at 140.6%.

- **Capital Adequacy Ratio:**

Recorded at 13.6 % compared to 14.7% recorded in December 2014.

PPOP & Net Profit

Unit: Baht Billion



For the year ended December 31, 2015

In 2015, operating profit was Baht 43,826 million, representing an increase of Baht 7,366 million, or 20.2% from 2014, driven by higher net interest income as a result of higher interest income from loan alongside a notable reduction in interest expense, together with higher net fees and service income and non interest income.

In 2015, net profit increased to Baht 18,852 million, representing a 31.6% increase over 2014, attributed to higher net interest income resulting from lending growth, net fees and service income, largely driven by the business transfer from BTMU Bangkok Branch, and effective expense management.

For the fourth quarter ended December 31, 2015

In 4Q/15, net profit totaled Baht 5,150 million, an increase of Baht 1,185 million, or 29.9%, year-on-year, largely driven by higher net interest income and net fees and service income owing to the business transfer from BTMU Bangkok Branch.

On a quarter-on-quarter basis, net profit increased Baht 235 million, or 4.8%, driven by an increase in interest income and fees and service income.

1. Statements of Profit or Loss and Other Comprehensive Income

Consolidated Statements of Profit or Loss and Other Comprehensive Income	4Q/15	3Q/15	4Q/14	Change QoQ		Change YoY	
				Baht mn	%	Baht mn	%
Interest Income	20,685	20,084	19,044	601	3.0	1,641	8.6
Interest Expenses	6,047	6,023	6,681	24	0.4	(634)	(9.5)
Interest Income, Net	14,638	14,061	12,363	577	4.1	2,275	18.4
Fees and Service Income	5,911	5,678	5,220	233	4.1	691	13.2
Fees and Service Expense	1,487	1,380	1,254	107	7.8	233	18.6
Fees and Service Income, Net	4,424	4,298	3,966	126	2.9	458	11.5
Non-interest and Non-fees Income	2,525	2,414	2,571	111	4.6	(46)	(1.8)
Other Operating Expenses	10,285	9,788	8,959	497	5.1	1,326	14.8
Pre-Provision Operating Profit (PPOP)	11,302	10,985	9,941	317	2.9	1,361	13.7
Impairment Loss of Loan and Debt Securities	4,876	4,840	4,879	36	0.7	(3)	(0.1)
Income Tax Expense	1,276	1,230	1,097	46	3.7	179	16.3
Net Profit	5,150	4,915	3,965	235	4.8	1,185	29.9
Other Comprehensive income, net	(234)	(162)	(791)	(72)	(44.4)	557	70.4
Total Comprehensive income	4,916	4,753	3,174	163	3.4	1,742	54.9
Net Profit Attributable To							
Owners of the Bank	5,107	4,852	3,936	255	5.3	1,171	29.8
Non-Controlling Interest	43	63	29	(20)	(31.7)	14	48.3
Net Profit	5,150	4,915	3,965	235	4.8	1,185	29.9
Total Comprehensive Income Attributable To							
Owners of the Bank	4,873	4,689	3,145	184	3.9	1,728	54.9
Non-Controlling Interest	43	64	29	(21)	(32.8)	14	48.3
Total Comprehensive income	4,916	4,753	3,174	163	3.4	1,742	54.9
Earning Per Share (Baht)	0.69	0.66	0.65	0.03	4.5	0.04	6.2

Consolidated Statements of Profit or Loss and Other Comprehensive Income	2015	2014	Change YoY	
			Baht mn	%
Interest Income	81,946	74,609	7,337	9.8
Interest Expense	25,596	26,665	(1,069)	(4.0)
Interest Income, Net	56,350	47,944	8,406	17.5
Fees and Service Income	22,670	19,191	3,479	18.1
Fees and Service Expense	5,440	4,421	1,019	23.0
Fees and Service Income, Net	17,230	14,770	2,460	16.7
Non-interest and Non-fees Income	9,193	8,046	1,147	14.3
Other Operating Expenses	38,947	34,300	4,647	13.5
Pre-Provision Operating Profit (PPOP)	43,826	36,460	7,366	20.2
Impairment Loss of Loan and Debt Securities	20,186	18,106	2,080	11.5
Income Tax Expense	4,788	4,031	757	18.8
Net Profit	18,852	14,323	4,529	31.6
Other Comprehensive income, net	(222)	626	(848)	(135.5)
Total Comprehensive income	18,630	14,949	3,681	24.6
Net Profit Attributable To				
Owners of the Bank	18,634	14,169	4,465	31.5
Non-Controlling Interest	218	154	64	41.6
Net Profit	18,852	14,323	4,529	31.6
Total Comprehensive Income Attributable To				
Owners of the Bank	18,410	14,796	3,614	24.4
Non-Controlling Interest	220	153	67	43.8
Total Comprehensive income	18,630	14,949	3,681	24.6
Earning Per Share (Baht)	2.54	2.33	0.21	9.0

2. Financial Performance

2.1 Net Interest Income

Consolidated	4Q/15	3Q/15	4Q/14	Change QoQ		Change YoY	
				Baht mn	%	Baht mn	%
INTEREST INCOME							
Interest on loans	13,901	13,584	12,829	317	2.3	1,072	8.4
Interest on interbank and money market items	673	503	575	170	33.8	98	17.0
Hire purchase and financial lease income	5,502	5,372	5,124	130	2.4	378	7.4
Investments and trading transactions	23	19	61	4	21.1	(38)	(62.3)
Investments in debt securities	586	606	455	(20)	(3.3)	131	28.8
Total Interest Income	20,685	20,084	19,044	601	3.0	1,641	8.6
INTEREST EXPENSE							
Interest on deposits	3,620	3,744	3,987	(124)	(3.3)	(367)	(9.2)
Interest on interbank and money market items	488	455	354	33	7.3	134	37.9
Interest on borrowings	666	606	1,294	60	9.9	(628)	(48.5)
Contribution to Financial Institution Development							
Fund and Deposit Protection Agency	1,261	1,212	1,042	49	4.0	219	21.0
Borrowing fee expenses	9	3	0	6	200.0	9	-
Other interest expenses	3	3	4	0	0.0	(1)	(25.0)
Total Interest Expenses	6,047	6,023	6,681	24	0.4	(634)	(9.5)
Interest Income, net	14,638	14,061	12,363	577	4.1	2,275	18.4
Net Interest Margin	3.82%	3.79%	4.34%				
Yield on Earning Assets	5.40%	5.41%	6.69%				
Cost of Funds	1.73%	1.76%	2.59%				

Consolidated	2015	2014	Change YoY	
			Baht mn	%
INTEREST INCOME				
Interest on loans	55,279	49,688	5,591	11.3
Interest on interbank and money market items	2,806	2,598	208	8.0
Hire purchase and financial lease income	21,312	20,193	1,119	5.5
Investments and trading transactions	87	174	(87)	(50.0)
Investments in debt securities	2,462	1,956	506	25.9
Total Interest Income	81,946	74,609	7,337	9.8
INTEREST EXPENSE				
Interest on deposits	15,454	15,583	(129)	(0.8)
Interest on interbank and money market items	1,665	1,484	181	12.2
Interest on borrowings	3,494	5,504	(2,010)	(36.5)
Contributions to Financial Institution Development				
Fund and Deposit Protection Agency	4,941	4,076	865	21.2
Borrowing fee expenses	28	4	24	600.0
Other interest expenses	14	14	0	0.0
Total Interest Expenses	25,596	26,665	(1,069)	(4.0)
Interest Income, net	56,350	47,944	8,406	17.5
Net Interest Margin	4.15%	4.32%		
Yield on Earning Assets	6.04%	6.72%		
Cost of Funds	2.08%	2.64%		

For the year ended December 31, 2015

For 2015, net interest income reached Baht 56,350 million, an increase of Baht 8,406 million or 17.5% compared to 2014 as interest income significantly grew resulting primarily from loan growth. Interest expense declined from an improvement in funding costs, reflecting a lower policy rate along with effective interest expense management.

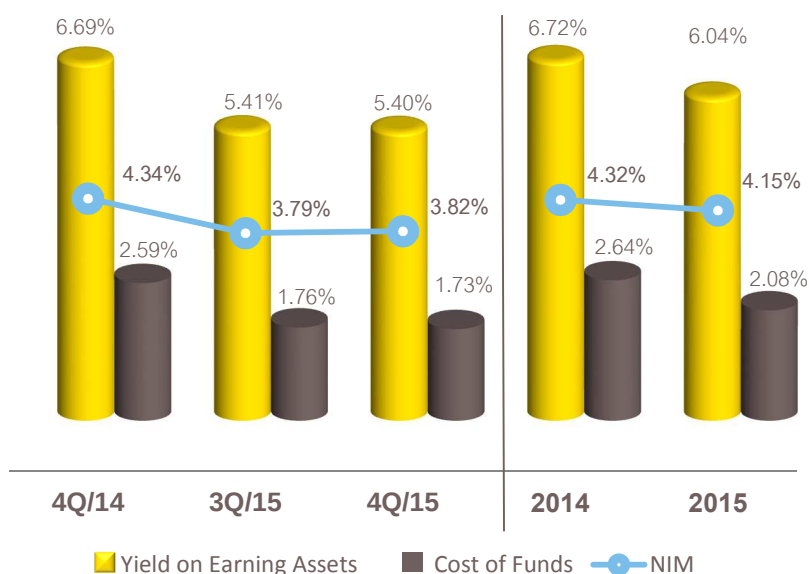
For the fourth quarter ended December 31, 2015

Net interest income in the fourth quarter was Baht 14,638 million, an increase of Baht 577 million, or 4.1% on a quarter-on-quarter basis driven by higher interest on loans. Meanwhile, interest on deposits decreased as a result of a decrease in time deposits with maturity over 6 months.

NIM recorded at 4.15% in 2015 in line with the Bank's guidance of 4.0%. Krungsri's overall yield moderated to 6.04% in 2015 from 6.72% in 2014, reflecting the higher component of corporate loan. Nevertheless, our cost of funds also significantly improved to 2.08% from 2.64% in 2014 in line with a lower policy rate and a higher mix of lower-cost funds.

In 4Q/15, NIM improved to 3.82% compared to 3.79% in the prior quarter, mainly resulting from the improvement in cost of funds which recorded at 1.73% in 4Q/15, a decrease from 1.76% in 3Q/15. Meanwhile, the overall yield stabilized at 5.40% in 4Q/15 compared to 5.41% in 3Q/15.

Net Interest Margin (NIM)



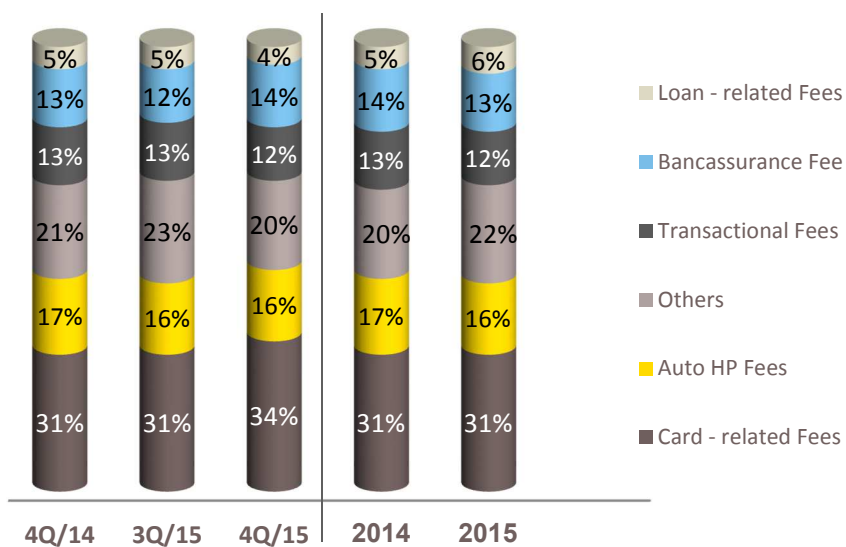
	Jan-14	Mar-14	Jun-14	Sep-14	Dec-14	Mar-15	Jun-15	Sep-15	Dec-15
Policy Rate	2.25%	2.00%	2.00%	2.00%	2.00%	1.75%	1.50%	1.50%	1.50%
Krungsri Lending Rate	7.25%	7.125%	7.125%	7.125%	7.125%	6.975%	6.85%	6.85%	6.85%
Saving Rate	0.50%	0.40%	0.40%	0.40%	0.40%	0.40%	0.40%	0.30%	0.30%
3 - month deposits	1.50-1.75%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

2.2 Net Fees and Service Income

Consolidated	4Q/15	3Q/15	4Q/14	Change QoQ		Change YoY	
				Baht mn	%	Baht mn	%
Acceptances, aval and guarantees	125	127	131	(2)	(1.6)	(6)	(4.6)
Other fees and service income	5,786	5,551	5,089	235	4.2	697	13.7
Fees and service income	5,911	5,678	5,220	233	4.1	691	13.2
Fees and service expense	1,487	1,380	1,254	107	7.8	233	18.6
Fees and Service Income, net	4,424	4,298	3,966	126	2.9	458	11.5

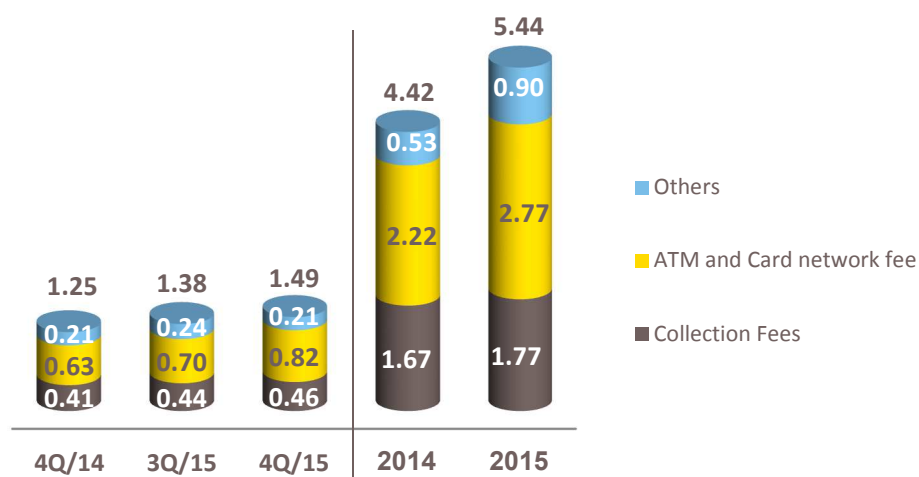
Consolidated	2015	2014	Change YoY	
			Baht mn	%
Acceptances, aval and guarantees	521	512	9	1.8
Other fees and service income	22,149	18,679	3,470	18.6
Fees and service income	22,670	19,191	3,479	18.1
Fees and service expense	5,440	4,421	1,019	23.0
Fees and Service Income, net	17,230	14,770	2,460	16.7

Fees & Service Income Breakdown



Fees & Service Expense

Unit: Baht Billion



For the year ended December 31, 2015

Net fees and service income in 2015 was Baht 17,230 million, increasing by Baht 2,460 million, or 16.7% compared with 2014, reflecting enhanced fee income generation achieved from the synergy with MUFG/BTMU. The increase in fees and service income was mainly driven by a significant increase of 34.9% in loan-related fees, a 34.6% increase in wealth & fund management & securities-related fees and a 20.5% increase in card business fees. Meanwhile, transactional fees, auto-hire purchase fees and Bancassurance fees grew 15.6%, 9.5% and 9.4%, respectively. Fees and service expense increased 23.0%, mainly due to an increase in variable expenses relating to the fee growth in the card business and wealth & fund management & securities-related activities.

For the fourth quarter period ended December 31, 2015

Net fees and service income was Baht 4,424 million, increasing by Baht 126 million, or 2.9%, quarter-on-quarter. Fees and service income increased by Baht 233 million, or 4.1%, mainly driven by fees relating to a pick-up in retail activity in the fourth quarter in which Bancassurance, card-related and auto hire purchase fees recorded growth of 15.2%, 14.9%, and 6.4% respectively. On the other hand, collection fees decreased 27.3%. Meanwhile, fees and service expense increased 7.8%.

On a year-on-year basis, net fees and service income increased Baht 458 million, or 11.5%, largely driven by a significant increase of 24.2% in card-related fees, 14.9% in Bancassurance fees, 13.1% in auto hire purchase fees, 11.7% in wealth, fund management & securities-related fees and 9.3% increase in transactional fees. On the other hand, loan-related fees declined 4.6%. Meanwhile, fees and service expense increased 18.6%.

2.3 Non-interest and Non-fees Income

Consolidated	4Q/15	3Q/15	4Q/14	Change QoQ		Change YoY	
				Baht mn	%	Baht mn	%
Gains (losses) on trading and foreign							
exchange transactions	855	1,171	465	(316)	(27.0)	390	83.9
Gains (losses) on investments	102	(124)	659	226	182.3	(557)	(84.5)
Share of profit (loss) from investment for							
using equity method	89	84	6	5	6.0	83	1,383.3
Bad debt recoveries	846	760	921	86	11.3	(75)	(8.1)
Other operating income	633	523	520	110	21.0	113	21.7
Total Non-interest and Non-fees Income	2,525	2,414	2,571	111	4.6	(46)	(1.8)

Consolidated	2015	2014	Change YoY	
			Baht mn	%
Gains (losses) on trading and foreign				
exchange transactions	3,216	1,574	1,642	104.3
Gains (losses) on investments	409	1,237	(828)	(66.9)
Share of profit (loss) from investment for				
using equity method	358	159	199	125.2
Bad debt recoveries	3,042	3,054	(12)	(0.4)
Other operating income	2,168	2,022	146	7.2
Total Non-interest and Non-fees Income	9,193	8,046	1,147	14.3

For the year ended December 31, 2015

Non-interest and non-fees income increased Baht 1,147 million, or 14.3%, mainly attributed to higher gains on trading and foreign exchange transactions of Baht 1,642 million, or 104.3%. This increase in gains on trading and foreign exchange transaction largely resulted from the Global Markets Group's enhanced capability achieved through synergy with MUFG/BTMU. Other operating income increased Baht 146 million or 7.2% mainly from an increased from gains on sale of properties for sale of Baht 340 million, while gains on investments from Available for Sales (AFS) decreased Baht 828 million, or 66.9%.

For the fourth quarter period ended December 31, 2015

On a quarter-on-quarter basis, non-interest and non-fees income increased Baht 111 million, or 4.6%, compared to 3Q/15, mainly driven by an improvement in gains on investments from Available for Sales (AFS) of Baht 226 million, and other operating income of Baht 110 million, an increase of 21.0% mainly from gains on sale of properties for sale of Baht 202 million, and bad debt recoveries of Baht 86 million, or 11.3%. Meanwhile gains on trading and foreign exchange transactions decreased Baht 316 million, or 27.0%.

On a year-on-year basis, non-interest and non-fees income decreased Baht 46 million, or 1.8%, mainly driven by gains on trading and foreign exchange transactions of Baht 390 million, or 83.9% and other operating income of Baht 113 million or 21.7%, mainly from an increase from gains on sale of properties for sale of Baht 106 million. Meanwhile gains on investments from Available for Sales (AFS) decreased Baht 557 million, or 84.5%, reflecting capital market conditions in 4Q/15 and bad debt recoveries of Baht 75 million, or 8.1%.

2.4 Other Operating Expenses

Consolidated	4Q/15	3Q/15	4Q/14	Change QoQ		Change YoY	
				Baht mn	%	Baht mn	%
Employee's expenses	5,088	4,631	4,017	457	9.9	1,071	26.7
Premises and equipment expenses	1,759	1,689	1,649	70	4.1	110	6.7
Taxes and duties	633	631	392	2	0.3	241	61.5
Directors' remuneration	12	12	13	0	0.0	(1)	(7.7)
Other expenses	2,793	2,825	2,888	(32)	(1.1)	(95)	(3.3)
Total Other Operating Expenses	10,285	9,788	8,959	497	5.1	1,326	14.8

Consolidated	2015	2014	Change YoY	
			Baht mn	%
Employee's expenses	18,914	16,102	2,812	17.5
Premises and equipment expenses	6,831	6,452	379	5.9
Taxes and duties	2,548	2,115	433	20.5
Directors' remuneration	48	48	0	0.0
Other expenses	10,606	9,583	1,023	10.7
Total Other Operating Expenses	38,947	34,300	4,647	13.5

For the year ended December 31, 2015

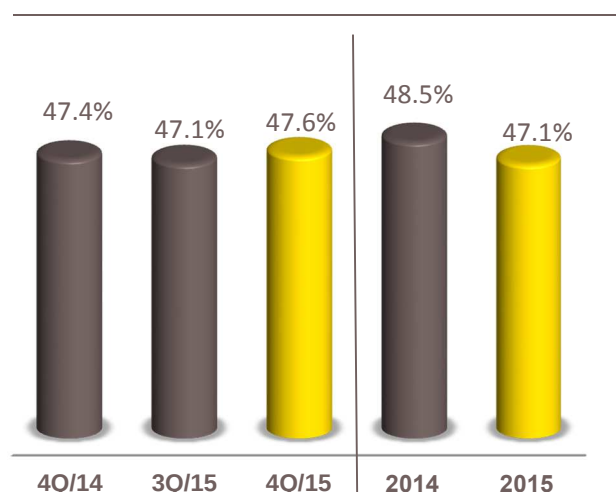
Operating expenses increased Baht 4,647 million, or 13.5%, largely driven by an increase in employee's expenses of Baht 2,812 million, or 17.5%, mainly due to the integration of employees from BTMU Bangkok Branch and annual merit increases. Other expenses increased Baht 1,023 million or 10.7%, mainly from an increase in promotion expenses of Baht 478 million. Moreover, taxes and duties increased Baht 433 million or 20.5%, reflecting an increase in business volume.

For the fourth quarter period ended December 31, 2015

On a quarter-on-quarter basis, operating expenses increased Baht 497 million, or 5.1%, driven by an increase in employee's expenses of Baht 457 million and an increase in premises and equipment expenses of Baht 70 million.

On a year-on-year basis, operating expenses increased Baht 1,326 million, or 14.8%, driven by an increase in employee's expenses of Baht 1,071 million, or 26.7%, mainly due to the additional headcounts from BTMU Bangkok Branch and annual merit increases. Taxes and duties increased Baht 241 million or 61.5%, reflecting an increase in business volume.

Cost to Income Ratio



The cost-to-income ratio recorded at 47.6% in 4Q/15, increasing slightly from 47.1% in 3Q/15. In 2015, the cost-to-income ratio significantly improved from 48.5% in 2014 to 47.1%. This was a result of stronger growth in total income, increased efficiency associated with the synergy achieved through Krungsri and BTMU Bangkok Branch's integration and our disciplined expenses management.

2.5 Impairment loss of loans and debt securities

Consolidated	4Q/15	3Q/15	4Q/14	Change QoQ		Change YoY	
				Baht mn	%	Baht mn	%
Impairment loss on debt instrument (reversal)	0	(4)	0	4	-	0	-
Bad Debt and Doubtful Accounts	4,516	4,454	4,580	62	1.4	(64)	(1.4)
Loss on Debt Restructuring	360	390	299	(30)	(7.7)	61	20.4
Total impairment loss of loan and debt securities	4,876	4,840	4,879	36	0.7	(3)	(0.1)

Consolidated	2015	2014	Change YoY	
			Baht mn	%
Impairment loss on debt instrument (reversal)	(4)	0	(4)	-
Bad Debt and Doubtful Accounts	18,862	16,739	2,123	12.7
Loss on Debt Restructuring	1,328	1,367	(39)	(2.9)
Total impairment loss of loan and debt securities	20,186	18,106	2,080	11.5

In accordance with 2015 total loan growth and an increase in NPLs in the SME and retail segments which were impacted by the weak economic condition, loan loss provisions for the year amounted to Baht 20,186 million, an increase of Baht 2,080 million, or 11.5%, from the prior year.

Loan loss provisions in 4Q/15 amounted to Baht 4,876 million, an increase of Baht 36 million, or 0.7%, from 3Q/15.

As of December 31, 2015, total provision stood at Baht 45,313 million, with an excess provision of Baht 13,340 million, or 41.7% over the Bank of Thailand's reserve requirements. The coverage ratio was 140.6%.

3. Financial Status

3.1 Statement of Financial Position

Consolidated	As at Dec. 31, 15	As at Sep. 30, 15	As at Dec. 31, 14	Change from Sep. 30, 15		Change from Dec. 31, 14	
				Baht mn	%	Baht mn	%
ASSETS							
Cash	33,690	28,915	31,155	4,775	16.5	2,535	8.1
Interbank and money market items, net	194,094	203,279	80,364	(9,185)	(4.5)	113,730	141.5
Investments, net	110,027	112,712	60,573	(2,685)	(2.4)	49,454	81.6
Investments in subsidiaries, associates and joint ventures, net	1,576	1,487	1,217	89	6.0	359	29.5
Loans to customers	1,353,559	1,284,584	1,057,636	68,975	5.4	295,923	28.0
Accrued interest receivable	3,572	3,722	2,636	(150)	(4.0)	936	35.5
Deferred revenue	(50,105)	(47,841)	(44,875)	(2,264)	(4.7)	(5,230)	(11.7)
Allowance for doubtful accounts	(43,218)	(43,685)	(38,159)	467	1.1	(5,059)	(13.3)
Revaluation allowance for debt restructuring	(1,726)	(1,697)	(1,617)	(29)	(1.7)	(109)	(6.7)
Properties for sale, net	5,050	5,014	5,456	36	0.7	(406)	(7.4)
Others	98,998	110,289	56,976	(11,291)	(10.2)	42,022	73.8
TOTAL ASSETS	1,705,517	1,656,779	1,211,362	48,738	2.9	494,155	40.8
LIABILITIES AND SHAREHOLDERS' EQUITY							
Deposits	1,046,290	1,012,541	837,556	33,749	3.3	208,734	24.9
Interbank and money market items, net	275,059	275,322	46,612	(263)	(0.1)	228,447	490.1
Debt issued and borrowings	108,121	92,953	151,805	15,168	16.3	(43,684)	(28.8)
Others	85,299	90,131	43,719	(4,832)	(5.4)	41,580	95.1
TOTAL LIABILITIES	1,514,769	1,470,947	1,079,692	43,822	3.0	435,077	40.3
Issued and paid-up share capital	73,558	73,558	60,741	0	0.0	12,817	21.1
Retained earning	61,938	57,028	49,329	4,910	8.6	12,609	25.6
Others	55,252	55,246	21,600	6	0.0	33,652	155.8
TOTAL SHAREHOLDERS' EQUITY	190,748	185,832	131,670	4,916	2.6	59,078	44.9
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	1,705,517	1,656,779	1,211,362	48,738	2.9	494,155	40.8
Book value per share (Baht)	25.93	25.26	21.68	0.67	2.7	4.25	19.6

As of December 31, 2015, assets stood at Baht 1,705,517 million, representing an increase of Baht 494,155 million, or 40.8% from December 2014, largely attributed to a higher net loan volume of Baht 290,693 million, or 28.7%, mainly a result of loan transfer from BTMU Bangkok Branch and an increase in interbank and money market items of Baht 113,730 million, driven by an increase in loans to money market of Baht 46,412 million and deposits with financial institutions of Baht 32,016 million.

On a quarter-on-quarter basis, assets increased Baht 48,738 million, or 2.9%, driven by an increase in net loans volume of Baht 66,711 million, or 5.4% while other assets decreased Baht 11,291 million, or 10.2%, mainly from a decrease in derivative assets. Moreover, interbank and money market items decreased Baht 9,185 million, or 4.5%, mainly from a decrease in deposits with financial institutions of Baht 37,322 million while repurchase agreement increased Baht 31,300 million.

Liabilities grew 40.3%, or Baht 435,077 million. The growth in liabilities was driven by an increase in interbank and money market items of Baht 228,447 million, largely driven by an increase in loans from financial institutions, and an increase in deposits of 24.9% or Baht 208,734 million, mainly resulting from the deposit transfer from BTMU Bangkok Branch, the sustained performance of special savings products – “Mee Tae Dai” and “Jad Hai”. Meanwhile, debt issued and borrowings decreased Baht 43,684 million, or 28.8%, in part driven by the maturity of debentures, totaling Baht 67,740 million, offsetting new issuance of debentures in the amount of Baht 32,600 million. In addition, the decrease in debt issued and borrowings was also due to early redemption of subordinated debenture no. 1/2010 totaling Baht 20,000 million in 2Q/15.

On a quarter-on-quarter basis, liabilities increased 3.0%, or Baht 43,822 million, driven by an increase in deposits of Baht 33,749 million, or 3.3%, mainly from time deposits with maturity less than 6 months, and an increase in debt issued and borrowings of Baht 15,168 million. Meanwhile, other liabilities decreased Baht 4,832 million, mainly driven by a decrease in derivatives liabilities.

Total shareholders’ equity rose to Baht 190,748 million, an increase of Baht 59,078 million, or 44.9%, from December 2014. The increase was mainly due to an increase in additional new shares issued in 1Q/15 and equity holders’ net income of Baht 18,852 million in 2015. This increase was partially offset by dividends payout of Baht 5,885 million.

Book value per share as of December 31, 2015 increased 19.6% to Baht 25.93 from Baht 21.68 at the end of 2014.

3.2 Loans to customers

3.2.1 Loans by segment

Consolidated	Dec. 31, 15	Sep. 30, 15	Dec. 31, 14	Change from Sep. 30, 15		Change from Dec. 31, 14	
				Baht mn	%	Baht mn	%
Corporate	544,413	511,674	294,955	32,739	6.4	249,458	84.6
- Thai Corporate	374,232	334,431	267,147	39,801	11.9	107,085	40.1
- International Corporate (JPC/MNC)	170,181	177,243	27,808	(7,062)	(4.0)	142,373	512.0
SMEs	202,469	202,768	220,651	(299)	(0.1)	(18,182)	(8.2)
Retail	556,572	522,301	497,155	34,271	6.6	59,417	12.0
- Hire purchase	264,820	253,145	241,008	11,675	4.6	23,812	9.9
- Mortgage	160,157	147,733	132,966	12,424	8.4	27,191	20.4
- Credit cards and personal loans	131,595	121,423	123,181	10,172	8.4	8,414	6.8
Total *	1,303,454	1,236,743	1,012,761	66,711	5.4	290,693	28.7

* Loans to customers net of deferred revenue

In 2015, total outstanding loans stood at Baht 1,303,454 million, an increase of Baht 290,693 million, or 28.7%, from the year earlier. In 2015, the corporate segment was the key contributor of loan growth with a notable increase of 84.6%, largely driven by a transfer of corporate loan from BTMU Bangkok Branch. The retail segments' growth of 12.0% was broad-based and attributed to growth in hire purchase, mortgages, credit cards and personal loans. Meanwhile, the SME segment recorded a contraction of 8.2%.

As of December 31, 2015, commercial lending comprising corporate and SME customers accounted for 57% of our total loan portfolio, while retail lending, represented the remaining 43%. This changing mix of the lending portfolio compared to end of 2014 was a result of loan portfolio transfer in the amount of Baht 232,772 million from BTMU Bangkok Branch.

Under the retail segment, **mortgage loans** grew strongly at 20.4% in 2015, and 8.4% in 4Q/15, driven by Krungsri's implementation of new strategies including an adoption of One Scan system (enhanced process efficiency through digitization). In addition, the government's assistance measures for the property sector, launched in October 2015, also contributed to an acceleration of loans recorded in 4Q/15.

Auto hire purchase loans grew 9.9% from last year. The 4.6% growth recorded in 4Q/15 was fuelled by an acceleration of car purchase before the excise tax increases due to come into effect in 2016. The satisfactory growth in auto hire purchase loan amid a contraction in domestic car sales (In 2015, domestic car sales decreased 9.3% year-on-year) highlighted an increase in volume from partners coupled with Krungsri's strong business franchise.

Krungsri's **credit cards and personal loans** expanded 6.8% in 2015, largely attributed to a strong growth of 8.4% recorded in 4Q/15, due to the seasonality effect of high year-end spending pattern together with an improvement in consumer spending following the government's stimulus measures.

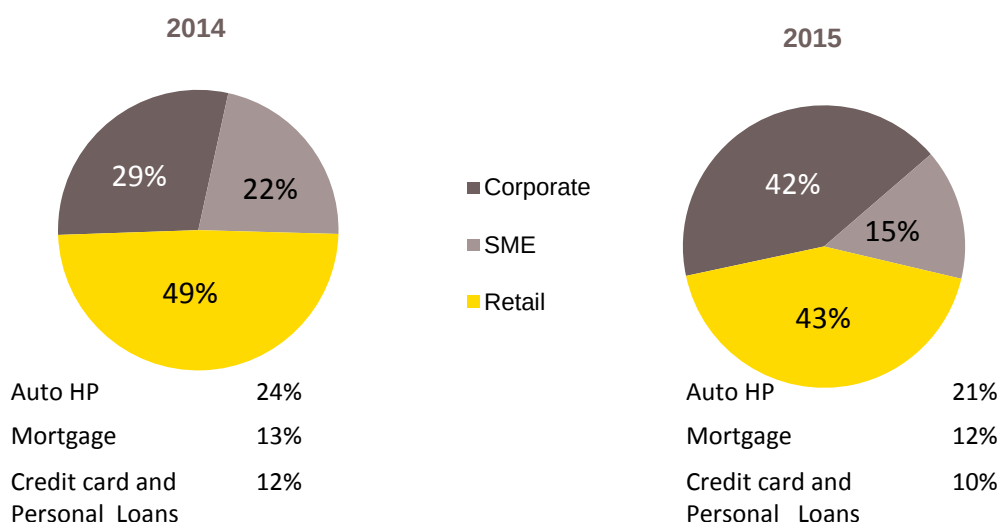
Given the weak economic backdrop and our prudent portfolio management, the **SME** portfolio contracted 8.2% in 2015. During the fourth quarter, SME loans slightly contracted by 0.1%.

Corporate loans growth picked up towards the end of 2015, recording at 6.4% in 4Q/15, driven largely by an increase in Thai corporate loans due to an increase in term loan demand. For 2015 corporate loan grew 84.6% primarily as a result of corporate loan portfolio transfer from BTMU Bangkok Branch in January.

In sum, Krungsri Group delivered a satisfactory performance in growing our loans in 2015 against the backdrop of a slowing economy caused by subdued domestic demand and a weaker-than-expected global recovery.

Going forward, 2016 presents new business opportunities, especially with the commencement of ASEAN Economic Community (AEC) and the economic recovery. We expect the economy to regain momentum on the back of a pick-up in both public and private investment, which should be more favorable for business expansion. With our projected GDP growth of 3.2% in 2016, we expect loan growth to be more broad-based and exceed GDP growth. Yet, given the ongoing challenges in the operating environment from both external and internal developments, Krungsri continues to be prudent in the conduct of our business with the loan growth projected at 5-6% in 2016.

Loan Composition



3.2.2 Loan classification and provision

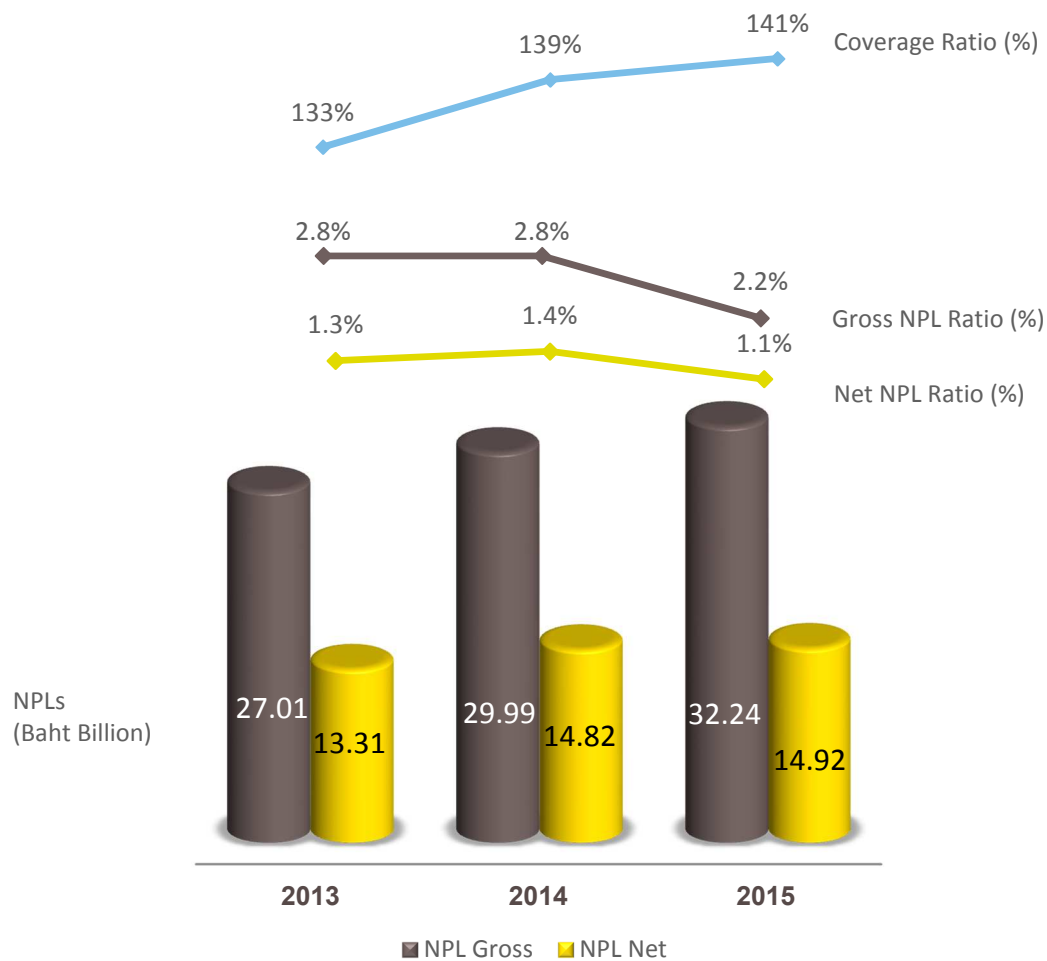
Unit : Baht mn

Consolidated	Dec. 31, 15		Dec. 31, 14		Change	
	Loans and Accrued Interest Receivable	Provision	Loans and Accrued Interest Receivable	Provision	Loans and Accrued Interest Receivable	Provision
Normal	1,226,187	9,204	952,203	6,665	273,984	2,539
Special mention	48,598	3,802	33,202	3,239	15,396	563
Substandard	10,824	6,255	10,031	4,969	793	1,286
Doubtful	8,412	4,271	8,601	3,341	(189)	930
Doubtful of loss	13,006	6,346	11,360	6,441	1,646	(95)
Total	1,307,027	29,878	1,015,397	24,655	291,630	5,223
Surplus Reserve		13,340		13,504		(164)
Total	1,307,027	43,218	1,015,397	38,159	291,630	5,059

3.2.3 Non-performing loans

Consolidated	Dec. 31, 15	Sep. 30, 15	Dec. 31, 14	Change from Sep. 30, 15		Change from Dec. 31, 14	
				Baht mn	%	Baht mn	%
Non-Performing Loans (Net)	14,919	16,225	14,818	(1,306)	(8.0)	101	0.7
Non-Performing Loans (Gross)	32,239	32,902	29,988	(663)	(2.0)	2,251	7.5
Loans loss reserves (LLR)	45,313	45,775	39,958	(462)	(1.0)	5,355	13.4
Coverage Ratio	140.6%	139.1%	133.2%	1.5%	1.1	7.4%	5.6
BOT Requirement	31,973	30,674	26,453	1,299	4.2	5,520	20.9
Actual / Required LLR	141.7%	149.2%	151.1%	(7.5%)	(5.0)	(9.4%)	(6.2)

NPLs and Coverage Ratio



Despite the adverse pressures from the weak economic condition, asset quality was satisfactorily maintained in 2015. As of December 31, 2015, gross NPLs stood at Baht 32,239 million, an increase of Baht 2,251 million from Baht 29,988 million at the end of 2014. The ratio of gross NPLs to total loans stood at 2.24% at the end of 2015, decreasing from 2.79% at the end of 2014.

In 4Q/15 gross NPLs decreased Baht 663 million from September 2015, driven largely by the completion of Baht 1,478 million in NPL sales to a third party in 4Q/15. Excluding NPL sales, gross NPLs increased during the fourth quarter, driven largely by the SME segment.

In 2015, the Bank sold two tranches of NPLs in 2Q/15 and 4Q/15, reducing outstanding NPLs by Baht 2,874 million.

As of December 31, 2015 our total provisions stood at Baht 45,313 million, with an excess provision over Bank of Thailand requirements of Baht 13,340 million. Correspondingly, the actual provisioning ratio when compared to Bank of Thailand requirements stood at 141.7%, while the Group's coverage ratio was 140.6%.

3.3 Funding Structure

Consolidated	Dec. 31, 15	Sep. 30, 15	Dec. 31, 14	Change from Sep. 30, 15		Change from Dec. 31, 14	
				Baht mn	%	Baht mn	%
Current	29,615	32,226	20,234	(2,611)	(8.1)	9,381	46.4
Savings	509,428	495,040	404,466	14,388	2.9	104,962	26.0
Time	507,247	485,275	412,856	21,972	4.5	94,391	22.9
< 6 months	164,737	124,394	75,815	40,343	32.4	88,922	117.3
6M - 1 Year	315,806	333,595	246,144	(17,789)	(5.3)	69,662	28.3
> 1 Year	26,704	27,286	90,897	(582)	(2.1)	(64,193)	(70.6)
Total Deposit	1,046,290	1,012,541	837,556	33,749	3.3	208,734	24.9
B/E	37,421	24,752	25,950	12,669	51.2	11,471	44.2
Debenture	55,843	53,343	90,983	2,500	4.7	(35,140)	(38.6)
Total Funding	1,139,554	1,090,636	954,489	48,918	4.5	185,065	19.4

As of December 31, 2015, overall funding for the Bank, including deposits, bills of exchange and debentures, increased Baht 185,065 million, or 19.4%, from December 2014.

Deposits totaled Baht 1,046,290 million, an increase of Baht 208,734 million, or 24.9%, from December 2014. The growth in deposits mainly resulted from deposit transfer from BTMU Bangkok Branch of Baht 146,865 million, the sustain growth of our special savings products – “Mee Tae Dai” and “Jad Hai” which increased more than Baht 27,000 million.

As a result, the proportion of current and savings deposits (CASA) as a percentage of total deposits increased to 51.5%, compared to 50.7% as of December 2014.

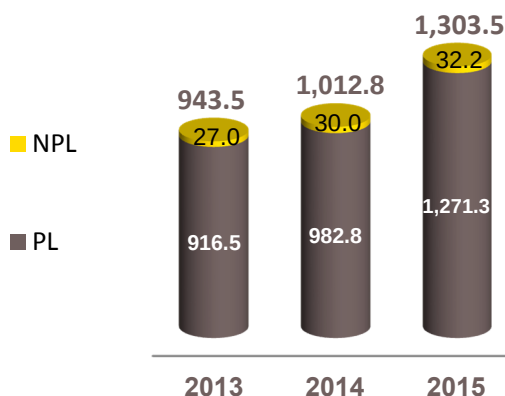
Bills of exchange (B/E) totaled Baht 37,421 million, an increase of Baht 11,417 million, or 44.2%, from December 2014.

Debentures stood at Baht 55,843 million as of December 2015. The decrease of Baht 35,140 million or 38.6% from December 2014 was driven by the maturity of debentures totaling Baht 67,740 million, offsetting new issuance of debentures in the amount of Baht 32,600 million.

Consequently, the loan to deposit ratio increased to 125%, and the loan to deposit plus bill of exchange and debentures ratio increased to 114%.

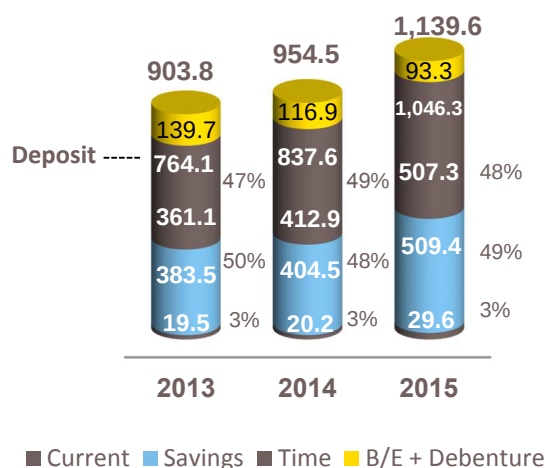
Loans

Unit: Baht Billion



Deposits + B/E + Debenture

Unit: Baht Billion



	2013	2014	2015
L/D	123%	121%	125%
L/D+B/E+Debentures	104%	106%	114%

3.4 Contingencies

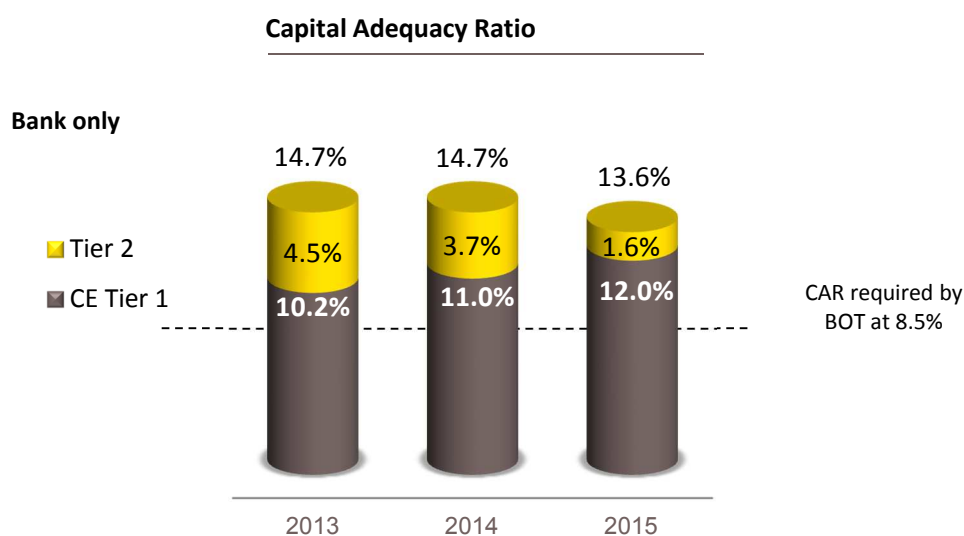
Consolidated	Dec. 31, 15	Sep. 30, 15	Dec. 31, 14	Change from Sep. 30, 15		Change from Dec. 31, 14	
				Baht mn	%	Baht mn	%
Avals to bills and Guarantees of loans	2,266	1,859	1,947	407	21.9	319	16.4
Liability under unmatured import bills	2,560	2,098	7,688	462	22.0	(5,128)	(66.7)
Letters of credit	4,727	4,255	5,701	472	11.1	(974)	(17.1)
Other contingencies	138,421	163,051	171,021	(24,630)	(15.1)	(32,600)	(19.1)
Total	147,974	171,263	186,357	(23,289)	(13.6)	(38,383)	(20.6)

The Krungsri Group's contingencies as of December 31, 2015 totaled Baht 147,974 million, a decrease of Baht 38,383 million, or 20.6%, from December 31, 2014. This decrease was driven mainly by a decrease in other contingencies of Baht 32,600 million and liability under unmatured import bills of Baht 5,128 million.

3.5 Statutory Capital

As of December 31, 2015, the Bank's capital remained strong at Baht 166,264 million, equivalent to 13.6% of risk-weighted assets with 12.0% in common equity tier 1 capital. The Bank's Tier 2 capital ratio decreased to 1.6% from 3.7% in December 2014, mainly owing to early redemption of subordinated debenture (totaled Baht 20,000 million) in 2Q/15.

The current level of capital remained strong and sufficient to provide Krungsri with the flexibility to continue growing our business.



Baht Billion	2013	2014	2015
CE Tier 1	84.73	98.99	146.18
Tier 2	37.60	33.44	20.08
Total Capital	122.33	132.43	166.26

4. Credit Ratings

In December 2015, TRIS Rating affirmed Krungsri's company rating (National Rating) at AAA with stable outlook.

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 December 31, 2015 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
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Debt and Deposit Rating Outlook	Stable
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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+
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Outlook	Stable
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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. 2015 Key Performance Targets

Consolidated	4Q/14	4Q/15	2014	2015	2015 Targets	
Loan Growth (Net)	+37.9 bn +3.9%	+66.7 bn +5.4%	+69.3 bn +7.3%	+290.7 bn +28.7%	4-6% *	✓
NPLs Ratio	2.79%	2.24%	2.79%	2.24%	< 2.5%	✓
Deposit Mix: Savings and Current	51%	52%	51%	52%	> 50%	✓
Loan Mix : Retail	49%	43%	49%	43%	~ 40%	✓
L/Deposit+Debentures+B/E	106%	114%	106%	114%	n.d.	~
NIM	4.34%	3.82%	4.32%	4.15%	~ 4%	✓
Fee income growth (YoY)	10.2%	13.3%	3.5%	18.1%	12%+	✓
Cost to Income Ratio	47.40%	47.64%	48.47%	47.05%	< 50%	✓
Provisions	202 bps	150 bps	179 bps	153 bps	~ 150 bps	✓
Loan Loss Coverage	133%	141%	133%	141%	135%+	✓
CAR (Bank Only)	14.7%	13.6%	14.7%	13.6%	n.d.	~

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