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เรื่องเงิน เรื่องง่าย"

Management Discussion and Analysis

For the quarter ended March 31, 2020

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Executive Summary:

Krungsri delivered a net profit of Baht 7,033 million in 1Q/20, representing an increase of 9.3%, from 4Q/19, and a decrease of 44.8% from 1Q/19, mainly caused by the absence of one-time gains on investments from the sale of 50% of shares in Ngern Tid Lor Company Limited (NTL) completed in 1Q/19.

Notwithstanding observable impacts of the coronavirus pandemic on the tourism sector in February and a mandatory lockdown which has started to affect economic activities severely since mid-March; the loan growth rate of 2.9% in the first quarter of 2020 was largely driven by the commercial segment's working capital requirements. **Total loans outstanding** reached Baht 1,869,963 million, an increase of Baht 52,086 million from December 2019.

Deposits totaled Baht 1,667,371 million, a notable increase of Baht 100,486 million, or 6.4%, from December 2019, largely driven by savings deposits.

Non-interest income decreased by Baht 869 million, or 9.2%, from 4Q/19, mainly driven by a decrease in net fees and service income, resulting from deteriorating retail business activities corresponding to economic downturn observed during the quarter.

The non-performing loan (NPL) ratio stood at 2.22% at the end of March 2020.

Total loss reserves stood at Baht 75,663 million.

The coverage ratio moderated to 159.1% from 163.8% at the end of 2019.

Earnings per share (EPS) was Baht 0.96 in 1Q/20.

Thai economic outlook

The coronavirus pandemic creates twin shocks on both supply and demand sides, through supply disruptions and income shocks, further magnifying other key headwinds already impacting the Thai economy since the beginning of 2020, namely US-China trade tensions, a delayed fiscal budget and drought. This has led Krungsri to reassess the macro operating environments and expect Thailand's GDP to contract by 5.0% this year.

Yet, although, it evidently appears that business impacts will be sharply adverse, the ultimate duration of the pandemic and its recovery still remain uncertain. We are currently reviewing the Bank's 2020 financial targets by taking into account the expectation of more intense pandemic impacts in 2Q/20. Krungsri will communicate the revised targets in due course.

Krungsri's measures to assist customers impacted by the coronavirus pandemic

To mitigate the impacts on business activities and reduce interest burdens for borrowers affected by the coronavirus outbreak, the Bank cut its key lending rates on February 8, March 24 and April 10, 2020, in line with the central bank's policy rate cuts and customer relief measures.

Other immediate relief measures for all customer segments included a grace period for principal and/or interest payments, a reduction of interest payment, as well as installment period extension.

In particular, for SME customers, assistance as per the above-mentioned measures are being offered in addition to the Bank of Thailand (BOT)'s soft loan program.

The adoption of Thai Financial Reporting Standard (TFRS 9)

Effective January 1, 2020, the Bank adopted the Thai Financial Reporting Standards No. 9 Financial Instruments (TFRS 9) on a retrospective basis without restatement of prior periods.

The key changes of financial performance according to the TFRS 9 standard in 1Q/20 are in the following areas:

- A higher provision from the expected credit loss (ECL) framework which is an expected credit loss model for impairment of all financial instruments.
- Non-performing loans increased from the expected credit losses based on a forward-looking model.
- The net interest margin widened in accordance with changes in interest income from the recognition of income previously recognized under fee income and expected return of NPL receivables.

NIM: 3.94%

Net Profit: Baht 7.0 billion

Coverage Ratio: 159.1%

NPL Ratio: 2.22%

Summary of Financial Performance and Status:

Key 1Q/20 deliverables:

- **Net Profit:**

  Recorded at Baht 7,033 million, representing an increase of 9.3% from 4Q/19.

- **Loan Growth:**

  Increased by 2.9%, or Baht 52,086 million, compared to December 2019.

- **Deposit Growth:**

  Increased by 6.4%, or Baht 100,486 million, compared to December 2019.

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

  Improved to 3.94% from 3.52% in 4Q/19, mainly due to the higher yield on earning assets and lower cost of fund.

- **Non-Interest Income:**

  Non-interest income decreased by Baht 869 million, or 9.2%, from 4Q/19, mainly driven by a decrease in net fees and service income.

- **Cost to Income Ratio:**

  Recorded at 41.0%, improving from 43.7% in 4Q/19.

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

  Recorded at 2.22%, compared to 1.98% in December 2019.

- **Coverage Ratio:**

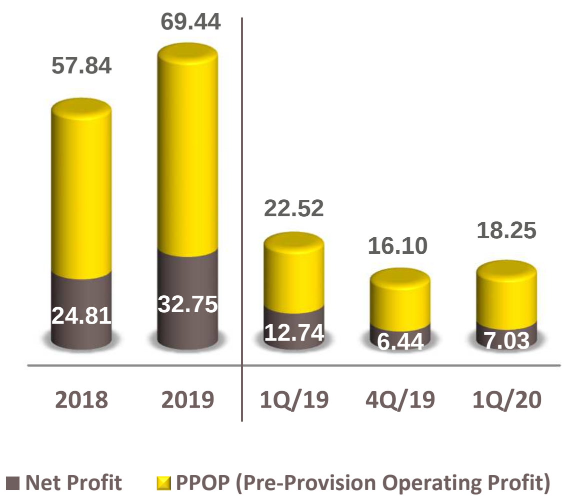
  Recorded at 159.1%, compared to 163.8% in December 2019.

- **Capital Adequacy Ratio:**

  Recorded at 15.66%, compared to 16.56% in December 2019.

PPOP & Net Profit

Unit: Baht Billion



In 1Q/20, the operating profit was Baht 18,253 million, an increase of Baht 2,154 million, or 13.4% from 4Q/19, driven by higher net interest income from a loan portfolio expansion at 2.9%.

The net profit registered Baht 7,033 million, an increase of Baht 596 million, or 9.3% from 4Q/19, largely attributed to the higher operating profit, partially offset by an increase in the expected credit losses (ECL), based on the adoption of TFRS 9 which became effective from January 1, 2020 onwards.

On a year-on-year basis, the operating profit decreased by Baht 4,271 million, or 19.0% from 1Q/19, mainly resulting from the absence of one-time gains on investment from the sale of 50% of shares in Ngern Tid Lor Company Limited (NTL) amounting to Baht 8,625 million.

The net profit decreased by Baht 5,704 million, or 44.8%, from 1Q/19, mainly resulting from the absence of one-time items and a higher provision corresponding to higher expect credit losses (ECL).

1. Statements of Profit or Loss and Other Comprehensive Income

Consolidated	1Q/20	4Q/19	1Q/19	Change QoQ		Change YoY	
				Baht mn	%	Baht mn	%
Interest Income	29,818	27,746	27,488	2,072	7.5	2,330	8.5
Interest Expenses	7,485	8,618	8,076	(1,133)	(13.1)	(591)	(7.3)
Interest Income, Net	**22,333**	**19,128**	**19,412**	**3,205**	**16.8**	**2,921**	**15.0**
Fees and Service Income	6,525	7,795	7,310	(1,270)	(16.3)	(785)	(10.7)
Fees and Service Expense	1,971	1,999	2,014	(28)	(1.4)	(43)	(2.1)
Fees and Service Income, Net	**4,554**	**5,796**	**5,296**	**(1,242)**	**(21.4)**	**(742)**	**(14.0)**
Non-interest and Non-fees Income	4,055	3,682	12,038	373	10.1	(7,983)	(66.3)
Other Operating Expenses	12,689	12,507	14,222	182	1.5	(1,533)	(10.8)
Pre-Provision Operating Profit (PPOP)	**18,253**	**16,099**	**22,524**	**2,154**	**13.4**	**(4,271)**	**(19.0)**
Expected Credit Loss	9,510	-	-	9,510	-	9,510	-
Impairment Loss of Loan and Debt Securities	-	8,187	6,348	(8,187)	(100.0)	(6,348)	(100.0)
Income Tax Expense	1,653	1,383	3,361	270	19.5	(1,708)	(50.8)
Net Profit	**7,090**	**6,529**	**12,815**	**561**	**8.6**	**(5,725)**	**(44.7)**
Other Comprehensive Income, Net	(571)	1,917	291	(2,488)	(129.8)	(862)	(296.2)
Total Comprehensive Income	**6,519**	**8,446**	**13,106**	**(1,927)**	**(22.8)**	**(6,587)**	**(50.3)**
Net Profit Attributable To							
Owners of the Bank	7,033	6,437	12,737	596	9.3	(5,704)	(44.8)
Non-Controlling Interest	57	92	78	(35)	(38.0)	(21)	(26.9)
Net Profit	**7,090**	**6,529**	**12,815**	**561**	**8.6**	**(5,725)**	**(44.7)**
Total Comprehensive Income Attributable To							
Owners of the Bank	6,462	8,357	13,028	(1,895)	(22.7)	(6,566)	(50.4)
Non-Controlling Interest	57	89	78	(32)	(36.0)	(21)	(26.9)
Total Comprehensive Income	**6,519**	**8,446**	**13,106**	**(1,927)**	**(22.8)**	**(6,587)**	**(50.3)**
Earning Per Share (Baht)	**0.96**	**0.88**	**1.73**	**0.08**	**9.1**	**(0.77)**	**(44.5)**

2. Financial Performance

2.1 Net Interest Income

Consolidated	1Q/20	4Q/19	1Q/19	Change QoQ		Change YoY	
				Baht mn	%	Baht mn	%
INTEREST INCOME							
Interest on loans	18,876	18,058	18,207	818	4.5	669	3.7
Interest on interbank and money market items	967	1,057	1,054	(90)	(8.5)	(87)	(8.3)
Hire purchase and financial lease income	9,507	8,080	7,620	1,427	17.7	1,887	24.8
Investments and trading transactions	19	25	20	(6)	(24.0)	(1)	(5.0)
Investments in debt securities	427	504	570	(77)	(15.3)	(143)	(25.1)
Other interest income	22	22	17	0	0.0	5	29.4
Total Interest Income	**29,818**	**27,746**	**27,488**	**2,072**	**7.5**	**2,330**	**8.5**
INTEREST EXPENSE							
Interest on deposits	4,421	4,606	4,229	(185)	(4.0)	192	4.5
Interest on interbank and money market items	876	1,002	1,060	(126)	(12.6)	(184)	(17.4)
Interest on borrowings	1,213	1,182	1,026	31	2.6	187	18.2
Contribution to Financial Institution Development							
Fund and Deposit Protection Agency	946	1,781	1,718	(835)	(46.9)	(772)	(44.9)
Borrowing fee expenses	-	37	16	(37)	(100.0)	(16)	(100.0)
Other interest expenses	29	10	27	19	190.0	2	7.4
Total Interest Expenses	**7,485**	**8,618**	**8,076**	**(1,133)**	**(13.1)**	**(591)**	**(7.3)**
Interest Income, Net	**22,333**	**19,128**	**19,412**	**3,205**	**16.8**	**2,921**	**15.0**
Net Interest Margin	3.94%	3.52%	3.79%				
Yield on Earning Assets	5.27%	5.11%	5.36%				
Cost of Funds	1.45%	1.77%	1.74%				

Interest income in 1Q/20 was recorded at Baht 29,818 million, an increase of Baht 2,072 million, or 7.5%, compared to 4Q/19. Key items are as follows:

- Interest on hire purchase and financial lease income increased by Baht 1,427 million, or 17.7%, mirroring an auto hire purchase portfolio growth and higher effective interest rates calculated under the TFRS 9 framework.
- Interest on loans increased by Baht 818 million, or 4.5%, reflecting the higher outstanding balance on loans.
- Interest on interbank and money market items decreased by Baht 90 million, or 8.5%, mainly due to lower income from interbank and money market items, corresponding to the policy rate cuts.

Interest expenses were recorded at Baht 7,485 million, decreasing by Baht 1,133 million, or 13.1% from 4Q/19. Key items are as follows:

- Contributions to the Financial Institutions Development Fund (FIDF) and Deposit Protection Agency decreased by Baht 835 million, or 46.9%, corresponding to the Bank of Thailand's announcement to temporarily reduce the rate of contribution to the FIDF from 0.46% per annum to 0.23%.
- Interest on deposits decreased by Baht 185 million, or 4.0%.
- Interest on interbank and money market items decreased by Baht 126 million, or 12.6%.

Consequently, net interest income was recorded at Baht 22,333 million, representing an increase of Baht 3,205 million, or 16.8% from 4Q/19.

On a year-on-year basis, interest income increased by Baht 2,330 million, or 8.5%. Key items are as follows:

- Interest on hire purchase and financial lease income increased by Baht 1,887 million, or 24.8%, resulting from auto hire purchase portfolio expansion and higher effective interest rates calculated under the TFRS 9 framework.
- Interest on loans increased by Baht 669 million, or 3.7%, reflecting the higher outstanding balance on loans.
- Interest on investment in debt securities decreased by Baht 143 million, or 25.1%.

Interest expenses decreased by Baht 591 million, or 7.3% from 1Q/19. Key items are as follows:

- Contributions to the Financial Institutions Development Fund (FIDF) and Deposit Protection Agency decreased by Baht 772 million, or 44.9%, corresponding to the reduced rate of contribution to the FIDF.
- Interest on deposits increased by Baht 192 million, or 4.5%, reflecting a higher outstanding balance of deposits.

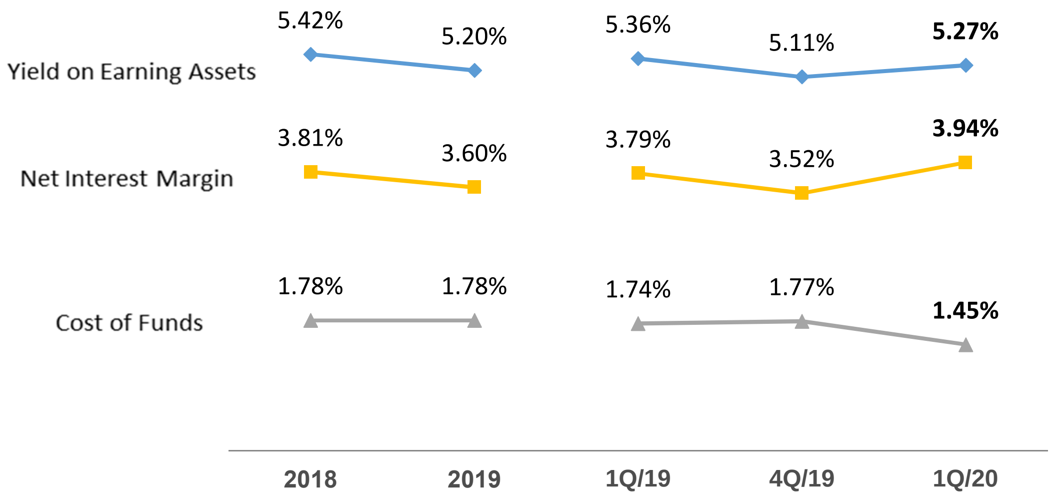
Consequently, net interest income in 1Q/20 increased by Baht 2,921 million, or 15.0% from 1Q/19.

Yield on earning assets improved to 5.27% from 5.11% in 4Q/19, reflecting higher effective interest rates (EIR) calculated under the TFRS 9 framework. Meanwhile, cost of funds improved to 1.45% from 1.77% in 4Q/19, mainly due to the reduced contribution rate to the FIDF and larger proportion of savings deposits balance.

The interest rate movements in 1Q/20 are as follows:

- To mitigate the impacts on the economy and reduce interest burdens for borrowers affected by the coronavirus outbreak, the Monetary Policy Committee (MPC) cut the policy rate twice.
  - o The MPC cut the policy rate by 0.25% from 1.25% to 1.00%, effective February 5, 2020.
  - o At its special meeting on March 20, 2020, the MPC cut the policy rate by 0.25%, from 1.00% to 0.75%, effective March 23, 2020.
- In alignment with the Bank of Thailand's policy rate cuts in 1Q/20, the Bank announced reductions in interest rates as follows:
  - o A 0.25% reduction in Minimum Retail Rate (MRR), which was effective from February 8, 2020 onwards.
  - o A 0.12% reduction in Minimum Loan Rate (MLR), and a 0.25% reduction in Minimum Overdraft Rate (MOR), which were effective from March 24, 2020 onwards.

Net Interest Margin (NIM)



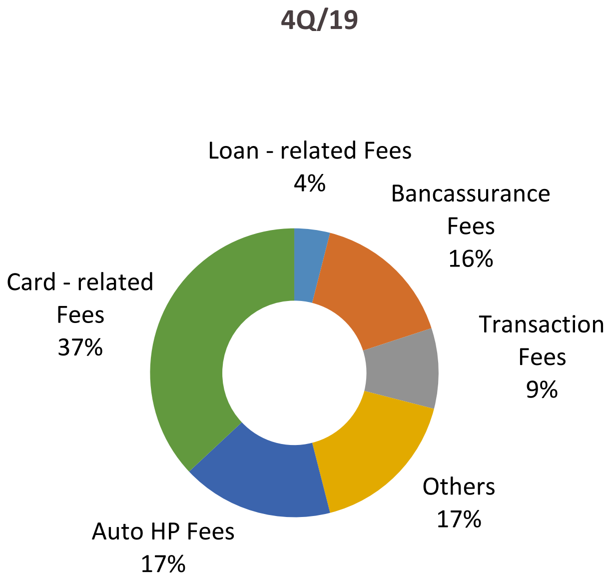
	2018	2019	1Q/19	4Q/19	**1Q/20**
Yield on Loans	6.07%	5.85%	6.04%	5.81%	**6.16%**
Cost of Deposits	1.56%	1.67%	1.62%	1.65%	**1.32%**

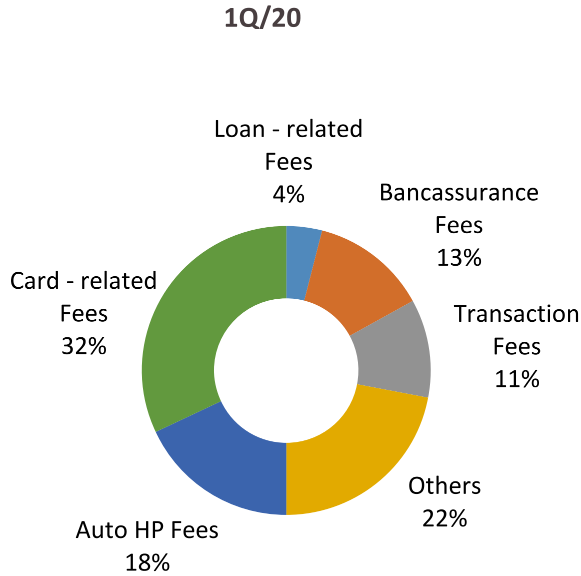
	Dec-18	**Mar-19**	**Jun-19**	**Sep-19**	**Dec-19**	**Mar-20**
Policy Rate	1.75%	1.75%	1.75%	1.50%	1.25%	0.75%
Krungsri Lending Rate (MLR)	6.60%	6.60%	6.60%	6.60%	6.35%	6.23%
Savings Rate	0.30%	0.30%	0.30%	0.30%	0.30%	0.30%
3 - month deposits	0.80-1.00%	0.80-1.00%	0.80-1.00%	0.80-1.00%	0.60-1.00%	0.35-0.90%
6 - month deposits	0.90-1.20%	0.90-1.20%	0.90-1.40%	0.90-1.40%	0.65-1.40%	0.35-1.00%
12 - month deposits	1.10-1.35%	1.10-1.35%	1.10-1.55%	1.10-1.55%	0.75-1.55%	0.40-1.10%

2.2 Non-Interest Income

Consolidated	1Q/20	4Q/19	1Q/19	Change QoQ		Change YoY	
				Baht mn	%	Baht mn	%
Acceptances, aval and guarantees	125	134	131	(9)	(6.7)	(6)	(4.6)
Other fees and service income	6,400	7,661	7,179	(1,261)	(16.5)	(779)	(10.9)
Fees and service income	**6,525**	**7,795**	**7,310**	**(1,270)**	**(16.3)**	**(785)**	**(10.7)**
Fees and service expense	1,971	1,999	2,014	(28)	(1.4)	(43)	(2.1)
Net fee and services income	**4,554**	**5,796**	**5,296**	**(1,242)**	**(21.4)**	**(742)**	**(14.0)**
Gains (losses) on financial instrument measured at fair value through profit or loss (FVTPL)	1,599	1,123	1,159	476	42.4	440	38.0
Gains (losses) on investments	36	44	8,671	(8)	(18.2)	(8,635)	(99.6)
Share of profit (loss) from investment for using equity method	394	409	192	(15)	(3.7)	202	105.2
Bad debts recoveries	1,660	1,759	1,600	(99)	(5.6)	60	3.8
Other operating income	366	347	416	19	5.5	(50)	(12.0)
Total Non-interest and Non-fees Income	**4,055**	**3,682**	**12,038**	**373**	**10.1**	**(7,983)**	**(66.3)**
Non-Intetest Income	**8,609**	**9,478**	**17,334**	**(869)**	**(9.2)**	**(8,725)**	**(50.3)**

Fees & Service Income Breakdown





Total non-interest income in 1Q/20 was Baht 8,609 million, decreasing by Baht 869 million, or 9.2%, from the prior quarter. Details are as follows:

- Corresponding to economic downturn observed during the quarter, net fees and service income was Baht 4,554 million, decreasing by Baht 1,242 million, or 21.4%.

  Key factors are:

  - Fees and service income decreased by Baht 1,270 million, or 16.3%, mainly resulting from:
    - Card-related fees decreased by Baht 785 million, or 27.2%, corresponding to a sharp economic slowdown.
    - Bancassurance fees decreased by Baht 376 million, or 31.0%, partly due to the high-base and seasonality effect from the prior period.
    - Auto hire purchase fees decreased by Baht 121 million, or 9.3 %.
    - Loan-related fees decreased by Baht 20 million, or 6.8%.
    - Meanwhile, wealth & fund management and securities-related fees increased by Baht 24 million, or 2.2%.
  - Fees and service expenses decreased by 1.4%, or Baht 28 million, mainly resulting from ATM and card network fees.
- Gains on financial instruments measured at fair value through profit or loss (FVTPL) increased by Baht 476 million, or 42.4%. mainly driven by the gains on trading and FX transactions.
- Gains on investments decreased by Baht 8 million or 18.2%.
- Bad debt recoveries decreased by Baht 99 million, or 5.6%.
- Share of profit from investment using the equity method decreased by Baht 15 million, or 3.7%.

On a year-on-year basis, total non-interest income decreased by Baht 8,725 million, or 50.3%. Details are as follows:

- Net fees and service income decreased by Baht 742 million, or 14.0%. Key factors are:
  - Fees and service income decreased by Baht 785 million, or 10.7%, driven by:
    - Card-related fees decreased by Baht 680 million, or 24.4%.
    - Auto hire purchase fees decreased by Baht 98 million, or 7.7 %.
    - Collection fees decreased by Baht 77 million, or 31.7%.
    - Loan-related fees decreased by Baht 15 million, or 5.1%.
    - Meanwhile, transaction fees increased by Baht 60 million, or 8.9%.
    - Wealth & fund management and securities-related fees increased by Baht 47 million, or 4.4%.
  - Fees and service expenses decreased by 2.1%, or Baht 43 million, mainly from ATM and card network fees.

- Gains on financial instruments measured at fair value through profit or loss (FVTPL) increased by Baht 440 million, or 38.0%, mainly driven by the gains on trading and FX transactions.
- A share of profit from investment using the equity method increased by Baht 202 million, or 105.2%, driven by the change in control over NTL to a 50% joint venture.
- Bad debt recoveries increased by Baht 60 million, or 3.8%.
- Gains on investments significantly decreased by Baht 8,635 million, or 99.6% mainly due to the one-time gains on investments from the NTL transaction in 1Q/19.

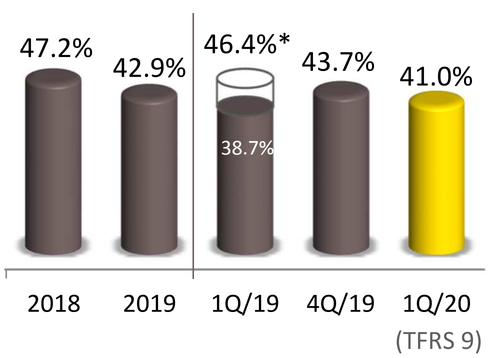
2.3 Other Operating Expenses

Consolidated	1Q/20 (TFRS 9)	4Q/19	1Q/19	Change QoQ		Change YoY	
				Baht mn	%	Baht mn	%
Employee expenses	6,312	6,515	7,952	(203)	(3.1)	(1,640)	(20.6)
Premises and equipment expenses	1,978	2,014	2,078	(36)	(1.8)	(100)	(4.8)
Taxes and duties	714	709	750	5	0.7	(36)	(4.8)
Directors remuneration	15	14	15	1	7.1	0	0.0
Other expenses	3,670	3,255	3,427	415	12.7	243	7.1
Total Other Operating Expenses	**12,689**	**12,507**	**14,222**	**182**	**1.5**	**(1,533)**	**(10.8)**

Total other operating expenses in 1Q/20 were Baht 12,689 million, increasing by Baht 182 million, or 1.5%, mainly due to an increase in other expenses of Baht 415 million resulting from the absence of release impairment of contingent liabilities in 4Q/19, offset by a decrease in employee expenses.

On a year-on-year basis, total other operating expenses decreased by Baht 1,533 million, or 10.8%, mainly from the absence of the provision for compensation in personnel expenses relating to severance payment in accordance with the amended Labor Protection Act which was recorded in 1Q/19.

Cost to Income Ratio



Remark: Normalized cost-to-income ratio, (excluding one-time items, gain on investments from NTL transaction and provision in accordance to the amended Labor Protection Act.).*

The cost-to-income ratio was recorded at 41.0% in 1Q/20, improving from 43.7% in 4Q/19.

2.4 Expected credit loss

Consolidated	1Q/20 (TFRS 9)	4Q/19	1Q/19	Change QoQ		Change YoY	
				Baht mn	%	Baht mn	%
Expected credit loss	9,510	-	-	9,510	-	9,510	-
Bad debt, doubtful of loss and impairment loss	-	8,187	6,348	(8,187)	(100.0)	(6,348)	(100.0)
Total	**9,510**	**8,187**	**6,348**	**1,323**	**16.2**	**3,162**	**49.8**

The expected credit loss (ECL) framework is based on the requirements of the Thai Financial Reporting Standard No. 9 Financial Instruments (TFRS 9) which became effective from January 1, 2020 onwards.

In terms of impairment of financial instruments, TFRS 9 concerns holding reserves for possible losses of assets and contingencies, for instance, loans, investments in debt securities, financial guarantee contracts, and unused credit lines, in a forward looking manner.

We calculated and reported impairment based on our ECL model-based calculation which is a probability-weighted estimate of credit loss over the expected life of financial instruments, adjusted with forward looking assumptions to take into account the expectation of future macro-economic outlook and potential impacts on our loan portfolio.

The ECL framework contains a three-stage model based on changes in credit quality since initial recognition. Impairment is reported based on the stage allocation of financial instruments: those based on 12 months are allocated to Stage 1, and lifetime expected credit losses are allocated to Stage 2 and Stage 3. The stage allocation also determines if interest income for the financial instruments is reported on gross carrying amount in Stage 1 and Stage 2 and net carrying amount in Stage 3.

In addition, the ECL framework is applied to not only the current exposure but also the possible exposure that financial instruments may incur during the loan life. Therefore, the ECL framework is applied to all possible contingencies.

Consequently, the expected credit losses in 1Q/20 amounted to Baht 9,510 million, an increase of Baht 1,323 million, or 16.2%, from bad debt, doubtful of loss and impairment loss in 4Q/19, in line with the new accounting standard on ECL and the management overlay* which reflected detailed scenarios and our outlook on an exacerbated economic slowdown due to the outbreak.

Remark*: An estimation to cover emerging issues and uncertain future events was not captured in the model.

3. Financial Status

3.1 Statement of Financial Position

Consolidated	As at Mar. 31, 20	As at Dec. 31, 19	Change from Dec. 31, 19 Baht mn	%
ASSETS				
Cash	32,956	33,831	(875)	(2.6)
Interbank and money market items, net	388,574	331,431	57,143	17.2
Financial assets measured at FVTPL	12,947	-	12,947	100.0
Investments, net	131,406	118,340	13,066	11.0
Investments in subsidiaries				
and joint ventures, net	12,291	11,952	339	2.8
Loans to customers				
and accrued interest receivable, net	1,803,657	1,754,976	48,681	2.8
Properties for sale, net	3,341	3,500	(159)	(4.5)
Others	129,243	105,562	23,681	22.4
TOTAL ASSETS	**2,514,415**	**2,359,592**	**154,823**	**6.6**
LIABILITIES AND SHAREHOLDERS' EQUITY				
Deposits	1,667,371	1,566,885	100,486	6.4
Interbank and money market items	308,937	252,121	56,816	22.5
Debt issued and borrowings	166,750	175,667	(8,917)	(5.1)
Others	98,273	92,803	5,470	5.9
TOTAL LIABILITIES	**2,241,331**	**2,087,476**	**153,855**	**7.4**
Issued and paid-up share capital	73,558	73,558	0	0.0
Retained earning	141,404	140,041	1,363	1.0
Others	58,122	58,517	(395)	(0.7)
TOTAL SHAREHOLDERS' EQUITY	**273,084**	**272,116**	**968**	**0.4**
TOTAL LIABILITIES AND				
SHAREHOLDERS' EQUITY	**2,514,415**	**2,359,592**	**154,823**	**6.6**
Book value per share (Baht)	**37.13**	**36.99**	**0.14**	**0.4**

As of March 31, 2020, total assets stood at Baht 2,514,415 million, representing an increase of Baht 154,823 million, or 6.6%, from December 2019. Key items are as follows:

- Net interbank and money market items increased by Baht 57,143 million, or 17.2%, mainly resulting from an increase in deposits to financial institutions of Baht 49,053 million.
- Loans to customers increased by Baht 52,086 million, or 2.9%.
- Other assets increased by Baht 23,681 million, or 22.4%, mainly from margin calls to counter-parties and claim on securities.
- Net investments increased by Baht 13,066 million, or 11.0%, mainly from an increase in government bonds.
- Financial assets measured at fair value through profit or loss (FVTPL) increased by Baht 12,947 million, or 100%, mainly from an increase in government bonds.

As of March 31, 2020, total liabilities stood at Baht 2,241,331 million, representing an increase of Baht 153,855 million, or 7.4%, from December 2019. Key items are as follows:

- Deposits increased by Baht 100,486 million, or 6.4%, largely driven by savings deposits.
- Net interbank and money market items increased by Baht 56,816 million, or 22.5%, driven by an increase in repurchase agreement transactions and loans from financial institutions.
- Debts issued and borrowings decreased by Baht 8,917 million, or 5.1%, driven mainly by Krungsri Group's matured long-term debentures of Baht 20,000 million, offset by the new issuance of Krungsri Group's long-term debentures of Baht 10,000 million during the period.

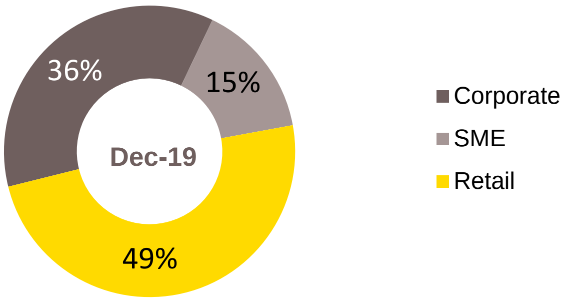
As of March 31, 2020, total shareholders' equity stood at Baht 273,084 million, an increase of Baht 968 million, or 0.4%, from December 2019 due to an increase in equity holders' net profit of Baht 7,033 million in 1Q/20, which was partially offset by dividends paid of Baht 3,310 million and the impact of the TFRS 9 first-time adoption.

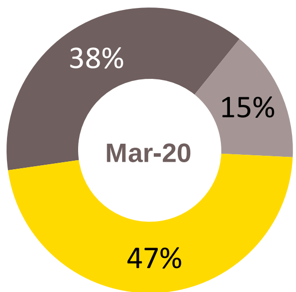
Book value per share as of March 31, 2020 increased by 0.4% to Baht 37.13 from Baht 36.99 at the end of 2019.

3.2 Loans to customers

3.2.1 Loans by segment

Consolidated	Mar. 31, 20	Dec. 31, 19	Change from Dec. 31, 19 Baht mn	%
Corporate	**706,989**	**661,147**	**45,842**	**6.9**
- Thai Corporate	456,135	427,197	28,938	6.8
- International Corporate (JPC/MNC)	250,854	233,950	16,904	7.2
SMEs	**278,456**	**273,224**	**5,232**	**1.9**
Retail	**884,518**	**883,506**	**1,012**	**0.1**
- Hire purchase	425,982	414,192	11,790	2.8
- Mortgage	271,469	270,112	1,357	0.5
- Credit cards and personal loans	187,067	199,202	(12,135)	(6.1)
Total	**1,869,963**	**1,817,877**	**52,086**	**2.9**





Auto HP	23%
Mortgage	15%
Credit card and Personal Loans	11%

Auto HP	23%
Mortgage	14%
Credit card and Personal Loans	10%

As of March 31, 2020, total outstanding loans stood at Baht 1,869,963 million, an increase of Baht 52,086 million, or 2.9% from December 2019.

The loan expansion in 1Q/20 was driven mainly by the growth in the commercial segment's working capital.

Meanwhile, auto hire purchase was the key driver of the retail segment, reflecting the momentum carried over from year-end 2019. The growth observed particularly in January and February resulted in 2.8% growth for the quarter. Credit cards and personal loans contracted by 6.1%, driven by seasonal repayment and low spending volumes.

Consequently, the commercial segment, comprising corporate and SME customers, accounted for 53% of the total loan portfolio, while retail lending represented the remaining 47% at the end of March 2020.

Details of loan performance by segment are as follows:

Corporate loans grew by 6.9% or Baht 45,842 million from December 2019, of which Thai corporate loans increased by 6.8%, or Baht 28,938 million, and international corporate (JPC/MNC) loans increased by 7.2%, or Baht 16,904 million.

SME loans grew by 1.9%, or Baht 5,232 million from December 2019.

The **retail loan segment** grew marginally by 0.1%, or Baht 1,012 million from December 2019.

- **Auto hire purchase loans** grew by 2.8%, or Baht 11,790 million from December 2019.
- **Mortgage loans** marginally increased by 0.5% or Baht 1,357 million from December 2019.
- **Credit cards and personal loans** contracted by 6.1%, or Baht 12,135 million, from December 2019, driven by seasonally lower spending patterns and loan repayments.

3.2.2 Loan classification

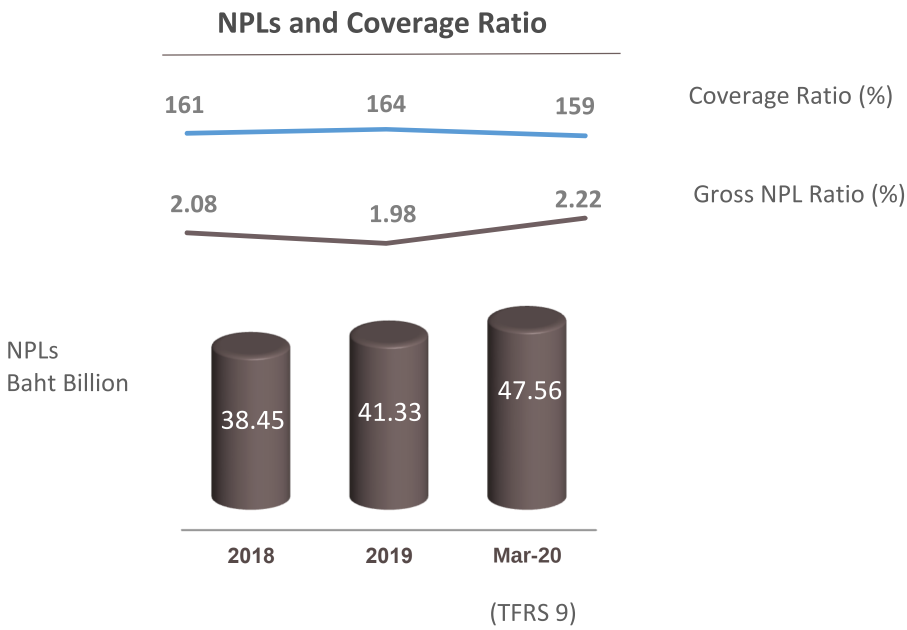
Unit : Baht mn

Consolidated	**Mar. 31, 20**	
	Loan to customers and accrued interest receivable	**Allowance for Expected Credit Loss**
Stage 1 (Performing)	1,677,901	23,284
Stage 2 (Under-performing)	149,719	20,520
Stage 3 (Non-performing)	48,049	28,208
Total	1,875,669	72,012

Unit : Baht mn

Consolidated	**Dec. 31, 19**	
	Loans and Accrued Interest Receivable	**Provision**
Normal	1,718,385	13,758
Special mention	62,641	7,799
Substandard	12,257	6,306
Doubtful	6,531	3,217
Doubtful of loss	22,546	11,871
Total	1,822,360	42,951
Surplus Reserve		22,759
Total	**1,822,360**	**65,710**

3.2.3 Non-performing loans



Stage 3 (non-performing)* by Segment

Consolidated	Mar. 31, 20 (TFRS 9)	Dec. 31, 19	Sep. 30, 19	Jun. 30, 19	Mar. 31, 19
Corporate	0.9%	1.0%	1.1%	1.1%	1.0%
SME	5.6%	5.4%	5.5%	5.4%	6.0%
Retail	2.9%	2.3%	2.1%	2.1%	2.0%
Hire Purchase	2.0%	1.9%	1.8%	1.8%	1.7%
Mortgage	4.0%	3.4%	2.9%	2.7%	2.7%
Personal Loan, Credit Card, and Other	3.1%	1.6%	1.7%	1.6%	1.7%

Remark: Excluding accrued interest in accordance with BOT's guideline.*

Under TFRS9, loan classification was divided into 3 stages based on aging and credit risk qualifications.

Stage 1 (Performing): Included financial instruments that have not had a significant increase in credit risk since initial recognition or have a low risk at the reporting date.

Stage 2 (Under-performing): Included financial instruments that have had a significant increase in credit risk since initial recognition.

Stage 3 (Non-performing): Included financial instruments that have been categorized as non-performing in our credit rating processes. A default occurs when the obligor is past due by more than 90 days.

As of March 31, 2020, gross NPLs stood at Baht 47,556 million, an increase of Baht 6,222 million, or 15.1%, from Baht 41,334 million at the end of 2019.

The ratio of gross NPLs as of March 31, 2020 stood at 2.22%, increasing from 1.98% in December 2019.

As of March 31, 2020, total loss reserves stood at Baht 75,663 million. The coverage ratio moderated to 159.1% from 163.8% at the end of 2019.

3.3 Funding Structure

Deposits

Consolidated	Mar. 31, 20	Dec. 31, 19	Change from Dec. 31, 19	
			Baht mn	%
Current	**41,775**	**37,336**	**4,439**	**11.9**
Savings	**682,334**	**599,989**	**82,345**	**13.7**
Time	**943,262**	**929,560**	**13,702**	**1.5**
< 6 Months	342,951	370,607	(27,656)	(7.5)
6 Months and < 1 Year	96,048	88,673	7,375	8.3
1 Year and over 1 Year	504,263	470,280	33,983	7.2
Total Deposit	**1,667,371**	**1,566,885**	**100,486**	**6.4**

Borrowing

Consolidated	Mar. 31, 20	Dec. 31, 19	Change from Dec. 31, 19	
			Baht mn	%
Debenture	100,785	110,530	(9,745)	(8.8)
Subordinated debenture	61,164	61,168	(4)	(0.0)
Other	4,801	3,969	832	21.0
Total Borrowing	**166,750**	**175,667**	**(8,917)**	**(5.1)**

As of March 31, 2020, deposits totaled Baht 1,667,371 million, an increase of Baht 100,486 million, or 6.4% from December 31, 2019, attributed to an increase in savings deposits of Baht 82,345 million.

As a result, the proportion of current and savings deposits (CASA) as a percentage of total deposits increased to 43.4%, compared to 40.7% on December 31, 2019.

As of March 31, 2020, the total borrowing stood at Baht 166,750 million, decreasing by Baht 8,917 million, or 5.1% from December 31, 2019. Key items are as follows:

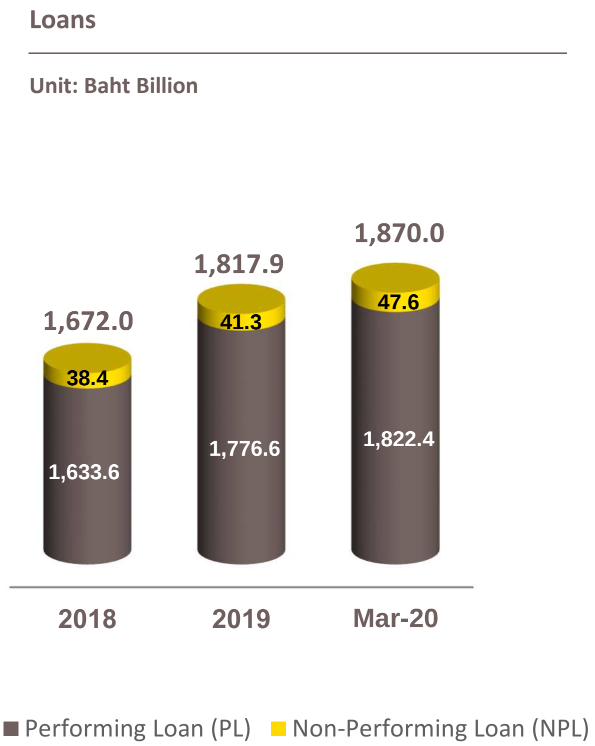
- The Bank issued new long-term debentures totaling Baht 7,000 million, offset by the matured debentures of Baht 10,000 million.

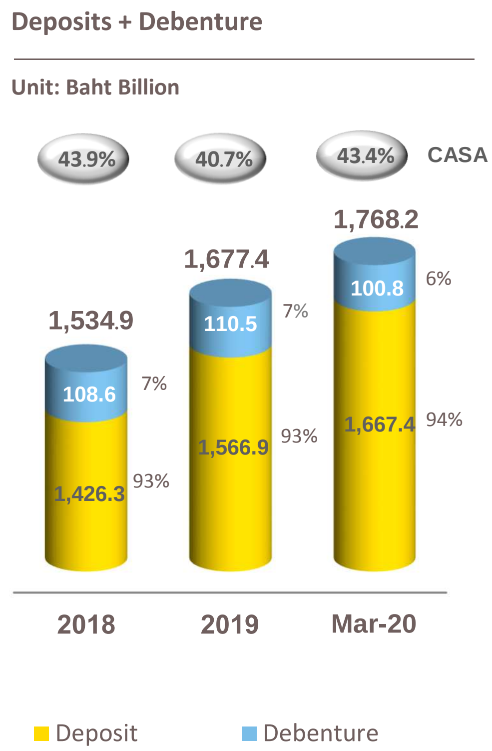
  Details of the new issuance of debentures are as follows:

  - On March 27, 2020: Baht 2,900 million with a maturity of 2 years carrying an interest rate of 1.44%
  - On March 27, 2020: Baht 4,100 million with a maturity of 3 years carrying an interest rate of 1.57%

- Krungsri subsidiaries issued new long-term debentures totaling Baht 3,000 million, offset by the matured debentures of Baht 10,000 million.

Consequently, the loan to deposit ratio and the loan to deposit plus debentures ratio improved to 112% and 106%, respectively, compared to 116% and 108% at the end of December 2019.





	2018	2019	Mar-20
L/D	117%	116%	112%
L/D + Debentures	109%	108%	106%

3.4 Contingencies

Consolidated	Mar. 31, 20	Dec. 31, 19	Change from Dec. 31, 19	
			Baht mn	%
Avals to bills and Guarantees of loans	3,409	5,947	(2,538)	(42.7)
Liability under unmatured import bills	2,098	1,217	881	72.4
Letters of credit	4,487	3,965	522	13.2
Other contingencies	155,276	98,094	57,182	58.3
Total	**165,270**	**109,223**	**56,047**	**51.3**

Krungsri Group's contingencies as of March 31, 2020 totaled Baht 165,270 million, an increase of Baht 56,047 million, or 51.3%, from December 31, 2019. The increase of Baht 57,182 million was mainly caused by an increase in repurchase transactions.

3.5 Statutory Capital

As of March 31, 2020, the Bank's capital was recorded at Baht 270,478 million, equivalent to 15.66% of risk-weighted assets, comprising Common Equity Tier 1 (CET1) capital of 11.01% and Tier 2 capital of 4.65%.

The current level of capital is well above the minimum regulatory capital requirements which include the capital conservation buffer and the additional CET1 requirement for Domestic Systemically Important Banks (D-SIBs).

Unit: Baht Billion

Bank Only	Mar. 31, 20	Dec. 31, 19	Dec. 31, 18
Capital Fund			
Common Equity Tier 1 Capital	190.13	191.67	175.38
Tier 2 Capital	80.35	75.34	53.60
Total Capital Fund	270.48	267.01	228.98
Capital Adequacy Ratio			
Common Equity Tier 1 Ratio	11.01%	11.89%	11.59%
Tier 2 Capital Ratio	4.65%	4.67%	3.54%
Capital Adequacy Ratio	15.66%	16.56%	15.13%

Remark:

Under the principles of Basel III, the Bank of Thailand requires all Thai commercial banks to maintain a minimum total capital ratio at 8.5% and gradually increase the conservation buffer by 0.625% per year from January 1, 2016 until reaching 2.50% by January 1, 2019.

The Bank of Thailand has adopted a supervisory framework for Domestic Systemically Important Banks (D-SIBs) by requiring qualified banks to maintain an additional 1.00% of Common Equity Tier 1 from the current minimum requirement, starting with 0.50% from January 1, 2019 and 1.00% from January 1, 2020 onwards.

Starting January 1, 2020, the minimum regulatory capital requirements comprise the Common Equity Tier 1 ratio at 8.00%, the Tier 1 ratio at 9.50%, and the capital adequacy ratio at 12.00%.

4. Credit Ratings

The Bank's credit ratings assigned by Moody's Investors Service, Standard & Poor's, Fitch Ratings and TRIS Rating as of March 31, 2020 are shown in the table below.

Moody's Investors Service	
Bank Deposit – Long Term	Baa1
Bank Deposit – Short Term	P-2
Long-term Senior Debt	Baa1
Baseline Credit Assessment (BCA)	baa3
Outlook	Positive
Standard and Poor's	
Long-term Issuer Credit Rating	BBB+
Short-term Issuer Credit Rating	A-2
Long-term Senior Debt	BBB+
Stand-alone Credit Profile (SACP)	bb+
Outlook	Positive
Fitch Ratings	
International Ratings	
Long-term Issuer Default Rating	A-
Short-term Issuer Default Rating	F1
Subordinated Debt	BBB+
Viability Rating	bbb
Support	1
Outlook	Negative
National Ratings	
Long-term Debenture	AAA(tha)
Short-term	F1+(tha)
Subordinated Debt	AA+(tha)
Outlook	Negative
TRIS Rating	
Company Rating	AAA
Issue Rating – Subordinated	AA+
Outlook	Stable