(Translation)

No. COR (Lor) 291/2013 November 18, 2013

Re: Submission of the Opinion of the Business on the Tender Offer to Purchase Securities (Form 250-2)

To: Secretary – General of the Office of the Securities and Exchange Commission

Copy to: The President of the Stock Exchange of Thailand

Enclosed: Copy of the Opinion of the Business on the Tender Offer to Purchase Securities (Form 250-2)

Reference is made to the fact that the Bank of Ayudhya Public Company Limited (the "Bank") has received a copy of the Tender Offer to Purchase Securities (Form 247-4) from the Bank of Tokyo-Mitsubishi UFJ, Limited on November 5, 2013.

The Bank has prepared an Opinion of the Business on the Tender Offer to Purchase Securities (Form 250-2) and appointed Advisory Plus Company Limited, the independent financial advisor to act as the advisor of the shareholders to provide opinion on such Tender Offer to the Bank's shareholders.

The Bank hereby would like to submit the Opinion of the Business on the Tender Offer to Purchase Securities (Form 250-2) accompanied by the Opinion of the financial advisor of the shareholders to the Office of the Securities and Exchange Commission (details of which can be found in the attachment) and submit the copy to the Stock Exchange of Thailand.

Please be informed accordingly.

Sincerely yours,

- Veraphan Teepsuwan –

(Mr. Veraphan Teepsuwan)

Chairman of the Board of Directors

(Translation)

Opinion of the Business on the Tender Offer for Securities (Form 250-2)

of

Bank of Ayudhya Public Company Limited

The Offeror:

The Bank of Tokyo-Mitsubishi UFJ, Limited

Shareholders' Advisor:

Advisory Plus Company Limited

November 18, 2013

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This English Translation has been prepared solely for the convenience of foreign shareholders of The Bank of Ayudhya Public Company Limited and should not be relied upon as the definitive and official opinions of the Business and of the Independent Financial Advisor on the Tender Offer. The Thai language version of the opinions of the Business and of the Independent Financial Advisor is the definitive and official document of the Business and of the Independent Financial Advisor and shall prevail in all respects in the event of any inconsistency with this English translation.

Opinion of the Business on the Tender Offer for Securities

November 18, 2013

Dear Securities Holders:

On November 5, 2013, Bank of Ayudhya Plc. (hereinafter called "Krungsri" or "the Business") received a copy of the statement of a tender offer for Krungsri securities from The Bank of Tokyo-Mitsubishi UFJ, Ltd. ("the Offeror"), with details as follows:

Type of securities	**Amount of securities to be purchased**		**Amount of securities to be purchased as % of**		**Offer price per unit[1/] (Baht)**	**Total value of tender offer (Baht)**
	Shares/Units	**Voting rights**	**Total amount of securities sold of the Business**	**Total amount of voting rights of the Business**		
Ordinary shares	6,074,143,747	6,074,143,7470	100.0	100.00	39.00	236,891,606,133
Preferred shares	-	-	-	-	-	-
Warrants	-	-	-	-	-	-
Convertible debentures	-	-	-	-	-	-
Other securities (if any)	-	-	-	-	-	-
			Total	**100.00**	**Total**	**236,891,606,133**

Note [1/] The Offerees are subject to the Tender Offer Agent fee at the following rate:

(1) For 1st share to 50,000,000th share: The Tender Offer Agent fee is 0.250% of the offer price, plus the value added tax at 7.00% on the Tender Offer Agent fee. Therefore, the net amount to be received by the Offerees will be Baht 38.8957 per share.

(2) For 50,000,001st share onwards: The Tender Offer Agent fee is 0.225% of the offer price, plus the value added tax at 7.00% on the Tender Offer Agent fee. Therefore, the net amount to be received by the Offerees will be Baht 38.9061 per share.

A maximum Tender Offer Agent fee per one Tender Offer Acceptance Form is THB 50,000,000 (fifty million baht), inclusive of value added tax at 7.00% on the Tender Offer Agent fee.

The Offeree will receive a total payment in a THB amount plus two decimal points in a satang unit. In calculation of the two decimal points for the satang amount, if a fraction is equal to or more than THB 0.005, it will be rounded up. If the fraction is less than THB 0.005, it will be disregarded.

The tender offer period is 25 business days commencing on November 7, 2013 and ending on December 13, 2013, from 8.30 a.m. to 4.30 p.m. on each business day during the tender offer period.

Such tender offer period is the final period without further extension unless any of the following conditions arises:

- The Offeror may reduce the tender offer price or extend the tender offer period if any event occurs that may have a material adverse effect on the condition or assets of Krungsri during the tender offer period.

- The Offeror may amend the tender offer or extend the tender offer period if any person files a tender offer to purchase Krungsri securities during the tender offer period.

Krungsri has considered the tender offer proposal by paying regards for the securities holders' interest and would like to express opinion to be a basis for consideration as follows:

1. Krungsri's status in terms of past and projected performance together with the assumptions applied

Overview of business operation

Bank of Ayudhya Plc. ("Krungsri") is a Thai commercial bank with an initial registered capital of Baht 1 million and becoming operative on April 1, 1945. It was listed on the Stock Exchange of Thailand ("SET") on September 26, 1977. Krungsri has experienced ongoing business growth up to the present day. As at October 31, 2013, it had a registered capital of Baht 75,741 million with a paid-up capital of Baht 60,741 million. As at September 30, 2013, it is the country's fifth largest commercial bank in terms of assets, deposits and loans. Krungsri's largest shareholder is GE Capital Group, which owns, through GE Capital International Holdings Corporation ("GECIH"), a stake of 25.33% of the total issued shares of Krungsri.

Krungsri operates a commercial bank business in accordance with the Financial Institutions Business Act and is permitted to operate business in connection with or related to the commercial banking or other businesses that are customary to the commercial banks. Krungsri provides its services to customers though Krungsri's nationwide and oversea network. The details of Krungsri's branches and service centers as at September 30, 2013 are as follow:

Branch and Financial Service Centers:	Number (Places)
Domestic Branch	604
• Bangkok and Greater Bangkok	273
• Regional	331
Foreign Branch	4
Exchange Booth	80
Exclusive Banking Service	11
• Krungsri Exclusive Center	3
• Krungsri Exclusive Corner	8

Krungsri operates a full commercial banking business by offering a comprehensive range of universal banking financial products and services to three key target groups: Corporate, SME and Consumer. Krungsri also provides related financial services through its subsidiaries and associated companies by, for example, accepting deposits or funds from the public that are repayable on demand or at the end of agreed term and then using those funds for extending loans, buying/selling bills of exchange or any other negotiable notes, conducting foreign currency exchange transactions, as well as providing commercial banking-related services such as bill collection, aval, acceptances, letter of credit issuance, and acting as security custodian, selling agent for government and state enterprise debt securities, debenture holder agent, mutual fund trustee, securities registrar, investment unit underwriter, life and non-life insurance broker, etc.

Krungsri classifies its customers into three key target groups as follows:

1. **Corporate Banking Group** Krungsri provides a wide range of financial services to meet the varied needs of domestic and international corporate clients, who each has an annual turnover of more than Baht 500 million. Krungsri provides these large-scale customers with short-term and long-term loans, project-finance facilities, supply-chain financing, cash-management products, hedging solutions, investment banking services, syndicated lending and structured finance. In addition, Krungsri's Corporate Banking Group collaborates closely with businesses across the Krungsri family to provide a comprehensive portfolio of tailored solutions for these clients.

2. **SME Banking Group** Krungsri has developed innovative products, customized services and a proactive marketing strategy, while giving importance to acquiring new customers and new business opportunities and strengthening relationship with existing customers. These could signify Krungsri's strength in delivering simplicity to all customers with a goal of becoming SME customers' number one preferred bank by 2017.

3. **Consumer Banking Group** Krungsri provides a diverse range of products and services to suit the needs and lifestyles of all consumer groups and individual customers. Its core service areas are wealth management, which includes savings and investments; bancassurance; Krungsri Exclusive for high net worth individuals; ATM, debit and credit card services; personal loans, overdrafts, auto loans and mortgages; and microfinance.

   In addition, Krungsri offers other financial services in varied areas as follows:

   - **Deposits & investments, bancassurance and wealth management**

Deposits & investments

Krungsri has introduced a new savings product that offers higher interest rates and greater flexibility in deposit-withdrawal similar to general savings accounts. Moreover, it offers various tenors of attractive fixed deposits as well as stepped-interest debentures to target customers with longer-term investment horizons. For clients with a greater risk appetite, Krungsri recommends diversifying their portfolios to include foreign investment fixed income funds or equity funds as investment options to enhance returns on their portfolios.

Bancassurance

Krungsri has launched 'Instantly Insured,' which provides coverage within five minutes, and has successfully upgraded and completed a non-life product range, including accident, health, property and auto insurance, under the same simplified five-minute application and approval process, which has received a strong market response. In 2012, Krungsri could sell more than 200,000 policies.

Krungsri Exclusive

Krungsri has rejuvenated Krungsri Exclusive by modernizing the brand and redefining the privileges offered. A more holistic client experience has been created through a series of exclusive events, including tournaments at Thailand's most prestigious private golf clubs, unforgettable culinary experiences crafted by renowned chefs as well as special gift selections from Krungsri's leading partners.

- **ATM and debit card services**

Krungsri has introduced a new product that integrates a debit card and savings account with financial transaction services. This all-in-one card makes account management simpler and more convenient through such privileges as five zero-fee bill payments per month and free-of-charge ATM withdrawals from any bank nationwide.

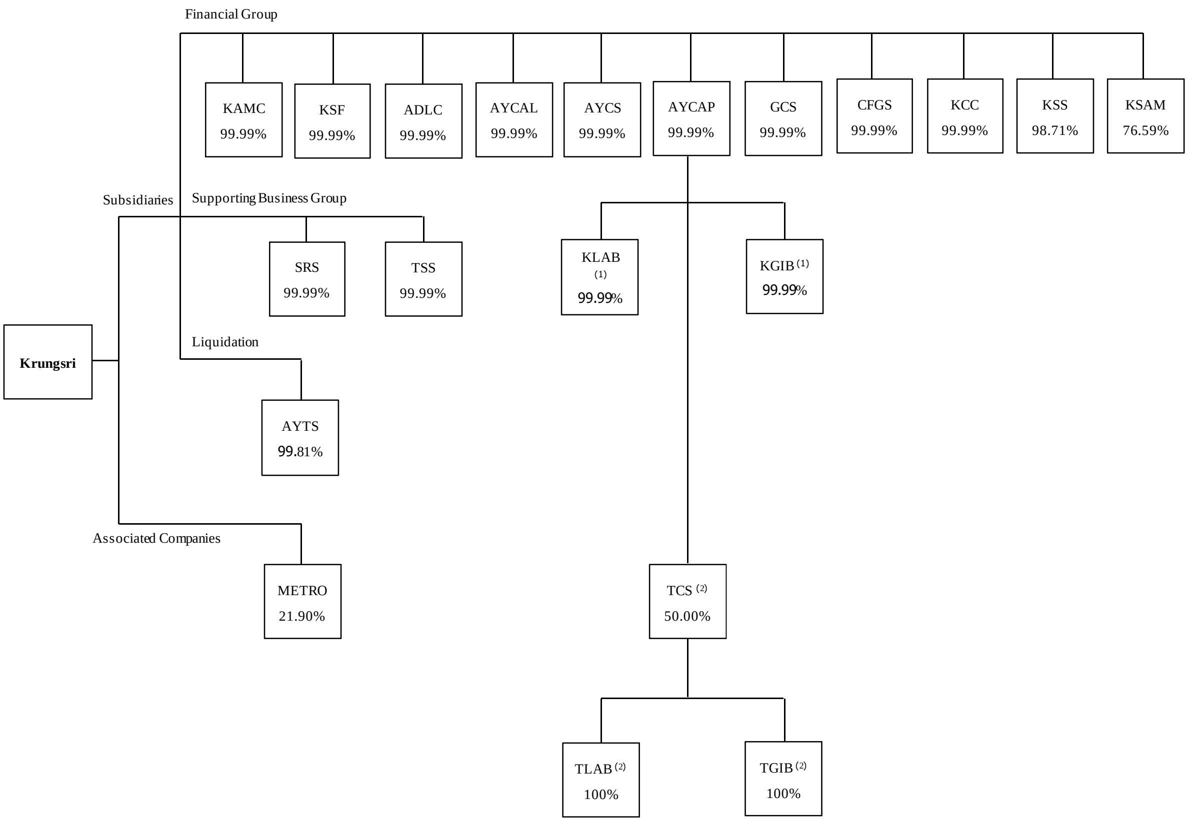
- **Mortgage loans**

Krungsri has developed mortgage loan products that genuinely respond to the demand of target groups in a bid to increase its market share. In addition, Krungsri opts to advertise and promote Krungsri Home Loan by directly focusing on potential customers who are interested in buying condominium units, employing advertising media that could effectively reach target groups. Krungsri, via its strong branch network, also offers mortgage loans to other property segments such as detached houses, townhouses, etc.

- **E-business**

E-business Group was created based on Krungsri's commitment to provide the best possible user experience through product innovation and accelerate the digitization of operational processes and banking services across the Krungsri family, with the goal of becoming Thailand's number one preferred bank. Key E-business milestones include Krungsri Quick Pay - electronic payment solutions via a secure smart phone/tablet dongle, Krungsri Online - a seamless Internet banking service, and Krungsri Mobile App - an application that supports all financial products and services.

Krungsri's shareholding structure in subsidiaries and associated companies



KAMC = Krungsri Ayudhya AMC Ltd.	CFGS = CFG Services Co., Ltd.	KGIB = Krungsri General Insurance Broker Ltd.
KSF = Krungsri Factoring Co., Ltd.	KCC = Krungsriayudhya Card Co., Ltd.	AYTS = Ayudhya Total Solutions Plc.
ADLC = Ayudhya Development Leasing Co., Ltd.	KSS = Krungsri Securities Plc.	TCS = Tesco Card Services Ltd.
AYCAL = Ayudhya Capital Auto Lease Plc.	KSAM = Krungsri Asset Management Co., Ltd.	TLAB = Tesco Life Assurance Broker Ltd.
AYCS = Ayudhya Card Services Co., Ltd.	SRS = Siam Realty and Services Co., Ltd.	TGIB = Tesco General Insurance Broker Ltd.
AYCAP = Ayudhya Capital Services Co., Ltd.	TSS = Total Services Solutions Plc.	METRO = Metro Designee Co., Ltd.
GCS = General Card Services Ltd.	KLAB = Krungsri Life Assurance Broker Ltd.	

Note: (1) KLAB and KGIB are Krungsri's subsidiaries in which Krungsri indirectly holds 99.99% of shares through AYCAP.

(2) TCS, TLAB and TGIB are Krungsri's associated companies in which Krungsri indirectly holds 50.00% of shares through AYCAP.

Krungsri holds shares, directly and indirectly, in 20 subsidiaries and associated companies, of which the information as of June 30, 2013 is as follows:

Company name	Type of business	Registered capital (Baht million)	Paid-up capital (Baht million)	Krungsri's shareholding (%)
Subsidiaries				
(1) Financial Business Group				
1. Krungsri Ayudhya AMC Ltd.	Purchase or acceptance of the transfer of impaired assets for management through debt restructuring and/or purchase of their collateral for disposal, including undertaking of NPA maintenance to ensure they are in good condition and ready for sale	6,000.0	6,000.0	99.99
2. Krungsri Factoring Co., Ltd.	Factoring	300.0	300.0	99.99
3. Ayudhya Development Leasing Co., Ltd.	Leasing and hire purchase	705.0	705.0	99.99
4. Ayudhya Capital Auto Lease Plc.	Auto financing	1,045.0	1,045.0	99.99
5. Ayudhya Card Services Co., Ltd.	Credit card and personal loan	180.0	180.0	99.99
6. Ayudhya Capital Services Co., Ltd.	Credit card and personal loan	275.0	125.0	99.99
7. General Card Services Ltd.	Credit card and personal loan	758.0	758.0	99.99
8. CFG Services Co., Ltd.	Consumer lending in form of vehicle hire-purchase contract and secured personal loan contract secured by vehicle ownership registration	190.2	190.2	99.99
9. Krungsriayudhya Card Co., Ltd.	Credit card and personal loan	1,100.0	1,100.0	99.99
10. Krungsri Securities Plc.	Securities business	600.0	600.0	98.71
11. Krungsri Asset Management Co., Ltd.	Asset management	350.0	350.0	76.59
(2) Supporting Business Group				
12. Siam Realty and Services Co., Ltd.	Car rental and personnel service for Krungsri and affiliated companies	100.0	100.0	99.99
13. Total Services Solutions Plc.	Collection services	331.5	331.5	99.99
14. Krungsri Life Assurance Broker Ltd.[1/]	Life insurance broker	2.0	2.0	99.99
15. Krungsri General Insurance Broker Ltd.[1/]	Non-life insurance broker	2.0	2.0	99.99
(3) Under the liquidation process for dissolution				
16. Ayudhya Total Solutions Plc.	Auto financing	299.2	299.2	99.81
Associated companies				
17. Tesco Card Services Ltd.[1/]	Credit card and personal loan	780.0	780.0	50.0

Company name	Type of business	Registered capital (Baht million)	Paid-up capital (Baht million)	Krungsri's shareholding (%)
18. Tesco Life Assurance Broker Ltd.[2/]	Provision of life insurance products to Tesco Card Services Ltd. and Tesco Lotus stores' customers	2.0	2.0	50.0
19. Tesco General Insurance Broker Ltd.[2/]	Provision of non-life insurance products to Tesco Card Services Ltd. and Tesco Lotus stores' customers	77.0	77.0	50.0
20. Metro Designee Co., Ltd.	Established by agreement between Krungsri and other syndication lenders of Bangkok Metro Plc. ("BMCL") for the purpose of accepting transfer of all rights pursuant to the concession agreement between Mass Rapid Transit Authority of Thailand ("MRTA") and BMCL in case BMCL is in breach of such agreement with MRTA or BMCL is in breach of its obligations under the loan agreement with its creditors.	0.1	0.025	21.9

Note: [1/] A subsidiary of Ayudhya Capital Services Co., Ltd.

[2/] A subsidiary of Tesco Card Services Ltd.

Income structure of Krungsri and its subsidiaries in 2010-2012 and first nine months of 2013 is tabulated below:

	Consolidated financial statements							
	2010		**2011**		**2012**		**Jan-Sep 2013**	
	Baht mil	**%**	**Baht mil**	**%**	**Baht mil**	**%**	**Baht mil**	**%**
Loans	31,391	46.86	36,356	47.02	42,563	47.52	34,028	46.46
Interbank and money market items	1,145	1.71	3,095	4.00	2,481	2.77	2,118	2.89
Hire purchase and financial lease income	13,049	19.48	14,952	19.34	16,895	18.86	14,540	19.85
Investments and trading transactions	90	0.13	79	0.10	206	0.23	125	0.17
Investments in debts securities	1,600	2.39	1,946	2.52	2,495	2.78	1,631	2.23
Total interest income	**47,275**	**70.57**	**56,428**	**72.98**	**64,640**	**72.16**	**52,442**	**71.60**
Fees and service income	12,898	19.25	13,838	17.90	16,434	18.35	14,010	19.13
Gain on trading and FX transactions	1,459	2.18	1,278	1.65	1,542	1.72	1,210	1.65
Gain on investments	251	0.37	820	1.06	800	0.89	389	0.53
Share of profit from investment by using equity method	144	0.21	32	0.04	177	0.20	154	0.21
Dividend income	394	0.59	441	0.57	504	0.56	516	0.70
Bad debts recoveries	1,826	2.73	2,215	2.87	3,178	3.55	3,055	4.17
Other income	2,745	4.10	2,266	2.93	2,299	2.57	1,465	2.00
Total non-interest income	**19,717**	**29.43**	**20,890**	**27.02**	**24,934**	**27.84**	**20,799**	**28.40**
Total income	**66,992**	**100.00**	**77,318**	**100.00**	**89,574**	**100.00**	**73,241**	**100.00**

<u>The project of the Offeror for acquire and hold shares in Krungsri</u>

On July 2, 2013, Krungsri was notified by GECIH that GECIH and the Offeror had entered into a Share Tender Agreement ("STA") whereby the Offeror will launch a Voluntary Tender Offer (the "VTO") for a total of 6,074,143,747 shares at an offer price of Baht 39 per share and GECIH will participate and tender its entire shareholding of 1,538,365,000 shares, representing 25.33% of Krungsri's total issued shares, through the VTO process at the same price as the offer price set forth.

On August 27, 2013, the Finance Minister and the Bank of Thailand ("BOT"), by virtue of the Financial Institutions Business Act B.E. 2551 ("FIBA"), granted permission for the Offeror to enter into transactions to purchase Krungsri shares and to integrate the business of Krungsri and the Bank of Tokyo-Mitsubishi UFJ, Ltd., Bangkok Branch ("BTMU Bangkok Branch") via entire business transfer of BTMU Bangkok Branch into Krungsri in compliance with the Financial Institution Business Act and the BOT's One Presence Policy. In return, Krungsri will compensate for BTMU Bangkok Branch by issuing and offering new ordinary shares to the Offeror on a private placement basis. Such integration will be completed within 1 year after the Offeror acquire and hold Krungsri's shares from VTO process or within such time as may be extended by the BOT, if necessary.

On October 31, 2013, Krungsri's Extraordinary General Meeting of Shareholders No. 1/2013 ("EGM No. 1/2013") approved the integration of Krungsri and BTMU Bangkok Branch by acquisition and acceptance of transfer of the business of BTMU Bangkok Branch, and the entering into a Conditional Branch Purchase Agreement between Krungsri (the Transferee) and the Offeror (the Transferor) and other related agreements, whereby the Offeror will refrain from launching a mandatory tender offer ("MTO") after the receipt of newly issued ordinary shares of Krungsri from the business transfer of BTMU Bangkok Branch to Krungsri (as the Offeror has already been granted a waiver from the obligation to make an MTO from the Securities and Exchange Commission) and also approved the allocation of newly issued shares to the Offeror on a private placement basis in an amount not more than 1,500,000,000 shares with a par value of Baht 10 per share.

Board of Directors and shareholders

- *Krungsri Board of Directors*

Krungsri Board of Directors, according to the affidavit, is composed of 12 members as follows:

	Name	Position
1.	Mr. Veraphan Teepsuwan	Chairman
2.	Mrs. Janice Rae Van Ekeren	Director and Chief Executive Officer
3.	Mr. Phillip Tan Chen Chong	Director and President
4.	Mr. Pornsanong Tuchinda	Director
5.	Mr. Pongpinit Tejagupta	Director
6.	Mr. Virojn Srethapramotaya	Director
7.	Miss Nopporn Tirawattanagool	Director
8.	Mr. Xavier Pascal Durand	Director
9.	Mr. Karun Kittisataporn	Independent Director
10.	Miss Potjanee Thanavaranit	Independent Director and Audit Committee Chairman

	Name	Position
11.	Mr. Virat Phairatphiboon	Independent Director and Audit Committee Member
12.	Mr. Phong-adul Kristnaraj	Independent Director and Audit Committee Member

Authorized signatories: Either Mr. Pongpinit Tejagupta or Mr. Virojn Srethapramotaya is authorized to co-sign with either Mrs. Janice Rae Van Ekeren or Mr. Phillip Tan Chen Chong, with Krungsri's seal affixed.

Expected list of Krungsri Board of Directors after the tender offer

After completion of the tender offer process, the board structure is subject to change as deemed fit. Any change in the board structure must be depending on the tender offer result and compliance with the relevant rules and regulations as well as the internal policy of Krungsri, and approval by the Board of Directors' meeting and/or the shareholders' meeting of Krungsri.

- *Shareholders*

As of October 10, 2013 (the latest closing date of shareholder register book to determine rights to attend the EGM No. 1/2013), Krungsri had a registered capital of Baht 70,893,927,550 and an issued and fully paid capital of Baht 60,741,437,470, divided into 6,074,143,747 ordinary shares at a par value of Baht 10 per share. Details of shareholders are as follows:

	Name	No. of shares (shares)	As % of total shares
1.	GE Capital International Holdings Corporation	1,538,365,000	25.33
2.	Thai NVDR Co., Ltd.	832,023,934	13.70
3.	Morgan Stanley & Co. International Plc.	242,960,955	4.00
4.	State Street Bank Europe Limited	199,531,614	3.28
5.	HSBC (Singapore) Nominees Pte Ltd.	195,545,900	3.22
6.	Stronghold Assets Co., Ltd.	166,536,980	2.74
7.	Tun Mahachoke Co., Ltd.	166,478,940	2.74
8.	GL Assets Co., Ltd.	166,414,640	2.74
9.	BBTV Sattelvision Co., Ltd.	166,151,114	2.74
10.	BBTV Assets Management Co., Ltd.	163,112,900	2.69
	Total top 10 shareholders	**3,837,121,977**	**63.17**
	Other shareholders	2,237,021,770	36.83
	Total	**6,074,143,747**	**100.00**

After completion of the tender offer, the Offeror may acquire 25.33% (equivalent to percentage of GECIH's shareholding in Krungsri before the tender offer) up to approximately 75% of the total issued shares of Krungsri. Assuming the percentage of the shareholders accepting the tender offer of approximately 75% of Krungsri's issued shares, the Offeror's maximum shareholding in Krungsri could reach 80% of the total issued shares of Krungsri after the capital increase (Krungsri will allocate not more than 1,500,000,000 newly issued ordinary shares, representing 19.80% of its total issued shares after the capital increase, on a private placement basis to the Offeror, with share payment to be made by cash and in kind, i.e. being the entire business of BTMU Bangkok Branch).

In addition, given that the tender offer is fully accepted by the shareholders, the Offeror will then become a shareholder holding 100% of the total issued shares of Krungsri.

Financial position and performance

- *Table summarizing financial performance and position of Krungsri and its subsidiaries for 2010-2012 and first nine months of 2013*

Statements of financial position	As of December 31						As of September 30, 2013	
	2010		2011		2012			
	Bt. million	%	Bt. million	%	Bt. million	%	Bt. million	%
Assets								
Assets								
Cash	22,461	2.58	25,165	2.66	25,079	2.34	23,818	2.08
Interbank and money market items, net	74,527	8.57	81,818	8.63	79,390	7.41	88,003	7.68
Claims on security	13,346	1.53	3,846	0.41	13,592	1.27	25,533	2.23
Derivatives assets	4,513	0.52	4,833	0.51	3,414	0.32	4,075	0.36
Investments, net	78,360	9.01	81,204	8.57	78,302	7.30	83,385	7.28
Investments in subsidiaries and associates, net	729	0.08	769	0.08	947	0.09	1,101	0.10
Loans to customers and accrued interest receivables, net								
Loans to customers	674,596	77.55	751,405	79.28	869,382	81.10	934,187	81.58
Accrued interest receivables	1,724	0.20	1,859	0.20	2,257	0.21	2,465	0.22
Total loans to customers and accrued interest receivables	676,320	77.75	753,264	79.48	871,639	81.31	936,652	81.79
Less Deferred revenue	(25,636)	(2.95)	(31,898)	(3.37)	(39,374)	(3.67)	(44,980)	(3.93)
Less Allowance for doubtful accounts	(33,410)	(3.84)	(30,776)	(3.25)	(30,306)	(2.83)	(34,173)	(2.98)
Less Revaluation allowance for debt restructuring	(543)	(0.06)	(503)	(0.05)	(723)	(0.07)	(1,481)	(0.13)
Net loans to customers and accrued interest receivables	**616,731**	**70.90**	**690,087**	**72.81**	**801,236**	**74.74**	**856,018**	**74.75**
Customers' liability under acceptance	752	0.09	696	0.07	682	0.06	871	0.08
Properties for sale, net	14,727	1.69	11,737	1.24	9,451	0.88	8,462	0.74
Premises and equipment, net	17,552	2.02	17,568	1.85	18,300	1.71	19,806	1.73
Goodwill and other intangible assets, net	12,627	1.45	12,054	1.27	15,435	1.44	14,943	1.30
Deferred tax assets	7,586	0.87	5,631	0.59	6,061	0.57	6,629	0.58
Accounts receivable for investments	-	-	5,977	0.63	7,778	0.73	2,594	0.23
Other assets, net	5,923	0.68	6,412	0.68	12,298	1.15	9,929	0.87
Total assets	**869,834**	**100.00**	**947,797**	**100.00**	**1,071,965**	**100.00**	**1,145,167**	**100.00**
Liabilities and equity								
Liabilities								

Statements of financial position	As of December 31						As of September 30, 2013	
	2010		2011		2012			
	Bt. million	%	Bt. million	%	Bt. million	%	Bt. million	%
Deposits	576,479	66.27	560,540	59.14	687,159	64.10	736,439	64.31
Interbank and money market items, net	43,762	5.03	23,741	2.50	48,822	4.55	63,501	5.55
Liability payable on demand	1,517	0.17	1,651	0.17	2,776	0.26	2,865	0.25
Liability to deliver security	13,347	1.53	3,846	0.41	13,593	1.27	25,533	2.23
Derivatives liabilities	3,978	0.46	5,394	0.57	3,508	0.33	3,671	0.32
Debt issued and borrowings	99,365	11.42	208,263	21.97	154,629	14.42	151,863	13.26
Bank's liability under acceptance	752	0.09	696	0.07	682	0.06	871	0.08
Provisions	3,690	0.42	6,896	0.73	7,334	0.68	7,486	0.65
Deferred tax liabilities	4,039	0.46	2,276	0.24	2,505	0.23	2,679	0.23
Accounts payable for investments	-	-	5,975	0.63	5,694	0.53	2,627	0.23
Other liabilities	23,801	2.74	25,824	2.72	31,777	2.96	27,047	2.36
Total liabilities	**770,730**	**88.61**	**845,102**	**89.16**	**958,479**	**89.41**	**1,024,582**	**89.47**
Equity								
Authorized share capital	70,894		70,894		70,894		70,894	
Issued and paid-up share capital	60,741	6.98	60,741	6.41	60,741	5.67	60,741	5.30
Premium on ordinary shares	13,802	1.59	13,802	1.46	13,802	1.29	13,802	1.21
Other components of equity	5,147	0.59	5,503	0.58	5,983	0.56	6,821	0.60
Retained earnings								
Appropriated – Legal reserve	1,014	0.12	1,316	0.14	1,642	0.15	1,642	0.14
Unappropriated	18,211	2.09	21,126	2.23	31,154	2.91	37,319	3.26
Total Bank's equity	98,915	11.37	102,488	10.81	113,322	10.57	120,325	10.51
Non-controlling interest	189	0.02	207	0.02	164	0.02	260	0.02
Total equity	**99,104**	**11.39**	**102,695**	**10.84**	**113,486**	**10.59**	**120,585**	**10.53**
Total liabilities and equity	**869,834**	**100.00**	**947,797**	**100.00**	**1,071,965**	**100.00**	**1,145,167**	**100.00**

Statements of comprehensive income	For the year ended December 31						For 9-month period	
	2010		2011		2012		Jan-Sep 2013	
	Bt. million	%	Bt. million	%	Bt. million	%	Bt. million	%
Interest income	47,275	91.75	56,428	102.03	64,640	105.64	52,442	103.87
Interest expenses	12,647	24.54	18,963	34.29	24,687	40.35	19,601	38.82
Interest income, net	**34,628**	**67.20**	**37,465**	**67.74**	**39,953**	**65.30**	**32,841**	**65.05**
Fees and service income	12,898	25.03	13,838	25.02	16,434	26.86	14,010	27.75
Fees and service expenses	2,819	5.47	3,051	5.52	3,699	6.05	3,154	6.25
Fees and service income, net	**10,080**	**19.56**	**10,787**	**19.50**	**12,735**	**20.81**	**10,856**	**21.50**
Gains on trading and foreign exchange transactions, net	1,459	2.83	1,278	2.31	1,542	2.52	1,210	2.40
Gains on investments, net	251	0.49	820	1.48	800	1.31	389	0.77
Share of profit from investment by using equity	144	0.28	32	0.06	177	0.29	154	0.31

Statements of comprehensive income	For the year ended December 31						For 9-month period	
	2010		2011		2012		Jan-Sep 2013	
	Bt. million	%	Bt. million	%	Bt. million	%	Bt. million	%
method								
Dividend income	394	0.76	441	0.80	504	0.82	516	1.02
Bad debts recoveries	1,826	3.54	2,216	4.01	3,178	5.19	3,055	6.05
Other operating income	2,745	5.33	2,265	4.10	2,299	3.76	1,465	2.90
Total operating income	**51,527**	**100.00**	**55,304**	**100.00**	**61,188**	**100.00**	**50,486**	**100.00**
Other operating expenses								
Employees' expenses	11,820	22.94	12,319	22.28	13,966	22.82	11,363	22.51
Directors' remuneration	28	0.05	33	0.06	34	0.06	26	0.05
Premises and equipment expenses	4,293	8.33	4,633	8.38	5,514	9.01	4,330	8.58
Taxes and duties	1,535	2.98	1,782	3.22	2,057	3.36	1,615	3.20
Others	9,120	17.70	8,710	15.75	9,227	15.08	7,084	14.03
Total other operating expenses	**26,796**	**52.00**	**27,477**	**49.68**	**30,798**	**50.33**	**24,418**	**48.37**
Impairment loss of loans and debt securities	12,391	24.05	12,213	22.08	11,385	18.61	12,137	24.04
Profit from operating before income tax expenses	12,340	23.95	15,614	28.23	19,006	31.06	13,931	27.59
Income tax expenses	3,524	6.84	6,310	11.41	4,337	7.09	2,953	5.85
Net profit	**8,816**	**17.11**	**9,304**	**16.82**	**14,669**	**23.97**	**10,978**	**21.74**
Other comprehensive income								
Changes in assets revaluation surplus	-		-		-		2,284	
Gains (Losses) on remeasuring available-for-sale investment	404		(213)		862		(1,055)	
Actuarial gains (losses) on defined benefit plans	-		(232)		75		-	
Income tax relating to components of other comprehensive income	(116)		792		(178)		(246)	
Total other comprehensive income, net	**288**		**347**		**759**		**983**	
Total comprehensive income for the year	**9,104**		**9,651**		**15,428**		**11,961**	
Net profit attributable to								
Owners of the Bank	8,793		9,264		14,625		10,878	
Non-controlling interest	23		40		44		100	

Note: Financial statements for 2010-2012 were audited by Dr. Suphamit Techamontrikul, CPA Registration No. 3356, of Deloitte Touche Tohmatsu Jaiyos Audit Co., Ltd., an SEC-approved auditor. Interim financial statements for the nine-month period ended September 30, 2013 were reviewed by Mr. Permsak Wongpatcharapakorn, CPA Registration No. 3427, of Deloitte Touche Tohmatsu Jaiyos Audit Co., Ltd., SEC-approved auditor.

- *Consolidated cash flow statements*

Unit: Baht million	2010	2011	2012	Jan-Sep 2013
Net cash provided by (used in) operating activities	10,238	(92,052)	62,659	10,309
Net cash provided by (used in) investing activities	(8,746)	(9,519)	(4,795)	(4,073)
Net cash provided by (used in) financing activities	158	104,502	(58,203)	(7,643)

Unit: Baht million	2010	2011	2012	Jan-Sep 2013
Total	**1,650**	**2,931**	**(339)**	**(1,407)**
Effect of exchange rate change on cash	(71)	97	(11)	53
Net increase (decrease) in cash and cash equivalents	**1,579**	**3,028**	**(350)**	**(1,354)**
Cash and cash equivalents at beginning of period	21,496	23,075	26,103	25,753
Cash and cash equivalents at end of period	**23,075**	**26,103**	**25,753**	**24,399**

- *Key financial ratios*

Financial ratios		2010	2011	2012	Jan-Sep 2013
Liquidity ratios					
Gross profit margin	(%)	71.75	66.13	62.45	63.33
Net profit margin	(%)	13.13	11.98	16.33	14.85
Return on equity	(%)	9.17	9.18	13.53	12.42[1/]
Net interest income	(%)	6.28	6.79	7.01	6.92[1/]
Net interest expense	(%)	1.85	2.51	2.93	2.84[1/]
Net interest margin (NIM)	(%)	4.43	4.28	4.07	4.08
Internal rate of return	(%)	4.35	4.15	5.29	4.68[1/]
Efficiency ratios					
Net interest income to assets ratio	(%)	4.20	4.12	3.96	3.95[1/]
Return on assets	(%)	1.07	1.02	1.45	1.31[1/]
Assets turnover	(time)	0.08	0.09	0.09	0.09[1/]
Financial ratios					
Debt to equity ratio	(time)	7.78	8.23	8.45	8.50
Loans to borrowings ratio	(%)	96.02	93.59	98.60	100.10
Loans to deposits ratio	(%)	112.57	128.36	120.79	120.74
Deposits to total liabilities ratio	(%)	74.80	66.33	71.69	71.88
Dividend payout ratio	(%)	39.37	45.90	33.23	22.34
Capital adequacy ratio (separate financial statements)	(%)	15.84	16.29	16.94	16.86
Asset quality ratios					
Allowance for doubtful accounts to total loans ratio	(%)	5.15	4.28	3.65	3.84
Bad debts (write-off) to total loans ratio	(%)	(0.98)	(1.18)	(1.04)	(0.81)[1/]
NPLs to total loans ratio	(%)	5.45	3.74	2.39	2.60
Accrued interest receivables to total loans ratio	(%)	0.27	0.26	0.27	0.28

Note: [1/] Being annualized for comparison purpose.

- *Analysis of financial performance and position*

Financial performance in 2010-2012

In 2010-2012, Krungsri and its subsidiaries reported a net profit (attributable to owners of Krungsri) of Baht 8,793 million, Baht 9,264 million and Baht 14,625 million respectively, increasing by 5.4% in 2011 and 57.9% in 2012. Such profit growth in 2011-2012 was driven by higher net interest income resulting from the strong loan growth and also by healthy fees and service income growth.

Net interest income

In 2010-2012, Krungsri and its subsidiaries recorded net interest income of Baht 34,628 million, Baht 37,465 million and Baht 39,953 million respectively, up by Baht 2,837 million or 8.2% in 2011 and Baht 2,488 million or 6.6% in 2012. The increase in net interest income in 2011 was mainly due to increases in interest income, and also was attributed to higher interest rates, higher loan and hire purchase volumes, and higher average repurchase transactions. Meanwhile, the higher interest expenses on deposits and borrowing costs reflected the six policy rate increases in 2011.

For 2012, the increase in net interest income resulted primarily from higher interest income from the strong loan growth. Correspondingly, interest expenses increased mainly from the increase in deposit and borrowing costs as a result of higher interest rates, the increase in fee contribution to the FIDF, and a higher volume of funds of Baht 64,227 million to support business growth.

Over 2010-2012, NIM stayed at a high level of 4.43%, 4.28% and 4.07% respectively, which was in line with Krungsri's target despite some discouraging factors such as the increase in fee contributions to the FIDF, several reductions in the policy rate, and a highly competitive environment for deposit mobilization.

Net fees and service income

In 2010-2012, net fees and service income of Krungsri and its subsidiaries amounted to Baht 10,080 million, Baht 10,787 million and Baht 12,735 million respectively, growing by Baht 707 million or 7.0% in 2011 and Baht 1,948 million or 18.1% in 2012. The increase in net fees and service income in 2011 was contributed chiefly by increased fees from bancassurance and fund management fees, offset by a reduction in collection fees resulting from the "Debt Relief Program" to assist flood-stricken customers in Q4/2011.

For 2012, the increase in fees and service income was driven primarily by growth in fees from bancassurance, card businesses, lending-related fees, collection fees, and wealth and fund management fees. Bancassurance fees improved markedly by 42.7%, confirming Krungsri's first full year of successful collaboration with its strategic insurance partners. Card-related fees also grew strongly by 21.7% as a result of active marketing and promotion campaigns in 2012 together with an additional 520,000 cards from the acquisition of HSBC's retail banking business as at the end of March 2012. Meanwhile, fees and service expenses increased Baht 648 million or 21.2%, mainly due to an increase in ATM and network fees and collection expenses.

Non-interest and non-fees income

In 2010-2012, Krungsri and its subsidiaries recorded non-interest and non-fees income totaling Baht 6,819 million, Baht 7,052 million and Baht 8,501 million respectively, up by Baht 233 million or 3.4% in 2011 and by Baht 1,448 million or 20.5% in 2012. The increase in non-interest and non-fees income in 2011 was ascribed mainly to an increase in gains on investments of Baht 569 million or 226.7%, mainly from a reversal of a reserve for investment in loan of Dubai World Group Finance Limited at Baht 424 million recorded in Q2/2011, and an increase in returns from treasury transactions and positions of Baht 504 million or 67.2%. Meanwhile, these items were offset by a decrease in gain on debt instruments of Baht 665 million, driven by a one-off gain on a CDO (Collateralized Debt Obligations) sale of Baht 677 million in Q4/2010, and a decrease in an excess of net fair value of acquired subsidiary over purchase cost of Baht 519 million recorded in Q4/2010.

For 2012, the increase in non-interest and non-fees income was driven by increases in gains on trading and foreign exchange transactions of Baht 264 million, share of profit from investment by using equity method of Baht 145 million and loan recoveries income of Baht 962 million.

Other operating expenses

In 2010-2012, other operating expenses amounted to Baht 26,796 million, Baht 27,477 million and Baht 30,798 million respectively, rising by Baht 681 million or 2.5% in 2011 and Baht 3,321 million or 12.1% in 2012. In 2011, the increase in other operating expenses resulted from 1) an increase in employees' expenses of Baht 499 million or 4.2%, mainly driven by the adoption of a new accounting principle governing employee benefits in early 2011, incentive payments, annual merit increases, and assistance provided to employees affected by the floods, and 2) an increase in premises and equipment expenses of Baht 339 million or 7.9%, mainly driven by Krungsri's continued investment in its ATM network expansion, ongoing branch refurbishment, and supporting activities relating to its rebranding initiative. Meanwhile, other expenses decreased by Baht 409 million or 4.5%, due mainly to a decrease in marketing and promotion expenses of Baht 530 million or 17.8%, cost control and management initiative, and a reserve on assets transferred to TAMC of Baht 600 million recorded in 2011. These decreases in other expenses were offset by an increase in amortization of fair value of intangible assets of Baht 247 million and reserves for customer loyalty program bonus points of Baht 539 million.

The increase in other operating expenses in 2012 mirrored higher business volume and revenue. Such increase was driven by an increase in employees' expenses of Baht 1,647 million or 13.4%, mainly due to a higher number of employees as a result of the HSBC retail bank acquisition, annual merit increases, and execution of a pay-for-performance program. The increase in premises and equipment expenses of Baht 882 million or 19% was due to Krungsri's investments in branch refurbishment and operational excellence. An increase in taxes and duties of Baht 275 million or 15.4% corresponded to higher interest income. An increase in other expenses of Baht 516 million or 5.9% was due to an increase in marketing and promotion expenses and outsourcing expenses.

In 2010-2012, the cost-to-income ratio of Krungsri and its subsidiaries stood at 52.0%, 49.7% and 50.3% respectively. The drop in this ratio in 2011 was attributed to Krungsri's cost control initiatives together with the strong improvement in core earnings, reflecting the ongoing effort to improve operations and income generation efficiency. In 2012, the hike in the cost-to-income ratio was, in part, due to HSBC retail bank acquisition transition costs and Krungsri's continuous investments in branch refurbishment and operational excellence.

Impairment loss of loans and debt securities

In 2010-2012, loan loss provisions amounted to Baht 12,391 million, Baht 12,213 million and Baht 11,385 million respectively, a drop of Baht 178 million or 1.4% in 2011 and Baht 828 million or 6.8% in 2012. The decreased loan loss provisions reflected both the declining trend of new NPL formation and Krungsri's rigorous credit analysis standards. For 2012, the loan loss provisions dropped because Krungsri set aside a substantial amount of reserves for flood-hit customers in Q4/2011. The loan loss coverage ratio was 89.1%, 106.2% and 146.2% as at the end of 2010-2012 respectively.

<u>Financial performance in the nine-month period ended September 30, 2013</u>

In the first nine months of 2013, Krungsri and its subsidiaries posted a net profit (attributable to owners of Krungsri) of Baht 10,878 million, an increase of Baht 7 million or 0.06% compared with the net profit (attributable to owners of Krungsri) of Baht 10,871 million registered in the same period of the previous year. Such increase in net profit resulted from higher net interest income in line with strong loan growth, together with a continuous increase in non-interest income, particularly fees and service income.

Net interest income

In the first nine months of 2013, net interest income of Krungsri and its subsidiaries reached Baht 32,841 million, an increase of Baht 3,188 million or 10.8% compared to Baht 29,653 million in the same period last year, resulting from higher interest income driven by an increase of 13.4% in loan and hire purchase volumes. Correspondingly, interest expenses went up due to the increase of Baht 49,280 million in volume of deposits to support additional business growth. NIM stayed at 4.33%, close to the same period last year of 4.35%.

Net fees and service income

In the first nine months of 2013, Krungsri and its subsidiaries recorded net fees and service income of Baht 10,856 million, growing by Baht 1,495 million or 16.0% from Baht 9,361 million in the same period last year, driven by the continued focus of Krungsri Group on growing fees and wealth and fund management franchises. Wealth, fund management and securities fees improved strongly by 78.5%, attributed partly to the robust growth in assets under management and favorable capital market condition. Fees from auto hire purchase grew healthily by 22.5%, while card business and bancassurance rose by 18.3% and 12.6% respectively. Fees and service expenses increased 17.3%, in line with the fee growth in card business and wealth and fund management.

Non-interest and non-fees income

In the first nine months of 2013, non-interest and non-fees income amounted to Baht 6,789 million, increasing by Baht 717 million or 11.8% compared to Baht 6,072 million in the corresponding period of 2012, driven by increases in bad debt recoveries income of Baht 707 million and dividend income of Baht 109 million. The increase in bad debt recoveries was largely attributed to the income recovered from the Dubai World Group Finance Limited's account. In this period, gains on investment decreased by Baht 221 million.

Other operating expenses

For first nine months of 2013, other operating expenses totaled Baht 24,418 million, an increase of Baht 2,039 million or 9.1% from Baht 22,379 million in the same period last year. Such increase was driven primarily by a rise in employees' expenses of Baht 1,278 million or 12.7%. As of end-September 2013, Krungsri and its subsidiaries had total workforce of 19,178 persons, representing an increase of 1,205 persons or 6.7% year on year. The notable increase in headcount reflected robust business expansion and commitment to customer service and customer relationship management (CRM) undertakings. This customer-centric focus yielded positive results, with a rise in the average number of products held per customer as well as the customer satisfaction score. An 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 ATMs over the past 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 Q2/2013. In the first nine months of 2013, the cost-to-income ratio stood at 48.4%, improving from 49.6% in the same period last year.

Impairment loss of loans and debt securities

Loan loss provisions for the first nine months of 2013 amounted to Baht 12,137 million, soaring by Baht 3,650 million or 43.0% from Baht 8,487 million in the same period last year. The increased loan loss provisions resulted from the countercyclical surplus reserve due to internal and external factors. As of September 30, 2013, the loan loss coverage ratio was 142.9%, decreasing from 146.2% as at the end of 2012.

Financial position as at December 31, 2010-2012

Total assets

As at the end of 2010-2012, Krungsri and its subsidiaries had total assets of Baht 869,834 million, Baht 947,797 million and Baht 1,071,965 million respectively, reflecting solid growth of Baht 77,963 million and Baht 124,168 million or 9.0% and 13.1% as of year-end 2011 and 2012 respectively. The increase in total assets as at the end of 2011 was largely attributed to a higher loan volume (less deferred revenue) of Baht 70,547 million or 10.9% and an increase in net interbank and money market items of Baht 7,291 million or 9.8%.

The increase in total assets as of year-end 2012 was largely driven by loan growth (less deferred revenue) of Baht 110,501 million or 15.4% and other asset growth of Baht 20,544 million or 36.0%, mainly driven by an increase in claims on securities from repurchase agreement of Baht 9,746 million for transactions under Krungsri's active Primary Dealer role, goodwill relating to HSBC retail bank acquisition of Baht 2,430 million, and accounts receivable for securities investments of Baht 1,800 million.

Loans to customers

Loans to customers of Krungsri and its subsidiaries as at the end of 2010-2012 and September 30, 2013

Unit: Baht million

Consolidated	As of December 31			As of September 30, 2013
	2010	2011	2012	
Corporate	190,046	204,286	211,914	214,694
SMEs	180,104	188,955	212,834	220,571
Retail	278,810	326,266	405,260	453,942
- Hire purchases	126,444	156,041	202,089	233,536
- Housing	82,280	93,320	103,080	114,787
- Credit card and personal loans	70,086	76,905	100,091	105,619
Total loans to customers*	**648,960**	**719,507**	**830,008**	**889,207**

Note *Loans to customers net of deferred revenue

As of year-end 2010-2012, total outstanding loans stood at Baht 648,960 million, Baht 719,507 million and Baht 830,008 million respectively, growing by Baht 70,547 million and Baht 110,501 million or 10.9% and 15.4% as of the end of 2011 and 2012 respectively. The loan growth as of year-end 2011 was mainly contributed by an increase in performing loans of Baht 79,158 million. In line with Krungsri's strategic focus, the retail segment continued to drive growth with a notable increase of Baht 47,456 million or 17.0%, followed by Corporate and SME segments which grew 7.5% and 4.9% respectively. Growth in Corporate and SME loans largely came from long-term domestic loans covering sectors such as manufacturing and commerce. Strong growth was also achieved in the SME-Small and SME-Retail segments through Krungsri's SME customer segmentation strategy, complemented by product and customer touch point simplification through its 55 Business Centers. For consumer loans, impressive growth continued to be driven by the auto hire purchase business. Notwithstanding the supply-chain disruption from Japan in Q2/2011 and Thailand's Q4/2011 floods, hire purchase loans grew by a robust Baht 29,597 million or 23.4% for 2011. Krungsri's strong performance was enhanced by its diversified portfolio mix of new car, used car and refinance program volume and a diversified brand mix, all contributing to its ongoing solid business expansion.

The loan growth as of the end of 2012 was broad-based across all customer segments, with particularly strong growth in the retail segment of 24.2%. Major driver of a marked increase of 29.5% in auto hire purchase loans was the pent-up demand following the late-2011 floods and the government's first car program which led the automotive industry to realize record sales. Meanwhile, the healthy 30.1% growth in credit cards and personal loans resulted in part from the successful consolidation of HSBC's retail banking business, coupled with economic improvement and minimum wage hike in seven key economic provinces in Thailand. Housing loan growth of 10.5% reflected positive economic environment and an improvement in the residential housing market. SME portfolio grew strongly by 12.6%, helped by the launch of commercial loan project agreements under "Krungsri Value Chain Solutions" and the enhancement of business process efficiency, resulting in higher loan volume and improvement in customer satisfaction. Corporate loans expanded by 3.7%, driven by an increase in demand for both working capital facilities and term loans.

Loan classification and provision

Unit: Baht million

Consolidated	2010		2011		2012	
	Loans and accrued interest receivable	Provision under BOT requirement	Loans and accrued interest receivable	Provision under BOT requirement	Loans and accrued interest receivable	Provision under BOT requirement
Normal	587,550	5,257	660,330	5,031	786,545	7,205
Special mention	24,864	1,170	31,444	2,603	24,414	1,651
Substandard	10,104	5,564	7,260	2,923	7,057	3,337
Doubtful	4,897	1,268	7,532	3,089	5,207	2,142
Doubtful of loss	23,269	7,485	14,800	4,663	9,042	3,685
Total	**650,684**	**20,744**	**721,366**	**18,309**	**832,265**	**18,020**
Surplus reserve		12,666		12,467		12,286
Total	**650,684**	**33,410**	**721,366**	**30,776**	**832,265**	**30,306**

Non-performing loans

Asset quality of Krungsri Group continued to strengthen, with gross NPLs reducing continually from Baht 38,149 million as of year-end 2010 to Baht 29,536 million and Baht 21,292 million at the end of 2011 and 2012, representing a decrease rate of 22.6% and 27.9% respectively. Key drivers were Krungsri's prudent policies and measures to prevent new NPL formation, vigilant credit risk management and continued efforts to resolve legacy NPLs. The reduction in NPLs in 2012 was partly attributed to Baht 6,761 million NPL sales.

As of year-end 2010-2012, Krungsri and its subsidiaries' total provision stood at Baht 33,988 million, Baht 31,366 million and Baht 31,127 million, with a loan loss coverage ratio of 89.1%, 106.2% and 146.2% respectively. The total provision consisted of an excess provision over Bank of Thailand requirements of Baht 21,322 million, Baht 18,899 million and Baht 18,841 million respectively. Correspondingly, the actual provisioning ratio when compared to Bank of Thailand requirements stood at 159.4%, 166.0% and 165.2% as at the end of 2010-2012 respectively.

Investments in securities

As of year-end 2010-2012, Krungsri and its subsidiaries had investments in government securities at book value of Baht 29,245 million, Baht 55,426 million and Baht 52,884 million respectively with the main objective to manage and maintain liquid assets in accordance with Bank of Thailand requirements, including intra-day liquid asset maintenance and liquidity management. Investments in private sector's debt securities amounted to Baht 18,345 million, Baht 25,778 million and Baht 25,418 million respectively.

Total liabilities

As at the end of 2010-2012, Krungsri and its subsidiaries had total liabilities of Baht 770,730 million, Baht 845,102 million and Baht 958,479 million respectively, rising by Baht 74,372 million or 9.6% as of year-end 2011 and Baht 113,377 million or 13.4% at the end of 2012. Growth in total liabilities at year-end 2011 resulted largely from a dramatic increase in debt issued and borrowings of Baht 108,898 million or 109.6% due to a tremendous rise in bills of exchange of Baht 127,986 million or 460.4%. This reflected customers' interest in higher-yield alternative products as prompted by a reduction in deposit insurance from unlimited coverage to a protection limit of only Baht 50 million, with effect as from August 11, 2011. Moreover, provisions surged by Baht 3,206 million or 86.9%, whereas net interbank and money market items declined by Baht 20,021 million or 45.7% and deposits fell by Baht 15,939 million or 2.8%.

Growth in total liabilities as of year-end 2012 was predominantly driven by an increase in deposits of Baht 126,619 million or 22.6%. The significant growth in savings deposits of Baht 132,149 million or 60.6%, in part, reflected Krungsri's successful launch of the two "Big Bang Deposit Products" - "Mee Tae Dai" in June and "Jad Hai" in August. Meanwhile, debt issued and borrowings decreased Baht 53,634 million or 25.8%, mainly stemming from a decrease in bills of exchange of Baht 107,262 million, as a result of the increased FIDF contribution fee, effective January 27, 2012, and a new commercial banking rule requiring a liquidity reserve for bills of exchange and promissory notes, effective July 11, 2012.

Funding structure

Unit: Baht million

	2010	2011	2012
Current	18,129	19,265	18,646
Savings	219,464	218,395	350,814
Time	338,886	322,880	317,699
Less than 6 months	126,980	153,741	147,053
6 months - less than 1 year	75,081	71,320	120,927
1 year or more	136,825	97,819	49,719
Total deposits	**576,479**	**560,540**	**687,159**
Bills of exchange	**27,799**	**155,785**	**48,523**
Debentures	**51,382**	**26,300**	**71,170**
Total funds	**655,661**	**742,625**	**806,852**

As at the end of 2010-2012, Krungsri's loans to deposits ratio stood at 113%, 128% and 121%, with loans to deposits plus bills of exchange and debentures ratio of 99%, 97% and 103% respectively.

Contingencies

Krungsri and its subsidiaries' contingencies as of year-end 2010-2012 totaled Baht 99,883 million, Baht 101,613 million and Baht 105,385 million respectively, an increase of Baht 1,730 million or 1.73% at the end of 2011 and Baht 3,772 million or 3.7% as of end-2012. The increase in contingencies in 2011 was driven by unused overdraft limits of Baht 3,138 million, offset by a decrease in avals to bills and guarantees of loans of Baht 2,164 million. For 2012, such increased contingencies resulted from unused overdraft limits of Baht 5,315 million, offset by a decrease in other guarantees of Baht 891 million and in avals to bills and guarantees of loans of Baht 698 million.

Unit: Baht million

	2010	2011	2012
Avals to bills and guarantees of loans	3,929	1,765	1,067
Liability under unmatured import bills	1,202	1,465	1,548
Letters of credit	8,126	8,293	8,043
Other contingencies	86,626	90,090	94,727
Total	**99,883**	**101,613**	**105,385**

Equity

As at the end of 2010-2012, Krungsri and its subsidiaries had total equity of Baht 99,104 million, Baht 102,695 million and Baht 113,486 million respectively, an increase of Baht 3,591 million or 3.6% at the end of 2011 and Baht 10,791 million or 10.5% as of the end of 2012. The increase in equity as of year-end 2011 was mainly due to growth in retained earnings driven by net income for 2011 of Baht 9,265 million, offset by dividends paid of Baht 4,252 million and adjustment for provision of employees' benefits of Baht 1,793 million. The increase in equity as at the end of 2012 was ascribed largely to growth in retained earnings driven by net income for 2012 of Baht 14,669 million, offset by dividends paid of Baht 4,557 million. As of December 31, 2010-2012, the Bank's capital to risk-weighted assets ratio stood at 15.84%, 16.29% and 16.94% respectively, higher than Bank of Thailand's minimum requirement of 8.50%.

<u>Financial position as of September 30, 2013</u>

Total assets

As at September 30, 2013, total assets of Krungsri and its subsidiaries were Baht 1,145,167 million, representing an increase of Baht 73,201 million or 6.8% from year-end 2012, largely driven by an increase in loans (net of deferred revenue) of Baht 59,199 million or 7.1% and an increase in interbank and money market items of Baht 8,613 million or 10.8%.

As at September 30, 2013, total outstanding loans (net of deferred revenue) stood at Baht 889,207 million, an increase of Baht 59,199 million or 7.1% from the end of 2012. Key driver of such loan growth was a favorable increase in the retail segment of Baht 46,682 million or 12.0%, attributed to an expansion in auto hire purchase loans of 15.6% as underpinned by the government's first-time car buyer program launched in 2012. However, with the completed delivery of cars under such first-time buyer program, auto hire purchase loan growth in Q3/2013 decelerated from H1/2013 growth. Housing loans grew 11.4%, reflecting Krungsri's strategic shift in partnering with top developers and targeting a higher income segment of customers. Credit cards and personal loans grew by 5.5%, in line with higher volumes of transactions and loans.

The SME portfolio increased from year-end 2012 by Baht 7,737 million or 3.6%, with the growth broadly observed in all SME segments. Corporate loans grew by Baht 2,780 million or 1.3%, due to rising demand for working capital and long-term loans.

Non-performing loans

As of September 30, 2013, gross NPLs amounted to Baht 25,092 million, an increase of Baht 3,800 million or 17.8% from Baht 21,292 million as at the end of 2012, due largely to higher amount of loan default by commercial customers of subsidiaries that are engaged in leasing and hire purchase financing for used cars.

Loan loss reserves and debt restructuring of Krungsri and its subsidiaries as at September 30, 2013 totaled Baht 35,845 million, rising from the end of 2012 by Baht 4,718 million or 15.2%, with a coverage ratio of 142.9%. Excess provision over Bank of Thailand requirements amounted to Baht 15,359 million. Correspondingly, the actual provisioning ratio when compared to Bank of Thailand requirements stood at 175.0%.

Total liabilities

As of September 30, 2013, Krungsri and its subsidiaries had total liabilities of Baht 1,024,582 million, rising by Baht 66,103 million or 6.9% from year-end 2012. Such growth in liabilities was driven by an increase in deposits of Baht 49,280 million or 7.2% from the end of 2012, mirroring the continued robust demand by customers for Big Bang products, "Mee Tae Dai" and "Jad Hai," and the successful launch of time deposit products, "9-month Step Up Time Deposit" on March 28, 2013 and "15-month Time Deposit" on August 1, 2013 to mobilize long-term deposits, reflecting an attempt in capital management in alignment with liquidity and interest rate trend.

As at September 30, 2013, Krungsri's loans to deposits ratio stood at 121% and loans to deposits plus bills of exchange and debentures ratio at 104%.

Contingencies

Krungsri and its subsidiaries had contingencies as at September 30, 2013 of Baht 112,987 million, an increase of Baht 7,602 million or 7.2% from Baht 105,385 million as at year-end 2012. This increase was driven by other contingencies of Baht 6,893 million.

Equity

As of September 30, 2013, total equity of Krungsri and its subsidiaries amounted to Baht 120,585 million, an increase of Baht 7,099 million or 6.3% from the end of 2012. The increase was mainly due to growth in net income of Baht 11,962 million in 9M/2013 and offset by dividends paid of Baht 4,859 million.

As at September 30, 2013, Krungsri's capital to risk-weighted assets ratio stood at 16.86%, higher than Bank of Thailand's minimum requirement of 8.50%.

Forecast of future performance

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 approximated 12% for this year.

Forecast of future performance of Krungsri and its subsidiaries hinges primarily on the country's economic outlook. Under the current business environment and without any significant change in fundamental factors and business risks, Krungsri will sustain ongoing growth in its loans and deposits, with consumer lending as the key driver of Krungsri's growth. A focus has been placed on maintaining loan quality and exercising greater caution in the unsecured loans amid the bloated household debt, as well as exploring an opportunity to grow SME loans and corporate loans.

Krungsri emphasizes continuous growth in fees and service income for diversification risk from concentration of revenues, particularly fees from bancassurance, fees from wealth and fund management, fees from hire purchase and credit card businesses which reflect the strategy of Krungsri to increase fee income and customers demand on the funding side, Krungsri believes that it will be able to maintain levels of growth in deposits and borrowings on par with loan growth, as well as match its fund management with liquidity and interest rate trends and ensure its finance cost is at a competitive level.

In the future, it is envisioned that Krungsri will remain vulnerable to risk factors associated with global financial market fluctuations and stiffer competition. Financial liberalization and the forthcoming advent of ASEAN Economic Community in 2015 will lead to a growing number of new entrants to the banking sector and also allow for cross-border launch of financial transactions and offering of financial products and services.

The integration with BTMU Bangkok Branch and the capital increase for the entrance of the Offeror are keys to a change in the size of assets, liabilities and business performance of Krungsri in the future and will likely enable Krungsri to gain benefit from increase its regional competitiveness for internal and external country via technology transfer to Krungsri and reduce its operating expenses from the economies of scale. Since the Offeror and Krungsri are currently in the process of establishing a joint working group and/or steering group to work on the details of the business integration plan and the implementation of such plan in the future, the said synergy still cannot be accurately estimated. However, it is expected that Krungsri's value will change positively after completion of the business integration process and successful implementation of the business integration plan.

2. Opinion on the accuracy of Krungsri's information shown in the tender offer statement

The Board of Directors is of the opinion that the information on Krungsri presented in the tender offer (Form 247-4) dated November 5, 2013 is materially accurate.

3. Any relationship or agreement between Krungsri's director/s, whether on his/their own behalf or in capacity as Krungsri's director/s or as the Offeror's representative/s, and the Offeror, including the shareholding by Krungsri's director/s in the Offeror's juristic entity and any contract or agreement made or to be made between them in various aspects (such as management, etc.)

3.1 Relationship between Krungsri's directors and the Offeror

As of the tender offer submission date, none of Krungsri's directors serves as director of the Offeror.

3.2 Shareholding by Krungsri's directors in the Offeror, persons in the same group as the Offeror and persons under Section 258 of the Offeror

As of the tender offer submission date, none of Krungsri's directors holds shares in the Offeror.

3.3 Related party transactions

Krungsri and the Offeror have been engaging in banking business transactions such as deposits, currency swap contracts and cross currency swap transactions. Outstanding deposits accepted by Krungsri from the Offeror stood at Baht 94,514 and Krungsri has outstanding deposit with the Offeror of Yen 91.70 million. Krungsri has a outstanding currency swap contracts of USD 619.10 million and USD 495.50 million in 2012 and 9M/2013 respectively, and outstanding cross currency swap transactions of Baht 900 million in 9M/2013. These transactions are normal business transactions which are customary to banking business and are done on an arm's length basis.

3.4 Related party agreements or contracts

With respect to the tender offer for Krungsri securities, the Offeror has entered into material agreements with the related parties. The material information of such agreements can be concluded as follows:

3.4.1 Conditional Branch Purchase Agreement ("BPA")

Parties to the BPA	:	The Offeror (as the Transferor) and Krungsri (as the Transferee)
Execution date of the BPA	:	September 18, 2013
Key terms and conditions of the BPA and obligations of the parties	:	The Offeror agrees to transfer, and Krungsri agrees to accept the transfer of, the business, assets and liabilities of BTMU Bangkok Branch in accordance with the terms of the BPA and in compliance with the Financial Institution Business Act and the One Presence Policy of the BOT. The said Branch Transfer is conditional, among others, upon the fulfillment of conditions precedent set forth in the BPA, including the condition requiring that the Offeror becomes a shareholder holding more than 25% of the total issued and outstanding shares of Krungsri after completion of the tender offer. Krungsri will make a payment for the business transfer under the Conditional Branch Purchase Agreement by issuing and allotting new ordinary shares of Krungsri on a private placement basis to the Offeror. The number of shares to be issued and allotted to the Offeror as a consideration for the business transfer will depend on the value of BTMU Bangkok Branch and the value of Krungsri shares on the completion date or on the latest offering price date as agreed between both parties. In this relation, the value of Krungsri shares must not be lower than 90% of the market price of the shares which is calculated

		based on the criteria set forth in the Notification concerning Determination of Market Price for Consideration of Offer for Sale of Newly Issued Shares with Discount. (The weighted average price of Krungsri's ordinary shares traded on the SET during 15 consecutive trading days prior to the offering price date on September 18, 2013, which is the date on which the Board of Directors resolved to propose the transaction to the shareholders' meeting for approval, is Baht 37.86 per share.) The number of shares to be issued and allotted to the Offeror as a consideration for the business transfer combined of BTMU Bangkok Branch with the number of shares to be issued and allotted to the Offeror on a private placement basis (if any) will not exceed 1,500,000,000 shares.
Term of the BPA	:	Krungsri expects that the acquisition of business, assets and liabilities of BTMU Bangkok Branch including the shares issuance and allotment as a consideration for the business transfer to the Offeror will be completed within 1 year after the Offeror acquire and hold Krungsri's shares from VTO process or within such time as may be extended by the BOT, if necessary. ("**Business Transfer Date**").

3.4.2 Funding Support Agreement ("FSA")

Parties to the FSA	:	The Offeror and Krungsri
Execution date of the FSA	:	September 18, 2013
Key terms and conditions of the FSA and obligations of the parties	:	From the date of the transfer for the business of BTMU Bangkok Branch under the Conditional Branch Purchase Agreement until (1) 10 years from the Completion Date under the BPA; or (2) the date the Offeror holds shares in Krungsri less than 50% of all issued shares (whichever occurs later). Krungsri may request for the Offeror to provide funding assistance to Krungsri and the Offeror shall use its best efforts to provide such funding assistance after confirming that: a) the price and condition for the funding assistance are on an arm's length basis and are beneficial to both parties; b) Such funding assistance is aligned with Krungsri's Asset and Liability Policy and Funding Policy; c) Such funding assistance complies with the legal requirements (including the tax regulations regarding transfer pricing). If the Offeror agrees to provide funding support, the Offeror and Krungsri shall mutually discuss and agree on the type, amount, term and interest rate for such funding support and the Offeror shall provide such funding support to Krungsri in accordance with such agreed terms.
Term of the FSA	:	From the date of the transfer for the business of BTMU Bangkok Branch under the Conditional Branch Purchase Agreement until (1) 10 years from the Completion Date under the BPA; or (2) the date the Offeror holds shares in Krungsri less than 50% of all issued shares (whichever occurs later).

3.4.3 Master Service Agreement ("MSA")

Parties to the MSA	:	The Offeror as service provider and Krungsri as service receiver
Execution date of the MSA	:	September 18, 2013
Key terms and conditions of the MSA and obligations of the parties	:	From the date of the transfer for the business of BTMU Bangkok Branch under the Conditional Branch Purchase Agreement, the Offeror shall provide various services to Krungsri as agreed between Krungsri and the Offeror. Such services shall include existing services provided by the Offeror to BTMU Bangkok Branch and other services as necessary and appropriate to ensure continued service of BTMU Bangkok Branch's customers after the transfer of the assets. Krungsri and the Offeror will also enter into a Master Service Agreement to provide various services to Krungsri which will include but not limited to: a) General Services Agreement b) Trademark License Agreement c) Software License Agreement d) Other ancillary agreements as may be agreed between the parties under the Master Service Agreement The service charge will be paid to the Offeror in accordance with the terms and conditions of each service agreement under normal commercial terms and on an arm's length basis but shall not exceed a total of Baht 1,500,000,000 for the period of 5 years.
Term of the MSA	:	5 years from the date of the business transfer under the Conditional Branch Purchase Agreement.

4. Opinion of the Board of Directors of Krungsri to the securities holders

The Meeting of Krungsri's Board of Directors No. 6/2013 on November 18, 2013 considered the tender offer made by the Offeror (Form 247-4) and the opinion report of Advisory Plus Co., Ltd., the Shareholders' Advisor, regarding the tender offer. There were 10 directors (from total 12 directors) attending this agenda item at such meeting. None of directors who have a vested interest, as below:

No.	Name	Position	Meeting Attended
1.	Mr. Veraphan Teepsuwan	Chairman	✔
2.	Mr. Karun Kittisataporn	Independent Director	✔
3.	Miss Potjanee Thanavaranit	Independent Director	✔
4.	Mr. Virat Phairatphiboon	Independent Director	✔
5.	Mr. Phong-adul Kristnaraj	Independent Director	✔
6.	Mr. Virojn Srethapramotaya	Director	✔
7.	Mr. Pongpinit Tejagupta	Director	✔
8.	Miss Nopporn Tirawattanagool	Director	✔

No.	Name	Position	Meeting Attended
9.	Mr. Xavier Pascal Durand	Director	x
10.	Mrs. Janice Rae Van Ekeren	Director	x
11.	Mr. Phillip Tan Chen Chong	Director	✔
12.	Mr. Pornsanong Tuchinda	Director	✔

Krungsri's Board of Directors unanimously resolved to recommend the shareholders to accept the tender offer, as follows:

4.1 Reasons to accept and/or reject the tender offer

Krungsri's Board of Directors has considered the tender offer (Form 247-4) and the opinion rendered by the Shareholders' Advisor, Advisory Plus Co., Ltd. ("Financial Advisor" or "FA"), and agreed with the FA that the tender offer and the offer price are appropriate. The Board of Directors therefore unanimously resolved to recommend the shareholders to accept the tender offer based on the following reasons that the offer price of Baht 39 per share is deemed reasonable based on the FA's opinion that the said offer price is appropriate since it is higher than the fair value of shares of Krungsri at its present status (excluding results of the business integration with BTMU Bangkok Branch due to limitations on details of the synergy plan from such integration) as appraised by the FA by the market value approach, which is deemed a suitable method for valuation of Krungsri shares. The appraised fair value is in a range of Baht 34.94 - 37.87 per share, which is lower than the offer price of Baht 39 per share by Baht 1.13 - 4.06 per share or 2.90% - 10.41% of the offer price.

However, the shareholders may consider to retaining their investment in Krungsri for a long term if they have to endure any risk and being confident in Krungsri's capability in future business operation under the management and supervision of the Offeror which is a Japan-based commercial bank and a member of Mitsubishi UFJ Financial Group (MUFG). MUFG is the largest financial group in Japan and one of the world's largest diversified financial groups, having a premier global network, corporate expertise and experience, and large multinational business network. The future business cooperation between Krungsri and the Offeror and implementation of the policies and plans on business management specified in the tender offer, including the business integration or business transfer of BTMU Bangkok Branch, will help to enhance Krungsri's strength and competitiveness in the future. As such, having the Offeror as Krungsri's major shareholder will likely bode well for its business operation and increase returns for the shareholders in the long term.

The above opinion of the Board of Directors of Krungsri is intended simply as a basis for consideration by the shareholders. In deciding whether to accept or reject the tender offer, the shareholders are recommended to analyze all relevant information and take into account the FA's opinion. The final decision depends primarily on the individual shareholders' discretion.

4.2 Opinions and reasons of the individual directors and the number of shares held by each of them (only in case where the opinion in 4.1 is not unanimous)

- None -

4.3 Benefits or impacts from the plans and policies indicated in the tender offer and viability of such plans and policies

Status of the Business

The Offeror has no intention to delist Krungsri shares from the SET during a 12-month period after the end of the tender offer period, unless it has a legal obligation to comply with the applicable laws, rules and regulations then in effect, as described in Section 3 of Part 2.1 of the tender offer document (Form 247-4).

The Board of Directors is of the opinion that since Krungsri will continue to be a listed entity on the SET, Krungsri and its shareholders will by no means be affected by a change in its listed company status or by a delisting of its shares during such period.

Nonetheless, after completion of the tender offer, Krungsri may be prone to a risk from failure to meet the qualifications for maintaining the SET-listed status with respect to share distribution to minority shareholders. The Offeror may be able to acquire a substantial amount of Krungsri shares to the extent that leads Krungsri to fail to satisfy the SET's free float requirement, under which there must be at least 150 minority shareholders holding its shares and in an aggregate amount not less than 15% of its total issued capital and may result Krungsri is required to pay additional annual fee to the SET.

Policies and plans on business operation

After completion of the tender offer, the Offeror has no plan to liquidate Krungsri's core assets or change the nature of Krungsri's core business, capital structure or dividend policy, except for the corporate restructuring in Krungsri for supporting the business transfer of BTMU Bangkok Branch to Krungsri in order to comply with the BOT's One Presence Policy. The Board of Directors is of the opinion that the corporate restructuring in Krungsri in the future is reasonable and may cause a benefit for Krungsri.

In addition, as disclosed in BTMU/Krungsri Strategic Partnership by the Offeror, the Offeror has a plan to leverage Krungsri platform to expand a footprint across the Greater Mekong Subregion, as well as to create synergy from Krungsri's existing customer base and supply chain approach and cross-sell retail banking services. Krungsri and BTMU will work collaboratively in exploring the potential business opportunity in greater details after the successful integration.

The Board of Directors further views that Krungsri will gain benefits from implementation of such business operation policies and plans through increased cooperation between Krungsri and the Offeror, which has expertise in this business. The Offeror is strongly determined to work closely with Krungsri in exploring the potential business opportunity in a bid to expand businesses and loan & deposit customer bases and provide customers with a comprehensive range of financial solutions to increase competitiveness and working performance of Krungsri.

Related party transactions

Presently, Krungsri and the Offeror have been engaging in banking business transactions such as deposits, currency swap contracts and cross currency swap transactions. These transactions are normal business transactions which are customary to banking business and are done on an arm's length basis.

Krungsri has a policy and procedure regarding the related party transaction which conforms with the Securities and Exchange Act B.E. 2535 (as amended) (the "**SEC Act**"), rules and regulations of the SET and the Capital Market Supervisory Board to prevent any conflict of interests arising from the related party transaction between Krungsri and its subsidiaries, associated companies, related companies and/or persons with conflict of interests.

After the tender offer is completed, the Offeror or any related person of the Offeror pursuant to Section 258 of the SEC Act has no intention to materially change Krungsri's policy regarding the related party transactions. Any current and future related party transactions will be carefully considered and ensured that the terms and conditions of such transactions will be similar to those of the arm's length transactions and in compliance with the SEC Act, the rules and regulations of the SET and the Capital Market Supervisory Board as well as any other applicable rules and regulations.

On October 31, 2013, Krungsri shareholders' meeting approved the entry into the Conditional Branch Purchase Agreement ("BPA") with the Offeror, whereby the Offeror will transfer the business, assets and liabilities of BTMU Bangkok Branch to Krungsri in exchange for Krungsri's shares newly issued as consideration for such business transfer, and also approved the allocation of newly issued shares to the Offeror on a private placement basis, which are considered a connected transaction.

Apart from the BPA mentioned above, Krungsri and the Offeror have also entered into other ancillary agreements in order for Krungsri to smoothly continue its operation after the business transfer. Such ancillary agreements include, but not limited to, (1) the Master Service Agreement which sets the basis for provision of existing services of which the terms and conditions shall be substantially the same as the terms and conditions upon which any comparable services are provided by the Offeror to any other affiliate, and (2) the Funding Support Agreement whereby Krungsri may request funding support from the Offeror and the Offeror shall make reasonable efforts to provide such funding support, subject further to the terms and conditions under the FSA.

The Board of Directors is of the opinion that after completion of the tender offer, Krungsri will continue to engage in the related party transactions with the Offeror and may further increase the transactions due to the business combination with BTMU Bangkok Branch, including the entering into the Conditional Branch Purchase Agreement and other related agreements. Krungsri has clearly determined a policy, measure or procedure for approval of related party transactions to ensure that the related party transactions are necessary and reasonable and are done for the optimum benefit of Krungsri, which will help prevent any potential conflict of interest that may arise from such transactions and ensure fairness to all shareholders.

4.4 Additional opinion of the Board of Directors of Krungsri (only in case of a tender offer for delisting of securities in accordance with the Stock Exchange of Thailand's requirements)

- None -

This is not a tender offer for delisting of securities from the SET.

We hereby certify that all above information is true, complete and correct and there is neither any information that could lead to misunderstanding in material aspect nor any concealment of material information that should be explicitly disclosed.

Bank of Ayudhya Public Company Limited

- *Philip Tan Chen Chong* -	- *Virojn Srethapramotaya* -
(Mr. Philip Tan Chen Chong)	(Mr. Virojn Srethapramotaya)
Director	Director

5. Opinion of the Shareholder's Advisor

The Offeror has offered to purchase all ordinary shares of Krungsri under the tender offer dated November 5, 2013. Advisory Plus Co., Ltd., an SEC-approved independent financial advisor, has been appointed by Krungsri to act as the Shareholders' Advisor to provide opinion to the minority shareholders regarding the tender offer.

As a basis for our analysis and rendering of opinion, we have studied the information contained in the tender offer (Form 247-4), the information and documents obtained from Krungsri and/or the information available publicly such as annual registration statement (Form 56-1), auditor's reports, financial statements, assumptions for preparing financial projection, related agreements, the SET statistical data on listed companies in the Financials Industry Group, Banking Sector, and other related documents, including interviews with the management of Krungsri and assessment of relevant industry situation and economic factors. The opinion given herein is based on the assumption that the information in the tender offer document, all information and documents available from Krungsri, and the information derived from the interviews with Krungsri's management are complete and accurate. Our consideration has been made based on the economic condition and the information perceivable at the time of preparing this study only. As such, any change or incident that will cause a significant change in these factors will possibly have a material impact on the business operation, financial projection, the FA's opinion and the shareholders' decision on such tender offer. The opinion is rendered herein without commitment in relation to a change, revision or confirmation of any impact that may arise in the future. The FA's opinion can be concluded as follows:

5.1 Appropriateness of the offer price

We have measured a fair value of Krungsri shares based on the existing business operation of Krungsri and have not incorporated into such share valuation the results of the business integration with BTMU Bangkok Branch and the new shares issuance by Krungsri for allocation to the Offeror, the corporate restructuring and implementation of the business integration plan for future business restructuring. Since Krungsri and the Offeror are currently in the process of establishing a joint working group to work on the details of the business integration plan, we therefore have limitations with respect to details of the synergy plan from such integration.

The Offeror has launched a tender offer to purchase Krungsri shares at an offer price of Baht 39 per share. We have identified a reasonable price of the shares compared with the offer price by using different valuation approaches for determining the appropriateness of such offer price. Here are the approaches applied in the share valuation:

1) Book value approach
2) Adjusted book value approach
3) Market comparable approach
    - 3.1) Price to book value approach
    - 3.2) Price to earnings ratio approach
4) Market value approach
5) Dividend discount model

We have not adopted the enterprise value to EBITDA approach and the discounted cash flow approach in the valuation of Krungsri shares, as in the valuation of other businesses in general, because Krungsri operates a financial services business with different characteristics from other general businesses as follows:

- Krungsri mobilizes funds from accepting deposits, issuing financial instruments and extending loans and accordingly generates cash inflow primarily from interest income. Hence, there is a limitation in calculation of cash flow before interest expenses.

- Funds available for business operation come from shareholders' equity, which is subject to regulatory requirements pertaining to maintaining of capital adequacy ratio that could support business expansion. Hence, there is a limitation in growth forecast since the capital adequacy rule must be factored into the calculation and any future revision of such rule could affect the share valuation.

- Capital expenditure of banking business is different from general businesses whose investments are primarily made in fixed assets, whereas Krungsri allocates its spending mainly to brand building and personnel development which are recorded as expenses in each accounting period. As such, Krungsri's yearly capital expenditure on fixed assets is minimal.

- There is a limitation in calculation of working capital based on a change in current assets and current liabilities because a yearly change thereof is inconsistent with investments aimed at future growth.

Details of the share valuation by each approach are as follows:

5.1.1 Book value approach

Under this method, a fair value of Krungsri shares is measured from book value of Krungsri and its subsidiaries derived from the consolidated financial statement as of September 30, 2013, which was reviewed by Mr. Permsak Wongpatcharapakorn, an SEC-approved auditor of Deloitte Touche Tohmatsu Jaiyos Audit Co., Ltd. Details of the valuation are as follows:

Items As of September 30, 2013	**Amount (Baht million)**
Issued and fully paid share capital	60,741.44
Premium on ordinary shares	13,802.22
Other components of equity [1/]	6,820.44
Retained earnings	
Appropriated - Legal reserve	1,641.50
Unappropriated	37,318.93
Total equity of Krungsri	**120,324.53**
Par value per share (Baht)	10.00
Total number of issued shares (million shares)	6,074.14
Book value per share (Baht)	**19.81**

Note: [1/] Comprising changes in assets revaluation surplus, gains (losses) on remeasuring available-for-sale investment, and income tax relating to components of other comprehensive income.

The share valuation by this approach reflects financial position of Krungsri and its subsidiaries as of September 30, 2013 only. It takes no account of the crucial incidents taking place after such financial statement date and having an impact on key assets and does not reflect the future profitability prospect of Krungsri and its subsidiaries.

By this method, Krungsri shares are appraised at Baht 19.81 per share, which is lower than the offer price of Baht 39 per share by Baht 19.19 per share or 49.21%.

5.1.2 Adjusted book value approach

Using this approach, the shares are appraised based on the book value derived from Krungsri and its subsidiaries' financial statement as of September 30, 2013, adjusted by the crucial items arising after such financial statement date or other items with material impacts on value of assets and liabilities in order to reflect the most current net asset value. We have considered the significant items in the financial statement as of September 30, 2013 for adjustment to the book value, details of which are as follows:

- Loans to customers (less deferred revenue) amounted to Baht 889,207 million, provided for various business sectors. Allowance for doubtful accounts was set aside in an amount of Baht 34,173 million, fully meeting the BOT provisioning requirement, with additional provisions also set aside in excess of the minimum percentage of reserve requirement determined by the BOT.

- Investments amounted to Baht 83,385 million, comprising trading securities of Baht 5,666 million, stated at fair value; available-for-sale securities of Baht 77,135 million, stated at fair value; and general investments of Baht 584 million, stated at cost net of valuation allowances for impairment.

- Property, premises and equipment-net, amounted to Baht 19,806 million, stated at the revaluation surplus value. For every accounting period, fixed assets were revalued by independent appraisers and the increments/deficits from the revaluation were recorded in the revaluation surplus accounts.

- Deposits totaled Baht 736,439 million, comprising current deposits of Baht 19,572 million, savings deposits of Baht 378,161 million and time deposits of Baht 338,706 million.

- Contingent liabilities may arise from lawsuits against Krungsri, as the defendant. Krungsri has adequately provided allowances for possible damages thereof and its management deems that the provisions were fully and sufficiently set aside.

In our opinion, loans to customers and allowance for doubtful accounts were recorded and set aside in accordance with the BOT's guidelines and requirements, with additional provisions also set aside in excess of the minimum percentage of reserve requirement determined by the BOT. Provisions for contingent liabilities were already set aside and recorded in the financial statement. Fixed assets were stated at the revaluation surplus value. For every accounting period, fixed assets were revalued by independent appraisers and the increments/deficits from the revaluation were recorded in the revaluation surplus accounts. Since the recorded value of fixed assets already reflected a reasonable market value, we make no adjustment to the revaluation surplus/deficit on fixed assets. As for contingent liabilities that may arise from lawsuits against Krungsri, as the defendant, in the future, Krungsri management deems that the provisions were fully and sufficiently set aside and, thus, has not provided additional allowances.

On the side of investments, trading securities and available-for-sale securities, which were stated at a fair value, already reflected a market value. Therefore, we make no adjustment to these two items. However, we have adjusted the general investments, which were stated at cost net of valuation allowances for impairment, to reflect a value as close as possible to the present value by basing on the book value shown in the latest financial statement of each investee company compared with the value of such investments recorded in Krungsri's financial statement in order to derive the difference from the acquisition cost. The general investments that we have adjusted their value are the investments in the entities which remain operative and are none of those under business rehabilitation, liquidation, receivership or bankruptcy and do not include investments in the entities for which Krungsri has already set aside allowances for impairment.

Details of the book value adjustment are as follows:

1) *General investments*

Krungsri has invested in equity securities and debt securities that are non-marketable and classified as general investments, stated at cost net of valuation allowances for impairment. As of September 30, 2013, general investments of Krungsri and its subsidiaries amounted to Baht 584 million.

We have adjusted value of general investments to reflect a value as close as possible to the present value by basing on the book value recorded in the latest audited financial statement of each investee company and/or the closing price of net asset value per unit of funds as of the end of Q3/2013 accounting period. The value of investments calculated from the latest book value or latest closing price of investment units is then compared with the value of investments recorded in Krungsri's financial statement to measure their difference. From such adjustment, the value of general investments of Krungsri will increase by Baht 83.20 million.

The general investments that we have adjusted their value are the investments in the entities which remain operative and are none of those under business rehabilitation, liquidation, receivership or bankruptcy and do not include investments in the entities for which Krungsri has already set aside allowances for impairment.

The valuation of Krungsri shares by the adjusted book value approach can be summed up as follows:

Items **As of September 30, 2013**	**Amount** **(Baht million)**
Shareholders' equity as of September 30, 2013	120,324.53
Adjustment item	
Add Increase in general investments from the adjustment	83.20
Book value after adjustment	**120,407.73**
Par value per share (Baht)	10.00
Total number of issued shares (million shares)	6,074.14
Book value per share after adjustment (Baht)	**19.82**

The share valuation by this approach reflects financial position of Krungsri and its subsidiaries as of September 30, 2013 only, but does not reflect the profitability prospect of Krungsri and its subsidiaries in the future.

By this method, Krungsri shares are appraised at Baht 19.82 per share, which is lower than the offer price of Baht 39 per share by Baht 19.18 per share or 49.18%.

5.1.3 Market comparable approach

Under this approach, the share value is measured based on multiples such as price to book value ratio (P/BV) and price to earnings ratio (P/E). Each method is applied in two scenarios: Case 1 use of average P/BV and P/E of all SET-listed companies in Financials Industry Group, Banking Sector; and Case 2 use of average P/BV and P/E of only the listed companies in Financials Industry Group, Banking Sector, that have asset size close to Krungsri, details of which are as follows:

Case 1 Use of average P/BV and P/E of all SET-listed companies in Financials Industry Group, Banking Sector, prevailing in different retroactive periods of three months, six months, nine months and 12 months up to the cut-off date of November 4, 2013, which was the last business day before the date of submission of the tender offer for Krungsri shares by the Offeror.

The reference listed companies are as follows:

Name	Symbol
1. Bangkok Bank Plc.	BBL
2. Krung Thai Bank Plc.	KTB
3. Siam Commercial Bank Plc.	SCB
4. Kasikornbank Plc.	KBANK
5. Bank of Ayudhya Plc.	BAY
6. Thanachart Capital Plc.	TCAP
7. TMB Bank Plc.	TMB
8. TISCO Financial Group Plc.	TISCO
9. Kiatnakin Bank Plc.	KKP
10. CIMB Thai Bank Plc.	CIMBT
11. LH Financial Group Plc.	LHBANK

Case 2 Use of average P/BV and P/E of the listed companies in Financials Industry Group, Banking Sector, that have asset size close to Krungsri. The reference listed companies include BAY, TCAP and TMB whose asset value is in a range of approximately Baht 700,000 million - Baht 1 trillion, as detailed below:

Name	As of September 30, 2013	
	Total assets (Baht million)	Ranking by assets *
1. Bank of Ayudhya Plc. (BAY)	1,037,586	No. 5
2. Thanachart Capital Plc. (TCAP)	969,977	No. 6
3. TMB Bank Plc. (TMB)	738,885	No. 7

Note: * Ranking by assets among all 16 Thai commercial banks, which include large, medium, small and retail banks.

5.1.3.1) Price to book value approach (P/BV)

Under this method, the share valuation is made by multiplying the book value of Krungsri and its subsidiaries as of September 30, 2013, which is Baht 19.81 per share, by the average P/BV ratio of the peer group in each scenario as described above, as follows:

Case 1

Average P/BV of all listed companies in the Banking Sector

Period	BBL	KTB	SCB	KBANK	BAY	TCAP
Average of past 3 months	1.34	1.40	2.31	2.15	1.94	0.90
Average of past 6 months	1.36	1.46	2.44	2.27	1.88	1.01
Average of past 9 months	1.43	1.67	2.56	2.41	1.87	1.11
Average of past 12 months	1.42	1.73	2.63	2.45	1.84	1.12

Period	TMB	TISCO	KKP	CIMBT	LHBANK	Average
Average of past 3 months	1.97	1.57	1.05	2.06	1.17	**1.62**
Average of past 6 months	1.89	1.74	1.22	2.11	1.18	**1.69**
Average of past 9 months	1.95	1.90	1.34	2.28	1.21	**1.79**
Average of past 12 months	1.85	1.95	1.32	2.46	1.21	**1.82**

Note: Data from www.setsmart.com

Conclusion of Krungsri share valuation by price to book value approach

Period	Case 1	
	Average P/BV of peer group	Appraised value (Baht/share)
Average of past 3 months	1.62	32.09
Average of past 6 months	1.69	33.48
Average of past 9 months	1.79	35.46
Average of past 12 months	1.82	36.05

By this method, Krungsri shares are appraised in a range of Baht 32.09 - 36.05 per share, which is lower than the offer price of Baht 39 per share by Baht 2.95 - 6.91 per share or 7.56% - 17.72%.

Case 2

Average P/BV of listed companies in the Banking Sector with asset size close to Krungsri

Period	BAY	TCAP	TMB	Average
Average of past 3 months	1.94	0.90	1.97	**1.60**
Average of past 6 months	1.88	1.01	1.89	**1.59**
Average of past 9 months	1.87	1.11	1.95	**1.64**
Average of past 12 months	1.84	1.12	1.85	**1.60**

Note: Data from www.setsmart.com

Conclusion of Krungsri share valuation by price to book value approach

Period	Case 2	
	Average P/BV of peer group	Appraised value (Baht/share)
Average of past 3 months	1.60	31.70
Average of past 6 months	1.59	31.50
Average of past 9 months	1.64	32.49
Average of past 12 months	1.60	31.70

By this method, Krungsri shares are appraised in a range of Baht 31.50 - 32.49 per share, which is lower than the offer price of Baht 39 per share by Baht 6.51 - 7.50 per share or 16.69% - 19.23%.

Conclusion of Krungsri share valuation by price to book value approach in two scenarios

Period	Case 1		Case 2	
	Average P/BV of peer group	Appraised value (Baht/share)	Average P/BV of peer group	Appraised value (Baht/share)
Average of past 3 months	1.62	32.09	1.60	31.70
Average of past 6 months	1.69	33.48	1.59	31.50
Average of past 9 months	1.79	35.46	1.64	32.49
Average of past 12 months	1.82	36.05	1.60	31.70
	1.62 - 1.82	**32.09 - 36.05**	**1.59 - 1.64**	**31.50 - 32.49**

The valuation by this approach reflects the business performance and financial position of Krungsri and its subsidiaries at a certain period of time, but takes no account of the profitability prospect of Krungsri and its subsidiaries in the future. Under this method, Krungsri shares are valued in a range of Baht 32.09 - 36.05 per share in case 1 and Baht 31.50 - 32.49 per share in case 2, which is lower than the offer price of Baht 39 per share by Baht 2.95 - 6.91 per share or 7.56% - 17.72% in case 1 and by Baht 6.51 - 7.50 per share or 16.69% - 19.23% in case 2.

5.1.3.2) Price to earnings ratio approach (P/E)

By this approach, Krungsri shares are appraised from its net earnings per share over the four quarters retroactive to Q3/2013 (equal to Baht 2.41 per share), multiplied by the average price to earnings (P/E) ratios of the peer companies selected for each scenario as described above, as follows:

Case 1

Average P/E of all listed companies in the Banking Sector

Period	BBL	KTB	SCB	KBANK	BAY
Average of past 3 months	10.85	10.76	11.74	11.42	15.63
Average of past 6 months	11.21	11.10	12.72	12.10	14.86
Average of past 9 months	11.80	12.32	13.57	12.93	15.02
Average of past 12 months	11.82	12.23	14.11	13.44	15.54

Period	TCAP	TISCO	KKP	Average
Average of past 3 months	5.18	7.45	8.37	**10.18**
Average of past 6 months	6.70	8.33	10.24	**10.91**
Average of past 9 months	7.86	9.21	12.17	**11.86**
Average of past 12 months	8.23	9.57	12.50	**12.18**

Note: Data from www.setsmart.com

In the calculation of average P/E of the peer group in case 1, we have excluded P/E of TMB, CIMBT and LHBANK as they are considered a significant outlier (average P/E of TMB, CIMBT and LHBANK is in a range of 50.17 - 75.89 times, 25.27 - 29.19 times and 20.89 - 24.49 times respectively).

Conclusion of Krungsri share valuation by price to earnings approach

Period	Case 1	
	Average P/E of peer group	**Appraised value (Baht/share)**
Average of past 3 months	10.18	24.53
Average of past 6 months	10.91	26.29
Average of past 9 months	11.86	28.58
Average of past 12 months	12.18	29.35

By this method, Krungsri shares are appraised in a range of Baht 24.53 - 29.35 per share, which is lower than the offer price of Baht 39 per share by Baht 9.65 - 14.47 per share or 24.74% - 37.10%.

Case 2

Average P/E of listed companies in the Banking Sector with asset size close to Krungsri

Period	BAY	TCAP	Average
Average of past 3 months	15.63	5.18	**10.41**
Average of past 6 months	14.86	6.70	**10.78**
Average of past 9 months	15.02	7.86	**11.44**
Average of past 12 months	15.54	8.23	**11.89**

Note: Data from www.setsmart.com

In the calculation of average P/E of the peer group in case 2, we have excluded P/E of TMB because it is considered a significant outlier (average P/E of TMB is in a range of 50.17 - 75.89 times).

Conclusion of Krungsri share valuation by price to earnings approach

Period	Case 2	
	Average P/E of peer group	**Appraised value (Baht/share)**
Average of past 3 months	10.41	25.09
Average of past 6 months	10.78	25.98
Average of past 9 months	11.44	27.57
Average of past 12 months	11.89	28.65

By this method, Krungsri shares are appraised in a range of Baht 25.09 - 28.65 per share, which is lower than the offer price of Baht 39 per share by Baht 10.35 - 13.91 per share or 26.54% - 35.67%.

Conclusion of Krungsri share valuation by price to earnings approach in two scenarios

Period	Case 1		Case 2	
	Average P/E of peer group	**Appraised value (Baht/share)**	**Average P/E of peer group**	**Appraised value (Baht/share)**
Average of past 3 months	10.18	24.53	10.41	25.09
Average of past 6 months	10.91	26.29	10.78	25.98
Average of past 9 months	11.86	28.58	11.44	27.57
Average of past 12 months	12.18	29.35	11.89	28.65
	10.18 - 12.18	**24.53 - 29.35**	**10.41 - 11.89**	**25.09 - 28.65**

The valuation by this approach focuses on profitability prospect in the past 12 months, but takes no account of the potential and profitability prospect of Krungsri and its subsidiaries in the long term.

Under this method, Krungsri shares are valued in a range of Baht 24.53 - 29.35 per share in case 1 and Baht 25.09 - 28.65 per share in case 2, which is lower than the offer price of Baht 39 per share by Baht 9.65 - 14.47 per share or 24.74% - 37.10% in case 1 and by Baht 10.35 - 13.91 per share or 26.54% - 35.67% in case 2.

5.1.4 Market value approach

Under this method, Krungsri shares are appraised based on the weighted average market price (trading value/trading volume) of Krungsri shares traded on the SET over different periods. We have adopted the weighted average market price in different time periods over one year up to November 4, 2013, which was the last business day before the date of submission of the tender offer for Krungsri shares by the Offeror. The outcome is as follows:

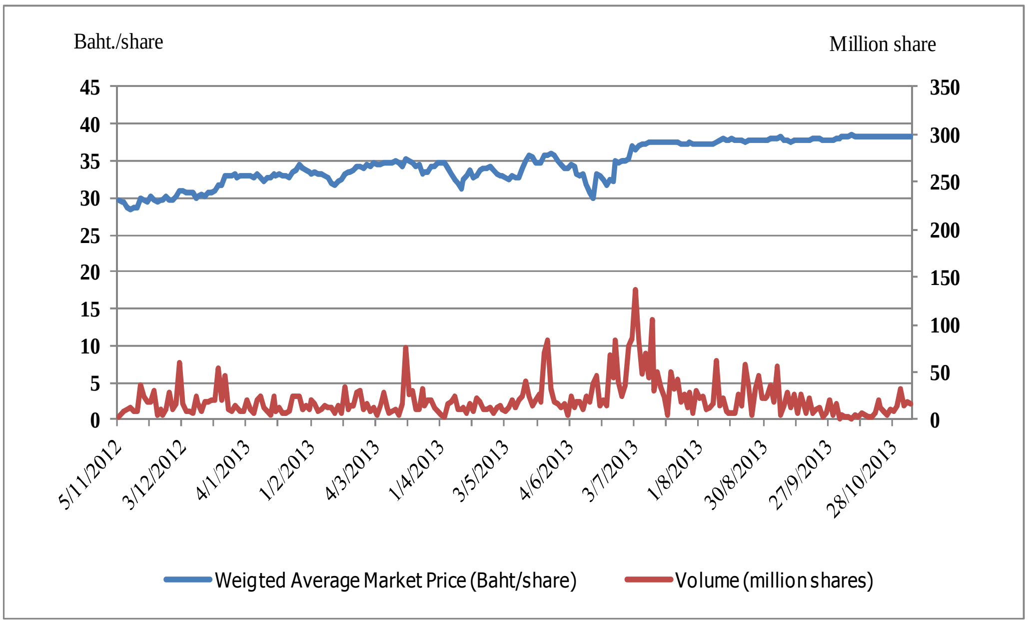
Conclusion of Krungsri share valuation by the market value approach

Period	Average daily trading		Weighted average market price (Baht/share)
	Volume (shares)	Value (Baht)	
Average of past 3 months	16,225,873	614,514,856	37.87
Average of past 6 months	25,342,590	920,623,762	36.33
Average of past 9 months	22,201,759	794,451,319	35.78
Average of past 12 months	20,731,293	724,377,572	34.94

Note: Data from www.setsmart.com

Graph illustrating weighted average market price and trading volume of Krungsri shares in previous one year

(November 5, 2012 - November 4, 2013**)**



The trading volume of Krungsri shares in different retroactive periods of three months, six months, nine months and 12 months was in a range of 16,225,873 shares - 25,342,590 shares per day or roughly 0.27% - 0.42% of its total issued shares and the yearly trading volume amounted to 5,099,897,992 shares or 83.96% of its total issued shares, thus demonstrating trading liquidity of the shares. The said market price is driven by investors' demand/supply for Krungsri shares, which could fairly reflect the value of shares in any such period.

In addition, after the release of news on July 2, 2013 about the tender offer for all of Krungsri shares launched by the Offeror at an offer price of Bt. 39 per share, the weighted average market price of Krungsri shares during a period of about four months from July 2 to November 4, 2013 (the last business day before the date of submission of the tender offer for Krungsri shares by the Offeror) subsequently edged up from the level before such news release to Baht 37.56 per share. It is not unusual that when there is a tender offer for any shares, the share price always moves up to about the same level as the tender offer price.

By this approach, Krungsri shares are appraised in a range of Baht 34.94 - 37.87 per share, which is lower than the offer price of Baht 39 per share by Baht 1.13 - 4.06 per share or 2.90% - 10.41%.

5.1.5 Dividend discount model

By this method, a fair value of Krungsri shares is measured from estimation of a present value of future dividends payable by Krungsri, based on data on its net profit derived from a five-year financial projection (2013 - 2017) and assuming a payout ratio of 40% of net profit. Such payout ratio is based on the average payout ratio of Krungsri during 2010-2012 of 39.50% of net profit.

We have determined a fair value of Krungsri shares by the dividend discount model based on a projection of cash flow from future performance forecast of Krungsri and its subsidiaries. The assumptions used for such projection are prepared from actual financial data or ratios, as well as from information obtained from Krungsri and interviews with its management.

The financial projection for 2013-2015 of Krungsri is primarily based on the management's projection, with targets set on loan expansion and capital management by maintaining the current level of net interest margin (NIM) to strengthen competitiveness. In overall, loans are projected to grow at about the same rate of increase as in the past two years while NIM is expected at a constant rate, with attempts of Krungsri to efficiently and continuously control its NIM. Interest expense rate on deposits is projected to increase slightly from 2012 due to an anticipated tight money market which will cause interest rates to move up. Meanwhile, interest expense rate on borrowings is expected to decline from 2012. Fees and service income is projected to grow continually and to drop minimally from 2012 as a result of Krungsri's attempt to achieve sustainable growth in fees and service income. Percentage of operating expenses is forecast to decrease from 2012, driven by Krungsri's strategy for efficient cost control. Impairment loss of loans and debt securities are projected at a stable rate and to decrease from the 2012 level under Krungsri's plan to enhance its efficiency in bad debts and doubtful accounts management.

Such financial projection is prepared under the assumption that Krungsri continues to operate as a going concern and there are not any material changes taking place. The projection is also based on the current economic condition and circumstances where the business operation is under oversight of the current management team, taking no account of any future plan or change that might result from the business integration of Krungsri and BTMU Bangkok Branch.

Moreover, the assumptions used for the above projection are established under the current economic situation. Thus, given there is any crucial change from the assumptions in the economic condition and other external factors that could affect the operation of Krungsri and its subsidiaries, and also in Krungsri's status, the value of Krungsri shares measured by this approach will change accordingly.

Here are the key assumptions used for preparing the financial projection:

1. Income

1.1. Net interest income

Net interest income is estimated from loans, interest income rate, interest expense rate and net interest margin (NIM), as follows:

	-------------Actual------------			-------------------------Projected--------------------------				
	2010	**2011**	**2012**	**2013**	**2014**	**2015**	**2016**	**2017**
Net interest income (Baht million)	34,628	37,465	39,953	46,885	51,285	58,155	66,034	74,823
Loan growth rate (%)	7.53%	10.87%	15.36%	12.20%	12.30%	13.00%	13.00%	13.00%
NIM (%)	4.53%	4.44%	4.26%	4.40%	4.40%	4.40%	4.40%	4.40%
Interest expense rate (%)								
- Deposits	1.03%	1.58%	2.16%	2.00%	2.20%	2.50%	2.50%	2.50%
- Interbank and money market items	1.81%	4.83%	3.26%	3.26%	3.26%	3.26%	3.26%	3.26%
- Borrowings	4.23%	3.99%	3.73%	3.70%	3.50%	3.50%	3.50%	3.50%

Loans are projected to grow by 12.20% in 2013, 12.30% in 2014 and 13.00% over 2015-2017, based on Krungsri management's forecast of ongoing loan growth and in line with the actual loan growth rates in 2009-2012 of 7.53%, 10.87% and 15.36% respectively. Particularly in 2012, retail loans and SME loans increased by 24.2% and 12.6% respectively.

NIM is forecast at 4.40% for 2013-2017, according to Krungsri management's projection. Krungsri is looking to efficiently and continuously control its NIM level, despite some factors that relatively push up its interest expenses such as the increase in fee contributions to the FIDF and reductions in the policy rate in 2012. Such NIM projection is also in line with the actual average NIM in 2012 of 4.26% per year.

The projection of interest expenses, broken down by item, is as follows:

- Interest expense rate on deposits for 2013-2015 is estimated to be 2.00% - 2.50%, based on the management's projection, and to steady at the 2015 level of 2.50% in 2016-2017. According to the management's projection, interest rates are forecast to move up in 2013-2015 due to the anticipated tightening of the money market which will lead to interest rate hikes or intense competition in deposit mobilization.

- Interest expense rate on interbank and money market items is estimated to steady at 3.26% in 2013-2017, which is equivalent to the actual rate in 2012 and in line with the average rate over 2009-2012 of 3.30% per year.

- Interest expense rate on borrowings is forecast to be 3.70% in 2013 in line with the actual rate in 2012, 3.50% in 2014-2015 according to the management's projection, and to remain constant at the 2015 level of 3.50 % in 2016-2017.

1.2. Fees and service income

In 2012, fees and service income increased by about 18%, driven primarily by strong growth in bancassurance fees of 42.7% due to Krungsri's successful collaboration with its strategic insurance partners, and increase in card-related fees of 21.7% as a result of active marketing and promotion campaigns.

The FA estimates fees and service income to grow by 15.90% in 2013, 15.70% in 2014 and 15.00% in 2015, based on growth rate in fees and service income and the management's projection, and by 15.00% per year in 2016-2017. Krungsri has a strategy to maintain the growth level of fees and service income. Details of the projection are as follows:

	Actual			Projected				
	2010	**2011**	**2012**	**2013**	**2014**	**2015**	**2016**	**2017**
Total fees and service income (Baht million)	10,080	10,787	12,735	14,760	17,077	19,639	22,585	25,972
Growth rate of fees and service income (%)	61.25%	7.01%	18.06%	15.90%	15.70%	15.00%	15.00%	15.00%

1.3. Gains on trading and foreign exchange transactions

The FA estimates gains on trading and foreign exchange transactions to remain constant at Baht 1,174 million throughout the projection period of 2013-2017, based on the average of actual gains recorded in 2008-2012 to reflect volatility in gains on trading and foreign exchange transactions over the past several years. Since gains on trading and foreign exchange transactions are dependent more on market situation than on Krungsri's management capability, the estimation is thus based on the average of such gains in the past five years to reflect the market fluctuations. Details of the projection are as follows:

	Actual			**Projected**				
	2010	**2011**	**2012**	**2013**	**2014**	**2015**	**2016**	**2017**
Gains on trading and foreign exchange transactions (Baht million)	1,459	1,278	1,542	1,174	1,174	1,174	1,174	1,174

1.4. Share of profit from investment by using equity method

Share of profit from investment by using equity method is estimated to remain constant at Baht 177 million throughout the projection period of 2013-2017, based on the actual share of profit in 2012 and assuming that Krungsri is able to maintain the share of profit from investment continuously from 2012. Details of the projection are as follows:

	------------ Actual ------------			---------------------- Projected ------------------------				
	2010	2011	2012	2013	2014	2015	2016	2017
Share of profit from investment by using equity method (Baht million)	144	32	177	177	177	177	177	177

1.5. Dividend income

Dividend income is projected from its growth rate, assumed to remain constant throughout the projection period of 2013-2017 at 13.11%, which is based on the average of actual growth rate of dividend income in 2011-2012, as follows:

	------------ Actual -----------			---------------------- Projected ------------------------				
	2010	2011	2012	2013	2014	2015	2016	2017
Dividend income (Baht million)	394	441	504	570	645	729	825	933
Growth rate of dividend income (%)	N/A	11.93%	14.29%	13.11%	13.11%	13.11%	13.11%	13.11%

1.6. Other operating income

Other operating income is projected to grow at a constant rate of 16% per year throughout the projection period of 2013-2017, based on the average actual growth rate in the past three years and assuming that Krungsri can grow other operating income at about the same rate as the average of the past three years, as follows:

	---------- Actual ------------			----------------------- Projected ----------------------				
	2010	2011	2012	2013	2014	2015	2016	2017
Other operating income (Baht million)	4,571	4,481	5,477	6,353	7,370	8,549	9,917	11,504
Growth rate of other operating income (%)	29.05%	-1.97%	22.23%	16.00%	16.00%	16.00%	16.00%	16.00%

2. Operating expenses

Operating expenses consist of employees' expenses, premises and equipment expenses for branches, marketing and promotion expenses, etc. In 2012, the cost-to-income ratio stood at 50.3%, rising from 49.7% in 2011 partly due to the HSBC retail bank acquisition transition costs and the investment in branch refurbishment for operational efficiency improvement.

We estimate the operating cost-to-income ratio to be 49.60% in 2013 and 49.10% in 2014 and to decline to 48.10% in 2015, based on the projection by Krungsri management which has a strategy for efficient cost control to achieve economies of scale in line with the projected increase in transaction volume and revenue. For 2016-2017, the operating cost-to-income ratio is estimated to steady at 48.10%, equivalent to the management's projection for 2015. Details of the projection are as follows:

	---------- Actual ------------			---------------------- Projected ----------------------				
	2010	**2011**	**2012**	**2013**	**2014**	**2015**	**2016**	**2017**
Other operating expenses (Baht million)	26,796	27,477	30,798	34,680	38,164	42,532	48,442	55,115
Cost-to-income ratio (%)	52.00%	49.68%	50.33%	49.60%	49.10%	48.10%	48.10%	48.10%

3. Impairment loss of loans and debt securities

Impairment loss of loans and debt securities are projected to be 1.30% of total loans for 2013-2015, based on the management's projection, and to be equal to the management's estimate for 2015 of 1.30% in 2016-2017.

	------------ Actual --------------			---------------------------- Projected ----------------------------				
	2010	**2011**	**2012**	**2013**	**2014**	**2015**	**2016**	**2017**
Loans to customers (Baht million)	648,960	719,507	830,008	931,269	1,045,815	1,181,771	1,335,401	1,509,003
Rate of impairment loss of loans and debt securities (%)	1.98%	1.79%	1.47%	1.30%	1.30%	1.30%	1.30%	1.30%
Impairment loss of loans and debt securities (Baht million)	(12,391)	(12,214)	(11,385)	(11,448)	(12,851)	(14,479)	(16,362)	(18,489)

4. Payout ratio

Krungsri's payout ratio for 2013-2017 is estimated at 40% of net profit, based on its payout ratio in the past three years at the average of 39.50% of net profit.

5. Corporate income tax

Corporate income tax for 2013 - 2014 is set to be 20% of pre-tax profit, according to the provisions under the Royal Decree No. 555 B.E. 2555 issued under the Revenue Code governing Reduction and Exemption of Revenue Taxes, effective December 27, 2012, prescribing that income tax on profits of companies or partnerships shall be equal to 20% of net profit for the accounting periods starting in 2013 - 2014 only. For 2015 - 2017, we assume the corporate income tax to be 20% of pre-tax profit.

6. Terminal growth rate

Terminal growth rate of dividend after the projection life, or from 2018 onwards, is projected to be 2% since it is expected that Krungsri is still able to achieve a high dividend growth rate.

7. Discount rate

Discount rate used for estimating a present value of expected future dividend of Krungsri is equal to 10.02%, based on cost of equity (Ke). Ke calculation formula is as follows:

Calculation of Ke:

Ke = Rf + β(Rm – Rf)

Where: Risk-free rate (Rf) Risk-free rate is derived from the average bid yield on the government bond with remaining maturity of about 20 years as of the date before Krungsri received the tender offer for its shares, which is equal to 4.45% (source: www.thaibma.or.th as of November 1, 2013). We have selected bond with such long maturity period so as to reflect a yield on investment in risk-free assets if held to maturity.

Beta (β) Beta is a variance between market return and closing price of Krungsri shares in the past three years up to November 1, 2013, which is equal to 0.962 (source: Bloomberg).

Rm Rm is based on the average rate of return on the SET over the past 20 years, a period that could reflect the investment condition in different time periods better than the shorter term data (source: SET data for 1994-July 2013), equivalent to 10.24%.

Table summarizing actual performance of Krungsri and its subsidiaries in 2010-2012 and projection for 2013 - 2017

	--------------Actual-----------			--------------------------Projected-------------------------				
(Unit: Baht million)	**2010**	**2011**	**2012**	**2013**	**2014**	**2015**	**2016**	**2017**
Net interest income	34,628	37,465	39,953	46,885	51,285	58,155	66,034	74,823
Net fees and service income	10,080	10,787	12,735	14,760	17,077	19,639	22,585	25,972
Gains from trading and foreign exchange transactions	1,459	1,278	1,542	1,174	1,174	1,174	1,174	1,174
Share of profit from investment by using equity method	144	32	177	177	177	177	177	177
Dividend income	394	441	504	570	645	729	825	933
Other operating income	4,571	4,481	5,477	6,353	7,370	8,549	9,917	11,504
Total operating income	**51,527**	**55,304**	**61,188**	**69,919**	**77,727**	**88,423**	**100,711**	**114,583**
Operating expenses	(26,796)	(27,477)	(30,798)	(34,680)	(38,164)	(42,532)	(48,442)	(55,115)
Impairment loss of loans and debt securities	(12,391)	(12,214)	(11,385)	(11,448)	(12,851)	(14,479)	(16,362)	(18,489)
Operating profit before income tax expenses	**12,340**	**15,613**	**19,005**	**23,791**	**26,712**	**31,412**	**35,907**	**40,980**
Income tax expenses	(3,524)	(6,310)	(4,337)	(4,758)	(5,342)	(6,282)	(7,181)	(8,196)
Total net profit	**8,816**	**9,303**	**14,668**	**19,033**	**21,370**	**25,130**	**28,726**	**32,784**
Net profit attributable to Krungsri	**8,793**	**9,264**	**14,625**	**18,941**	**21,267**	**25,009**	**28,588**	**32,626**

Table summarizing cash flow projection of Krungsri for 2013-2017

(Unit: Baht million)	2013	2014	2015	2016	2017
Net profit	18,941	21,267	25,009	28,588	32,626
Payout ratio	40%	40%	40%	40%	40%
Dividend payable	7,593	8,504	10,022	11,419	13,059
Terminal value					166,091
PV of dividend	7,593	7,729	8,280	8,575	8,913
PV of terminal value	113,360				
Total PV of dividend	**154,450**				
Total number of issued shares of Krungsri (shares)	6,074,143,747				
Krungsri share price (Baht/share)	**25.43**				

Under the assumptions for estimation of expected future dividend payout by Krungsri, using Ke of 10.02% as a discount rate, we could measure value of Krungsri shares by the dividend discount model at Baht 25.43 per share, which is lower than the offer price of Baht 39 per share by Baht 13.57 per share or 34.79%.

We have additionally conducted a sensitivity analysis with a 1% increase/decrease in Ke from the base case. The outcome is as follows:

		Share valuation by dividend discount model
		Share price (Baht/share)
Ke	9.02%	29.01
	Base case 10.02%	**25.43**
	11.02%	22.64

From the sensitivity analysis, Krungsri shares are appraised in a range of Baht 22.64 - 29.01 per share, which is lower than the offer price of Baht 39 per share by Baht 9.99 - 16.36 per share or 25.62% - 41.95%.

Table summarizing the valuation of Krungsri shares compared with the offer price

Valuation approach	Appraised value (Baht/share)	Offer price (Baht/share)	Appraised value (lower)/higher than offer price	
			Baht	**%**
1. Book value approach	19.81	39.00	(19.19)	(49.21)
2. Adjusted book value approach	19.82	39.00	(19.18)	(49.18)
3. Market comparable approach				
3.1 Price to book value				
Case 1	32.09 - 36.05	39.00	(2.95 - 6.91)	(7.56 - 17.72)
Case 2	31.50 - 32.49	39.00	(6.51 - 7.50)	(16.69 - 19.23)
3.2 Price to earnings				
Case 1	24.53 - 29.35	39.00	(9.65 - 14.47)	(24.74 - 37.10)
Case 2	25.09 - 28.65	39.00	(10.35 - 13.91)	(26.54 - 35.67)

Valuation approach	Appraised value (Baht/share)	Offer price (Baht/share)	Appraised value (lower)/higher than offer price	
			Baht	%
4. Market value approach	34.94 - 37.87	39.00	(1.13 - 4.06)	(2.90 - 10.41)
5. Dividend discount model				
5.1 Base case	25.43	39.00	(13.57)	(34.79)
5.2 Sensitivity analysis	22.64 - 29.01	39.00	(9.99 - 16.36)	(25.62 - 41.95)

The above valuation approaches have different strengths and weaknesses in identifying a fair value of Krungsri shares, as described below:

1) The book value approach focuses on the financial position at a certain point of time and the book value of assets, but takes no account of future profitability prospect and business performance of Krungsri.

2) The adjusted book value approach can more accurately reflect the net asset value compared with the book value approach because there is an adjustment to some investment items. However, this method does not focus on the profitability and business performance of Krungsri in the future.

3) The price to book value approach reflects the financial position at a certain point of time by comparison with the average of such ratios of selected peer companies, but takes no account of the profitability and business performance of Krungsri in the future. The price to earnings ratio approach focuses on Krungsri's profitability prospect by comparison with the average ratios of the selected peer companies, but based only on profits over a short period of time, and thus could not reflect the profitability and business performance of Krungsri in the longer term.

4) The market value approach could reflect the demand and supply of shares in different periods and could mirror, to a certain extent, the fundamental factors and demand from general investors that affects potential and growth of the Company in the future.

5) The dividend discount model reflects Krungsri's profitability and growth prospect based on the business outlook, economic condition and related industry situation through an estimation of present value of expected future dividend payout. The estimation is based on the historical payout ratio of Krungsri which could accurately reflect the value of its shares to a certain degree. Nonetheless, since the valuation by this approach is based on the assumptions and forecasts of factors relating to the financial projection, if there is any material change in the assumptions or the economic situation and relevant factors from those prevailing as of the date of this valuation, it could accordingly affect the share value measured by this approach.

In our opinion, although the dividend discount model is one of the suitable approaches for share valuation, it is not the best approach for valuing Krungsri shares. This is because Krungsri shares are traded on the stock market with moderate trading liquidity. The market price can fairly reflect investors' demand for the shares based on fundamental factors and forecast of Krungsri's future performance. As such, the market value approach can reflect a fair value of Krungsri shares better than the dividend discount model. Under the market value approach, Krungsri shares are appraised at Baht 34.94 - 37.87 per share. By this approach, the shares are appraised based on valuation of a market price in a normal market condition with favorable trading liquidity of Krungsri shares, thus genuinely reflecting the fundamental factors and investors' demand as well as the true value of shares without any impact from changes in the assumptions used for the share valuation which would otherwise lead to a deviation in the appraised share value.

5.2 Reasons to accept and/or to reject the tender offer

5.2.1 Reasons to accept the tender offer

(1) Appropriateness of the offer price

We view that the offer price of Baht 39 per share is reasonable since it is higher than the fair value of shares of Krungsri at its present status (excluding results of the business integration with BTMU Bangkok Branch due to limitations on details of the synergy plan from such integration) as appraised by the FA by the market value approach, which is deemed a suitable method for valuation of Krungsri shares. The appraised fair value is in a range of Baht 34.94 - 37.87 per share, which is lower than the offer price of Baht 39 per share by Baht 1.13 - 4.06 per share or 2.90% - 10.41% of the offer price.

(2) Checks and balances and control power in the Business

The minority shareholders may be unable to exercise checks and balances against the major shareholder. After completion of the tender offer, the Offeror will likely acquire 25.33% (equivalent to percentage of GECIH's shareholding in Krungsri before the tender offer) up to approximately 75% of Krungsri's total issued shares. Assuming the percentage of the shareholders accepting the tender offer of approximately 75% of Krungsri's issued shares, the Offeror's maximum shareholding in Krungsri could reach 80% of the total issued shares of Krungsri after the capital increase by Krungsri (Krungsri will allocate not more than 1,500,000,000 newly issued ordinary shares, representing 19.80% of its total issued shares after the capital increase, on a private placement basis to the Offeror, with share payment to be made by cash and in kind, i.e. being the entire business of BTMU Bangkok Branch).

In the case where the Offeror acquires 75% or more of total issued shares of Krungsri, the Offeror will then have power to control and decide on various matters, including not only important issues requiring approval with a majority vote from a shareholders' meeting, but also the crucial matters required to obtain an affirmative vote of at least three-fourths of total votes of the shareholders attending the meeting and having the right to vote such as capital increase or decrease, acquisition or disposal of assets, connected transactions, etc. As a result, other shareholders will risk failing to collect sufficient votes to exercise checks and balances against the Offeror.

Moreover, if after completion of the tender offer there are a large number of minority shareholders accepting the tender offer, it could affect Krungsri's qualifications for maintaining the SET-listed status by satisfying the SET's free float requirement, under which there must be at least 150 minority shareholders holding its shares and in an aggregate amount not less than 15% of its total issued capital. The trading liquidity of its shares could also decrease significantly.

5.2.2 Reasons to reject the tender offer

(1) Business potential, cooperation and support from the Offeror

The shareholders may wish to retain their investment in Krungsri for a long term and have to endure any risk or volatility that could impact Krungsri and its share price in the future, while being confident in Krungsri's capability in future business operation under the management and supervision of the Offeror which is a Japan-based commercial bank and a member of Mitsubishi UFJ Financial Group (MUFG).

MUFG is the largest financial group in Japan and one of the world's largest diversified financial groups, having a premier global network, corporate expertise and experience, and large multinational business network. The future business cooperation between Krungsri and the Offeror will help to enhance Krungsri's strength and competitiveness in the future. Moreover, the implementation of the policies and plans on business management specified in the tender offer, including the business integration or business transfer of BTMU Bangkok Branch under the condition that the tender offer will allow the Offeror to become a shareholder of Krungsri holding more than 25% of total issued shares of Krungsri, will increase Krungsri's strength and competitive potential in the future.

As such, having the Offeror as Krungsri's major shareholder will likely bode well for its business operation and increase returns for the shareholders in the long term.

5.3 Benefits or impacts from the plans and policies indicated in the tender offer and viability of such plans and policies

We have analyzed the benefits or impacts from the plans and policies indicated by the Offeror in the tender offer and the viability of such plans and policies, the results of which can be concluded as follows:

Status of the Business

The Offeror has no intention to delist Krungsri shares from the SET during a 12-month period after the end of the tender offer period, unless it has a legal obligation to comply with the applicable laws, rules and regulations then in effect.

We are of the opinion that since Krungsri will continue to be a listed entity on the SET, its shareholders will by no means be affected by a change in its listed company status or by a delisting of its shares during such period.

Nonetheless, after completion of the tender offer, Krungsri may be prone to a risk from failure to meet the qualifications for maintaining the SET-listed status with respect to share distribution to minority shareholders. The Offeror may be able to acquire a substantial amount of Krungsri shares to the extent that leads Krungsri to fail to satisfy the SET's free float requirement, under which there must be at least 150 minority shareholders holding its shares and in an aggregate amount not less than 15% of its total issued capital and may result Krungsri is required to pay additional annual fee to SET.

Policies and plans on business operation

After completion of the tender offer, the Offeror has no plan to liquidate Krungsri's core assets or change the nature of Krungsri's core business, capital structure or dividend policy, except for the business transfer of BTMU Bangkok Branch and the issuance of new shares for payment of consideration for such business transfer as well as for offering on a private placement basis to the Offeror. This will be implemented after completion of the tender offer, subject to a condition that the Offeror has become a shareholder holding more than 25% of the total issued and outstanding shares of Krungsri in order to comply with the BOT's One Presence Policy. As a consequence, the Offeror intends to undertake a corporate restructuring to combine and transfer the business of BTMU Bangkok Branch into Krungsri. Currently, the Offeror and Krungsri are in the process of establishing a joint working group and/or steering group to work on the details of the business integration plan and the implementation to ensure smooth operational transition while preserving the interest of key stakeholders, including but not limited to customers, employees, depositors, and regulators.

In addition, as disclosed in BTMU/Krungsri Strategic Partnership dated July 2, 2013, the Offeror has a plan to leverage Krungsri platform to expand a footprint across the Greater Mekong Subregion, as well as to create synergy from Krungsri's existing customer base and supply chain approach and cross-sell retail banking services. Krungsri and BTMU will work collaboratively in exploring the potential business opportunity in greater details after the successful integration.

We are of the opinion that Krungsri will not be affected by the policies and plans on business operation indicated by the Offeror in the tender offer since the Offeror does not have any plan to liquidate Krungsri's core assets or change the nature of Krungsri's core business, capital structure or dividend policy after completion of the tender offer so as to ensure uninterrupted business operation of Krungsri.

In addition, the Offeror has a plan on corporate restructuring to combine the businesses of BTMU Bangkok Branch and Krungsri. Currently, the two parties are working collaboratively on the details of the business integration plan and the implementation and as disclosed in BTMU/Krungsri Strategic Partnership by the Offeror with the intention of both parties to work closely in exploring the potential business opportunity while preserving the interest of key stakeholders, we are of the opinion that Krungsri will gain benefits from implementation of such business operation policies, expand businesses, increase competitiveness and performance of Krungsri.

Moreover, the Offeror has not yet indicated a change in number of board members and board composition of Krungsri after completion of the tender offer process. Such change is possible and must be in line with the agreement on the composition of the Board under the Shareholders' Agreement as described in the Tender Offer document. If in the future the Offeror will make any material change in the business management plans and policies from those indicated in the tender offer, it must follow the relevant rules and regulations and must obtain approval from the supervisory authorities and/or the Board of Directors and the shareholders' meeting of Krungsri.

Related party transactions

Presently, Krungsri and the Offeror have been engaging in banking business transactions such as deposits, currency swap contracts and cross currency swap transactions. These transactions are normal business transactions which are customary to banking business and are done on an arm's length basis.

Krungsri has a policy and procedure regarding the related party transaction which conforms with the Securities and Exchange Act (as amended), rules and regulations of the SET and the Capital Market Supervisory Board to prevent any conflict of interests arising from the related party transaction between Krungsri and its subsidiaries, associated companies, related companies and/or persons with conflict of interests.

After the tender offer is completed, the Offeror or any related person of the Offeror pursuant to Section 258 of the SEC Act has no intention to materially change Krungsri's policy regarding the related party transactions. Any current and future related party transactions will be carefully considered and ensured that the terms and conditions of such transactions will be similar to those of the arm's length transactions and in compliance with the SEC Act, the rules and regulations of the SET and the Capital Market Supervisory Board as well as any other applicable rules and regulations.

As approved by the Extraordinary General Meeting of Shareholders No. 1/2013 on October 31, 2013, Krungsri has entered into the Conditional Branch Purchase Agreement ("BPA") with the Offeror, whereby the Offeror will transfer the business, assets and liabilities of

BTMU Bangkok Branch to Krungsri in exchange for Krungsri's shares newly issued as consideration for such business transfer, together with the allocation of newly issued shares to the Offeror on a private placement basis, which are considered a connected transaction.

Apart from the BPA mentioned above, Krungsri and the Offeror have also entered into other ancillary agreements in order for Krungsri to smoothly continue its operation after the business transfer. Such ancillary agreements include, but not limited to, (1) the Master Service Agreement which sets the basis for provision of existing services of which the terms and conditions shall be substantially the same as the terms and conditions upon which any comparable services are provided by the Offeror to any other affiliate, and (2) the Funding Support Agreement ("FSA") whereby Krungsri may request funding support from the Offeror and the Offeror shall make reasonable efforts to provide such funding support, subject further to the terms and conditions under the FSA.

We are of the opinion that after completion of the tender offer, Krungsri will continue to engage in the related party transactions with the Offeror and may further increase the transactions due to the business combination with BTMU Bangkok Branch, including the entering into the BPA and other related agreements. Krungsri has clearly determined a policy, measure or procedure for approval of related party transactions to ensure that the related party transactions are necessary and reasonable and are done for the optimum benefit of Krungsri, which will help prevent any potential conflict of interest that may arise from such transactions and ensure fairness to all shareholders.

5.4 Benefits to and impacts on the shareholders who reject the tender offer (only in case of a tender offer for delisting of securities)

- None -

This is not a tender offer for delisting of securities from the SET.

5.5 Conclusion of opinion of the Shareholders' Advisor

Based on the information and rationale described above, we are of the opinion that the tender offer and the offer price of Baht 39 per share are appropriate because such offer price is higher than the fair value of shares of Krungsri at its present status (excluding results of the business integration with BTMU Bangkok Branch due to limitations on details of the synergy plan from such integration) as appraised by the FA by the market value approach, which is deemed a suitable method for valuation of Krungsri shares. The appraised fair value is in a range of Baht 34.94 - 37.87 per share, which is lower than the offer price of Baht 39 per share by Baht 1.13 - 4.06 per share or 2.90% - 10.41% of the offer price.

Besides, after completion of the tender offer and the issuance of new shares of Krungsri to the Offeror as consideration for the business transfer of BTMU Bangkok Branch and for allotment to the Offeror on a private placement basis in an amount not more than 1,500,000,000 shares, the Offeror may thereby be able to acquire more than 75% of total issued shares of Krungsri, depending primarily on the tender offer result. The minority shareholders could thus be exposed to risk from inability to exercise checks and balances against the Offeror, coupled with a possible impact from a crucial decrease in trading liquidity of Krungsri shares due to a substantial decrease in volume of the minority shareholding subsequent to the tender offer.

In view of all benefits and impacts discussed above, we recommend that the shareholders accept the said tender offer.

However, the shareholders may wish to retain their investment in Krungsri for a long term and have to endure any risk or volatility that could impact Krungsri and its share price in the future, while being confident in Krungsri's capability in future business operation under the management and supervision of the Offeror which is a member of Japan's largest financial group and one of the world's largest diversified financial groups. This is expected to help increase Krungsri's strength, competitiveness and business performance, as well as improve returns for the shareholders in the long term, which, therefore, could be a factor inducing the shareholders to reject the tender offer.

In deciding whether to accept or reject the tender offer, the shareholders could consider the reasons and opinion in all respects given by the FA. The final decision should then be made at the individual shareholders' own discretion.

We hereby certify that we have provided the above opinion with due care based on the professional practices and in the interest of the shareholders.

Yours sincerely,

Advisory Plus Company Limited

-*Prasert Patradhilok*-

(Mr. Prasert Patradhilok)

President