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Management Discussion and Analysis

For the quarter ended March 31, 2019

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Executive Summary:

Krungsri delivered an exceptional net profit of Baht 12,737 million in 1Q/19, representing an extraordinary increase of 108.5% from 4Q/18, and 104.9% from 1Q/18, driven mainly by the recognition of gains on investments from the sales of 50% of shares in Ngern Tid Lor Company Limited (NTL) completed on February 28, 2019.¹

Excluding the extraordinary gains from NTL transaction and the provision for compensation in lieu of notice in the case of retirement and dismissal of employees according to the amended Labor Protection Act, net profit reached a new quarterly record high at Baht 6,929 million in 1Q/19, a robust increase of 13.4% from 4Q/18, and 11.5% from 1Q/18.

Despite the seasonal repayments of loans typically observed in the first quarter, **total loans** outstanding reached Baht 1,709,668 million, quarterly increase of Baht 37,650 million, or 2.3%, from December 2018. The loan expansion in 1Q/19 was driven by auto hire purchase, corporate, SME and mortgage segments. Meanwhile, credit cards and personal loans contracted due to the seasonality of loan repayments.

Deposits totaled Baht 1,465,377 million, a notable increase of Baht 39,029 million, or 2.7%, from December 2018, largely driven by time deposits with maturities ranging from one year to greater than one year.

Compared to 4Q/18, **non-interest income** significantly increased by Baht 8,585 million, or 98.1%, mainly driven by the recognition of gains from investments from the sales of 50% of shares in NTL.

The non-performing loan (NPL) ratio improved to 1.99% in March 2019.

Loan-loss reserves stood at Baht 63,883 million, with an excess of Baht 20,172 million over the Bank of Thailand's reserve requirements. Correspondingly, the actual provisioning ratio when compared to the Bank of Thailand's requirements stood at 146.1%. The coverage ratio markedly improved to 165.7% from 160.8% at the end of December 2018.

Corresponding to the significantly uplifted net profit, **earnings per share (EPS)** rose to Baht 1.73 in 1Q/19, compared to Baht 0.83 in 4Q/18.

Following the March general election, domestic demand will continue to gain traction and sustain growth momentum for the remaining quarters of the year, yet due to a slowdown in external demand, Krungsri has revised down the 2019 GDP growth forecast from 4.1% to 3.8%. Given that the Thai economy would continue to expand around its potential despite at a slower pace than previously assessed, together with a solid start in 1Q/19, Krungsri maintains a broad-based loan growth target of 6-8% for the year.

¹ Effective from February 28, 2019 onwards, the change of control in Ngern Tid Lor Company Limited (NTL) from a Krungsri subsidiary to a 50% joint venture status was made.

NIM: 3.79%

**Net Profit:
Baht 12.7 billion**

Coverage Ratio: 165.7%

NPL Ratio: 1.99%

Summary of Financial Performance and Status:

1Q/19 deliverables:

- **Net Profit:**

Recorded at Baht 12,737 million, representing an extraordinary increase of 108.5% from 4Q/18, and 104.9% from 1Q/18.

(Upon adjusting the recognition of gains from investments from the sales of 50% of shares in NTL, and the provision for compensation in lieu of notice in the case of retirement and dismissal of employees according to the amended Labor Protection Act, the net profit increased by Baht 819 million, or 13.4%, from 4Q/18, and Baht 714 million, or 11.5%, from 1Q/18.)

- **Loan Growth:**

Increased by a solid 2.3%, or Baht 37,560 million, compared to December 2018.

- **Deposit Growth:**

Increased by 2.7%, or Baht 39,029 million, compared to December 2018, attributed to an increase in time deposits.

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

Recorded at 3.79% compared to 3.95% in 4Q/18, mirroring the portfolio rebalance toward commercial lending during the quarter.

- **Non-Interest Income:**

Significantly increased by 98.1% or Baht 8,585 million from 4Q/18, mainly driven by the recognition of gains from investments from the sales of 50% of shares in NTL.

(Upon adjusting the aforementioned extraordinary gains from investments, non-interest income decreased by Baht 40 million, or 0.5%, from 4Q/18, and Baht 155 million, or 1.7%, from 1Q/18.)

- **Cost to Income Ratio:**

Recorded at 38.7%, a substantial improvement from 48.7% in 4Q/18.

(Upon adjusting the aforementioned extraordinary gains from investments, and the provision for compensation in lieu of notice in the case of retirement and dismissal of employees in accordance with the amended Labor Protection Act, the cost to income ratio was recorded at 46.4%.)

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

Recorded at 1.99%, improving from 2.08% in December 2018.

- **Coverage Ratio:**

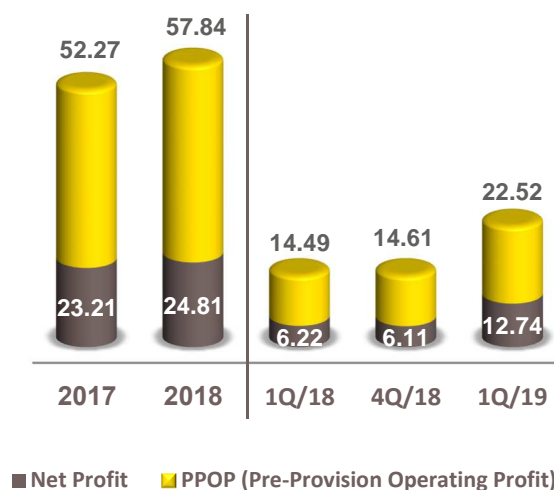
Recorded at 165.7%, improving from 160.8% in December 2018.

- **Capital Adequacy Ratio:**

Recorded at 14.91%, compared to 15.13% in December 2018.

PPOP & Net Profit

Unit: Baht Billion



In 1Q/19, the operating profit was Baht 22,524 million, representing an exceptional increase of Baht 7,916 million, or 54.2%, from 4Q/18, driven by higher non-interest and non-fee income, significantly driven by the recognition of gains from investments from the sales of 50% of shares in NTL, offset by a decrease in net interest income, attributed to a rebalance of portfolio mix during the quarter.

The net profit increased to Baht 12,737 million in 1Q/19, representing an extraordinary increase of 108.5%, or Baht 6,627 million, over 4Q/18, largely attributed to an exceptional increase in operating profits.

Excluding the extraordinary gains from NTL transaction and the provision for compensation in lieu of notice in the case of retirement and dismissal of employees according to the amended Labor Protection Act, net profit reached a new quarterly record high at Baht 6,929 million in 1Q/19, a robust increase of Baht 819 million, or 13.4% from 4Q/18.

On a year-on-year basis, the operating profit markedly increased by Baht 8,036 million, or 55.5%, mainly due to an increase in non-interest and non-fee income, mainly driven by the sales of NTL shares together with higher net interest income from loan growth, offset by an increase in operating expenses mainly corresponding to the higher provision for compensation in lieu of notice in the case of retirement and dismissal of employees.

The net profit increased by Baht 6,522 million, or 104.9%, from 1Q/18, driven mainly by a substantial increase in operating profit.

Excluding the aforementioned gains from NTL transaction and the provision for employee compensations, net profit increased by Baht 714 million, or 11.5% from 1Q/18.

1. Statements of Profit or Loss and Other Comprehensive Income

Consolidated	1Q/19	4Q/18	1Q/18	Change QoQ		Change YoY	
				Baht mn	%	Baht mn	%
Interest Income	27,488	28,091	25,525	(603)	(2.1)	1,963	7.7
Interest Expenses	8,076	8,356	7,502	(280)	(3.4)	574	7.7
Interest Income, Net	19,412	19,735	18,023	(323)	(1.6)	1,389	7.7
Fees and Service Income	7,310	7,701	7,207	(391)	(5.1)	103	1.4
Fees and Service Expense	2,014	2,082	1,887	(68)	(3.3)	127	6.7
Fees and Service Income, Net	5,296	5,619	5,320	(323)	(5.7)	(24)	(0.5)
Non-interest and Non-fees Income	12,038	3,130	3,544	8,908	284.6	8,494	239.7
Other Operating Expenses	14,222	13,876	12,399	346	2.5	1,823	14.7
Pre-Provision Operating Profit (PPOP)	22,524	14,608	14,488	7,916	54.2	8,036	55.5
Impairment Loss of Loan and Debt Securities	6,348	6,790	6,683	(442)	(6.5)	(335)	(5.0)
Income Tax Expense	3,361	1,618	1,516	1,743	107.7	1,845	121.7
Net Profit	12,815	6,200	6,289	6,615	106.7	6,526	103.8
Other Comprehensive Income, Net	291	(259)	(184)	550	212.4	475	258.2
Total Comprehensive Income	13,106	5,941	6,105	7,165	120.6	7,001	114.7
Net Profit Attributable To							
Owners of the Bank	12,737	6,110	6,215	6,627	108.5	6,522	104.9
Non-Controlling Interest	78	90	74	(12)	(13.3)	4	5.4
Net Profit	12,815	6,200	6,289	6,615	106.7	6,526	103.8
Total Comprehensive Income Attributable To							
Owners of the Bank	13,028	5,851	6,032	7,177	122.7	6,996	116.0
Non-Controlling Interest	78	90	73	(12)	(13.3)	5	6.8
Total Comprehensive Income	13,106	5,941	6,105	7,165	120.6	7,001	114.7
Earning Per Share (Baht)	1.73	0.83	0.84	0.90	108.4	0.89	106.0

2. Financial Performance

2.1 Net Interest Income

Consolidated	1Q/19	4Q/18	1Q/18	Change QoQ		Change YoY	
				Baht mn	%	Baht mn	%
INTEREST INCOME							
Interest on loans	18,207	18,380	16,265	(173)	(0.9)	1,942	11.9
Interest on interbank and money market items	1,054	1,479	1,703	(425)	(28.7)	(649)	(38.1)
Hire purchase and financial lease income	7,620	7,668	7,199	(48)	(0.6)	421	5.8
Investments and trading transactions	20	6	8	14	233.3	12	150.0
Investments in debt securities	570	558	350	12	2.2	220	62.9
Other interest income	17	0	0	17	0.0	17	0.0
Total Interest Income	27,488	28,091	25,525	(603)	(2.1)	1,963	7.7
INTEREST EXPENSE							
Interest on deposits	4,229	4,043	3,531	186	4.6	698	19.8
Interest on interbank and money market items	1,060	1,472	1,275	(412)	(28.0)	(215)	(16.9)
Interest on borrowings	1,026	1,126	1,037	(100)	(8.9)	(11)	(1.1)
Contribution to Financial Institution Development							
Fund and Deposit Protection Agency	1,718	1,706	1,638	12	0.7	80	4.9
Borrowing fee expenses	16	5	16	11	220.0	0	0.0
Other interest expenses	27	4	5	23	575.0	22	440.0
Total Interest Expenses	8,076	8,356	7,502	(280)	(3.4)	574	7.7
Interest Income, Net	19,412	19,735	18,023	(323)	(1.6)	1,389	7.7
Net Interest Margin	3.79%	3.95%	3.67%				
Yield on Earning Assets	5.36%	5.63%	5.20%				
Cost of Funds	1.74%	1.86%	1.69%				

Interest income in 1Q/19 was recorded at Baht 27,488 million, a decrease of Baht 603 million, or 2.1%, from 4Q/18, mainly driven by:

- Interest on interbank and money market items decreased by Baht 425 million, or 28.7%, mainly due to lower income from interbank and money market items.
- Interest on loans decreased by Baht 173 million, or 0.9%, reflecting a portfolio rebalance toward the commercial lending segment, driven by a broad-based growth observed in both corporate and SME segments, together with a contraction in the unsecured retail lending, namely credit cards and personal loans.

Interest expenses in 1Q/19 were Baht 8,076 million, decreased by Baht 280 million, or 3.4%, from 4Q/18. Key items are as follows:

- Interest on interbank and money market items decreased by Baht 412 million, or 28.0%, mainly due to lower interest expenses for interbank and money market items.
- Interest on borrowing decreased by Baht 100 million, or 8.9%, mainly from a lower volume of long-term debentures.
- Interest on deposits increased by Baht 186 million, or 4.6%, reflecting a 2.7% increase in the outstanding deposit balance, particularly time deposits with maturities ranging from one year to greater than one year.

Consequently, net interest income was recorded at Baht 19,412 million, representing a decrease of Baht 323 million, or 1.6%, from 4Q/18.

On a year-on-year basis, interest income robustly increased by Baht 1,963 million, or 7.7%. Key items are as follows:

- Interest on loans increased by Baht 1,942 million, or 11.9%, corresponding to the higher outstanding balance on loans.
- Interest on hire purchase and financial lease income increased by Baht 421 million, or 5.8%, resulting from a robust auto hire purchase portfolio expansion.
- Interest on investments in debt securities increased by Baht 220 million, or 62.9%, driven by an increase in the AFS portfolio.
- Interest on interbank and money market items decreased by Baht 649 million, or 38.1%, mainly due to lower repurchase agreement transactions.

Interest expenses increased by Baht 574 million, or 7.7%, from 1Q/18. Key items are as follows:

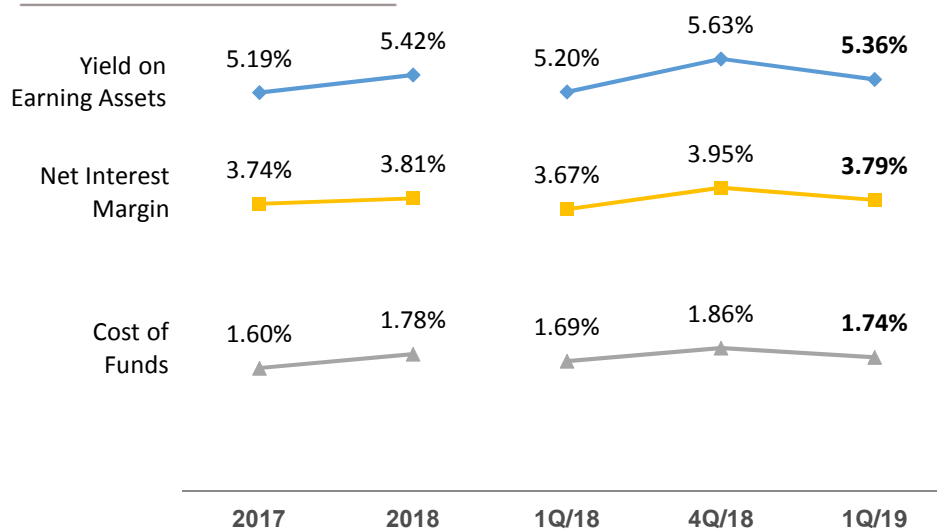
- Interest on deposits increased by Baht 698 million, or 19.8%, reflecting the higher outstanding balance of deposits at 7.0%.
- Contributions to the FIDF and the DPA increased by Baht 80 million, or 4.9%, corresponding to a higher deposit volume.
- Interest on interbank and money market items decreased by Baht 215 million, or 16.9%, mainly resulting from a substantially lower volume of repurchase agreement transactions.

Consequently, net interest income in 1Q/19 increased by Baht 1,389 million, or 7.7%, from 1Q/18.

The yield on earning assets was at 5.36%, compared to 5.63% in the prior quarter, reflecting a portfolio rebalance toward the commercial segment, driven by a broad-based growth observed in both corporate and SME lending, together with a contraction in the unsecured retail lending, namely credit cards and personal loans. Corresponding to our effective funding management, cost of fund improved to 1.74% from 1.86% in 4Q/18, notwithstanding a marked increase of deposits during the quarter.

Consequently, NIM was recorded at 3.79% in 1Q/19 compared to 3.95% in the previous quarter.

Net Interest Margin (NIM)



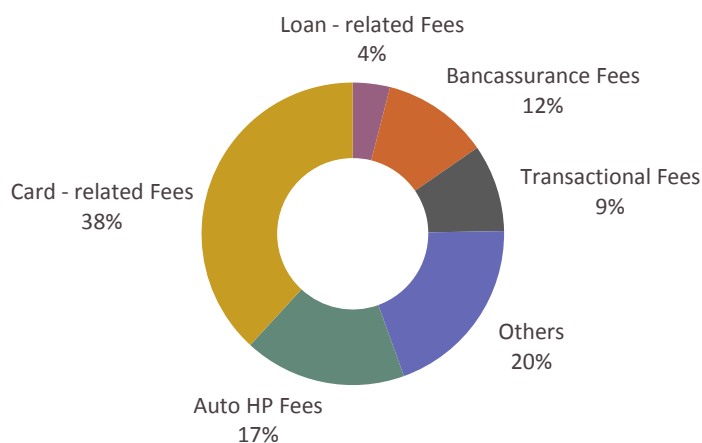
	2017	2018	1Q/18	4Q/18	1Q/19
Yield on Loans	5.95%	6.07%	6.01%	6.17%	6.04%
Cost of Deposits	1.48%	1.56%	1.51%	1.62%	1.62%

	Dec-17	Mar-18	Jun-18	Sep-18	Dec-18	Mar-19
Policy Rate	1.50%	1.50%	1.50%	1.50%	1.75%	1.75%
Krungsri Lending Rate	6.60%	6.60%	6.60%	6.60%	6.60%	6.60%
Savings Rate	0.30%	0.30%	0.30%	0.30%	0.30%	0.30%
3 - month deposits	0.80-1.00%	0.80-1.00%	0.80-1.00%	0.80-1.00%	0.80-1.00%	0.80-1.00%
6 - month deposits	0.90-1.20%	0.90-1.20%	0.90-1.20%	0.90-1.20%	0.90-1.20%	0.90-1.20%
12 - month deposits	1.10-1.35%	1.10-1.35%	1.10-1.35%	1.10-1.35%	1.10-1.35%	1.10-1.35%

2.2 Non-Interest Income

Consolidated	1Q/19	4Q/18	1Q/18	Change QoQ		Change YoY	
				Baht mn	%	Baht mn	%
Acceptances, aval and guarantees	131	136	126	(5)	(3.7)	5	4.0
Other fees and service income	7,179	7,565	7,081	(386)	(5.1)	98	1.4
Fees and service income	7,310	7,701	7,207	(391)	(5.1)	103	1.4
Fees and service expense	2,014	2,082	1,887	(68)	(3.3)	127	6.7
Fees and Service Income, net	5,296	5,619	5,320	(323)	(5.7)	(24)	(0.5)
Gains (losses) on trading and foreign exchange transactions	1,159	1,226	1,314	(67)	(5.5)	(155)	(11.8)
Gains (losses) on investments	8,671	(4)	228	8,675	216,875.0	8,443	3,703.1
Share of profit (loss) from investment for using equity method	192	76	112	116	152.6	80	71.4
Bad debt recoveries	1,600	1,550	1,443	50	3.2	157	10.9
Other operating income	416	282	447	134	47.5	(31)	(6.9)
Total Non-interest and Non-fees Income	12,038	3,130	3,544	8,908	284.6	8,494	239.7
Non-Interest Income	17,334	8,749	8,864	8,585	98.1	8,470	95.6

Fees & Service Income Breakdown in 1Q/19



Total non-interest income in 1Q/19 was Baht 17,334 million, increasing by Baht 8,585 million, or 98.1%, from the prior quarter. Details are as follows:

- Net fees and service income was Baht 5,296 million, decreasing by Baht 323 million, or 5.7%.

Key factors are:

- Fees and service income decreased by Baht 391 million, or 5.1%, mainly resulting from:
 - Bancassurance fees decreased by Baht 338 million, or 28.8%, due to the high base seasonality effect from the prior period.

- Auto hire purchase fees decreased by Baht 65 million, or 4.9 %.
 - Transactional fees decreased by Baht 57 million, or 7.7%, partly due to digital fee-waivers.
 - Wealth & fund management and securities-related fees decreased by Baht 16 million, or 1.4%.
 - Card-related fees decreased by Baht 10 million, or 0.4%.
 - Meanwhile, loan-related fees increased by Baht 34 million, or 13.5%.
- Fees and service expenses decreased by 3.3%, or Baht 68 million, mainly resulting from ATM and card network fees.
- Gains on investments significantly increased by Baht 8,675 million, mainly driven by the gains from the sales of 50% of shares in NTL of Baht 4,290 million, and the recognized profit on the change of control of a subsidiary of Baht 4,335 million.
 - Share of profit from investment using the equity method increased by Baht 116 million, or 152.6%, driven mainly by the change in control of NTL from a subsidiary to a 50% joint venture commenced on February 28, 2019.

On a year-on-year basis, total non-interest income significantly increased by Baht 8,470 million, or 95.6%. Details are as follows:

- Net fees and service income decreased by Baht 24 million, or 0.5%. Key factors are:
 - Fees and service income increased by Baht 103 million, or 1.4%, driven by:
 - Card-related fees increased by Baht 366 million, or 15.1%.
 - Loan-related fees increased by Baht 39 million, or 15.6%.
 - Auto hire purchase fees increased by Baht 7 million, or 0.5%.
 - Meanwhile, Wealth & fund management and securities-related fees decreased by Baht 213 million, or 16.5%.
 - Bancassurance fees decreased by Baht 7 million, or 0.8%.
 - Fees and service expenses increased by 6.7%, or Baht 127 million, mainly from ATM and card network fees.
- Gains on investments increased by Baht 8,443 million, mainly driven by the extraordinary gains from the sales of 50% of shares in NTL of Baht 4,290 million and the recognized profit on the change of control of a subsidiary of Baht 4,335 million.
- Meanwhile, gains on trading and foreign exchange transactions decreased by Baht 155 million, or 11.8%, mainly due to a decrease in income from interest rate derivatives transactions.

2.3 Other Operating Expenses

Consolidated	1Q/19	4Q/18	1Q/18	Change QoQ		Change YoY	
				Baht mn	%	Baht mn	%
Employee expenses	7,952	6,680	6,539	1,272	19.0	1,413	21.6
Premises and equipment expenses	2,078	2,184	2,097	(106)	(4.9)	(19)	(0.9)
Taxes and duties	750	729	685	21	2.9	65	9.5
Directors' remuneration	15	16	15	(1)	(6.3)	0	0.0
Other expenses	3,427	4,267	3,063	(840)	(19.7)	364	11.9
Total Other Operating Expenses	14,222	13,876	12,399	346	2.5	1,823	14.7

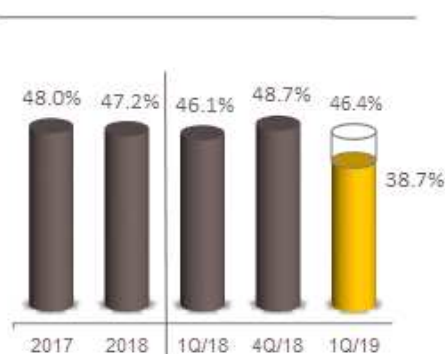
Total other operating expenses were Baht 14,222 million, increasing by Baht 346 million, or 2.5%, from 4Q/18. Key items are as follows:

- Employee expenses increased by Baht 1,272 million, or 19.0%, mainly due to an increase in the provision for compensation in lieu of notice in the case of retirement and dismissal of employees in accordance with the amended Labor Protection Act effective in 2019.
- Other expenses decreased by Baht 840 million, or 19.7%, driven by a decrease in marketing promotion expenses of Baht 681 million, compared to the high base effect from 4Q/18.

On a year-on-year basis, total other operating expenses increased by Baht 1,823 million, or 14.7%, from the same quarter last year. Key items are as follows:

- Employee expenses increased by Baht 1,413 million, or 21.6%, mainly due to an increase in the provision for compensation in accordance with the amended Labor Protection Act.
- Other expenses increased by Baht 364 million, or 11.9%, driven by an increase in marketing promotion expenses.

Cost to Income Ratio



The cost to income ratio was recorded at 38.7% in 1Q/19, compared to 48.7% in 4Q/18.

(Upon adjusting the recognition of gains from investments from the sales of 50% of shares in NTL and the provision for compensation in accordance with the amended Labor Protection Act, the cost to income ratio was recorded at 46.4%.)

2.4 Impairment loss of loans and debt securities

Consolidated	1Q/19	4Q/18	1Q/18	Change QoQ		Change YoY	
				Baht mn	%	Baht mn	%
Bad Debt and Doubtful Accounts	6,037	6,416	6,326	(379)	(5.9)	(289)	(4.6)
Loss on Debt Restructuring	311	374	357	(63)	(16.8)	(46)	(12.9)
Total impairment loss of loan and debt securities	6,348	6,790	6,683	(442)	(6.5)	(335)	(5.0)

The loan-loss provision in 1Q/19 amounted to Baht 6,348 million, a decrease of Baht 442 million, or 6.5%, from the prior quarter. The coverage ratio recorded at 165.7%, compared to 160.8% in December 2018.

3. Financial Status

3.1 Statement of Financial Position

Consolidated	As at	As at	Change from	
	Mar. 31, 19	Dec. 31, 18	Dec. 31, 18	
			Baht mn	%
ASSETS				
Cash	32,792	34,680	(1,888)	(5.4)
Interbank and money market items, net	289,535	245,553	43,982	17.9
Investments, net	136,175	134,749	1,426	1.1
Investments in subsidiaries and joint ventures, net	10,839	2,620	8,219	313.7
Loans to customers	1,790,203	1,749,254	40,949	2.3
Accrued interest receivable	4,596	4,326	270	6.2
Deferred revenue	(80,535)	(77,236)	(3,299)	(4.3)
Allowance for doubtful accounts	(61,859)	(59,791)	(2,068)	(3.5)
Revaluation allowance for debt restructuring	(1,591)	(1,569)	(22)	(1.4)
Properties for sale, net	3,361	3,478	(117)	(3.4)
Assets classified as held for sale	0	39,536	(39,536)	(100.0)
Others	117,814	98,022	19,792	20.2
TOTAL ASSETS	2,241,330	2,173,622	67,708	3.1
LIABILITIES AND SHAREHOLDERS' EQUITY				
Deposits	1,465,377	1,426,348	39,029	2.7
Interbank and money market items, net	272,870	244,097	28,773	11.8
Debt issued and borrowings	137,476	155,650	(18,174)	(11.7)
Liabilities directly associated with assets classified as held for sale	0	13,784	(13,784)	(100.0)
Others	108,782	90,025	18,757	20.8
TOTAL LIABILITIES	1,984,505	1,929,904	54,601	2.8
Issued and paid-up share capital	73,558	73,558	0	0.0
Retained earning	126,833	114,050	12,783	11.2
Others	56,434	56,110	324	0.6
TOTAL SHAREHOLDERS' EQUITY	256,825	243,718	13,107	5.4
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	2,241,330	2,173,622	67,708	3.1
Book value per share (Baht)	34.91	33.13	1.78	5.4

As of March 31, 2019, total assets stood at Baht 2,241,330 million, representing an increase of Baht 67,708 million, or 3.1%, from December 2018. Key items are as follows:

- Net interbank and money market items increased by Baht 43,982 million, or 17.9%, mainly driven by an increase in repurchase agreements.
- Total loans (net of deferred revenue) increased by Baht 37,650 million, or 2.3%.
- Other assets increased by Baht 19,792 million, or 20.2%, mainly owing to an increase in claim on securities.
- Assets classified as held for sale decreased by Baht 39,536 million, attributed to the completion of the NTL transaction.

As of March 31, 2019, total liabilities stood at Baht 1,984,505 million, representing an increase of Baht 54,601 million, or 2.8%, from December 2018. Key items are as follows:

- Deposits increased by Baht 39,029 million, or 2.7%, largely driven by time deposits with maturities ranging from one year to greater than one year.
- Net interbank and money market items increased by Baht 28,773 million, or 11.8%, mainly due to an increase of repurchase agreements of Baht 30,909 million offset by a decrease in deposit to financial institutions of Baht 2,311 million.
- Other liabilities increased by Baht 18,757 million, or 20.8%, driven by an increase in liabilities to deliver securities of Baht 17,281 million.
- Debt issued and borrowings decreased by Baht 18,174 million, or 11.7%, driven by a redemption of long-term debentures totaling Baht 18,015 million during the quarter.
- Liabilities directly associated with assets classified as held for sale decreased by Baht 13,784 million, mainly due to the completion of the NTL transaction.

Total shareholders' equity rose to Baht 256,825 million, an increase of Baht 13,107 million, or 5.4%, from December 2018 due to an increase in equity holders' net profit of Baht 12,737 million for 1Q/19.

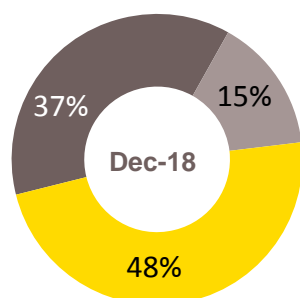
Book value per share as of March 31, 2019 increased to Baht 34.91, compared to Baht 33.13 at the end of 2018.

3.2 Loans to customers

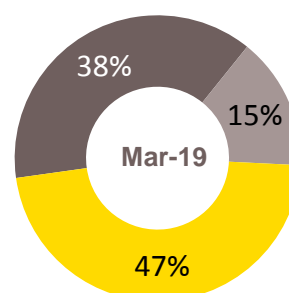
3.2.1 Loans by segment

Consolidated	Mar. 31, 19	Dec. 31, 18	Change from Dec. 31, 18	
			Baht mn	%
Corporate	645,882	626,170	19,712	3.1
- Thai Corporate	435,196	422,911	12,285	2.9
- International Corporate (JPC/MNC)	210,686	203,259	7,427	3.7
SMEs	257,131	250,499	6,632	2.6
Retail	806,655	795,349	11,306	1.4
- Hire purchase	377,788	367,199	10,589	2.9
- Mortgage	255,912	250,484	5,428	2.2
- Credit cards and personal loans	172,955	177,666	(4,711)	(2.7)
Total *	1,709,668	1,672,018	37,650	2.3

* Loans to customers net of deferred revenue



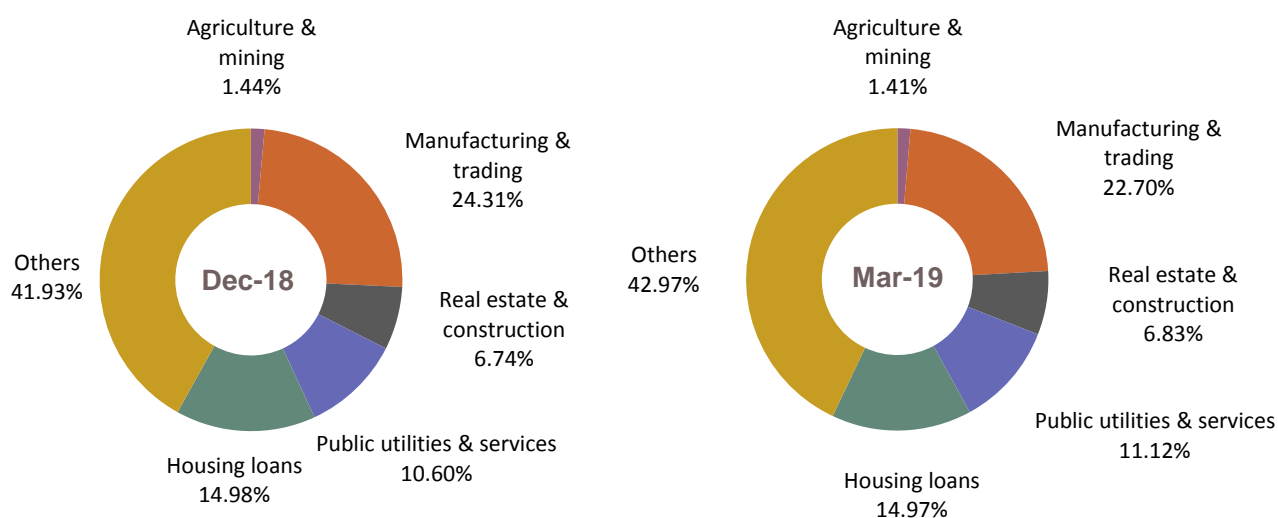
■ Corporate
■ SME
■ Retail



Auto HP 22%
Mortgage 15%
Credit card and
Personal Loans 11%

Auto HP 22%
Mortgage 15%
Credit card and
Personal Loans 10%

3.2.2 Loans by Industry



As of March 31, 2019, total outstanding loans (net of deferred revenue) stood at Baht 1,709,668 million, an increase of Baht 37,650 million, or 2.3%, from December 2018.

As of the end of 1Q/19, commercial loans, comprising corporate and SME customers, accounted for 53% of the total loan portfolio, while retail lending represented the remaining 47%.

Details of loan performance by segment are as follows:

Corporate loans grew by 3.1%, or Baht 19,712 million from December 2018, of which Thai Corporate loans increased by Baht 12,285 million, or 2.9%, and International Corporate (JPC/MNC) loans increased by Baht 7,427 million, or 3.7%, mirroring our customer centric strategy to be the “Trusted Banking Partner” for Thai corporate customers and the “Most Preferred Bank” for multi-national companies in Thailand.

SME loans grew by 2.6%, or Baht 6,632 million, from December 2018. The growth of SME loans for 1Q/19 was broad-based, covering both SME-M and SME-S segments, mirroring Thailand’s continued economic expansion, together with our focus on becoming “the main bank for SME customers” by offering total and innovative lending and financial transaction solutions.

The **retail loan segment** registered a growth of Baht 11,306 million, or 1.4%, from December 2018.

- **Auto hire purchase loans** grew by 2.9%, or Baht 10,589 million, from December 2018, reflecting strong domestic car sales due to an improvement in consumer confidence and the introduction of new models, together with our strong relationship with strategic partners and dealers.

- **Mortgage loans** grew by 2.2%, or Baht 5,428 million, from December 2018. The growth of mortgage loans was supported by Krungsri's strategic focus on agile and digital solutions to deliver and enhance customer experience.
- **Credit cards and personal loans** contracted by 2.7%, or Baht 4,711 million, from December 2018, driven by seasonally lower spending patterns and loan repayments.

3.2.3 Loan classification and provision

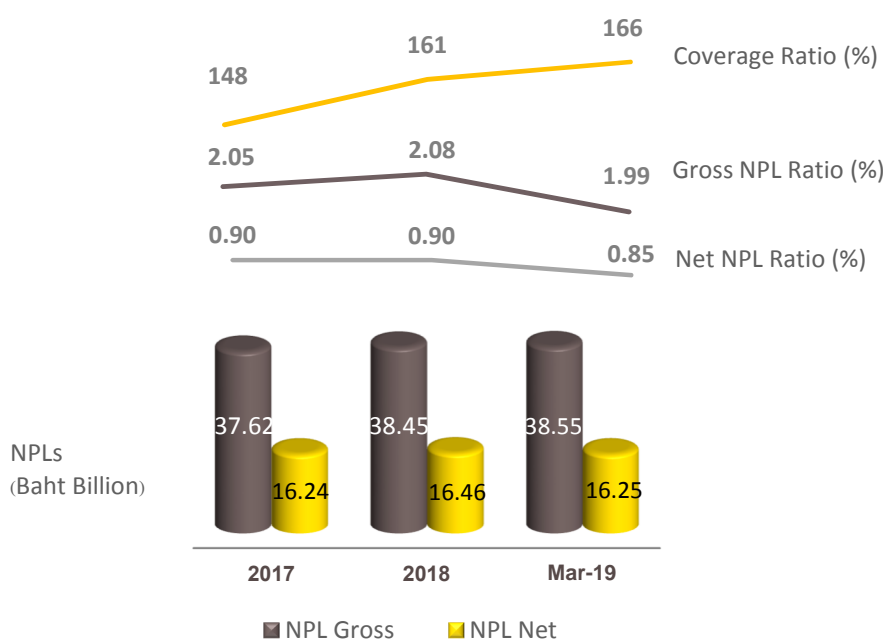
Unit : Baht mn

Consolidated	Mar. 31, 19		Dec. 31, 18		Change	
	Loans and Accrued Interest Receivable	Provision	Loans and Accrued Interest Receivable	Provision	Loans and Accrued Interest Receivable	Provision
Normal	1,620,151	12,893	1,583,364	12,418	36,787	475
Special mention	55,564	7,249	54,533	6,375	1,031	874
Substandard	8,990	4,808	10,066	5,148	(1,076)	(340)
Doubtful	5,608	2,896	5,500	2,787	108	109
Doubtful of loss	23,951	13,841	22,881	13,322	1,070	519
Total	1,714,264	41,687	1,676,344	40,050	37,920	1,637
Surplus Reserve		20,172		19,741		431
Total	1,714,264	61,859	1,676,344	59,791	37,920	2,068

3.2.4 Non-performing loans

Consolidated	Mar. 31, 19	Dec. 31, 18	Change from Dec. 31, 18	
			Baht mn	%
Non-Performing Loans (Net)	16,248	16,455	(207)	(1.3)
Non-Performing Loans (Gross)	38,548	38,446	102	0.3
Loans Loss Reserves (LLR)	63,883	61,808	2,075	3.4
Coverage Ratio	165.7%	160.8%	4.9%	3.0
BOT Requirement	43,711	42,066	1,645	3.9
Actual / Required LLR	146.1%	146.9%	(0.8%)	(0.5)

NPLs and Coverage Ratio



NPL by Segment

Consolidated	Mar. 31, 19	Dec. 31, 18	Sep. 30, 18	Jun. 30, 18	Mar. 31, 18
Corporate	1.0%	1.1%	1.2%	1.2%	1.3%
SME	6.0%	6.3%	6.5%	6.4%	7.1%
Retail	2.0%	2.0%	2.0%	1.9%	1.8%
Hire Purchase	1.7%	1.8%	1.7%	1.6%	1.5%
Mortgage	2.7%	2.6%	2.7%	2.6%	2.5%
Personal Loan, Credit Card, and Other	1.7%	1.6%	1.6%	1.5%	1.7%

As of March 31, 2019, gross NPLs stood at Baht 38,548 million, a slightly increase of Baht 102 million, or 0.3%, from Baht 38,446 million at the end of 2018.

The ratio of gross NPLs as of March 31, 2019 stood at 1.99%, compared to 2.08% at the end of 2018, reflecting Krungsri Group's prudential risk management. By segment, asset quality improved for corporate, SME and hire purchase loans, while the NPL ratio of mortgage, credit card and personal loan increased marginally.

As of March 31, 2019, loan-loss reserves stood at Baht 63,883 million, with an excess of Baht 20,172 million over the Bank of Thailand's reserve requirements. Correspondingly, the actual provisioning ratio when compared to the Bank of Thailand's requirements stood at 146.1%.

Maintained as a prudential safeguard, the coverage ratio continued to improve to 165.7% in 1Q/19, compared to 160.8% at the end of 2018.

3.3 Funding Structure

Deposits

Consolidated	Mar. 31, 19	Dec. 31, 18	Change from Dec. 31, 18	
			Baht mn	%
Current	34,887	35,391	(504)	(1.4)
Savings	592,867	591,183	1,684	0.3
Time	837,623	799,774	37,849	4.7
< 6 Months	375,897	360,275	15,622	4.3
6 Months and < 1 Year	74,644	127,892	(53,248)	(41.6)
1 Year and over 1 Year	387,082	311,607	75,475	24.2
Total Deposit	1,465,377	1,426,348	39,029	2.7

Borrowing

Consolidated	Mar. 31, 19	Dec. 31, 18	Change from Dec. 31, 18	
			Baht mn	%
Debenture	90,626	108,640	(18,014)	(16.6)
Subordinated debenture	42,686	42,735	(49)	(0.1)
Other	4,164	4,275	(111)	(2.6)
Total Borrowing	137,476	155,650	(18,174)	(11.7)

As of March 31, 2019, deposits totaled Baht 1,465,377 million, an increase of Baht 39,029 million, or 2.7%, from December 2018, mainly attributed to an increase in time deposits of Baht 37,849 million. Time deposits with maturities ranging from one year to greater than one year increased by Baht 75,475 million, while deposits with maturities less than six months increased by Baht 15,622 million. The aforementioned increase was offset by a decrease in time deposits with maturities ranging from six months to less than one year amounting to Baht 53,248 million.

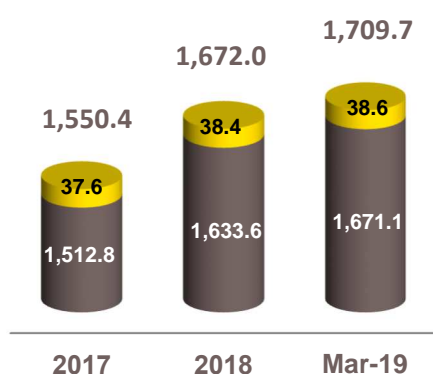
As a result, the proportion of current and savings deposits (CASA) as a percentage of total deposits moderated to 42.8%, compared to 43.9% in December 2018.

As of March 31, 2019, total borrowing stood at Baht 137,476 million, a decrease of Baht 18,174 million, or 11.7% from December 2018, mainly driven by a redemption of long-term debentures totaling Baht 18,014 million in 1Q/19.

Consequently, the loan to deposit ratio was maintained at 117%, and the loan to deposit plus debentures ratio slightly increased to 110%, compared to 109% in December 2018.

Loans

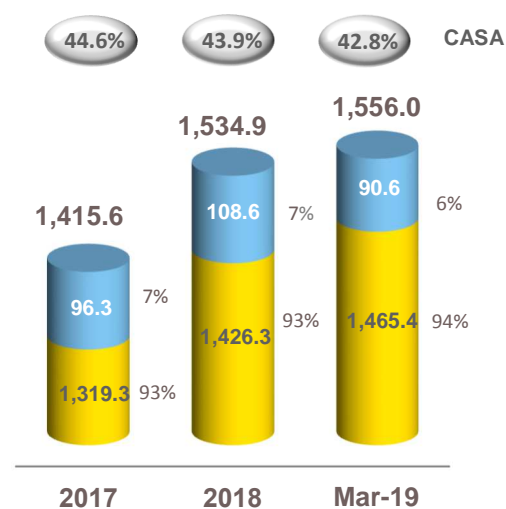
Unit: Baht Billion



■ Non-Performing Loan (NPL)
■ Performing Loan (PL)

Deposits + Debenture

Unit: Baht Billion



■ Deposit ■ Debenture

	2017	2018	Mar-19
L/D	118%	117%	117%
L/D + Debentures	110%	109%	110%

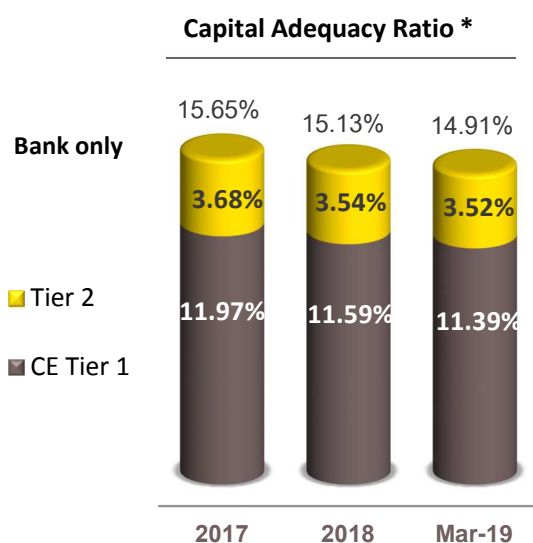
3.4 Contingencies

Consolidated	Mar. 31, 19	Dec. 31, 18	Change from Dec. 31, 18	
			Baht mn	%
Avals to bills and Guarantees of loans	3,980	3,541	439	12.4
Liability under unmatured import bills	1,451	1,955	(504)	(25.8)
Letters of credit	5,440	5,818	(378)	(6.5)
Other contingencies	98,530	95,063	3,467	3.6
Total	109,401	106,377	3,024	2.8

Krungsri Group's contingencies as of March 31, 2019 totaled Baht 109,401 million, an increase of Baht 3,024 million, or 2.8%, from December 31, 2018. The increase was mainly caused by an increase in other contingencies of Baht 3,467 million, mainly due to other guarantees and unused credit limits.

3.5 Statutory Capital

As of March 31, 2019, the Bank's capital increased to Baht 229,801 million, equivalent to 14.91% of risk-weighted assets, comprising common equity tier 1 capital of 11.39% and tier 2 capital of 3.52%.



* The BOT requires the Bank to maintain a minimum CAR at 8.5% and gradually increase the conservation buffer by 0.625% per year from January 1, 2016 until reaching 2.5% by January 1, 2019.

Baht Billion	2017	2018	Mar-19
CE Tier 1	167.53	175.38	175.62
Tier 2	51.50	53.60	54.18
Total Capital	219.03	228.98	229.80

Remark: BOT has adopted supervisory framework for Domestic Systemically Important Banks ("D-SIBs") by requiring qualified banks to maintain higher capital to better absorb losses from their operations. The Bank is identified as D-SIB and required to maintain additional 1% of common equity tier 1 ratio. This new requirement will be phasing in starting at 0.5% on January 1, 2019 and 1% on January 1, 2020.

4. Credit Ratings

The Bank's credit ratings assigned by Moody's Investors Service, Standard & Poor's, Fitch Ratings, and TRIS Rating as of March 31, 2019 are shown in the table below.

1. Moody's Investors Service

Bank Deposits

- Long Term	Baa1
- Short Term	Prime-2

Debt

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

Baseline Credit Assessment (BCA)	baa3
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2. Standard and Poor's

Issuer Credit Rating (ICR)

- Long Term	BBB+
- Short Term	A-2

Foreign Currency

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

Stand-alone Credit Profile (SACP)	bb+
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- Outlook	Stable
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3. Fitch Ratings

International Ratings (Foreign Currency)

- Long Term	A-
- Subordinated Debt	BBB+
- Short Term	F2
- Viability Rating	bbb
- Support	1
- Outlook	Stable

National Ratings

- Long Term – Debenture	AAA (tha)
- Subordinated Debt	AA+ (tha)
- Short Term	F1+ (tha)
- Outlook	Stable

4. TRIS Rating

National Ratings

- Company Rating	AAA
- Issue Rating (subordinated)	AA+
- Outlook	Stable