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## **Management Discussion and Analysis**

For the quarter and nine-month period ended  
September 30, 2019

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## Executive Summary:

Despite a deceleration in the Thai economy, **Krungsri delivered solid performance for the first nine months of 2019, with a net profit of Baht 26,311 million**, representing a robust 40.7% increase over the same period of 2018. The solid earnings were attributed to significantly higher non-interest income, driven by the recognition of gains on investments from the sales of 50% of shares in Ngern Tid Lor Company Limited (NTL) in 1Q/19, and higher net interest income, supported by a robust loan growth of 6.4% year-to-date.

Excluding the one-off items in 1Q/19\*, the normalized net profit for 9M/19 was recorded at Baht 20,503 million, increasing by 9.6%, or Baht 1,800 million from 9M/18.

**Total loans** outstanding reached Baht 1,778,561 million, an increase of Baht 106,543 million, or 6.4% from December 2018. Loan growth was broad-based, covering all key customer segments. The retail segment was the leading catalyst with a notable increase of Baht 54,513 million, or 6.9%, followed by Corporate and SME segments which increased Baht 30,998 million, or 5.0%, and Baht 21,032 million, or 8.4%, respectively.

**Deposits** totaled Baht 1,495,047 million, a marked increase of Baht 68,699 million, or 4.8%, from December 2018, largely driven by time deposits.

Compared to 9M/18, **non-interest income** significantly increased by 40.0%, or Baht 10,205 million, mainly driven by the recognition of gains on investments from the NTL transaction and a share of profit from investment using equity method.

**The non-performing loan (NPL) ratio** improved to 2.01% in September 2019 from 2.08% in December 2018.

**Loan-loss reserves** stood at Baht 66,874 million, with an excess of Baht 21,970 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 148.9%, while the coverage ratio improved to 167.0% from 160.8% in December 2018.

Corresponding to the higher net profit, **earnings per share (EPS)** rose to Baht 3.58 in 9M/19, from Baht 2.54 in 9M/18.

Krungsri continues to pursue opportunities for regional expansion, particularly in fast-growing economies, while applying our industry-leading expertise and best practices conducted through retail and consumer banking businesses. On August 8, 2019, Krungsri announced a plan to acquire 50% of shares of SB Finance Company Inc. (SBF), one of the fastest growing finance companies in the Philippines, from Security Bank Corporation (SBC) for an estimated consideration of Baht 1,096.9 million. The transaction is expected to be completed in 4Q/19.

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\* The recognition of gains on investment from the NTL transaction and the provision for compensation in personnel expenses relating to severance payment in accordance with the amended Labor Protection Act.

With the conviction of continuing to grow our business, while fulfilling the broader goal of sustainable banking particularly within the context of financial inclusion, in 3Q/19, Krungsri announced the planned issuance of the first private-sector “gender” bond in the Asia Pacific region and the first social bond issuance in Asian emerging markets in compliance with the International Capital Markets Association Social Bond Principles and the ASEAN Social Bond Standards. This inaugural certified social bond issuance will help expand credit lines to women-led small and medium-sized enterprises (WSMEs) — an important sector that drives Thailand’s economic growth and employment.

Given the decelerating economy, driven mainly by a global economic slowdown, which affected domestic demand, Krungsri anticipates the Thai economy to expand at a slower rate than previously forecasted and revised down the growth projection to 2.9% from 3.2%. Nevertheless, an accommodative monetary policy together with fiscal stimulus measures will provide support to maintain growth momentum for the year’s remaining quarter. Krungsri expects the 2019 loan growth performance to be in the upper band of the Bank’s target range of 6 - 8%.

**NIM: 3.68%**

**Net Profit:  
Baht 26.3 billion**

**Coverage Ratio: 167.0%**

**NPL Ratio: 2.01%**

## Summary of Financial Performance and Status:

### Key 9M/2019 deliverables:

- **Net Profit:**

*Recorded at Baht 26,311 million for 9M/19, representing a 40.7% increase over 9M/18.*

*(Upon adjusting the one-time items in 1Q/19, the normalized net profit for 9M/19 increased by Baht 1,800 million, or 9.6%, from 9M/18.)*

- **Loan Growth:**

*Increased by 6.4%, or Baht 106,543 million, compared to December 2018, and increased by 1.3%, or Baht 22,198 million, compared to June 2019.*

- **Deposit Growth:**

*Rose by 4.8%, or Baht 68,699 million, compared to December 2018, and decreased by 0.2%, or Baht 2,422 million, compared to June 2019.*

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

*Moderated to 3.68% from 3.81% in 9M/18, mainly due to the sales of 50% shares in NTL, whereas yields on other loan segments were generally sustained.*

- **Non-Interest Income:**

*Significantly increased by 40.0%, or Baht 10,205 million, from 9M/18, mainly driven by the recognition of gains on investments from the NTL transaction and a share of profit from investment.*

*(Upon adjusting the aforementioned one-time gains on investments, normalized non-interest income still strongly increased by Baht 1,580 million, or 6.2%, from 9M/18.)*

- **Cost to Income Ratio:**

*Recorded at 42.6%, improving from 46.7% in 9M/18.*

*(Upon adjusting the one-time items in 1Q/19, the cost to income ratio was recorded at 45.6% in 9M/19.)*

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

*Improved to 2.01%, from 2.08% in December 2018.*

- **Coverage Ratio:**

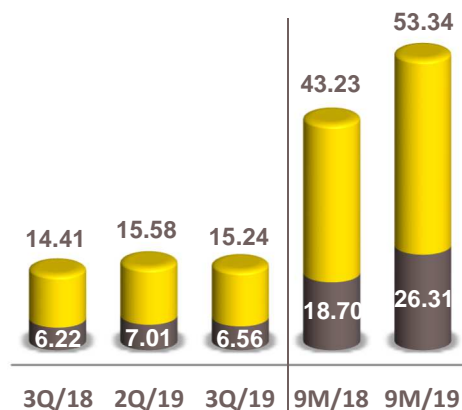
*Recorded at 167.0%, improving from 160.8% in December 2018.*

- **Capital Adequacy Ratio:**

*Recorded at 16.46%, compared to 15.13% in December 2018.*

## PPOP & Net Profit

Unit: Baht Billion



■ Net Profit ■ PPOP (Pre-Provision Operating Profit)

### For the third quarter period ended September 30, 2019

In 3Q/19, the operating profit was Baht 15,235 million, a decrease of Baht 345 million, or 2.2%, on a quarter-on-quarter basis, mainly due to decreases in net fee and service income and gains on investments and an increase of other operating expenses, while being partially offset by an increase in net interest income.

The net profit for 3Q/19 totaled Baht 6,564 million, representing a decrease of Baht 446 million, or 6.4% compared to 2Q/19, mainly resulting from a lower operating profit and a slightly higher loan-loss provision, corresponding to our prudential provisioning policy in light of decelerating economy.

On a year-on-year basis, the operating profit increased by Baht 830 million or 5.8% from 3Q/18, largely driven by an increase in non-interest income which was mainly driven by a share of profit from investment using equity method and gain on sales of properties for sale.

The net profit increased by Baht 349 million, or 5.6%, from 3Q/18, mainly attributed to higher operating profit, offset by an increase in a higher loan-loss provision.

### For the nine-month period ended September 30, 2019

For 9M/19, the operating profit was Baht 53,340 million, representing an increase of Baht 10,109 million, or 23.4% compared to 9M/18, driven largely by higher non-interest income which was significantly driven by the recognition of gains on investment from the sale of 50% of shares in NTL, and net interest income from healthy loan growth, offset by an increase in other operating expenses mainly corresponding to the higher provision for compensation for severance payment in 1Q/19.

The net profit registered Baht 26,311 million, an increase of Baht 7,608 million, or 40.7% year-on-year, driven largely by the higher operating profit.

Excluding the gains from one-time items in 1Q/19, the normalized net profit in 9M/19 increased by Baht 1,800 million, or 9.6%, from 9M/18.

## 1. Statements of Profit or Loss and Other Comprehensive Income

Consolidated	3Q/19	2Q/19	3Q/18	Change QoQ		Change YoY	
				Baht mn	%	Baht mn	%
Interest Income	27,775	27,445	27,151	330	1.2	624	2.3
Interest Expenses	8,654	8,683	8,068	(29)	(0.3)	586	7.3
<b>Interest Income, Net</b>	<b>19,121</b>	<b>18,762</b>	<b>19,083</b>	<b>359</b>	<b>1.9</b>	<b>38</b>	<b>0.2</b>
Fees and Service Income	7,238	7,309	7,046	(71)	(1.0)	192	2.7
Fees and Service Expense	1,964	1,898	1,924	66	3.5	40	2.1
<b>Fees and Service Income, Net</b>	<b>5,274</b>	<b>5,411</b>	<b>5,122</b>	<b>(137)</b>	<b>(2.5)</b>	<b>152</b>	<b>3.0</b>
Non-interest and Non-fees Income	3,821	3,867	3,088	(46)	(1.2)	733	23.7
Other Operating Expenses	12,981	12,460	12,888	521	4.2	93	0.7
<b>Pre-Provision Operating Profit (PPOP)</b>	<b>15,235</b>	<b>15,580</b>	<b>14,405</b>	<b>(345)</b>	<b>(2.2)</b>	<b>830</b>	<b>5.8</b>
Impairment Loss of Loan and Debt Securities	6,942	6,725	6,303	217	3.2	639	10.1
Income Tax Expense	1,623	1,738	1,783	(115)	(6.6)	(160)	(9.0)
<b>Net Profit</b>	<b>6,670</b>	<b>7,117</b>	<b>6,319</b>	<b>(447)</b>	<b>(6.3)</b>	<b>351</b>	<b>5.6</b>
Other Comprehensive Income, Net	(229)	(324)	(162)	95	29.3	(67)	(41.4)
<b>Total Comprehensive Income</b>	<b>6,441</b>	<b>6,793</b>	<b>6,157</b>	<b>(352)</b>	<b>(5.2)</b>	<b>284</b>	<b>4.6</b>
Net Profit Attributable To							
Owners of the Bank	6,564	7,010	6,215	(446)	(6.4)	349	5.6
Non-Controlling Interest	106	107	104	(1)	(0.9)	2	1.9
<b>Net Profit</b>	<b>6,670</b>	<b>7,117</b>	<b>6,319</b>	<b>(447)</b>	<b>(6.3)</b>	<b>351</b>	<b>5.6</b>
Total Comprehensive Income Attributable To							
Owners of the Bank	6,335	6,686	6,053	(351)	(5.2)	282	4.7
Non-Controlling Interest	106	107	104	(1)	(0.9)	2	1.9
<b>Total Comprehensive Income</b>	<b>6,441</b>	<b>6,793</b>	<b>6,157</b>	<b>(352)</b>	<b>(5.2)</b>	<b>284</b>	<b>4.6</b>
<b>Earning Per Share (Baht)</b>	<b>0.89</b>	<b>0.95</b>	<b>0.84</b>	<b>(0.06)</b>	<b>(6.3)</b>	<b>0.05</b>	<b>6.0</b>

Consolidated	9M/19	9M/18	Change YoY	
			Baht mn	%
Interest Income	82,709	79,041	3,668	4.6
Interest Expense	25,414	23,447	1,967	8.4
<b>Interest Income, Net</b>	<b>57,295</b>	<b>55,594</b>	<b>1,701</b>	<b>3.1</b>
Fees and Service Income	21,857	21,298	559	2.6
Fees and Service Expense	5,876	5,669	207	3.7
<b>Fees and Service Income, Net</b>	<b>15,981</b>	<b>15,629</b>	<b>352</b>	<b>2.3</b>
Non-interest and Non-fees Income	19,726	9,873	9,853	99.8
Other Operating Expenses	39,662	37,865	1,797	4.7
<b>Pre-Provision Operating Profit (PPOP)</b>	<b>53,340</b>	<b>43,231</b>	<b>10,109</b>	<b>23.4</b>
Impairment Loss of Loan and Debt Securities	20,016	19,390	626	3.2
Income Tax Expense	6,722	4,850	1,872	38.6
<b>Net Profit</b>	<b>26,602</b>	<b>18,991</b>	<b>7,611</b>	<b>40.1</b>
Other Comprehensive Income, Net	(263)	(771)	508	65.9
<b>Total Comprehensive Income</b>	<b>26,339</b>	<b>18,220</b>	<b>8,119</b>	<b>44.6</b>
Net Profit Attributable To				
Owners of the Bank	26,311	18,703	7,608	40.7
Non-Controlling Interest	291	288	3	1.0
<b>Net Profit</b>	<b>26,602</b>	<b>18,991</b>	<b>7,611</b>	<b>40.1</b>
Total Comprehensive Income Attributable To				
Owners of the Bank	26,048	17,932	8,116	45.3
Non-Controlling Interest	291	288	3	1.0
<b>Total Comprehensive Income</b>	<b>26,339</b>	<b>18,220</b>	<b>8,119</b>	<b>44.6</b>
<b>Earning Per Share (Baht)</b>	<b>3.58</b>	<b>2.54</b>	<b>1.04</b>	<b>40.9</b>

## 2. Financial Performance

### 2.1 Net Interest Income

Consolidated	3Q/19	2Q/19	3Q/18	Change QoQ		Change YoY	
				Baht mn	%	Baht mn	%
<b>INTEREST INCOME</b>							
Interest on loans	18,121	17,858	17,656	263	1.5	465	2.6
Interest on interbank and money market items	1,187	1,382	1,422	(195)	(14.1)	(235)	(16.5)
Hire purchase and financial lease income	7,829	7,544	7,567	285	3.8	262	3.5
Investments and trading transactions	24	22	4	2	9.1	20	500.0
Investments in debt securities	584	621	502	(37)	(6.0)	82	16.3
Other interest income	30	18	0	12	66.7	30	-
<b>Total Interest Income</b>	<b>27,775</b>	<b>27,445</b>	<b>27,151</b>	<b>330</b>	<b>1.2</b>	<b>624</b>	<b>2.3</b>
<b>INTEREST EXPENSE</b>							
Interest on deposits	4,726	4,664	3,806	62	1.3	920	24.2
Interest on interbank and money market items	973	1,134	1,419	(161)	(14.2)	(446)	(31.4)
Interest on borrowings	1,159	1,049	1,149	110	10.5	10	0.9
Contribution to Financial Institution Development							
Fund and Deposit Protection Agency	1,776	1,814	1,683	(38)	(2.1)	93	5.5
Borrowing fee expenses	11	9	7	2	22.2	4	57.1
Other interest expenses	9	13	4	(4)	(30.8)	5	125.0
<b>Total Interest Expenses</b>	<b>8,654</b>	<b>8,683</b>	<b>8,068</b>	<b>(29)</b>	<b>(0.3)</b>	<b>586</b>	<b>7.3</b>
<b>Interest Income, Net</b>	<b>19,121</b>	<b>18,762</b>	<b>19,083</b>	<b>359</b>	<b>1.9</b>	<b>38</b>	<b>0.2</b>
Net Interest Margin	3.61%	3.58%	3.87%				
Yield on Earning Assets	5.24%	5.24%	5.51%				
Cost of Funds	1.82%	1.84%	1.82%				



Consolidated	9M/19	9M/18	Change YoY	
			Baht mn	%
<b>INTEREST INCOME</b>				
Interest on loans	54,186	50,957	3,229	6.3
Interest on interbank and money market items	3,623	4,734	(1,111)	(23.5)
Hire purchase and financial lease income	22,994	22,059	935	4.2
Investments and trading transactions	65	22	43	195.5
Investments in debt securities	1,776	1,269	507	40.0
Other Interest Income	65	0	65	-
<b>Total Interest Income</b>	<b>82,709</b>	<b>79,041</b>	<b>3,668</b>	<b>4.6</b>
<b>INTEREST EXPENSE</b>				
Interest on deposits	13,621	11,036	2,585	23.4
Interest on interbank and money market items	3,166	4,062	(896)	(22.1)
Interest on borrowings	3,233	3,297	(64)	(1.9)
Contributions to Financial Institution Development				
Fund and Deposit Protection Agency	5,308	5,014	294	5.9
Borrowing fee expenses	36	25	11	44.0
Other interest expenses	50	13	37	284.6
<b>Total Interest Expenses</b>	<b>25,414</b>	<b>23,447</b>	<b>1,967</b>	<b>8.4</b>
<b>Interest Income, Net</b>	<b>57,295</b>	<b>55,594</b>	<b>1,701</b>	<b>3.1</b>
Net Interest Margin	3.68%	3.81%		
Yield on Earning Assets	5.32%	5.42%		
Cost of Funds	1.81%	1.78%		

### For the third quarter period ended September 30, 2019

Interest income in 3Q/19 was recorded at Baht 27,775 million, an increase of Baht 330 million, or 1.2%, from 2Q/19, mainly driven by:

- Interest on hire purchase and financial lease income increased by Baht 285 million, or 3.8%, mirroring an auto hire purchase portfolio expansion.
- Interest on loans increased by Baht 263 million, or 1.5%, resulting from a higher loan volume.
- Interest on interbank and money market items decreased by Baht 195 million, or 14.1%, mainly due to a decrease in deposits and loans with financial institutions.

Interest expenses in 3Q/19 were at Baht 8,654 million, a slight decrease of Baht 29 million, or 0.3%, from 2Q/19, mainly caused by a decrease in interest on interbank and money market items of Baht 161 million, or 14.2%, due to a lower outstanding loan balance from financial institutions, offset by an increase in interest on borrowing of Baht 110 million, or 10.5%, mainly resulting from the issuance of the subordinated debentures in 2Q/19.

Consequently, net interest income in 3Q/19 was Baht 19,121 million, an increase of Baht 359 million, or 1.9%, from 2Q/19.

On a year-on-year basis, interest income increased by Baht 624 million, or 2.3%. Key items are as follows:

- Interest on loans increased by Baht 465 million, or 2.6.
- Interest on hire purchase and financial lease income increased by Baht 262 million, or 3.5.
- Interest on interbank and money market items decreased by Baht 235 million, or 16.5%.

Interest expenses increased by Baht 586 million, or 7.3%, from 3Q/18, mainly caused by an increase in interest on deposits of Baht 920 million, or 24.2%, reflecting a higher outstanding balance of deposits of Baht 118,461 million or 8.6%, offset by a decrease in interest on interbank and money market items of Baht 446 million, or 31.4%.

Consequently, net interest income in 3Q/19 slightly increased by Baht 38 million, or 0.2%, from 3Q/18.

### **For the nine-month period ended September 30, 2019**

In the first nine months of 2019, interest income was recorded at Baht 82,709 million, an increase of Baht 3,668 million, or 4.6%, compared to the same period last year. Key items are as follows:

- Interest on loans increased by Baht 3,229 million, or 6.3%, resulting primarily from a strong loan portfolio expansion.
- Interest on hire purchase and financial lease income increased by Baht 935 million, or 4.2%, resulting from an auto hire purchase portfolio expansion.
- Interest on investments in debt securities increased by Baht 507 million, or 40.0%, caused by a higher Available for Sale (AFS) portfolio.
- Interest on interbank and money market items decreased by Baht 1,111 million, or 23.5%, mainly due to lower repurchase agreement transactions.

Interest expenses increased by Baht 1,967 million, or 8.4% year-on-year. Key items are as follows:

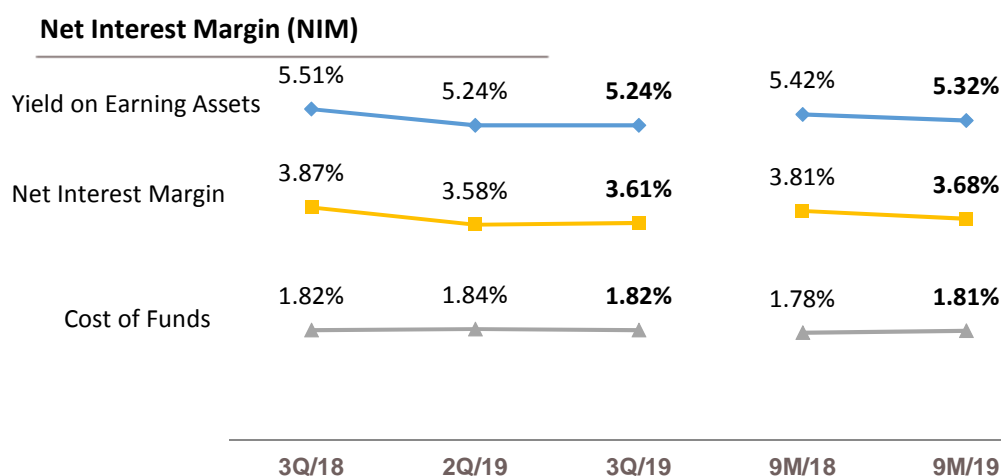
- Interest on deposits increased by Baht 2,585 million, or 23.4%, reflecting a higher outstanding balance of deposits.
- Contributions to the FIDF and the DPA increased Baht 294 million, or 5.9%, corresponding to a higher deposit volume.
- Interest on interbank and money market items decreased by Baht 896 million, or 22.1%.

Consequently, net interest income increased by Baht 1,701 million, or 3.1%, compared to the same period last year.

In 3Q/19, the yield on earning assets was maintained at 5.24%. In response to the Bank of Thailand's policy rate cut, the Bank announced a 0.25% reduction of Minimum Overdraft Rate (MOR) and Minimum Retail Rate (MRR) which was in effect from August 19, 2019 onwards. Notwithstanding the aforementioned interest rate reductions, yield on loans increased to 5.87% from 5.86% in 2Q/19, mirroring the rebalancing of loan portfolio to higher yielding segments during the period.

Meanwhile cost of funds decreased to 1.82% from 1.84% in 2Q/19, reflecting lower cost of deposits. Cost of deposits decreased to 1.72% from 1.73% in 2Q/19, due to a decrease in time deposits. Consequently, NIM improved to 3.61% from 3.58% in 2Q/19.

For 9M/19, NIM moderated to 3.68% from 3.81% registered in 9M/18, mainly due to the sales of 50% shares in NTL, whereas yields on other loan segments were generally sustained.



	3Q/18	2Q/19	3Q/19	9M/18	9M/19
Yield on Loans	6.10%	5.86%	<b>5.87%</b>	6.05%	<b>5.90%</b>
Cost of Deposits	1.57%	1.73%	<b>1.72%</b>	1.56%	<b>1.70%</b>

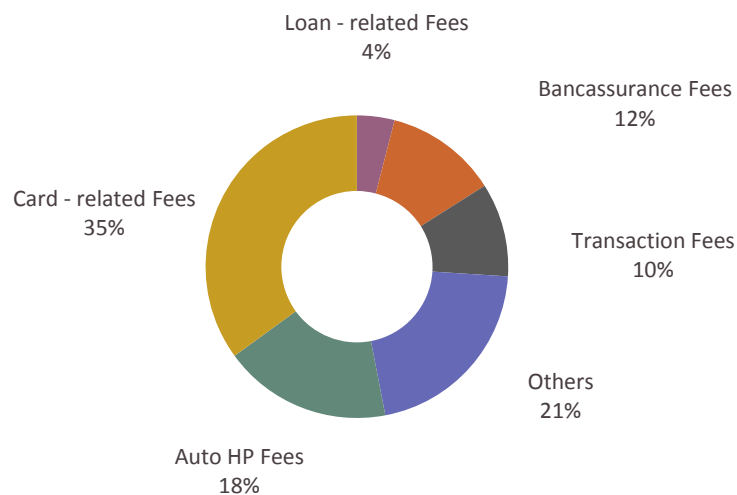
	Dec-17	Mar-18	Jun-18	Sep-18	Dec-18	Mar-19	Jun-19	Sep-19
Policy Rate	1.50%	1.50%	1.50%	1.50%	1.75%	1.75%	1.75%	1.50%
Krungsri Lending Rate (MLR)	6.60%	6.60%	6.60%	6.60%	6.60%	6.60%	6.60%	6.60%
Savings Rate	0.30%	0.30%	0.30%	0.30%	0.30%	0.30%	0.30%	0.30%
3 - month deposits	0.80-1.00%	0.80-1.00%	0.80-1.00%	0.80-1.00%	0.80-1.00%	0.80-1.00%	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%	0.90-1.40%	0.90-1.40%
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%	1.10-1.55%	1.10-1.55%

## 2.2 Non-Interest Income

Consolidated	3Q/19	2Q/19	3Q/18	Change QoQ		Change YoY	
				Baht mn	%	Baht mn	%
Acceptances, aval and guarantees	129	130	133	(1)	(0.8)	(4)	(3.0)
Other fees and service income	7,109	7,179	6,913	(70)	(1.0)	196	2.8
<b>Fees and service income</b>	<b>7,238</b>	<b>7,309</b>	<b>7,046</b>	<b>(71)</b>	<b>(1.0)</b>	<b>192</b>	<b>2.7</b>
Fees and service expense	1,964	1,898	1,924	66	3.5	40	2.1
<b>Fees and Service Income, net</b>	<b>5,274</b>	<b>5,411</b>	<b>5,122</b>	<b>(137)</b>	<b>(2.5)</b>	<b>152</b>	<b>3.0</b>
Gains (losses) on trading and foreign exchange transactions	1,021	1,046	1,067	(25)	(2.4)	(46)	(4.3)
Gains (losses) on investments	115	402	44	(287)	(71.4)	71	161.4
Share of profit (loss) from investment using equity method	397	412	97	(15)	(3.6)	300	309.3
Bad debt recoveries	1,595	1,530	1,549	65	4.2	46	3.0
Other operating income	693	477	331	216	45.3	362	109.4
<b>Total Non-interest and Non-fees Income</b>	<b>3,821</b>	<b>3,867</b>	<b>3,088</b>	<b>(46)</b>	<b>(1.2)</b>	<b>733</b>	<b>23.7</b>
<b>Non-Interest Income</b>	<b>9,095</b>	<b>9,278</b>	<b>8,210</b>	<b>(183)</b>	<b>(2.0)</b>	<b>885</b>	<b>10.8</b>

Consolidated	9M/19	9M/18	Change YoY	
			Baht mn	%
Acceptances, aval and guarantees	389	389	0	0.0
Other fees and service income	21,468	20,909	559	2.7
<b>Fees and service income</b>	<b>21,857</b>	<b>21,298</b>	<b>559</b>	<b>2.6</b>
Fees and service expense	5,876	5,669	207	3.7
<b>Fees and Service Income, net</b>	<b>15,981</b>	<b>15,629</b>	<b>352</b>	<b>2.3</b>
Gains (losses) on trading and foreign exchange transactions	3,226	3,511	(285)	(8.1)
Gains (losses) on investments	9,188	378	8,810	2,330.7
Share of profit (loss) from investment using equity method	1,000	315	685	217.5
Bad debt recoveries	4,725	4,444	281	6.3
Other operating income	1,587	1,225	362	29.6
<b>Total Non-Interest and Non-fees Income</b>	<b>19,726</b>	<b>9,873</b>	<b>9,853</b>	<b>99.8</b>
<b>Non-Interest Income</b>	<b>35,707</b>	<b>25,502</b>	<b>10,205</b>	<b>40.0</b>

### Fees & Service Income Breakdown in 3Q/19



## For the third quarter period ended September 30, 2019

Total non-interest income in 3Q/19 was Baht 9,095 million, decreasing by Baht 183 million, or 2.0% from 2Q/19. Details are as follows:

- Net fees and service income was Baht 5,274 million, decreasing by Baht 137 million, or 2.5%. Key items are:
  - Card-related fees decreased by Baht 181 million, or 6.7%.
  - Auto hire purchase fees decreased by Baht 25 million, or 1.9%.
  - Loan-related fees decreased by Baht 22 million, or 6.9%.
  - Transaction fees increased by Baht 48 million, or 6.7%.
  - Bancassurance fees increased by Baht 45 million, or 5.5%.
  - Wealth & fund management and securities-related fees increased by Baht 24 million, or 2.1%.
  - Fees and service expenses increased by Baht 66 million, or 3.5%, mainly resulting from collection fees and ATM and card network fees.
- Bad debt recoveries increased by Baht 65 million or 4.2%.
- Other operating income increased by Baht 216 million, or 45.3%, mainly driven by gain on sales of properties for sale.
- Gains on investments decreased by Baht 287 million, or 71.4%, driven largely by the absence of gain on sale of equity investments in 2Q/19.
- Gains on trading and foreign exchange transactions decreased by Baht 25 million, or 2.4%.

On a year-on-year basis, total non-interest income increased by Baht 885 million, or 10.8%. Details are as follows:

- Net fees and service income increased by Baht 152 million, or 3.0%. Key items are:
  - Card-related fees increased by Baht 82 million, or 3.4%.
  - Loan-related fees increased by Baht 53 million, or 21.2%.
  - Auto hire purchase fees increased by Baht 29 million, or 2.2%.
  - Transaction fees increased by Baht 20 million, or 2.7%.
  - Wealth & fund management and securities-related fees increased by Baht 11 million, or 1.0%.
  - Collection fees decreased by Baht 114 million, or 44.2%.
  - Fees and service expenses increased by Baht 40 million, or 2.1%, mainly resulting from ATM and card network fees.
- A share of profit from investment using equity method increased by Baht 300 million, or 309.3%, driven by the change in control over NTL to a 50% joint venture.
- Gains on investments increased by Baht 71 million, or 161.4%.
- Bad debt recoveries increased by Baht 46 million, or 3.0%.

- Other operating income increased by Baht 362 million, or 109.4%, mainly driven by gain on sales of properties for sale which increased by Baht 252 million and dividend income increased by Baht 19 million, or 27.0%.
- Gains on trading and foreign exchange transactions decreased by Baht 46 million, or 4.3%, mainly due to a decrease in interest rate derivatives.

### For the nine-month period ended September 30, 2019

For 9M/19, non-interest income was Baht 35,707 million, a robust increase of Baht 10,205 million, or 40.0%, compared to the same period last year. Details are as follows:

- Net fees and service income was Baht 15,981 million, an increase of Baht 352 million, or 2.3%. Key items are:
  - Card-related fees increased by Baht 844 million, or 11.8%.
  - Loan-related fees increased by Baht 173 million, or 23.3%.
  - Wealth & fund management and securities-related fees decreased by Baht 224 million, or 6.3%.
  - Collection fees decreased by Baht 209 million, or 27.6%.
  - Bancassurance fees decreased by Baht 119 million, or 4.5%.
  - Transaction fees decreased by Baht 106 million, or 4.7%.
  - Fees and service expenses increased by Baht 207 million, or 3.7%, mainly resulting from ATM and card network fees.
- Gains on investments significantly increased by Baht 8,810 million, or 2,330.7%, mainly due to the one-time gains on investments from the NTL transaction in 1Q/19.
- A share of profit from investment using equity method increased by Baht 685 million, or 217.5%, driven by the change in control over NTL to a 50% joint venture.
- Bad debt recoveries increased by Baht 281 million, or 6.3%.
- Gains on trading and foreign exchange transactions decreased by Baht 285 million, or 8.1%, mainly due to a decrease in interest rate derivatives.

## 2.3 Other Operating Expenses

Consolidated	3Q/19	2Q/19	3Q/18	Change QoQ		Change YoY	
				Baht mn	%	Baht mn	%
Employee expenses	6,670	6,512	6,611	158	2.4	59	0.9
Premises and equipment expenses	1,905	1,927	2,037	(22)	(1.1)	(132)	(6.5)
Taxes and duties	703	709	694	(6)	(0.8)	9	1.3
Directors' remuneration	15	15	14	0	0.0	1	7.1
Other expenses	3,688	3,297	3,532	391	11.9	156	4.4
<b>Total Other Operating Expenses</b>	<b>12,981</b>	<b>12,460</b>	<b>12,888</b>	<b>521</b>	<b>4.2</b>	<b>93</b>	<b>0.7</b>

Consolidated	9M/19	9M/18	Change YoY	
			Baht mn	%
Employee expenses	21,134	19,607	1,527	7.8
Premises and equipment expenses	5,909	6,235	(326)	(5.2)
Taxes and duties	2,162	2,060	102	5.0
Directors' remuneration	44	44	0	0.0
Other expenses	10,413	9,919	494	5.0
<b>Total Other Operating Expenses</b>	<b>39,662</b>	<b>37,865</b>	<b>1,797</b>	<b>4.7</b>

### For the third quarter period ended September 30, 2019

Total other operating expenses were Baht 12,981 million, increasing by Baht 521 million, or 4.2% from 2Q/19, mainly driven by an increase of Baht 391 million, or 11.9% in other expenses which were driven by an increase in impairment of Non-Performing Assets (NPA) and marketing and promotion expenses, and an increase of Baht 158 million, or 2.4%, in employee expenses.

On a year-on-year basis, total other operating expenses increased by Baht 93 million, or 0.7%, mainly resulting from an increase in other expenses of Baht 156 million, or 4.4%, following an increase in IT expenses, offset by a decrease in premises and equipment expenses of Baht 132 million, or 6.5%, mainly resulting from a decrease in rental expenses.

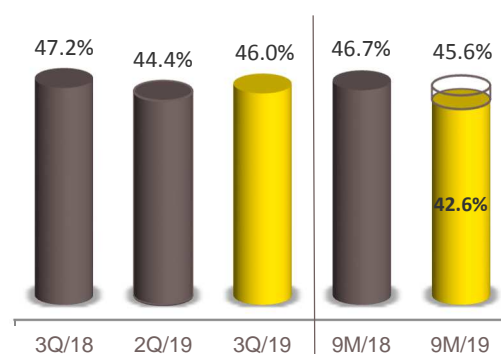


## For the nine-month period ended September 30, 2019

For the first nine months of 2019, total other operating expenses were Baht 39,662 million, increasing by Baht 1,797 million, or 4.7%, compared to the same period last year. Key items are as follows:

- Employee expenses increased by Baht 1,527 million, or 7.8%, mainly resulting from the aforementioned one-time severance provision recorded in 1Q/19, together with annual merit increases and staff promotions.
- Other expenses increased by Baht 494 million, or 5.0%, driven by an increase of IT expenses, and marketing and promotion expenses.
- Premises and equipment expenses decreased by Baht 326 million, or 5.2%, driven mainly by a decrease in rental expenses.

Cost to income Ratio



The cost-to-income ratio was recorded at 46.0% in 3Q/19, compared to 44.4% in 2Q/19.

For 9M/2019, the normalized cost-to-income ratio was recorded at 45.6%, improving from 46.7% in 9M/18, as a result of our continued efforts to enhance operating efficiency and improve income generating capabilities.

*(Incorporating the one-time items\* in 1Q/19, the cost-to-income ratio stood at 42.6% in 9M/19.)*

\*The recognition of gains on investment from the NTL transaction and the provision for compensation in personnel expenses relating to severance payment in accordance with the amended Labor Protection Act.

## 2.4 Impairment loss of loans and debt securities

Consolidated	3Q/19	2Q/19	3Q/18	Change QoQ		Change YoY	
				Baht mn	%	Baht mn	%
Bad Debt and Doubtful Accounts	6,661	6,459	5,709	202	3.1	952	16.7
Loss on Debt Restructuring	281	266	594	15	5.6	(313)	(52.7)
<b>Total impairment loss of loan and debt securities</b>	<b>6,942</b>	<b>6,725</b>	<b>6,303</b>	<b>217</b>	<b>3.2</b>	<b>639</b>	<b>10.1</b>

Consolidated	9M/19	9M/18	Change YoY	
			Baht mn	%
Bad Debt and Doubtful Accounts	19,157	18,047	1,110	6.2
Loss on Debt Restructuring	859	1,343	(484)	(36.0)
<b>Total impairment loss of loan and debt securities</b>	<b>20,016</b>	<b>19,390</b>	<b>626</b>	<b>3.2</b>

The loan-loss provision in 3Q/19 amounted to Baht 6,942 million, an increase of Baht 217 million, or 3.2%, from 2Q/19, corresponding to our approach of prudential buffer in light of decelerating economy.

In 9M/19, the loan-loss provision was recorded at Baht 20,016 million, representing an increase of Baht 626 million, or 3.2%, on a year-on-year basis, and corresponding to the improvement of coverage ratio during the period.

### 3. Financial Status

#### 3.1 Statement of Financial Position

Consolidated	As at	As at	As at	Change from		Change from	
	Sep. 30, 19	Jun. 30, 19	Dec. 31, 18	Jun. 30, 19		Dec. 31, 18	
				Baht mn	%	Baht mn	%
<b>ASSETS</b>							
Cash	30,503	30,735	34,680	(232)	(0.8)	(4,177)	(12.0)
Interbank and money market items, net	275,165	279,486	245,553	(4,321)	(1.5)	29,612	12.1
Investments, net	115,666	143,234	134,749	(27,568)	(19.2)	(19,083)	(14.2)
Investments in subsidiaries and joint ventures, net	11,648	11,251	2,620	397	3.5	9,028	344.6
Loans to customers	1,866,616	1,840,857	1,749,254	25,759	1.4	117,362	6.7
Accrued interest receivable	4,788	4,450	4,326	338	7.6	462	10.7
Deferred revenue	(88,055)	(84,494)	(77,236)	(3,561)	(4.2)	(10,819)	(14.0)
Allowance for doubtful accounts	(64,842)	(62,363)	(59,791)	(2,479)	(4.0)	(5,051)	(8.4)
Revaluation allowance for debt restructuring	(1,646)	(1,620)	(1,569)	(26)	(1.6)	(77)	(4.9)
Properties for sale, net	3,470	3,370	3,478	100	3.0	(8)	(0.2)
Assets classified as held for sale	0	0	39,536	0	-	(39,536)	(100.0)
Others	115,875	112,305	98,022	3,570	3.2	17,853	18.2
<b>TOTAL ASSETS</b>	<b>2,269,188</b>	<b>2,277,211</b>	<b>2,173,622</b>	<b>(8,023)</b>	<b>(0.4)</b>	<b>95,566</b>	<b>4.4</b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>							
Deposits	1,495,047	1,497,469	1,426,348	(2,422)	(0.2)	68,699	4.8
Interbank and money market items, net	243,143	243,767	244,097	(624)	(0.3)	(954)	(0.4)
Debt issued and borrowings	164,242	163,553	155,650	689	0.4	8,592	5.5
Liabilities directly associated with assets classified as held for sale	0	0	13,784	0	-	(13,784)	(100.0)
Others	103,086	112,250	90,025	(9,164)	(8.2)	13,061	14.5
<b>TOTAL LIABILITIES</b>	<b>2,005,518</b>	<b>2,017,039</b>	<b>1,929,904</b>	<b>(11,521)</b>	<b>(0.6)</b>	<b>75,614</b>	<b>3.9</b>
Issued and paid-up share capital	73,558	73,558	73,558	0	0.0	0	0.0
Retained earning	134,251	130,596	114,050	3,655	2.8	20,201	17.7
Others	55,861	56,018	56,110	(157)	(0.3)	(249)	(0.4)
<b>TOTAL SHAREHOLDERS' EQUITY</b>	<b>263,670</b>	<b>260,172</b>	<b>243,718</b>	<b>3,498</b>	<b>1.3</b>	<b>19,952</b>	<b>8.2</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>	<b>2,269,188</b>	<b>2,277,211</b>	<b>2,173,622</b>	<b>(8,023)</b>	<b>(0.4)</b>	<b>95,566</b>	<b>4.4</b>
<b>Book value per share (Baht)</b>	<b>35.85</b>	<b>35.37</b>	<b>33.13</b>	<b>0.48</b>	<b>1.4</b>	<b>2.72</b>	<b>8.2</b>

As of September 30, 2019, total assets stood at Baht 2,269,188 million, representing an increase of Baht 95,566 million, or 4.4%, from December 2018. Key items are as follows:

- Total loans (net of deferred revenue) increased by Baht 106,543 million, or 6.4%.
- Net interbank and money market items increased by Baht 29,612 million, or 12.1%, caused by an increase in repurchase agreements of Baht 43,231 million, offset by a decrease in deposits with financial institutions of Baht 19,863 million.
- Asset classified as held for sale decreased by Baht 39,536 million, attributed to the completion of the NTL transaction in 1Q/19.
- Net investments decreased by Baht 19,083 million, or 14.2%, mainly resulting from a decrease in the AFS portfolio.

Compared to 2Q/19, total assets decreased by Baht 8,023 million, or 0.4%. Key items are as follows:

- Net investments decreased by Baht 27,568 million, or 19.2%, mainly resulting from a decrease in the AFS portfolio.
- Net interbank and money market items decreased by Baht 4,231 million, or 1.5%, mainly resulting from a decrease in deposits and loans with financial institutions amounting to Baht 22,414 million which was offset by an increase in repurchase agreements of Baht 18,093 million.
- Total loans (net of deferred revenue) increased by Baht 22,198 million, or 1.3%.

As of September 30, 2019, total liabilities stood at Baht 2,005,518 million, representing an increase of Baht 75,614 million, or 3.9%, from December 2018. Key items are as follows:

- Deposits increased by Baht 68,699 million, or 4.8%, largely driven by time deposits.
- Debts issued and borrowings increased by Baht 8,592 million, or 5.5%, driven by the issuance of the subordinated debentures of Baht 18,826 million in 2Q/19, offset by a decrease in long-term debentures of Baht 9,224 million.
- 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.

Compared to 2Q/19, total liabilities decreased by Baht 11,521 million, or 0.6%. Key items are as follows:

- Other liabilities decreased by Baht 9,164 million, or 8.2%, driven by a decrease in accounts payable for investments.
- Deposits decreased by Baht 2,422 million, or 0.2%, driven by a decrease in time deposits.

As of September 30, 2019, total shareholders' equity stood at Baht 263,670 million, an increase of Baht 19,952 million, or 8.2%, from December 2018 due to an increase in equity holders' net profit of Baht 26,311 million in 9M/19 which was partially offset by dividends paid of Baht 6,252 million.

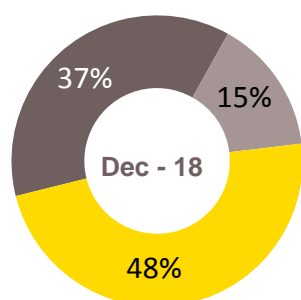
Book value per share as of September 30, 2019 increased by 8.2% to Baht 35.85 from Baht 33.13 at the end of 2018.

## 3.2 Loans to customers

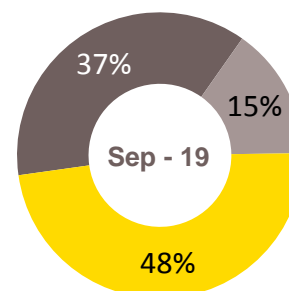
### 3.2.1 Loans by segment

Consolidated	Sep. 30, 19	Jun. 30, 19	Dec. 31, 18	Change from Jun. 30, 19		Change from Dec. 31, 18	
				Baht mn	%	Baht mn	%
<b>Corporate</b>	<b>657,168</b>	<b>665,594</b>	<b>626,170</b>	<b>(8,426)</b>	<b>(1.3)</b>	<b>30,998</b>	<b>5.0</b>
- Thai Corporate	432,829	448,288	422,911	(15,459)	(3.4)	9,918	2.3
- International Corporate (JPC/MNC)	224,339	217,306	203,259	7,033	3.2	21,080	10.4
<b>SMEs</b>	<b>271,531</b>	<b>263,719</b>	<b>250,499</b>	<b>7,812</b>	<b>3.0</b>	<b>21,032</b>	<b>8.4</b>
<b>Retail</b>	<b>849,862</b>	<b>827,050</b>	<b>795,349</b>	<b>22,812</b>	<b>2.8</b>	<b>54,513</b>	<b>6.9</b>
- Hire purchase	402,863	389,819	367,199	13,044	3.3	35,664	9.7
- Mortgage	264,098	259,465	250,484	4,633	1.8	13,614	5.4
- Credit cards and personal loans	182,901	177,766	177,666	5,135	2.9	5,235	2.9
<b>Total *</b>	<b>1,778,561</b>	<b>1,756,363</b>	<b>1,672,018</b>	<b>22,198</b>	<b>1.3</b>	<b>106,543</b>	<b>6.4</b>

\* Loans to customers net of deferred revenue



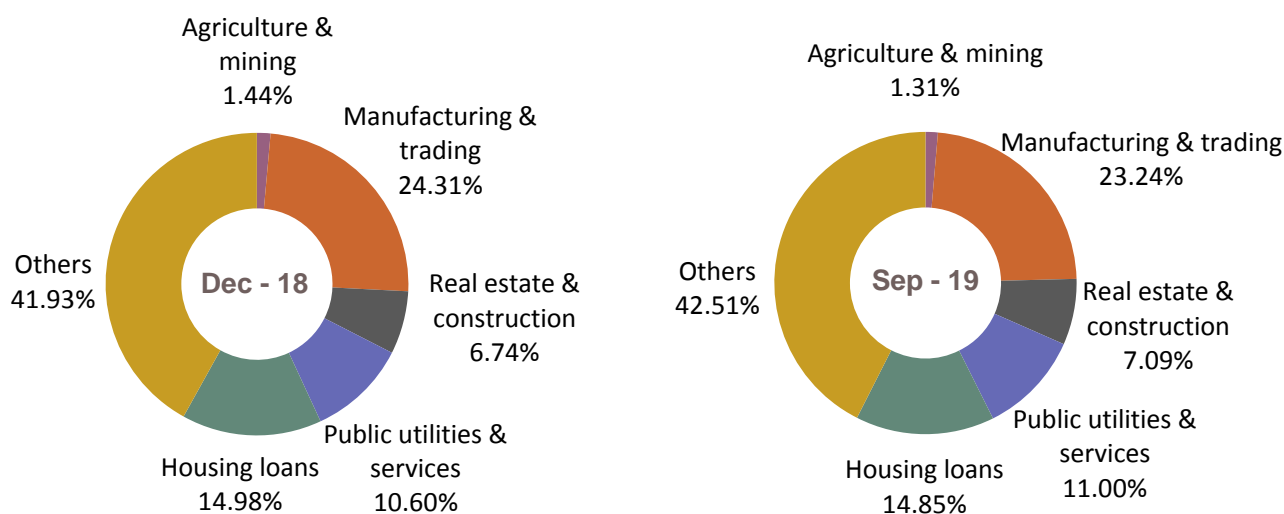
■ Corporate  
■ SME  
■ Retail



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

Auto HP	23%
Mortgage	15%
Credit card and Personal Loans	10%

### 3.2.2 Loans by Industry



As of September 30, 2019, total outstanding loans (net of deferred revenue) stood at Baht 1,778,561 million, an increase of Baht 106,543 million, or 6.4% from December 2018, and an increase of Baht 22,198 million, or 1.3% from 2Q/19, driven by retail and SME segments.

At the end of September 2019, commercial loans, comprising corporate and SME customers, accounted for 52% of the total loan portfolio, while retail lending represented the remaining 48%.

Details of loan performance by segment are as follows:

**Corporate loans** grew by 5.0% or Baht 30,998 million from December 2018, of which Thai Corporate loans increased by 2.3%, or Baht 9,918 million, and International Corporate (JPC/MNC) loans increased by 10.4%, or Baht 21,080 million.

On a quarter-on-quarter basis, corporate loans contracted by 1.3% or Baht 8,426 million, in 3Q/19, resulting from a decrease in Thai Corporate loans of Baht 15,459 million, or 3.4%, mainly due to loan repayments; while International Corporate (JPC/MNC) loans continued to increase by 3.2%, or Baht 7,033 million in 3Q/19, reflecting our strong leadership position in the segment as well as increased Japanese investments in the Eastern Economic Corridor (EEC) area.

**SME loans** grew by 8.4%, or Baht 21,032 million from December 2018, and increased by 3.0%, or Baht 7,812 million in 3Q/19. The growth of SME loans in the third quarter was broad-based, covering all SME segments.

The **retail loan segment** grew by 6.9%, or Baht 54,513 million, from December 2018, and increased by 2.8%, or Baht 22,812 million in 3Q/19.

- **Auto hire purchase loans** grew by 9.7%, or Baht 35,664 million from December 2018, and increased by 3.3% or Baht 13,044 million in 3Q/19. The growth of auto hire purchase loans in the third quarter was board-based and reflected our digital innovations that meet customers' digital lifestyles and demands.

- **Mortgage loans** increased by 5.4% or Baht 13,614 million from December 2018, and increased by 1.8% or Baht 4,633 million in 3Q/19. The growth in the third quarter was supported by Krungsri's strategy on innovative digital platforms to enhance customer experiences.
- **Credit cards and personal loans** increased by 2.9%, or Baht 5,235 million from December 2018, which was mainly attributed to an increase of Baht 5,135 million achieved in 3Q/19. The growth of credit cards and personal loans during the quarter was largely attributed to a seasonal spending pattern.

### 3.2.3 Loan classification and provision

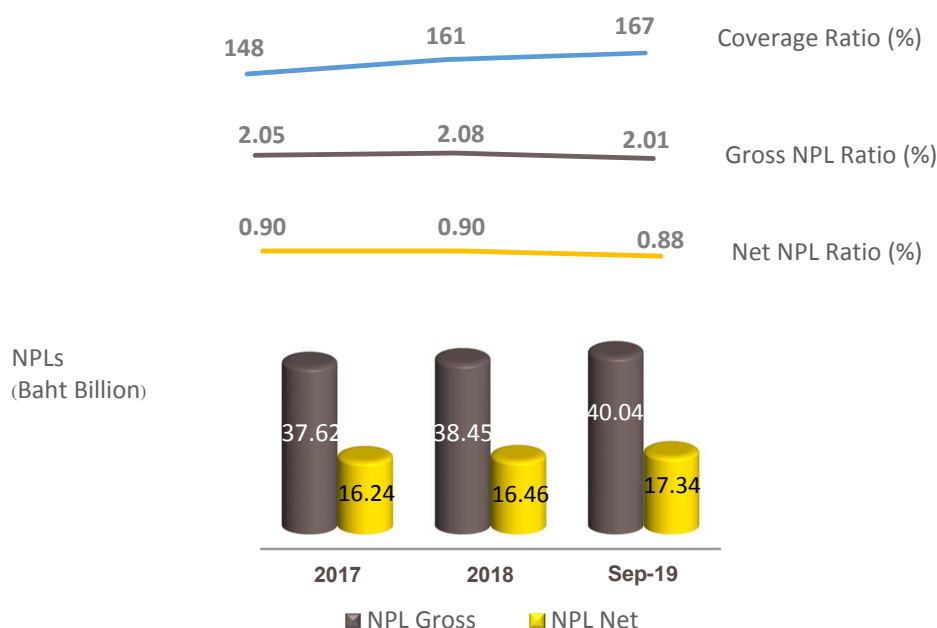
Unit : Baht mn

Consolidated	Sep. 30, 19		Dec. 31, 18		Change	
	Loans and Accrued Interest Receivable	Provision	Loans and Accrued Interest Receivable	Provision	Loans and Accrued Interest Receivable	Provision
Normal	1,685,493	13,155	1,583,364	12,418	102,129	737
Special mention	57,814	7,781	54,533	6,375	3,281	1,406
Substandard	10,626	5,522	10,066	5,148	560	374
Doubtful	5,858	3,089	5,500	2,787	358	302
Doubtful of loss	23,558	13,325	22,881	13,322	677	3
<b>Total</b>	<b>1,783,349</b>	<b>42,872</b>	<b>1,676,344</b>	<b>40,050</b>	<b>107,005</b>	<b>2,822</b>
Surplus Reserve		21,970		19,741		2,229
<b>Total</b>	<b>1,783,349</b>	<b>64,842</b>	<b>1,676,344</b>	<b>59,791</b>	<b>107,005</b>	<b>5,051</b>

### 3.2.4 Non-performing loans

Consolidated	Sep. 30, 19	Jun. 30, 19	Dec. 31, 18	Change from Jun. 30, 19		Change from Dec. 31, 18	
				Baht mn	%	Baht mn	%
Non-Performing Loans (Net)	17,338	16,457	16,455	881	5.4	883	5.4
Non-Performing Loans (Gross)	40,041	38,221	38,446	1,820	4.8	1,595	4.1
Loans Loss Reserves (LLR)	66,874	64,406	61,808	2,468	3.8	5,066	8.2
<b>Coverage Ratio</b>	<b>167.0%</b>	<b>168.5%</b>	<b>160.8%</b>	<b>(1.5%)</b>	<b>(0.9)</b>	<b>6.2%</b>	<b>3.9</b>
BOT Requirement	44,904	43,844	42,066	1,060	2.4	2,838	6.7
<b>Actual / Required LLR</b>	<b>148.9%</b>	<b>146.9%</b>	<b>146.9%</b>	<b>2.0%</b>	<b>1.4</b>	<b>2.0%</b>	<b>1.4</b>

## NPLs and Coverage Ratio



## NPL by Segment

Consolidated	Sep. 30, 19	Jun. 30, 19	Mar. 31, 19	Dec. 31, 18	Sep. 30, 18
Corporate	1.1%	1.1%	1.0%	1.1%	1.2%
SME	5.5%	5.4%	6.0%	6.3%	6.5%
Retail	2.1%	2.1%	2.0%	2.0%	2.0%
Hire Purchase	1.8%	1.8%	1.7%	1.8%	1.7%
Mortgage	2.9%	2.7%	2.7%	2.6%	2.7%
Personal Loan, Credit Card, and Other	1.7%	1.6%	1.7%	1.6%	1.6%

As of September 30, 2019, gross NPLs stood at Baht 40,041 million, an increase of Baht 1,595 million, or 4.1%, from Baht 38,446 million at the end of 2018. Compared to June 2019, gross NPLs increased by Baht 1,820 million, or 4.8%.

The ratio of gross NPLs as of September 30, 2019 stood at 2.01%, increasing from 1.96% in June 2019, meanwhile improving from 2.08% in December 2018.

As of September 30, 2019, loan-loss reserves stood at Baht 66,874 million, with an excess of Baht 21,970 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 148.9%.

The coverage ratio moderated to 167.0% from 168.5% in 2Q/19, meanwhile improving from 160.8% at the end of 2018.



### 3.3 Funding Structure

#### Deposits

Consolidated	Sep. 30, 19	Jun. 30, 19	Dec. 31, 18	Change from Jun. 30, 19		Change from Dec. 31, 18	
				Baht mn	%	Baht mn	%
Current	43,508	38,717	35,391	4,791	12.4	8,117	22.9
Savings	589,183	587,753	591,183	1,430	0.2	(2,000)	(0.3)
Time	862,356	870,999	799,774	(8,643)	(1.0)	62,582	7.8
< 6 Months	324,991	379,520	360,275	(54,529)	(14.4)	(35,284)	(9.8)
6 Months and < 1 Year	68,199	44,932	127,892	23,267	51.8	(59,693)	(46.7)
1 Year and over 1 Year	469,166	446,547	311,607	22,619	5.1	157,559	50.6
<b>Total Deposit</b>	<b>1,495,047</b>	<b>1,497,469</b>	<b>1,426,348</b>	<b>(2,422)</b>	<b>(0.2)</b>	<b>68,699</b>	<b>4.8</b>

#### Borrowing

Consolidated	Sep. 30, 19	Jun. 30, 19	Dec. 31, 18	Change from Jun. 30, 19		Change from Dec. 31, 18	
				Baht mn	%	Baht mn	%
Debenture	99,416	98,591	108,640	825	0.8	(9,224)	(8.5)
Subordinated debenture	61,252	61,287	42,735	(35)	(0.1)	18,517	43.3
Other	3,574	3,675	4,275	(101)	(2.7)	(701)	(16.4)
<b>Total Borrowing</b>	<b>164,242</b>	<b>163,553</b>	<b>155,650</b>	<b>689</b>	<b>0.4</b>	<b>8,592</b>	<b>5.5</b>

As of September 30, 2019, deposits totaled Baht 1,495,047 million, an increase of Baht 68,699 million, or 4.8% from December 2018, attributed to an increase in time deposits with maturities of one year and greater of Baht 157,559 million. The aforementioned increase was offset by a decrease in time deposits with maturities of less than one year amounting to Baht 94,977 million.

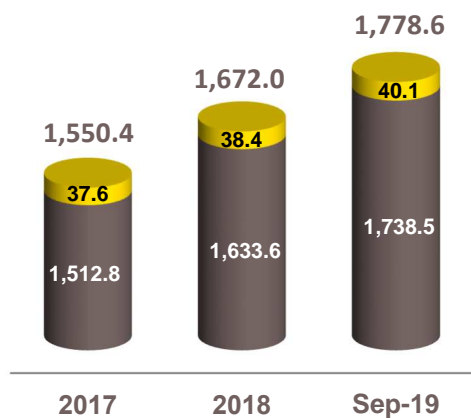
As a result, the proportion of current and savings deposits (CASA) as a percentage of total deposits decreased to 42.3%, compared to 43.9% in December 2018.

As of September 30, 2019, total borrowing stood at Baht 164,242 million, increasing by Baht 8,592 million, or 5.5% from December 2018, mainly driven by the issuance of subordinated debentures, which will be qualified as the Tier 2 capital, amounting to Baht 18,826 million in June 2019, offset by a decrease in long-term debentures of Baht 9,224 million.

Consequently, the loan to deposit ratio increased to 119% and the loan to deposit plus debentures ratio increased to 112%, compared to 117% and 109% at the end of December 2018.

### Loans

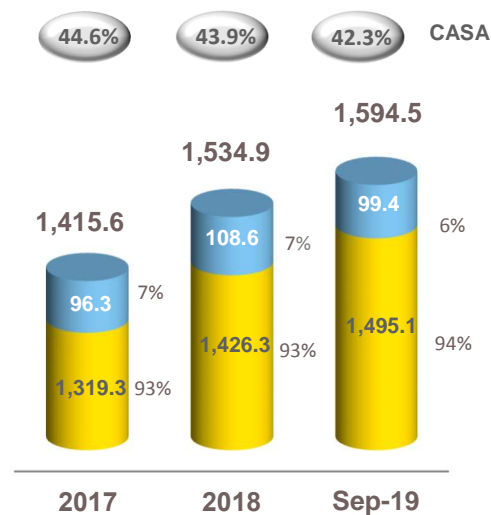
Unit: Baht Billion



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

### Deposits + Debenture

Unit: Baht Billion



■ Deposit ■ Debenture

	2017	2018	Sep-19
L/D	118%	117%	119%
L/D + Debentures	110%	109%	112%

### 3.4 Contingencies

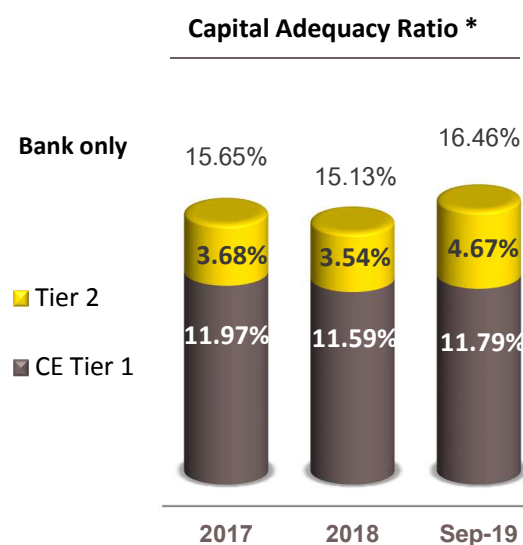
Consolidated	Sep. 30, 19	Jun. 30, 19	Dec. 31, 18	Change from Jun. 30, 19		Change from Dec. 31, 18	
				Baht mn	%	Baht mn	%
Avals to bills and Guarantees of loans	3,405	3,794	3,541	(389)	(10.3)	(136)	(3.8)
Liability under unmatured import bills	1,289	1,175	1,955	114	9.7	(666)	(34.1)
Letters of credit	3,764	4,315	5,818	(551)	(12.8)	(2,054)	(35.3)
Other contingencies	96,681	95,720	95,063	961	1.0	1,618	1.7
<b>Total</b>	<b>105,139</b>	<b>105,004</b>	<b>106,377</b>	<b>135</b>	<b>0.1</b>	<b>(1,238)</b>	<b>(1.2)</b>

Krungsri Group's contingencies as of September 30, 2019 totaled Baht 105,139 million, a decrease of Baht 1,238 million, or 1.2%, from December 31, 2018. The decrease was mainly caused by a decrease in letters of credit of Baht 2,054 million.

### 3.5 Statutory Capital

As of September 30, 2019, the Bank's capital recorded at Baht 263,916 million, equivalent to 16.46% of risk-weighted assets, comprising common equity tier 1 capital of 11.79% and tier 2 capital of 4.67%.

The current level of capital is sufficient to provide Krungsri with flexibility to continue growing our business.



\* 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	Sep-19
CE Tier 1	167.53	175.38	189.12
Tier 2	51.50	53.60	74.80
<b>Total Capital</b>	<b>219.03</b>	<b>228.98</b>	<b>263.92</b>

Remark: BOT has adopted supervisory framework for Domestic Systemically Important Banks (D-SIBs) by requiring qualified banks to maintain additional 1% of common equity tier 1 from the current minimum requirement, starting 0.5% on Jan 1, 2019 and 1% on Jan 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 September 30, 2019 are shown in the table below.

### 1. Moody's Investors Service

#### Bank Deposits

- Long Term	<b>Baa1</b>
- Short Term	<b>Prime-2</b>

#### Debt

- Long Term -Senior Debt	<b>Baa1</b>
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Debt and Deposit Rating Outlook	<b>Stable</b>
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<b>Baseline Credit Assessment (BCA)</b>	<b>baa3</b>
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### 2. Standard and Poor's

#### Issuer Credit Rating (ICR)

- Long Term	<b>BBB+</b>
- Short Term	<b>A-2</b>

#### Foreign Currency

- Long Term - Senior Debt	<b>BBB+</b>
- Short Term	<b>A-2</b>

<b>Stand-alone Credit Profile (SACP)</b>	<b>bb+</b>
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Outlook	<b>Stable</b>
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### 3. Fitch Ratings

#### International Ratings (Foreign Currency)

- Long Term	<b>A-</b>
- Subordinated Debt	<b>BBB+</b>
- Short Term	<b>F1</b>
- Viability Rating	<b>bbb</b>
- Support	<b>1</b>
- Outlook	<b>Stable</b>

#### National Ratings

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

### 4. TRIS Rating

#### National Ratings

- Company Rating	<b>AAA</b>
- Issue Rating (subordinated)	<b>AA+</b>
- Outlook	<b>Stable</b>