



Bangkok Bank Public Company Limited
Management Discussion and Analysis
for the Quarter Ended March 31, 2016

Management Discussion and Analysis

Overview of the Economy and Banking

Thai Economy in the First Quarter of 2016

Thailand's economy in the first quarter of 2016 slowed down slightly from the previous quarter in parallel with a slowdown in private consumption which continued to be under pressure from high household debt, low agricultural commodity prices and a fall in agricultural production due to the drought. Private investment grew at a modest rate although investment in the telecommunications sector continued to expand and export values rebounded as gold prices rose. Excluding gold, export values continued to contract as did exports of oil-related goods. Future economic expansion will be reliant on government spending and income from tourism, which has had significant growth.

Headline inflation contracted slightly in the first quarter – by minus 0.5 percent – due to the increase in excise taxes on tobacco and automobiles, as well as higher oil prices, but the inflation rate still fell short of the Bank of Thailand's target range of 1-4 percent. Core inflation fell to 0.7 percent, reflecting the low level of production costs and the gradual economic recovery. The Thai baht averaged 35.67 THB/USD in the first quarter, appreciating slightly from 35.84 THB/USD in the previous quarter, but depreciating from 32.65 THB/USD when compared with the first quarter of last year.

The Monetary Policy Committee (MPC) maintained its policy interest rate at 1.50 percent at its meetings in February and March 2016. Although Thailand's economy is likely to expand at a slower pace than had been expected the committee considered that current monetary policy is already sufficiently relaxed to support the economy's recovery. At the same time, it expressed the importance of maintaining this policy and exercising caution in relation to financial stability.

Thailand's economic growth forecast for 2016 is 3.0-3.5 percent. Achieving this will require supportive measures from the government. Policy initiatives include accelerated investment in small projects in rural areas, the strengthening of economic foundations at the grass roots level, and financial assistance to small and medium-sized businesses. Income from tourism is likely to expand at a consistently high rate while energy prices are expected to remain at relatively low levels. Thailand's economy will continue to experience friction which will inhibit the recovery. This includes weakness in exports, which continued to be under pressure from the slowdown in the Chinese and ASEAN economies; the differing monetary policies in the US, the Eurozone and Japan which is creating high volatility in financial markets and exchange rates; low global agricultural prices; the high level of household debt; the more-severe-than-expected drought; and possible delays in the government's infrastructure investments.

Thai Banking Industry

Despite an unfavorable economic environment in the first quarter of 2016, Thai commercial banks' loans and deposits continued to grow. Aggregating the balance sheets of commercial banks at the end of March 2016, loans and deposits grew by 3.4 and 1.5 percent, respectively, from the same period last year. Liquidity in the banking system increased from the previous quarter, with a Loan-to-Deposit Ratio (LDR) of 96.4 percent, down from 97.6 percent at the end of 2015, but was tighter compared with 94.7 percent in the same quarter last year. Meanwhile, loan quality – measured by the ratio of non-performing loans (NPLs) to total loans – continued to deteriorate, with the NPL ratio rising to 2.78 percent. This compared with 2.69 and 2.40 percent at the end of 2015 and the end of March 2015, respectively.

The Bank of Thailand's Senior Loan Officer Survey indicated that overall demand for business credit in the first quarter increased slightly from the previous quarter, although demand for household credit declined over the same period. Meanwhile, competition for deposits is likely to be mild as the economy is recovering at a slow pace while the government's infrastructure investment will be gradual – as a consequence, demand for loans is unlikely to accelerate. Commercial banks' liquidity management is expected to focus on readjusting the deposit structure and appropriately managing costs. Banks also need to maintain a level of liquid assets (as measured by the Liquidity Coverage Ratio or LCR) sufficient to cope with cash outflows during a potential crisis, in accordance with the requirements of Basel III, which has been in effect since January 2016. At current lending levels the system's overall loan quality will deteriorate slightly; however, banks continue to maintain a relatively large capital base and a high level of provisioning reserves, and these should continue to support loan quality.

Overall Picture of the Bank and its Subsidiaries

Million Baht

Item	Quarter			Change (%)	
	1/2016	4/2015	1/2015	4/2015	1/2015
Net profit *	8,317	7,681	9,407	8.3%	(11.6)%
Earnings per share (Baht)	4.36	4.02	4.93	8.3%	(11.6)%
Net interest margin	2.37%	2.33%	2.18%	0.04%	0.19%
Net fees and service income to operating income ratio	22.9%	23.6%	25.5%	(0.8)%	(2.7)%
Expense to operating income ratio	48.1%	46.0%	41.4%	2.1%	6.7%
Return on average assets *	1.16%	1.08%	1.37%	0.08%	(0.21)%
Return on average equity *	9.14%	8.50%	11.61%	0.64%	(2.47)%

* Attributable to the Bank

Million Baht

Item	March	December	March	Change (%)	
	2016	2015	2015	December 2015	March 2015
Loans **	1,874,924	1,868,903	1,774,253	0.3%	5.7%
Deposits	2,149,333	2,090,965	2,117,969	2.8%	1.5%
Loan to deposit ratio	87.2%	89.4%	83.8%	(2.1)%	3.5%
Non-performing loans (NPLs)	61,841	56,226	47,473	10.0%	30.3%
Ratio of NPLs to total loans	2.9%	2.8%	2.2%	0.1%	0.7%
Ratio of loan loss reserves to NPLs	174.4%	185.3%	189.9%	(10.9)%	(15.5)%
Total capital adequacy ratio	17.68%	17.87%	17.36%	(0.19)%	0.32%

** Less deferred revenue

Bangkok Bank and its subsidiaries have reported a consolidated net profit of Baht 8.3 billion for the first quarter of 2016, compared to Baht 7.7 billion from the fourth quarter of 2015. Net interest income rose by Baht 417 million or 2.7 percent to Baht 16.0 billion. Non-interest income declined by Baht 121 million or 1.1 percent to Baht 10.7 billion, while operating expenses increased by Baht 710 million or 5.8 percent to Baht 12.9 billion.

The Bank's loans at the end of March 2016 amounted to Baht 1,874.9 billion, an increase of Baht 6.0 billion or 0.3 percent from the end of 2015, with growth in lending to medium-sized and small businesses, and in loans made through the Bank's international network.

At the end of March 2016, the Bank's non-performing loans (NPLs) were Baht 61.8 billion and the ratio of NPLs to total loans was 2.9 percent. However, the Bank continued to focus on effective risk management to ensure its loan quality remained at appropriate levels, staying close to its customers and providing them with relevant advice and assistance.

The Bank continued its prudent strategic approach by consistently setting aside provisioning expenses. In the first quarter of 2016, these amounted to Baht 3.6 billion, representing a ratio of loan loss reserves to total loans of 5.8 percent.

The Bank also maintained its focus on managing liquidity and financial costs to ensure they are at appropriate levels. At the end of March 2016, the Bank reported total deposits of Baht 2,149.3 billion, an increase of Baht 58.4 billion or 2.8 percent from the end of 2015. The loan-to-deposit ratio was 87.2 percent, compared with 89.4 percent at the end of the previous year.

The Bank reported a net profit for the first quarter of 2016 of Baht 8.3 billion, an increase of Baht 636 million or 8.3 percent from the fourth quarter of 2015. Net interest income rose by Baht 417 million or 2.7 percent to Baht 16.0 billion, and net interest margin increased by 0.04 percent to 2.37 percent due to lower cost of deposits. Non-interest income was Baht 10.7 billion, a decrease of Baht 121 million or 1.1 percent, due largely to the decline in gains on disposal of assets. Net fees and service income amounted to Baht 6.1 billion, a decrease of Baht 134 million or 2.1 percent, due to the increase in fees and service expenses, while fees income was at a similar level to the previous quarter. The Bank's operating expenses were Baht 12.9 billion, an increase of Baht 710 million or 5.8 percent.

The Bank maintained a strong level of capital reserves to support future business expansion. After the inclusion of net profit for the six months from July to December 2015 and net profit for the three months from January to March 2016, minus the dividend payment in May 2016, the total capital adequacy ratio, Tier 1 capital ratio and common equity Tier 1 ratio of the Bank and its subsidiaries would be 18.47 percent, 16.53 percent and 16.52 percent, respectively.

Shareholders' equity as of March 31, 2016 amounted to Baht 370.5 billion, equivalent to 12.6 percent of total assets. The book value per share was Baht 194.11, an increase of Baht 4.55 from the end of 2015.

Operating Income and Expenses of the Bank and its Subsidiaries

Million Baht

Item	Quarter			Change (%)	
	1/2016	4/2015	1/2015	4/2015	1/2015
Net interest income	16,034	15,617	14,235	2.7%	12.6%
Non-interest income	10,672	10,793	10,813	(1.1)%	(1.3)%
Operating expenses	12,856	12,146	10,376	5.8%	23.9%
Impairment loss of loans and debt securities	3,644	3,880	2,980	(6.1)%	22.3%
Operating profit before tax	10,206	10,384	11,692	(1.7)%	(12.7)%
Income tax expenses	1,828	2,643	2,235	(30.8)%	(18.2)%
Net profit	8,378	7,741	9,457	8.2%	(11.4)%
Net profit *	8,317	7,681	9,407	8.3%	(11.6)%
Total comprehensive income *	8,685	6,784	10,338	28.0%	(16.0)%

* Attributable to the Bank

Net profit in the first quarter of 2016 amounted to Baht 8.3 billion, an increase of Baht 636 million or 8.3 percent from the fourth quarter of 2015. Significant items included an increase of Baht 417 million or 2.7 percent in net interest income in line with the lower cost of fixed-deposit, an increase of Baht 461 million in gains on investments. Operating expenses increased by Baht 710 million or 5.8 percent due mainly to increase in the provisions for contingencies. Impairment loss on loans and debt securities decreased by Baht 236 million or 6.1 percent. Total comprehensive income increased by Baht 1.9 billion due mainly to an increase in revaluation gains on available-for-sale investments, as a result of the steady increase in the SET Index since the beginning of the year.

Compared with the first quarter of 2015, net profit decreased by Baht 1.1 billion or 11.6 percent. Significant items included an increase in operating expenses of Baht 2.5 billion or 23.9 percent due to increase in the provisions for contingencies and personnel expenses. Net fees and service income decreased by Baht 291 million or 4.6 percent due to the decrease in fee income from underwriting, while net interest income rose by Baht 1.8 billion or 12.6 percent due to the lower costs of deposits from the gradual maturing of high-rate fixed deposits.

Net Interest Income

Million Baht

Item	Quarter			Change (%)	
	1/2016	4/2015	1/2015	4/2015	1/2015
Interest Income					
Loans	22,376	22,200	21,811	0.8%	2.6%
Interbank and money market items	1,359	1,604	3,045	(15.3)%	(55.4)%
Investments	2,108	1,870	1,733	12.7%	21.6%
Total interest income	25,843	25,674	26,589	0.7%	(2.8)%
Interest expenses					
Deposits	5,543	5,819	7,998	(4.7)%	(30.7)%
Interbank and money market items	278	271	451	2.6%	(38.4)%
Contributions to the Deposit Protection Agency and Financial Institutions Development Fund	2,280	2,223	2,231	2.6%	2.2%
Debt issued and borrowings	1,708	1,744	1,674	(2.1)%	2.0%
Total interest expenses	9,809	10,057	12,354	(2.5)%	(20.6)%
Net interest income	16,034	15,617	14,235	2.7%	12.6%
Yield on earning assets	3.83%	3.83%	4.08%	-	(0.25)%
Cost of funds	1.64%	1.70%	2.12%	(0.06)%	(0.48)%
Net interest margin	2.37%	2.33%	2.18%	0.04%	0.19%

Net interest income in the first quarter of 2016 amounted to Baht 16.0 billion, an increase of Baht 417 million or 2.7 percent from the fourth quarter of 2015, due to a decrease of Baht 248 million or 2.5 percent in interest expenses, mainly from the maturing of high-rate fixed deposits, and an increase of Baht 176 million or 0.8 percent in interest income from loans in line with higher lending. The net interest margin rose by 0.04 percent from the previous quarter to 2.37 percent, due mainly to the decrease in deposit cost.

Compared with the first quarter of 2015, net interest income rose by Baht 1.8 billion or 12.6 percent; as a result, the net interest margin rose by 0.19 percent from the same period last year to 2.37 percent, due to a decrease of Baht 2.5 billion or 20.6 percent in interest expenses caused by lower costs of high rate fixed deposits which are gradually maturing while interest income from interbank and money market items declined by Baht 1.7 billion following the cutting of the policy interest rate.

Bangkok Bank Interest Rates	May 26, '15	May 12, '15	Mar 16, '15	Sep 22, '14
Loans (%)				
MOR	7.375	7.500	7.500	7.500
MRR	7.875	8.125	8.125	8.125
MLR	6.500	6.625	6.625	6.750
Deposits (%)				
Savings	0.500-0.625	0.500-0.625	0.500-0.750	0.500-1.250
Fixed 3 months	1.000	1.000	1.000	1.125-1.250
Fixed 6 months	1.250	1.250	1.250	1.375
Fixed 12 months	1.500	1.500	1.500	1.750
	Apr 29, '15	Mar 11, '15	Mar 12, '14	
Bank of Thailand Policy Rates (%)	1.500	1.750	2.000	

Non-Interest Income

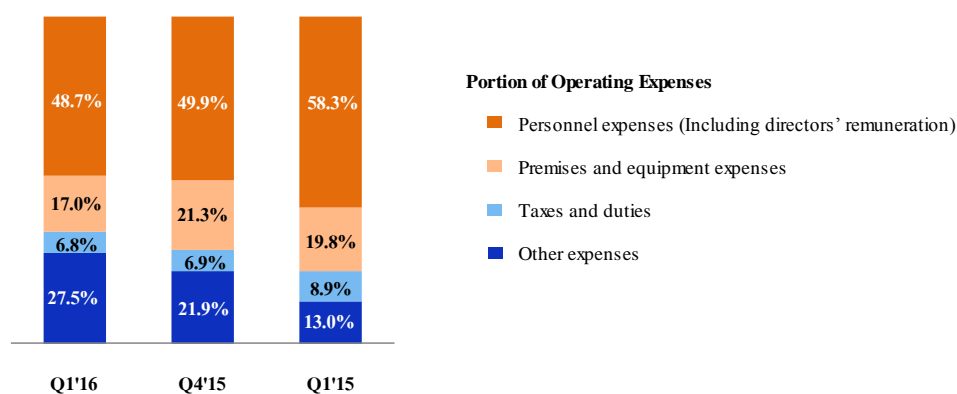
Item	Quarter			Change (%)	
	1/2016	4/2015	1/2015	4/2015	1/2015
Fees and service income	8,257	8,292	8,543	(0.4)%	(3.3)%
<u>Less</u> fees and service expenses	2,154	2,055	2,149	4.8%	0.2%
Net fees and service income	6,103	6,237	6,394	(2.1)%	(4.6)%
Gains on trading and foreign exchange transactions	1,955	1,978	1,683	(1.2)%	16.2%
Gains on investments	1,531	1,070	1,209	43.1%	26.6%
Share of profit from investment for using equity method	61	38	61	60.5%	-
Gains on disposal of assets	100	373	544	(73.2)%	(81.6)%
Dividend income	788	920	794	(14.3)%	(0.8)%
Other operating income	134	177	128	(24.3)%	4.7%
Total other operating income	4,569	4,556	4,419	0.3%	3.4%
Total non-interest income	10,672	10,793	10,813	(1.1)%	(1.3)%
Net fees and service income to operating income ratio	22.9%	23.6%	25.5%	(0.8)%	(2.7)%

Non-interest income in the first quarter of 2016 amounted to Baht 10.7 billion, a decrease of Baht 121 million or 1.1 percent from the fourth quarter of 2015, due mainly to a decrease of Baht 273 million or 73.2 percent in gains on disposal of assets. Net fees and service income decreased by Baht 134 million or 2.1 percent, from the increase in fees and service expenses, while fees income was at a similar level to the previous quarter with main income coming from credit card transactions, loan-related services, mutual funds and bancassurance. Gains on investments rose by Baht 461 million or 43.1 percent; as a result, the ratio of net fees and service income to operating income stood at 22.9 percent.

Compared with the first quarter of 2015, non-interest income decreased by Baht 141 million or 1.3 percent, due to a decrease of Baht 444 million or 81.6 percent in gains on disposal of assets. Net fees and service income decreased by Baht 291 million or 4.6 percent due partly to the decline in fee income from underwriting. However, fees income from loan-related services and credit cards continued to increase compared with the same period last year.

Operating Expenses

Item	Quarter			Change (%)	
	1/2016	4/2015	1/2015	4/2015	1/2015
Personnel expenses	6,238	6,015	6,017	3.7%	3.7%
Directors' remuneration	19	43	33	(55.8)%	(42.4)%
Premises and equipment expenses	2,185	2,588	2,050	(15.6)%	6.6%
Taxes and duties	881	836	925	5.4%	(4.8)%
Other expenses	3,533	2,664	1,351	32.6%	161.5%
Total operating expenses	12,856	12,146	10,376	5.8%	23.9%
Expense to operating income ratio	48.1%	46.0%	41.4%	2.1%	6.7%



Operating expenses in the first quarter of 2016 amounted to Baht 12.9 billion, an increase of Baht 710 million or 5.8 percent from the fourth quarter of 2015. Significant items included other expenses, which rose by Baht 869 million due to provisions for contingencies.

Compared with the first quarter of 2015, operating expenses rose by Baht 2.5 billion or 23.9 percent, caused mainly by the provisions for contingencies, and increase in personnel expenses and premises expenses.

Impairment Loss of Loans and Debt Securities

Million Baht

Item	Quarter			Change (%)	
	1/2016	4/2015	1/2015	4/2015	1/2015
Bad debt and doubtful accounts	3,991	3,423	3,076	16.6%	29.7%
Loss on debt restructuring (reversal)	(347)	457	(96)	(175.9)%	(261.5)%
Total	3,644	3,880	2,980	(6.1)%	22.3%

Impairment loss of loans and debt securities in the first quarter of 2016 was Baht 3.6 billion, compared to Baht 3.9 billion in the fourth quarter of 2015 and Baht 3.0 billion in the first quarter of 2015.

Significant Items in the Financial Position

Assets

Million Baht

Item	March 2016	December 2015	March 2015	Change (%)	
				December 2015	March 2015
Net interbank and money market items	455,144	372,007	595,453	22.3%	(23.6)%
Net investments	541,050	519,525	398,848	4.1%	35.7%
Net investments in associates	1,341	1,280	1,217	4.8%	10.2%
Loans *	1,874,924	1,868,903	1,774,253	0.3%	5.7%
Net properties for sale	13,436	13,579	15,827	(1.1)%	(15.1)%
Total assets	2,940,726	2,835,852	2,819,000	3.7%	4.3%

* Less deferred revenue

Total assets as of March 31, 2016 amounted to Baht 2,940.7 billion, an increase of Baht 104.9 billion from the end of December 2015. Significant items included net interbank and money market items of Baht 455.1 billion, an increase of Baht 83.1 billion or 22.3 percent, mainly from the increase in lending volume, and net investments of Baht 541.1 billion, an increase of Baht 21.5 billion or 4.1 percent, mainly from trading securities. Loans amounted to Baht 1,874.9 billion, an increase of Baht 6.0 billion.

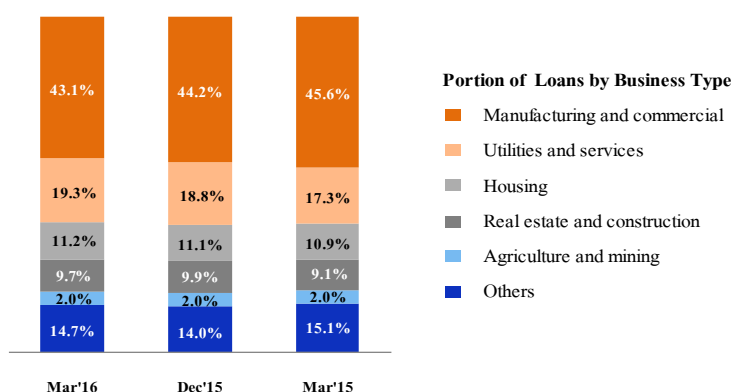
Loans

Loans as of March 31, 2016 amounted to Baht 1,874.9 billion, an increase of Baht 6.0 billion from the end of December 2015, due to the growth in lending to medium-sized and small businesses, as well as loans made through the Bank's international network.

Million Baht

Loans by Business Type *	March 2016	December 2015	March 2015	Change (%)	
				December 2015	March 2015
Manufacturing and commercial	807,411	825,913	809,261	(2.2)%	(0.2)%
Utilities and services	361,829	351,791	306,432	2.9%	18.1%
Housing	210,706	207,847	192,918	1.4%	9.2%
Real estate and construction	182,063	184,058	161,765	(1.1)%	12.5%
Agriculture and mining	37,109	38,013	34,978	(2.4)%	6.1%
Others	275,806	261,281	268,899	5.6%	2.6%
Total	1,874,924	1,868,903	1,774,253	0.3%	5.7%

* Less deferred revenue



The highest portion of lending was to a range of industries in the manufacturing and commercial sectors, at 43.1 percent, followed by 19.3 percent to utilities and services, 11.2 percent to housing, and 9.7 percent to real estate and construction. The main increase in loans from the end of December 2015 was to the utilities and others sectors.

Classified Loans and Allowance for Doubtful Accounts

Million Baht

Item	Loans & Accrued Interest Receivables *			Allowance for Doubtful Accounts Classified to Bank of Thailand Criteria		
	March 2016	December 2015	March 2015	March 2016	December 2015	March 2015
Normal	1,769,793	1,773,357	1,675,125	13,646	13,788	12,682
Special mentioned	46,832	43,504	55,035	528	501	710
Substandard	8,420	9,650	10,474	3,590	3,975	2,780
Doubtful	14,249	13,725	14,729	7,434	7,197	4,951
Doubtful of loss	39,260	32,946	22,329	24,748	20,935	10,012
Total	1,878,554	1,873,182	1,777,692	49,946	46,396	31,135
<u>Plus</u> excess allowance for doubtful accounts				55,929	55,379	56,616
Total allowance for doubtful accounts from loan classification				105,875	101,775	87,751
<u>Plus</u> revaluation allowance for debt restructuring				1,986	2,412	2,402
Total allowance for doubtful accounts				107,861	104,187	90,153

* Less deferred revenue

Million Baht

Item	March 2016	December 2015	March 2015	Change (%)	
				December 2015	March 2015
NPLs before allowance for doubtful accounts	61,841	56,226	47,473	10.0%	30.3%
Ratio of NPLs to total loans	2.9%	2.8%	2.2%	0.1%	0.7%
Net NPLs after allowance for doubtful accounts	18,477	16,622	20,367	11.2%	(9.3)%
Ratio of net NPLs to net total loans	0.9%	0.8%	0.9%	0.1%	-
Ratio of loan loss reserves to minimum required provisioning	207.7%	213.5%	268.8%	(5.8)%	(61.1)%
Ratio of loan loss reserves to NPLs	174.4%	185.3%	189.9%	(10.9)%	(15.5)%

Non-performing loans (NPLs) at the end of March 2016 amounted to Baht 61.8 billion. The ratio of NPLs to total loans was 2.9 percent.

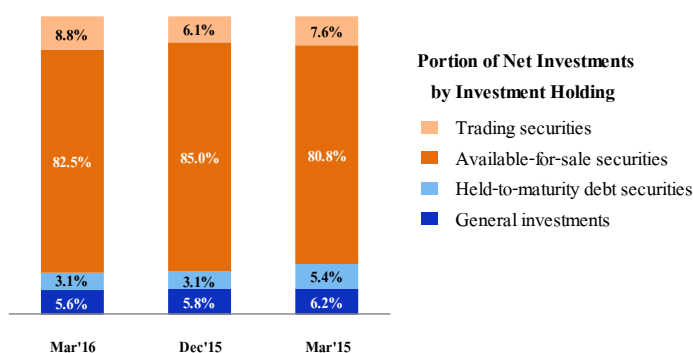
Total allowance for doubtful accounts at the end of March 2016 was Baht 107.9 billion, 207.7 percent above the minimum required by the Bank of Thailand (BOT) of Baht 51.9 billion. The ratio of loan loss reserves to NPLs was 174.4 percent.

Net Investments

Net investments at March 31, 2016 amounted to Baht 541.1 billion, an increase of Baht 21.5 billion or 4.1 percent from the end of December 2015, due mainly to trading securities.

Million Baht

Investments by Investment Holding	March 2016	December 2015	March 2015	Change (%)	
				December 2015	March 2015
Trading securities	47,773	31,685	30,428	50.8%	57.0%
Available-for-sale securities	446,333	441,497	322,091	1.1%	38.6%
Held-to-maturity debt securities	16,910	16,213	21,651	4.3%	(21.9)%
General investments	30,034	30,130	24,678	(0.3)%	21.7%
Total net investments	541,050	519,525	398,848	4.1%	35.7%



Most of the net investments were in domestic government and state-enterprise securities. As of March 31, 2016, these amounted to Baht 337.8 billion, accounting for 62.4 percent of total investments. Foreign debt securities were Baht 85.4 billion, private enterprise debt securities Baht 15.2 billion, and net equity securities Baht 100.6 billion.

Million Baht

Investments by Maturity *	March 2016		December 2015		March 2015		Change (%)	
	Amount	Portion	Amount	Portion	Amount	Portion	December 2015	March 2015
Up to one year	124,301	22.9%	101,774	19.5%	140,211	35.0%	22.1%	(11.3)%
Between one and five years	274,452	50.6%	302,433	58.1%	143,837	36.0%	(8.3)%	90.8%
Over five years	45,778	8.4%	18,567	3.6%	24,383	6.1%	110.9%	87.7%
No maturity	97,860	18.1%	98,031	18.8%	91,634	22.9%	(0.2)%	6.8%
Total net investments	542,391	100.0%	520,805	100.0%	400,065	100.0%	4.1%	35.6%

* Including net investments in associates

The remaining terms of the net investments (including net investments in associates) as of March 31, 2016 were as follows: securities with less than one year to maturity, Baht 124.3 billion; securities with between one-to-five years to maturity, Baht 274.5 billion; securities with a maturity profile of more than five years, Baht 45.8 billion; and securities with no maturity, Baht 97.9 billion.

Liabilities and Shareholders' Equity

Million Baht

Item	March 2016	December 2015	March 2015	Change (%)	
				December 2015	March 2015
Deposits	2,149,333	2,090,965	2,117,969	2.8%	1.5%
Net interbank and money market	162,867	128,681	126,723	26.6%	28.5%
Debt issued and borrowings	135,513	138,402	139,216	(2.1)%	(2.7)%
Total liabilities	2,570,054	2,473,821	2,485,041	3.9%	3.4%
Shareholders' equity *	370,518	361,832	333,829	2.4%	11.0%

* Attributable to the Bank

Total liabilities as of March 31, 2016 amounted to Baht 2,570.1 billion, an increase of Baht 96.2 billion or 3.9 percent from the end of December 2015, due mainly to an increase of Baht 58.4 billion or 2.8 percent in deposits, while interbank and money market items increased by Baht 34.2 billion or 26.6 percent from borrowing-related transactions and repurchase agreements, while debt issued and borrowings amounted to Baht 135.5 billion, a decrease of Baht 2.9 billion or 2.1 percent.

Deposits

Million Baht

Deposits Classified by Product Type	March 2016		December 2015		March 2015		Change (%)	
	Amount	Portion	Amount	Portion	Amount	Portion	December 2015	March 2015
Current	92,142	4.3%	86,797	4.1%	85,407	4.0%	6.2%	7.9%
Savings	901,195	41.9%	850,689	40.7%	776,782	36.7%	5.9%	16.0%
Fixed *	1,155,996	53.8%	1,153,479	55.2%	1,255,780	59.3%	0.2%	(7.9)%
Total	2,149,333	100.0%	2,090,965	100.0%	2,117,969	100.0%	2.8%	1.5%
Loan to deposit ratio		87.2%		89.4%		83.8%	(2.1)%	3.5%

* Including negotiable certificates of deposit

Total deposits as of March 31, 2016 amounted to Baht 2,149.3 billion, an increase of Baht 58.4 billion or 2.8 percent from the end of December 2015, mostly from savings deposits, which increased by Baht 50.5 billion or 5.9 percent.

Debt Issued and Borrowings

Million Baht

Debt Issued and Borrowings Classified by Type of Instruments	March 2016		December 2015		March 2015		Change (%)	
	Amount	Portion	Amount	Portion	Amount	Portion	December 2015	March 2015
Senior unsecured notes	105,740	74.5%	108,335	74.8%	110,758	76.0%	(2.4)%	(4.5)%
Unsecured subordinated notes	35,850	25.3%	36,238	25.0%	34,648	23.8%	(1.1)%	3.5%
Bills of exchange	74	0.1%	74	0.1%	150	0.1%	-	(50.7)%
Others	149	0.1%	107	0.1%	126	0.1%	39.3%	18.3%
Total (before less discount on borrowings)	141,813	100.0%	144,754	100.0%	145,682	100.0%	(2.0)%	(2.7)%
<u>Less</u> discount on borrowings	6,300		6,352		6,466		(0.8)%	(2.6)%
Total	135,513		138,402		139,216		(2.1)%	(2.7)%

Total debt issued and borrowings as of March 31, 2016 amounted to Baht 135.5 billion, a decrease of Baht 2.9 billion from the end of December 2015 due mainly to the baht's appreciation.

Shareholders' Equity

Shareholders' equity as of March 31, 2016 amounted to Baht 370.5 billion, an increase of Baht 8.7 billion or 2.4 percent from the end of 2015, due mainly to the first quarter of 2016's net profit of Baht 8.3 billion and an increase of Baht 792 million in revaluation gains on available-for-sale investments.

Contingent Liabilities

Million Baht

Item	March 2016	December 2015	March 2015	Change (%)	
				December 2015	March 2015
Avals to bills	6,588	6,808	5,534	(3.2)%	19.0%
Guarantees of loans	11,901	11,788	9,509	1.0%	25.2%
Liability under unmatured import bills	19,884	18,487	19,169	7.6%	3.7%
Letters of credit	27,130	29,192	27,673	(7.1)%	(2.0)%
Other commitments					
Underwriting commitments	498	-	129	100.0%	286.0%
Amount of unused bank overdrafts	178,372	178,698	171,587	(0.2)%	4.0%
Other guarantees	230,883	220,602	215,183	4.7%	7.3%
Others	109,900	90,449	155,720	21.5%	(29.4)%
Total	585,156	556,024	604,504	5.2%	(3.2)%

Contingent liabilities as of March 31, 2016 amounted to Baht 585.2 billion, an increase of Baht 29.1 billion from the end of December 2015. This was due mainly to increases in other commitments and other guarantees.

Sources and Utilization of Funds

Primary sources of funds as of March 31, 2016 comprised Baht 2,149.3 billion or 73.1 percent in deposits, Baht 370.5 billion or 12.6 percent in shareholders' equity, Baht 162.9 billion or 5.5 percent in interbank and money market liabilities, and Baht 135.5 billion or 4.6 percent in debt issued and borrowings.

The utilization of funds comprised Baht 1,874.9 billion or 63.8 percent in loans, Baht 542.4 billion or 18.4 percent in net investments (including net investments in associates), and Baht 455.1 billion or 15.5 percent in net interbank and money market assets.

Capital Reserves and Capital Adequacy Ratio

Consolidated

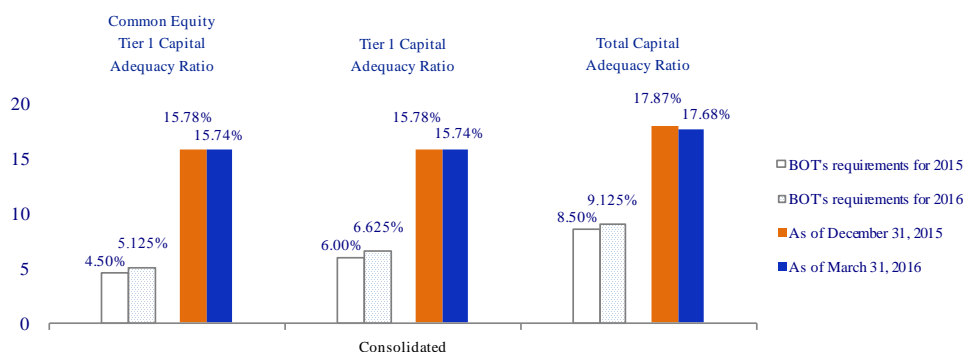
Million Baht

Item	Capital			Capital Adequacy Ratio		
	March 2016	December 2015	March 2015	March 2016	December 2015	March 2015
Total capital	383,765	386,653	348,920	17.68%	17.87%	17.36%
Tier 1 capital	341,618	341,564	305,612	15.74%	15.78%	15.21%
Common equity Tier 1 capital	341,537	341,431	305,524	15.74%	15.78%	15.20%

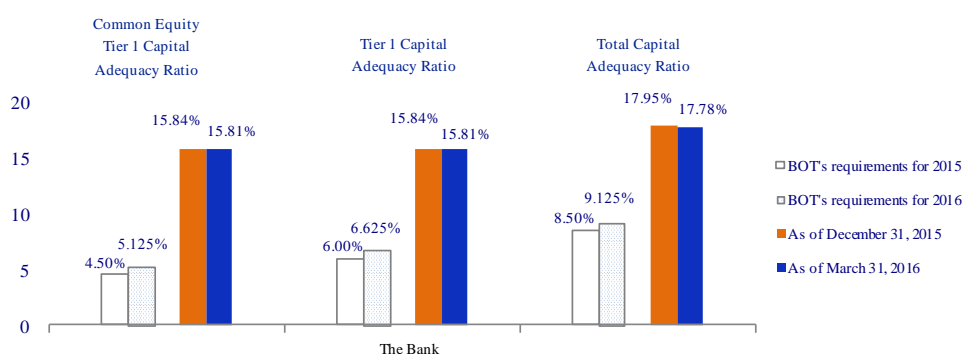
The Bank

Million Baht

Item	Capital			Capital Adequacy Ratio		
	March 2016	December 2015	March 2015	March 2016	December 2015	March 2015
Total capital	373,407	376,265	341,583	17.78%	17.95%	17.52%
Tier 1 capital	332,044	332,058	299,124	15.81%	15.84%	15.34%
Common equity Tier 1 capital	332,044	332,058	299,124	15.81%	15.84%	15.34%



Remark: The Bank of Thailand requires commercial banks to maintain an additional capital conservation buffer. The buffer will gradually increase by more than 0.625% each year from January 1, 2016 until it reach more than 2.5% in January 1, 2019.



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Under the principles of Basel III, the Bank of Thailand (BOT) requires commercial banks registered in Thailand and their groups to maintain a capital conservation buffer in addition to minimum capital adequacy ratios which sets out to phasing in additional capital ratio of more than 0.625 percent p.a. starting January 1, 2016 until completion of the increment to more than 2.50 percent in January 1, 2019. In 2016, the requirement for Common Equity Tier 1 ratio rises from no less than 4.50 percent to more than 5.125 percent, the requirement for Tier 1 ratio rises from no less than 6.00 percent to more than 6.625 percent, and the requirement for total capital ratio rises from no less than 8.50 percent to more than 9.125 percent – measured as percentages of total risk-weighted assets.

As of March 31, 2016, legal capital funds were Baht 383.8 billion, common equity Tier 1 capital Baht 341.5 billion, and Tier 1 capital Baht 341.6 billion. The total capital adequacy ratio was 17.68 percent, while the common equity Tier 1 capital adequacy ratio was 15.74 percent and the Tier 1 capital adequacy ratio was 15.74 percent. With the inclusion of net profit for the six months ending December 31, 2015 and net profit for the first quarter of 2016 minus the dividend payment in May 2016, the total capital adequacy ratio, the common equity Tier 1 capital adequacy ratio and the Tier 1 capital adequacy ratio would be 18.47 percent, 16.52 percent and 16.53 percent, respectively.

Liquid Assets

Item	March 2016	December 2015	March 2015
Liquid assets (Million Baht)	1,003,089	906,648	996,013
Liquid assets/total assets (%)	34.1	32.0	35.3
Liquid assets/deposits (%)	46.7	43.4	47.0

Liquid assets consisted of cash, interbank and money market items, claims on securities, trading securities and available-for-sale securities. As of March 31, 2016, liquid assets totaled Baht 1,003.1 billion, an increase of Baht 96.4 billion or 10.6 percent from the end of December 2015, due predominantly to an increase of Baht 83.1 billion in interbank and money market items, an increase of Baht 16.1 billion in trading securities, while cash decreased by Baht 7.6 billion.

Credit Ratings

At the end of March 2016, credit-rating agencies maintained the Bank's credit ratings from the end of 2015. In June 2015, Moody's Investors Service (Moody's) downgraded the Bank's senior unsecured debt rating to Baa1 from A3 in March 2015 due to a change in Moody's bank-rating methodology. The change in assessment methods did not affect the other credit ratings of the Bank, which were classified as investment grade. The outlook for the Bank's credit ratings is as follows:

Credit Rating Agency *	March 31, 2016	December 31, 2015	March 31, 2015
Moody's Investors Service			
Long term - Deposits	Baa1	Baa1	Baa1
Short term - Debt instruments / deposits	P-2 / P-2	P-2 / P-2	P-2 / P-2
Senior unsecured debt instruments	Baa1	Baa1	A3
Subordinated debt instruments	Baa3	Baa3	Baa3
Outlook	Stable	Stable	Stable
Financial strength (BCA)	baa2	baa2	baa2
Financial strength outlook	Stable	Stable	Stable
Standard & Poor's			
Long term - Debt instruments	BBB+	BBB+	BBB+
- Deposits	BBB+	BBB+	BBB+
Short term - Debt instruments / deposits	A-2 / A-2	A-2 / A-2	A-2 / A-2
Senior unsecured debt instruments	BBB+	BBB+	BBB+
Subordinated debt instruments	BBB	BBB	BBB
Financial strength (SACP)	bbb	bbb	bbb
Support	+1	+1	+1
Outlook	Stable	Stable	Stable
ASEAN Regional Ratings (Long term / Short term)	axA+ / axA-1	axA+ / axA-1	axA+ / axA-1
Fitch Ratings			
International ratings			
Long term - Debt instruments	BBB+	BBB+	BBB+
Short term - Debt instruments	F2	F2	F2
Senior unsecured debt instruments	BBB+	BBB+	BBB+
Subordinated debt instruments	BBB	BBB	BBB
Financial strength (Viability)	bbb+	bbb+	bbb+
Support	2	2	2
Outlook	Stable	Stable	Stable
Domestic ratings			
Long term - Debt instruments	AA	AA	AA
Short term - Debt instruments	F1+	F1+	F1+
Subordinated debt instruments	AA-	AA-	AA-
Outlook	Stable	Stable	Stable

* Long-term credit ratings classified as investment grade by Moody's Investors Service, Standard & Poor's and Fitch Ratings are Baa3, BBB- and BBB-, or higher, respectively. Short-term credit ratings classified as investment grade by Moody's Investors Service, Standard & Poor's and Fitch Ratings are P-3, A-3 and F3, or higher, respectively.