krungsri
กรุงศรี

A member of MUFG
a global financial group

Financial Performance 1Q 2017

21 April 2017

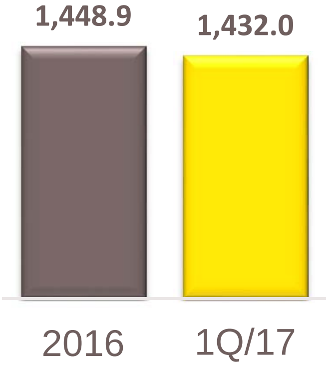
"Make Life Simple เรื่องเงิน เรื่องง่าย"

Highlights

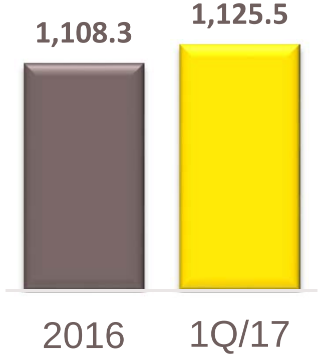
1Q 2017 Key Financial Highlights

Loan Growth
-1.2% QoQ

Consolidated
(Baht Billion)



Deposit Growth
+1.5% QoQ



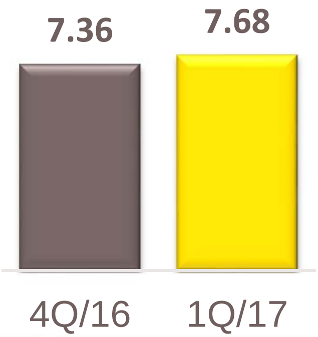
CASA

51.2%

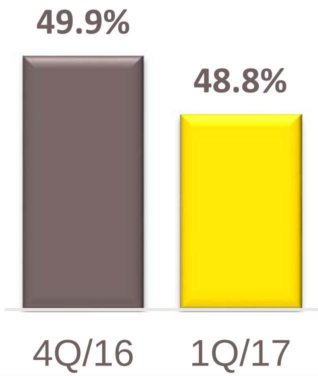
NIM

3.82%

Non-interest Income Growth
+4.3% QoQ



Cost-to-Income Ratio



NPL

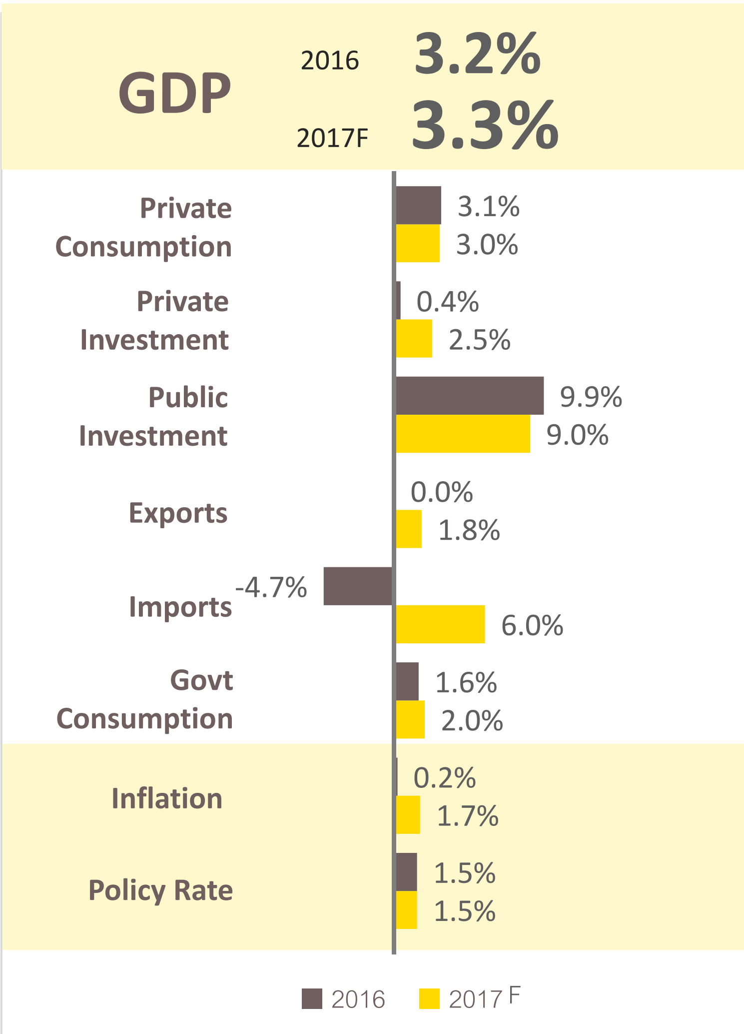
2.33%

Coverage

143%

Thailand Economic Outlook

2017 Outlook: The Thai economy is likely to expand moderately by 3.3% in 2017 with a more balanced recovery.



Key drivers

- **Private consumption**
  - An increase in the minimum wage
  - Improvements in farm income
  - End of installment repayment of car buyers under the first car scheme
  - A new personal income tax structure
  - Improvement in household debt
- **Private investment**
  - Supported by acceleration of infrastructure investment projects
- **Greater clarity of public investment**
  - To help drive the growth momentum of private investment.
- A slight **improvement in export**

Tailwinds

- Economic stimulus and government's extra-budget
- Supply-side development
- Resilient tourism sector
- Sound economic fundamentals

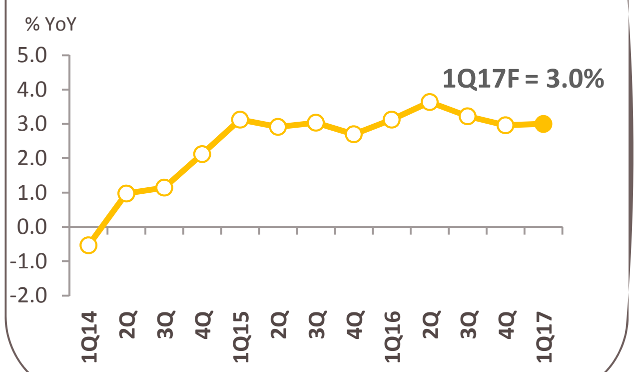
Headwinds

- Political uncertainties
- US trade policy uncertainties
- Volatile financial markets
- Short-term impact on tourism from zero-dollar tour crackdown
- Structural problems e.g. competitiveness

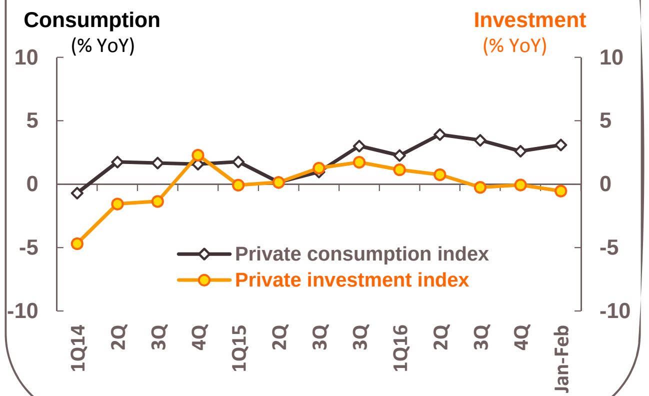
Recent Economic Development

- A recovery of economic activity continues and is more broad based
  - 1Q17 GDP growth seems to grow further.
  - Household consumption is strengthening, driven by pent-up demand for durable goods.
  - Tourist arrivals rebounded despite impacts of the crackdown on illegal tours.
  - Exports grew stronger-than-expected thanks to higher commodity prices and recovering global demand.
  - However, investment spending remains weak.

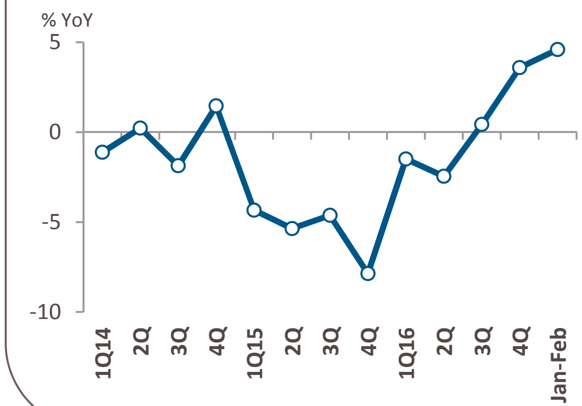
GDP: continues to grow in 1Q17



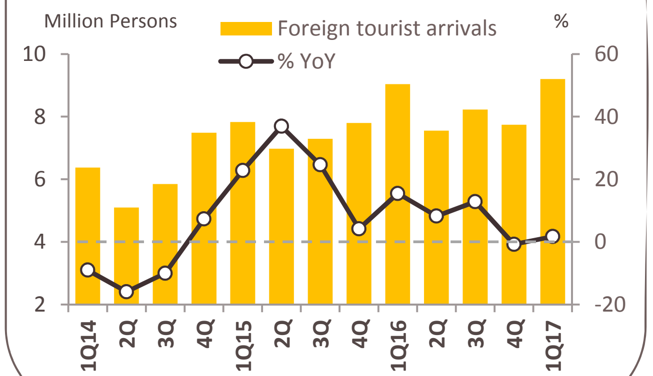
Domestic demand: consumption is encouraged by higher farm income



Exports: recover following global demand and rising prices



Tourism: rebounds faster than expected



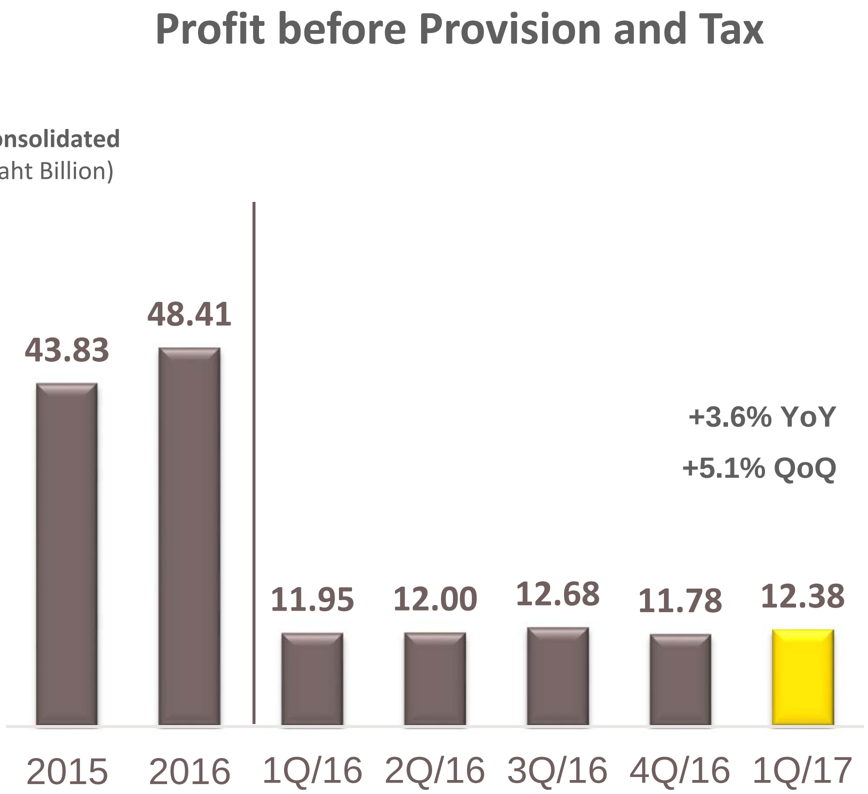
Source: BOT, Department of Tourism, Krungsri Research

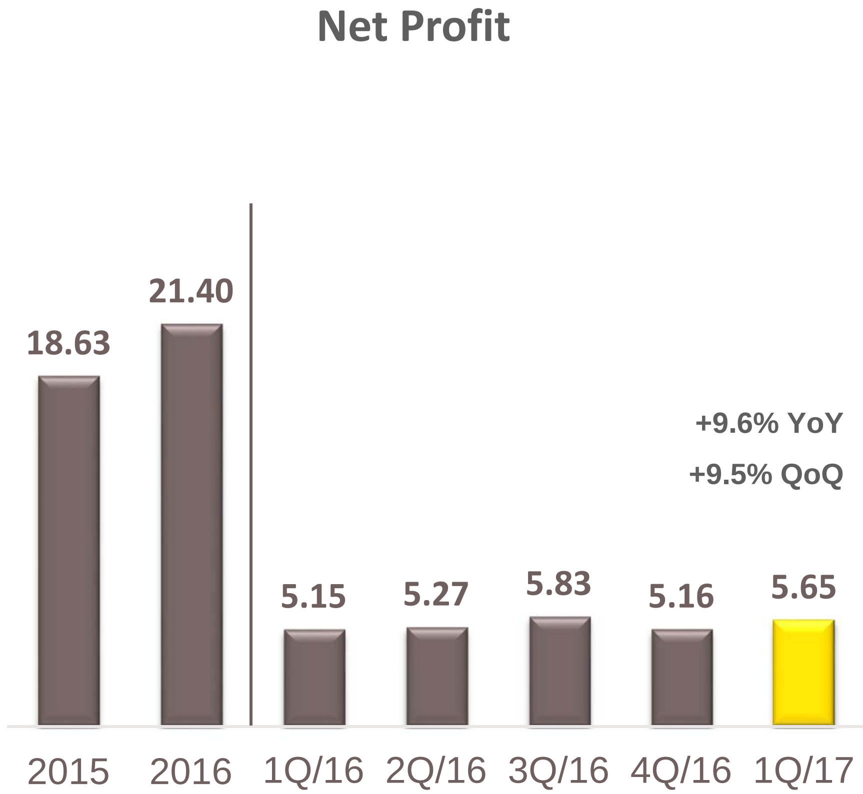
Financial Performance

Profitability

Robust financial results were attributed to the solid performance in both interest income and non-interest income

Consolidated
(Baht Billion)



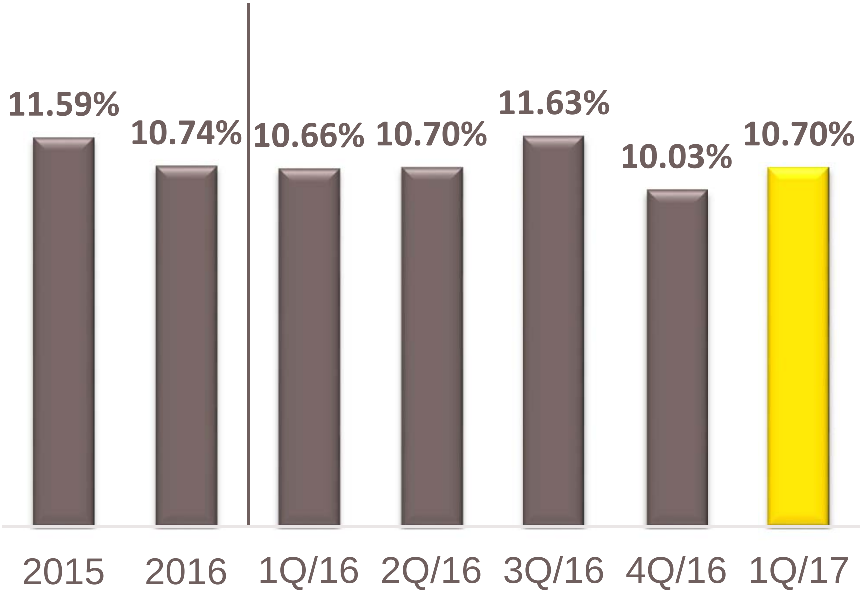


ROAE & ROAA

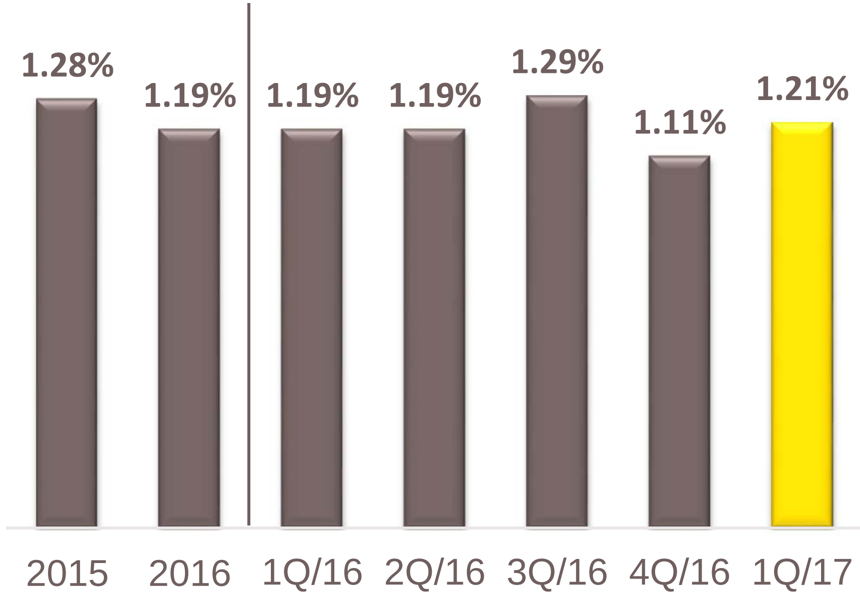
Reported ROAE at 10.70% and ROAA at 1.21%

ROAE

Consolidated

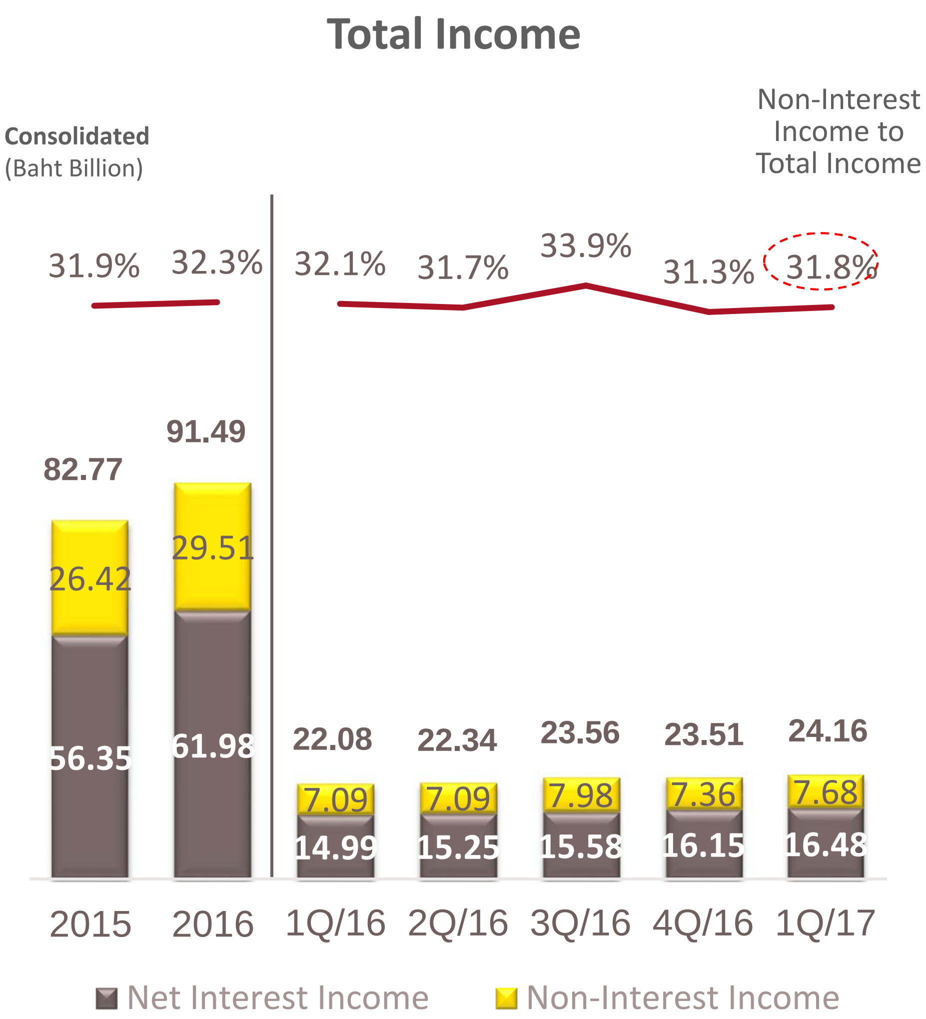


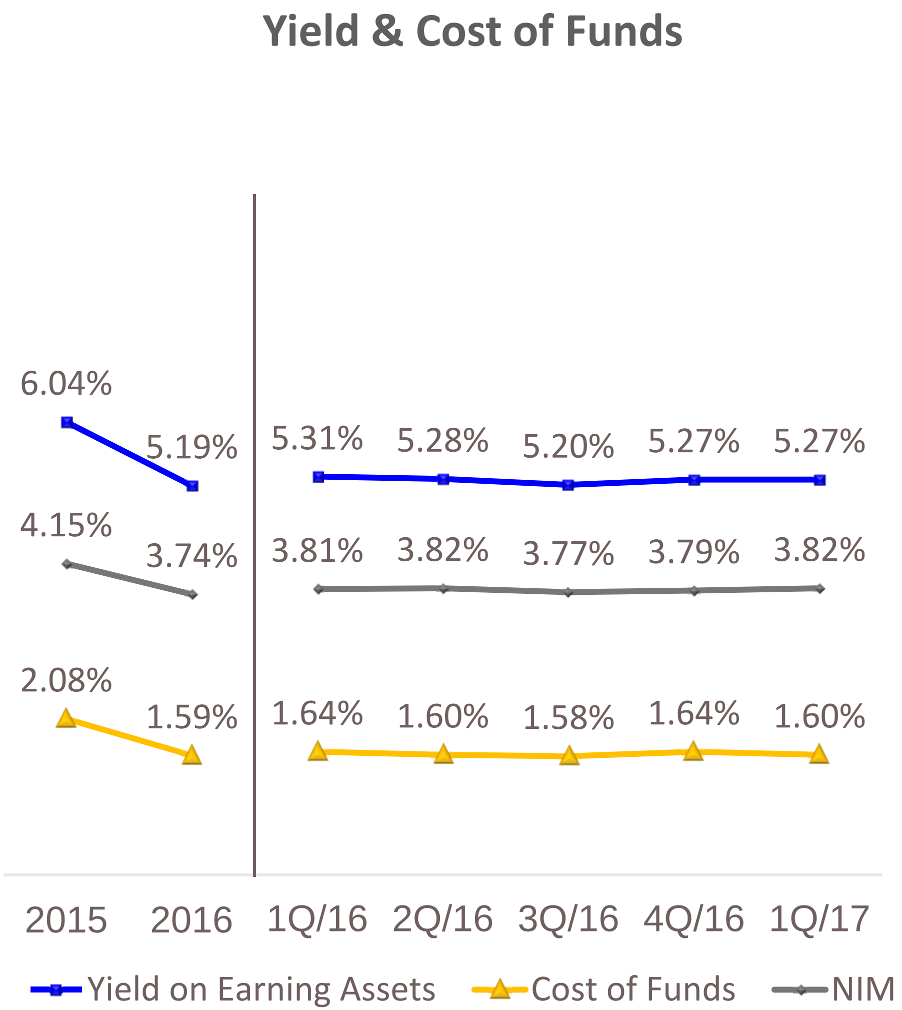
ROAA



Profitability Measurement

NIM recorded at 3.82%

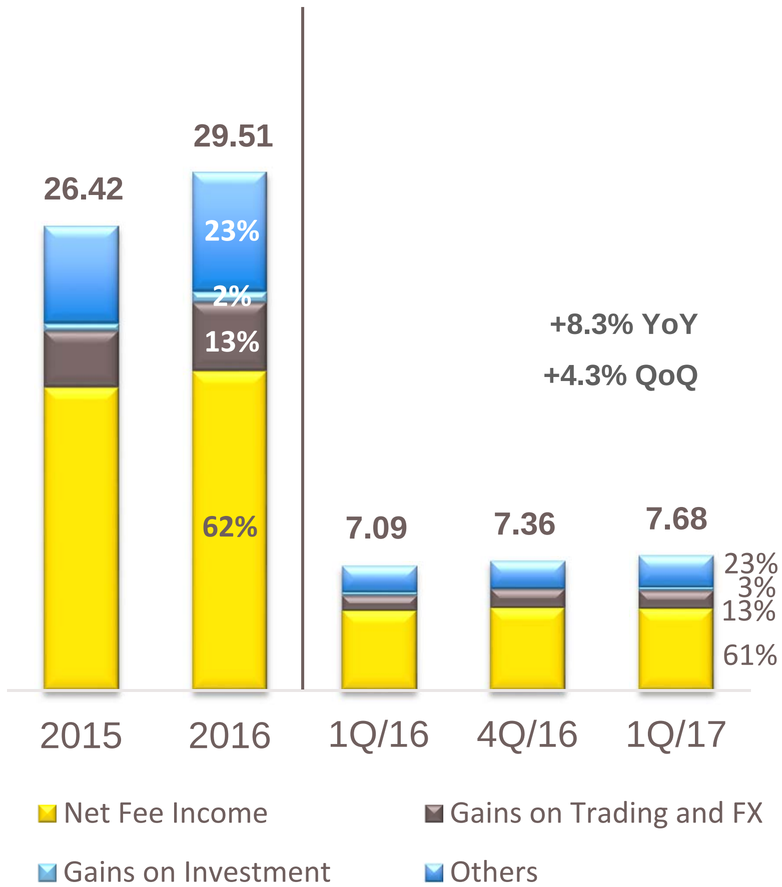




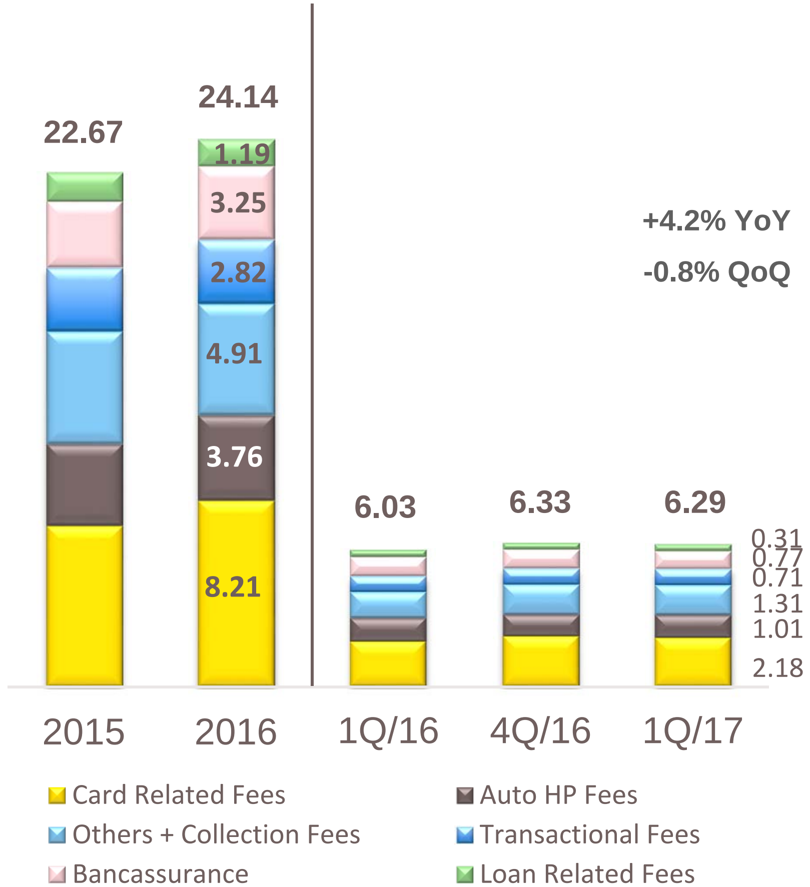
Non-Interest Income & Fees and Service Income

Consolidated
(Baht Billion)

Non-Interest Income



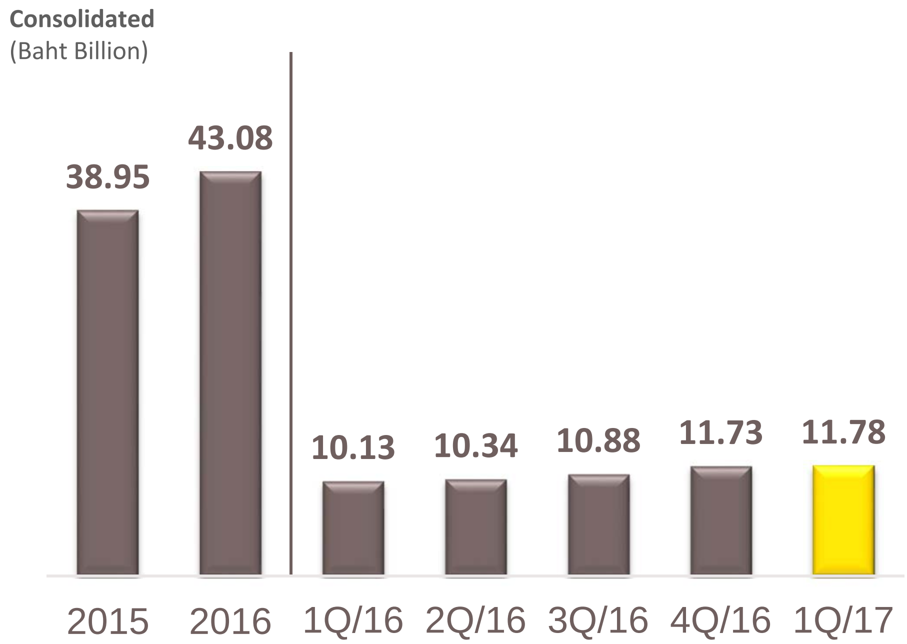
Fee & Service Income



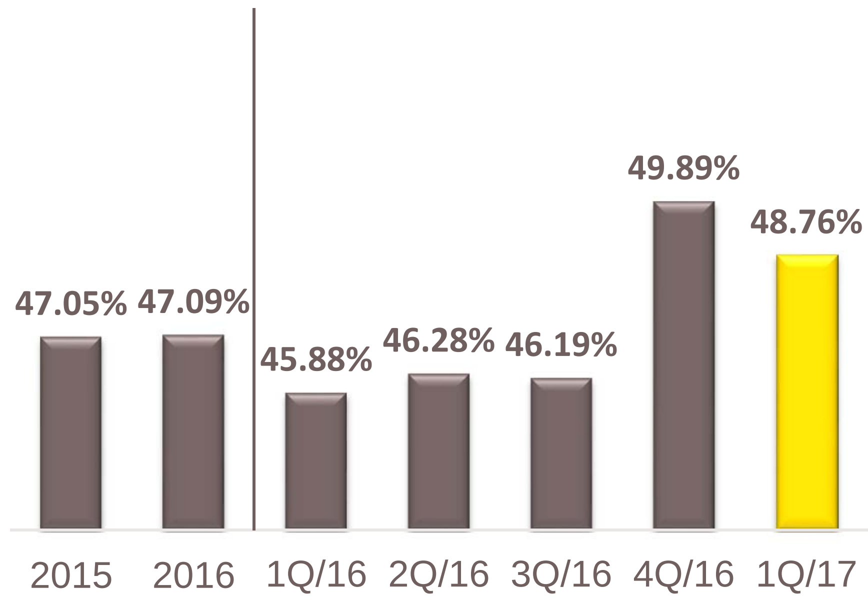
Productivity

Cost to income ratio recorded at 48.76%

Operating Expenses



Cost to Income Ratio

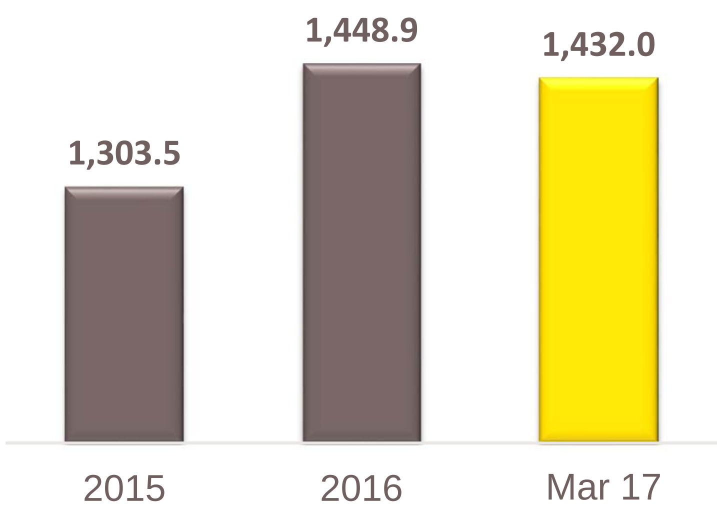


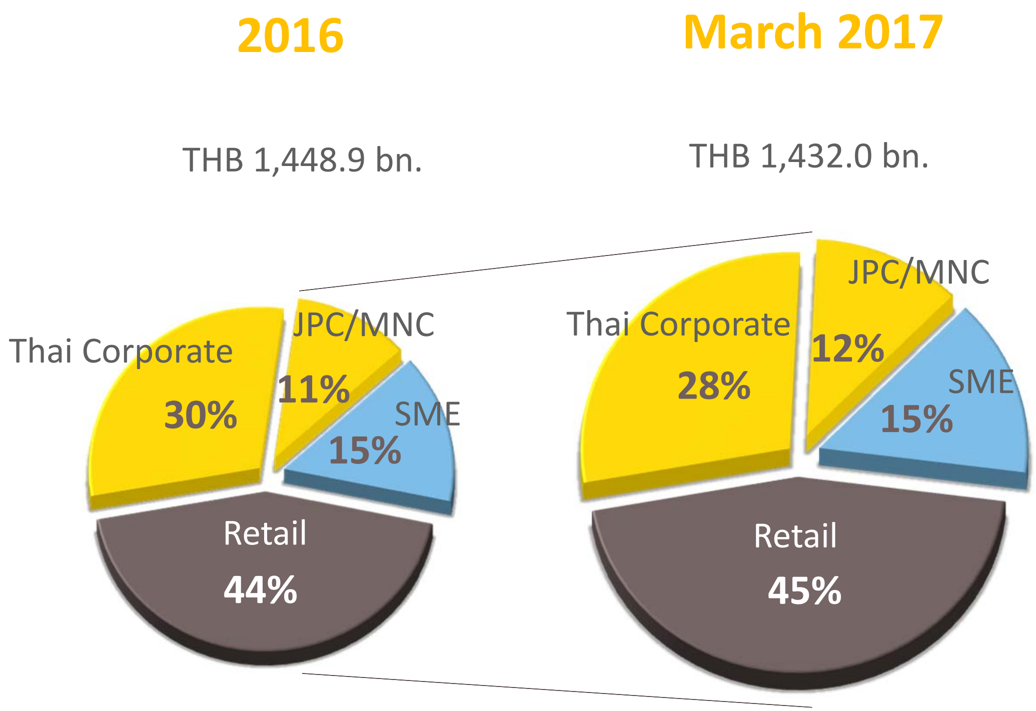
Loan Portfolio

Loan contraction resulted from repayment of corporate working capital lines and seasonally lower retail spending for credit cards and personal loans

Loans

Consolidated
(Baht Billion)





Retail

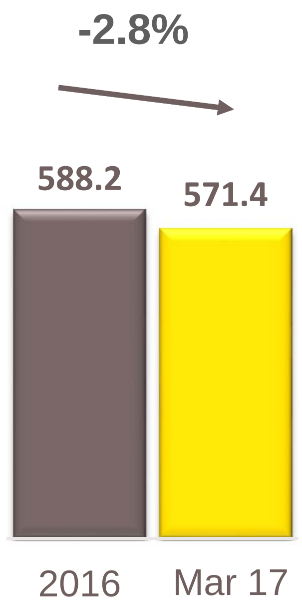
Auto HP	21%
Mortgage	14%
Credit Card & Personal Loans	10%

Loans by Segments

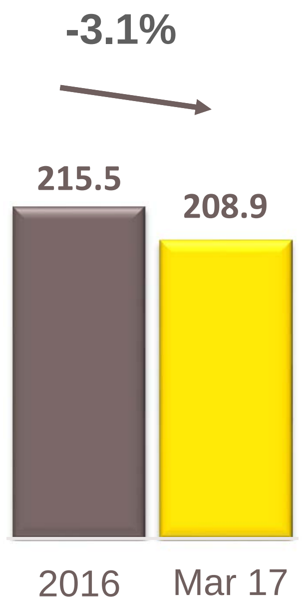
Seasonality repayment for commercial portfolio, while retail segment continued to expand

Corporate Loan

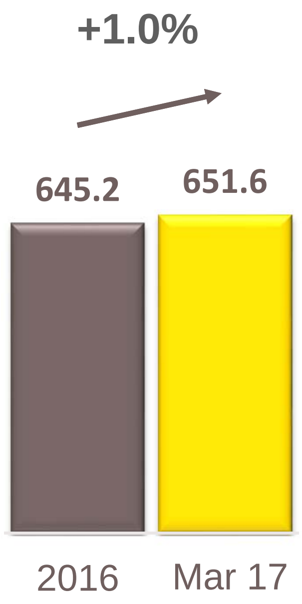
Consolidated
(Baht Billion)



SME Loan



Retail Loan

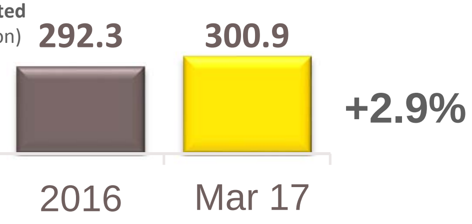


Under Retail Segment

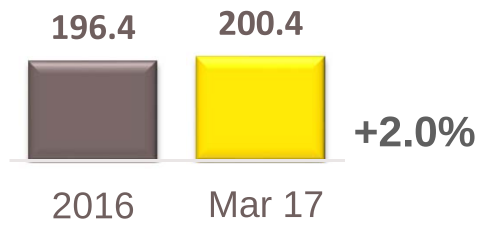
Hire Purchase

(Including Ngern Tid Lor)

Consolidated
(Baht Billion)

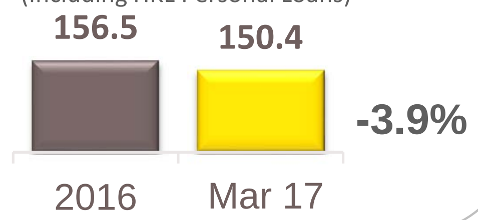


Mortgage



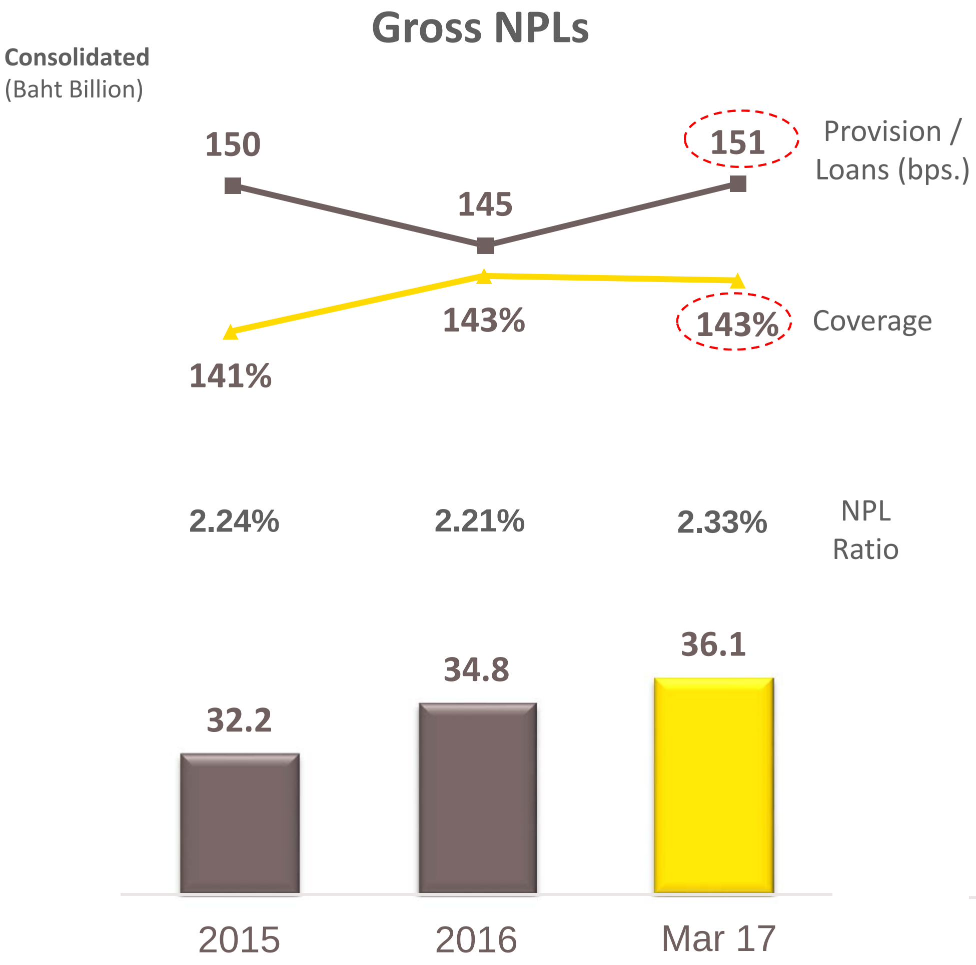
Credit Cards and Personal Loans

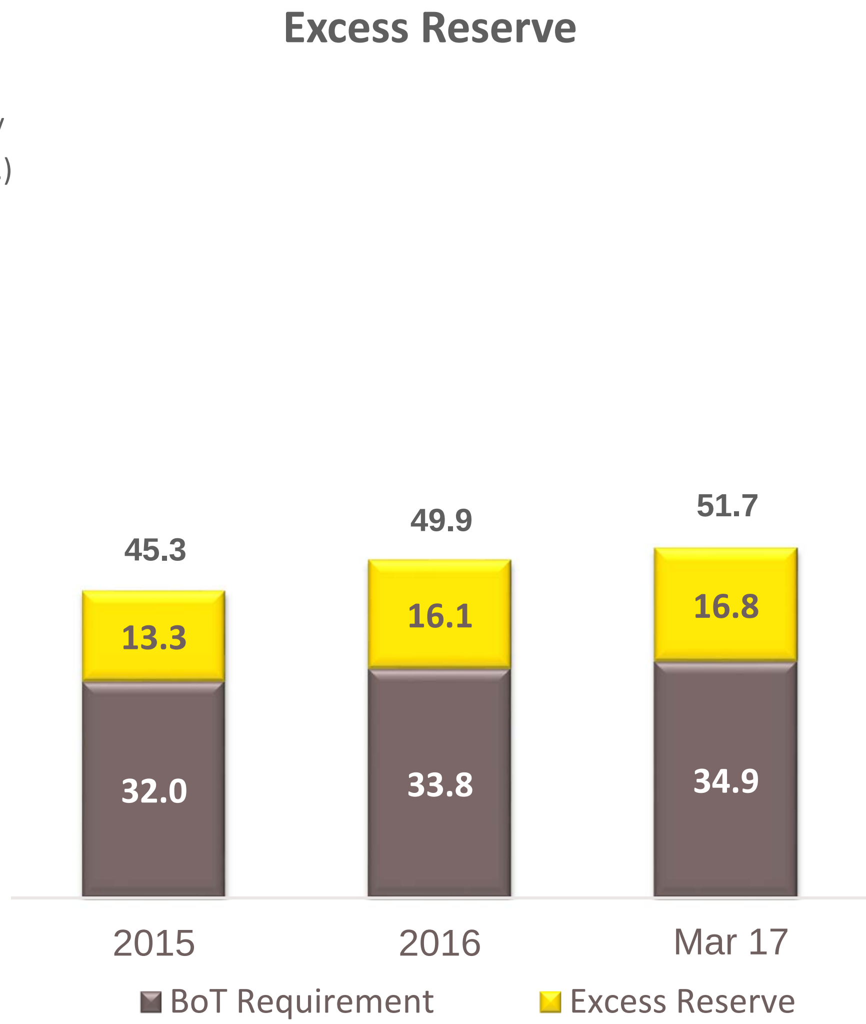
(Including HKL Personal Loans)



Asset Quality

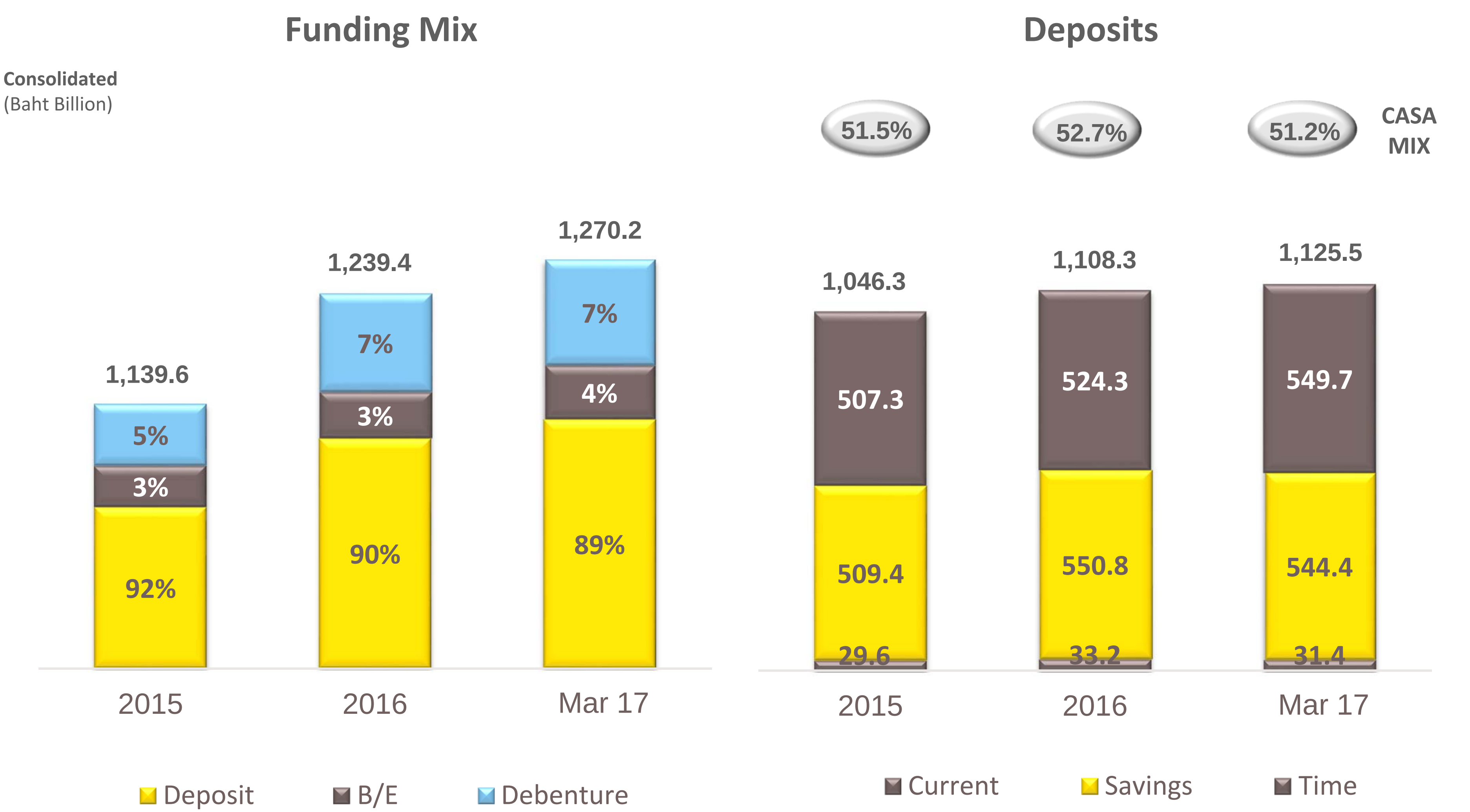
NPLs recorded at 2.33%, with strong reserve position





Funding Base

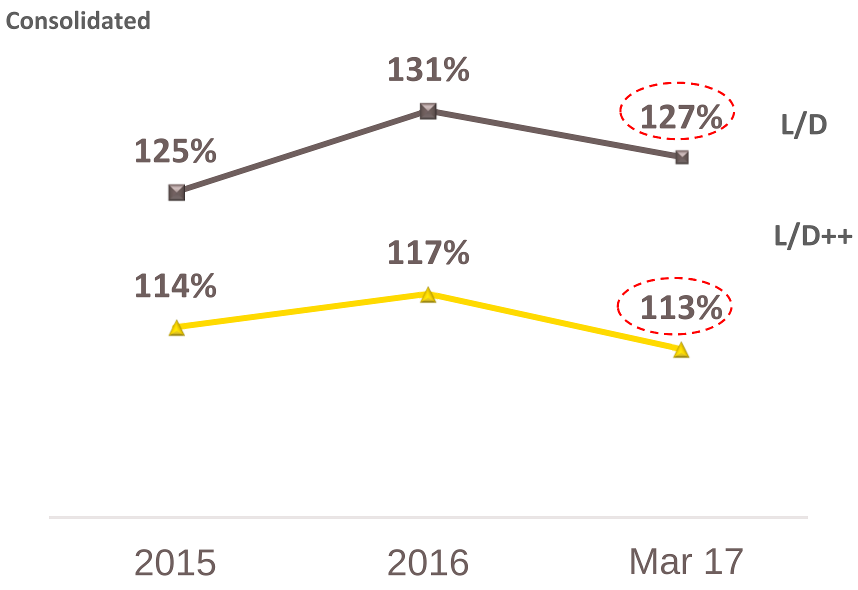
Improvement in overall funding



Capital and Liquidity

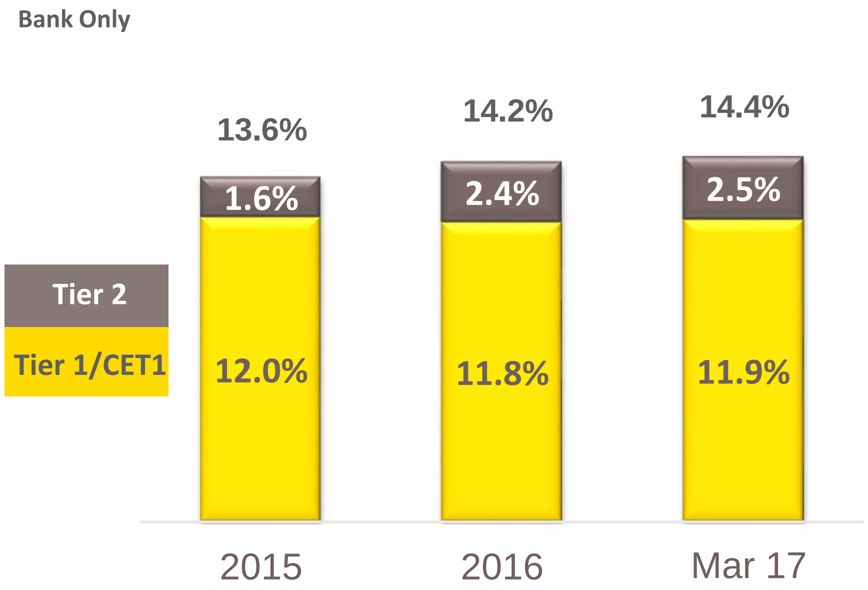
Solid capital position, CAR equivalent to 14.4%

Loan to Deposit



L/D++ : Loans to Deposit + B/E + Debenture

Capital Adequacy Ratio *



** CAR required by BOT at 8.5% for 2015, at 9.125% for 2016, and at 9.75 for 2017*

Baht Billion	2015	2016	Mar-17
Tier 1/CET 1	146.18	158.83	158.21
Tier 2	20.08	32.26	33.07
Total Capital	166.26	191.09	191.28

The Summary of Key Financial Performance

Consolidated	1Q/16	4Q/16	1Q/17	2017 Targets	
Loan Growth (Net)	-1.3 bn -0.1%	+44.9 bn +3.2%	-16.8 bn -1.2%	6-8%	~
NPLs Ratio	2.28%	2.21%	2.33%	< 2.5%	✓
Deposit Mix: Savings and Current	55%	53%	51%	> 50%	✓
Loan Mix : Retail	44%	44%	45%	~ 40%	✓
L/Deposit+Debenture+B/E	116%	117%	113%	n.d.	n.d.
NIM	3.81%	3.79%	3.82%	~ 3.7%	✓
Non-interest income growth* (YoY)	13.1%	5.9%	8.3%	5.0%+	✓
Cost to Income Ratio	45.9%	49.9%	48.8%	< 50%	✓
Provisions	167 bps	145 bps	151 bps	~ 140 bps	~
Loan Loss Coverage	143%	143%	143%	140%+	✓
CAR *(Bank Only)*	13.5%	14.2%	14.4%	n.d.	n.d.

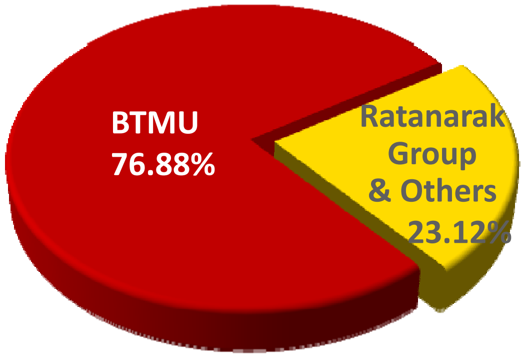
* *Net Fee Income + Non-Interest and Non-Fee Income*

Krungsri Profile

Our History

Shareholding Structure

(as of 10 March 2017)



- Officially established in 1945
- 2007: BAY and GE become strategic partners
- 2008: Acquisition of GE Capital Auto Lease, subsequently renamed to Krungsri Auto
- 2009: Acquisition of AIG Retail Bank Pcl. and AIG Card (Thailand) Co., Ltd.
- 2009: Acquisition of Ngern Tid Lor Co., Ltd., a micro finance business from AIG
- 2009: Acquisition of GE Money Thailand, a consumer finance company
- 2012: Acquisition of HSBC Thailand's retail banking businesses
- Dec 2013: BTMU replaced GE as the strategic shareholder of Krungsri
- Jan 2015: Integration of BTMU Bangkok Branch into Krungsri
- Sep 2016: Acquisition of Hattha Kaksekar Limited (HKL)

International Ratings

Fitch Ratings	Standard & Poor's	Moody's
A-	BBB+	Baa1

National Ratings

Fitch Ratings	TRIS Rating
AAA (tha)	AAA

Leadership Position

In consumer finance

As of February 2017	Market Position	% Share
Consumer		
Personal Loan	1	30%
Credit Card	1	16%
Auto (HP)	2	24%
SME	5	5%
Corporate	4	12%

Extensive Franchise: 31,037 Service Outlets

As of March 2017	Number
Domestic Branches	695 *
Overseas Branches	3
Representative Office	1
ATMs	6,291
Exchange Booths	95
Krungsri Exclusive	29

As of March 2017	Number
Krungsri Business Centres	63
First Choice Branches + Dealers	150 Branches + 18,732 Dealers
Krungsri Auto Dealers	> + 9,600 Dealers
Microfinance Branches	512
Microfinance Overseas Branches (HKL)	157
Thai Post Offices	> + 1,000

** Krungsri Domestic Branches = 695 Branch, of which 658 are Banking Branches and 37 are Auto Business Branches*

Contact

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