krungsri
กรุงศรี

A member of MUFG
a global financial group

2014 Financial Performance

20th January 2015

Agenda

- Highlights
- Financial Performance
- 2014 Business Priorities Delivery
- Krungsri Profile

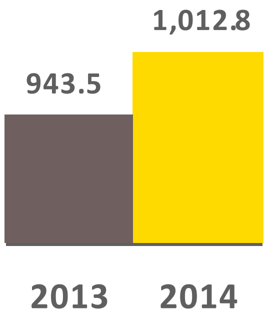
Highlights

2014 Key Financial Highlights

Loan Growth

Consolidated
(Baht Billion)

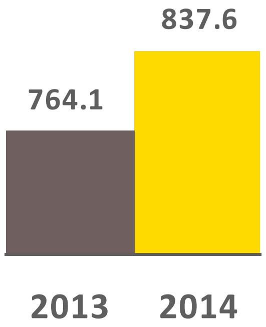
+7.3% YoY



+3.9% QoQ

Deposit Growth

+9.6% YoY



+3.9% QoQ

CASA %

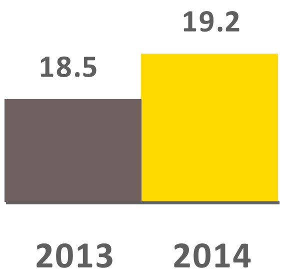
51%

NIM %

4.32%

Fee Income Growth

+3.5% YoY



4Q14 +7.7% QoQ

Cost-to-Income Ratio

48.47%

2013: 48.91%

NPL

2.79%

Coverage %

133%

2014 Achievements vs Targets

Satisfactory Performance Despite Challenging Environment

	2014	2014 Targets	
Loan Growth (Net)	+69.3 bn +7.3%	7%	✓
NPLs Ratio	2.79%	~ 2.9%	✓
Deposit Mix: Savings and Current	51%	~ 50%	✓
Loan Mix : Retail	49%	n.d.	✓
L/D Ratio	121%	n.d.	✓
L/Deposit+Debentures+B/E	106%	100%	~
NIM	4.32%	~ 4.2%	✓
Fee income growth (YoY)	3.5%	5%	~
Cost to Income Ratio	48.47%	< 49%	✓
Provisions	179 bps	~ 170 bps	~
Loan Loss Coverage	133%	125-130%	✓
CAR *(Bank Only)*	14.7%	n.d.	✓

Recent Economic Development

In 2014, Thai economy may grow only 0.8%. Domestic political deadlock and weak global recovery caused the stagnant growth in 1H14 . After political change in mid-2014, domestic spending and tourism rebound slightly.

GDP

	2Q14	3Q14
%yoy	0.4	0.6

Consumption

	Oct14	Nov14
%yoy	-0.3	0.7

Investment

	Oct14	Nov14
%yoy	-2.4	-0.4

Manufacturing production index

	Oct14	Nov14
%yoy	-3.0	-3.5

Industrial capacity utilization

	Oct14	Nov14
%	60.7	59.8

Export

	Oct14	Nov14
%yoy	4.1	-1.8

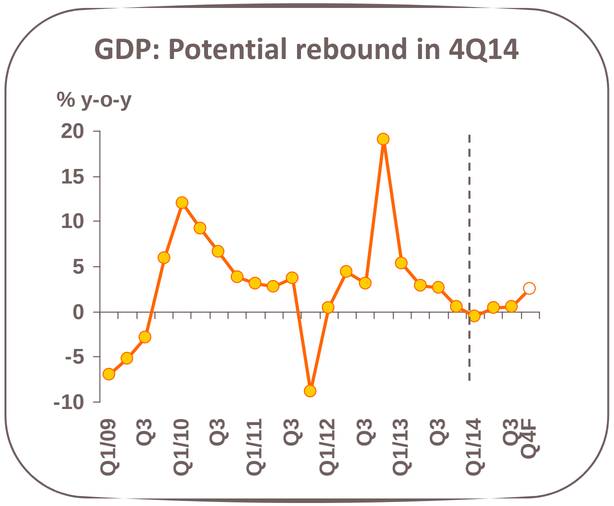
Tourism

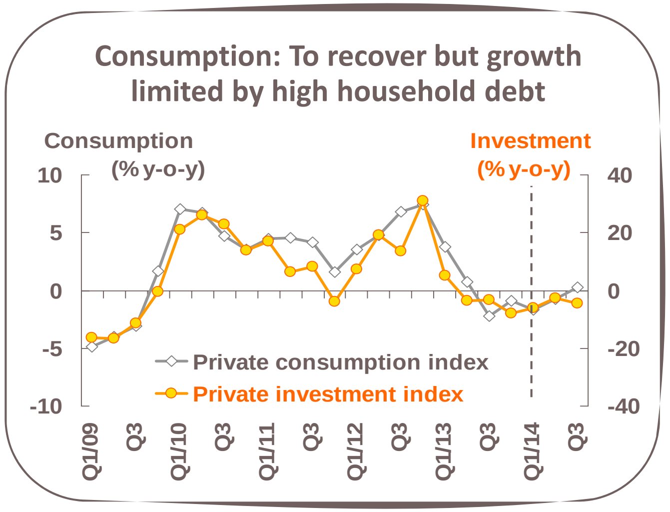
	Oct14	Nov14
%yoy	6.1	2.5

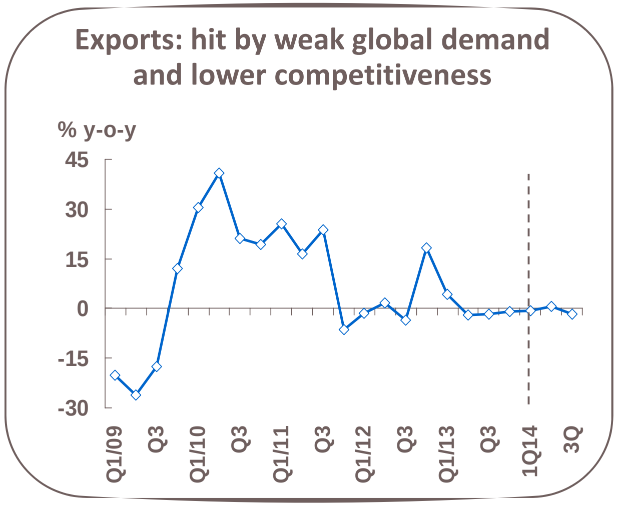
Dangerous Zone

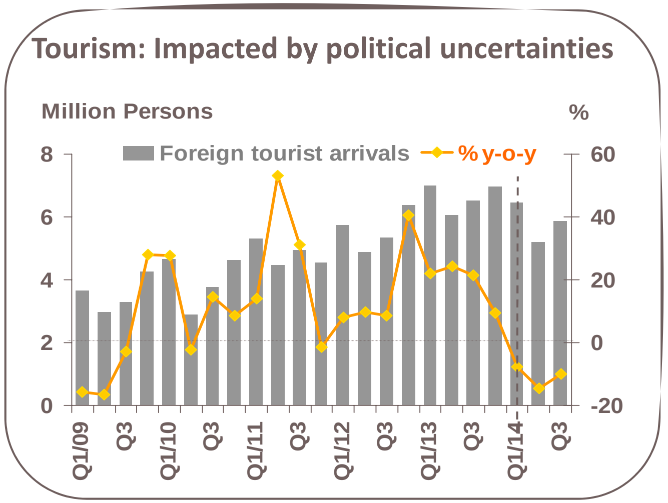
Close Watch

Promising Sign









Source: Krungsri Research

Thailand Economic Outlook

2014-2015 Key Economic Forecasts

% y-o-y growth unless otherwise stated	**2013**	**2014** Forecast*	**2015** Forecast*
GDP	**2.9**	**0.8**	**3.8 – 4.8**
Private Consumption	0.3	0.7	2.7 – 3.7
Private Investment	-2.8	-1.0	6.0– 8.0
Exports (In USD terms)	-0.2	-0.1	2.0 - 4.0
Headline Inflation	2.2	1.9	1.5 - 2.0
Policy Interest Rate (%, end of period)	2.25	2.00	1.75 - 2.00

*Note: * 2014 -2015 forecast by Krungsri Research (as of November 2014)*

Thai Economy:

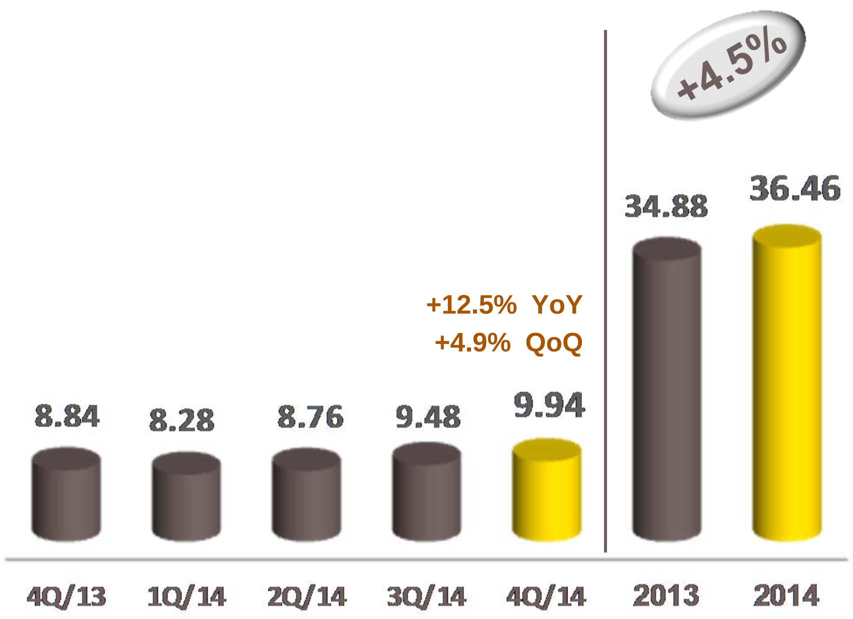
- Economic growth is projected to improve moderately to 4.3% in 2015 from 0.8% in 2014.
  - Accelerating public spending, stimulus measures, infrastructure projects
  - Recovering household spending, business investment and tourism sector
  - Moderate global economic recovery and plunging global oil prices
  - Policy rate to be held at 2.00%

Financial Performance

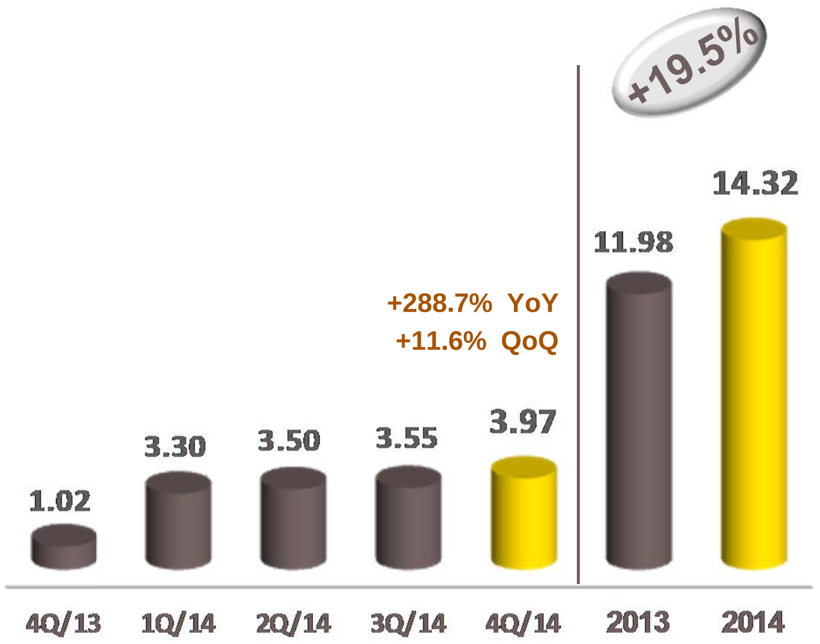
Profitability

Profit before Provision and Tax

Consolidated
(Baht Billion)



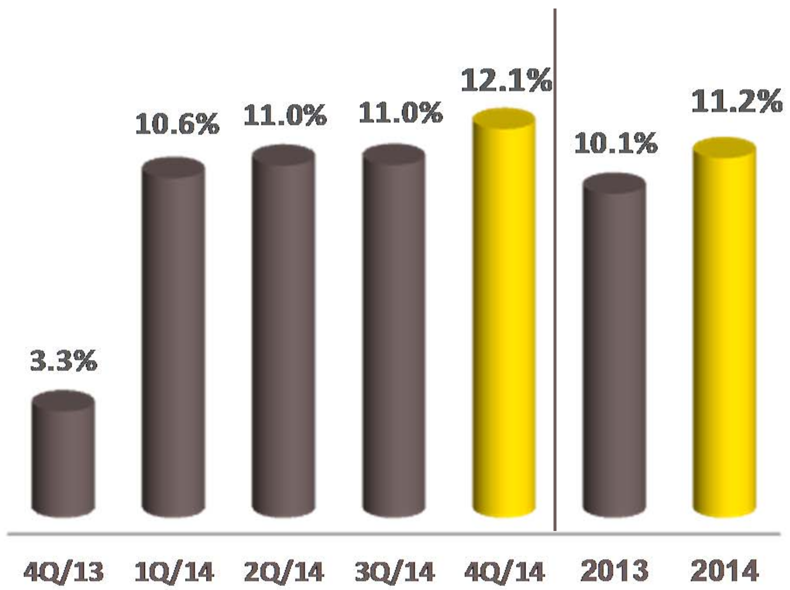
Net Profit



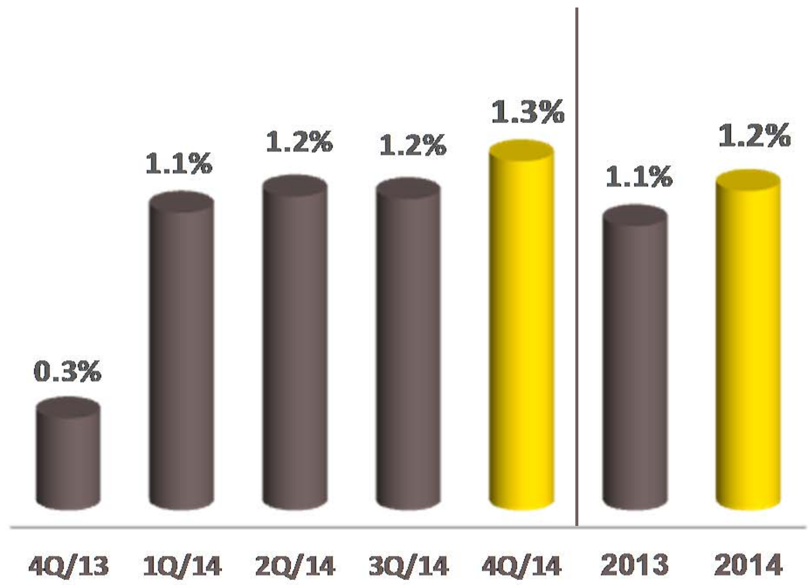
ROAE at 11.2% & ROAA at 1.2%

ROAE

Consolidated

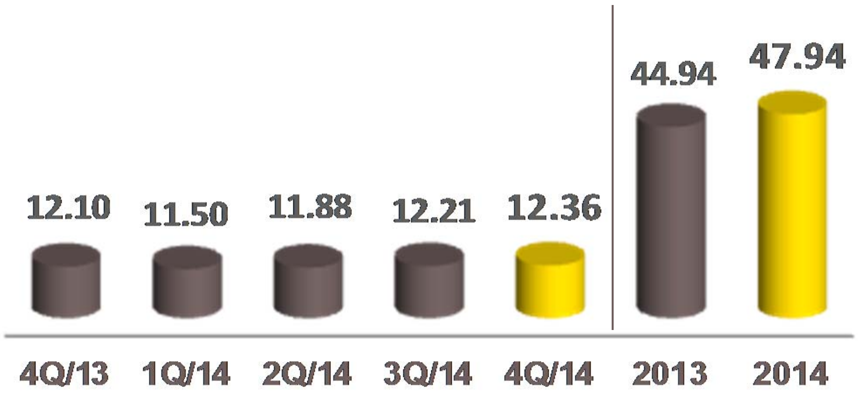


ROAA



Profitability Measurement: NIM Remained Strong

Net Interest Income

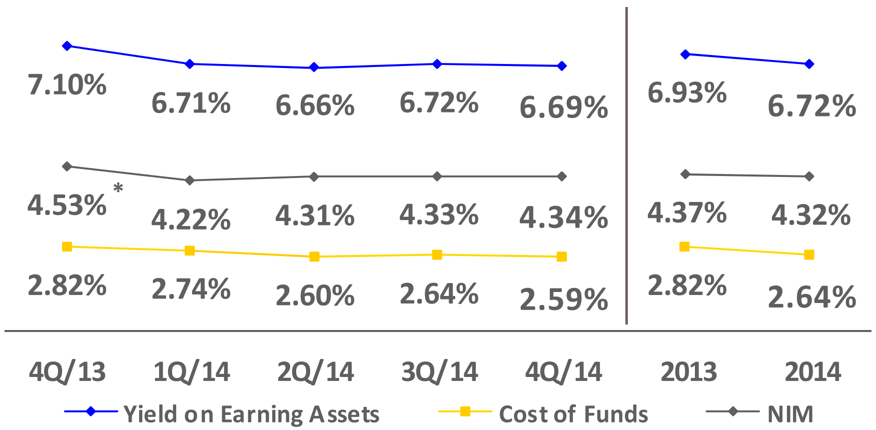


4.32%

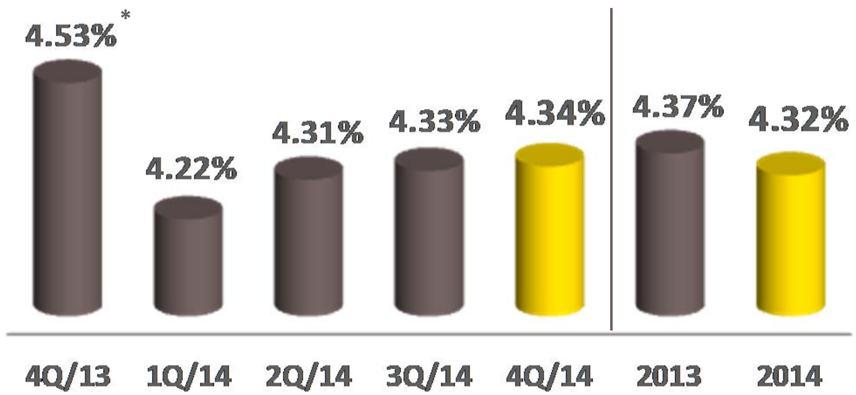
NIM

Lower cost of funds in line with a lower policy rate and a higher mix of lower cost funds

Yield & Cost of Funds



Net Interest Margin (NIM)

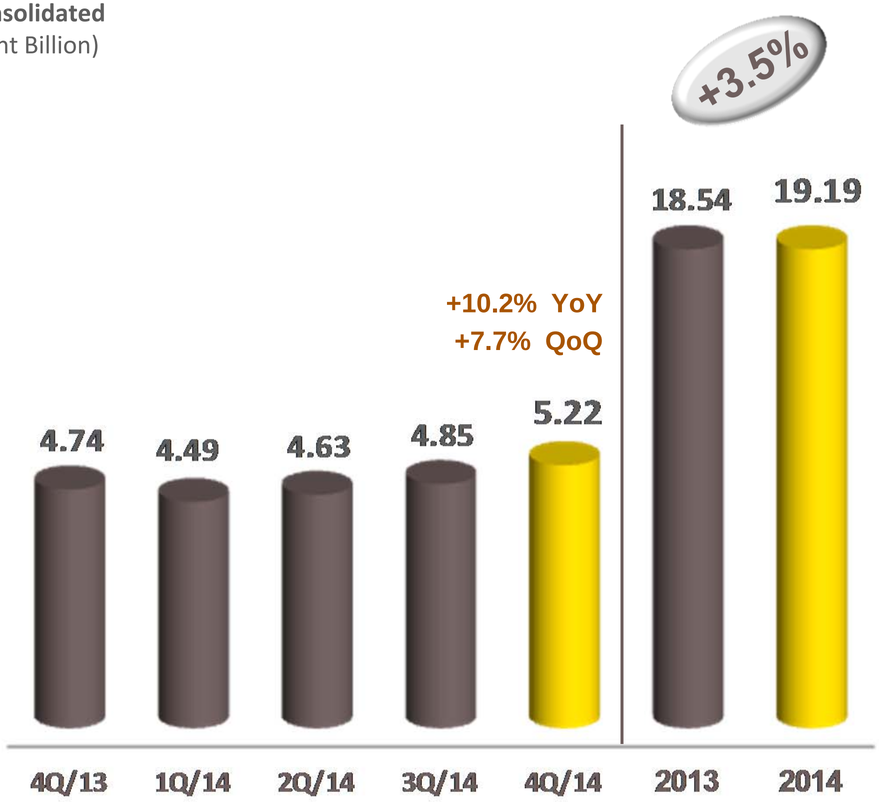


* *Excluding the impact from interest income recognized from loan restructuring of one corporate account in 4Q/13, NIM was 4.34% for 4Q/13.*

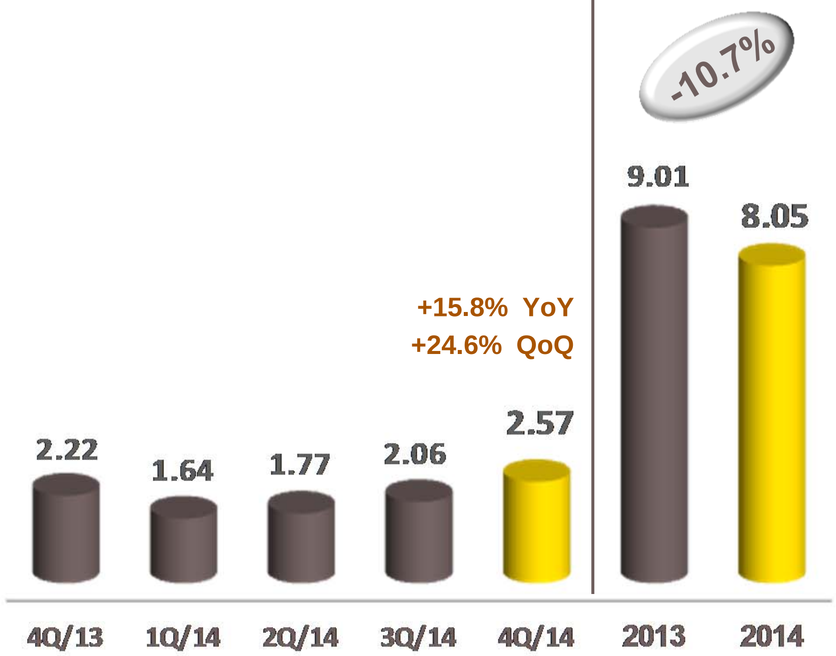
Fees and Service Income

Fee & Service Income

Consolidated
(Baht Billion)



Non-Interest and Non-Fee Income



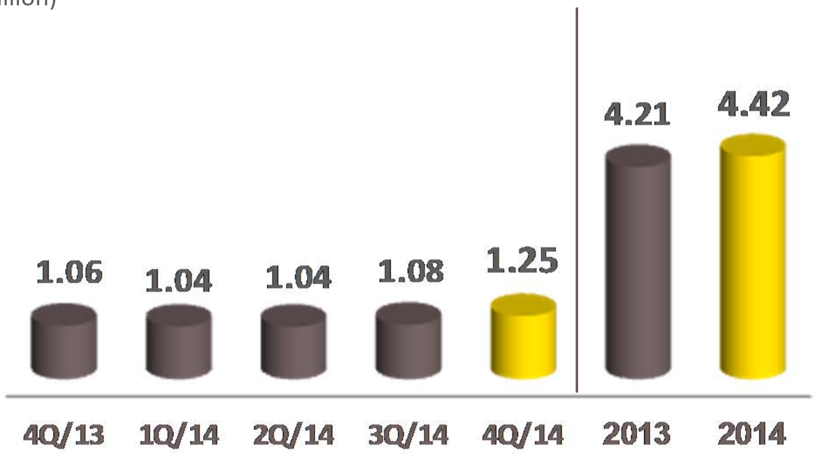
Net Fee & Service Income ***+ 3.1%*** *2014 YoY*

+ 7.9% *4Q14 YoY*

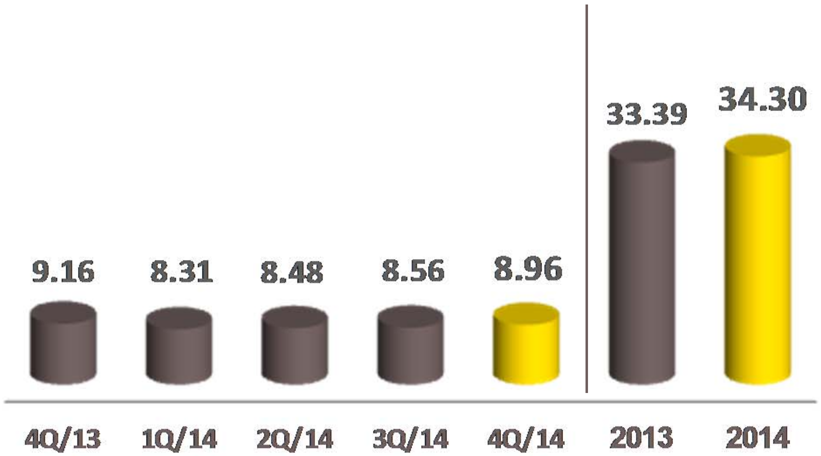
Efficiency Improvement: Smart Spending & Investment

Fee and Service Expense

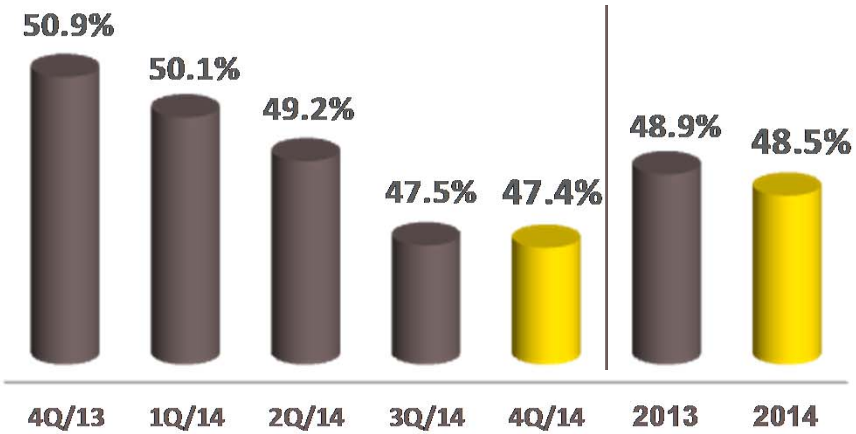
Consolidated
(Baht Billion)



Other Operating Expenses



Cost to Income Ratio



48.5%

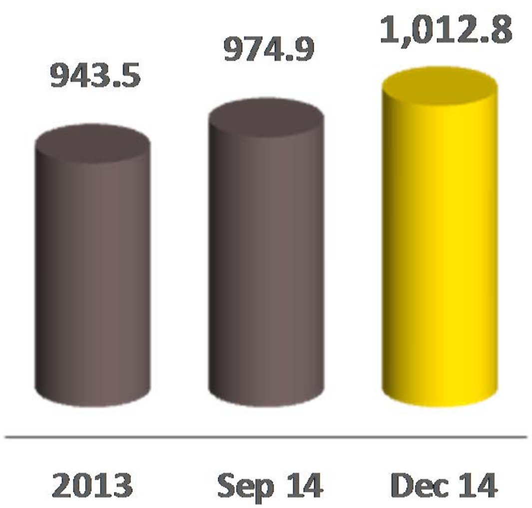
Cost to income: Improved

Reflecting disciplined expenses management

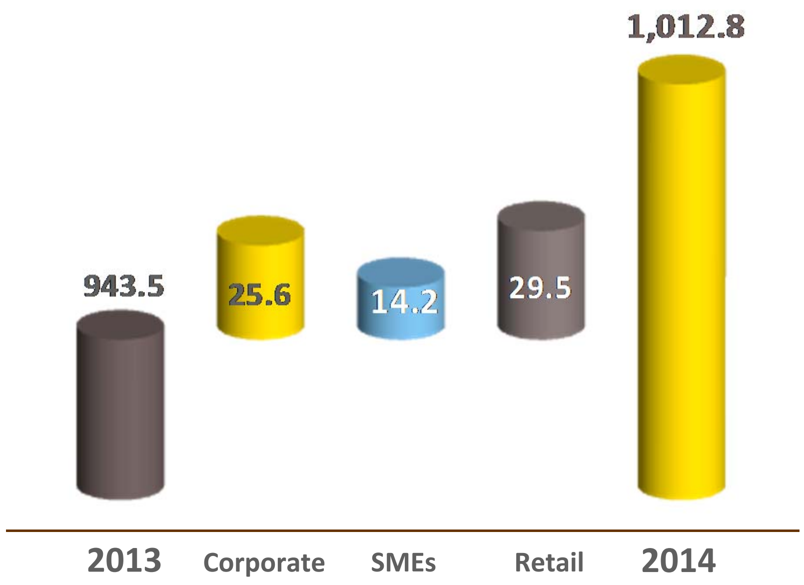
Loans: Achieved a New Milestone of Baht 1 Trillion

Loans

Consolidated
(Baht Billion)



Loans by Segment

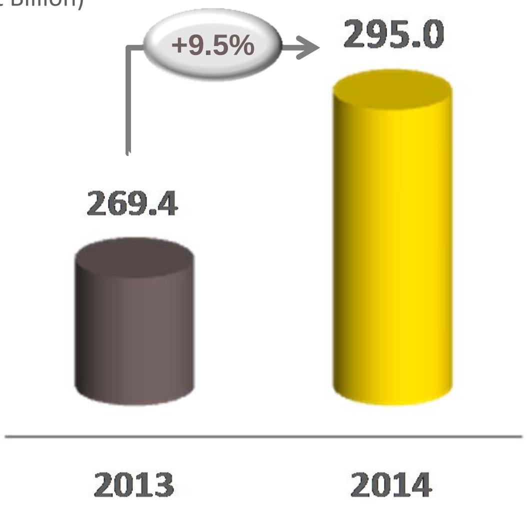


Loan Growth at **7.3%** in 2014

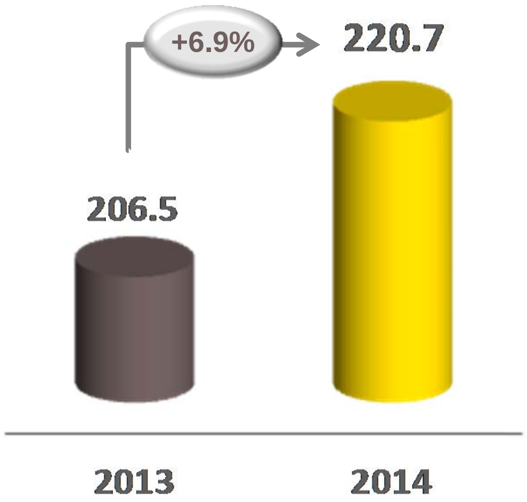
Loans by Segments: Broad-Based Growth Across All Segments

Corporate Loan

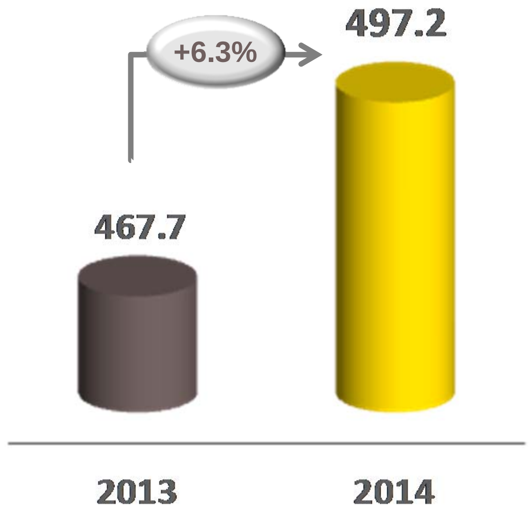
Consolidated
(Baht Billion)



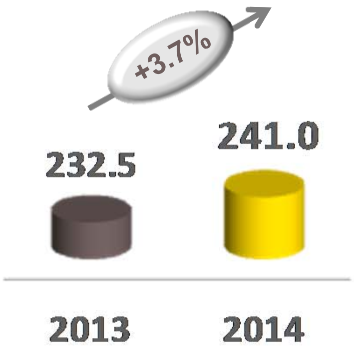
SME Loan



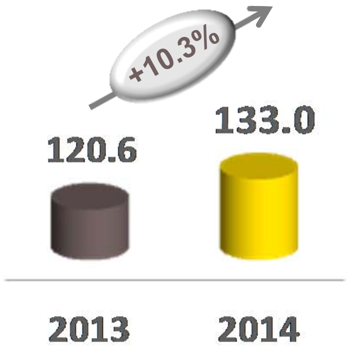
Retail Loan



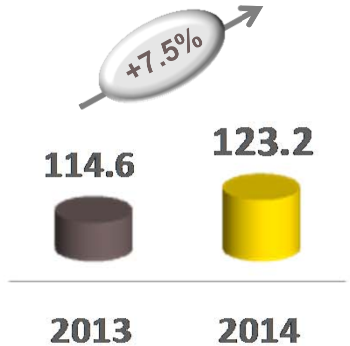
Hire Purchase



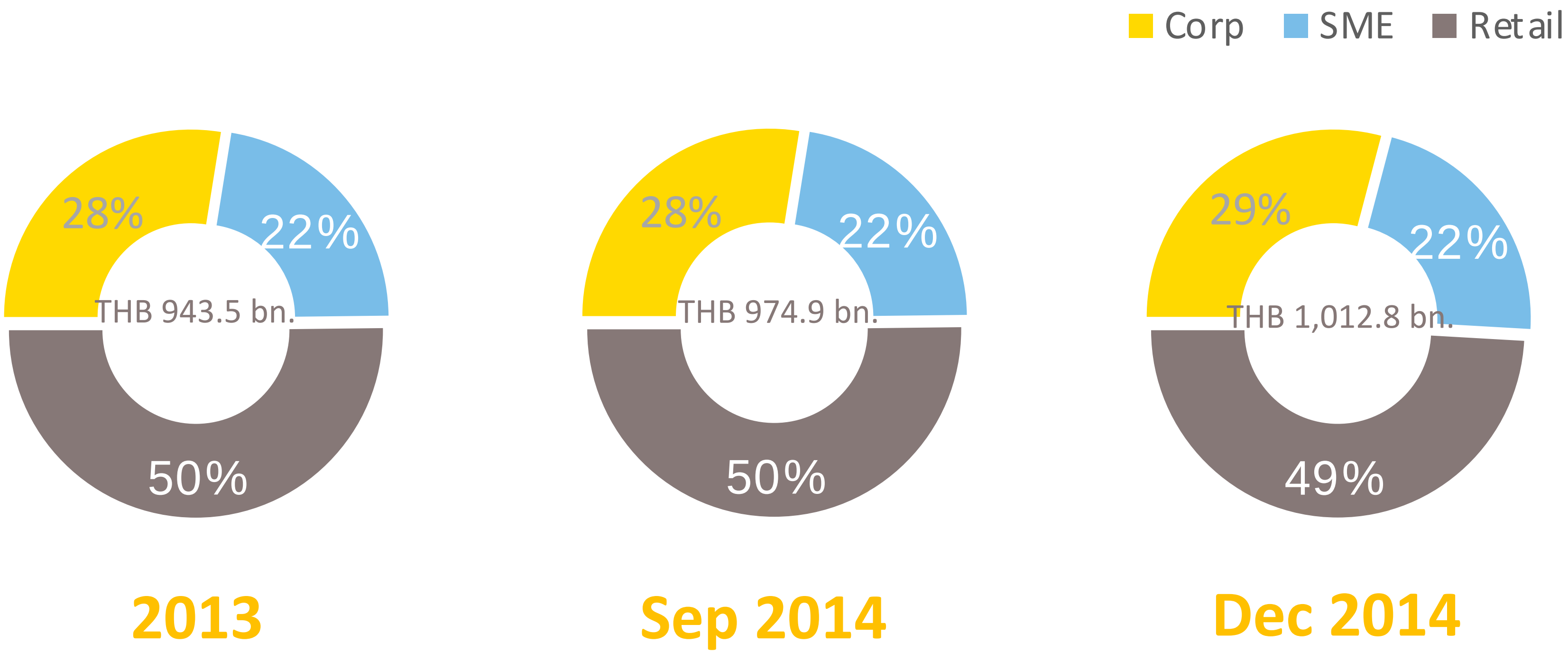
Housing



Credit Cards and Personal Loans



Loans Mix

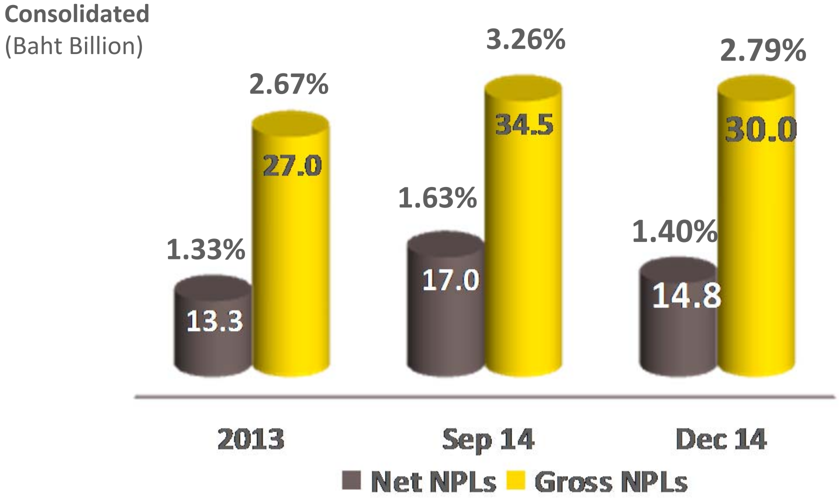


Retail

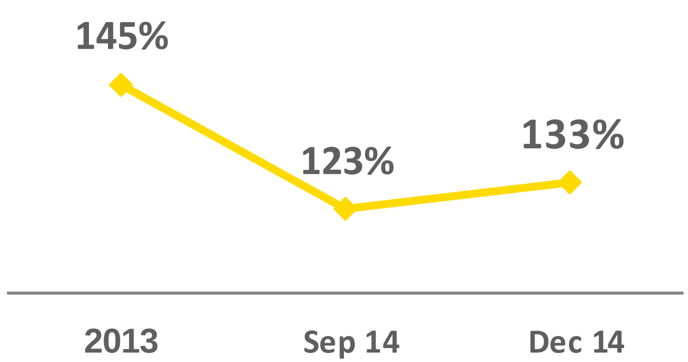
• Auto HP	24%
• Mortgage	13%
• Credit Card & Personal Loans	12%

Asset Quality: Satisfactorilry Maintained

NPLs

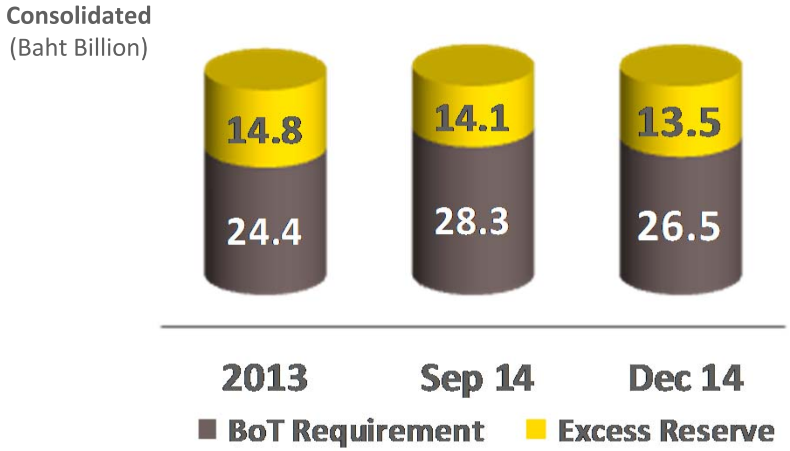


Coverage



Provision / Loans (bps.)

Excess Reserve

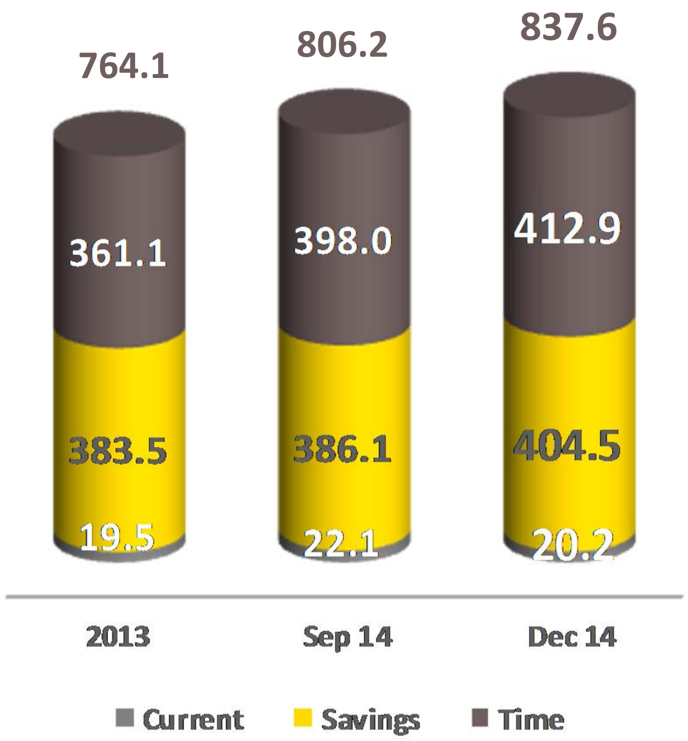


* *Excluding one-time prudential surplus reserve of THB 2,552 mn. booked in 2Q/13 and a prudential reserve for one corporate loan restructured in 4Q/13, provision/loan = 172bps.*

Funding Base … Building Solid and Stickier CASA

Deposits

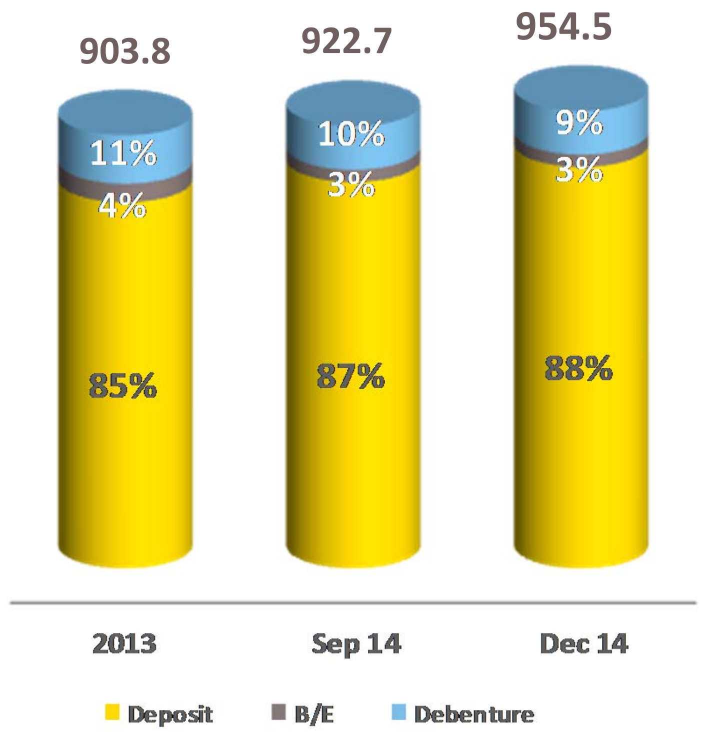
Consolidated
(Baht Billion)



CASA mix at ***50.7%***

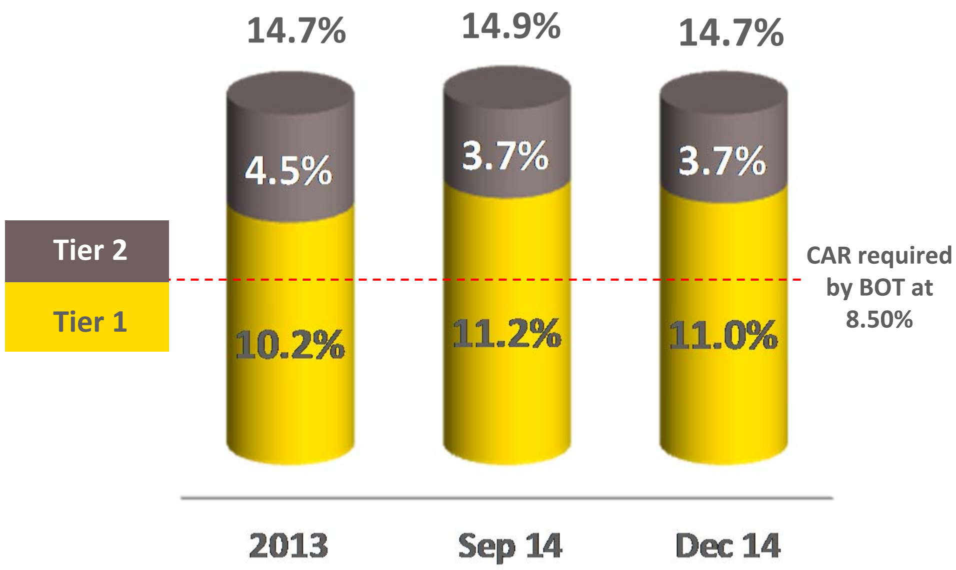
Funding Mix

Consolidated
(Baht Billion)



Capital and Liquidity: Solid Capital Position

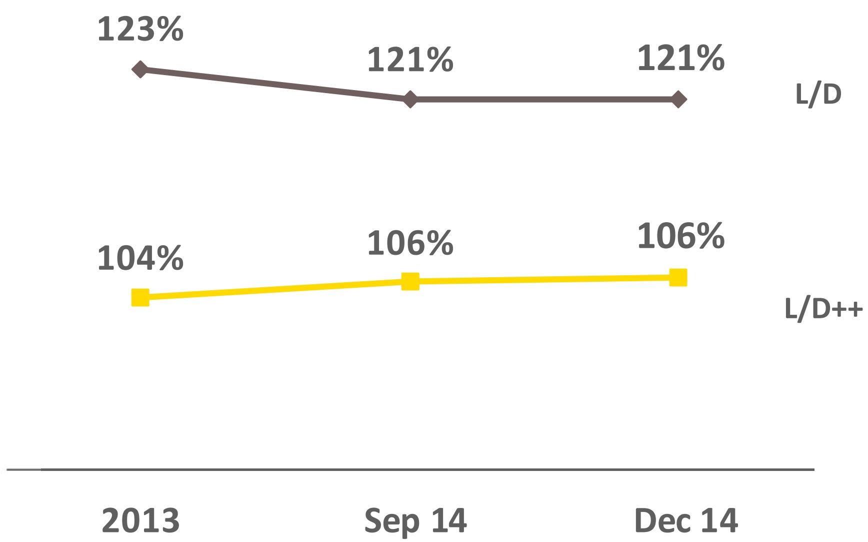
Strong Capital Base



Baht Billion	2013	Sep 14	Dec 14
	Basel III	Basel III	Basel III
Tier 1	84.73	100.35	98.99
Tier 2	37.60	33.47	33.44
Total Capital	122.33	133.82	132.43

Loan to Deposit

Consolidated



L/D++ : Loans to Deposits + Debentures + B/E

BIS Ratio: Solid position sufficient to continue growing business

The Summary of 2014 Financial Performance

Consolidated	4Q/13	4Q/14	2013	2014	2014 Targets	
Loan Growth (Net)	+54.3 bn +6.1%	+37.9 bn +3.9%	+113.5 bn +13.7%	+69.3 bn +7.3%	7%	✓
NPLs Ratio	2.67%	2.79%	2.67%	2.79%	~ 2.9%	✓
Deposit Mix: Savings and Current	53%	51%	53%	51%	~ 50%	✓
Loan Mix : Retail	50%	49%	50%	49%	n.d.	✓
L/D Ratio	123%	121%	123%	121%	n.d.	✓
L/Deposit+Debentures+B/E	104%	106%	104%	106%	100%	~
NIM	4.53%	4.34%	4.37%	4.32%	~ 4.2%	✓
Fee income growth (YoY)	8.1%	10.2%	12.8%	3.5%	5%	~
Cost to Income Ratio	50.91%	47.40%	48.91%	48.47%	< 49%	✓
Provisions	289 bps	202 bps	200 bps*	179 bps	~ 170 bps	~
Loan Loss Coverage	145%	133%	145%	133%	125-130%	✓
CAR *(Bank Only)*	14.7%	14.7%	14.7%	14.7%	n.d.	✓

* *Excluding one-time prudential surplus reserve of THB 2,552 mn. booked in 2Q/13 and a prudential reserve for one corporate loan restructured in 4Q/13, provision/loan = 172bps.*

2014 Business Priorities Delivery

Krungsri 2014… Year in Review Delivery Highlights

Smart Investment

- Productivity & Operations Excellence

BTMU Synergies

- System integration
- Synergies with BTMU: Corporate, SMEs, Retail

"e" Game Changer

- New functionality on mobile application

Regional Expansion

- First product "Sales Finance" launched in Lao PDR.

Unbank Krungsri Simple

- Products suit customers' collateral & cash flow
- From PRODUCT leader to SEGMENT leader

Krungsri 2014… Delivery: BTMU Bangkok Branch Integration

Leading Consumer Finance Bank

global banking network & business capabilities

Successful integration of the BTMU Bangkok branch

into Krungsri on 5 January 2015

System integration:

- Operation & IT
- Risk Control
- Finance and Regulatory Reporting
- Global Market & Treasury
- Customer Services Excellences
- Human Resources

Combining Synergies:

- Established Japanese call center
- Launched Krungsri Thai Benefit Package
- Organized Thai Business Matching event

Krungsri 2014... Delivery: Corporate & SME

Commercial Loan Growth
at **8.4%** in 2014

Major Bond Underwriters in 2014

LAND & HOUSES

Major Project Finance in 2014

Gulf MP
IRPC CLEAN POWER
NNEG NAVA NAKORN ELECTRICITY GENERATING

Synergy with BTMU started in 2014

- Cross-sell retail products
- Supply Chain financing
- Business Matching
- Cross-sell of Investment Banking products
- Transaction Banking

"Business Grow Easily with Krungsri SME"

"Stronger Thai"

"Business Matching Activities"

MUFG
Business Matching Fair in Bangkok

"Krungsri Value Chain Solutions"

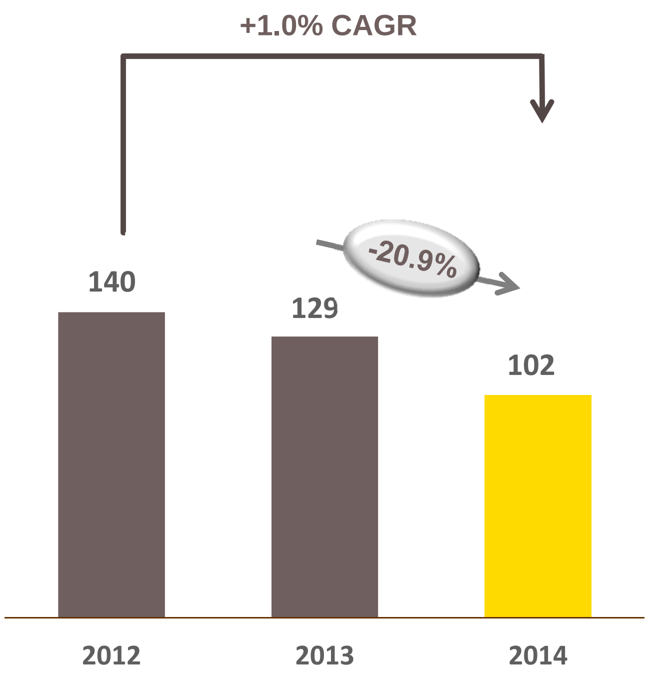
TOYOTA
HONDA
MITSUBISHI
ISUZU
SCG SIAM CEMENT GROUP
Kubota

Krungsri 2014… Delivery: Krungsri Auto

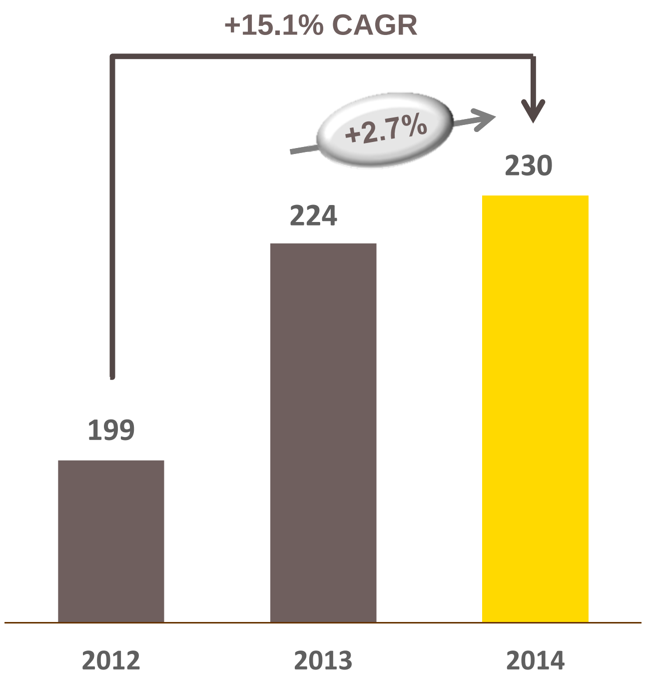
Krungsri Auto received an upgrade from 'A+' to 'AA-' with stable outlook from TRIS Rating

(Baht Billion)

Volume

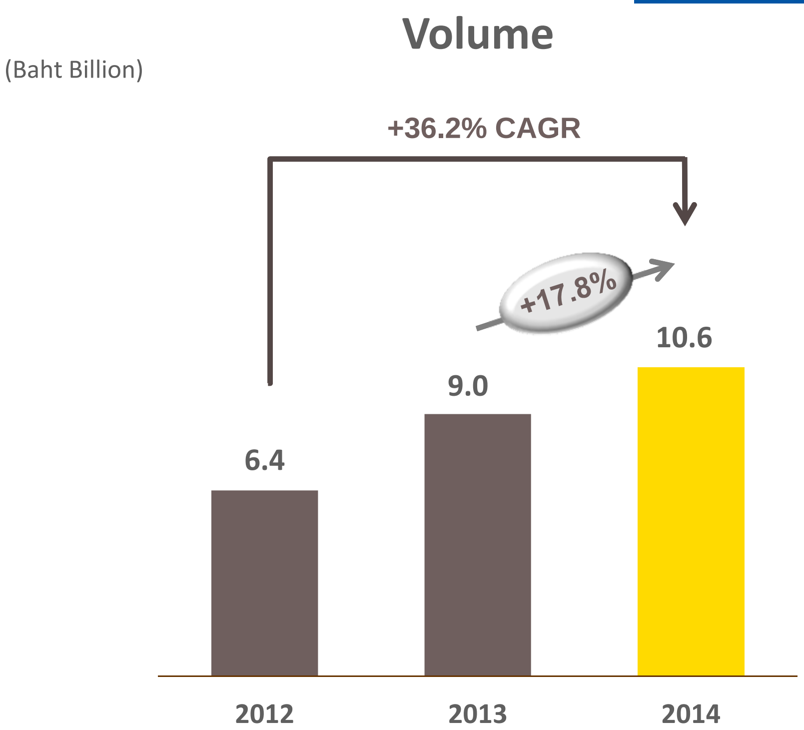


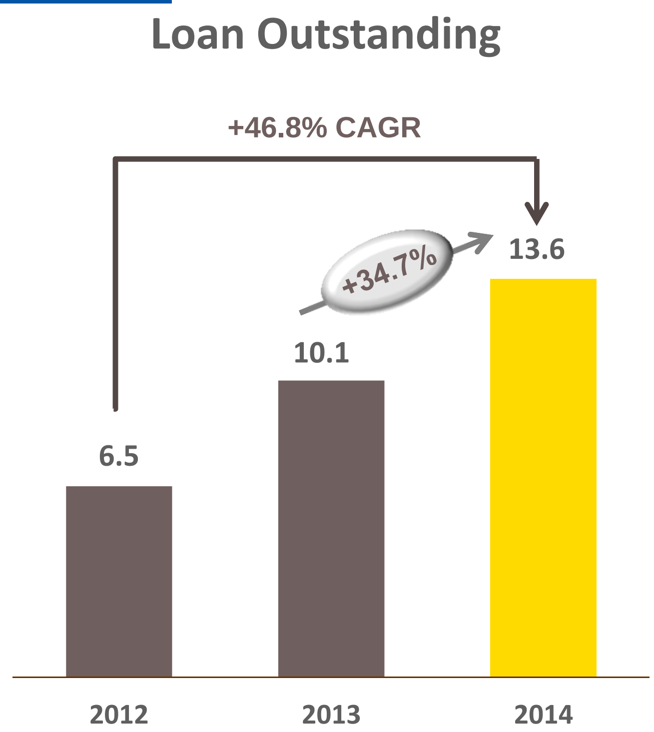
Loan Outstanding



Loan balance Krungsri Auto only. For consolidation, auto hire purchase lending also includes CFGS.

Krungsri 2014... Delivery: Unbanked Krungsri Simple





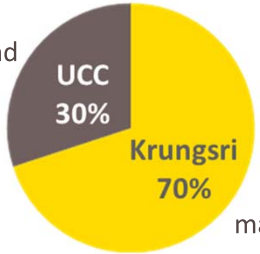
- *13.6 billion NEA milestone*
- *33 new branches (Total 323 branches)*
- *Covering 74 provinces*

- *Strong fee-based income growth at Baht 569 million*
- *Non-life insurance business is a key driver of fee income growth*
- *Non-life insurance income Baht 41.7 million*

Krungsri 2014... Delivery : Regional Expansion

Krungsri Leasing Services Co., Ltd. (KLS)

- Established in February 2014
- Registered capital of USD 3 million
- Head office in Vientiane, Lao PDR



Type of Services

- Auto Hire Purchase / Leasing services
- Sales Finance (merchandise installment financing)

Market and Competition

- Laos market is relatively small with high potential growth
- KLS will focus on establishing and building strong relationship with dealers as well as sharpen our competitive edge in Lao PDR

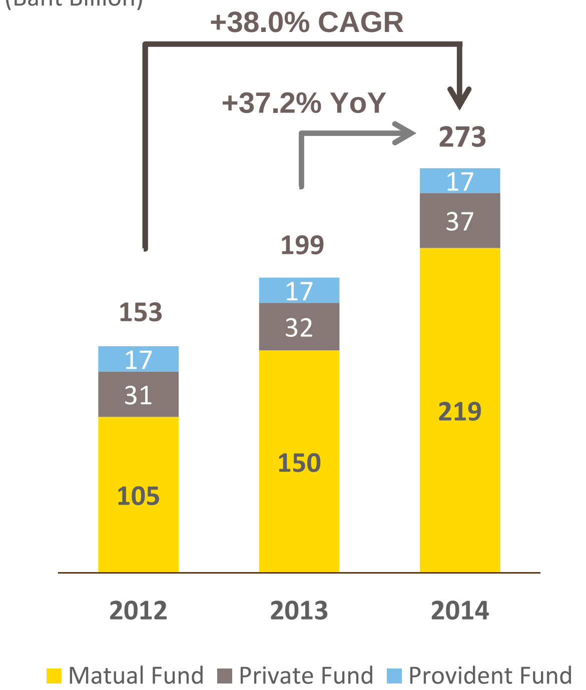
First Product Launch

- Sales Finance product under the name of Krungsri First Choice
- Grand Opening event in December 9, 2014

Krungsri 2014… Delivery: Growing Wealth & Fund Mgmt

Krungsri Asset Management

Asset Under Management

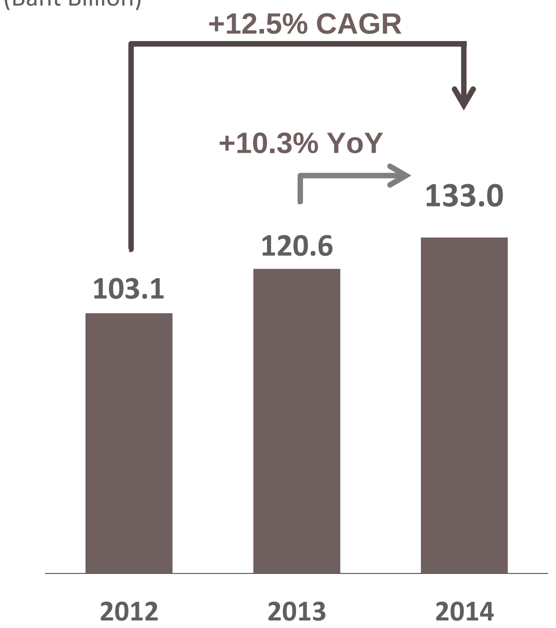


MORNINGSTAR Awards 2014

THE Asset TheAsset.Com

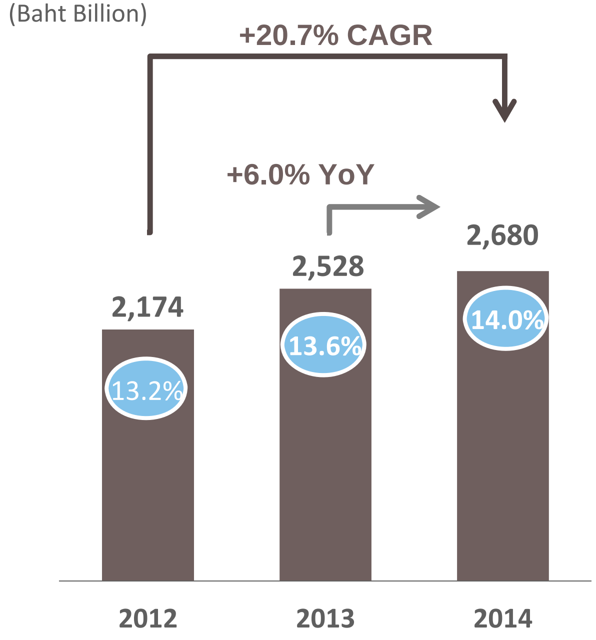
Krungsri Home Loan

Mortgages



Krungsri Bancassurance

Bancassurance Fees

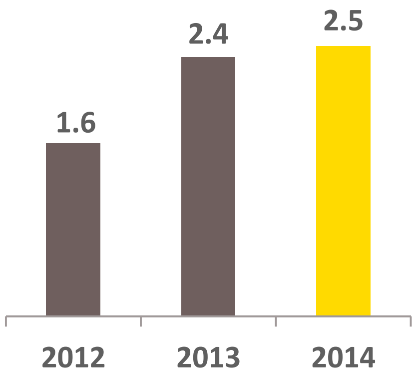


= Percentage of total Fees & service Income

Krungsri 2014… Delivery: E-Business

Online Customers

No. of customer
(Million)

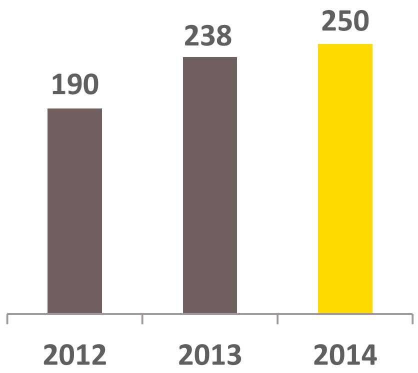


Exponential growth in online banking customers

4%

Internet & Mobile

Transaction Vol.
(Baht Billion)

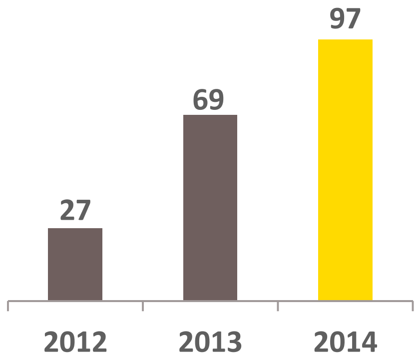


Significant growth in usage on online channels

5%

Internet & Mobile

No. of transaction
(Million)



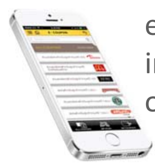
Significant growth in online transactions

41%

Won 3 awards for digital banking projects

New functionality on mobile applications

Scan & Pay
Using your smartphone to pay bills



Mobile Privileges
e-coupon and instant redemption on mobile

Mobile CRM
New way to engage with customers on mobile

Krungsri 2014… Delivery: Infrastructure in 2014

5,103

ATMs

38,391

EDC

74

Exclusive Banking & Business Centers

644

No. of domestic branches

616 Banking Branches

28 Auto Business Branches

78 + 13,870

First Choice Branches + Dealers

3

Overseas branches

323

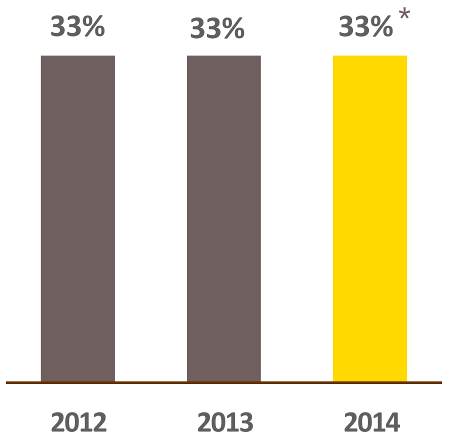
Micro Finance Branches

6,300

Krungsri Auto Dealers

Krungsri 2014 Delivery: Customers Attraction & Preference

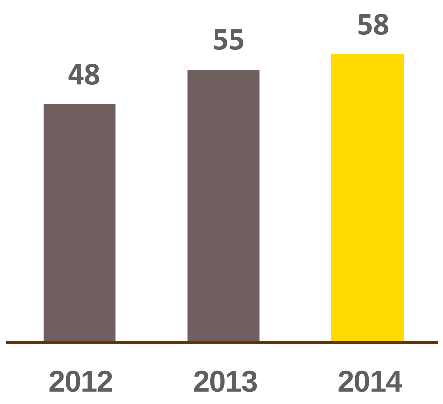
Brand Preference



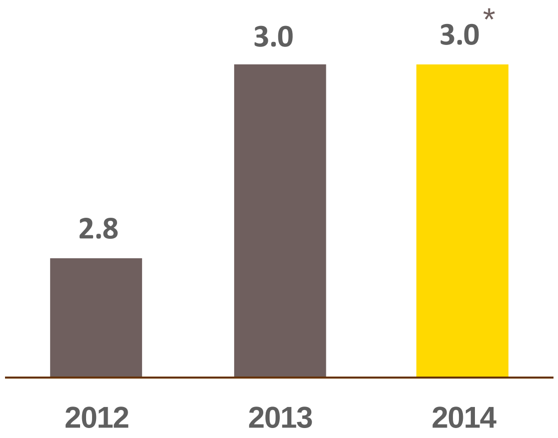
** As of Nov 2014*

- *Brand Preference: % of people who like our brand and consider using our products & services*

NPS Score



No. of Product per Customer

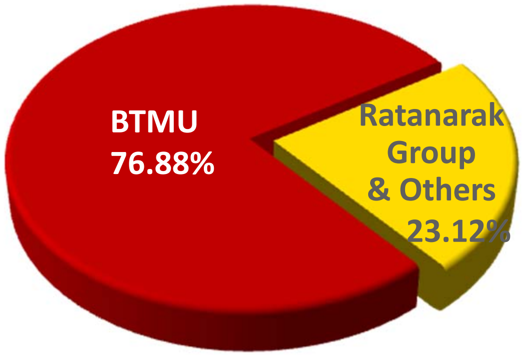


** As of Oct 2014*

Krungsri Profile

Krungsri Group Overview

Shareholding Structure
(as of 5th January 2015)



- 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 CFG Services Co., Ltd. (Srisawad), 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

Krungsri Group Profile

#1
In consumer finance

International Ratings

FitchRatings	STANDARD &POOR'S	MOODY'S
A-	BBB+	Baa1

National Ratings

FitchRatings	TRIS RATING
AAA (tha)	AAA

Leadership Position

As of November 2014	Market Position	% Share
Consumer		
Personal Loan	1	27%
Credit Card	1	15%
Auto (HP)	2	18%
SME	5	7%
Corporate	5	8%

Extensive Franchise: 22,383 Service Outlets

As of December 2014	Number
Domestic Branches	644 *
Overseas Branches	3
ATMs	5,103
Exchange Booths	91
Exclusive Banking Zones	19

As of December 2014	Number
Krungsri Business Centres	55
First Choice Branches + Dealers	78 Branches + 13,870 Dealers
Krungsri Auto Dealers	6,300 Dealers
Micro Finance Branches	323
Thai Post Offices	> + 1,000

** Krungsri Domestic Branches = 644 Branch, of which 616 are Banking Branches and 28 are Auto Business Branches*

Contact

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