



krungsri
กรุงศรี

A member of  MUFG
a global financial group

2014 Financial Performance

Investor Update

March 2015

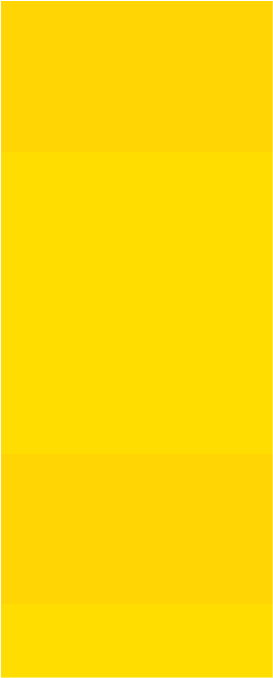
Agenda

Highlights

Financial Performance

2014 Business Priorities Delivery

Krungsri Profile



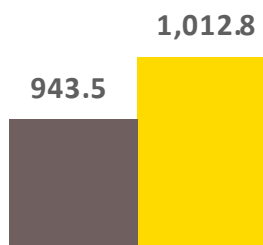
Highlights

2014 Key Financial Highlights

Loan Growth

Consolidated
(Baht Billion)

+7.3% YoY

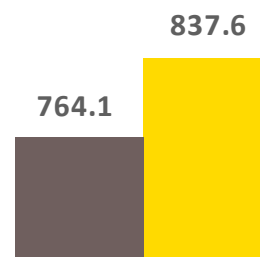


2013 2014

+3.9% QoQ

Deposit Growth

+9.6% YoY



2013 2014

+3.9% QoQ

CASA %

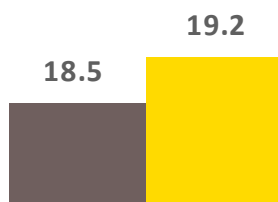
51%

NIM %

4.32%

Fee Income Growth

+3.5% YoY



2013 2014

4Q14 +7.7% QoQ

Cost-to-Income Ratio

48.47%

2013: 48.91%

NPL

2.79%

Coverage %

133%

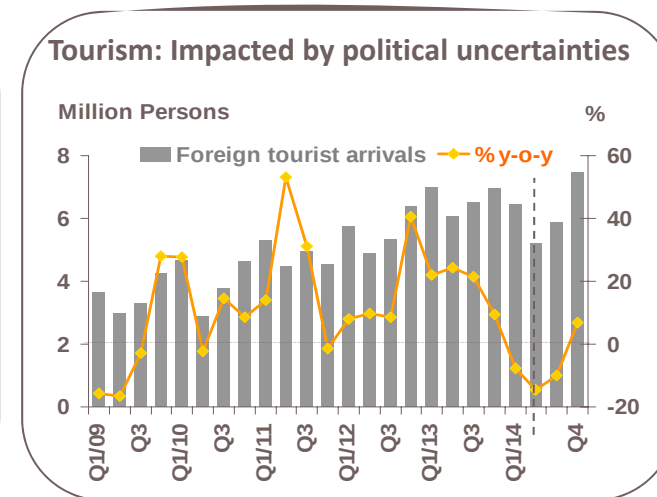
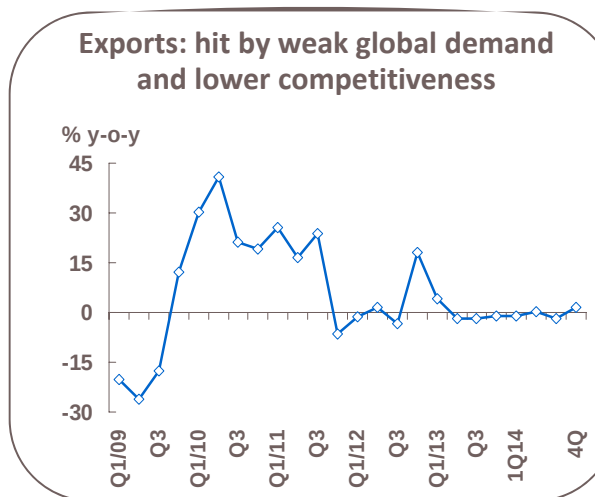
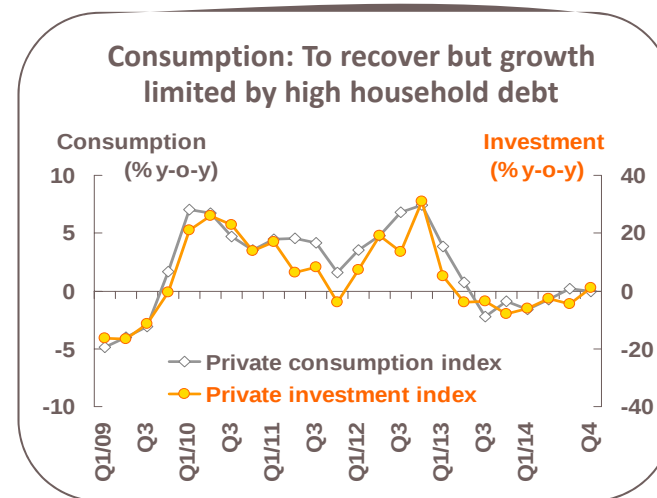
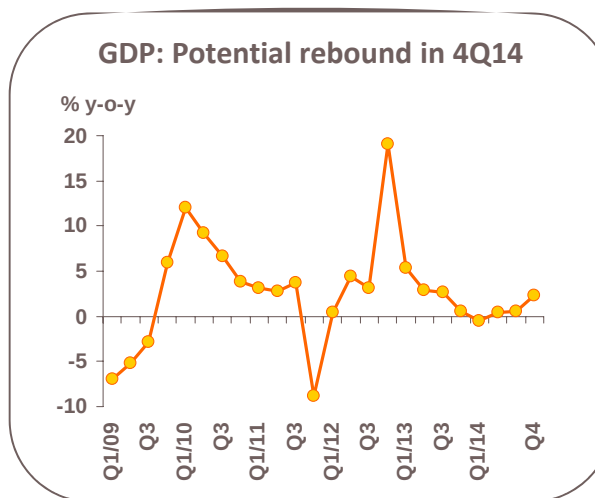
2014 Achievements vs Targets

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 0.7%. 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.



Source: Krungsri Research

Thailand Economic Outlook

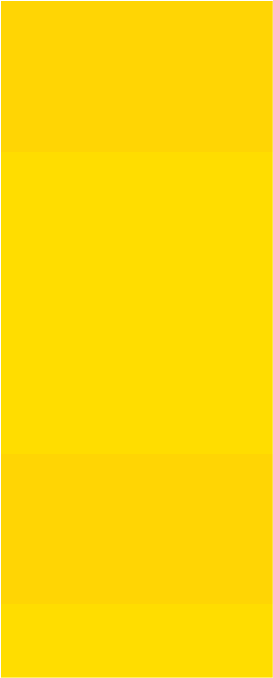
2015 Key Economic Forecasts

% y-o-y growth unless otherwise stated	2013	2014	2015F*
GDP	2.9	0.7	3.8 – 4.8
Private Consumption	0.3	0.3	2.7 – 3.7
Private Investment	-2.8	-1.9	6.0– 8.0
Exports (In USD terms)	-0.2	-0.3	2.0 - 4.0
Headline Inflation	2.2	1.9	0.8 – 1.3
Policy Interest Rate (% , end of period)	2.25	2.00	1.75 - 2.00

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

Thai Economy:

- Economic growth is projected to improve moderately to 4.3% in 2015 from 0.7% 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%

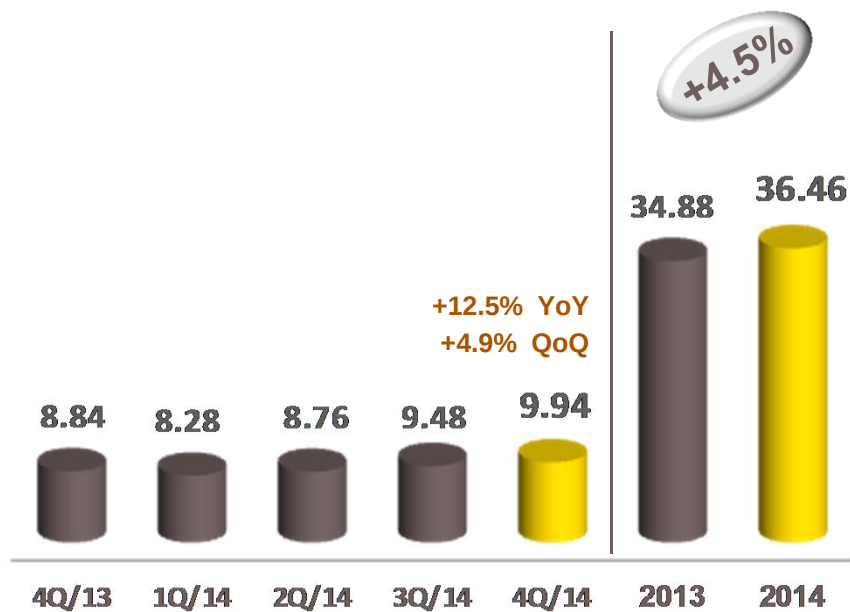


Financial Performance

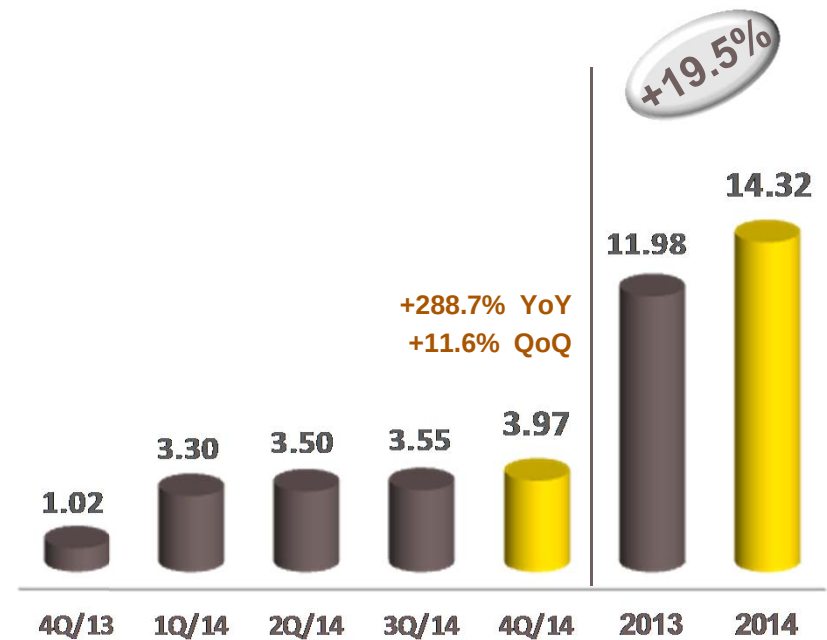
Profitability

Profit before Provision and Tax

Consolidated
(Baht Billion)



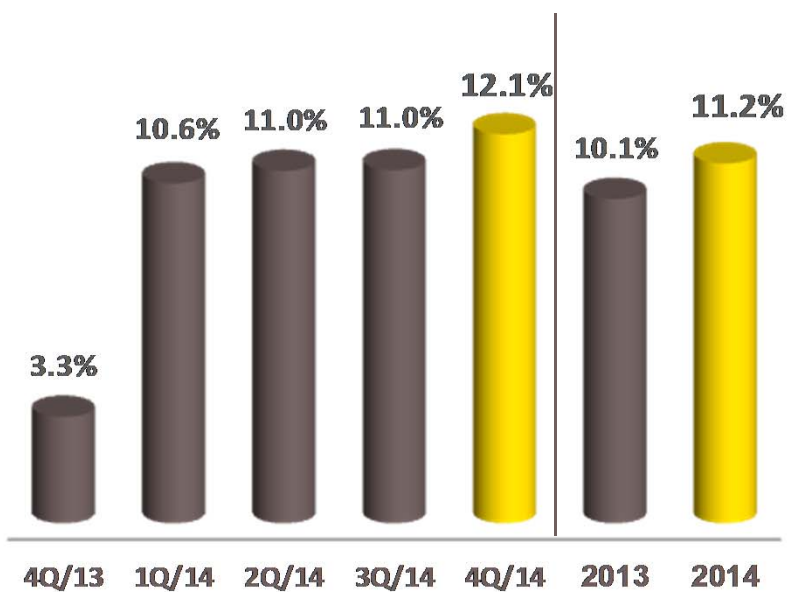
Net Profit



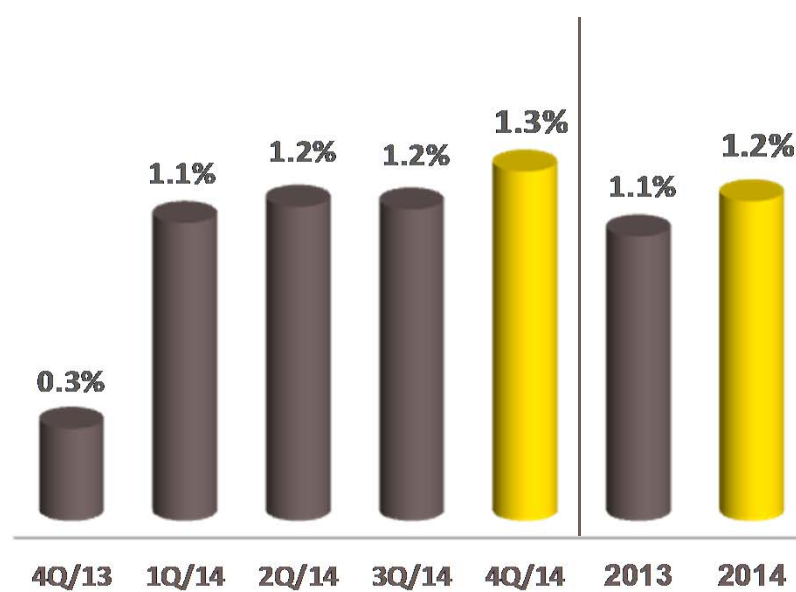
ROAE at 11.2% & ROAA at 1.2%

ROAE

Consolidated



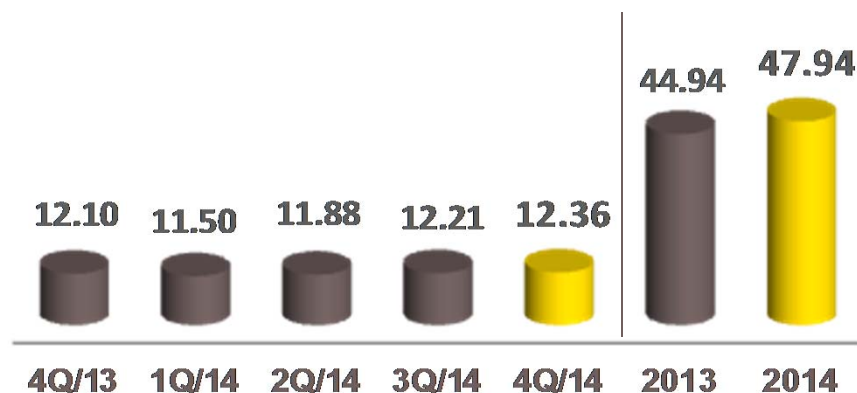
ROAA



Profitability Measurement: NIM Remained Strong

Net Interest Income

Consolidated
(Baht Billion)

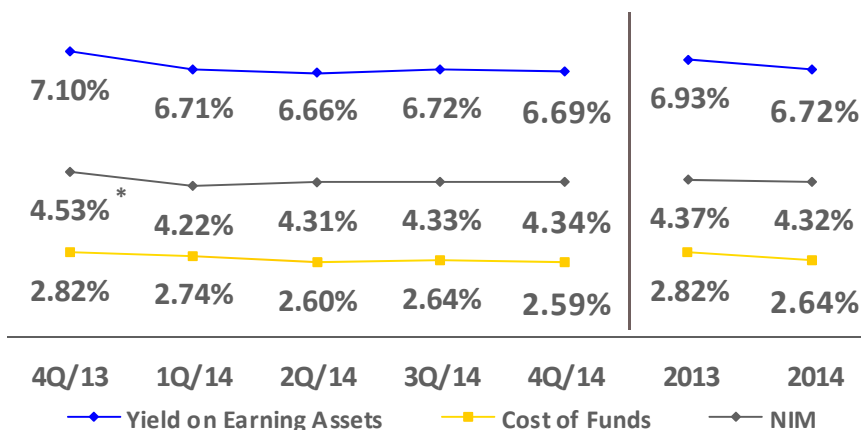


4.32%

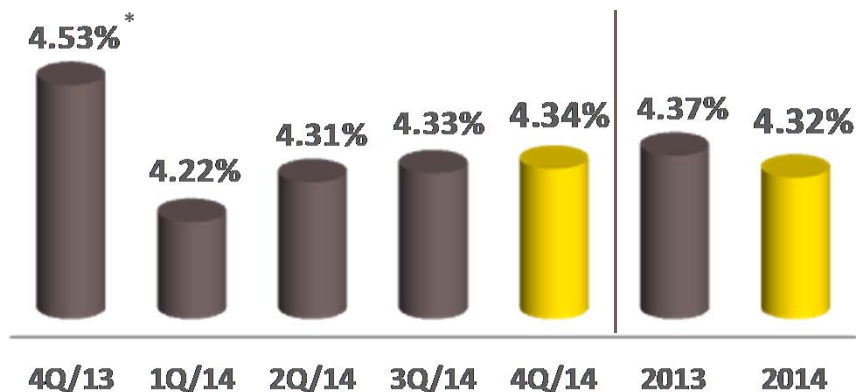
NIM

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)

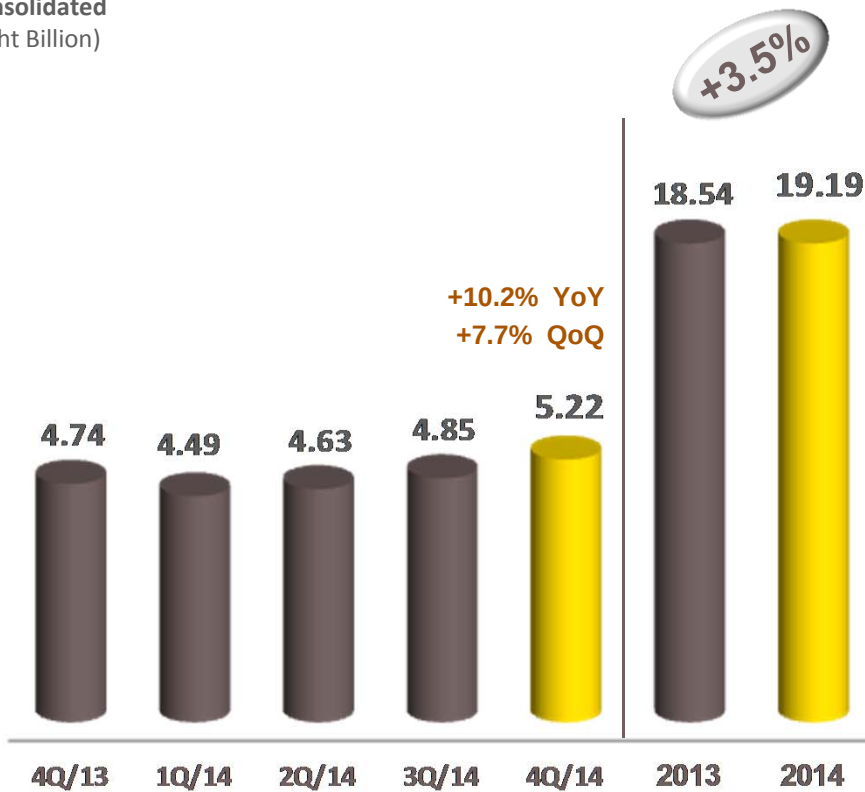


* Excluding the impact from interest income recognized from loan restructuring of one corporate account in 4Q/13, NIM was 4.34% for 4Q/13.

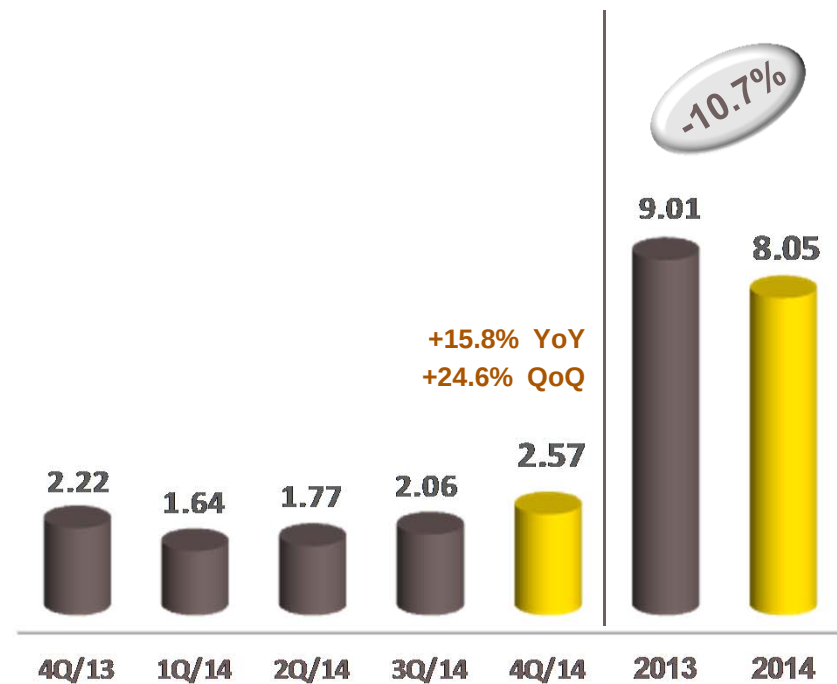
Fees and Service Income

Fee & Service Income

Consolidated
(Baht Billion)



Non-Interest and Non-Fee Income



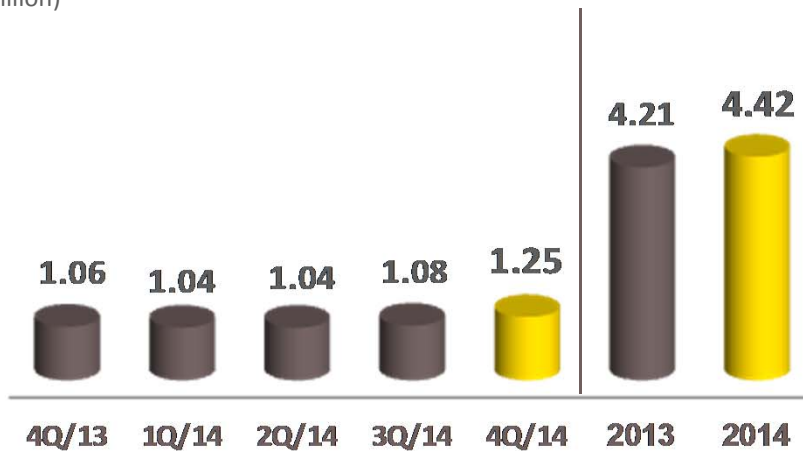
Net Fee & Service Income **+ 3.1%** 2014 YoY

+ 7.9% 4Q14 YoY

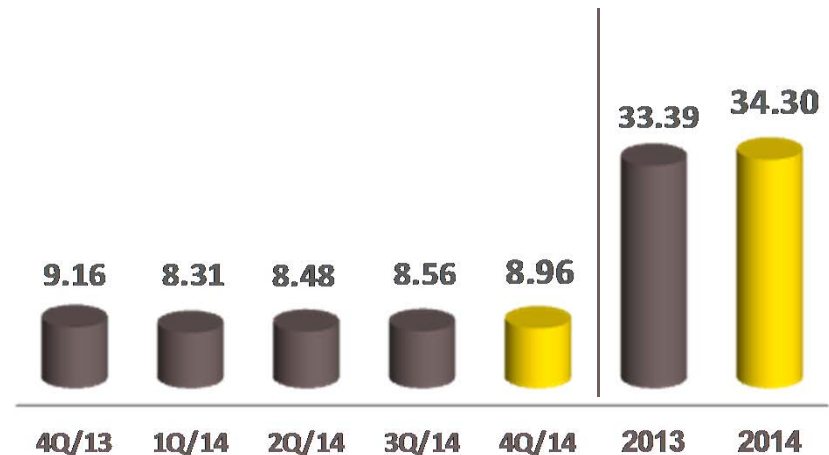
Efficiency Improvement: Smart Spending & Investment

Fee and Service Expense

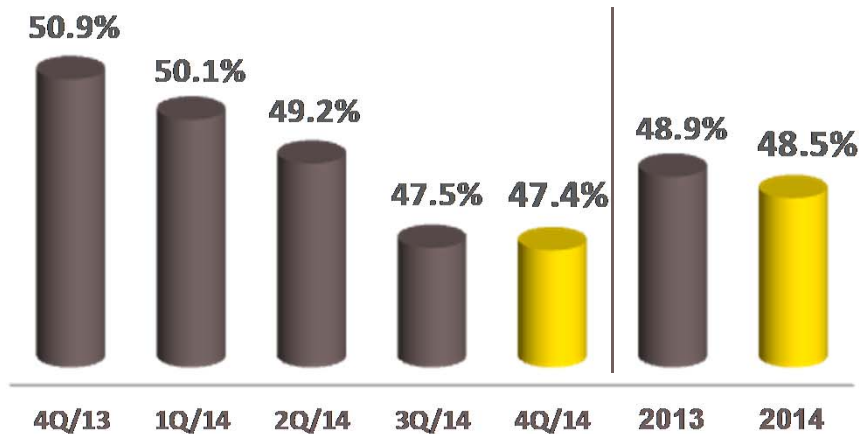
Consolidated
(Baht Billion)



Other Operating Expenses



Cost to Income Ratio



48.5%

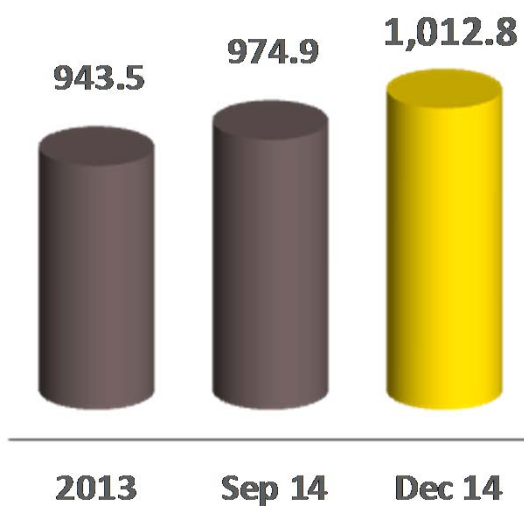
Cost to income: Improved

Reflecting disciplined expenses management

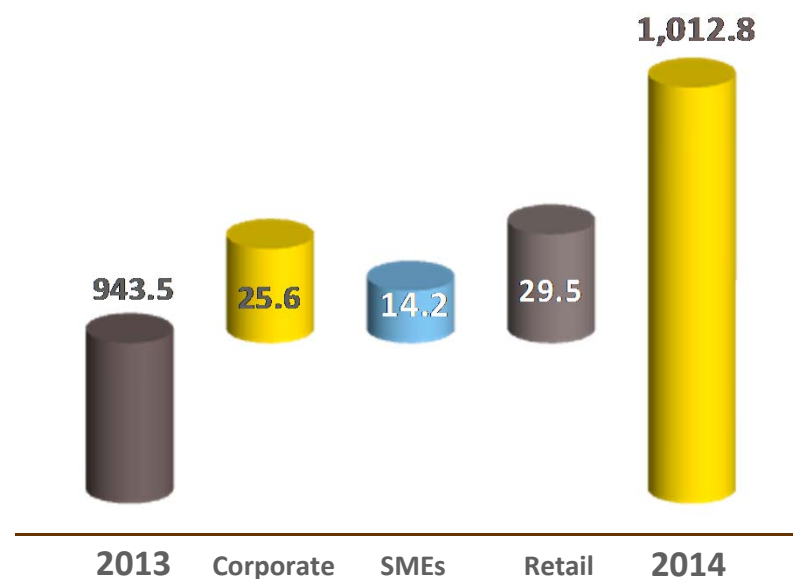
Loans: Achieved a New Milestone of Baht 1 Trillion

Loans

Consolidated
(Baht Billion)

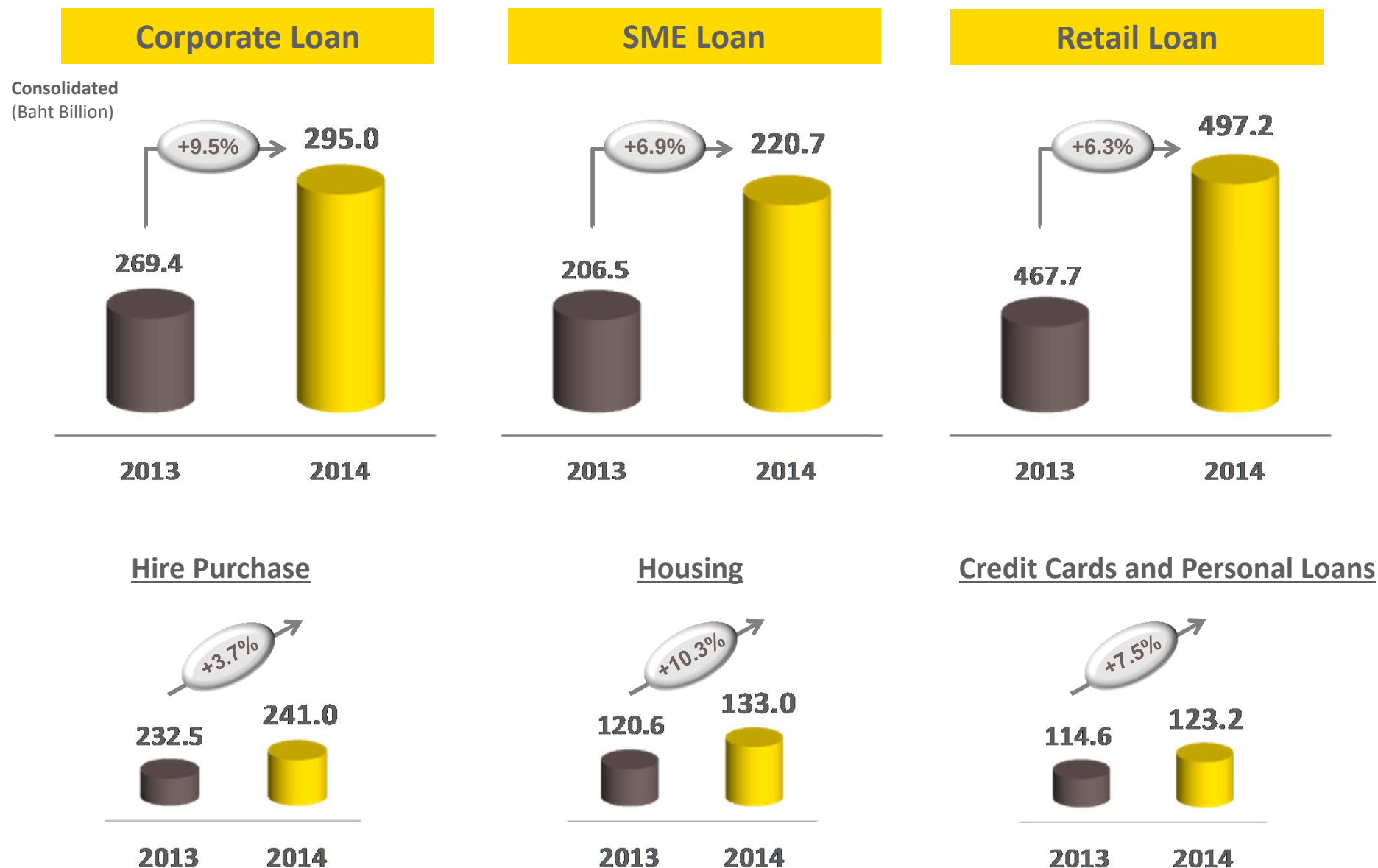


Loans by Segment



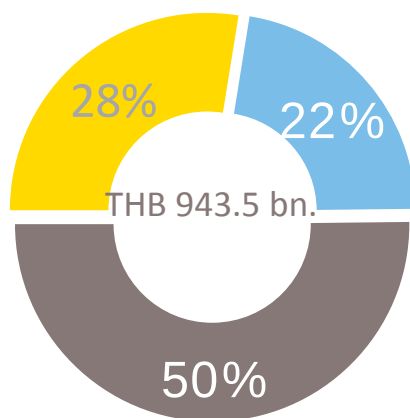
Loan Growth at **7.3%** in 2014

Loans by Segments: Broad-Based Growth Across All Segments

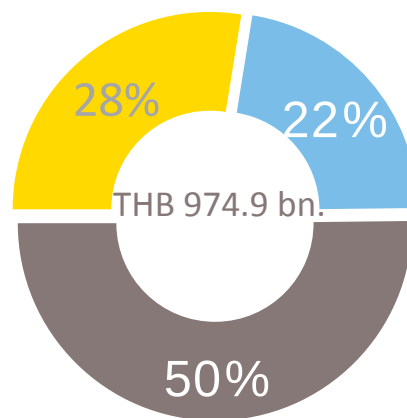


Loans Mix

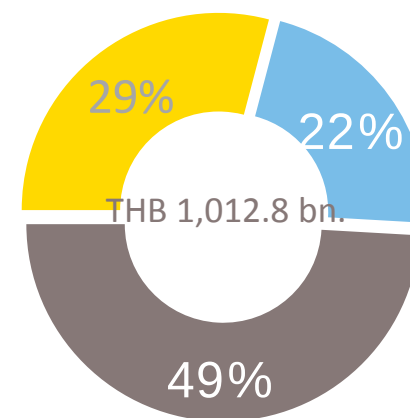
■ Corp ■ SME ■ Retail



2013



Sep 2014



Dec 2014

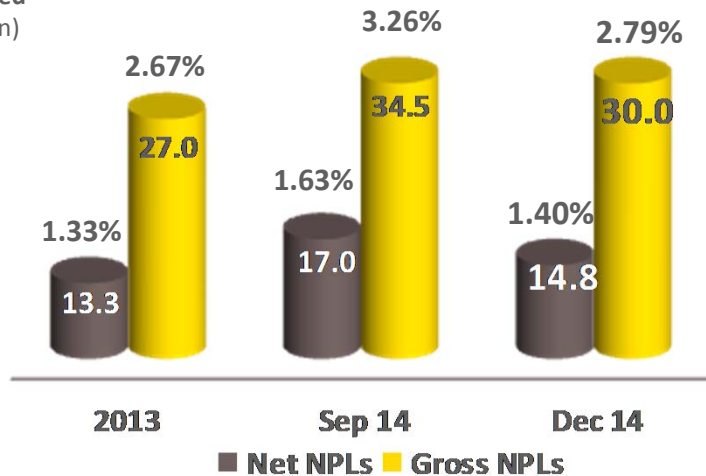
Retail

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

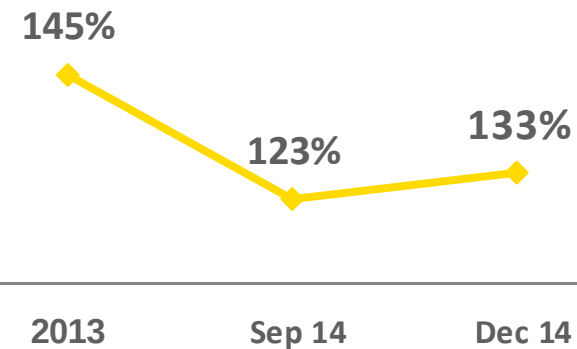
Asset Quality: Satisfactorily Maintained

NPLs

Consolidated
(Baht Billion)



Coverage

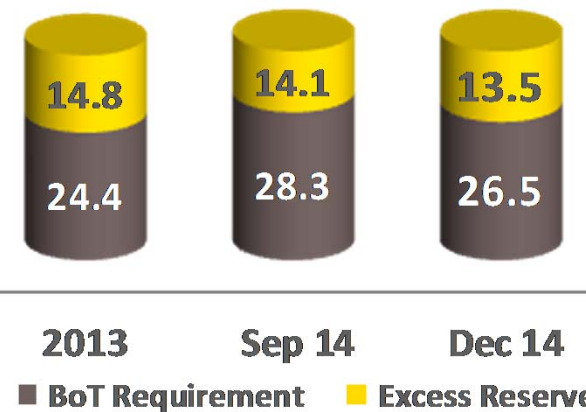


Provision / Loans (bps.)



Excess Reserve

Consolidated
(Baht Billion)

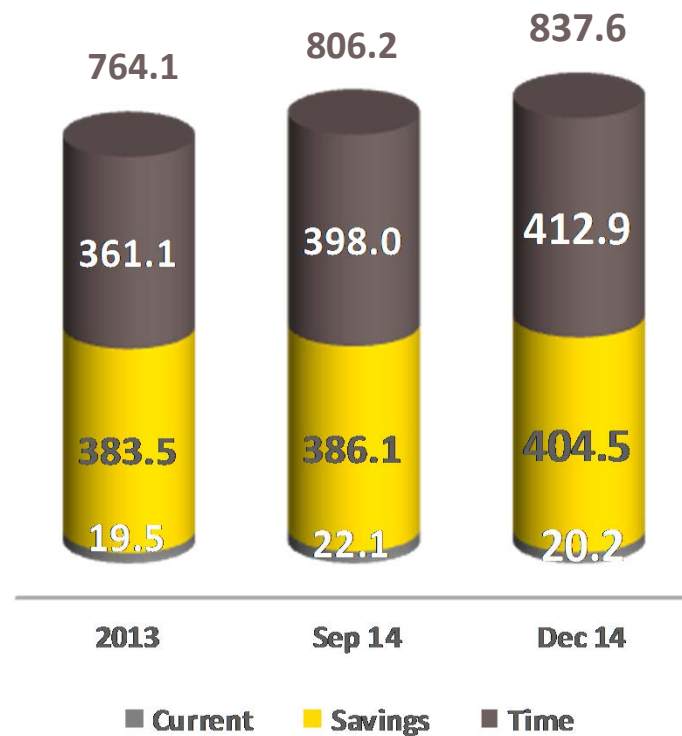


* Excluding one-time prudential surplus reserve of THB 2,552 mn. booked in 2Q/13 and a prudential reserve for one corporate loan restructured in 4Q/13, provision/loan = 172bps.

Funding Base ... Building Solid and Stickier CASA

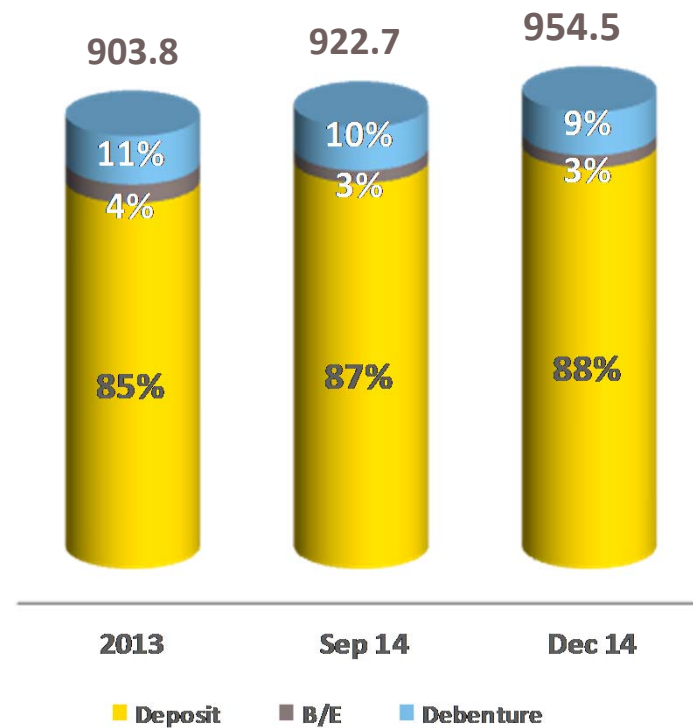
Deposits

Consolidated
(Baht Billion)



Funding Mix

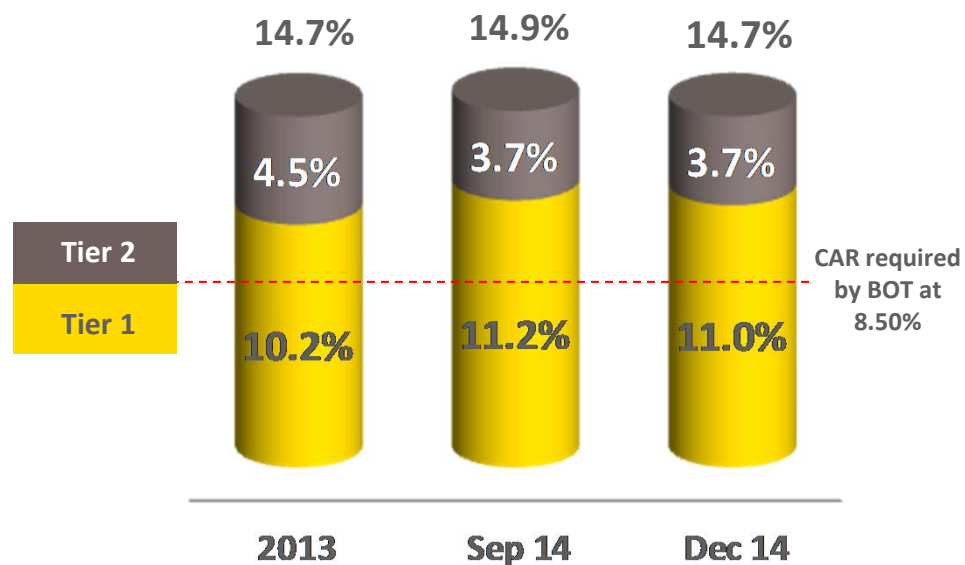
Consolidated
(Baht Billion)



CASA mix at **50.7%**

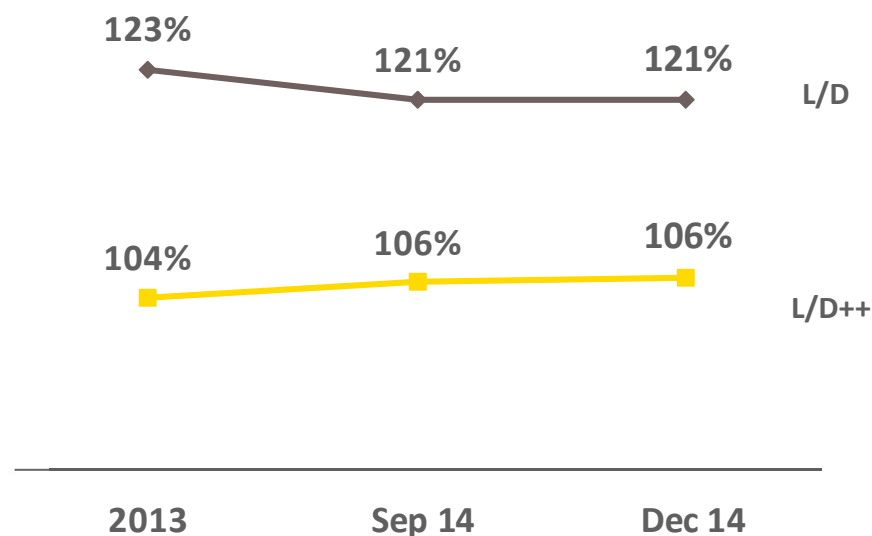
Capital and Liquidity: Solid Capital Position

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



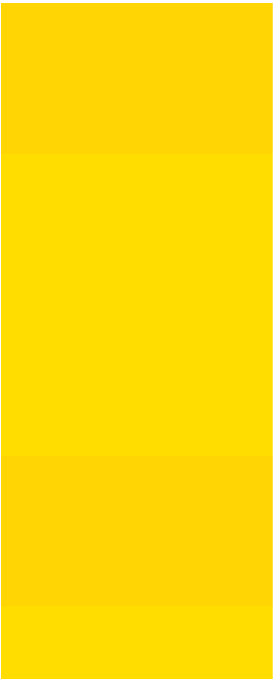
L/D++ : Loans to Deposits + Debentures + B/E

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

Quality
Service
Satisfaction
Efficiency



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.

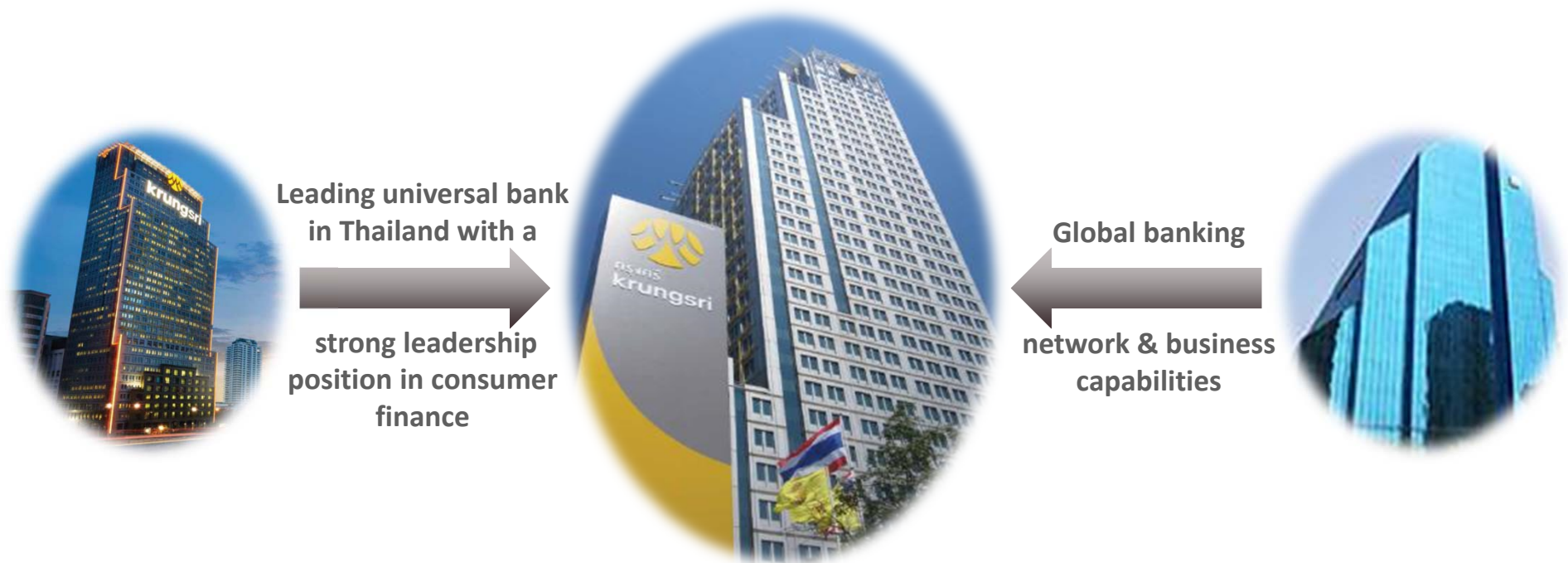


Unbank Krungsri Simple

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



Krungsri 2014... Delivery: BTMU Bangkok Branch Integration



*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



Major Project Finance in 2014



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”



Business Matching Fair in Bangkok



“Krungsri Value Chain Solutions”



ISUZU



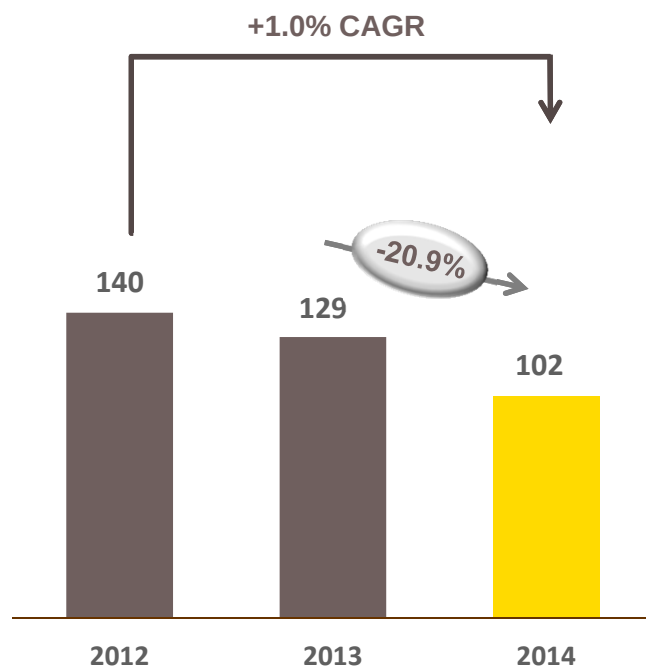
Krungsri 2014... Delivery: Krungsri Auto

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

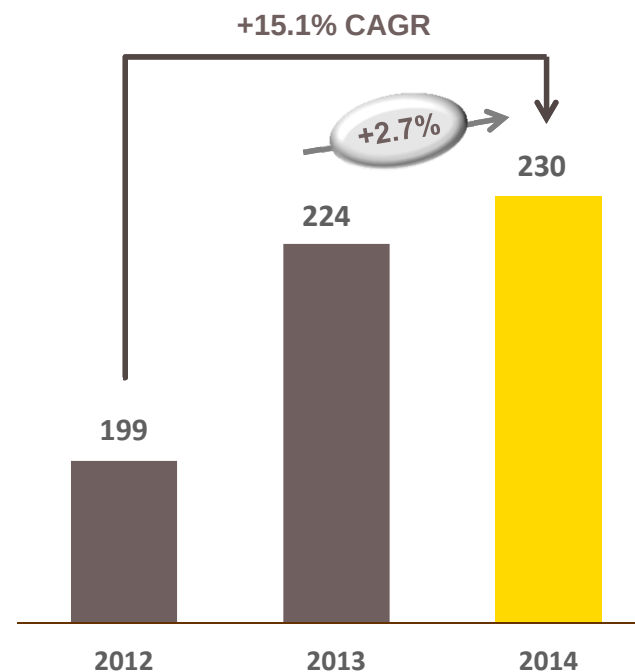


(Baht Billion)

Volume



Loan Outstanding



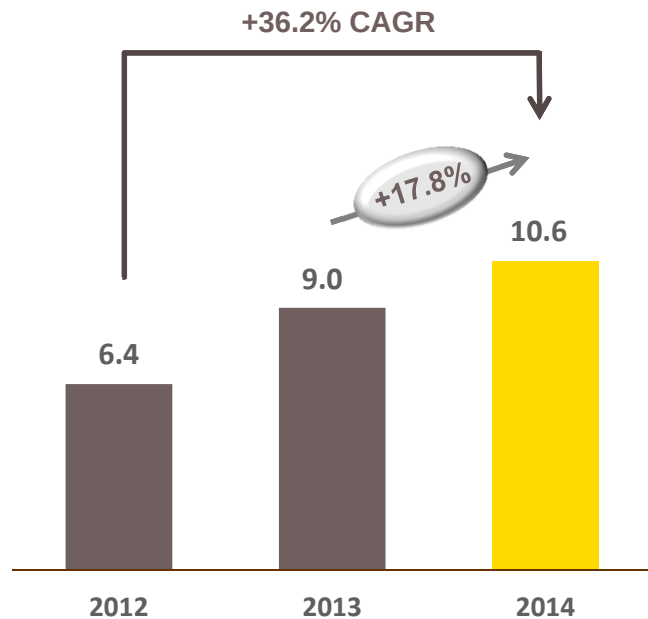
Loan balance Krungsri Auto only. For consolidation, auto hire purchase lending also includes CFGS.

Krungsri 2014... Delivery: Unbanked Krungsri Simple

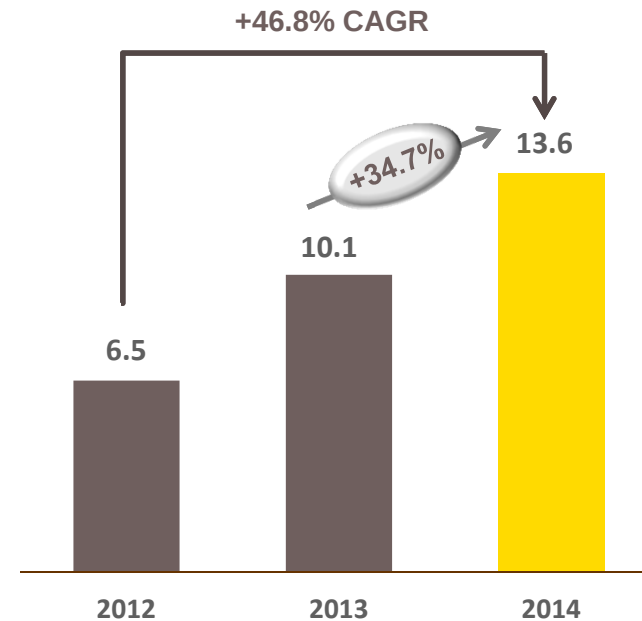


(Baht Billion)

Volume



Loan Outstanding



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

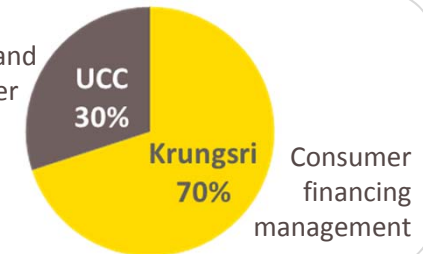
- Strong fee-based income growth at Baht 569 million
- Non-life insurance business is a key driver of fee income growth
- Non-life insurance income Baht 41.7 million

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

Local
market and
consumer
insight



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



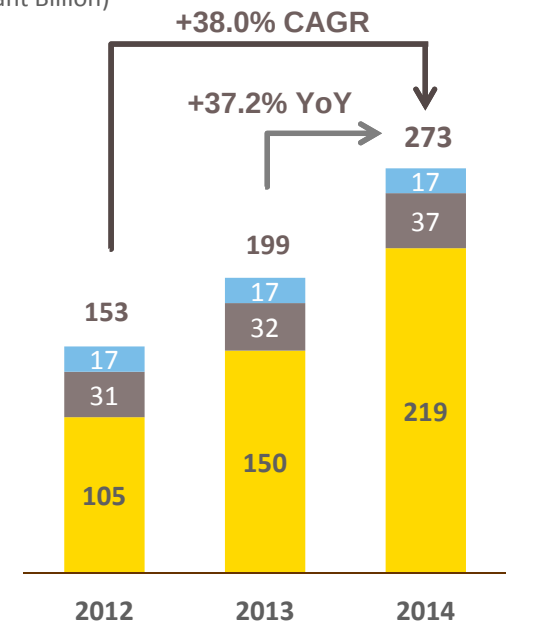
Krungsri 2014... Delivery: Growing Wealth & Fund Mgmt



Krungsri Asset Management

Asset Under Management

(Baht Billion)



■ Mutual Fund ■ Private Fund ■ Provident Fund



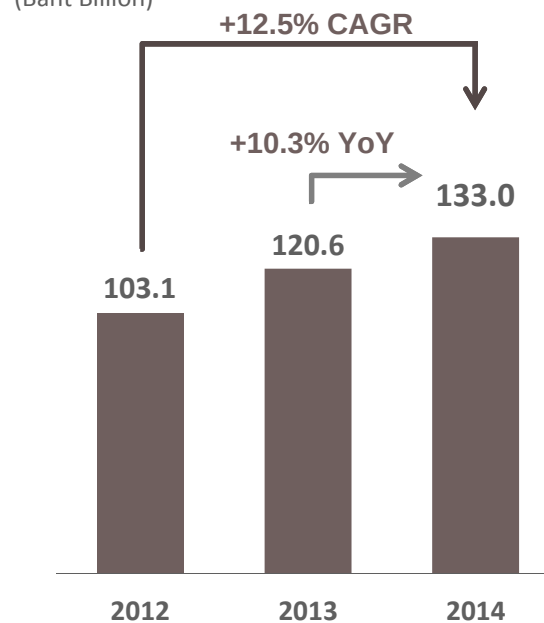
Awards 2014



Krungsri Home Loan

Mortgages

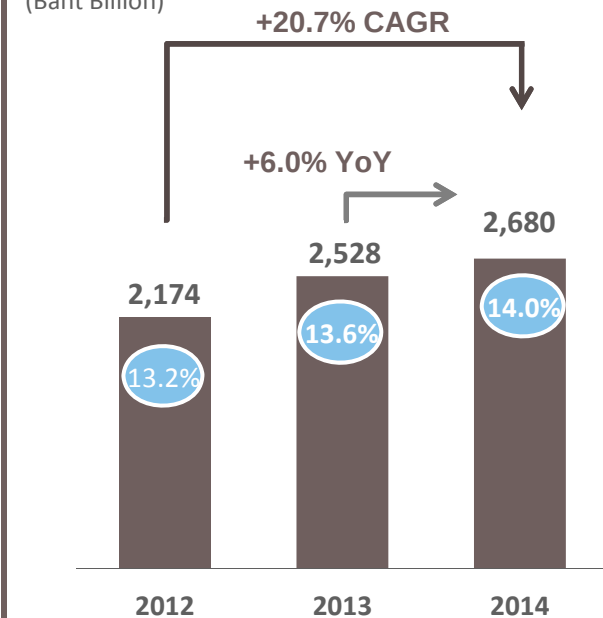
(Baht Billion)



Krungsri Bancassurance

Bancassurance Fees

(Baht Billion)



= Percentage of total Fees & service Income



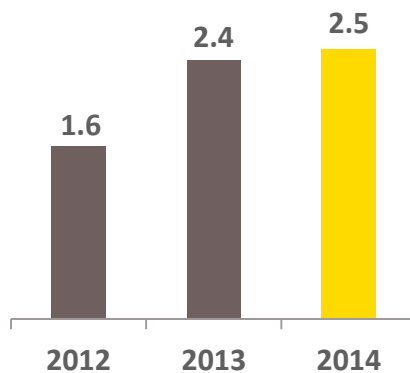
krungsri
กรุงศรี

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Krungsri 2014... Delivery: E-Business

Online Customers

No. of customer
(Million)

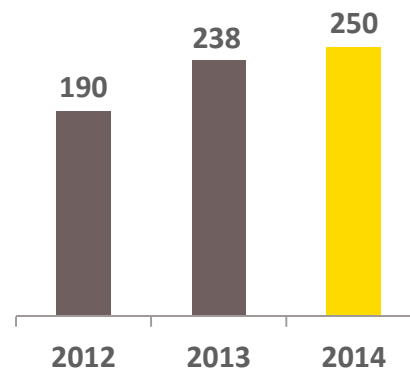


Exponential growth in
online banking customers

↑ **4%**

Internet & Mobile

Transaction Vol.
(Baht Billion)

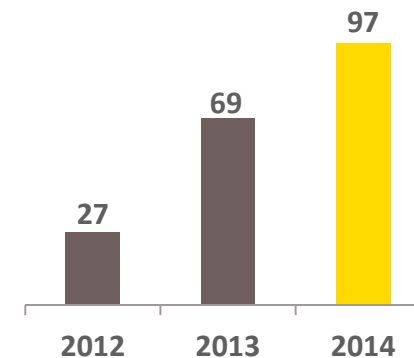


Significant growth in
usage on online channels

↑ **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



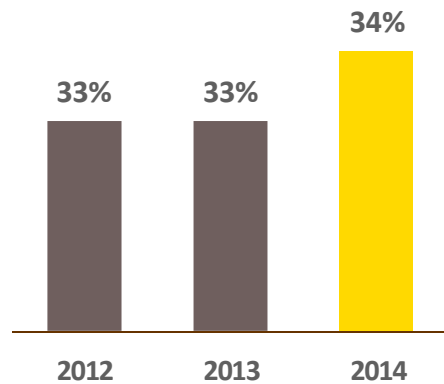
6,300

Krungsri Auto Dealers



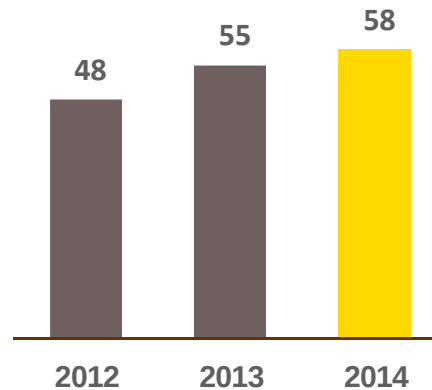
Krungsri 2014 Delivery: Customers Attraction & Preference

Brand Preference

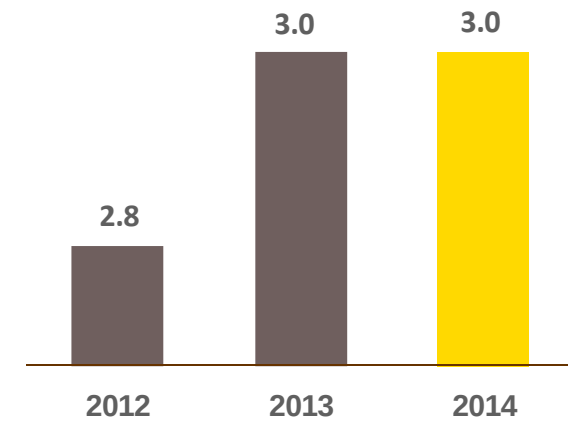


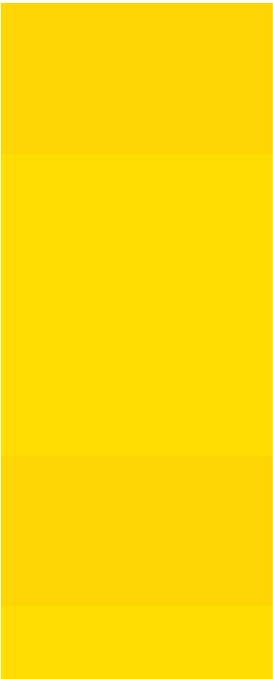
- *Brand Preference: % of people who like our brand and consider using our products & services*

NPS Score



No. of Product per Customer



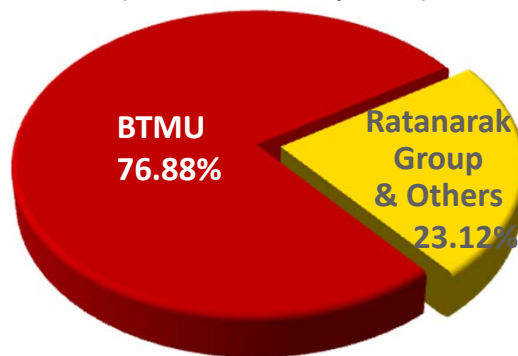


Krungsri Profile

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

International Ratings

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

National Ratings

FitchRatings	TRIS RATING
AAA (tha)	AAA

Leadership Position



In consumer finance

As of December 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



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