krungsri
กรุงศรี

A member of MUFG
a global financial group

2016 Financial Performance

Financial Performance

20 January 2017

"Make Life Simple เรื่องเงิน เรื่องง่าย"

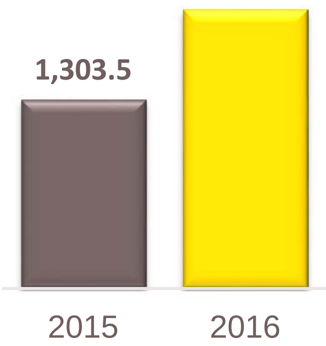
Agenda

Highlights

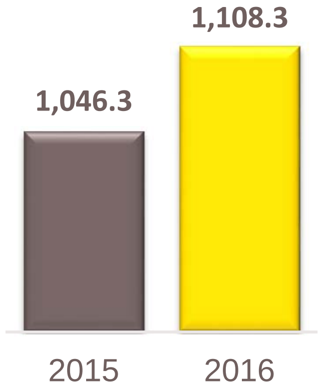
2016 Key Financial Highlights

Loan Growth
+11.2% YoY

Consolidated
(Baht Billion)



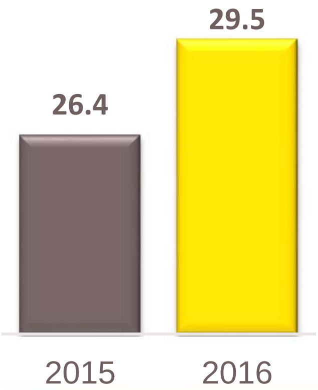
Deposit Growth
+5.9% YoY



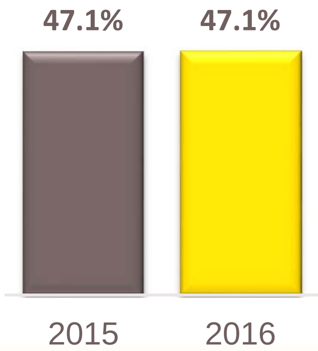
CASA
52.7%

NIM
3.74%

Non-interest Income Growth
+11.7% YoY



Cost-to-Income Ratio



NPL
2.21%

Coverage
143%

2016 Achievements vs Targets

Strong performance despite a moderate economic recovery

	2016	2016 Targets	
Loan Growth (Net)	**+145.4 bn +11.2%**	**8-9% ***	✓
NPLs Ratio	**2.21%**	**< 2.5%**	✓
Deposit Mix: Savings and Current	**53%**	**> 50%**	✓
Loan Mix : Retail	**44%**	**~ 40**	✓
L/Deposit+Debentures+B/E	**117%**	**n.d.**	**n.d.**
NIM	**3.74%**	**~ 3.7%**	✓
Non-interest income growth (YoY) **	**11.7%**	**7.0%+**	✓
Cost to Income Ratio	**47.1%**	**< 50%**	✓
Provisions	**147 bps**	**~ 145 bps**	~
Loan Loss Coverage	**143%**	**135%+**	✓
CAR *(Bank Only)*	**14.2%**	**n.d.**	**n.d.**

** Loan growth target including consolidated loan from HKL*

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

Thailand Economic Outlook

2017 Outlook: A more balanced and broader-based economic recovery with projected growth of 3.3% in 2017, compared to 3.2% in 2016.

2016-2017 Key Economic Forecasts

% YoY growth unless otherwise stated	2015A	2016F*	2017F*
GDP	**2.8**	**3.2**	**3.3**
Private Consumption	2.1	3.0	3.0
Private Investment	-2.0	0.2	2.5
Exports (In USD term)	-5.6	-0.8	1.8
Headline Inflation	-0.9	0.2	1.7
Policy Interest Rate (%, end of period)	1.50	1.50	1.50

*Note: * 2016-2017 forecast by Krungsri Research*

- **Key drivers** are growing consumption, increasing public spending, economic stimulus measures, and recovering tourism sector.
- Drought impact is fading while flash-floods in southern provinces in early 2017 should have limited impacts. Government's infrastructure projects, other economic polices and national reforms are going forward.
- However, exports could improve on easing cyclical headwinds but structural headwinds would lead to only mild growth.

Source: Krungsri Research

Tailwinds

- Economic stimulus and government's extra-budget
- Supply-side development e.g. infrastructure projects and new Acts to boost investment
- Fading drought impact, wage hikes, personal income tax cut
- Resilient tourism sector
- Declining first-car debt burden
- Sound economic fundamentals

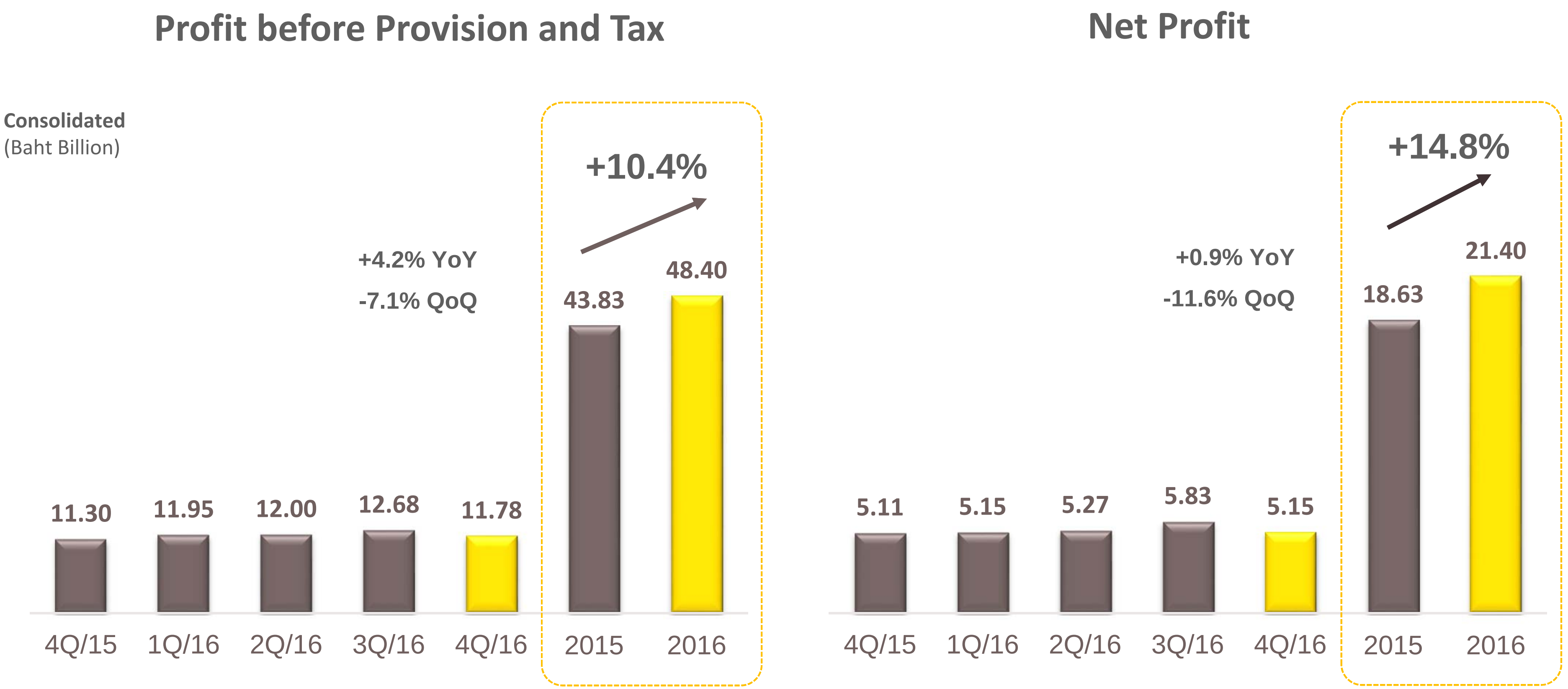
Headwinds

- Political uncertainties
- Weak global trade and China's economic slowdown
- High global risks and volatile financial markets
- Short-term hurdles on tourism
- High household debt
- Structural problems e.g. competitiveness problem and labor shortage

Financial Performance

Profitability

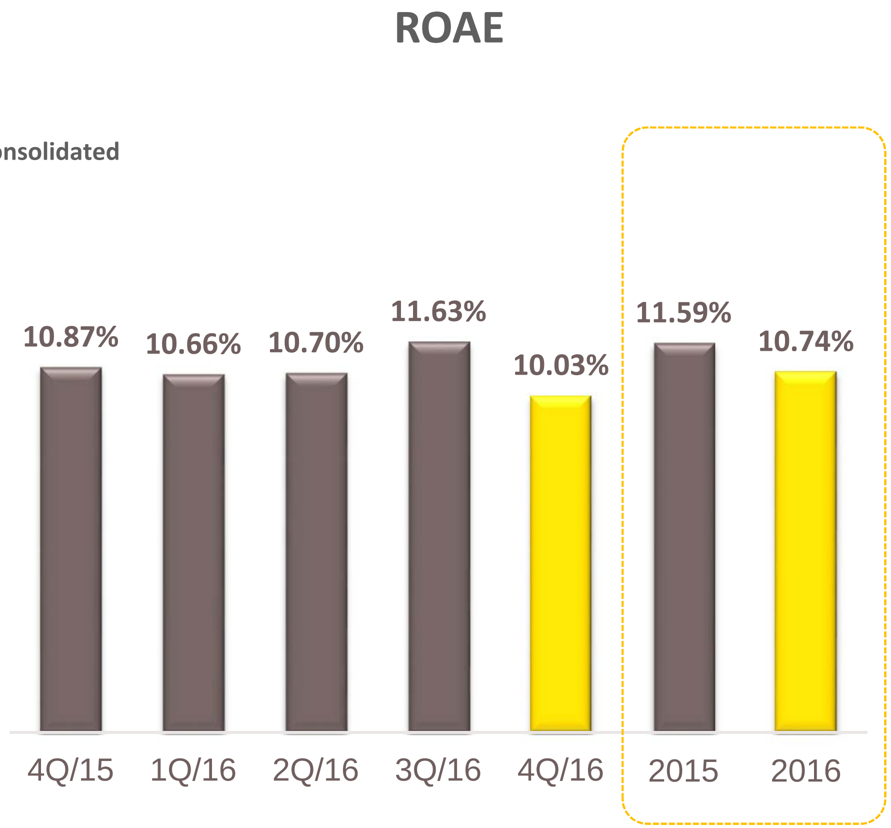
The solid financial results were attributed to substantially higher net interest income supported by robust loan growth and higher non-interest income

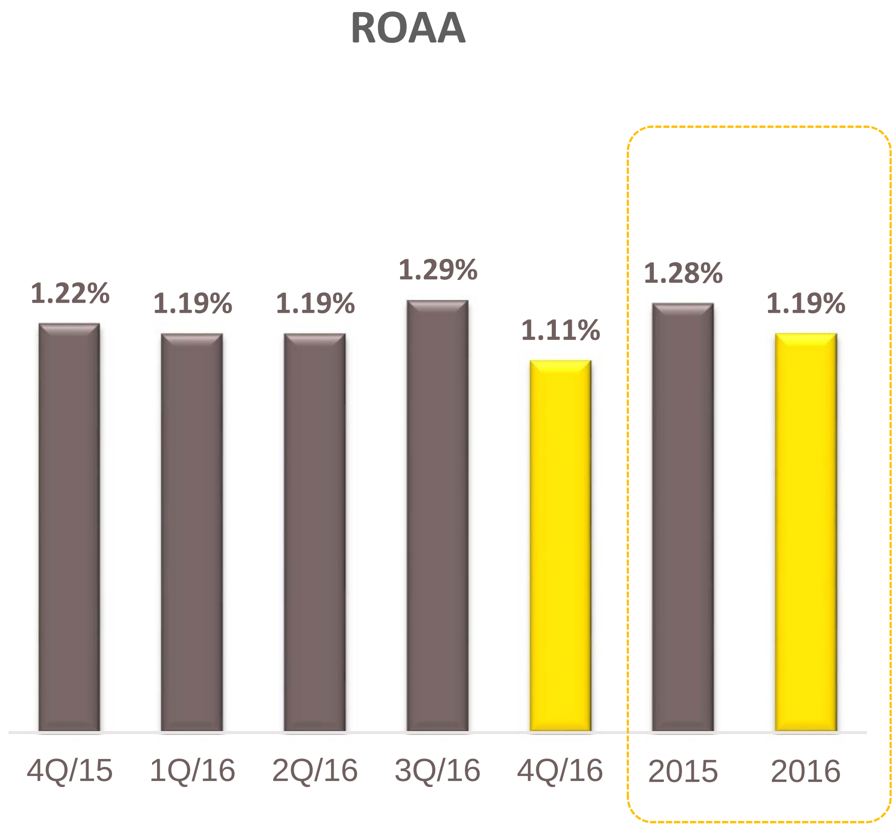


ROAE & ROAA

Reported 2016 ROAE at 10.74% and ROAA at 1.19%

Consolidated

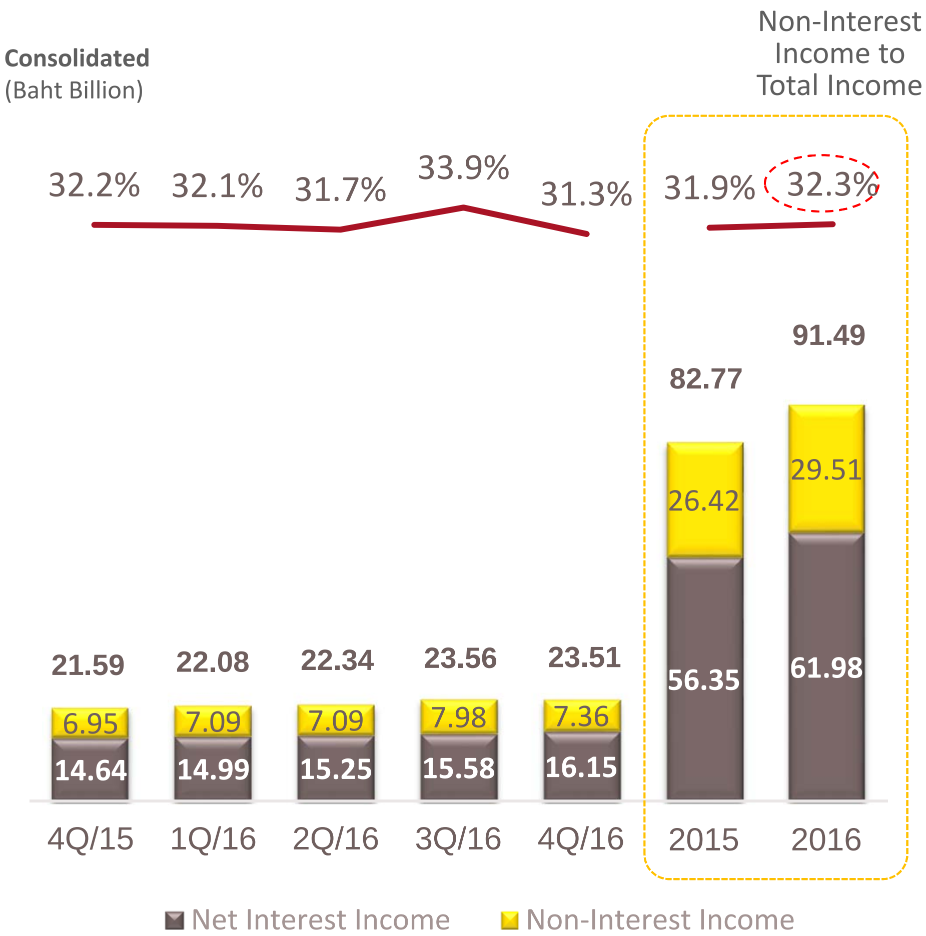




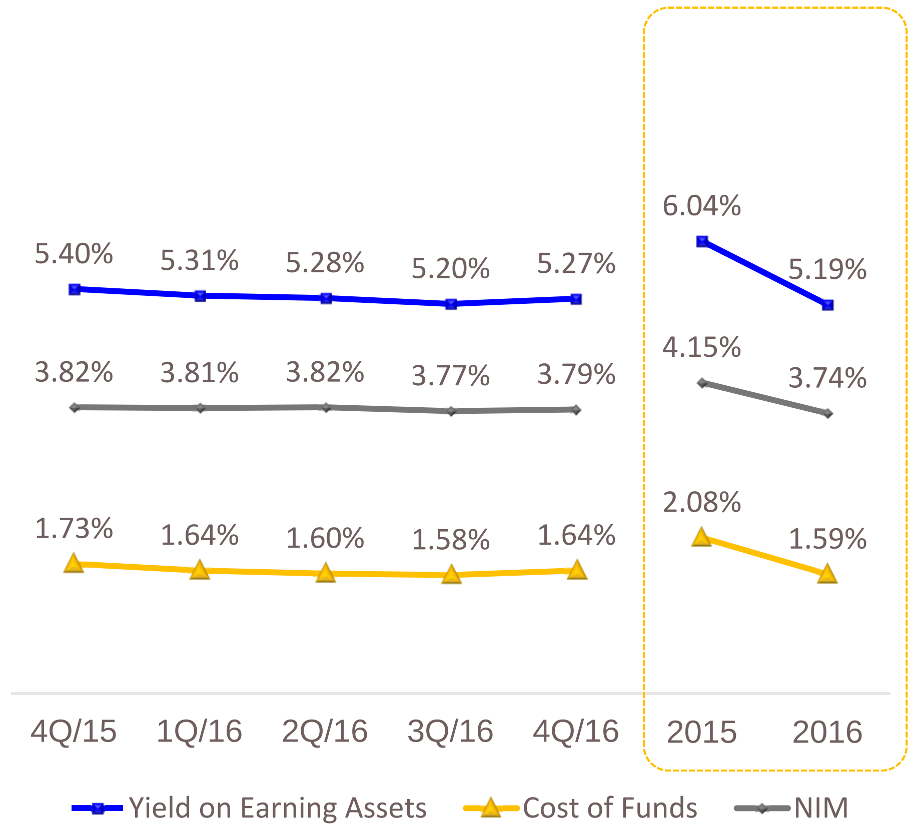
Profitability Measurement

2016 NIM recorded at 3.74%

Total Income



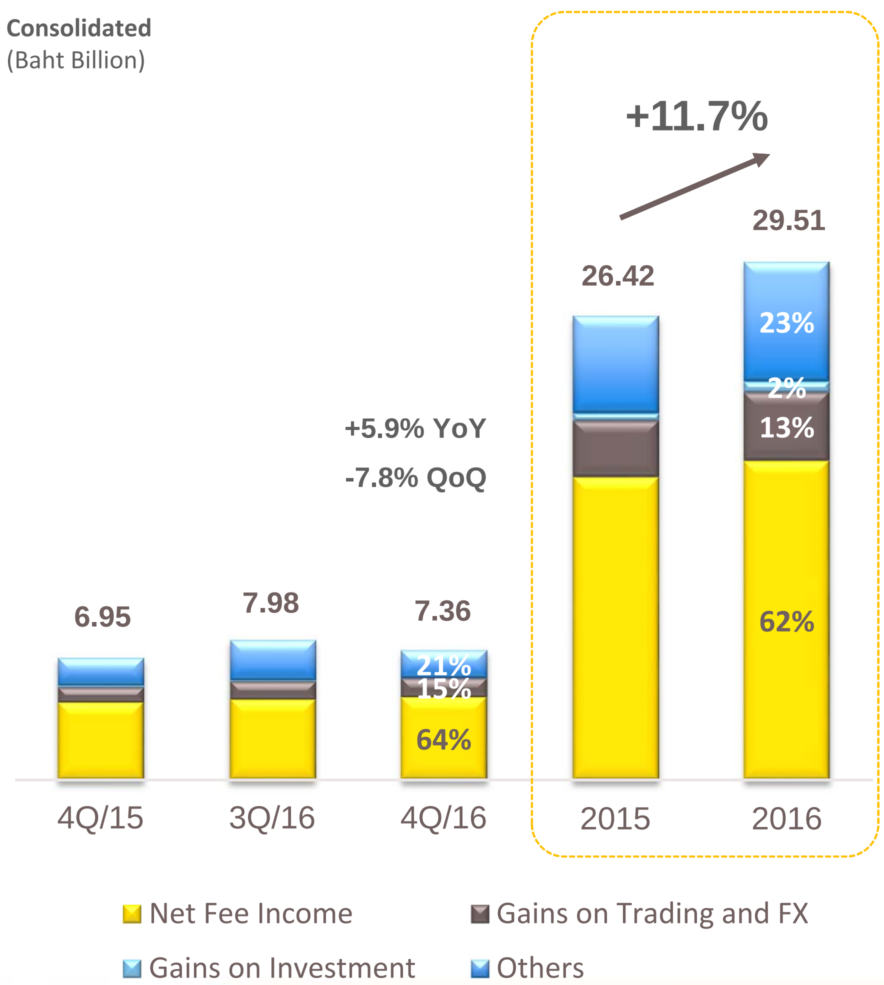
Yield & Cost of Funds



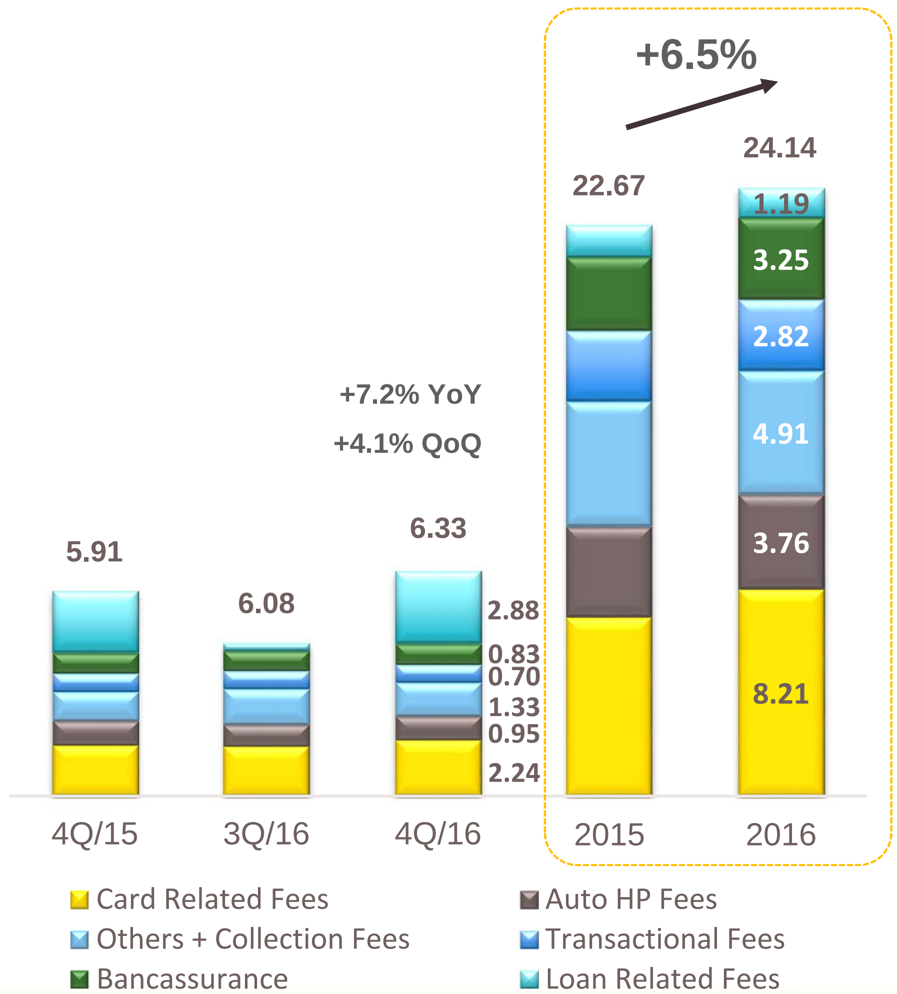
Non-Interest Income & Fees and Service Income

Enhanced capabilities contributed to an increase in non-interest income

Non-Interest Income



Fee & Service Income

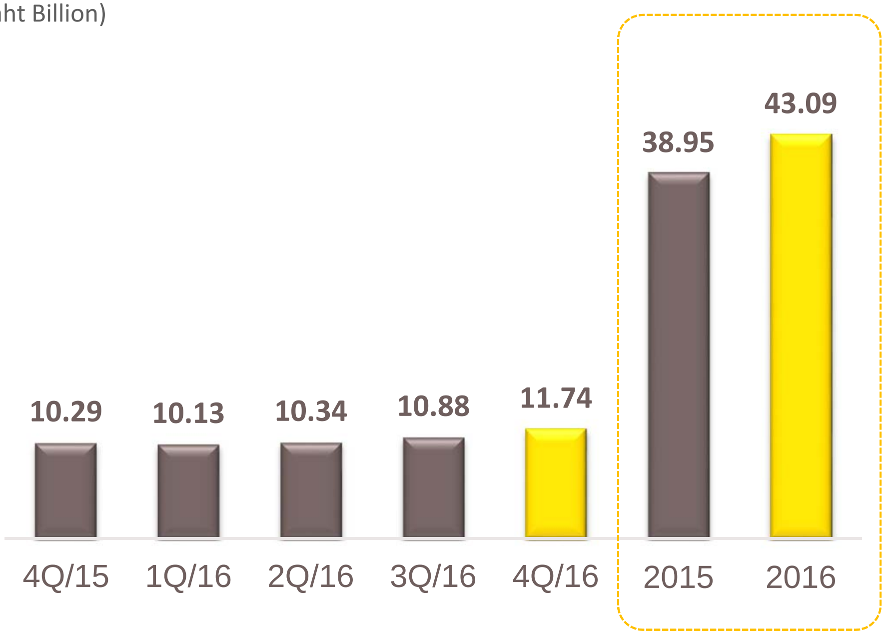


Cost Management

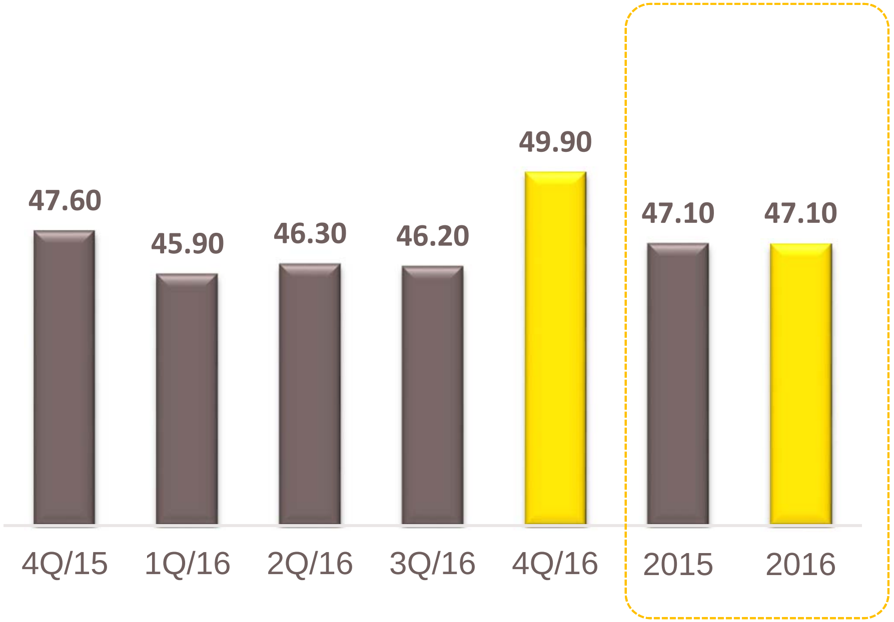
2016 Cost to income ratio recorded at 47.1%

Operating Expenses

Consolidated
(Baht Billion)

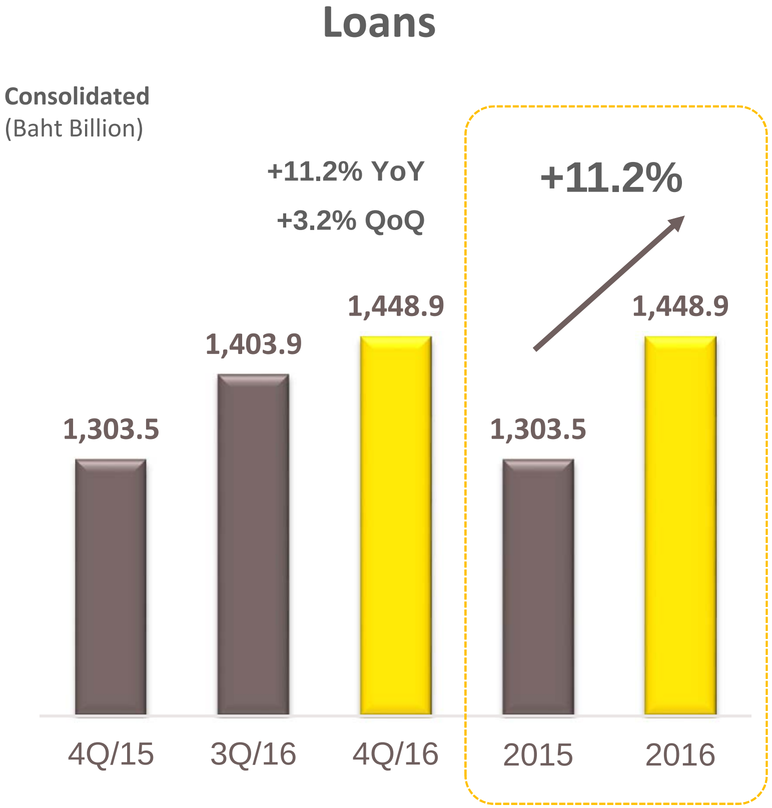


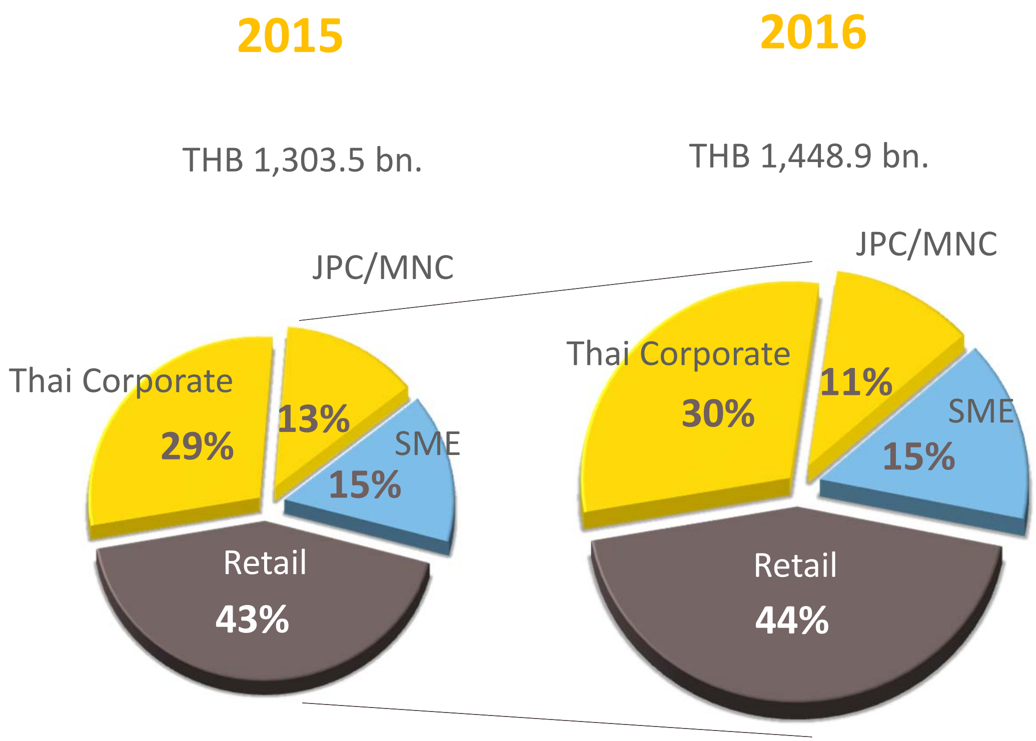
Cost to Income Ratio



Healthy Loan Growth

Recorded robust loan growth at 11.2% in 2016 amid a moderate economic recovery





Retail

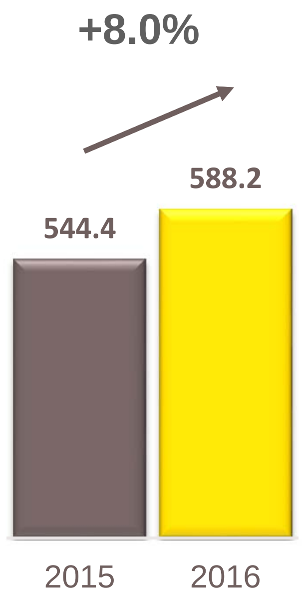
- Auto HP 20%
- Mortgage 13%
- Credit Card & Personal Loans 11%

Loans by Segments

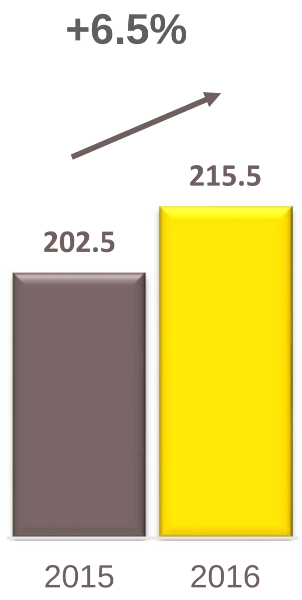
A broad-based expansion in Corporate, SME and Retail segment

Corporate Loan

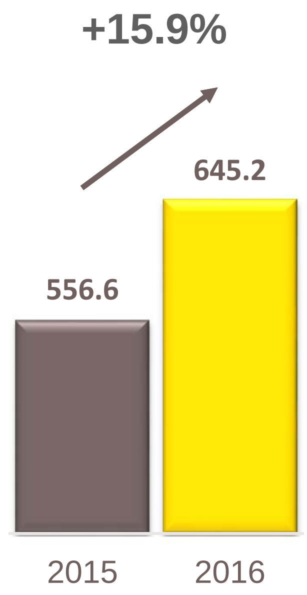
Consolidated
(Baht Billion)



SME Loan



Retail Loan

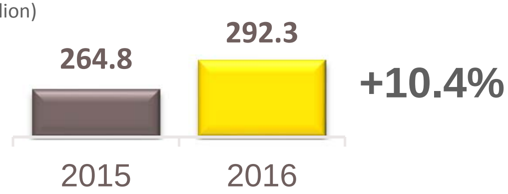


Under Retail Segment

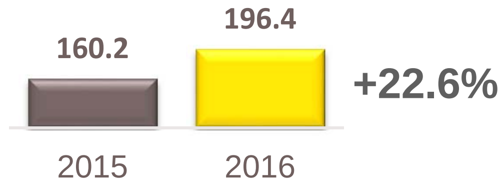
Hire Purchase

(Including Ngern Tid Lor)

Consolidated
(Baht Billion)

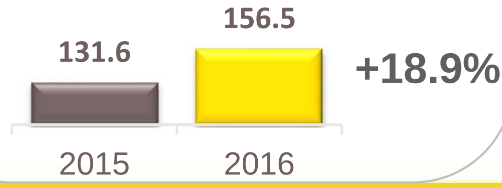


Mortgage



Credit Cards and Personal Loans

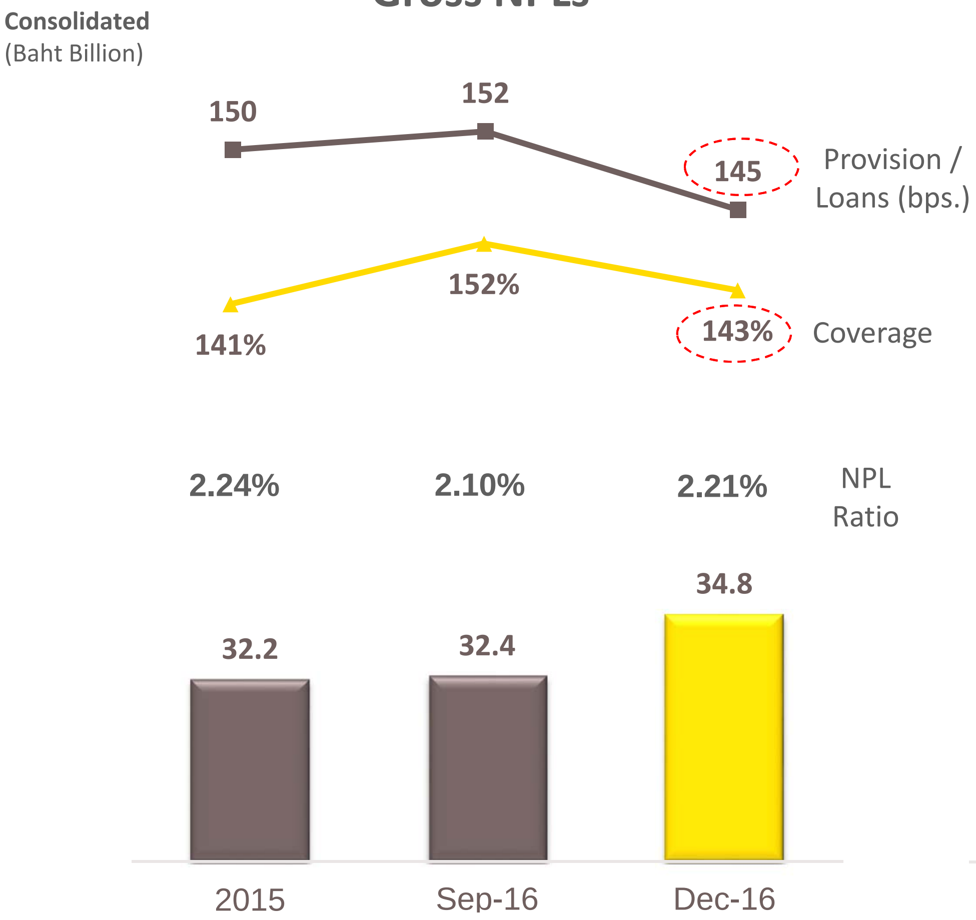
(Including HKL Personal Loans)



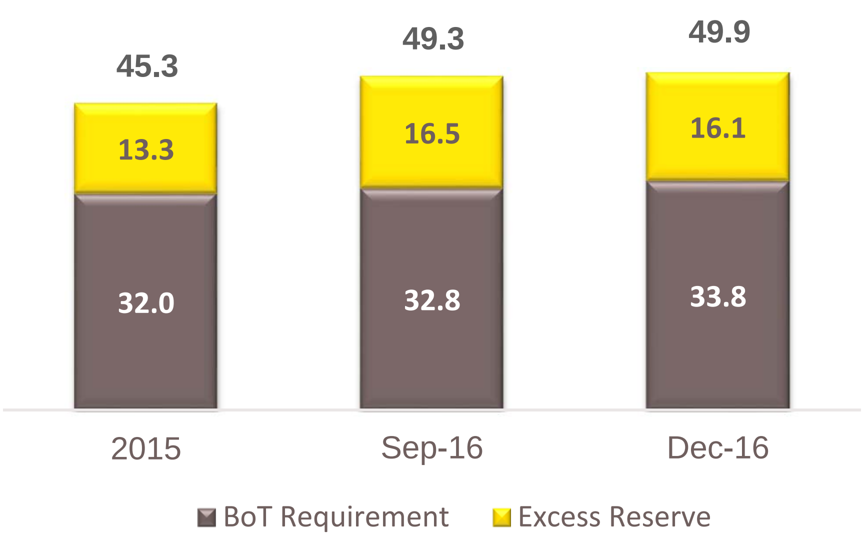
Asset Quality

NPLs recorded at 2.21%, with strong reserve position

Gross NPLs



Excess Reserve

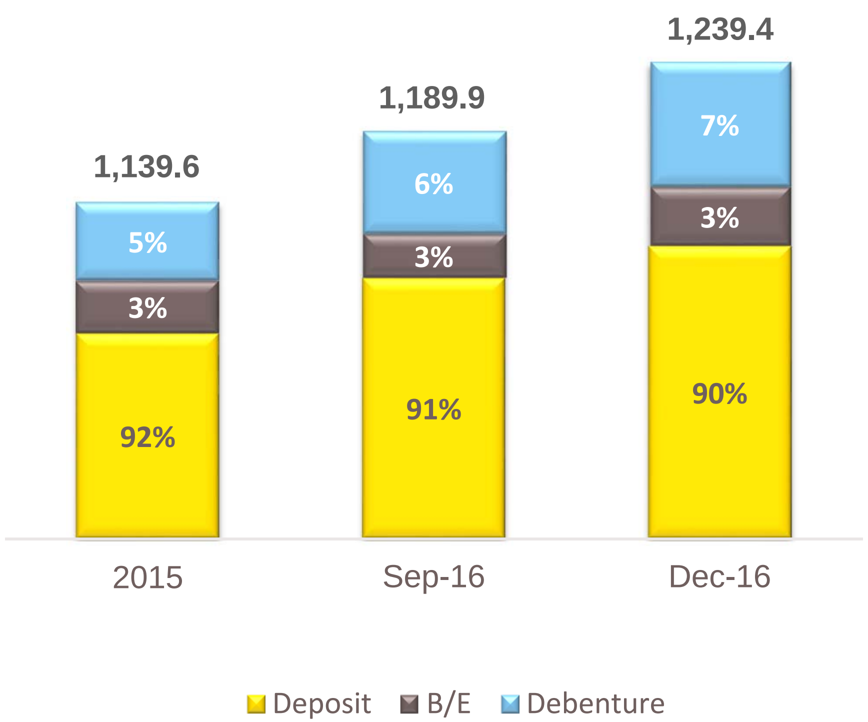


Funding Base

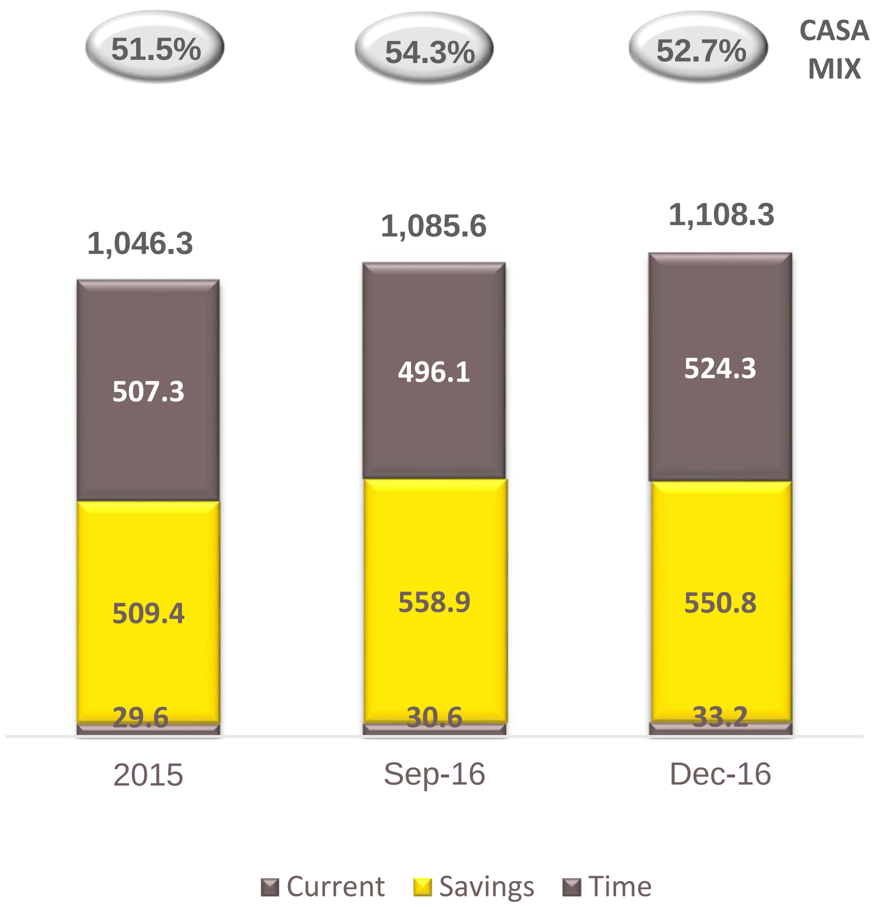
Improvement in overall funding

Consolidated
(Baht Billion)

Funding Mix



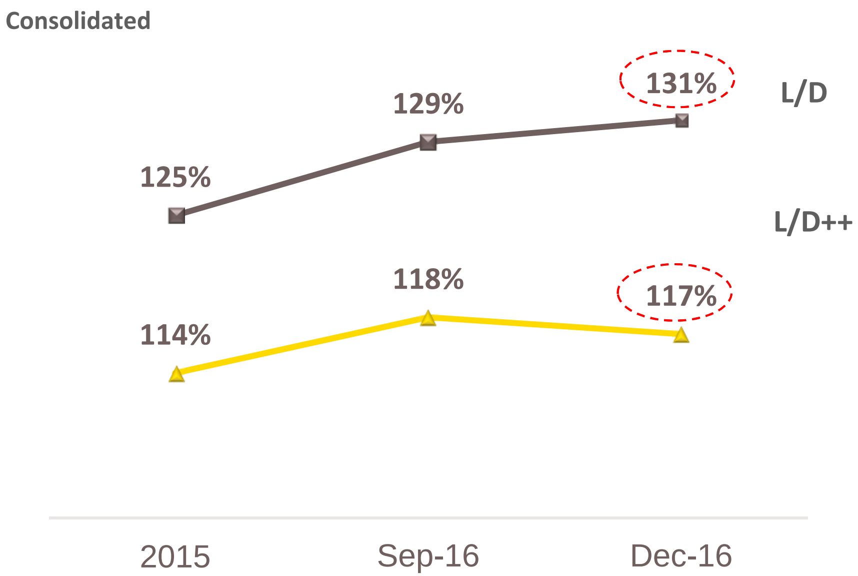
Deposits



Capital and Liquidity

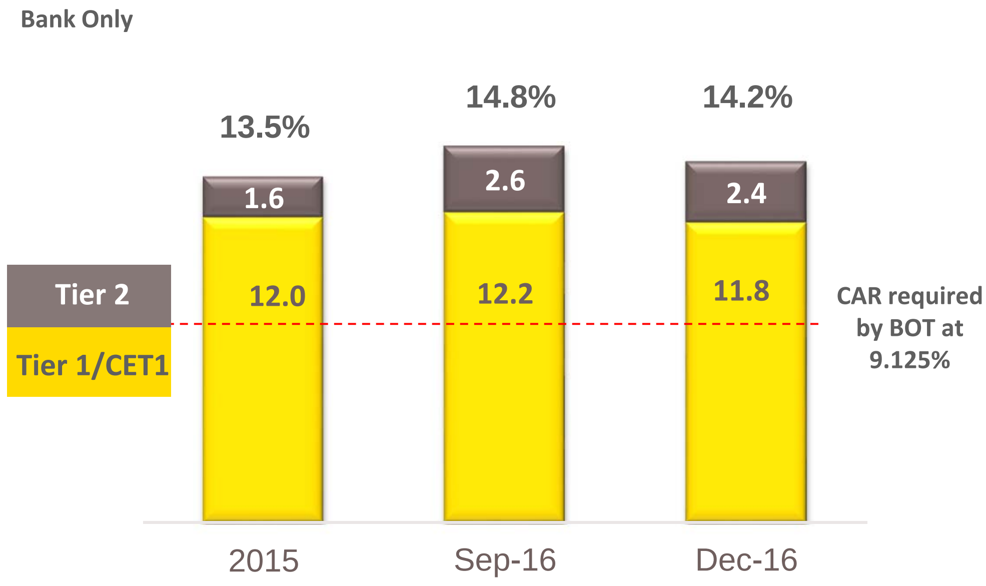
Solid capital position, CAR equivalent to 14.2%

Loan to Deposit



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

Strong Capital Base



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

Baht Billion	2015	Sep-16	Dec-16
Tier 1/CET 1	146.18	158.60	158.83
Tier 2	20.08	32.92	32.26
Total Capital	166.26	191.52	191.09

The Summary of 2016 Financial Performance

Consolidated	4Q/15	4Q/16	2015	2016	2016 Targets	
Loan Growth (Net)	+66.7 bn +5.4%	+44.9 bn +3.2%	+290.7 bn +28.7%	+145.4 bn +11.2%	8-9% *	✓
NPLs Ratio	2.24%	2.21%	2.24%	2.21%	< 2.5%	✓
Deposit Mix: Savings and Current	52%	53%	52%	53%	> 50%	✓
Loan Mix : Retail	43%	44%	43%	44%	~ 40%	✓
L/Deposit+Debenture+B/E	114%	117%	114%	117%	n.d.	n.d.
NIM	3.82%	3.79%	4.15%	3.74%	~ 3.7%	✓
Non-interest income growth (YoY) **	6.3%	5.9%	15.8%	11.7%	7.0%+	✓
Cost to Income Ratio	47.6%	49.9%	47.1%	47.1%	< 50%	✓
Provisions	150 bps	145 bps	153 bps	147 bps	~ 145 bps	~
Loan Loss Coverage	141%	143%	141%	143%	135%+	✓
CAR *(Bank Only)*	13.6%	14.2%	13.6%	14.2%	n.d.	n.d.

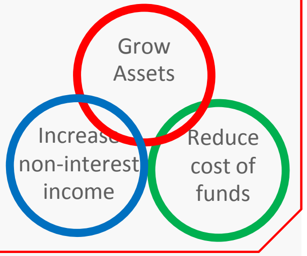
** Loan growth target including consolidated loan from HKL*

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

2016 Business Priorities Delivery

Krungsri 2016: Achievement on MTBP

Grow Assets



- 2016 Loan grew **11.2%**
- Keep leading position in consumer and auto

Rank **#1**

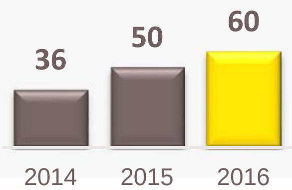
22% 24%

2015 2016
(Market Share)

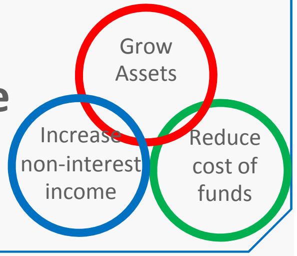
- Become a Tier 1 mortgage player

New Loan Booking

(Baht Billion)



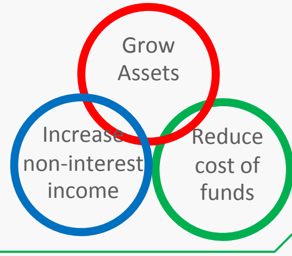
Increase non-interest income



- Non-interest income grew **11.7%**

Gains on trading and foreign exchange transactions **21.4%**

Reduce Cost of Funds



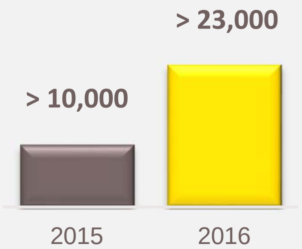
- Deposit increased **5.9%**
- Increase CASA

CASA increased to **53%**

Krungsri 2016: Synergies and Retail & Commercial Collaboration

Payroll account acquisition

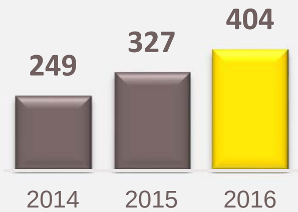
No of accounts acquired



- Acquired more than 23,000 payroll accounts with major JPC/MNC
- Promote cross-selling retail banking services

Business Matching

No of Business Matches



- More than 400 business matches
- Invited customers from CLMV
- Expand the scope of industries

Investment Banking

- Leveraging MUFG's global product capabilities

Supply Chain Financing

- Promote end-to-end solutions from supplier financing to dealer financing
- Auto dealer segment and hire purchase business

Transaction Banking

- Leveraged products,process know-how from MUFG to close market product gaps
- Promoted regional cash-pooling and structured trade finance

Cross Border Business

- One of Thailand's largest cement companies to expand business in Asia
- One of Thailand's largest retail groups to expand their business in Vietnam

Krungsri 2016: Regional Expansion

Successful Acquisition of HKL

Myanmar

- Krungsri's Representative
- BTMU Yangon Branch

Lao PDR

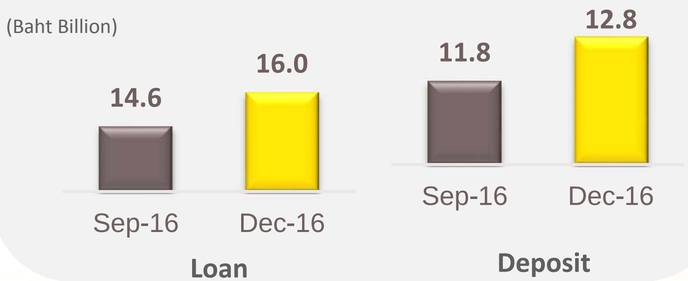
Krungsri to lead the coverage of both **Bank** and **non-bank segment**

- 2 Branches in Vientiane and Savannakhet
- **Krungsri Leasing Services Co., Ltd. (KLS)**

Cambodia

Hattha Kaksekar Limited (HKL)

- 4th largest Microfinance
- 154 branches - as of Dec. 2016



Vietnam

JPC/MNC can use financial services through 2 of BTMU branches in **Ho Chi Min City** and **Hanoi**

Explore opportunity for partnership

Krungsri 2016: Commercial Banking

Commercial Loan Growth

At **7.6%** YoY

M&A Financing

* Collaboration with MUFG

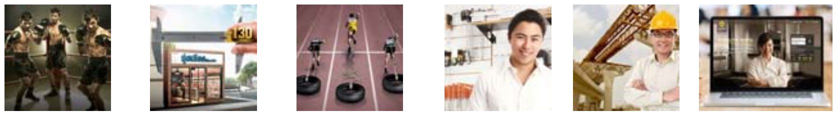
Bond Underwriting

Project Finance

Business Matching

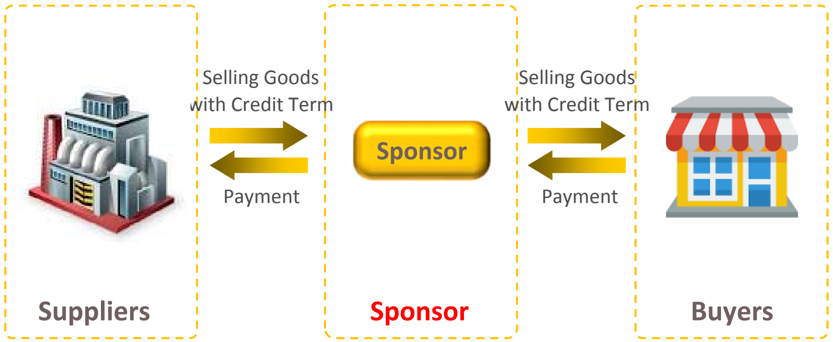
- Global Business Matching
- Offshore Business Matching
- Online Business Matching

Krungsri SME - Boost opportunity for every business



3X Credit Line | Kern-Roi Loan | Prom-Hai Loan | Quick Loan | e-Guarantee | Biz Online

Krungsri Value Chain Solutions

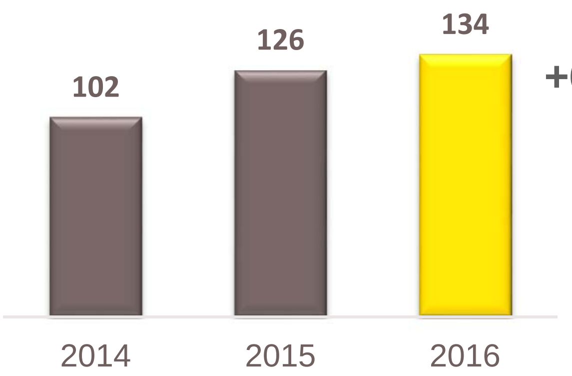


Supplier Financing **Buyer Financing**

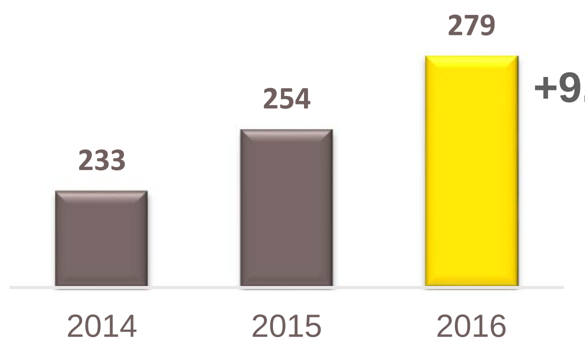
Value chain to support Corporates and SMEs

Krungsri 2016: Krungsri Auto

Volume



Loan Outstanding



Loan balance Krungsri Auto only. For consolidation, auto hire purchase lending also includes Ngern Tid Lor (NTL)

2016 New Products/Services/Initiatives

Krungsri Rod Baan

Enhance brand awareness of 'Krungsri Rod Baan' through www.krungsrimarket.com

C4C Interactive E-Form

Introduce interactive e-form on www.car4cash.com

'Pa Pa Form'

Elevate digital CE through 'Pa Pa Form', an interactive e-form with personalized music video while filling out online application forms on www.krungsrimarket.com

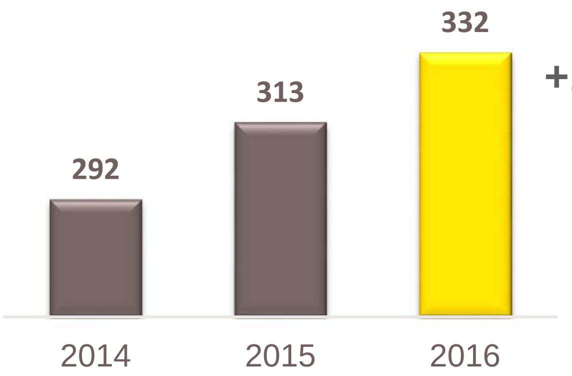
Big Bike Loy Lom

Build brand awareness of 'Krungsri Big Bike' through online viral

Krungsri 2016: Krungsri Consumer

Volume

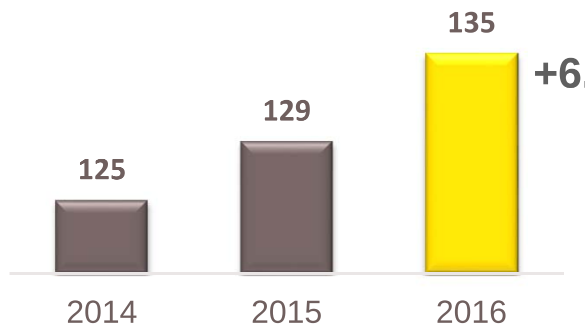
(Baht Billion)



+10.4% YoY

Loan Outstanding

(Baht Billion)



+6.5% YoY

2016 New Products/Services/Initiatives

Krungsri JCB Platinum

- To capture growth opportunity of "Extreme Japan Boom" in Thailand
- Offering exclusive features and promotions with Japanese partners

Taokae Tanjai

Pilot launch 'Nano Finance' to penetrate new segment (self-employed w/ no income doc)

Samsung Pay

A new payment service that deeps all your cards in one phone

Big Data Analytics

Introduce Big Data and Real-time Decision Marketing to better serve customers in a Near-Real-Time basis on both servicing and marketing

U Choose

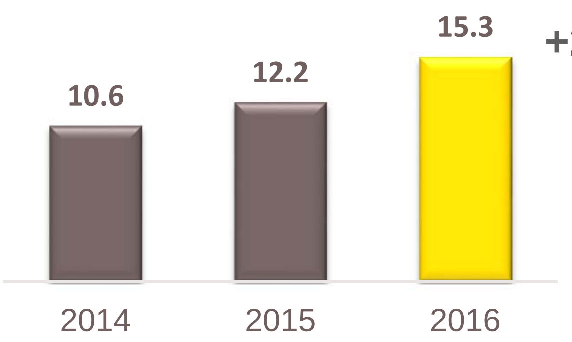
(Lifestyle Mobile Application)

To tackle customer pain points by combining required features in customer's hand

Krungsri 2016: Micorfinance - Ngern Tid Lor

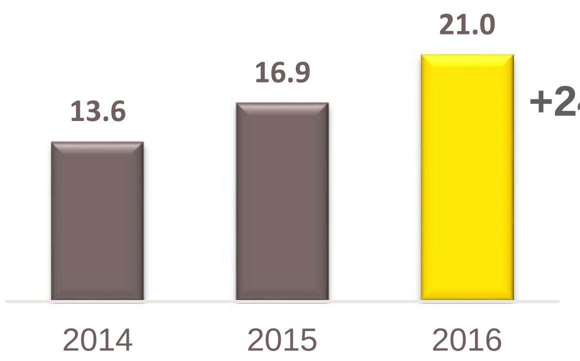
Volume

(Baht Billion)



Loan Outstanding

(Baht Billion)



- Customer base grew by 26%
- 100 new branches (Total 481 branches) with collaboration within Krungsri Group
- Almost 2,500 agents nationwide
- LINE Business Connect

- Quick cash disbursement at Branch for non-transfer secured car loan
- Improved lead pool through digital channel, telesales new lead program
- Offered free-of-charge personal accident insurance to all motorcycle title loan

Krungsri 2016: Alternative Channels in 2016

Strong Alternative Channel Expansion

SMS

SMS Banking

1.1 Million Users

Internet Banking

555,376 Users

Krungsri Mobile

2,000,000 User DL

Krungsri Website

65 Million Page view

Social Networks

23.52 Million Users

Krungsri 2016: Extensive Franchise in 2016

ATMs

6,250

Domestic Branches

658

Banking Branches

37 Auto Business Branches

695

Overseas Branches

3 Branches + 1 Rep Office

Exclusive Banking & Business Center

83

First Choice

144 Branches + 18,786 Dealers

Microfinance

Domestic

481

Branches

Overseas

154

Branches

Krungsri Auto

>9,400 Dealers

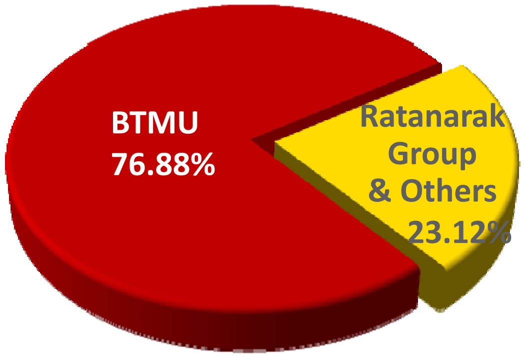
EDC

55,832

Krungsri Profile

Our History

Shareholding Structure
(as of 9 September 2016)



- 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)

Krungsri Group Profile

International Ratings

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

National Ratings

Fitch Ratings	TRIS Rating
AAA (tha)	AAA

Leadership Position

#1 In consumer finance

As of November 2016	Market Position	% Share
Consumer		
Personal Loan	1	26%
Credit Card	1	14%
Auto (HP)	2	24%
SME	5	5%
Corporate	4	12%

Extensive Franchise: 30,842 Service Outlets

As of December 2016	Number
Domestic Branches	695 *
Overseas Branches	3
Representative Office	1
ATMs	6,250
Exchange Booths	95
Krungsri Exclusive	19

As of December 2016	Number
Krungsri Business Centres	64
First Choice Branches + Dealers	144 Branches + 18,786 Dealers
Krungsri Auto Dealers	> + 9,400 Dealers
Microfinance Branches	481
Microfinance Overseas Branches (HKL)	154
Thai Post Offices	> + 1,000

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

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