krungsri
กรุงศรี
A member of MUFG
a global financial group

2017 Financial Performance

18 January 2018

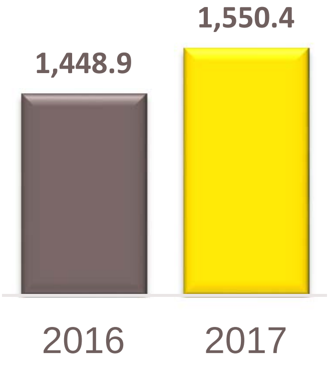
"Make Life Simple เรื่องเงิน เรื่องง่าย"

Highlights

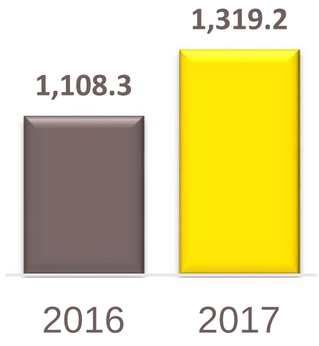
2017 Key Financial Highlights

Loan Growth
+7.0% YoY

Consolidated
(Baht Billion)



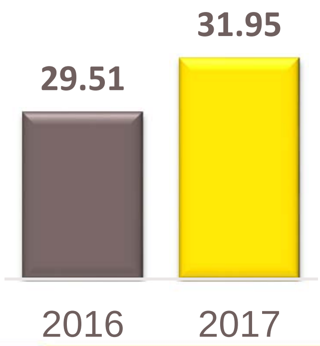
Deposit Growth
+19.0% YoY



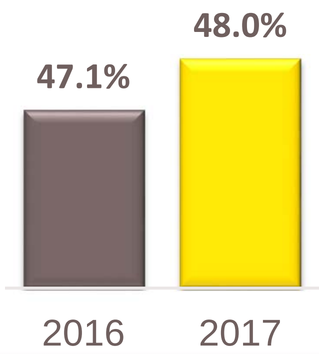
CASA
44.6%

NIM
3.74%

Non-interest Income Growth
+8.3% YoY



Cost-to-Income Ratio



NPL
2.05%

Coverage
148%

2017 Achievements vs Targets

Strong performance despite the challenging business environment

	2017	2017 Targets	
Loan Growth (Net)	+101.5 bn +7.0%	6-8%*	✓
NPLs Ratio	2.05%	< 2.5%	✓
Deposit Mix: Savings and Current	45%	> 50%	~
Loan Mix : Retail	47%	~ 40%	✓
L/Deposit+Debentures+B/E	110%	n.d.	n.d.
NIM	3.74%	~ 3.7%	✓
Non-interest income growth (YoY)*	8.3%	5.0%+	✓
Cost to Income Ratio	48.0%	< 50%	✓
Provisions	149 bps	~ 140 bps	~
Loan Loss Coverage	148%	140%+	✓
CAR *(Bank Only)*	15.65%	n.d.	n.d.

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

Thailand Economic Outlook

2018 Outlook: Another year of above-trend growth

2017-2018 Key Economic Forecasts

% YoY growth unless otherwise stated	2016A	2017F*	2018F*
GDP	**3.2**	**4.0**	**4.0**
Private Consumption	3.1	3.2	3.3
Private Investment	0.4	2.1	3.5
Exports (In USD term)	0.1	8.5	5.0
Headline Inflation	0.2	0.7	1.7
Policy Interest Rate (%, end of period)	1.50	1.50	1.75

*Note: * 2017-18 forecast by Krungsri Research*

- **Key drivers** are still-buoyant export growth, robust tourism sector, improving business investment, broader consumption recovery and government's economic measures
- Government is shifting towards more targeted measures instead of broad-based fiscal fillip. Policy aids focus on farmers, low-income earners and SMEs who have yet to benefit from the recent recovery. Infrastructure and EEC projects also speed up.
- Policy interest rate is likely to increase in 2H18 when inflation rises to reach targets and economic growth becomes more broad-based.

Tailwinds

- Global cyclical recovery
- Infrastructure and EEC projects
- Stronger confidence with clearer timeframe of general election
- Waning first-car debt burden, measures to help low-income earners
- Resilient tourism sector
- Sound economic fundamentals

Headwinds

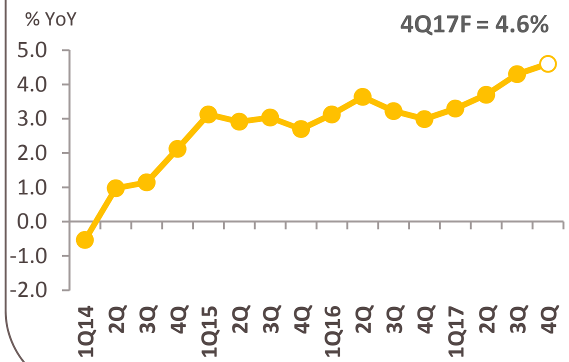
- Domestic political uncertainty
- US policy uncertainties and China's economic slowdown
- High global risks and volatile financial markets
- Labor shortage and some impact from new foreign labor law
- High household debt
- Structural problems e.g. lack of competitiveness in some sectors

Source: Krungsri Research

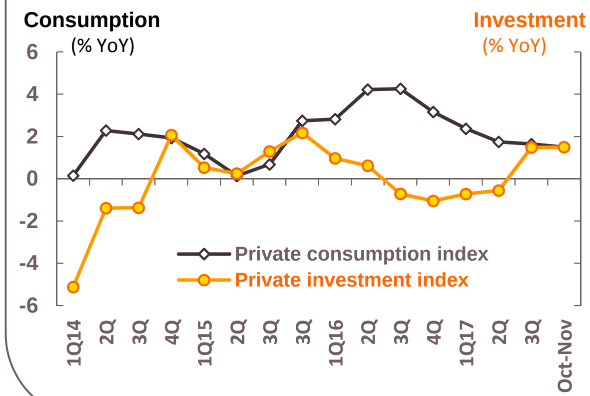
Recent Economic Development

- A recovery of economic activity continues and becomes broader-based
  - Consumer spending recovers moderately and private investment begins to show a positive growth rate
  - Pro-cyclical government spending continues to buoy economic recovery
  - Exports surprisingly expand across the board in both key markets and products amid strengthening external demand
  - Foreign tourist arrivals rebounded as negative impact of crackdown on illegal tours dissipated.

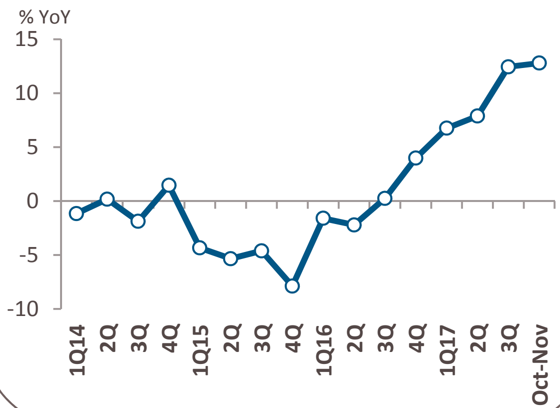
GDP: continues to expand in 4Q17



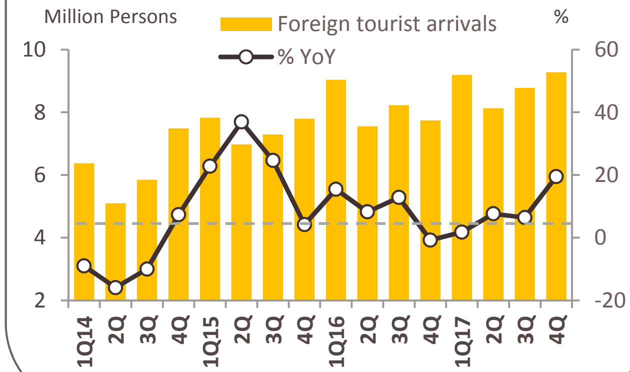
Domestic demand: consumption grows and investment picks up



Exports: surprised growth amid rising global demand and higher prices



Tourism: Chinese arrivals turn around



Source: BOT, Department of Tourism, Krungsri Research

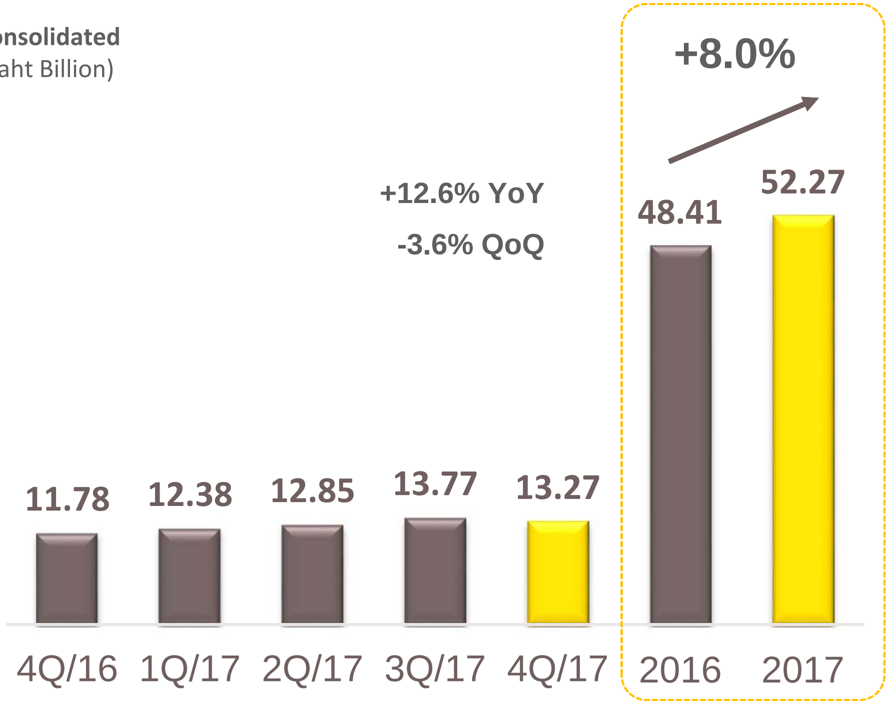
Financial Performance

Profitability

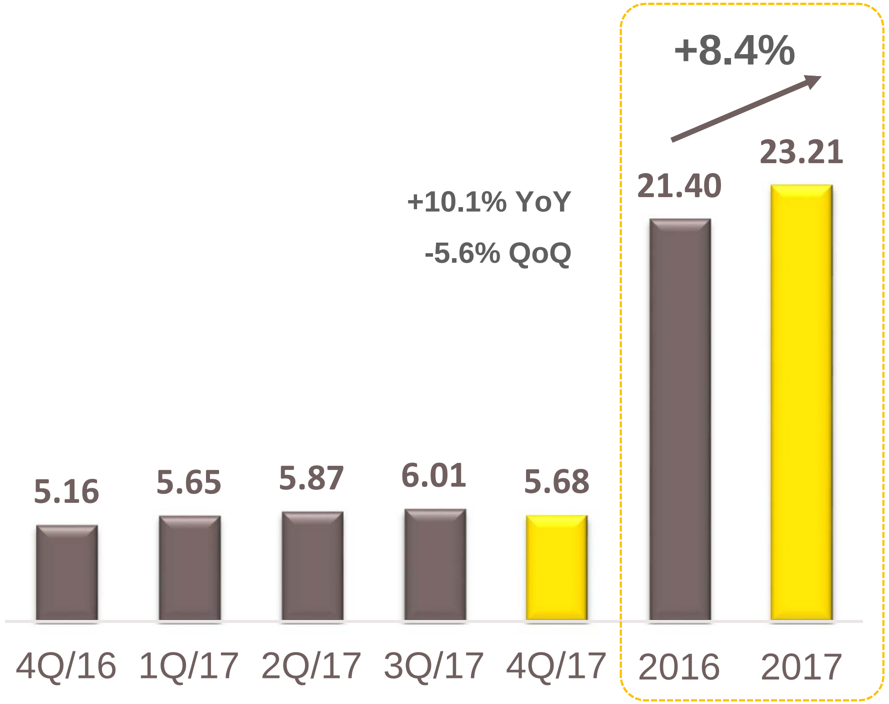
A record net profit of 23.2 billion baht

Consolidated
(Baht Billion)

Profit before Provision and Tax



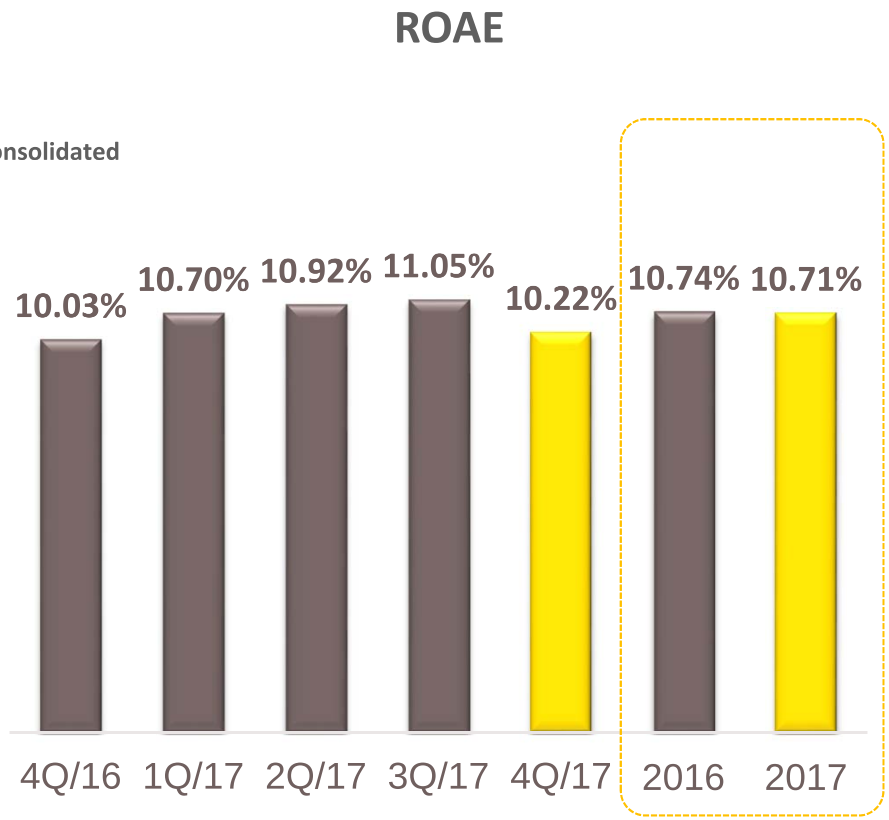
Net Profit

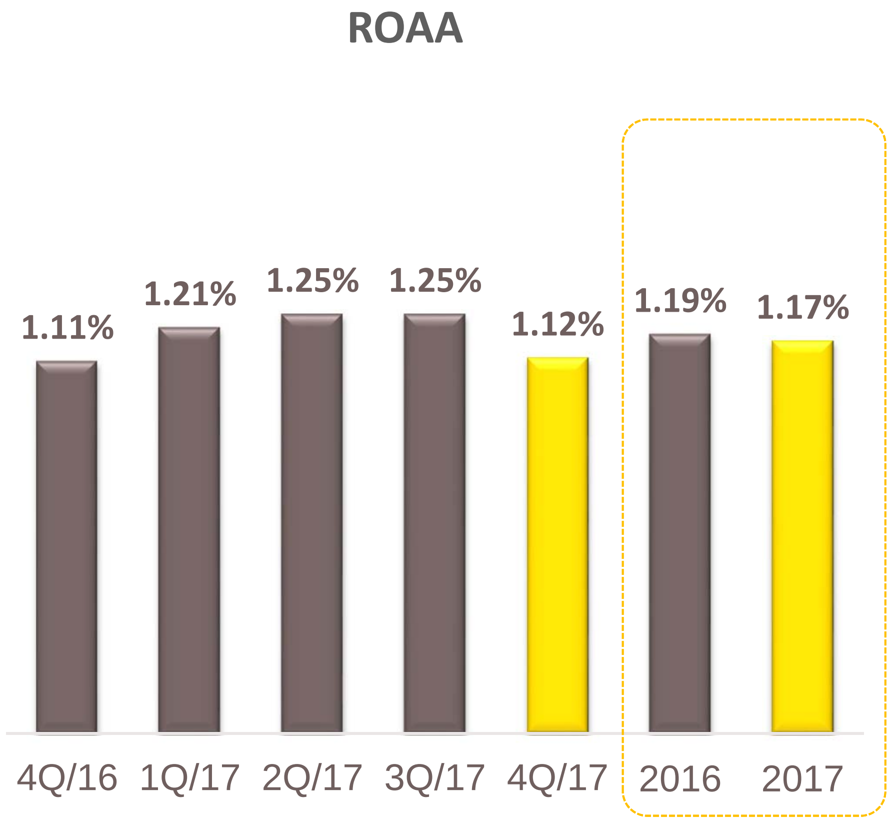


ROAE & ROAA

Reported 2017 ROAE at 10.71% and ROAA at 1.17%

Consolidated

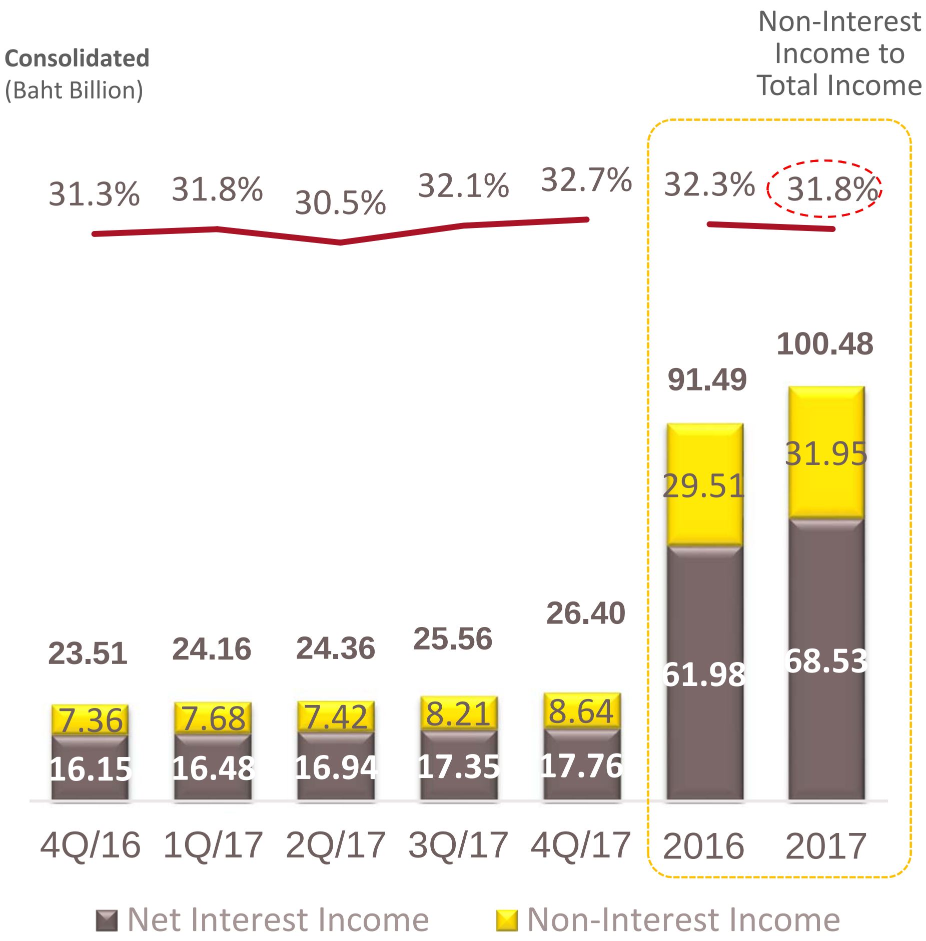




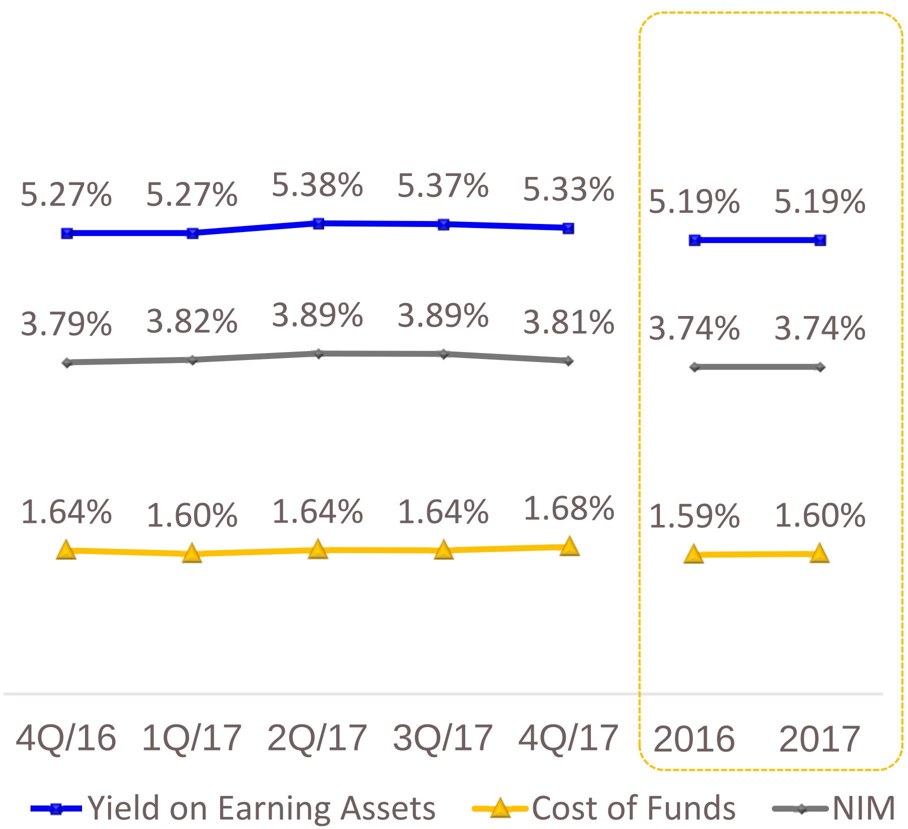
Profitability Measurement

2017 NIM was maintained at 3.74%

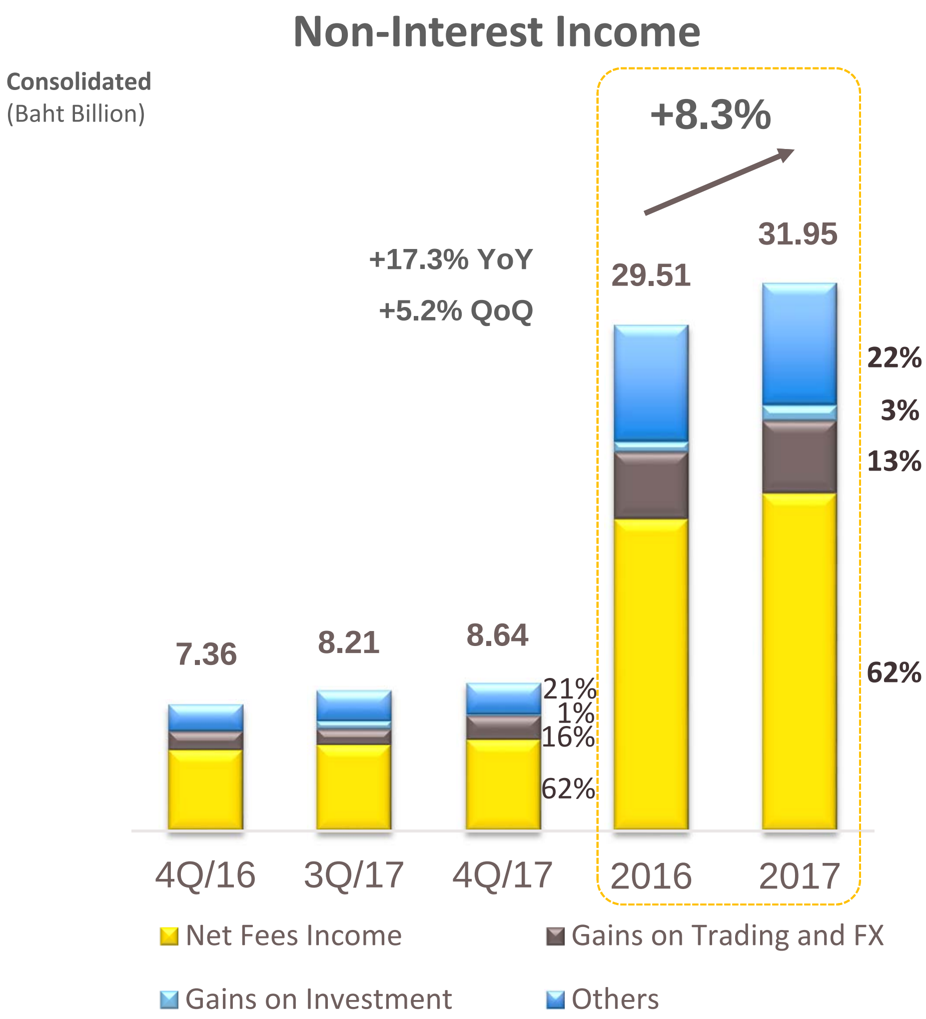
Total Income

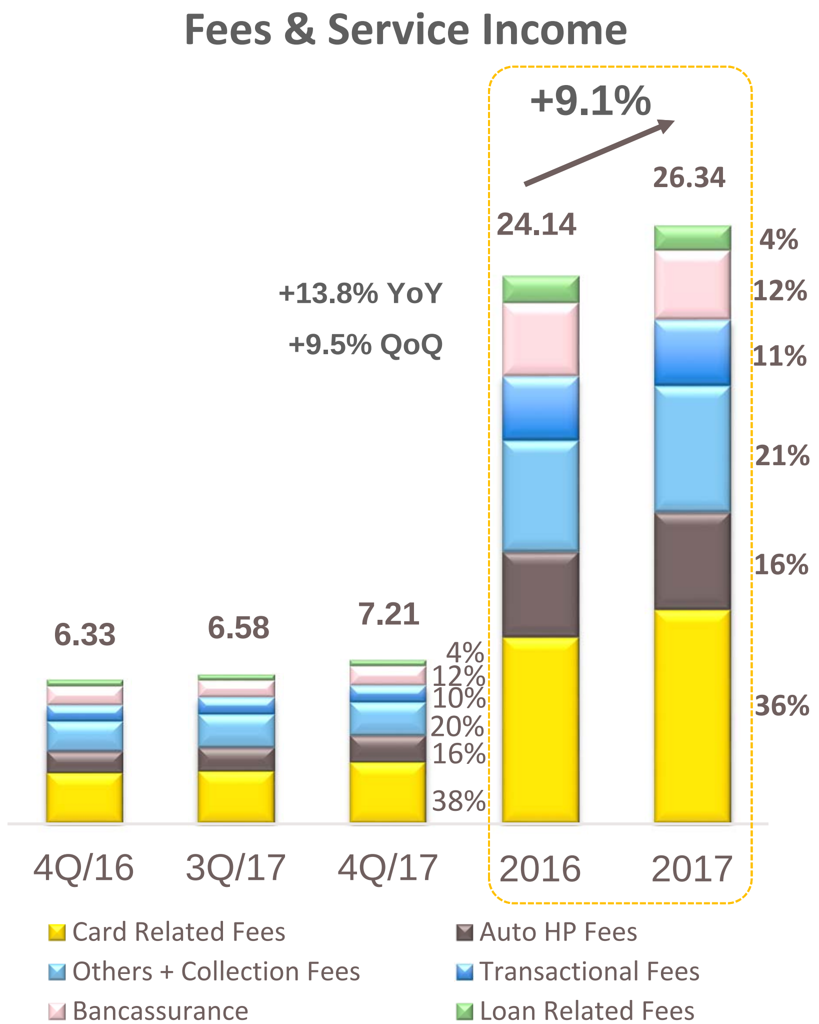


Yield & Cost of Funds



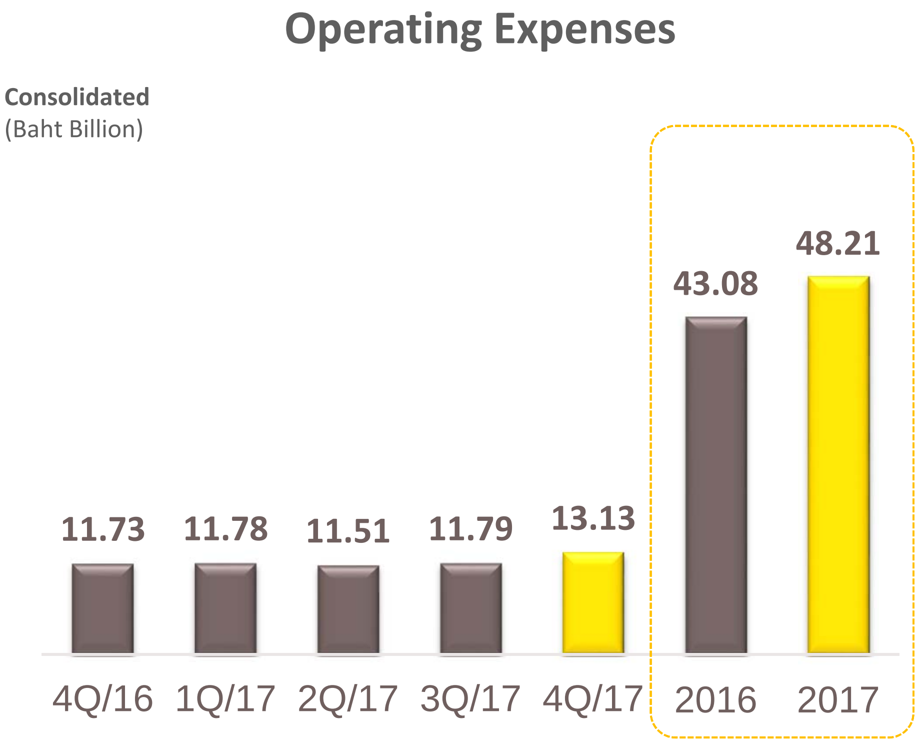
Non-Interest Income & Fees and Service Income

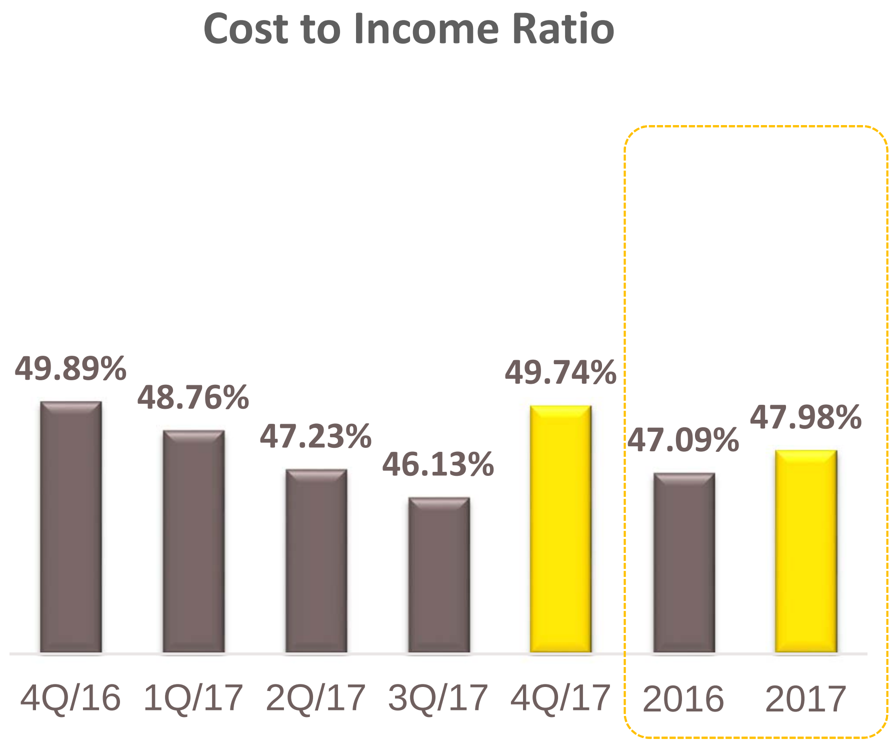




Productivity

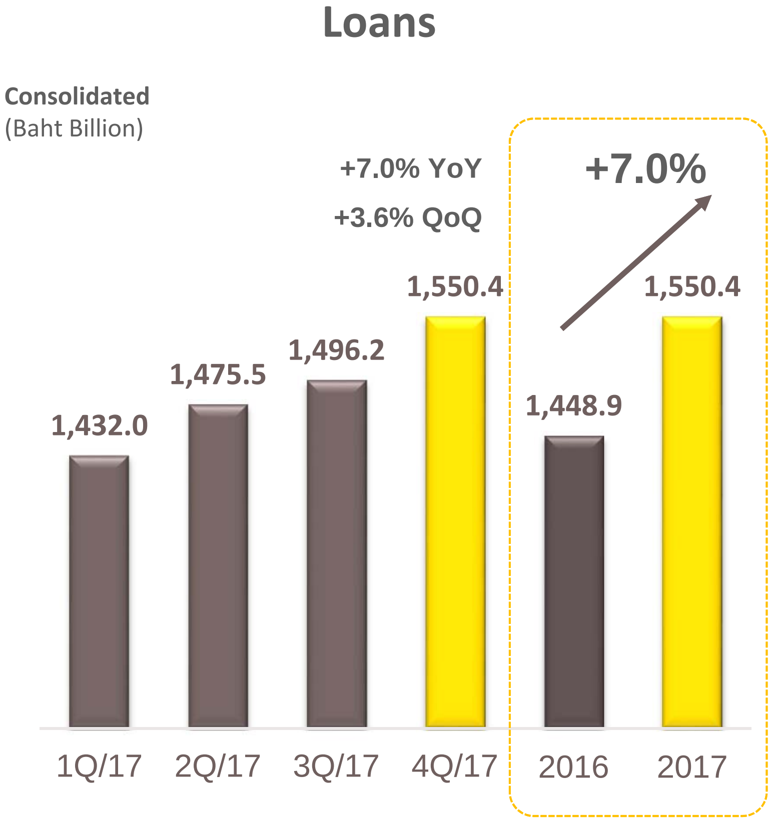
2017 Cost to income recorded at 47.98%

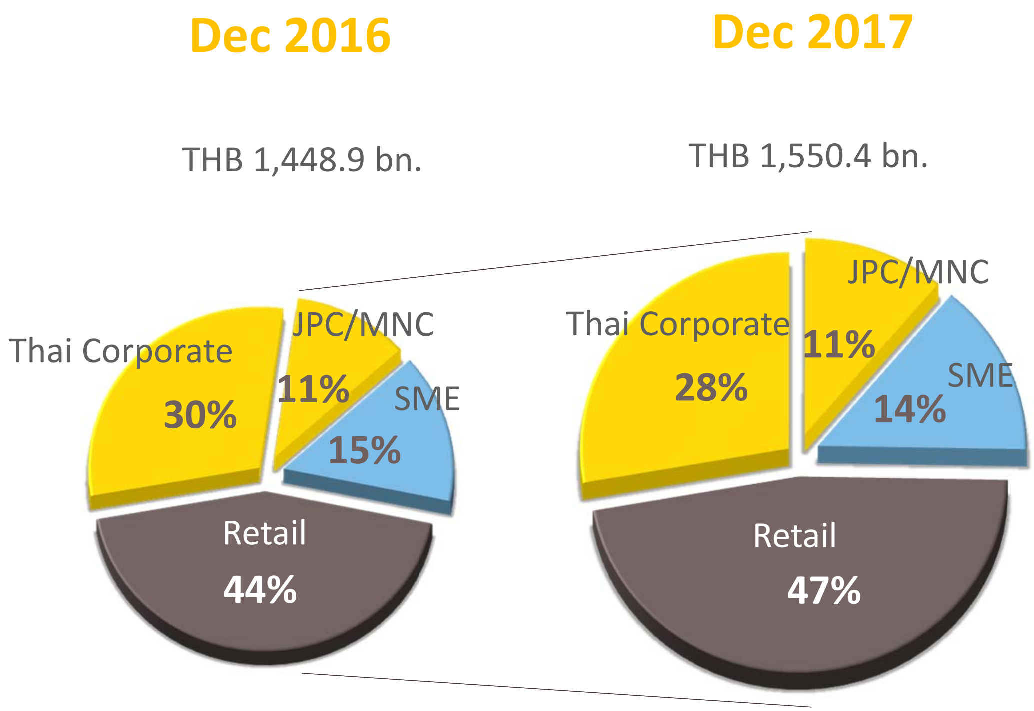




Loan Portfolio

Key growth driver was a broad-based expansion in the retail segment





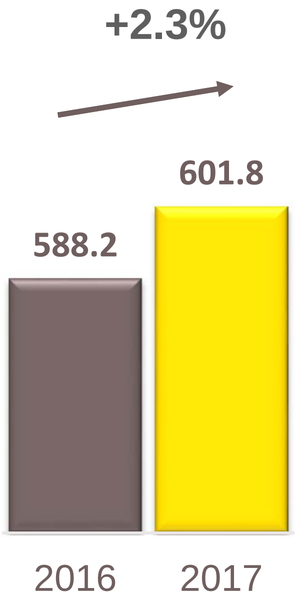
Retail

- Auto HP 22%
- Mortgage 14%
- Credit Card & Personal Loans 11%

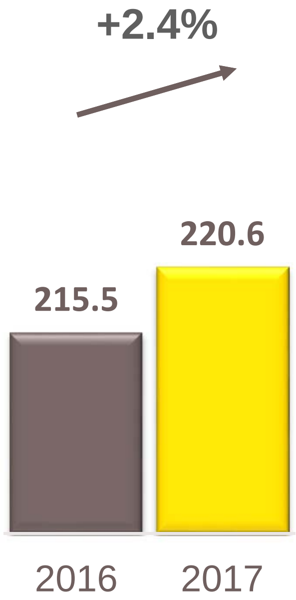
Loans by Segments

Corporate Loan

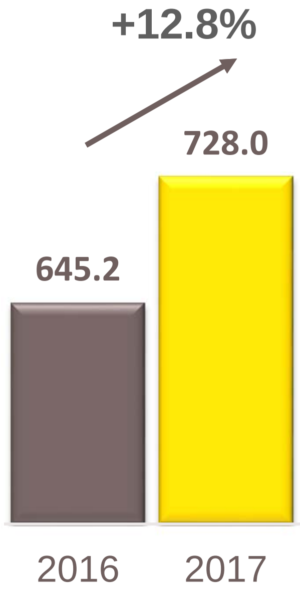
Consolidated
(Baht Billion)



SME Loan



Retail Loan



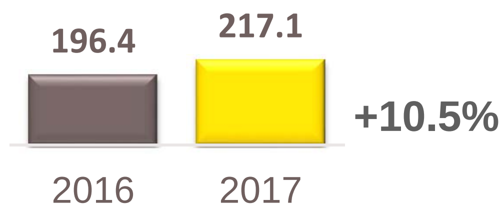
Under Retail Segment

Hire Purchase

(Including Ngern Tid Lor)

Consolidated
(Baht Billion)

Mortgage

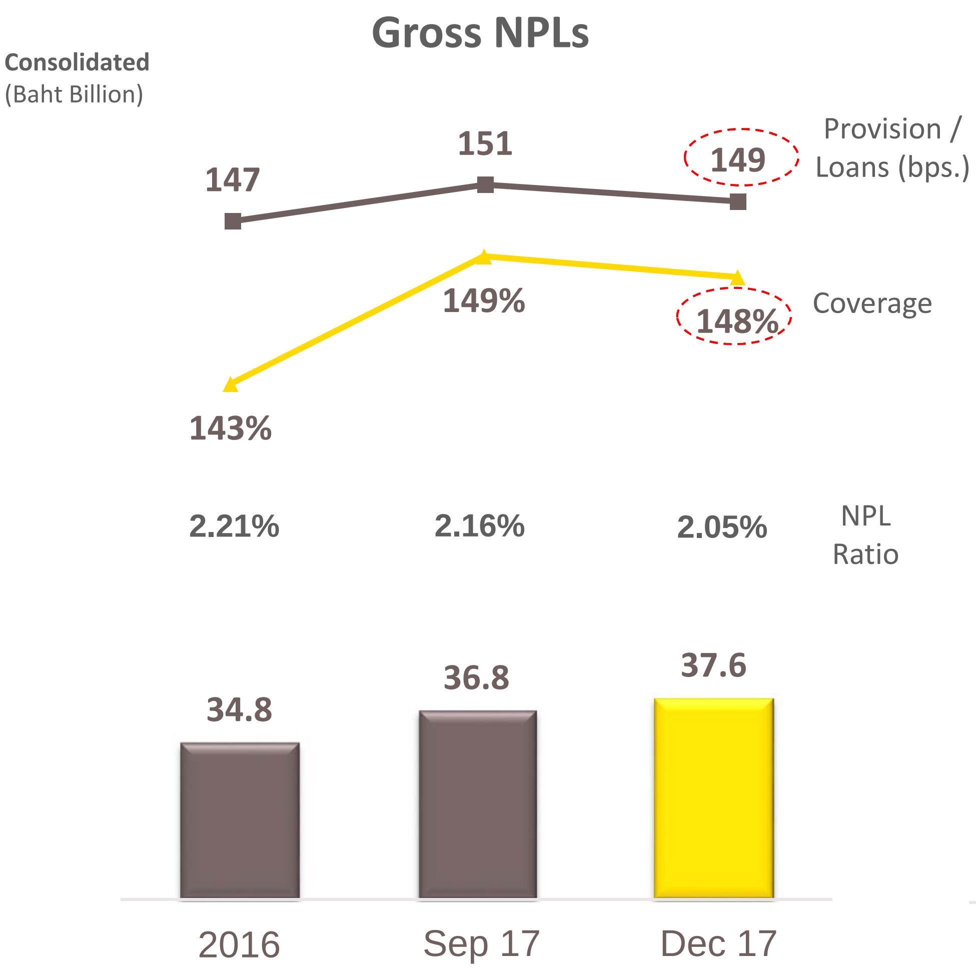


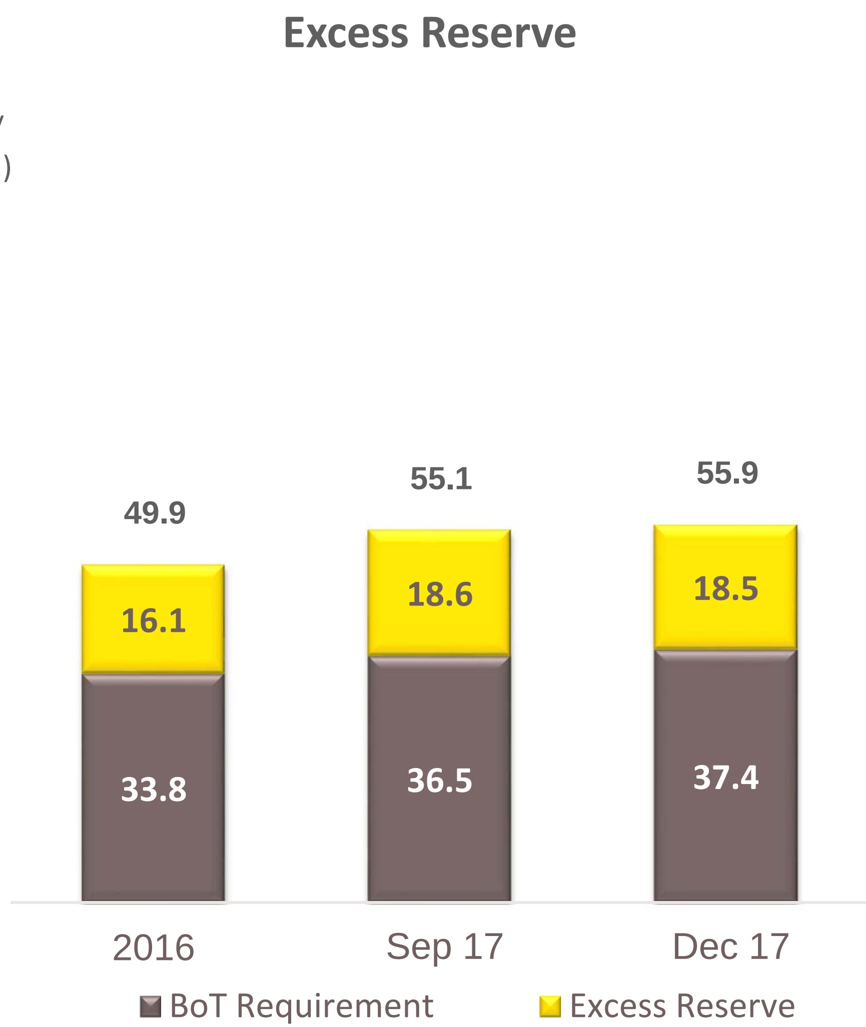
Credit Cards and Personal Loans

(Including HKL Personal Loans)

Asset Quality

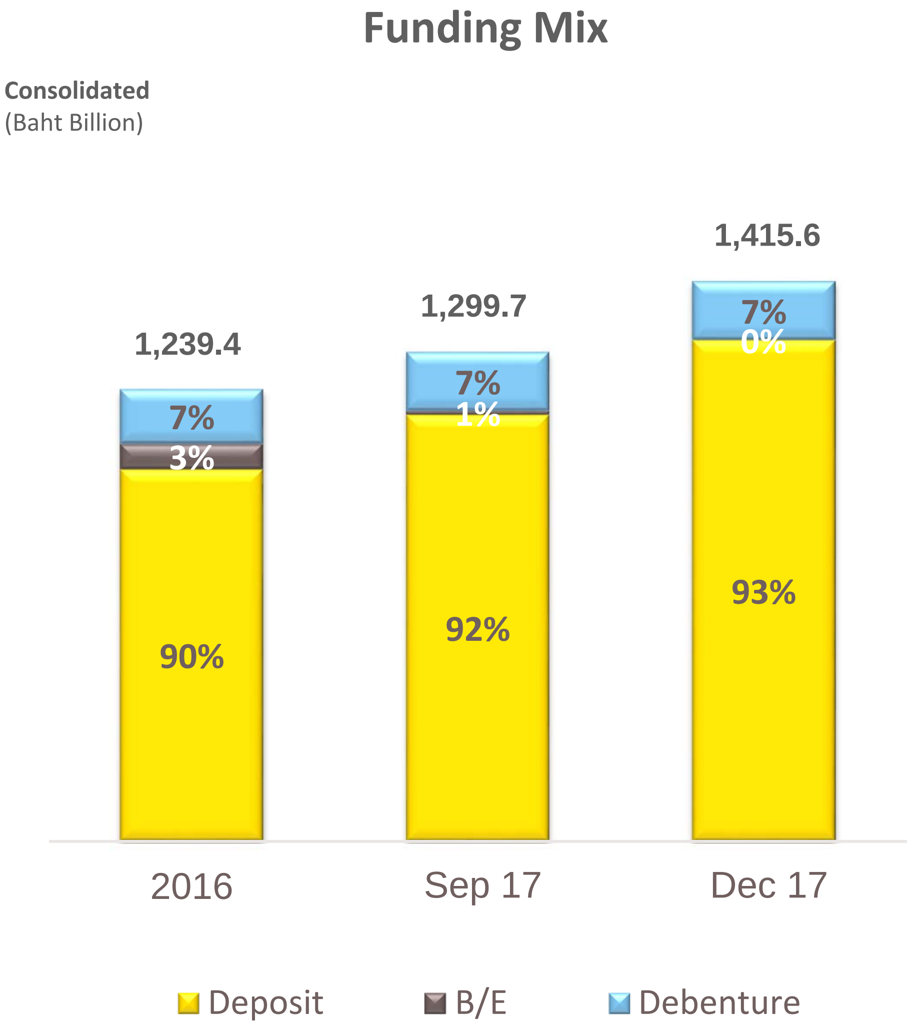
NPL ratio improved to 2.05%, the lowest level since the Asian Financial Crisis

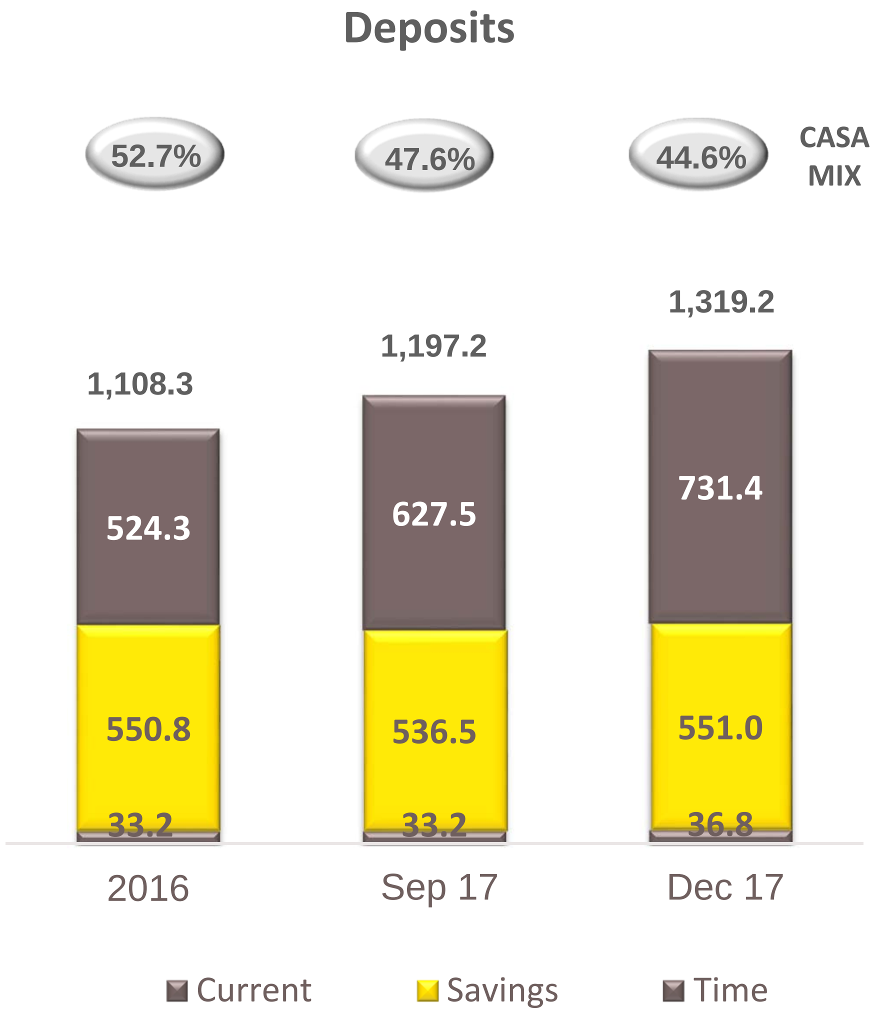




Funding Base

Deposit grew robustly

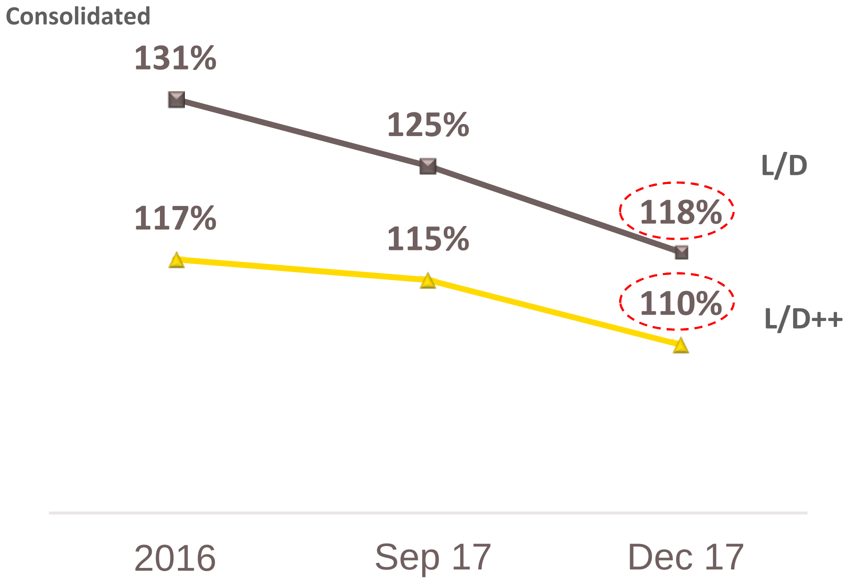




Capital and Liquidity

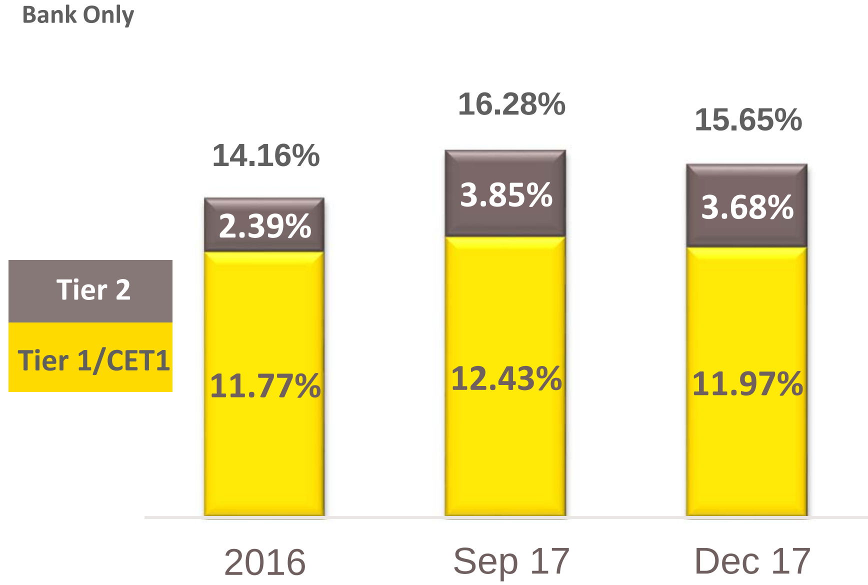
Solid capital position, CAR equivalent to 15.65%

Loan to Deposit



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

Capital Adequacy Ratio *



** BOT requires to maintain minimum CAR at 8.5% and gradually increases the conservation buffer at 0.625% per year since January 1, 2016 until reaching 2.5% by January 1, 2019*

Baht Billion	2016	Sep-17	Dec-17
Tier 1/CET 1	158.83	167.69	167.53
Tier 2	32.26	51.89	51.50
Total Capital	191.09	219.58	219.03

BOT has adopted supervisory framework for Domestic Systemically Important Banks (D-SIBs) by requiring qualified banks to maintain additional 1% of common equity tier 1 from the current minimum requirement, starting 0.5% on Jan 1, 2019 and 1% on Jan 1, 2020.

The Summary of Key Financial Performance

Consolidated	4Q/16	4Q/17	2016	2017	2017 Targets	
Loan Growth (Net)	+44.9 bn +3.2%	+54.2 bn +3.6%	+145.4 bn +11.2%	+101.5 bn +7.0%	6-8%	✓
NPLs Ratio	2.21%	2.05%	2.21%	2.05%	< 2.5%	✓
Deposit Mix: Savings and Current	53%	45%	53%	45%	> 50%	~
Loan Mix : Retail	44%	47%	44%	47%	~ 40%	✓
L/Deposit+Debenture+B/E	117%	110%	117%	110%	n.d.	n.d.
NIM	3.79%	3.81%	3.74%	3.74%	~ 3.7%	✓
Non-interest income growth* (YoY)	5.9%	17.3%	11.7%	8.3%	5.0%+	✓
Cost to Income Ratio	49.9%	49.7%	47.1%	48.0%	< 50%	✓
Provisions	145 bps	157 bps	147 bps	149 bps	~ 140 bps	~
Loan Loss Coverage	143%	148%	143%	148%	140%+	✓
CAR *(Bank Only)*	14.16%	15.65%	14.16%	15.65%	n.d.	n.d.

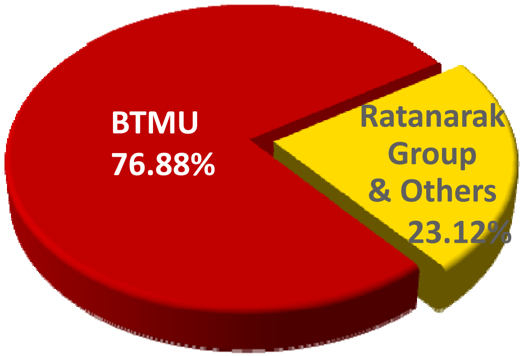
* *Net Fees Income + Non-Interest and Non-Fees Income*

Krungsri Profile

Our History

Shareholding Structure

(as of 8 Sep 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)
- Mar 2017: Established Krungsri Finnovate Company Limited

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 2017	Market Position	% Share
Consumer		
Personal Loan	1	29%
Credit Card	1	16%
Auto (HP)	2	26%
SME	5	5%
Corporate	4	12%

Extensive Franchise: 34,626 Service Outlets

As of December 2017	Number
Domestic Branches	700 *
Overseas Branches	2
Representative Office	1
ATMs	6,552
Exchange Booths	92
Krungsri Exclusive	39

As of December 2017	Number
Krungsri Business Centres	63
First Choice Branches + Dealers	153 Branches + 21,415 Dealers
Krungsri Auto Dealers	> + 10,400 Dealers
Microfinance Branches	593
Microfinance Overseas Branches (HKL)	168
Thai Post Offices	> + 1,000

** Krungsri Domestic Branches = 700 Branch, of which 663 are Banking Branches and 37 are Auto Business Branches*

Contact

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