krungsri
กรุงศรี

A member of MUFG
a global financial group

2Q 2016 and 1H 2016

Financial Performance

21 July 2016

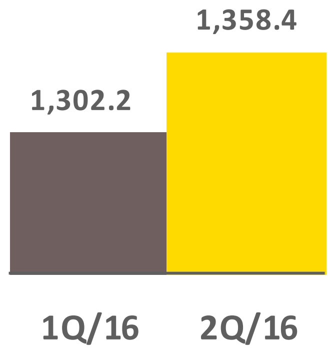
"Make Life Simple เรื่องเงิน เรื่องง่าย"

Highlights

2Q 2016 Key Financial Highlights

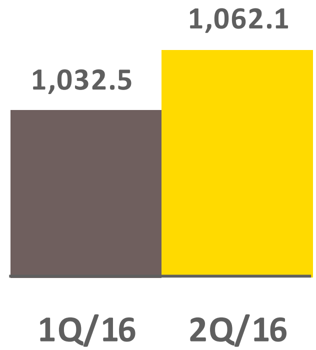
Loan Growth

Consolidated
(Baht Billion)



+9.1% YoY
+4.3% QoQ

Deposit Growth



+5.4% YoY
+2.9% QoQ

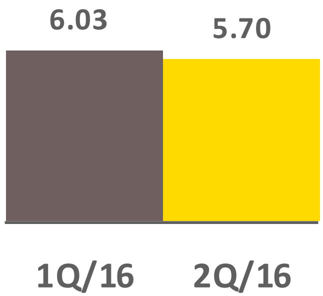
CASA %

53.9%

NIM %

3.82%

Fee Income Growth



+3.4% YoY
-5.6% QoQ

Cost-to-Income Ratio

46.28%

1Q/16: 45.88%

NPL

2.20%

Coverage %

146%

Thailand Economic Outlook

2016 Outlook: The Thai economy is likely to expand moderately with projected growth of 3.2% in 2016, compared with 2.8% in 2015.

2016 Key Economic Forecasts

% YoY growth unless otherwise stated	2014A	2015A	2016F*
GDP	**0.9**	**2.8**	**3.2**
Private Consumption	0.6	2.1	2.5
Private Investment	-1.0	-2.0	3.5
Exports (In USD term)	-0.3	-5.6	-1.0
Headline Inflation	1.9	-0.9	0.6
Policy Interest Rate (%, end of period)	2.00	1.50	1.50

*Note: * 2016 forecast by Krungsri Research (as of May 2016)*

- **Key drivers** are increasing public spending, economic stimulus measures, and robust tourism sector.
- In 2H16, some headwinds such as drought die down. Government policies are shifting from demand-side stimulus to supply-side developments. Infrastructure investment would accelerate.
- Strengthening private demand and solid growth of tourism revenue could offset smaller support from short-term fiscal stimulus and still-weak exports. Spillovers from Brexit increase a downside risk to our export growth forecast.

Headwinds

- Domestic political uncertainty
- Low farm income and lingering drought aftermath
- High household debt
- Tight labor market & high wages
- Weak global economic recovery, China's slowdown, and financial market volatility

Tailwinds

- Economic stimulus measures and rising infrastructure investment
- Low oil prices
- Promising tourism sector
- AEC dynamism and economic corridor development
- Economic resiliency

Source: Krungsri Research

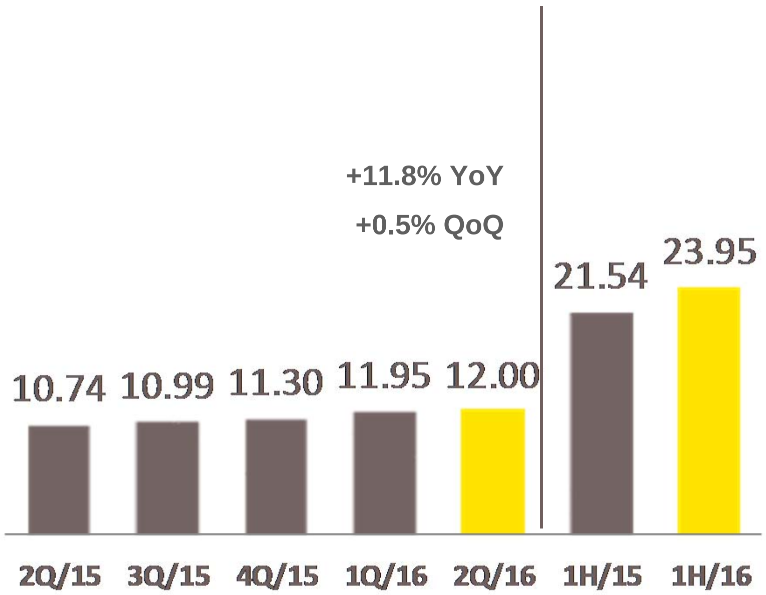
Financial Performance

Profitability

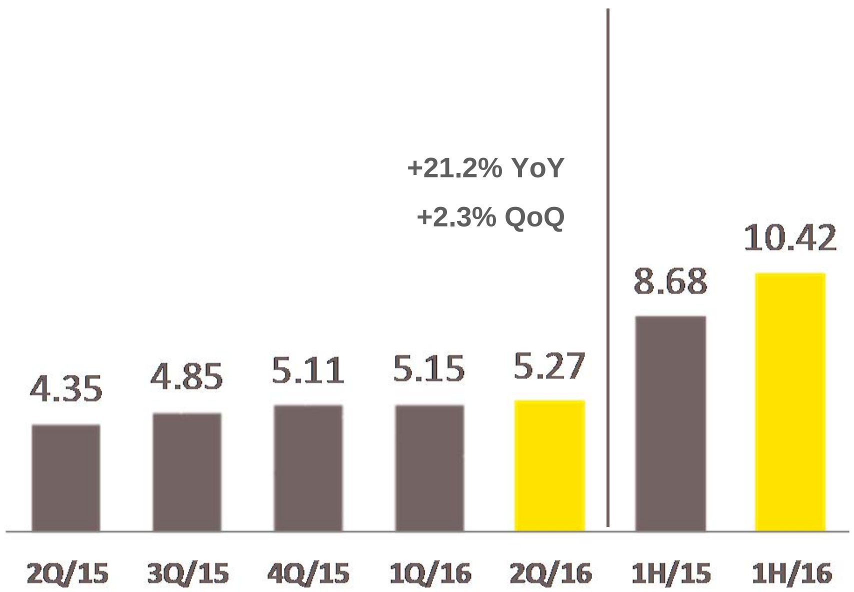
Robust net profit attributed to notable increase in net interest income and non-interest income

Consolidated
(Baht Billion)

Profit before Provision and Tax

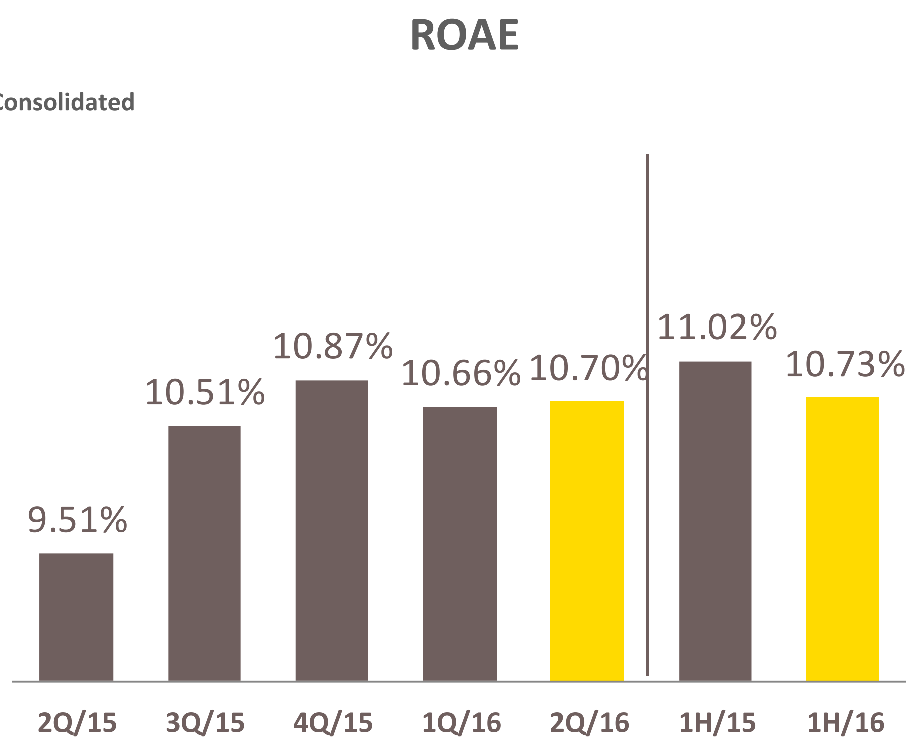


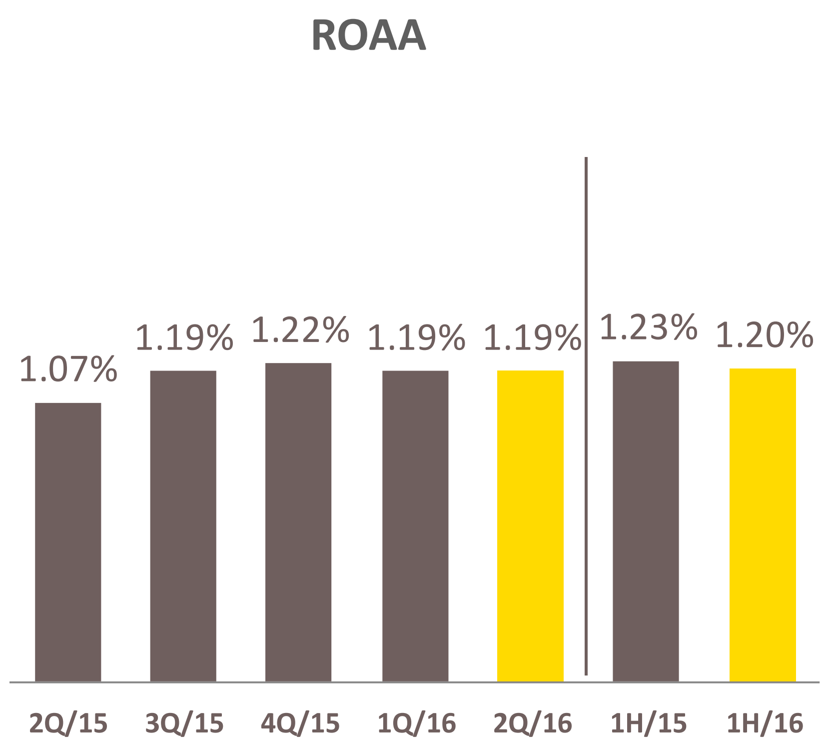
Net Profit



ROAE at 10.70% & ROAA at 1.19%

Consolidated

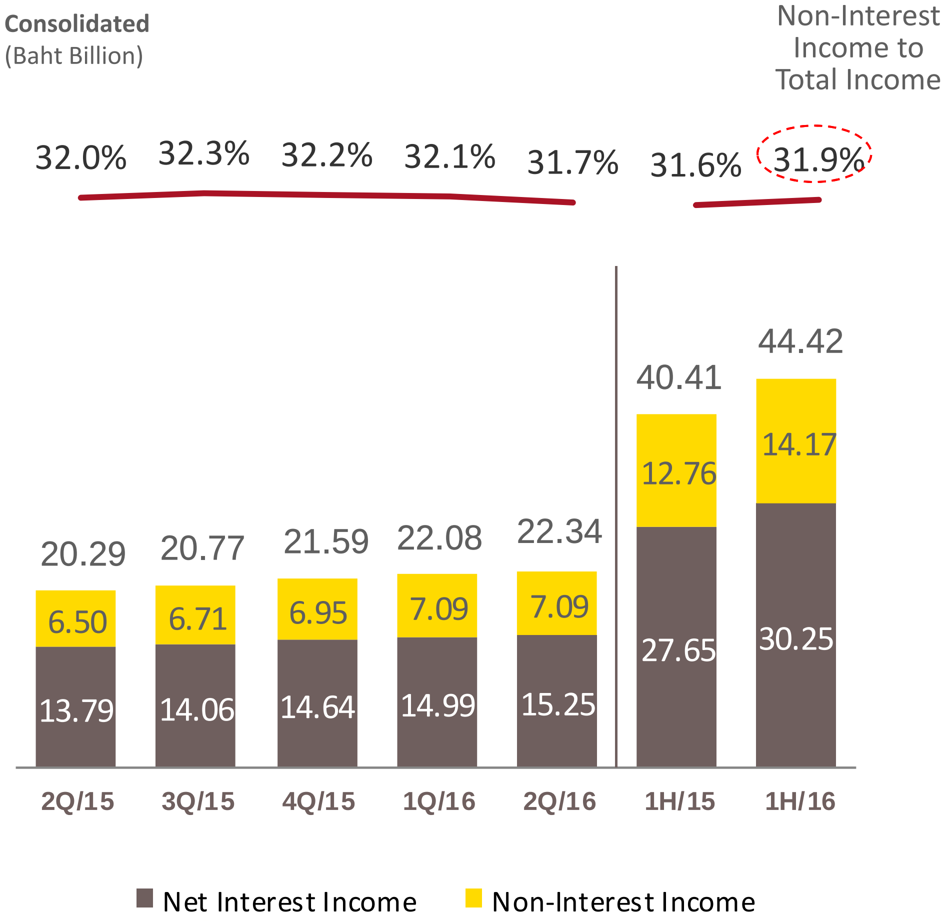




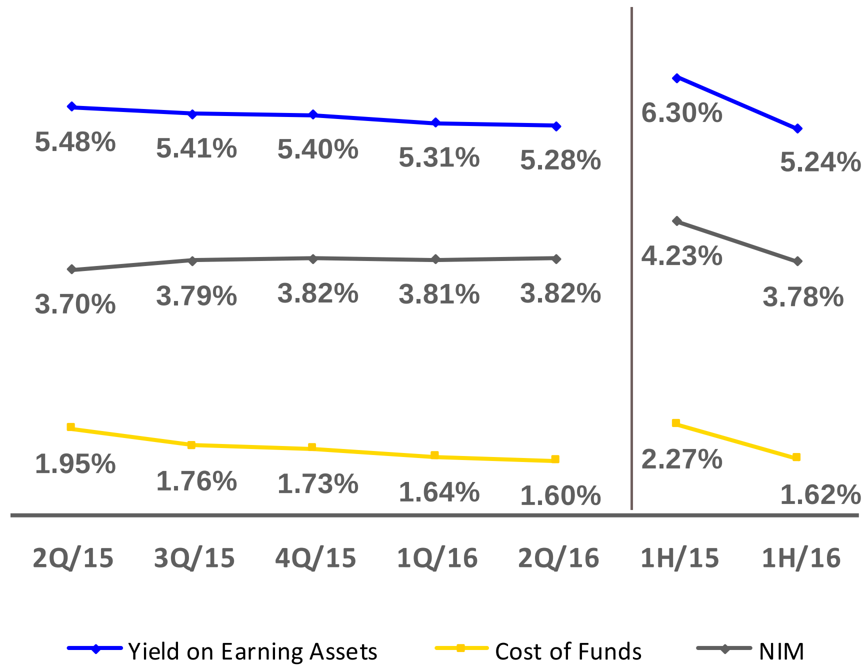
Profitability Measurement

NIM recorded at 3.82% in 2Q /16, owing to an improvement in cost of funds which outweighed a moderation in yield on earning assets

Total Income



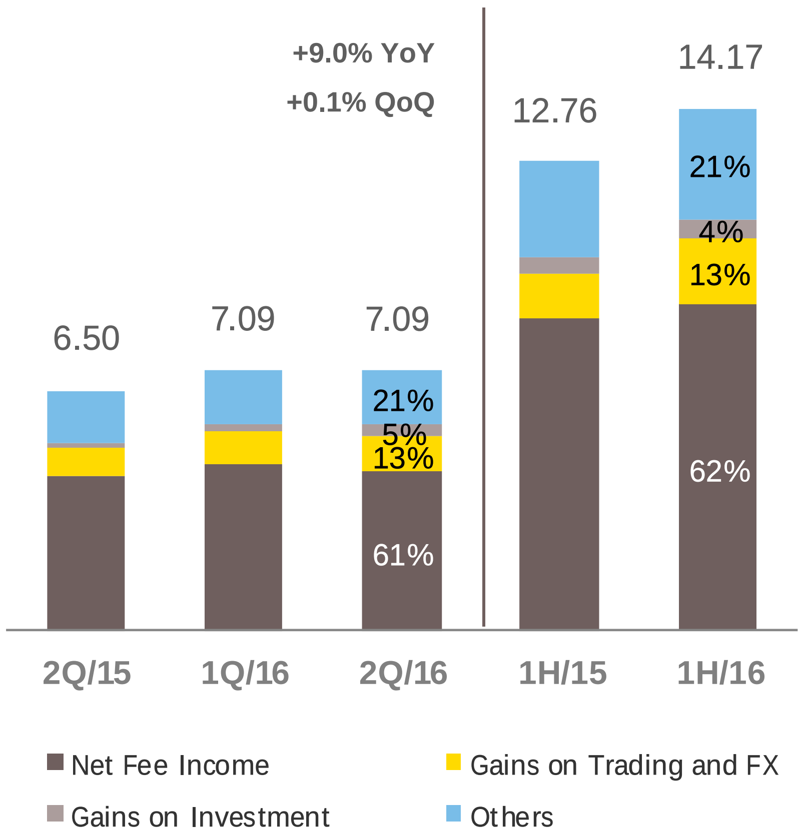
Yield & Cost of Funds



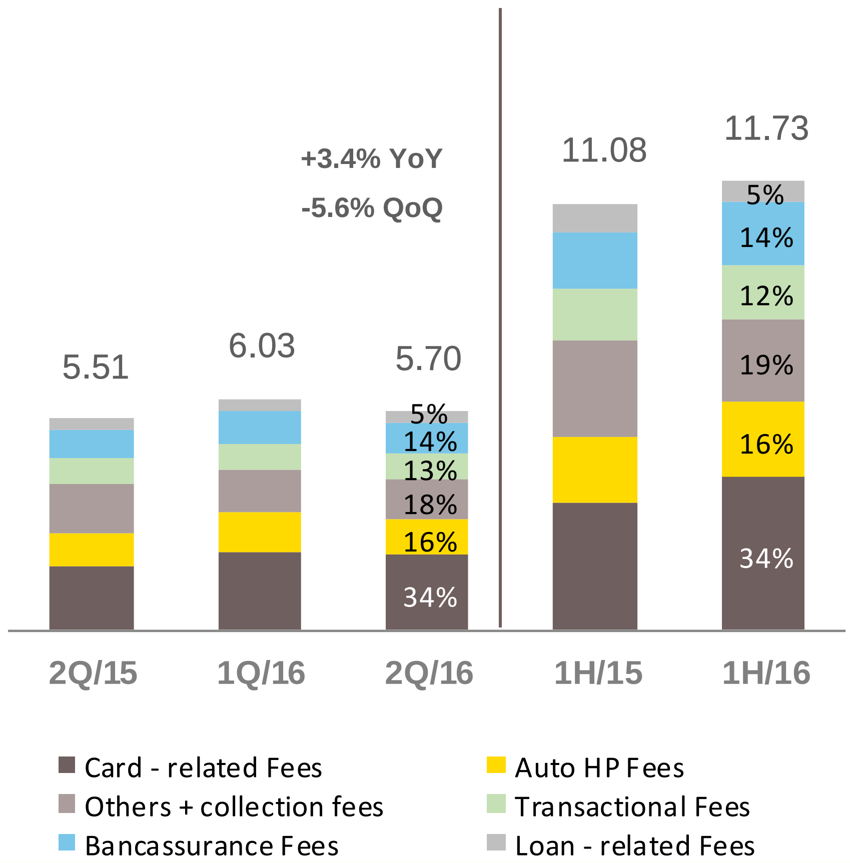
Non-Interest Income & Fees and Service Income

Non-Interest Income

Consolidated
(Baht Billion)



Fee & Service Income

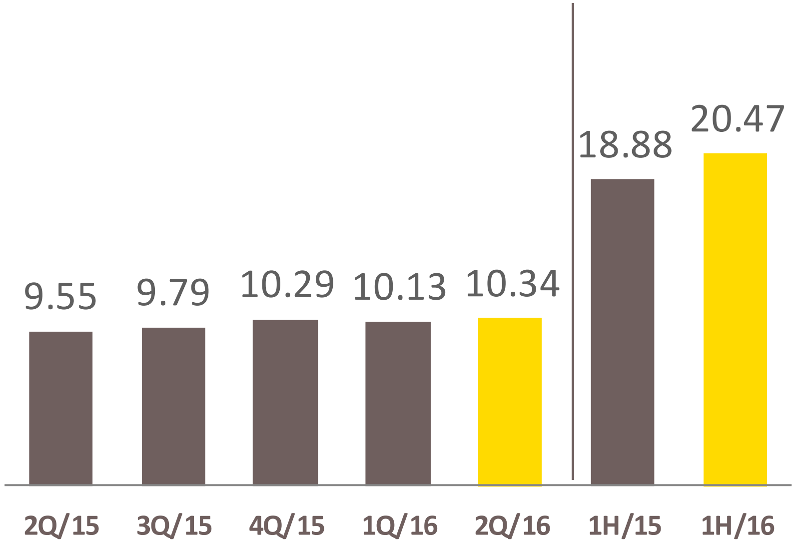


Cost Efficiency

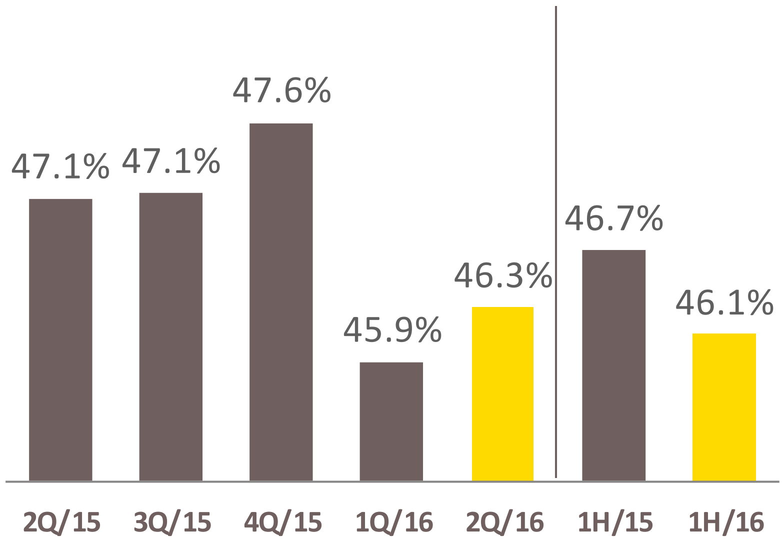
Manageable cost to income from higher revenue

Operating Expenses

Consolidated
(Baht Billion)

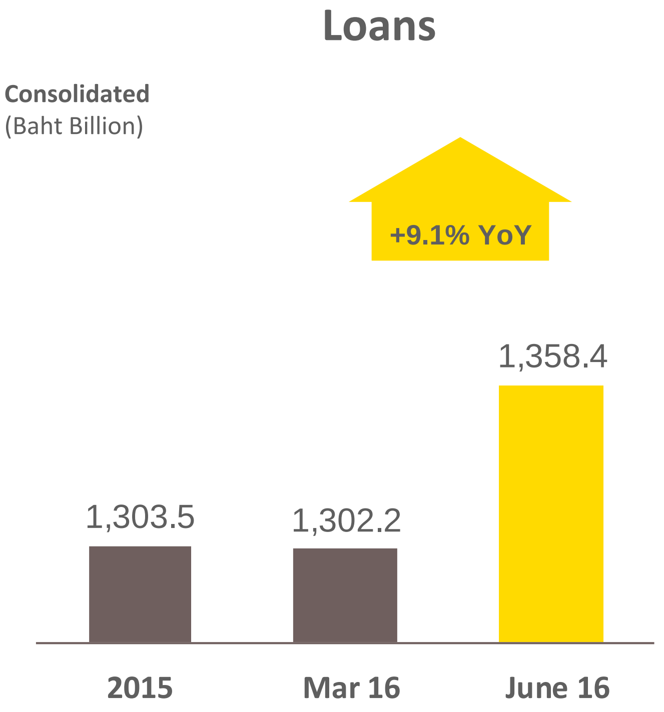


Cost to Income Ratio



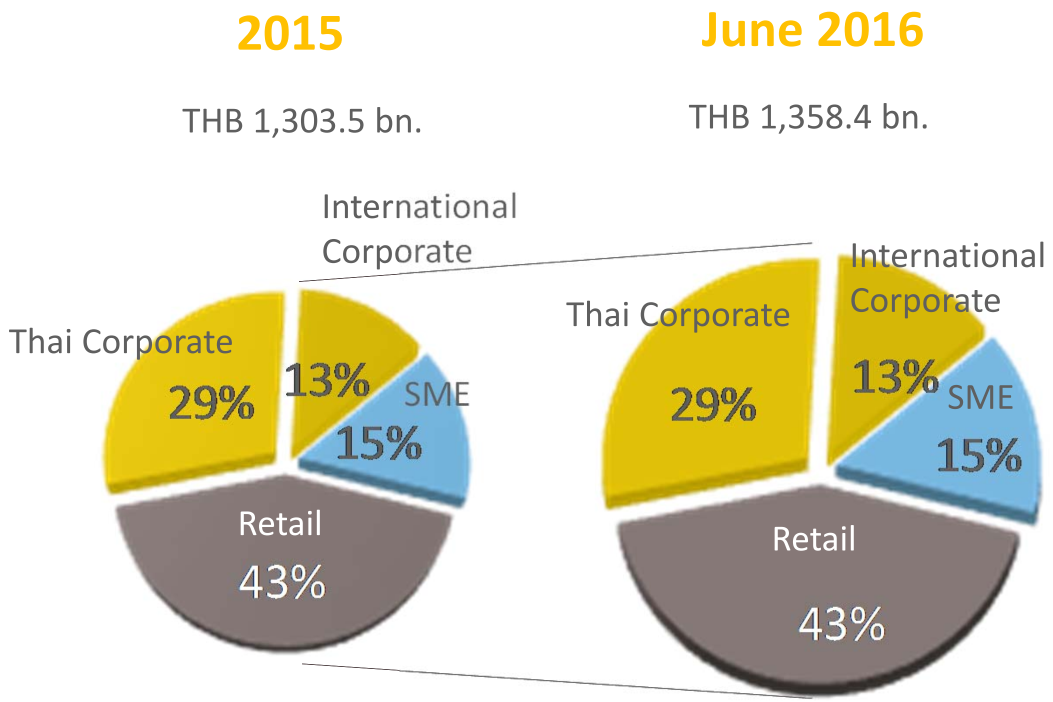
Loans

A broad-based loan growth of 4.3% in 2Q/16



Loan Growth **+4.3% QoQ**

+4.2% YtD



Retail

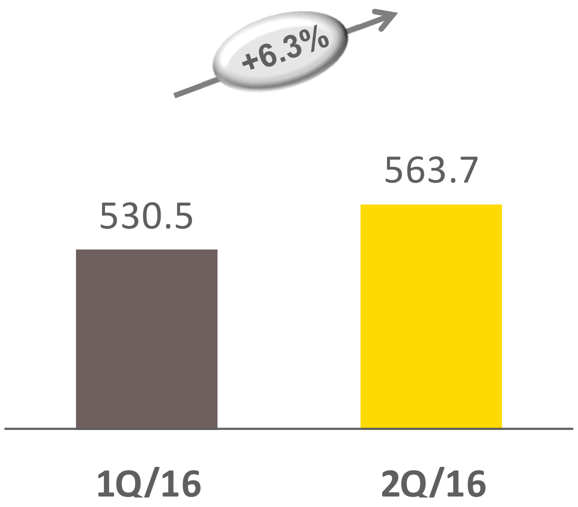
• Auto HP	21%
• Mortgage	13%
• Credit Card & Personal Loans	9%

Loans by Segments

Consolidated
(Baht Billion)

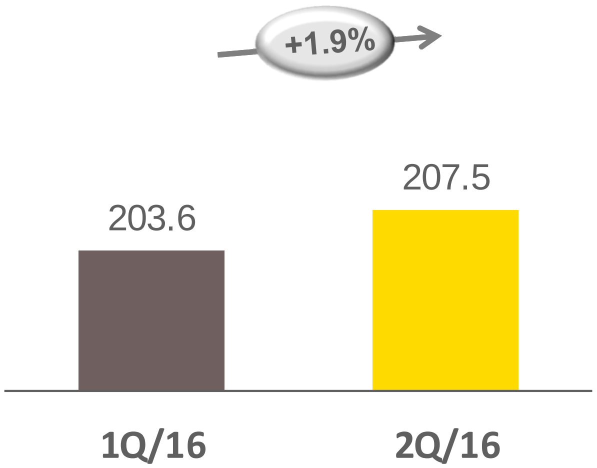
Corporate Loan

+3.5% YtD



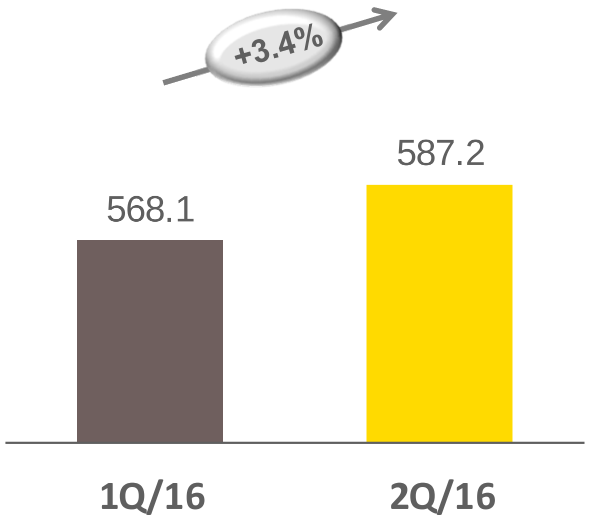
SME Loan

+2.5% YtD



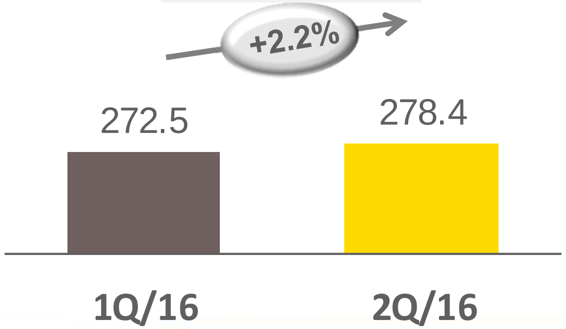
Retail Loan

+5.5% YtD



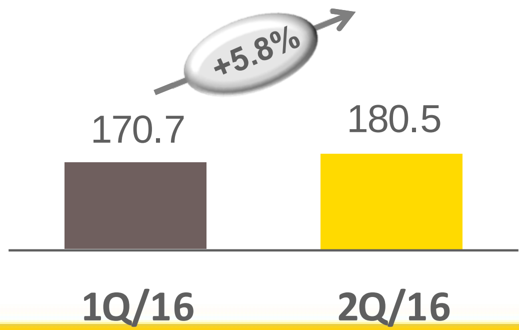
Hire Purchase

+5.1% YtD



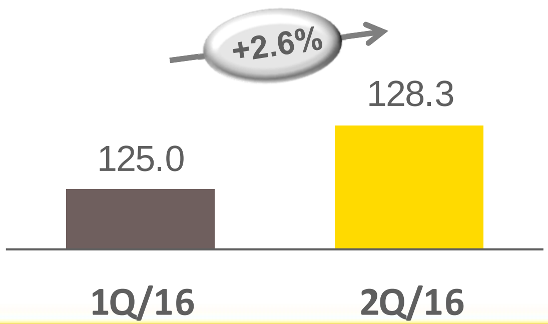
Mortgage

+12.7% YtD



Credit Cards and Personal Loans

-2.5% YtD

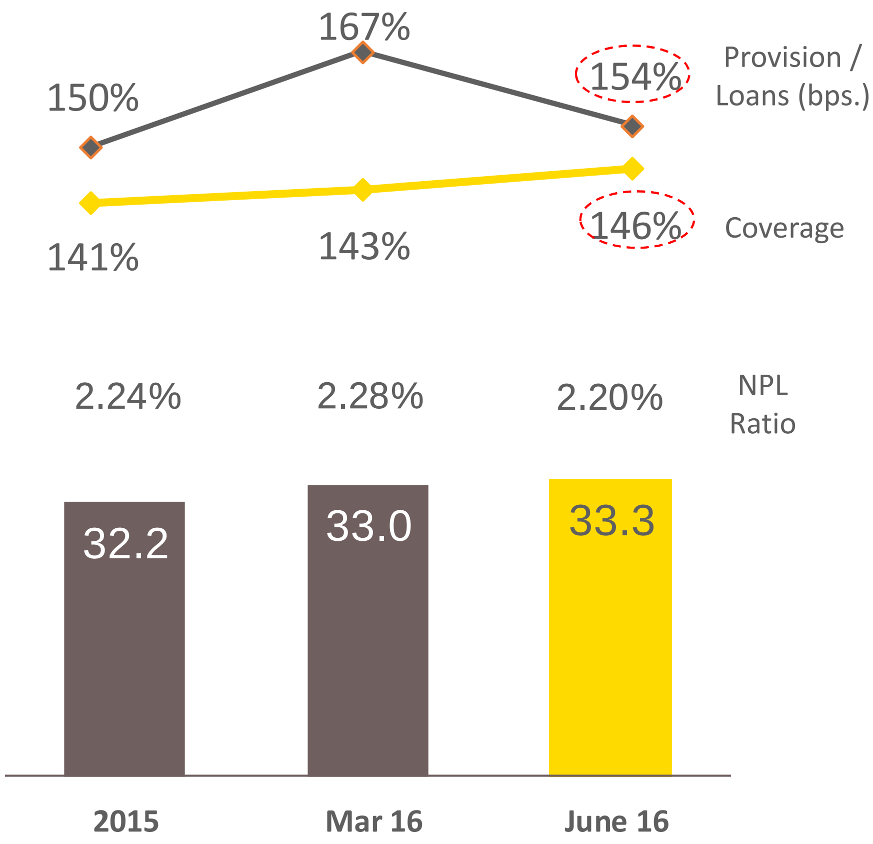


Asset Quality

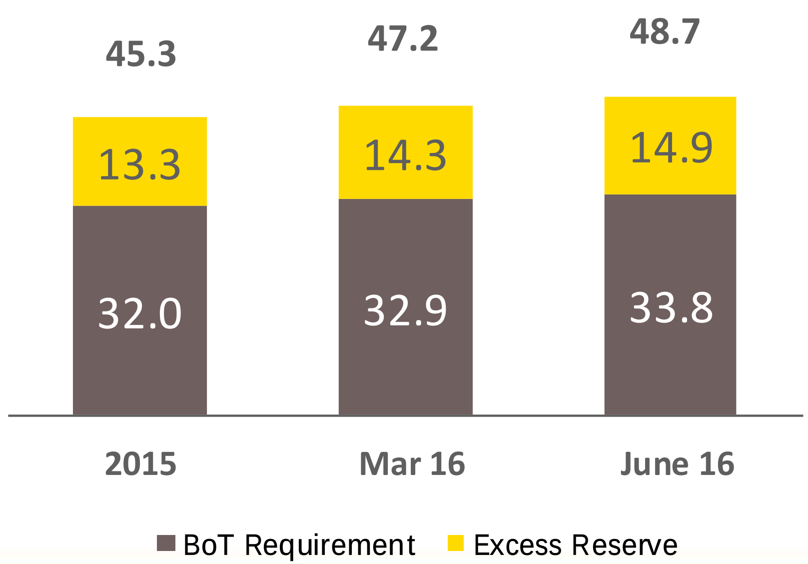
NPLs recorded a post Asian Financial Crisis lowat 2.20% of total loans

Consolidated
(Baht Billion)

Gross NPLs



Excess Reserve

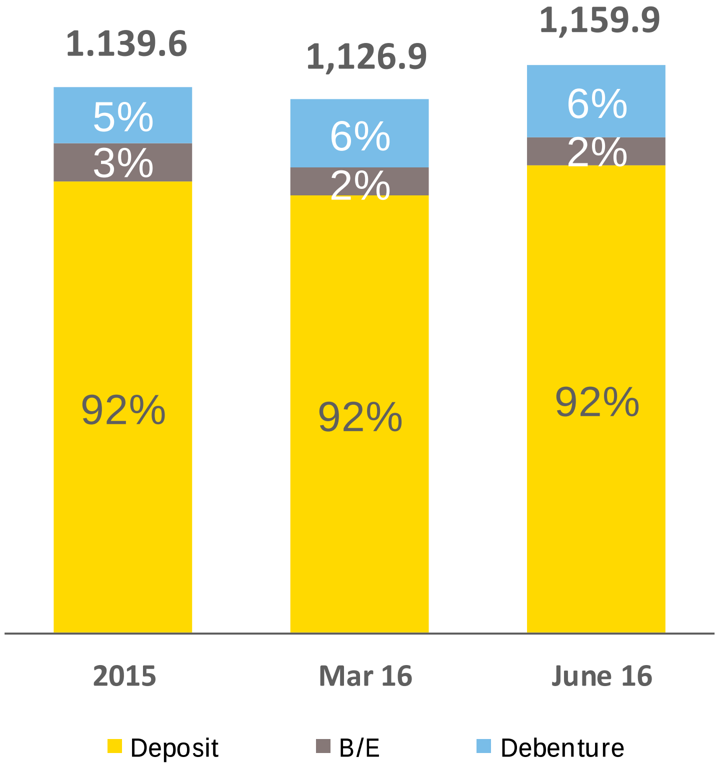


Funding Base

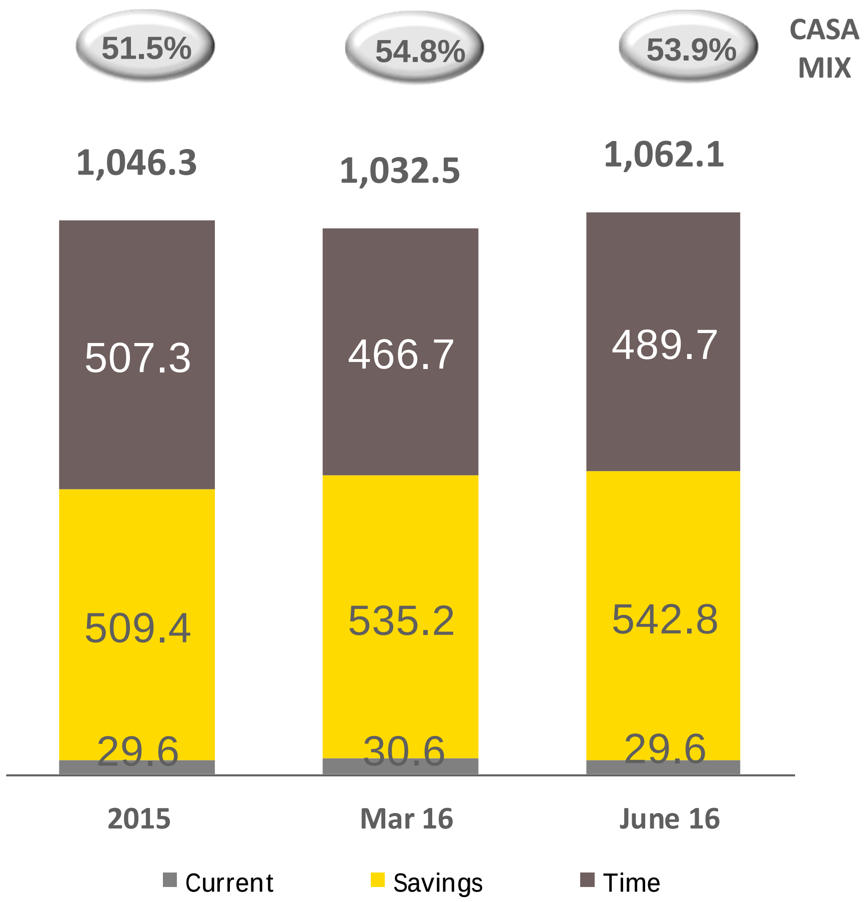
Growth in deposits, and CASA increased to 53.9%

Funding Mix

Consolidated
(Baht Billion)



Deposits

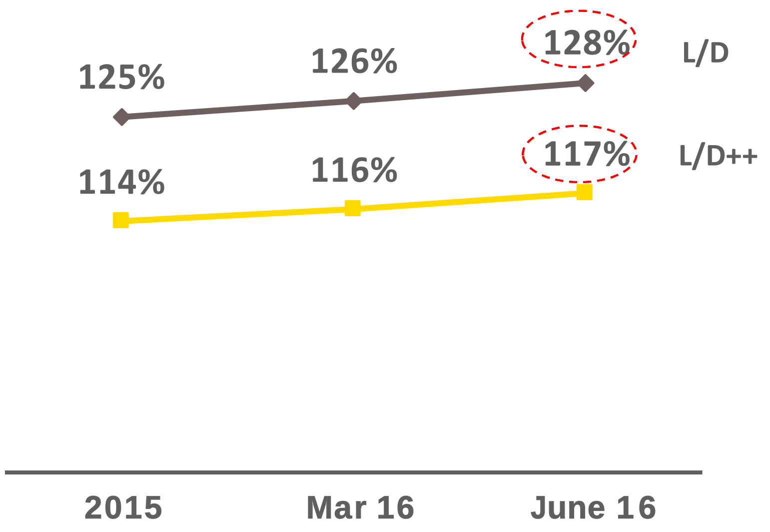


Capital and Liquidity

Maintain strong capital position, CAR equivalent to 13.8%

Loan to Deposit

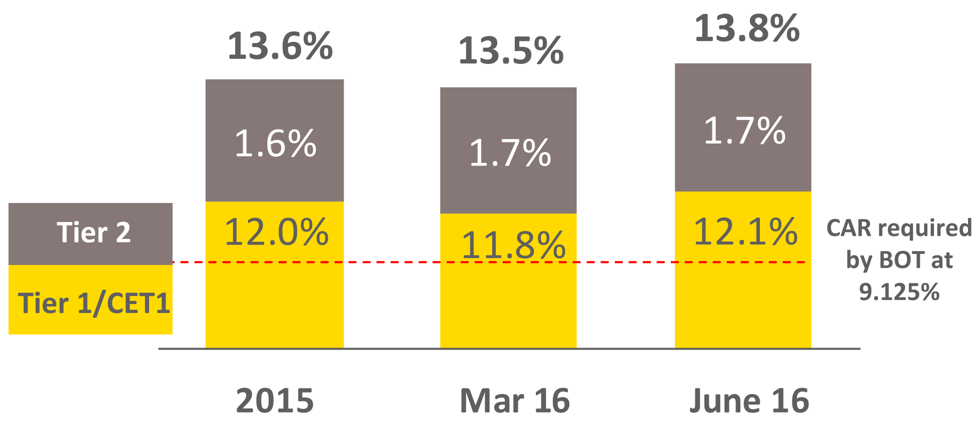
Consolidated



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

Strong Capital Base

Bank Only



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

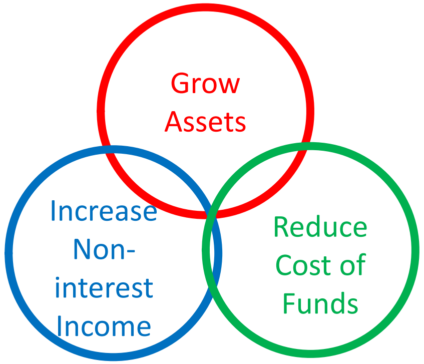
Baht Billion	2015	Mar 16	June 16
Tier 1/CET 1	146.18	146.51	153.38
Tier 2	20.08	20.67	21.20
Total Capital	166.26	167.18	174.58

The Summary of Key Financial Performance

Consolidated	2015	1Q/16	2Q/16	1H/16	2016 Targets	
Loan Growth (Net)	+290.7 bn +28.7%	-1.3 bn -0.1%	+56.2 bn +4.3%	+113.5 bn +9.1%	5-6%	~
NPLs Ratio	2.24%	2.28%	2.20%	2.20%	< 2.5%	✓
Deposit Mix: Savings and Current	52%	55%	54%	54%	> 50%	✓
Loan Mix : Retail	43%	44%	43%	43%	~ 40%	✓
L/Deposit+Debenture+B/E	114%	116%	117%	117%	n.d.	~
NIM	4.15%	3.81%	3.82%	3.78%	~ 3.7%	✓
Non-interest income growth (YoY)	18.1%	13.1%	9.0%	11.0%	7.0%+	✓
Cost to Income Ratio	47.1%	45.9%	46.3%	46.1%	< 50%	✓
Provisions	153 bps	167 bps	154 bps	157 bps	~ 145 bps	~
Loan Loss Coverage	141%	143%	146%	146%	135%+	✓
CAR *(Bank Only)*	13.6%	13.5%	13.8%	13.8%	n.d.	~

1H 2016: Progress Update

Progress Update



Strengthen Internal Control

Align Robust Process

Operate Productively & Efficiently

Talent Management
Working Environment

Grow Assets

- Keep leading position in consumer and auto
  - Market share increased to 23%
- Become a Tier 1 mortgage player
  - Loan grew 12.7% YtD
- Become a core bank to commercial customers

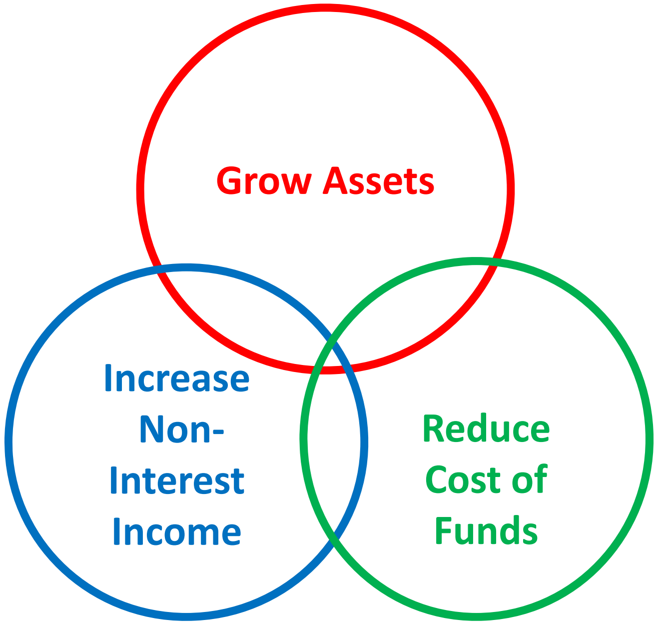
Increase non-interest income

- 1H/16 Non-interest income increased 11.1% YoY
- 1H/16 FX transaction increased 50.9% YoY

Reduce Cost of Funds

- Increase CASA
  - Savings and Current deposits increased to 54%

Progress Update



Expand Customer Base

Enhance Delivery Channels, Including Branches

- 8 new local banking branches
- 299 ATMs

MUFG/BTMU Synergy

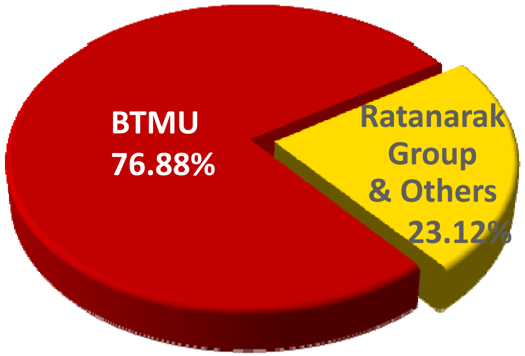
- Assisting M&As by global companies based in Thailand
- Helping customer create new businesses via "Business Matching"

Retail & Commercial Collaboration

Krungsri Profile

Krungsri Group Overview

Shareholding Structure
(as of 12 May 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 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

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 May 2016	Market Position	% Share
Consumer		
Personal Loan	1	27%
Credit Card	1	14%
Auto (HP)	2	23%
SME	6	5%
Corporate	4	12%

Extensive Franchise: 28,402 Service Outlets

As of June 2016	Number
Domestic Branches	681 *
Overseas Branches	3
Representative Office	1
ATMs	5,934
Exchange Booths	94
Krungsri Exclusive	19

As of June 2016	Number
Krungsri Business Centres	55
First Choice Branches	127 Branches
+ Dealers	+ 17,300 Dealers
Krungsri Auto Dealers	> + 8,700 Dealers
Micro Finance Branches	423
Thai Post Offices	> + 1,000

** Krungsri Domestic Branches = 681 Branch, of which 644 are Banking Branches and 37 are Auto Business Branches*

Contact

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