



krungsri
กรุงศรี

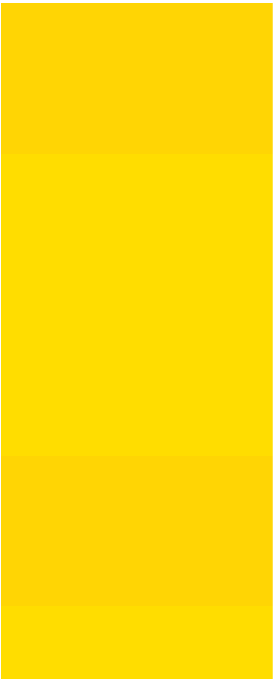
A member of  MUFG
a global financial group

2Q 2017 and 1H 2017

Financial Performance

20 July 2017

"Make Life Simple เรื่องเงิน เรื่องง่าย"

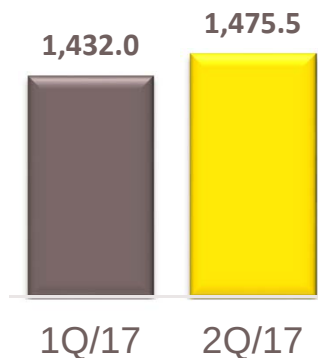


Highlights

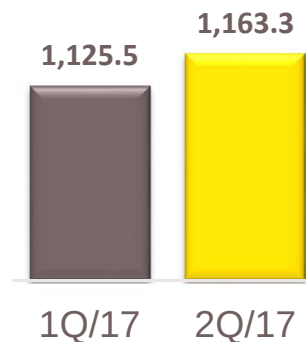
2Q 2017 Key Financial Highlights

Loan Growth
+3.0% QoQ / +8.6% YoY

Consolidated
(Baht Billion)



Deposit Growth
+3.4% QoQ / +9.5% YoY



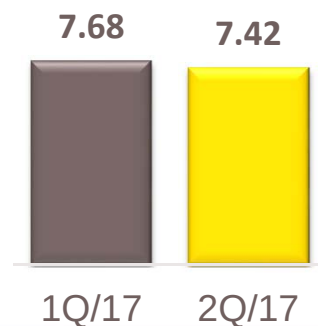
CASA

49.9%

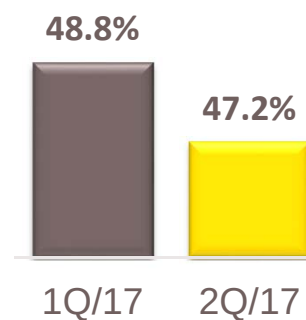
NIM

3.89%

Non-interest Income Growth
-3.3% QoQ / +4.7% YoY



Cost-to-Income Ratio



NPL

2.24%

Coverage

144%

Thailand Economic Outlook

2017 Outlook: The Thai economy is likely to expand moderately by 3.4% in 2017 with a more balanced recovery.

2017-2018 Key Economic Forecasts

% YoY growth unless otherwise stated	2016A	2017F*	2018F*
GDP	3.2	3.4	3.5
Private Consumption	3.1	3.1	3.1
Private Investment	0.4	2.0	4.5
Exports (In USD term)	0.1	3.3	3.5
Headline Inflation	0.2	1.0	1.7
Policy Interest Rate (% , end of period)	1.50	1.50	1.75

Note: * 2017-18 forecast by Krungsri Research

- **Key drivers** are growing consumption, rebounding exports, recovering tourism sector, increasing public spending and economic stimulus measures.
- After facing drought in the past years, favorable weather this year boosts farm output and income. Government is speeding up infrastructure investment. However, new foreign labour law may create risks to domestic construction and investment.
- The policy interest rate should be maintained throughout the year 2017 given softness of inflation and still-weak private investment.

Tailwinds

- Cyclical recovery of global economy
- Speeding up of infrastructure investment and EEC projects
- Improving farm income, wage hikes, personal income tax cut
- Decline in first-car debt burden
- Resilient tourism sector
- Sound economic fundamentals

Headwinds

- Political uncertainty
- US policy uncertainties and China's economic slowdown
- High global risks and volatile financial markets
- Short-term hurdles on tourism e.g. zero-dollar tour crackdown
- High household debt
- Structural problems e.g. competitiveness problem and labor shortage

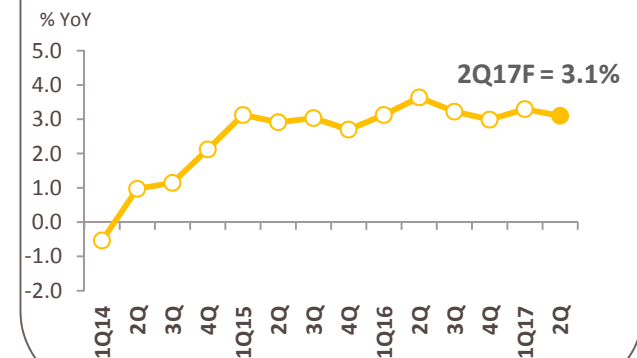
Source: Krungsri Research

Recent Economic Development

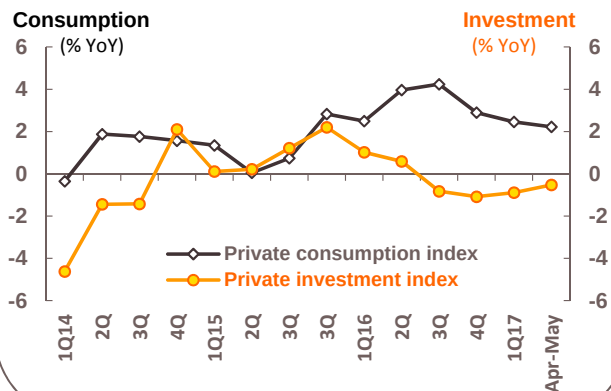
● A recovery of economic activity continues and is more broad based

- Consumer spending continued to recover but private investment remained stubbornly weak.
- Pro-cyclical government spending continued to buoy economic recovery
- Exports grew unexpectedly 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.

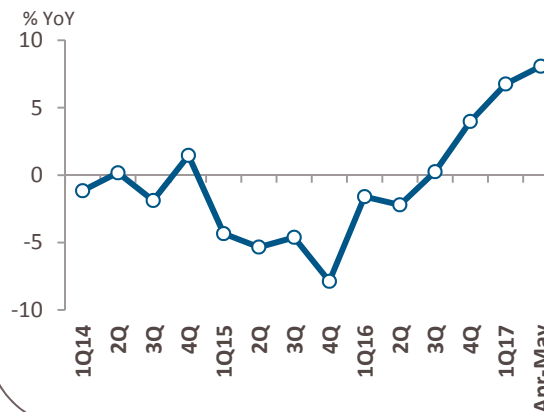
GDP: continues to grow in 2Q17



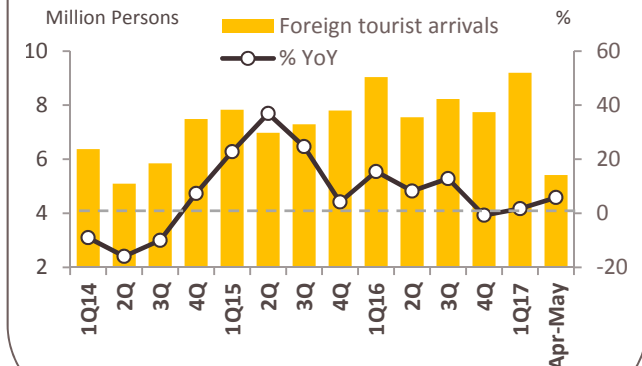
Domestic demand: consumption encouraged by better farm income



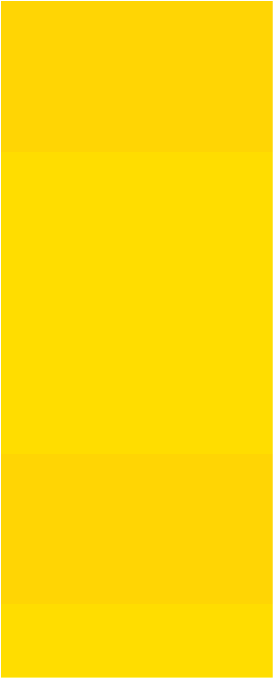
Exports: surprising growth amid rising global demand and higher prices



Tourism: Chinese arrivals turn around



Source: BOT, Department of Tourism, Krungsri Research



Financial Performance

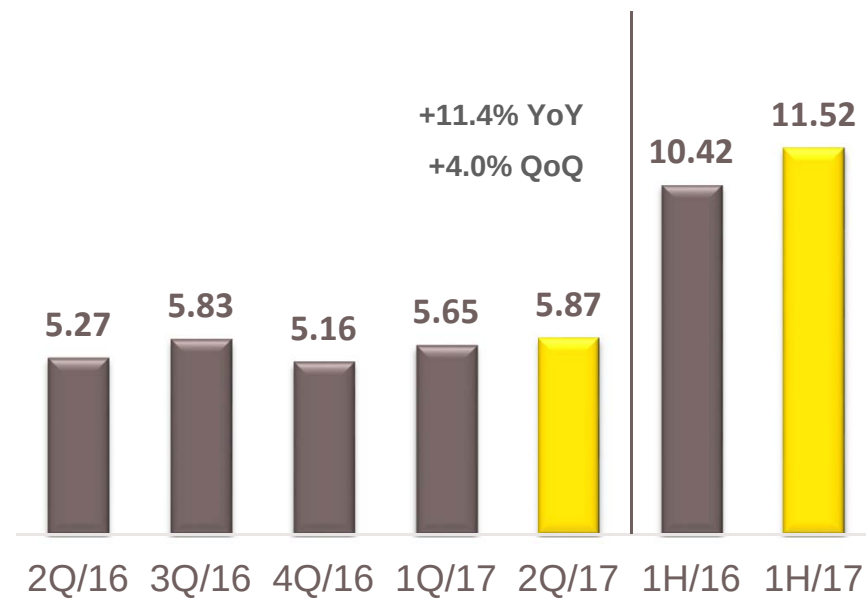
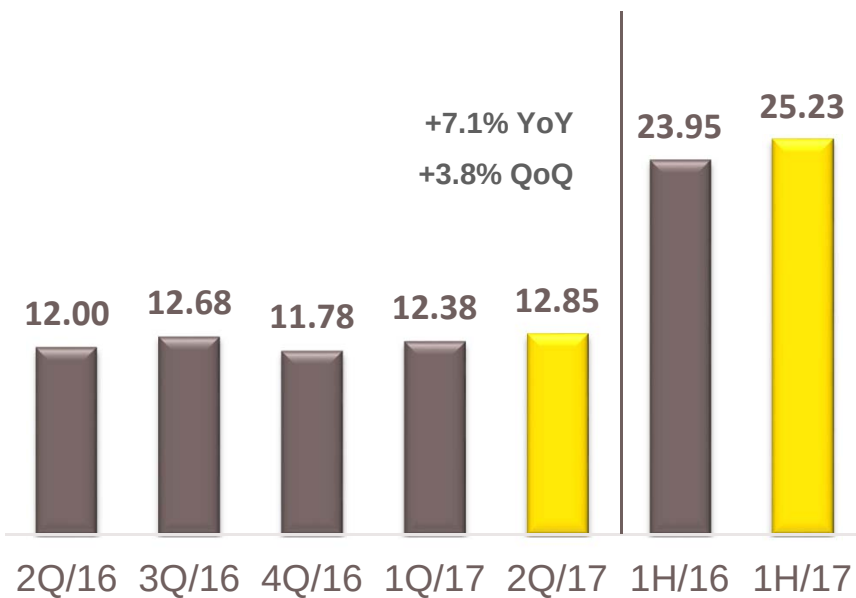
Profitability

The solid financial results were contributed by improved net interest income and non-interest income

Profit before Provision and Tax

Net Profit

Consolidated
(Baht Billion)



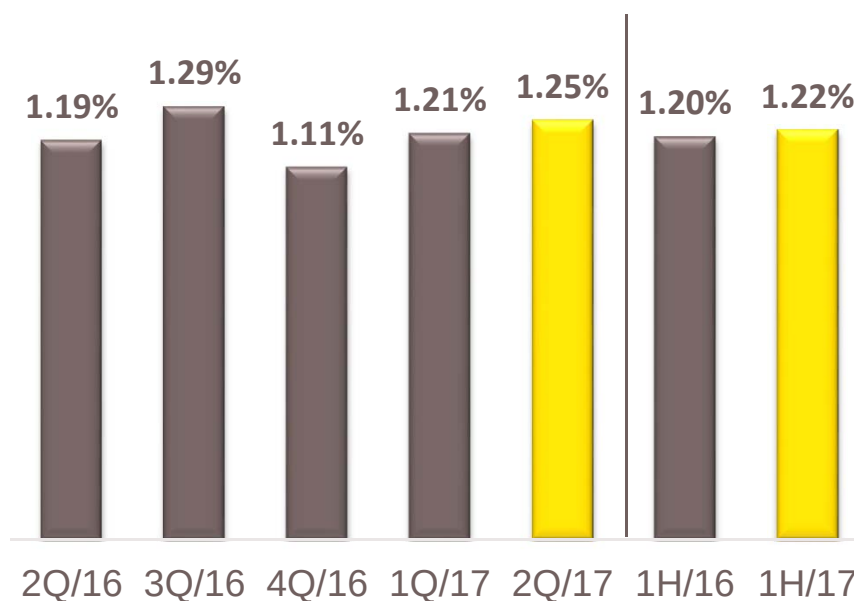
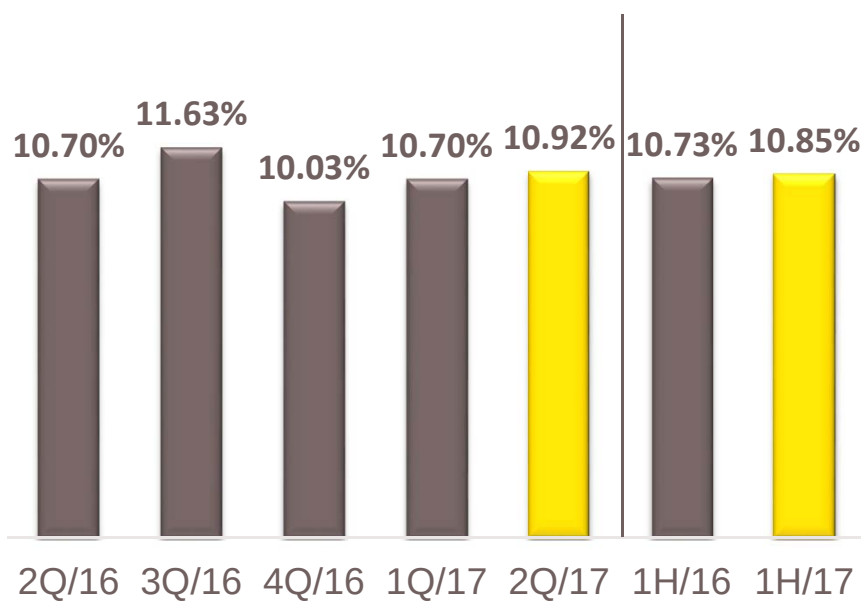
ROAE & ROAA

Reported ROAE at 10.92% and ROAA at 1.25%

ROAE

ROAA

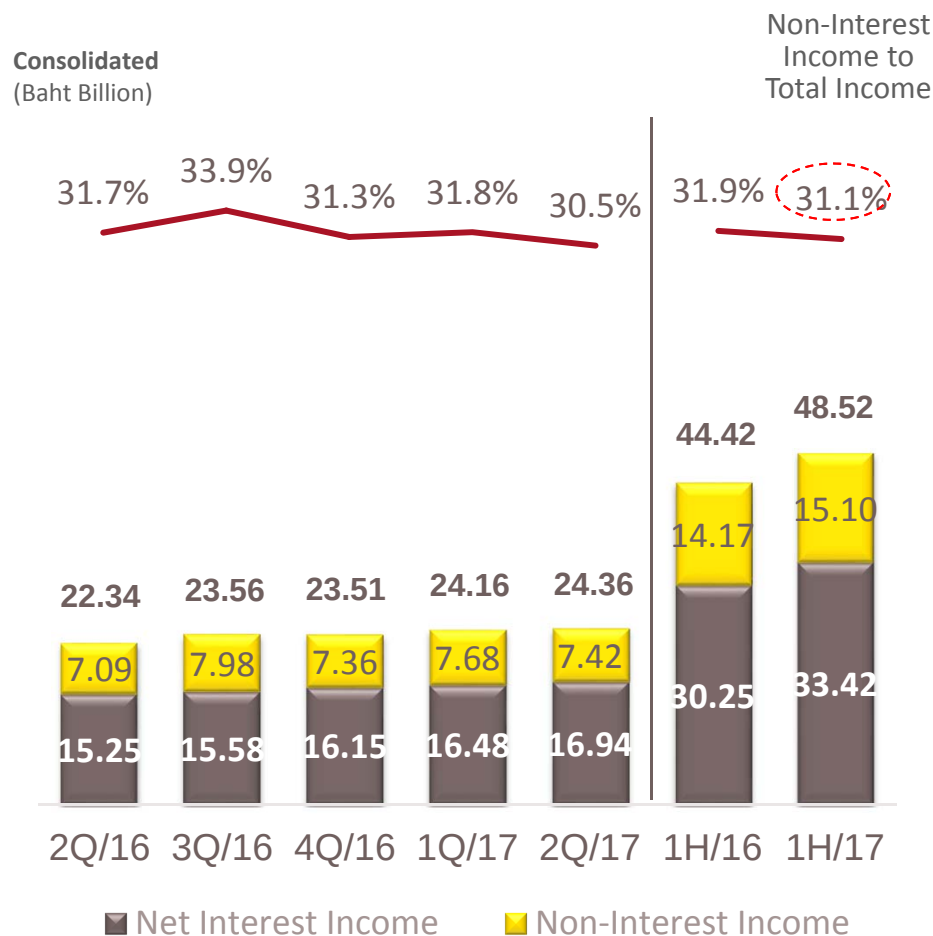
Consolidated



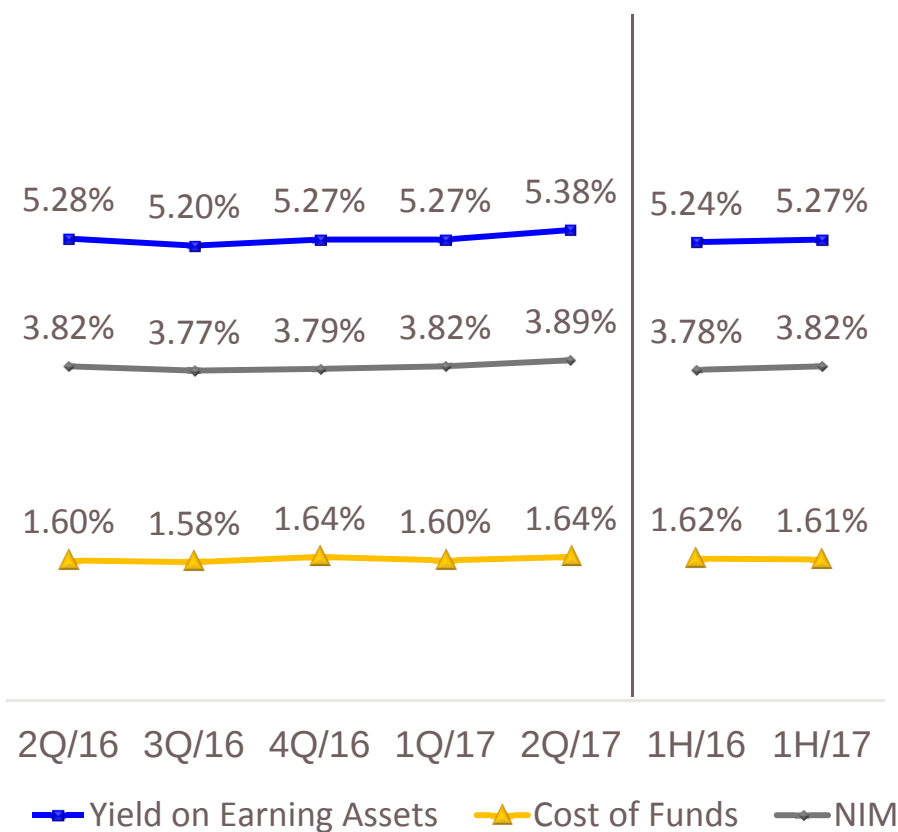
Profitability Measurement

NIM recorded at 3.89%, driven by improved yield on earning assets

Total Income



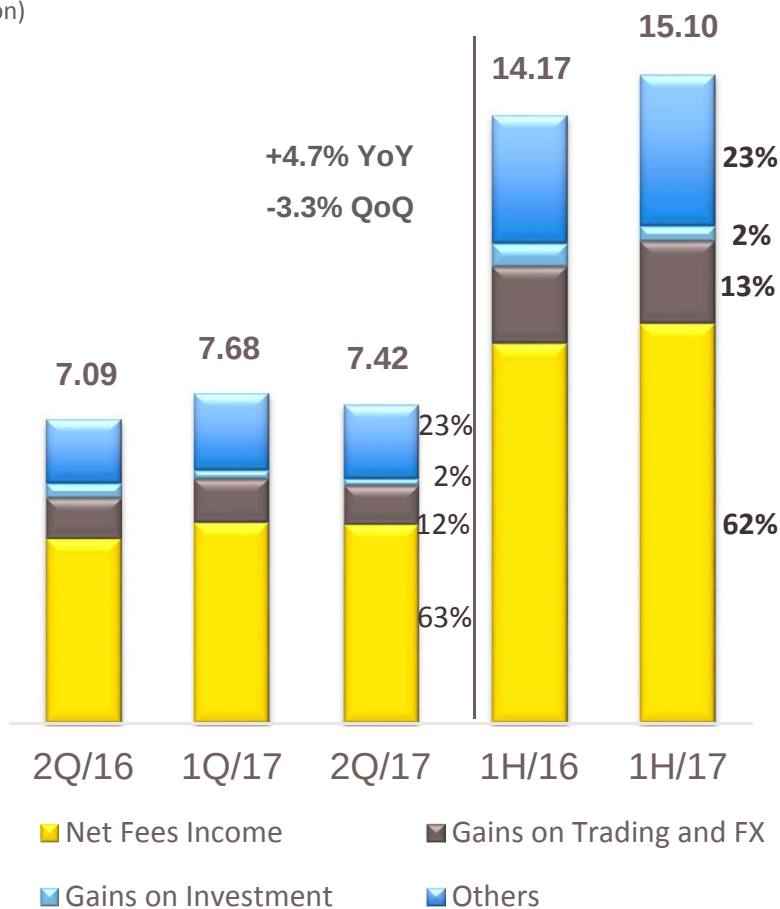
Yield & Cost of Funds



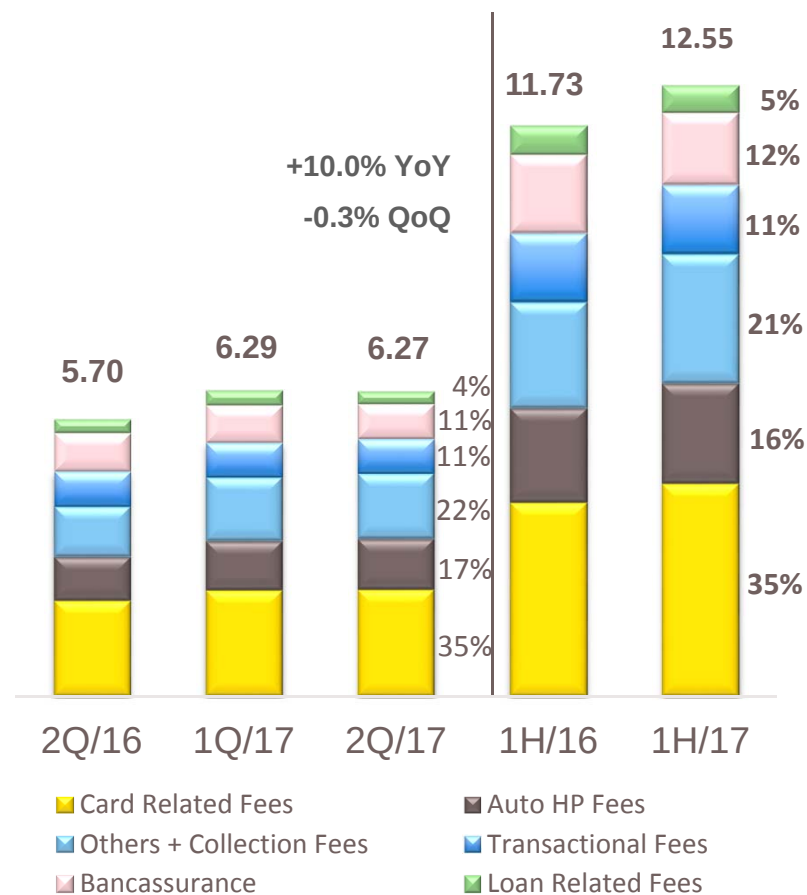
Non-Interest Income & Fees and Service Income

Non-Interest Income

Consolidated
(Baht Billion)



Fees & Service Income

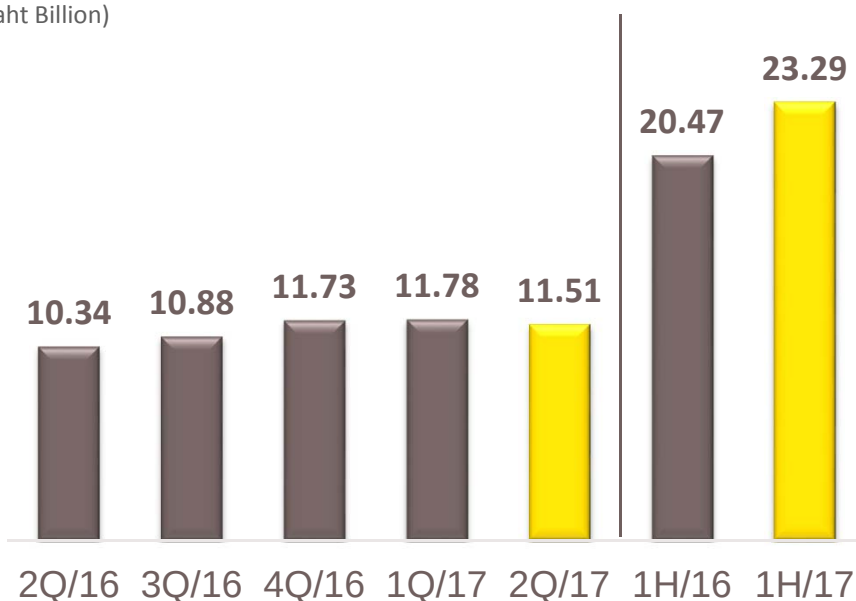


Productivity

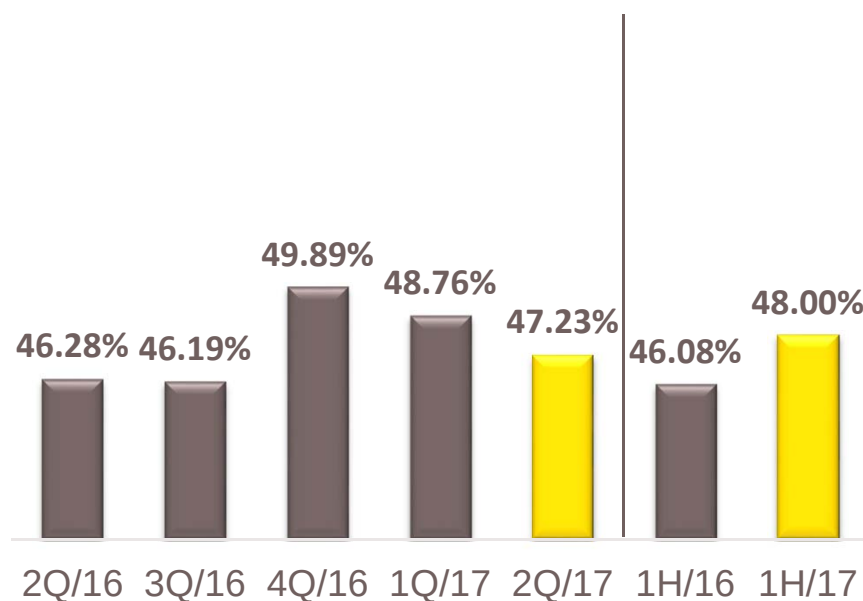
Cost to income ratio improved to 47.23%, reflecting the higher operating income and effective expense management

Operating Expenses

Consolidated
(Baht Billion)



Cost to Income Ratio

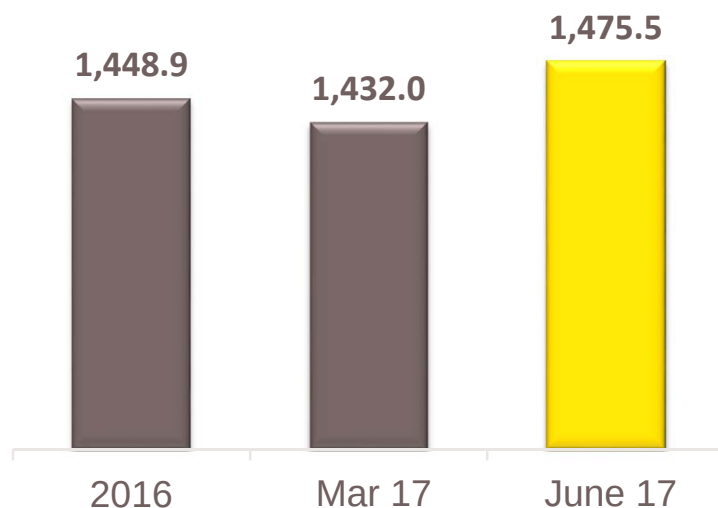


Loan Portfolio

In 2Q 2017, corporate segment was the key contribution of loan growth, followed by the retail segment

Loans

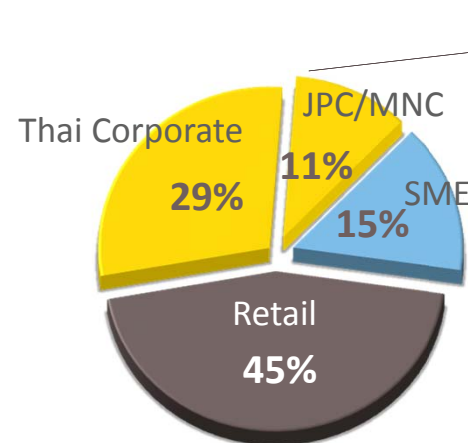
Consolidated
(Baht Billion)



Loan Growth **+3.0% QoQ**
+1.8% YtD

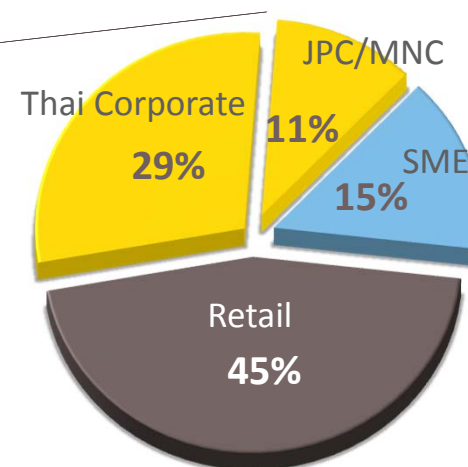
March 2017

THB 1,432.0 bn.



June 2017

THB 1,475.5 bn.



Retail

- Auto HP 21%
- Mortgage 14%
- Credit Card & Personal Loans 10%

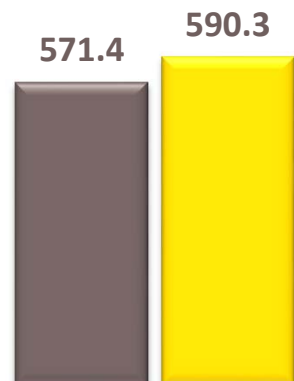
Loans by Segments

A broad-based expansion across all segments

Corporate Loan

Consolidated
(Baht Billion)

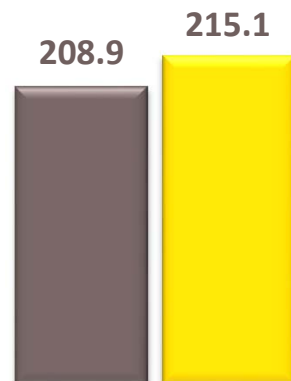
+3.3%



Mar 17 June 17

SME Loan

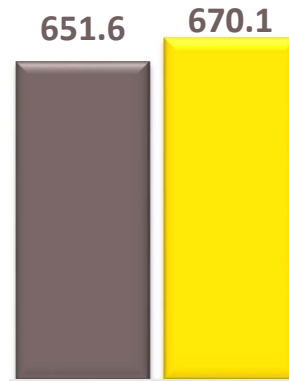
+2.9%



Mar 17 June 17

Retail Loan

+2.8%



Mar 17 June 17

Under Retail Segment

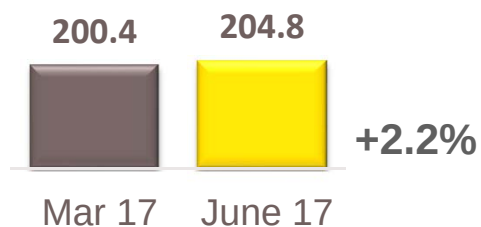
Hire Purchase

(Including Ngern Tid Lor)

Consolidated
(Baht Billion)

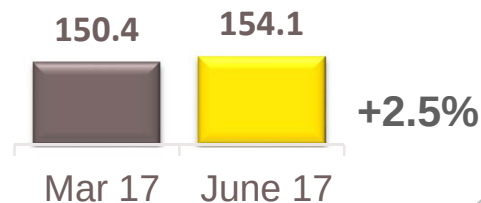


Mortgage



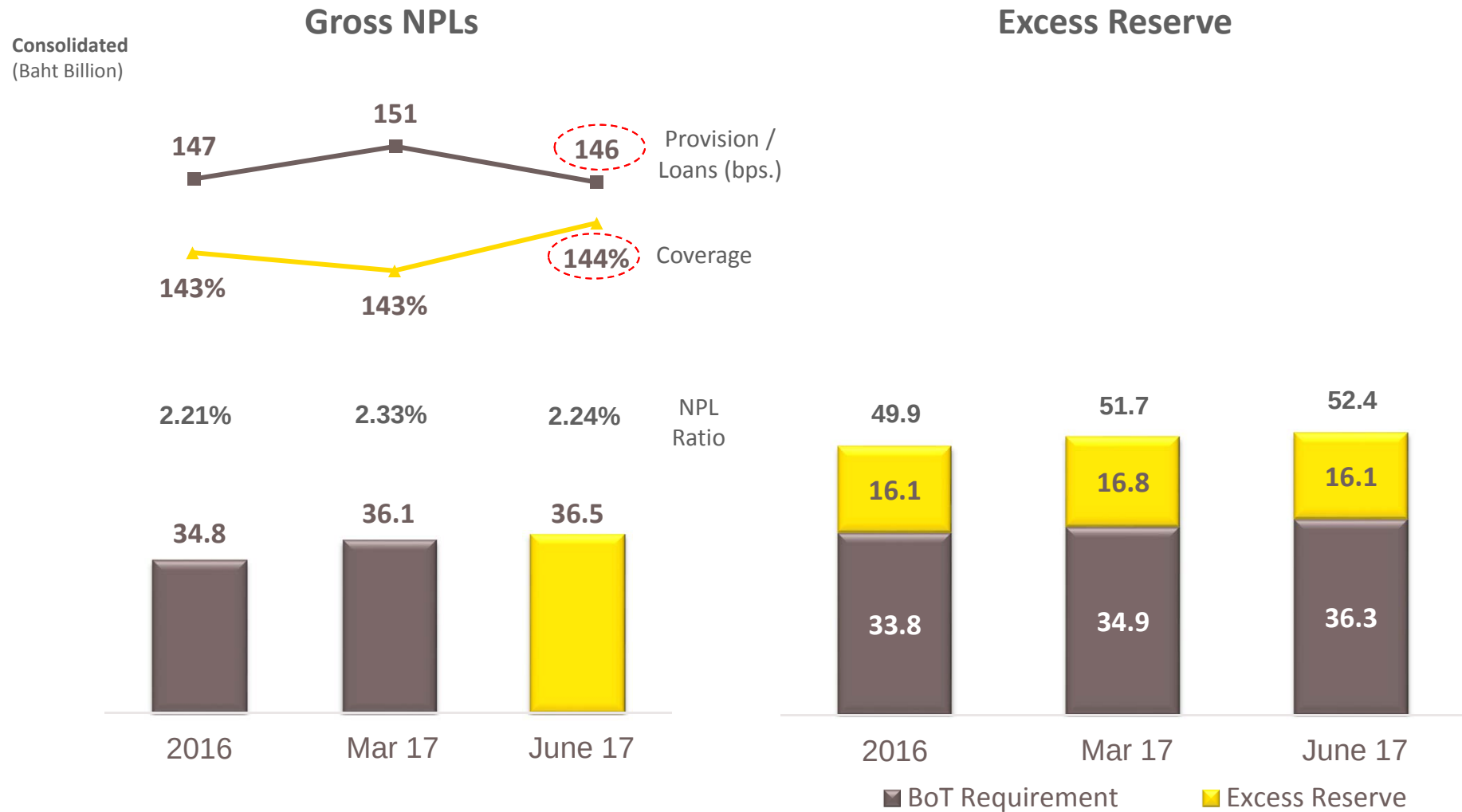
Credit Cards and Personal Loans

(Including HKL Personal Loans)



Asset Quality

NPLs recorded at 2.24%, with strong reserve position

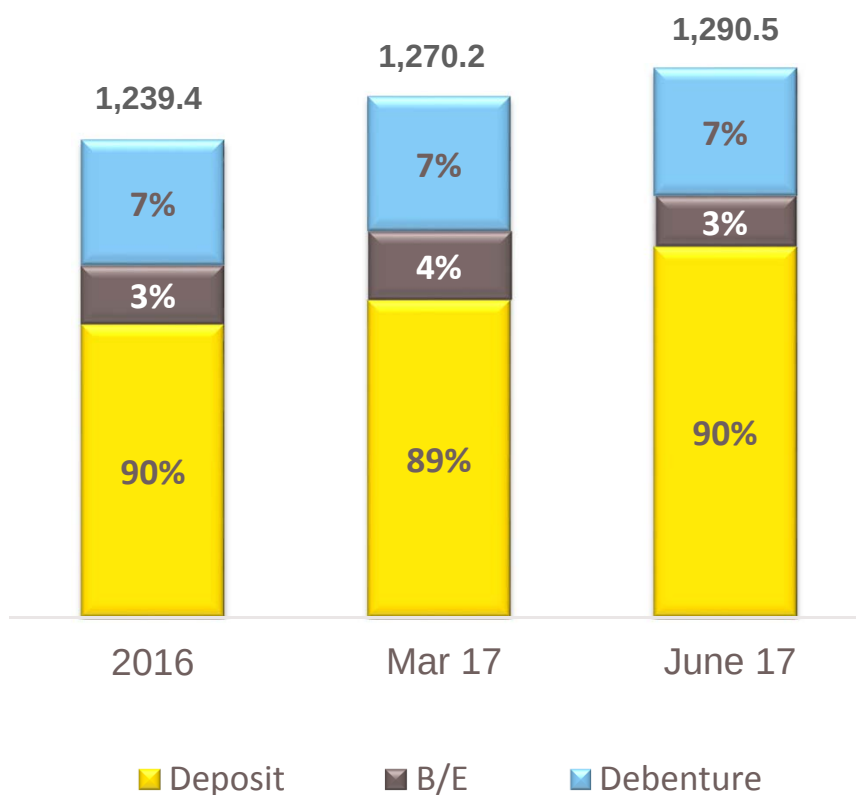


Funding Base

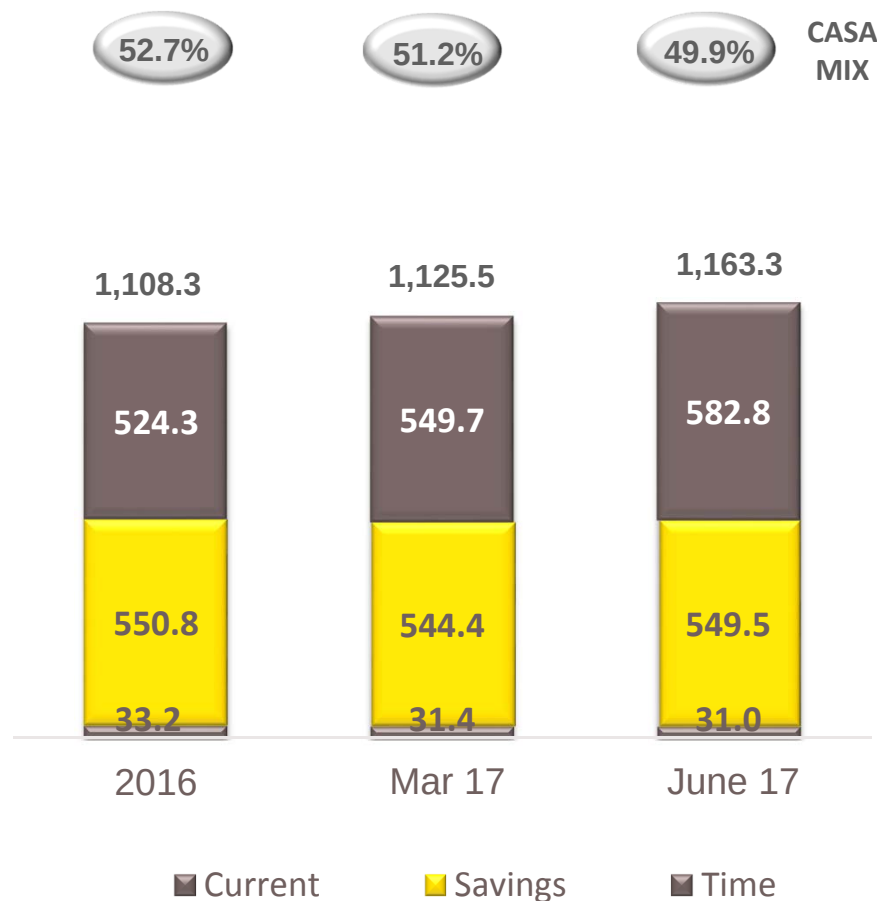
Improvement in overall funding

Funding Mix

Consolidated
(Baht Billion)



Deposits

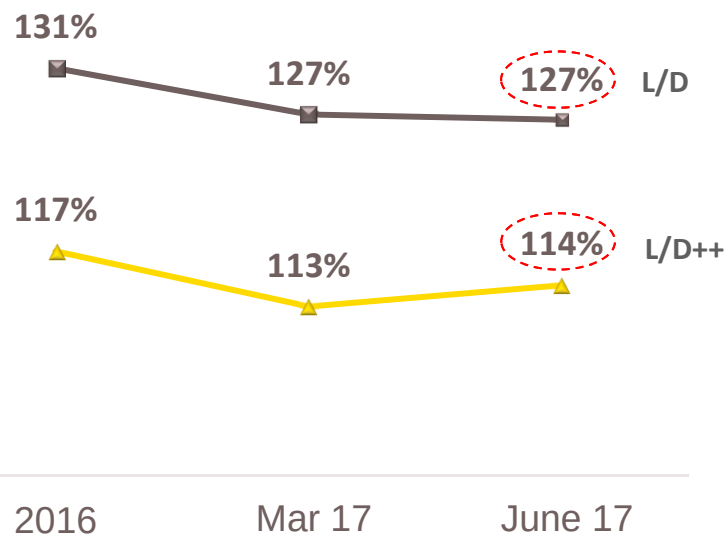


Capital and Liquidity

Solid capital position, CAR equivalent to 16.0%

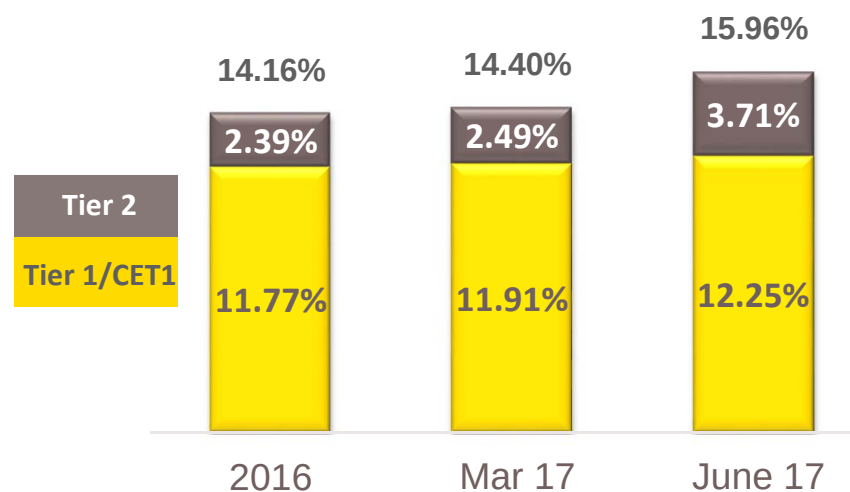
Loan to Deposit

Consolidated



Capital Adequacy Ratio *

Bank Only



* CAR required by BOT at 8.5% for 2015, at 9.125% for 2016, and at 9.75 for 2017

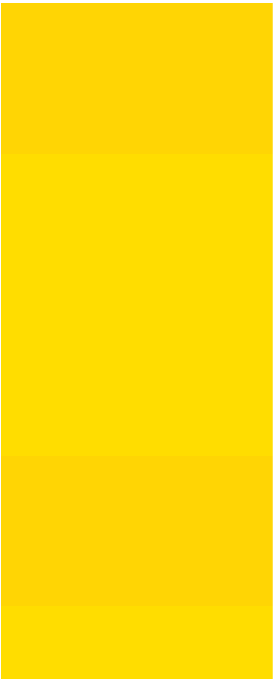
L/D++ : Loans to Deposit + B/E + Debenture

Baht Billion	2016	Mar-17	Jun-17
Tier 1/CET 1	158.83	158.21	162.95
Tier 2	32.27	33.07	49.38
Total Capital	191.09	191.28	212.33

The Summary of Key Financial Performance

Consolidated	2016	1Q/17	2Q/17	1H/17	2017 Targets	
Loan Growth (Net)	+145.4 bn +11.2%	-16.8 bn -1.2%	+43.5 bn +3.0%	+26.6 bn +1.8%	6-8%	~
NPLs Ratio	2.21%	2.33%	2.24%	2.24%	< 2.5%	✓
Deposit Mix: Savings and Current	53%	51%	50%	50%	> 50%	✓
Loan Mix : Retail	44%	45%	45%	45%	~ 40%	✓
L/Deposit+Debenture+B/E	117%	113%	114%	114%	n.d.	n.d.
NIM	3.74%	3.82%	3.89%	3.82%	~ 3.7%	✓
Non-interest income growth* (YoY)	11.7%	8.3%	4.7%	6.5%	5.0%+	✓
Cost to Income Ratio	47.1%	48.8%	47.2%	48.0%	< 50%	✓
Provisions	147 bps	151 bps	146 bps	146 bps	~ 140 bps	~
Loan Loss Coverage	143%	143%	144%	144%	140%+	✓
CAR (Bank Only)	14.16%	14.40%	15.96%	15.96%	n.d.	n.d.

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

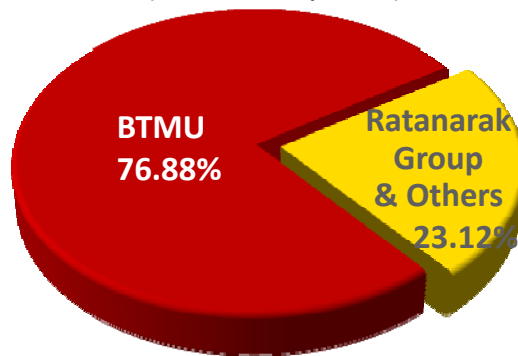


Krungsri Profile

Our History



Shareholding Structure
(as of 11 May 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)

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



In consumer finance

As of May 2017	Market Position	% Share
Consumer		
Personal Loan	1	30%
Credit Card	1	16%
Auto (HP)	2	25%
SME	5	5%
Corporate	4	12%

Extensive Franchise: 31,311 Service Outlets

As of June 2017	Number
Domestic Branches	696 *
Overseas Branches	3
Representative Office	1
ATMs	6,341
Exchange Booths	96
Krungsri Exclusive	36

As of June 2017	Number
Krungsri Business Centres	63
First Choice Branches + Dealers	159 Branches + 18,954 Dealers
Krungsri Auto Dealers	> + 9,600 Dealers
Microfinance Branches	540
Microfinance Overseas Branches (HKL)	163
Thai Post Offices	> + 1,000

* Krungsri Domestic Branches = 696 Branch, of which 659 are Banking Branches and 37 are Auto Business Branches



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