krungsri
กรุงศรี

A member of MUFG
a global financial group

3Q 2019 and 9M 2019

Financial Performance

18 October 2019

"Make Life Simple เรื่องเงิน เรื่องง่าย"

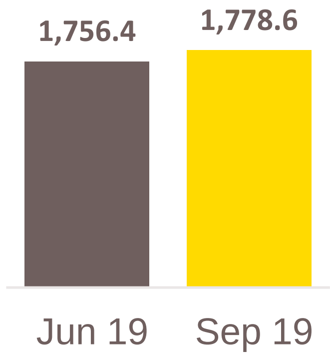
Highlights

3Q 2019 Key Financial Highlights

Loan Growth

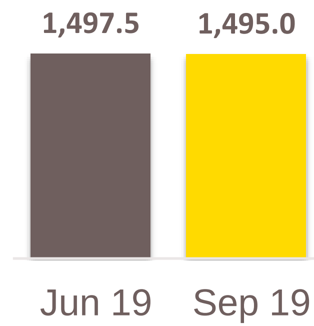
+1.3% QoQ / +6.7% YoY

Consolidated
(Baht Billion)



Deposit Growth

-0.2% QoQ / +8.6% YoY



CASA

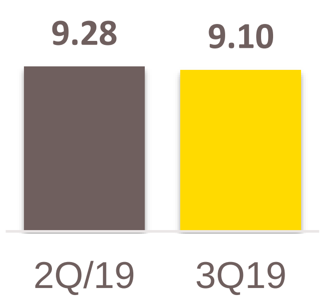
42.3%

NIM

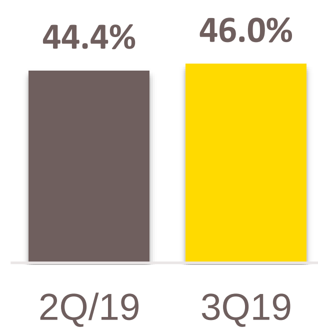
3.61%

Non-interest Income Growth

-2.0% QoQ / +10.8 YoY



Cost-to-Income Ratio



NPL Ratio

2.01%

Coverage Ratio

167.0%

Thailand Economic Outlook

2019 Outlook: Rotating from external to domestic demand

2019 Key Economic Forecasts

% YoY growth unless otherwise stated	2017A	2018A	2019F*
GDP	**4.0**	**4.1**	**2.9**
Private Consumption	3.0	4.6	3.9
Private Investment	2.9	3.9	3.4
Exports (in USD term)	9.5	7.5	-2.8
Headline Inflation	0.7	1.1	0.9
Policy Interest Rate (%, end of period)	1.50	1.75	1.25

*Note: * 2019 forecast by Krungsri Research*

Krungsri Research's view:

- We trim 2019 GDP growth forecast to 2.9% from 3.2% due to more visible impacts of the global slowdown, worsened trade tensions, delayed public spending and weaker domestic confidence.
- MPC opens room for another rate cut, depending on incoming data. We expect the policy interest rate to be cut by 25bps to 1.25% in November.
- Lagged effects of policy easing by major central banks worldwide would help underpin global growth. Thai economic growth is expected to gradually improve from 4Q19 onwards, supported by THB316bn stimulus package and infrastructure investment.

Source: Krungsri Research

Tailwinds

- Clearer economic policy after forming a new government
- New stimulus measures to help low-income earners, agricultural sector and tourism
- Rising investment in infrastructure and EEC projects
- Sound economic fundamentals

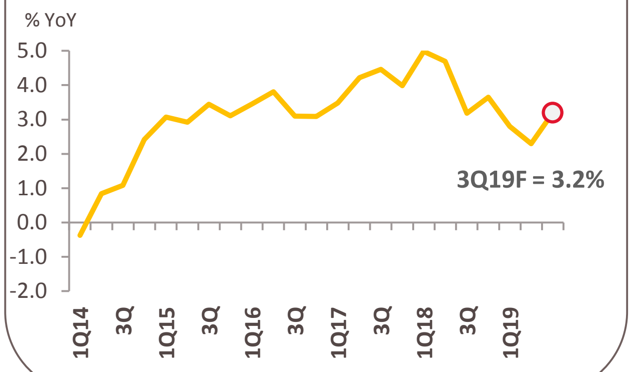
Headwinds

- Escalating trade tensions, US policy uncertainty, Brexit concern, and China's slowdown
- Higher global risks and volatile financial markets
- Delay in budgeting for FY2020
- High household debt
- Structural problems e.g. labor shortage and lack of competitiveness in some sectors

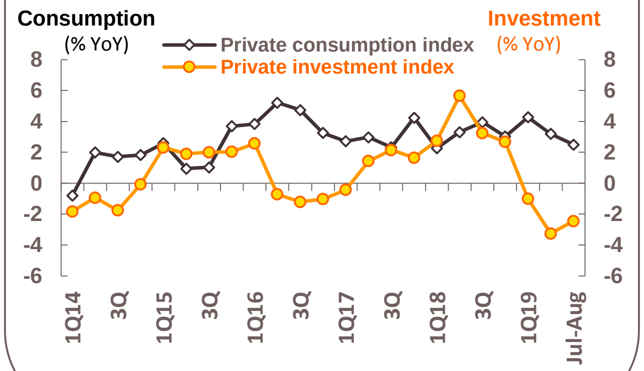
Recent Economic Development

- External demand and domestic spending weakened, dampening economic growth further in 3Q19.
  - Amid global slowdown and escalating trade tensions, Thai exports excluding gold saw a steeper decline, led by almost all products and destinations, except for processed foods and shipments to the US.
  - Private consumption growth slowed. Non-farm wage growth eased, led by weaker income from export-related sectors. Private investment plunged with a delay in mega-infrastructure projects. Business sentiment and consumer confidence continued to decline.
  - Tourism sector saw a recovery, led by tourists from China and India.

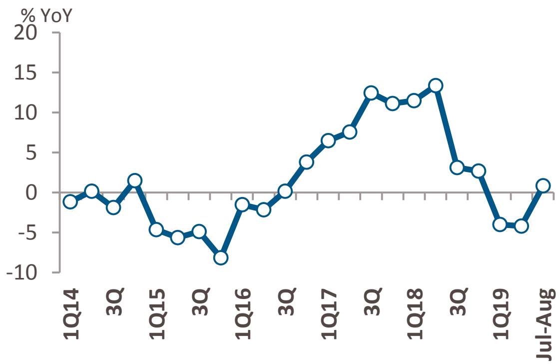
GDP: weaker momentum amid mounting external headwinds



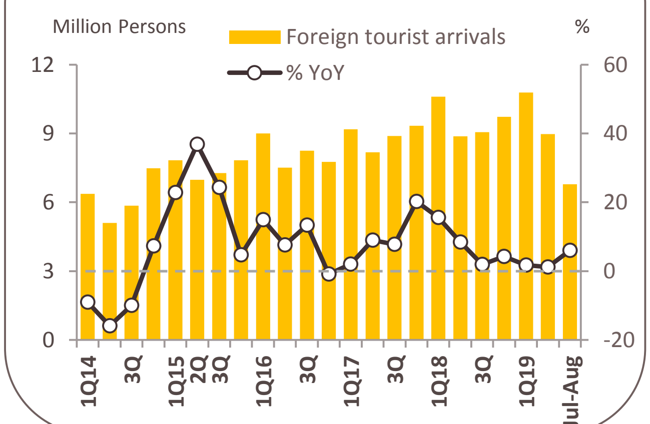
Domestic demand: consumption grows but investment awaits new government



Exports: turn negative growth as trade war worsens global slowdown



Tourism: begins to improve in 3Q19



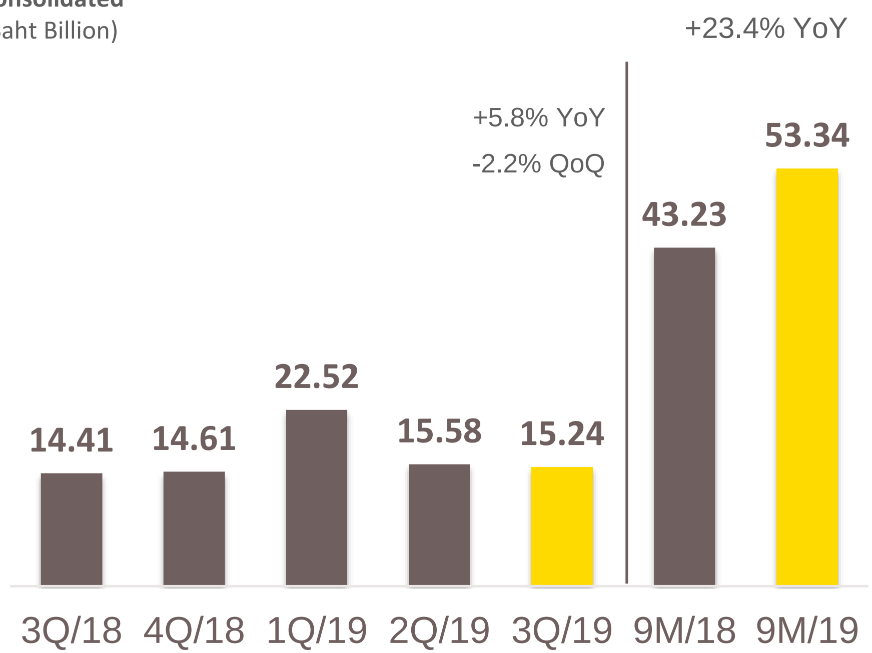
Source: NESDC, BOT, MOTS, Krungsri Research

Financial Performance

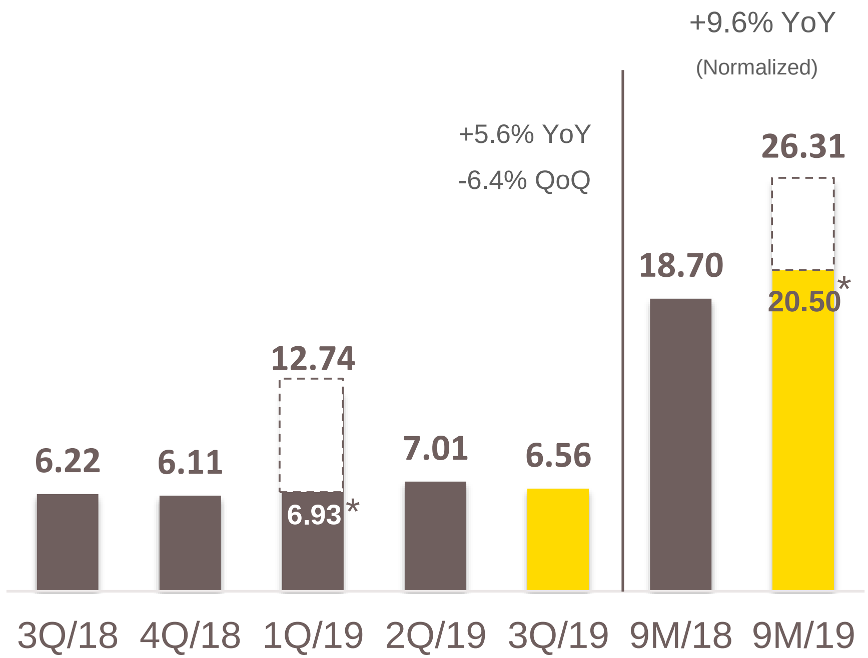
Profitability

Profit before Provision and Tax

Consolidated
(Baht Billion)



Net Profit



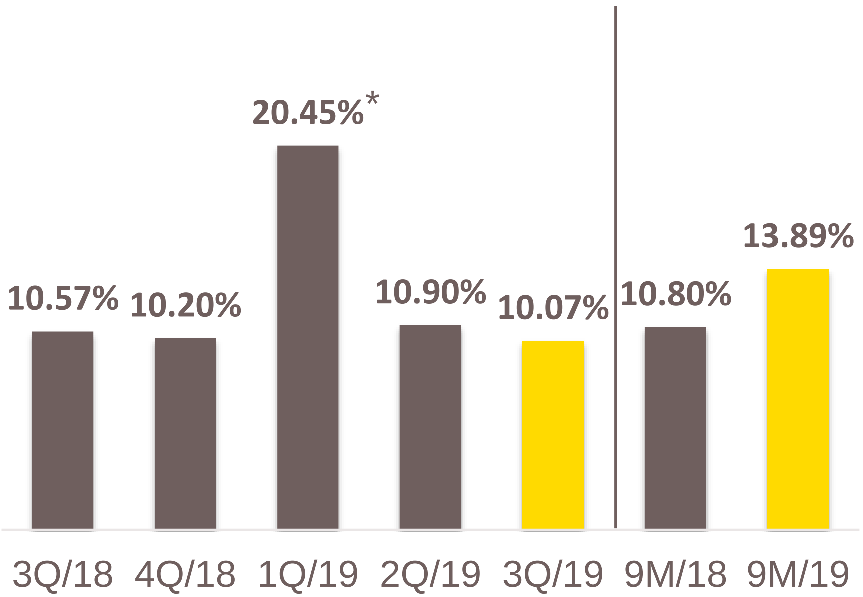
* Normalized Net Profit (excluding one-time items, gains on investments from NTL transaction and provision in accordance to the amended Labor Protection Act)

ROAE & ROAA

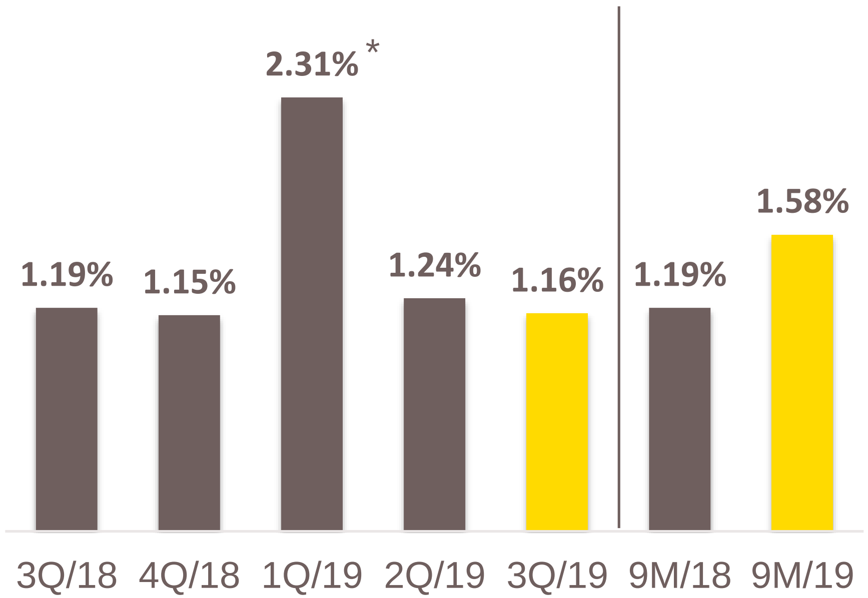
Reported ROAE at 10.07% and ROAA at 1.16%

Consolidated

ROAE



ROAA

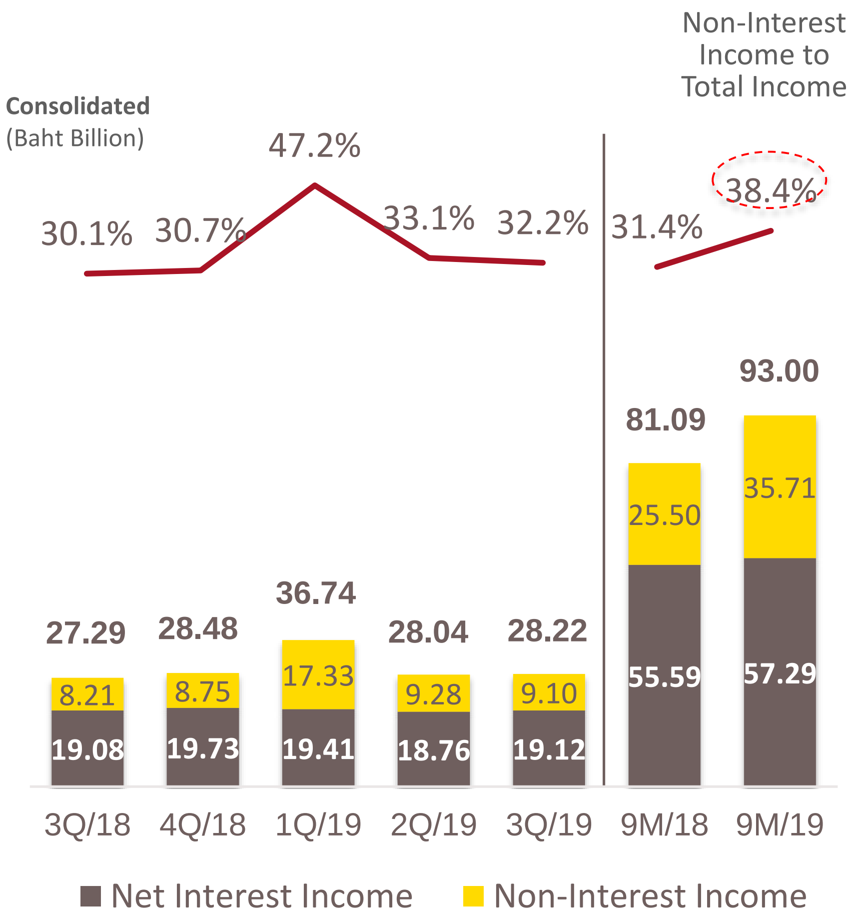


** Including the one-time items, gains on investments from NTL transaction and provision in accordance to the amended Labor Protection Act*

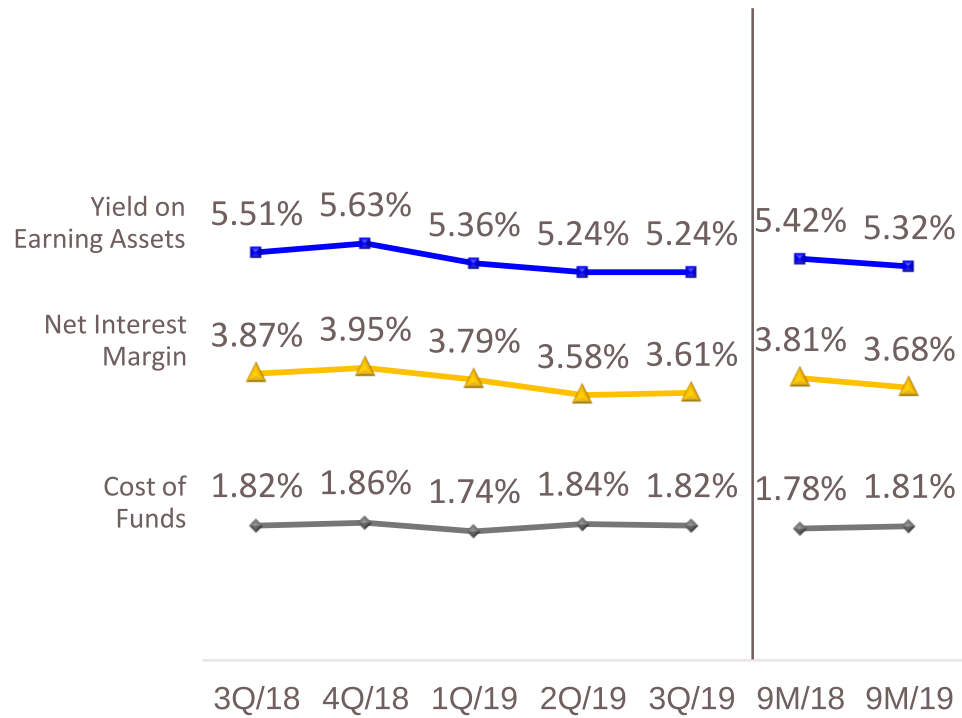
Profitability Measurement

NIM improved to 3.61% QoQ, mirroring the rebalancing of loan portfolio to higher yielding segments

Total Income



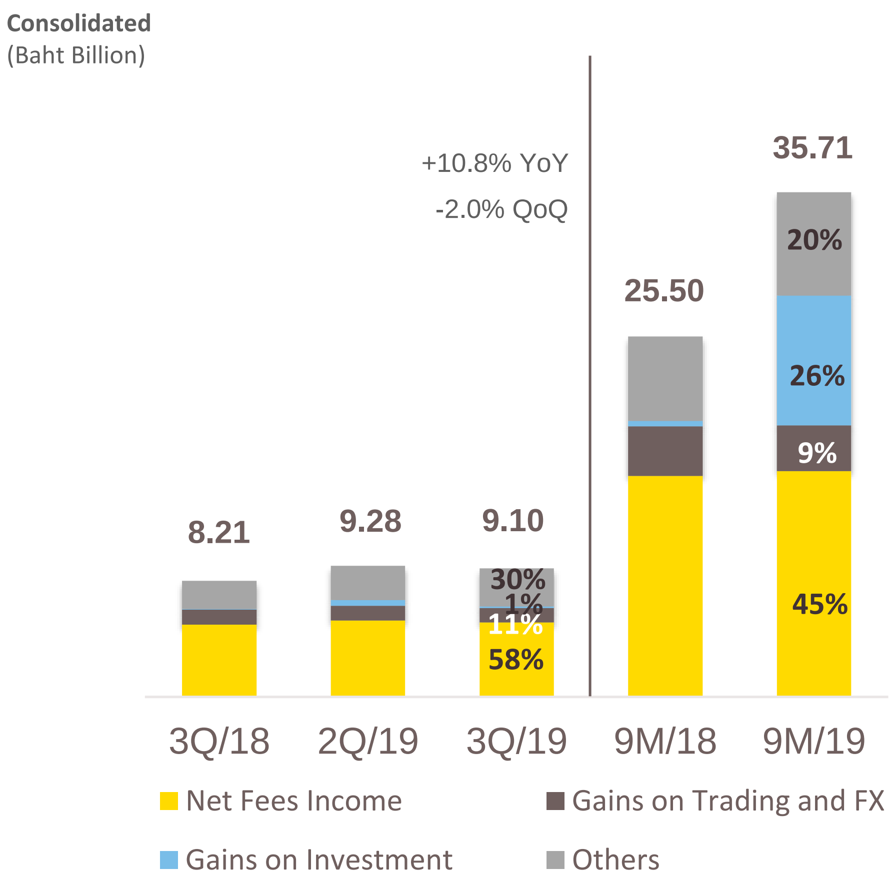
Net Interest Margin (NIM)



	3Q/18	4Q/18	1Q/19	2Q/19	3Q/19	9M/18	9M/19
Yield on Loans	6.10%	6.17%	6.04%	5.86%	5.87%	6.05%	5.90%
Cost of Deposits	1.57%	1.62%	1.62%	1.73%	1.72%	1.56%	1.70%

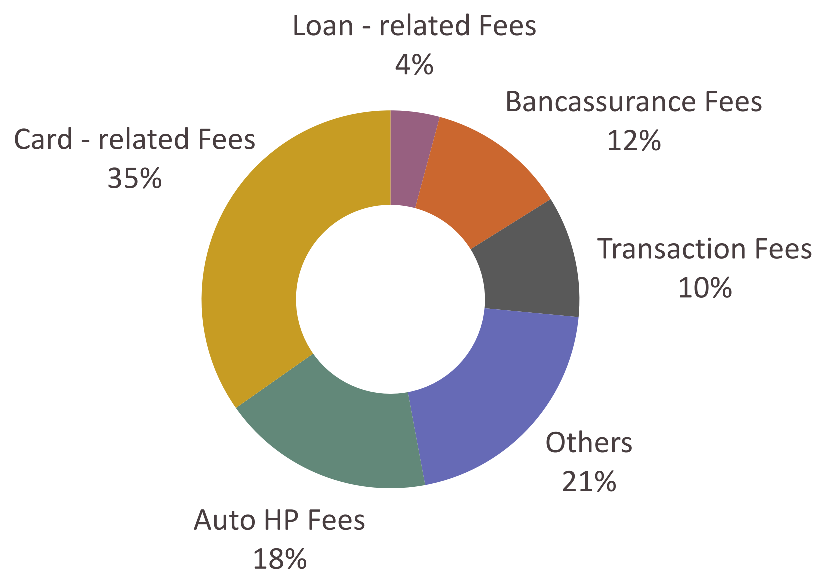
Non-Interest Income & Fees and Service Income

Non-Interest Income



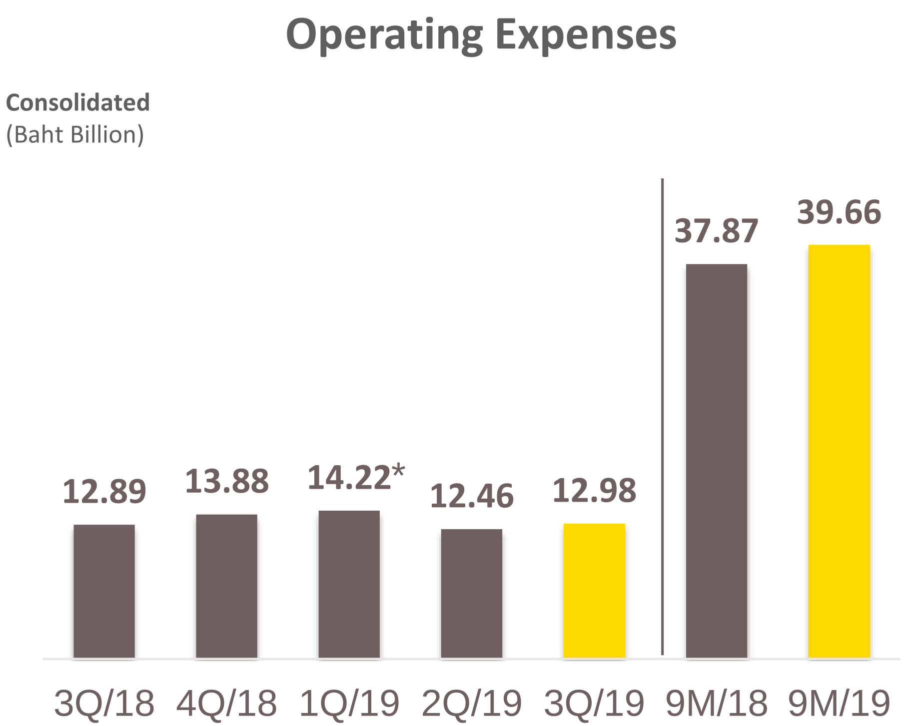
Fees & Service Income

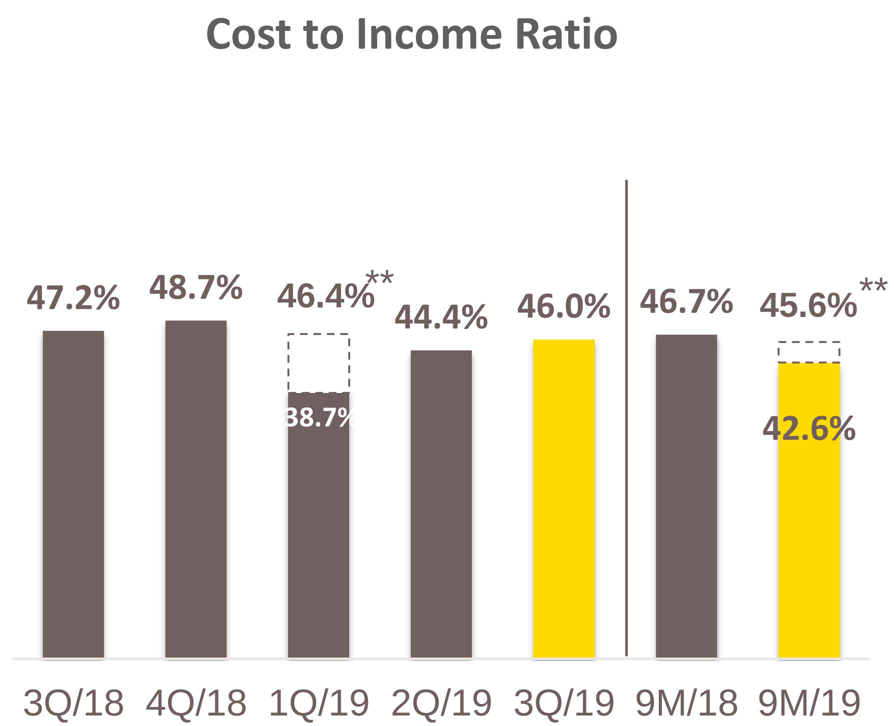
3Q/2019



Productivity

Cost to income recorded at 46.0%





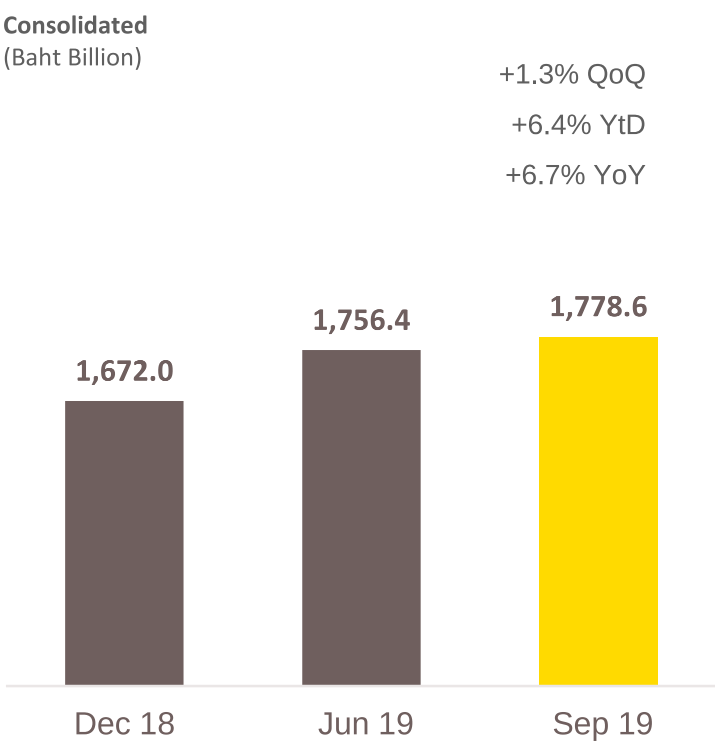
** Including the one-time item of provision in accordance to the amended Labor Protection Act*

*** Normalized cost-to-income, (excluding one-time items, gains on investments from NTL transaction and provision in accordance to the amended Labor Protection Act)*

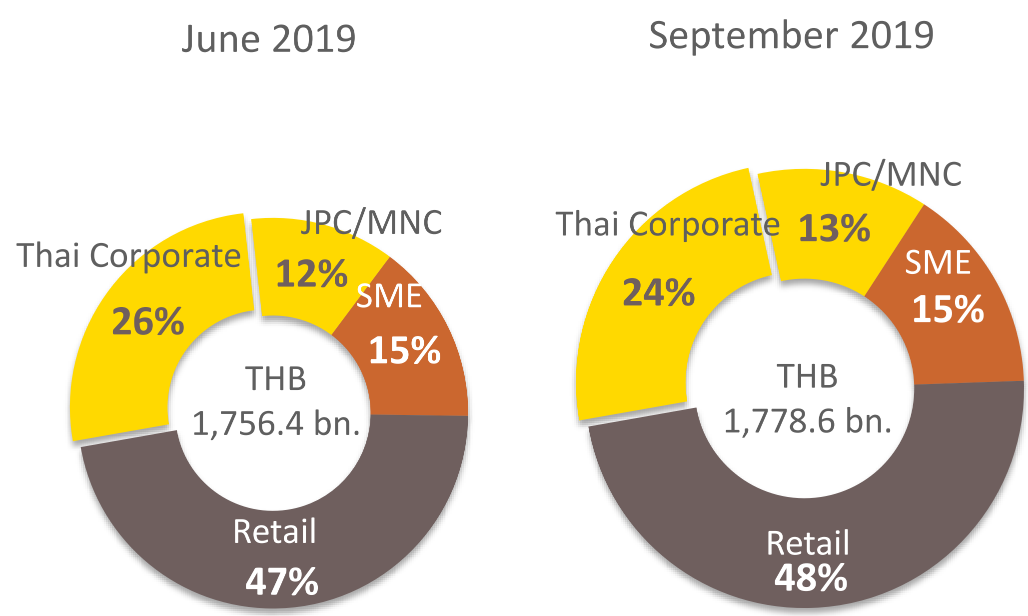
Loan Portfolio

A broad-based expansion with auto hire-purchase, SME and JPC/MNC loans as leading drivers

Loans



Loans by Segment



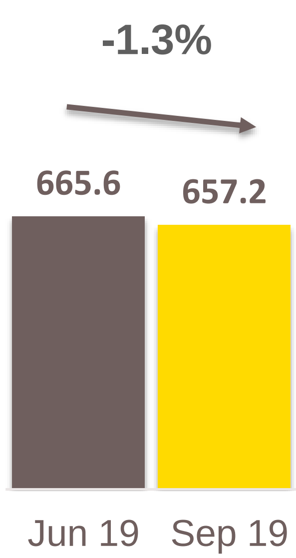
<u>Retail</u>

• Auto HP	23%
• Mortgage	15%
• Credit Card & Personal Loans	10%

Loans by Segments

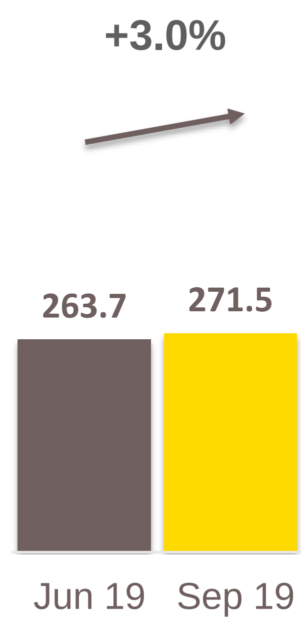
Consolidated
(Baht Billion)

Corporate Loan



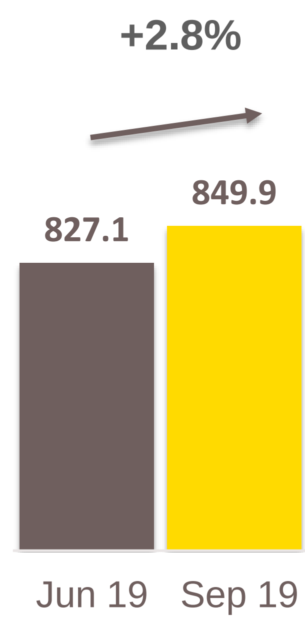
+5.0% YtD

SME Loan



+8.4% YtD

Retail Loan

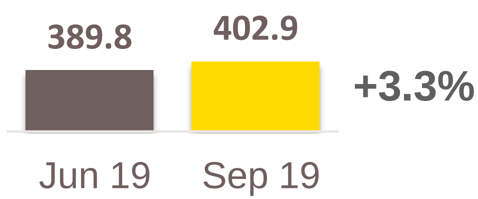


+6.9% YtD

Under Retail Segment

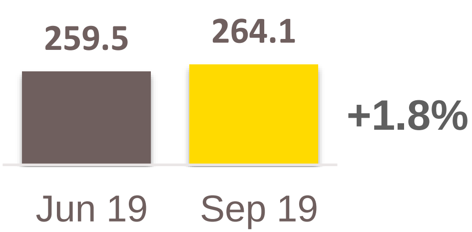
Hire Purchase

Consolidated
(Baht Billion)



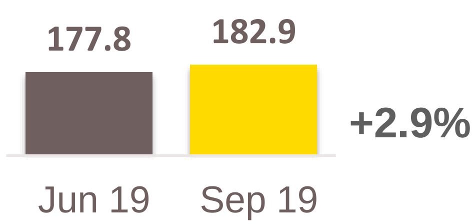
+9.7% YtD

Mortgage



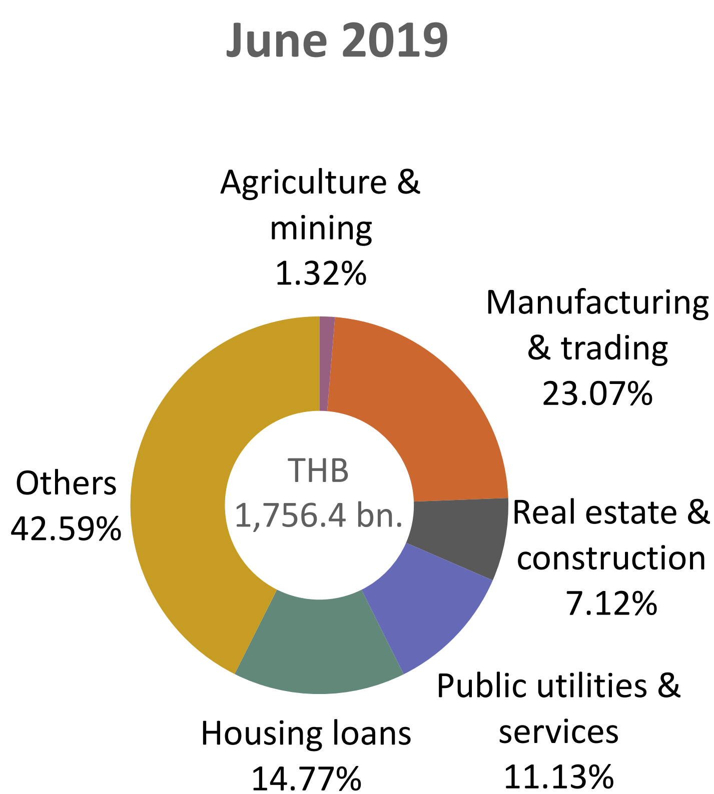
+5.4% YtD

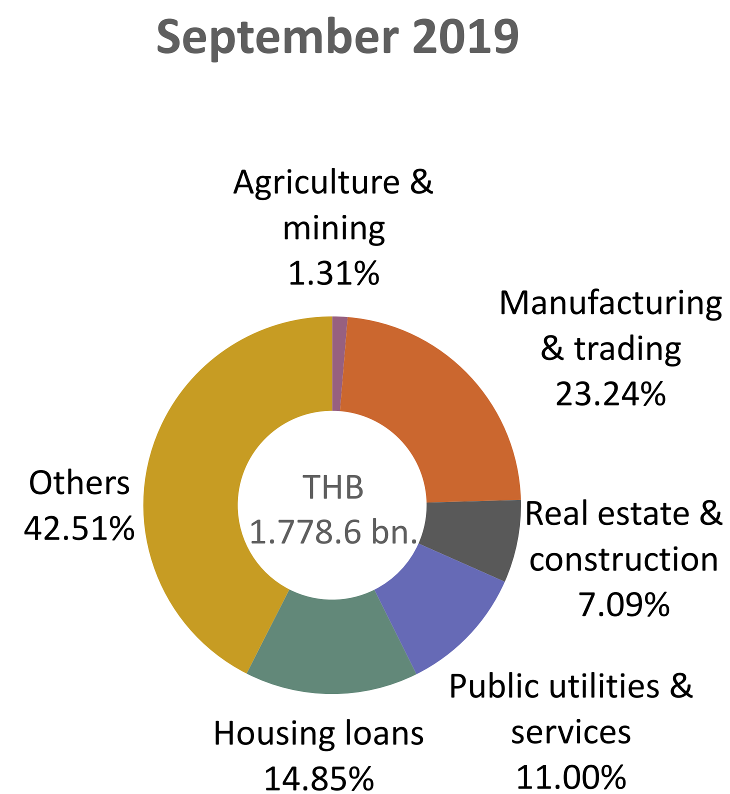
Credit Cards and Personal Loans



+2.9% YtD

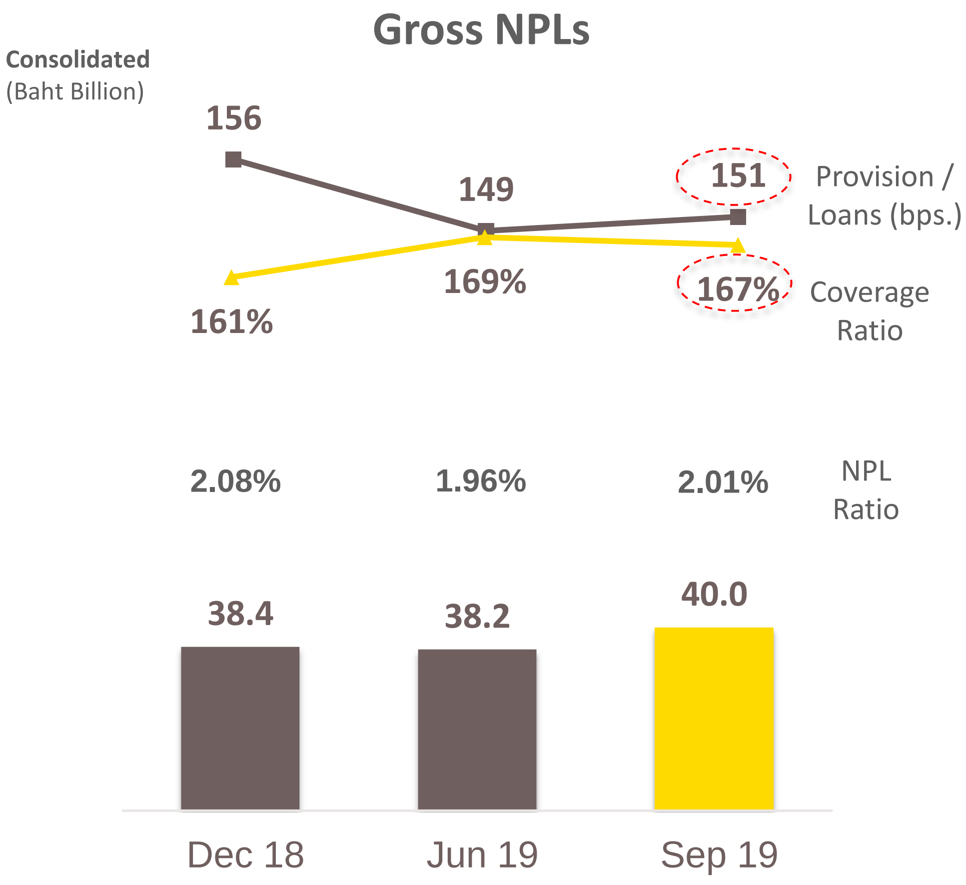
Loan by Industry

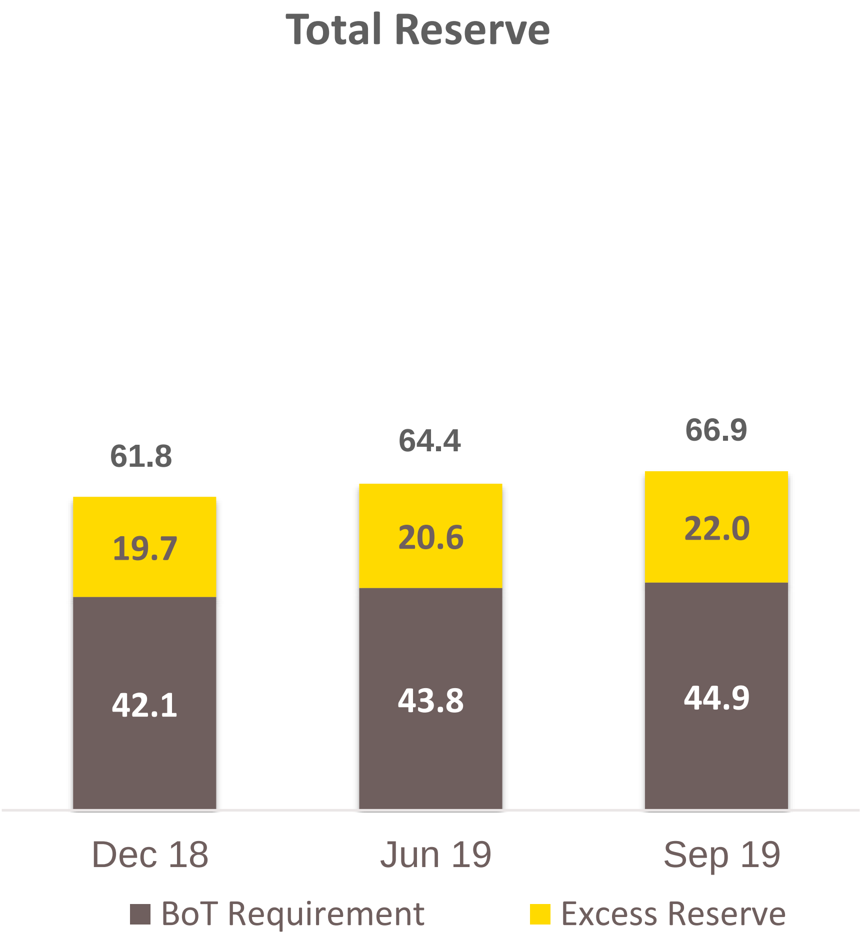




Asset Quality

NPL ratio recorded at 2.01%, with strong reserve position

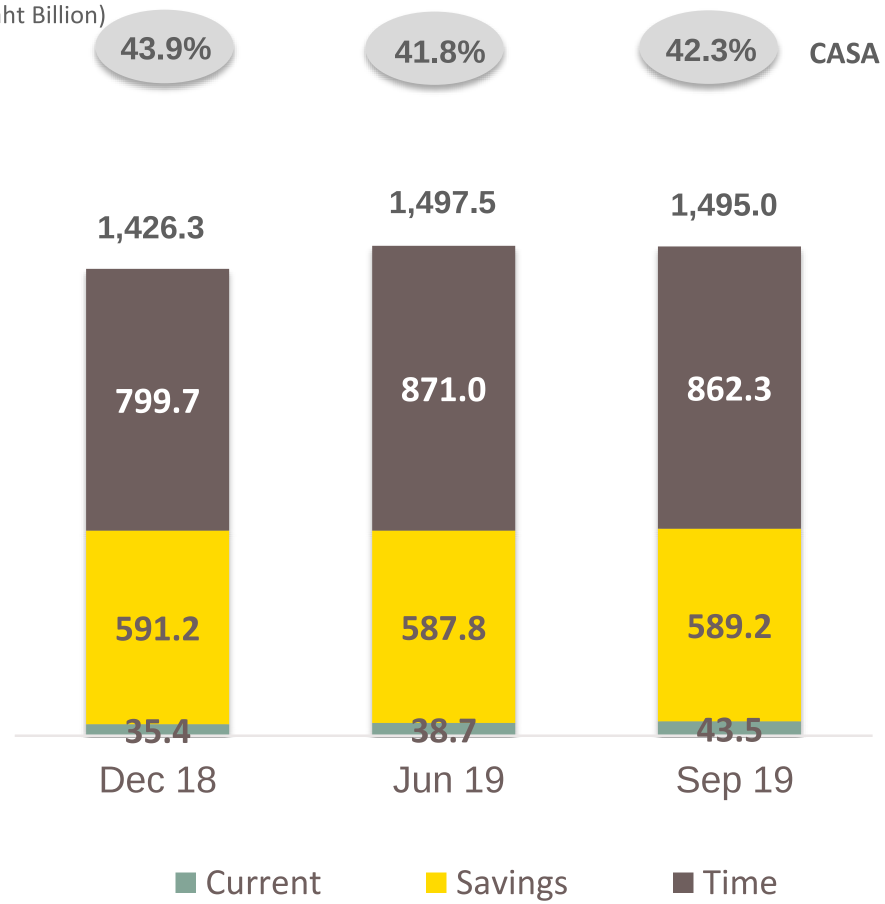




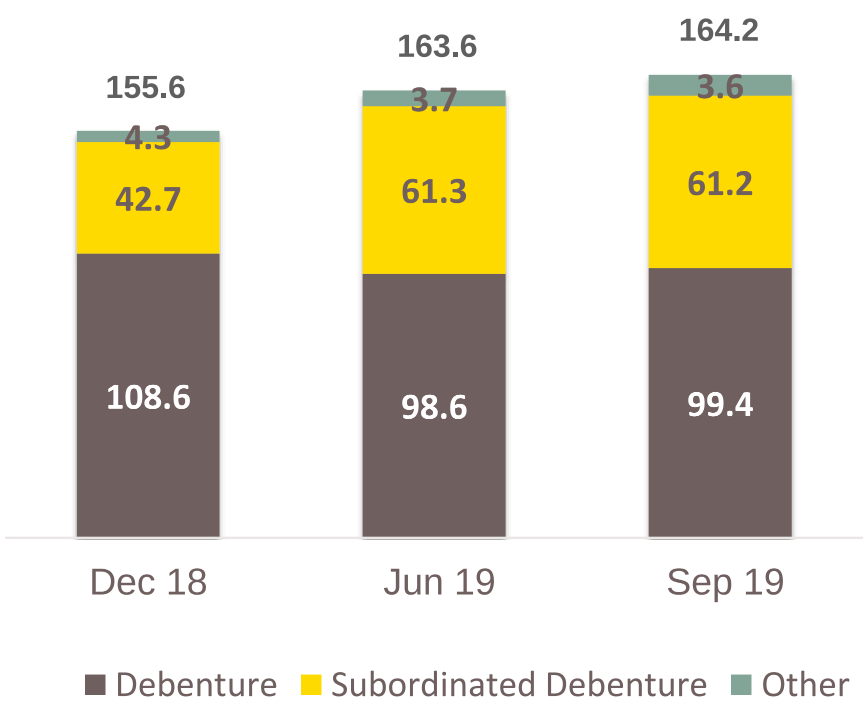
Funding Base

Consolidated
(Baht Billion)

Deposits



Borrowing

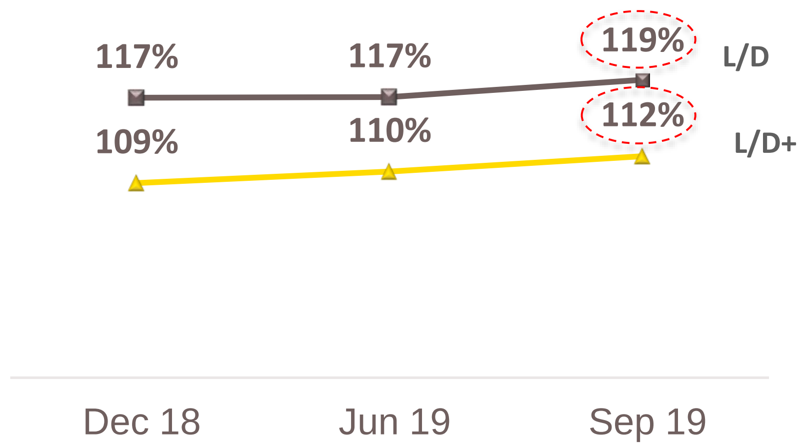


Capital and Liquidity

Strong capital position, CAR equivalent to 16.46%

Loan to Deposit

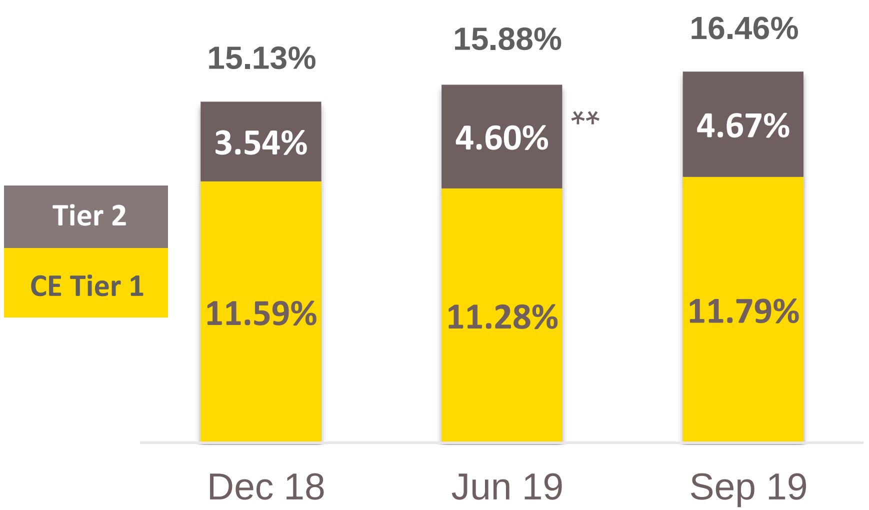
Consolidated



L/D+ : Loans to Deposit + Debenture

Capital Adequacy Ratio *

Bank Only



** 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*

*** The Bank issued subordinated debentures, which will be qualified as the Tier 2 capital, amounting to Baht 18.83 billion in June 2019*

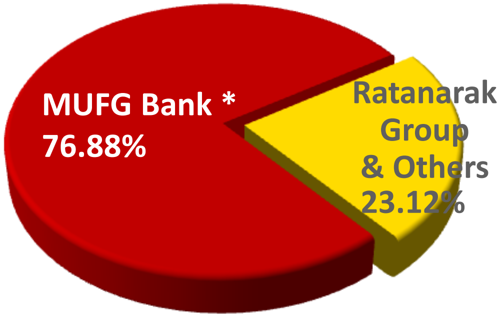
Baht Billion	Dec 18	Jun 19	Sep 19
CE Tier 1	175.38	179.80	189.12
Tier 2	53.60	73.44	74.80
Total Capital	228.98	253.24	263.92

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.

Krungsri Profile

Our History

Shareholding Structure
(as of 12 September 2019)



- 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: MUFG Bank replaced GE as the strategic shareholder of Krungsri
- Jan 2015: Integration of MUFG Bank Bangkok Branch into Krungsri
- Sep 2016: Acquisition of Hattha Kaksekar Limited (HKL)
- Mar 2017: Established Krungsri Finnovate Company Limited
- Sep 2017: Recognized as "A Domestic Systemically Important Bank (D-SIB)" by the Bank of Thailand
- Aug 2019: Announced a plan to acquire 50% of shares of SB Finance Company Inc. (SBF)

*(*On 1 April 2018, BTMU was renamed MUFG Bank)*

Krungsri Group Profile

International Ratings

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

National Ratings

Fitch Ratings	TRIS Rating
AAA (tha)	AAA

Workforce: **Krungsri group 32,529 / BAY 15,301**

Leadership Position

In consumer finance

As of August 2019	Market Position	% Share
Consumer		
Personal Loan	1	32%
Credit Card	1	16%
Auto (HP)	2	27%
SME	5	5%
Corporate	5	12%

Extensive Franchise: 33,969 Service Outlets

As of September 2019	Number
Domestic Branches	698 *
Overseas Branches	2
Representative Office	1
ATMs	6,674
Exchange Booths	83
Krungsri Exclusive & Krungsri PRIME	46
Krungsri Business Centers	62

As of September 2019	Number
First Choice Branches	149 Branches
+ Dealers	+ 22,088 Dealers
Krungsri Auto Dealers	> 9,697 Dealers
Microfinance Branches	966
Microfinance Overseas Branches (HKL)	177
EDC Machines	101,395
Banking Agents Touch Points **	> 141,789

** Krungsri Domestic Branches = 698 Branch, of which 658 are Banking Branches and 40 are Auto Business Branches*
*** Banking Agents Touch Points: Thai Post Offices, Boonterm Kiosks, Counter Service 7-11, Max Mart in PT Gas Station, Bank of Agriculture and Agricultural Cooperatives*

Contact

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