krungsri
กรุงศรี

A member of MUFG
a global financial group

# 3Q 2016 and 9M 2016

*Financial Performance*

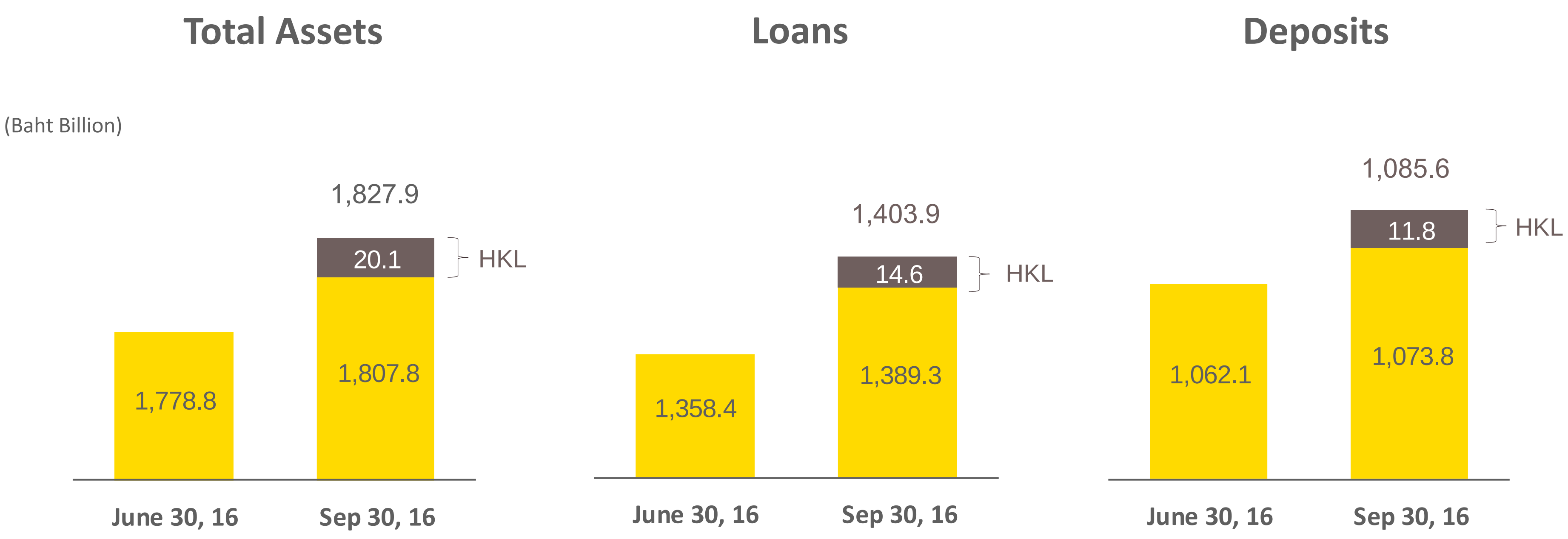
21 October 2016

"Make Life Simple เรื่องเงิน เรื่องง่าย"

# Highlights

# Completed Acquisition of Hattha Kaksekar Limited (HKL)

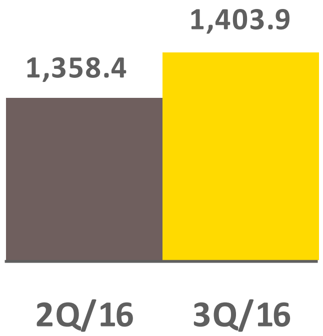
## Consolidation of HKL business into Krungsri (September 2016)



# 3Q 2016 Key Financial Highlights

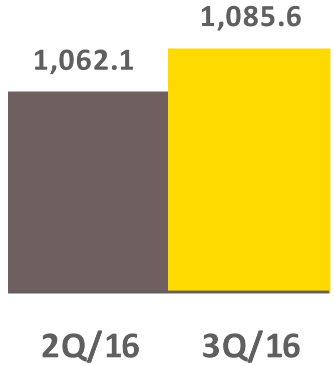
## Loan Growth

Consolidated
(Baht Billion)




**+13.5% YoY**
**+3.4% QoQ**

## Deposit Growth




**+7.2% YoY**
**+2.2% QoQ**

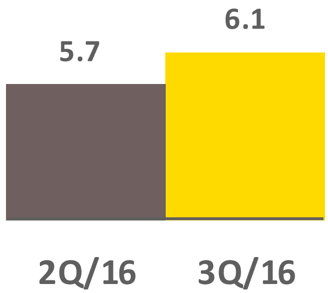
## CASA %

**54.3%**

## NIM %

**3.77%**

## Fee Income Growth




**+7.1% YoY**
**+6.8% QoQ**

## Cost-to-Income Ratio

**46.19%**

2Q/16: 46.28%

## NPL

**2.10%**

## Coverage %

**152%**

# Thailand Economic Outlook

2017 Outlook: The Thai economy is likely to expand moderately with projected growth of 3.3% in 2017, compared with 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 | 2.8 | 3.0 |
| Private Investment | -2.0 | 1.8 | 2.8 |
| Exports ( In USD term) | -5.6 | -2.0 | 1.0 |
| Headline Inflation | -0.9 | 0.3 | 1.7 |
| Policy Interest Rate (%, end of period) | 1.50 | 1.50 | 1.50 |

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

- **Key drivers** are increasing public spending, improving consumption, economic stimulus measures, and robust tourism sector.
- Drought impact is fading. After the referendum, government's infrastructure projects, other economic polices and national reforms are going forward.
- Tourism sector is resilient while bombing and zero-dollar tour crackdown would have limited and short-tern impacts. However, exports remain weak amid sluggish global trade and spillovers from Brexit.

*Source: Krungsri Research*

**Tailwinds**

- Clearer economic polices after referendum
- Supply-side development e.g. infrastructure projects and new Acts to boost investment
- Fading drought impact, personal income tax cut
- Resilient tourism sector
- Declining first-car debt burden
- Sound economic fundamentals

**Headwinds**

- Political transition concerns
- Fragile global economy 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

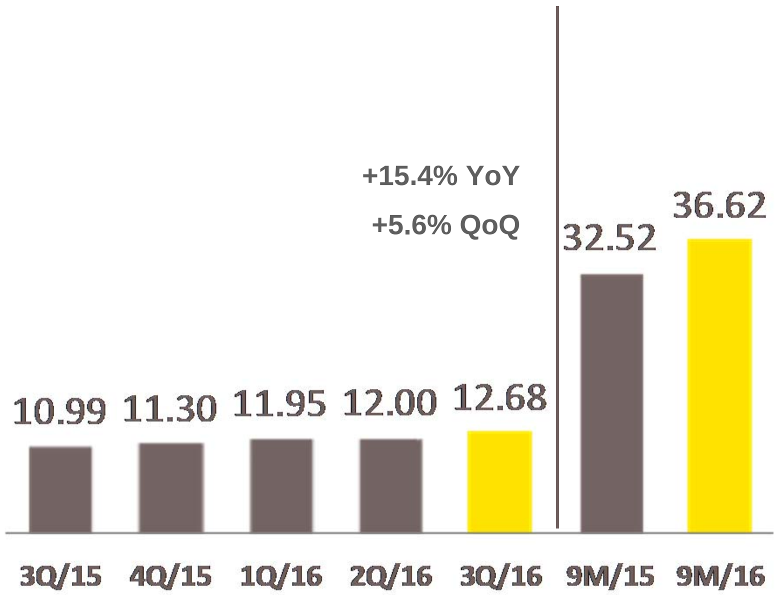
# Financial Performance

# Profitability

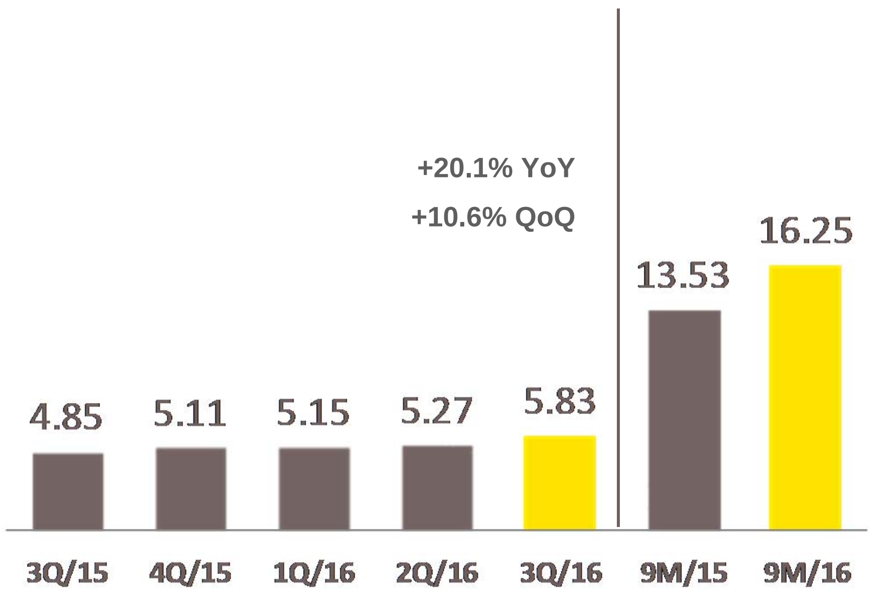
The solid financial results were attributed to notable increase in net interest income and non-interest income

## Profit before Provision and Tax

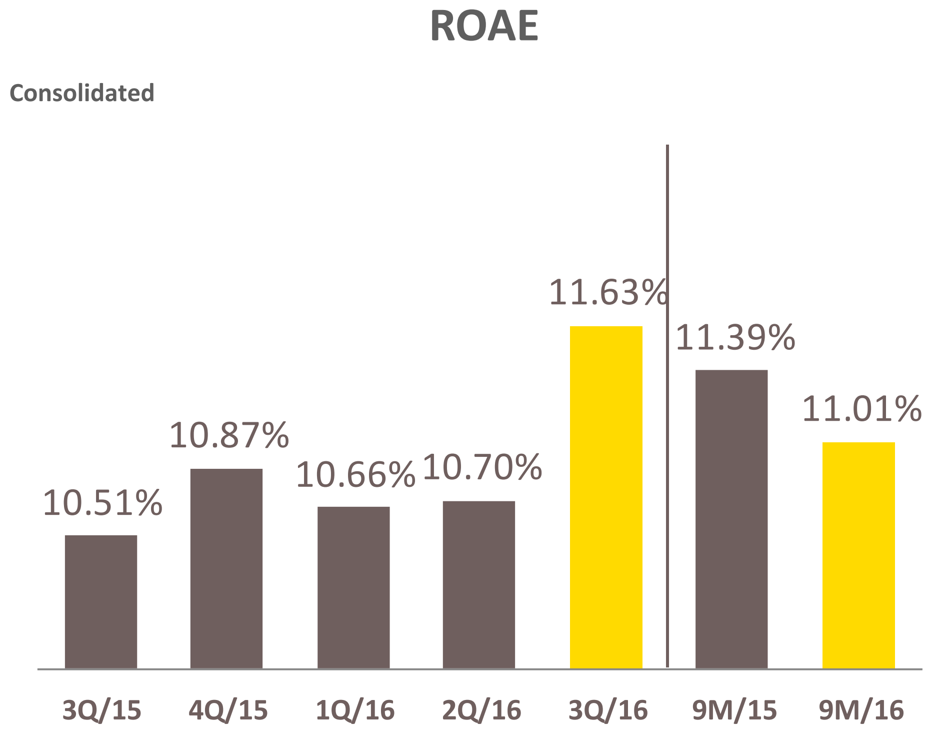
**Consolidated**
(Baht Billion)

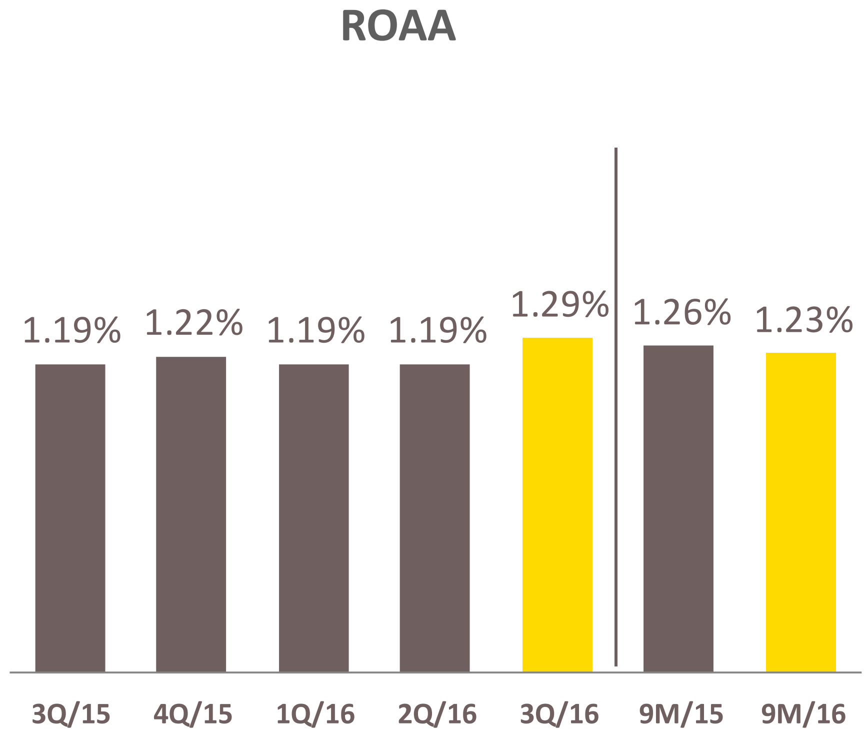



## Net Profit



# ROAE at 11.63% & ROAA at 1.29%

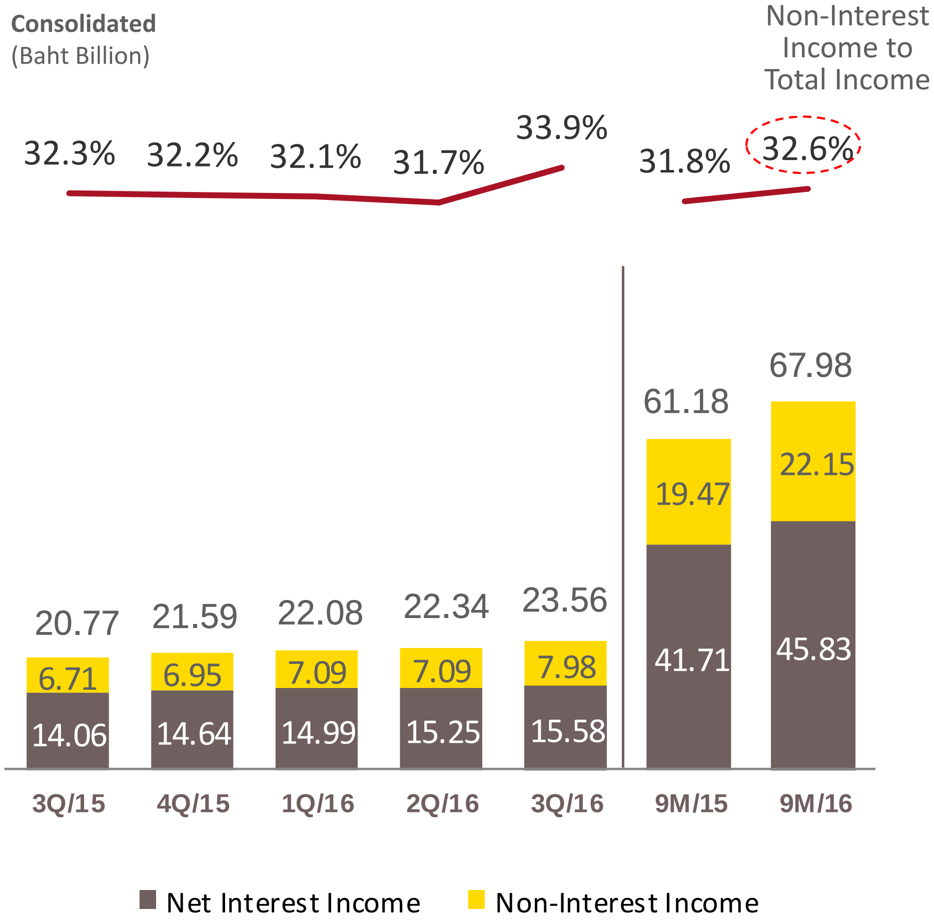


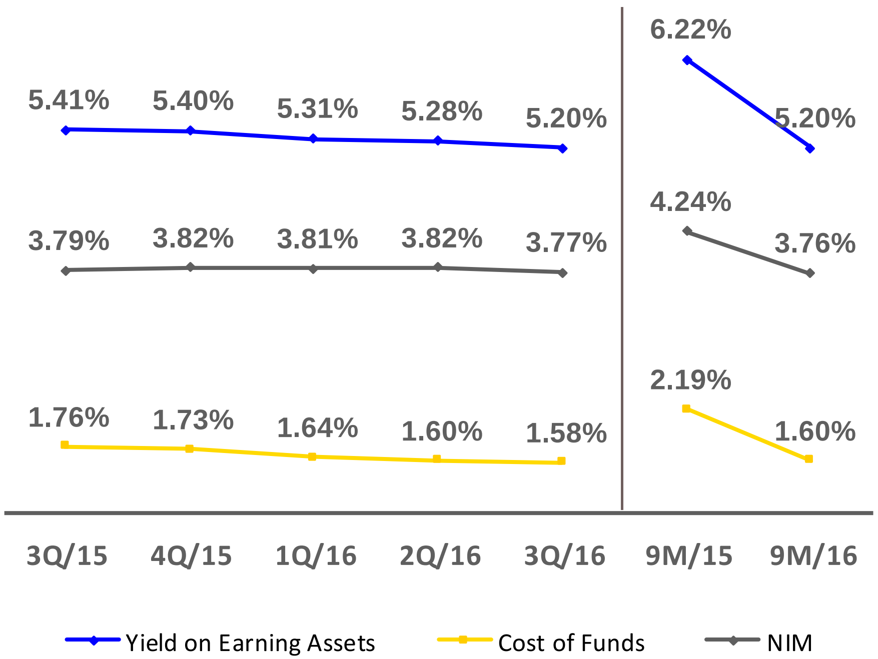
# Profitability Measurement

## NIM recorded at 3.77% in 3Q /16

### Total Income

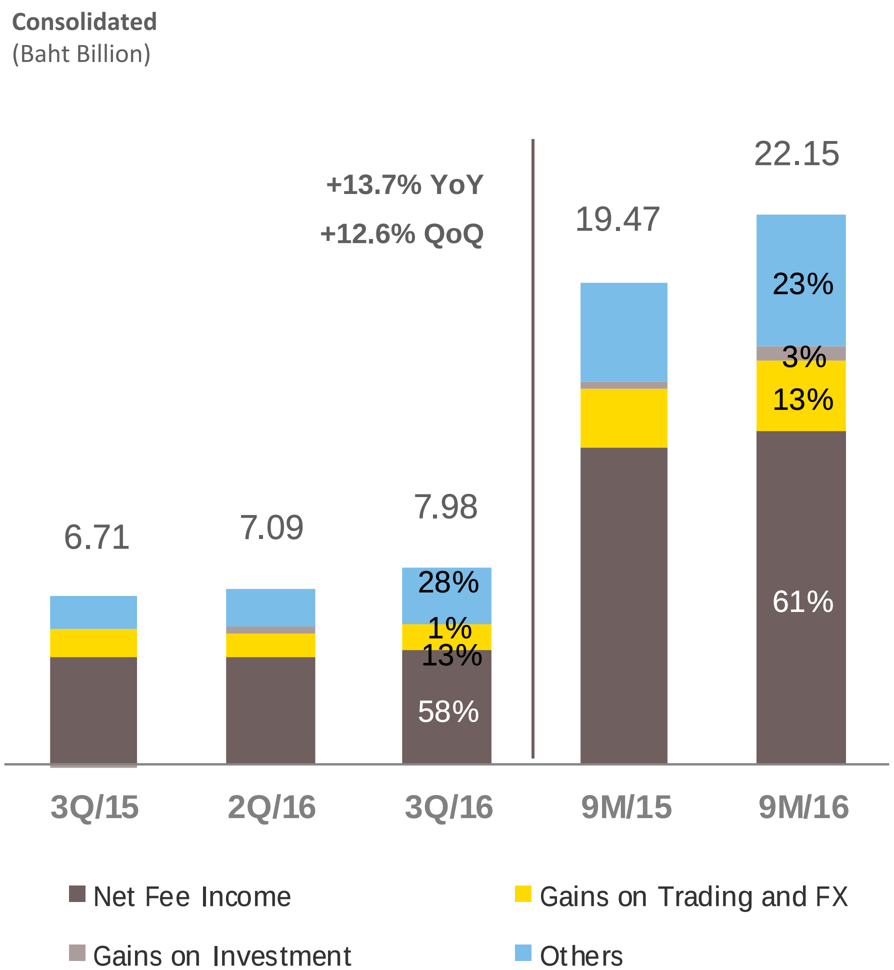



### Yield & Cost of Funds

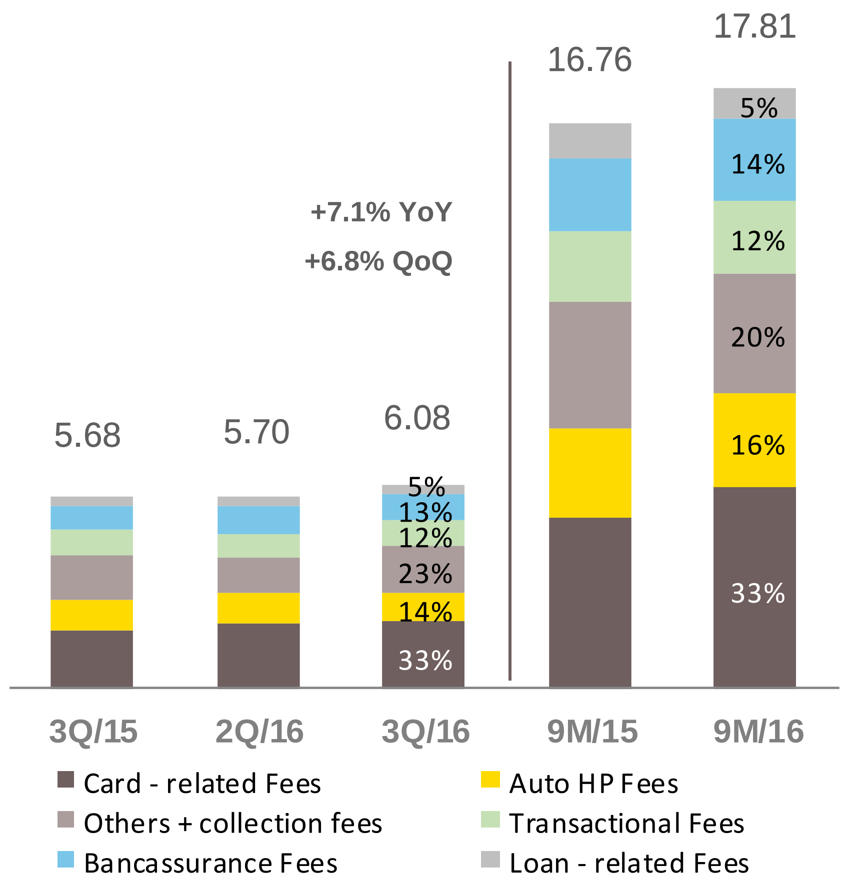


# Non-Interest Income & Fees and Service Income

## Non-Interest Income

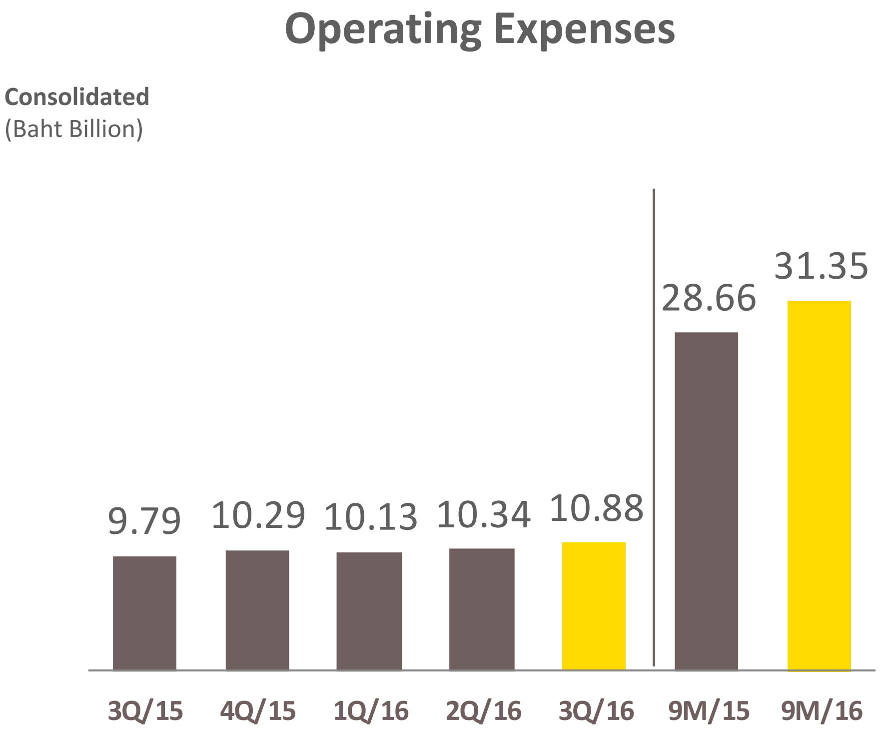


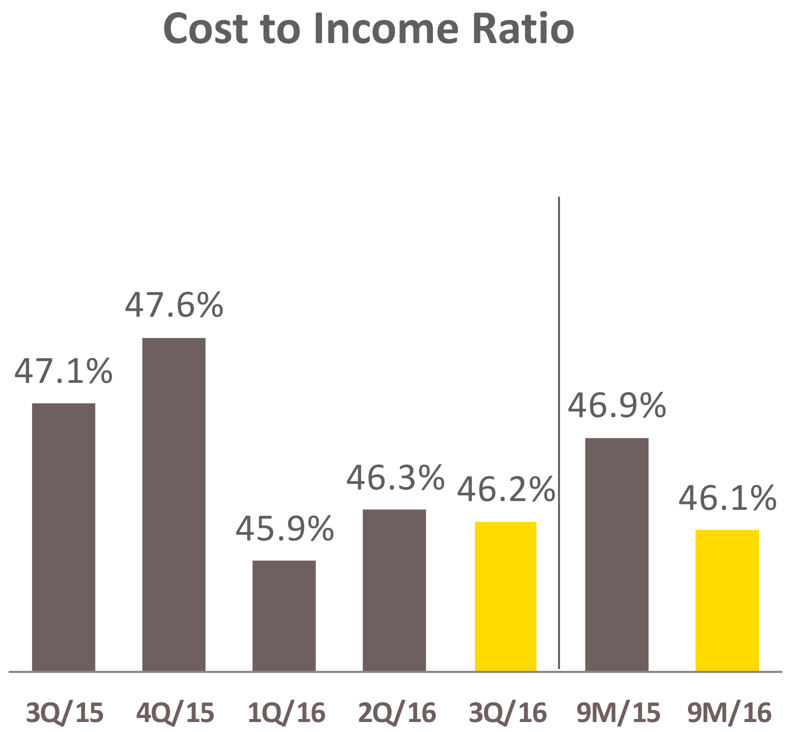

## Fee & Service Income



# Cost Efficiency

## Manageable cost to income from higher revenue



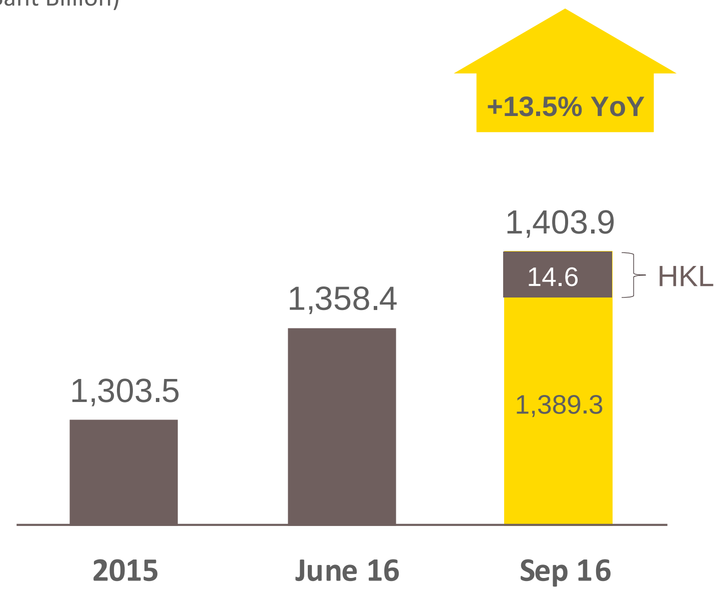



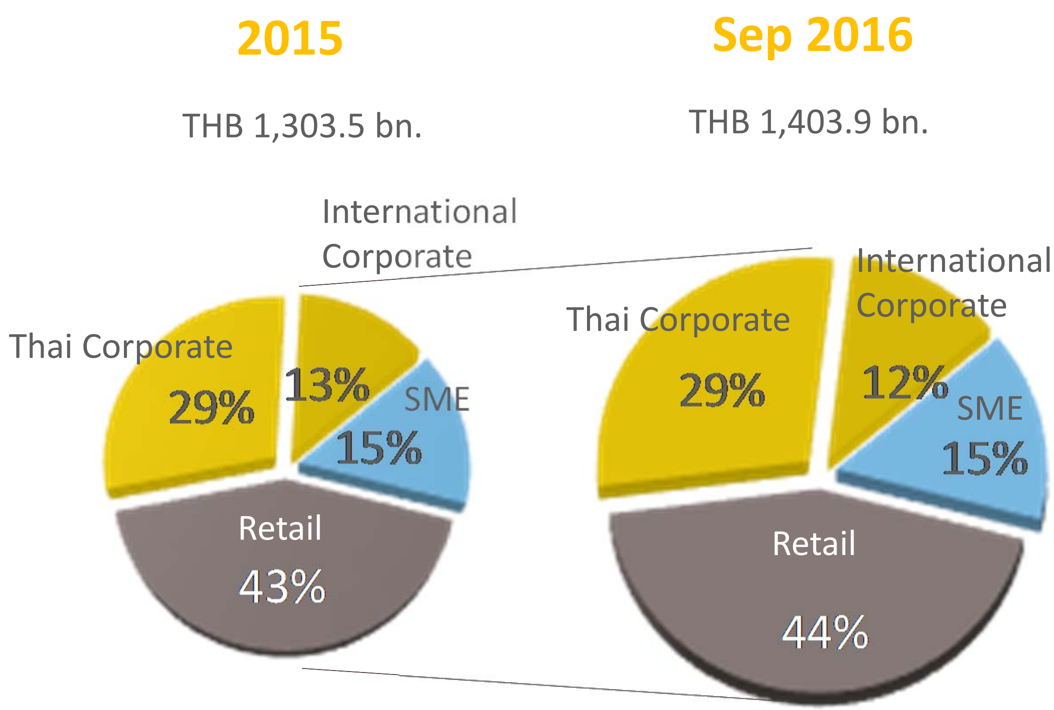
# Loans

## A broad-based loan growth of 3.4% in 3Q/16

### Loans

Consolidated
(Baht Billion)




**Loan Growth** **+3.4% QoQ**

**+7.7% YtD**

Retail

- Auto HP 20%
- Mortgage 14%
- Credit Card & Personal Loans 10%

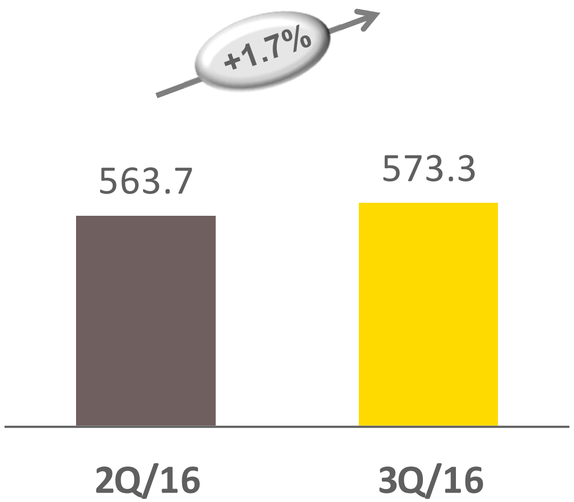
** Acquisition of HKL contributed Baht 14.6 bn, mainly comprising personal loans*

# Loans by Segments

Consolidated
(Baht Billion)

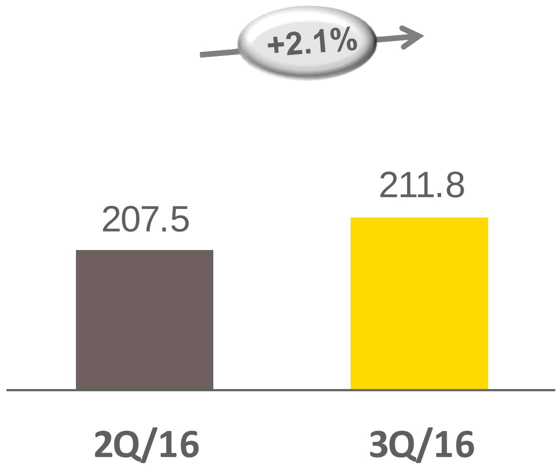
## Corporate Loan

+5.3% YtD



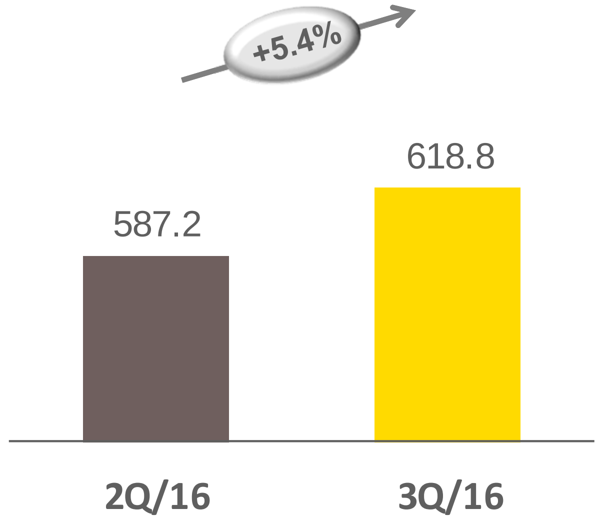

## SME Loan

+4.6% YtD



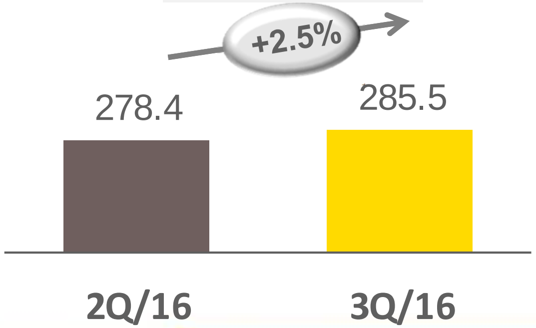

## Retail Loan

+11.2% YtD



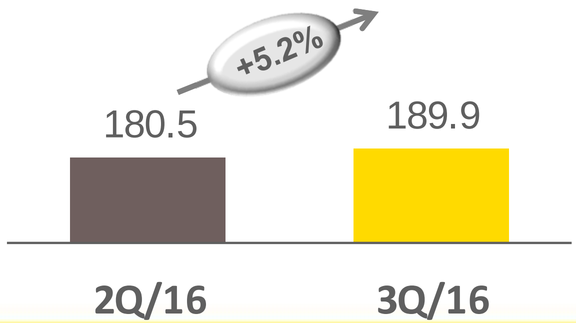

## Hire Purchase

+7.8% YtD



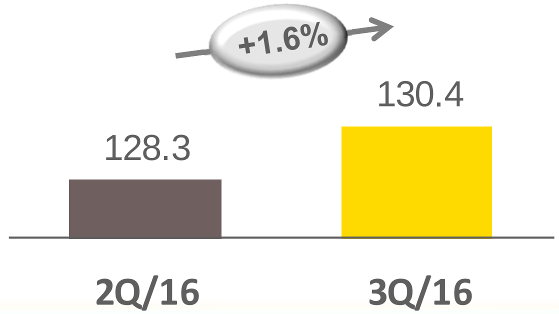

## Mortgage

+18.6% YtD



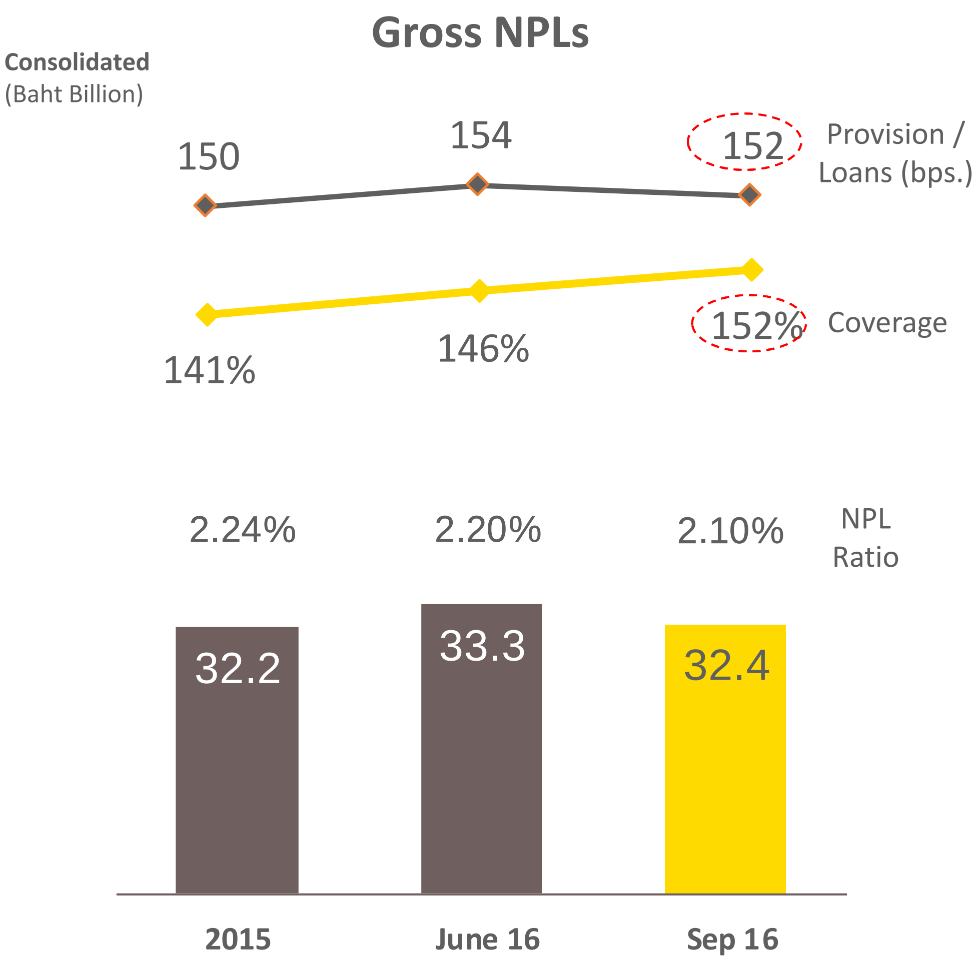

## Credit Cards and Personal Loans

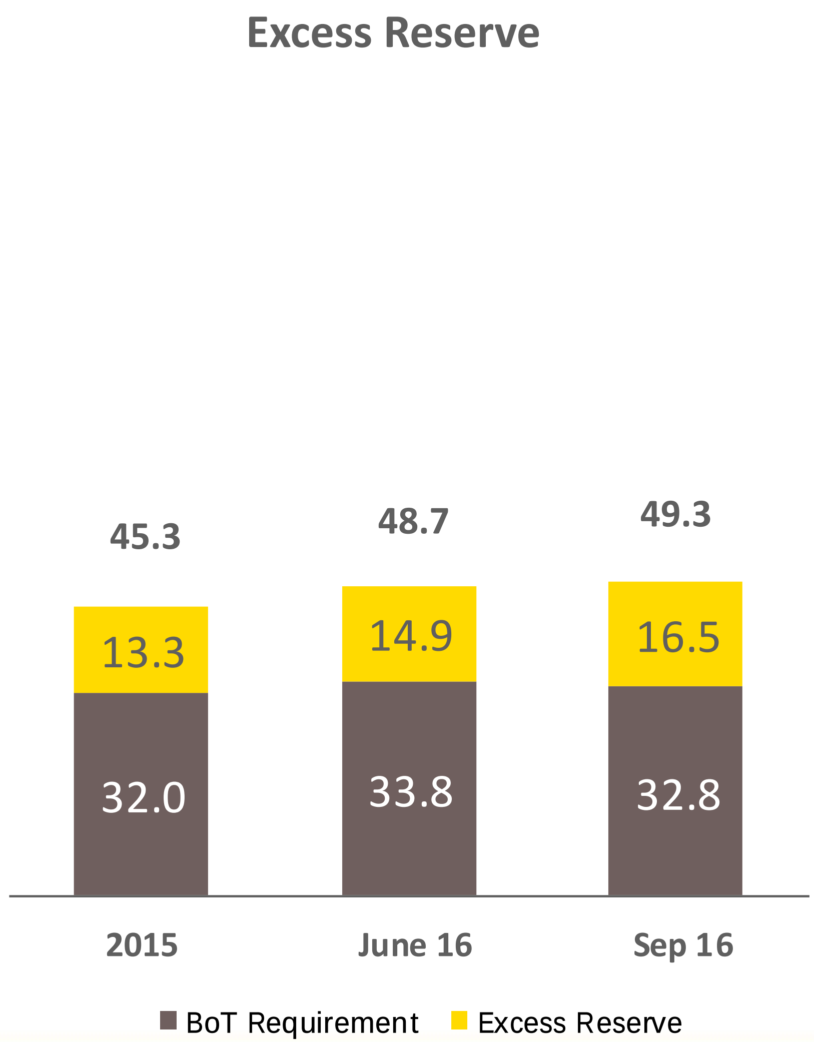
-0.9% YtD



# Asset Quality

## Asset quality continued to improved, NPLs recorded a new low at 2.10%



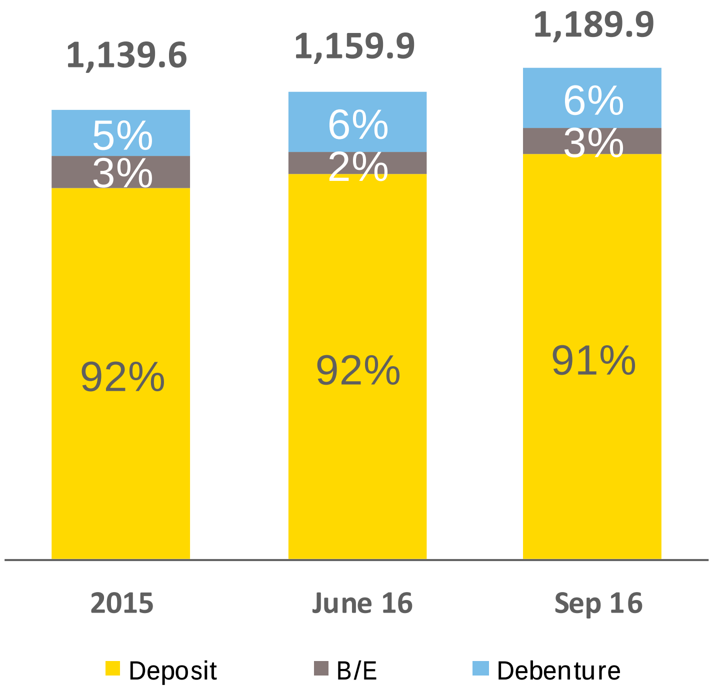



# Funding Base

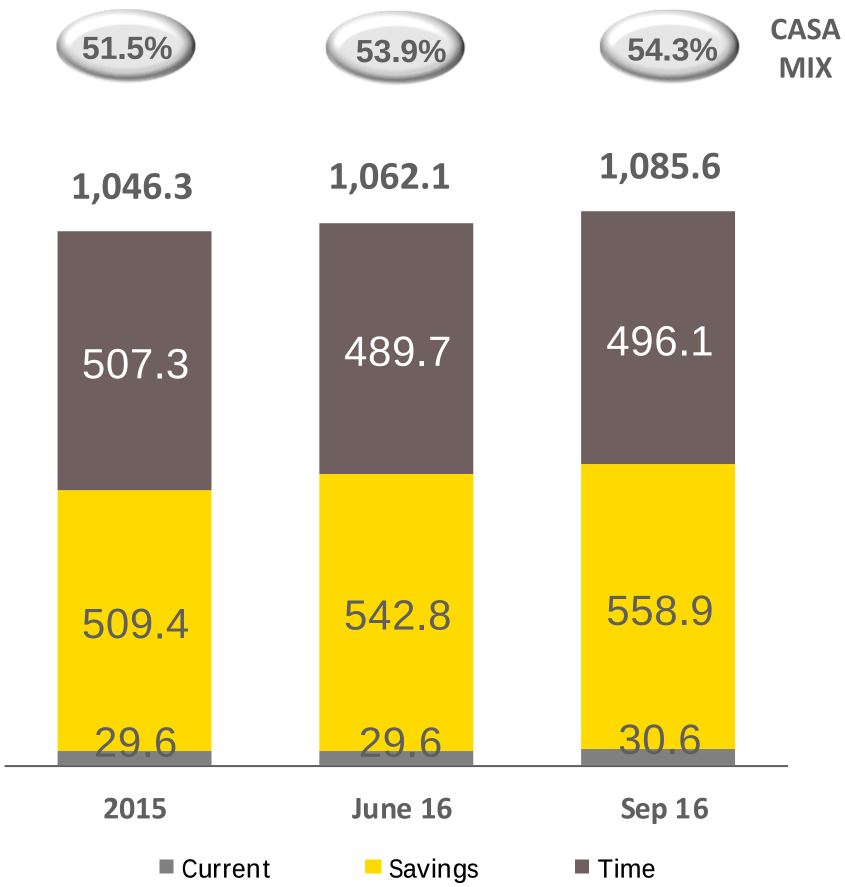
## Growth in deposits, and CASA increased to 54.3%

### Funding Mix

Consolidated
(Baht Billion)




### Deposits

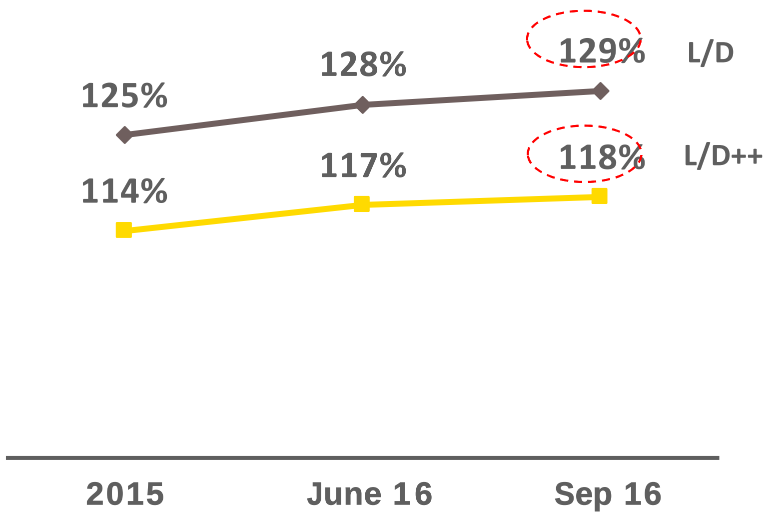


# Capital and Liquidity

## Improvement of capital position, CAR equivalent to 14.8%

### Loan to Deposit

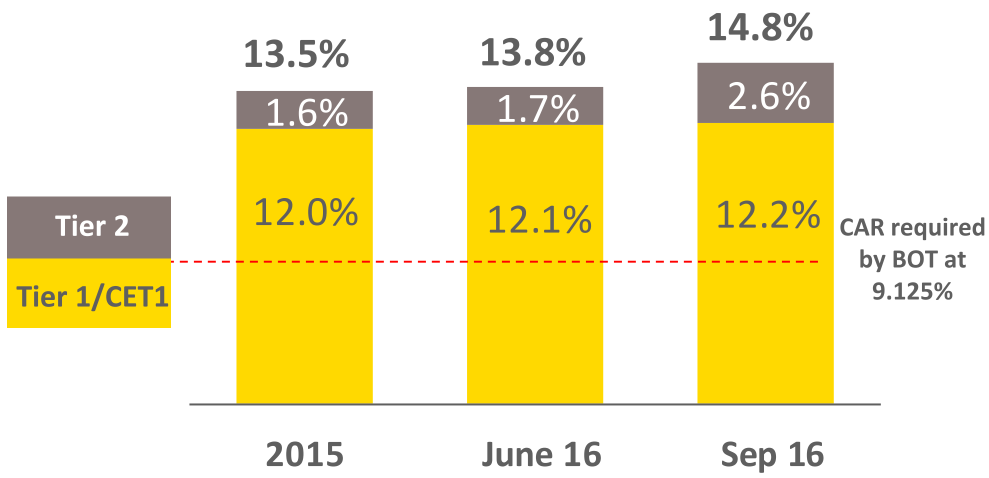
Consolidated




*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 | June 16 | Sep 16 |
|---|---|---|---|
| Tier 1/CET 1 | 146.18 | 153.38 | 158.60 |
| Tier 2 | 20.08 | 21.20 | 32.92 |
| Total Capital | 166.26 | 174.58 | 191.52 |

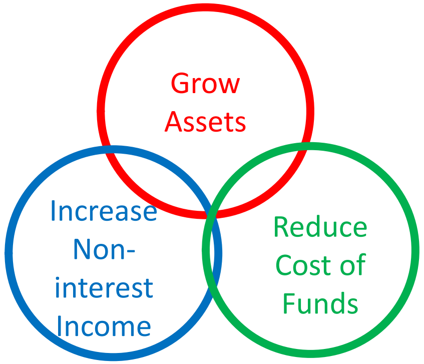
# The Summary of Key Financial Performance

| Consolidated | 2015 | 1H/16 | 3Q/16 | 9M/16 | 2016 Targets | |
|---|---|---|---|---|---|---|
| Loan Growth (Net) | +290.7 bn<br>+28.7% | +113.5 bn<br>+9.1% | +45.6 bn<br>+3.4% | +167.2 bn<br>+13.5% | 8-9%* | ~ |
| NPLs Ratio | 2.24% | 2.20% | 2.10% | 2.10% | < 2.5% | ✓ |
| Deposit Mix: Savings and Current | 52% | 54% | 54% | 54% | > 50% | ✓ |
| Loan Mix : Retail | 43% | 43% | 44% | 44% | ~ 40% | ✓ |
| L/Deposit+Debenture+B/E | 114% | 117% | 118% | 118% | n.d. | ~ |
| NIM | 4.15% | 3.78% | 3.77% | 3.76% | ~ 3.7% | ✓ |
| Non-interest income growth (YoY) | 18.1% | 11.0% | 18.9% | 13.7% | 7.0%+ | ✓ |
| Cost to Income Ratio | 47.1% | 46.1% | 46.2% | 46.1% | < 50% | ✓ |
| Provisions | 153 bps | 157 bps | 152 bps | 152 bps | ~ 145 bps | ~ |
| Loan Loss Coverage | 141% | 146% | 152% | 152% | 135%+ | ✓ |
| CAR *(Bank Only)* | 13.6% | 13.8% | 14.8% | 14.8% | n.d. | ~ |

** Loan growth target revised up from 5-6% to 8-9% including consolidated loan from HKL*

# 9M 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 18.6% YtD
- Become a core bank to commercial customers

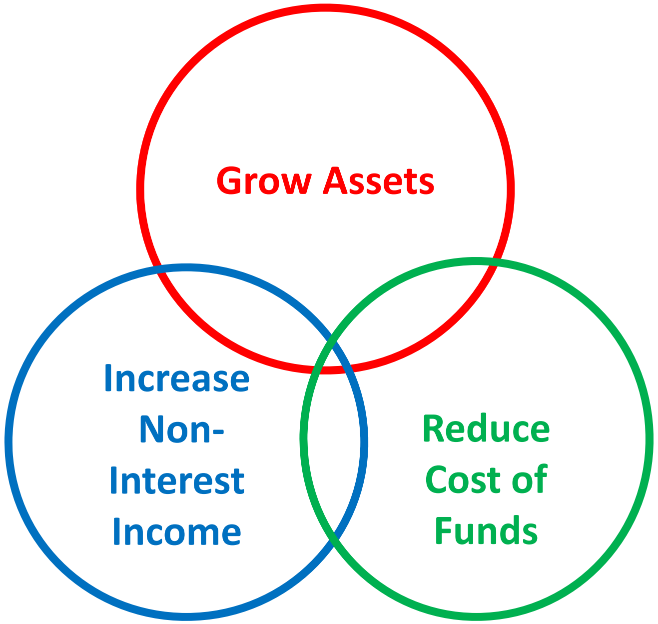
## Increase non-interest income

- 9M/16 Non-interest income increased 13.7% YoY
- 9M/16 FX transaction increased 19.4% YoY

## Reduce Cost of Funds

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

# Progress Update




Expand Customer Base

☑ Enhance Delivery Channels, Including Branches

- 13 new local banking branches
- 410 ATMs

☑ MUFG/BTMU Synergy

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

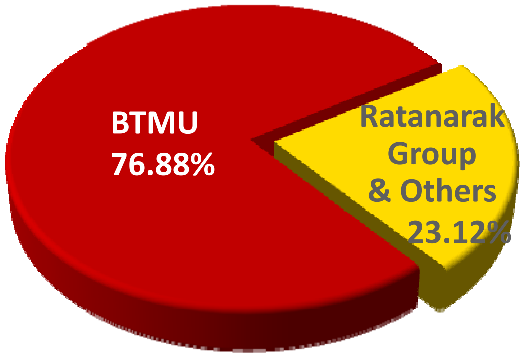
☑ Retail & Commercial Collaboration

# Krungsri Profile

# 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)

** Ngern Tid Lor Co., Ltd., changed its name from CFG Services Co., Ltd. on 1 Oct 2015*

# 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 August 2016 | Market Position | % Share |
|---|---|---|
| **Consumer** | | |
| Personal Loan | 1 | 26% |
| Credit Card | 1 | 14% |
| Auto (HP) | 2 | 23% |
| **SME** | 6 | 5% |
| **Corporate** | 4 | 12% |

## Extensive Franchise: 29,494 Service Outlets

| As of September 2016 | Number |
|---|---|
| Domestic Branches | 686 * |
| Overseas Branches | 3 |
| Representative Office | 1 |
| ATMs | 6,045 |
| Exchange Booths | 94 |
| Krungsri Exclusive | 19 |

| As of September 2016 | Number |
|---|---|
| Krungsri Business Centres | 55 |
| First Choice Branches + Dealers | 138 Branches + 18,197 Dealers |
| Krungsri Auto Dealers | > + 8,700 Dealers |
| Micro Finance Branches | 448 |
| Micro Finance Oversea Branches (HKL) | 154 |
| Thai Post Offices | > + 1,000 |

** Krungsri Domestic Branches = 686 Branch, of which 649 are Banking Branches and 37 are Auto Business Branches*




## Contact

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