krungsri
กรุงศรี
A member of MUFG
a global financial group

3Q 2017 and 9M 2017

Financial Performance

19 October 2017

"Make Life Simple เรื่องเงิน เรื่องง่าย"

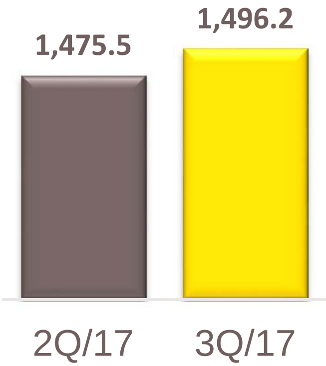
Highlights

3Q 2017 Key Financial Highlights

Loan Growth

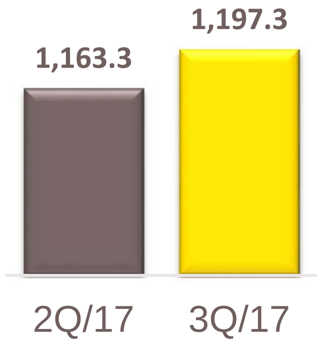
+1.4% QoQ / +6.6% YoY

Consolidated
(Baht Billion)



Deposit Growth

+2.9% QoQ / +10.3% YoY



CASA

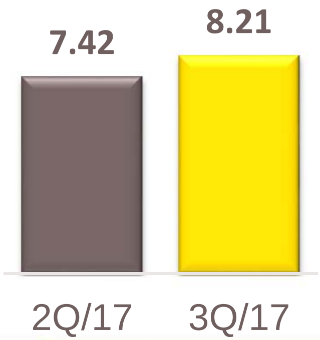
47.6%

NIM

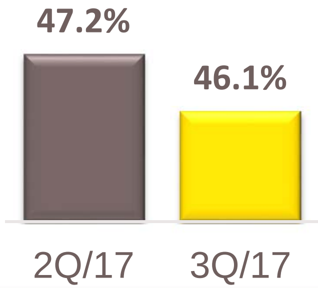
3.89%

Non-interest Income Growth

+10.6% QoQ / +2.9% YoY



Cost-to-Income Ratio



NPL

2.16%

Coverage

149%

Thailand Economic Outlook

2017-2018 Outlook: The Thai economy is likely to see a more balanced recovery with projected growth of 3.8% this year and 3.7% next year.

2017-2018 Key Economic Forecasts

% YoY growth unless otherwise stated	2016A	2017F*	2018F*
GDP	**3.2**	**3.8**	**3.7**
Private Consumption	3.1	3.2	3.3
Private Investment	0.4	2.1	3.5
Exports (In USD term)	0.1	6.5	4.5
Headline Inflation	0.2	0.6	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 several years, favorable weather this year boosts farm output and income. Government is speeding up infrastructure investment. However, new foreign labor law may create risks to domestic construction and investment.
- Policy interest rate is likely to be unchanged at least until mid-2018 given low inflation and still-weak private investment.

Source: Krungsri Research

Tailwinds

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

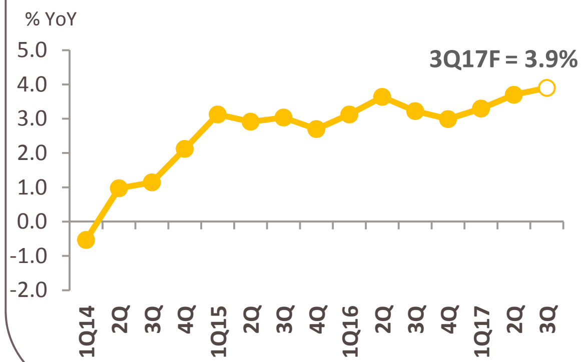
Headwinds

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

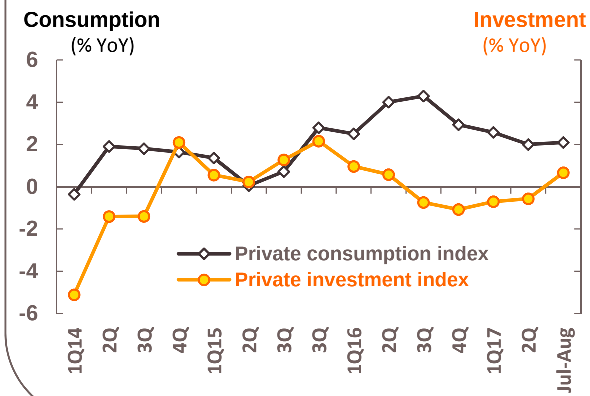
Recent Economic Development

- 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.

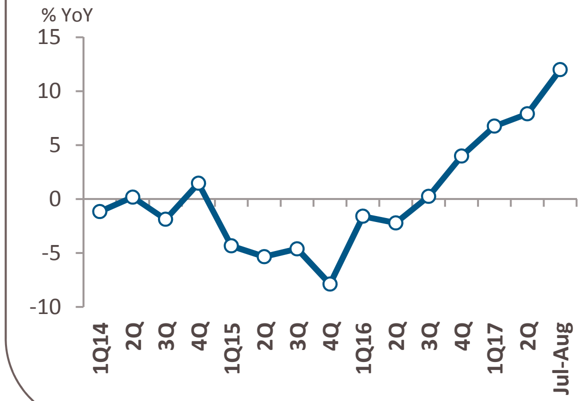
GDP: continues to expand in 3Q17



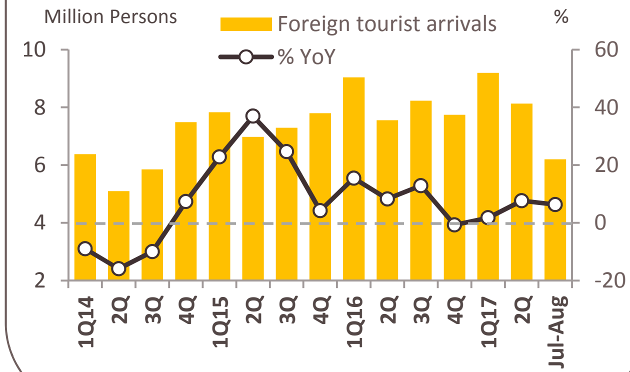
Domestic demand: consumption grows and investment picks up



Exports: surprised growth amid rising global demand and higher prices



Tourism: Chinese arrivals turn around



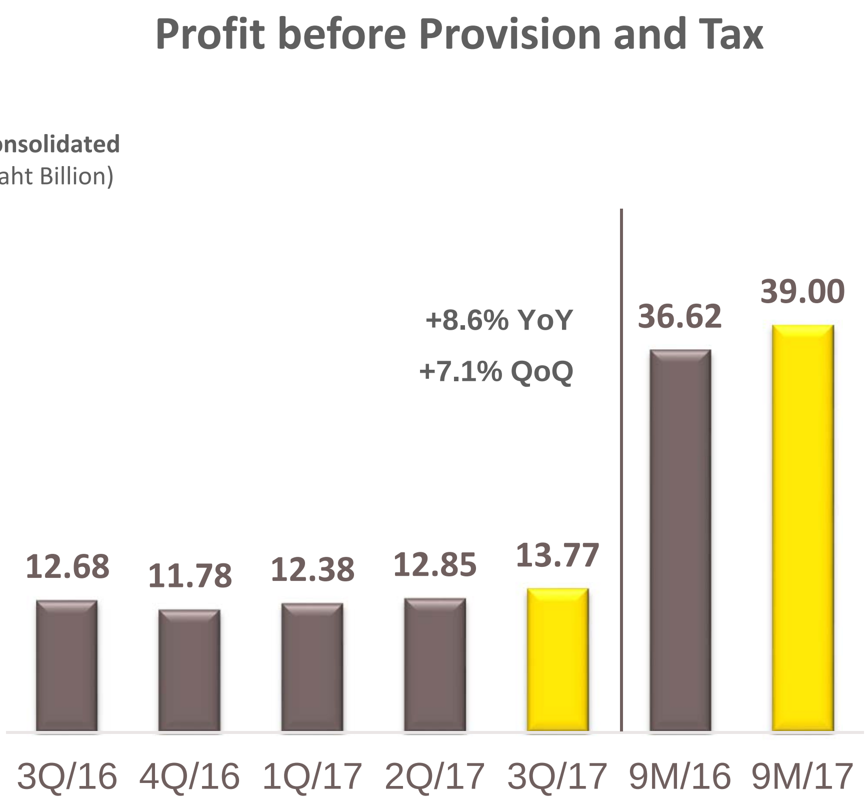
Source: BOT, Department of Tourism, Krungsri Research

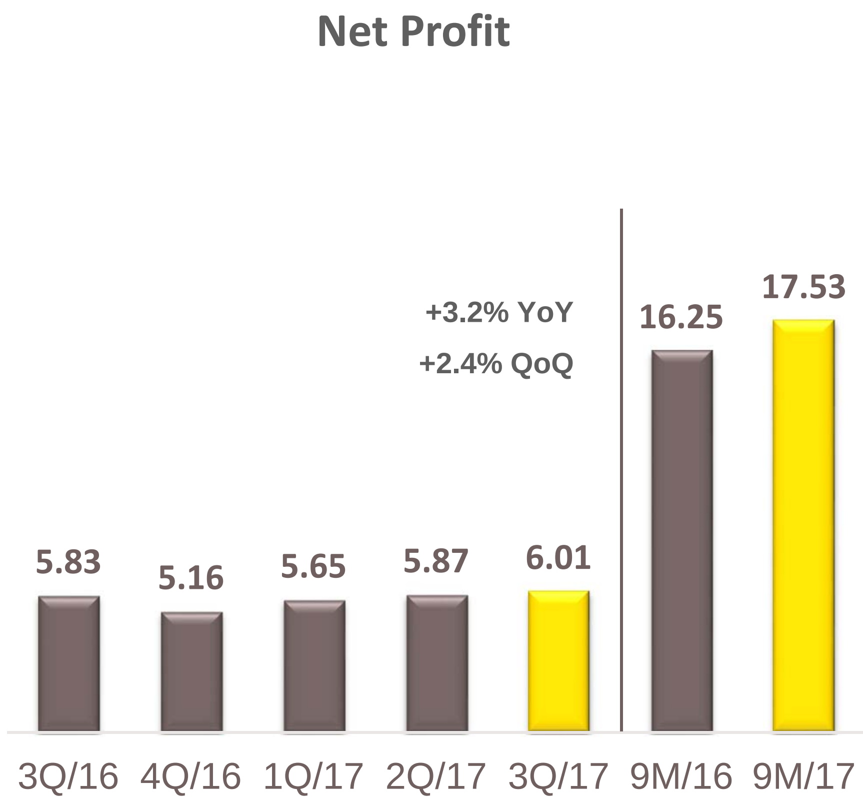
Financial Performance

Profitability

The solid financial results were driven by higher net interest income and net fees and service income

Consolidated
(Baht Billion)



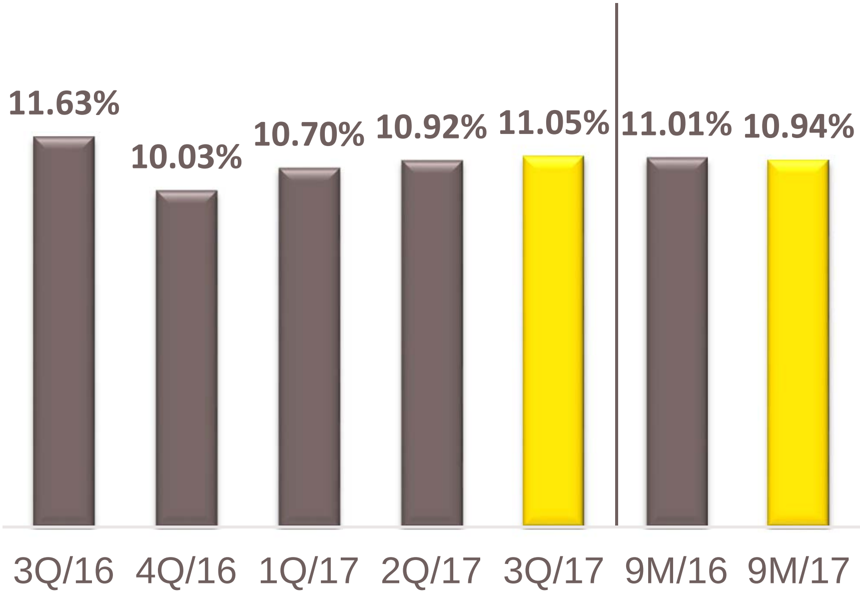


ROAE & ROAA

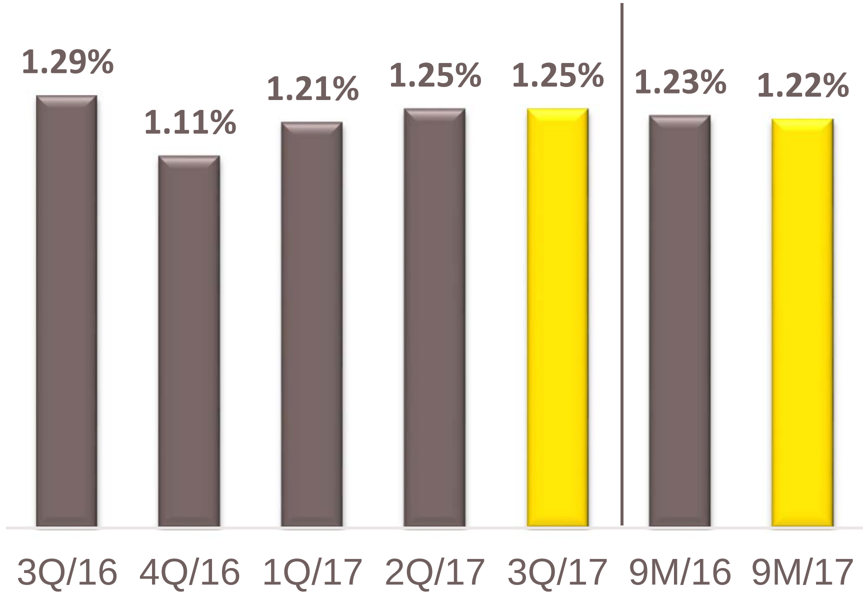
Reported ROAE at 11.05% and ROAA at 1.25%

ROAE

Consolidated



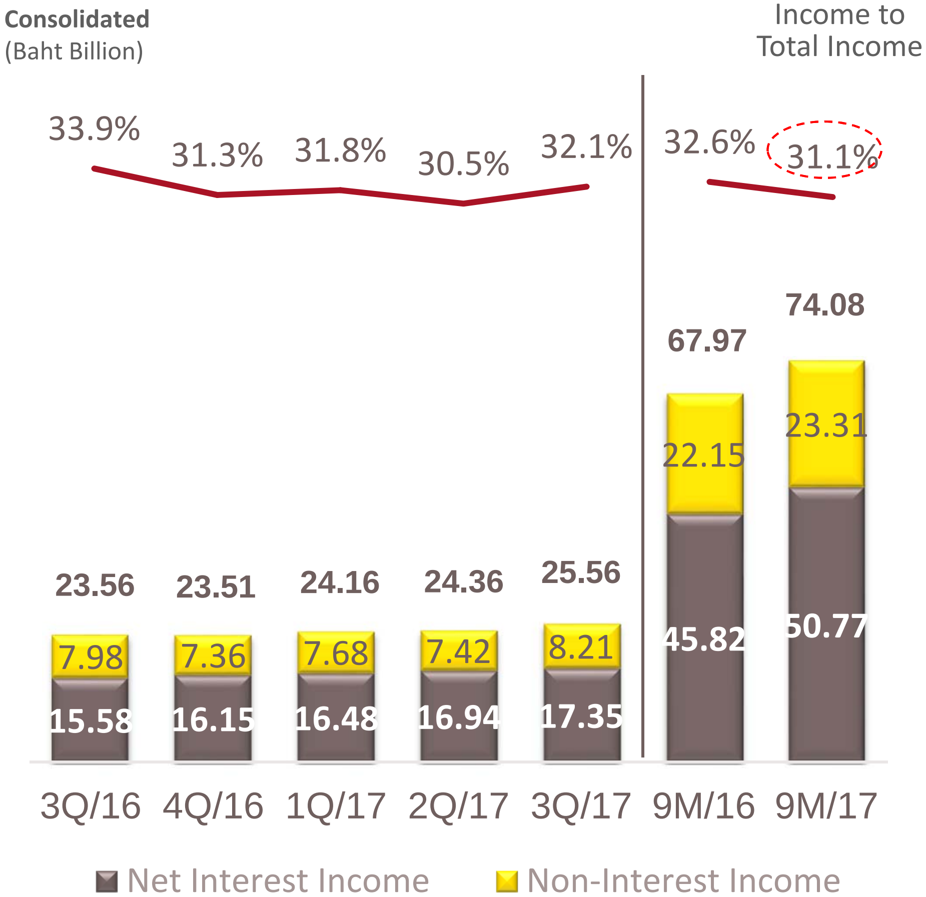
ROAA



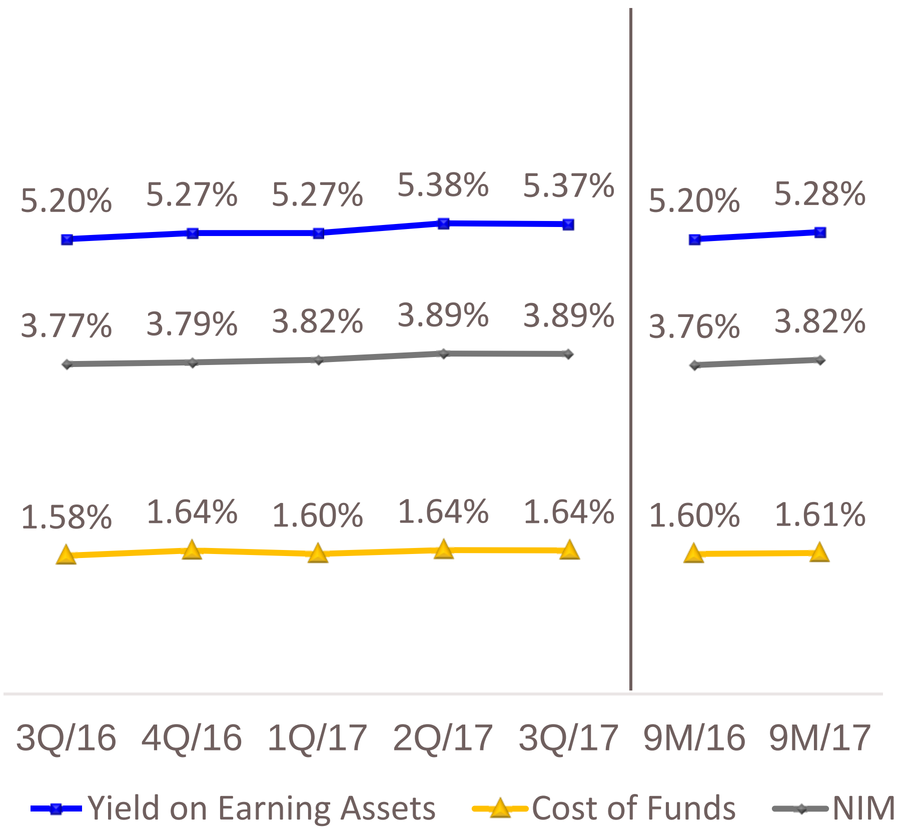
Profitability Measurement

NIM was maintained at 3.89%

Total Income

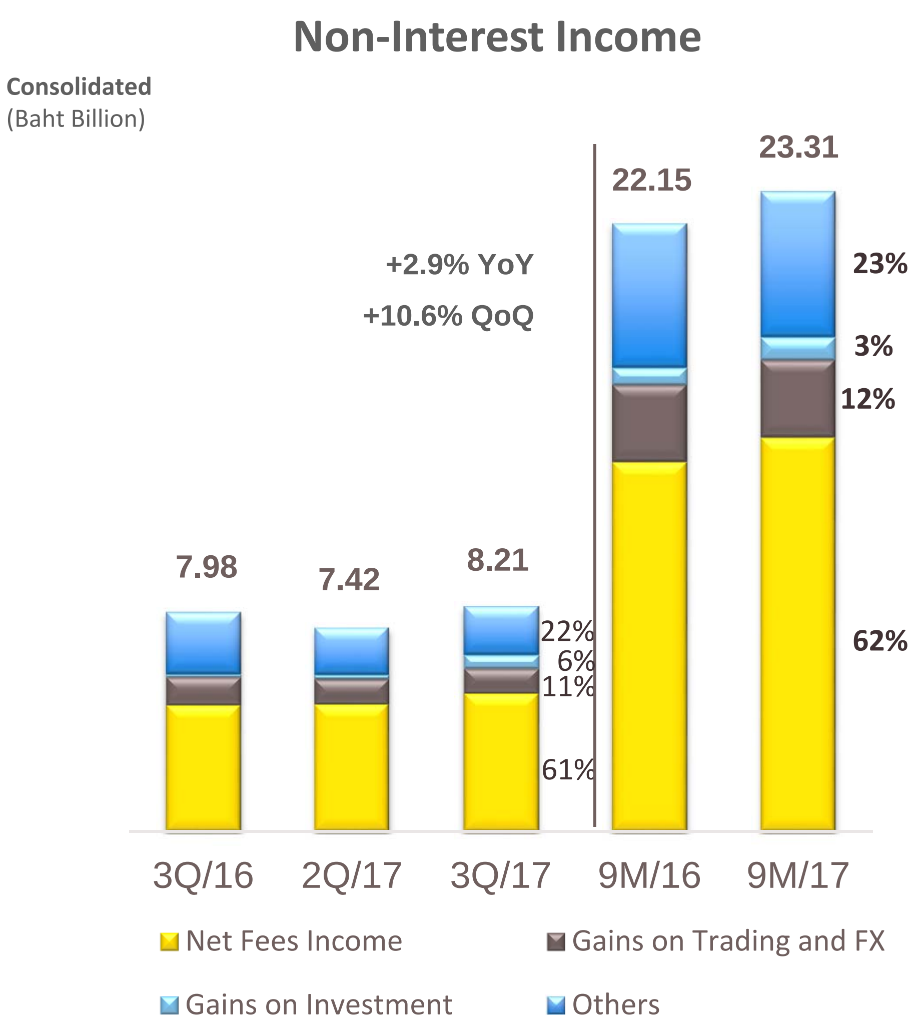


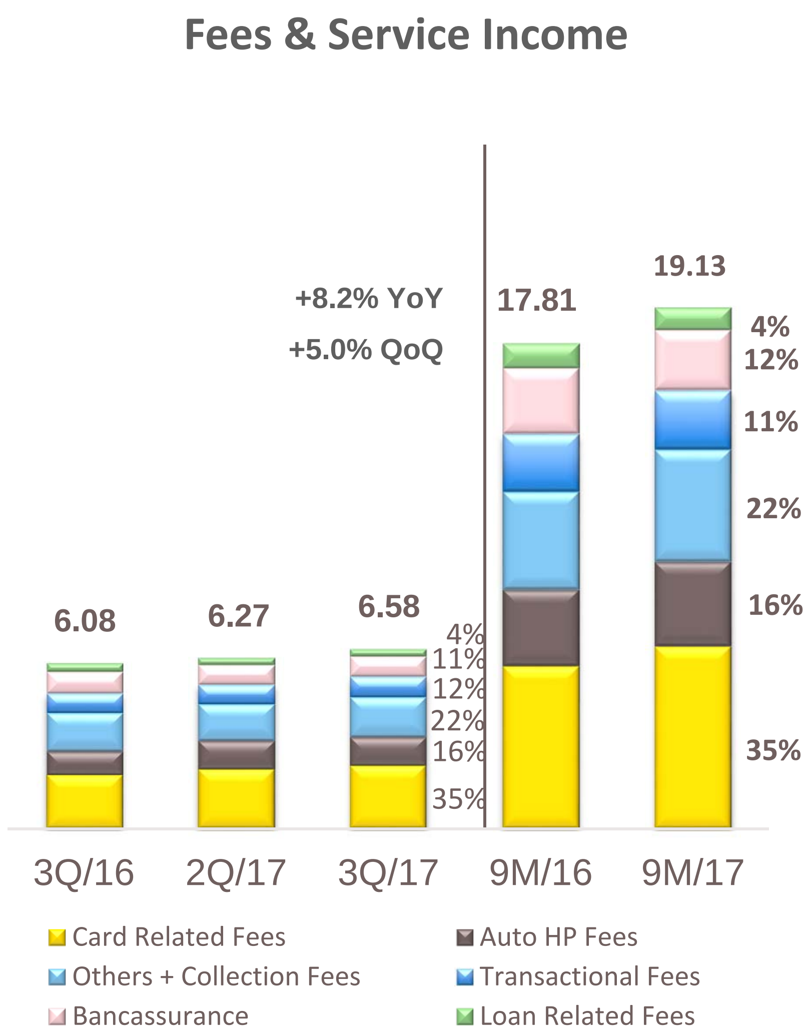
Yield & Cost of Funds



Non-Interest Income & Fees and Service Income

Non-interest income increased by 10.6%, mainly driven by an increase in net fees and service income and gains on investments



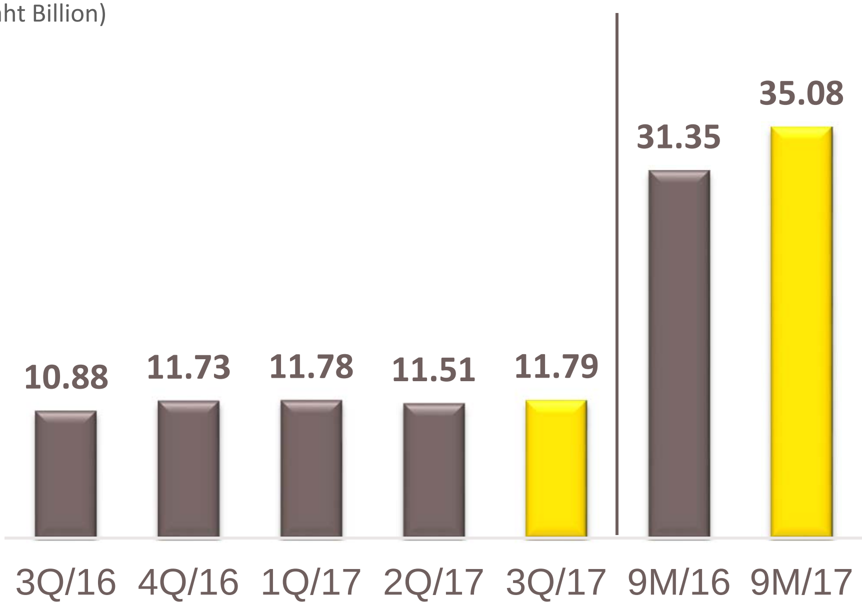


Productivity

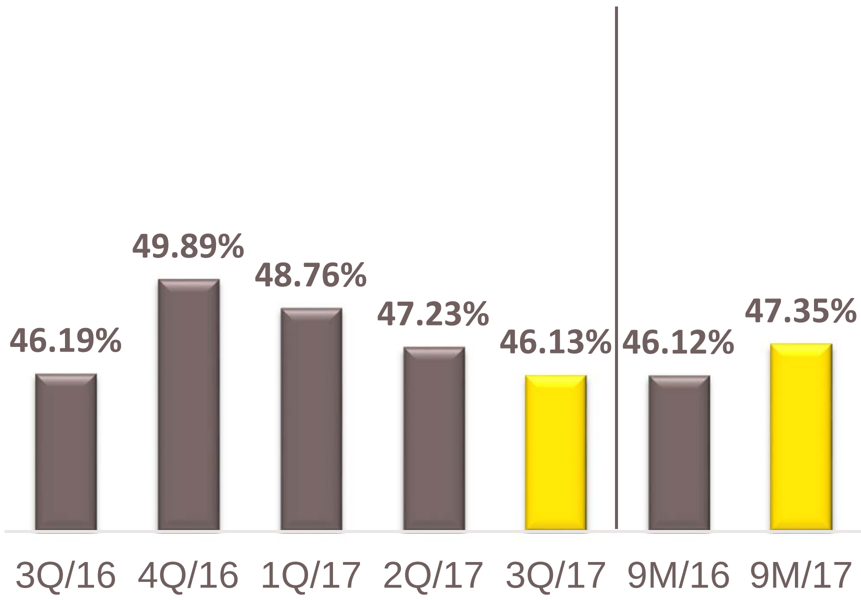
Cost to income ratio improved to 46.1%, reflecting higher operating income and effective expense management

Operating Expenses

Consolidated
(Baht Billion)

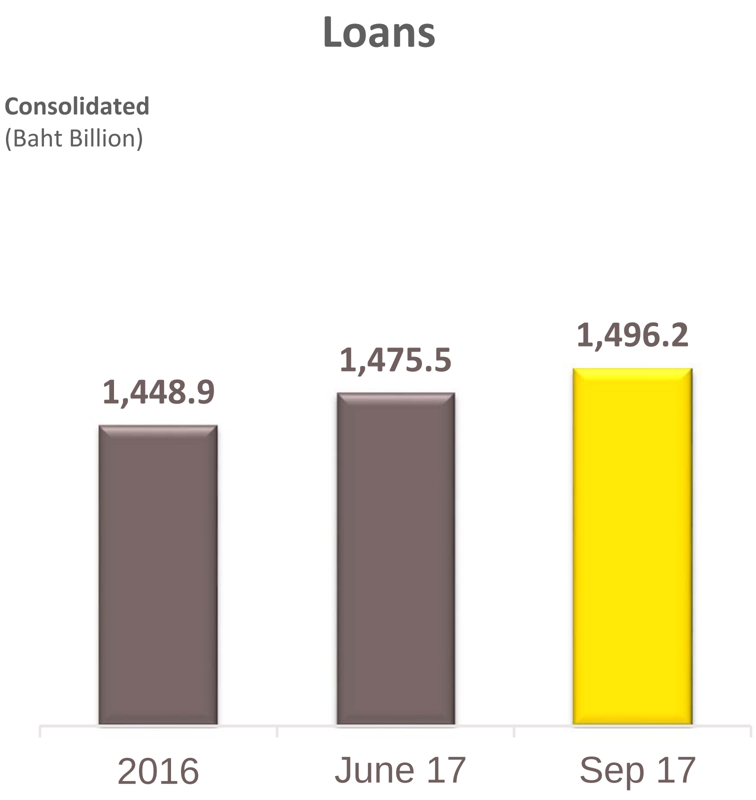


Cost to Income Ratio



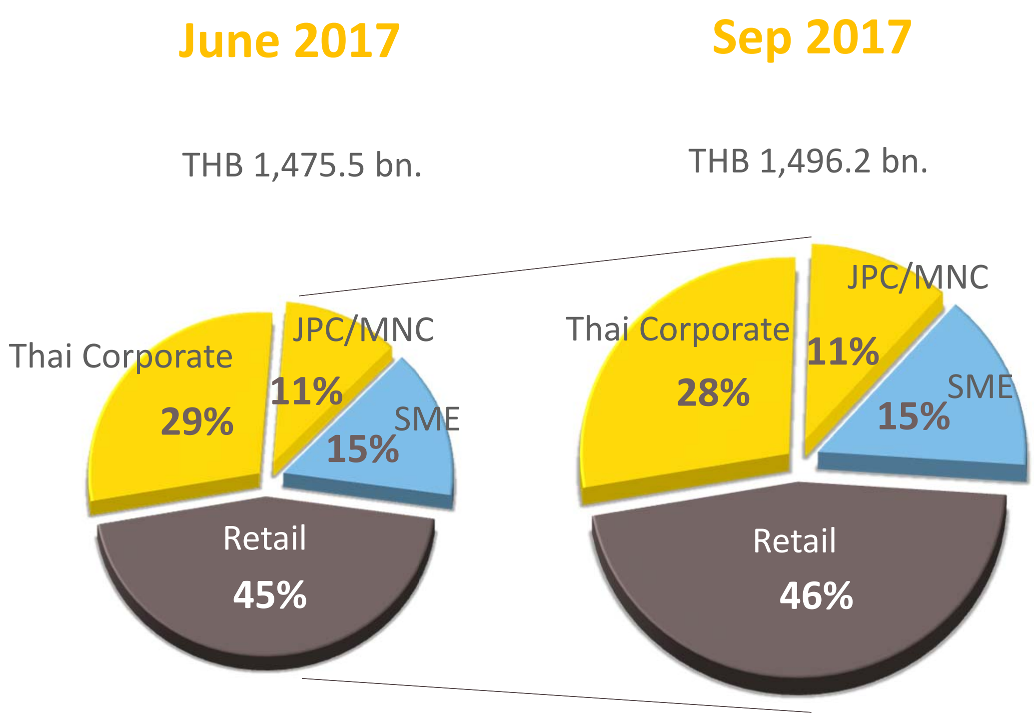
Loan Portfolio

The growth of total loans was mainly driven by broad-based retail loans and the SME segment



Loan Growth **+1.4% QoQ**

+3.3% YtD



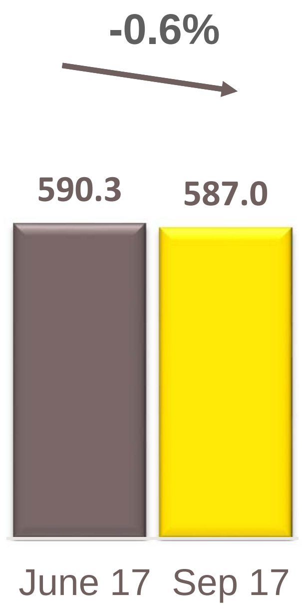
Retail

Auto HP	21%
Mortgage	14%
Credit Card & Personal Loans	11%

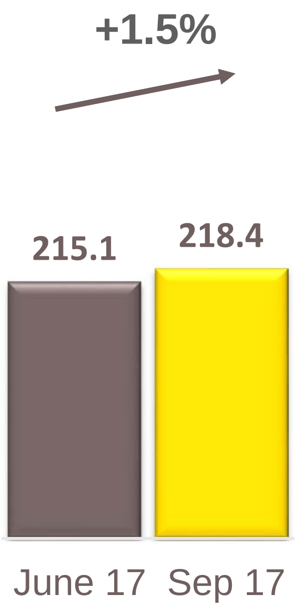
Loans by Segments

Corporate Loan

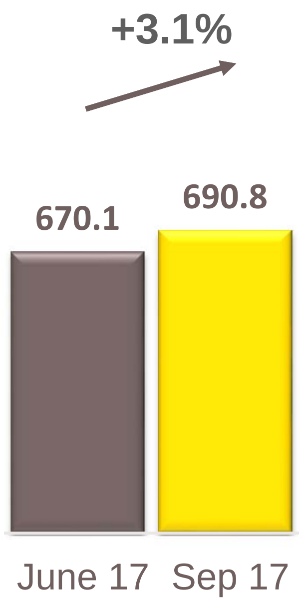
Consolidated
(Baht Billion)



SME Loan



Retail Loan

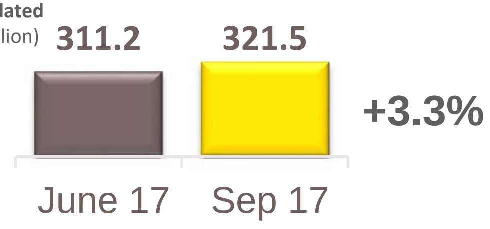


Under Retail Segment

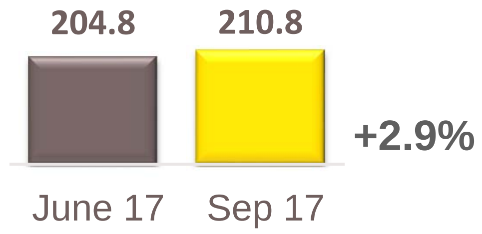
Hire Purchase

(Including Ngern Tid Lor)

Consolidated
(Baht Billion)

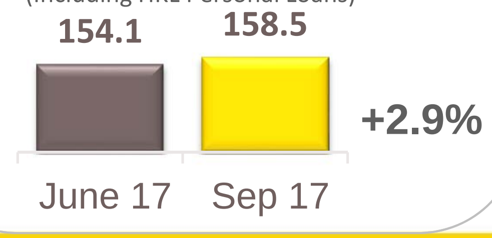


Mortgage



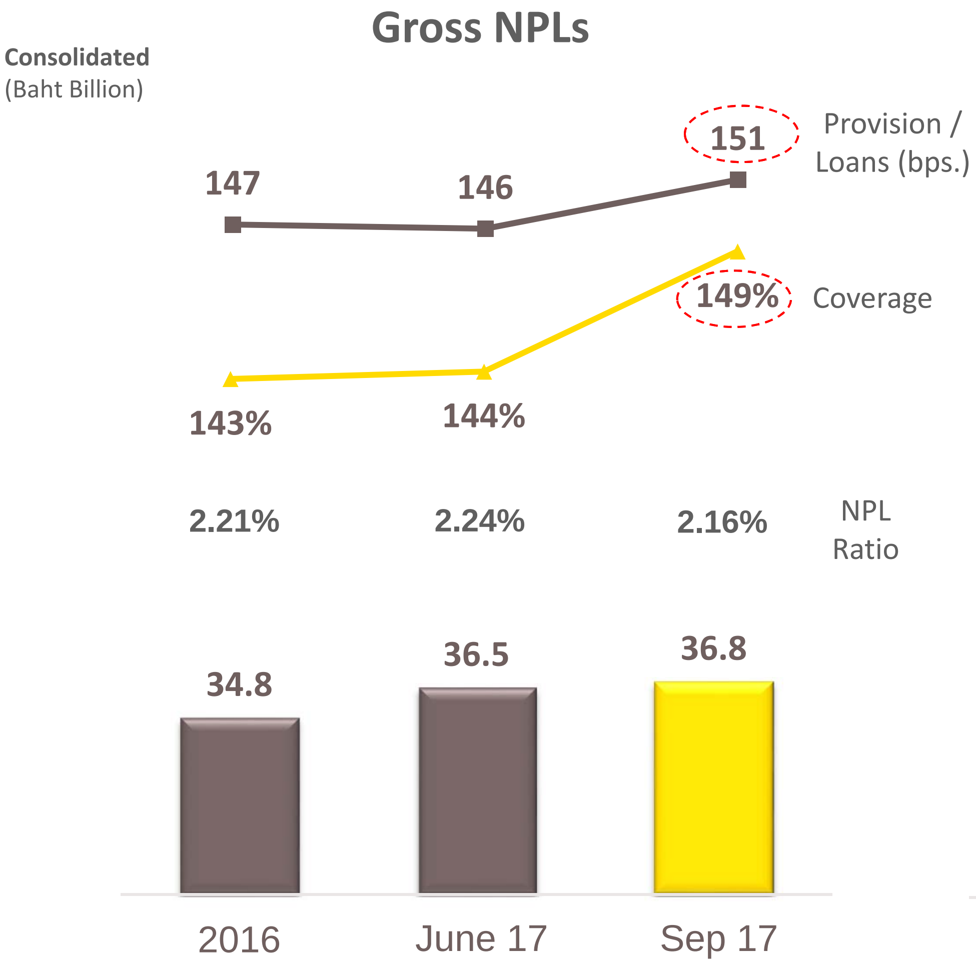
Credit Cards and Personal Loans

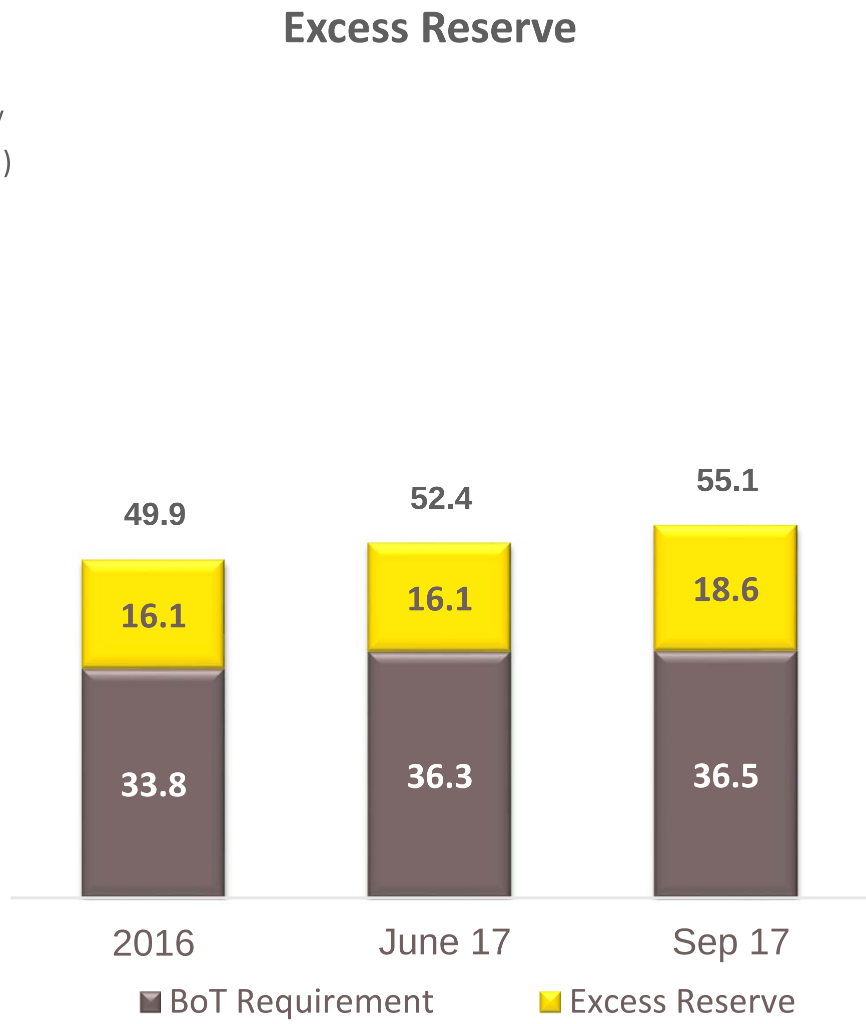
(Including HKL Personal Loans)



Asset Quality

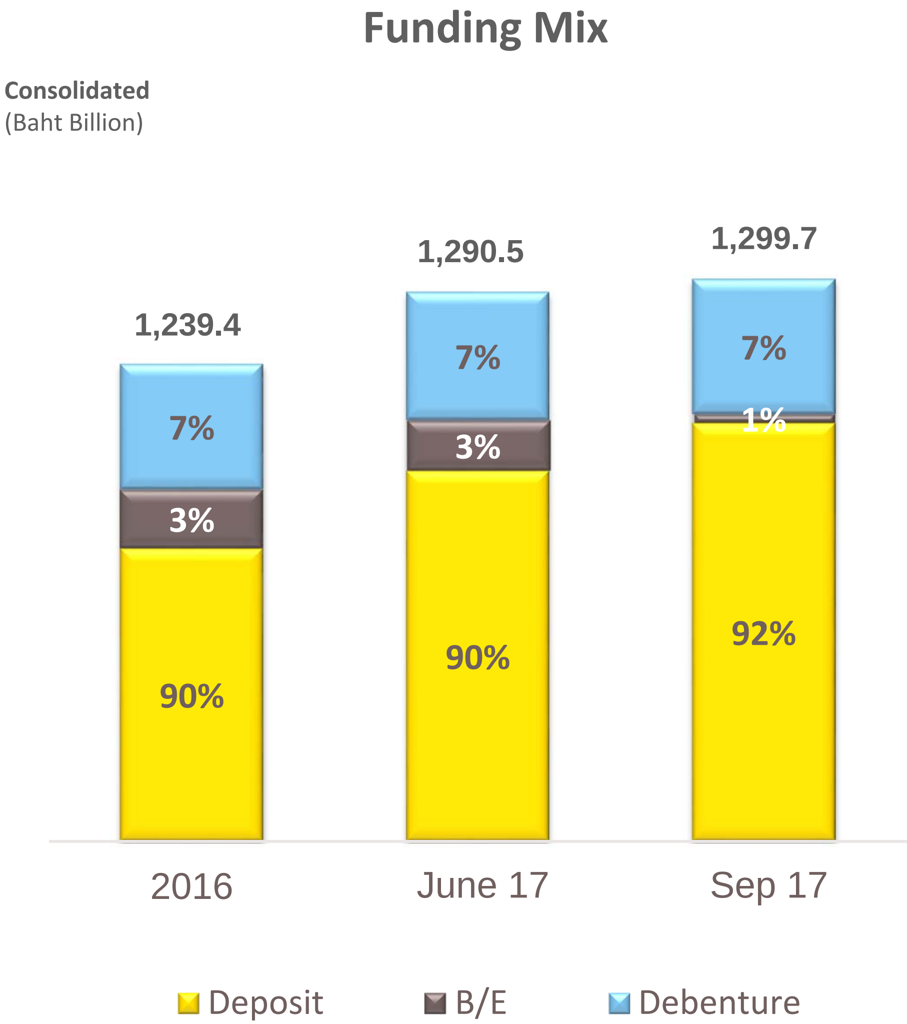
NPL ratio improved to 2.16%, with strong reserve position

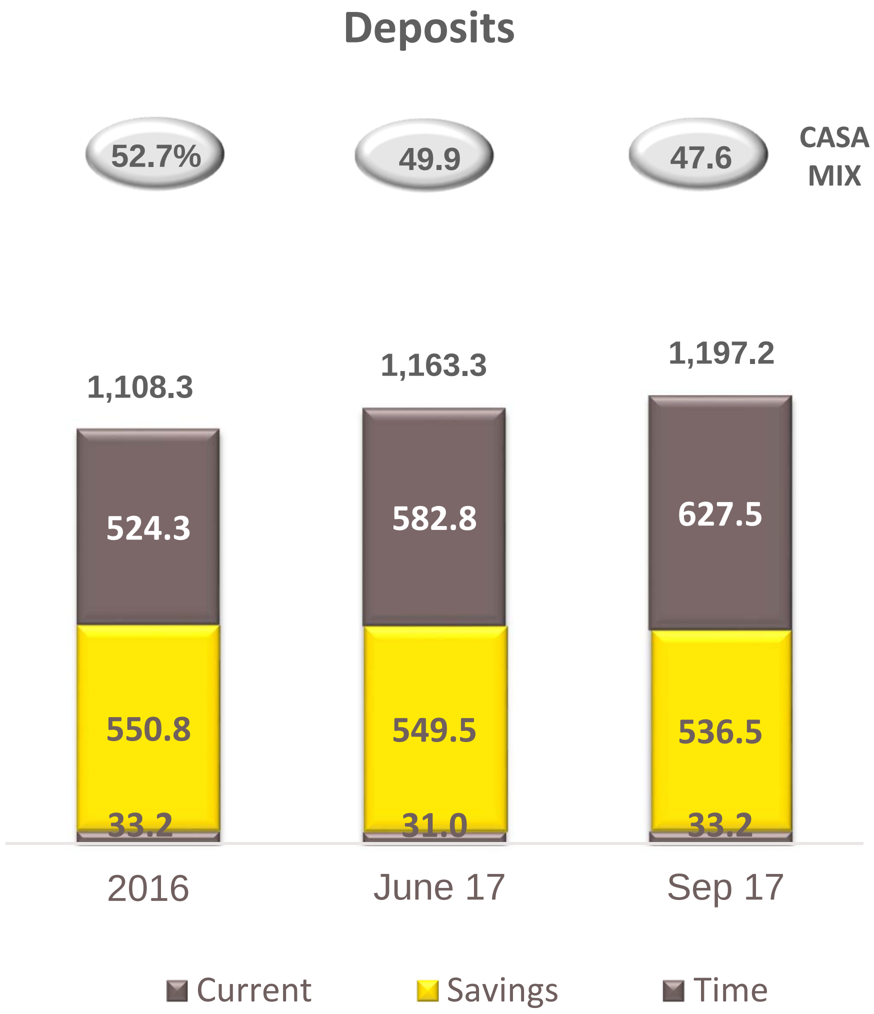




Funding Base

The growth of deposits was mainly resulted from time deposits with maturity less than one year

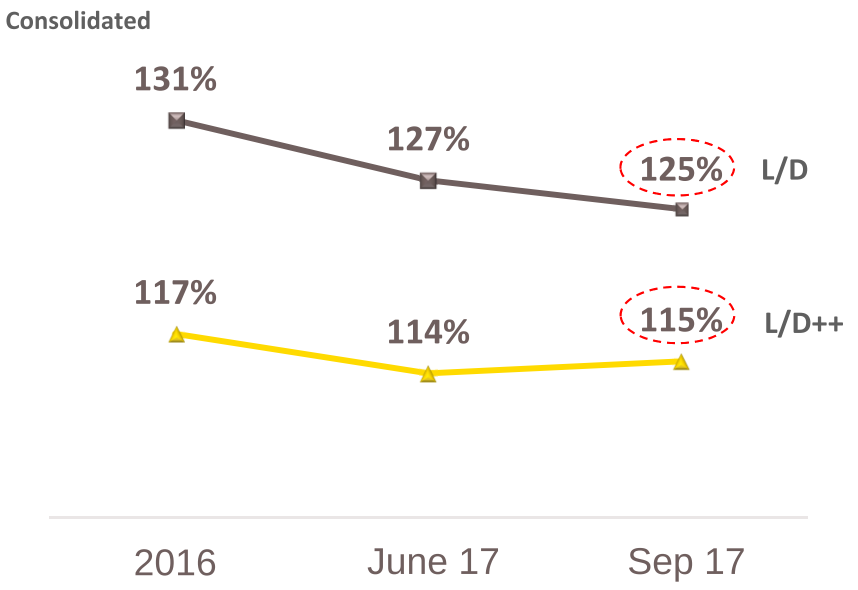




Capital and Liquidity

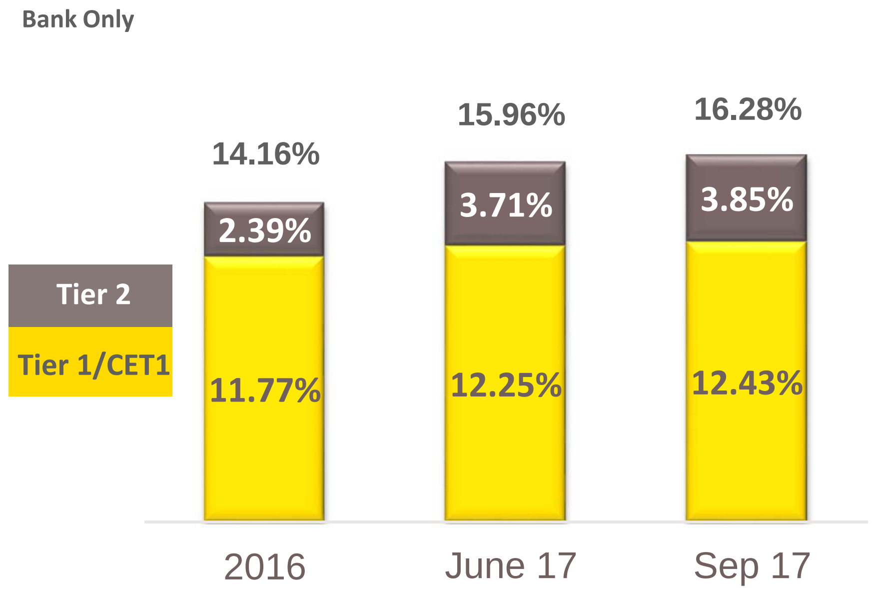
Solid capital position, CAR equivalent to 16.28%

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	Jun-17	Sep-17
Tier 1/CET 1	158.83	162.95	167.69
Tier 2	32.26	49.38	51.89
Total Capital	191.09	212.33	219.58

The Summary of Key Financial Performance

Consolidated	2016	1H/17	3Q/17	9M/17	2017 Targets	
Loan Growth (Net)	+145.4 bn +11.2%	+26.6 bn +1.8%	+20.7 bn +1.4%	+47.3 bn +3.3%	6-8%	✓
NPLs Ratio	2.21%	2.24%	2.16%	2.16%	< 2.5%	✓
Deposit Mix: Savings and Current	53%	50%	48%	48%	> 50%	~
Loan Mix : Retail	44%	45%	46%	46%	~ 40%	✓
L/Deposit+Debenture+B/E	117%	114%	115%	115%	n.d.	n.d.
NIM	3.74%	3.82%	3.89%	3.82%	~ 3.7%	✓
Non-interest income growth* (YoY)	11.7%	6.5%	2.9%	5.2%	5.0%+	✓
Cost to Income Ratio	47.1%	48.0%	46.1%	47.4%	< 50%	✓
Provisions	147 bps	146 bps	165 bps	151 bps	~ 140 bps	~
Loan Loss Coverage	143%	144%	149%	149%	140%+	✓
CAR *(Bank Only)*	14.16%	15.96%	16.28%	16.28%	n.d.	n.d.

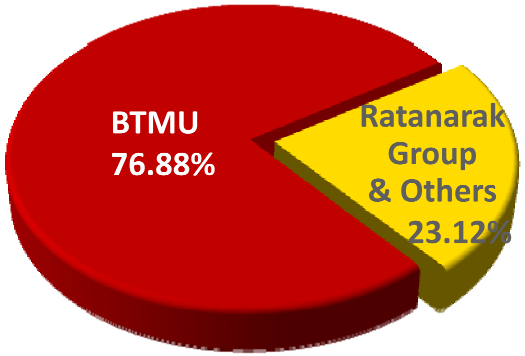
* *Net Fees Income + Non-Interest and Non-Fees Income*

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: Set up 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 August 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: 32,892 Service Outlets

As of September 2017	Number
Domestic Branches	697 *
Overseas Branches	2
Representative Office	1
ATMs	6,454
Exchange Booths	97
Krungsri Exclusive	38

As of September 2017	Number
Krungsri Business Centres	63
First Choice Branches + Dealers	157 Branches + 20,500 Dealers
Krungsri Auto Dealers	> + 9,600 Dealers
Microfinance Branches	574
Microfinance Overseas Branches (HKL)	163
Thai Post Offices	> + 1,000

** Krungsri Domestic Branches = 697 Branch, of which 660 are Banking Branches and 37 are Auto Business Branches*

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