



krungsri
กรุงศรี

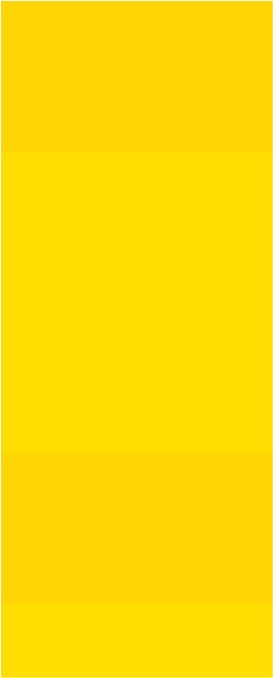
A member of  MUFG
a global financial group

Deutsche TISCO: Thailand Financial Services Corporate Day

3Q 2017 and 9M 2017 Financial Performance

22 December 2017

"Make Life Simple เรื่องเงิน เรื่องง่าย"

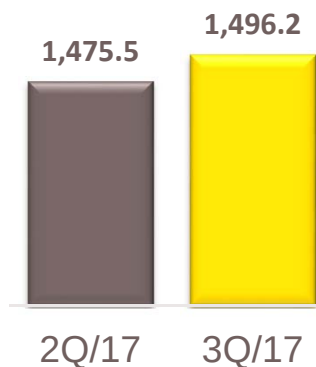


Highlights

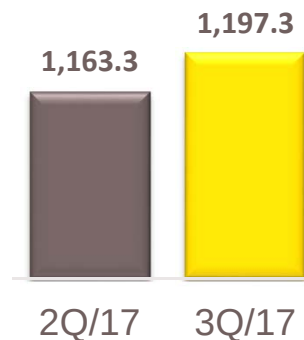
3Q 2017 Key Financial Highlights

Loan Growth
+1.4% QoQ / +6.6% YoY

Consolidated
(Baht Billion)



Deposit Growth
+2.9% QoQ / +10.3% YoY



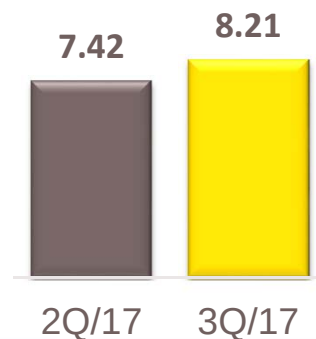
CASA

47.6%

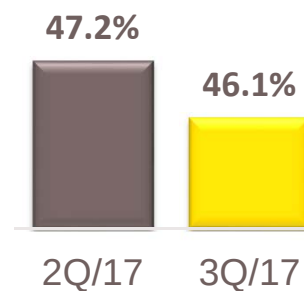
NIM

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 4.0%.

2017-2018 Key Economic Forecasts

% YoY growth unless otherwise stated	2016A	2017F*	2018F*
GDP	3.2	4.0	4.0
Private Consumption	3.1	3.2	3.3
Private Investment	0.4	2.1	3.5
Exports (In USD term)	0.1	8.5	4.5
Headline Inflation	0.2	0.7	1.7
Policy Interest Rate (% , end of period)	1.50	1.50	1.75

Note: * 2017-18 forecast by Krungsri Research as of Nov. 2017

- **Key drivers** are still-buoyant export growth, robust tourism sector, rising business investment, broader consumption recovery and government's economic measures.
- Global economic upswing continues to encourage export and tourism sectors. Rising confidence and moderate income growth are upholding consumption. Accelerating infrastructure investments and EEC projects should revitalize private investment.
- We see first rate hike in 2H18, when inflation should exhibit stronger and steadier path towards target and economic growth becomes more broad-based in both demand- and supply-side.

Tailwinds

- Cyclical recovery of global economy
- Increasing infrastructure investment and EEC projects
- Stronger confidence with clearer timeframe of general election
- Waning first-car debt burden, favorable farm and non-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 some impact from new foreign labor law
- High household debt
- Structural problems e.g. lack of competitiveness

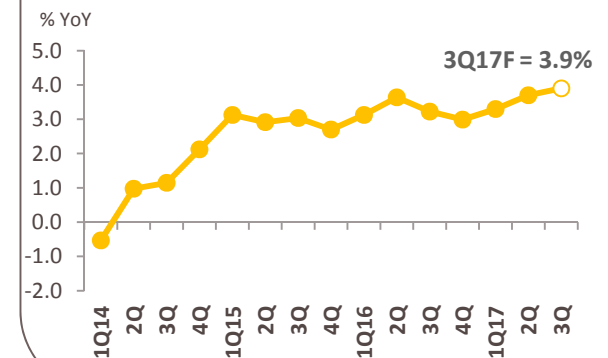
Source: Krungsri Research

Recent Economic Development

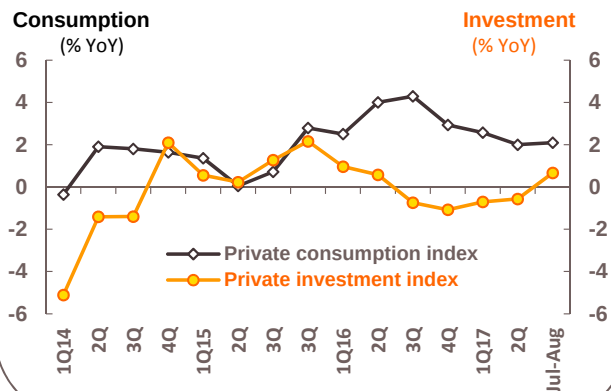
- A recovery of economic activity continues and becomes broader-based

- 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.

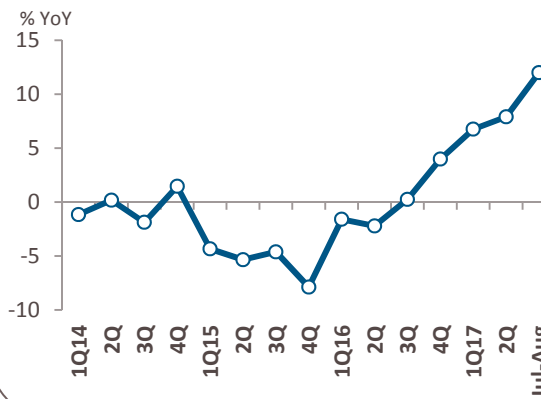
GDP: continues to expand in 3Q17



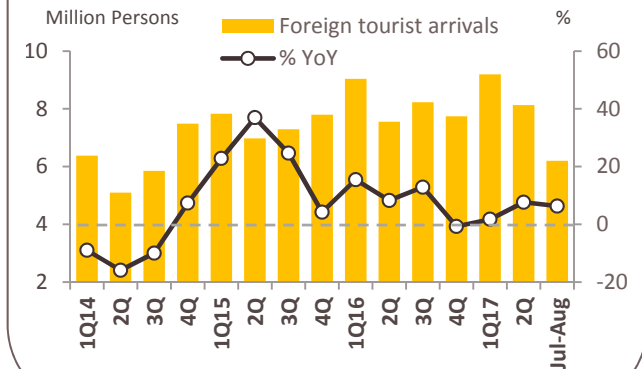
Domestic demand: consumption grows and investment picks up



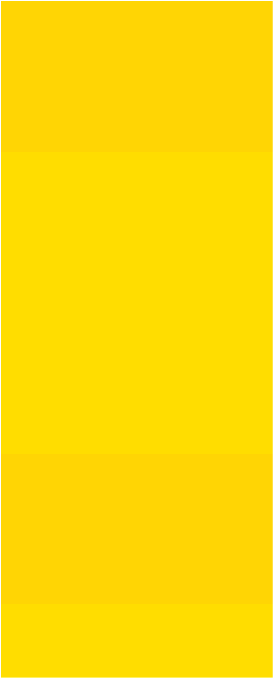
Exports: surprised growth amid rising global demand and higher prices



Tourism: Chinese arrivals turn around



Source: BOT, Department of Tourism, Krungsri Research



Financial Performance

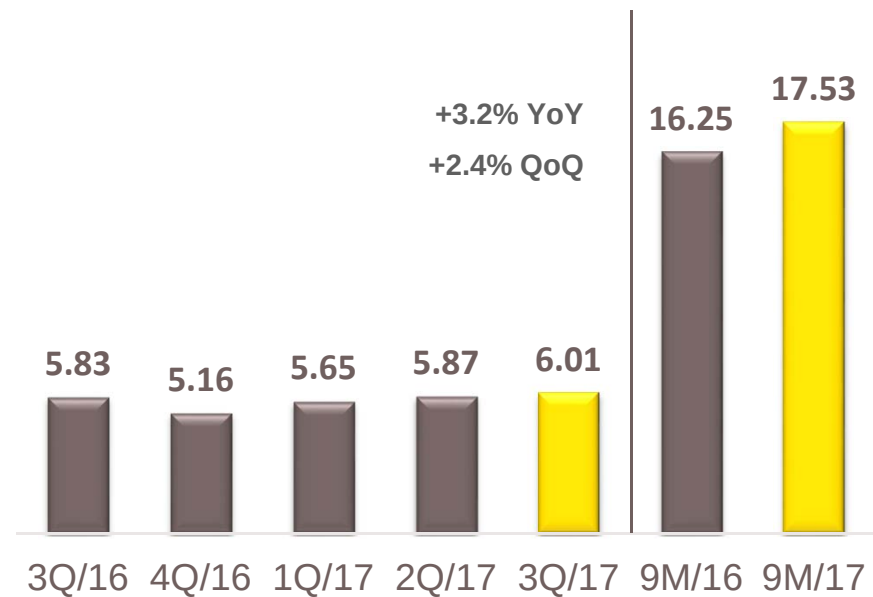
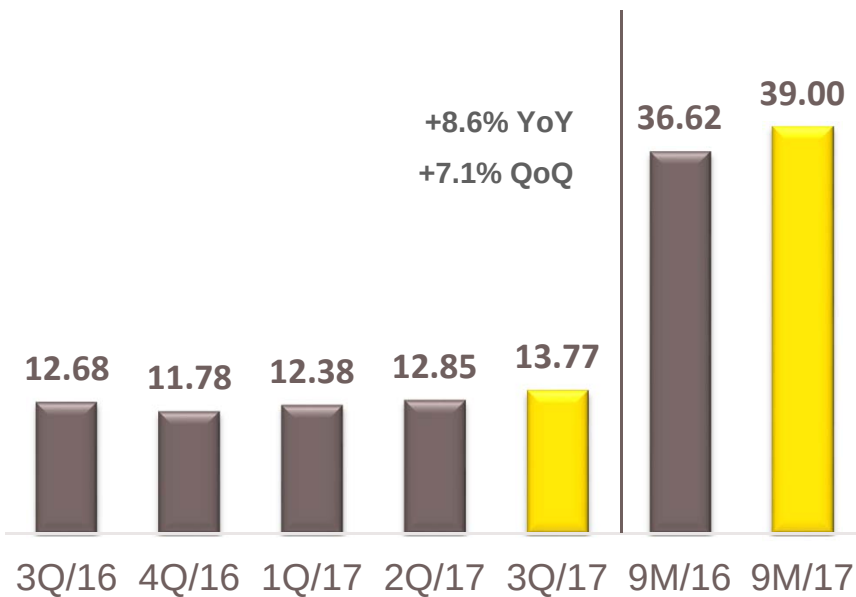
Profitability

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

Profit before Provision and Tax

Net Profit

Consolidated
(Baht Billion)



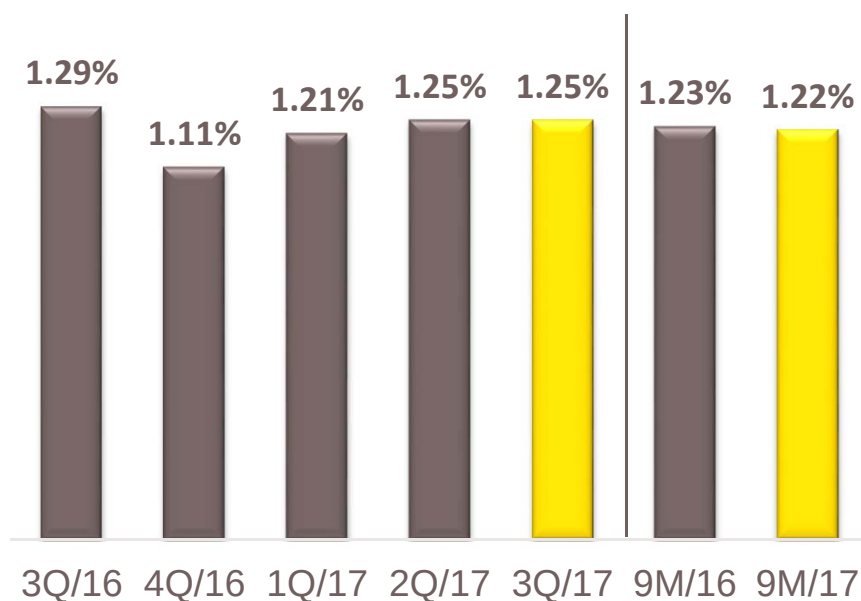
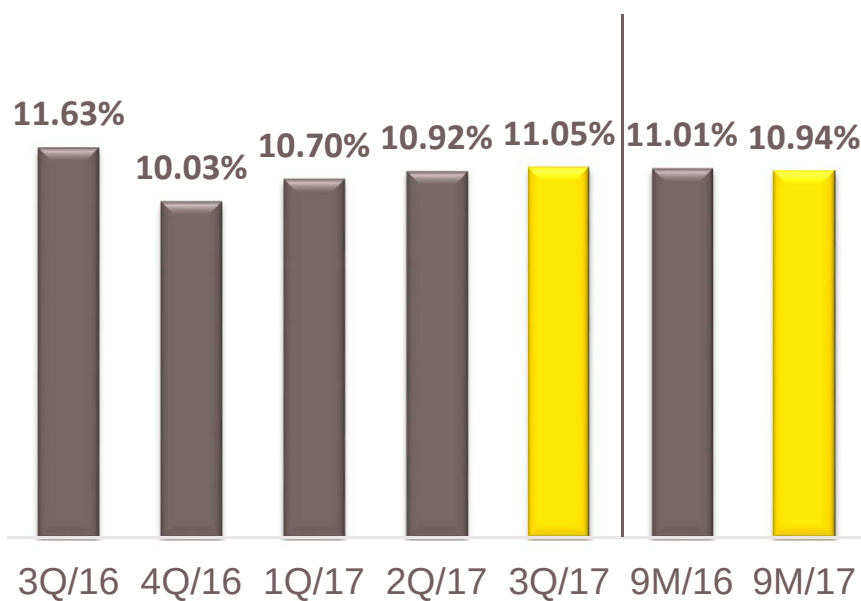
ROAE & ROAA

Reported ROAE at 11.05% and ROAA at 1.25%

ROAE

ROAA

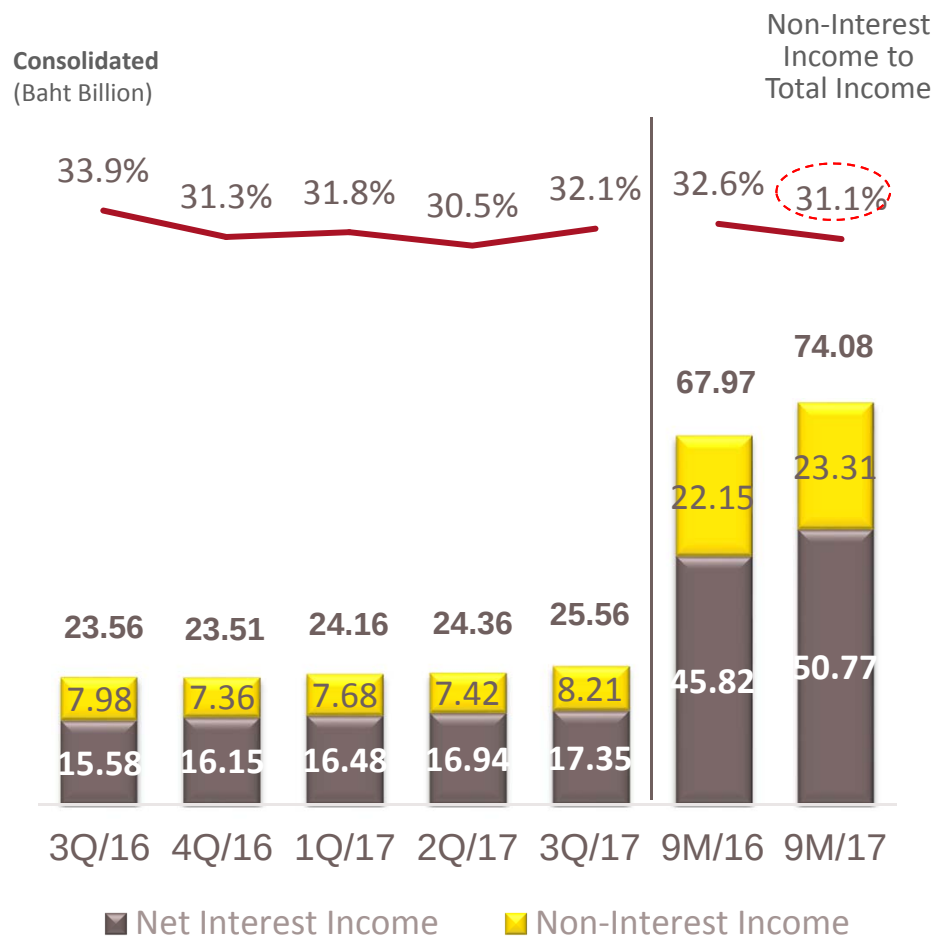
Consolidated



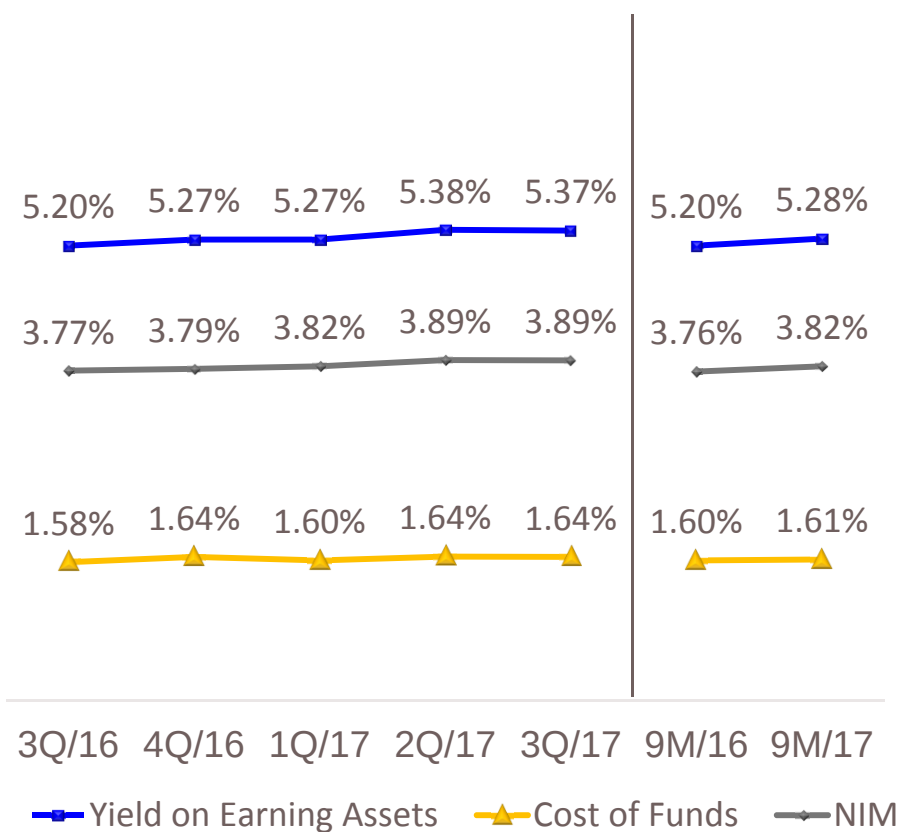
Profitability Measurement

NIM was maintained at 3.89%

Total Income



Yield & Cost of Funds

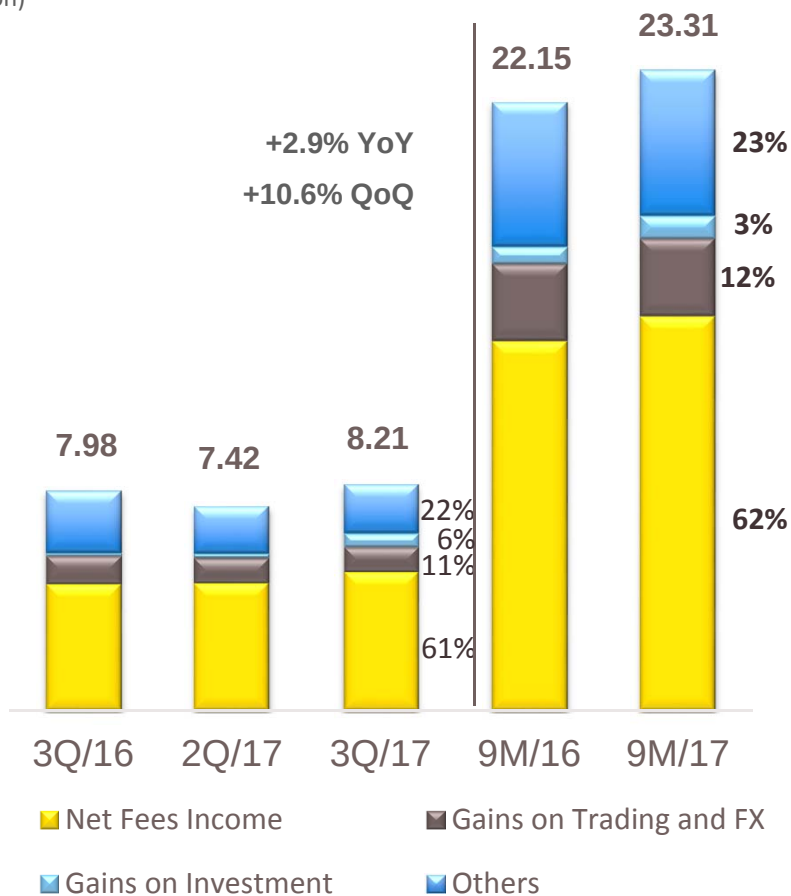


Non-Interest Income & Fees and Service Income

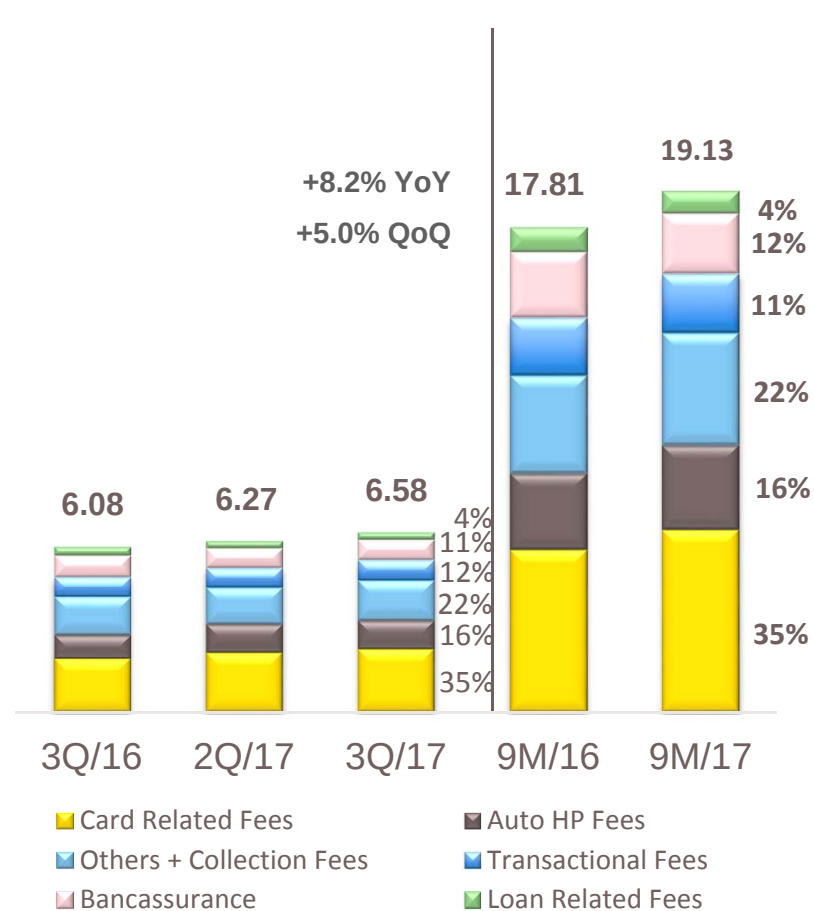
Non-interest income increased by 10.6%, mainly driven by an increase in net fees and service income and gains on investments

Non-Interest Income

Consolidated
(Baht Billion)



Fees & Service Income

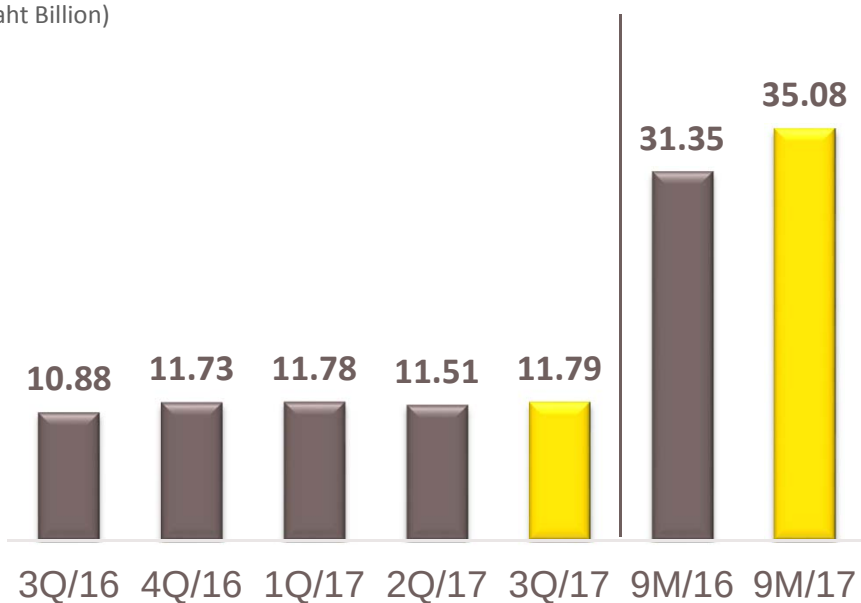


Productivity

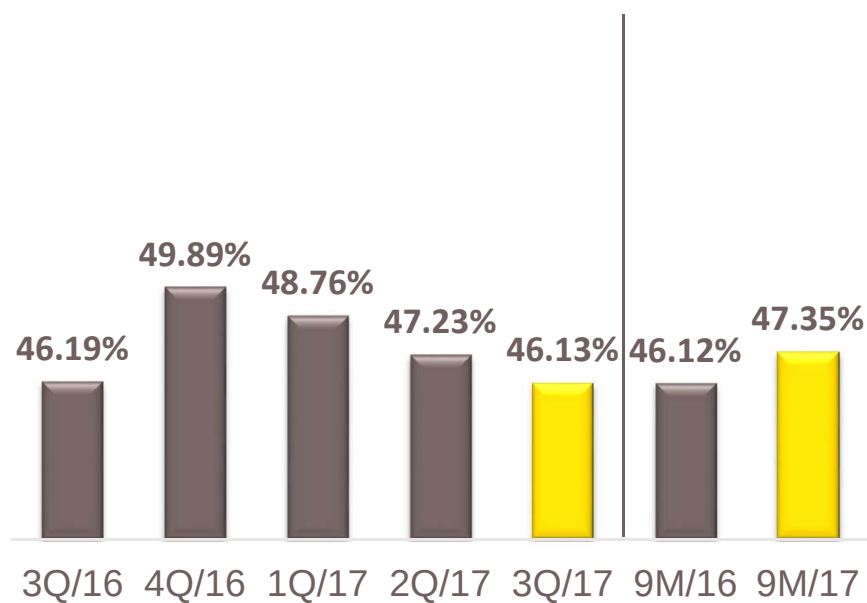
Cost to income ratio improved to 46.1%, reflecting higher operating income and effective expense management

Operating Expenses

Consolidated
(Baht Billion)



Cost to Income Ratio

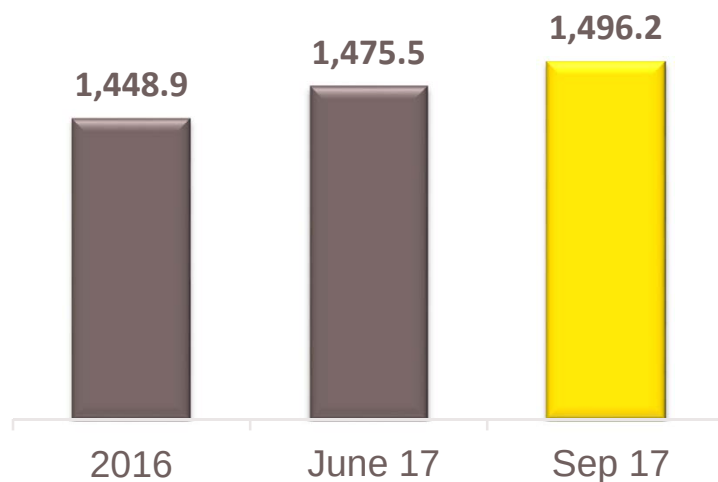


Loan Portfolio

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

Loans

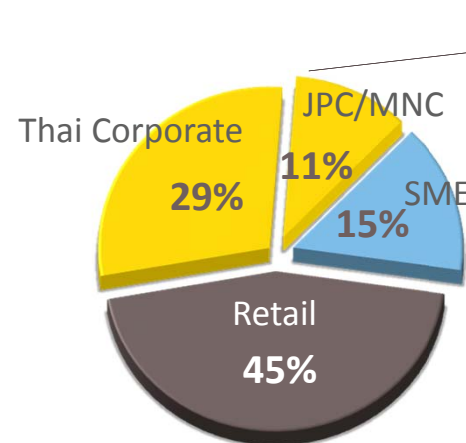
Consolidated
(Baht Billion)



Loan Growth **+1.4% QoQ**
+3.3% YtD

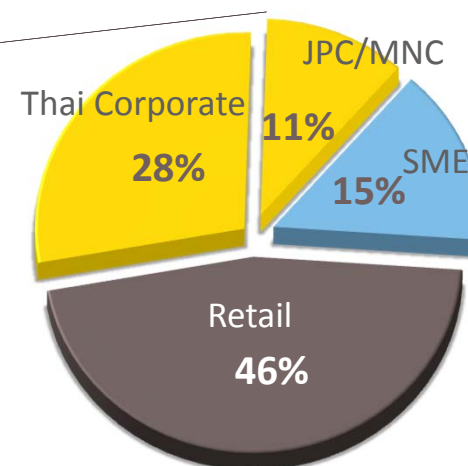
June 2017

THB 1,475.5 bn.



Sep 2017

THB 1,496.2 bn.



Retail

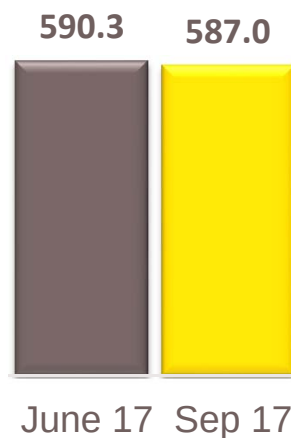
- Auto HP 21%
- Mortgage 14%
- Credit Card & Personal Loans 11%

Loans by Segments

Corporate Loan

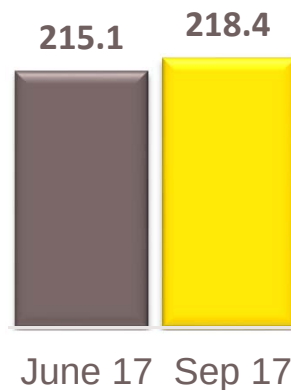
Consolidated
(Baht Billion)

-0.6%



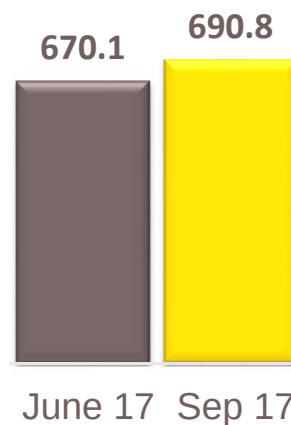
SME Loan

+1.5%



Retail Loan

+3.1%

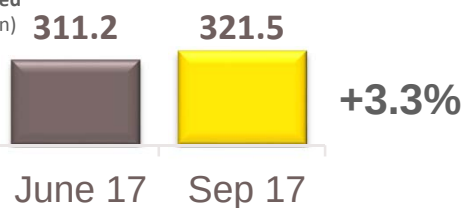


Under Retail Segment

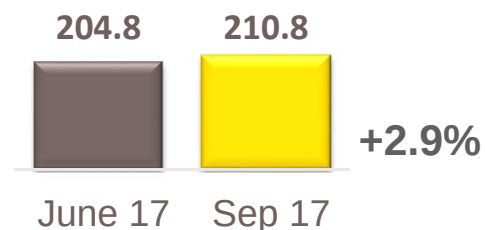
Hire Purchase

(Including Ngern Tid Lor)

Consolidated
(Baht Billion)

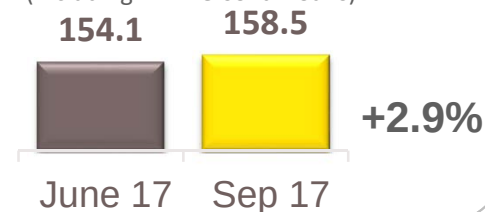


Mortgage



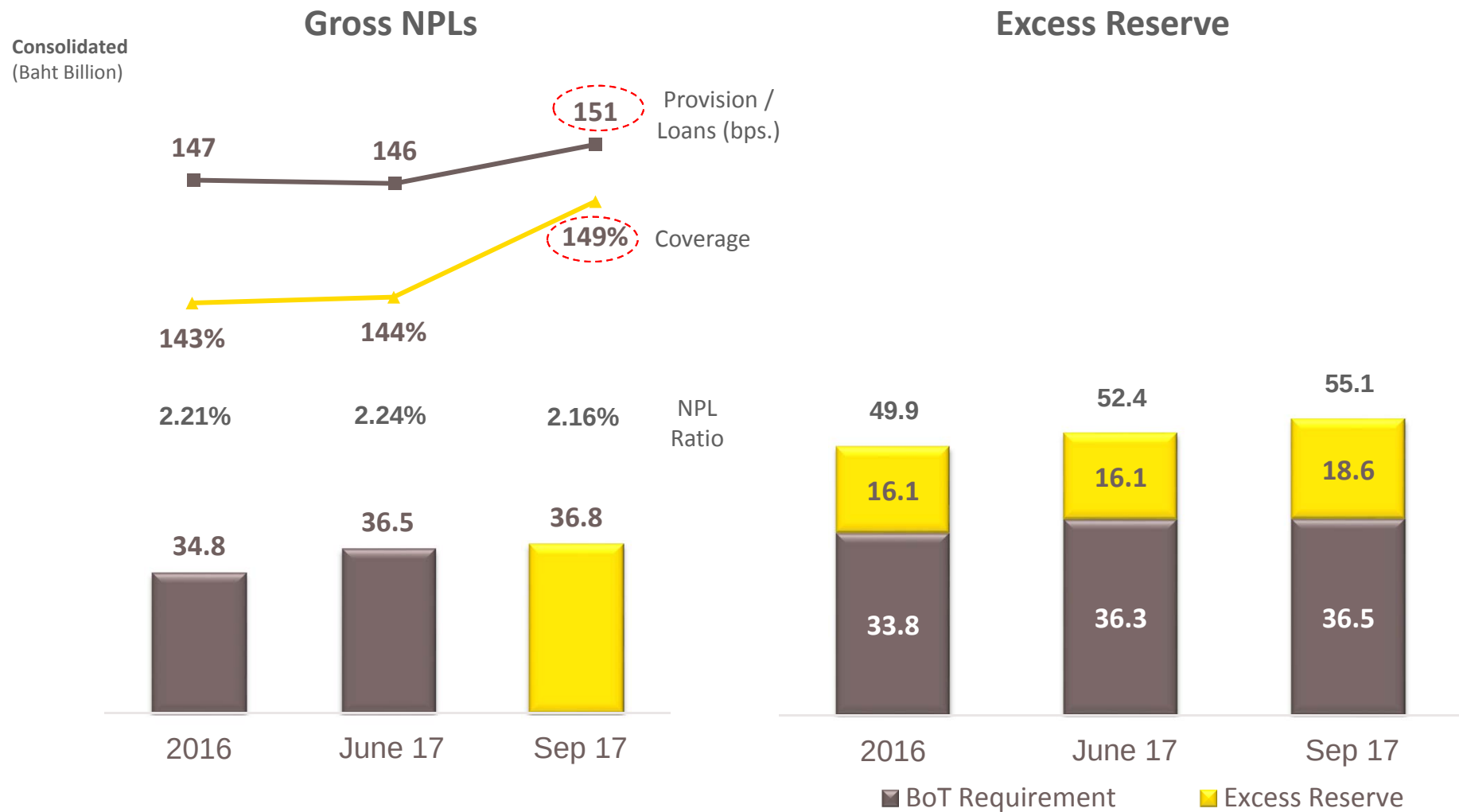
Credit Cards and Personal Loans

(Including HKL Personal Loans)



Asset Quality

NPL ratio improved to 2.16%, with strong reserve position

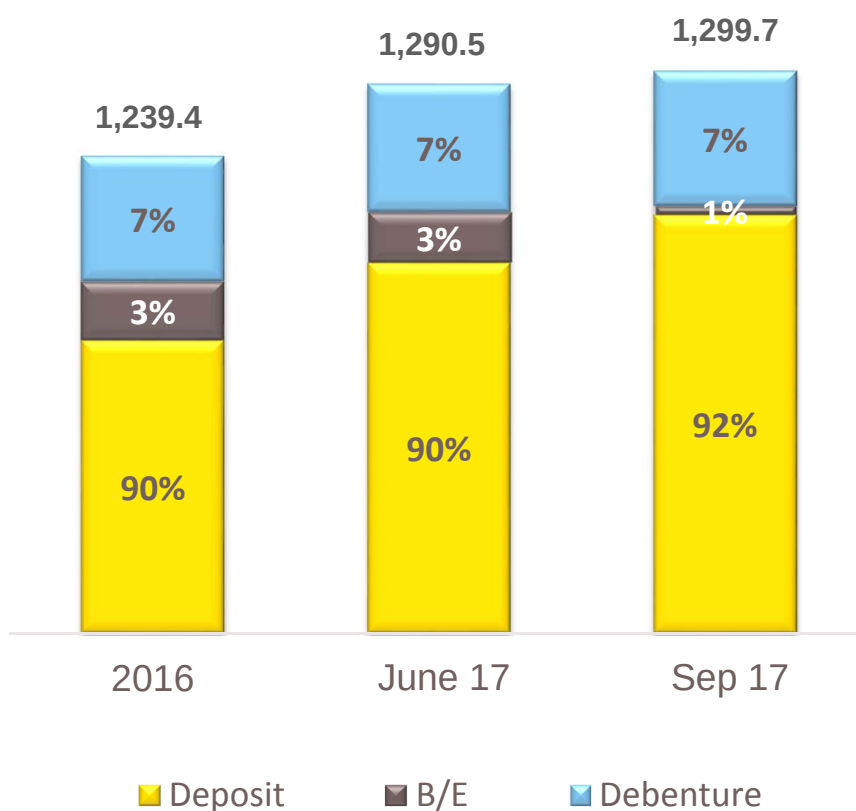


Funding Base

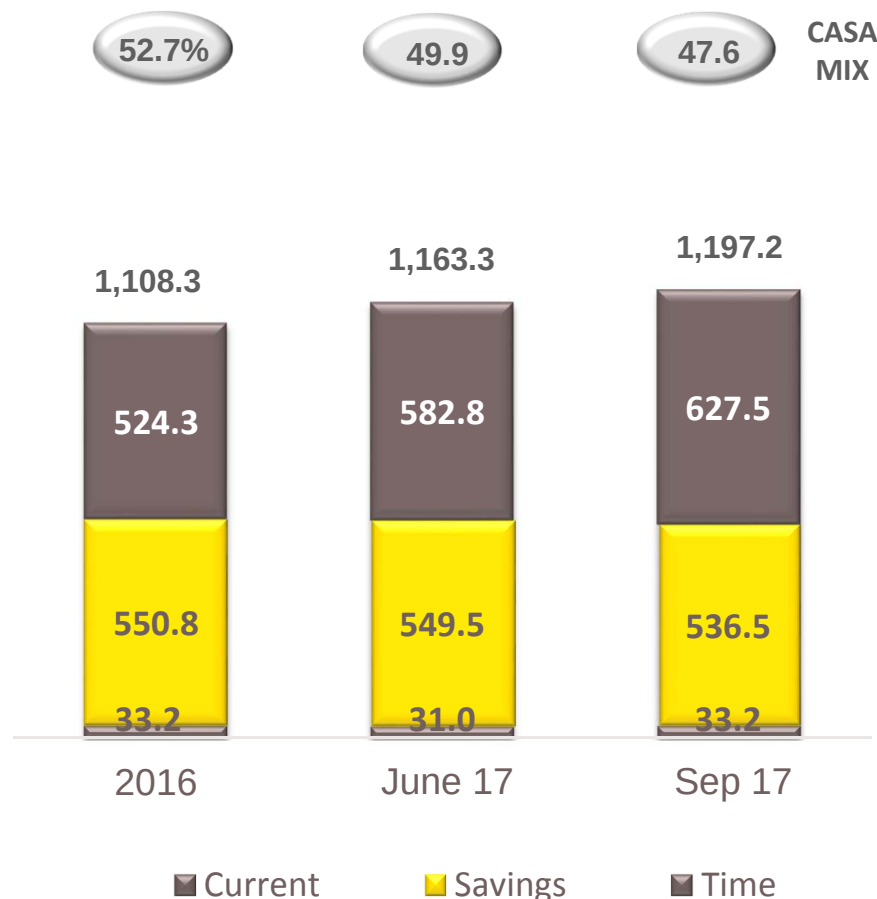
The growth of deposits was mainly resulted from time deposits with maturity less than one year

Funding Mix

Consolidated
(Baht Billion)



Deposits

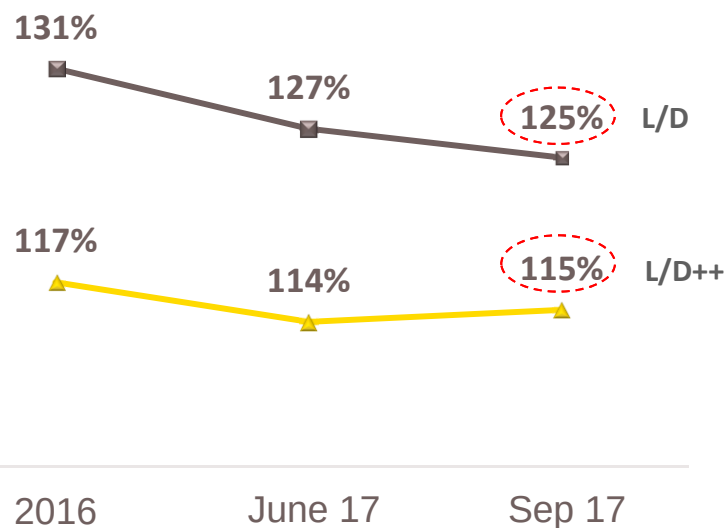


Capital and Liquidity

Solid capital position, CAR equivalent to 16.28%

Loan to Deposit

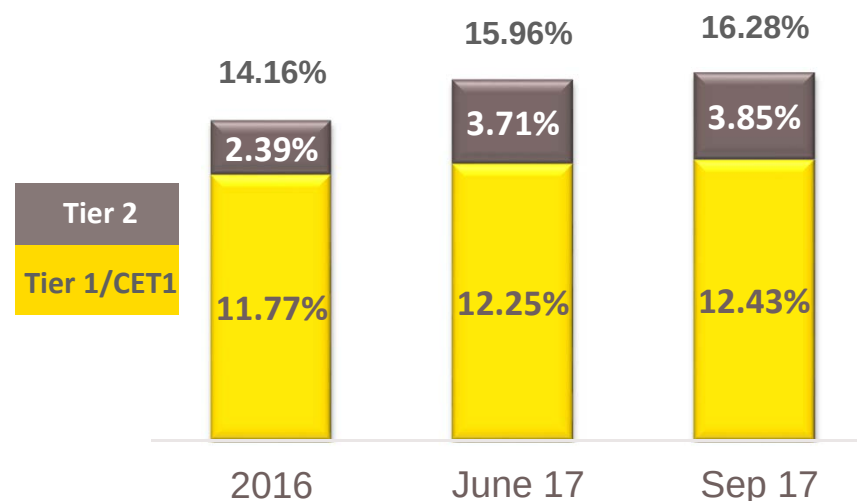
Consolidated



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

Capital Adequacy Ratio *

Bank Only



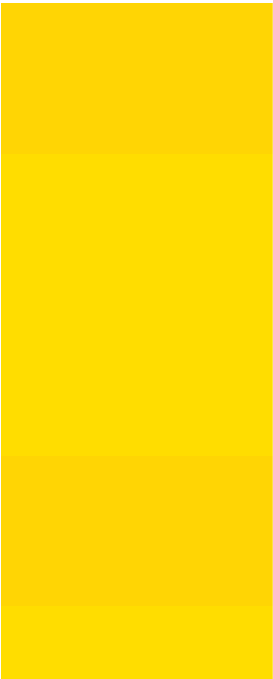
- BOT requires to maintain minimum CAR at 8.5% and gradually increases the conservation buffer at 0.625% per year since January 1, 2016 until reaching 2.5% by January 1, 2019

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

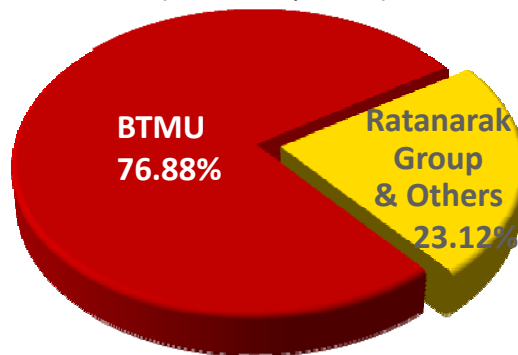


Krungsri Profile

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



In consumer finance

As of September 2017	Market Position	% Share
Consumer		
Personal Loan	1	30%
Credit Card	1	16%
Auto (HP)	2	26%
SME	5	5%
Corporate	4	12%

Extensive Franchise: 33,492 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	> + 10,200 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



REAL-TIME INTERNATIONAL FUNDS TRANSFER KRUNGSRI BLOCKCHAIN'S INTERLEDGER

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