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Analyst Briefing

2016 Business Strategy and Key Focus

1 March 2016

"Make Life Simple เรื่องเงิน เรื่องง่าย"

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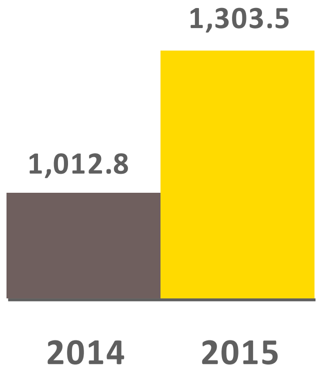
Financial Performance 2015

Highlights

2015 Key Financial Highlights

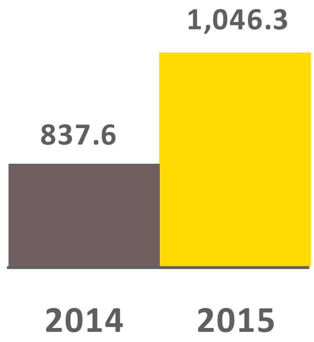
Loan Growth

Consolidated
(Baht Billion)



+28.7% YoY

Deposit Growth



+24.9% YoY

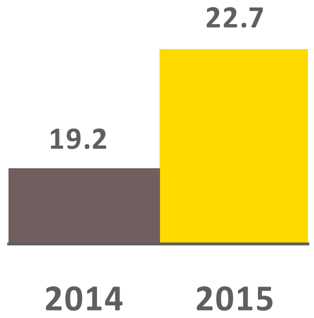
CASA %

52%

NIM %

4.15%

Fee Income Growth



+18.1% YoY

Cost-to-Income Ratio

47.05%

2014: 48.47%

NPL

2.24%

Coverage %

141%

2015 Achievements vs Targets

Strong performance against the backdrop of a slowing economy

	2015	2015 Targets	
Loan Growth (Net)	**+290.7 bn** **+28.7%**	**4-6% ***	✓
NPLs Ratio	**2.24%**	**< 2.5%**	✓
Deposit Mix: Savings and Current	**52%**	**> 50%**	✓
Loan Mix : Retail	**43%**	**~ 40**	✓
L/Deposit+Debentures+B/E	**114%**	**n.d.**	~
NIM	**4.15%**	**~ 4%**	✓
Fee income growth (YoY)	**18.1%**	**12%+**	✓
Cost to Income Ratio	**47.05%**	**< 50%**	✓
Provisions	**153 bps**	**~ 150 bps**	✓
Loan Loss Coverage	**141%**	**135%+**	✓
CAR *(Bank Only)*	**13.6%**	**n.d.**	~

* *Excluding the effect of the loan transfer from BTMU Bangkok Branch*

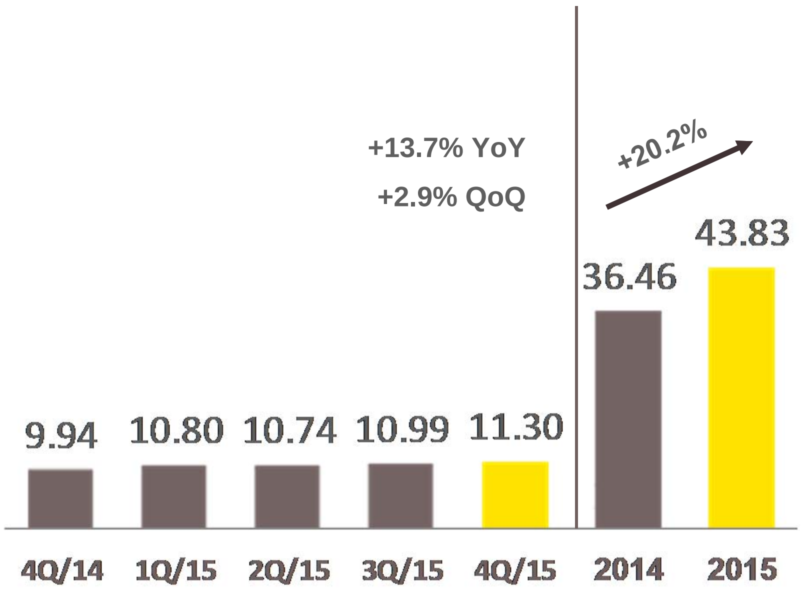
Financial Performance

Profitability

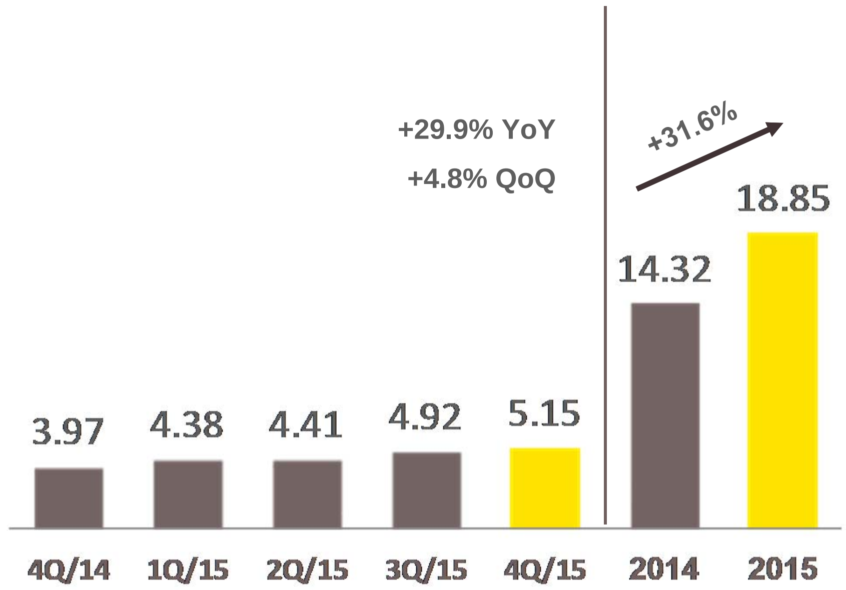
Consistent delivery despite the weak economic environment

Profit before Provision and Tax

Consolidated
(Baht Billion)



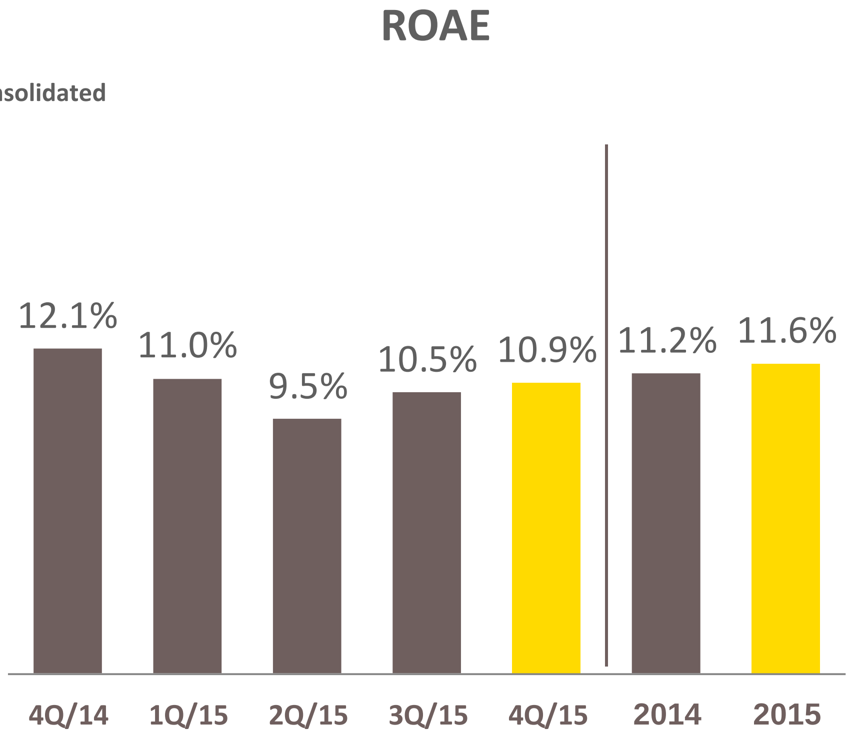
Net Profit

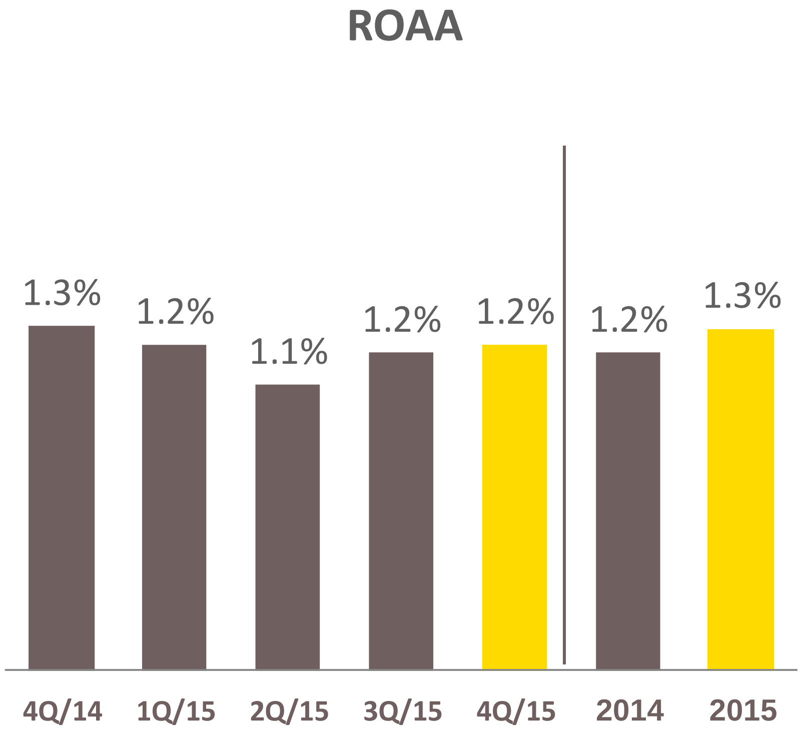


ROAE at 11.6% & ROAA at 1.3%

Improvement in both ROAE and ROAA

Consolidated

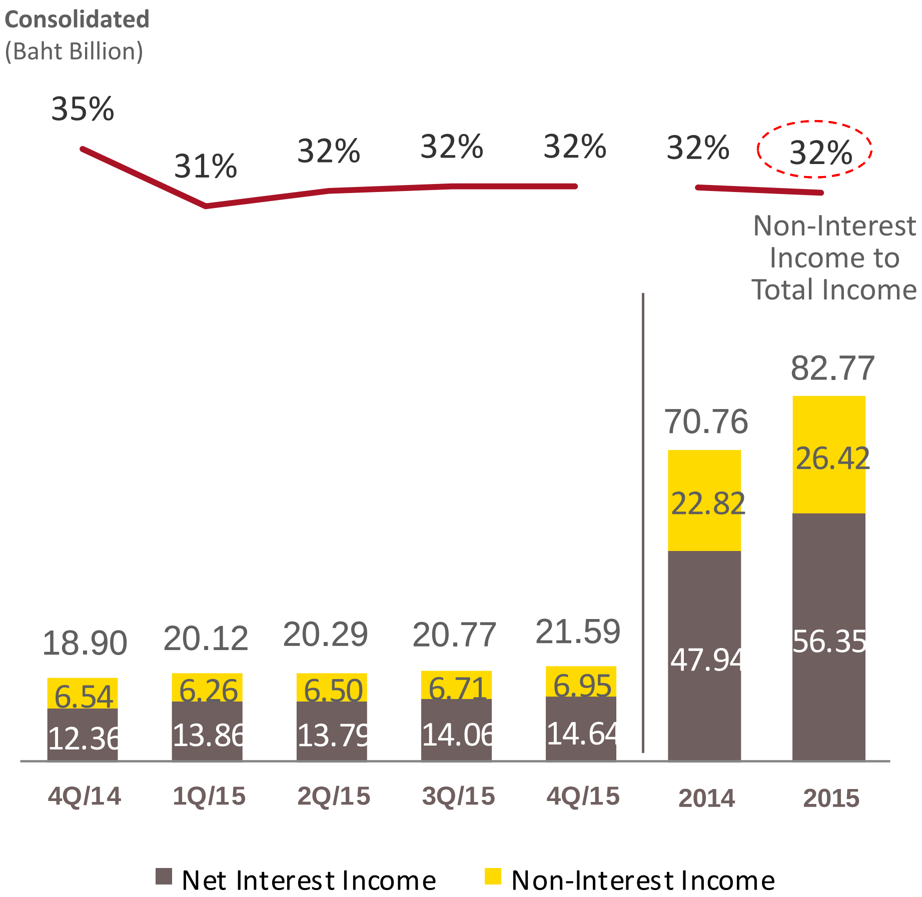




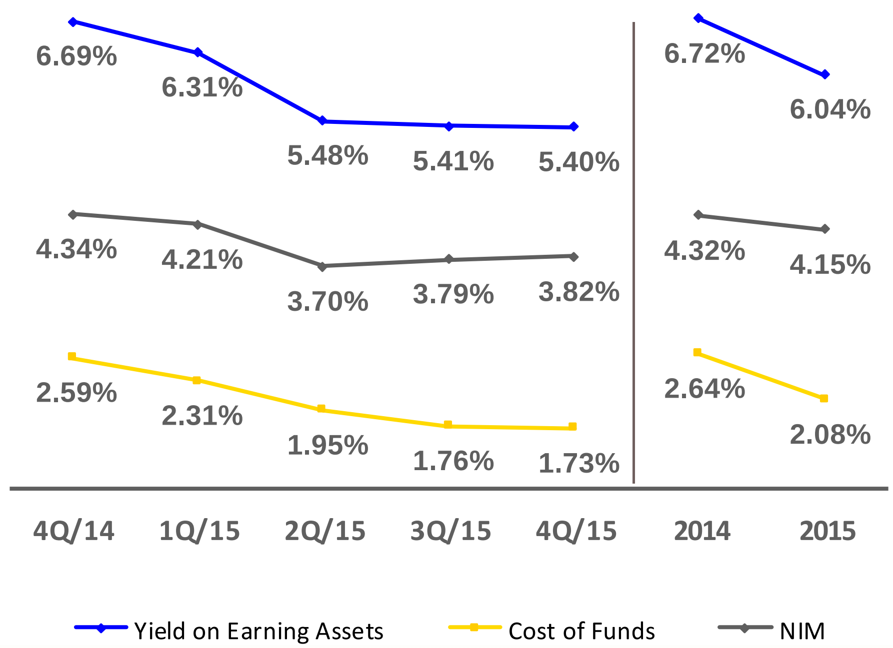
Profitability Measurement

2015 NIM strong at 4.15%

Total Income

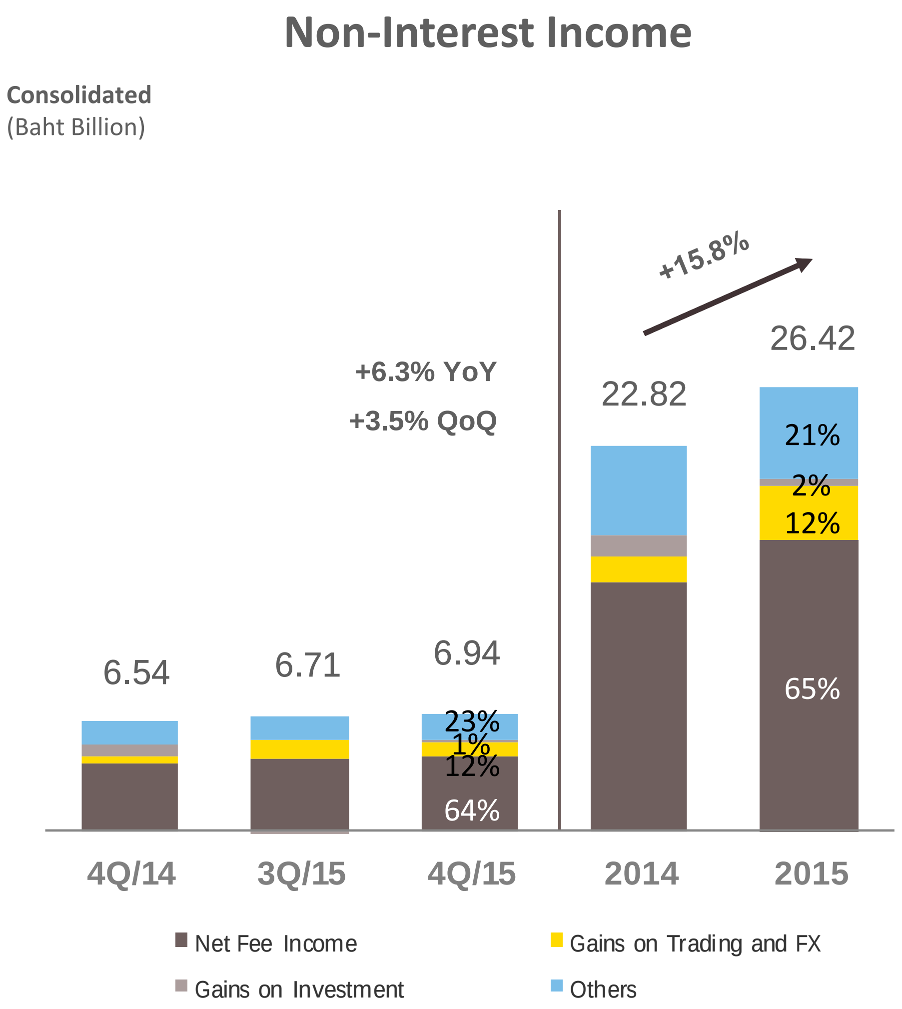


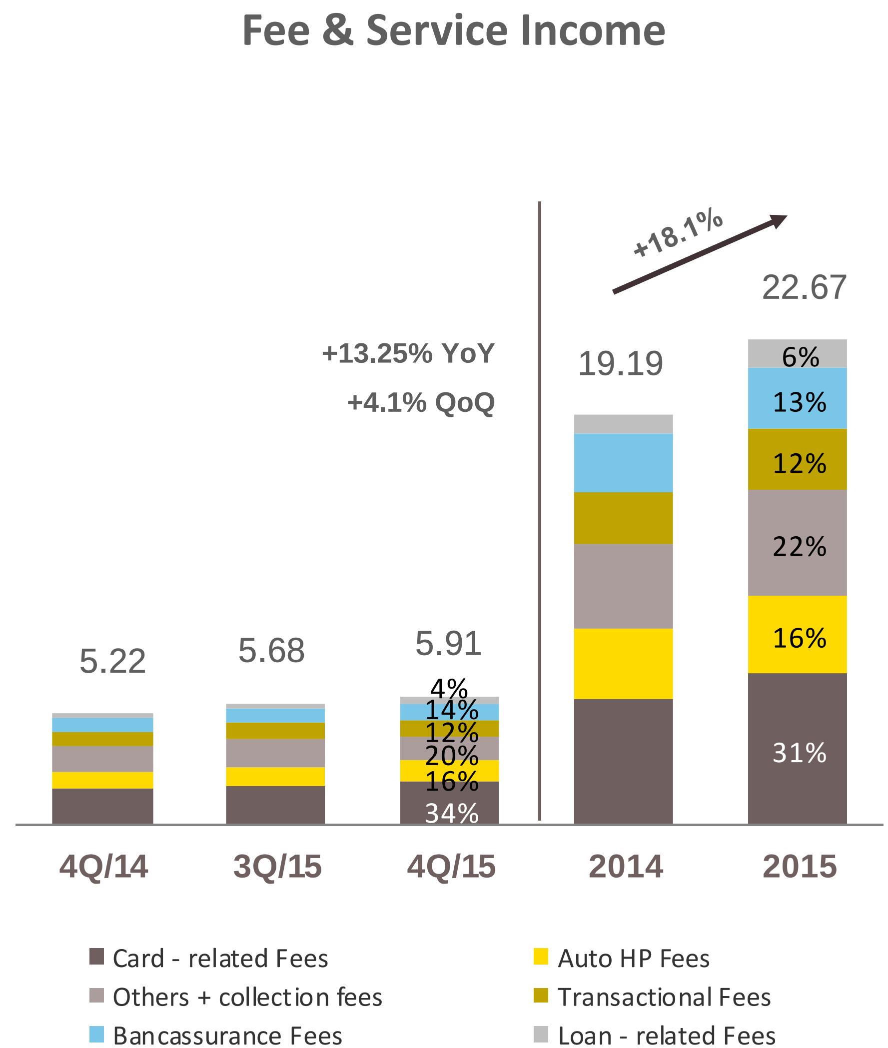
Yield & Cost of Funds



Fees and Service Income

Continued growing fee generating capacity, achieved from synergy with MUFG/BTMU



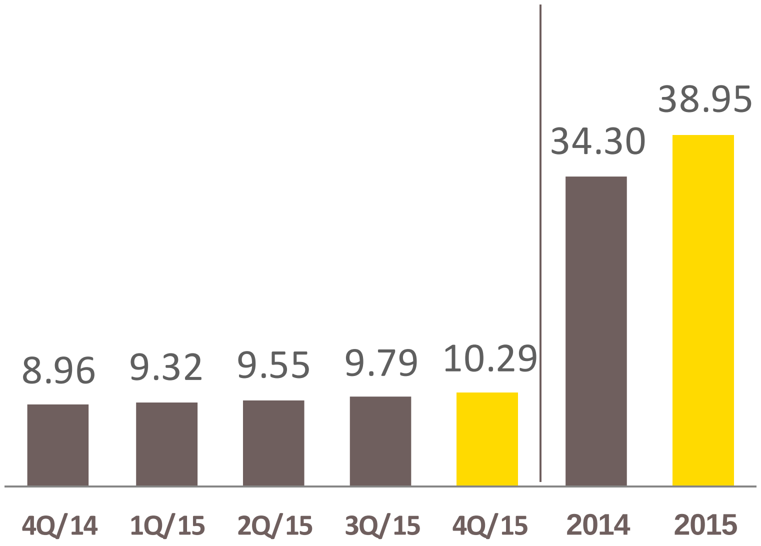


Cost Efficiency

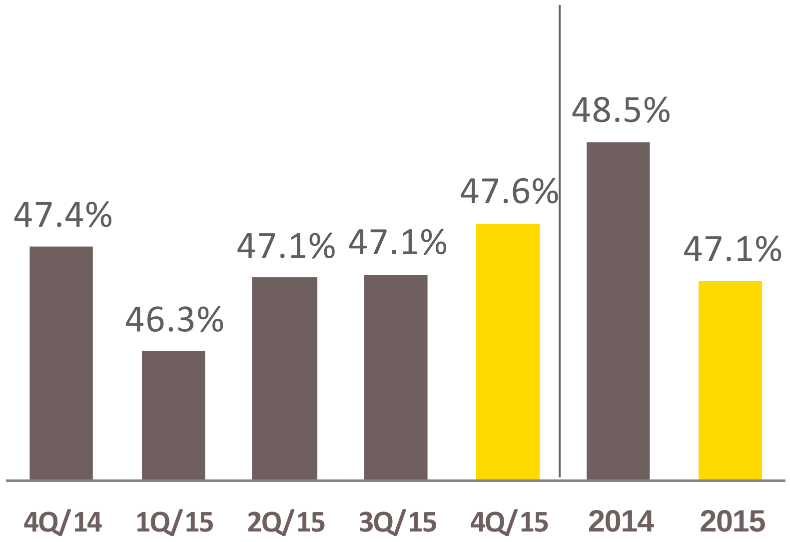
Significantly improved cost to income reflecting strong growth in income
and increased efficiency from Krungsri – MUFG synergy and disciplined expense management

Operating Expenses

Consolidated
(Baht Billion)

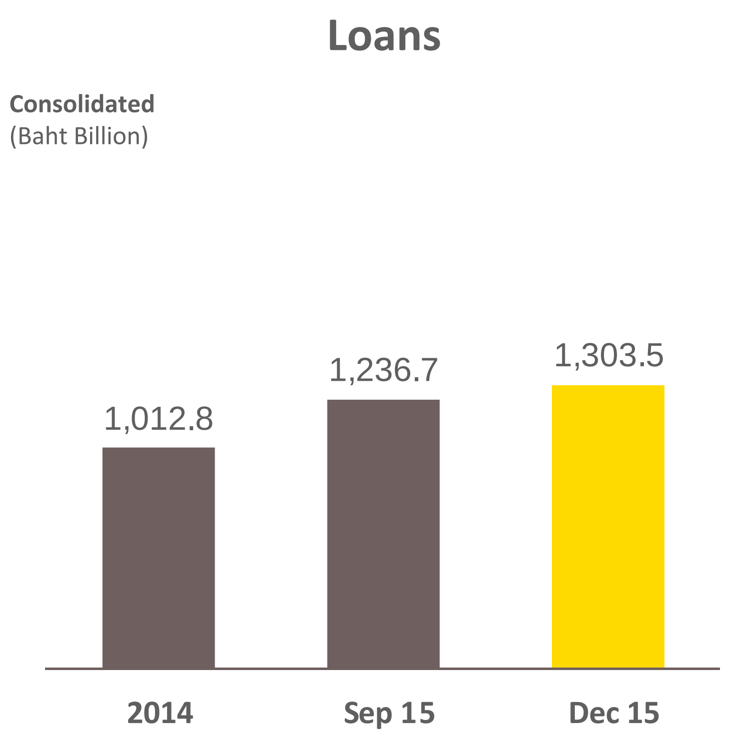


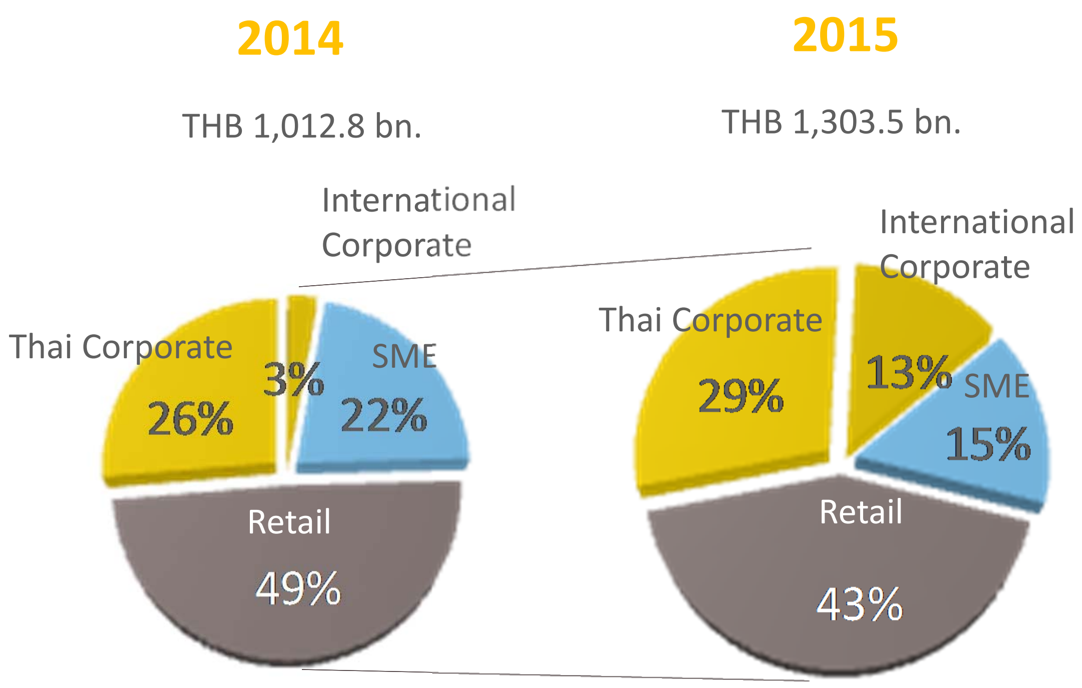
Cost to Income Ratio



Loans

In 2015, corporate segment was the key contribution of loan growth, followed by the retail segment





Loan Growth 28.7% in 2015

5.4% QoQ

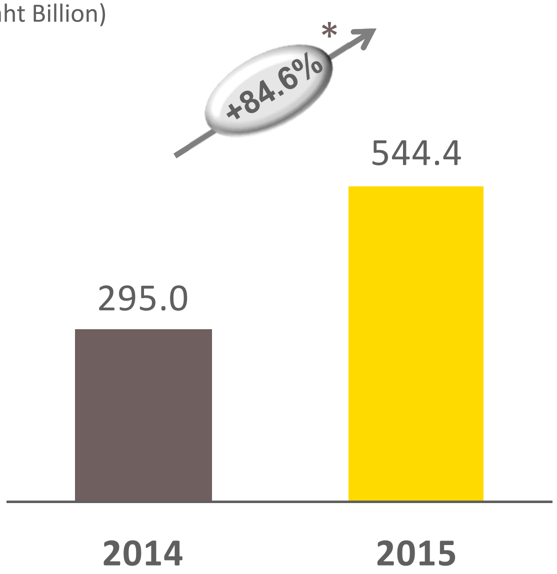
Retail

Auto HP	21%
Mortgage	12%
Credit Card & Personal Loans	10%

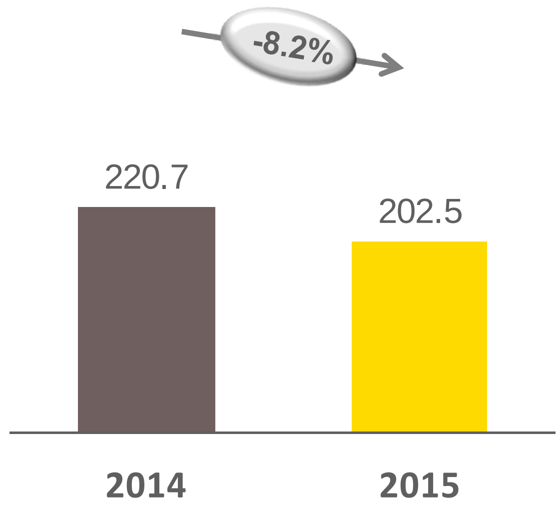
Loans by Segments

Corporate Loan

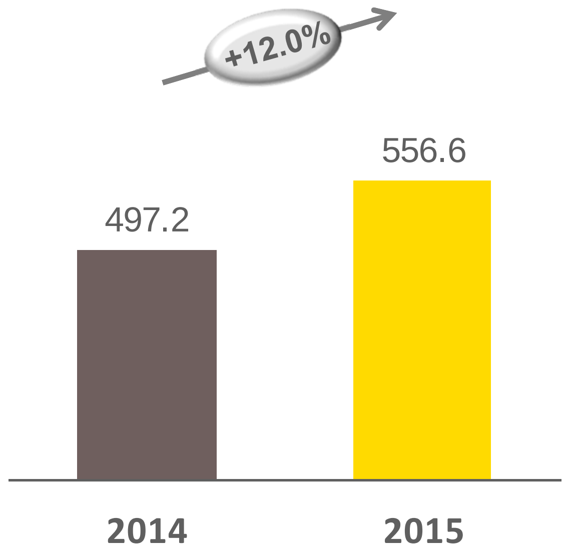
Consolidated
(Baht Billion)



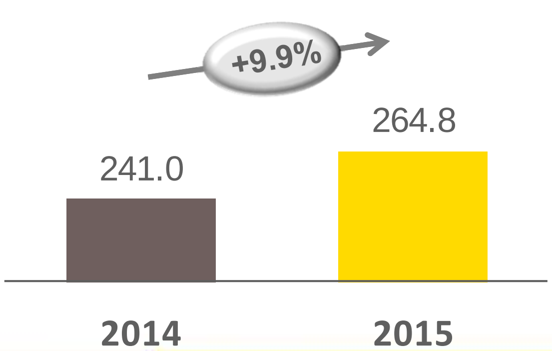
SME Loan



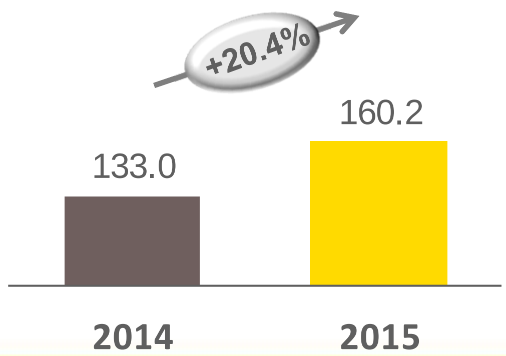
Retail Loan



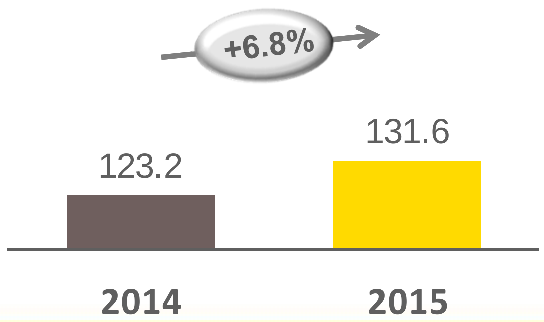
Hire Purchase



Mortgage



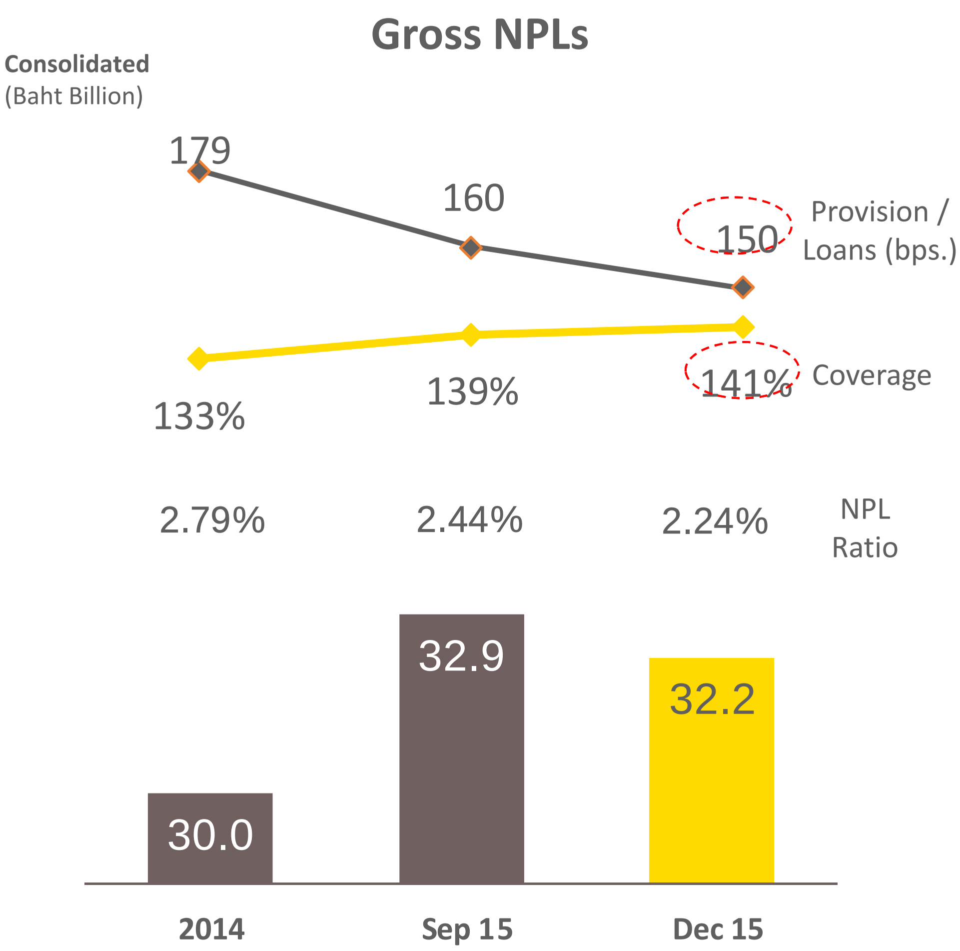
Credit Cards and Personal Loans

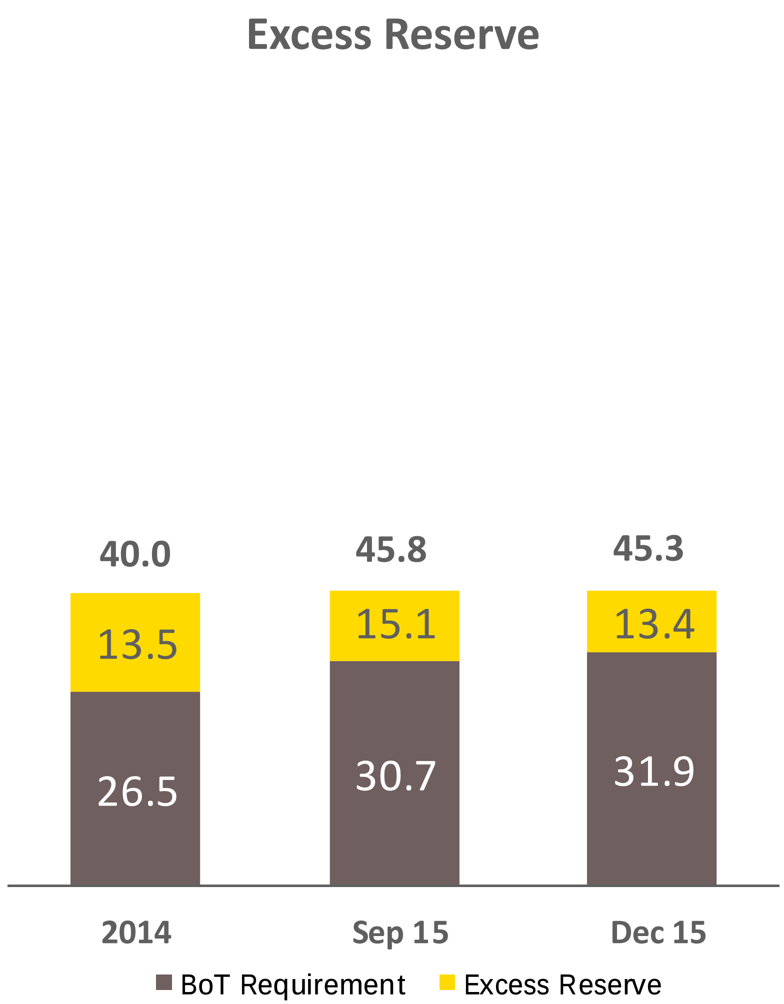


Including the loan transfer from BTMU Bangkok Branch

Asset Quality

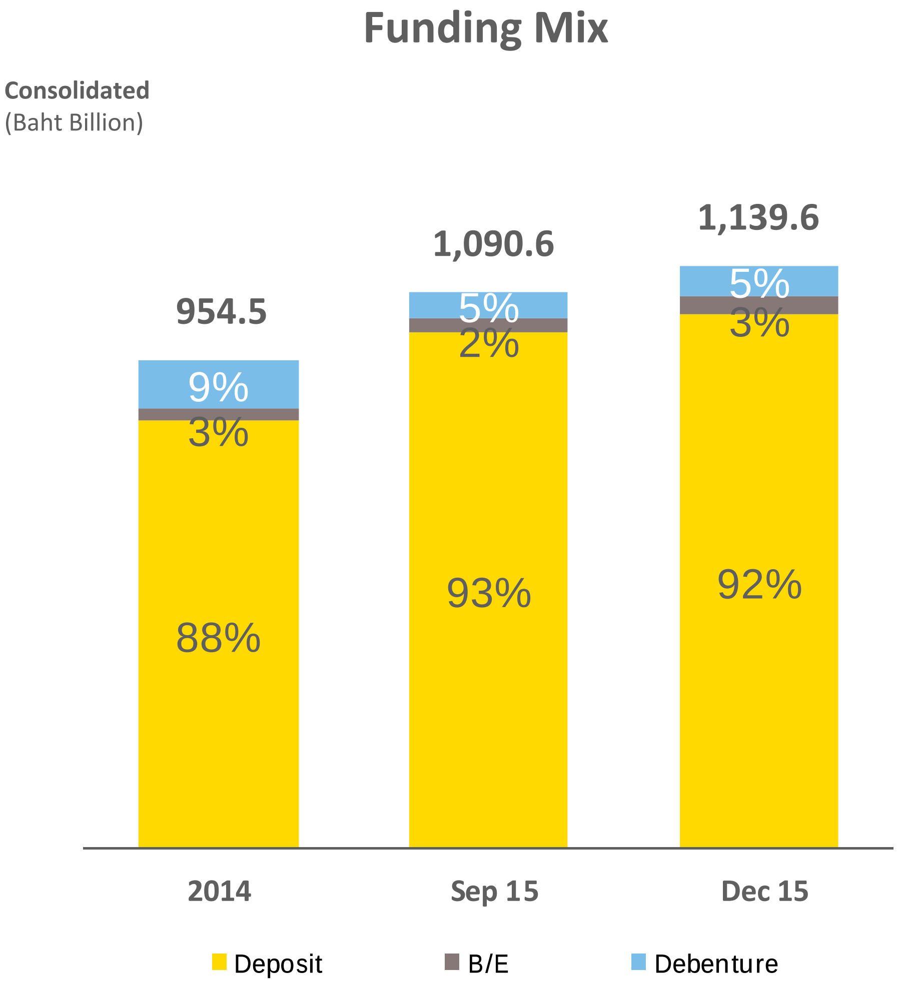
NPL stood at 2.24% of total loans, with strong reserve position

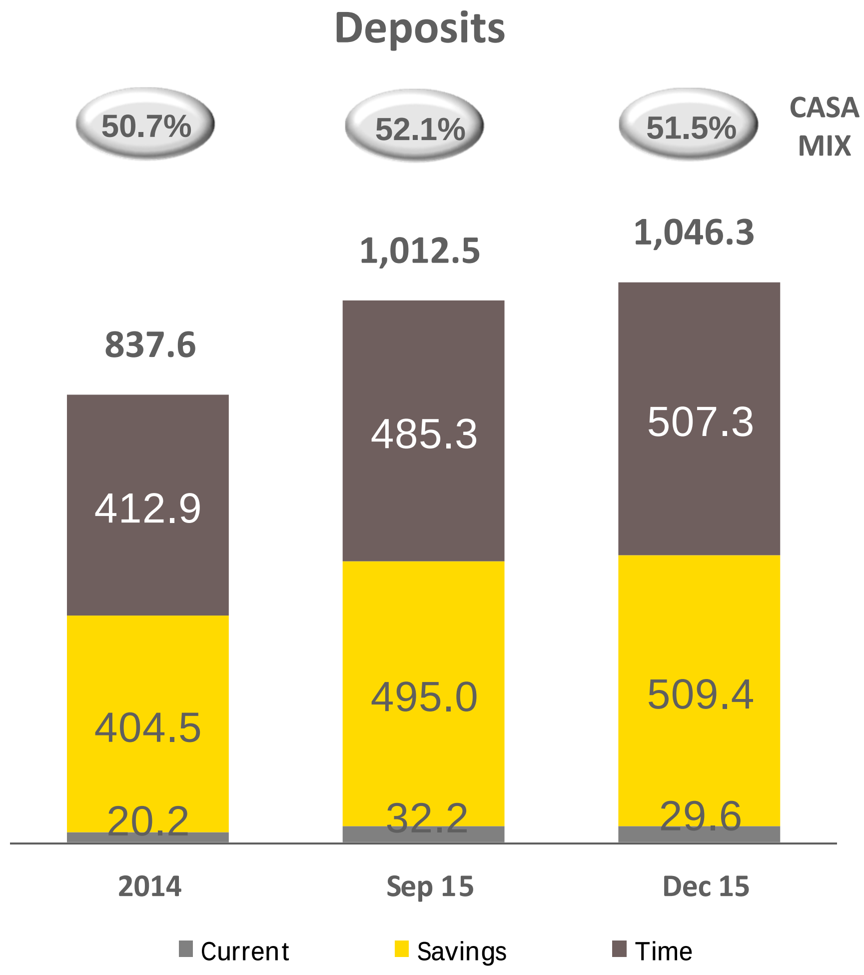




Funding Base

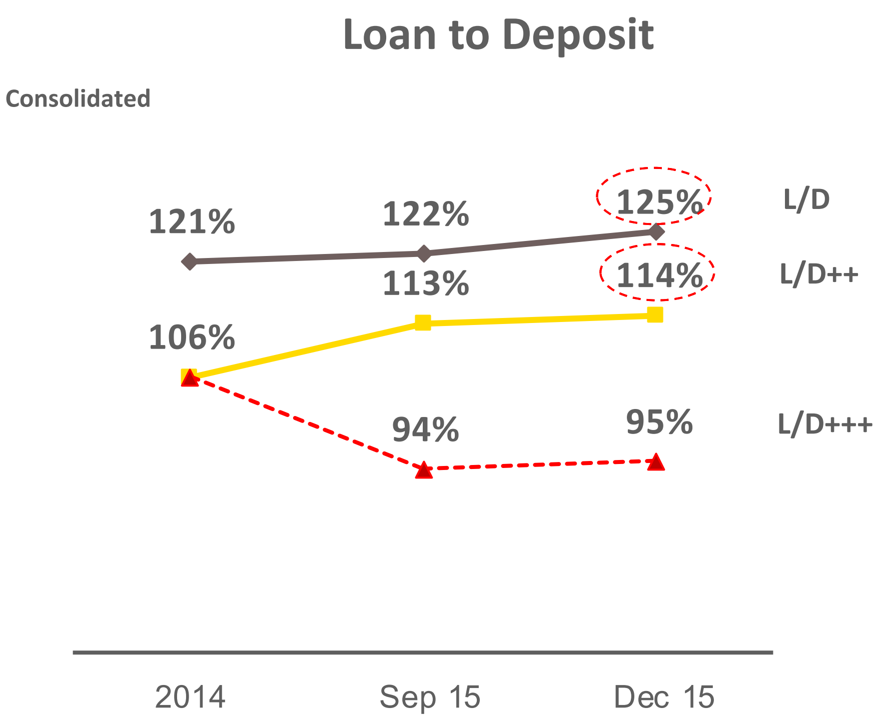
Improvement in funding structure





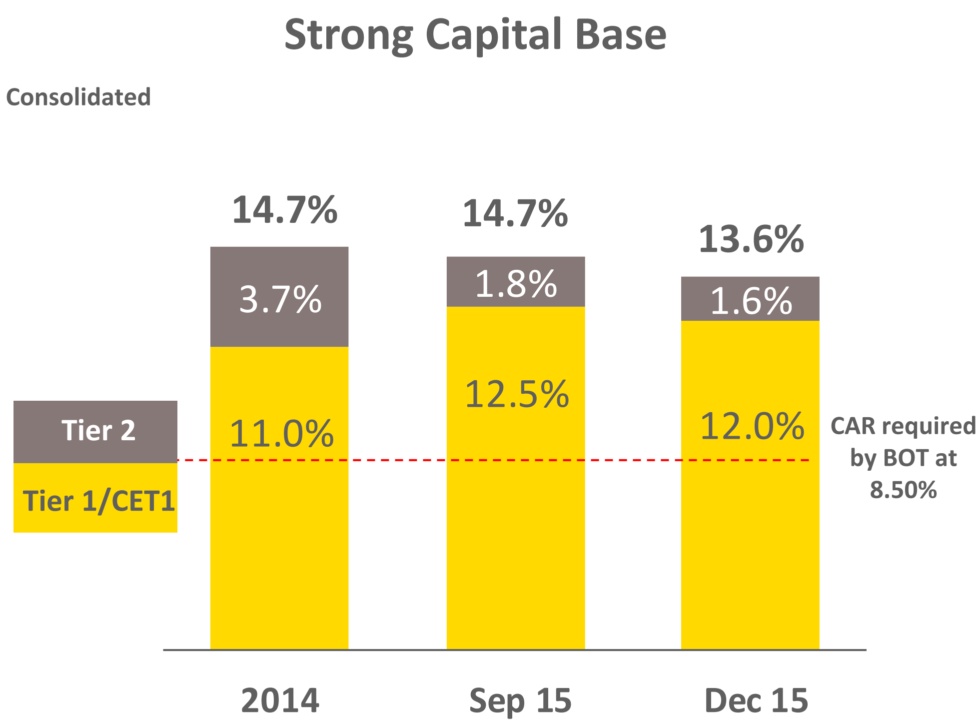
Capital and Liquidity

Maintain strong capital position, CAR equivalent to 13.6%



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

L/D+++ : Loans to Deposits + B/E + Debentures + Borrowing from BTMU



Baht Billion	2014	Sep 15	Dec 15
Tier 1/CET 1	98.99	146.45	146.18
Tier 2	33.44	21.77	20.08
Total Capital	132.43	168.22	166.26

The Summary of 2015 Financial Performance

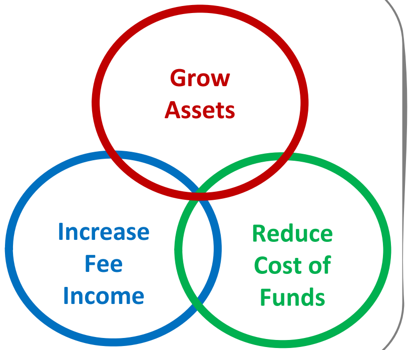
Consolidated	4Q/14	4Q/15	2014	2015	2015 Targets	
Loan Growth (Net)	+37.9 bn +3.9%	+66.7 bn +5.4%	+69.3 bn +7.3%	+290.7 bn +28.7%	4-6% *	✓
NPLs Ratio	2.79%	2.24%	2.79%	2.24%	< 2.5%	✓
Deposit Mix: Savings and Current	51%	52%	51%	52%	> 50%	✓
Loan Mix : Retail	49%	43%	49%	43%	~ 40%	✓
L/Deposit+Debenture+B/E	106%	114%	106%	114%	n.d.	~
NIM	4.34%	3.82%	4.32%	4.15%	~ 4%	✓
Fee income growth (YoY)	10.2%	13.3%	3.5%	18.1%	12%+	✓
Cost to Income Ratio	47.40%	47.64%	48.47%	47.05%	< 50%	✓
Provisions	202 bps	150 bps	179 bps	153 bps	~ 150 bps	✓
Loan Loss Coverage	133%	141%	133%	141%	135%+	✓
CAR *(Bank Only)*	14.7%	13.6%	14.7%	13.6%	n.d.	~

* *Excluding the effect of the loan transfer from BTMU Bangkok Branch*

2015 Business Priorities Delivery

Key Achievement in 2015

Mid Term Business Plan launched



Customer Centric Approach

Reached agreement to acquire Hattha Kaksekar Limited (HKL)

#4 largest MFI in Cambodia

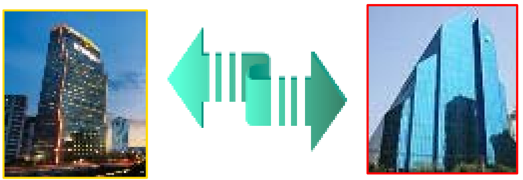
Jan 2015

Apr 2015

Nov 2015

Jan 2016

Successful Integration with BTMU BKK Branch

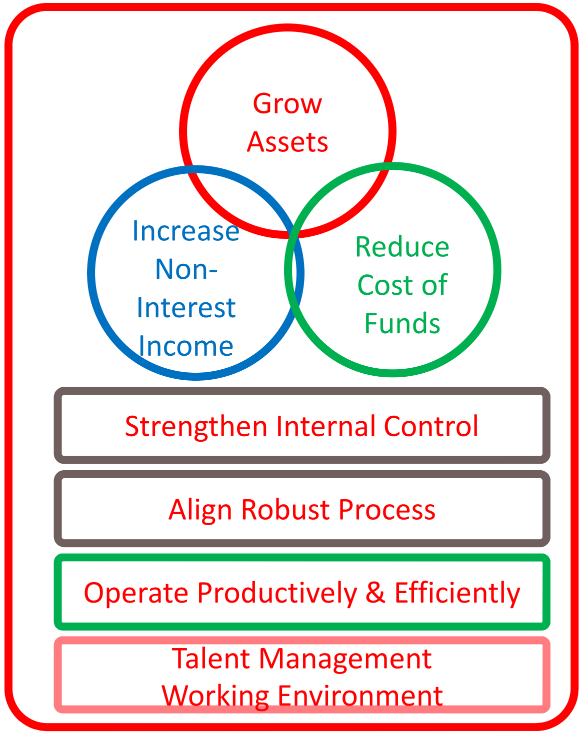


Representative office in Myanmar opened

Business Matching Fair

Achievement on MTBP

Our MTBP business and execution progress as planned.

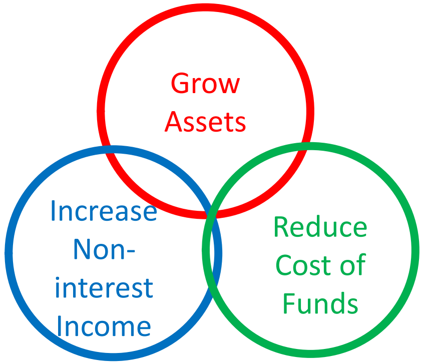


9 Core Business Strategies

Grow Assets | Increase Non-Interest Income | Reduce Cost Of Funds

1. Keep Leading Position in Consumer/Auto
2. To be a Tier 1 Mortgage Player
3. Core Banking Strategy
4. Enhance Transaction Banking
5. Strengthen FX Business
6. Enhance Funding Capabilities
7. Expand Customer Base through Customer Centric Approach
8. MUFG/BTMU Synergy Strategy
9. Corporate/Retail Collaboration

Achievement on MTBP



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 22%
- ☑ Become a Tier 1 mortgage player
  - ~ THB 50 billion new booking
- Become a core bank to commercial customers

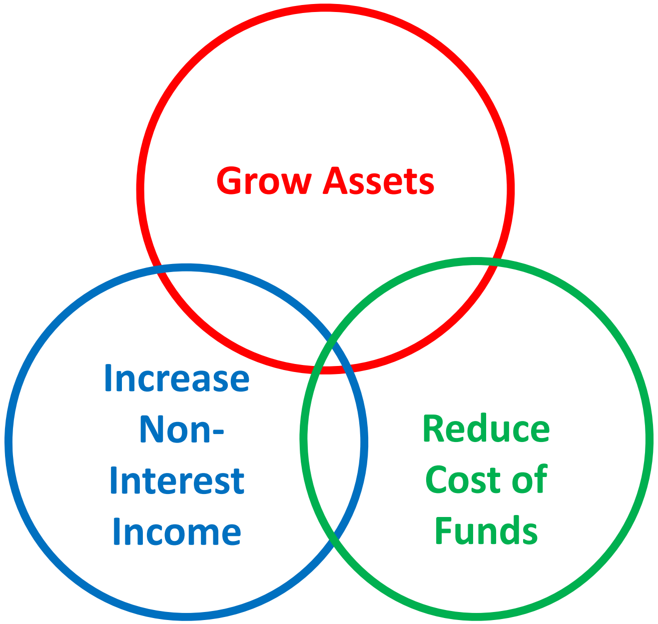
Increase non-interest income

- Enhance transaction banking
- Strengthen FX Business

Reduce Cost of Funds

- Increase CASA

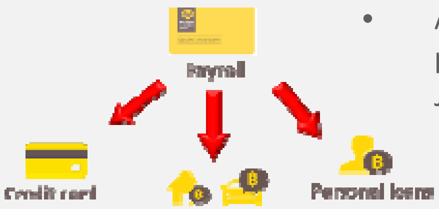
Achievement on MTBP



- Expand Customer Base
- Enhance Delivery Channels, Including Branches
  - 20 new local banking branches
  - 532 ATMs
- MUFG/BTMU Synergy
- Retail & Commercial Collaboration

MUFG/BTMU Synergies and Retail & Commercial Collaboration

Cross-sell of retail products:



- Acquired more than 10,000 payroll accounts with major JPC/MNC
  - Automobile
  - Electronics
  - Non-life insurance

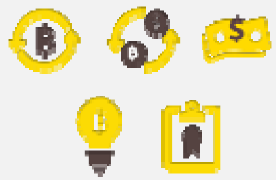
Supply Chain Financing:,

- Dealers of cars manufactured in Thailand

Business Matching: Organized 2nd Business Matching – Nov. 2015

- 170 companies participated
- More than 320 business matches
- Customers from Laos and Vietnam also joined for the 1st time

Cross-sell of investment banking products:



- Project finance
- Debt Capital Market
- Syndicated loan

Transaction Banking:

- Regional cash pooling
- Structured trade finance (Vendor finance, Account receivable purchasing)
- Thai-Japan, Thai-China trade flow

Cross Border Business:

- Provided financing support to customers operating overseas (France, Denmark, India, Singapore, China)

Regional Expansion

Capture growth opportunity in market where Krungsri expertise can be exported and leveraged.

Krungsri's representative office opened in **Yangon** to support the Bank 's corporate and SME clients in capturing business opportunities in the country.

BTMU Yangon Branch – The first foreign bank to operate in Myanmar to provide full banking services to foreign companies and domestic banks operating in Myanmar.

Work closely to provide total financial solutions to Thai, Myanmar and foreign customers.

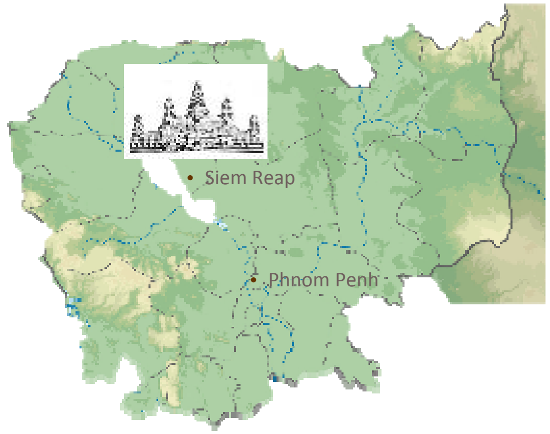
Reached an agreement **to acquired 100% stake of Hattha Kaksekar Limited,** a leading microfinance institution in Cambodia.

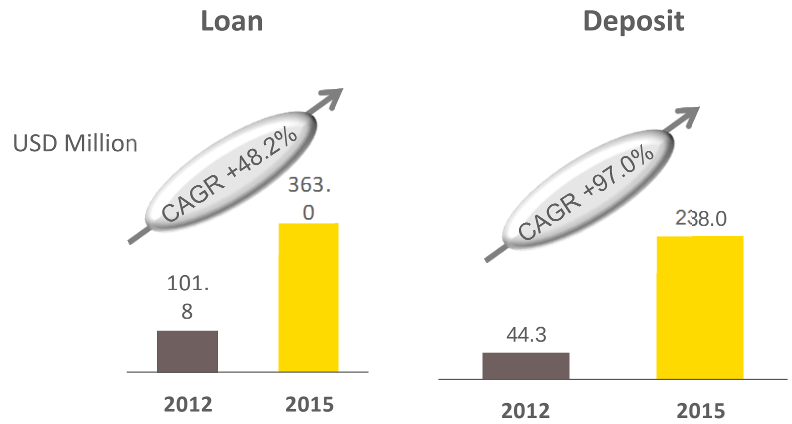
Concrete Step towards expanding into CLMV

HKL Market Position & Strength

- The 4th largest microfinance in Cambodia
- The 8th largest financial institution in Cambodia
- Extensive distribution network (3rd highest among all Cambodia's financial institutions)
- Experience management team
- Large and growing customer base

151 branches, 102 ATMs





Benefits to Krungsri

- **Opportunity to grow its business outside Thailand**
  - HKL's business has a strong growth in loans and deposits
- **Expanding customer base in Greater Mekong Sub Region**
  - Allow Krungsri to expand customer base in Cambodia
- **Strengthening Krungsri's image and reputation in neighboring countries**
  - Enable Krungsri to participate in the development of Cambodia's financial landscape

112,772 borrowers, 217,991 depositors

2016 Business Strategy and Key Focus

Thailand Economic Outlook

2016 Outlook: The Thai economy is likely to expand moderately with projected growth of 3.2% in 2016, compared with 2.8% in 2015.

2016 Key Economic Forecasts

% y-o-y growth unless otherwise stated	2014A	2015A	2016F*
GDP	**0.9**	**2.8**	**3.2**
Private Consumption	0.6	2.1	2.7
Private Investment	-1.0	-2.0	4.0
Exports (In USD term)	-0.3	-5.6	-1.0
Headline Inflation	1.9	-0.9	0.6
Policy Interest Rate (%, end of period)	2.00	1.50	1.5

*Note: * 2016 forecast by Krungsri Research (as of February 2016)*

- **Key drivers** are increasing public spending, economic stimulus measures, infrastructure projects and improving confidence.
- Private sector, especially business investment, is likely to play more role in driving the economy in 2016.
- Tourism is expected to recover after hitting by a Bangkok bomb in August 2015.

Source: Krungsri Research

Headwind

- Domestic political uncertainty
- Drought and low farm prices
- High household debt
- Tight labor market & high wages
- Weak global economic recovery, China's slowdown, and financial market volatility

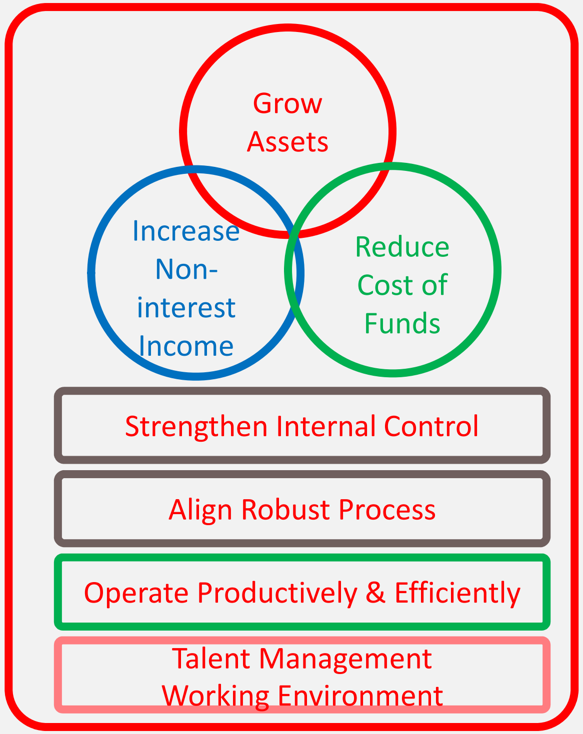
Tailwind

- Economic stimulus measures
- Infrastructure investment
- Low oil prices
- AEC dynamism and economic corridor development
- Economic resiliency

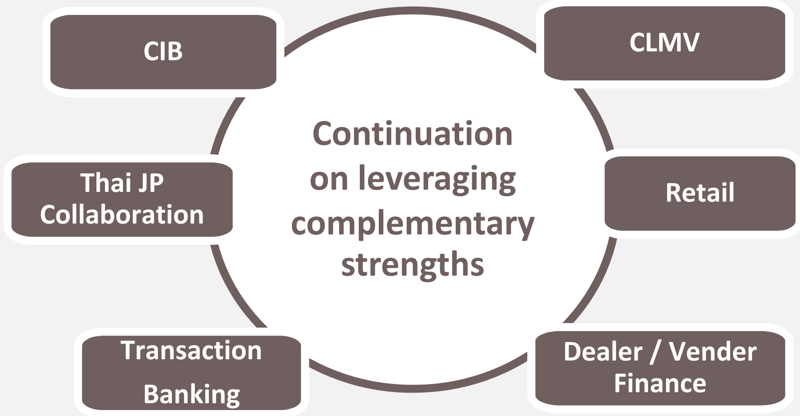
Business Strategy and Key Focus: 2016

Continuation of MTBP and Leveraging complementary strength with MUFG/BTMU to achieve our aspiration

MTBP: Key Theme

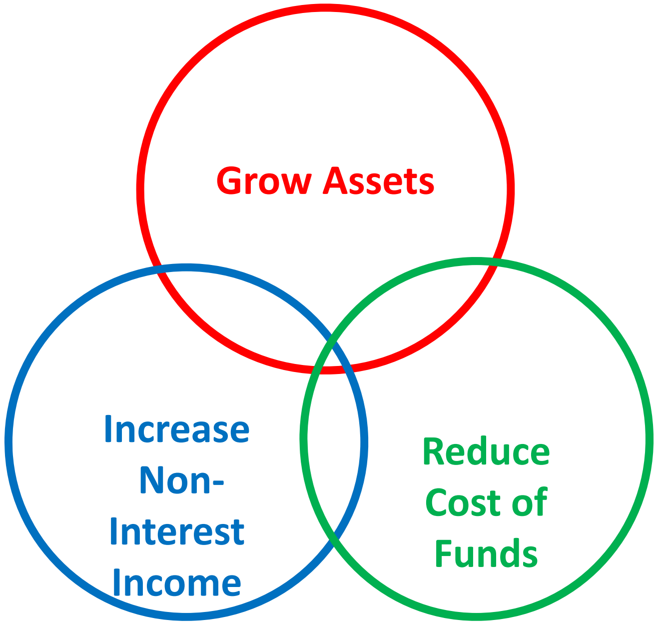


Synergy Strategies



Our Focus in 2016

Continue 9 Core business strategies under MTBP



1. Keep Leading Position in Consumer and Auto
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3. Become a Core Bank to Commercial Customers
4. Enhance Transaction Banking
5. Strengthen FX Business
6. Increase Low Cost CASA
7. Expand Customer Base

   Enhance Delivery Channels, Including Branches
8. MUFG BTMU Synergy
9. Retail & Commercial Collaboration

2016 Key Financial Targets

Consolidated	2015	2016 Target
Loan Growth (Net)	+290.7 bn +28.7%	5-6%
NPLs Ratio	2.24%	< 2.5%
Deposit Mix: Savings and Current	52%	>50%
Loan Mix : Retail	43%	~ 40%
NIM	4.15%	~ 3.7%
Non-interest income growth (YoY)	15.8%	7.0%+
Cost to Income Ratio	47.05%	< 50%
Provisions	153 bps	~ 145 bps
Loan Loss Coverage	141%	135%+
CAR *(Bank Only)*	13.6%	n.d.

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