



krungsri
กรุงศรี

A member of  MUFG
a global financial group

Krungsri's
75th
Anniversary

Analyst Briefing

Innovate and Move Toward Sustainable Banking

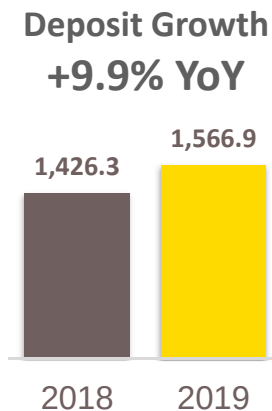
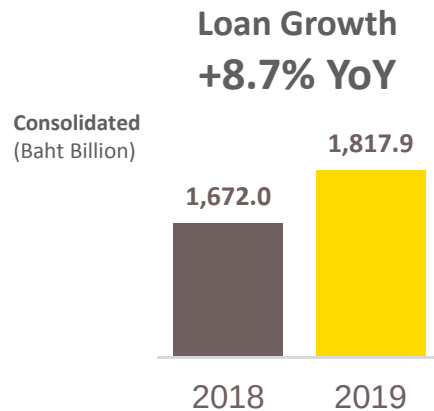
12 February 2020

"Make Life Simple เรื่องเงิน เรื่องง่าย"



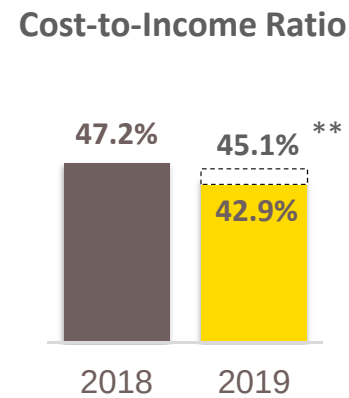
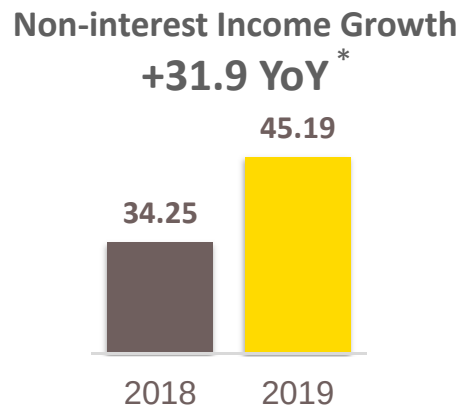
Highlights

2019 Key Financial Highlights



CASA
40.7%

NIM
3.60%



NPL Ratio
1.98%

Coverage Ratio
163.8%

* Adjusting the one-time gains on investments, normalized non-interest income still record a strong increased of Baht 2,309 million, or 6.7%, from 2018.

** Adjusting the one-off items in 2019, the normalized cost to income ratio was recorded at 45.1%

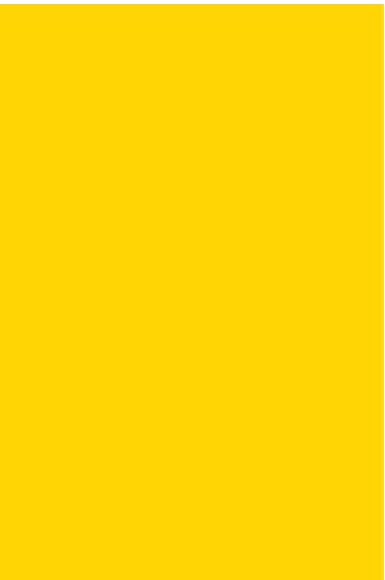
2019 Achievements vs Targets

Strong performance despite the challenging business environment

	2019 Actual	2019 Targets
Loan Growth (Net)	8.7%	6-8%
Loan Mix : Retail	49%	~ 50%
NIM	3.6%	3.4-3.6%
Non-interest income growth (YoY)	31.9%*	3-5%
Cost to Income Ratio	42.9%**	< 50%
Provisions	156 bps	140-150 bps
NPL Ratio	1.98%	< 2.5%
Loan Loss Coverage Ratio	163.8%	140-150%

* Adjusting the one-time gains on investments in 1Q/2019, normalized non-interest income still record a strong increased of Baht 2,309 million, or 6.7%, from 2018.

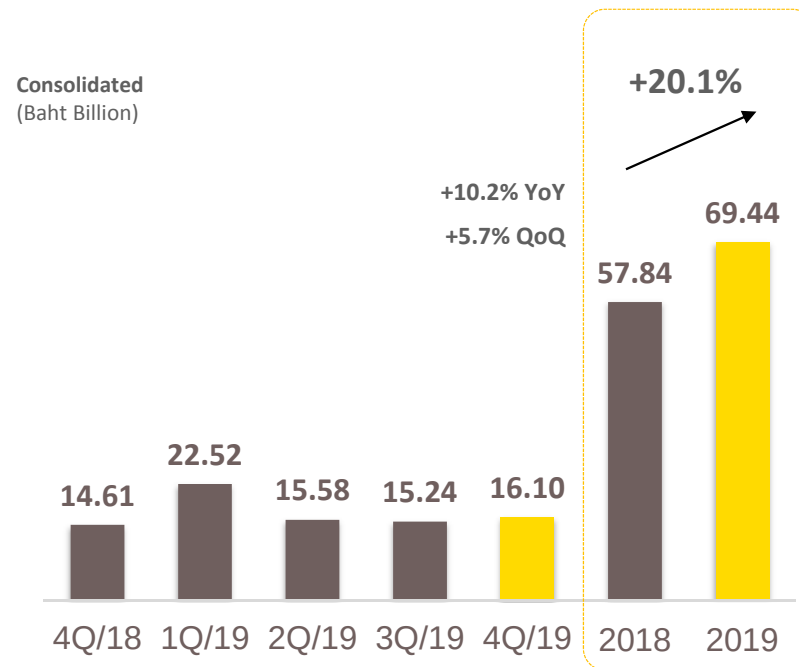
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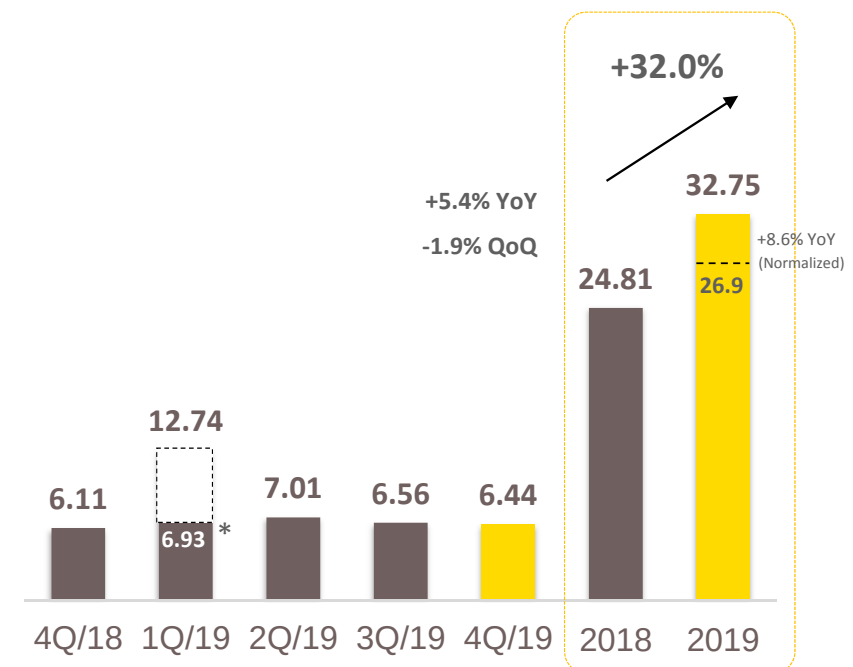
2019 Financial Performance

Profitability

Profit before Provision and Tax



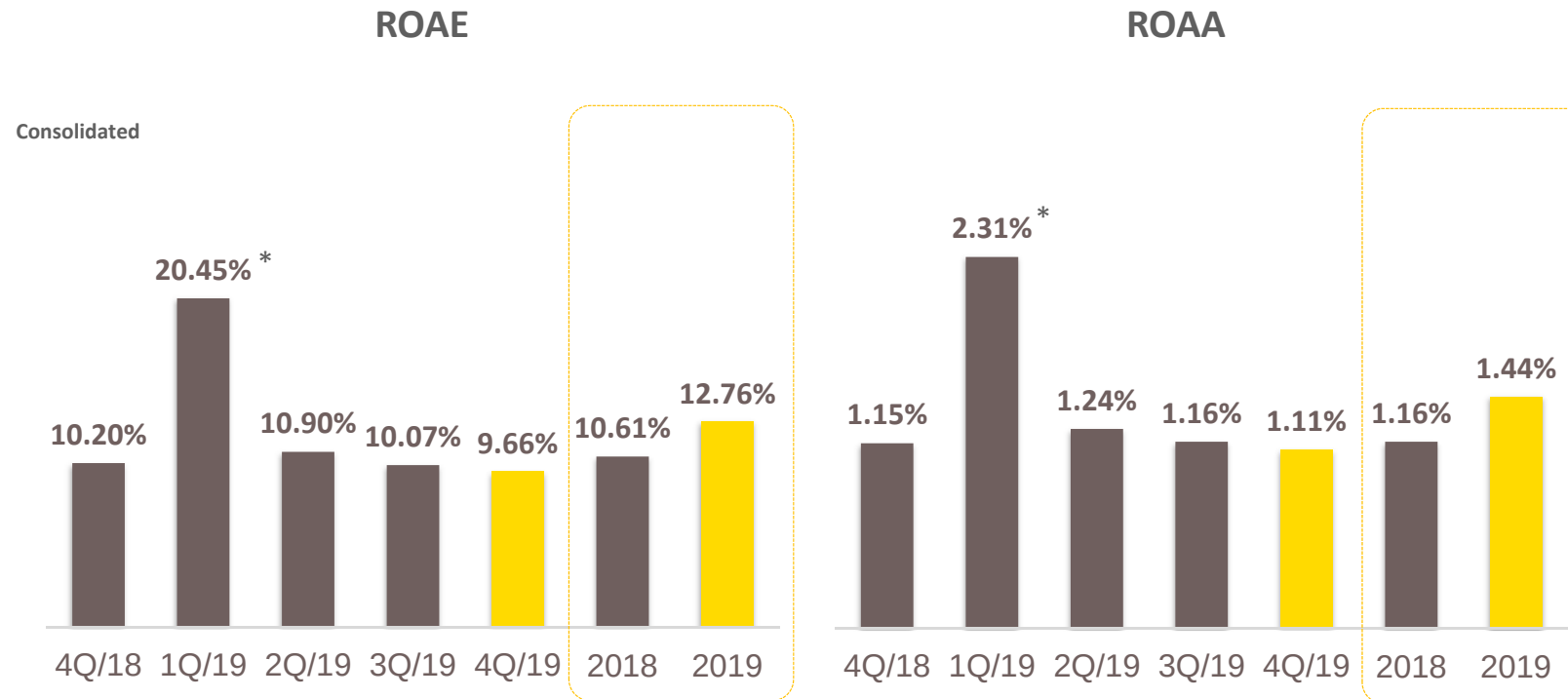
Net Profit



* 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 12.76% and ROAA at 1.44%

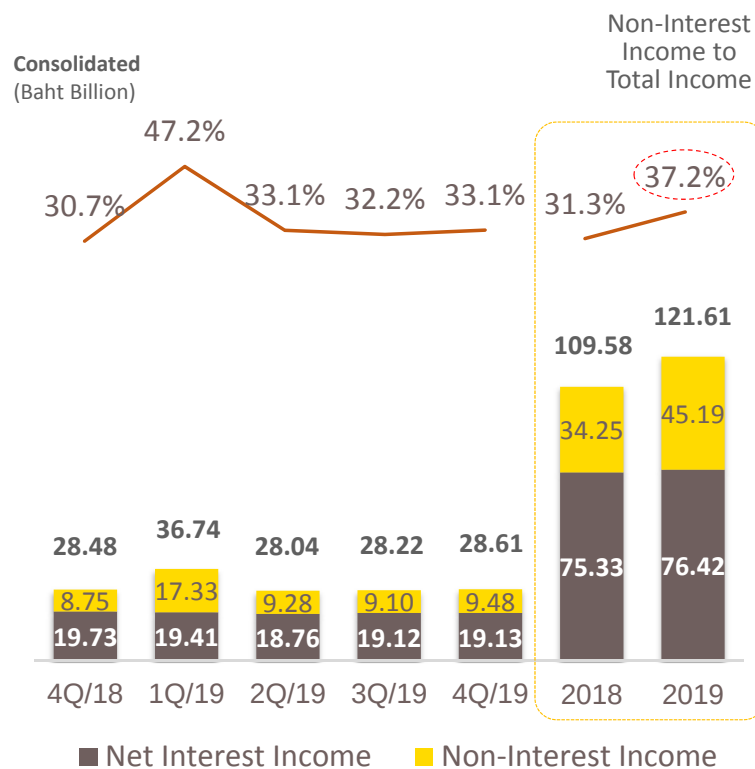


* Including the one-time items, gains on investments from NTL transaction and provision in accordance to the amended Labor Protection Act.

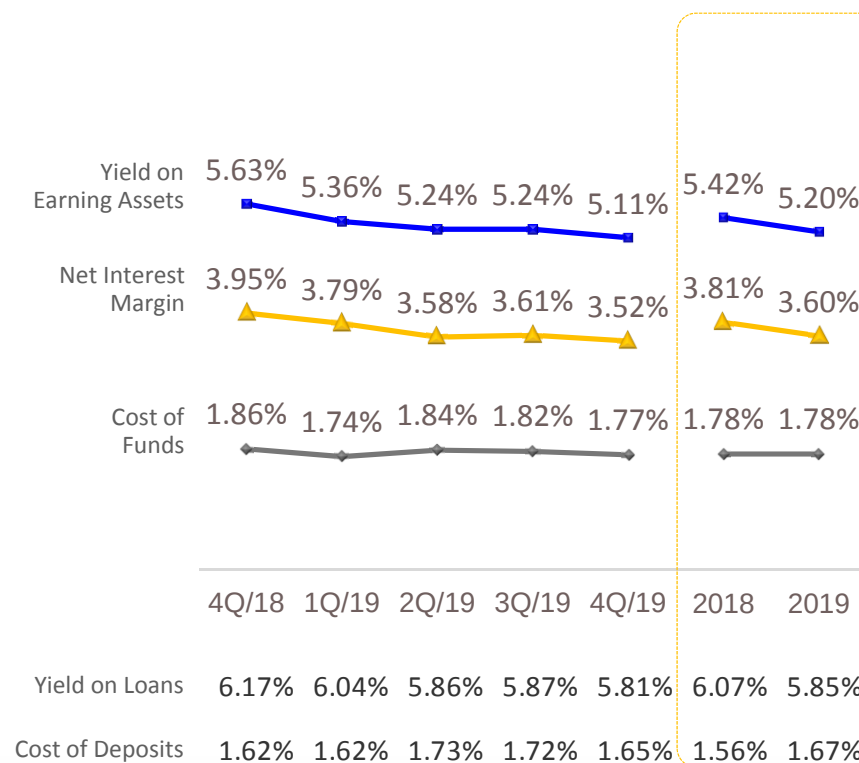
Profitability Measurement

2019 NIM moderated to 3.60% YoY, mainly due to the sales of 50% shares in NTL and the impact of lending rate cuts

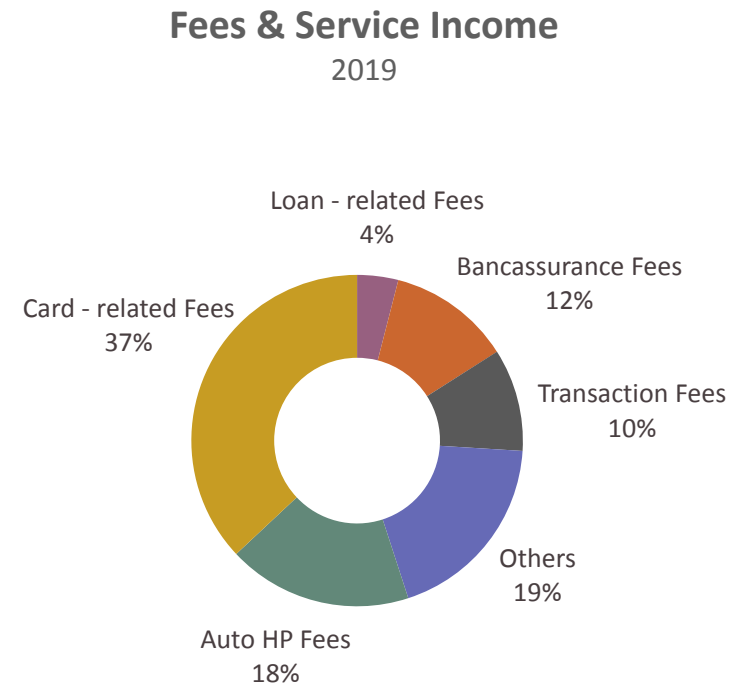
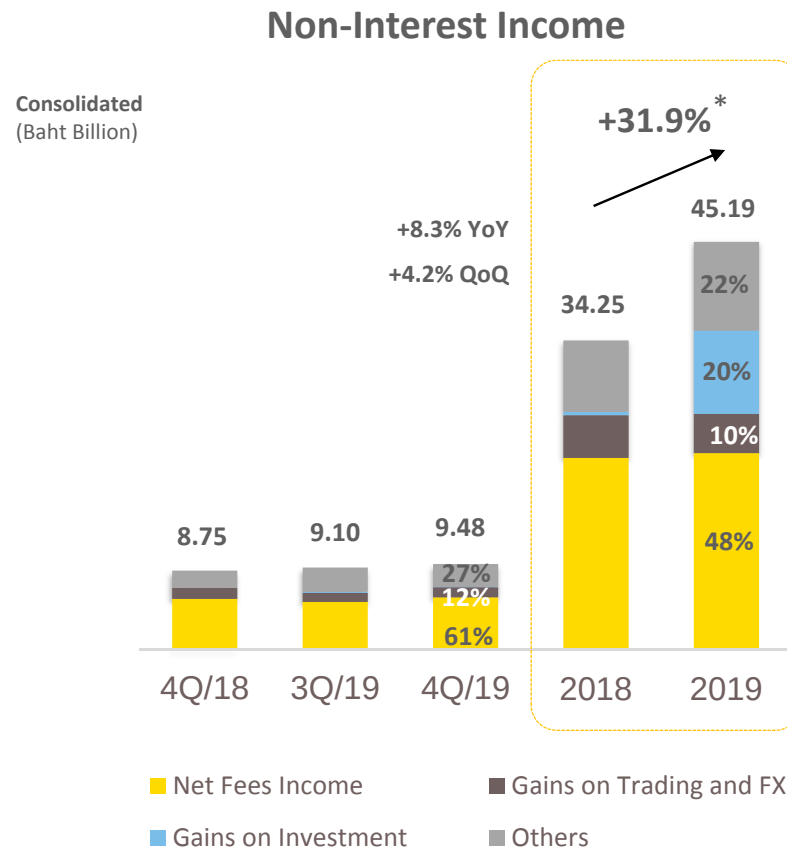
Total Income



Net Interest Margin (NIM)



Non-Interest Income & Fees and Service Income



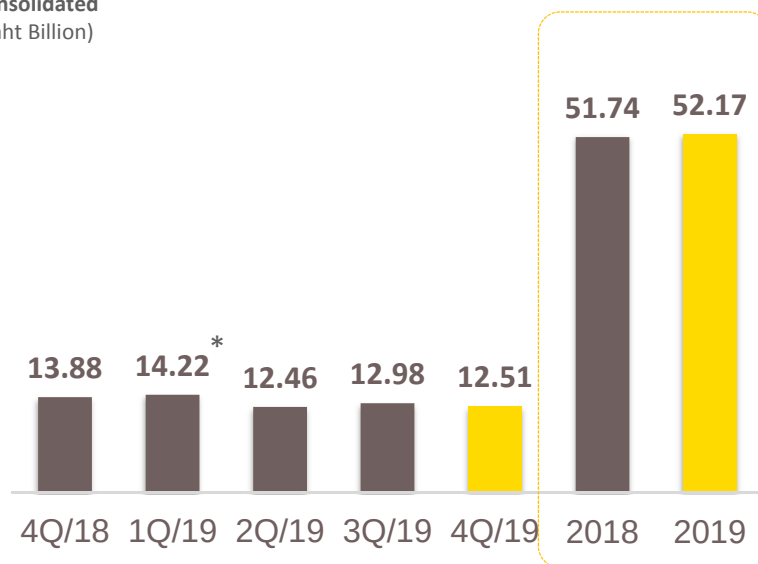
* Adjusting the one-time gains on investments, normalized non-interest income still record a strong increased of Baht 2,309 million, or 6.7%, from 2018.

Productivity

2019 Normalized cost to income ratio was recorded at 45.1%, improving from 47.2% in 2018

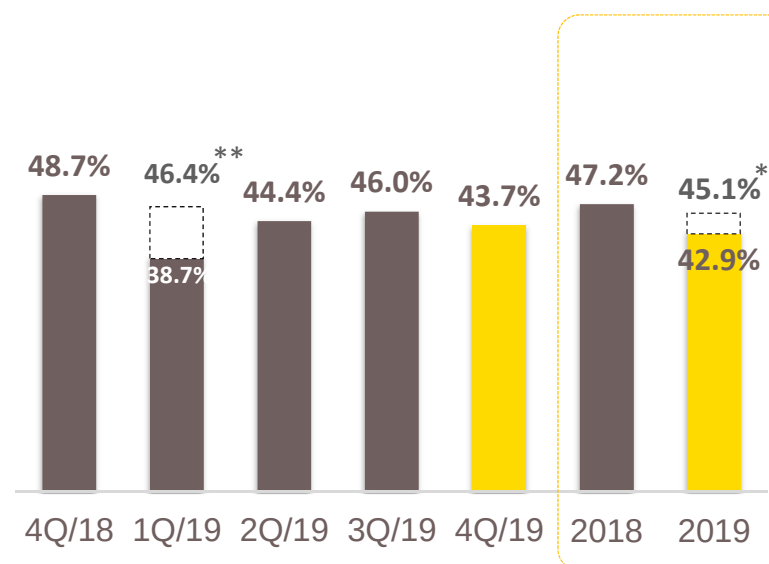
Operating Expenses

Consolidated
(Baht Billion)



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

Cost to Income Ratio

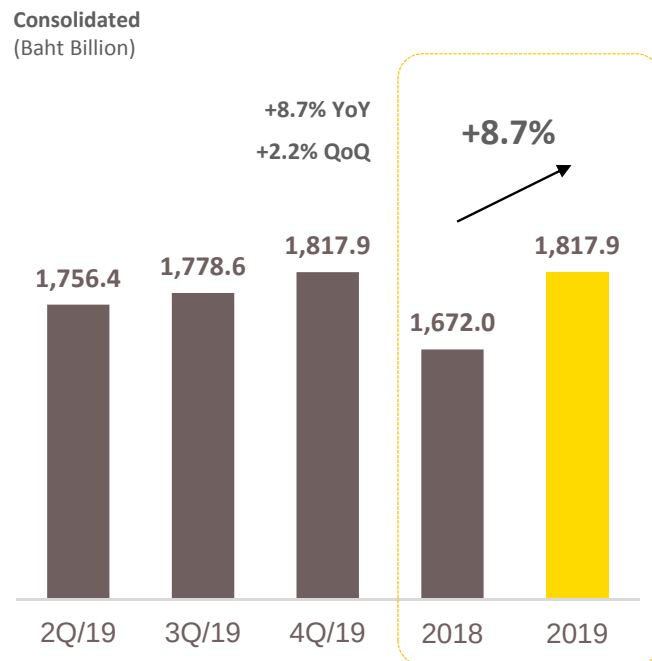


** Normalized cost-to-income, (excluding one-time items, gains on investments from NTL transaction and provision in accordance to the amended Labor Protection Act).

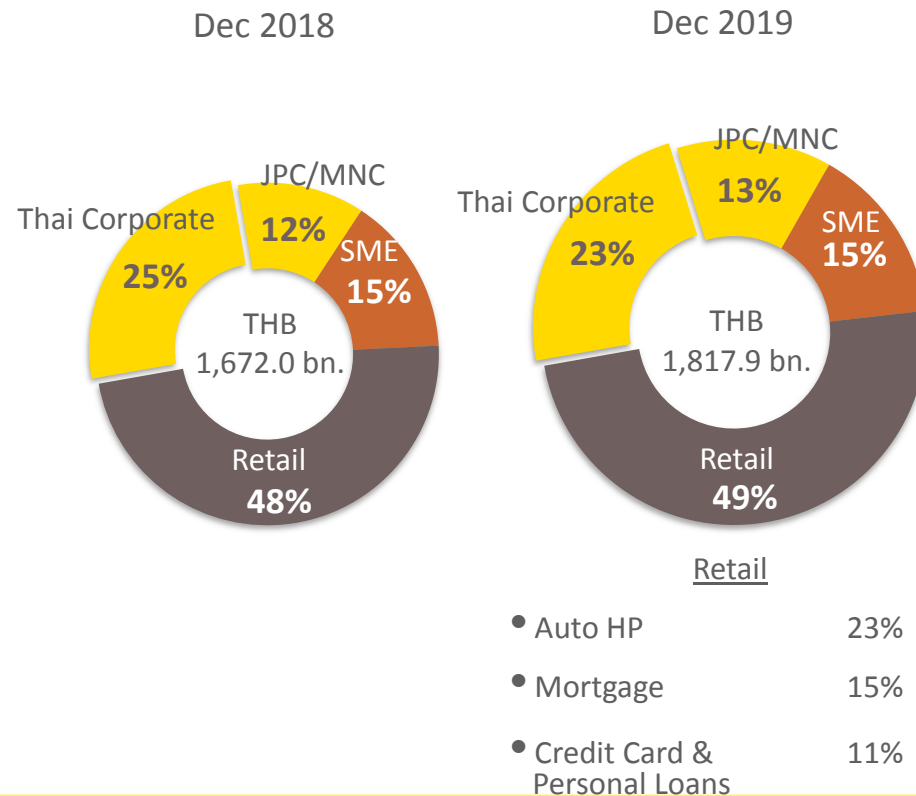
Loan Portfolio

A broad-based expansion with auto hire-purchase, credit card and personal loans, SME, and JPC/MNC loans being primary drivers

Loans



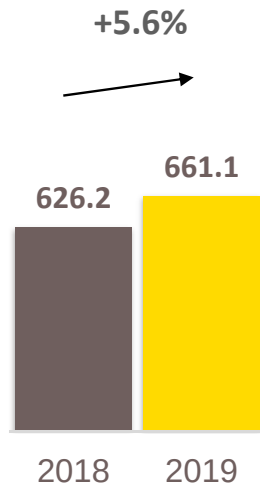
Loans by Segment



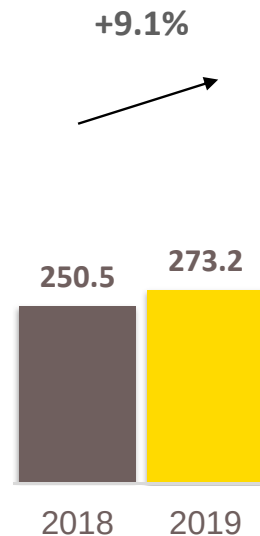
Loans by Segment

Corporate Loan

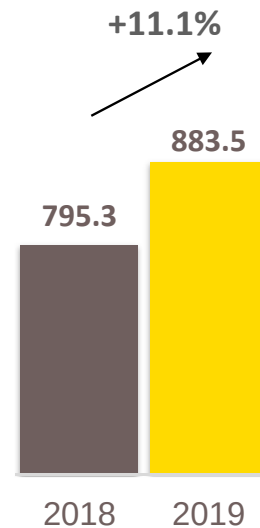
Consolidated
(Baht Billion)



SME Loan



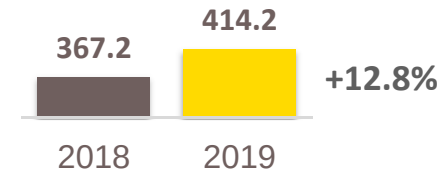
Retail Loan



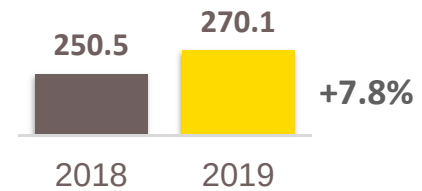
Under Retail Segment

Hire Purchase

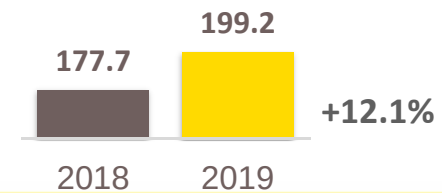
Consolidated
(Baht Billion)



Mortgage

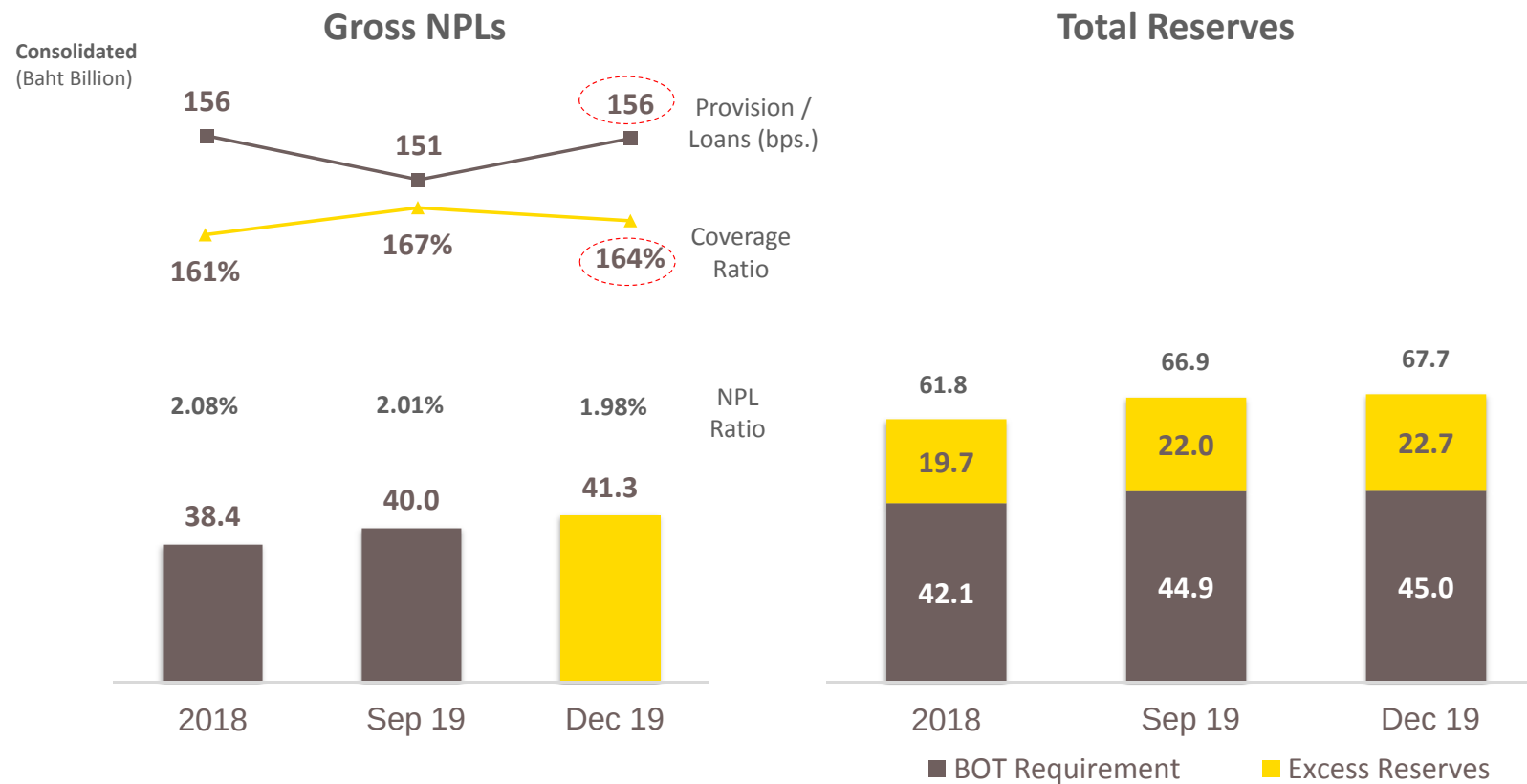


Credit Card and Personal Loans

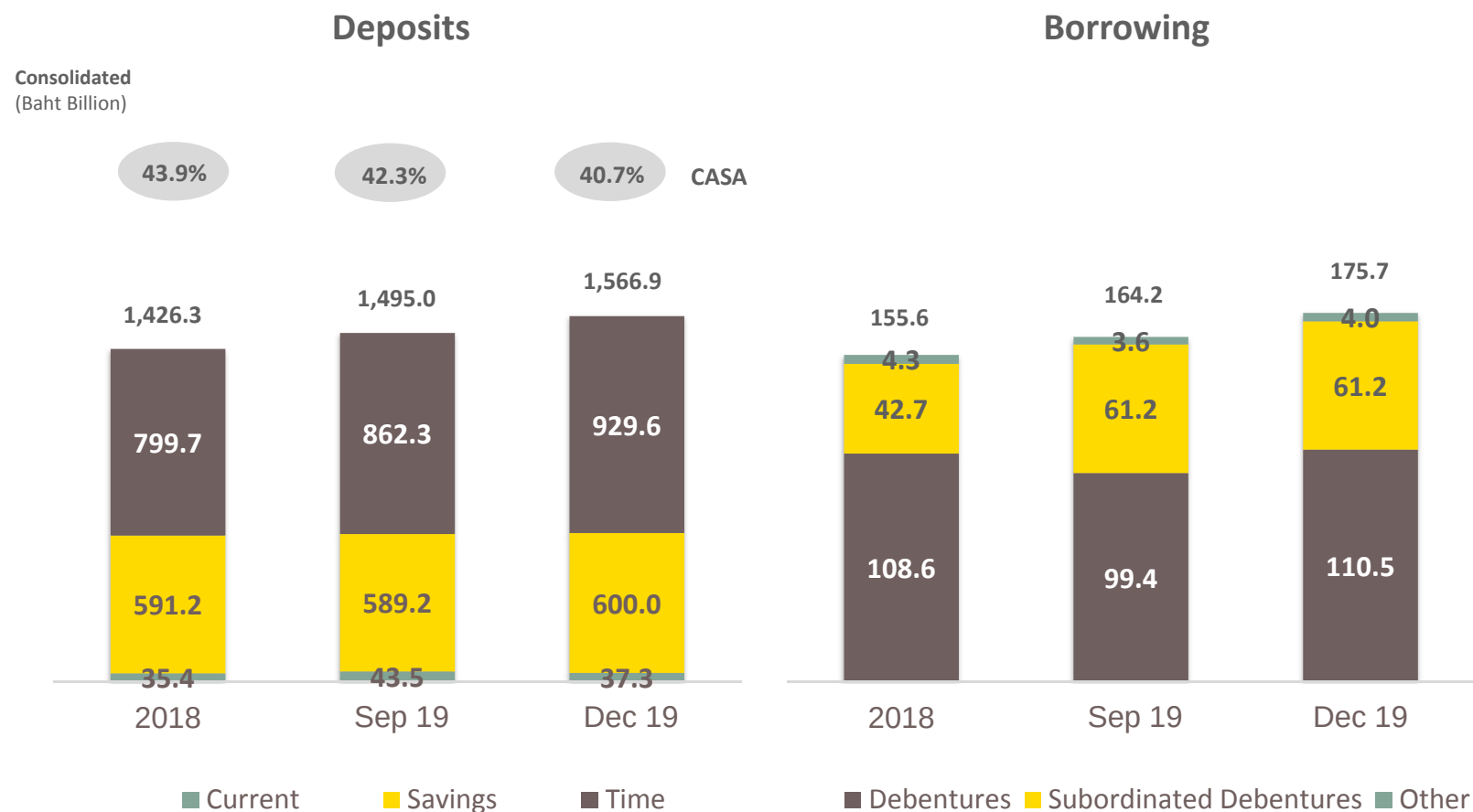


Asset Quality

NPL ratio improved to 1.98% from 2.08% in December 2018



Funding Base

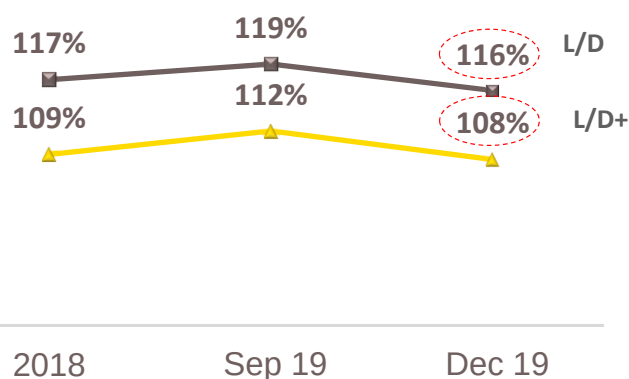


Capital and Liquidity

Strong capital position, CAR equivalent to 16.56%

Loan to Deposit Ratio

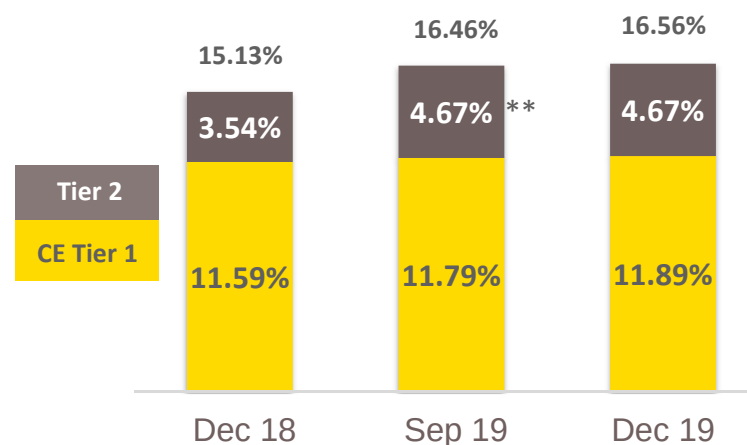
Consolidated



L/D+ : Loan to Deposit Ratio + Debentures

Capital Adequacy Ratio *

Bank Only



* The BOT requires banks to maintain minimum CAR at 8.5% and gradually increase the conservation buffer by 0.625% per year since January 1, 2016 until reaching 2.5% by January 1, 2019.

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

Baht Billion	Dec 18	Sep 19	Dec 19
CE Tier 1	175.38	189.12	191.67
Tier 2	53.60	74.80	75.34
Total Capital	228.98	263.92	267.01

The 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.



Medium-Term Business Plan 2018-2020 Achievements

Recap: MTBP 2018-2020 Core Strategies

Our ASPIRATION:

To be a Top Tier Financial Group in Thailand

- Key Themes -

- *Lead by Innovation. Think “Digital First”*
- *Enhance Customer Experience to become a Main Bank*
- *Enhance Retail & Commercial Banking Platform, and achieve Sustainable Growth*

Key Measures

Size: Selectively Grow

Profitability: Improve Productivity & Efficiency

Recognition: Top Tier Financial Group by Stakeholders

Core Strategies



Enhance Customer Experience towards Customer Engagement



Existing Features

Digital Lending



Cardless



Thai QR Payment



Smart Advisor



New Features in 2019

Apply for Credit Card



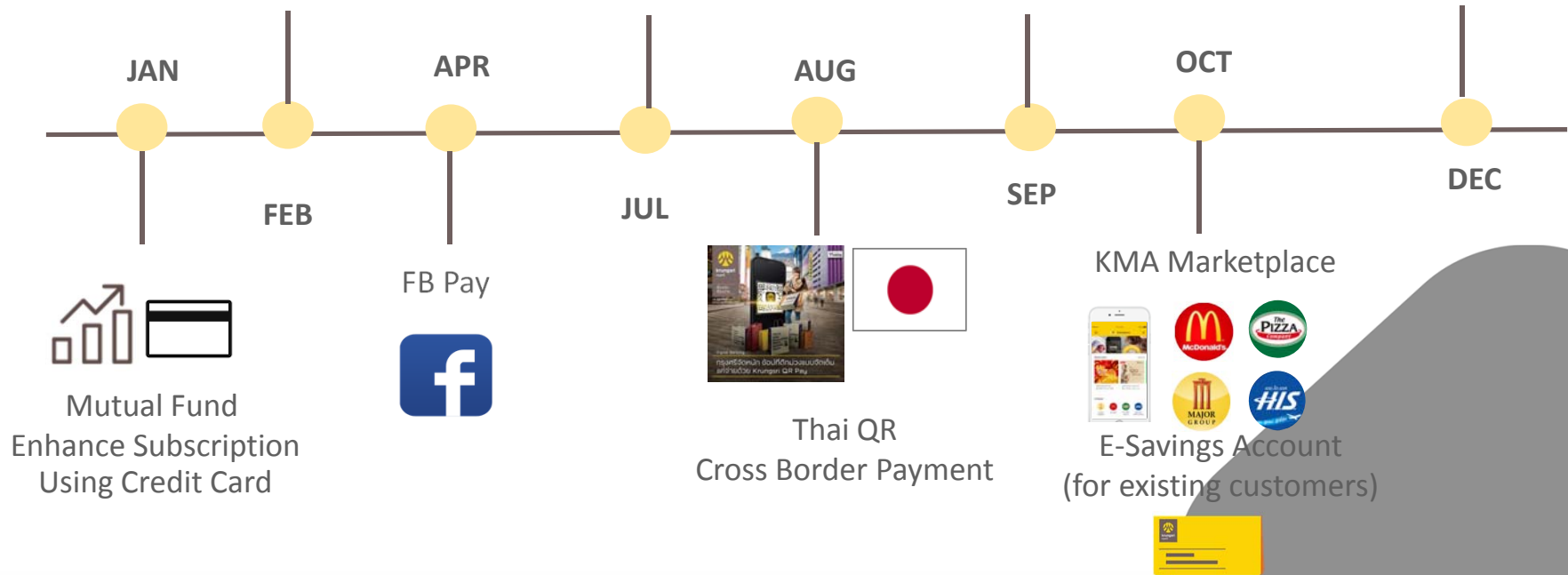
Open Mutual fund Account



Mutual Fund
Dollar Cost Average

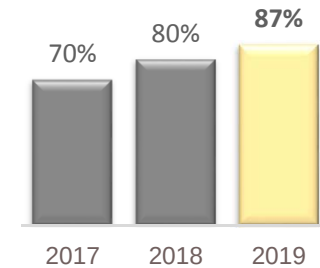
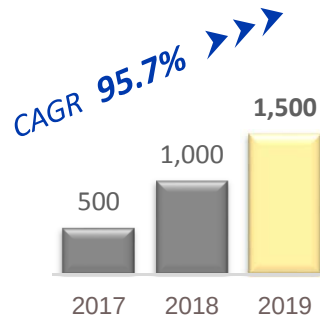
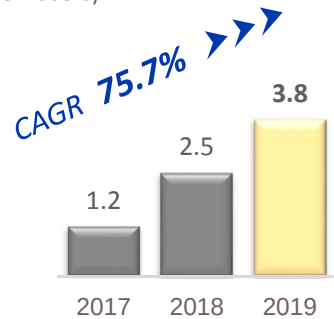
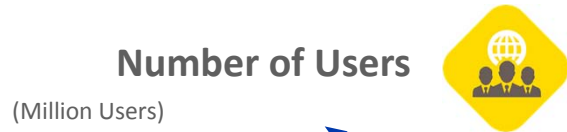


SOMPO
Travel Insurance



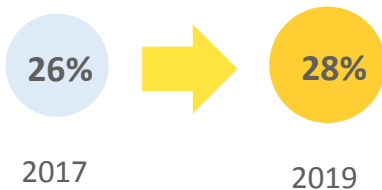
Enhance Customer Experience towards Customer Engagement (Cont.)

Krungsri Mobile Banking (KMA)



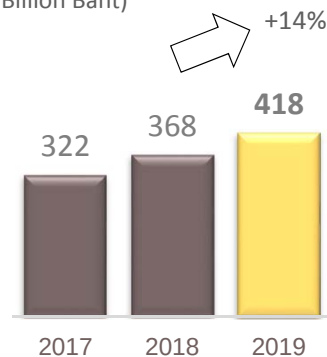
Krungsri Auto

Market Share*



Remark*: Based on NEA of 6 major banks

Loan Outstanding (Billion Baht)



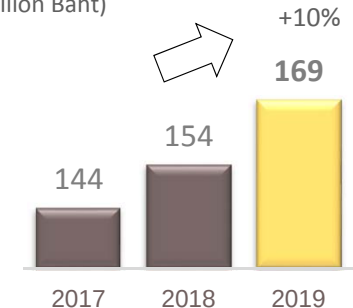
Rank #1

9.1 million accounts

(credit cards, sales finance, and personal loans)

Krungsri Consumer

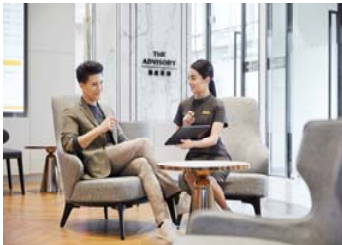
Loan Outstanding (Billion Baht)



Upgrade Advisory Capabilities & Service Quality of Retail Banking

Upgrade Advisory Capabilities

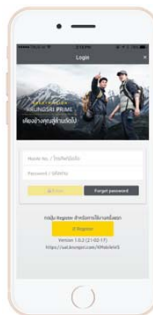
The Advisory



Mobile Application

Exclusive Menu on KMA

Krungsri Prime Application



Distribution Network

New Branch Model



Smart Branch



Partnership Branch

New Banking Agent

'The first time in Thailand that a financial institution appointed another one as its banking agent'

Bank for Agriculture and
Agricultural Cooperatives
(BAAC)



Max Mart
in PT gas stations



Counter Service at 7-11

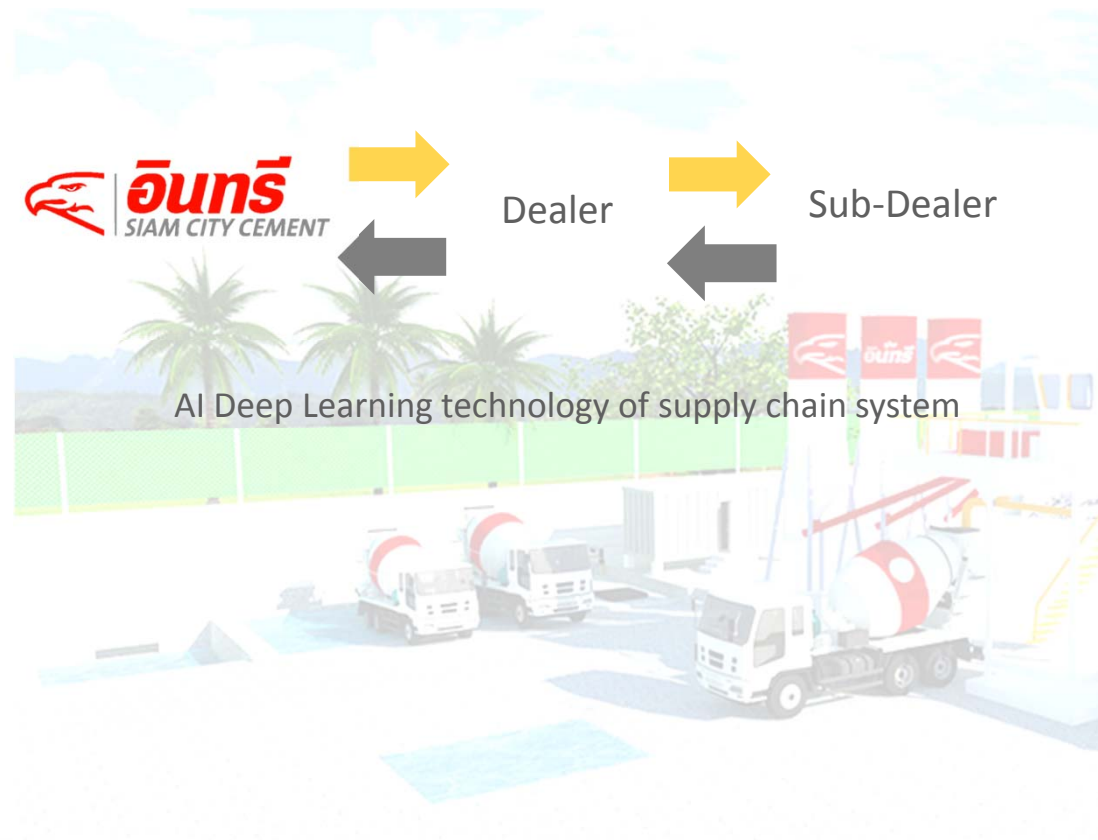


Grow SME Banking through Digital & Innovation Capabilities

Krungsri Blockchain Interledger



Krungsri Supply Chain on Blockchain



Execute Commercial Banking Transformation

1. Adopted a business and platform strategy to transform Corporate Banking to become a “Trusted Banking Partner”

- Conducted in-depth analysis of Corporate Banking opportunities and challenges
- Created a roadmap to transform Corporate Banking in stages under each key pillar
- Implemented strategic initiatives to strengthen the Corporate Banking foundation



2. Executing the business strategy, in parallel with expediting platform transformation to build competitive edges in becoming “Trusted Banking Partner”

- Play to our strengths as a leading Thai bank with global network, strong local franchise, and a full suite of products and services
- Enhance business origination process to improve productivity
- Re-design future business process to optimize customer experience

Strengthen Product Capability to Offer Financial Solutions

- Enhanced portfolio profitability and quality
- Proactively advised solutions that best fit corporate customers
- Raised the operating foundation to keep up with the competitive banking landscape

Achievements of Our Total Solutions



Provided bridge loan and bond to finance Glow Group's acquisition deal



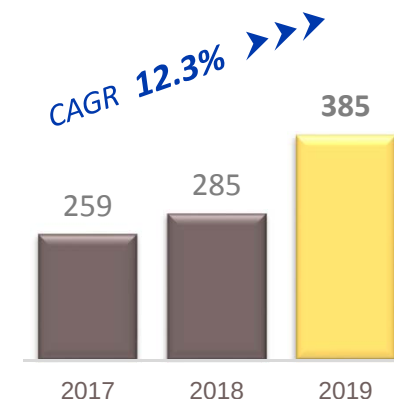
Provided real estate investment trust (REIT) advisory and underwriting services



Provided merger and acquisition advisory Services in acquisition of KT Restaurant Co., Ltd.

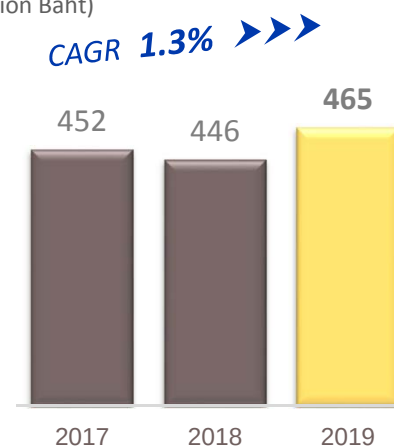
Fees from IB

(Million Baht)



Fees from Transaction Banking*

(Million Baht)



* Cash Management, Export and Import

Expand Collaboration within Krungsri & Synergies with MUFG & Strategic Partners

Supply Chain Financing



- Provided end-to-end solutions from Supplier Financing, Dealer Financing, to Hire Purchase

Business Matching



- Krungsri and MUFG jointly organized the Business Matching Fair for the seventh time in Thailand

Thai-JPC/MNC Joint Venture (Real Estate Collaboration)



- Supported project finances for JVs between Thai developers and JPC/MNC developers

Transactional Banking



- Leveraged products and process know-how from MUFG to close market product gaps

Investment Banking



- Enhanced cross-selling of investment banking products, by leveraging MUFG's global product capabilities

Cross-border Business



- Utilized MUFG's global network to support Thai corporates going abroad

Payroll Account Acquisition



- Acquired more than 80,000 payroll accounts & promoted cross-selling of retail banking services

Cross-border QR Code Payment



- This service provides greater payment convenience and security for Thai tourists visiting Japan

Accelerate Digital and Innovation Execution

Krungsri Corporate / SME

Krungsri Blockchain Interledger



Krungsri Cashless Chain



Krungsri Supply Chain on Blockchain



Mitsubishi Corporation **IRPC**

อูนริ SIAM CITY CEMENT **ptt LPG**

Mortgage Loan

Di Sales

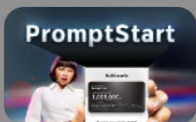


Krungsri Home Loan Connect



Krungsri Auto

Digital Lending



E-Consent



Insurance Online



Krungsri Consumer

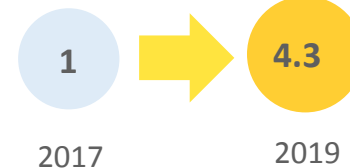


AI Manow: The AI Virtual Agent



Tablet Application Krungsri First Choice

Number of Users (Million Users)



UChoose Application

Accelerate Digital and Innovation Execution (Cont.)

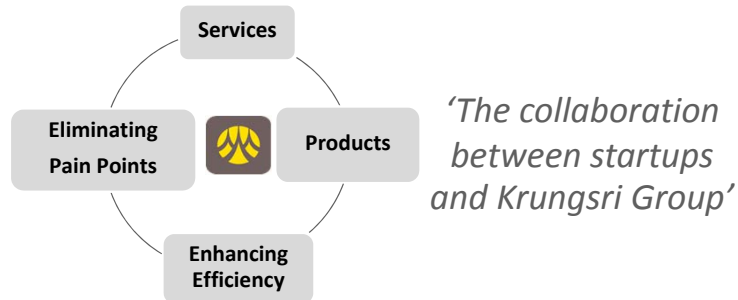
Krungsri Finnovate



Krungsri RISE



Startup Strategic Partnerships



Corporate Venture Capital



Series A

AI & Data Analytics for FIs

2017-2018



Series A+

POS & CRM Platform for Business



Series B

AI & Big Data systems and Platform to expand the B2B customer base



Note: * The first investment in Baania was the series-A investment, the first big-data for real estate in 2018.

Krungsri NIMBLE



Mr. Thakorn Piyapan
Chairman



Ms. Saisunee Hanprathueangsil
Managing Director

A new subsidiary **'Krungsri Nimble'**, an IT solutions hub established to enhance Krungsri's financial technology and innovation development.

Regional Footprint Expansion

Krungsri to enter the Philippines through strategic alliance with Security Bank

Myanmar

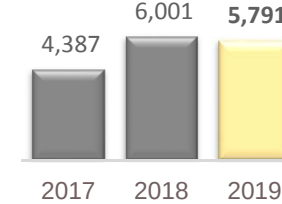
- Krungsri Representative Office
- BTMU branch in **Yangon**

Lao PDR

2 Branches in **Vientiane** and **Savannakhet**

Krungsri Leasing Services Co., Ltd. (KLS)

Outstanding Loans
(Million Baht)

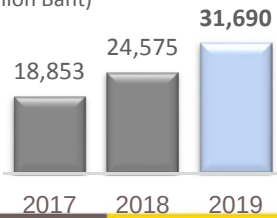


Cambodia



Hattha Kaksekar Limited (HKL)

Outstanding Loans
(Million Baht)



Vietnam

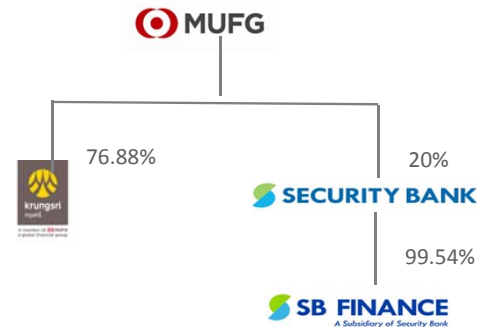
- 2 of MUFG Bank Branches in **Ho Chi Minh City** and **Hanoi**
- Collaborating with **VietinBank**



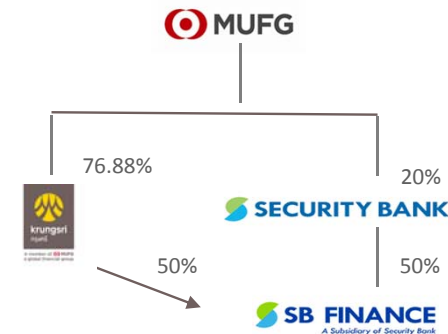
Philippines

Joint venture business
with Security Bank
Corporation (SBC)

Pre-Transaction



Post-Transaction



Sustainable Banking Priority

ESG Excellence & Financial Inclusion

ESG Awards and Recognition



- Asia's Best CEO
- Best Investor Relations Professional



- Asia's Best CFO
- Best Environmental Responsibility



- Sustainability Disclosure Award



- Thailand Sustainability Investment (THSI)

Social Bond



- First private-sector “gender” bond in the Asia Pacific region and the first social bond issuance in Asian emerging markets

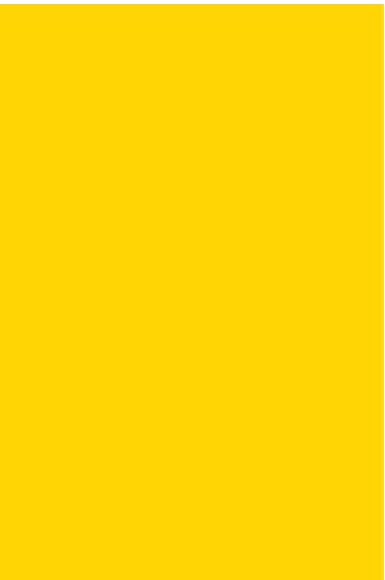
Memorandum of Understanding



- MOU on “Sustainable Banking Guidelines – Responsible Lending”



- MOU with Social Enterprise Thailand Association (SETH)



2020 Key Focus

Thailand's Economic Outlook

Key Indicators of Thai Economy (by Krungsri Research)

(YoY Growth %)	2017A	2018A	2019E	2020F
GDP	4.0	4.1	2.4	2.5
Policy Rate (% , year-end)	1.50	1.75	1.25	1.00
Inflation	0.7	1.1	0.7	0.9

2020 Global Economy

More stable economic growth, but still fragile

2020 Thai Economy:

Another year of sluggish, below-potential growth

- Exports: Easing headwinds but divergence of global growth is capping recovery
- Private investment: Spare capacity suggests a murky outlook
- Private consumption: Low farm income growth and dim job outlook are eroding purchasing power
- Public spending: Relentlessly disappointing with a delay in budget bill passage
- Tourism: Coronavirus outbreak derails its recovery
- Monetary policy: Easing cycle is still underway

2020 Key Focus

ENHANCE CUSTOMER EXPERIENCE

Digital Transformation

- Digital Lending
- Digital Bank
- Digitized customer onboarding process
- Digitized FX Products
- Digitized Corporate / Industry Solutions

Elevate Human Touch Experience

- Financial advisory capabilities for suitable investment and lending solutions

Omni Channel

- Smart Branch
- Enhance KMA/KOL/KBOL
- Digitized Call Center Service



2020 Key Focus

UTILIZING DATA DRIVEN CAPABILITIES

- Build customer empathy in all segments / niche markets
- Improve Productivity and Efficiency
 - Digitized operations through AI/ML and RPA
- Proactive Risk Management through AI/DATA Intelligence



2020 Key Focus

PARTNERSHIP STRATEGY

- Expanding partnership network to create value-added ecosystem to customers.

Car User Ecosystem



Home User Ecosystem



SME Ecosystem



2020 Key Focus

OVERSEAS BUSINESS EXPANSION AND COLLABORATION

Collaboration with Partner Banks

- Business Expansion
- Co-development on cross-border transaction products

Collaboration with MUFG

- Technology development and investment
- Leverage MUFG Network and Capabilities to serve Thai customers
- Further deepen and expand Business Matching, cross-border investment and lending products



2020 Key Focus

Sustainable Banking Priority

- Transition to low carbon economy

Organization



- Low carbon organization
- 75th Anniversary: 7.5 Million kgCO2e Less

Products & Services



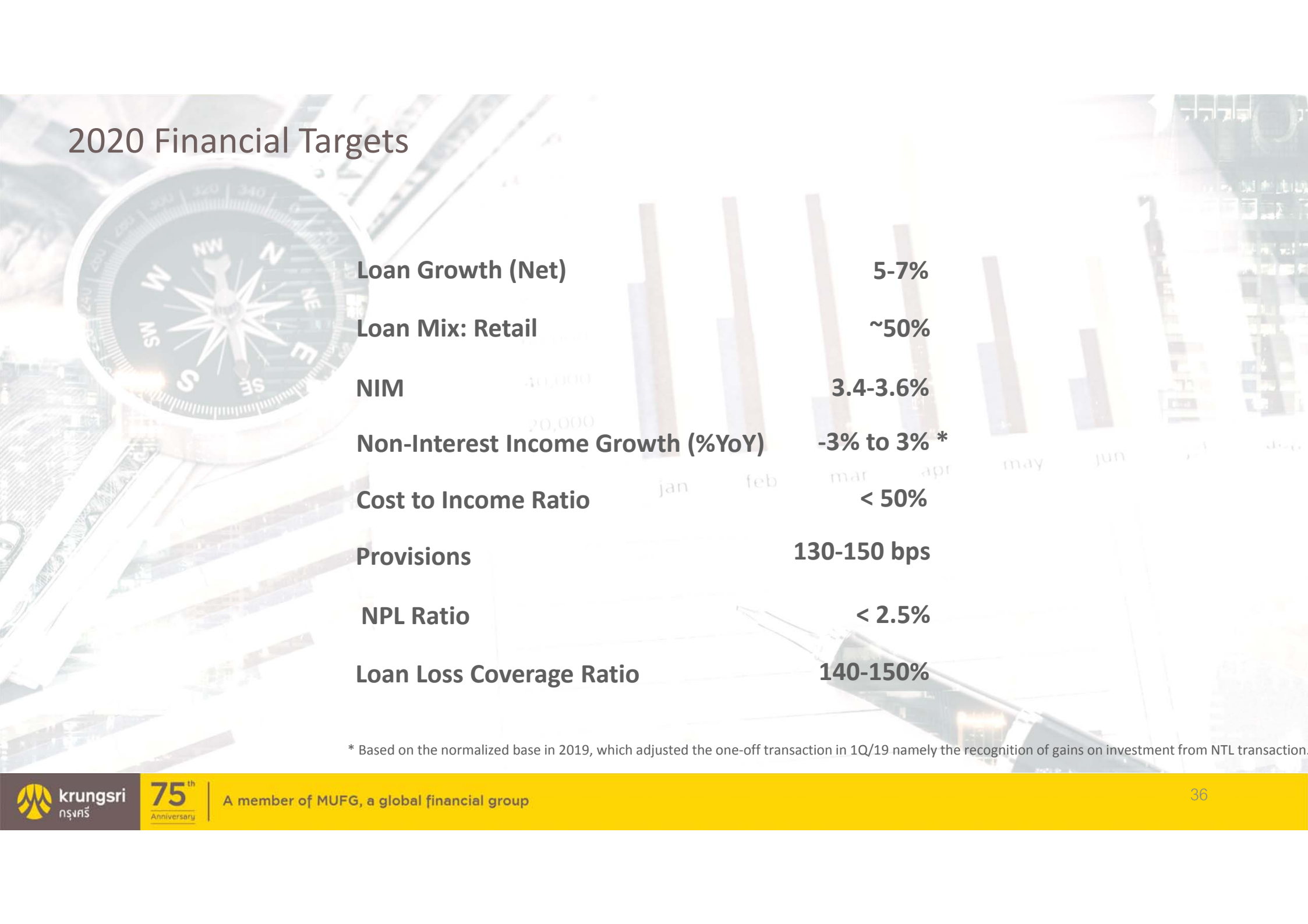
- Responsible Financing and Investment
- Reference & alignment to international best practices / standards

Society



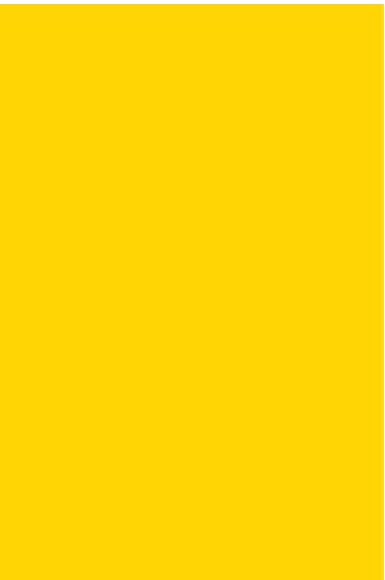
- Green & Sustainable CSR programs

2020 Financial Targets



Loan Growth (Net)	5-7%
Loan Mix: Retail	~50%
NIM	3.4-3.6%
Non-Interest Income Growth (%YoY)	-3% to 3% *
Cost to Income Ratio	< 50%
Provisions	130-150 bps
NPL Ratio	< 2.5%
Loan Loss Coverage Ratio	140-150%

* Based on the normalized base in 2019, which adjusted the one-off transaction in 1Q/19 namely the recognition of gains on investment from NTL transaction.

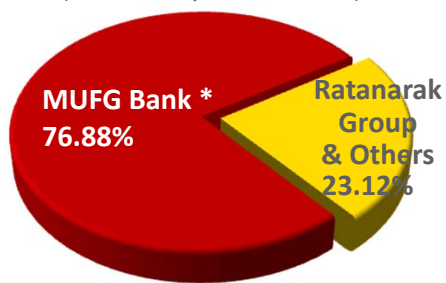


Krungsri Profile

Our History



Shareholding Structure
(as of 12 September 2019)



- Officially established in 1945
- 2007: BAY and GE became 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)

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 33,085 / BAY 15,280

Extensive Franchise: 34,920 Service Outlets

As of December 2019	Number	As of December 2019	Number
Domestic Branches	690 *	First Choice Branches	150 Branches
Overseas Branches	2	+ Dealers	+ 22,770 Dealers
Representative Office	1	Krungsri Auto Dealers	> 9,919 Dealers
ATMs	6,750	Microfinance Branches	1,000
Exchange Booths	83	Microfinance Overseas Branches (HKL)	177
Krungsri Exclusive / Krungsri The Advisory	43 / 5	EDC Machines	94,560
Krungsri Business Centers	62	Banking Agents Touch Points **	> 133,242

* Krungsri domestic branches = 690 branches, of which 650 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 stations, Bank of Agriculture and Agricultural Cooperatives

Leadership Position



In consumer finance

As of November 2019	Market Position	% Share
Consumer		
Personal Loan	1	30%
Credit Card	1	16%
Auto (HP)	2	28%
SME	5	5%
Corporate	5	12%



“This issuance reaffirms our commitment to corporate citizenship practices and our broader ambition to meet the UN Sustainable Development Goals.”

Mr. Seiichiro Akita,
President and Chief Executive Officer
Bank of Ayudhya Public Company Limited

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