Analyst Briefing

2017 Business Strategy and Key Focus

31 January 2017

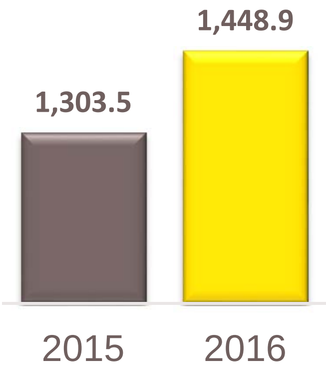
"Make Life Simple เรื่องเงิน เรื่องง่าย"

Highlights

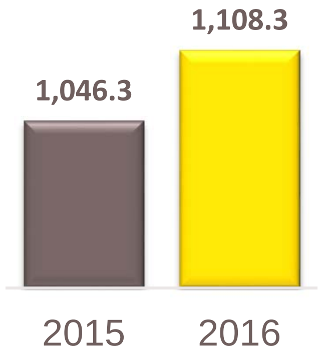
2016 Key Financial Highlights

Loan Growth
+11.2% YoY

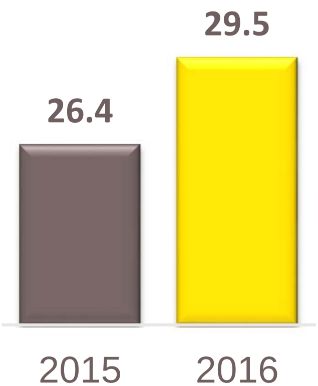
Consolidated
(Baht Billion)



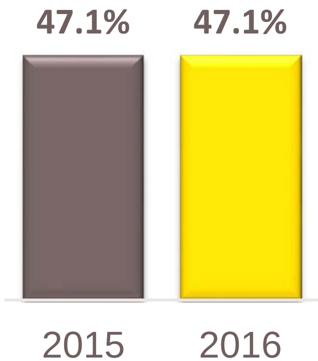
Deposit Growth
+5.9% YoY



Non-interest Income Growth
+11.7% YoY



Cost-to-Income Ratio



CASA
52.7%

NIM
3.74%

NPL
2.21%

Coverage
143%

2016 Achievements vs Targets

Strong performance despite a moderate economic recovery

	2016	2016 Targets	
Loan Growth (Net)	+145.4 bn +11.2%	8-9% *	✓
NPLs Ratio	2.21%	< 2.5%	✓
Deposit Mix: Savings and Current	53%	> 50%	✓
Loan Mix : Retail	44%	~ 40	✓
L/Deposit+Debentures+B/E	117%	n.d.	n.d.
NIM	3.74%	~ 3.7%	✓
Non-interest income growth (YoY) **	11.7%	7.0%+	✓
Cost to Income Ratio	47.1%	< 50%	✓
Provisions	147 bps	~ 145 bps	~
Loan Loss Coverage	143%	135%+	✓
CAR *(Bank Only)*	14.2%	n.d.	n.d.

** Loan growth target including consolidated loan from Hattha Kaksekar Limited (HKL)*

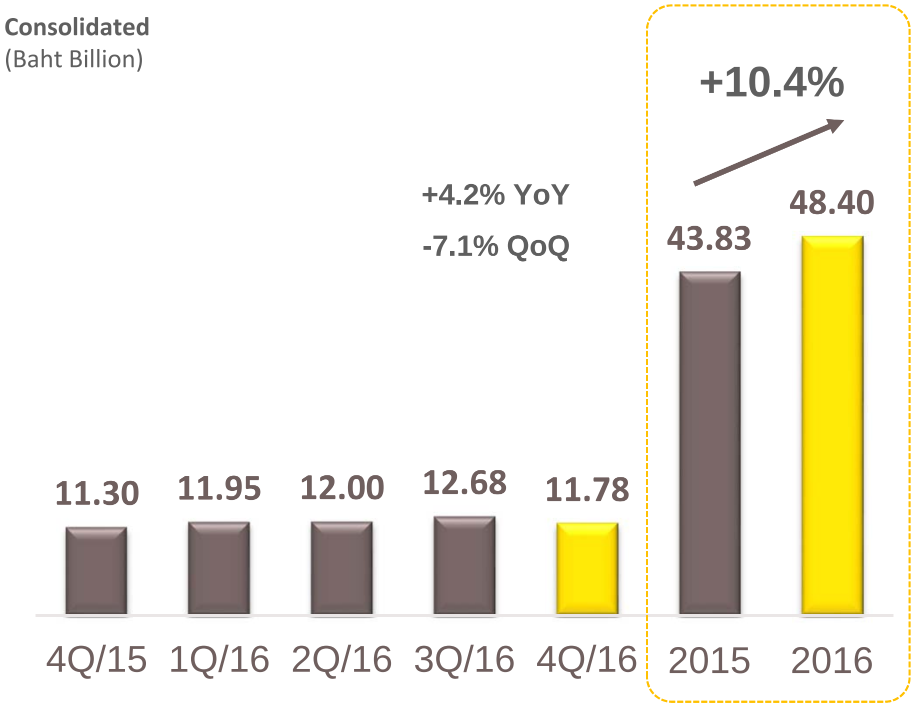
*** Net Fee Income + Non-Interest and Non-Fee Income*

Financial Performance 2016

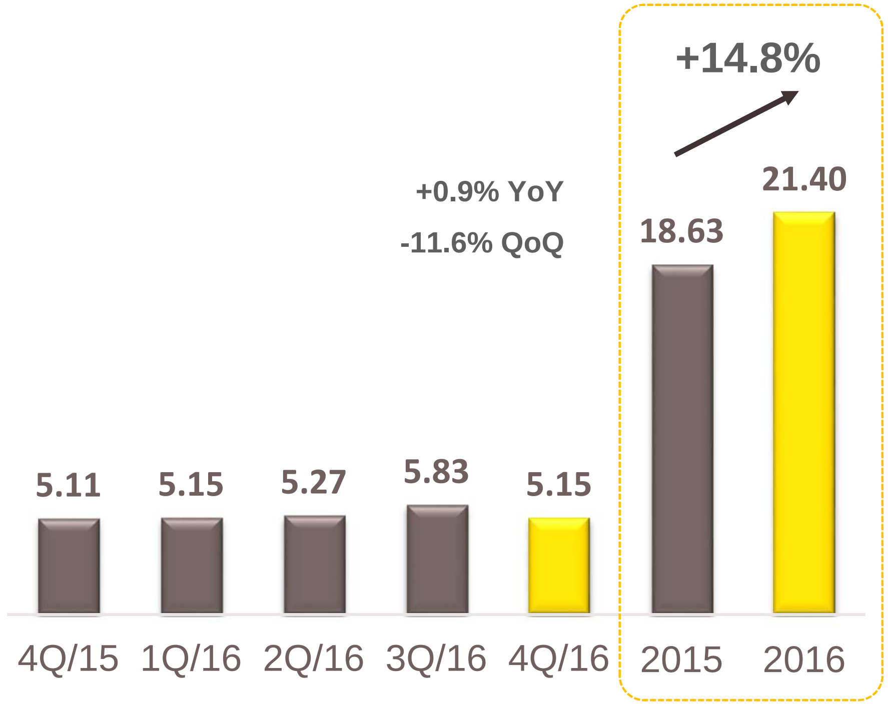
Profitability

The solid financial results were attributed to substantially higher net interest income supported by robust loan growth and higher non-interest income

Profit before Provision and Tax

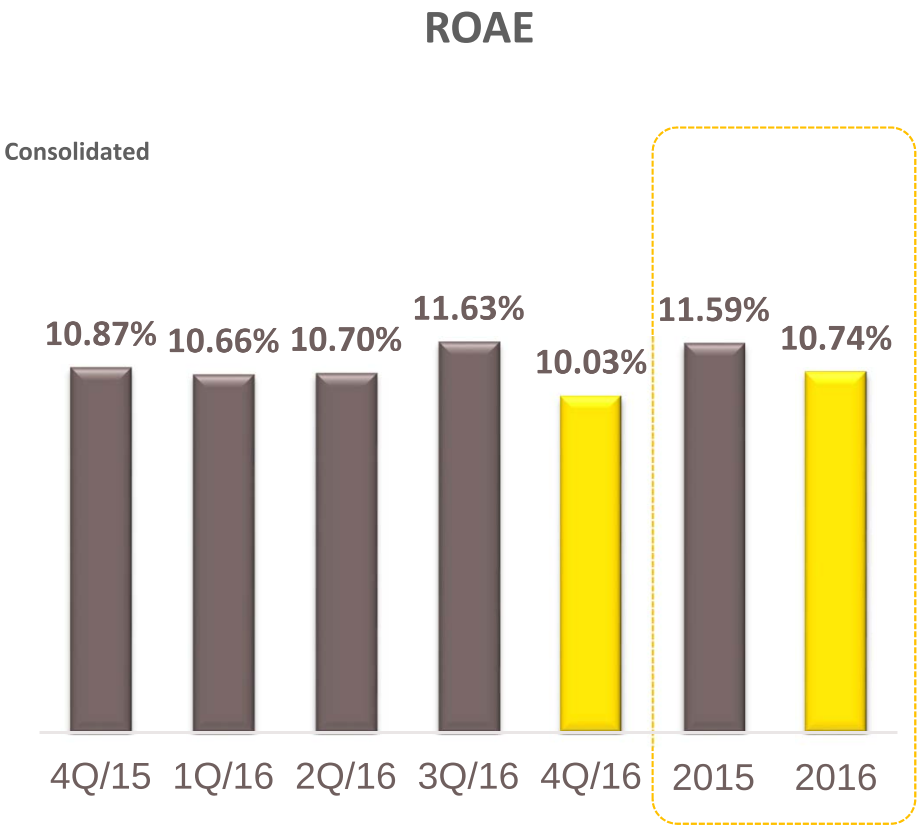


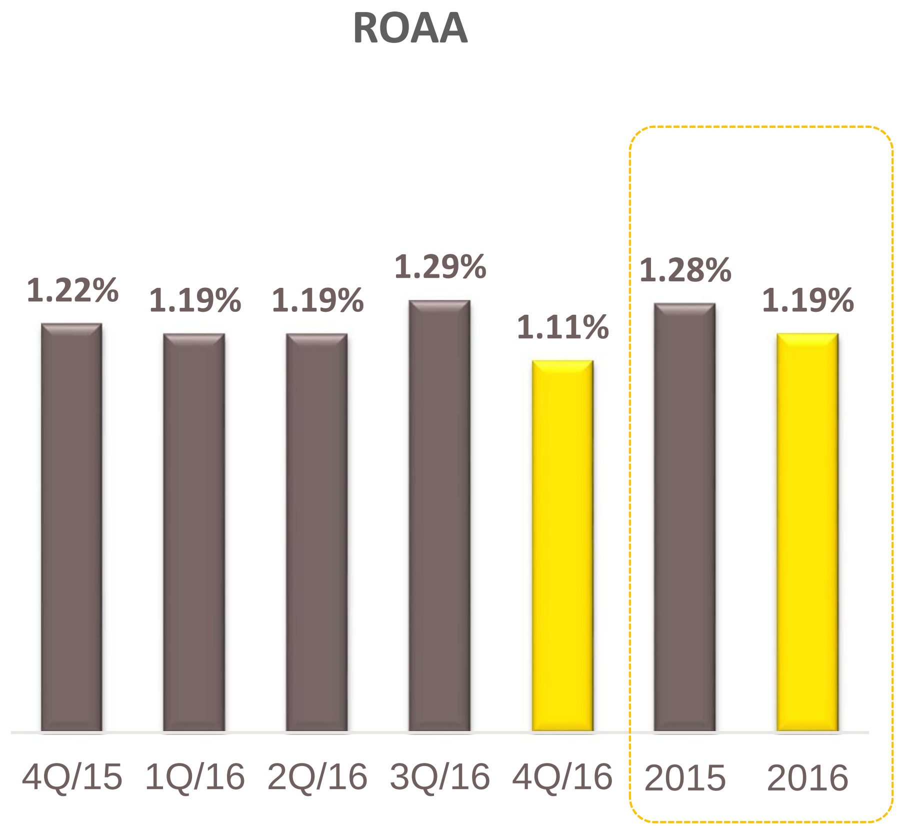
Net Profit



ROAE & ROAA

Reported 2016 ROAE at 10.74% and ROAA at 1.19%

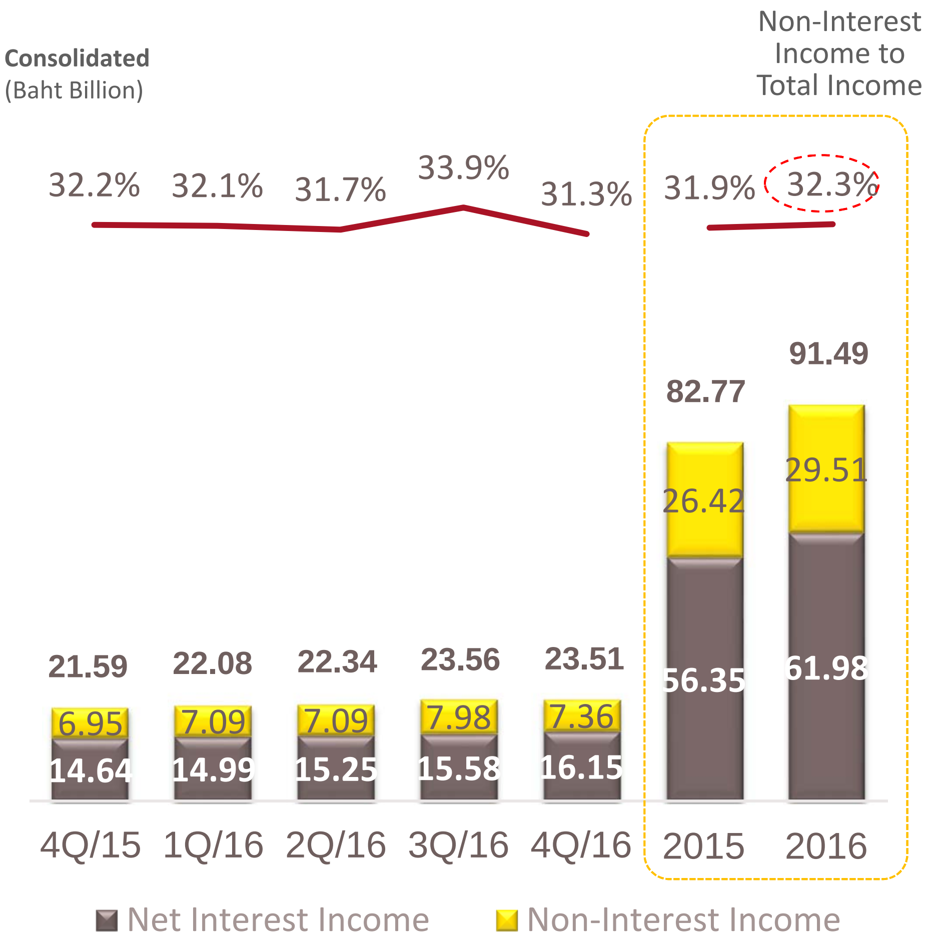




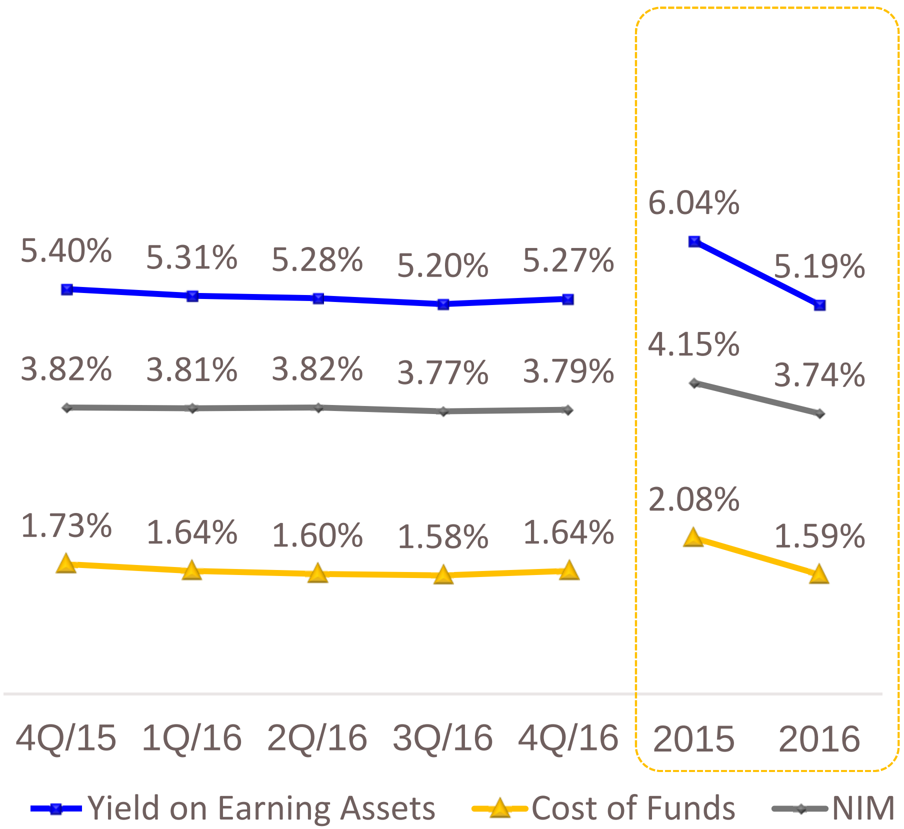
Profitability Measurement

2016 NIM recorded at 3.74%

Total Income

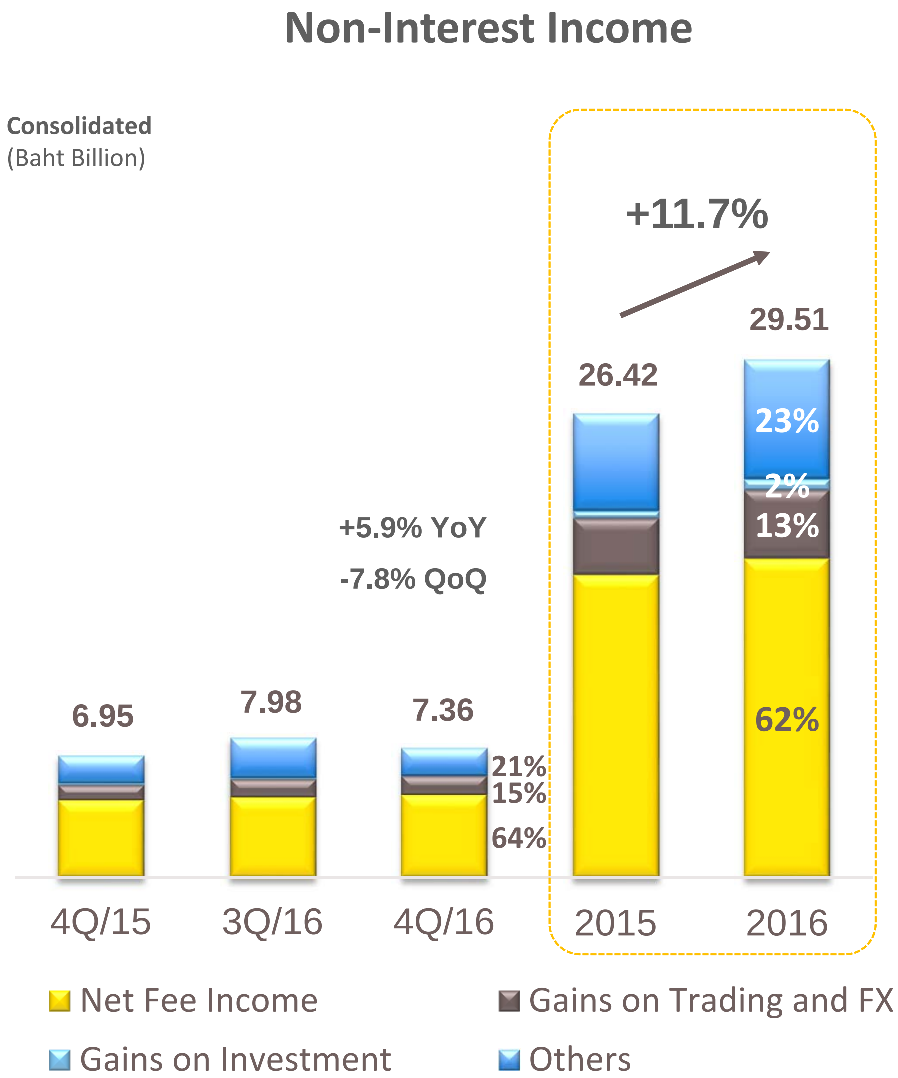


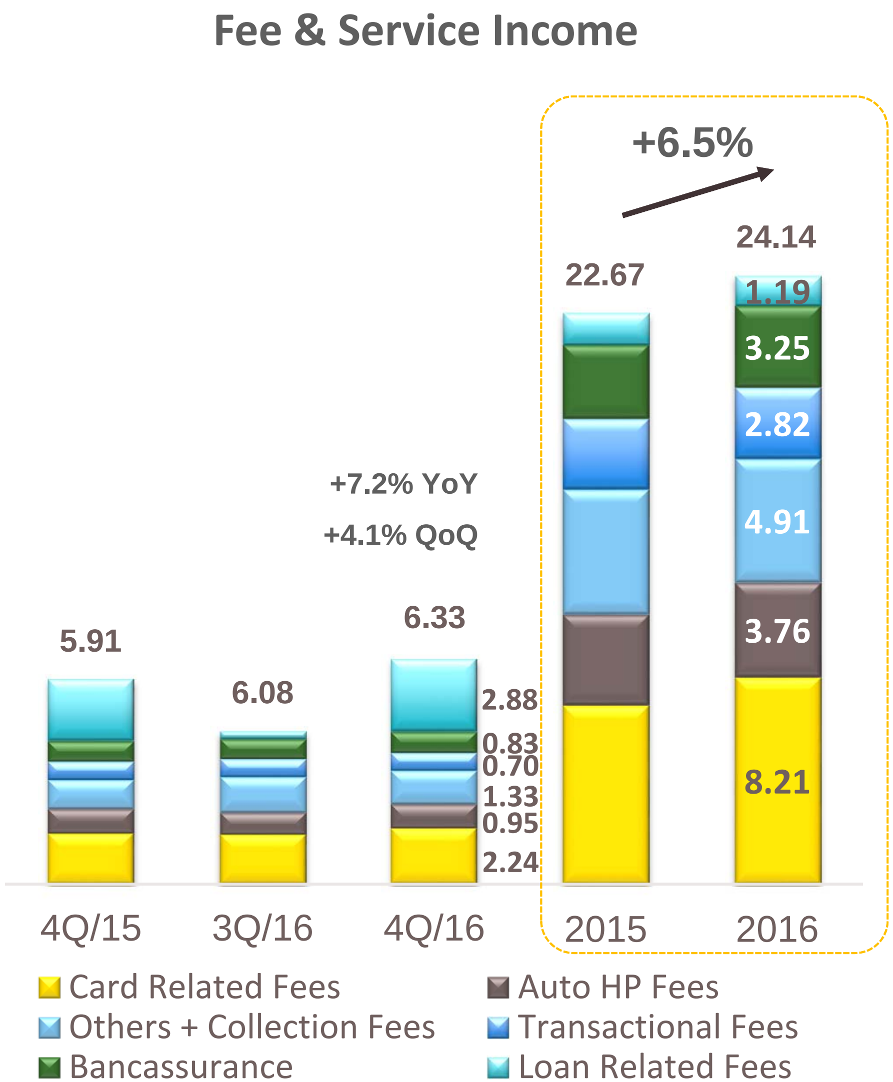
Yield & Cost of Funds



Non-Interest Income & Fees and Service Income

Enhanced capabilities contributed to an increase in non-interest income



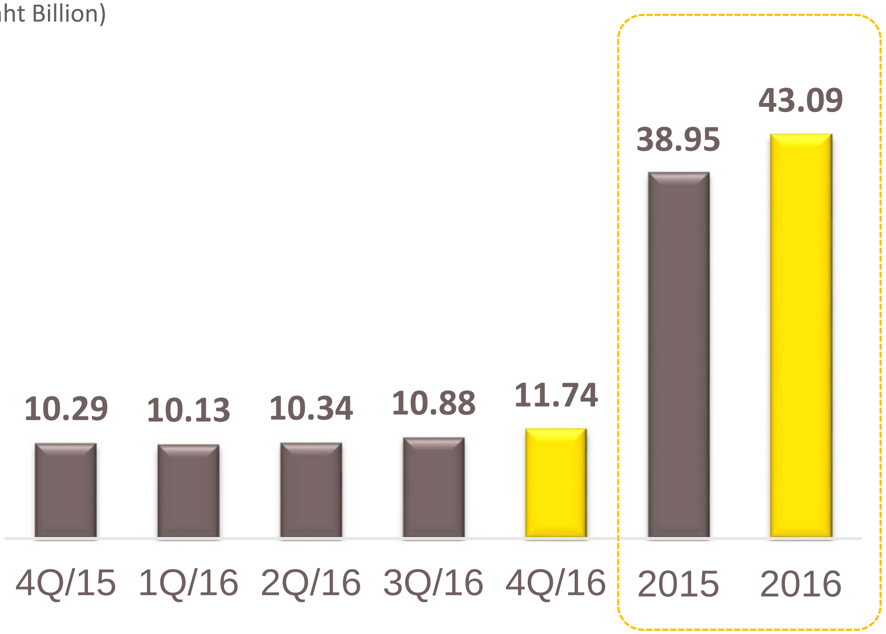


Cost Management

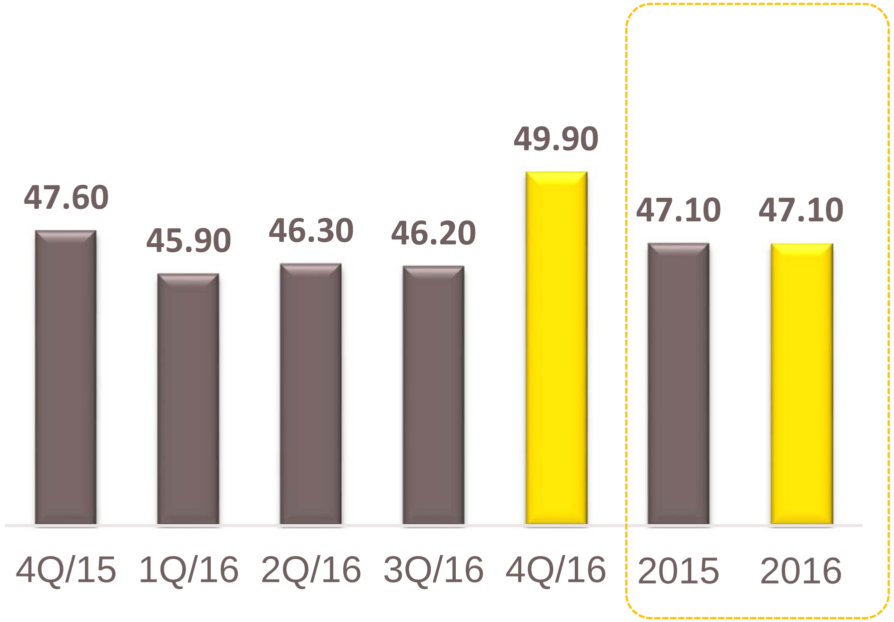
2016 Cost to income ratio recorded at 47.1%

Operating Expenses

Consolidated
(Baht Billion)

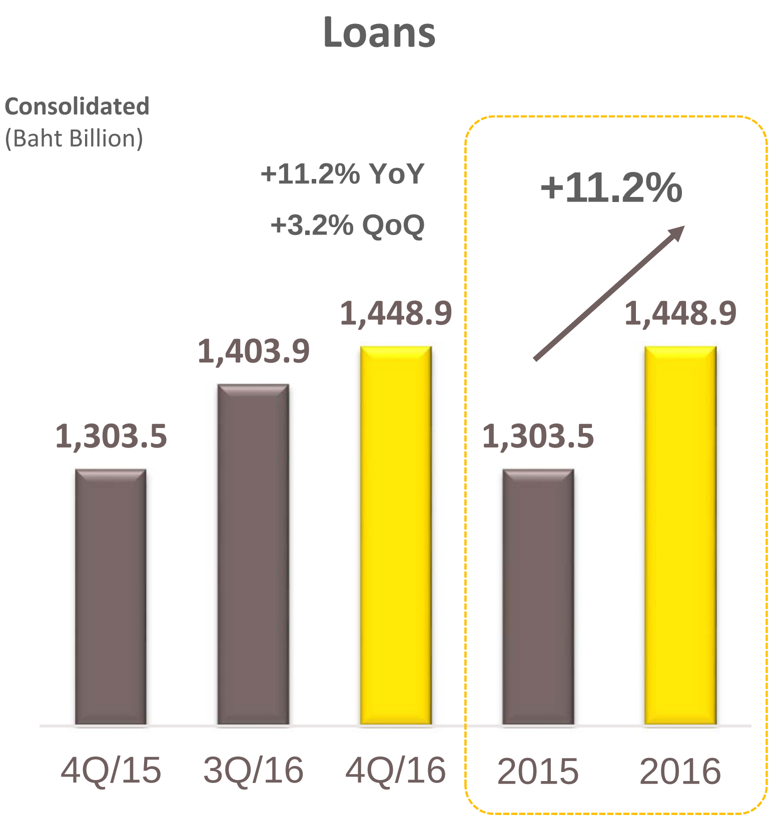


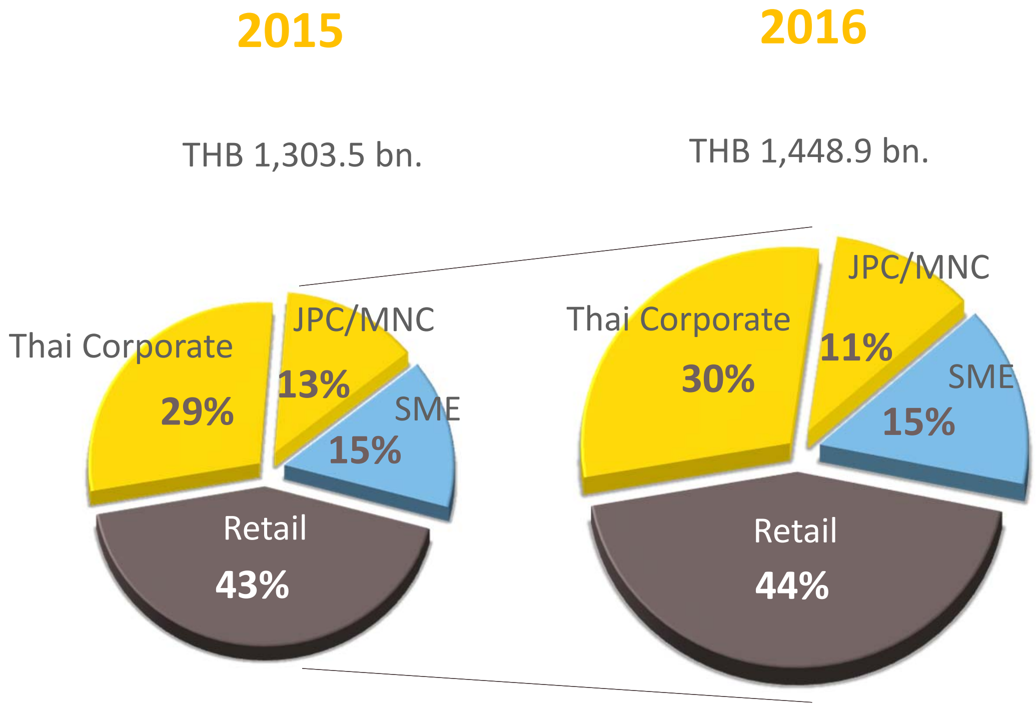
Cost to Income Ratio



Healthy Loan Growth

Recorded robust loan growth at 11.2% in 2016 amid a moderate economic recovery





Retail

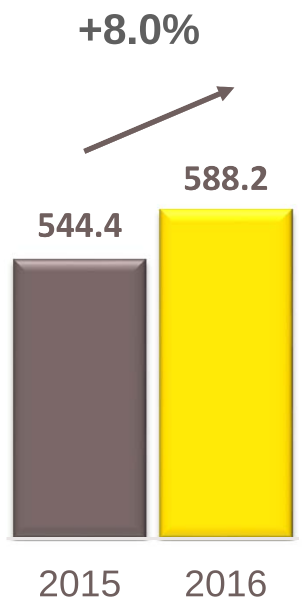
- Auto HP 20%
- Mortgage 13%
- Credit Card & Personal Loans 11%

Loans by Segments

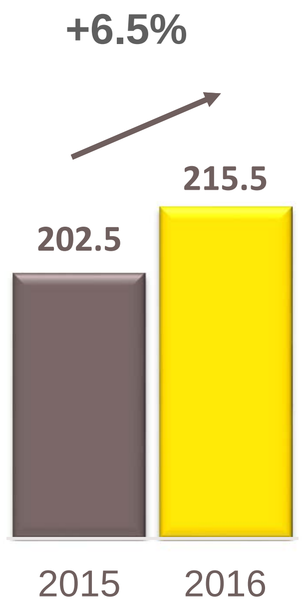
A broad-based expansion in Corporate, SME and Retail segment

Corporate Loan

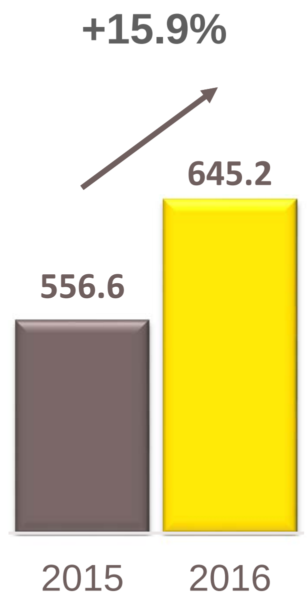
Consolidated
(Baht Billion)



SME Loan



Retail Loan

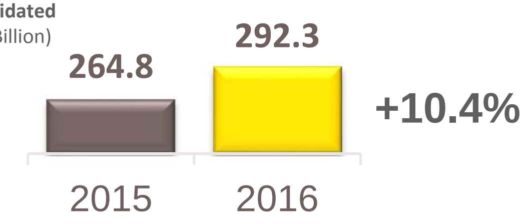


Under Retail Segment

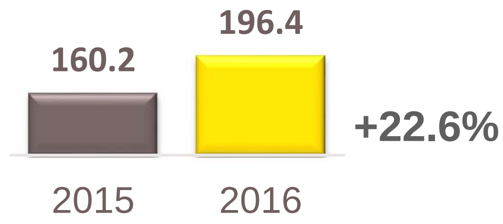
Hire Purchase

(Including Ngern Tid Lor)

Consolidated
(Baht Billion)

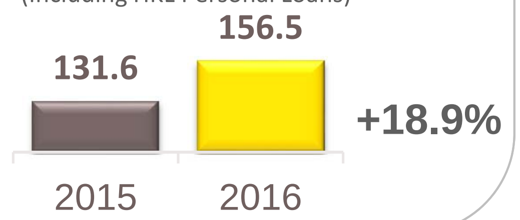


Mortgage



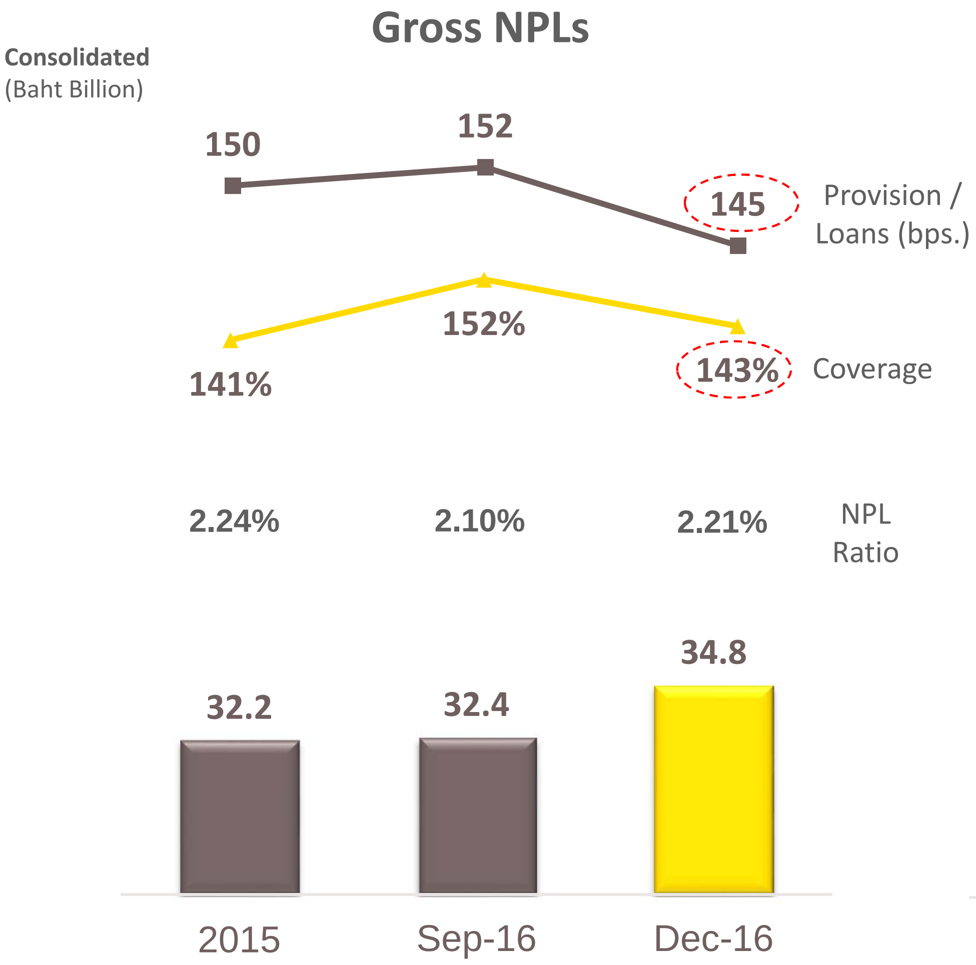
Credit Cards and Personal Loans

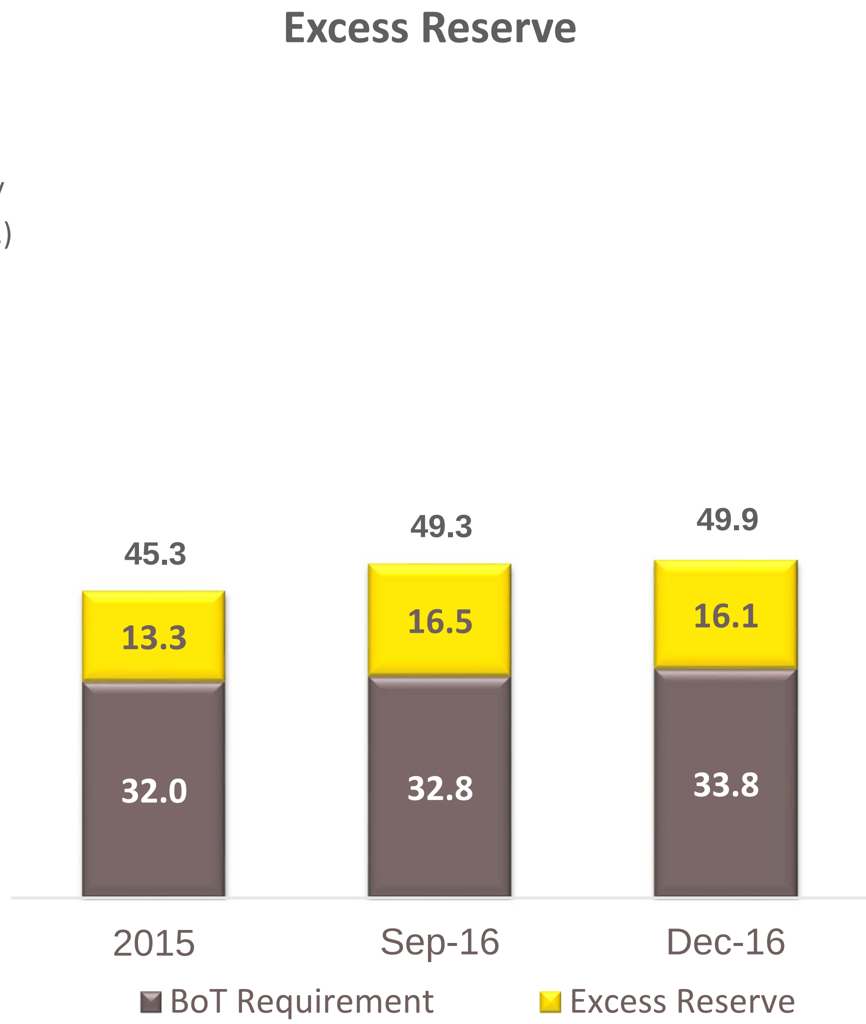
(Including HKL Personal Loans)



Asset Quality

NPLs recorded at 2.21%, with strong reserve position



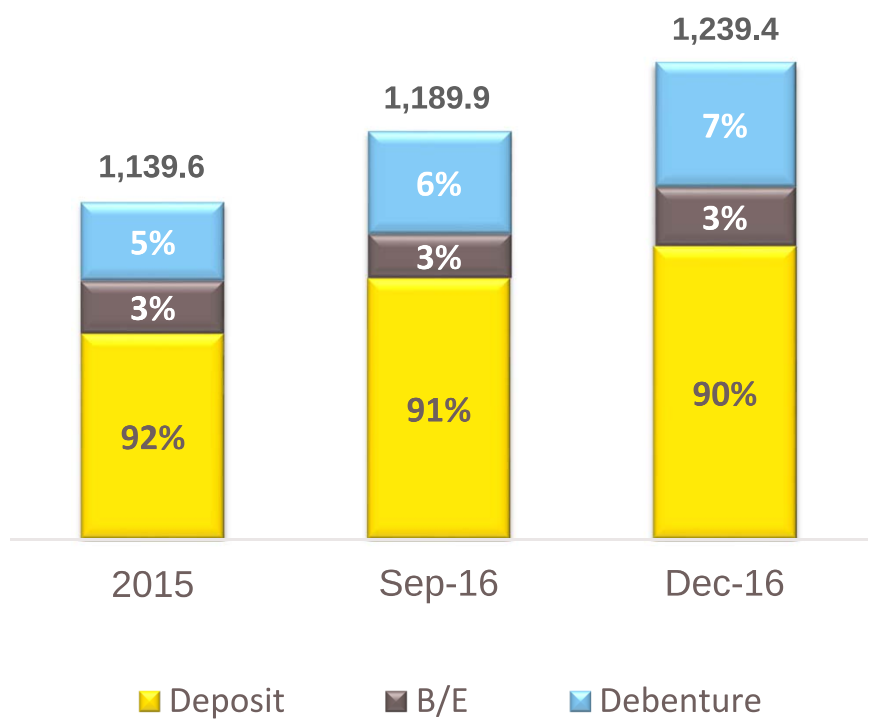


Funding Base

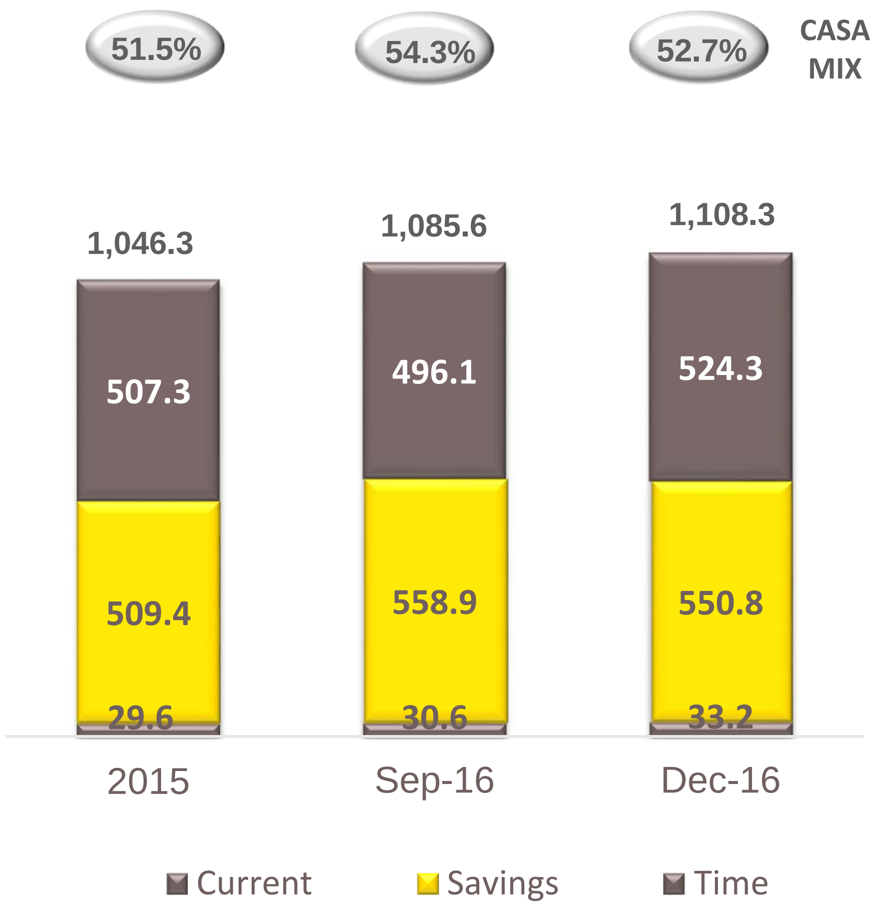
Improvement in overall funding

Consolidated
(Baht Billion)

Funding Mix



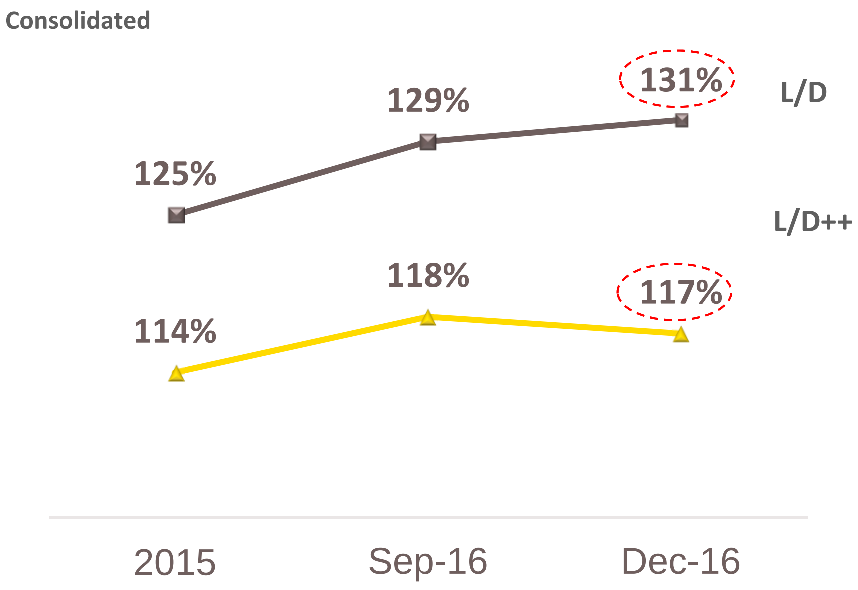
Deposits



Capital and Liquidity

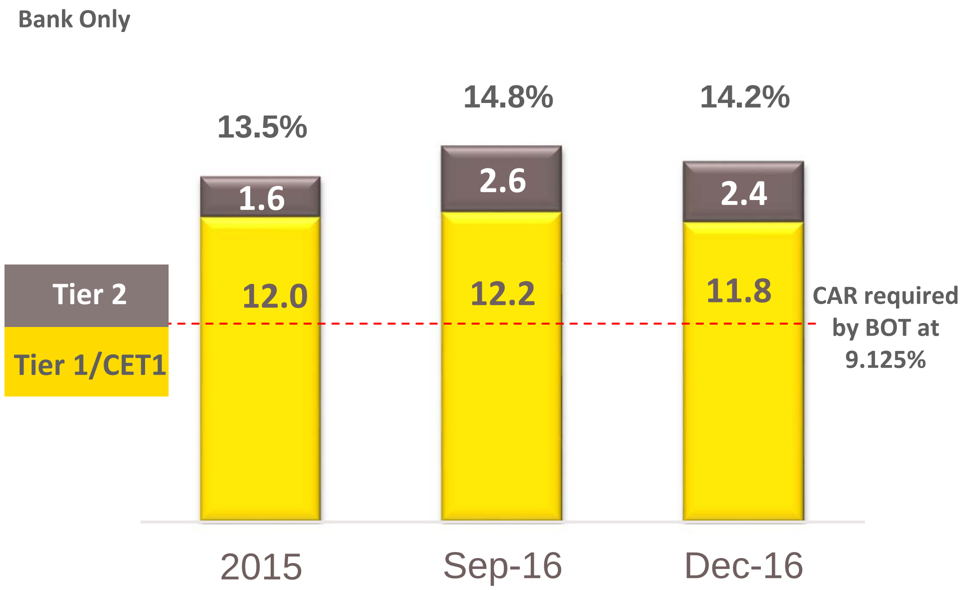
Solid capital position, CAR equivalent to 14.2%

Loan to Deposit



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

Strong Capital Base



** CAR required by BOT at 8.5% for 2015 and at 9.125% for 2016*

Baht Billion	2015	Sep-16	Dec-16
Tier 1/CET 1	146.18	158.60	158.83
Tier 2	20.08	32.92	32.26
Total Capital	166.26	191.52	191.09

The Summary of 2016 Financial Performance

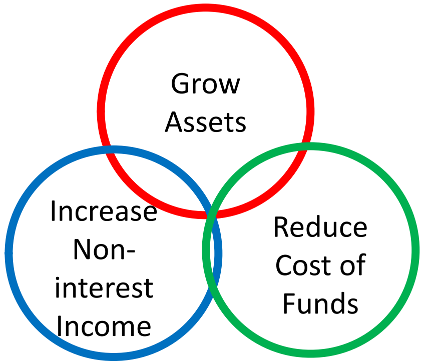
Consolidated	4Q/15	4Q/16	2015	2016	2016 Targets	
Loan Growth (Net)	+66.7 bn +5.4%	+44.9 bn +3.2%	+290.7 bn +28.7%	+145.4 bn +11.2%	8-9% *	✓
NPLs Ratio	2.24%	2.21%	2.24%	2.21%	< 2.5%	✓
Deposit Mix: Savings and Current	52%	53%	52%	53%	> 50%	✓
Loan Mix : Retail	43%	44%	43%	44%	~ 40%	✓
L/Deposit+Debenture+B/E	114%	117%	114%	117%	n.d.	n.d.
NIM	3.82%	3.79%	4.15%	3.74%	~ 3.7%	✓
Non-interest income growth (YoY) **	6.3%	5.9%	15.8%	11.7%	7.0%+	✓
Cost to Income Ratio	47.6%	49.9%	47.1%	47.1%	< 50%	✓
Provisions	150 bps	145 bps	153 bps	147 bps	~ 145 bps	~
Loan Loss Coverage	141%	143%	141%	143%	135%+	✓
CAR *(Bank Only)*	13.6%	14.2%	13.6%	14.2%	n.d.	n.d.

** Loan growth target including consolidated loan from Hattha Kaksekar Limited (HKL)*

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

2016 Business Priorities Delivery

Achievement on 3 key strategic themes under MTBP



Grow Assets

Loan grew **11.2%**

Keep leading position in consumer and auto

Rank #1

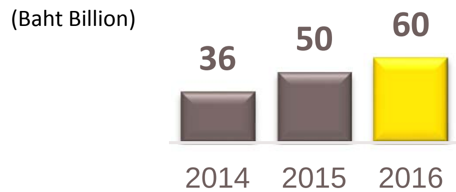
Market Share

2014	2015	2016
18%	22%	24%

Auto HP: Market share increased to 24%

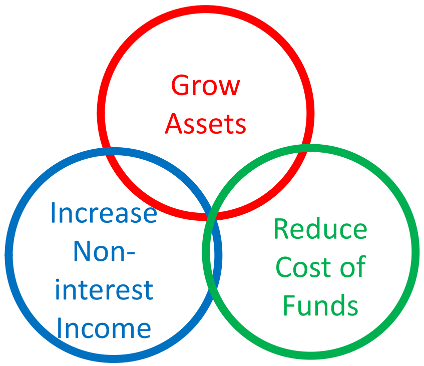
Become a Tier 1 mortgage player

New Loan Booking



Become a core bank to commercial customers

Achievement on 3 key strategic themes under MTBP



Increase non-interest income

Non-interest income grew **11.7%**

Enhance transaction banking capability

Strengthen FX Business

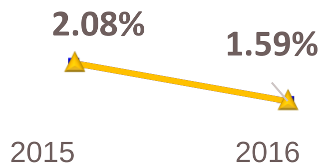
Gains on trading and foreign exchange transactions **21.4%**

Reduce Cost of Funds

Increase CASA

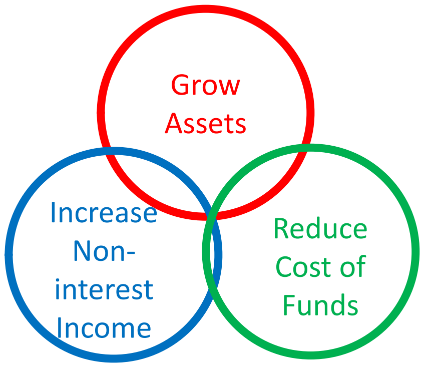
CASA increased to **53%**

Improvement in costs of funds



Cost of Funds Significantly improved to **1.59%**

Achievement on key enabling factors



Expand Customer Base

☑ Enhance Delivery Channels, Including Branches

+ 22 new local banking branches

+ 615 ATMs

Digital Channels

Krungsri Mobile
2,000,000 User DL

Krungsri Website
65 Million Page view

Internet Banking
555,376 Users

Social Networks
23.52 Million Users

☑ MUFG/BTMU Synergy

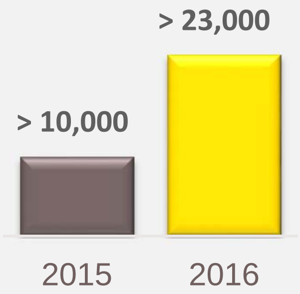
☑ Retail & Commercial Collaboration

Synergies and Retail & Commercial Collaboration

Ability to provide financial support to clients to realize new business prospects

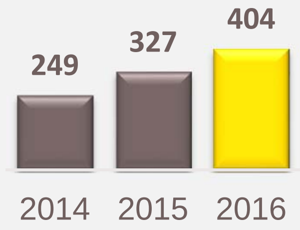
Secured Payroll account with major JPC/MNC

No of accounts acquired



Successful Business Matching

No of Business Matches



- > 200 participating companies from Thailand, Japan and the CLMV

Investment Banking

- Securitization business in Thailand for a Japanese company

Supply Chain Financing

- Auto dealer segment and hire purchase business

Cross Border Business

- Provide financial support to customers in expanding business
    - Cement (Sri Lanka)
    - Beverage (Vietnam)
    - Department store (Vietnam)

Regional Footprint Expansion

A milestone achievement from successful acquisition of Hattha Kaksekar Limited

Myanmar

Krungsri's Representative

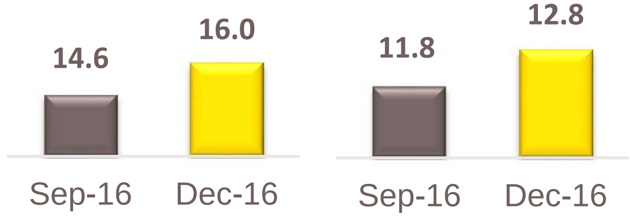
BTMU Yangon Branch

Cambodia

Hattha Kaksekar Limited (HKL)

- 4th largest Microfinance
- 154 branches (Dec. 2016)

(Baht Billion)



Lao PDR

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

Joint venture business - **Krungsri Leasing Services Co., Ltd. (KLS)**

Philippines

Collaborating with **Security Bank**

Vietnam

JPC/MNC can use financial services through 2 of BTMU branches in **Ho Chi Min City** and **Hanoi**

Collaborating with **VietinBank**

Explore opportunity

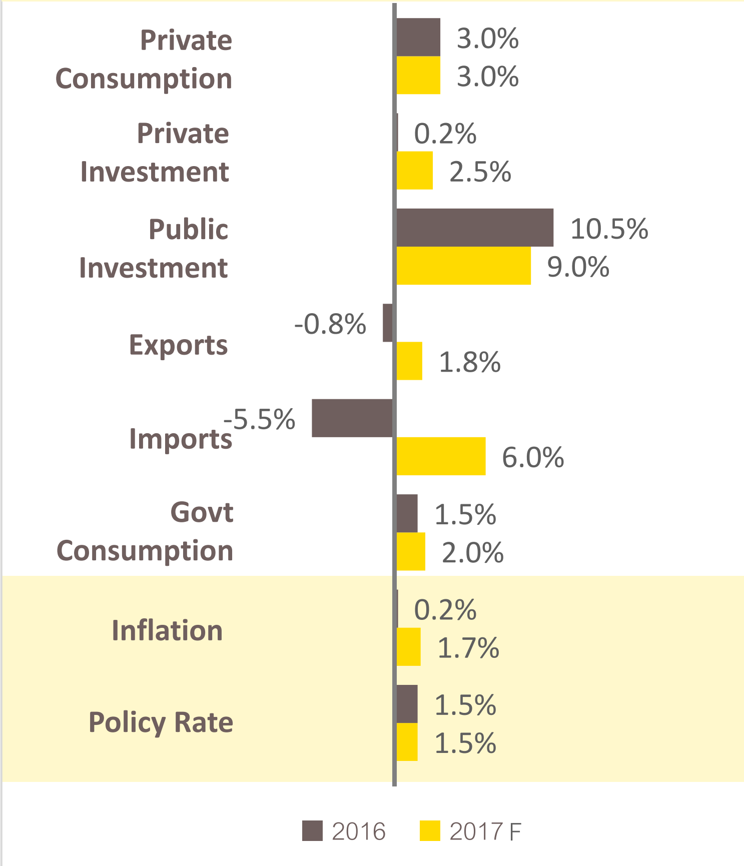
2017 Business Strategy and Key Focus

Thailand Economic Outlook

A continued and broad-based economic growth momentum with GDP growth of 3.3% in 2017

GDP

2016	**3.2%**
2017F	**3.3%**



Key drivers

- **Private consumption**
  - An increase in the minimum wage
  - Improvements in farm income
  - End of installment repayment of car buyers under the first car scheme
  - A new personal income tax structure
  - Improvement in household debt
- **Private investment**
  - Supported by acceleration of infrastructure investment projects
- **Greater clarity of public investment**
  - To help drive the growth momentum of private investment.
- A slight **improvement in export**

Tailwinds

- Economic stimulus and government's extra-budget
- Supply-side development
- Resilient tourism sector
- Sound economic fundamentals

Headwinds

- Political uncertainties
- Weak global trade
- Volatile financial markets
- Short-term impact on tourism from zero-dollar tour crackdown
- Structural problems e.g. competitiveness

Emerging Changes to Banking Landscape

Challenges to respond to change in need & expectation

Customers' needs

FinTech

Customer Centricity
&
Digital Banking

Challenges for Topline

New normal growth

Competition from new rivals

Regulatory changes

Productivity and efficiency

Business Strategy and Key Focus: 2017

Continuation of MTBP and leveraging MUFG's global capabilities and networks to deliver superior financial solutions.

MTBP

Grow Assets

Increase Non-interest Income

Reduce Cost of Funds

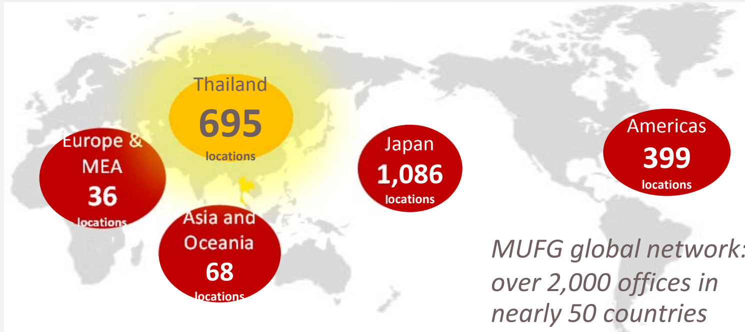
Strengthen Internal Control

Align Robust Process

Operate Productively & Efficiently

Talent Management
Working Environment

Synergy Strategies

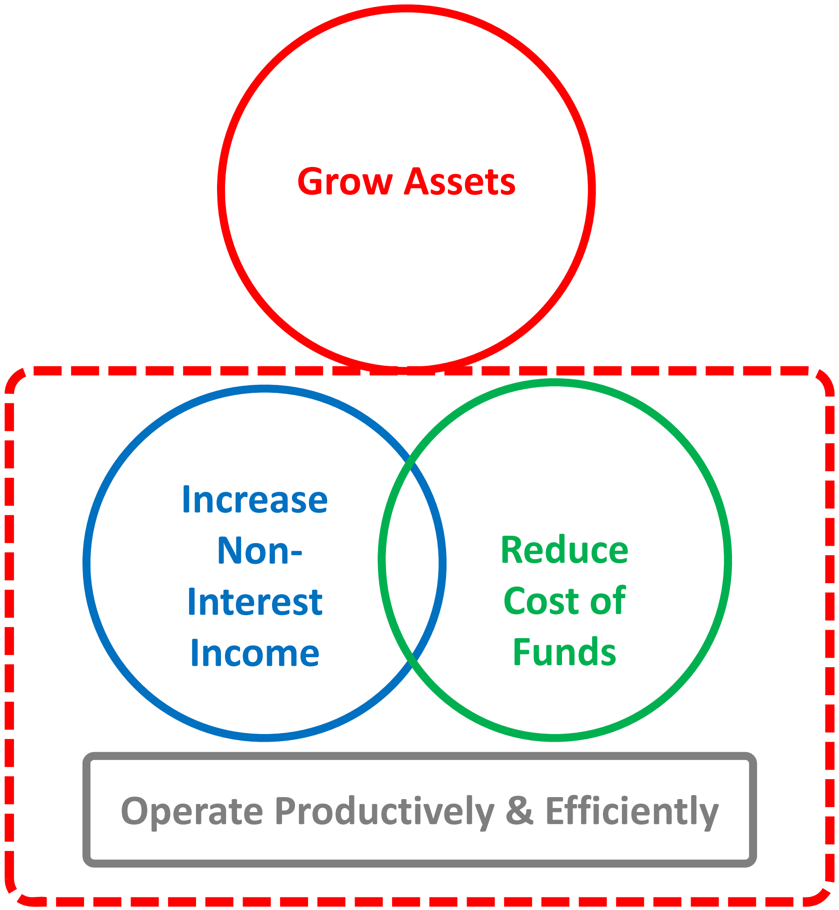


Leveraging MUFG's global capabilities and networks

- CIB
- CLMV
- Thai JP Collaboration
- Retail
- Transaction Banking
- Dealer / Vendor Finance

Continuation of MTBP

Area of special focus in 2017



1. Keep Leading Position in Consumer and Auto
2. Become a Tier 1 Mortgage Player
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

Segment focus to support growth in 2017

To be a Tier 1 Bank in Thai corporations	**Thai Corporate**	• Explore and deepen relationship with existing customers, expand customer base (new customers/new industry)
To enhance No. 1 position	**JPC/MNC**	• Expand customer base • Provide local services to JPC/MNC
To become a main operating bank for SMEs	**SMEs**	• Expand Krungsri's value chain solutions 'New product & new chain' • Continue growing trade-finance assets
Maintain & Assure Leadership Position	**Retail & Consumer**	• Improving customer experience across retail and consumer banking • Differentiated position in the market

Moving toward Digital Banking

3 elements of Fintech to be a leader in digital banking

Venture Capital / Accelerator & Academic Collaboration/ Fintech Collaboration

Krungsri Finnovate
(Investment Fund:
USD 30 million)

Investment Focus
- Payment system
- AI

Accelerator & Academic Collaboration

Continue the success of Krungsri RISE and Krungsri Uni Startup

Fintech Collaboration

Working together with MUFG to further develop innovative financial technology to capture new business opportunities.

2017 Key Financial Targets

Continue to be vigilant in the conduct of our business

Consolidated	2016	2017 Targets
Loan Growth (Net)	+145.4 bn +11.2%	6-8%
NPLs Ratio	2.21%	< 2.5%
Deposit Mix: Savings and Current	53%	> 50%
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Cost to Income Ratio	47.1%	< 50%
Provisions	147 bps	~ 140 bps
Loan Loss Coverage	143%	140%+

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

Contact

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