2009 Performance and 2010 Plan

21 January 2010

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Agenda

- Financial Performance for 4Q/09 and 2009
- 2007-2009: Building the Foundation
- 2010-2012: Optimize and Accelerate Growth

Mark Arnold – New President and CEO

Nationality: British

Married with two children, 8 and 6 years old

Lived in Bangkok since January 09

Work Experience

❖ 2009 :	Director, Board of Directors of BAY
❖ 2009 :	CEO of GE Capital Global Banking SEA
❖ 2004 – 2008 :	Chairman and CEO of Budapest Bank
❖ 2001 – 2004 :	CEO of GE Consumer Finance and GE Commercial Finance, Portugal
❖ 1998 – 2001 :	Six Sigma Director for GE Consumer Finance, UK

Financial Performance for 4Q/09 and 2009

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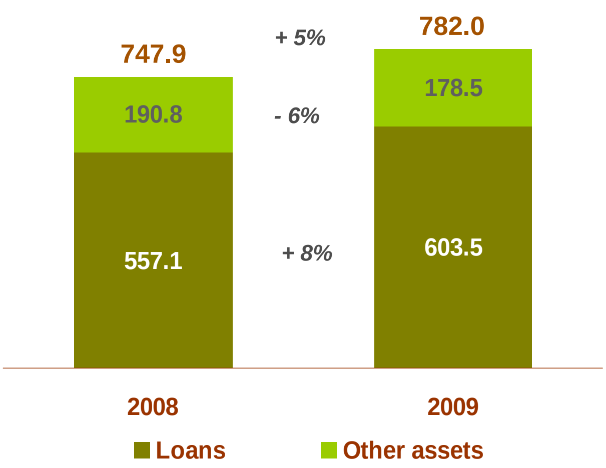
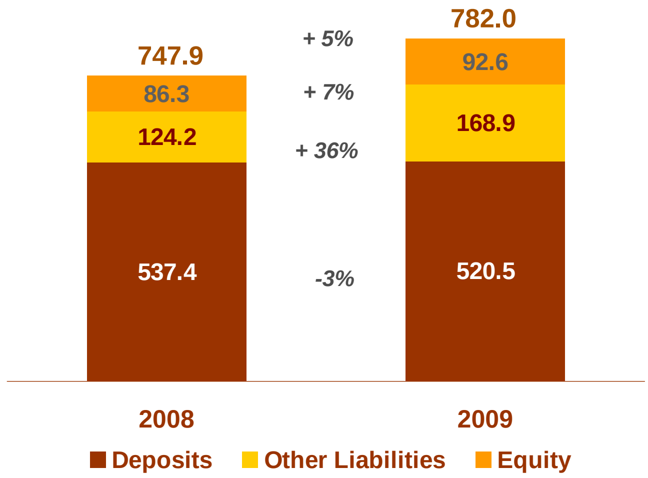
Balance Sheet

Consolidated
(Baht Billion)

Assets



Liabilities & Equity



- **Assets** increased from loan growth and net investment.
- **Loans** increased due to acquisitions from AIG + GE plus organic growth in 4Q/09.
- **Deposits** slight reduction in line with falling interest rate environment of first half of 2009. However, deposits increased by 7 bn. in 4Q/09 from deposit schemes.
- **Other Liabilities** increased from interbank and money market items with AYCAL's debenture issuance in 4Q/09, partially offset by the maturity of B/E.
- **Equity** rose by 6.3 bn. mainly driven by Bank's net profit.

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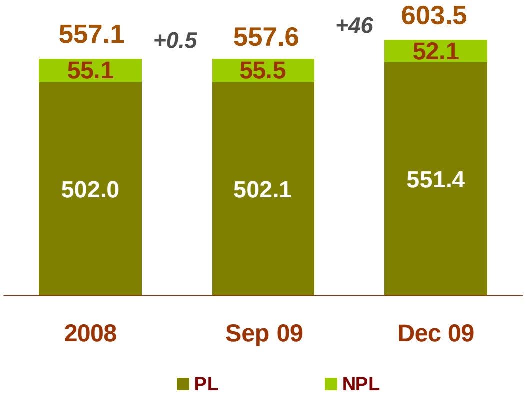
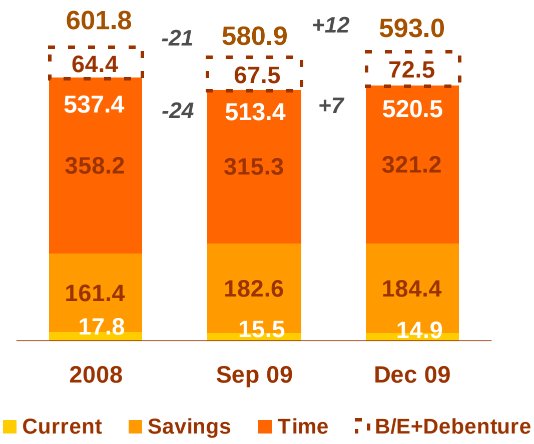
Loans & Deposits+

Consolidated
(Baht Billion)

Loans



Deposits+



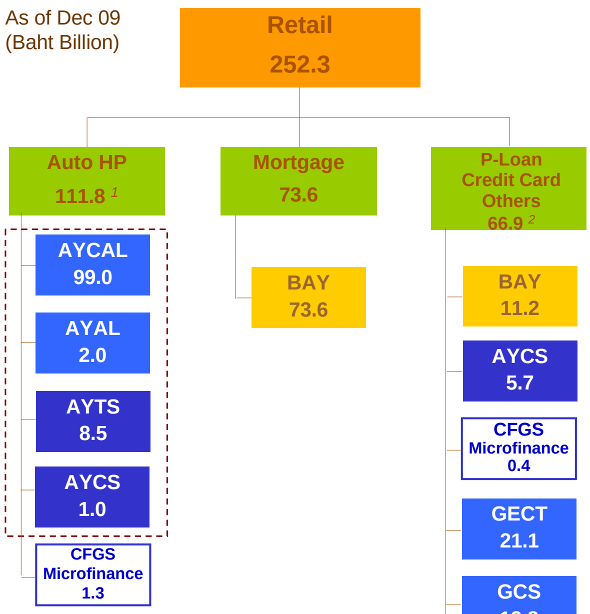
	2008	Sep-09	Dec-09
L/D	104%	109%	116%
L/D+B/E+Debenture	93%	96%	102%

- Loans increased in 4Q/09 from acquisition of GEMT and pick-up in organic growth in line with economic recovery.
- Deposits increased in 4Q/09 driven by focused deposit campaigns.
- Loan-to-Deposit +B/E +Debenture ratio increased to 102% in 4Q/09 with substantial increase of loan from GEMT acquisition with liquidity remaining significantly above BOT standards.

Loan Mix & Retail Loan Composition

Current Retail Composition

As of Dec 09
(Baht Billion)



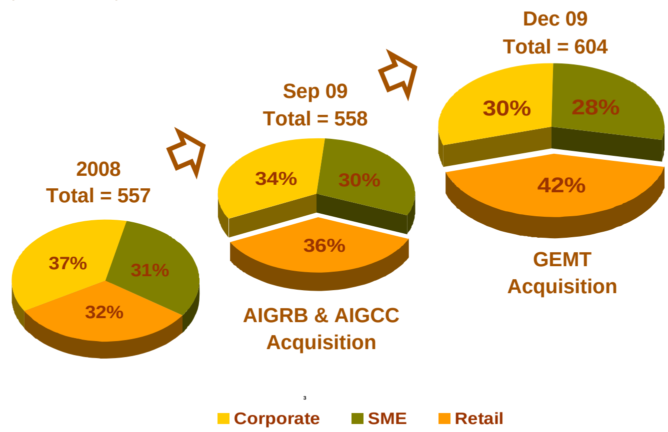
Breakdown of Auto HP Portfolio	
- New cars	41%
- Used cars	32%
- Refinancing	22%
- Motorcycle	3%
- Others	2%

[1] Include TSS = 6 mn.
[2] Include AYS = 157 mn.
AYTS = 75 mn.

Note : CFGS is Microfinance business.

Expansion of Retail Loan Mix

Consolidated
(Baht Billion)

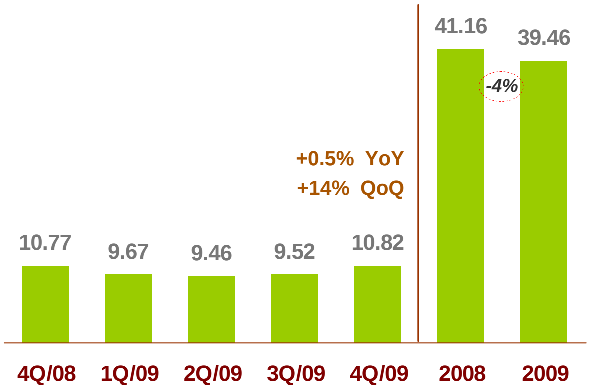


	2008		Sep 09		2009		% chg	% chg
	Bn	%	Bn	%	Bn	%	4Q09	2009
Corporate	203.4	37	192.5	34	181.5	30	-6	-11
SME	172.8	31	165.5	30	169.7	28	3	-2
Retail	180.9	32	199.6	36	252.3	42	26	39
- Auto HP	102.6	18	111.3	20	111.8	19	0	9
- Mortgage	68.1	12	71.1	13	73.6	12	3	8
- P loan, CC & Others	10.2	2	17.1	3	66.9	11	290	555
Total	557.1	100	557.6	100	603.5	100.0	8	8

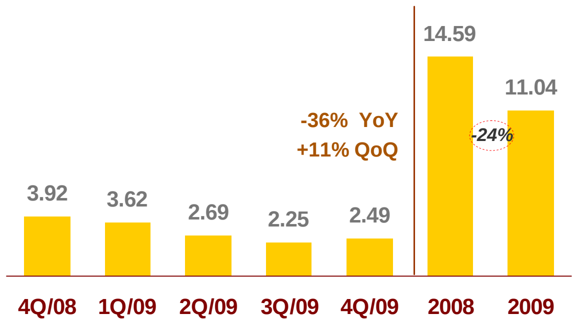
Interest Accounts

Consolidated
(Baht Billion)

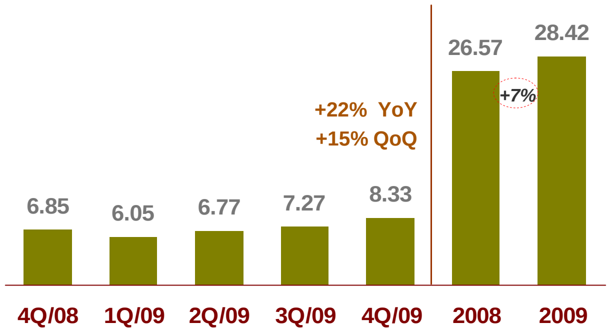
Interest Income



Interest Expense



Net Interest Income



- Net Interest Income in 4Q/09 increased by 22% YoY and 15% QoQ due to both improvement in cost of funds as interest rates reduced and impact of GEMT consolidation.
- 2009 showed an improvement in Net Interest Income despite weak economy, driven by inorganic growth and loan mix change to higher-yielding retail portfolio.

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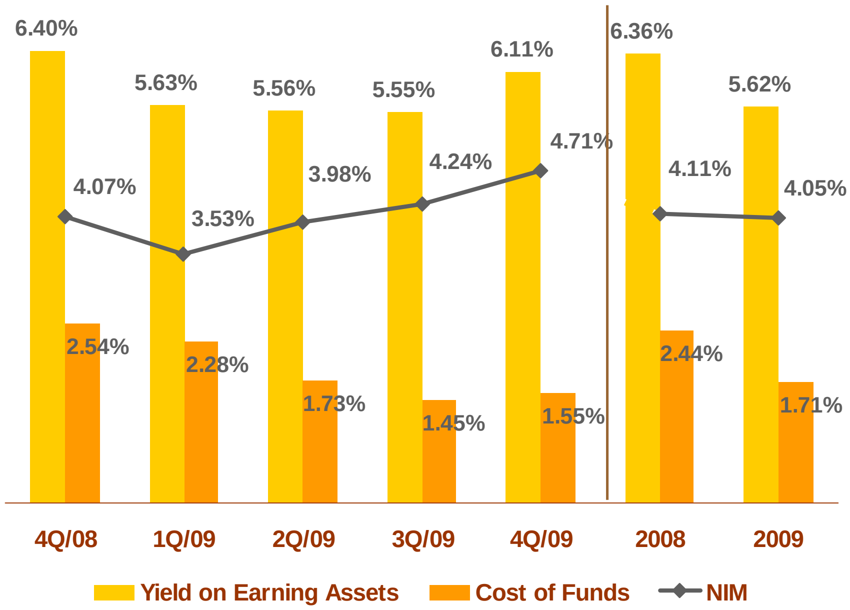
Net Interest Margin

Consolidated



- NIM improved continuously during the course of 2009 as fixed term deposits continued to be re-priced and higher yielding retail assets were acquired.
- Almost 50 bps increase QoQ in NIM of 4Q/09 was mainly driven by consolidation of GEMT in November 2009.

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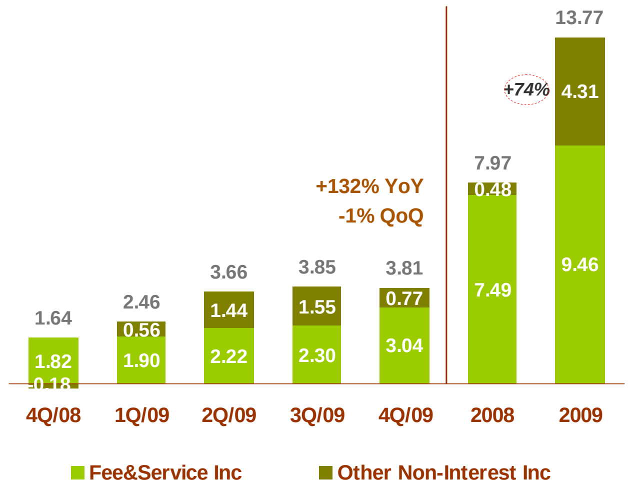
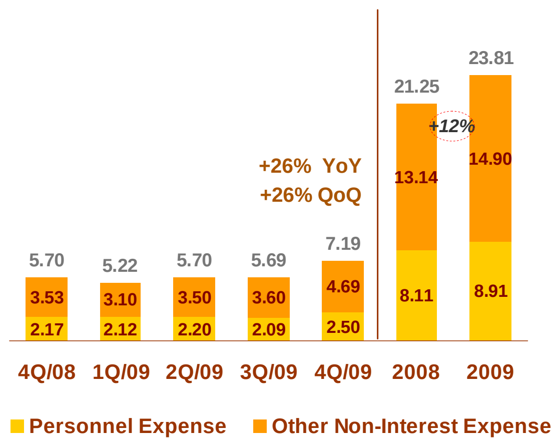
Non Interest Accounts

Consolidated
(Baht Billion)

Non-Interest Income



Non-Interest Expenses



- Non-interest income for 4Q/09 increased significantly with consolidation of GEMT in November 2009.
- Non-interest income for 2009 increased substantially because of acquisitions and no CDO MTM loss.
- Fees & services income for 2009 also increased significantly by 2 bn. or 26% from both acquisitions and organic growth in card related and bancassurance fees.
- Non-interest expenses were well managed with a growth of 12%.

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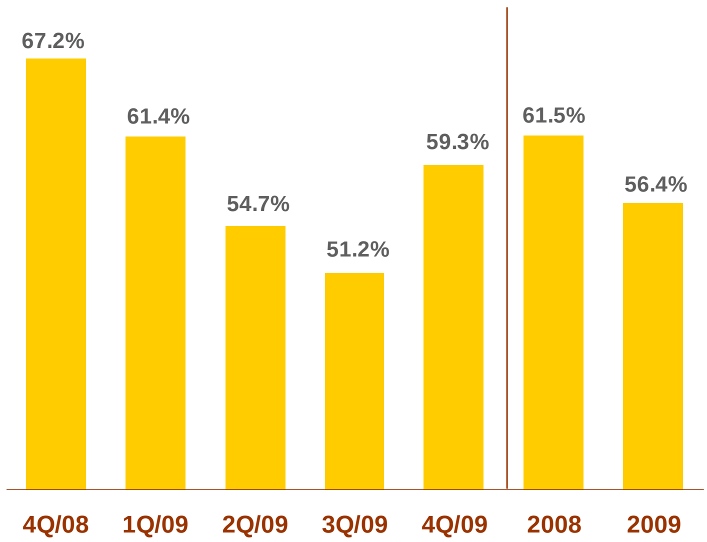
Cost-to-Income Ratio

Consolidated



- Cost-to-income for 2009 declined from last year to 56.4% moving in line with target.
- 4Q/09 cost-to-income increased QoQ because of impairment on investment this quarters while there were one time gains booked in 3Q/09.

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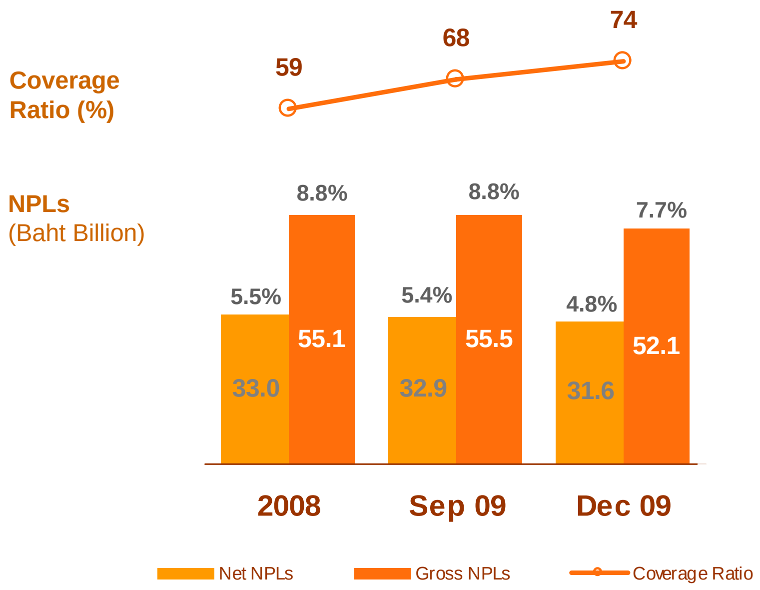
NPLs and Coverage Ratio

Consolidated



- Despite the weak economy, asset quality continued to improve.
- NPLs dropped in 4Q/09 while coverage ratio increased to 74%.
- As of end 4Q/09, provisions were maintained at 136% of BOT requirements.

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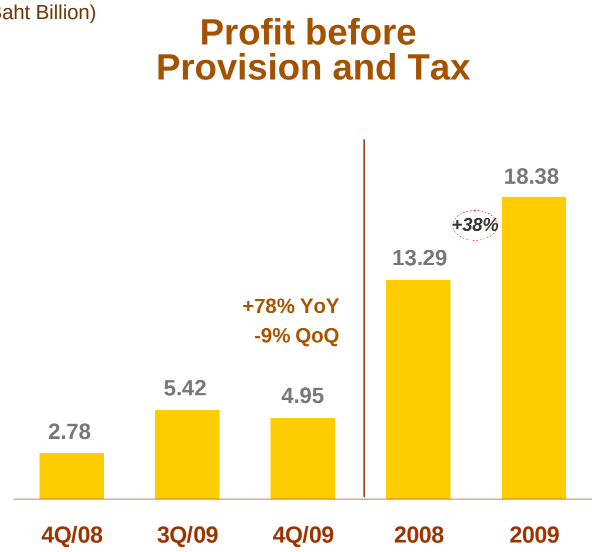
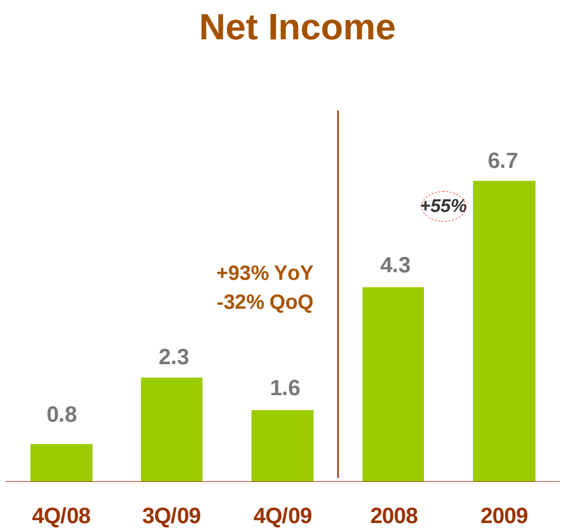
Profit before Provision and Tax and Net Income

Consolidated
(Baht Billion)





- 2009 Operating performance significantly improved in spite of a challenging environment, increased provisions and increased tax payments.
- A 36% increase in Net Income was delivered.

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2007-2009: Building the Foundation

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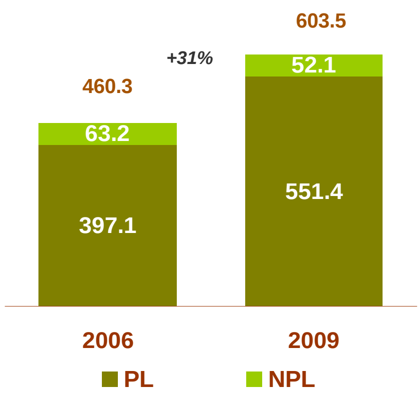
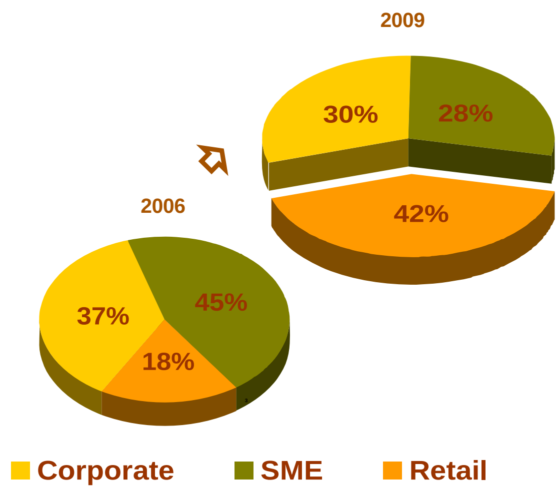
Strong Loan Growth & Better Mix

Strong Loan Growth



Better Mix



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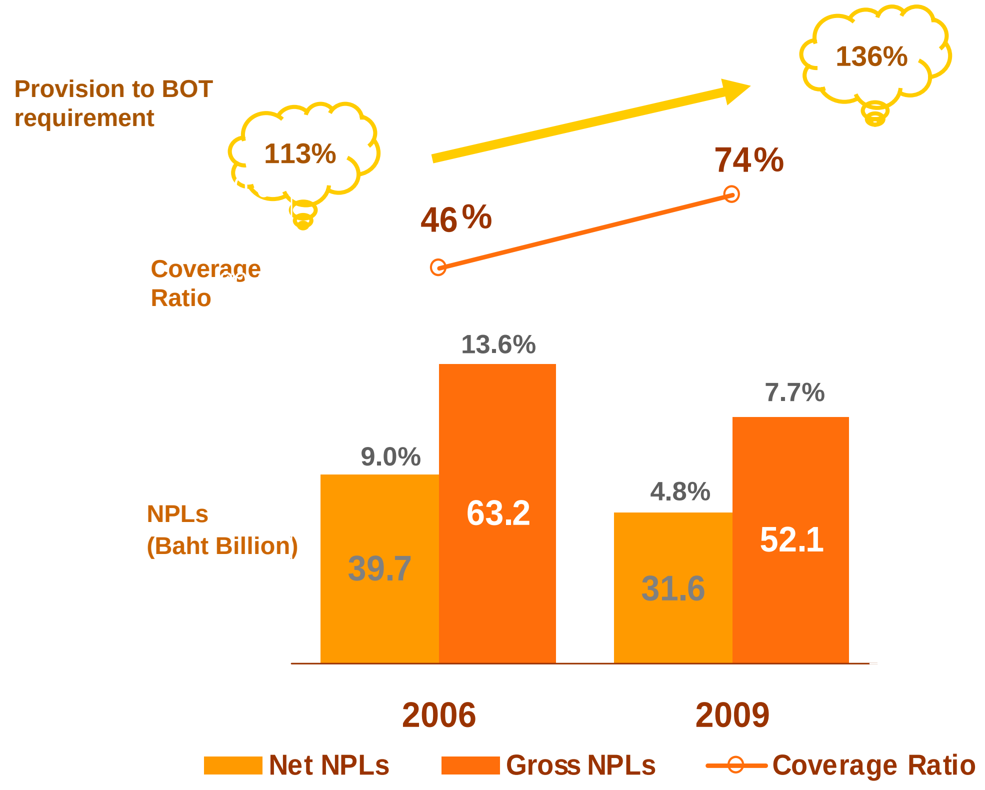
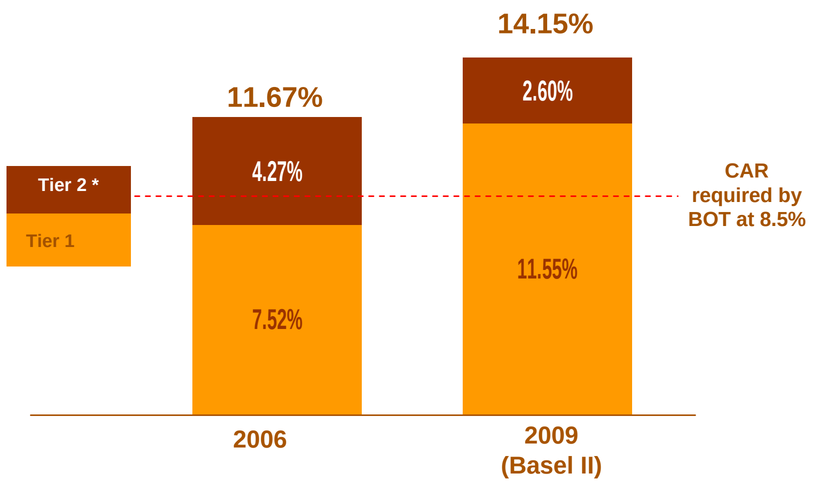
Continued Asset Quality Improvement



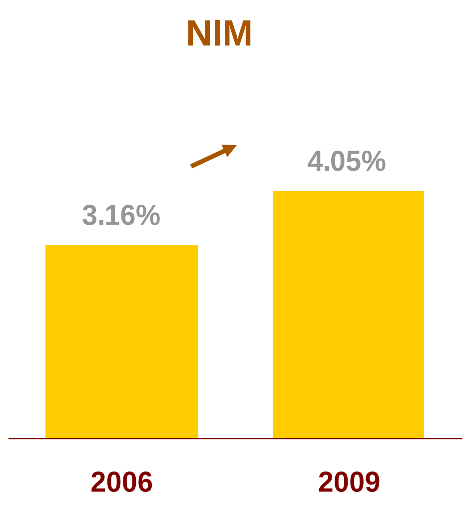
Strong Capital Base

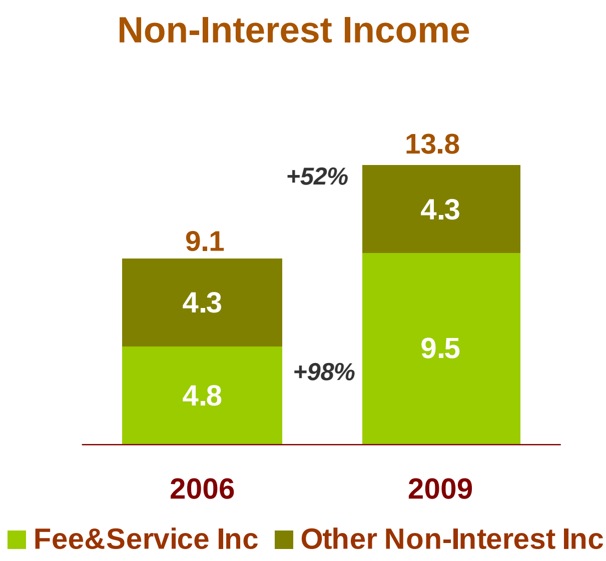


Baht Billion	2006	2009 (Basel II)
Tier 1	35.98	76.47
Tier 2 *	20.44	17.27
Total Capital	55.85	93.74

*Note : * Capital before reduction of investment revaluation discretion (net) in securities available for sale*

Profitability Improving





A Universal Banking Platform with a Leading Position in Consumer Banking

- ✓ #1 in credit card business
- ✓ #1 in used car financing and #2 in overall auto HP
- ✓ Well placed in SME and Corporate
- ✓ Increased customer base from 5 million to 8 million
- ✓ Considerable potential remains

2010 – 2012: Optimize and Accelerate Growth

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Our Focus: Integrate, Optimize and Accelerate

Strategy

- Build on strong foundation and performance
- Fully integrate our acquisitions and streamline group structure
- Focus on organic growth …with an opportunistic eye on acquisitions
- Transform and enable cross-sell capabilities

Integration & Transition

- Integrate platform, technology and skills of GEMT and AIG
- Streamline and simplify group structure
- Smooth transition for CEO & Team

Optimize

- Potential: product per customer currently < 2
- Strong market positions (#1 in cards & #2 in auto)
- 8 million customer base, 3 million cardholders

Maintain

- Risk discipline and portfolio management
- Strong capital base and liquidity
- Cost focus

……….. Profitable Growth

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2010 Key Performance Targets

Consolidated	2008	2009	2010 Targets
Loan Growth (Net)	+106.7 bn (+23.7%)	+46.4 bn (+8.3%)	+48 bn (+8%)
Deposit Mix: Savings and Current	33%	38%	40%
L/D Ratio	104%	116%	110%
L/Deposit+Debentures+B/E	93%	102%	94%
NIM	4.11%	4.05%	> 5%
Fee income growth	38%	26%	> 30%
Cost to Income Ratio *	61.5%	56.4%	56%
NPLs	55.1 bn	52.1 bn	52 bn
Provisions **	140 bps	169 bps	198 bps
Loan Loss Coverage	59%	74%	70-75%
CAR ***	14.9%	14.1%	n.a.
Inorganic Growth	GECAL Acquisition	AIGRB + AIGCC CFGS GEMT	

* 2008: Normalized for CDOs MTM and impairment
** Provision included loss on sale of foreclosed properties
*** Bank only

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Thailand Economic Outlook

Key forecasts and risk factors

% change	2008	2009 Actual	2009 Forecast	2010F
GDP	2.5	-5.0 (9M)	-3.0	2.5-3.5
Total Consumption	3.0	-0.8 (9M)	-0.6	1.8-2.8
- Private	2.7	-2.0 (9M)	-1.8	2.0-3.0
- Public	4.6	6.0 (9M)	6.0	1.0-3.0
Total Investment	1.2	-10.8 (9M)	-9.8	4.7 -6.7
- Private	3.2	-15.4 (9M)	-14.5	3.0-7.0
- Public	-4.6	3.2 (9M)	5.0	5.0-8.0
Exports (%chg. in USD terms)	15.9	-16.7 (11M)	-14.0	9.0-12.0
Imports (%chg. in USD terms)	26.5	-28.8 (11M)	-26.0	18.0-21.0
Current Account (USD Billion)	1.6	19.5 (11M)	21.5	11.5-14.5
Headline Inflation	5.5	-0.9	-0.9	3.0-4.0
Oil price (Dubai, $/Barrel, avg.)	93.7	60.4	60.4	70-80
Unemployment Rate (% of labor force)	1.4	1.6 (10M)	1.5	1.2 - 1.5
Policy Interest Rate (% p.a.)	2.75	1.25	1.25	1.50-1.75

Source : BAY's Research Department, forecast as of November 2009

Risk factors for 2010

- Global policymakers may fail to achieve the difficult task of achieving a balance between reviving growth and maintaining economic stability, potentially leading to an unsustained recovery.
- Highly volatile exchange rates and capital movements due to uneven recovery, leading to extremely divergent policy actions in 2010, compared to concerted efforts in 2009.
- Major negative changes in domestic politics may depress the pace of economic recovery.
- Domestic regulatory risk; such as the Map Ta Phut case

Situation & Outlook

Situation in 2009

- Thai economic growth in 2009 is projected at -3.0%, the first contraction since 1997-98 as the global crisis hit Thai exports while domestic political conflicts hurt private consumption and investment.
- Despite the unfavorable global market situation and weaker confidence, Thai economic stability remains sound, reflected in the lower-than-expected unemployment rate, strong international financial position (large current account surplus and foreign reserves) and relatively healthy financial sector.

Outlook for 2010

- The global economy hit bottom in 1H09 and is slowly recovering from 2H09 through 2010, with below-par growth, led by Asia (esp. China) and the US.
- *The Thai economy will recover gradually with 2.5-3.5% growth in 2010*, amid sound economic stability, driven by the following factors:
  - The reviving global economy and the accelerating free trade movement, such as the 0% tariff rate under AFTA, will benefit Thai exports.
  - Stimulus programs, esp. Thai Khem Kaeng (TKK), will create a linkage effect by inducing private investment in related sectors.
  - Rising agricultural prices, a healthier labor marke,t and a minimum wage hike will encourage private consumption.
  - Tourism will revive on improving foreign and Thai purchasing power.
  - The banking sector will accelerate loan growth in response to reviving economic activities and rising inflation.
- However, *the economic recovery would be uneven as:*
  - The momentum of the Asia-led recovery decelerates as monetary policy, esp. in China and India is normalizing after extraordinary loosening in an effort to curb overheating economies.
  - Trade protectionism, including a currency war triggered by competitors' devaluation or intervention (e.g. Vietnam, China,) affects Thai exports.
  - The investment climate deteriorates following delay and difficulties in compliance with section 67 of the Constitution (e.g. Map Ta Phut case).
  - Persistent domestic political conflicts still put pressure on sentiment.
- Notably, 1H10 economic indicators will show impressive year-on-year change due mainly to low base effect but month-on-month change may signal uneven recovery.
- *The policy interest rate is predicted to rise by 25-50 bps in late 2010 to stem inflation which is expected to rise to 3-4%* due to higher commodity prices, stronger domestic demand, reduction of gov't living cost subsidies and low base effect. However, the central bank will not rush to raise the policy rate as the economic recovery remains fragile.
- *Baht (avg.) in 2010 will tend to strengthen from 2009* backed by a weakening dollar, capital inflows, and a current account surplus, but more volatility and major corrections will be seen owing to many risk factors.

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