



krungsri
กรุงศรี

ASEAN and India Conference 2011 ***Singapore***

18th -19th August 2011

Agenda

- **Key Developments in 1H/2011**
- **Krungsri Update**
- **2011 Key Priorities**
- **Financial Performance for 2Q/2011 and 1H/2011**

Key Developments in 1H2011

- Record profit of THB 5.8 billion and maintained NIM at 4.5% in a highly competitive environment
- Pre-funded in preparation for accelerated growth and higher policy rate
- Continued robust leadership in consumer finance space (HP, credit card and personal loan)
- Improved asset quality with NPL reduced to 4.7%
- Solid capital position with CAR at 16.9%
- Improved cost to income ratio to 49%

2011 Key Performance Targets and 1H11 Results

Consolidated	2010	1H/11	2011 Targets		Result Highlights
			Target	Actual	
Performing Loan Growth	+61 bn (+11.0%)	+24.3 bn (+4.0)	11%	✓	• Strong loan growth led by Retail and SME segments, with Performing Loan growth of 11.6% YoY, 4.0% YTD
NPLs	38.1 bn	35.9 bn	35 bn	✓	
Deposit Mix: Savings and Current	41%	41%	45%	~	
Loan Mix : Retail	43%	45%	44%	✓	• Asset quality continued to improve, NPLs reduced to 4.7%
L/Deposit+Debentures+B/E	99%	96%	97%	✓	
NIM	4.7%	4.5%	4.38-4.44%	✓	• Net Profits of Baht 5.8 billion, an increase of 38% from the same period last year.
Fee income growth	38%	11%	12%	✓	
Cost to Income Ratio *	52.0%	49.4%	53%	✓	• NIM strong at 4.5%
Provisions	191 bps	161 bps (174 bps)**	160 bps	✓	
Loan Loss Coverage	89%	93%	95%+	✓	
CAR ***	15.8%	16.9%	n.a	✓	• Robust capital position

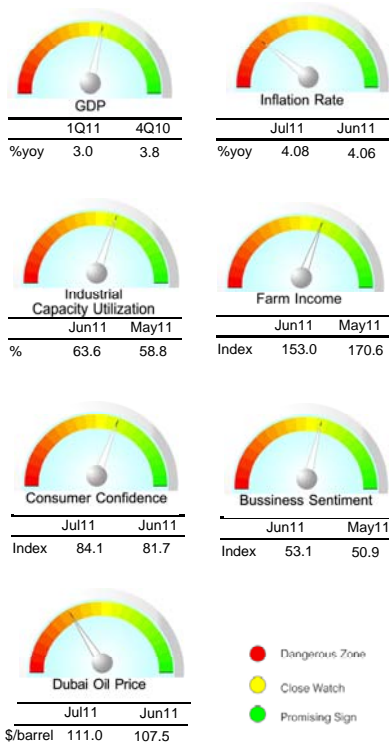
* Cost to Income Ratio: Change in calculation methodology

** Including Dubai World

*** Bank only

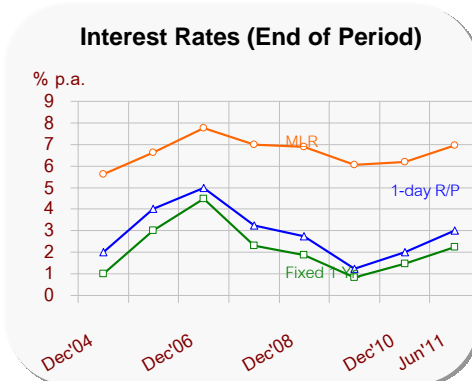
1H2011 Economic and Financial Environment

Key Macro Indicators

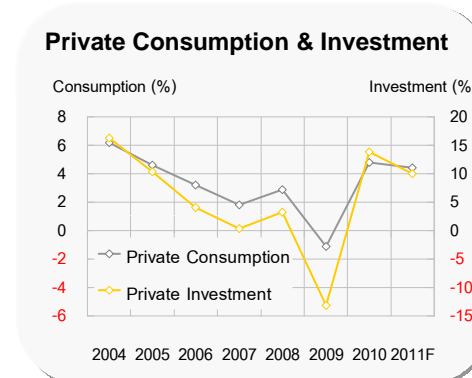


Source: Krungsri Research

Interest Rate



Consumption & Investment



Economic and Financial Highlights

- Conducive economic and financial environment expected to continue through 2H/11
- Government policies and programs to drive private consumption and investment
- Interest rate up-cycle continues

Krungsri Update

Krungsri Group's Profile



Leadership Position

As of June 2011	Market Position	% Share
Consumer		
Personal Loan	1	15%
Credit Card	1	19%
Auto (HP)	2	17%
SME		
Corporate	5	7%

Extensive Franchise

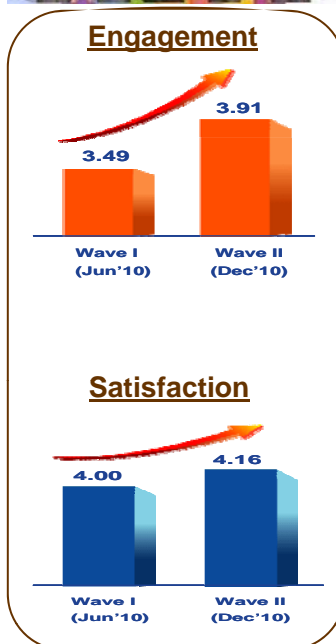
As of June 2011	Number
Domestic Branches	587
Overseas Branches	4
ATMs	3,471
Exchange Booths	68
Exclusive Banking Zones	19

As of June 2011	Number
Krungsri Business Centres	55
First Choice Branches	27 Branches
+ Dealers	+ 6,120 Dealers
Krungsri Auto Branches	34 Branches
+ Dealers	+ 4,500 Dealers
Micro Finance Branches	191

2011 Key Priorities



People transformation



Rebuild structure (ongoing)

Build One krungsri culture (Q2/11)

Re-start development (rolled out by Q3/11)



Build leadership & retain talent (ongoing)

Streamline & digitize process (ongoing)

Pay for performance (commenced Q1/11)

Technology transformation

Simplify: Customer Experience



- Accessibility
- Availability
- Standardize channel experience

Simplify: Process & Data



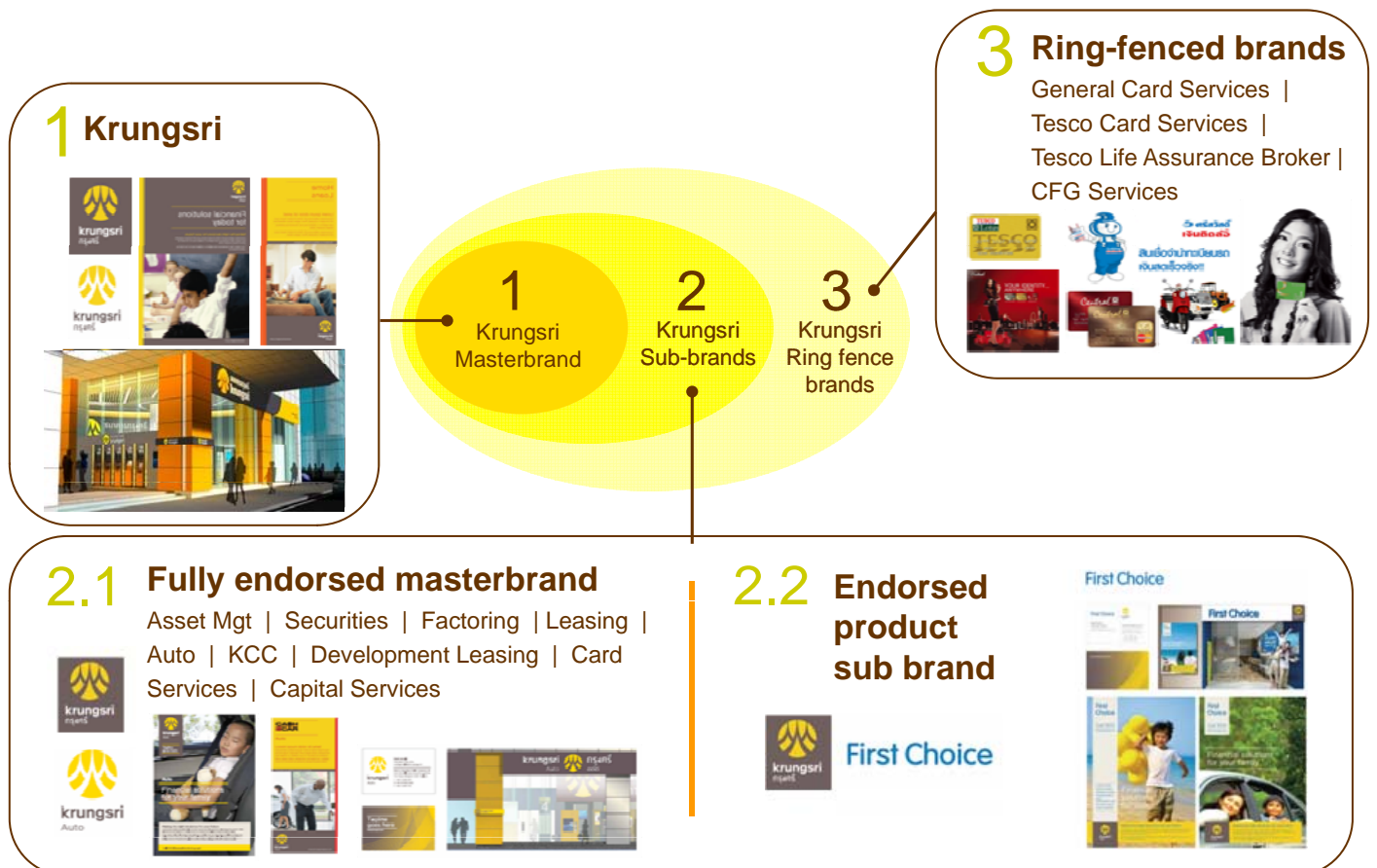
- Digitization
- Data Accuracy & Availability

Simplify: Systems



- Replace
- Reduce
- Re-use
- Optimize & simplify

One krungsri brand synergy



We make banking simple

Living the brand – developing total brand experience

Culture Cultivation

“...Employee engagement to simplify...”



Communication

“...Link entire group with one krungsri masterbrand...”



Easy and Simple Experience

Touch-points

“...Simple customer experience...”



Product & Service

“...Delivering simplicity...”



Just ID Card For Account Opening



4 Features in One Card



Debit Prompt (Debit Card & Insurance)



Mobile/SMS Banking



No Transaction Slip



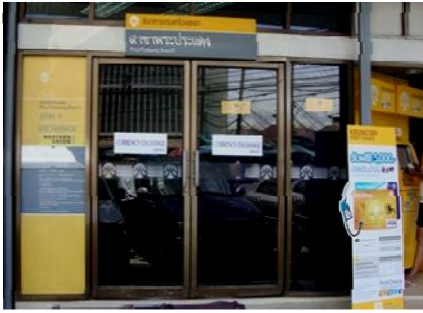
Insurance Boxes

Simple Branch Experience

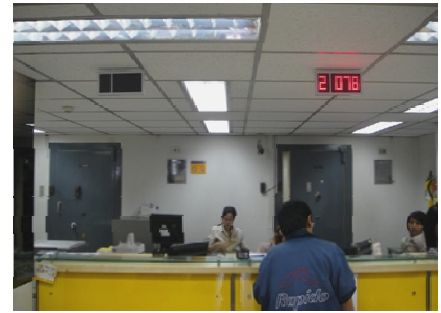


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Old & traditional



Pre Transformation



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New interior & furniture more welcoming with layout to achieve positive customer experience



Post Transformation



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Financial Performance for 2Q/2011 and 1H/2011



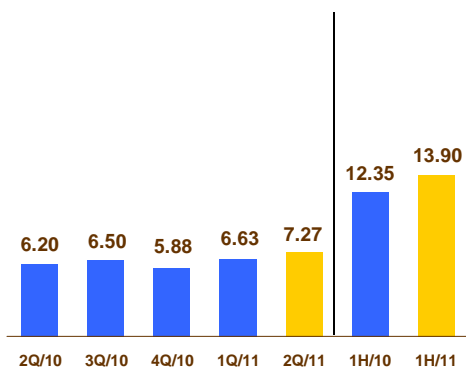
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Profitability : New Record Profit

Consolidated
(Baht Billion)

Profit before Provision and Tax

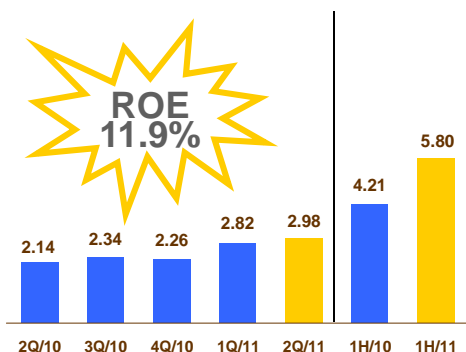


1H11 YoY: **+13%**

2Q11 YoY: **+17%**

Strong earnings momentum

Net Income



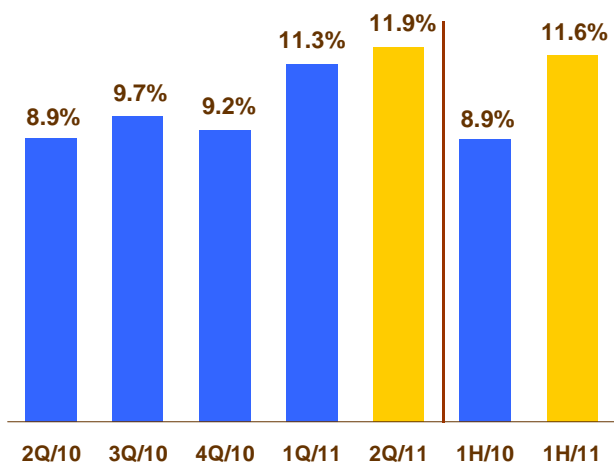
1H11 YoY: **+38%**

2Q11 YoY: **+39%**

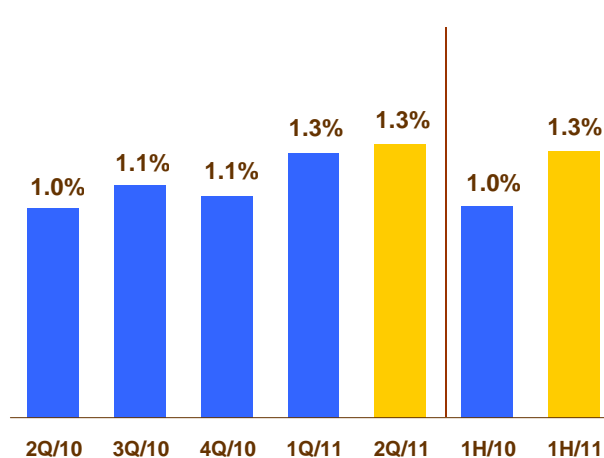
ROAE & ROAA

Consolidated

ROAE



ROAA

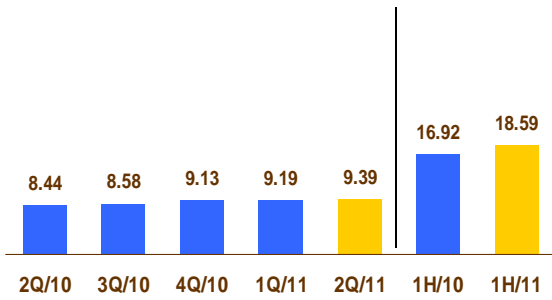


ROE continues to rise...

Profitability Measurement

Consolidated
(Baht Billion)

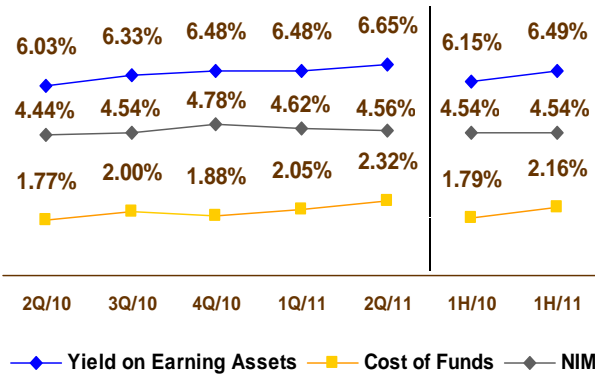
Net Interest Income



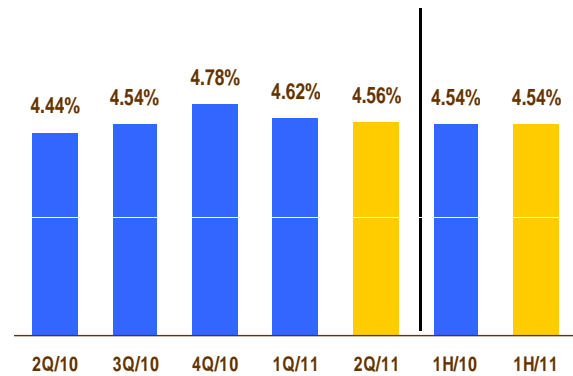
Maintained NIM in a highly competitive environment

4.6%

Yield & Cost of Funds



NIM



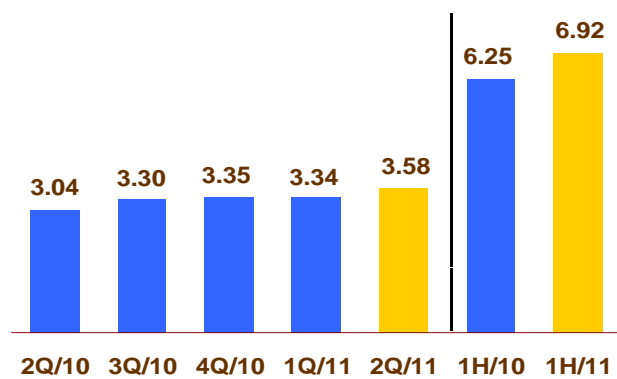
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Fees and Service Income

Consolidated
(Baht Billion)

Fees & Service Income



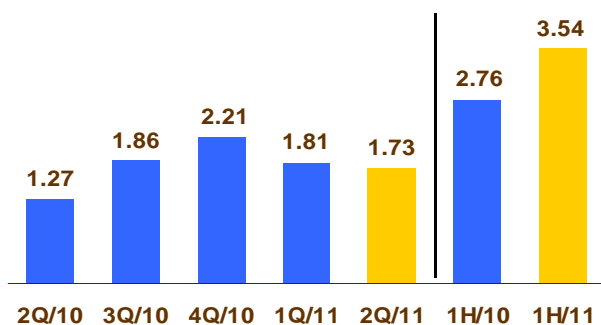
Bancassurance and card fees continue as key drivers

1H11 YoY: +11%

1H11 YoY: Collection fees reduced by Baht 575 million

Core fee and service income (excluding collection fees) grew 24%

Non Interest and Non Fee Income



One-off increase of Baht 0.4 billion in Q2 due to Dubai World moving from investment to loan



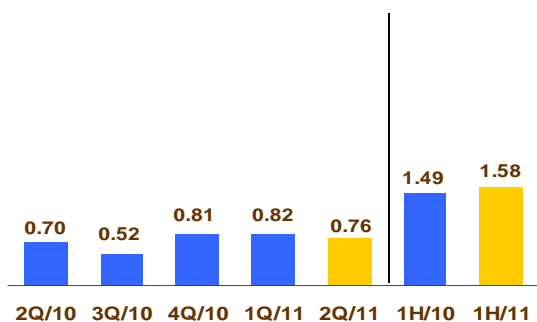
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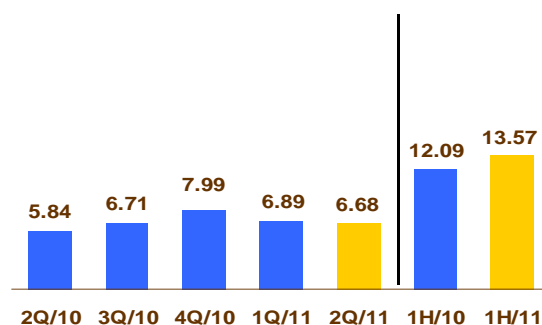
Improved Efficiency

Consolidated
(Baht Billion)

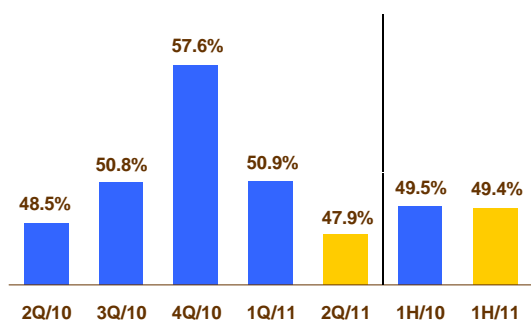
Fees and Service Expense



Other Operating Expenses



Cost to Income Ratio



Continued push for efficiency...

Cost to income down to **48%**



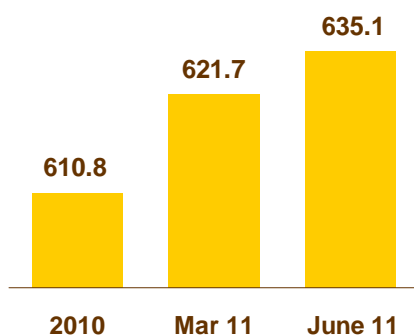
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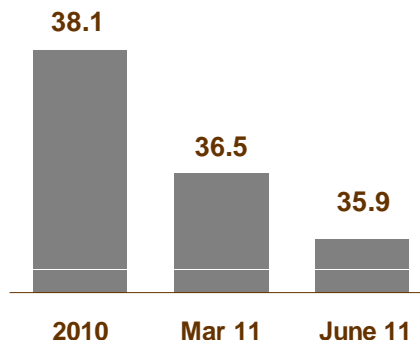
Loan Growth Momentum

Consolidated
(Baht Billion)

Performing Loans



Non-performing Loans



Performing Loans grew

4.0% in 1H/11

NPLs reduced **1.6%**

Potential NPL sale of
up to Baht 5 billion in 3Q/11

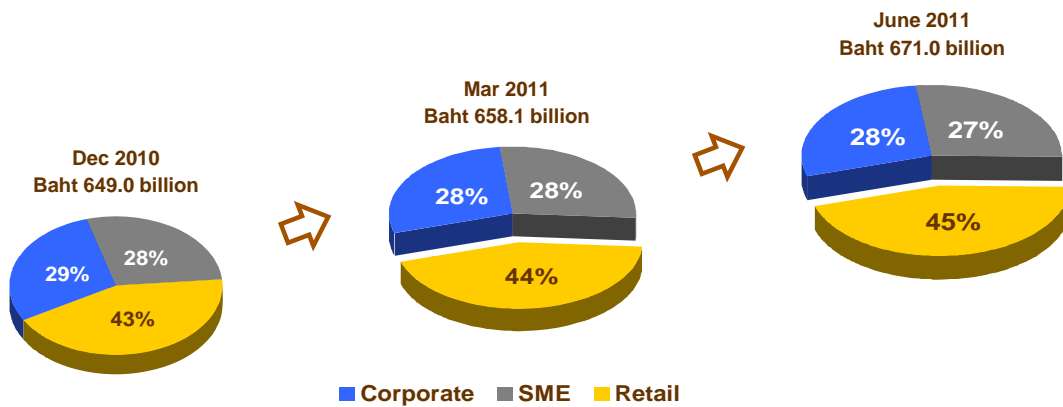


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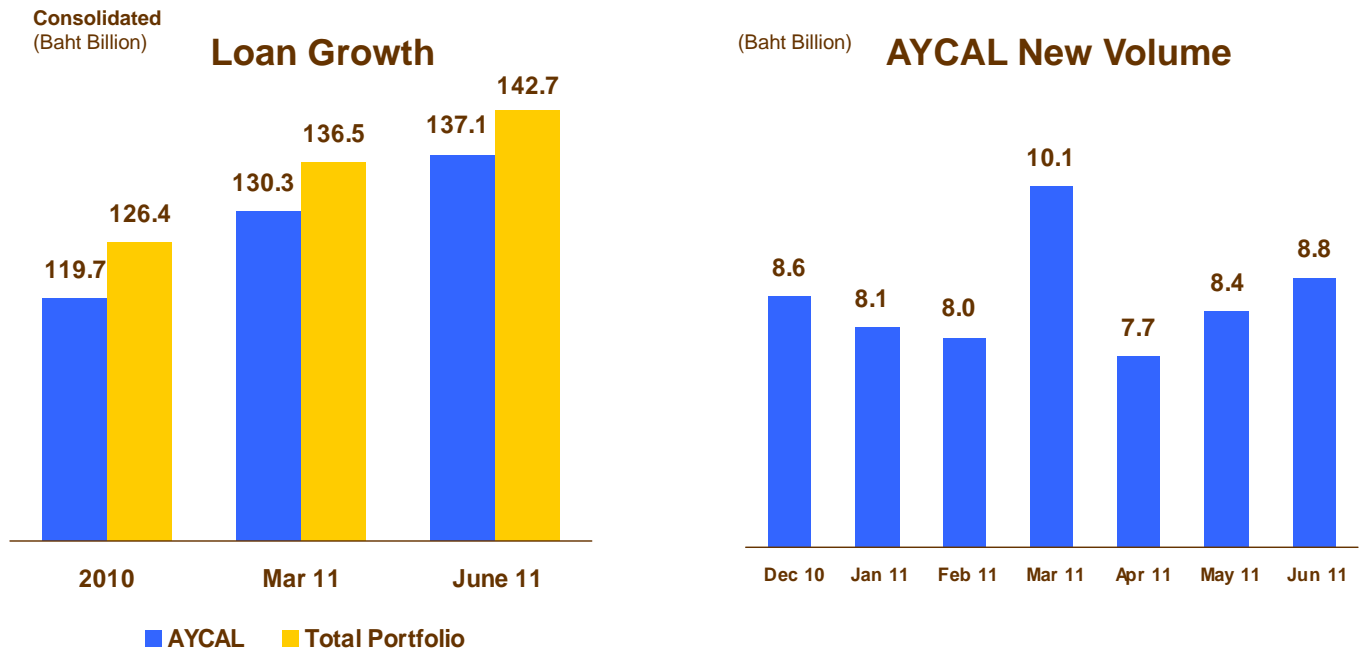
Strong Loan Growth : Flexibility and Selectivity

Diversified and Expanding Loan Portfolio



Category	Growth in 2Q/11	Strategic Approach
Corporate	-0.6%	Selective Approach
SME	+1.3%	Customer Segmentations : S+M
Retail	+4.0%	Key Growth Driver

Retail Business Performance : Krungsri Auto



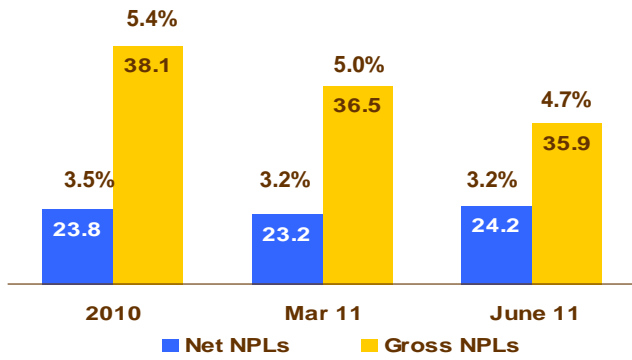
#1 in Used Car and Refinancing

#2 in Overall Auto Hire Purchase

Asset Quality Continued to Strengthen

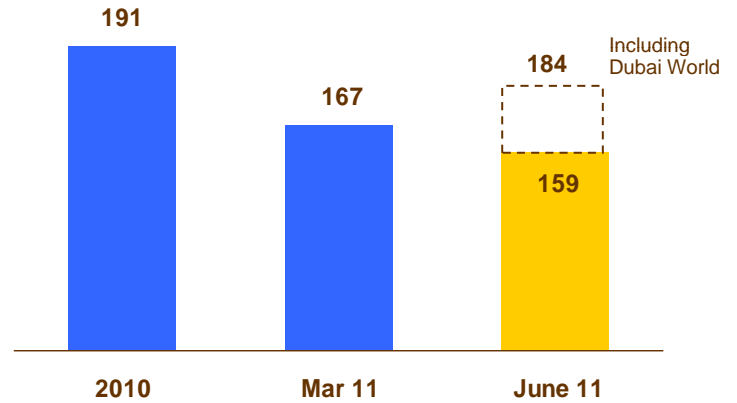
Consolidated
(Baht Billion)

NPLs

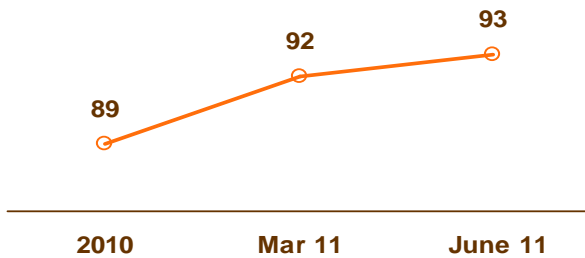


Declining Provision Charges

bps



Coverage Ratio (%)



NPLs continued to improve

Coverage up to **93%**

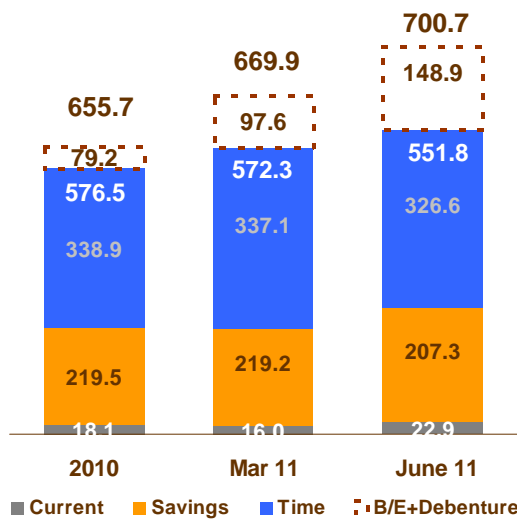
Provisions at **176%**
of BOT requirements



Funding Improvement

Consolidated
(Baht Billion)

Deposits++

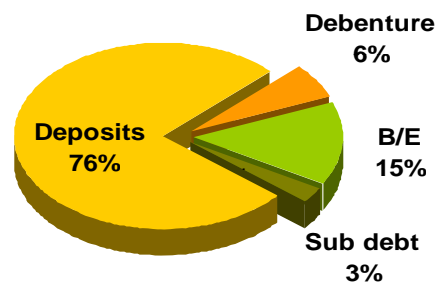


Diversifying funding sources
to improve cost effectiveness

CASA portion at **41%**

Funding Mix

As of June 2011

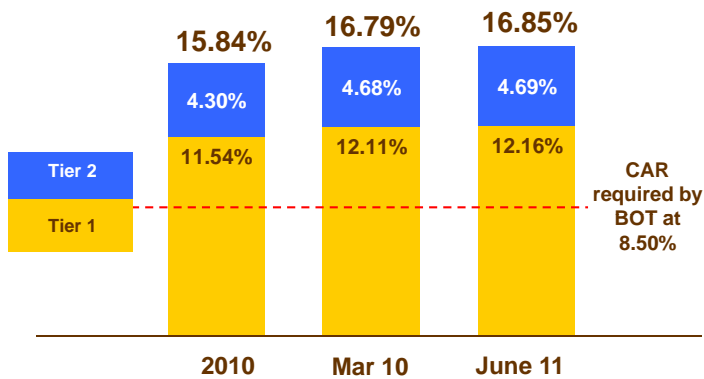


	2010	Mar 11	June 11
L/D	113%	115%	122%
L/D+B/E+Debenture	99%	98%	96%



Capital and Liquidity

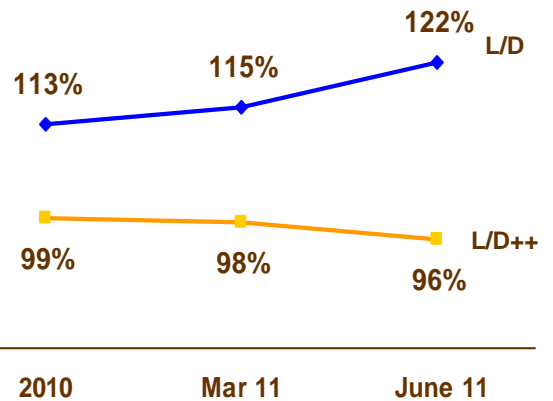
Strong Capital Base



Baht Billion	2010	Mar 11	June 11
Tier 1	79.90	77.71	79.56
Tier 2	29.78	30.05	30.72
Total Capital	109.68	107.76	110.28

Consolidated

Loan to Deposit



L/D++ : Loans to Deposits + Debentures + B/E

Maintenance of solid capital base and liquidity to support growth agenda

2011 Key Performance Targets

Consolidated	2010	1Q/11	2Q/11	1H/11	2011 Targets	
Loan Growth (Net)	+46.7 bn (+7.7%)	+9.2 bn (+1.4%)	+12.8 bn (+1.95%)	+22.0 bn (+3.39%)	n.a.	n.a.
Performing Loan Growth	+61 bn (+11.0%)	+10.9 bn (+1.8%)	+13.4 bn (+2.2%)	+24.3 bn (+4.0%)	11%	✓
NPLs	38.1 bn	36.5 bn	35.9 bn	35.9 bn	35 bn	✓
NPL Movement	-13.9 bn (-26.8%)	-1.7 bn (-4.4%)	-0.6 bn (-1.6%)	-2.3 bn (-6.0%)	-3.1 bn	✓
Deposit Mix: Savings and Current	41%	41%	41%	41%	45%	~
Loan Mix : Retail	43%	44%	45%	45%	44%	✓
L/D Ratio	113%	115%	122%	122%	110%	~
L/Deposit+Debentures+B/E	99%	98%	96%	96%	97%	✓
NIM	4.7%	4.6%	4.6%	4.5%	4.38-4.44%	✓
Fee income growth	38%	4%	18%	11%	12%	✓
Cost to Income Ratio *	52.0%	50.9%	47.9%	49.4%	53%	✓
Provisions	191 bps	167 bps	159 bps (184 bps) **	161 bps (174 bps) **	160 bps	✓
Loan Loss Coverage	89%	92%	93%	93%	95%+	✓
CAR ***	15.8%	16.8%	16.9%	16.9%	n.a.	n.a.

* Cost to Income Ratio: Change in calculation methodology

** Including Dubai World

*** Bank only

Key Financial Performance : Profitability

Earnings and Profitability for 2Q/11

Profitability Improvement	<ul style="list-style-type: none">• Net profit of Baht 3.0 billion; up 39.5% YoY and 5.7% QoQ
NIM Maintained	<ul style="list-style-type: none">• NIM strong at 4.6%
Fees & Service Income	<ul style="list-style-type: none">• Bancassurance and cards continued strong fee growth
Cost to Income	<ul style="list-style-type: none">• Cost to Income pushed down to 48%
Provision Reduced	<ul style="list-style-type: none">• Provision expenses moving down to 159 bps, (184 bps with Dubai World)

Key Financial Performance : Asset Growth & NPLs

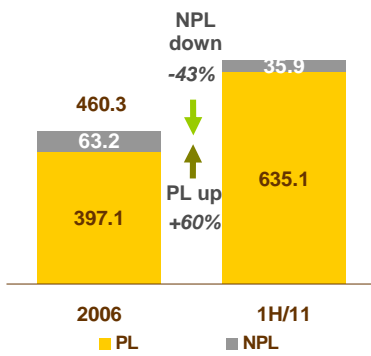
Improved Fundamentals

Loan Growth	<ul style="list-style-type: none">• Performing loan growth of 4.0% YTD, better than operating plan
Retail Business Performance	<ul style="list-style-type: none">• Accelerated Auto HP business growth• Personal loan and credit card growth better than seasonal norm
Asset Quality Remained Solid	<ul style="list-style-type: none">• NPL reduced by 1.6% to Baht 35.9 billion• Coverage increased to 93%
Funding Growth and Liquidity	<ul style="list-style-type: none">• Funding grew 6.7% YTD in anticipation of growth in 2H/11• Liquidity well over BoT requirements

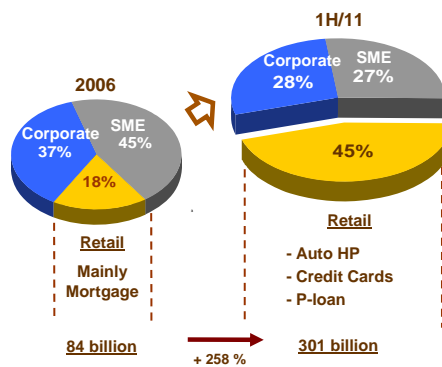
Appendix

Improvement in Fundamentals

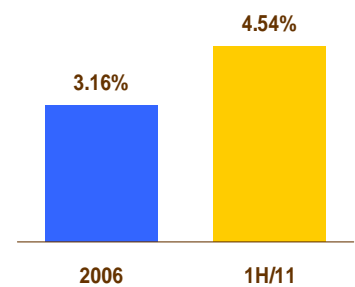
Strong Growth Rate



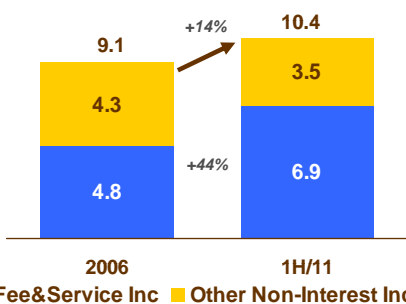
Better Loan Mix



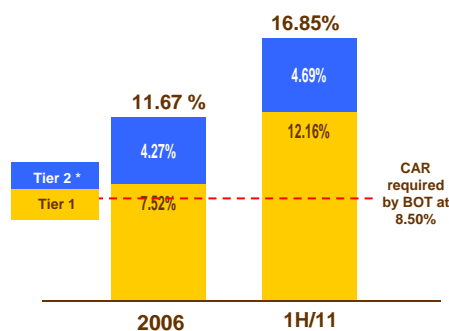
Improved NIM



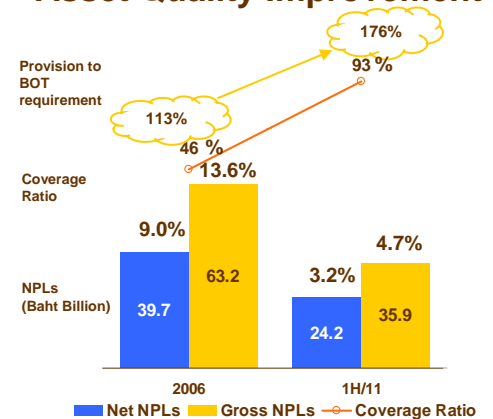
Non-Interest Income



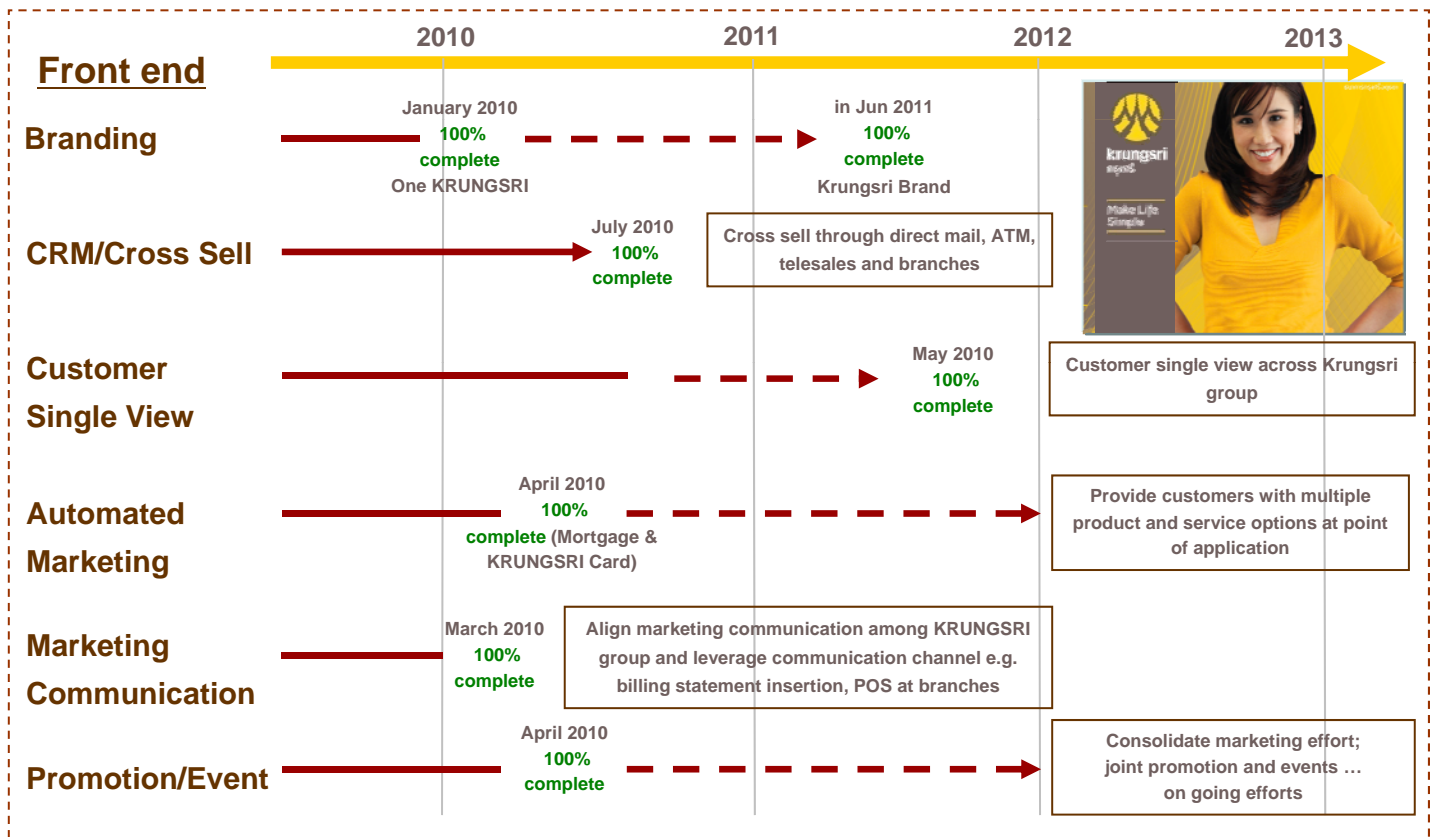
Strong Capital Base



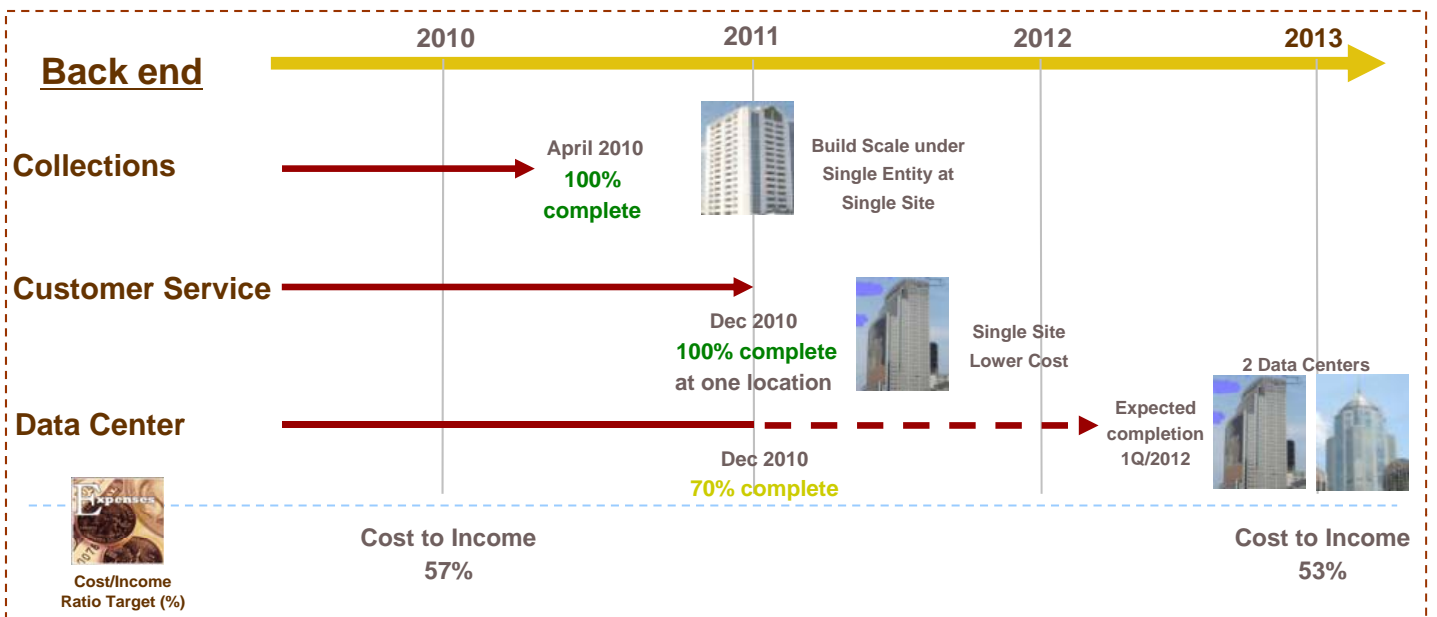
Asset Quality Improvement



Front-end Transformation



Back-office Transformation



Business Growth Stories



One KRUNGSRI Acceleration

	From	To	Result
First Choice			<ul style="list-style-type: none"> 30%+ of new accounts referred from KRUNGSRI branches <p>Started referral in Mar 2010</p>
Auto			<ul style="list-style-type: none"> Highest Volume Ever > Baht 10.1 billion in one month >10.3% volume from branches
Srisawad (CFGs)			<ul style="list-style-type: none"> Lower Funding cost Opened 24 New Branches Highest Volume Ever (Reached new high @ Baht 350 mm)
KRUNGSRI GE Credit Card			<ul style="list-style-type: none"> 70%+ of new accounts referred from KRUNGSRI

Krungsri Auto: New Highs

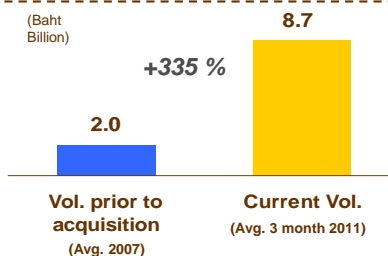


Customer
Centricity

- First to offer 7 day opening 4Q/10
- Responsible lending focus..... a differentiator
- Continued in 2011 with campaigns focused on promoting products from auto dealers to end-users

Responsible
Lending Principle

- Maintained good portfolio quality while driving greater new car mix



Strong Brand
Presence

- Strong portfolio with flagship brands
- Integrated marketing campaigns in direct channel and business partner channel
- Debuted series of advertisements to promote corporate brand “Krungsri Auto” and latest installment series “Responsible Lending” to reinforce and further differentiate Krungsri Auto brand



KRUNGSRI
AUTO

Krungsri Leasing: Continued Development



Leader in
Equipment Leasing

- **#1** in Marine Transportation Leasing
- **#1** in Power Plant Leasing

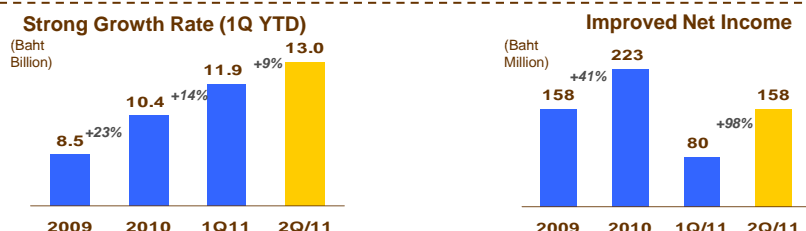
1 in Market
Penetration

- Penetrated into Public Bus Market through successful vendor leasing program with suppliers
- Highest growth rate in equipment leasing industry

White Ocean
Strategy

- Moving to White Ocean : New industry, namely energy and solar farm leasing

Strong
Fundamentals

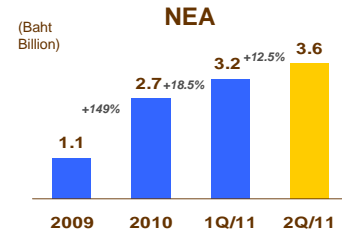
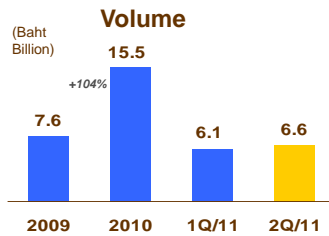


TRIS Rating upgrade ADLC from A-stable to A stable on 27 April 2011

Top 3 Factoring Company

Operating with High Efficiency

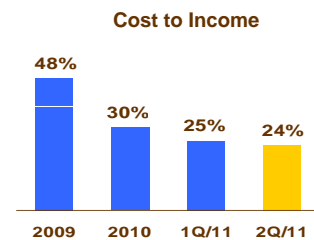
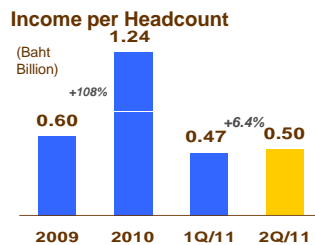
- Became **Top 3** factoring company in terms of volume 3 years from inception
- Volume reached Baht 2 billion per month in the 4th year of operation where as competitors of the same volume are operated for 20 years



- Human resource efficiency
- Cost to income reduced significantly



KRUNGSRI FACTORING



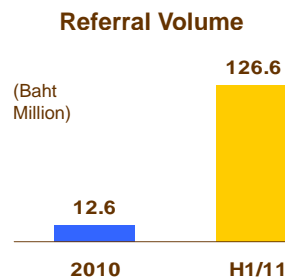
Micro Finance: A New Sector

Channel Development: Krungsri & Branch Opening

New Product Development: Tractor & Microfinance

- 2010 : Piloted 120 branches 1H/11 : Nationwide roll-out

- Krungsri referrals accounted for 6.3% of new volume



- Opened 8 branches

New Tractor Purchase Financing

- Expanded offering to new customer segment
- Loan to value of 75% with up to 48 installments



Unsecured Personal Loan

- Received regulatory approval to offer unsecured loans



Thank you

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