krungsri
กรุงศรี

# *3Q/2011 Financial Performance Investor Update*

**October 2011**

"Make Life Simple เรื่องเงิน เรื่องง่าย"

## Agenda

- **Key Developments in 9M/2011**
- **Key Focus for remainder of 2011**
- **Krungsri Update**
- **Financial Performance for 3Q/2011 and 9M/2011**
- **Key Development in 3Q/2011**

# Key Developments in 9M/2011

- Robust loan growth at 8.8% YtD, 4.6% QoQ
- Improving NIM to 4.58% for 3Q, and 4.60% for 9M/2011
- Record high QoQ profit growth at THB 3.0 bn.
- Reducing NPL by THB 5 bn. to 4.3%.
- Cost to income ratio at 50.4%, higher marketing / promotion spend
- Strong CAR at 16.28%
- Moody's upgrade action on Krungsri's BFSR



# Focus for remainder of 2011

- Assist customers impacted by flooding
- Execute and deliver growth as planned
- Maintain high NIM
- Continue "Krungsri …. Make Life Simple" brand positioning
- Relaunch SME value add and build supply chain
- Focus on fee income growth
- Additional THB 4 bn. NPL sale
- Build strong momentum for 2012

# 2011 Key Performance Targets and 9M11 Results

| Consolidated | 2010 | 9M/11 | 2011 Targets | |
|---|---|---|---|---|
| Performing Loan Growth | +61 bn (+11.0%) | +54 bn (+8.8%) | 11% | ✓ |
| NPLs | 38.1 bn | 32.7 bn | 35 bn | ✓ |
| Deposit Mix: Savings and Current | 41% | 41% | 45% | ~ |
| Loan Mix : Retail | 43% | 45% | 44% | ✓ |
| L/Deposit+Debentures+B/E | 99% | 97% | 97% | ✓ |
| NIM | 4.6% | 4.6% | 4.38-4.44% | ✓ |
| Fee income growth | 38% | 8.5% | 12% | ✓ |
| Cost to Income Ratio | 52.0% | 50.4% | 53% | ✓ |
| Provisions | 191 bps | 162 bps | 160 bps | ✓ |
| Loan Loss Coverage | 89% | 99% | 95%+ | ✓ |
| CAR * | 15.8% | 16.3% | n.a | ✓ |

* Bank only

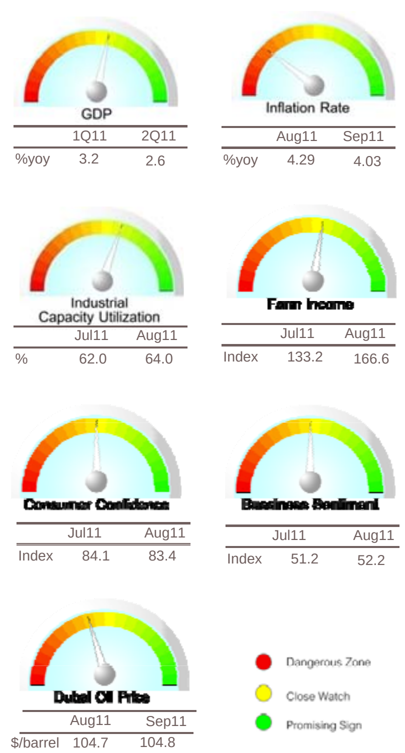
### Result Highlights

- Robust loan growth of 8.8 percent compared to 2.8 percent for 9M/10
- NPLs sharply reduced to 4.3%
- QoQ profits growth continued with Baht 3.0 bn. observed in 3Q
- NIM remained strong and improved to 4.6%
- Lowered provision as planned
- Robust capital position



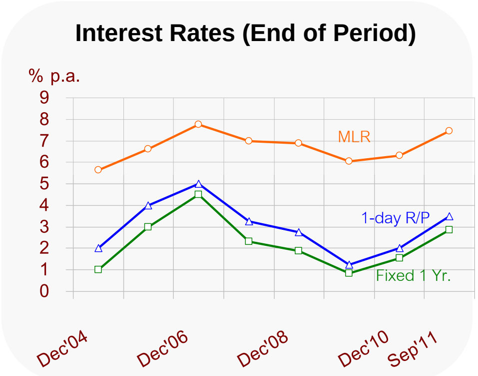
# 2011 Economic and Financial Environment

## Key Macro Indicators

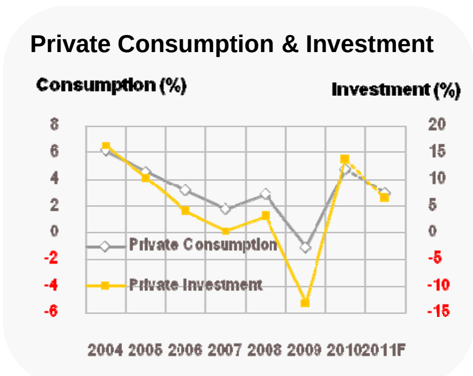



*Source: Krungsri Research*

## Interest Rate




## Consumption & Investment




### Economic and Financial Highlights

- Flooding will impact growth in 4Q/11
- Government policies and programs to drive private consumption, investment & post flood reconstruction
- Economy and financial environment remains strong but moderating

# Krungsri Update

# Krungsri Group's Profile

## Leadership Position


| As of August 2011 | Market Position | % Share |
|---|---|---|
| **Consumer** | | |
| Personal Loan | 1 | 15% |
| Credit Card | 1 | 19% |
| Auto (HP) | 2 | 17% |
| **SME** | 5 | 8% |
| **Corporate** | 5 | 7% |

## Extensive Franchise

| As of September 2011 | Number |
|---|---|
| Domestic Branches | 583 |
| Overseas Branches | 4 |
| ATMs | 3,607 |
| Exchange Booths | 66 |
| Exclusive Banking Zones | 19 |

| As of September 2011 | Number |
|---|---|
| Krungsri Business Centres | 55 |
| First Choice Branches | 27 Branches |
| + Dealers | + 6,645 Dealers |
| Krungsri Auto Branches | 41 Branches |
| + Dealers | + 4,500 Dealers |
| Micro Finance Branches | 199 |

# Moody's upgrade action on Krungsri

Moody's INVESTORS SERVICE

***Standalone Bank Financial Strength Rating (BFSR) from "D" to "D+" with a stable outlook***

***Long-term Foreign currency Deposit Rating affirmed at "Baa2"***

**Moody's upgrade rationale**

- **Financial fundamentals**
- **Industry-high net interest margin**
- **Achievements in growing franchise, especially consumer lending**
- **Sufficient capitalization**
- **Relatively conservative risk appetite**

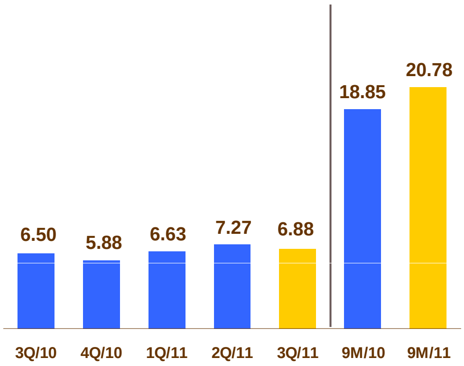


# Financial Performance for 3Q/2011 and 9M/2011

# Profitability : Pushing higher

**Consolidated**
(Baht Billion)

## Profit before Provision and Tax

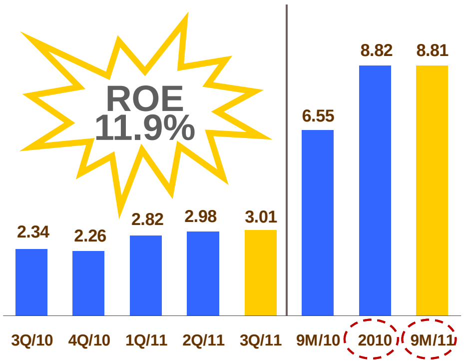



*9M11 YoY:* ***+10%***

*3Q11 YoY:* ***+6%***

**Continued strong earnings momentum**

## Net Income




*9M11 YoY:* ***+35%***

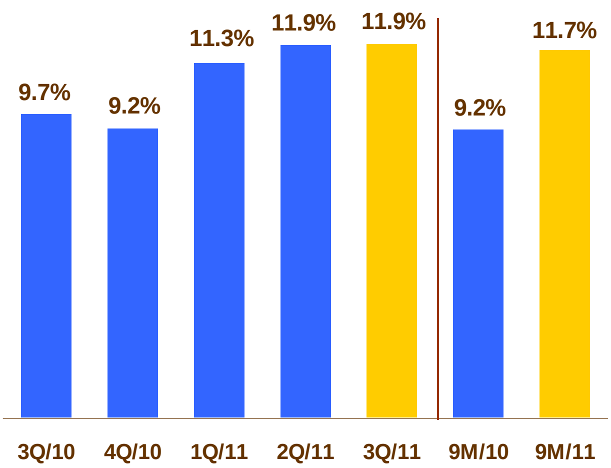
*3Q11 YoY:* ***+29%***



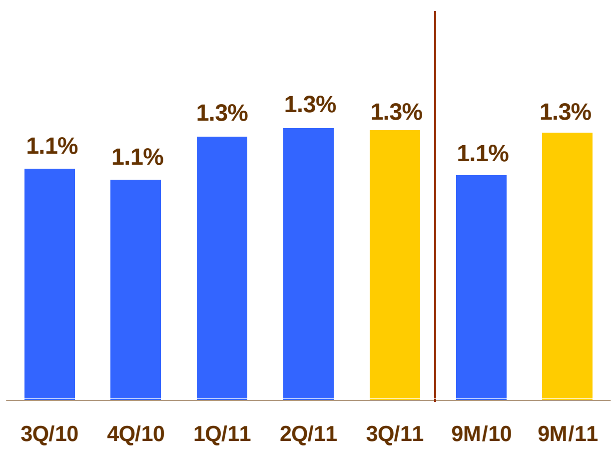
# ROAE & ROAA

**Consolidated**

## ROAE




## ROAA

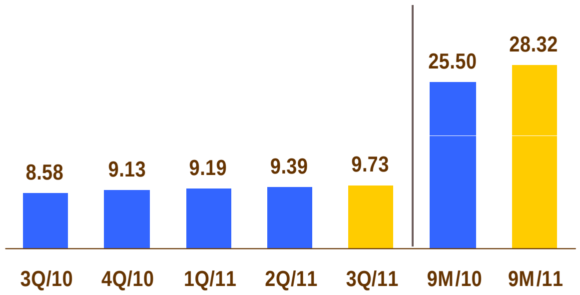



***Consistent & Improving Performance***

# Profitability Measurement

**Consolidated**
(Baht Billion)

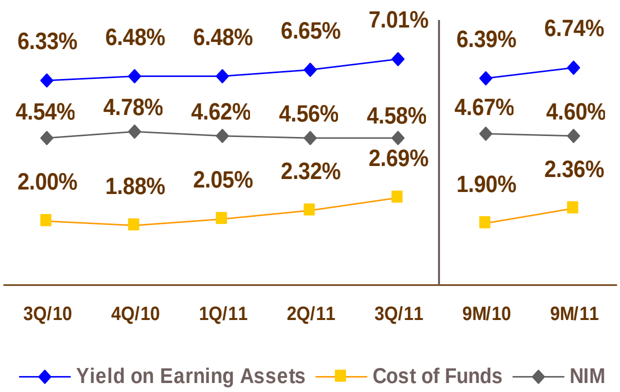
## Net Interest Income



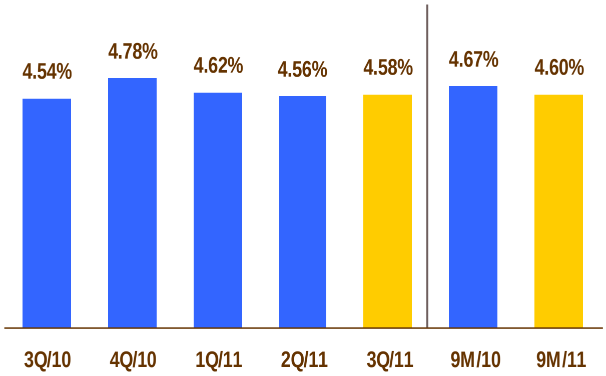

**Improved NIM in a highly competitive environment ……**

***4.6%***

## Yield & Cost of Funds




## NIM

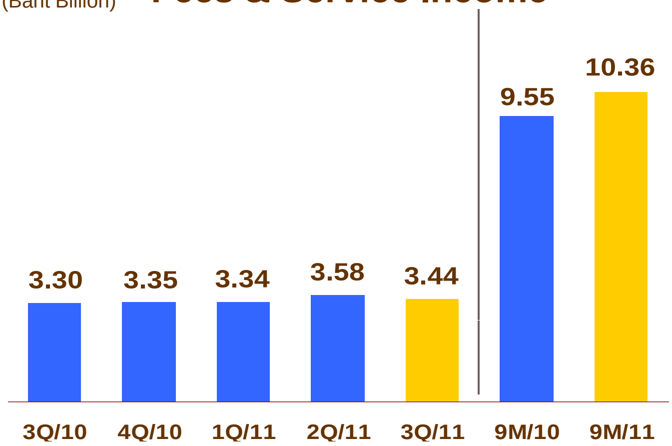





# Fees and Service Income

**Consolidated**
(Baht Billion)

## Fees & Service Income



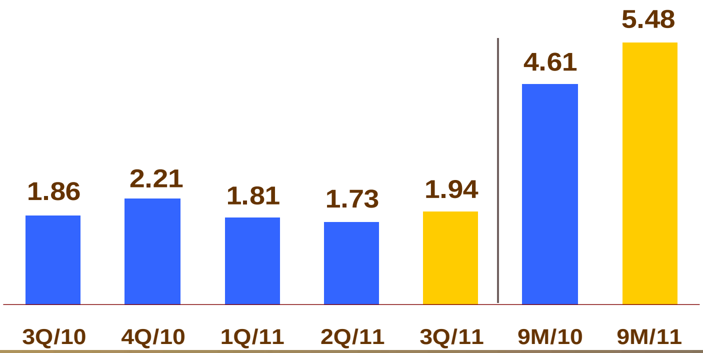

**Bancassurance and card fees continue as key drivers**

*9M11 YoY:* ***+8.5%***

**9M11 YoY: Bancassurance**

***+70.7%***

## Non Interest and Non Fee Income




*9M11 YoY:* ***+19%***

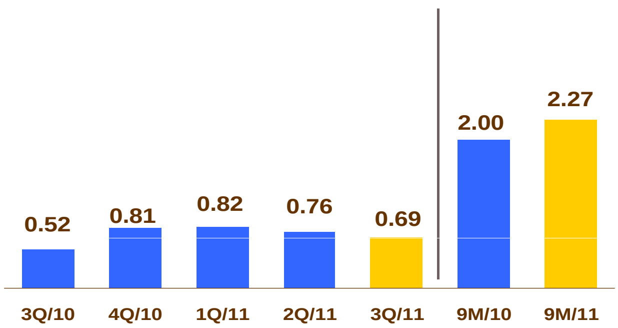
**Gains on trading & Fx and gains from investment**

*grew* ***99.7%***

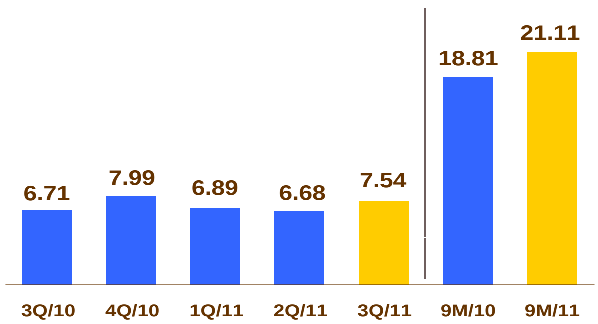
# Improved Efficiency

**Consolidated**
(Baht Billion)

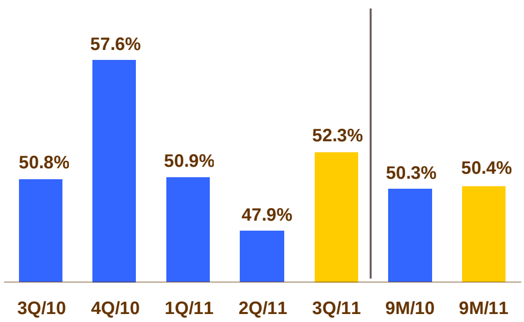
### Fees and Service Expense




### Other Operating Expenses




### Cost to Income Ratio




**Continued push for efficiency...**

**Cost to income at** ***52.3%***

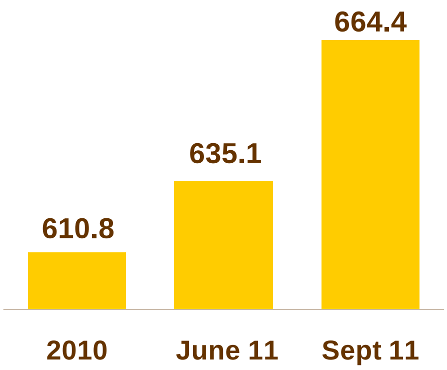
**reflecting marketing and promotion drives**



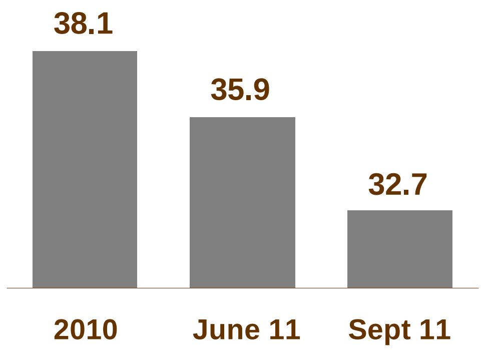
# Loan Growth Momentum

**Consolidated**
(Baht Billion)

### Performing Loans




### Non-performing Loans




**Performing Loans grew**

***8.8%*** **YtD**

**QoQ grew** ***4.6%***

**against seasonality low in 3Q**

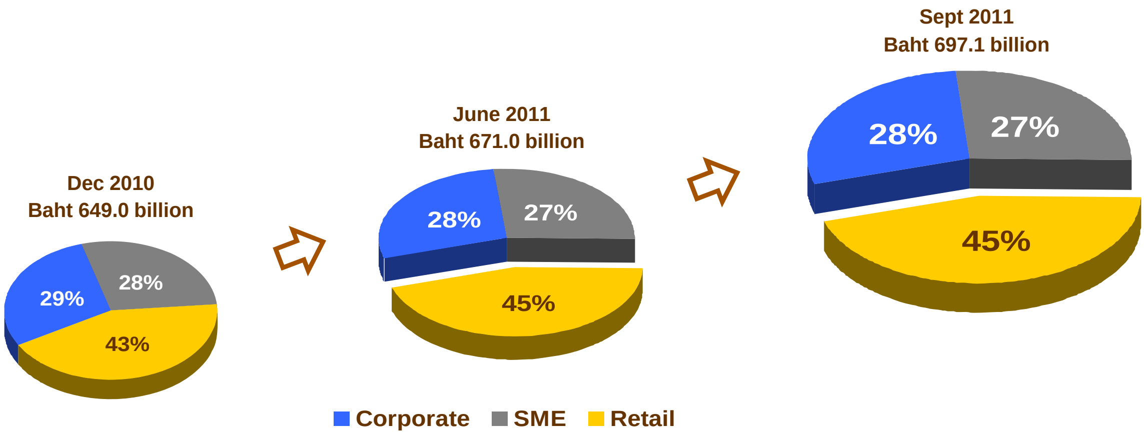
**NPLs reduced** ***8.9%*** **QoQ**

***14.4%*** **YtD**

- **Baht 5 billion NPL sold in 3Q/11**
- **Planned NPL sale of Baht 4 billion in 4Q/11**

# Strong Loan Growth : Flexibility and Selectivity

## Diversified and Expanding Loan Portfolio




*Growth in 3Q/11*

| | |
|---|---|
| Corporate | *+5.7%* |
| SME | *+2.1%* |
| Retail | *+3.9%* |

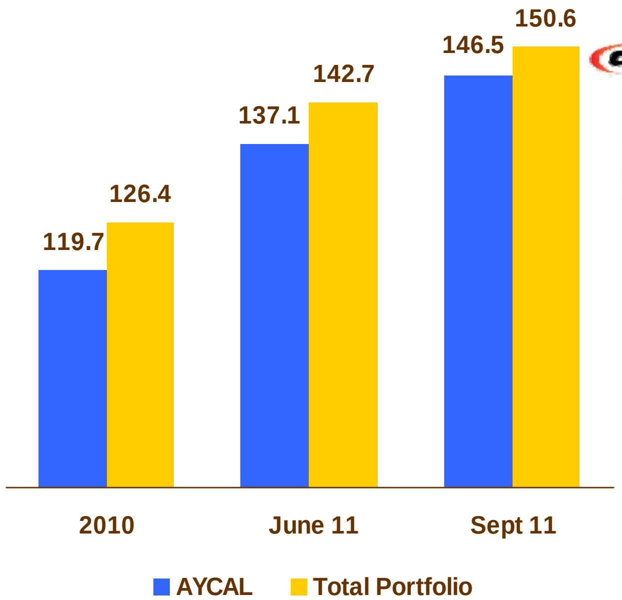
*Loans grew across segments in 3Q/11*



# Retail Business Performance : Krungsri Auto

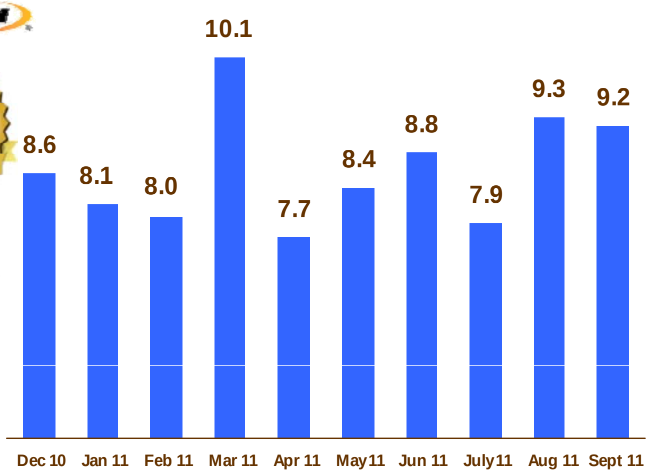
**Consolidated**
(Baht Billion)

## Loan Growth




(Baht Billion)

## AYCAL New Volume




***#1*** **in Used Car and Refinancing**

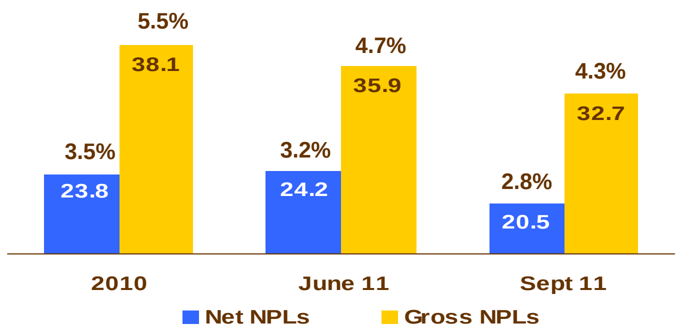
***#2*** **in Overall Auto Hire Purchase**

***Secured market leadership position***

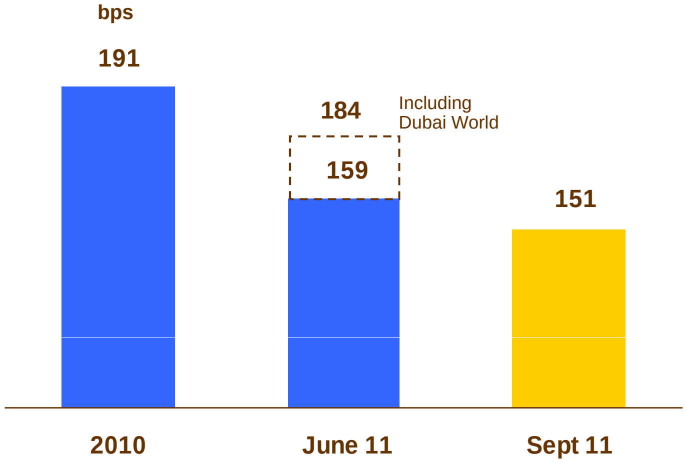
# Asset Quality Continued to Strengthen

**Consolidated**
(Baht Billion)

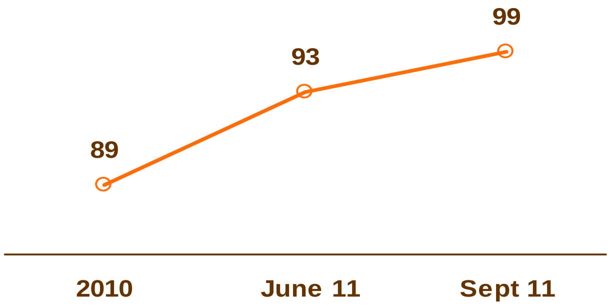
## NPLs




## Declining Provision Charges as planned




## Coverage Ratio (%)




NPLs sharply dropped to ***4.3%***

Coverage strengthened to ***99%***

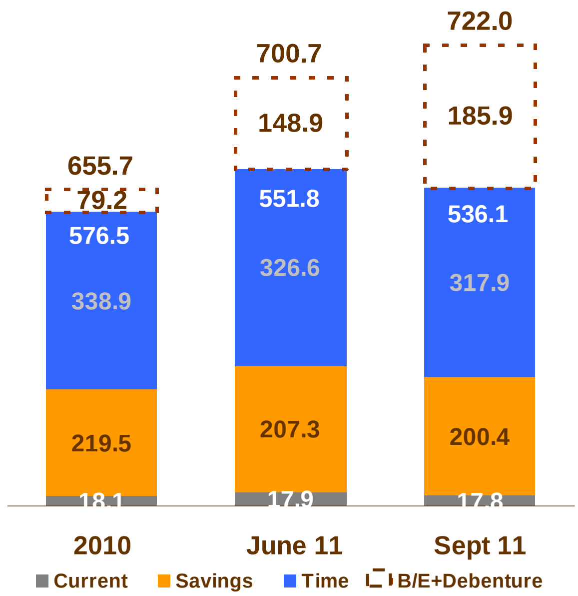
Provisions at ***164%*** of BOT requirements



# Funding Improvement

**Consolidated**
(Baht Billion)

## Deposits++



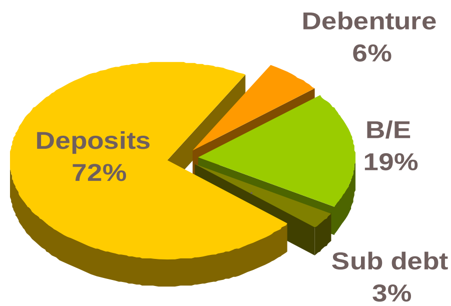

| | 2010 | June 11 | Sept 11 |
|---|---|---|---|
| L/D | 113% | 122% | 130% |
| L/D+B/E+Debenture | 99% | 96% | 97% |

## Diversifying funding sources to improve cost effectiveness

CASA portion maintained at ***41%***

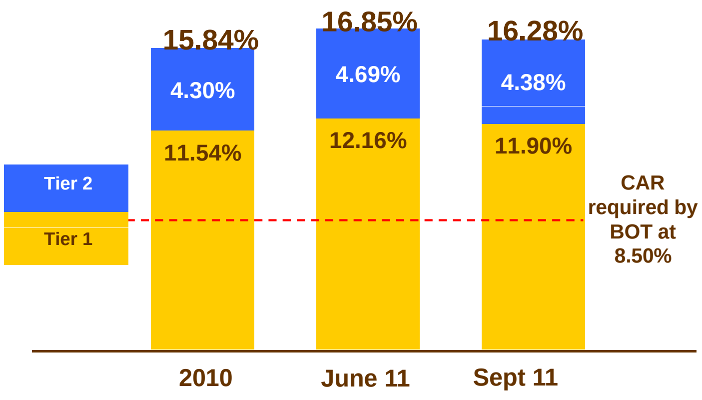
## Funding Mix

*As of Sept 2011*



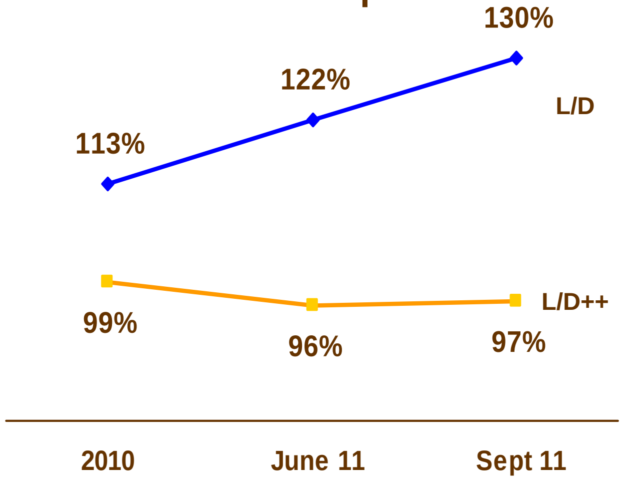
# Capital and Liquidity

## Strong Capital Base




Consolidated

## Loan to Deposit




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

| Baht Billion | 2010 | June 11 | Sept 11 |
|---|---|---|---|
| Tier 1 | 79.90 | 79.56 | 79.68 |
| Tier 2 | 29.78 | 30.72 | 29.28 |
| Total Capital | 109.68 | 110.28 | 108.96 |

***Maintenance of solid capital base and liquidity to support growth agenda***



# 2011 Key Performance Targets

| Consolidated | 3Q/10 | 2010 | 1H/11 | 3Q/11 | 9M/11 | 2011 Targets | |
|---|---|---|---|---|---|---|---|
| Loan Growth (Net) | -7.5 bn (-1.2%) | +46.7 bn (+7.7%) | +22.0 bn (+3.4%) | +26.1 bn (+3.9%) | +48.1 bn (+7.4%) | n.a. | n.a. |
| Performing Loan Growth | -2.5 bn (-0.4%) | +61 bn (+11.0%) | +24.3 bn (+4.0%) | +29.3 bn (+4.6%) | +53.6 bn (+8.8%) | 11% | ✓ |
| NPLs | 44.7 bn | 38.1 bn | 35.9 bn | 32.7 bn | 32.7 bn | 35 bn | ✓ |
| NPL Movement | -5.0 bn (-10.0%) | -13.9 bn (-26.8%) | -2.3 bn (-6.0%) | -3.2 bn (-8.9%) | -5.5 bn (-14.4%) | -3.1 bn | ✓ |
| Deposit Mix: Savings and Current | 38% | 41% | 41% | 41% | 41% | 45% | ~ |
| Loan Mix : Retail | 43% | 43% | 45% | 45% | 45% | 44% | ✓ |
| L/D Ratio | 115% | 113% | 122% | 130% | 130% | 110% | ~ |
| L/Deposit+Debentures+B/E | 99% | 99% | 96% | 97% | 97% | 97% | ✓ |
| NIM | 4.5% | 4.6% | 4.5% | 4.6% | 4.6% | 4.38-4.44% | ✓ |
| Fee income growth | 46% | 38% | 11% | 4% | 8.5% | 12% | ✓ |
| Cost to Income Ratio | 55.3% | 52.0% | 49.4% | 52.3% | 50.4% | 53% | ✓ |
| Provisions | 205 bps | 191 bps | 161 bps (174 bps) ** | 151 bps | 162 bps | 160 bps | ✓ |
| Loan Loss Coverage | 85% | 89% | 93% | 99% | 99% | 95%+ | ✓ |
| CAR * | 17.9% | 15.8% | 16.9% | 16.3% | 16.3% | n.a | n.a |

* Bank only
** Including Dubai World

# Key Development in 3Q/2011

# Thai Life Insurance

"Capturing Greater Opportunity in Bancassurance with New Strategic Partners"

**Key Partnership Arrangement**

- Exclusivity modality
- Training and cross-selling opportunity
- Business-to-Business revenue creation
- Co-development of products and services with customer centricity approach

*The new partnership with Thai Life Insurance is complimentary to Krungsri's existing and long-standing partnership with Ayudhya Allianz C.P.*

**Thai Life Insurance**

- 270+ Branches network nationwide
- Endowed brand recognition and large customer base
- Strong and robust sale forces and support services

# AIA VISA Credit Card

**Key privileges and benefits**

- **“Wellthy” Protection** – 0.5% cash back
- **“Wellthy” Health** – Privileged and discount on healthcare cost with Bangkok Dusit Medical Service Group *
- **“Wellthy” Lifestyle** – Up to 2% discount Bangchak gas station, 0% installment plan in leading department stores, and a free travel assurance policy

***Targeting 500,000 AIA VISA cardholders by 2016***

*** Bangkok Dusit Medical Service Group : Bangkok Hospital, Samitivej Hospital, BNH Hospital, Phyathai Hospital 1, 2, 3 and Phyathai Sriracha**


***More privileges…***

***...benefits on health***

***...wellness spending***



# Krungsri Banking SIM Service

กรุงศรี แบงก์กิ้งซิม KRUNGSRI Banking SIM

**Krungsri Banking SIM**

Latest mobile banking technology, first in Thailand.



**Krungsri Banking SIM..**

- ✓ Work with any phone
- ✓ No need to use internet connection
- ✓ No need to change SIM card
- ✓ No need to download application
- ✓ Can be use anywhere that has phone signal
- ✓ SMS Report for all transactions

# Flood Situation

Assistances & measures to Krungsri's customers (On a case-by-case basis) include :

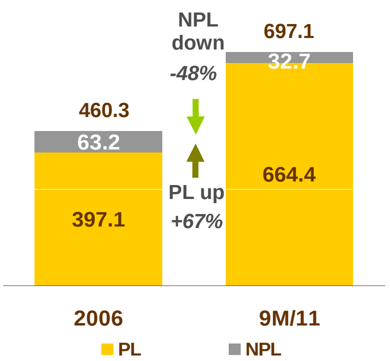
- Principal and interest grace
- Lower interest rates
- Reconstruction financing
- Tenor extension



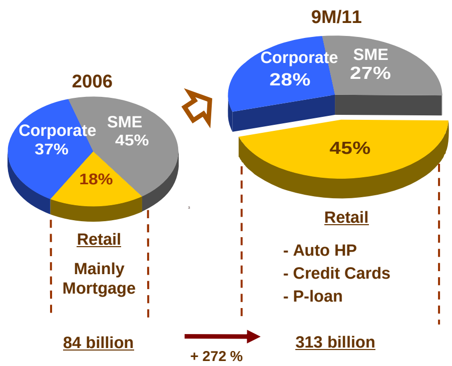
# Appendix

# Improvement in Fundamentals

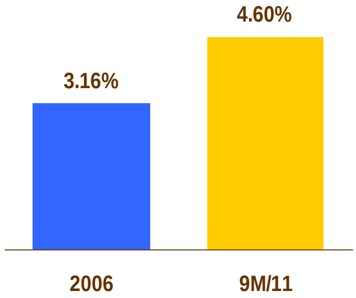
## Strong Growth Rate



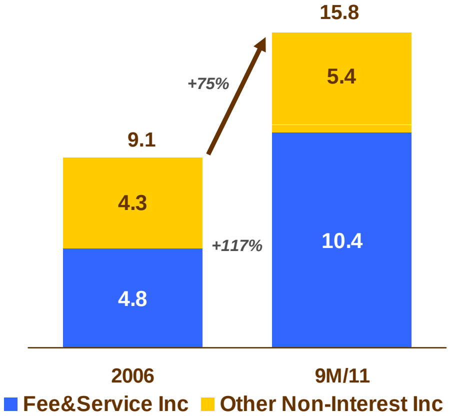

## Better Loan Mix



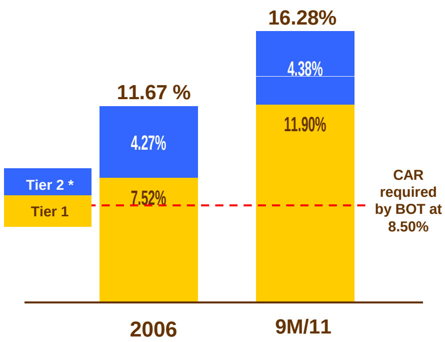

## Improved NIM



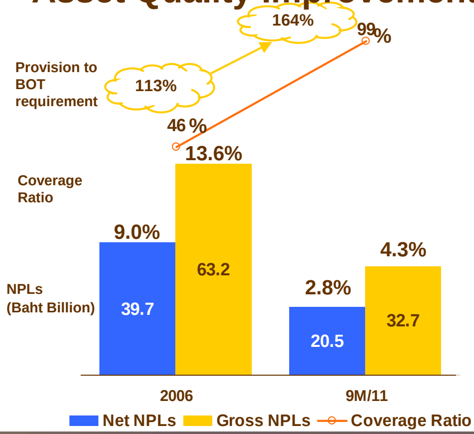

## Non-Interest Income




## Strong Capital Base




## Asset Quality Improvement



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