krungsri
กรุงศรี

ASEAN Stars Conference 2012
Singapore

1-2 March 2012

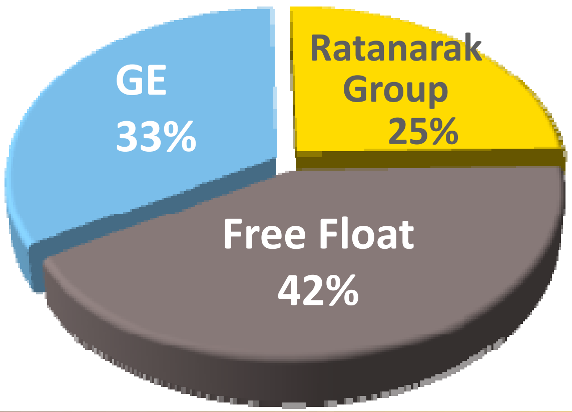
"Make Life Simple เรื่องเงิน เรื่องง่าย"

Agenda

Krungsri Group Overview

Shareholding Structure

(as of December 2011)



- Officially established in 1945
- 2007 : BAY and GE become strategic partners
- 2008 : Acquisition of GE Capital Auto Lease Pcl., subsequently renamed to Ayudhya Capital Auto Lease Pcl. (AYCAL)
- 2009 : Acquisition of AIG Retail Bank Pcl. and AIG Card (Thailand) Co., Ltd., subsequently renamed to Ayudhya Total Solutions Pcl. and Ayudhya Card Services Co., Ltd.
- 2009 : Acquisition of CFG Services Co., Ltd. (CFGS), a micro finance business from AIG
- 2009 : Acquisition of GE Money Thailand, a consumer finance company
- 2012: Agreement to acquire HSBC Thailand’s retail banking businesses, namely credit card, personal loans, mortgages, and deposit

Krungsri Group Profile

Leadership Position

As of December 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 December 2011	Number
Domestic Branches	584
Overseas Branches	4
ATMs	3,780
Exchange Booths	66
Exclusive Banking Zones	19

As of December 2011	Number
Krungsri Business Centres	55
First Choice Branches + Dealers	27 Branches + 7,100 Dealers
Krungsri Auto Branches + Dealers	41 Branches + 5,300 Dealers
Micro Finance Branches	199

Key Highlights in 2011…Key Wins and Headwinds

+13%
Performing Loan Growth

4.5%
NIM

49.7%
Cost to Income

-23%
NPLs

106%
Coverage

Net income before flood + DTA: THB 12.4 bn

581 mm
Flood Reserve

2.1 bn
Deferred Tax (DTA)

Net income after flood + DTA: THB 9.3 bn

Economic Conditions in 4Q/2011

Severe flooding and weaker global economic conditions resulted in a contraction of the Thai economy

GDP

	3Q11	4Q11
%yoy	3.7	-9.0

Consumption

	Nov11	Dec11
%yoy	-1.6	0.05

Investment

	Nov11	Dec11
%yoy	-1.9	-3.6

Manufacturing production index

	Dec11	Jan12
%yoy	-25.3	-15.2

Industrial capacity utilization

	Dec11	Jan12
%	51.9	58.2

Export

	Nov11	Dec11
%yoy	-13.1	-2.1

Tourism

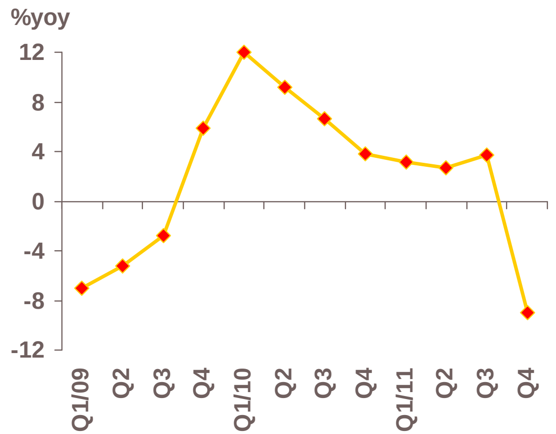
	Dec11	Jan12
%yoy	-2.2	7.7

Dangerous Zone

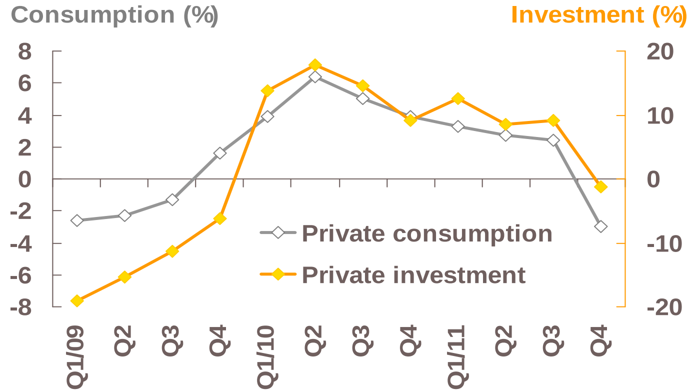
Close Watch

Promising Sign

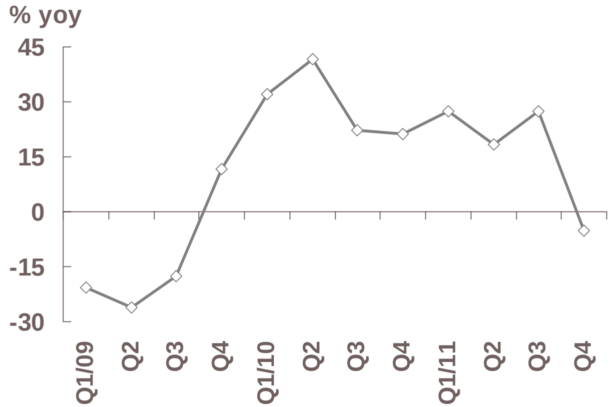
GDP growth: hit by severe flooding



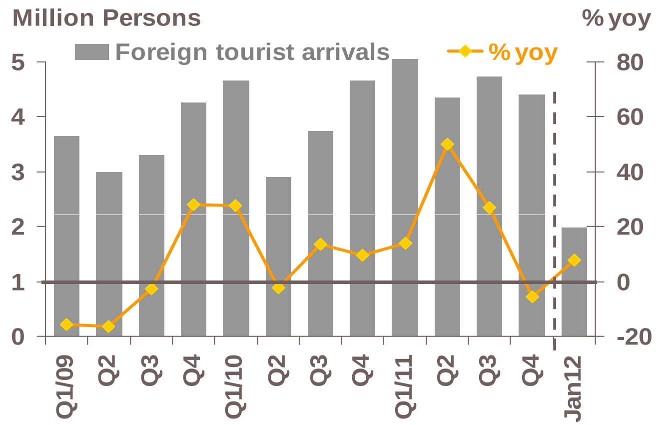
Domestic demand: losing momentum, awaiting confidence revival



Exports: decelerated by floods and weakening world economy



Tourism: short-term drop from floods



Source: Krungsri Research

Thailand's Flood Crisis & Economic Impact

GDP & inflation

2%

GDP shrank

4.2%

Inflation peaked

10%

Food prices rose

Factories & output

7

Big industrial estates impacted

13%-14%

Exports fell

Factory output sharply dropped

Tourism

63

Provinces inundated

20%

Tourist arrivals dropped

13

million Thais impacted

Krungsri

611

ATMs (16.5%)

74

Branches (12.5%)

…were closed at peak

Flood Relief Measures

Guiding Principles: Long term sustainability and commitment to our customers and employees

Action: Segmented packages for each portfolio

Customers

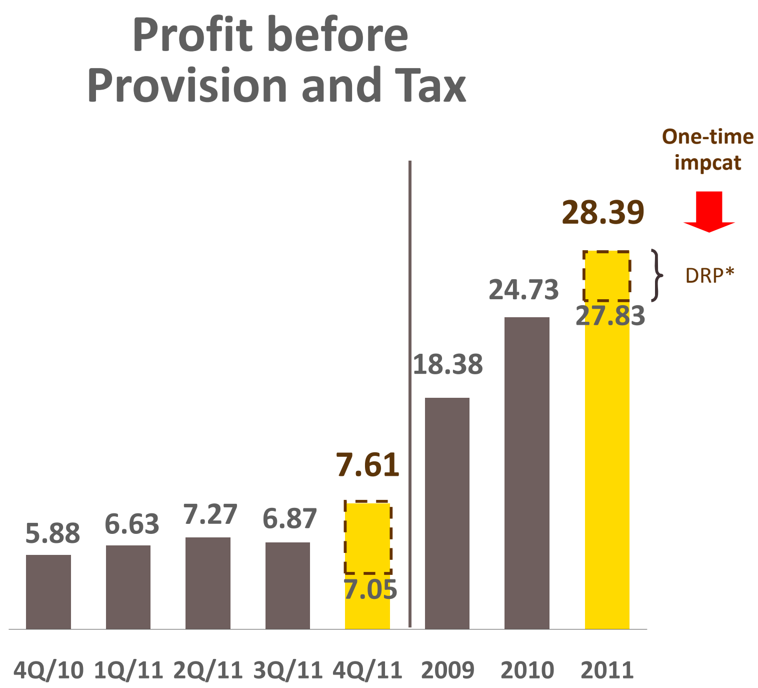
- Principal and interest grace period / tenor extension
- Reduced installments
- Reconstruction/rehabilitation financing
- Waiving of selected fees/charges

Employees

- Advance salary payments
- Emergency & immediate financial assistance
- Interest-free welfare loans to support rehabilitation and reconstruction
- More flexible working hours/work-from-home during peak

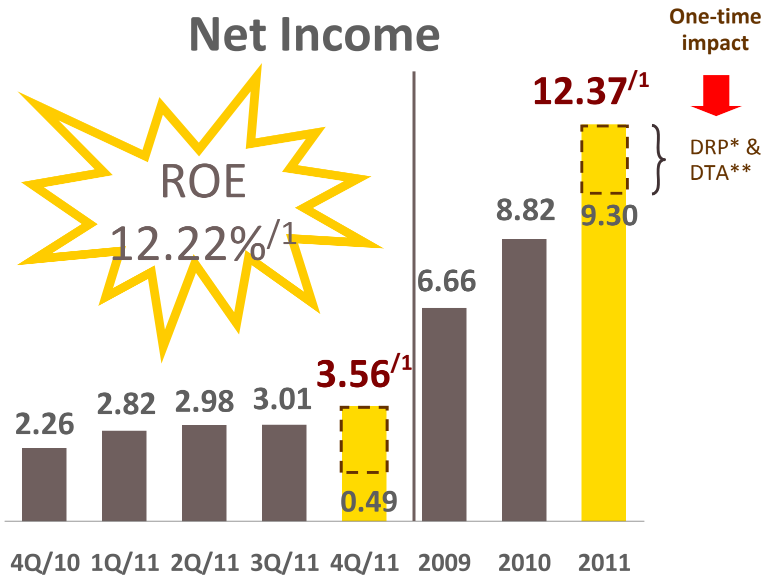
Profitability : Strong Core Banking Revenues Sustained

Consolidated
(Baht Billion)



+ 14.8% 2011 YoY /1

+ 29% 4Q11 YoY /1



+ 40.3% 2011 YoY /1

+ 58% 4Q11 YoY /1

/1 Excluding one-time impacts from floods and Deferred Tax Asset revaluation in 4Q/11

Key Performance Targets … Delivered

	Consolidated	2009	2010	9M/11	2011	2011 Targets		Result Highlights
Loans	Performing Loan Growth	+49.5 bn +9.9%	+59 bn +11.0%	+54 bn +8.8%	+79 bn +13.0%	11%	✓	Strong growth without sacrificing yield
	Loan Mix : Retail	42%	43%	45%	45%	44%	✓	Balanced mix
Profitability	NIM	4.1%	4.6%	4.6%	4.5%	4.38-4.44%	✓	Maintained strong NIM
	Fee income growth	26%	38%	8.5%	7.3%	12%	~	Hindered by 4Q business disruption
	Cost to Income Ratio	56.4%	52.0%	50.4%	49.7%	53%	✓	Flexibility for cost control and management
Liquidity	Deposit Mix: Savings and Current	38%	41%	41%	42%	45%	~	Challenged by rising rates
	L/Deposit+Debentures+B/E	100%	99%	97%	97%	97%	✓	Sound liquidity
Asset Quality	NPLs	52.1 bn	38.1 bn	32.7 bn	29.5 bn	35 bn	✓	Improved asset quality
	Loan Loss Coverage	74%	89%	99%	106%	95%+	✓	Continuous improvement
	Provisions	168 bps	191 bps	162 bps	170 bps 158 bps**	160 bps	✓	Normalizing provisions
Capital	CAR *	14.2%	15.8%	16.3%	16.3%	n.d.	✓	Remained strong

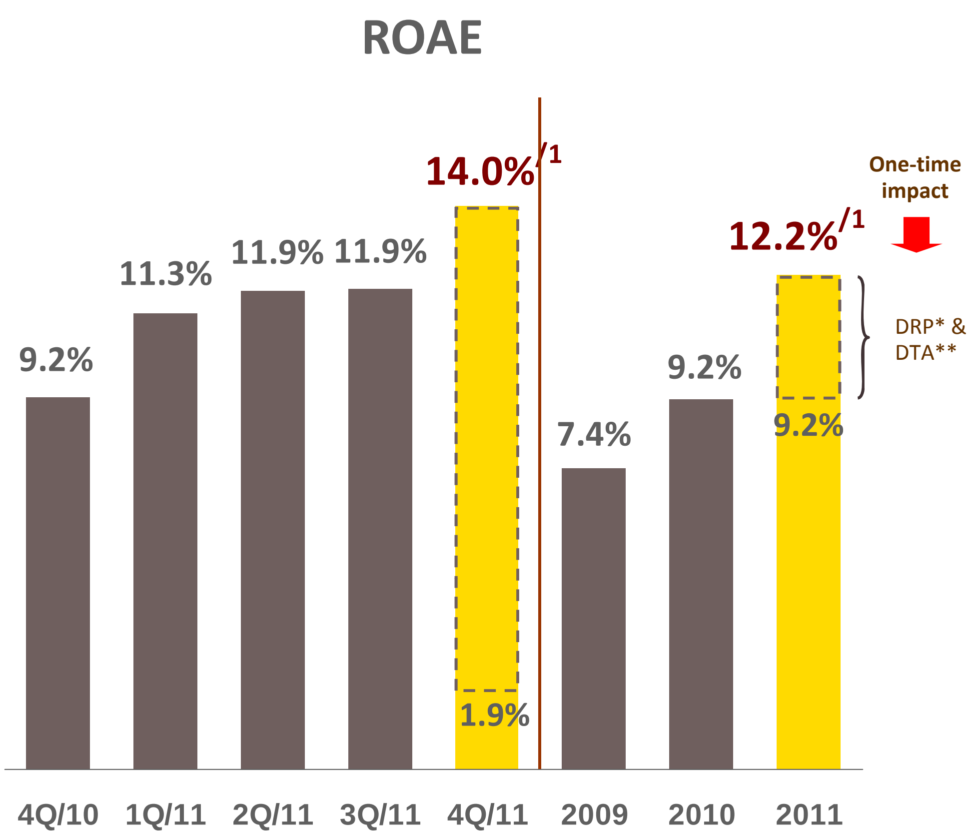
Bank only

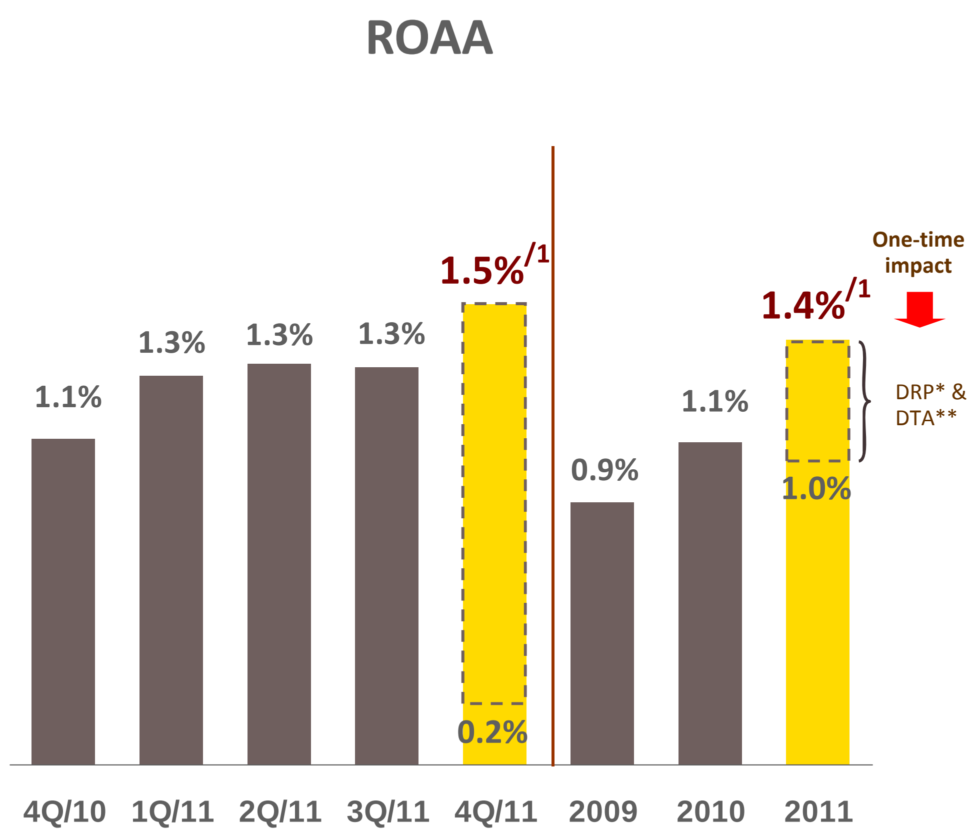
*** Normalized rate excluding DRP*

Financial Performance

ROAE & ROAA…

Consolidated





Consistent delivery and improvement

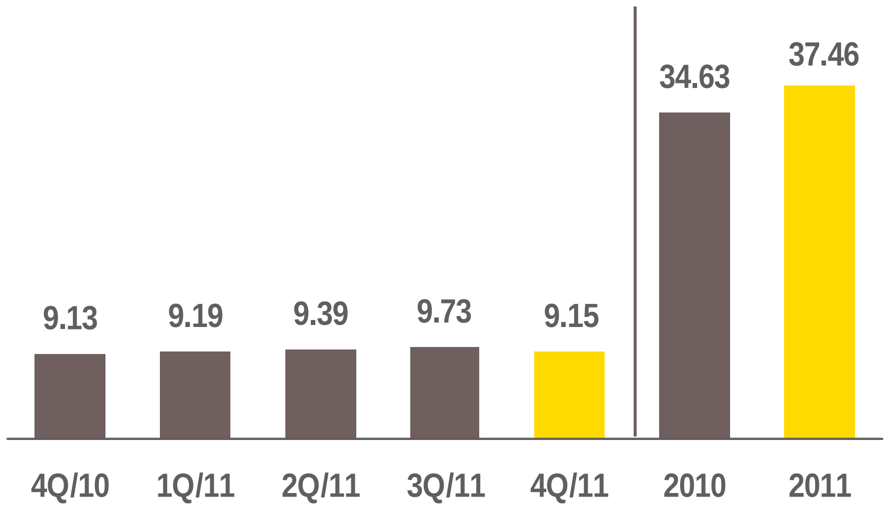
* *DRP: Debt Relief Program*
** *DTA: Deferred Tax Asset*

[/1] *Excluding one-time impacts from floods and Deferred Tax Asset revaluation in 4Q/11*

Profitability Measurement…4Q Debt Relief Program Impact

Consolidated
(Baht Billion)

Net Interest Income



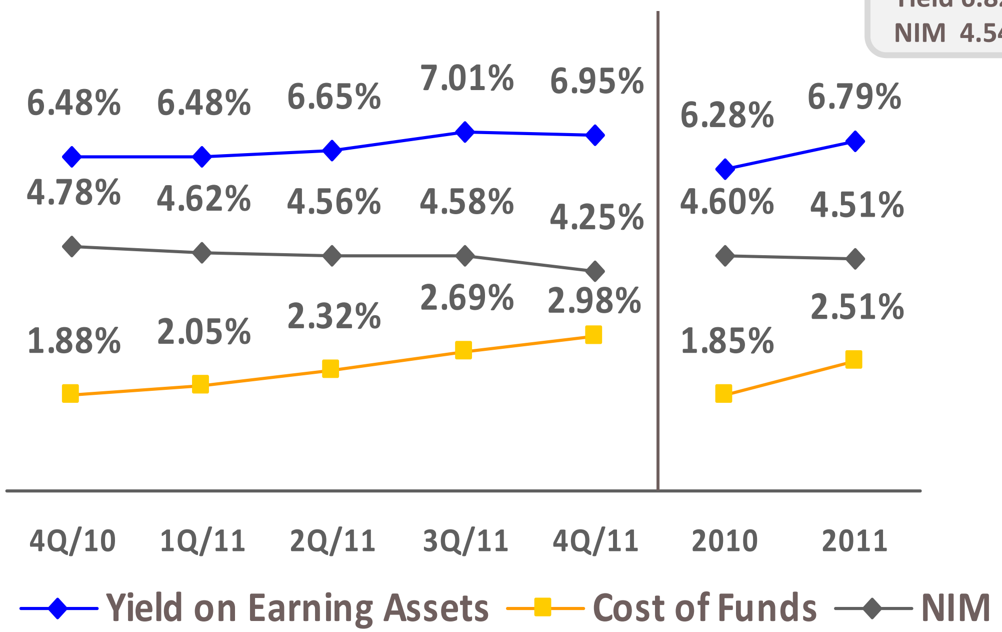
4.5%

Strong NIM

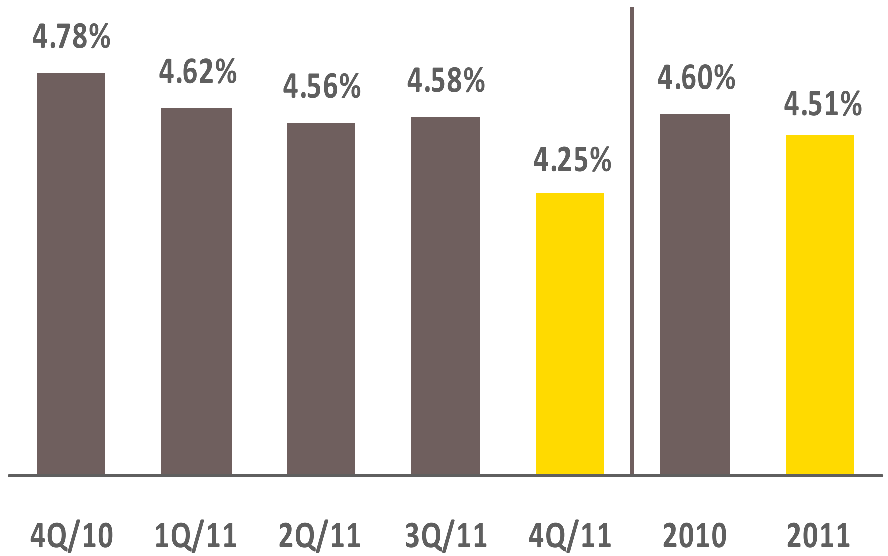
in a highly competitive environment & with impact of floods

Yield & Cost of Funds

Normalized
Yield 6.82%
NIM 4.54%



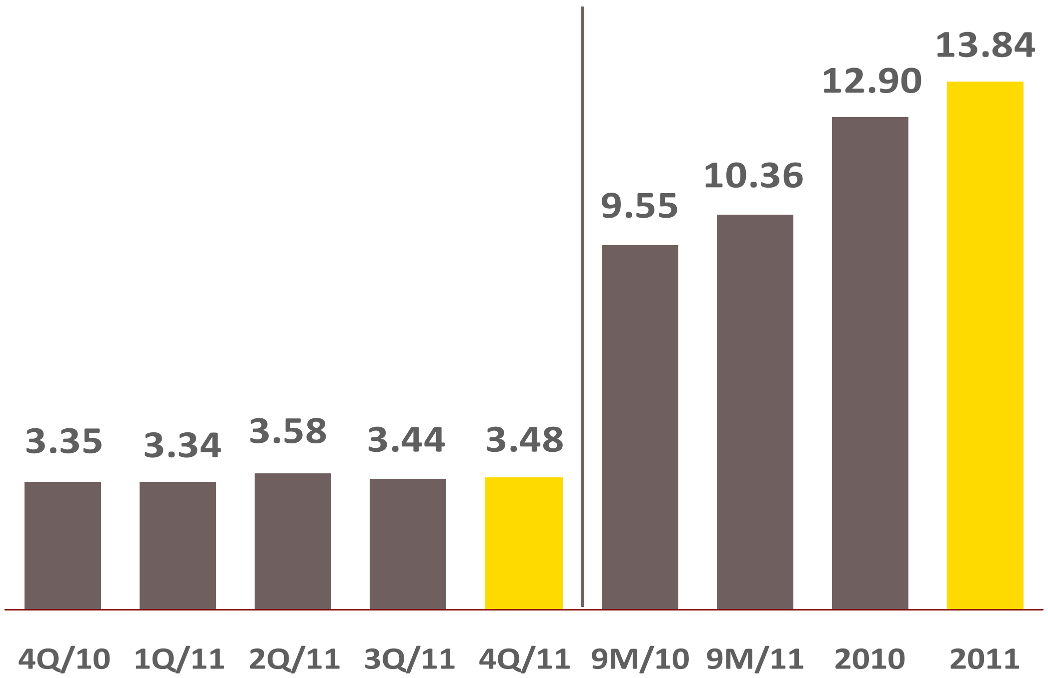
Net Interest Margin (NIM)



Fees and Service Income

Consolidated
(Baht Billion)

Fees & Service Income



2011 YoY

7.3%

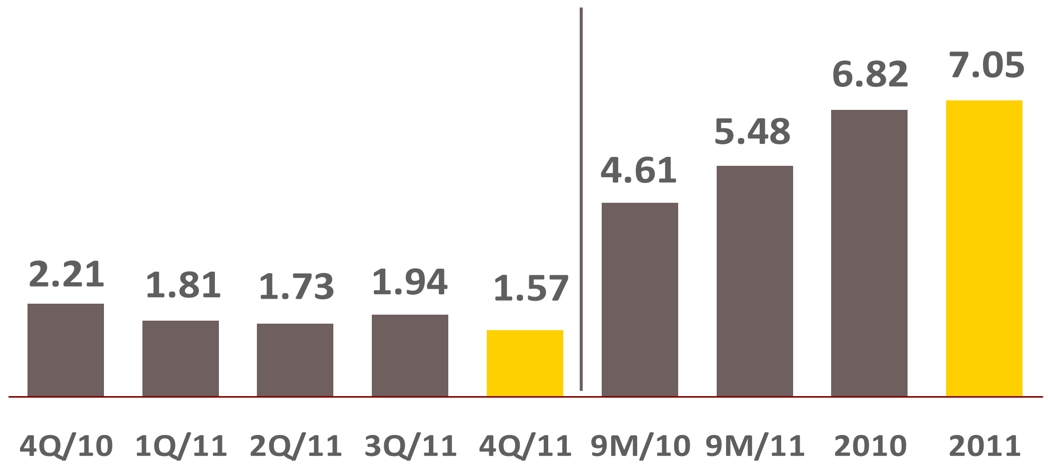
Amid 4Q floods

Driven mainly by Bancassurance and card fees

2011 YoY: Bancassurance

+63%

Non Interest and Non Fee Income



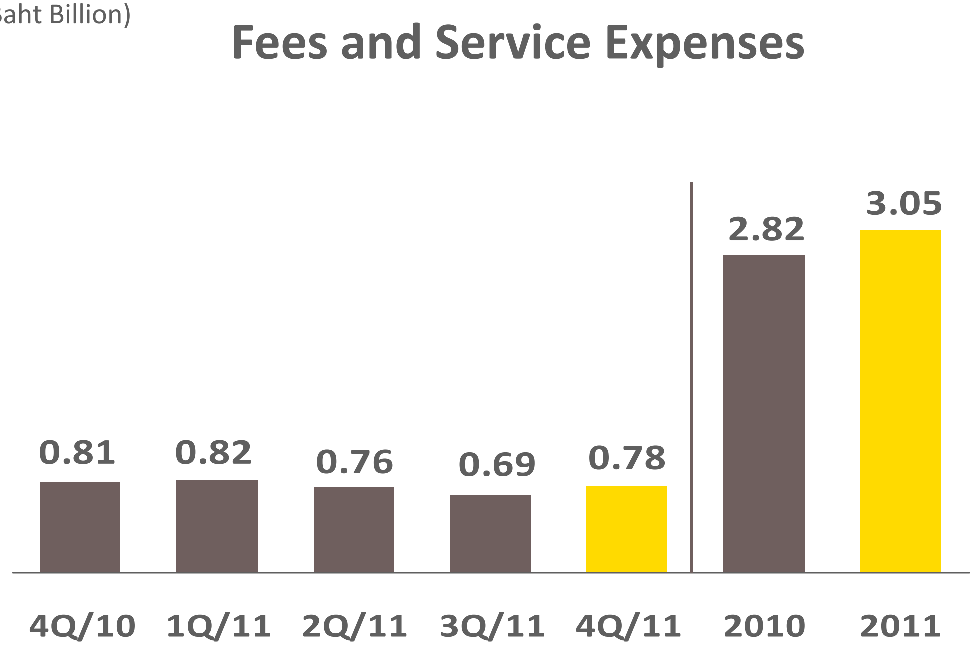
2011 YoY: +3.4%

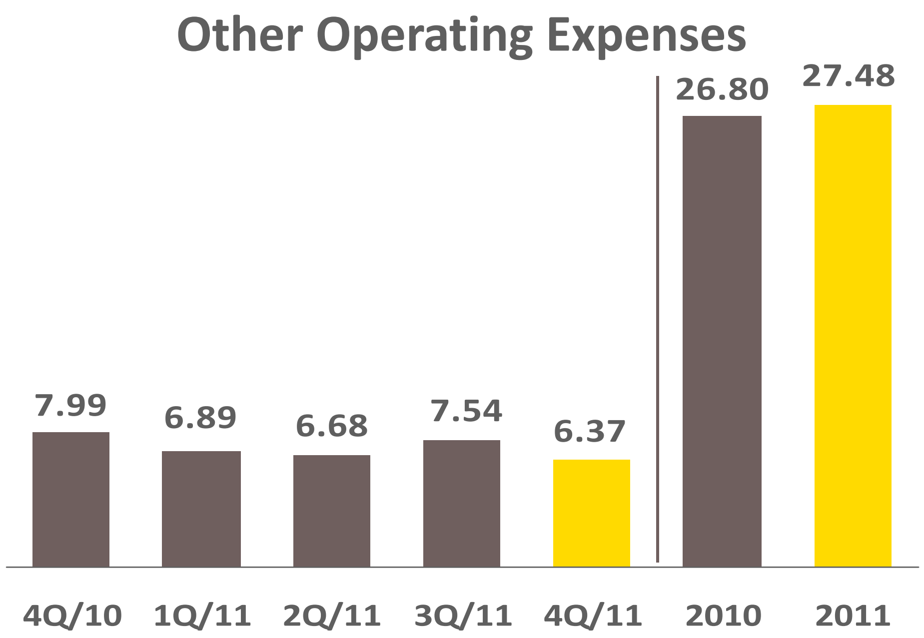
Gains on trading & Fx transactions

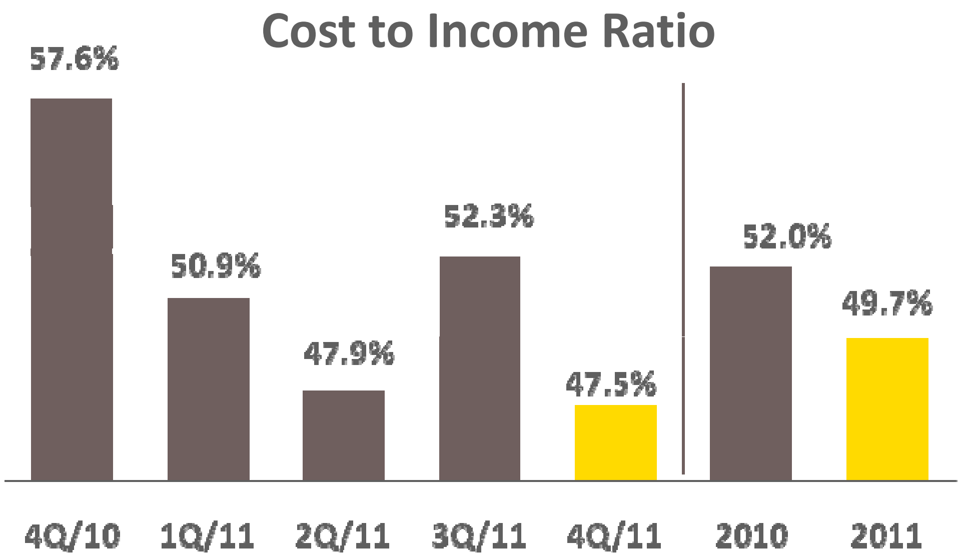
grew 67%

Improved Efficiency

Consolidated
(Baht Billion)





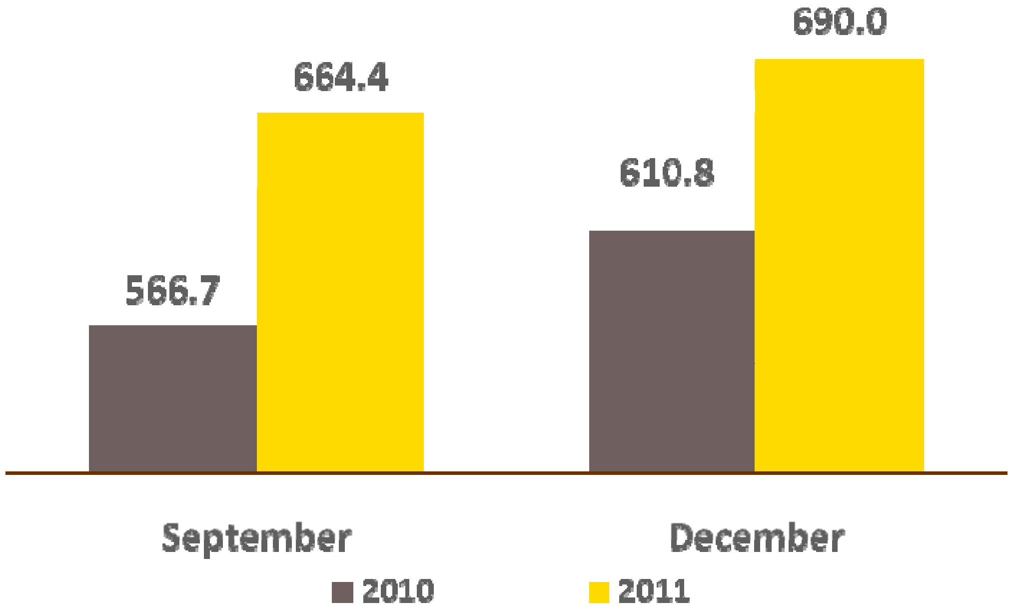


- *Continued drive for efficiency…*
- *4Q: Cost to income at* ***47.5%*** *reflecting effective cost management*

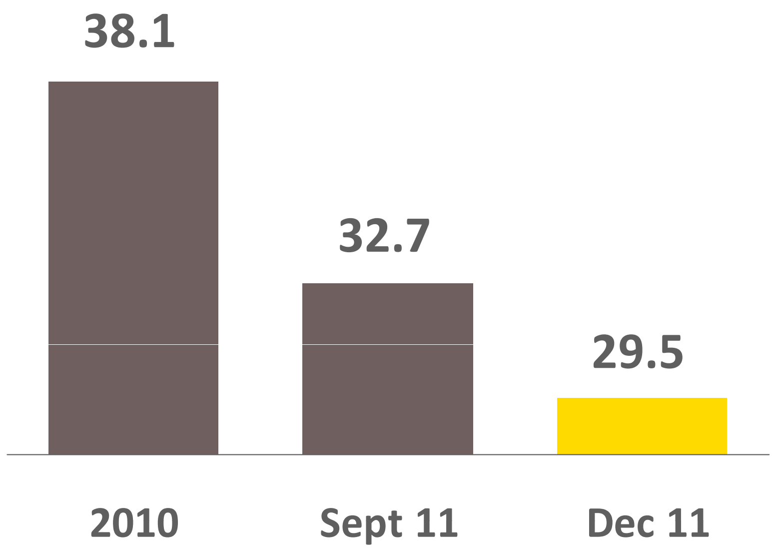
Loan Growth Momentum

Consolidated
(Baht Billion)

Performing Loans



Non-performing Loans



13%

Performing Loans growth

QoQ grew 3.9%...

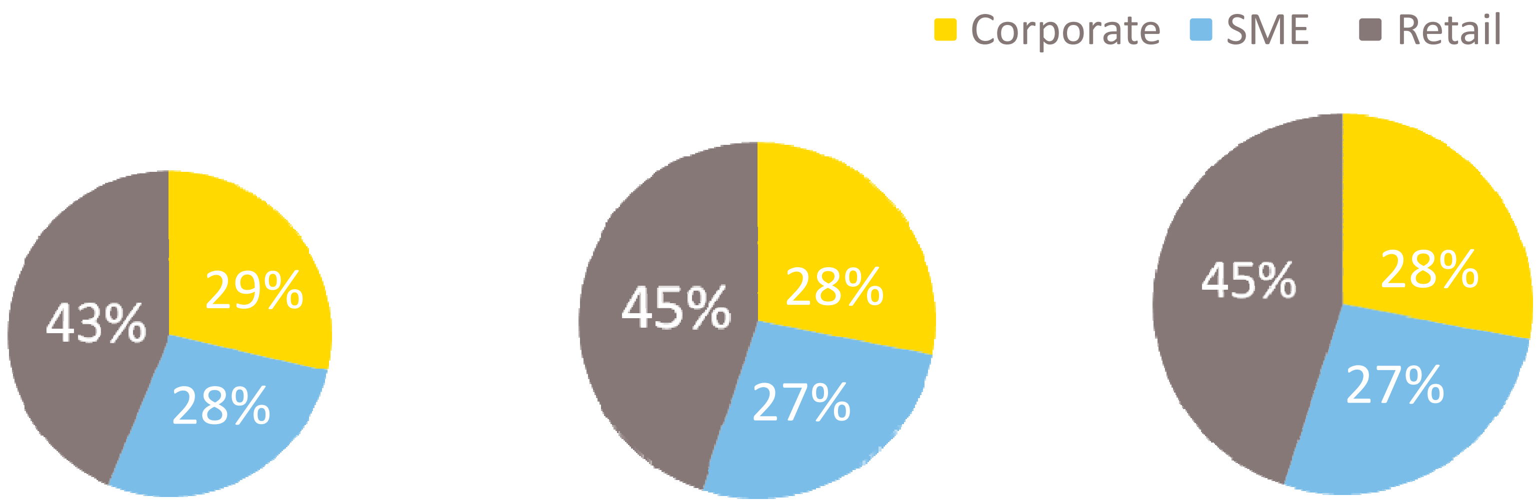
against 4Q disruption

NPLs reduced *23%* *YoY*

9.8%* *QoQ

*Successful NPL sale of Baht **3.9** billion in 4Q*

Strong and Balanced Loan Growth : Focusing on High Yield



DEC 2010
Baht 649.0 Billion

SEP 2011
Baht 697.1 Billion

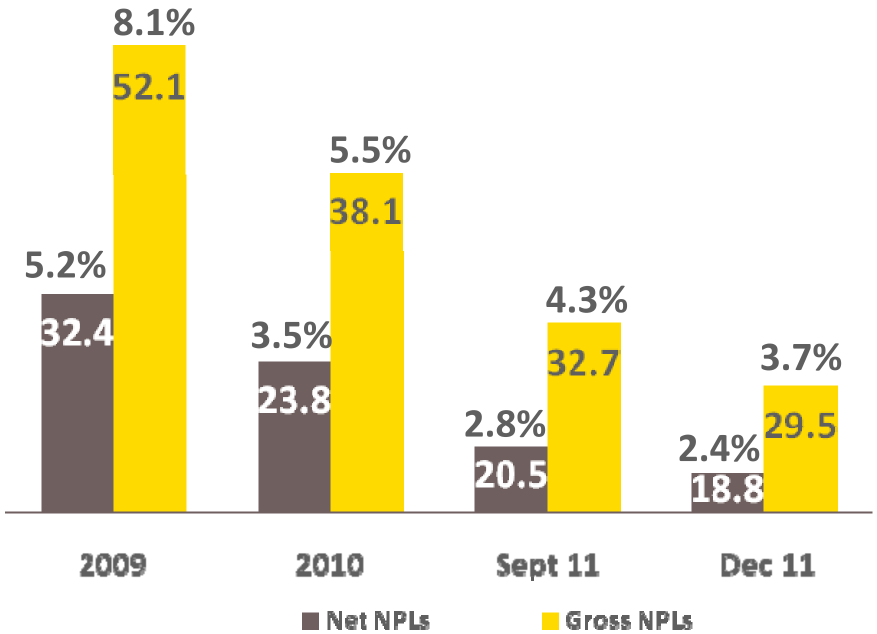
2011
Baht 719.5 Billion

Growth in 4Q/11			YoY
	Retail	***+4.3%***	***+17%***
	Corporate	***+3.6%***	***+7.5%***
	SME	***+1.0%***	***+4.9%***

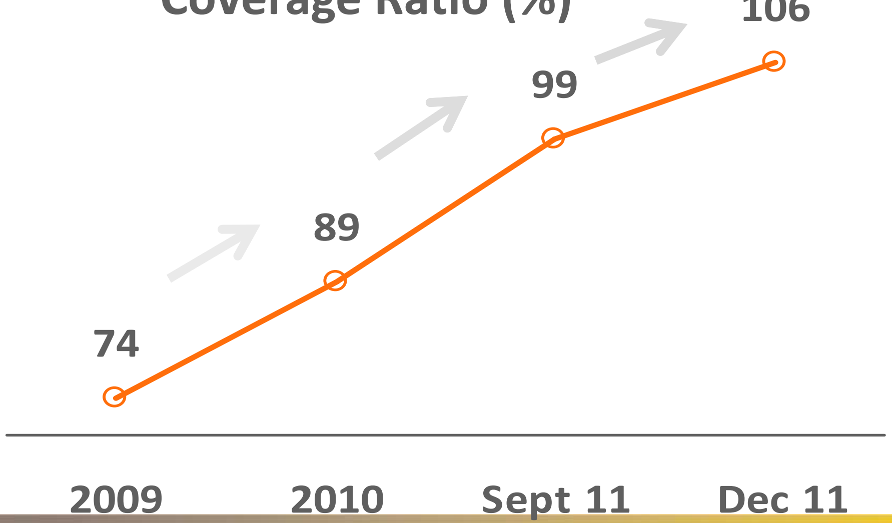
Asset Quality Continued to Strengthen

Consolidated
(Baht Billion)

NPLs

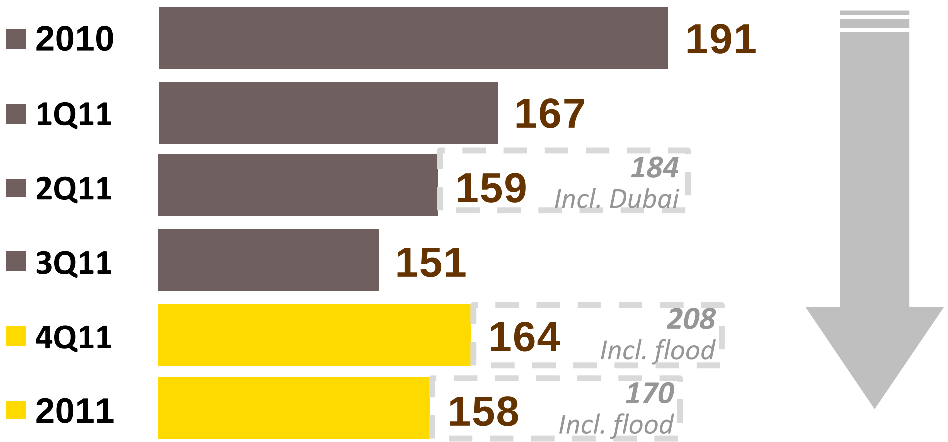


Coverage Ratio (%)



Normalizing provision charge

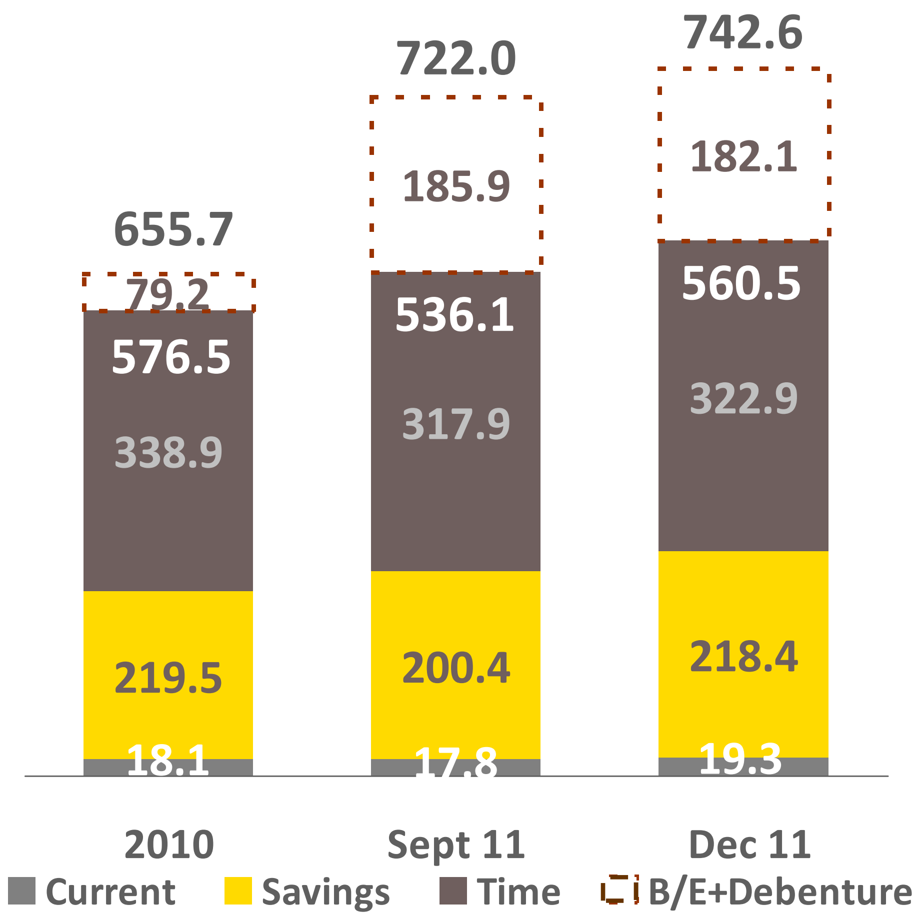
Provision / Loans (bps.)



Strong Funding Base…Actively Managed and Diversified

Consolidated
(Baht Billion)

Deposits++



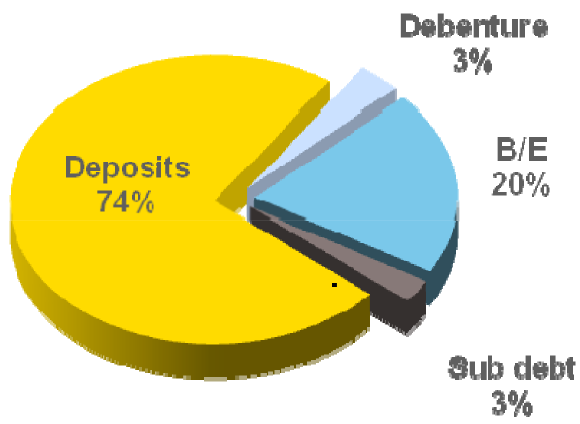
	2010	Sept 11	Dec 11
L/D	113%	130%	128%
L/D+B/E+Debenture	99%	97%	97%

Diversifying funding sources to improve cost effectiveness

Bills of exchange popularity grows strongly

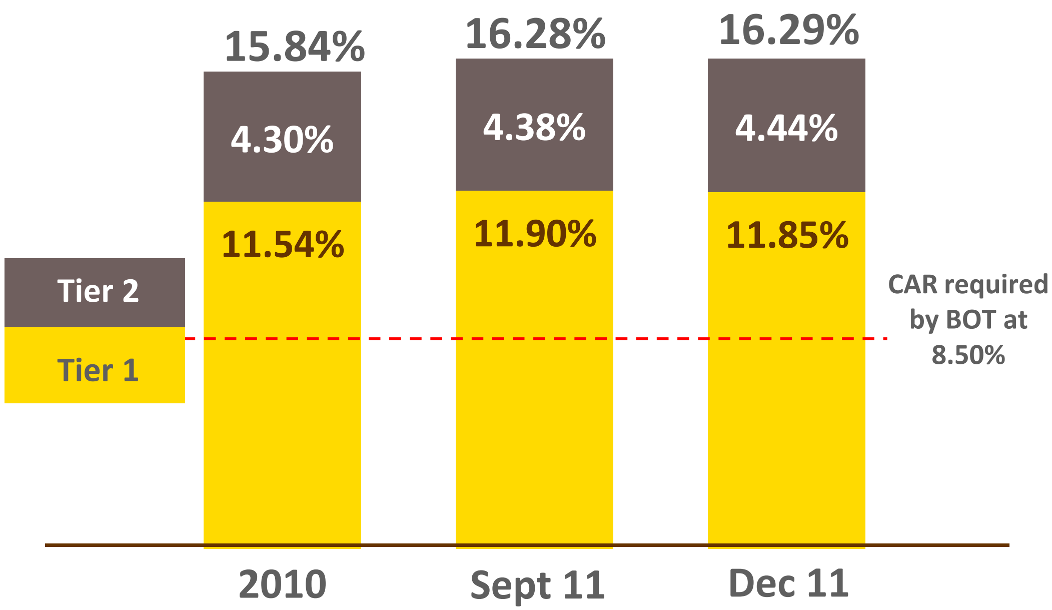
Funding Mix

As of Dec 2011



Capital and Liquidity

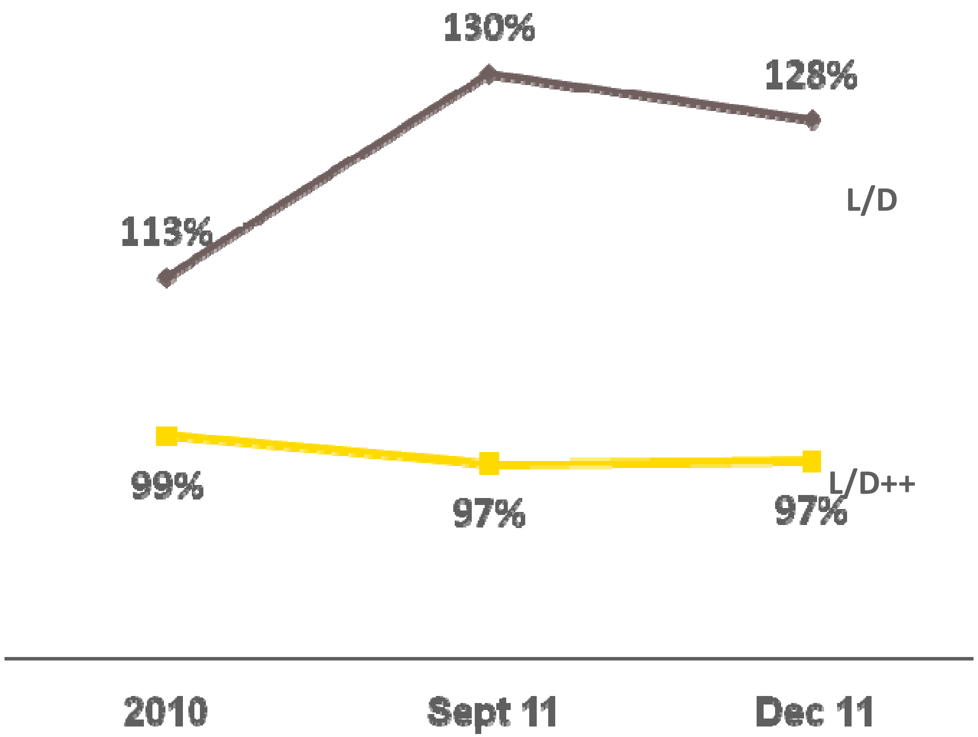
Strong Capital Base



Baht Billion	2010	Sept 11	Dec 11
Tier 1	79.90	79.68	80.84
Tier 2	29.78	29.28	30.28
Total Capital	109.68	108.96	111.12

Consolidated

Loan to Deposit



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

Maintaining solid capital base and liquidity to support growth agenda

2011 Priorities Update

One Krungsri … Growth market leadership

krungsri Personal Loan

- Record new volume in Dec at THB 1.2 bn
- Record new volume for 2011 at THB 10.8 bn

krungsri Home Loan

- Record new volume in Dec at THB 2.9 bn
- Record new volume for 2011 at THB 26.2 bn
- 2011 loan growth at 11.4%

krungsri Auto

- Achieved THB 151 bn in loans in Dec, amid
  - Japan Tsunami
  - Thailand's floods

krungsri Credit Cards

- Relaunched AIA Visa Credit Card
- "Largest Classic & Gold Credit Card Issuer Award" presented by VISA

One Krungsri … Growth market leadership

krungsri
Bancassurance & Money Transfer

- Record new highs in Dec 2011

krungsri
Banking SIM

- Average transaction is 3 times higher than other e-channels
- Average fee income is 160% higher than internet banking
- Transaction volume is 300% greater than mobile Banking

krungsri
SMS Banking

- Customer base grew 156%
- Fee income grew 188%
- Acquired new 465,000 accounts

Srisawad
Micro Finance

- Record new volume in Sep at THB 417 mn
- 62% new loan CAGR since acquisition
- Outstanding loans at THB 4.2 bn

ศรีสวัสดิ์
เงินติดล้อ

One Krungsri 2011… Priorities

One krungsri

1 People Transformation

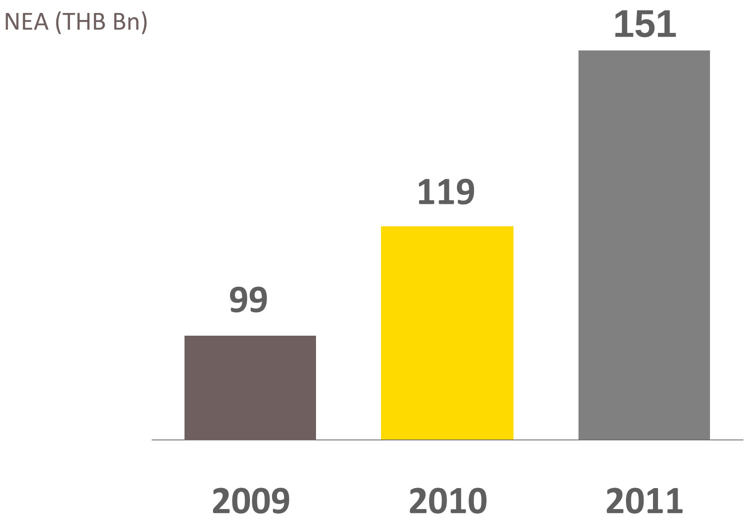
2 Technology Transformation

3 Brand Positioning & Alignment

4 Branch Transformation

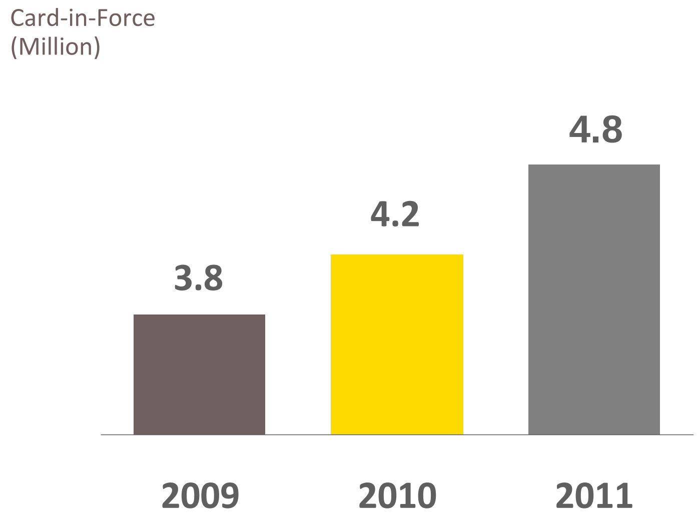
One Krungsri 2011 … Delivery

Krungsri Auto



- Krungsri Auto voted "Thailand Top 50 Superbrand" in 2011. First and the only HP company on the top 50

Krungsri Consumer Finance

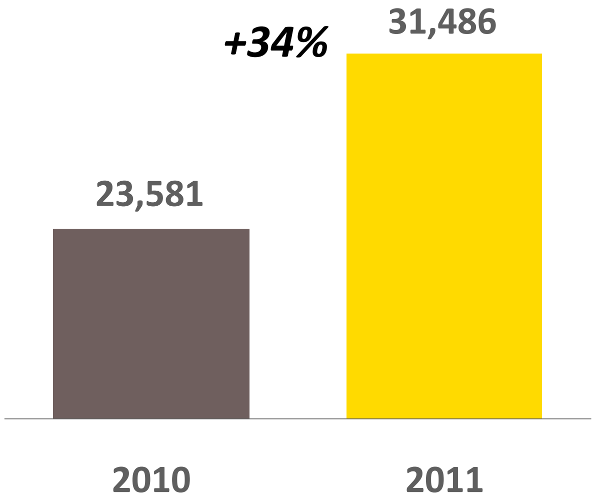


- The total card-in-force of all Krungsri Consumer reached 4.8 million cards
- Awarded "Largest Classic & Gold Credit Card Issuer"

One Krungsri 2011… Delivery

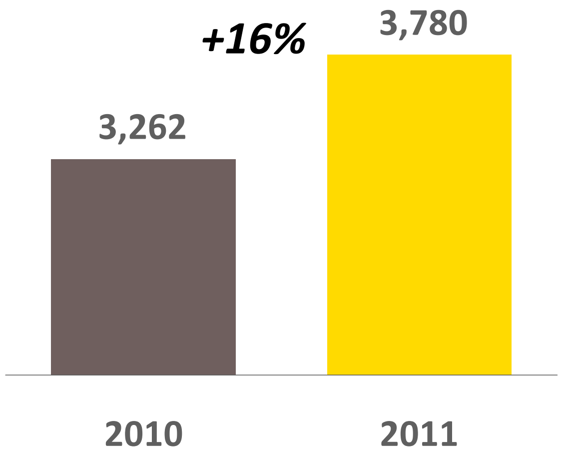
Wealth Management

AUM (THB Bn)

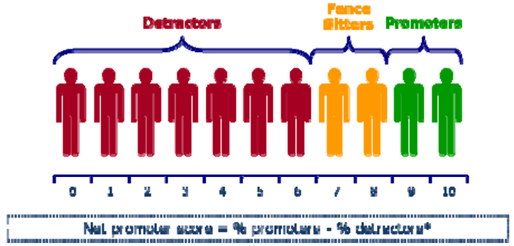


v.s. industry growth at ***2.48%***

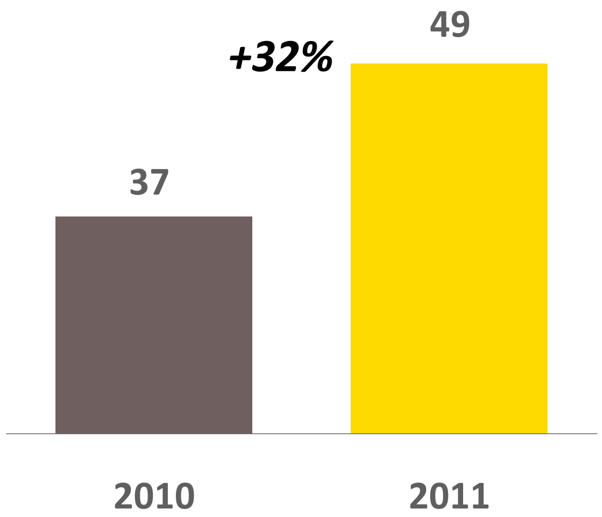
Number of ATM



Delivering higher growth in ATM fee income & faster payback period



NPS Score



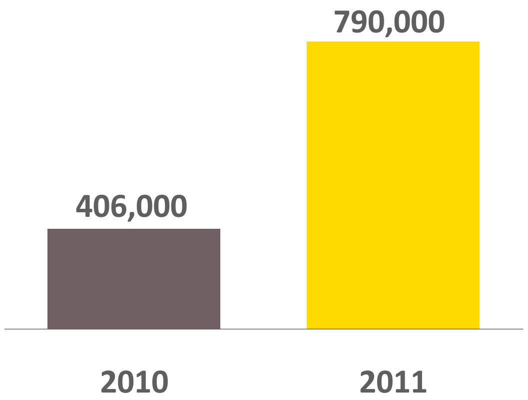
NPS: Net Promoter Score

Krungsri… continue to drive forward

One Krungsri 2011… Delivery

Online Banking

No. of customer

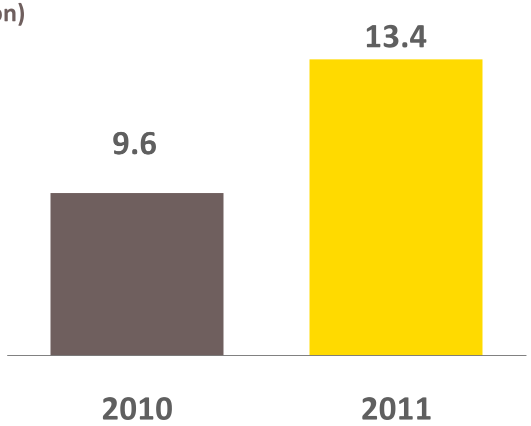


Exponential growth in online banking customers

grew 95%

www.krungsri.com

No. of page view
(Million)

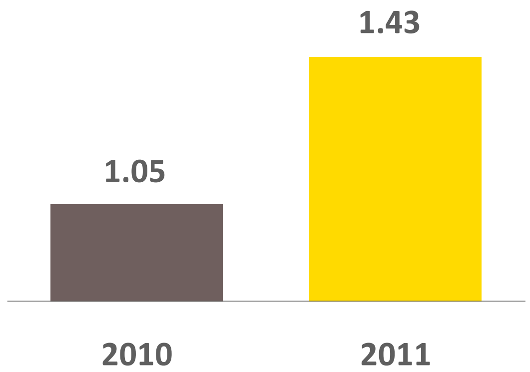


Significant growth in customer page visits/views

increased 40%

Internet Banking

No. of transaction
(Million)



Significant growth in online transactions

increased 36%

Krungsri… continue to drive forward

Superior Technology … Growth market focus

SMS Banking

- 557,000+ registrations

Mobile Banking

- 36,000+ registrations

Strong alternative channel expansion

Facebook / twitter

- 60,000+ Fans / 1,500+ followers

Internet Banking

- 400,000+ registrations

Krungsri Buddy

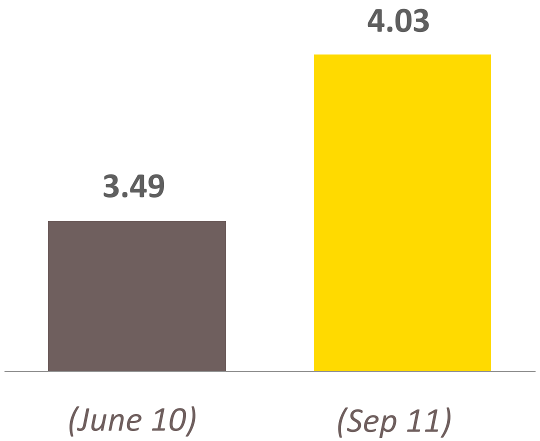
- > 3,000 uploaded in 1 month

Krungsri… continue to drive forward

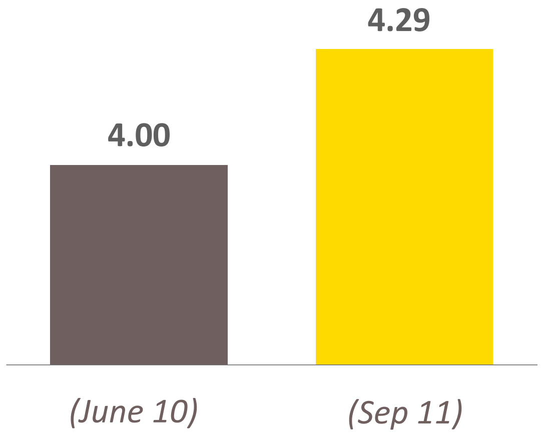
One Krungsri 2011 … Delivery

GALLUP

Employee Engagement



Employee Satisfaction



Strategies & Plan for 2012

2012 Operating and Regulatory Environments

Tailwinds

Corporate Tax cut

GDP at 4.5%


Government investment in infrastructure projects


Tax incentive for 1st home & auto buyers


Rice pledging scheme


Rehabilitation/ Reconstruction Spending


Wage / Salary hikes


Sector loan growth at 8-10%


High commodity and agriculture price

"Mixed"


Liberalization of Financial Sector


Policy Rate

Headwinds


Oil fund suspension


DPA Fees


US & Euro Zone Effects


Increase in LPG price


New Regulation on B/E


SFI Competition

Economic outlook

2011 – 2012 Key Economic Forecasts

%Change	2010	2011 Forcast*	2012 Forecast*
GDP	7.8	0.1	4.7-5.7
Consumption	5.1	1.3	4.3 – 4.9
Investment	9.4	3.3	12.2 – 14.2
Exports (%chg. In USD terms)	28.4	16.4	7.0 – 9.0
Headline Inflation	3.3	3.8	3.0 – 4.0
Unemployment Rate (% of labor force)	1.0	0.7	0.7-0.8
Policy Interest Rate (%, end of period)	2.00	3.25	3.00

**Source: 2012 forecast by Krungsri Research*

Thai Economy:

- Expected strong recovery in 2012
    - Reconstruction and rehabilitation
    - Stimulus measures
    - Pent up demand on durable goods & autos
- Policy rate at 3.0%
- Banking sector loan growth at 8 – 10%

2012.....Focus

Flood

✓ Managing through the impact

SME

✓ Product & Service build

X-sell & Promotion

✓ Multi products sign up from all group entities

CASA

✓ Getting to 45% & beyond

Efficiency

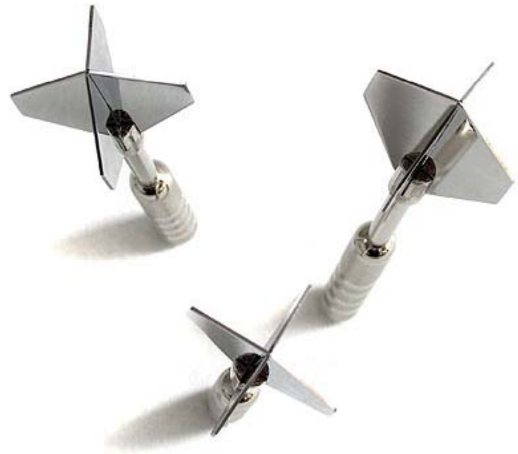
✓ Doing things smarter and cheaper

Digital & e-Banking

✓ Removing the paper & increasing our speed

Fee Income

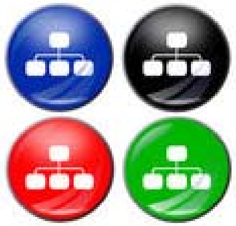
✓ Growth & Focus



2012.....Focus

Branding

Innovations & Simplicity



Simple Structure

Distribution

Technology

People

Business Development

2012 Key Performance Targets

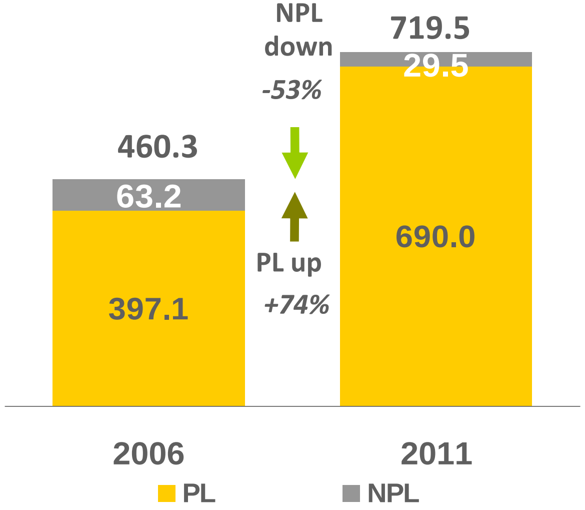
Consolidated	4Q/10	4Q/11	2010	2011	2011 Targets		2012 Targets
Loan Growth (Net)	+37.5 bn +6.1%	+22.4 bn +3.2%	+45.5 bn +7.5%	+70.6 bn +10.9%	n.d.	n.d.	n.d
Performing Loan Growth	+44.1 bn +7.8%	+25.6 bn +3.9%	+59 bn +11.0%	+79.2 bn +13.0%	11%	✓	11%
NPLs	38.1 bn	29.5 bn	38.1 bn	29.5 bn	35 bn	✓	27 bn
NPL Movement	-6.6 bn -14.7%	-3.1 bn -9.6%	-13.9 bn -26.8%	-8.6 bn -22.6%	-3.1 bn	✓	n.d.
Deposit Mix: Savings and Current	41%	42%	41%	42%	45%	~	45%
Loan Mix : Retail	43%	45%	43%	45%	44%	✓	46%
L/D Ratio	113%	128%	113%	128%	110%	~	n.d.
L/Deposit+Debentures+B/E	99%	97%	99%	97%	97%	✓	96%
NIM	5.2% / 4.8%	4.3%	4.6%	5%	4.38-4.44%	✓	4.4%
Fee income growth	13%	4%	38%	7%	12%	~	12%
Cost to Income Ratio	62.02% /	47.5%	52.0%	50%	53%	✓	48%
Provisions	194 bps	208 bps 164 bps**	191 bps	170 bps 158 bps**	160 bps	✓	140 bps
Loan Loss Coverage	89%	106%	89%	106%	95%+	✓	105%+
CAR *	15.8%	16.3%	15.8%	16%	n.d.	n.d.	n.d.

* Bank only
** Normalized rate excluding DRP

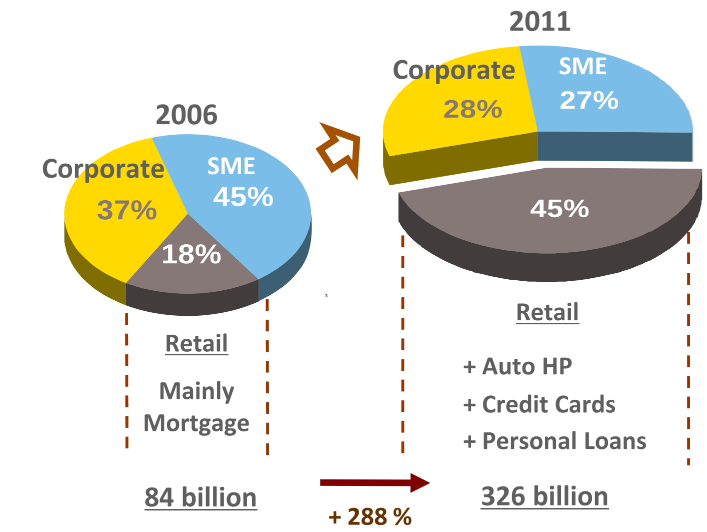
Enhancing Shareholder Value

Strong Growth Rate

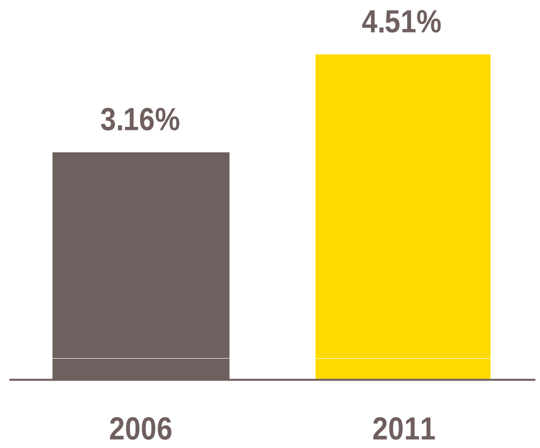
(Baht Billion)



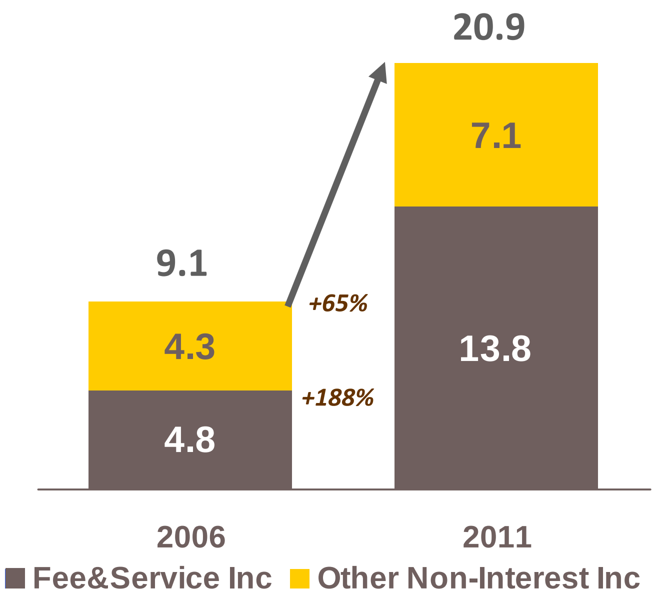
Better Loan Mix



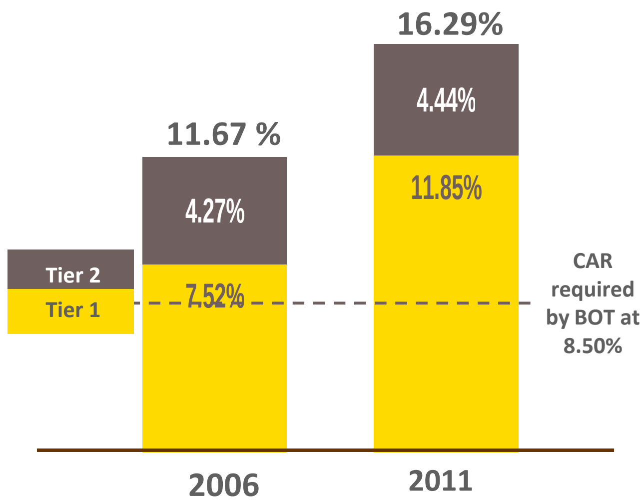
Improved NIM



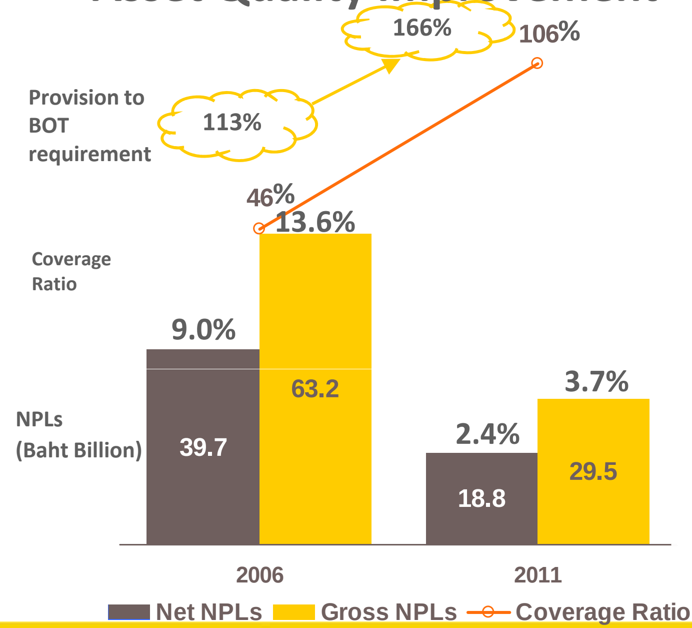
Non-Interest Income



Strong Capital Base



Asset Quality Improvement



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