krungsri
กรุงศรี
A member of MUFG
a global financial group

Krungsri
Mid Term Business Plan

Mission & Vision

Our MISSION:
To be a leading regional financial institution with global reach, committed responsibly to meeting the needs of our customers and serving society through sustainable growth.

Our VISION:
Highly qualified team of professionals providing innovative products and services, dedicated to becoming our customers’ number one preferred financial group.

Operating Environment & Economic Forecast

External

- **AEC 2015** + Further expansion of SME customer base
- **Global expansion by Thai companies** + Opportunity to expand overseas business

	Economic Forecast		
	2015	2016	2017
GDP Growth	+3.3-3.8%	+4.0%	+4.5%
Policy Rate	1.5-1.75%	2.75%	3.00%
Inflation	-0.2-0.3%	+2.7%	+2.8%

Domestic

Government / Regulations

- **Tightening global financial regulations** – Additional cost will be required to comply with the regulations
- **Credit Card Act** – Gross interest impact
- **Political Uncertainty** – Economic slowdown; lower spending if political reform fails
- **Corporate Tax/VAT** – Possibility of VAT increase

Demographics

- **Rise of middle income & above** + More wealth & people eligible for banking products
- **Growth outside of Bangkok** + Opportunities to expand to key provinces
- **Aging Population** + Opportunities to grow certain products e.g. insurance
- **Household Debt** – May delay growth as banks tighten to manage risk

Current Position & Implications

Current Positioning

Ranked # 5 in the market

Krungsri Strength

- Auto loan, Credit Card and Personal Loan
- Business and financial support from MUFG
- Global product capabilities & network
- Strong franchise and customer base

Krungsri Weakness

- Retail deposit & mortgage
- Lower share in Thai corporate, SME

Direction of Strategies

Retail & Consumer Banking

- ***Shift to Customer Centric Approach***
- ***Expand Branch/ATM***
- ***To Be a Tier 1 Mortgage Player***

Wholesale Banking

- ***Core Banking Strategy***

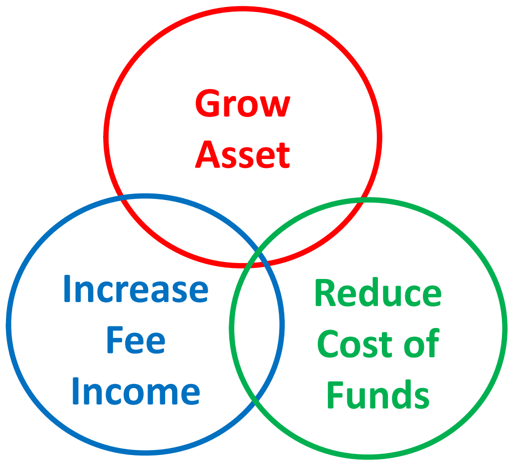
Mid Term Business Plan (MTBP)

Our ASPIRATION: ***To be a Top Tier Financial Group in Thailand***

- New Krungsri -

- Keep Leading Position in Consumer/Auto
- Enhance Commercial Banking Platform
- Expand customer base through channel expansion (Branch+100/ATM+2,000)
- Transform from product push approach to customer centric approach with new segmentation and new branch service model
- Strengthen governance and internal control at a group-wide level

Key Strategic Themes



MTBP Key Principles

Can Do !

I. Key Strategic Themes

Grow Assets — Lending ~10% (3 yrs. CAGR)

Increase Fee Income — Fee income ~ 12% (3 yrs. CAGR)

Reduce Cost of Funds — CASA ~ 6.5% (3 yrs. CAGR)

- Operate Productively & Efficiently
- Strengthen Internal Control
- Align Robust Process
- Talent Management & Working Environment

II. Key Drivers

Customer Centric Approach

- Products & Services
- Delivery Channels
- Marketing / Branding

III. Key Attitude

"Make Life Simple"

- Products & Services
- Delivery Channels
- Marketing / Branding

"OneKrungsri"

9 Business Core Strategies | **5 Mgmt Platform Strategies**

MTBP Strategies

9 Business Core Strategies + 5 Management Platform Strategies to achieve strategic theme

9 Core Business Strategies

Grow Assets | Increase Fee Income | Reduce Cost Of Funds

1 Keep Leading Position in Consumer/Auto

2 To be a Tier 1 Mortgage Player

3 Core Banking Strategy

4 Enhance Trade Finance & Transaction Banking

5 Strengthen FX Business

6 Enhance Funding Capabilities

7 Expand Customer Base through Customer Centric Approach

8 MUFG/BTMU Synergy Strategy

9 Corporate/Retail Collaboration

5 Management Platform Strategies

Operate Productively & Efficiently | Strengthen Internal Control | Align Robust Process | Talent Mgmt & Working Environment

1 Enhance Financial Management (Segment P/L)

2 Enhance Risk Management (Enterprise, Credit, Market and Operational Risk Management)

3 Best in Class in Legal & Compliance and Fraud Management among Thai Commercial Banks

4 Enhance Operational Excellence / Best in Class IT Platform

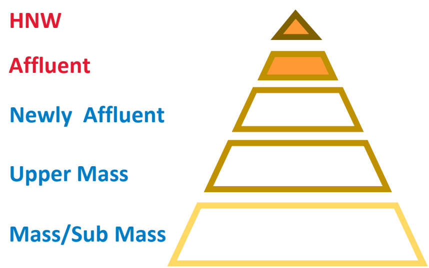
5 One Krungsri HR Platform

Highlights
Key Segment Strategy

Business Strategy: Retail & Consumer Banking

- **Maintain & Ensure No. 1 Market Position**
- Execute **"Expand Customer Base + Balancing Lending and AUM"**
- Introduce **"Customer Segment x Product Strategy"** framework

Customer Segment Strategy



HNW
Affluent

Newly
Affluent
&
Mass

Core Product Strategy

Enhance products to be competitive at the market	**Deposit**	: Expand payroll accounts
	AUM	: Expand product line up with KSAM and insurance partners.
	Mortgage	: Restructure whole business process.
	P-Loan	: Control portfolio quality.
Maintain & Ensure No. 1 Market Position	**Auto**	: Leverage integration synergy
	Consumer	: More focus on credit card with variety of products line up.
	CFGS	: Expand branch network & # customers of Auto loan and microfinance.

Business Strategy: Thai Global/Thai Corporate

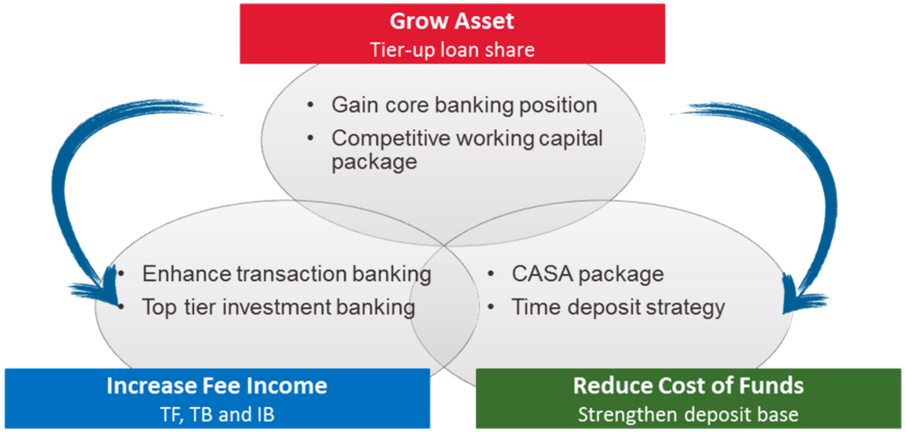
- **To become a Tier 1 Bank in Thai Corporation.**

Current Positioning

Ranked # 5 in the market

- Low share in Thai Corp loan market share
- Lack of core bank relationships with limited penetration on non-credit products
- Lack of competitive products

Direction of Strategies



Key Strategies

Core banking strategy

- Account plan & total solutions for top customer groups
- Acquire new core customer.

Enhance trade finance and transaction banking

- Trade and cash packaged.
- Leverage product/process know how from BTMU

Synergy with MUFG/BTMU

- Global network and product capability

Strengthen deposit base

- Expand customer base and increase CASA
- Time deposit strategy on target sectors

Process re-engineering project

- Shortened turnaround time, standardized loan documents/covenants

Business Strategy: SME

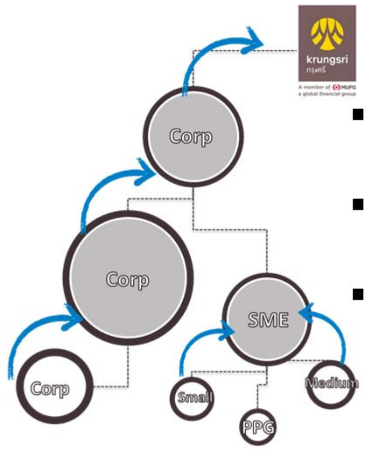
- **To become a top 3 main operating bank for SMEs.**

Current Positioning

Ranked # 5 in the market

- Continuous growth in SME loan market share
- Low presence in trade finance
- Lack of visibility and accessibility

Direction of Strategies



- Enhancing products and accessibility
- Leveraging BTMU network and product program
- Supply Chain and Business Matching

Key Strategies

Core Banking Strategy	**Develop Innovative Products** ▪ Focus on innovative working capital and transaction banking products ▪ Maximizing credit guarantees and provide product that unlock SME limitation of collateral.
Enhancing Trade finance & Transaction Banking	▪ Leverage BTMU group's network customer value chain ▪ Launch campaigns to increase utilization and capture seasonal business. ▪ Launch trade product programs
MUFG/BTMU Synergy Strategy	▪ Supply Chain Solutions: Buyer / Supplier Finance ▪ Global business matching

Business Strategy: JPC/MNC

- **JPC: To enhance No. 1 position in JP corporate market and become a solid presence through synergy with Krungsri**
- **MNC: To be the most preferred bank for MNC's in Thailand**

Current Positioning

- Top tier share in JPC and MNC market in Thailand

Direction of Strategies

- Utilize Krungsri's local network and customer base
- Enlarge business with JPC Large Corp and expand JPC customer base
- Expand MNC base

Key Strategies

Utilize Krungsri's local network& local customer base	▪ Capture THB settlement and collection ▪ Business Matching between Thai and JPC/MNC ▪ Capture trade flow of Thai-Japanese JVs ▪ Expand service channel
Deepen JP Large customers business and expand JP SME customer base	▪ Reallocate customer portfolio to deepen biz activities for JP Large customers as well as collaboration with Thai Corp.
Expand MNC customer base	▪ Further utilization of BTMU global relationship

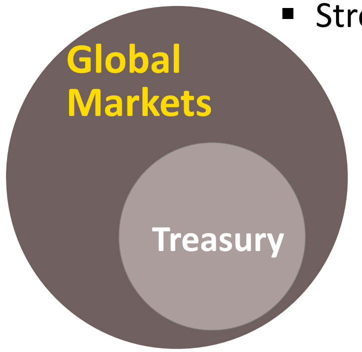
Business Strategy: Global Markets

Leverage MUFG/BTMU synergy to maximize sales & trading profits
Enhance active control of interest rate risk

Current Positioning

- Trade market share approximately 12%
- Profitability increased, but turnover remained unchanged
- FX sales contribute half of income

Direction of Strategies



- Strengthen FX business:
  - Expand customer base
  - Leveraging BTMU global network & products
  - Expanding emerging currency business

Key Strategies

S&T	▪ Expand customer base & capture trade flows with Japan, China and ASEAN ▪ Expand emerging currency (money flow) business ▪ Expand securities business to FI client.

50 product ranges in 4 categories

Foreign Exchange

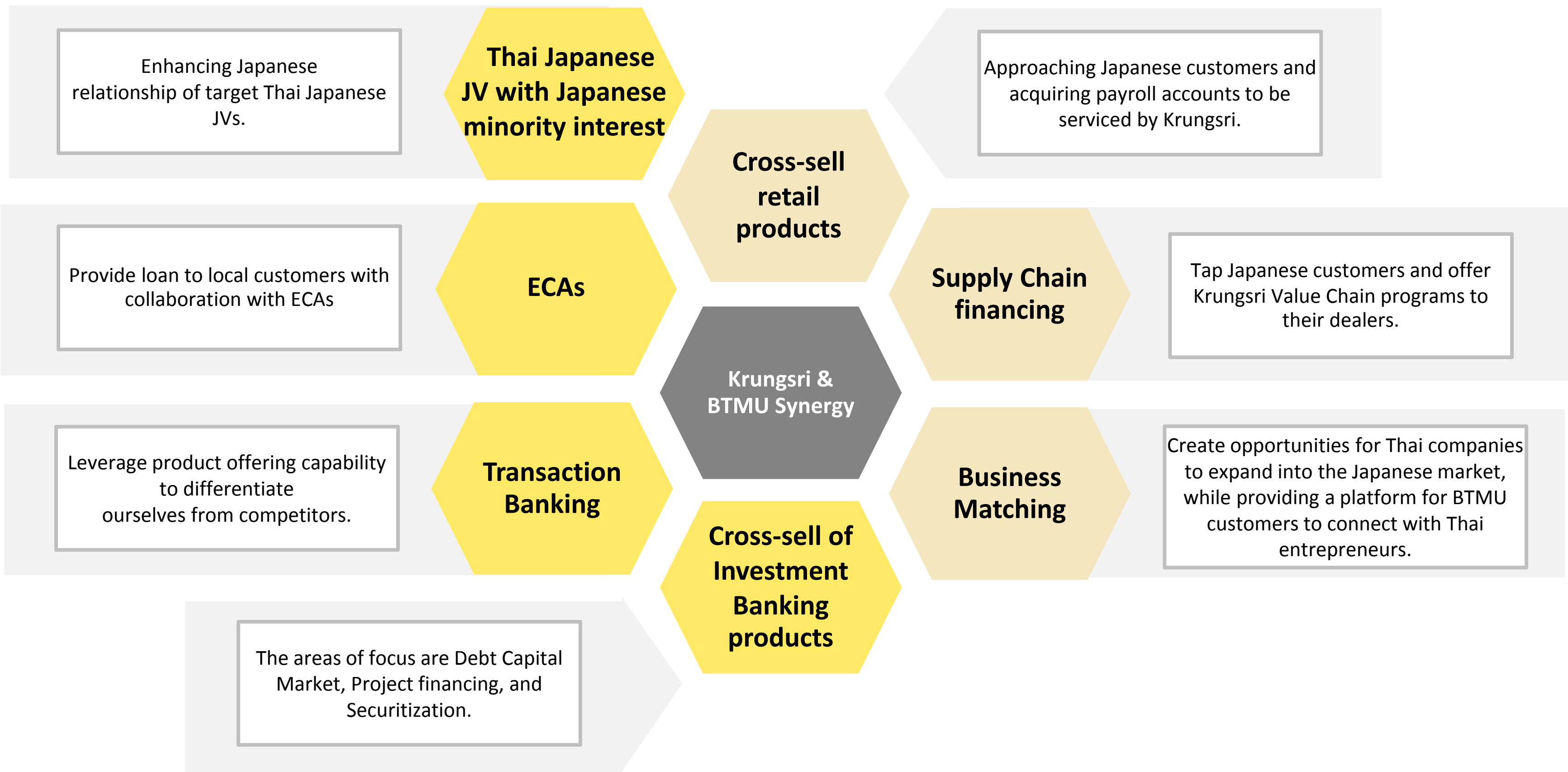
Derivatives

Balance sheet hedging

Strategic Investment

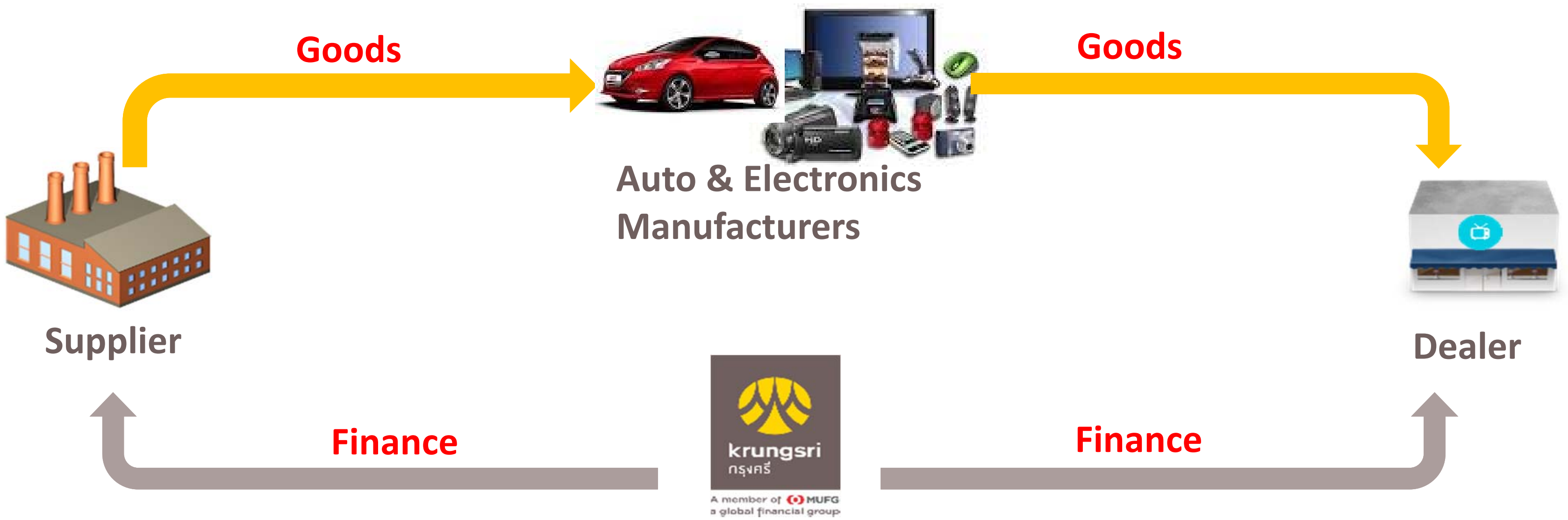
MUFG/BTMU Synergy

Leverage Global capabilities of MUFG/BTMU to Krungsri's customers and Krungsri's domestic capabilities to BTMU's customers

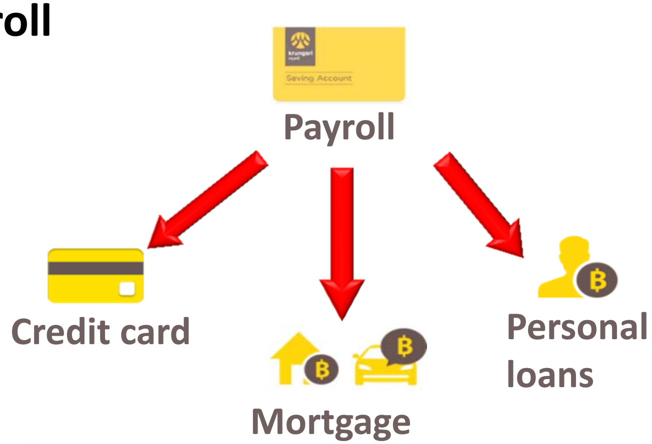


MUFG/BTMU Synergy

I. Supply chain finance



II. Payroll



III. Business Matching

Regional Expansion

Key Strategies

Alignment of coverage segment between Krungsri and BTMU	• Except for Laos, Krungsri focusses on expansion opportunities in auto, consumer and microfinance spaces and leverage BTMU network in corporate segments for Mekong strategies. • Conduct feasibility study and seeking investment opportunities.

Myanmar:
- **BTMU: Yangon Branch**
- **Krungsri : Representative Office**

Myanmar & Cambodia
- **Use BTMU platform** for corporate segment
- Retail and SME are open space for further assessment
- **Focus:** Auto/Consumer Finance and MFI

Laos
- **Krungsri to lead** the coverage of both **bank and non-bank segments**
- **Focus**: Auto, consumer and microfinance

Vietnam
- **Explore opportunity** to partner with Vietin Bank
- **Focus**: Auto, consumer and microfinance fields

Krungsri's future

Maintain No.1 in Consumer Finance

Stronger Commercial Banking Platform

Larger Customer Base

Strong corporate Governance & Internal Control

Top Tier Financial Group in Thailand

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