



krungsri
กรุงศรี

A member of  MUFG
a global financial group

Financial Performance 2Q 2018

19 July 2018

"Make Life Simple เรื่องเงิน เรื่องง่าย"



Highlights

2Q 2018 Key Financial Highlights

Loan Growth
+4.4% QoQ / +11.3% YoY

Deposit Growth
-0.1% QoQ / +17.6% YoY

CASA

44.0%

NIM

3.72%

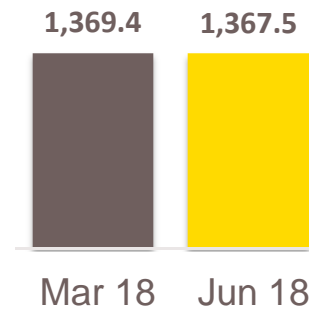
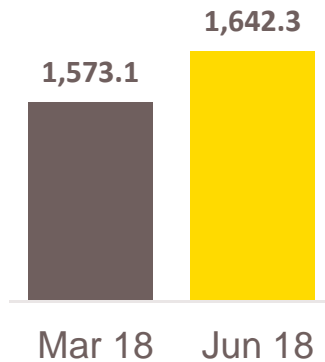
NPL Ratio

2.02%

Coverage Ratio

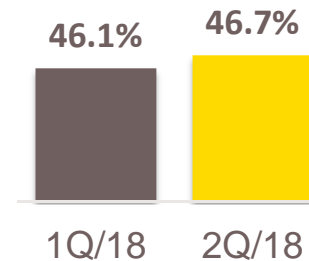
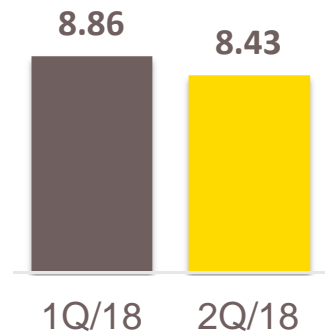
162%

Consolidated
(Baht Billion)



Non-interest Income Growth
-4.9% QoQ / +13.6% YoY

Cost-to-Income Ratio



Thailand Economic Outlook

2018 Outlook: Another year of above-trend growth

2018 Key Economic Forecasts

% YoY growth unless otherwise stated	2016A	2017A	2018F*
GDP	3.3	3.9	4.7
Private Consumption	3.0	3.2	3.8
Private Investment	0.5	1.7	4.1
Exports (in USD term)	0.1	9.8	9.0
Headline Inflation	0.2	0.7	1.0
Policy Interest Rate (% , end of period)	1.50	1.50	1.75

Note: * 2018 forecast by Krungsri Research

- **Key drivers** are still-buoyant export growth, resilient tourism sector, improving business investment, broader consumption recovery and government's economic measures
- Government is shifting towards more targeted measures instead of broad-based fiscal stimulus. Policy aids focus on farmers, low-income earners and SMEs who have yet to benefit from the recent recovery. Infrastructure and EEC projects also speed up.
- Policy interest rate is likely to increase in 4Q18 when inflation rises to reach targets and economic growth becomes more broad-based. Asia's rising interest rates add pressures for Thailand's monetary policy normalization.

Tailwinds

- Global cyclical recovery
- Infrastructure and EEC projects
- Improving farm income, and waning first-car debt burden, measures to help low-income earners
- Resilient tourism sector
- Sound economic fundamentals

Headwinds

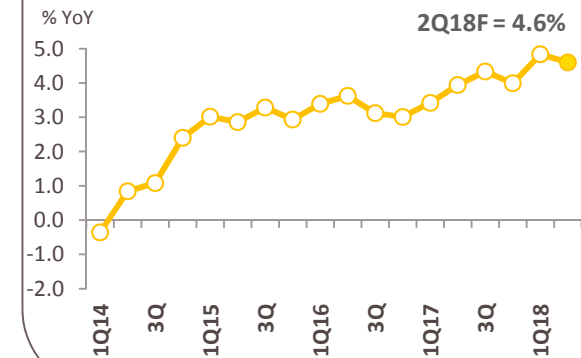
- Domestic political uncertainty
- Rising trade tensions, US monetary policy uncertainty and China's economic slowdown.
- Higher global risks and volatile financial markets, especially in EMs
- High household debt
- Structural problems e.g. labor shortage, lack of competitiveness in some sectors

Source: Krungsri Research

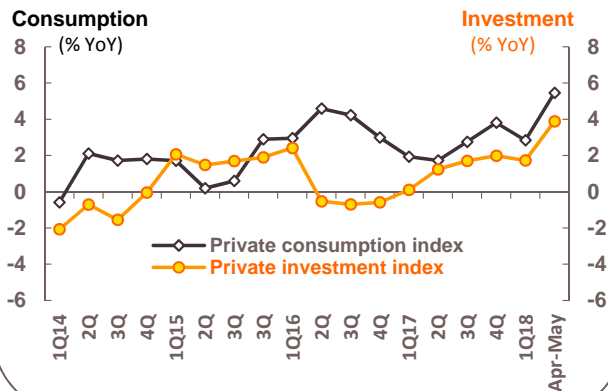
Recent Economic Development

- A recovery of economic activity continues and becomes broader-based.
 - Private spending maintains positive momentum as household income conditions and confidence improve
 - Pro-cyclical government spending continues to buoy economic recovery
 - Exports expand impressively in major products and markets despite rising concern over global trade war
 - Foreign tourist arrivals grow moderately and are broad-based

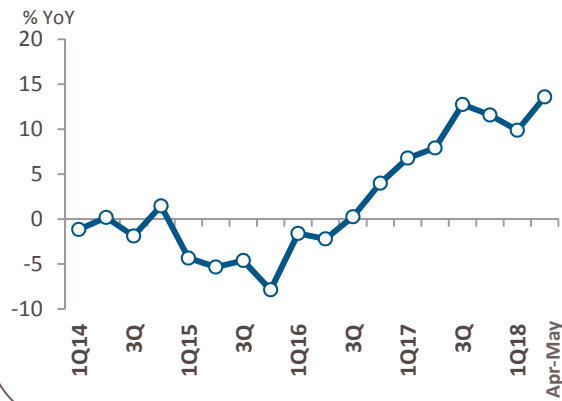
GDP: expect to grow further in 2Q18



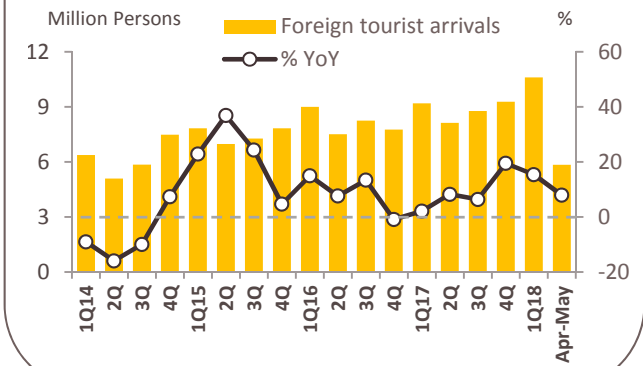
Domestic demand: consumption and investment grew at an accelerating pace



Exports: strong growth despite rising trade tension



Tourism: broad-based expansion



Source: BOT, Department of Tourism, Krungsri Research



Financial Performance

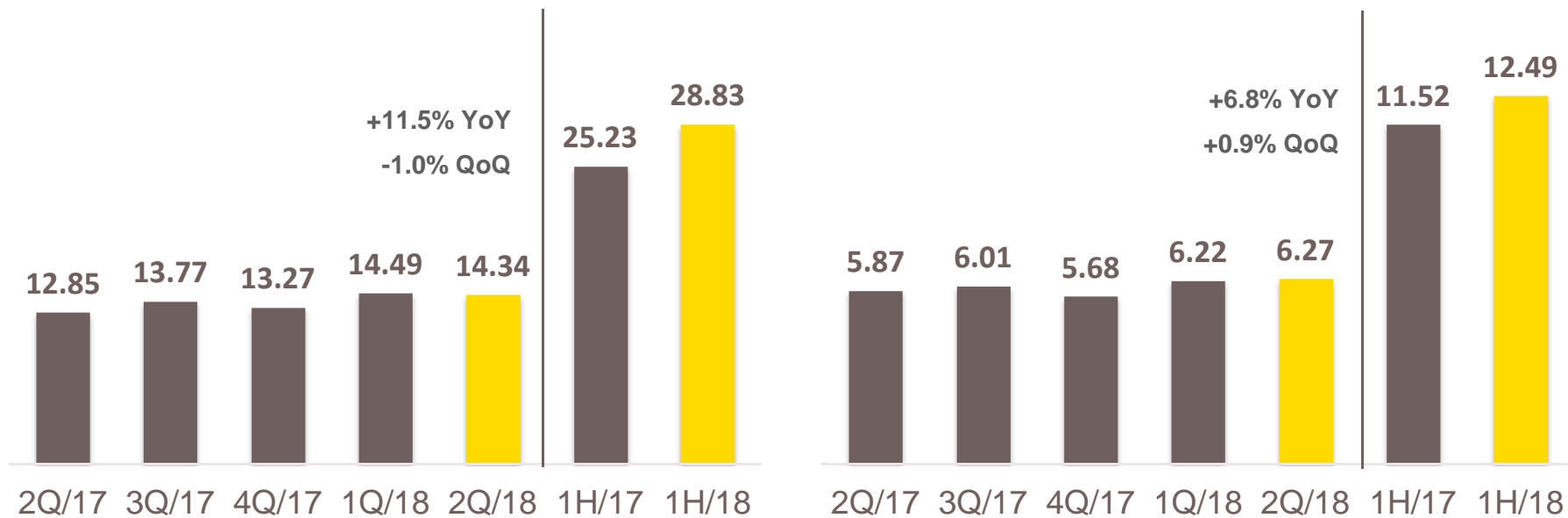
Profitability

Solid financial results were driven by higher operating profit

Profit before Provision and Tax

Net Profit

Consolidated
(Baht Billion)



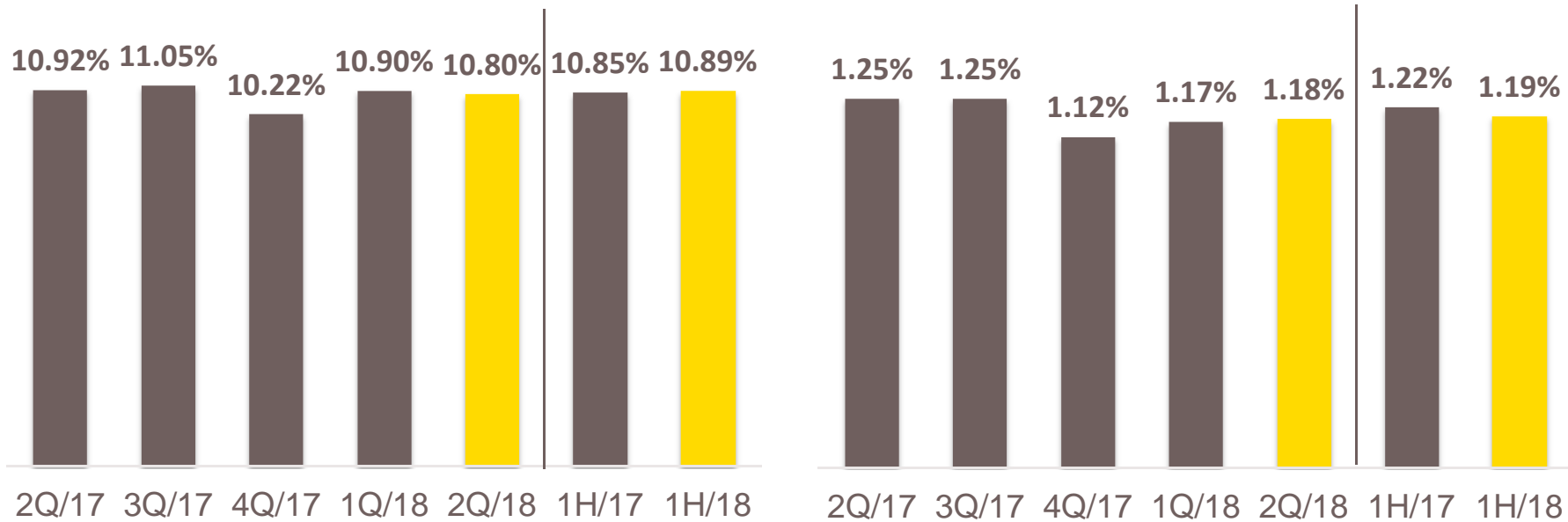
ROAE & ROAA

Reported ROAE at 10.80% and ROAA at 1.18%

ROAE

ROAA

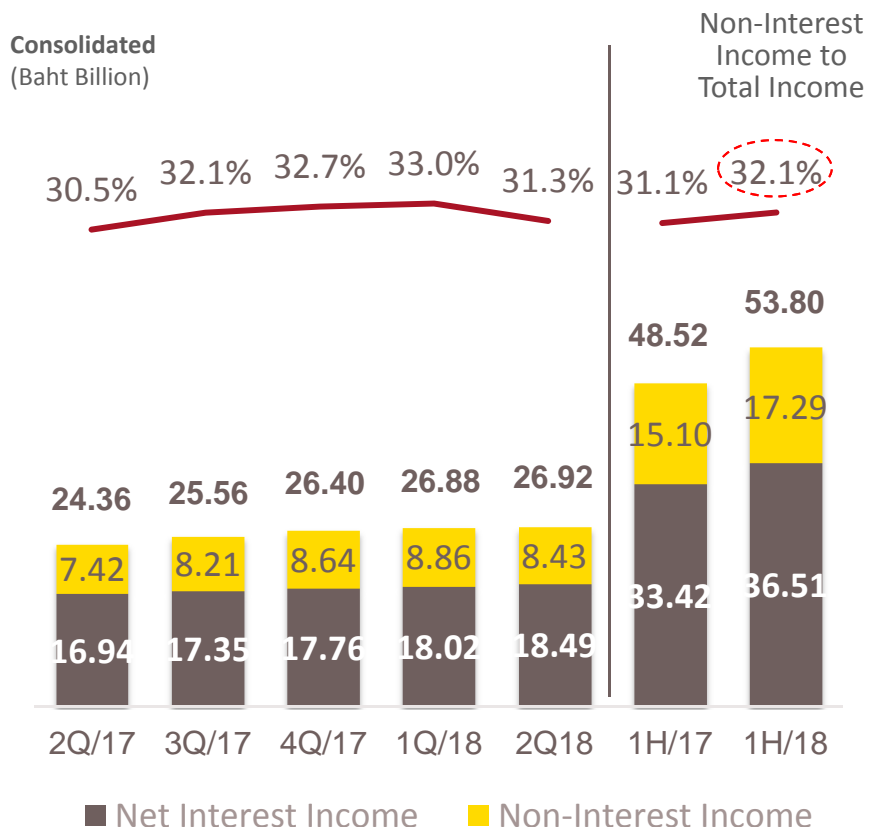
Consolidated



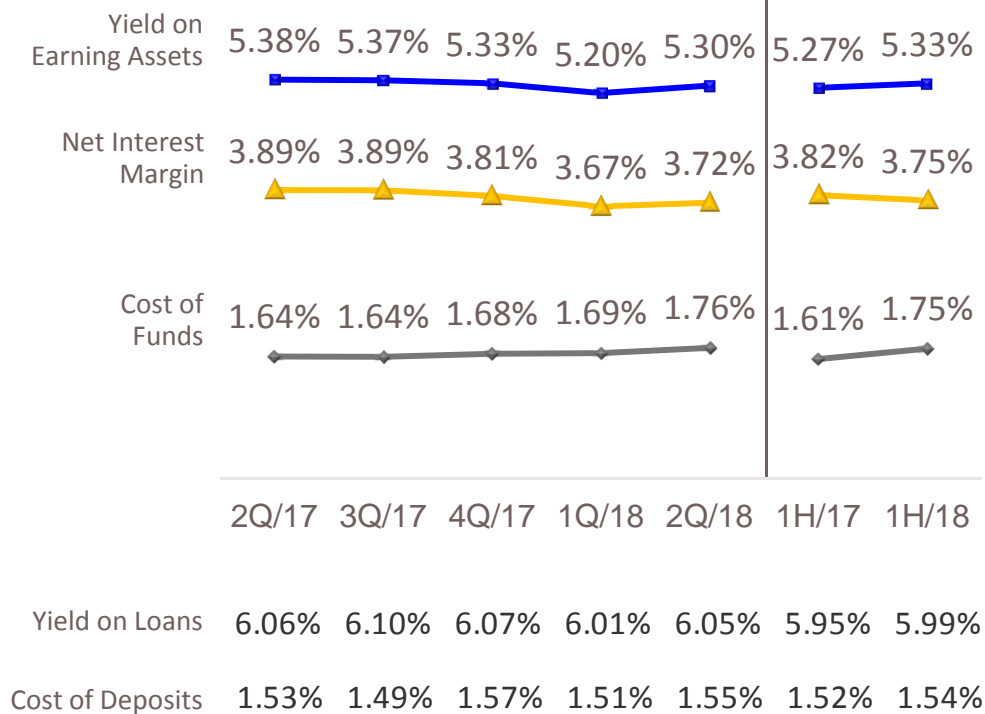
Profitability Measurement

NIM recorded at 3.72%, driven by an improvement of yield on earning assets

Total Income



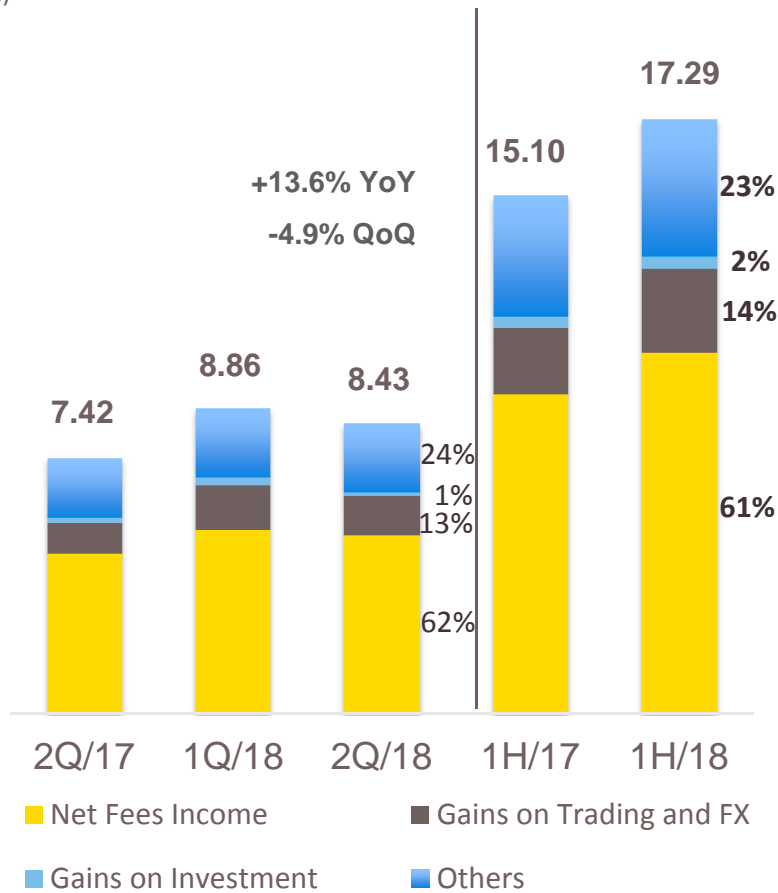
Yield & Cost of Funds



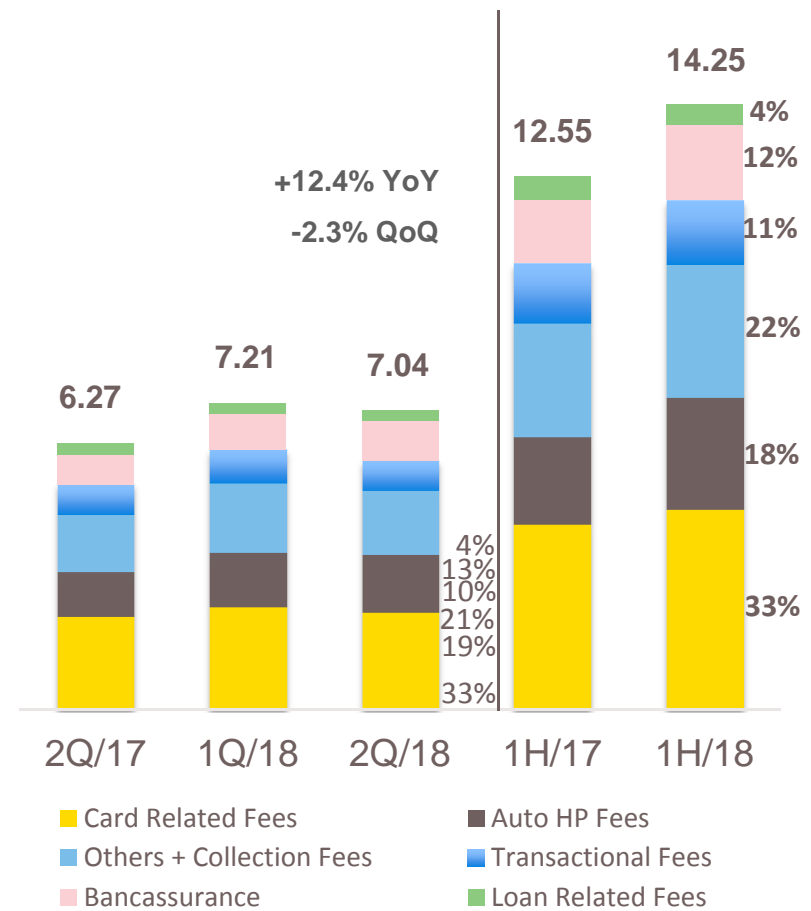
Non-Interest Income & Fees and Service Income

Consolidated
(Baht Billion)

Non-Interest Income



Fees & Service Income

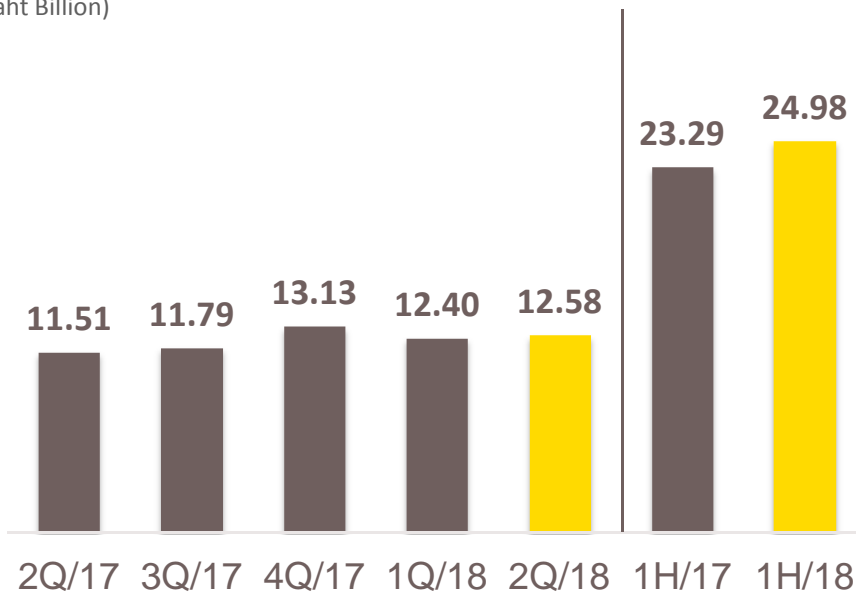


Productivity

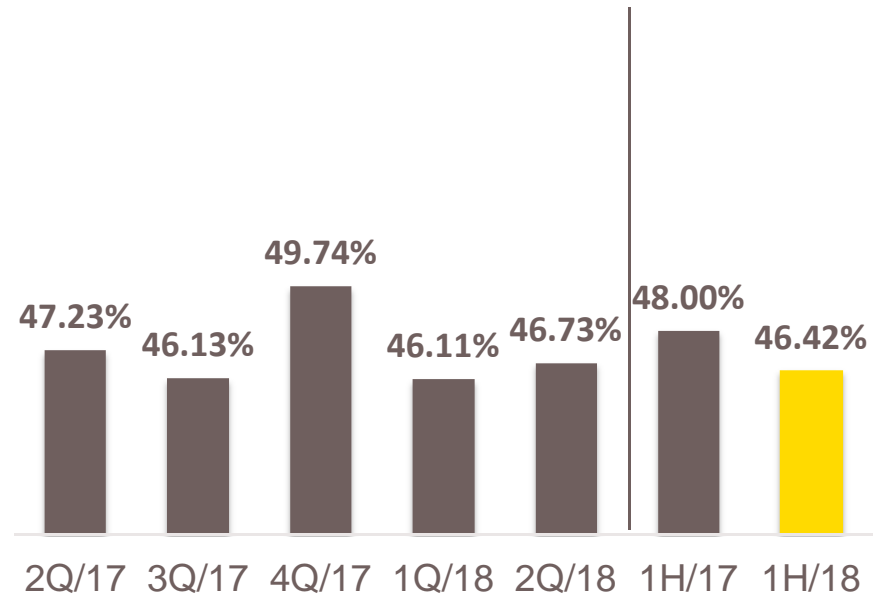
Cost to income recorded at 46.73%

Operating Expenses

Consolidated
(Baht Billion)



Cost to Income Ratio

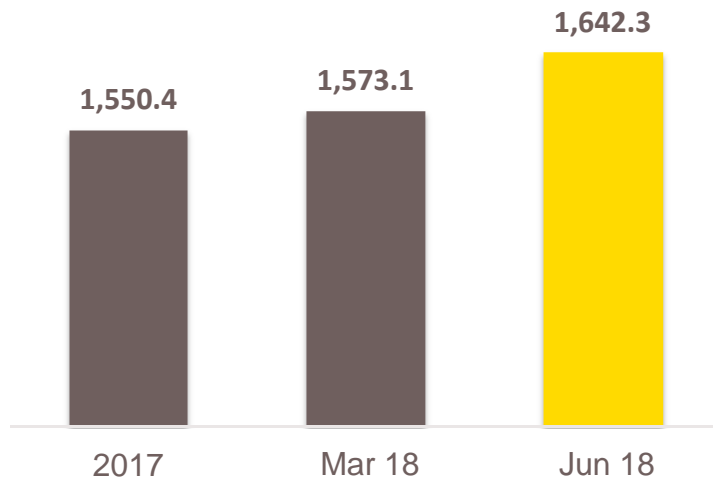


Loan Portfolio

Robust loan growth was driven by a broad based expansion across all segments

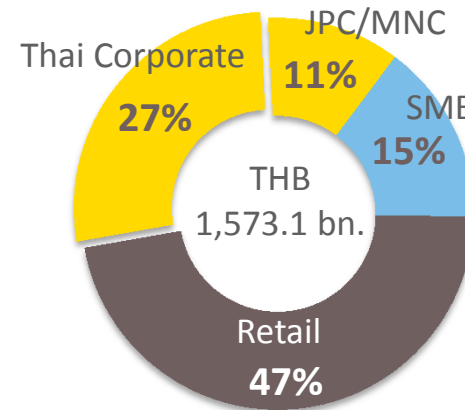
Loans

Consolidated
(Baht Billion)

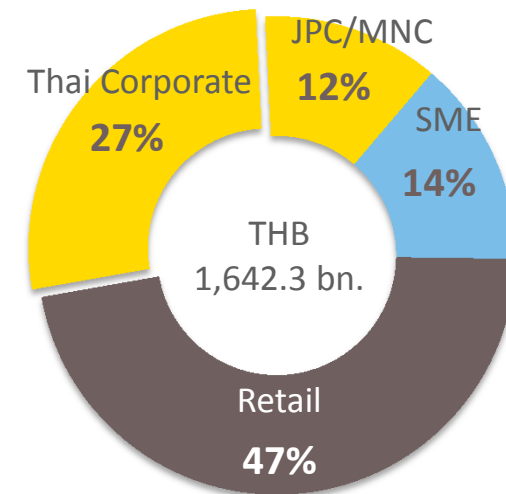


Loans by Segment

March 2018



June 2018



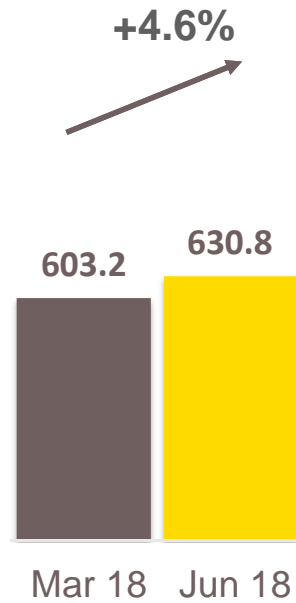
Retail

- Auto HP 22%
- Mortgage 14%
- Credit Card & Personal Loans 11%

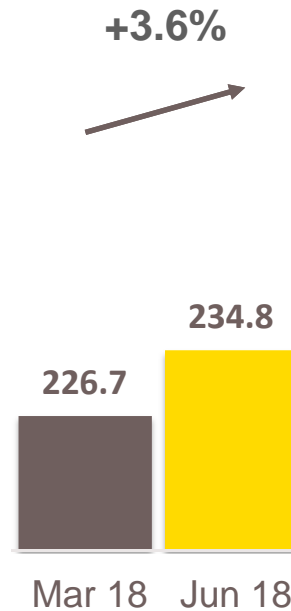
Loans by Segments

Corporate Loan

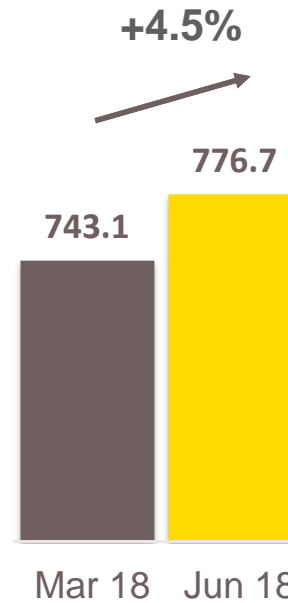
Consolidated
(Baht Billion)



SME Loan



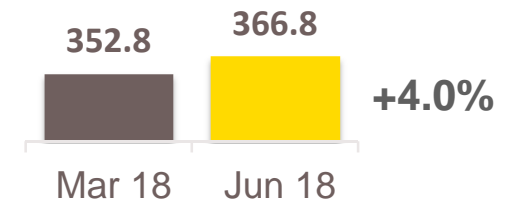
Retail Loan



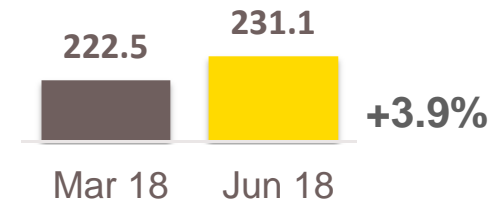
Under Retail Segment

Consolidated
(Baht Billion)

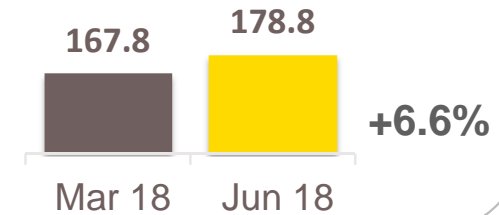
Hire Purchase



Mortgage

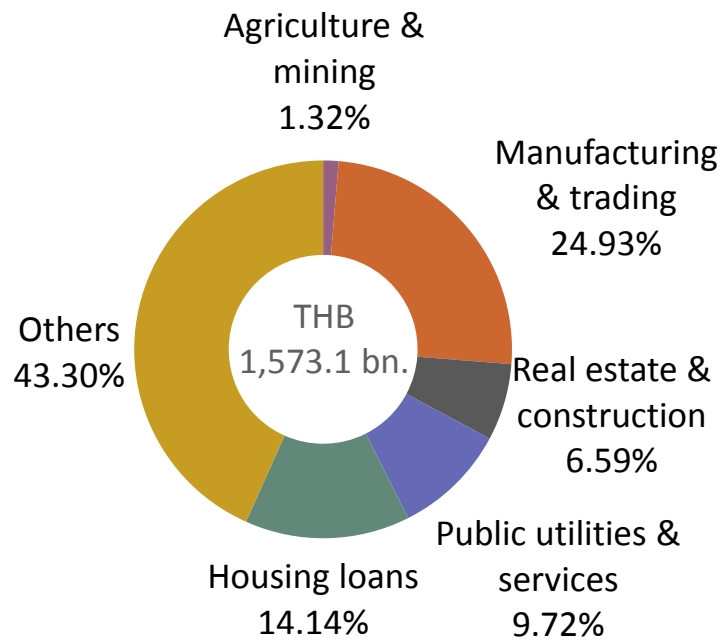


Credit Cards and Personal Loans

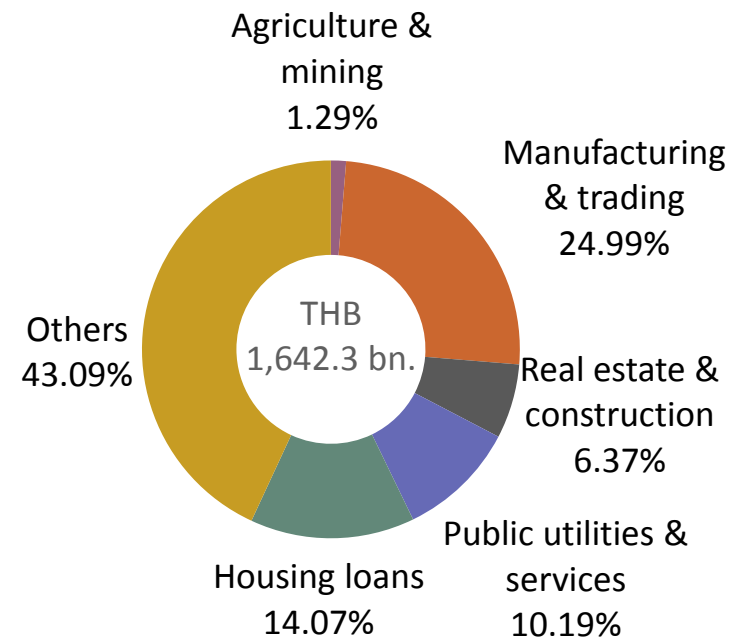


Loan by Industry

March 2018

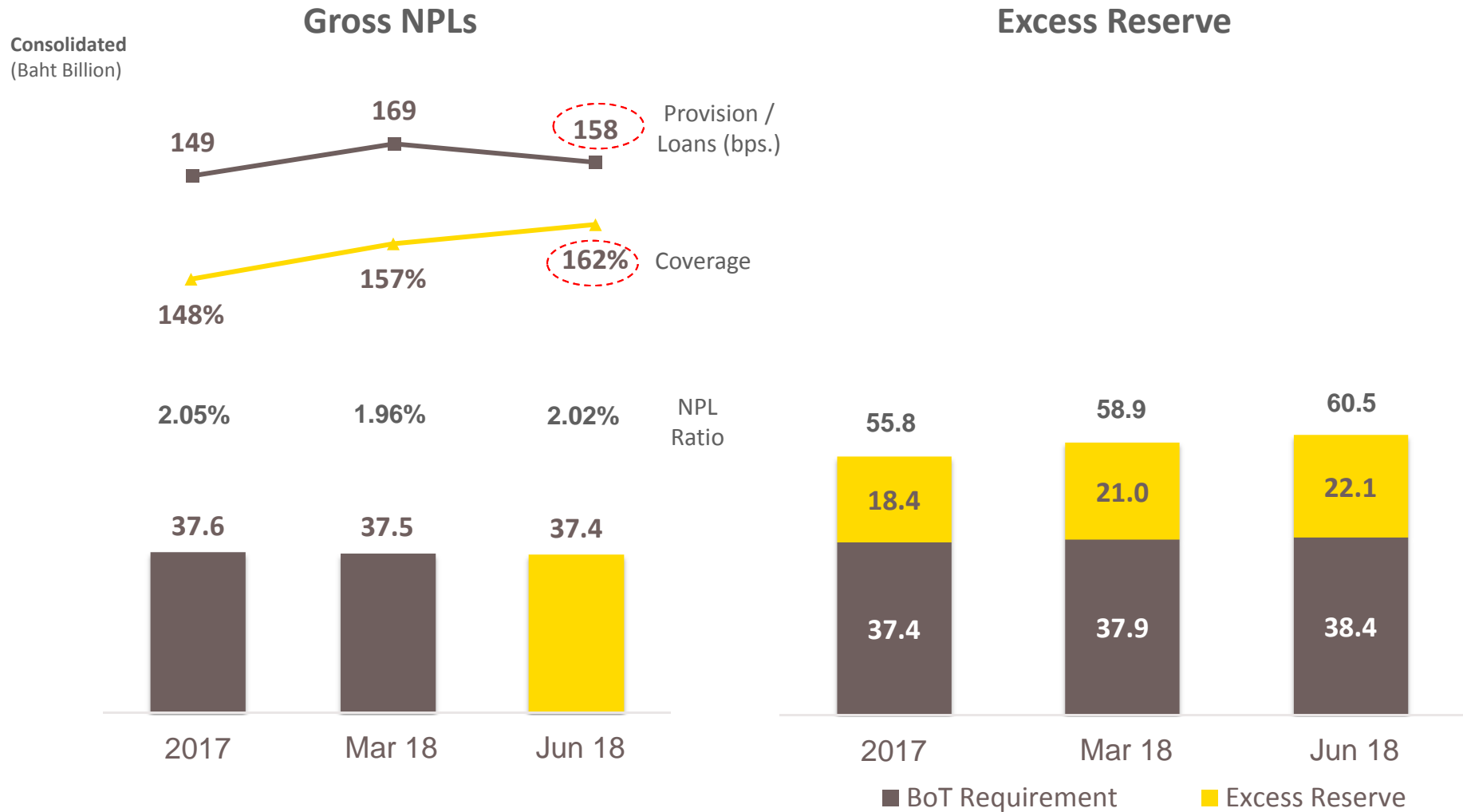


June 2018

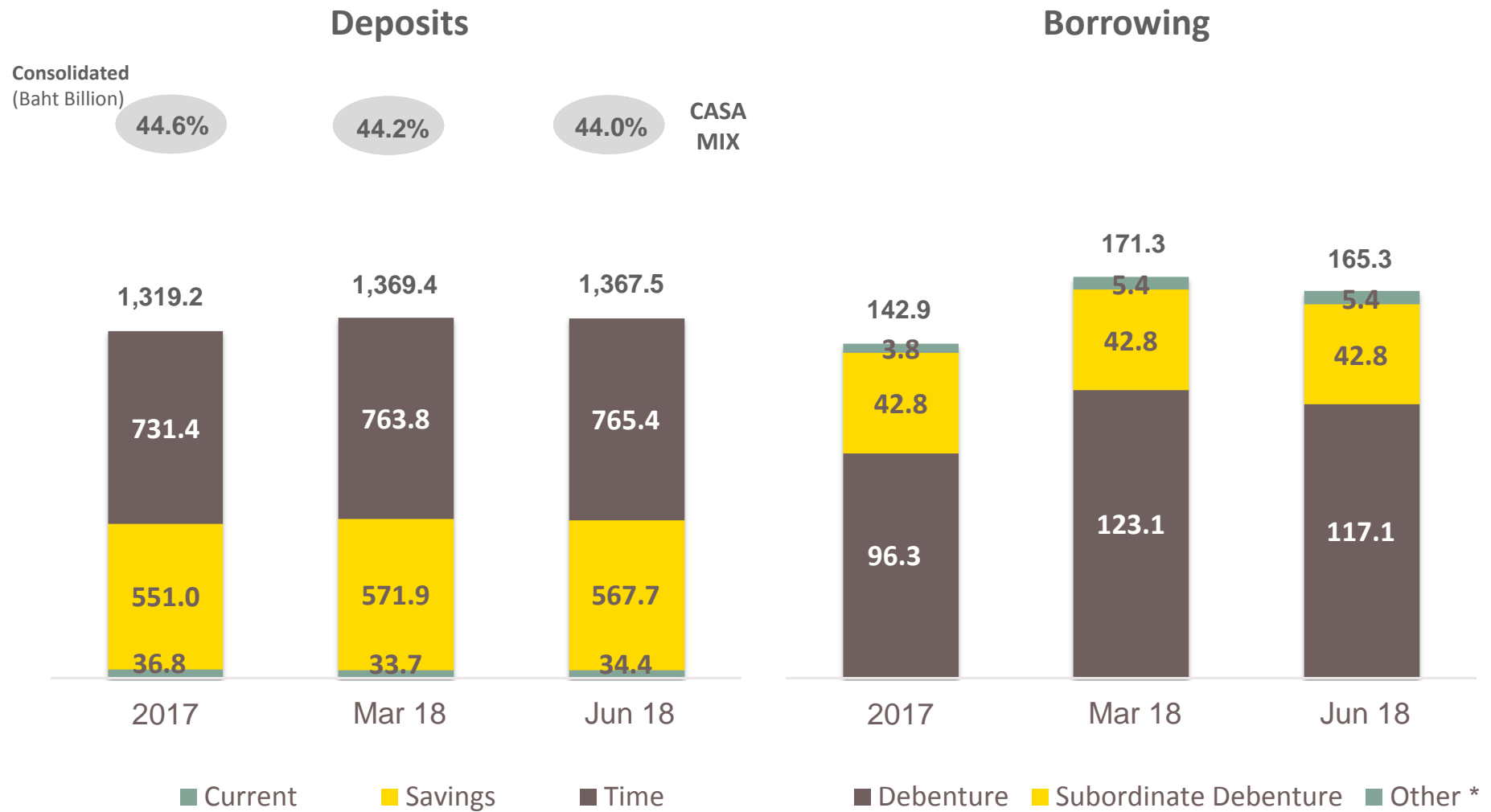


Asset Quality

NPL ratio recorded at 2.02%, with strong reserve position



Funding Base

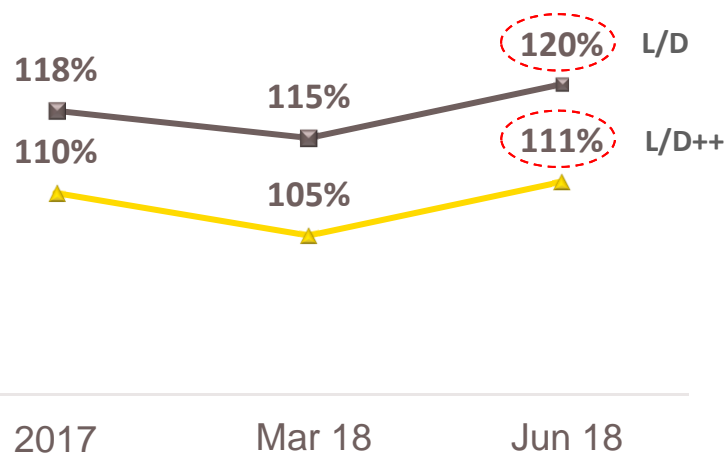


Capital and Liquidity

Solid capital position, CAR equivalent to 14.95%

Loan to Deposit

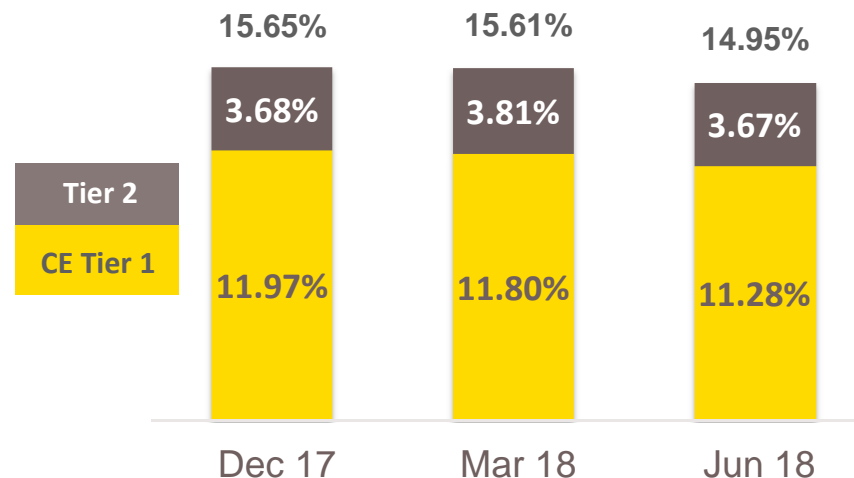
Consolidated



L/D++ : Loans to Deposit + B/E + Debenture

Capital Adequacy Ratio *

Bank Only



* BOT requires to maintain minimum CAR at 8.5% and gradually increases the conservation buffer at 0.625% per year since January 1, 2016 until reaching 2.5% by January 1, 2019

Baht Billion	2017	Mar 18	Jun 18
CE Tier 1	167.53	167.38	168.44
Tier 2	51.50	54.08	54.74
Total Capital	219.03	221.46	223.18

BOT has adopted supervisory framework for Domestic Systemically Important Banks (D-SIBs) by requiring qualified banks to maintain additional 1% of common equity tier 1 from the current minimum requirement, starting 0.5% on Jan 1, 2019 and 1% on Jan 1, 2020.



Krungsri Profile

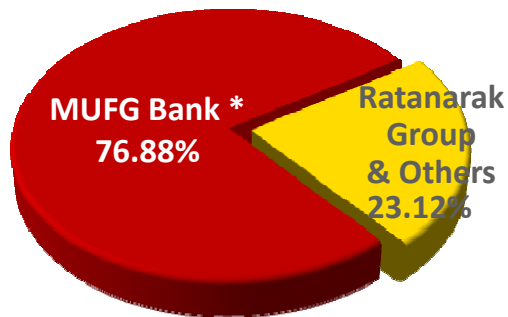
Our History



- Officially established in 1945
- 2007: BAY and GE become strategic partners
- 2008: Acquisition of GE Capital Auto Lease, subsequently renamed to Krungsri Auto
- 2009: Acquisition of AIG Retail Bank Pcl. and AIG Card (Thailand) Co., Ltd.
- 2009: Acquisition of Ngern Tid Lor Co., Ltd., a micro finance business from AIG
- 2009: Acquisition of GE Money Thailand, a consumer finance company
- 2012: Acquisition of HSBC Thailand's retail banking businesses
- Dec 2013: MUFG Bank replaced GE as the strategic shareholder of Krungsri
- Jan 2015: Integration of MUFG Bank Bangkok Branch into Krungsri
- Sep 2016: Acquisition of Hattha Kaksekar Limited (HKL)
- Mar 2017: Established Krungsri Finnovate Company Limited
- Sep 2017: Recognized as "A Domestic Systemically Important Bank (D-SIB)" by the Bank of Thailand

Shareholding Structure

(as of 7 May 2018)



Krungsri Group Profile



In consumer finance

International Ratings

Fitch Ratings	Standard & Poor's	Moody's
A-	BBB+	Baa1

National Ratings

Fitch Ratings	TRIS Rating
AAA (tha)	AAA

Leadership Position

As of May 2018	Market Position	% Share
Consumer		
Personal Loan	1	30%
Credit Card	1	17%
Auto (HP)	2	27%
SME	5	5%
Corporate	5	12%

Extensive Franchise: 34,746 Service Outlets

As of June 2018	Number
Domestic Branches	701 *
Overseas Branches	2
Representative Office	1
ATMs	6,618
Exchange Booths	91
Krungsri Exclusive	40
Krungsri Business Centers	63

As of June 2018	Number
First Choice Branches	147 Branches
+ Dealers	+ 22,697 Dealers
Krungsri Auto Dealers	> + 9,110 Dealers
Microfinance Branches	716
Microfinance Overseas Branches (HKL)	178
Thai Post Offices	> + 1,000
EDC Machines	85,957

* Krungsri Domestic Branches = 701 Branch, of which 664 are Banking Branches and 37 are Auto Business Branches



กดเงินไม่ใช้บัตร Krungsri Cardless

สะดวก และง่ายสุดๆ

ใช้มือถือถอนเงินสดจากตู้ ATM ไม่ต้องใช้บัตร
ผ่าน KMA เพียง download
และลงทะเบียน KMA ก็ใช้บริการได้ทันที

- ✓ ฟรี ค่าธรรมเนียม
- ✓ หมดปัญหาเรื่องลิ้มบัตร
- ✓ จำรหัสบัตร ATM ไม่ได้
- ✓ ใช้ได้ที่ตู้กรุงศรี ATM ทั่วประเทศ

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