



krungsri  
กรุงศรี

A member of  MUFG  
a global financial group

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# Financial Performance 1Q 2018

19 April 2018

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"Make Life Simple เรื่องเงิน เรื่องง่าย"



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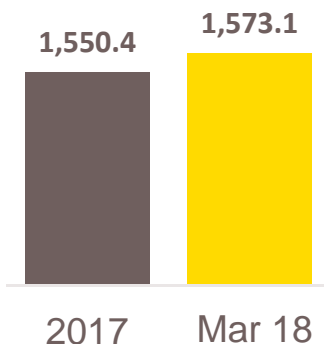
# Highlights

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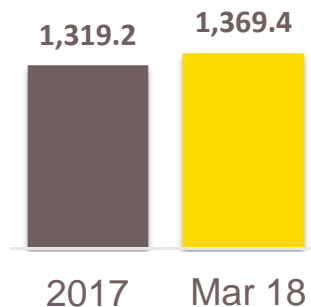
# 1Q 2018 Key Financial Highlights

Loan Growth  
**+1.5% QoQ**

Consolidated  
(Baht Billion)



Deposit Growth  
**+3.8% QoQ**



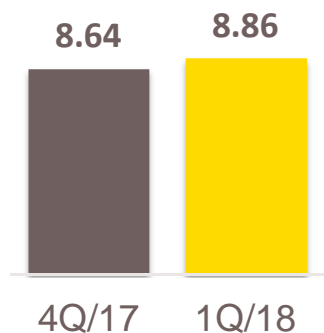
CASA

**44.2%**

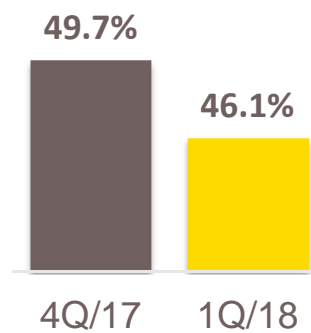
NIM

**3.67%**

Non-interest Income Growth  
**+2.6% QoQ**



Cost-to-Income Ratio



NPL Ratio

**1.96%**

Coverage Ratio

**157%**

# Thailand Economic Outlook

## 2018 Outlook: Another year of above-trend growth

### 2018 Key Economic Forecasts

% YoY growth unless otherwise stated	2016A	2017A	2018F*
<b>GDP</b>	<b>3.3</b>	<b>3.9</b>	<b>4.0</b>
Private Consumption	3.0	3.2	3.3
Private Investment	0.5	1.7	3.5
Exports (in USD term)	0.1	9.7	5.0
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, robust 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 fillip. 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.

#### Tailwinds

- Global cyclical recovery
- Infrastructure and EEC projects
- Stronger confidence with clearer timeframe of general election
- Waning first-car debt burden, measures to help low-income earners
- Resilient tourism sector
- Sound economic fundamentals

#### Headwinds

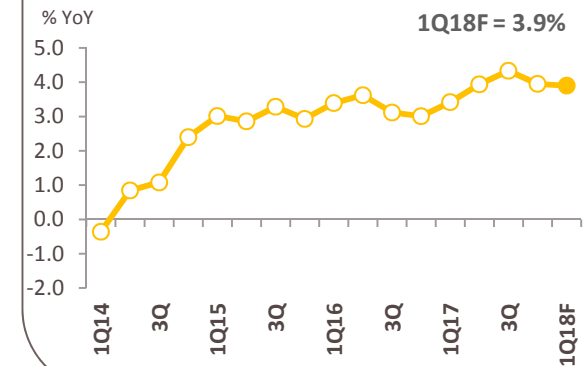
- Domestic political uncertainty
- US policy uncertainties and China's economic slowdown
- High global risks and volatile financial markets
- Labor shortage and some impact from new foreign labor law
- High household debt
- Structural problems e.g. lack of competitiveness in some sectors

Source: Krungsri Research

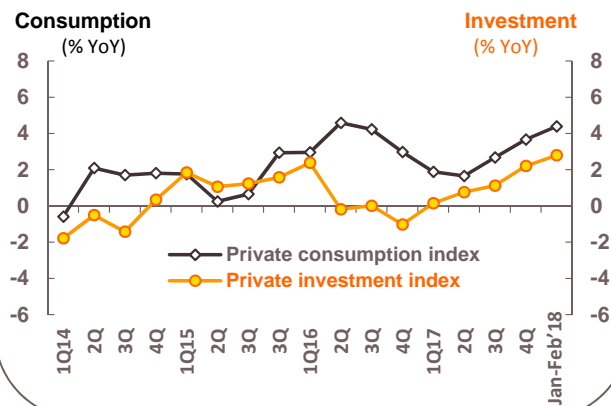
# Recent Economic Development

- A recovery of economic activity continues and becomes broader-based
  - Consumer spending and private investment gain growth momentum
  - Pro-cyclical government spending continues to buoy economic recovery
  - Exports surprisingly expand across the board in both key markets and products amid strengthening external demand
  - Foreign tourist arrivals hit a record high in the first 2 months of 2018

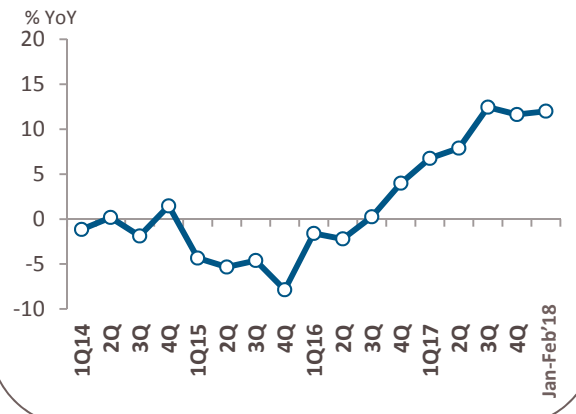
**GDP: expect to grow further in 1Q18**



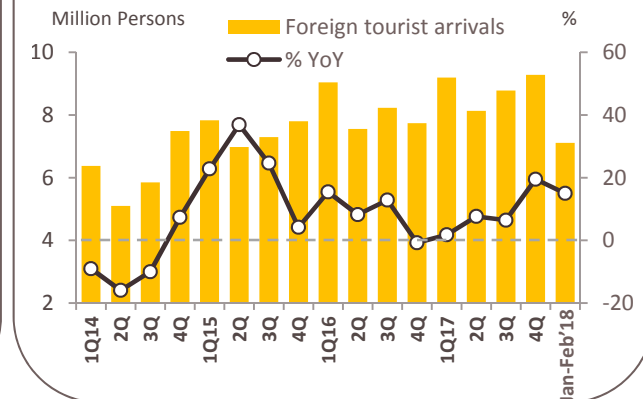
**Domestic demand: consumption grows and investment picks up**



**Exports: surprised growth amid rising global demand and higher prices**



**Tourism: robust growth, led by China**



Source: BOT, Department of Tourism, Krungsri Research



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# Financial Performance

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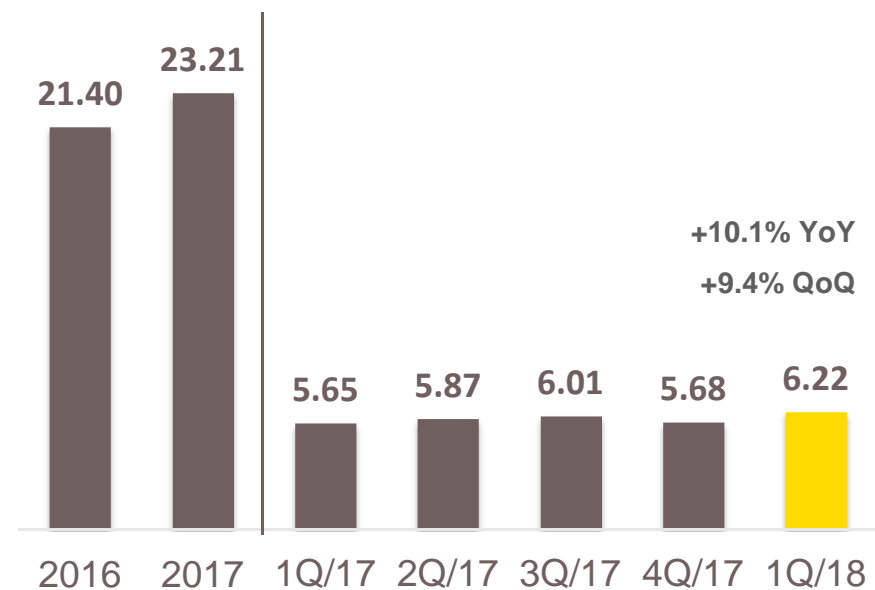
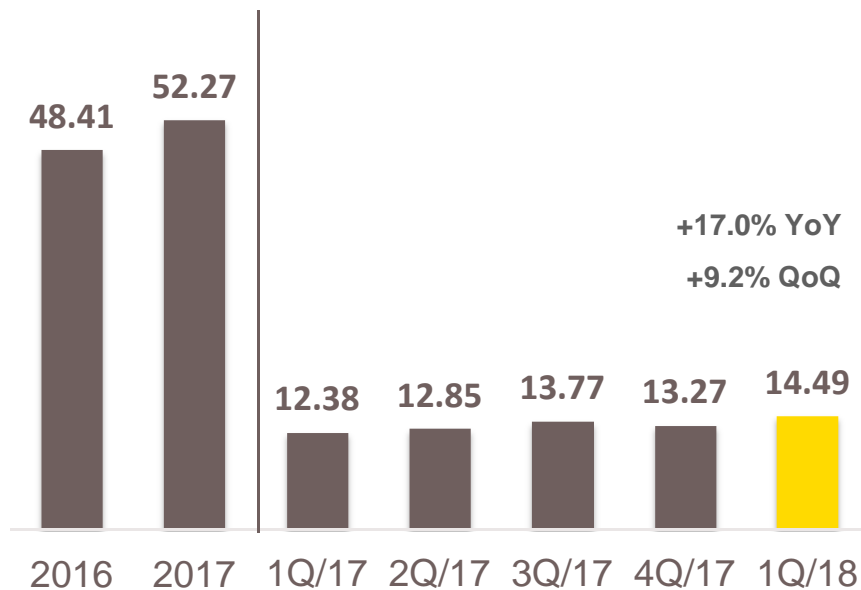
# Profitability

Robust financial results were attributed to the solid performances in net interest income, fees and service income, non-interest and non-fees income and effective expense management

## Profit before Provision and Tax

## Net Profit

Consolidated  
(Baht Billion)



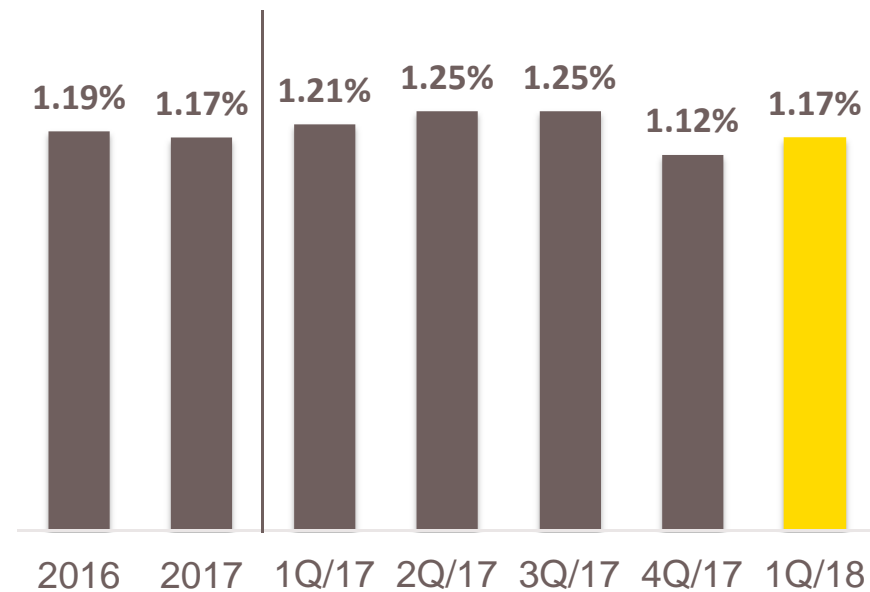
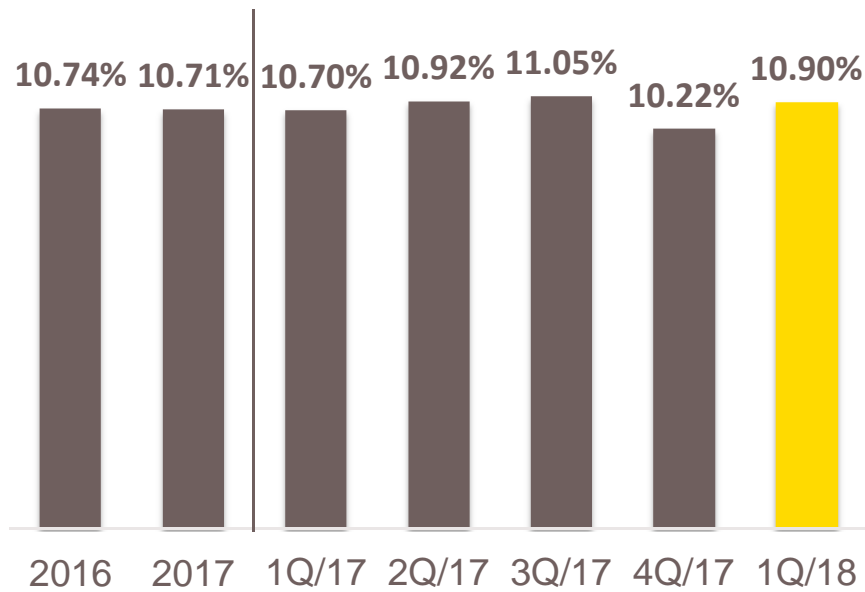
# ROAE & ROAA

Reported ROAE at 10.90% and ROAA at 1.17%

## ROAE

## ROAA

Consolidated

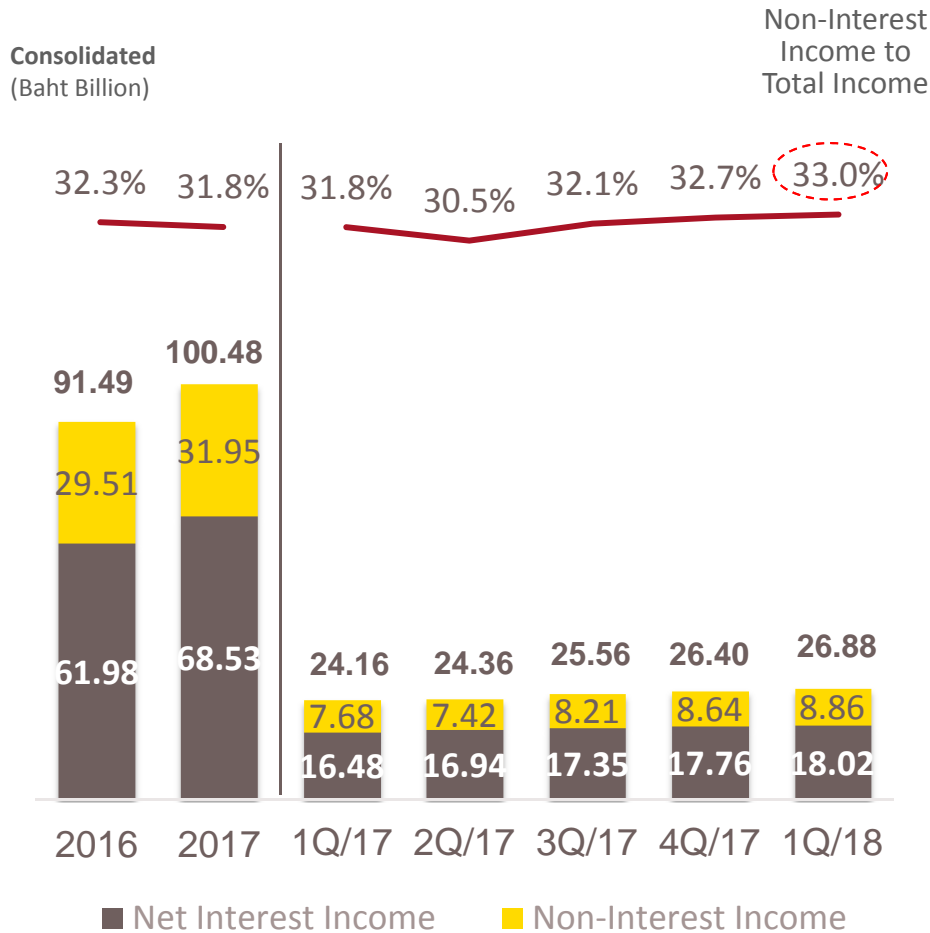




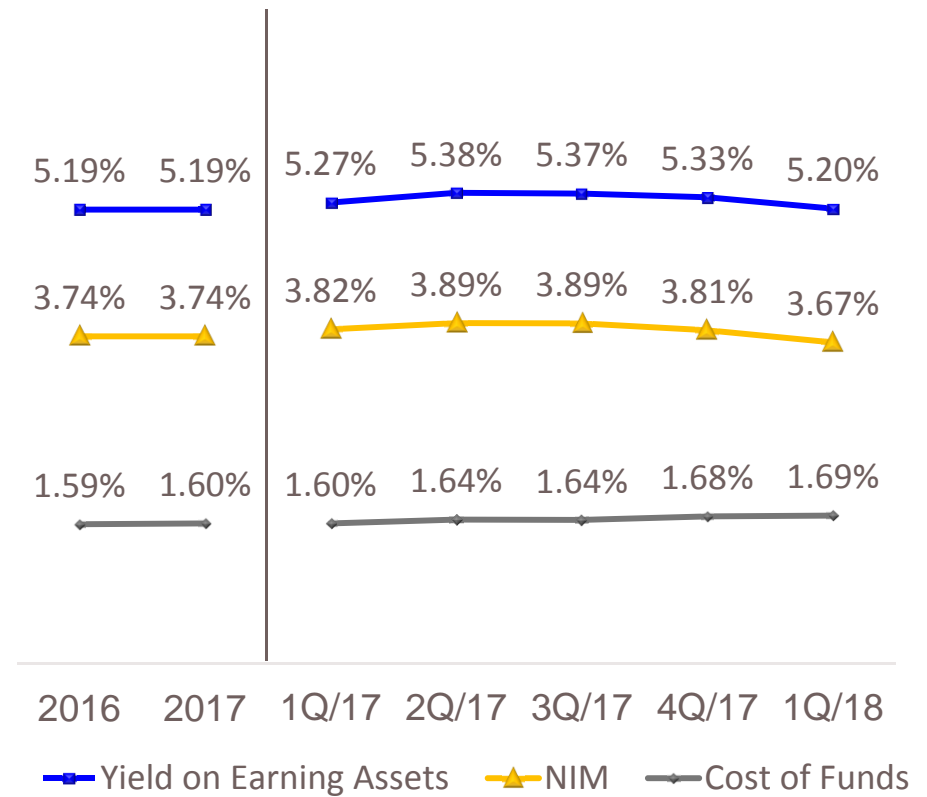
# Profitability Measurement

NIM recorded at 3.67%, reflecting a shift in portfolio mix

## Total Income



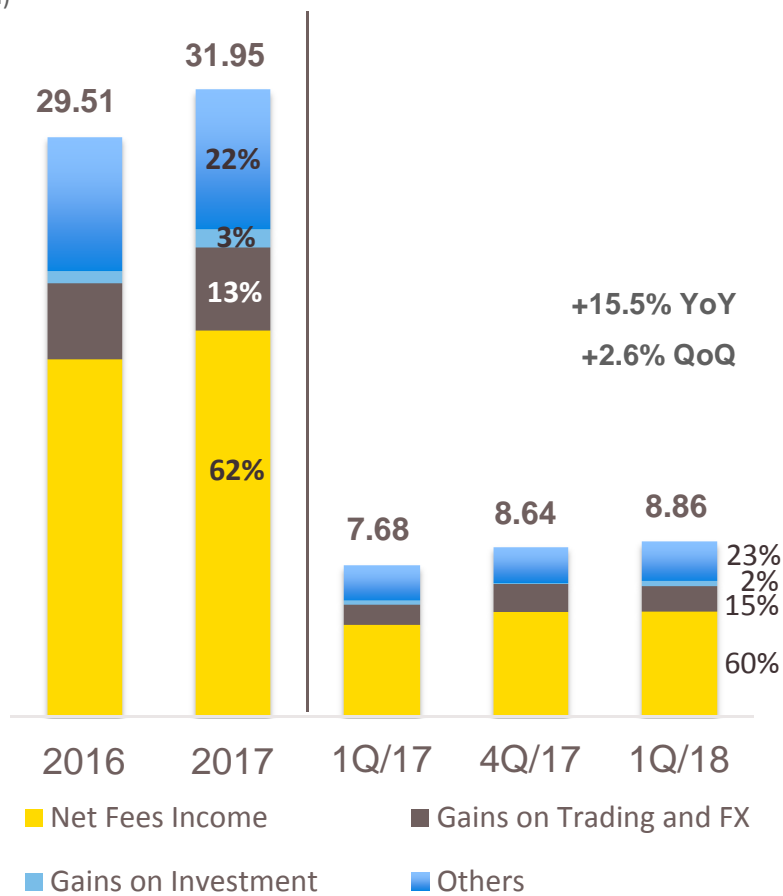
## Yield & Cost of Funds



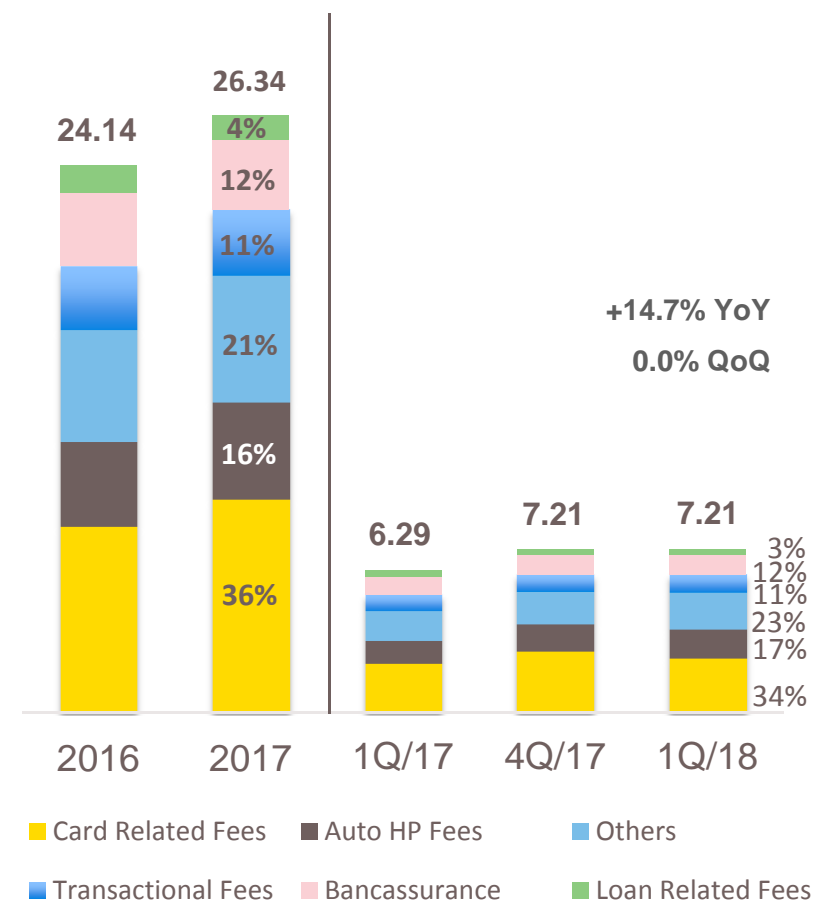
# Non-Interest Income & Fees and Service Income

Consolidated  
(Baht Billion)

## Non-Interest Income



## Fees & Service Income

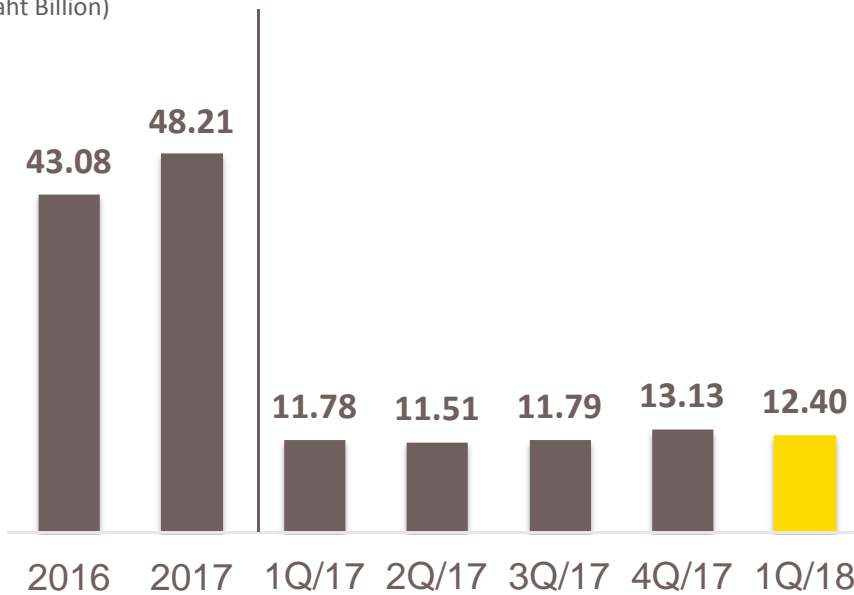


# Productivity

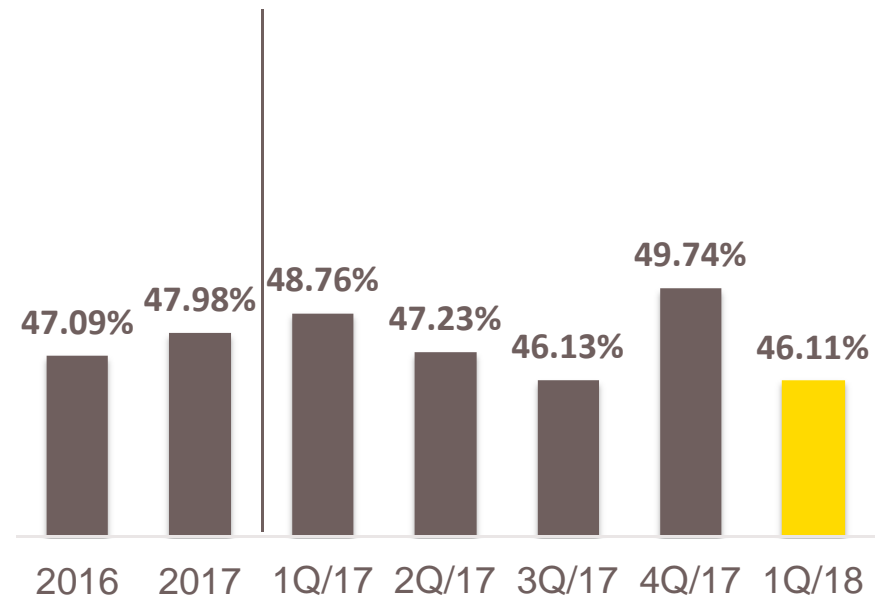
Cost to income recorded at 46.11%, firmly improved from 49.74%

## Operating Expenses

Consolidated  
(Baht Billion)



## Cost to Income Ratio

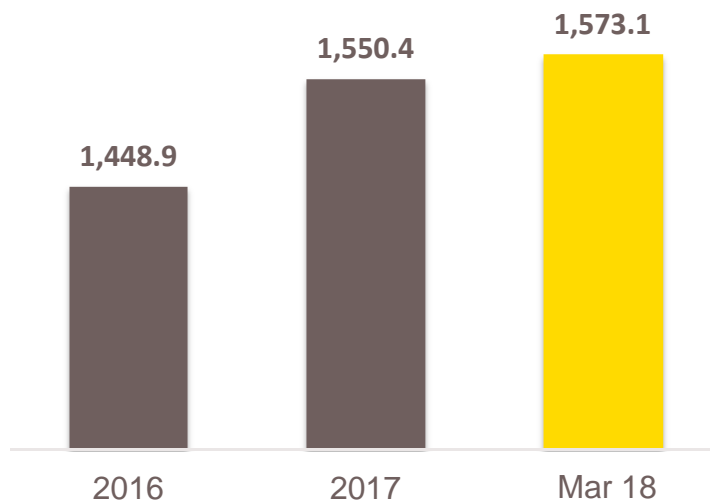


# Loan Portfolio

Key growth driver for 1Q/18 were auto hire purchase, international corporates, SMEs and mortgage segments

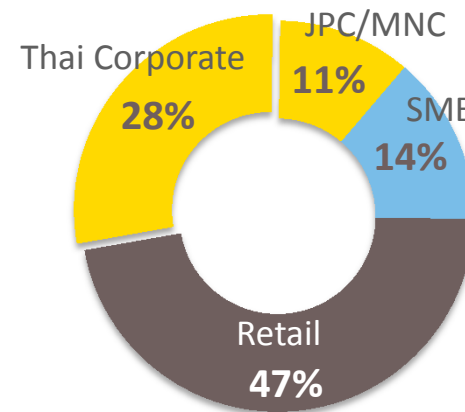
## Loans

Consolidated  
(Baht Billion)



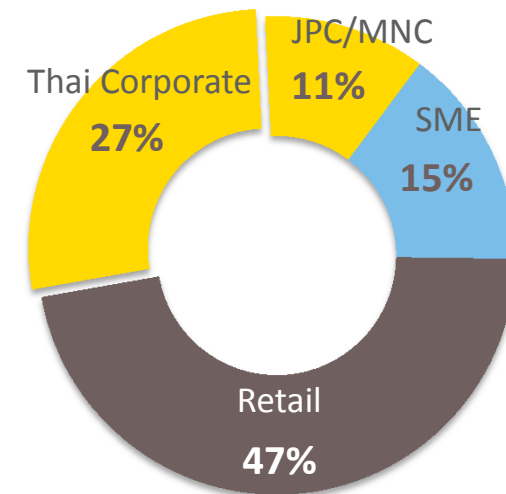
## 2017

THB 1,550.4 bn.



## Mar 2018

THB 1,573.1 bn.

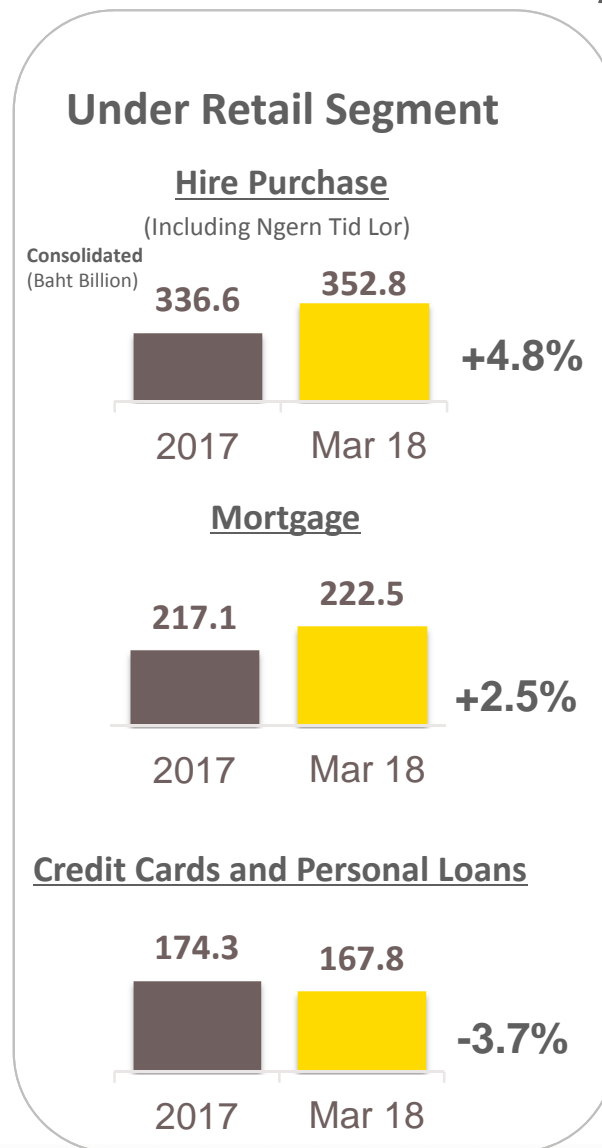
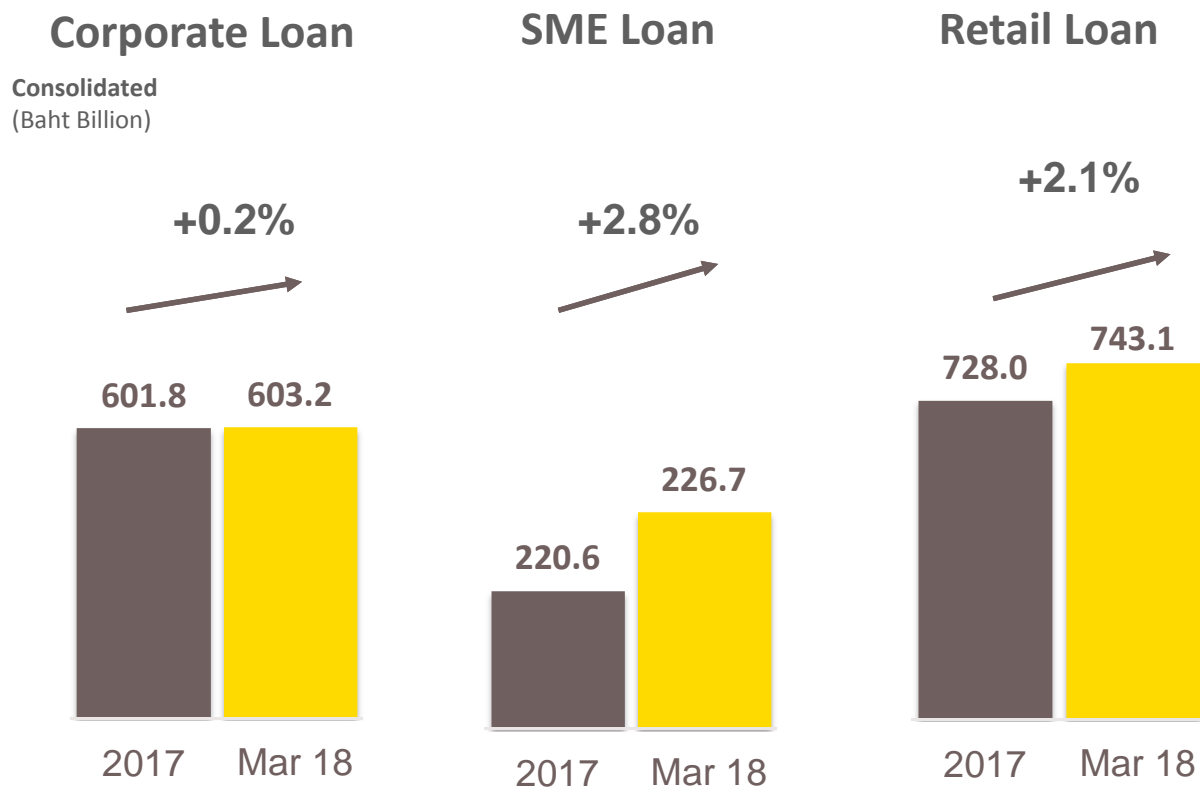


### Retail

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

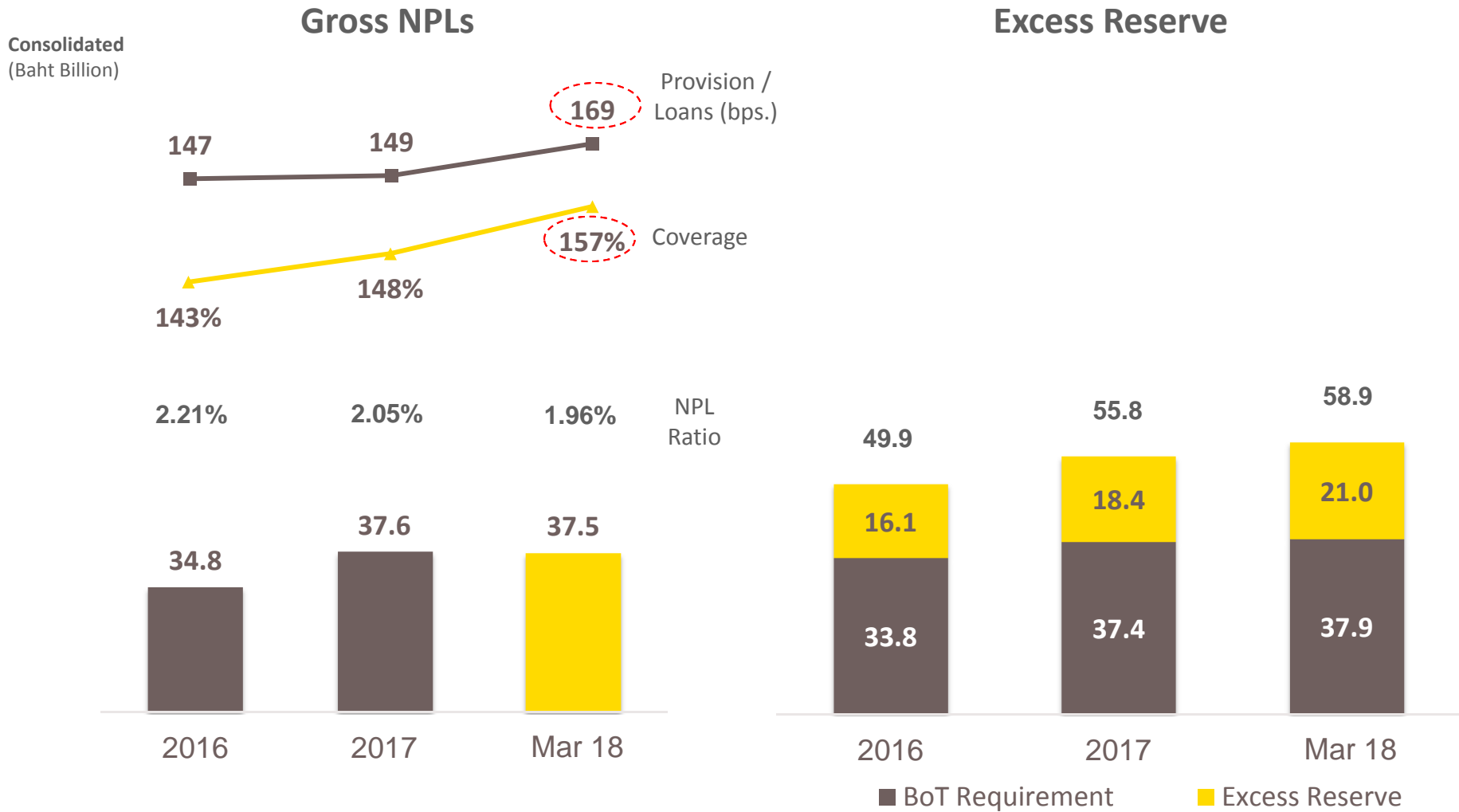
# Loans by Segments

Credit cards and personal loans and Thai Corporate loan contracted from seasonality repayments



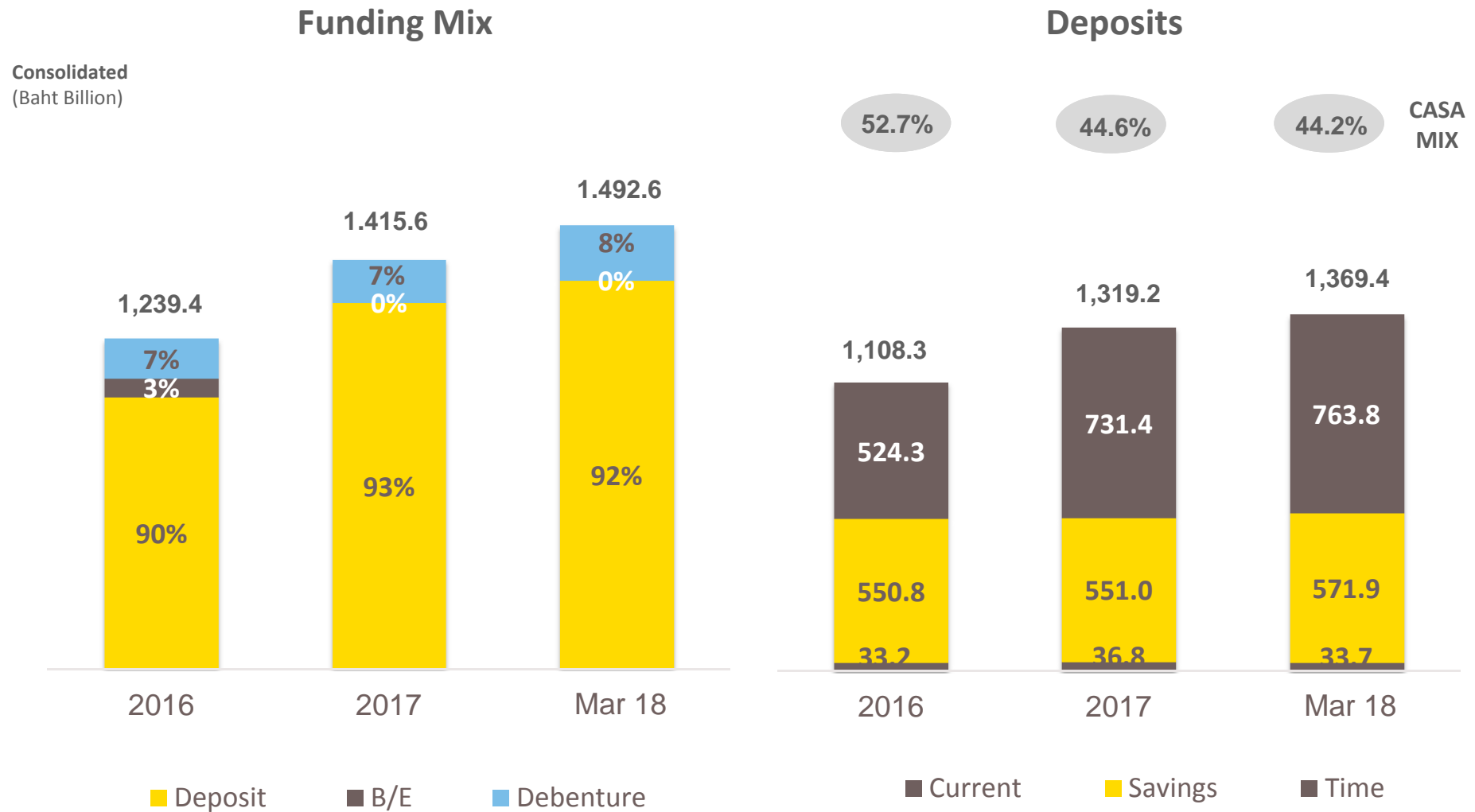
# Asset Quality

NPL ratio recorded at the strongest level of 1.96% and reserves prudentially increased to 58.9 billion baht



# Funding Base

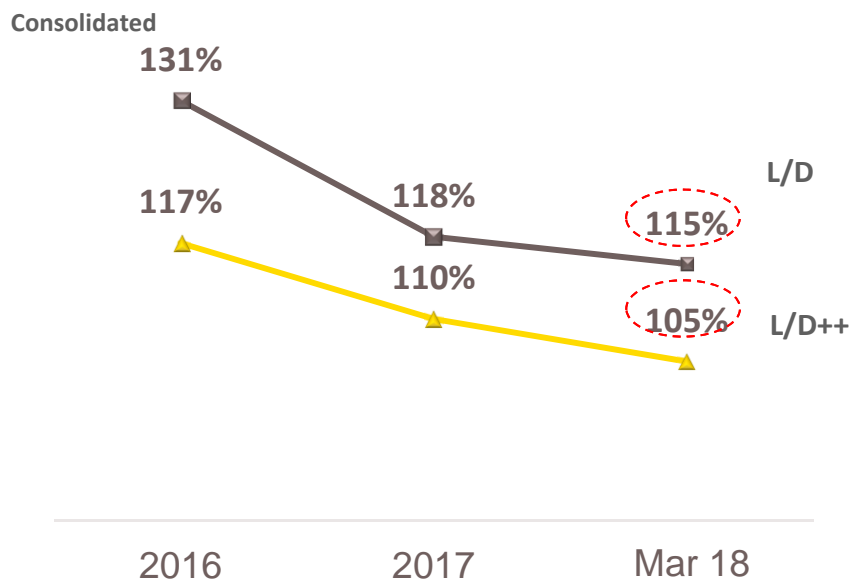
Continued to strongly grow stable funding



# Capital and Liquidity

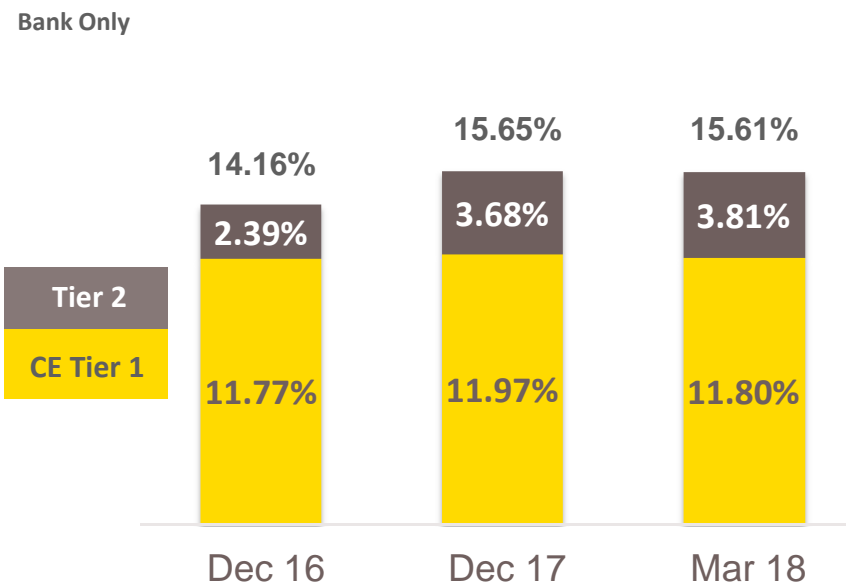
Solid capital position, CAR equivalent to 15.61%

## Loan to Deposit



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

## Capital Adequacy Ratio \*



\* 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	2016	2017	Mar 18
CE Tier 1	158.83	167.53	167.38
Tier 2	32.26	51.50	54.08
Total Capital	191.09	219.03	221.46

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.



# The Summary of Key Financial Performance

Consolidated	1Q/17	4Q/17	1Q/18	2018 Targets	
Loan Growth (Net)	-16.8 bn -1.2%	+54.2 bn +3.6%	+22.6 bn +1.5%	6-8%	✓
NPLs Ratio	2.33%	2.05%	1.96%	< 2.5%	✓
Loan Mix : Retail	45%	47%	47%	50%	✓
NIM	3.82%	3.81%	3.67%	3.5-3.7%	✓
Non-interest income growth* (YoY)	8.3%	17.3%	15.5%	~ 5.0%	✓
Cost to Income Ratio	48.8%	49.7%	46.1%	< 50%	✓
Provisions	151 bps	157 bps	169 bps	130-140 bps	~
Loan Loss Coverage Ratio	143%	148%	157%	~ 140%	✓

\* Net Fees Income + Non-Interest and Non-Fees Income



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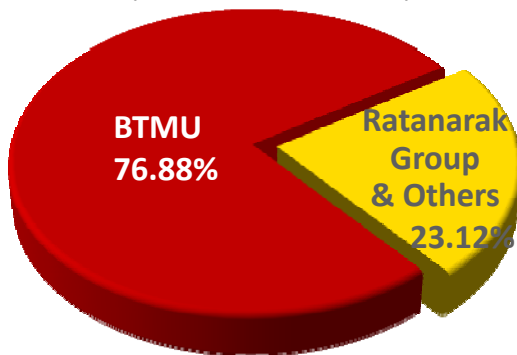
# Krungsri Profile

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# Our History



**Shareholding Structure**  
(as of 15 March 2018)



- 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: BTMU replaced GE as the strategic shareholder of Krungsri
- Jan 2015: Integration of BTMU 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

# Krungsri Group Profile



## International Ratings

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

## National Ratings

Fitch Ratings	TRIS Rating
AAA (tha)	AAA

## Leadership Position

In consumer finance

As of February 2018	Market Position	% Share
<b>Consumer</b>		
Personal Loan	1	30%
Credit Card	1	17%
Auto (HP)	2	26%
SME	5	5%
Corporate	5	12%

## Extensive Franchise: 35,713 Service Outlets

As of March 2018	Number
Domestic Branches	700 *
Overseas Branches	2
Representative Office	1
ATMs	6,566
Exchange Booths	86
Krungsri Exclusive	40
Krungsri Business Centers	63

As of March 2018	Number
First Choice Branches	152 Branches
+ Dealers	+ 22,448 Dealers
Krungsri Auto Dealers	> + 10,400 Dealers
Microfinance Branches	648
Microfinance Overseas Branches (HKL)	173
Thai Post Offices	> + 1,000
EDC Machines	84,646

\* Krungsri Domestic Branches = 700 Branch, of which 663 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
- ✓ หหมดปัญหาเรื่องลิ้มบัตร
- ✓ จ่ารหัสบัตร ATM ไม่ได้
- ✓ ใช้ได้ที่ตู้กรุงศรี ATM ทั่วประเทศ

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