



krungsri  
กรุงศรี

A member of  MUFG  
a global financial group

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# 2018 Financial Performance

*Financial Performance*

17 January 2019

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"Make Life Simple เรื่องเงิน เรื่องง่าย"

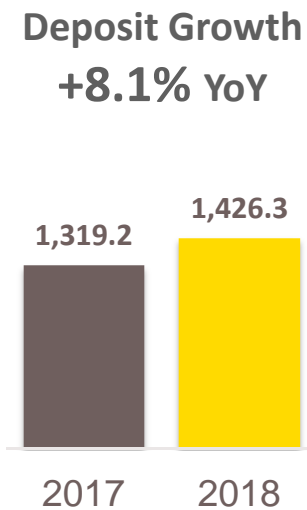
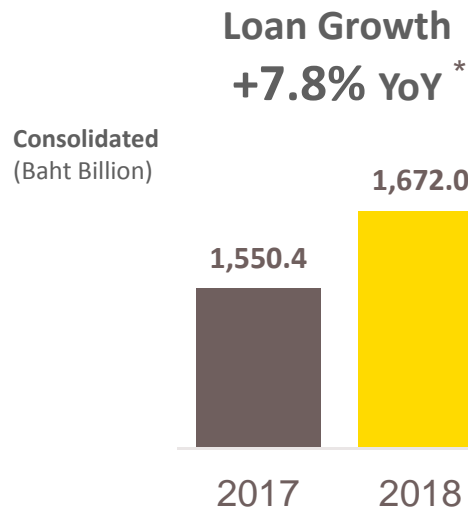


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# Highlights

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# 2018 Key Financial Highlights



CASA  
**43.9%**

NIM  
**3.81%**

NPL Ratio

**2.08%**

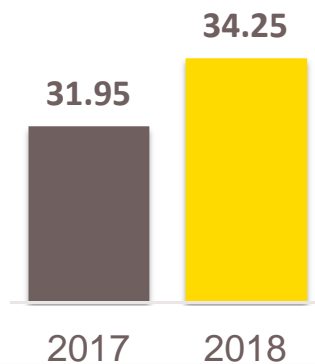
Coverage Ratio\*\*

**161%**

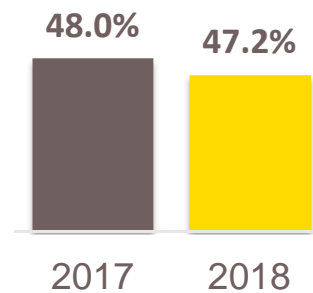
\*\* Excluding the impact from NTL reclassification, coverage ratio stood at 165.8%

\* Excluding the Baht 39.6 billion NTL loan reclassification impact, loan growth would have been 10.4%

**Non-interest Income Growth**  
**+7.2% YoY**



**Cost-to-Income Ratio**



# Thailand Economic Outlook

## 2019 Outlook: Rotating from external to domestic demand

### 2019 Key Economic Forecasts

% YoY growth unless otherwise stated	2017A	2018E	2019F*
<b>GDP</b>	<b>3.9</b>	<b>4.3</b>	<b>4.1</b>
Private Consumption	3.2	4.8	4.3
Private Investment	1.7	4.1	4.8
Exports (in USD term)	9.8	7.8	4.5
Headline Inflation	0.7	1.1	1.1
Policy Interest Rate (% , end of period)	1.50	1.75	2.00

Note: \* 2018-19 forecast by Krungsri Research

#### Key drivers:

- Export growth would decelerate following slowing external demand but tourism is likely to fully recover in 1Q19
- Clearer policy after election should encourage domestic and foreign sentiment
- Private investment is entering an upward cycle, boosted by EEC & infrastructure projects, PPP fast track, historically-tight capacity utilization in several industries
- Private consumption would keep growth momentum with more spending ahead of election and a rebound in wage and employment
- Policy interest rate is expected to increase by 25 bps to 2.00% in 1Q19.

#### Tailwinds

- Global cyclical recovery
- Infrastructure and EEC projects
- More spending ahead of general election and measures to help low-income earners
- Improving wage and employment
- Resilient tourism sector
- Sound economic fundamentals

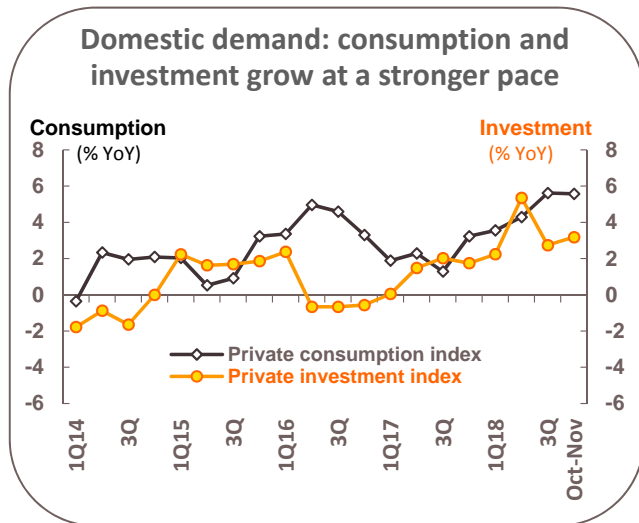
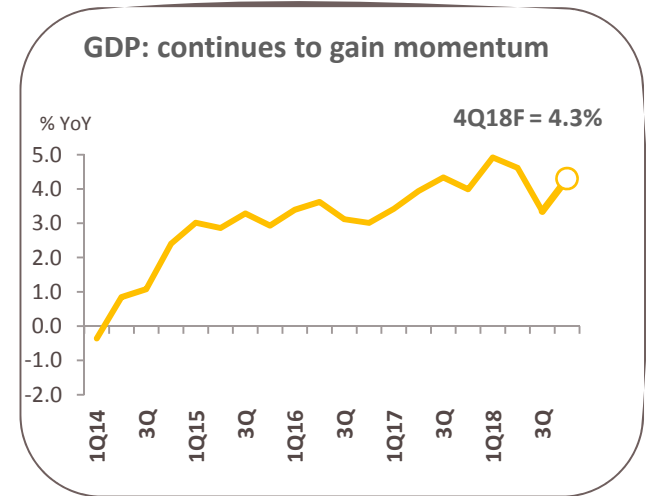
#### Headwinds

- Domestic political uncertainty
- Trade protectionism, US policy uncertainty, Brexit concern, and China's economic slowdown
- Higher global risks and volatile financial markets
- High household debt
- Structural problems e.g. labor shortage and lack of competitiveness in some sectors

Source: Krungsri Research

# Recent Economic Development

- A recovery of economic activity continues, led by domestic demand
  - Private spending maintains positive momentum as household income conditions and confidence improve
  - Pro-cyclical government spending continues to buoy economic recovery
  - Export growth decelerated amid global slowdown and trade protectionism
  - Phuket boat tragedy has deterred Chinese visitors, the impact is greater and longer than expected



Source: BOT, MOTS, Krungsri Research



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# Financial Performance

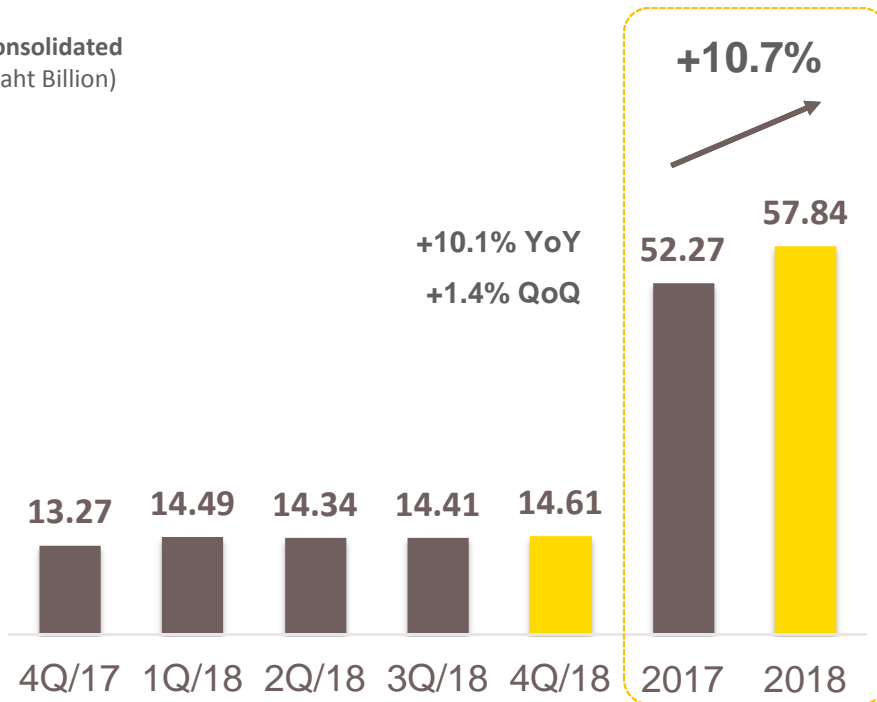
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# Profitability

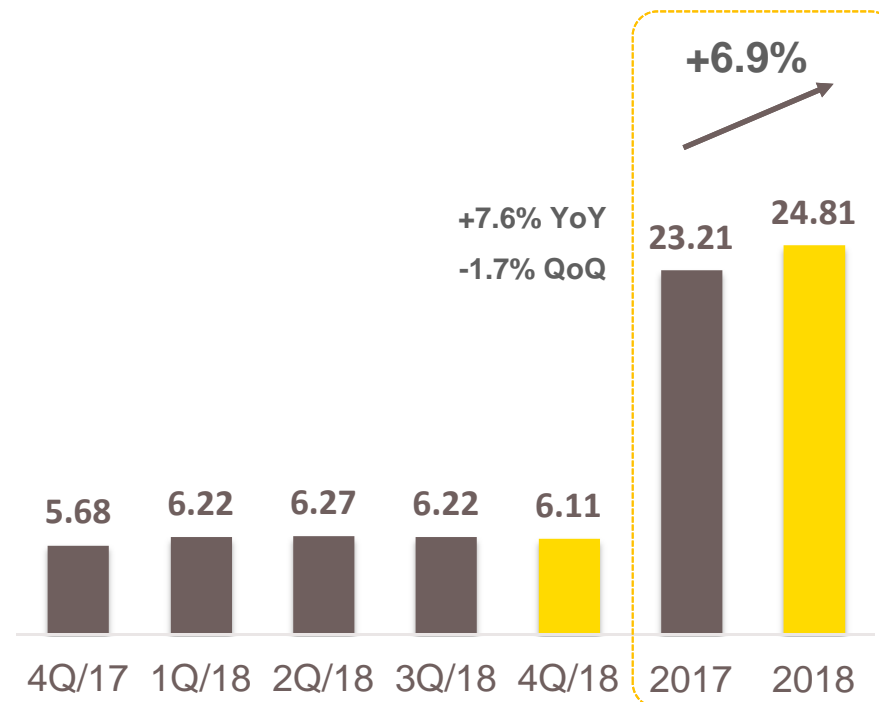
A record net profit of 24.8 billion baht

## Profit before Provision and Tax

Consolidated  
(Baht Billion)



## Net Profit



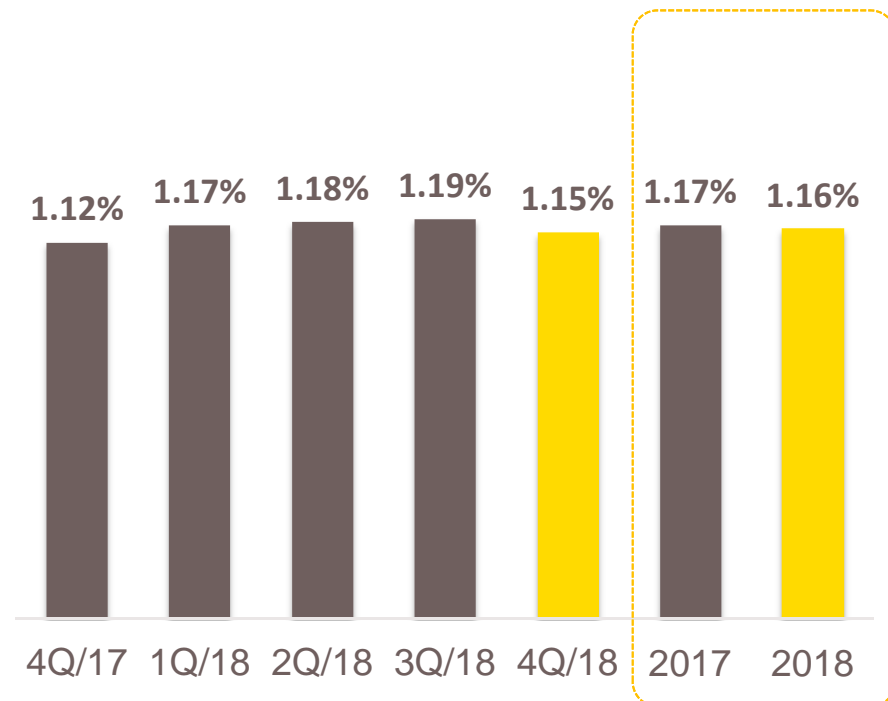
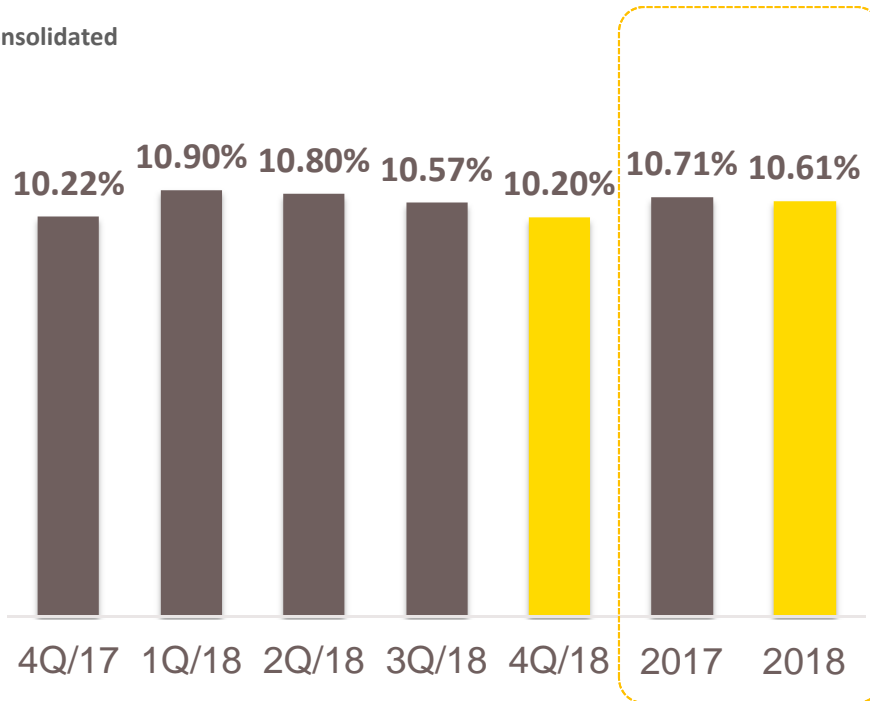
# ROAE & ROAA

Reported 2018 ROAE at 10.61% and ROAA at 1.16%

## ROAE

## ROAA

Consolidated

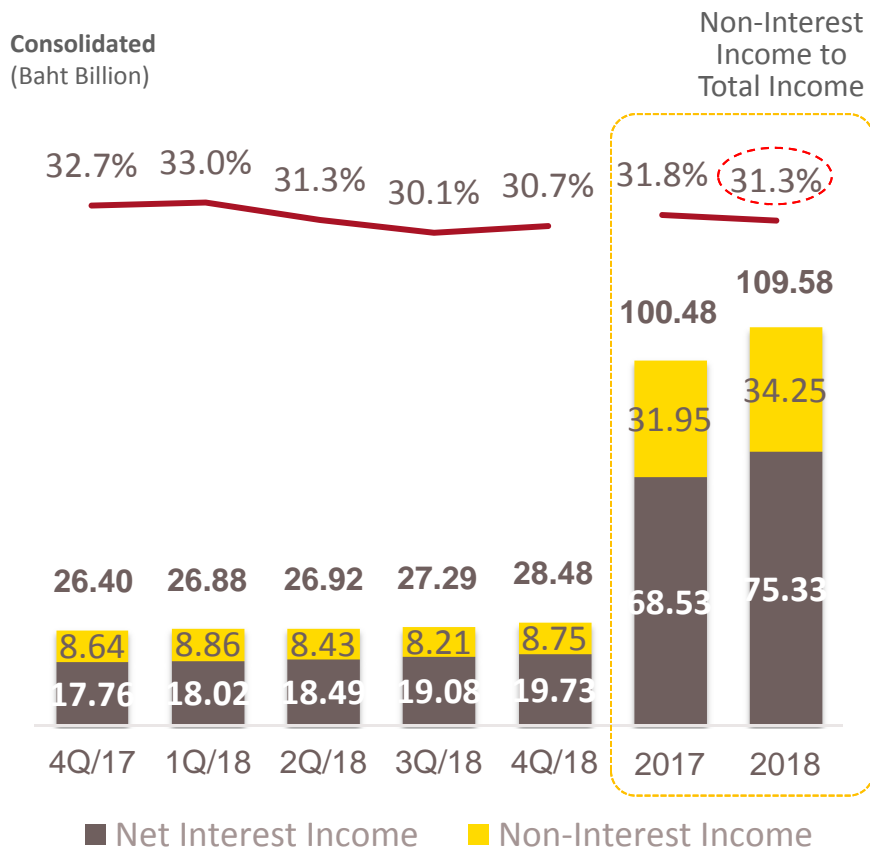




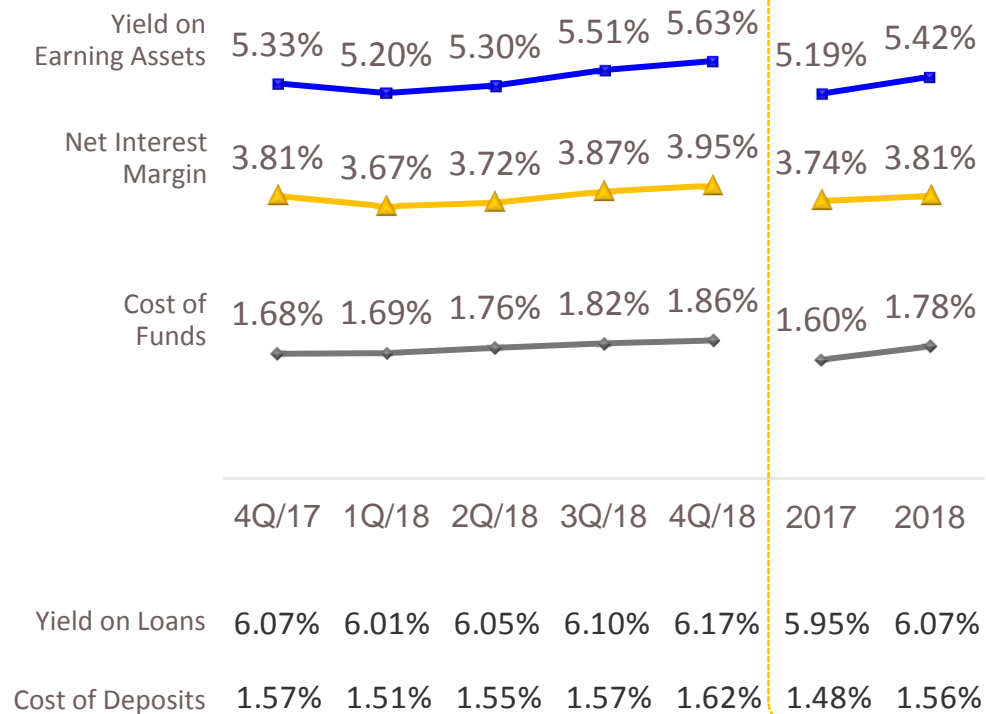
# Profitability Measurement

2018 NIM improved to 3.81%

## Total Income



## Net Interest Margin (NIM)

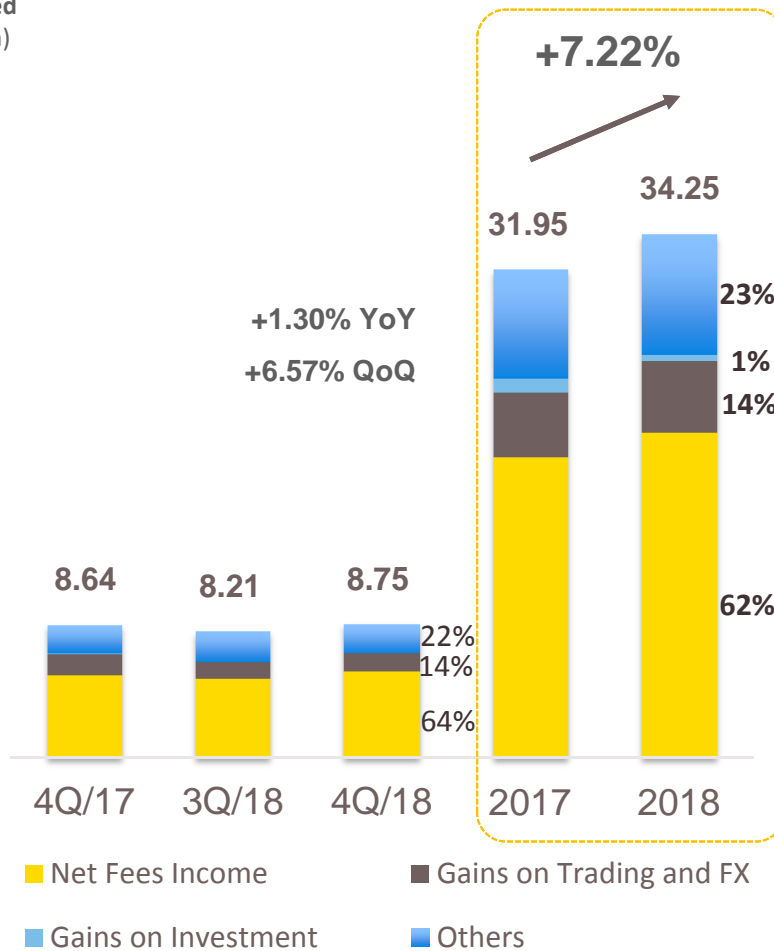


# Non-Interest Income & Fees and Service Income

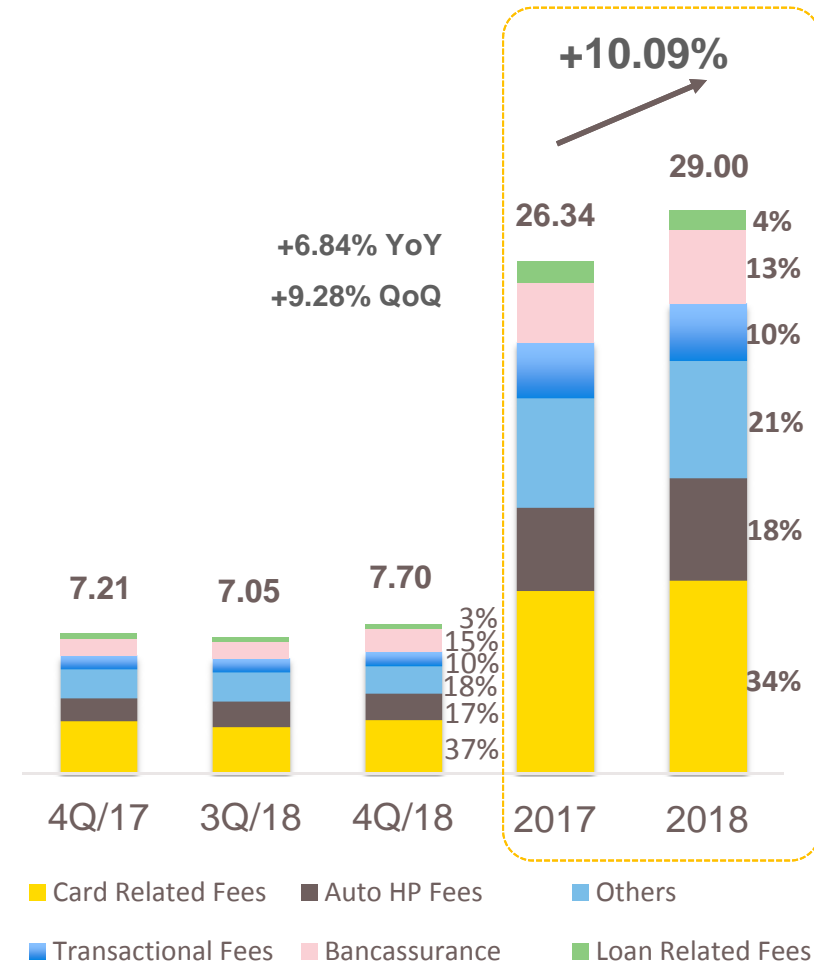
Robust growth in fees and service income

Consolidated  
(Baht Billion)

## Non-Interest Income



## Fees & Service Income

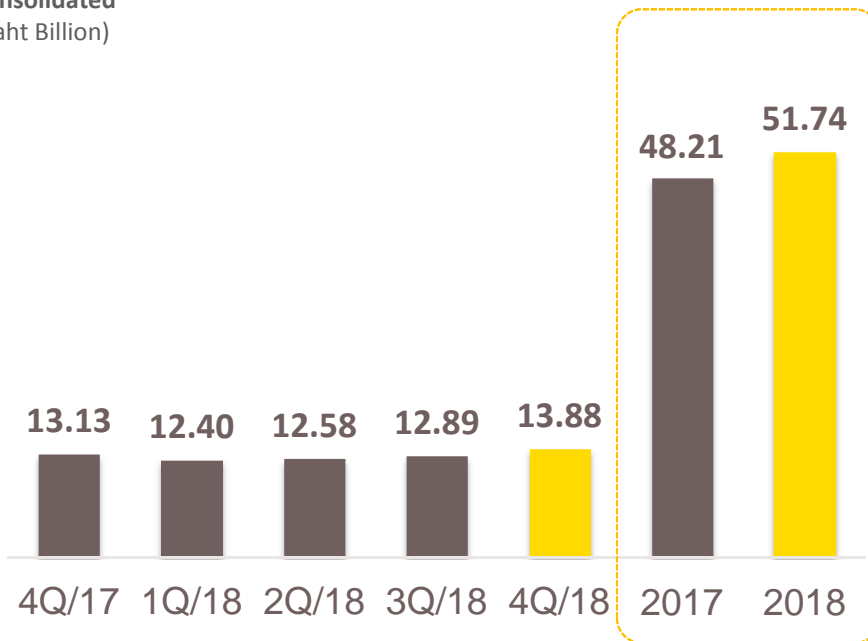


# Productivity

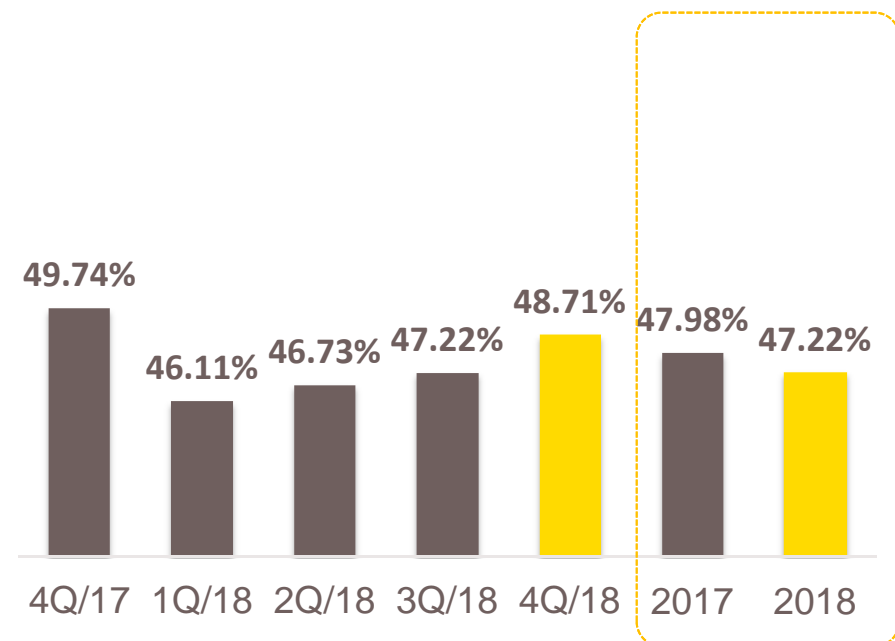
2018 Cost to income ratio reduced to 47.22%

## Operating Expenses

Consolidated  
(Baht Billion)



## Cost to Income Ratio

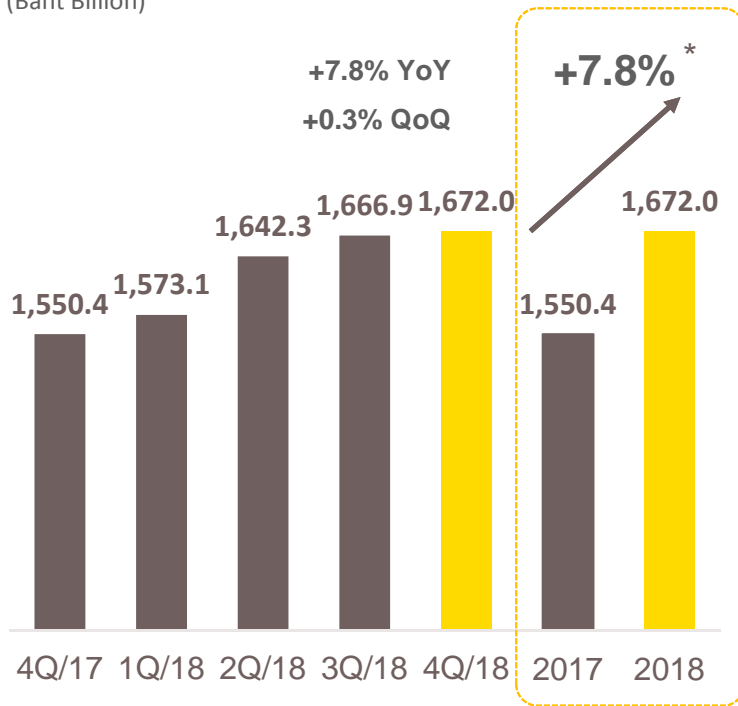


# Loan Portfolio

Key growth driver was a broad-based expansion in the retail and SME segments

## Loans

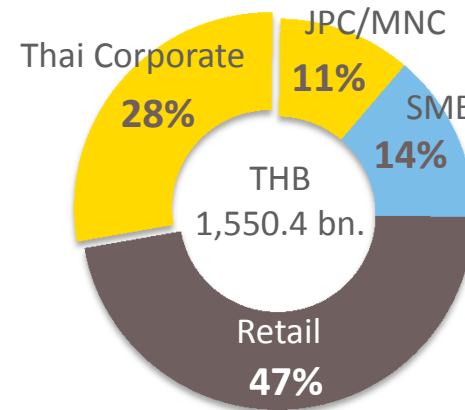
Consolidated  
(Baht Billion)



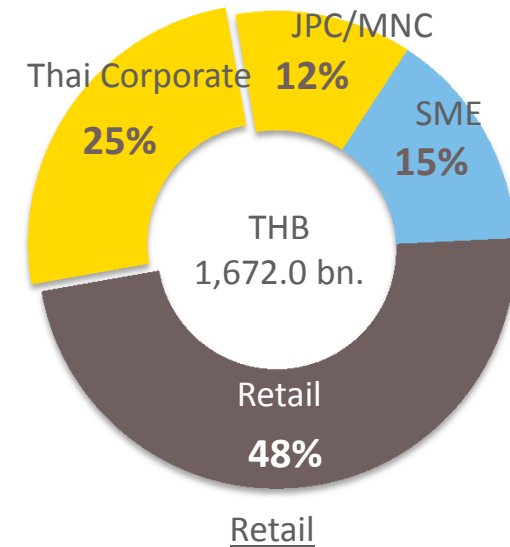
\* Excluding the Baht 39.6 bn. NTL loan reclassification impact, loan growth would have been 10.4%

## Loans by Segment

Dec 2017

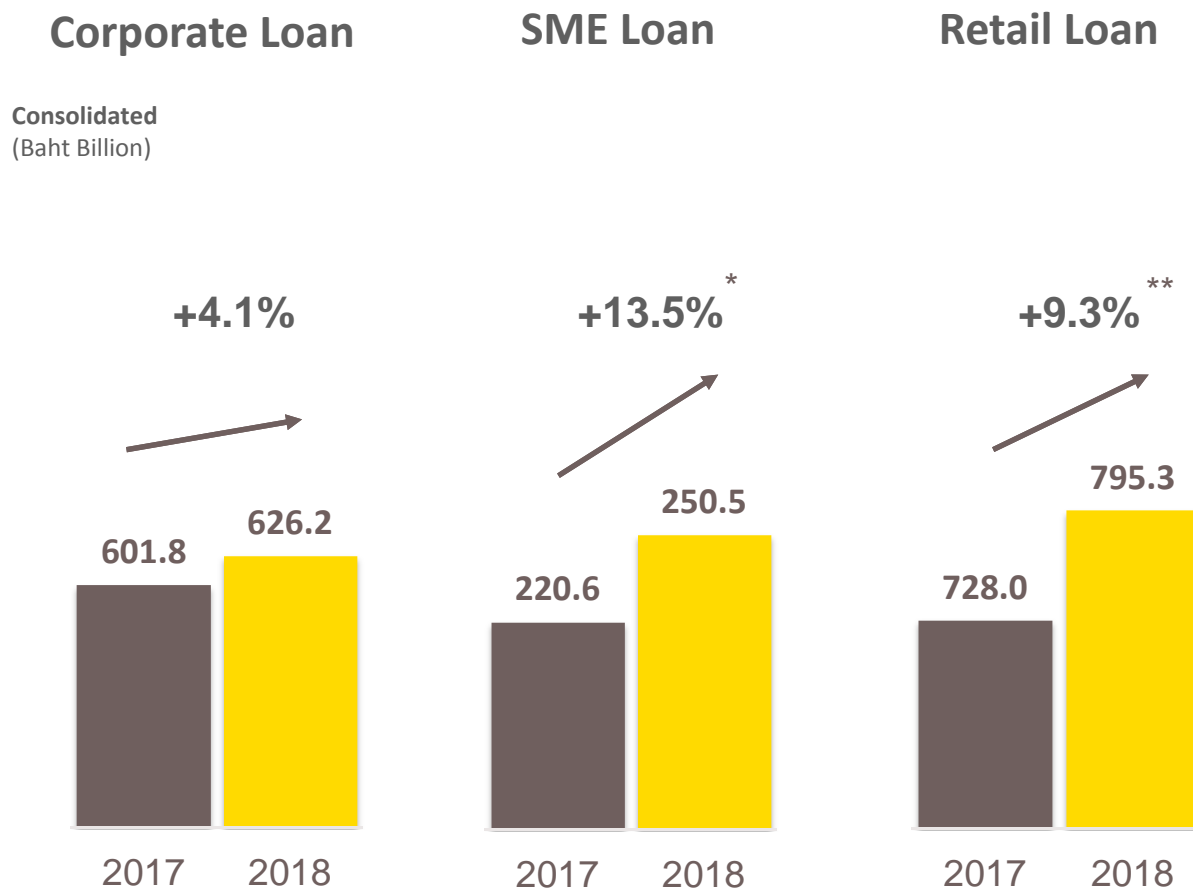


Dec 2018



- Auto HP 22%
- Mortgage 15%
- Credit Card & Personal Loans 11%

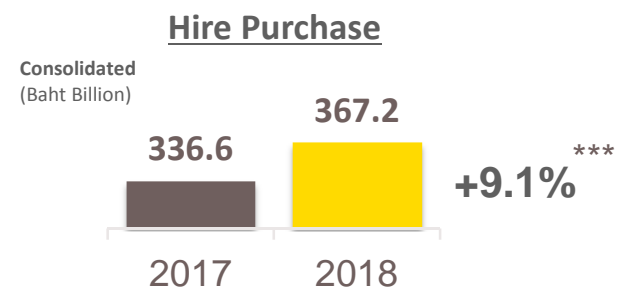
# Loans by Segments



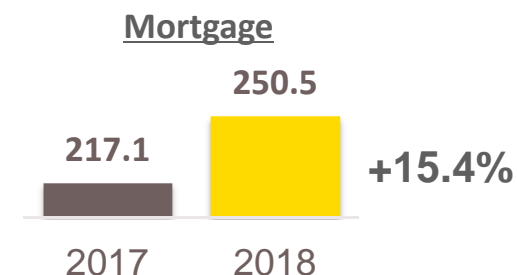
\* SME loans: Excluding the Baht 2.8 bn. NTL loan reclassification impact, SME loan growth would have been 14.8%

\*\* Retail loans: Excluding the Baht 36.9 bn. NTL loan reclassification impact, retail loan growth would have been 14.3%

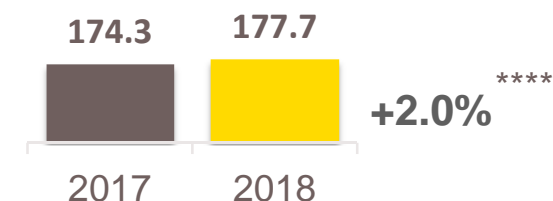
## Under Retail Segment



Excluding the Baht 11.7 bn. NTL loan reclassification impact, auto hire purchase loan growth would have been 12.6%



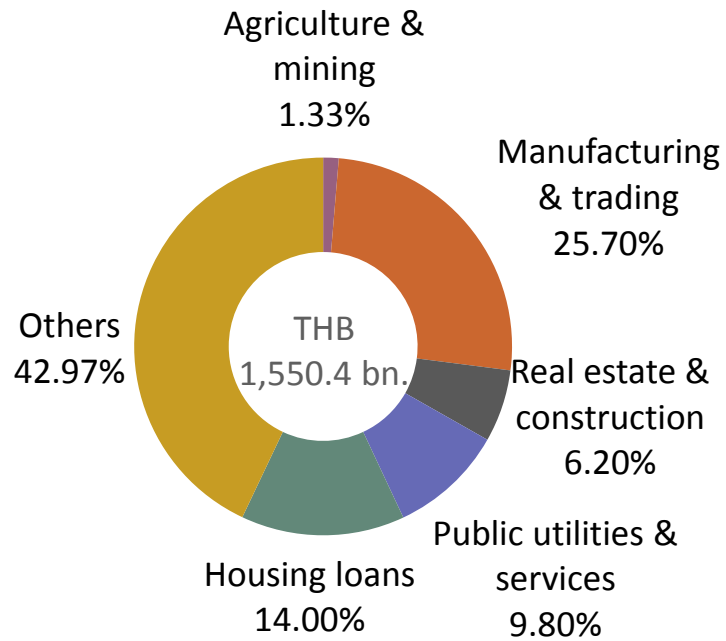
### Credit Cards and Personal Loans



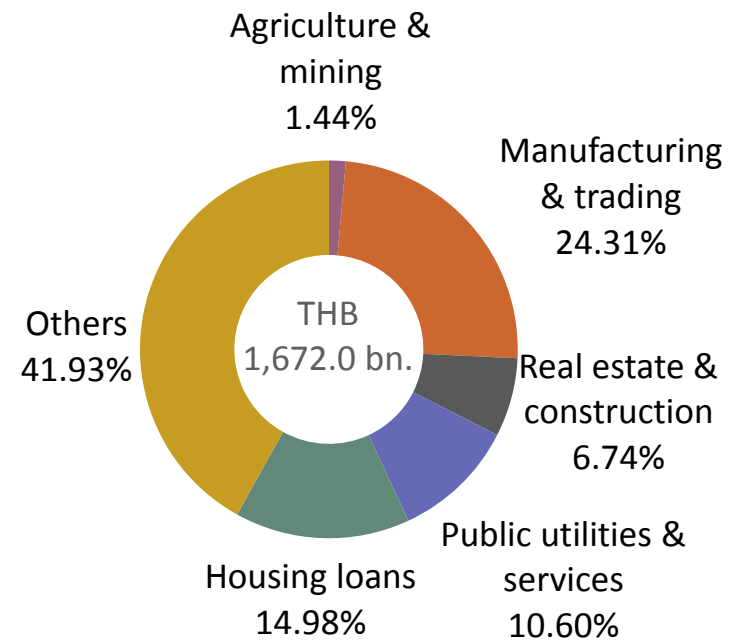
Excluding the Baht 25.2 bn. NTL loan reclassification impact, credit cards and personal loan growth would have been 16.4%

# Loan by Industry

## December 2017

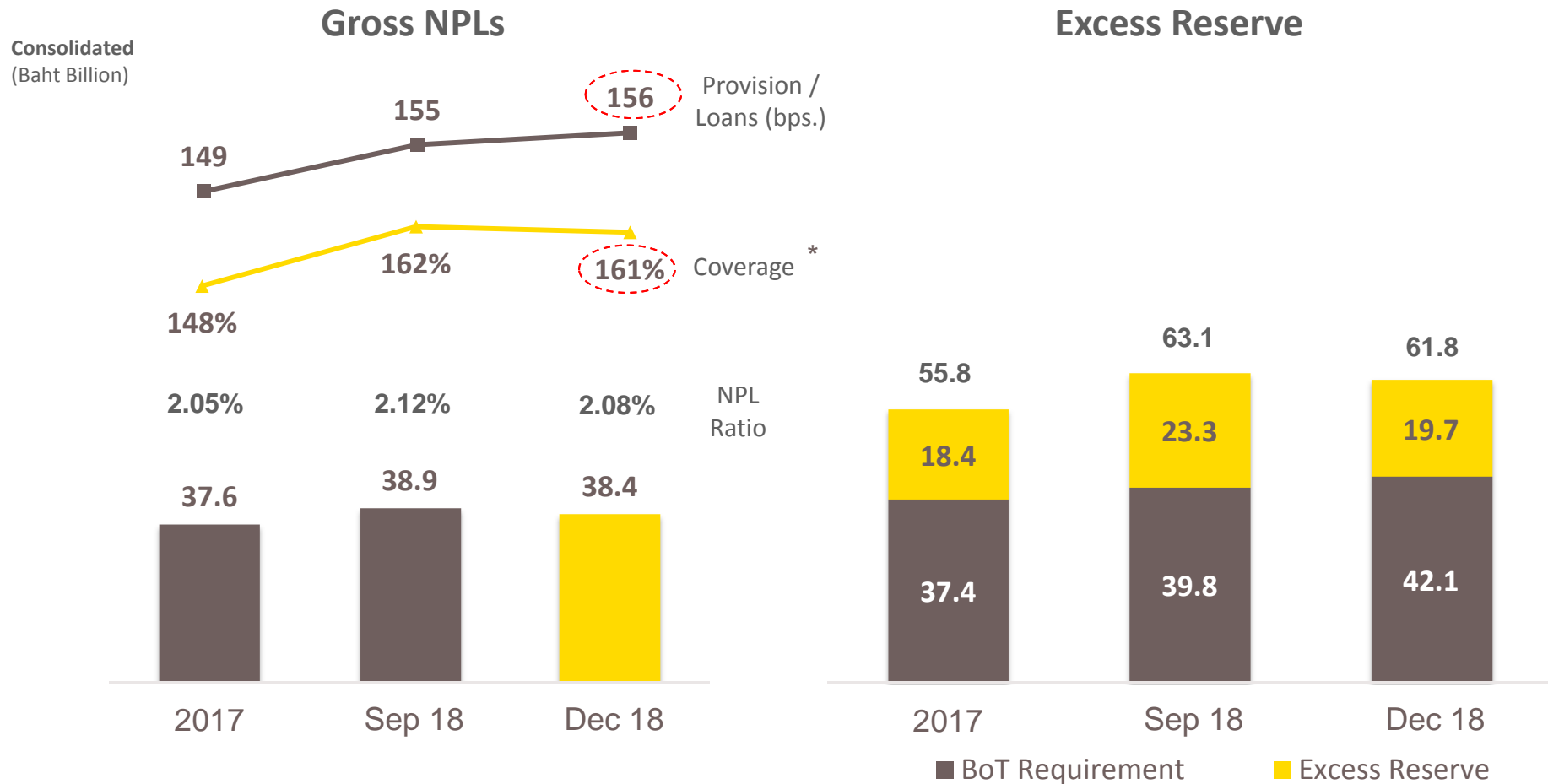


## December 2018



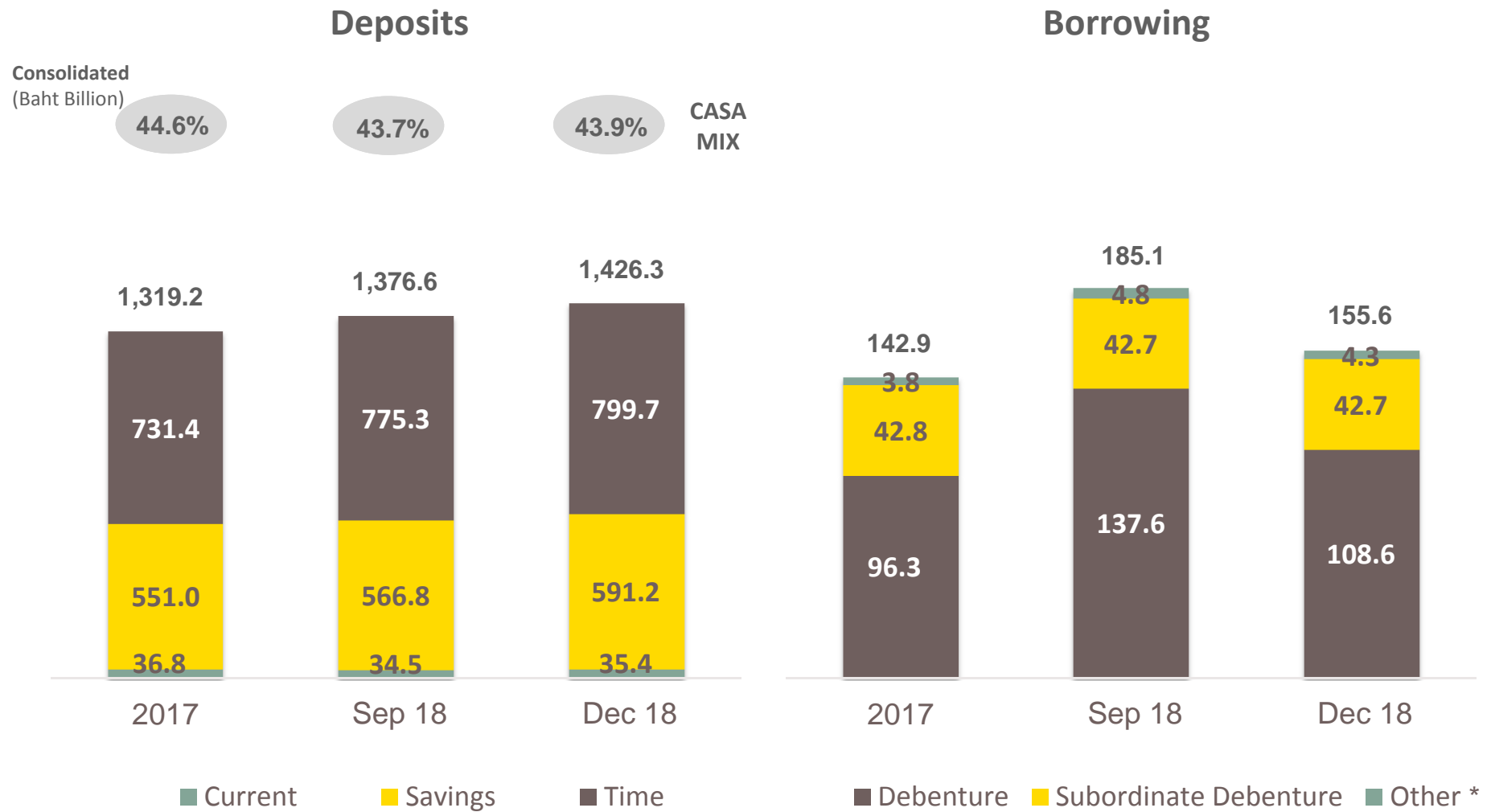
# Asset Quality

NPL ratio stood at 2.08%, with strong reserve position



\* Excluding the impact from NTL reclassification, loan-loss reserves would have stood at Baht 64.5 bn., with an excess of Baht 21.6 bn. over the BoT's reserve requirements, while the actual provisioning ratio when compared to the BoT's requirements would have stood at 150.2%, and the coverage ratio at 165.8%

# Funding Base



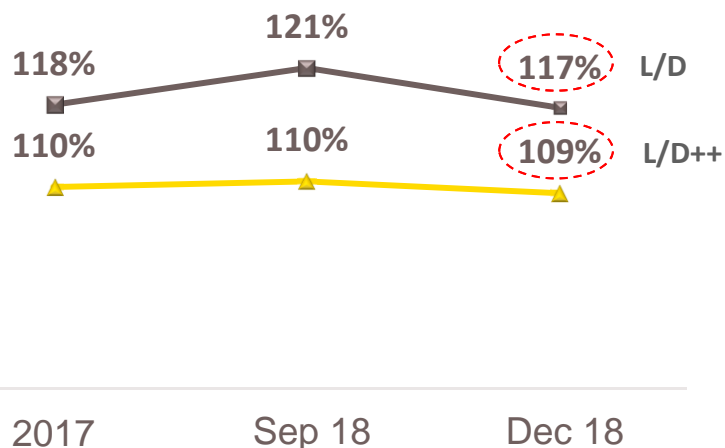


# Capital and Liquidity

Solid capital position, CAR equivalent to 15.13%

## Loan to Deposit

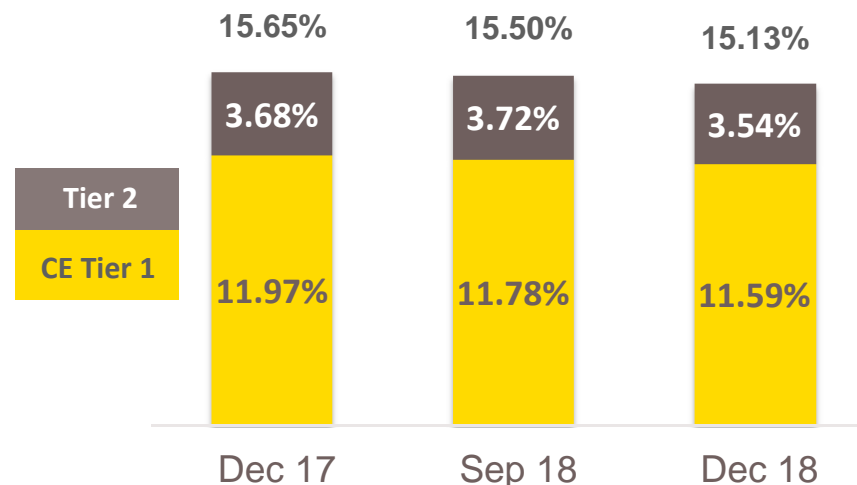
Consolidated



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	Sep 18	Dec 18
CE Tier 1	167.53	176.12	175.38
Tier 2	51.50	55.65	53.60
Total Capital	219.03	231.77	228.98

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.



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# Krungsri Profile

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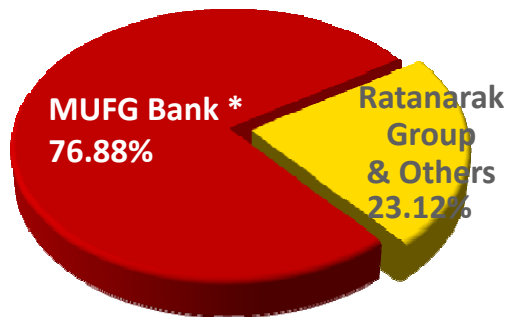
# Our History



- 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 6 Sep 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 November 2018	Market Position	% Share
<b>Consumer</b>		
Personal Loan	1	30%
Credit Card	1	16%
Auto (HP)	2	27%
SME	5	5%
Corporate	5	12%

## Extensive Franchise: 35,335 Service Outlets

As of December 2018	Number	As of December 2018	Number
Domestic Branches	703 *	First Choice Branches	150 Branches
Overseas Branches	2	+ Dealers	+ 22,738 Dealers
Representative Office	1	Krungsri Auto Dealers	> + 9,556 Dealers
ATMs	6,702	Microfinance Branches	813
Exchange Booths	90	Microfinance Overseas Branches (HKL)	178
Krungsri Exclusive	42	Thai Post Offices	> + 1,000
Krungsri Business Centers	62	EDC Machines	97,440

\* Krungsri Domestic Branches = 703 Branch, of which 664 are Banking Branches and 39 are Auto Business Branches



## กดเงินไม่ใช้บัตร **Krungsri Cardless**

สะดวก และง่ายสุดๆ

ใช้มือถือถอนเงินสดจากตู้ ATM ไม่ต้องใช้บัตร  
ผ่าน KMA เพียง download  
และลงทะเบียน KMA ก็ใช้บริการได้ทันที

- ✓ ฟรี ค่าธรรมเนียม
- ✓ ทมดปัญหาเรื่องลิ้มบัตร
- ✓ จ่ารหัสบัตร ATM ไม่ได้
- ✓ ใช้ได้ที่ตู้กรุงศรี ATM ทั่วประเทศ

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