



KKP Analyst Meeting 2013

February 4, 2014

KIATNAKIN PHATRA
FINANCIAL GROUP

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KKP Going Forward

Development & Improvement

Products & Services

- Develop all basic products to be put on the shelf e.g. title loan, truck, and mortgage
- Introduce innovation

Distribution channels

- Rationalize branch network
- Virtual branch

Business Partners

- Partnership to fill up products and distribution gap

Business integration

- Leverage group business to maximize synergies
 - Products: Investment / deposit / lending products for both retail and wholesale businesses
 - Platform
- Alignment of business interest and direction

Develop new businesses

- Financial Markets
- Corporate Banking
- SME Lending

Funding

- Build more retail funding and develop CASA base
- Dynamic funding practices, eliminate inefficiency

Progress: New businesses

- **Financial Markets (FM)**
 - Will be the foundation towards strong commercial bank with more completed banking products / services (fixed income securities, derivatives, and exchange rate) for Commercial Bank's and Capital Market's clients in both wholesale and retail segments
 - Current products include Interest Rate Swap (IRS), FX Swap, Forward, and Option
- **Corporate Banking Group (CBG)**
 - New wholesale customers with low credit risk and lower capital usage with low operating cost will help improve overall profitability
 - Will also help the Bank diversify its lending portfolio, thus reducing risk
 - First customer in 1Q14 will be the largest single borrower the bank ever underwritten
- **SME Lending**
 - More diversified industries and thus improve concentration risk of the Bank
 - In progress of recruiting head to lead the business

PERFORMANCE HIGHLIGHTS

2013 Key Highlights

Commercial Banking Business

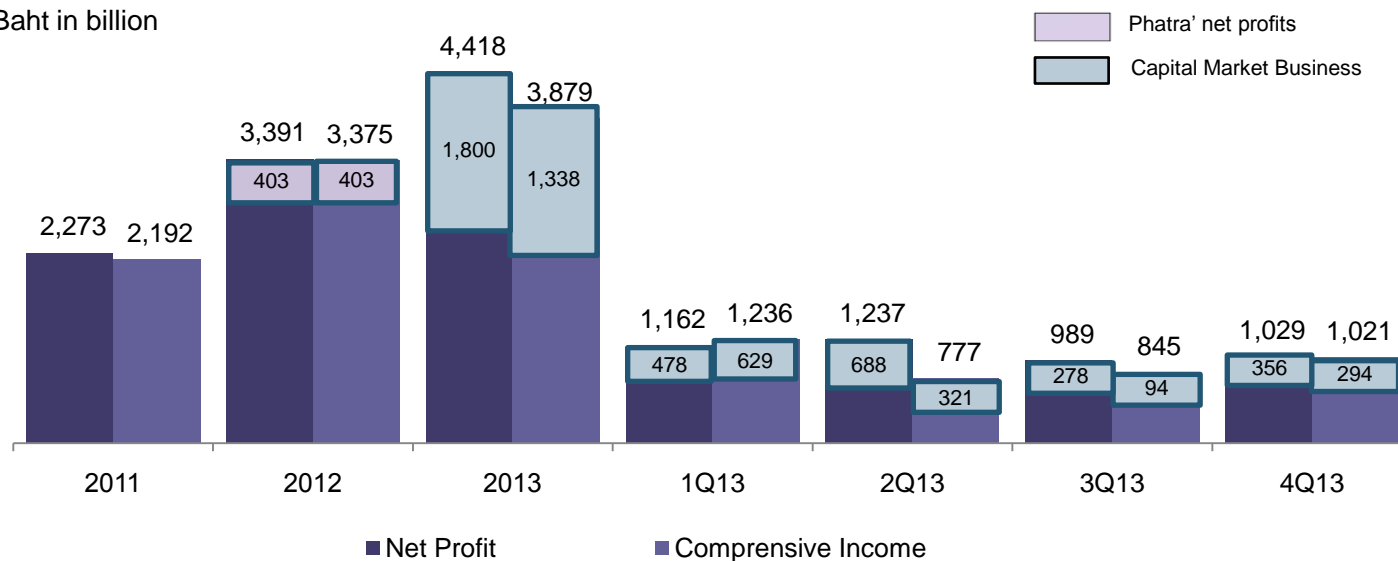
- Hire purchase
 - Industry auto car sales totaled 1,330,678 units in 2013, down 7.2% from the same period of last year, KK's penetration rate was 4.0%
 - 9.8% HP loan growth, with NPL = 2.1% end of 2013, up from 1.6% 2012
 - Loss from sale of repossessed cars increased due to 20-25% drop of used car price and rising NPL
- Commercial lending
 - 25.8%yoy growth, mainly from RE loan growth of 39.6%yoy
 - New business initiated i.e. construction related business
- SAM
 - NPA sales totaled Baht 2,777 million with gain of Baht 1,081 million
- Provisioning expenses
 - Less specific provisioning required for HP loans after Collective Approach adoption on June 30, 2013
 - General provision as counter cyclical buffer totaled Baht 805 million
 - Credit cost = 1.2%, and LLR/required reserve stayed high at 186.7%
- New business setup
 - Financial Market
 - Corporate Banking

Capital Market Business

- Equity Capital Market
 - SET Index closed at 1,298.71points, down 6.7%yoy
 - Average daily turnover was Baht 50,329 million in 2013, compared with Baht 32,304 million in 2012
 - Combined market share (SET+mai) = 5.69%, 4th rank, (PSEC = 4.39%, KKTRADE = 1.30%)
- Private Wealth Management
 - AUA = Baht 210 billion, grew 16% from Baht 182 billion end of 2012
- Asset Management Business
 - AUM of Phatra Asset = Baht 24,725 million, market share 0.80%
 - AUA of Private Fund = Baht 4,414 million, increased from Baht 1,847 million at the end of 2012
- Investment Business
 - 2013 was a volatile year for the capital market, with the SET index peaking at 1,643 points in May, and then declining thereafter. However, our Investment Business still generated total comprehensive income of Baht 803 million
- IBK activities
 - IB fee totaled Baht 773 million mainly from BTSGIF, MK's IPO, and BTMU's acquisition of BAY

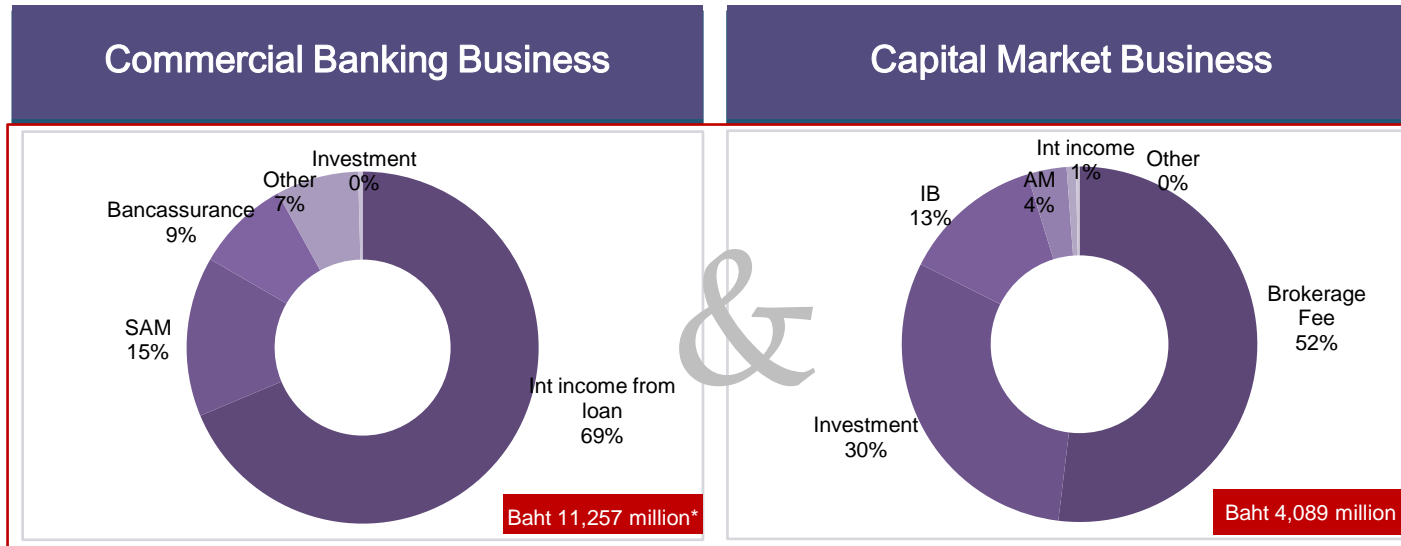
Net Profits

Baht in billion

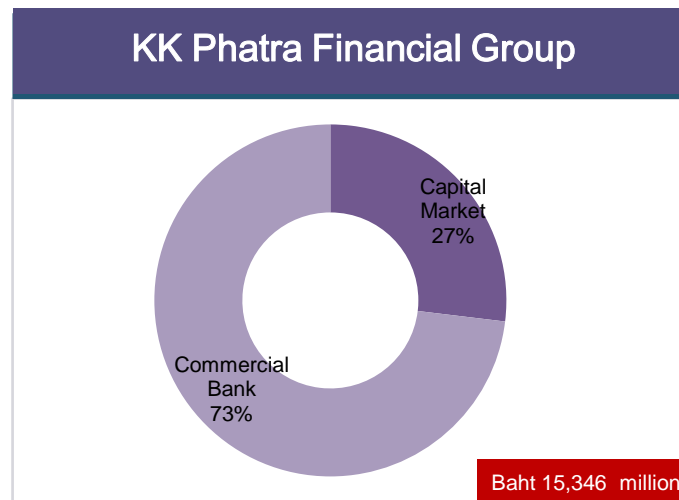


%	2011	2012	2013	1Q13	2Q13	3Q13	4Q13
ROAE	9.9	12.3	13.0	13.9	14.6	11.7	12.0
ROE	10.4	13.5	13.4	14.1	14.5	11.7	12.2
ROAA	1.4	1.6	1.8	1.9	2.0	1.6	1.7

2013 Net Revenue Breakdown

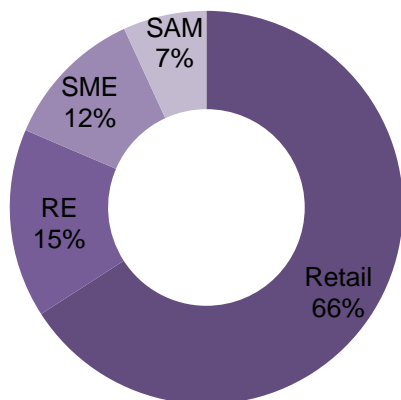


*Excl G/L from Repossession



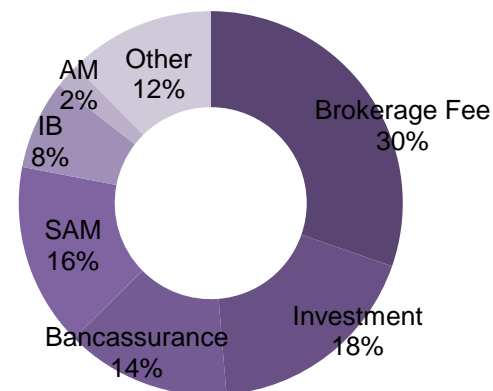
2013 Net Interest income : Non-net interest income

Net Interest Income
Baht 8,347 million

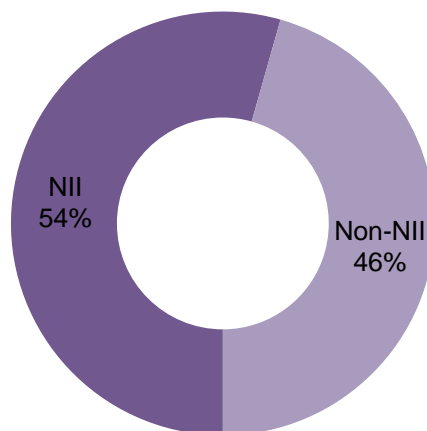


Non-net interest income*
Baht 6,999 million

*Excluding G/L from Repossession



Net interest income (NII) : Non-net interest income (Non-NII)



Baht 15,346 million

Consolidated Income Statements

Starting to consolidate Phatra performance from September 12, 2012 onwards.

Baht in million	1Q12	2Q12	3Q12	4Q12	1Q13	2Q13	3Q13	4Q13	QoQ	YoY	2012	2013	YoY
Interest income	3,013	3,741	3,789	3,909	3,771	4,050	4,023	3,965	(1%)	1%	14,452	15,809	9%
Interest expense	(1,586)	(1,820)	(2,007)	(1,926)	(1,866)	(1,852)	(1,879)	(1,865)	(1%)	(3%)	(7,339)	(7,462)	2%
NII	1,427	1,921	1,782	1,983	1,904	2,198	2,144	2,100	(2%)	6%	7,113	8,347	17%
Fees income	454	501	616	1,002	1,141	1,466	1,056	1,175	11%	17%	2,573	4,838	88%
Fees expense	(50)	(50)	(66)	(126)	(126)	(131)	(120)	(104)	(13%)	(17%)	(292)	(481)	65%
Net fees income	404	450	551	876	1,016	1,334	936	1,071	14%	22%	2,281	4,357	91%
Other operating income	355	365	701	704	805	392	(3)	313	(9737%)	(56%)	2,124	1,506	(29%)
Total operating income	2,186	2,735	3,033	3,563	3,725	3,925	3,077	3,484	13%	(2%)	11,518	14,211	23%
Operating expense	(1,327)	(1,212)	(1,507)	(1,883)	(1,686)	(1,668)	(1,513)	(1,713)	13%	(9%)	(5,929)	(6,579)	11%
Impairment loss	(156)	(560)	(427)	(412)	(596)	(747)	(344)	(552)	60%	34%	(1,555)	(2,240)	44%
Specific reserve	(516)	(440)	(307)	(292)	(431)	(747)	(89)	(167)	87%	(43%)	(1,555)	(1,435)	48%
General reserve	360	(120)	(120)	(120)	(165)	-	(255)	(385)	51%	221%	-	(805)	48%
Income before income tax	702	963	1,099	1,268	1,443	1,510	1,219	1,219	(0%)	(4%)	4,033	5,391	48%
Net income -Bank	577	818	928	1,069	1,162	1,237	989	1,029	4%	(4%)	3,391	4,418	30%
Diluted EPS	0.91	1.28	1.36	1.27	1.38	1.47	1.18	1.22	3%	(4%)	4.85	5.25	8%
CI - Bank	469	908	853	1,146	1,236	777	844	1,021	21%	(11%)	3,375	3,879	15%
Headcount	3,709	3,696	3,854	3,860	3,872	3,917	3,962	3,940					
Branches	78	80	85	87	87	87	87	87					

Financial Performance vs Target

%	2011A	2012A	2013F	2013A	1Q13	2Q13	3Q13	4Q13	2014F
ROAE	9.9	12.3	13-15	13.0	13.9	14.6	11.7	12.0	13-15
Loan Growth	26.5	24.5	19	12.9	4.3	3.5	2.4	2.1	21*
Retail	30.2	23.8	15	9.4	3.4	2.2	2.1	1.5	15
Commercial Loans	18.5	28.9	34	25.8	8.9	7.8	3.6	3.4	21
Loan Spread	4.3	3.9	3.7	4.0	3.9	4.2	3.9	3.8	3.9
Gross NPLs	3.4	3.3	3.0-3.5	3.8	3.2	3.5	3.5	3.8	3.0-3.5
NPA Sales (Baht in billion)	3.2	3.2	2.5	2.8	0.6	0.7	0.6	1.0	2.3
Branches	72	87	87	87	87	87	87	87	90

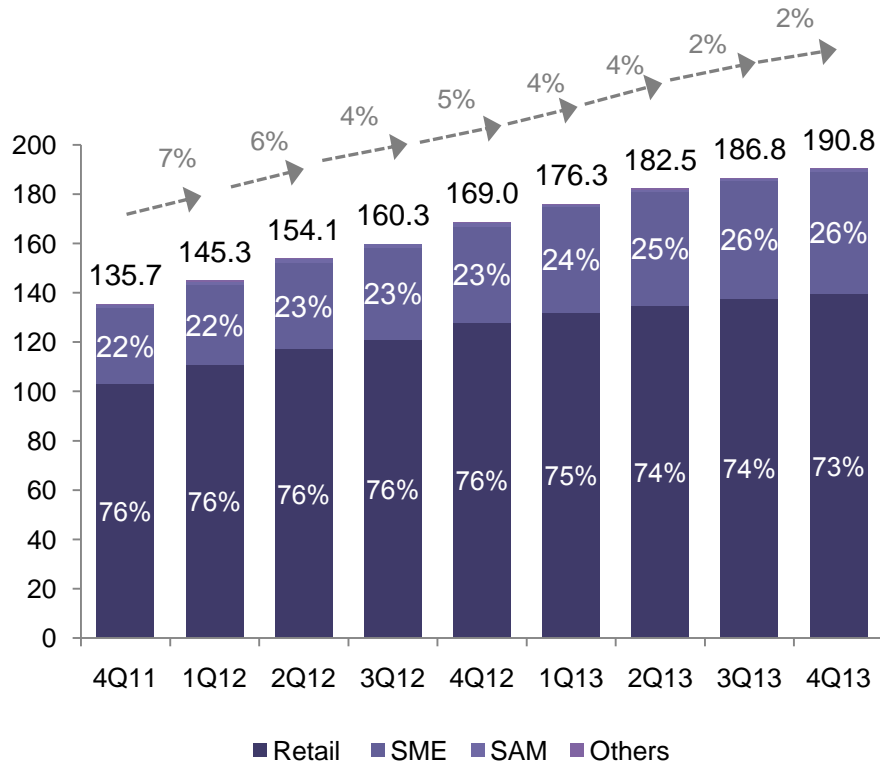
*including Corporate banking loans

COMMERCIAL BANKING BUSINESS

Loan Growth

Gross Loan Composition

Baht in billion

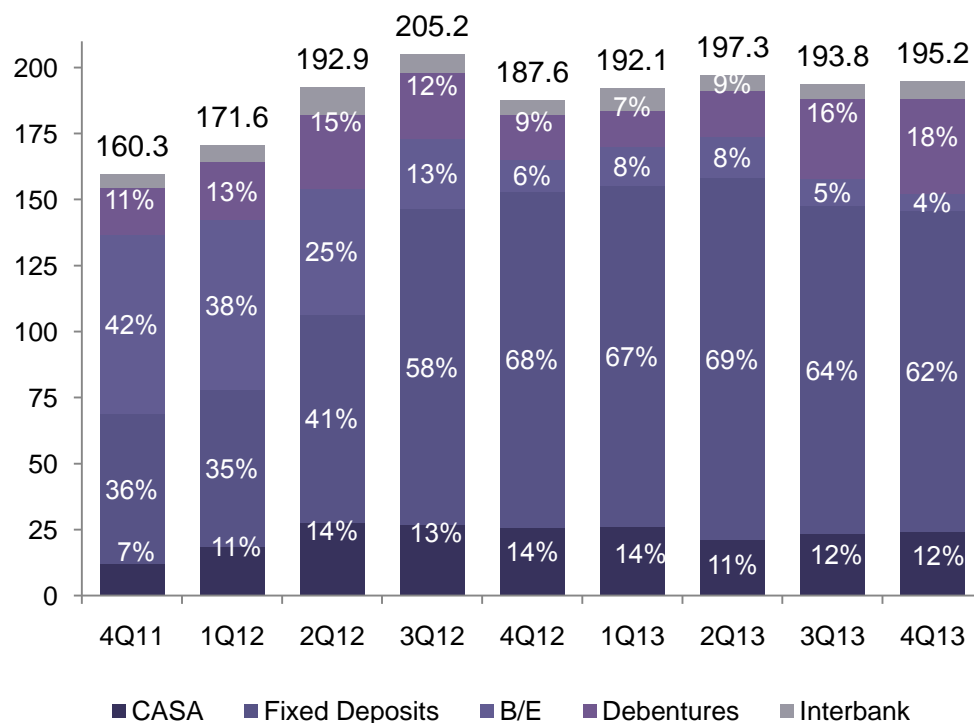


- **Retail Banking (73.2%) - grew by 9.4%yoy**
 - Auto Hire Purchase (70.2%)
 - Growing continuously by 9.8%yoy
 - Outstanding HP loans of Baht 134,019 million
 - New : Used = 53:47
 - NPL increased to 2.1% from 1.6% in 2012
 - Other retail loans (3.0%)
 - Micro SMEs – Baht 1,655 million
 - Personal loan - Baht 3,620 million
 - Housing loan - Baht 443 million
- **Commercial Lending (25.9%) – grew by 25.8%yoy**
 - RE (Real Estate Development) (15.0%)
 - Impressive growth of 39.6%yoy
 - NPL dropped to 8.3% from 9.6% in 2012
 - SMEs loans (11.0%)
 - Loan growth of 10.8%yoy
 - NPL rose to 4.4% from 3.3% in 2012, mainly from floor plan financing

More Dynamic Funding mix

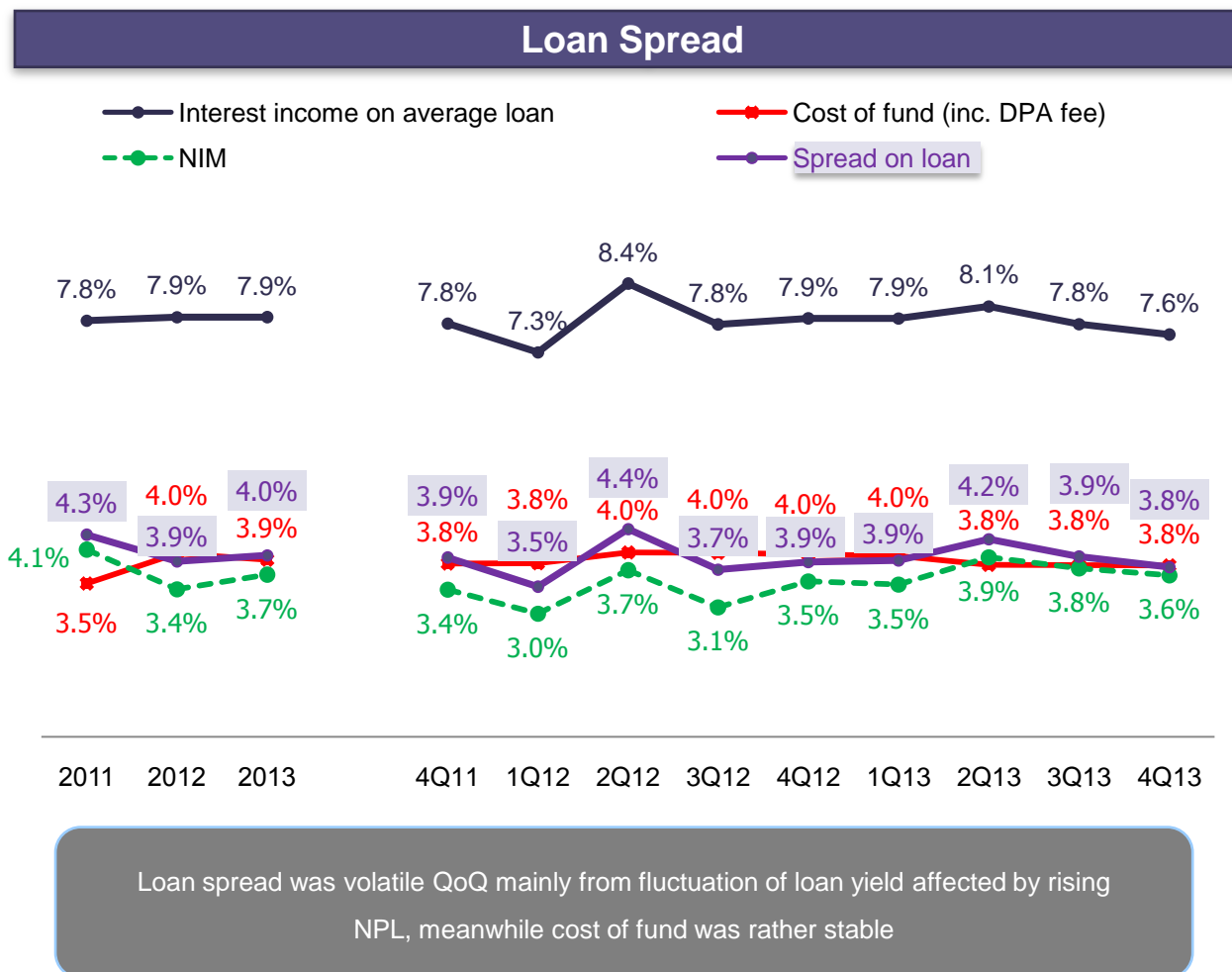
Interest Bearing Debt

Baht in billion



- In 2013, KK issued short-term debentures for the period of not more than 270 days amounting Baht 15,905 million, and long-term debentures totaling Baht 8,160 million
- Duration gap was 1.0 year
 - assets duration = 1.55 years
 - liabilities duration = 0.50 years

Loan spread

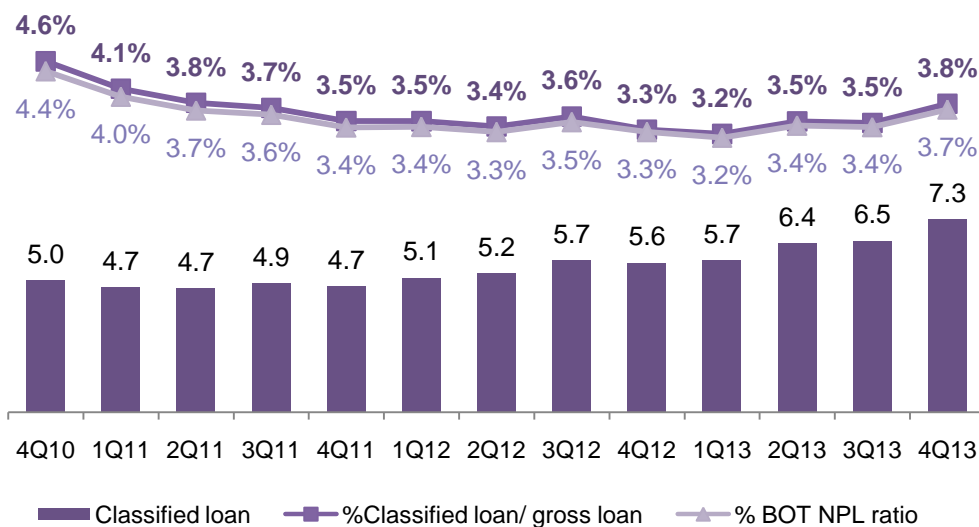


NIM = (net interest income) / average earning assets including Interbank, investment in securities, investment in loans, loans net deferred revenue

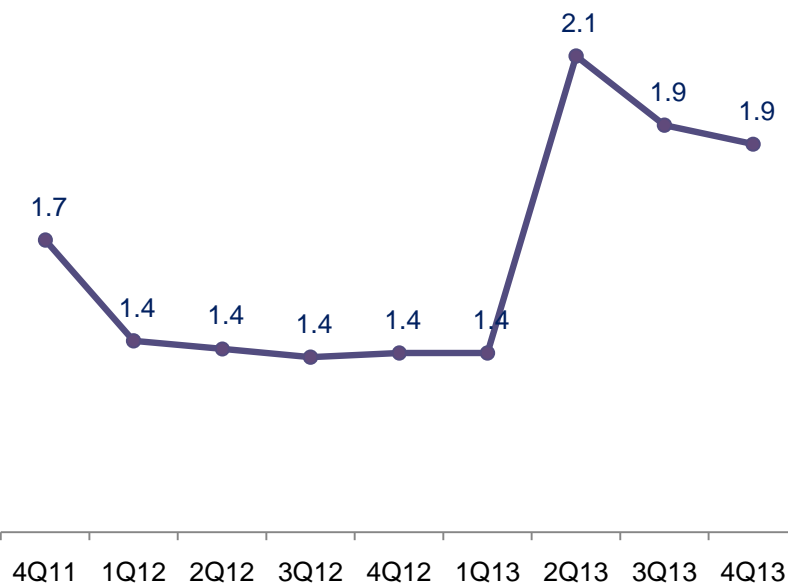
Asset Quality and Loan Loss Reserve

Gross Classified Loan

Baht in billions



LLR / Required Reserve (Bank Only)

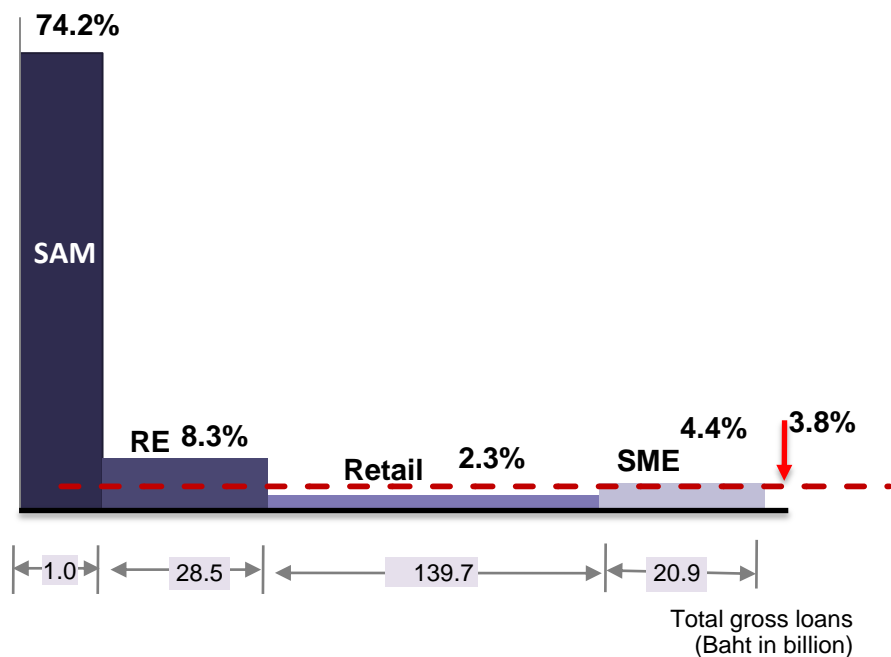


Asset quality deteriorated further mainly from HP business especially used car segment, as a result of the government first car scheme

As of June 30, 2013, the Bank applied Collective Approach as mandatory reserve set up for HP portfolio, and additional general provision of Baht 805 million in 2013

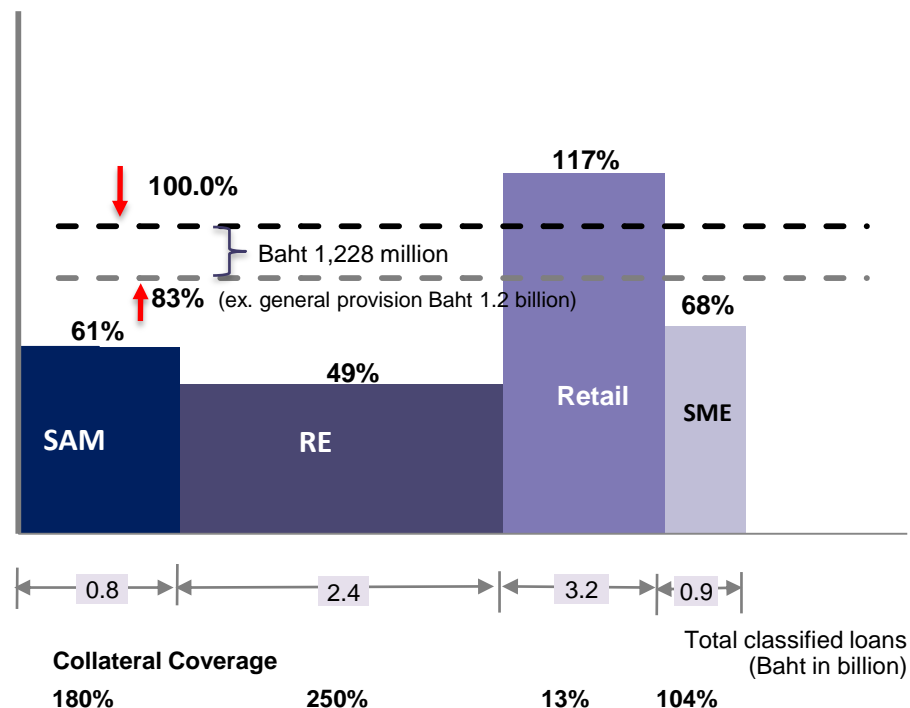
NPL and Coverage ratio

% Classified loans / Gross loans



NPL increased to Baht 7,283 million or 3.8%, of gross loan, mainly coming from retail lending.

% Reserve / Classified loans

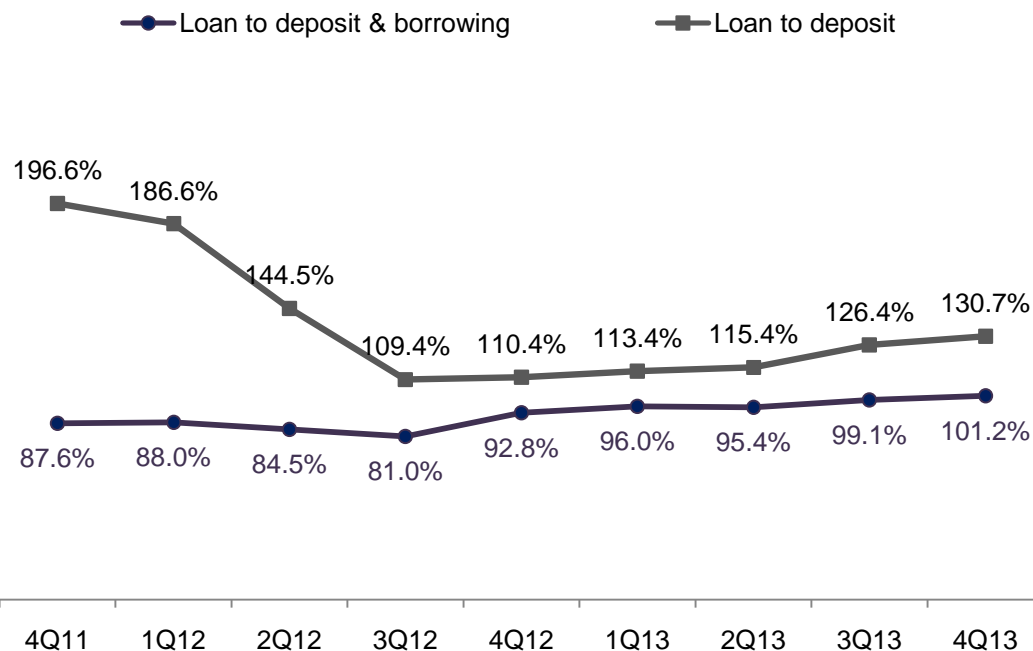


Coverage ratio was 100.0%, with outstanding general provision of Baht 1,228 million

(*if including RE loan transferred to SAM, RE's NPL was 9.7%, and SAM's NPL was 55.2%. Reserve/NPL of SAM would be 72% and of RE was 49%)

Liquidity

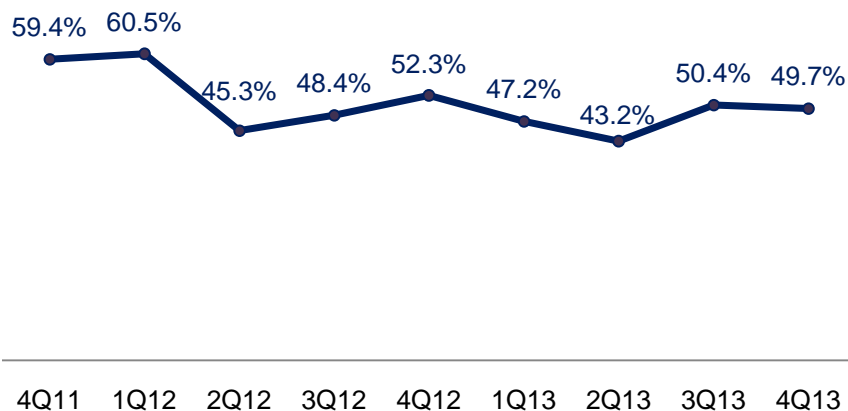
Loan to Deposit & Borrowing Ratio



As KK's funding structure relies on both deposit and borrowing, loan to deposit & borrowing is a better measure of KK's liquidity.

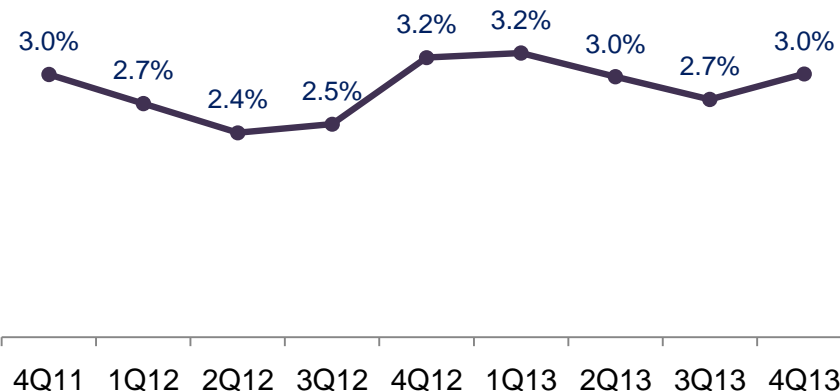
Efficiency ratio

Cost to Income¹



Cost to income ratio for 2013 was 47.4%, compared with 51.1% in 2012

Cost to Earning Assets* (annualized)

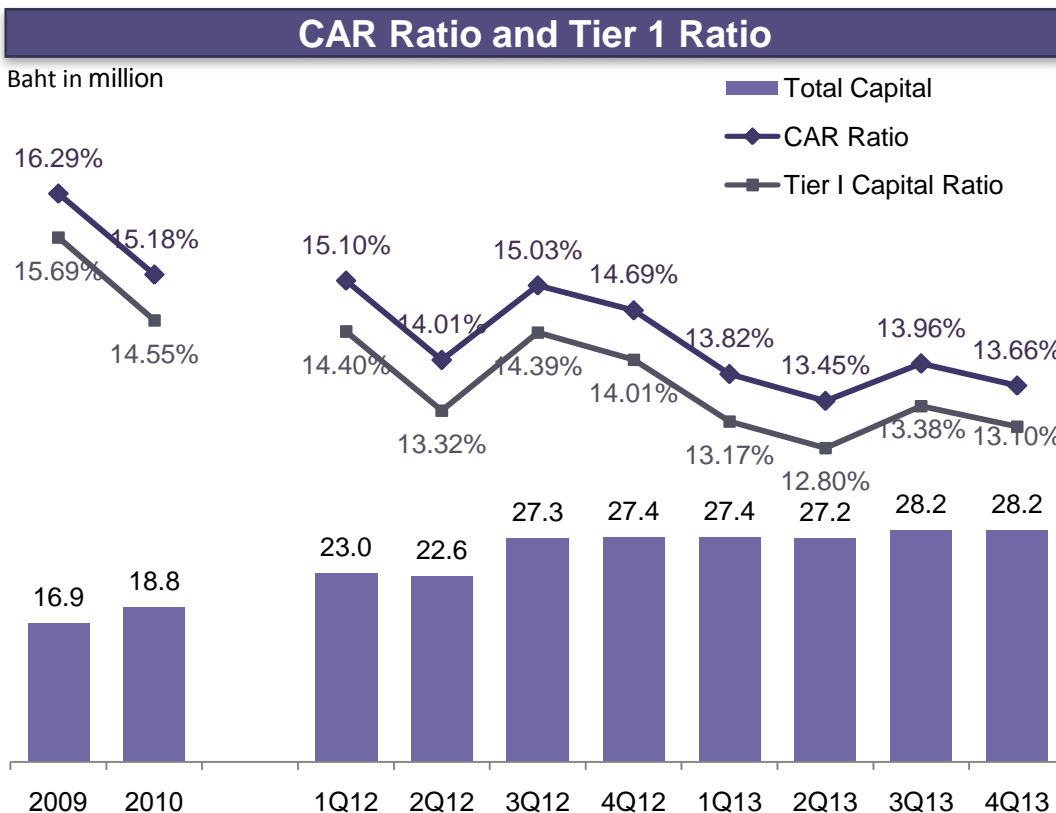


Operating cost to earning assets remained the same below 1% per quarter, or below 4% per year

¹/(Operating expense excl. Loss from fair value adjustment) / Net revenue

*Earning assets includes net loan, NPA, Interbank & money markets and Investment in loans & properties

High quality capital (common equity)



- 2013 BIS ratio based on Basel III increased from accumulated earnings and profits during the year as well as moderate loan growth momentum in 2013
- If including 2H13 net profits:
 - CAR ratio = 14.76%
 - Tier 1 ratio = 14.21%
- Goodwill amounting Baht 3,010 million is not counted as the Tier 1 capital in accordance with the BoT

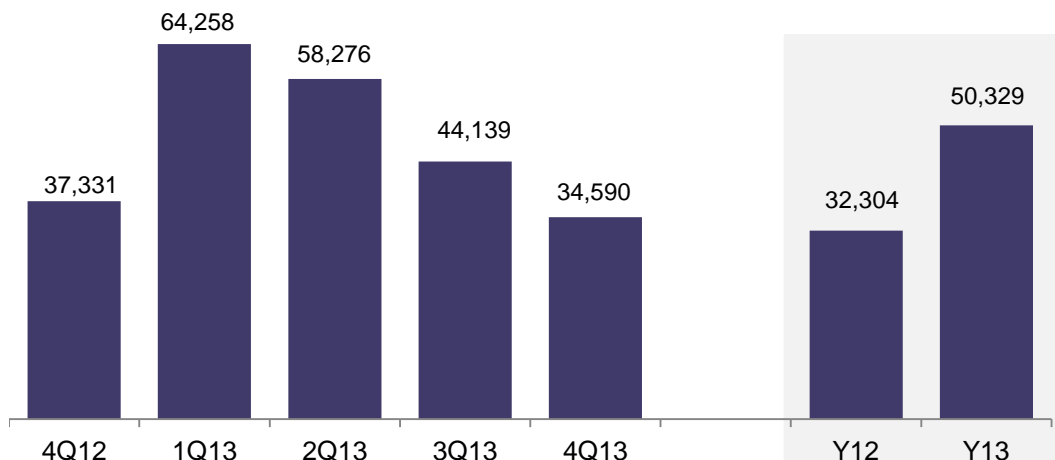
CAPITAL MARKET BUSINESS

Capital Market Business - Financial Performance Summary

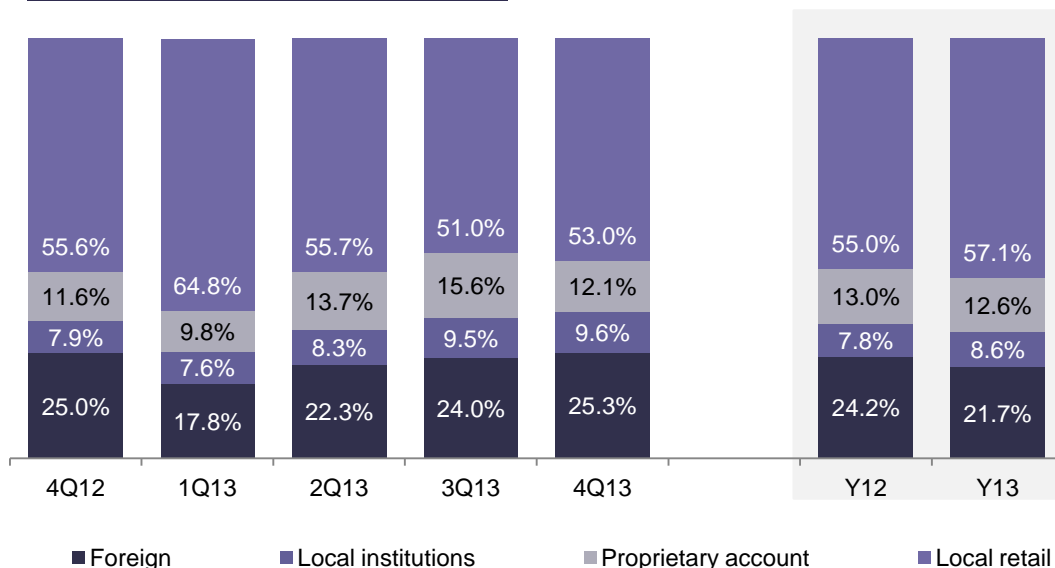
(million baht)	4Q12	1Q13	2Q13	3Q13	4Q13	% change q-o-q	% change y-o-y	Y2012	Y2013
Revenues									
Agency Business									
Brokerage fees	449.0	678.6	629.7	486.9	623.5	28.1%	38.9%	1,531.7	2,418.7
Fee and services income	135.1	36.4	421.0	134.1	114.2	-14.8%	-15.4%	352.9	705.7
Interest on margin loan	6.6	9.1	10.5	10.4	10.7	2.9%	61.6%	27.5	40.7
Agency Business	590.7	724.1	1,061.2	631.4	748.4	18.5%	26.7%	1,912.1	3,165.1
Investment Business	294.4	602.8	434.9	218.0	122.6	-43.8%	-58.4%	1,028.8	1,378.2
Other income	4.3	7.6	11.3	9.9	52.4	429.2%	1132.7%	27.7	81.2
Total Revenues	889.4	1,334.5	1,507.3	859.3	923.4	7.5%	3.8%	2,968.5	4,624.5
Total Expenses	557.7	745.4	644.4	506.3	477.0	-5.8%	-14.5%	1,867.3	2,373.1
Net Profit (Loss)	263.4	471.7	689.2	278.9	355.8	27.6%	35.1%	842.9	1,795.6
Other comprehensive incomes :									
Gain/(Loss) on revaluation									
available-for-sale investment (net tax)	68.8	150.9	-365.0	-184.2	-59.9	67.5%	-187.1%	284.9	-458.2
Actuarial Loss on retirement (net tax)	12.7	0.0	-1.7	0.0	-2.2	n.a.	-117.5%	12.7	-3.9
Other comprehensive incomes - net of tax	81.4	150.9	-366.7	-184.2	-62.1	66.3%	-176.3%	297.5	-462.1
Total comprehensive income for the period	344.8	622.5	322.5	94.7	293.7	210.2%	-14.8%	1,140.4	1,333.5

Agency Business – Equity Brokerage Business

Market Daily Average Trading Value (Bt million)

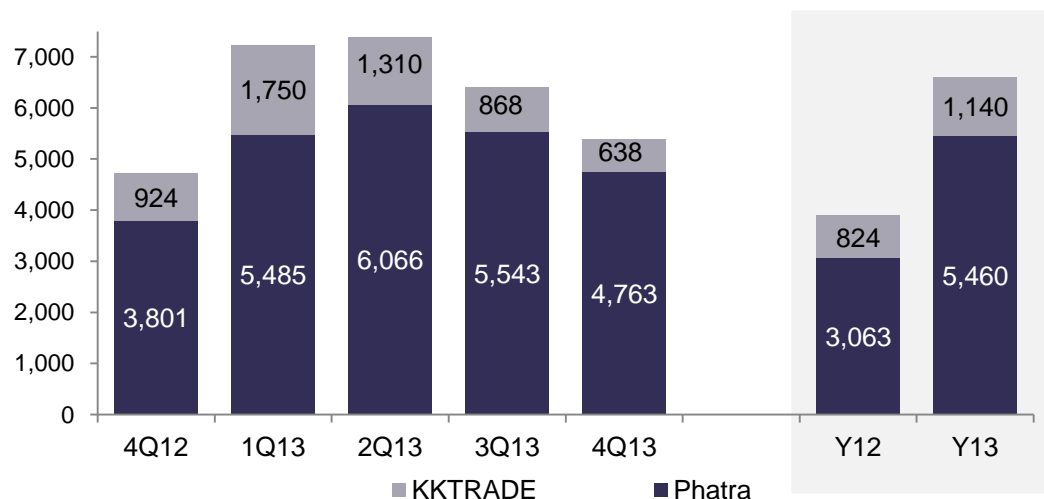


Breakdown of client of SET & MAI

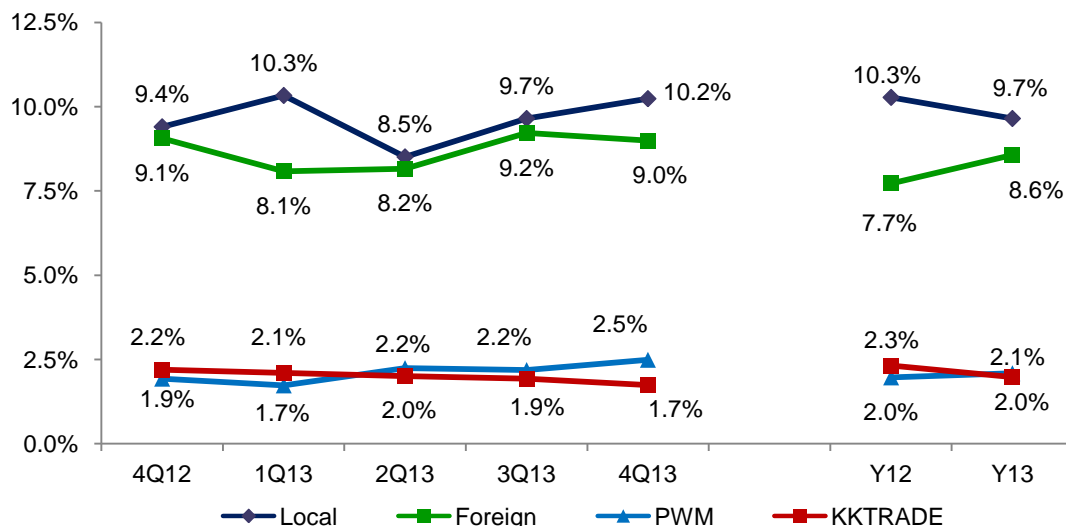


Agency Business – Equity Brokerage Business

Daily Average Trading Value (Bt million)



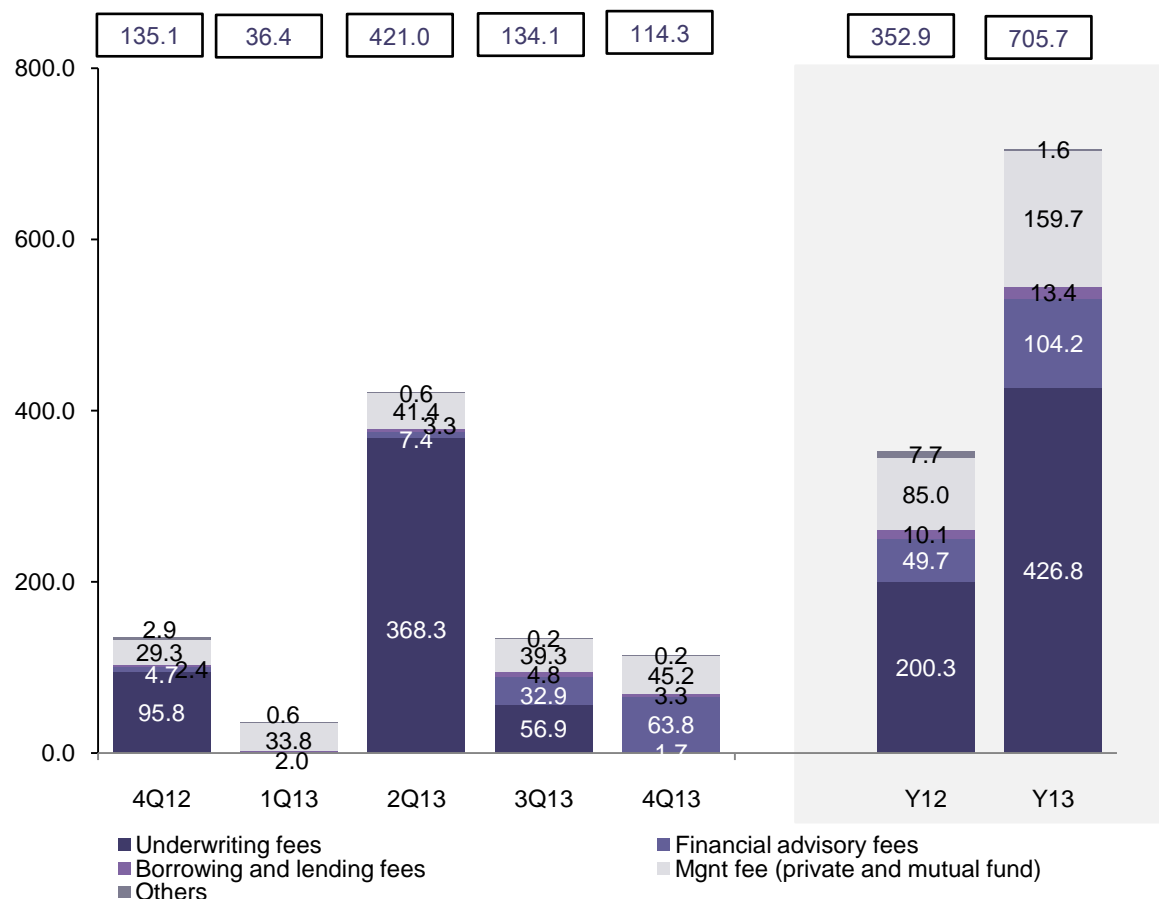
Market share (excluded proprietary trade)



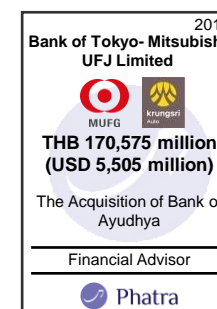
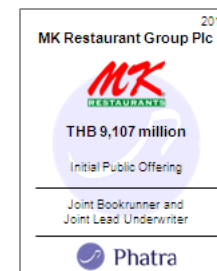
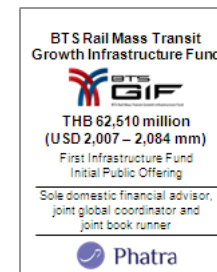
Phatra and KKTRADE's overall market share at the end of 2013 was 4.39%, ranked #9 and 1.30%, ranked #25, respectively, compared to 4.25%, ranked #9 and 1.43%, ranked #23 in 2012

Agency Business (cont'd)

Fee and Service Income breakdown (Baht million)



Complete Transaction in Y13

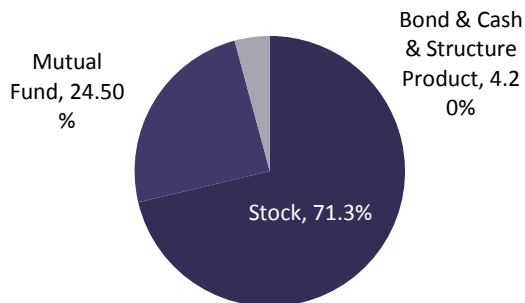


Agency Business (cont'd)

HNW's Asset Base

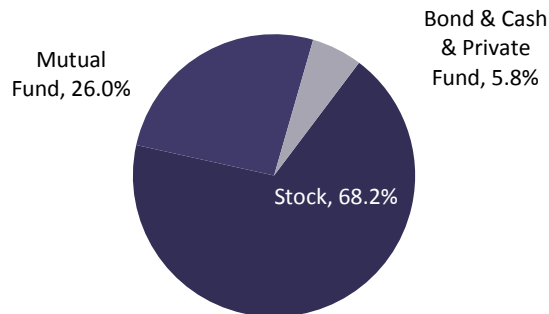
Y2012

Total: Baht 182 billion



Y2013

Total: Baht 210 billion



Average Yield

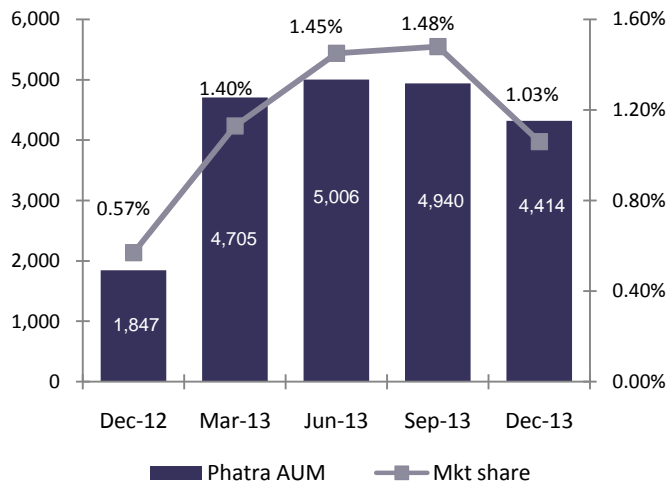
0.27%

0.38%

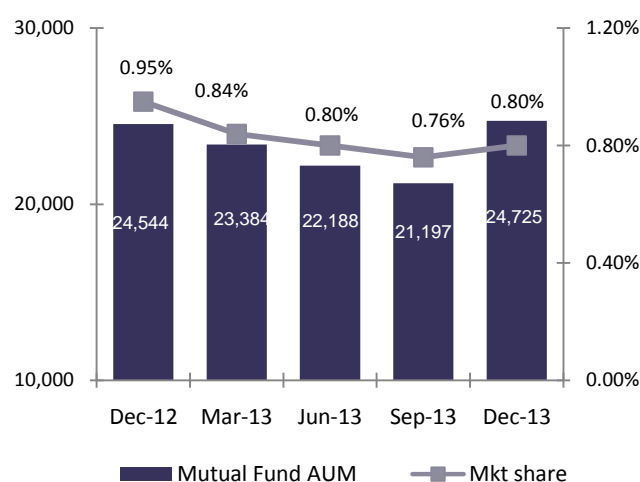
- Our Asset under Advise (AUA) grew 16% in Y2013 and has net new money amount Baht 34,330 million

Asset Management Business

Private Fund



Mutual Fund



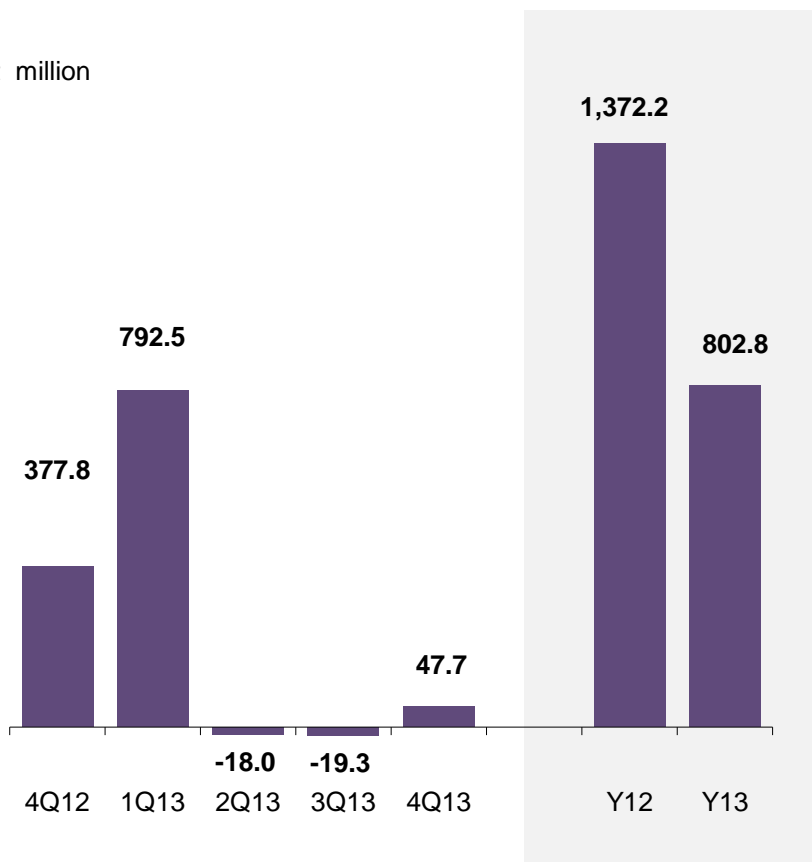
- Private fund was launch in Jul 2012 and had AUM amount Baht 4,414 million at the end of December 2013

Investment Business

Comprehensive Revenue

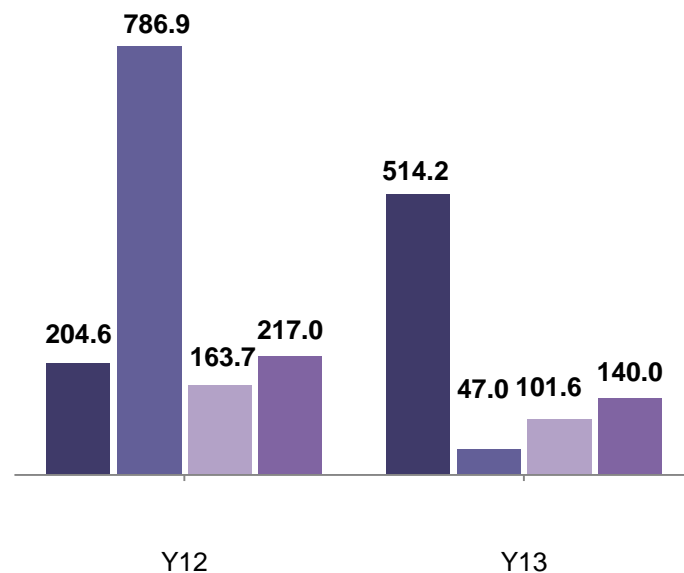
Total

Baht million



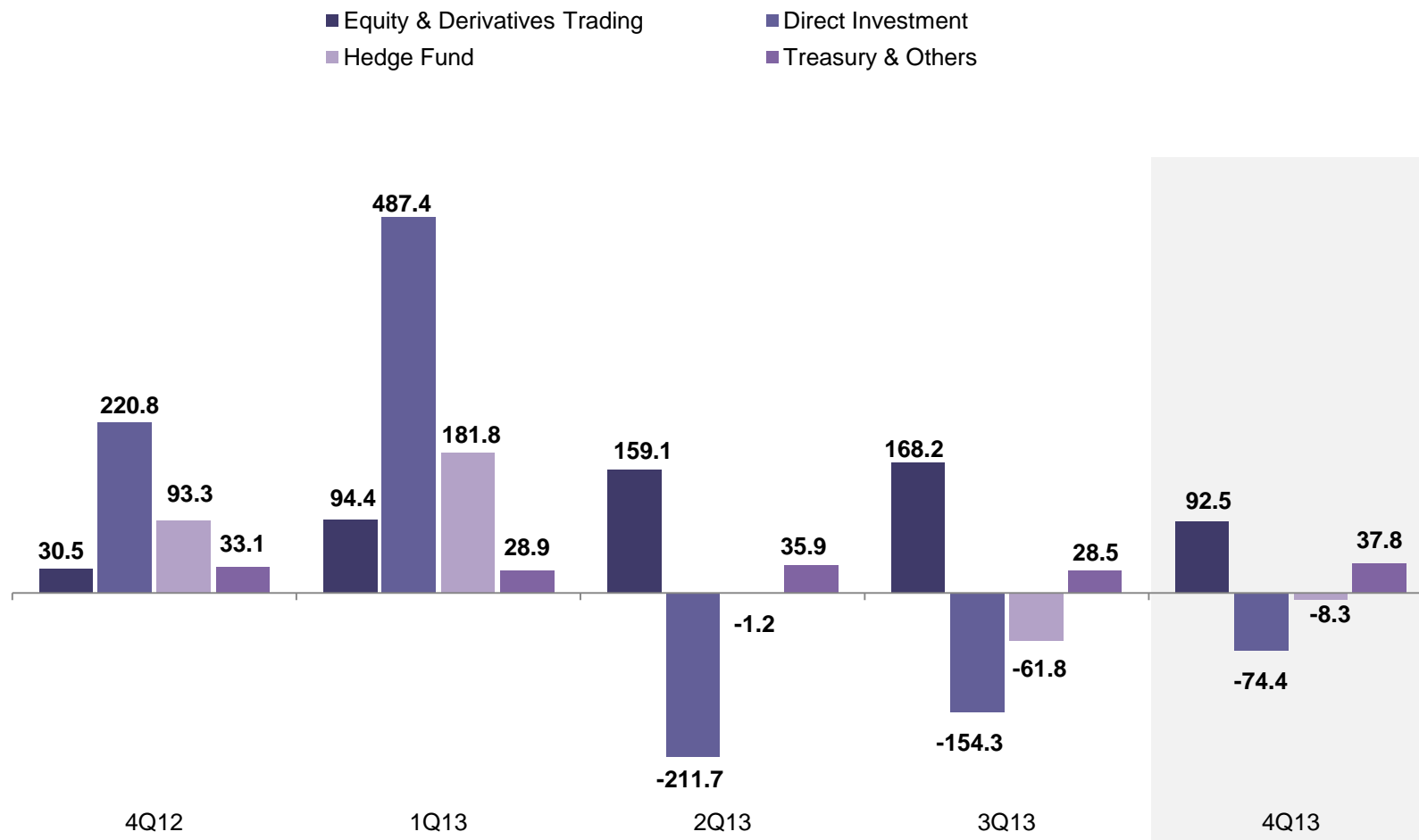
Breakdown by Department

■ Equity & Derivatives Trading ■ Direct Investment
 ■ Hedge Fund ■ Treasury & Others



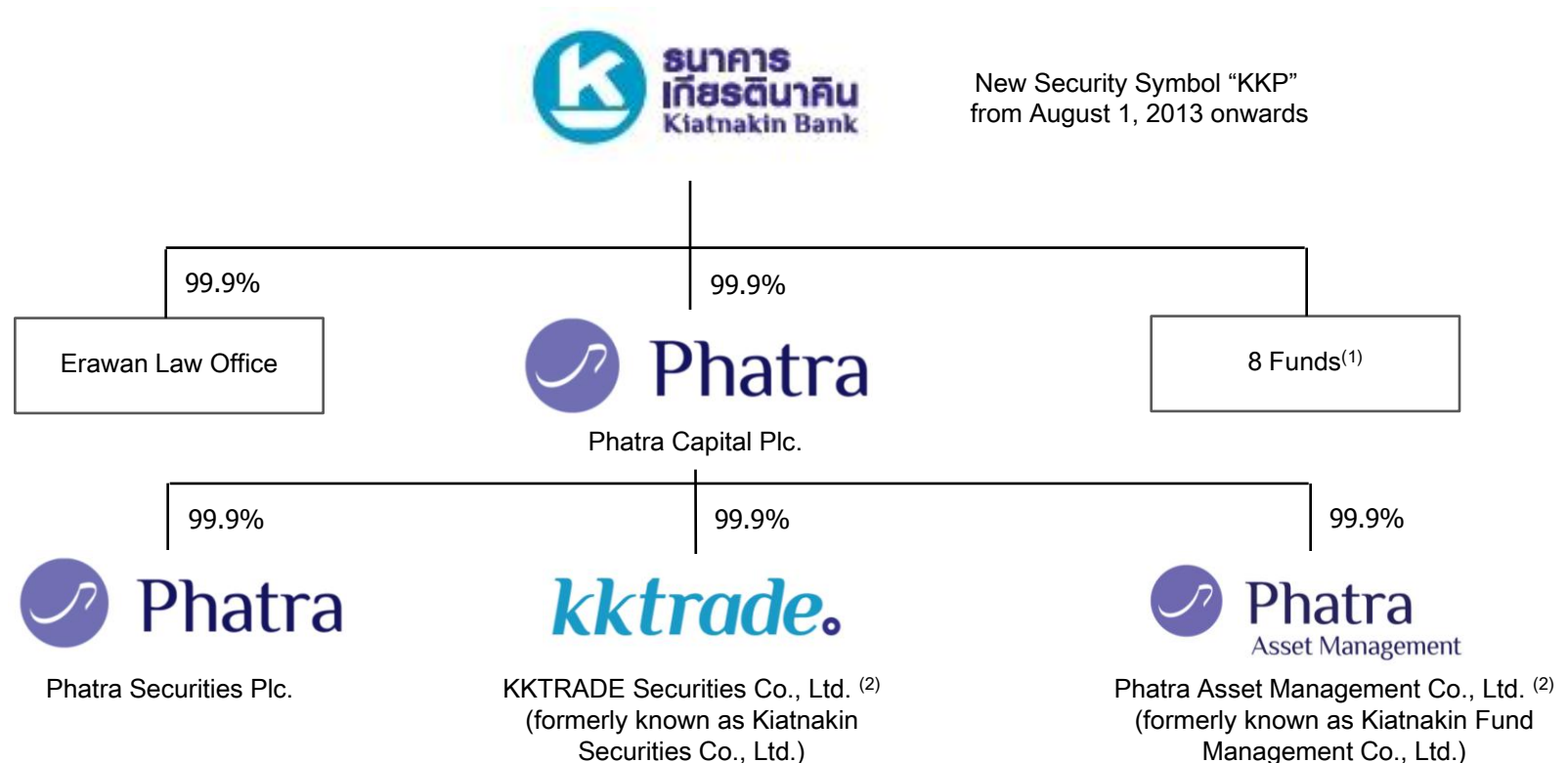
Investment Business

Revenues breakdown by quarter



APPENDIX

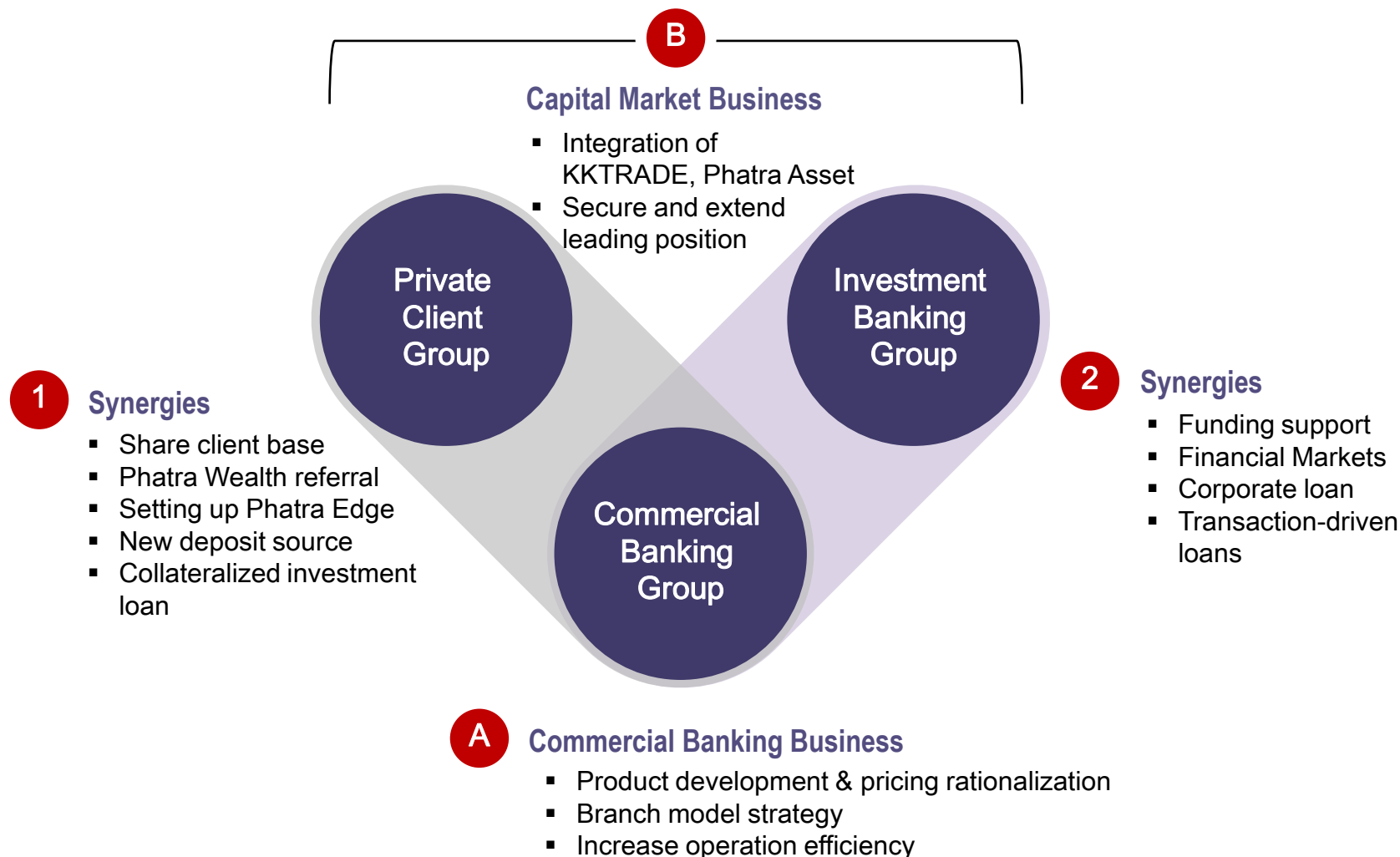
KK Phatra Financial Group Structure



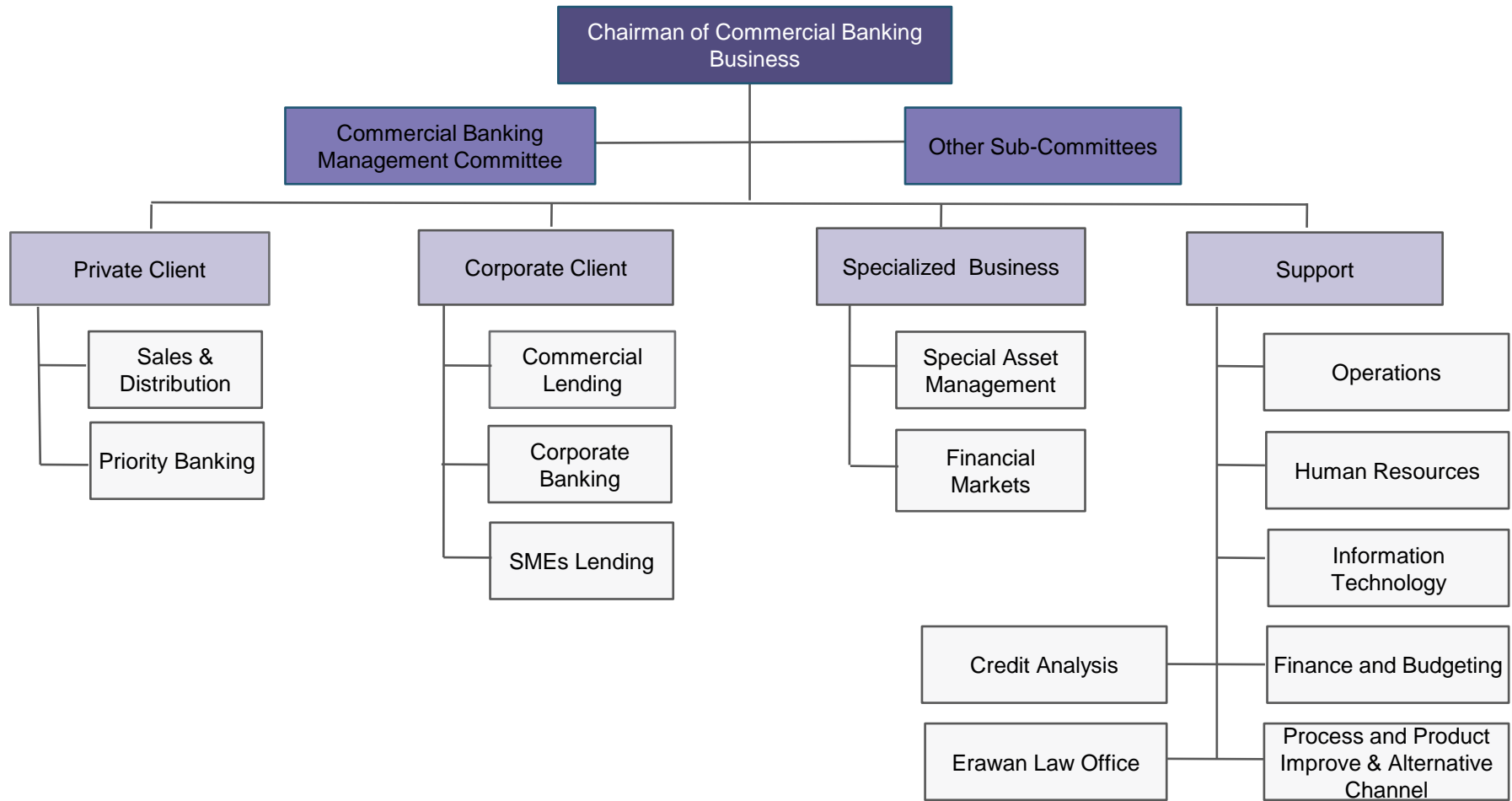
(1) Asia Recovery Fund 1 (99.95%), Asia Recovery Fund 2 (99.59%), Asia Recovery Fund 3 (99.97%), Thai Restructuring Fund (98.91%), Asia Recovery Property Fund 1 (99.50%), Asia Recovery Property Fund 3 (98.77%), Bangkok Capital Fund (95.72%), and Gamma Capital Fund (94.03%)

(2) As 90% tender offer condition was met, KKTRADE was transferred on January 2, 2013 and Phatra Asset Management was transferred on December 28, 2012

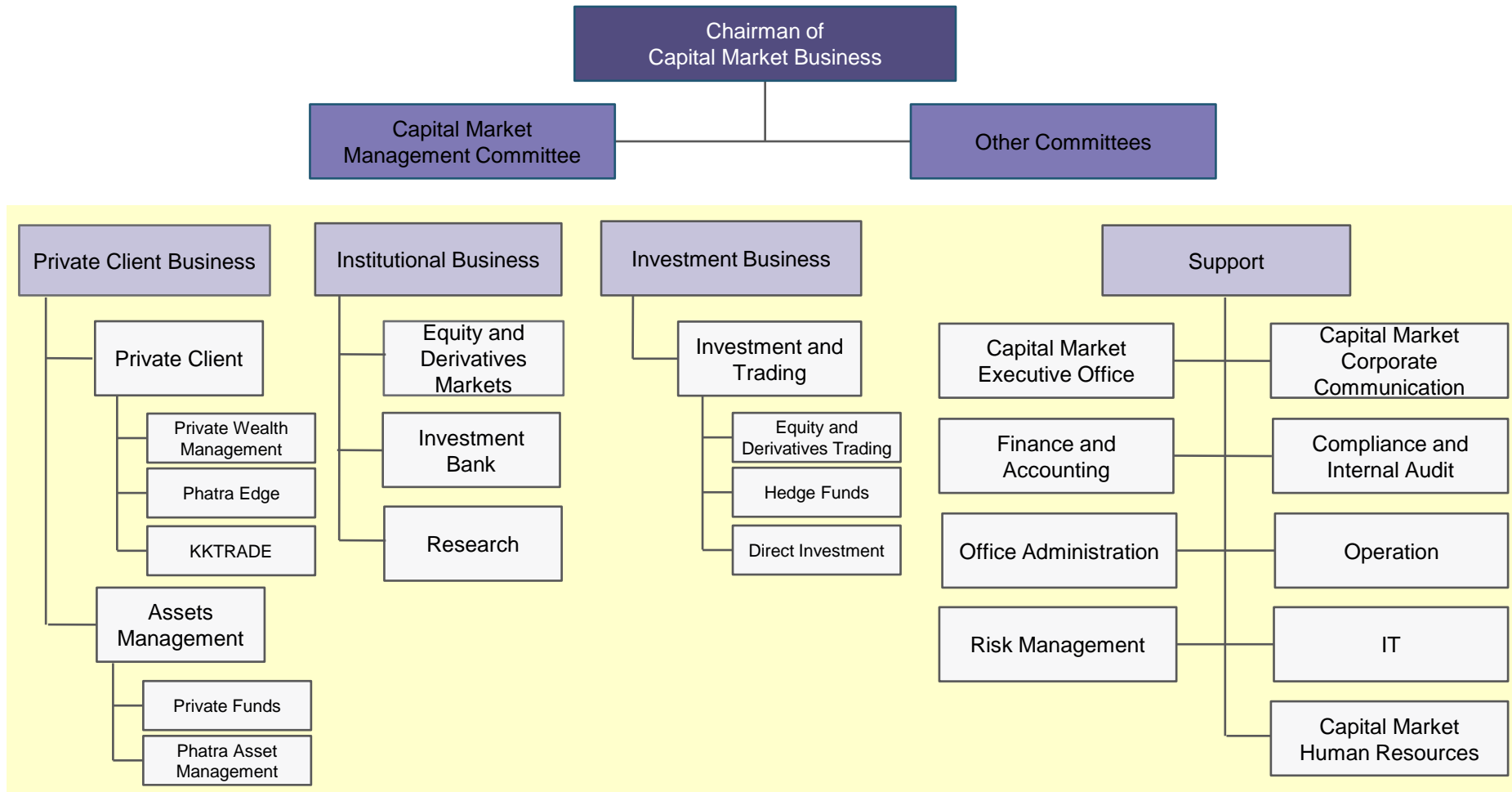
Post merger focus



Commercial Banking Business



Capital Market Business

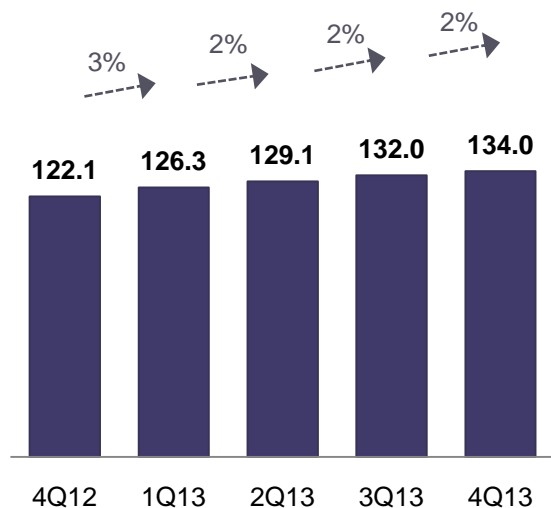


HP : moderate growth with steady NPL level

Trend and Outlook

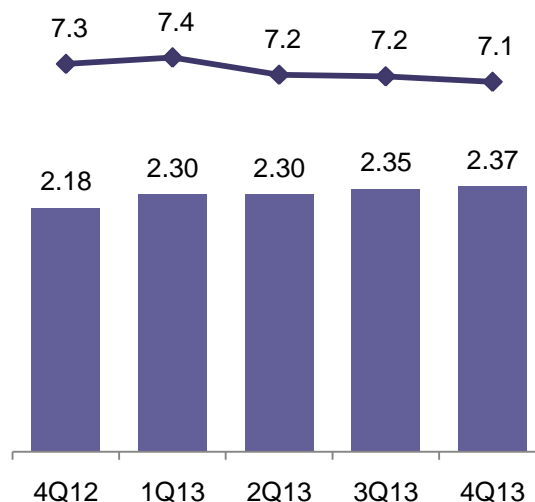
Loans

Baht in billion



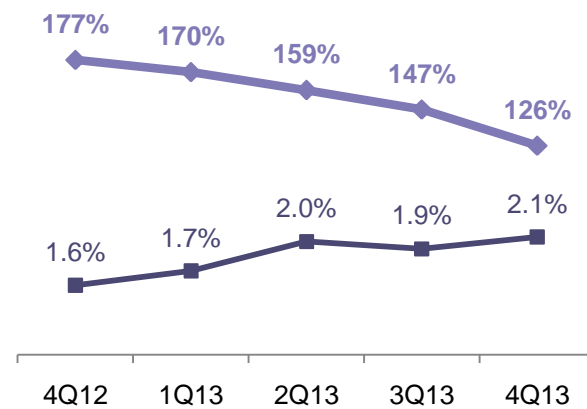
Loan Yield

Baht in billion



Portfolio Quality

◆ % Coverage ratio ■ % Classified loans



Highlights HP loans grew by 9.8%ytd, with 4.0% penetration rate for 2013 with industry car sales down 7.2%yoy

HP loan yield declined since 2Q13 due to rising NPL

Deterioration of asset quality from both used car and new car HP lending

Outlook Emphasize more on asset quality

Expect yield to improve along with better asset quality

Keep conscious in screening & close monitoring portfolio to control NPL level

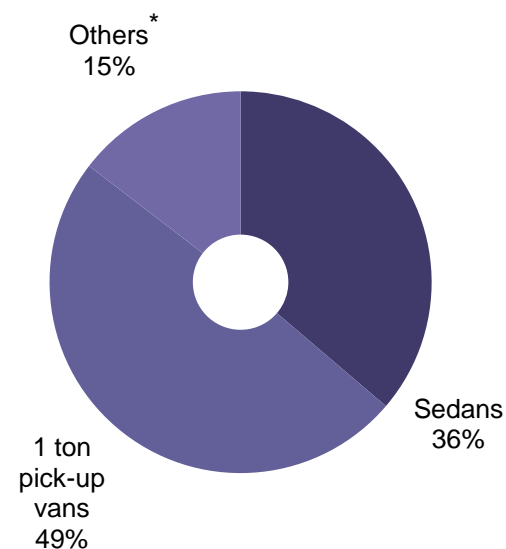
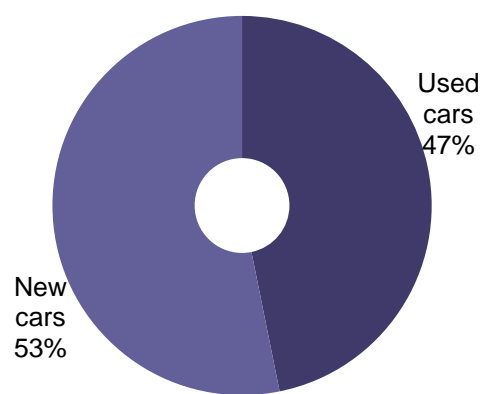
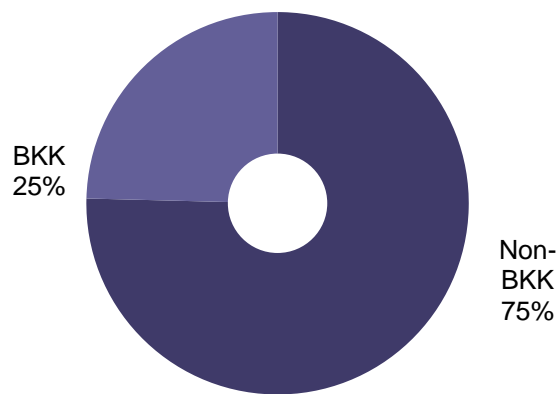
HP portfolio breakdown

Portfolio characteristic

by location

by class

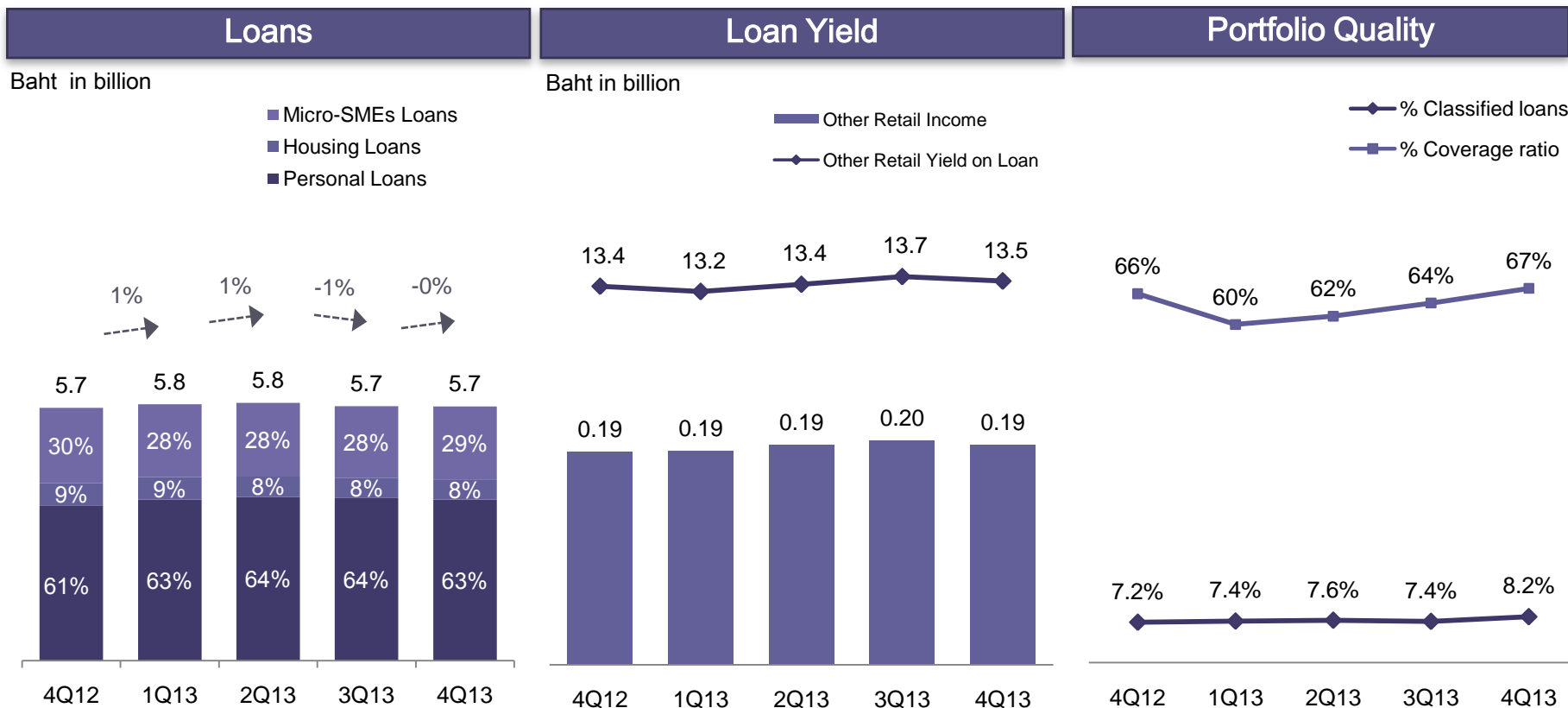
by car type



*Others includes vans and trucks.

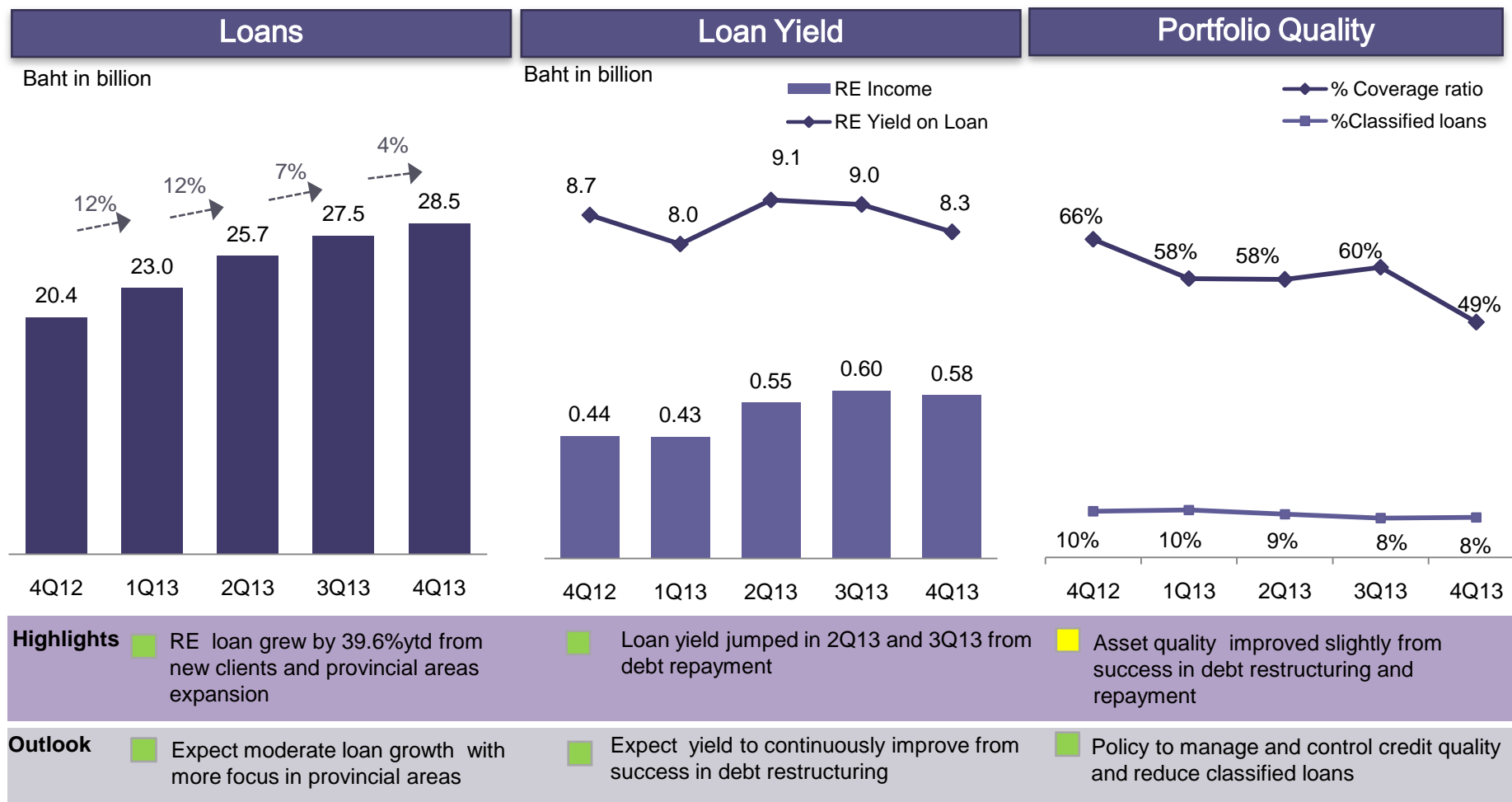
Other Retail Loans : Steady stage

Trend and Outlook



RE: solid loan growth

Trend and Outlook

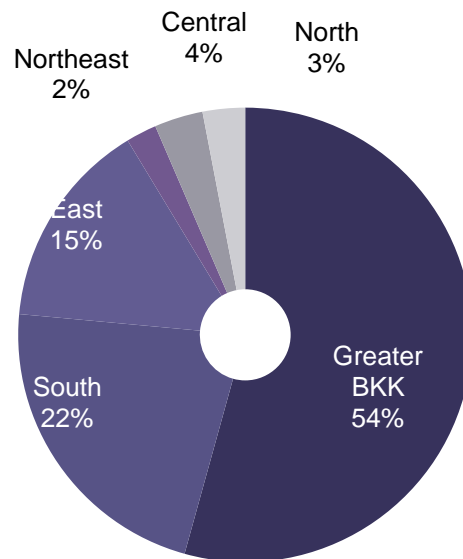


(*if including RE loan transferred to SAM, RE's NPL was 9.7%. Reserve/NPL of RE was 49%)

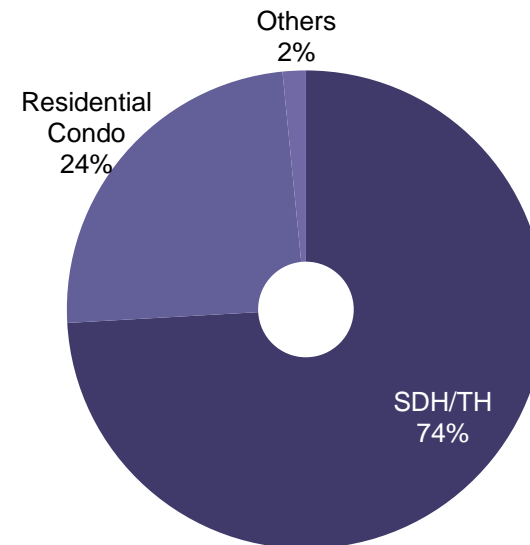
RE portfolio breakdown

Portfolio characteristic

by location



by class



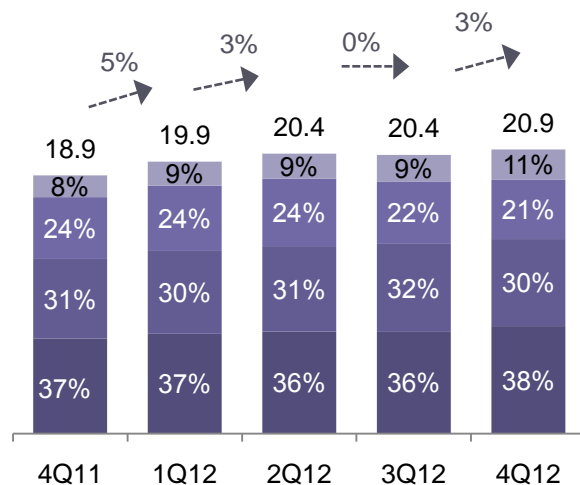
SME: Area of focus

Trend and Outlook

Loans

Baht in billion

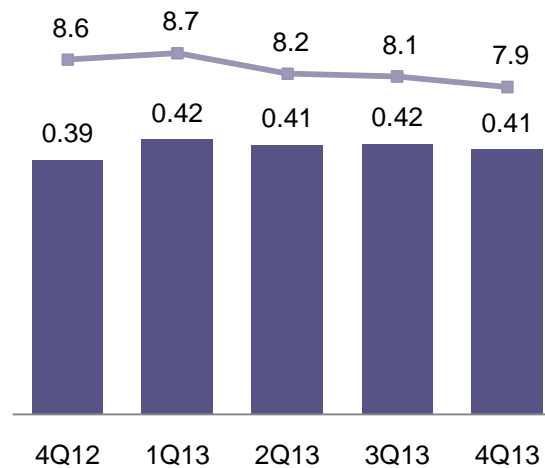
■ Printing & Packaging ■ Floor Plan
■ Logistics ■ Apartment



Loan Yield

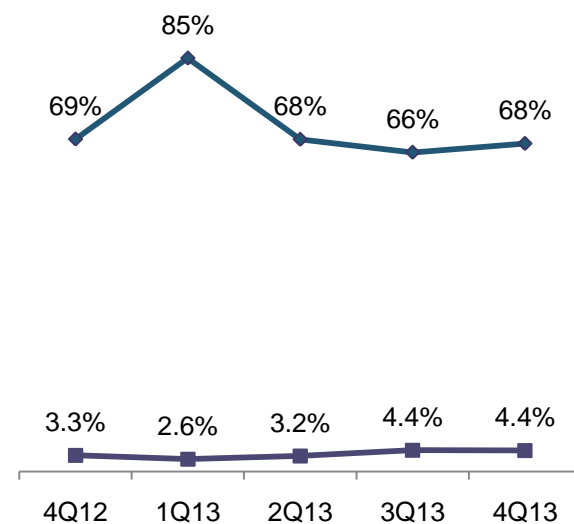
Baht in billion

■ Income ■ Yield on Loan



Portfolio Quality

— % Coverage ratio — % Classified loans



Highlight

Portfolio grew at the rate of 10.8%yoy in 2013, mainly in the segments related to auto and property.

Interest income was volatile depending on asset quality

Asset quality deteriorated further from floor plan lending

Outlook

Increase numbers of sectors to focus and utilize investment banking/ capital market knowledge and expertise to expand portfolio

Expect yield to remain high with better asset quality once the SME sector steadily grows upon the strong economy.

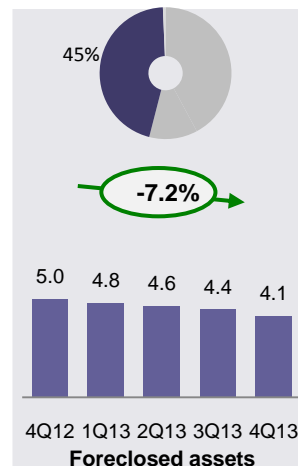
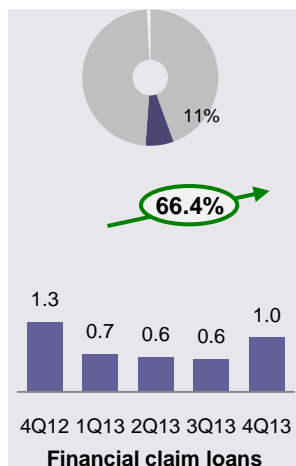
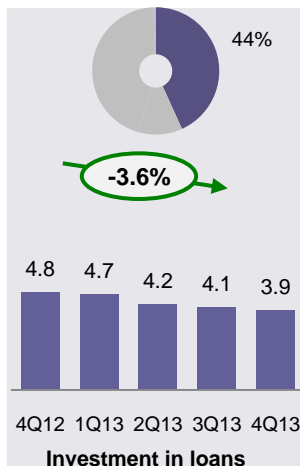
Cautious credit screening across portfolio

SAM: KK's cash generated business

Trend and Outlook

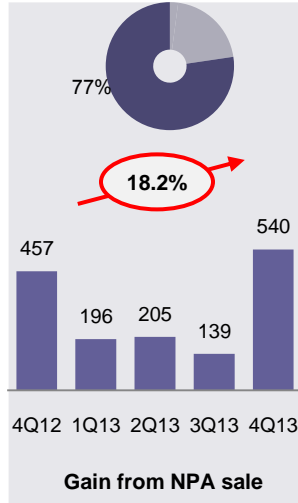
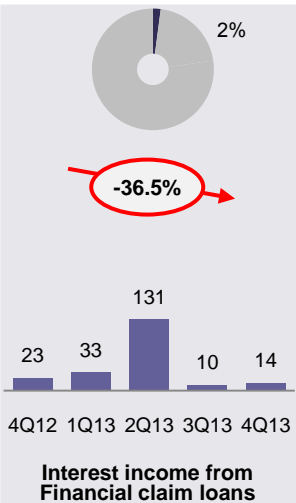
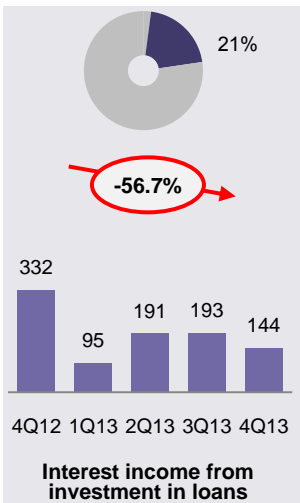
Assets

Baht in billion



Income

Baht in million



Highlight

- Asset declined from every part of business
- Loan restructuring was on progress

- Interest income swings depending on negotiation and success of litigation process
- NPA sales in 2013 totaled Baht 2,777 million.

Outlook

- Target to manage down portfolio within the next 3-4 years by loan restructuring and sales of foreclosed asset

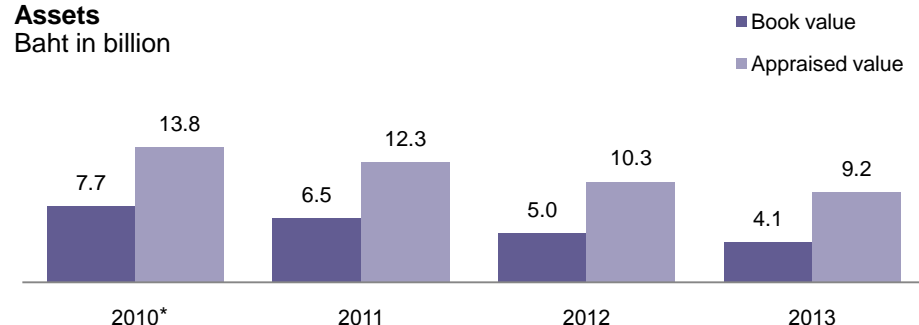
- Expect slow income flow from both interest income and gain on NPA sales
- NPA sale target of Baht 2.3 billion in 2014

SAM: foreclosed asset with significant value buffer

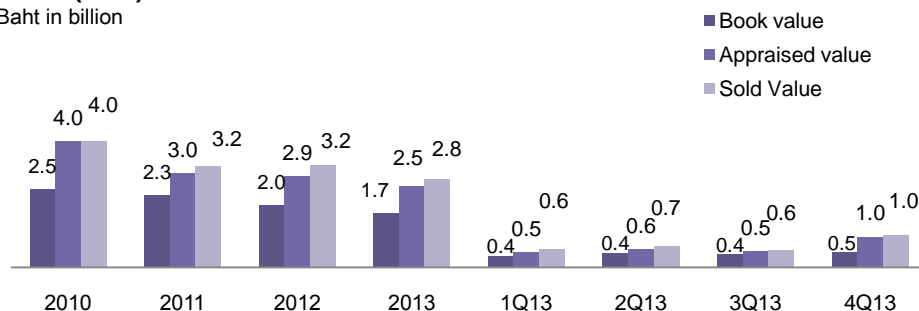
Trend and Outlook (Cont'd)

Foreclosed assets (including RE)

Assets
Baht in billion



Sales (YTD)
Baht in billion

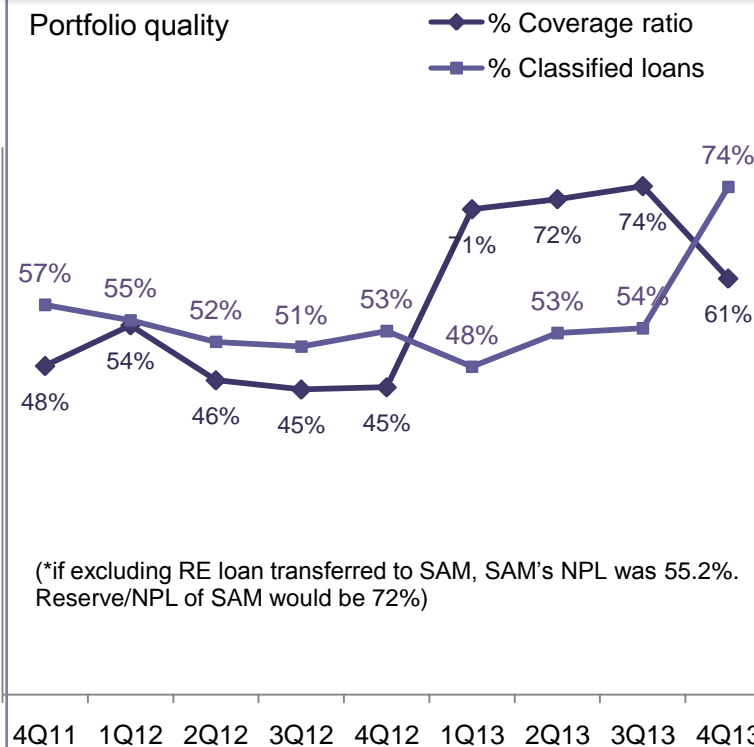


Highlight and outlook

■ Appraised value of foreclosed assets significantly higher than book value; this is reconfirmed by the sales value being consistently higher than book value of assets sold

Financial claim loans

Portfolio quality



(*if excluding RE loan transferred to SAM, SAM's NPL was 55.2%. Reserve/NPL of SAM would be 72%)

■ NPL has been volatile depending on success of debt negotiation and repayment ; however, restructuring loans has to be regulatory classified as loans.

*includes the value of NPA under Bangkok Capital Fund and Gamma Capital fund, in which KK purchased investment units of these two funds in 1Q10

Foreclosed assets* sold and appraised value

Trend and Outlook (Cont'd)

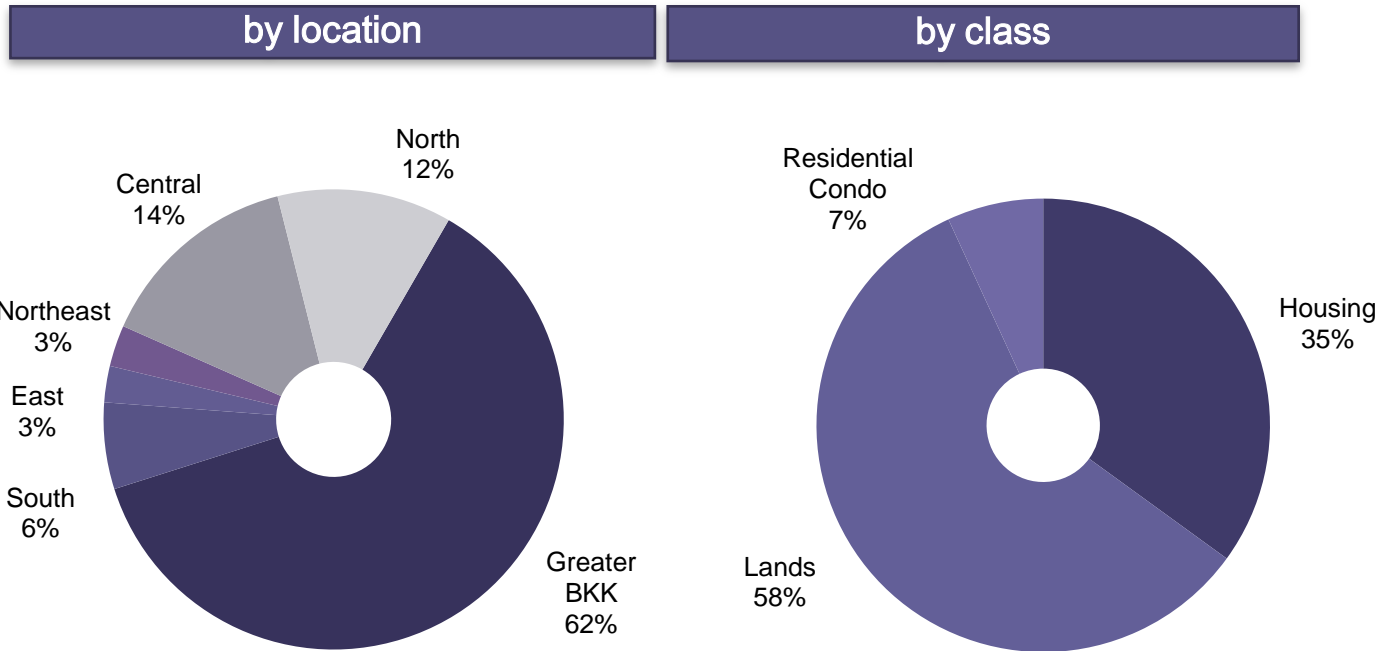
Baht in million

Year	Assets sold	Appraised value	Sold/Appraised
2000	192	212	91%
2001	458	405	113%
2002	1,521	1,340	114%
2003	2,819	2,839	99%
2004	878	913	96%
2005	593	617	96%
2006	738	685	108%
2007	1,960	1,850	106%
2008	2,973	2,686	111%
2009	2,959	2,970	100%
2010	3,958	3,957	100%
2011	3,175	2,955	107%
2012	3,209	2,875	112%
2013	2,777	2,535	108%
Total	28,209	26,838	105%

*Includes foreclosed assets from RE business

Foreclosed assets breakdown

Portfolio characteristic



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