



**Investor Presentation**  
**2Q2021 Financial Results**

# Economics update

## Economy



Economy will take a long time just to return to pre-covid level



Gov't will be key driver, using its balance sheet, generating business opportunity



High debt burden will be a challenge to economic recovery



Deglobalization may happen, resulting in reorganizing of supply chain

## Consumer & Business Behavior



Consumers move to Online Platform



Health and Hygiene will be top of mind



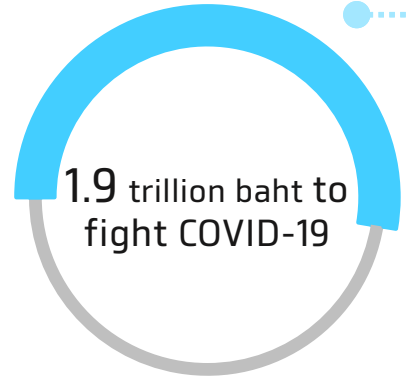
Digital Transformation will accelerate



Business will try to diversify from one particular segment or market

# Gov't to step in as key driver opening up business opportunity

**Fiscal measures**  
**1 trillion baht**

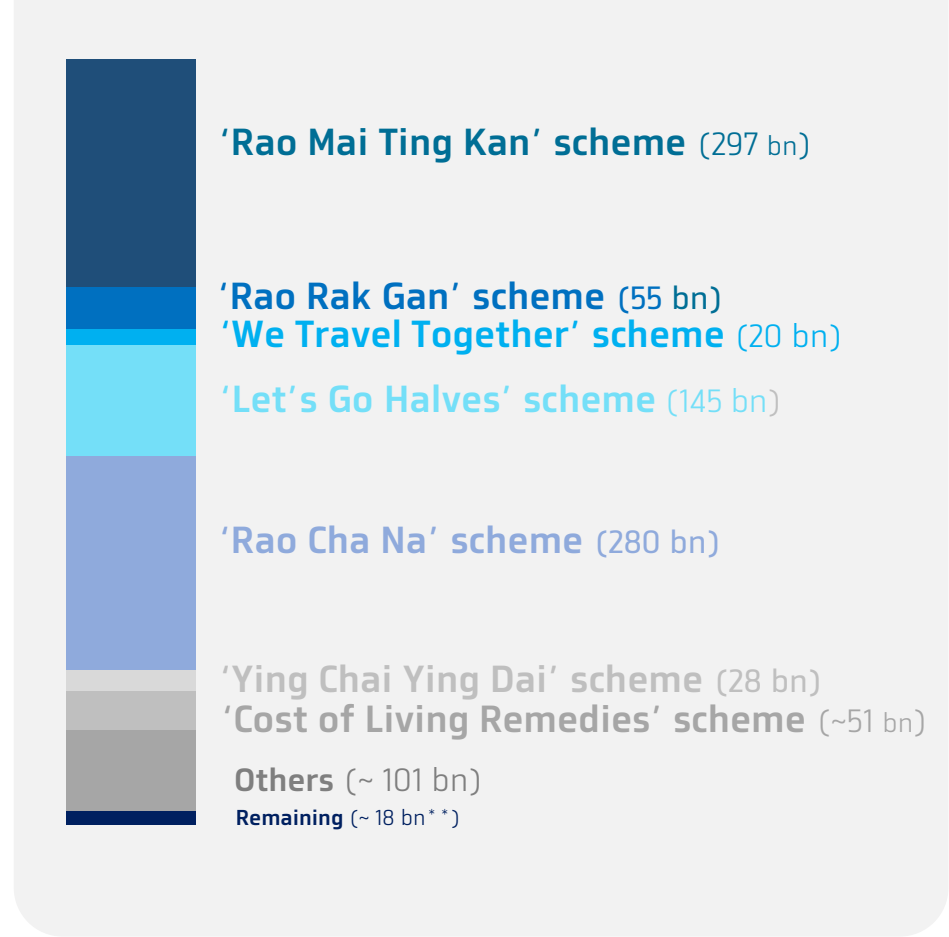


**BOT measures**  
**900 billion baht**

- Soft loan**  
Budget 500 bn  
(Remaining 362 bn) \*
- BSF**  
Budget 400 bn

Medical and Health Response **45** billion baht  
(Remaining ~ 0.05 bn)

Relief & Revitalize measures **955** billion baht  
(Remaining ~ 18 bn \*\*)



**+** Additional 500 billion baht to fight COVID-19  
(Executive Decree approved on 9 June 2021)

Source : BOT NESDC and MOF  
\*\* As of 12 April 2021 \* As of 10 June 2021

# Economic outlook “Economic recovery faces a setback from a new wave”

2019 (Actual) 2020 (Actual) 2021F



## Key Highlights for 2021

Unit: (%YoY)



4.5% -1.0% -0.4%

### Private consumption

- Labor markets remain fragile and household spending has been limited as the struggling to contain new outbreak.
- Fiscal stimulus through various schemes partially supports domestic spending.



1.4% 0.8% 4.2%

### Public consumption

- Public consumption tends to improve in parallel with regular budget disbursement.



CARGO -3.2% -6.0% 14.0%

### Export \*

- Exports are projected to recover more than previous expected in line with global economic momentum
- In addition to downside risk, export growth remains cautious due to a containers' shortage.



2.8% -8.4% 2.6%

### Private investment

- Private investment recovery is likely to be gradual amid uncertainty.
- Diminishing uncertainty will support expansion of private investment in 2021.



0.2% 5.7% 8.2%

### Public investment

- Public investment is expected to be a key driver of economic recovery.



CARGO -4.7% -13.5% 15.4%

### Import \*

- Imports are expected to improve in line with global economic activities and domestic investment sentiment.

Remark: \* Customs basis, Value in USD



### THB/USD\*\*

(End of Period)

30.0 30.0 33.0

- Baht tends to slightly depreciate in line with growing concern over spread of COVID-19.
- The great divergence among developed economies pursue renewed dollar depreciation to come.



### Inflation Rate

(%YoY)

0.7% -0.8% 1.0%

- Headline inflation is expected to gradually recover in line with economic recovery.



### Domestic Tourists

(millions)

166.0 99.0 39.5

- Authorities impose new COVID-19 control amid new wave of pandemic, hampering domestic tourists activities.
- With strict entry policy on foreign travelers, number of foreign tourists may be limited in 2021.



### Policy rate

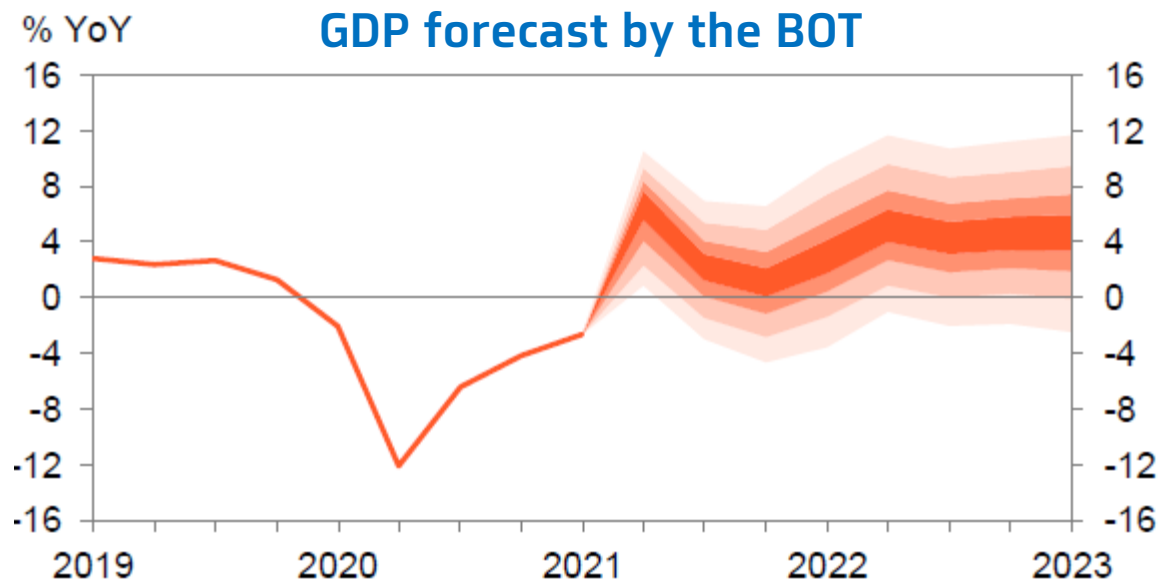
(%) (End-year)

1.25% 0.50% 0.25%

- MPC kept their policy rate at historically low to further ease borrowing cost for households and business.
- MPC could possibly trim the benchmark rate if economic faces more severe shocks.

## Thailand's economy and GDP growth expectations for 2021 and 2022

- The economy continues to weaken with the current wave of the pandemic, which began in April. Our GDP forecast for 2021 as of early July was 0.5-1.3%. However, we recognize that there is significant downside risk to that forecast. If the lockdown persists and the economy cannot recover much in Q4, a recession is possible (see also BOT forecast chart).
- Despite the downbeat picture, export-related industries have been doing well; however, there is also a risk that it will slowdown as more factories are affected by the outbreak.
- For 2022, we expect a slow recovery as the resumption of tourism will take much longer, perhaps well into 2H21. Exports will likely remain the only economic engine. Our view of GDP growth for 2022 is 3-4%.



Note: Fan chart covers 90% of the probability distribution and the Bank of Thailand improved the risk assessment for the economic projections

Source: Bank of Thailand Monetary Policy Report (June 2021); Bank of Thailand MPC meeting (Aug 2021); Forecasts compiled by Krungthai COMPASS as of Aug 6, 2021

## GDP forecast summary

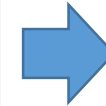
Bank	GDP 2021F	Exports 2021F
BOT	0.7*	17.1
FPO	1.3	16.6
Krungthai	0.5	14.0%
SCB	0.9	15
KBANK	1.0	11.5

\* From Aug 2021 MPC meeting

## Factors affecting the future of Thai economy and businesses

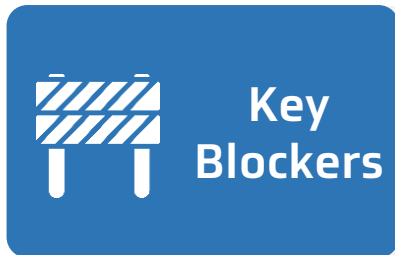


- Global economic recovery
- New Normal: Green Economy, Health Economy
- Short term government stimulus

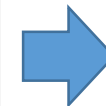


### Potential segments

- Healthcare
- Logistics
- Power & Utilities
- Exports



- Long road to recovery for tourism
- Eroding competitiveness
- High household debt burden

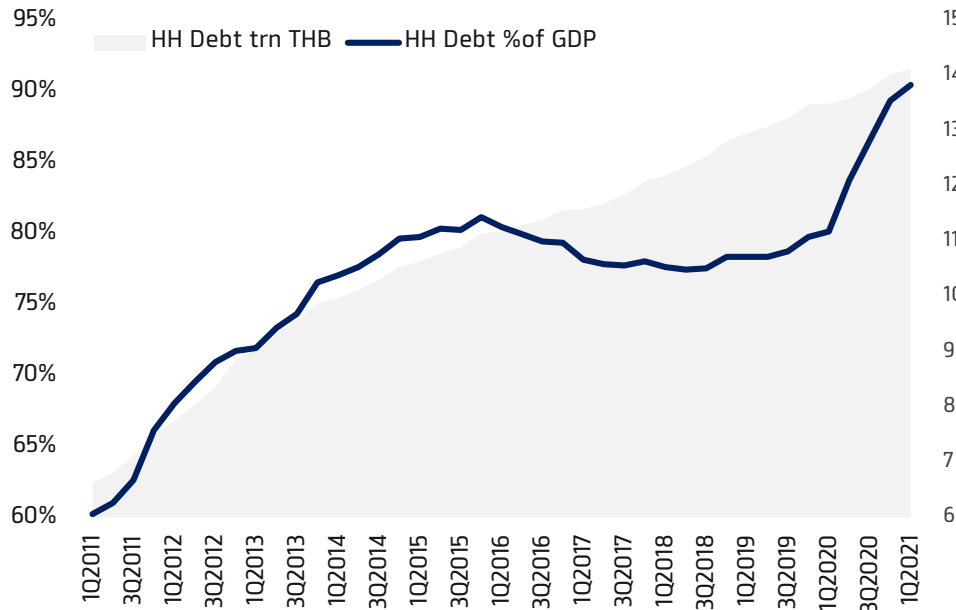


### Vulnerable segments

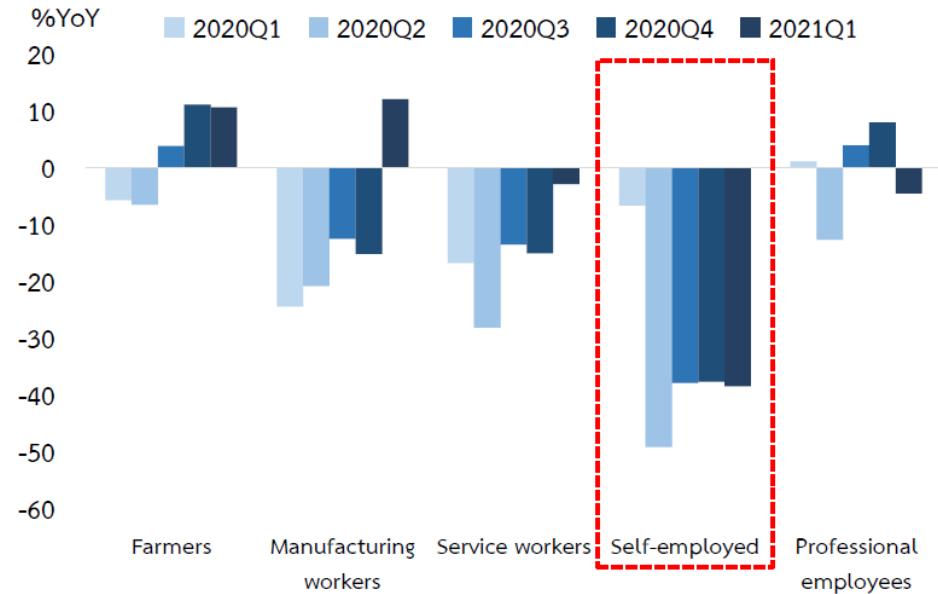
- Hotels
- Restaurants
- Agricultural commodities
- Condos

- HH debt to GDP is now about 90%. The increase is partly due to the decline in GDP of 6.1% in 2020.
- HH and corporates affected by the pandemic can seek assistance from financial institutions in various programs coordinated by the BOT, TBA and other parties. For example, the debt restructuring program, which as of end-May about 2 trn THB of debt owing to commercial banks and non-banks is under the program, another 1.21 trn THB of debt owing to SFIs.
- Most vulnerable people are self-employed.

### HH Debt



### Average changes in income relative to 2019



Note: Income of the self-employed are estimates from economic activities  
 source: SES and LFS (National Statistical Office), OAE, calculated by the BOT

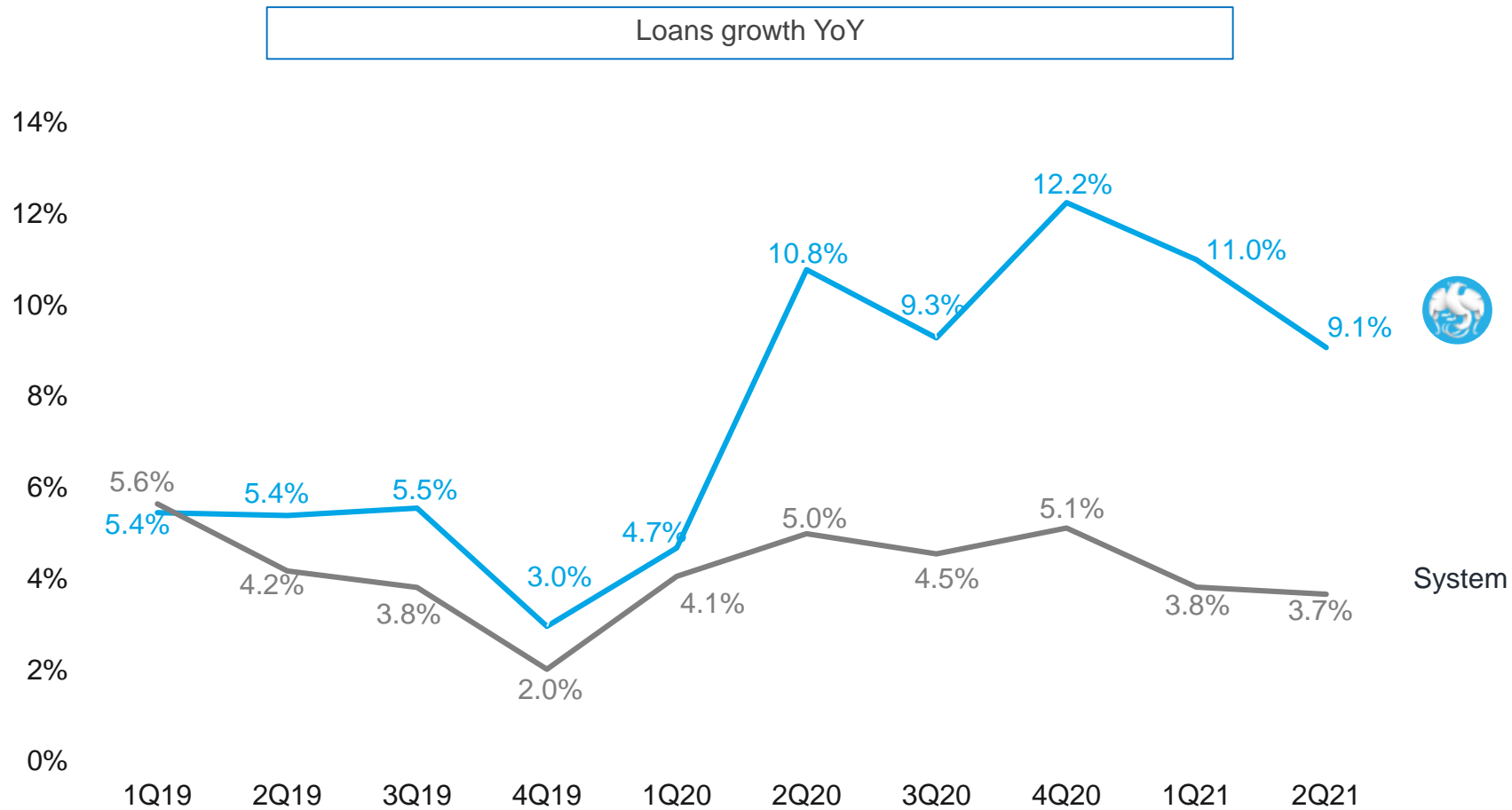


# Loan portfolio

# Our loan continued to grow at a higher rate than system

*KTB Loan boosted in recent quarters*

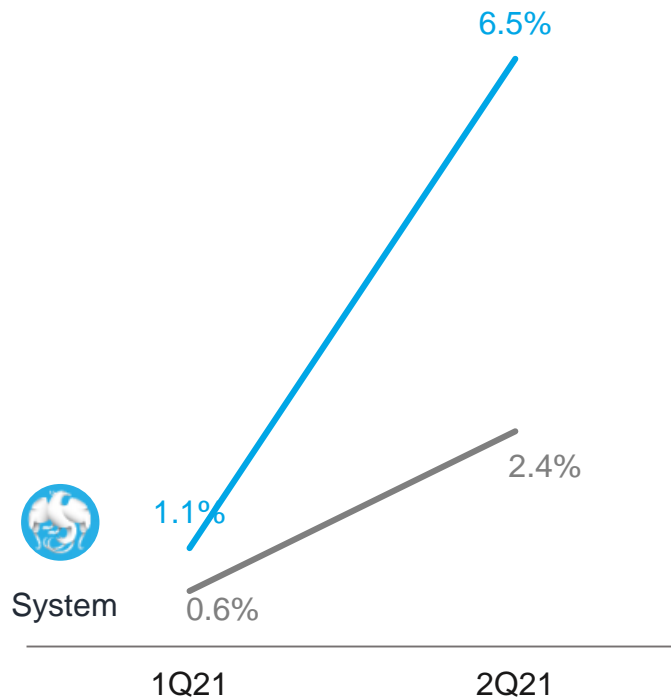
Loan growth superior than system



# With loan growth focus in low-risk segment

*Loan growth dominant in Government and Retail*

YTD2021 loan growth vs system



YTD 2021 KTB loan growth by segment

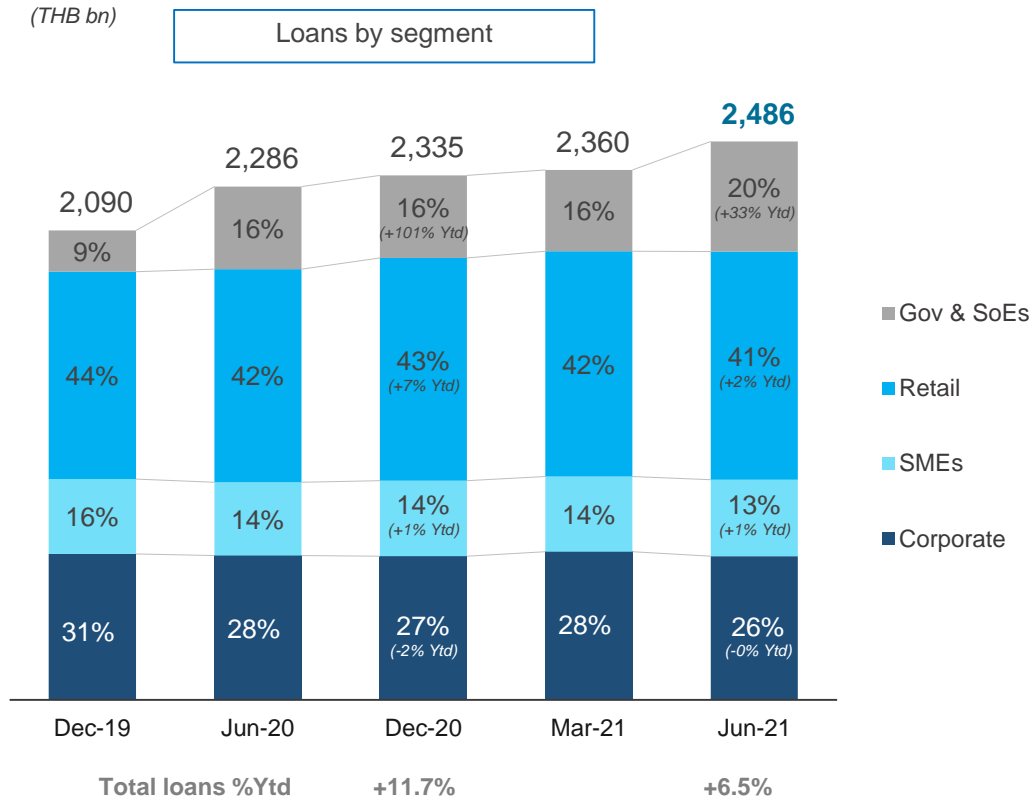
%YTD growth	1Q21	2Q21
Gov & SoEs	-1.2%	33.2%
Retail	1.1%	2.5%
Corporate	3.2%	0.0%
SMEs	-0.5%	1.3%
<b>Total</b>	<b>1.1%</b>	<b>6.5%</b>

Source : BOT's website for commercial banks data (30 banks)

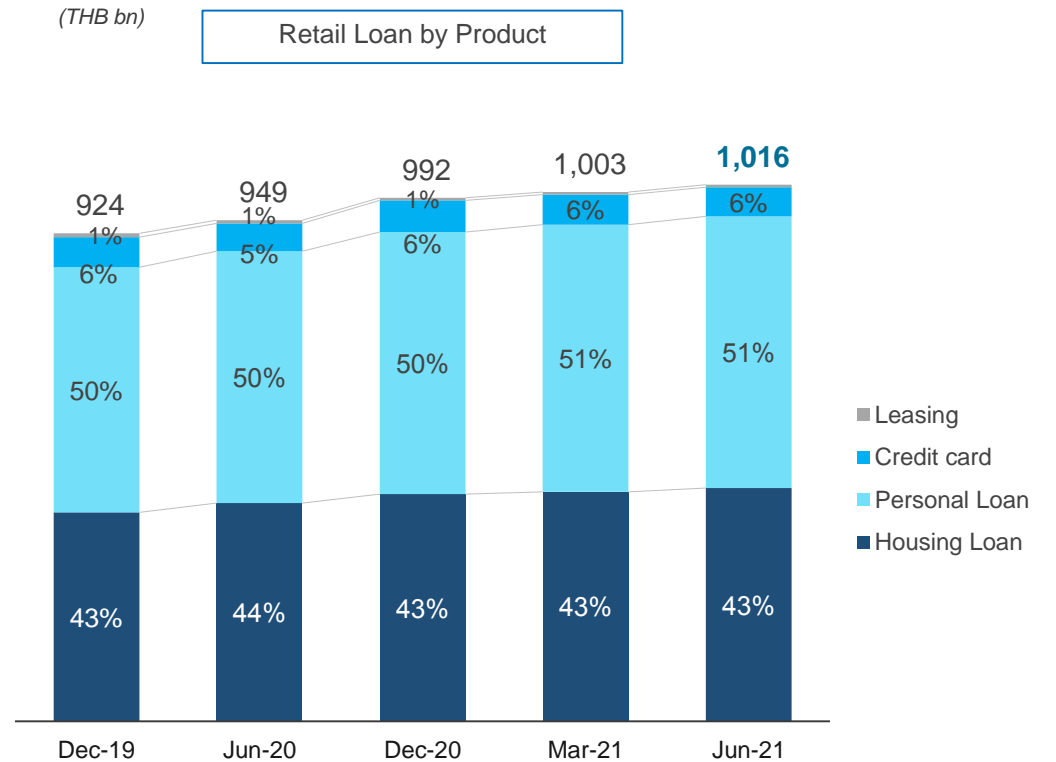
# Our loan composition is diversified

But growth strategy during covid-19 in areas where we know

Loan growth driven by Government and Retail



Retail loan focuses on 'secured' lending



Note : 1/ In May 2021, the Bank sold the 75.05 percent of KTB Leasing's ordinary share to KTC, therefore, KTB Leasing were KTC's subsidiary. The Bank's consolidated financial statement had no impact from such transaction.

# **Loan under COVID-19 Relief Measures**

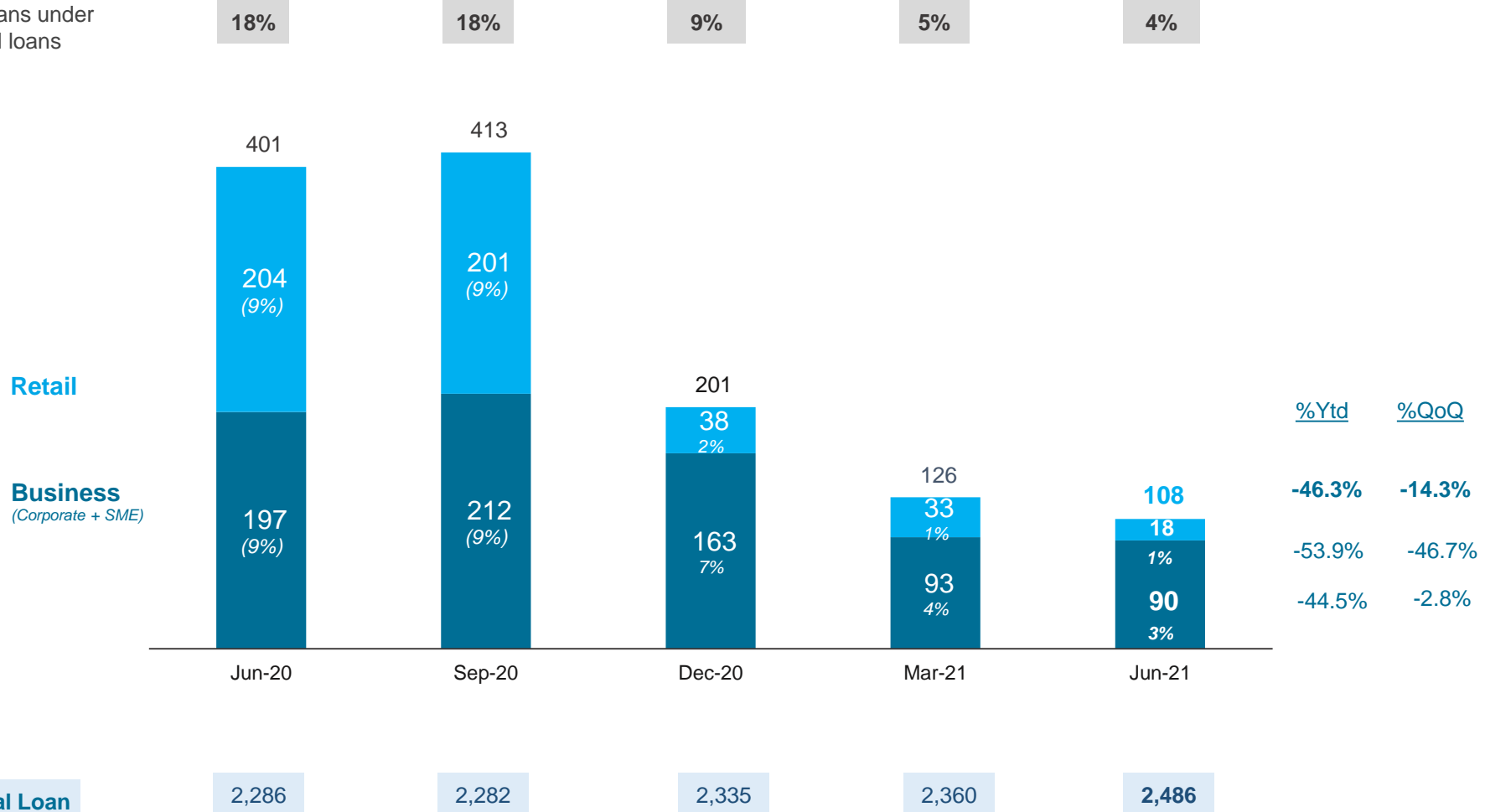
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# Loan under COVID-19 relief measure

Limited exposure to total loan with a close monitoring mechanism

## Loans under Covid-19 relief measure

% of loans under total loans



# Asset Quality

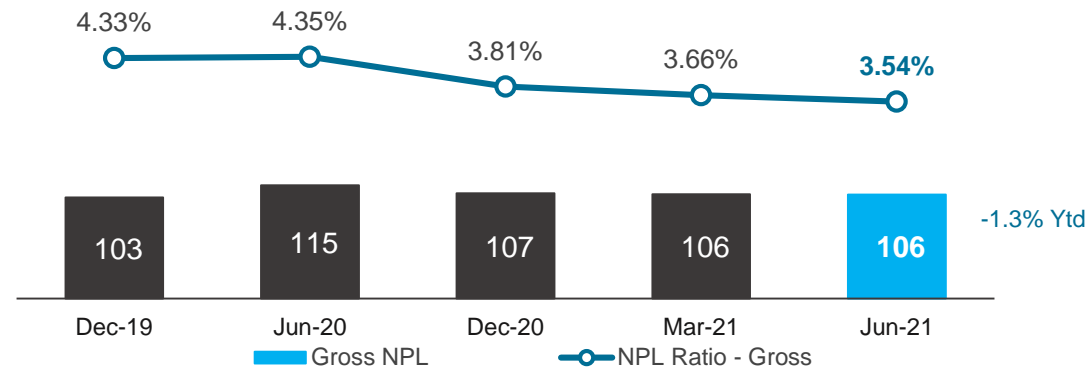
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# KTB %NPL and %Stage2 on a declining trend

Coverage ratio built up for future uncertainties amid well-managed NPL

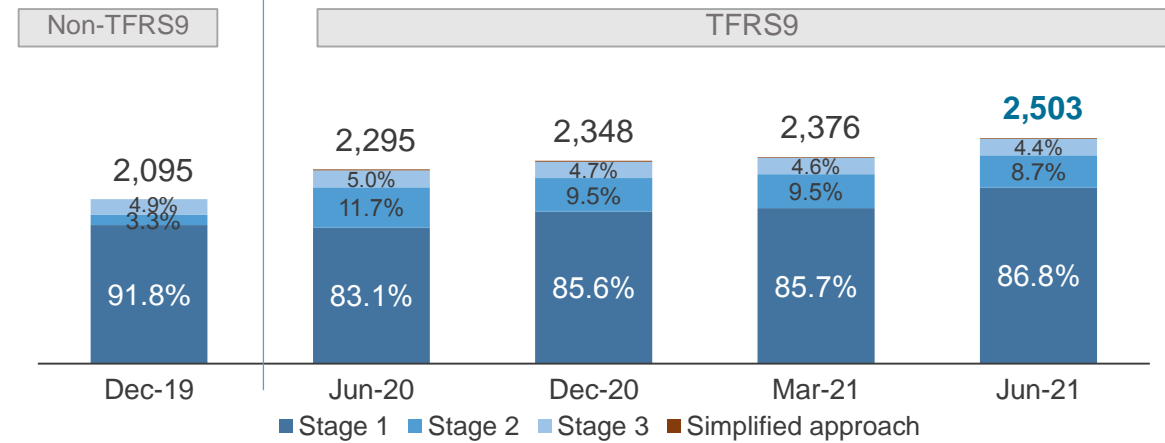
## NPL

(THB bn)



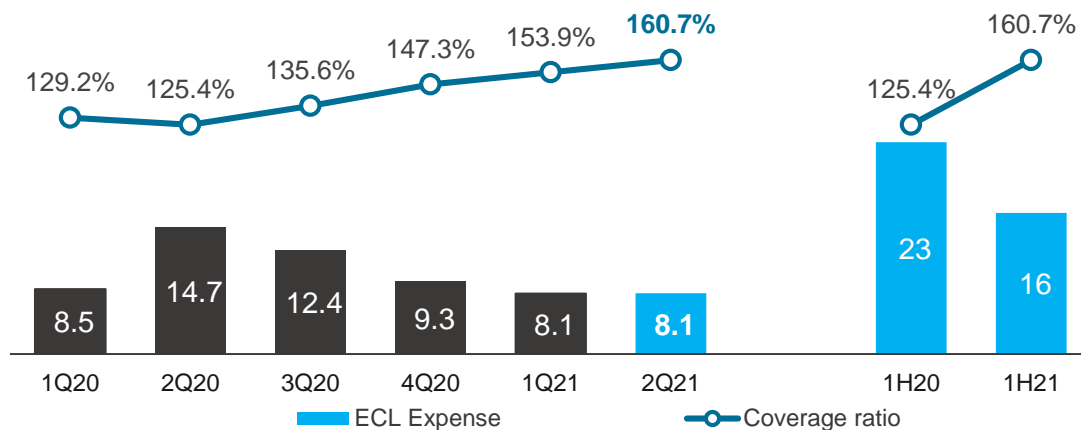
## Loan and accrued interest by stage

(THB bn)



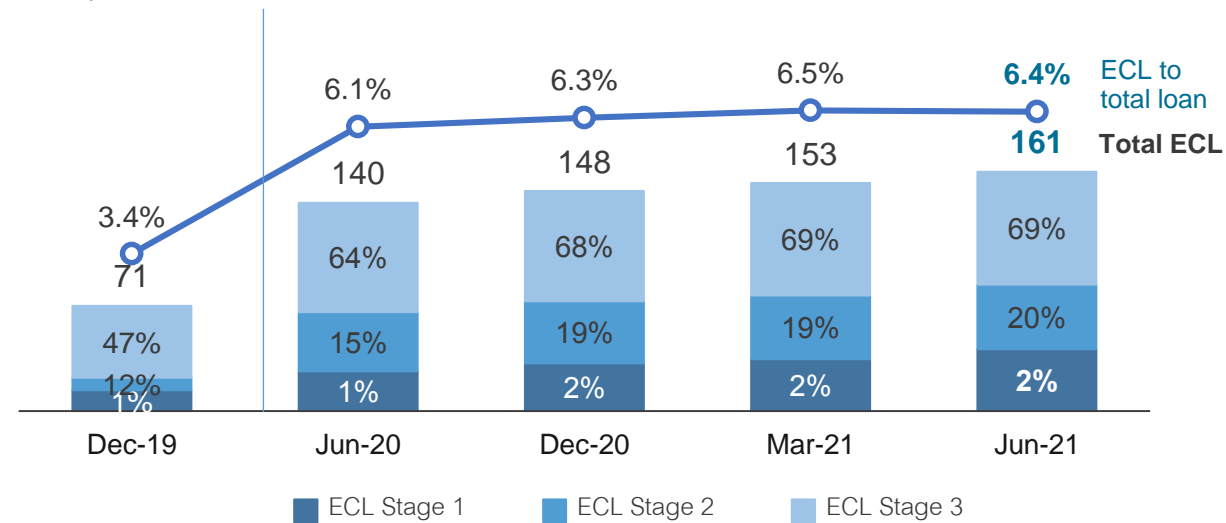
## ECL expenses and Coverage Ratio

(THB bn)



## ECL on loan and accrued interest

(THB bn)



Credit cost 1.62% 2.68% 2.16% 1.60% 1.39% 1.34% 2.14% 1.35%

(1) Credit cost = Expected credit losses (exp) / Average loan to customer less deferred revenue  
 (2) Coverage ratio = Allowance for expected credit losses (loans, interbank & money market items, loan commitments and financial guarantee contracts) / gross NPLs

Loans under COVID-19 relief measure undergo staging standstill according to BOT regulations till end-2021; hence, NPL movement might not reflect the real situation until then.



# Y2020 vs 1H2021 Financial Results

- **Loan continuing growth** (YTD) driven by selected low risk segments i.e. government and retail
- **NIM pressure** from rate cuts in the low interest rate environment amid **COF improvement** with high CASA of 80%
- **Non-NII contraction especially fee** as impacted from a slowdown in economic situation despite on-going **expansion of Management Fee**
- **NPL ratio declined** with close monitoring and management whereas continued uplifting coverage ratio given the impact of new wave of COVID-19 pandemic as well as staggering economy of high uncertainties
- **Controlled OPEX** aided in a drop of OPEX YoY from operating cost management in a slowdown economy situation
- **Maintained resilient capital level** : strengthened capital position coupling with Additional Tier I issuance to prepare for growth opportunity as well as to withstand any uncertainties

# Y2020 vs 1H2021 Highlights:

Consolidated



## Profitability

Unit : THB bn	Y2020	YoY	1H21	YoY	2Q21	QoQ	YoY
<b>Total income</b>	<b>122.2</b>	-2.7%	<b>57.5</b>	-9.3%	<b>28.9</b>	+0.6%	-11.1%
<b>NII</b>	<b>88.3</b>	+0.0%	<b>40.9</b>	-11.9%	<b>20.9</b>	+4.7%	-10.8%
<b>Non-NII</b>	<b>33.9</b>	-9.2%	<b>16.6</b>	-2.0%	<b>7.9</b>	-8.8%	-11.7%
<b>Opex</b>	<b>53.5</b>	-14.4%	<b>24.9</b>	-3.5%	<b>12.2</b>	-3.6%	-1.0%
<b>PPOP</b>	<b>68.8</b>	+8.9%	<b>32.6</b>	-13.2%	<b>16.6</b>	+4.0%	-17.3%
<b>Net profit <sup>(1)</sup></b>	<b>16.7</b>	-42.9%	<b>11.6</b>	+13.4%	<b>6.0</b>	+7.8%	+60.1%
<b>%Cost/income ratio<sup>(3)</sup></b>	<b>43.7%</b>	-598 bps	<b>43.3%</b>	+259 bps	<b>42.4%</b>	-185 bps	+430 bps
<b>NIM <sup>(4)</sup></b>	<b>2.91%</b>	-31 bps	<b>2.53%</b>	-62 bps	<b>2.55%</b>	+5 bps	-54 bps



## Key Ratio

<b>ROE<sup>(1)</sup></b>	<b>4.91%</b>	-418 bps	<b>6.81%</b>	+73bps	<b>7.04%</b>	+43 bps	+250 bps
<b>ROA<sup>(1)</sup></b>	<b>0.53%</b>	-49 bps	<b>0.69%</b>	+3 bps	<b>0.71%</b>	+3 bps	+23 bps



## Loan & Asset Quality

Unit : THB bn	2Q21	YTD	QoQ
<b>Loan</b>	<b>2,486</b>	+6.5%	+5.3%
<b>NPL ratio (gross)</b>	<b>3.54%</b>	-27 bps	-12 bps
<b>Coverage ratio<sup>(2)</sup></b>	<b>160.7%</b>	+1340 bps	+680 bps



## Capital

<b>CAR</b>	<b>19.63%</b>	+13 bps	+52 bps
<b>CET 1</b>	<b>15.38%</b>	+12 bps	-35 bps

(1) Net profit, ROE, ROA represented for equity holders of the bank

(2) Coverage ratio = Allowance for expected credit losses (loans, interbank & money market items, loan commitments and financial guarantee contracts) / gross NPLs

(3) If excluding interest income received from the auction, provision expense on employees' benefits and impairment loss of properties for sale items, cost to income ratio for 2019 and 2020 would be 43.58% and 45.50% respectively. If excluding interest income received from the auction, cost to income ratio for 2Q2020 would be 42.75%. If excluding interest income received from the auction, cost to income ratio for 1H2020 would be 43.13%.

(4) If excluding interest income received from the auction, NIM for 2019 and 2020 would be 3.07% and 2.76% respectively. If excluding interest income received from the auction, NIM for 2Q2020 would be 2.62%. And, If excluding interest income received from the auction, NIM for 1H2020 would be 2.91%.

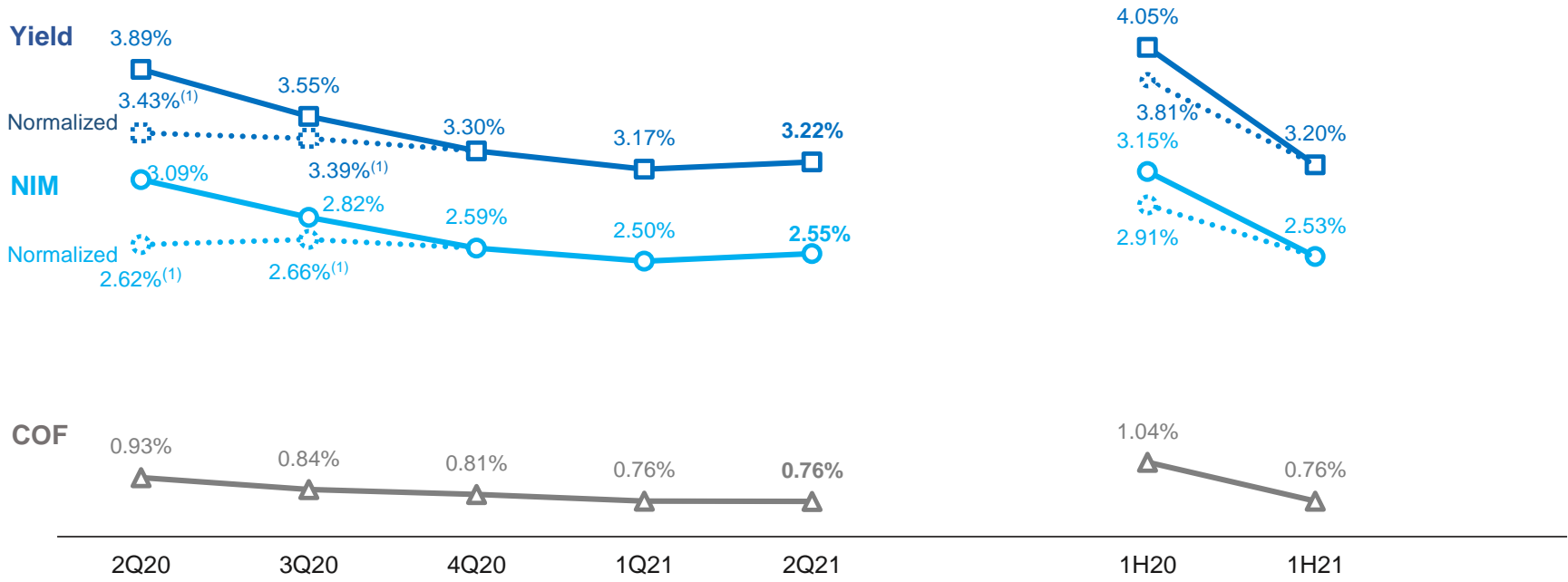
# Profitability Trend

Improved NIM in recent quarter as a result of loan expansion and effective COF management

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## Yield, NIM and CoF



(1) If excluding interest income received from the auction, earning asset yield for 2019 and 2020 would be 4.34% and 3.56% respectively; hence, NIM for 2019 and 2020 would be 3.07% and 2.76% respectively. If excluding interest income received from the auction, NIM for 2Q2020 would be 2.62%. And, If excluding interest income received from the auction, NIM for 1H2020 would be 2.91%.

# Non Interest Income

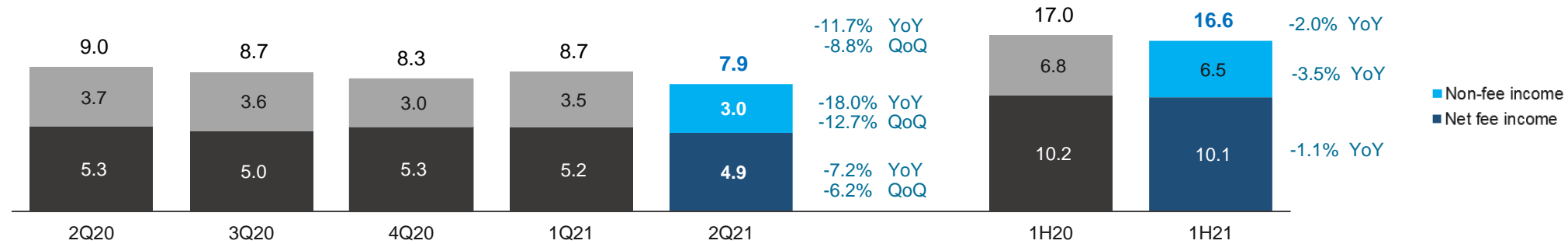
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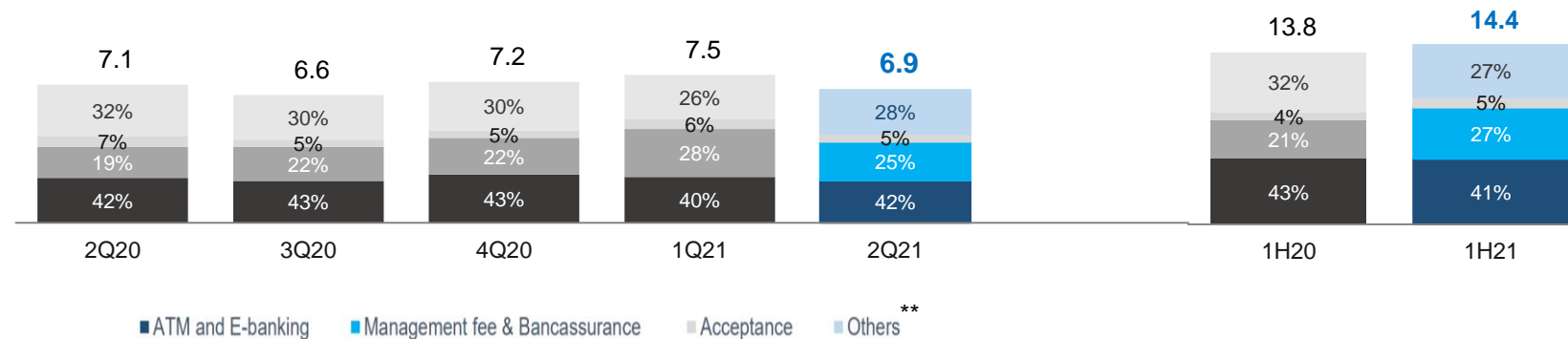
Fee Income dropped mainly relate to the slowdown of economic situation.

## Non Interest Income

(THB bn)



## Fee Breakdown (Gross)\*

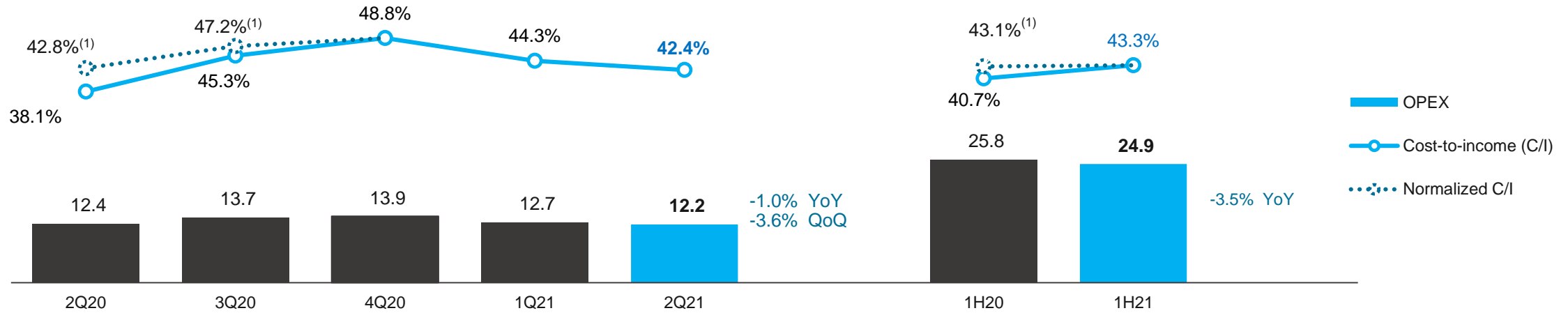


\* Classification per notes to F/S disclosure

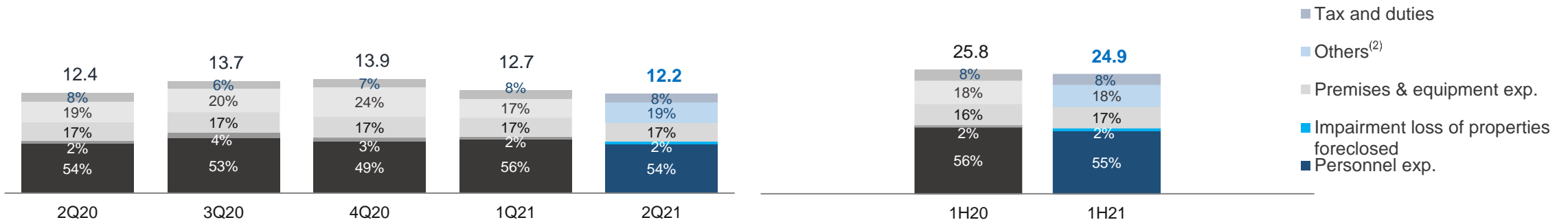
\*\* Including fee from KTC, Global Market, and other services

## Operating Expense

(THB bn)



## OPEX Breakdown



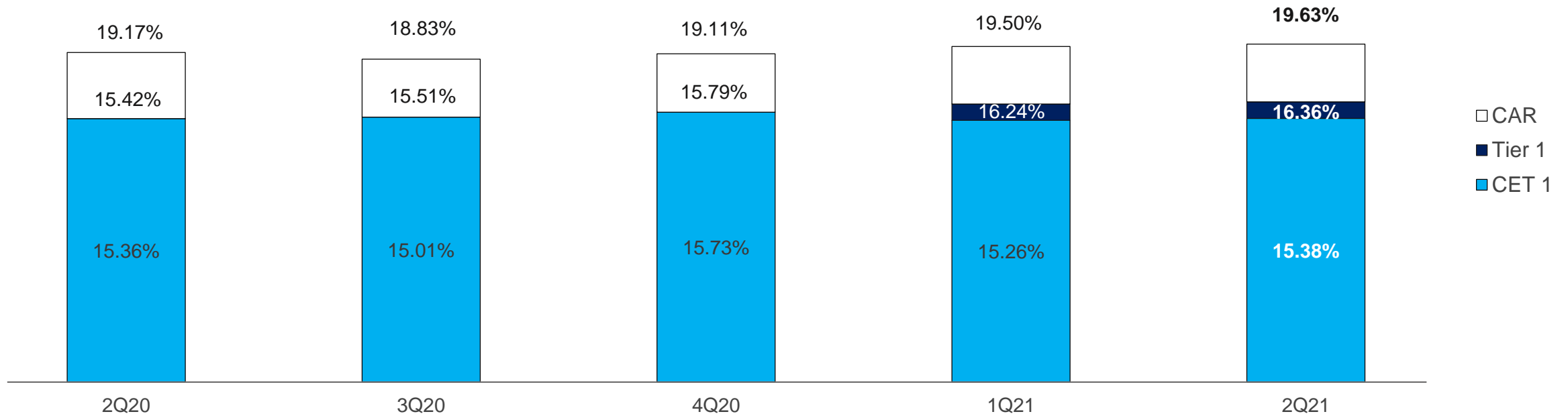
(1) Excluding extraordinary items i.e interest income from loan in relation to partial payment from the auction of mortgaged guarantee assets of Baht 3,524 mn in 2Q20 and of Baht 1,223 mn in 3Q20.

(2) Others including directors' remuneration.

# Capital

*Resilient Capital Level to Withstand High Uncertainties*

## CET1 vs CAR Ratios



# Asset-Liability Management and Funding

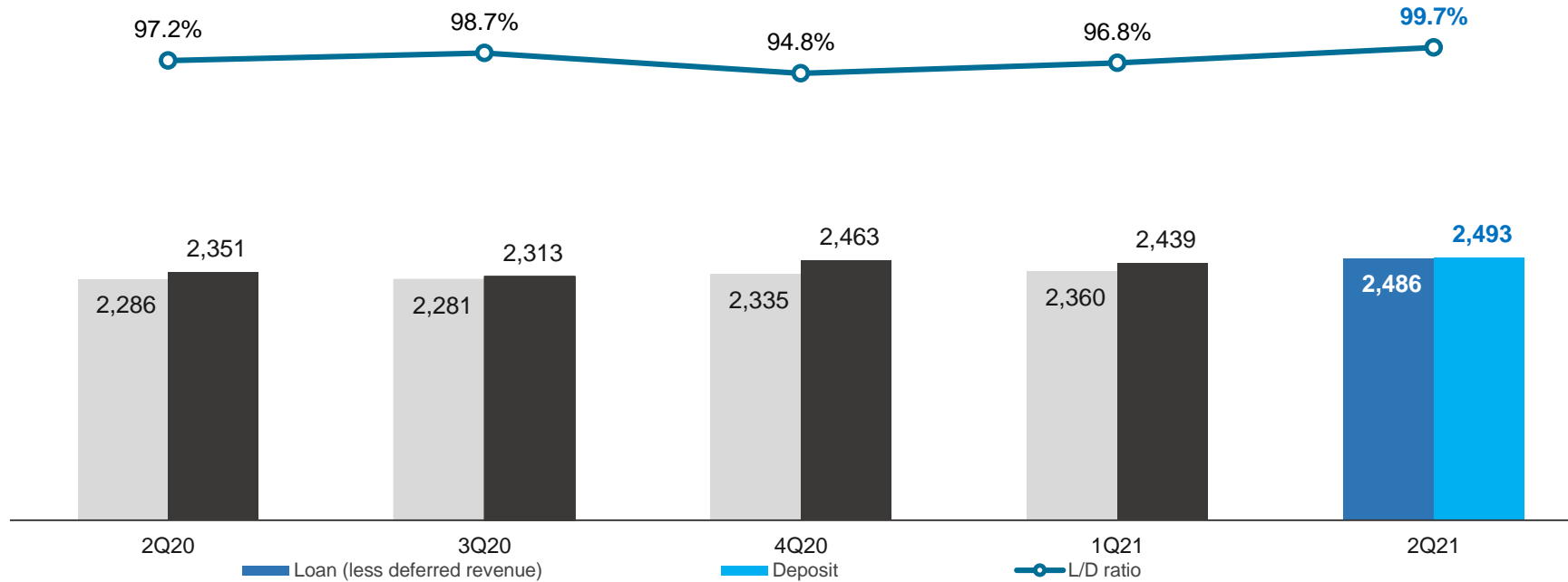
Acceptable L/D Ratio level with High CASA



## Loan vs Deposit (L/D ratio)

- In Jun 2021, %CASA maintained at approx.80% of total deposit

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Bank only  
96.3%

Loan:  
+6.5% Ytd  
+5.3% QoQ

Deposit:  
+1.2% Ytd  
+2.2% QoQ

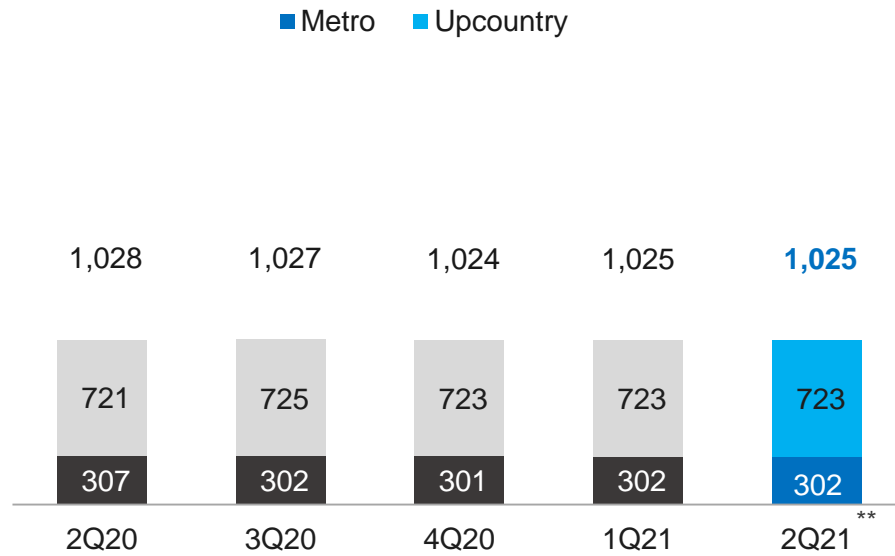


# Appendix

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## Branches\*

(unit: branches)

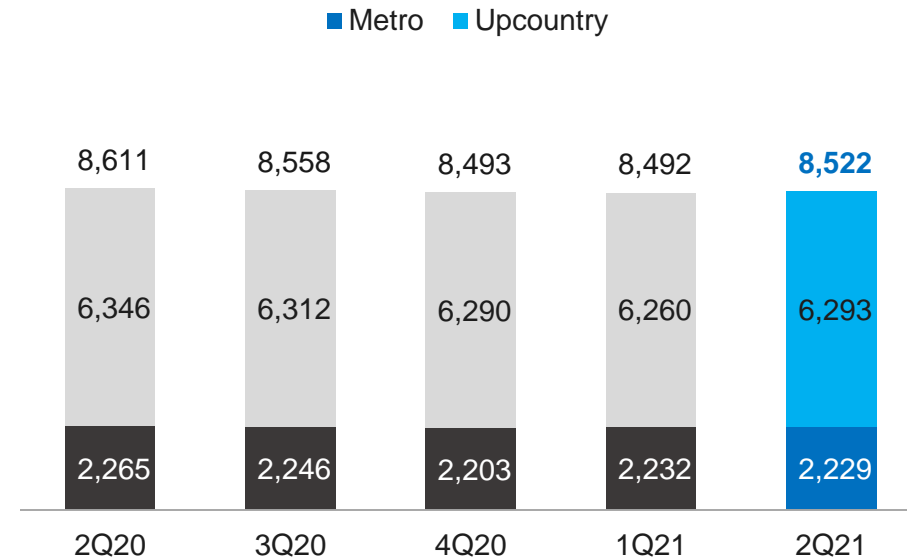


\* Including Head Office

\*\* Including 6 offsite bank temporary service points

## ATMs

(unit: machines)



## Disclaimer

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*In addition, the information contains projections and forward-looking statements that reflect the company's current views with respect to future events and financial performance.*

*These views are based on assumptions subject to various risks. No assurance can be given that future events will occur, that projections will be achieved, or that the company's assumptions are correct.*

*Actual results may differ materially from those projected.*

# Thank you

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