



**Analyst Meeting Presentation**

**1Q2022 Financial Results**

# Economic update

# Significant headwind facing Thai economic recovery



**The Ultimate COVID-19 variant** that could spread faster, more severe and evade vaccines



**“Sharp” China Economic “Slowdown”** ... global growth outlook could be downgraded



**“Persistently High Inflation”** due to prolonged supply chain disruption



**“Faster” than expected Tightening Monetary Policy**  
Fed’s 7+ hikes & Global Quantitative Tightening



**The Rise of Global Political Instability**  
US-China, war, 2022 US Midterm election...

# COVID-19 final phase

## Short term



GDP will finally return to pre-COVID level in 2023, with K-shape recovery path



Gov't support remains, but will be less generous and more targeted

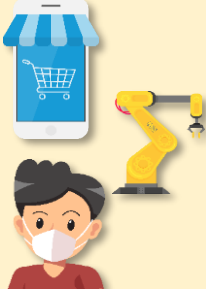


Financial support measures winding down as people's income start to normalize



Tourism revenues are expected to rise substantially starting 2H2022, but still small comparing to the past

## The new normal



Opportunities from shifts in consumer behavior, digital transformation, and ESG awareness



Threats to potential growth from high debt of households, gov't amidst rising interest rate environment



Business will try to diversify from one particular segment or market, deglobalization, decoupling

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

## BOT measures

**0.9 trillion baht**

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

As of 12 April 2021



## Financial Rehabilitation Measures (350 bn)

- Soft loan**  
Budget 250 bn  
(Remaining 83 bn)
- Asset Warehousing**  
Budget 100 bn  
(Remaining 57 bn)

## Fiscal measures

**1 trillion baht**  
(Most has been approved)

**Additional 0.5 trillion baht**  
(Remaining 74 bn)

**Medical and Health Response** 45 billion baht  
(Remaining ~ 0.5 bn) \*

**Medical and Health Response** 150 billion baht  
(Remaining ~ 0.0 bn) \*

**Relief & Revitalize measures** 955 billion baht  
(Remaining ~ 17 bn) \*

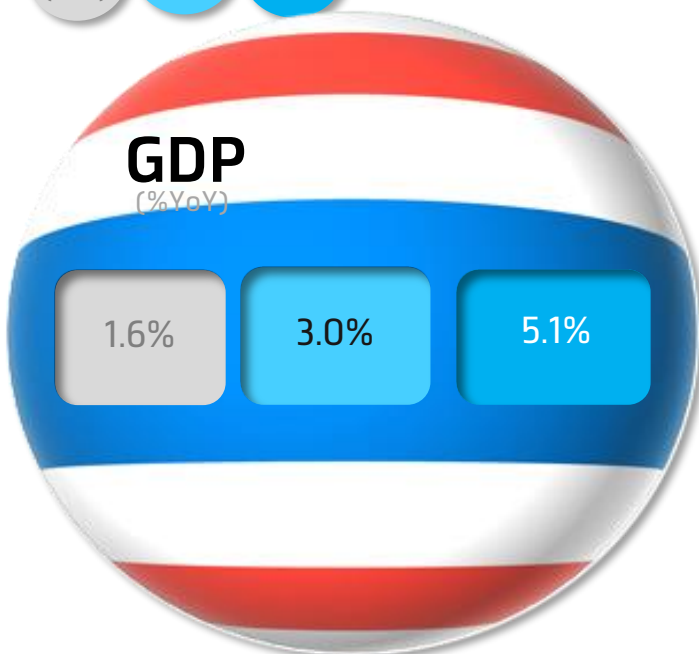
**Relief & Revitalize measures** 350 billion baht  
(Remaining ~ 74 bn) \*

- 'Rao Mai Ting Kan' scheme (340 bn)
- 'Rao Cha Na' scheme (280 bn)
- "Half-Price" co-pay campaign (146 bn)
- 'Rao Rak Gan' scheme (48 bn)
- 'Ying Chai Ying Dai' scheme (28 bn)
- 'We Travel Together' scheme (15 bn)
- Others (141 bn)

- Remedies for insurers under Section 39 and Section 40 (78 bn)
- "Half-Price" co-pay campaign (77 bn)
- Measures to help SMEs retain workers and create new jobs (38 bn)
- Measures to reduce education expenses (34 bn)
- The state welfare card scheme (16 bn)
- Remedies for employers and insurers under Section 33 (16 bn)
- Measures to reduce utilities expenses (13 bn)
- 'We Travel Together' scheme (9 bn)
- Others (6 bn)

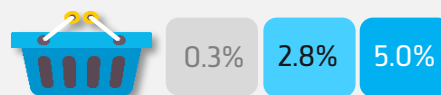


2021 (Actual) 2022F 2023F



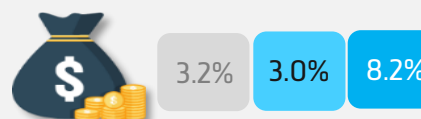
## Key Highlights for 2022

Unit: (%YoY)



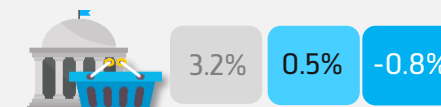
### Private consumption

- Even the impact of the Omicron variant still persists, private consumption is expected to improve
- High level of household debt and fragile labor markets remain a headwind



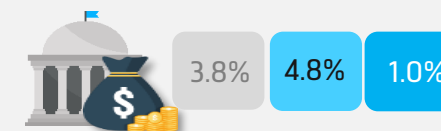
### Private investment

- The recovery of exports sector, high prospect of government investment as well as various investment promotion schemes will support expansion of private investment in 2022-23.



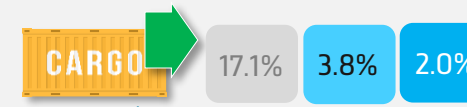
### Public consumption

- Public consumption tends to decline as government seeks to reduce the budget deficit



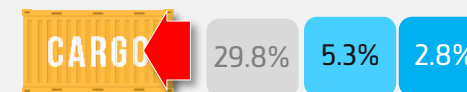
### Public investment

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



### Export \*

- Thai's export growth partly comes from higher price, particularly from energy-related products.
- Global economy slowdown from Russia-Ukraine war and China's Zero-Covid policy increasing downward pressure on its economy and global supply chains are risks to exports.



### Import

- A significantly increase in prices of crude oil and petroleum products contributes to the rise in import in values.
- Improving domestic sentiment also contribute to higher imports.

Remark: \* Customs basis, Value in USD



### THB/USD\*\*

(End of Period)

33.4 32.3 31.7

- Baht against dollar could be weaker, in line with stronger dollar due to the need of tighter monetary policy aggressively and further exacerbating tensions during 1H2022
- Baht will turn to be appreciated in 2H2022 due to stronger current account as well as weakening USD.



### Inflation Rate

(%YoY)

1.2% 4.7% 1.9%

- The surge in energy prices from Russia-Ukraine conflict might take longer than expected, headline inflation is expected to rise above inflation target range in 2022
- inflation is projected to slowdown and return to the target range in 2023

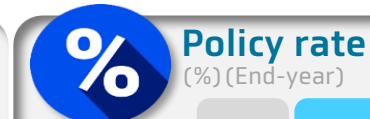


### Foreign Arrivals

(million persons)

0.4 5.6 19.6

- High vaccine coverage globally is beneficial for travel destinations
- Amid high uncertainty across the globe, further relax entry measures for international arrivals would be seen, boosting number of foreign tourist to grow remarkably in 2H2022



### Policy rate

(%) (End-year)

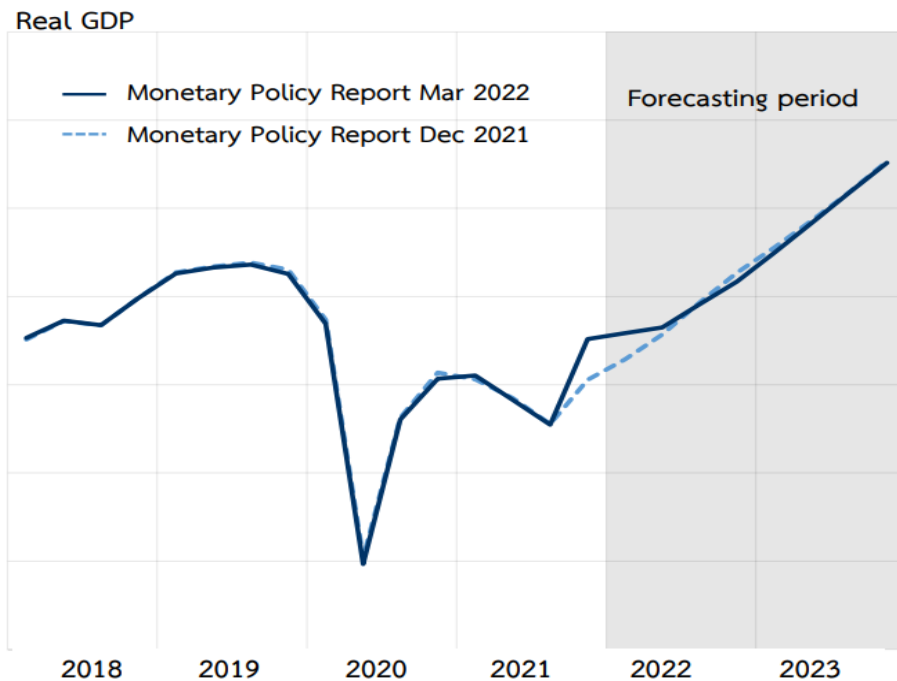
0.50% 0.50% 0.75%

- Despite the inflation pressure, MPC will remain their policy rate at historically low until end-2022 to further ease borrowing cost for households and business.
- MPC continues to put emphasis on supporting the economic recovery with targeted measures for fragile groups in particular.

# Thailand's economy and GDP growth expectations for 2022-23

- We downgraded growth outlook in 2022 from 3.8% to 3.0% in line with the projection from BOT. The surge in inflation attributed by the war undermines domestic demand recovery.
- Economic impact from Omicron wave will start to fade in 2H2022 as Thailand have an adequate booster dose supply, and effective care are more readily available.
- Export is projected to expand in 2022. However, Thai's export growth partly comes from higher prices, particularly from energy-related products, while the global trade volume is likely to soften as the Russia-Ukraine war as well as China's Zero-Covid policy put pressure on the global economy and global supply chains.

## GDP forecast by the BOT



## GDP forecast summary

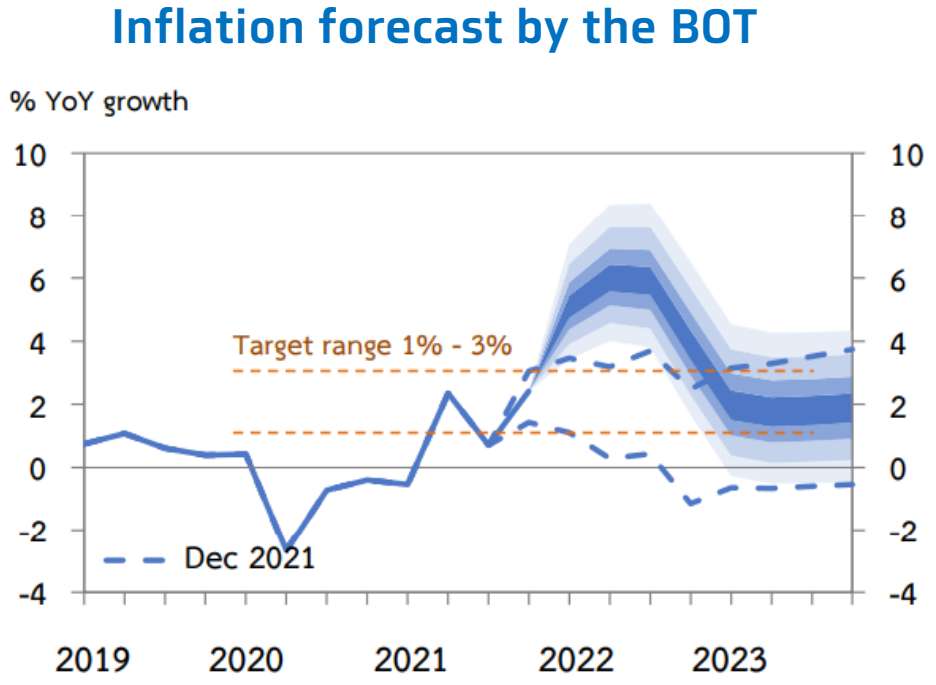
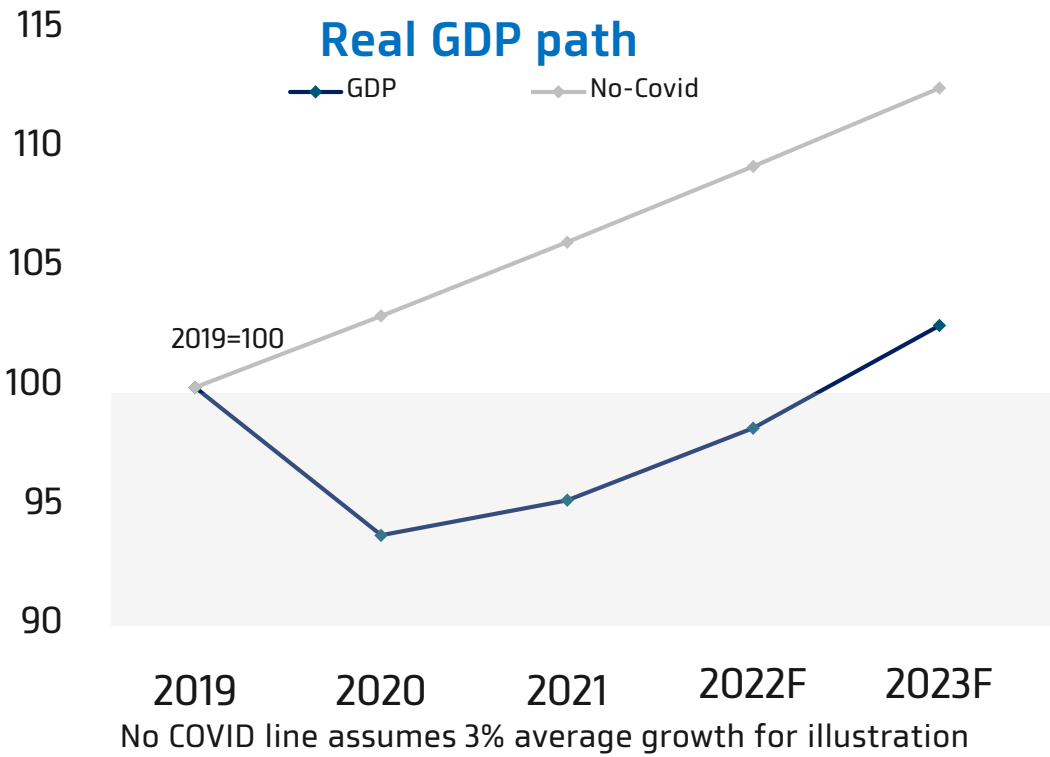
	2022F		2023F	
	GDP	Exports	GDP	Exports
BOT	3.2(3.4)	7.0(3.5)	4.4(4.7)	1.5(2.9)
NESDC	3.5-4.5	4.9	n.a.	n.a.
Krungthai	3.0(3.8)	3.8(3.9)	5.1(5.2)	2.0(1.7)
SCB	2.7(3.2)	6.1(3.4)	n.a.	n.a.
KBANK	2.5(2.8-3.7)	3.4(3.5-4.3)	n.a.	n.a.

% YoY

Source: Bank of Thailand Analyst Meeting (Apr 2022) Forecasts compiled by Krungthai COMPASS as of Apr 2022  
 ( ) denoted previous projection

# Thailand's economy and GDP growth expectations for 2022-23

- Despite the inflation pressure due to higher commodity prices, it is likely that the BOT will keep the RP rate at 0.5% throughout 2022, given the bleaker macroeconomic picture.
- It is likely that the BOT will not raise the RP rate until the GDP level could turn back to the pre-COVID level in 2023.
- The surge in energy prices from Russia-Ukraine conflict might take longer than expected, then headline inflation is expected to rise above inflation target in 2022.
- In March 2022, Monetary Policy Committee revised up the growth forecast of headline inflation in 2022 from 1.7% to 4.9%.



Source: Monetary Policy Committee Report (Mar 2022)

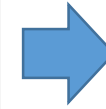


# Thailand's economy and GDP growth expectations for 2022-23

## Factors affecting the future of Thai economy and businesses

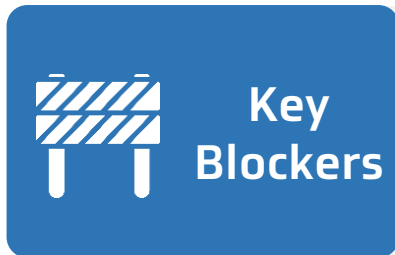


- Global economic recovery
- New Normal: Green Economy, Health Economy
- Short term government stimulus

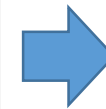


### Potential segments

- Healthcare
- Logistics
- Power & Utilities
- Exports



- Long road to recovery for tourism
- Eroding competitiveness
- High household debt burden
- High inflation pressure
- Higher input costs and supply constraints



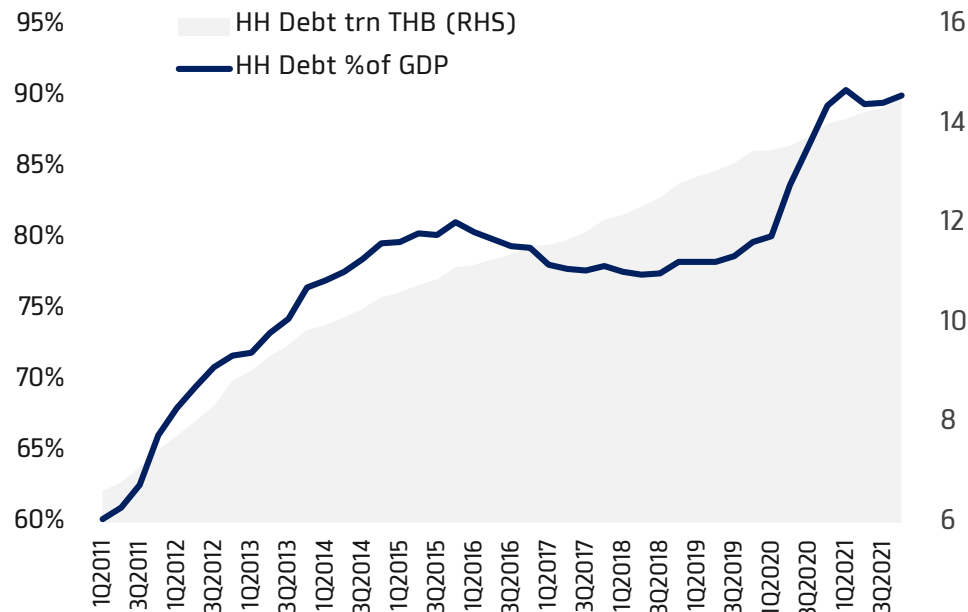
### Vulnerable segments

- Hotels
- Restaurants
- Agricultural commodities
- Condominium, Real estates

# Thailand's economy and GDP growth expectations for 2022-23

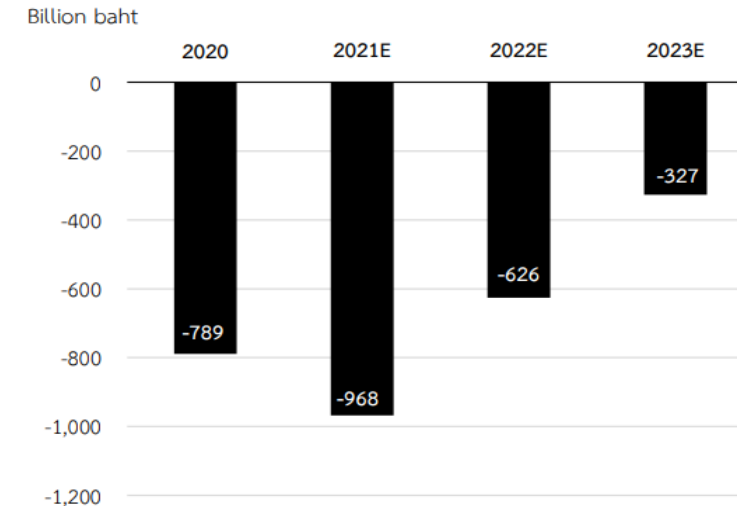
- The HH debt to GDP is now 90.1% (4Q2021), increased from 3Q2021, which the ratio remained far above its pre-pandemic level. It continued to rise from previous quarter to THB 14.58 trn.
- HH and corporates affected by the pandemic can seek assistance from financial institutions in various programs coordinated by the BOT, TBA and other parties. However, some measures are winding down.
- BOT will likely continue measures to improve accessibility of liquidity as well as encouraging financial institutions to engage in debt restructuring for the affected households and businesses.

### HH Debt



Source: Bank of Thailand, Monetary Policy Committee Report (Dec 2021)

### Income loss estimates in non-farm labors comparing to 2019



Notes: E = Estimated data

Source: Labor Force Survey and Household Socio-Economic Survey of the National Statistical Office, calculated and forecasted by Bank of Thailand (as of Dec 21)

# Financial highlights

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## Solid Loan Growth

- **Loan growth dominant** driven by all segments while focusing on quality loans from government, corporate and secured retail loans.

## Controllable Asset Quality

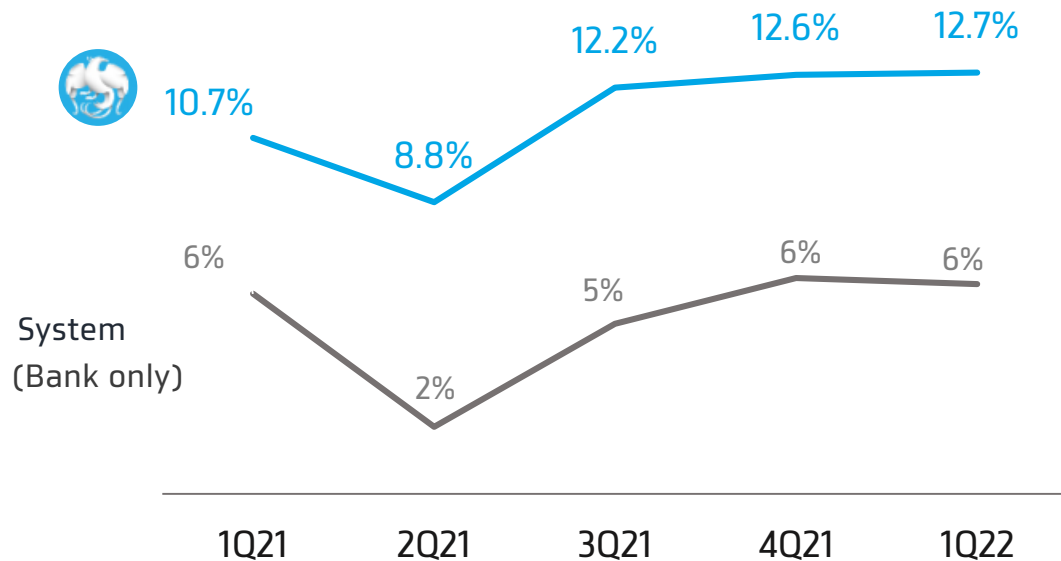
- **Steady NPL** with good grip on asset quality management.
- Maintain **prudent Coverage ratio** given the economic uncertainties ahead.

## Resilient Financial Performance

- **Improved Net Interest Income YoY**, supported by the substantial loan growth together with effective cost of fund management.
- **Manageable operating expense** led to improved Cost to Income ratio
- **Maintained strong capital position** to withstand any uncertainties

# Solid loan growth, focusing on low-risk segment during uncertainties

## Consistent loan growth YoY



## Loan growth was driven by government, corporates and retail loans.

1Q2022 growth	%YTD	%YoY
Gov & SoEs	2.8%	56.7%
Corporate	0.7%	6.7%
Retail	0.7%	4.4%
SMEs	0.6%	1.2%
<b>Total</b>	<b>1.1%</b>	<b>12.7%</b>

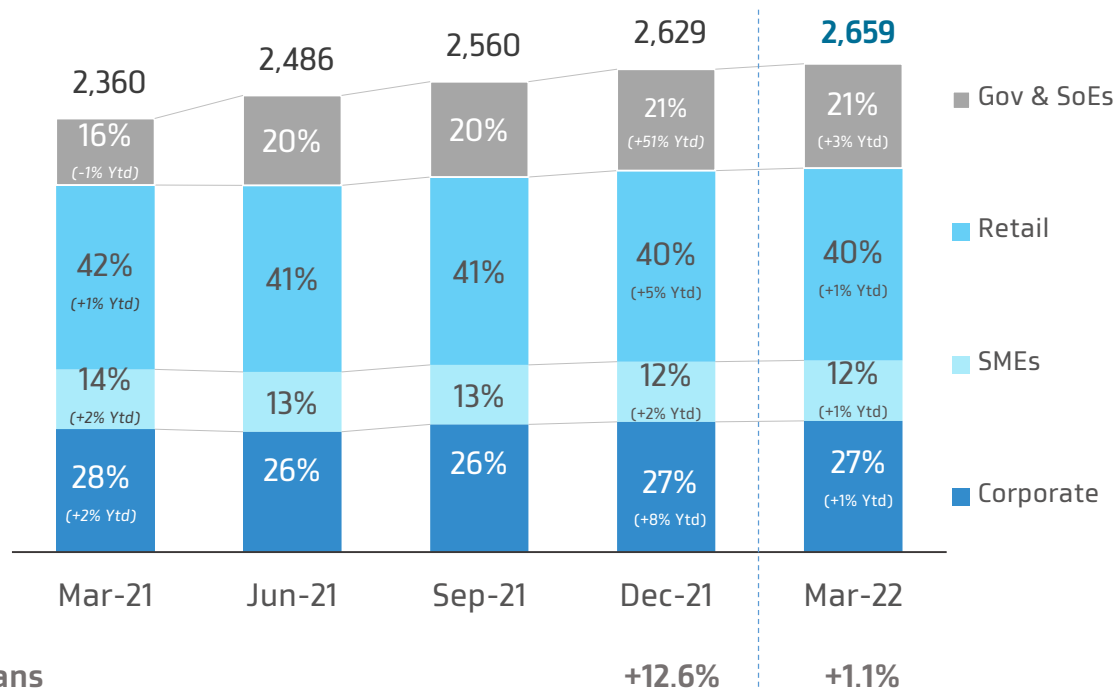
Source: System data was based on

1. BOT's website for commercial banks data (28 banks)
2. 1Q2022 data refer to net loan growth YoY

# Loan composition in quality loan growth focus

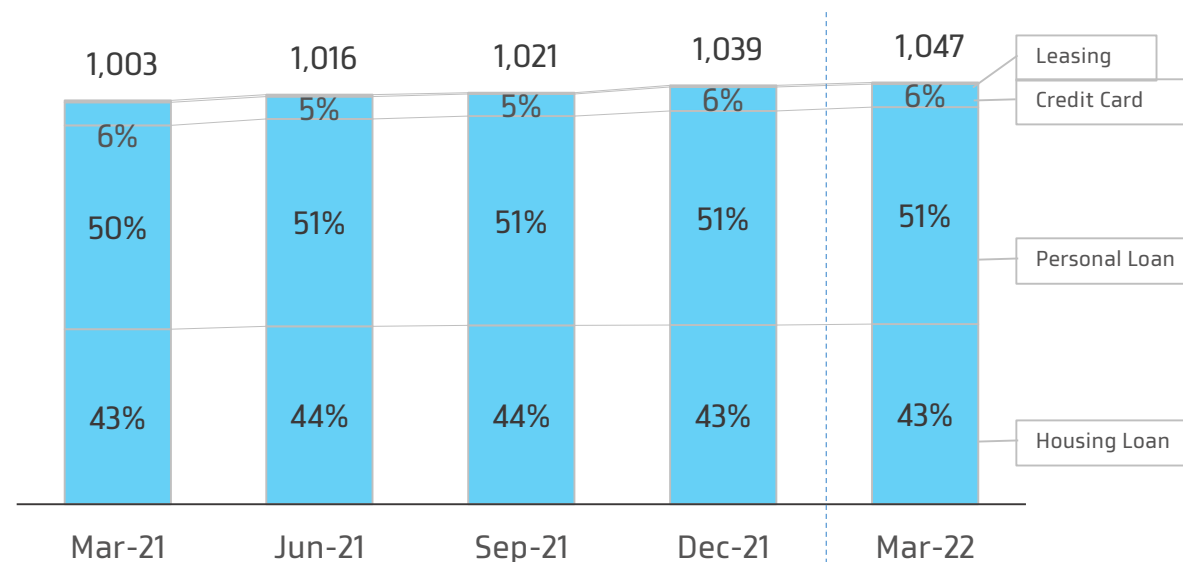
## Consistent loan growth from Government, Corporate and Retail supporting well-balance loan mix

(THB bn)



## Retail loan maintained mostly in 'secured' lending

(THB bn)



Total loans %Ytd

Note : 1/ SMEs definition has been adjusted by referring mainly to annual sales. Historical data were revised for comparable purpose.

2/ 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.

# Relief measure to our customers impacted by pandemic

*Consolidated*

% of total loans

18%

4%

2%

413

98

BAU

60

Sep-20

Dec-21

Mar-22

Loans under BOT relief measure  
(THB bn)

**Total Loan**

2,282

2,629

2,659

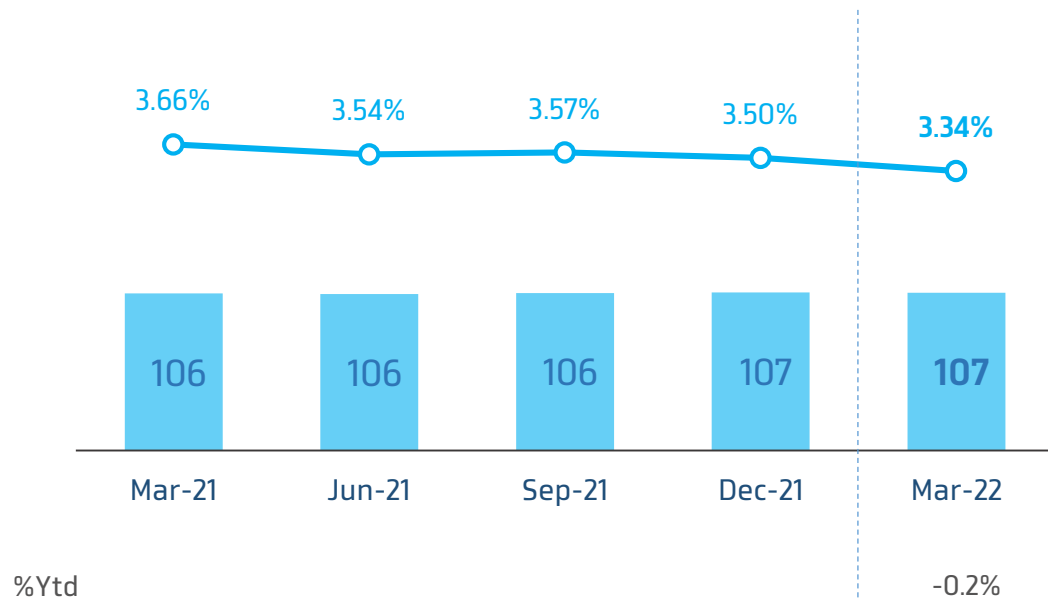
- o Loan under relief program dropped from 18% of total loans as of Sep'20 to 2% as of Mar'22 for comprehensive debt restructuring scheme (Blue).
- o % of such loans were immaterial to total loans.
- o Whereas Orange scheme considered as regular restructuring program.
- o Both are under close monitoring.

# Controllable NPL Ratio and maintain high Coverage ratio amid uncertainties

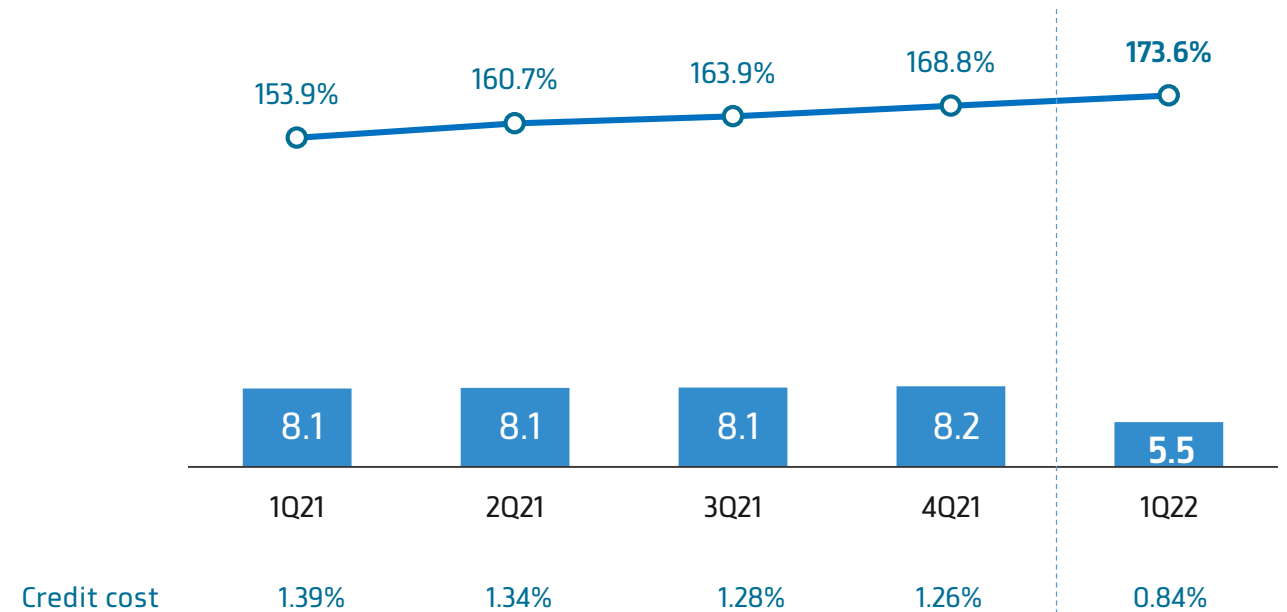


Consolidated

## Manageable NPL and NPL Ratio (THB bn)



## Prudent Coverage Ratio maintained (THB bn)

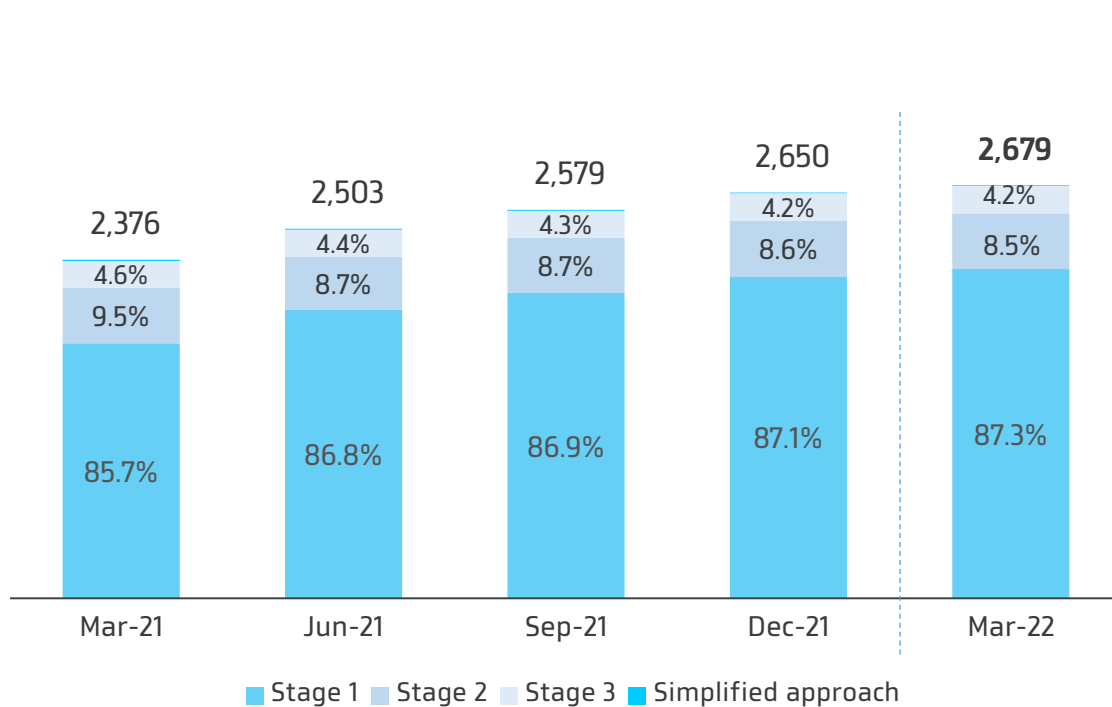




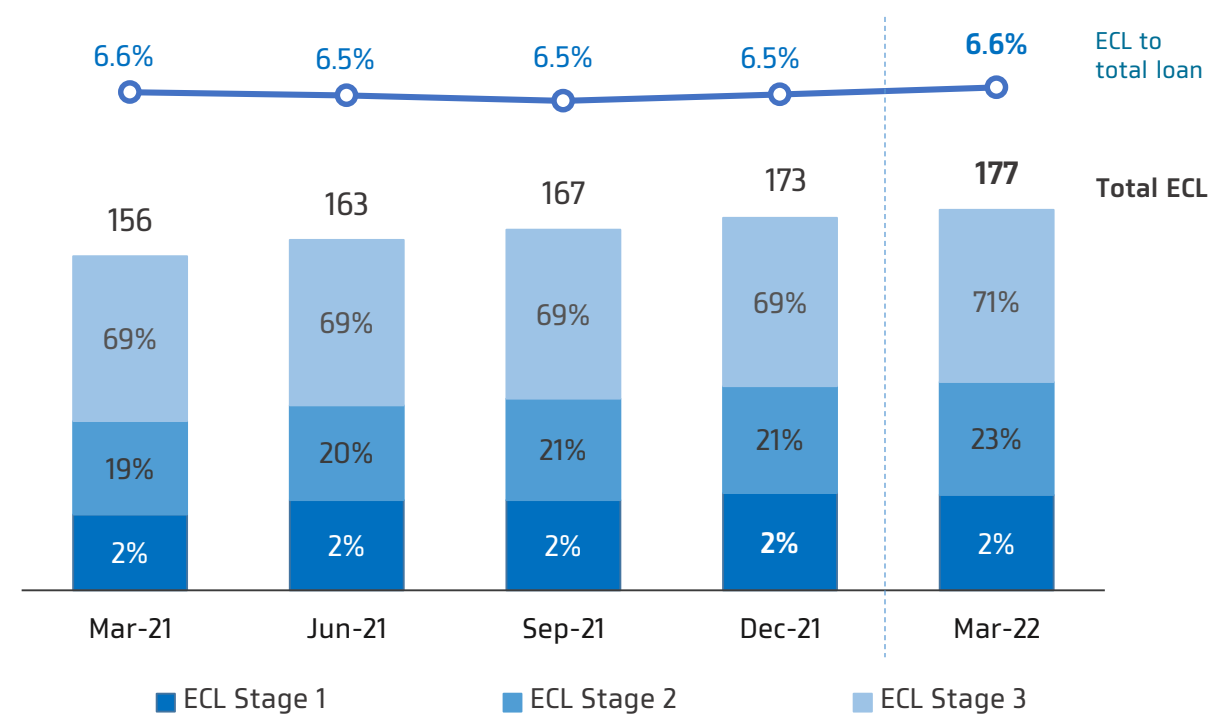
# Stable %stage2 and %stage3 level with on-going prudent %ECL to loan

Consolidated

➤ Loan and accrued interest by stage  
(THB bn)



➤ ECL on loan and accrued interest by stage  
(THB bn)



Note: Loans under COVID-19 relief measure undergo staging standstill according to BOT regulations till end-2023; hence, NPL movement might not reflect the real situation until then.

# 1Q2022 Financial Performance

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# 1Q2022 Financial Performance:

Consolidated



## Profitability

Unit : THB bn

	1Q22	QoQ	YoY
<b>Total income</b>	<b>29.68</b>	-0.8%	3.5%
<b>Opex</b>	<b>12.24</b>	-16.8%	-3.5%
<b>PPOP</b>	<b>17.44</b>	14.6%	9.1%
<b>Net profit <sup>(1)</sup></b>	<b>8.78</b>	77.6%	57.4%
<b>%Cost/income ratio</b>	<b>41.2%</b>	-800 bps	-310 bps
<b>NIM</b>	<b>2.44%</b>	-3 bps	-6 bps



## Key Ratio

<b>ROE <sup>(1)</sup></b>	<b>9.87%</b>	+438 bps	+326 bps
<b>ROA <sup>(1)</sup></b>	<b>1.00%</b>	+44 bps	+32 bps



## Loan & Asset Quality

Unit : THB bn

	1Q22	QoQ	YoY
<b>Loan</b>	<b>2,659</b>	+1.1%	+12.7%
<b>NPL ratio (gross)</b>	<b>3.34%</b>	-16 bps	-32 bps
<b>Coverage ratio <sup>(2)</sup></b>	<b>173.6%</b>	+480 bps	+1970 bps
<b>L/D ratio</b>	<b>98.01%</b>	-253 bps	+125 bps



## Capital

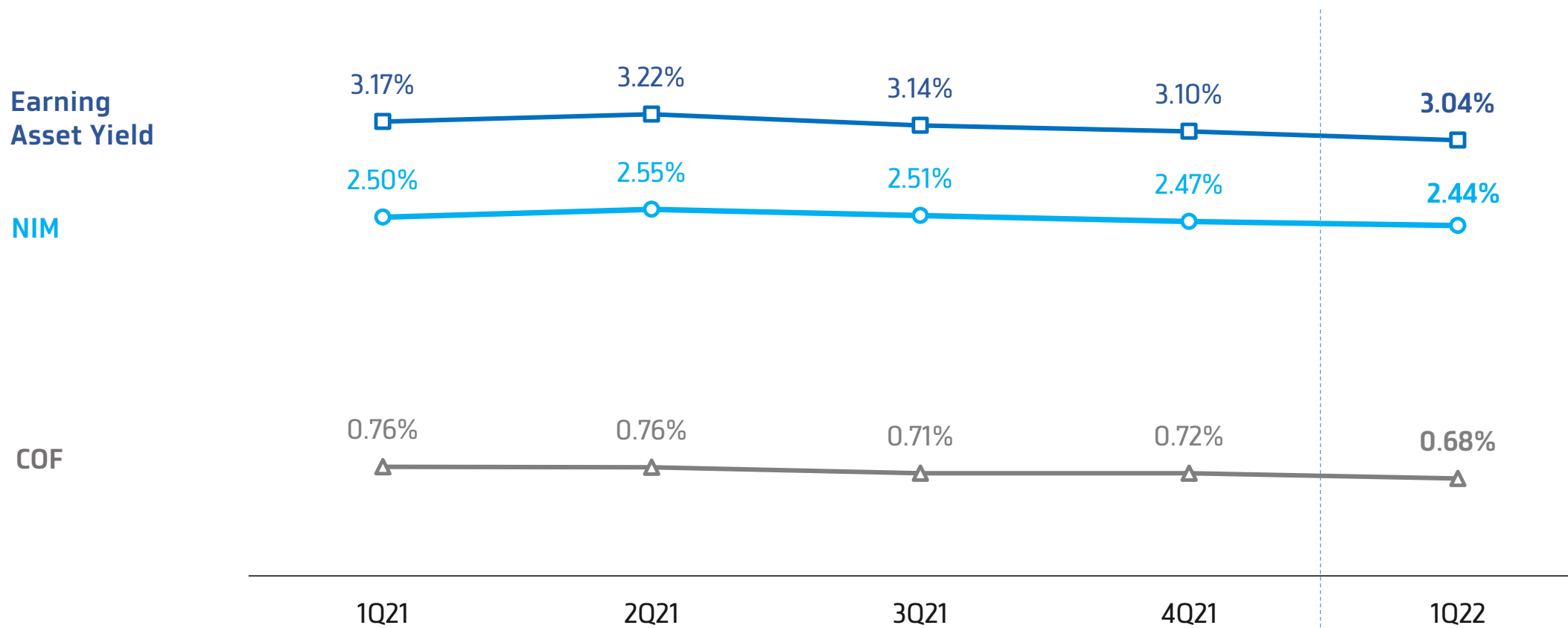
<b>CAR</b>	<b>19.84%</b>	-0.28%
<b>CET 1</b>	<b>15.63%</b>	-0.26%

(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

# Uphold NIM quarterly supported by effective cost of fund

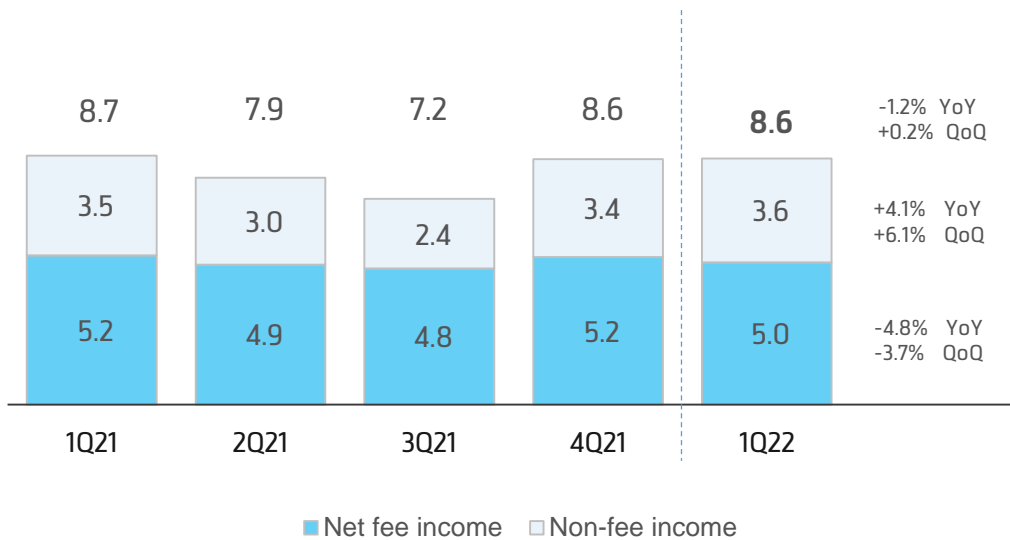
## ➤ NIM trend with COF



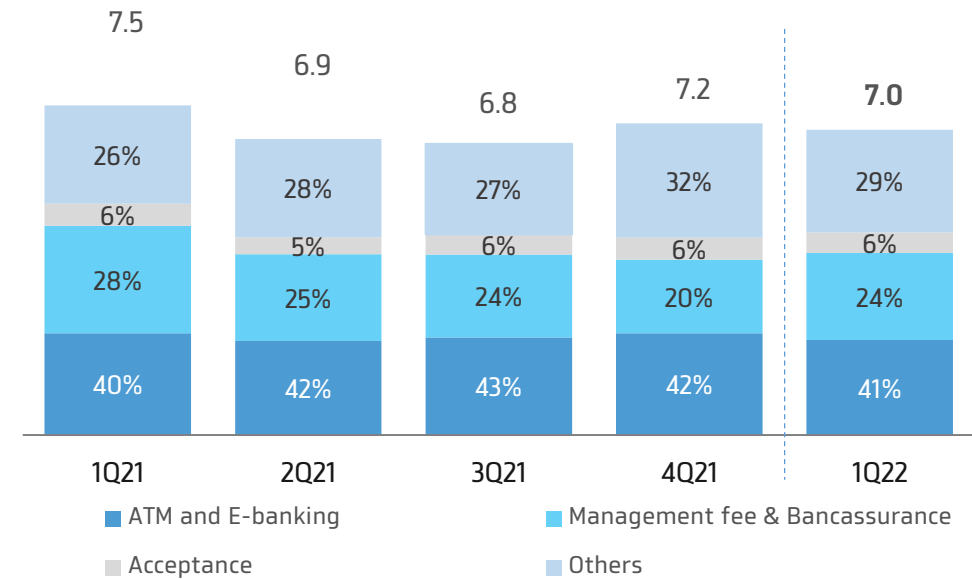
# Steady Non interest income despite slightly soften fee

## Steady Non Interest Income QoQ

(THB bn)



## Fee income gross driven by bancassurance fee



(1) Fee income gross's classification per notes to F/S disclosure  
 (2) Others fee includes fee from KTC, Global Market, and other services

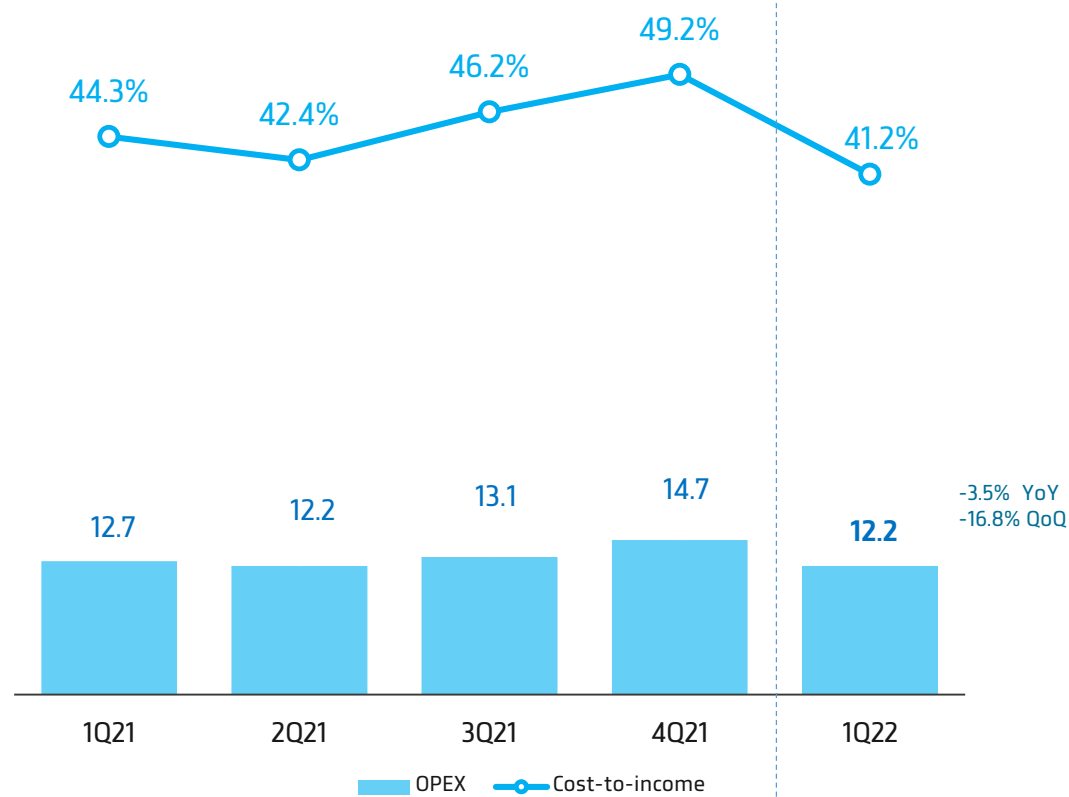
# Manageable Operating cost



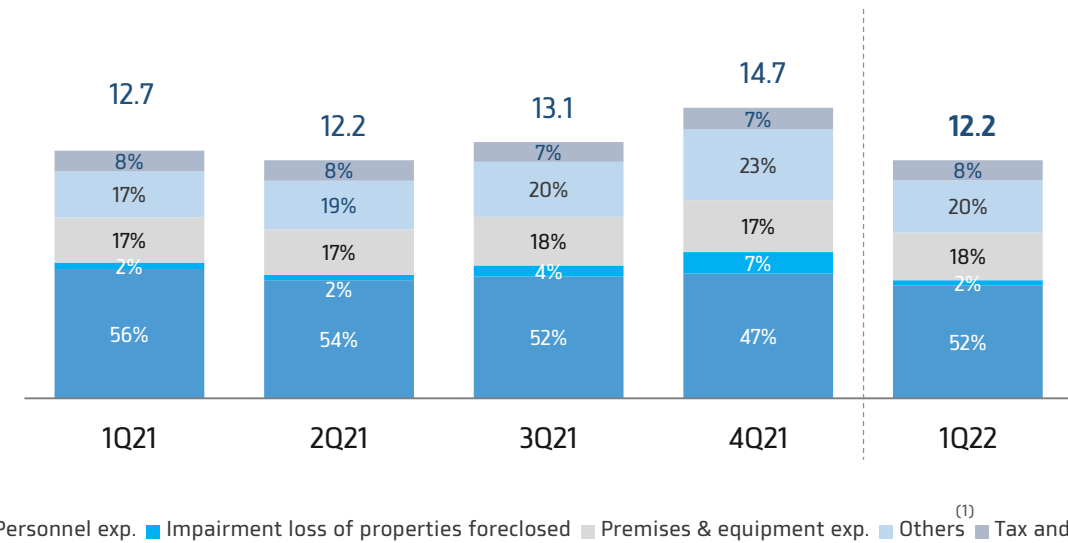
Consolidated

## Reduced cost to income ratio

(THB bn)



## Controllable key operating cost



Cost-to-average asset



(1) Others operating expense includes directors' remuneration expense

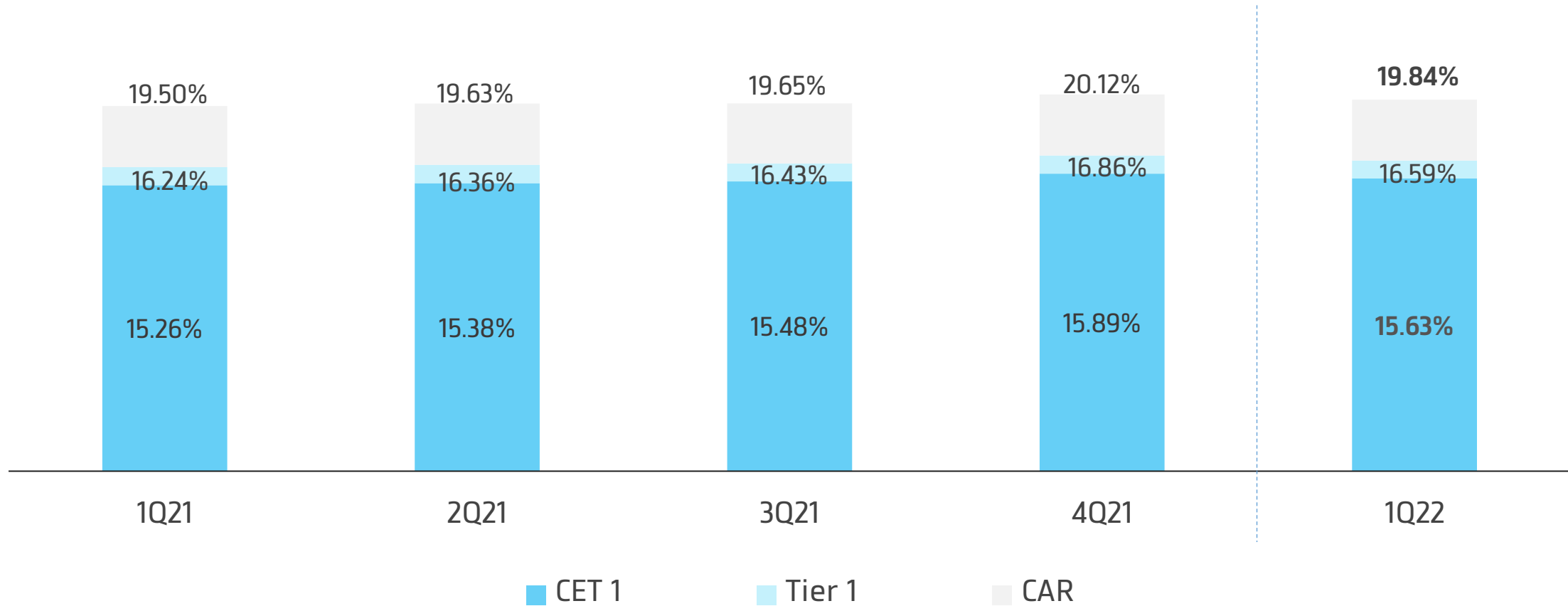
(1) Others operating expense includes directors' remuneration expense

# Strong capital position



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## Common Equity Tier 1, Tier 1 and total capital Ratios

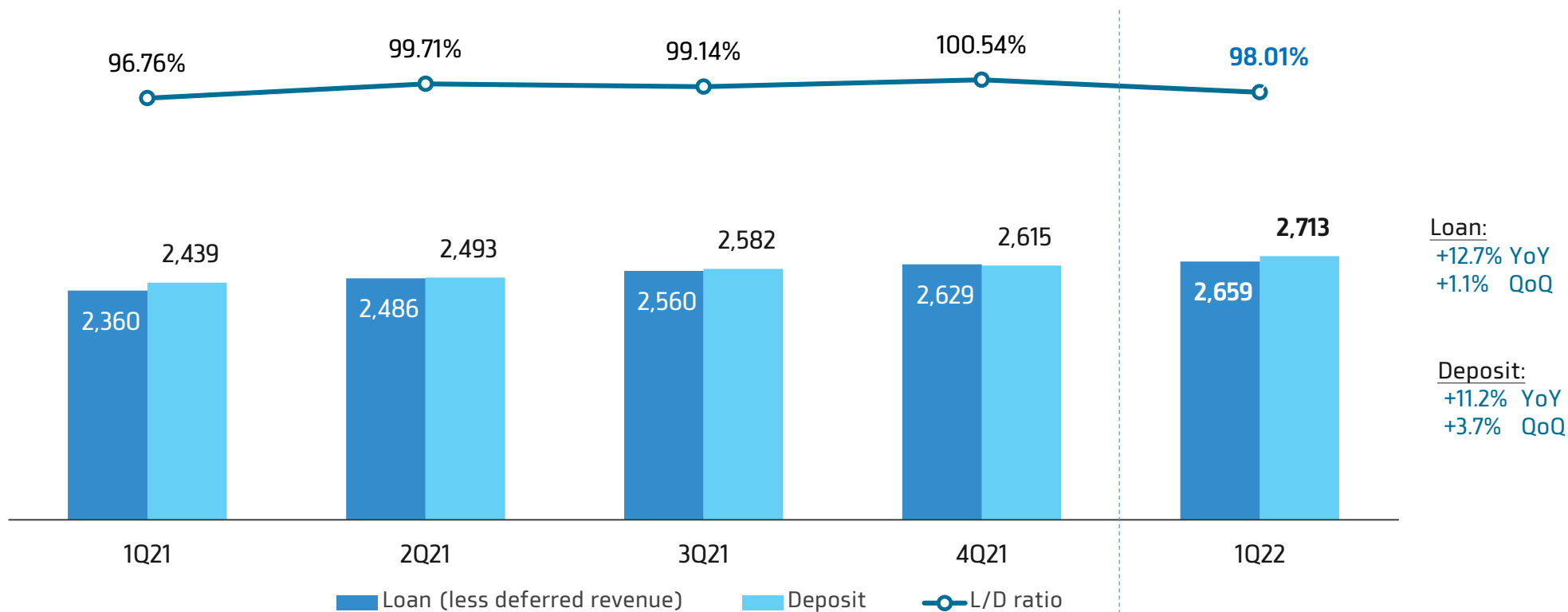


# Good liquidity position



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## ➤ Maintain high CASA level



**Loan:**  
+12.7% YoY  
+1.1% QoQ

**Deposit:**  
+11.2% YoY  
+3.7% QoQ

**%CASA**

**LDR**  
(Bank only)

81%	84%
93%	96%
96%	97%
95%	



# Appendix

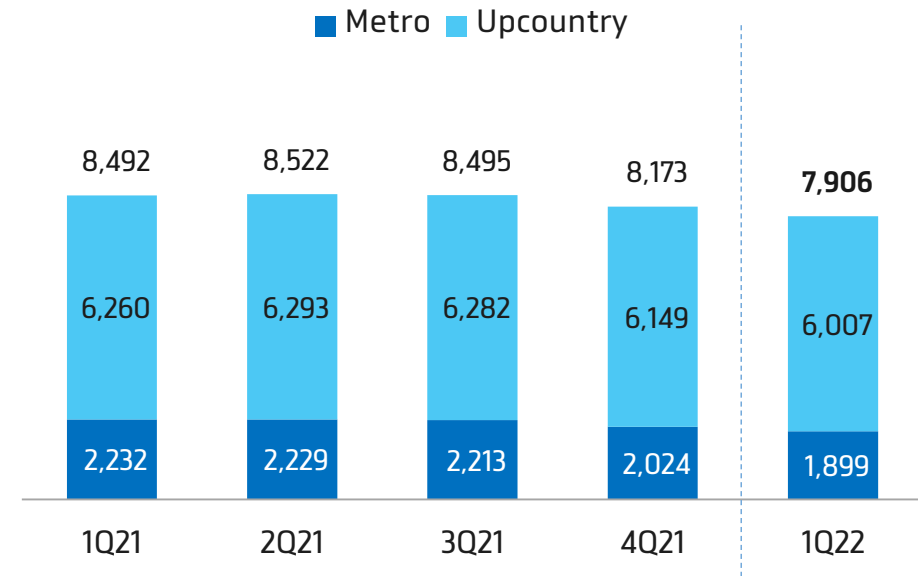
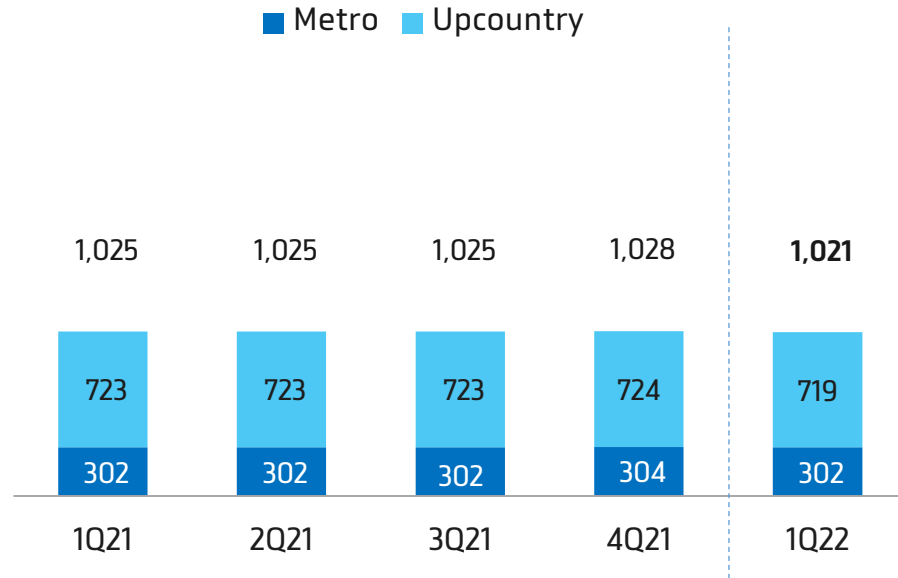
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## Branches\*

(unit: branches)

## ATMs

(unit: machines)



\* Including Head Office

## 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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