



Analyst Meeting Presentation

2Q2022 Financial Results

August 2022

Economic update

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

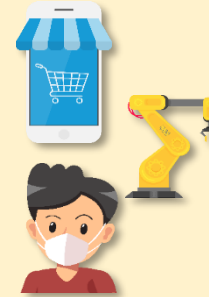


Financial support measures winding down as people's income start to normalize



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



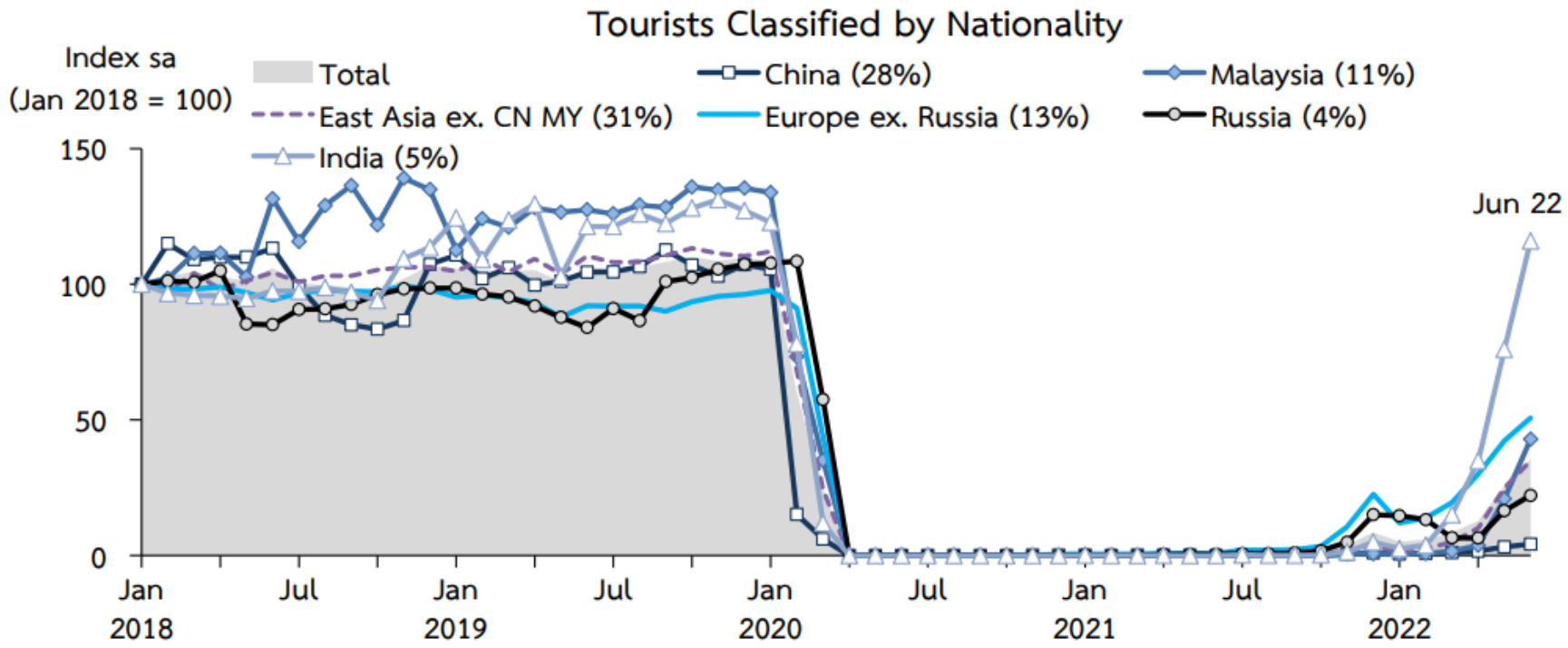
Threats to potential growth from high debt of households, gov't amidst rising interest rate environment



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

Tourism recovery accelerating off the bottom

	2021				2022			
	Q1	Q2	Q3	Q4	Q1	Q2	May	Jun ^P
No. of tourists ('000)	20	20	45	342	497.7	1,582.3	521.4	767.5
%YoY	-99.7	n.a.	n.a.	3,060.5	2,367.2	7,704.0	8,515.5	13,379.0
%QoQsa, %MoMsa	82.2	18.8	112.6	575.5	45.4	279.7	100.6	38.6



Note: () denotes share of total tourist arrivals in 2019 P = Preliminary data
 Source: Ministry of Tourism and Sports, calculated by Bank of Thailand

Risks facing Thai economic recovery



COVID-19
still influence
China's
economy with
zero-covid
policy



**Global Economic
"Slowdown" ...**
global growth
outlook
downgraded
amidst energy
prices and
shortages
problems



**"Persistently
High Inflation"**
due to supply-
side issues



**"Faster" than
expected
Tightening
Monetary Policy**
Fed's hikes &
Global
Quantitative
Tightening



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

Gov't measures winding down

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 66 bn)

Asset Warehousing

Budget 100 bn
(Remaining 50 bn)

Fiscal measures

1 trillion baht
(Most has been approved)

Additional 0.5 trillion baht
(Remaining 46 bn)

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

Medical and Health Response 161 billion baht
(Remaining ~ 0.0 bn) *

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

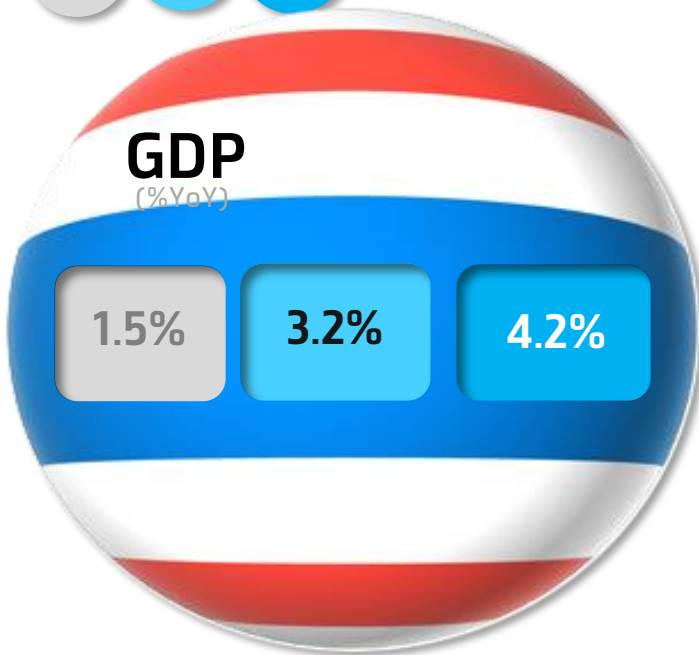
Relief & Revitalize measures 339 billion baht
(Remaining ~ 46 bn) *

- '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 (99 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)

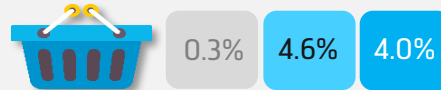


2021 (Actual) 2022F 2023F



Key Highlights for 2022

Unit: (%YoY)



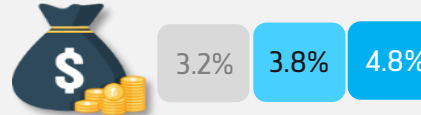
Private consumption

- Private consumption is expected to improve with positive outlook for income and employment
- High level of household debt remains a headwind



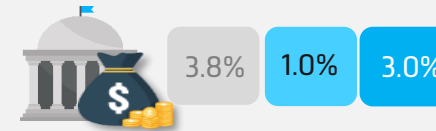
Public consumption

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



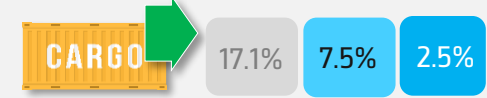
Private investment

- Continued export growth, prospect of government investment as well as various investment promotion schemes will support expansion of private investment in 2022-23



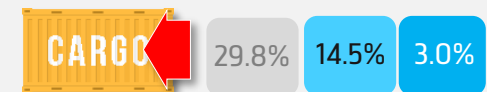
Public investment

- In 2022, public investment growth is expected to slow from lower-than-expected of capital budget disbursement



Export *

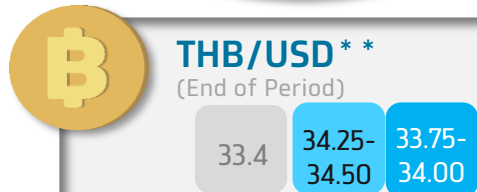
- Thai's export growth partly comes from higher price, particularly from energy-related products.
- Global economy slowdown from Russia-Ukraine war and China's Zero-Covid policy increasing downward pressure on its economy and global supply chains are risks to exports.



Import

- Significant 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.

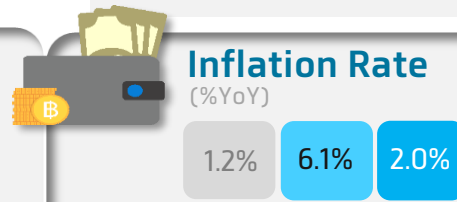
Remark: * Customs basis, Value in USD



THB/USD **

(End of Period)

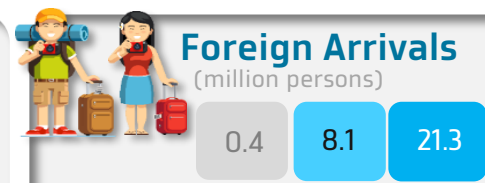
- Baht against dollar briefly weakened past 36 as the dollar strengthened
- Baht may rebound in late 2022 due to stronger current account from tourism revenues



Inflation Rate

(%YoY)

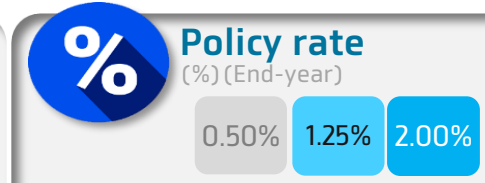
- The surge in energy prices from Russia-Ukraine conflict might take longer than expected, headline inflation is expected to rise above inflation target range in 2022
- Inflation is projected to slowdown and return to the target range in 2023



Foreign Arrivals

(million persons)

- Sign of recovery can be seen from continuously rising tourist arrivals after the relaxation of entry measures
- Upside is possible with TAT projecting 7-10 million tourist arrivals.



Policy rate

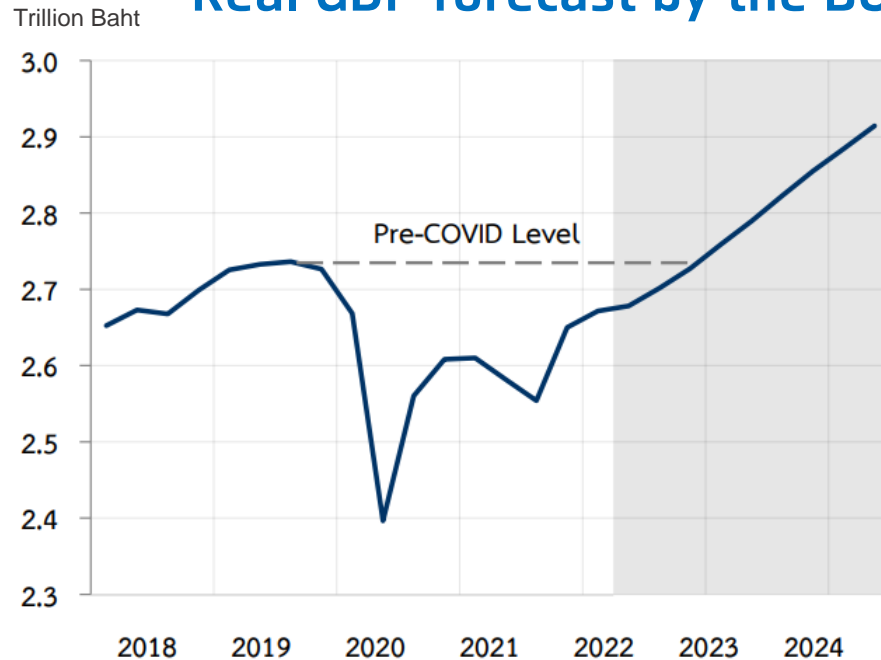
(%) (End-year)

- Given a clearer view of economic recovery and inflation that will remain elevated for longer than expected, BOT shifts to normalizing monetary policy

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

- Krungthai revised up growth outlook in 2022 to 3.2% from 3.0% as tourism recovery exceeds expectation.
- In June 2022, Monetary Policy Committee (MPC) forecast economic growth of 3.3% for 2022, up from the previous forecast for 3.2% growth and forecast headline inflation of 6.2% in 2022, compared with 4.9% previously projected.

Real GDP forecast by the BOT



GDP forecast summary

	2022F		2023F	
	GDP	Exports	GDP	Exports
BOT	3.3	7.9	4.2	2.1
NESDC	2.7-3.2	7.9	n.a.	n.a.
FPO	3.5	7.7	n.a.	n.a.
Krungthai	3.2	7.5	4.2	2.5
SCB	2.9	5.8*	3.8	2.3*
KBANK	2.9	7.8	n.a.	n.a.

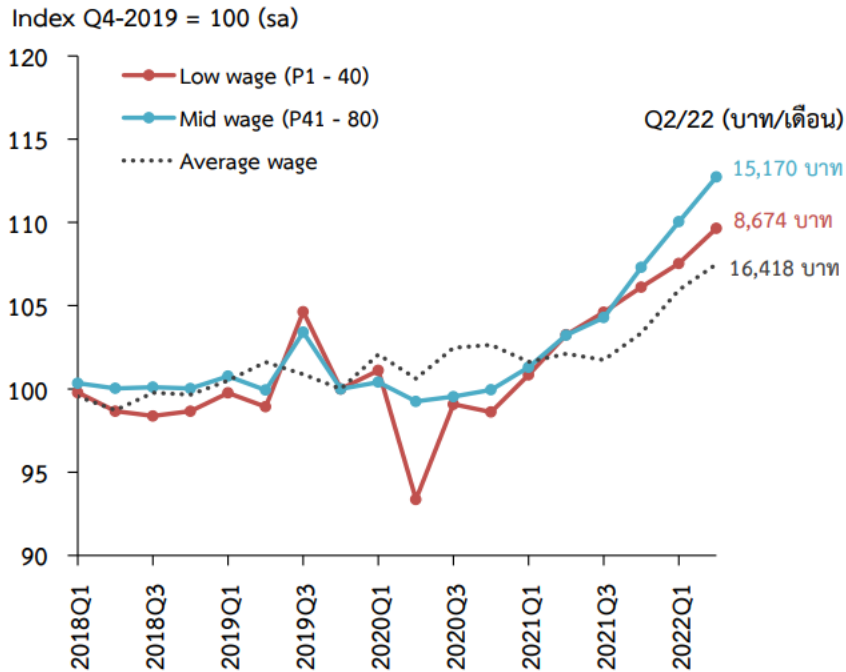
Source: Monetary Policy Committee's Decision 4/2022 (Aug 2022) Forecasts compiled by Krungthai COMPASS as of Aug 2022

Note: *B.O.P basis

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

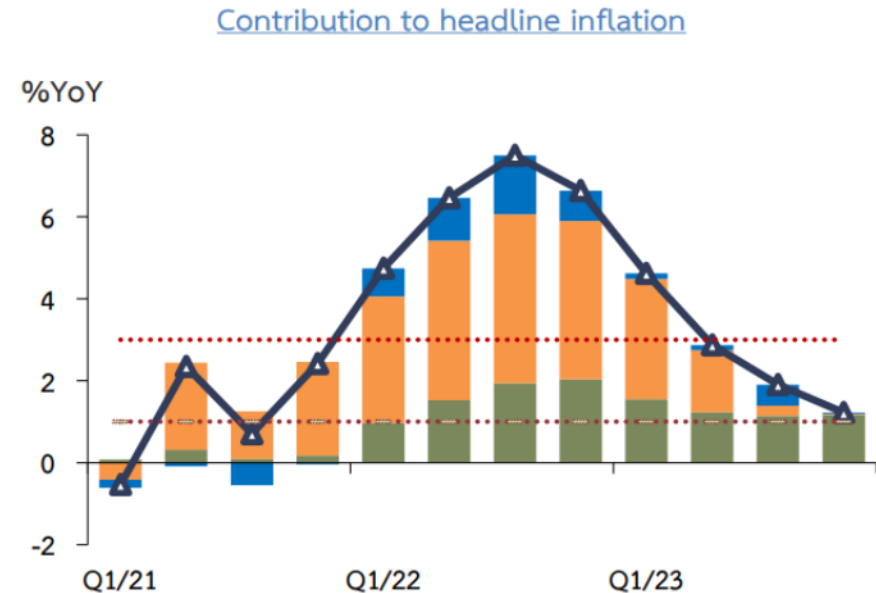
- In August 2022, MPC voted 6 to 1 to raise the policy rate by 25 basis points to 0.75 percent.
- The committee views that economic recovery has continued to strengthen and is expected to return to the pre-COVID level by the end of this year. Headline inflation will remain at a high level for some time. The committee assesses that the extraordinarily accommodative monetary policy is no longer warranted.
- From the view of MPC that the Thai economy is projected to continue recovering with strong momentum, we expect the MPC to gradually raise the rate by another 50 basis points in 2022 and 75 basis points in 2023

Non-farm labor income



Source: Bank of Thailand (Aug 2022)

Inflation would decline by the end of this year mainly due to subsiding supply-side pressures

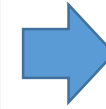


Thailand's economy and GDP growth expectations for 2022-23

Factors affecting the future of Thai economy and businesses

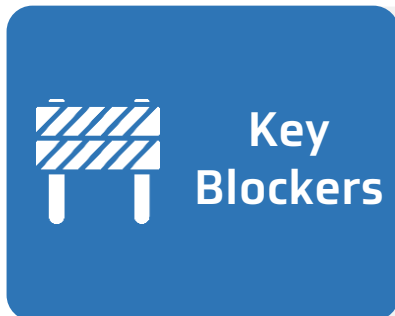


- Global economic recovery
- New Normal: Green Economy, Health Economy
- Short term government stimulus

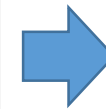


Potential segments

- 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



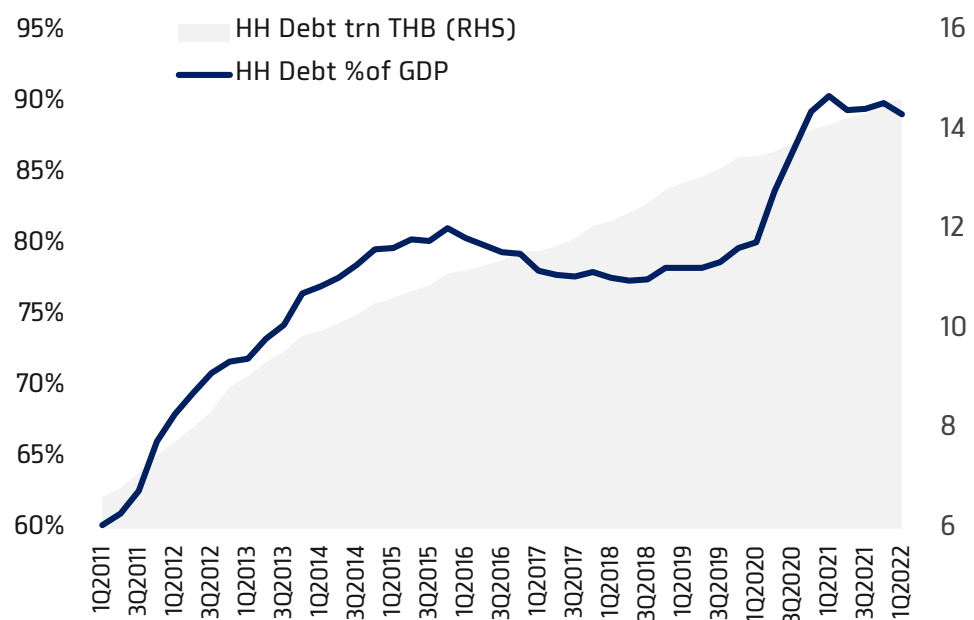
Vulnerable segments

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

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

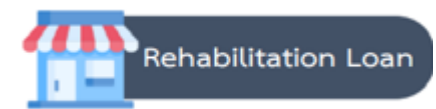
- The HH debt to GDP ratio is now 89.2% (1Q2022), slightly down from a revised 90.0% in the previous quarter, but it remains far above pre-pandemic level.
- HH and corporates affected by the pandemic can seek assistance from financial institutions in various programs coordinated by the BOT, TBA and other 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



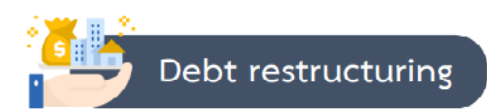
Source: Bank of Thailand

Development in financial rehabilitation measures and credit assistance from financial institutions



Approved loan amount **184,113 Million Baht**
 As of 1 Aug 2022

No. of debtors under loan scheme **54,772 Debtors**



Loan outstanding under assistance **2.9 trillion Baht**
 As of 31 May 2022

No. of account under assistance **3.84 million accounts**

Financial highlights

Solid Loan Growth

- **Loan growth accelerated from private sectors** including corporate and retail customers as focused quality loans.

Resilient Financial Performance

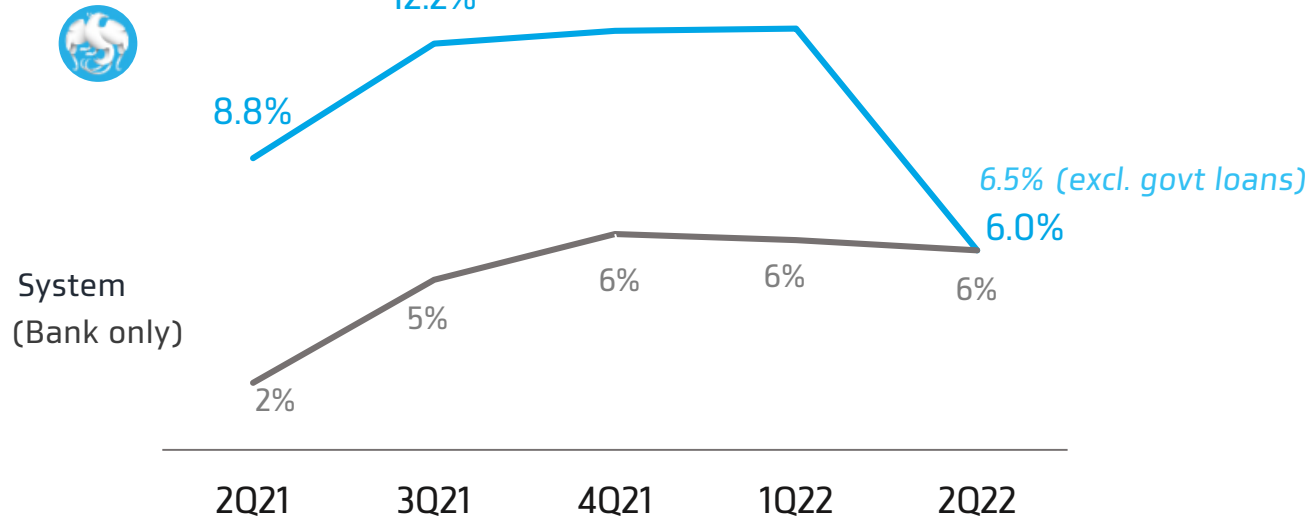
- **Total operating income increased** from quality loan growth and a slight uplift in fee.
- **NIM improved**, supported mainly by the accelerated private loan growth.
- **Comprehensive operating expense management** led to broadly flat %Cost to Income.
- **Strengthen capital position level** to withstand any uncertainties

Well-managed Asset Quality

- **Slightly improved NPL ratio.**
- **Prudent level of Coverage ratio** given the economic uncertainties ahead.

Solid loan growth, focus on quality loans

➤ Solid loan growth YoY



➤ Loan growth mainly driven by corporates and retail loans.

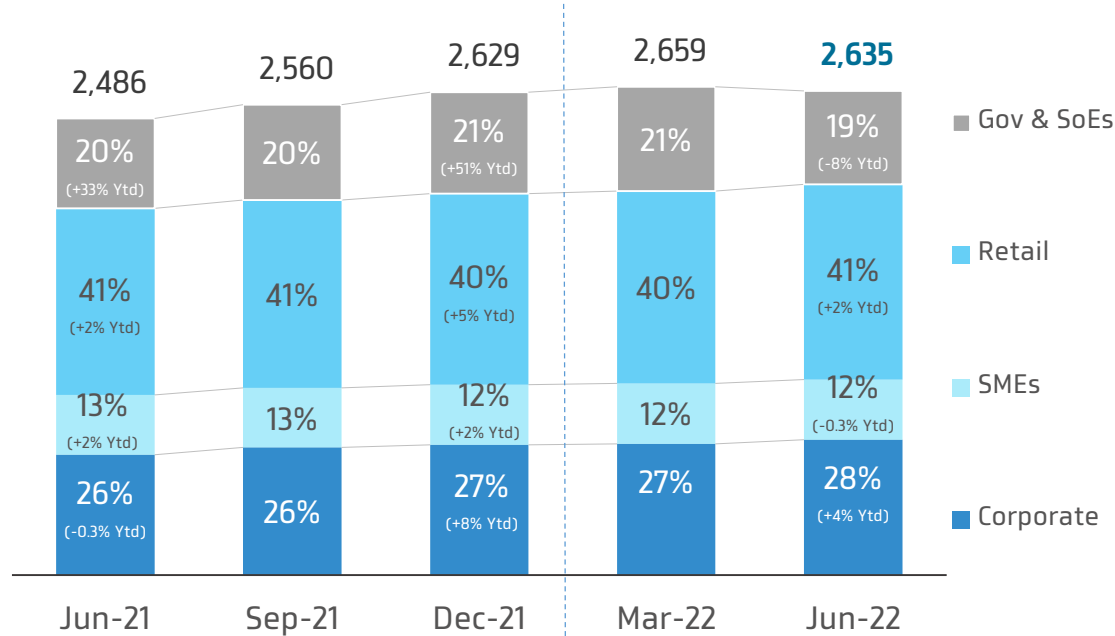
2Q2022 growth	%YTD	%YoY
Gov & SoEs	-8.1%	3.8%
Corporate	3.9%	12.7%
Retail	2.3%	4.6%
SMEs	-0.3%	0.1%
Total	0.2%	6.0%
Total excl. government loans	2.5%	6.5%

Source: System data was based on
 1. BOT's website for commercial banks data (28 banks)
 2. 2Q2022 data refer to net loan growth YoY

Good loan composition weighted on the quality private loan growth

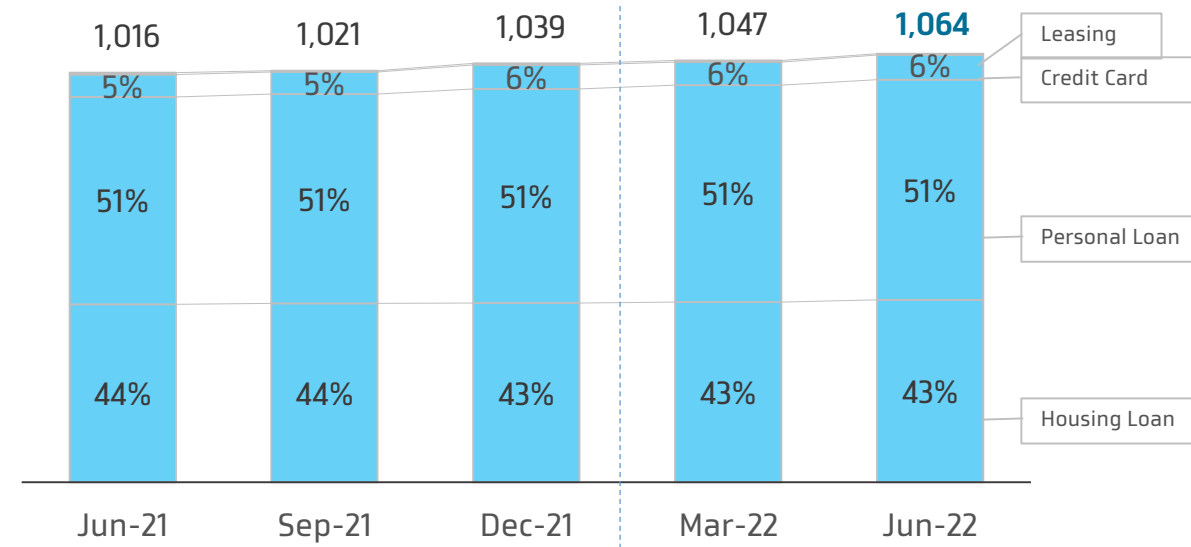
On-going retail & corporate loan growth

(THB bn)



Retail loan remains the focused loan segment.

(THB bn)



Total loans	Jun-21	Sep-21	Dec-21	Mar-22	Jun-22
%Ytd					+0.2%
%YoY	8.8%	12.2%	12.6%	+12.7%	+6.0%

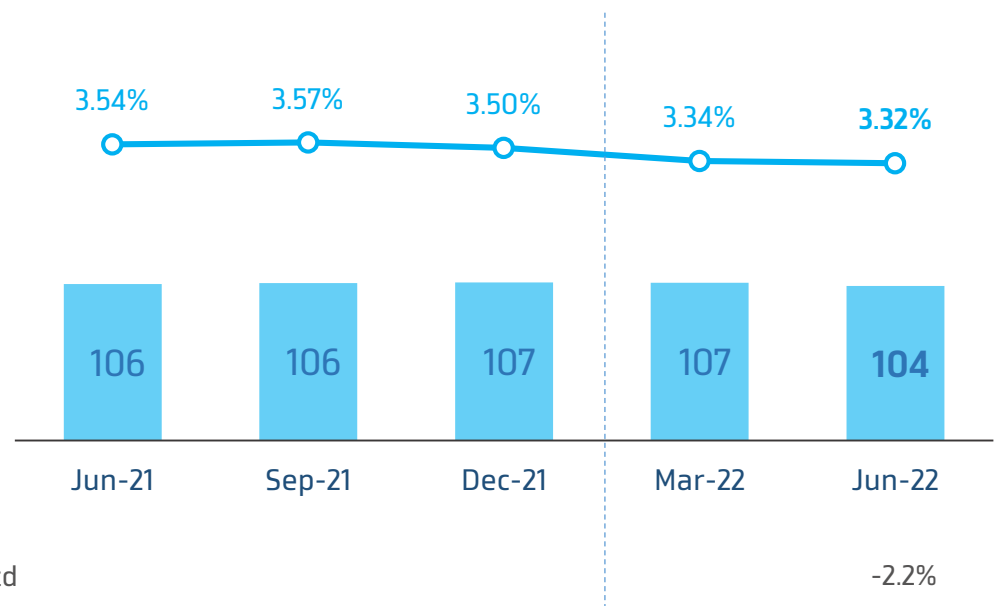
Note : 1/ SMEs definition has been adjusted by referring mainly to annual sales. Historical data were revised for comparable purpose.

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.

Well-managed NPL with Prudent Coverage ratio to safeguard uncertainties

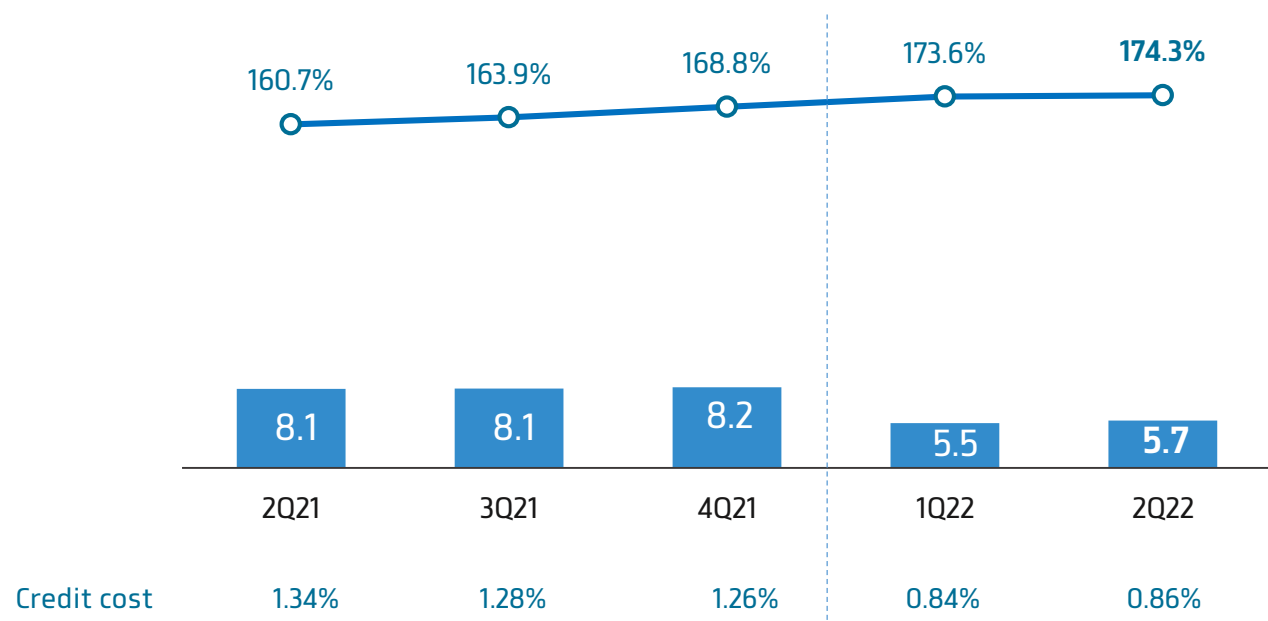
Slightly improved NPL and NPL Ratio

(THB bn)



Prudent Coverage Ratio

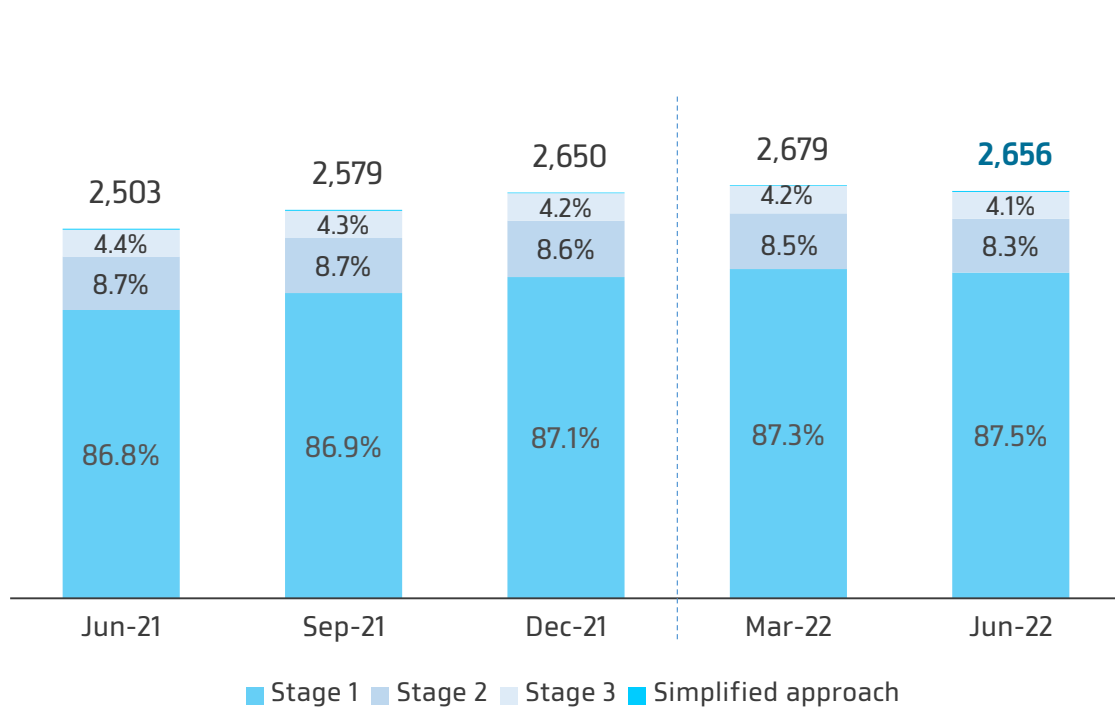
(THB bn)



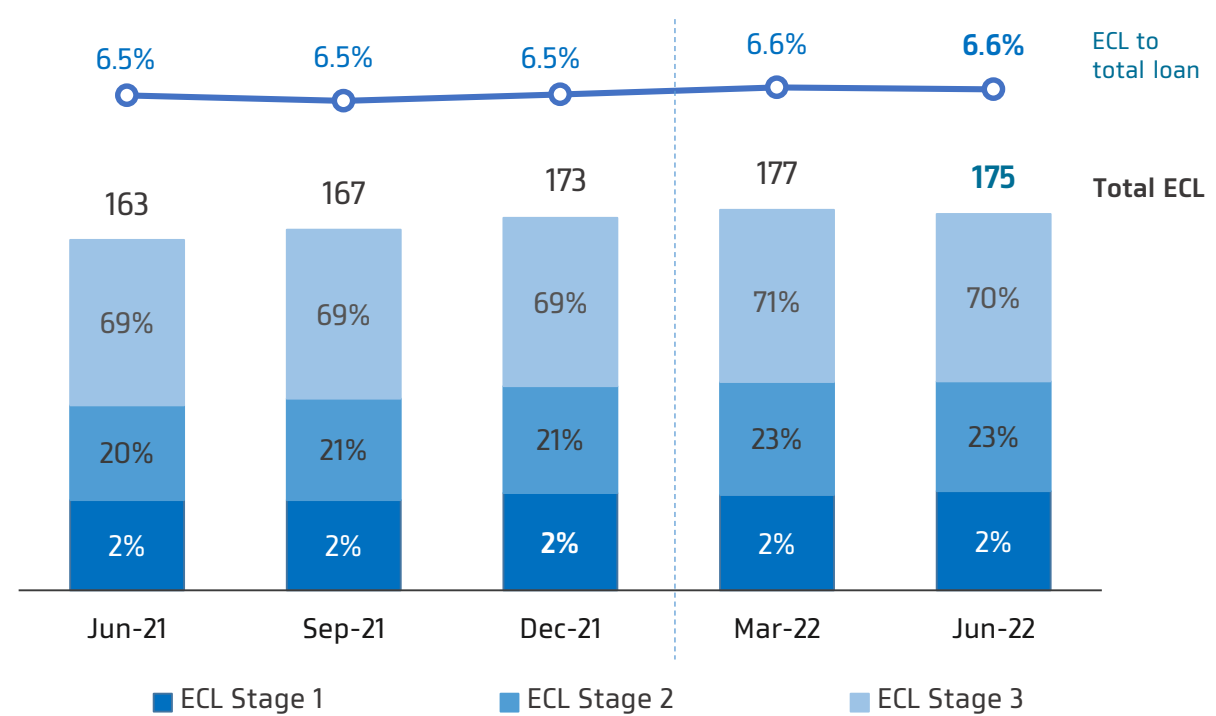
Steady %stage2 & 3 level with prudent provision for all stages

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.

2Q2022 & 1H2022 Financial Performance

2Q2022 & 1H2022 Financial Performance:

Consolidated



Profitability

Unit : THB bn	2Q22	QoQ	YoY	1H22	YoY
Total income	29.5	-0.7%	+2.1%	59.1	+2.8%
Opex	12.5	+2.2%	+2.3%	24.8	-0.7%
PPOP	16.9	-2.8%	+2.0%	34.4	+5.5%
Net profit ⁽¹⁾	8.4	-4.8%	+39.1%	17.1	+47.9%
%Cost/income ratio	42.5%	+123 bps	+7 bps	41.9%	-147 bps
NIM	2.51%	+7 bps	-4 bps	2.50%	-3 bps



Key Ratio

ROE ⁽¹⁾	9.35%	-52 bps	+231bps	9.66%	+285 bps
ROA ⁽¹⁾	0.94%	-6 bps	+23 bps	0.97%	+28 bps



Loan & Asset Quality

Unit : THB bn	2Q22	QoQ	YTD
Loan	2,635	-0.9%	+0.2%
NPL ratio (gross)	3.32%	-2 bps	-18 bps
Coverage ratio ⁽²⁾	174.3%	+70 bps	+550 bps
L/D ratio	101.20%	+319 bps	+66 bps



Capital

CAR	20.38%	+54 bps	+26 bps
CET 1	15.31%	-32 bps	-58 bps

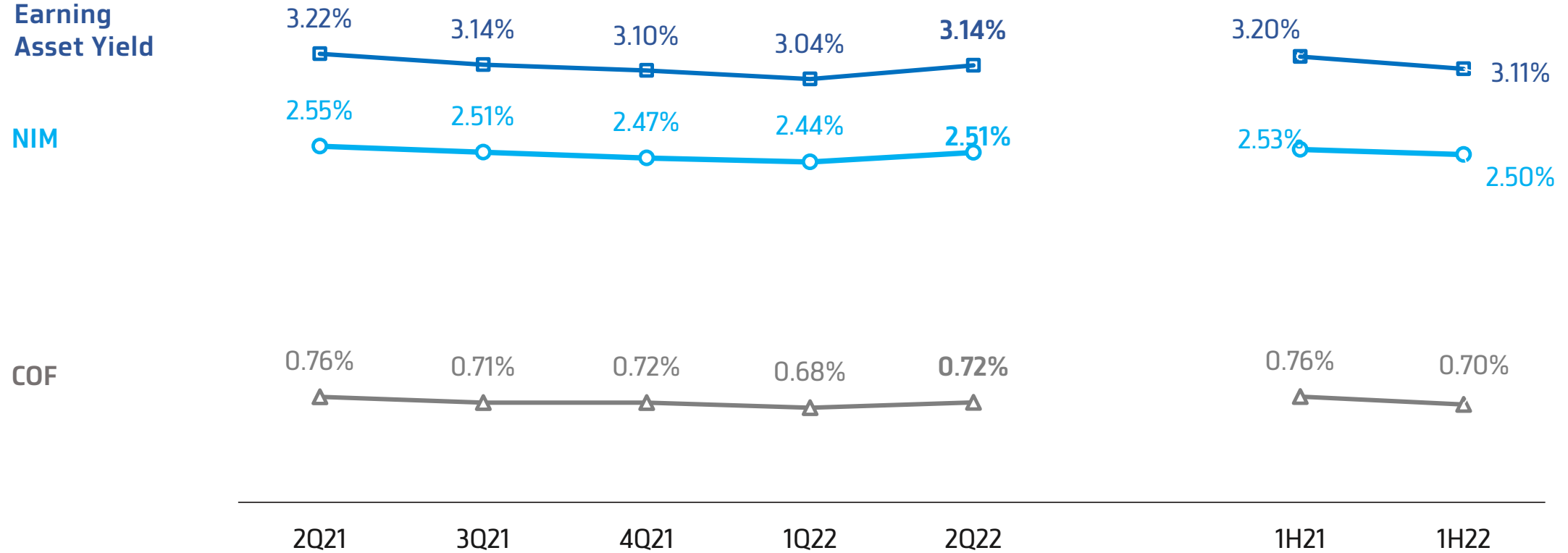
(1) Net profit, ROE, ROA represented for equity holders of the bank

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

Improved NIM supported mainly by growing private loans

Consolidated

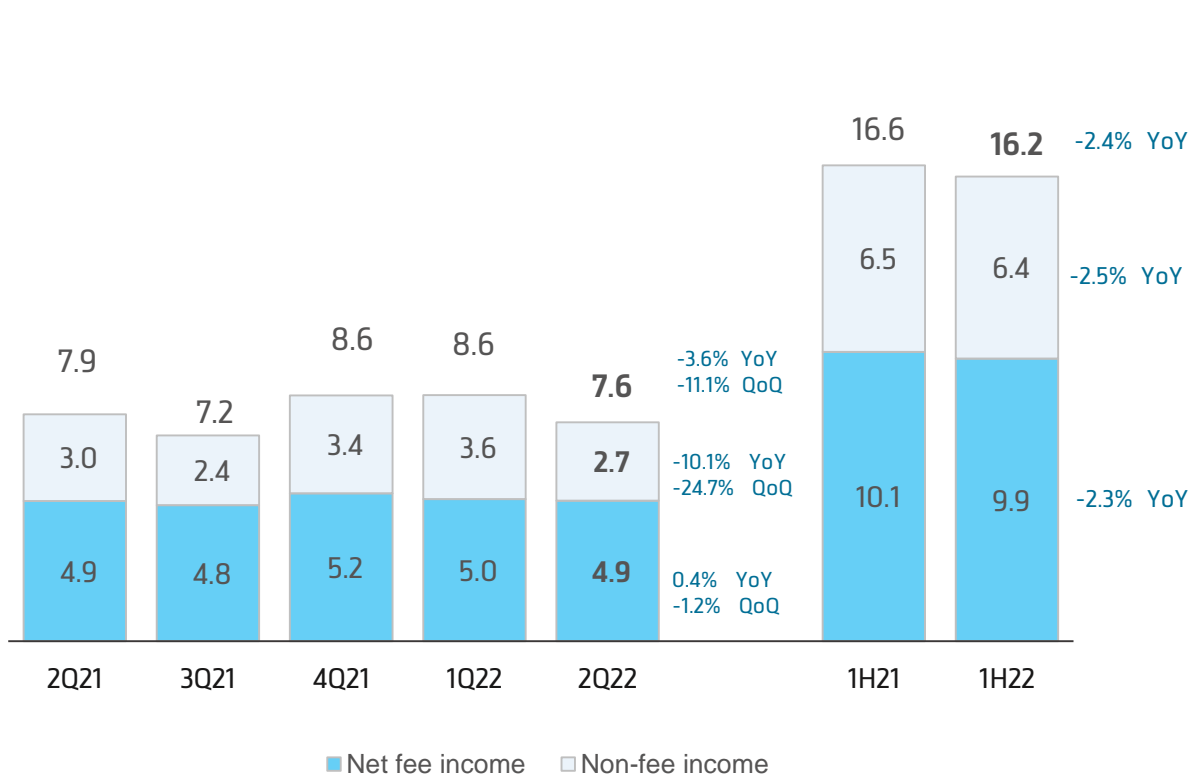
➤ NIM trend



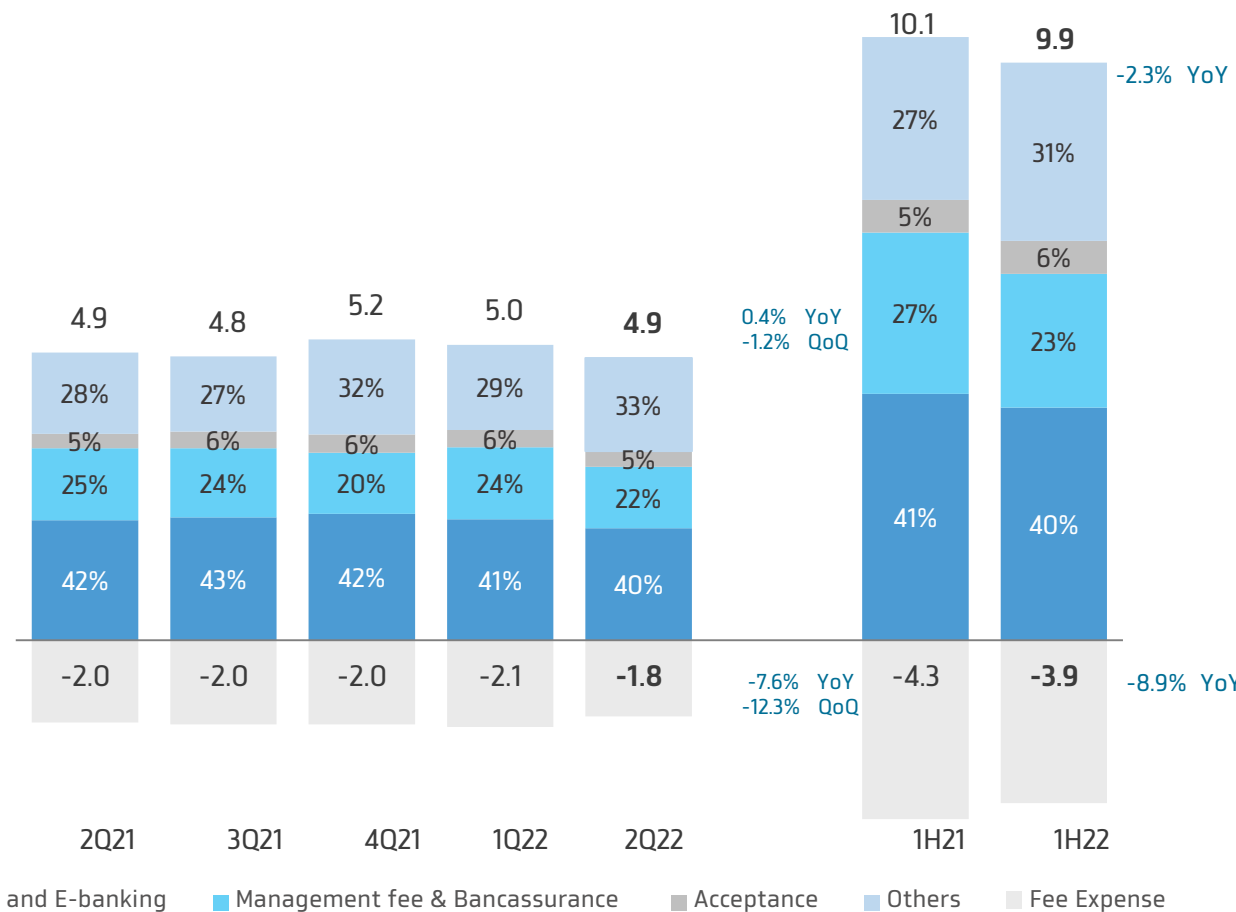
Soften Non interest income partly from unfavorable market situation

Non Interest Income

(THB bn)



Fee income net



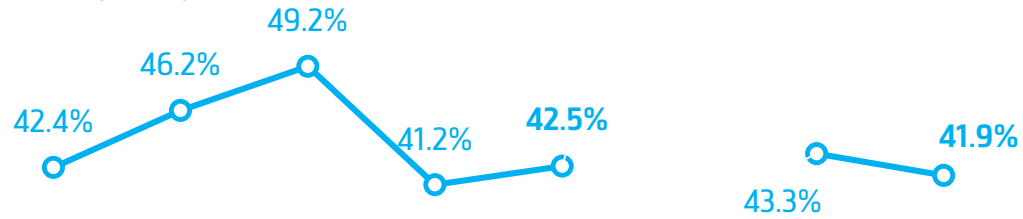
(1) Fee income breakdown gross's classification per notes to F/S disclosure
 (2) Others fee includes fee from KTC, Global Market, and other services

Comprehensive operating cost management led to controllable CI Ratio

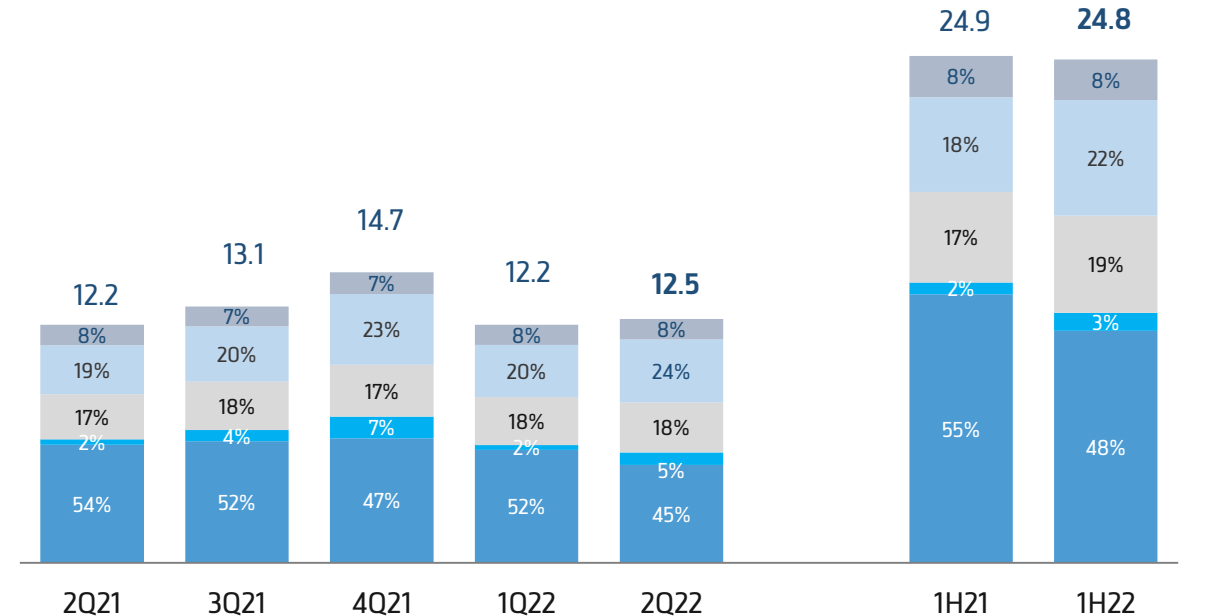
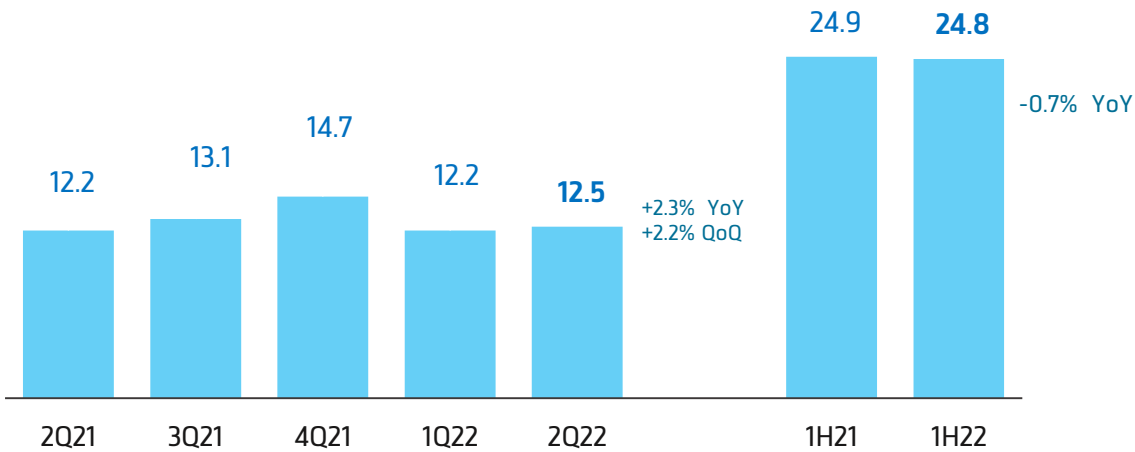
Consolidated

Broadly flat cost to income ratio YoY

(THB bn)



With well-diversified operating cost across key categories



OPEX

Cost-to-income (C/I)

Personnel exp. Impairment loss of properties foreclosed Premises & equipment exp. Others⁽¹⁾ Tax and duties

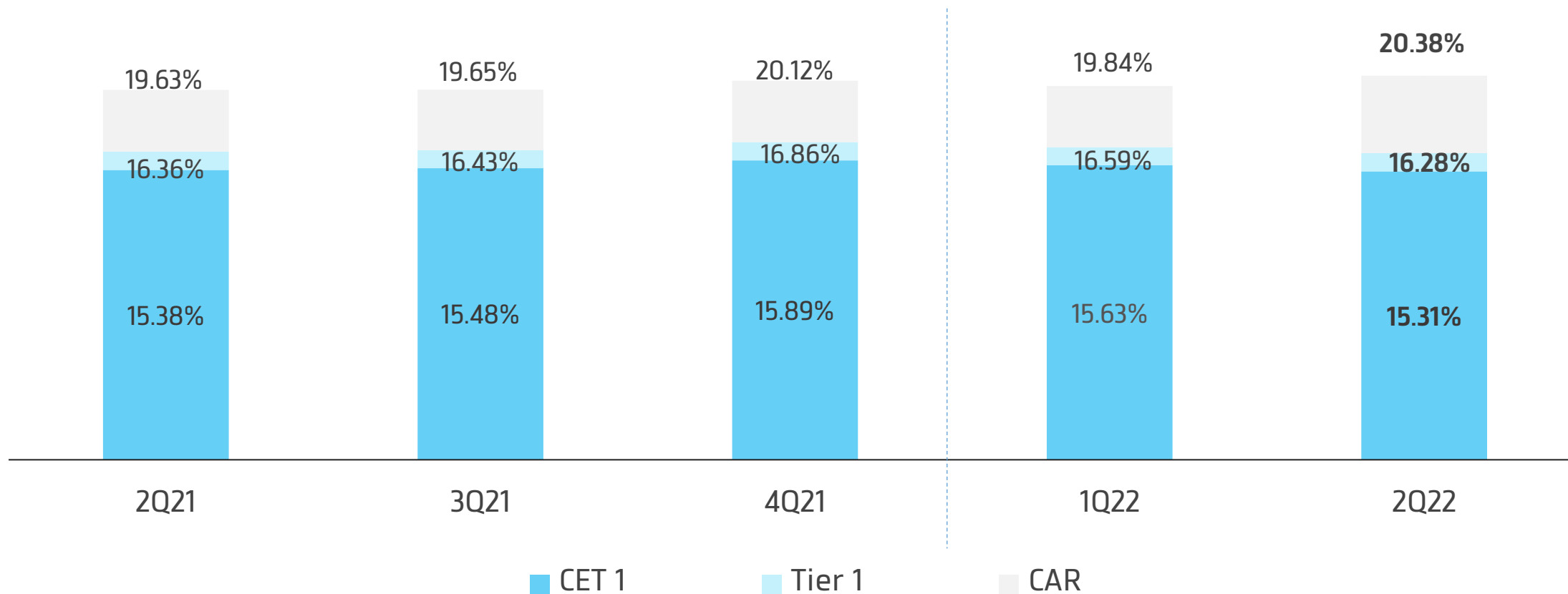
Cost-to-average asset



(1) Others operating expense includes directors' remuneration expense

Strong capital position with higher Tier 2 level

Common Equity Tier 1, Tier 1 and total capital Ratios

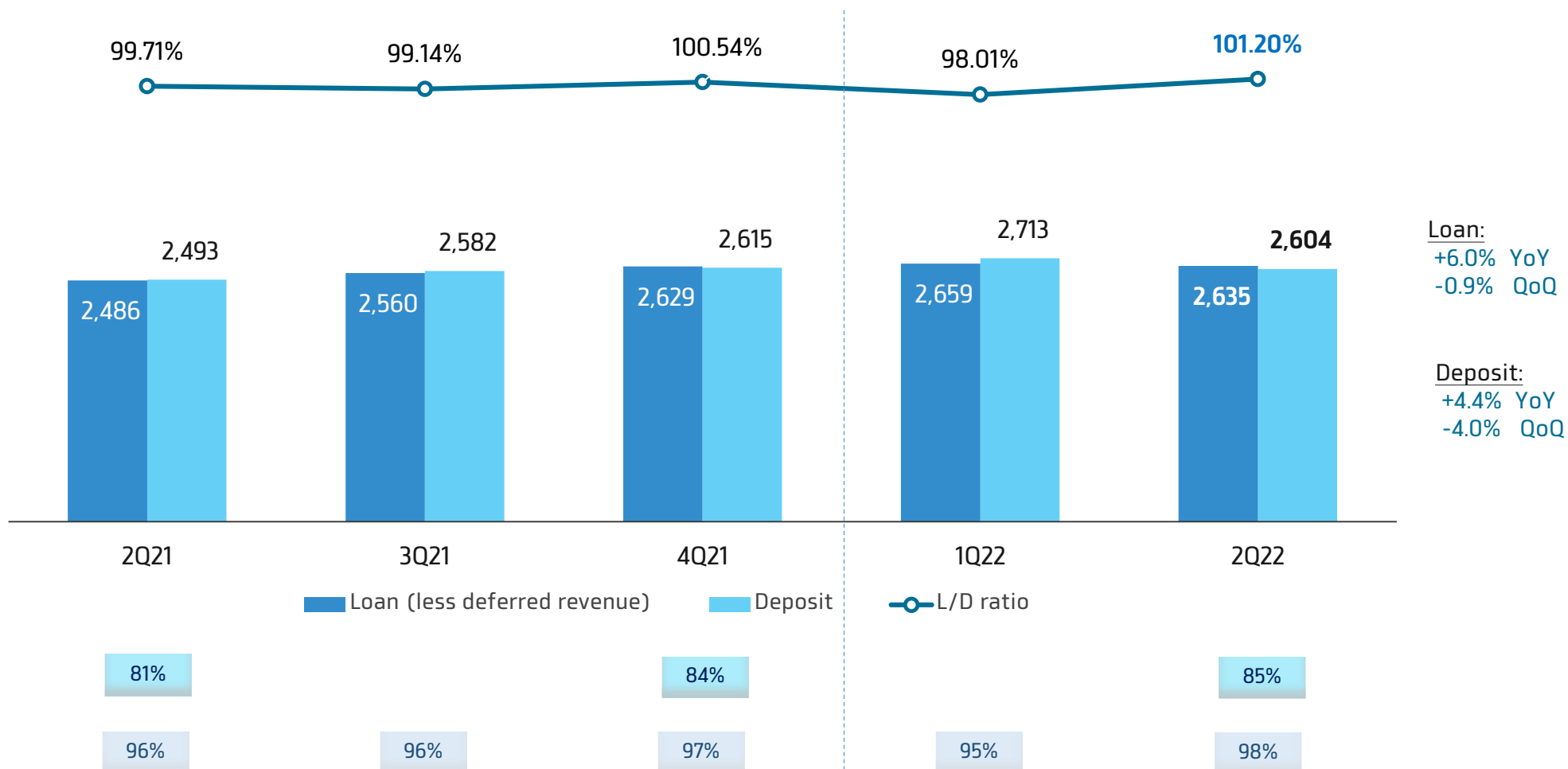


Sound liquidity position



Consolidated

Strong high CASA level



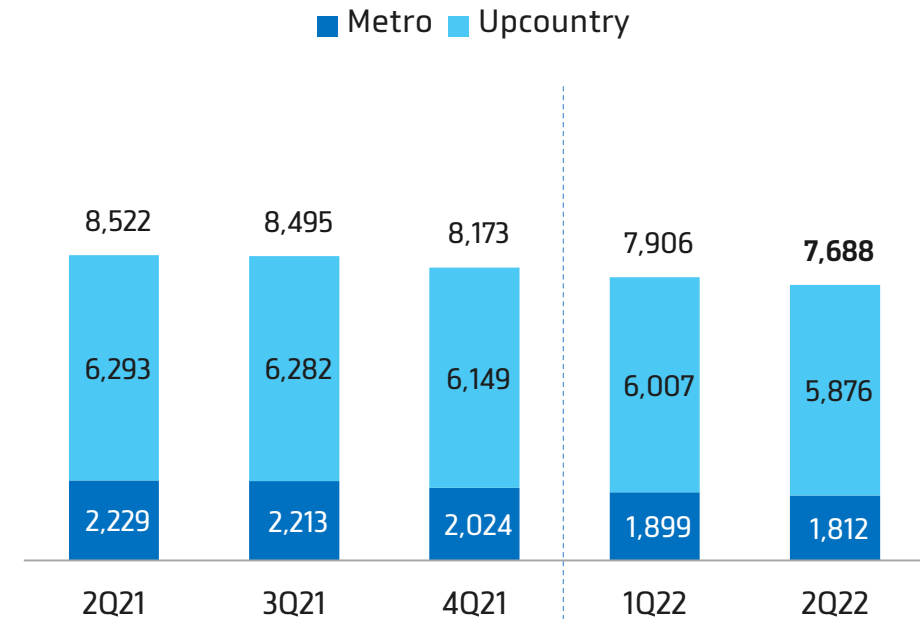
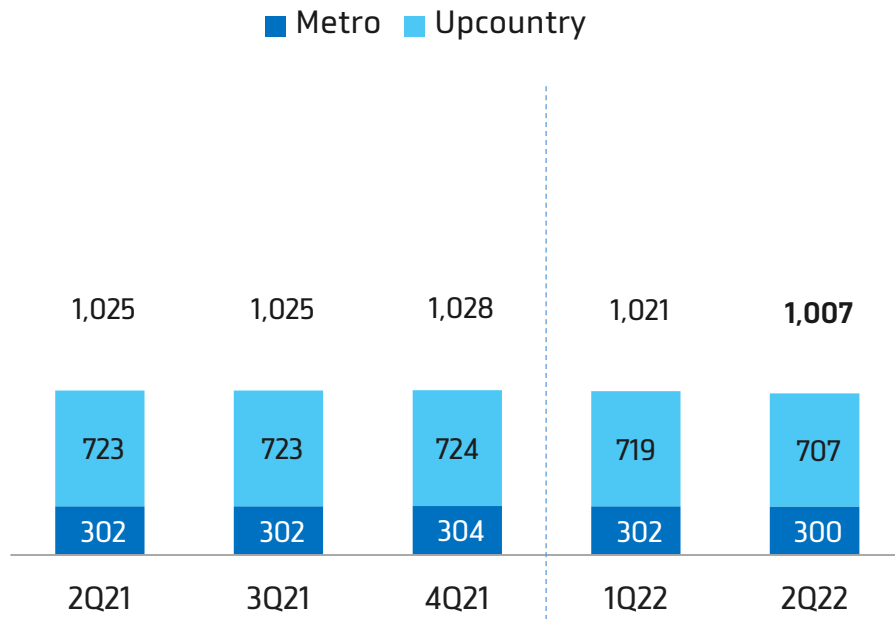
Appendix

Branches*

(unit: branches)

ATMs

(unit: machines)



* Including Head Office

Disclaimer

Information contained in our presentation is intended solely for your reference. Such information is subject to change without notice, its accuracy is not guaranteed and it may not contain all material information concerning the company.

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

Krungthai Bank PCL

Website : krungthai.com/th/investor-relations

Tel : 0-2208-3668-9

Email : IR@krungthai.com