



Analyst Meeting

3Q2022 Financial Results

November 2022

Economic update

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

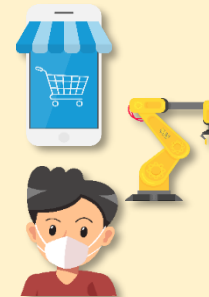


Financial support measures winding down as people's income start to normalize



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

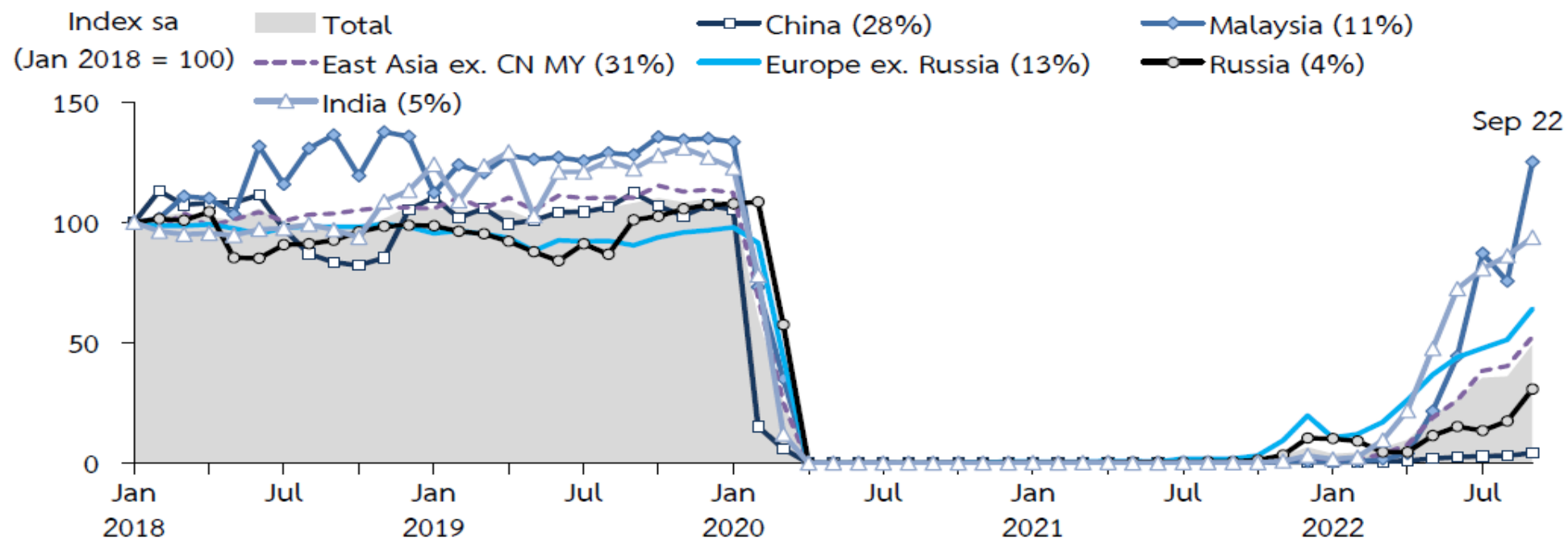


Business will try to diversify from one particular segment or market, deglobalization, decoupling

Tourism recovery accelerating off the bottom

	2021	2021		2022				
		H1	H2	Q1	Q2	Q3	Aug	Sep ^P
No. of tourists ('000)	427.9	40.4	387.4	497.7	1,582.3	3,608.1	1,174.7	1,309.1
%YoY	-93.6	-99.4	3,479.9	2,367.2	7,704.0	7,847.7	7,677.2	10,598.0
%QoQsa, %MoMsa	-	-	-	45.4	279.7	116.7	1.5	36.3

Tourists Classified by Nationality



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



**The Risk of Global
Economic Recession**
is rising from elevated
prices and prolonged
Russia-Ukraine war



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



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



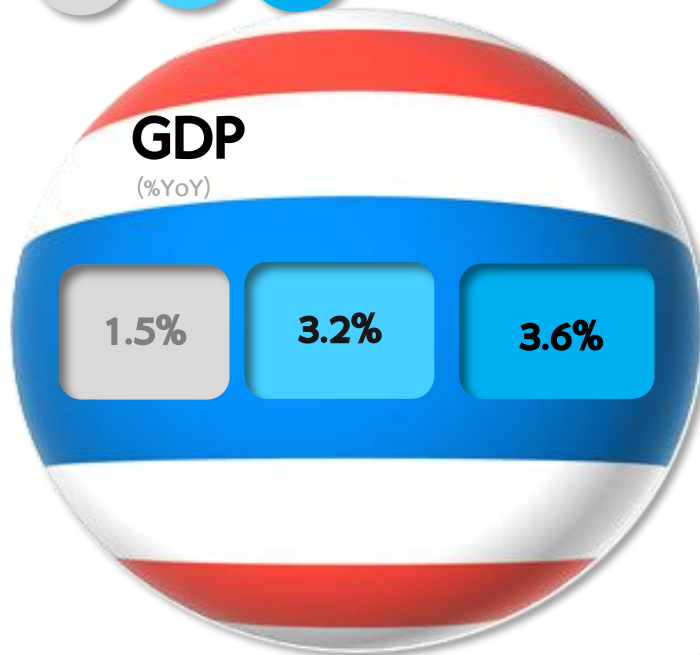
**The Rise of Global
Political Instability**
US-China,
war,
2022 US Midterm
election...

Economic outlook “2022 starting point of economic recovery”

2021
(Actual)

2022F

2023F



Key Highlights for 2022

Unit: (%YoY)



0.3% 5.0% 3.8%

Private consumption

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



3.2% 3.5% 4.2%

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



3.2% -0.1% -0.2%

Public consumption

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



3.8% 1.0% 2.5%

Public investment

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



17.4% 7.5% 2.2%

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.



29.8% 14.5% 3.1%

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)

33.4 37.0 35.0
37.5 36.0

- Baht against dollar briefly weakened past 38 as the dollar strengthened
- Baht may rebound in late 2022 due to stronger current account from tourism revenues



Inflation Rate

(%YoY)

1.2% 6.2% 2.6%

- 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 10.2 21.4

- 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)

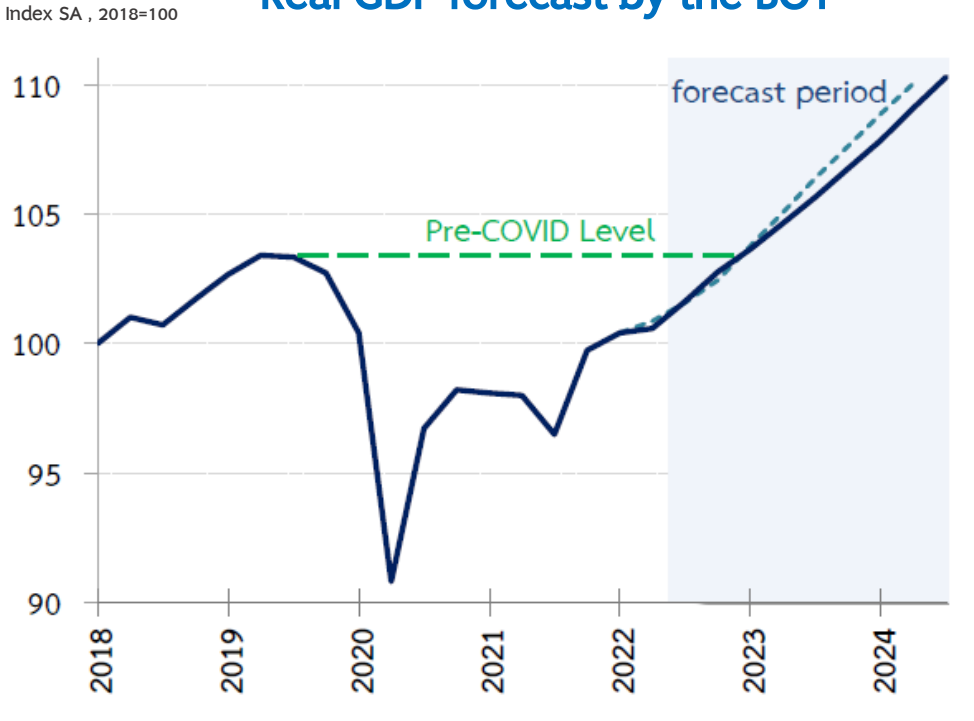
0.50% 1.25% 2.00%

- 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

- In September 2022, Monetary Policy Committee (MPC) kept its 2022 economic growth projection of 3.3% for 2022, while making a downward revision on 2023 GDP growth to 3.8% (from 4.2%) due to a worse-than-expected global economic slowdown.
- Nonetheless, the Thai economy is likely to expand further in 2023, driven by a robust recovery in tourism sector and strengthening private consumption amid rising probability of recession particularly in the US Euro Area and the UK which would affect exports. The MPC views that economy would return to the pre-COVID level by 2H23.

Real GDP forecast by the BOT



GDP forecast summary

	2022F		2023F	
	GDP	Exports	GDP	Exports
BOT	3.3	8.2*	3.8	1.1*
NESDC	2.7-3.2	7.9	n.a.	n.a.
FPO	3.4	8.1	3.8	2.5
Krungthai	3.2	7.5	3.6	2.2
SCB	3.0	6.3*	3.7	2.5*
KBANK	2.9	7.8	n.a.	n.a.

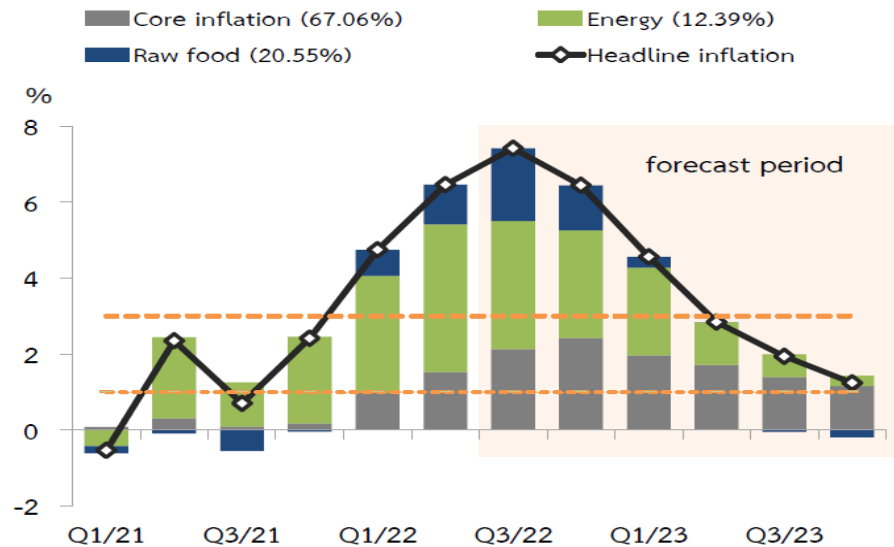
Source: Monetary Policy Committee's Decision 5/2022 (Sep 2022) Forecasts compiled by Krungthai COMPASS as of Nov 2022
 Note: *B.O.P basis

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

- In September 2022, MPC voted unanimously to raise the policy rate by 25 basis points to 1.00 percent, the second consecutive hike of 25 bps in this year.
- The committee views that headline inflation will remain at a high level for some time and is expected to return to the target range in 2023 owing to subsided supply-side pressures. However, core inflation is expected to stay above pre-pandemic levels throughout 2023-2024 as a result of steadily rising cost pass-through.
- We expect the MPC to gradually raise the rate by another 25 basis points in 2022 and 75 basis points in 2023 since the economy tends to gradually recover amid a still-high inflation, while the BOT needs additional policy space for monetary policy implementation going forward.

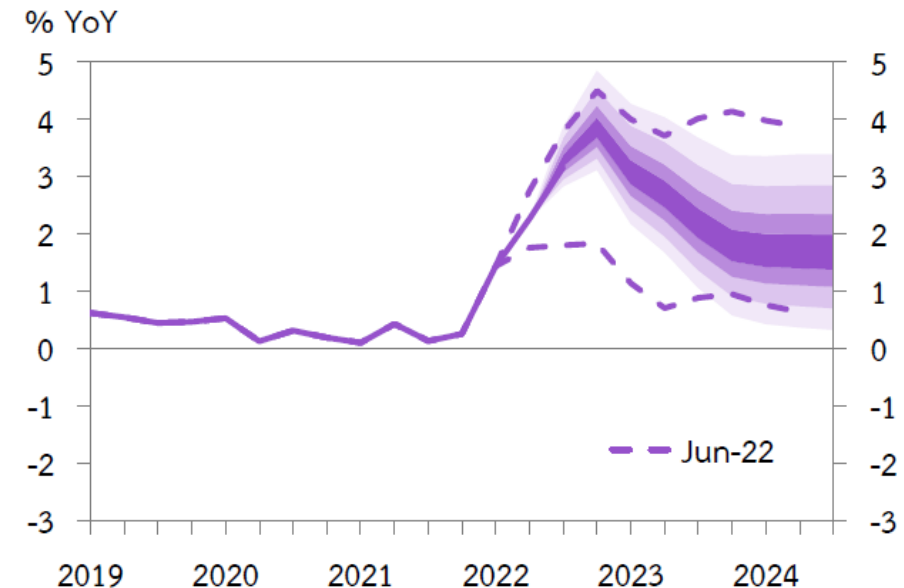
Inflation is expected to return to target in 2023 due mainly to easing of supply constraints

Contribution to headline inflation



Source: Bank of Thailand (Sep 2022)

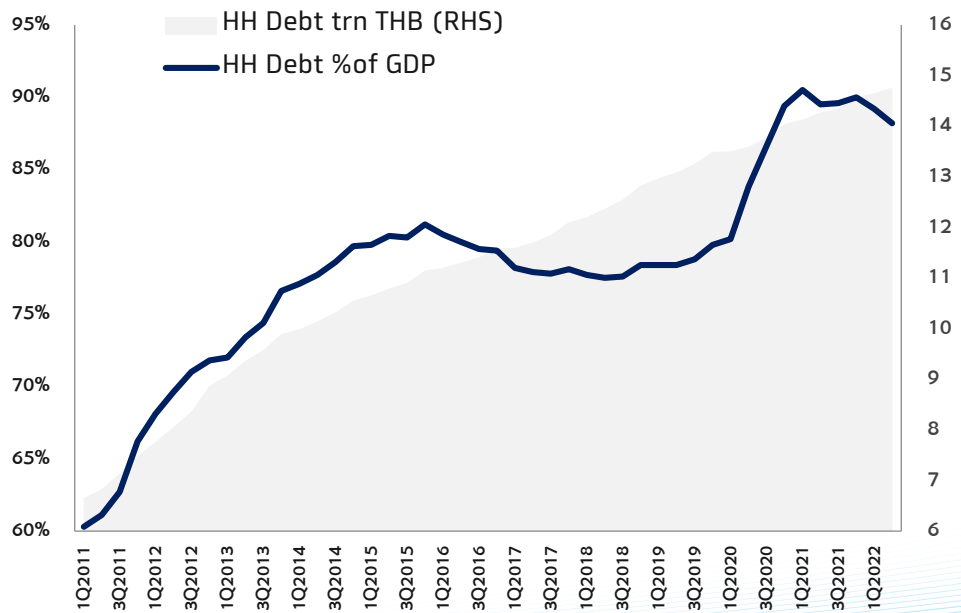
Core Inflation Projection



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

- The HH debt to GDP ratio is now 88.3 (2Q2022), slightly down from 89.2% 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




Rehabilitation Loan

Approved loan amount **197,422 Million Baht**

As of 31 Oct 2022

No. of debtors under loan scheme **57,428 Debtors**



Debt restructuring

Loan outstanding under assistance **2.98 trillion Baht**

As of 31 Jul 2022

No. of account under assistance **3.85 million accounts**

Financial highlights

3Q2022 & 9M2022 Highlights

Solid income growth

- **Strong income growth** from NII and Non-NII.
- **NII uplift** from quality loan growth and yield improvement.
- **Non interest income rose** mostly from recurring fee and favorable mark-to-market gain.

**Well-managed
Cost to income**

- **Effective comprehensive operating expense management** amid increase in IT cost to support customer services drove CI ratio to a well-managed level.

Prudent Asset Quality

- **Prudent Coverage ratio** for any uncertainties amid controllable NPLs.

Strong capital

- **A strong capital position** to support business expansion and to withstand any uncertainties

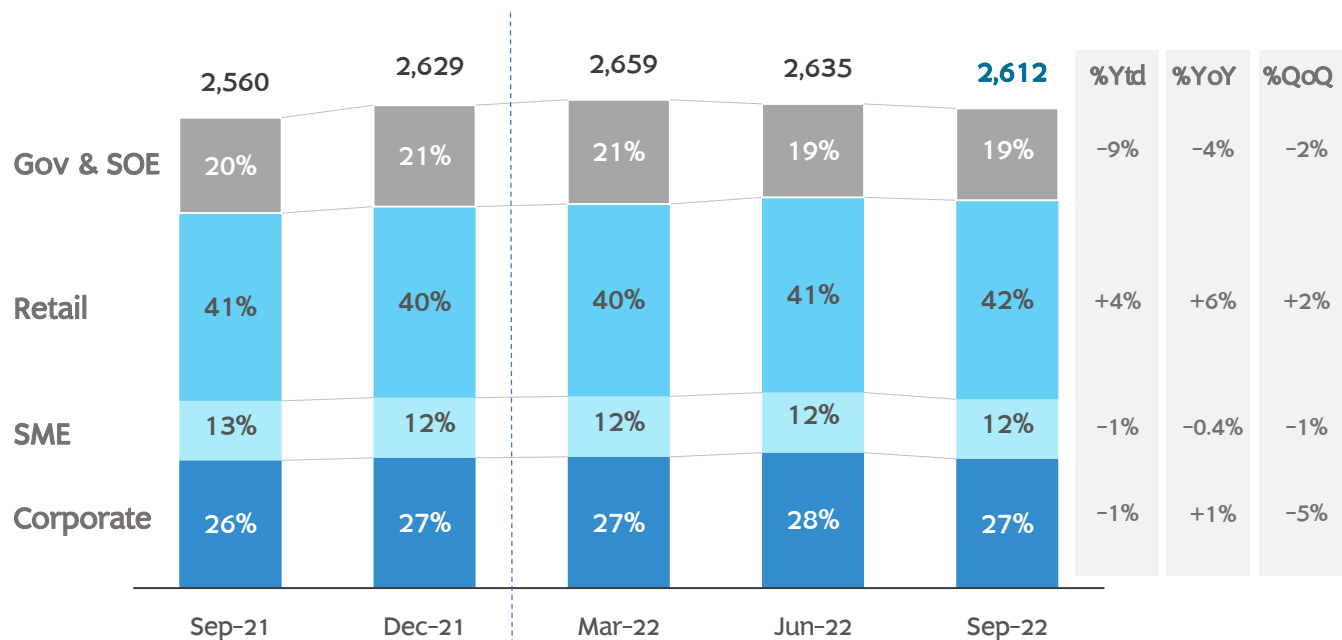
Loan growth prominent in commercial loans

Consolidated



Quality retail & corporate loan growth focus

(THB bn)



Total loans

%Ytd

-0.6%

Excl government loans

+1.7%

%YoY

12.2%

12.6%

+12.7%

+6.0%

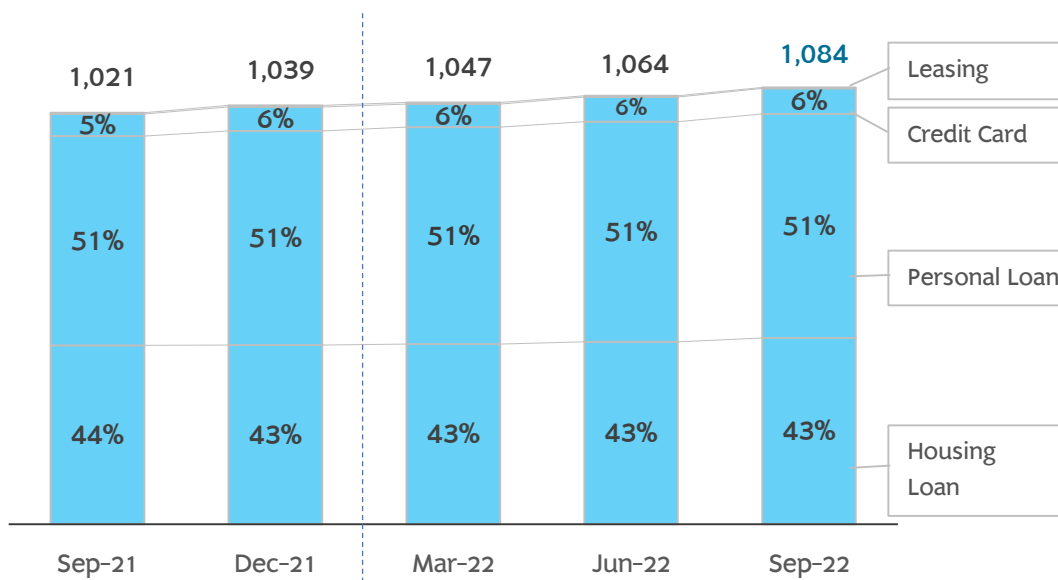
+2.0%

Excl government loans

+3.5%

Retail loan growth drivers from secured loan

(THB bn)



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.

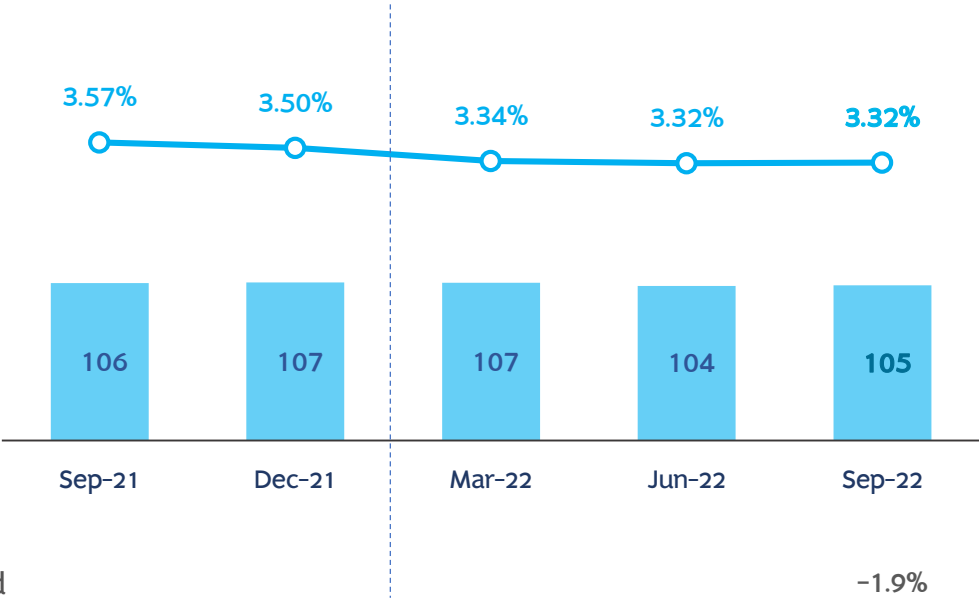
Prudent asset quality management with high Coverage ratio

Consolidated



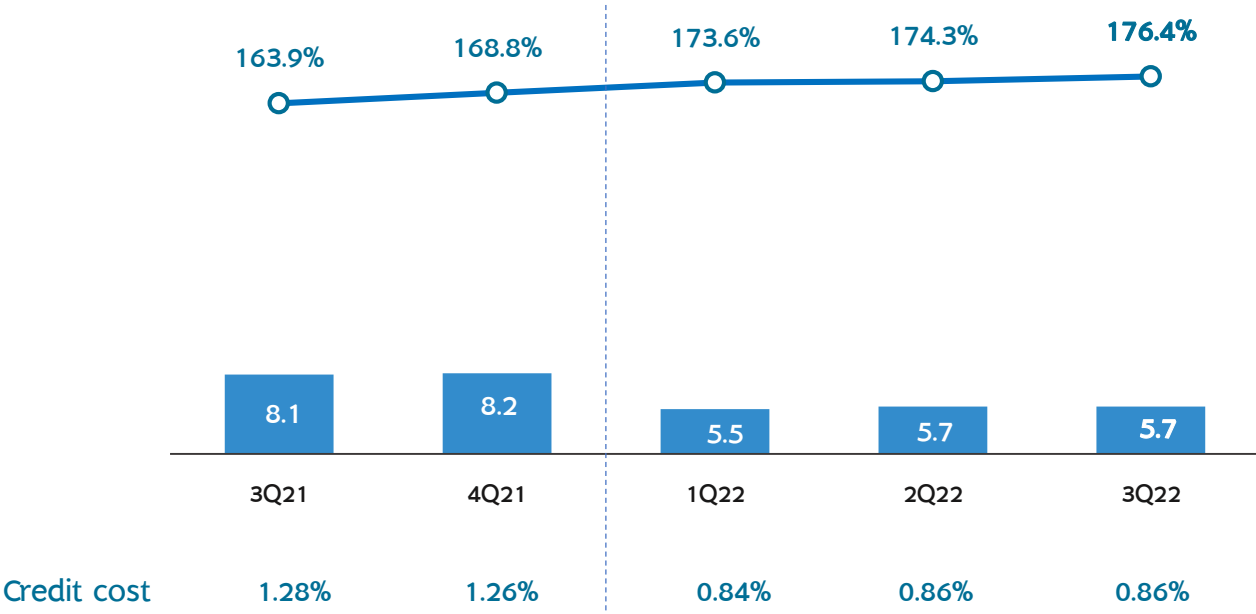
Controllable level of NPL

(THB bn)



Prudent Coverage Ratio

(THB bn)

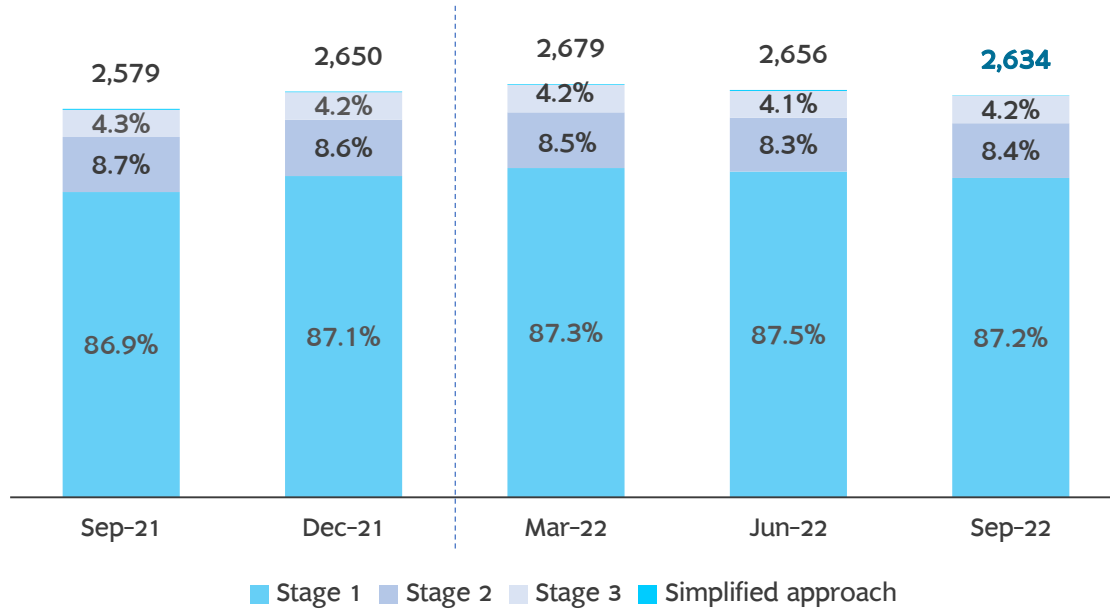


Prudent ECL for all loan stages

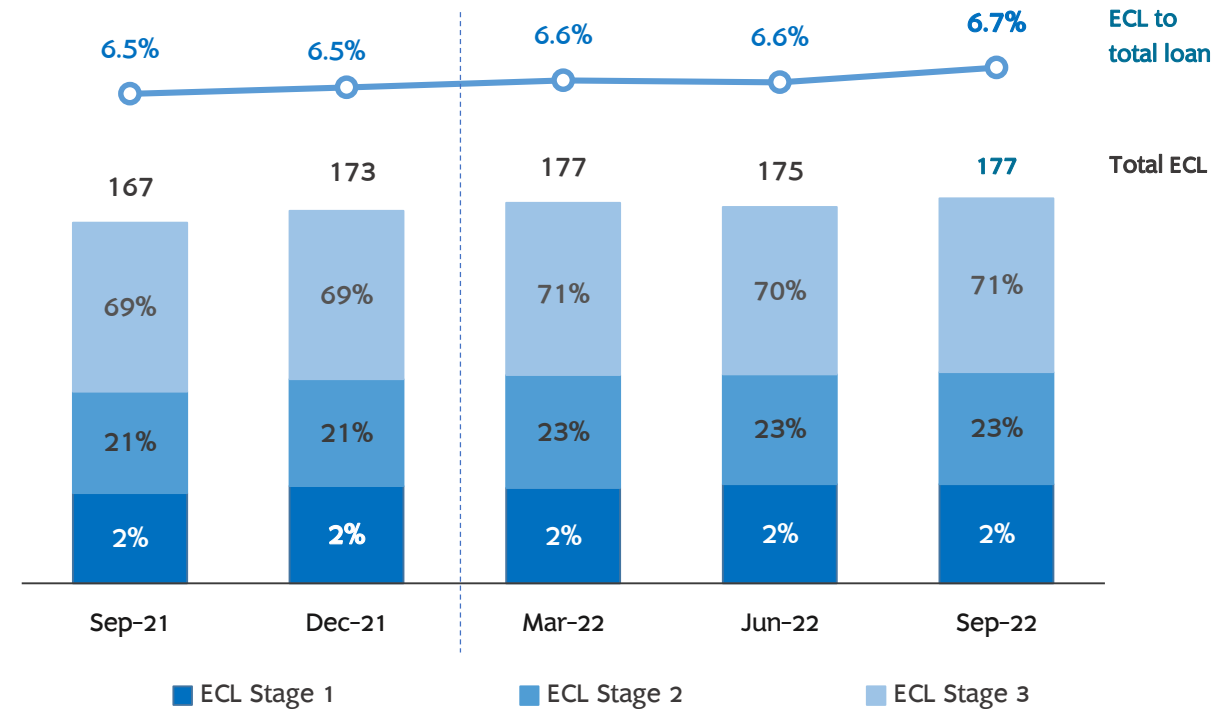
Consolidated



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.

3Q2022 & 9M2022 Financial Performance

3Q2022 & 9M2022 Financial Performance:

Consolidated



Profitability

Unit : THB bn

	3Q22	QoQ	YoY	9M22	YoY
Total income	31.6	+7.2%	+11.5%	90.7	+5.7%
Opex	14.3	+14.4%	+9.3%	39.1	2.8%
PPOP	17.3	+1.9%	+13.4%	51.7	+8.0%
Net profit ⁽¹⁾	8.5	+1.1%	67.2%	25.6	53.7%
%Cost/income ratio	45.3%	+280 bps	-90 bps	43.1%	-120 bps
NIM	2.61%	+10 bps	+10 bps	2.51%	-1 bps



Key Ratio

ROE ⁽¹⁾	9.35%	0 bps	+360 bps	9.48%	+310 bps
ROA ⁽¹⁾	0.92%	-2 bps	+34 bps	0.94%	+29 bps



Loan & Asset Quality

Unit : THB bn

	3Q22	QoQ	YTD
Loan	2,612	-0.9%	-0.6%
Loan excl. government loans	2,111	-0.7%	+1.7%
NPL ratio (gross)	3.32%	0 bps	-18 bps
Coverage ratio ⁽²⁾	176.4%	+210 bps	+760 bps
L/D ratio	100.39%	-81 bps	-15 bps



Capital

CAR	20.64%	+23 bps	+52 bps
CET 1	15.62%	+28 bps	-27 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

NIM uplift supported by quality loan growth and yield improvement

Consolidated

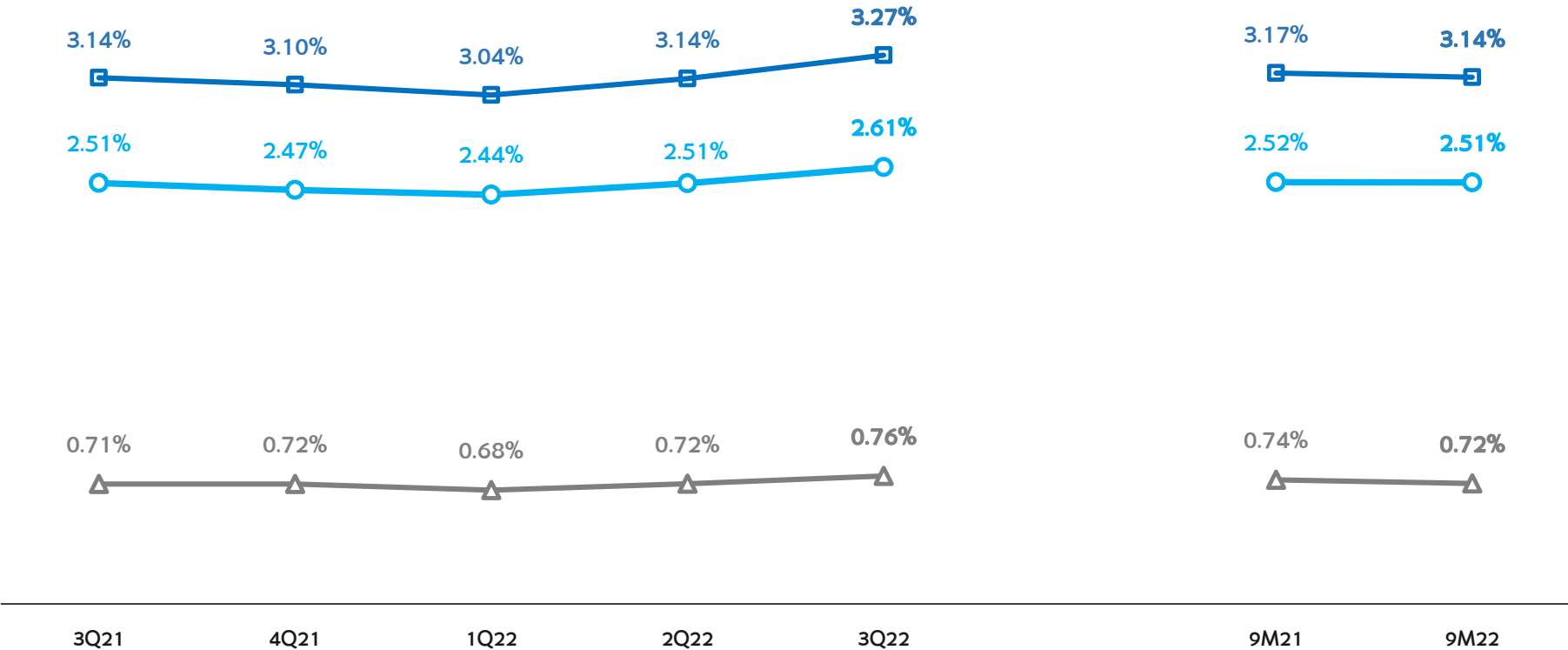


> NIM trend

Earning Asset
Yield

NIM

COF



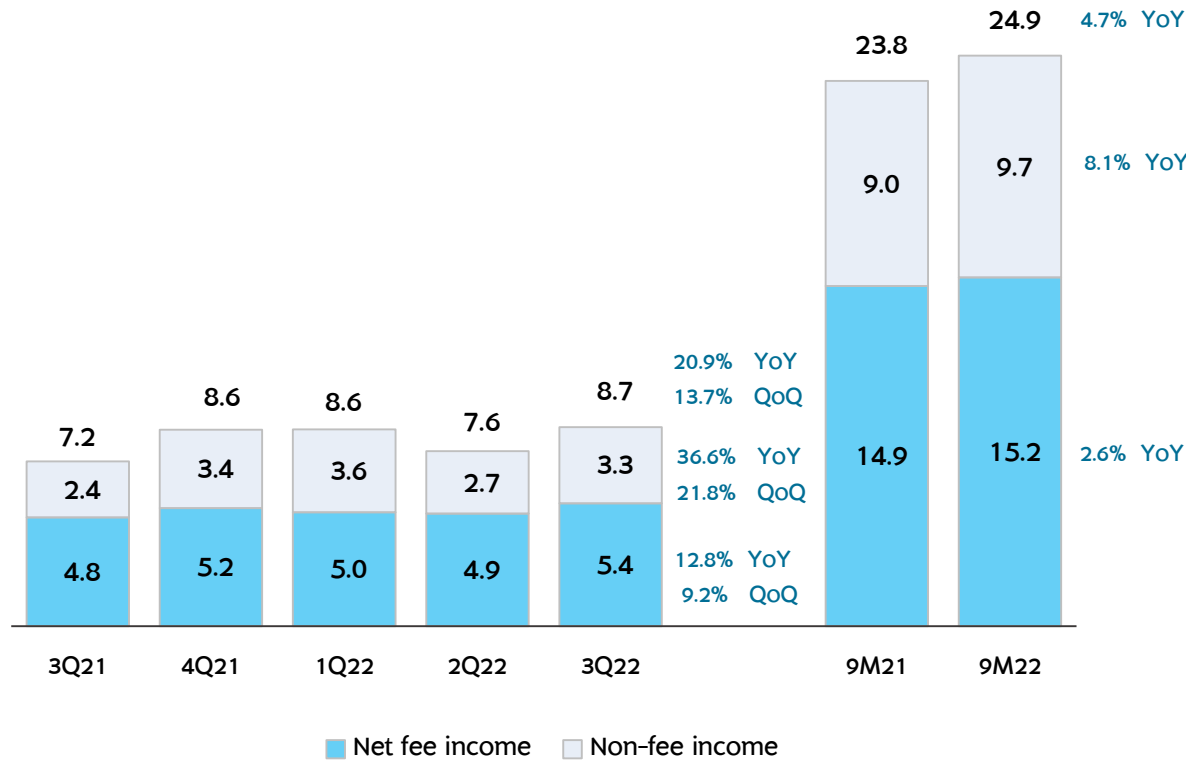
Solid Non interest income expansion from both fee and non-fee income

Consolidated



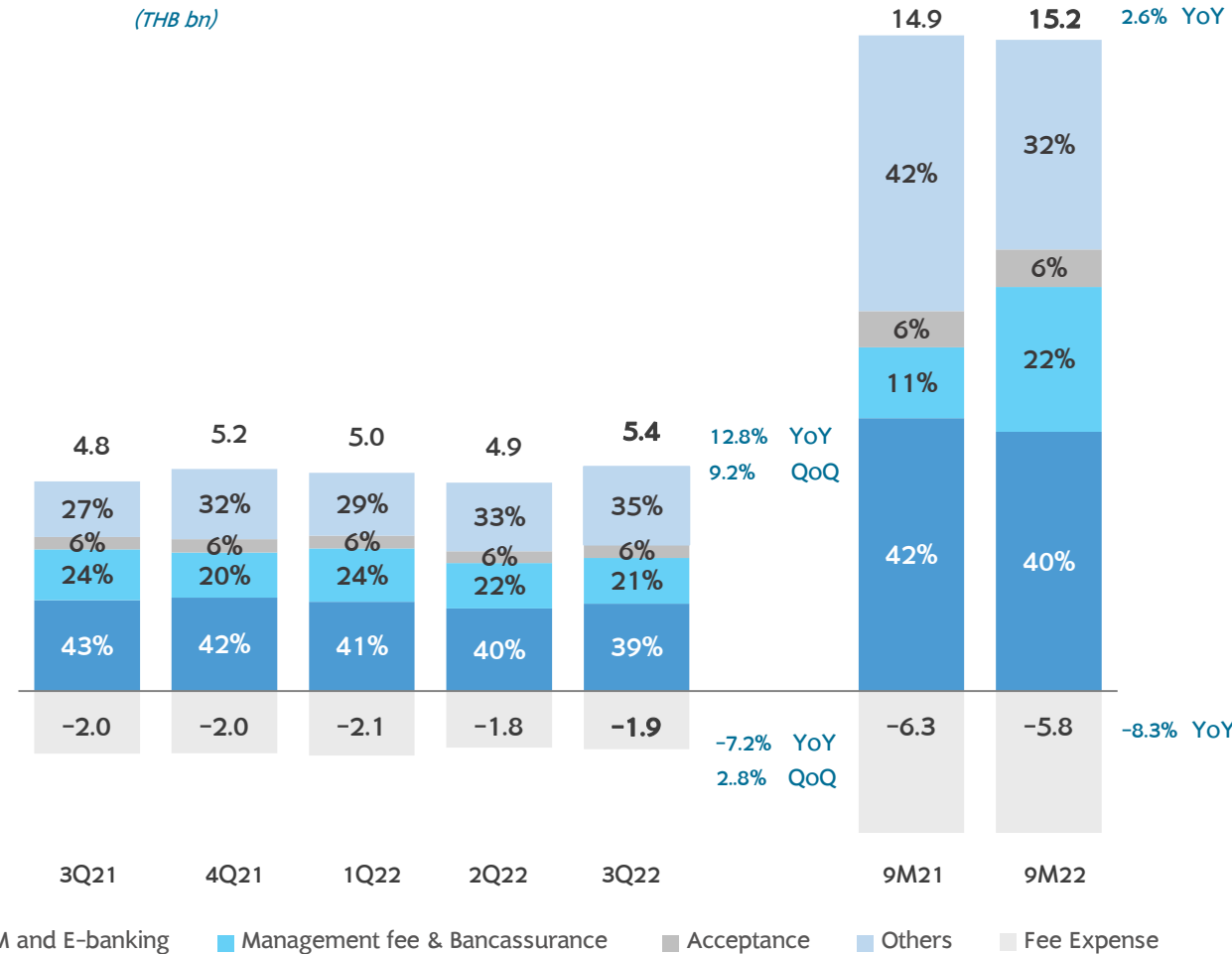
Non Interest Income

(THB bn)



Fee income net

(THB bn)



(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

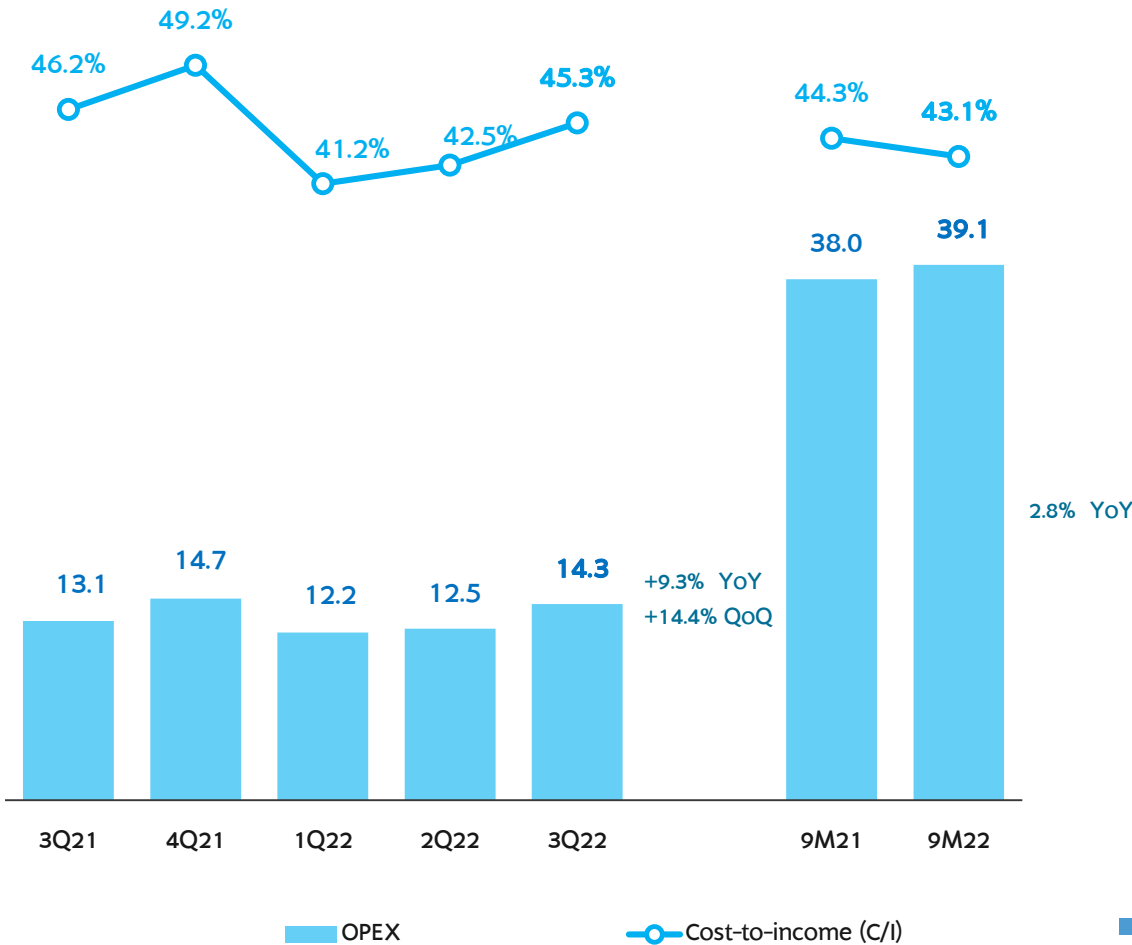
Well-managed Cost to income Ratio

Consolidated

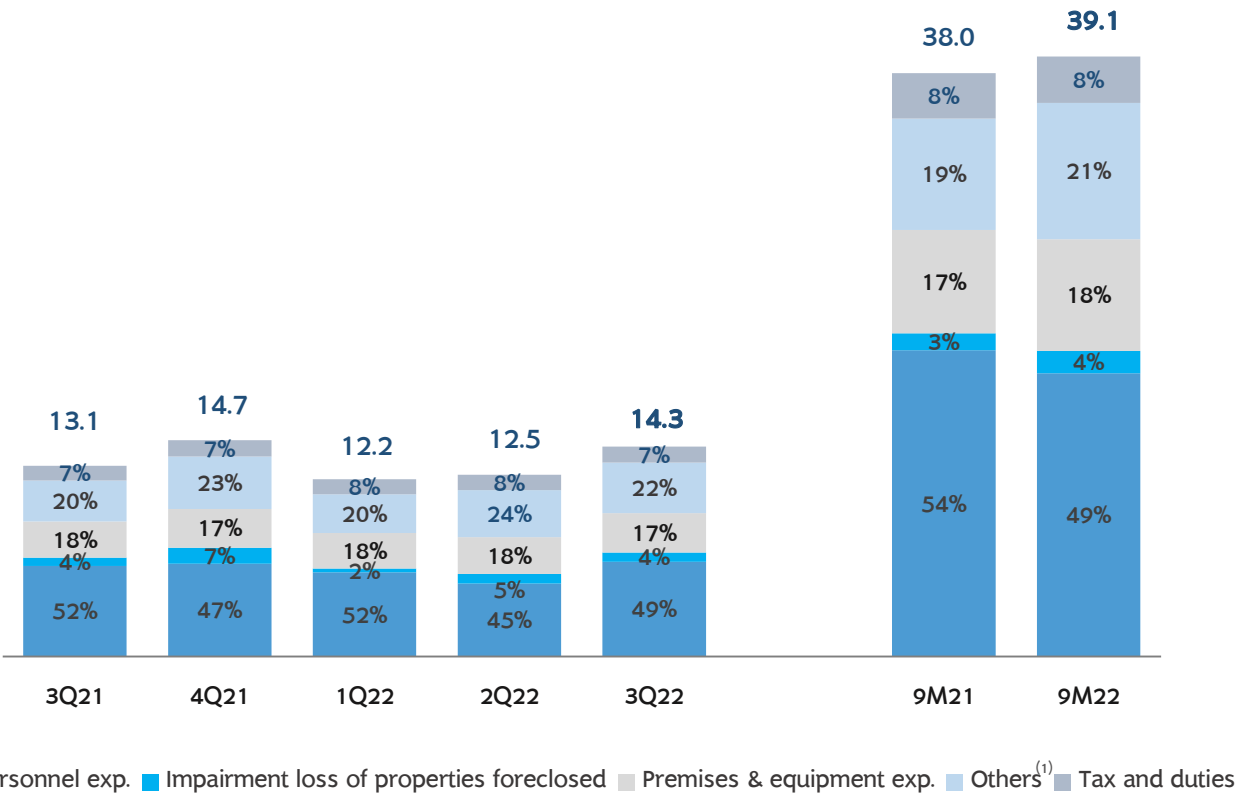


Effective comprehensive cost management to support growth

(THB bn)



Cost increased partly from IT as foundation for future



Cost-to-average asset	1.51%	1.66%	1.39%	1.41%	1.57%	1.49%	1.44%
-----------------------	-------	-------	-------	-------	-------	-------	-------

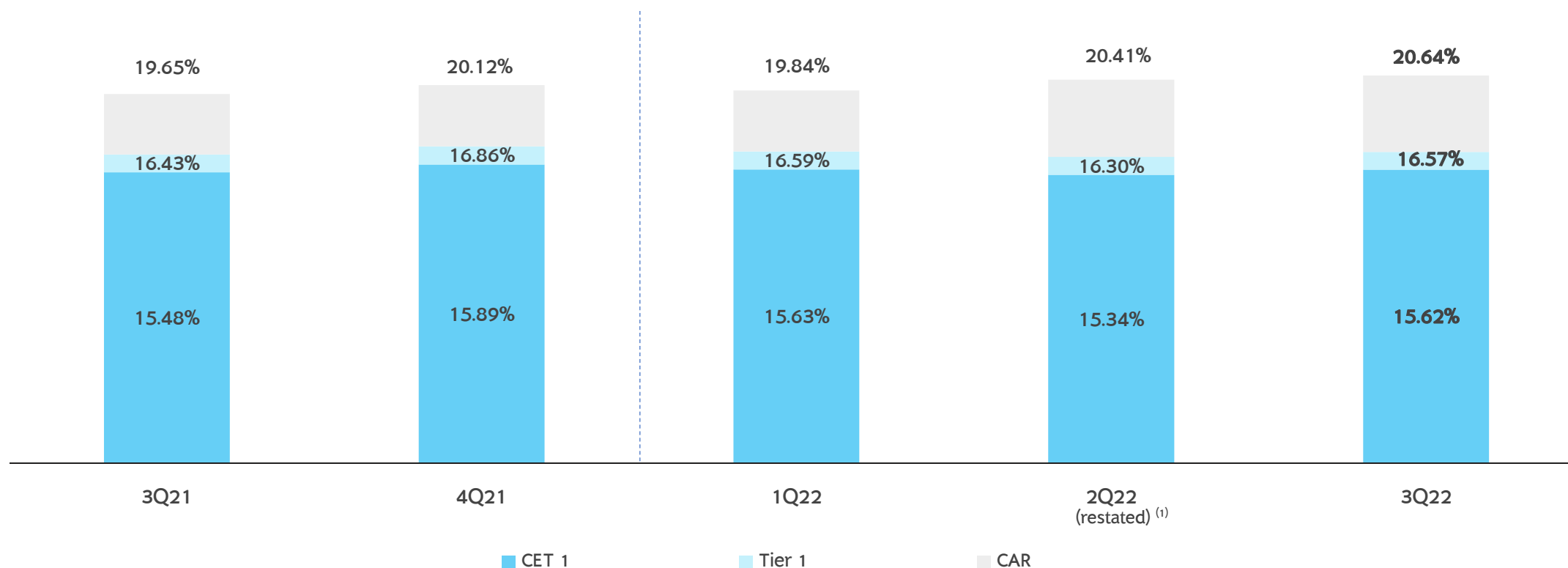
(1) Others operating expense includes directors' remuneration expense

Strong capital position

Consolidated

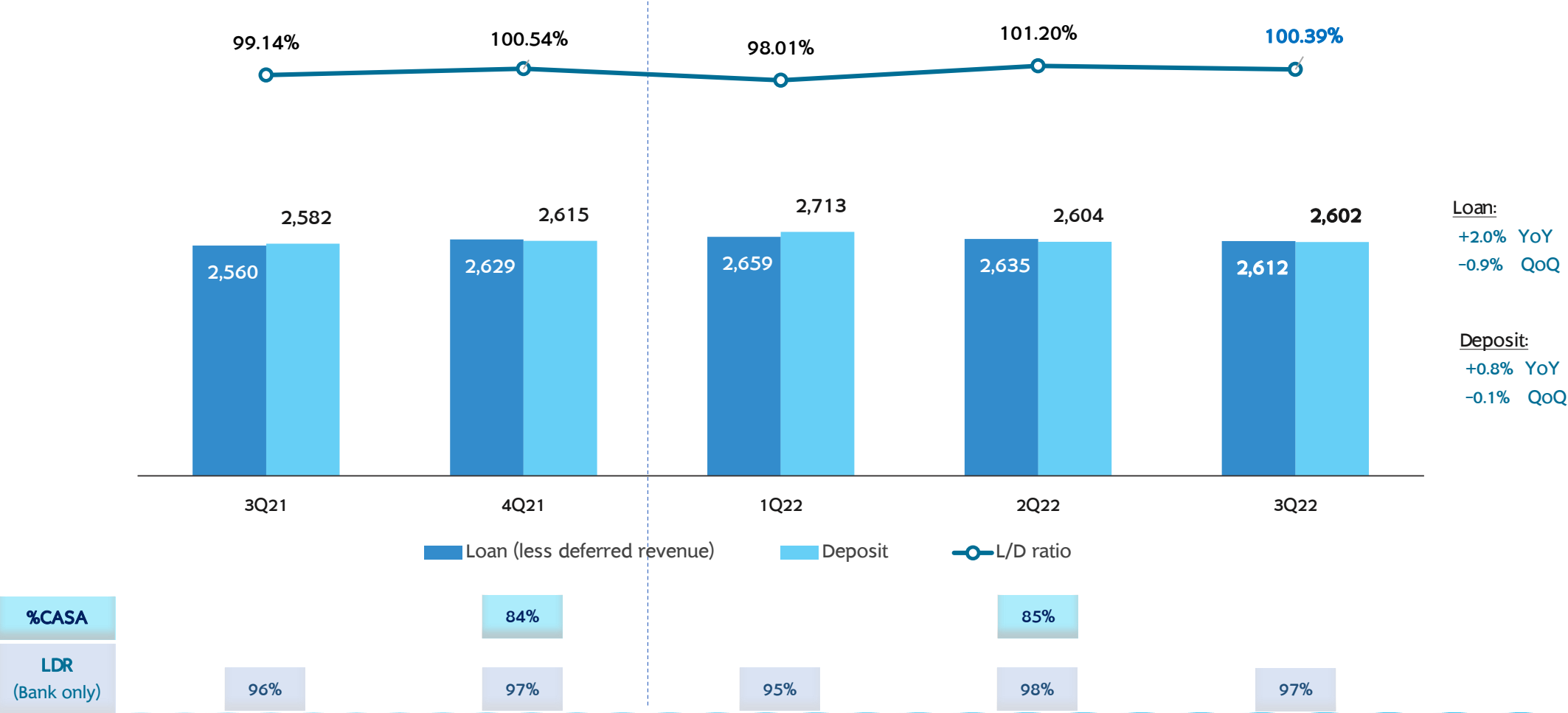


Common Equity Tier 1, Tier 1 and total capital Ratios



(1) Risk-weight assets and capital ratios were restated in accordance with Basel III Pillar III Disclosures report as of 30 June 2022.

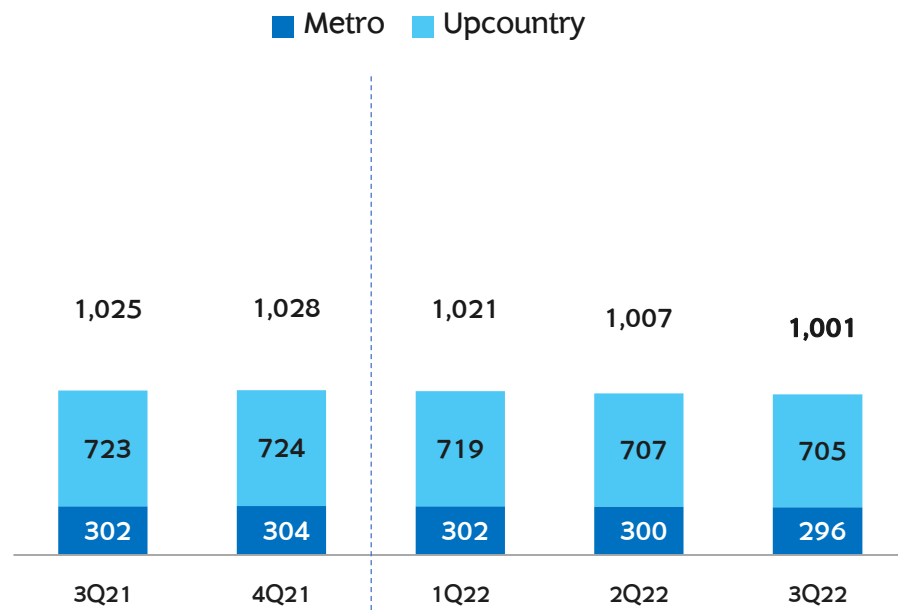
Liquidity with high CASA level



Appendix

Branches*

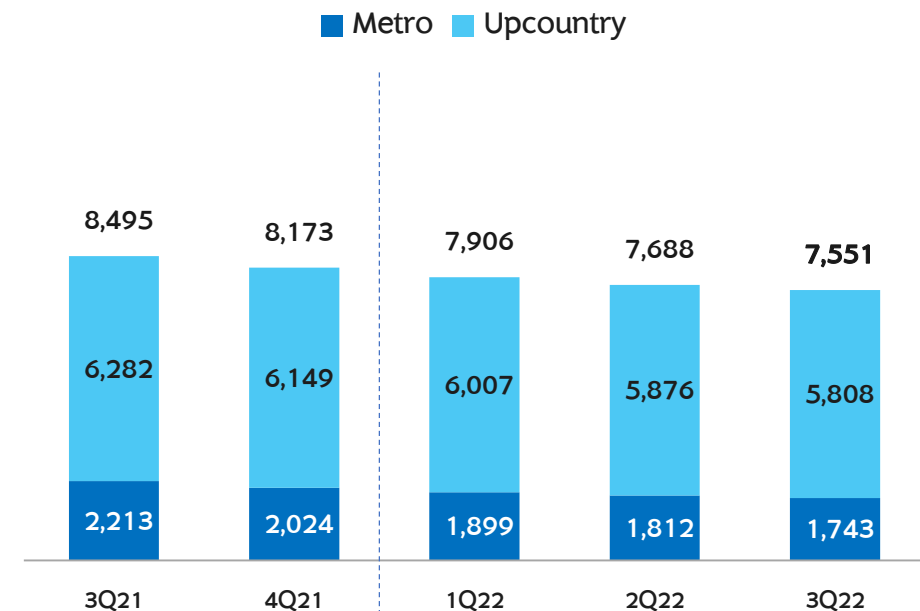
(unit: branches)



* Including Head Office

ATMs

(unit: machines)



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