



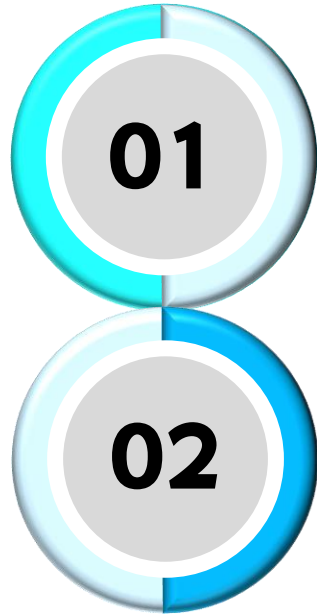
1H 2023 & 2Q 2023

Financial Results

Analyst Meeting Presentation

Aug 2023

Agenda



2023 Operating Environment

2022 & 1H 2023 Key Highlights



2023 Operating Environment

Economic Outlook 2023




The Thai economy in 2023 is expected to recover further, with a 3.4% growth, driven mainly by tourism sector while exports slow down.




2023 Key Economic Forecast


	2022	2023
GDP Thai (%YoY)	2.6	3.4
Consumption		
Private (%YoY)	6.3	4.1
Public (%YoY)	0.0	-2.6
Investment		
Private (%YoY)	5.1	2.2
Public (%YoY)	-4.9	2.4
Exports USD (%YoY)	5.5	-1.6
Imports USD (%YoY)	15.3	-1.7
Inflation (%)	6.1	2.3
Foreign Tourists (mn)	11.1	29.0
Interest rate (%)	1.25	2.50
USD/THB (Year Range)	32.7-37.9	32.5-36.5




Private consumption likely to slow down as the government gradually winds down stimulus, and higher living cost




Public consumption subsides as fiscal measures to cushion pandemic are withdrawn




Private investment may be affected by slowing exports associated with weaker manufacturing production




Public investment likely to improve in accordance with the progress of infrastructure projects




Exports likely to weaken alongside global economic slowdown and inventory rebalance from declining Covid-led demand




Imports tend to decelerate following lower commodity prices after supply chain disruption eased




Inflation rate would remain high from continuing cost pass-through



Foreign tourists continue to rebound which may reach 29-30 million in 2023









Policy rate likely hike consistent with improving economic performance and policy normalization



USD/THB expected to appreciate as current account is improving from tourism recovery

-  • Faster-than-expected rising number of foreign tourists, supported by more easing border restrictions 
-  • Improvement of labor market in line with the resumption of economic activities especially services sectors
-  • More broadly Improving purchasing power would strengthens domestic spending
-  • Moving towards BCG economy and ESG enhancing business transformation and investment

-  • Fragile household and SMEs remain vulnerable to elevated price pressures and incomplete recovery 
-  • Interest rate hike cycle raises cost of funding
-  • Uncertainties in new government formation may delay public spending
-  • The drought from El Nino would cause a reduction in agricultural production
-  • Exports could be worsened from global economic slowdown, together with intensifying geopolitical conflicts and decoupling



2022 & 1H 2023 Key Highlights

2022 and 1H 2023 : A continuing sustainable growth



Empowering BETTER LIFE for all Thais

with Digital Engagement

With Sustainable Performance

Resilient Financial Performance

Paotang



40 million
users

Krungthai
NEXT



17 million
users

Tung Ngern



1.7 million
merchants

Krungthai
CONNEXT



18 million
users

- Solid Income Growth
- Portfolio optimization with strong NIM uplift
- Well-managed Cost to Income amid IT investment for future
- Prudent asset quality management with high coverage ratio
- Strong Capital position

2022 and 1H2023 Financial Performance



Financial Performance

(Baht bn)

	2022	%YoY	1H23	%YoY	2Q23	%YoY	%QoQ
Income	125.4	8%	71.0	20%	35.7	21%	1%
NII	90.4	8%	53.4	24%	27.8	27%	8%
Non NII	35.0	8%	17.6	8%	7.9	4%	-18%
Net Fee Income	20.3	1%	9.9	1%	4.8	-2%	-7%
Non-Fee Income	14.7	18%	7.7	20%	3.1	15%	-30%
OPEX	54.8	4%	27.7	12%	14.0	12%	3%
Operating Profit	70.6	12%	43.3	26%	21.7	28%	0%
ECL Expenses	24.3	-25%	15.9	42%	7.8	37%	-4%
Net Profit	33.7	56%	20.2	18%	10.2	22%	1%
Loan	2,592.8	-1.4%	2,578.1	-2.2%	2,578.1	-2.2%	-0.2%
Loan ex Gov	2,165.4	4.3%	2,159.5	1.5%	2,159.5	1.5%	-0.4%

Key Ratios

	2022	%YoY	1H23	%YoY	2Q23	%YoY	%QoQ
Profitability							
%NIM	2.60%	0.11%	3.10%	0.60%	3.20%	0.69%	0.20%
%Cost/Income	43.7%	-1.9%	39.0%	-2.9%	39.3%	-3.2%	0.6%
%ROE ^{1/}	9.15%	3.02%	10.68%	1.02%	10.49%	1.14%	-0.17%
%ROA ^{1/}	0.94%	0.32%	1.13%	0.16%	1.13%	0.20%	-0.01%
Asset Quality							
%NPL	3.26%	-0.24%	3.11%	-0.21%	3.11%	-0.21%	-0.11%
%Coverage ^{2/}	179.7%	10.9%	177.4%	9.9%	177.4%	3.1%	-5.8%
%Credit cost	0.93%	-0.38%	1.24%	0.39%	1.21%	0.35%	-0.06%
Capital							
%CET 1	15.74%	-0.15%	16.06%	0.75%	16.06%	0.75%	0.21%
%CAR	19.80%	-0.32%	20.12%	-0.26%	20.12%	-0.26%	0.22%

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

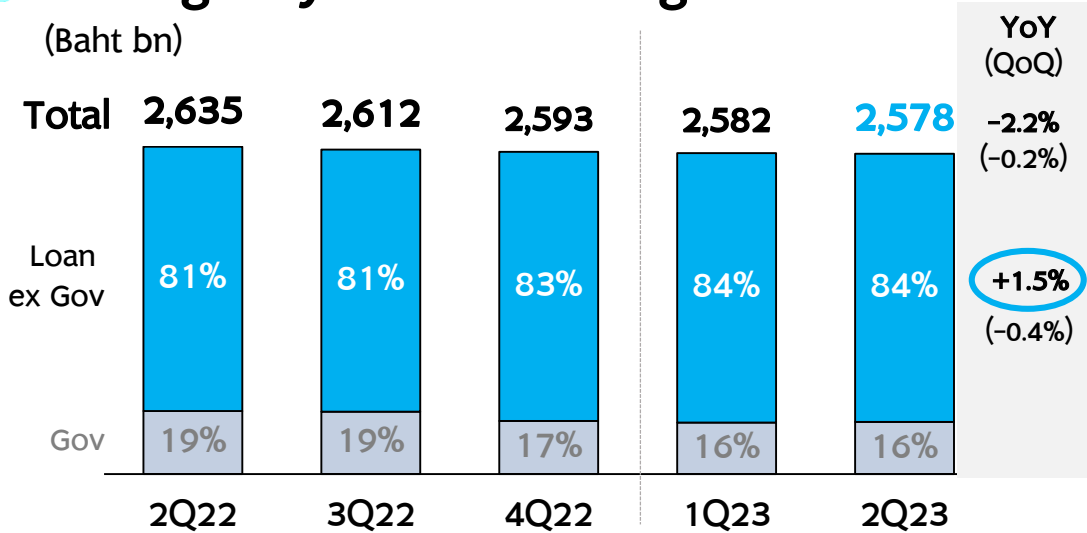
2/ Coverage ratio = Allowance for expected credit losses (loans, interbank & money market items, loan commitments and financial guarantee contracts) / gross NPLs.

From 2Q23, coverage ratio presented in net allowance of expected credit losses stage 3

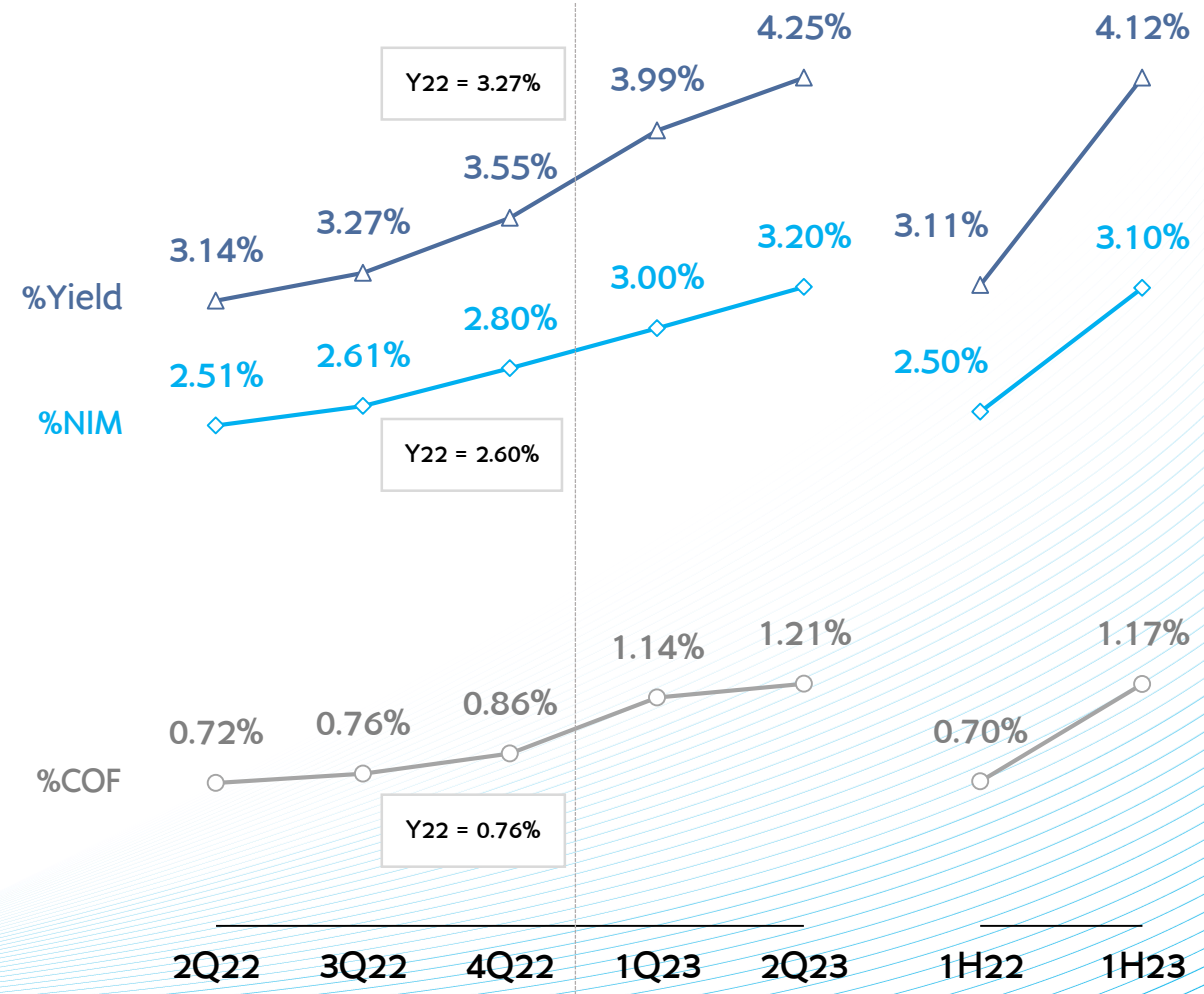
Loan portfolio optimization reflecting in NIM uplift

Strategically focused loan growth

(Baht bn)

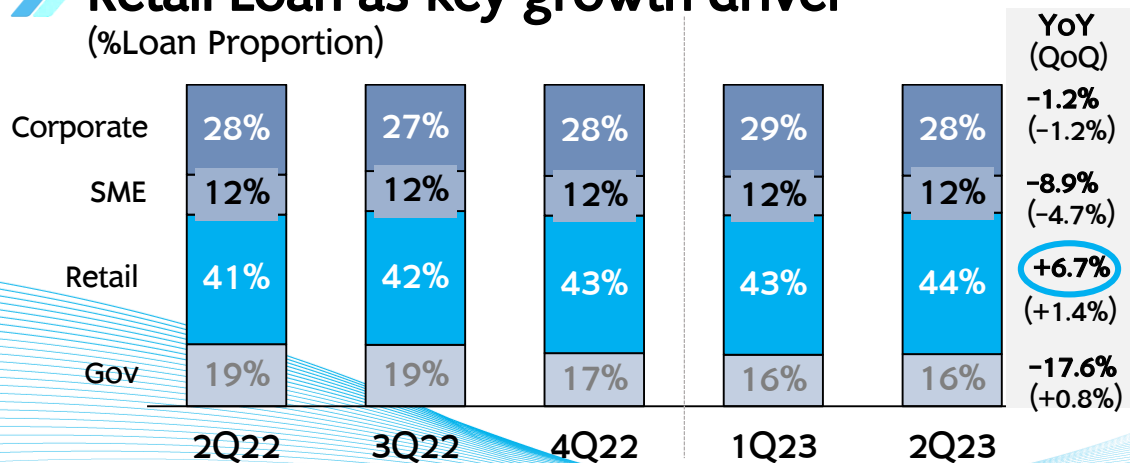


NIM rose from portfolio rationalization and rate hikes



Retail Loan as key growth driver

(%Loan Proportion)

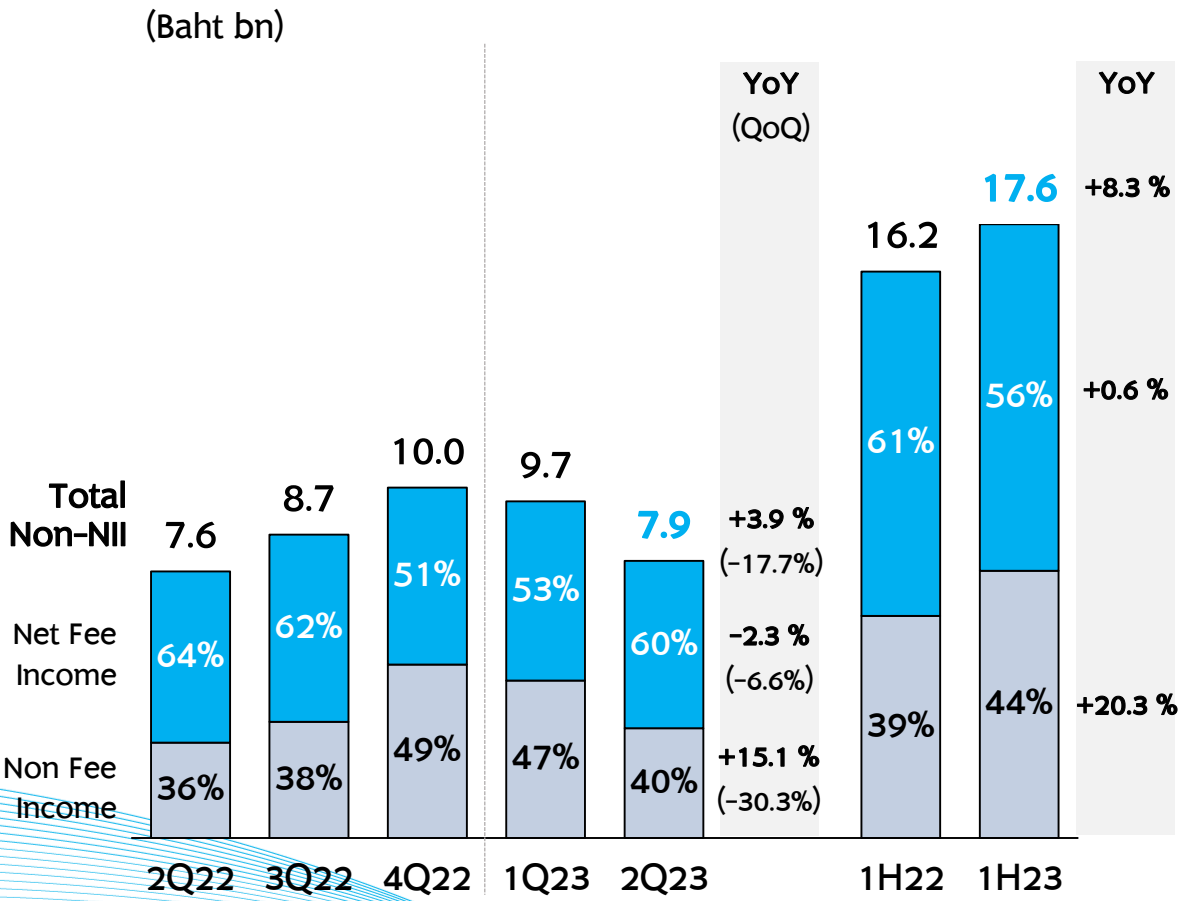


Moderate Non-NII from fee in Banca and other non-fee offset market volatility

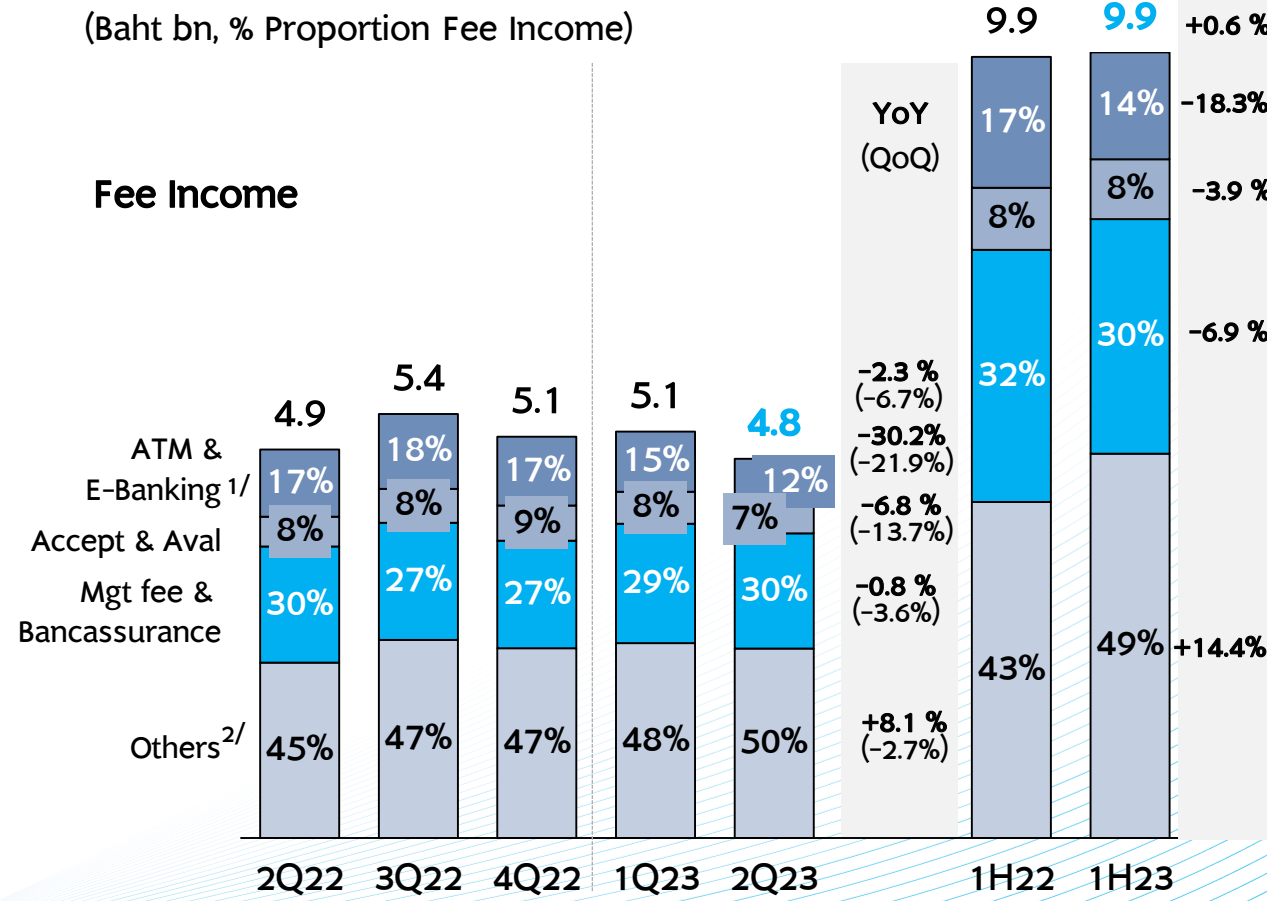


➤ Non-NII moves align with market

➤ Fee income growth from Banca offset softer mutual fund fee and transactional fee



Note: 2022 total Non-NII +7.9%YoY



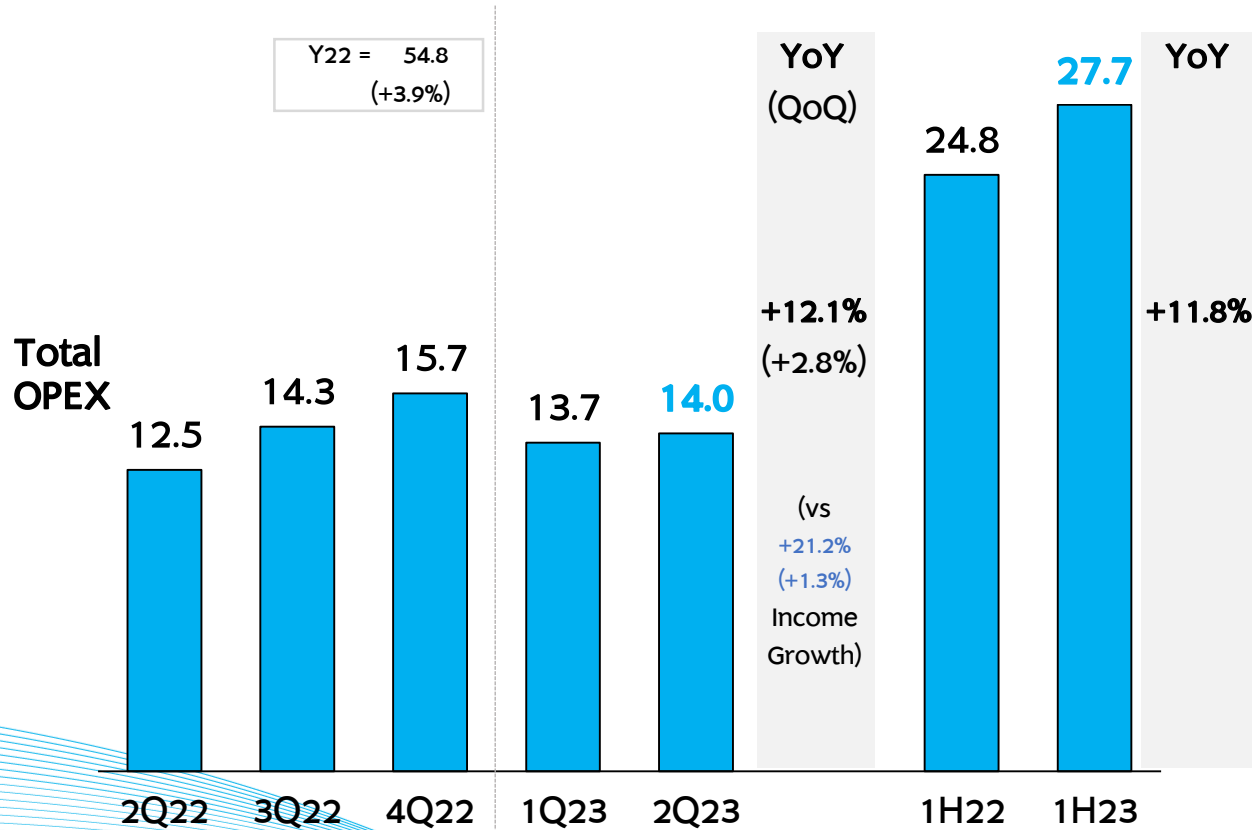
Note: 2022 Net fee income +1.5%YoY

1/ ATM & E-Banking fee less total fee expenses
 2/ Others fee includes fee from KTC, Global Market, and other services

Well-managed cost to income

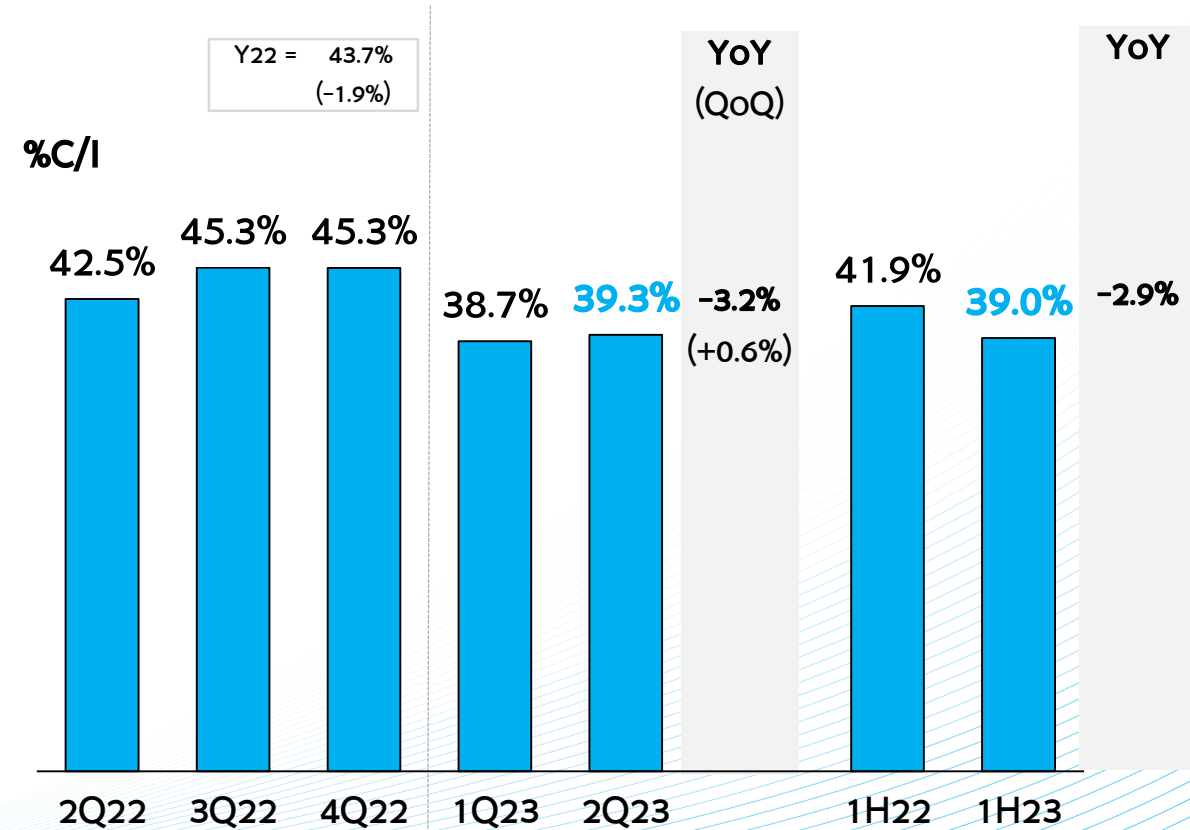
➤ Cost increased from continuing investment in IT for future

(Baht bn)



➤ With effective comprehensive cost to income management

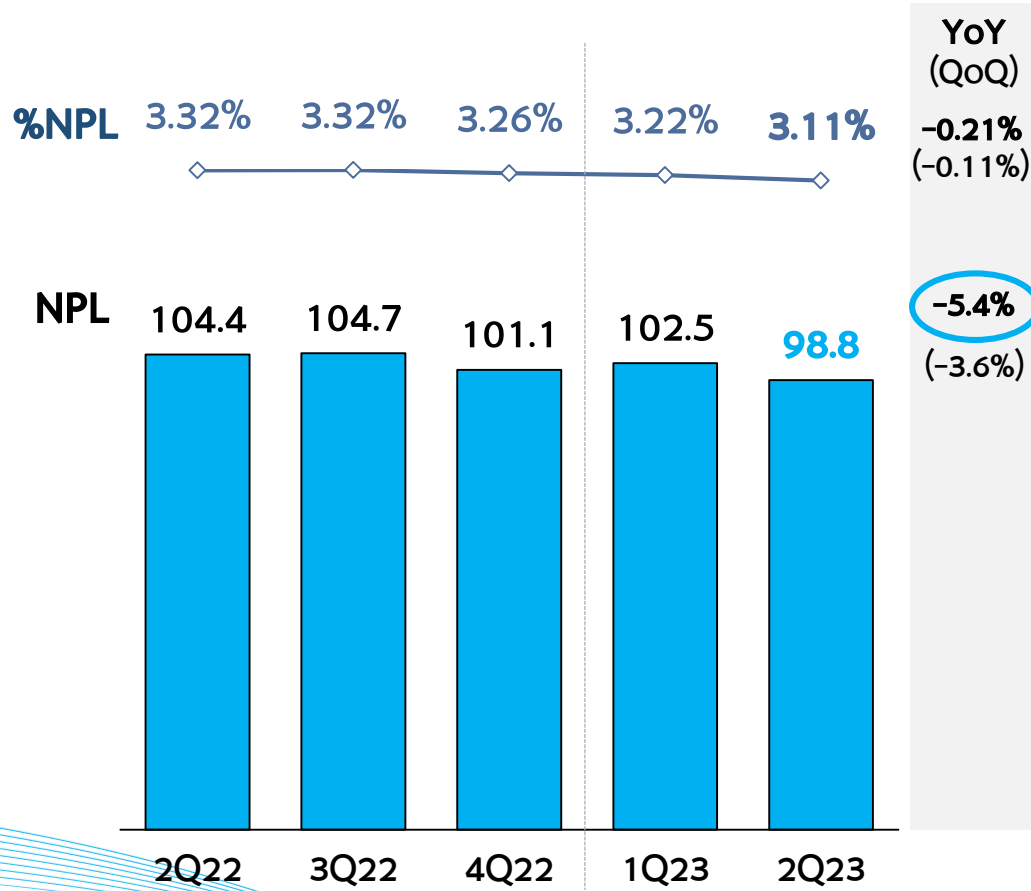
(%Cost to income)



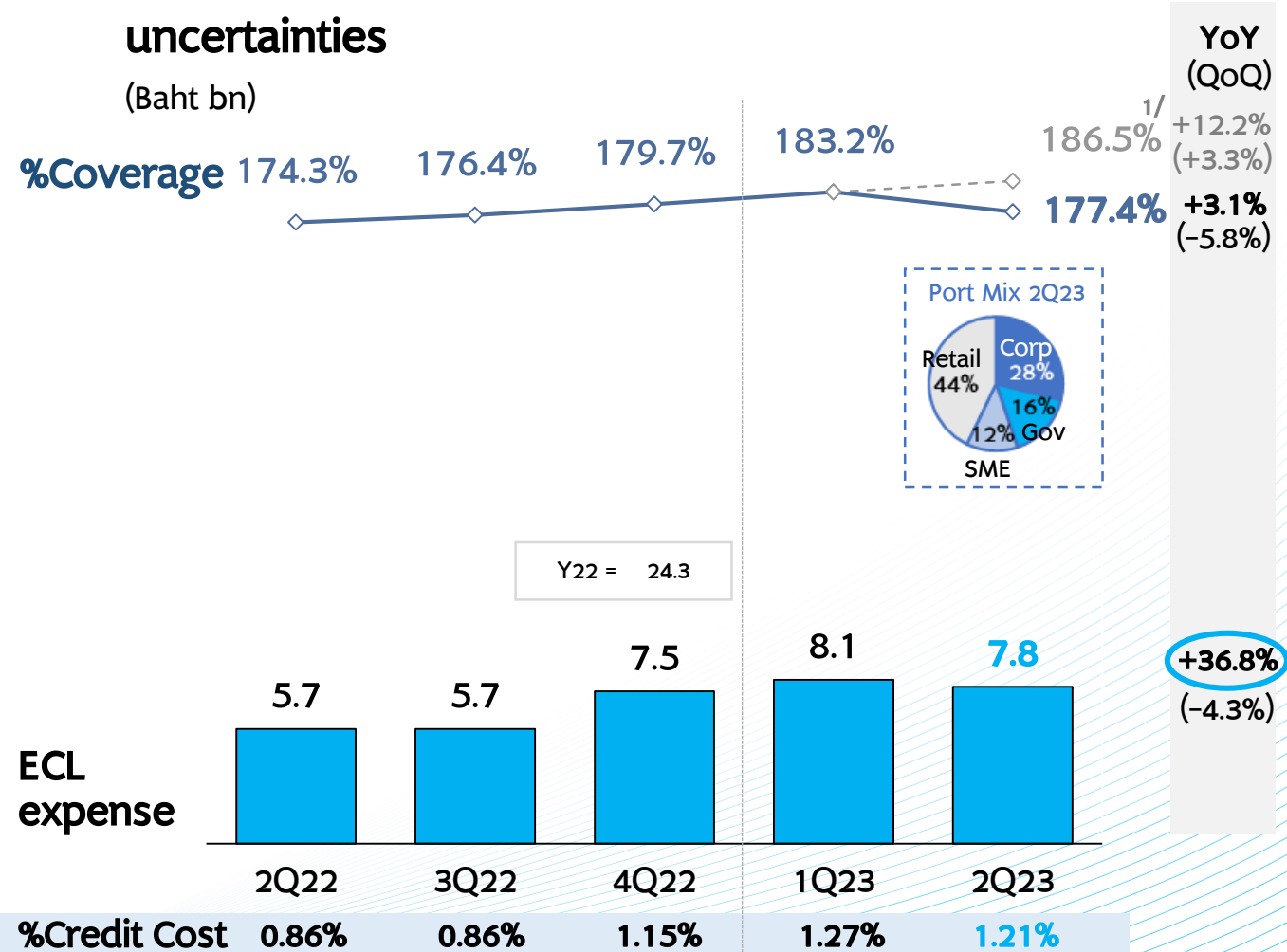
Prudent asset quality management



➤ A continuing improvement in NPL (Baht bn)



➤ Maintaining high coverage ratio for any uncertainties (Baht bn)

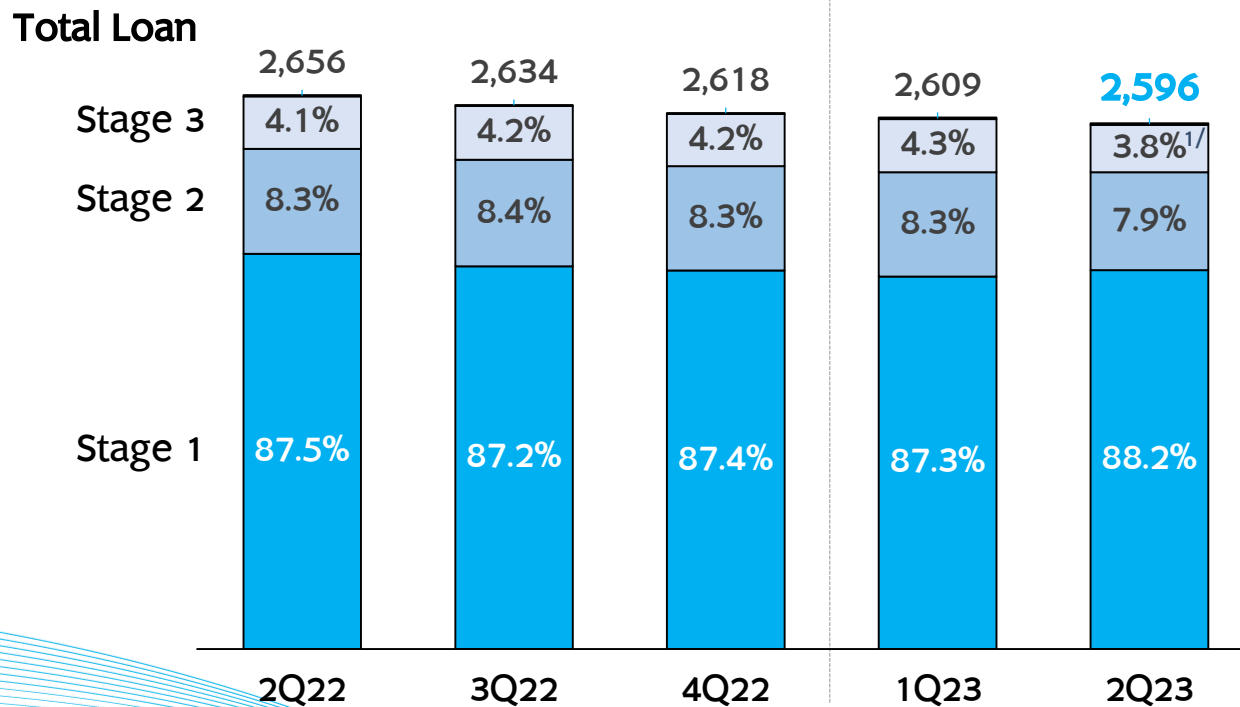


1/ Coverage ratio without adjusted presentation of net allowance of accrued interest stage 3

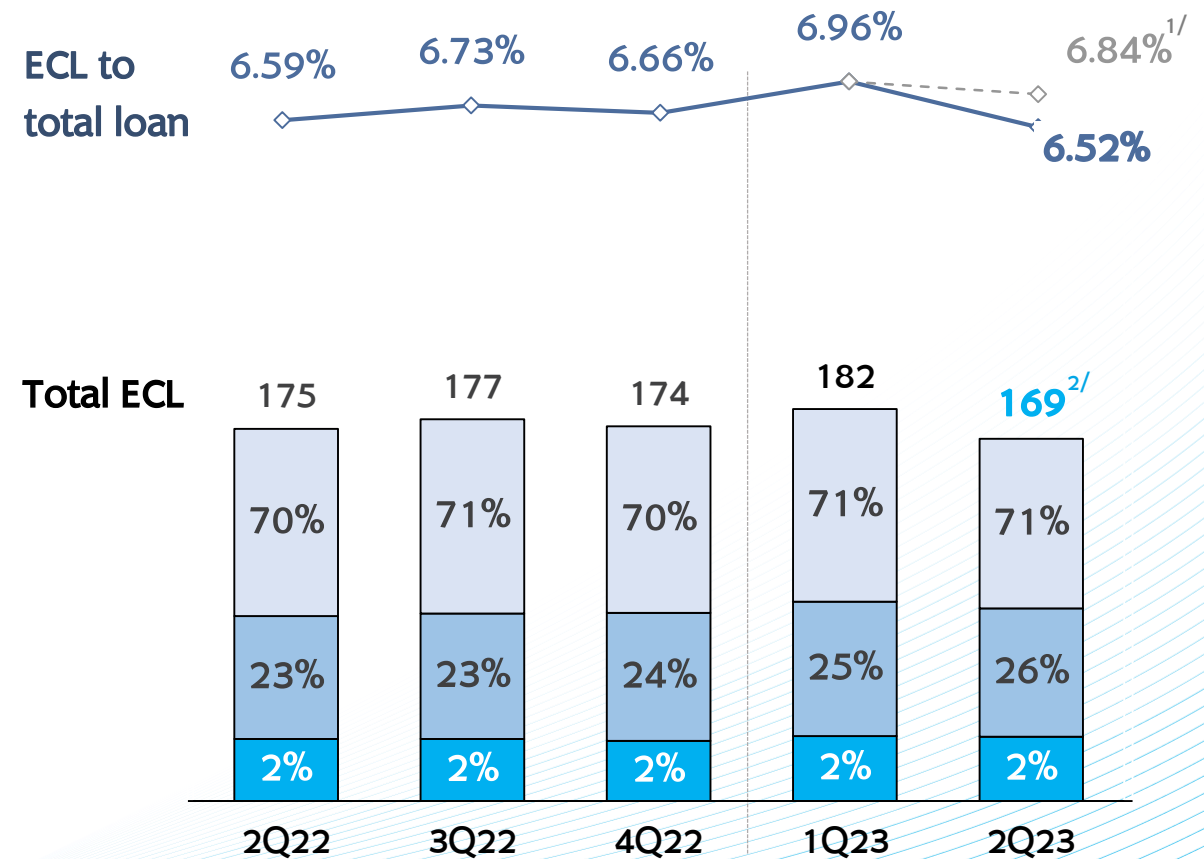
Actively and vigilantly managed portfolio by stage



➤ Loan and accrued interest by stage (Baht bn)



➤ ECL on loan and accrued interest by stage (Baht bn, %ECL to loan)



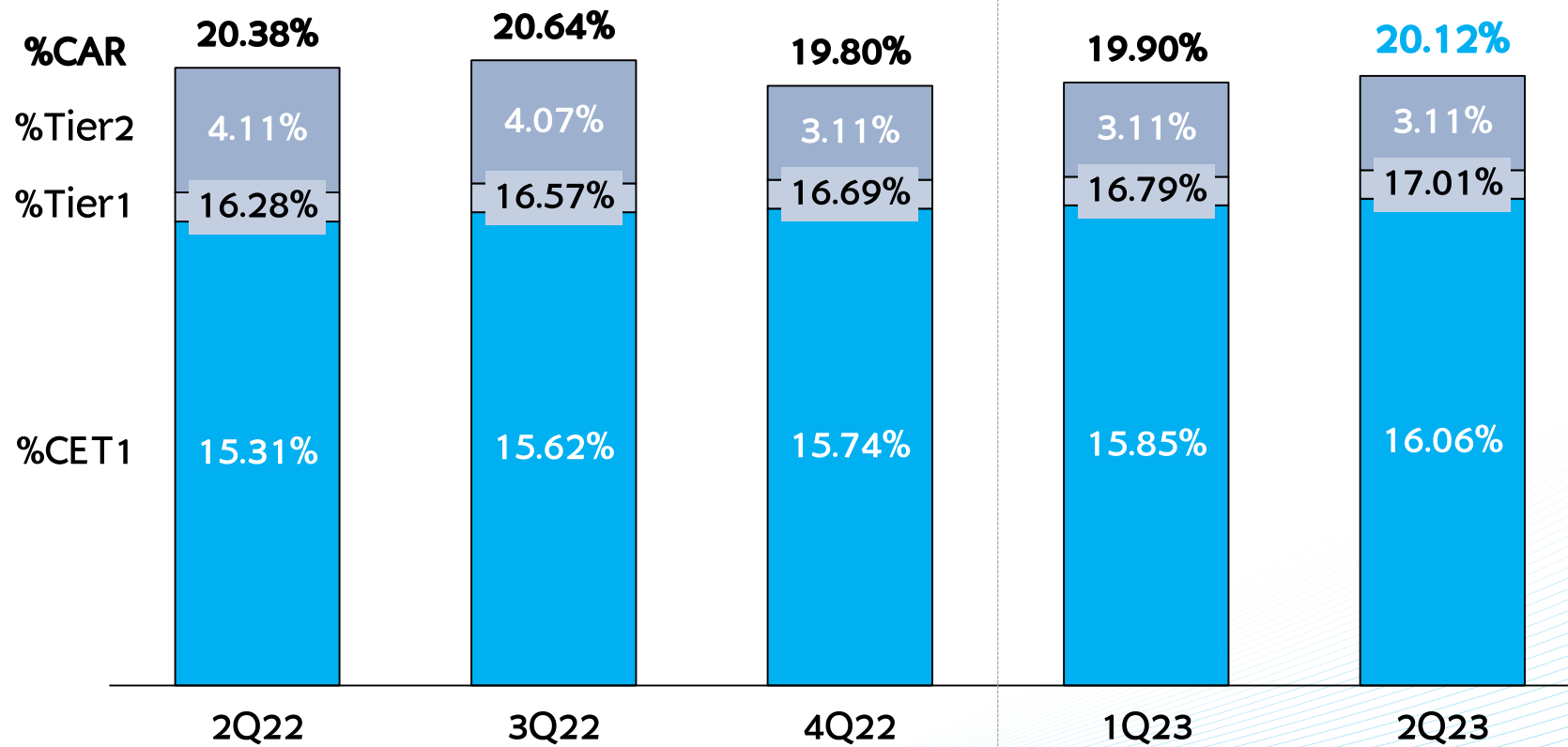
1/ %stage 3 to Loan would be 4.1% without adjusted presentation of net allowance of accrued interest stage 3

1/ %ECL to loan without adjusted presentation of net allowance of accrued interest stage 3
2/ ECL would be 178.3bn without adjusted presentation of net allowance of accrued interest stage 3

Strong capital position to support growth



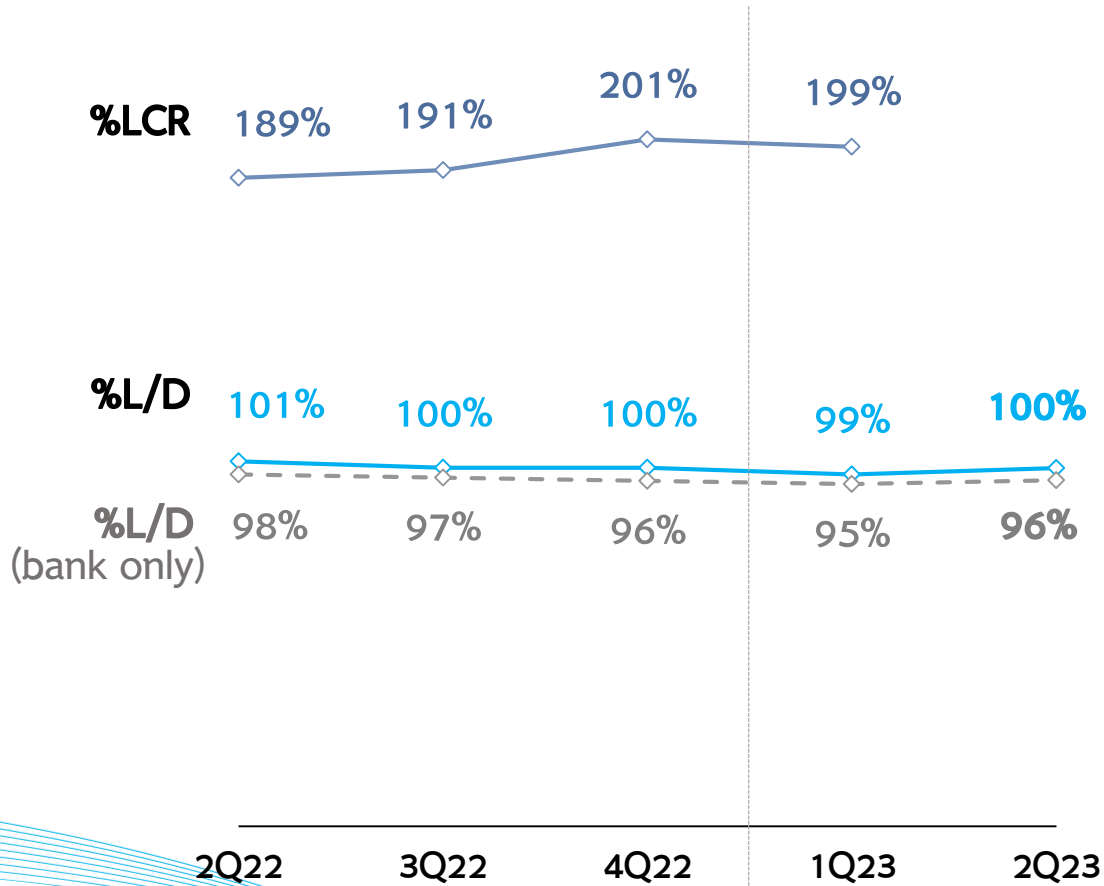
➤ %Capital Ratio



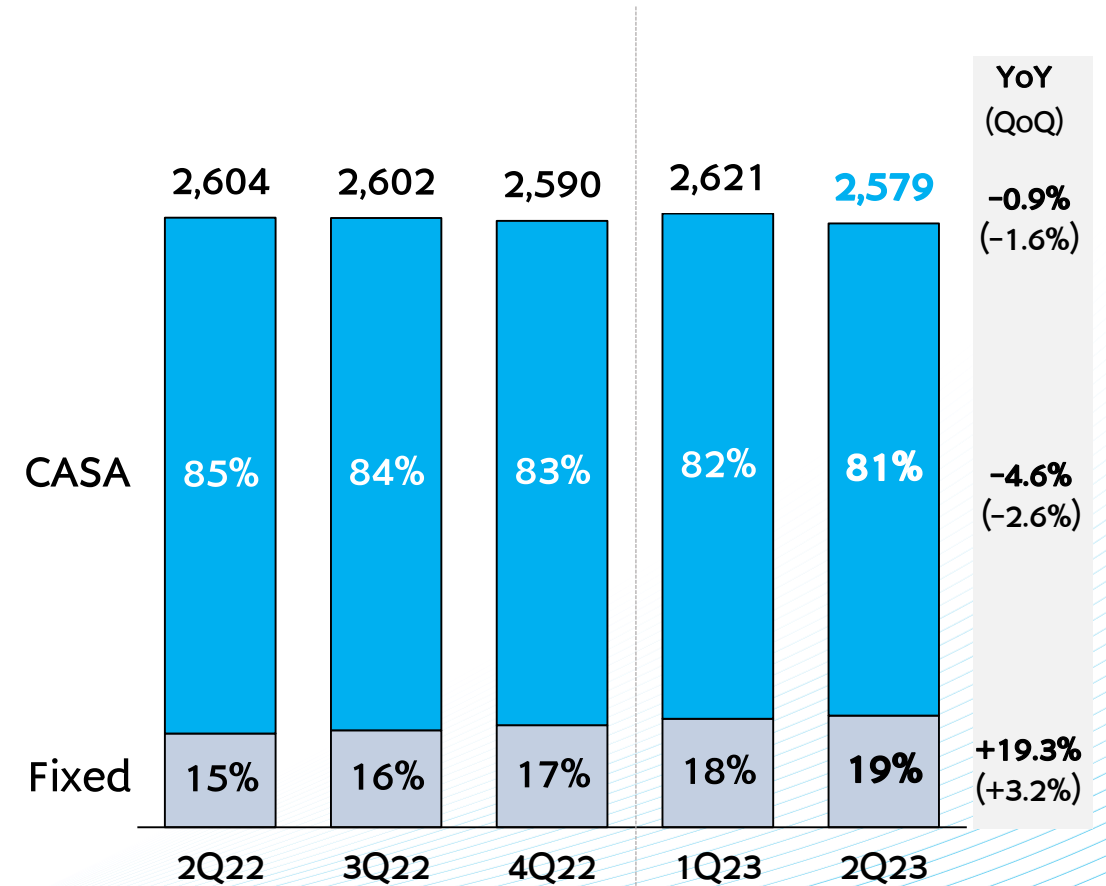
Ample liquidity with high portion of CASA



Loan to Deposit Ratio



Deposit by type (Baht bn)



2023 Financial Targets

	1H23 Actual	2023 Targets	Note (1H23)
Loan Growth (%YoY) <i>Loan ex Gov</i>	1.5%	3%-5%	Loan growth focus on strategic segments driven by retail and corporate segments
Net Interest Margin (%)	3.10%	>2.80%	Portfolio optimization and rate hike drive upward NIM
Fee Income Growth (%YoY)	0.6%	Low Single Digit	Fee income growth from Banca and credit card offset softer mutual fund fee and transactional fee, in line with market trend
Cost to Income Ratio (%)	39.0%	≤ Mid 40s	Effective comprehensive cost to income management amid continuing IT investment for future
NPL (%)	3.11%	< 3.50%	Prudent asset quality management along with closely monitoring of our asset quality
Coverage Ratio (%)	177.4%	Around 170% +/-	Maintain a high level of coverage ratio given the economic uncertainties

Appendix

Krungthai Accrued Interest

Accrued Interest Recognition and Reporting for Loan Stage 3



► Prior to June 2023

P&L

Interest Income : Recognition on net basis (Loan less ECL) * EIR

ECL expenses : Set up at the same amount in the same period
as per income recognition for prudence

Net Profit : Neutral impact (Income less ECL same amount)

Balance Sheet

Accrued Interest : Recognition on gross basis (cumulative)

ECL Balances : Recognition in a separate line with the same
amount of accrued interest

Sample : Loan 100, ECL 70, EIR 3%

Interest Income : $(100 * 3\%) - (70 * 3\%) = 3 - 2.1 = 0.9$

ECL expenses : 0.9

Net Profit : 0.9 income less 0.9 ECL expenses = 0

Accrued Interest : $100 * 3\% = 3$

ECL Balances : $70 * 3\% + 0.9$ from ECL expenses = 3

Accrued Interest (Net) : $3 - 3 = 0$

P&L has reflected both income and ECL on loan Stage 3

Our P&L and Balance Sheet recognition in alignment with TFRS9 accounting policy with clean audit results as disclosed in Financial Statement

Krungthai Accrued Interest

Accrued Interest Recognition and Reporting for Loan Stage 3



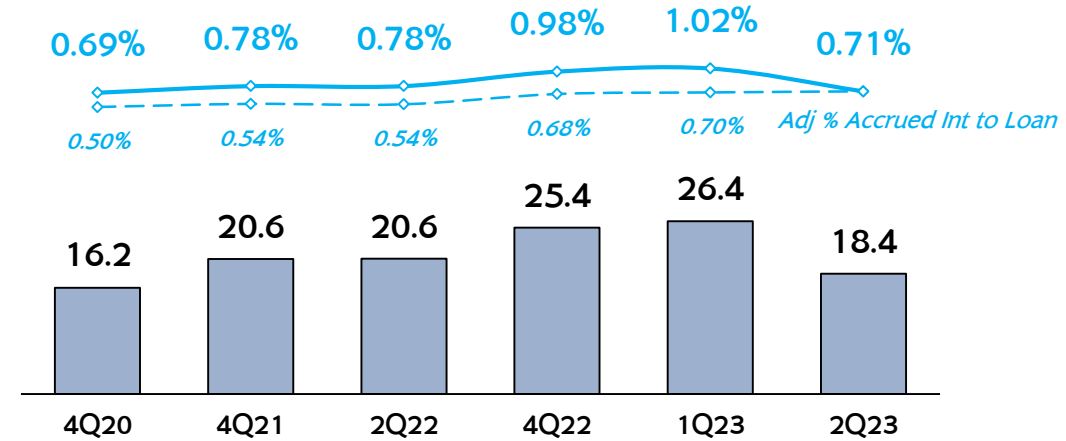
» June 2023

Presentation of Stage 3 Accrued Interest Outstanding and ECL as Net

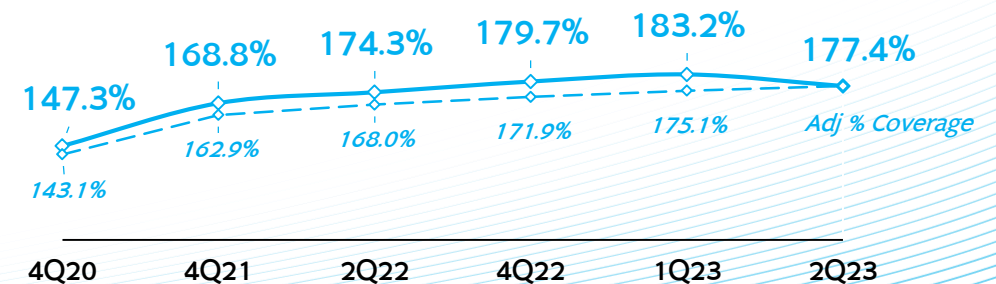
- In alignment with accounting policy. The accounting standards (TFRS9 and TFRS7) require that interest income of Stage 3 is recognized/presented on net basis whereas doesn't specifically mentioned on how the financial position should be presented
- Impact to Financial Statement
 - Reduction in Accrued Interest outstanding
 - Reduction in ECL balances
 - Reduction in %Coverage

» Accrued Interest & % to Loan

Unit : Baht'bn



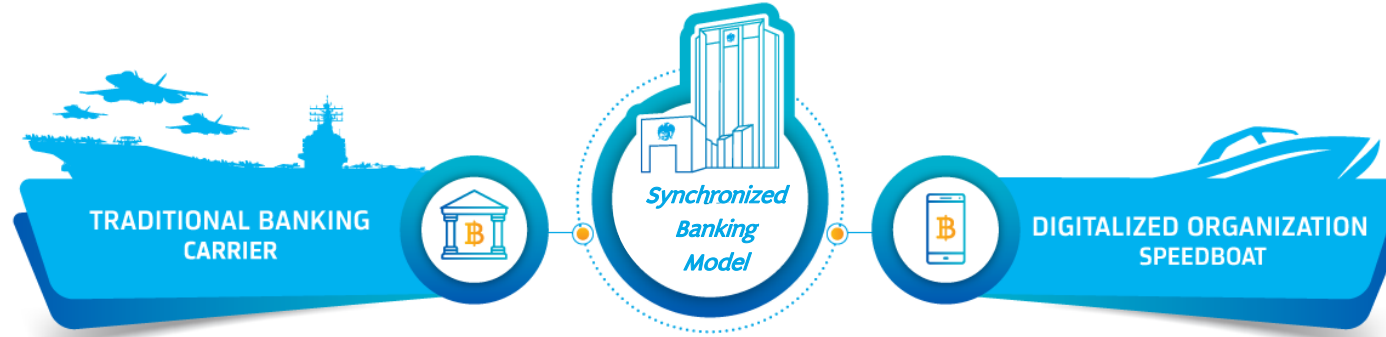
» %Coverage



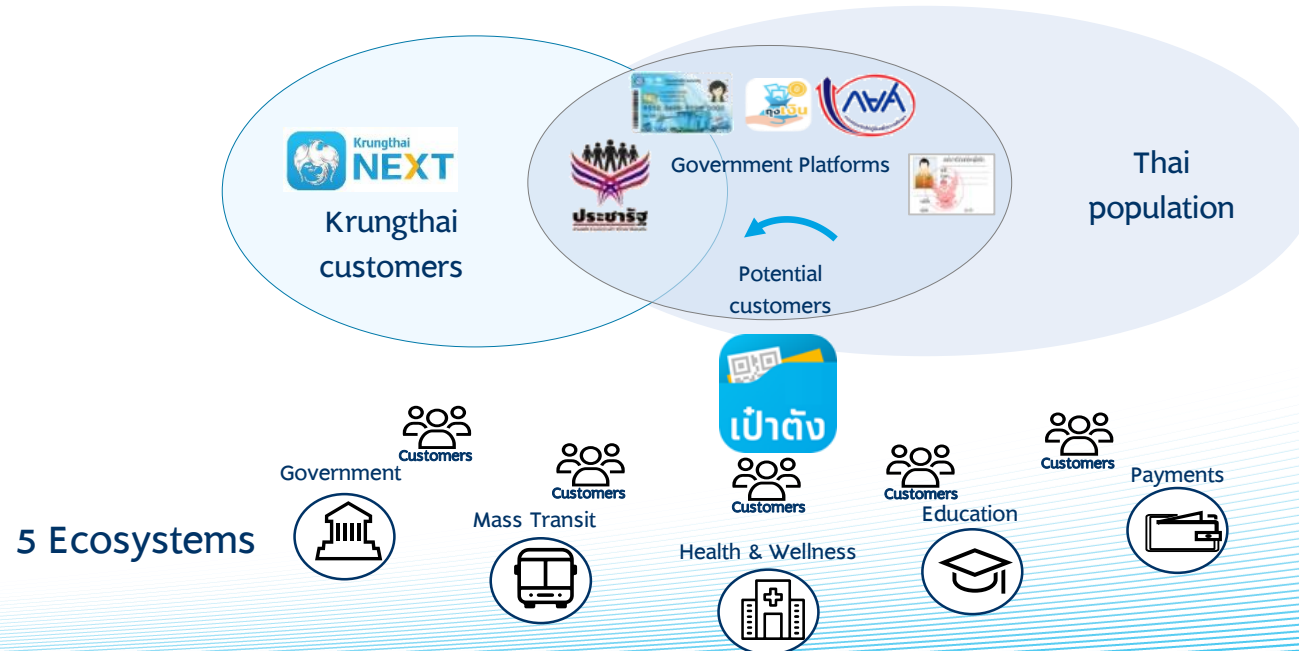
Our strategy at a glance

VISION : “Growing Together for **SUSTAINABILITY**”

MISSION : “Empowering **BETTER LIFE** for all Thais”



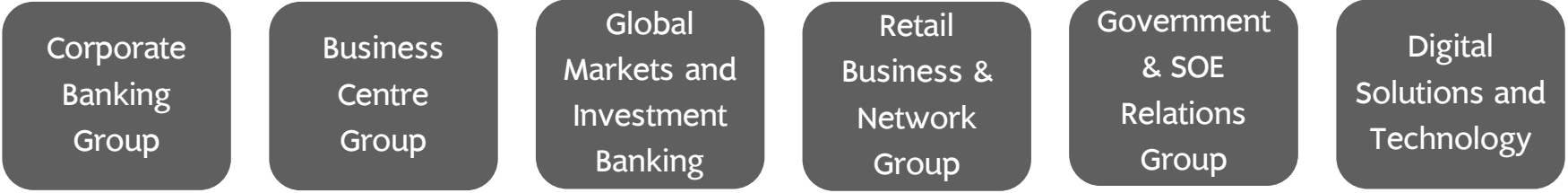
Foundations in place to accelerate our digital transformation



Our core business is complimented by key partnerships to deliver a compelling value proposition



Core Business Groups and Major Services



Partnerships enhance Krungthai's ability to cross-sell and be a primary bank for its customers

Asset Management
100%

Life Insurance
50%

Leasing Co
25%
KTC 75%

Credit Cards
49%

Holding company
76%
KTC 24%

Securities House
50%

Non-life Insurance
45%

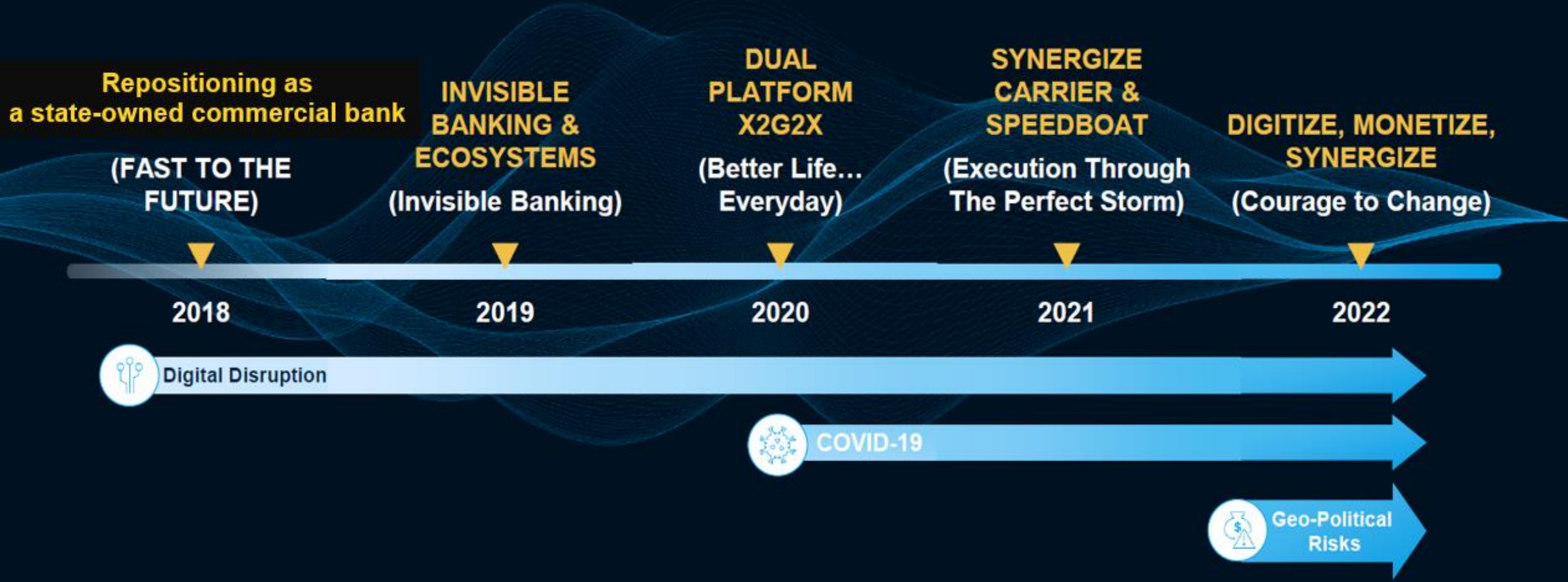
Leasing Co
49%

Digital Platform Services
KTBA 100%

Personnel and Information Technology resources services
Infinitas 51%

KTBA Direct Ownership %

Our success journey to date



Our “Accelerating sustainable value creation”

With our 3 objectives

 **Accelerating Integration**
Strengthening and modernizing the foundation and structure of traditional banking

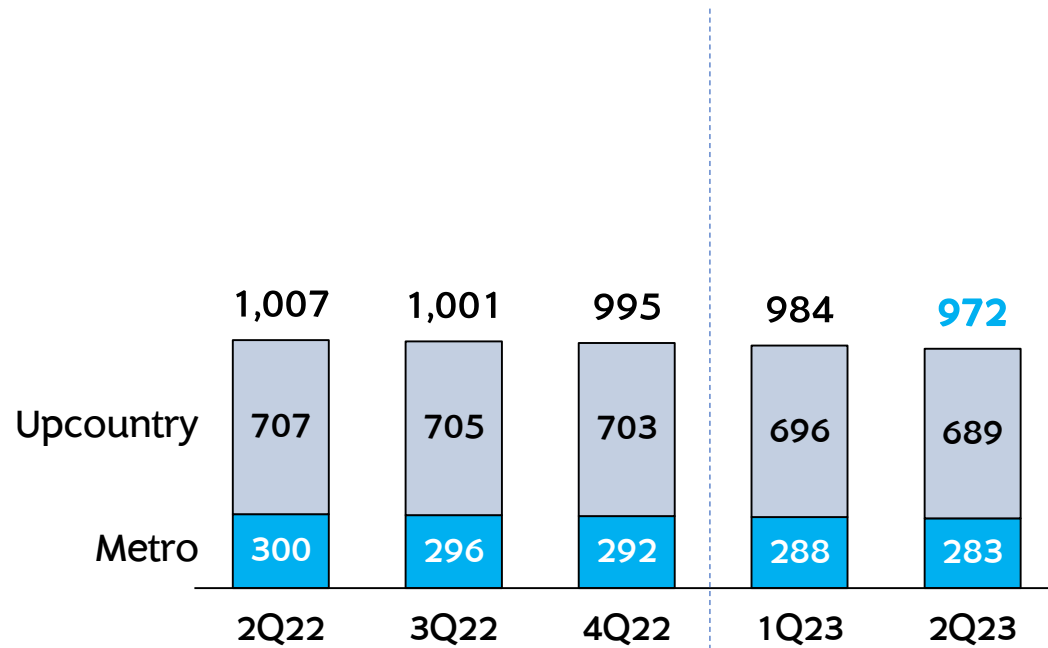
 **Accelerating Growth**
Accelerating growth by building upon and leveraging our existing resources to their full potential

 **Accelerating Creation**
Establishing new business models to meet the needs of our partners and allies who are transitioning to the digital economy



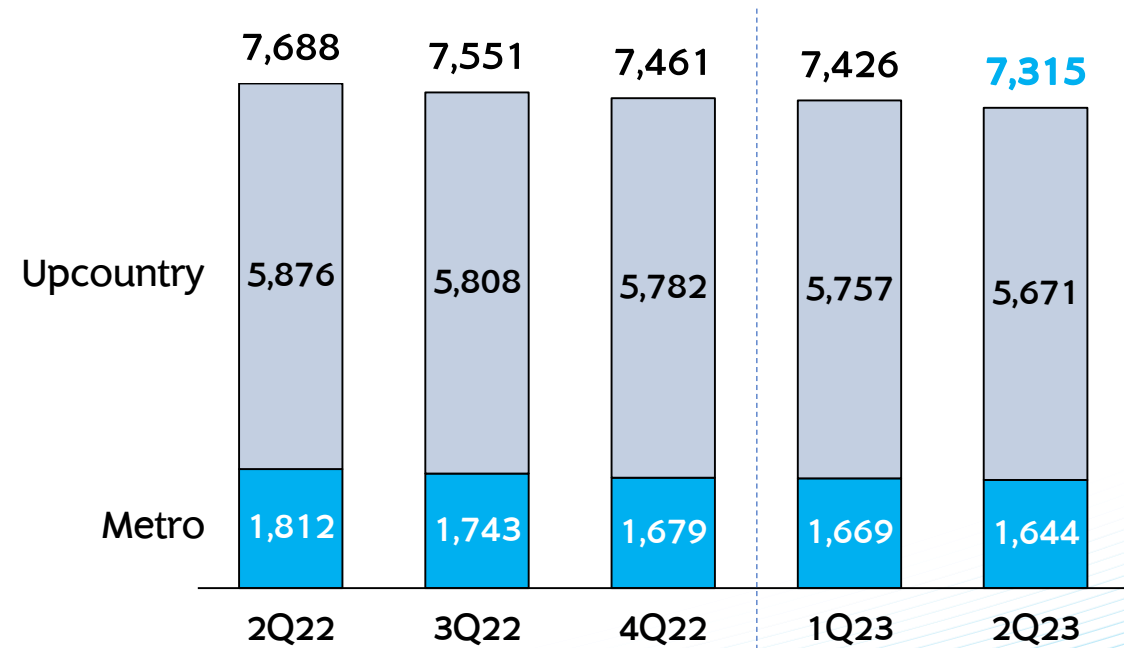
Branches*

(unit: branches)



ATMs

(unit: machines)



* Including Head Office



Thank you

Krungthai Bank PCL

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