



# 1H 2024 & 2Q 2024 Financial Results

Analyst Meeting Presentation

August 2024

# Agenda

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**2Q2024 Operating Environment**

02

**1H2024 & 2Q2024 Financial Highlights**



# 2Q2024 Operating Environment



The Thai economy continues to recover, mainly driven by the improvement in the tourism sector. Nonetheless, GDP growth in 2024 is expected to remain below potential.



|                              | 2023      | 2024F       |
|------------------------------|-----------|-------------|
| <b>GDP Thai (%YoY)</b>       | 1.9       | 2.3         |
| <b>Consumption</b>           |           |             |
| Private (%YoY)               | 7.1       | 2.9         |
| Public (%YoY)                | -4.6      | 1.9         |
| <b>Investment</b>            |           |             |
| Private (%YoY)               | 3.2       | 3.4         |
| Public (%YoY)                | -4.6      | 1.1         |
| <b>Exports USD (%YoY)</b>    | -1.7      | 0.5         |
| <b>Imports USD (%YoY)</b>    | -3.1      | 1.8         |
| <b>Inflation (%)</b>         | 1.2       | 0.8         |
| <b>Foreign Tourists (mn)</b> | 28.2      | 36.5        |
| <b>Interest rate (%)</b>     | 2.50      | 2.00 - 2.50 |
| <b>USD/THB (Year Range)</b>  | 33.2-36.5 | 33.0-37.0   |

**Private consumption** growth is likely to be limited due to high level of household debt

**Public consumption** to normalize following the disbursement after FY2024 budget approval

**Private investment** further expands, supported by investment promotion and global relocation trend

**Public investment** may bounce back after the materialization of FY2024 budget disbursement

**Exports** are likely to experience a restricted recovery amid intensifying geopolitical conflicts and competitiveness problem

**Imports** may rebound in line with the expansion of private investment and consumption

**Inflation rate** stay low from cost-of-living alleviation measures

**Foreign tourists** continue to improve which may reach 36-37 million in 2024

**Policy rates** are possibility been cut as the economy tends to grow below potential

**USD/THB** expected to be volatile given uncertain US monetary policy expectation

- Continuously rising number of foreign tourists, supported by Thai-China visa exemption and visa-free scheme for targeted travelers
- Improvement of labor market in line with the resumption of economic activities especially services sectors
- Implementation of government measures to stimulate growth and ease economic difficulties for vulnerable groups
- BOI promotion schemes from the government enhance inward FDI investment

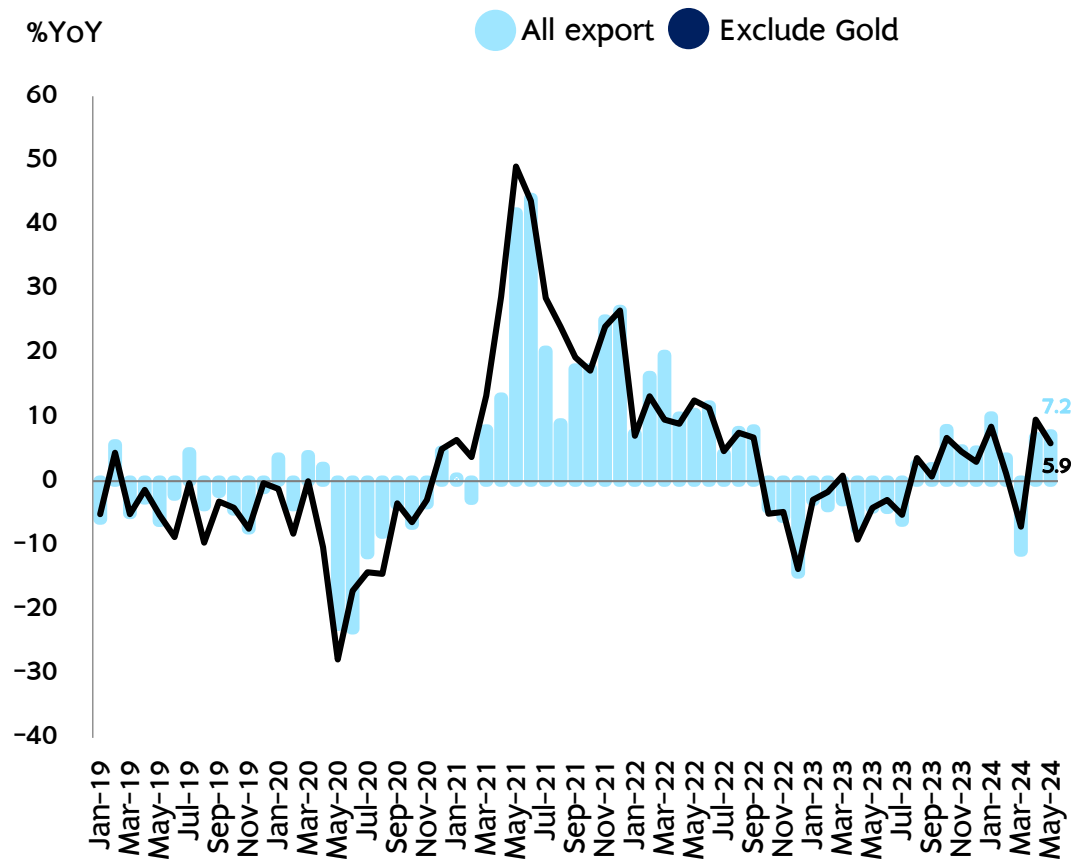
- Tightening financial condition could limit global economic growth
- Likely protracted wars will push up transportation and logistics costs and pose risks to exports
- US economic policy pivot and intensifying trade war poses downside risks to major economies esp. China
- Fragile Thai household and SMEs remain burden by high debt amid incomplete recovery

Source: NESDC BOT MOC and MOTs, analyzed by Krungthai COMPASS (as of May 2024)

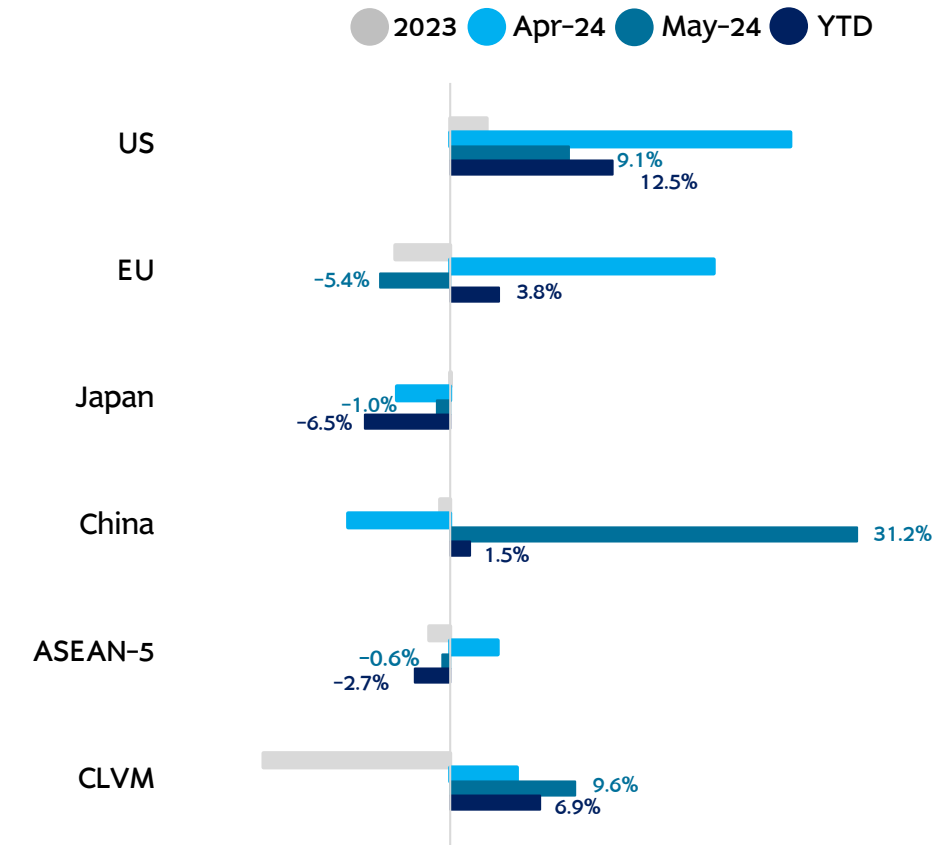
# Risks to exports amid geopolitical reset

The recovery of exports is likely to be more limited from sluggish global trade, alongside the relatively low world GDP growth. Additionally, headwinds from structural problems that impede competitiveness and worsening geopolitical conflicts could exacerbate pressure on Thai exports going forward.

### Thai merchandise export growth



### Thai exports classified by major markets

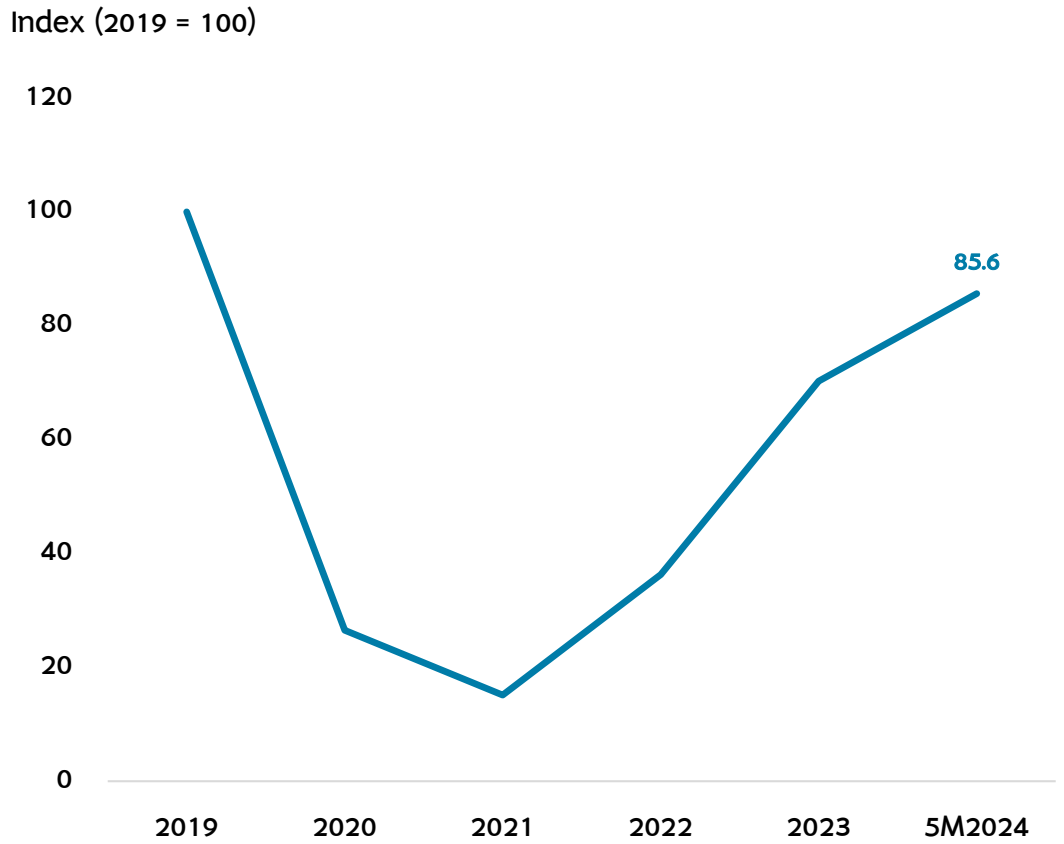


Source: Ministry of Commerce

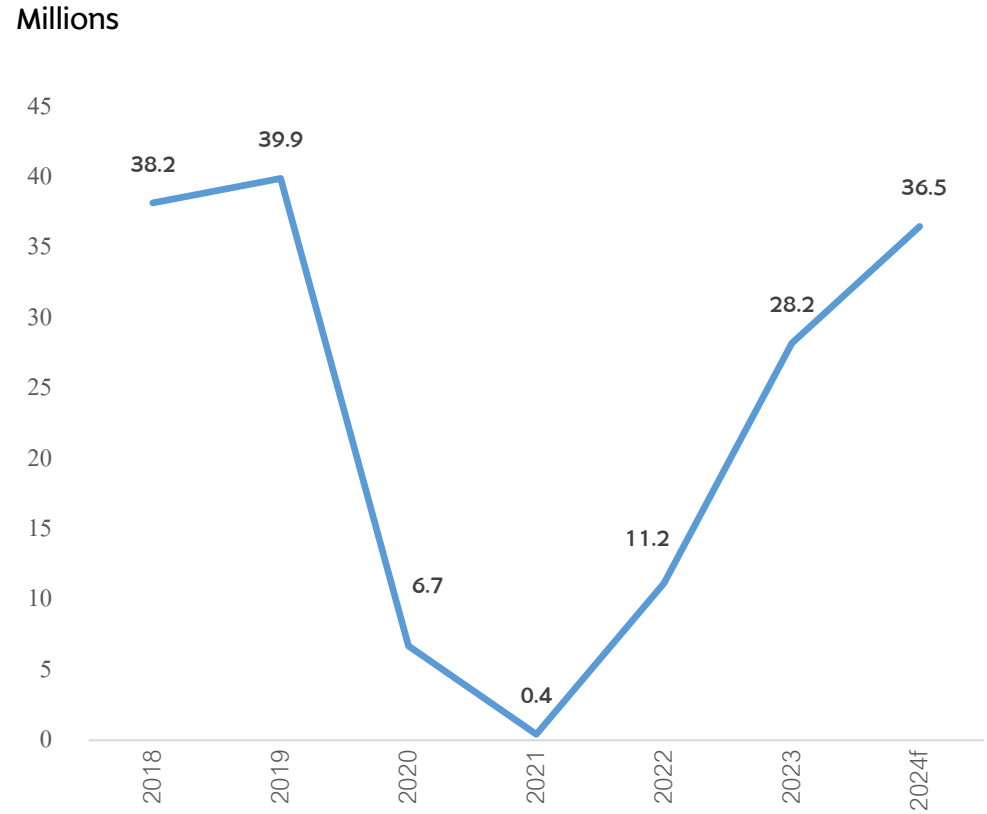
# Tourism supports further economic recovery

Tourism sector has rebounded continually as the flights are returning to the pre-pandemic levels. The implementation of visa-free measures has bolstered the recovery of the tourism-related activities. The number of foreign tourists in 2024 is projected to be around 36-37 million.

### Average number of international flights per month



### Number of foreign tourists

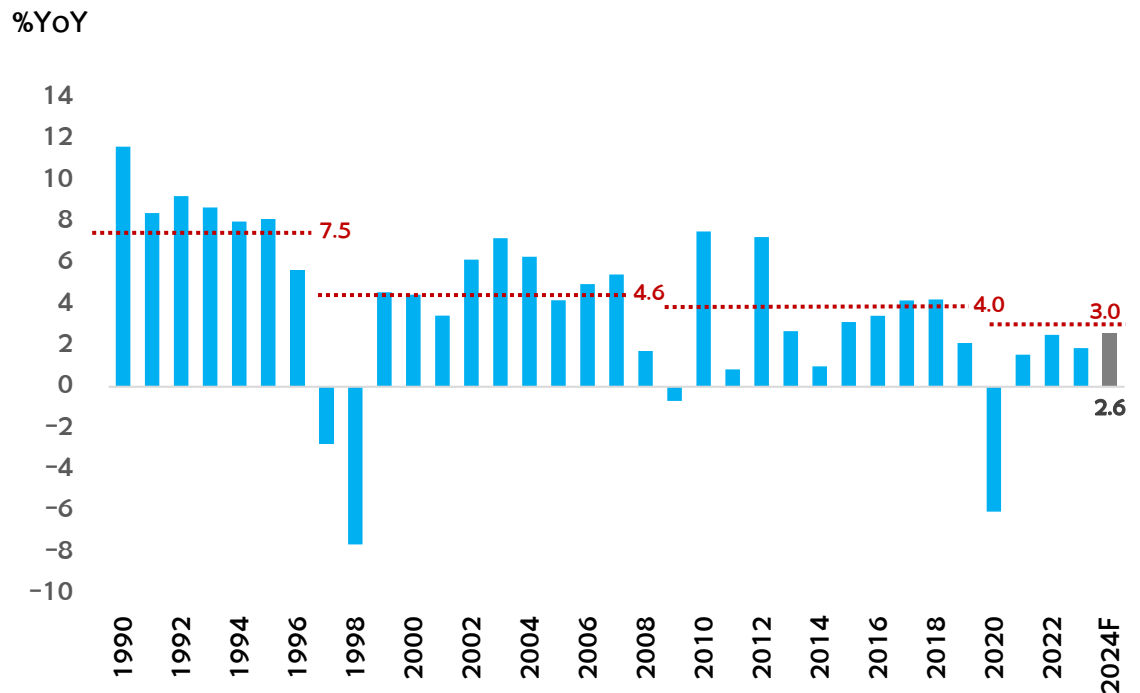


Source: Ministry of Tourism and Sports, forecasted by Krungthai COMPASS

# Possibility of BOT relaxing monetary policy

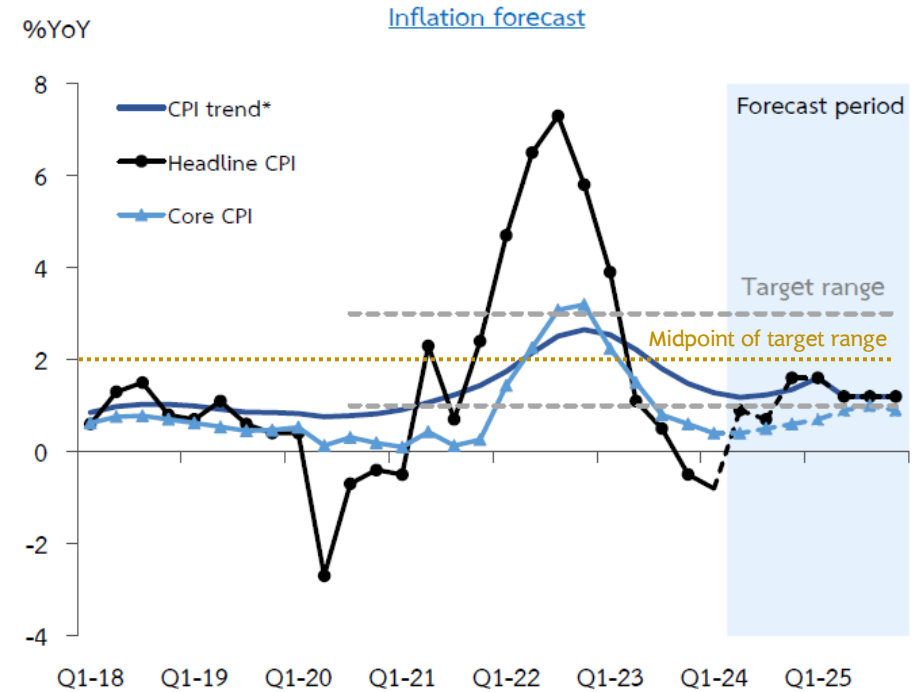
The Bank of Thailand (BOT)'s assessment in June maintains its 2024 GDP growth projection at 2.6%, which is lower than potential. Moreover, it anticipates that headline inflation will remain lower than the midpoint of target range. Given the likely below potential growth associated with muted inflation, policy rate cuts are a possibility.

## The BOT outlook in June views that Thai economy may grow below potential



Remark: 1) The red dashed lines and corresponding values represent potential growth as estimated by the International Monetary Fund (IMF)  
 2) 2024 GDP growth forecasted by Bank of Thailand

## In addition, the still-low inflation outlook is likely to support the possibility of BOT rate cut



Note: \*Underlying inflation trend (MUCSVO trend) calculates based on Stock and Watson (2015).



# 1H2024 & 2Q2024 Financial Highlights



# Sustainable performance reflecting our strategy

## Growing together for SUSTAINABILITY

With sustainable financial results

- Manageable asset quality in both NPL and %Credit cost whilst maintaining high coverage ratio for uncertainties
- Balance Sheet risk-return optimization focus
- Sustainable growth in our value creation in accordance with our strategic direction
- Effective Cost to Income management

## Empowering BETTER LIFE for all Thai

Reshaping Client Value Proposition

Paotang 

**40 million**  
users

Krungthai NEXT 

**18 million**  
users

Tung Ngern 

**2 million**  
merchants

Krungthai CONNEXT 

**20 million**  
users

# 1H 2024 & 2Q 2024 Financial Performance

## Financial Performance

(Baht bn)

|                   | 2023        | %YoY      | 1H24        | %YoY       | 2Q24        | %YoY       | %QoQ      |
|-------------------|-------------|-----------|-------------|------------|-------------|------------|-----------|
| Income            | 149.5       | 19%       | 80.2        | 13%        | 39.4        | 10%        | -3%       |
| NII               | 113.4       | 25%       | 59.6        | 12%        | 30.1        | 8%         | 2%        |
| Non NII           | 36.0        | 3%        | 20.5        | 17%        | 9.4         | 18%        | -16%      |
| Net Fee Income    | 20.9        | 3%        | 10.9        | 9%         | 5.3         | 10%        | -5%       |
| Non-Fee Income    | 15.2        | 3%        | 9.7         | 26%        | 4.1         | 31%        | -26%      |
| OPEX              | 62.2        | 13%       | 34.2        | 23%        | 16.4        | 17%        | -7%       |
| Operating Profit  | 87.3        | 24%       | 46.0        | 6%         | 23.0        | 6%         | 0%        |
| ECL Expenses      | 37.1        | 52%       | 16.0        | 1%         | 8.0         | 3%         | 0%        |
| <b>Net Profit</b> | <b>36.6</b> | <b>9%</b> | <b>22.3</b> | <b>10%</b> | <b>11.2</b> | <b>10%</b> | <b>1%</b> |
| Loan              | 2,576.5     | -0.6%     | 2,561.0     | -0.7%      | 2,561.0     | -0.7%      | -2.2%     |
| Loan ex Gov       | 2,198.6     | 1.5%      | 2,159.2     | 0.0%       | 2,159.2     | 0.0%       | -1.6%     |

## Key Ratios

|                         | 2023   | %YoY   | 1H24   | %YoY  | 2Q24   | %YoY  | %QoQ   |
|-------------------------|--------|--------|--------|-------|--------|-------|--------|
| Profitability           |        |        |        |       |        |       |        |
| %NIM                    | 3.22%  | 0.62%  | 3.35%  | 0.25% | 3.37%  | 0.17% | 0.06%  |
| %Cost/Income            | 41.6%  | -2.1%  | 42.6%  | 3.6%  | 41.7%  | 2.4%  | -1.9%  |
| %ROE <sup>1/</sup>      | 9.40%  | 0.25%  | 11.00% | 0.32% | 10.86% | 0.37% | -0.01% |
| %ROA <sup>1/</sup>      | 1.01%  | 0.07%  | 1.22%  | 0.09% | 1.22%  | 0.09% | 0.01%  |
| Asset Quality           |        |        |        |       |        |       |        |
| %NPL                    | 3.08%  | -0.18% | 3.12%  | 0.01% | 3.12%  | 0.01% | -0.02% |
| %Coverage <sup>2/</sup> | 181.3% | 1.5%   | 181.1% | 3.7%  | 181.1% | 3.7%  | -0.7%  |
| %Credit cost            | 1.43%  | 0.50%  | 1.26%  | 0.02% | 1.24%  | 0.03% | 0.00%  |
| Capital<br>(Bank only)  |        |        |        |       |        |       |        |
| % CET 1                 | 16.54% | 0.95%  | 16.66% | 0.72% | 16.66% | 0.72% | 0.24%  |
| %CAR                    | 20.64% | 0.96%  | 20.75% | 0.69% | 20.75% | 0.69% | 0.25%  |

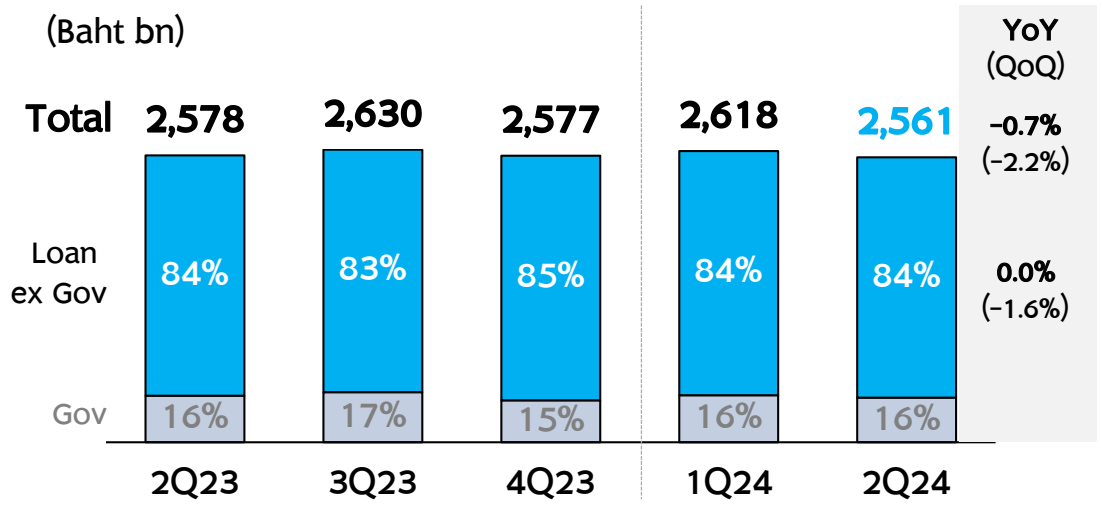
1/ Net profit, ROE, ROA represented for equity holders of the bank

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

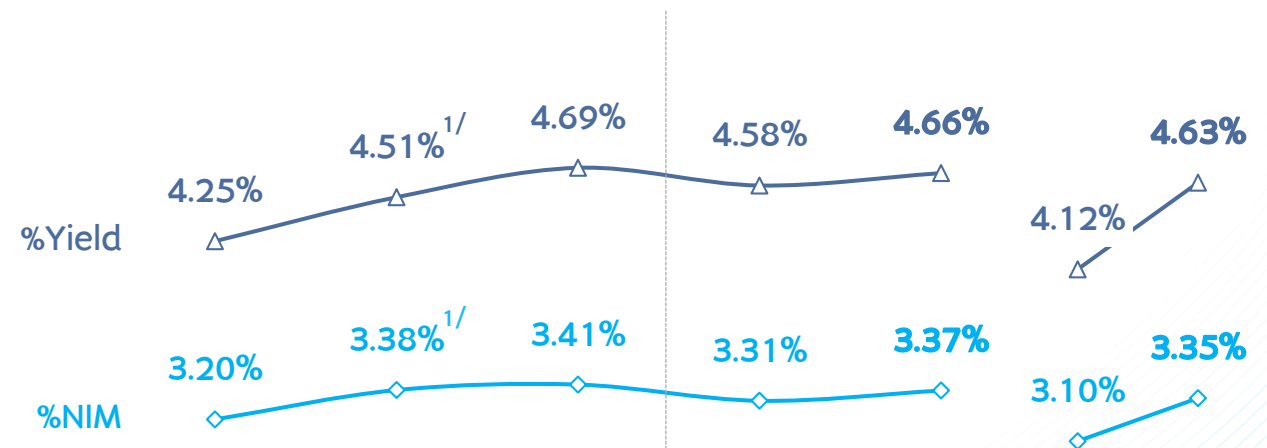
From 2Q23, coverage ratio presented in net allowance of expected credit losses of Loan stage 3

# Loan portfolio optimization with growth in strategic segments

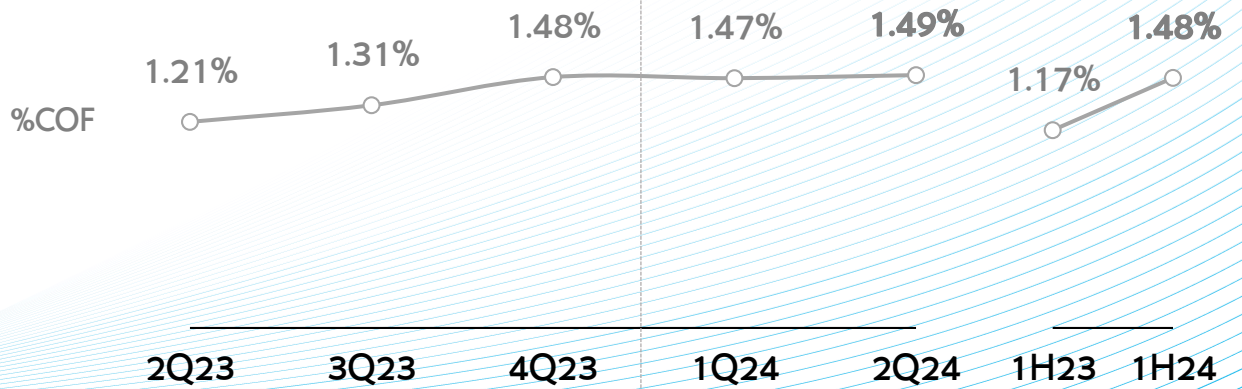
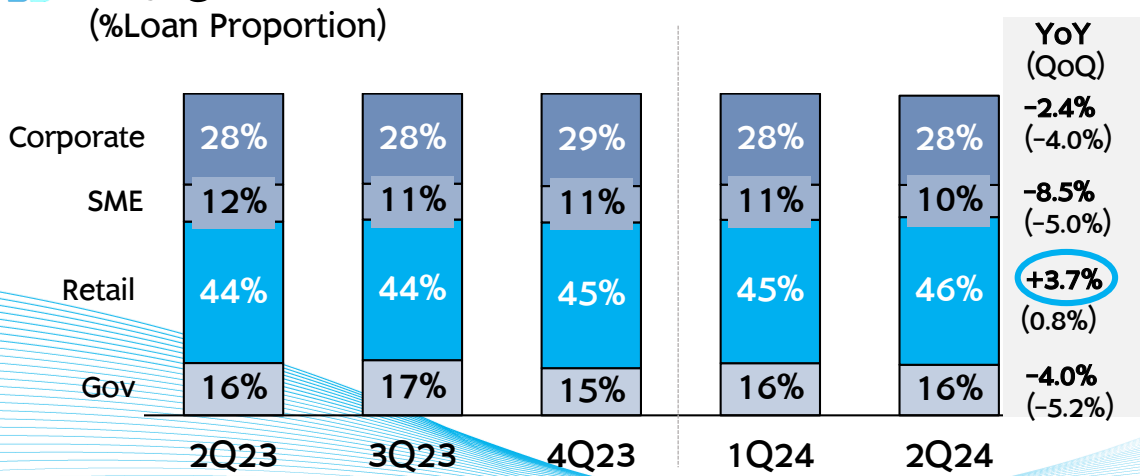
## Loan portfolio optimization focus



## Slight NIM uplift QoQ from a justified risk-adjusted return



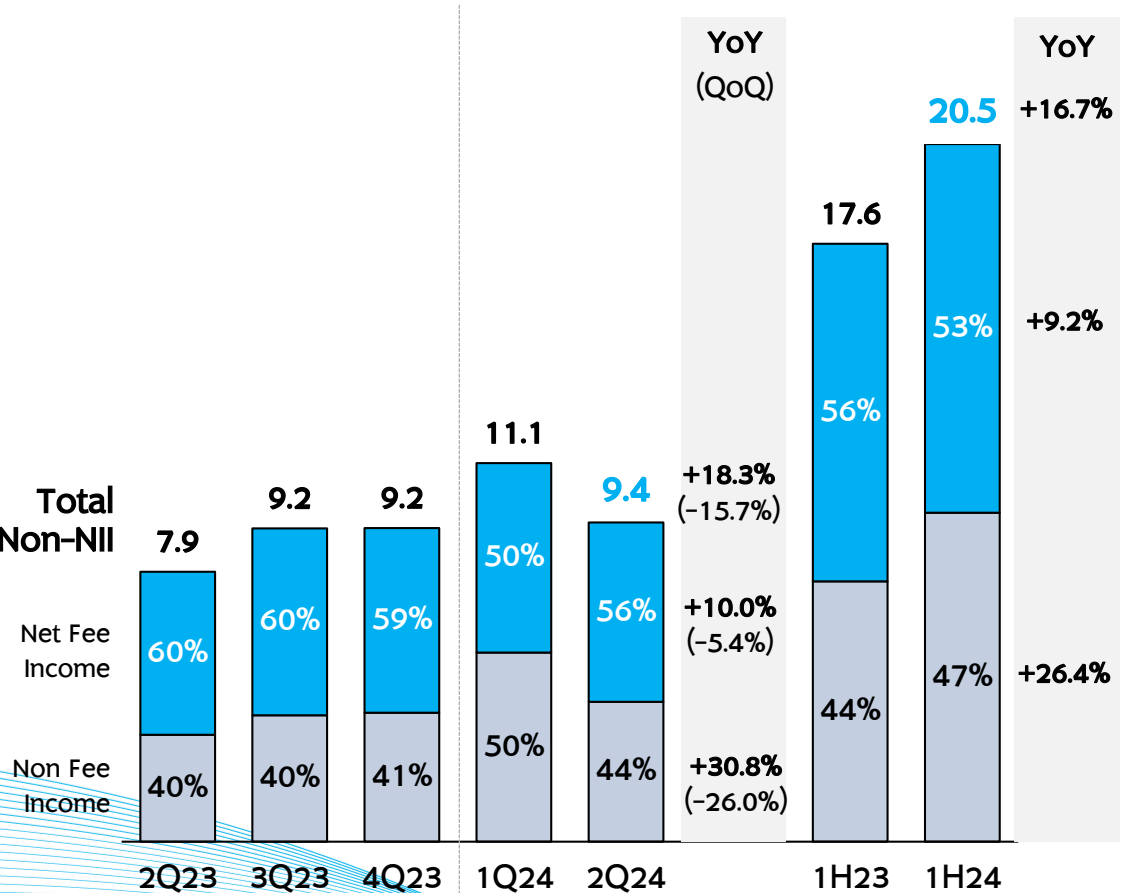
## Key growth driver in Retail amid economic challenges



1/ 3Q23 Yield and NIM inclusive of special interest income from Corporate client

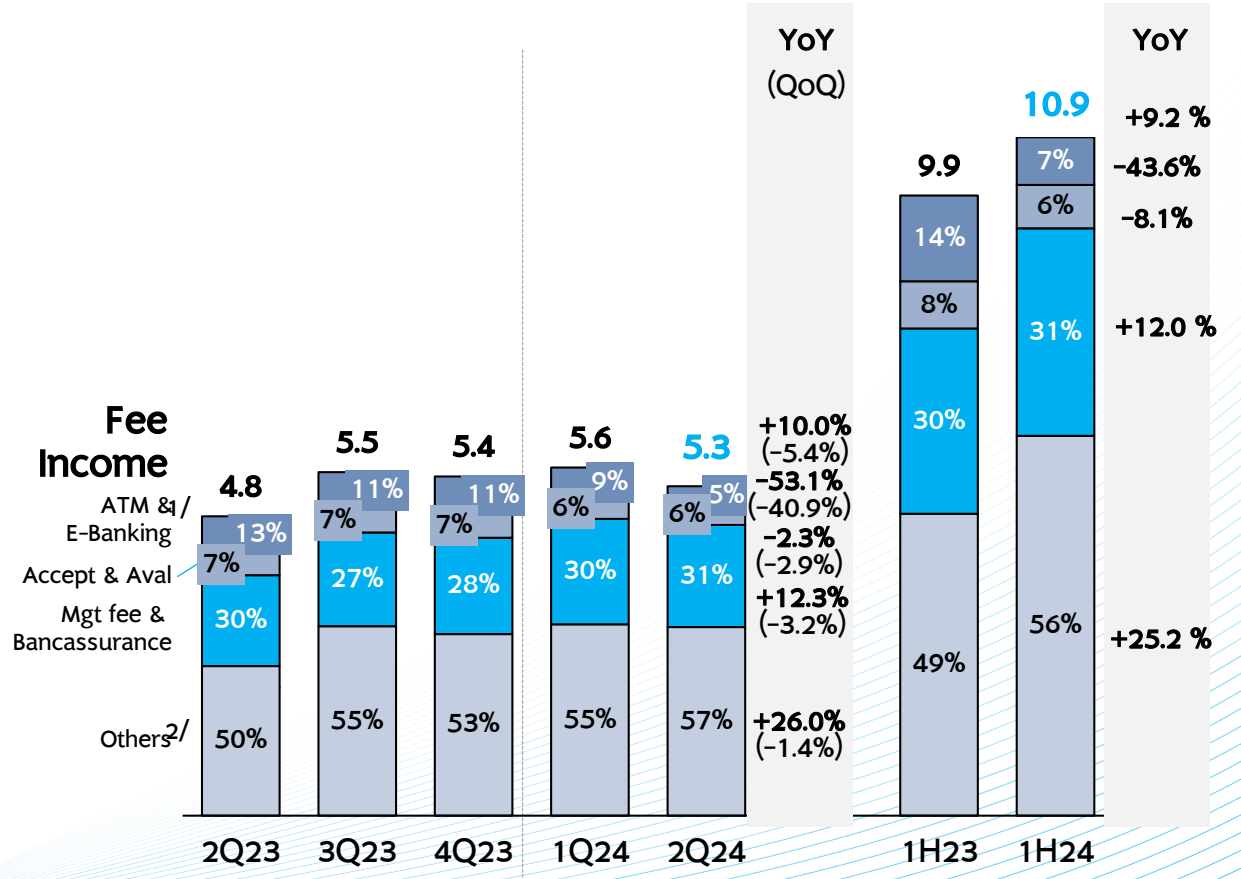
# Fee income slightly drops QoQ from seasonality amid growth in mutual fund and credit card

➤ **Non-NII soften mostly from recovery income**  
(Baht bn)



Note: 2023 total Non-NII +3.0%YoY

➤ **Fee income slightly declines QoQ from seasonality in a continuing credit card and banca fee increase YoY**  
(Baht bn, % Proportion Fee Income)



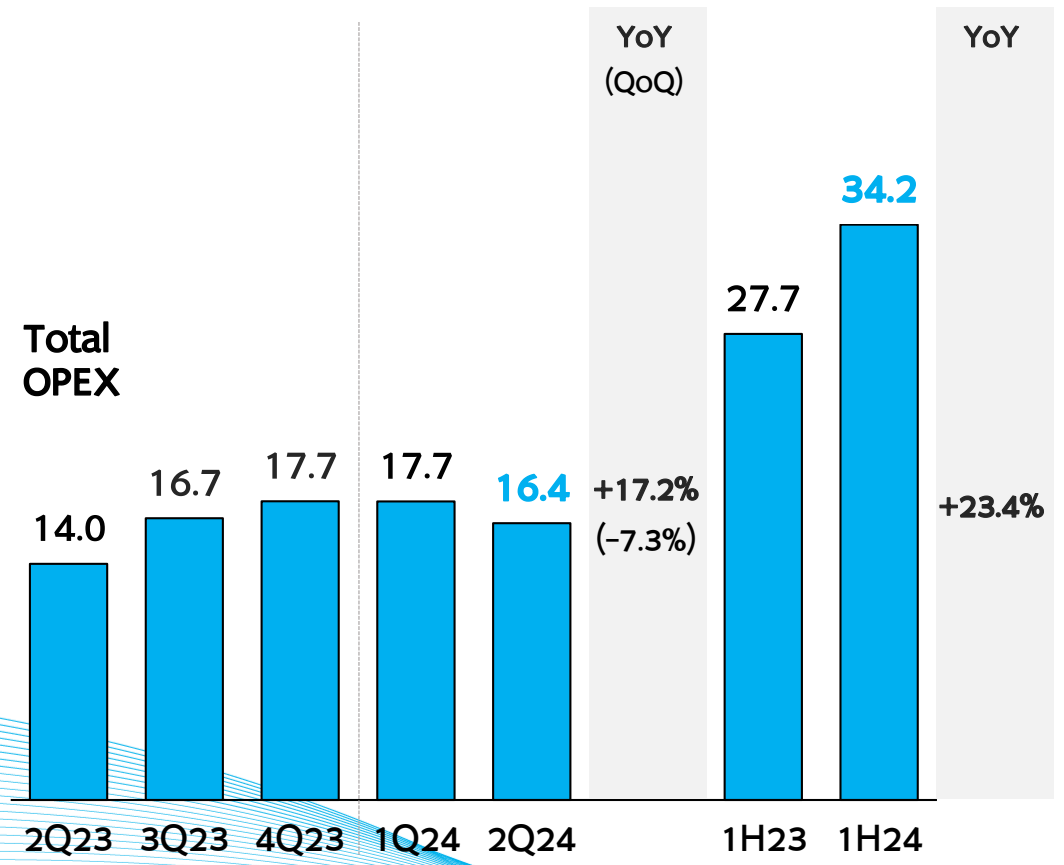
Note: 2023 Net fee income +2.7%YoY

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

# Effective comprehensive cost to income management

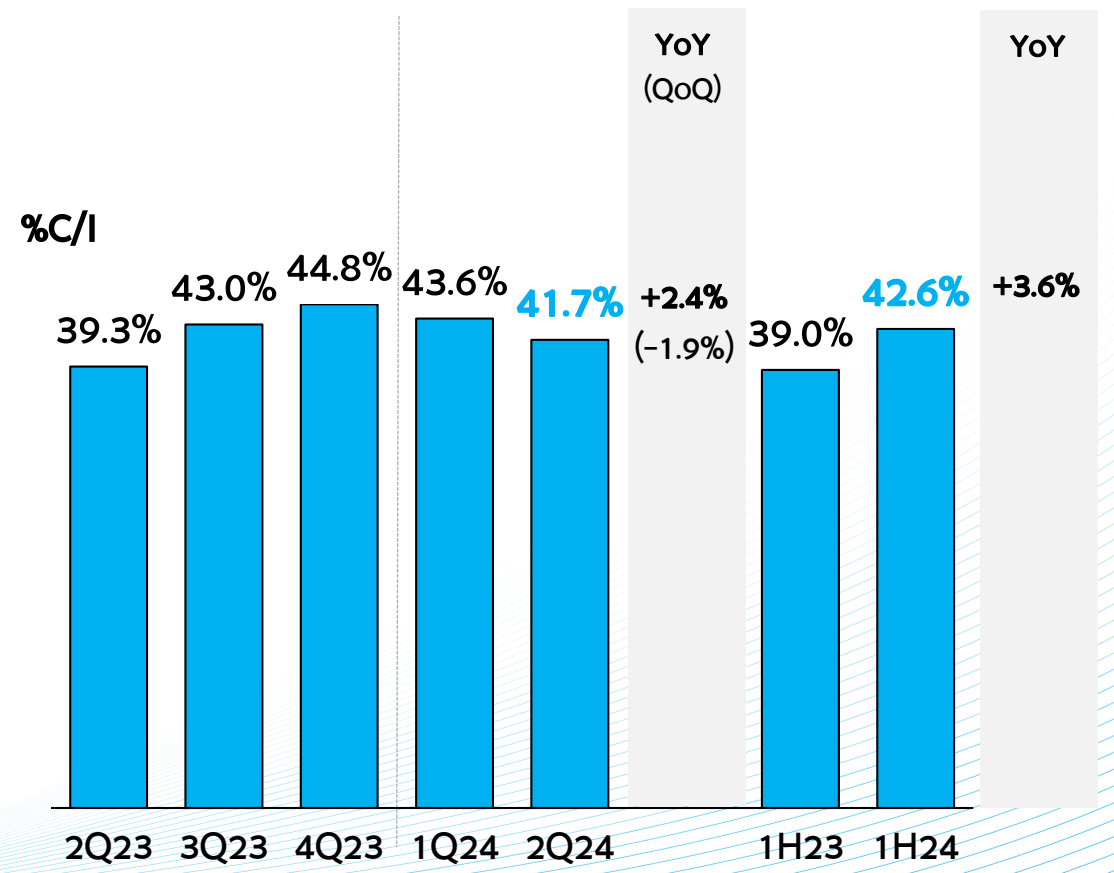
➤ Cost focus on NPA management and IT investment for future

(Baht bn)



➤ In an effective cost to income management

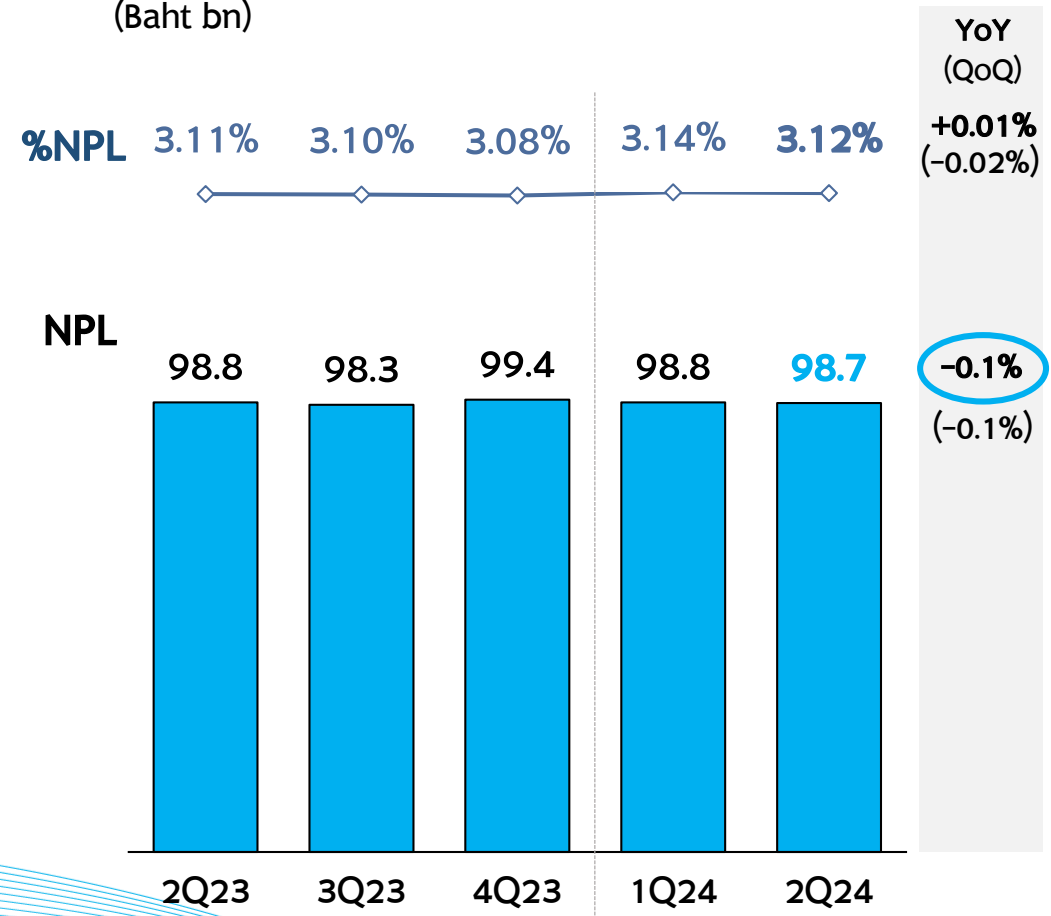
(%Cost to income)



# Prudent asset quality management with high coverage ratio

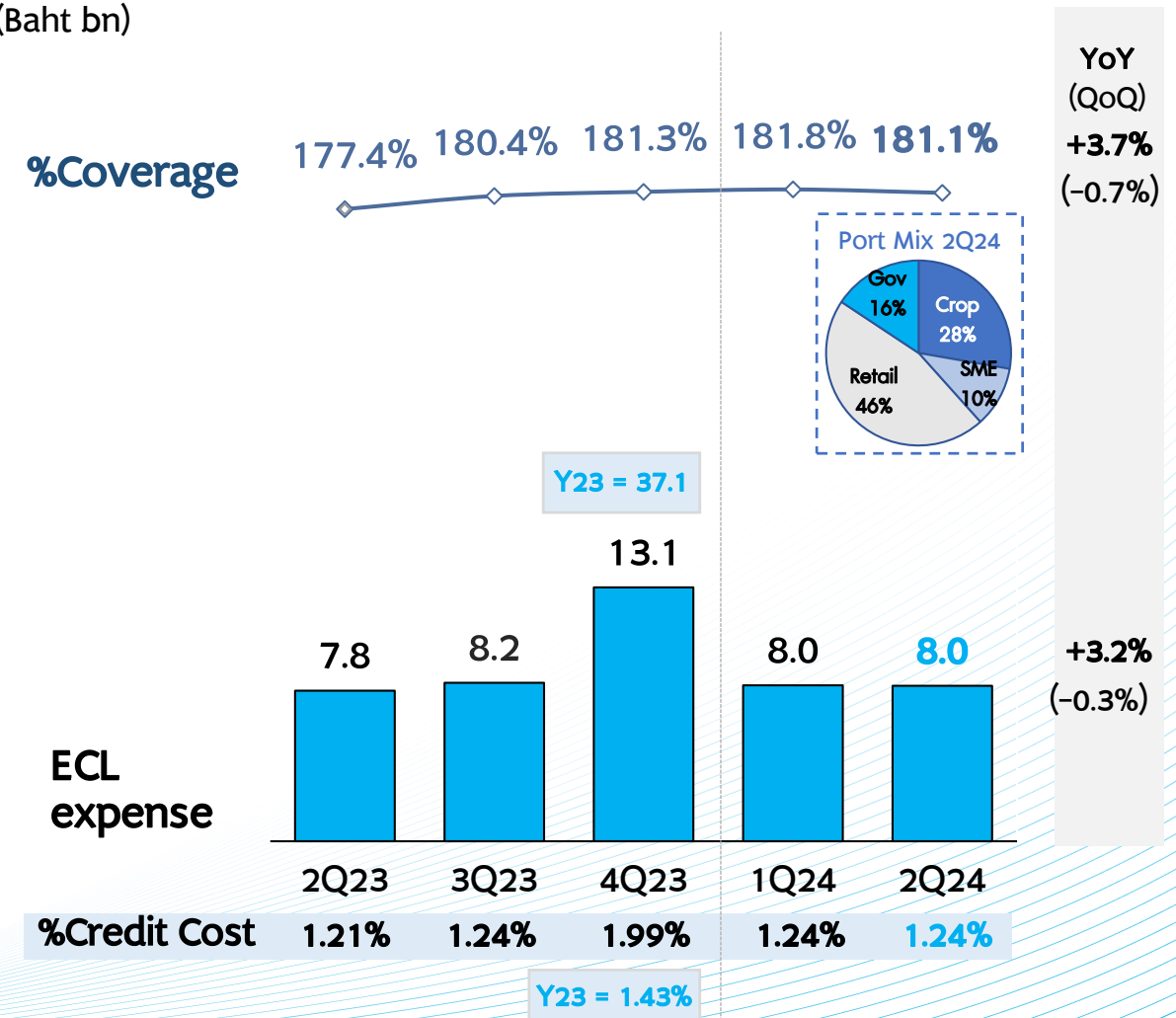
## NPL at a manageable level

(Baht bn)



## Maintaining high coverage ratio in macro challenges

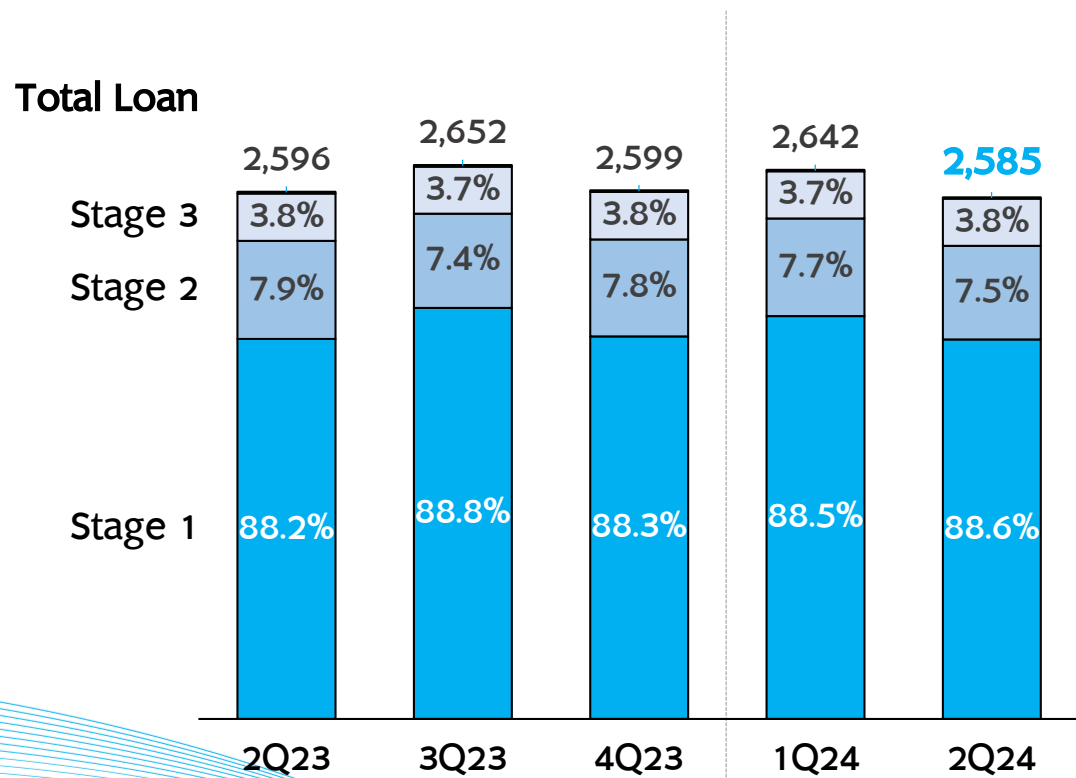
(Baht bn)



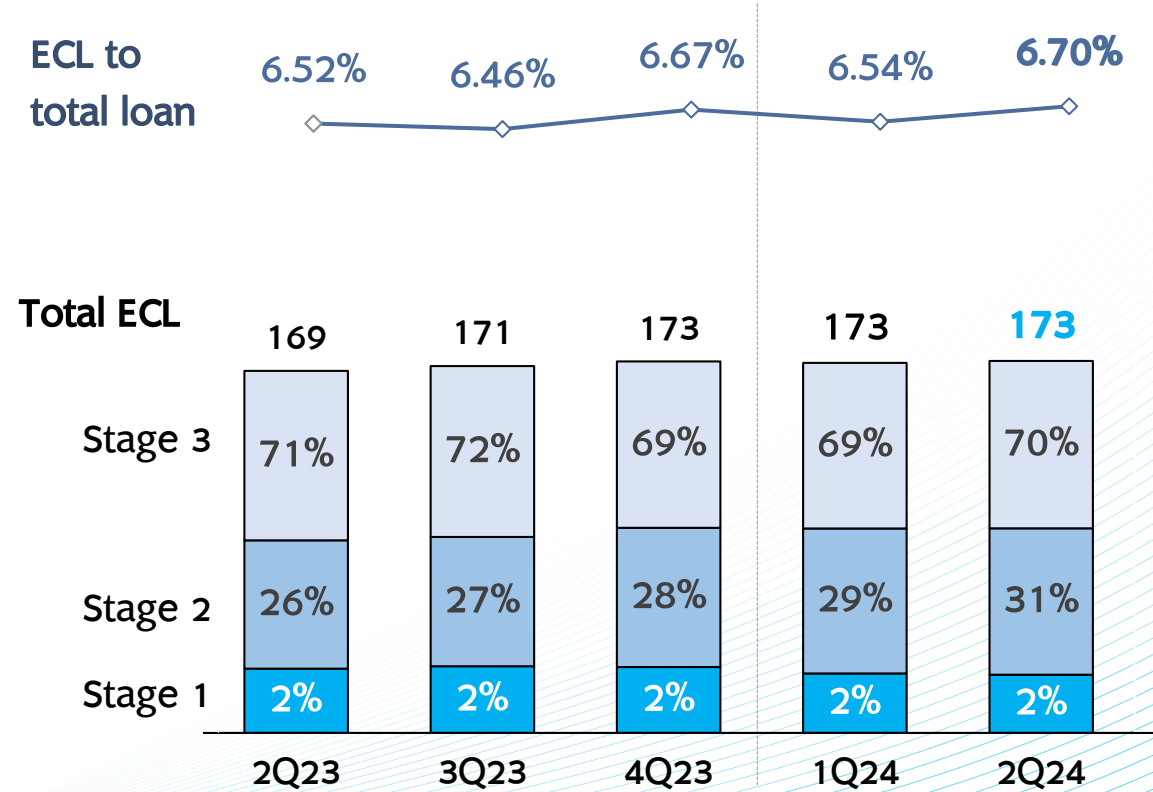
1/ Coverage ratio adjusted presentation of net allowance for stage 3 accrued interest

# Actively and vigilantly managed portfolio by stage

➤ **Loan and accrued interest by stage**  
(Baht bn)

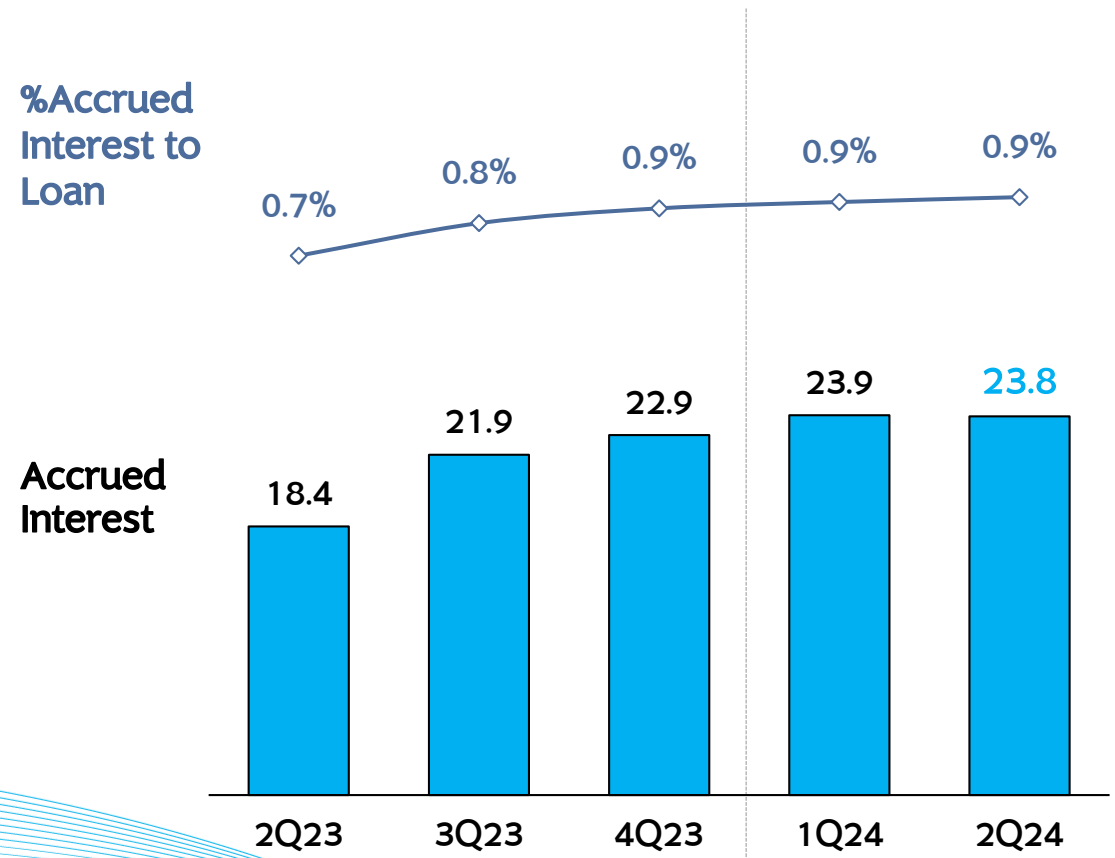


➤ **ECL on loan and accrued interest by stage**  
(Baht bn, %ECL to loan)

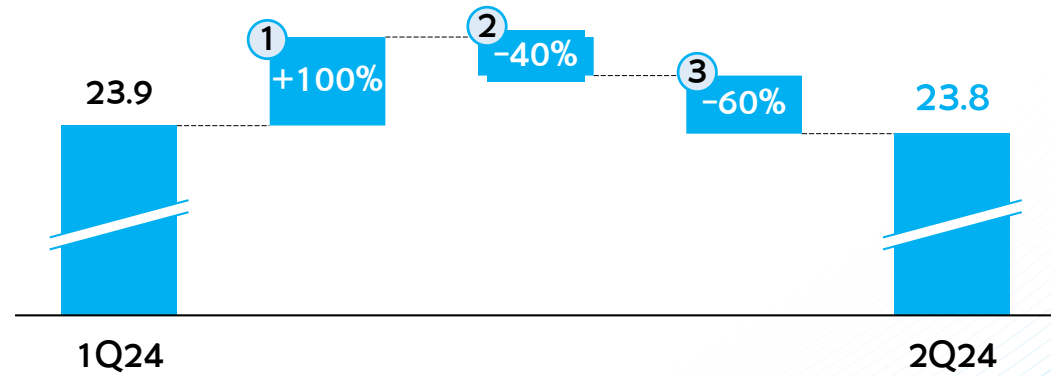


# Accrued Interest remains relatively stable in economic challenges

➤ **Accrued Interest**  
(Baht bn)



➤ **Accrued Interest movement**  
(Baht bn)



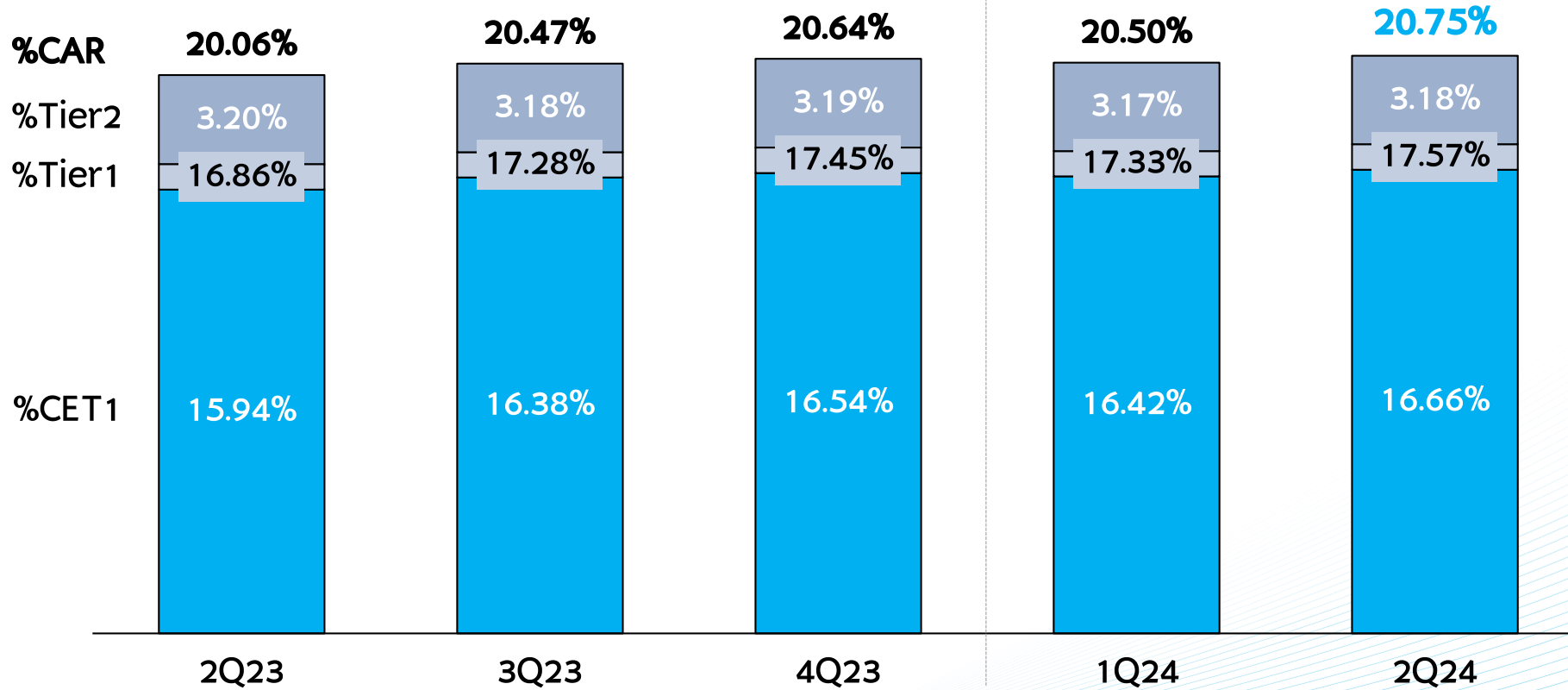
- Accrued interest movement QoQ
- ① Housing with step rate
  - ② Government Loan Interest Repayment
  - ③ Non-Government Loan Interest Repayment



# Strong capital position to support growth



## ➤ %Capital Ratio (bank only)

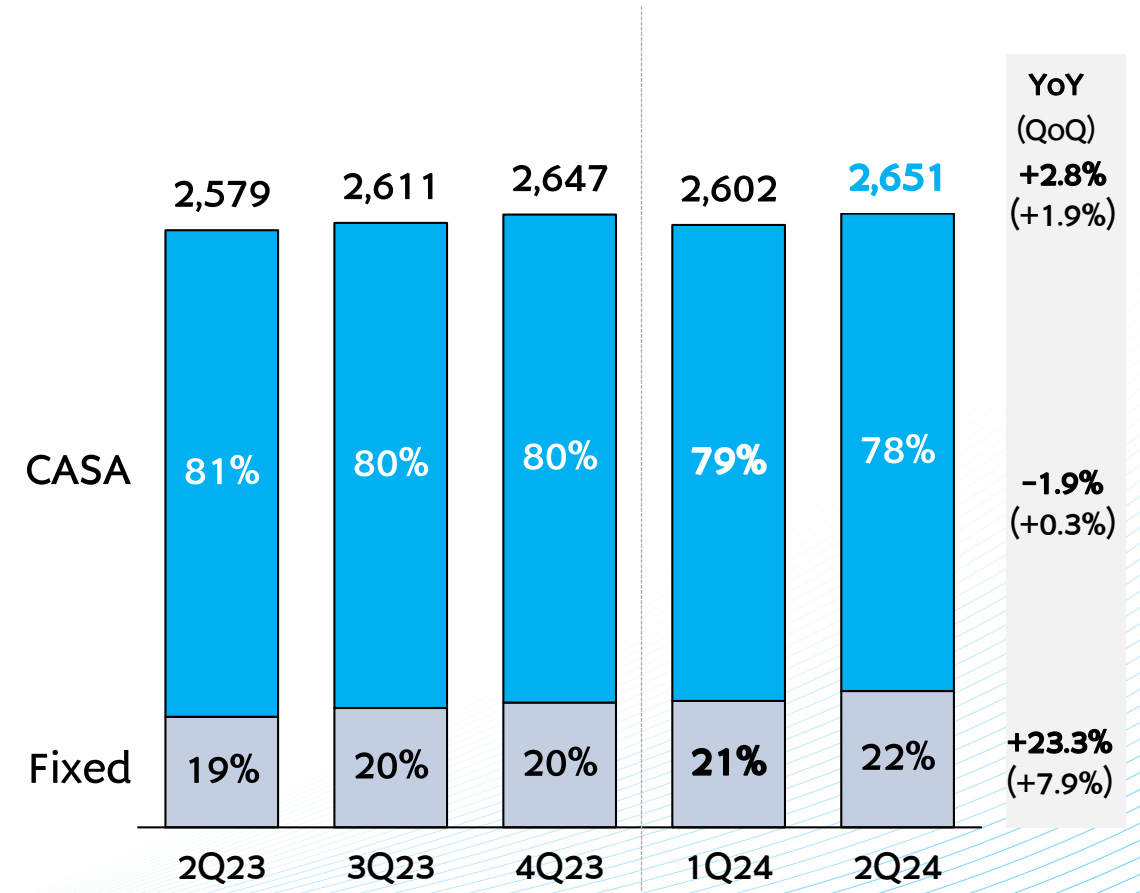


# Maintaining sufficient liquidity position with high %CASA

## Loan to Deposit Ratio



## Deposit by type (Baht bn)



# 2024 Financial Targets vs 1H2024 Performance



|                                 | 1H2024 Actual  | 2024 Targets               |
|---------------------------------|----------------|----------------------------|
| <b>Loan Growth (%YoY)</b>       | <b>-0.7%</b>   | Around 3%                  |
| <b>Net Interest Margin (%)</b>  | <b>3.35%</b>   | 3.0% - 3.3%                |
| <b>Fee Income Growth (%YoY)</b> | <b>10.0%</b>   | Low to mid<br>Single Digit |
| <b>Cost to Income Ratio (%)</b> | <b>42.6%</b>   | Low to Mid 40s             |
| <b>NPL (%)</b>                  | <b>3.12%</b>   | < 3.25%                    |
| <b>Credit Cost (bps)</b>        | <b>126 bps</b> | 120 - 130 bps              |
| <b>Coverage Ratio (%)</b>       | <b>181.1%</b>  | 170% +                     |



# Thank you

**Krungthai Bank PCL**

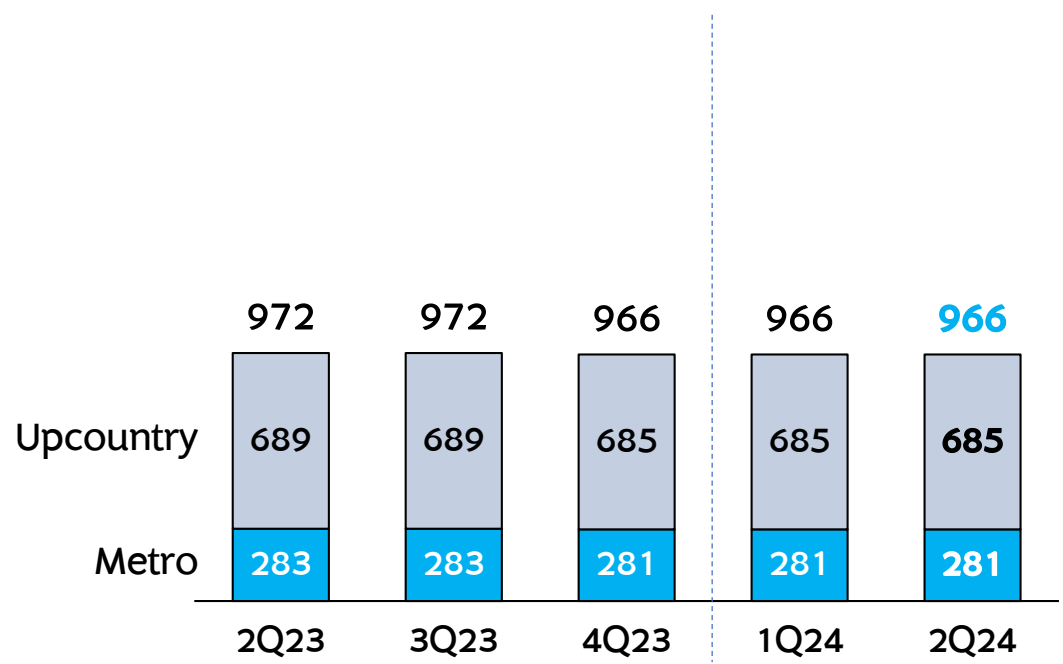
Website : [krungthai.com/th/investor-relations](http://krungthai.com/th/investor-relations)

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Email : [IR@krungthai.com](mailto:IR@krungthai.com)

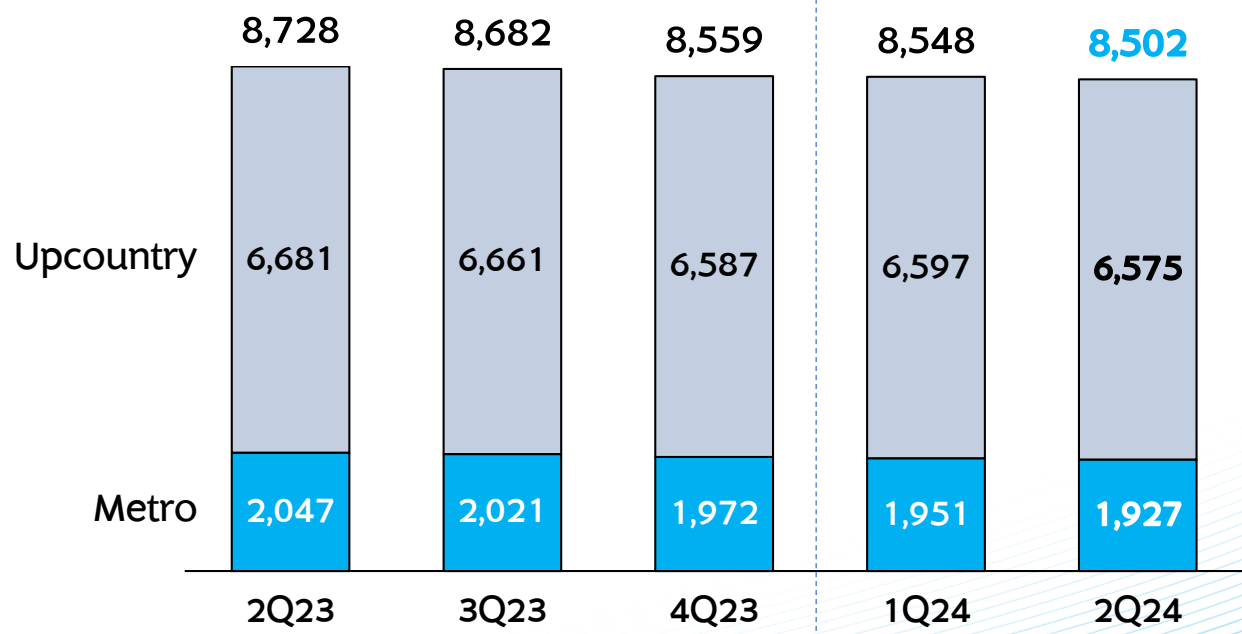
# Appendix

➤ **Branches\***  
(unit: branches)



\* Including Head Office

➤ **ATMs\***  
(unit: machines)



\* Including all cash withdrawal 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.*

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