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Management Discussion and Analysis

For the quarter and six-month period ended
June 30, 2020

Environmental, Social and Governance Division

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Executive Summary:

The severe global economic slowdown, as well as national lockdowns caused by the coronavirus crisis, has led to a sharp contraction in economic activity, particularly that in Thailand's tourism and service industries. The Thai economy is expected to experience the deepest recession ever recorded in 2Q/20.

As a Domestic Systemically Important Bank (D-SIB), Krungsri has introduced a series of preemptive measures in alleviating financial burdens for both commercial and retail customers facing financial distress. In 2Q/20, the Bank cut its key lending rates for the fourth time this year on May 21, 2020, in corresponding to and supporting of the central bank's policy rate cut in lessening impacts of the economic retrenchment and reducing customers' financing costs. Other ongoing relief measures for all customer segments also included a grace period for principal and/or interest payments, a reduction of interest payment, an installment period extension, and soft loan facilities.

Echoing the aforementioned operating environment, **net profit for 1H/20 was Baht 13,540 million**, representing a decrease of 31.4%, or Baht 6,207 million from 1H/19. The acute contraction was also attributed to the extraordinary one-time gains on investment from the sale of 50% of shares in Ngern Tid Lor Company Limited (NTL) recorded in 1H/19.

Excluding the one-off items in 1H/19 (the recognition of gains on investment from the NTL transaction and the provision for compensation in personnel expenses relating to severance payment in accordance with the amended Labor Protection Act), the net profit for 1H/20 decreased by 2.9%, or Baht 399 million from 1H/19, mainly caused by an increase in expected credit losses of Baht 4,281 million, based on the adoption of TFRS 9 and corresponding to a prudential safeguard in light of severe economic downturn.

Total **loans outstanding** reached Baht 1,854,738 million, an increase of Baht 36,861 million, or 2.0% from December 2019, largely driven by the Bank's support in meeting the commercial segment's working capital needs, particularly the liquidity support under the soft loan program for SME customers. In 1H/20, corporate loans and SME loans increased by 4.3% and 3.3%, respectively. Meanwhile, retail loans contracted by 0.1%.

In line with the industry trend, **deposits recorded** a notable increase of Baht 131,821 million, or 8.4%, from December 2019. As of the end of 2Q/20, deposits totaled Baht 1,698,706 million.

Compared to 1H/19, **non-interest income** significantly decreased by 40.3%, or Baht 10,734 million, mainly driven by the absence of one-time gains on investments in 1H/19, and a decrease in net fees and service income, resulting from deteriorating retail business activities against the backdrop of faltering economy.

Upon adjusting the aforementioned one-time gains on investments in 1H/19, non-interest income decreased by Baht 2,109 million, or 11.7%, from 1H/19.

The non-performing loan (NPL) ratio rose to 2.20% at the end of June 2020, compared to 1.98% at the end of 2019.

Total loss reserves stood at Baht 75,007 million.

The coverage ratio moderated to 156.2% from 163.8% at the end of 2019.

Earnings per share (EPS) consequently decreased to Baht 1.84 in 1H/20, from Baht 2.68 in 1H/19.

Thai economic outlook

Notwithstanding the Thai government's ability to effectively contain the pandemic, together with the gradual and cautious reopening of the economy, vulnerabilities and uncertainties continued to be impending. The economic growth projection for 2020 has been revised to a 10.3% contraction, eroding from a 5.1% regression forecast previously, as the coronavirus pandemic takes a toll on domestic consumption and investment, and pummels outbound merchandise and services.

To brace for heightening uncertainties for the remainder of the year, asset quality will be vigilantly monitored and managed in ensuring both safety and soundness, meanwhile, Krungsri will continue to provide support for customers and to support the overall economic activity against further weakening as well as stands ready to take further steps as necessary.

The Progress of Krungsri's measures to assist customers impacted by the coronavirus pandemic

Corresponding to the Bank of Thailand's policy rate cuts in support of customer relief measures and to alleviate the negative impacts on the economy, Krungsri lowered key lending rates for four consecutive times since the beginning of this year to mitigate financial hardships and burdens for borrowers affected by the coronavirus outbreak, resulting in the prime rates being reduced in the range of 0.77% to 1.00%.

Other ongoing immediate relief measures for all customer segments included a grace period for principal and/or interest payments, a reduction of interest payment, an installment period extension, and soft loan facilities.

As of June 30, 2020, total loan outstanding under Krungsri's customer relief programs accounted for approximately 29% of total loans outstanding, comprising 1,792,820 retail customer accounts and 36,490 commercial customers. With SMEs being most impacted under the commercial customer segment, other than the aforementioned debt relief measures, additional credit lines of Baht 18,312 million were offered to 5,709 SME customers to boost their liquidity under the Bank of Thailand (BOT)'s and the Government Savings Bank's soft loan programs.

NIM: 3.74%

Net Profit:
Baht 13.5 billion

Coverage Ratio: 156.2%

NPL Ratio: 2.2%

Summary of Financial Performance and Status:

Key 1H/20 deliverables:

- **Net Profit:**

Recorded at Baht 13,540 million for 1H/20, representing a 31.4% decrease over 1H/19.

(Upon adjusting the one-time items in 1H/19, the net profit for 1H/20 decreased by Baht 399 million, or 2.9%, from 1H/19.)

- **Loan Growth:**

Increased by 2.0%, or Baht 36,861 million, compared to December 2019, largely driven by the Bank's support in meeting the commercial segment's working capital needs.

- **Deposit Growth:**

Increased by 8.4%, or Baht 131,821 million, compared to December 2019, driven by savings deposits.

- **Net Interest Margin (NIM):**

Improved to 3.74% from 3.69% in 1H/19, driven mainly by lowered cost of funds.

- **Non-Interest Income:**

Non-interest income decreased by Baht 10,734 million, or 40.3%, from 1H/19, mainly caused by the absence of one-time gains on investments in 1H/19, and a decrease in net fees and service income, resulting from deteriorating retail business activities against the backdrop of faltering economy.

(Upon adjusting the aforementioned one-time gains on investments in 1H/19, non-interest income decreased by Baht 2,109 million, or 11.7%, from 1H/19.)

- **Cost to Income Ratio:**

With an effective expense management amid the coronavirus pandemic, the cost to income ratio in 1H/20 was at 41.4%, improving from normalized cost to income ratio of 45.4% in 1H/19.

(Incorporating one-time gains on investments from the NTL transaction and provision in accordance with the amended Labor Protection Act, the cost to income ratio was recorded at 41.2% in 1H/19.)

- **Non-Performing Loan (NPL) Ratio:**

Recorded at 2.20%, compared to 1.98% in December 2019.

- **Coverage Ratio:**

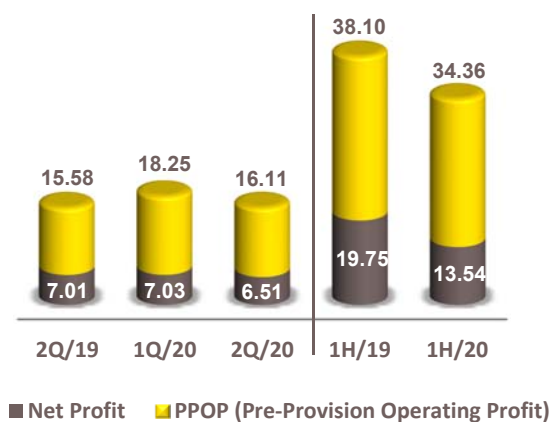
Recorded at 156.2%, compared to 163.8% in December 2019.

- **Capital Adequacy Ratio:**

Recorded at 16.61%, compared to 16.56% in December 2019.

PPOP & Net Profit

Unit: Baht Billion



For the second quarter ended June 30, 2020

In 2Q/20, the operating profit was Baht 16,110 million, a decrease of Baht 2,143 million, or 11.7% from 1Q/20, driven by lower net interest income due largely to lowered lending rates and lowered non-interest income, corresponding to unfavorable economic conditions.

The net profit in 2Q/20 registered Baht 6,508 million, a decrease of Baht 525 million, or 7.5% from 1Q/20, largely attributed to lower operating profit, partially offset by a decrease in the expected credit losses (ECL).

On a year-on-year basis, the operating profit increased by Baht 530 million, or 3.4% from 2Q/19, mainly resulting from an increase in net interest income and lower operating expenses, offset by a decrease in net fees and service income.

The net profit decreased by Baht 502 million, or 7.2%, from 2Q/19, mainly resulting from a decrease in net fees and service income and a higher provision corresponding to higher ECL, following the implementation of TFRS 9 which became effective from January 1, 2020 onwards.

For the six-month period ended June 30, 2020

For 1H/20, the operating profit was Baht 34,363 million, representing a decrease of Baht 3,742 million, or 9.8% compared to 1H/19, driven largely by the absence of one-time gains on investments in 1H/19, and a decrease in net fees and service income, offset by an increase in net interest income.

The net profit registered Baht 13,540 million, a decrease of Baht 6,207 million, or 31.4% year-on-year, driven by lower operating profit and higher provision corresponding to higher ECL.

Excluding the one-off items in 1H/19, a net profit in 1H/20 decreased by 2.9% or Baht 399 million from 1H/19.

1. Statements of Profit or Loss and Other Comprehensive Income

Consolidated	2Q/20	1Q/20	2Q/19	Change QoQ		Change YoY	
				Baht mn	%	Baht mn	%
Interest Income	27,271	29,818	27,445	(2,547)	(8.5)	(174)	(0.6)
Interest Expenses	6,853	7,485	8,683	(632)	(8.4)	(1,830)	(21.1)
Interest Income, Net	20,418	22,333	18,762	(1,915)	(8.6)	1,656	8.8
Fees and Service Income	5,580	6,525	7,309	(945)	(14.5)	(1,729)	(23.7)
Fees and Service Expense	1,649	1,971	1,898	(322)	(16.3)	(249)	(13.1)
Fees and Service Income, Net	3,931	4,554	5,411	(623)	(13.7)	(1,480)	(27.4)
Non-interest and Non-fees Income	3,338	4,055	3,867	(717)	(17.7)	(529)	(13.7)
Other Operating Expenses	11,577	12,689	12,460	(1,112)	(8.8)	(883)	(7.1)
Pre-Provision Operating Profit (PPOP)	16,110	18,253	15,580	(2,143)	(11.7)	530	3.4
Expected Credit Loss	7,845	9,510	-	(1,665)	(17.5)	7,845	-
Impairment Loss of Loan and Debt Securities	-	-	6,725	-	-	(6,725)	(100.0)
Income Tax Expense	1,675	1,653	1,738	22	1.3	(63)	(3.6)
Net Profit	6,590	7,090	7,117	(500)	(7.1)	(527)	(7.4)
Other Comprehensive Income, Net	254	(571)	(324)	825	144.5	578	178.4
Total Comprehensive Income	6,844	6,519	6,793	325	5.0	51	0.8
Net Profit Attributable To							
Owners of the Bank	6,508	7,033	7,010	(525)	(7.5)	(502)	(7.2)
Non-Controlling Interest	82	57	107	25	43.9	(25)	(23.4)
Net Profit	6,590	7,090	7,117	(500)	(7.1)	(527)	(7.4)
Total Comprehensive Income Attributable To							
Owners of the Bank	6,763	6,462	6,686	301	4.7	77	1.2
Non-Controlling Interest	81	57	107	24	42.1	(26)	(24.3)
Total Comprehensive Income	6,844	6,519	6,793	325	5.0	51	0.8
Earning Per Share (Baht)	0.88	0.96	0.95	(0.08)	(8.3)	(0.07)	(7.4)

Consolidated	1H/20	1H/19	Change YoY	
			Baht mn	%
Interest Income	57,089	54,933	2,156	3.9
Interest Expense	14,338	16,759	(2,421)	(14.4)
Interest Income, Net	42,751	38,174	4,577	12.0
Fees and Service Income	12,105	14,619	(2,514)	(17.2)
Fees and Service Expense	3,620	3,912	(292)	(7.5)
Fees and Service Income, Net	8,485	10,707	(2,222)	(20.8)
Non-interest and Non-fees Income	7,393	15,905	(8,512)	(53.5)
Other Operating Expenses	24,266	26,681	(2,415)	(9.1)
Pre-Provision Operating Profit (PPOP)	34,363	38,105	(3,742)	(9.8)
Expected Credit Loss	17,355	-	17,355	-
Impairment Loss of Loan and Debt Securities	-	13,074	(13,074)	(100.0)
Income Tax Expense	3,328	5,099	(1,771)	(34.7)
Net Profit	13,680	19,932	(6,252)	(31.4)
Other Comprehensive Income, Net	(317)	(33)	(284)	(860.6)
Total Comprehensive Income	13,363	19,899	(6,536)	(32.8)
Net Profit Attributable To				
Owners of the Bank	13,540	19,747	(6,207)	(31.4)
Non-Controlling Interest	140	185	(45)	(24.3)
Net Profit	13,680	19,932	(6,252)	(31.4)
Total Comprehensive Income Attributable To				
Owners of the Bank	13,226	19,714	(6,488)	(32.9)
Non-Controlling Interest	137	185	(48)	(25.9)
Total Comprehensive Income	13,363	19,899	(6,536)	(32.8)
Earning Per Share (Baht)	1.84	2.68	(0.84)	(31.3)

2. Financial Performance

2.1 Net Interest Income

Consolidated	2Q/20	1Q/20	2Q/19	Change QoQ		Change YoY	
				Baht mn	%	Baht mn	%
INTEREST INCOME							
Interest on loans	17,570	18,876	17,858	(1,306)	(6.9)	(288)	(1.6)
Interest on interbank and money market items	612	967	1,382	(355)	(36.7)	(770)	(55.7)
Hire purchase and financial lease income	8,654	9,507	7,544	(853)	(9.0)	1,110	14.7
Investments and trading transactions	17	19	22	(2)	(10.5)	(5)	(22.7)
Investments in debt securities	411	427	621	(16)	(3.7)	(210)	(33.8)
Other interest income	7	22	18	(15)	(68.2)	(11)	(61.1)
Total Interest Income	27,271	29,818	27,445	(2,547)	(8.5)	(174)	(0.6)
INTEREST EXPENSE							
Interest on deposits	3,933	4,421	4,664	(488)	(11.0)	(731)	(15.7)
Interest on interbank and money market items	744	876	1,134	(132)	(15.1)	(390)	(34.4)
Interest on borrowings	1,156	1,213	1,049	(57)	(4.7)	107	10.2
Contribution to Financial Institution Development Fund and Deposit Protection Agency	995	946	1,814	49	5.2	(819)	(45.1)
Borrowing fee expenses	-	-	9	-	-	(9)	(100.0)
Other interest expenses	25	29	13	(4)	(13.8)	12	92.3
Total Interest Expenses	6,853	7,485	8,683	(632)	(8.4)	(1,830)	(21.1)
Interest Income, Net	20,418	22,333	18,762	(1,915)	(8.6)	1,656	8.8
Net Interest Margin	3.51%	3.94%	3.58%				
Yield on Earning Assets	4.69%	5.27%	5.24%				
Cost of Funds	1.28%	1.45%	1.84%				

Consolidated	1H/20	1H/19	Change YoY	
			Baht mn	%
INTEREST INCOME				
Interest on loans	36,446	36,066	380	1.1
Interest on interbank and money market items	1,579	2,436	(857)	(35.2)
Hire purchase and financial lease income	18,160	15,164	2,996	19.8
Investments and trading transactions	37	41	(4)	(9.8)
Investments in debt securities	838	1,191	(353)	(29.6)
Other Interest Income	29	35	(6)	(17.1)
Total Interest Income	57,089	54,933	2,156	3.9
INTEREST EXPENSE				
Interest on deposits	8,354	8,894	(540)	(6.1)
Interest on interbank and money market items	1,620	2,194	(574)	(26.2)
Interest on borrowings	2,369	2,075	294	14.2
Contributions to Financial Institution Development				
Fund and Deposit Protection Agency	1,941	3,531	(1,590)	(45.0)
Borrowing fee expenses	-	25	(25)	(100.0)
Other interest expenses	54	40	14	35.0
Total Interest Expenses	14,338	16,759	(2,421)	(14.4)
Interest Income, Net	42,751	38,174	4,577	12.0
Net Interest Margin	3.74%	3.69%		
Yield on Earning Assets	5.00%	5.31%		
Cost of Funds	1.39%	1.79%		

For the second quarter ended June 30, 2020

Interest income in 2Q/20 was recorded at Baht 27,271 million, a decrease of Baht 2,547 million, or 8.5%, compared to 1Q/20. Key items are as follows:

- Interest on loans decreased by Baht 1,306 million, or 6.9%, largely reflecting the reduced lending rates and the lower outstanding balance on loans.
- Interest on hire purchase and financial lease income decreased by Baht 853 million, or 9.0%, resulting from lower effective interest rates, calculated under the TFRS 9 framework, due to the customer relief measures.
- Interest on interbank and money market items decreased by Baht 355 million, or 36.7%, mainly due to lower income from interbank and money market items, corresponding to the policy rate cuts.

Interest expenses were recorded at Baht 6,853 million, decreasing by Baht 632 million, or 8.4% from 1Q/20. Key items are as follows:

- Interest on deposits decreased by Baht 488 million, or 11.0%, mainly from the reduction of deposit rates.
- Interest on interbank and money market items decreased by Baht 132 million, or 15.1%, mainly due to lower interest rates on loans from financial institutions.

Consequently, net interest income was recorded at Baht 20,418 million, representing a decrease of Baht 1,915 million, or 8.6% from 1Q/20.

On a year-on-year basis, interest income decreased by Baht 174 million, or 0.6%. Key items are as follows:

- Interest on interbank and money market items decreased by Baht 770 million, or 55.7%, mainly due to lower repurchase agreement rates, reflecting the policy rate cuts.
- Interest on loans decreased by Baht 288 million, or 1.6%, largely reflecting the lending rate cuts.
- Interest on hire purchase and financial lease income increased by Baht 1,110 million, or 14.7%, resulting from auto hire purchase portfolio expansion and higher effective interest rates calculated under the TFRS 9 framework.

Interest expenses significantly reduced by Baht 1,830 million, or 21.1% from 2Q/19. Key items are as follows:

- Contributions to the Financial Institutions Development Fund (FIDF) and Deposit Protection Agency (DPA) decreased by Baht 819 million, or 45.1%, corresponding to the reduced rate of contribution to the FIDF.
- Interest on deposits decreased by Baht 731 million, or 15.7%, reflecting the reduction of deposit rates.
- Interest on interbank and money market items decreased by Baht 390 million, or 34.4%, mainly due to lower interest rate on loan from financial institutions.

Consequently, net interest income increased by Baht 1,656 million, or 8.8% from 2Q/19.

For the six-month period ended June 30, 2020

In the first half of 2020, interest income was recorded at Baht 57,089 million, an increase of Baht 2,156 million, or 3.9%, compared to the same period last year. Key items are as follows:

- Interest on hire purchase and financial lease income increased by Baht 2,996 million, or 19.8%, resulting from an auto hire purchase portfolio expansion and higher effective interest rates calculated under the TFRS 9 framework.
- Interest on loans increased by Baht 380 million, or 1.1%, resulting from a loan portfolio expansion.
- Interest on interbank and money market items decreased by Baht 857 million, or 35.2%, mainly due to lower repurchase agreement rates, reflecting the policy rate cuts.

- Interest on investments in debt securities decreased by Baht 353 million, or 29.6%, caused by the lower investment in debt securities measured at FVOCI.

Interest expenses decreased by Baht 2,421 million, or 14.4% from 1H/19. Key items are as follows:

- Contributions to the FIDF and the DPA decreased Baht 1,590 million, or 45.0%, corresponding to the reduced rate of contribution to the FIDF.
- Interest on interbank and money market items decreased by Baht 574 million, or 26.2%, mainly resulting from lower interest rates on loan from financial institutions and lower repurchase agreement rates.
- Interest on deposits decreased by Baht 540 million, or 6.1%, reflecting the reduction of deposit rates.
- Interest on borrowings increased by Baht 294 million, or 14.2%, mainly from the issuance of subordinated debentures in 2Q/19.

Consequently, net interest income increased by Baht 4,577 million, or 12.0%, compared to the same period last year.

In 2Q/20, yield on earning assets decreased to 4.69% from 5.27% in 1Q/20, mainly driven by the key lending rate cuts in the range of 0.65% to 0.75% during the quarter to assist customers. Meanwhile, cost of funds improved to 1.28% from 1.45% in 1Q/20, mainly due to the reduction of deposit rates.

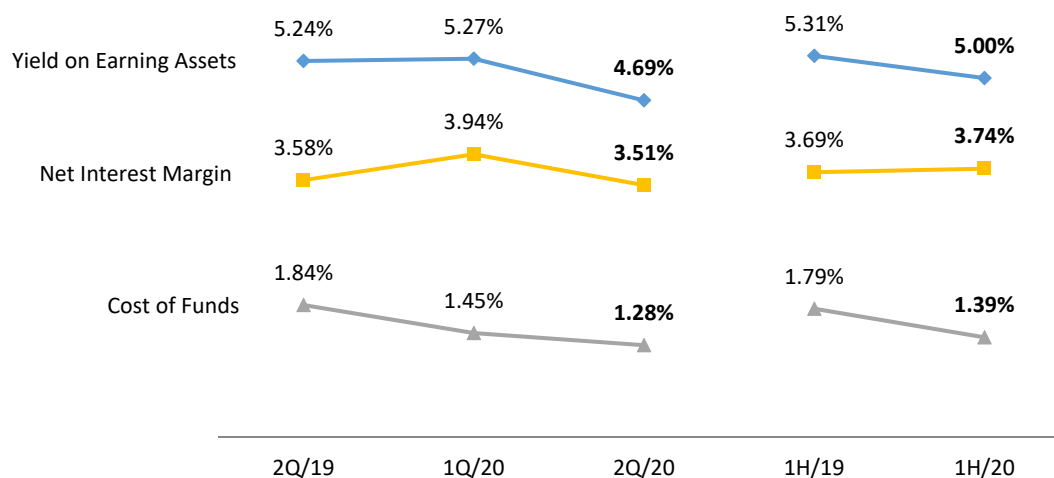
Consequently, NIM moderated to 3.51% from 3.94% in 1Q/20.

In 1H/20, NIM improved to 3.74% from 3.69% registered in 1H/19, mainly due to a decrease in cost of funds, mainly from the reduced contribution rate to FIDF and the broad-based reductions of deposit rates.

The key interest rate movements in 2Q/20 are as follows:

- The Bank reduced key lending rates, namely Minimum Loan Rate (MLR), Minimum Retail Rate (MRR), and Minimum Overdraft Rate (MOR), by 0.40% each to assist customers impacted from the coronavirus crisis, which were effective from April 10, 2020 onwards.
- In alignment with the Bank of Thailand's policy rate action on May 20, 2020, Krungsri further reduced Minimum Loan Rate (MLR) and Minimum Retail Rate (MRR) by 0.25% each, and Minimum Overdraft Rate (MOR) by 0.35%, which were effective from May 21, 2020 onwards.

Net Interest Margin (NIM)



	2Q/19	1Q/20	2Q/20	1H/19	1H/20
Yield on Loans	5.86%	6.16%	5.71%	5.91%	5.95%
Cost of Deposits	1.73%	1.32%	1.16%	1.68%	1.25%

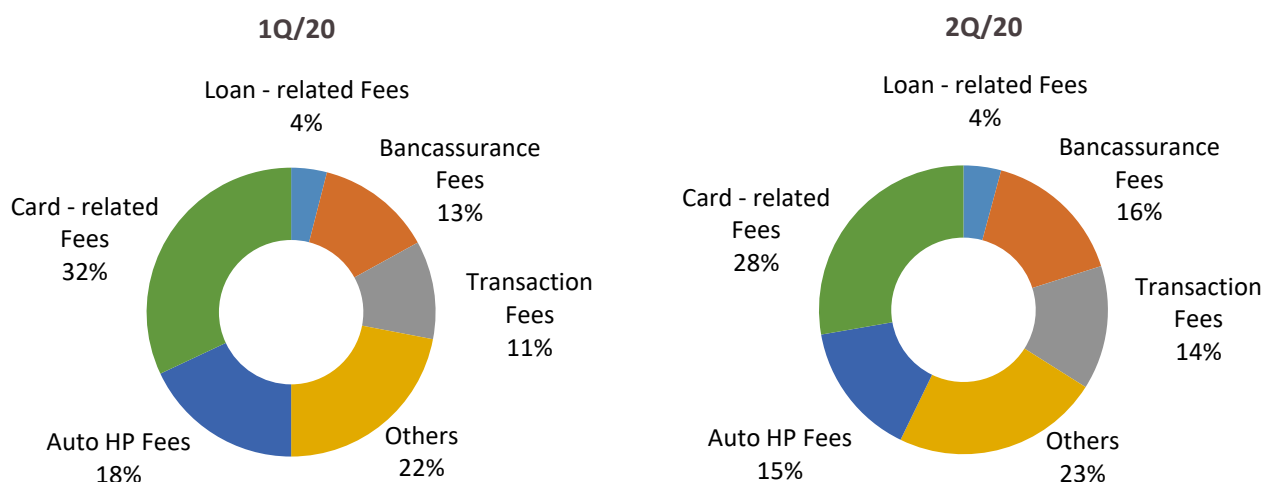
	Dec-18	Mar-19	Jun-19	Sep-19	Dec-19	Mar-20	Jun-20
Policy Rate	1.75%	1.75%	1.75%	1.50%	1.25%	0.75%	0.50%
Krungsri Lending Rate (MLR)	6.60%	6.60%	6.60%	6.60%	6.35%	6.23%	5.58%
Krungsri Lending Rate (MOR)	7.20%	7.20%	7.20%	6.95%	6.95%	6.70%	5.95%
Krungsri Lending Rate (MRR)	7.20%	7.20%	7.20%	6.95%	6.95%	6.70%	6.05%
Savings Rate	0.30%	0.30%	0.30%	0.30%	0.30%	0.30%	0.25%
3 - month deposits	0.80-1.00%	0.80-1.00%	0.80-1.00%	0.80-1.00%	0.60-1.00%	0.35-0.90%	0.25-0.375%
6 - month deposits	0.90-1.20%	0.90-1.20%	0.90-1.40%	0.90-1.40%	0.65-1.40%	0.35-1.00%	0.25-0.50%
12 - month deposits	1.10-1.35%	1.10-1.35%	1.10-1.55%	1.10-1.55%	0.75-1.55%	0.40-1.10%	0.30-0.50%

2.2 Non-Interest Income

Consolidated	2Q/20	1Q/20	2Q/19	Change QoQ		Change YoY	
				Baht mn	%	Baht mn	%
Acceptances, aval and guarantees	125	125	130	0	0.0	(5)	(3.8)
Other fees and service income	5,455	6,400	7,179	(945)	(14.8)	(1,724)	(24.0)
Fees and service income	5,580	6,525	7,309	(945)	(14.5)	(1,729)	(23.7)
Fees and service expense	1,649	1,971	1,898	(322)	(16.3)	(249)	(13.1)
Net fee and services income	3,931	4,554	5,411	(623)	(13.7)	(1,480)	(27.4)
Gains (losses) on financial instrument measured at fair value through profit or loss (FVTPL)	886	1,599	1,046	(713)	(44.6)	(160)	(15.3)
Gains (losses) on investments	12	36	402	(24)	(66.7)	(390)	(97.0)
Share of profit (loss) from investment for using equity method	310	394	412	(84)	(21.3)	(102)	(24.8)
Bad debts recoveries	1,622	1,660	1,530	(38)	(2.3)	92	6.0
Other operating income	508	366	477	142	38.8	31	6.5
Total Non-interest and Non-fees Income	3,338	4,055	3,867	(717)	(17.7)	(529)	(13.7)
Non-Intetest Income	7,269	8,609	9,278	(1,340)	(15.6)	(2,009)	(21.7)

Consolidated	1H/20	1H/19	Change YoY	
			Baht mn	%
Acceptances, aval and guarantees	249	261	(12)	(4.6)
Other fees and service income	11,856	14,358	(2,502)	(17.4)
Fees and service income	12,105	14,619	(2,514)	(17.2)
Fees and service expense	3,620	3,912	(292)	(7.5)
Net fees and Service Income	8,485	10,707	(2,222)	(20.8)
Gains (losses) on financial instrument measured at fair value through profit or loss (FVTPL)	2,485	2,205	280	12.7
Gains (losses) on investments	48	9,073	(9,025)	(99.5)
Share of profit (loss) from investment for using equity method	704	603	101	16.7
Bad debt recoveries	3,281	3,130	151	4.8
Other operating income	875	894	(19)	(2.1)
Total Non-interest and Non-fees Income	7,393	15,905	(8,512)	(53.5)
Non-Interest Income	15,878	26,612	(10,734)	(40.3)

Fees & Service Income Breakdown



For the second quarter ended June 30, 2020

Total non-interest income in 2Q/20 was Baht 7,269 million, decreasing by Baht 1,340 million, or 15.6% from 1Q/20. Details are as follows:

- Corresponding to economic lockdowns enforced during the quarter, net fees and service income was Baht 3,931 million, decreasing by Baht 623 million, or 13.7%.

Key factors are:

- Fees and service income decreased by Baht 945 million, or 14.5%, mainly resulting from:
 - Card-related fees decreased by Baht 559 million, or 26.5%, corresponding to both income shocks and tapering consumer confidence resulting from economic and business lockdowns.
 - Auto hire purchase fees decreased by Baht 331 million, or 28.2%, following weaker purchasing power and a significant decline in domestic car sales.
 - Collection fees decreased by Baht 83 million, or 49.9%.
 - Wealth & fund management and securities-related fees decreased by Baht 81 million, or 7.2%.
 - Loan-related fees decreased by Baht 39 million, or 14.4%, reflecting loan contraction during the quarter.
 - Meanwhile, bancassurance fees increased by Baht 48 million, or 5.7%, and transaction fees increased by Baht 33 million, or 4.5%.
- Correspondingly, fees and service expenses decreased by 16.3%, or Baht 322 million, mainly resulting from ATM and card network fees.
- Gains on financial instruments measured at fair value through profit or loss (FVTPL) decreased by Baht 713 million, or 44.6%, mainly driven by the gains on trading and FX transactions.

- Gains on investments decreased by Baht 24 million or 66.7%.
- Bad debt recoveries decreased by Baht 38 million, or 2.3%.
- Share of profit from investment using the equity method decreased by Baht 84 million, or 21.3%.
- Other operating income increased by Baht 142 million, or 38.8%.

Corresponding to economic lockdowns enforced in 2Q/20, on a year-on-year basis, total non-interest income decreased by Baht 2,009 million, or 21.7%.

Details are as follows:

- Net fees and service income decreased by Baht 1,480 million, or 27.4%. Key factors are:
 - Fees and service income decreased by Baht 1,729 million, or 23.7%, driven by:
 - Card-related fees decreased by Baht 1,148 million, or 42.6%.
 - Auto hire purchase fees decreased by Baht 500 million, or 37.3%.
 - Loan-related fees decreased by Baht 91 million, or 27.9%.
 - Wealth & fund management and securities-related fees decreased by Baht 86 million, or 7.6%.
 - Collection fees decreased by Baht 77 million, or 47.9%.
 - Meanwhile, bancassurance fees increased by Baht 70 million, or 8.6% and transaction fees increased by Baht 70 million, or 9.9%.
 - Fees and service expenses decreased by 13.1%, or Baht 249 million, mainly from ATM and card network fees.
- Gains on financial instruments measured at FVTPL decreased by Baht 160 million, or 15.3%, mainly driven by the gains on trading and FX transactions.
- Gains on investments decreased by Baht 390 million, or 97.0%.
- Share of profit from investment using the equity method decreased by Baht 102 million, or 24.8%.
- Bad debt recoveries increased by Baht 92 million, or 6.0%.
- Other operating income increased by Baht 31 million, or 6.5%, mainly driven by dividend income which increased by Baht 30 million.

For the six-month period ended June 30, 2020

For 1H/20, non-interest income was Baht 15,878 million, decreasing by Baht 10,734 million, or 40.3% year-on-year. Details are as follows:

- Corresponding to a sharp contraction in business and economic activities caused by the pandemic, net fees and service income was Baht 8,485 million, decreasing by Baht 2,222 million, or 20.8%. Key factors are:

- o Fees and service income decreased by Baht 2,514 million, or 17.2%, mainly resulting from:
 - Card-related fees decreased by Baht 1,828 million, or 33.3%, due to both income shocks and tapering consumer confidence resulting from severe economic ramifications from the coronavirus outbreak.
 - Auto hire purchase fees decreased by Baht 597 million, or 22.9%, following weaker purchasing power and a significant decline in domestic car sales.
 - Collection fees decreased by Baht 154 million, or 38.1%, driven partly by Krungsri's measures to alleviate impacts on borrowers.
 - Loan-related fees decreased by Baht 106 million, or 17.2%.
 - Wealth & fund management and securities-related fees decreased by Baht 39 million, or 1.8%.
 - Meanwhile, transaction fees increased by Baht 130 million, or 9.4% and bancassurance fees increased by Baht 73 million, or 4.4%.
- o Fees and service expenses decreased by 7.5%, or Baht 292 million, mainly from ATM and card network fees.
- Gains on financial instruments measured at FVTPL increased by Baht 280 million, or 12.7%, mainly driven by the gains on trading and FX transactions.
- Bad debt recoveries increased by Baht 151 million, or 4.8%.
- Share of profit from investment using the equity method increased by Baht 101 million, or 16.7%.
- Meanwhile, gains on investments significantly decreased by Baht 9,025 million, or 99.5% mainly due to the absence of the one-time gains on investments from the NTL transaction in 1H/19.

2.3 Other Operating Expenses

Consolidated	2Q/20	1Q/20	2Q/19	Change QoQ		Change YoY	
	(TFRS 9)	(TFRS 9)		Baht mn	%	Baht mn	%
Employee expenses	6,396	6,312	6,512	84	1.3	(116)	(1.8)
Premises and equipment expenses	1,919	1,978	1,927	(59)	(3.0)	(8)	(0.4)
Taxes and duties	633	714	709	(81)	(11.3)	(76)	(10.7)
Directors' remuneration	16	15	15	1	6.7	1	6.7
Other expenses	2,613	3,670	3,297	(1,057)	(28.8)	(684)	(20.7)
Total Other Operating Expenses	11,577	12,689	12,460	(1,112)	(8.8)	(883)	(7.1)

Consolidated	1H/20	1H/19	Change YoY	
	(TFRS 9)		Baht mn	%
Employee expenses	12,708	14,464	(1,756)	(12.1)
Premises and equipment expenses	3,896	4,004	(108)	(2.7)
Taxes and duties	1,347	1,459	(112)	(7.7)
Directors' remuneration	32	30	2	6.7
Other expenses	6,283	6,724	(441)	(6.6)
Total Other Operating Expenses	24,266	26,681	(2,415)	(9.1)

For the second quarter ended June 30, 2020

In light of the current unfavorable operating environment, the Bank has proactively carried out expense management, resulting in the meaningful saving on other operating expenses by Baht 1,112 million, or 8.8% from 1Q/20. For 2Q/20, total other operating expenses were Baht 11,577 million, resulting from a decrease in other expenses by Baht 1,057 million, or 28.8%, driven by a decrease in impairment of non-performing assets (NPA) and marketing promotion expenses.

On a year-on-year basis, total other operating expenses decreased by Baht 883 million, or 7.1%. Key items are as follows:

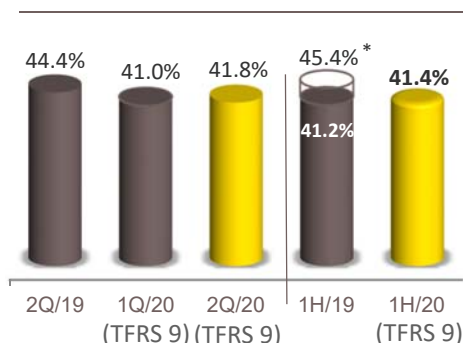
- Other expenses decreased by Baht 684 million, or 20.7%, driven by a decrease in marketing promotion expenses, corresponding to lockdown impacts.
- Employee expenses decreased by Baht 116 million, or 1.8%.

For the six-month period ended June 30, 2020

For 1H/20, total other operating expenses were Baht 24,266 million, decreasing by Baht 2,415 million, or 9.1%. Key items are as follows:

- Employee expenses decreased by Baht 1,756 million, or 12.1%, mainly from the absence of the provision for compensation in personnel expenses relating to severance payment in accordance with the amended Labor Protection Act which was recorded in 1H/19.
- Other expenses decreased by Baht 441 million, or 6.6%, largely driven by a decrease in marketing promotion expenses due to the lockdown impacts.
- Premises and equipment expenses decreased by Baht 108 million, or 2.7%, driven mainly by a decrease in rental expenses.

Cost to income Ratio



Remark*: Normalized cost-to-income ratio, (excluding one-time gains on investments from the NTL transaction and provision in accordance with the amended Labor Protection Act.).

The cost to income ratio was recorded at 41.8% in 2Q/20.

With an effective expense management amid the coronavirus pandemic, cost to income ratio in 1H/20 was at 41.4%, improving from normalized cost to income ratio of 45.4% in 1H/19.

2.4 Expected credit loss (ECL)

Consolidated	2Q/20 (TFRS 9)	1Q/20 (TFRS 9)	2Q/19	Change QoQ		Change YoY	
				Baht mn	%	Baht mn	%
Expected credit loss	7,845	9,510	-	(1,665)	(17.5)	7,845	-
Impairment loss of loan and debt securities	-	-	6,725	-	-	(6,725)	(100.0)
Total	7,845	9,510	6,725	(1,665)	(17.5)	1,120	16.7

Consolidated	1H/20 (TFRS 9)	1H/19	Change YoY	
			Baht mn	%
Expected credit loss	17,355	-	17,355	-
Impairment loss of loan and debt securities	-	13,074	(13,074)	(100.0)
Total	17,355	13,074	4,281	32.7

The expected credit loss in 2Q/20 amounted to Baht 7,845 million, a decrease of Baht 1,665 million, or 17.5%, from 1Q/20, largely due to regulatory forbearances from both the Emergency Decree on Financial Assistance to Small and Medium-sized Enterprises Affected by the coronavirus pandemic, and the Bank of Thailand's circulars on both special debt restructuring and debt moratorium to swiftly alleviate the impacts of the coronavirus outbreak on households and businesses that suspended the loan classification at the same status as that recorded prior to the program. Notwithstanding the aforementioned leniency, the Bank continued to accumulate reserves for ECL impairment based on the loan repayment status in adherence to TFRS 9 standards.

In 1H/20, the expected credit loss was recorded at Baht 17,355 million, representing an increase of Baht 4,281 million, or 32.7%, on a year-on-year basis, strictly adhering to TFRS 9 requirements, while adjusting to the aforementioned regulatory forbearances.

3. Financial Status

3.1 Statement of Financial Position

Consolidated	As at Jun. 30, 20	As at Mar. 31, 20	As at Dec. 31, 19	Change from Mar. 31, 20		Change from Dec. 31, 19	
				Baht mn	%	Baht mn	%
ASSETS							
Cash	29,212	32,956	33,831	(3,744)	(11.4)	(4,619)	(13.7)
Interbank and money market items, net	418,338	388,574	331,431	29,764	7.7	86,907	26.2
Financial assets measured at FVTPL	2,807	12,947	-	(10,140)	(78.3)	2,807	100.0
Investments, net	144,714	131,406	118,340	13,308	10.1	26,374	22.3
Investments in subsidiaries and joint ventures, net	12,601	12,291	11,952	310	2.5	649	5.4
Loans to customers and accrued interest receivable, net	1,791,063	1,803,657	1,754,976	(12,594)	(0.7)	36,087	2.1
Properties for sale, net	3,108	3,341	3,500	(233)	(7.0)	(392)	(11.2)
Others	108,065	129,243	105,562	(21,178)	(16.4)	2,503	2.4
TOTAL ASSETS	2,509,908	2,514,415	2,359,592	(4,507)	(0.2)	150,316	6.4
LIABILITIES AND SHAREHOLDERS' EQUITY							
Deposits	1,698,706	1,667,371	1,566,885	31,335	1.9	131,821	8.4
Interbank and money market items	275,742	308,937	252,121	(33,195)	(10.7)	23,621	9.4
Debt issued and borrowings	167,345	166,750	175,667	595	0.4	(8,322)	(4.7)
Others	88,112	98,273	92,803	(10,161)	(10.3)	(4,691)	(5.1)
TOTAL LIABILITIES	2,229,905	2,241,331	2,087,476	(11,426)	(0.5)	142,429	6.8
Issued and paid-up share capital	73,558	73,558	73,558	0	0.0	0	0.0
Retained earning	148,059	141,404	140,041	6,655	4.7	8,018	5.7
Others	58,386	58,122	58,517	264	0.5	(131)	(0.2)
TOTAL SHAREHOLDERS' EQUITY	280,003	273,084	272,116	6,919	2.5	7,887	2.9
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	2,509,908	2,514,415	2,359,592	(4,507)	(0.2)	150,316	6.4
Book value per share (Baht)	38.07	37.13	36.99	0.94	2.5	1.08	2.9

As of June 30, 2020, total assets stood at Baht 2,509,908 million, representing an increase of Baht 150,316 million, or 6.4%, from December 2019. Key items are as follows:

- Net interbank and money market items increased by Baht 86,907 million, or 26.2%, mainly resulting from an increase in repurchase agreements of Baht 57,886 million and deposits to financial institutions of Baht 29,551 million.
- Loans to customers increased by Baht 36,861 million, or 2.0%, largely driven by the Bank's support in meeting the commercial segment's working capital needs.
- Net investments increased by Baht 26,374 million, or 22.3%, mainly from an increase in fair value through other comprehensive income (FVOCI).

Compared to 1Q/20, total assets decreased by Baht 4,507 million, or 0.2%. Key items are as follows:

- Other assets decreased by Baht 21,178 million, or 16.4%, mainly due to a decrease in derivative assets and margin calls to counterparties.
- Loans to customers decreased by Baht 15,225 million, or 0.8%.
- Financial assets measured at fair value through profit or loss (FVTPL) decreased by Baht 10,140 million, or 78.3%, mainly from a decrease in the trading portfolio.
- Net interbank and money market items increased by Baht 29,764 million, or 7.7%, mainly resulting from an increase in repurchase agreements of Baht 55,531 million, offset by a decrease in deposits to financial institutions of Baht 19,502 million.
- Net investments increased by Baht 13,308 million, or 10.1%, mainly resulting from an increase in FVOCI.

As of June 30, 2020, total liabilities stood at Baht 2,229,905 million, representing an increase of Baht 142,429 million, or 6.8%, from December 2019. Key items are as follows:

- Deposits increased by Baht 131,821 million, or 8.4%, largely driven by savings deposits, in line with the industry's developments.
- Net interbank and money market items increased by Baht 23,621 million, or 9.4%, driven by an increase in repurchase agreement transactions of Baht 8,834 million and loans from financial institutions of Baht 12,148 million.
- Debts issued and borrowings decreased by Baht 8,322 million, or 4.7%, driven mainly by a decrease in debentures.

Compared to 1Q/20, total liabilities decreased by Baht 11,426 million, or 0.5%. Key items are as follows:

- Interbank and money market items decreased by Baht 33,195 million, or 10.7%, mainly due to a decrease in repurchase agreements of Baht 20,570 million and a decrease in loans from financial institutions of Baht 8,426 million.
- Other liabilities decreased by Baht 10,161 million, or 10.3%, driven by a decrease in derivative liabilities and margin calls from counterparties.
- Meanwhile, deposits increased by Baht 31,335 million, or 1.9%, mainly resulting from an increase in savings deposits.

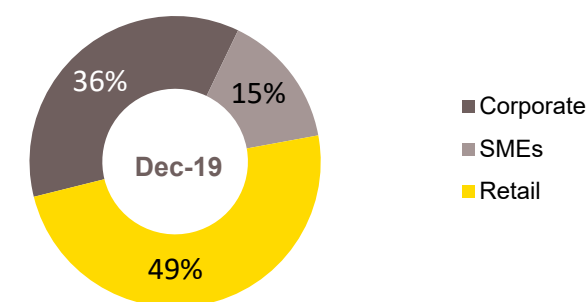
As of June 30, 2020, total shareholders' equity stood at Baht 280,003 million, an increase of Baht 7,887 million, or 2.9%, from December 2019 due to an increase in equity holders' net profit of Baht 13,540 million in 1H/20, which was partially offset by dividends paid of Baht 3,310 million and the impact of the TFRS 9 first-time adoption in 1Q/20.

Book value per share as of June 30, 2020 increased by 2.9% to Baht 38.07 from Baht 36.99 at the end of 2019.

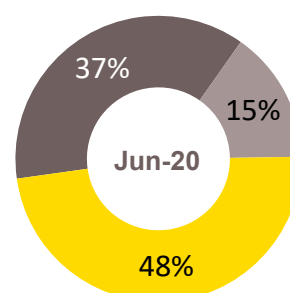
3.2 Loans to customers

3.2.1 Loans by segment

Consolidated	Jun. 30, 20	Mar. 31, 20	Dec. 31, 19	Change from Mar. 31, 20		Change from Dec. 31, 19	
				Baht mn	%	Baht mn	%
Corporate	689,841	706,989	661,147	(17,148)	(2.4)	28,694	4.3
- Thai Corporate	429,633	456,135	427,197	(26,502)	(5.8)	2,436	0.6
- International Corporate (JPC/MNC)	260,208	250,854	233,950	9,354	3.7	26,258	11.2
SMEs	282,320	278,456	273,224	3,864	1.4	9,096	3.3
Retail	882,577	884,518	883,506	(1,941)	(0.2)	(929)	(0.1)
- Hire purchase	427,568	425,982	414,192	1,586	0.4	13,376	3.2
- Mortgage	273,876	271,469	270,112	2,407	0.9	3,764	1.4
- Credit cards, personal loans and others	181,133	187,067	199,202	(5,934)	(3.2)	(18,069)	(9.1)
Total	1,854,738	1,869,963	1,817,877	(15,225)	(0.8)	36,861	2.0



Auto HP	23%
Mortgage	15%
Credit card and Personal Loans	11%



Auto HP	23%
Mortgage	15%
Credit card and Personal Loans	10%

As of June 30, 2020, total outstanding loans stood at Baht 1,854,738 million, an increase of Baht 36,861 million, or 2.0% from December 2019, driven mainly by the growth in the commercial segments' working capital and liquidity support requirements.

Compared to 1Q/20, loans contracted by 0.8%, or Baht 15,225 million, mainly from a decrease in Thai corporate and credit card and personal loans.

At the end of 1H/20, commercial loans, comprising corporate and SME customers, accounted for 52% of the total loan portfolio, while retail lending represented the remaining 48%.

Details of loan performance by segment are as follows:

Corporate loans grew by 4.3%, or Baht 28,694 million from December 2019, of which Thai corporate loans increased by 0.6%, or Baht 2,436 million, and International Corporate (JPC/MNC) loans increased by 11.2%, or Baht 26,258 million, largely driven by the Bank's support to meet corporate segment' working capital requirements.

Compared to 1Q/20, corporate loans decreased by 2.4%, or Baht 17,148 million, mainly from a decrease in Thai corporate loans by 5.8%, or Baht 26,502 million, resulting from the repayment of working capital loans. Meanwhile, International Corporate (JPC/MNC) loans increased by 3.7%, or Baht 9,354 million, resulting from the scheduled drawdowns by JPC/MNC customers.

SME loans grew by 1.4%, or Baht 3,864 million from 1Q/20, and by 3.3%, or Baht 9,096 million from December 2019, driven by our liquidity support under the soft loan program for SME customers.

The **retail loan segment** contracted by 0.2%, or Baht 1,941 million, from 1Q/20, and by 0.1%, or Baht 929 million, from December 2019.

- **Auto hire purchase loans** grew by 0.4%, or Baht 1,586 million, from 1Q/20, and by 3.2%, or Baht 13,376 million, from December 2019. Amid a sharp deceleration from normalized growth pattern, the auto hire purchase loan growth observed was in line with tepid domestic car sales during the period.
- **Mortgage loans** increased by 0.9%, or Baht 2,407 million, from 1Q/20, and grew by 1.4%, or Baht 3,764 million, from December 2019. The growth observed in 1H/20 amid unfavorable real estate market conditions reflected Krungsri's ability to both retain current customers and marginally grow businesses.
- **Credit card and personal loans** contracted by 3.2%, or Baht 5,934 million, from 1Q/20, and by 9.1%, or Baht 18,069 million, from December 2019, driven both income shocks and tapering consumer confidence, resulting from economic and business lockdowns exacerbated by health control and social distancing measures.

3.2.2 Loan classification

Loan classifications as at June 30, 2020, compared to March 31, 2020, and December 31, 2019 (prior to the adoption of TFRS 9) are as follows:

Unit : Baht mn

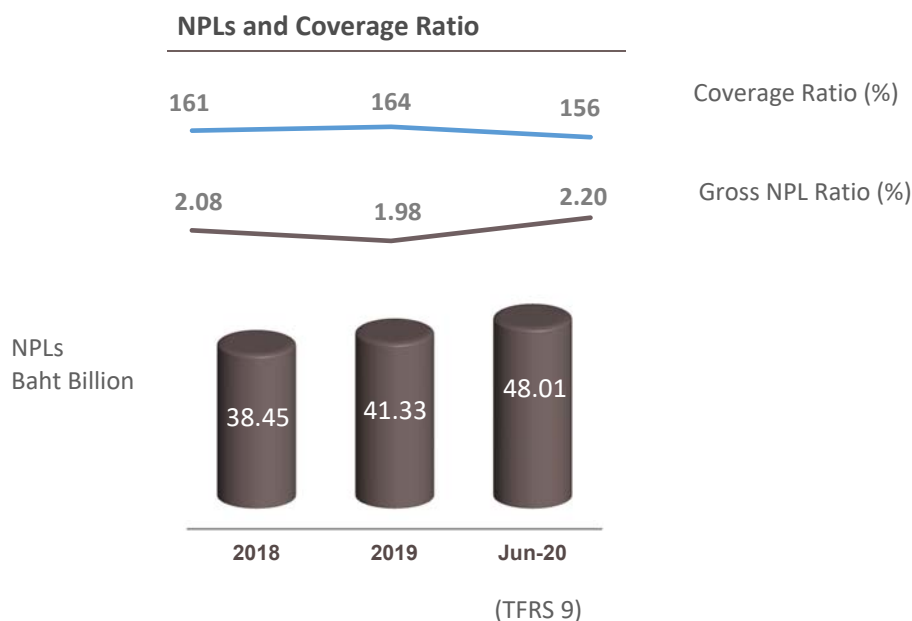
Consolidated	Jun. 30, 20		Mar. 31, 20	
	Loan to Customers and Accrued Interest Receivable	Allowance for Expected Credit Loss	Loan to customers and accrued interest receivable	Allowance for Expected Credit Loss
Stage 1 (Performing)	1,669,146	26,103	1,677,901	23,284
Stage 2 (Under-performing)	144,750	19,192	149,719	20,520
Stage 3 (Non-performing)	48,712	26,251	48,049	28,208
Total	1,862,608	71,546	1,875,669	72,012

Unit : Baht mn

Consolidated	Dec. 31, 19	
	Loans and Accrued Interest Receivable	Provision
Normal	1,718,385	13,758
Special mention	62,641	7,799
Substandard	12,257	6,306
Doubtful	6,531	3,217
Doubtful of loss	22,546	11,871
Total	1,822,360	42,951
Surplus Reserve		22,759
Total	1,822,360	65,710

Stage 3 (non-performing loans) at the end of June 2020 was Baht 48,712 million. Allowance for expected credit loss was Baht 71,546 million. Loan classifications of stage 2 and stage 3 were connected to customers' relief programs in accordance to the Emergency Decree and the Bank of Thailand's circulars to alleviate the impacts of the coronavirus outbreak on households and businesses.

3.2.3 Non-performing loans



Stage 3 (non-performing)* by Segment

Consolidated	Jun. 30, 20 (TFRS 9)	Mar. 31, 20 (TFRS 9)	Dec. 31, 19	Sep. 30, 19	Jun. 30, 19
Corporate	1.1%	0.9%	1.0%	1.1%	1.1%
SME	5.0%	5.6%	5.4%	5.5%	5.4%
Retail	3.0%	2.9%	2.3%	2.1%	2.1%
Hire Purchase	1.9%	2.0%	1.9%	1.8%	1.8%
Mortgage	4.3%	4.0%	3.4%	2.9%	2.7%
Personal Loans, Credit Cards, and Others	3.4%	3.1%	1.6%	1.7%	1.6%

Remark*: Excluding accrued interest in accordance with the BOT's guideline.

As of June 30, 2020, gross NPLs stood at Baht 48,014 million, an increase of Baht 6,680 million, or 16.2%, from Baht 41,334 million at the end of 2019, mainly due to the adoption of TFRS 9. Compared to March 2020, gross NPLs increased by Baht 458 million, or 1.0%.

The ratio of gross NPLs as of June 30, 2020 rose to 2.20% compared to 1.98% at the end of 2019.

As of June 30, 2020, total loan loss reserves stood at Baht 75,007 million. The coverage ratio moderated to 156.2% from 163.8% at the end of December 2019.

3.3 Funding Structure

Deposits

Consolidated	Jun. 30, 20	Mar. 31, 20	Dec. 31, 19	Change from Mar. 31, 20		Change from Dec. 31, 19	
				Baht mn	%	Baht mn	%
Current	41,817	41,775	37,336	42	0.1	4,481	12.0
Savings	703,857	682,334	599,989	21,523	3.2	103,868	17.3
Time	953,032	943,262	929,560	9,770	1.0	23,472	2.5
< 6 Months	359,745	342,951	370,607	16,794	4.9	(10,862)	(2.9)
6 Months and < 1 Year	106,783	96,048	88,673	10,735	11.2	18,110	20.4
1 Year and over 1 Year	486,504	504,263	470,280	(17,759)	(3.5)	16,224	3.4
Total Deposit	1,698,706	1,667,371	1,566,885	31,335	1.9	131,821	8.4

Borrowing

Consolidated	Jun. 30, 20	Mar. 31, 20	Dec. 31, 19	Change from Mar. 31, 20		Change from Dec. 31, 19	
				Baht mn	%	Baht mn	%
Debenture	100,633	100,785	110,530	(152)	(0.2)	(9,897)	(9.0)
Subordinated debenture	61,067	61,164	61,168	(97)	(0.2)	(101)	(0.2)
Other	5,645	4,801	3,969	844	17.6	1,676	42.2
Total Borrowing	167,345	166,750	175,667	595	0.4	(8,322)	(4.7)

The Bank's funding continued to be underpinned by deposits. As of June 30, 2020, deposits totaled Baht 1,698,706 million, an increase of Baht 131,821 million, or 8.4% from December 31, 2019, mainly attributed to an increase in savings deposits of Baht 103,868 million. This growth pattern resonates the recent industry's trend given risk-averse sentiment amid economic deterioration.

As a result, the proportion of current and savings deposits (CASA) as a percentage of total deposits increased to 43.9%, compared to 40.7% on December 31, 2019.

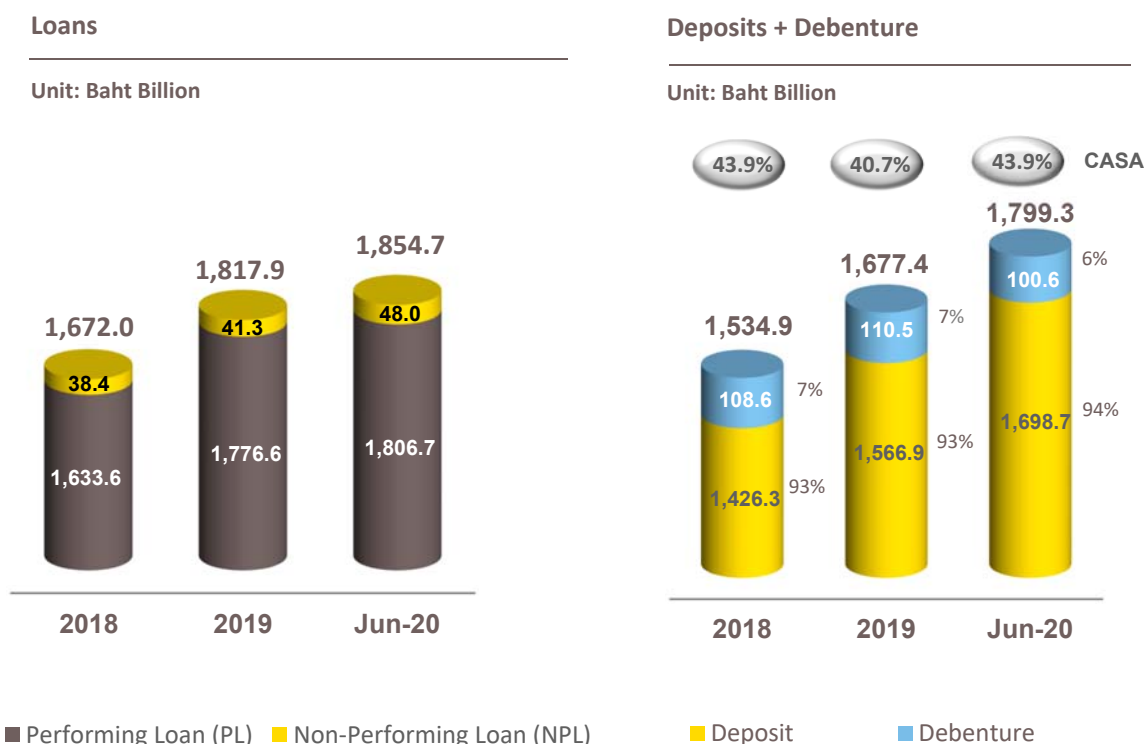
As of June 30, 2020, the total borrowing stood at Baht 167,345 million, decreasing by Baht 8,322 million, or 4.7% from December 31, 2019. Key items are as follows:

- The Bank issued new long-term debentures totaling Baht 7,000 million, offset by matured debentures of Baht 10,000 million.

Details of the new issuance of debentures are as follows:

- On March 27, 2020: Baht 2,900 million with a maturity of 2 years carrying an interest rate of 1.44%
- On March 27, 2020: Baht 4,100 million with a maturity of 3 years carrying an interest rate of 1.57%
- Krungsri subsidiaries issued new long-term debentures totaling Baht 3,000 million, offset by matured debentures of Baht 10,000 million.

Consequently, the loan to deposit ratio and the loan to deposit plus debentures ratio improved to 109% and 103%, respectively, compared to 116% and 108% at the end of December 2019.



	2018	2019	Jun-20
L/D	117%	116%	109%
L/D + Debentures	109%	108%	103%

3.4 Contingencies

Consolidated	Jun. 30, 20	Mar. 31, 20	Dec. 31, 19	Change from Mar. 31, 20		Change from Dec. 31, 19	
				Baht mn	%	Baht mn	%
Avals to bills and Guarantees of loans	3,514	3,409	5,947	105	3.1	(2,433)	(40.9)
Liability under unmatured import bills	1,205	2,098	1,217	(893)	(42.6)	(12)	(1.0)
Letters of credit	4,336	4,487	3,965	(151)	(3.4)	371	9.4
Other contingencies	118,203	155,276	98,094	(37,073)	(23.9)	20,109	20.5
Total	127,258	165,270	109,223	(38,012)	(23.0)	18,035	16.5

Krungsri Group's contingencies as of June 30, 2020 totaled Baht 127,258 million, an increase of Baht 18,035 million, or 16.5%, from December 31, 2019. The increase of Baht 20,109 million was mainly caused by an increase in repurchase transactions.

3.5 Statutory Capital

On June 20, 2020, the Bank of Thailand ordered commercial banks to suspend interim dividend payments for 2020 and halt share buybacks to preserve capitals amid economic uncertainties going forward. Moreover, the Bank of Thailand ordered commercial banks to propose a comprehensive capital planning and stress testing for the next one to three years, amid concerns over the impact of the pandemic on asset quality, by taking into account economic trends and the potential of debtors' business viability post-coronavirus pandemic.

As of June 30, 2020, the Bank's capital was recorded at Baht 271,913 million, equivalent to 16.61% of risk-weighted assets, comprising Common Equity Tier 1 (CET1) capital of 11.77% and Tier 2 capital of 4.84%.

The current level of capital remains adequate to cope with current economic uncertainty and well above the minimum regulatory capital requirements which include the capital conservation buffer and the additional CET1 requirement for Domestic Systemically Important Banks (D-SIBs).

Unit: Baht Billion

Bank Only	Jun. 30, 20	Mar. 31, 20	Dec. 31, 19
Capital Fund			
Common Equity Tier 1 Capital	192.72	190.13	191.67
Tier 2 Capital	79.19	80.35	75.34
Total Capital Fund	271.91	270.48	267.01
Capital Adequacy Ratio			
Common Equity Tier 1 Ratio	11.77%	11.01%	11.89%
Tier 2 Capital Ratio	4.84%	4.65%	4.67%
Capital Adequacy Ratio	16.61%	15.66%	16.56%

Remark:

Under the principles of Basel III, the Bank of Thailand requires all Thai commercial banks to maintain a minimum total capital ratio at 8.5% and gradually increase the conservation buffer by 0.625% per year from January 1, 2016 until reaching 2.50% by January 1, 2019.

The Bank of Thailand has adopted a supervisory framework for Domestic Systemically Important Banks (D-SIBs) by requiring qualified banks to maintain an additional Common Equity Tier 1 from the current minimum requirement, starting with 0.50% from January 1, 2019 and 1.00% from January 1, 2020 onwards.

Starting January 1, 2020, the minimum regulatory capital requirements comprise the Common Equity Tier 1 ratio at 8.00%, the Tier 1 ratio at 9.50%, and the capital adequacy ratio at 12.00%.

4. Credit Ratings

Moody's Investors Service, Standard and Poor's, and Fitch Ratings announced to revise Krungsri's rating and outlook. Details are as follows:

1) Moody's Investors Service revised the rating outlook to Stable from Positive on April 22, 2020, following Thailand's sovereign outlook revision to Stable from Positive, reflecting multiple impacts of the coronavirus outbreak.

2) Standard and Poor's revised the rating outlook to Stable from Positive on April 14, 2020, following Thailand's sovereign outlook revision to Stable from Positive, reflecting the economic uncertainty exacerbated by the coronavirus outbreak.

3) Fitch Ratings announced a downgrade of Krungsri Long-Term Issue Default Rating (IDR) to BBB+ from A- with a Stable outlook on April 8, 2020, following a similar rating action for MUFG Bank, of which IDR was downgraded to A- from A with a Stable outlook on April 8, 2020, reflecting its reduced ability to provide extraordinary support to the subsidiary. Meanwhile, Krungsri National Long-Term Rating has been affirmed at AAA (tha) with the revision of outlook to Stable from Negative.

The Bank's credit ratings assigned by Moody's Investors Service, Standard & Poor's, Fitch Ratings and TRIS Rating as of June 30, 2020 are shown in the table below.

Moody's Investors Service	
Bank Deposit – Long Term	Baa1
Bank Deposit – Short Term	P-2
Long-term Senior Debt	Baa1
Baseline Credit Assessment (BCA)	baa3
Outlook	Stable
Standard and Poor's	
Long-term Issuer Credit Rating	BBB+
Short-term Issuer Credit Rating	A-2
Long-term Senior Debt	BBB+
Stand-alone Credit Profile (SACP)	bb+
Outlook	Stable
Fitch Ratings	
<u>International Ratings</u>	
Long-term Issuer Default Rating	BBB+
Short-term Issuer Default Rating	F1
Subordinated Debt	BBB+
Viability Rating	bbb
Support	1
Outlook	Stable
<u>National Ratings</u>	
Long-term Rating	AAA (tha)
Long-term Debenture	AAA (tha)
Short-term	F1+(tha)
Subordinated Debt	AA (tha)
Outlook	Stable
TRIS Rating	
Company Rating	AAA
Issue Rating – Senior Unsecured	AAA
Outlook	Stable