krungsri
กรุงศรี

A member of MUFG
a global financial group

Financial Performance 2Q 2020

21 July 2020

"Make Life Simple เรื่องเงิน เรื่องง่าย"

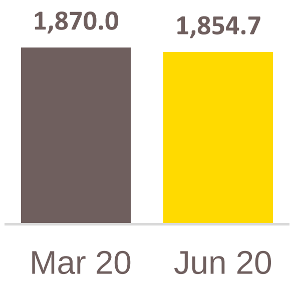
Krungsri's 75th Anniversary

Highlights

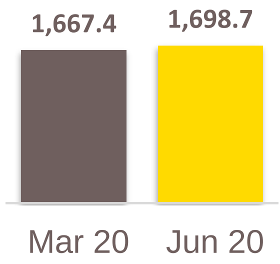
2Q 2020 Key Financial Highlights

Loan Growth
-0.8% QoQ / +5.6% YoY

Consolidated
(Baht Billion)



Deposit Growth
+1.9% QoQ / +13.4% YoY



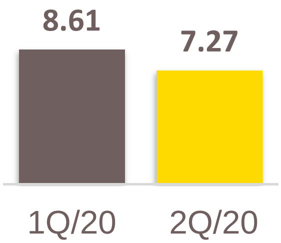
CASA

43.9%

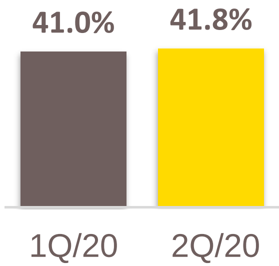
NIM

3.51%

Non-interest Income Growth
-15.6% QoQ / -21.7% YoY



Cost-to-Income Ratio



NPL Ratio

2.20%

Coverage Ratio

156.2%

Thailand Economic Outlook

2020 Outlook: U-shaped recovery ahead.

2020 Key Economic Forecasts

% YoY growth unless otherwise stated	2018A	2019A	2020F
GDP	**4.2**	**2.4**	**-10.3**
Private Consumption	4.6	4.5	-4.2
Private Investment	4.1	2.8	-14.7
Exports (in USD term)	7.5	-3.3	-12.5
Headline Inflation	1.1	0.7	-1.1
Policy Interest Rate (%, end of period)	1.75	1.25	0.50

Note: 2020 forecast by Krungsri Research

Headwinds

- Impacts of the coronavirus outbreak on tourism, supply disruption (at home and abroad), and income effect
- Global economic recession
- Delays in infrastructure investments
- Worse-than-expected drought
- Downward spiral of lower confidence and weaker growth
- Other risks: rising debts, EU-Vietnam FTA
- Structural problems e.g. labor shortage and eroding competitiveness in some sectors

Tailwinds

- Global massive easing of fiscal and monetary policies
- Domestic stimulus measures worth THB1.9 trn to alleviate COVID-19 impacts
- Thailand's sound economic fundamentals

Krungsri Research's view:

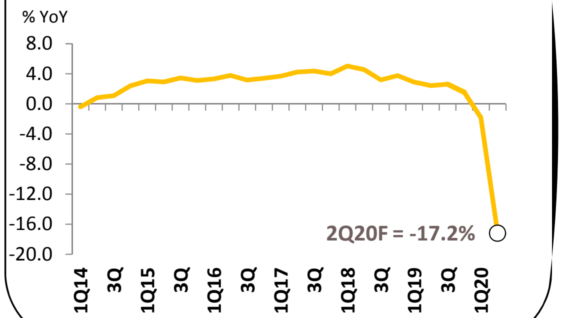
- Thai economic growth is projected at a new low of -10.3% growth this year, compared to the previous forecast of -5.0%.
- The global pandemic is more severe than previously expected, meaning international travel bans will not be lifted so soon. Foreign tourist arrivals could tumble by 83% this year. There is greater downside risk to the Thai economy due to delayed fiscal stimulus measures and inadequate monetary policy transmission mechanism.

Sources: NESDC, MOC, BOT, Krungsri Research

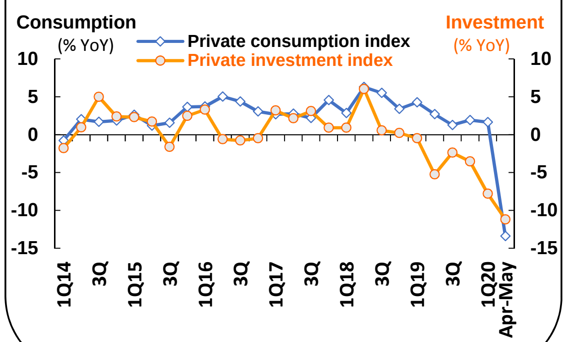
Recent Economic Developments

- The COVID-19 pandemic is expected to cause a 17.2 % contraction of 2Q/20 Thai GDP due to the crippled tourism industry and multiplier effect.
  - Foreign tourist arrivals fell by 100% in 2Q/20, hit by a coronavirus pandemic.
  - Exports were dragged by global lockdown and demand shock.
  - Easing lockdown measures helped to nudge up confidence but household consumption and business investment continued to tumble.
  - Much weaker labor market might undermine economic recovery in the next period.

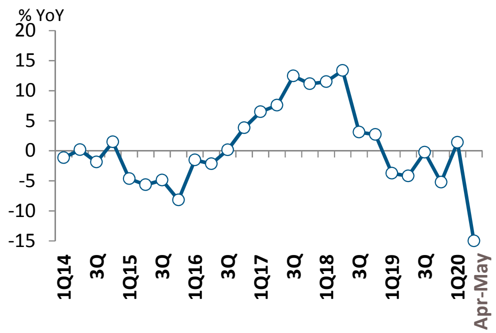
GDP: plunging economic activity amid deteriorating confidence



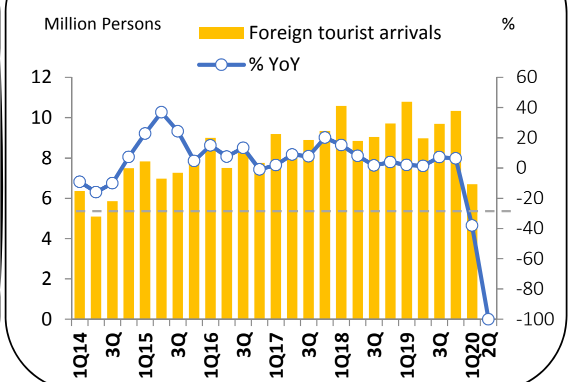
Domestic demand: shrinking consumption and investment



Exports: dragged by global lockdown and demand shock



Tourism: hit by COVID-19 outbreak

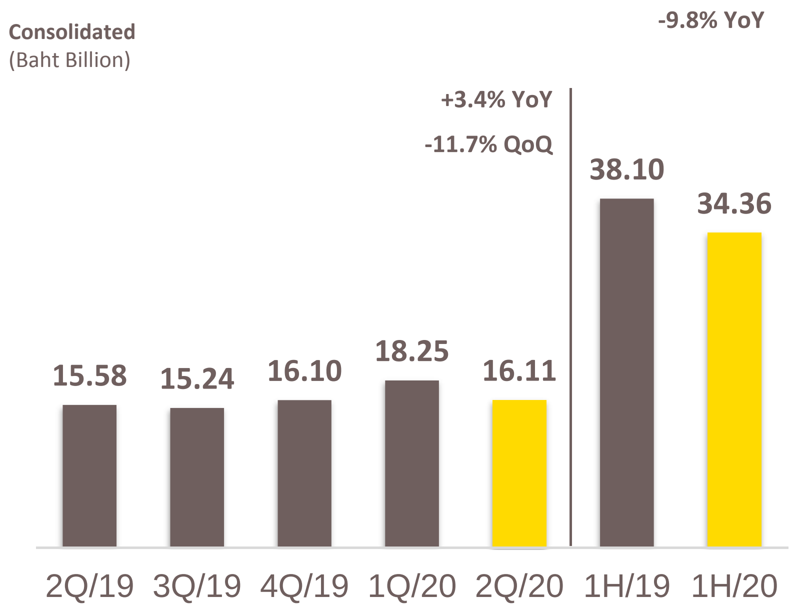


Sources: NESDC, BOT, MOTS, Krungsri Research

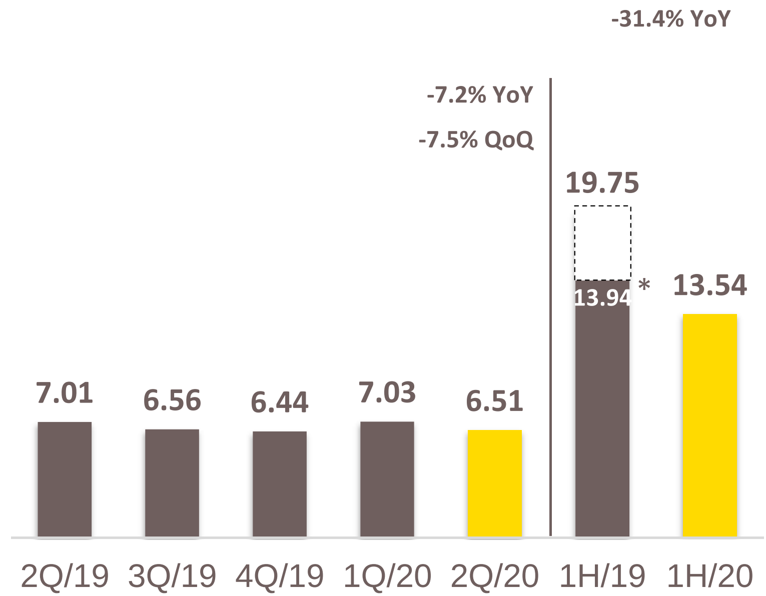
Financial Performance

Profitability

Pre-Provision Operating Profit (PPOP)



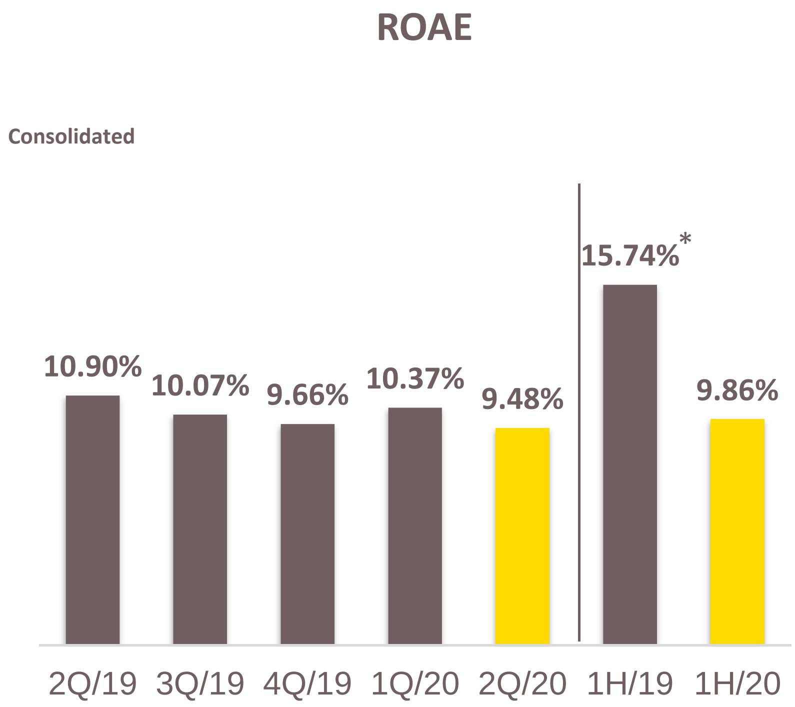
Net Profit

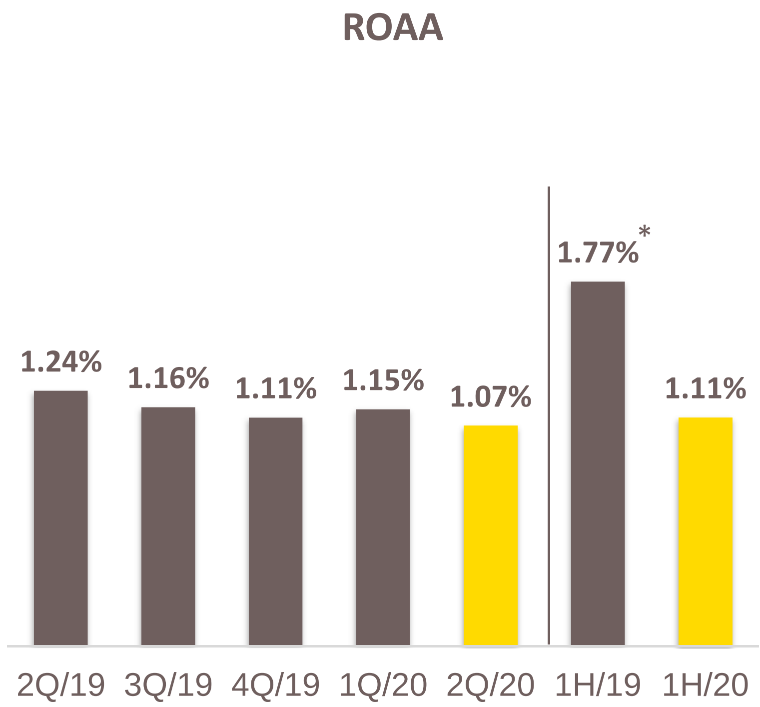


** Normalized Net Profit (excluding one-time items - gains on investments from the NTL transaction and provision in accordance with the amended Labor Protection Act).*

ROAE & ROAA

Reported ROAE at 9.48% and ROAA at 1.07%



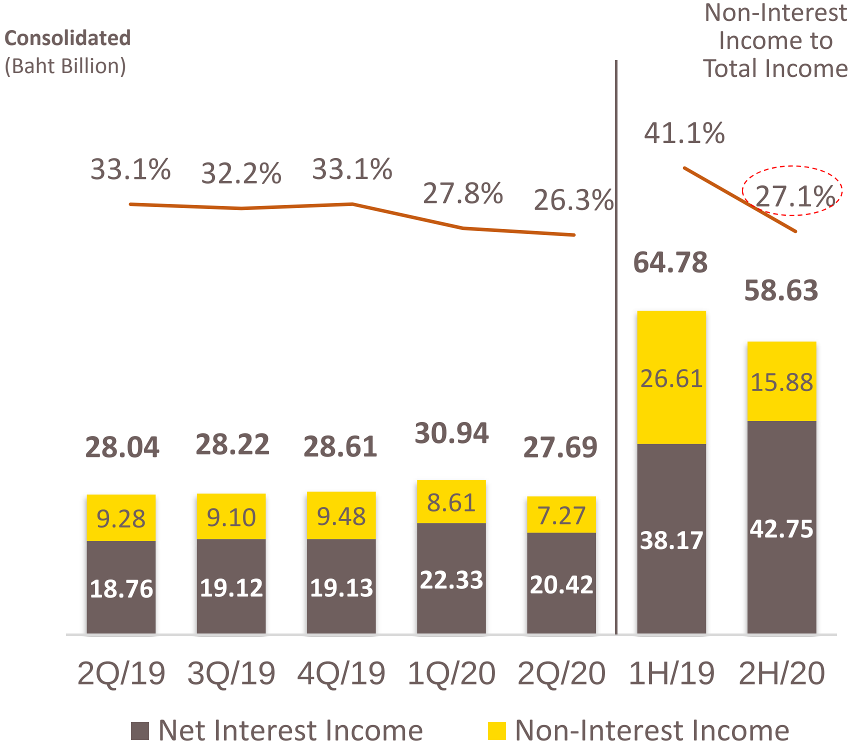


** Including the one-time items - gains on investments from the NTL transaction and provision in accordance with the amended Labor Protection Act.*

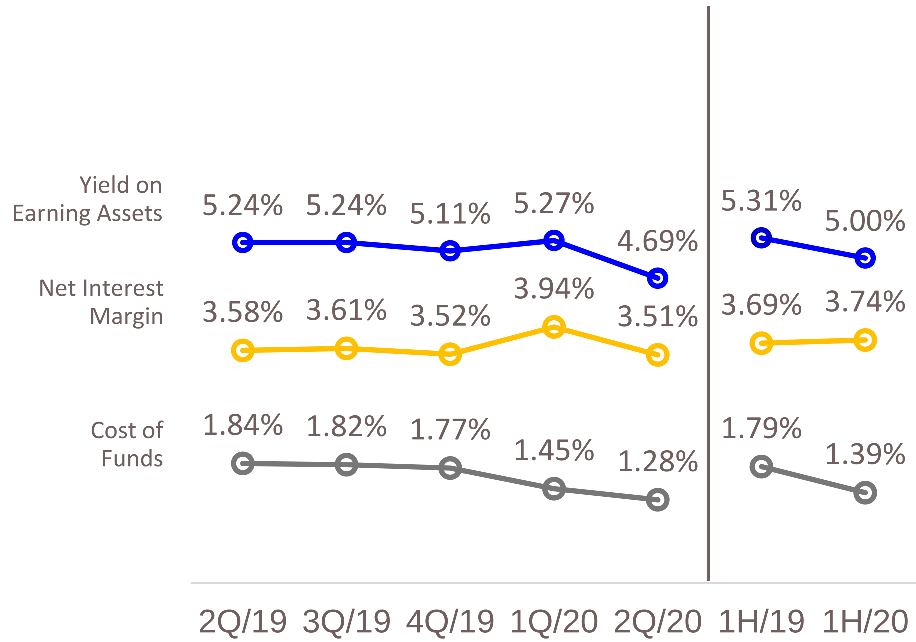
Profitability Measurement

NIM improved to 3.74% from 3.69% in 1H/19 mainly due to an increase in yield on earning assets, and a decrease in cost of funds.

Total Income



Net Interest Margin (NIM)

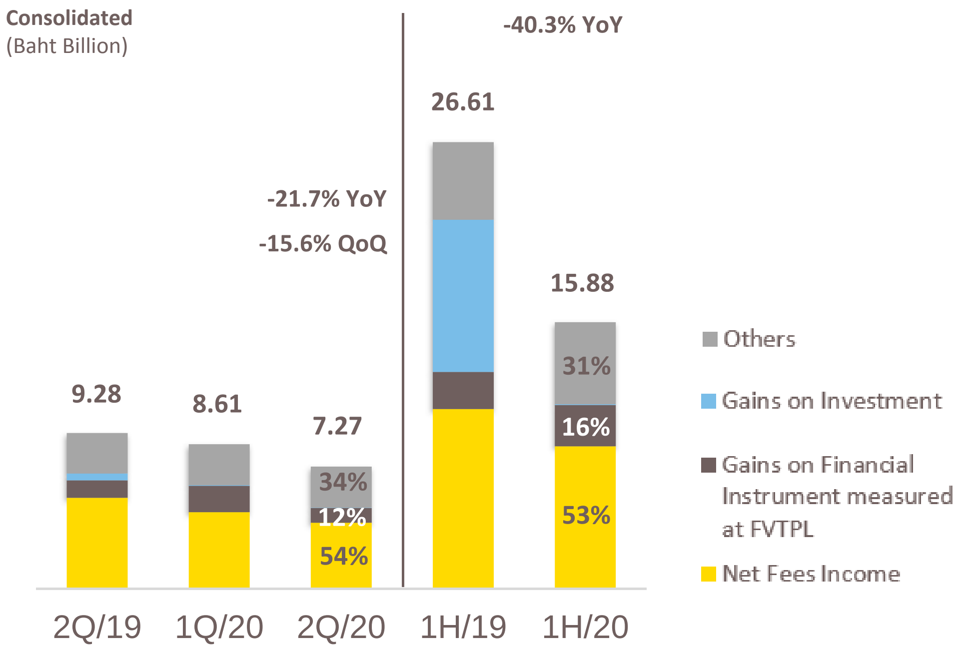


	2Q/19	3Q/19	4Q/19	1Q/20	2Q/20	1H/19	1H/20
Yield on Loans	5.86%	5.87%	5.81%	6.16%	5.71%	5.91%	5.95%
Cost of Deposits	1.73%	1.72%	1.65%	1.32%	1.16%	1.68%	1.25%

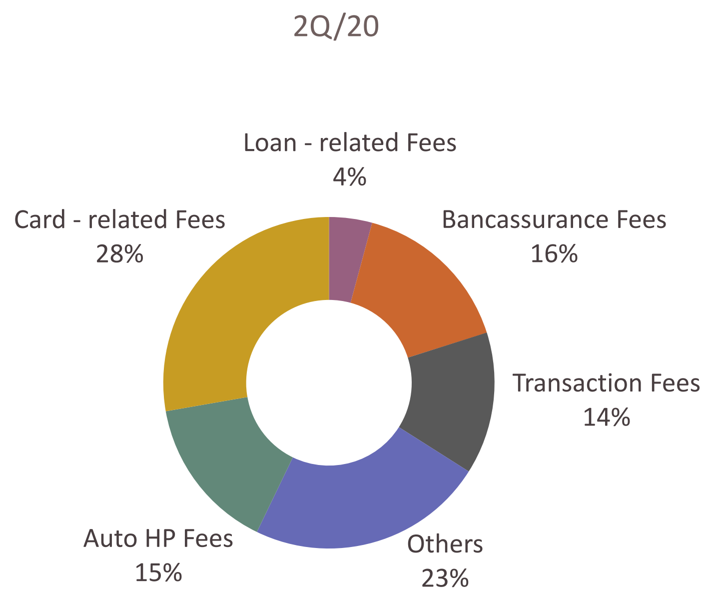
Non-Interest Income & Fees and Service Income

1H/20 Non-interest income contracted, mainly caused by the absence of one-time gains on investment in 1H/19. A decrease in net fees and service income, resulting from deteriorating retail business activities against the backdrop of faltering economy.

Non-Interest Income



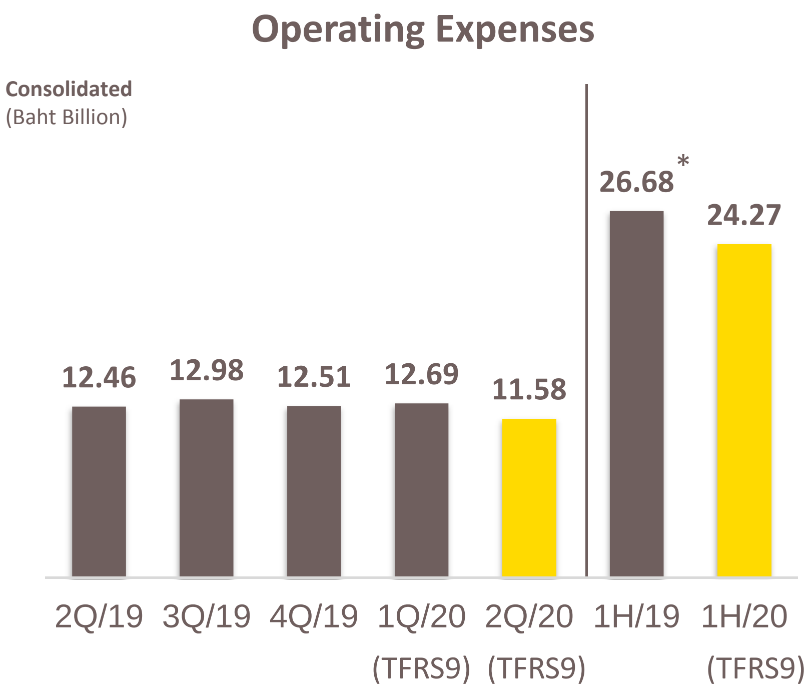
Fees & Service Income Breakdown

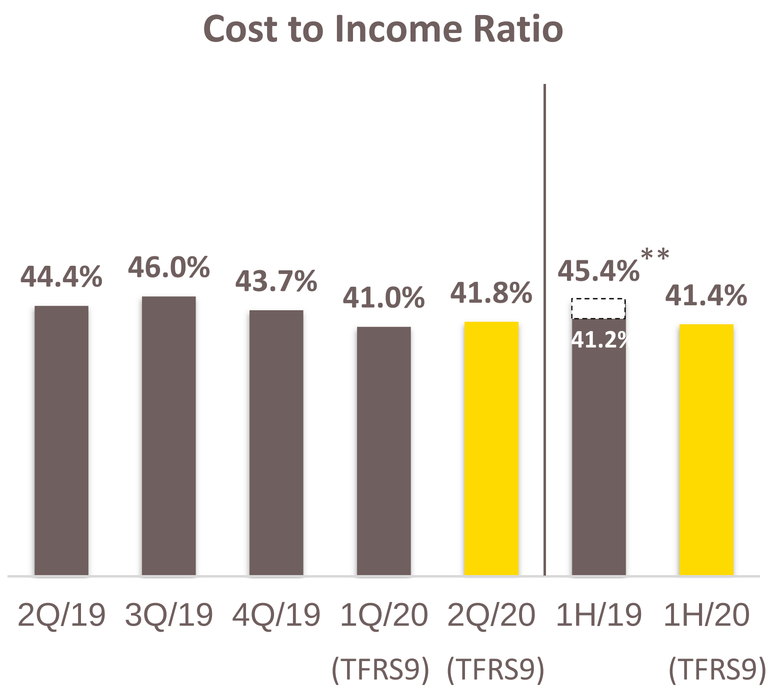


FVTPL: Fair value through profit or loss

Productivity

Cost to income ratio improved to 41.4%, from normalized rate of 45.4% in 1H/19.





** Including the one-time item of provision in accordance with the amended Labor Protection Act.*

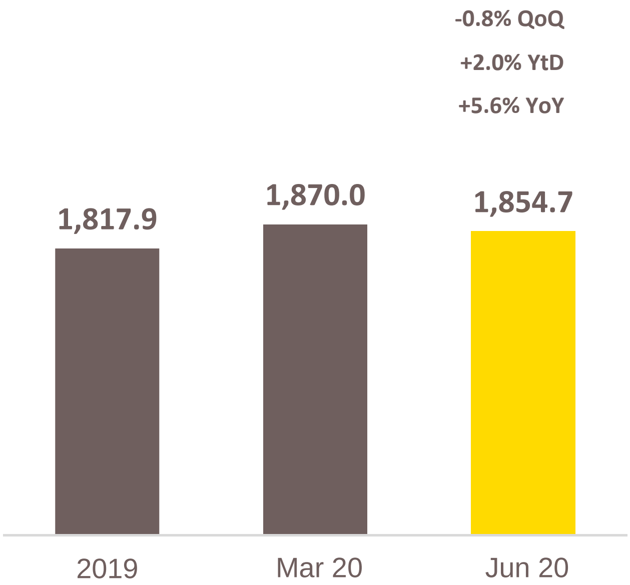
*** Normalized cost-to-income, (excluding one-time items - gains on investments from the NTL transaction and provision in accordance with the amended Labor Protection Act).*

Loan Portfolio

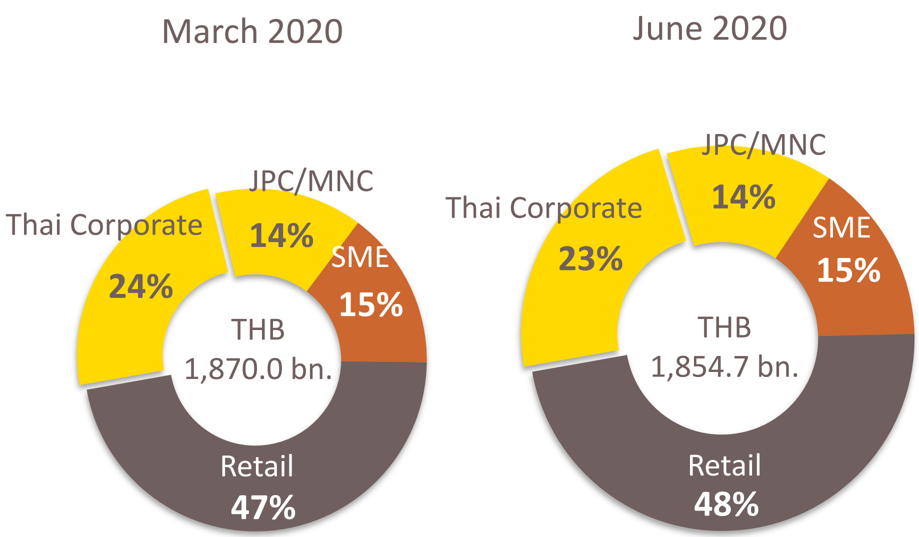
Loans increased by 2.0% year-to-date, largely driven by the Bank's support in meeting the commercial segment's working capital needs.

Loans

Consolidated
(Baht Billion)



Loans by Segment



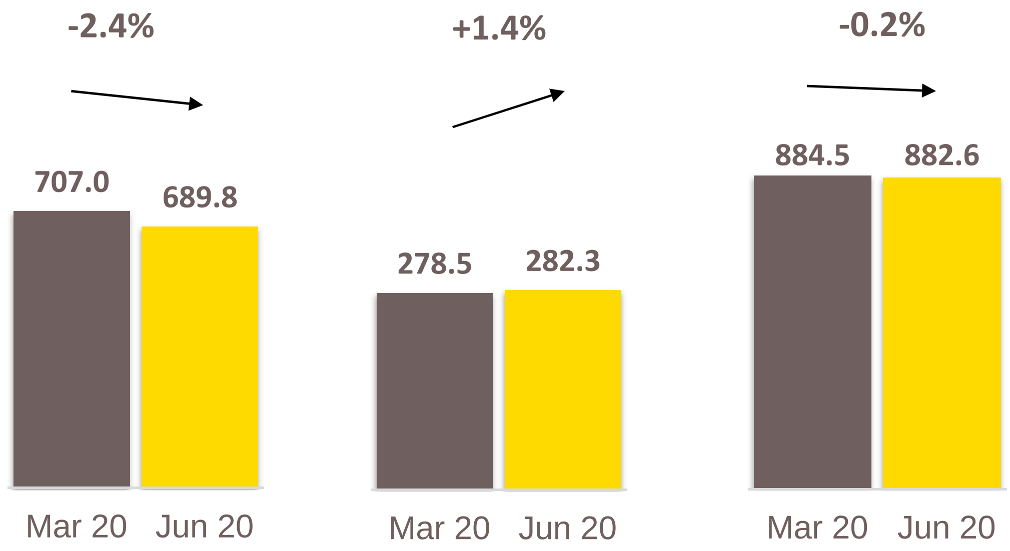
Retail

• Auto HP	23%
• Mortgage	15%
• Credit Card & Personal Loans	10%

Loans by Segment

Corporate Loan | SME Loan | Retail Loan

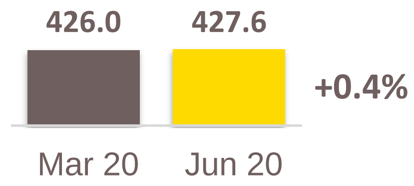
Consolidated
(Baht Billion)



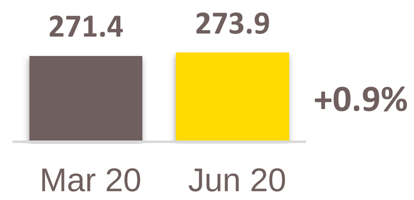
Under Retail Segment

Hire Purchase

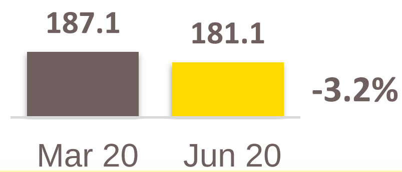
Consolidated
(Baht Billion)



Mortgage

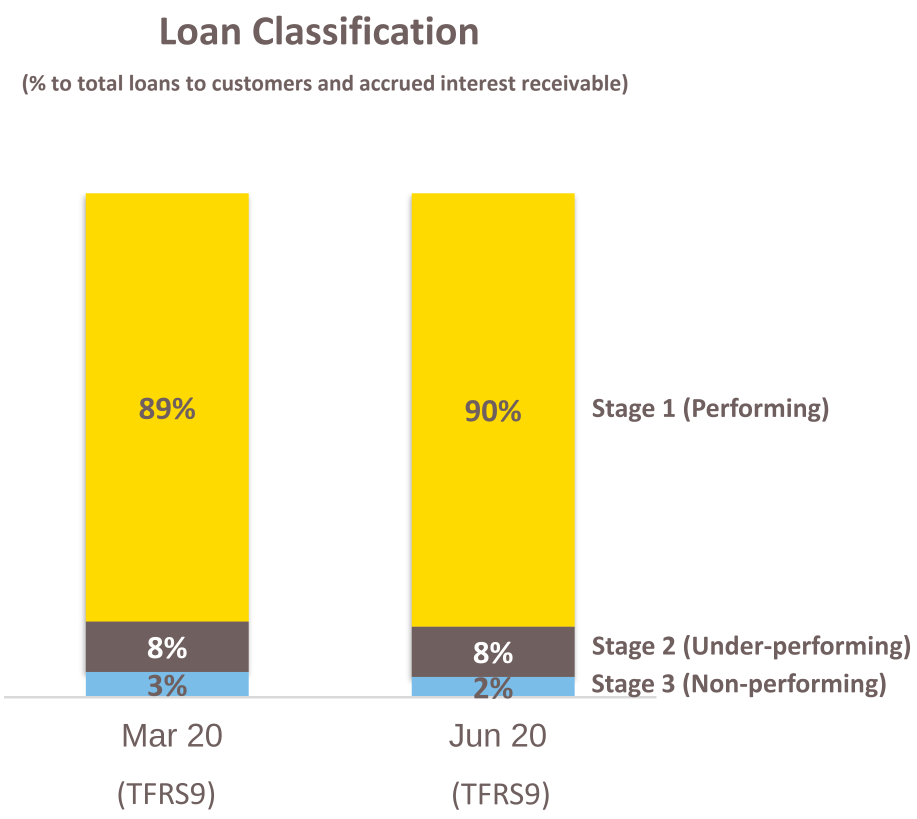


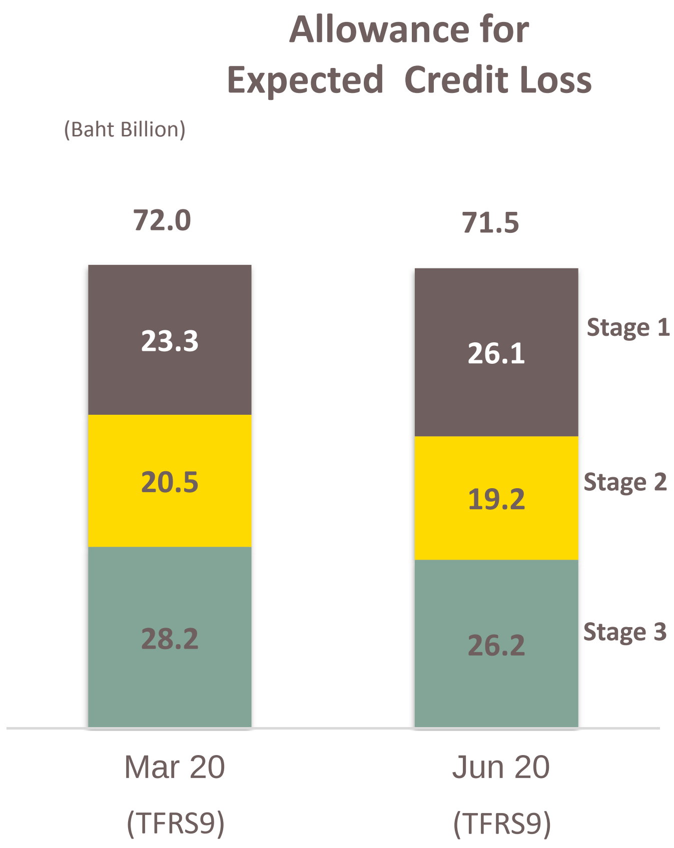
Credit Card and Personal Loans



Loan Classification and Provisioning

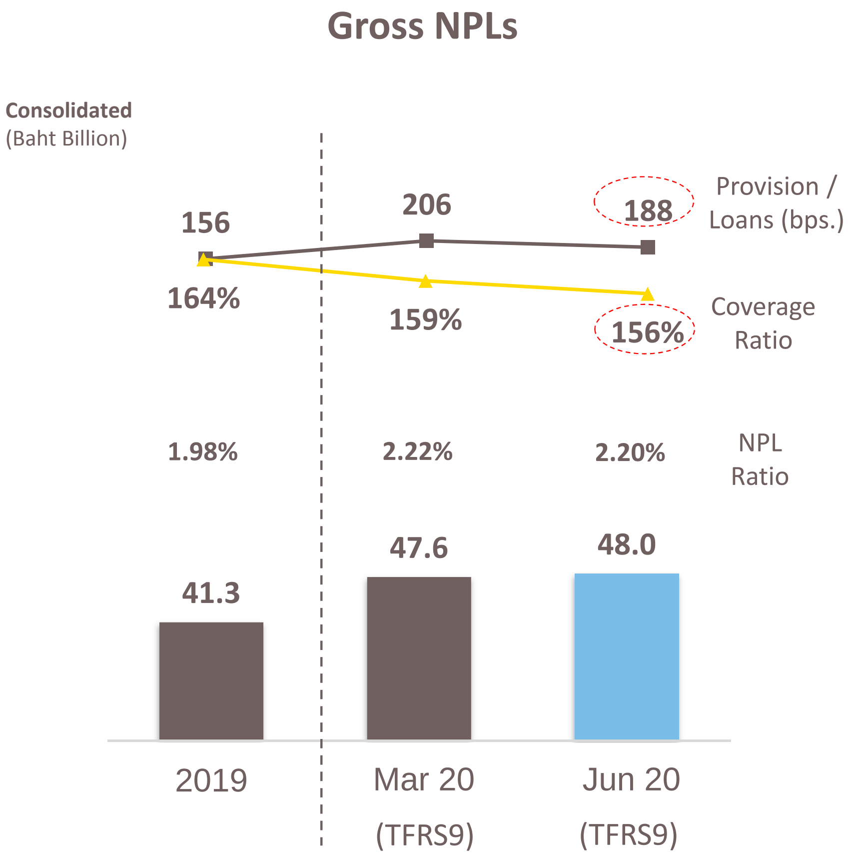
The Bank continued to accumulate reserves for ECL impairment in adherence to TFRS9 standards.

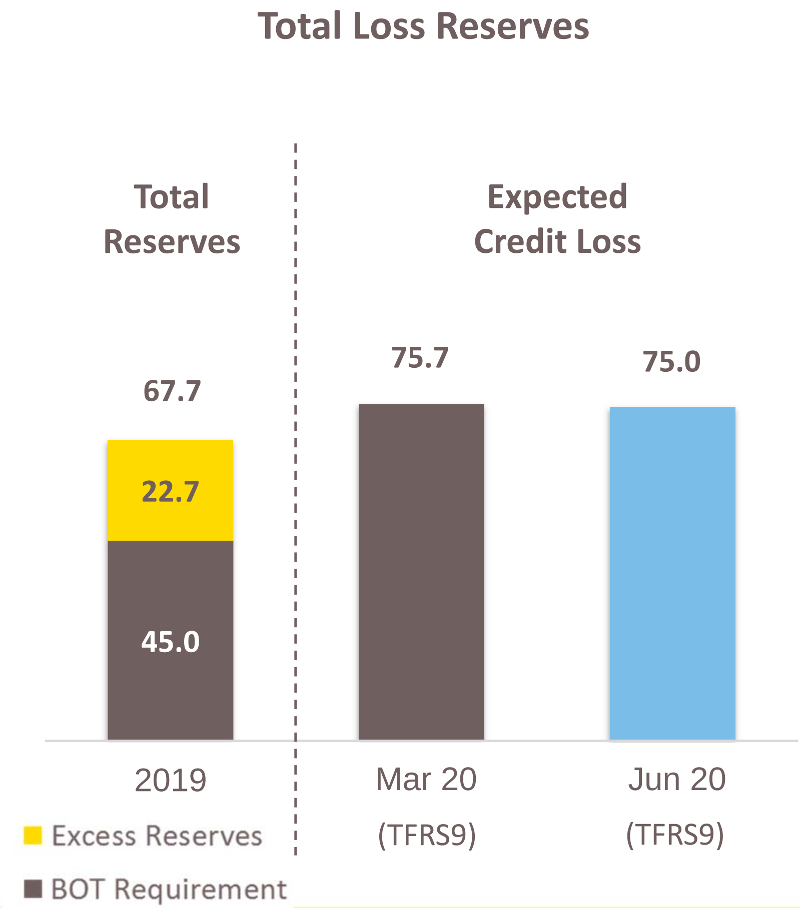




Asset Quality

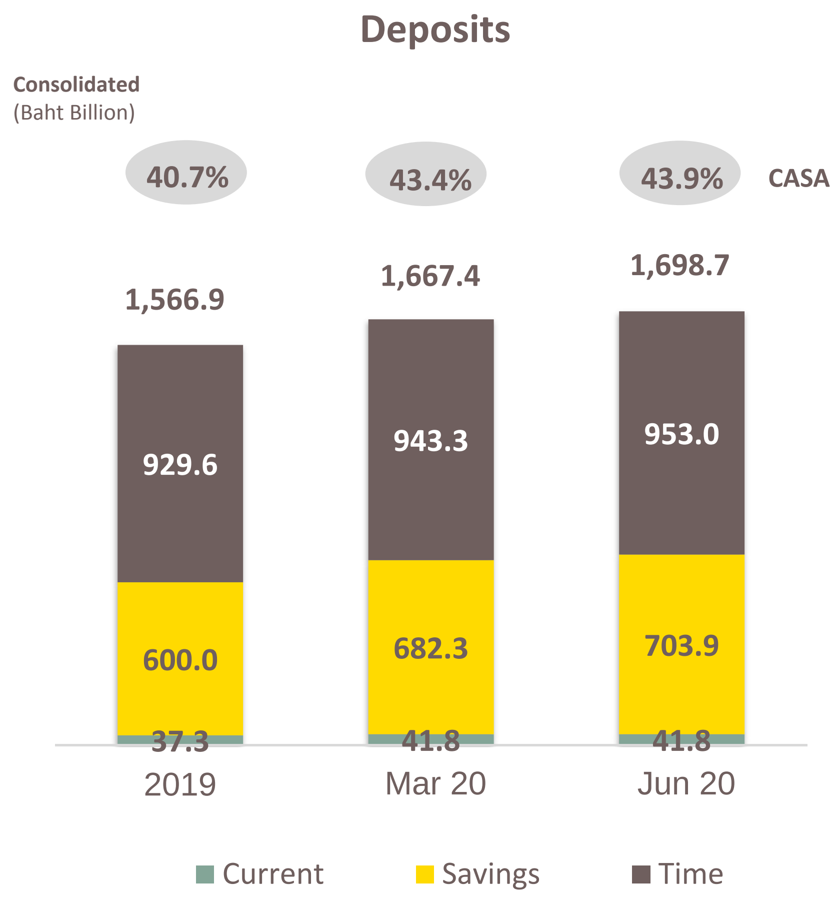
NPLs stood at 2.20% in 2Q/20.

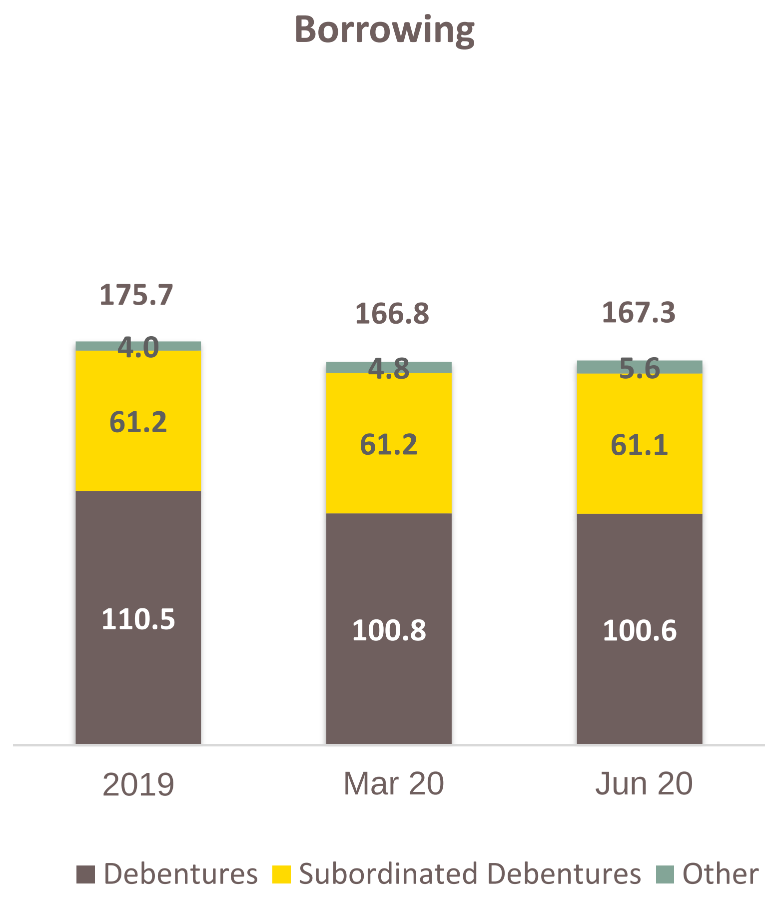




Funding Base

Sound and strong liquidity position.



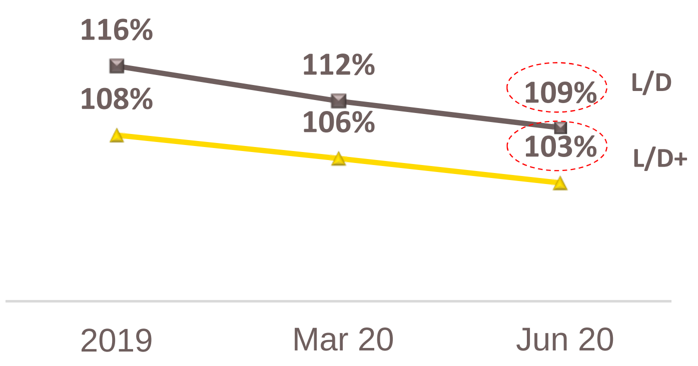


Capital and Liquidity

Strong capital base, CAR equivalent to 16.61%

Loan to Deposit Ratio

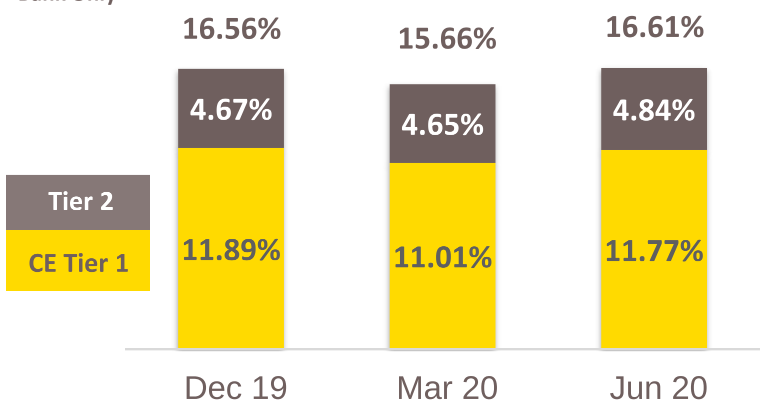
Consolidated



L/D+ : Loan to Deposit Ratio + Debentures

Capital Adequacy Ratio

Bank Only



Baht Billion	Dec 19	Mar 20	Jun 20
CE Tier 1	191.67	190.13	192.72
Tier 2	75.34	80.35	79.19
Total Capital	267.01	270.48	271.91

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 1.00% of Common Equity Tier 1 from the current minimum requirement, starting with 0.50% on January 1, 2019 and 1.00% on January 1, 2020 onwards.

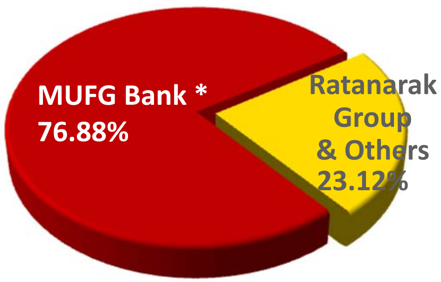
Stating January 1, 2020, the minimum regulatory capital requirements comprise the Common Equity Tier 1 ratio at 8.00%, the Tier 1 ratio at 9.50%, and the total capital ratio at 12.00%.

Krungsri Profile

Our History

- Officially established in 1945
- 2007: BAY and GE became strategic partners
- 2008: Acquisition of GE Capital Auto Lease, subsequently renamed to Krungsri Auto
- 2009: Acquisition of AIG Retail Bank Pcl. and AIG Card (Thailand) Co., Ltd.
- 2009: Acquisition of Ngern Tid Lor Co., Ltd., a micro finance business from AIG
- 2009: Acquisition of GE Money Thailand, a consumer finance company
- 2012: Acquisition of HSBC Thailand's retail banking businesses
- Dec 2013: MUFG Bank replaced GE as the strategic shareholder of Krungsri
- Jan 2015: Integration of MUFG Bank Bangkok Branch into Krungsri
- Sep 2016: Acquisition of Hattha Kaksekar Limited (HKL)
- Mar 2017: Established Krungsri Finnovate Company Limited
- Sep 2017: Recognized as "A Domestic Systemically Important Bank (D-SIB)" by the Bank of Thailand
- Aug 2019: Announced a plan to acquire 50% of shares of SB Finance Company Inc. (SBF)

Shareholding Structure
(as of 11 June 2020)



(*On 1 April 2018, BTMU was renamed MUFG Bank)

Krungsri Group Profile

International Ratings (as of March 2020)

Fitch Ratings	Standard & Poor's	Moody's
BBB+	BBB+	Baa1

National Ratings

Fitch Ratings	TRIS Rating
AAA (tha)	AAA

Leadership Position

#1 In consumer finance

As of May 2020	Market Position	% Share
Consumer		
Personal Loan	1	30%
Credit Card	1	16%
Auto (HP)	1	29%
SME	5	5%
Corporate	5	12%

Workforce: Krungsri Group 33,282 / BAY 15,083

Extensive Franchise: 33,461 Service Outlets

As of June 2020	Number
Domestic Branches	683 *
Overseas Branches	2
Representative Office	1
ATMs	6,638
Exchange Booths	82
Krungsri Exclusive / Krungsri The Adv	42 / 5
Krungsri Business Centers	62

As of June 2020	Number
First Choice Branches	138 Branches
+ Dealers	+ 22,365 Dealers
Krungsri Auto Dealers	> 8,848 Dealers
Microfinance Branches	1,056
Microfinance Overseas Branches (HKL)	177
EDC Machines	85,192
Banking Agents Touch Points **	> 135,126

** Krungsri domestic branches = 683 branches, of which 643 are Banking Branches and 40 are Auto Business Branches*
*** Banking agents' touch points: Thai Post Offices, Boonterm Kiosks, Counter Service 7-11, Max Mart in PT gas stations, Bank of Agriculture and Agricultural Cooperatives, and Big C*

COUNTRY AWARDS 2020

FinanceAsia

Best Sustainable Bank in Thailand

First time FinanceAsia has bestowed this award in Thailand

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