

Krungsri records a net profit of 13.5 billion baht in 1H/20, underscoring loan growth of 2.0%

Bangkok (21 July 2020) – **Krungsri** (Bank of Ayudhya PCL and its business units) reported the financial performance for the first half of 2020 with a net profit of 13.5 billion baht, representing a 31.4% decrease from 1H/19. The acute contraction was 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 net profit for 1H/20 decreased by 2.9%, or 0.4 billion baht from 1H/19, mainly caused by an increase in expected credit losses of 4.3 billion baht, based on the adoption of TFRS 9 and corresponding to a prudential safeguard in light of severe economic downturn.

Key highlights of Krungsri's consolidated 1H/2020 results:

- **Net Profit:** Recorded at 13.5 billion baht in 1H/20.
- **Loan Growth:** Increased by 2.0%, or 36.9 billion baht, from December 2019, mainly 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%.
- **Deposit Growth:** Increased by 8.4%, or 131.8 billion baht, from December 2019, and in line with the industry's development.
- **Net Interest Margin (NIM):** Recorded at 3.74% in 1H/20, compared to 3.69% in 1H/19, driven by lower cost of funds.
- **Non-Interest Income:** Decreased by 40.3%, or 10.7 billion baht, 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. Excluding the one-off items booked in 1H/19, non-interest income decreased by 11.7% or 2.1 billion baht from the same period last year.

- **Cost to Income Ratio:** Recorded at 41.4%, compared to the normalized cost-to-income ratio at 45.4% in 1H/19, reflecting the Bank's proactive expense management in light of the current unfavorable operating environment.
- **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%.

Krungsri President and Chief Executive Officer Mr. Seiichiro Akita said, "The severe global economic slowdown as well as national lockdowns caused by the coronavirus crisis have 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 2020."

"As a Domestic Systemically Important Bank (D-SIB), Krungsri has introduced a series of pre-emptive measures in alleviating financial burdens for both commercial and retail customers facing financial distress. As of 30 June 2020, total loans 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 18,312 million baht were offered to over 5,700 SME customers to boost their liquidity under the Bank of Thailand's and the Government Savings Bank's soft loan programs."

Commenting on **the overall business outlook for 2020**, Mr. Akita said, "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 overall economic activities."

As of 30 June 2020, Krungsri, Thailand's fifth largest bank in terms of assets, loans and deposits, and one of Thailand's five Domestic Systemically Important Banks (D-SIBs), reported 1.85 trillion baht in loans, 1.70 trillion baht in deposits, and 2.51 trillion baht in total assets. The Bank's capital was strong at 271.91 billion baht, equivalent to 16.61% of risk-weighted assets, with 11.77% in common equity tier 1 capital.

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About Krungsri

Krungsri (Bank of Ayudhya PCL and its group companies) is the fifth largest financial group in Thailand in terms of assets, loans, and deposits, and one of Thailand's five Domestic Systemically Important Banks (D-SIBs) with 75 years of history in the country. Krungsri is a strategic member of the Mitsubishi UFJ Financial Group (MUFG), Japan's largest financial group and one of the world's largest financial organizations. Krungsri provides a comprehensive range of banking, consumer finance, investment, asset management, and other financial products and services to individual consumers, SMEs, and large corporations through 683 branches (643 Banking Branches and 40 Auto Business Branches) and over 33,461 service outlets nationwide. The Krungsri Group is the largest card issuer in Thailand with 9.4 million credit cards, sales finance, and personal loan accounts in its portfolio; a major automobile financing service provider (Krungsri Auto); one of the fastest growing asset management companies (Krungsri Asset Management); and a pioneer in microfinance (Ngern Tid Lor).

Krungsri is strongly committed to the highest level of integrity in conducting its business. All Krungsri Group companies have been awarded accreditation from the Private Sector Collective Action Coalition Against Corruption (CAC) in collaboration with industry peers and stakeholders on a zero tolerance approach to corruption.

About MUFG (Mitsubishi UFJ Financial Group, Inc.)

Mitsubishi UFJ Financial Group, Inc. (MUFG) is one of the world's leading financial groups. Headquartered in Tokyo with over 360 years of history, MUFG is a global network with over 3,000 offices in more than 50 markets. The Group has over 180,000 employees, and offers services including commercial banking, trust banking, securities, credit cards, consumer finance, asset management, and leasing. The Group aims to "be the world's most trusted financial group" through close collaboration among our operating companies and flexibly respond to all of the financial needs of our customers, serving society, and fostering shared and sustainable growth for a better world. MUFG's shares trade on the Tokyo, Nagoya, and New York stock exchanges. For more information, visit <https://www.mufg.jp/english>.

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