

Krungsri posts net profit of 7.03 billion baht for 1Q/20, focusing on supporting customers, society, and economy as coronavirus impacts intensify

Bangkok (21 April 2020) – **Krungsri** (Bank of Ayudhya PCL and its business units) posted the first quarter of 2020 with a net profit of 7.03 billion baht, a 9.3% increase from the fourth quarter of 2019. The higher net profit was largely attributed to the higher operating profit, partially offset by an increase in the expected credit losses (ECL), based on an outlook of exacerbated economic slowdown due to the coronavirus outbreak under the newly adopted TFRS 9 framework, which became effective from 1 January 2020 onwards.

Notwithstanding observable impacts of the coronavirus pandemic on the tourism sector in February 2020 and a mandatory lockdown which has started to affect economic activities severely since mid-March 2020; the loan growth rate of 2.9% in the first quarter of 2020 was largely driven by the commercial segment's working capital requirements.

Key highlights of Krungsri's consolidated 1Q/20 results:

- **Net Profit:** Recorded at 7.03 billion baht, representing a 9.3% increase from 4Q/19.
- **Loan Growth:** Increased by 2.9%, or 52 billion baht, from December 2019. The loan expansion in 1Q/20 was driven mainly by the growth in the commercial segment's working capital. Meanwhile, auto hire purchase was the main driver of the retail segment, reflecting the momentum carried over from year-end 2019. Credit cards and personal loans contracted by 6.1%, driven by seasonal repayment and low spending volumes.
- **Deposit Growth:** Increased by 6.4%, or 100 billion baht, from December 2019.
- **Net Interest Margin (NIM):** Recorded at 3.94%, compared to 3.52% in 4Q/19, due to lower cost of fund and higher yield on earning assets.
- **Non-Interest Income:** Decreased by 9.2%, or 869 million baht, from 4Q/19, mainly driven by a decrease in net fees and service income, resulting from the deteriorating retail business activities corresponding to economic downturn observed during the quarter.
- **Cost to Income Ratio:** Recorded at 41.0%, improved from 43.7% in 4Q/19.

- **Non-Performing Loan (NPL) Ratio:** Recorded at 2.22%, compared to 1.98% in December 2019.
- **Coverage Ratio:** Recorded at 159.1%, compared to 163.8% in December 2019.
- **Capital Adequacy Ratio:** Recorded at 15.66%.

Krungsri President and Chief Executive Officer Mr. Seiichiro Akita said, “Notwithstanding the satisfactory performance delivered in 1Q/20, underlying our balanced portfolio and prudent risk management, we expect more intense pandemic impacts in 2Q/20 as the coronavirus outbreak creates twin shocks on both supply and demand sides, through supply disruptions and income shocks. To mitigate the impacts on business activities and reduce interest burdens for borrowers affected by the coronavirus outbreak, the Bank has reduced its key lending rates on 8 February, 24 March and 10 April 2020, in addition to other immediate relief measures for all customer segments including a grace period for principal and/or interest payments, a reduction of interest payment, as well as installment period extension.”

“While it evidently appears that the business and employment impacts will be sharply adverse and the ultimate duration of the pandemic and its recovery still remain uncertain, Krungsri will step up our efforts in assisting not only customers but also society and economy on the path to recovery.” Mr. Akita added.

As of 31 March 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 1.87 trillion baht in loans, 1.67 trillion baht in deposits, and 2.51 trillion baht in total assets. The Bank’s capital was strong at 270.48 billion baht, equivalent to 15.66% of risk-weighted assets, with 11.01% 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 688 branches (648 Banking Branches and 40 Auto Business Branches) and over 33,255 service outlets nationwide. The Krungsri Group is the largest card issuer in Thailand with 9.3 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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