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Management Discussion and Analysis

For the quarter and six-month period ended
June 30, 2022

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Executive Summary:

The Thai economic conditions in 2Q/22 continued to improve from the prior quarter, underpinned by both domestic consumption and investment recoveries together with Thailand's strengthening external sector performance.

Corresponding to the aforementioned improvement in operating environment, on a normalized basis, Krungsri recorded a **net profit** of Baht 15,252 million for 1H/22, representing an increase of 18.6%, or Baht 2,390 million from 1H/21, driven mainly by lower expected credit losses, and higher net interest income.

Incorporating the extraordinary gain on investments from the sales of shares in Ngerm Tid Lor Public Company Limited (TIDLOR) in 1H/21, net profit decreased 27.5%, or Baht 5,796 million.

Total loan outstanding stood at Baht 1,948,720 million, increasing by 3.1%, or Baht 58,344 million from December 2021. The loan growth was broad-based encompassing all customer segments supported by improvements in both business and household sentiments, underpinned by Thailand's economic recovery gaining further traction. The commercial lending continued to be the key growth engine with an increase in corporate loans of Baht 34,524 million, or 5.0%, and SME loans of Baht 15,108 million, or 5.2%, while retail segments increased by Baht 8,712 million, or 1.0%.

Deposits totaled Baht 1,819,012 million, an increase of Baht 39,873 million, or 2.2% from the end of December 2021, largely driven by growth in savings deposits.

On a normalized basis, **non-interest income** decreased by Baht 616 million, or 3.6%, from 1H/21, mainly from a slowdown in the wealth management and securities-related fees and a decrease in gain on sale of written-off loans.

Incorporating the extraordinary gains on investment from the TIDLOR transaction recorded in 1H/21, non-interest income decreased by Baht 11,343 million, or 40.8%.

Asset quality remained strong with the **non-performing loan (NPL) ratio** registering 2.11% at the end of June 2022, compared to 2.20% at the end of December 2021.

With Krungsri's prudential provision policy, **total conservative loan loss reserves** were accumulated to Baht 91,518 million as of June 30, 2022, resulting in an **elevated coverage ratio** of 189.2%, improving from 184.2% as of end of December 2021.

Capital adequacy ratio (Bank only) was recorded at 17.59%, compared to 18.53% at the end of December 2021.

Key developments in 2Q/22

Krungsri:

- On June 30, 2022, Krungsri announced the planned acquisition of business with the intention to offer to purchase shares of Capital Nomura Securities Public Company Limited (CNS), totaling up 100% with a total consideration of up to approximately USD 155.3 million or approximately

Baht 5,501 million. The transaction will involve two groups of selling shareholders of CNS as follows:

- The offer to purchase 99.1% of shares in CNS from Nomura Asia Investment (Singapore) Pte Ltd. (NAIS) (the First Purchase), which is subject to approval of the Bank's shareholders, the Bank of Thailand, and/or other related regulatory agencies, for a consideration of approximately USD 153.9 million or approximately Baht 5,450 million;
- The offer to purchase the remaining 0.9% shares in CNS after the First Purchase from minority shareholders of CNS, for a consideration of approximately USD 1.4 million or approximately Baht 51 million.

Regulatory Development:

- On June 30, 2022, the Bank of Thailand announced the implementation of monetary policy normalization as the Thai economy continues to recover and banks have proved resilient with high levels of capital, loan loss provisions and liquidity. The key highlights of the announcement are as follows:
 - 1) Removal of banks' dividend payout ratio limit of no more than 50% of annual net profit
 - 2) Resumption of the Financial Institutions Development Fund (FIDF) fee at the normal level of 0.46% from 0.23%, starting 2023
 - 3) Extending the period of the minimum monthly payment rate on credit card at 5% to 2023, before increasing to 8% in 2024 and resuming the normal minimum monthly payment rate at 10% from 2025 onwards.

Thai economic outlook

Amidst the uncertainty and volatility of global economic and financial outlook, the Thai economy is expected to face downside risks in the second half of 2022, even though domestic economic activity and the tourism sector could benefit from the lifting of COVID-19 containment measures and international travel restrictions. With headline inflation remaining elevated, monetary normalization could result in gradual hikes of policy interest rate commencing in 3Q/22. Krungsri maintains our loan growth outlook at the upper end of the target range of 3 - 5% based on the economic growth forecast at 3.1% for the year.

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

Krungsri carried on with assisting customers impacted by the coronavirus pandemic in the various forms of assistance solutions ranging from long-term debt restructuring programs, the asset warehousing program, debt consolidation, and liquidity support.

As of June 30, 2022, the loans outstanding under Krungsri's customer relief programs accounted for approximately 8% of total loans outstanding, or Baht 159,517 million, representing 137,511 retail customer accounts and 5,314 commercial customers. For SMEs, additional credit lines of Baht 17,206 million were offered to 5,217 SME customers to support their liquidity requirement under the Bank of Thailand's soft loan and special rehabilitation loan programs and the Government Savings Bank' soft loan program.

1. Statements of Profit or Loss and Other Comprehensive Income

Consolidated	2Q/22	1Q/22	Change QoQ		2Q/21	Change YoY	
			Baht mn	%		Baht mn	%
Interest Income	25,506	24,752	754	3.0	25,016	490	2.0
Interest Expenses	4,962	4,880	82	1.7	5,653	(691)	(12.2)
Interest Income, Net	20,544	19,872	672	3.4	19,363	1,181	6.1
Fees and Service Income	5,885	6,031	(146)	(2.4)	5,705	180	3.2
Fees and Service Expense	1,681	1,800	(119)	(6.6)	1,748	(67)	(3.8)
Fees and Service Income, Net	4,204	4,231	(27)	(0.6)	3,957	247	6.2
Non-interest and Non-fees Income	3,895	4,118	(223)	(5.4)	15,379	(11,484)	(74.7)
Other Operating Expenses	12,335	12,063	272	2.3	12,539	(204)	(1.6)
Pre-Provision Operating Profit (PPOP)	16,308	16,158	150	0.9	26,160	(9,852)	(37.7)
Expected Credit Loss	6,566	6,783	(217)	(3.2)	8,028	(1,462)	(18.2)
Income Tax Expense	1,861	1,913	(52)	(2.7)	3,511	(1,650)	(47.0)
Net Profit	7,881	7,462	419	5.6	14,621	(6,740)	(46.1)
Other Comprehensive Income, Net	(1,185)	(872)	(313)	(35.9)	744	(1,929)	(259.3)
Total Comprehensive Income	6,696	6,590	106	1.6	15,365	(8,669)	(56.4)
Net Profit Attributable To							
Owners of the Bank	7,834	7,418	416	5.6	14,543	(6,709)	(46.1)
Non-Controlling Interest	47	44	3	6.8	78	(31)	(39.7)
Net Profit	7,881	7,462	419	5.6	14,621	(6,740)	(46.1)
Total Comprehensive Income Attributable To							
Owners of the Bank	6,649	6,547	102	1.6	15,284	(8,635)	(56.5)
Non-Controlling Interest	47	43	4	9.3	81	(34)	(42.0)
Total Comprehensive Income	6,696	6,590	106	1.6	15,365	(8,669)	(56.4)
Earning Per Share (Baht)	1.06	1.01	0.05	5.0	1.98	(0.92)	(46.5)

Consolidated	1H/22	1H/21	Change YoY	
			Baht mn	%
Interest Income	50,257	49,968	289	0.6
Interest Expenses	9,842	11,416	(1,574)	(13.8)
Interest Income, Net	40,415	38,552	1,863	4.8
Fees and Service Income	11,916	11,857	59	0.5
Fees and Service Expense	3,481	3,582	(101)	(2.8)
Fees and Service Income, Net	8,435	8,275	160	1.9
Non-interest and Non-fees Income	8,013	19,516	(11,503)	(58.9)
Other Operating Expenses	24,397	24,637	(240)	(1.0)
Pre-Provision Operating Profit (PPOP)	32,466	41,706	(9,240)	(22.2)
Expected Credit Loss	13,350	15,342	(1,992)	(13.0)
Income Tax Expense	3,773	5,159	(1,386)	(26.9)
Net Profit	15,343	21,205	(5,862)	(27.6)
Other Comprehensive Income, Net	(2,057)	1,365	(3,422)	(250.7)
Total Comprehensive Income	13,286	22,570	(9,284)	(41.1)
Net Profit Attributable To				
Owners of the Bank	15,252	21,048	(5,796)	(27.5)
Non-Controlling Interest	91	158	(67)	(42.4)
Net Profit	15,343	21,205	(5,862)	(27.6)
Total Comprehensive Income Attributable To				
Owners of the Bank	13,196	22,416	(9,220)	(41.1)
Non-Controlling Interest	90	154	(64)	(41.6)
Total Comprehensive Income	13,286	22,570	(9,284)	(41.1)
Earning Per Share (Baht)	2.07	2.86	(0.79)	(27.6)

For the second quarter ended June 30, 2022

On a quarter on quarter basis, the operating profit was Baht 16,308 million in 2Q/22, representing an increase of Baht 150 million, or 0.9%, from 1Q/22, driven by an increase in net interest income, corresponding to loan growth during the quarter, offset by a decrease in non-interest income together with an increase in operating expenses.

The net profit was recorded at Baht 7,834 million in 2Q/22, an increase of Baht 416 million, or 5.6% from 1Q/22, driven by higher operating profit and lower expected credit loss.

On a normalized year on year basis, the operating profit increased by Baht 380 million, or 2.4% from 2Q/21, largely attributed to higher net interest income. Meanwhile, the net profit increased by 23.2%, or Baht 1,477 million from 2Q/21, driven by higher net interest income and lowered expected credit loss.

Incorporating the extraordinary gains on investment from TIDLOR transaction in 2Q/21, operating profit decreased by Baht 9,852 million, or 37.7% in 2Q/22, mainly resulting from the absence of aforementioned one-time gains, of which partially moderated by an improvement in net interest income.

Meanwhile, net profit decreased by Baht 6,709 million, or 46.1% from 2Q/21, driven largely by lower operating profit, while partially offset by an improvement in expected credit loss.

For the six-month period ended June 30, 2022

On a normalized basis, the operating profit for 1H/22 was Baht 32,466 million, representing an increase of Baht 993 million or 3.2% from 1H/21, largely attributed to higher net interest income, offset by a decrease in non-interest income, mainly from a decrease in other operating income, share of profit from investment using equity method, and bad debt recoveries. Meanwhile, the net profit for 1H/22 was Baht 15,252 million increasing by 18.6%, or Baht 2,390 million from 1H/21, mainly caused by an increase in net interest income together with a decrease in expected credit losses, underpinned by improvements in the operating environment and credit quality outlook.

Incorporating the extraordinary gains on investment from the TIDLOR transaction in 1H/21, the operating profit decreased by Baht 9,240 million, or 22.2%, driven largely by the absence of the aforementioned one-time gains, while being partially moderated by an increase in net interest income. The improvement in net interest income was largely attributed to the Bank's proactive management of funding structure and cost. Meanwhile, the net profit in 1H/22 registered a decrease of Baht 5,796 million, or 27.5%, driven by lower operating profit, offset by a decrease in expected credit loss.

2. Financial Performance

2.1 Net Interest Income

Consolidated	2Q/22	1Q/22	Change QoQ		2Q/21	Change YoY	
			Baht mn	%		Baht mn	%
INTEREST INCOME							
Interest on loans	16,400	15,749	651	4.1	15,740	660	4.2
Interest on interbank and money market items	566	520	46	8.8	732	(166)	(22.7)
Hire purchase and financial lease income	8,179	8,107	72	0.9	8,182	(3)	(0.0)
Investments and trading transactions	4	3	1	33.3	6	(2)	(33.3)
Investments in debt securities	349	370	(21)	(5.7)	351	(2)	(0.6)
Other interest income	8	3	5	166.7	5	3	60.0
Total Interest Income	25,506	24,752	754	3.0	25,016	490	2.0
INTEREST EXPENSE							
Interest on deposits	2,475	2,463	12	0.5	3,085	(610)	(19.8)
Interest on interbank and money market items	589	493	96	19.5	425	164	38.6
Interest on borrowings	820	879	(59)	(6.7)	1,008	(188)	(18.7)
Contribution to Financial Institution Development							
Fund and Deposit Protection Agency	1,049	1,025	24	2.3	1,113	(64)	(5.8)
Other interest expenses	29	20	9	45.0	22	7	31.8
Total Interest Expenses	4,962	4,880	82	1.7	5,653	(691)	(12.2)
Interest Income, Net	20,544	19,872	672	3.4	19,363	1,181	6.1

Consolidated	1H/22	1H/21	Change YoY	
			Baht mn	%
INTEREST INCOME				
Interest on loans	32,148	31,531	617	2.0
Interest on interbank and money market items	1,085	1,455	(370)	(25.4)
Hire purchase and financial lease income	16,287	16,286	1	0.0
Investments and trading transactions	7	12	(5)	(41.7)
Investments in debt securities	719	675	44	6.5
Other interest income	11	9	2	22.2
Total Interest Income	50,257	49,968	289	0.6
INTEREST EXPENSE				
Interest on deposits	4,938	6,269	(1,331)	(21.2)
Interest on interbank and money market items	1,082	909	173	19.0
Interest on borrowings	1,699	2,001	(302)	(15.1)
Contribution to Financial Institution Development Fund and Deposit Protection Agency	2,074	2,189	(115)	(5.3)
Other interest expenses	49	48	1	2.1
Total Interest Expenses	9,842	11,416	(1,574)	(13.8)
Interest Income, Net	40,415	38,552	1,863	4.8

For the second quarter ended June 30, 2022

Interest income in 2Q/22 was recorded at Baht 25,506 million, an increase of Baht 754 million, or 3.0%, from the prior quarter, mainly driven by an increase in interest on loans, in line with loan expansion during the quarter.

Interest expenses were recorded at Baht 4,962 million, increasing slightly by Baht 82 million, or 1.7% from 1Q/22, mainly from an increase in interest expense on interbank and money market items, offset by a decrease in interest on borrowings, due to the reduction of debentures balance.

Consequently, net interest income was recorded at Baht 20,544 million, representing an increase of Baht 672 million, or 3.4%, from 1Q/22.

On a year-on-year basis, interest income increased by Baht 490 million, or 2.0%, mainly from an increase in interest on loans of Baht 660 million, reflecting higher outstanding balance on loans. Meanwhile, interest on interbank and money market items decreased by Baht 166 million, mainly due to a decrease in the repurchase agreement balance.

Interest expenses decreased by Baht 691 million, or 12.2% from 1Q/22. Key items are as follows:

- Interest on deposits decreased by Baht 610 million, or 19.8%, mainly reflecting the lowered outstanding balance of time deposits with tenors of one year and longer.
- Interest on borrowings decreased by Baht 188 million, or 18.7%, mainly resulting from a decrease in debenture balance.

Consequently, net interest income increased by Baht 1,181 million, or 6.1%, from 2Q/21.

For the six-month period ended June 30, 2022

For 1H/22, interest income was recorded at Baht 50,257 million, an increase of Baht 289 million baht, or 0.6%, compared to 1H/21. Key items are as follows:

- Interest on loans increased by Baht 617 million, or 2.0%, resulting from the loan growth of 9.3%.
- Interest on interbank and money market items decreased by Baht 370 million, or 25.4%, mainly due to lower repurchase agreement balance of Baht 226,889 million.

Interest expenses decreased by Baht 1,574 million, or 13.8% from 1H/21. Key items are as follows:

- Interest on deposits decreased by Baht 1,331 million, or 21.2%, mainly from the reduction of time deposit balance of Baht 192,476 million, or 24.1%.
- Interest on borrowings decreased by Baht 302 million, or 15.1%, mainly resulting from a decrease in the debenture balance of Baht 40,057 million.
- Contribution to the Financial Institutions Development Fund and Deposit Protection Agency decreased by Baht 115 million, or 5.3%, corresponding to the lower outstanding balance of deposits.
- Interest on interbank and money market items increased by Baht 173 million, or 19.0%, mainly due to higher deposits and loans from financial institutions.

Consequently, net interest income increased by Baht 1,863 million, or 4.8%, from 1H/21.

Loan growth together with the Bank's proactive management of funding cost, especially the focused mobilization of current and savings deposits (CASA), are the key drivers for the net interest margin (NIM) improvement in 1H/22. Consequently, the proportion of CASA as a percentage of total deposits improving to 66.6% at the end of June 2022, compared to 66.0% at the end of March 2022 and 57.7% at the end of June 2021.

In 2Q/22, yield on earning assets increased to 4.13% from 4.09% in 1Q/22. Meanwhile, cost of funds remained stable at 0.91%. Consequently, NIM was recorded at 3.32% in 2Q/22, compared to 3.28% in 1Q/22.

In 1H/22, NIM increased to 3.36% from 3.08% registered in 1H/21, driven by the improvement in yield on earning assets to 4.18% from 4.00%, and lowered cost of funds to 0.92% from 1.02%.

	2Q/22	1Q/22	2Q/21	1H/22	1H/21
Net Interest Margin	3.32%	3.28%	3.05%	3.36%	3.08%
Yield on Earning Assets	4.13%	4.09%	3.94%	4.18%	4.00%
Yield on Loans	5.07%	5.00%	5.23%	5.05%	5.23%
Cost of Funds	0.91%	0.91%	0.99%	0.92%	1.02%
Cost of Deposits	0.77%	0.77%	0.88%	0.78%	0.90%

Interest rate

	Jun-22	Mar-22	Dec-21	Sep-21	Jun-21
Policy Rate	0.50%	0.50%	0.50%	0.50%	0.50%
Krungsri Lending Rate					
MLR	5.58%	5.58%	5.58%	5.58%	5.58%
MOR	5.95%	5.95%	5.95%	5.95%	5.95%
MRR	6.05%	6.05%	6.05%	6.05%	6.05%
Krungsri Deposit Rate					
Savings Rate	0.25%	0.25%	0.25%	0.25%	0.25%
3 - month deposits	0.10-0.32%	0.10-0.32%	0.10-0.32%	0.10-0.32%	0.10-0.32%
6 - month deposits	0.15-0.40%	0.15-0.40%	0.15-0.40%	0.15-0.40%	0.15-0.40%
12 - month deposits	0.15-0.40%	0.15-0.40%	0.15-0.40%	0.15-0.40%	0.15-0.40%

2.2 Non-Interest Income

Consolidated	2Q/22	1Q/22	Change QoQ		2Q/21	Change YoY	
			Baht mn	%		Baht mn	%
Acceptances, aval and guarantees	122	118	4	3.4	117	5	4.3
Other fees and service income	5,763	5,913	(150)	(2.5)	5,588	175	3.1
Fees and service income	5,885	6,031	(146)	(2.4)	5,705	180	3.2
Fees and service expense	1,681	1,800	(119)	(6.6)	1,748	(67)	(3.8)
Net fees and Service Income	4,204	4,231	(27)	(0.6)	3,957	247	6.2
Gains (losses) on financial instrument measured at fair value through profit or loss (FVTPL)	1,175	1,131	44	3.9	1,137	38	3.3
Gains (losses) on investments	(40)	0	(40)	na.	10,810	(10,850)	(100.4)
Share of profit (loss) from investment using equity method	394	414	(20)	(4.8)	558	(164)	(29.4)
Bad debt recoveries	1,670	1,603	67	4.2	1,578	92	5.8
Other operating income	696	970	(274)	(28.2)	1,296	(600)	(46.3)
Total Non-interest and Non-fees Income	3,895	4,118	(223)	(5.4)	15,379	(11,484)	(74.7)
Non-Interest Income	8,099	8,349	(250)	(3.0)	19,336	(11,237)	(58.1)

Consolidated	1H/22	1H/21	Change YoY	
			Baht mn	%
Acceptances, aval and guarantees	240	236	4	1.7
Other fees and service income	11,676	11,621	55	0.5
Fees and service income	11,916	11,857	59	0.5
Fees and service expense	3,481	3,582	(101)	(2.8)
Net fees and Service Income	8,435	8,275	160	1.9
Gains (losses) on financial instrument measured at fair value through profit or loss (FVTPL)	2,307	2,146	161	7.5
Gains (losses) on investments	(40)	10,845	(10,885)	(100.4)
Share of profit (loss) from investment using equity method	808	1,132	(324)	(28.6)
Bad debt recoveries	3,273	3,324	(51)	(1.5)
Other operating income	1,665	2,069	(404)	(19.5)
Total Non-interest and Non-fees Income	8,013	19,516	(11,503)	(58.9)
Non-Interest Income	16,448	27,791	(11,343)	(40.8)

Fees & Service Income Breakdown

	2Q/22	1Q/22	2Q/21	1H/22	1H/21
Loan - related Fees	5%	4%	5%	5%	5%
Bancassurance Fees	14%	13%	12%	14%	12%
Transaction Fees	10%	10%	12%	10%	11%
Auto HP Fees	14%	15%	16%	14%	15%
Card - related Fees	34%	32%	28%	33%	29%
Others	23%	26%	27%	24%	28%
Total Fee and Service Income	100%	100%	100%	100%	100%

For the second quarter ended June 30, 2022

On a quarter-on-quarter basis, total non-interest income in 2Q/22 was Baht 8,099 million, decreasing by Baht 250 million, or 3.0% from 1Q/22. Details are as follows:

- Net fees and service income was Baht 4,204 million, decreasing slightly by Baht 27 million, or 0.6%. Key items are:
 - Fees and service income decreased by Baht 146 million, or 2.4%, mainly resulting from:
 - Wealth & fund management and securities-related fees decreased by Baht 147 million, or 12.1%, reflecting unfavorable capital market conditions.
 - Investment banking fees decreased by Baht 92 million, or 42.7%.

- Auto hire purchase fees decreased by Baht 63 million, or 7.1%, corresponding to a loan contraction during the quarter.
- Meanwhile, card-related fees increased by Baht 109 million, or 5.7%, in line with the rise of credit card spending volume.
- Fees and service expenses decreased by Baht 119 million, or 6.6%, mainly resulting from ATM and card network fees.
- Other operating income decreased by Baht 274 million, or 28.2%, mainly resulting from a decrease in gain on sale of written off loans and properties for sale.

On a normalized year-on-year basis, non-interest income in 2Q/22 decreased by Baht 510 million, or 5.9%, from 2Q/21. Details are as follows:

- Net fees and service income increased by Baht 247 million, or 6.2%. Key items are:
 - Fee and service income increased by Baht 180 million, or 3.2%, driven by:
 - Card-related fees increased by Baht 406 million, or 25.0%.
 - Bancassurance fees increased by Baht 140 million, or 20.9%.
 - Meanwhile, wealth management and securities-related fees decreased by Baht 228 million, or 57.0%.
 - Transaction fees decreased by Baht 75 million, or 11.1%, mainly from a decrease in money transfer fees and deposit related fees.
 - Auto hire purchase fees decreased by Baht 75 million, or 8.4%.
 - Fees and service expenses decreased by Baht 67 million, or 3.8%.
- Other operating income decreased by Baht 600 million, or 46.3%, mainly resulting from a decrease in gain on sale of written off loans.
- Share of profit from investment using the equity method decreased by Baht 164 million, or 29.4%.

Incorporating the extraordinary gains on investment of Baht 10,727 million from the TIDLOR transaction recorded in 2Q/21, total non-interest income decreased by Baht 11,237 million, or 58.1%, in 2Q/22.

For the six-month period ended June 30, 2022

On a normalized basis, non-interest income in 1H/22 was Baht 16,448 million, a decrease of Baht 616 million, or 3.6%, from 1H/21. Details are as follows:

- Net fees and service income was Baht 8,435 million, increasing by Baht 160 million, or 1.9%. Key factors are:
 - Fees and service income increased by Baht 59 million, or 0.5%, mainly resulting from:
 - Card-related fees increased by Baht 554 million, or 16.3%, due to the relaxation of COVID-19 containment measures and international travel.
 - Bancassurance increased by Baht 151 million, or 10.3%.

- Fund management fees increased by Baht 119 million, or 6.7%.
- Meanwhile, wealth management and securities-related fees decreased by Baht 513 million, or 53.7%.
- Collection fees decreased by Baht 128 million, or 46.7%, driven partly by Krungsri's measures to alleviate COVID-19 impacts on borrowers.
- Fees and service expenses decreased by 2.8%, or Baht 101 million.
- Other operating income decreased by Baht 404 million, or 19.5%, mainly resulting from a decrease in gain on sale of written off loans, offset by an increase in gain on properties for sale.
- Share of profit from investment using the equity method decreased by Baht 324 million, or 28.6%.

Incorporating the extraordinary gains on investment of Baht 10,727 million from the TIDLOR transaction recorded in 1H/21, total non-interest income decreased by Baht 11,343 million, or 40.8% year-on-year.

2.3 Other Operating Expenses

Consolidated	2Q/22	1Q/22	Change QoQ		2Q/21	Change YoY	
			Baht mn	%		Baht mn	%
Employee's expenses	6,715	6,709	6	0.1	6,574	141	2.1
Premises and equipment expenses	1,804	1,721	83	4.8	1,838	(34)	(1.8)
Taxes and duties	554	732	(178)	(24.3)	574	(20)	(3.5)
Directors' remuneration	17	17	0	0.0	16	1	6.3
Other expenses	3,245	2,884	361	12.5	3,537	(292)	(8.3)
Total Other Operating Expenses	12,335	12,063	272	2.3	12,539	(204)	(1.6)
Cost to Income Ratio	43.1%	42.7%			32.4%		

Consolidated	1H/22	1H/21	Change YoY	
			Baht mn	%
Employee's expenses	13,424	13,577	(153)	(1.1)
Premises and equipment expenses	3,525	3,659	(134)	(3.7)
Taxes and duties	1,286	1,137	149	13.1
Directors' remuneration	34	32	2	6.3
Other expenses	6,128	6,232	(104)	(1.7)
Total Other Operating Expenses	24,397	24,637	(240)	(1.0)
Cost to Income Ratio	42.9%	37.1%		

For the second quarter ended June 30, 2022

Total other operating expenses in 2Q/22 were Baht 12,335 million, increasing by Baht 272 million, or 2.3% from 1Q/22, driven by an increase in other expenses of Baht 361 million, or 12.5%, mainly resulting from higher impairment on properties foreclosed and professional expenses as well as marketing promotion expenses, following the recovery in business activities.

On a year-on-year basis, total other operating expenses decreased by Baht 204 million, or 1.6%, mainly due to a decrease in other expenses of Baht 292 million, or 8.3%, mainly from the absence of the expenses pertaining to the sales of shares in TIDLOR in 2Q/21, offset by an increase in marketing promotion expenses. Meanwhile, employee expenses increased by Baht 141 million, or 2.1%, mainly from an annual merit increase and staff promotions.

For the six-month period ended June 30, 2022

For 1H/22, total other operating expenses were Baht 24,397 million, decreasing by Baht 240 million, or 1.0% from 1H/21. Key items are as follows:

- Employee's expense decreased by Baht 153 million, or 1.1%.
- Premises and equipment expenses decreased by Baht 134 million, or 3.7%, driven mainly by a decrease in depreciation.
- Other expense decreased by Baht 104 million, or 1.7%, mainly from the absence of the expenses pertaining to the sales of shares in TIDLOR in 1H/21, offset by an increase in marketing promotion expenses.

Notwithstanding the improvement in business activities during the period, the Bank continues to focus on effective cost management and productivity improvement. Overall operating expenses continued to be well-measured resulting in the cost to income ratio at 43.1% in 2Q/22, compared to 42.7% in 1Q/22.

The cost to income ratio in 1H/22 was at 42.9%, improving from the normalized cost to income ratio at 43.4%, excluding the extraordinary gains from the TIDLOR transaction in 1H/21.

2.4 Expected credit loss (ECL)

Consolidated	2Q/22	1Q/22	Change QoQ		2Q/21	Change YoY	
			Baht mn	%		Baht mn	%
Expected Credit Loss	6,566	6,783	(217)	(3.2)	8,028	(1,462)	(18.2)
Expected Credit Loss to Total Loans (bps)	137	137			177		

Consolidated	1H/22	1H/21	Change YoY	
			Baht mn	%
Expected Credit Loss	13,350	15,342	(1,992)	(13.0)
Expected Credit Loss to Total Loans (bps)	136	169		

Krungsri continued to set aside provisions to cushion against potential deterioration in asset quality in the event of emerging risk from sluggish economic recovery. The expected credit loss in 2Q/22 amounted to Baht 6,566 million, equivalent to a credit cost of 137 basis points, the same ratio of prudential provisions set aside in 1Q/22.

In 1H/22, the expected credit loss was recorded at Baht 13,350 million, equivalent to a credit cost of 136 basis points, compared to a credit cost of 169 basis points in 1H/21, representing a decrease of Baht 1,992 million, or 13.0%, underpinned by improvements in the operating environment and credit quality outlook.

3. Financial Status

3.1 Statement of Financial Position

Consolidated	Jun. 30, 22	Mar. 31, 22	Change from		Dec. 31, 21	Change from	
			Mar. 31, 22			Dec. 31, 21	
			Baht mn	%		Baht mn	%
ASSETS							
Cash	27,691	27,104	587	2.2	29,371	(1,680)	(5.7)
Interbank and money market items, net	413,507	433,126	(19,619)	(4.5)	346,816	66,691	19.2
Financial assets measured at FVTPL	742	4,053	(3,311)	(81.7)	736	6	0.8
Investments, net	147,524	174,103	(26,579)	(15.3)	182,710	(35,186)	(19.3)
Investments in subsidiaries, associate and joint ventures, net	15,878	15,666	212	1.4	14,457	1,421	9.8
Loans to customers and accrued interest receivable, net	1,872,064	1,853,607	18,457	1.0	1,816,869	55,195	3.0
Properties for sale, net	5,225	4,990	235	4.7	3,273	1,952	59.6
Others	116,508	94,966	21,542	22.7	104,877	11,631	11.1
TOTAL ASSETS	2,599,139	2,607,615	(8,476)	(0.3)	2,499,109	100,030	4.0
LIABILITIES AND SHAREHOLDERS' EQUITY							
Deposits	1,819,012	1,829,180	(10,168)	(0.6)	1,779,139	39,873	2.2
Interbank and money market items	245,877	251,030	(5,153)	(2.1)	202,150	43,727	21.6
Debt issued and borrowings	108,161	122,027	(13,866)	(11.4)	118,977	(10,816)	(9.1)
Others	97,935	80,552	17,383	21.6	80,606	17,329	21.5
TOTAL LIABILITIES	2,270,985	2,282,789	(11,804)	(0.5)	2,180,872	90,113	4.1
Issued and paid-up share capital	73,558	73,558	0	0.0	73,558	0	0.0
Retained earning	198,961	194,290	4,671	2.4	186,780	12,181	6.5
Others	55,635	56,978	(1,343)	(2.4)	57,899	(2,264)	(3.9)
TOTAL SHAREHOLDERS' EQUITY	328,154	324,826	3,328	1.0	318,237	9,917	3.1
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	2,599,139	2,607,615	(8,476)	(0.3)	2,499,109	100,030	4.0
Book value per share (Baht)	44.61	44.16	0.45	1.0	43.26	1.35	3.1

As of June 30, 2022, total assets stood at Baht 2,599,139 million, representing a decrease of Baht 8,476 million baht, or 0.3% from the end of March 2022. Key items are as follows:

- Net investments decreased by Baht 26,579 million, or 15.3%, mainly from a decrease in investment in debt securities measured at fair value through other comprehensive income (FVOCI).
- Net interbank and money market items decreased by Baht 19,619 million, or 4.5%, resulting from a decrease in repurchase agreements of Baht 41,821 million, offset by an increase in deposits and loans to financial institutions of Baht 22,203 million.
- Other assets increased by Baht 21,542 million, or 22.7%, mainly from an increase in derivative assets.
- Loans to customers increased by Baht 20,150 million, or 1.0%.

Compared to the end of December 2021, total assets increased by Baht 100,030 million, or 4.0%. Key items are as follows:

- Net interbank and money market items increased by Baht 66,691 million, or 19.2%, resulting from an increase in repurchase agreements of Baht 58,510 million, and loans to financial institutions of Baht 20,088 million, offset by a decrease in deposits at financial institutions totaling Baht 11,906 million.
- Loans to customers increased by Baht 58,344 million, or 3.1%, encompassing all customer segments.
- Other assets increased by Baht 11,631 million, or 11.1%, mainly from an increase in derivative assets, offset by a decrease in margin call to counterparties.
- Net investments decreased by Baht 35,186 million, or 19.3%, mainly from a decrease in investment in debt securities measured at fair value through other comprehensive income (FVOCI).

As of June 30, 2022, total liabilities stood at Baht 2,270,985 million, representing a decrease of Baht 11,804 million, or 0.5%, from end of March 2022. Key items are as follows:

- Debts issued and borrowings decreased by Baht 13,866 million, or 11.4%, partly driven by the maturity of the Bank's debentures of Baht 15,000 million.
- Deposits decreased by Baht 10,168 million, or 0.6%, driven by time deposits.
- Interbank and money market items decreased by Baht 5,153 million, or 2.1%, driven by a decrease in loans from financial institutions of Baht 7,157 million, offset by an increase in repurchase agreement transactions of Baht 1,050 million and deposits from financial institutions of Baht 954 million.
- Other liabilities increased by Baht 17,383 million, or 21.6%, mainly from an increase in derivative liabilities.

Compared to the end of December 2021, total liabilities increased by Baht 90,113 million, or 4.1%. Key items are as follows:

- Interbank and money market items increased by Baht 43,727 million, or 21.6%, driven by an increase in repurchase agreement transactions of Baht 36,019 million and deposits from financial institutions of Baht 12,392 million, offset by a decrease in loans from financial institutions of Baht 4,683 million.
- Deposits increased by Baht 39,873 million, or 2.2%, driven by savings deposits of Baht 81,449 million, or 7.5%, offset by a decrease in time deposits of Baht 40,850 million, or 6.3%, reflecting the Bank's proactive funding strategy focusing on CASA mobilization.
- Other liabilities increased by Baht 17,329 million, or 21.5%, mainly from an increase in derivative liabilities and margin call from counterparties.
- Debts issued and borrowings decreased by Baht 10,816 million, or 9.1%, mainly driven by the maturity of Krungsri Group's debentures amounting to Baht 22,900 million, offset by the issuance of Krungsri Group's debentures of Baht 10,000 million.

As of June 30, 2022, total shareholders' equity stood at Baht 328,154 million, an increase of Baht 9,917 million, or 3.1% from the end of December 2021 due to an increase in equity holders' net profit of Baht 15,252 million in 1H/22, which was partially offset by dividends paid of Baht 3,310 million and a decrease in other reserve of Baht 2,295 million.

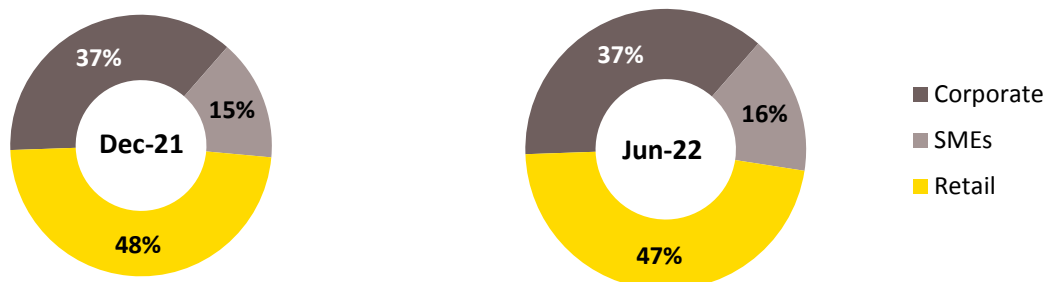
Book value per share, as of June 30, 2022, increased by 3.1% to Baht 44.61 from Baht 43.26 at the end of December 2021.

3.2 Loans to customers

3.2.1 Loans by segment

Consolidated	Jun. 30, 22	Mar. 31, 22	Change from Mar. 31, 22		Dec. 31, 21	Change from Dec. 31, 21	
			Baht mn	%		Baht mn	%
Corporate	729,025	721,825	7,200	1.0	694,501	34,524	5.0
- Thai Corporate	471,059	461,105	9,954	2.2	445,329	25,730	5.8
- International Corporate (IPC/MNC)	257,966	260,720	(2,754)	(1.1)	249,172	8,794	3.5
SMEs	304,674	301,261	3,413	1.1	289,566	15,108	5.2
Retail	915,021	905,484	9,537	1.1	906,309	8,712	1.0
- Hire purchase	417,059	418,214	(1,155)	(0.3)	416,340	719	0.2
- Mortgage	289,860	286,358	3,502	1.2	285,394	4,466	1.6
- Credit cards, personal loans and others	208,102	200,912	7,190	3.6	204,575	3,527	1.7
Total	1,948,720	1,928,570	20,150	1.0	1,890,376	58,344	3.1

Loans breakdown



Category	Dec-21 (%)	Category	Jun-22 (%)
Auto HP	22%	Auto HP	21%
Mortgage	15%	Mortgage	15%
Credit card, Personal Loans and others	11%	Credit card, Personal Loans and others	11%

As of June 30, 2022, total outstanding loans stood at Baht 1,948,720 million, an increase of Baht 20,150 million, or 1.0% from the end of March 2022, and Baht 58,344 million, or 3.1% from the end of December 2021, underpinned by Thailand's economic recovery gaining further traction.

At the end of 1H/22, commercial loans, comprising corporate and SME loans, accounted for 53% of the total loan portfolio, while the retail lending represented the remaining 47%.

Details of loan performance by segment are as follows:

Corporate loans increased by 1.0%, or Baht 7,200 million, from the end of March 2022, mainly from Thai corporate loans which increased by Baht 9,954 million, or 2.2%. Meanwhile, International Corporate (JPC/MNC) loans decreased by 1.1%, or Baht 2,754 million.

Compared to the end of December 2021, corporate loans increased by 5.0%, or Baht 34,524 million, of which Thai corporate loans increased by 5.8%, or Baht 25,730 million, and International Corporate (JPC/MNC) loans increased by 3.5%, or Baht 8,794 million. The expansion of corporate loans was mainly driven by continued economic growth and improved external demand.

SME loans grew by 1.1% or Baht 3,413 million from the end of March 2022, and by 5.2%, or Baht 15,108 million, from the end of December 2021. The broad-based SME loan growth for 1H/22 was driven by the SME-M and SME-S segments, attributed to the improved business sentiment together with sustained domestic demand recovery.

The **retail loan** segment increased by 1.1% or Baht 9,537 million from the end of March 2022, and by 1.0%, or Baht 8,712 million from the end of December 2021.

- **Auto hire purchase loans** contracted by 0.3% or Baht 1,155 million from the end of March 2022. Compared to the end of December 2021, auto hire purchase loans marginally increased by 0.2%, or Baht 719 million.
- **Mortgage loans** increased by Baht 3,502 million, or 1.2% from the end of March 2022, and by 1.6%, or Baht 4,466 million from the end of December 2021, underscoring property market's measured recovery.

- **Credit card, personal loans and others** increased by 3.6%, or Baht 7,190 million from the end of March 2022, and by 1.7%, or Baht 3,527 million from the end of December 2021, corresponding to the improvement in both consumer confidence and domestic spending in 2Q/22.

3.2.2 Asset Quality

Loan classification

Consolidated	Jun. 30, 22		Dec. 31, 21	
	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)	1,743,407	38,459	1,706,665	36,582
Stage 2 (Under-performing)	166,389	23,338	145,226	22,378
Stage 3 (Non-performing)	50,620	26,555	49,338	25,400
Total	1,960,416	88,352	1,901,229	84,360

Non-performing loans*

Consolidated	Jun. 30, 22	Mar. 31, 22	Dec. 31, 21	Sep. 30, 21	Jun. 30, 21
Non-performing Loans (Baht mn)	48,373	46,796	47,448	48,780	47,807
NPL Ratio	2.11%	2.03%	2.20%	2.27%	2.03%
Non-performing Loans by segment					
Corporate	0.8%	0.8%	0.9%	0.8%	1.0%
SMEs	4.7%	4.6%	4.7%	4.6%	4.3%
Retail	3.1%	3.0%	3.0%	3.4%	3.2%
Hire Purchase	1.8%	1.5%	1.6%	1.9%	2.0%
Mortgage	4.7%	4.7%	4.7%	5.0%	4.6%
Personal Loans, Credit Card and Others	3.4%	3.5%	3.5%	4.0%	4.0%
Coverage Ratio	189.2%	191.6%	184.2%	177.5%	175.8%

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

As of June 30, 2022, non-performing loans (NPLs) stood at Baht 48,373 million, an increase of Baht 1,577 million, or 3.4% from the end of March 2022, and Baht 925 million, or 1.9% from the end of December 2021.

With Krungsri Group's vigilant credit risk management practices, asset quality remained strong with an NPL ratio of 2.11% at the end of June 2022, compared to 2.03% at the end of March 2022, and 2.20% at the end of December 2021.

Given potential risks emerging in the event of sluggish economic recovery, Krungsri continued to adhere to prudential provision policy, total loan loss reserves were accumulated to Baht 91,518 million as of the end of June 2022. The coverage ratio remained strong at 189.2%, compared to 191.6% at the end of March 2022, and 184.2% at the end of December 2021.

3.3 Funding Structure

Deposits

Consolidated	Jun. 30, 22	Mar. 31, 22	Change from Mar. 31, 22		Dec. 31, 21	Change from Dec. 31, 21	
			Baht mn	%		Baht mn	%
Current	48,613	49,905	(1,292)	(2.6)	49,339	(726)	(1.5)
Savings	1,162,844	1,156,514	6,330	0.5	1,081,395	81,449	7.5
Time	607,555	622,761	(15,206)	(2.4)	648,405	(40,850)	(6.3)
< 6 Months	334,332	341,454	(7,122)	(2.1)	333,951	381	0.1
6 Months and < 1 Year	7,388	6,422	966	15.0	11,358	(3,970)	(35.0)
1 Year and over 1 Year	265,835	274,885	(9,050)	(3.3)	303,096	(37,261)	(12.3)
Total Deposit	1,819,012	1,829,180	(10,168)	(0.6)	1,779,139	39,873	2.2
Proportion of Current and Savings Deposits	66.6%	66.0%			63.6%		

Borrowing

Consolidated	Jun. 30, 22	Mar. 31, 22	Change from Mar. 31, 22		Dec. 31, 21	Change from Dec. 31, 21	
			Baht mn	%		Baht mn	%
Debenture	38,310	53,157	(14,847)	(27.9)	51,048	(12,738)	(25.0)
Subordinated debenture	62,884	62,766	118	0.2	62,306	578	0.9
Other	6,967	6,104	863	14.1	5,623	1,344	23.9
Total Borrowing	108,161	122,027	(13,866)	(11.4)	118,977	(10,816)	(9.1)

Liquidity

Consolidated	Jun. 30, 22	Mar. 31, 22	Dec. 31, 21	Sep. 30, 21	Jun. 30, 21
Loans to Deposits Ratio	107%	105%	106%	104%	96%
Loans to Deposits and Debenture Ratio	105%	102%	103%	101%	92%

As of June 30, 2022, deposits totaled Baht 1,819,012 million, a decreased of Baht 10,168 million, or 0.6% from the end of March 2022, mainly from a decrease in time deposits.

Under the Bank's proactive funding strategy focusing on CASA (current and savings deposits) mobilization, compared to December 31, 2021, total deposits increase by Baht 39,873 million, or 2.2%, attributed to an increase in savings deposits of Baht 81,449 million, offset by a decrease in time deposits of Baht 40,850 million.

This CASA's mobilization strategy has resulted in the proportion of current and savings deposits (CASA) as a percentage of total deposits improving to 66.6% at the end of June 2022, from 66.0% at the end of March 2022 and 63.6% at the end of December 2021.

As of June 30, 2022, total borrowing stood at Baht 108,161 million, decreasing by Baht 13,866 million, or 11.4%, from the end of March 2022, and by Baht 10,816 million, or 9.1% from the end of December 2021, driven by the reduction of debenture.

Consequently, the loan to deposit ratio was at 107% at the end of June 2022, increasing from and 105% at the end of March 2022, and 106% at the end of December 2021. This corresponds to the loan to deposit plus debentures ratio which was at 105%, increasing from 102% at the end of March 2022, and 103% at the end of December 2021.

3.4 Contingencies

Consolidated	Jun. 30, 22	Mar. 31, 22	Change from Mar. 31, 22		Dec. 31, 21	Change from Dec. 31, 21	
			Baht mn	%		Baht mn	%
Avals to bills and Guarantees of loans	3,804	3,713	91	2.5	3,674	130	3.5
Liability under unmatured import bills	1,501	3,023	(1,522)	(50.3)	2,780	(1,279)	(46.0)
Letters of credit	7,985	8,394	(409)	(4.9)	5,926	2,059	34.7
Other contingencies	134,445	114,911	19,534	17.0	109,686	24,759	22.6
Total	147,735	130,041	17,694	13.6	122,066	25,669	21.0

Krungsri Group's contingencies as of June 30, 2022, totaled Baht 147,735 million, an increase of Baht 25,669 million, or 21.0%, from the end of December 2021 mainly from unused credit lines of Baht 9,548 million, firm commitment of Baht 5,432 million, Bank liabilities under acceptances of Baht 3,676 million and liability to deliver security related to repurchase transactions of Baht 3,501 million, respectively.

3.5 Statutory Capital

As of June 30, 2022, Krungsri's capital (Bank only) was recorded at Baht 292,336 million, equivalent to 17.59% of risk-weighted assets, comprising Common Equity Tier 1 (CET1) capital of 12.82% and Tier 2 capital of 4.77%.

The current level of capital is 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).

Bank only	Capital Fund (Baht mn)			Capital Adequacy Ratio		
	Jun. 30, 22	Mar. 31, 22	Dec. 31, 21	Jun. 30, 22	Mar. 31, 22	Dec. 31, 21
Total Capital Fund	292,336	291,340	291,794	17.59%	18.25%	18.53%
Common Equity Tier 1	213,060	212,699	213,473	12.82%	13.32%	13.56%
Tier 2	79,276	78,641	78,321	4.77%	4.93%	4.97%

4. Credit Ratings

The Bank's credit ratings assigned by Moody's Investors Service, Standard & Poor's, Fitch Ratings and TRIS Rating as of June 30, 2022, 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 & 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	
International Ratings	
Long-term Issuer Default Rating	BBB+
Short-term Issuer Default Rating	F1
Viability Rating	bbb
Outlook	Stable
National Ratings	
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

Summary of Financial Highlights

Consolidated (Unit: Baht mn)	2Q/22	Change QoQ	Change YoY
Interest Income, net	20,544	672	1,181
Non-interest Income	8,099	(250)	(11,237)
Operating Expenses	12,335	272	(204)
Pre-Provision Operating Profit	16,308	150	(9,852)
Expected Credit Loss	6,566	(217)	(1,462)
Net Profit Attributable to Owners of the Bank	7,834	416	(6,709)
Consolidated (Unit: Baht mn)	Jun. 30, 22	Dec. 31, 21	Change
Loan to Customers	1,948,720	1,890,376	58,344
Total Assets	2,599,139	2,499,109	100,030
Deposits	1,819,012	1,779,139	39,873
Total Liabilities	2,270,985	2,180,872	90,113
Total Shareholders' Equity	328,154	318,237	9,917
Financial Ratio (Consolidated)	2Q/22	1Q/22	2Q/21
Net Interest Margin	3.32%	3.28%	3.05%
Cost to Income Ratio	43.1%	42.7%	32.4%
Return of Equity Ratio	9.62%	9.25%	19.35%
Return of Assets Ratio	1.20%	1.16%	2.17%
Loan to Deposit Ratio	107%	105%	96%
Loan to Deposit and Debenture Ratio	105%	102%	92%
NPL Ratio	2.11%	2.03%	2.03%
Expected Credit Loss to Total Loans (bps)	137	137	177
Coverage Ratio	189.2%	191.6%	175.8%
Capital Adequacy Ratio (Bank only)	Jun. 30, 22	Dec. 31, 21	Jun. 30, 21
Capital Adequacy Ratio	17.59%	18.53%	17.80%
Common Equity Tier 1 Ratio	12.82%	13.56%	12.76%
Tier 2 Capital Ratio	4.77%	4.97%	5.04%