



**KKP**

**Analyst Meeting 2Q 2021**

**July 23, 2021**

# Table of Contents

- Relief Measures Update
- Performance Highlights
- Commercial Banking Business
- Capital Market Business
- Revised Targets for 2021
- Appendix

# Relief Measures Update

Customer segment	Mar 2021	Jun 2021	Update Status
<b>Retail</b>	~3%	~5%	<ul style="list-style-type: none"> <li>▪ Additional measures introduced by BOT – Phase 3 relief measures, debt suspension announced in July 2021</li> <li>▪ Resurgence of new COVID-19 cases intensified throughout 2Q21 creating higher uncertainties</li> <li>▪ New requests for financial assistance received from retail segment increased from approximately 3% at the end of 1Q21 to 5% at the end of 2Q21 of total Bank's outstanding loans - mostly from customers who exited the relief program earlier</li> <li>▪ Expect for additional requests for financial assistance in coming periods</li> <li>▪ Maintain prudent risk management in regards to asset quality with close monitoring of all customers performance</li> </ul>
<b>Commercial Lending</b>	~6%	~8%	<ul style="list-style-type: none"> <li>▪ New measures introduced by BOT under Financial Rehabilitation measures</li> <li>▪ A small number of customers in process of participating in Asset Warehousing scheme – largely from customers under Hotel and Apartment business segment which require longer period to fully recover due to the prolong impact from COVID-19</li> <li>▪ Commercial lending customers under financial assistance increased to approximately 8% of total Bank's outstanding loans – mostly from customers previously under financial assistance</li> <li>▪ Maintain prudent risk management with appropriate level of provisioning as a cautionary measure against increase in uncertainties and delay in recovery</li> </ul>

# PERFORMANCE HIGHLIGHTS

# 1H 2021 Key Performance Highlights

## Commercial Banking Business

<b>Overall</b>	<ul style="list-style-type: none"><li>▪ Strong business performance during 1H21</li><li>▪ Growth momentum continues with focus on quality loan growth</li><li>▪ 1H21 overall loan growth of 6.6% driven by hire purchase, housing and corporate banking segment</li><li>▪ Continuing to provide support to customers impacted by Covid-19 resurgence which has intensified throughout 2Q21</li><li>▪ NPL below anticipated level with slight increase to 3.4% from 3.2% at the end of 1Q21</li></ul>
<b>Hire Purchase</b>	<ul style="list-style-type: none"><li>▪ Business growth continuing - selective growth into better asset quality segment with YTD growth of 9.4%</li><li>▪ Focus on building new partners and relationships</li><li>▪ Overall HP portfolio performance within anticipated range with NPL as of end of 2Q21 at 2.0%</li></ul>
<b>Retail : Non Hire Purchase</b>	<ul style="list-style-type: none"><li>▪ Growth of 9.7% mainly in housing segment with cautious position on other retail segments</li></ul>
<b>Commercial Lending</b>	<ul style="list-style-type: none"><li>▪ Decline of 4.1% mainly in real estate lending segment with slow down in sector</li><li>▪ Close monitoring of customers still under financial assistance especially in Apartment and Hotel segment</li></ul>
<b>Corporate Banking</b>	<ul style="list-style-type: none"><li>▪ Growth of 11.7% of high credit quality</li><li>▪ Synergies within the Wholesale Investment Banking Business creating business opportunities</li></ul>
<b>SAM</b>	<ul style="list-style-type: none"><li>▪ Overall 1H21 income from SAM totaled Baht 586 million, improving yoy with activities picking up during 1H21</li></ul>
<b>Expected Credit Losses (ECL)</b>	<ul style="list-style-type: none"><li>▪ ECL for 1H21 totaled Baht 2,612 million increasing from 1H20 - largely from cautious provisioning through management overly as a result of increased uncertainties</li><li>▪ Credit cost for 1H21 at 2.74% from prudent provisioning</li><li>▪ Coverage ratio at 160.1%</li></ul>
<b>Funding</b>	<ul style="list-style-type: none"><li>▪ COF further improved to 1.3% from active cost management</li></ul>
<b>BIS Ratio</b>	<ul style="list-style-type: none"><li>▪ If including profit up to 2Q21, BIS ratio (Bank only) at 17.89%, Tier I = 13.51%</li></ul>

# 1H 2021 Key Performance Highlights

## Capital Market Business

- Overall**
  - Solid performance across all businesses

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- Equity Capital Market**
  - SET Index closed at 1,587.79 points, stable from previous quarter
  - Average daily turnover (SET+mai) for 2Q21 increased to Baht 99,801 million, considerable increase of 46% from 2020
  - Kiatnakin Phatra Securities's market share (SET+mai) without Prop. Trade for 2Q21 continuing to rank 1<sup>st</sup> with market share of 12.10%
  - Increased in revenue from brokerage business

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- Private Wealth Management**
  - AUA Baht 675 billion, increase of 13% YTD with net new money of Baht 19,020 million
  - Continuing to offer new products and services to enhance revenue generation

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- Asset Management Business**
  - Total AUM Baht 95,702 million, increase of 12% YTD mainly from mutual fund segment
  - Fees for 1H21 totaled Baht 347 million, increasing yoy

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- Investment Banking Business**
  - Fee generated 1H2021 totaled Baht 495 million with completion of large transaction during 2Q21
  - Positive outlook for remaining of year

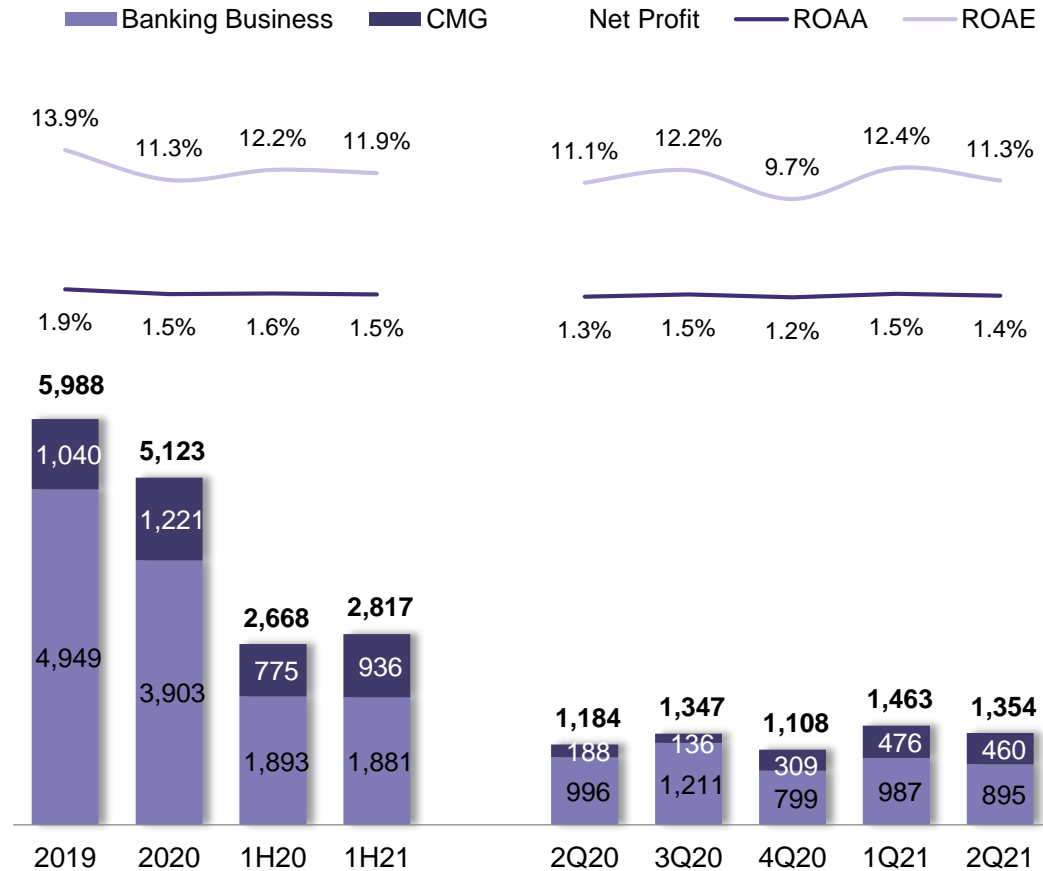
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- Investment Business**
  - Total Investment Business comprehensive income for 1H21 of Baht 1,103 million, significant increase from 1H20
  - Good performance from both the Equity and Derivatives Trading and Direct Investment business

# Profitability

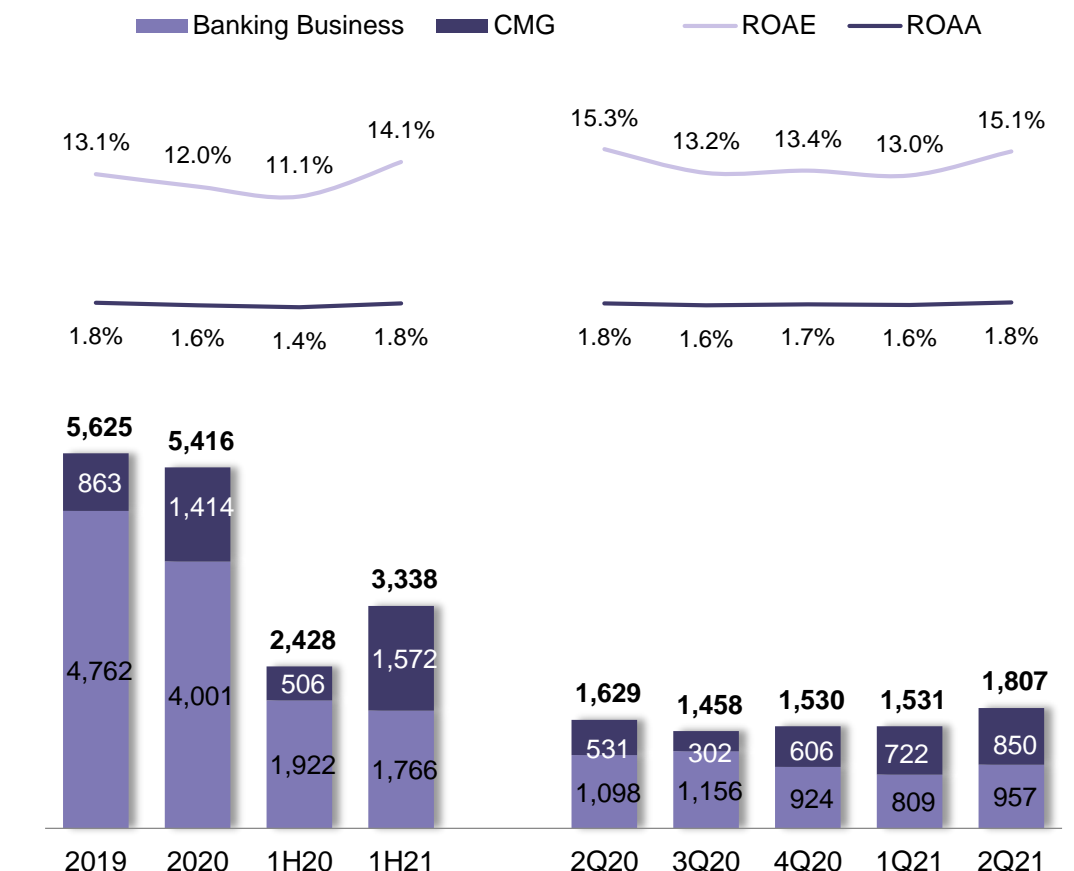
## Net Profit (excl. MI)

Baht in million



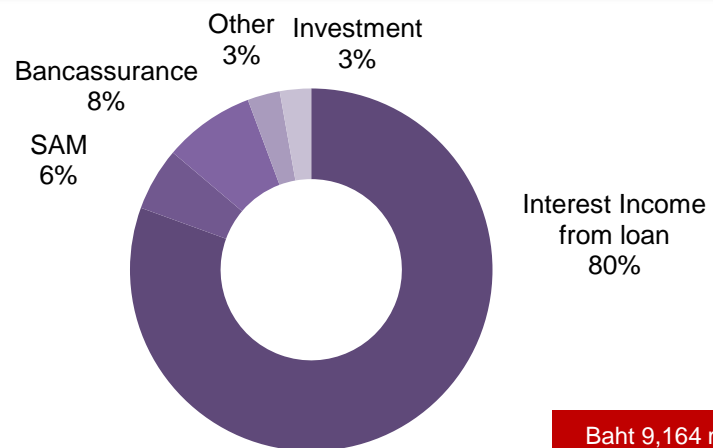
## Comprehensive Income (excl. MI)

Baht in million

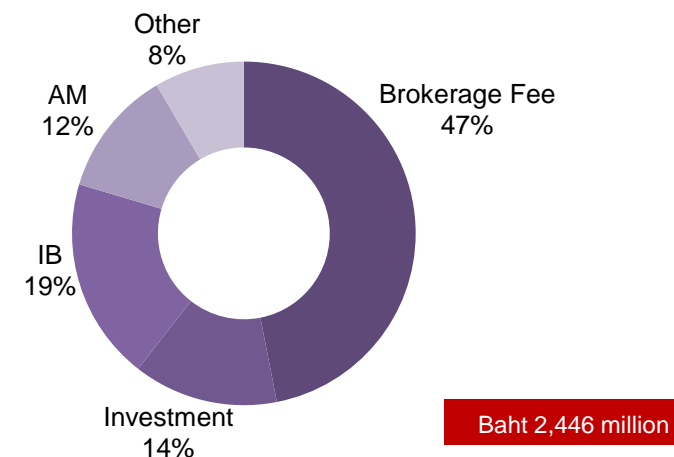


# 1H 2021 Net Revenue Breakdown

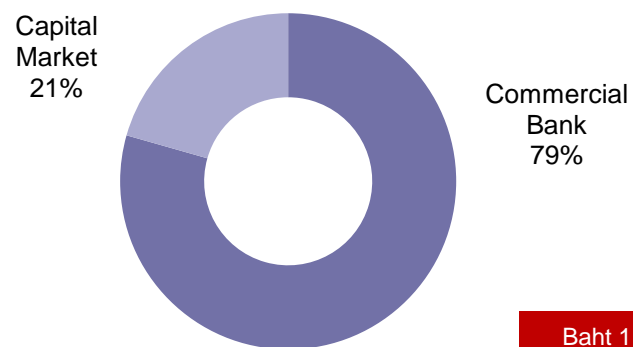
## Commercial Banking Business



## Capital Market Business



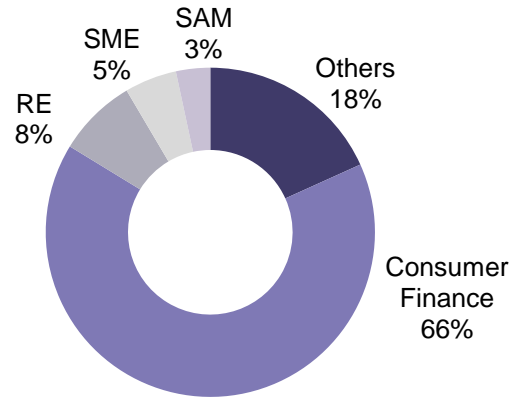
## KK Phatra Financial Group



\*Include G/L from NPA but exclude G/L from car repossession

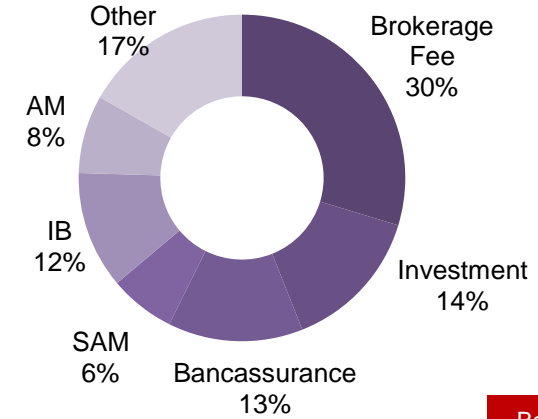
# 1H 2021 Net Interest Income : Non Interest Income

## Net Interest Income



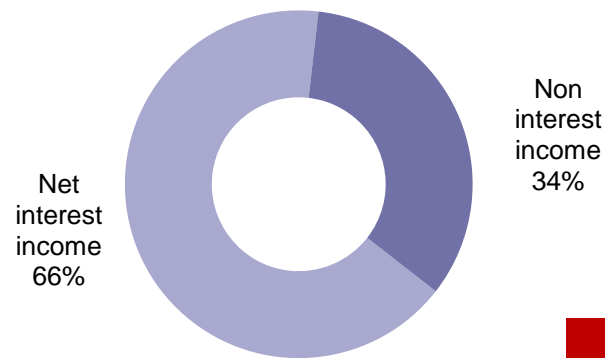
Baht 7,624 million

## Non Interest Income\*



Baht 3,986 million\*

## Net Interest Income (NII) : Non Interest Income (Non-NII)



Baht 11,610 million

\*Include G/L from NPA but exclude G/L from car repossession

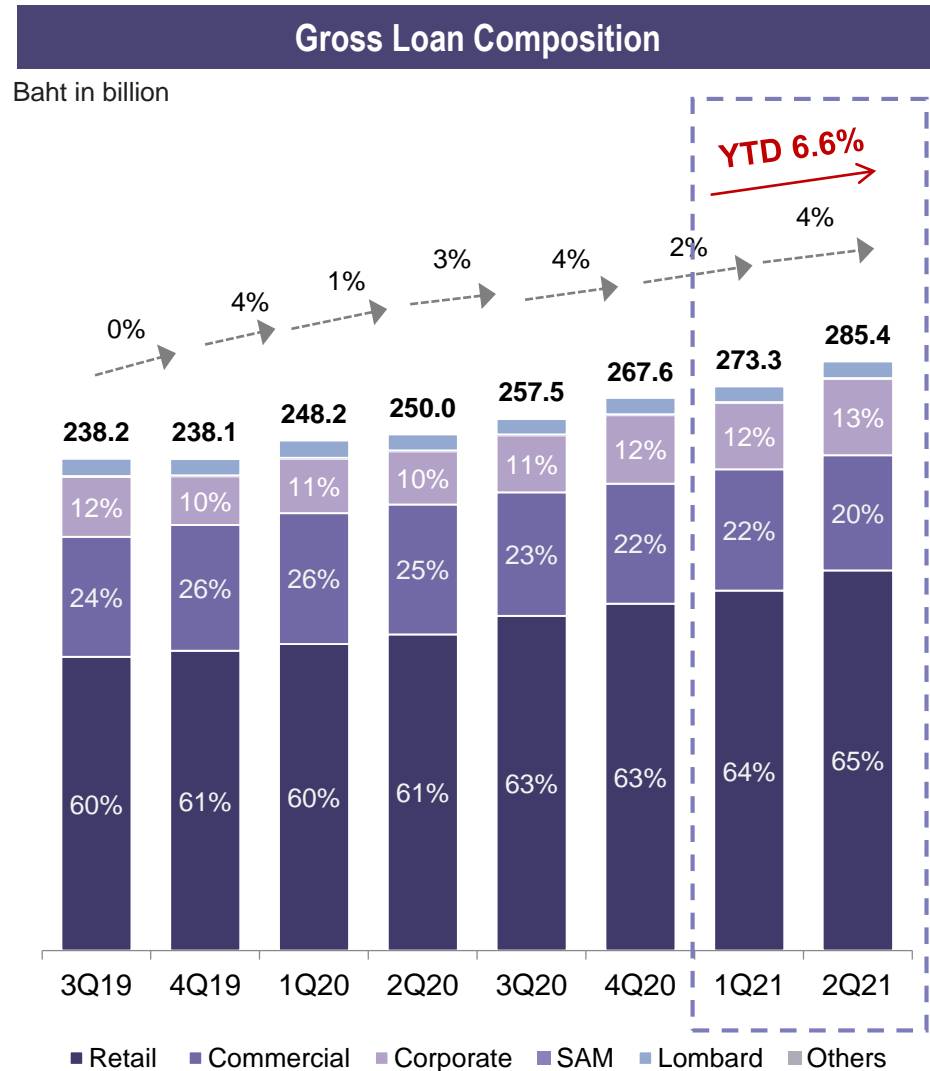
# Consolidated Income Statements

Baht in million	2Q20	1Q21	2Q21
Interest income	4,937	4,815	4,744
Interest expense	(1,323)	(985)	(950)
<b>NII</b>	<b>3,615</b>	<b>3,830</b>	<b>3,794</b>
Fee income	1,073	1,636	1,821
Fee expense	(188)	(202)	(207)
<b>Net fees income</b>	<b>885</b>	<b>1,434</b>	<b>1,614</b>
Other operating income	353	351	327
<b>Total operating income</b>	<b>4,852</b>	<b>5,615</b>	<b>5,735</b>
Operating expense	(2,124)	(2,188)	(2,347)
G/L from sale of foreclosed assets	(498)	(395)	(331)
Provision Expense	(744)	(1,234)	(1,378)
Income before income tax	1,486	1,798	1,680
<b>Net income - Bank</b>	<b>1,184</b>	<b>1,463</b>	<b>1,354</b>
EPS	1.40	1.73	1.60
<b>CI - Bank</b>	<b>1,629</b>	<b>1,531</b>	<b>1,807</b>
Headcount	4,484	4,223	4,206

QoQ	YoY (Q)	1H20	1H21	YoY (Y)
(1%)	(4%)	9,778	9,559	(2%)
(4%)	(28%)	(2,624)	(1,935)	(26%)
<b>(1%)</b>	<b>5%</b>	<b>7,154</b>	<b>7,624</b>	<b>7%</b>
11%	70%	2,561	3,457	35%
2%	10%	(401)	(409)	2%
<b>13%</b>	<b>82%</b>	<b>2,160</b>	<b>3,048</b>	<b>41%</b>
(7%)	(7%)	1,132	678	(40%)
<b>2%</b>	<b>18%</b>	<b>10,446</b>	<b>11,351</b>	<b>9%</b>
7%	10%	(5,087)	(4,535)	(11%)
(16%)	(33%)	(890)	(726)	(18%)
12%	85%	(1,000)	(2,612)	161%
(7%)	13%	3,469	3,477	0%
<b>(7%)</b>	<b>14%</b>	<b>2,668</b>	<b>2,817</b>	<b>6%</b>
<b>(8%)</b>	<b>14%</b>	3.15	3.33	6%
<b>18%</b>	<b>11%</b>	<b>2,428</b>	<b>3,338</b>	<b>37%</b>
(0%)	(6%)	4,484	4,206	(6%)

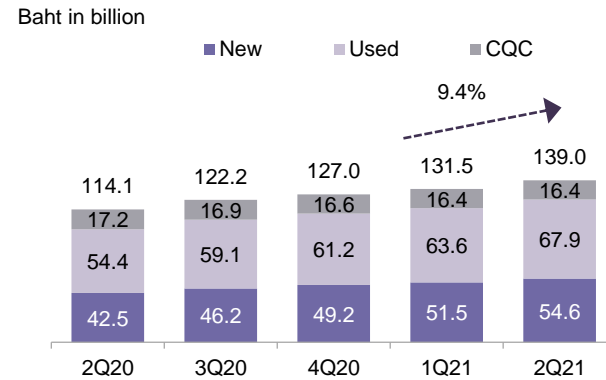
# COMMERCIAL BANKING BUSINESS

# Loan Growth

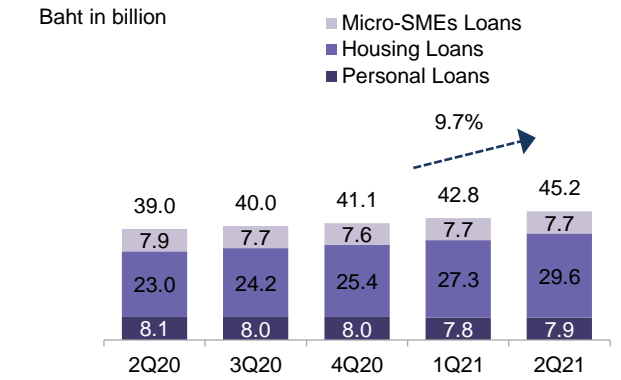


## Retail Loans

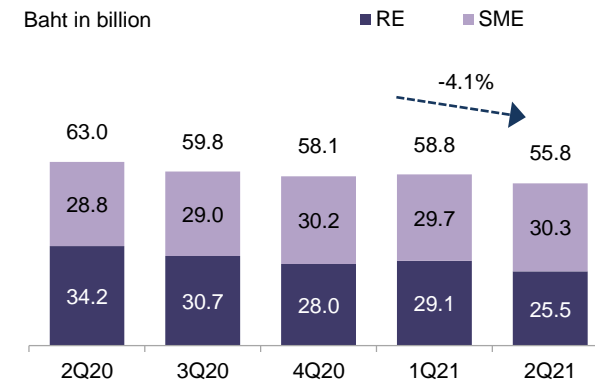
### Hire Purchase



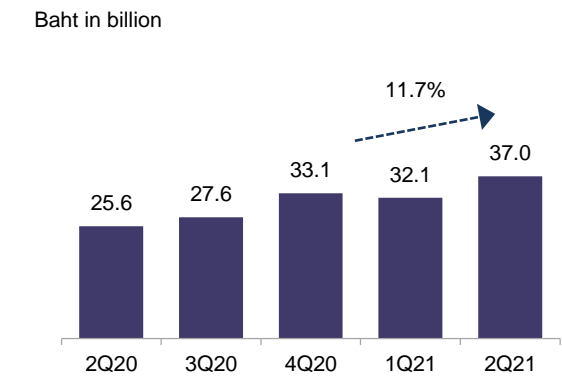
### Other Retail



## Commercial Lending



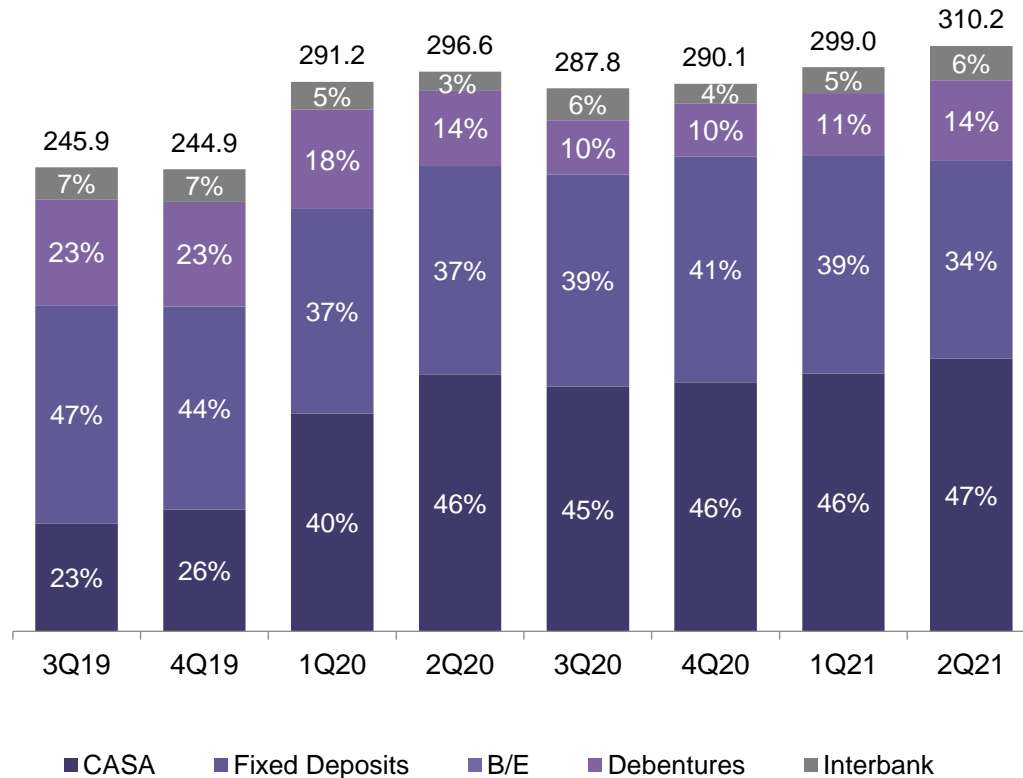
## Corporate Banking



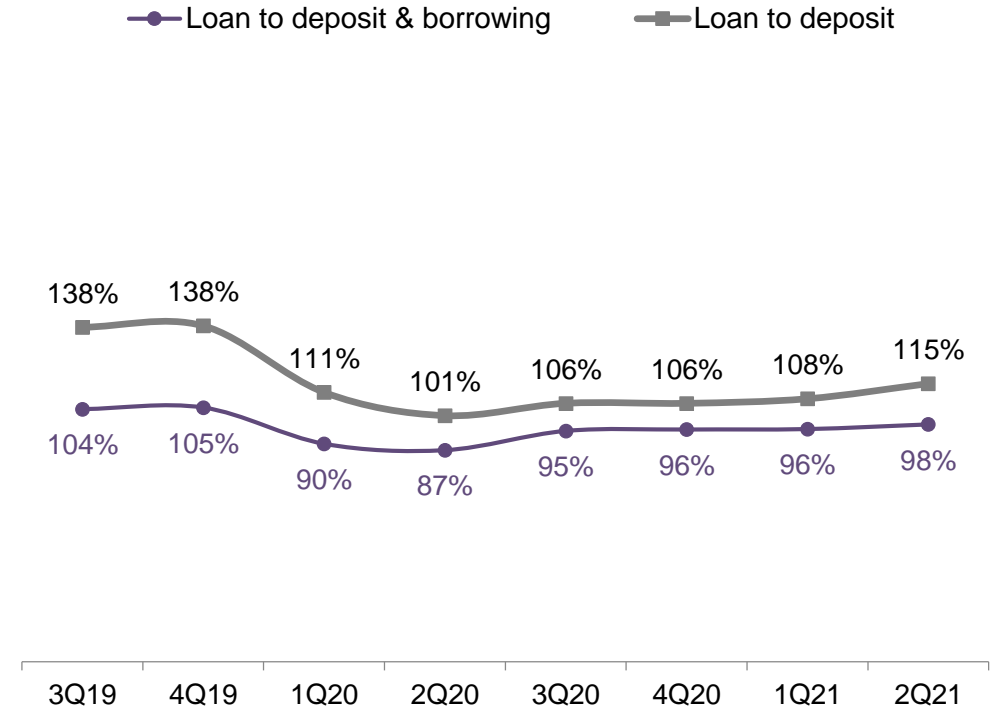
# Funding & Liquidity

## Interest Bearing Debt

Baht in billion

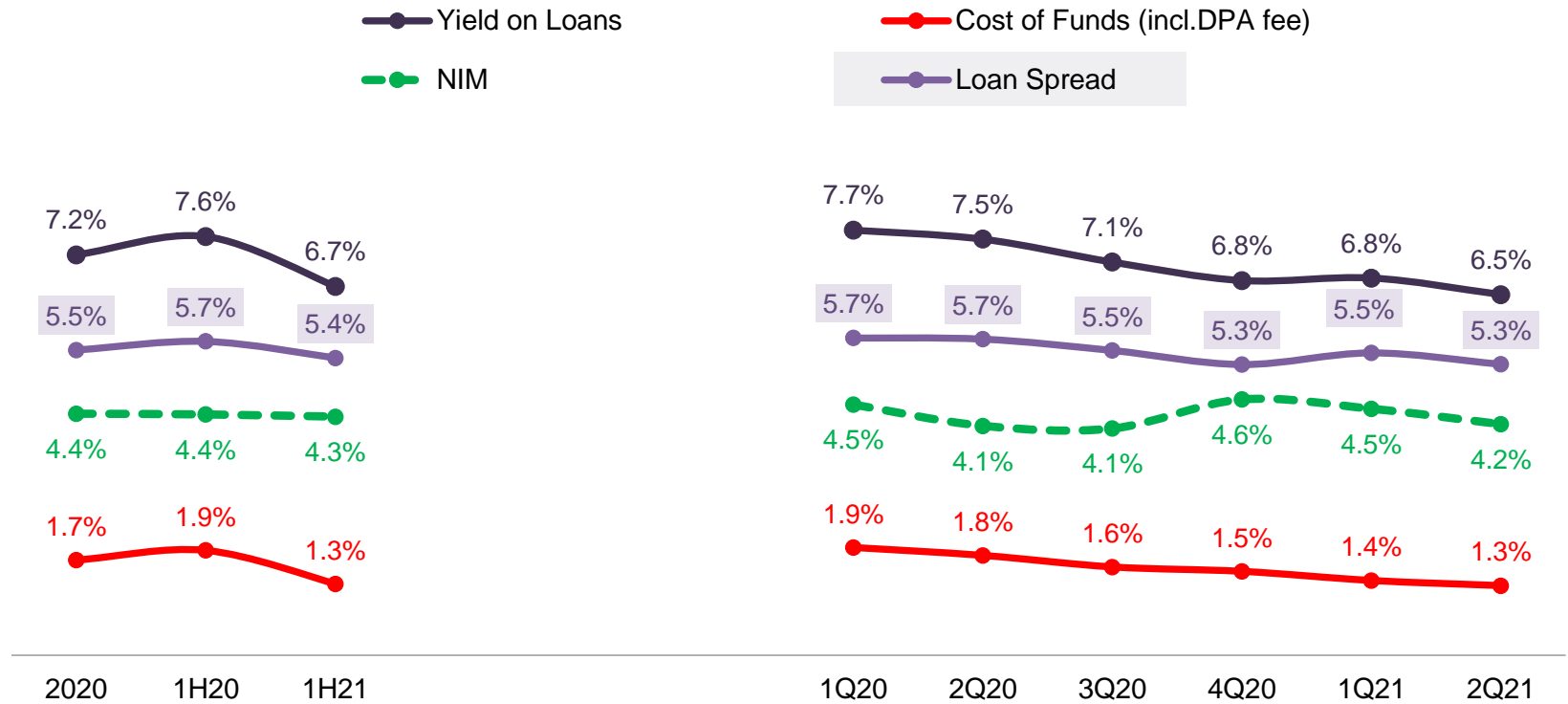


## Loan to Deposit & Borrowing



# Loan spread

## Loan Spread

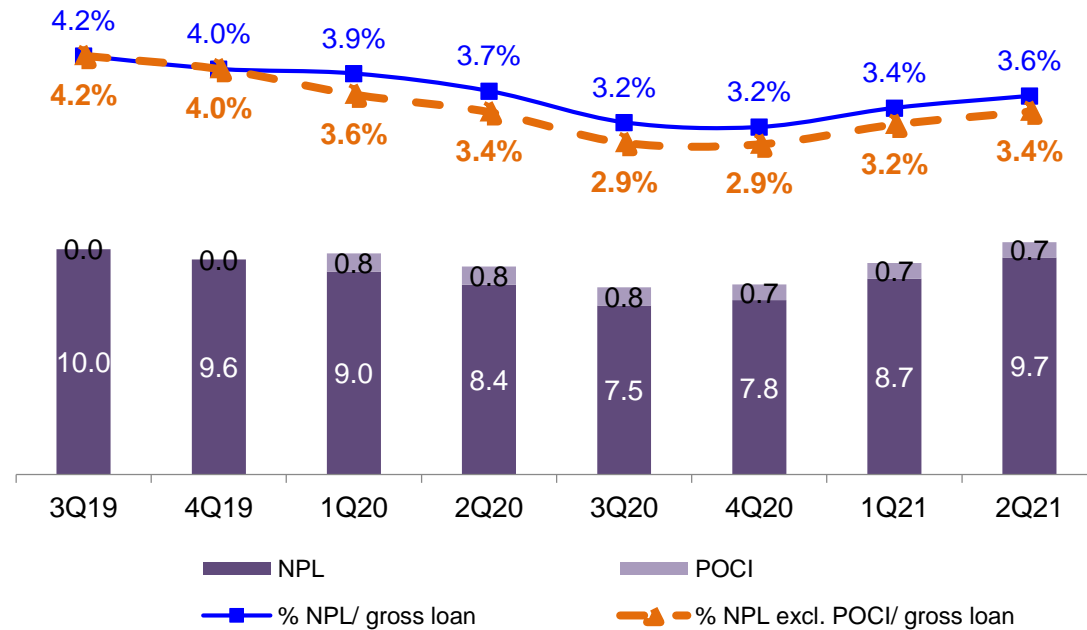


NIM = Net interest income / Average earning assets including Interbank, investment in securities, investment in loans, loans net deferred revenue

# Asset Quality

## Total Non-Performing Loans

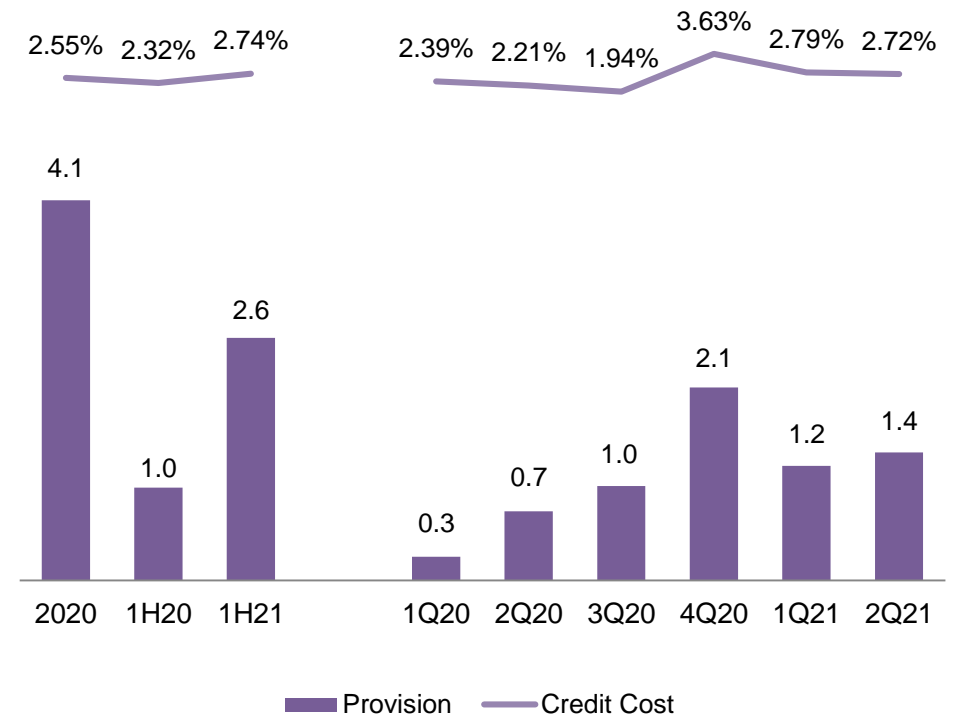
Baht in billion



▪ Reclassification under TFRS 9 for Financial Assets classified as **Purchased or originated credit impaired (POCI)** from previous classification under Investment in loans

## Expected Credit Loss

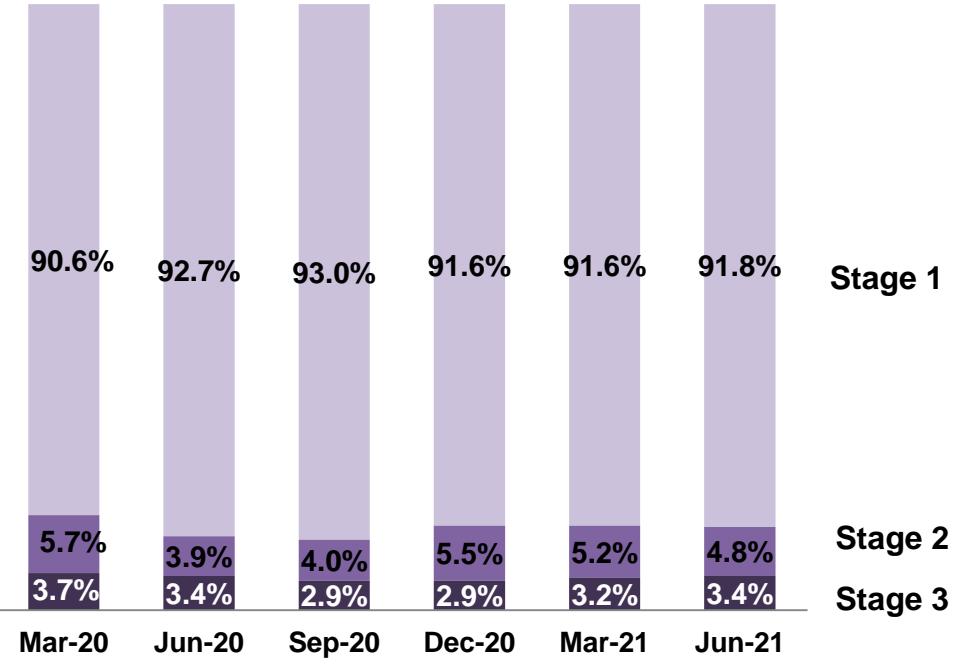
Baht in billion



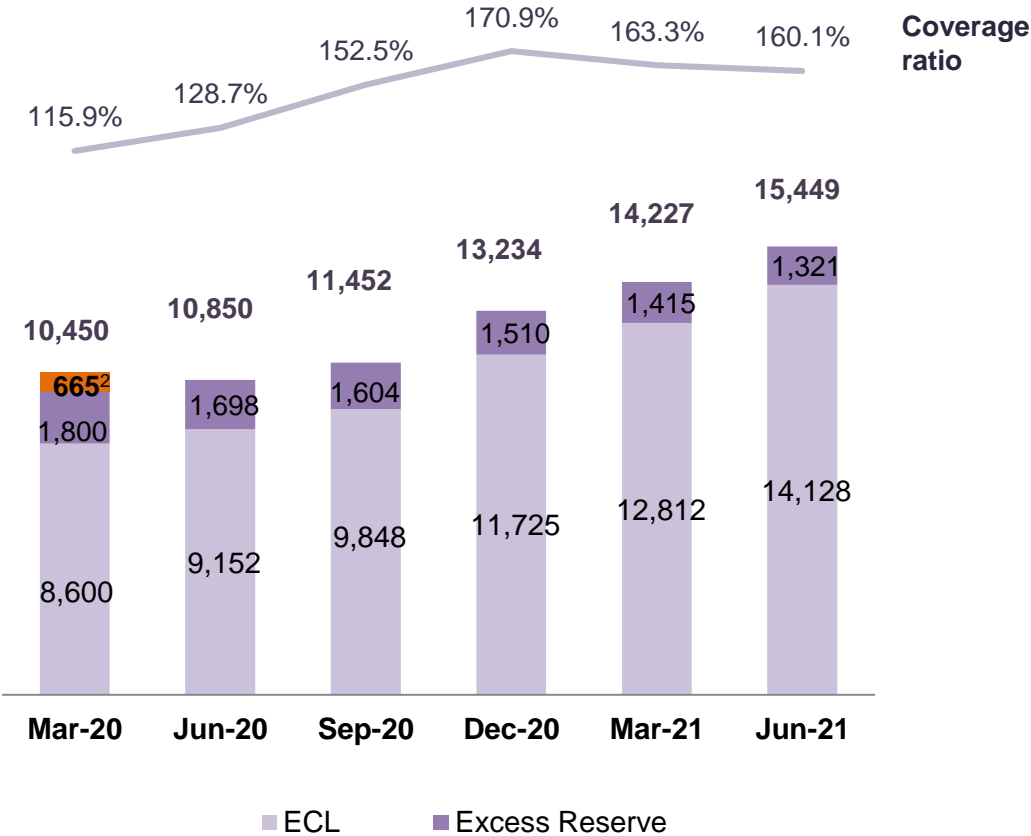
▪ % Credit Cost include expected credit loss and loss from sale of repossessed cars excluding reversal of general provision

# Loan classification and Allowance for ECL

## Loan Classification <sup>1</sup>



## Allowance for ECL

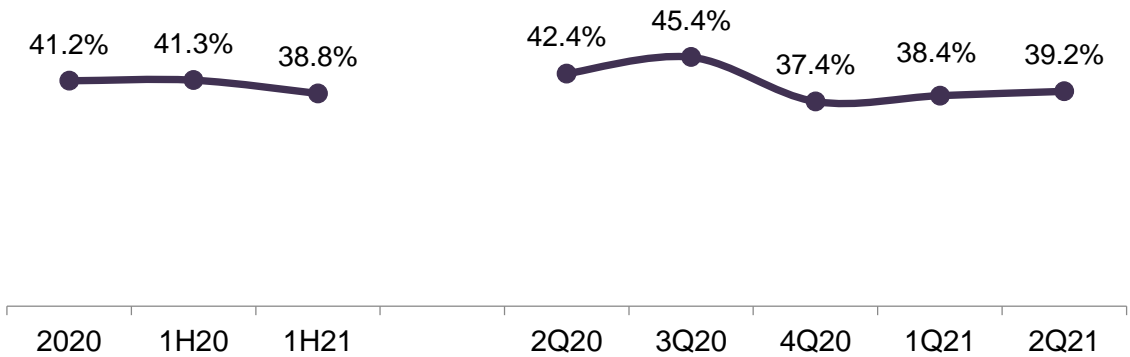


1/ Principle balance and exclude Purchased or originated credit impaired loans (POCI)

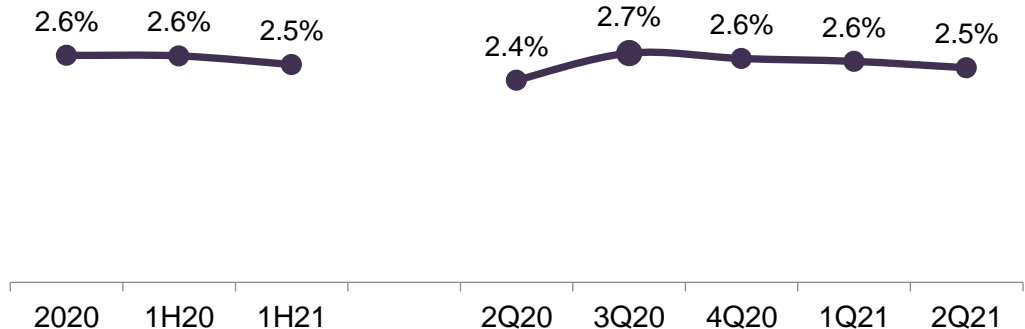
2/ Allowance for NPA not included in Allowance for ECL

# Efficiency ratio

Cost to Income<sup>1</sup>



Cost to Earning Assets<sup>2</sup> (annualized)



1/ Operating expense (excl. Loss from fair value adjustment and G/L from sale of foreclosed assets)/ Net revenue (incl. G/L from sale of NPA)

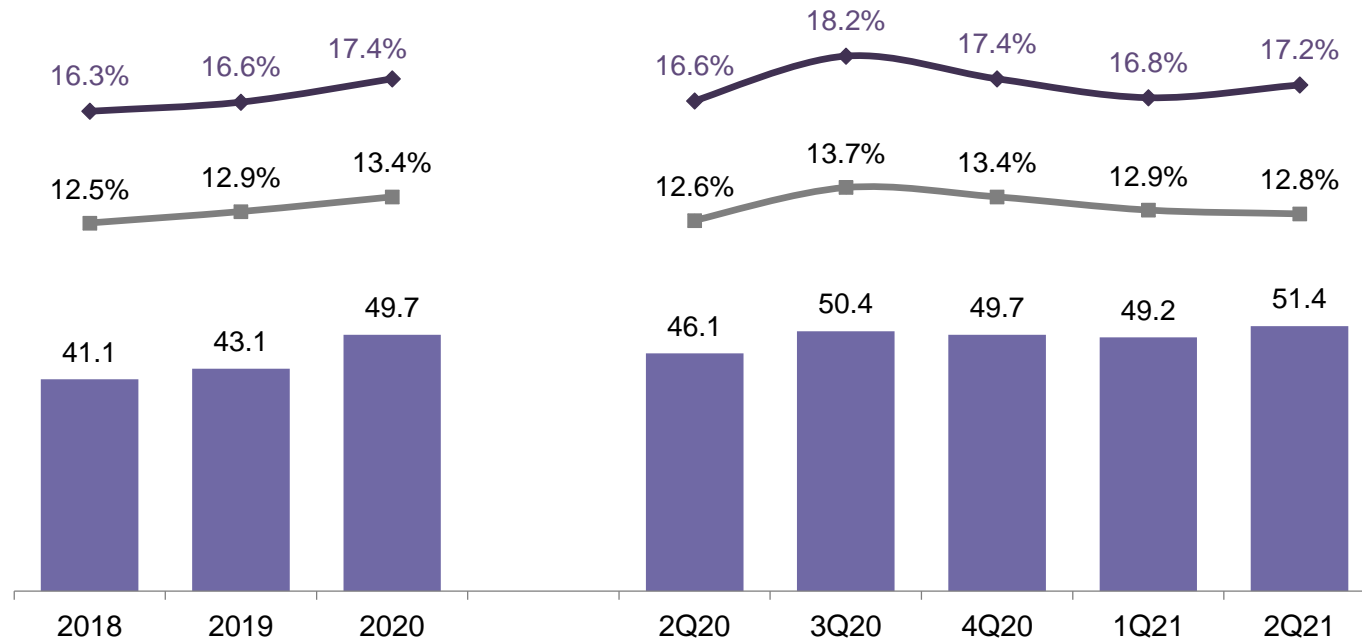
2/ Earning assets includes net loan, NPA, Interbank & money markets and Investment in loans & properties

# High quality capital

## CAR Ratio and Tier 1 Ratio (BankOnly)

Baht in billion

■ Total Capital  
◆ CAR Ratio  
■ Tier I Capital Ratio



- If including net profits up to 2Q 2021
  - CAR ratio = 17.89%
  - Tier 1 ratio = 13.51%

# CAPITAL MARKET BUSINESS

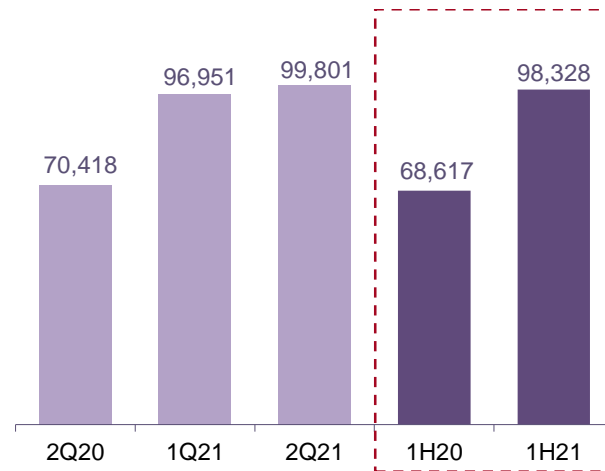
# Capital Market Business - Financial Performance Summary

(Baht million)	2Q20	1Q21	2Q21	% change q-o-q	% change y-o-y	1H20	1H21	% change y-o-y
<b>Revenue</b>								
Agency Business								
Brokerage fees	403.5	501.0	478.1	-4.6%	18.5%	861.9	979.1	13.6%
Fee and service income	251.6	597.3	733.9	22.9%	191.7%	714.6	1,331.2	86.3%
Investment Business	655.1	1,098.3	1,212.0	10.4%	85.0%	1,576.5	2,310.3	46.5%
Other Income	231.7	169.2	138.7	-18.0%	-40.1%	709.7	307.9	-56.6%
Other Income	97.4	137.3	111.5	-18.8%	14.5%	209.8	248.8	18.6%
<b>Total Revenue</b>	<b>984.2</b>	<b>1,404.8</b>	<b>1,462.2</b>	<b>4.1%</b>	<b>48.6%</b>	<b>2,496.0</b>	<b>2,867.0</b>	<b>14.9%</b>
<b>Total Expenses</b>	<b>745.1</b>	<b>881.2</b>	<b>886.4</b>	<b>0.6%</b>	<b>19.0%</b>	<b>1,526.7</b>	<b>1,767.6</b>	<b>15.8%</b>
<b>Net Profit</b>	<b>188.0</b>	<b>420.5</b>	<b>459.8</b>	<b>9.3%</b>	<b>144.6%</b>	<b>775.1</b>	<b>880.3</b>	<b>13.6%</b>
<b>Total other comprehensive income</b>	<b>352.3</b>	<b>246.0</b>	<b>390.3</b>	<b>58.7%</b>	<b>10.8%</b>	<b>(260.2)</b>	<b>636.3</b>	<b>344.5%</b>
<b>Total comprehensive income</b>								
for the period	<b>540.3</b>	<b>666.5</b>	<b>850.1</b>	<b>27.5%</b>	<b>57.3%</b>	<b>514.9</b>	<b>1,516.6</b>	<b>194.5%</b>

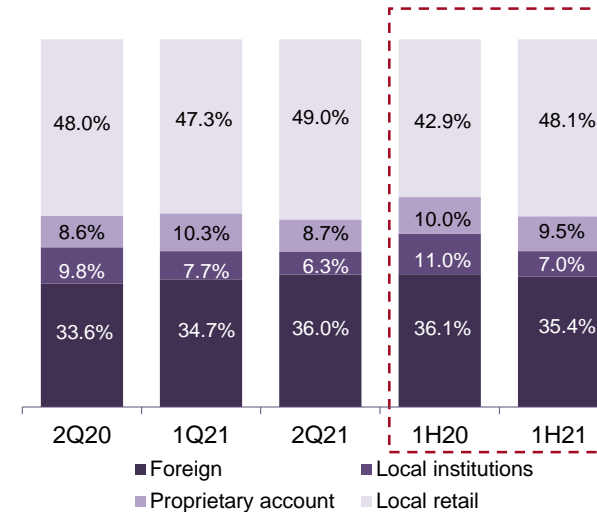
# Agency Business – Equity Brokerage Business

- Daily average trading of market in 2Q21 was Baht 99,801 million, slightly increased 3% from 1Q21, significant increased of 42% from 2Q20
- KKPS's daily average trading value in 2Q21 was Baht 23,585 million, ranking no.1

**Market Daily Average Trading Value (Bt million)**

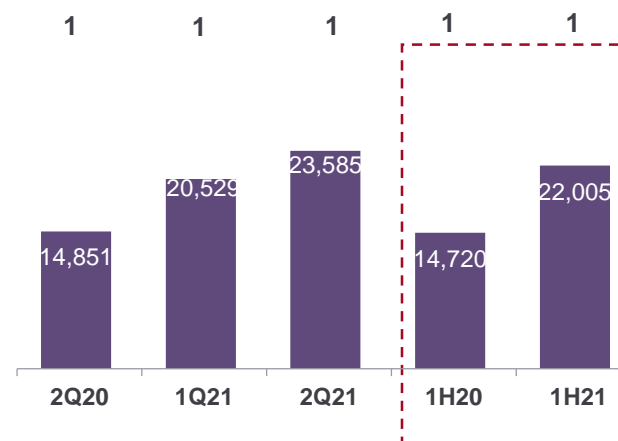


**Breakdown of client of SET & MAI**

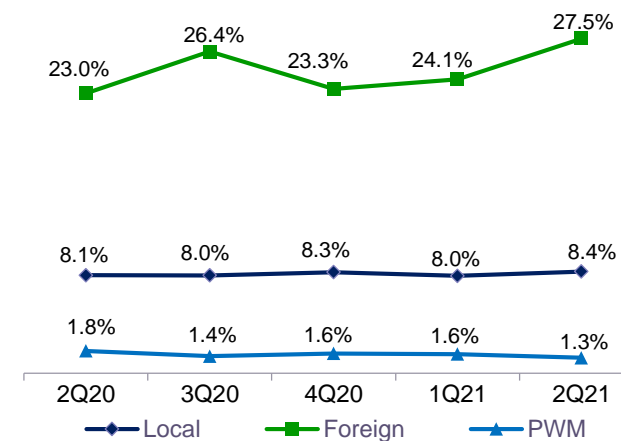


**Daily Average Trading Value (Bt million)**

Rank (client only)



**Market share - Segmented by Investor**

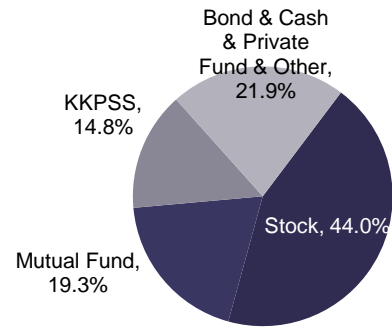


# Agency Business

## HNW's Asset Base

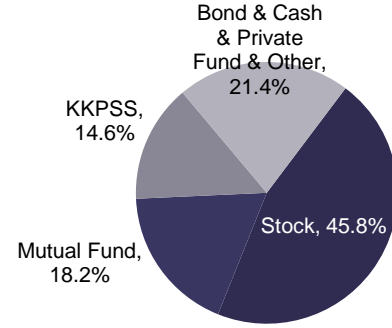
Y2020

Total: Baht 598 billion



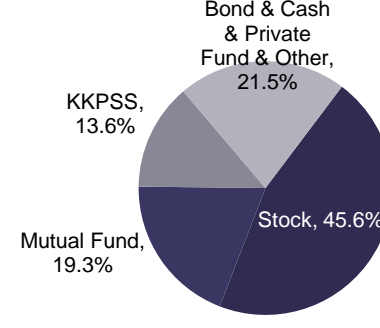
1Q2021

Total: Baht 633 billion



1H2021

Total: Baht 675 billion



- Our Asset under Advise (AUA) grew 13% in 1H21 and has net new money of Baht 19,020 million

Average Yield

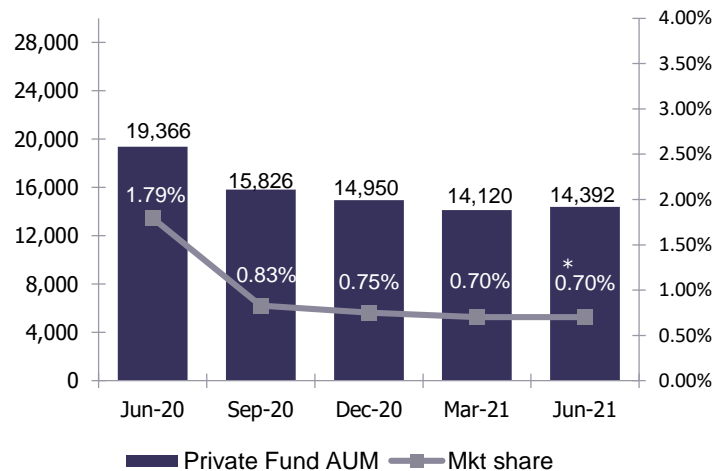
0.23%

0.35%

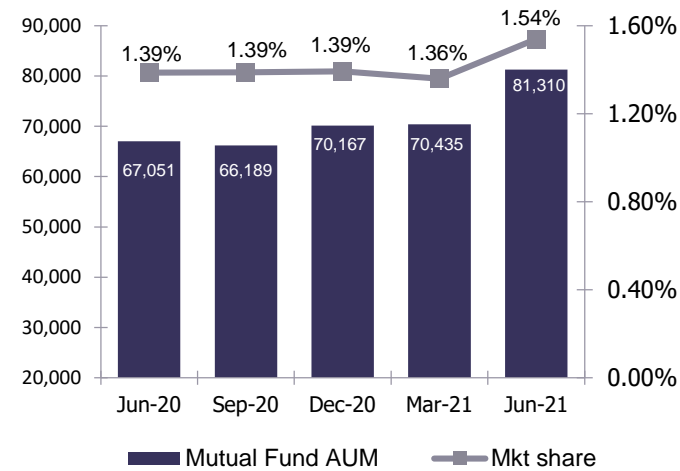
0.31%

## Asset Management Business

### Private Fund



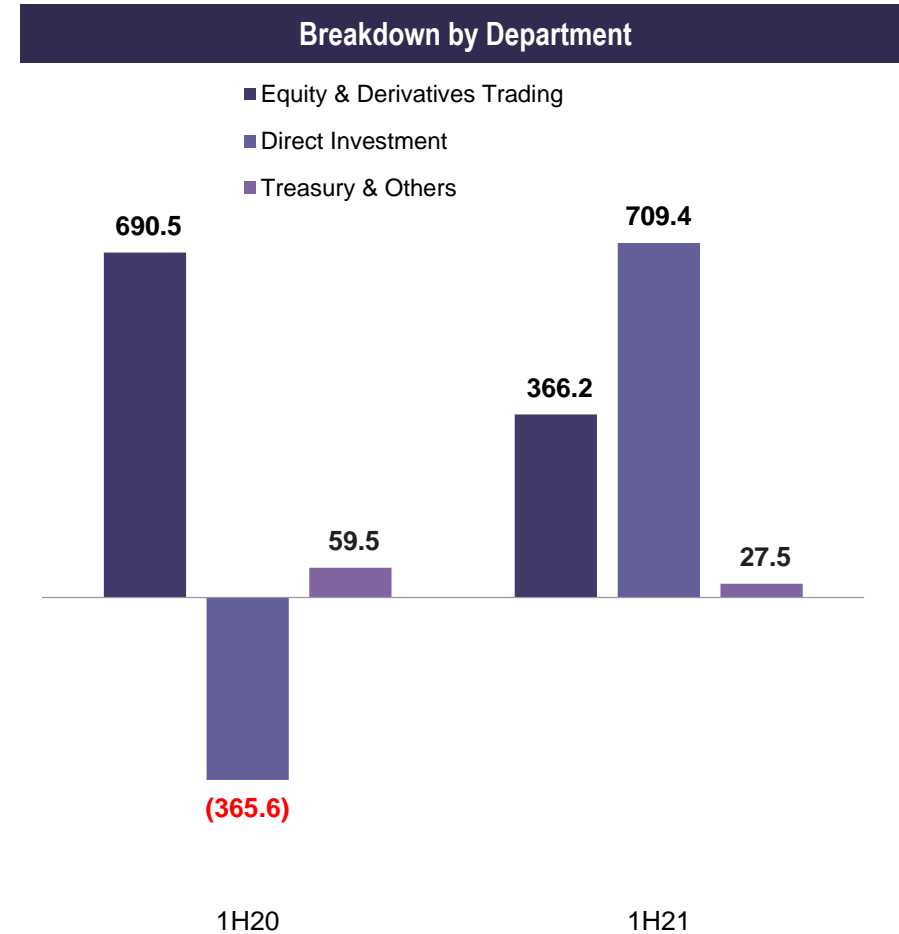
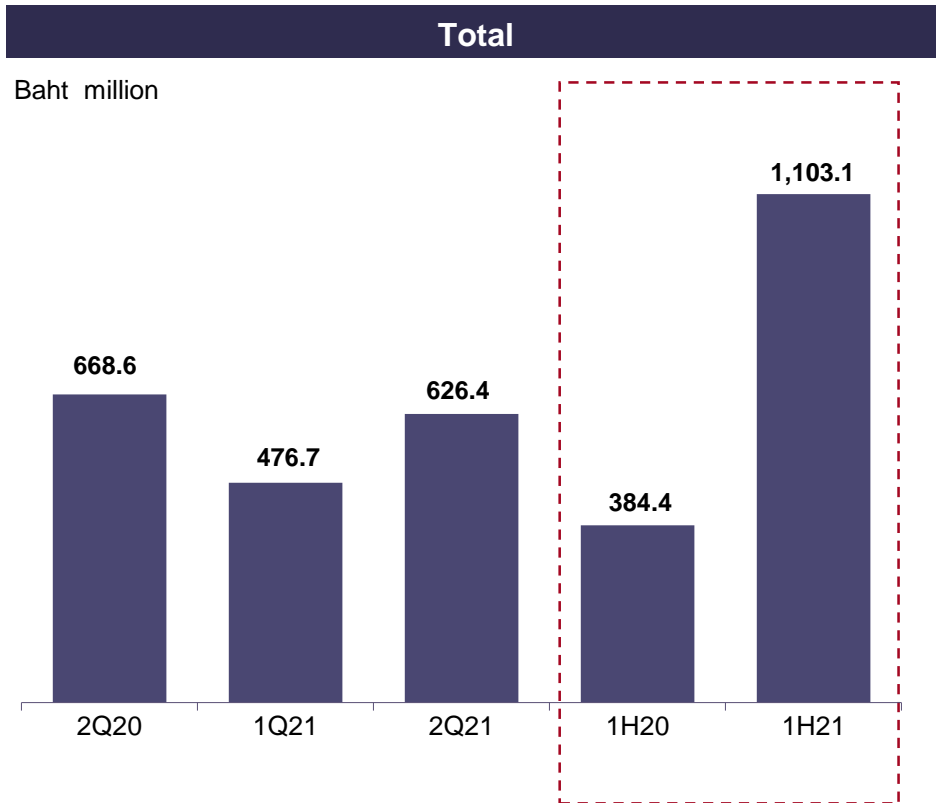
### Mutual Fund



\* Market share in Jun 2021 is calculated by using May's market data

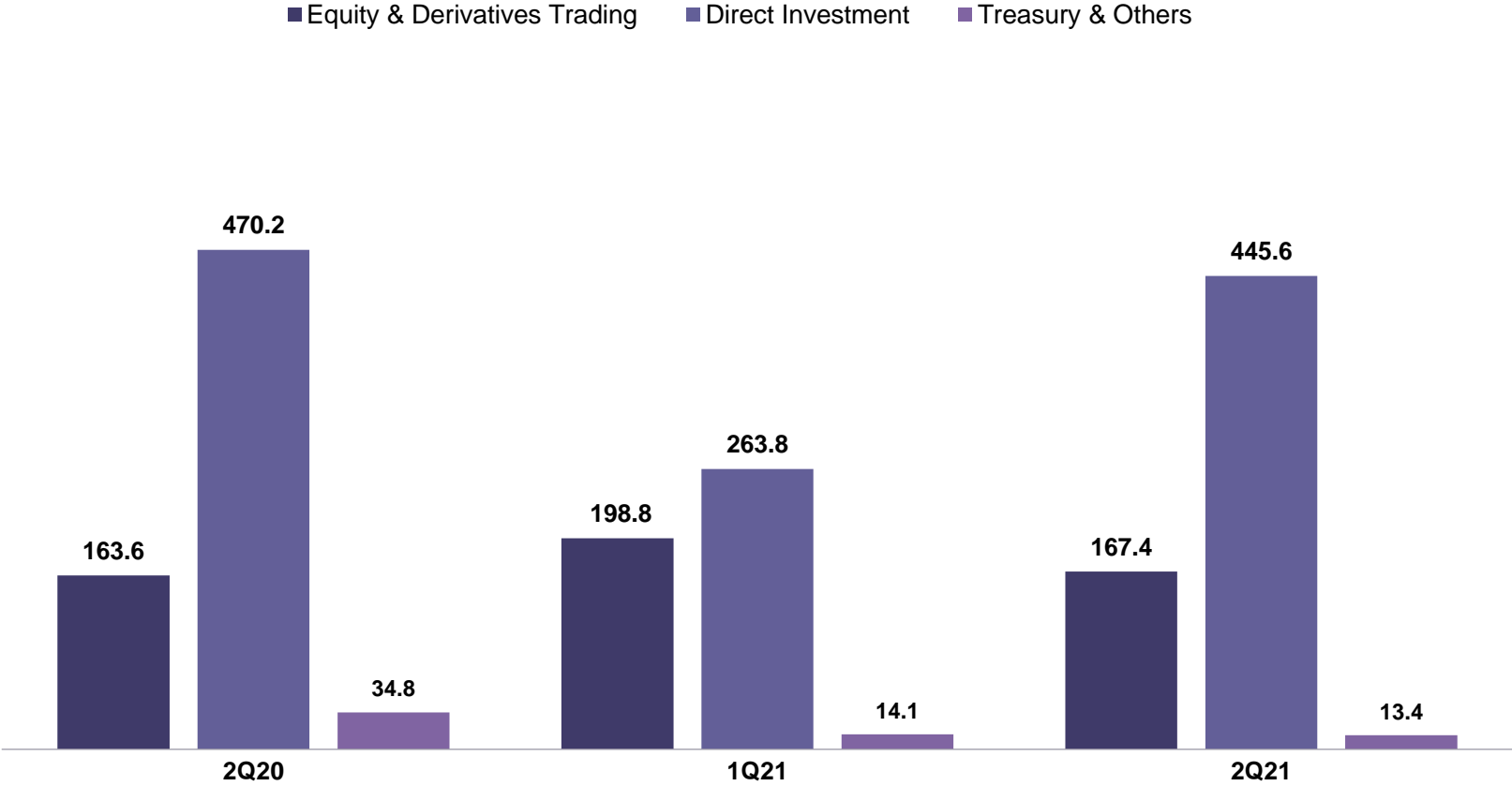
# Investment Business

Comprehensive Revenue



# Investment Business

Revenues breakdown by quarter



# REVISED OUTLOOK FOR 2021

# Revised Financial Targets for 2021

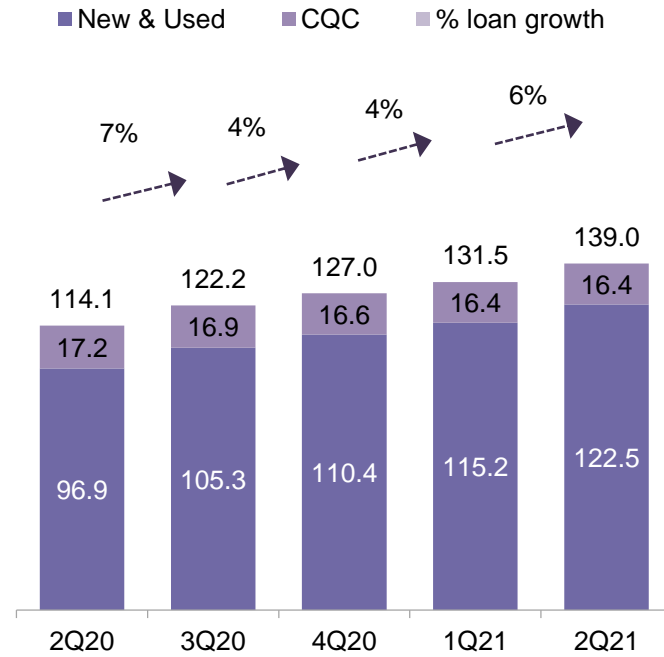
	%	2021 Original Targets	1H 2021 Actual	2021 Revised Targets
ROAE (Comprehensive Income)		11.0 – 12.0	14.1	~14.0
Loan Growth		~5.0	6.6 YTD	~8.0 – 12.0
Loan Spread		5.2 – 5.4	5.4	Maintain
NPL Ratio (Gross) <sup>1</sup>		< 4.5	3.4	< 4.0
Credit Cost (Excl. GR) <sup>2</sup>		< 2.50	2.74	< 2.80

1. NPLs ratio : Excluding amount classified as Purchased or Originated Credit-Impaired (POCI) financial assets
2. Credit cost : Expected credit loss plus loss from sale of repossessed cars excluding reversal of general provisions

# APPENDIX

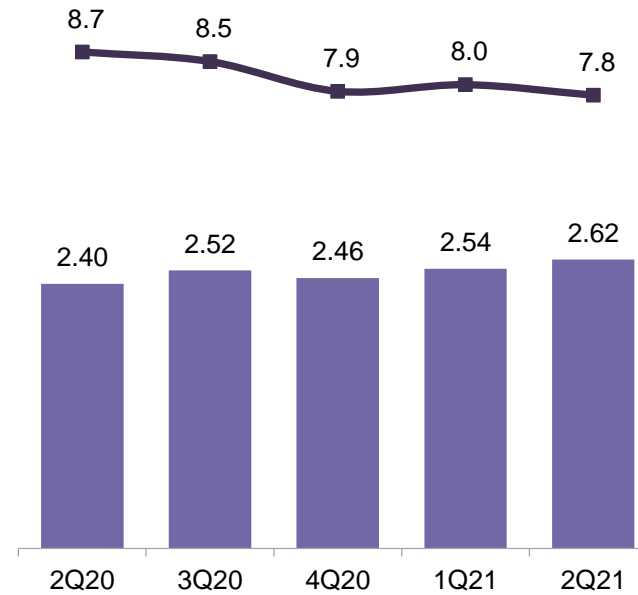
## Loans

Baht in billion

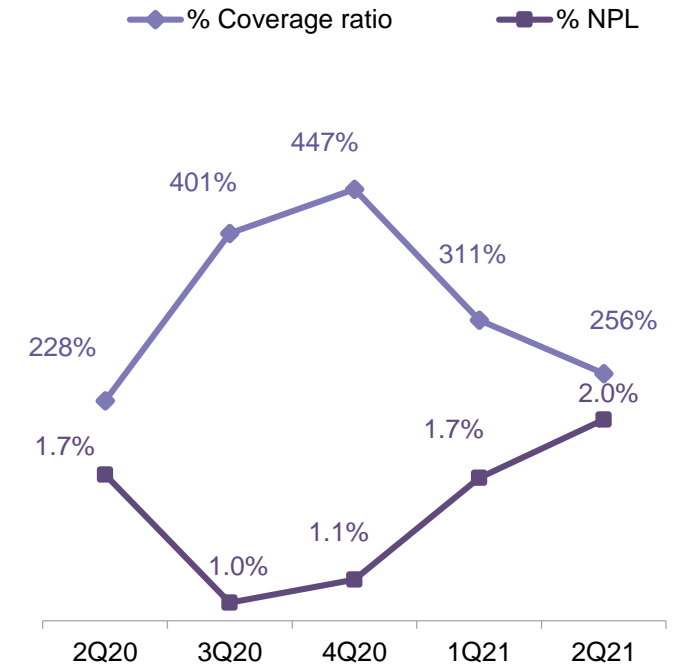


## Loan Yield

Baht in billion

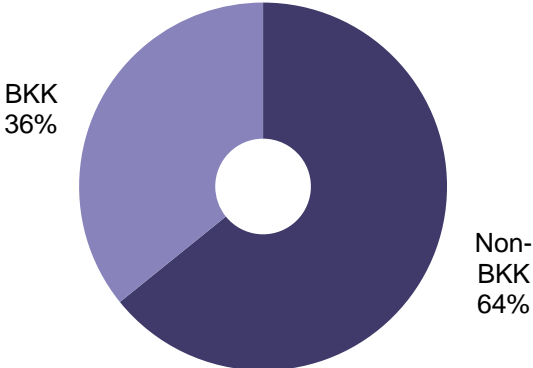


## Portfolio Quality

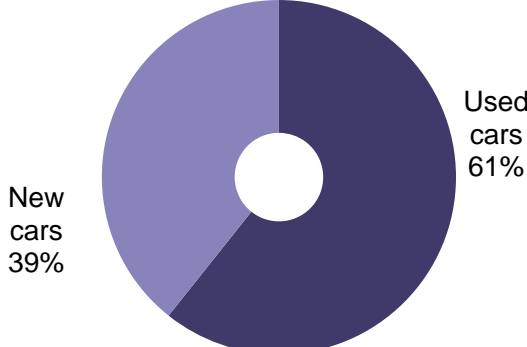


# HP portfolio breakdown

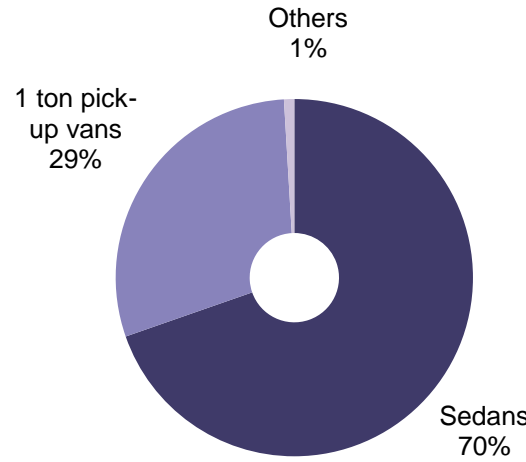
by location



by class



by car type

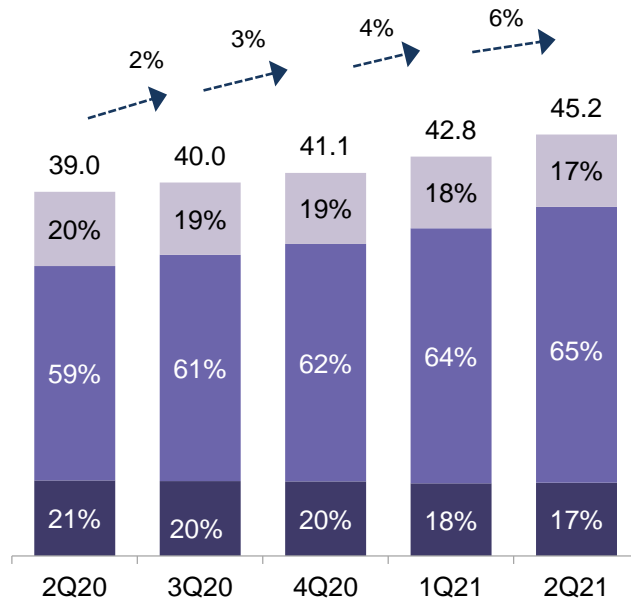


# Other Retail Loans

## Loans

Baht in billion

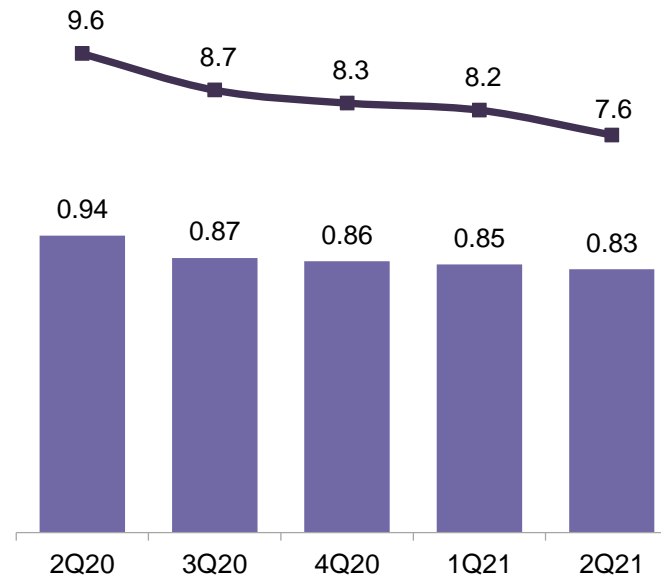
- Micro-SMEs Loans
- Housing Loans
- Personal Loans



## Loan Yield

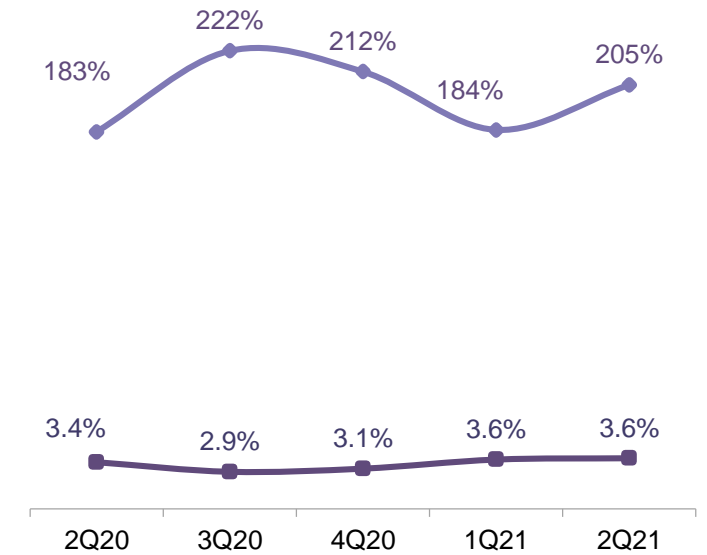
Baht in billion

- Other Retail Income
- Other Retail Yield on Loan



## Portfolio Quality

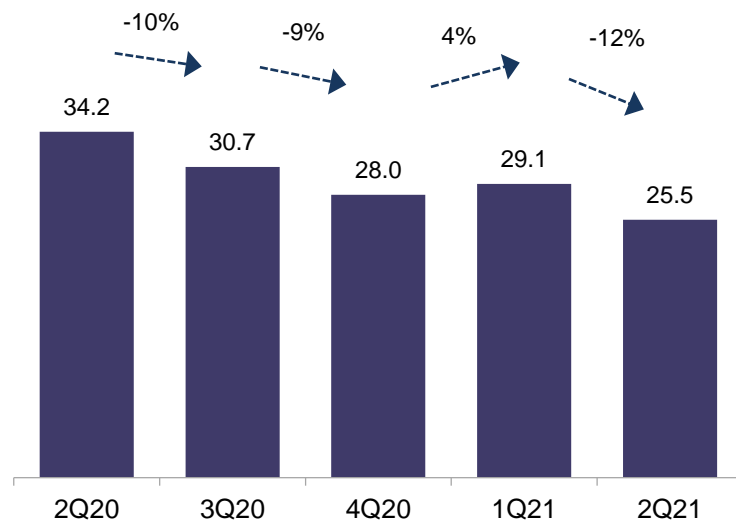
- % Coverage ratio
- % NPL



# Real Estate Development (RE)

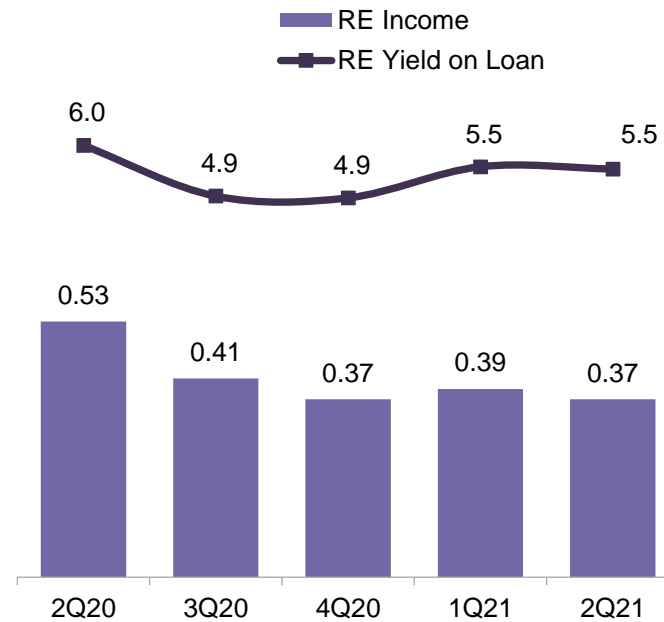
## Loans

Baht in billion



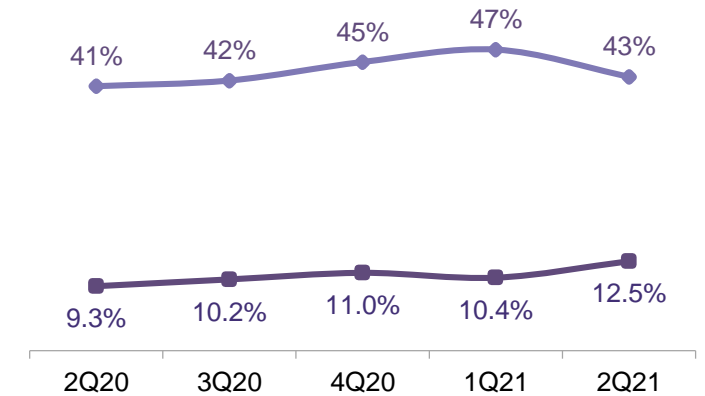
## Loan Yield

Baht in billion



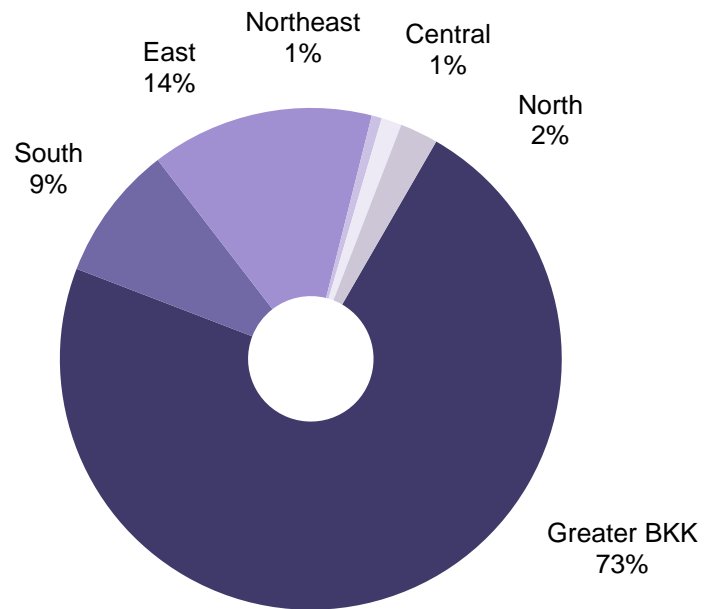
## Portfolio Quality

—●— % Coverage ratio —■— % NPL

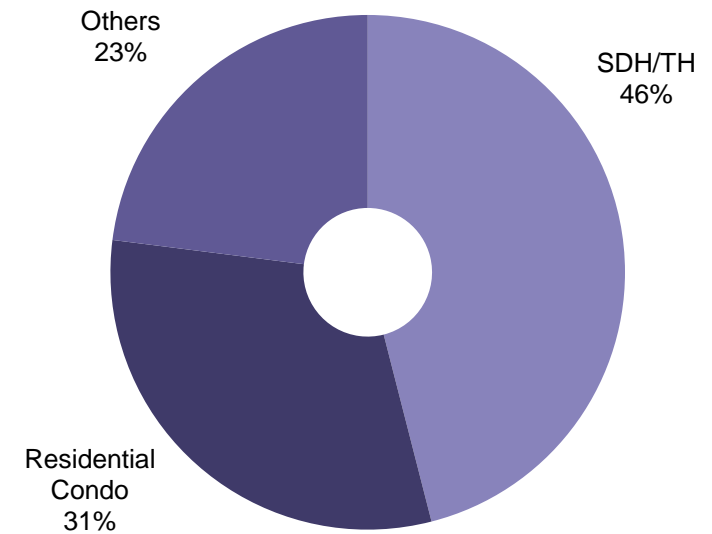


# RE portfolio breakdown

by location



by class



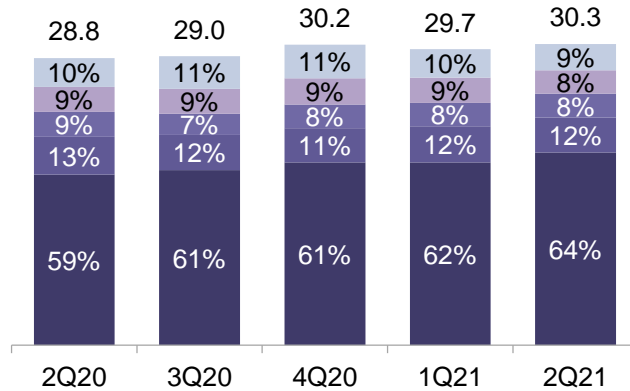
# SME

## Loans

Baht in billion

- Construction & Machinery
- CI1
- CI2
- Logistics
- Apartment and Hotel

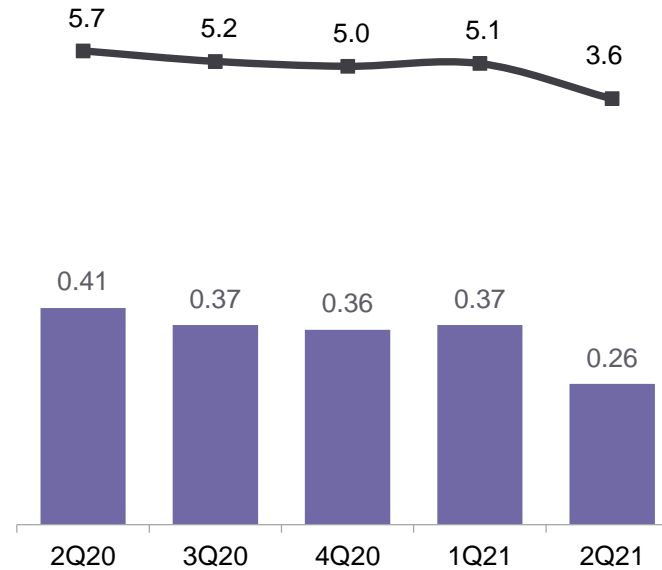
1%    4%    -1%    2%



## Loan Yield

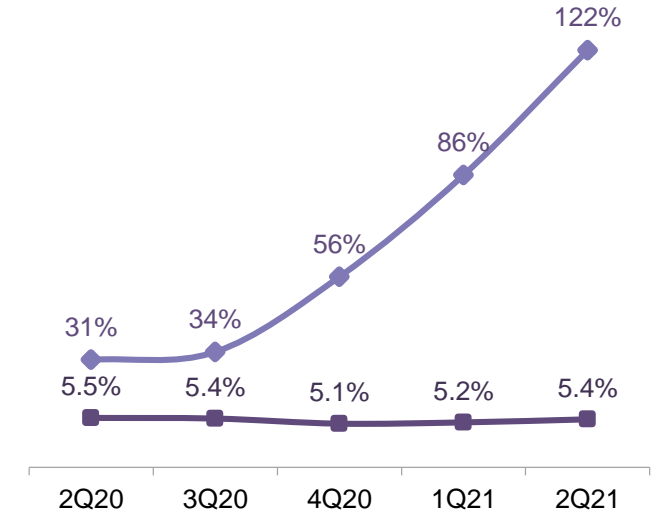
Baht in billion

- Income
- Yield on Loan



## Portfolio Quality

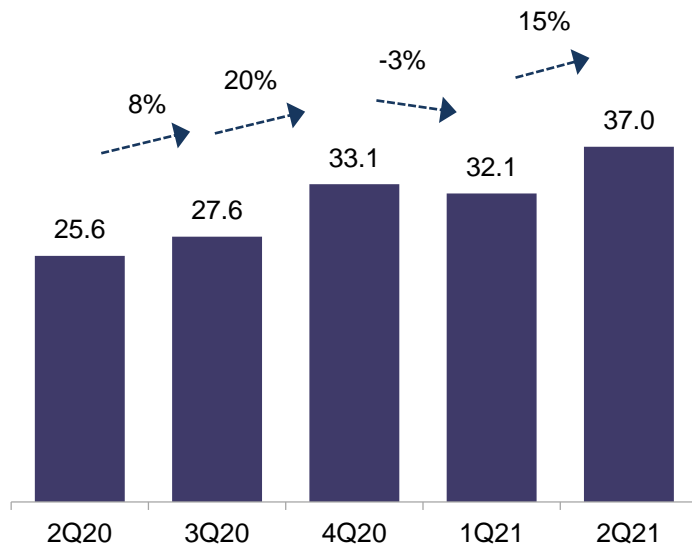
- % Coverage ratio
- % NPL



# Corporate

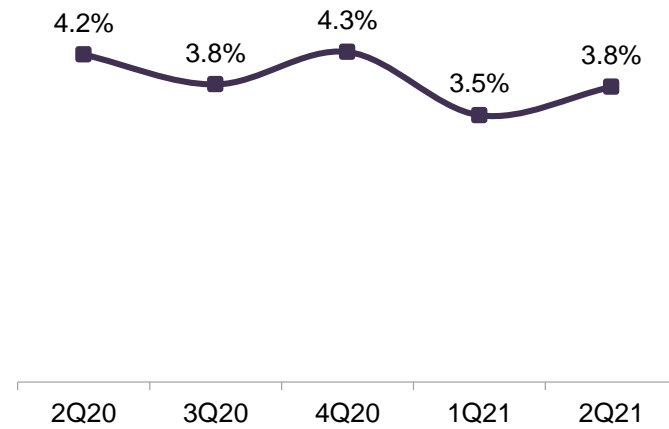
## Loans

Baht in billion



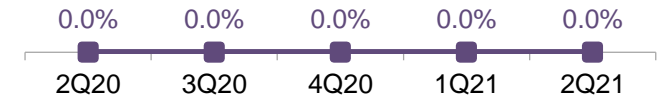
## Loan Yield

Baht in billion



## Portfolio Quality

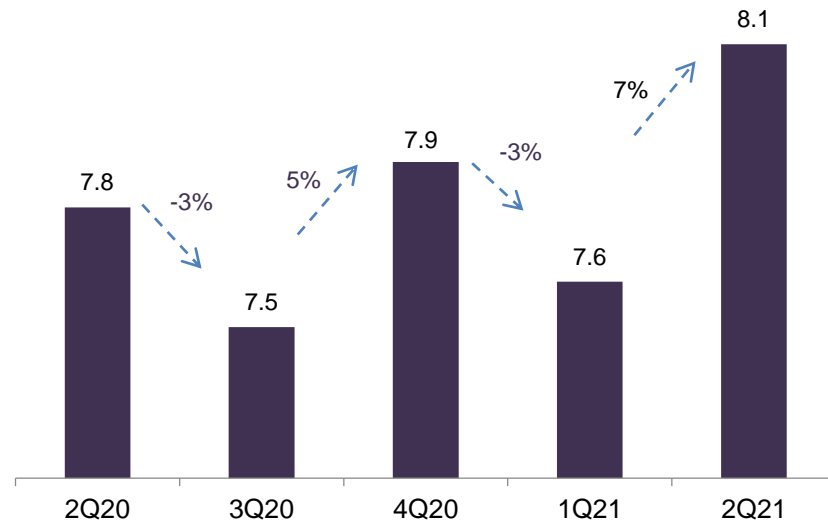
■ % NPL



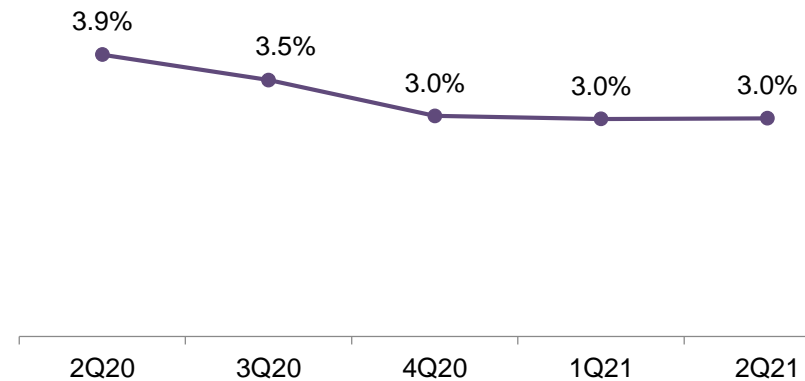
# Lombard Loan

## Loans

Baht in billion



## Loan Yield



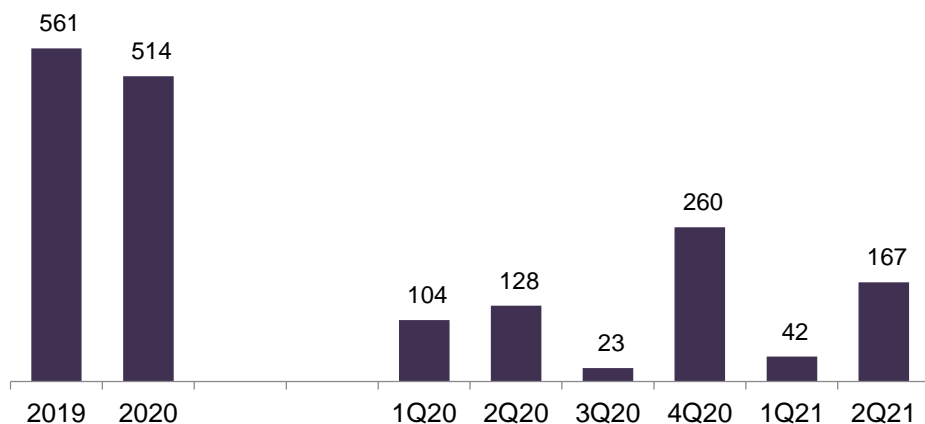
### Highlights

- Multi-purpose credit facility for Wealth Management clients using financial assets as collateral

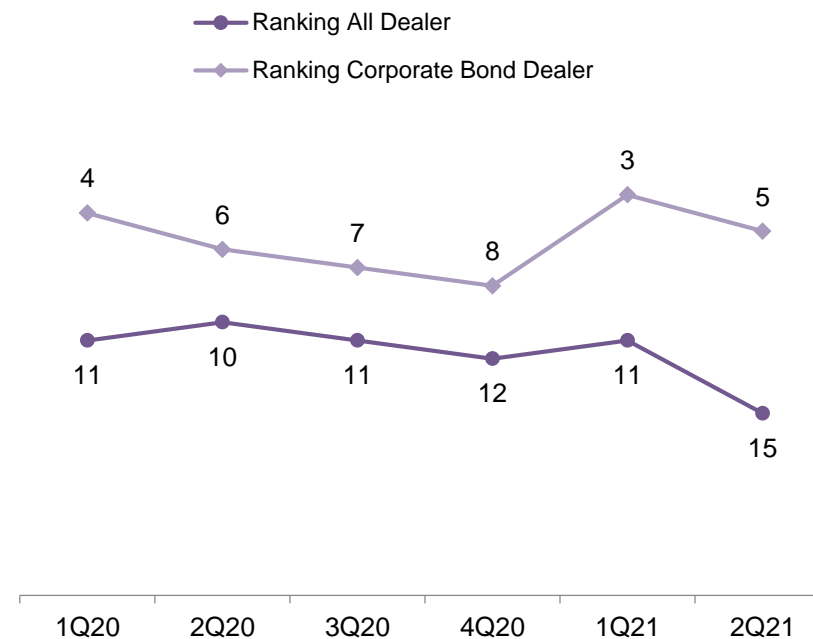
# Financial Markets

## Revenue

Baht in million



## Ranking

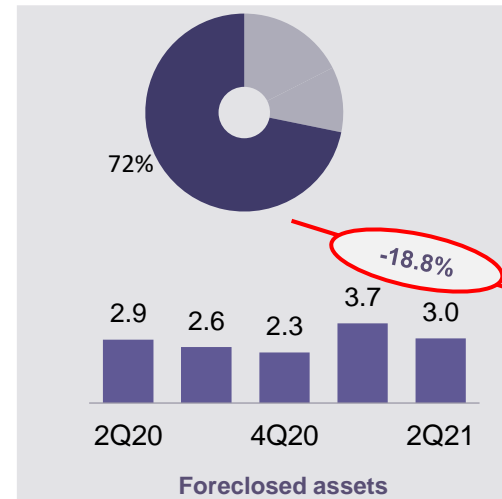
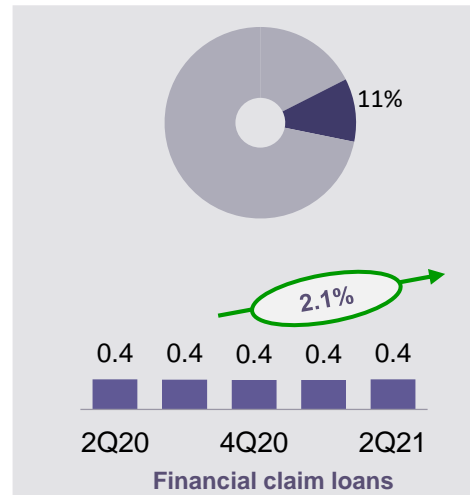
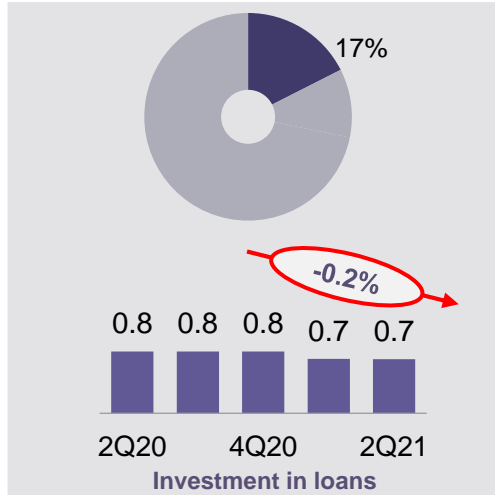
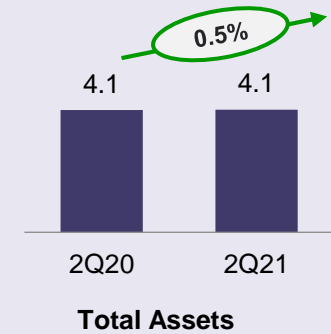


### Highlights

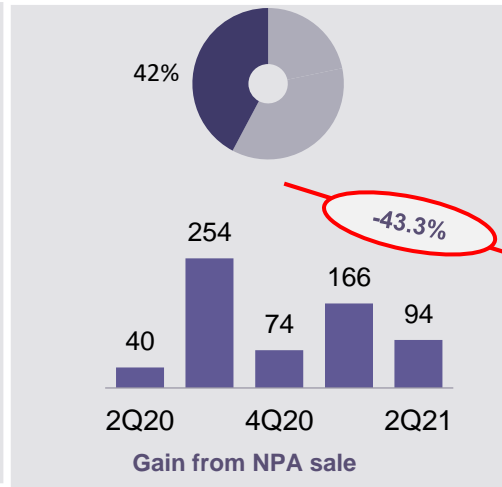
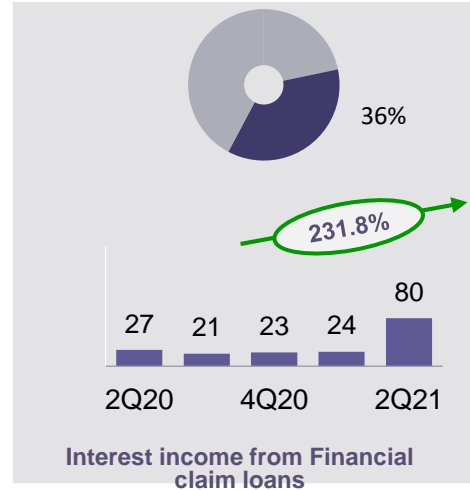
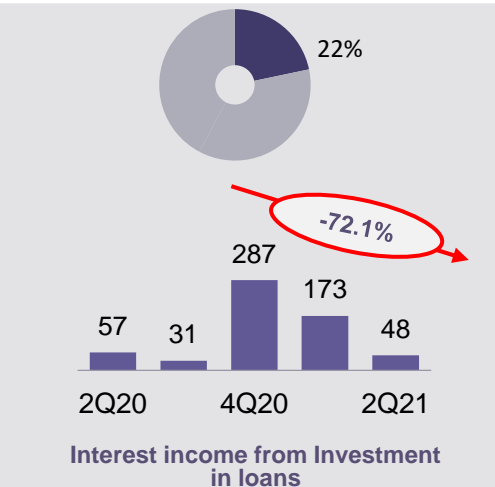
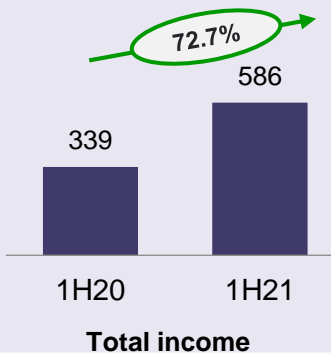
- Offering more comprehensive banking products and services
- Focus on collaborations within the business group to expand KKP wholesale banking business

# SAM

## Assets Baht in billion



## Income Baht in million



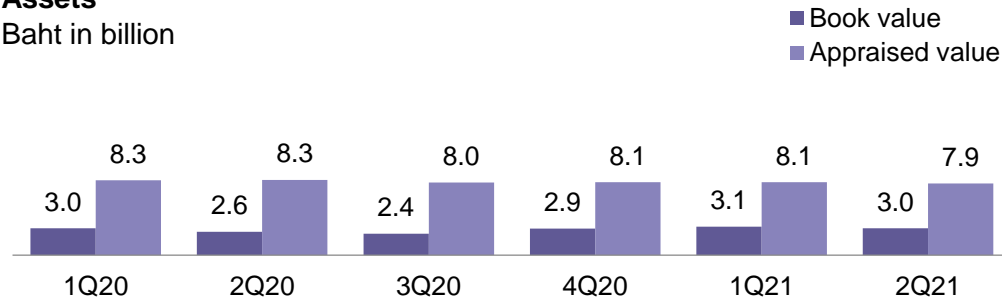
- After implementation of TFRS 9, investment in loans have been classified under Purchased or originated credit impaired (POCI) loans

# SAM: foreclosed assets

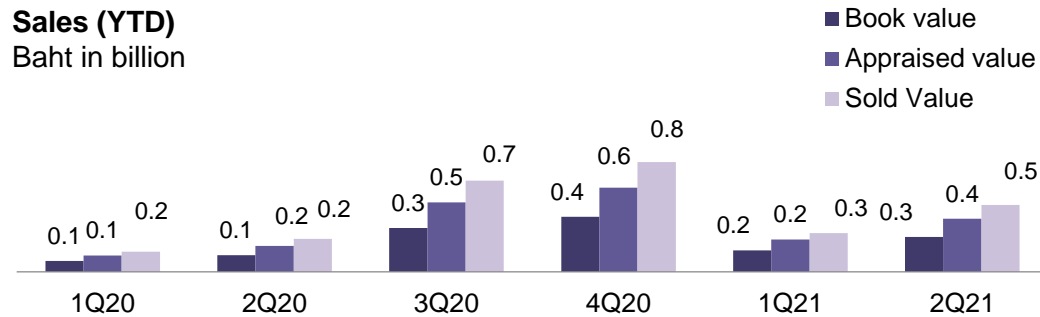
## Trend and Outlook

### Foreclosed assets (including RE)

#### Assets Baht in billion



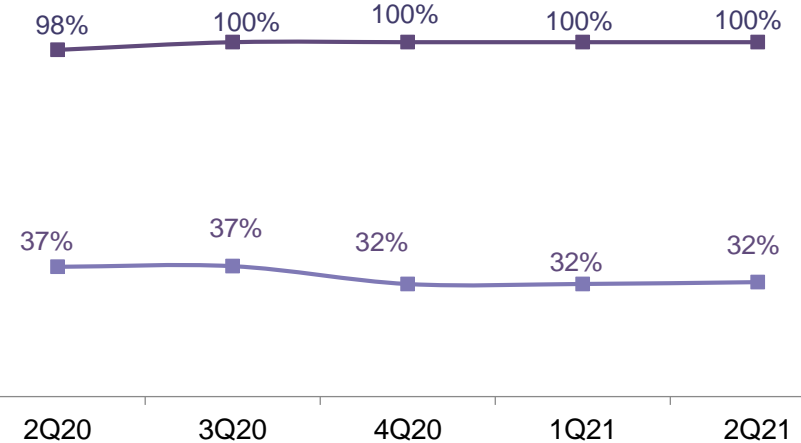
#### Sales (YTD) Baht in billion



### Financial claim loans

#### Portfolio Quality

—■ % Coverage ratio    —■ % NPL



#### Highlights

- Appraised value of foreclosed assets significantly higher than book value; this is reconfirmed by the sales value being consistently higher than book value of assets sold

# Foreclosed assets\* sold and appraised value

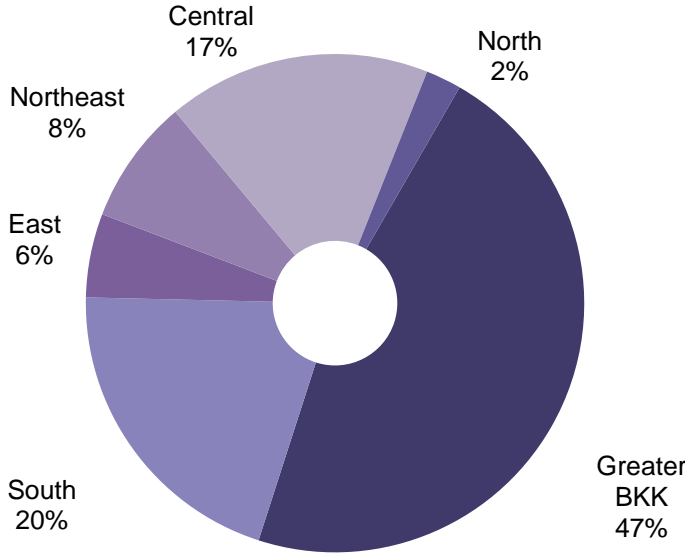
Baht in million

Year	Assets sold	Appraised value	Sold/Appraised
2000	192	212	91%
2001	458	405	113%
2002	1,521	1,340	114%
2003	2,819	2,839	99%
2004	878	913	96%
2005	593	617	96%
2006	738	685	108%
2007	1,960	1,850	106%
2008	2,973	2,686	111%
2009	2,959	2,970	100%
2010	3,958	3,957	100%
2011	3,175	2,955	107%
2012	3,209	2,875	112%
2013	2,777	2,535	110%
2014	2,222	2,088	106%
2015	1,599	1,308	122%
2016	2,633	2,375	111%
2017	987	763	129%
2018	1,378	1,111	124%
2019	1,297	1,102	118%
2020	828	636	130%
1H21	505	403	125%
<b>Total</b>	<b>39,658</b>	<b>36,624</b>	<b>108%</b>

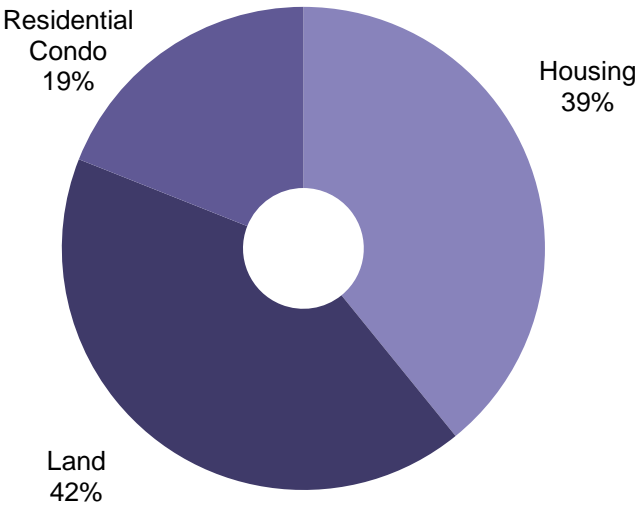
\* Includes foreclosed assets from RE business

# Foreclosed assets breakdown

by location



by class



# Investor Relations

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