



# **KKP**

# **Analyst Meeting 2020**

**January 22, 2021**

**A new name, solidifying our combined expertise in  
Banking and Capital Market business**



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# Covid-19 Update

For relief measures provided during 2020

Total Loans remaining under Debt relief measures as of end of 2020	Updated Status
-	<ul style="list-style-type: none"> <li>▪ All <b>retail customers</b> have exited relief programs during 2020</li> <li>▪ Customers performance post relief period better than earlier anticipated</li> <li>▪ More than 75% of <b>retail customers</b> can resume with payments</li> <li>▪ Additional 12% - 20% can make some partial payments after relief period ended</li> </ul>
~11%	<ul style="list-style-type: none"> <li>▪ For <b>commercial lending</b> customers, a portion of customers exited the relief period during 4Q20 and majority will exit during 2021 mainly for customers under Hotel and Apartment business segment which require longer period to fully recover due to the prolonged impact from the outbreak resulting in limited tourism activities</li> <li>▪ For <b>commercial lending</b> customers exiting relief period during 4Q20, approximate 75% can resume with payment while another 25% can repay with terms modifications</li> <li>▪ As of end of 2020, 11% of total Bank's outstanding loans are still under relief measures, all are in <b>commercial lending</b> segment</li> </ul>

# PERFORMANCE HIGHLIGHTS

# 2020 Key Performance Highlights

## Commercial Banking Business

<b>Overall</b>	<ul style="list-style-type: none"><li>▪ Year 2020 - assisting customers through various relief measures for retail and SME customers</li><li>▪ Focusing on quality loan growth with 2020 overall loan growth of 12.4% driven by Hire Purchase, Housing and Corporate Banking segment</li><li>▪ Lower repayment for loan portion under debt relief also contributed to growth</li><li>▪ NPLs declined to 2.9%, down from 4.0% at the end of 2019</li><li>▪ Close monitoring of customers exiting relief period and impact from new Covid-19 cases</li></ul>
<b>Hire Purchase</b>	<ul style="list-style-type: none"><li>▪ Selective growth into better asset quality segment with 2020 growth of 18.0%</li><li>▪ Focus on building new partners and relationships</li></ul>
<b>Retail : Non Hire Purchase</b>	<ul style="list-style-type: none"><li>▪ Growth of 9.5% mainly in housing segment with cautious position on other retail segments</li></ul>
<b>Commercial Lending</b>	<ul style="list-style-type: none"><li>▪ Contracted 4.5% due to lower new business activity from economic uncertainties together with high repayments</li></ul>
<b>Corporate Banking</b>	<ul style="list-style-type: none"><li>▪ Solid growth of 41% in good quality asset</li><li>▪ Synergies within the Wholesale Investment Banking Business creating business opportunities</li></ul>
<b>Financial Markets</b>	<ul style="list-style-type: none"><li>▪ Continuing to generate high revenue of Baht 514 million</li></ul>
<b>SAM</b>	<ul style="list-style-type: none"><li>▪ Overall income from SAM business totaled Baht 1,029 million, activities picked up considerably during the second half of the year</li></ul>
<b>Expected Credit Losses (ECL)</b>	<ul style="list-style-type: none"><li>▪ Increased in ECL to Baht 4,095 million comparing to 2019 of Baht 1,676 million</li><li>▪ Credit cost at 2.55% increased yoy from prudent provisioning due to Covid-19 uncertainties</li><li>▪ Coverage ratio increased to 170.9% from 111.2% yoy</li></ul>
<b>Funding</b>	<ul style="list-style-type: none"><li>▪ COF further improved to 1.7% from cost management and reduction in FIDF fee</li></ul>
<b>BIS Ratio</b>	<ul style="list-style-type: none"><li>▪ If including profit up to 4Q20, BIS ratio at 18.15%, Tier I = 14.14%</li></ul>

# 2020 Key Performance Highlights

## Capital Market Business

### Overall

- A good year for Capital Market Business

### Equity Capital Market

- SET Index closed at 1,449.35 points, declining by 8% from the end of 2019
- Average daily turnover (SET+mai) for 2020 increased considerably by 29% to Baht 68,607 million
- Kiatnakin Phatra Securities's market share (SET+mai) without Prop. Trade for 2020 increased to 10.85%, continuing to rank 1st
- Significant increase in brokerage fee generated during 2020

### Private Wealth Management

- AUA Baht 598 billion, increase of 4% yoy with net new money of Baht 67,970 million
- Continuing to offer new products and services

### Asset Management Business

- Total AUM Baht 85,117 million, declining by 9% mainly from private fund segment
- Fees for 2020 totaled Baht 650 million, declining yoy

### Investment Banking Business

- Market uncertainties creating delay in several transactions resulting in lower fee yoy
- Key transactions during 1Q and 4Q contributed to majority of fee generated during 2020

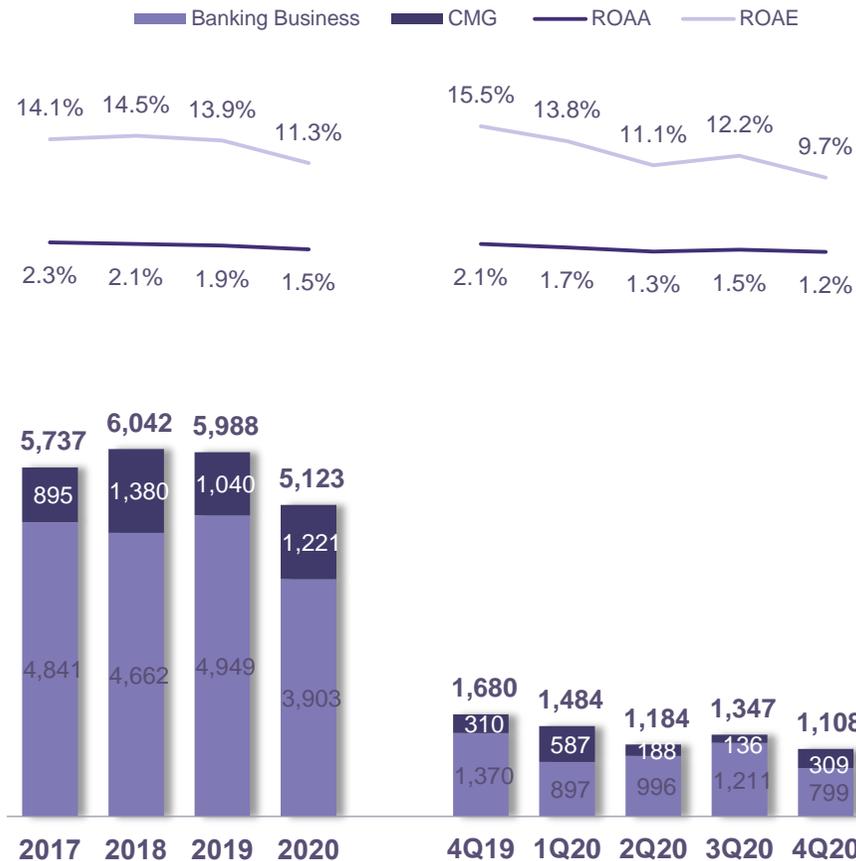
### Investment Business

- Equity and Derivatives Trading Business continued to record impressive revenue of Baht 1 billion during 2020
- Direct Investment Business comprehensive income significantly improved to positive from loss during first quarter of the year
- Total Investment Business comprehensive income of Baht 1.37 billion, increasing 130% yoy

# Profitability

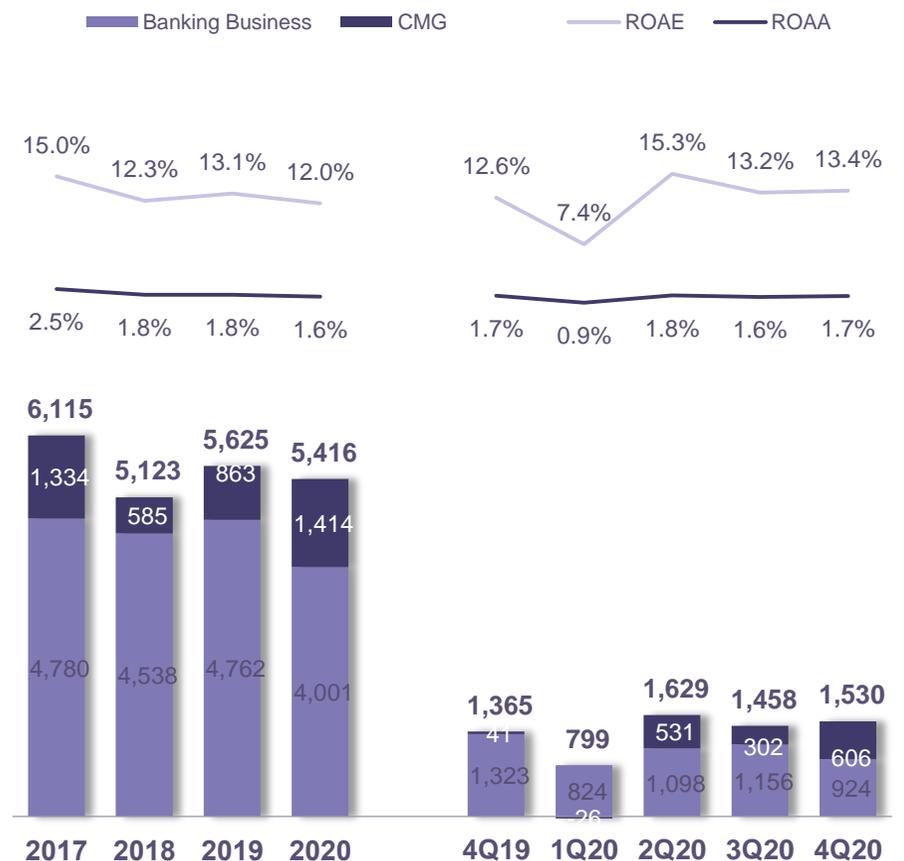
## Net Profit (excl. MI)

Baht in million



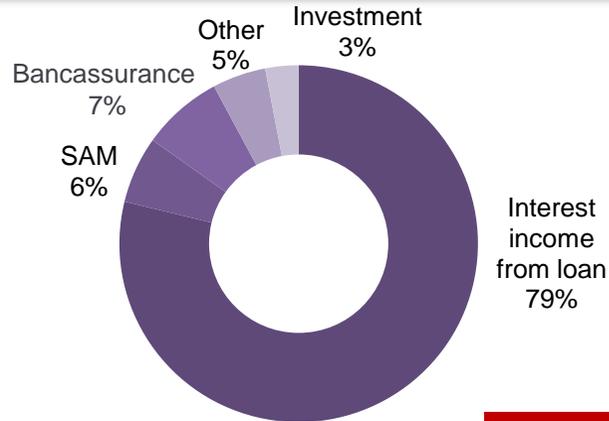
## Comprehensive Income (excl. MI)

Baht in million



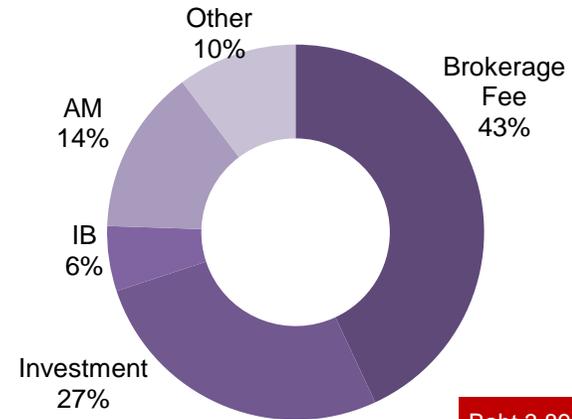
# 2020 Net Revenue Breakdown

## Commercial Banking Business



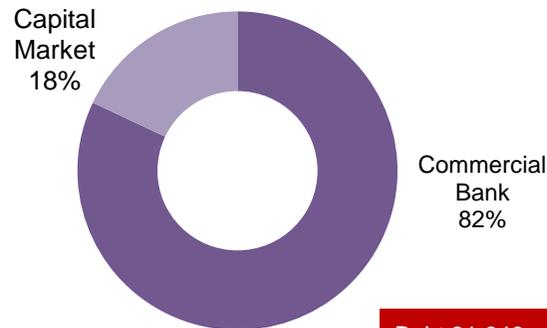
Baht 17,758 million\*

## Capital Market Business



Baht 3,891 million

## KK Phatra Financial Group

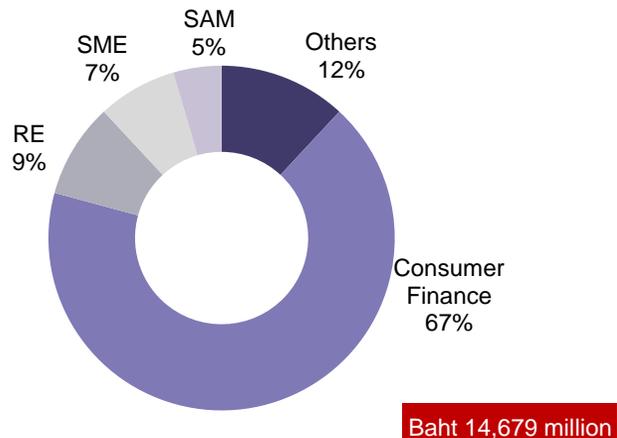


Baht 21,649 million

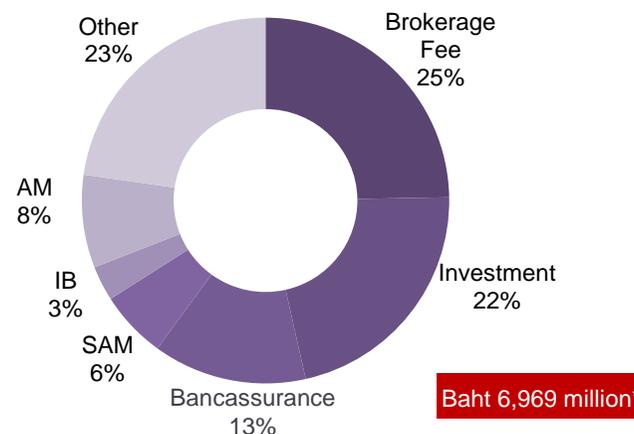
\*Include G/L from NPA but exclude G/L from car repossession

# 2020 Net Interest Income : Non Interest Income

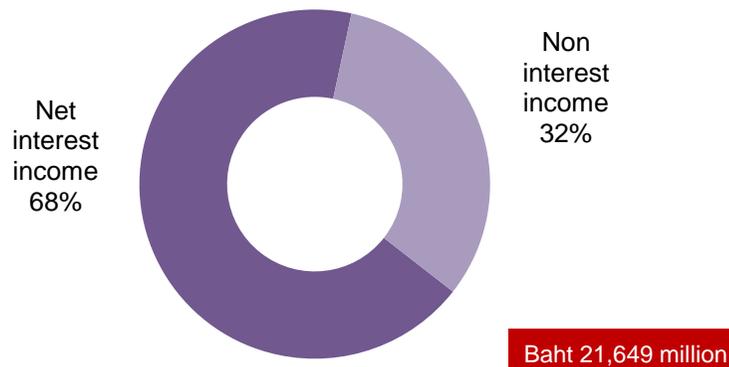
## Net Interest Income



## Non Interest Income\*



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



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

# Consolidated Income Statements

Baht in million	4Q19	1Q20	2Q20	3Q20	4Q20
Interest income	4,557	4,840	4,937	4,705	5,101
Interest expense	(1,439)	(1,301)	(1,323)	(1,175)	(1,106)
<b>NII</b>	<b>3,118</b>	<b>3,539</b>	<b>3,615</b>	<b>3,530</b>	<b>3,996</b>
Fee income	1,414	1,488	1,073	1,209	1,337
Fee expense	(163)	(212)	(188)	(185)	(186)
<b>Net fees income</b>	<b>1,250</b>	<b>1,276</b>	<b>885</b>	<b>1,024</b>	<b>1,152</b>
Other operating income	642	780	353	259	827
G/L from sale of foreclosed assets	(274)	(392)	(498)	134	(138)
<b>Total operating income</b>	<b>4,736</b>	<b>5,202</b>	<b>4,354</b>	<b>4,947</b>	<b>5,836</b>
Operating expense	(2,458)	(2,963)	(2,124)	(2,265)	(2,406)
Provision Expense	(208)	(256)	(744)	(1,017)	(2,077)
<b>Income before income tax</b>	<b>2,070</b>	<b>1,983</b>	<b>1,486</b>	<b>1,665</b>	<b>1,353</b>
<b>Net income -Bank</b>	<b>1,680</b>	<b>1,484</b>	<b>1,184</b>	<b>1,347</b>	<b>1,108</b>
EPS	1.98	1.75	1.40	1.59	1.31
<b>CI - Bank</b>	<b>1,365</b>	<b>799</b>	<b>1,629</b>	<b>1,458</b>	<b>1,530</b>
Headcount	4,580	4,539	4,484	4,343	4,268

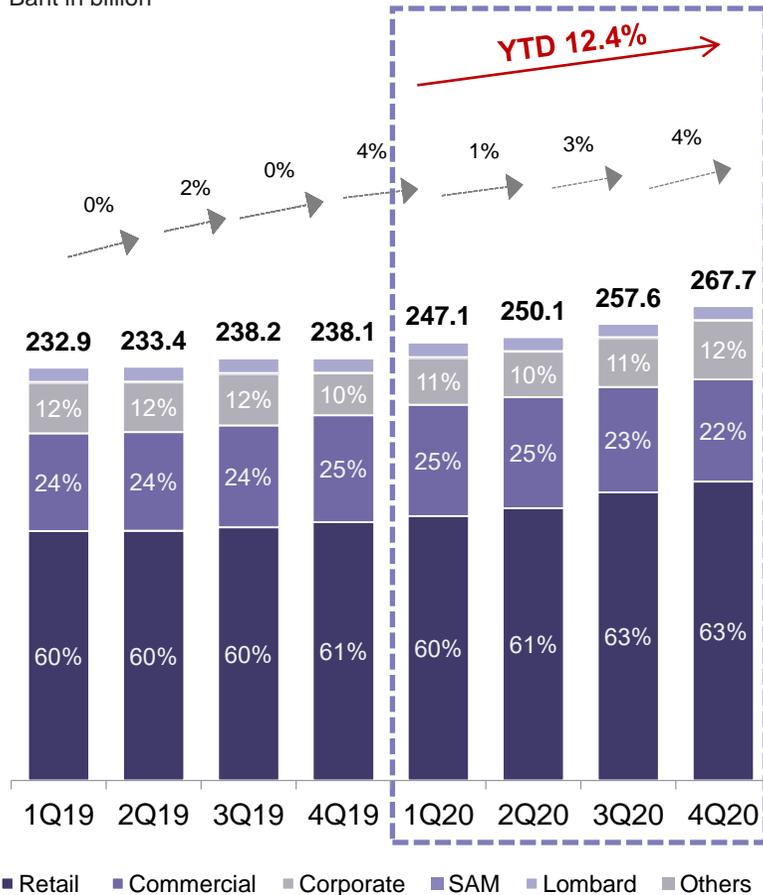
QoQ	YoY (Q)	2019	2020	YoY (Y)
8%	12%	18,036	19,584	9%
(6%)	(23%)	(5,720)	(4,905)	(14%)
13%	28%	<b>12,316</b>	<b>14,679</b>	19%
11%	(5%)	5,202	5,107	(2%)
0%	14%	(598)	(771)	29%
12%	(8%)	<b>4,604</b>	<b>4,336</b>	(6%)
220%	29%	2,248	2,218	(1%)
(203%)	(50%)	(840)	(894)	6%
18%	23%	<b>18,328</b>	<b>20,340</b>	11%
6%	(2%)	(9,355)	(9,758)	4%
104%	898%	(1,676)	(4,095)	144%
(19%)	(35%)	7,297	6,487	(11%)
(18%)	(34%)	<b>5,988</b>	<b>5,123</b>	(14%)
(18%)	(34%)	7.07	6.05	(14%)
5%	12%	<b>5,625</b>	<b>5,416</b>	(4%)
(2%)	(7%)	4,580	4,268	(7%)

# COMMERCIAL BANKING BUSINESS

# Loan Growth

## Gross Loan Composition

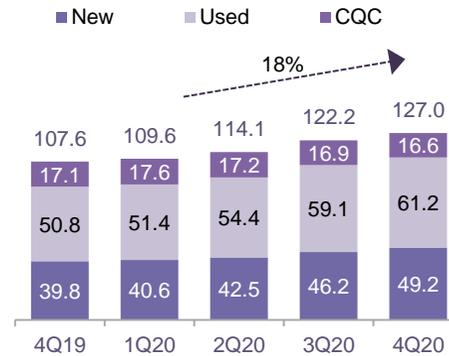
Baht in billion



## Retail Loans

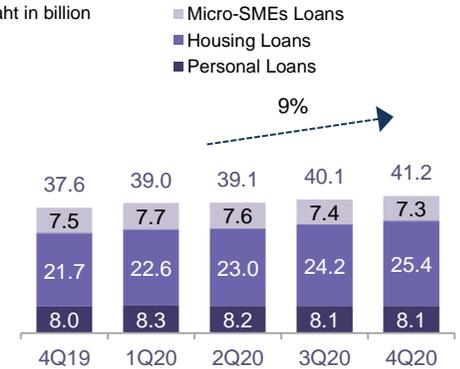
### Hire Purchase

Baht in billion



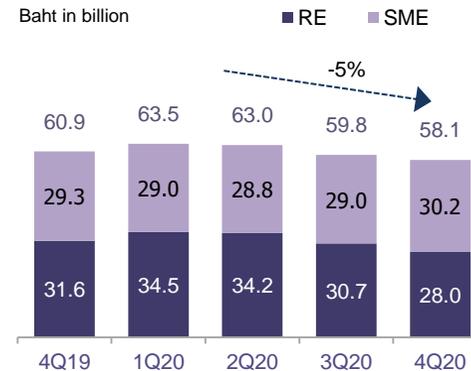
## Other Retail

Baht in billion



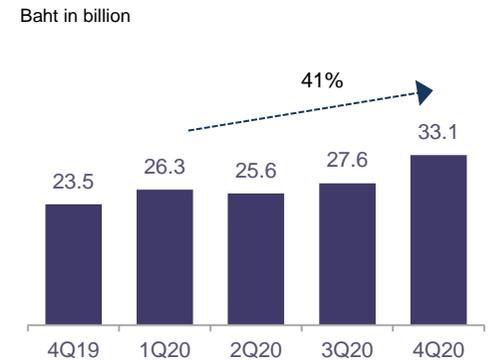
## Commercial Lending

Baht in billion



## Corporate Banking

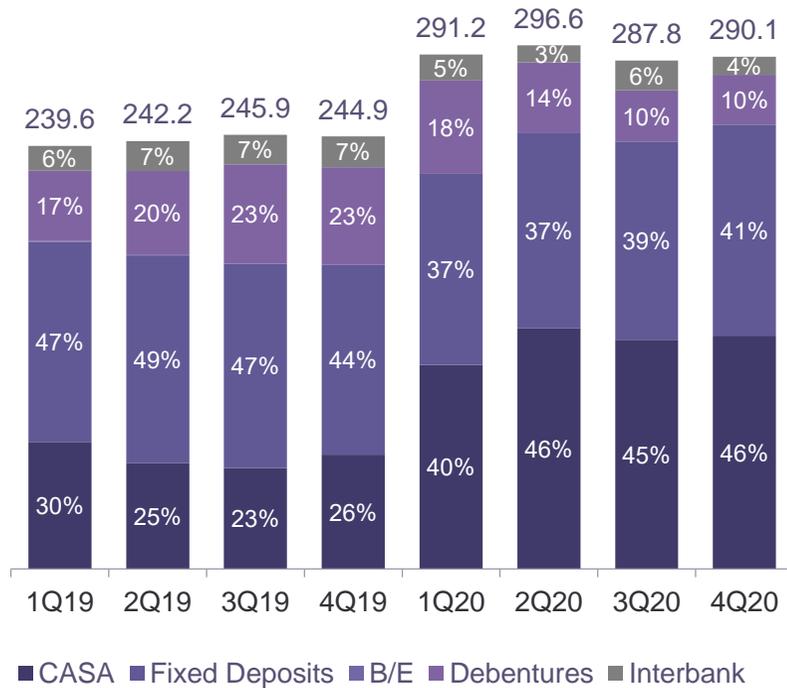
Baht in billion



# Funding & Liquidity

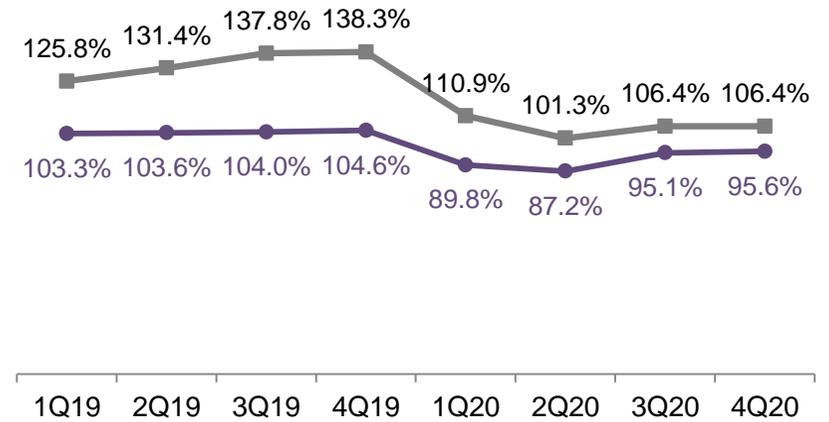
## Interest Bearing Debt

Baht in billion

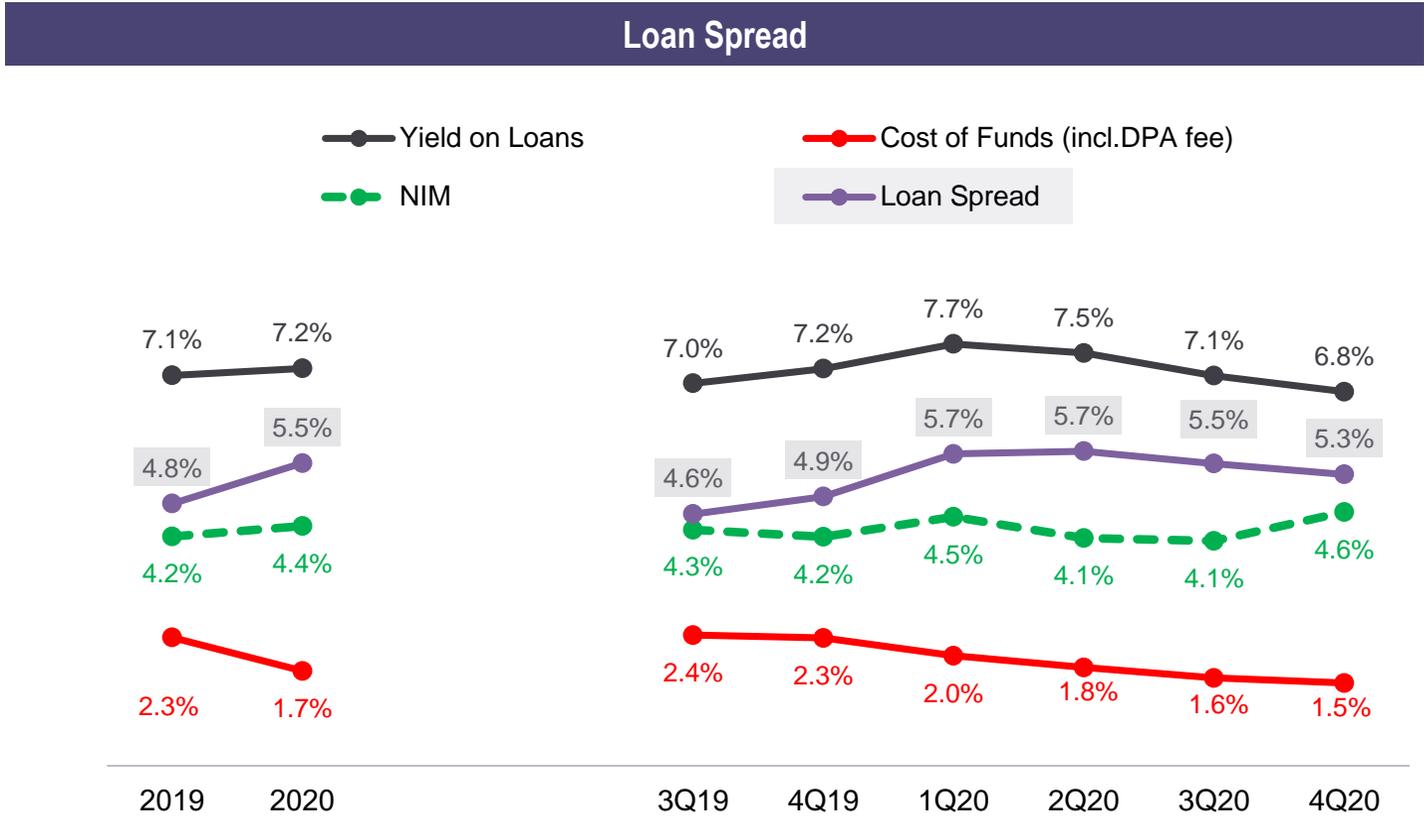


## Loan to Deposit & Borrowing

● Loan to deposit & borrowing    ■ Loan to deposit



# Loan spread

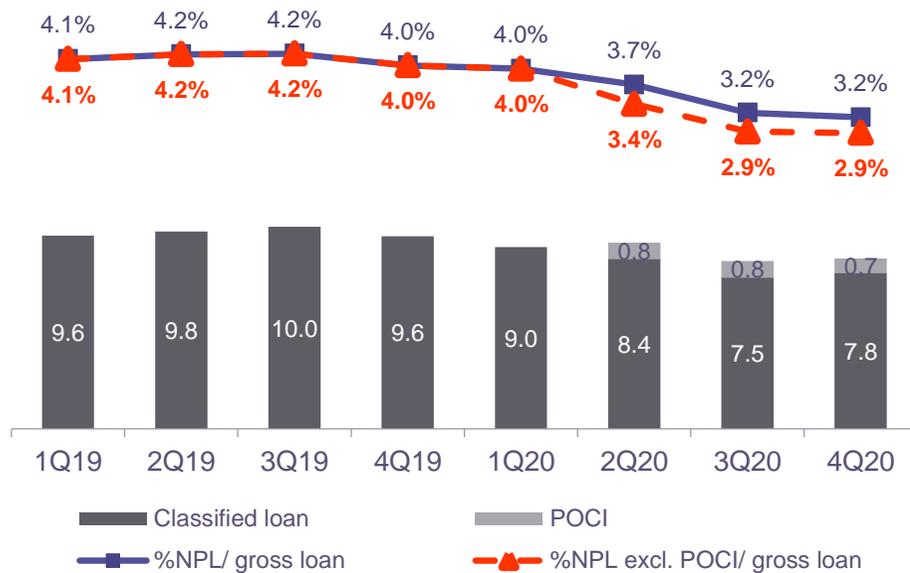


NIM = Net interest income / Average earning assets including Interbank, investment in securities, investment in loans, loans net deferred revenue

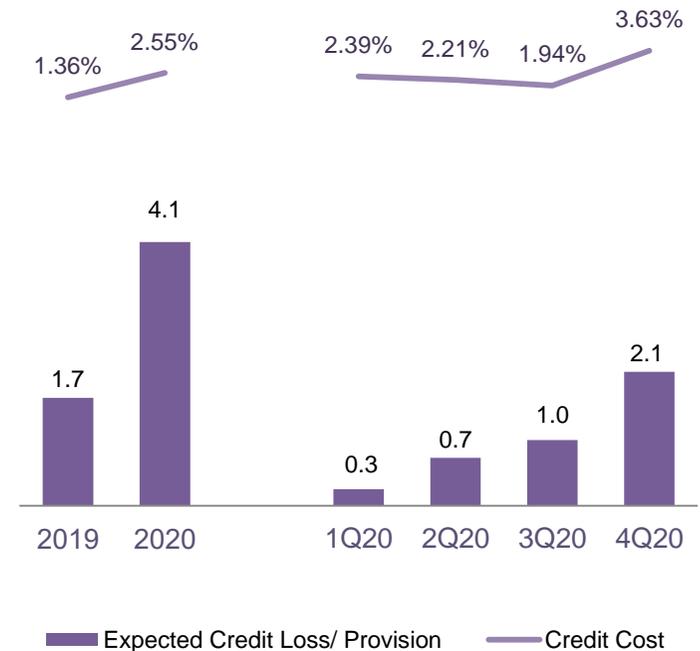
# Asset Quality

## Total Non-Performing Loans

Baht in billion



## Expected Credit Loss



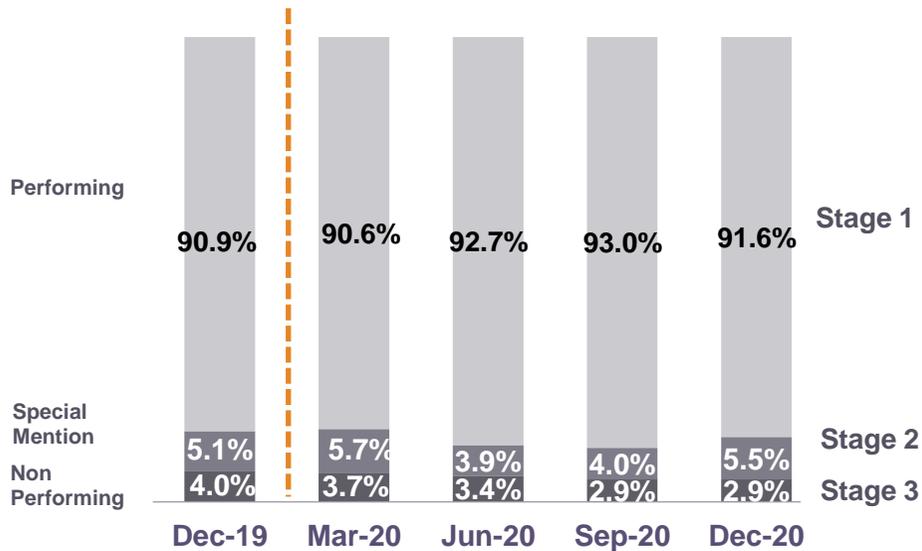
▪ Reclassification under TFRS 9 for Financial Assets classified as **Purchased or originated credit impaired (POCI)** from previous classification under Investment in loans

▪ % 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>

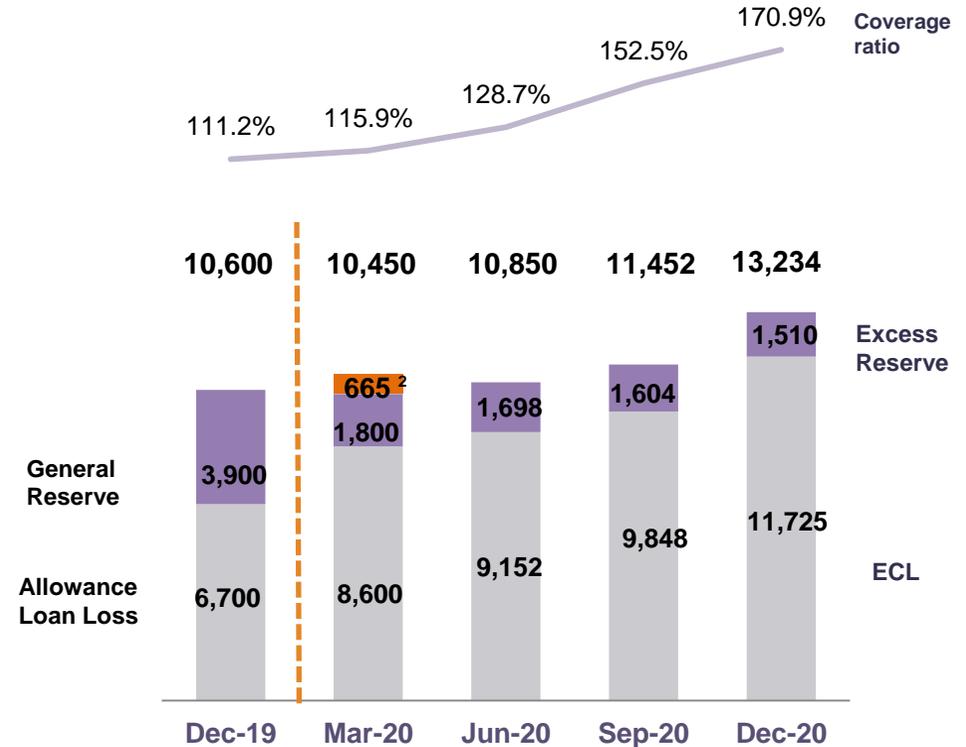
TFRS 9



## Allowance

Baht million

TFRS 9



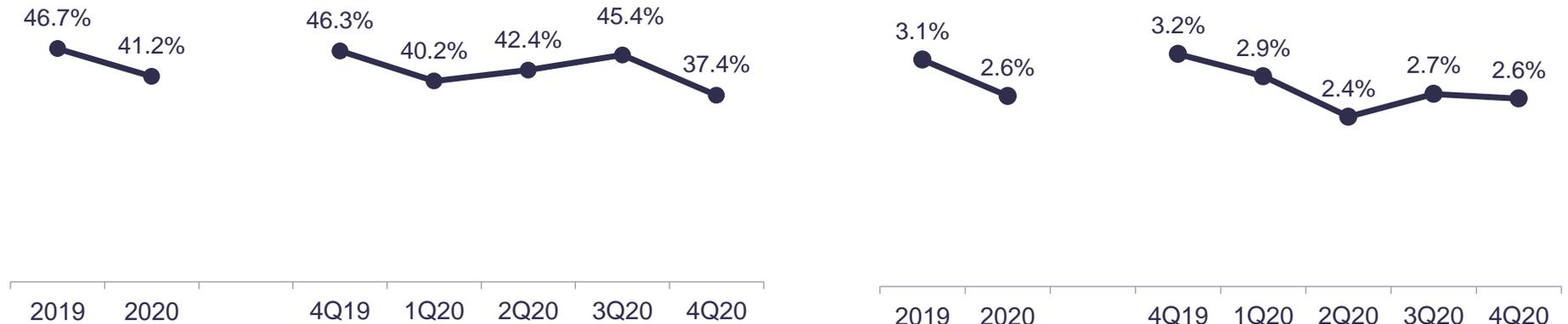
1/ Principle balance and exclude Purchased or originated credit impaired loans (POCI)

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)

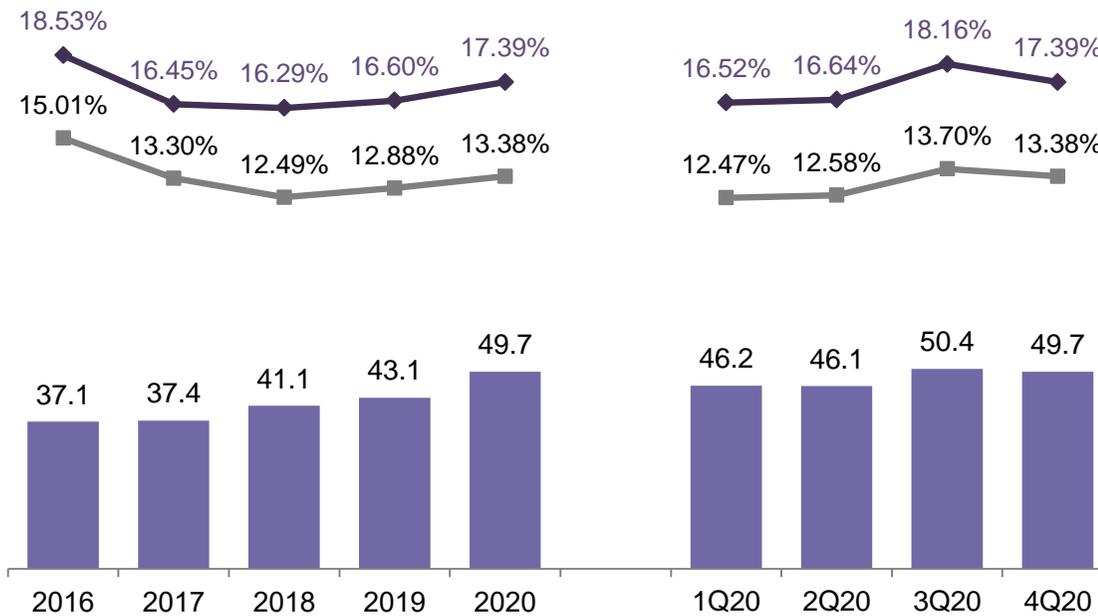
2/ Earning assets includes net loan, NPA, Interbank & money markets and Investment in loans & properties

# High quality capital

## CAR Ratio and Tier 1 Ratio (Bank Only)

Baht in billion

■ Total Capital  
◆ CAR Ratio  
■ Tier I Capital Ratio



- If including net profits up to 4Q 2020
  - CAR ratio = 18.15%
  - Tier 1 ratio = 14.14%

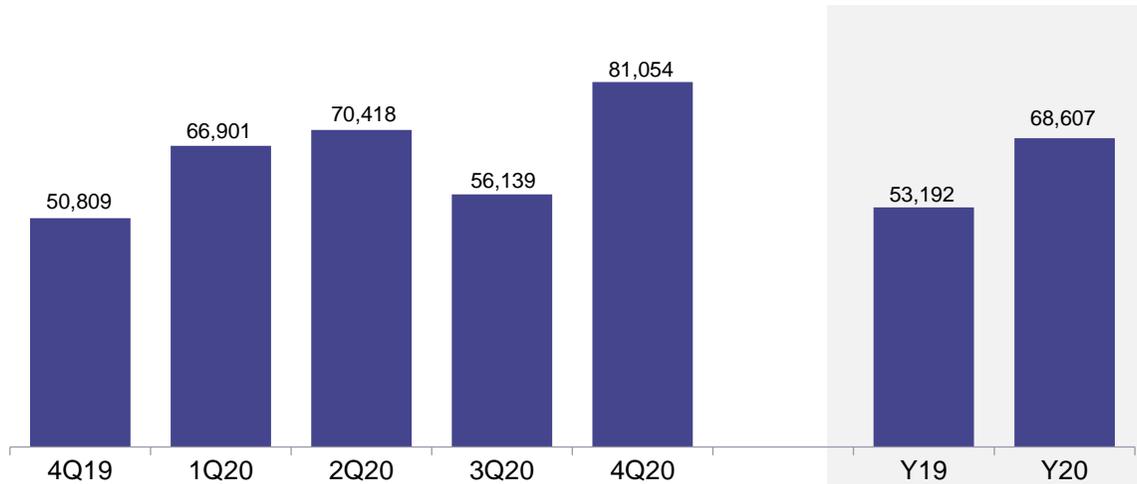
# CAPITAL MARKET BUSINESS

# Capital Market Business - Financial Performance Summary

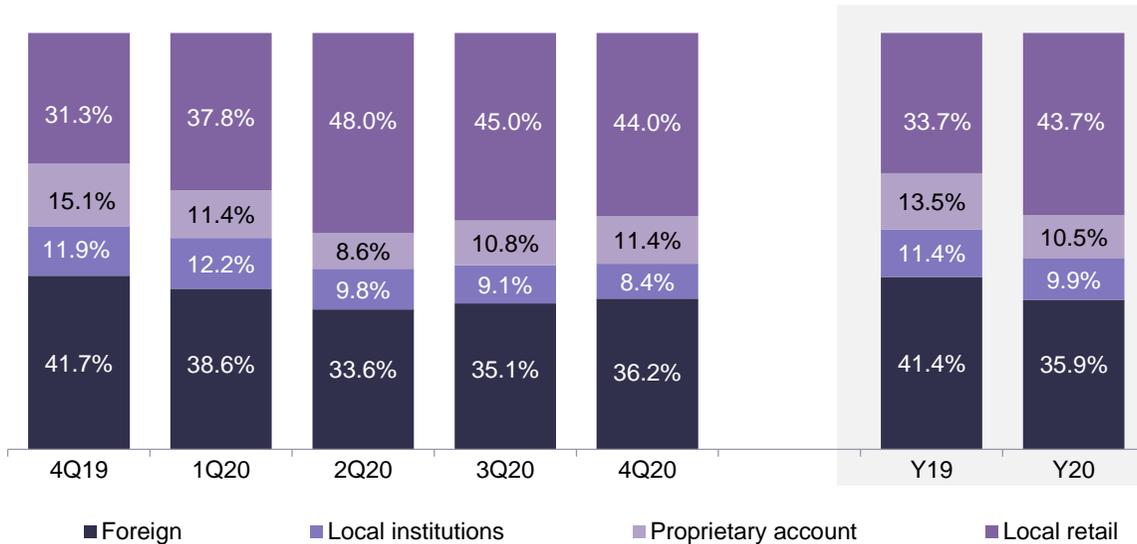
(Baht million)	4Q19	1Q20	2Q20	3Q20	4Q20	% change q-o-q	% change y-o-y	Y19	Y20	% change y-o-y
<b>Revenue</b>										
Agency Business										
Brokerage fees	331	458	404	340	456	34.3%	37.6%	1,378	1,657	20.2%
Fee and service income	498	463	252	380	398	4.6%	-20.1%	1,681	1,492	-11.2%
Agency Business	829	921	655	720	854	18.6%	3.0%	3,060	3,150	2.9%
Investment Business	235	478	232	154	252	64.1%	7.5%	801	1,116	39.4%
Other Income	100	112	97	101	82	-18.8%	-18.2%	342	393	14.8%
<b>Total Revenue</b>	<b>1,164</b>	<b>1,512</b>	<b>984</b>	<b>974</b>	<b>1,188</b>	<b>21.9%</b>	<b>2.1%</b>	<b>4,203</b>	<b>4,659</b>	<b>10.9%</b>
<b>Total Expenses</b>	<b>779</b>	<b>782</b>	<b>745</b>	<b>804</b>	<b>798</b>	<b>-0.8%</b>	<b>2.4%</b>	<b>2,888</b>	<b>3,128</b>	<b>8.3%</b>
<b>Net Profit</b>	<b>310</b>	<b>587</b>	<b>188</b>	<b>136</b>	<b>310</b>	<b>127.1%</b>	<b>-0.2%</b>	<b>1,040</b>	<b>1,221</b>	<b>17.4%</b>
<b>Other comprehensive income :</b>										
<b>Total other comprehensive income</b>	<b>(269)</b>	<b>(613)</b>	<b>352</b>	<b>166</b>	<b>297</b>	<b>79.2%</b>	<b>210.5%</b>	<b>(177)</b>	<b>203</b>	<b>214.2%</b>
<b>Total comprehensive income</b>										
<b>for the period</b>	<b>41</b>	<b>(25)</b>	<b>540</b>	<b>302</b>	<b>607</b>	<b>100.8%</b>	<b>1,372.1%</b>	<b>863</b>	<b>1,423</b>	<b>65.0%</b>

# Agency Business – Equity Brokerage Business

Market Daily Average Trading Value (Bt million)

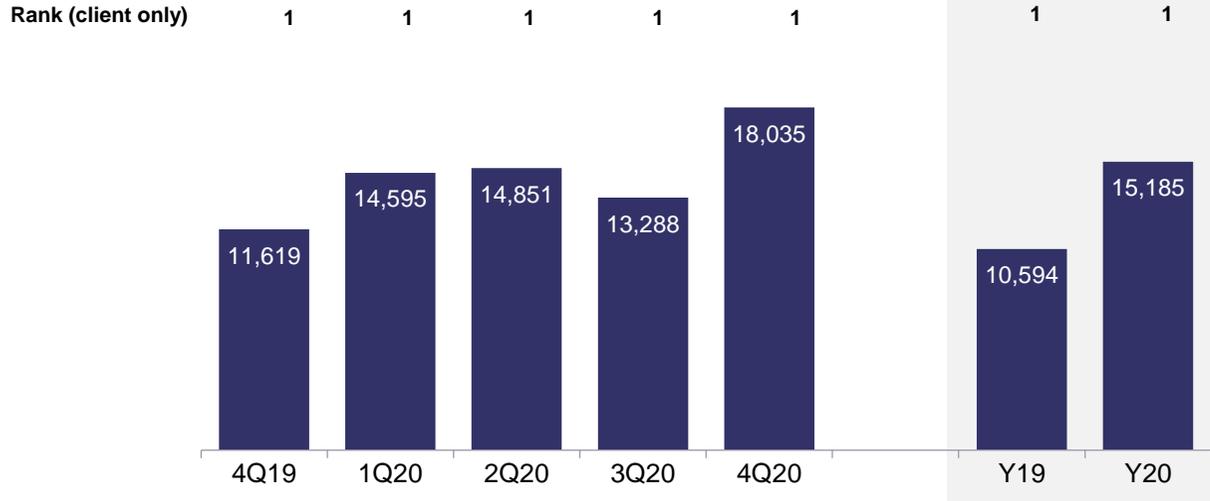


Breakdown of client of SET & MAI

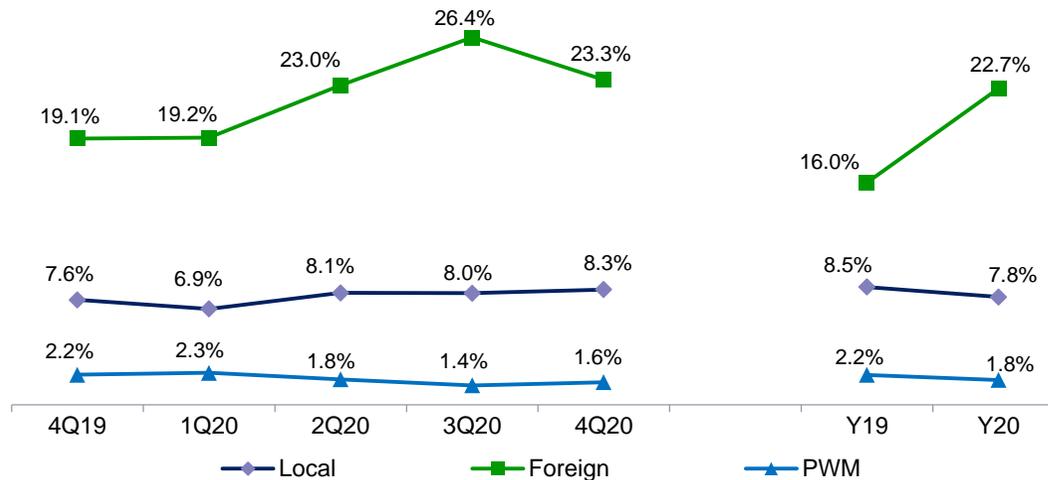


# Agency Business – Equity Brokerage Business

Daily Average Trading Value (Bt million)



Market share by segment (excluded proprietary trade)



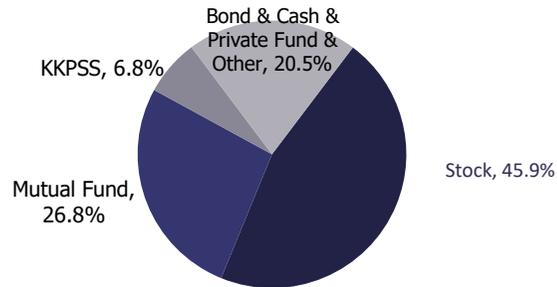
Market share (client only) at year end 2020 was 10.85%, ranked #1, when compared to 9.61%, ranked #1 in 2019

# Agency Business

## HNW's Asset Base

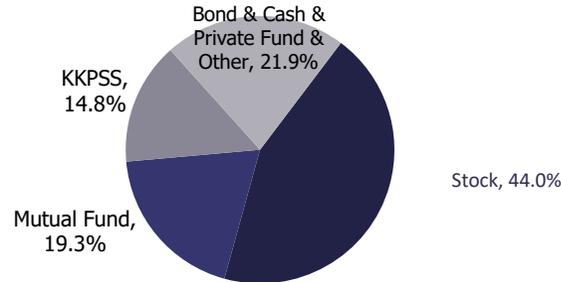
Y2019

Total: Baht 575 billion



Y2020

Total: Baht 598 billion



- Our Asset under Advise (AUA) grew 4% in Y2020 and has net new money amount Baht 67,970 million

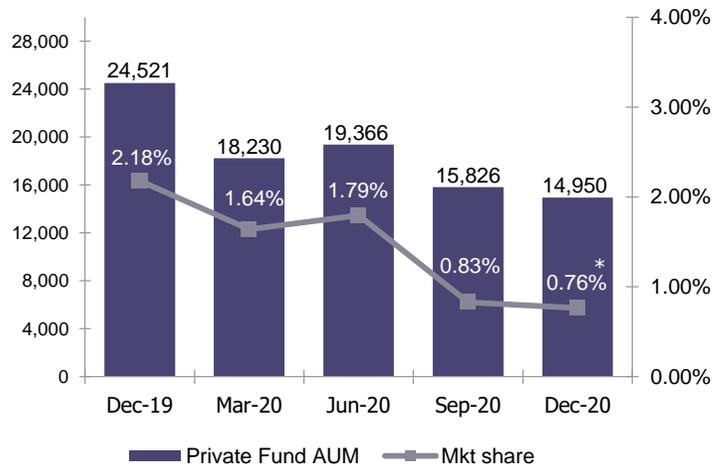
Average Yield

0.22%

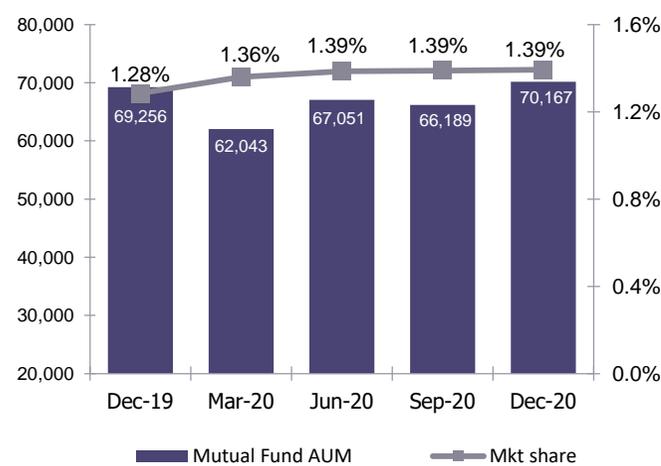
0.23%

## Asset Management Business

### Private Fund



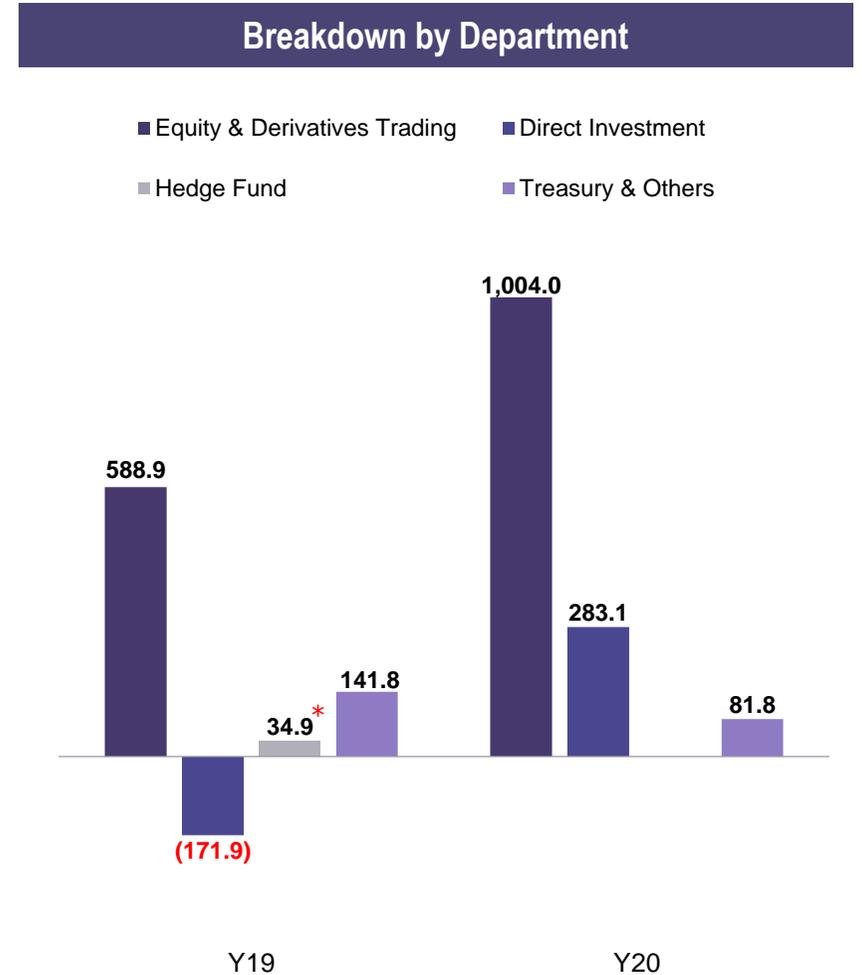
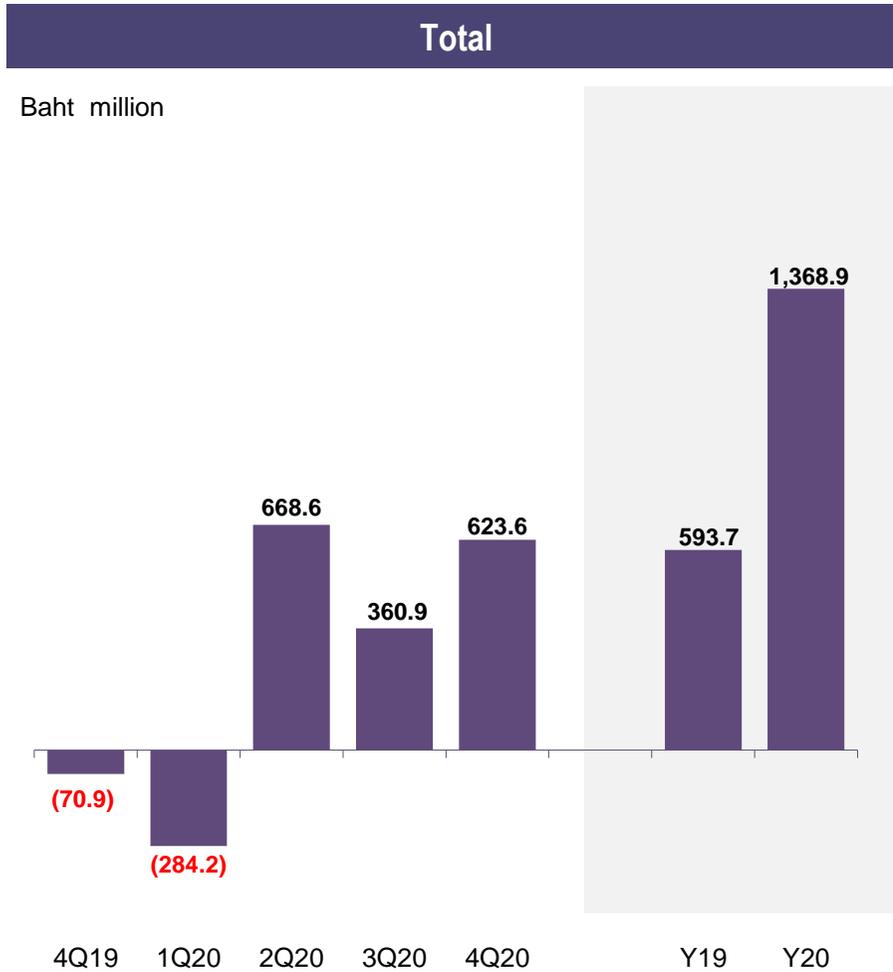
### Mutual Fund



\* Market share in Dec 2020 is calculated by using Nov 2020's market data

# Investment Business

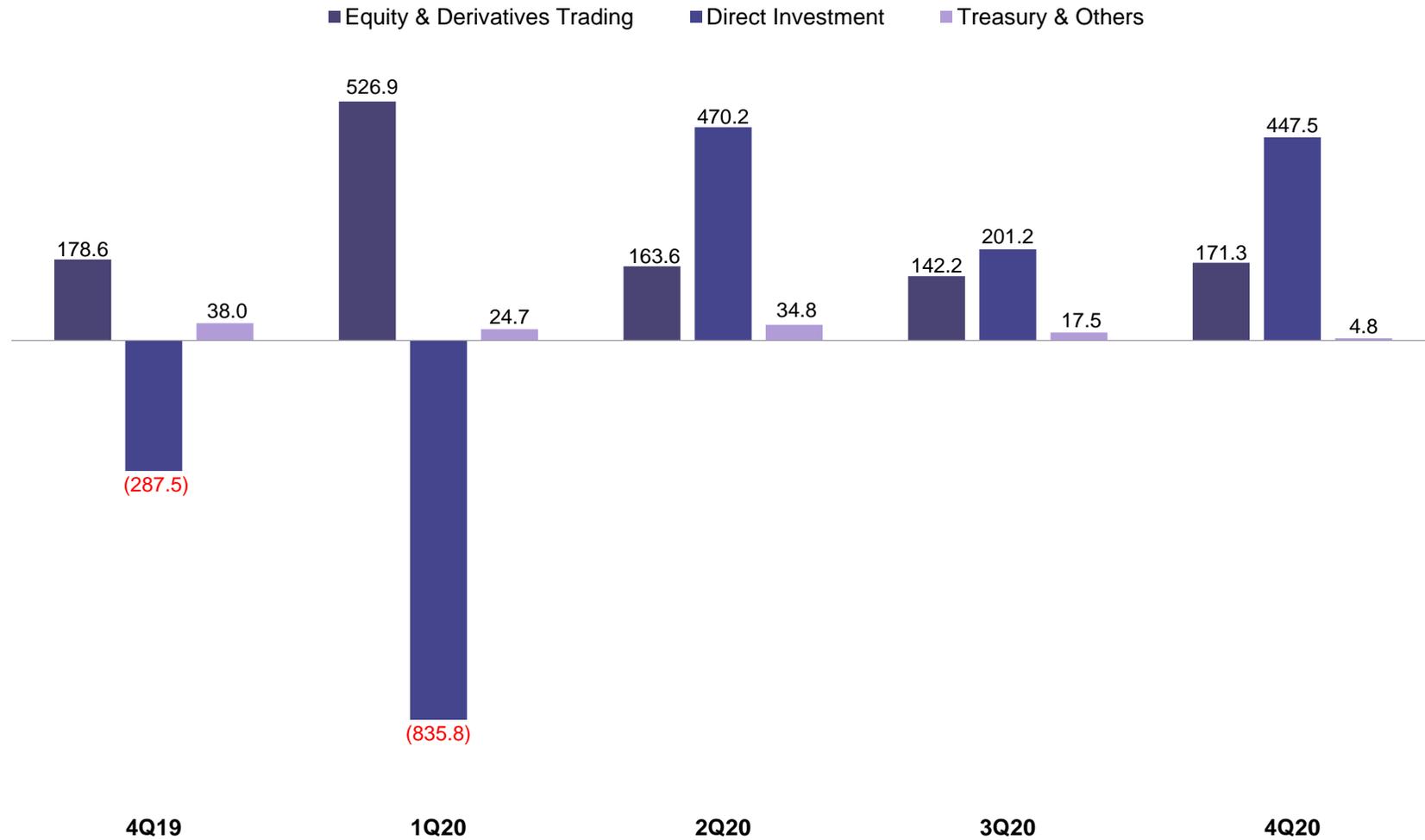
## Comprehensive Revenue



\* The operations of the Hedge Fund business will be ceased from 1Q19 onwards.

# Investment Business

Revenues breakdown by quarter



# OUTLOOK FOR 2021

# Financial Targets for 2021

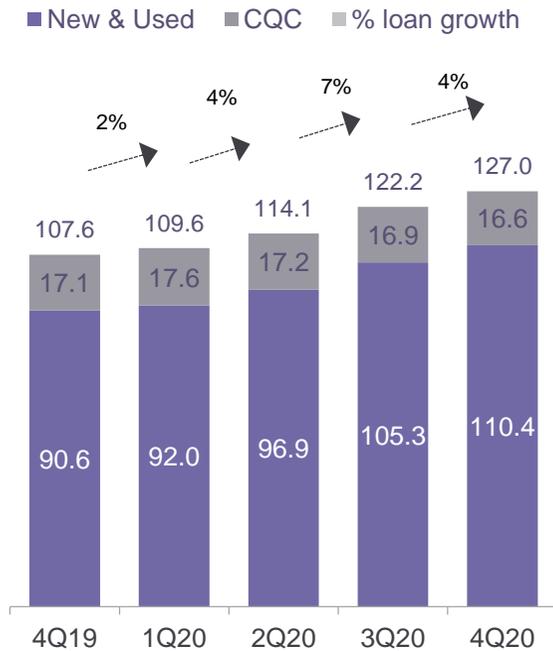
%	Revised 2020 Targets	2020 Actual	2021 Targets
ROAE (Comprehensive Income)	~ 10.0	12.0	11.0 – 12.0
Loan Growth	~7.0 – 9.0	12.4	~5.0
NPLs Ratio (Gross) <sup>1</sup>	< 3.9	2.9	< 4.5
Loan Spread	5.0 – 5.2	5.5	5.2 – 5.4
Credit Cost (Excl.GR) <sup>2</sup>	< 2.50 <sup>2</sup>	2.55	< 2.50 <sup>2</sup>

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

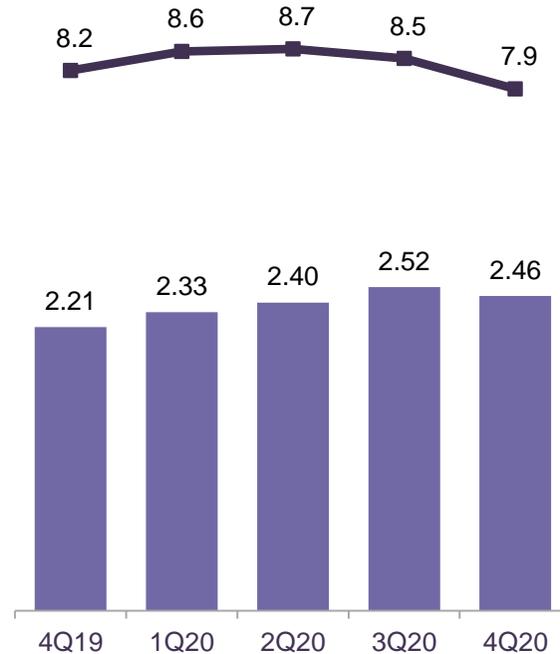
## Loans

Baht in billion



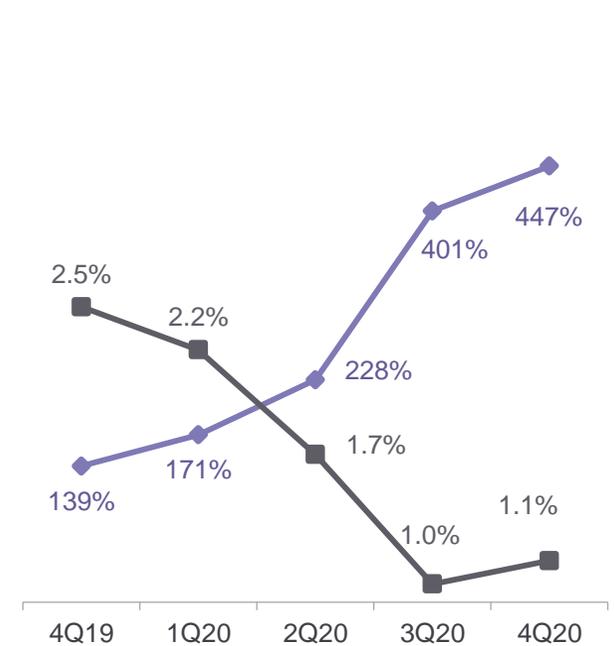
## Loan Yield

Baht in billion



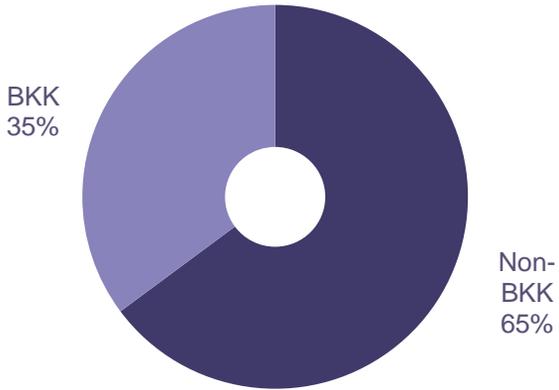
## Portfolio Quality

◆ % Coverage ratio ■ % NPL

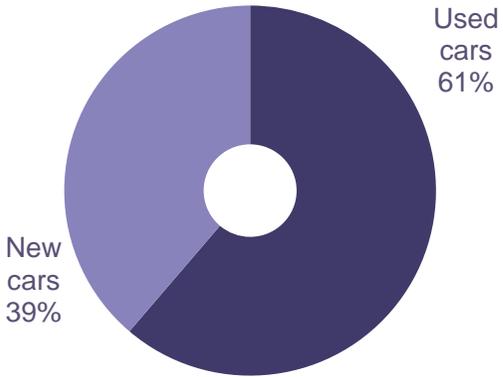


# HP portfolio breakdown

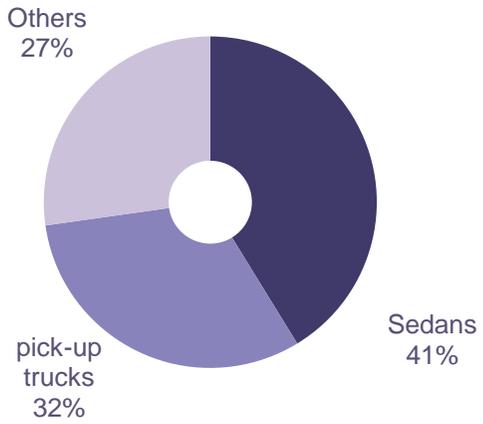
by location



by class



by car type



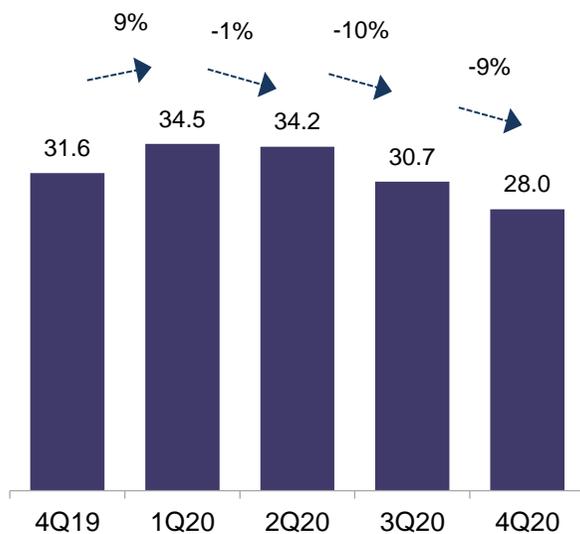
# Other Retail Loans



# Real Estate Development (RE)

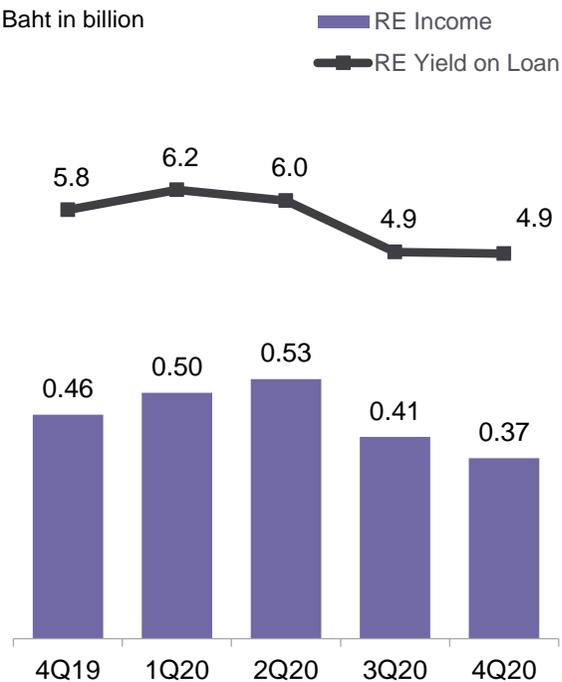
## Loans

Baht in billion

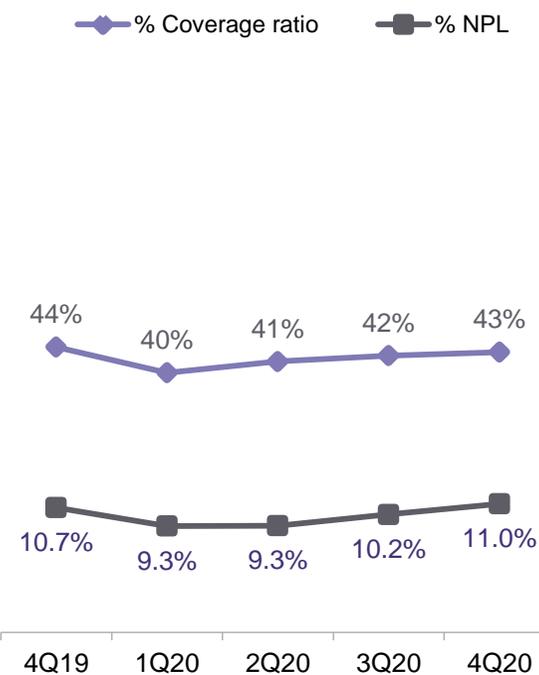


## Loan Yield

Baht in billion

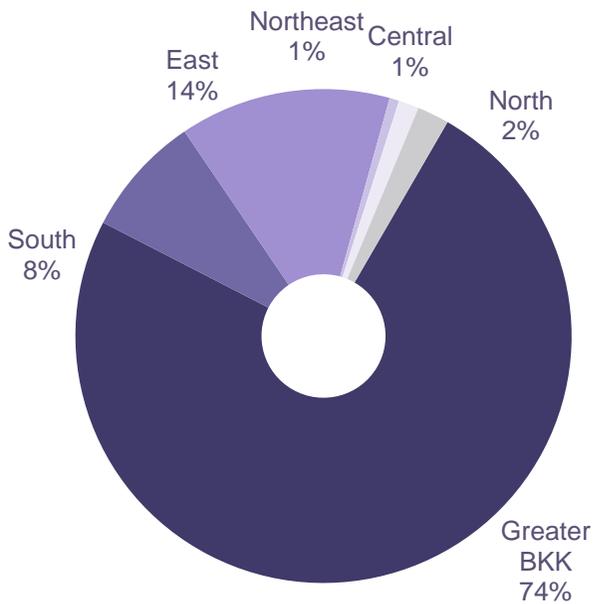


## Portfolio Quality

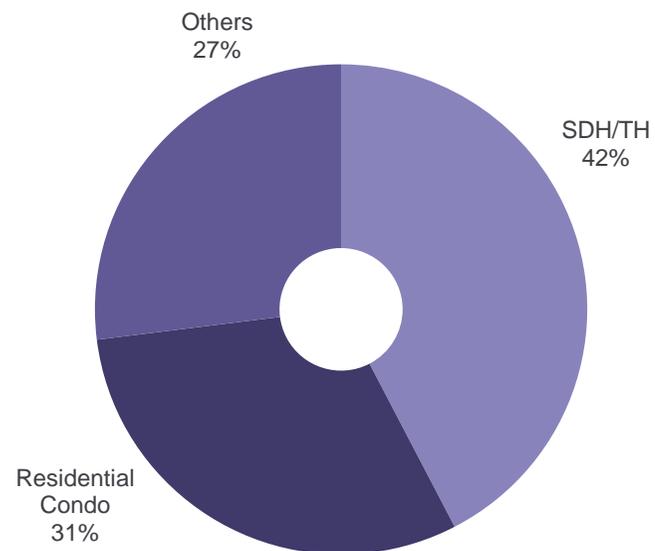


# RE portfolio breakdown

by location



by class

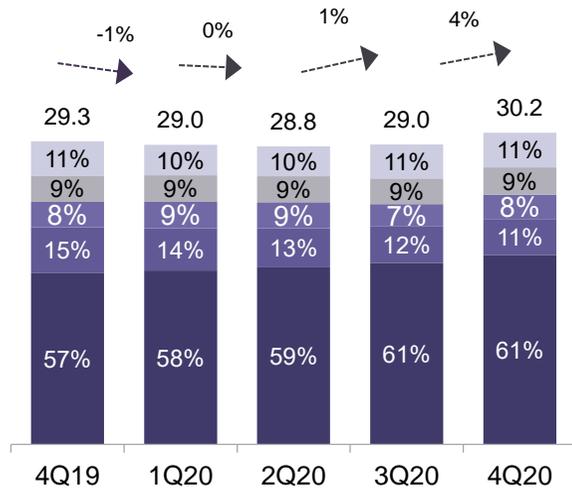


# SME

## Loans

Baht in billion

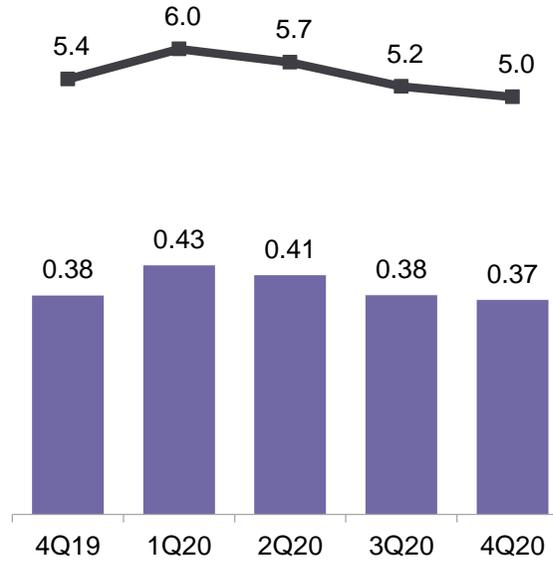
- Construction & Machinery
- CI1
- CI2
- Logistics
- Apartment and Hotel



## Loan Yield

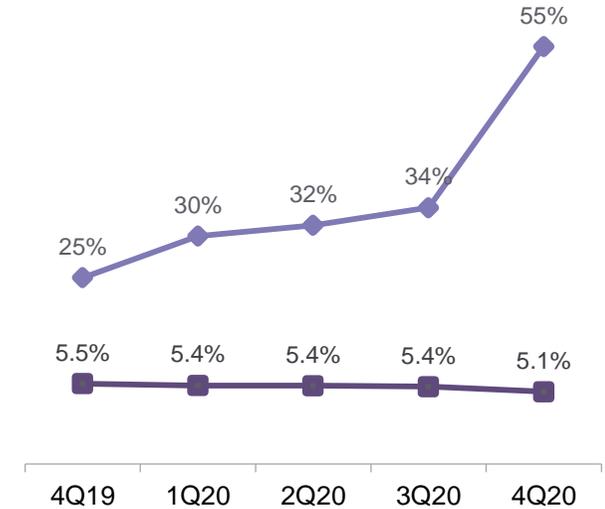
Baht in billion

- Income
- Yield on Loan



## Portfolio Quality

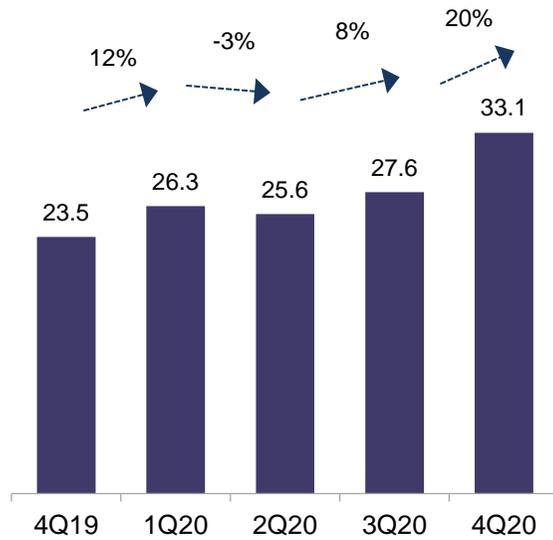
- ◆ % Coverage ratio
- % NPL



# Corporate

## Loans

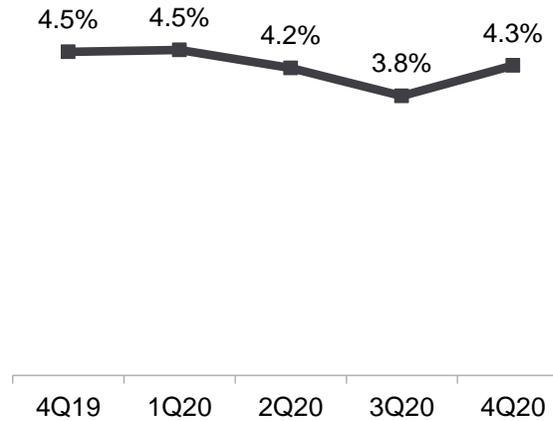
Baht in billion



## Loan Yield

Baht in billion

Yield on Loan



## Portfolio Quality

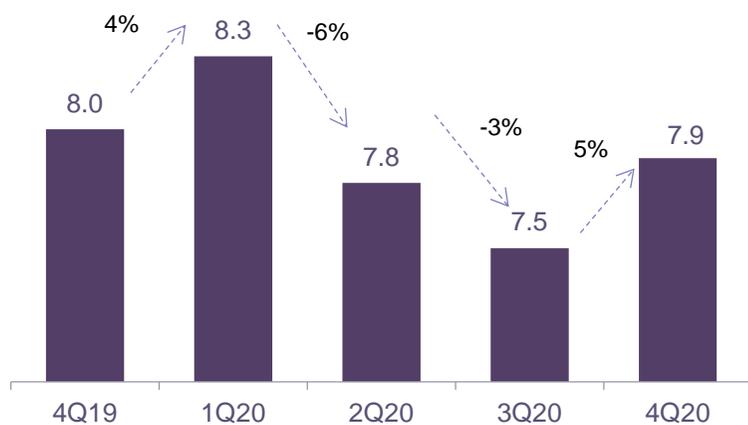
% NPL



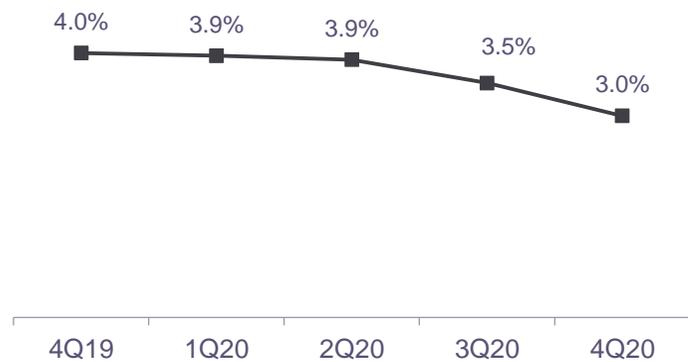
# Lombard Loan

## Loans

Baht in billion



## Loan Yield



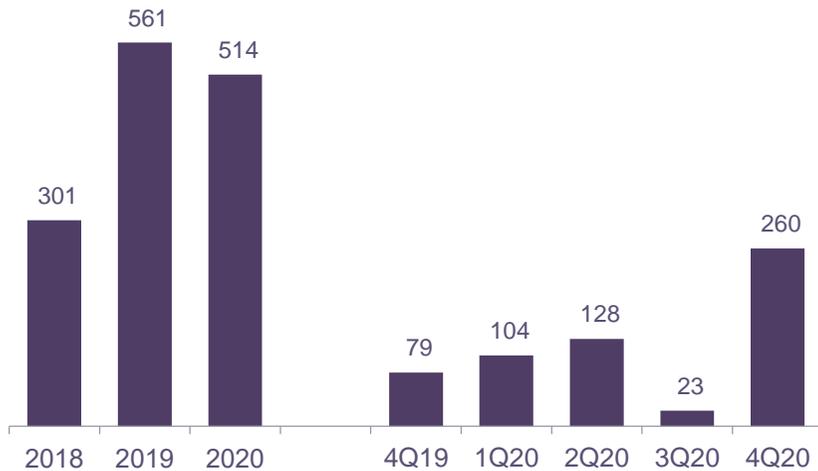
### Highlights

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

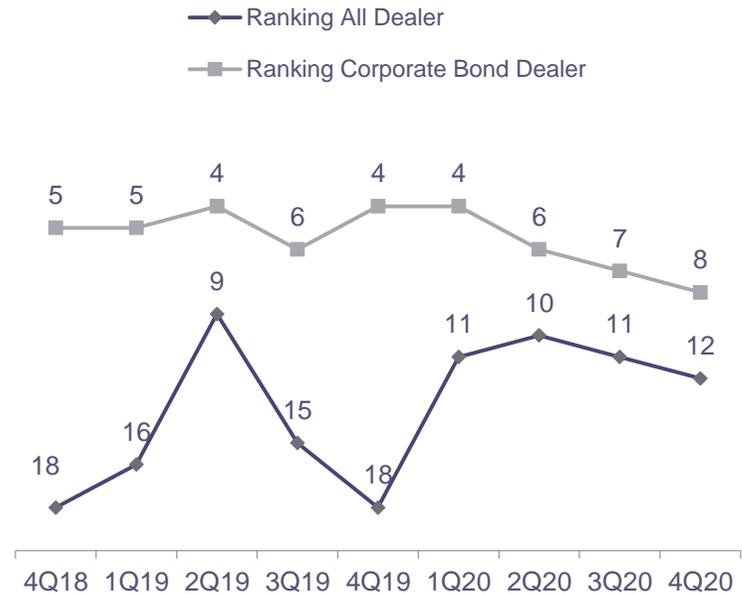
# Financial Markets

## Revenue

Baht in million



## Ranking

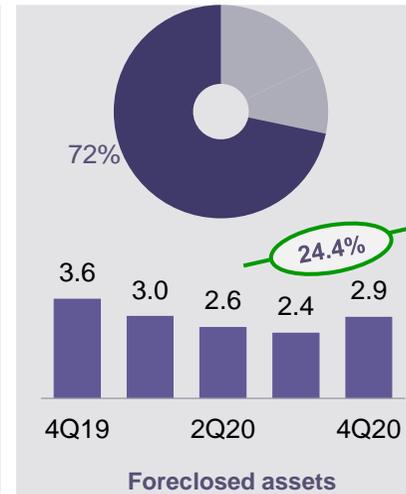
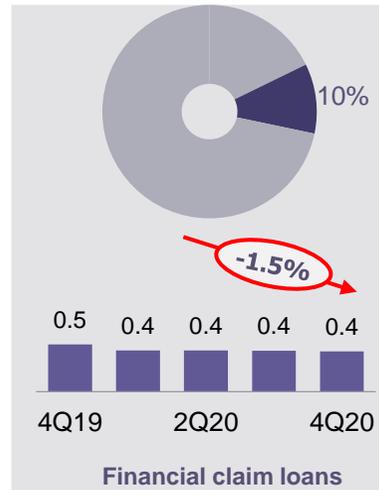
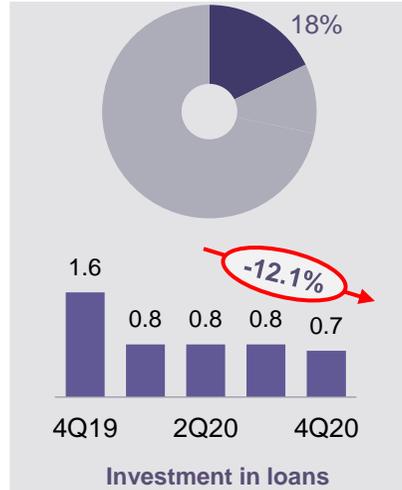


### Highlights

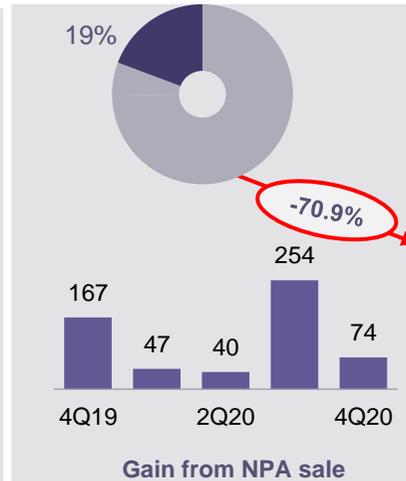
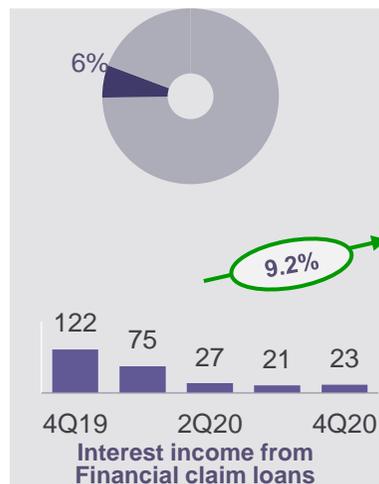
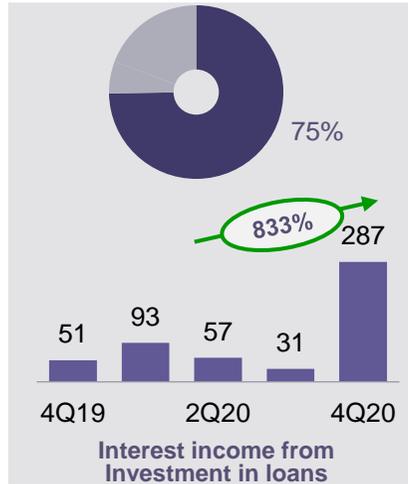
- Offering more comprehensive banking products and services
- Focus on collaborations within the business group to expand KKP wholesale banking business

# 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

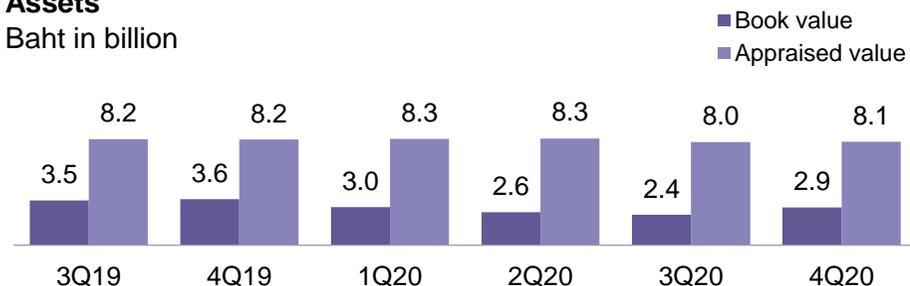
# SAM: foreclosed assets

## Trend and Outlook

### Foreclosed assets (including RE)

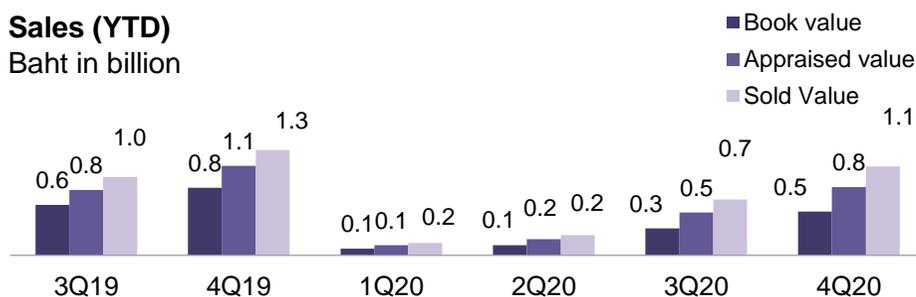
#### Assets

Baht in billion



#### Sales (YTD)

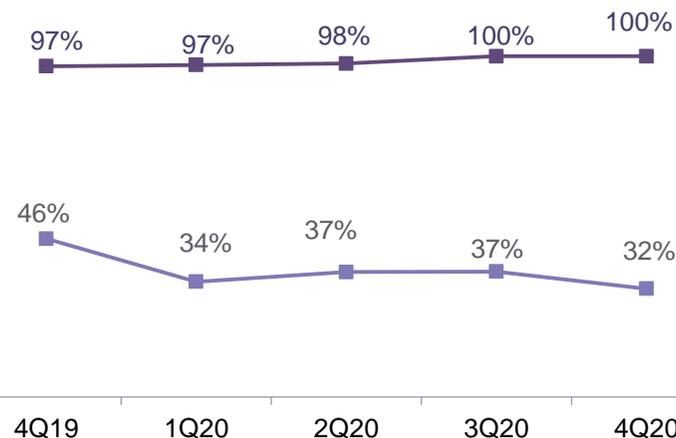
Baht in billion



### 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

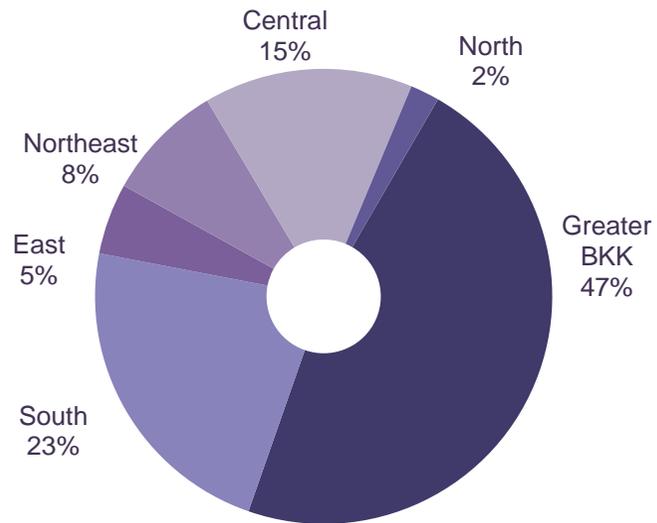
Baht in million

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	108%
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	1,093	839	130%
<b>Total</b>	<b>39,418</b>	<b>36,425</b>	<b>108%</b>

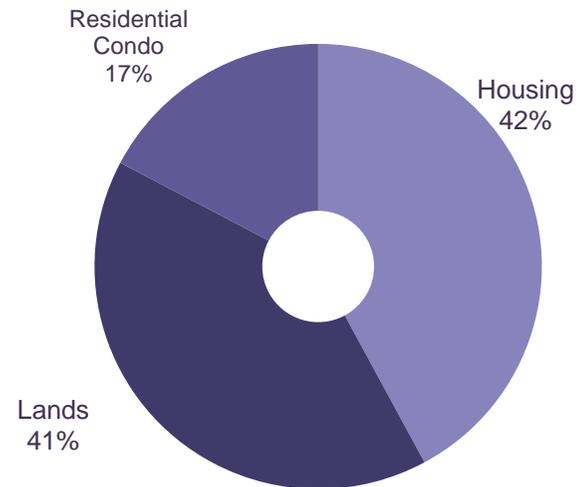
\*Includes foreclosed assets from RE business

# Foreclosed assets breakdown

by location



by class



# Investor Relations

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