



# **KKP**

## **Analyst Meeting 1Q 2021**

**April 2021**

# Table of Contents

- Relief Measures Update
- Performance Highlights
- Commercial Banking Business
- Capital Market Business
- Appendix

# Relief Measures Update

Customer segment	Dec 2020	Mar 2021	Update Status
<b>Retail</b>	-	~3%	<ul style="list-style-type: none"> <li>Overall performance of retail customers which exited relief measures at the end of 2020 still well within anticipated range</li> <li>Resurgence of new COVID-19 cases during the end of March 2021 creating uncertainties and may result in additional requests for financial assistance in the coming periods</li> <li>New requests received from retail segment up to end of 1Q21 totaling approximately 3% of total Bank's outstanding loans - mostly from customers who exited the relief program earlier</li> <li>Continue to work together with customers to provide support according to each customer situation</li> <li>Maintain prudent risk management in regards to asset quality with close monitoring of all customers performance</li> </ul>
<b>Commercial Lending</b>	~11%	~6%	<ul style="list-style-type: none"> <li>New measures introduced by BOT at the end of March 2021</li> <li>Preparing for any potential assistance under new measures</li> <li>Maintain prudent risk management and continue close monitoring of all customers performance</li> <li>A portion of customers further exited the relief measures at the end of 1Q21 with remaining due to exit within 2021 mainly for customers under Hotel and Apartment business segment which require longer period to fully recover due to the prolong impact from COVID-19 with travel restrictions still in place limiting tourism activities</li> <li>Commercial lending customers still under financial assistance reduced to approximately 6% of total Bank's outstanding loans</li> </ul>

# PERFORMANCE HIGHLIGHTS

# 1Q 2021 Key Performance Highlights

## Commercial Banking Business

<b>Overall</b>	<ul style="list-style-type: none"> <li>Continuing to monitor customers still under financial assistance while offering support to customers impacted by COVID-19 resurgence at the end of 1Q21</li> <li>Focusing on quality loan growth with 1Q21 overall loan growth of 2.1% driven by hire purchase, housing and real estate lending segment</li> <li>NPL increased to 3.2% from 2.9% at the end of 2020, still within guidance level</li> <li>NPL increase is from retail customers which exited from relief period but overall performance of customers post relief period still well within anticipated range</li> </ul>
<b>Hire Purchase</b>	<ul style="list-style-type: none"> <li>Continuing with selective growth into better asset quality segment with 1Q21 growth of 3.6%</li> <li>Focus on building new partners and relationships</li> <li>NPL at 1.7% increasing from end of year but still at lower level comparing to 1Q20 of 2.2%</li> </ul>
<b>Retail : Non Hire Purchase</b>	<ul style="list-style-type: none"> <li>Growth of 3.9% mainly in housing segment with cautious position on other retail segments</li> </ul>
<b>Commercial Lending</b>	<ul style="list-style-type: none"> <li>Slight growth of 1.1% mainly in real estate lending segment</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>Slight decline during 1Q21 of 2.9% due to repayment at end of quarter but with good growth prospect</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 income from SAM business totaled Baht 363 million, improving yoy with activities continuing to pick up</li> </ul>
<b>Expected Credit Losses (ECL)</b>	<ul style="list-style-type: none"> <li>ECL for 1Q21 totaled Baht 1,234 million increasing from 1Q20</li> <li>Credit cost at 2.79% from continuing prudent provisioning due to Covid-19 uncertainties</li> <li>Coverage ratio at 163.3%</li> </ul>
<b>Funding</b>	<ul style="list-style-type: none"> <li>COF further improved to 1.4% from active cost management</li> </ul>
<b>BIS Ratio</b>	<ul style="list-style-type: none"> <li>If including profit up to 1Q21, BIS ratio at 17.76%, Tier I = 13.93%</li> </ul>

# 1Q 2021 Key Performance Highlights

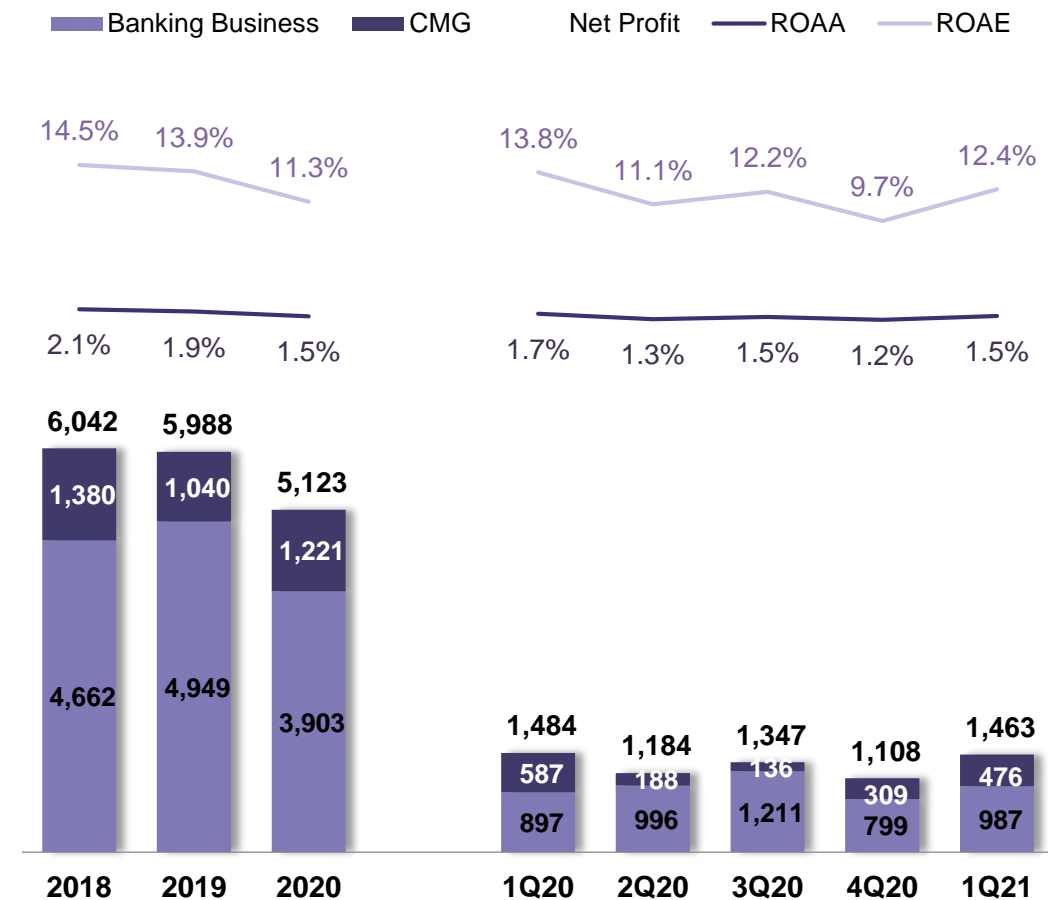
## Capital Market Business

<b>Overall</b>	<ul style="list-style-type: none"><li>▪ Continuing with good performance</li></ul>
<b>Equity Capital Market</b>	<ul style="list-style-type: none"><li>▪ SET Index closed at 1,587.21 points, increasing by 9% from the end of 2020</li><li>▪ Average daily turnover (SET+mai) for 1Q21 increased considerably by 41% from 2020 to Baht 96,951 million</li><li>▪ Kiatnakin Phatra Securities's market share (SET+mai) without Prop. Trade for 1Q21 continuing to rank 1<sup>st</sup> with market share of 10.84%</li><li>▪ Increased in revenue from brokerage business</li></ul>
<b>Private Wealth Management</b>	<ul style="list-style-type: none"><li>▪ AUA Baht 634 billion, increase of 6% yoy</li><li>▪ Continuing to offer new products and services to enhance revenue generation</li></ul>
<b>Asset Management Business</b>	<ul style="list-style-type: none"><li>▪ Total AUM Baht 84,555 million, slight decline of 1% mainly from private fund segment</li><li>▪ Fees for 1Q21 totaled Baht 175 million, remaining stable yoy</li></ul>
<b>Investment Banking Business</b>	<ul style="list-style-type: none"><li>▪ Fee generated during 1Q21 of Baht 131 million</li><li>▪ Positive outlook for remaining of year</li></ul>
<b>Investment Business</b>	<ul style="list-style-type: none"><li>▪ Total Investment Business comprehensive income of Baht 477 million, comparing to comprehensive loss yoy</li><li>▪ Good performance contributed from both the Equity and Derivatives Trading and Direct Investment business</li></ul>

# Profitability

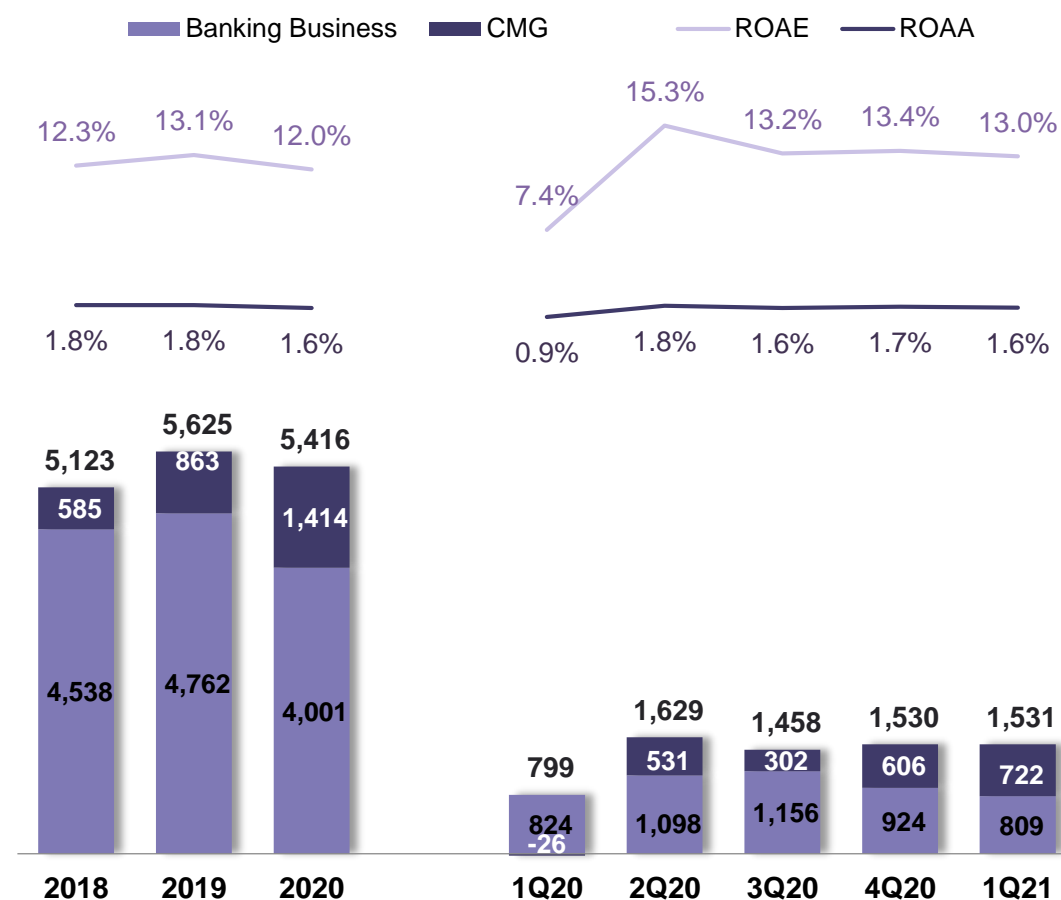
## Net Profit (excl. MI)

Baht in million



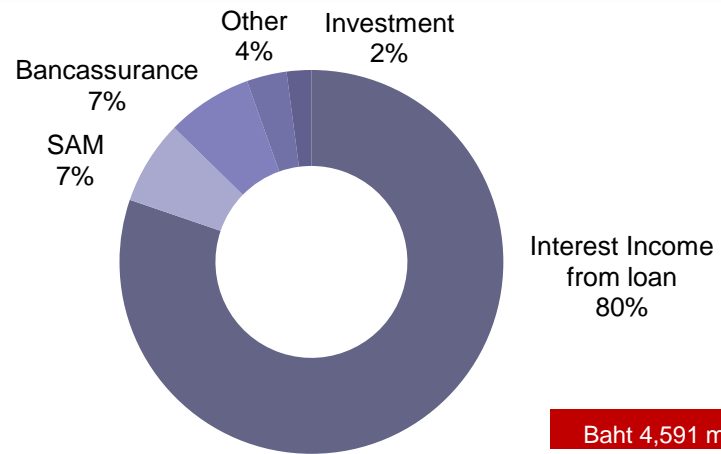
## Comprehensive Income (excl. MI)

Baht in million



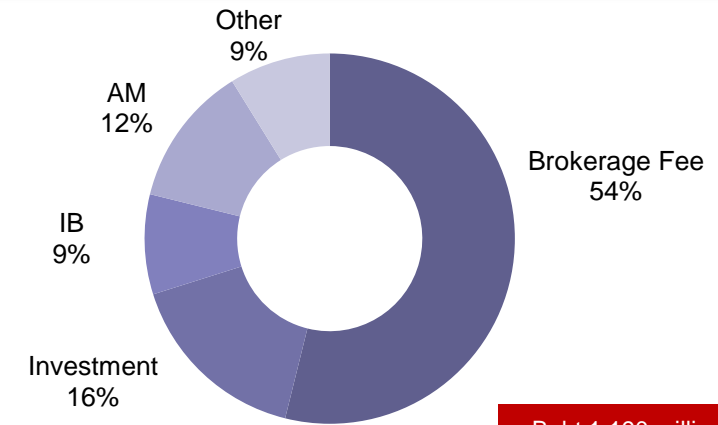
# 1Q 2021 Net Revenue Breakdown

## Commercial Banking Business



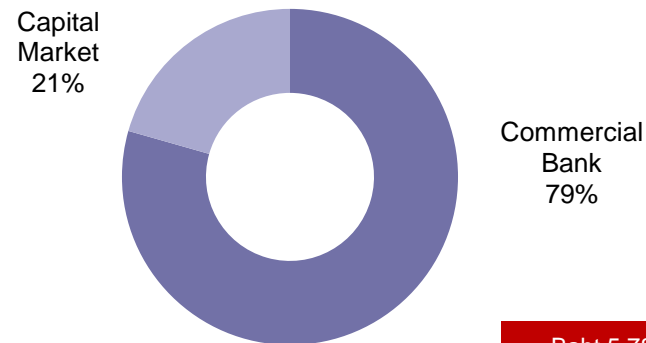
Baht 4,591 million\*

## Capital Market Business



Baht 1,190 million

## KK Phatra Financial Group



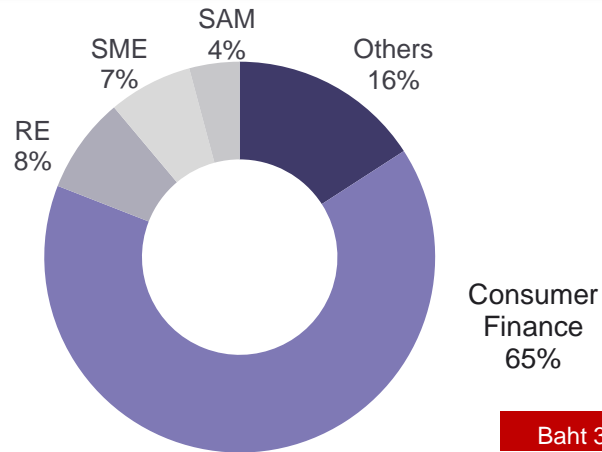
Baht 5,781 million

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

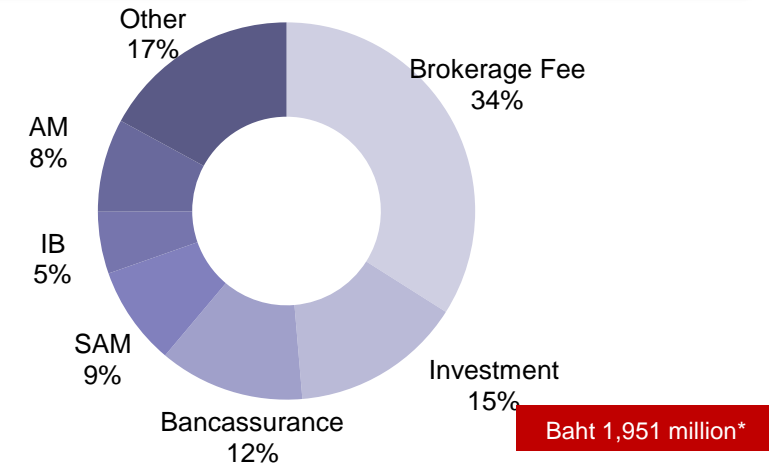


# 1Q 2021 Net Interest Income : Non Interest Income

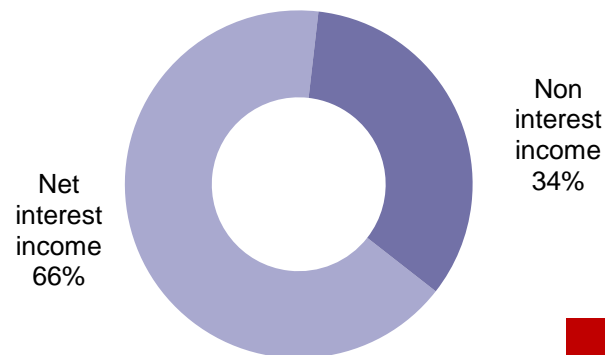
## Net Interest Income



## 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	1Q20	2Q20	3Q20	4Q20	1Q21	QoQ	YoY (Q)
Interest income	4,840	4,937	4,705	5,101	4,815	(6%)	(1%)
Interest expense	(1,301)	(1,323)	(1,175)	(1,106)	(985)	(11%)	(24%)
<b>NII</b>	<b>3,539</b>	<b>3,615</b>	<b>3,530</b>	<b>3,996</b>	<b>3,830</b>	(4%)	8%
Fee income	1,488	1,073	1,209	1,337	1,636	22%	10%
Fee expense	(212)	(188)	(185)	(186)	(202)	9%	(5%)
<b>Net fees income</b>	<b>1,276</b>	<b>885</b>	<b>1,024</b>	<b>1,152</b>	<b>1,434</b>	25%	12%
Other operating income	780	353	259	827	351	(58%)	(55%)
G/L from sale of foreclosed assets	(392)	(498)	134	(138)	(395)	186%	1%
<b>Total operating income</b>	<b>5,202</b>	<b>4,354</b>	<b>4,947</b>	<b>5,836</b>	<b>5,220</b>	(11%)	0%
Operating expense	(2,963)	(2,124)	(2,265)	(2,406)	(2,188)	(9%)	(26%)
Provision Expense	(256)	(744)	(1,017)	(2,077)	(1,234)	(41%)	382%
<b>Income before income tax</b>	<b>1,983</b>	<b>1,486</b>	<b>1,665</b>	<b>1,353</b>	<b>1,798</b>	33%	(9%)
<b>Net income -Bank</b>	<b>1,484</b>	<b>1,184</b>	<b>1,347</b>	<b>1,108</b>	<b>1,463</b>	32%	(1%)
EPS	1.75	1.40	1.59	1.31	1.73	32%	(1%)
<b>CI - Bank</b>	<b>799</b>	<b>1,629</b>	<b>1,458</b>	<b>1,530</b>	<b>1,531</b>	0%	92%
Headcount	4,539	4,484	4,343	4,268	4,223	(1%)	(7%)

# Summary Financial Targets for 2021

%	2020 Actual	2021 Targets	1Q 2021 Actual
ROAE (Comprehensive Income)	12.0	11.0 – 12.0	13.0
Loan Growth	12.4	~5.0	2.1 YTD
Loan Spread	5.5	5.2 – 5.4	5.5
NPL Ratio (Gross) <sup>1</sup>	2.9	< 4.5	3.2
Credit Cost (Excl. GR) <sup>2</sup>	2.55	< 2.50	2.79

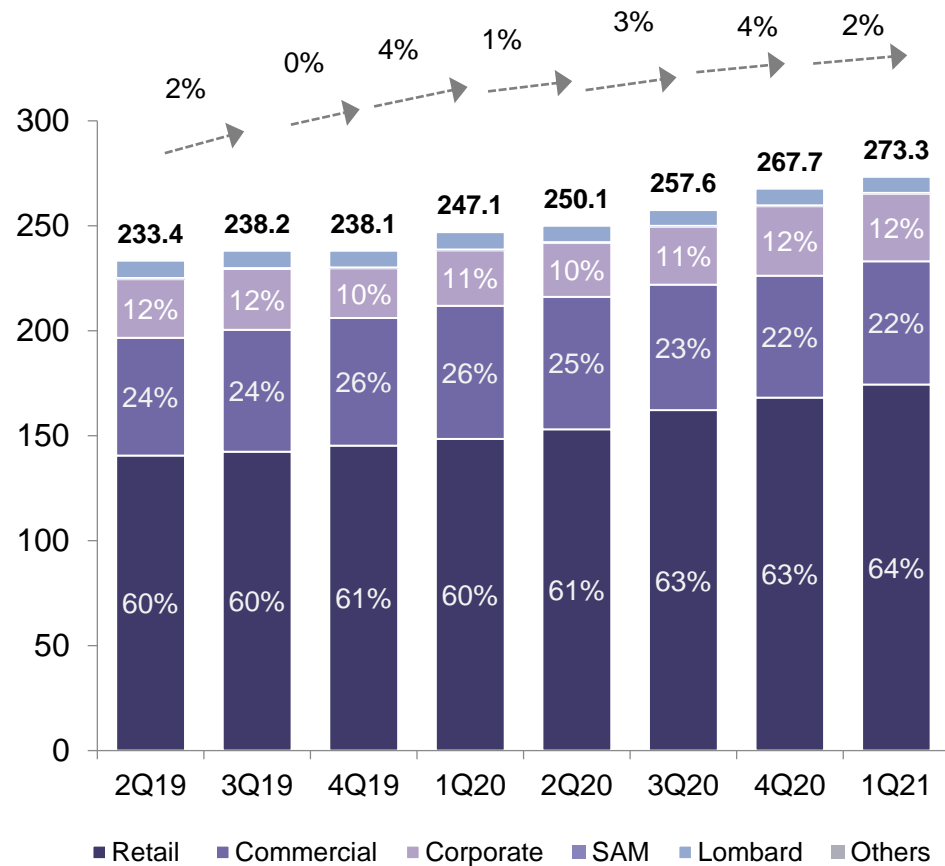
1. NPLs ratio : Excluding amount classified as Purchased or Originated Credit-Impaired (POCI) financial assets
2. Credit cost : Expected credit loss plus loss from sale of repossessed cars excluding reversal of general provisions

# COMMERCIAL BANKING BUSINESS

# Loan Growth

## Gross Loan Composition

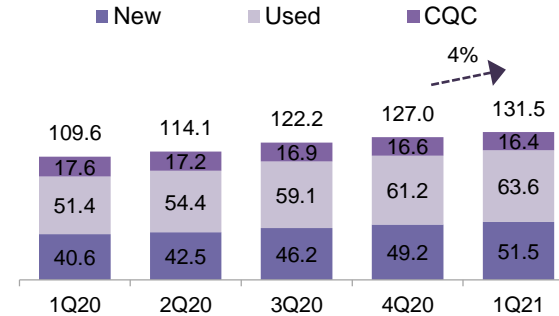
Baht in billion



## Retail Loans

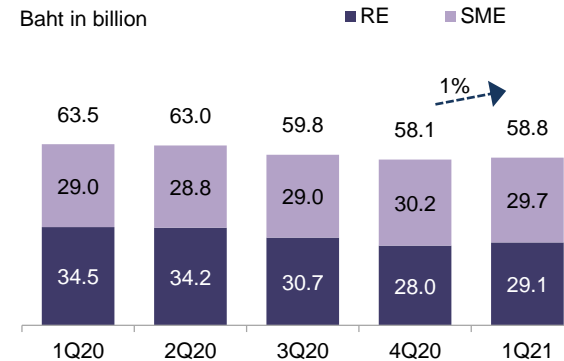
### Hire Purchase

Baht in billion



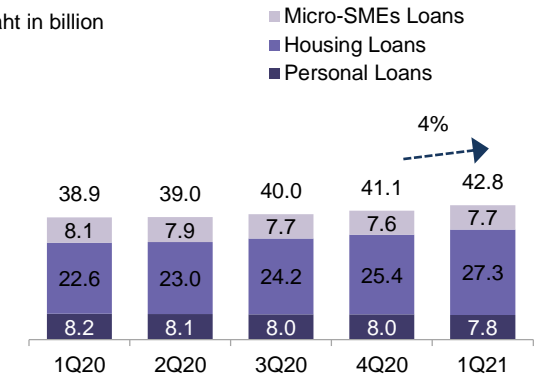
### Commercial Lending

Baht in billion



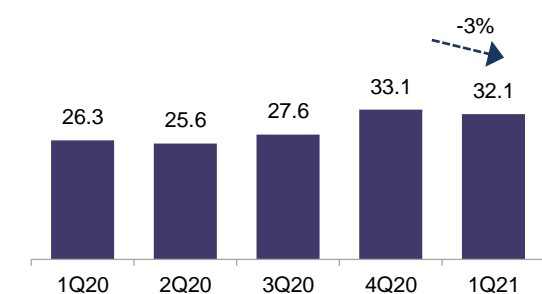
### Other Retail

Baht in billion



### Corporate Banking

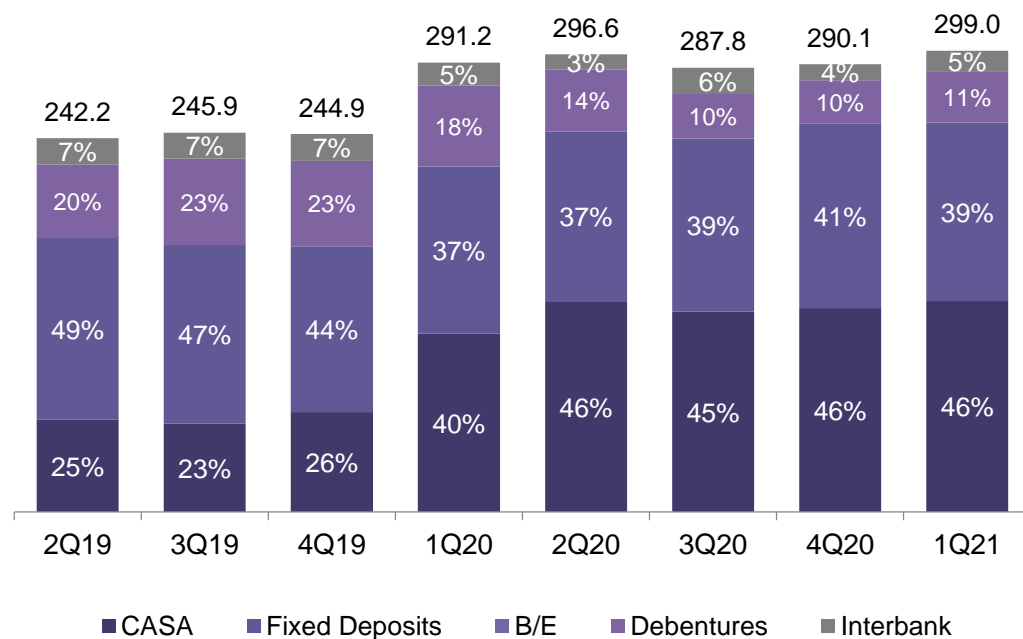
Baht in billion



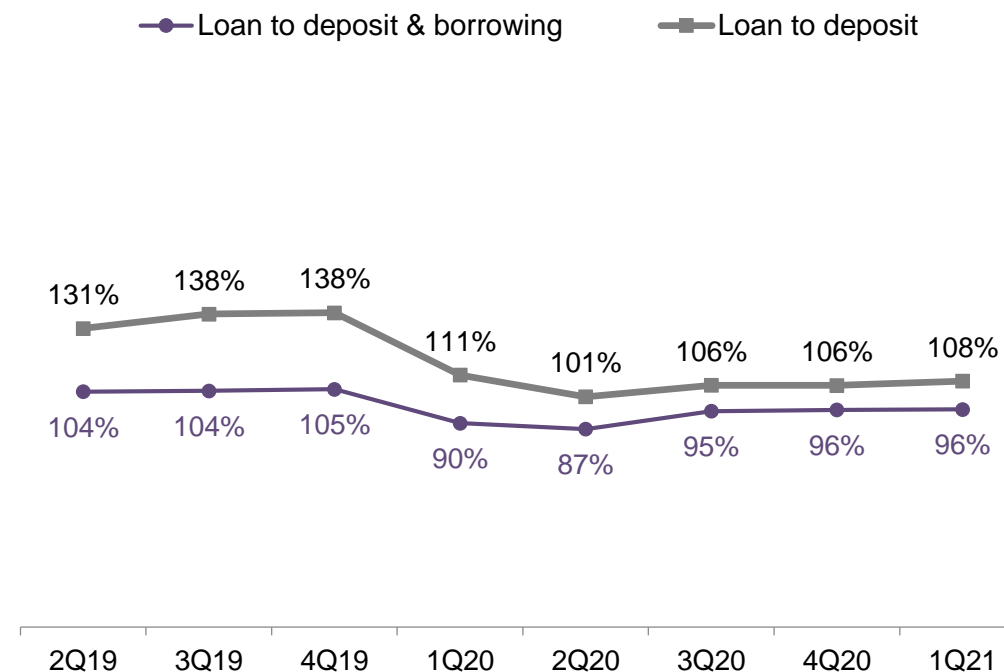
# Funding & Liquidity

## Interest Bearing Debt

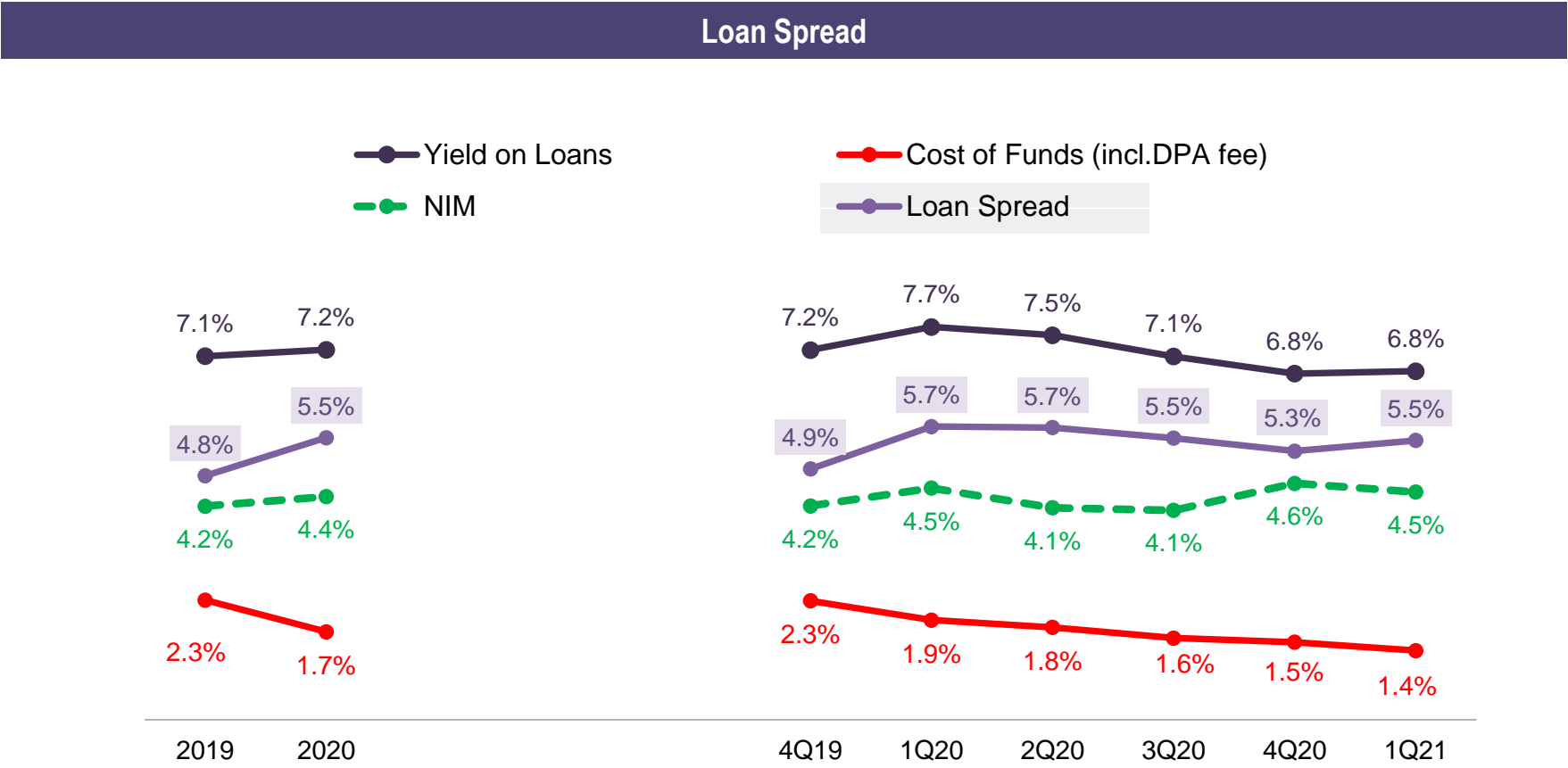
Baht in billion



## Loan to Deposit & Borrowing



# Loan spread

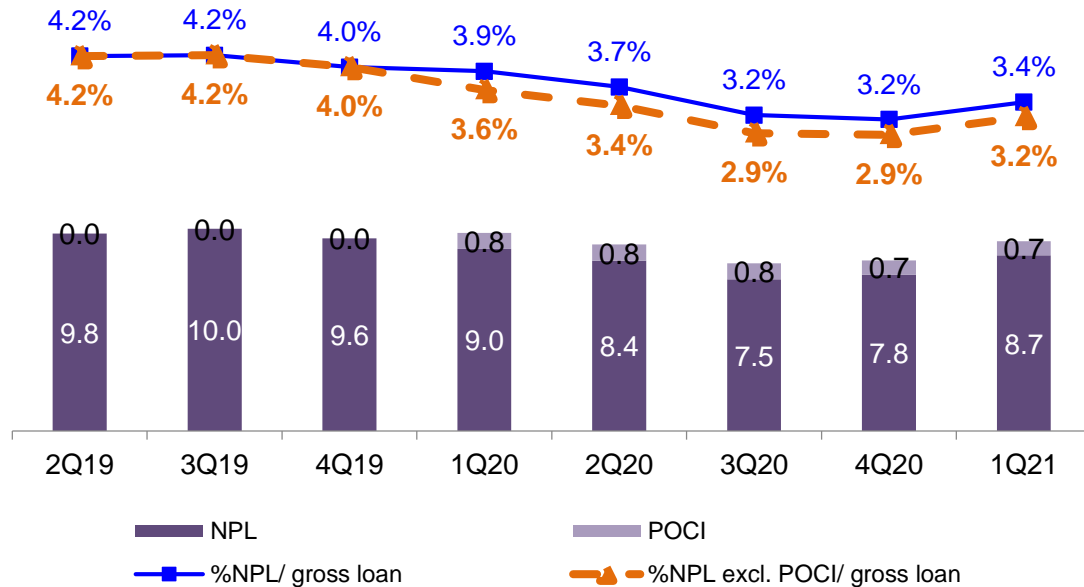


NIM = Net interest income / Average earning assets including Interbank, investment in securities, investment in loans, loans net deferred revenue

# Asset Quality

## Total Non-Performing Loans

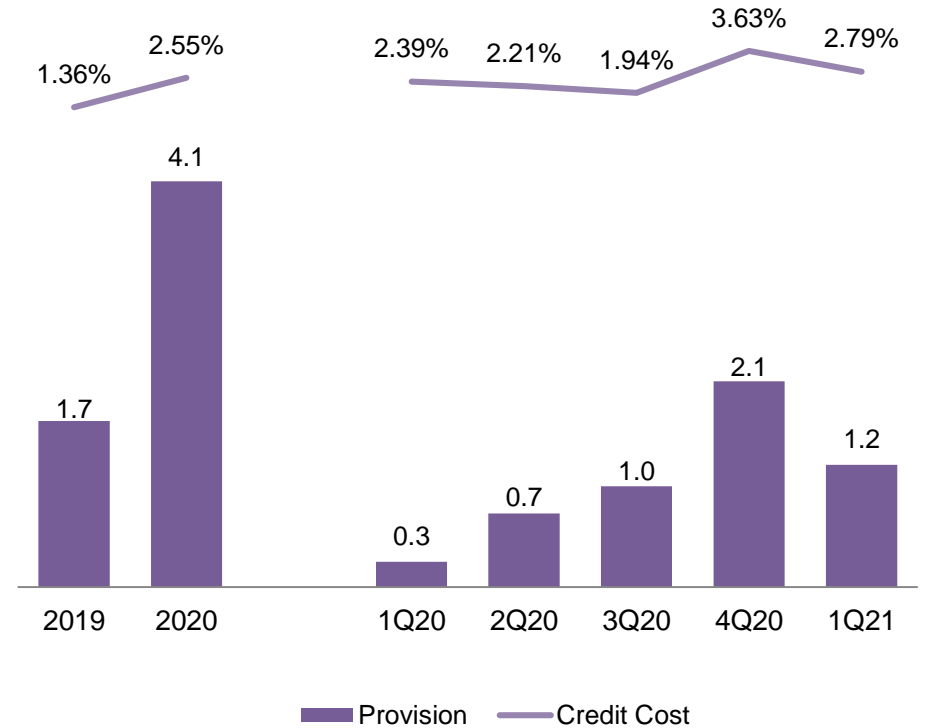
Baht in billion



▪ 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

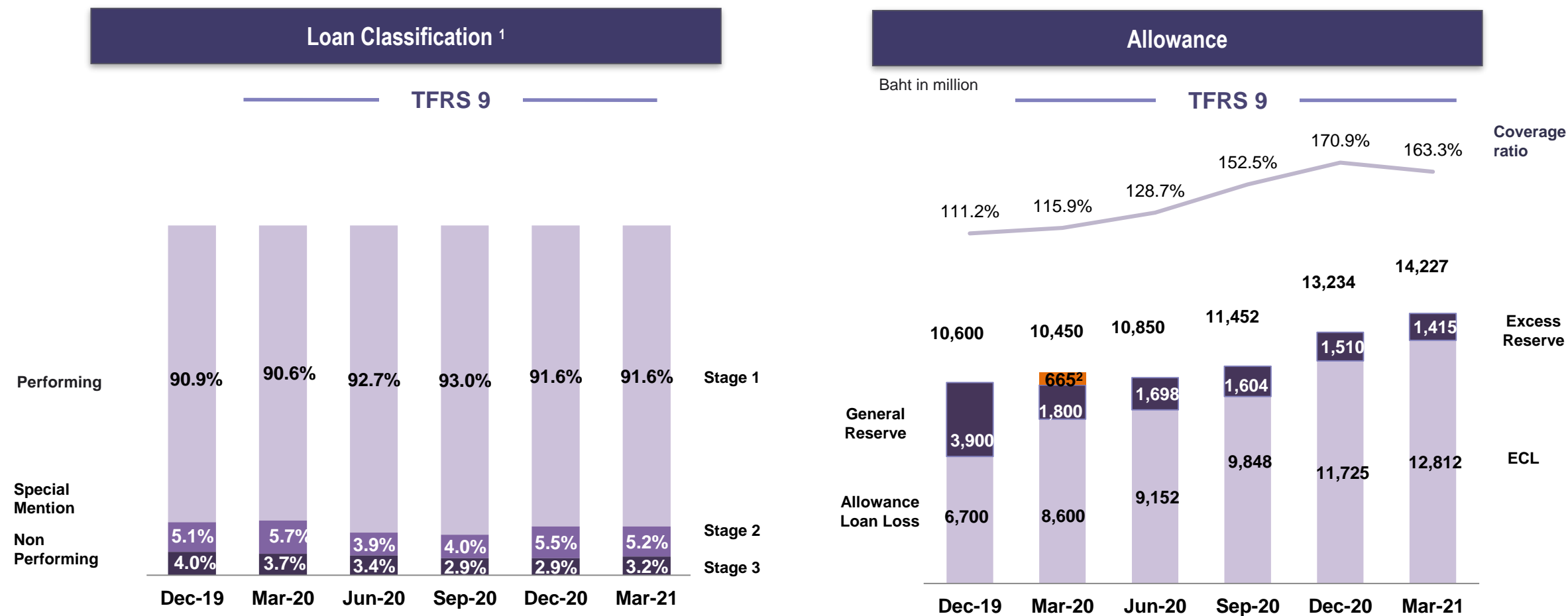
Baht in billion



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



# Loan classification and Allowance for ECL

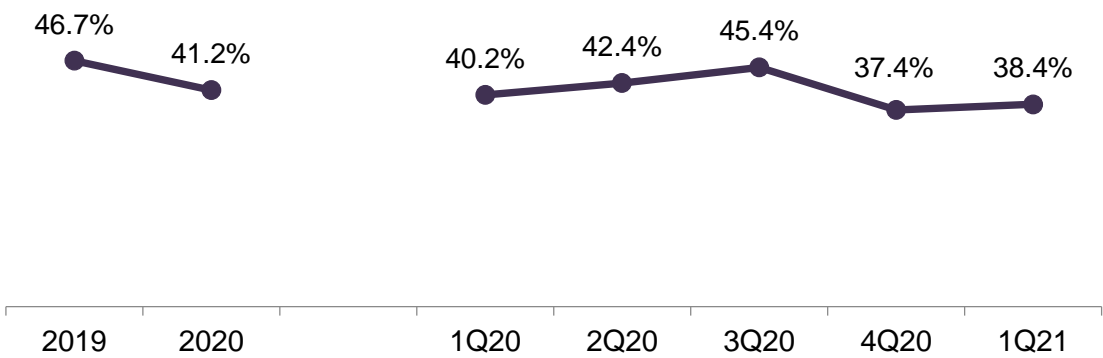


1/ Principle balance and exclude Purchased or originated credit impaired loans (POCI)

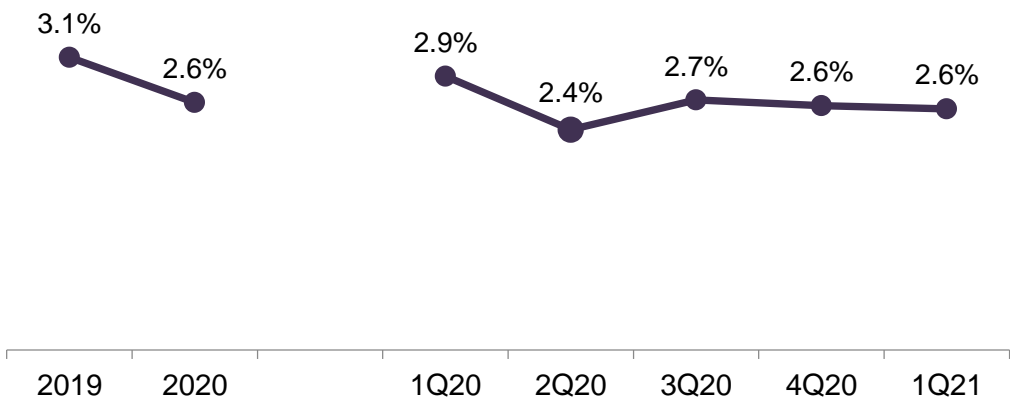
2/ Allowance for NPA not included in Allowance for ECL

# Efficiency ratio

Cost to Income<sup>1</sup>



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



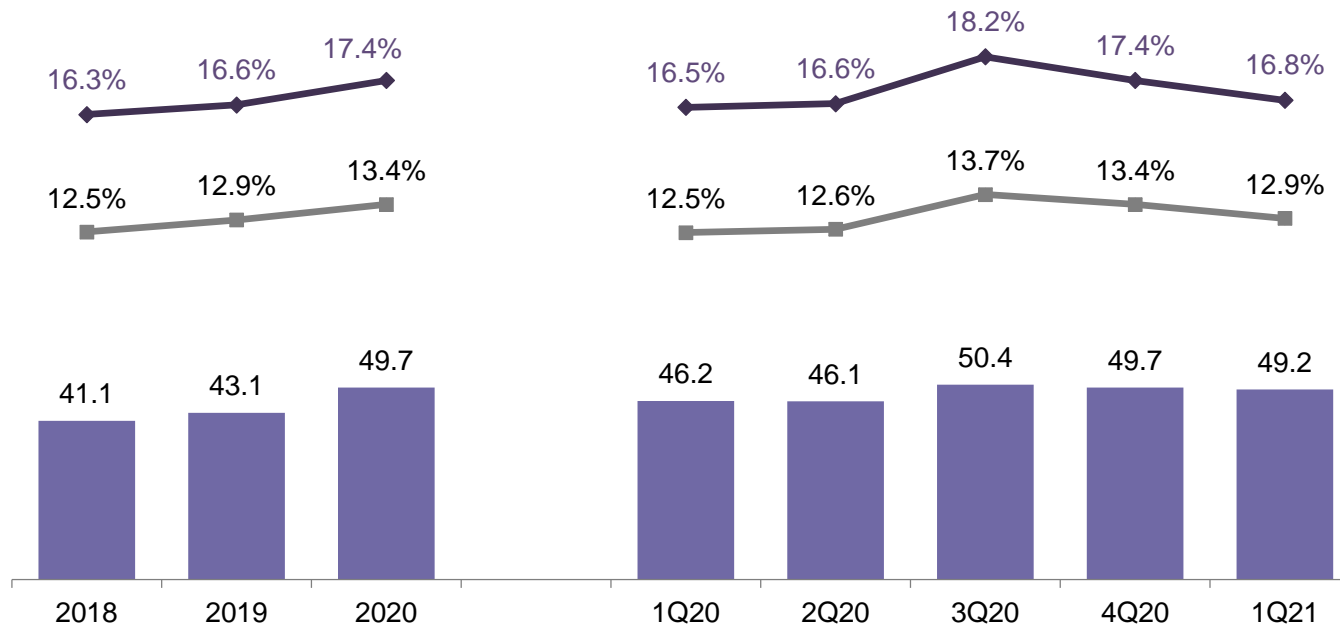
1/ Operating expense (excl. Loss from fair value adjustment and G/L from sale of foreclosed assets)/ Net revenue (incl. G/L from sale of NPA)  
2/ Earning assets includes net loan, NPA, Interbank & money markets and Investment in loans & properties

# 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 1Q 2021
  - CAR ratio = 17.76%
  - Tier 1 ratio = 13.93%

# CAPITAL MARKET BUSINESS

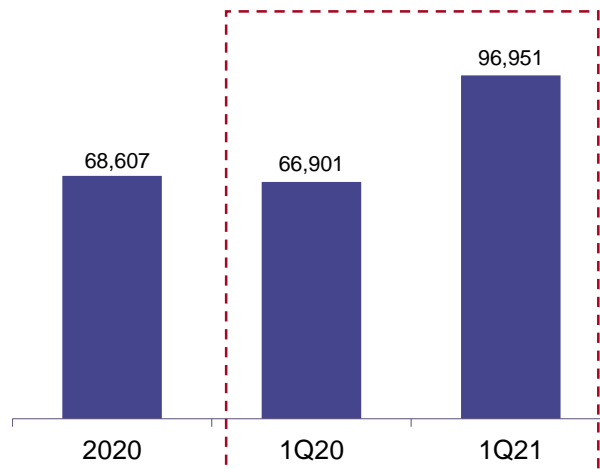
# Capital Market Business - Financial Performance Summary

(Baht million)	1Q20	1Q21	% change
<b>Revenue</b>			
Agency Business			
Brokerage fees	458	501	9.3%
Fee and service income	463	597	29.0%
Agency Business	921	1,098	19.2%
Investment Business	478	169	-64.6%
Other Income	112	137	22.2%
<b>Total Revenue</b>	<b>1,512</b>	<b>1,405</b>	<b>-7.1%</b>
<b>Total Expenses</b>	<b>782</b>	<b>881</b>	<b>12.7%</b>
<b>Net Profit</b>	<b>587</b>	<b>421</b>	<b>-28.4%</b>
<b>Total other comprehensive income</b>	<b>(613)</b>	<b>246</b>	<b>140.2%</b>
<b>Total comprehensive income</b>			
for the period	<b>(25)</b>	<b>667</b>	<b>2,724.0%</b>

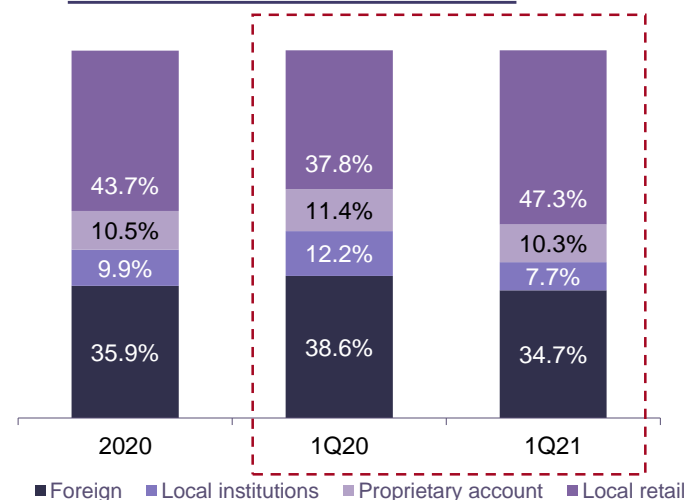
# Agency Business – Equity Brokerage Business

- Daily average trading of market in 1Q21 was Baht 96,951 million, significant increased 45% from 1Q20
- KKPS 's daily average trading value in 1Q21 was Baht 20,529 million, significant increased 41% from 1Q20

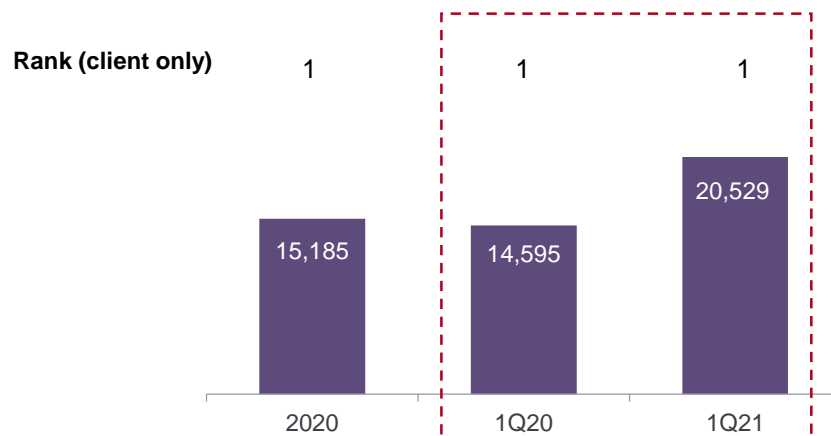
**Market Daily Average Trading Value (Bt million)**



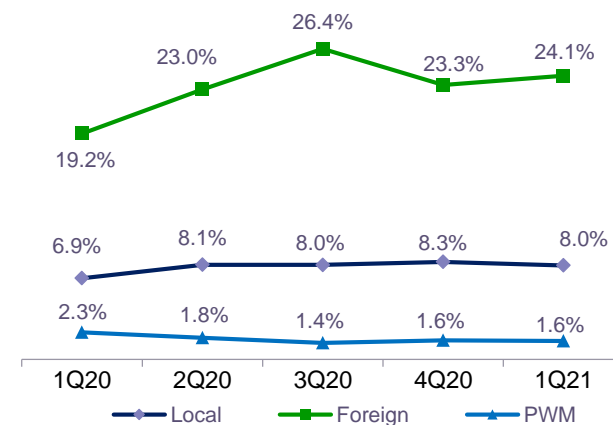
**Breakdown of client of SET & MAI**



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



**Market share - Segmented by Investor**

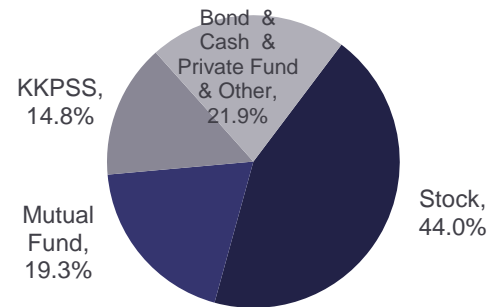


# Agency Business

## HNW's Asset Base

Y2020

Total: Baht 598 billion

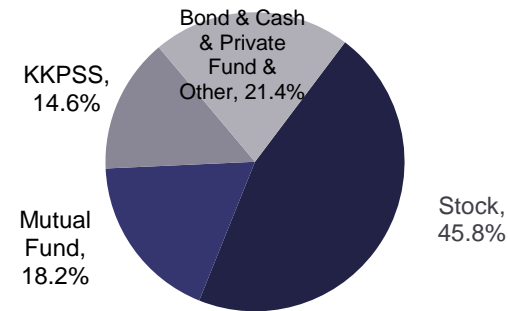


Average Yield

0.23%

Q12021

Total: Baht 634 billion

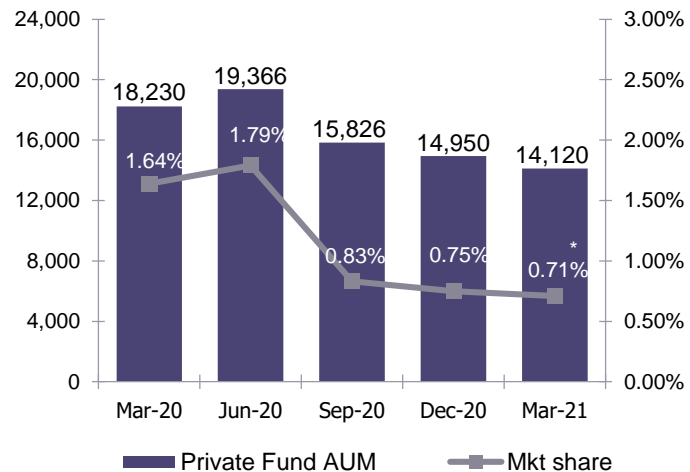


0.35%

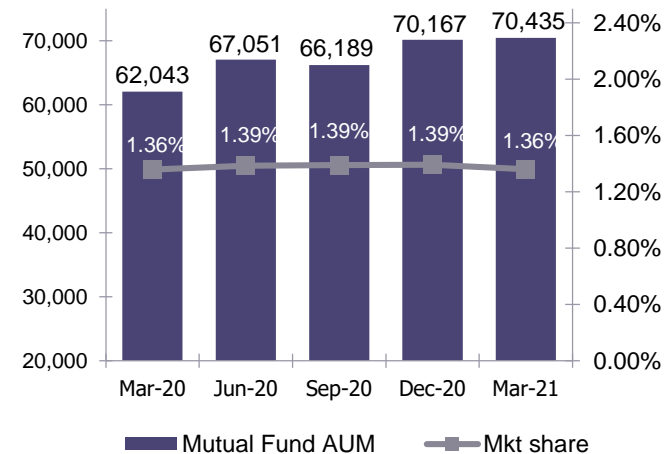
- Our Asset under Advise (AUA) grew 6% YTD

## Asset Management Business

### Private Fund



### Mutual Fund



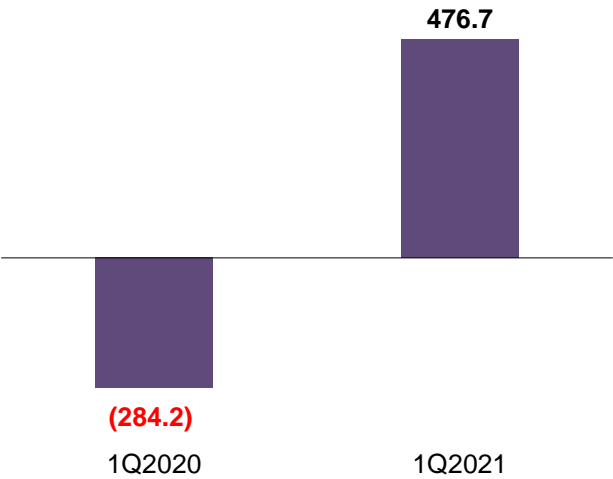
\* Market share in Mar 2021 is calculated by using Feb 2021's market data

# Investment Business

Comprehensive Revenue

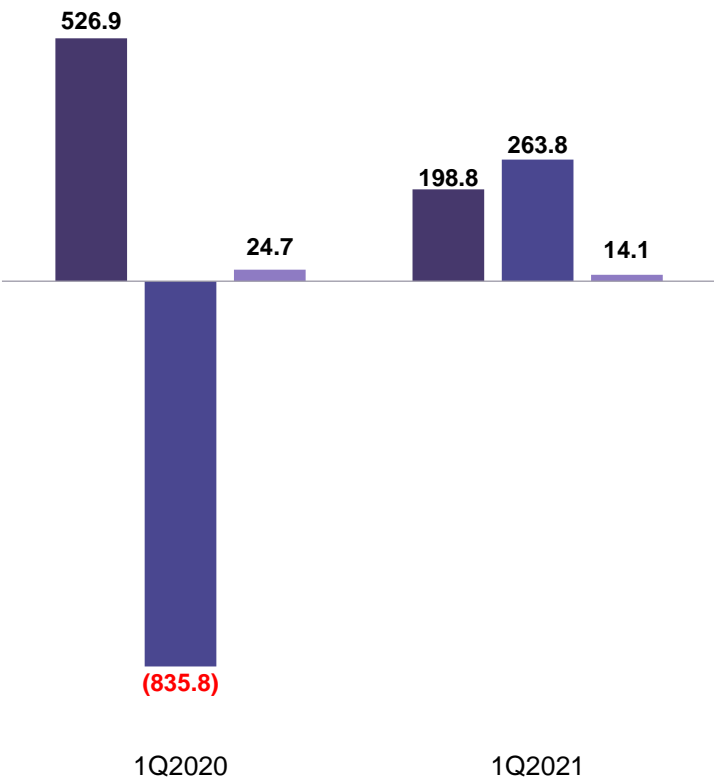
## Total

Baht Million



## Breakdown by Department

■ Equity & Derivatives Trading ■ Direct Investment ■ Treasury & Others



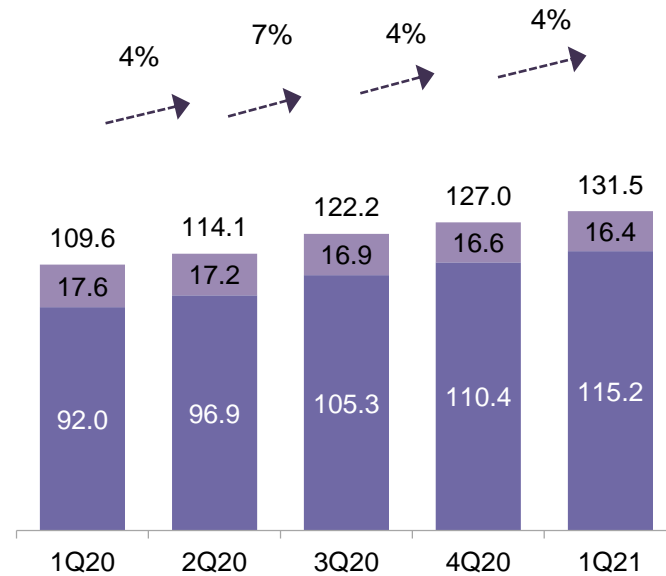


# APPENDIX

## Loans

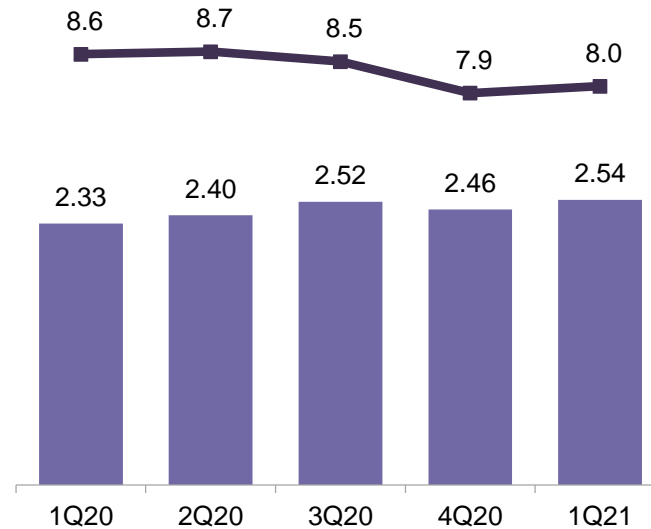
Baht in billion

■ New & Used ■ CQC ■ % loan growth



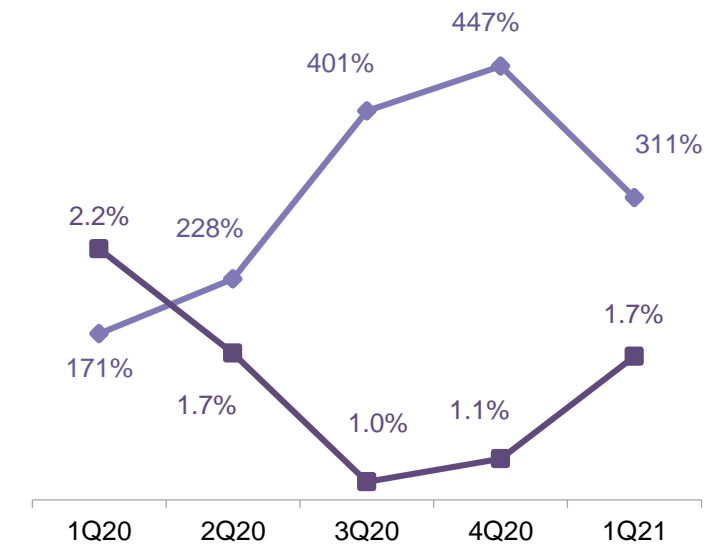
## Loan Yield

Baht in billion



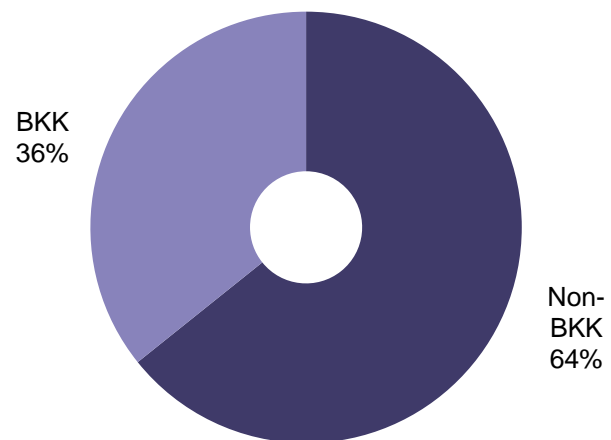
## Portfolio Quality

◆ % Coverage ratio ■ % NPL

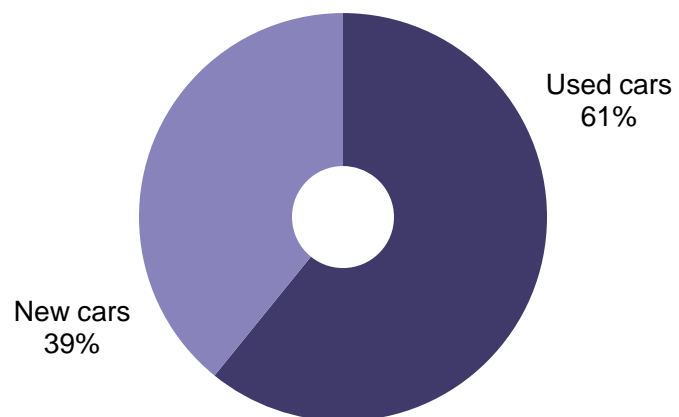


# HP portfolio breakdown

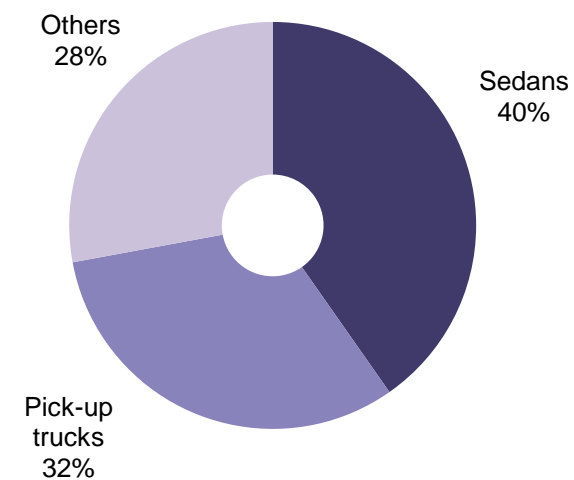
by location



by class

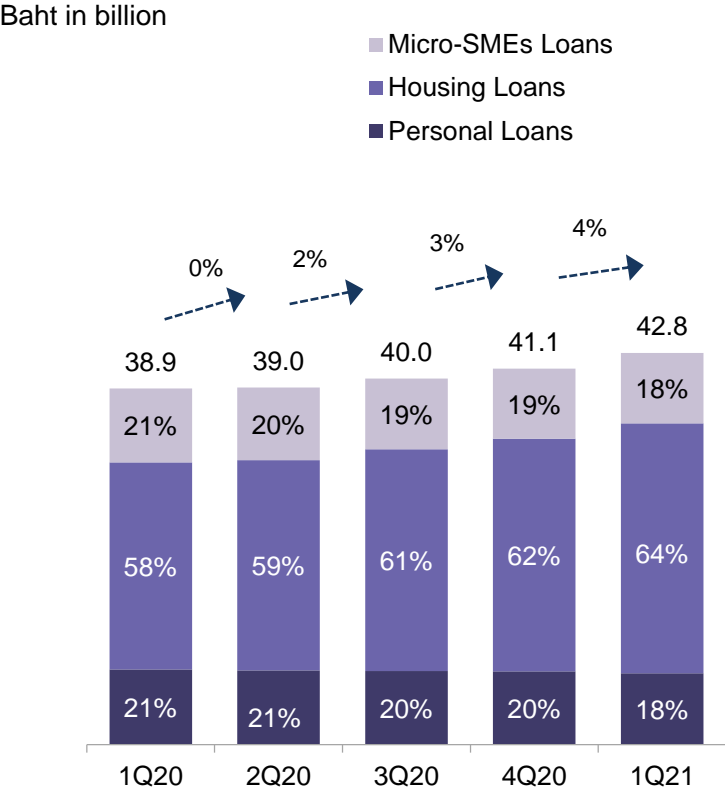


by car type



# Other Retail Loans

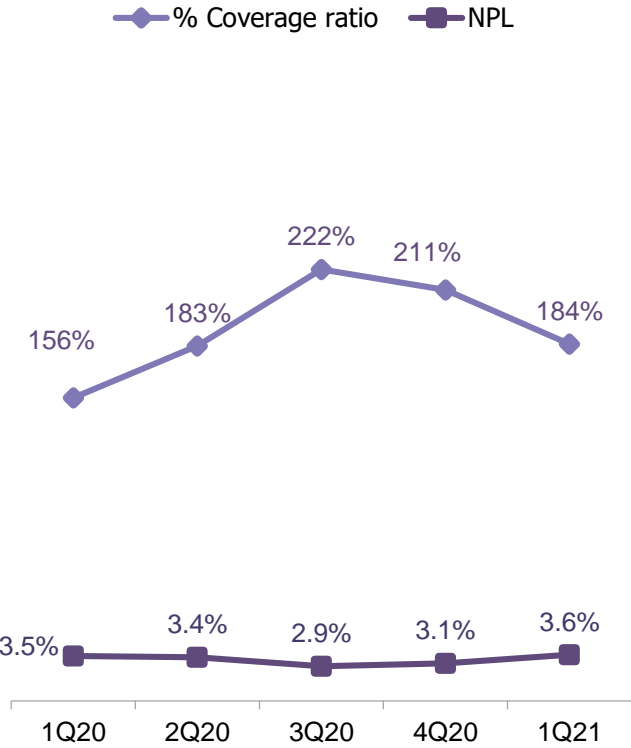
## Loans



## Loan Yield



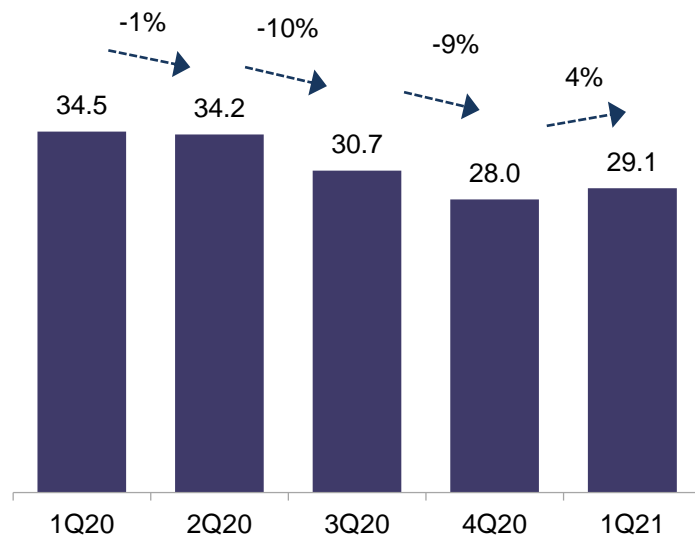
## Portfolio Quality



# Real Estate Development (RE)

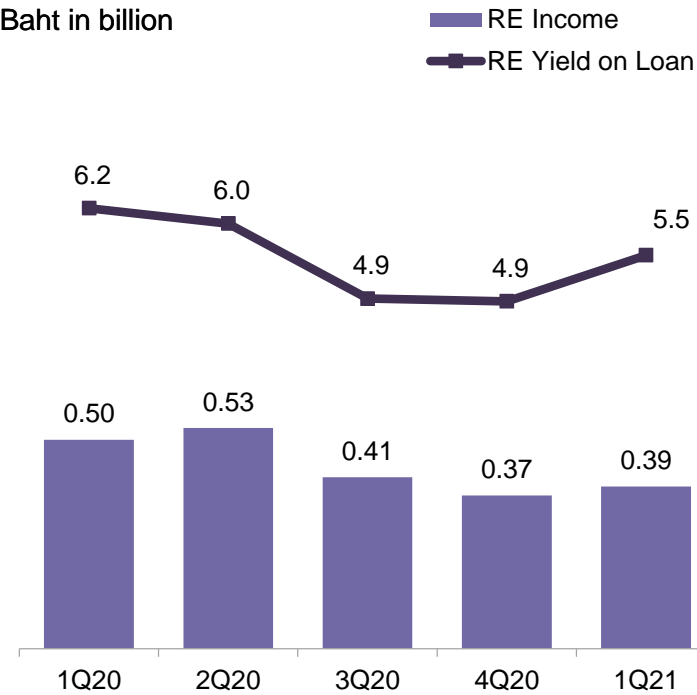
## Loans

Baht in billion



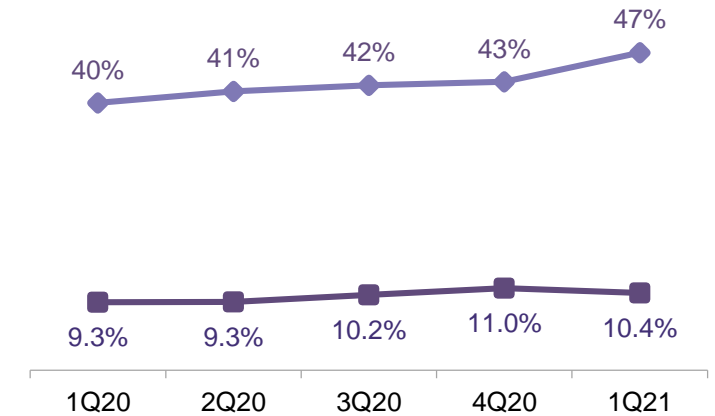
## Loan Yield

Baht in billion



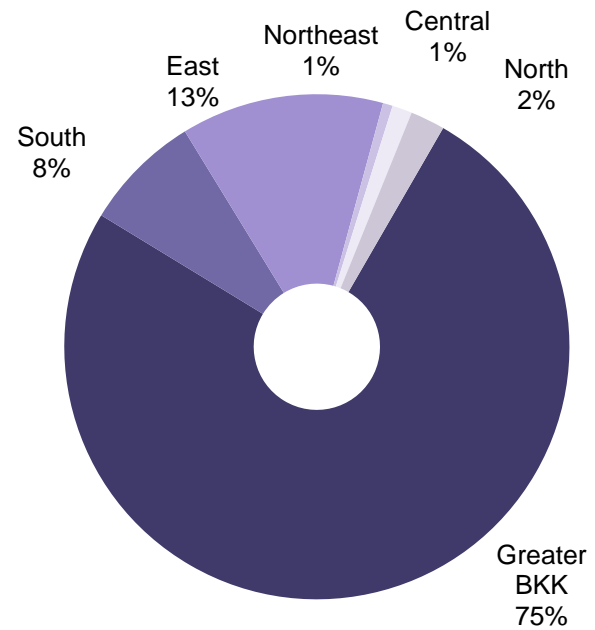
## Portfolio Quality

◆ % Coverage ratio ■ % NPL

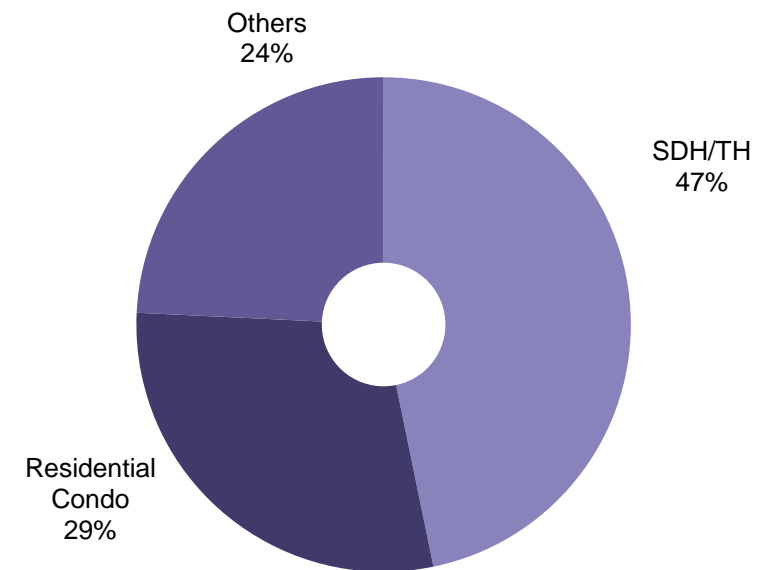


# RE portfolio breakdown

by location



by class

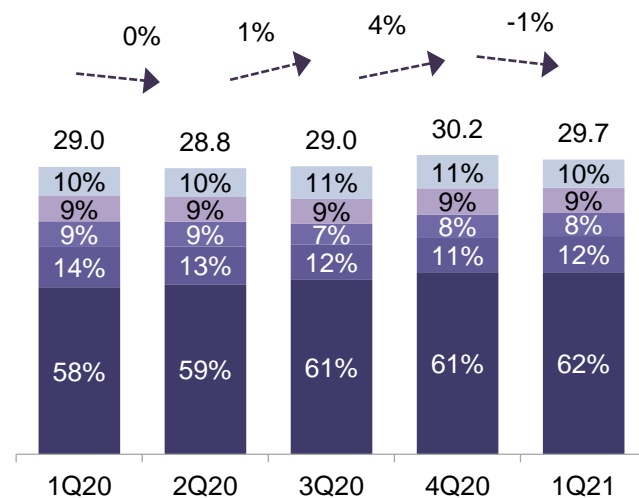


# SME

## Loans

Baht in billion

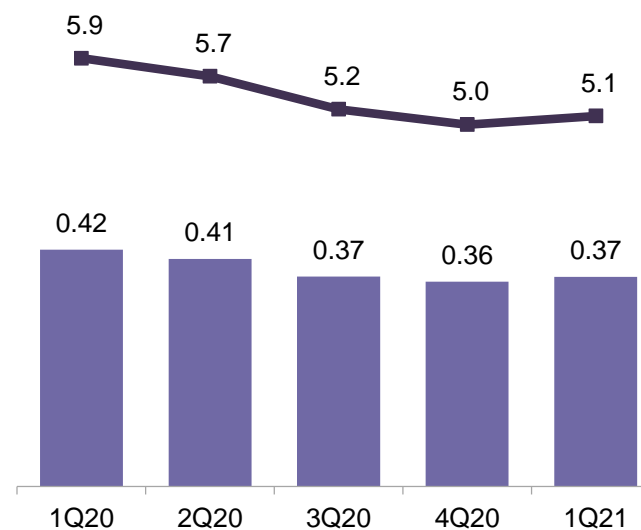
- Construction & Machinery
- CI1
- CI2
- Logistics
- Apartment and Hotel



## Loan Yield

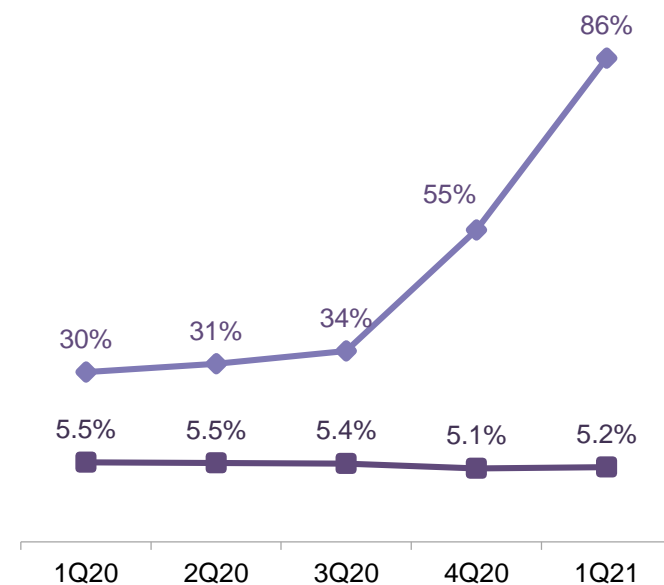
Baht in billion

- Income
- Yield on Loan



## Portfolio Quality

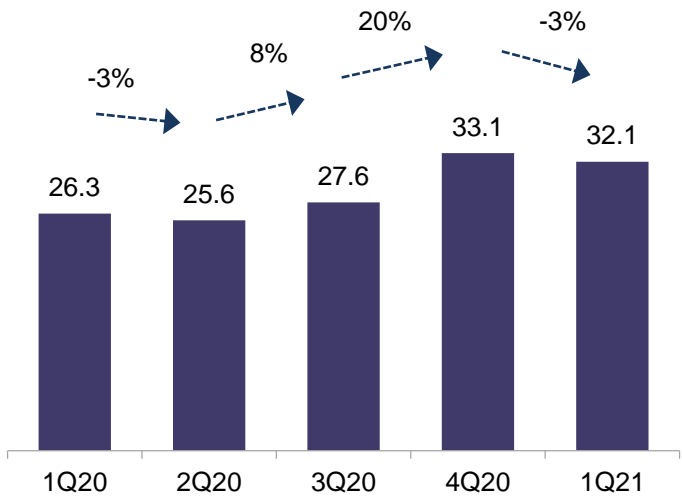
- % Coverage ratio
- % NPL



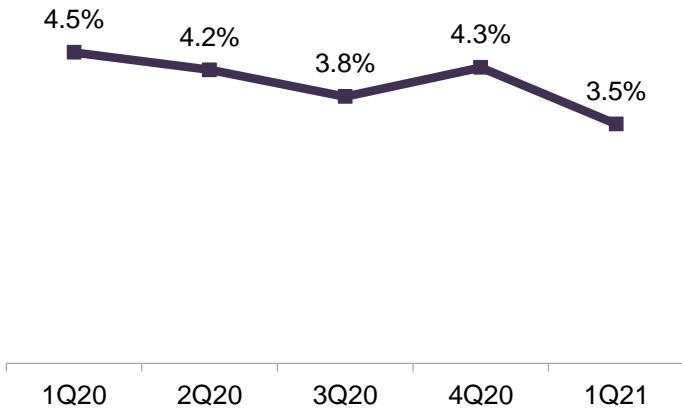
# Corporate

## Loans

Baht in billion

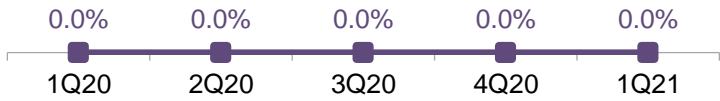


## Loan Yield



## Portfolio Quality

■ % NPL

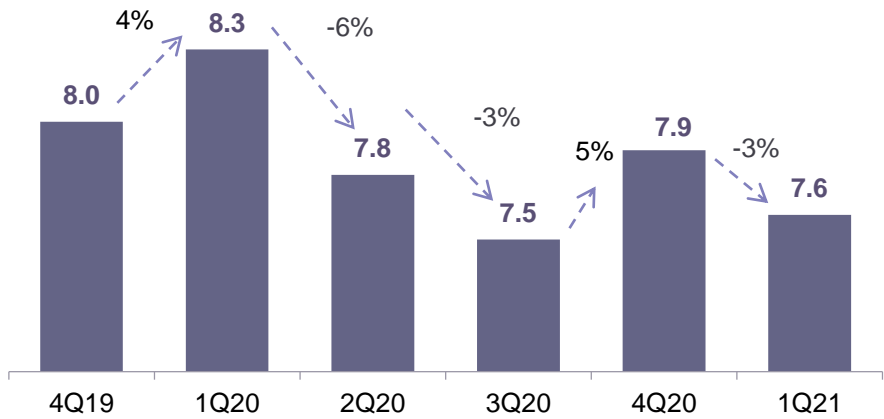




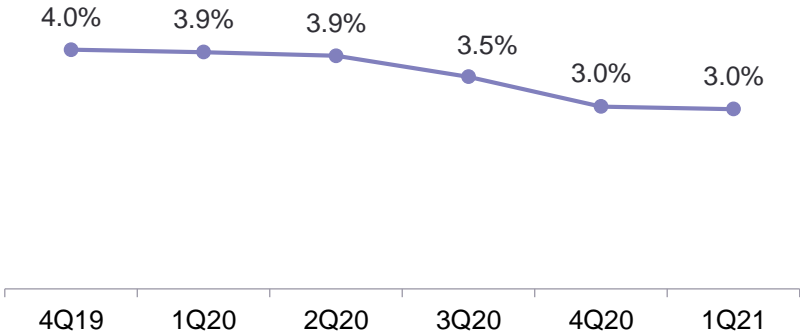
# Lombard Loan

## Loans

Baht in billion



## Loan Yield



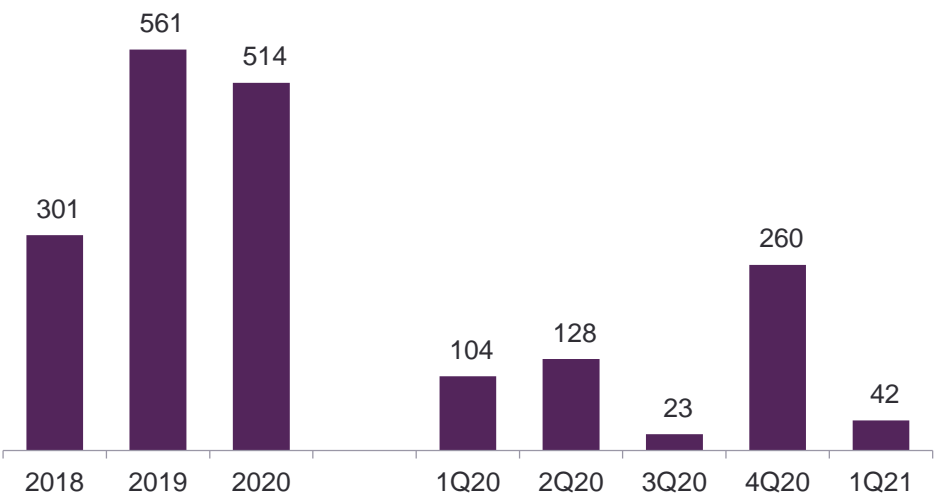
### Highlights

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

# Financial Markets

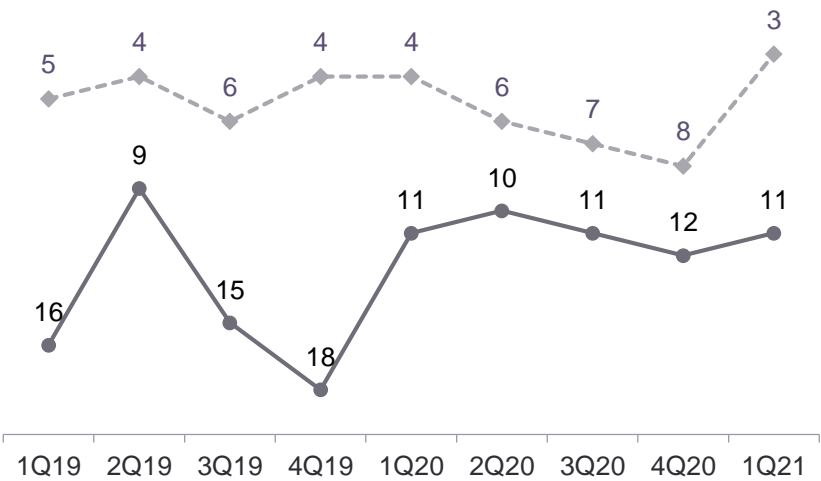
## Revenue

Baht in million



## Ranking

—●— Ranking All Dealer —◆— Ranking Corporate Bond Dealer

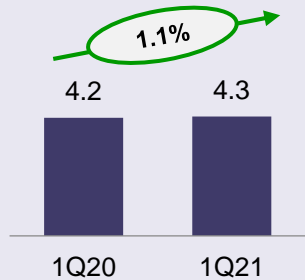


### Highlights

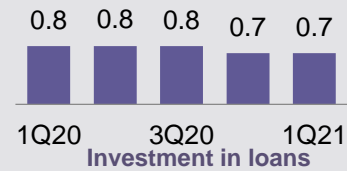
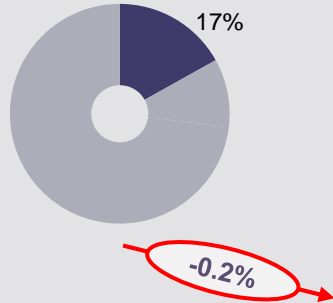
- Offering more comprehensive banking products and services
- Focus on collaborations within the business group to expand KKP wholesale banking business

# SAM

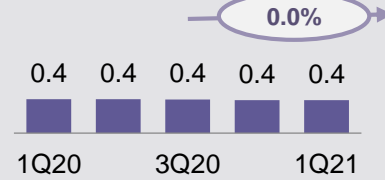
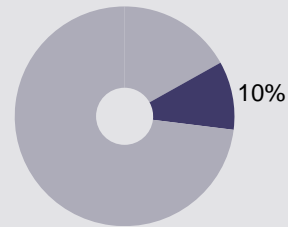
## Assets Baht in billion



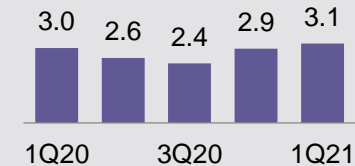
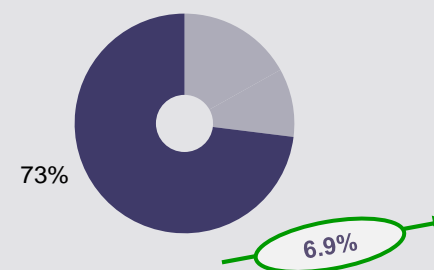
Total Assets



Investment in loans

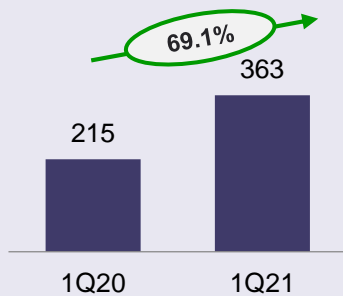


Financial claim loans

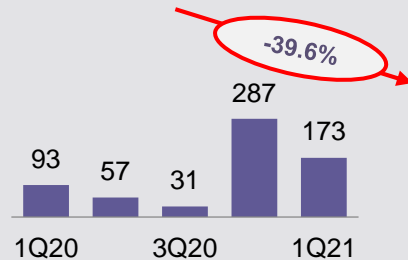


Foreclosed assets

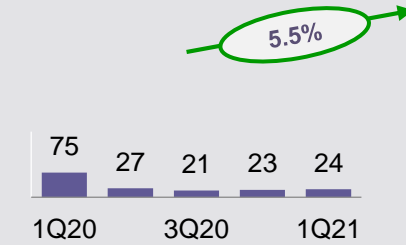
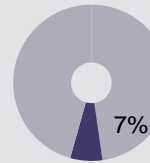
## Income Baht in million



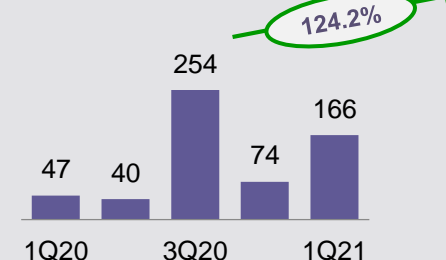
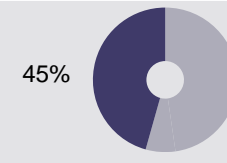
Total income



Interest income from Investment in loans



Interest income from Financial claim loans



Gain from NPA sale

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

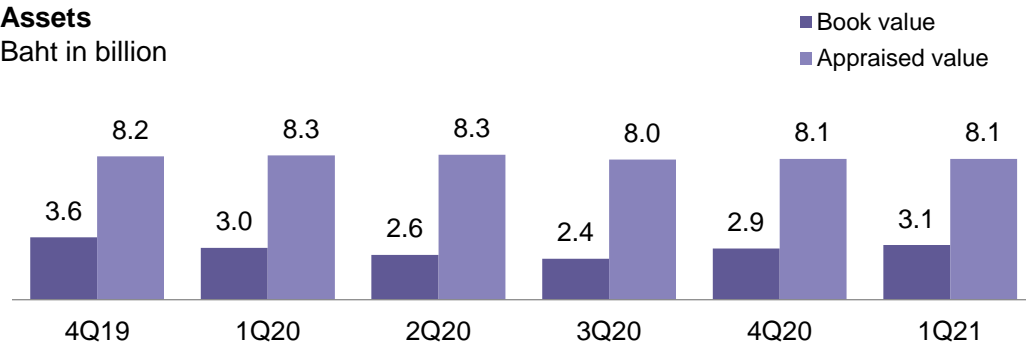
# SAM: foreclosed assets

## Trend and Outlook

### Foreclosed assets (including RE)

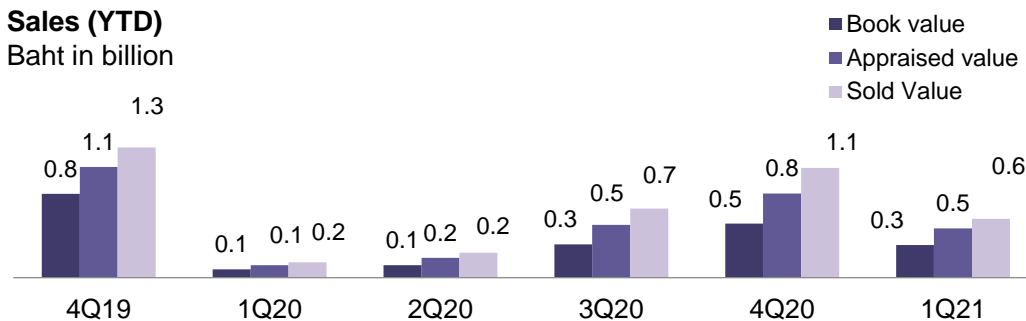
#### Assets

Baht in billion



#### Sales (YTD)

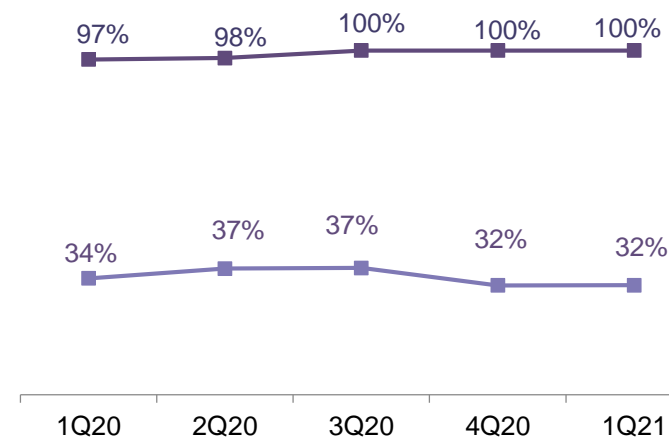
Baht in billion



### Financial claim loans

#### Portfolio Quality

Legend: % Coverage ratio (blue line), % NPL (dark blue line)



#### 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

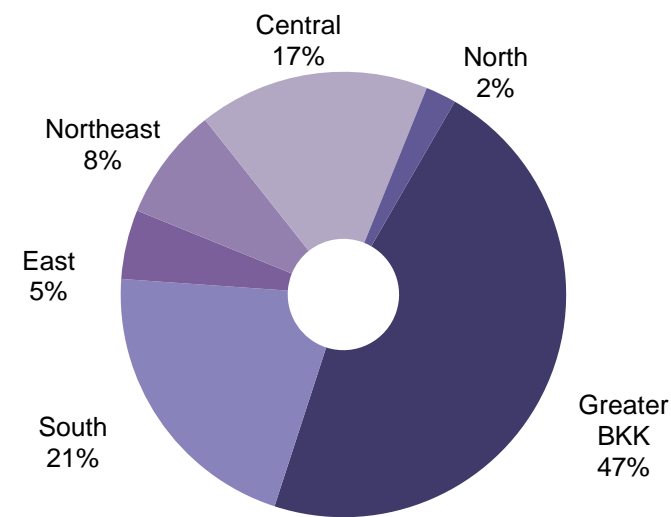
Baht in million

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	1,093	839	130%
1Q21	584	491	119%
<b>Total</b>	<b>40,003</b>	<b>36,915</b>	<b>108%</b>

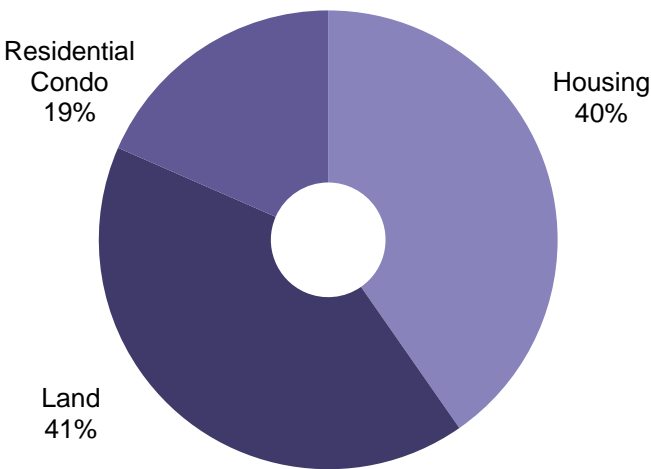
\* Includes foreclosed assets from RE business

# Foreclosed assets breakdown

by location



by class



# Investor Relations

Kiatnakin Phatra Financial Group

KIATNAKIN PHATRA BANK PUBLIC COMPANY LIMITED

209, KKP Tower B, 23rd Floor

Sukhumvit 21 (Asoke)

Klongtoey-nua, Wattana

Bangkok 10110

Tel. (662) 495-1366

Fax: (662) 495-1253

E-mail : [investor\\_relations@kkpfg.com](mailto:investor_relations@kkpfg.com)

<http://www.kkpfg.com>

Disclaimer: This presentation contains some information from other sources, Kiatnakin Phatra Financial Group cannot confirm, in all cases, the accuracy and completeness of such data, particularly where the data sourced from outside the Group. In addition, any forward looking statements are subject to change as a result of market conditions and the final result may be different to that indicated. The Group makes no representation or warranty of any type whatsoever on the accuracy or completion of the information contained herein.