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Management Discussion and Analysis

For the quarter ended March 31, 2023

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Executive Summary

Notwithstanding the heightened global economic uncertainty, driven in part by the recent episodes of banking stress in advanced economies, the Thai economy continued to expand in the first quarter of 2023, benefiting from robust tourism and private consumption rebounds. Krungsri continued to proactively play our role in sustaining economic and business growth momentum, particularly in the commercial customer segment.

Krungsri Group (the Bank and its business units)'s 1Q/23 financial performance continued to strengthen with a **net profit** of Baht 8,676 million, representing an increase of Baht 1,258 million, or 17.0% from the first quarter of 2022. The robust development was mainly driven by positive growth in net interest income and non-interest income as well as lower expected credit loss.

On a year-on-year basis, operating income increased by 6.5%, or Baht 1,824 million from 1Q/22, mainly driven by higher net interest income and non-interest income.

Net interest income increased by Baht 1,318 million, or 6.6%, mainly attributed to the robust increase in yields on earning assets of 51 bps, supported by growth in loans and interbank and money market outstanding together with interest rate hikes; while being offset by an increase in interest expenses underscoring the growth in the deposit balance, higher time deposit rates, and the normalization of the FIDF contribution rate.

Meanwhile, pre-provision operating profit increased by 3.4%, or Baht 557 million, from 1Q/22, mainly attributed to the aforementioned 6.5% increase in operating income, while being offset by higher operating expenses corresponding to the acceleration in economic activity, and the low base effect due to the Omicron outbreak in 2022.

As of March 31, 2023, **total loans** outstanding stood at Baht 1,954,554 million, representing an increase of Baht 5,145 million, or 0.3% from the end of December 2022. **Deposits** increased by Baht 53,964 million, or 3.0%.

Krungsri Group's overall financial stability remains highly resilient with high levels of capital, loan loss provisions and liquidity to support the economic expansion going forward.

The non-performing loan (NPL) ratio improved to 2.26%, compared with 2.32% at the end of December 2022. On account of the economic growth momentum and risk management rigor, credit cost in 1Q/23 improved to 116 bps, maintaining a healthy **loan loss coverage ratio** at 167.1%, compared with 167.4% at the end of December 2022.

Capital adequacy ratio (Bank only) was recorded at 17.95%, compared with 17.97% at the end of December 2022.

Summary of Krungsri Group's Financial Performance

Operating Performance

Consolidated (Million Baht)	1Q/23	4Q/22	%QoQ	1Q/22	%YoY
Net Interest Income	21,190	21,978	(3.6)	19,872	6.6
Non-Interest Income	8,855	7,864	12.6	8,349	6.1
Operating Income	30,045	29,842	0.7	28,221	6.5
Operating Expenses	13,330	13,426	(0.7)	12,063	10.5
Pre-Provision Operating Profit	16,715	16,416	1.8	16,158	3.4
Expected Credit Loss	5,799	6,955	(16.6)	6,783	(14.5)
Net Profit*	8,676	7,392	17.4	7,418	17.0
Earning per Share (Baht)	1.18	1.00		1.01	

* Attributable to Owners of the Bank

Financial Position

Consolidated (Million Baht)	Mar. 31, 23	Dec. 31, 22	%QoQ
Loans to Customers	1,954,554	1,949,409	0.3
Total Assets	2,684,138	2,636,951	1.8
Deposit	1,858,656	1,804,692	3.0
Total Liabilities	2,334,175	2,295,192	1.7
Total Bank's Equity	349,032	340,919	2.4

Key Financial Ratios

Consolidated	1Q/23	4Q/22	1Q/22
Net Interest Margin	3.35%	3.56%	3.28%
Cost to Income Ratio	44.4%	45.0%	42.7%
Loan Growth	0.3%	-0.8%	2.0%
Deposit Growth	3.0%	5.3%	2.8%
Return on Equity Ratio	10.06%	8.77%	9.25%
Return on Assets Ratio	1.30%	1.13%	1.16%
Loan to Deposit Ratio	105%	108%	105%
Loan to Deposit and Debenture Ratio	103%	106%	102%
NPL Ratio	2.26%	2.32%	2.03%
Credit Cost (bps)	116	146	137
Loan Loss Coverage Ratio	167.1%	167.4%	191.6%
Bank Only	Mar. 31, 23	Dec. 31, 22	Mar.31, 22
Common Equity Tier 1 Ratio	13.21%	13.23%	13.32%
Tier 1 Capital Ratio	13.21%	13.23%	13.32%
Tier 2 Capital Ratio	4.74%	4.74%	4.93%
Capital Adequacy Ratio	17.95%	17.97%	18.25%

Key Developments in 1Q/23

Krungsri:

- Key changes in deposit and lending rates are as follows:
 - Deposit rates
 - Increases in a range of 0.10 - 0.15% in the 3-month deposit rates
 - Increases in a range of 0.10 - 0.15% in the 6-month deposit rates
 - Increases in a range of 0.10 - 0.20% in the 12-month deposit rates
 - A 0.20% increase in the 24-month deposit rates
 - Lending rates
 - A total increase of 0.55% in Minimum Loan Rate (MLR) to 6.63%
 - A total increase of 0.55% in Minimum Overdraft Rate (MOR) to 6.875%
 - A total increase of 0.55% in Minimum Retail Rate (MRR) to 6.80%

- On February 2, 2023, Krungsri announced 2023 financial targets. Details are as follows:

Consolidated	2023 Financial Targets
Loan Growth	3-5%
Net Interest Margin (NIM)	3.3-3.5%
Non-Interest Income Growth	Flat
Cost to Income Ratio	Mid-40s
Credit Cost	150-160 bps
NPL Ratio	2.5-2.6%
Loan Loss Coverage Ratio	145-155%

- On March 7, 2023, Krungsri announced the completion of business acquisition of Capital Nomura Securities Public Company Limited (CNS) through the purchase 99.1% of the share capital of CNS from Nomura Asia Investment (Singapore) Pte Ltd. (NAIS). CNS has been rebranded as Krungsri Capital Securities Public Company Limited (KCS) and become a subsidiary of Krungsri Group.

Credit Rating Upgraded :

- On April 17, 2023, Moody's Investors Service upgraded Krungsri's long-term foreign-currency deposit rating to A3 from Baa1 and affirmed the Bank's short-term foreign-currency deposit rating at P-2. Moody's also upgraded the Bank's Baseline Credit Assessment (BCA) to baa2 from baa3. The upgrade of Krungsri's ratings reflects improvements in the Bank's solvency metrics, particularly in terms of capitalization and profitability, as well as Moody's Investors Service's expectation that the Bank's asset quality will remain largely stable over the next 12-18 months.

Regulatory Developments:

Financial Institution Policy :

- On March 21, 2023, the Bank of Thailand announced a one-year extension of the Soft Loan Emergency Decree with the following details :
 - 1) Extension of the Soft Loan and Transformation Loan programs under the Soft Loan Emergency Decree by one year, to expire on April 9, 2024, which is aimed to support vulnerable businesses that may need more time and liquidity to adapt to the changing business environment post-pandemic.
 - 2) The Asset Warehousing program will not be extended because most businesses that pledged collateral under this program operate in the tourism and hospitality industries, which have recovered since the reopening. However, borrowers could negotiate terms and conditions of the remaining credit lines with their creditors under the program.
 - 3) The remaining credit line of the Asset Warehousing program will be transferred to the Soft Loan program after the end of the program.

Monetary Policy :

- Underscoring the Monetary Policy Committee (MPC)'s views on growth and inflation outlook, the MPC announced two policy-rate hikes in 1Q/23 raising the rate by 0.50% to 1.75%.

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

As of March 31, 2023, the loans outstanding under Krungsri's customer relief programs continued to improve to 7.6% of total loans outstanding, or Baht 147,592 million, representing 130,122 retail customer accounts and 4,540 commercial customers. For SMEs, additional credit lines were accumulated for Baht 18,747 million offered to 4,810 SME customers to support their liquidity requirement under the Bank of Thailand's soft loan, special rehabilitation loan and transformation loan programs and the Government Savings Bank's soft loan program.

Thai Economic Outlook

With the easing of the COVID-19 pandemic, domestic economic activity in Thailand is returning to normal, and the tourism sector is experiencing a rapid recovery. Consequently, it is expected to be a major driver of the Thai economy this year. Moreover, sentiment is strengthening and private sector consumption is therefore likely to be a major driver of growth. However, despite this positive trend, overall economic growth is expected to remain lackluster, with an estimate of under 3.0% during the first half of 2023, as the weak performance of economies in the primary overseas markets, particularly the US and Europe, will continue to drag on Thai export growth. Krungsri Research forecasts Thai economic growth in 2023 to be at 3.3%.

Key Items of Operating Performance

Net Interest Income

Consolidated (Million Baht)	1Q/23	4Q/22	% QoQ	1Q/22	%YoY
Interest Income	29,117	28,437	2.4	24,752	17.6
Interest on loans	18,634	18,263	2.0	15,749	18.3
Interest on interbank and money market items	1,900	1,524	24.7	520	265.4
Hire purchase and financial lease income	8,178	8,249	(0.9)	8,107	0.9
Investments and trading transactions	4	0	-	3	33.3
Investments in debt securities	366	358	2.2	370	(1.1)
Other interest income	35	43	(18.6)	3	1,066.7
Interest Expenses	7,927	6,459	22.7	4,880	62.4
Interest on deposits	4,286	3,215	33.3	2,463	74.0
Interest on interbank and money market items	740	1,345	(45.0)	493	50.1
Interest on borrowings	819	819	0.0	879	(6.8)
Contribution to Financial Institution Development Fund and Deposit Protection Agency	1,996	1,006	98.4	1,025	94.7
Other interest expenses	86	74	16.2	20	330.0
Net Interest Income	21,190	21,978	(3.6)	19,872	6.6

- Interest income in 1Q/23 was recorded at Baht 29,117 million, an increase of Baht 680 million, or 2.4%, from the prior quarter, mainly driven by an increase in interest on loans and interbank and money market items. Meanwhile, interest expenses were recorded at Baht 7,927 million, increasing by Baht 1,468 million, or 22.7% from 4Q/22, mainly from an increase in interest expense on deposits attributed to both the robust growth of deposits, deposit rate increases, and the normalization of the FIDF contribution rate to 0.46%.
- Consequently, net interest income in the first quarter of 2023 amounted to Baht 21,190 million, representing a decrease of Baht 788 million, or 3.6%, from the prior quarter.
- On a year-on-year basis, net interest income increased by Baht 1,318 million, or 6.6%, mainly attributed to the robust increase in yields on earning assets of 51 bps, supported by growth in loans and interbank and money market outstanding together with interest rate hikes; while being offset by an increase in interest expenses corresponding to growth in the deposit balance, higher time deposit rates, and the normalization of the FIDF contribution rate.

Net Interest Margin

	1Q/23	4Q/22	1Q/22	2022
Net Interest Margin	3.35%	3.56%	3.28%	3.45%
Yield on Earning Assets	4.60%	4.60%	4.09%	4.34%
Yield on Loans	5.49%	5.42%	5.00%	5.23%
Cost of Funds	1.44%	1.20%	0.91%	1.01%
Cost of Deposits	1.37%	0.96%	0.77%	0.83%

Interest Rate

	Mar-23	Dec-22	Sep-22	Jun-22	Mar-22
Policy Rate	1.75%	1.25%	1.00%	0.50%	0.50%
Krungsri Lending Rate					
MLR	6.63%	6.08%	5.58%	5.58%	5.58%
MOR	6.875%	6.325%	5.95%	5.95%	5.95%
MRR	6.80%	6.25%	6.05%	6.05%	6.05%
Krungsri Deposit Rate					
Savings Rate	0.25%	0.25%	0.25%	0.25%	0.25%
3-month deposits	0.50-0.75%	0.40-0.60%	0.10-0.32%	0.10-0.32%	0.10-0.32%
6-month deposits	0.55-0.85%	0.45-0.70%	0.15-0.40%	0.15-0.40%	0.15-0.40%
12-month deposits	0.60-1.20%	0.50-1.00%	0.15-0.40%	0.15-0.40%	0.15-0.40%
24-month deposits	0.80-1.55%	0.60-1.35%	0.20-0.45%	0.20-0.45%	0.20-0.45%

- In 1Q/23, notwithstanding an improvement of 7 bps in yields on loans, it was largely offset by 41 bps increase in cost of deposits, driven by both deposit rate increases and the normalization of the FIDF contribution rate to 0.46% from 0.23%. Consequently, net interest margin (NIM) declined by 21 bps to 3.35% from 3.56% in the prior quarter.
- On a year-on-year basis, NIM increased by 7 bps due to a higher yield on earning assets, corresponding to the policy rate and lending rate increases. These positive components were partly offset by an increase in the cost of funds, mainly due to a higher liquidity buffer and cost of deposits underscoring the interest rate hikes and the normalization of the FIDF contribution rate.

Management Discussion and Analysis

Non-Interest Income

Consolidated (Million Baht)	1Q/23	4Q/22	% QoQ	1Q/22	% YoY
Net fees and Service Income	4,250	4,292	(1.0)	4,231	0.4
Fees and service income	6,322	6,261	1.0	6,031	4.8
Fees and service expense	2,072	1,969	5.2	1,800	15.1
Total Non-interest and Non-fees Income	4,605	3,572	28.9	4,118	11.8
Gains (losses) on financial instrument measured at fair value through profit or loss (FVTPL)	1,710	1,301	31.4	1,131	51.2
Share of profit (loss) from investment using equity method	385	345	11.6	414	(7.0)
Bad debt recoveries	1,778	1,668	6.6	1,603	10.9
Other operating income	732	258	183.7	970	(24.5)
Total Non-Interest Income	8,855	7,864	12.6	8,349	6.1

- Non-interest income in the first quarter of 2023 amounted to Baht 8,855 million, representing an increase of Baht 991 million, or 12.6% from the prior quarter. The increase was largely due to gains on financial instruments measured at fair value through profit or loss (FVTPL), which were mainly attributed to gains on FX and derivatives, and higher gains on sales of properties for sale.
- On a year-on-year basis, non-interest income increased by 6.1%, or Baht 506 million, driven by higher gains on financial instrument measures at FVTPL and bad debt recoveries. However, gains on sales of properties for sale decreased.

Fees and Service Income Breakdown

	1Q/23	4Q/22	1Q/22	2022
Loan - related Fees	4%	5%	4%	5%
Bancassurance Fees	13%	13%	13%	14%
Transaction Fees	10%	9%	10%	10%
Auto HP Fees	14%	14%	15%	14%
Card - related Fees	38%	40%	32%	35%
Others*	21%	19%	26%	22%
Total Fee and Service Income	100%	100%	100%	100%

* Others: Comprised of wealth and fund management, securities-related, and investment banking fees.

- Fees and service income in the first quarter of 2023 amounted to Baht 6,322 million, representing an increase of Baht 61 million, or 1.0% from the prior quarter. The increase was primarily driven by securities-related fees, which was partly attributed to the consolidation of the Krungsri Capital Securities Public Company Limited (KCS) business during the quarter.

- On a year-on-year basis, fees and service income increased by 4.8% or Baht 291 million, mainly driven by card-related fees, mirroring a higher spending volume boosted by the recovery of domestic activity.

Operating Expenses

Consolidated (Million Baht)	1Q/23	4Q/22	%QoQ	1Q/22	%YoY
Employee expenses	7,154	6,646	7.6	6,709	6.6
Premises and equipment expenses	1,857	1,945	(4.5)	1,721	7.9
Taxes and duties	706	641	10.1	732	(3.6)
Directors' remuneration	18	18	0.0	17	5.9
Other expenses	3,595	4,176	(13.9)	2,884	24.7
Total Operating Expenses	13,330	13,426	(0.7)	12,063	10.5
Cost to Income Ratio	44.4%	45.0%		42.7%	

- Operating expenses in the first quarter of 2023 amounted to Baht 13,330 million, representing a decrease of Baht 96 million, or 0.7%, from the prior quarter. The decrease was primarily due to lower marketing promotion expenses, resulting from the seasonality pattern in the previous quarter. However, the reduction was offset by an increase in employee expenses.
- On a year-on-year basis, operating expenses increased by Baht 1,267 million, or 10.5%, largely due to higher employee expenses, marketing promotion expenses, professional fee, and IT related expenses.

With ongoing cost control initiatives, the cost to income ratio for the first quarter of 2023 improved to 44.4%, from 45.0% in the prior quarter, but increased from 42.7%, corresponding to the acceleration in economic activity and the low base effect due to the Omicron outbreak in the first quarter of 2022.

Krungsri Group will continue to proactively manage operating expenses in achieving the year's cost to income ratio target at mid-40s.

Expected credit loss (ECL)

Consolidated (Million Baht)	1Q/23	4Q/22	% QoQ	1Q/22	% YoY
Expected Credit Loss	5,799	6,955	(16.6)	6,783	(14.5)
Credit Cost (bps)	116	146		137	

Underscoring the economic growth momentum and prudent maintenance of reserves, the expected credit loss in the first quarter of 2023 stood at Baht 5,799 million, equivalent to a credit cost of 116 bps, a decrease of 16.6% from the prior quarter and 14.5% year-on-year.

Key Items of Financial Position

Assets

Consolidated (Million Baht)	Mar. 31, 23	Dec. 31, 22	%QoQ
Cash	27,716	29,810	(7.0)
Net interbank and money market items	504,431	460,920	9.4
Financial assets measured at FVTPL	3,689	998	269.6
Net investment	146,021	145,167	0.6
Net investments in Subsidiaries, Associate and Joint Ventures	16,981	16,580	2.4
Loans to customers	1,954,554	1,949,409	0.3
Accrued Interest Receivables and Undue Interest Receivables	12,134	11,933	1.7
Allowance for Expected Credit Loss	(87,824)	(87,851)	0.0
Loans to customers and accrued interest receivable, net	1,878,864	1,873,491	0.3
Net Properties for Sales	5,579	5,212	7.0
Others	100,857	104,773	(3.7)
Total Assets	2,684,138	2,636,951	1.8

As of March 31, 2023, total assets stood at Baht 2,684,138 million, representing an increase of Baht 47,187 million, or 1.8%, from the end of December 2022. The key drivers are as follows:

- Net interbank and money market items increased by Baht 43,511 million, or 9.4%, driven by an increase in repurchase agreements.
- Loans to customers increased by Baht 5,145 million, or 0.3%, largely driven by increased loans to the SME and retail segments, offset by a contraction in loans to the corporate segment.

Investment Classification

Consolidated (Million Baht)	Mar. 31, 23	Dec. 31, 22	%QoQ
Financial Assets Measured at FVTPL	3,689	998	269.6
Net Investment	146,021	145,167	0.6
Investment in Debt Securities Measured at Amortised Cost	3,307	518	538.4
Investment in Debt Securities Measured at FVOCI	133,586	135,224	(1.2)
Investment in Equity Securities Measured at FVOCI	9,128	9,425	(3.2)
Net Investments in Subsidiaries, Associate and Joint Ventures	16,981	16,580	2.4
Total Investment	166,691	162,745	2.4

Management Discussion and Analysis

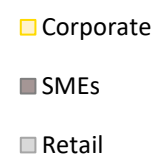
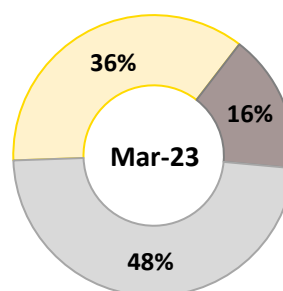
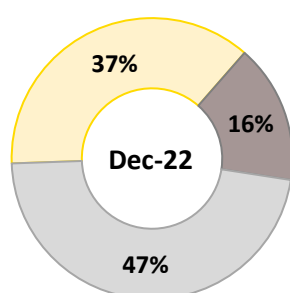
- As of March 31, 2023, total investment increased by 2.4%, or Baht 3,946 million, from the end of December 2022, mostly due to higher financial assets measured at FVTPL and net investments.
- A significant proportion of net investment was debt securities measured at FVOCI which decreased by 1.2% from the end of December 2022, while debt securities measured at amortised cost increased by 538.4%. Thus, net investment increased by Baht 854 million, or 0.6%.

Loans to Customers

Loans by Segment

Consolidated (Million Baht)	Mar. 31, 23	Dec. 31, 22	%QoQ
Corporate	703,499	720,724	(2.4)
Thai Corporate	448,114	451,252	(0.7)
International Corporate (JPC/MNC)	255,385	269,472	(5.2)
SMEs	321,528	304,936	5.4
Retail	929,527	923,749	0.6
Hire purchase	422,607	414,856	1.9
Mortgage	289,093	292,507	(1.2)
Credit cards, personal loans and others	217,827	216,386	0.7
Total Loans	1,954,554	1,949,409	0.3

Loan Breakdown



Retail	
Auto HP	21%
Mortgage	15%
Credit card, Personal Loans and Others	11%

Retail	
Auto HP	22%
Mortgage	15%
Credit card, Personal Loans and Others	11%

Corresponding to the improved domestic sentiment and continued economic expansion, SME and retail loans were key drivers for growth in 1Q/23. This was offset by corporate loan repayments during the period. Consequently, total outstanding loans stood at Baht 1,954,554 million, representing an increase of Baht 5,145 million, or 0.3% from the end of December 2022.

Details of loan performance by segment are as follows:

- **Corporate loans** contracted by 2.4%, or Baht 17,225 million mainly resulting from loan and working capital repayments, amidst the upward interest rate tendency, as well as weakening external demand.
- **SME loans** grew strongly by 5.4%, or Baht 16,592 million. The growth was observed across all SME segments including the micro SME-segment (Business Banking), supported by the overall economic and business catalysts.
- **Retail loans** grew by 0.6%, or Baht 5,778 million. Details of retail loan performance by segment are as follows:
 - **Auto hire purchase loans** increased by 1.9%, or Baht 7,751 million, in line with the developments in domestic car sales.
 - **Mortgage loans** declined by 1.2%, or Baht 3,414 million, underscoring a measured development in the property market following the expiration of temporary relaxation of loan-to-value (LTV) ratio for mortgage lending.
 - **Credit card, personal loans and others**, which incorporated the consolidation of KCS's loans during the quarter, increased by 0.7%, or Baht 1,441 million. Notwithstanding an expansion in spending volume during the period, credit card and personal loans contracted due to seasonal loan repayments.

Subsequently, commercial loans, comprising corporate and SME loans, accounted for 52% of the total loan portfolio, while retail lending represented the remaining 48% as of the end of March 2023.

Asset Quality

Loan Classification

Consolidated (Million Baht)	Mar. 31, 23		Dec. 31, 22	
	Loan to Customers and Accrued Interest Receivable	Allowance for ECL	Loan to Customers and Accrued Interest Receivable	Allowance for ECL
Stage 1 (Performing)	1,742,946	35,234	1,743,186	38,474
Stage 2 (Under-performing)	166,614	22,077	161,442	19,409
Stage 3 (Non-performing)	57,128	30,513	56,714	29,968
Total	1,966,688	87,824	1,961,342	87,851

Non-performing Loans*

Consolidated	Mar. 31, 23	Dec. 31, 22	Sep. 30, 22	Jun. 30, 22	Mar. 31, 22
Non-performing Loans (Million Baht)	54,048	53,875	52,880	48,373	46,796
NPL Ratio	2.26%	2.32%	2.38%	2.11%	2.03%
Non-performing Loans by Segment					
Corporate	0.8%	0.8%	0.9%	0.8%	0.8%
SMEs	5.0%	5.2%	5.3%	4.7%	4.6%
Retail	3.5%	3.5%	3.3%	3.1%	3.0%
Hire Purchase	2.2%	2.3%	2.0%	1.8%	1.5%
Mortgage	5.2%	5.0%	4.9%	4.7%	4.7%
Personal Loans, Credit Card and Others	3.9%	3.9%	3.5%	3.4%	3.5%
Coverage Ratio	167.1%	167.4%	175.0%	189.2%	191.6%

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

- As of March 31, 2023, gross NPLs stood at Baht 54,048 million, representing an increase of Baht 173 million, from the end of December 2022.
- Overall asset quality remained resilient with the NPL ratio improved to 2.26% as of the end of March 2023, from 2.32% at the end of December 2022, reflecting Krungsri Group's vigilant credit risk management practices.
- The coverage ratio was maintained at a high level of 167.1% as of the end of March 2023, compared with 167.4% at the end of December 2022.

Liabilities and Shareholders' Equity

Consolidated (Million Baht)	Mar. 31, 23	Dec. 31, 22	%QoQ
Liabilities	2,334,175	2,295,192	1.7
Deposits	1,858,656	1,804,692	3.0
Interbank and money market items	272,549	289,977	(6.0)
Debt Issues and Borrowings	102,032	98,199	3.9
Others	100,938	102,324	(1.4)
Total Bank's Equity	349,032	340,919	2.4
Total Shareholders' Equity	349,963	341,759	2.4
Book Value per Share (Baht)	47.58	46.46	

As of March 31, 2023, total liabilities stood at Baht 2,334,175 million, representing an increase of Baht 38,983 million, or 1.7%, from the end of December 2022. Key items are as follows:

- Deposits increased by Baht 53,964 million, or 3.0%, largely due to time deposits.
- Interbank and money market items decreased by Baht 17,428 million, or 6.0%, mainly due to a decrease in loans and deposits from financial institutions.

As of March 31, 2023, total Bank's equity stood at Baht 349,032 million, representing an increase of Baht 8,113 million, or 2.4%, from the end of December 2022 due to an increase in equity holders' net profit of Baht 8,676 million in the first quarter of 2023.

Book value per share as of March 31, 2023, increased to Baht 47.58 from Baht 46.46 at the end of December 2022.

Funding Structure

Deposits

Consolidated (Million Baht)	Mar. 31, 23	Dec. 31, 22	%QoQ
Current	50,431	50,344	0.2
Savings	1,069,265	1,099,683	(2.8)
Time	738,960	654,665	12.9
< 6 Months	366,575	358,756	2.2
6 Months and < 1 Year	13,060	13,503	(3.3)
1 Year and over 1 Year	359,325	282,406	27.2
Total Deposits	1,858,656	1,804,692	3.0
Proportion of Current and Savings Deposits	60.2%	63.7%	

As of March 31, 2023, total deposits stood at Baht 1,858,656 million, representing an increase of Baht 53,964 million, or 3.0%, from the end of December 2022. The increase was mainly due to time deposits with a tenor of one year and more, particularly the Bank's 20-month step-up time deposit product launched on December 23, 2022.

As a result, the proportion of current and savings deposits (CASA) as a percentage of total deposits decreased to 60.2%, compared with 63.7% at the end of December 2022.

Borrowing

Consolidated (Million Baht)	Mar. 31, 23	Dec. 31, 22	%QoQ
Debenture	34,567	30,289	14.1
Subordinated debenture	61,430	61,439	(0.0)
Other	6,035	6,471	(6.7)
Total Borrowing	102,032	98,199	3.9

As of March 31, 2023, total borrowing stood at Baht 102,032 million, representing an increase of Baht 3,833 million, or 3.9% from the end of December 2022, driven by an increase in the debentures. The increase was mainly due to the new issuance of Krungsri Group's debentures exceeding the redemption amount.

Liquidity

Consolidated	Mar. 31, 23	Dec. 31, 22	Sep. 30, 22	Jun. 30, 22	Mar. 31, 22
Loan to Deposit Ratio	105%	108%	115%	107%	105%
Loan to Deposit and Debenture Ratio	103%	106%	112%	105%	102%

The loan to deposit ratio and the loan to deposit plus debentures ratio slightly improved to 105% and 103%, respectively, compared with 108% and 106% at the end of December 2022 as a result of robust deposit growth during the quarter.

Contingencies

Consolidated (Million Baht)	Mar. 31, 23	Dec. 31, 22	%QoQ
Avals to bills and Guarantees of loans	3,140	3,987	(21.2)
Liability under unmatured import bills	1,881	3,108	(39.5)
Letters of credit	9,514	7,911	20.3
Other Contingencies	161,890	149,816	8.1
Total Contingencies	176,425	164,822	7.0

Krungsri Group's contingencies as of March 31, 2023, totaled Baht 176,425 million, an increase of Baht 11,603 million, or 7.0%, from the end of December 2022. The rise was mainly due to an increase in liability to deliver security related to repurchase transactions of Baht 16,641 million offset by a decrease in firm commitment of Baht 5,152 million.

Statutory Capital

As of March 31, 2023, Krungsri's capital (Bank only) stood at Baht 300,167 million, equivalent to 17.95% of risk-weighted assets, comprising Common Equity Tier 1 (CET1) capital and Tier 1 Capital of 13.21% and Tier 2 capital of 4.74%

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 (Million Baht)		Capital Adequacy Ratio	
	Mar. 31, 23	Dec. 31, 22	Mar. 31, 23	Dec. 31, 22
Common Equity Tier 1	220,950	221,435	13.21%	13.23%
Tier 1 Capital	220,950	221,435	13.21%	13.23%
Tier 2 Capital	79,217	79,269	4.74%	4.74%
Total Capital Fund	300,167	300,704	17.95%	17.97%

Credit Ratings

The Bank's credit ratings assigned by Moody's Investors Service, Standard & Poor's, Fitch Ratings, and TRIS Rating are shown in the table below.

Moody's Investors Service	
Bank Deposit-Long Term	A3
Bank Deposit-Short Term	P-2
Baseline Credit Assessment (BCA)	baa2
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	
<u>International Ratings</u>	
Long-term Issuer Default Rating	BBB+
Short-term Issuer Default Rating	F1
Viability Rating	bbb
Outlook	Stable
<u>National Ratings</u>	
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
Stand-alone Credit Profile (SACP)	aa
Outlook	Stable