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Management Discussion and Analysis

For the quarter ended March 31, 2021

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Executive Summary:

Governed by Krungsri's prudential priority amid ongoing challenges, loans grew 0.3% in 1Q/21. Net profit registered at Baht 6,505 million for 1Q/21, representing a notable increase of 92.2% or Baht 3,120 million from 4Q/20, driven largely by an absence of additional management overlay reserved in the prior quarter. Compared to 1Q/20, the net profit decreased by 7.5% or Baht 528 million, mainly driven by moderating operating profits, of which partially offset by lowered expected credit loss.

Total loan outstanding stood at Baht 1,839,300 million, an increase of Baht 6,365 million or 0.3% from the end of December 2020, driven by SME and corporate loans which grew by 2.5% and 1.2% respectively. Meanwhile, retail loans contracted by 1.0%, resulting from the seasonal repayment and protracted tepid consumers' confidence.

Deposits totaled Baht 1,888,464 million, an increase of Baht 53,959 million, or 2.9% from the end of December 2020, largely driven by savings deposits.

Non-interest income decreased by Baht 256 million, or 2.9%, from 4Q/20 mainly from a decrease in net fees and service income from higher seasonal retail business volumes observed in the previous quarter.

Non-performing loan (NPL) ratio stood at 1.99% at the end of March 2021, compared to 2.00% at the end of December 2020. As of March 31, 2021, **total loan loss reserves** reached Baht 81,330 million, resulting in the **coverage ratio** remaining high at 175.0%.

Capital adequacy ratio (Bank only) was recorded at 17.85%, decreasing from 17.92% at the end of December 2020.

Key developments in 1Q/21

- On January 12, 2021, the Bank of Thailand announced the additional relief measures in response to the new wave of coronavirus. Key details are as follows:
 - 1) Extended the deadline for retail customers to apply for relief measures until June 30, 2021 (from the former deadline of December 31, 2020)
 - 2) Financial institutions are to expedite assistances to all customer segments as follows:
 - Debt restructuring such as a reduction of installment payment, an installment period extension, a credit limit standstill, a conversion of short-term loans to long-term loans, a grace period on principal and/or interest payments, and a reduction of interest payment.
 - Additional working capital and liquidity support.

- Debt moratorium for SME with a credit line up to Baht 100 million under the Soft Loan Emergency Decree.
- Modification of other loan conditions as per deemed appropriate.
- On February 3, 2021, Krungsri announced 2021 financial targets. Details are as follows:

Consolidated	2021 Financial Targets
Loan Growth	3-5%
Loan Mix: Retail	~ 50%
Net Interest Margin (NIM)	3.1-3.3%
Non-Interest Income Growth	Flat
Cost to Income Ratio	Mid-40s
Credit Cost	< 200 bps
NPL Ratio	< 2.7%
Loan Loss Coverage Ratio	>140%

- On March 23, 2021, the Bank of Thailand announced additional support measures to help the business sector recover from the impacts of the coronavirus pandemic totaling Baht 350,000 million. The measures include:
 - 1) Special loan facility for businesses (totaling Baht 250,000 million) to support viable SMEs affected by the coronavirus pandemic.
 - 2) Debt restructuring through the Asset Warehousing Program with a buyback option (totaling Baht 100,000 million) provides a standardized debt restructuring package for businesses adversely affected and require a longer recovery period, while processing viable business models and collaterals.
- On April 12, 2021, the Bank announced the progress of the initial public offering of shares (IPO) and the listing of ordinary shares on the Stock Exchange of Thailand of Ngern Tid Lor Public Company Limited, the Bank's joint venture with 50% ownership, setting preliminary price range at Baht 34.00 - 36.50 per share. The final offering price is expected to be announced on April 28, 2021.

Thai economic outlook

Notwithstanding the resurgence of new wave of coronavirus pandemic in early April 2021, the Thai economic recovery momentum in 1Q/21 continued to be supported by the expansion in exports, in line with an increase of demand from key trading partner economies, together with the economic stimulus measures to boost domestic spending. Yet, with the resurgence of a new wave, significant risks to the domestic economy and tourism sector recovery remain. Krungsri revised 2021 GDP growth forecast to 2.2% from 2.5% on April 16, 2021.

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

Krungsri continues to be pro-active in customer assistance measures, while vigilantly monitoring and managing our loan portfolio. On January 19, 2021, the Bank announced additional customer assistance measures for retail, and commercial banking customers impacted by the new wave of coronavirus pandemic. Based on customer data and specific need, tailor-made packages provided included debt restructuring, liquidity support and additional credits. (More details in Appendix)

As of March 31, 2021, the loans outstanding under Krungsri's customer relief programs accounted for approximately 16% of total loans outstanding, representing 228,984 retail customer accounts and 27,906 commercial customers. For SMEs, additional credit lines of Baht 22,585 million were offered to 7,197 SME customers to support their liquidity requirement under the Bank of Thailand's and the Government Savings Bank's soft loan programs.

1. Statements of Profit or Loss and Other Comprehensive Income

Consolidated	1Q/21	4Q/20	Change QoQ		1Q/20	Change YoY	
			Baht mn	%		Baht mn	%
Interest Income	24,952	24,939	13	0.1	29,818	(4,866)	(16.3)
Interest Expenses	5,763	6,016	(253)	(4.2)	7,485	(1,722)	(23.0)
Interest Income, Net	19,189	18,923	266	1.4	22,333	(3,144)	(14.1)
Fees and Service Income	6,151	6,718	(567)	(8.4)	6,525	(374)	(5.7)
Fees and Service Expense	1,833	1,821	12	0.7	1,971	(138)	(7.0)
Fees and Service Income, Net	4,318	4,897	(579)	(11.8)	4,554	(236)	(5.2)
Non-interest and Non-fees Income	4,137	3,814	323	8.5	4,055	82	2.0
Other Operating Expenses	12,099	12,856	(757)	(5.9)	12,689	(590)	(4.6)
Pre-Provision Operating Profit (PPOP)	15,545	14,778	767	5.2	18,253	(2,708)	(14.8)
Expected Credit Loss	7,314	10,555	(3,241)	(30.7)	9,510	(2,196)	(23.1)
Income Tax Expense	1,647	762	885	116.1	1,653	(6)	(0.4)
Net Profit	6,584	3,461	3,123	90.2	7,090	(506)	(7.1)
Other Comprehensive Income, Net	621	2	619	30,950.0	(571)	1,192	208.8
Total Comprehensive Income	7,205	3,463	3,742	108.1	6,519	686	10.5
Net Profit Attributable To							
Owners of the Bank	6,505	3,385	3,120	92.2	7,033	(528)	(7.5)
Non-Controlling Interest	79	76	3	3.9	57	22	38.6
Net Profit	6,584	3,461	3,123	90.2	7,090	(506)	(7.1)
Total Comprehensive Income Attributable To							
Owners of the Bank	7,132	3,378	3,754	111.1	6,462	670	10.4
Non-Controlling Interest	73	85	(12)	(14.1)	57	16	28.1
Total Comprehensive Income	7,205	3,463	3,742	108.1	6,519	686	10.5
Earning Per Share (Baht)	0.88	0.46	0.42	91.3	0.96	(0.08)	(8.3)

In 1Q/21, the operating profit was Baht 15,545 million, an increase of Baht 767 million, or 5.2% from 4Q/20, driven by lower other operating expenses and higher net interest income, offset by a decrease in net fees and service income.

The net profit registered Baht 6,505 million, an increase of Baht 3,120 million, or 92.2% from 4Q/20, largely attributed to an absence of additional management overlay reserved in the prior quarter.

On a year-on-year basis, the operating profit decreased by Baht 2,708 million, or 14.8%, mainly resulting from lowered net interest income attributed to multiple lending rate cuts, together with interest rate ceiling reductions for credit card and personal loans effective from August 1, 2020 onward.

The net profit decreased by Baht 528 million, or 7.5%, from 1Q/20, mainly resulting from a decrease in the operating profit.

2. Financial Performance

2.1 Net Interest Income

Consolidated	1Q/21	4Q/20	Change QoQ		1Q/20	Change YoY	
			Baht mn	%		Baht mn	%
INTEREST INCOME							
Interest on loans	15,790	16,263	(473)	(2.9)	18,876	(3,086)	(16.3)
Interest on interbank and money market items	724	565	159	28.1	967	(243)	(25.1)
Hire purchase and financial lease income	8,104	7,745	359	4.6	9,507	(1,403)	(14.8)
Investments and trading transactions	5	8	(3)	(37.5)	19	(14)	(73.7)
Investments in debt securities	325	354	(29)	(8.2)	427	(102)	(23.9)
Other interest income	4	4	0	0.0	22	(18)	(81.8)
Total Interest Income	24,952	24,939	13	0.1	29,818	(4,866)	(16.3)
INTEREST EXPENSE							
Interest on deposits	3,184	3,449	(265)	(7.7)	4,421	(1,237)	(28.0)
Interest on interbank and money market items	485	435	50	11.5	876	(391)	(44.6)
Interest on borrowings	992	1,064	(72)	(6.8)	1,213	(221)	(18.2)
Contribution to Financial Institution Development							
Fund and Deposit Protection Agency	1,076	1,043	33	3.2	946	130	13.7
Other interest expenses	26	25	1	4.0	29	(3)	(10.3)
Total Interest Expenses	5,763	6,016	(253)	(4.2)	7,485	(1,722)	(23.0)
Interest Income, Net	19,189	18,923	266	1.4	22,333	(3,144)	(14.1)

Interest income in 1Q/21 was recorded at Baht 24,952 million, marginally increased by Baht 13 million, or 0.1% from 4Q/20. Meanwhile Interest expenses were recorded at Baht 5,763 million, decreasing by Baht 253 million, or 4.2% from 4Q/20, driven by a decrease in interest on deposits, mainly reflecting the reduction of time deposit balance.

Consequently, net interest income was recorded at Baht 19,189 million, representing an increase of Baht 266 million, or 1.4% from 4Q/20.

On a year-on-year basis, interest income significant decreased by Baht 4,866 million, or 16.3%. Key items are as follows:

- Interest on loans decreased by Baht 3,086 million, or 16.3%, reflecting the lower outstanding balance on loans and portfolio rebalance, lending rate cuts, and interest rate ceiling reductions for consumer finance loans.
- Interest on hire purchase and financial lease decreased by Baht 1,403 million, or 14.8%, resulting from auto hire purchase portfolio contraction.
- Interest on interbank and money market items decreased by Baht 243 million, or 25.1%, mainly due to lower repurchase agreement rates, resulting from the policy rate cuts.

Interest expenses decreased by Baht 1,722 million, or 23.0% from 1Q/20. Key items are as follows:

- Interest on deposits decreased by Baht 1,237 million, or 28.0%, reflecting a lower outstanding balance of time deposits with tenor of 6 months and longer, and the reduction of time deposit interest rates.
- Interest on interbank and money market items decreased by Baht 391 million, or 44.6%, mainly resulting from a decrease in loans from financial institutions and the reduction of interest rate.
- Interest on borrowings decreased by Baht 221 million, or 18.2%, mainly resulting from a decrease in the debenture balance.

Consequently, net interest income in 1Q/21 decreased by Baht 3,144 million, or 14.1% from 1Q/20.

In 1Q/21, yield on earning assets decreased to 3.99% from 4.14% in 4Q/20, reflecting the change in asset mix during the period. Meanwhile, notwithstanding an increase of deposits balance, cost of funds improved to 1.02% from 1.11% in 4Q/20, driven by our effective interest expense management.

Consequently, NIM was recorded at 3.07% in 1Q/21 compared to 3.14% in 4Q/20.

	1Q/21	4Q/20	1Q/20	2020
Net Interest Margin	3.07%	3.14%	3.94%	3.47%
Yield on Earning Assets	3.99%	4.14%	5.27%	4.61%
Yield on Loans	5.21%	5.22%	6.16%	5.68%
Cost of Funds	1.02%	1.11%	1.45%	1.27%
Cost of Deposits	0.91%	1.00%	1.32%	1.14%

Interest rate

	Mar-21	Dec-20	Sep-20	Jun-20	Mar-20
Policy Rate	0.50%	0.50%	0.50%	0.50%	0.75%
Krungsri Lending Rate					
MLR	5.58%	5.58%	5.58%	5.58%	6.23%
MOR	5.95%	5.95%	5.95%	5.95%	6.70%
MRR	6.05%	6.05%	6.05%	6.05%	6.70%
Krungsri Deposit Rate					
Savings Rate	0.25%	0.25%	0.25%	0.25%	0.30%
3 - month deposits	0.25-0.375%	0.25-0.375%	0.25-0.375%	0.25-0.375%	0.35-0.90%
6 - month deposits	0.25-0.50%	0.25-0.50%	0.25-0.50%	0.25-0.50%	0.35-1.00%
12 - month deposits	0.30-0.50%	0.30-0.50%	0.30-0.50%	0.30-0.50%	0.40-1.10%

2.2 Non-Interest Income

Consolidated	1Q/21	4Q/20	Change QoQ		1Q/20	Change YoY	
			Baht mn	%		Baht mn	%
Acceptances, aval and guarantees	118	129	(11)	(8.5)	125	(7)	(5.6)
Other fees and service income	6,033	6,589	(556)	(8.4)	6,400	(367)	(5.7)
Fees and service income	6,151	6,718	(567)	(8.4)	6,525	(374)	(5.7)
Fees and service expense	1,833	1,821	12	0.7	1,971	(138)	(7.0)
Net fees and Service Income	4,318	4,897	(579)	(11.8)	4,554	(236)	(5.2)
Gains (losses) on financial instrument measured at fair value through profit or loss (FVTPL)	1,009	746	263	35.3	1,599	(590)	(36.9)
Gains (losses) on investments	35	34	1	2.9	36	(1)	(2.8)
Share of profit (loss) from investment using equity method	574	310	264	85.2	394	180	45.7
Bad debt recoveries	1,746	1,622	124	7.6	1,660	86	5.2
Other operating income	773	1,102	(329)	(29.9)	366	407	111.2
Total Non-interest and Non-fees Income	4,137	3,814	323	8.5	4,055	82	2.0
Non-Interest Income	8,455	8,711	(256)	(2.9)	8,609	(154)	(1.8)

Fees & Service Income Breakdown

	1Q/21	4Q/20	1Q/20	2020
Loan - related Fees	5%	5%	4%	4%
Bancassurance Fees	13%	18%	13%	15%
Transaction Fees	11%	10%	11%	12%
Auto HP Fees	15%	15%	18%	16%
Card - related Fees	29%	31%	32%	30%
Others	27%	21%	22%	23%
Total Fee and Service Income	100%	100%	100%	100%

Total non-interest income in 1Q/21 was Baht 8,455 million, decreasing by Baht 256 million, or 2.9%, from 4Q/20. Details are as follows:

- Fees and service income decreased by Baht 567 million, or 8.4%, mainly due to a decrease in bancassurance and card-related fees, totaling Baht 713 million, in part due to the high base and seasonality effect in the prior quarter. Meanwhile, wealth & fund management and securities-related fees increased by Baht 202 million, mirroring the capital market conditions in 1Q/21.
- Other operating income decreased by Baht 329 million, or 29.9%, mainly resulting from a decrease in gains on property for sales of Baht 529 million, offset by income from debt sale of Baht 172 million.
- Share of profit from investment using the equity method increased by Baht 264 million, or 85.2%.
- Gains on financial instruments measured at fair value through profit or loss (FVTPL) increased by Baht 263 million, or 35.3%, mainly driven by the gains on trading and FX transactions.

On a year-on-year basis, total non-interest income decreased by Baht 154 million, or 1.8%. Details are as follows:

- Fees and service income decreased by Baht 374 million, or 5.7%, mainly due to a decrease in card-related fees and auto hire purchase fees, totaling Baht 598 million, caused by lower volume of retail businesses. Meanwhile, wealth & fund management and securities-related fees increased by Baht 278 million.
- Gains on financial instruments measured at fair value through profit or loss (FVTPL) decreased by Baht 590 million, or 36.9%, mainly driven by the gains on trading and FX transactions.
- Other operating income increased by Baht 407 million, or 111.2%, mainly resulting from an increase in gains on properties for sale of Baht 251 million and sale on written off loans of Baht 172 million.
- A share of profit from investment using the equity method increased by Baht 180 million, or 45.7%.

2.3 Other Operating Expenses

Consolidated	1Q/21	4Q/20	Change QoQ		1Q/20	Change YoY	
			Baht mn	%		Baht mn	%
Employee expenses	7,003	6,661	342	5.1	6,312	691	10.9
Premises and equipment expenses	1,822	1,773	49	2.8	1,978	(156)	(7.9)
Taxes and duties	563	589	(26)	(4.4)	714	(151)	(21.1)
Directors' remuneration	16	16	0	0.0	15	1	6.7
Other expenses	2,695	3,817	(1,122)	(29.4)	3,670	(975)	(26.6)
Total Other Operating Expenses	12,099	12,856	(757)	(5.9)	12,689	(590)	(4.6)
Cost to Income Ratio	43.8%	46.5%			41.0%		

Total other operating expenses in 1Q/21 were Baht 12,099 million, decreasing by Baht 757 million, or 5.9%, driven by a decrease in other expenses of Baht 1,122 million, mainly resulting from lower marketing promotion expenses, due to the high spending in 4Q/20, offset by an increase in employee expenses of Baht 342 million.

On a year-on-year basis, total other operating expenses decreased by Baht 590 million, or 4.6%. Key items are as follows:

- Other expenses decreased by Baht 975 million, or 26.6%, mainly resulting from a decrease in marketing promotion expenses and impairment on properties for sale (NPA).
- Premises and equipment expenses decreased by Baht 156 million, or 7.9%, driven mainly by a decrease in depreciation and rental expenses.
- Employee expenses increased by Baht 691 million, or 10.9%, mainly from an annual merit increase and staff promotions.

Krungsri continued to focus on productivity enhancement and expense management amid ongoing challenges pertaining to the coronavirus pandemic. As a result, the cost to income ratio in 1Q/21 was recorded at 43.8%, lowering from 46.5% in 4Q/20.

2.4 Expected credit loss (ECL)

Consolidated	1Q/21	4Q/20	Change QoQ		1Q/20	Change YoY	
			Baht mn	%		Baht mn	%
Expected Credit Loss	7,314	10,555	(3,241)	(30.7)	9,510	(2,196)	(23.1)
Expected Credit Loss to Total Loans (bps)	159	226			206		

The Bank continued to provide conservative provisions in light of emerging uncertainties from the new wave of coronavirus transmission. The expected credit loss in 1Q/21 amounted to Baht 7,314 million, equivalent to a credit cost of 159 basis points, a decrease of Baht 3,241 million, or 30.7%, from an absence of additional management overlay reserved in 4Q/20.

3. Financial Status

3.1 Statement of Financial Position

Consolidated	Mar. 31, 21	Dec. 31, 20	Change	
			Baht mn	%
ASSETS				
Cash	28,213	30,333	(2,120)	(7.0)
Interbank and money market items, net	594,316	523,385	70,931	13.6
Financial assets measured at FVTPL	1,489	786	703	89.4
Investments, net	174,035	162,100	11,935	7.4
Investments in subsidiaries and joint ventures, net	14,943	14,365	578	4.0
Loans to customers and accrued interest receivable, net	1,770,991	1,765,623	5,368	0.3
Properties for sale, net	3,133	3,366	(233)	(6.9)
Others	108,148	109,416	(1,268)	(1.2)
TOTAL ASSETS	2,695,268	2,609,374	85,894	3.3
LIABILITIES AND SHAREHOLDERS' EQUITY				
Deposits	1,888,464	1,834,505	53,959	2.9
Interbank and money market items	284,569	243,570	40,999	16.8
Debt issued and borrowings	140,770	146,119	(5,349)	(3.7)
Others	85,084	96,001	(10,917)	(11.4)
TOTAL LIABILITIES	2,398,887	2,320,195	78,692	3.4
Issued and paid-up share capital	73,558	73,558	0	0.0
Retained earning	163,402	156,836	6,566	4.2
Others	59,421	58,785	636	1.1
TOTAL SHAREHOLDERS' EQUITY	296,381	289,179	7,202	2.5
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	2,695,268	2,609,374	85,894	3.3
Book value per share (Baht)	40.29	39.31	0.98	2.5

As of March 31, 2021, total assets stood at Baht 2,695,268 million, representing an increase of Baht 85,894 million, or 3.3%, from the end of December 2020. Key items are as follows:

- Net interbank and money market items increased by Baht 70,931 million, or 13.6%, mainly resulting from an increase in repurchase agreements of Baht 46,450 million and deposit to financial institutions of Baht 16,820 million.

- Net investments increased by Baht 11,935 million, or 7.4%, mainly from an increase in fair value through other comprehensive income (FVOCI) of debt securities.
- Loans to customers increased by Baht 6,365 million, or 0.3%.

As of March 31, 2021, total liabilities stood at Baht 2,398,887 million, representing an increase of Baht 78,692 million, or 3.4%, from the end of December 2020. Key items are as follows:

- Deposits increased by Baht 53,959 million, or 2.9%, largely driven by savings deposits.
- Net interbank and money market items increased by Baht 40,999 million, or 16.8%, driven by an increase in repurchase agreement of Baht 56,738 million, offset by a decrease in loans from financial institutions of Baht 13,097 million.
- Other liabilities decreased by Baht 10,917 million, or 11.4%, driven by a decrease in derivative liabilities.

As of March 31, 2021, total shareholders' equity stood at Baht 296,831 million, an increase of Baht 7,202 million, or 2.5%, from the end of December 2020 due to an increase in equity holders' net profit of Baht 6,505 million in 1Q/21.

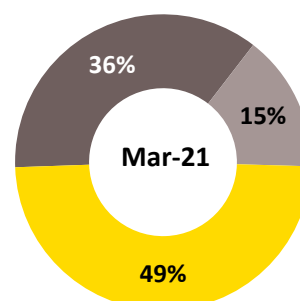
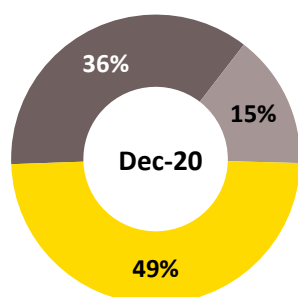
Book value per share as of March 31, 2021 increased by 2.5% to Baht 40.29 from Baht 39.31 at the end of 2020.

3.2 Loans to customers

3.2.1 Loans by segment

Consolidated	Mar. 31, 21	Dec. 31, 20	Change	
			Baht mn	%
Corporate	659,367	651,254	8,113	1.2
- Thai Corporate	420,766	405,730	15,036	3.7
- International Corporate (JPC/MNC)	238,601	245,524	(6,923)	(2.8)
SMEs	285,862	278,787	7,075	2.5
Retail	894,071	902,894	(8,823)	(1.0)
- Hire purchase	419,342	423,860	(4,518)	(1.1)
- Mortgage	284,718	284,201	517	0.2
- Credit cards, personal loans and others	190,011	194,833	(4,822)	(2.5)
Total	1,839,300	1,832,935	6,365	0.3

Loans breakdown



■ Corporate
■ SMEs
■ Retail

Auto HP	23%
Mortgage	15%
Credit card, Personal Loans and others	11%

Auto HP	23%
Mortgage	16%
Credit card, Personal Loans and others	10%

As of March 31, 2021, total outstanding loans stood at Baht 1,839,300 million, an increase of Baht 6,365 million, or 0.3% from the end of December 2020.

At the end of March 2021, commercial loans, comprising corporate and SME loans, accounted for 51% of the total loan portfolio, while retail lending represented the remaining 49%.

Details of loan performance by segment are as follows:

Corporate loans increased by 1.2%, or Baht 8,113 million from the end of December 2020, of which Thai corporate loans increased by 3.7%, or Baht 15,036 million, largely attributed in support of working capital requirements. Meanwhile, International Corporate (JPC/MNC) loans contracted by 2.8%, or Baht 6,923 million, mainly driven by clients' loan repayment for the purpose of liquidity management.

SME loans grew by 2.5%, or Baht 7,075 million from the end of December 2020. The broad-based SME loan growth for 1Q/21 was driven by the SME-M and SME-S segments, attributed to liquidity support under Krungsri's SME customer assistance measures together with support for business and economic rehabilitation going forward.

The **retail loan** segment decreased by 1.0%, or Baht 8,823 million, from the end of December 2020.

- **Auto hire purchase loans** contracted by 1.1%, or Baht 4,518 million, from the end of December 2020, due to weakening consumer confidence on economic recovery observed during the quarter.
- **Mortgage loans** marginally increased by 0.2%, or Baht 517 million, from the end of December 2020, reflecting the industry slowdown.
- **Credit card, personal loans and others** contracted by 2.5%, or Baht 4,822 million, from the end of December 2020, mainly due to seasonally low spending patterns and loan repayment, particularly in light of the robust 7.0% growth rate registered in 4Q/20.

3.2.2 Asset Quality

Loan classification

Consolidated	Mar. 31, 21		Dec. 31, 20	
	Loan to Customers and Accrued Interest Receivable	Allowance for Expected Credit Loss	Loan to Customers and Accrued Interest Receivable	Allowance for Expected Credit Loss
Stage 1 (Performing)	1,653,518	32,823	1,651,700	32,982
Stage 2 (Under-performing)	147,417	18,910	143,545	18,214
Stage 3 (Non-performing)	47,778	25,989	46,785	25,211
Total	1,848,713	77,722	1,842,030	76,407

Non-performing loans*

Consolidated	Mar. 31, 21	Dec. 31, 20	Sep. 30, 20	Jun. 30, 20	Mar. 31, 20
Non-performing Loans (Baht mn)	46,470	45,672	48,711	48,014	47,556
NPL Ratio	1.99%	2.00%	2.24%	2.20%	2.22%
Non-performing Loans by segment					
Corporate	1.0%	1.0%	1.2%	1.1%	0.9%
SMEs	4.2%	4.4%	4.9%	5.0%	5.6%
Retail	3.1%	3.0%	3.0%	3.0%	2.9%
Hire Purchase	2.0%	1.9%	1.9%	1.9%	2.0%
Mortgage	4.3%	4.1%	4.2%	4.3%	4.0%
Personal Loans, Credit Card and Others	3.9%	3.9%	3.9%	3.4%	3.1%
Coverage Ratio	175.0%	175.1%	160.6%	156.2%	159.1%

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

As of March 31, 2021, gross NPLs stood at Baht 46,470 million, an increase of Baht 798 million, or 1.7%, from the end of December 2020.

With Krungsri Group's vigilant credit risk management practices, the ratio of gross NPLs as of March 31, 2021 was kept low at 1.99%, marginally improving from 2.00% at the end of December 2020. As of March 31, 2021, total loan loss reserves stood at Baht 81,330 million, maintaining the high coverage ratio of 175.0%.

3.3 Funding Structure

Deposits

Consolidated	Mar. 31, 21	Dec. 31, 20	Change	
			Baht mn	%
Current	44,685	41,711	2,974	7.1
Savings	981,188	866,295	114,893	13.3
Time	862,590	926,499	(63,909)	(6.9)
< 6 Months	397,757	404,168	(6,411)	(1.6)
6 Months and < 1 Year	23,018	64,812	(41,794)	(64.5)
1 Year and over 1 Year	441,816	457,519	(15,703)	(3.4)
Total Deposit	1,888,464	1,834,505	53,959	2.9
Proportion of Current and Savings Deposits	54.3%	49.5%		

Borrowing

Consolidated	Mar. 31, 21	Dec. 31, 20	Change	
			Baht mn	%
Debenture	74,286	80,680	(6,394)	(7.9)
Subordinated debenture	61,460	61,163	297	0.5
Other	5,024	4,276	748	17.5
Total Borrowing	140,770	146,119	(5,349)	(3.7)

Liquidity

Consolidated	Mar. 31, 21	Dec. 31, 20	Sep. 30, 20	Jun. 30, 20	Mar. 31, 20
Loans to Deposits Ratio	97%	100%	107%	109%	112%
Loans to Deposits and Debenture Ratio	94%	96%	101%	103%	106%

As of March 31, 2021, deposits totaled Baht 1,888,464 million, an increase of Baht 53,959 million, or 2.9% from December 2020, attributed to an increase in savings deposits of Baht 114,893 million, offset by a decrease in time deposits of Baht 63,909 million.

This results in the proportion of current and savings deposits (CASA) as a percentage of total deposits improving to 54.3%, compared to 49.5% in December 2020.

As of March 31, 2021, total borrowing stood at Baht 140,770 million, decreasing by Baht 5,349 million, or 3.7% from December 2020, mainly driven by the maturity of the debentures of Baht 15,365 million, offset by the issuance of long-term debentures amounting to Baht 8,842 million.

Consequently, the loan to deposit ratio and the loan to deposit plus debentures ratio improved to 97% and 94%, respectively, compared to 100% and 96% at the end of December 2020.

3.4 Contingencies

Consolidated	As at	As at	Change	
	Mar. 31, 21	Dec. 31, 20	Baht mn	%
Avals to bills and Guarantees of loans	3,752	3,655	97	2.7
Liability under unmatured import bills	1,965	1,401	564	40.3
Letters of credit	5,823	5,005	818	16.3
Other contingencies	137,570	122,879	14,691	12.0
Total	149,110	132,940	16,170	12.2

Krungsri Group's contingencies as of March 31, 2021 totaled Baht 149,110 million, an increase of Baht 16,170 million, or 12.2%, from the end of December 2020. The increase was mainly caused by an increase in repurchase transactions of Baht 18,641 million, offset by a decrease in unused credit lines of Baht 3,239 million.

3.5 Statutory Capital

As of March 31, 2021, the Bank's capital was recorded at Baht 276,004 million, equivalent to 17.85% of risk-weighted assets, comprising Common Equity Tier 1 (CET1) capital of 12.80% and Tier 2 capital of 5.05%.

The current level of capital is well above the minimum regulatory capital requirements which include the capital conservation buffer and the additional CET1 requirement for Domestic Systemically Important Banks (D-SIBs).

Bank only	Capital Fund (Baht mn)		Capital Adequacy Ratio	
	Mar. 31, 21	Dec. 31, 20	Mar. 31, 21	Dec. 31, 20
Total Capital Fund	276,004	276,258	17.85%	17.92%
Common Equity Tier 1	197,901	198,183	12.80%	12.85%
Tier 2	78,103	78,075	5.05%	5.07%

Remark:

Under the principles of Basel III, the Bank of Thailand requires all Thai commercial banks to maintain a minimum total capital ratio at 8.50% and gradually increase the conservation buffer by 0.625% per year from January 1, 2016 until reaching 2.50% by January 1, 2019.

The Bank of Thailand has adopted a supervisory framework for Domestic Systemically Important Banks (D-SIBs) by requiring qualified banks to maintain an additional Common Equity Tier 1 from the current minimum requirement, starting with 0.50% from January 1, 2019 and 1.00% from January 1, 2020 onwards.

Starting January 1, 2020, the minimum regulatory capital requirements comprise the Common Equity Tier 1 ratio at 8.00%, the Tier 1 ratio at 9.50%, and the capital adequacy ratio at 12.00%.

4. Credit Ratings

The Bank's credit ratings assigned by Moody's Investors Service, Standard & Poor's, Fitch Ratings and TRIS Rating as of March 31, 2021 are shown in the table below.

Moody's Investors Service	
Bank Deposit – Long Term	Baa1
Bank Deposit – Short Term	P-2
Long-term Senior Debt	Baa1
Baseline Credit Assessment (BCA)	baa3
Outlook	Stable
Standard and 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
Subordinated Debt	BBB+
Viability Rating	bbb
Support	2
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
Outlook	Stable

Summary of Financial Highlights

Consolidated (Unit: Baht mn)	1Q/21	Change QoQ	Change YoY
Interest Income, net	19,189	266	(3,144)
Non-interest Income	8,455	(256)	(154)
Operating Expenses	12,099	(757)	(590)
Pre-Provision Operating Profit	15,545	767	(2,708)
Expected Credit Loss	7,314	(3,241)	(2,196)
Net Profit Attributable to Owners of the Bank	6,505	3,120	(528)
Consolidated (Unit: Baht mn)	Mar. 31, 21	Dec. 31, 20	Change
Loan to Customers	1,839,300	1,832,935	6,365
Total Assets	2,695,268	2,609,374	85,894
Deposits	1,888,464	1,834,505	53,959
Total Liabilities	2,398,887	2,320,195	78,692
Total Shareholders' Equity	296,381	289,179	7,202
Financial Ratio (Consolidated)	1Q/21	Q4/20	1Q/20
Net Interest Margin	3.07%	3.14%	3.94%
Cost to Income Ratio	43.8%	46.5%	41.0%
Return of Equity Ratio	8.94%	4.73%	10.37%
Return of Assets Ratio	0.98%	0.53%	1.15%
Loan to Deposit Ratio	97%	100%	112%
Loan to Deposit and Debenture Ratio	94%	96%	106%
NPL Ratio	1.99%	2.00%	2.22%
Expected Credit Loss to Total Loans (bps)	159	226	206
Coverage Ratio	175.0%	175.1%	159.1%
Capital Adequacy Ratio (Bank only)	Mar. 31, 21	Dec. 31, 20	Mar. 31, 20
Capital Adequacy Ratio	17.85%	17.92%	15.66%
Common Equity Tier 1 Ratio	12.80%	12.85%	11.01%
Tier 2 Capital Ratio	5.05%	5.07%	4.65%

Appendix

Krungsri Group's assistance measures for customers impacted by the coronavirus pandemic comprise:

- 1) Mortgage and personal loans (January 1 – June 30, 2021)
 - A grace period on principal repayment up to three months
 - A grace period on principal and interest repayment up to three months
 - Installment amount reduction no less than 30% (for customers of personal loans)
 - Revolving limit conversion to installment payment up to 48 months (for customers of personal loans)
- 2) Business Banking loans (January 1 – June 30, 2021)
 - A grace period on principal repayment up to 12 months
 - A grace period on principal and interest repayment up to six months
 - Installment amount reduction up to 50% and for up to 12 months
- 3) Commercial Banking customers. The Bank will offer assistance measures in accordance with impacts on them on a case-by-case basis.
- 4) Krungsri Auto customers (January 1 – June 30, 2021)
 - The Bank will offer assistance measures for customers in accordance with impacts on them in the restricted and controlled areas.
 - A grace period on installment payment for up to three months
 - Installment amount reduction for up to 30%
- 5) Krungsri Consumer's credit card and personal loan customers
 - No. 1: For all customers – Reduction of minimum monthly payment rates
 - For credit card products, the minimum monthly payment rates for all customers will be automatically reduced from 10% to 5% for the billing cycles until December 31, 2021, with or without customers' notification of their intention.
 - For personal loan products, the minimum monthly payment rates for all customers will be automatically reduced from 5% to 3% for the billing cycles until December 31, 2021, with or without customers' notification of their intention.
 - No. 2: For customers with a normal account status, a special reduction of interest rates and an extension of installment payment period for up to 99 months will be offered for those in the affected business groups. Customers must register for this measure by June 30, 2021 and will be considered on a case by case basis.
 - No. 3: For customers with an outstanding balance, monthly installment amount reduction and installment period extension for up to 99 months with special interest rate (debt restructuring) will be offered for those in the affected business groups. Customers must contact Krungsri Consumer for this measure and will be considered on a case by case basis.