



# Management Discussion and Analysis

For the Quarter ended June 30, 2021

(Audited)

This report discusses the principal changes in the audited consolidated financial statement for the quarter ended June 30, 2021.

## Economic Overview

**Thai economy in 2021 remains highly uncertain amid new waves of outbreak.** Thailand has been facing the prolonged challenges as the highly transmissible delta variant spreads across the country. On the other hand, mass immunization in Thailand could be delayed as low vaccine coverage rates. Moreover, the preliminary studies show that most coronavirus vaccines are less effective against variants. Amid sharp rise in cases, government decided to extend lockdown and curfew measures depending on colour-coded zones and its selected business activities, resulting in worsen existing scars in domestic demand and a fully reopening plan for reviving tourism-reliant business that might be postponed. However, merchandise trade volume in the first half appears more broad-based amid the strong demand recovery of trading partners, which is likely to be a driver for Thailand's economy for the rest of 2021. Moreover, additional monetary and economic recovery policies together with vaccines distribution in an adequate and timely manner are the most important issue to support Thai economy in 2021 to achieve growth forecast of 0.7-1.2 percent according to the latest projection by Office of the National Economics and Social Development Council.

**Fiscal and monetary policies remain essential to support the economic recovery.** Indeed, the continuity and effectiveness of government relief packages would be essential in supporting the economic recovery, particularly when parts of the economy can resume growth while others are still lagging behind (K-shape recovery). Monetary policies are to remain accommodative, with possibility of a new policy rate record low of 0.25 percent in the second half of the year, including more targeted policy plans to improve consumption and boost consumer spending. In addition, the Bank of Thailand will likely to continue measures to improve accessibility of liquidity as well as encouraging financial institutions to engage in debt restructuring with affected households and businesses. Also, commercial banks continued to launch new COVID-19 relief measures as priority to help affected SMEs and retail customers.

Recently, according to BOT relief measures for debtors whose has directly impact from the temporarily closed business following the government advice, the Bank has announced a 2-month debt payment holiday on principal and interest for SMEs and retail customers, starting from the July payment due. The Bank provided further 7 relief measures to lessen debt burden and support liquidity for retail and business customers to carry them along their difficult times.

## The Bank and Its Subsidiaries' Overview Performance

### The Bank and Its Subsidiaries' Performance for 2Q2021

Thailand faced the challenges from continuing new wave of COVID -19 pandemics. Government declared the series of tighten restriction, resulting in the worsening the scar from the previous wave of COVID-19 pandemic to unrecovered business sector. BOT and the Bank continued to launch new COVID-19 relief measures as prioritize to help the affected retail and business customers. Furthermore, the Bank and its subsidiaries thoroughly considered and set aside the expected credit loss in high level last year and extra expected credit loss in the first half of 2021 to uplift coverage ratio so as to strengthen buffer given the staggering economy of high uncertainties due to the pandemic as well as closely monitor loans portfolio and asset quality.

For the 2Q2021 Bank and its subsidiaries' performance, pre-provision profit was Baht 16,616 million, an increase of 4.0% QoQ. This was driven by the increase in total operating income due to a net interest income expansion from a loan growth of 5.3% QoQ. NIM increased to 2.55% from 2.50% in 1Q2021. Other operating expenses decreased by 3.6% QoQ due to the operating cost management in the slowdown economy, resulting in the lower cost to income ratio to 42.41%, from 44.25% in 1Q2021. The Bank and its subsidiaries has thoroughly set aside the expected credit loss in amount of Baht 8,097 million as similar level to last quarter to uplift coverage ratio given the impact of new wave of COVID-19 pandemic as well as staggering economy of high uncertainties. From the aforementioned performance, the Bank and its subsidiaries' consolidated net profit attributable to equity holders of the Bank amounted Baht 6,011 million or an increase of 7.8% QoQ.

Consequently, coverage ratio as at June 30, 2021 stood at 160.7%, increased from 147.3%, as at December 31, 2020. The NPLs Ratio-Gross decreased to 3.54% from 3.81% as at December 31, 2020.

**Comparing 2Q2021 to the same period of last year**, the Bank and its subsidiaries' pre-provision profit declined 17.3% YoY, due to a decrease in total operating income from the lowered net interest income as the interest income from loan in relation to partial payment from the auction of mortgaged guarantee assets of 2Q2020 together with series of interest rate cuts during 2020, though partly offset by the better cost of fund management and loan surge. Other operating expenses were strictly managed in the slowdown economy. The Bank and its subsidiaries had set aside the lower expected credit losses of 45.0% YoY with considering the high level of coverage ratio given the staggering economy of high uncertainties, hence, the Bank and its subsidiaries' consolidated net profit attributable to equity holders of the Bank increased 60.1% YoY.

## The Bank and Its Subsidiaries' Performance for 1H2021

With considering the high level of coverage ratio given the impact of new wave of COVID-19 pandemic as well as staggering economy of high uncertainties, the Bank and its subsidiaries had set aside the allowance for expected credit losses amounted Baht 16,154 million to uplift coverage ratio coverage ratio to 160.7%, increased from 147.3%, as at December 31, 2020. The NPLs Ratio-Gross decreased to 3.54% from 3.81% as at December 31, 2020.

KTB's consolidated pre-provision profit was Baht 32,600 million, a decrease of 13.2 % YoY, due to a decrease in total operating income from the lowered net interest income of 9.3% as the interest income from loan in relation to partial payment from the auction of mortgaged guarantee assets of 2Q2020 together with series of interest rate cuts during 2020, though partly offset by the better cost of fund management and strong loan growth. Hence, NIM decreased to 2.53% from 3.15% in 1H2021. Other operating expenses reduced 3.5% YoY from employees' expenses and the operating cost management in the slowdown economy. Cost to income ratio stood at 43.33%, increased from 40.74% in 1H2020.

The Bank and its subsidiaries had set aside the allowance for expected credit losses amounted Baht 16,154 million, down 30.5% YoY, hence, consolidated net profit attributable to equity holders of the Bank was Baht 11,590 million, an increase by 13.4% YoY.

As at Jun 30, 2021, the Bank and the Financial Business Group's Tier 1 capital was Baht 334,118 million (16.36% of its RWA) and total capital was Baht 400,990 million (19.63% of its RWA). In March 2021, the Bank issued Additional Tier I Subordinated Notes in amount of USD 600 million to overseas institutional investors in order to strengthen its Tier I capital and enhance its growth opportunity.

Furthermore, the Bank had entered into an agreement with Krungthai Card Plc. (KTC) to sell 75.05% of Krung Thai Leasing Co, Ltd (Krungthai Leasing). In May 2021, the conditions precedent of the agreement has been completely fulfilled. The Bank transferred 75.05% of Krungthai Leasing to KTC, thus, Krungthai Leasing KTC became KTC's subsidiary. Such partnership will strengthen the Bank and its subsidiaries in retail financial segment with full range of financial products. In accordance with the accounting standard, the consolidated financial statement has no impact from this transaction.

## The Bank and Its Subsidiaries' Performance for the Quarter and First Half Ended June 30, 2021

### Overview Operating Income and Net Profit

	Unit : Million Baht							
	2/2021	1/2021	Change	2/2020	Change	1H2021	1H2020	Change
			%		%			%
Net interest income	20,916	19,969	4.7	23,460	(10.8)	40,885	46,421	(11.9)
Net fee and service income	4,892	5,217	(6.2)	5,269	(7.2)	10,109	10,220	(1.1)
Other non-interest income	3,043	3,486	(12.7)	3,712	(18.0)	6,529	6,763	(3.5)
Total operating income	28,851	28,672	0.6	32,441	(11.1)	57,523	63,404	(9.3)
Total other operating expenses	12,235	12,688	(3.6)	12,361	(1.0)	24,923	25,828	(3.5)
Pre-provision profit <sup>(1)</sup>	16,616	15,984	4.0	20,080	(17.3)	32,600	37,576	(13.2)
Expected credit losses	8,097	8,058	0.5	14,710	(45.0)	16,154	23,235	(30.5)
Operating profit before income tax expenses	8,519	7,926	7.5	5,370	58.7	16,446	14,341	14.7
Income tax expenses	1,656	1,519	9.0	1,022	62.2	3,176	2,701	17.6
Net Profit	6,863	6,407	7.1	4,348	57.8	13,270	11,640	14.0
Net profit (attributable to equity holders of the Bank)	6,011	5,578	7.8	3,755	60.1	11,590	10,222	13.4
ROA (%) <sup>(2)</sup>	0.71	0.68		0.48		0.69	0.66	
ROE (%) <sup>(2)</sup>	7.04	6.61		4.54		6.81	6.08	

(1) Pre-provision profit before provision (expected credit losses or impairment loss of loans and debt securities) and income tax expense

(2) ROA and ROE calculated from net income (attributable to equity holders of the bank) divided by average assets and average equity attributable to equity holders of the bank respectively.

In 2Q2021, KTB's consolidated pre-provision profit was Baht 16,616 million, an increase of 4.0% QoQ. This was a result of the increase in total operating income of 0.6% due to a net interest income expansion together with the decrease in other operating expenses of 3.6% QoQ. The Bank and its subsidiaries has thoroughly set aside the allowance for expected credit loss as similar level to last quarter to uplift coverage ratio so as to strengthen buffer given the staggering economy of high uncertainties; hence, consolidated net profit attributable to equity holders of the Bank amounted to Baht 6,011 million, increased by 7.8% QoQ. Compared to 2Q2020, KTB's consolidated pre-provision profit declined 17.3% YoY, mainly due to a decrease in total operating income of 11.1% YoY as the lowered net interest income as the interest income from loan in relation to partial payment from the auction of mortgaged guarantee assets of 2Q2020 together with series of interest rate cuts during 2020, though partly offset by the better cost of fund management and strong loan growth. Other operating expenses were strictly managed in the slowdown economy. The Bank and its subsidiaries had set aside the lower expected credit losses of 45.0% YoY with considering the high level of coverage ratio given the staggering economy of high uncertainties, hence, the Bank and its subsidiaries' consolidated net profit attributable to equity holders of the Bank increased 60.1% YoY.

In 1H2021, KTB's consolidated pre-provision profit was Baht 32,600 million, a decrease of 13.2% YoY. This was due to a decrease in total operating income of 9.3% from the lowered net interest income as the interest income from loan in relation to partial payment from the auction of mortgaged guarantee assets of 2Q2020 together with series of interest rate cuts during 2020, though partly offset by the better cost of fund management and strong loan growth. Other operating expenses reduced 3.5% YoY. The Bank and its subsidiaries had set aside the allowance for expected credit losses amounted Baht 16,154 million, down 30.5% YoY with considering the high level of coverage ratio given the staggering economy of high uncertainties; hence, consolidated net profit attributable to equity holders of the Bank was Baht 11,590 million, an increase by 13.4% YoY.

## Net Interest Income

	Unit : Million Baht							
	2/2021	1/2021	Change	2/2020	Change	1H2021	1H2020	Change
			%		%			%
<b>Interest income</b>	<b>26,349</b>	<b>25,297</b>	4.2	<b>29,566</b>	(10.9)	<b>51,646</b>	<b>59,782</b>	(13.6)
- Interbank and money market items	800	729	9.8	917	(12.8)	1,529	2,058	(25.7)
- Investments and trading transactions	72	61	19.0	103	(30.0)	133	264	(49.7)
- Investment in debt securities	856	917	(6.7)	621	37.9	1,772	1,921	(7.7)
- Loans	24,582	23,545	4.4	27,875	(11.8)	48,128	55,376	(13.1)
- Hire purchase and financial lease	25	29	(13.4)	42	(40.8)	54	122	(55.9)
- Others	14	16	(17.5)	8	66.8	30	41	(26.6)
<b>Less Interest expense</b>	<b>5,433</b>	<b>5,328</b>	2.0	<b>6,106</b>	(11.0)	<b>10,761</b>	<b>13,361</b>	(19.5)
- Deposits	2,618	2,706	(3.3)	3,778	(30.7)	5,324	7,883	(32.5)
- Interbank and money market items	404	404	(0.1)	297	35.8	807	982	(17.8)
- Contributions to BOT and DPA	1,515	1,493	1.5	1,351	12.1	3,010	2,771	8.6
- Debts issued	879	704	24.9	656	34.0	1,582	1,663	(4.8)
- Others	17	21	(17.5)	24	(29.0)	38	62	(39.5)
<b>Net interest income</b>	<b>20,916</b>	<b>19,969</b>	4.7	<b>23,460</b>	(10.8)	<b>40,885</b>	<b>46,421</b>	(11.9)
<b>Earning Asset Yield (%)<sup>(1)</sup></b>	<b>3.22</b>	<b>3.17</b>		<b>3.89<sup>(2)</sup></b>		<b>3.20</b>	<b>4.05<sup>(2)</sup></b>	
<b>Cost of Fund (%)<sup>(1)</sup></b>	<b>0.76</b>	<b>0.76</b>		<b>0.93</b>		<b>0.76</b>	<b>1.04</b>	
<b>Net interest margin [based on earning assets] (%)<sup>(1)</sup></b>	<b>2.55</b>	<b>2.50</b>		<b>3.09<sup>(2)</sup></b>		<b>2.53</b>	<b>3.15<sup>(2)</sup></b>	

(1) Earning assets include financial assets measured at fair value through profit or loss; Interest bearing debts include financial liabilities measured at fair value through profit or loss from 1Q2020 onwards.

(2) If excluding interest income received from the auction, earning asset yield for 2Q2020 would be 3.43% and NIM for 2Q2020 would be 2.62%. And, If excluding interest income received from the auction, earning asset yield for 1H2020 would be 3.81%, NIM for 1H2020 would be 2.91%.

**KTB's consolidated net interest income in 2Q2021** amounted Baht 20,916 million, increased by 4.7% QoQ as the loan growth of 5.3% QoQ. Net Interest Margin (NIM) registered at 2.55%, rose from 2.50% in 1Q2021. **Compared to 2Q2020**, KTB's consolidated net interest income decreased by 10.8% YoY, mainly due to the interest income from loan in relation to partial payment from the auction of mortgaged guarantee assets of 2Q2020 as well as series of interest rate cuts during 2020, though partly offset by the better cost of fund management and strong loan growth. Hence, NIM stood at 2.55%, down from 3.09% in 2Q2020. (NIM stood at 2.55%, down from 2.62% in 2Q2020 if excluding interest income received from the auction)

**KTB's consolidated net interest income in 1H2021** amounted Baht 40,885 million, decreased by 11.9% YoY, mainly due to the interest income from loan in relation to partial payment from the auction of mortgaged guarantee assets of 2Q2020 as well as series of interest rate cuts during 2020, though partly offset by the better cost of fund management, strong loan growth and the BOT's announcement on lower contributions to BOT to lessen the impact from interest rate cut. Hence, NIM stood at 2.53%, down from 3.15% in the same period of 2020. (NIM stood at 2.53%, down from 2.91% in 1H2020 if excluding interest income received from the auction)

#### Change of interest rate

	30 Jun 2021	31 Mar 2021	30 Dec 2020	30 Sep 2020	30 Jun 2020	31 Mar 2020
Policy Interest Rate	0.50%	0.50%	0.50%	0.50%	0.50%	0.75%
Deposit Rate <sup>(1)</sup>						
- Savings Rate	0.25%	0.25%	0.25%	0.25%	0.25%	0.50%
- 3 Months Fixed Rate	0.320%	0.320%	0.375%	0.375%	0.375%	0.60% - 0.70%
- 6 Months Fixed Rate	0.400%	0.400%	0.50%	0.50%	0.50%	0.80% - 0.90%
- 12 Months Fixed Rate	0.400%	0.400%	0.50%	0.50%	0.50%	0.90% - 1.00%
Loan Rate						
- MLR	5.250%	5.250%	5.250%	5.250%	5.250%	5.775%
- MOR	5.820%	5.820%	5.820%	5.820%	5.820%	6.620%
- MRR	6.220%	6.220%	6.220%	6.220%	6.220%	6.745%

(1) Standard deposit rate for individuals.

In 2020, given the assessment on Thai economy's contraction from impact of global pandemic, the Monetary Policy Committee, Bank of Thailand had announced series of policy rate cuts, having 3 times cut in February, March and May of 2020 to 0.50%. Furthermore, the Bank of Thailand announced the measure on lower contribution from financial institutions to the FIDF (FIDF fee) from 0.46% to 0.23% as announced on April 7, 2020. The Bank had gradually been cutting lending rates of MLR, MOR and MRR until the latest cut in May 2020 to help business operators and retail customers.

## Net Fee and Service Income

Unit : Million Baht

	2/2021	1/2021	Change	2/2020	Change	1H2021	1H2020	Change
			%		%			%
Fee and service income	6,858	7,520	(8.8)	7,089	(3.3)	14,378	13,842	3.9
Less Fee and service expense	1,966	2,303	(14.7)	1,820	8.0	4,269	3,622	17.9
Net fee and service income	4,892	5,217	(6.2)	5,269	(7.2)	10,109	10,220	(1.1)

KTB's consolidated net fee and service income in 2Q2021 was Baht 4,892 million, dropped by 6.2% QoQ, mainly relate to the slowdown of economic situation. Compared to 2Q2020, KTB's consolidated net fee and service income decreased 7.2% YoY, mainly relate to the slowdown of economic situation whilst a continual expansion of management fee.

KTB's consolidated net fee and service income in 1H2021 was Baht 10,109 million, compressed by 1.1% YoY whilst a continual expansion of management fee.

## Total Other Operating Income

Unit : Million Baht

	2/2021	1/2021	Change	2/2020	Change	1H2021	1H2020	Change
			%		%			%
Gains (loss) on financial instruments measured at fair value through profit or loss	772	1,053	(26.7)	730	5.8	1,825	1,422	28.3
Gain (loss) on investments, net	323	317	2.2	400	(19.1)	640	747	(14.2)
Share of profit (loss) from investments for using equity method	337	299	12.6	262	28.5	636	555	14.5
Dividend income	164	127	28.7	130	25.7	290	248	17.2
Other income	1,447	1,690	(14.4)	2,190	(33.9)	3,138	3,791	(17.2)
Total other operating income	3,043	3,486	(12.7)	3,712	(18.0)	6,529	6,763	(3.5)

KTB's consolidated total other operating income in 2Q2021 was Baht 3,043 million, an decrease of 12.7% QoQ, mainly due to gains on financial instruments measured at fair value through profit or loss and other income. Compared to 2Q2020, KTB's consolidated total other income decreased by 18.0% YoY, mainly due to the lowered gain from sale of properties for sale (other income).

KTB's consolidated total other operating income in 1H2021 was Baht 6,529 million, a decrease by 3.5% YoY, mainly due to the lowered gain from sale of properties for sale (other income).



## Other Operating Expenses

	Unit : Million Baht							
	2/2021	1/2021	Change %	2/2020	Change %	1H2021	1H2020	Change %
Employees' expenses	6,579	7,097	(7.3)	6,629	(0.8)	13,676	14,397	(5.0)
Premises and equipment expenses	2,139	2,132	0.3	2,112	1.3	4,271	4,197	1.8
Taxes and duties	969	978	(1.0)	976	(0.7)	1,947	2,022	(3.7)
Impairment loss of properties for sale	251	302	(16.6)	276	(9.0)	553	494	12.0
Others <sup>(1)</sup>	2,297	2,179	5.4	2,368	(3.0)	4,476	4,718	(5.1)
Total other operating expenses	12,235	12,688	(3.6)	12,361	(1.0)	24,923	25,828	(3.5)
Cost to income ratio (%)	42.41	44.25		38.10 <sup>(2)</sup>		43.33	40.74 <sup>(2)</sup>	

(1) Including Directors' remuneration

(2) If excluding interest income received from the auction, cost to income ratio for 2Q2020 would be 42.75%. If excluding interest income received from the auction, cost to income ratio for 1H2020 would be 43.13%.

KTB's consolidated other operating expenses in 2Q2021 was Baht 12,235 million, declined by 3.6% QoQ, mainly from employees' expenses. Hence, cost to income ratio stood at 42.41%, down from 44.25% in 1Q2021. Compared to 2Q2020, KTB's consolidated other operating expenses decreased 1.0% YoY, mainly due to the operating cost management in the slowdown economy. Cost to income ratio increased from 38.10% in 2Q2020 (cost to income ratio stood at 42.41%, slightly decreased from 42.75% in 1H2020 if excluding interest income received from the auction).

KTB's consolidated other operating expenses in 1H2021 was Baht 24,923 million, a decrease by 3.5% YoY from employees' expenses and the operating cost management in the slowdown economy. This resulted in cost to income ratio of 43.33%, increased from 40.74% in the same period of last year (cost to income ratio stood at 43.33%, a similar level to 43.13% in 1H2020 if excluding interest income received from the auction).

## Expected credit losses

	Unit : Million Baht							
	2/2021	1/2021	Change %	2/2020	Change %	1H2021	1H2020	Change %
Expected credit losses <sup>(1)</sup>	8,097	8,058	0.5	14,710	(45.0)	16,154	23,235	(30.5)

(1) Expected credit losses for interbank and money market items, investments in debt securities, loans to customers (including loss from criteria change) and loan commitments & financial guarantee contracts

Expected credit losses in 2Q2021, The Bank and its subsidiaries has thoroughly set aside the expected credit loss in amount of Baht 8,097 million, increased by 0.5% QoQ to continual uplift coverage ratio as buffer given the impact of new wave of COVID-19 pandemic as well as staggering economy of high uncertainties. Compared to 2Q2020, the expected credit losses decreased 45.0% YoY with considering the high level of coverage ratio given the staggering economy of high uncertainties.

KTB's consolidated expected credit losses in 1H2021, the Bank and its subsidiaries' expected credit losses amounted Baht 16,154 million. Coverage ratio was uplifted to 160.7% so as to strengthen buffer given the impact of new wave of COVID-19 pandemic as well as staggering economy of high uncertainties compared to 153.9% as at March 31, 2021 and 147.3% as at December 31, 2020.

## The Bank and Its Subsidiaries' Financial Status as at June 30, 2021

### Financial Assets and Investments, Net

The Bank's consolidated financial assets measured at fair value through profit or loss and net investment were Baht 271,916 million as at June 30, 2021, compared to Baht 330,712 million as at December 31, 2020. Financial assets measured at fair value through profit or loss and net investments comprised of government and SOE securities 71%, private enterprise and foreign debt securities 23% and marketable equity securities 6%.

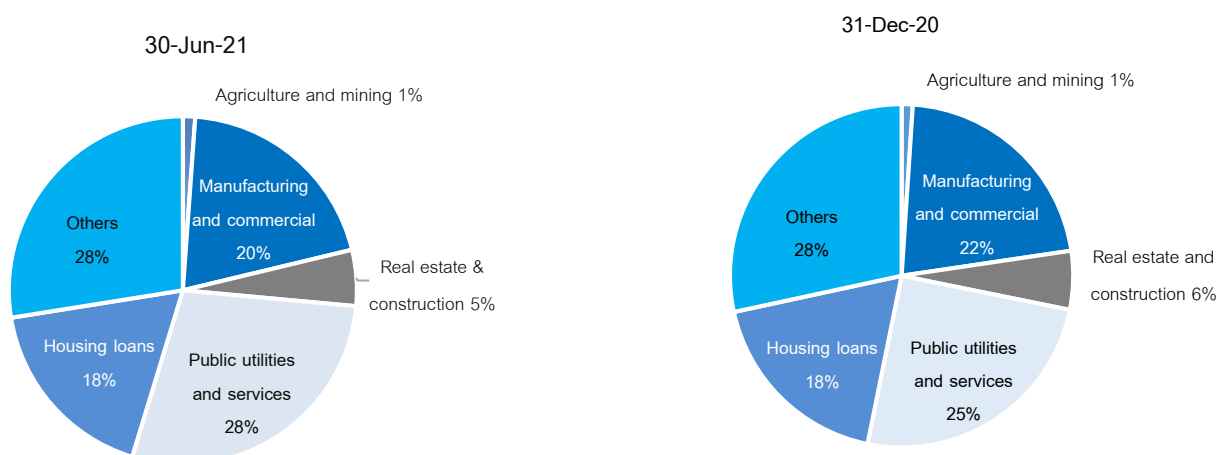
### Classifications of financial assets and investments, net

Unit : Million Baht

Consolidated Financial Statements	30 Jun 2021	31 Mar 2021	Change	31 Dec 2020	Change
			%		%
Financial assets measured at fair value through profit or loss	23,632	18,620	26.9	13,724	72.2
Investment, net	248,284	277,119	(10.4)	316,988	(21.7)
- Investment in debt securities measured at amortized cost	1,411	1,258	12.2	1,740	(18.9)
- Investment in debt securities designated to be measured at fair value through other comprehensive income	231,550	260,749	(11.2)	300,505	(22.9)
- Investment in equity securities designated to be measured at fair value through other comprehensive income	15,323	15,112	1.4	14,743	3.9
<b>Total financial assets and investments, net</b>	<b>271,916</b>	<b>295,739</b>	<b>(8.1)</b>	<b>330,712</b>	<b>(17.8)</b>

### Loans to Customers

#### Loan breakdown by type of business



The Bank's consolidated loans to customers was Baht 2,485,898 million, increased by 6.5% compared to the end of 2020, mainly from government and retail customers.

Unit : Million Baht

Consolidated Financial Statements	30 Jun 2021		31 Mar 2021		Change %	31 Dec 2020		Change %
	Amount	%	Amount	%		Amount	%	
Loans to customers	2,486,283		2,360,407		5.3	2,335,241		6.5
<u>Less</u> Deferred revenue	385		394		(2.4)	399		(3.5)
<u>Add</u> Accrued interest receivables	16,876		16,085		4.9	16,199		4.2
<u>Less</u> Allowance for expected credit losses	163,414		155,827		4.9	150,528		8.6
<b>Loans to customers and accrued interest receivables, net</b>	<b>2,339,360</b>		<b>2,220,271</b>		<b>5.4</b>	<b>2,200,513</b>		<b>6.3</b>

#### Loan breakdown by type of borrowers (Consolidated's Financial Statements)

Unit : Million Baht

Consolidated Financial Statement	30 Jun 2021		31 Mar 2021		Change %	31 Dec 2020		Change %
	Amount	(%)	Amount	(%)		Amount	(%)	
Private Corporate	639,895	25.7	660,304	28.0	(3.1)	639,930	27.4	(0.0)
Government and State Enterprise	489,395	19.7	362,762	15.4	34.9	367,293	15.7	33.2
SMEs <sup>(1)</sup>	340,175	13.7	334,219	14.2	1.8	335,857	14.4	1.3
Retail	1,016,476	40.9	1,002,776	42.4	1.4	991,804	42.5	2.5
- Housing	441,869	17.8	434,572	18.4	1.7	430,281	18.4	2.7
- Personal	514,570	20.7	506,250	21.4	1.6	496,443	21.3	3.7
- Credit card	55,489	2.2	57,159	2.4	(2.9)	59,990	2.6	(7.5)
- Leasing <sup>(2)</sup>	4,548	0.2	4,795	0.2	(5.2)	5,090	0.2	(10.7)
Others	342	0.0	346	0.0	(1.1)	357	0.0	(4.2)
<b>Total loans (per F/S)</b>	<b>2,486,283</b>	<b>100.0</b>	<b>2,360,407</b>	<b>100.0</b>	<b>5.3</b>	<b>2,335,241</b>	<b>100.0</b>	<b>6.5</b>

(1) SMEs were private companies that have employee no. less than/ equal to 200 people and fixed asset (excluding land) less than/ equal to Baht 200 million.

(2) In May 2021, the Bank sold the 75.05 percent of KTB Leasing's ordinary share to KTC, therefore, KTB Leasing were KTC's subsidiary. The Bank's consolidated financial statement had no impact from such transaction.

## Asset Quality

### Loan classification and expected credit loss

Unit : Million Baht

Consolidated Financial Statement	30 Jun 2021	31 Mar 2021	31 Dec 2020
Gross NPL <sup>(1)</sup>	105,737	105,981	107,138
Gross NPL Ratio	3.54%	3.66%	3.81%
Allowance for Expected Credit Losses (total) <sup>(2)</sup>	169,867	163,156	157,854
Coverage Ratio <sup>(3)</sup>	160.7%	153.9%	147.3%

(1) Gross NPLs based on principal less deferred revenue while including interbank and money market items

(2) Allowance for expected credit loss (total) = Allowance for expected credit losses for interbank and money market items, loans to customers and loan commitments & financial guarantee contracts

(3) Coverage Ratio = Allowance for expected credit losses for interbank and money market items, loans to customers and loan commitments & financial guarantee contracts / Gross NPLs

Unit : Million Baht

Consolidated Financial Statement	30 Jun 2021		31 Mar 2021		31 Dec 2020	
	Loans and	Allowance for	Loans and	Allowance for	Loans and	Allowance for
	Accrued Interest Receivables <sup>(1)</sup>	Expected Credit Losses <sup>(2)</sup>	Accrued Interest Receivables <sup>(1)</sup>	Expected Credit Losses <sup>(2)</sup>	Accrued Interest Receivables <sup>(1)</sup>	Expected Credit Losses <sup>(2)</sup>
<b>1. Loan Classification</b>						
Performing	2,171,991	41,489	2,037,043	34,902	2,013,375	32,093
Under - performing	216,854	43,422	225,461	42,849	223,501	41,627
Non - performing	109,674	75,953	109,111	75,496	109,407	74,204
Lifetime ECL - simplified approach <sup>(3)</sup>	4,255	2,550	4,483	2,580	4,758	2,604
<b>Total</b>	<b>2,502,774</b>	<b>163,414</b>	<b>2,376,098</b>	<b>155,827</b>	<b>2,351,041</b>	<b>150,528</b>

(1) Loan less deferred revenue while including accrued interest receivables and undue interest receivables

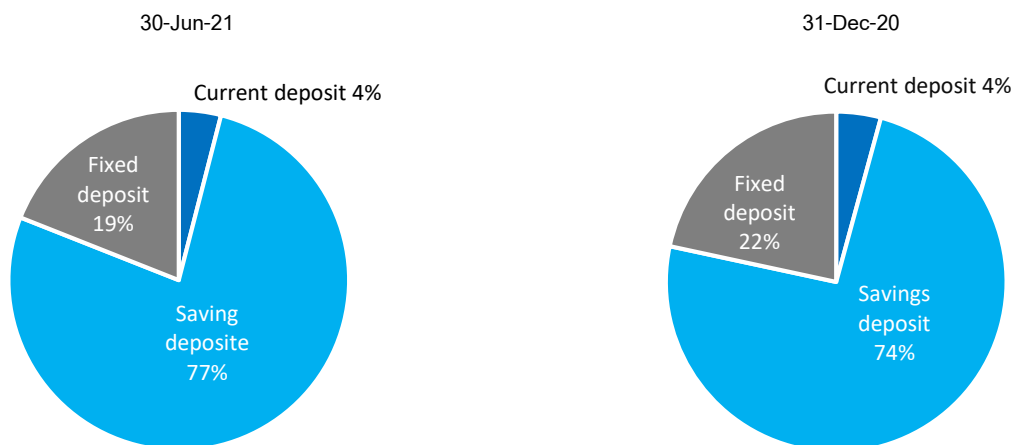
(2) Allowance for expected credit losses for loans to customers (including loss from criteria change) per financial statements

(3) Lifetime ECL – simplified approach is the approach of the Bank's subsidiary to recognize the allowance for expected credit losses on lifetime of finance lease receivables

The Bank's consolidated NPLs-Gross as at June 30, 2021 amounted Baht 105,737 million, lowering NPLs Ratio-Gross to 3.54% from 3.81% as at December 31, 2020. Given thorough considerations on various factors in the the staggering economy of high uncertainties to uplift coverage ratio together with closely monitor loans portfolio and asset quality. Hence, the Bank's consolidated coverage ratio as at June 30, 2021 increased to 160.7% from 153.9% as at March 31, 2021 and 147.3% as at December 31, 2020.

Deposits

Deposits breakdown by types



The Bank’s consolidated deposits was Baht 2,493,121 million, increased by 1.2% from December 31, 2020 from current and saving deposits.

The Bank’s consolidated loans to customers (less deferred revenue)-to-deposits ratio (L/D ratio) of 99.71% increased from 94.79% as at December 31, 2020.

## Sources and Uses of Funds

Unit : Million Baht

	30 Jun 2021		31 Mar 2021		Change %	31 Dec 2020		Change %
	Amount	(%)	Amount	(%)		Amount	(%)	
Net Interbank and money market items (asset)	519,541	15.2	590,082	17.5	(12.0)	516,792	15.5	0.5
Financial assets measured at fair value through profit or loss	23,632	0.7	18,620	0.5	26.9	13,724	0.4	72.2
Net investments and net investments in associates	271,329	8.0	298,860	8.9	(9.2)	346,388	10.4	(21.7)
Loans to customers (less deferred revenue)	2,485,898	73.0	2,360,013	70.0	5.3	2,334,842	70.2	6.5
<b>Less</b> Allowance for expected credit losses	163,414	4.8	155,827	4.6	4.9	150,528	4.5	8.6
Other assets	267,861	7.9	259,918	7.7	3.1	266,562	8.0	0.5
<b>Total Asset</b>	<b>3,404,847</b>	<b>100.0</b>	<b>3,371,666</b>	<b>100.0</b>	<b>1.0</b>	<b>3,327,780</b>	<b>100.0</b>	<b>2.3</b>
Deposits	2,493,121	73.2	2,438,992	72.3	2.2	2,463,225	74.0	1.2
Net Interbank and money market items (liabilities)	267,143	7.8	294,859	8.8	(9.4)	274,566	8.2	(2.7)
Debt issued and borrowings	131,899	3.9	131,697	3.9	0.2	86,564	2.6	52.4
Other liabilities	156,823	4.6	152,422	4.5	2.9	148,361	4.5	5.7
Total equity	355,861	10.5	353,696	10.5	0.6	355,064	10.7	0.2
- Equity holders of the Bank	343,239	10.1	341,270	10.1	0.6	343,466	10.3	(0.1)
- Non-controlling interest	12,622	0.4	12,426	0.4	1.6	11,598	0.4	8.8
<b>Total liabilities and equity</b>	<b>3,404,847</b>	<b>100.0</b>	<b>3,371,666</b>	<b>100.0</b>	<b>1.0</b>	<b>3,327,780</b>	<b>100.0</b>	<b>2.3</b>
Loans to customers (less deferred revenue)-to-deposits ratio (%)	99.71		96.76			94.79		

As at Jun 30, 2021, the Bank's consolidated major source of funds was 73.2% deposits; and the other source of funds as equity, interbank borrowings, and debt issued and borrowings. Debt issued and borrowings increased from the end of 2020 due to the issuance of Additional Tier I Subordinated Notes in amount of USD 600 million to overseas institutional investors. The Bank's consolidated use of funds comprised of 73.0% loans to customers (less deferred revenue), 15.2% net interbank and money market items, and 8.0% net investments and net investments in associates.

## Equity

The total equity (equity holders of the Bank) as at Jun 30, 2021 was Baht 343,239 million, decreased 0.1% from December 31, 2020.

Book value per share (equity holders of the Bank) was Baht 24.55 per share decreased from Baht 24.57 per share at December 31, 2020.

## Statutory Capital Fund

### Statutory Capital Fund (Bank and the Financial Business Group)

Unit : Million Baht

Bank and the Financial Business Group <sup>(1)</sup>	30 Jun 2021 <sup>(3)</sup>		31 Mar 2021 <sup>(3)</sup>		31 Dec 2020		The minimum rate required % <sup>(2)</sup>
	Amount	%	Amount	%	Amount	%	
Common Equity Tier 1 capital	314,011	15.38	312,567	15.26	314,467	15.73	>8.000
Tier 1 capital	334,118	16.36	332,508	16.24	315,755	15.79	>9.500
Tier 2 capital	66,872		66,880		66,349		
Total capital fund	400,990	19.63	399,388	19.50	382,104	19.11	>12.000
Risk-weighted assets	2,042,328		2,047,852		1,999,279		

(1) Balance sheet as under regulatory scope of the financial business group means financial statement for consolidated basis under BOT's regulation which does not include non-life and life insurance companies, and companies held less than 50 percent of paid-up shares capital by the Bank.

(2) According to BOT's regulation, the minimum capital ratios of Commercial Banks in Thailand will be increased to absorb Capital conservation buffer more than 0.625% a year starting from January 1, 2016 until the capital buffer ratio of more than 2.5% is reached on January 1, 2019. Moreover, KTB was named as the one of the Domestic Systemically Important Banks (D-SIBs) requiring to hold all capital ratios to absorb higher loss absorbency of additional 0.5% of risk-weight assets from January 1, 2019 and 1% of risk-weight assets from January 1, 2020 onwards (reference to the BOT Notification Sor.Nor.Sor. 16/2560 and 17/2560)

(3) Capital fund and capital adequacy ratio are preliminary information prepared accordance with BOT guidelines.

## Statutory Capital Fund (The Bank's Financial Statements)

Unit : Million Baht

The Bank's Financial Statements	30 Jun 2021 <sup>(2)</sup>		31 Mar 2021 <sup>(2)</sup>		31 Dec 2020		The minimum rate required (%) <sup>(1)</sup>
	Amount	(%)	Amount	(%)	Amount	(%)	
Common Equity Tier 1 capital	294,365	15.03	293,412	14.93	293,683	15.35	>8.000
Tier 1 capital	313,012	15.99	312,059	15.88	293,683	15.35	>9.500
Tier 2 capital	65,875		65,907		65,332		
Total capital fund	378,887	19.35	377,966	19.23	359,015	18.76	>12.000
Risk-weighted assets	1,957,953		1,965,554		1,913,769		

(1) According to BOT's regulation, the minimum capital ratios of Commercial Banks in Thailand will be increased to absorb capital conversation buffer until the capital buffer ratio of more than 2.50% is reached on January 1, 2019. Moreover, KTB was named as the one of the Domestic Systemically Important Banks (D-SIBs) requiring to hold all capital ratios to absorb higher loss absorbency of additional 1% of risk-weight assets from January 1, 2020 onwards (reference to the BOT Notification Sor.Nor.Sor. 16/2560 and 17/2560)

(2) Capital fund and capital adequacy ratio are preliminary information prepared accordance with BOT guidelines.

As at Jun 30, 2021, the Bank and the Financial Business Group's Common Equity Tier 1 was Baht 314,011 million (15.38% of its RWA) and Tier 1 capital was Baht 334,118 million (16.36% of its RWA). Total capital was Baht 400,990 million (19.63% of its RWA).

As at Jun 30, 2021, the Bank's Common Equity Tier 1 was Baht 294,365 million, Tier 1 capital was Baht 313,012 million and Total capital was Baht 378,887 million (15.03%, 15.99% and 19.35% of its RWA).

In March 2021, the Bank issued Additional Tier I Subordinated Notes in amount of USD 600 million to overseas institutional investors in order to strengthen its Tier I capital and enhance its future investment prospect and growth opportunity.

The Bank possesses healthy capital ratios compared to BOT's requirement. Moreover, the Bank regularly reassesses the capital level to be in accordance with the BOT's requirement.



## Appendix

### Relief Measures in Response to the Impacts of the COVID-19 Pandemic

#### Relief Measures in 2020

##### KTB's Relief Measures

Realizing the importance to uphold the economy, the Bank had issued relief measures to help customers (updated April 27, 2020) as follows:

- Retail loan on both personal loan under supervision (such as Smart Money loan, Multi-purpose loan 5 Plus) and housing loan (such as Home Easy Cash loan) (not exceeding Baht 3 million): 4-month debt payment holiday on principal and interest together with 4-month lower interest rate of 0.25% per annum on existing loan agreement.

In addition, personal and housing loans with document proof of reduced income shall have 6-month debt payment holiday on principal (payment on interest only) together with 6-month lower interest rate of 0.25% per annum on existing loan agreement.

- Business loan (not exceeding Baht 100 million): 6-month debt payment holiday on principal and interest automatically
- Business loan of medium-size or higher with document proof of reduced income: up to 12-month debt payment holiday on principal for term loan together with up to 6-month debt payment extension for P/N and trade finance
- Supporting soft loans for liquidity on business loan (not exceed Baht 500 million): up to 20% credit limit of outstanding loan as at December 31, 2019 for up to 5-year tenure with first 2-year interest rate of 2.0% per annum, together with up to 12-month debt payment holiday on principal and first 6-month of no interest payment; participating in SFIs' supporting soft loans based on the stated criteria.
- Continual lending rate cuts on MLR, MOR and MRR since end of last year till 2Q2020 (latest lending rate cut effective on May 22, 2020) on a cumulative of -0.65% to -1.05%

These measures will ease loan burden and increase liquidity at present while the Bank will closely work with customers to consider the financial structure for their businesses in conjunction with the pre-emptive financial restructuring in order to provide additional assistance.

##### BOT's Relief Measures Phase 2

BOT had announced relief measure phase 2 for retail customers impacted from COVID-19 on the following:

1. Reduction on interest rate ceilings, service fee, and penalty (interest) for credit cards and personal loan under supervision (effective August 1, 2020 onwards) on the following details:

Type	Prevision ceiling (% per annum)	New ceiling (% per annum)
1. Credit card	18	16
2. Personal loan under supervision		
- Revolving credit	28	25
- Installment payment	28	25
- Auto title loan	28	24

2. Credit limit extension on credit card and personal loan under supervision (effective August 1, 2020 onwards)

For customers who are in need of additional credit limit and continuously pay on time with average income less than Baht 30,000 per month, temporary extending credit limit from 1.5 times to 2 times of average monthly income till December 31, 2021.

3. Additional relief measures phase 2 for retail customers (effective July 1, 2020 onwards)

The scope and period of such relief measures for retail customers impacted from COVID-19 and not considered as NPLs as at March 1, 2020 are detailed below given options of minimum assistance by type of credit available to the impacted customers.

Type	Minimum Relief Measures
1. Credit card	Convert into loan of 48 installment or extend payment period according to debtor's payment ability with interest rate 12% per annum
2. Personal loan under supervision: revolving loan such as cash loan card	<ol style="list-style-type: none"> <li>1. Reduce minimum installment payment according to payment ability or</li> <li>2. Convert into loan of 48 installment or extend payment period according to debtor's payment ability with interest rate 22% per annum</li> </ol>
3. Personal loan: installment payments and hire purchase (automotive)	Reduce installment: at least 30% of previous installment with interest rate 22%
4. Hire purchase	<ol style="list-style-type: none"> <li>1. Debt payment holiday (principal and interest): 3-month or</li> <li>2. Reduce installment by extending payment period</li> </ol>
5. Home loan or Home for Cash	<ol style="list-style-type: none"> <li>1. Debt payment holiday (principal and interest): 3-month or</li> <li>2. Debt payment holiday (principal): 3-month and reconsider interest rate as appropriate or</li> <li>3. Reduce installment by extending payment period</li> </ol>

Customer who would like to request for assistance could contact the Bank through various channels such as application, website, call center or SMS channel.

### **BOT's Guideline on Assistance for SME Post Relief Program under the Royal Decree**

Given the Emergency Decree on Financial Assistance to SME affected by Coronavirus Pandemic B. E. 2563 (2020) with measure on loan payment holiday ending October 22, 2020, BOT had additionally announced on October 16, 2020 the guideline on continual assistance for debtors, taking into consideration on previous assistance by financial institution to SME during this uncertain situation of the pandemic. Guideline included:

1. To consider debt restructuring for SME based on their repayment capability. In the case of financial institution undergoes debtor's evaluation process on debt restructuring, it is allowed for financial institution to maintain debtor's asset classification till December 31, 2020 as prior to pre-relief measure.
2. In the case of financial institution was unable to clearly evaluate the debtor's cash flow, it is allowed for financial institution to provide assistance in the form of payment holiday on principal and/ or interest based on each debtor's repayment capability for up to 6 month from end-2020.

The period of standstill on debtor's asset classification and of payment holiday shall not be considered as part of the contract's default terms and conditions.

Additionally, BOT had extended the soft loan application period of financial institution to BOT for another 6 month in conjunction with extending the qualification of eligible soft loan borrower to include company in MAI.

### **BOT's Additional Measures**

Given the ongoing COVID-19 pandemic situation far from recovery with high uncertainty, BOT had requested commercial banks on no interim dividend payment based on 2020 performance and no share repurchase, effective on June 18, 2020. In addition, commercial banks shall have capital management plan for the next 1-3 years in order to maintain strong capital level and to continuously support business operation.

Additionally, BOT had launched DR BIZ program as the mechanism for multi-creditors businesses to manage debt restructuring according to the debtor's capability under a one-stop service. Furthermore, debt consolidation practice helped debtors with repayment potentials by consolidating loans on housing and other retail loans, such as credit card, personal loan under supervision and hire purchase, utilizing the remaining value of collateral under housing loans.

On October 29, 2020, BOT had announced guidelines regarding the interest calculation on amount overdue, the sequence of debt repayment in reducing NPL as well as debt burden, and the support on debt restructuring negotiation per 3 important topics as follows:

Guideline	Financial service provider	Effective Date
1. Interest calculation on amount overdue based on only the overdue principal excluding the principal of future installments not yet due	- Financial institution and the Financial Business Group - SFI - Non-bank entity operating personal loan business under supervision	April 1, 2021
2. Interest rate on amount overdue based on contractual interest plus no more than 3% per annum	- Non-bank entity operating retail loan business under supervision - Asset management company	July 1, 2021
3. The sequence of debt repayment by first repaying the fee, interest and principal of longest overdue	- All financial service provider	July 1, 2021

Additionally, the waive or leniency of overdue interest could be considered for the overdue prior to April 1, 2021.

On December 22, 2020, the BOT had updated the guideline on SME affected by COVID-19 (soft loan) for flexibility. This included the adjusted definition of “Business Group” to separately consider the relationship of individual from corporate entity, in which only one-level of corporate entity relationship shall be considered. The additional adjustment also included the increased frequency for SME soft loan application to no more 2 times instead of only once.

On January 12, 2021, the BOT had assessed the domestic pandemic of the new waves of COVID-19 to be widespread in many regions, affecting debtors directly and indirectly. Therefore, the BOT had requested financial institutions, SFIs and non-financial institutions operators (non-bank companies) to quickly and continually provide financial assistance to debtors who effected from such situation per additional relief guidelines as follows:

1. To extend the filing period for retail debts’ relief request till June 30, 2021 from previous timeframe of July 1 2020 till December 31, 2020. In the case of lenders providing credit to employees or operational workers, debtors could file for relief request directly as well as employers or business owners could also file for such request on their behalf; for instance, employee welfare loan or other retail loans given the consent of debtors who are employees or operational workers, in order to facilitate the efficiency and timeliness on the relief request.

The extended relief measures for retail customers impacted from COVID-19 are as follows.

Type	Minimum Relief Measures
1. Credit card	Convert into loan of 48 installment or extend payment period according to debtor’s payment ability with interest rate 12% per annum

Type	Minimum Relief Measures
2. Personal loan under supervision: revolving loan such as cash loan card	1. Reduce minimum installment payment according to payment ability or 2. Convert into loan of 48 installment or extend payment period according to debtor's payment ability with interest rate 22% per annum
3. Personal loan: installment payments and hire purchase (automotive)	Reduce installment: at least 30% of previous installment with interest rate 22%
4. Hire purchase	1. Debt payment holiday (principal and interest): 3-month or 2. Reduce installment by extending payment period
5. Home loan or Home for Cash	1. Debt payment holiday (principal and interest): 3-month or 2. Debt payment holiday (principal): 3-month and reconsider interest rate as appropriate or 3. Reduce installment by extending payment period

2. For SMEs, financial institutions and SFIs shall provide financial assistance to qualified SMEs through payment deferment according to the Royal Decree Re: Financial Assistance to SME affected by Coronavirus Pandemic. This included payment deferment on principal and/ or interest depending on debtor capability on a case-by-case basis given appropriate timeline but not exceeding end of June 2021.
3. Financial assistance guideline for all types of debtors (i.e. retails, SMEs and corporate clients with potentials) shall be considered appropriately on loan types, debtors' risk level, nature of business and impact regions for:
  - 3.1. Debt restructuring. For example, lower installment, payment extension, credit limits extension or maintenance, loan conversion from short-term to long-term, temporary payment holiday on principal and/ or interest, lower interest rate than market rate, appropriate reduction on principal prior to interest upon repayment, and etc.
  - 3.2. Additional working capital and liquidity enhancement
  - 3.3. Consideration on payment deferment for SMEs with loans not exceeding Baht 100 million under the Emergency Royal Decree on Soft Loan
  - 3.4. Leniency on other terms and conditions as appropriate

## Accounting Guidance on Temporary Relief Measures for Entities Providing Assistance to Debtors Impacted by Situations That Affect the Thai Economy

On February 28, 2020, the BOT had revised the regulations for commercial banks to support customers under pre-emptive measures. For Non-NPL customer as at January 1, 2020, bank could classify such loan as Stage 1 with no identification as troubled debt restructuring: TDR given that if it is foreseen that debt restructuring agreement could be complied by customer; moreover, bank could classify loan in performing stage if NPL customer could make payment for 3 consecutive months or installments under the new debt restructuring agreement. This is applicable for debt restructuring during January 1, 2020 till December 31, 2021.

Another measure involved provisioning, in which expected credit losses shall be calculated only for the drawn portion.

### Relief Measures in 2021

On March 23, 2021, The Bank of Thailand, the Ministry of Finance, and related parties recognized a number of challenges from the COVID-19 pandemic faced to the Thai economy since early 2020. Moreover, the business recovery is likely to be uneven, especially for SMEs with limited access to capital, as well as businesses that are hard-hit by the pandemic. Under such circumstances, the existing short-term relief measure is insufficient to handle the prolonged nature of the situation. BOT and the Ministry of Finance, then, proposed two new measures include **1) Soft loan facility for businesses** (totaling 250 billion baht) to support viable small and medium enterprises (SMEs) affected by the COVID-19 crisis and **2) Debt restructuring through Asset Warehousing with Buy-Back options** (totaling 100 billion baht) provides standardized debt restructuring program for adversely affected borrowers whose businesses require prolonged recovery period, while possessing viable business models and collaterals. The details are as follows

Measures	Soft Loan Facility for Businesses	Debt Restructuring through Asset Warehousing with Buy-Back options
Total Credit Line	THB 250 billion	THB 100 billion
Period	2-year loan withdrawal period from the BOT, maximum 5-year term loan	
Objectives	Provide liquidity for business operations as well as for business recovery	Financial relief for affected businesses with prolonged recovery period
Target Groups	<ol style="list-style-type: none"> <li>Existing borrowers with existing credit line not exceeding THB 500 million as of 28 February 2021 and whose loan statuses are not NPL as of 31 December 2019</li> <li>New borrowers with no existing credit line with financial institutions (FIs) as of 28 February 2021</li> </ol>	Borrowers with collaterals prior to 28 February 2021 whose loan statuses are not NPL as of 31 December 2019
Conditions	<p><b>Loan offer</b></p> <ol style="list-style-type: none"> <li>Credit limits per borrower               <ol style="list-style-type: none"> <li>Existing borrower: not exceeding 30% of credit line as of 31 December 2019 or 28 February 2021, whichever is greater, but not exceeding THB 150 million</li> <li>New borrower: not exceeding THB 20 million</li> </ol> </li> <li>Interest rate: FIs will provide loan with interest rate not exceed an average of 5% per annum for 5 years, and at 2% in the first 2 years. The government will subsidize interest for the first 6 months.</li> </ol> <p><b>Loan guarantee</b></p> <ol style="list-style-type: none"> <li>Guarantee period: 10 years</li> <li>Compensation rate: not exceeding 40% of loan portfolio</li> <li>Fee: average at 1.75% per annum, which the government will compensate in total of 3.5% through government guarantee mechanisms by the Thai Credit Guarantee Corporation (TCG)</li> </ol>	<p>Both FIs and borrowers mutually agree to transfer collaterals for debt repayment purpose. Additional conditions include:</p> <ul style="list-style-type: none"> <li>A borrower has the first rights to repurchase collaterals back within 5 years.           <p>The repurchase price should not be higher than the transfer price plus carrying cost (1% per annum of the transfer price) as well as incurred asset maintenance costs and other relevant fees.</p> </li> <li>A borrower has the first rights to rent the collateral asset. Rents received by FI will be deducted from the repurchase price. No additional maintenance costs shall be incurred if the borrower rents the asset.</li> </ul>

<b>Government support</b>	<b>BOT:</b> liquidity support at 0.01% interest rate for FIs in providing loan.  <b>Government:</b> 1. MOF: support loan guarantee mechanisms 2. MOF, the Ministry of Interior, and the Ministry of Commerce: will reduce fees related to asset transfers to 0.01% and exempt mortgage registration and business collateral registration fees.	<b>BOT:</b> liquidity support at 0.01% to FIs for the value of asset transfers.  <b>Government:</b> MOF, the Ministry of Interior, and the Ministry of Commerce: reduce or exempt taxes and relevant fees for both the transfers and the repurchase of the assets for original owners.
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BOT's liquidity support for soft loan facility and debt restructuring through asset warehousing with buy-back options will be granted upon requested by financial institutions, effective from April 26, 2021 onwards.

On July 16, 2021, according to BOT relief measure for SMEs and retail customers whose has directly impact from the temporarily closed business as advised by the government, the Bank has announced a 2-month debt payment holiday on principal and interest for business and employee in restricted area and non-restricted area whose have impact from the temporarily closed business as advised by the government, start from the July payment period. Customers are able to contact the Bank for assistance from July 19, 2021 until August 15, 2021. Criteria for consideration are as prescribed by the Bank.

Additionally, the Bank provided 7 relief measures for customers as follows

**Relief measures for retail customers 3 measures (from May 31, 2021)**

1. Home loan, Home for Cash loan and Home Easy Cash loan (Term Loan) : up to 12-month debt payment holiday on principal (pay part of interest) or reduce installment by extending payment period up to 12 monthes or up to 3-month debt payment holiday on principal (pay interest)
2. Personal loans (Term Loan) : reduce 30% of installment amount up to 6 monthes
3. Personal Revolving Loan (Krungthai Thanawat loans and Krungthai Thanawat loan): convert into loan of 4 8 installment or extend payment period according to debtor's payment ability.

**Relief measures for non-retail customers 4 measures**

1. **Soft loan facility for business customers:** interest rate at 2% per annum in the first 2 years (an average interest rate for 5 years not exceed 5% per annum), loan tenor up to 10 years, interest waived up to 6 monthes and government guarantee period up to 10 years by the Thai Credit Guarantee Corporation (TCG)



## 2. Relief measure for business customers

- Business loans (term loan; credit limit not exceeding Baht 20 million) : up to 6-month debt payment holiday on principal (pay interest) or reduce installment by extending payment period up to 24-month for P/N and up to 6 months for trade finance.
  - Business loans : (term loan; credit limit of Baht 20 - 500 million) : up to 12-month debt payment holiday on principal (pay interest) for P/N and up to 6-monthes for trade finance.
3. **Debt Restructuring through Asset Warehousing with Buy-Back options** : temporarily lessen debt burden in prolonged recovery period for potential customers with collaterals by transferring collaterals for debt repayment purpose with the rights to repurchase collaterals back in future. The repurchase price should not be higher than the transfer price plus carrying cost (1% per annum of the transfer price plus incurred asset maintenance costs and other relevant fees paid by the Bank deduct rental fee paid from customers)
4. **DR BIZ program** : as debt consolidation for business loans with credit line from multi-creditors of Baht 50 – 500 million to manage debt restructuring according to the debtor’s capability ie. reduce installment, extending payment period as well as liquidity support for potential customers with solid business plan. Criteria for consideration are as prescribed by the Bank.

On August 20, 2021, The Bank of Thailand announced the additional COVID-19 relief measure for sustainable assistant as follows

### 1. The liquidity assistant and soft loan to SMEs and retail customers

1.1 The adjusted soft loan criteria to SMEs (depending on each financial institution’s definition) through the credit limit extension to existing customers who have low credit limit or new customer are as follows

- Existing borrower : credit limit per borrower not exceeding 30% of credit line as of 31 December 2019 or 28 February 2021, whichever is greater (not exceeding THB 150 million) or not exceeding THB 50 million for borrower with 30% of credit limit less than THB 50 million.
- New borrower : credit limit per borrower not exceeding THB 50 million.

Furthermore, additional loan guarantee conditions will be provided for the vulnerable borrower.

1.2 The relaxation of relief measures for retail customers including credit card, personal loan under supervision and digital personal loan are as follows

- Credit card and personal loan : maintain the minimum payment at 5% and credit limit extension for less than THB 30,000 average monthly income customers.
- Digital personal loan : extension of credit limit and payment period.

2. The supportive criteria to financial institution for long-term debt restructuring measure
  - 2.1 Financial institutions are able to maintain the current classification of restructured retail and SMEs loans until March 31, 2022 (SMEs' definition depending on each financial institution) in order to have sufficient debt restructuring consideration time.
  - 2.2 The extension of flexible loan classification and allowance for expected credit loss criteria until year 2023 will help less burden for financial institution to provide sustainable debt restructuring measure (multiple debt restructuring instrument, not only payment period extension).
  - 2.3 Extended the lowered contribution from financial institutions to the FIDF (FIDF fee) at 0.23% (from 0.46%) until ended 2022 (from previously ended 2021) for financial institution to provide continual less burden assistant to private sector and individual.

## Credit Ratings

Bank's credit ratings rated by S&P Global Ratings, Moody's Investors Service and Fitch Ratings were as follows:

S&P Global Ratings	June 2021	March 2021	December 2020
- Long-term/ Short-term	BBB / A-2	BBB / A-2	BBB / A-2
- Outlook	Watch Negative	Watch Negative	Watch Negative <sup>(1)</sup>
- Stand-Alone Credit Profile (SACP)	bb+	bb+	bb+
Moody's Investors Service	June 2021	March 2021	December 2020
- Long-term/ Short-term	Baa1 / P-2	Baa1 / P-2	Baa1 / P-2
- Outlook	Stable	Stable	Stable
- Baseline Credit Assessment (BCA)	baa3	baa3	baa3
- Additional Tier I Subordinated Notes (USD) <sup>(2)</sup>	Ba3	--	--
Fitch Ratings	June 2021	March 2021 <sup>(3)</sup>	December 2020
Foreign Currency Credit Ratings			
- Long-term/ Short-term	BBB / F2	BBB / F2	BBB / F2
- Outlook	Stable	Stable	Stable
- Viability Rating	bbb-	bbb-	bbb-
National Credit Ratings			
- Long-term/ Short-term	AA+(tha) / F1+ (tha)	AA+(tha) / F1+ (tha)	AA+(tha) / F1+ (tha)
- Outlook	Stable	Stable	Stable
- Senior unsecured debentures (Baht)	AA+(tha)	AA+(tha)	AA+(tha)
- Subordinated Debt (Baht)	AA-(tha)	AA-(tha)	AA-(tha)

(1) On August 24, 2020, S&P Global Ratings had placed ratings on the Bank and Senior Unsecured as CreditWatch with negative implications.

(2) On March 25, 2021, the Bank issued Additional Tier I Subordinated Notes to overseas institutional investors

(3) On March 26, 2021, Fitch Ratings has affirmed the Bank's credit ratings.

Note: The percentage change stated in this document was calculated from the financial statement figures.

Disclaimer

This document contained information regarding the Bank's financial performance and business operations, macro-economic data and other relevant information, which some parts of such information are forward-looking statements based on the view or assumptions of the Bank on current information. In case of changing in such information, the Bank reserves the right to change any information herein without prior notice. As the actual results in the future may differ materially from those anticipated in this document and this document shall not be deemed to be a guarantee of the Bank's financial performance and business operations in the future, investors, therefore, should exercise individual judgment when considering the Bank's information for any purpose.