



Management Discussion and Analysis

For the first quarter ended March 31, 2022

(Reviewed)

This report discusses the principal changes in the reviewed consolidated financial statement for the first quarter ended March 31, 2022.

Economic Overview

In 2022, the Thai economy is expected to see an uptick but will face a variety of risk factors. The gradual expansion is supported by improving domestic demand due to the declining economic impacts of COVID-19, as the high vaccination rate per capita and the adequate availability of booster doses limit the number of death and severe cases. In addition, the government is keen to avoid full scale lockdowns, in favor of maintaining specific measures in designated zones. Likewise, tourism sector is likely to improve further after the government removed Test & Go scheme and decided to fully re-open to foreign tourists since May 1, 2022. Furthermore, export values continue to grow from strong trading partner demand and some of the products benefiting from higher oil price. However, the Thai economy will face additional risks from external factors, particularly the prolonged Russia and Ukraine conflict that has caused commodity prices to surge and thereby lowering the global growth projection. In addition, global growth would be affected from China's widespread lockdown from a surge in COVID-19 infection together with the Fed's interest rate increase to fight inflation which therefore affecting the US growth prospect. As a result, IMF downgraded its global growth forecasts in April 2022 to 3.6%, compared to 4.4% from the previous assessment in January 2022. As external pressures mounting, the Thai economic growth is also expected to be lower along with a surge in inflation. With the latest assessment from the Bank of Thailand (BOT) in March 2022, the Thai economic growth rate is projected to be at 3.2%, lower than 3.4% from the previous assessment in December 2021. Meanwhile, headline inflation rate is forecasted at 4.9%, significantly increased from the previous assessment in December 2021 at 1.7%.

Effective and targeted fiscal and monetary policies would remain essential going forward, particularly in the context of heightened uncertainties. In terms of the BOT's policy interest rate, it is expected remain unchanged until the end of 2022 in order to support the recovery. Moreover, the BOT will likely continue measures to improve accessibility of liquidity, especially for those whose incomes have not yet fully recovered as well as encouraging financial institutions to engage in debt restructuring for the affected households and businesses in a sustainable way.

The Bank and Its Subsidiaries' Performance for 1Q2022

Compared 1Q2022 to 1Q2021, Amid the economic challenges, with the Bank's effective financial result management, the Bank and its subsidiaries' net profit attributable to equity holders of the Bank amounted Baht 8,780 million, increased by 57.4% YoY. This was the result of an increase in total operating income from both net interest income of 5.6% from substantial loan growth focusing on quality loan during economic uncertainties. Hence, loan growth was driven by government, corporates and retail loans. Additionally, total operating income was supported by the continual managed cost of fund, an increase of other operating income, together with the effective control of total operating expenses with a 3.5% YoY decline. Therefore, cost to income ratio stood at 41.25%, decreased from 44.25% in 1Q2021.

The Bank and its subsidiaries prudently considered various factors in the continuously changing business environment that could impact the quality of loan, as such, set aside an expected credit losses at high level of Baht 5,470 million, though decreased by 32.1% YoY. NPLs Ratio was at a steady controllable level of 3.34%, reduced from 3.50% as at December 31, 2021 and 3.66% as at March 31, 2021. The coverage ratio was maintain at the above normal level at 173.6%, compared to 168.8% as at December 31, 2021 and 153.9% as at March 31, 2021.

Compared to 4Q2021, KTB's consolidated net profit attributable to equity holders of the Bank increased 77.6% QoQ. The total operating income was at a similar level comparing to previous quarter amid the economic challenges coupled with the effective management of total operating expenses with a reduction of 16.8% QoQ. Therefore, cost to income ratio stood at 41.25%, decreased from 49.16% in 4Q2021. The Bank and its subsidiaries had prudently set aside on expected credit losses, though decreased by 33.6% QoQ.

the Bank and the Financial Business Group's Tier 1 and Total Capital ratios were 16.59% and 19.84% respectively, maintaining at a strong level as compared to BOT's requirement. In April 2022, the Bank issued Tier II Subordinated Notes in amount of Baht 10,080 million, a tenor of 10 years with a rating of AA(tha) by Fitch Ratings (Thailand) Limited. The offering received the good feedback and demand from Thai investors which will strengthen its total capital level, enhance its competitive capability and growth opportunity.

The Bank and Its Subsidiaries' thoroughly considers on business management; closely monitors asset quality to carry on a steady controllable asset quality, maintains a high level of coverage ratio given the economic uncertainties and preserves the solid capital level for the opportunity to expand its business as the future competitive landscape may arise. Additionally, the Bank has provided continuous supported measures for the potential retail and business customers, including instant short-term measures, specific to customers measures and long-term debt restructuring measure to support and alleviate the affected customers during their difficult times.

The Bank and Its Subsidiaries' Performance for the Quarter Ended March 31, 2022

Overview Operating Income and Net Profit

Unit : Million Baht

	1/2022	4/2021	Change %	1/2021	Change %
Net interest income	21,086	21,345	(1.2)	19,969	5.6
Net fee and service income	4,968	5,160	(3.7)	5,217	(4.8)
Other non-interest income	3,630	3,423	6.1	3,486	4.1
Total operating income	29,684	29,928	(0.8)	28,672	3.5
Total other operating expenses	12,244	14,714	(16.8)	12,688	(3.5)
Pre-provision profit ⁽¹⁾	17,440	15,214	14.6	15,984	9.1
Expected credit losses	5,470	8,233	(33.6)	8,058	(32.1)
Operating profit before income tax expenses	11,970	6,981	71.5	7,926	51.0
Income tax expenses	2,317	1,418	63.4	1,519	52.5
Net Profit	9,653	5,563	73.5	6,407	50.7
Net profit (attributable to equity holders of the Bank)	8,780	4,944	77.6	5,578	57.4
ROA (%) ⁽²⁾	1.00	0.56		0.68	
ROE (%) ⁽²⁾	9.87	5.49		6.61	

(1) Pre-provision profit before provision for expected credit losses 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 1Q2022, with the Bank's effective financial result management, the consolidated pre-provision profit was delivered at Baht 17,440 million, an increase of 9.1% YoY. This was the result of an increase in total operating income from both net interest income of 5.6% from substantial loan growth focusing on quality loan during economic uncertainties, an increase of other operating income, together with the effective control of total operating expenses with a -3.5% YoY decline. The Bank and its subsidiaries prudently considered various factors in the continuously changing business environment, as such, set aside an expected credit losses at high level of Baht 5,470 million, though decreased by 32.1% YoY. Consolidated net profit attributable to equity holders of the Bank amounted to Baht 8,780 million, increased by 57.4% YoY.

Compared to 4Q2021, KTB's consolidated pre-provision profit increased 14.6% QoQ. The total operating income was at a similar level comparing to previous quarter amid the economic challenges coupled with the effective management of total operating expenses with a reduction of 16.8% QoQ. The Bank and its subsidiaries had prudently set aside on expected credit losses, though decreased from previous quarter.

Net Interest Income

Unit : Million Baht

	1/2022	4/2021	Change %	1/2021	Change %
Interest income	26,209	26,768	(2.1)	25,297	3.6
- Interbank and money market items	652	690	(5.5)	729	(10.6)
- Investments and trading transactions	49	108	(54.6)	61	(19.3)
- Investment in debt securities	908	1,103	(17.7)	917	(0.9)
- Loans	24,567	24,830	(1.1)	23,545	4.3
- Hire purchase and financial lease	15	24	(39.2)	29	(49.3)
- Others	18	13	34.9	16	9.5
Less Interest expense	5,123	5,423	(5.5)	5,328	(3.8)
- Deposits	2,288	2,539	(9.9)	2,706	(15.5)
- Interbank and money market items	340	385	(11.7)	404	(15.7)
- Contributions to BOT and DPA	1,608	1,604	0.2	1,493	7.6
- Debts issued	866	876	(1.0)	704	23.2
- Others	21	19	6.6	21	0.2
Net interest income	21,086	21,345	(1.2)	19,969	5.6
Earning Asset Yield (%)⁽¹⁾	3.04	3.10		3.17	
Cost of Fund (%)⁽¹⁾	0.68	0.72		0.76	
Net interest margin [based on earning assets] (%)⁽¹⁾	2.44	2.47		2.50	

(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.

KTB's consolidated net interest income in 1Q2022 amounted Baht 21,086 million, increased by 5.6% YoY as a result from the substantial loan growth focusing on quality loan as well as effective cost of fund management. NIM stood at 2.44%.

Compared to 4Q2021, net interest income was relatively stable, a slightly decrease by 1.2% QoQ. Loan grew at 1.1% QoQ as its focusing quality loan expansion and good cost of fund management.

Change of interest rate

	31 Mar 2022	31 Dec 2021	30 Sep 2021	30 Jun 2021	31 Mar 2021	31 Dec 2020
Policy Interest Rate (%)	0.500%	0.500%	0.500%	0.500%	0.500%	0.500%
Deposit Rate (%) ⁽¹⁾						
- Savings Rate	0.250%	0.250%	0.250%	0.250%	0.250%	0.250%
- 3 Months Fixed Rate	0.320%	0.320%	0.320%	0.320%	0.320%	0.375%
- 6 Months Fixed Rate	0.400%	0.400%	0.400%	0.400%	0.400%	0.500%
- 12 Months Fixed Rate	0.400%	0.400%	0.400%	0.400%	0.400%	0.500%
Loan Rate (%)						
- MLR	5.250%	5.250%	5.250%	5.250%	5.250%	5.250%
- MOR	5.820%	5.820%	5.820%	5.820%	5.820%	5.820%
- MRR	6.220%	6.220%	6.220%	6.220%	6.220%	6.220%

(1) Standard deposit rate for individuals.

Net Fee and Service Income

	1/2022	4/2021	Change	1/2021	Change
			%		%
Fee and service income	7,041	7,168	(1.8)	7,520	(6.4)
Less Fee and service expense	2,073	2,008	3.2	2,303	(10.0)
Net fee and service income	4,968	5,160	(3.7)	5,217	(4.8)

Unit : Million Baht

KTB's consolidated net fee and service income in 1Q2022 was Baht 4,968 million, a decrease by 4.8% YoY despite an expansion on Bancassurance fee. Compared to 4Q2021, KTB's consolidated net fee and service income decreased 3.7%.

Total Other Operating Income

Unit : Million Baht

	1/2022	4/2021	Change %	1/2021	Change %
Gains (loss) on financial instruments measured at fair value through profit or loss	1,748	960	82.0	1,053	65.9
Gain (loss) on investments, net	73	15	398.1	317	(76.9)
Share of profit (loss) from investments for using equity method	387	197	96.4	299	29.7
Dividend income	101	24	326.8	127	(20.7)
Other income	1,321	2,227	(40.7)	1,690	(21.9)
Total other operating income	3,630	3,423	6.1	3,486	4.1

KTB's consolidated total other operating income in 1Q2022 was Baht 3,630 million, an increase by 4.1% YoY, mainly due to gains on financial instruments measured at fair value through profit or loss and an increase of share of profit from investments for using equity method from insurance business, partly offset by other income from bad debt recovery. Compared to 4Q2021, KTB's consolidated total other operating income increased by 6.1%, mainly due to an increase of gains on financial instruments measured at fair value through profit or loss and share of profit from investments for using equity method from insurance business, partly offset by other income from bad debt recovery.

Other Operating Expenses

Unit : Million Baht

	1/2022	4/2021	Change %	1/2021	Change %
Employees' expenses	6,334	6,887	(8.0)	7,097	(10.8)
Premises and equipment expenses	2,257	2,453	(8.0)	2,132	5.9
Taxes and duties	958	1,032	(7.2)	978	(2.1)
Impairment loss of properties for sale	235	1,014	(76.8)	302	(22.0)
Others ⁽¹⁾	2,460	3,328	(26.1)	2,179	12.9
Total other operating expenses	12,244	14,714	(16.8)	12,688	(3.5)
Cost to income ratio (%)	41.25	49.16		44.25	

(1) Including Directors' remuneration

KTB's consolidated other operating expenses in 1Q2022 was Baht 12,244 million, decreased by 3.5% YoY, mainly from employee's expense. Hence, cost to income ratio stood at 41.25%, reduced from 44.25% in 1Q2021. Compared to 4Q2021, KTB's consolidated other operating expenses decreased by 16.8% QoQ, due to the effectively managed operating expense, the lowered of impairment loss of properties for sale and a decrease in seasonal expense. Cost to income ratio stood at 41.25%, decreased from 49.16% in 4Q2021.

Expected credit losses

Unit : Million Baht

	1/2022	4/2021	Change	1/2021	Change
			%		%
Expected credit losses ⁽¹⁾	5,470	8,233	(33.6)	8,058	(32.1)

(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

In 1Q2022, the Bank and its subsidiaries prudently considered various factors in the continuously changing business environment and in this economic situation of high uncertainties that could impact loan quality; hence, the expected credit losses was set aside of Baht 5,470 million, though decreased by 32.1% YoY and 33.6% QoQ. As at March 31, 2022, the consolidated coverage ratio was maintained at high level of 173.6% together with the controllable asset quality level.

The Bank and Its Subsidiaries' Financial Status as at March 31, 2022

Financial Assets and Investments, Net

As at March 31, 2022, the Bank's consolidated financial assets measured at fair value through profit or loss and investments, net were Baht 270,148 million, comprised of government and SOE securities 62%, private enterprise and foreign debt securities 31% and equity securities and unit trust 7%. Financial assets measured at fair value through profit or loss and net investments reduced by 25.0% from December 31, 2021.

Classifications of financial assets and investments, net

Consolidated Financial Statements	31 Mar 2022	31 Dec 2021	Unit : Million Baht	
			Change	%
Financial assets measured at fair value through profit or loss	19,899	18,039		10.3
Investment, net	250,249	342,042		(26.8)
- Investment in debt securities measured at amortized cost	1,067	1,599		(33.3)
- Investment in debt securities designated to be measured at fair value through other comprehensive income	231,851	322,190		(28.0)
- Investment in equity securities designated to be measured at fair value through other comprehensive income	17,331	18,253		(5.1)
Total financial assets measured at fair value through profit or loss and investments, net	270,148	360,081		(25.0)

Loans to Customers

The Bank's consolidated loans to customers was Baht 2,658,758 million, increased by 1.1% compared to the end of 2021, from all customer segments especially from government customers.

Unit : Million Baht

Consolidated Financial Statements	31 Mar 2022	31 Dec 2021	Change
			%
Loans to customers	2,659,094	2,629,259	1.1
<u>Less</u> Deferred revenue	336	296	13.7
<u>Add</u> Accrued interest receivables	20,583	20,579	0.0
<u>Less</u> Allowance for expected credit losses	177,008	173,322	2.1
Loans to customers and accrued interest receivables, net	2,502,333	2,476,220	1.1

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

Unit : Million Baht

Consolidated Financial Statement	31 Mar 2022		31 Dec 2021		Change
	Amount	%	Amount	%	%
Private Corporate	713,932	26.9	708,654	27.0	0.7
Government and State Enterprise	568,449	21.4	553,041	21.0	2.8
SMEs	329,727	12.4	327,724	12.5	0.6
Retail	1,046,571	39.3	1,039,448	39.5	0.7
- Housing	447,409	16.8	445,012	16.9	0.5
- Personal	538,029	20.2	531,035	20.2	1.3
- Credit card	57,691	2.2	59,953	2.3	(3.8)
- Leasing	3,442	0.1	3,448	0.1	(0.2)
Others	415	0.0	392	0.0	5.7
Total loans (per F/S)	2,659,094	100.0	2,629,259	100.0	1.1

Asset Quality

Loan classification and expected credit loss

Unit : Million Baht

Consolidated Financial Statement	31 Mar 2022	31 Dec 2021
Gross NPL ⁽¹⁾	106,549	106,809
Gross NPL Ratio	3.34%	3.50%
Allowance for Expected Credit Losses (total) ⁽²⁾	184,938	180,311
Coverage Ratio ⁽³⁾	173.6%	168.8%

(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	31 Mar 2022		31 Dec 2021	
	Loans and Accrued Interest Receivables ⁽¹⁾	Allowance for Expected Credit Losses ⁽²⁾	Loans and Accrued Interest Receivables ⁽¹⁾	Allowance for Expected Credit Losses ⁽²⁾
1. Loan Classification				
Performing	2,337,940	43,814	2,306,478	44,722
Under - performing	226,918	51,818	228,443	48,923
Non - performing	111,328	79,023	111,422	77,334
Lifetime ECL - simplified approach ⁽³⁾	3,155	2,353	3,199	2,343
Total	2,679,341	177,008	2,649,542	173,322

(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 as at March 31, 2022 amounted Baht 106,549 million. Asset quality was controllable at NPLs Ratio of 3.34%, reduced from 3.50% as at December 31, 2021 as a result from a continuously priority to closely monitored asset quality. The additional expected credit losses has been set aside given the high uncertainties to maintain a high level of coverage ratio. Hence, The consolidated coverage ratio stood at 173.6% as at March 31, 2022 , compared to 168.8% as at December 31, 2021.

Sources and Uses of Funds

Unit : Million Baht

	31 Mar 2022		31 Dec 2021		Change
	Amount	%	Amount	%	%
Net Interbank and money market items (asset)	576,551	16.1	469,216	13.2	22.9
Financial assets measured at fair value through profit or loss	19,899	0.6	18,039	0.5	10.3
Net investments and net investments in associates	266,477	7.4	364,017	10.2	(26.8)
Loans to customers (less deferred revenue)	2,658,758	74.2	2,628,963	73.9	1.1
<u>Less</u> Allowance for expected credit losses	177,008	4.9	173,322	4.8	2.1
Other assets	236,770	6.6	249,831	7.0	(5.2)
Total Asset	3,581,447	100.0	3,556,744	100.0	0.7
Deposits	2,712,691	75.8	2,614,747	73.5	3.7
Net Interbank and money market items (liabilities)	226,664	6.3	296,344	8.3	(23.5)
Debt issued and borrowings	131,638	3.7	133,817	3.8	(1.6)
Other liabilities	134,025	3.7	137,725	3.9	(2.7)
Total equity	376,429	10.5	374,111	10.5	0.6
- Equity holders of the Bank	361,497	10.1	360,052	10.1	0.4
- Non-controlling interest	14,932	0.4	14,059	0.4	6.2
Total liabilities and equity	3,581,447	100.0	3,556,744	100.0	0.7
Loans to customers (less deferred revenue)-to-deposits ratio (%)	98.01		100.54		

The Bank's consolidated deposits was Baht 2,712,691 million, increased by 3.7 % from December 31, 2021 due to an increase of saving and current deposits. The Bank's consolidated loans to customers (less deferred revenue)-to-deposits ratio (L/D ratio) of 98.01% decreased from 100.54% as at December 31, 2021.

As at March 31, 2022, the Bank's consolidated major source of funds was 75.8% deposits; and the other source of funds as equity, interbank borrowings, and debt issued and borrowings. The Bank's consolidated use of funds comprised of 74.2% loans to customers (less deferred revenue), 16.1% net interbank and money market items, and 7.4% net investments and net investments in associates.

Equity

The total equity (equity holders of the Bank) as at March 31, 2022 was Baht 361,497 million, increased 0.4% from December 31, 2021.

Book value per share (equity holders of the Bank) was Baht 25.86 per share increased from Baht 25.75 per share at December 31, 2021.

Statutory Capital Fund

Statutory Capital Fund (Bank and the Financial Business Group)

Unit : Million Baht

Bank and the Financial Business Group ⁽¹⁾	31 Mar 2022 ⁽³⁾		31 Dec 2021		The minimum rate required % ⁽²⁾
	Amount	%	Amount	%	
Common Equity Tier 1 capital	324,651	15.63	328,180	15.89	>8.000
Tier 1 capital	344,667	16.59	348,252	16.86	>9.500
Tier 2 capital	67,468		67,296		
Total capital fund	412,135	19.84	415,548	20.12	>12.000
Risk-weighted assets	2,077,211		2,065,350		

(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	31 Mar 2022 ⁽²⁾		31 Dec 2021		The minimum rate required (%) ⁽¹⁾
	Amount	%	Amount	%	
Common Equity Tier 1 capital	307,617	15.41	309,038	15.60	>8.000
Tier 1 capital	326,264	16.34	327,685	16.54	>9.500
Tier 2 capital	66,520		66,310		
Total capital fund	392,784	19.67	393,995	19.88	>12.000
Risk-weighted assets	1,996,497		1,981,545		

(1) According to BOT's regulation, the minimum capital ratios of Commercial Banks in Thailand will be increased to absorb capital conservation buffer until the capital buffer ratio of more than 2.50% is reached on January 1, 2019. Moreover, KTB was named as 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 March 31, 2022, the Bank and the Financial Business Group's Common Equity Tier 1 was Baht 324,651 million (15.63% of its RWA) and Tier 1 capital was Baht 344,667 million (16.59% of its RWA). Total capital was Baht 412,135 million (19.84% of its RWA).

As at March 31, 2022, the Bank's Common Equity Tier 1 was Baht 307,617 million, Tier 1 capital was Baht 326,264 million and Total capital was Baht 392,784 million (15.41%, 16.34% and 19.67% of its RWA), the healthy level 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 in 2021

On March 23, 2021, The Bank of Thailand, the Ministry of Finance proposed two measures include

1) **Soft loan facility for businesses** (totaling THB 250 billion) to support viable small and medium enterprises (SMEs) affected by the COVID-19 crisis

2) **Debt restructuring through Asset Warehousing with Buy-Back options** (totaling THB 100 billion) provides standardized debt restructuring program for adversely affected borrowers whose businesses require prolonged recovery period, while possessing viable business models and collaterals.

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 months 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 months
3. Personal Revolving Loan (Krungthai Thanawat loans and Krungthai Thanawat loan): convert into loan of 48 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 months 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 THB 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 July 16, 2021, according to BOT relief measure for SMEs and retail customers, the Bank has announced a 2-month debt payment holiday on principal and interest for eligible business and retail customers, start from July 2021.

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 (FIDF fee) to 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	March 2022 ⁽⁴⁾	December 2021	September 2021
- Long-term/ Short-term	BBB- / A-3	BBB / A-2	BBB / A-2
- Outlook	Stable	Negative	Negative ⁽²⁾
- Stand-Alone Credit Profile (SACP)	bb+	bb+	bb+
Moody's Investors Service	March 2022	December 2021	September 2021
- 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) ⁽¹⁾	Ba3	Ba3	Ba3
Fitch Ratings	March 2022	December 2021 ⁽³⁾	September 2021
Foreign Currency Credit Ratings			
- Long-term/ Short-term	BBB+ / F1	BBB+ / F1	BBB / F2
- Outlook	Stable	Stable	Stable
- Viability Rating	bbb-	bbb-	bbb-
National Credit Ratings			
- Long-term/ Short-term	AAA(tha) / F1+ (tha)	AAA(tha) / F1+ (tha)	AA+(tha) / F1+ (tha)
- Outlook	Stable	Stable	Stable
- Senior unsecured debentures (Baht)	AAA(tha)	AAA(tha)	AA+(tha)
- Subordinated Debt (Baht)	AA(tha)	AA(tha)	AA-(tha)

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

(2) S&P Global Ratings removed CreditWatch with negative implications from all ratings to negative outlook on October 20, 2021.

(3) On December 1, 2021, Fitch Ratings had upgraded the following credit ratings by one notch; Foreign currency credit ratings – long-term/short-term (from BBB/F2) and National credit ratings – long-term (from AA+ (tha)), senior unsecured debentures (Baht) (from AA+(tha)) and subordinated debt (Baht) (from AA-(tha)).

(4) On March 21, 2022, S&P Global Ratings has announced its press release, reflecting the concern on structural issues persists and the increase of systemic risks for banks operating in Thailand. Then, S&P has downgraded its ratings by one notch on KTB and three commercial banks in Thailand. The outlooks on the banks are stable, from negative.

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.