



# Management Discussion and Analysis

For the Quarter ended September 30, 2021

(Reviewed)

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

## The Bank and Its Subsidiaries' Overview Performance

### Economic Overview

Thailand economy in 2021 remains highly fragile. During the third quarter of 2021, Thailand economy has been affected by the new outbreak which has been ongoing since April 2021 due to the new delta variant. In response to the outbreak, the government has tightened the COVID-19 containment measures which directly affect business operation, employment and income of workers in the COVID-19 control zone. The long-lasting outbreak has made the overall domestic demand more fragile. Also, the affected business sectors have not yet been recovered due to scars left from the previous outbreak, despite continuing government's support and relief packages. However, Thailand has been benefiting from robust recovery of global economy which drives the country's exports. Additionally, various factors including the improving local COVID-19 situation, the increasing vaccination coverage, and the country's re-opening from 1 November will likely enhance household and business' sentiment on the economy. Furthermore, economic stimulus measures (such as Half-Half and We Travel Together) are expected to boost domestic demand and economic recovery in the last quarter of the year. As a result, Thailand's economic growth in 2021 is expected to gradually increase at 0.7 percent, according to Bank of Thailand's forecast in September 2021.

Fiscal and monetary policies remain essential to support the economic recovery in the next phase. Indeed, the continuity and effectiveness of targeted government relief packages would be essential in the context where different parts of the economy can recover with different rates of growth (K-shape recovery). Monetary policies are to remain accommodative to support the recovery. The policy rate set by the Monetary Policy Committee (MPC) is expected to hold at 0.50 percent for the rest of 2021 until the end of 2022. This will be in conjunction with additional relief packages for those affected by the pandemic. Moreover, the Bank of Thailand will likely continue measures to improve accessibility of liquidity as well as encouraging financial institutions to engage in debt restructuring for the affected households and businesses.

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' Performance for 3Q2021

In 2021, Thailand faced the challenges from continuing new wave of COVID -19 pandemics. Government declared the series of tighten restriction especially in the high risk area in order to limit the spread and started to partially relax restrictions since September 1<sup>st</sup> after daily Covid-19 cases gradually decline. However, the business sector has yet to recover from the worsening scar left by the previous wave of COVID-19 pandemic. 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 in the first nine month of 2021 given the staggering economy of high uncertainties while closely monitor asset quality.

For the 3Q2021 Bank and its subsidiaries' net profit attributable to equity holders of the Bank amounted Baht 5,055 million or a decrease of 15.9%QoQ. The expected credit loss has been thoroughly set aside in the high level as previous quarter given staggering economy of high uncertainties. Consequently, coverage ratio stood at 163.9%, increased from 147.3%, as at December 31, 2020. The NPLs Ratio-Gross decreased to 3.57% from 3.81% as at December 31, 2020. Asset quality improved mainly attributed to our top priority to closely monitor and continual asset quality management.

Consolidated pre-provision profit was Baht 15,241 million, a decrease of 8.3%QoQ. This was driven by the drop of operating income of 1.8%QoQ despite an increase in net interest income of 1.1% due to strong loan growth together with better cost of fund management, resulting in the slightly decreased NIM to 2.51% from 2.55% in 2Q2021. Total operating expenses increased 7.0% due to impairment loss of properties for sale transaction and other operating expenses from IT related expenses. Cost to income ratio stood at 46.21%, increased from 42.41% of 2Q2021.

Comparing 3Q2021 to the same period of last year, the Bank and its subsidiaries' net profit attributable to equity holders of the Bank increased 65.4% YoY. The expected credit loss dropped 34.5% YoY. Pre-provision profit declined 8.0% YoY, due to a decrease in total operating income of 6.4% as the Bank received interest income from loan in relation to partial payment from the auction of mortgaged guarantee assets in 3Q2020 and the lowered net interest income as a decline of interest received from investment in debt securities together with the reduction of other income, though partly offset by better cost of fund management and loan surge. In addition, other operating expenses dropped 4.4% as the operating cost management in the slowdown economy. Cost to income ratio stood at 46.21%, slightly decreased from 47.16% in 3Q2020 (excluding extra interest income received from the auction).

## The Bank and Its Subsidiaries' Performance for 9M2021

KTB's consolidated net profit attributable to equity holders of the Bank for 9M2021 was Baht 16,645 million, an increase by 25.3% YoY. The allowance for expected credit losses has been set aside of Baht 24,291 million, down 31.9% YoY given the staggering economy of high uncertainties. Pre-provision profit was Baht 47,841 million, a decrease of 11.6% YoY, due to a decrease in total operating income of 8.3% from the lowered net interest income though partly offset by the better cost of fund management and strong loan growth of 9.6% YTD despite the interest income from loan in relation to partial payment from the auction of mortgaged guarantee assets in 9M2020 together with the lowered interest received from investment in debt securities. Hence, NIM stood at 2.52%. Other operating expenses reduced 3.8% YoY from the operating cost management in the slowdown economy. Cost to income ratio stood at 44.28%, a similar level to 44.45% in 9M2020 (excluding extra interest income received from the auction).

As at September 30, 2021, the Bank and the Financial Business Group's Tier 1 capital was Baht 345,609 million (16.43% of its RWA) and total capital was Baht 413,266 million (19.65% of its RWA), higher than BOT's requirement. 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.

## The Bank and Its Subsidiaries' Performance for the Quarter and Nine-Month Ended September 30, 2021

### Overview Operating Income and Net Profit

	Unit : Million Baht							
	3/2021	2/2021	Change %	3/2020	Change %	9M2021	9M2020	Change %
Net interest income	21,142	20,916	1.1	21,602	(2.1)	62,028	68,023	(8.8)
Net fee and service income	4,753	4,892	(2.9)	5,025	(5.4)	14,861	15,245	(2.5)
Other non-interest income	2,439	3,043	(19.8)	3,647	(33.1)	8,968	10,410	(13.8)
Total operating income	28,334	28,851	(1.8)	30,274	(6.4)	85,857	93,678	(8.3)
Total other operating expenses	13,093	12,235	7.0	13,702	(4.4)	38,016	39,529	(3.8)
Pre-provision profit <sup>(1)</sup>	15,241	16,616	(8.3)	16,572	(8.0)	47,841	54,149	(11.6)
Expected credit losses	8,137	8,097	0.5	12,414	(34.5)	24,291	35,649	(31.9)
Operating profit before income tax expenses	7,104	8,519	(16.6)	4,158	70.8	23,550	18,500	27.3
Income tax expenses	1,381	1,656	(16.6)	482	186.6	4,557	3,184	43.2
Net Profit	5,723	6,863	(16.6)	3,676	55.7	18,993	15,316	24.0
Net profit (attributable to equity holders of the Bank)	5,055	6,011	(15.9)	3,057	65.4	16,645	13,279	25.3
ROA (%) <sup>(2)</sup>	0.58	0.71		0.39		0.65	0.58	
ROE (%) <sup>(2)</sup>	5.75	7.04		3.59		6.38	5.24	

(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 3Q2021, KTB's consolidated pre-provision profit was Baht 15,241 million, decreased by 8.3% QoQ as operating income decreased 1.8% QoQ despite an increase in net interest income of 1.1% due to strong loan growth together with better cost of fund management. Total operating expenses increased 7.0% due to impairment loss of properties for sale transaction and other operating expenses from IT related expenses. The Bank and its subsidiaries has thoroughly set aside the high level allowance for expected credit loss to previous quarter given the staggering economy of high uncertainties; hence, consolidated net profit attributable to equity holders of the Bank amounted to Baht 5,055 million, decreased by 15.9% QoQ. Compared to 3Q2020, KTB's consolidated pre-provision profit declined 8.0% YoY, mainly due to a decrease in total operating income of 6.4% YoY as the Bank received interest income from loan in relation to partial payment from the auction of mortgaged guarantee assets in 3Q2020 and the lowered net interest income as a decline of interest received from investment in debt securities together with the reduction of other income, though partly offset by better cost of fund management and loan surge. In addition, other operating expenses dropped 4.4% as the operating cost management in the slowdown economy. The Bank and its subsidiaries had set aside the lower expected credit losses of 34.5% 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 65.4% YoY.

In 9M2021, KTB's consolidated pre-provision profit was Baht 47,841 million, a decrease of 11.6% YoY. This was due to a decrease in total operating income of 8.3% from the lowered net interest income though partly offset by the better cost of fund management and strong loan growth of 9.6% YTD despite the interest income from loan in relation to partial payment from the auction of mortgaged guarantee assets in 9M2020 together with the lowered interest received from investment in debt securities. Hence, NIM stood at 2.52%. Other operating expenses reduced 3.8% YoY from the operating cost management in the slowdown economy. The Bank and its subsidiaries had set aside the allowance for expected credit losses amounted Baht 24,291 million, down 31.9% YoY with considering the staggering economy of high uncertainties; hence, consolidated net profit attributable to equity holders of the Bank was Baht 16,645 million, an increase of 25.3% YoY.

## Net Interest Income

	Unit : Million Baht							
	3/2021	2/2021	Change	3/2020	Change	9M2021	9M2020	Change
			%		%			%
<b>Interest income</b>	<b>26,419</b>	<b>26,349</b>	0.3	<b>27,212</b>	(2.9)	<b>78,065</b>	<b>86,994</b>	(10.3)
- Interbank and money market items	736	800	(8.0)	793	(7.2)	2,265	2,851	(20.6)
- Investments and trading transactions	103	72	43.1	107	(3.7)	236	371	(36.4)
- Investment in debt securities	562	856	(34.3)	1,340	(58.1)	2,334	3,261	(28.4)
- Loans	24,975	24,582	1.6	24,929	0.2	73,103	80,305	(9.0)
- Hire purchase and financial lease	26	25	4.0	39	(33.3)	80	161	(50.3)
- Others	17	14	21.4	4	325.0	47	45	4.4
<b>Less Interest expense</b>	<b>5,277</b>	<b>5,433</b>	(2.9)	<b>5,610</b>	(5.9)	<b>16,037</b>	<b>18,971</b>	(15.5)
- Deposits	2,440	2,618	(6.8)	2,979	(18.1)	7,763	10,862	(28.5)
- Interbank and money market items	414	404	2.5	441	(6.1)	1,221	1,423	(14.2)
- Contributions to BOT and DPA	1,531	1,515	1.1	1,440	6.3	4,541	4,211	7.8
- Debts issued	870	879	(1.0)	730	19.2	2,452	2,393	2.5
- Others	22	17	29.4	20	10.0	60	82	(26.8)
<b>Net interest income</b>	<b>21,142</b>	<b>20,916</b>	1.1	<b>21,602</b>	(2.1)	<b>62,028</b>	<b>68,023</b>	(8.8)
<b>Earning Asset Yield (%)<sup>(1)</sup></b>	<b>3.14</b>	<b>3.22</b>		<b>3.55<sup>(2)</sup></b>		<b>3.17</b>	<b>3.96<sup>(2)</sup></b>	
<b>Cost of Fund (%)<sup>(1)</sup></b>	<b>0.71</b>	<b>0.76</b>		<b>0.84</b>		<b>0.74</b>	<b>1.00</b>	
<b>Net interest margin [based on earning assets] (%)<sup>(1)</sup></b>	<b>2.51</b>	<b>2.55</b>		<b>2.82<sup>(2)</sup></b>		<b>2.52</b>	<b>3.09<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 3Q2020 would be 3.39% and NIM for 3Q2020 would be 2.66%. And, if excluding interest income received from the auction, earning asset yield for 9M2020 would be 3.74%, NIM for 9M2020 would be 2.88%.

KTB's consolidated net interest income in 3Q2021 amounted Baht 21,142 million, increased by 1.1% QoQ as the better cost of fund management and a loan growth of 3.0% QoQ. Net Interest Margin (NIM) registered at 2.51%, slightly decreased from 2.55% in 2Q2021. Compared to 3Q2020, KTB's consolidated net interest income decreased by 2.1% YoY, mainly due to the lowered interest received from investment in debt securities together with interest income from loan in relation to partial payment from the auction of mortgaged guarantee assets of 3Q2020, though partly offset by the better cost of fund management and strong loan growth. Hence, NIM stood at 2.51%, down from 2.82% in 3Q2020. (NIM stood at 2.51%, down from 2.66% in 3Q2020 if excluding interest income received from the auction)

KTB's consolidated net interest income in 9M2021 amounted Baht 62,028 million, decreased by 8.8% YoY, mainly due to low interest rate environment and the lowered interest received from investment in debt securities together with the interest income from loan in relation to partial payment from the auction of mortgaged guarantee assets of 9M2020, though partly offset by the better cost of fund management and strong loan growth. Hence, NIM stood at 2.52%, down from 3.09% in the same period of 2020. (NIM stood at 2.52%, down from 2.88% in 9M2020 if excluding interest income received from the auction)

#### Change of interest rate

	30 Sep 2021	30 Jun 2021	31 Mar 2021	30 Dec 2020	30 Sep 2020	30 Jun 2020
Policy Interest Rate	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%
Deposit Rate <sup>(1)</sup>						
- Savings Rate	0.25%	0.25%	0.25%	0.25%	0.25%	0.25%
- 3 Months Fixed Rate	0.320%	0.320%	0.320%	0.375%	0.375%	0.375%
- 6 Months Fixed Rate	0.400%	0.400%	0.400%	0.50%	0.50%	0.50%
- 12 Months Fixed Rate	0.400%	0.400%	0.400%	0.50%	0.50%	0.50%
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.

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 to 0.50% in May 2020. 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. BOT has recently extended the lowered FIDF fee until ended 2022.

## Net Fee and Service Income

Unit : Million Baht

	3/2021	2/2021	Change	3/2020	Change	9M2021	9M2020	Change
			%		%			%
Fee and service income	6,764	6,858	(1.4)	6,632	2.0	21,141	20,474	3.3
Less Fee and service expense	2,011	1,966	2.3	1,607	25.2	6,280	5,229	20.1
Net fee and service income	4,753	4,892	(2.9)	5,025	(5.4)	14,861	15,245	(2.5)

KTB's consolidated net fee and service income in 3Q2021 was Baht 4,753 million, dropped by 2.9% QoQ, mainly relate to the slowdown of economic situation. Compared to 3Q2020, KTB's consolidated net fee and service income decreased 5.4% 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 9M2021 was Baht 14,861 million, compressed by 2.5% YoY despite a continual expansion of management fee.

## Total Other Operating Income

Unit : Million Baht

	3/2021	2/2021	Change	3/2020	Change	9M2021	9M2020	Change
			%		%			%
Gains (loss) on financial instruments measured at fair value through profit or loss	682	772	(11.7)	962	(29.1)	2,507	2,384	5.1
Gain (loss) on investments, net	56	323	(82.7)	148	(62.3)	696	895	(22.2)
Share of profit (loss) from investments for using equity method	213	337	(36.6)	1,014	(79.0)	849	1,569	(45.9)
Dividend income	65	164	(60.1)	82	(20.5)	355	330	7.9
Other income	1,423	1,447	(1.6)	1,441	(1.2)	4,561	5,232	(12.8)
Total other operating income	2,439	3,043	(19.8)	3,647	(33.1)	8,968	10,410	(13.8)

KTB's consolidated total other operating income in 3Q2021 was Baht 2,439 million, a decrease of 19.8% QoQ, mainly due to the reduction of gains on investments, net and dividend income. Compared to 3Q2020, KTB's consolidated total other income decreased by 33.1% YoY, mainly due to the share of profit from investments for using equity method from insurance companies.

KTB's consolidated total other operating income in 9M2021 was Baht 8,968 million, a decrease by 13.8% YoY, mainly due to the lowered share of profit from investments for using equity method from insurance companies.



## Other Operating Expenses

	Unit : Million Baht							
	3/2021	2/2021	Change %	3/2020	Change %	9M2021	9M2020	Change %
Employees' expenses	6,748	6,579	2.6	7,226	(6.6)	20,424	21,623	(5.5)
Premises and equipment expenses	2,293	2,139	7.2	2,321	(1.2)	6,564	6,518	0.7
Taxes and duties	935	969	(3.4)	859	8.9	2,882	2,881	0.0
Impairment loss of properties for sale	517	251	105.6	618	(16.2)	1,070	1,111	(3.7)
Others <sup>(1)</sup>	2,600	2,297	13.1	2,678	(2.9)	7,076	7,396	(4.3)
Total other operating expenses	<b>13,093</b>	<b>12,235</b>	<b>7.0</b>	<b>13,702</b>	<b>(4.4)</b>	<b>38,016</b>	<b>39,529</b>	<b>(3.8)</b>
Cost to income ratio (%)	46.21	42.41		45.26 <sup>(2)</sup>		44.28	42.20 <sup>(2)</sup>	

(1) Including Directors' remuneration

(2) If excluding interest income received from the auction, cost to income ratio for 3Q2020 would be 47.16%. If excluding interest income received from the auction, cost to income ratio for 9M2020 would be 44.45%.

KTB's consolidated other operating expenses in 3Q2021 was Baht 13,093 million, increased by 7.0% QoQ, mainly from impairment loss of properties for sale transaction and other operating expenses from IT related expenses. Hence, cost to income ratio stood at 46.21%, increased from 42.41 % in 2Q2021. Compared to 3Q2020, KTB's consolidated other operating expenses decreased 4.4% YoY, mainly due to the operating cost management in the slowdown economy. Cost to income ratio stood at 46.21%, increased from 45.26% in 3Q2020 (cost to income ratio stood at 46.21%, decreased from 47.16% in 3Q2020 if excluding interest income received from the auction).

KTB's consolidated other operating expenses in 9M2021 was Baht 38,016 million, a decrease by 3.8% YoY from employees' expenses and the operating cost management in the slowdown economy. This resulted in cost to income ratio of 44.28%, increased from 42.20 % in the same period of last year (cost to income ratio stood at 44.28%, a similar level to 44.45% in 9M2020 if excluding interest income received from the auction).

## Expected credit losses

	Unit : Million Baht							
	3/2021	2/2021	Change %	3/2020	Change %	9M2021	9M2020	Change %
Expected credit losses <sup>(1)</sup>	8,137	8,097	0.5	12,414	(34.5)	24,291	35,649	(31.9)

(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 3Q2021, The Bank and its subsidiaries has thoroughly set aside the expected credit loss in amount of Baht 8,137 million. The expected credit loss has been thoroughly set aside in the high level as previous quarter to continual strengthen coverage ratio given staggering economy of high uncertainties. Compared to 3Q2020, the expected credit losses decreased 34.5% YoY with considering the high level of coverage ratio given the staggering economy of high uncertainties.

KTB's consolidated expected credit losses in 9M021, the Bank and its subsidiaries' expected credit losses amounted Baht 24,291 million so as to strengthen buffer given the staggering economy of high uncertainties. Coverage ratio was 163.9%, compared to 160.7% as at Jun 30, 2021 and 147.3 % as at December 31, 2020.

## The Bank and Its Subsidiaries' Financial Status as at September 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 309,879 million as at September 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 73%, private enterprise and foreign debt securities 21% and marketable equity securities 6%.

#### Classifications of financial assets and investments, net

Unit : Million Baht

Consolidated Financial Statements	30 Sep 2021	30 Jun 2021	Change	31 Dec 2020	Change
			%		%
Financial assets measured at fair value through profit or loss	38,175	23,632	61.5	13,724	178.2
Investment, net	271,704	248,284	9.4	316,988	(14.3)
- Investment in debt securities measured at amortized cost	1,928	1,411	36.6	1,740	10.8
- Investment in debt securities designated to be measured at fair value through other comprehensive income	253,320	231,550	9.4	300,505	(15.7)
- Investment in equity securities designated to be measured at fair value through other comprehensive income	16,456	15,323	7.4	14,743	11.6
<b>Total financial assets and investments, net</b>	<b>309,879</b>	<b>271,916</b>	<b>14.0</b>	<b>330,712</b>	<b>(6.3)</b>

The Bank's consolidated loans to customers was Baht 2,559,985 million, increased by 9.6% compared to the end of 2020, mainly from government, corporate and retail customers.

Unit : Million Baht

Consolidated Financial Statements	30 Sep 2021	30 Jun 2021	Change	31 Dec 2020	Change
			%		%
Loans to customers	2,560,332	2,486,283	3.0	2,335,241	9.6
<u>Less</u> Deferred revenue	347	385	(9.9)	399	(13.0)
<u>Add</u> Accrued interest receivables	19,118	16,876	13.3	16,199	18.0
<u>Less</u> Allowance for expected credit losses	167,201	163,414	2.3	150,528	11.1
<b>Loans to customers and accrued interest receivables, net</b>	<b>2,411,902</b>	<b>2,339,360</b>	<b>3.1</b>	<b>2,200,513</b>	<b>9.6</b>

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

Unit : Million Baht

Consolidated Financial Statement	30 Sep 2021		30 Jun 2021		Change %	31 Dec 2020		Change %
	Amount	(%)	Amount	(%)		Amount	(%)	
Private Corporate	679,297	26.5	639,895	25.7	6.2	639,930	27.4	6.2
Government and State Enterprise	519,156	20.3	489,395	19.7	6.1	367,293	15.7	41.3
SMEs <sup>(1)</sup>	340,049	13.3	340,175	13.7	(0.0)	335,857	14.4	1.2
Retail	1,021,482	39.9	1,016,476	40.9	0.5	991,804	42.5	3.0
- Housing	444,078	17.4	441,869	17.8	0.5	430,281	18.4	3.2
- Personal	519,519	20.3	514,570	20.7	1.0	496,443	21.3	4.6
- Credit card	54,303	2.1	55,489	2.2	(2.1)	59,990	2.6	(9.5)
- Leasing <sup>(2)</sup>	3,582	0.1	4,548	0.2	(21.2)	5,090	0.2	(29.6)
Others	348	0.0	342	0.0	1.6	357	0.0	(2.7)
<b>Total loans (per F/S)</b>	<b>2,560,332</b>	<b>100.0</b>	<b>2,486,283</b>	<b>100.0</b>	<b>3.0</b>	<b>2,335,241</b>	<b>100.0</b>	<b>9.6</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 Bath 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

Consolidated Financial Statement	Unit : Million Baht		
	30 Sep 2021	30 Jun 2021	31 Dec 2020
Gross NPL <sup>(1)</sup>	106,367	105,737	107,138
Gross NPL Ratio	3.57%	3.54%	3.81%
Allowance for Expected Credit Losses (total) <sup>(2)</sup>	174,313	169,867	157,854
Coverage Ratio <sup>(3)</sup>	163.9%	160.7%	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

Consolidated Financial Statement	Unit : Million Baht					
	30 Sep 2021		30 Jun 2021		31 Dec 2020	
	Loans and Accrued Interest Receivables <sup>(1)</sup>	Allowance for Expected Credit Losses <sup>(2)</sup>	Loans and Accrued Interest Receivables <sup>(1)</sup>	Allowance for Expected Credit Losses <sup>(2)</sup>	Loans and Accrued Interest Receivables <sup>(1)</sup>	Allowance for Expected Credit Losses <sup>(2)</sup>
<b>1. Loan Classification</b>						
Performing	2,240,801	41,442	2,171,991	41,489	2,013,375	32,093
Under - performing	223,330	46,583	216,854	43,422	223,501	41,627
Non - performing	111,666	77,449	109,674	75,953	109,407	74,204
Lifetime ECL - simplified approach <sup>(3)</sup>	3,306	1,727	4,255	2,550	4,758	2,604
<b>Total</b>	<b>2,579,103</b>	<b>167,201</b>	<b>2,502,774</b>	<b>163,414</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 September 30, 2021 amounted Baht 106,367 million. NPLs Ratio-Gross reduced to 3.57%, from 3.81% as at December 31, 2020 given thorough considerations on various factors in the the staggering economy of high uncertainties to strengthen coverage ratio. Asset quality improved, mainly attributed to our top priority to closely monitor and continual asset quality management. Hence, the Bank's consolidated coverage ratio as at September 30, 2021 increased to 163.9% from 160.7% as at June 30, 2021 and 147.3% as at December 31, 2020.

## Deposits

The Bank's consolidated deposits was Baht 2,582,228 million, increased by 4.8% from December 31, 2020 due to an increase of current and saving deposits whilst a decrease of fixed deposits.

The Bank's consolidated loans to customers (less deferred revenue)-to-deposits ratio (L/D ratio) of 99.14% increased from 94.79% as at December 31, 2020.

## Sources and Uses of Funds

Unit : Million Baht

	30 Sep 2021		30 Jun 2021		Change %	31 Dec 2020		Change %
	Amount	(%)	Amount	(%)		Amount	(%)	
Net Interbank and money market items (asset)	484,588	13.9	519,541	15.2	(6.7)	516,792	15.5	(6.2)
Financial assets measured at fair value through profit or loss	38,175	1.1	23,632	0.7	61.5	13,724	0.4	178.2
Net investments and net investments in associates	294,426	8.4	271,329	8.0	8.5	346,388	10.4	(15.0)
Loans to customers (less deferred revenue)	2,559,985	73.2	2,485,898	73.0	3.0	2,334,842	70.2	9.6
<b>Less</b> Allowance for expected credit losses	167,201	4.8	163,414	4.8	2.3	150,528	4.5	11.1
Other assets	287,188	8.2	267,861	7.9	7.2	266,562	8.0	7.7
<b>Total Asset</b>	<b>3,497,161</b>	<b>100.0</b>	<b>3,404,847</b>	<b>100.0</b>	<b>2.7</b>	<b>3,327,780</b>	<b>100.0</b>	<b>5.1</b>
Deposits	2,582,228	73.8	2,493,121	73.2	3.6	2,463,225	74.0	4.8
Net Interbank and money market items (liabilities)	248,699	7.1	267,143	7.8	(6.9)	274,566	8.2	(9.4)
Debt issued and borrowings	133,069	3.8	131,899	3.9	0.9	86,564	2.6	53.7
Other liabilities	165,827	4.8	156,823	4.6	5.7	148,361	4.5	11.8
Total equity	367,338	10.5	355,861	10.5	3.2	355,064	10.7	3.5
- Equity holders of the Bank	354,048	10.1	343,239	10.1	3.1	343,466	10.3	3.1
- Non-controlling interest	13,290	0.4	12,622	0.4	5.3	11,598	0.4	14.6
<b>Total liabilities and equity</b>	<b>3,497,161</b>	<b>100.0</b>	<b>3,404,847</b>	<b>100.0</b>	<b>2.7</b>	<b>3,327,780</b>	<b>100.0</b>	<b>5.1</b>
<b>Loans to customers (less deferred revenue)-to-deposits ratio (%)</b>	<b>99.14</b>		<b>99.71</b>			<b>94.79</b>		

As at Sep 30, 2021, the Bank's consolidated major source of funds was 73.8% 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 73.2% loans to customers (less deferred revenue), 13.9% net interbank and money market items, and 8.4% net investments and net investments in associates.

## Equity

The total equity (equity holders of the Bank) as at Sep 30, 2021 was Baht 354,048 million, increased 3.1% from December 31, 2020.

Book value per share (equity holders of the Bank) was Baht 25.32 per share increased 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 Sep 2021 <sup>(3)</sup>		30 Jun 2021		31 Dec 2020		The minimum rate required % <sup>(2)</sup>
	Amount	%	Amount	%	Amount	%	
Common Equity Tier 1 capital	325,560	15.48	314,011	15.38	314,467	15.73	>8.000
Tier 1 capital	345,609	16.43	334,118	16.36	315,755	15.79	>9.500
Tier 2 capital	67,657		66,872		66,349		
Total capital fund	413,266	19.65	400,990	19.63	382,104	19.11	>12.000
Risk-weighted assets	2,103,030		2,042,328		1,999,516		

(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 Sep 2021 <sup>(2)</sup>		30 Jun 2021		31 Dec 2020		The minimum rate required (%) <sup>(1)</sup>
	Amount	(%)	Amount	(%)	Amount	(%)	
Common Equity Tier 1 capital	303,979	15.17	294,365	15.03	293,683	15.35	>8.000
Tier 1 capital	322,626	16.10	313,012	15.99	293,683	15.35	>9.500
Tier 2 capital	66,474		65,875		65,332		
Total capital fund	389,100	19.42	378,887	19.35	359,015	18.76	>12.000
Risk-weighted assets	2,003,536		1,957,953		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-sixth of the Domestic Systemically Important Banks (D-SIBs) (TTB is identified as one of domestic systemically important banks as prescribed by the Bank of Thailand in August 2021) 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 Sep 30, 2021, the Bank and the Financial Business Group's Common Equity Tier 1 was Baht 325,560 million (15.48% of its RWA) and Tier 1 capital was Baht 345,609 million (16.43% of its RWA). Total capital was Baht 413,266 million (19.65% of its RWA).

As at Sep 30, 2021, the Bank's Common Equity Tier 1 was Baht 303,979 million, Tier 1 capital was Baht 322,626 million and Total capital was Baht 389,100 million (15.17%, 16.10% and 19.42% 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	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

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 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 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 (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	September 2021	June 2021	December 2020
- Long-term/ Short-term	BBB / A-2	BBB / A-2	BBB / A-2
- Outlook	Negative <sup>(3)</sup>	Watch Negative	Watch Negative <sup>(1)</sup>
- Stand-Alone Credit Profile (SACP)	bb+	bb+	bb+
Moody's Investors Service	September 2021	June 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	Ba3	--
Fitch Ratings	September 2021	June 2021	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) S&P Global Ratings removed CreditWatch with negative implications to Negative on October 20, 2021.

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

Disclaimer

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