



Management Discussion and Analysis

For the Year ended December 31, 2022

(Unaudited)

This report discusses the principal changes in the unaudited consolidated financial statement for the year ended December 31, 2022.

Economic Overview

The Thai economy continued to recover in 2022, mainly driven by the continuing expansion of exports that gained momentum from reopening of economic activities in trading partner countries after easing pandemic situation. At the beginning of 2022, Thailand was affected by the highly transmissible Omicron variant that prompted the authorities to step up containment measures, along with additional monetary and fiscal supports to alleviate negative impact and support domestic spending. However, the speed-up of booster vaccine rollout as well as a better preventive measures helped Thailand to be able to reopen border for international tourists since July 2022, which then has revitalized tourism sectors with a higher-than-expected foreign tourist arrivals. It also resulted in a gradual resumption of domestic activities to normal operation in the second half of 2022. However, the protracted Russia-Ukraine war and sanctions against Russia by allies caused an intensifying supply disruption and exacerbated commodity price hike, especially in Europe which has been struggling with energy shortages. These factors worsened the elevated inflation to be more persistent than anticipated in many countries. Several western major central banks needed to raise interest rates with a faster and steeper pace to tame inflation. Furthermore, China's economic growth was limited by sporadic lockdowns under zero-Covid policy and prolonged liquidity crunch in real estate sectors. These external factors weakened the global economy and put a downward pressure on Thai exports in the second half of the year. Meanwhile, some Thai businesses partly suffered from higher import costs following the depreciated movement in the average value of Thai baht over the year 2022. In addition, the electricity cost and the minimum wage rate were lifted. All of these factors heightened costs and contributed to high inflation. With the latest assessment from the Bank of Thailand (BOT) in November 2022, the Thai economic recovery was expected to be on track, driven mainly from tourism and private consumption. Nonetheless, the BOT made a slightly downward revision on its 2022 GDP growth projection to 3.2% from 3.3% announced in September 2022 corresponding to negative signs of being affected by the global economic slowdown on exports, while the forecast of headline inflation in 2022 was kept unchanged at 6.3%. Given by these conditions, the Bank of Thailand has gradually raised interest rates to curb inflation. In 2022, the policy interest rate was hiked from 0.50% to 1.25% in line with the continuing improvement of the Thai economy.

The Bank and Its Subsidiaries' Overview Performance

The Bank and Its Subsidiaries' Performance for Year of 2022

In 2022, the Thai economic recovery underway, driven mainly by the expansion of exports, the reopening of economic activities in second half of 2022 as well as the revitalized tourism sectors after the reopening border for international tourists since July 2022 despite the surge in local inflation, the protracted Russia-Ukraine war caused an exacerbated energy cost hike. The Monetary Policy Committee gradually raised the policy rate 3 times in August, September and November 2022 in total of 0.75%. With consideration to alleviate living cost as well as to smoothen the increase of financial burden for the vulnerable groups of customers, the Bank had gradually raised its interest rates for a smooth take off and continued to focused on the specific measures to vulnerable groups of customers, depending on business' financial needs and potential business upturn upon economic recovery to their sustainable growth prospect as well as to upheld the income of depositor for the stable long term saving for depositor.

In 2022, KTB's consolidated net profit attributable to equity holders of the Bank was Baht 33,698 million, an increase of 56.1% YoY due to an increase in total operating income of 8.3% YoY from net interest income resulting from a quality loan growth of a 4.3% YTD expansion excluding government loans and an interest rate hike impact. Additionally, net fee and service income and other non-interest income increased continuously with the Bank's effective comprehensive operating cost management, its cost to income ratio registered at 43.68%, decreased from 45.54% in the same period of last year, though an increase of operating expenses as a result of others expense relating to the ongoing service enhancement to customers. The consolidated expected credit loss decreased by 25.2% YoY with regard to its prudent asset quality management and attentive consideration of various factors relating to business environment and economic uncertainties along with its closely monitoring on asset quality with its NPLs Ratio-Gross at 3.26%, decreased from 3.50% as at December 31, 2021, whilst maintaining high coverage ratio at 179.7%.

As at December 31, 2022, the Bank's Tier 1 capital was Baht 338,543 million (16.50% of its RWA). Total capital was Baht 403,860 million (19.68% of its RWA) 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 18,080 million, as a preparation to replace the early redemption to Tier II Subordinated Notes in amount of Baht 20,000 million in November 2022 in order to maintain its strong Tier II capital level for the opportunity to expand its business as the future competitive landscape.

The Bank and Its Subsidiaries' Performance for 4Q2022

Comparing 4Q2022 compared to 4Q2021, the Bank and its subsidiaries' consolidated net profit attributable to equity holders of the Bank was Baht 8,109 million, an increase of 64.0% YoY mainly due to an increase in total operating income of 15.8% YoY. Such uplift was attributable to net interest income from loan resulting from a quality loan growth especially in private corporate and retail loans of 4.3% YTD expansion excluding government loans while optimizing loan portfolio and an interest rate hike impact. Additionally, other non-interest income increased continuously with the Bank's effective comprehensive operating cost management, cost to income ratio registered at 45.30%, decreased from 49.16% in the same period of last year. The Bank and its subsidiaries has prudently set aside the expected credit loss of Baht 7,532 million, though decreased by 8.5% YoY, whilst maintaining high coverage ratio.

Compared to 3Q2022, the Bank and its subsidiaries' consolidated net profit attributable to equity holders of the Bank decreased QoQ, due to an increase of 32.9% in the expected credit loss with regard to its attentive consideration of various factors relating to business environment and economic uncertainties as the pressure from the high living cost and minimum wage rate, upward interest rate, high the electricity cost and the surge in inflation to impact the vulnerable groups of customers, apart from COVID-19 impact and the prolonged geopolitical conflict with its NPLs Ratio-Gross at 3.26%, decreased from 3.50% as at December 31, 2021, whilst maintaining high coverage ratio at 179.7%. The consolidated pre-provision profit increased 9.7% QoQ due to an increase in total operating income of 9.7% YoY from an increase in net interest income and other operating income with the Bank's effective comprehensive operating cost management, cost to income ratio registered at 45.30%.

In 2022, the Bank determined conduct its business with innovation and technology to serve Thai population's new normal lifestyle in all aspects including **Payment services**: "Paotang Pay", a super-wallet for the younger generation to fulfill our service to all customer base, "Point Pay" project, a collaboration with Advanced Info Service Public Co. Ltd. (AIS), Bangchak and KTC, allow AIS, Bangchak and MAAI by KTC's customers to use their reward points instead of cash on the "Tung Ngern" application and to help small merchants across the country be able to sell more products. **Saving and investment**: with a successful launch of digital saving and investment on Pao Tang application with recorded fastest time of full subscription, in 2022 the Bank offered 8 digital bonds worth of Baht 26 billion, 2 tranches of SBM Wallet saving bond worth Baht 25 billion and Gold wallet, a collaboration with 3 partners namely MTS Gold Mae Thongsuk, YLG and Aurora, with more than 150,000 accounts. **Services supporting the Government**; the Bank developed a 24-hour e-complaint filing for trading online for Civil Court, cooperated with the Customs Department to develop the "Online Visitor Registration System via Customs Trader Portal" to facilitate juristic person for registration and verify their identity as the first time in the country, collaborated with Comptroller General's Department to launch e-GP Transformation for Thailand's Future service to increase federal government procurement, developed Health Wallet for civil servant to access their public health services in real time

and signed a Memorandum of Understanding (MOU) to support Ministry of Tourism & Sports to collect the tourism fee from all foreign passport holders visiting Thailand. Importantly, the Bank developed our ATM feature to support the accessibility functions for the visually impaired to improve their quality of life on accessing financial service conveniently and equality. From the development of such product and services that serve customer needs in all aspects, mobile application users had expanded for all applications with Pao Tang of more than 40 million users, Krungthai NEXT of 16 million users, Krungthai Connex of 18 million users and Tung Ngerm application users of 1.7 million merchants at end of 2022.

Based on Krungthai Compass's view, the Thai economy is projected to continue growing at 3.4% in 2023, mainly driven by tourism sector as the key economic driver going forward amid the challenges from downward pressure of global economy, exacerbated commodity price hike following the energy price, electricity cost and upward interest rate in the market. Consequently, the Bank continues to conduct the prudent business operation management, assists the vulnerable groups of customers on doing business upon economic recovery, enhances its of financial product and services ability to serve customer needs, uplifts Thai living standard along with its responsibility to Environment, Social and Governance (ESG) and integrating the Sustainable Development Goals (SDG) to be a part of its business operation as thoroughly and equality under its mission as "Growing Together for Sustainability"

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

Overview Operating Income and Net Profit

Unit : Million Baht

	4/2022	3/2022	Change	4/2021	Change	2022	2021	Change
			%		%			%
Net interest income	24,606	22,894	7.5	21,345	15.3	90,405	83,372	8.4
Net fee and service income	5,073	5,363	(5.4)	5,160	(1.7)	20,316	20,022	1.5
Other non-interest income	4,973	3,332	49.2	3,423	45.2	14,670	12,392	18.4
Total operating income	34,652	31,589	9.7	29,928	15.8	125,391	115,786	8.3
Total other operating expenses	15,696	14,313	9.7	14,714	6.7	54,770	52,731	3.9
Pre-provision profit ⁽¹⁾	18,956	17,276	9.7	15,214	24.6	70,621	63,055	12.0
Expected credit losses	7,532	5,667	32.9	8,233	(8.5)	24,338	32,524	(25.2)
Operating profit before income tax expenses	11,424	11,609	(1.6)	6,981	63.6	46,283	30,531	51.6
Income tax expenses	2,494	2,270	9.9	1,418	75.9	9,077	5,975	51.9
Net Profit	8,930	9,339	(4.4)	5,563	60.5	37,206	24,556	51.5
Net profit (attributable to equity holders of the Bank)	8,109	8,450	(4.0)	4,944	64.0	33,698	21,588	56.1
ROA (%) ⁽²⁾	0.88	0.92		0.56		0.94	0.63	
ROE (%) ⁽²⁾	8.72	9.35		5.49		9.15	6.14	

(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 Y2022, KTB's consolidated pre-provision profit was Baht 70,621 million, an increase of 12.0% YoY due to an increase in total operating income of 8.3% YoY. Such uplift was attributable to net interest income from loan resulting from a quality loan growth especially in private corporate and retail loans of 4.3% YTD expansion excluding government loans and an interest rate hike impact. Additionally, net fee and service income and other non-interest income increased continuously with the Bank's effective comprehensive operating cost management, cost to income ratio registered at 43.68%, decreased from 45.54% in the same period of last year, though an increase of operating expenses as a result of others expense relating to the ongoing service enhancement to customers. The Bank and its subsidiaries has prudently set aside the expected credit loss with attentive consideration various factors in the business environment, though decreased by 25.2 % YoY, whilst maintaining high coverage ratio given the economic uncertainties; hence, consolidated net profit attributable to equity holders of the Bank was Baht 33,698 million, an increase of 56.1% YoY.

In 4Q2022 compared to 4Q2021, KTB's consolidated pre-provision profit was Baht 18,956 million, rose 24.6% YoY, mainly due to an increase in total operating income by 15.8% YoY. Such uplift was attributable to net interest income from loan resulting from a quality loan growth especially in private corporate and retail loans of 4.3% YTD expansion excluding government loans and an interest rate hike impact. Additionally, other non-interest income increased

continuously with the Bank's effective comprehensive operating cost management, cost to income ratio registered at 45.30%, decreased from 49.16% in the same period of last year, though an increase of operating expenses as a result of others expense relating to the ongoing service enhancement to customers. The Bank and its subsidiaries has prudently set aside the expected credit loss, though decreased by 8.5% YoY, whilst maintaining high coverage ratio given the economic uncertainties; hence, consolidated net profit attributable to equity holders of the Bank was Baht 8,109 million, an increase of 64.0% YoY.

Compared to 3Q2022, KTB's consolidated pre-provision profit increased 9.7% QoQ due to an increase in total operating income of 9.7% YoY from an increase in net interest income and other operating income with the Bank's effective comprehensive operating cost management, cost to income ratio registered at 45.30%, though an increase of operating expenses as a result of others expense relating to the ongoing service enhancement to customers. Regarding the prudent asset quality management and attentive consideration of various factors relating to business environment, an increase of expected credit losses at 32.9% QoQ has been set aside given the economic uncertainties, hence, the Bank and its subsidiaries' consolidated net profit attributable to equity holders of the Bank decreased QoQ.

Net Interest Income

Unit : Million Baht

	4/2022	3/2022	Change	4/2021	Change	2022	2021	Change
			%		%			%
Interest income	31,248	28,758	8.7	26,768	16.7	113,475	104,832	8.2
- Interbank and money market items	1,896	1,040	82.4	690	175.1	4,338	2,954	46.8
- Investments and trading transactions	56	61	(8.3)	108	(47.9)	217	345	(36.9)
- Investment in debt securities	1,046	1,213	(13.8)	1,103	(5.2)	4,246	3,437	23.6
- Loans	28,085	26,326	6.7	24,830	13.1	104,302	97,932	6.5
- Hire purchase and financial lease	38	30	27.0	24	59.9	111	104	6.2
- Others	127	88	44.7	13	850.2	261	60	334.6
Less Interest expense	6,642	5,864	13.3	5,423	22.5	23,070	21,460	7.5
- Deposits	2,644	2,402	10.1	2,539	4.1	9,651	10,302	(6.3)
- Interbank and money market items	719	501	43.7	385	86.7	1,904	1,607	18.5
- Contributions to BOT and DPA	1,619	1,592	1.7	1,604	0.9	6,443	6,145	4.9
- Debts issued	1,519	1,297	17.1	876	73.5	4,807	3,327	44.5
- Others	141	72	96.3	19	622.1	265	79	234.4
Net interest income	24,606	22,894	7.5	21,345	15.3	90,405	83,372	8.4
Earning Asset Yield (%)⁽¹⁾	3.55	3.27		3.10		3.27	3.13	
Cost of Fund (%)⁽¹⁾	0.86	0.76		0.72		0.76	0.73	
Net interest margin [based on earning assets] (%)⁽¹⁾	2.80	2.61		2.47		2.60	2.49	

(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.

In Y2022, consolidated net interest income amounted at Baht 90,405 million, increased by 8.4% YoY, mainly due to a quality loan growth, an interest rate impact from 3 times policy rate hikes in the second half of 2022 as well as 2 times increase in Bank's loan rate in October and December 2022 together with the increase in fixed-deposit rates. Hence, NIM registered at 2.60%, increased from 2.49% in Y2021.

In 4Q2022 compared to 4Q2021, KTB's consolidated net interest income amounted Baht 24,606 million, an increased of 15.3% YoY, mainly resulting from a quality loan growth especially in corporate and retail lending while optimizing loan portfolio, an interest rate impact from 3 times policy rate hikes in the second half of 2022 as well as 2 times increase in Bank's loan rate in October and December 2022 together with the increase in fixed-deposit rates. Hence, NIM registered at 2.80% rose from 2.47% in 4Q2021. Compared to 3Q2022, consolidated net interest income increased by 7.5% QoQ, mainly resulting from a quality loan growth together with an interest rate hike impact. Hence, NIM registered at 2.80% rose from 2.61% in 3Q2022.

Change of interest rate

	3 Jan 2023	30 Sep 2022	30 Jun 2022	31 Mar 2022	31 Dec 2021	30 Sep 2021
Policy Interest Rate (%)	1.250%	1.000%	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	0.620%	0.470%	0.320%	0.320%	0.320%	0.320%
- 6 Months Fixed Rate	0.700%	0.550%	0.400%	0.400%	0.400%	0.400%
- 12 Months Fixed Rate	1.000%	0.700%	0.400%	0.400%	0.400%	0.400%
Loan Rate (%) ⁽³⁾						
- MLR	6.150%	5.500%	5.250%	5.250%	5.250%	5.250%
- MOR	6.720%	6.070%	5.820%	5.820%	5.820%	5.820%
- MRR	6.770%	6.220%	6.220%	6.220%	6.220%	6.220%

(1) Standard deposit rate for individuals.

(2) The Bank raised fixed deposit rate, effective from October 4, December 9, 2022 and January 3, 2023.

(3) The Bank raised loan rate on MLR and MOR, effective from October 4; raised MLR, MOR and MRR, effective from December 9, 2022 and January 3, 2023.

In 2022, The Monetary Policy Committee (MPC) projected the continued recovery of Thai economic, thus, announced the raise policy rate by 0.25% for three meetings MPC meeting on August 10, September 28, and November 30, 2022 in total of 0.75% to 1.25%. A gradual policy normalization remains an appropriate course for monetary policy under the monetary policy framework with objectives of maintaining price stability, supporting sustainable and full-potential economic growth, and preserving financial stability together supporting SMEs in some slow recovery sectors and some low-income households as vulnerable groups.

With considering to alleviate the living cost as well as smoothen the increase of financial burden for the vulnerable groups, the Bank had gradually raised its interest rates for a smooth take off. Fixed-deposit rates were uplifted on October 4, and December 9, 2022 amid the increase lending rates of MLR and MOR on October 4, and December 9, 2022 in total of 0.50% to 5.75% and 6.32% per annum respectively in response to the upward policy rate whereas an increase of MRR at 0.15% to 6.37% per annum on December 9, 2022, lower than the policy rate hike.

In addition, BOT rose FIDF rate to the normal rate at 0.46% per annum, effective from January 1, 2023, from previous FIDF rate at 0.23% per annum as the lowered FIDF rate for financial institution to pass the lower interest rate through the private sector and individual. Thus, the Bank cut all M-rate on loans at 0.40% per annum in response to FIDF fee rate cut.

As a consequence of the upward FIDF rate, the Bank eventually decided to reflect its higher financial cost through the raise of all M-rate on loans; MLR, MOR and MRR at 0.40%, the reversal to the earlier lowered FIDF rate, to 6.15%, 6.72% and 6.77% per annum respectively, effective from January 3, onwards.

Net Fee and Service Income

Unit : Million Baht

	4/2022	3/2022	Change	4/2021	Change	2022	2021	Change
			%		%			%
Fee and service income	7,098	7,230	(1.8)	7,168	(1.0)	28,096	28,310	(0.8)
Less Fee and service expense	2,025	1,867	8.4	2,008	0.8	7,780	8,288	(6.1)
Net fee and service income	5,073	5,363	(5.4)	5,160	(1.7)	20,316	20,022	1.5

In Y2022, KTB's consolidated net fee and service income was Baht 20,316 million, rose by 1.5% YoY, mainly owing to a continual expansion of bancassurance fee.

In 4Q2022 compared to 4Q2021, KTB's consolidated net fee and service income was Baht 5,073 million, decreased by 1.7% YoY due to the slowdown of economic situation and customers' shift in service channel toward digital transactions whereas a continual expansion of bancassurance fee. Compared to 3Q2022, KTB's consolidated net fee and service income decreased by 5.4% QoQ.

Total Other Operating Income

Unit : Million Baht

	4/2022	3/2022	Change	4/2021	Change	2022	2021	Change
			%		%			%
Gains (loss) on financial instruments measured at fair value through profit or loss	1,621	1,091	48.6	960	68.8	5,232	3,467	50.9
Gain (loss) on investments, net	69	66	3.7	15	366.6	239	711	(66.4)
Share of profit (loss) from investments for using equity method	133	374	(64.5)	197	(32.7)	1,095	1,046	4.6
Dividend income	38	68	(44.7)	24	59.7	352	379	(7.2)
Other income	3,112	1,733	79.6	2,227	39.7	7,752	6,789	14.2
Total other operating income	4,973	3,332	49.2	3,423	45.2	14,670	12,392	18.4

In Y2022, KTB's consolidated total other operating income was Baht 14,670 million, an increase of 18.4% YoY, mainly due to gains on financial instruments measured at fair value through profit or loss resulting from market situation and other income from bad debt recovery.

In 4Q2022 compared to 4Q2021, KTB's consolidated total other operating income was Baht 4,973 million, increased by 45.2% YoY, mainly due to gains on financial instruments measured at fair value through profit or loss resulting from market situation and other income from bad debt recovery. Compared to 3Q2022, KTB's consolidated total other income increased by 49.2% QoQ, mainly due to gains on financial instruments measured at fair value through profit or loss resulting from market situation, share of profit from investments for using equity method and other income from bad debt recovery.

Other Operating Expenses

Unit : Million Baht

	4/2022	3/2022	Change	4/2021	Change	2022	2021	Change
			%		%			%
Employees' expenses	6,803	7,003	(2.9)	6,887	(1.2)	25,763	27,311	(5.7)
Premises and equipment expenses	2,541	2,504	1.5	2,453	3.6	9,644	9,017	7.0
Taxes and duties	1,105	1,021	8.2	1,032	7.0	4,054	3,915	3.6
Impairment loss of properties for sale	(102)	581	(117.5)	1,014	(110.0)	1,313	2,084	(37.0)
Others ⁽¹⁾	5,349	3,204	66.9	3,328	60.7	13,996	10,404	34.5
Total other operating expenses	15,696	14,313	9.7	14,714	6.7	54,770	52,731	3.9
Cost to income ratio (%)	45.30	45.31		49.16		43.68	45.54	

(1) Including Directors' remuneration

In Y2022, with the Bank effective comprehensive operating cost management, KTB's consolidated cost to income ratio registered at 43.68%, decreased from 45.54% in the same period of last year. Other operating expenses was Baht 54,770 million, increased by 3.9% YoY, mainly owing to an increase of other expense, marketing expenses and IT relating cost for the ongoing service enhancement to customers.

In 4Q2022 compared to 4Q2021, with the Bank effective comprehensive operating cost management, KTB's consolidated cost to income ratio registered at 45.30%, decreased from 49.16% in the same period of last year. Other operating expenses was Baht 15,696 million, increased by 6.7% YoY, mainly owing to an increase of other expense, marketing expenses and IT relating cost for the ongoing service enhancement to customers.

Compared to 3Q2022, with the Bank effective comprehensive operating cost management, KTB's consolidated cost to income ratio registered at 45.30%. Other operating expenses increased by 9.7% YoY, mainly owing to an increase of other expense, marketing expenses due to seasonality and IT relating cost for the ongoing service enhancement to customers.

Expected credit losses

Unit : Million Baht

	4/2022	3/2022	Change	4/2021	Change	2022	2021	Change
			%		%			%
Expected credit losses ⁽¹⁾	7,532	5,667	32.9	8,233	(8.5)	24,338	32,524	(25.2)

(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 Y2022, the Bank and its subsidiaries has prudently set aside the expected credit loss in amounted Baht 24,338 million, though decreased by 25.2 % YoY, whilst maintaining high coverage ratio at 179.7%, compared to 168.8% as at December 31, 2021.

In 4Q2022 compared to 4Q2021, the Bank and its subsidiaries has set aside the expected credit loss in amount of Baht 7,532 million with prudently consideration various factors relating to business environment and economic uncertainties as well as economic uncertainties, though decreased by 8.5% YoY, coverage ratio remained at the high level of 179.7 %, compared to 176.4% as at September 30, 2022 and 168.8% as at December 31, 2021. Compared to 3Q2022, regarding the prudent asset quality management and attentive consideration of various factors relating to business environment, an increase of expected credit losses at 32.9% QoQ has been set aside given the economic uncertainties. Additionally, NPLs Ratio-Gross stood at 3.26%, decreased from 3.50% as at December 31, 2021, whilst maintaining high coverage ratio at 179.7%, compared to 168.8% as at December 31, 2021.

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

Loans to Customers

The Bank's consolidated loans to customers excluding government loans grew at 4.3% compared to the end of 2021, due to the private corporate and retail customers. Consolidated loans to customers was Baht 2,592,838 million, decreased by 1.4% compared to the end of 2021.

Unit : Million Baht

Consolidated Financial Statements	31 Dec 2022		30 Sep 2022		Change		31 Dec 2021		Change	
	Amount	(%)	Amount	(%)	Amount	(%)	Amount	(%)	Amount	(%)
Loans to customers	2,593,369		2,612,322		(0.7)		2,629,259		(1.4)	
Less Deferred revenue	531		430		23.6		296		79.6	
Add Accrued interest receivables	25,373		22,510		12.7		20,579		23.3	
Less Allowance for expected credit losses	174,379		177,329		(1.7)		173,322		0.6	
Loans to customers and accrued interest receivables, net	2,443,832		2,457,073		(0.5)		2,476,220		(1.3)	

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

Unit : Million Baht

Consolidated Financial Statement	31 Dec 2022		30 Sep 2022		Change		31 Dec 2021		Change	
	Amount	(%)	Amount	(%)	Amount	(%)	Amount	(%)	Amount	(%)
Private Corporate	736,516	28.4	702,821	26.9	4.8		708,654	27.0	3.9	
Government and State Enterprise	427,428	16.5	500,502	19.2	(14.6)		553,041	21.0	(22.7)	
SMEs	317,632	12.2	324,367	12.4	(2.1)		327,724	12.5	(3.1)	
Retail	1,111,433	42.9	1,084,256	41.5	2.5		1,039,448	39.5	6.9	
- Housing	472,640	18.2	462,051	17.7	2.3		445,012	16.9	6.2	
- Personal	566,714	21.9	556,618	21.3	1.8		531,035	20.2	6.7	
- Credit card	69,174	2.7	63,300	2.4	9.3		59,953	2.3	15.4	
- Leasing	2,905	0.1	2,287	0.1	27.0		3,448	0.1	(15.7)	
Others	360	0.0	376	0.0	(4.3)		392	0.0	(8.2)	
Total loans (per F/S)	2,593,369	100.0	2,612,322	100.0			2,629,259	100.0		

Asset Quality

Loan classification and expected credit loss

Consolidated Financial Statement	Unit : Million Baht		
	31 Dec 2022	30 Sep 2022	31 Dec 2021
Gross NPL ⁽¹⁾	101,096	104,734	106,809
Gross NPL Ratio	3.26%	3.32%	3.50%
Allowance for Expected Credit Losses (total) ⁽²⁾	181,637	184,793	180,311
Coverage Ratio ⁽³⁾	179.7%	176.4%	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

Consolidated Financial Statement	Unit : Million Baht					
	31 Dec 2022		30 Sep 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⁾	Loans and Accrued Interest Receivables ⁽¹⁾	Allowance for Expected Credit Losses ⁽²⁾
1. Loan Classification						
Performing	2,289,508	44,720	2,298,336	45,495	2,306,478	44,722
Under - performing	217,522	52,526	222,430	51,491	228,443	48,923
Non - performing	108,732	76,509	111,702	79,604	111,422	77,334
Lifetime ECL - simplified approach ⁽³⁾	2,449	624	1,934	739	3,199	2,343
Total	2,618,211	174,379	2,634,402	177,329	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-Gross as at December 31, 2022 amounted Baht 101,096 million, NPLs Ratio-Gross of 3.26%, reduced from 3.50% as at December 31, 2021, a controllable asset quality level as a result of its prudent asset quality management. The additional expected credit losses were attentive set aside to maintain the high level of coverage ratio given the economic uncertainties along with its closely monitoring asset quality. As at December 31, 2022, the consolidated coverage ratio stood at 179.7%, compared with 176.4% as at September 30, 2022 and 168.8% as at December 31, 2021.

Deposits

The Bank's consolidated deposits was Baht 2,590,236 million, reduced by 0.9% from December 31, 2021 due to a decrease of saving deposits. Hence, the portion of current deposit and savings deposit to total deposit (CASA) accounted at 83%. Compared to September 30, 2022, deposit reduced by 0.4%.

The Bank's consolidated loans to customers (less deferred revenue)-to-deposits ratio (L/D ratio) of 100.10%, relatively stable QoQ and YTD.

Sources and Uses of Funds

Unit : Million Baht

	31 Dec 2022		30 Sep 2022		Change %	31 Dec 2021		Change %
	Amount	(%)	Amount	(%)		Amount	(%)	
Net Interbank and money market items (asset)	550,941	15.3	584,544	15.8	(5.7)	469,216	13.2	17.4
Financial assets measured at fair value through profit or loss	33,568	0.9	48,298	1.3	(30.5)	18,039	0.5	86.1
Net investments and net investments in associates	289,374	8.1	271,003	7.3	6.8	364,017	10.2	(20.5)
Loans to customers (less deferred revenue)	2,592,838	72.2	2,611,892	70.8	(0.7)	2,628,963	79.3	(1.4)
Less Allowance for expected credit losses	174,379	4.9	177,329	4.8	(1.7)	173,322	4.8	0.6
Other assets	300,068	8.4	353,296	9.6	(15.1)	249,831	7.0	20.1
Total Asset	3,592,410	100.0	3,691,704	100.0	(2.7)	3,556,744	100.0	1.0
Deposits	2,590,236	72.1	2,601,631	70.5	(0.4)	2,614,747	73.5	(0.9)
Net Interbank and money market items (liabilities)	277,099	7.7	301,874	8.2	(8.2)	296,344	8.3	(6.5)
Debt issued and borrowings	151,172	4.2	169,528	4.6	(10.8)	133,817	3.8	13.0
Other liabilities	181,340	5.1	241,287	6.5	(24.8)	137,725	3.9	31.7
Total equity	392,563	10.9	377,384	10.2	4.0	374,111	10.5	4.9
- Equity holders of the Bank	376,296	10.4	361,946	9.8	4.0	360,052	10.1	4.5
- Non-controlling interest	16,267	0.5	15,438	0.4	5.4	14,059	0.4	15.7
Total liabilities and equity	3,592,410	100.0	3,691,704	100.0	(2.7)	3,556,744	100.0	1.0
Loans to customers (less deferred revenue)-to-deposits ratio (%)	100.10		100.39			100.54		

As at December 31, 2022, the Bank's consolidated major source of funds was 72.1% deposits; and the other source of funds as equity, interbank borrowings, and debt issued and borrowings. In April 2022, the Bank issued Tier II Subordinated Notes in amount of Baht 18,080 million, as a preparation to replace the early redemption of Tier II Subordinated Notes in amount of Baht 20,000 million in November 2022. The Bank's consolidated use of funds comprised of 72.2% loans to customers (less deferred revenue), 15.3% net interbank and money market items, and 8.1% net investments and net investments in associates.

Equity

The total equity (equity holders of the Bank) as at Dec 31, 2022 was Baht 376,296 million, increased 4.5% from December 31, 2021.

Book value per share (equity holders of the Bank) was Baht 26.91 per share increased from Baht 25.75 per share at December 31, 2021.

Statutory Capital Fund

Statutory Capital Fund (The Bank's Financial Statements)

Unit : Million Baht

The Bank's Financial Statements ⁽¹⁾	31 Dec 2022 ⁽²⁾		30 Sep 2022		31 Dec 2021		The minimum rate required (%) ⁽¹⁾
	Amount	(%)	Amount	(%)	Amount	(%)	
Common Equity Tier 1 capital	319,896	15.59	319,426	15.56	309,038	15.60	>8.000
Tier 1 capital	338,543	16.50	338,073	16.47	327,685	16.54	>9.500
Tier 2 capital	65,317		85,345		66,310		
Total capital fund	403,860	19.68	423,418	20.63	393,995	19.88	>12.000
Risk-weighted assets	2,051,798		2,052,919		1,981,545		

(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 December 31, 2022, the Bank's Common Equity Tier 1 was Baht 319,896 million, Tier 1 capital was Baht 338,543 million and Total capital was Baht 403,860 million (15.59%, 16.50% and 19.68% of its RWA).

In April 2022, the Bank issued Tier II Subordinated Notes in amount of Baht 18,080 million, as a preparation to replace the early redemption of Tier II Subordinated Notes in amount of Baht 20,000 million in November 2022 in order to maintain its strong Tier II capital level for the opportunity to expand its business as the future competitive landscape.

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.

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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	Dec 2022	Sep 2022 ⁽²⁾	December 2022
- Long-term/ Short-term	BBB- / A-3	BBB- / A-3	BBB / A-2
- Outlook	Stable	Stable	Negative
- <i>Stand-Alone Credit Profile (SACP)</i>	bb	bb	bb+
Moody's Investors Service	Dec 2022	Sep 2022	December 2022
- 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)	Ba3	Ba3	Ba3
Fitch Ratings	Dec 2022	Sep 2022	December 2022 ⁽¹⁾
Foreign Currency Credit Ratings			
- Long-term/ Short-term	BBB+ / F1	BBB+ / F1	BBB+ / F1
- Outlook	Stable	Stable	Stable
- Viability Rating	bbb-	bbb-	bbb-
National Credit Ratings			
- Long-term/ Short-term	AAA(tha) / F1+ (tha)	AAA(tha) / F1+ (tha)	AAA(tha) / F1+ (tha)
- Outlook	Stable	Stable	Stable
- Senior unsecured debentures (Baht)	AAA(tha)	AAA(tha)	AAA(tha)
- Subordinated Debt (Baht)	AA(tha)	AA(tha)	AA(tha)

(1) 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)).

(2) 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.