



Krungthai
กรุงไทย

Management Discussion and Analysis

For the first quarter ended March 31, 2023

(Reviewed)

This report discusses the principal changes in the reviewed consolidated financial statement for the first quarter ended March 31, 2023.

Economic Overview

In 2023, the Thai economy continues to recover. The tourism sector has improved and become a key growth engine. Foreign tourists from several markets significantly rebound, while the China's border re-opening allows arrivals from China to return the top-5 countries of visitors and is expected to accelerate in 2Q2023. In 1Q2023, there were 6.5 million international travelers visiting Thailand. The number of foreign tourists in 2023 has now been reprojected to 25-30 million, higher than previously expected in the range of 20-25 million. Such improving momentum in tourism and its related sectors, coupling with a converging-to-near-normal economic activities, have boosted employment and household income, which are able to strengthen domestic demand to support further recovery. Nonetheless, Thai exports have been adversely affected by the transition of global economy that shifts toward a slowdown. It is partly as a result of a globally tightening monetary policy from persistently elevated inflationary pressure that subsequently weakens purchasing power of trading partners. Besides, some exporting products such as electronics, which used to benefit from work-from-home, are likely to experience a deceleration. Moreover, the problems of some financial institutions in the US and Europe in early 2023 may also result in more restricted financial conditions in granting new credits, which then limit global economic growth. These negative factors could bring 2023 value of merchandise exports into contraction. Meanwhile, the Thai domestic economy has experienced policy normalization from both a gradual discontinuation of fiscal stimulus measures alongside the normalization of pandemic situations and the hiking of the policy interest rate to avert inflation. The Bank of Thailand (BOT) is likely raise its policy interest rate beyond 1.75% seen in March 2023. Apart from these, Thai business sectors have also been facing challenge from higher production costs as well as the transition to a low-carbon society. Overall, the latest assessment from the BOT in March 2023 views that the Thai economy is expected to grow by 3.6% in 2023, higher than 2.6% in the previous year. Meanwhile, headline inflation rate is forecasted at 2.9%, relatively higher than the pre-pandemic level, though easing from 6.1% seen in last year.

The Bank and Its Subsidiaries' Overview Performance

The Bank and Its Subsidiaries' Performance for 1Q2023

In 2023, the Thai economy continues to recover, with tourism sector as the key growth engine. Nonetheless, Thai exports have been adversely affected by the persistently elevated inflationary pressure. Meanwhile, the Thai economy has experienced policy normalization after pandemic subsidies and the hiking of the policy interest rate amid high inflation environment which are the challenges that private sectors are facing. The Bank prudently operates our business and ensures the readiness of financial assistance to help our customers to pursue their businesses in economically challenged environment especially for vulnerable group and SME that are sensitive to a rising cost as our priority.

Comparing 1Q2023 compared to 1Q2022, the Bank and its subsidiaries' consolidated net profit attributable to equity holders of the Bank was Baht 10,067 million, an increase of 14.6% YoY mainly due to an increase in pre-provision profit of 24.0% YoY in alignment with the Bank's strategy to "Accelerating Sustainable Value Creation". This is mainly from a consistent and solid uplift in total operating income of 18.8% YoY from quality loan growth focus in addition to the continual increase in net fee and service income and other non-interest income. With the Bank's effective comprehensive operating cost management despite an increase in operating expenses as a result of IT cost relating to the ongoing products and service enhancement to customers, cost to income ratio registered at 38.70%, decreased from 41.25% in the same period of last year. This is partly as a seasonality impact attributing to higher cost to income ratio in other quarters than the first quarter.

The Bank and its subsidiaries has prudently set aside an increase of 48.1% of the expected credit loss with vigilant consideration given the economic uncertainties and a soften increase but yet high inflation, whilst maintaining high coverage ratio at 183.2% compared to 179.7% as at December 31, 2022 amid the NPLs Ratio-Gross reduction to 3.22%, from end of 2022 with our prudent asset quality management.

Compared to 4Q2022, the Bank and its subsidiaries' consolidated net profit attributable to equity holders of the Bank increased 24.1% QoQ. Consolidated pre-provision profit rose 14.1% QoQ, mainly due to an increase in total operating income by 1.8% QoQ coupling with the effective comprehensive cost management resulting in operating cost reduction by 13.0% QoQ, partly owing to a seasonal expense e.g. marketing expenses in previous quarter. The Bank and its subsidiaries prudently set aside an increase of 7.6% of the expected credit loss, QoQ, whilst maintaining high coverage ratio at 183.2% given the economic uncertainties.

As at March 31, 2023, the Bank and the Financial Business Group's Tier 1 capital ratio was 16.79% of its RWA. Total capital ratio was 19.90% of its RWA, maintaining at a strong level as compared to BOT's requirement. Additionally, the Bank maintains our ample level of liquidity position by means of Liquidity Coverage ratio (LCR) at a consistent level of not less than 180%, higher than the BOT's requirement.

For the year 2023, the Bank will focus on driving business by operating through 7 main strategies, under our 5-years plan (2023 – 2027) on the concept of “**Accelerating Sustainable Value Creation**” toward sustainable growth to meet the needs and expectations of all stakeholders, without leaving anyone behind. As a result, the Bank will be able to correspond to the needs of all sectors, focusing on creating opportunities for Thai people and business, and improving the quality of life in a comprehensive and equitable manner.

The Bank and Its Subsidiaries' Performance for the Quarter Ended March 31, 2023

Overview Operating Income and Net Profit

Unit : Million Baht

	1/2023	4/2022	Change %	1/2022	Change %
Net interest income	25,619	24,606	4.1	21,086	21.5
Net fee and service income	5,139	5,073	1.3	4,968	3.4
Other non-interest income	4,514	4,973	(9.2)	3,630	24.3
Total operating income	35,272	34,652	1.8	29,684	18.8
Total other operating expenses	13,650	15,696	(13.0)	12,244	11.5
Pre-provision profit ⁽¹⁾	21,622	18,956	14.1	17,440	24.0
Expected credit losses	8,104	7,532	7.6	5,470	48.1
Operating profit before income tax expenses	13,518	11,424	18.3	11,970	12.9
Income tax expenses	2,531	2,494	1.5	2,317	9.2
Net Profit	10,987	8,930	23.0	9,653	13.8
Net profit (attributable to equity holders of the Bank)	10,067	8,109	24.1	8,780	14.6
ROA (%) ⁽²⁾	1.14	0.88		1.00	
ROE (%) ⁽²⁾	10.66	8.72		9.87	

(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 1Q2023 compared to 1Q2022, KTB's consolidated pre-provision profit was Baht 21,622 million, an increase of 24.0% YoY, in alignment with the Bank's strategy to "Accelerating Sustainable Value Creation". This is mainly from a consistent and solid uplift in total operating income of 18.8% YoY from quality loan portfolio and upward interest rate in addition to the continual increase in net fee and service income and other non-interest income. With the Bank's effective comprehensive operating cost management, cost to income ratio registered at 38.70%, decreased from 41.25% in the same period of last year, though an increase of operating expenses as a result of IT cost relating to the ongoing products and service enhancement to customers.

The Bank and its subsidiaries has prudently set aside an increase of 48.1% of the expected credit loss with vigilant consideration given the economic uncertainties, whilst maintaining high coverage ratio at 183.2% compared to 179.7% as at December 31, 2022 amid the NPLs Ratio-Gross reduction to 3.22%, from end of 2022 with our prudent asset quality management; hence, consolidated net profit attributable to equity holders of the Bank was Baht 10,067 million, an increase of 14.6% YoY.

Compared to 4Q2022, KTB's consolidated pre-provision profit rose 14.1% QoQ, mainly due to an increase in total operating income by 1.8% QoQ coupling with the effective comprehensive cost management resulting in operating cost reduction by 13.0%, brought down cost to income ratio to 38.70%. The Bank and its subsidiaries thoroughly set

aside an increase of 7.6% of the expected credit loss, QoQ, whilst maintaining high coverage ratio at 183.2% given the economic uncertainties; hence, consolidated net profit attributable to equity holders of the Bank increased 24.1% QoQ.

Net Interest Income

Unit : Million Baht

	1/2023	4/2022	Change %	1/2022	Change %
Interest income	34,105	31,248	9.1	26,209	30.1
- Interbank and money market items	2,142	1,896	13.0	652	228.5
- Investments and trading transactions	42	56	(25.0)	49	(14.3)
- Investment in debt securities	957	1,046	(8.5)	908	5.4
- Loans	30,824	28,085	9.8	24,567	25.5
- Hire purchase and financial lease	51	38	34.2	15	240.0
- Others	89	127	(29.9)	18	394.4
Less Interest expense	8,486	6,642	27.8	5,123	65.6
- Deposits	2,930	2,644	10.8	2,288	28.1
- Interbank and money market items	886	719	23.2	340	160.6
- Contributions to BOT and DPA	3,075	1,619	89.9	1,608	91.2
- Debts issued	1,446	1,518	(4.7)	866	67.0
- Others	149	142	4.9	21	609.5
Net interest income	25,619	24,606	4.1	21,086	21.5
Earning Asset Yield (%)⁽¹⁾	3.99	3.55		3.04	
Cost of Fund (%)⁽¹⁾	1.14	0.86		0.68	
Net interest margin [based on earning assets] (%)⁽¹⁾	3.00	2.80		2.44	

(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 1Q2023 compared to 1Q2022, KTB's consolidated net interest income amounted of Baht 25,619 million, an increased of 21.5% YoY, mainly from quality loan portfolio and upward interest rate. Hence, NIM registered at 3.00% rose from 2.44% in 1Q2022. Compared to 4Q2022, consolidated net interest income increased by 4.1% QoQ, mainly from quality loan portfolio and upward interest rate. Hence, NIM registered at 3.00% rose from 2.80% in the previous quarter.

Change of interest rate

	29 Mar 2023	25 Jan 2023	30 Nov 2022	28 Sep 2022	10 Aug 2022	31 Dec 2021
Policy Interest Rate (%)	1.75%	1.50%	1.25%	1.00%	0.75%	0.50%
KTB Interest Rate (%)	13 Apr 2023	1 Feb 2023	3 Jan 2023	9 Dec 2022	4 Oct 2022	31 Dec 2021
Deposit Rate (%) ⁽¹⁾						
- Savings Rate	0.250%	0.250%	0.250%	0.250%	0.250%	0.250%
- 3 Months Fixed Rate	0.820%	0.770%	0.620%	0.620%	0.470%	0.320%
- 6 Months Fixed Rate	0.950%	0.850%	0.700%	0.700%	0.550%	0.400%
- 12 Months Fixed Rate	1.350%	1.150%	1.000%	1.000%	0.700%	0.400%
Loan Rate (%)						
- MLR	6.600%	6.350%	6.150%	5.750%	5.500%	5.250%
- MOR	7.070%	6.870%	6.720%	6.320%	6.070%	5.820%
- MRR	7.120%	6.870%	6.770%	6.370%	6.220%	6.220%

(1) Standard deposit rate for individuals.

In 2022, the Monetary Policy Committee (MPC) projected the continuing recovery of Thai economy, thus, announced the raising of the policy rate by three times to 1.25% per annum and announced the increase policy rate on January 25 and March 29, 2023 to 1.75%. The bank thoroughly considered and gradually raised its interest rates in alignment with market movement to gradually pass through its cost of fund while ensure the readily of financial assistance to our borrowers and depositors as our priority.

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.

Net Fee and Service Income

Unit : Million Baht

	1/2023	4/2022	Change		1/2022	Change	
				%			%
Fee and service income	7,156	7,098	0.8		7,041	1.6	
Less Fee and service expense	2,017	2,025	(0.4)		2,073	(2.7)	
Net fee and service income	5,139	5,073	1.3		4,968	3.4	

In 1Q2023 compared to 1Q2022, consolidated net fee and service income was Baht 5,139 million, rose by 3.4% YoY, mainly owing to a continual expansion of bancassurance fee. Compared to 4Q2022, consolidated net fee and service income increased by 1.3% QoQ.

Total Other Operating Income

Unit : Million Baht

	1/2023	4/2022	Change		1/2022	Change	
				%			%
Gains (loss) on financial instruments measured at fair value through profit or loss	1,899	1,621	17.1		1,748	8.6	
Gain (loss) on investments, net	259	69	277.0		73	253.2	
Share of profit (loss) from investments for using equity method	398	133	200.1		387	2.8	
Dividend income	176	38	367.5		101	74.9	
Other income	1,782	3,112	(42.7)		1,321	34.9	
Total other operating income	4,514	4,973	(9.2)		3,630	24.3	

In 1Q2023 compared to 1Q2022, consolidated total other operating income was Baht 4,514 million, an increase of 24.3% YoY, mainly due to gains on financial instruments measured at fair value through profit or loss resulting from market situation, gain on investments and other income from bad debt recovery. Compared to 4Q2022, consolidated total other operating income declined by 9.2% QoQ, mainly owing to other income from bad debt recovery recognized in 4Q2022.

Other Operating Expenses

Unit : Million Baht

	1/2023	4/2022	Change	1/2022	Change
			%		%
Employees' expenses	6,832	6,803	0.4	6,334	7.9
Premises and equipment expenses	2,395	2,541	(5.8)	2,257	6.1
Taxes and duties	1,193	1,105	8.0	958	24.5
Impairment loss of properties for sale	277	(102)	(372.2)	235	17.7
Others ⁽¹⁾	2,953	5,349	(44.8)	2,460	20.0
Total other operating expenses	13,650	15,696	(13.0)	12,244	11.5
Cost to income ratio (%)	38.70	45.30		41.25	

(1) Including Directors' remuneration

In 1Q2023 compared to 1Q2022, with the Bank effective comprehensive operating cost management, consolidated cost to income ratio registered at 38.70%, decreased from 41.25% in the same period of last year. Other operating expenses was Baht 13,650 million, increased by 11.5% YoY, mainly owing to an increase in IT cost relating to the ongoing products and service enhancement to customers.

Compared to 4Q2022, with the Bank effective comprehensive operating cost management, other operating expenses decreased by 13.0% QoQ, partly owing to a seasonal expense e.g. marketing expenses in previous quarter, hence, consolidated cost to income ratio registered at 38.70%, decreased from 45.30% in previous quarter.

Expected credit losses

	1/2023	4/2022	Change	1/2022	Change
			%		%
Expected credit losses ⁽¹⁾	8,104	7,532	7.6	5,470	48.1

Unit : Million Baht

(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 1Q2023 compared to 1Q2022, the Bank and its subsidiaries has set aside the expected credit loss in amounted Baht 8,104 million, increased by 48.1% YoY with a prudent consideration of various factors relating to business environment and economic uncertainties, whilst maintaining high coverage ratio at 183.2%, compared to 179.7% as at December 31, 2022. Additionally, NPLs Ratio-Gross stood at 3.22%, decreased from 3.26% as at December 31, 2022. Compared to 4Q2022, the consolidated expected credit loss increased by 7.6% QoQ with our prudent asset quality management and vigilant consideration of various factors relating to business environment whilst maintaining high coverage ratio at 183.2%.

The Bank and Its Subsidiaries' Financial Status as at March 31, 2023

Financial Assets and Investments, Net

The Bank's consolidated financial assets measured at fair value through profit or loss and net investment were Baht 224,140 million as at March 31, 2023, compared to Baht 310,623 million as at December 31, 2022. Financial assets measured at fair value through profit or loss and net investments comprised of government and SOE securities 61%, private enterprise and foreign debt securities 31% and marketable equity securities 8%.

Classifications of financial assets and investments, net

Consolidated Financial Statements	31 Mar 2023	31 Dec 2022	Unit : Million Baht
			Change %
Financial assets measured at fair value through profit or loss	11,463	33,568	(65.9)
Investment, net	212,677	277,055	(23.2)
- Investment in debt securities measured at amortized cost	1,167	950	22.8
- Investment in debt securities designated to be measured at fair value through other comprehensive income	194,579	258,350	(24.7)
- Investment in equity securities designated to be measured at fair value through other comprehensive income	16,931	17,755	(4.6)
Total financial assets and investments, net	224,140	310,623	(27.8)

Loans to Customers

The Bank's consolidated loans to customers excluding government loans were relatively stable from end of 2022 with sustainable growth from retail customers. The consolidated loans registered at Baht 2,582,256 million.

Consolidated Financial Statements	31 Mar 2023		31 Dec 2022	Change
	Amount	(%)	Amount	%
Loans to customers	2,582,974		2,593,370	(0.4)
<u>Less</u> Deferred revenue	718		532	35.0
<u>Add</u> Accrued interest receivables	26,367		25,372	3.9
<u>Less</u> Allowance for expected credit losses	181,601		174,378	4.1
Loans to customers and accrued interest receivables, net	2,427,022		2,443,832	(0.7)

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

Consolidated Financial Statement	31 Mar 2023		31 Dec 2022		Change
	Amount	(%)	Amount	(%)	%
Private Corporate	736,314	28.5	736,516	28.4	0.0
Government and State Enterprise	415,060	16.1	427,429	16.5	(2.9)
SMEs	312,272	12.1	317,632	12.2	(1.7)
Retail	1,118,978	43.3	1,111,433	42.9	0.7
- Housing	473,697	18.3	472,640	18.2	0.2
- Personal	573,998	22.2	566,714	21.9	1.3
- Credit card	67,361	2.6	69,174	2.7	(2.6)
- Leasing	3,922	0.2	2,905	0.1	35.0
Others	350	0.0	360	0.0	(2.8)
Total loans (per F/S)	2,582,974	100.0	2,593,370	100.0	(0.4)

Asset Quality

Loan classification and expected credit loss

Unit : Million Baht

Consolidated Financial Statement	31 Mar 2023	31 Dec 2022
Gross NPL ⁽¹⁾	102,542	101,096
Gross NPL Ratio	3.22%	3.26%
Allowance for Expected Credit Losses (total) ⁽²⁾	187,894	181,637
Coverage Ratio ⁽³⁾	183.2%	179.7%

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

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

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

Unit : Million Baht

Consolidated Financial Statement	31 Mar 2023		31 Dec 2022	
	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	2,276,905	46,619	2,289,507	44,720
Under - performing	217,505	55,146	217,522	52,526
Non - performing	110,912	79,135	108,732	76,508
Lifetime ECL - simplified approach ⁽³⁾	3,301	701	2,449	624
Total	2,608,623	181,601	2,618,210	174,378

(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 March 31, 2023 amounted Baht 102,542 million, NPLs Ratio-Gross of 3.22%, reduced from 3.26% as at December 31, 2022, a manageable asset quality level as a result of our prudent asset quality management. The additional expected credit losses were cautiously set aside to maintain the high level of coverage ratio given the economic uncertainties along with closely monitoring of our asset quality. As at March 31, 2023, the consolidated coverage ratio stood at 183.2%, compared with 179.7%, as at December 31, 2022.

Sources and Uses of Funds

Unit : Million Baht

	31 Mar 2023		31 Dec 2022		Change
	Amount	(%)	Amount	(%)	%
Net Interbank and money market items (asset)	644,561	18.1	550,941	15.3	17.0
Financial assets measured at fair value through profit or loss	11,463	0.3	33,568	0.9	(65.9)
Net investments and net investments in associates	229,459	6.4	289,375	8.1	(20.7)
Loans to customers (less deferred revenue)	2,582,256	72.4	2,592,838	72.2	(0.4)
<u>Less</u> Allowance for expected credit losses	181,601	5.1	174,378	4.9	4.1
Other assets	282,932	7.9	300,075	8.4	(5.7)
Total Asset	3,569,070	100.0	3,592,419	100.0	(0.6)
Deposits	2,620,709	73.4	2,590,236	72.1	1.2
Net Interbank and money market items (liabilities)	220,229	6.2	277,099	7.7	(20.5)
Debt issued and borrowings	150,588	4.2	151,172	4.2	(0.4)
Other liabilities	170,688	4.8	181,340	5.1	(5.9)
Total equity	406,856	11.4	392,572	10.9	3.6
- Equity holders of the Bank	389,668	10.9	376,305	10.5	3.6
- Non-controlling interest	17,188	0.5	16,267	0.4	5.7
Total liabilities and equity	3,569,070	100.0	3,592,419	100.0	(0.6)
Loans to customers (less deferred revenue)-to-deposits ratio (%)	98.53		100.10		

As at March 31, 2023, the Bank's consolidated major source of funds was 73.4% deposits; and the other source of funds as equity, interbank borrowings, and debt issued and borrowings. The Bank's consolidated use of funds comprised of 72.4% loans to customers (less deferred revenue), 18.1% net interbank and money market items, and 6.4% net investments and net investments in associates.

Equity

The total equity (equity holders of the Bank) as at March 31, 2023 was Baht 389,668 million, increased 3.6% from December 31, 2022.

Book value per share (equity holders of the Bank) was Baht 27.87 per share increased from Baht 26.91 per share at December 31, 2022.

Statutory Capital Fund

Statutory Capital Fund (Bank and the Financial Business Group)

Unit : Million Baht

Bank and the Financial Business Group ⁽¹⁾	31 Mar 2023 ⁽³⁾		31 Dec 2022 ⁽³⁾		The minimum rate required % ⁽²⁾
	Amount	%	Amount	%	
Common Equity Tier 1 capital	337,138	15.85	335,601	15.74	>8.000
Tier 1 capital	357,279	16.79	355,870	16.69	>9.500
Tier 2 capital	66,189		66,224		
Total capital fund	423,468	19.90	422,094	19.80	>12.000
Risk-weighted assets	2,127,553		2,132,096		

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

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

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

Statutory Capital Fund (The Bank's Financial Statements)

Unit : Million Baht

The Bank's Financial Statements	31 Mar 2023 ⁽²⁾		31 Dec 2022 ⁽²⁾		The minimum rate required (%) ⁽¹⁾
	Amount	(%)	Amount	(%)	
Common Equity Tier 1 capital	317,703	15.63	319,896	15.59	>8.000
Tier 1 capital	336,350	16.55	338,543	16.50	>9.500
Tier 2 capital	65,106		65,317		
Total capital fund	401,456	19.75	403,860	19.68	>12.000
Risk-weighted assets	2,032,717		2,051,798		

(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 March 31, 2023, the Bank and the Financial Business Group's Common Equity Tier 1 was Baht 337,138 million (15.85% of its RWA) and Tier 1 capital was Baht 357,279 million (16.79% of its RWA). Total capital was Baht 423,468 million (19.90% of its RWA).

As at March 31, 2023, the Bank's Common Equity Tier 1 was Baht 317,703 million, Tier 1 capital was Baht 336,350 million and Total capital was Baht 401,456 million (15.63%, 16.55% and 19.75% of its RWA).

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

The Bank has continuously implemented relief measures in response to the impacts of the COVID-19 pandemic for retail and non-retail customers, providing 5 measures as follows.

Relief measures for retail customers 2 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 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 3 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. **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)
3. **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.

Beside, the Bank supports COVID-19 relief measure for sustainable assistance and long-term debt restructuring with these criteria as follows

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. 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).
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	Mar 2023	Dec 2022
- Long-term/ Short-term	BBB- / A-3	BBB- / A-3
- Outlook	Stable	Stable
- Stand-Alone Credit Profile (SACP)	bb	bb
Moody's Investors Service	Mar 2023	Dec 2022
- Long-term/ Short-term	Baa1 / P-2	Baa1 / P-2
- Outlook	Stable	Stable
- Baseline Credit Assessment (BCA)	baa3	baa3
- Additional Tier I Subordinated Notes (USD)	Ba3	Ba3
Fitch Ratings	Mar 2023	Dec 2022
Foreign Currency Credit Ratings		
- Long-term/ Short-term	BBB+ / F1	BBB+ / F1
- Outlook	Stable	Stable
- Viability Rating	bbb-	bbb-
National Credit Ratings		
- Long-term/ Short-term	AAA(thai) / F1+ (thai)	AAA(thai) / F1+ (thai)
- Outlook	Stable	Stable
- Senior unsecured debentures (Baht)	AAA(thai)	AAA(thai)
- Subordinated debentures (Baht)	AA(thai)	AA(thai)

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.