



Krungthai
กรุงไทย

Management Discussion and Analysis

For the Year ended December 31, 2024

(audited)

This report discusses the principal changes in the audited consolidated financial statement for the year ended December 31, 2024.

Economic Overview

In 2024, Thailand's economy grew by 2.5% in 2024, up from 2.0% in the previous year, though it still fell short of its full potential. The improved trajectory has been bolstered by the recovery of the tourism sector. The momentum in tourism-related sectors has driven the recovery of economic activities and employment, especially in the service industries. Additionally, the Thai economy gained further support from government policies, including measures to stimulate spending, accelerate budget disbursement, and alleviate cost of living burdens for households. However, domestic demand has been constrained by elevated household debt, with adapting to the Responsible Lending measures that took effect in January 2024, resulting in subdued spending on vehicles and real estate. The manufacturing sector and exports have experienced significant challenges from intensifying foreign competition and the global economic slowdown. In addition, Thai businesses have been struggling with structural problems that hinder competitiveness. The Bank of Thailand (BOT) cut its policy interest rate from 2.50% to 2.25% in October 2024 to sustain the economy and alleviate the debt burden. Partly due to fragile purchasing power, the headline inflation rate for 2024 eased from 1.2% in 2023 to 0.4% in 2024, falling below the BOT's target range. Furthermore, the Thai economy still faces difficulties from the Russia-Ukraine war, conflict in the Middle East, potentially escalating ambiguity regarding trade war from the new U.S. President's policy shift, and volatility of the Thai baht caused by uncertainty over the US central bank's interest rate decision. Negative impacts from climate change, such as severe flooding in some areas, also present challenges. Meanwhile, some fragile and vulnerable SMEs, lacking adapting capability, are grappling with a slow recovery. The uneven growth suggests that Thailand's economy has not fully recovered and remains a "K-shaped economy." Overall, the BOT in December 2024 views that the Thai economy should grow at 2.7% in 2024, up from 1.9% in the previous year, but below the potential growth of around 3.0%.

The Bank and Its Subsidiaries Performance Overview

The Bank and Its Subsidiaries' Performance for Year of 2024

In 2024, Thailand's economy grew by 2.5% in 2024, up from 2.0% in the previous year, although it remained below its full potential, experiencing uneven growth in a "K-shaped Economy". This expansion was driven by the recovery of the tourism sector and government policies, including the 2024 economic stimulus program targeting welfare cardholders and persons with disabilities, structural reform measures, and stronger-than-expected growth in the export sector driven by increased purchases prior to the implementation of U.S. tax measures. Moreover, households faced pressure from high debt levels, while the manufacturing and export sectors encountered challenges from increased competition in international markets, structural issues, and declining competitiveness. The global economy is also slowing amid geopolitical tensions. Additionally, certain SME businesses remain vulnerable and lack flexibility, leading to a slower recovery. Nonetheless, the bank has successfully achieved its objectives, supporting government policies aimed at driving economic growth and consistently assisting customers. The bank has focused on proactive debt restructuring to assist customers overcoming financial challenges. Additionally, the bank has developed innovative financial risk management and investment products, as well as efficient trading portfolio management.

In Y2024, consolidated net profit attributable to equity holders of the Bank was Baht 43,856 million, an increase of 11.3% YoY, excluding expected credit losses for one corporate customer and related companies with possibility of credit deterioration in 4Q2023. (consolidated net profit increased by 19.8% YoY) The Bank remained steadfast in its commitment to sustainable and quality-focused growth with prudent and disciplined operational environment, emphasizing on asset quality, portfolio optimization whilst maintaining high coverage ratio amid economic uncertainties. Loans to customers increased by 4.7% YoY, primarily driven by the expansion in the retail segment, aligned with the Bank's strategic focus, as well as growth in the government segment and support for government policies aimed at driving economic growth, addressing structural issues, and managing debt through Responsible Lending measures. Meanwhile, total operating income rose by 6.4% YoY, largely driven by fee income from Wealth Management and Credit Card businesses, as financial products offered by the bank and its subsidiaries, along with risk mitigation and investment products, and trading portfolio management. In addition, income from bad debt recovery also increased, reflecting the bank's proactive approach to enhancing debt collection efficiency and managing properties for sale. Through effective comprehensive cost management, the Bank's cost to income ratio stood at 43.2%, despite an increase in operating expenses over the year, mainly owing to strategic investments in IT and digital capabilities, aimed at developing new products and services in preparation for future industry growth and advancements in technology and innovation.

The Bank continued to manage asset quality with prudence and adaptability, maintaining NPL at a well-managed level of THB 95,065 million, a decrease of 4.4% from 2023. NPL ratio was 2.99%, down from 2023 level. The Bank had

prudently set aside an appropriate level of expected credit losses, aligning with the asset quality trend. Coverage ratio remained robust at 188.6%, up from 181.3% as of year end 2023, proving a solid cushion for economic uncertainties and the transition to a new economic era. Additionally, the Bank's performance in the fourth quarter of 2024 reflected the impact of a transaction of one corporate client undergoing a rehabilitation plan, which included a partial debt-to-equity conversion as part of the plan.

As at December 31, 2024, the Bank and the Financial Business Group's Tier 1 capital ratio stood at 19.45% of its RWA. Total capital ratio was 21.42% of its RWA, a strong capital position at a substantially higher than regulatory requirement of the capital position. The Bank continued to maintain a robust liquidity position, with the Liquidity Coverage Ratio (LCR) consistently exceeding the BOT's requirement.

The Bank and Its Subsidiaries' Performance for 4Q2024

For 4Q2024 compared to 4Q2023, consolidated net profit attributable to equity holders of the Bank was Baht 10,475 million, an increase of 17.5% YoY, excluding expected credit losses for one corporate customer and related companies with possibility of credit deterioration in 4Q2023. (consolidated net profit increased by 71.4% YoY). Loans to customers increased by 4.7% YoY, driven primarily by expansion in the Bank's strategic segment. Through effective comprehensive cost management, the Bank reported a cost to income ratio of 45.4%.

Compared to 3Q2024, consolidated net profit attributable to equity holders of the Bank declined by 5.7% QoQ, primarily due to a reduction in total other operating income, impacted by interest rate trends and financial instruments measured at fair value through profit or loss, reflecting the market conditions. Loans to customers grew at 5.2% QoQ. Fee income consistently demonstrated positive growth.

In 2024, Krungthai advanced its organization through innovation, creating financial products and services that cater to the diverse requirements of its clients while fostering the country's economic growth under the principle of "**Reshaping Client Value Proposition**". The bank also emphasized Environmental, Social, and Governance (ESG) practices to achieve sustainability. Consequently, the bank received an "AAA" rating in the SET ESG Ratings for two consecutive years, the highest recognition from the Stock Exchange of Thailand, and achieved a remarkable milestone by earning 88 awards from renowned international stages and leading organization in the country. Additionally, the Bank is dedicated to addressing household debt concerns by consistently implementing relief measures for vulnerable customer segments, in line with Bank of Thailand's responsible lending measures. These include the "Consolidated loan for civil servant debt program", and the the "**You Fight, We Help**" initiative, aimed at assisting vulnerable groups in maintaining stability by retaining essential assets critical to their livelihood and household business stability, thereby preventing further social issues and the exacerbation of inequality.

Factors or events that may significantly affect financial position or performance in the future (forward-looking)

Thailand's economy faces several risks in the near future that may result in slower-than-expected growth. The global economy is likely to experience slow growth, with China's economy projected to grow by less than 5.0% in 2025 amid escalating geopolitical conflicts. Additionally, uncertainties surrounding a new wave of trade wars under President Donald Trump may result in the United States imposing tariffs of up to 60% on Chinese goods and 10-20% on other countries, including Thailand. These factors could increase downside risks for the global economy, international trade, and Thai exports. There is also financial sector risk if central banks in key countries are unable to reduce interest rates, putting pressure on debt-laden countries and causing currency volatility.

Thailand's economy remains structurally fragile due to high inequality, an uneven recovery in the form of a K-shaped economy, and the large informal economy, which constitutes over 48% of GDP. The country also faces a lack of new economic engines to drive growth, which has resulted in growth below its potential. Moreover, Thailand is transitioning into an aging society, while some SMEs are struggling with competitiveness amidst global shifts, such as the green transition and the adoption of innovations like artificial intelligence. There is also a pressing need for robust cybersecurity risk management and sustainable business practices under ESG principles, requiring entrepreneurs to adapt and banks to monitor these transitions closely.

Given these multifaceted challenges and the inflection points toward a new economic landscape, banks must accelerate adaptation to meet the rapidly changing needs of all stakeholders efficiently and effectively under a rapidly evolving, complex, and volatile environment.

In 2025, Krungthai Bank will focus on driving the organization under the concept of "**Corporate Value Creation: Enhancing Skills, Creating Value for the Future.**" The bank will prioritize developing future skills for employees to effectively leverage new technologies, enhancing the bank's competitiveness. The goal is to address evolving customer needs, deliver superior experiences, and create value across all dimensions. Furthermore, the bank will continue to assist all customer segments, especially vulnerable groups and those whose incomes have not yet recovered, through various support measures aimed at reducing financial burdens and promoting sustainable recovery and adaptation. This includes providing financial services to the unbanked, reducing economic inequality, and addressing the informal economy's issues in Thailand.

Krungthai Bank is confident that the execution of this strategy will be instrumental in achieving the bank's mission and objectives, creating added value for the bank, and delivering optimal returns to stakeholders, all while fostering economic growth and value based on customer trust, leading to stable and sustainable growth in the future.

The Bank and Its Subsidiaries' Performance for the Quarter and the Year Ended December 31, 2024

Overview Operating Income and Net Profit

	Unit : Million Baht							
	4/2024	3/2024	Change	4/2023	Change	2024	2023	Change
			%		%			%
Net interest income	29,613	29,885	(0.9)	30,362	(2.5)	119,115	113,419	5.0
Net fee and service income	5,809	5,619	3.4	5,434	6.9	22,282	20,872	6.8
Other non-interest income	2,972	5,053	(41.2)	3,794	(21.7)	17,705	15,174	16.7
Total operating income	38,394	40,557	(5.3)	39,590	(3.0)	159,102	149,465	6.4
Total other operating expenses	17,417	17,194	1.3	17,745	(1.9)	68,778	62,157	10.7
Pre-provision profit ⁽¹⁾	20,977	23,363	(10.2)	21,845	(4.0)	90,324	87,308	3.5
Expected credit losses	6,725	8,312	(19.1)	13,070	(48.5)	31,069	37,085	(16.2)
Operating profit before income tax expenses	14,252	15,051	(5.3)	8,775	62.4	59,255	50,223	18.0
Income tax expenses	2,805	2,958	(5.2)	1,733	61.9	11,576	9,902	16.9
Net Profit	11,447	12,093	(5.3)	7,042	62.6	47,679	40,321	18.2
Net profit (attributable to equity holders of the Bank)	10,475	11,107	(5.7)	6,111	71.4	43,856	36,616	19.8
ROA (%) ⁽²⁾	1.13	1.20	(0.07)	0.66	0.47	1.18	1.01	0.17
ROE (%) ⁽²⁾	9.55	10.51	(0.96)	6.11	3.44	10.37	9.40	0.97

(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 Y2024, consolidated pre-provision profit was Baht 90,324 million, a 3.5% growth YoY. The Bank remained steadfast in its commitment to sustainable and quality-focused growth with prudent and disciplined operational environment, emphasizing on asset quality, portfolio optimization whilst maintaining high coverage ratio amid economic uncertainties. Loans to customers increased by 4.7% YoY, primarily driven by the expansion in the retail segment, aligned with the Bank's strategic focus, as well as growth in the government segment. Total operating income rose by 6.4% YoY, largely driven by fee income from Wealth Management and Credit Card businesses, as financial products offered by the bank and its subsidiaries, along with risk management and investment products, and trading portfolio management. Through effective comprehensive cost management, the Bank's cost to income ratio stood at 43.2%, despite an increase in operating expenses over the year, mainly owing to strategic investments in IT and digital capabilities, aimed at developing new products and services in preparation for future industry growth and advancements in technology and innovation.

The Bank continued to manage asset quality with prudence and adaptability, maintaining NPL at a well-managed level of THB 95,065 million, a decrease of 4.4% from 2023. NPL ratio was 2.99%, down from 2023 level. The Bank had prudently set aside an appropriate level of expected credit losses, aligning with the asset quality trend. Despite a 16.2% YoY reduction in ECL, the Bank's coverage ratio stood at 188.6%, up from 181.3% as of year end 2023, with a substantial

cushion for economic uncertainties, geopolitical conflicts, and uneven economic growth. As a result, consolidated net profit attributable to equity holders of the Bank was Baht 43,856 million, an increase of 11.3% YoY, excluding expected credit losses for one corporate customer and related companies with possibility of credit deterioration in 4Q2023. (consolidated net profit increased by 19.8% YoY). Additionally, the Bank's performance in the fourth quarter of 2024 reflected the impact of a transaction of one corporate client undergoing a rehabilitation plan, which included a partial debt-to-equity conversion as part of the plan.

For 4Q2024 compared to 4Q2023, consolidated pre-provision profit was Baht 20,977 million, decreased by 4.0% YoY. The Bank remained dedicated to sustainable growth with an emphasis on quality, maintaining a prudent and flexible asset quality management. Loans to customers increased by 4.7% YoY, driven primarily by expansion in the Bank's strategic segment. Enhancements to wealth management services were a key focus to support the growth in fee income. Through effective comprehensive cost management, the Bank reported a cost to income ratio of 45.4%. NPLs amounted to Baht 95,065 million, a well-managed level, reflecting a 4.4% decrease YoY. The NPL ratio stood at 2.99%, lower than at the end of 2023, while the coverage ratio remained robust at 188.6%. As a result, consolidated net profit attributable to equity holders of the Bank was Baht 10,475 million, an increase of 17.5% YoY, excluding expected credit losses for one corporate customer and related companies with possibility of credit deterioration in 4Q2023. (consolidated net profit increased by 71.4% YoY).

Compared to 3Q2024, consolidated pre-provision profit declined 10.2% QoQ, primarily due to a reduction in total other operating income, impacted by interest rate trends and financial instruments measured at fair value through profit or loss, reflecting the market conditions. The Bank remained dedicated to sustainable growth with an emphasis on quality, maintaining a prudent and flexible asset quality management, contributing to a 5.2%QoQ increase in loans. Fee income consistently demonstrated positive growth. The Bank's effective comprehensive cost management resulted in a cost to income ratio of 45.4% whereas maintaining a high Coverage ratio of 188.6%, an increased from 184.1% in the previous quarter. As a result, consolidated net profit attributable to equity holders of the Bank was Baht 10,475 million.

Net Interest Income

Unit : Million Baht

	4/2024	3/2024	Change	4/2023	Change	2024	2023	Change
			%		%			%
Interest income	41,225	41,528	(0.7)	41,741	(1.2)	165,105	152,369	8.4
- Interbank and money market items	3,837	3,918	(2.1)	4,077	(5.9)	14,485	12,185	18.9
- Investments and trading transactions	76	64	18.8	64	18.8	306	190	61.1
- Investment in debt securities	1,967	1,864	5.5	1,406	39.9	7,647	4,637	64.9
- Loans	35,210	35,497	(0.8)	35,970	(2.1)	141,826	134,635	5.3
- Hire purchase and financial lease	42	46	(8.7)	54	(22.2)	182	231	(21.2)
- Others	93	139	(33.1)	170	(45.3)	659	491	34.2
Less Interest expense	11,612	11,643	(0.3)	11,379	2.0	45,990	38,950	18.1
- Deposits	5,892	5,783	1.9	5,029	17.2	22,028	15,393	43.1
- Interbank and money market items	894	989	(9.6)	1,203	(25.7)	4,358	4,049	7.6
- Contributions to BOT and DPA	3,246	3,129	3.7	3,138	3.4	12,500	12,409	0.7
- Debts issued	1,426	1,571	(9.2)	1,858	(23.3)	6,484	6,502	(0.3)
- Others	154	171	(9.9)	151	2.0	620	597	3.9
Net interest income	29,613	29,885	(0.9)	30,362	(2.5)	119,115	113,419	5.0
Earning Asset Yield (%)⁽¹⁾	4.56	4.65	(0.09)	4.69	(0.13)	4.56	4.32	0.24
Cost of Fund (%)⁽¹⁾	1.50	1.52	(0.02)	1.48	0.02	1.48	1.27	0.21
Net interest margin	3.28	3.35	(0.07)	3.41	(0.13)	3.29	3.22	0.07
[based on earning assets] (%)⁽¹⁾								

(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 Y2024, consolidated net interest income amounted to Baht 119,115 million, increased by 5.0% YoY, driven by portfolio optimization with focus on quality. Loan growth continued, driven predominantly by the Bank's strategic emphasis on the retail segment as well as the expansion of government loans with a well-balanced risk-return portfolio optimization amid economic uncertainties in addition to the interest rates trend. NIM registered at 3.29%, compared to 3.22% in Y2023.

For 4Q2024 compared to 4Q2023, consolidated net interest income was Baht 29,613 million, a slight decrease YoY, primarily due to portfolio optimization with a focus on quality especially in an uncertain economic environment.

Compared to 3Q2024, consolidated net interest income slightly decreased QoQ reflecting the Bank's portfolio optimization with a focus on quality. Loan growth continued in the Bank's strategic retail segment, while government loan expansion was supported by its justified risk-return portfolio optimization in addition to effective liquidity management.

Change of interest rate

	16 Oct 2024	27 Sep 2023	2 Aug 2023	31 May 2023	29 Mar 2023	25 Jan 2023
Policy Interest Rate (%)	2.25%	2.50%	2.25%	2.00%	1.75%	1.50%
Krungthai Interest Rate (%)	1 Nov 2024	5 Oct 2023	6 Jun 2023	13 Apr 2023	1 Feb 2023	3 Jan 2023
Deposit Rate (%) ⁽¹⁾						
- Savings Rate	0.300%	0.300%	0.300%	0.250%	0.250%	0.250%
- 3 Months Fixed Rate	1.170%	1.170%	0.920%	0.820%	0.770%	0.620%
- 6 Months Fixed Rate	1.250%	1.250%	1.050%	0.950%	0.850%	0.700%
- 12 Months Fixed Rate	1.700%	1.700%	1.450%	1.350%	1.150%	1.000%
Loan Rate (%)						
- MLR	6.925%	7.050%	6.800%	6.600%	6.350%	6.150%
- MOR	7.270%	7.520%	7.270%	7.070%	6.870%	6.720%
- MRR	7.445%	7.570%	7.320%	7.120%	6.870%	6.770%

(1) Standard deposit rate for individuals.

In 2023, the Monetary Policy Committee (MPC) anticipated a sustained recovery of the Thai economy, leading to incremental increases in the policy rate on January 25, March 29, May 31, August 2, and September 27, ultimately reaching 2.50%. The bank conducted a thorough evaluation of market conditions and made measured adjustments to its deposit and loan interest rates to reflect prevailing market trends, thereby fostering economic stability. Such interest rate remained constant until the last quarter of 2024. On 16th October 2024, the Monetary Policy Committee decided to reduce the policy rate by 0.25% to 2.25%, aiming to support the economy and ease the debt burden. In response, the Bank adjusted its lending rates, lowering the MLR, MOR, and MRR to 6.925%, 7.270%, and 7.445% per annum, respectively. These changes will take effect from 1st November 2024, with the intention of alleviating the financial pressure on its customers.

Net Fee and Service Income

Unit : Million Baht

	4/2024	3/2024	Change	4/2023	Change	2024	2023	Change
			%		%			%
Fee and service income	8,046	7,728	4.1	7,368	9.2	30,914	28,671	7.8
Less Fee and service expense	2,237	2,109	6.1	1,934	15.7	8,632	7,799	10.7
Net fee and service income	5,809	5,619	3.4	5,434	6.9	22,282	20,872	6.8

In Y2024, consolidated net fee and service income was Baht 22,282 million, increased by 6.8% YoY. This growth was driven by the Bank's emphasis on wealth management, leading to a sustained increase in fee income from mutual funds and bancassurance, as well as credit card-related services driven by the bank and its subsidiaries' financial products offerings, and risk management and investment products.

For 4Q2024 compared to 4Q2023, consolidated net fee and service income amounted to Baht 5,809 million, representing an increase of 6.9% YoY. This growth was primarily attributed to higher credit card fees and the Bank's strategic focus on wealth management, which enhanced mutual fund and bancassurance fee income.

Compared to 3Q2024, consolidated net fee and service income rose by 3.4% QoQ from credit card related fee income and the Bank's strategic focus on wealth management, resulting in a continuing expansion of fee income from bancassurance.

Total Other Operating Income

Unit : Million Baht

	4/2024	3/2024	Change	4/2023	Change	2024	2023	Change
			%		%			%
Gains (loss) on financial instruments measured at fair value through profit or loss	(307)	1,821	(116.8)	1,145	(126.8)	4,703	5,178	(9.2)
Gain (loss) on investments, net	273	377	(27.6)	(4)	(6792.1)	891	195	356.6
Share of profit (loss) from investments for using equity method	273	356	(23.3)	261	4.3	1,500	1,353	10.9
Dividend income	41	70	(40.8)	34	21.3	384	320	20.3
Other income	2,692	2,429	10.8	2,358	14.1	10,227	8,128	25.8
Total other operating income	2,972	5,053	(41.2)	3,794	(21.7)	17,705	15,174	16.7

In Y2024, consolidated total other operating income was Baht 17,705 million, an increase of 16.7% YoY, mainly due to other income from bad debt recovery and share of profit from investments for using equity method from insurance business, risk mitigation and investment products, and trading portfolio management.

For 4Q2024 compared to 4Q2023, consolidated total other operating income was Baht 2,972 million, down 21.7% YoY due to market-driven fluctuations in financial instruments measured at fair value through profit or loss, reflecting the market condition. This was partially offset by growth in other income, mainly from bad debt recovery.

Compared to 3Q2024, consolidated total other operating income decreased by 41.2% YoY, primarily due to market-driven fluctuations in financial instruments measured at fair value through profit or loss, reflecting the market condition. This was partially offset by growth in other income, mainly from bad debt recovery.

Other Operating Expenses

	4/2024	3/2024	Change	4/2023	Change	2024	2023	Change
			%		%			%
Employees' expenses	6,806	7,011	(2.9)	6,446	5.6	27,061	25,766	5.0
Premises and equipment expenses	3,027	2,919	3.7	2,725	11.1	10,881	10,289	5.8
Taxes and duties	1,330	1,336	(0.4)	1,345	(1.1)	5,349	5,080	5.3
Impairment loss of properties for sale	380	(37)	1138.2	2,395	(84.1)	5,745	4,549	26.3
Others ⁽¹⁾	5,874	5,965	(1.5)	4,834	21.5	19,742	16,473	19.8
Total other operating expenses	17,417	17,194	1.3	17,745	(1.9)	68,778	62,157	10.7
Cost to income ratio (%)	45.4	42.4	3.0	44.8	0.6	43.2	41.6	1.6

(1) Including Directors' remuneration

In Y2024, consolidated other operating expenses were Baht 68,778 million, an increase of 10.7% YoY, due to investments in IT and digital capabilities aimed at developing new products and services for future industry growth and technological advancements. Additionally, in 2024, the Bank set aside appropriate level impairment for properties for sale based on their potentials from our prudent asset quality management. With continuing effective cost management, the Bank yielded a cost to income ratio of 43.2%. Excluding special items in 2024, this ratio would be slightly lower than the previous year's level.

For 4Q2024 compared to 4Q2023, the Bank's effective comprehensive cost management resulted in a 1.9% YoY decrease in other operating expenses. This was primarily due to the normalization of impairment losses on properties for sale, based on asset potential. Meanwhile, the Bank continued its focus on IT and digital investments to develop new products and services in preparation for future industry growth and advancements in technology and innovation. As a result, the cost to income ratio stood at 45.4%.

Compared to 3Q2024, the Bank's effective comprehensive cost management led to a 1.3% QoQ increase in other operating expenses, primarily due to the normalization of impairment losses on properties for sale, based on asset potential. Hence cost to income ratio registered at 45.4%.

Expected credit losses

	4/2024	3/2024	Change %	4/2023	Change %	2024	2023	Change %
Expected credit losses ⁽¹⁾	6,725	8,312	(19.1)	13,070	(48.5)	31,069	37,085	(16.2)

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 Y2024, the Bank and its subsidiaries prudently set aside expected credit losses at an appropriate level, reflecting asset quality trends, amounting to Baht 31,069 million, a 16.2% decrease YoY. Coverage ratio remained robust at 188.6%, increased from 181.3% as of December 31, 2023, proving a solid cushion for economic uncertainties, geopolitical conflicts, and uneven economic growth.

For 4Q2024 compared to 4Q2023, consolidated expected credit losses decreased by 48.5% YoY, with a prudent consideration of various factors related to business environment. The coverage ratio remained high at 188.6%, a solid buffer against future economic uncertainties.

Compared to 3Q2024, consolidated expected credit losses were prudently set aside at Baht 6,725 million, a 19.1% decrease QoQ. The Bank continues to manage asset quality with caution, maintaining an appropriate level of provisions whilst maintaining high coverage ratio.

The Bank and Its Subsidiaries' Financial Status as at December 31, 2024

Financial Assets and Investments, Net

The Bank's consolidated financial assets measured at fair value through profit or loss and net investment were Baht 402,427 million as at December 31, 2024, compared to Baht 289,654 million as at December 31, 2023. Financial assets measured at fair value through profit or loss and net investments comprised of government and SOE securities 71%, private enterprise and foreign debt securities 18% and unit trust and marketable equity securities 11%.

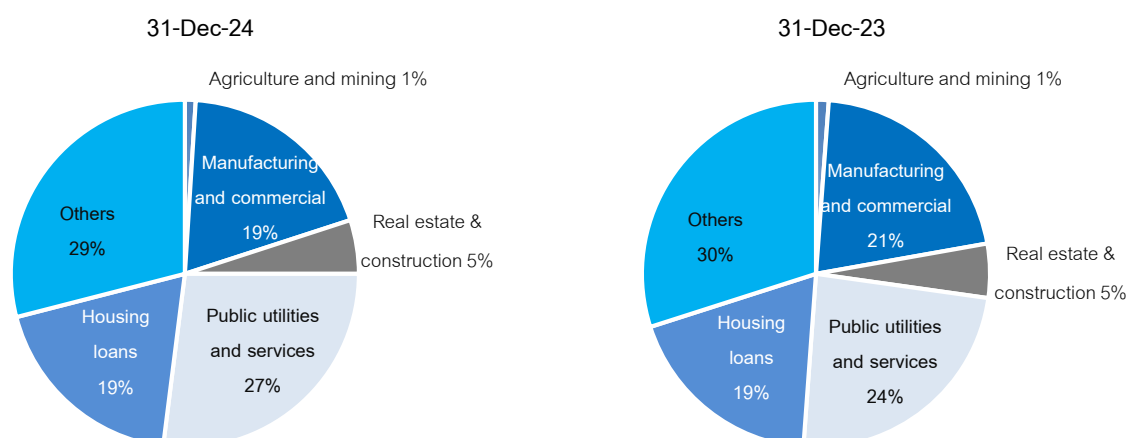
Classifications of financial assets and investments, net

Unit : Million Baht

Consolidated Financial Statements	31 Dec 2024	30 Sep 2024	Change	31 Dec 2023	Change
			%		%
Financial assets measured at fair value through profit or loss	51,342	28,415	80.7	25,946	97.9
Investment, net	351,085	283,627	23.8	263,708	33.1
- Investment in debt securities measured at amortized cost	1,347	1,050	28.3	1,218	10.6
- Investment in debt securities designated to be measured at fair value through other comprehensive income	334,363	266,662	25.4	246,760	35.5
- Investment in equity securities designated to be measured at fair value through other comprehensive income	15,375	15,915	(3.4)	15,730	(2.3)
Total financial assets and investments, net	402,427	312,042	29.0	289,654	38.9

Loans to Customers

Loan breakdown by type of business



The Bank's consolidated loans to customers totaled Baht 2,698,611 million, a 4.7% growth YoY. The Bank focused on portfolio optimization with an emphasis on quality. Loan growth continued, particularly in the Bank's strategic retail segment in addition to an expansion in government loans for risk-return portfolio optimization and effective liquidity management .

Unit : Million Baht

Consolidated Financial Statements	31 Dec 2024		30 Sep 2024		Change		31 Dec 2023		Change	
	Amount	%	Amount	%	%	Amount	%	%		
Loans to customers	2,698,992		2,565,236		5.2	2,577,131		4.7		
<u>Less</u> Deferred revenue	381		471		(19.3)	615		(38.1)		
<u>Add</u> Accrued interest receivables	24,343		22,099		10.2	22,902		6.3		
<u>Less</u> Allowance for expected credit losses	173,879		175,673		(1.0)	173,323		0.3		
Loans to customers and accrued interest receivables, net	2,549,075		2,411,191		5.7	2,426,095		5.1		

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

Unit : Million Baht

Consolidated Financial Statement	31 Dec 2024		30 Sep 2024		Change		31 Dec 2023		Change	
	Amount	(%)	Amount	(%)	%	Amount	(%)	%		
Private Corporate	694,702	25.7	690,378	26.9	0.6	739,942	28.7	(6.1)		
Government and State Enterprise	525,666	19.5	419,166	16.3	25.4	377,865	14.7	39.1		
SMEs	272,179	10.1	268,117	10.5	1.5	291,514	11.3	(6.6)		
Retail	1,206,009	44.7	1,187,173	46.3	1.6	1,167,508	45.3	3.3		
- Housing	508,246	18.8	498,517	19.4	2.0	484,590	18.8	4.9		
- Personal	621,686	23.1	617,183	24.1	0.7	605,071	23.5	2.7		
- Credit card	73,650	2.7	68,812	2.7	7.0	74,132	2.9	(0.6)		
- Leasing	2,427	0.1	2,661	0.1	(8.8)	3,715	0.1	(34.7)		
Others	436	0.0	402	0.0	8.5	302	0.0	44.7		
Total loans (per F/S)	2,698,992	100.0	2,565,236	100.0	5.2	2,577,131	100.0	4.7		

Asset Quality

Loan classification and expected credit loss

Consolidated Financial Statement	Unit : Million Baht		
	31 Dec 2024	30 Sep 2024	31 Dec 2023
NPL ⁽¹⁾	95,065	98,301	99,407
NPL Ratio	2.99%	3.14%	3.08%
Allowance for Expected Credit Losses (total) ⁽²⁾	179,275	180,965	180,197
Coverage Ratio ⁽³⁾	188.6%	184.1%	181.3%

(1) NPL 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 / NPL

Consolidated Financial Statement	Unit : Million Baht					
	31 Dec 2024		30 Sep 2024		31 Dec 2023	
	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⁾
Loan Classification						
Performing	2,431,774	44,330	2,290,319	44,813	2,295,515	47,237
Under - performing	194,468	58,431	196,429	61,727	201,919	56,906
Non - performing	94,600	70,492	97,832	68,514	98,795	68,348
Lifetime ECL - simplified approach ⁽³⁾	2,112	626	2,284	619	3,189	832
Total	2,722,954	173,879	2,586,864	175,673	2,599,418	173,323

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

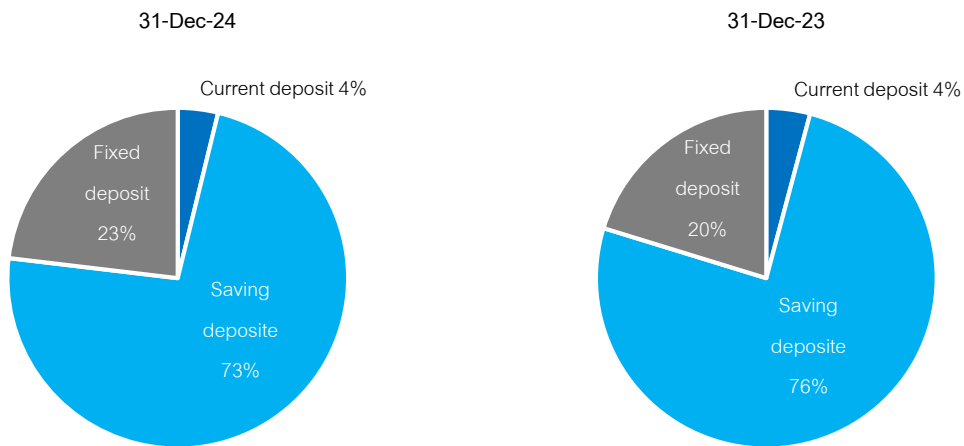
(2) Allowance for expected credit losses for loans to customers (including loss from criteria change) per financial statements

(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 and its subsidiaries have effectively and prudently managed asset quality with flexibility. As of December 31, 2024, NPL was at a well-managed level of THB 95,065 million, a 4.4% decrease YoY. NPL ratio improved to 2.99%, from 3.08% at year-end 2023. The Bank has appropriately set aside expected credit losses to maintain a high coverage ratio, ensuring resilience for all economic situation, with a coverage ratio of 188.6%, increased from 181.3% as of December 31, 2023.

Deposits

Deposits breakdown by types



The Bank's consolidated deposits was Baht 2,731,344 million, increased by 3.2% YTD. The proportion of current and savings deposits to total deposits (CASA) remained high at 77%.

The Bank's consolidated loans to customers (less deferred revenue) to deposits ratio (L/D ratio) was 98.80%, increased from 97.34% as of December 31, 2023.

Sources and Uses of Funds

Unit : Million Baht

	31 Dec 2024		30 Sep 2024		Change %	31 Dec 2023		Chang %
	Amount	(%)	Amount	(%)		Amount	(%)	
Net Interbank and money market items (asset)	534,775	14.3	641,583	17.5	(16.6)	701,161	19.1	(23.7)
Financial assets measured at fair value through profit or loss	51,342	1.3	28,415	0.8	80.7	25,946	0.7	97.9
Net investments and net investments in associates	370,951	9.9	300,272	8.2	23.5	277,241	7.5	33.8
Loans to customers (less deferred revenue)	2,698,611	72.1	2,564,765	70.1	5.2	2,576,516	70.1	4.7
Less Allowance for expected credit losses	173,879	4.6	175,673	4.8	(1.0)	173,323	4.7	(0.3)
Other assets	262,384	7.0	301,289	8.2	(12.9)	270,144	7.3	(2.9)
Total Asset	3,744,184	100.0	3,660,651	100.0	2.3	3,677,685	100.0	1.8
Deposits	2,731,344	73.0	2,644,389	72.2	3.3	2,646,872	72.0	3.2
Net Interbank and money market items (liabilities)	255,872	6.8	244,280	6.7	4.7	282,696	7.7	(9.5)
Debt issued and borrowings	132,464	3.5	135,822	3.7	(2.5)	160,839	4.4	(17.6)
Other liabilities	160,117	4.3	187,674	5.1	(14.7)	166,431	4.5	(3.8)
Total equity	464,387	12.4	448,486	12.3	3.5	420,847	11.4	10.3
- Equity holders of the Bank	443,838	11.9	428,891	11.7	3.5	402,377	10.9	10.3
- Non-controlling interest	20,549	0.5	19,595	0.6	4.9	18,470	0.5	11.3
Total liabilities and equity	3,744,184	100.0	3,660,651	100.0	2.3	3,677,685	100.0	1.8
Loans to customers (less deferred revenue)- to-deposits ratio (%)	98.80		96.99		1.81	97.34		1.46

As at December 31, 2024, the Bank's consolidated major source of funds was 73.0% from deposits; with the remaining funds derived from equity, interbank borrowings, and debt issued and borrowings. In July 2024, the Bank redeemed subordinated note, qualifying as Tier 2 capital, amounting to Baht 24,000 million, prior to its maturity date. The Bank's consolidated use of funds comprised of 72.1% in loans to customers (less deferred revenue), 14.3% in net interbank and money market items, and 9.9% in net investments and net investments in associates.

Equity

The total equity (equity holders of the Bank) as at December 31, 2024 was Baht 443,838 million, increased 10.3% from December 31, 2023.

Book value per share (equity holders of the Bank) was Baht 31.74 per share, increased from Baht 28.78 per share at December 31, 2023.

Statutory Capital Fund

Statutory Capital Fund (Bank and the Financial Business Group)

Unit : Million Baht

Bank and the Financial Business Group ⁽¹⁾	31 Dec 2024 ⁽³⁾		30 Sep 2024 ⁽³⁾		31 Dec 2023		The minimum rate required % ⁽²⁾
	Amount	%	Amount	%	Amount	%	
Common Equity Tier 1 capital	387,968	18.49	381,943	18.26	355,261	16.67	>8.000
Tier 1 capital	408,089	19.45	402,077	19.22	375,419	17.62	>9.500
Tier 2 capital	41,269		41,266		66,001		
Total capital fund	449,358	21.42	443,343	21.19	441,420	20.71	>12.000
Risk-weighted assets	2,097,972		2,092,091		2,131,200		

(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 Dec 2024 ⁽²⁾		30 Sep 2024 ⁽²⁾		31 Dec 2023		The minimum rate required (%) ⁽¹⁾
	Amount	(%)	Amount	(%)	Amount	(%)	
Common Equity Tier 1 capital	359,352	17.89	357,605	18.01	336,907	16.54	>8.000
Tier 1 capital	377,999	18.82	376,252	18.95	355,554	17.45	>9.500
Tier 2 capital	40,317		40,071		64,960		
Total capital fund	418,316	20.83	416,323	20.97	420,514	20.64	>12.000
Risk-weighted assets	2,008,361		1,985,076		2,037,273		

(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, Krungthai was named as the one-sixth of the Domestic Systemically Important Banks (D-SIBs) requiring to hold all capital ratios to absorb higher loss absorbency of additional 1% of risk-weight assets from January 1, 2020 onwards (reference to the BOT Notification Sor.Nor.Sor. 16/2560 and 17/2560)

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

As at December 31, 2024, the Bank and the Financial Business Group's Common Equity Tier 1 was Baht 387,968 million (18.49% of its RWA) and Tier 1 capital was Baht 408,089 million (19.45% of its RWA). Total capital was Baht 449,358 million (21.42% of its RWA).

As at December 31, 2024, the Bank's Common Equity Tier 1 was Baht 359,352 million, Tier 1 capital was Baht 377,999 million and Total capital was Baht 418,316 million, representing 17.89%, 18.82% and 20.83% of its RWA. In July 2024, the Bank redeemed a subordinated note, qualifying as Tier 2 capital, in the amount of Baht 24,000 million, prior to its maturity date. Despite this redemption, the total capital ratio remained resilient.

The Bank maintains healthy capital ratios that exceed the BOT's requirements. Moreover, the Bank regularly reassesses its capital level to ensure alignment with the BOT's regulatory requirements.

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 2024	Sep 2024	Dec 2023
- Long-term/ Short-term	BBB- / A-3	BBB- / A-3	BBB- / A-3
- Outlook	Positive	Positive	Positive
- Stand-Alone Credit Profile (SACP)	bb	bb	bb
Moody's Investors Service	Dec 2024	Sep 2024	Dec 2023
- 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 2024	Sep 2024	Dec 2023
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)

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.