



**Krungthai**  
**กรุงไทย**

## Management Discussion and Analysis

For the Year ended December 31, 2024

(unaudited)

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

## Economic Overview

In 2024, Thailand's economy grew faster than 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, the Thai economy continued to grow, 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. This contributed to a 17% increase in new housing loans. 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's Tier 1 capital ratio stood at 18.82% of its RWA. Total capital ratio was 20.83% 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.

The year 2025 is anticipated to present significant challenges for the business sector. According to Krungthai Compass Research Center, Thailand's economic growth is projected to be 2.7%, which remains below its potential due to persistent structural issues, such as a substantial informal economy, high levels of household debt, inequality, and the transition towards an aging society. Furthermore, Thailand is confronted with external challenges, including a new wave trade conflicts arising from policies under the new U.S. administration, increasing competition from Chinese products, and an oversupply of Chinese goods leading to intense price competition. Additionally, increasingly stricter environmental regulations are being implemented. These factors are expected to culminate in a critical inflection point, necessitating urgent and comprehensive adjustments across multiple dimensions to ensure continued economic stability and competitiveness. In 2025, the Bank is dedicated to operating under the concept of "**Corporate Value Creation: Enhancing Skills, Creating Value for the Future**". It aims to develop future skills among its employees, deliver exceptional experiences, and enhance value for customers in all aspects. This will foster economic growth and build on the foundation of 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 <sup>(1)</sup>                        | 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<br>(attributable to equity holders of the Bank) | 10,475              | 11,107 | (5.7)  | 6,111  | 71.4   | 43,856  | 36,616  | 19.8   |
| ROA (%) <sup>(2)</sup>                                     | 1.13                | 1.20   | (0.07) | 0.66   | 0.47   | 1.18    | 1.01    | 0.17   |
| ROE (%) <sup>(2)</sup>                                     | 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      |
|--|---------------|---------------|---------------|---------------|---------------|----------------|----------------|-------------|
|  |               |               | %             |               | %             |                |                | %           |
| <b>Interest income</b>                             | <b>41,225</b> | <b>41,528</b> | <b>(0.7)</b>  | <b>41,741</b> | <b>(1.2)</b>  | <b>165,105</b> | <b>152,369</b> | <b>8.4</b>  |
| - 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        |
| <b>Less Interest expense</b>                       | <b>11,612</b> | <b>11,643</b> | <b>(0.3)</b>  | <b>11,379</b> | <b>2.0</b>    | <b>45,990</b>  | <b>38,950</b>  | <b>18.1</b> |
| - 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         |
| <b>Net interest income</b>                         | <b>29,613</b> | <b>29,885</b> | <b>(0.9)</b>  | <b>30,362</b> | <b>(2.5)</b>  | <b>119,115</b> | <b>113,419</b> | <b>5.0</b>  |
| <b>Earning Asset Yield (%)<sup>(1)</sup></b>       | <b>4.56</b>   | <b>4.65</b>   | <b>(0.09)</b> | <b>4.69</b>   | <b>(0.13)</b> | <b>4.56</b>    | <b>4.32</b>    | <b>0.24</b> |
| <b>Cost of Fund (%)<sup>(1)</sup></b>              | <b>1.50</b>   | <b>1.52</b>   | <b>(0.02)</b> | <b>1.48</b>   | <b>0.02</b>   | <b>1.48</b>    | <b>1.27</b>    | <b>0.21</b> |
| <b>Net interest margin</b>                         | <b>3.28</b>   | <b>3.35</b>   | <b>(0.07)</b> | <b>3.41</b>   | <b>(0.13)</b> | <b>3.29</b>    | <b>3.22</b>    | <b>0.07</b> |
| <b>[based on earning assets] (%)<sup>(1)</sup></b> |               |               |               |               |               |                |                |             |

(1) Earning assets include financial assets measured at fair value through profit or loss; Interest bearing debts include financial liabilities measured at fair value through profit or loss.

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 (%) <sup>(1)</sup> |             |             |            |             |             |             |
| - 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       |
| <b>Net fee and service income</b> | <b>5,809</b> | <b>5,619</b> | <b>3.4</b> | <b>5,434</b> | <b>6.9</b> | <b>22,282</b> | <b>20,872</b> | <b>6.8</b> |

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 the fourth quarter of 2024 compared to the fourth quarter of 2023, 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        |
| <b>Total other operating income</b>   | <b>2,972</b> | <b>5,053</b> | <b>(41.2)</b> | <b>3,794</b> | <b>(21.7)</b> | <b>17,705</b> | <b>15,174</b> | <b>16.7</b> |

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

|  | Unit : Million Baht |               |             |               |              |               |               |             |
|--|---------------------|---------------|-------------|---------------|--------------|---------------|---------------|-------------|
|  | 4/2024              | 3/2024        | Change<br>% | 4/2023        | Change<br>%  | 2024          | 2023          | Change<br>% |
| 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 <sup>(1)</sup>                  | 5,874               | 5,965         | (1.5)       | 4,834         | 21.5         | 19,742        | 16,473        | 19.8        |
| <b>Total other operating expenses</b>  | <b>17,417</b>       | <b>17,194</b> | <b>1.3</b>  | <b>17,745</b> | <b>(1.9)</b> | <b>68,778</b> | <b>62,157</b> | <b>10.7</b> |
| 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<br>% | 4/2023 | Change<br>% | 2024   | 2023   | Change<br>% |
|---------------------------------------|--------|--------|-------------|--------|-------------|--------|--------|-------------|
| Expected credit losses <sup>(1)</sup> | 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

### Loans to Customers

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

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

Unit : Million Baht

| Consolidated Financial Statement | 31 Dec 2024      |              | 30 Sep 2024      |              | Change<br>% | 31 Dec 2023      |              | Change<br>% |
|----------------------------------|------------------|--------------|------------------|--------------|-------------|------------------|--------------|-------------|
|                                  | 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        |
| <b>Total loans (per F/S)</b>     | <b>2,698,992</b> | <b>100.0</b> | <b>2,565,236</b> | <b>100.0</b> | <b>5.2</b>  | <b>2,577,131</b> | <b>100.0</b> | <b>4.7</b>  |

## Asset Quality

### Loan classification and expected credit loss

| Consolidated Financial Statement                            | Unit : Million Baht |             |             |
|---|---------------------|-------------|-------------|
|   | 31 Dec 2024         | 30 Sep 2024 | 31 Dec 2023 |
| NPL <sup>(1)</sup>  | 95,065              | 98,301      | 99,407      |
| NPL Ratio   | 2.99%               | 3.14%       | 3.08%       |
| Allowance for Expected Credit Losses (total) <sup>(2)</sup> | 179,275             | 180,965     | 180,197     |
| Coverage Ratio <sup>(3)</sup>                               | 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<br>Accrued Interest<br>Receivables <sup>(1)</sup> | Allowance for<br>Expected<br>Credit Losses <sup>(2)</sup> | Loans and<br>Accrued Interest<br>Receivables <sup>(1)</sup> | Allowance for<br>Expected<br>Credit Losses <sup>(2)</sup> | Loans and<br>Accrued Interest<br>Receivables <sup>(1)</sup> | Allowance for<br>Expected<br>Credit Losses <sup>(2)</sup> |
| <b>Loan Classification</b>                           |   |   |   |   |   |   |
| 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<br>approach <sup>(3)</sup> | 2,112   | 626   | 2,284   | 619   | 3,189   | 832   |
| <b>Total</b>   | <b>2,722,954</b>  | <b>173,879</b>  | <b>2,586,864</b>  | <b>175,673</b>  | <b>2,599,418</b>  | <b>173,323</b>  |

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

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

(3) Lifetime ECL – simplified approach is the approach of the Bank's subsidiary to recognize the allowance for expected credit losses on lifetime of finance lease receivables

The Bank 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

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<br>% | 31 Dec 2023      |              | Chang<br>%  |
|--|------------------|--------------|------------------|--------------|-------------|------------------|--------------|-------------|
|  | Amount           | (%)          | Amount           | (%)          |             | Amount           | (%)          |             |
| Net Interbank and money market items<br>(asset)                              | 534,775          | 14.3         | 641,583          | 17.5         | (16.6)      | 701,161          | 19.1         | (23.7)      |
| Financial assets measured at fair value<br>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<br>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         |
| <b>Less</b> 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)       |
| <b>Total Asset</b>   | <b>3,744,184</b> | <b>100.0</b> | <b>3,660,651</b> | <b>100.0</b> | <b>2.3</b>  | <b>3,677,685</b> | <b>100.0</b> | <b>1.8</b>  |
| 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<br>(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        |
| <b>Total liabilities and equity</b>  | <b>3,744,184</b> | <b>100.0</b> | <b>3,660,651</b> | <b>100.0</b> | <b>2.3</b>  | <b>3,677,685</b> | <b>100.0</b> | <b>1.8</b>  |
| <b>Loans to customers (less deferred revenue)-<br/>to-deposits ratio (%)</b> | <b>98.80</b>     |              | <b>96.99</b>     |              | <b>1.81</b> | <b>97.34</b>     |              | <b>1.46</b> |

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 (The Bank's Financial Statements)

Unit : Million Baht

| The Bank's Financial Statements | 31 Dec 2024 <sup>(2)</sup> |              | 30 Sep 2024 <sup>(2)</sup> |              | 31 Dec 2023    |              | The minimum rate required (%) <sup>(1)</sup> |
|---------------------------------|----------------------------|--------------|----------------------------|--------------|----------------|--------------|--|
|                                 | 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         |              |  |
| <b>Total capital fund</b>       | <b>418,316</b>             | <b>20.83</b> | <b>416,323</b>             | <b>20.97</b> | <b>420,514</b> | <b>20.64</b> | <b>&gt;12.000</b>                            |
| 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'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.