



Krungthai
กรุงไทย

Management Discussion and Analysis

For the Quarter ended June 30, 2024

(audited)

This report discusses the principal changes in the audited consolidated financial statement for the quarter ended June 30, 2024.

Economic Overview

In 2024, the Thai economy is expected to continue on expansionary path, albeit remaining under its potential growth. The improving trajectory would be bolstered by the robust recovery of the tourism sector. This improvement was attributed to the implementation of visa-free measures, particularly encouraging a stronger-than-anticipated rebound of Chinese travelers. The number of foreign tourists in 2024 is projected to reach around 36-37 million. The momentum for improvements in tourism-related sectors, associated with the gradual recovery of economic activities, has boosted employment, particularly in the service sectors. In addition, the Thai economy receives additional support from government policies, including measures to invigorate economic growth and alleviate financial burdens, together with the possibility of more stimulus to support consumer purchasing power going forward. For the overall manufacturing sector and exports, they currently encounter significant challenges from rising foreign competitors' market penetration. Moreover, the Thai economy is contending with the strain of elevated household debt while adjusting to the Responsible Lending measures that came into effect since January 2024. The domestic demand is slowing, mainly from subdued spending for vehicles and real estate. Apart from these, Thai business sectors are under pressure from wage increases, heightened logistics costs, tightening financial conditions, along with structural problems that impede competitiveness. Furthermore, numerous challenges across various aspects, including the Ukrainian war, the Israel-Iran conflict, the potentially escalating trade war, financial volatility from fed's monetary policy pivot, and negative impacts from climate change, need to be monitored. Some fragile and vulnerable SMEs who lack adaptive capability are struggling with a slow recovery. The uneven growth implies that Thailand's economy has not fully recovered and remains a "K-shaped economy". Overall, the latest assessment from the BOT in June 2024 views that the Thai economy is expected to experience a limited growth by 2.6% in 2024, up from 1.9% in the previous year. Meanwhile, headline inflation rate is forecasted at 0.6%, lower than 1.2% seen last year.

The Bank and Its Subsidiaries' Overview Performance

The Bank and Its Subsidiaries' Performance for 2Q2024

In 2024, the Thai economy is expected to continue on expansionary path, albeit remaining below its potential with an uneven growth in a "K-shaped economy". Such expansion is driven by robust recovery of a tourism sector, an additional support from government policies including measures to invigorate economic growth and to alleviate financial burdens, together with a stimulus to support consumer purchasing power going forward. The recovery of exports is likely to be more modest due to worsening geopolitical conflicts, escalating trade war and negative impacts from climate change. Moreover, Thai economy is contending with strain of elevated household debt. Some vulnerable SMEs and small entrepreneurs who lack adaptive capability are struggling with slow recovery in addition to structural problems that impede competitiveness.

The Bank prudently and thoroughly operates its business, continuing to uphold prudent and flexible asset quality management, maintaining high coverage ratio for economic uncertainties. The Bank operates its business in accordance with our strategy towards resilience and sustainable growth and support country economic growth. The Bank focuses on providing assistance to all groups of customers especially vulnerable groups with high indebtedness through a development of catered financial assistant measures for each customer group in accordance with Responsible Lending along with our aspiration to meet our financial targets in all aspects including asset quality together, portfolio optimization with a justified risk adjusted return.

For 2Q2024 compared to 1Q2024, the Bank focuses our operations on a sustainable growth and continues to emphasize on prudent and flexible asset quality management with a close monitoring of our asset quality whilst maintaining high level of coverage ratio of 181%. The Bank set aside an appropriate level of expected credit loss for any economic uncertainties and continue to focus on portfolio optimization with a justified risk adjusted return. The consolidated net profit attributable to equity holders of the Bank was Baht 11,195 million, relative stable QoQ. Total operating income slightly softened. Loans to customers was relatively stable to end of 2023 though the reduction QoQ from the repayment of corporate and government segments. Operating expenses reduced 7.3%. With the Bank's effective comprehensive operating cost management, cost to income ratio stood at 41.7%. NPLs was Baht 98,701 million, decreased from December 31, 2023 with NPL Ratio of 3.12%.

The Bank and Its Subsidiaries' Performance for 1H2024

In 1H2024, the Bank emphasizes on the prudent and flexible asset quality management whilst maintaining the high level of coverage ratio for any economic uncertainties and setting aside an appropriate level of expected credit loss at relative stable level to the same period of previous year. Consolidated net profit attributable to equity holders of the Bank was Baht 22,274 million, an increase of 10.1% YoY. Total operating income uplift by 12.9% YoY from portfolio optimization with a justified risk adjusted return coupled with upward interest rate in addition to the increase in fee income and other non-interest income. With the Bank's effective comprehensive operating cost management, cost to income ratio registered at 42.6%. Operating expenses increased YoY, mainly owing to a prudent management for properties for sale with appropriate level of impairment losses provided in accordance to its asset potential. Additionally, the bank has the priority in IT and digital investment for products and services to enhance customers' experience for all group of customers and to prepare build capability readiness as a preparation for future industry growth together with technology and innovation advancement.

As at June 30, 2024, the Bank and the Financial Business Group's Tier 1 capital ratio stood at 17.63% of its RWA. Total capital ratio was 20.72% of its RWA, maintaining at a strong level as compared to BOT's requirement. Additionally, the Bank maintains our ample level of liquidity position by means of Liquidity Coverage ratio (LCR) at a consistent level, higher than the BOT's requirement.

The Bank commits to support all customer groups for financial health and better quality of life and support government policy on providing an assistance to the fragile and vulnerable SMEs through the lending rate cut including MRR, MLR and MOR of 0.25% p.a. for six months, effective from 16th May – 15th November 2024 to alleviate customers' debt payment burden of more than 600,000 accounts, contribute to loan limits of more than Baht 200,000 million. Additionally, the Bank enhanced the financial assistance through “**Consolidated loan for civil servant**” debt program assisting the civil servant with high indebtedness. This program intends to relieve the civil servant's debt burden and improve the living standard as appropriated together with providing financial literacy for their sustainable financial health on borrowing as needs and suit to the payment ability in accordance with Responsible Lending.

The Bank continuously operates according to “**Reshaping Client Value Proposition**”, focuses on our innovative development with our modern product and services development on digital platforms with easily accessible, convenient, equality and response to ESG focused business especially on environmental services such as Green Deposits compliance with international standards for green financing principles and cash management services-linked to ESG target to drive the better society and environment aspects along with delivering our sustainable growth. On 12th July 2024, Fitch Ratings has affirmed Krungthai's Long-Term Default Rating (IDR) at 'BBB+' and National Long-Term Rating at 'AAA(tha)' with the positive outlook on improving asset quality and resilient capital position.

The Bank and Its Subsidiaries' Performance for the Quarter and First Half Ended June 30, 2024

Overview Operating Income and Net Profit

	Unit : Million Baht							
	2/2024	1/2024	Change	2/2023	Change	1H2024	1H2023	Change
			%		%			%
Net interest income	30,055	29,561	1.7	27,771	8.2	59,617	53,390	11.7
Net fee and service income	5,277	5,577	(5.4)	4,797	10.0	10,854	9,935	9.2
Other non-interest income	4,117	5,565	(26.0)	3,147	30.8	9,681	7,662	26.4
Total operating income	39,449	40,703	(3.1)	35,715	10.5	80,152	70,987	12.9
Total other operating expenses	16,437	17,731	(7.3)	14,028	17.2	34,168	27,679	23.4
Pre-provision profit ⁽¹⁾	23,012	22,972	0.2	21,687	6.1	45,984	43,308	6.2
Expected credit losses	8,004	8,029	(0.3)	7,755	3.2	16,032	15,858	1.1
Operating profit before income tax expenses	15,008	14,943	0.4	13,932	7.7	29,952	27,450	9.1
Income tax expenses	2,877	2,935	(2.0)	2,864	0.5	5,813	5,395	7.7
Net Profit	12,131	12,008	1.0	11,068	9.6	24,139	22,055	9.4
Net profit (attributable to equity holders of the Bank)	11,195	11,079	1.1	10,156	10.2	22,274	20,223	10.1
ROA (%) ⁽²⁾	1.22	1.21		1.13		1.22	1.13	
ROE (%) ⁽²⁾	10.86	10.87		10.49		11.00	10.68	

(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 2Q2024 compared to 1Q2024, consolidated pre-provision profit was Baht 23,012 million, rose 0.2% QoQ. The Bank focuses our operations on a sustainable growth and continues to emphasize on prudent and flexible asset quality management whilst maintaining the high level of coverage ratio of 181%, a similar level to end of 2023, for any economic uncertainties. NPLs was Baht 98,701 million, decreased from December 31, 2023 with NPL Ratio of 3.12%.

Loans to customers was relatively stable to end of 2023 though the reduction QoQ from the repayment of corporate and government segments with expect the accelerated loan demand in second half of this year. Total operating income slightly softened whilst operating expenses reduced 7.3%. With the Bank's effective comprehensive operating cost management, cost to income ratio stood at 41.7%. Hence, consolidated net profit attributable to equity holders of the Bank was Baht 11,195 million, relative stable QoQ

Compared to 2Q2023, consolidated pre-provision profit increased by 6.1% YoY. The Bank focuses our operations on a sustainable growth and continues to emphasize on prudent and flexible asset quality management. The Bank and its subsidiaries prudently set aside an appropriate level of expected credit losses, an increase of 3.2% YoY, to maintain the high level of coverage ratio for any economic uncertainties.

Total operating income uplifted by 10.5% YoY from portfolio optimization with a justified risk adjusted return coupled with upward interest rate in addition to the increase in non-interest income. With the Bank's effective comprehensive operating cost management, operating expenses increased YoY, mainly owing to a prudent management for properties for sale with appropriate level of impairment losses provided in accordance to its asset potential. Additionally, the bank has the priority in IT and digital investment for products and services to enhance customers' experience for all group of customers and to prepare build capability readiness as a preparation for future industry growth together with technology and innovation advancement. Cost to income ratio registered at 41.7%. Hence, consolidated net profit attributable to equity holders of the Bank increase by 10.2 % YoY.

In 1H2024, consolidated pre-provision profit was Baht 45,984 million, an increase of 6.2% YoY as the Bank focus on the prudent and flexible asset quality management The Bank and its subsidiaries prudently set aside an appropriate level of expected credit losses, an increase of 1.1% YoY, with maintaining high coverage ratio. NPLs was Baht 98,701 million, decreased from December 31, 2023 with NPL Ratio of 3.12%.

Loans to customers was relatively stable to end of last year though the reduction QoQ from the repayment of corporate and government segments. Total operating income uplifted by 12.9% YoY from portfolio optimization with a justified risk adjusted return coupled with upward interest rate in addition to the increase in fee income and other non-interest income. With the Bank's effective comprehensive operating cost management, cost to income ratio registered at 42.6%. Operating expenses increased YoY, mainly owing to a prudent management for properties for sale with appropriate level of impairment losses provided in accordance to its asset potential. Additionally, the bank has the priority in IT and digital investment for products and services to enhance customers' experience for all group of customers and to prepare build capability readiness as a preparation for future industry growth together with technology and innovation advancement. Hence, consolidated net profit attributable to equity holders of the Bank was Baht 22,274 million, increase by 10.1% YoY.

Net Interest Income

Unit : Million Baht

	2/2024	1/2024	Change	2/2023	Change	1H2024	1H2023	Change
			%		%			%
Interest income	41,471	40,881	1.4	36,872	12.5	82,352	70,977	16.0
- Interbank and money market items	3,129	3,602	(13.1)	2,756	13.5	6,731	4,899	37.4
- Investments and trading transactions	73	93	(21.5)	41	78.0	166	83	100.0
- Investment in debt securities	2,236	1,580	41.5	1,015	120.3	3,816	1,972	93.5
- Loans	35,730	35,388	1.0	32,900	8.6	71,118	63,723	11.6
- Hire purchase and financial lease	47	47	0.0	64	(26.6)	94	115	(18.3)
- Others	256	171	49.7	96	166.7	427	185	130.8
Less Interest expense	11,416	11,320	0.9	9,101	25.4	22,735	17,587	29.3
- Deposits	5,337	5,016	6.4	3,367	58.5	10,353	6,298	64.4
- Interbank and money market items	1,179	1,297	(9.1)	876	34.6	2,476	1,762	40.5
- Contributions to BOT and DPA	3,071	3,054	0.6	3,127	(1.8)	6,125	6,201	(1.2)
- Debts issued	1,681	1,805	(6.9)	1,593	5.5	3,486	3,039	14.7
- Others	148	148	0.0	138	7.2	295	287	2.8
Net interest income	30,055	29,561	1.7	27,771	8.2	59,617	53,390	11.7
Earning Asset Yield (%) ⁽¹⁾	4.66	4.58		4.25		4.63	4.12	
Cost of Fund (%) ⁽¹⁾	1.49	1.47		1.21		1.48	1.17	
Net interest margin [based on earning assets] (%) ⁽¹⁾	3.37	3.31		3.20		3.35	3.10	

(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 2Q2024 compared to 1Q2024, consolidated net interest income was Baht 30,055 million, increased by 1.7% QoQ from the portfolio optimization with a justified risk adjusted return. Hence, loan grew from retail segment as its strategically focused segments, whilst a loan repayment from corporate and government segments. NIM registered at 3.37%, compared to 3.31% in 1Q2024.

Compared to 2Q2023, consolidated net interest income increased 8.2% YoY from the portfolio optimization management with a justified risk adjusted return in economic uncertainties coupling upward interest rate situation. NIM registered at 3.37%, compare to 3.20% in 2Q2023.

In 1H2024, consolidated net interest income amounted Baht 59,617 million, increased by 11.7% YoY from the portfolio optimization management with a justified risk adjusted return in economic uncertainties, hence loan mainly grew from retail segment as its strategically focused segments coupling upward interest rate situation Hence, NIM registered at 3.35%, compared to 3.10% in 1H2023.

Change of interest rate

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

(1) Standard deposit rate for individuals.

In 2023, the Monetary Policy Committee (MPC) projected the continuing recovery of the Thai economy and thus continuing announced the increase of the policy rate on January 25, March 29, May 31, August 2, and September 27, 2023 to 2.50%. The bank thoroughly considered and gradually raised its deposit and loan interest rates in alignment with market movement to support economic stability. In addition, on 12th June 2024, Monetary Policy Committee decided to maintain the policy rate at 2.50% to be consistent with the economy converging to its potential, as well as conducive to safeguarding macro-financial stability.

Net Fee and Service Income

Unit : Million Baht

	2/2024	1/2024	Change	2/2023	Change	1H2024	1H2023	Change
			%		%			%
Fee and service income	7,467	7,673	(2.7)	6,707	11.3	15,140	13,863	9.2
Less Fee and service expense	2,190	2,096	4.5	1,910	14.6	4,286	3,928	9.1
Net fee and service income	5,277	5,577	(5.4)	4,797	10.0	10,854	9,935	9.2

In 2Q2024 compared to 1Q2024, consolidated net fee and service income was Baht 5,277 million, decreased by 5.4% QoQ due to seasonality. Whilst the wealth management services enhancement supported an expansion of Mutual Fund fee.

Compared to 2Q203, consolidated net fee and service income rose by 10.0% YoY, mainly owing to fee related to credit card services and Mutual Fund fee.

In 1H2024, consolidated net fee and service income was Baht 10,854 million, increased by 9.2% YoY, from fee relate to credit card and continuing expansion of bancassurance fee in response to the wealth management services enhancement.

Total Other Operating Income

Unit : Million Baht

	2/2024	1/2024	Change	2/2023	Change	1H2024	1H2023	Change
			%		%			%
Gains (loss) on financial instruments measured at fair value through profit or loss	1,528	1,661	(8.0)	1,221	25.1	3,189	3,120	2.2
Gain (loss) on investments, net	3	237	(98.7)	(64)	104.8	241	195	23.2
Share of profit (loss) from investments for using equity method	467	406	15.1	134	248.8	872	533	63.8
Dividend income	125	149	(16.2)	59	110.7	273	236	16.3
Other income	1,994	3,112	(35.9)	1,797	11.0	5,106	3,578	42.7
Total other operating income	4,117	5,565	(26.0)	3,147	30.8	9,681	7,662	26.4

For 2Q2024 compared to 1Q2024, consolidated total other operating income was Baht 4,117 million, a decline of 26.0% QoQ, mainly owing to gains on financial instruments measured at fair value through profit or loss in line with market situation and high other income from bad debt recovery. Bad debt recovery income uplifted from last year level, though less than its elevated level in previous quarter.

Compared to 2Q2023, consolidated total other operating income increased 30.8% YoY, mainly due to gains on financial instruments measured at fair value through profit or loss in line with market situation, share of profit from investments for using equity method from insurance company and other income from bad debt recovery.

In 1H2024, consolidated total other operating income was Baht 9,681 million, an increase of 26.4% YoY, mainly due to share of profit from investments for using equity method from insurance company and other income from bad debt recovery.

Other Operating Expenses

	Unit : Million Baht							
	2/2024	1/2024	Change %	2/2023	Change %	1H2024	1H2023	Change %
Employees' expenses	6,601	6,644	(0.6)	6,126	7.7	13,244	12,959	2.2
Premises and equipment expenses	2,498	2,436	2.6	2,500	(0.1)	4,935	4,895	0.8
Taxes and duties	1,337	1,346	(0.7)	1,220	9.6	2,683	2,413	11.2
Impairment loss of properties for sale	1,610	3,792	(57.5)	580	177.7	5,402	857	530.6
Others ⁽¹⁾	4,391	3,513	25.0	3,602	21.9	7,904	6,555	20.6
Total other operating expenses	16,437	17,731	(7.3)	14,028	17.2	34,168	27,679	23.4
Cost to income ratio (%)	41.7	43.6		39.3		42.6	39.0	

(1) Including Directors' remuneration

For 2Q2024 compared to 1Q2024, with the Bank effective comprehensive operating cost management, other operating expenses was Baht 16,437 million, decreased by 7.3% QoQ, mainly owing a prudent management for properties for sale with appropriate level of impairment losses provided in accordance to its asset potential in 1Q2024 and 2Q2024. Additionally, the bank has the priority in IT and digital investment for products and services to enhance customers' experience for all group of customers and to prepare build capability readiness as a preparation for future industry growth together with technology and innovation advancement, hence cost to income ratio registered at 41.7%, decreased from 43.6% in previous quarter.

Compared to 2Q2023, with the Bank effective comprehensive operating cost management, cost to income ratio registered at 41.7%, though an increase of other operating expenses by 17.2% YoY, mainly owing to a prudent management for properties for sale with appropriate level of impairment losses provided in accordance to its asset potential and our focus in IT and digital investment for products and services to enhance customers' experience for all group of customers and to prepare build capability readiness as a preparation for future industry growth together with technology and innovation advancement.

In 1H2024, with the Bank effective comprehensive operating cost management, cost to income ratio registered at 42.6%, though other operating expenses was Baht 34,168 million, increased by 23.4% YoY, mainly owing to a prudent management for properties for sale with appropriate level of impairment losses provided in accordance to its asset potential and our focus in IT and digital investment for products and services to enhance customers' experience for all group of customers and to prepare build capability readiness as a preparation for future industry growth together with technology and innovation advancement.

Expected credit losses

Unit : Million Baht

	2/2024	1/2024	Change %	2/2023	Change %	1H2024	1H2023	Change %
Expected credit losses ⁽¹⁾	8,004	8,029	(0.3)	7,755	3.2	16,032	15,858	1.1

(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

For 2Q2024 compared to 1Q2024, the Bank and its subsidiaries has properly set aside the expected credit loss of Baht 8,004 million with a prudent consideration of various factors relating to business environment and economic uncertainties to maintain high coverage ratio of 181.1% with NPLs Ratio at 3.12%, reduced from 3.14% in previous quarter.

Compared to 2Q2023, consolidated expected credit loss slightly increased YoY to maintain high coverage ratio at 181.1%.

In 1H2024, consolidated expected credit losses prudently set aside the expected credit loss in amounted Baht 16,032 million, increased by 1.1% YoY. Coverage ratio stood at 181.1% given its consideration of various factors in the continuously changing business environment as well as economic uncertainties.

The Bank and Its Subsidiaries' Financial Status as at June 30, 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 355,383 million as at June 30, 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 75%, private enterprise and foreign debt securities 20% and marketable equity securities 5%.

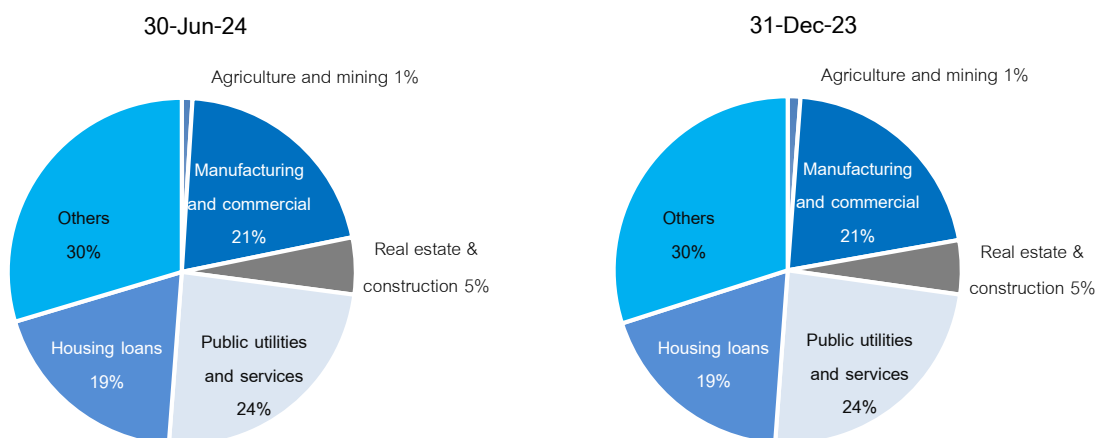
Classifications of financial assets and investments, net

Unit : Million Baht

Consolidated Financial Statements	30 Jun 2024	31 Mar 2024	Change	31 Dec 2023	Change
			%		%
Financial assets measured at fair value through profit or loss	25,973	44,093	(41.1)	25,946	0.1
Investment, net	329,410	351,759	(6.4)	263,708	24.9
- Investment in debt securities measured at amortized cost	1,160	1,327	(12.6)	1,218	(4.8)
- Investment in debt securities designated to be measured at fair value through other comprehensive income	312,573	333,873	(6.4)	246,760	26.7
- Investment in equity securities designated to be measured at fair value through other comprehensive income	15,677	16,559	(5.3)	15,730	(0.3)
Total financial assets and investments, net	355,383	395,852	(10.2)	289,654	22.7

Loans to Customers

Loan breakdown by type of business



The Bank's consolidated loans to customers registered at Baht 2,560,989 million. With our portfolio optimization for a justified risk adjusted return, loans was relatively stable to end of 2023 though the reduction QoQ from the repayment of corporate and government segments with expect the accelerated loan demand in second half of this year.

Unit : Million Baht

Consolidated Financial Statements	30 Jun 2024		31 Mar 2024		Change		31 Dec 2023		Change	
	Amount	(%)	Amount	(%)	Amount	(%)	Amount	(%)	Amount	(%)
Loans to customers	2,561,557		2,618,737		(2.2)		2,577,131		(0.6)	
Less Deferred revenue	568		586		(3.0)		615		(7.6)	
Add Accrued interest receivables	23,835		23,889		(0.2)		22,902		4.1	
Less Allowance for expected credit losses	173,292		172,757		0.3		173,323		0.0	
Loans to customers and accrued interest receivables, net	2,411,532		2,469,283		(2.3)		2,426,095		(0.6)	

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

Unit : Million Baht

Consolidated Financial Statement	30 Jun 2024		31 Mar 2024		Change		31 Dec 2023		Change	
	Amount	(%)	Amount	(%)	Amount	(%)	Amount	(%)	Amount	(%)
Private Corporate	710,624	27.8	740,457	28.3	(4.0)		739,942	28.7	(4.0)	
Government and State Enterprise	401,811	15.7	423,877	16.2	(5.2)		377,865	14.7	6.3	
SMEs	272,128	10.6	286,531	10.9	(5.0)		291,514	11.3	(6.7)	
Retail	1,176,717	45.9	1,167,582	44.6	0.8		1,167,508	45.3	0.8	
- Housing	491,298	19.2	486,195	18.6	1.0		484,590	18.8	1.4	
- Personal	613,486	23.9	608,981	23.3	0.7		605,071	23.5	1.4	
- Credit card	68,969	2.7	68,920	2.6	0.1		74,132	2.9	(7.0)	
- Leasing	2,964	0.1	3,486	0.1	(15.0)		3,715	0.1	(20.2)	
Others	277	0.0	290	0.0	(4.3)		302	0.0	(8.2)	
Total loans (per F/S)	2,561,557	100.0	2,618,737	100.0	(2.2)		2,577,131	100.0	(0.6)	

Asset Quality

Loan classification and expected credit loss

Unit : Million Baht

Consolidated Financial Statement	30 Jun 2024	31 Mar 2024	31 Dec 2023
NPL ⁽¹⁾	98,701	98,815	99,407
NPL Ratio	3.12%	3.14%	3.08%
Allowance for Expected Credit Losses (total) ⁽²⁾	178,718	179,685	180,197
Coverage Ratio ⁽³⁾	181.1%	181.8%	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

Unit : Million Baht

Consolidated Financial Statement	30 Jun 2024		31 Mar 2024		31 Dec 2023	
	Loans and	Allowance for	Loans and	Allowance for	Loans and	Allowance for
	Accrued Interest Receivables ⁽¹⁾	Expected Credit Losses ⁽²⁾	Accrued Interest Receivables ⁽¹⁾	Expected Credit Losses ⁽²⁾	Accrued Interest Receivables ⁽¹⁾	Expected Credit Losses ⁽²⁾
Loan Classification						
Performing	2,289,316	43,892	2,337,813	44,416	2,295,515	47,237
Under - performing	194,656	60,121	203,096	59,538	201,919	56,906
Non - performing	98,329	68,681	98,146	67,941	98,795	68,348
Lifetime ECL - simplified approach ⁽³⁾	2,523	598	2,985	862	3,189	832
Total	2,584,824	173,292	2,642,040	172,757	2,599,418	173,323

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

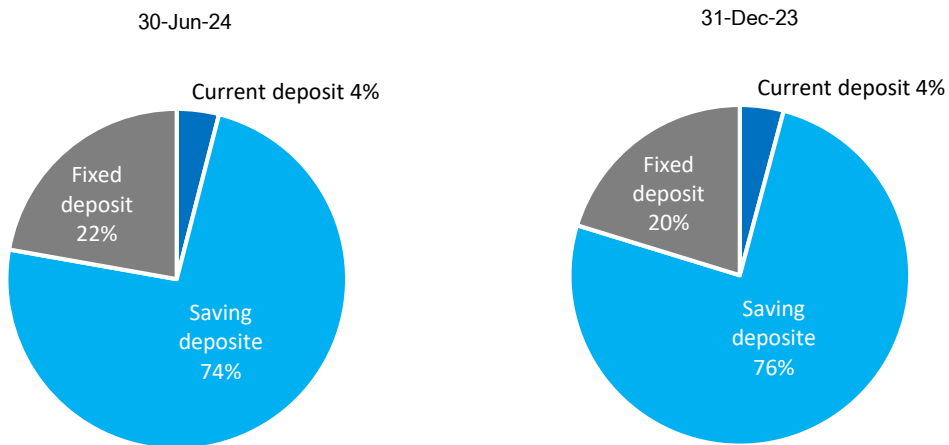
(2) Allowance for expected credit losses for loans to customers (including loss from criteria change) per financial statements

(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's consolidated NPL as at June 30, 2024 was Baht 98,701 million, decreased from December 31, 2023 as a result of our continuing prudent and flexible asset quality management with NPLs Ratio of 3.12%. The appropriate level of expected credit losses were set aside to maintain the high level of coverage ratio for any economic uncertainties along with closely monitoring of our asset quality. As at June 30, 2024, the consolidated coverage ratio stood at 181.1%, relative stable compared with the end of 2023.

Deposits

Deposits breakdown by types



The Bank's consolidated deposits was Baht 2,650,867 million, broadly flat from December 31, 2023. The portion of current deposit and savings deposit to total deposit (CASA) stood at a high level of 78%.

The Bank's consolidated loans to customers (less deferred revenue)-to-deposits ratio (L/D ratio) was 96.61%, reduced from 97.34 % as at December 31, 2023.

Sources and Uses of Funds

Unit : Million Baht

	30 Jun 2024		31 Mar 2024		Change %	31 Dec 2023		Chang %
	Amount	(%)	Amount	(%)		Amount	(%)	
Net Interbank and money market items (asset)	640,227	17.4	564,831	15.2	13.3	701,161	19.1	(8.7)
Financial assets measured at fair value through profit or loss	25,973	0.7	44,093	1.2	(41.1)	25,946	0.7	0.1
Net investments and net investments in associates	342,868	9.3	367,887	9.9	(6.8)	277,241	7.5	23.7
Loans to customers (less deferred revenue)	2,560,989	69.5	2,618,151	70.4	(2.2)	2,576,516	70.1	(0.6)
Less Allowance for expected credit losses	173,292	4.7	172,757	4.6	0.3	173,323	4.7	0.0
Other assets	286,010	7.8	294,850	7.9	(3.0)	270,144	7.3	5.9
Total Asset	3,682,775	100.0	3,717,055	100.0	(0.9)	3,677,685	100.0	0.1
Deposits	2,650,867	72.0	2,602,050	70.0	1.9	2,646,872	72.0	0.2
Net Interbank and money market items (liabilities)	259,447	7.0	333,140	9.0	(22.1)	282,696	7.7	(8.2)
Debt issued and borrowings	157,239	4.3	158,558	4.3	(0.8)	160,839	4.4	(2.2)
Other liabilities	184,873	5.0	186,590	5.0	(0.9)	166,431	4.5	11.1
Total equity	430,349	11.7	436,717	11.7	(1.5)	420,847	11.4	2.3
- Equity holders of the Bank	411,739	11.2	417,396	11.2	(1.4)	402,377	10.9	2.3
- Non-controlling interest	18,610	0.5	19,321	0.5	(3.7)	18,470	0.5	0.8
Total liabilities and equity	3,682,775	100.0	3,717,055	100.0	(0.9)	3,677,685	100.0	0.1
Loans to customers (less deferred revenue)- to-deposits ratio (%)	96.61		100.62			97.34		

As at June 30, 2024, the Bank's consolidated major source of funds was 72.0% deposits; and the other source of funds as equity, interbank borrowings, and debt issued and borrowings. The Bank's consolidated use of funds comprised of 69.5% loans to customers (less deferred revenue), 17.4% net interbank and money market items, and 9.3% net investments and net investments in associates.

Equity

The total equity (equity holders of the Bank) as at June 30, 2024 was Baht 411,739 million, increased 2.3% from December 31, 2023.

Book value per share (equity holders of the Bank) was Baht 29.45 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⁾	30 Jun 2024 ⁽³⁾		31 Mar 2024 ⁽³⁾		31 Dec 2023		The minimum rate required % ⁽²⁾
	Amount	%	Amount	%	Amount	%	
Common Equity Tier 1 capital	357,083	16.69	357,741	16.52	355,261	16.67	>8.000
Tier 1 capital	377,269	17.63	377,877	17.45	375,419	17.62	>9.500
Tier 2 capital	65,901		66,463		66,001		
Total capital fund	443,170	20.72	444,340	20.52	441,420	20.71	>12.000
Risk-weighted assets	2,139,322		2,165,243		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	30 Jun 2024 ⁽²⁾		31 Mar 2024 ⁽²⁾		31 Dec 2023		The minimum rate required (%) ⁽¹⁾
	Amount	(%)	Amount	(%)	Amount	(%)	
Common Equity Tier 1 capital	339,258	16.66	337,438	16.42	336,907	16.54	>8.000
Tier 1 capital	357,905	17.57	356,085	17.33	355,554	17.45	>9.500
Tier 2 capital	64,767		65,221		64,960		
Total capital fund	422,672	20.75	421,306	20.50	420,514	20.64	>12.000
Risk-weighted assets	2,036,974		2,055,243		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 June 30, 2024, the Bank and the Financial Business Group's Common Equity Tier 1 was Baht 357,083 million (16.69% of its RWA) and Tier 1 capital was Baht 377,269 million (17.63% of its RWA). Total capital was Baht 443,170 million (20.72% of its RWA).

As at June 30, 2024, the Bank's Common Equity Tier 1 was Baht 339,258 million, Tier 1 capital was Baht 357,905 million and Total capital was Baht 422,672 million (16.66%, 17.57% and 20.75% of its RWA). In July 2024, the Bank redeems subordinated note qualify as Tier 2 capital in amount of Baht 24,000 million prior to the maturity date upon BOT's approval. Total capital ratio after the redemption of subordinated note remains in resilient position.

The Bank possesses healthy capital ratios compared to BOT's requirement. Moreover, the Bank regularly reassesses the capital level to be in accordance with the BOT's requirement.

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	Jun 2024	Mar 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	Jun 2024	Mar 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	Jun 2024	Mar 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)

On 12th July 2024, Fitch Ratings has affirmed Krungthai's Long-Term Default Rating (IDR) at 'BBB+' and National Long-Term Rating at 'AAA(tha)' with the positive outlook on improving asset quality and resilient capital position.

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.