



A member of  MUFG
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Management Discussion and Analysis

For the quarter and year ended
December 31, 2023

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Executive Summary

In 2023, the overall Thai economy continued to grow, albeit at a slower pace than expected, largely attributed to soft external demand and domestic K-shaped recovery. Underscoring Krungsri's strategic thrust pertaining to both financial inclusion and ASEAN expansion, SME and retail loans, particularly the newly acquired ASEAN subsidiaries, were the key growth drivers for the 3.5% loan expansion recorded for the year.

Krungsri Group (the Bank and its business units) delivered a **net profit** of Baht 32,929 million in 2023, representing an increase of 7.2%, or Baht 2,216 million from 2022, in part, driven by both net interest income and net fee and services income growth contributions from the acquisitions of overseas consumer finance portfolios concluded in 2023. The aforementioned development was partially offset by higher operating expenses corresponding to consumer finance businesses acquired and an increase in expected credit loss, underscoring Krungsri's rigorous and prudential risk management approach.

On a quarter-on-quarter basis, net profit registered at Baht 7,732 million, a contraction of Baht 364 million, or 4.5%, largely driven by prudential provisions, mainly attributed to the overseas subsidiary portfolios. Notwithstanding the aforementioned development, operating income remained strong for the quarter.

On a year-on-year basis, net profit for 4Q/23 increased by 4.6%, or Baht 340 million, driven by an increase in operating income, offset by an increase in operating expenses and expected credit loss.

As of December 31, 2023, **total loans** outstanding was Baht 2,017,204 million, representing an increase of Baht 67,795 million, or 3.5% from the end of December 2022, mainly driven by domestic commercial loans as well as retail loan expansion particularly with regard to contributions from new overseas subsidiaries. Excluding the newly acquired overseas business volume, organic loan growth marked an increase of Baht 16,611 million, or 0.9%.

Deposits increased by Baht 34,909 million, or 1.9%, from the end of December 2022, primarily from an increase in time deposits, offset by a decline in savings deposits.

The non-performing loan (NPL) ratio was at 2.53%, compared with 2.32% at the end of December 2022. With prudential reserves, particularly for overseas subsidiaries, the credit cost in 2023 amounted to 175 bps. The **loan loss coverage ratio** stood at 149.1%, moderating from 167.4 % at the end of December 2022.

Capital adequacy ratio (Bank only) improved to 18.24%, compared with 17.97% at the end of December 2022.

Summary of Krungsri Group's Financial Performance

Operating Performance

Consolidated (Million Baht)	4Q/23	3Q/23	%QoQ	4Q/22	%YoY
Net Interest Income	28,967	25,933	11.7	21,978	31.8
Non-Interest Income	12,398	9,459	31.1	7,864	57.7
Operating Income	41,365	35,392	16.9	29,842	38.6
Operating Expenses	18,717	15,993	17.0	13,426	39.4
Pre-Provision Operating Profit	22,648	19,399	16.7	16,416	38.0
Expected Credit Loss	12,955	9,052	43.1	6,955	86.3
Net Profit*	7,732	8,096	(4.5)	7,392	4.6
Earning per Share (Baht)	1.05	1.10	(4.5)	1.00	5.0

Consolidated (Million Baht)	2023	2022	%YoY
Net Interest Income	99,390	83,778	18.6
Non-Interest Income	39,558	32,638	21.2
Operating Income	138,948	116,416	19.4
Operating Expenses	61,835	51,035	21.2
Pre-Provision Operating Profit	77,113	65,381	17.9
Expected Credit Loss	35,617	26,652	33.6
Net Profit*	32,929	30,713	7.2
Earning per Share (Baht)	4.48	4.18	7.2

* Attributable to Owners of the Bank

Financial Position

Consolidated (Million Baht)	Dec. 31, 23	Dec. 31, 22	%YTD
Loans to Customers	2,017,204	1,949,409	3.5
Total Assets	2,768,295	2,636,951	5.0
Deposit	1,839,601	1,804,692	1.9
Total Liabilities	2,396,841	2,295,192	4.4
Total Bank's Equity	368,454	340,919	8.1

Key Financial Ratios

Consolidated	4Q/23	3Q/23	4Q/22	2023	2022
Net Interest Margin	4.50%	4.05%	3.56%	3.91%	3.45%
Cost to Income Ratio	45.2%	45.2%	45.0%	44.5%	43.8%
Loan Growth	0.0%	0.3%	-0.8%	3.5%	3.1%
Deposit Growth	3.8%	-1.4%	5.3%	1.9%	1.4%
Return on Equity Ratio	8.48%	9.04%	8.77%	9.28%	9.33%
Return on Assets Ratio	1.12%	1.19%	1.13%	1.22%	1.20%
Loan to Deposit Ratio	110%	114%	108%	110%	108%
Loan to Deposit and Debenture Ratio	107%	111%	106%	107%	106%
NPL Ratio	2.53%	2.48%	2.32%	2.53%	2.32%
Credit Cost (bps)	253	181	146	175	136
Loan Loss Coverage Ratio	149.1%	155.1%	167.4%	149.1%	167.4%
Bank Only	Dec. 31, 23	Sep. 30, 23	Dec. 31, 22		
Common Equity Tier 1 Ratio	13.56%	13.66%	13.23%		
Tier 1 Capital Ratio	13.56%	13.66%	13.23%		
Tier 2 Capital Ratio	4.68%	4.72%	4.74%		
Capital Adequacy Ratio	18.24%	18.38%	17.97%		

Key Developments in 2023

Krungsri:

Business & Financial Operations:

- Key changes in deposit and lending rates in 2023 are as follows:
 - Deposit rates
 - An increase of 0.05% in savings rate to 0.30%
 - Increases in a range of 0.50 - 0.55% in the 3-month deposit rates
 - An increase of 0.55% in the 6-month deposit rates
 - Increases in a range of 0.60 - 0.70% in the 12-month deposit rates
 - Increases in a range of 0.75 – 0.80% in the 24-month deposit rates
 - Lending rates:
 - Increases amounting to 1.20% in Minimum Loan Rate (MLR) to 7.28%
 - Increases amounting to 1.25% in Minimum Overdraft Rate (MOR) to 7.575%
 - Increases amounting to 1.15% in Minimum Retail Rate (MRR) to 7.40%

Credit Rating Upgraded:

- In April, Moody's Investors Service upgraded Krungsri's long-term foreign-currency deposit rating to A3 from Baa1 and affirmed the Bank's short-term foreign-currency deposit rating at P-2. Moody's also upgraded the Bank's Baseline Credit Assessment (BCA) to baa2 from baa3, reflecting the improvements in the Bank's solvency metrics, particularly in terms of capitalization and profitability, as well as Moody's Investors Service's expectation that the Bank's asset quality will remain largely stable over the next 12-18 months.

M&A and Regional Expansion Strategy:

- Reinforcing Krungsri's commitment to competitiveness enhancement and expanding regional business footprint into ASEAN, the Bank completed business acquisitions of Capital Nomura Securities Public Company Limited (CNS) in March which has been rebranded as Krungsri Capital Securities Public Company Limited (KCS), SHBank Finance Company Limited (SHB Finance) in Vietnam in May, as well as Home Credit in the Philippines and Indonesia in June and October, respectively.

Sustainable Banking

- In June, Krungsri inaugurated the country's first green and blue bond issuance, through a private placement to the International Finance Corporation (IFC) with a total subscription of USD400 million, equivalent to Baht 14,236 million, of which proceeds will be used to further facilitate lending for climate mitigation and adaptation, as well as sustainable ocean health.

Regulatory Development:

Monetary Policy:

- The Monetary Policy Committee (MPC) announced three policy-rate hikes in 2023 raising the rate by a total of 1.25 percentage points to 2.50%, underscoring the committee's views on the Thai economy to gradually recover toward its growth potential, and inflation to be within the target range, as well as the current policy interest rate being appropriate for supporting long-term sustainable growth. Concurrently, the committee projected economic growth to be 3.2% in 2024, excluding the implementation of the government's digital wallet scheme; while headline inflation was projected to stay within the target range at 2.0% in 2024.

Financial Institution Policy:

- In March, the Bank of Thailand announced a one-year extension of the Soft Loan Emergency Decree.
 - 1) The extension of the Soft Loan and Transformation Loan programs under the Soft Loan Emergency Decree by one year, to expire on April 9, 2024, which is aimed to support vulnerable businesses that may need more time and liquidity to adapt to the changing business environment post-pandemic.
 - 2) The Asset Warehousing program will not be extended because most businesses that pledged collateral under this program operate in the tourism and hospitality industries, which have recovered since the reopening. However, borrowers could negotiate terms and conditions of the remaining credit lines with their creditors under the program.
 - 3) The remaining credit line of the Asset Warehousing program will be transferred to the Soft Loan program after the end of the program.
- In July, the Bank of Thailand announced new measures to sustainably address household debt problem as follows:
 - 1) Responsible lending: Creditors must lend in a responsible and fair manner for debtors throughout their debt journey.
 - (i) Before applying for a loan/whilst signing a loan contract;
 - (ii) Being a debtor;
 - (iii) Having debt problems; and
 - (iv) Being filed a lawsuit or having debts sold off.

These measures became effective on January 1, 2024.

- 2) Persistent debt: Creditors must assist debtors whose interest payment exceeds principal payment over the past five years. The creditors must assist debtors with revolving personal loans that has low income and persistent debt to be able to fully repay their loans within five years at an interest rate not exceeding 15% per year, whilst still having sufficient disposable income to meet their living needs. In addition, the revolving credit line of debtors who opt into debt restructuring program must be closed, to ensure that they will not accumulate more debt. Their credit history should also be updated to reflect their participation in the debt restructuring program.

The measures will become effective on April 1, 2024.

- 3) The Bank of Thailand is currently exploring additional ways to address household debt problems by allowing creditors to adopt risk-based pricing (RBP) for retail borrowers through the regulator sandbox and applying debt service ratio (DSR) limits for loan origination. RBP is a mechanism that would provide more opportunity for borrowers with risks above the current ceiling to be able to obtain credit through formal channels. Meanwhile, low-risk borrowers or borrowers with good credit history will have more opportunity to borrow at interest rates lower than the current ceiling, which would foster good credit culture. Nevertheless, the Bank of Thailand would not cancel or adjust the current interest rate ceiling that generally applies to all.

Sustainability Policy:

- In June, the Bank of Thailand (BOT) and the Securities and Exchange Commission (SEC), as co-leads of the Thailand Taxonomy Board, released the Thailand Taxonomy Phase I focusing on the economic activity relating to the energy and transportation sectors which contribute to the highest proportion of carbon emissions which is to standardize economic activity in order to use it as a benchmark or assess economic activity that is climate-aligned.

Thai economic outlook

The Thai economic outlook improves for 2024 with growth projection accelerating to 3.4%, compared to an estimated 2.5% in 2023, largely driven by both external and internal engines, namely a continued recovery in the tourism sector, domestic demand expansion supported by both private and public consumption and investment as well as the government's continued stimulus support.

Nevertheless, key risks that could weigh down the outlook include vulnerable households impacted by interest rates hiked, potential impacts of droughts, and a softening in demand from Thailand's key trading partners as well as ongoing geopolitical tensions.

Progress of Krungsri's measures to assist customers impacted by the coronavirus pandemic

As of December 31, 2023, the loans outstanding under Krungsri's customer relief programs accounted for approximately 6.0% of total loans outstanding, or Baht 118,908 million, representing 135,178 retail customer accounts and 3,627 commercial customers. For SMEs, additional credit lines of Baht 22,675 million were offered to 5,048 SME customers to support their liquidity requirement under the Bank of Thailand's soft loan, special rehabilitation loan, and transformation loan programs, as well as the Government Savings Bank' soft loan program.

Key Items of Operating Performance

Net Interest Income

Consolidated (Million Baht)	4Q/23	3Q/23	%QoQ	4Q/22	%YoY
Interest Income	41,085	36,544	12.4	28,437	44.5
Interest on loans	28,557	24,649	15.9	18,263	56.4
Interest on interbank and money market items	3,381	2,754	22.8	1,524	121.9
Hire purchase and financial lease income	8,585	8,583	0.0	8,249	4.1
Investments and trading transactions	12	13	(7.7)	0	-
Investments in debt securities	488	504	(3.2)	358	36.3
Other interest income	62	41	51.2	43	44.2
Interest Expenses	12,118	10,611	14.2	6,459	87.6
Interest on deposits	6,246	5,414	15.4	3,215	94.3
Interest on interbank and money market items	2,743	2,159	27.0	1,345	103.9
Interest on borrowings	919	896	2.6	819	12.2
Contribution to Financial Institution Development Fund and Deposit Protection Agency	2,043	1,978	3.3	1,006	103.1
Other interest expenses	167	164	1.8	74	125.7
Net Interest Income	28,967	25,933	11.7	21,978	31.8

Consolidated (Million Baht)	2023	2022	%YoY
Interest Income	139,251	105,428	32.1
Interest on loans	93,067	67,696	37.5
Interest on interbank and money market items	10,456	3,475	200.9
Hire purchase and financial lease income	33,731	32,748	3.0
Investments and trading transactions	39	9	333.3
Investments in debt securities	1,788	1,419	26.0
Other interest income	170	81	109.9
Interest Expenses	39,861	21,650	84.1
Interest on deposits	20,987	10,733	95.5
Interest on interbank and money market items	6,722	3,335	101.6
Interest on borrowings	3,564	3,321	7.3
Contribution to Financial Institution Development Fund and Deposit Protection Agency	8,052	4,088	97.0
Other interest expenses	536	173	209.8
Net Interest Income	99,390	83,778	18.6

- Interest income in 4Q/23 was recorded at Baht 41,085 million, an increase of Baht 4,541 million, or 12.4%, from the prior quarter, mainly driven by an increase in interest on loans, underscoring loan expansion in higher yield segments and the acquisition of consumer finance business in Indonesia, and interest on interbank and money market items, following the higher balance of interbank and money market items.
- Meanwhile, interest expenses were recorded at Baht 12,118 million, an increase by Baht 1,507 million, or 14.2%, from the prior quarter, mainly resulting from an increase in interest on deposits and interbank and money market items, corresponding to higher balance of deposits and market rates.
- Consequently, net interest income in 4Q/23 amounted to Baht 28,967 million, representing an increase of Baht 3,034 million, or 11.7%, from the prior quarter.
- On a year-on-year basis, net interest income increased by Baht 6,989 million, or 31.8%, mainly due to higher interest income. This increase was driven by the acquisitions of overseas business entities in 2023, along with rising lending rates, and interest on interbank and money market items due to a higher balance and market rates. This growth was offset by an increase in interest expenses resulting from higher funding cost in line with the growth in the time deposit balance, the rising interest rates, and the normalization of the FIDF contribution rate.
- For 2023, net interest income was recorded at Baht 99,390 million, an increase of Baht 15,612 million, or 18.6%, from 2022, driven by a robust loan expansion in SME and retail segments, particularly the contributions from overseas business entities; consequently NIM expanded by 46 bps.

Net Interest Margin

	4Q/23	3Q/23	4Q/22	2023	2022
Net Interest Margin	4.50%	4.05%	3.56%	3.91%	3.45%
Yield on Earning Assets	6.38%	5.71%	4.60%	5.48%	4.34%
Yield on Loans	7.37%	6.60%	5.42%	6.39%	5.23%
Cost of Funds	2.14%	1.90%	1.20%	1.79%	1.01%
Cost of Deposits	1.83%	1.66%	0.96%	1.59%	0.83%

Interest Rate

	Dec-23	Sep-23	Jun-23	Mar-23	Dec-22
Policy Rate	2.50%	2.50%	2.00%	1.75%	1.25%
Krungsri Lending Rate					
MLR	7.28%	7.03%	7.03%	6.63%	6.08%
MOR	7.575%	7.325%	7.325%	6.875%	6.325%
MRR	7.40%	7.15%	7.15%	6.80%	6.25%
Krungsri Deposit Rate					
Savings Rate	0.30%	0.30%	0.30%	0.25%	0.25%
3-month deposits	0.95-1.10%	0.70-0.92%	0.70-0.92%	0.50-0.75%	0.40-0.60%
6-month deposits	1.00-1.25%	0.75-1.05%	0.75-1.05%	0.55-0.85%	0.45-0.70%
12-month deposits	1.10-1.70%	0.85-1.45%	0.85-1.45%	0.60-1.20%	0.50-1.00%
24-month deposits	1.40-2.10%	1.10-1.95%	1.10-1.95%	0.80-1.55%	0.60-1.35%

- For 4Q/23, yield on earning assets increased by 67 bps from the prior quarter to 6.38%, primarily due to a growth in higher yield segments namely SME and consumer finance portfolios, both domestic and overseas, particularly the consolidation of the newly acquired consumer finance portfolio in Indonesia during the quarter. Meanwhile, the cost of funds increased by 24 bps to 2.14%, mainly due to a higher outstanding balance of time deposits and deposit rate repricing. Consequently, net interest margin (NIM) increased by 45 bps to 4.50% from 4.05% in the prior quarter.
- On a year-on-year basis, NIM increased by 94 bps driven by a higher yield on earning assets of 178 bps, largely due to the increasing high yield segment outstanding balance and an increase in lending rates, corresponding to a total of 125-bps policy rate increase during the period. The aforementioned development was partly offset by an increase in the cost of funds of 94 bps, underscoring the higher deposits and interbank and money market outstanding balance, market rate hikes, deposit rate increases, and the normalization of the FIDF contribution rate.
- For 2023, NIM increased by 46 bps to 3.91% from 2022, driven by an improvement in the yield on earning assets by 114 bps to 5.48%, despite a 78-bps increase in the cost of funds.

Non-Interest Income

Consolidated (Million Baht)	4Q/23	3Q/23	%QoQ	4Q/22	%YoY
Net fees and Service Income	6,861	5,139	33.5	4,292	59.9
Fees and service income	9,108	7,238	25.8	6,261	45.5
Fees and service expense	2,247	2,099	7.1	1,969	14.1
Total Non-interest and Non-fees Income	5,537	4,320	28.2	3,572	55.0
Gains (losses) on financial instrument measured at fair value through profit or loss (FVTPL)	1,467	1,167	25.7	1,301	12.8
Share of profit (loss) from investment using equity method	373	419	(11.0)	345	8.1
Bad debt recoveries	1,843	2,176	(15.3)	1,668	10.5
Other operating income	1,854	558	232.3	258	618.6
Total Non-Interest Income	12,398	9,459	31.1	7,864	57.7

Consolidated (Million Baht)	2023	2022	%YoY
Net fees and Service Income	20,831	16,945	22.9
Fees and service income	29,212	24,237	20.5
Fees and service expense	8,381	7,292	14.9
Total Non-interest and Non-fees Income	18,727	15,693	19.3
Gains (losses) on financial instrument measured at fair value through profit or loss (FVTPL)	5,637	4,733	19.1
Gains (losses) on investments, net	0	(40)	100.0
Share of profit (loss) from investment using equity method	1,583	1,556	1.7
Bad debt recoveries	7,527	6,729	11.9
Other operating income	3,980	2,715	46.6
Total Non-Interest Income	39,558	32,638	21.2

- Non-interest income in 4Q/23 amounted to Baht 12,398 million, increasing by 31.1%, or Baht 2,939 million, from the prior quarter. On a year-on-year basis, non-interest income increased by 57.7%, or Baht 4,534 million.
- The increases in non-interest income quarter-on-quarter and year-on-year were driven by net fees and service income, in part, attributed to new entities acquired, and other operating income, mainly from gains on sales of properties for sales.
- For 2023, non-interest income increased by 21.2%, or Baht 6,920 million, from 2022. The increase was largely due to net fees and service income, which registered notable contributions from overseas subsidiaries, gains on financial instruments measured at fair value through profit or loss (FVTPL), and bad debt recoveries.

Fees and Service Income Breakdown

	4Q/23	3Q/23	4Q/22	2023	2022
Loan - related Fees	6%	5%	5%	5%	5%
Bancassurance Fees	18%	13%	13%	15%	14%
Transaction Fees	7%	8%	9%	8%	10%
Auto HP Fees	15%	13%	14%	14%	14%
Card - related Fees	30%	33%	40%	34%	35%
Others*	24%	28%	19%	24%	22%
Total Fee and Service Income	100%	100%	100%	100%	100%

* Others: Comprise wealth and fund management, securities-related, and investment banking fees.

- Fees and service income in 4Q/23 amounted to Baht 9,108 million, representing an increase of Baht 1,870 million, or 25.8% from the prior quarter. The increase was driven by fees from overseas business entities, bancassurance, auto hire purchase fees and card-related fees.
- On a year-on-year basis, fees and service income increased by 45.5%, or Baht 2,847 million, mainly driven by fees from the newly acquired entities, bancassurance, auto hire purchase fees, and card-related fees.
- For 2023, fees and service income amounted to Baht 29,212 million, increasing by 20.5%, or Baht 4,975 million, from 2022, mainly from the newly acquired business entities in 2023, card related fees in alignment with a higher spending volume boosted by the recovery of economic activity, bancassurance, and auto hire purchase fees, corresponding the expansion of auto hire purchase loans.

Operating Expenses

Consolidated (Million Baht)	4Q/23	3Q/23	%QoQ	4Q/22	%YoY
Employee expenses	9,936	7,824	27.0	6,646	49.5
Premises and equipment expenses	2,266	2,174	4.2	1,945	16.5
Taxes and duties	1,169	953	22.7	641	82.4
Directors' remuneration	19	19	0.0	18	5.6
Other expenses	5,327	5,023	6.1	4,176	27.6
Total Operating Expenses	18,717	15,993	17.0	13,426	39.4
Cost to Income Ratio	45.2%	45.2%		45.0%	

Management Discussion and Analysis

Consolidated (Million Baht)	2023	2022	%YoY
Employee expenses	32,152	27,143	18.5
Premises and equipment expenses	8,251	7,398	11.5
Taxes and duties	3,624	2,507	44.6
Directors' remuneration	75	69	8.7
Other expenses	17,733	13,918	27.4
Total Operating Expenses	61,835	51,035	21.2
Cost to Income Ratio	44.5%	43.8%	

- Total operating expenses in 4Q/23 amounted to Baht 18,717 million, representing an increase of Baht 2,724 million, or 17.0%, from the prior quarter, mainly driven by employee expenses, the business in Indonesia acquired during the quarter, and marketing promotion expenses.
- Similarly, on a year-on-year basis, total operating expenses increased by Baht 5,291 million, or 39.4%.
- For 2023, total operating expenses increased by 21.2%, or Baht 10,800 million, from 2022.
- The increases in 4Q/23 operating expenses year-on-year and 2023 over-year were mainly driven by employee expenses from the acquisitions of overseas business entities during the year, together with an increase in other expenses--mainly from impairment on foreclosed properties and marketing promotion expenses--corresponding to higher business activities and IT related expenses.

The cost to income ratio in 4Q/23 was at 45.2%, unchanged from the prior quarter, and modestly increased from 45.0% in 4Q/22.

For 2023, the cost to income ratio was at 44.5%, increasing from 43.8% in 2022, underscoring the higher total operating expenses corresponding to increasing business volume from both domestic and overseas fronts.

Expected credit loss (ECL)

Consolidated (Million Baht)	4Q/23	3Q/23	%QoQ	4Q/22	%YoY
Expected Credit Loss	12,955	9,052	43.1	6,955	86.3
Credit Cost (bps)	253	181		146	

Consolidated (Million Baht)	2023	2022	%YoY
Expected Credit Loss	35,617	26,652	33.6
Credit Cost (bps)	175	136	

The expected credit loss in 4Q/23 amounted to Baht 12,955 million, equivalent to a credit cost of 253 bps, compared to 181 bps in the prior quarter and 146 bps in the same period of last year. The increase in the expected credit loss in 4Q/23 on a quarter-on-quarter basis was mainly attributed to prudential reserves, covering overseas subsidiaries completely acquired during the quarter.

For 2023 the expected credit loss was recorded at Baht 35,617 million, equivalent to a credit cost of 175 bps, compared to 136 bps level for 2022, mainly attributed to overseas consumer finance businesses, underscoring the prudential risk management approach and provisions.

Key Items of Financial Position

Assets

Consolidated (Million Baht)	Dec. 31, 23	Sep. 30, 23	%QoQ	Dec. 31, 22	%YTD
Cash	28,170	26,694	5.5	29,810	(5.5)
Net interbank and money market items	507,974	477,082	6.5	460,920	10.2
Financial assets measured at FVTPL	1,740	2,550	(31.8)	998	74.3
Derivative assets	29,056	50,428	(42.4)	30,027	(3.2)
Net investments	130,539	144,958	(9.9)	145,167	(10.1)
Net investments in subsidiaries, associate and joint ventures	17,921	17,628	1.7	16,580	8.1
Loans to customers	2,017,204	2,016,837	0.0	1,949,409	3.5
Accrued interest receivables and undue interest receivables	14,566	13,700	6.3	11,933	22.1
Allowance for expected credit loss	(89,070)	(89,260)	0.2	(87,851)	(1.4)
Net loans to customers and accrued interest receivable	1,942,700	1,941,277	0.1	1,873,491	3.7
Net properties for sales	5,555	6,190	(10.3)	5,212	6.6
Others	104,640	92,910	12.6	74,746	40.0
Total Assets	2,768,295	2,759,717	0.3	2,636,951	5.0

- As of December 31, 2023, total assets stood at Baht 2,768,295 million, representing an increase of Baht 8,578 million, or 0.3%, from the prior quarter. The key drivers are as follows:
 - Net interbank and money market items increased by Baht 30,892 million, or 6.5%, driven by an increase in repurchase agreements.
 - Other assets increased by Baht 11,730 million, or 12.6%, mainly from the revaluation of premises, recognition of goodwill resulting from the business acquisitions, and account receivable from funds transfer transactions.
 - Derivative assets decreased by Baht 21,372 million, or 42.4%.
 - Net investment decreased by Baht 14,419 million, or 9.9%.

- Compared to the end of December 2022, total assets increased by Baht 131,344 million, or 5.0%. The key drivers are as follows:
 - Loans to customers increased by Baht 67,795 million, or 3.5%, largely driven the robust SME segment growth of 11.3% and the retail loan growth of 5.6%, largely driven by strong growth of both domestic and overseas consumer finance portfolios.
 - Net interbank and money market items increased by Baht 47,054 million, or 10.2%, driven by an increase in repurchase agreement and deposits at financial institutions.
 - Other assets increased by Baht 29,894 million, or 40.0%, mainly from the revaluation of premises, the recognition of goodwill resulting from the business acquisitions, and account receivable from funds transfer transactions and securities businesses.
 - Net investment decreased by Baht 14,628 million, or 10.1%.

Investments Classification

Consolidated (Million Baht)	Dec. 31, 23	Sep. 30, 23	%QoQ	Dec. 31, 22	%YTD
Financial Assets Measured at FVTPL	1,740	2,550	(31.8)	998	74.3
Net Investments	130,539	144,958	(9.9)	145,167	(10.1)
Investments in Debt Securities Measured at Amortised Cost	2,873	3,465	(17.1)	518	454.6
Investments in Debt Securities Measured at FVOCI	119,966	132,596	(9.5)	135,224	(11.3)
Investments in Equity Securities Measured at FVOCI	7,700	8,897	(13.5)	9,425	(18.3)
Net Investments in Subsidiaries, Associate and Joint Ventures	17,921	17,628	1.7	16,580	8.1
Total Investments	150,200	165,136	(9.0)	162,745	(7.7)

- As of December 31, 2023, total investments decreased by 9.0%, or Baht 14,936 million, from the prior quarter.
- Compared to the end of December 2022, total investments decreased by 7.7%, or Baht 12,545 million.
- The decreases in total investments quarter-on-quarter and year-on-year were driven by investments in debt securities measured at FVOCI.

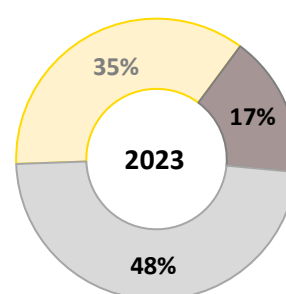
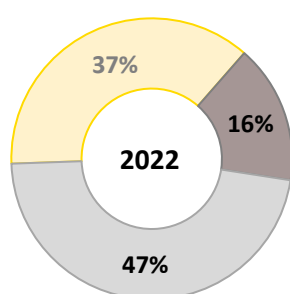
Loans to Customers

Loans by Segment

Consolidated (Million Baht)	Dec. 31, 23	Sep. 30, 23	%QoQ	Dec. 31, 22	%YTD
Corporate	702,207	712,131	(1.4)	720,724	(2.6)
Thai Corporate	460,727	463,300	(0.6)	451,252	2.1
International Corporate (JPC/MNC)	241,480	248,831	(3.0)	269,472	(10.4)
SMEs	339,527	335,466	1.2	304,936	11.3
Retail	975,470	969,240	0.6	923,749	5.6
Hire purchase	429,991	429,044	0.2	412,676	4.2
Mortgage	269,070	274,075	(1.8)	284,649	(5.5)
Credit cards, personal loans and others	171,115	162,476	5.3	158,049	8.3
ASEAN*	105,294	103,645	1.6	68,375	54.0
Total Loans	2,017,204	2,016,837	0.0	1,949,409	3.5

*ASEAN Loans included Hattha Bank Plc (CBDA), Krungsri Leasing Services Company Limited (LAOS), SHBank Finance Company Limited (VN), Home Credit Philippines (PHIL) and Home Credit Indonesia (IDSA)

Loan Breakdown



■ Corporate
■ SMEs
■ Retail

Retail	
Auto HP	21%
Mortgage	15%
Credit card, Personal Loans and Others	8%
ASEAN	3%

Retail	
Auto HP	21%
Mortgage	13%
Credit card, Personal Loans and Others	9%
ASEAN	5%

As of December 31, 2023, total outstanding loans stood at Baht 2,017,204 million, relatively unchanged from the end of September 2023, and increased by Baht 67,795 million, or 3.5% from the end of December 2022. The growth was mainly driven by domestic commercial loans, as well as retail loan expansion particularly with regard to contributions from new overseas subsidiaries.

Details of loan performance by segment are as follows:

- **Corporate loans** decreased by 1.4%, or Baht 9,924 million, from the end of September 2023. Compared to the end of December 2022, corporate loans decreased by 2.6%, or Baht 18,517 million, largely driven by a decrease of 10.4%, or Baht 27,992 million, in International Corporate (JPC/MNC) loans, underscoring weakening external demand.

Thai corporate loans increased by 2.1%, or Baht 9,475 million from 2022, corresponding to measured private investment and economic expansions.

- **SME loans** grew by 1.2% or Baht 4,061 million from the end of September 2023, and by 11.3%, or Baht 34,591 million, from the end of December 2022, driven by SME-M and SME-S segments, echoing both term loan and working capital requirements corresponding to the economic recovery back to its pre-Covid level.
- **Retail loans** grew by 0.6%, or Baht 6,230 million from the end of September 2023, and by 5.6%, or Baht 51,721 million from the end of December 2022. Details of retail loan performance by segment are as follows:
 - **Auto hire purchase loans** increased by 0.2%, or Baht 947 million, from the end of September 2023, and by 4.2% or Baht 17,315 million from the end of December 2022, encompassing all product segments.
 - **Mortgage loans** decreased by Baht 5,005 million, or 1.8% from the end of September 2023, and by 5.5%, or Baht 15,579 million from the end of December 2022, corresponding to the unfavorable development due to reduced affordability of homebuyers impacted by both interest rate hikes and an increase in construction costs.
 - **Credit card, personal loans and others** increased by 5.3%, or Baht 8,639 million, from the end of September 2023, and by 8.3%, or Baht 13,066 million, from the end of December 2022, corresponding to the robust domestic consumption and year-end seasonal spending in particular.
 - **ASEAN loans**, which mainly encompassed consumer finance products, increased by 1.6%, or Baht 1,649 million, from the end of September 2023, and by 54.0%, or Baht 36,919 million for the year. This robust expansion was largely attributed to the Bank's ASEAN business expansion strategy, which resulting in the successful consolidations of consumer finance loan portfolios in Vietnam, the Philippines, and Indonesia in 2023.

Asset Quality

Loan Classification

Consolidated (Million Baht)	Dec. 31, 23		Dec. 31, 22	
	Loan to Customers and Accrued Interest Receivable	Allowance for ECL	Loan to Customers and Accrued Interest Receivable	Allowance for ECL
Stage 1 (Performing)	1,799,141	32,430	1,743,186	38,474
Stage 2 (Under-performing)	166,611	23,602	161,442	19,409
Stage 3 (Non-performing)	65,933	33,038	56,714	29,968
POCI (Purchased or Originated Credit-Impaired)	85	0	0	0
Total	2,031,770	89,070	1,961,342	87,851

Non-performing Loans*

Consolidated	Dec. 31, 23	Sep. 30, 23	Jun. 30, 23	Mar. 31, 23	Dec. 31, 22
Non-performing Loans (Million Baht)	61,481	59,135	54,871	54,048	53,875
NPL Ratio	2.53%	2.48%	2.29%	2.26%	2.32%
Non-performing Loans by Segment					
Corporate	0.7%	0.7%	0.7%	0.8%	0.8%
SMEs	4.8%	4.9%	4.8%	5.0%	5.2%
Retail	4.2%	3.9%	3.5%	3.5%	3.5%
Hire Purchase	2.4%	2.3%	2.3%	2.2%	2.3%
Mortgage	5.2%	5.1%	4.8%	5.3%	5.1%
Personal Loans, Credit Card and Others	4.2%	4.3%	4.3%	4.4%	4.5%
ASEAN	8.6%	6.4%	3.7%	2.3%	2.1%
Coverage Ratio	149.1%	155.1%	163.3%	167.1%	167.4%

*Excluding accrued interest in accordance with the BOT's guideline

- Krungsri continued to be vigilant on risk management practices together with ongoing efforts to resolve NPLs. To this end, the Bank sold Baht 3,907 million of NPLs in 2023.
- As of December 31, 2023, gross NPLs stood at Baht 61,481 million, representing an increase of Baht 2,346 million, or 4.0% from the prior quarter, and Baht 7,606 million, or 14.1% from the end of December 2022. The development in gross NPLs was in part resonated the Bank's rigorous and prudential risk management practices particularly for overseas subsidiaries.

- The NPL ratio was at 2.53% as of the end of December 2023, compared to 2.48% at the end of September 2023, and 2.32% at the end of December 2022.
- The coverage ratio moderated to 149.1% at the end of December 2023, compared to 155.1% at the end of September 2023, and 167.4% at the end of December 2022.

Liabilities and Shareholders' Equity

Consolidated (Million Baht)	Dec. 31, 23	Sep. 30, 23	%QoQ	Dec. 31, 22	%YTD
Liabilities	2,396,841	2,395,538	0.1	2,295,192	4.4
Deposits	1,839,601	1,772,228	3.8	1,804,692	1.9
Interbank and money market items	323,996	384,402	(15.7)	289,977	11.7
Derivative liabilities	32,839	40,303	(18.5)	37,340	(12.1)
Debt Issues and Borrowings	104,217	106,622	(2.3)	98,199	6.1
Others	96,188	91,983	4.6	64,984	48.0
Total Bank's Equity	368,454	361,327	2.0	340,919	8.1
Total Shareholders' Equity	371,454	364,179	2.0	341,759	8.7
Book Value per Share (Baht)	50.50	49.51		46.46	

- As of December 31, 2023, total liabilities stood at Baht 2,396,841 million, representing an increase of Baht 1,303 million, or 0.1%, from the end of September 2023. Key items are as follows:
 - Deposits increased by Baht 67,373 million, or 3.8%, largely due to time deposits, offset by a decrease in savings deposits.
 - Interbank and money market items decreased by Baht 60,406 million, or 15.7%, driven by a decrease in repurchase agreements and loans from financial institutions.
- Compared to the end of December 2022, total liabilities increased by Baht 101,649 million, or 4.4%. Key items are as follows:
 - Deposits increased by Baht 34,909 million, or 1.9%, largely due to time deposits, offset by a decrease in savings deposits.
 - Interbank and money market items increased by Baht 34,019 million, or 11.7%, driven by an increase in loans from financial institutions.
 - Other liabilities increased by Baht 31,204 million, or 48.0%, mainly from accrued expenses and accrued interest payable, margin calls from counterparties, and account payable.
- As of December 31, 2023, total Bank's equity stood at Baht 368,454 million, representing an increase of Baht 27,535 million, or 8.1%, from the end of December 2022 due to an increase in net profit of the Bank's equity holders by Baht 32,929 million in 2023, which was partially offset by dividends paid of Baht 6,252 million.

- Book value per share as of December 31, 2023, increased to Baht 50.50 from Baht 46.46 at the end of December 2022.

Funding Structure

Deposits

Consolidated (Million Baht)	Dec. 31, 23	Sep. 30, 23	%QoQ	Dec. 31, 22	%YTD
Current	50,424	48,947	3.0	50,344	0.2
Savings	961,051	975,127	(1.4)	1,099,683	(12.6)
Time	826,773	747,203	10.6	654,665	26.3
< 6 Months	321,399	280,240	14.7	358,756	(10.4)
6 Months and < 1 Year	39,929	31,170	28.1	13,503	195.7
1 Year and over 1 Year	465,445	435,793	6.8	282,406	64.8
Certificate of deposit	1,353	951	42.3	0	-
Total Deposits	1,839,601	1,772,228	3.8	1,804,692	1.9
Proportion of Current and Savings Deposits	55.0%	57.8%		63.7%	

- As of December 31, 2023, total deposits stood at Baht 1,839,601 million, representing an increase of Baht 67,373 million, or 3.8%, from the prior quarter. The increase was mainly due to time deposits, offset by a decrease in savings deposits.
- Compared to the end of December 2022, total deposits increased by 1.9%, or Baht 34,909 million, mainly due to an increase in time deposits, notably an increase in time deposits with a tenor of one year and more, offset by a decrease in savings deposits.
- As a result, the proportion of current and savings deposits (CASA) as a percentage of total deposits decreased to 55.0%, compared with 57.8% and 63.7% at the end of September 2023 and December 2022, respectively.

Borrowing

Consolidated (Million Baht)	Dec. 31, 23	Sep. 30, 23	%QoQ	Dec. 31, 22	%YTD
Debenture	38,322	39,753	(3.6)	30,289	26.5
Subordinated debenture	61,364	61,437	(0.1)	61,439	(0.1)
Other	4,531	5,432	(16.6)	6,471	(30.0)
Total Borrowing	104,217	106,622	(2.3)	98,199	6.1

- As of December 31, 2023, total borrowing stood at Baht 104,217 million, representing a decrease of Baht 2,405 million, or 2.3% from the prior quarter, driven by the redemption of Krungsri Group's debentures, and a decrease in other borrowing.
- Compared with the end of December 2022, total borrowing increased by 6.1%, or Baht 6,018 million, mainly from the new issuance of Krungsri Group's debentures, which exceeded the redemption amount, offset by a decrease in other borrowing.

Liquidity

Consolidated	Dec. 31, 23	Sep. 30, 23	Jun. 30, 23	Mar. 31, 23	Dec. 31, 22
Loan to Deposit Ratio	110%	114%	112%	105%	108%
Loan to Deposit and Debenture Ratio	107%	111%	110%	103%	106%

The loan to deposit ratio and the loan to deposit plus debentures ratio decreased to 110% and 107%, respectively, compared with 114% and 111% at the end of September 2023, and 108% and 106% at the end of December 2022.

Contingencies

Consolidated (Million Baht)	Dec. 31, 23	Sep. 30, 23	%QoQ	Dec. 31, 22	%YTD
Avals to bills and Guarantees of loans	5,766	3,189	80.8	3,987	44.6
Liability under unmatured import bills	2,557	1,769	44.5	3,108	(17.7)
Letters of credit	7,004	7,102	(1.4)	7,911	(11.5)
Other Contingencies	142,285	156,673	(9.2)	149,816	(5.0)
Total Contingencies	157,612	168,733	(6.6)	164,822	(4.4)

- Krungsri Group's contingencies as of December 31, 2023, totaled Baht 157,612 million, a decrease of Baht 11,121 million, or 6.6%, from the end of September 2023, mainly from a decrease in liabilities under collateral delivered and firm commitment, offset by an increase in firm commitment and unused credit line.
- Compared to end of December 2022, contingencies decreased by 4.4% or Baht 7,210 million, mainly due to a decrease in firm commitment and, offset by an increase in liabilities under collateral delivered, unused credit line and guarantees of loans.

Statutory Capital

As of December 31, 2023, Krungsri's capital (Bank only) stood at Baht 309,115 million, equivalent to 18.24% of risk-weighted assets, comprising Common Equity Tier 1 (CET1) capital and Tier 1 Capital of 13.56% and Tier 2 capital of 4.68%

The current level of capital is well above the minimum regulatory capital requirements which include the capital conservation buffer and higher loss absorbency (the additional CET1) requirement for Domestic Systemically Important Banks (D-SIBs).

Bank only	Capital Fund (Million Baht)			Capital Adequacy Ratio		
	Dec. 31, 23	Sep. 30, 23	Dec. 31, 22	Dec. 31, 23	Sep. 30, 23	Dec. 31, 22
Common Equity Tier 1	229,727	229,745	221,435	13.56%	13.66%	13.23%
Tier 1 Capital	229,727	229,745	221,435	13.56%	13.66%	13.23%
Tier 2 Capital	79,388	79,370	79,269	4.68%	4.72%	4.74%
Total Capital Fund	309,115	309,115	300,704	18.24%	18.38%	17.97%

Credit Ratings

The Bank's credit ratings assigned by Moody's Investors Service, Standard & Poor's, Fitch Ratings, and TRIS Rating are shown in the table below.

Moody's Investors Service	
Bank Deposit-Long Term	A3
Bank Deposit-Short Term	P-2
Baseline Credit Assessment (BCA)	baa2
Outlook	Stable
Standard & Poor's	
Long-term Issuer Credit Rating	BBB+
Short-term Issuer Credit Rating	A-2
Long-term Senior Debt	BBB+
Stand-alone Credit Profile (SACP)	bb
Outlook	Stable
Fitch Ratings	
<u>International Ratings</u>	
Long-term Issuer Default Rating	BBB+
Short-term Issuer Default Rating	F1
Viability Rating	bbb
Outlook	Stable
<u>National Ratings</u>	
Long-term Rating	AAA (tha)
Long-term Debenture	AAA (tha)
Short-term	F1+(tha)
Subordinated Debt	AA (tha)
Outlook	Stable
TRIS Rating	
Company Rating	AAA
Issue Rating-Senior Unsecured	AAA
Stand-alone Credit Profile (SACP)	aa
Outlook	Stable