



Management Discussion and Analysis

For the first quarter ended March 31, 2024 (Unreviewed financial statements)

Kiatnakin Phatra Bank Public Company Limited

Investor Relations

Email: investor_relations@kkpfg.com

Tel. +66-2495-1366

Website: www.kkpfg.com

Overall market environment

The Thai economy for 1Q24 continued to recover unevenly. The main driving force is tourism. In the first three months of 2024, the total number of tourists arrivals to Thailand reached 9.4 million, increasing from 6.4 million compared to the same period in the previous year. Additionally, exports in the first two months of 2024 expanded by 6.7%YoY, reflecting the recovery of global trade led by the electronics sector. However, the recovery is expected to be slow due to the competitive pressure faced by Thai exports from Chinese products. Meanwhile, domestic consumption is expected to slow down due to economic deceleration, high household debt levels, and higher interest rates. The inflation rate is expected to remain subdued owing to high base and sluggish domestic demand. Nonetheless, there exists a potential risk of oil price surging from the ongoing war in the Middle East.

Although the Monetary Policy Committee (MPC) assessed that the Thai economy would continue to recover, driven by private consumption, tourism, and anticipated government disbursement in the latter half of 2024. Meanwhile Inflation is expected to return to the target range at the year end. As such, MPC tends to hold interest rates throughout the year because (1) There is a possibility of inflation pick up in the near-term, with digital wallet being one of the key contributors (2) The current interest rate is in line with the economic potential (3) Interest rate remains elevated to address a chronic household debt issue, facilitating debt reduction process and (4) The economic slowdown is mainly from structural issue rather than cyclical factors, monetary policy is limited in effectiveness to tackle those challenges. Furthermore, the uncertainty surrounding economic stimulus measures and the slower than expected rate cuts from the FED could postpone the Bank of Thailand's decision to cut rate until the latter half of 2025.

The auto industry for the first two months of 2024 declined 21.5%YoY. The total number of commercial and passenger car sales fell by 28.0% YoY and 9.3% YoY, respectively. This is due to slowing income and purchasing power trends following unfavorable economic conditions, the increase in interest rates and high level of household debt.

The capital market remained weak due to the slow pace of economic recovery and uncertainty surrounding economic stimulus policies. This contributed to deteriorating market sentiment resulting in the SET index at the end of 1Q24 to close at 1,377.94 points, declining 2.7% from 1,415.85 points at the end of 2023. The average daily trading value (SET and mai) for 1Q24 decreased by 14.3% to Baht 45,717 million from Baht 53,331 million during 2023.

Operating results of the Bank and subsidiaries for 1Q24

For 1Q24, the consolidated net profit of the Bank totaled Baht 1,506 million, an increase of 124.9% compared to 4Q23 driven by the continuous decline in the expected credit loss level. Compared to 1Q23, consolidated net profit declined by 27.8% YoY. Comprehensive income for 1Q24 amounted to Baht 1,676 million.

Operating income for 1Q24 totaled Baht 6,832 million, a slight decline of 1.6% YoY. Net interest income increased by 0.6% while non-interest income declined by 8.1% YoY. Non-interest income continued to be pressured by unfavorable market conditions leading to a decline in income from the brokerage business. Additionally, bancassurance fee also softened as a result of slower loan growth. Operating expenses remained at an efficient level with cost to income ratio¹ for 1Q24 at 42.4%.

As a result of the Bank's continuous efforts to improve the quality of its loan portfolio, which has resulted in positive trends as reflected in a continuous decline in expected credit loss level with the 1Q24 expected credit loss lowered to Baht 609 million, a decline of 44.5% YoY. Additionally, during 1Q24, the Bank on a prudent

¹ Operating expenses excluding items relating to foreclosed assets (loss from revaluation of foreclosed assets and loss from sale of foreclosed assets)

qualitative classification basis, has classified one large loan account in which the Bank has already provisioned for during 4Q23. This resulted in the Non-Performing Loans² (NPLs) to total loans ratio to increase to 3.8% as of the end of 1Q24 from 3.2% at the end of 2023 from the classification of such account. Meanwhile, the overall asset quality of other loan segments remained at a well-controlled level. As of the end of 1Q24, total allowance for expected credit losses to total NPLs ratio (coverage ratio) stood at 137.3%.

Summary of financial performance

Unit : Baht million	1Q24	4Q23	% QoQ	1Q23	% YoY
Net Interest income	5,253	5,562	(5.6)	5,223	0.6
Non-interest income	1,579	1,393	13.4	1,718	(8.1)
Total operating income	6,832	6,955	(1.8)	6,941	(1.6)
Total other operating expenses	4,316	4,584	(5.8)	3,239	33.3
Expected credit losses	609	1,429	(57.4)	1,097	(44.5)
Profit from operating before income tax expenses	1,907	942	102.4	2,605	(26.8)
Income tax expenses	400	270	48.1	517	(22.6)
Net Profit (attributable to equity holders of the Bank)	1,506	670	124.9	2,085	(27.8)
Total Comprehensive income (attributable to equity holders of the Bank)	1,676	857	95.7	2,139	(21.6)
Basic earnings per share (Baht)	1.78	0.79	125.3	2.46	(27.6)

Annualized Ratios	1Q24	4Q23	1Q23
Net Profit (Baht million)	1,506	670	2,085
ROAE (%)	9.7	4.4	14.2
ROE (%)	9.9	4.5	14.4
ROAA (%)	1.1	0.5	1.6
Comprehensive income (Baht million)	1,676	857	2,139
ROAE (%)	10.8	5.7	14.5
ROE (%)	11.0	5.7	14.8
ROAA (%)	1.2	0.6	1.7
Loan growth	(0.7)	(0.7)	2.7
NPLs/ Total loans (excluding interbank and POCI)	3.8	3.2	3.3
Allowance for expected credit losses/ Total NPLs excluding POCI (coverage ratio)	137.3	164.6	150.9

² Excluding loans classified as Purchased or originated credit-impaired financial assets (POCI)

Net Interest Income

Unit: Baht million	1Q24	4Q23	% QoQ	1Q23	% YoY
Interest income	7,881	8,057	(2.2)	6,996	12.7
Interest on loans	3,525	3,566	(1.1)	2,914	21.0
Hire purchase and financial lease income	3,634	3,749	(3.1)	3,573	1.7
Interest on POCI	26	38	(30.7)	27	(5.1)
Interest on interbank and money market items	372	389	(4.3)	282	32.0
Interest on securities	299	277	7.9	186	60.2
Others	26	38	(32.8)	13	102.2
Interest expense	2,629	2,495	5.3	1,772	48.3
Interest on deposits	1,738	1,580	10.0	968	79.6
Interest on interbank and money market items	102	117	(13.3)	94	7.9
Interest on debt issued and borrowings	325	322	0.8	233	39.6
Fees and charges on borrowings	4	6	(30.5)	6	(33.3)
FIDF and DPA fees	444	449	(1.0)	442	0.6
Others	16	20	(23.7)	30	(47.7)
Net Interest Income	5,253	5,562	(5.6)	5,223	0.6

For 1Q24, net interest income amounted to Baht 5,253 million, an increase of 0.6% YoY. Interest income totaled Baht 7,881 million, an increase of 12.7% YoY driven by the increase in interest income on loans in tandem with the growth in loan portfolio together with the increase in loan yield YoY. Meanwhile, interest expense totaled Baht 2,629 million, registering an increase also of 48.3% YoY driven by the continuous increase in funding costs amid rising market rates with the cost of funds for 1Q24 rising to 2.4%. Overall, the loan spread for 1Q24 declined to 4.9%.

Loan Yield, Cost of Fund and Loan Spread

%	1Q24	4Q23	3Q23	2Q23	1Q23
Yield on loan	7.3	7.3	7.1	7.1	6.9
Cost of fund	2.4	2.2	2.0	1.8	1.7
Loan spread	4.9	5.1	5.1	5.3	5.2

Non-Interest Income

For 1Q24, non-interest income amounted to Baht 1,579 million, a decline of 8.1% YoY. This was primarily due to a reduction in bancassurance fees, attributed to slower loan growth, and a decrease in income from the brokerage business amid ongoing subdued market conditions which contributed to a decline in market activities during the quarter, with the average daily turnover dropping by 31.4% YoY. Despite these challenges, Kiatnakin Phatra Securities continues to retain its number one position in terms of market share³, securing a 24.6% market share for 1Q24. Meanwhile, fee income from asset management business remained robust, bolstered by the sustained growth in assets under management.

³ Including SET and mai but excluding proprietary trading

Unit: Baht million	1Q24	4Q23	% QoQ	1Q23	% YoY
Fees and services income	1,383	1,564	(11.5)	1,624	(14.8)
Fees and services expenses	260	231	12.6	281	(7.4)
Fees and services income, net	1,123	1,333	(15.7)	1,343	(16.4)
Gain (loss) on financial instruments measured at fair value through profit or loss, net	336	(38)	980.9	151	122.9
Gain (loss) on investments, net	30	-	n.a.	1	3,291.9
Dividend income	42	18	128.6	168	(75.0)
Other operating income	48	80	(40.1)	55	(13.4)
Total Non-Interest Income	1,579	1,393	13.4	1,718	(8.1)

Other operating expenses

Unit: Baht million	1Q24	4Q23	% QoQ	1Q23	% YoY
Employee's expenses	1,748	1,900	(8.0)	1,743	0.3
Directors' remuneration	10	13	(25.5)	9	6.7
Premises and equipment expenses	342	340	0.6	312	9.8
Taxes and duties	187	154	21.4	141	32.8
Loss from revaluation of foreclosed assets (reversal)	(38)	83	(146.0)	(619)	(93.9)
Loss from sale of foreclosed assets	1,463	1,399	4.5	1,096	33.4
(Gain) loss from sale of foreclosed properties	20	(10)	(299.2)	(24)	(184.0)
Loss from sale of repossessed cars	1,443	1,409	2.4	1,120	28.8
Other expenses	605	694	(12.9)	556	8.7
Total other operating expenses	4,316	4,584	(5.8)	3,239	33.3

For 1Q24, other operating expenses were Baht 4,316 million, increasing by 33.3% YoY driven by items as follow:

- Loss from sale of repossessed cars for 1Q24 totaled Baht 1,443 million, a slight increase of 2.4% comparing to 4Q23. The Bank has observed positive outcomes from the proactive measures taken which have led to a gradual reduction in the inventory of repossessed cars. If comparing to 1Q23, loss from sale of repossessed cars increased by 28.8% YoY from the Bank's on-going management of repossessed cars
- Effective 1Q23, the Bank has revised the allowance for impairment of foreclosed properties to be in accordance with the BOT's latest notification issued during the end of 2022 with regards to the foreclosed properties. The revised treatment resulted in a reversal of allowance for impairment of foreclosed properties in the amount of Baht 619 million recorded during 1Q23 while there is no such item recorded for 1Q24
- If excluding expense items related to foreclosed assets, operating expenses remained at an efficient level with cost-to-income ratio for 1Q24 at 42.4%

Expected Credit Loss (ECL)

Unit: Baht million	1Q24	4Q23	% QoQ	1Q23	% YoY
Expected Credit Losses	609	1,429	(57.4)	1,097	(44.5)
Credit Cost (%)	2.07	3.12		2.41	

For 1Q24, the Bank remains prudent when setting aside provisions to reflect ongoing uncertainties with the expected credit loss for 1Q24 amounted to Baht 609 million, a considerable decline of 44.5% YoY. Provisions including the loss from sale of repossessed cars (credit cost) for 1Q24 declined to 2.07% of average loan, improving from 3.12% from the previous quarter or improving from 1Q23 level of 2.41%. The positive trend is attributed to the Bank's efforts in implementing various measures to manage the quality of the loan portfolio and the outstanding repossessed cars. These measures include loan approval criteria, enhancing collection process, and management of car repossessions inventory in order to maximize efficiency. From the Bank ongoing efforts, the Bank continues to see signs of improvement as reflected in the improving trend in expected credit loss level.

Statements of Financial Position

Assets

Assets as of the end of March 2024 totaled Baht 532,436 million, a decline of 2.4% from the end of 2023 driven by the decline in loans to customers and accrued interest receivables and interbank and money market items.

<u>Assets</u> (Baht Thousand)	Consolidated		Change	
	Mar 31, 2024	Dec 31, 2023	Amount	%
Cash	1,057,215	1,381,596	(324,381)	(23.5)
Interbank and money market items, net	47,272,622	62,029,433	(14,756,811)	(23.8)
Financial assets measured at fair value through profit or loss	16,344,266	16,035,387	308,879	1.9
Derivatives assets	9,612,592	8,062,453	1,550,139	19.2
Investment, net	37,132,998	36,261,569	871,429	2.4
Investments in properties, net	19,972	20,038	(66)	(0.3)
Loans to customers and accrued interest receivables, net	382,185,157	384,825,621	(2,640,464)	(0.7)
Properties foreclosed, net	6,870,324	7,240,407	(370,083)	(5.1)
Land, premises and equipment, net	7,335,225	7,436,488	(101,263)	(1.4)
Right-of-use assets	233,526	245,726	(12,200)	(5.0)
Other intangible assets, net	1,741,597	1,707,800	33,797	2.0
Goodwill	3,066,035	3,066,035	-	0.0
Deferred tax assets	1,556,508	1,717,031	(160,523)	(9.3)
Accounts receivable from clearing house and broker - dealers	1,419,698	1,954,980	(535,282)	(27.4)
Securities and derivative business receivables	5,410,680	5,528,970	(118,290)	(2.1)
Other assets, net	11,177,440	7,813,483	3,363,957	43.1
Total Assets	532,435,855	545,327,017	(12,891,162)	(2.4)

Liabilities

Liabilities as of the end of March 2024, amounted to Baht 469,495 million, declining 3.0% from the end of 2023. Deposits were Baht 356,849 million, decreased of 0.6% from the end of 2023 driven primarily by the decline in saving accounts resulting in the proportion of current and saving accounts (CASA) to be at 33.7% with term deposits contributing to 66.3% of total deposits amount. Debts and borrowings were Baht 60,706 million, declining also by 11.9% from the end of 2023. Loans to deposits and borrowings ratio as of the end of 1Q24 stood at 94.8%.

<u>Liabilities</u> (Baht Thousand)	Consolidated		Change	
	Mar 31, 2024	Dec 31, 2023	Amount	%
Deposits	356,849,080	358,902,512	(2,053,432)	(0.6)
Current Account	1,750,029	1,124,152	625,877	55.7
Saving Account	118,414,224	127,177,454	(8,763,229)	(6.9)
Term Deposit	236,617,135	230,523,115	6,094,020	2.6
Certificate of Deposit	67,692	77,792	(10,100)	(13.0)
Interbank and money market items, net	22,415,273	23,035,081	(619,808)	(2.7)
Liabilities payable on demand	580,709	483,354	97,355	20.1
Financial liabilities measured at fair value through profit or loss	1,180,786	1,332,833	(152,047)	(11.4)
Derivatives liabilities	9,345,070	8,502,677	842,393	9.9
Debt issued and borrowings	60,706,167	68,899,979	(8,193,812)	(11.9)
Lease liabilities	166,603	182,008	(15,405)	(8.5)
Provisions	1,280,011	1,301,936	(21,925)	(1.7)
Deferred tax liabilities	559,645	555,218	4,427	0.8
Accounts payable to clearing house and broker - dealers	463,163	151,102	312,061	206.5
Securities and derivative business payables	5,402,957	6,894,432	(1,491,475)	(21.6)
Accrued interest expenses	1,637,911	1,063,220	574,691	54.1
Other accounts payable	4,928,591	7,010,932	(2,082,341)	(29.7)
Income tax payable and specific business tax payable	718,806	471,466	247,340	52.5
Other liabilities	3,260,441	5,287,417	(2,026,976)	(38.3)
Total Liabilities	469,495,213	484,074,167	(14,578,954)	(3.0)

Capital Adequacy Ratio

The Group maintains a strong capital position and can adequately withstand the current uncertainties and is above the regulatory requirement (regulatory requirement and additional capital conservation buffer) of 11.0% for total capital ratio, 8.5% for Tier 1 capital and 7.0% for Common Equity Tier 1 capital. The Group performs capital management planning to maintain an appropriate level of capital which is consistent with the annual business plan of the Group including any reviews during the year to ensure appropriate level of capital to withstand any uncertainties.

As of March 31, 2024, the Capital Adequacy Ratio (BIS ratio) of the Bank under Basel III which included profit up to end of 2Q23 after interim dividend payment was at 16.01% while Tier 1 ratio was at 12.55%. When including net profit up to end of 1Q24, the BIS ratio will increase to 16.79% while Tier 1 ratio will be 13.33%. The Bank Tier 1 capital are all Common Equity Tier 1 contributing to 78.37% of total capital reflecting high quality of capital.

Capital Requirement (%)	Minimum regulatory requirement	Capital Conservation Buffer	Total Capital Requirement
Common Equity Tier 1	4.50	2.50	7.00
Tier 1 capital	6.00	2.50	8.50
Total capital	8.50	2.50	11.00

Total Capital and Capital Adequacy Ratio of the Bank as of the end of March 2024 are as follows:

	Bank Only			Consolidated		
	Mar 2024	Dec 2023	Mar 2023	Mar 2024 ⁴	Dec 2023	Mar 2023
Capital Requirement (Unit: Baht million)						
Common Equity Tier 1	47,883	47,655	42,985	n.a.	54,047	49,720
Tier 1 capital	47,883	47,655	42,985	n.a.	54,047	49,720
Total capital	61,099	60,947	55,496	n.a.	67,471	62,648
Capital Adequacy Ratio (Unit: %)						
Common Equity Tier 1	12.55	12.30	11.40	n.a.	13.30	12.91
Tier 1 capital	12.55	12.30	11.40	n.a.	13.30	12.91
Total capital	16.01	15.73	14.72	n.a.	16.61	16.15

⁴ Consolidated capital information for March 2024 will be disclosed with the reviewed financial statements

Business Segment Performance

The Kiatnakin Phatra Financial Group (“the Group”) businesses are divided into two main areas: the Commercial Banking Business operated by the Bank and Capital Market Business operated by its subsidiaries which are comprised of KKP Capital, Kiatnakin Phatra Securities, KKP Dime Securities and Kiatnakin Phatra Asset Management.

Commercial Banking Business includes retail lending, commercial lending, corporate lending, Special Asset Management (SAM) or distressed asset management loan and other loans. The breakdown of total loan portfolio is as follows;

Loans to Customers

Type of loans (Baht million)	March 2024	December 2023	Change (% YTD)
Retail Lending	266,535	270,583	(1.5)
Hire Purchase	181,232	186,981	(3.1)
Personal loan	14,136	13,703	3.2
Micro SMEs loan	14,445	14,000	3.2
Housing loan	56,722	55,899	1.5
Commercial Lending	58,934	58,662	0.5
Real Estate Development loan	26,199	25,168	4.1
SMEs loan	32,735	33,494	(2.3)
Corporate Lending	58,100	57,720	0.7
Special Asset Management loan	1,388	1,033	34.4
Lombard loan	11,274	11,047	2.0
Total loans	396,231	399,045	(0.7)
Total loans (excluding POCI)	395,646	398,455	(0.7)

As of the end of 1Q24, total loans excluding POCI totaled Baht 395,646 million, contracting by 0.7% from the end of 2023, consistent with the Bank’s direction for a slower loan growth amid an uneven economic recovery. Loan expansion will be focused on quality and profitable loan segments. Detail of loan by segment as follows:

- **Retail Lending** amounted to Baht 266,535 million, decreasing by 1.5% from the end of 2023. Retail loans include hire purchase loans, personal loans, Micro SMEs loans and housing loans.
 - **Hire purchase loans** amounted to Baht 181,232 million, contracted 3.1% from the end of 2023. The portion of hire purchase loan to total Bank loan portfolio stood at 45.7% with the portion of new cars to used cars remaining at the same level of 38:62 from the previous quarter. The domestic new car sales for the first 2 months of 2024 amounted to 107,657 units, declining by 21.5% compared to the same period last year. The penetration rate of the Bank new cars lending to the domestic new car sales for the first 2 months of 2024 was at 2.5%, declining from 3.9% for 2023.

- **Other retail loans** amounted to Baht 85,303 million, with overall other retail loans expansion of 2.0% for 1Q24 with growth across all segments. The total combined other retail loans portion to total Bank loan portfolio increased to 21.5% as of the end of 1Q24.
- **Commercial Lending** business loans amounted to Baht 58,934 million, expanded slightly by 0.5% from the end of 2023. Commercial Lending includes real estate development loans and SMEs loans, detail are as follows:
 - **Real estate development loans** totaled Baht 26,199 million, increased 4.1% from the end of 2023.
 - **SMEs loans** were Baht 32,735 million, declining by 2.3% from the end of 2023. SMEs loan comprises of several business sectors including Apartment & Hotel, Logistics, Commercial & Industrial and Construction Machinery & Materials.
- **Corporate Lending** provides lending services to listed companies and large corporates or financing for investment banking transactions of Capital Market Business. Current outstanding loans totaled Baht 58,100 million, expanded by 0.7% from the end of 2023.
- **Special asset management (SAM)** is responsible for distressed asset management business and sale of foreclosed assets. Current outstanding loans totaled Baht 1,388 million. Assets under SAM were subjected to change in classification from TFRS 9 for financial assets classified as purchased or originated credit impaired from previous classification of Investments in loans.
- **Lombard Loan**, a multi-purpose credit facility for Wealth Management clients using financial assets as collateral. Current outstanding loans totaled Baht 11,274 million, expanded by 2.0% from the end of 2023.

Loan classifications and Allowance for expected credit losses (ECL)

Under TFRS 9, loans and accrued interest receivables as of the end of March 2024 are classified into stages as follows:

Unit : Baht million	March 2024		December 2023		March 2023	
	Total Loans and Accrued Interest Receivables	Expected Credit Losses (ECL) ⁵	Total Loans and Accrued Interest Receivables	Expected Credit Losses (ECL) ⁵	Total Loans and Accrued Interest Receivables	Expected Credit Losses (ECL) ⁵
Stage 1 : Performing financial assets	356,919	7,565	360,354	7,761	355,516	8,467
Stage 2 : Under-Performing financial assets	27,553	4,683	29,544	5,908	23,576	4,060
Stage 3 : Non-Performing financial assets	17,310	8,252	14,710	7,047	14,669	6,323
Purchased or originated credit-impaired financial assets	903	113	884	71	954	68
Total	402,685	20,613	405,493	20,787	394,715	18,918

The Bank prudently set up provisions for expected credit losses under TFRS 9 framework taking into consideration the various uncertainties. As of the end of 1Q24, allowance for expected credit losses totaled Baht 20,613 million. The Bank consistently monitors the asset quality of all loan segments and set aside prudent provisioning level as well as continuously reviews the appropriateness of such provisioning level, taking into

⁵ Including ECL for loans and loan commitments and financial guarantees

considerations signs of any possible deterioration in asset quality. As of the end of 1Q24, the total allowance for expected credit losses to total NPLs ratio (coverage ratio) stood at 137.3%, declining from 164.6% at the end of 2023.

NPLs distribution by loan type

(Baht million)	March 2024		December 2023	
	Amount	% of loans	Amount	% of loans
Retail Lending	7,769	2.9	7,579	2.8
Hire Purchase	5,053	2.8	5,053	2.7
Personal loan	96	0.7	93	0.7
Micro SMEs loan	1,793	12.4	1,619	11.6
Housing loan	827	1.5	814	1.5
Commercial Lending	3,846	6.5	3,942	6.7
Real Estate Development loan	2,146	8.2	2,167	8.6
SMEs loan	1,700	5.2	1,775	5.3
Corporate Lending	2,971	5.1	676	1.2
Special Asset Management loan	1,018	73.4	1,023	99.0
Lombard loan	-	0.0	-	0.0
Total NPLs	15,604	3.9	13,220	3.3
Total NPLs (excluding POCI)	15,019	3.8	12,630	3.2

As of the end of 1Q24, the Non-Performing Loans (NPLs) or Stage 3 loans, excluding POCI totaled Baht 15,019 million or 3.8% of total loans, increasing from 3.2% at the end of 2023. The increase was driven mainly from the Bank's prudent qualitative classification on one corporate loan which the Bank has already provisioned for during 4Q23. Meanwhile, the non-performing loans for the hire purchase segment remained stable from the previous quarter as a result of the Bank's continued efforts to resolve the asset quality in the hire purchase business including loan expansion into quality segment. The Bank continues to proactively manage the loan portfolio quality through debt restructuring, write-off and through various assistance measures as appropriate for each customer segment.

Capital Market business comprises of brokerage business, investment banking business, investment business, asset management business and digital financial and investment services. Details are as follows:

- **Equity and Derivatives Brokerage Business**

Kiatnakin Phatra Securities Public Company Limited ("KKPS") operates agency business providing both securities and derivatives brokerage services to local and foreign institutional investors, as well as high net worth individuals under Wealth Management. For high net worth clients, other wealth management products are provided such as local and foreign mutual funds and structured products. For 1Q24, the market share⁶ of KKPS was 24.58%, ranking 1st from total 37 brokers. KKPS generated brokerage revenue totaling Baht 347 million comprising of equity brokerage revenue of Baht 290 million, derivatives brokerage revenue of Baht 42 million and other brokerage

⁶ Including SET and mai but excluding proprietary trading

revenue of Baht 15 million. Additionally, KKPS also had brokerage revenue from selling agent fees of Baht 202 million⁷.

- **Investment Banking Business**

Investment banking business, operated by KKPS, provides financial advisory service as well as underwriting service. In 1Q24, the revenue from the investment banking business was Baht 60 million, contributed to financial advisory fee amounting Baht 44 million and underwriting fee amounting Baht 16 million.

- **Investment Business**

Investment Business is managed by 2 departments, comprising of Direct Investment Department (“DI”), with medium to long-term investment horizon, and Equity and Derivatives Trading Department (“EDT”). EDT focuses on equity and equity-linked securities in the capital market and derivatives market, with short-term investment not more than 1 year by applying arbitrage investment strategy as well as issuing and offering financial structured products.

In 1Q24, DI focusing on long-term investment with value based investment philosophy recorded gain on investment including other comprehensive income totaling Baht 343 million. Meanwhile, EDT had gain on investment totaling Baht 167 million⁸. Additionally, there were other investment incomes from treasury and liquidity management, resulting in an overall investment gain of Baht 625 million.

- **Asset Management Business**

Kiatnakin Phatra Asset Management Company Limited (“KKPAM”), under mutual fund and private fund management licenses, offers fund management services to individuals and corporate customers. KKPAM’s mutual fund AUM as of 31 March 2024 was Baht 160,076 million with a total of 143 funds under management consisting of 141 mutual funds and 2 property funds. KKPAM’s market share in terms of mutual fund was 3.03%. In 1Q24, KKPAM’s fee income from mutual fund business totaled Baht 251 million. Asset under management from private fund was Baht 23,530 million with fee income from private fund business totaled Baht 26 million.

- **Digital Financial and Investment Services**

The Group has set up KKP Dime Securities Company Limited (“KKP Dime”) which obtained the securities businesses license from the Securities and Exchange Commission. Currently, KKP Dime operates agency business providing local mutual fund, foreign and local securities brokerage services, bond investment services, gold investment services and foreign currency deposit account (Dime! FCD) of Kiatnakin Phatra Bank to individual clients who are domiciled in Thailand focusing on the mass segment.

⁷ Including selling agent fee which receive from subsidiary company

⁸ Income before deducting the cost of hedging, once deducting those costs, net gain was Baht 163 million

Profit and Loss Transaction

For the three-month period ended March 31, (Baht Thousand)	Consolidated		Change	
	2024	2023	Amount	%
Interest income	7,881,244	6,995,506	885,738	12.7
Interest expenses	2,628,616	1,772,352	856,264	48.3
Interest income, net	5,252,628	5,223,154	29,474	0.6
Fees and services income	1,383,333	1,624,222	(240,889)	(14.8)
Fees and services expenses	260,271	281,069	(20,798)	(7.4)
Fees and services income, net	1,123,062	1,343,153	(220,091)	(16.4)
Gain (loss) on financial instruments measured at fair value through profit or loss, net	336,441	150,966	185,475	122.9
Gain (loss) on investments, net	30,120	888	29,232	3,291.9
Dividend income	41,860	167,512	(125,652)	(75.0)
Other operating income	47,972	55,376	(7,404)	(13.4)
Total operating income	6,832,083	6,941,049	(108,966)	(1.6)
Other operating expenses				
Employee's expenses	1,747,692	1,743,147	4,545	0.3
Directors' remuneration	9,967	9,337	630	6.7
Premises and equipment expenses	342,185	311,588	30,597	9.8
Taxes and duties	187,114	140,950	46,164	32.8
Loss from revaluation of foreclosed assets (reversal)	(37,912)	(618,527)	580,615	(93.9)
Loss from sale of foreclosed assets	1,462,779	1,096,333	366,446	33.4
Other expenses	604,600	556,113	48,487	8.7
Total other operating expenses	4,316,425	3,238,941	1,077,484	33.3
Expected credit losses	608,780	1,096,902	(488,122)	(44.5)
Profit from operating before income tax expenses	1,906,878	2,605,206	(698,328)	(26.8)
Income tax expenses	400,134	517,034	(116,900)	(22.6)
Net profit	1,506,744	2,088,172	(581,428)	(27.8)
Net profit attributable to:				
Equity holders of the Bank	1,506,023	2,084,864	(578,841)	(27.8)
Non-controlling interests	721	3,308	(2,587)	(78.2)
Total comprehensive income attributable to:				
Equity holders of the Bank	1,676,415	2,139,010	(462,595)	(21.6)
Non-controlling interests	745	3,309	(2,564)	(77.5)
Basic earnings per share (Baht)	1.78	2.46	(0.68)	(27.6)