



# Management Discussion and Analysis

For the quarter and six-month period ended  
June 30, 2024

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## Executive Summary

In 1H/24, Thailand's economic momentum continued to be driven by the tourism sector, a rebound in private investment in related sectors, as well as modest expansion in exports corresponding to trading partners' economic improvements. Yet, the growth dynamic was restrained by a delay in 2024 budget disbursement, which weighed down public spending and consumer confidence at large, together with an enduring high level of household indebtedness. Against such backdrops, Krungsri continued to proactively perform our role in sustaining the economic and business growth momentum, while fully committed to the Bank of Thailand's responsible lending guidelines which came into effect early this year.

Resonating the operating environment and customer loan demands for the first half of 2024, commercial lending grew at 0.8%, or Baht 8,692 million, while retail loans contracted by 3.5%, or Baht 33,965 million. Consequently, total loans contracted by Baht 25,273 million, or 1.3% from the end of December 2023.

For 1H/24, operating profits grew at 26.0%, or Baht 9,128 million, year-over-year, supported by both higher domestic operating income, following the notable growth in both net interest income and non-interest income, and full recognition of revenue streams from the ASEAN entities acquired in 2023. Yet, a rise in expected credit loss (ECL), driven by prudential provisions for overseas consumer finance subsidiaries and domestic auto hire-purchase, resulted in a contraction in net profit by Baht 1,350 million or 7.9% from 1H/23; consequently, **Krungsri Group (the Bank and its business units)** recorded a **net profit** of Baht 15,752 million in the first half of 2024.

On a quarter-on-quarter basis, the net profit registered Baht 8,209 million, increasing by 8.8%, or Baht 666 million, driven by an increase in operating profits and lower expected credit loss.

On a year-on-year basis, the net profit decreased by 2.6%, or Baht 216 million, largely stemming from an increase in expected credit loss. Meanwhile, operating profits increased by 21.2%, substantially boosted by ASEAN's consumer businesses contributions.

As of June 30, 2024, **total loans** outstanding was Baht 1,991,931 million, representing a decrease of Baht 25,273 million, or 1.3% from the end of December 2023, mainly caused by the contraction in domestic retail loans. Meanwhile, commercial lending encompassing both corporate and SME portfolios grew by 0.8% during the period.

**Deposits** increased by Baht 76,787 million, or 4.2%, from the end of December 2023, mainly from time deposits.

**The non-performing loan (NPL) ratio** was at 3.05%, compared with 2.53% at the end of December 2023. Owing to Krungsri's continued prudential reserves, the credit cost for recorded at 243 basis points (bps). The loan loss coverage ratio stood at 128.8%, compared with 149.1% at the end of December 2023.

**Capital adequacy ratio (Bank only)** recorded at 17.87%, compared with 18.24% at the end of December 2023.

## Summary of Krungsri Group's Financial Performance

### Operating Performance

Consolidated (Million Baht)	2Q/24	1Q/24	%QoQ	2Q/23	%YoY
Net Interest Income	28,299	27,295	3.7	23,299	21.5
Non-Interest Income	11,172	11,238	(0.6)	8,846	26.3
Operating Income	39,471	38,533	2.4	32,145	22.8
Operating Expenses	17,226	16,584	3.9	13,794	24.9
Pre-Provision Operating Profit	22,245	21,949	1.3	18,351	21.2
Expected Credit Loss	11,817	12,271	(3.7)	7,811	51.3
Net Profit*	8,209	7,543	8.8	8,425	(2.6)
Earning per Share (Baht)	1.12	1.03	8.7	1.15	(2.6)

Consolidated (Million Baht)	1H/24	1H/23	%YoY
Net Interest Income	55,594	44,489	25.0
Non-Interest Income	22,410	17,702	26.6
Operating Income	78,004	62,191	25.4
Operating Expenses	33,810	27,125	24.6
Pre-Provision Operating Profit	44,194	35,066	26.0
Expected Credit Loss	24,088	13,610	77.0
Net Profit*	15,752	17,102	(7.9)
Earning per Share (Baht)	2.14	2.33	(8.2)

\* Attributable to Owners of the Bank

### Key Financial Ratios

Consolidated	2Q/24	1Q/24	2Q/23	1H/24	1H/23
Net Interest Margin	4.33%	4.16%	3.64%	4.31%	3.52%
Cost to Income Ratio	43.6%	43.0%	42.9%	43.3%	43.6%
Loan Growth	-0.4%	-0.9%	2.8%	-1.3%	3.1%
Deposit Growth	-4.4%	8.9%	-3.3%	4.2%	-0.4%
Return on Equity Ratio	8.62%	8.08%	9.57%	8.39%	9.83%
Return on Assets Ratio	1.17%	1.07%	1.25%	1.14%	1.28%
Loan to Deposit Ratio	104%	100%	112%	104%	112%
Loan to Deposit and Debenture Ratio	101%	97%	110%	101%	110%
NPL Ratio	3.05%	2.69%	2.29%	3.05%	2.29%
Credit Cost (bps)	237	248	156	243	134
Loan Loss Coverage Ratio	128.8%	141.5%	163.3%	128.8%	163.3%

### Financial Position

Consolidated (Million Baht)	Jun. 30, 24	Dec. 31, 23	%YTD
Loans to Customers	1,991,931	2,017,204	(1.3)
Total Assets	2,772,778	2,768,295	0.2
Deposit	1,916,388	1,839,601	4.2
Total Liabilities	2,386,539	2,396,841	(0.4)
Total Bank's Equity	382,856	368,454	3.9

### Capital Adequacy Ratios

Bank Only	Jun. 30, 24	Dec. 31, 23	Jun. 30, 23
Common Equity Tier 1 Ratio	13.75%	13.56%	13.02%
Tier 1 Capital Ratio	13.75%	13.56%	13.02%
Tier 2 Capital Ratio	4.12%	4.68%	4.70%
Capital Adequacy Ratio	17.87%	18.24%	17.72%

### Key Financial Ratios by Business Location

	2Q/24			1Q/24		
	Domestic	ASEAN**	Consolidated	Domestic	ASEAN**	Consolidated
Loan Growth	-0.3%	-2.4%	-0.4%	-1.1%	4.0%	-0.9%
Net Interest Margin	3.48%	21.74%	4.33%	3.30%	22.75%	4.16%
Cost to Income Ratio	43.7%	43.5%	43.6%	43.2%	42.6%	43.0%
NPL Ratio	2.52%	14.33%	3.05%	2.30%	11.31%	2.69%
Credit Cost (bps)	156	1,659	237	137	2,170	248
Loan Loss Coverage Ratio	142.8%	76.2%	128.8%	153.7%	87.6%	141.5%

	1H/24		
	Domestic	ASEAN**	Consolidated
Loan Growth	-1.4%	1.6%	-1.3%
Net Interest Margin	3.45%	22.72%	4.31%
Cost to Income Ratio	43.4%	43.1%	43.3%
NPL Ratio	2.52%	14.33%	3.05%
Credit Cost (bps)	147	1,941	243
Loan Loss Coverage Ratio	142.8%	76.2%	128.8%

\*\*ASEAN included Hattha Bank Plc. (CBDA), Hattha Services Company Limited (CBDA), Krungsri Leasing Services Company Limited (LAOS), Krungsri Non-Deposit Taking Microfinance Institution Company Limited (LAOS), SHBank Finance Company Limited. (VN), Home Credit Philippines (PHIL), SB Finance, Inc. (PHIL) and Home Credit Indonesia (IDSA)

### Key Developments in 2Q/24

#### Krungsri:

- Krungsri launched assistance measures under the Thai Bankers' Association (TBA)'s collaborative frameworks, aimed to alleviate hardships for vulnerable groups. Under this program, lending rates are cut by 0.25% for eligible retail and SME customers, from May 16, 2024 – November 15, 2024. Details of vulnerable groups of customers are as follows:
  - 1) **Mortgage loan customers:** Existing customers with a credit limit of Baht 2 million or lower (as of March 31, 2024) and a monthly income of Baht 30,000 or lower (based on the Bank's evaluation per the latest credit approval)
  - 2) **SME customers:** Existing customers covering both individual and juristic persons with a credit limit of Baht 2 million or lower (as of March 31, 2024) and a monthly sales turnover of Baht 200,000 or lower (based on the Bank's evaluation per the latest credit approval)

## Regulatory Developments:

### Monetary Policy

- The Monetary Policy Committee (MPC) maintained the policy rate at 2.50% in 2Q/24, citing that the current policy interest rate is consistent with the economy converging to its potential, as well as conducive to safeguarding macro-financial stability.

## Thai Economic Outlook

Notwithstanding structural headwinds pertaining to Thailand's eroding competitiveness and a high level of household indebtedness, the Thai economy will see strengthened recovery momentum in 2H/24, driven primarily by continued robust growth in tourism and acceleration in government disbursement. Exports will continue to grow, yet at a restrained level, while more favorable private investment growth is expected resonating the continuous growth in investment promotion application and certificate issuance. Given the aforementioned operating environment, Krungsri forecasts the GDP growth of 2.4% for the year.

## Key Items of Operating Performance

### Net Interest Income

Consolidated (Million Baht)	2Q/24	1Q/24	%QoQ	2Q/23	%YoY
<b>Interest Income</b>	<b>41,004</b>	<b>39,981</b>	<b>2.6</b>	<b>32,504</b>	<b>26.2</b>
Interest on loans	28,310	27,338	3.6	21,228	33.4
Interest on interbank and money market items	3,848	3,781	1.8	2,421	58.9
Hire purchase and financial lease income	8,198	8,322	(1.5)	8,384	(2.2)
Investments and trading transactions	18	9	100.0	10	80.0
Investments in debt securities	557	482	15.6	429	29.8
Other interest income	73	49	49.0	32	128.1
<b>Interest Expenses</b>	<b>12,705</b>	<b>12,686</b>	<b>0.1</b>	<b>9,205</b>	<b>38.0</b>
Interest on deposits	8,104	7,465	8.6	5,041	60.8
Interest on interbank and money market items	1,291	2,041	(36.7)	1,080	19.5
Interest on borrowings	955	897	6.5	931	2.6
Contribution to Financial Institution Development Fund and Deposit Protection Agency	2,150	2,112	1.8	2,034	5.7
Other interest expenses	205	171	19.9	119	72.3
<b>Net Interest Income</b>	<b>28,299</b>	<b>27,295</b>	<b>3.7</b>	<b>23,299</b>	<b>21.5</b>

Consolidated (Million Baht)	1H/24	1H/23	%YoY
<b>Interest Income</b>	<b>80,985</b>	<b>61,621</b>	<b>31.4</b>
Interest on loans	55,648	39,862	39.6
Interest on interbank and money market items	7,629	4,321	76.6
Hire purchase and financial lease income	16,520	16,562	(0.3)
Investments and trading transactions	28	14	100.0
Investments in debt securities	1,038	795	30.6
Other interest income	122	67	82.1
<b>Interest Expenses</b>	<b>25,391</b>	<b>17,132</b>	<b>48.2</b>
Interest on deposits	15,569	9,327	66.9
Interest on interbank and money market items	3,332	1,820	83.1
Interest on borrowings	1,852	1,750	5.8
Contribution to Financial Institution Development Fund and Deposit Protection Agency	4,263	4,030	5.8
Other interest expenses	375	205	82.9
<b>Net Interest Income</b>	<b>55,594</b>	<b>44,489</b>	<b>25.0</b>

- Interest income in 2Q/24 totaled Baht 41,004 million, an increase of Baht 1,023 million, or 2.6%, from the previous quarter, mainly from higher interest on loans from interest rate repricing. Meanwhile, interest expenses amounted to Baht 12,705 million, slightly increased by 0.1% from the prior quarter.
- Consequently, net interest income in 2Q/24 amounted to Baht 28,299 million, representing an increase of Baht 1,004 million, or 3.7%, from 1Q/24.
- On a year-on-year basis, net interest income robustly increased by Baht 5,000 million, or 21.5%. The increase was driven by an increase in interest income of Baht 8,500 million, or 26.2%, mainly contributed by the acquired ASEAN businesses concluded in 2023. Meanwhile, interest expenses increased by Baht 3,500 million, or 38.0%, primarily due to interest on deposits of Baht 3,063 million, or 60.8%, corresponding to both higher outstanding balances and deposit rates.
- For 1H/24, net interest income was recorded at Baht 55,594 million, an increase of Baht 11,105 million, or 25.0%, from the first half of 2023. The increase was boosted by higher interest income, attributed to an increase in interest on loans from combination of the acquired overseas businesses and an increase in lending rates, while being partially offset by higher interest expenses on deposits and interbank and money market items, resulting from an increase in outstanding balance as well as interest rates.
- Excluding the overseas contributions, net interest income from the domestic operation increased by Baht 1,723 million, or 4.2%, mainly attributed to higher interest income from loans and interbank and money market items, corresponding to both higher outstanding balances

and interest rates. The aforementioned developments, however, were partly offset by an increase in interest expenses on time deposits and interbank and money market items.

### Net Interest Margin

	2Q/24	1Q/24	2Q/23	1H/24	1H/23
Net Interest Margin	4.33%	4.16%	3.64%	4.31%	3.52%
Yield on Earning Assets	6.27%	6.10%	5.08%	6.29%	4.87%
Yield on Loans	7.32%	7.10%	5.98%	7.20%	5.70%
Cost of Funds	2.21%	2.20%	1.66%	2.25%	1.55%
Cost of Deposits	2.09%	1.99%	1.55%	2.11%	1.48%

### Interest Rate

	Jun-24	Mar-24	Dec-23	Sep-23	Jun-23
<b>Policy Rate</b>	2.50%	2.50%	2.50%	2.50%	2.00%
<b>Krungsri Lending Rate</b>					
MLR	7.28%	7.28%	7.28%	7.03%	7.03%
MOR	7.575%	7.575%	7.575%	7.325%	7.325%
MRR	7.40%	7.40%	7.40%	7.15%	7.15%
<b>Krungsri Deposit Rate</b>					
Savings Rate	0.30%	0.30%	0.30%	0.30%	0.30%
3-month deposits	0.95-1.10%	0.95-1.10%	0.95-1.10%	0.70-0.92%	0.70-0.92%
6-month deposits	1.00-1.25%	1.00-1.25%	1.00-1.25%	0.75-1.05%	0.75-1.05%
12-month deposits	1.10-1.70%	1.10-1.70%	1.10-1.70%	0.85-1.45%	0.85-1.45%
24-month deposits	1.40-2.10%	1.40-2.10%	1.40-2.10%	1.10-1.95%	1.10-1.95%

- For 2Q/24, net interest margin (NIM) increased by 17 basis points (bps) from the prior quarter to 4.33%, driven by a higher yield on earning assets. This was primarily due to a shift of composition from lower yielding assets, namely interbank and money market items, to higher yielding assets, namely corporate loans, during the quarter. Meanwhile, the cost of funds remained relatively stable.
- On a year-on-year basis, NIM increased by 69 bps, driven by a higher yield on earning assets of 119 bps. This was largely the result of the acquisitions of overseas consumer businesses, together with higher lending rates. Meanwhile, the cost of funds increased by 55 bps to 2.21% largely driven by higher cost of deposits, resulting from changes in the composition of deposit tenors and an increase in deposit rates.
- For 1H/24, NIM increased by 79 bps to 4.31%, driven by an improvement in the yield on earning assets of 142 bps to 6.29%, while being offset by a 70-bps increase in the cost of funds.



### Non-Interest Income

Consolidated (Million Baht)	2Q/24	1Q/24	%QoQ	2Q/23	%YoY
<b>Net fees and Service Income</b>	<b>6,282</b>	<b>6,193</b>	<b>1.4</b>	<b>4,582</b>	<b>37.1</b>
Fees and service income	8,596	8,684	(1.0)	6,545	31.3
Fees and service expense	2,314	2,491	(7.1)	1,963	17.9
<b>Total Non-interest and Non-fees Income</b>	<b>4,890</b>	<b>5,045</b>	<b>(3.1)</b>	<b>4,264</b>	<b>14.7</b>
Gains (losses) on financial instrument measured at fair value through profit or loss (FVTPL)	1,507	1,854	(18.7)	1,292	16.6
Share of profit (loss) from investment using equity method	385	420	(8.3)	406	(5.2)
Bad debt recoveries	2,116	2,185	(3.2)	1,730	22.3
Other operating income	882	586	50.5	836	5.5
<b>Total Non-Interest Income</b>	<b>11,172</b>	<b>11,238</b>	<b>(0.6)</b>	<b>8,846</b>	<b>26.3</b>

Consolidated (Million Baht)	1H/24	1H/23	%YoY
<b>Net fees and Service Income</b>	<b>12,475</b>	<b>8,832</b>	<b>41.2</b>
Fees and service income	17,280	12,867	34.3
Fees and service expense	4,805	4,035	19.1
<b>Total Non-interest and Non-fees Income</b>	<b>9,935</b>	<b>8,870</b>	<b>12.0</b>
Gains (losses) on financial instrument measured at fair value through profit or loss (FVTPL)	3,362	3,002	12.0
Share of profit (loss) from investment using equity method	804	792	1.5
Bad debt recoveries	4,300	3,509	22.5
Other operating income	1,469	1,567	(6.3)
<b>Total Non-Interest Income</b>	<b>22,410</b>	<b>17,702</b>	<b>26.6</b>

- Total non-interest income in 2Q/24 amounted to Baht 11,172 million, reflecting a modest decrease of 0.6%, or Baht 66 million, compared with the previous quarter.
- On a year-on-year basis, total non-interest income increased by 26.3% in 2Q/24 and 26.6% for 1H/24, which were mainly driven by net fees and service income from the overseas consumer businesses acquired in 2023, an increase in bancassurance domestically, an increase in bad debt recoveries, and gains on financial instruments measured at fair value through profit or loss (FVTPL).

### Fees and Service Income Breakdown

	2Q/24	1Q/24	2Q/23	1H/24	1H/23
Loan - related Fees	6%	7%	5%	6%	4%
Bancassurance Fees	14%	11%	13%	13%	13%
Transaction Fees	7%	7%	8%	7%	9%
Auto HP Fees	15%	15%	14%	15%	14%
Card - related Fees	29%	31%	35%	30%	37%
Others*	29%	29%	25%	29%	23%
<b>Total Fee and Service Income</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>

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

## Management Discussion and Analysis

- Fees and service income in 2Q/24 amounted to Baht 8,596 million, reflecting a slight decrease of Baht 88 million, or 1.0%, from the prior quarter. Despite a significant increase in bancassurance due to a promotional campaign during the quarter, the contraction was largely caused by a decrease in card-related fees, wealth & fund management and securities-related fees, corresponding to a reduction in consumer spending volume and capital market conditions as well as auto hire purchase fees, corresponding to a loan contraction.
- On a year-on-year basis, fees and service income increased by 31.3% in 2Q/24 and 34.3% for 1H/24, which were mainly driven by fees generated from the ASEAN consumer businesses acquired in 2023, together with an increase in bancassurance domestically.

### Operating Expenses

Consolidated (Million Baht)	2Q/24	1Q/24	%QoQ	2Q/23	%YoY
Employee expenses	9,099	8,725	4.3	7,237	25.7
Premises and equipment expenses	2,266	2,258	0.4	1,953	16.0
Taxes and duties	1,058	1,065	(0.7)	796	32.9
Directors' remuneration	21	21	0.0	19	10.5
Other expenses	4,782	4,515	5.9	3,789	26.2
<b>Total Operating Expenses</b>	<b>17,226</b>	<b>16,584</b>	<b>3.9</b>	<b>13,794</b>	<b>24.9</b>
<b>Cost to Income Ratio</b>	<b>43.6%</b>	<b>43.0%</b>		<b>42.9%</b>	

Consolidated (Million Baht)	1H/24	1H/23	%YoY
Employee expenses	17,824	14,391	23.9
Premises and equipment expenses	4,524	3,811	18.7
Taxes and duties	2,123	1,502	41.3
Directors' remuneration	42	37	13.5
Other expenses	9,297	7,384	25.9
<b>Total Operating Expenses</b>	<b>33,810</b>	<b>27,125</b>	<b>24.6</b>
<b>Cost to Income Ratio</b>	<b>43.3%</b>	<b>43.6%</b>	

- Total operating expenses in 2Q/24 amounted to Baht 17,226 million, representing an increase of Baht 642 million, or 3.9%, from the prior quarter. The increase was propelled by employee expenses from higher salary and incentives, together with other expenses, mainly from impairment on foreclosed properties, and professional and IT expenses.
- On a year-on-year basis, operating expenses increase by 24.9% in 2Q/24 and 24.6% for 1H/24, which were mainly driven by the overseas consumer businesses acquired in 2Q/23 and 4Q/23, particularly employee expenses together with other expenses—mainly from IT related expenses, amortization expenses, and professional expenses.

The cost-to-income ratio in 2Q/24 slightly increased to 43.6% from 43.0% in the previous quarter and 42.9% in 2Q/23.

For 1H/24, the cost-to-income ratio improved to 43.3% from 43.6% in 1H/23.

Krungsri Group will continue to manage operating expenses efficiently and focus on revenue enhancement to achieve the year's cost to income ratio target in the mid-40s.

### Expected credit loss (ECL)

Consolidated (Million Baht)	2Q/24	1Q/24	%QoQ	2Q/23	%YoY
Expected Credit Loss	11,817	12,271	(3.7)	7,811	51.3
Credit Cost (bps)	237	248		156	

Consolidated (Million Baht)	1H/24	1H/23	%YoY
Expected Credit Loss	24,088	13,610	77.0
Credit Cost (bps)	243	134	

- The expected credit loss in 2Q/24 amounted to Baht 11,817 million, equivalent to a credit cost of 237 bps, a decrease of 3.7% from the prior quarter.
- On a year-on-year basis, the expected credit loss increased by Baht 4,006 million, or 51.3%.
- Underscoring Krungsri's rigorous and prudential risk management approach amid the future uncertainty for asset quality in domestic and overseas businesses, the expected credit loss for 1H/24 was recorded at Baht 24,088 million, equivalent to a credit cost of 243 bps, compared with the 134-bps level for 1H/23, resonating overseas consumer finance business and auto-hire purchase portfolios.

### Key Items of Financial Position

#### Assets

Consolidated (Million Baht)	Jun. 30, 24	Mar. 31, 24	%QoQ	Dec. 31, 23	%YTD
Cash	24,663	27,453	(10.2)	28,170	(12.4)
Net interbank and money market items	524,633	602,988	(13.0)	507,974	3.3
Financial assets measured at FVTPL	3,345	4,535	(26.2)	1,740	92.2
Derivative assets	37,369	36,563	2.2	29,056	28.6
Net investment	137,030	136,276	0.6	130,539	5.0
Net investments in subsidiaries, associate and joint ventures	18,524	18,406	0.6	17,921	3.4
Loans to customers	1,991,931	1,999,952	(0.4)	2,017,204	(1.3)
Accrued interest receivables and undue interest receivables	14,995	14,607	2.7	14,566	2.9
Allowance for expected credit loss	(91,501)	(92,081)	0.6	(89,070)	(2.7)
Net loans to customers and accrued interest receivable	1,915,425	1,922,478	(0.4)	1,942,700	(1.4)
Net properties for sales	5,990	5,535	8.2	5,555	7.8
Others	105,799	105,195	0.6	104,640	1.1
<b>Total Assets</b>	<b>2,772,778</b>	<b>2,859,429</b>	<b>(3.0)</b>	<b>2,768,295</b>	<b>0.2</b>

- As of June 30, 2024, total assets stood at Baht 2,772,778 million, representing a decrease of Baht 86,651 million, or 3.0%, from the prior quarter. Key drivers are as follows:
  - Net interbank and money market items decreased by Baht 78,355 million, or 13.0%, resonating our liquidity management efforts under the current operating environment and loan growth outturn in 1H/24. The decrease was mainly from repurchase agreements, while being partially offset by an increase in loans to financial institutions.
  - Loans to customers decreased by Baht 8,021 million, or 0.4%, driven by a contraction in retail and SME loans, offset by an increase in corporate loans.
  
- Compared with the end of December 2023, total assets increased slightly by Baht 4,483 million, or 0.2%. Key drivers are as follows:
  - Net interbank and money market items increased by Baht 16,659 million, or 3.3%, mainly from an increase in loans to financial institutions and deposits at financial institutions, offset by a decrease in repurchase agreements.
  - Derivative assets increase by Baht 8,313 million, or 28.6% from hedging and trading transactions.
  - Net investment increased by 5.0%, or Baht 6,491 million, mainly from the Bank's investment in debt securities measured at amortised cost.
  - Loans to customers decreased by Baht 25,273 million, or 1.3%, mainly driven by a contraction in the retail segment.

### Investments

Consolidated (Million Baht)	Jun. 30, 24	Mar. 31, 24	%QoQ	Dec. 31, 23	%YTD
<b>Financial Assets Measured at FVTPL</b>	<b>3,345</b>	<b>4,535</b>	<b>(26.2)</b>	<b>1,740</b>	<b>92.2</b>
<b>Net Investment</b>	<b>137,030</b>	<b>136,276</b>	<b>0.6</b>	<b>130,539</b>	<b>5.0</b>
Investment in Debt Securities Measured at Amortised Cost	19,337	7,166	169.8	2,873	573.1
Investment in Debt Securities Measured at FVOCI	109,140	121,252	(10.0)	119,966	(9.0)
Investment in Equity Securities Measured at FVOCI	8,553	7,858	8.8	7,700	11.1
<b>Net Investments in Subsidiaries, Associate and Joint Ventures</b>	<b>18,524</b>	<b>18,406</b>	<b>0.6</b>	<b>17,921</b>	<b>3.4</b>
<b>Total Investment</b>	<b>158,899</b>	<b>159,217</b>	<b>(0.2)</b>	<b>150,200</b>	<b>5.8</b>

- As of June 30, 2024, total investments slightly decreased by 0.2%, or Baht 318 million, from the prior quarter. The decrease was mainly from investment in debt securities measured at fair value through other comprehensive income (FVOCI) and financial assets measured at fair value through profit or loss (FVTPL), offset by an increase in investment in debt securities measured at amortised cost.

## Management Discussion and Analysis

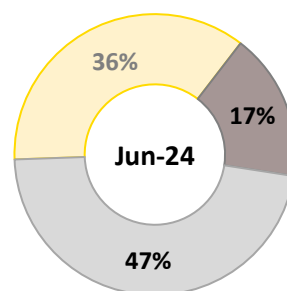
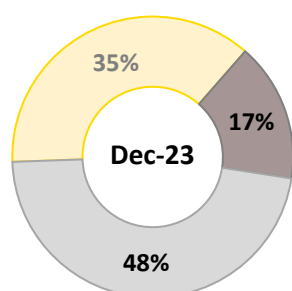
- Compared to the end of December 2023, total investment increased by 5.8%, or Baht 8,699 million, driven by higher investment in debt securities measured at amortised cost, offset by a decrease in financial assets measured at FVOCI.

### Loans to Customers

#### Loans by Segment

Consolidated (Million Baht)	Jun. 30, 24	Mar. 31, 24	%QoQ	Dec. 31, 23	%YTD
<b>Corporate</b>	<b>707,692</b>	<b>691,819</b>	<b>2.3</b>	<b>702,207</b>	<b>0.8</b>
Thai Corporate	477,834	458,325	4.3	460,727	3.7
International Corporate (JPC/MNC)	229,858	233,494	(1.6)	241,480	(4.8)
<b>SMEs</b>	<b>342,734</b>	<b>348,556</b>	<b>(1.7)</b>	<b>339,527</b>	<b>0.9</b>
<b>Retail</b>	<b>941,505</b>	<b>959,577</b>	<b>(1.9)</b>	<b>975,470</b>	<b>(3.5)</b>
Auto Hire Purchase	415,347	423,711	(2.0)	429,991	(3.4)
Mortgage	256,556	263,050	(2.5)	269,070	(4.7)
Credit cards, personal loans and others	162,668	163,284	(0.4)	171,115	(4.9)
ASEAN	106,934	109,532	(2.4)	105,294	1.6
<b>Total Loans</b>	<b>1,991,931</b>	<b>1,999,952</b>	<b>(0.4)</b>	<b>2,017,204</b>	<b>(1.3)</b>

#### Loan Breakdown



■ Corporate  
■ SMEs  
■ Retail

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

Retail	
Auto HP	21%
Mortgage	13%
Credit Card, Personal Loans and Others	8%
ASEAN	5%

Resonating Thailand's operating environment and customer loan demands for the first half of 2024, commercial lending comprising corporate and SME customer segments grew by 0.8% or Baht 8,692 million, while retail loans contracted by 3.5%, or Baht 33,965 million from December 2023. As of June 30, 2024, total outstanding loans stood at Baht 1,991,931 million, a contraction of Baht 8,021 million, or 0.4% from the end of March 2024, and Baht 25,273 million, or 1.3% from the end of December 2023.

Details of loan performance by segment are as follows:

- **Corporate loans**, for 1H/24, expanded by 0.8% from December 2023, driven mainly by working capital demands through Thai corporate loans particularly in 2Q/24, while International Corporate (JPC/MNC) loans contracted due to modest exports growth and the tepid demand for automobiles. On a quarter-on-quarter basis, corporate loans increased by 2.3%, or Baht 15,873 million, with Thai corporate loans increasing by 4.3% or Baht 19,509 million, and International Corporate (JPC/MNC) loans decreasing by 1.6%, or Baht 3,636 million.
- **SME loans** grew by 0.9% or Baht 3,207 million from December 2023, mainly driven by our support for SME-M's working capital requirements. On a quarter-on-quarter basis, SME loans contracted by 1.7% or Baht 5,822 million resulting from tightening underwriting conditions.
- Underlining strict lending standards amidst a high debt-servicing burden of borrowers as well as our responsible lending conducts, **retail loans** contracted by 3.5%, or Baht 33,965 million, from the end of December 2023, and 1.9%, or Baht 18,072 million from the end of March 2024.

Details of retail loan performance by segment are as follows:

- Mirroring a sharp contraction in domestic car sales together with the industry's tighter credit conditions amidst deteriorating debt-servicing capacity of auto-hire purchase customers, **auto hire purchase loans** decreased by 3.4%, or Baht 14,644 million, from the end of December 2023, and by 2.0%, or Baht 8,364 million, from the end of March 2024.
- **Mortgage loans** contracted by 4.7%, or Baht 12,514 million, from the end of December 2023 and by 2.5%, or Baht 6,494 million, from the end of March 2024. The development reflected both demand and supply conditions encompassing reduced affordability of homebuyers impacted by both interest rate hikes and lower residual income, as well as an increase in construction costs for developers.
- Guided by responsible lending measures amidst high household indebtedness, **credit card, personal loans and others** decreased by 4.9%, or Baht 8,447 million for 1H/24, and by 0.4%, or Baht 616 million, from the end of March 2024.
- **ASEAN loans**, which mainly encompassed consumer finance products, in contrary, grew by 1.6%, or Baht 1,640 million in 1H/24, underscoring more favorable demand conditions in the Philippines, Indonesia, and Vietnam. Compared with 1Q/24, ASEAN loans contracted by 2.4%, or Baht 2,598 million.

## Asset Quality

### Loan Classification

Consolidated (Million Baht)	Jun. 30, 24		Dec. 31, 23	
	Loan to Customers and Accrued Interest Receivable	Allowance for ECL	Loan to Customers and Accrued Interest Receivable	Allowance for ECL
Stage 1 (Performing)	1,762,494	30,941	1,799,141	32,430
Stage 2 (Under-performing)	165,930	22,942	166,611	23,602
Stage 3 (Non-performing)	78,501	37,618	65,933	33,038
POCI (Purchased or Originated Credit-Impaired)	1	0	85	0
<b>Total</b>	<b>2,006,926</b>	<b>91,501</b>	<b>2,031,770</b>	<b>89,070</b>

### Non-performing Loans\*

Consolidated	Jun. 30, 24	Mar. 31, 24	Dec. 31, 23	Sep. 30, 23	Jun. 30, 23
<b>Non-performing Loans (Million Baht)</b>	<b>72,973</b>	<b>66,866</b>	<b>61,481</b>	<b>59,135</b>	<b>54,871</b>
<b>NPL Ratio</b>	<b>3.05%</b>	<b>2.69%</b>	<b>2.53%</b>	<b>2.48%</b>	<b>2.29%</b>
<b>Non-performing Loans by Segment</b>					
Corporate	0.7%	0.7%	0.7%	0.7%	0.7%
SMEs	5.6%	5.0%	4.8%	4.9%	4.8%
Retail	5.2%	4.7%	4.2%	3.9%	3.5%
Hire Purchase	2.6%	2.5%	2.4%	2.3%	2.3%
Mortgage	6.0%	5.6%	5.2%	5.1%	4.8%
Personal Loans, Credit Card and Others	4.7%	4.4%	4.2%	4.3%	4.3%
ASEAN	14.3%	11.3%	8.6%	6.4%	3.7%
<b>Coverage Ratio</b>	<b>128.8%</b>	<b>141.5%</b>	<b>149.1%</b>	<b>155.1%</b>	<b>163.3%</b>

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

- As of June 30, 2024, gross NPLs stood at Baht 72,973 million, representing an increase of Baht 6,107 million, or 9.1% from the end of March 2024, and Baht 11,492 million, or 18.7% from the end of December 2023. The increase was largely caused by an increase in NPLs from overseas consumer businesses and domestic SMEs.
- As a result, the NPL ratio stood at 3.05% as of the end of June 2024, compared with 2.69% at the end of March 2024, and 2.53% at the end of December 2023.
- The coverage ratio was at 128.8% at the end of June 2024, compared with 141.5% at the end of March 2024, and 149.1% at end of December 2023, respectively.

Krungsri continued to be vigilant on risk management practices together with ongoing efforts to resolve NPLs. The planned semi-annual NPL sales typically conducted in the second quarter is currently earmarked for 3Q/24. Meanwhile, preventive debt restructuring is still a continuous effort in support of our customers through diverse support and assistance programs suited to customer needs.

### *Liabilities and Shareholders' Equity*

Consolidated (Million Baht)	Jun. 30, 24	Mar. 31, 24	%QoQ	Dec. 31, 23	%YTD
<b>Liabilities</b>	<b>2,386,539</b>	<b>2,477,509</b>	<b>(3.7)</b>	<b>2,396,841</b>	<b>(0.4)</b>
Deposits	1,916,388	2,004,101	(4.4)	1,839,601	4.2
Interbank and money market items	232,843	235,116	(1.0)	323,996	(28.1)
Derivative liabilities	31,354	30,382	3.2	32,839	(4.5)
Debt Issues and Borrowings	107,602	116,783	(7.9)	104,217	3.2
Others	98,352	91,127	7.9	96,188	2.2
<b>Total Bank's Equity</b>	<b>382,856</b>	<b>378,571</b>	<b>1.1</b>	<b>368,454</b>	<b>3.9</b>
<b>Total Shareholders' Equity</b>	<b>386,239</b>	<b>381,920</b>	<b>1.1</b>	<b>371,454</b>	<b>4.0</b>
<b>Book Value per Share (Baht)</b>	<b>52.51</b>	<b>51.92</b>		<b>50.50</b>	

- As of June 30, 2024, total liabilities stood at Baht 2,386,539 million, representing a decrease of Baht 90,970 million, or 3.7%, from the end of March 2024, mainly driven by a decrease in deposits of Baht 87,713 million, or 4.4% and debt issues and borrowings of Baht 9,181 million, or 7.9%. The contraction in deposits observed during the quarter echoed the Bank's liquidity optimization management aligning with the 1H/24 loan growth outturn.
- Compared with the end of December 2023, total liabilities decreased by Baht 10,302 million, or 0.4%, mainly from a decrease in interbank and money market items, largely attributed to repayments to MUFG's facilities.
- As of June 30, 2024, total Bank's equity stood at Baht 382,856 million, representing an increase of Baht 14,402 million, or 3.9%, from the end of December 2023 due to an increase in equity holders' net profit of Baht 15,752 million in the first half of 2024, which was partially offset by dividends paid of Baht 3,310 million.
- Book value per share as of June 30, 2024, increased to Baht 52.51 from Baht 50.50 at the end of December 2023.



## Funding Structure

### Deposits

Consolidated (Million Baht)	Jun. 30, 24	Mar. 31, 24	%QoQ	Dec. 31, 23	%YTD
<b>Current</b>	<b>50,555</b>	<b>52,842</b>	<b>(4.3)</b>	<b>50,424</b>	<b>0.3</b>
<b>Savings</b>	<b>941,564</b>	<b>981,107</b>	<b>(4.0)</b>	<b>961,051</b>	<b>(2.0)</b>
<b>Time</b>	<b>923,224</b>	<b>968,840</b>	<b>(4.7)</b>	<b>826,773</b>	<b>11.7</b>
< 6 Months	313,258	403,565	(22.4)	321,399	(2.5)
6 Months and < 1 Year	82,742	45,602	81.4	39,929	107.2
1 Year and over 1 Year	527,224	519,673	1.5	465,445	13.3
<b>Certificate of deposit</b>	<b>1,045</b>	<b>1,312</b>	<b>(20.4)</b>	<b>1,353</b>	<b>(22.8)</b>
<b>Total Deposits</b>	<b>1,916,388</b>	<b>2,004,101</b>	<b>(4.4)</b>	<b>1,839,601</b>	<b>4.2</b>
<b>Proportion of Current and Savings Deposits</b>	<b>51.8%</b>	<b>51.6%</b>		<b>55.0%</b>	

- As of June 30, 2024, total deposits stood at Baht 1,916,388 million, representing a decrease of Baht 87,713 million, or 4.4%, from the prior quarter. The decrease was contributed by time deposits of Baht 45,616 million, notably a decrease in time deposits with a tenor less than six months, and savings deposits of Baht 39,543 million.
- Compared with the end of December 2023, total deposits increased by 4.2%, or Baht 76,787 million, mainly due to an increase in time deposits with a tenor of six months and more.
- As a result, the proportion of current and savings deposits (CASA) as a percentage of total deposits stood at 51.8%, compared with 51.6% and 55.0% at the end of March 2024 and December 2023, respectively.

### Borrowing

Consolidated (Million Baht)	Jun. 30, 24	Mar. 31, 24	%QoQ	Dec. 31, 23	%YTD
Debenture	51,491	51,470	0.0	38,322	34.4
Subordinated debenture	52,543	61,399	(14.4)	61,364	(14.4)
Other	3,568	3,914	(8.8)	4,531	(21.3)
<b>Total Borrowing</b>	<b>107,602</b>	<b>116,783</b>	<b>(7.9)</b>	<b>104,217</b>	<b>3.2</b>

- As of June 30, 2024, total borrowing stood at Baht 107,602 million, representing a decrease of Baht 9,181 million, or 7.9% from the prior quarter, mainly from the early redemption of the Bank's subordinated debentures, which exceeded the new issuance of subordinated debentures amount, and a decrease in other borrowing.
- Compared with the end of December 2023, total borrowing increased by Baht 3,385 million, or 3.2%, mainly from a decrease in subordinated debentures, offset by an increase in debentures.

### Liquidity

Consolidated	Jun. 30, 24	Mar. 31, 24	Dec. 31, 23	Sep. 30, 23	Jun. 30, 23
Loan to Deposit Ratio	104%	100%	110%	114%	112%
Loan to Deposit and Debenture Ratio	101%	97%	107%	111%	110%

The loan to deposit ratio and the loan to deposit plus debentures ratio increased to 104% and 101%, respectively, compared with 100% and 97% at the end of March 2024. However, the ratios improved from 110% and 107%, at the end of December 2023, respectively.

### Contingencies

Consolidated (Million Baht)	Jun. 30, 24	Mar. 31, 24	%QoQ	Dec. 31, 23	%YTD
Avals to bills and Guarantees of loans	4,987	6,753	(26.2)	5,766	(13.5)
Liability under unmatured import bills	3,570	5,131	(30.4)	2,557	39.6
Letters of credit	7,675	6,835	12.3	7,004	9.6
Other Contingencies	164,531	142,518	15.4	141,502	16.3
<b>Total Contingencies</b>	<b>180,763</b>	<b>161,237</b>	<b>12.1</b>	<b>156,829</b>	<b>15.3</b>

- Krungsri Group's contingencies as of June 30, 2024, totaled Baht 180,763 million, an increase of Baht 19,526 million, or 12.1%, from the end of March 2024, mainly from an increase in liabilities under collateral deliver and other guarantees, offset by a decrease in avals to bills and guarantees of loans and liability under unmatured import bills.
- Compared to end of December 2023, contingencies increased by 15.3% or Baht 23,934 million, mainly due to an increase in liabilities under collateral deliver and other guarantees.

### Statutory Capital

As of June 30, 2024, Krungsri's capital (Bank only) stood at Baht 307,826 million, equivalent to 17.87% of risk-weighted assets, comprising Common Equity Tier 1 (CET1) capital and Tier 1 Capital of 13.75% and Tier 2 capital of 4.12%.

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		
	Jun. 30, 24	Mar. 31, 24	Dec. 31, 23	Jun. 30, 24	Mar. 31, 24	Dec. 31, 23
Common Equity Tier 1	236,912	230,703	229,727	13.75%	13.44%	13.56%
Tier 1 Capital	236,912	230,703	229,727	13.75%	13.44%	13.56%
Tier 2 Capital	70,914	79,589	79,388	4.12%	4.64%	4.68%
<b>Total Capital Fund</b>	<b>307,826</b>	<b>310,292</b>	<b>309,115</b>	<b>17.87%</b>	<b>18.08%</b>	<b>18.24%</b>

### 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	
International Ratings	
Long-term Issuer Default Rating	BBB+
Short-term Issuer Default Rating	F1
Viability Rating	bbb
Outlook	Stable
National Ratings	
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