



## **Management Discussion and Analysis**

For the third quarter and nine-month ended September 30, 2024  
(Unreviewed financial statements)

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## Overall market environment

The Thai economy in 3Q24 is expected to expand by 2.8% compared to the same period last year, showing a better recovery than the 2.3% growth in 2Q24. The key drivers of the economy in this quarter are: (1) The tourism sector remains a crucial driver, though its contribution is expected to gradually decline towards the end of the year due to the high base from last year. In the nine months of 2024, there were 26.1 million tourists, an increase of 30% compared to the same period last year, which accounts for 88.5% of the number of tourists before the COVID-19 pandemic. (2) The export sector began to recover in 3Q24, with Thai export values expected to grow by 3.2% YoY, compared to just 1.9% growth in the previous quarter. (3) Government spending accelerated in 3Q24, despite the budget delays experienced in the first two quarters of the fiscal year, allowing 94.1% of the budget for fiscal year 2024 to be disbursed, which is higher than the historical average. Investment budget disbursements reached 61.2%, close to the historical average. Meanwhile, domestic economic activity in 4Q24 is expected to significantly improve, driven by private consumption after the first phase of economic stimulus measures began to be disbursed to 14.5 million people in the vulnerable group, along with government budget spending from the low base in the previous year. Tourism should continue to recover as expected in the last quarter of 2024, with a total of 35.7 million tourist arrivals expected in 2024 compared to 28.7 million in the previous year. Real GDP growth is expected to improve to 2.8% for the full year 2024, and 3.0% for 2025. However, high household debt and weak overall domestic demand remain obstacles to the economic recovery in the coming years.

In the latest meeting in October 2024, the Monetary Policy Committee (MPC) voted 5 to 2 to cut the interest rate by 0.25%, bringing it down to 2.25% to help alleviate debt burdens without hindering the debt deleveraging process. Overall, the MPC maintains a positive outlook on the Thai economy and slightly raised its growth forecast for 2024, supported by tourism, government cash handout policies, and exports, particularly in the electronics sector. However, there remains an uneven recovery across some industrial sectors. The MPC also slightly lowered its inflation forecast, which remains low due to structural factors. Financial conditions have tightened somewhat, and the MPC expressed concerns over debt quality and slowing loan growth, which may impact economic activities. Nevertheless, the MPC emphasized that interest rates should not be too low to avoid creating imbalances in the financial system. Given the MPC's view on the economic situation, inflation, and financial stability, it is expected that the MPC will likely delay further rate cuts. The Committee communicated that this rate cut is a recalibration rather than the start of an easing cycle, as it believes that a neutral monetary policy stance remains appropriate for the current economic potential and that despite the rate cut, the monetary stance is still neutral. However, the MPC is expected to cut rates two more times in the second half of 2025 due to the anticipated stagnation in credit quality improvement and the expected slowdown in Thailand's economic momentum by that time.

The auto industry for the first eight months of 2024 declined 23.9 YoY. The total number of commercial and passenger car sales fell by 25.8% YoY and 20.6% YoY, respectively. This is due to stalling income and purchasing power trends following unfavorable economic conditions, the increase in interest rates and the high level of household debt.

In the capital market, the Stock Exchange of Thailand (SET) index increased, especially in September, following improved political stability, government economic stimulus measures, and the boost from the Vayupak Fund measures. These factors led to a return of non-resident capital inflows to the Thai capital market, resulting in the SET index rising by 11.4% in 3Q24, closing at 1,448.83 points from 1,300.96 points at the end of 2Q24. The average daily trading value in the Stock Exchange of Thailand (SET) and Market for Alternative Investment (mai) in 3Q24 was at Baht 48,849 million, an increase of 9.3% from Baht 44,708 million in 2Q24.

## Operating results of the Bank and subsidiaries for 3Q24 and for the nine months of 2024

**For 3Q24**, the consolidated net profit of the Bank totaled Baht 1,305 million, an increase of 69.7% QoQ and an increase of 1.9% YoY. The increase in net profit compared to 3Q23 is primarily due to the reduction in expected credit losses, coupled with an improvement in the capital market conditions. This has led to an increase in non-interest income, particularly in revenue from brokerage business, wealth management business and asset management business. Meanwhile, net interest income decreased by 17.5% YoY, driven by higher funding costs from market interest rates. The expected credit losses decreased by 59.4% compared to 3Q23, reflecting the measures taken to enhance the loan quality and also reduced in provisions in line with the overall slowdown in loan volume. The amount of Non-Performing Loans<sup>1</sup> (NPLs) for 3Q24 declined when comparing to 2Q24 while the ratio of Non-Performing Loans<sup>1</sup> (NPLs) to total loans ratio increased slightly to 4.1% from 4.0% due to the contraction in total loan portfolio. The total allowance for expected credit losses to total NPLs ratio (coverage ratio) as of the end of 3Q24 stood at 135.9%.

**For the nine months of 2024**, the Bank recorded a consolidated net profit of Baht 3,579 million, a decrease of 25.0% from the same period in 2023. Total operating income decreased by 8.3%, mainly due to a 9.2% decline in net interest income resulting from higher funding costs. Non-interest income decreased by 5.6%, primarily due to a decline in loan-related income in line with the slowdown in new loan volume. Expected credit losses for the nine-month period of 2024 decreased by 34.2% compared to the same period last year, as a result of continuous asset quality management and also the overall slowdown in loan volume.

### Summary of financial performance

Unit : Baht million	3Q24	2Q24	% QoQ	3Q23	% YoY	9M24	9M23	% YoY
Net Interest income	4,937	5,009	(1.4)	5,988	(17.5)	15,198	16,732	(9.2)
Non-interest income	1,668	1,543	8.1	1,456	14.5	4,791	5,076	(5.6)
Total operating income	6,605	6,552	0.8	7,444	(11.3)	19,989	21,808	(8.3)
Total other operating expenses	4,326	3,809	13.6	4,281	1.1	12,451	11,311	10.1
Expected credit losses	681	1,769	(61.5)	1,678	(59.4)	3,060	4,653	(34.2)
Profit from operating before income tax expenses	1,598	974	64.0	1,485	7.6	4,479	5,844	(23.4)
Income tax expenses	282	202	39.4	201	40.0	884	1,060	(16.7)
<b>Net Profit (attributable to equity holders of the Bank)</b>	<b>1,305</b>	<b>769</b>	<b>69.7</b>	<b>1,281</b>	<b>1.9</b>	<b>3,579</b>	<b>4,774</b>	<b>(25.0)</b>
<b>Total Comprehensive income (attributable to equity holders of the Bank)</b>	<b>1,375</b>	<b>753</b>	<b>82.6</b>	<b>1,145</b>	<b>20.1</b>	<b>3,804</b>	<b>4,595</b>	<b>(17.2)</b>
Basic earnings per share (Baht)	1.55	0.91	70.3	1.51	2.6	4.23	5.64	(25.0)

<sup>1</sup> Excluding loans classified as Purchased or originated credit-impaired financial assets (POCI)

Annualized Ratios (%)	3Q24	2Q24	3Q23	9M24	9M23
<b>Net Profit (Baht million)</b>	<b>1,305</b>	<b>769</b>	<b>1,281</b>	<b>3,579</b>	<b>4,774</b>
ROAE	8.4	4.9	8.5	7.8	10.8
ROE	8.4	4.9	8.5	7.8	11.0
ROAA	1.0	0.6	0.9	0.9	1.2
<b>Comprehensive income (Baht million)</b>	<b>1,375</b>	<b>753</b>	<b>1,145</b>	<b>3,804</b>	<b>4,595</b>
ROAE	8.9	4.8	7.6	8.3	10.4
ROE	8.9	4.8	7.6	8.3	10.6
ROAA	1.1	0.6	0.8	1.0	1.2
Loan growth	(4.8)	(1.0)	0.3	(6.4)	6.0
NPLs/ Total loans (excluding interbank and POCI) <sup>2</sup>	4.1	4.0	3.5	4.1	3.5
Allowance for expected credit losses/ Total NPLs excluding POCI (coverage ratio)	135.9	136.5	145.3	135.9	145.3

## Net Interest Income

Unit: Baht million	3Q24	2Q24	% QoQ	3Q23	% YoY	9M24	9M23	% YoY
<b>Interest income</b>	<b>7,638</b>	<b>7,722</b>	<b>(1.1)</b>	<b>8,191</b>	<b>(6.8)</b>	<b>23,242</b>	<b>22,660</b>	<b>2.6</b>
Interest on loans	3,533	3,500	0.9	3,240	9.0	10,558	9,375	12.6
Hire purchase and financial lease income	3,421	3,508	(2.5)	3,765	(9.1)	10,562	11,010	(4.1)
Interest on POCI	23	27	(13.2)	607	(96.2)	76	666	(88.6)
Interest on interbank and money market items	305	350	(12.6)	279	9.5	1,027	892	15.1
Interest on securities	341	296	15.3	272	25.6	936	660	41.7
Others	15	42	(65.4)	28	(47.2)	82	56	48.1
<b>Interest expense</b>	<b>2,701</b>	<b>2,714</b>	<b>(0.5)</b>	<b>2,204</b>	<b>22.6</b>	<b>8,043</b>	<b>5,928</b>	<b>35.7</b>
Interest on deposits	1,892	1,853	2.1	1,334	41.8	5,482	3,424	60.1
Interest on interbank and money market items	78	115	(32.0)	127	(38.6)	294	322	(8.6)
Interest on debt issued and borrowings	256	283	(9.6)	284	(10.0)	863	782	10.4
Fees and charges on borrowings	3	4	(27.2)	5	(39.8)	11	18	(36.9)
FIDF and DPA fees	431	444	(3.0)	438	(1.7)	1,319	1,324	(0.4)
Others	42	16	163.0	15	175.3	73	59	23.5
<b>Net Interest Income</b>	<b>4,937</b>	<b>5,009</b>	<b>(1.4)</b>	<b>5,988</b>	<b>(17.5)</b>	<b>15,198</b>	<b>16,732</b>	<b>(9.2)</b>

For 3Q24, comparing YoY, net interest income amounted to Baht 4,937 million, a decline of 17.5% YoY primarily due to a reduction in the interest rate spread as a result of rising funding costs with interest spread for 3Q24 declining to 4.7% from 5.1% YoY. Interest income totaled Baht 7,638 million, decreasing by 6.8% from the same quarter last year, driven by lower interest income from hire purchase and financial lease income as a result of hire purchase loan contractions and from lower interest income on POCI from the distressed asset management business. Interest expenses amounted to Baht 2,701 million, an increase of 22.6% YoY, due to

<sup>2</sup> Purchased or originated credit-impaired financial assets (POCI)

higher funding costs consistent with increases in market interest rates. The cost of funds for 3Q24 increased to 2.6%, compared to 2.0% in 3Q23.

**When comparing QoQ**, net interest income slightly decreased by 1.4% due to lower interest income following the slowdown in loan volume, while interest expenses also decreased by 0.5%.

**For the nine months of 2024**, net interest income amounted to Baht 15,198 million, a decrease of 9.2% YoY driven by higher interest expenses as a result of increases in funding costs. For the nine months of 2024, the interest rate spread was at 4.8%, down from 5.2% during the nine months of 2023.

### Loan Yield, Cost of Fund and Loan Spread

%	3Q24	2Q24	1Q24	4Q23	3Q23	9M24	9M23
<b>Yield on loan</b>	7.3	7.2	7.3	7.3	7.1	7.3	7.0
<b>Cost of fund</b>	2.6	2.5	2.4	2.2	2.0	2.5	1.8
<b>Loan spread</b>	4.7	4.8	4.9	5.1	5.1	4.8	5.2

### Non-Interest Income

Unit: Baht million	3Q24	2Q24	% QoQ	3Q23	% YoY	9M24	9M23	% YoY
Fees and services income	1,728	1,425	21.3	1,581	9.3	4,536	4,896	(7.3)
Fees and services expenses	245	254	(3.3)	244	0.5	759	752	1.0
<b>Fees and services income, net</b>	<b>1,483</b>	<b>1,171</b>	<b>26.6</b>	<b>1,337</b>	<b>10.9</b>	<b>3,777</b>	<b>4,144</b>	<b>(8.8)</b>
Gain (loss) on financial instruments measured at fair value through profit or loss, net	60	267	(77.7)	32	87.0	663	479	38.4
Gain (loss) on investments, net	-	(7)	(100.0)	(1)	(100.0)	23	(12)	(288.5)
Dividend income	45	57	(21.4)	49	(7.1)	144	321	(55.1)
Other operating income	80	55	45.8	39	103.9	183	144	27.3
<b>Total Non-Interest Income</b>	<b>1,668</b>	<b>1,543</b>	<b>8.1</b>	<b>1,456</b>	<b>14.5</b>	<b>4,791</b>	<b>5,076</b>	<b>(5.6)</b>

**For 3Q24**, non-interest income amounted to Baht 1,668 million, an increase 14.5% YoY. Net fee and services income increased by 10.9% from improved capital market conditions resulting in higher income from brokerage business including wealth management business. Fee income from the asset management business continued to be strong from expansion in asset under management. Meanwhile, bancassurance fee remained weak reflecting the decline in loan portfolio. Kiatnakin Phatra Securities continued to retain its number one position in terms of market share<sup>3</sup> with 3Q24 market share of 20.67%.

**When comparing QoQ**, non-interest income increased by 8.1%, mainly due to an increase in net fee and service income following improved market conditions. This led to higher revenue from the brokerage business, asset management business, and also investment banking business, offset by a decrease in gain on financial instruments measured at fair value through profit or loss (FVTPL).

**For the nine months of 2024**, non-interest income totaled Baht 4,791 million, a decline of 5.6% YoY. This decrease was driven by an 8.8% drop in net fees and services income, primarily from lower bancassurance

<sup>3</sup> Including SET and mai but excluding proprietary trading

fees due to slower loan growth and lower fees from investment banking businesses from unfavorable market conditions.

### Other operating expenses

Unit: Baht million	3Q24	2Q24	% QoQ	3Q23	% YoY	9M24	9M23	% YoY
Employee's expenses	1,981	1,613	22.8	1,735	14.2	5,342	5,201	2.7
Directors' remuneration	10	6	64.1	10	(1.6)	26	30	(11.9)
Premises and equipment expenses	365	354	3.1	337	8.2	1,062	983	8.0
Taxes and duties	173	158	9.3	179	(3.5)	518	472	9.7
Loss from revaluation of foreclosed assets (reversal)	(29)	(12)	133.6	(40)	(27.5)	(79)	(643)	(87.6)
Loss from sale of foreclosed assets	1,186	1,071	10.7	1,344	(11.7)	3,720	3,407	9.2
(Gain) loss from sale of foreclosed properties	(30)	(1)	1,928.8	(19)	53.9	(11)	(54)	(79.4)
Loss from sale of repossessed cars	1,216	1,073	13.4	1,364	(10.8)	3,732	3,462	7.8
Other expenses	639	618	3.4	714	(10.6)	1,862	1,860	0.1
<b>Total other operating expenses</b>	<b>4,326</b>	<b>3,809</b>	<b>13.6</b>	<b>4,281</b>	<b>1.1</b>	<b>12,451</b>	<b>11,311</b>	<b>10.1</b>

**For 3Q24**, other operating expenses totaled to Baht 4,326 million, a slight increase of 1.1% YoY. Loss from sale of repossessed cars for 3Q24 totaled Baht 1,216 million, declining by 10.8% comparing to 3Q23 from the decline in the number of repossessed cars sold. If excluding expense items related to foreclosed assets, cost-to-income ratio for 3Q24 was at 47.8%.

**For the nine months of 2024**, other operating expenses were Baht 12,451 million, increasing by 10.1% YoY with increase largely driven by loss from sale of foreclosed assets. Furthermore, during the first nine months of 2023, the Bank performed revision on the allowance for impairment of foreclosed properties, leading to a reversal on allowance for impairment of foreclosed properties in the amount of Baht 619 million where there is no such reversal item for the first nine months of 2024. If excluding expense items related to foreclosed assets, cost-to-income ratio for the nine months of 2024 was well-controlled at 44.0%.

### Expected Credit Loss (ECL)

Unit: Baht million	3Q24	2Q24	% QoQ	3Q23	% YoY	9M24	9M23	% YoY
Expected Credit Losses	681	1,769	(61.5)	1,678	(59.4)	3,060	4,653	(34.2)
Credit Cost (%)	1.99	2.89		3.32		2.35	2.94	

**For 3Q24**, the Bank maintained its prudent approach in setting aside provisions based on the expected credit loss (ECL) model, which reflects various considerations, including the potential impact on loan quality due to the economic uncertainties. The expected credit loss for 3Q24 totaled Baht 681 million, a decrease of 59.4% YoY. The expected credit loss and loss from the sale of repossessed cars (credit cost) for 3Q24 was at 1.99% of average loans, down from 3.32% YoY, driven by asset quality management measures, improved quality in new loans, and an overall decline in provisions in line with the slowdown in loan volume.

For the nine months of 2024, expected credit losses totaled Baht 3,060 million, a decrease of 34.2% from Baht 4,653 million in the first nine months of 2023. This reduction reflects several measures the Bank has taken in order to manage the quality of the loan portfolio. Provisions, including loss from the sale of repossessed cars (credit cost), declined to 2.35% of average loans in the nine months of 2024, down from 2.94% during the same period of 2023.

## Statements of Financial Position

### Assets

Assets as of the end of September 2024 totaled Baht 515,628 million, a decline of 5.4% from the end of 2023 driven by the decline in loans to customers and accrued interest receivables and interbank and money market items.

<b>Assets</b> (Baht Thousand)	<b>Consolidated</b>		<b>Change</b>	
	<b>Sept 30, 2024</b>	<b>Dec 31, 2023</b>	<b>Amount</b>	<b>%</b>
Cash	926,466	1,381,596	(455,130)	(32.9)
Interbank and money market items, net	39,309,121	62,029,433	(22,720,312)	(36.6)
Financial assets measured at fair value through profit or loss	23,391,784	16,035,387	7,356,397	45.9
Derivatives assets	17,208,050	8,062,453	9,145,597	113.4
Investment, net	38,532,058	36,261,569	2,270,489	6.3
Investments in properties, net	19,748	20,038	(290)	(1.4)
Loans to customers and accrued interest receivables, net	359,560,208	384,825,621	(25,265,413)	(6.6)
Properties foreclosed, net	7,059,391	7,240,407	(181,016)	(2.5)
Land, premises and equipment, net	7,156,880	7,436,488	(279,608)	(3.8)
Right-of-use assets	246,421	245,726	695	0.3
Other intangible assets, net	1,720,758	1,707,800	12,958	0.8
Goodwill	3,066,035	3,066,035	-	0.0
Deferred tax assets	1,597,912	1,717,031	(119,119)	(6.9)
Accounts receivable from clearing house and broker - dealers	898,457	1,954,980	(1,056,523)	(54.0)
Securities and derivative business receivables	8,424,298	5,528,970	2,895,328	52.4
Other assets, net	6,510,836	7,813,483	(1,302,647)	(16.7)
<b>Total Assets</b>	<b>515,628,423</b>	<b>545,327,017</b>	<b>(29,698,594)</b>	<b>(5.4)</b>

## Liabilities

Liabilities as of the end of September 2024, amounted to Baht 453,597 million, declining 6.3% from the end of 2023 driven by the decline in debts and borrowings of 42.9%. Deposits also declined by 4.1% from the end of 2023 largely from the decrease in saving accounts resulting in the proportion of term deposits to be at 67.7% with current and saving accounts (CASA) contributing to 32.3% of total deposits amount. Loans to deposits and borrowings ratio as of the end of 3Q24 stood at 97.2%.

<u>Liabilities</u> (Baht Thousand)	Consolidated		Change	
	Sept 30, 2024	Dec 31, 2023	Amount	%
Deposits	344,233,621	358,902,512	(14,668,891)	(4.1)
Current Account	1,736,067	1,124,152	611,915	54.4
Saving Account	109,371,687	127,177,454	(17,805,766)	(14.0)
Term Deposit	233,088,874	230,523,115	2,565,759	1.1
Certificate of Deposit	36,992	77,792	(40,800)	(52.4)
Interbank and money market items, net	21,072,707	23,035,081	(1,962,374)	(8.5)
Liabilities payable on demand	608,577	483,354	125,223	25.9
Financial liabilities measured at fair value through profit or loss	903,679	1,332,833	(429,154)	(32.2)
Derivatives liabilities	17,059,212	8,502,677	8,556,535	100.6
Debt issued and borrowings	39,328,480	68,899,979	(29,571,499)	(42.9)
Lease liabilities	184,780	182,008	2,772	1.5
Provisions	1,458,493	1,301,936	156,557	12.0
Deferred tax liabilities	559,625	555,218	4,407	0.8
Accounts payable to clearing house and broker - dealers	2,218,839	151,102	2,067,737	1,368.4
Securities and derivative business payables	6,916,286	6,894,432	21,854	0.3
Accrued interest expenses	1,789,687	1,063,220	726,467	68.3
Other accounts payable	12,337,663	7,010,932	5,326,731	76.0
Income tax payable and specific business tax payable	328,885	471,466	(142,581)	(30.2)
Other liabilities	4,596,115	5,287,417	(691,302)	(13.1)
<b>Total Liabilities</b>	<b>453,596,649</b>	<b>484,074,167</b>	<b>(30,477,518)</b>	<b>(6.3)</b>

## Shareholder's Equity

Shareholders' equity attributable to owners of the Bank as of the end of 3Q24 totaled Baht 61,733 million, an increase of 1.3% from the end of 2023. The increase is largely due to the nine months of 2024 net profit of the Bank's equity holders in the amount of Baht 3,579 million and offset by the dividend payment during 2024. For the Share Repurchase Project, approved by the Bank's Board of Directors on August 22, 2024, the repurchase period is set from August 28 to November 28, 2024. As of the end of the third quarter of 2024, the Bank had already repurchased 11 million shares under the repurchase program, with a total value of Baht 530 million. The Bank has appropriated an equivalent amount from retained earnings to the treasury shares reserve.



## 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 September 30, 2024, the Capital Adequacy Ratio (BIS ratio) of the Bank under Basel III which included profit up to end of 2Q24 after interim dividend payment was at 16.54% while Tier 1 ratio was at 13.04%. When including net profit up to end of 3Q24, the BIS ratio will increase to 16.88% while Tier 1 ratio will be 13.38%. The Bank's Tier 1 capital are all Common Equity Tier 1 contributing to 78.86% 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 September 2024 are as follows:

	Bank Only			Consolidated		
	Sept 2024	Jun 2024	Sept 2023	Sept 2024 <sup>4</sup>	Jun 2024	Sept 2023
<b>Capital Requirement</b> (Unit: Baht million)						
Common Equity Tier 1	48,738	48,116	47,161	n/a	54,464	53,614
Tier 1 capital	48,738	48,116	47,161	n/a	54,464	53,614
<b>Total capital</b>	<b>61,802</b>	<b>61,276</b>	<b>61,447</b>	<b>n/a</b>	<b>67,777</b>	<b>68,043</b>
<b>Capital Adequacy Ratio</b> (Unit: %)						
Common Equity Tier 1	13.04	12.70	11.93	n/a	13.61	12.94
Tier 1 capital	13.04	12.70	11.93	n/a	13.61	12.94
<b>Total capital</b>	<b>16.54</b>	<b>16.17</b>	<b>15.54</b>	<b>n/a</b>	<b>16.94</b>	<b>16.43</b>

<sup>4</sup> Consolidated capital information for September 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 <sup>5</sup> (Baht million)	September 2024	June 2024	Change (% QoQ)	December 2023	Change (% YTD)
<b>Retail Lending</b>	<b>258,166</b>	<b>263,170</b>	(1.9)	<b>270,583</b>	(4.6)
Hire Purchase	170,995	176,313	(3.0)	186,981	(8.5)
Personal loan	14,385	14,700	(2.1)	13,703	5.0
Micro SMEs loan	15,253	14,969	1.9	14,000	8.9
Housing loan	57,534	57,188	0.6	55,899	2.9
<b>Commercial Lending</b>	<b>56,142</b>	<b>60,092</b>	(6.6)	<b>58,662</b>	(4.3)
Real Estate Development loan	24,452	27,650	(11.6)	25,168	(2.8)
SMEs loan	31,690	32,441	(2.3)	33,494	(5.4)
Corporate Lending	50,079	58,304	(14.1)	57,720	(13.2)
Special Asset Management loan	1,248	1,336	(6.6)	1,033	20.8
Lombard loan	7,680	9,175	(16.3)	11,047	(30.5)
<b>Total loans</b>	<b>373,315</b>	<b>392,076</b>	(4.8)	<b>399,045</b>	(6.4)
<b>Total loans (excluding POCI)<sup>6</sup></b>	<b>372,846</b>	<b>391,509</b>	<b>(4.8)</b>	<b>398,455</b>	<b>(6.4)</b>

As of the end of 3Q24, total loans, excluding POCI, amounted to Baht 372,846 million, reflecting a 6.4% contraction from the end of 2023. This aligns with the Bank’s strategy for slower loan growth amid ongoing economic uncertainties. The focus for loan expansion will be on quality and profitable segments. The details of loans by segment are as follows:

- **Retail Lending** amounted to Baht 258,166 million, decreasing by 4.6% from the end of 2023. Retail loans include hire purchase loans, personal loans, Micro SMEs loans and housing loans.
  - **Hire purchase loans** totaled Baht 170,995 million, contraction of 8.5% from the end of 2023. The portion of hire purchase loans to the Bank’s total loan portfolio was at 46%, with the ratio of new cars to used cars remaining stable at 38:62 from the previous quarter. Domestic new car sales for the first eight months of 2024 amounted to 399,611 units, a 23.9% decline compared to the same period last year. The Bank’s

<sup>5</sup> Excluding accrued interest

<sup>6</sup> Purchased or originated credit-impaired financial assets (POCI)

penetration rate for new car loans in the domestic new car sales market for the first eight months of 2024 was 3.0%, consistent with the level during the first half of 2024.

- **Other retail loans** amounted to Baht 87,171 million, with overall other retail loans expansion of 4.3% from the end of 2023, with growth across all segments. The total combined other retail loans portion to total Bank loan portfolio increased to 23.4% as of the end of 3Q24.
- **Commercial Lending** business loans amounted to Baht 56,142 million, declining by 4.3% from the end of 2023 primarily due to loan repayments. Commercial Lending includes real estate development loans and SMEs loans detail are as follows:
  - **Real estate development loans** totaled Baht 24,452 million, decreased by 2.8% from the end of 2023.
  - **SMEs loans** were Baht 31,690 million, declining by 5.4% from the end of 2023
- **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 50,079 million, decreased by 13.2% from the end of 2023 from corporate loan repayments,
- **Special asset management (SAM)** is responsible for distressed asset management business and sale of foreclosed assets. Current outstanding loans totaled Baht 1,248 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 7,680 million, declining by 30.5% 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 September 2024 are classified into stages as follows:

Unit : Baht million	September 2024		June 2024		September 2023	
	Total Loans and Accrued Interest Receivables	Expected Credit Losses (ECL) <sup>7</sup>	Total Loans and Accrued Interest Receivables	Expected Credit Losses (ECL) <sup>7</sup>	Total Loans and Accrued Interest Receivables	Expected Credit Losses (ECL) <sup>7</sup>
Stage 1 : Performing financial assets	333,886	6,855	352,252	7,754	364,818	8,325
Stage 2 : Under-Performing financial assets	28,390	5,934	28,160	5,241	25,818	4,603
Stage 3 : Non-Performing financial assets	17,407	8,163	17,442	8,105	16,122	7,304
Purchased or originated credit-impaired financial assets	716	87	895	107	870	73
<b>Total</b>	<b>380,398</b>	<b>21,040</b>	<b>398,749</b>	<b>21,207</b>	<b>407,628</b>	<b>20,305</b>

The Bank prudently set up provisions for expected credit losses under TFRS 9 framework taking into consideration the various uncertainties. 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 considerations signs of any possible deterioration in asset quality. As of the end of 3Q24, allowance for

<sup>7</sup> Including ECL for loans and loan commitments and financial guarantees

expected credit losses totaled Baht 21,040 million. The total allowance for expected credit losses to total NPLs ratio (coverage ratio) stood at 135.9%, comparing to 136.5% during 2Q24.

### NPLs distribution by loan type

NPLs (Baht million)	September 2024		June 2024		December 2023	
	Amount	% of loans	Amount	% of loans	Amount	% of loans
<b>Retail Lending</b>	<b>8,202</b>	<b>3.2</b>	<b>7,886</b>	<b>3.0</b>	<b>7,579</b>	<b>2.8</b>
Hire Purchase	5,465	3.2	5,241	3.0	5,053	2.7
Personal loan	119	0.8	116	0.8	93	0.7
Micro SMEs loan	1,799	11.8	1,720	11.5	1,619	11.6
Housing loan	818	1.4	809	1.4	814	1.5
<b>Commercial Lending</b>	<b>4,069</b>	<b>7.2</b>	<b>4,242</b>	<b>7.1</b>	<b>3,942</b>	<b>6.7</b>
Real Estate Development loan	2,081	8.5	2,205	8.0	2,167	8.6
SMEs loan	1,988	6.3	2,037	6.3	1,775	5.3
<b>Corporate Lending</b>	<b>2,760</b>	<b>5.5</b>	<b>2,979</b>	<b>5.1</b>	<b>676</b>	<b>1.2</b>
<b>Special Asset Management loan</b>	<b>902</b>	<b>72.3</b>	<b>1,000</b>	<b>74.9</b>	<b>1,023</b>	<b>99.0</b>
<b>Lombard loan</b>	<b>-</b>	<b>0.0</b>	<b>-</b>	<b>0.0</b>	<b>-</b>	<b>0.0</b>
<b>Total NPLs</b>	<b>15,933</b>	<b>4.3</b>	<b>16,108</b>	<b>4.1</b>	<b>13,220</b>	<b>3.3</b>
<b>Total NPLs (excluding POCI)</b>	<b>15,464</b>	<b>4.1</b>	<b>15,540</b>	<b>4.0</b>	<b>12,630</b>	<b>3.2</b>

As of the end of 3Q24, the Non-Performing Loans (NPLs) or Stage 3 loans, excluding POCI totaled Baht 15,464 million, a decline from previous quarter level of Baht 15,540 million driven by lower NPLs from commercial lending and corporate lending segments, offset by the increase in NPLs in the retail segment. Percentage of NPLs to total loans for 3Q24 was at 4.1%, slight increase from 4.0% during 2Q24 from loan contractions.

**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 3Q24, the market share<sup>8</sup> of KKPS was 20.67%, ranking 1st from total 36 brokers. KKPS generated brokerage revenue totaling Baht 382 million comprising of equity brokerage revenue of Baht 314 million, derivatives brokerage revenue of Baht 50 million and other brokerage revenue of Baht 18 million. Additionally, KKPS also had brokerage revenue from selling agent fees of Baht 270 million<sup>9</sup>.

<sup>8</sup> Including SET and mai but excluding proprietary trading

<sup>9</sup> Including selling agent fee receive from subsidiary company

- **Investment Banking Business**

Investment banking business, operated by KKPS, provides financial advisory service as well as underwriting service. In 3Q24, the revenue from investment banking business was Baht 177 million, contributed to financial advisory fee amounting Baht 102 million, underwriting fee amounting Baht 24 million and equity brokerage revenue of Baht 51 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 3Q24, DI focusing on long-term investment with value based investment philosophy recorded loss on investment including other comprehensive income totaling Baht 90 million. Meanwhile, EDT had gain on investment totaling Baht 104 million<sup>10</sup>. Additionally, there were other investment incomes from treasury and liquidity management, resulting in overall investment gain of Baht 120 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 30 September 2024 was Baht 187,405 million with total 159 funds under management consisting of 158 mutual funds and 1 property funds. KKPAM’s market share in terms of mutual fund was 3.34%. In 3Q24, KKPAM’s fee income from mutual fund business totaled Baht 339 million. As of 30 September 2024, asset under management from private fund was Baht 21,491 million with KKPAM’s fee income from private fund business totaled Baht 24 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.

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<sup>10</sup> Income before deducting the cost of hedging, once deducting those costs, net gain was Baht 95 million

**Profit and Loss Transaction**

For the three-month period ended September 30, (Baht Thousand)	Consolidated		Change	
	2024	2023	Amount	%
Interest income	7,638,205	8,191,146	(552,941)	(6.8)
Interest expenses	2,700,938	2,203,640	497,298	22.6
<b>Interest income, net</b>	<b>4,937,267</b>	<b>5,987,506</b>	<b>(1,050,239)</b>	<b>(17.5)</b>
Fees and services income	1,728,057	1,581,075	146,982	9.3
Fees and services expenses	245,321	244,033	1,288	0.5
<b>Fees and services income, net</b>	<b>1,482,736</b>	<b>1,337,042</b>	<b>145,694</b>	<b>10.9</b>
Gain (loss) on financial instruments measured at fair value through profit or loss, net	59,545	31,837	27,708	87.0
Gain (loss) on investments, net	-	(557)	557	(100.0)
Dividend income	45,141	48,597	(3,456)	(7.1)
Other operating income	80,303	39,386	40,917	103.9
<b>Total operating income</b>	<b>6,604,992</b>	<b>7,443,811</b>	<b>(838,819)</b>	<b>(11.3)</b>
<b>Other operating expenses</b>				
Employee's expenses	1,981,315	1,735,422	245,893	14.2
Directors' remuneration	10,075	10,235	(160)	(1.6)
Premises and equipment expenses	365,094	337,288	27,806	8.2
Taxes and duties	172,826	179,034	(6,208)	(3.5)
Loss from revaluation of foreclosed assets (reversal)	(29,029)	(40,057)	11,028	(27.5)
Loss from sale of foreclosed assets	1,186,301	1,344,242	(157,941)	(11.7)
Other expenses	639,032	714,480	(75,448)	(10.6)
<b>Total other operating expenses</b>	<b>4,325,614</b>	<b>4,280,644</b>	<b>44,970</b>	<b>1.1</b>
Expected credit losses	681,467	1,677,818	(996,351)	(59.4)
<b>Profit from operating before income tax expenses</b>	<b>1,597,911</b>	<b>1,485,349</b>	<b>112,562</b>	<b>7.6</b>
Income tax expenses	281,543	201,097	80,446	40.0
<b>Net profit</b>	<b>1,316,368</b>	<b>1,284,252</b>	<b>32,116</b>	<b>2.5</b>
<b>Net profit attributable to:</b>				
Equity holders of the Bank	1,304,626	1,280,508	24,118	1.9
Non-controlling interests	11,742	3,744	7,998	213.6
<b>Total comprehensive income attributable to:</b>				
Equity holders of the Bank	1,374,763	1,144,522	230,241	20.1
Non-controlling interests	11,723	3,758	7,965	211.9
<b>Basic earnings per share (Baht)</b>	<b>1.55</b>	<b>1.51</b>	<b>0.04</b>	<b>2.6</b>

**Profit and Loss Transaction**

For the nine-month period ended September 30, (Baht Thousand)	Consolidated		Change	
	2024	2023	Amount	%
Interest income	23,241,868	22,660,343	581,525	2.6
Interest expenses	8,043,399	5,928,462	2,114,937	35.7
<b>Interest income, net</b>	<b>15,198,469</b>	<b>16,731,881</b>	<b>(1,533,412)</b>	<b>(9.2)</b>
Fees and services income	4,536,407	4,895,818	(359,411)	(7.3)
Fees and services expenses	759,177	752,000	7,177	1.0
<b>Fees and services income, net</b>	<b>3,777,230</b>	<b>4,143,818</b>	<b>(366,588)</b>	<b>(8.8)</b>
Gain (loss) on financial instruments measured at fair value through profit or loss, net	662,767	478,838	183,929	38.4
Gain (loss) on investments, net	22,772	(12,080)	34,852	(288.5)
Dividend income	144,442	321,430	(176,988)	(55.1)
Other operating income	183,361	144,056	39,305	27.3
<b>Total operating income</b>	<b>19,989,041</b>	<b>21,807,943</b>	<b>(1,818,902)</b>	<b>(8.3)</b>
<b>Other operating expenses</b>				
Employee's expenses	5,342,150	5,201,209	140,941	2.7
Directors' remuneration	26,182	29,702	(3,520)	(11.9)
Premises and equipment expenses	1,061,543	983,047	78,496	8.0
Taxes and duties	518,035	472,295	45,740	9.7
Loss from revaluation of foreclosed assets (reversal)	(79,370)	(642,660)	563,290	(87.6)
Loss from sale of foreclosed assets	3,720,340	3,407,095	313,245	9.2
Other expenses	1,861,736	1,859,823	1,913	0.1
<b>Total other operating expenses</b>	<b>12,450,616</b>	<b>11,310,511</b>	<b>1,140,105</b>	<b>10.1</b>
Expected credit losses	3,059,593	4,653,080	(1,593,487)	(34.2)
<b>Profit from operating before income tax expenses</b>	<b>4,478,832</b>	<b>5,844,352</b>	<b>(1,365,520)</b>	<b>(23.4)</b>
Income tax expenses	883,685	1,060,481	(176,796)	(16.7)
<b>Net profit</b>	<b>3,595,147</b>	<b>4,783,871</b>	<b>(1,188,724)</b>	<b>(24.8)</b>
<b>Net profit attributable to:</b>				
Equity holders of the Bank	3,579,437	4,773,663	(1,194,226)	(25.0)
Non-controlling interests	15,710	10,208	5,502	53.9
<b>Total comprehensive income attributable to:</b>				
Equity holders of the Bank	3,804,133	4,594,959	(790,826)	(17.2)
Non-controlling interests	15,718	10,226	5,492	53.7
<b>Basic earnings per share (Baht)</b>	<b>4.23</b>	<b>5.64</b>	<b>(1.41)</b>	<b>(25.0)</b>