



Bangkok Bank Public Company Limited

Management Discussion and Analysis

for the Quarter and the Year Ended December 31, 2024



Management Discussion and Analysis

Overview of the Economy and Banking Industry

Thai Economy in 2024

In 2024, Thailand's economy continued to expand, driven by tourism and exports. The number of international tourists arriving in Thailand reached 35.5 million, up from 28.2 million in the previous year. Most tourists came from ASEAN, China, Europe, and India, supported by Thai government's tourism promotional activities such as the visa exemption measures and government's initiatives like "Amazing Thailand 365 Days" campaign that aims to raise awareness and attract international tourists across various regions. Exports expanded by 5.8 percent, driven by the global economic recovery, particularly in electronics, agricultural products, and agro-industrial goods. Thailand's average annual headline inflation stood at 0.4 percent, lower than the previous year, reflecting decreased energy prices aligned with global oil prices and government measures to regulate essential goods. Core inflation remained subdued at 0.6 percent, indicating a gradual economic recovery.

Throughout the year, the Monetary Policy Committee focused on maintaining economic stability amidst external challenges and the domestic economic recovery. In October, the policy interest rate was reduced from 2.50 percent to 2.25 percent per year to alleviate household debt burdens and support economic growth.

Economic Outlook for 2025

Thailand's economy is projected to sustain its growth momentum in 2025, bolstered by both domestic and external demand. Private consumption is anticipated to expand further, underpinned by government stimulus initiatives such as cost-of-living reduction programs, support for SME, and targeted assistance for vulnerable groups. Public investment is set to accelerate with the disbursement of the 2025 annual budget and large-scale infrastructure projects, particularly in the Eastern Economic Corridor (EEC). Private investment is projected to strengthen, led by capacity expansion in target industries such as electric vehicles (EV), smart electronics, and food processing, alongside investments in tourism-related businesses and services.

The tourism sector outlook remains positive, supported by the extension of visa exemption measures up to August 2025 and increased direct flights from China and India. Exports are expected to improve, aligned with the economic recovery of key trading partners, especially China's ongoing stimulus measures, and the cyclical upturn in the electronics industry.

Inflation in 2025 is forecasted to remain low reflecting subdued global energy prices and strong market competition. The monetary policy stance is expected to remain accommodative. Key risks requiring close monitoring include global economic uncertainties, geopolitical tensions, and climate change impacts.

Thai Banking Industry in 2024

In 2024, commercial banks in Thailand recorded a net profit of Baht 282.3 billion, an increase of 12.3 percent from the previous year, driven by higher net interest income and non-interest income (mainly from FVTPL), coupled with lower provisioning expenses following elevated provisioning in the previous year. At the end of 2024, loans decreased slightly by 0.7 percent from the end of the previous year, due to a contraction in SME and consumer loans, particularly auto loans which were affected by structural issues and slow income recovery among vulnerable groups, while large corporate loans expanded at a higher rate compared to the previous year.

Deposits grew by 2.2 percent from the end of the previous year, with the loan to deposit ratio of 88.4 percent, down from 91.0 percent at the end of the previous year. Meanwhile, commercial banks focused on liquidity management by adjusting deposit structures, managing costs appropriately, and maintaining the liquidity coverage ratio in accordance with Basel III guidelines. At the end of 2024, the liquidity coverage ratio (LCR) was high at 206.4 percent.

In terms of credit quality of the commercial banking system (including subsidiaries), at the end of 2024, non-performing loan (NPL or Stage 3) stood at Baht 552.1 billion (2.78 percent of total loans), while the proportion of loans with a significant increase in credit risk (SICR or Stage 2) stood at 6.98 percent. Commercial banks place importance on managing credit quality by continuously providing assistance to debtors, both by restructuring debts in line with debt serviceability of debtors and by providing responsible lending.

At the end of 2024, commercial banks had relatively high capital level as a cushion against economic uncertainties, with the capital adequacy ratio (CAR) at 20.4 percent, up slightly from 20.1 percent at the end of the previous year.

Thai Banking Industry in 2025

Thai and other economies are expected to face rising uncertainty driven by significant factors such as geopolitical conflicts and geoeconomic fragmentation, volatile US trade policy and international relations which will likely disrupt global supply chains, problems with China's real estate sector and the country's sluggish economy, economic impacts from climate change and the implementation of new regulations and measures to curb greenhouse gas emissions. Furthermore, rapid advances in technology and innovation, notably artificial intelligence (AI), pose opportunities and challenges, with cyber threats growing increasingly severe.

The Bank of Thailand's policy will focus on creating new growth opportunities by harnessing digital trends and promoting sustainability. Its strategy involves supporting the financial sector's use of technology and data to innovate financial services that cater to the diverse needs of a wide range of people. This approach will facilitate fair competition and the establishment of a stable, secure financial infrastructure while mitigating systemic risks. As such, the Bank of Thailand promotes open competition to allow service providers to access open infrastructure and benefit from open data to foster new opportunities through digital technology. At the same time, it supports commercial banks in enhancing financial security for all customer groups, sustainably addressing debt issues through responsible lending, and promoting sound financial discipline. Additionally, the Bank of Thailand, in cooperation with government agencies and the Thai Bankers' Association, launched the "You Fight, We Help" program to assist retail and SME borrowers facing debt problems to access debt restructuring and financial solutions. The registration period runs from December 12, 2024, to April 30, 2025, with the goal of assisting 2.1 million debtor accounts and addressing total debt of approximately Baht 890 billion.

In terms of sustainability, the Bank of Thailand is emphasizing transition finance and promoting the financial sector's ability to allocate funds appropriately. This is to ensure that there are necessary and sufficient financial products and services available to facilitate businesses and households in promptly transitioning to an environmentally-friendly economy without widespread negative impacts. The approach includes five building blocks – adjusting the business processes of financial institutions to have environmental financial products and services that meet the needs of the business sector; preparing a taxonomy; developing a national sustainability database and disclosure of such information; establishing appropriate incentive structures; and enhancing knowledge and upgrading the skills of personnel in the financial sector. The aim is to support Thailand in achieving its goals of carbon neutrality within 2050 and net-zero greenhouse gas emissions within 2065.

Given the current business environment, commercial banks continue to place importance on developing products and services to meet customer needs, adapting business models to align with changes in the business environment, seeking and collaborating with partners to create new revenue opportunities, continuously improving internal operations to control costs and enhance operational efficiency, providing responsible lending, and increasing risk management capabilities. Additionally, they also support the "You Fight, We Help" program to assist retail debtors and SME facing problems. Debtors who join the program and meet the conditions will benefit from faster debt resolution.

Factors affecting banking industry performance

The future of commercial banking operations will be shaped by a business environment characterized by BANI (Brittle, Anxious, Nonlinear, and Incomprehensible). This environment is driven by changes in the economy, technology, climate and environment, society, and government policies and regulations, all of which pose significant challenges for commercial banks. Major factors that may affect our operations in the future are:

- 1. Economic uncertainty** – Going forward, the global economy is poised to face many negative risk factors, leading to high volatility. Key risk factors include **geopolitical tensions and shifts in global supply chains** due to protectionist trade policies. These factors have prompted the relocation of supply chains and production bases from China to countries of origin or friendly nations. Over the next four years, global trade conflicts are likely to escalate under President Donald Trump's second administration, which may increase import tariffs on goods from countries with trade surpluses with the United States, including Thailand. Additionally, **China's economic slowdown**, driven by issues in the real estate sector, as well as trade and technology restrictions from the United States and declining consumer and investor confidence, has led the Chinese government to implement measures to stimulate the economy and restore domestic confidence, targeting GDP growth of 5 percent. **High global debt**, reflecting a recent trend of debt-driven growth rather than productivity-driven growth, poses a threat to long-term economic stability. The International Monetary Fund (IMF) estimates that global public debt will exceed USD100 trillion, or about 93 percent of global GDP, by the end of 2024, and is projected to reach 100 percent of global GDP by 2030. This increase is driven by rising fiscal burdens, particularly in providing healthcare and welfare for an aging population, climate adaptation investments, and security spending due to geopolitical tensions. On a positive note, **the interest rate direction of major economies is trending downward**, which may stimulate investment and consumption. However, this could also lead to inflation and asset price bubbles. It remains to be seen whether President Trump's economic policies will cause inflation in the United States to accelerate again and whether the implementation of his international trade policies will impact the volume of global trade and the export of goods from key trading partner countries.



- 2. Domestic economic factors** – The Thai economy is currently facing multiple challenges that may slow down future GDP growth. One of the key challenges is **the structure and competitiveness of the economy**. In the past, Thailand’s has not adapted its production base to changes in the global market. Additionally, there is a shortage of skilled personnel in technology and innovation, and insufficient investment in research and development. Another major issue is **the high level of household debt**, which is a significant concern for the government and the Bank of Thailand. Measures have been introduced to assist debtors and promote responsible lending, along with financial literacy programs for the public to address long-term issues of excessive debt. **Access to financing for SME** is another critical problem due to capital constraints and limited business management skills. Many SME often face competitiveness challenges. The Bank of Thailand is striving to improve access to financing for SME through short-term loan guarantee schemes. In the long term, efforts are being made to establish the National Credit Guarantee Institution which will provide more comprehensive solutions going forward.
- 3. Government policies and regulations** – The Bank of Thailand has introduced policies with significant implications for the future operations of commercial banks. These guidelines aim to reposition Thailand’s financial sector as a key part of the country’s sustainable digital economy, focusing on **leveraging technology and data to drive innovation** by creating an environment conducive to competition among payment service providers (Open Competition), allowing service providers access to essential infrastructure (Open Infrastructure), and utilizing data to develop financial innovations and services to their full potential (Open Data). In addition, this new financial landscape supports **the economic transition towards sustainability** and **the supervision that will enable financial institutions to timely manage new types of significant risks**, especially those from the use of digital technology. Under this new landscape, the Bank of Thailand has authorized the establishment of virtual banks with the aim of increasing opportunities for retail customers and SME to access financial services, particularly those who are under-served or lack access to financial services, and to stimulate competition within the Thai financial institution system.
- 4. Environment, Social and Governance (ESG)** – Throughout the years, commercial banks have played an increasingly important role in supporting sustainable development, including providing responsible lending, promoting access to financial services for customers, especially grassroots customers, and integrating ESG factors into business processes. However, in the future, government policies will be a crucial factor that will require commercial banks to focus more on this issue. “The Repositioning Thailand’s Financial Sector for a Sustainable Digital Economy” directional paper was prepared by the Bank of Thailand as a guideline for driving the financial sector to be ready to cope with environmental changes while encouraging the business sector and the public to gradually adapt to an environmentally-friendly economy. The Thailand Taxonomy was launched for each sector to use as a reference tool and to help them assess the status of their environmental performance. At the same time, an environment-related data platform was developed to support environmental opportunity analysis and risk management for the financial and business sectors while encouraging financial institutions to design financial products and services that take into account the environment. In addition, the Bank of Thailand issued the “Internalizing Environmental and Climate Change Aspects into Financial Institution Business” policy to encourage financial institutions to accelerate and standardize the integration of environmental concepts into their operations. Incentives will also be launched to encourage financial institutions, the business sector, and consumers to recognize the urgency of making environment-related transitions going forward.

- 5. Ongoing digital technology and financial innovation** – Digital technology has rapidly played an increasingly important role in commercial bank operations, enabling them to offer a variety of products and services that better meet the needs of their customers. Going forward, important technologies that will play a greater role in the banking sector include Blockchain that will help reduce service costs while increasing service efficiency and transparency; Artificial Intelligence (AI), especially Generative AI, that will help reduce operating costs while increasing the efficiency; Cloud Computing that plays an important role in storing, processing, and analyzing data; and Robotic Process Automation (RPA) that will help streamline tasks related to document and data management. In addition, there are other technologies that are likely to play a greater role in the banking sector in the future, such as Internet of Things (IoT), Immersive Technology, and Zero Trust. However, the use of financial technology is vulnerable to cybercrime, such as fraud through online channels, embezzlement from bank accounts, and data fraud. Recognizing this, the Bank of Thailand has issued regulations on information technology risk supervision so that the Thai financial sector can grow and develop in a sustainable manner and play a part in creating a stable and safe digital society.
- 6. Demographic Change and Aging Society** – Thailand is one of the first developing countries to become an aging society. It is expected that by 2030, the proportion of the population aged 60 and over will reach 30 percent, up from 20 percent in 2023. This significant demographic change will impact the economy, business opportunities, and the banking industry. The aging society is likely to slow down long-term economic growth. The increasing proportion of the elderly population will lead to a decline in labor force productivity, which will need to be addressed by enhancing productivity. This can be achieved through factors such as automation or research and development to create higher value-added products and services, alongside training to upskill the workforce. On the demand side, the rising elderly population will slow private consumption as older individuals tend to consume less and save more. Those nearing retirement will save more for their post-retirement expenses, while retirees will primarily rely on their savings for living expenses, necessitating careful spending. Recognizing this trend, the Bank plays a role in providing financial literacy and advice, focusing on wealth protection, savings, and investment, from pre-retirement to post-retirement stages as well as developing financial products tailored for retirees, such as reverse mortgages and retirement health insurance plans.

The above changes are important factors in driving the Thai economy forward through the implementation of government policies, and changes in business models and consumer behavior. Thai commercial banks therefore need to prepare appropriate support to be able to adapt to such changes and move forward sustainably.

**Overall Picture of the Bank and its Subsidiaries**

Million Baht

Item	Q4/24	Q3/24	Q4/23	%QoQ	%YoY	Y'24	Y'23	%YoY
Net profit ^{/1}	10,404	12,476	8,863	(16.6)%	17.4%	45,211	41,636	8.6%
Earnings per share (Baht)	5.45	6.54	4.64	(16.6)%	17.4%	23.69	21.81	8.6%
Net interest margin	3.09%	3.05%	3.19%	0.04%	(0.10)%	3.06%	3.02%	0.04%
Net fees and service income to operating income ratio	15.7%	15.1%	16.0%	0.6%	(0.3)%	15.8%	16.3%	(0.5)%
Cost to income ratio	53.1%	47.7%	56.0%	5.4%	(2.9)%	48.0%	48.8%	(0.8)%
Return on average assets ^{/1}	0.92%	1.10%	0.78%	(0.18)%	0.14%	1.00%	0.93%	0.07%
Return on average equity ^{/1}	7.50%	9.07%	6.65%	(1.57)%	0.85%	8.27%	8.01%	0.26%

^{/1} Attributable to owners of the Bank

Million Baht

Item	Dec'24	Sep'24	Dec'23	%QoQ	%YTD
Loans	2,693,301	2,638,697	2,671,964	2.1%	0.8%
Deposits	3,169,654	3,109,982	3,184,283	1.9%	(0.5)%
Loan to deposit ratio	85.0%	84.8%	83.9%	0.2%	1.1%
Non-performing loan (Gross NPL) ^{/1}	85,833	103,996	85,955	(17.5)%	(0.1)%
Gross NPL to total loans ratio ^{/1}	2.7%	3.4%	2.7%	(0.7)%	-
Allowance for expected credit losses to NPL ratio ^{/1}	334.3%	266.6%	314.7%	67.7%	19.6%
Total capital adequacy ratio	20.35%	20.84%	19.57%	(0.49)%	0.78%

^{/1} Including interbank and money market lending

The Bank and its subsidiaries reported a net profit for 2024 of Baht 45,211 million, an increase of 8.6 percent from the year earlier. Net interest income increased by 2.3 percent from loan expansion and yields on earning assets offsetting the cost of deposits. This resulted in a net interest margin of 3.06 percent. Non-interest income increased mainly from gains on financial instruments measured at Fair Value Through Profit or Loss (FVTPL) and gains on investments in line with market conditions. Fee income increased from credit cards, bancassurance and mutual fund services that continued to perform well. Operating expenses increased mainly due to operational efficiency improvements and marketing expenses, while the Bank continued to focus on cost management, resulting in a lower cost to income ratio of 48.0 percent. According to the Bank's prudent provisioning, the expected credit losses decreased in the fourth quarter of 2024. As a result, the expected credit losses of 2024 were Baht 34,838 million, a similar level to last year.

At the end of December 2024, the Bank's total loans amounted to Baht 2,693,301 million, an increase of 0.8 percent from the end of last year, driven by loans to large corporate customers and loans made through the Bank's international network. The non-performing loan to total loans ratio remained manageable at 2.7 percent. Under the Bank's continuous prudent management approach, the ratio of the allowance for expected credit losses to non-performing loan remained strong at 334.3 percent.



As of December 31, 2024, the Bank's deposits amounted to Baht 3,169,654 million, a decrease of 0.5 percent from the end of last year with the loan to deposit ratio of 85.0 percent. The total capital adequacy ratio, Tier 1 capital adequacy ratio, and Common Equity Tier 1 capital adequacy ratio of the Bank and its subsidiaries stood at 20.35 percent, 16.96 percent and 16.18 percent, respectively, comfortably above the Bank of Thailand's minimum capital requirements.

Operating Income and Expenses of the Bank and its Subsidiaries

	Million Baht								
Item	Q4/24	Q3/24	Q4/23	%QoQ	%YoY	Y'24	Y'23	%YoY	
Net interest income	33,977	33,367	35,165	1.8%	(3.4)%	133,900	130,860	2.3%	
Non-interest income	10,804	12,460	7,027	(13.3)%	53.7%	41,911	36,627	14.4%	
Operating expenses	23,757	21,839	23,621	8.8%	0.6%	84,405	81,775	3.2%	
Expected credit losses	7,634	8,197	7,343	(6.9)%	4.0%	34,838	33,666	3.5%	
Operating profit before tax	13,390	15,791	11,228	(15.2)%	19.3%	56,568	52,046	8.7%	
Income tax expenses	2,896	3,208	2,281	(9.7)%	27.0%	10,946	9,993	9.5%	
Net profit	10,494	12,583	8,947	(16.6)%	17.3%	45,622	42,053	8.5%	
Net profit ^{/1}	10,404	12,476	8,863	(16.6)%	17.4%	45,211	41,636	8.6%	
Total comprehensive income ^{/1}	6,216	7,309	858	(15.0)%	624.5%	39,425	33,172	18.9%	

^{/1} Attributable to owners of the Bank

Bangkok Bank and its subsidiaries reported a net profit attributable to owners of the Bank in the fourth quarter of 2024 of Baht 10,404 million, decreasing by 16.6 percent from the previous quarter primarily due to lower non-interest income, mainly from investment income in line with market conditions. Net interest income was at a similar level to the previous quarter. Operating expenses increased from expenses for operational efficiency improvements and marketing expenses. As the Bank consistently takes a prudent approach in setting aside its reserves, expected credit losses were lower in this quarter.

Compared with the fourth quarter of 2023, net profit attributable to owners of the Bank increased by 17.4 percent, from investment income and net fees and service income. Net interest income slightly decreased, while operating expenses and expected credit losses were at a similar level to the same period last year.

In 2024, net profit attributable to owners of the Bank was Baht 45,211 million, increasing by 8.6 percent from the previous year. Net interest income grew from higher loan volume and yields on earning assets, offset by an increase in deposit costs. Non-interest income increased, primarily due to higher investment income. Operating expenses increased from operational efficiency improvements and marketing expenses. Additionally, the Bank set aside expected credit losses of Baht 34,838 million, a similar level to the previous year.

Net Interest Income

Net interest income in the fourth quarter of 2024 amounted to Baht 33,977 million, at a similar level to the previous quarter, and slightly decreased compared to the same quarter last year.

In 2024, net interest income amounted to Baht 133,900 million, an increase of 2.3 percent from higher loan volume and yields on earning assets. This growth was offset by an increase in the cost of deposits, resulting in the net interest margin of 3.06 percent for 2024.

Million Baht								
Item	Q4/24	Q3/24	Q4/23	%QoQ	%YoY	Y'24	Y'23	%YoY
Interest Income								
Loans	40,016	39,713	40,966	0.8%	(2.3)%	159,115	153,619	3.6%
Interbank and money market items	4,889	5,159	5,864	(5.2)%	(16.6)%	20,921	20,368	2.7%
Investments	7,495	7,440	5,808	0.7%	29.0%	27,993	20,378	37.4%
Total interest income	52,400	52,312	52,638	0.2%	(0.5)%	208,029	194,365	7.0%
Interest expenses								
Deposits	10,073	10,768	9,778	(6.5)%	3.0%	41,657	35,263	18.1%
Interbank and money market items	2,489	2,194	1,987	13.4%	25.3%	8,806	6,813	29.3%
Contributions to Financial Institutions Development Fund and Deposit Protection Agency	3,103	3,062	3,098	1.3%	0.2%	12,383	12,432	(0.4)%
Debt issued and borrowings	2,758	2,921	2,610	(5.6)%	5.7%	11,283	8,997	25.4%
Total interest expenses	18,423	18,945	17,473	(2.8)%	5.4%	74,129	63,505	16.7%
Net interest income	33,977	33,367	35,165	1.8%	(3.4)%	133,900	130,860	2.3%
Yield on earning assets	4.77%	4.79%	4.78%	(0.02)%	(0.01)%	4.75%	4.48%	0.27%
Cost of funds	1.99%	2.05%	1.86%	(0.06)%	0.13%	2.00%	1.71%	0.29%
Net interest margin	3.09%	3.05%	3.19%	0.04%	(0.10)%	3.06%	3.02%	0.04%

Bangkok Bank Interest Rate	Dec'24	Sep'24	Jun'24	Mar'24	Dec'23	Sep'23	Jun'23	Mar'23	Dec'22
Loans (%)									
MOR	7.350	7.550	7.550	7.550	7.550	7.550	7.300	6.900	6.350
MRR	7.000	7.050	7.050	7.300	7.300	7.300	7.050	6.800	6.250
MLR	6.900	7.100	7.100	7.100	7.100	7.100	6.850	6.450	5.850
Deposits (%)									
Savings	0.250	0.450	0.450	0.450	0.450	0.450	0.350	0.500	0.450
3-month Fixed	1.000	1.200	1.200	1.200	1.200	1.200	0.950	0.750	0.600
6-month Fixed	1.100	1.250	1.250	1.250	1.250	1.250	1.050	0.850	0.700
12-month Fixed	1.450	1.600	1.600	1.600	1.600	1.600	1.350	1.150	1.000
Bank of Thailand Policy Rate (%)	2.250	2.500	2.500	2.500	2.500	2.500	2.000	1.750	1.250

Non-interest Income

Non-interest income for the fourth quarter of 2024 amounted to Baht 10,804 million, decreasing by 13.3 percent from the previous quarter, mainly from investment income. Compared with the same quarter last year, non-interest income increased by 53.7 percent driven by higher investment income aligned with market conditions and better performance of both credit cards and bancassurance and mutual fund services.

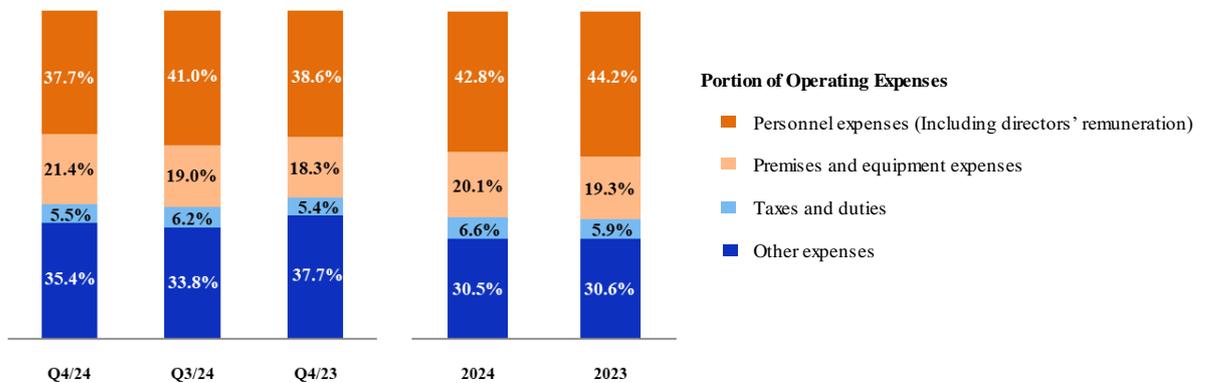
In 2024, the Bank's non-interest income was at Baht 41,911 million, an increase of 14.4 percent from the previous year. This was due to investment income, coupled with the continued growth in net fees and service income from credit card business as well as bancassurance and mutual fund services.

	Million Baht							
Item	Q4/24	Q3/24	Q4/23	%QoQ	%YoY	Y'24	Y'23	%YoY
Fees and service income	11,085	10,861	10,941	2.1%	1.3%	43,916	42,899	2.4%
<u>Less</u> fees and service expenses	4,073	3,926	4,173	3.7%	(2.4)%	16,192	15,665	3.4%
Net fees and service income	7,012	6,935	6,768	1.1%	3.6%	27,724	27,234	1.8%
Gains (losses) on financial instruments measured at FVTPL	2,986	3,643	(41)	(18.0)%	7,382.9%	8,965	5,544	61.7%
Gains (losses) on investments	133	721	(357)	(81.6)%	137.3%	891	(482)	284.9%
Share of profit from investment using equity method	48	68	36	(29.4)%	33.3%	205	187	9.6%
Gains on disposal of assets	54	344	94	(84.3)%	(42.6)%	883	864	2.2%
Dividend income	328	560	267	(41.4)%	22.8%	2,345	2,330	0.6%
Other operating income	243	189	260	28.6%	(6.5)%	898	950	(5.5)%
Total other operating income	3,792	5,525	259	(31.4)%	1,364.1%	14,187	9,393	51.0%
Total non-interest income	10,804	12,460	7,027	(13.3)%	53.7%	41,911	36,627	14.4%
Net fees and service income to operating income ratio	15.7%	15.1%	16.0%	0.6%	(0.3)%	15.8%	16.3%	(0.5)%

Operating Expenses

Operating expenses for the fourth quarter of 2024 amounted to Baht 23,757 million, an increase of 8.8 percent from the previous quarter. In 2024, the bank's operating expenses were Baht 84,405 million, an increase of 3.2 percent from the previous year mainly due to operational efficiency improvements and marketing expenses. The bank's continue to focus on cost management resulted in cost to income ratio for 2024 decreased to 48.0 percent.

Million Baht									
Item	Q4/24	Q3/24	Q4/23	%QoQ	%YoY	Y'24	Y'23	%YoY	
Personnel expenses	8,858	8,905	9,040	(0.5)%	(2.0)%	35,896	35,921	(0.1)%	
Directors' remuneration	87	41	80	112.2%	8.8%	266	246	8.1%	
Premises and equipment expenses	5,082	4,147	4,320	22.5%	17.6%	16,970	15,738	7.8%	
Taxes and duties	1,319	1,370	1,269	(3.7)%	3.9%	5,561	4,834	15.0%	
Other expenses	8,411	7,376	8,912	14.0%	(5.6)%	25,712	25,036	2.7%	
Total operating expenses	23,757	21,839	23,621	8.8%	0.6%	84,405	81,775	3.2%	
Cost to income ratio	53.1%	47.7%	56.0%	5.4%	(2.9)%	48.0%	48.8%	(0.8)%	



Expected Credit Losses

The Bank set aside expected credit losses of Baht 7,634 million in the fourth quarter of 2024 and Baht 34,838 million for 2024 reflecting its consistently prudent approach. While the Thai economy is expanding, growth is uneven across sectors and faces challenges from intensified external competition coupled with heightened uncertainties rising from the policies of major economies and ongoing geopolitical conflicts. In addition, it is important to monitor the credit quality of vulnerable groups and the government's measures to reduce the household debt to GDP, which are crucial for the country's economy and financial system, through the "You Fight, We Help" program - a collaborative effort by the government and banks to alleviate the debt burden on vulnerable debtor groups.

**Significant Items in the Financial Position****Assets**

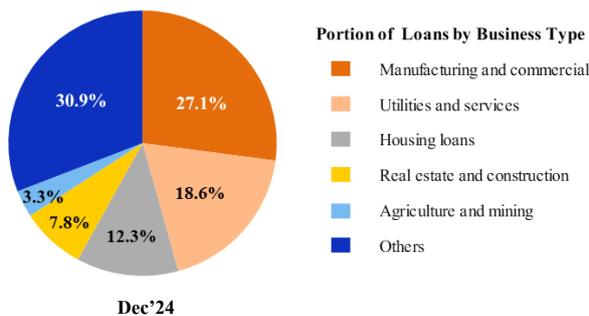
As of December 31, 2024, total assets amounted to Baht 4,551,379 million, increasing 1.7 percent from the end of the previous quarter and 0.8 percent from the end of last year.

	Million Baht				
Item	Dec'24	Sep'24	Dec'23	%QoQ	%YTD
Net interbank and money market items	752,269	629,788	757,120	19.4%	(0.6)%
Financial assets measured at FVTPL	105,577	104,762	88,978	0.8%	18.7%
Net investments	989,975	1,049,623	972,287	(5.7)%	1.8%
Net investments in associates	1,011	1,053	1,403	(4.0)%	(27.9)%
Loans	2,693,301	2,638,697	2,671,964	2.1%	0.8%
Net properties for sale	5,921	7,244	10,929	(18.3)%	(45.8)%
Total assets	4,551,379	4,475,155	4,514,484	1.7%	0.8%

Loans

As of December 31, 2024, loans amounted to Baht 2,693,301 million, increasing 2.1 percent from the end of the previous quarter and 0.8 percent from the end of last year from loans to large corporate customers and loans made through the Bank's international network.

	Million Baht				
Loans by Business Type	Dec'24	Sep'24	Dec'23	%QoQ	%YTD
Manufacturing and commercial	730,261	735,897	766,783	(0.8)%	(4.8)%
Utilities and services	500,761	498,914	495,808	0.4%	1.0%
Housing loans	331,795	332,580	338,489	(0.2)%	(2.0)%
Real estate and construction	209,384	205,298	196,673	2.0%	6.5%
Agriculture and mining	88,813	88,171	92,721	0.7%	(4.2)%
Others	832,287	777,837	781,490	7.0%	6.5%
Total loans	2,693,301	2,638,697	2,671,964	2.1%	0.8%



The Bank and its subsidiaries had loans distributed across business sectors, with 27.1 percent in the manufacturing and commercial sector, 18.6 percent in the utilities and services sector, 12.3 percent in the housing loans sector, and 7.8 percent in the real estate and construction sector. The increase in loans from the end of September 2024 was mainly driven by others sector. Compared with December 2023, loans increased mainly from the others sector, while the manufacturing and commercial sector decreased.



Classified Loans and Allowance for Expected Credit Losses

As of the end of December 2024, non-performing loan (Gross NPL) totaled Baht 85,833 million. The Gross NPL to total loans ratio stood at a manageable level of 2.7 percent. The allowance for expected credit losses was Baht 286,966 million. As a result, the allowance for expected credit losses to NPL ratio was at a strong level of 334.3 percent.

Million Baht					
Item	Dec'24	Sep'24	Dec'23	%QoQ	%YTD
<u>Consolidated</u>					
Non-performing loan (Gross NPL) ^{/1}	85,833	103,996	85,955	(17.5)%	(0.1)%
Gross NPL to total loans ratio ^{/1}	2.7%	3.4%	2.7%	(0.7)%	-
Net NPL to net total loans ratio ^{/1}	0.6%	1.0%	0.7%	(0.4)%	(0.1)%
Allowance for expected credit losses to NPL ratio	334.3%	266.6%	314.7%	67.7%	19.6%
<u>The Bank</u>					
Non-performing loan (Gross NPL) ^{/1}	73,118	91,453	71,162	(20.0)%	2.7%
Gross NPL to total loans ratio ^{/1}	2.6%	3.5%	2.6%	(0.9)%	-

^{/1} Including interbank and money market lending

Million Baht						
Item	Loans and Interbank & Money Market			Allowance for Expected Credit Losses ^{/1}		
	Dec'24	Sep'24	Dec'23	Dec'24	Sep'24	Dec'23
Non-credit-impaired	3,360,376	3,165,187	3,343,700	216,984	197,176	202,486
Credit-impaired	85,833	103,996	85,955	69,982	80,115	68,053
Total	3,446,209	3,269,183	3,429,655	286,966	277,291	270,539

^{/1} Including allowance for expected credit losses of loans, interbank and money market items, loan commitments and financial guarantee contracts

Investments

As of December 31, 2024, the Bank and its subsidiaries had total investments of Baht 1,095,552 million, decreasing 5.1 percent from the end of the previous quarter but increasing 3.2 percent from the end of last year. The Bank had Baht 592,167 million in investments in Thai government and state enterprise securities, accounting for 54.1 percent of total investments. Foreign debt securities amounted to Baht 276,889 million, and net investment in equity securities amounted to Baht 112,958 million.

Million Baht					
Investments by Investment Holding	Dec'24	Sep'24	Dec'23	%QoQ	%YTD
Trading securities	15,673	32,472	14,479	(51.7)%	8.2%
Securities measured at FVTPL	89,904	72,290	74,499	24.4%	20.7%
Debt securities measured at amortized cost	109,831	116,049	119,464	(5.4)%	(8.1)%
Debt securities measured at FVOCI	777,626	829,076	757,846	(6.2)%	2.6%
Equity securities measured at FVOCI	102,518	104,498	94,977	(1.9)%	7.9%
Total investments	1,095,552	1,154,385	1,061,265	(5.1)%	3.2%

**Liabilities and Shareholders' Equity**

Total liabilities, as of December 31, 2024, amounted to Baht 3,994,506 million, increasing 1.8 percent from the end of the previous quarter, mainly from deposits and was at a similar level to the end of last year.

Million Baht					
Item	Dec'24	Sep'24	Dec'23	%QoQ	%YTD
Deposits	3,169,654	3,109,982	3,184,283	1.9%	(0.5)%
Interbank and money market items	346,936	329,140	334,219	5.4%	3.8%
Financial liabilities measured at FVTPL	17,763	17,473	18,384	1.7%	(3.4)%
Debt issued and borrowings	213,785	207,014	212,505	3.3%	0.6%
Total liabilities	3,994,506	3,924,560	3,983,654	1.8%	0.3%
Shareholders' equity ^{/1}	555,039	548,824	528,975	1.1%	4.9%

^{/1} Attributable to owners of the Bank

Deposits

Total deposits as of December 31, 2024, amounted to Baht 3,169,654 million, increasing 1.9 percent from the end of the previous quarter and at a similar level to the end of last year. The loan to deposit ratio was 85.0 percent.

Million Baht								
Deposits Classified by Product Type	Dec'24		Sep'24		Dec'23		%QoQ	%YTD
	Amount	Portion	Amount	Portion	Amount	Portion		
Current	268,865	8.5%	258,165	8.3%	283,678	8.9%	4.1%	(5.2)%
Savings	1,662,444	52.4%	1,654,752	53.2%	1,680,979	52.8%	0.5%	(1.1)%
Fixed	1,238,345	39.1%	1,197,065	38.5%	1,219,626	38.3%	3.4%	1.5%
Total deposits	3,169,654	100.0%	3,109,982	100.0%	3,184,283	100.0%	1.9%	(0.5)%
Loan to deposit ratio		85.0%		84.8%		83.9%	0.2%	1.1%

*Debt Issued and Borrowings*

Total debt issued and borrowings as of December 31, 2024, amounted to Baht 213,785 million, an increase of 3.3 percent from the end of September 2024 due mainly to the increase in the value of foreign-currency bonds following the appreciation of the baht.

Compared with the end of December 2023, total debt issued and borrowings increased by 0.6 percent due to issuance of USD 750 million senior unsecured notes with a 10-year maturity in July 2024, offset by the maturity of USD 600 million senior unsecured notes in March 2024.

Debt Issued and Borrowings Classified by Type of Instruments	Million Baht							
	Dec'24		Sep'24		Dec'23		%QoQ	%YTD
	Amount	Portion	Amount	Portion	Amount	Portion		
Senior unsecured notes	112,733	52.7%	111,210	53.7%	110,761	52.1%	1.4%	1.8%
Subordinated notes	100,301	46.8%	95,226	45.9%	100,970	47.4%	5.3%	(0.7)%
Others	1,074	0.5%	897	0.4%	1,018	0.5%	19.7%	5.5%
Total (before discount on borrowings)	214,108	100.0%	207,333	100.0%	212,749	100.0%	3.3%	0.6%
<u>Less discount on borrowings</u>	323		319		244		1.3%	32.4%
Total debt issued and borrowings	213,785		207,014		212,505		3.3%	0.6%

Shareholders' Equity

Shareholders' equity attributable to owners of the Bank, as of December 31, 2024, amounted to Baht 555,039 million, an increase of Baht 26,064 million, or 4.9 percent, from the end of 2023. This was due to the net profit attributable to owners of the Bank for 2024 of Baht 45,211 million, offset by a dividend payment during 2024 of Baht 13,360 million which consisted of the final dividend payment for the operating performance in 2023 of Baht 9,543 million (Baht 5.00 per share) according to a resolution of the shareholders' meeting on April 11, 2024 and the interim dividend payment from the net profit from operations in the first half of 2024 of Baht 3,817 million (Baht 2.00 per share).

Sources and Utilization of Funds

As of December 31, 2024, the Bank and its subsidiaries' primary sources of funds consisted of deposits of Baht 3,169,654 million or 69.6 percent, equity attributable to owners of the Bank of Baht 555,039 million or 12.2 percent, interbank and money market items on liabilities of Baht 346,936 million or 7.6 percent, and debt issued and borrowings including financial liabilities measured at fair value through profit or loss (FVTPL) amounting to Baht 231,548 million or 5.1 percent.

The utilization of funds comprised loans of Baht 2,693,301 million or 59.2 percent, net investments, including financial assets measured at FVTPL and net investments in associates of Baht 1,096,563 million or 24.1 percent, and net interbank and money market assets of Baht 752,269 million or 16.5 percent.

**Capital Reserves and Capital Adequacy Ratio**

Under the principles of Basel III, the Bank of Thailand (BOT) currently requires commercial banks registered in Thailand and members of their financial groups to maintain minimum levels of capital adequacy as measured by three ratios: the Common Equity Tier 1 capital adequacy ratio at no less than 4.50 percent, the Tier 1 capital adequacy ratio at no less than 6.00 percent, and the Total Capital Adequacy ratio at no less than 8.50 percent – measured as a percentage of total risk-weighted assets. The BOT also requires a capital conservation buffer of more than 2.50 percent. Since the Bank is classified by the BOT as a Domestic Systemically Important Bank (D-SIB), it must have an additional Common Equity Tier 1 ratio at 1.00 percent for Higher Loss Absorbency (HLA). Consequently, the Bank is required to maintain the Common Equity Tier 1 capital adequacy ratio at more than 8.00 percent, the Tier 1 capital adequacy ratio at more than 9.50 percent, and the total capital adequacy ratio at more than 12.00 percent – measured as percentages of total risk-weighted assets.

As of December 31, 2024, the Bank's Common Equity Tier 1 capital adequacy ratio was 16.18 percent, the Tier 1 capital adequacy ratio was 16.96 percent, and the total capital adequacy ratio was 20.35 percent, which was above the Bank of Thailand's minimum capital requirements.

Consolidated

Million Baht

Item	Dec'24		Sep'24		Dec'23		BOT's requirements
	Capital	Capital Adequacy Ratio	Capital	Capital Adequacy Ratio	Capital	Capital Adequacy Ratio	
Common Equity Tier 1 capital	492,953	16.18%	496,190	16.59%	464,060	15.35%	> 8.00%
Tier 1 capital	516,755	16.96%	519,987	17.39%	487,845	16.14%	> 9.50%
Tier 2 capital	103,305	3.39%	103,311	3.45%	103,884	3.43%	
Total capital	620,060	20.35%	623,298	20.84%	591,729	19.57%	> 12.00%

The Bank

Million Baht

Item	Dec'24		Sep'24		Dec'23		BOT's requirements
	Capital	Capital Adequacy Ratio	Capital	Capital Adequacy Ratio	Capital	Capital Adequacy Ratio	
Common Equity Tier 1 capital	487,366	17.82%	489,220	18.35%	458,235	16.87%	> 8.00%
Tier 1 capital	510,958	18.68%	512,812	19.23%	481,827	17.74%	> 9.50%
Tier 2 capital	100,549	3.68%	99,816	3.74%	100,500	3.70%	
Total capital	611,507	22.36%	612,628	22.97%	582,327	21.44%	> 12.00%

**Liquid Assets**

Liquid assets consisted of cash, net interbank and money market items, debt securities, and marketable equity securities. As of December 31, 2024, the ratio of liquid assets to total assets and liquid assets to deposits was 39.4 percent and 56.6 percent, respectively.

Item	Dec'24	Sep'24	Dec'23
Liquid assets/Total assets (%)	39.4	38.9	39.5
Liquid assets/Deposits (%)	56.6	56.0	56.0

Credit Ratings

Details of the Bank's credit ratings are as follows:

Credit Rating Agency	Dec'24	Sep'24	Dec'23
Moody's Investors Service			
Long-term Deposit	Baa1	Baa1	Baa1
Short-term Deposit	P-2	P-2	P-2
Senior Unsecured Debt Instrument	Baa1	Baa1	Baa1
Subordinated Debt Instrument	Baa2	Baa2	Baa2
Subordinated Debt (Basel III-compliant Tier 2 securities)	Baa3	Baa3	Baa3
Subordinated Debt (Basel III-compliant Tier 1 securities)	Ba1	Ba1	Ba1
Financial Strength (BCA)	baa1	baa1	baa1
Outlook	Stable	Stable	Stable
S&P Global Ratings			
Long-term Issuer Credit Rating	BBB+	BBB+	BBB+
Short-term Issuer Credit Rating	A-2	A-2	A-2
Senior Unsecured Debt Instrument	BBB+	BBB+	BBB+
Subordinated Debt Instrument	BBB	BBB	BBB
Financial Strength (SACP)	bbb-	bbb-	bbb-
Outlook	Stable	Stable	Stable
Fitch Ratings			
International Rating			
Long-term Issuer Default Rating	BBB	BBB	BBB
Short-term Issuer Default Rating	F2	F2	F2
Senior Unsecured Debt Instrument	BBB	BBB	BBB
Subordinated Debt Instrument	BB+	BB+	BB+
Subordinated Debt (Basel III-compliant Tier 2 securities)	BB+	BB+	BB+
Financial Strength (VR)	bbb	bbb	bbb
Outlook	Stable	Stable	Stable
National Rating			
Long-term	AA+(tha)	AA+(tha)	AA+(tha)
Short-term	F1+(tha)	F1+(tha)	F1+(tha)
Outlook	Stable	Stable	Stable