



Management Discussion and Analysis (MD&A)

For the Year Ending December 31, 2024

ธนาคารกสิกรไทย
开泰银行 KASIKORNBANK



บริการทุกระดับประทับใจ

Executive Summary of Management Discussion and Analysis

For the Year Ending December 31, 2024

In 2024, the Thai economy continued to show signs of an uneven (K-Shaped) recovery. While overall economic growth outpaced that of 2023, supported by favorable growth in the export sector in line with the electronics cycle, and a rebound in tourism, as well as increased government spending, structural issues related to the Thai economy still require significant time to address. These include the competitiveness of the manufacturing sector and the high level of private sector debt, representing significant constraints to achieving a more balanced recovery in 2025 amid uncertainties surrounding external factors, such as a potential slowdown in tourism and possible impacts on exports from US economic and trade policies, as well as geopolitical tensions.

Amid various challenges, KBank continued to focus on creating sustainable value for stakeholders, particularly by delivering stable returns to shareholders and providing customers appropriate assistance in various aspects, including responsible lending. Additionally, KBank collaborated with the public sector in various programs that supports customer's life and business in a sustainable manner through the implementation of the K-Strategy 3+1 while continuously enhancing operational productivity under good corporate governance and appropriate risk management, as well as fostering K-Culture to share employee attitudes and behaviors towards achieving a common goal.

With regard to 2024 operating results, KBank and its subsidiaries reported a net profit of Baht 48,598 million, an increase of Baht 6,193 million or 14.60 percent over-year. The profit from operations before expected credit loss (ECL) and income tax totaled Baht 110,673 million, an increase of Baht 2,988 million or 2.77 percent over-year. This improvement was driven by net operating income of Baht 197,946 million, an increase of Baht 5,293 million or 2.75 percent, in line with the expansion of business volume consistent with economic conditions. Meanwhile, operating expenses amounted to Baht 87,273 million, an increase of Baht 2,305 million or 2.71 percent over-year. KBank set aside expected credit loss (ECL) at Baht 47,251 million, a reduction of Baht 4,589 million or 8.85 percent, reflecting a cautious approach aligned with prevailing economic factors to address uncertainties and strengthen long-term financial stability. As of December 31, 2024, the coverage ratio stood at 153.27 percent, slightly higher than the previous year's 152.23 percent.

KBank's net interest income amounted to Baht 149,376 million, a slight increase of Baht 932 million or 0.63 percent over-year. This was partly due to limited growth in loan volume in line with economic conditions and the upgrade of lending process for new loans in an effective manner. However, credit process reform caused the net interest margin (NIM) to stand at 3.64 percent. Non-interest income totaled Baht 48,570 million, an increase of Baht 4,361 million or 9.86 percent, driven primarily by fee income from wealth management services, gains from financial instruments measured at fair value through profit or loss, investment income, and revenue from foreign exchange transactions, which increased in alignment with the rebound in tourism.

Other operating expenses increased at a modest rate compared to the growth observed in 2023 because of the Bank's focus on efficient expense management and continuous operational improvements. The cost to income ratio stood at 44.09 percent, nearly unchanged from the previous year.

With regard to our capital position, capital adequacy ratio (CAR) of KASIKORNBANK FINANCIAL CONGLOMERATE according to the Basel III Accord was 20.25 percent, with a Tier 1 capital ratio of 18.27 percent and

Common Equity Tier 1 Ratio of 17.31 percent, both of which were greater than the Bank of Thailand's requirement, reflecting our robust capital position which is adequate for continuously operating business under both normal and stressed situations. Through its efficient capital management, KBank can conduct business with optimal capital structure and effective capital management.

The operating performance of the subsidiaries of KBank in terms of quantity and quality achieved the targeted business goals in alignment with the changing economic landscape under the framework of prudent operations, while effectively and promptly addressing customers' needs. KASIKORN ASSET MANAGEMENT CO., LTD. maintained its leadership in the mutual fund business. Meanwhile, KASIKORN SECURITIES PCL. focused on the development of services via digital channels and provision of quality and timely investment information to assist customers in their portfolio monitoring and management. KASIKORN LEASING CO., LTD. placed emphasis on the development of digital innovations to strengthen its business and improve the customer experience while closely managing asset quality amid a slowdown in the domestic automobile market. At the same time, KASIKORN FACTORY & EQUIPMENT CO., LTD. emphasized the expansion of equipment leasing for new industries and the clean energy industry in line with the Bank's strategic directions. In addition, Muang Thai Life Assurance PCL. prioritized collaboration with KBank in developing life and health insurance products. Regarding market share, the company's total premiums in the bancassurance business ranked second in the life insurance industry.

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1. Overview of Operating Environment

1.1 Global and Thai Economy in 2024 and Outlook for 2025

The global economy in 2024 grew almost on par with that recorded for 2023. However, both major and emerging economies faced limitations in their recovery while inflation was trending lower during the second half of 2024, prompting many central banks to adopt more accommodative monetary policies by cutting interest rates. The US Federal Reserve (Fed) led this move by lowering its policy rate in September 2024 after the US labor market exhibited signs of a slowdown, with inflation gradually approaching the set target. Similarly, the European Central Bank trimmed its policy rate around the same time as energy prices began to decline. Meanwhile, the Chinese economy managed to sustain growth through the government's economic stimulus measures, but private spending and confidence remained weak amid weakness in the property sector.

For the global economic outlook in 2025, the International Monetary Fund (IMF) estimates that the global economy may grow by 3.3 percent, which would be on par with that reported for 2024. The trend of accommodative monetary policies could support the recovery of the US and Eurozone economies. However, the overall picture remains highly uncertain amid risks from escalating trade tensions, particularly between the US and China, prolonged geopolitical conflicts, and the potential slowdown of China's economy. These factors could lead central banks worldwide to further cut their policy interest rates.

Meanwhile, Thailand's overall economy in 2024 grew slightly higher than the previous year, supported by strong export performance driven by the electronics cycle, a recovery in the tourism sector, and increased government spending, particularly following the enactment of the Fiscal Year 2024 Budget Act. However, economic activities within the country showed uneven recovery (K-Shaped recovery) throughout the year. As a result, the Monetary Policy Committee decided to cut the policy interest rate to 2.25 percent in October 2024.

In 2025, while government spending and private investment are expected to improve, compared to the weak performance in 2024, the momentum in the tourism sector may slow as the number of international tourist arrivals approaches pre-COVID-19 levels. Additionally, exports are projected to grow at a slower rate amid the uncertainty surrounding US economic and trade policies. Moreover, there are lingering downside risks, including geopolitical conflicts, the potential slowdown of China's economy - one of Thailand's key trading partners - and Thailand's structural economic challenges, which require time to address. These include issues such as the competitiveness of the manufacturing sector and the high debt burden in the private sector.

1.2 Banking Industry

The overall performance of domestically registered commercial banks in 2024 recorded higher net profit compared to 2023. This improvement was driven by a slowdown in provisions for expected credit losses, alongside a continued expansion of net interest income. However, net interest income showed signs of slowing in the second half of 2024 due to weak loan growth and a reduction in domestic interest rates. Additionally, operating income was further supported by an increase in non-interest income, particularly net fees and service income, as well as net gains from financial instruments measured at fair value through profit or loss (FVTPL). Regarding asset quality, most

commercial banks continued to actively manage asset quality issues and accelerated debt restructuring for borrowers. This proactive approach resulted in a marginal increase in the non-performing loan (NPL) ratio to total loans by the end of 2024 compared to the end of 2023.

As of December 31, 2024, the 17 domestically registered commercial banks had total outstanding loans to borrowers and net accrued interest of Baht 13.809 trillion, a decrease of 0.66 percent compared to the end of 2023. Meanwhile, total outstanding deposits stood at Baht 16.127 trillion, an increase of 1.40 percent from the end of 2023.

Financial statements of the commercial banking system, including foreign bank branches, as of December 31, 2024, showed that KBank ranked second in terms of outstanding loans to borrowers and net accrued interest, with a market share of 15.73 percent. KBank ranked third in terms of deposits, holding a market share of 15.51 percent, and total asset, holding a market share of 14.86 percent of the entire commercial banking system.

Looking into 2025, the fragility of Thailand's economic recovery remains a key challenge for commercial banks in sustaining income growth from their core businesses. This has prompted them to prioritize effective cost and expense management while preparing for new regulatory requirements that will be gradually issued, including debt-relief measures. Concurrently, commercial banks are formulating strategies to brace for increased competition in the near future, particularly from new entrants like virtual banks.

Market Shares in Assets, Deposits, and Net Loans within the Commercial Banking System

(Unit: Million Baht)

Bank	Assets	Market Share (%)	Deposits	Market Share (%)	Net Loans	Market Share (%)
Bangkok Bank	4,012,052	16.62	2,722,473	15.75	2,051,898	14.22
Krung Thai Bank	3,643,621	15.09	2,737,477	15.84	2,460,576	17.05
KASIKORNBANK	3,585,890	14.86	2,679,406	15.51	2,269,661	15.73
Siam Commercial Bank	3,305,441	13.69	2,480,279	14.35	2,156,809	14.95
Bank of Ayudhya	2,393,109	9.91	1,804,335	10.44	1,588,341	11.01
TMB Thanachart Bank	1,741,698	7.22	1,329,152	7.69	1,189,538	8.24
United Overseas Bank	928,444	3.85	727,156	4.21	609,165	4.22
CIMB Thai	505,578	2.09	279,306	1.62	245,812	1.70
Kiatnakin Phatra Bank	481,800	2.00	359,968	2.08	356,577	2.47
Land and Houses Bank	340,446	1.41	279,908	1.62	241,882	1.68
TISCO Bank	268,862	1.11	208,230	1.20	222,045	1.54
ICBC (Thai)	216,544	0.90	149,515	0.87	89,128	0.62
Standard Chartered Bank (Thai)	188,023	0.78	100,324	0.58	23,306	0.16
Thai Credit Retail Bank	183,426	0.76	132,819	0.77	159,731	1.11
Sumitomo Mitsui Trust Bank (Thai)	121,918	0.51	39,626	0.23	81,725	0.57
Bank of China (Thai)	87,082	0.36	68,760	0.40	38,025	0.26
Mega International	43,831	0.18	27,948	0.16	25,028	0.17
Domestically-Registered Commercial Banks	22,047,764	91.34	16,126,681	93.32	13,809,249	95.70
Foreign Bank Branches	2,091,351	8.66	1,153,966	6.68	619,921	4.30
All Commercial Banks	24,139,116	100.00	17,280,647	100.00	14,429,169	100.00

Source: C.B. 1.1 and C.B. 1.2 (Bank-only Financial Statements)

1.3 Significant Regulations and Rules related to Business Operations

Significant regulations and rules in 2024 that may have affected KBank's and K Companies' business operations are summarized as follows:

- **Lending**

The Bank of Thailand issued two revised lending regulations, namely Notification of the Bank of Thailand No. SorNorSor. 13/2566 Re: Prescription of Rules, Procedures, and Conditions for Personal Loan Business under Supervision (No. 2) and Notification of the Bank of Thailand No. SorNorSor. 14/2566 Re: Prescription of Rules, Procedures, and Conditions for Nano Finance under Supervision (No. 2), effective January 1, 2024. The key points are as follows:

(1) Business operators must set appropriate credit limits for auto title loans, based on the consumer's overall debt servicing ability in accordance with the Responsible Lending guidelines.

(2) Business operators are prohibited from charging interest, penalties, fines, service charges, fees, or any expenses related to early loan repayment or redemption (Prepayment Fee), whether in full or in part. This aims to provide consumers options to reduce their debt burden or refinance with other service providers without restrictions or obstacles, in line with market conduct practices.

- **Debt Relief Measures**

In 2024, the Bank of Thailand issued circulars regarding debt relief measures under various circumstances. The major points are summarized as follows:

(1) BOT Circular No. BOT.ForNorSor (01) Wor. 601/2567 Re: Request for Cooperation in Providing Assistance to Flood-Affected Debtors, effective August 30, 2024. This circular urges financial institutions to provide timely and efficient emergency assistance to debtors affected by flooding without considering their affordability. Such assistance applies to both debt restructuring and the approval of new loans for residential property repairs or liquidity enhancement to support debtors in sustaining their livelihoods or business operations. These measures are in line with responsible lending principles, and other relevant criteria. However, the impact on each debtor must be clearly substantiated or linked to their specific circumstances.

(2) BOT Circular No. BOT.ForNorSor. (01) Wor. 705/2567 Re: Adjustment of Debt Relief Measures, effective October 2, 2024, includes the following salient points: (1) Extended assistance for credit card debtors: Measures include reducing the minimum payment rate to 8 percent of outstanding balance until the end of 2025, and alleviating debt burden to debtors making installment payment at the minimum rate of 8 percent in 2025 through cash refunds or interest credits to customer accounts at the established rate, and (2) Assistance via debt consolidation: Housing loans and other retail loans can be consolidated until the end of 2025 to align installment payments with debt servicing ability and reduce their interest burden. The loan-to-value (LTV) ratio may exceed the ceiling set by the Bank of Thailand, and affordability can be based on debtor's existing information or other data reflecting repayment ability.

(3) BOT Circular No. BOT.Wor. 2797/2567 Re: Guidelines for Assisting Retail and SME Debtors for Commercial Banks and Companies within Business Groups, and Specialized Financial Institutions (the "You Fight, We Help" program). The program, effective January 1, 2025, consists of two measures: (1) "Timely Repayment, Reserve Assets" – This measure involves reduction of installment payments and suspension of interest payments for three years;

all installments paid during this period will be applied directly to the principal, with suspended interest fully waived if debtors meet the established conditions, and (2) “Pay, Deal, Complete” - This measure allows debtors who are more than 90 days past due as of October 31, 2024 and have debt obligations not exceeding Baht 5,000 per account, to make partial debt payment for expedited debt settlement. Debtors interested in participating in this program can register via the channels determined by the Bank of Thailand from December 12, 2024, to April 30, 2025.

- **Debt Collection Supervisory Committee Notification**

The Debt Collection Supervisory Committee Notification Re: Alternative Locations and Times for Debt Collection was published in the Government Gazette on November 26, 2024, and came into effect on November 27, 2024. Its key provisions include expanding the scope of contact locations in cases where debt collectors are unable to contact the debtor or persons designated by the debtor at the location specified for debt collection, as required by law. Debt collectors are permitted to contact debtors at their domicile, residence, or workplace, or at the domicile or residence of the debtor’s spouse. Furthermore, if the debtor cannot be reached during legally prescribed times, debt collectors may contact debtors on official holidays during 6:00 p.m.- 8:00 p.m., in compliance with the rules, procedures, and conditions prescribed by the Debt Collection Supervisory Committee.

- **Management of Deposit Accounts or Electronic Money Accounts**

The Bank of Thailand issued Circular No. BOT.ForTorThor. (01) Wor. 384/2567 Re: Tightened Measures for Management of Deposit Accounts or Electronic Money Accounts for High-Risk Customers or Those Using Accounts Showing Unusual Characteristics or Behaviors, effective May 31, 2024. The circular requires that the Bank implement appropriate management approaches based on risk levels, such as conducting enhanced customer due diligence according to risk levels in the account opening process, as well as elevating the detection and monitoring of accounts held by high-risk individuals. These measures are to be implemented using information from the Central Fraud Registry system and through the exchange of information or suspicious behavior patterns detected by the Bank.

- **Notification of the Bank of Thailand Related to Commercial Bank Operations**

(1) Notification of the Bank of Thailand No. SorNorSor. 1/2567 Re: Guidelines for Identifying and Supervising Domestic Systemically Important Banks (D-SIBs), effective March 1, 2024. The revised Notification introduces new sub-indicators for D-SIBs identification in order to reflect developments of financial landscape and new forms of risk transmission to the financial system. These include: (1) An indicator for interconnectedness with systemically important corporations (SiCorp) – reflecting indirect linkage of commercial bank assets with large business groups that are critical to the financial system; (2) An indicator for high mobile banking transaction volumes; and (3) An indicator for a number of medium and small enterprises (SMEs), along with a revision to the weights of factors used to calculate the overall systemic importance score.

(2) Notification of the Bank of Thailand No. SorNorSor. 16/2567 Re: The Setting of Contribution Rate, Criteria and Procedures for Remitting Contribution and Surcharge to the Account for Amortization of the Principle to Fiscalize the Financial Institutions Development Fund (FIDF)’s Losses (No. 4) which temporarily reduces the contribution rate from 0.46 percent per annum to 0.23 percent per annum of the average deposits in protected accounts and amounts

received from the public for the remittance period from January to December 2025. This aims to encourage financial institutions to assist retail debtors and SMEs.

(3) Notification of the Bank of Thailand No. SorNorSor. 7/2567 Re: Establishment or Relocation of Financial Institution Headquarters, effective October 12, 2024, aims to ensure that the establishment or relocation of financial institution headquarters is conducted appropriately, taking into account locations that are easily accessible for clients and the readiness of critical operational systems. Requests for relocating headquarters require a plan for communication with clients and the public in advance. Additionally, any establishment or relocation of headquarters must be approved by the Bank of Thailand.

(4) Notification of the Bank of Thailand No. SorNorSor. 11/2567 Re: Business Volumes Required for Financial Institutions in Normal Business Conduct, effective October 12, 2024, stipulates that financial institutions must operate within the scope of business volumes they are authorized to conduct under normal circumstances. The Bank of Thailand will consider the policies, intentions, and circumstances of financial institutions as primary factors, including their business plans and strategies, business operations suitable for the prevailing environment, and the institutions' operational capabilities. If the volume of business is found to deviate from what is considered normal, the Bank of Thailand may require the financial institution to explain the necessity and rationale for such deviations and to prepare an adjustment plan to align with the expected volume for normal business conduct within a specified timeframe.

- **Other Laws related to Commercial Bank Operations**

(1) Two Ministerial Regulations: (1) Ministerial Regulation prescribing fees for the registration of rights and juristic acts for transferring and mortgaging a property purchase to support and alleviate the burden on citizens seeking homeownership, B.E. 2566 (2023), and (2) Ministerial Regulation prescribing fees for the registration of rights and juristic acts for transferring and mortgaging a condominium purchase to support and alleviate the burden on citizens seeking homeownership, B.E. 2566 (2023) were published in the Government Gazette on January 2, 2024, and effective from January 2, 2024 to December 31, 2024. The key provisions prescribe a reduction of the registration fee on transfers and mortgages for the aforementioned property or condominiums to the rate of 1.00 percent and 0.01 percent, respectively. These rates apply exclusively to the rights and juristic acts related to properties with purchase prices and appraised value not exceeding Baht 3 million and mortgage amounts not exceeding Baht 3 million. Additionally, the buyer must be a natural person of Thai nationality, and the registration of rights and juristic acts must take place within the effective period of the ministerial regulations.

(2) Civil and Commercial Code Amendment Act (No. 24) B.E. 2567 (2024) was published in the Government Gazette on September 24, 2024, and will come into effect on January 22, 2025. The key provisions include amendments to terms in the law regarding engagement and marriage to encompass individuals with diverse sexual orientations. Additionally, the legal age for engagement and marriage has been changed from 17 years to 18 years.

(3) The Office of the Personal Data Protection Commission issued a notification regarding the criteria for personal data deletion, destruction or anonymization, effective from November 11, 2024. This notification stipulates that when a data subject requests the deletion, destruction, or anonymization of their personal data, the data controller must respond to the request within 90 days from the date of receipt. If the data controller cannot fulfill the request accordingly, control measures must be in place to prevent access to, use of, or disclosure of the data per the

specified criteria. Additionally, a monitoring system must be established to ensure the data deletion or destruction once the retention period ends.

(4) The Counter-Terrorism and Proliferation of Weapons of Mass Destruction Financing Act B.E. 2567 (2024) (No. 2) was published in the Government Gazette on November 18, 2024, and will take effect on May 17, 2025. This Act empowers the Anti-Money Laundering Office to establish a framework for managing the assets of designated persons, including the allocation of basic necessary expenses from frozen assets to designated persons and debt payment or acceptance of debt payment on behalf of the designated individuals.

(5) The Eastern Economic Corridor (EEC) Policy Committee issued the Notification of the Office of the Eastern Economic Corridor Policy Committee Re: Financial Transaction Benefits for Business Operators in Special Economic Zones B.E. 2567 (2024), effective November 26, 2024. This notification provides relaxations for business operators in special economic zones to conduct foreign currency transactions under specified criteria and conditions. These include the ability to repatriate capital and benefits, including repayment of foreign loans; engage in unlimited investment in foreign securities; undertake unlimited foreign currency borrowing or lending with affiliated businesses or other businesses with a supply chain relationship; exemption from the requirement to repatriate foreign currency earnings below USD 10 million back to the country; and ability to make payments for goods and services in foreign currencies to other operators within the special promotion zone.

2. Risk Management and Risk Factors*

2.1 Overall Risk Management

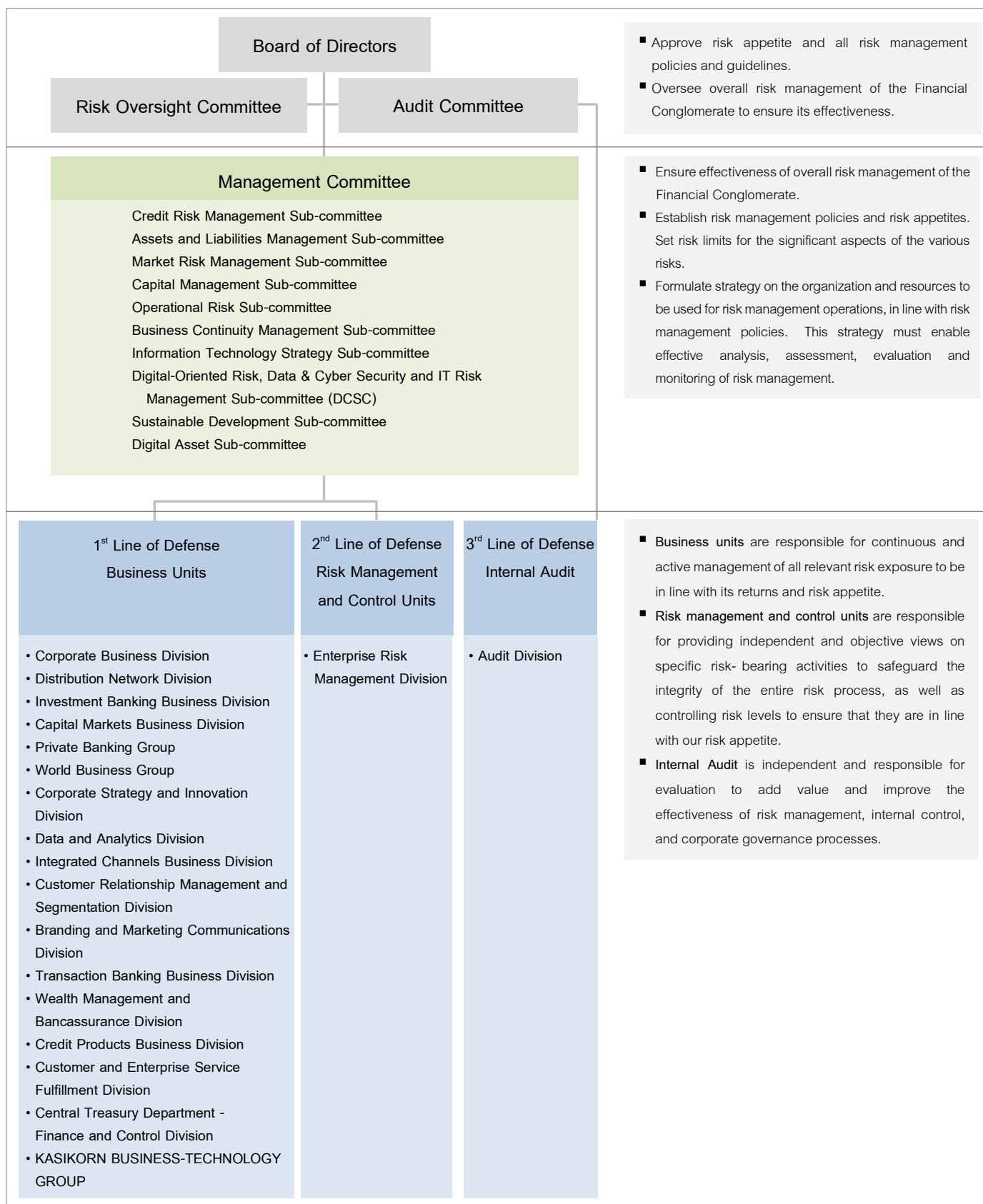
Risk management is an integral part of our organizational culture. We have established risk management policy and risk appetite, and risk management has been taken into account when formulating our strategies and business undertakings to support business growth. This is to ensure long-term sustainable returns to stakeholders.

KBank's risk management strategy has been established in line with international guidelines and principles, and applied throughout KASIKORNBANK FINANCIAL CONGLOMERATE. We engage in a consolidated risk management framework that emphasizes management of risks, e.g., credit, market, liquidity, operational, reputational, digital, strategic and climate-related risks. KBank's risk management structure clearly determines duties and responsibilities of relevant units, including an independent unit tasked with risk oversight and control, while risk-adjusted performance measurement has been applied with each business unit.

KBank's risk, capital and liquidity management is under the supervision of the Board of Directors, which is responsible for ensuring the appropriate level of capital and liquidity to accommodate our present and future business operation. Meanwhile, KBank ensures that policies, processes and systems for controlling, monitoring and reporting risks, capital and liquidity are in place whereas segregation of duties and reporting lines are clearly defined in conformity with the good internal control principle. We also emphasize thorough, accurate and regular disclosures on risk, capital and liquidity management to the public.

* Details of risk management and other related information, in accordance with the Bank of Thailand Pillar 3 requirement and disclosure principles, are shown in "the Basel III Pillar 3 Disclosure" section on KBank's website. Moreover, details on Responsible Lending and Investment in accordance with Environmental, Social and Governance (ESG) criteria can be found in Sustainability Report 2024.

Risk Management Structure*



*Data as of December 31, 2024

❑ Key Developments to Strengthen Risk Management

KBank places great emphasis on effective and timely risk management. Risk management policies, tools and processes are developed and reviewed regularly to align with international standards, changes in regulatory requirements, emerging risks and the prevailing business circumstances. These efforts ensure that KBank can guard against rising risk trends amid market volatility while fostering sustainable growth. Relevant actions taken in 2024 were as follows:

- **Developed AI risk management:** We have implemented an AI Risk Management Policy that encompasses key areas, including Responsible AI Principles, establishment of AI risk governance bodies and a governance framework for AI risks and AI lifecycle in compliance with relevant domestic and international standards.
- **Prepared for the Basel III reforms implementation in Thailand:** KBank has provided opinions to the Bank of Thailand in contributing to the co-creation of a regulatory landscape that is appropriate for the Thai context. We also assessed the impact on the Bank's capital adequacy levels and prepared system readiness and availability of data required, thus ensuring the Bank to maintain appropriate capital levels aligned with future business plans.
- **Developed management guidelines for managing environmental, social, governance and economic (ESG) risk as well as climate-related risk:** We conducted a pilot climate stress test under scenarios defined by the Bank of Thailand, while formulating the Sector Decarbonization Strategy for additional industries, supported by control processes to achieve the set target. Our efforts were focused on mitigating negative impacts while elevating positive implications for the environment, society and economy, in alignment with the Bank's objectives.

Moreover, we continued to focus on the development of risk management in various aspects as follows:

- **Improved credit underwriting process and developed a more efficient Approval Credit Scoring Model:** The Bank established the credit underwriting process and policy, based on customers' risk persona. Additionally, the approval credit scoring model was improved by incorporating customers' financial transaction data and alternative data to enhance the model's precision.
- **Enhanced the Early Warning System and Feedback Loop:** Leveraging AI technology and large language models (LLMs), the Bank continuously improved the efficiency of early warning signs. We also utilized comprehensive data from both internal and external sources, such as detection of irregular transactions and monitoring of the credit quality of at-risk debtor groups. These measures allowed KBank to proactively manage risk and prevent potential losses in a timely manner.
- **Developed Collection Analytic Models for enhanced efficiency:** In parallel, we set assistance guidelines tailored to customers' persona risk profile, in compliance with the responsible lending principles.
- **Continual enhancement of market conduct management** under responsible lending principles throughout the debt journey, accounting for customers' demand and potential. We also have in place clearly defined processes in providing information on products and services to our customers as well as after-sale or service monitoring processes to ensure that customers receive fair service and treatment with complete and accurate information about products and services.

- **Continually strengthening management of financial fraud risks:** Our efforts have focused on prevention, monitoring of suspicious accounts, detection, response to incidents, and remediation in line with the Bank of Thailand's Policy Guidelines on Management of Financial Transaction-related Frauds. Key measures include enhancing security measures for the Bank's mobile application, implementing a remote access prevention system, utilizing facial scan for high-risk transactions, and setting guidelines for using the Bank's links and QR codes. By leveraging technological system development and data analytics, we implemented the Fraud Management and Intelligent System for increased detection efficiency. In addition, our ongoing cyber awareness campaign educates customers and the general public on safe digital banking practices, issuing timely alerts to build confidence and ensure security amid heightened risk circumstances.
- **Continuous upgrade of information security management to meet global standards:** In 2024, KBank elevated our Cybersecurity Maturity to a world-class level, as determined by an external assessment based on the NIST Cybersecurity Framework (NIST CSF). Meanwhile, the Bank's information security management system has maintained ISO 27001 certification since 2014 for key services and systems, including the data center and the Cyber Security Operations Center (CSOC). Additionally, the Bank received PCI DSS V3.2.1 for our credit card data security system, which includes the online payment service of Payment Gateway on Cloud for card accepting merchants and the acquiring system – EDC service in the Socialist Republic of Vietnam. Additionally, KBank obtained PCI PIN Security V3.1 for the ATM card security system.
- **Implementation of measures for controlling advanced cyber threats** to companies within KASIKORNBANK FINANCIAL CONGLOMERATE and the international branch network. Measures included advanced threat prevention, enhancement of capability of various cyber security solutions to prevent zero-day attacks, proactive threat detection, and timely and effective threat response.
- **Reinforcing a cyber hygiene culture** that involves the Board of Directors, management, employees, customers and third parties, through various media such as the cyber awareness campaign for customers. For employees, we provided knowledge via various channels including e-learning, security newsletter, cyber news alert and a phishing drill exercise. We also organized 'KBTG Kampus: Cyber Security ClassNest' for the general public, especially those responsible for cyber security, to help bolster the capabilities of Thai professionals in the information technology industry.
- **Enhancing business partner and third-party risk management:** We aim to control risks associated with service use, connectivity and data access by our business partners and third parties. Tools were used for business partner and third-party risk assessment during the onboarding process, and ongoing monitoring is continued throughout the business relationships. Additionally, alert systems have been implemented to detect and notify of any significant irregularities related to cyber threats.

2.2 Risk Management

KBank has placed an emphasis on comprehensive risk management. As a result, KBank focuses on developing and improving risk management in various aspects, including credit risk, market risk, liquidity risk, operational risk, reputational risk, digital risk, strategic risk, and climate-related risk, as follows:

□ Credit Risk Management

Credit risk refers to risk whereby a counterparty or borrower may default on contractual obligations or agreements, or have an intention not to abide by an agreement, resulting in losses to KBank. Credit risk arises from the Bank's lending transactions, investments, and obligations, including counterparties' credit risk incurred from derivative transactions. However, since lending is the Bank's core business, the borrower's default on payment not only results in a loss of interest income and potential loss of principal – either partially or entirely – but also affects the Bank's profitability and capital adequacy. Therefore, credit risk is a primary concern that the Bank prioritizes in its management efforts. We focus on lending under the principle of balance between risk and expected return. This ensures sustainable business growth in line with KBank's operational strategy.

In 2024, the Thai economy continued to experience a slow and uneven recovery due to global economic constraints and prolonged geopolitical conflicts. Domestically, negative factors included delays in the government's budgetary disbursement, floods, and elevated household debt and financial costs. In response, the Bank maintained a prudent loan growth policy while continuously enhancing credit risk management effectiveness. We focused on stringent criteria to ensure quality loan expansion, prioritizing existing healthy credit customers, secured loans, and clients in high growth industries and their supply chains.

KBank developed risk management tools for enhanced efficiency in end-to-end credit risk management. For approval process, we streamlined the credit underwriting procedures, enhancing the approval credit scoring model to ensure precision and more efficient screening of high-potential customers. Regarding monitoring process, we enhanced the early warning system and feedback loop to efficiently detect at-risk debtors at the early stage as well as irregular transactions, allowing us to proactively manage risk and prevent potential losses in a timely manner. In the matter of debt collection, KBank enhanced a collection analytic model for greater efficiency in debt collection, while also establishing assistance guidelines tailored to customers' persona risk profile, in compliance with the responsible lending principles.

Meanwhile, KBank recognizes that climate-related risks, both transition risk and physical risk, may impact customers' credit risk. We therefore integrated climate-related risk factors into our credit policy and process, portfolio management, and the Sector Decarbonization Strategy, supported by control processes to achieve the set target.

KBank also focused on portfolio management to control credit concentration within the established limits. Loan growth targets have been established in alignment with prevailing economic conditions, taking into account customer group, product, industry, and country concentration to generate appropriate returns under a risk appetite. Moreover, KBank has managed to appropriately set aside provisions to cover expected credit loss, which is in line with our prudent business operations amid ongoing economic uncertainties. Credit risk management guidelines consist of:

- **Credit Risk Management Structure:**

The Bank's credit risk management is under the Credit Risk Management Sub-committee's supervision, with regular reporting to management. Our comprehensive credit risk management approach encompasses the establishment of management structures, portfolio management, policies, processes, risk measurement tools, and relevant systems. At the same time, the Bank ensures that there is the balance between the credit granting process and quality assessment. This is achieved by having risk management units and business units jointly define credit policies and processes, following a framework that separates customer relationship management from credit approval functions. This approach enhances transparency and efficiency in risk management while maintaining appropriate customer care.

- **Credit Risk Management**

- **Credit Risk Management Policy**

To achieve sustainable growth, our credit strategy focuses on a balance between portfolio value creation and protection within our risk appetite. Credit policy and related credit procedures must comply with this strategy and be in line with laws and regulations, including the responsible lending guidelines, accounting for the government's policy that focuses on the United Nations Sustainable Development Goals (UN SDGs), to cope with the climate change impacts that may affect business operations in terms of risk and business opportunity.

KBank has in place a credit risk management policy accounting for impacts on the environment and society, including the launch of new products and services, guidelines for credit extension that are conducive to KBank's sustainable growth, and the monitoring of their impacts on portfolios. Additionally, we updated references in KBank's database available to relevant users, covering criteria for credit granting, credit management process, and credit risk management tools.

- **Credit Risk Management Process**

KBank has established a comprehensive credit risk management process, from portfolio management to debt recovery and collection. The process has been enhanced continuously and appropriately in line with international guidelines and practices to enhance business capability amid impacts from the geopolitical conflicts and global economic slowdown while also contributing to collective action in expeditiously addressing climate change issues.

- **Portfolio Management**

KBank emphasized active portfolio management in order to proactively respond to prevailing circumstances, particularly volatility of economic factors that could affect our customers and our portfolio quality. Via Active Credit Portfolio Management (ACPM) and stress testing, KBank can manage, identify and prioritize assistance for customers to implement appropriate measures that aid each customer segment in a timely manner. Meanwhile, KBank has also focused on portfolio management to control credit concentration within the established limits, taking into account customer group, product and industry outlook, and country dimension, to ensure appropriate returns under the risk appetite.

Moreover, KBank has assessed the impact of our credit support to various businesses. We also analyzed and assessed risks, opportunities, and climate-related impacts under various assumptions. In 2024, we conducted a pilot climate stress test under scenarios defined by the Bank of Thailand, which has been used for planning and setting lending targets and frameworks based on business types that support the transition to a low carbon society. We prioritize reducing credit exposure to industries with high greenhouse gas emissions in portfolios and/or those with a high emission intensity.

- **Credit Underwriting and Approval**

KBank has formulated its lending policy to ensure uniformity of credit proposal presentations and appropriate credit underwriting practices, as well as comply with the Bank of Thailand's guidelines. Guidelines for preferable and discouraged practices are also defined to ensure quality of credit extension.

KBank's credit risk management is based on current, transparent, and qualified data. The credit policy, approval processes, and systems are designed to align with each customer segment. We established pre-screening criteria and classified industrial sectors based on risk levels to allow operating officers to screen customers more efficiently. Medium and large business customers with sophisticated financial needs are served by relationship managers (RMs) with a thorough understanding of customers' business and risk profiles. RMs are responsible for analyzing and proposing suitable credit products, services and limits to match customers' needs, presenting credit proposals to credit underwriters according to the defined approval authorities, and continually monitoring customer status.

For retail customers whose main products comprise home loans, credit cards, personal loans and other types of financing, including loans for small and micro businesses, the Bank's approval process is based on the credit policy and credit scoring model, which assesses customer risk levels based on payment history and alternative data. We thoroughly review documentation for various types of retail loan approvals, focusing on verification of income and liability information accuracy and consistency of each customer. KBank has also focused on credit approval process improvement. For approval of unsecured loans, we set a maximum credit limit for customers and determination of the period for the next loan application while raising minimum income requirements to ensure risk levels within the risk appetite.

Aside from the above practices, KBank realizes the importance of responsibility towards the environment and society in our credit underwriting. We developed policies and sector-specific guidelines for assessment of each industry's operations which may have environmental and social impacts. We do not support credit applicants or business types that are on the Exclusion List. Guidelines and policies for environmental, social, governance and economic impacts have been established for large project finance requests at home and abroad, including project monitoring throughout the credit term. Moreover, commercial loan extension to SME and corporate customers must be undertaken via a credit underwriting process with an impact assessment on environmental, social, governance and economic factors.

- **Post-Credit Approval Operations**

To achieve standardized and efficient credit operations, KBank has centralized credit operations covering legal and contract-related arrangements, preparation of collateral agreements, credit limit setup, credit disbursement, credit-related document storage, and credit data support. KBank has also set up processes to monitor compliance with contractual conditions.

- **Debt Quality Monitoring**

The Bank closely monitors and controls credit quality through various indicators. We have an early warning system capable of detecting irregular transactions and risk signals at an early stage. This allows the Bank to establish timely and appropriate management guidelines for each customer group, helping to prevent potential losses. Regarding debt collection from large business customers, KBank has developed tools and processes as well as established indicators to assess each customer's credit status closely and ensure timely management prior to delinquency. KBank has also set up guidelines such as those for credit review and limit suspensions, specific to each customer segment, according to segment risk characteristics. Regarding small and micro businesses as well as retail customers, KBank issued packages to assist those affected by economic conditions while also establishing collection strategies to better respond to the varied risk levels of different customer groups. We focused on swift and efficient management of recovery and collection. In addition, we considered NPL sales as an option for asset quality management.

- **Allowance for Impairment Losses of Financial Assets**

KBank has set aside allowance for impairment losses of financial assets by estimations of cash shortfalls based on the Thai Financial Reporting Standards, taking into account probability of default, the time value of money, consideration of all reasonable and supportable information, and macroeconomic forward-looking information. The Bank has a plan for setting aside provisions to cope with potential impacts from the deterioration of asset quality during periods of economic volatility caused by various external factors. This approach ensures that the Bank maintains an appropriate and sufficient level of expected credit loss to support current and future business operations.

- **Credit Policy and Process Review**

KBank has conducted a review of credit policy and process including data collection, credit proposal presentation, credit underwriting, contract preparation, credit review, and asset quality monitoring and review, to ensure credit process efficiency and consistency with regulatory requirements and KBank's policy. KBank also utilized information from the review to support our credit management standard development. Additionally, we regularly reviewed and revised credit approval criteria tailored to customer's risk profile.

❑ Market Risk Management

Market risk may arise from external factors in various forms, including changes in interest rates, foreign exchange, equity and commodity prices, as well as credit spreads. These changes affect KBank's and K Companies' present and future income, capital, the value of financial assets and liabilities as well as off-balance sheet items.

KBank engages in a consolidated risk management framework through development of essential infrastructures and processes for timely and appropriate management of the market risk of financial products. This framework encompasses the product management process for both existing and new products based on the business plan, covering transaction objectives and processes, market risk-related factors, risk analysis and potential impacts as well as risk assessment and control guidelines.

In 2024, as global inflationary pressure began to ease, central banks across major economies – including Thailand's central bank – gradually lowered their policy rates. However, during the first half of 2024, markets were concerned that new US policies might drive up US inflation, potentially leading to prolonged high policy rates. This caused the Thai Baht to weaken, reaching Baht 37 per USD. In the second half of 2024, the easing US inflation, coupled with weakening US labor market indicators, led the Federal Reserve to cut its policy rate, resulting in a weaker US Dollar and a stronger Thai Baht.

To effectively cope with uncertainties in economic and political situations both at home and abroad amid rapidly changing capital movements, KBank is closely monitoring the surrounding circumstances while continuously analyzing and assessing possible impacts with a focus on efficient and effective risk management processes in order to maintain risk within specified, prudent limits. In detail:

- **Market Risk in Trading Book Activities**

KBank's trading activities are exposed to risks of interest rate, foreign exchange, equity and credit spreads.

Our equity risk stems from equity underwriting and non-directional trading business, which we undertake only for serving customers' needs. We have processes in place to measure and control risks within the established limits, under the supervision and control of the Enterprise Risk Management Division.

- **Market Risk in Banking Book Activities**

KBank is mainly exposed to interest rate, equity and foreign exchange risks in banking book transactions, i.e.:

- **Interest Rate Risk in Banking Book Activities**

Interest rate risk refers to risk incurred from changes in interest rates of assets and liabilities, as well as off-balance sheet transactions that are susceptible to interest rate fluctuations. These may, therefore, have an adverse impact on net interest income and economic value of KBank. Therefore, KBank has established an interest rate risk management framework to mitigate impacts on financial position, accounting for adequacy of liquidity position.

KBank continues to closely monitor movements of interest rates and customers' behaviors which are used for financial position management to ensure the highest effectiveness in risk management. KBank used interest rate risk gap to manage interest rate risk in the banking book activities through evaluation of net interest income sensitivity over the next 12 months based on an

assumption of a 1.00-percent change in interest rates on all types of assets and liabilities at their re-pricing periods. The results of that risk assessment are shown below:

Net Interest Income Sensitivity to Interest Rate Change

(Unit: Million Baht)

For the Year Ending	Dec. 31, 2024
	+100 bps
THB	3,927
USD	(137)
CNY	(162)
Other Foreign Currencies	(131)
Total Effect of Interest Rate Change	3,497
% of expected Net Interest Income (NII) in the next 1 year	3.02

➤ Equity Risk in Banking Book Activities

KBank is exposed to equity risk from investment in equities, both directly and indirectly via funds. To ensure the maximum benefit of the Bank, we have complied with regulations and procedures of relevant government agencies under the established risk framework while conducting data analyses and close assessments of relevant events.

➤ Foreign Exchange Risk in Banking Book Activities

KBank is exposed to foreign exchange risk that may be incurred from our overseas operations, investment and any activities related to banking book which incur foreign exchange exposure. KBank has chosen not to retain foreign currency position stemming from such activities, except where there is market limitation of risk hedging, or for the purpose of appropriate cost management in risk hedging during certain periods.

KBank has a stringent monitoring process and control measures under the supervision of the Assets and Liabilities Management Sub-committee to ensure the most effective cost management under the risk limits approved by the Risk Oversight Committee.

❑ Liquidity Risk Management

Liquidity risk is defined as the risk caused by a failure to obtain sufficient funds at appropriate costs to meet obligations when they come due, and/or an inability to convert assets into cash, which may incur loss.

In 2024, liquidity in the overall banking system remained sufficient to accommodate demand for business operations. However, KBank is aware that liquidity status and management guidelines may vary from bank to bank, which may affect liquidity management at any given period. Therefore, we have been prepared by adopting tools for proper liquidity management in terms of both foreign currencies and Thai Baht to protect ourselves against any potential liquidity shortage. KBank has in place a process for efficiently monitoring liquidity risk in light of situations

that may incur risk indirectly. Moreover, we have adopted a business continuity plan to guard against disruptions to essential operations and systems, allowing us to fulfill our obligations in the event of an emergency.

To ensure sufficient liquidity for business operations, KBank regularly conducted liquidity risk assessment and analysis through various tools such as liquidity gap analysis, covering both normal and crisis situations, under three scenarios, i.e., liquidity crises that are either bank-specific, market-wide, or both circumstances combined. We have also continuously assessed and analyzed Liquidity Coverage Ratio (LCR) and Net Stable Funding Ratio (NSFR) in conformity to international standards.

Moreover, KBank has devised an effective plan for overall liquidity management, including foreign currencies, along with review and revision of liquidity risk management processes and adjustment of our funding structure in response to changing market conditions and liquidity in the banking system. These endeavors are undertaken by taking into account our business growth potential and capability to cope with volatility in the global economy and fast-changing financial markets. We also determine appropriate strategies to maintain a suitable level of foreign currency liquid assets, consistent with growth in foreign currency deposits, and to guard against any heightened liquidity risk stemming from a volatile global economy and financial markets, accounting for business growth potential.

KBank closely monitored factors that could affect our liquidity and interest rate risks include:

- Global and Thai economic outlook over the short and medium terms, including impacts from the US-China trade war and uncertainty from geopolitical risks in various regions.
- Key policy rate trend of the Bank of Thailand and major central banks.
- Direct and indirect foreign capital movements triggered by internal and external risks.
- Intensified competition among financial institutions in savings and investment products that may affect overall liquidity in the banking system.
- Increasing demand for loans which could generate pressure on liquidity in the system.

❑ Operational Risk Management

Operational risk refers to the risk of direct or indirect losses to a bank's revenue or capital resulting from incorrect or inadequate processes, personnel, operating and IT systems, or external events. KBank thus established the operational risk management policy and framework to enhance process efficiency through systematic risk management and control under the same standards to ensure the proactive implementation of preventive measures.

KBank focused on strengthening end-to-end operational risk management under prudent and efficient processes through enhancement of our capabilities in key operational risk management and control. These efforts aim to offer our customers fair services and treatment, responding to their needs under prudent and proper risk management. KBank has in place end-to-end product management throughout the product cycle to ensure continuity in business operations. Meanwhile, we focused on improvement of business partner and third-party risk management, system interface or access to data of customers or KBank. Along with this, we elevated risk-related functions for more integrated and effective operations while also enhancing market conduct management.

KBank put in place climate-related risk consideration process, Bank-wide. They encompass the identification, assessment and mitigation of related impacts on KBank's operations to ensure business continuity and protection of the lives and property of our customers, employees and other stakeholders. Our Bank-wide risk consideration process is undertaken every year or more than once a year to keep abreast of the latest trends, ensuring that we can cope with climate-related risks in a timely manner. In detail:

1. Risk identification: To identify the risk event and/or major climate-related threats, both physical risk and transition risk, based on the megatrends and related rules and regulations.
2. Risk assessment: To assess the overall risks in three levels, i.e., high, medium and low, through assessment of risk impact, likelihood and effectiveness of control.
3. Risk management: KBank has in place proactive risk management, covering prevention of, monitoring of, and response to risks. Regarding high-level or significant risks, additional analyses are conducted for taking further preventive or corrective actions, or implementing additional risk management measures. For instance, we have improved the processes and reviewed resource allocation in order to control risks based on various factors such as risk incidents, costs, resources, impacts on customers and business operations. Moreover, KBank has prepared a business continuity plan (BCP) and IT disaster recovery plan (IT-DRP) to cope with climate-related risk incidents that may affect our work and business operations.

□ Reputational Risk Management

Reputational risk arises when the general public, including shareholders, customers, suppliers, investors and regulators, have negative perceptions of KBank, leading to their loss of confidence in the Bank. Such a situation could affect KBank's revenues or capital funds both at present and in the future. Reputational risk may be caused by any actions that are not compliant with business ethics, societal expectations, agreements or business service standards, or services which are not aligned with market conduct.

To ensure proper and efficient risk management processes, KBank has therefore formulated a reputational risk management policy and management guidelines to reduce risk to be within risk appetite. We have in place reputational risk monitoring and management processes for any circumstances that cause reputational risks to ensure proper and timely risk management, prudently accounting for stakeholders and impacts that may have on every component.

Our reputational risk management focuses on responsiveness to all stakeholders, including shareholders, customers, regulators, employees, business partners and suppliers, investors, credit rating agencies, the general public and media organizations.

Reputational risk management processes are composed of the following steps

1. Risk Identification: Consideration is based on factors that may have negative impacts on KBank's reputation through assessment of the prevailing risks and forecast of potential risks that may emerge at some point in the future.
2. Risk Assessment: Reputational risk indicators are clearly defined and in conformity with related factors.

3. Risk Monitoring, Control and Reporting: The processes of risk monitoring, control and reporting are set up to control risks within risk appetite.

□ Digital Risk Management

Digital risk is a factor that has substantial implications for KBank's business operations, in terms of both intensity and complexity. The development of payment systems under the new financial landscape in Thailand supports digital payment as the primary option accessible to all groups of users. Of note is the launch of a system interface service for connecting KBank's application with external organizations and individuals, as well as the development of increasingly complex financial products and services, such as digital asset-related transactions. Digital risk may thus arise from various channels, such as financial transaction services via digital channels, data management, cyber threats and the use of new information technology such as AI, Generative AI. All of these risks may come from both internal and external factors, possibly having adverse impacts on, or causing financial or non-financial losses to, KBank and our customers, either directly or indirectly.

KBank is determined to maintain sustainable growth covering dimensions, i.e., environmental, social, governance and economy. Guided by the strategy of being at the forefront as a digital banking service provider in Thailand, we prioritize customer confidence and service security. Recognizing the importance of digital risk management, we have put in place measures for managing relevant risks under an operational risk management framework, and established additional IT risk management policies and framework to ensure standardized management that allows us to stay ahead of, and be able to efficiently and effectively cope with, sophisticated risk situations for enhanced efficiency in work processes, control and systematic risk management in line with related international standards such as ISO 27001 and ISO 31000, and in accordance with the Bank of Thailand's policies and best practices

Overall, digital risk management focuses on risk controls for prevention, detection, response, recovery and creation of a cyber hygiene culture covering KBank's key business processes and work systems. Major operations are carried out in four areas, namely governance, policies, processes and technology, as well as people and culture, as follows:

- **Governance:** The Risk Oversight Committee is responsible for supervising risk management in alignment with risk management policy and strategy within the risk appetite.
- **Policies:** We have reviewed and revised relevant policies to be consistent with our organizational structure, our business vision for maintaining our growth and leadership status in Thailand's digital banking business, as well as regulatory requirements and capability to efficiently cope with present and future threats.
- **Processes and technology:** We have been given priority to continuous improvement of our information security management in both financial transactions and services, while also bolstering the capability to protect ourselves from advanced threats. Along with this, we have implemented data leakage preventive measures to protect our customer data.
- **People and culture:** KBank has bolstered personnel capabilities in line with our business directions, new risks and threats. We have emphasized the creation of a cyber hygiene culture and confidence in

KBank's cyber security among four personnel groups, i.e., the Board of Directors and senior management, employees, customers and third party of KBank, via communications in different formats to keep them abreast of cyber risks as well as provision of knowledge related to best practices. In addition, phishing drill exercises have been conducted to test how employees respond to phishing emails and fraudulent websites to ensure that they can identify phishing threats and can properly cope with them for efficient prevention.

In addition, KBank conducted risk assessment and revised a plan for the development of its digital risk control system to be consistent with cyber threats and past performance. Significant risks include risk from data leakage, heightened risk in linkage with business partners, adoption of innovative technology for services, risk incurred from operations and IT that accommodate innovative financial services and products or new channels to ensure customer responsiveness, various types of cyber threats which could have more severe impacts, as well as change in rules and regulations which become ever more stringent, especially personal data protection. We established a development plan for digital risk management with measures in place to closely monitor our operational plan and regularly report operating performance via relevant committees/sub-committees to ensure that digital risk remains within risk appetite.

❑ Strategic Risk Management

Strategic risk refers to risks that arise from formulation and implementation of strategic and business plans that are unsuited to and inconsistent with internal factors and the external environment, which may affect earnings, capital fund or KBank's stability. In 2024, Thailand's economic recovery remained uneven due to the limited growth of the global economy and uncertainties surrounding many factors, including geopolitical conflicts and trade barriers. Meanwhile, Thailand's economy continued to experience structural issues in the manufacturing sector and hefty household debt, making asset quality management a critical issue that needs to be managed in an appropriate manner.

Amid uncertain circumstances, KBank thus places emphasis on the integration of strategic risk management into the organization's strategy formulation and implementation process. The process begins with systematic data collection and analysis for use in review and determination of appropriate strategies of the Financial Conglomerate, which are then translated into those for business and support units, and objectives and key results (OKRs). It also involves efficient resource allocation within KASIKORNBANK FINANCIAL CONGLOMERATE, organization-wide communication of strategic plans, establishment of clear operational plans and monitoring processes, as well as identification of problems and solutions. Our strategic risk management involves two key areas as follows:

- **Strategic Risk Management for Strategic Content:** Key risk indicators (KRIs) for Strategic Content were set up to enable us to review and adjust the Financial Conglomerate's strategies as well as business units' strategic plans appropriately and in step with the ever-evolving environment. To this end, we monitored changes in the environment both domestically and internationally that affected business operations, as well as forecasting potential changes to prepare for timely responses.

- **Strategic Risk Management for Strategy Execution** is conducted by:
 - Preparing quarterly financial performance reports and semiannual corporate scorecard reports: We also arrange meetings to keep up with operations to align with KASIKORNBANK FINANCIAL CONGLOMERATE's strategies, and to address and manage specific issues, in order to achieve unified solutions.
 - Preparing and reporting performance of the business and support units and OKRs on a quarterly basis as a gauge for our practical guidelines, thus aligning with the established strategic plans.
 - Establishing KRIs for strategy execution which covers KASIKORNBANK FINANCIAL CONGLOMERATE's infrastructure and resources.

□ **Climate-Related Risk Management**

Climate-related risk consists of two types of risk: physical risk, such as floods, drought, and risk associated with the transition to a low-carbon society, such as regulatory change, implementation of carbon tax measures, and changing consumer behavior on account of increased environmental concerns.

Physical risk arising from climate change-induced disasters – whether acute or chronic – is set to emerge with greater intensity. This phenomenon may have a direct impact on the business sector throughout supply chains and be catastrophic to the properties of customers and KBank, alike. Aside from business disruption, we may have to bear hefty costs for prevention and rectification of any adverse impacts. Meanwhile, the transition to a low carbon society has led to changes in laws, regulations, policies and various practices. All of these have caused the business sector to face increased costs through investment in additional equipment, research and development, and asset impairment, as well as indirect impact on business reputation.

KBank has focused on comprehensive climate change risk management with the aim of mitigating negative impacts while enhancing positive effects on the environment. The Bank is also preparing to address the impacts of climate change through four key initiatives as follows:

- **Governance Structure:** The Bank has established various committees, including the Board of Directors and senior management, as well as different departments within the Bank. Their roles, duties and responsibilities have been clearly defined to oversee business operations, accounting for climate change.
- **Strategic Planning:** The Bank integrates climate change-related factors into business strategy, risk framework, objectives, and operational plans. This includes a greenhouse gas reduction strategy for both the Bank's own operations and financed portfolio, design and development of products and services to support environmentally friendly business practices, and customer engagement to facilitate their transition to a low carbon society.
- **Risk Management:** The Bank incorporates climate-related risks into our risk culture. We have established a risk management structure under the Three Lines of Defense principle, with a clearly defined risk

management policy and process, as well as monitoring and control to ensure that risks are in line with our risk appetite.

- **Disclosure:** The Bank ensures that relevant information is disclosed in accordance with internationally recognized guidelines or standards via multiple channels at least once a year. This includes information on governance structure, strategic planning, risk management, and metrics and targets.

2.3 Emerging Risks

In the next 5 years, the Bank has prepared plans to address several risks expected to have significant implications on the economy and society. These plans aim to mitigate both direct and indirect impacts on the country, business clients, retail customers, and the Bank itself, as follows:

Emerging Risks	Description of Risks	Potential Business Impacts of Risks	Mitigating Actions
Extreme Weather Risk	Extreme weather risk arises from abnormal and extreme weather events, such as heavy rainfall, severe flooding, prolonged droughts, intense storms, and extended heatwaves.	The increasing severity of weather conditions may cause direct damage to businesses across the supply chain, as well as damage to the assets of both customers and the Bank. This could lead to business disruptions, which may require a prolonged recovery period to return to normalcy. Additionally, the costs for prevention and mitigation of related impacts are rising in line with the risk of the situation, which could affect customers' ability to operate their businesses, their competitiveness, and their debt repayment capacity. Ultimately, this will have a cascading effect on the Bank.	Recognizing the related risks and potential impacts in various dimensions, the Bank has placed emphasis on evaluating risks and their impacts on the Bank's assets and operations in order to develop more flexible adaptation plans that can effectively address these risks. These include assessing risks and potential impacts on the Bank's loan customers, such as conducting climate stress tests to ensure that the overall risks of the Bank remain risk appetite.
Geopolitical Risk	Geopolitical risk involves risk incurred from international relations which are associated with political power, economic resources and geographical territory, including economic retaliatory measures through trade wars, such as imposing tariff barriers and conditions on the types of goods that can be imported. When the present balance is challenged, the global economy may be directly	Geopolitical risk may impact on the economic system across various dimensions, namely exports, imports, inflation rates, foreign exchange rates, interest rates and volatility in commodity prices. Impacts can be divided into two types. • Direct impact: Business sector, including KBank and our customers engaged in commerce with the conflicting parties will be	Recognizing the related risks and potential impacts, KBank assessed the severity of every conflict and its potential impacts on our own and our customers' business operations, on a regular basis. We also prepare assistance measures for businesses affected by geopolitical conflicts. Furthermore, we improved stress testing processes and models to enhance our forward-looking and preventive risk management. So doing helps KBank to operate our business continually and sustainably.

Emerging Risks	Description of Risks	Potential Business Impacts of Risks	Mitigating Actions
	and indirectly jeopardized due to the interdependence that global economic activity necessitates.	directly impacted due to inability to conduct sales/purchase/payment transactions as usual. Additionally, economic retaliatory measures may make customers' products uncompetitive. Indirect impact: It arises from interconnected supply chain relations, which makes the indirect impact expand beyond the parties to the conflict. For example, products from countries that have been subject to economic retaliation may flow into the market to compete with those of the Bank's customers. Moreover, the broad-based slowdown in the economy may cause the Bank's asset quality to deteriorate.	
Debt Crisis Risk	Debt crisis risks can occur at both national, organizational and individual levels. These risks are associated with the accumulation of large amounts of debt, combined with factors that severely impact debt servicing ability, which could trigger a widespread crisis. These risks may stem from diverse sources, including severe and prolonged infectious diseases which disrupt economic activity, loss of income and business opportunities due to the inability to adapt to changing circumstances, including climate change, as well as government stimulus measures which directly or indirectly result in debt creation.	Each debt crisis that has occurred, whether public or private, may have direct and indirect impacts on KBank, with varying levels of severity depending on the extent of the Bank's interaction with the source of the debt crisis. Currently, the public debt-to-GDP ratio in many countries has risen amid limited growth in the global economy. Such problems could escalate into full-blown crises in several countries. Meanwhile, debt burden of Thai businesses and households, particularly among vulnerable groups, shows an increasing default risk as the recovery in their income has been inhibited by economic conditions, which in turn could deteriorate the Bank's loan quality.	KBank's credit risk management is governed by a credit policy which prioritizes a balance between credit quantity and quality. We establish a proper proportion of credit limit granted to the industrial sector, large borrowers and counterparties' countries to minimize credit concentration risk. KBank has conducted close monitoring and assessment of risk exposure of each individual customer and industry. Additionally, stress testing has been undertaken to ensure that KBank can securely sustain our business operations. As a Domestic Systemically Important Bank (D-SIB), KBank prioritizes the maintenance of capital adequacy and liquidity levels to ensure resiliency, thus allowing us to withstand potential crises.
Generative AI Risk	Generative AI risk involves the risk associated with the use of AI technology to create new data or	The use of Generative AI poses risks to KBank in various dimensions, including:	Recognizing the related risks and potential impacts, the Bank and has established measures regarding risk management and

Emerging Risks	Description of Risks	Potential Business Impacts of Risks	Mitigating Actions
	works from learning and processing Big Data. Generative AI can create works in a variety of formats, such as text, images, sounds, and computer code, and this can be done quickly. Many organizations use generative AI to improve work efficiency. However, users should be aware of the potential risks, such as leakage of important information, unreliable/inaccurate results, copyright infringement or illegal data. In addition, there is a risk of cybercrime where criminals use Generative AI to craft tools to attack organizations and deceive people into fraudulent activities, such as phishing scams and installation of malicious applications. These swindles, if they were to occur, would have a severe impact on customers and organizations.	KBank's information may be disclosed without authorization, if the security aspects of the Generative AI service provider's system are compromised, and the system stores important data obtained through user inquiries, such as confidential data, sensitive data, and customer information. Customers' confidence and KBank's image may be jeopardized, in case where the results obtained from Generative AI are inaccurate, outdated and are used without checking the source of reliability of the data. Non-compliance with laws or regulatory requirements can occur when outcomes are used without thorough verification, such as copyright infringement. Cyberattacks: The use of Generative AI by criminals to create new forms of cyberattacks and to exploit vulnerabilities in KBank's systems could lead to an increase in the frequency and severity of cyberattacks. This could result in disruptions to bank services, as well as fraudulent activities which would cause financial losses to customers or KBank.	cybersecurity. These measures aim to ensure that the implementation of AI remains within a risk appetite and in compliance with relevant laws, regulations, and international standards as follows: - The Bank has established and enforced AI risk management framework and policy, based on responsible AI principle, focusing on human-centric, socially responsible, and sustainability. - Additionally, the Bank has provided tools and developed technologies for prevention of new forms of cyber threats on a continual basis, which will allow us to prevent advanced threats or potential zero-day attacks. - The Bank has enhanced its capabilities to detect and respond to threats from artificial intelligence, such as upgrading equipment to include features for analyzing anomaly behaviors and monitoring confidential data received or transmitted insecurely by generative AI. - The Bank has consistently raised employee awareness about the risks associated with using Generative AI, and promoted literacy using Generative AI, as well as communicating security guidelines to employees of KBank and companies within the Financial Conglomerate.

2.4 Shareholder Risk Management

Investments in KBank shares may incur shareholder risk, as the returns on investment, which vary with KBank share prices, share liquidity and investment overall, may not meet shareholders' expectations. KBank dividend payments are also dependent upon KBank policies, operating results and other factors. Therefore, shareholders may have returns that are higher or lower than their expectations.

Key risks and risk management practices employed by KBank are identified. However, KBank may incur risks other than those specified therein; shareholders are urged to study all risk factors and cautiously deliberate upon any investment before making a decision. Shareholders must accept that KBank may not be able to prevent all risks that could arise, and that there are numerous factors that have the potential to affect KBank performance and dividend payments, e.g., domestic and international economic conditions, geopolitical tensions, pandemic, political situations, capital movements, changes in government policies, and other unpredictable incidents.

Furthermore, KBank's widely distributed shareholder structure, with its high incidence of foreign shareholding, could induce fluctuations in KBank's share prices, particularly when there is incidental market concern towards the economic, social, and political environment that could affect capital movements.

3. Business Directions and Operations of Core Businesses

3.1 Sustainable Development and Corporate Governance

□ Sustainable Development in Action*

KBank conducts sustainable development operations in alignment with the K-Strategy by establishing sustainability policies, strategies, indicators, and goals, and focusing on environmental, social, governance and economic aspects under guidelines that are consistent with international sustainability standards. These operations aim to enhance the Bank's competitiveness and foster sustainable growth while ensuring balanced and appropriate value creation for stakeholders. Key initiatives in 2024 included:

- Formulation of a climate strategy by establishing a sector-specific credit strategy (Sector Strategy) for the automotive industry, with the aim of achieving Net Zero from the Bank's lending.
- Customer support for the transition towards low carbon businesses for sustainable growth. Between 2022-2024, KBank provided more than Baht 121 billion in sustainable financing and investment along with related knowledge, advisory services, and essential tools to support our customers in the transition towards a low carbon society.
- Sustainability-related activities and seminars were steadily organized to communicate, educate, and enhance understanding among stakeholders. Examples included the 'EARTH JUMP 2024: The Edge of Action' seminar and the 'Decarbonize Now: Net Zero Blueprints' workshop.
- KBank participated in and supported activities organized by external organizations, associations, and networks related to sustainability, such as the GCNT Forum 2024, being member of the Executive Board of the Thailand Business Council for Sustainable Development (TBCSD), and serving as a speaker at the TBCSD Sustainable Business Forum 2024.
- Collaboration with external organizations to promote sustainability in society, such as establishing the Thailand Business Network for Climate Action in partnership with 25 leading organizations and co-developing the report, "The 2024 Thailand Voluntary Carbon Market", with the Thailand Greenhouse Gas Management Organization (Public Organization). Additionally, the Bank supported distribution channels for social enterprise (SE) products through K+ market on the K PLUS application in partnership with the Stock Exchange of Thailand.
- Activities to promote and develop a sustainable society were organized, including the AFTERKLASS project and Cultivation of Wisdom Camp. These initiatives aim to educate young people on financial literacy and sustainable business practices.

□ Corporate Governance

KBank is determined to continuously operate our business in line with good corporate governance principles. We emphasize corporate governance practices which encompass transparency, accountability and business ethics, taking all stakeholders into account. In 2024, KBank restructured the Board of Directors to reinforce

* More details on sustainable development and materiality for KBank can be found in the Sustainability Report 2024

our commitment to adhering good corporate governance practices accordance to international standards. The adjustments included reducing the number of non-executive and executive directors, and increasing the ratio of independent directors of the Board, aiming to bringing greater flexibility to face future opportunities and challenges.

Additionally, we revised KBank charters, policies and regulations, making them more up-to-date and better suited to regulatory requirements and best practices. Key updates included the Board of Directors Charter, the Credit and Investment Screening Committee Charter, the Audit Committee Charter, the Human Resources and Remuneration Committee Charter, the Management Committee Charter, the Statement of Corporate Governance Principles, the Anti-Corruption Policy, the KASIKORNBANK Disclosure Policy, and the Regulation for Directors' Securities and Stock Futures Trading.

KBank arranged communications and provided knowledge on good corporate governance principles for directors, executives and employees of KBank and companies within KASIKORNBANK FINANCIAL CONGLOMERATE, as follows:

- **Organizing orientation or briefing sessions for new directors** in order to promote understanding of their roles and responsibilities and KBank's business operations. Information was provided on the structure of KBank and K-Strategy, good corporate governance practices, sustainable development, human resources, information technology, risk management and supervision of the Financial Conglomerate, clarification of legal commitments, rules and regulations related to directorship of listed companies, Board and Board Committee's charters, KBank's key policies, handbook for directors of financial institutions and securities companies, the Statement of Business Conduct and the Code of Conduct.
- **Organizing KASIKORNBANK Directors Workshop (Board Retreat 2024) for the Board of Directors and senior executives** to map out business directions and K-Strategy during 2025-2027. The workshop focused on setting strategic priorities to achieve double-digit return on equity (ROE) and building sustainable value added (SVA) for shareholders.
- **Organizing seminars and training sessions for directors on a regular basis** for matters such as global sustainable finance trends; cybersecurity - management in practice; and the new US-China dynamics: trade, technology, and financial wars, and implications for Thailand and ASEAN. Additionally, KBank communicated with directors on the discharge of their duties, important policies, and guidelines through CG Journal and KBank Bulletin, covering topics such as silent period for securities and stock futures trading and disclosing information related to the Bank's operating results, prevention of the use of inside information, prevention of conflicts of interest, the Anti-Corruption Policy, the No Gift Policy, the Code of Conduct, good corporate governance principles and sustainable development.
- **Arranging training courses on the Code of Conduct and Anti-Corruption policy for executives and employees via the e-learning system**, wherein all participants were required to review and sign in acknowledgement of compliance with the Code of Conduct. Additionally, communications on key policies and guidelines were made with executives and employees via electronic system, such as the Anti-Corruption Policy, the No Gift Policy, silent period for securities and stock futures trading and disclosing information related to the Bank's operating results, prevention of the use of inside information,

compliance with personal data protection law, and whistleblowing channels for reporting misconduct or violations of laws, regulations, or codes of conduct.

- **Organizing meetings to communicate with companies within KASIKORNBANK FINANCIAL CONGLOMERATE** on topics related to good corporate governance principles, sustainable development, and governance practices in alignment with regulatory requirements and international standards. Key areas included business scope and intra-group transactions among KASIKORNBANK FINANCIAL CONGLOMERATE, Personal Data Protection Act (PDPA), risk culture and risk management policy, operational risk loss reporting, internal audit and related policies. Additionally, KBank communicated the No Gift Policy to companies within KASIKORNBANK FINANCIAL CONGLOMERATE to ensure transparency in operations and foster good governance practices.
- **Participating in the International Anti-Corruption Day (Thailand)** under the concept of “Fight Against Corruption: Fight to the End to Stop Corruption”. This event was organized by the Thai government in collaboration with the National Anti-Corruption Commission (NACC), the Public Sector Anti-Corruption Commission (PACC), the Anti-Corruption Organization of Thailand (ACT), and various partner networks from all sectors.

3.2 Business Directions of KASIKORNBANK and the Wholly-owned Subsidiaries of KASIKORNBANK in 2024 and Outlook for 2025-2027

In 2024, KASIKORNBANK continued to operate its business in accordance with the principles of a Bank of Sustainability, accounting for the balance of dimensions – environmental, social, governance and economy. We focused on delivering sustainable value to stakeholders under good corporate governance, appropriate risk and cost management, while fostering K-Culture which shapes the attitudes and behaviors of personnel within the organization towards a common goal.

Our strategic imperatives prioritize customers' demands across all segments, while our business plan aims to develop products and services that can meet the diverse needs of our customers, including retail, SME, corporate and international businesses, with the aim of becoming our customers' main operating bank and the Regional Digital Bank. To this end, KBank has established the K-Strategy 3+1 as follows:

- **K-Strategy 1: Reinvigorate Credit Performance**, through expanding quality new loans; creating opportunities for increased lending to existing customers and those within the business ecosystem of partners, including offering loans to support the transition to a low carbon society; retaining the existing customer base; and reforming the credit process to enhance efficiency
- **K-Strategy 2: Scale Capital-Lite Fee Income Businesses** through offering a full suite of investment and protection products tailored to customers' needs, as well as developing digital platforms domestically and regionally, with the goal of becoming a leader in providing digital payment services

- **K-Strategy 3: Strengthen and Pioneer Sales and Service Models to Deliver Value-based Results** by leveraging digital-first technologies, seamlessly integrating human assistance to enhance customer accessibility across all service channels.
- **K-Strategy +1: New Revenue Creation for Medium and Long Term**, which aligns with evolving consumer behaviors and needs, while changing technologies and competitive landscapes are taken into account under stringent risk management

For 2025 to 2027, KBank will continue to implement its strategy of being a Bank of Sustainability, with the primary objective of delivering sustainable value to stakeholders, including customers, shareholders, employees, regulators and society. The Bank's organizational culture, K-Culture, will define the attitudes and behaviors of its personnel towards achieving a common goal, guided by five core values: Customer at Heart, Collaboration, Agility, Innovativeness and Integrity.

Concurrently, the Bank has set Strategic Priorities for 2025-2027, defined as the 3+1 Strategy and Productivity. In addition to continuing the 3+1 Strategy from 2024, the Bank will place strong emphasis on improving productivity as a core part of its strategy. This involves enhancing innovation to increase internal operational efficiency, leveraging advanced technologies such as artificial intelligence (AI), and boosting the human intelligence of employees. The goal is to build an organization with a culture of learning and high productivity, which will lead to greater competitive capabilities and support the Bank's position as a leading financial service provider in the region.

Additionally, the Bank has further prioritized the K-Strategy +1 to allow the Bank to meet its established financial goals. These include:

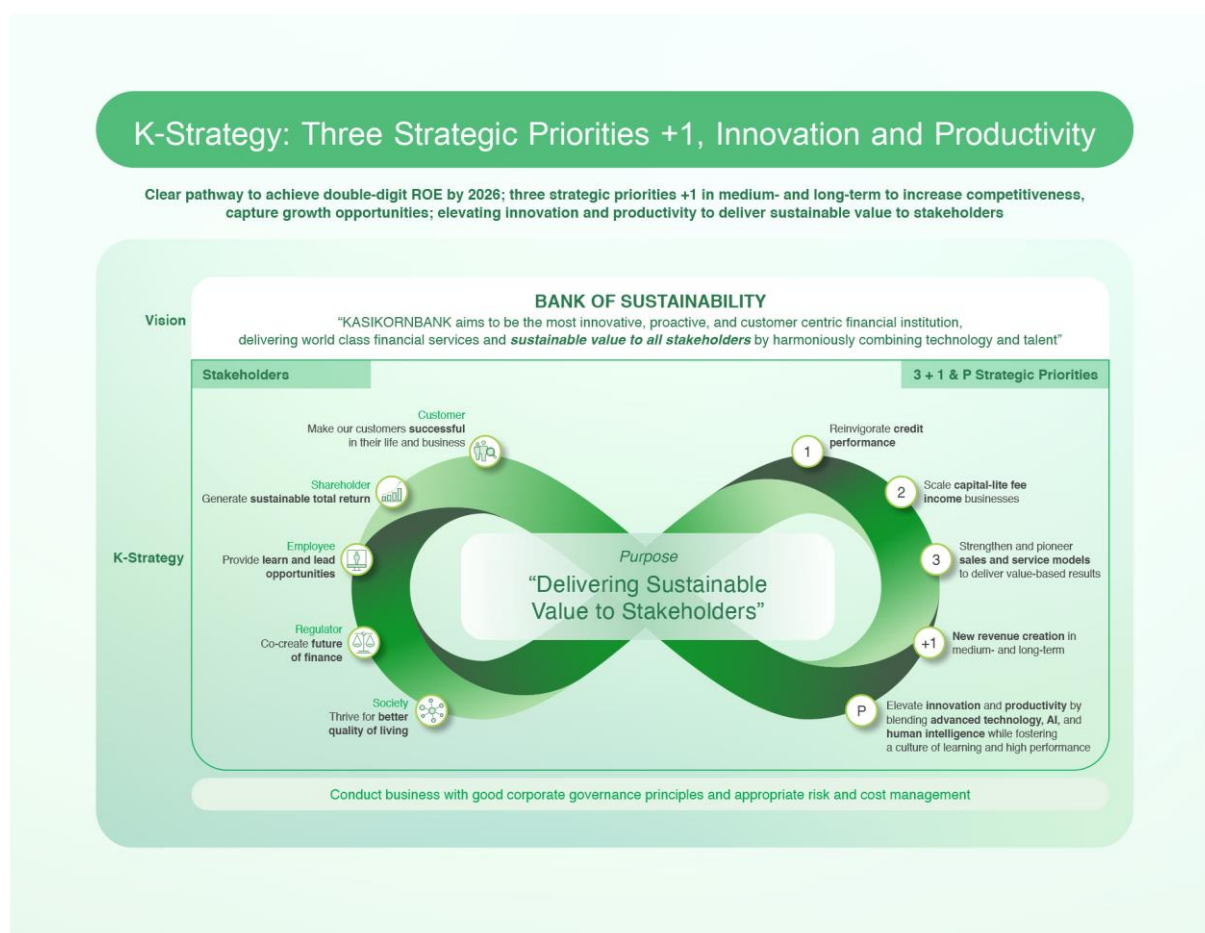
(1) Creating Investments by KASIKORN INVESTURE CO., LTD. (KIV): KBank aims to integrate the capabilities of partners with its infrastructure to enhance the agility of financial services for retail customers. This approach will also focus on reducing credit risk costs in both lending and non-performing asset management.

(2) Becoming a Leading Regional Financial Service Provider: This endeavor is undertaken by creating channels to access international customer markets and offering services that support cross-border transactions and businesses for customers in three key countries including People's Republic of China, Republic of Indonesia, and Socialist Republic of Vietnam.

(3) Developing Innovation for Future Growth: This is to align with changing consumer behaviors, technology advancements, and evolving competition both within and outside the industry. Additionally, the Bank looks upon becoming a leading venture builder with startups or businesses utilizing new technologies that create positive impacts on Thailand and the Southeast Asian region. This will be undertaken through investments under KASIKORN X CO., LTD (KX) to generate a new source of income for the Financial Conglomerate.

The Bank's business operations under the K-Strategy are based on the foundation of a strong commitment to maintaining our stability as a leading financial institution in the country, capable of responding promptly to potential economic volatility under good governance practices. The Bank also prioritizes the integration of data and analysis in proactive risk management, with the principles and policies established for comprehensive risk management, efficient capital management, and the cultivation of a culture of risk

awareness throughout the organization. Additionally, the Bank has complied with the policies and measures set forth by the Bank of Thailand and other regulatory authorities to ensure that our operations meet the highest standards of efficiency and compliance.



The implementation of business strategies to meet the needs of customers in the domestic market, including retail, SME and corporate customers, as well as customers in the AEC+3 region in 2024, was as follows:

3.2.1 K-Strategy 1: Reinvalidate Credit Performance

The Bank focuses on enhancing and increasing the efficiency of our credit operations with an important objective of supporting customer's life and business under effective credit risk management. This has been achieved through process reform and the development of credit products throughout their lifecycle as part of the credit transformation to build and enable capabilities for business growth. These endeavors were undertaken under efficient practical guidelines in conformity with regulatory requirements and risk-based cost management, while we aimed to support our customers in their transition to a low carbon society. Key progress of our operations is as follows:

Key Progress	Operating Performance in 2024
Maintained a prudent loan growth strategy, prioritizing secured loans and enhancing loan quality among existing customers	Loans to Customers: Loan growth: 0.57 percent YoY

Key Progress	Operating Performance in 2024
• Partnered with leading businesses to offer loan programs and campaigns that meet the customers' needs, focusing on liquidity enhancement and spending convenience • Expanded the high-income customer base by utilizing deep data analytics to promptly and effectively addressing their needs • Retained high-value customer base with anti-attribution protocols in order to foster sustainable relations with such clients	Asset Quality: • NPL Ratio: 3.18 percent • Credit Cost: 189 bps • Coverage Ratio: 153.27 percent

3.2.2 K-Strategy 2: Scale Capital-Lite Fee Income Businesses

The Bank aims to expand fee income businesses via core services, with appropriate channels to cater to all customer segments. These include: (1) sustainable and holistic wealth management advisory focusing on K-Wealth brand strengthening through the offering of a full suite of investment and protection products tailored to customers' needs and investment goals, together with the K-Wealth Contact Center to facilitate clients in accessing our products and services with informed decisions; and (2) digital payment solutions and mobile banking services via K PLUS to maintain our leadership in the provision of payment services domestically, internationally and regionally in order to facilitate all types of payments within the customer ecosystem with effective costs. In parallel, our focus is on market expansion with potential growth products, especially those related to the tourism and international business sectors. Furthermore, we have generated new revenue streams through the offering of alternative solutions tailored to each type of business customers. Notable initiatives include a business assistant service jointly launched with our business partners, and international funds transfer via Banking as a Service (BaaS). Key progress of our operations is as follows:

Key Progress	Operating Performance in 2024
Wealth Business • Mutual Fund Products: - Promoted core and satellite portfolios: Focused on recommending balanced funds and launching new funds to meet the needs of different customer segments. To this end, we built core portfolios through the K-WealthPLUS Series and K-ALLROADS Series for sustainable long-term returns, complemented by satellite investments in Foreign Investment Funds (FIF) to enhance return opportunities. - Offered tax-saving funds for 2024: All types of tax-saving funds, including Super Savings Fund (SSF), Retirement Mutual Fund (RMF), and Thailand ESG Fund (Thai ESG) were launched. We curated high-quality funds through balanced funds and Foreign Investment Funds (FIF), to provide customers excellent long-term returns.	Net Fees and Service Income Growth: 6.73 percent YoY Mutual Funds: • Assets Under Management (AUM): - No. 1 in AUM with 21.9 percent market share - Growth: 14 percent YoY • Net fee income growth: 31 percent YoY • Number of new customers: 280,000 - Increase of 136 percent YoY

Key Progress	Operating Performance in 2024
- Launched a Private Asset Fund, K-THRE24A-UI: In collaboration with CG Capital, a fund management company under Central Group, we introduced this private asset fund focusing on investment in real estate, hotel and hospitality in Thailand to raise funds from institutional investors and ultra-high-net-worth individuals. • Bancassurance Products: - Introduced a need-based insurance product suite: Continuously offered insurance products in three main themes – Health, Retirement, and Legacy. These products are distinguished by their excellent quality, long-term coverage, cost-effective premiums, and appropriate rate of returns or cash benefits. • Sales and Service Model Enhancement with Digital Technology: - Enhanced need-based advisory models for investment and protection: Improved the advisory services to better align with customer needs through both Relationship Manager (RM) and digital channels. This includes timely notifications for fund and insurance maturities, portfolio adjustment recommendations, and investment advice triggers, offering guidance based on key indicators that influence investments in various asset classes. - K-Health Service: Enhanced after-sales services and delivered an impressive experience for THE WISDOM and THE SIERRA customers who purchased health insurance through KBank - Virtual RM: Continually extended investment and insurance advisory services to cater to middle-income customers - K PLUS: Improved customer investment capabilities with new features, including watchlists for close investment monitoring, online gold withdrawal with branch pickup service, and personalized insurance product searches through K PLUS • K-Wealth Brand Strengthening: - K-Wealth as a knowledge hub: Continuously expanded K-Wealth to offer comprehensive investment and protection knowledge through our own digital channels and social media platforms, allowing customers to stay informed about current trends and access insights from KBank specialists. - Exclusive events: Organized THE WISDOM GALA DINNER to express our gratitude for and strengthen relationships with THE WISDOM customers. Additionally, THE WISDOM Wealth Decoded was held to provide knowledge and advisory services on asset management and inheritance planning, with a focus on maximizing tax benefits for effective wealth transfer.	Bancassurance: • New business premium - No. 2 with 18 percent market share - Growth: 25 percent YoY • Net fee income growth: 22 percent YoY • Number of new customers: 81,000 - Increase of 25 percent YoY • Customer satisfaction rate of K-Health Service: 98.3 percent

Key Progress	Operating Performance in 2024
Payment • Growth Areas: - Foreign Exchange Business: Fee income reached record growth due to the expansion of ATM service points and foreign exchange booths in strategic locations. This, combined with the recovery of tourist arrivals to 89 percent of the peak level in 2019, contributed to the growth. - Merchant Business: Maintained its position as the market leader, with an increase in market share to 35.4 percent (as of October 2024). Profitability improvements also supported income to grow in line with the set target. - Cross-Border Funds Transfers: Growth seen from low-value remittance transactions via K PLUS, driven by the expansion of service scope from 62 countries to worldwide. • Declining Fee Areas: - Debit card revenue declined lower than expected owing to the issuing of the new theme card and the cost saving from the card operation. - Cost saving due to IT cost optimization and End-to-End process improvement.	Non-Interest Income Growth: 9.86 percent YoY Payment: • Digital payment* - Market share: ~30 percent • CASA Ratio: 80.19 percent <i>* Source: The Bank of Thailand</i>

3.2.3 K-Strategy 3: Strengthen and Pioneer Sales and Service Models to Deliver Value-based Results

KBank prioritizes creating a digital-first experience, seamlessly integrating human assistance into cross-channel experience to enhance customer accessibility across all service channels, under appropriate cost and risk appetite. Key progress of our operations is as follows:

Key Progress	Operating Performance in 2024
• Enhanced Digital-First Experience: We focused on enhancing digital wealth product variety on K PLUS, including mutual funds with open architecture, gold trade, and foreign currency deposit wallet. This effort resulted in an increase in digital onboarding to 57 percent, from 49 percent as of the end of 2023. • Strengthened Leading Position in Digital Banking Through: - K PLUS for retail users: 1) Introduced “Better Finance for Better Life”, featuring consolidated financial portfolio management and budget monitoring 2) Expanded international QR payment through Alipay+ and WeChat, and an integrated service for tourists visiting other countries, with the K+ Go Inter feature - K BIZ for business customers: The K BIZ mobile application was launched to complement diverse business needs and promote a seamless management experience for the business sector, anywhere, anytime.	• Number of K PLUS users in the country: 23.1 million - Growth: 6 percent YoY • Number of K BIZ users: 1.2 million - Growth: 13 percent YoY • Digital Transaction: Increased to 93.6 percent • Branch Network*: 781 branches - A net decline of 28 branches from the previous year • Self-Service Channel (K-ATM and K-CDM): 10,286 machines - A net decline of 617 machines from the previous year

Key Progress	Operating Performance in 2024
• Achieved Channel Productivity: - Successfully migrated service calls to digital channels, covering 10 percent of call traffic at contact center. - Implemented a right-sizing strategy by reducing branches and e-Machines. - Leveraged e-Machines for cash withdrawals via other partner banks' mobile banking.	• Leading in Overall Brand NPS according to 2024 results (Branch, e-Machine, K PLUS and K-Contact Center) <i>*Excluding three branches classified as other branch platforms per the Bank of Thailand's condition</i>

3.2.4 K-Strategy +1: New Revenue Creation for Medium and Long Term

The Bank has a policy of exploring opportunities while closely monitoring risks in new revenue streams via key business units. Our strategic initiatives include:

- **Broadening our Reach to The Mass Market and the Underbanked with Limited Access to KBank Services:** Through KASIKORN INVESTURE CO., LTD. (KIV), we invested in companies engaging in lending, payment services and asset management business. By leveraging our partners' capabilities and KBank's existing infrastructure, we have increased flexibility in providing financial services to retail customers while mitigating credit costs. Major operations were as follows:
 - **NGERN HAI JAI CO., LTD.**
 - Offering auto title loan service, for both transfer and non-transfer of registration book.
 - **KASIKORN LINE CO., LTD.**
 - Providing personal loans to retail customers through a new digital-based underwriting model to keep credit costs within budget. The company also increased credit limits for existing customers with good repayment discipline by using existing data, thus broadening opportunities for quality credit extension, for both existing and new clients.
 - **JK ASSET MANAGEMENT CO., LTD.**
 - Purchasing NPL, partly from KBank as backlog for debt collection.
 - **KASIKORN CARABAO CO., LTD.**
 - Increasing volume of retail business loans via device financing by leveraging partners' strength on network.
 - **KASIKORN GLOBAL PAYMENT CO., LTD.**
 - Providing payment gateway service as an intermediary to build up business synergy within KIV. The company focused on expanding its customer base with new merchants and increasing the volume of services among existing customers. Emphasis was also placed on managing key accounts and developing new tools to continually drive business growth.

- **Taking the Lead in Financial Services Through Regional Business Expansion:** We focused on broadening our customer base in three key countries in alignment of the Bank's strategy to become the Best Sino-AEC Bank in China, while improving services through digital channels, such as mobile banking and internet banking, in Indonesia, and expanding customer base in Vietnam through K PLUS Vietnam, as follows:
 - **People's Republic of China:** In 2024, KASIKORNBANK (CHINA) CO., LTD. focused on serving specific customer segments to support the expansion of Chinese companies' investments and trade in the Southeast Asian region, reflecting the growing interconnectedness of regional economies. Major business operations were as follows:
 - **Corporate and SME:** The Bank offered comprehensive cross-border business solutions, particularly transactional banking services, to SINO-AEC customers. Along with this, we broadened the SME customer base under prudent risk management practices, as well as connected to the national domestic payment network (CNAPS).
 - **Retail:** We continued to offer personal consumption loans and personal business loans through partnerships with a diverse range of local business partners as part of our risk diversification strategy. We also enhanced the Customer Engagement Platform to improve customer accessibility and risk assessment capabilities for new clients.
 - **Republic of Indonesia:** Major business operations of PT Bank Maspion Indonesia Tbk were as follows:
 - **Corporate and SME:** We focused on providing products and services that facilitate business operations, including transactional banking services, both domestically and internationally. Our approach emphasized building customer confidence through tailored solutions that address their specific needs, as well as leveraged partnerships with both Thai and Indonesian partners. Additionally, we prioritized the development of mobile banking applications for rural banks (BPR) to facilitate their business operations and help increase the proportion of deposits of PT Bank Maspion Indonesia Tbk.
 - **Retail:** KBank prioritized the expansion of diverse service channels for enhanced corporate image. Notable initiatives included: (1) increasing the number of participating merchants accepting bill payments via QR code under the Quick Response Code Indonesia Standard (QRIS) to 10,000, along with conducting same-day settlements every day, including holidays; (2) introducing a wide range of financial services on the mobile banking application and enhancing the system capacity to accommodate increasing transaction volumes; and (3) growing the number of payroll customers, while improving the digital onboarding process for new customers and offering additional payroll benefits.
 - **Socialist Republic of Vietnam:** Major business operations were as follows:
 - **Corporate:** We focused on providing long-term loans to customers in targeted low-risk industries, while implementing effective cost reduction strategies.
 - **SME:** We scaled digital payment solutions to small and micro merchants while leveraging transaction data to provide tailored loan services. As of the end of 2024, the number of electronic data capture (EDC) machines totaled more than 8,000 units, rising by 358 percent from 2023.

- **Retail:** KBank launched the first credit card in the second quarter of 2024, targeting top-tier customers. In parallel, we introduced other products to bolster our deposit base to accommodate long-term sustainable growth. As of the end of 2024, K PLUS Vietnam users reached 1.52 million – a 33-percent increase from 2023.

- **Developing Innovation for the Future Growth:** The Bank has formulated strategic plans and set goals for businesses that go beyond banking and innovation in sync with ever-changing consumer behavior, technology and the competitive landscape. These include developing financial innovations that cater to modern lifestyles, creating new financial models for the future, expanding services through collaborations with partners to provide beyond banking solutions, and becoming an organization focused on sustainable growth, with recognition placed on environment, society, governance and economy.

- **Financial Innovation**

- **MAKE** has more than 2.95 million users, while **KhunThong** has more than 2.5 million users.
- **MeowJot**, an application designed as a cross-bank automated expense tracker, has more than 250,000 users.
- **Development of Practical AI-Based Innovations**, such as verification tech and for car damage assessment, as well as THaLLE (Text Hyperlocally Augmented Large Language Extension), Thailand's first AI financial model, which has strong proficiency in Thai language and financial knowledge equivalent to the internationally recognized Chartered Financial Analyst (CFA) exam. Furthermore, KBTG has developed Future You, a product created in collaboration with MIT Media Lab to allow users to converse with their future selves.

- **Future of Finance**

- **Orbix Trade:** A digital asset exchange in Thailand, with the market share and number of users increasing by 5x and 3x, respectively.
- **Orbix Invest:** A digital asset fund manager that began operations in July 2024 and currently offers seven investment strategies that meet investors' needs.
- **Orbix Custodian:** A digital asset custodian business license was granted by the Ministry of Finance in September 2024 and is currently waiting for the Securities and Exchange Commission's approval to commence operations.
- **Orbix Technology:** The developer of blockchain infrastructure, Quarix Blockchain, successfully implemented real-world applications in 2024, including: (1) Q-Money by KBank launched in March 2024; (2) Project Carina: A cross-border payment solution launched in December 2024 in collaboration with J.P. Morgan; (3) Q-Bond (Bond Data on Quarix Chain) launched in September 2024 as the first use of Quarix Blockchain for debt securities transactions in Thailand, such as the issuance and offering of Q-Bond, a 1-year debenture by PTT Public Company Limited; all 3 projects are tested under the regulatory sandbox of the Bank of Thailand; and (4) Showcase a demonstration of blockchain technology for cross-border payment from Thailand to Republic of Singapore at the Singapore FinTech Festival 2024. The above-mentioned innovation is currently reviewed by the Bank of Thailand for implementation within the regulatory sandbox.

- **Uplift Banking**
 - **SKILLKAMP**: An e-Marketplace offering a wide range of online learning courses, focusing primarily on the development of digital skills, as well as learning materials and measurement of skill levels by leading, certified course developers. The platform caters to both KBank's existing customers and the general public.
 - **Koncierge+**: An IT solution platform launched by KBank to serve SME customers in the hotel industry. The platform integrates hotel services through a hotel management software system, supporting comprehensive hotel business management. It includes a Property Management System (PMS), automated room pricing via Revenue Management System (RMS), sales channel management and digital marketing. The platform is scheduled to be launched in 2025 and aims to enhance KBank's financial inclusion opportunities.
- **Sustainability**
 - **WATT'S UP**: An integrated marketplace platform for electric motorcycles (EV bikes), leveraging customer data to extend related financial services such as green loans and insurance products. Currently, the platform has more than 3,000 users and offers rental services, station search, and battery-swapping services with over 100 stations across the Bangkok Metropolitan Region.
 - **GreenPass**: A collaborative platform between KBank and INNOPOWER Co., Ltd., offering registration and trading services for Renewable Energy Certificates (REC). This platform helps retail and business customers with the installation of solar rooftops. It is the first platform in Thailand to play a significant role in generating additional income for small-scale electricity producers.
 - **KCLIMATE 1.5**: A company providing greenhouse gas management programs and ESG data processing services to support KASIKORNBANK FINANCIAL CONGLOMERATE in evaluating financial services for clients. The system was developed and installed with services launched in October 2024.
 - **Creative Climate Research Center (CCRC)**: An integrated knowledge incubation center focusing on Net Zero. The center supports knowledge sharing, research, and collaboration between public and private organizations domestically and internationally. Its goal is to develop Thailand's climate ecosystem for the transition towards sustainability.

3.3 Key Enablers

■ IT Management

KASIKORN BUSINESS-TECHNOLOGY GROUP (KBTG) aims to prioritize and enhance the capabilities of KASIKORNBANK FINANCIAL CONGLOMERATE in line with the K-Strategy, with cost-effectiveness, competitive advantage, and resilience. KBTG leverages regional IT resources from Thailand, the People's Republic of China, and the Socialist Republic of Vietnam. Our focus is on four key areas:

1. **Elevation of IT Foundation Aimed at Bolstering KBank Capabilities through:**
 - **Double Core Banking System**: This aims to handle the expected increase in transaction volume and accounts while ensuring smooth operations and a seamless customer experience.
 - **Modernized Data Foundation**: This aims to boost efficiency in KBank's internal data management in terms of speed, cost, quality and flexibility.

- **Application Architecture Refinement:** This aims to enhance the efficiency of operational systems in terms of cost and modern technology structure in alignment with the Bank's long-term business needs and operations.
2. **Enhancement of IT Service Quality:** We focused on modernizing the data storage and backup system through the use of appropriate cloud technology, as well as establishing robust infrastructure, system resilience and cyber security to minimize any negative impact that could disrupt business operations under stringent monitoring measures for the operations of various systems.

The Bank maintained its banking service quality, with no system failures reported, according to the IT System Failure Statistics Report issued by the Bank of Thailand for 2024.

3. **Development of Financial Innovations and Products:**

- **Development of the “MeowJot” application,** an automated tool that tracks and summarizes expenses from e-Slip of mobile banking transactions across different banks. As of the end of 2024, MeowJot had more than 250,000 users and more than 3,000 subscribers.
- **Collaboration with MIT Media Labs to develop various innovations** to enhance the Bank's financial ecosystem, including Future You, an interactive chat that uses artificial intelligence to simulate a future persona, and Finly, a financial companion that helps improve financial literacy for users.

4. **Creation and support of modern technology adoption:**

- **Strengthening business operations with analytics and AI:** We have applied data analytics models and AI technology to support strategic decision-making and improve operational efficiency across various areas, including lending, asset management, wealth management, marketing and customer services, etc.
- **Developing work processes with AI:** This effort aims to enhance the efficiency of software development operation and various work processes within KBank, as well as developing AI chatbots to inquire and respond to internal bank information more quickly.
- **Driving the development of Large Language Models (LLM):** Under the Southeast Asian Languages in One Network Data (SEALD Project), in collaboration with global technology leaders, AI Singapore and Google Research, this endeavor aims to enhance the capability to understand and process various languages used in the Southeast Asian region, such as Thai, Indonesian, Tamil, Filipino, and Myanmar.
- **Enhancing IT personnel development:** Through the KBTG Kampus program in collaboration with three leading higher education institutions, namely King Mongkut's Institute of Technology Ladkrabang, Mahidol University, and Thammasat University, KBTG has co-developed new master's degree programs, with emphasis placed on the fields critical to driving technological advancement and practical applications, as well as producing skilled professionals with industry-relevant knowledge. The programs include AI for business analytics, cybersecurity and information assurance, and interdisciplinary studies.
- **Launching KX Horizon:** It is a support program for startups specializing in AI, Web3, and Deep Tech in their early stages (Pre-seed and Seed Stage), aimed at attracting talented founders, investors, and potential partners.

■ Data Management and Analysis

We have maintained our commitment to prioritizing data analytics and artificial intelligence (AI) in alignment with the K-Strategy. Our ultimate objectives are to implement data-driven solutions for various use cases, promote our brand image, while also fostering people development. Concurrently, we focus on leveraging our comprehensive high-quality data, which is readily available and easy for all to use, achieved through our data governance policy, and especially robust data and AI infrastructure that supports our data-driven initiatives, as follows:

1. Creation of Value-Based, Data-Analytic, and AI-Driven Business Decisions, which places emphasis on improving credit performance and debt collection, preventing CASA drops, and enhancing sales and services of wealth management products. Key performance highlights:

- Enhancement of debt collection efficiency: The implementation of debt collection call efficiency along with detailed performance monitoring has streamlined debt collection processes. This has partly led to a significant reduction in expected credit losses.
- Prevention of declines in deposits in CASA and fund flow: Predictive AI was developed to provide early warning triggers about customers who are likely to withdraw funds from CASA or experience a decrease in fund flow within the next 3 months. This is done by analyzing the customer's business size and past spending behavior, enabling relationship managers to gain insights and proactively contact customers to identify and resolve any issues that may affect the declines in a timely manner.

2. Establishment of a Secure, Sturdy, and User-Friendly Big Data Foundation, Focused on Excellence Under Good Data Governance. The emphasis is placed on data security, system stability and user convenience to ensure that the Bank has high quality data, effective tools, skilled employees and culture that promotes the use of data. Key performance highlights are as follows:

- The development of a new Big Data platform on Cloud: This was achieved through enhancing Big Data capabilities with a platform that consolidates key data sources in a comprehensive manner, while also offering ease of use and management, resulting in data processing speeds of 2x -5x. In addition, it also supports scalable expansion and ensures secure data quality and usage.
- The development of skills and a data-driven culture: This was achieved through training programs aimed at enhancing the ability of key users to utilize data and analytics tools in order to address business needs. Around 92 percent of the target group successfully completed the training. Additionally, we also launched campaigns to promote a data-driven culture, engaging a total of 9,813 participants across 18 activities, with a satisfaction rating of 97 percent.

3. Empowerment of Data and AI Tools for Productivity Improvement. Key performance highlights are as follows:

- Enhancement of operational efficiency and productivity with Microsoft Copilot: Microsoft Copilot was implemented in a pilot program to increase productivity of 85 successful use cases and automating tasks such as data analysis, language translation, and content creation. This led to a significant reduction in manual work by 1,401 man-days per month and increased productivity.

■ Human Resource Management

The Bank's human resource management is aimed at supporting the K-Strategy, with focus placed on advancing KBank to become a performance-driven organization through efficient resource management, particularly employees' skills and competencies, to achieve targeted outcomes under an organizational culture that places importance on risk management. In 2024, KBank achieved notable improvement of 12 percent growth in Human Capital Return on Investment (HCROI) after credit cost. Significant progress and key initiatives include:

1. Continued implementation of stringent workforce management: We revisited workforce planning to align with the revised business plan for 2025-2027 and economic outlook. The focus was on enhancing personnel efficiency across all business units by implementing staff mobility, allowing employees to rotate into key business-critical roles, along with up-skilling and re-skilling initiatives to equip employees with the necessary skills to meet both current and future business demands. This effort helped the Bank reduce the recruitment of external employees, while also focusing on recruiting employees with specific skills, such as AI, data science, and new technologies.

2. Promotion of Performance-driven Organization: In 2024, the Bank improved guidelines for our corporate key performance indicators (KPIs) to better align with both short and long term business performance and ensure the delivery of sustainable value to key stakeholders through business outcomes under the K-Strategy 3+1. Additionally, the Bank engaged executives of KBank and its subsidiaries on a leadership development initiative with the aim of strengthening their capabilities in translating corporate KPIs into action plans and goals for employees at all levels. Managers are also expected to evaluate performance, provide guidance, and determine compensation based on the value employees contribute to the organization. This is to foster a performance-driven culture and enhance efficiency in operational processes to be prepared to execute the Bank's strategic plan. For 2025, the Bank has plans in place to further develop and improve the efficiency of our performance management by using new goal setting, target allocation, and performance evaluation systems in line with the Bank's productivity-driven operational strategy.

3. Execution of integrated learning and recognition programs in key business units

- **Wealth business management:** An integrated personnel capacity development program was implemented, focusing on wealth advisory, sales support, and customer understanding. This resulted in remarkable growth in sales volume of mutual fund and high-margin bancassurance products. Additionally, a recognition mechanism was introduced to honor high-performing employees, fostering pride and serving as inspiration for their colleagues.
- **Credit business:** A capacity development program was established for personnel involved in the end-to-end credit process. This program covers key areas, including credit management, risk management, and debt collection.

The Bank stresses the success of employee development must be measured using both quantitative and qualitative metrics, focusing on how effectively targeted employees apply acquired knowledge to improve job performance. Against a target of 80 percent, KBank achieved 84.67 percent.

4. Enhancement of quality of life and workplace benefits for employees: These comprehensive employee well-being initiatives include promoting mental well-being, providing financial literacy on wealth management, and implementing new HR management system modules for workforce planning, performance, and talent management.

The result of the employment engagement score at 78 percent reflects the success of the initiatives. (Average score from Gallup at 4.33 out of maximum score of 5.00).

4. Operating Performance and Financial Position

4.1 Operating Performance

In 2024, KBank operated its business in accordance with the principles of a Bank of Sustainability, with emphasis placed on three dimensions: environment, society, governance and economy. The Bank focused on delivering sustainable value to all stakeholders under good corporate governance, appropriate risk and cost management. Recognizing the importance of proactive and effective risk management, the Bank continuously developed and reviewed policies, tools, and processes for managing various risks in line with international standards, new regulatory requirements, new forms of emerging risks, and current business conditions to enabling the Bank to adapt to risks that are expected to steepen amid market volatility, and achieve sustainable growth.

The Thai economy in 2024 exhibited signs of a K-shaped recovery, with uneven growth across sectors, despite overall improvement when compared to 2023. Meanwhile, the economic recovery in 2025 still faces several risks, including uncertainties surrounding US economic policy, geopolitical conflicts, the Chinese economic slowdown, and domestic structural challenges such as issues in the manufacturing sector and high levels of private debt. Amid these perils, KBank and its subsidiaries have remained committed to creating sustainable value for all stakeholders. This includes delivering stable returns to shareholders, providing appropriate assistance to customers, offering responsible lending, and supporting government initiatives to help customers maintain sustainable livelihoods and business operations.

Operating Performance for 2024

(Unit: Million Baht)

	2024	2023	Change	
			Increase (Decrease)	Percent
Net Interest Income	149,376	148,444	932	0.63
Non-Interest Income	48,570	44,209	4,361	9.86
Total Operating Income - net	197,946	192,653	5,293	2.75
Total Other Operating Expenses	87,273	84,968	2,305	2.71
Expected Credit Loss	47,251	51,840	(4,589)	(8.85)
Net Profit (attributable to equity holders of KBank)	48,598	42,405	6,193	14.60
Basic Earnings per Share (Baht) ¹⁾	20.20	17.58	2.62	14.90

¹⁾ Basic Earnings per Share = Net profit (attributable to equity holders of the Bank) deduct dividend from other equity instruments after income tax divided by common shares outstanding

KBank and its subsidiaries reported Baht 110,673 million in operating profit before expected credit loss and income tax expense, an increase of Baht 2,988 million or 2.77 percent from the previous year. Net operating income was Baht 197,946 million, an increase of Baht 5,293 million or 2.75 percent as a result of the Bank's strategic execution and business volume expansion. Other operating expenses for 2024 were Baht 87,273 million, an increase of Baht 2,305 million or 2.71 percent from the previous year. Cost to income ratio for 2024 stood at 44.09 percent, almost on par with the level seen last year, due to effective cost management and continuous enhancements in operational

efficiency. KBank and its subsidiaries maintained a consistently prudent approach in setting aside expected credit loss (ECL) each quarter to cope with uncertainties of prevailing economic factors, in line with asset quality management. Although expected credit loss decreased by 8.85 percent from the previous year, net profit for 2024 was Baht 48,598 million, an increase of Baht 6,193 million or 14.60 percent from the previous year.

Net interest income was Baht 149,376 million, a slight increase of Baht 932 million or 0.63 percent from the previous year due partly to limited loan growth in line with the economic situation and the enhancement of credit underwriting processes to ensure quality lending. Net interest margin (NIM) stood at 3.64 percent, a slight decrease from the previous year. Non-interest income was Baht 48,570 million, an increase of Baht 4,361 million or 9.86 percent due mainly to increased fee income from wealth management service through the offering of comprehensive financial products from the Bank and its subsidiaries, as well as partners. Additionally, there was an increase in gains from financial instruments measured at fair value through profit or loss and investment income, along with increased revenue from foreign exchange transactions which were in line with the tourism recovery.

Other operating expenses were Baht 87,273 million, an increase of Baht 2,305 million or 2.71 percent from the previous year. This lower growth rate compared to 2023 resulted from our focus on effective cost management and continuous enhancements in operational efficiency. Meanwhile, the increase in other operating expenses primarily stemmed from employee expenses, marketing expenses in line with growth in the business volume and IT-related expenses to support the expansion of customer service channels.

(Unit: Percent)

Financial Ratio	2024	2023	Increase (Decrease)
Return on Assets (ROA) ²⁾	1.13	0.99	0.14
Return on Equity (ROE) ³⁾	8.99	8.29	0.70
Net Interest Margin (NIM)	3.64	3.66	(0.02)
Cost to Income Ratio	44.09	44.10	(0.01)

²⁾ Annualized

³⁾ Return on average equity (ROE) = Net profit (attributable to equity holders of the Bank) deduct dividend from other equity instruments after income tax calculated on an annualized basis divided by average equity of equity excluded other equity instruments at the beginning of the quarter / period / year and equity at the end of the quarter / period / year

(Unit: Percent)

Financial Ratio	2024	2023	Increase (Decrease)
Significant increase in credit risk loans ⁴⁾ to total loans ⁵⁾	7.35	6.26	1.09
Significant increase in credit risk loans and non-performing loans ⁶⁾ to total loans ⁵⁾	10.47	9.37	1.10
NPLs gross ⁷⁾ to total loans ⁸⁾	3.18	3.19	(0.01)
Total allowance for expected credit loss ⁹⁾ to NPL gross (Coverage ratio)	153.27	152.23	1.04
Loans ¹⁰⁾ to Deposits Ratio	92.12	92.25	(0.13)
Capital Adequacy Ratio ¹¹⁾	20.25	19.41	0.84
Tier 1 Capital Ratio ¹¹⁾	18.27	17.44	0.83

- ⁴ Significant increase in credit risk loans used in calculation are loans to customers and loans to financial institutions which credit risk has increased significantly
- ⁵ Loans used in calculation are loans to customers and loans to financial institutions and accrued interest receivables and undue interest receivables
- ⁶ Credit impaired loans used in calculation are loans to customers and loans to financial institutions which credit risk has impaired
- ⁷ NPL gross used in calculation are loans to customers and loans to financial institutions of non-performing loans
- ⁸ Loans used in calculation are loans to customers and loans to financial institutions
- ⁹ Included allowance for expected credit loss of loan commitment and financial guarantee, deposit to financial institutions, investments and other financial assets
- ¹⁰ Loans = Loans to customers
- ¹¹ KASIKORNBANK FINANCIAL CONGLOMERATE's Capital Adequacy Ratio (CAR)

□ Net Interest Income

KBank's consolidated net interest income for 2024 was Baht 149,376 million, increasing by Baht 932 million or 0.63 percent over-year. The increase could be attributed to interest income from interbank and money market items which rose by Baht 2,634 million or 24.25 percent in line with average return and average transaction volume, and interest income from investments which rose by Baht 2,464 million or 9.35 percent in line with average investment volume and average return. Meanwhile, interest expenses rose by Baht 4,546 million or 32.29 percent due primarily to the rising average deposit interest rate.

(Unit: Million Baht)

	2024	2023	Change	
			Increase (Decrease)	Percent
Interest Income	189,440	183,608	5,832	3.18
Interbank and money market items	13,495	10,861	2,634	24.25
Investments	28,809	26,345	2,464	9.35
Loans to customers	138,673	138,693	(20)	(0.01)
Hire purchase and finance leases	7,879	7,709	170	2.20
Others	584	-	584	100.00
Interest expenses	40,064	35,164	4,900	13.93
Deposits from customers	18,624	14,078	4,546	32.29
Interbank and money market items	4,295	3,719	576	15.49
Contributions to Financial Institutions Development				
Fund and Deposit Protection Agency	12,302	12,471	(169)	(1.36)
Debts issued and borrowings	4,752	4,794	(42)	(0.89)
Others	91	102	(11)	(10.22)
Total Interest Income – net	149,376	148,444	932	0.63
Yield on Earning Assets (percent)	4.61	4.52		0.09
Cost of Fund (percent)	1.34	1.17		0.17
Net Interest Margin (NIM) (percent)	3.64	3.66		(0.02)

❑ Non-Interest Income

For 2024, KBank's consolidated non-interest income totaled Baht 48,570 million, increasing by Baht 4,361 million, or 9.86 percent over-year. The increase was attributable mainly to net fees and service income which rose by Baht 2,100 million or 6.73 percent, especially rising fees from wealth business, fund management and loan management. Moreover, other income rose by Baht 2,583 million or 14.25 percent, due to gain on financial instrument measured at fair value through profit or loss in line with market conditions, investment income and revenue from foreign exchange transactions, which were in line with the recovery of tourism. Meanwhile, net premiums earned – net dropped by Baht 322 million or 6.31 percent in line with life insurance business condition.

(Unit: Million Baht)

	2024	2023	Change	
			Increase (Decrease)	Percent
Non-Interest Income				
Fees and Service Income	52,123	48,620	3,503	7.20
Fees and Service Expenses	18,843	17,440	1,403	8.05
Fees and Service Income – net	33,280	31,180	2,100	6.73
Gain (Loss) on Financial Instrument measured at Fair Value				
through Profit or Loss	13,206	12,123	1,083	8.93
Gain (Loss) on Investments	45	(588)	633	107.72
Share of Profit (Loss) from Investments using Equity Method	981	(35)	1,016	2,867.26
Dividend Income	3,526	3,569	(43)	(1.23)
Net Premiums Earned	67,177	67,674	(497)	(0.73)
Other Operating Income	2,952	3,058	(106)	(3.45)
Less Underwriting Expenses	72,597	72,772	(175)	(0.24)
Total Non-Interest Income	48,570	44,209	4,361	9.86

❑ Other Operating Expenses

KBank's consolidated other operating expenses for 2024 were Baht 87,273 million, increasing by Baht 2,305 million, or 2.71 percent over-year. The increase could be attributed mainly to employee expenses, marketing expenses in line with business volume growth and IT-related expenses to support expansion of customer service channels. Our cost to income ratio of 2024 was thus equal to 44.09 percent, which was close to 44.10 percent last year.

(Unit: Million Baht)

	2024	2023	Change	
			Increase (Decrease)	Percent
Employee Expenses	42,513	40,274	2,239	5.56
Directors' Remuneration	207	163	44	27.08
Premises and Equipment Expenses	11,832	11,388	444	3.90
Taxes and Duties	6,783	6,744	39	0.57
Others	25,938	26,399	(461)	(1.75)
Total Other Operating Expenses	87,273	84,968	2,305	2.71
Cost to Income Ratio (percent)	44.09	44.10		(0.01)

❑ Classified Loans and Expected Credit Loss

• Classified Loans

KBank classified loans into three levels per TFRS 9. The classified loans in stage 2 include the loans with significantly increasing credit risk since initial recognition but without credit impaired. As of December 31, 2024, and 2023, loans with significantly increasing credit risk (under-performing loans) to total loans ratio was equal to 7.35 and 6.26 percent, respectively, whereas loans with significantly increasing credit risk (under-performing loans) and credit impaired loans (non-performing loans) to total loans ratio was equal to 10.47 and 9.37 percent, respectively,

(Unit: Million Baht)

	Dec. 31, 2024		Dec. 31, 2023	
	Loans and accrued interest receivables ¹⁾	Allowance for expected credit loss	Loans and accrued interest receivables ¹⁾	Allowance for expected credit loss
Stage 1 Performing	2,214,883	37,862	2,227,973	45,546
Stage 2 Under-performing	215,701	49,712	185,331	43,822
Stage 3 Non-performing	91,309	44,132	92,064	44,508
Total	2,521,893	131,706	2,505,368	133,876

¹⁾ Including loan to customers and accrued interest and undue interest receivables

• Modified Loans

KBank and its subsidiaries engaged in modification contracts with debtors. In 2024, there were loans before modification amounting to Baht 13,729 million and incurred losses amounting to Baht 290 million.

• Expected Credit Loss

KBank and its subsidiaries set aside expected credit loss of Baht 47,251 million for 2024, a decrease of Baht 4,589 million or 8.85 percent. We maintained our consistently prudent approach to ensure that the level of our expected credit loss is appropriate and sufficient to withstand economic uncertainties. As a result, our expected credit loss to average loans for 2024 stood at 1.89 percent, a decrease of 2.08 percent over-year. Moreover, our coverage ratio as of December 31, 2024 was equal to 153.27 percent.

Expected Credit Loss

(Unit: Million Baht)

	2024	2023	Change	
			Increase (Decrease)	Percent
Expected Credit Loss	47,251	51,840	(4,589)	(8.85)
Expected Credit Loss to Average Loan (percent)	1.89	2.08		(0.19)

Allowance for Expected Credit Loss

As of December 31, 2024, our consolidated allowance for expected credit loss totaled Baht 131,706 million.

— Non-Performing Loans and Properties Foreclosed

Non-Performing Loans

As of December 31, 2024, financial conglomerate's NPLs stood at Baht 93,009 million, or 3.18 percent of the total outstanding credit, including that of financial institutions. KBank's NPLs totaled Baht 86,092 million, or 3.11 percent of the total outstanding credit, including that of financial institutions. The NPLs data is shown in the table below:

Non-Performing Loans

(Unit: Million Baht)

For the Year Ending	Dec. 31, 2024	Dec. 31, 2023
Financial conglomerate NPLs	93,009	94,241
Percent of total outstanding credit, including that of financial institutions	3.18	3.19
KBank NPLs	86,092	88,327
Percent of total outstanding credit, including that of financial institutions	3.11	3.16

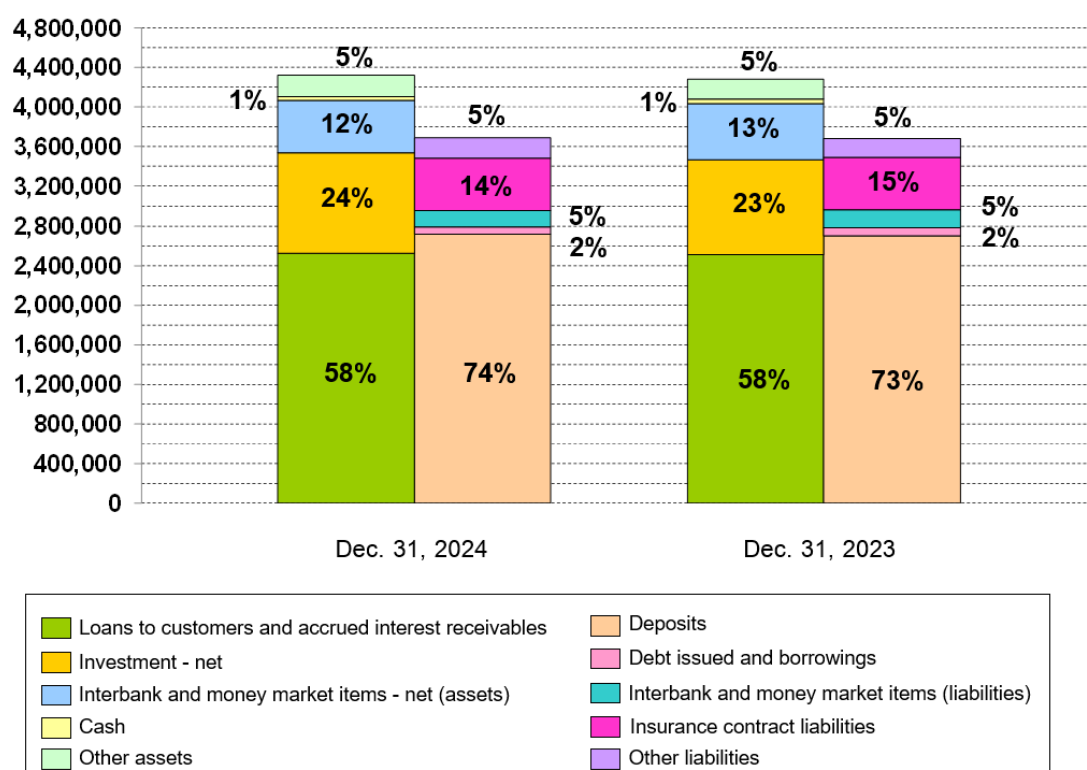
Properties Foreclosed

As of December 31, 2024, our financial conglomerate properties foreclosed had a net value of Baht 54,720 million, thus being 1.27 percent of total assets.

4.2 Financial Position

Assets and Liabilities Structure

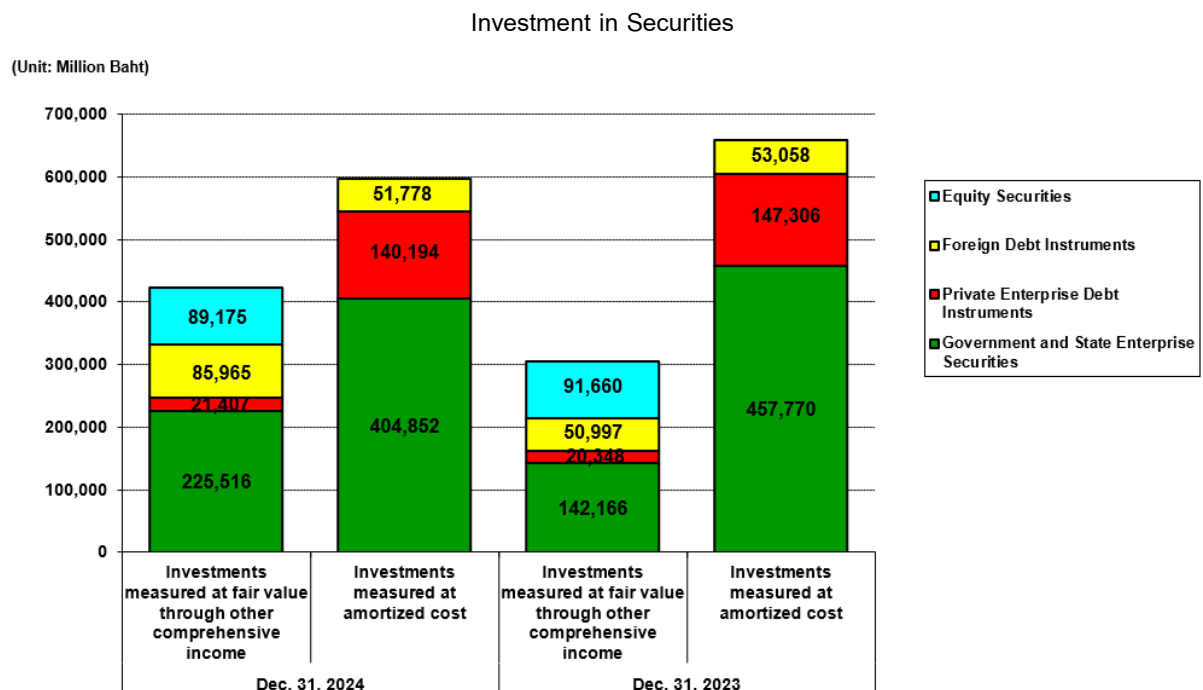
(Unit: Million Baht)



□ Assets

At the end of 2024, KBank's consolidated assets totaled Baht 4,325,287 million, an increase of Baht 41,731 million or 0.97 percent from the end of 2023. The rise was due mainly to an increase in net investment and loans to customers while net interbank and money market items declined. Key details are as follows:

- Net investment totaled Baht 1,018,887 million, an increase of Baht 55,582 million or 5.77 percent from the end of 2023, in line with interest rates forecast.
- Loans to customers totaled Baht 2,504,565 million, an increase of Baht 14,167 million or 0.57 percent from the end of 2023 due to the loan growth in the business customer segment, in line with slower economic growth.
- Net interbank and money market items totaled Baht 522,729 million, a decline of Baht 46,279 million or 8.13 percent from the end of 2023, due mainly to KBank's liquidity management.



□ Liabilities and Equity

Our consolidated liabilities at the end of 2024 amounted to Baht 3,693,672 million, an increase of Baht 6,951 million or 0.19 percent from the end of 2023. The rise was mainly attributable to increased deposits while debt issued and borrowings declined. Significant changes in our consolidated liabilities included:

- Deposits totaled Baht 2,718,675 million, an increase of Baht 19,113 million or 0.71 percent from the end of 2023, mainly as a result of the increase in savings deposits while fixed deposited declined.
- Debt issued and borrowings equaled Baht 67,334 million, a decline of Baht 14,238 million or 17.46 percent from the end of 2023, mainly as a result of the redemption of short-term debentures.

Equity (attributable to KBank) at the end of 2024 amounted to Baht 563,352 million, an increase of Baht 31,067 million or 5.84 percent from the end of 2023, derived mainly from KBank's net profit after deducting dividend payment in 2023.

□ Relationship between Sources and Uses of Funds

As of December 31, 2024, the funding structure as shown in the consolidated financial statement comprised Baht 3,693,672 million in liabilities and Baht 631,615 million in equity, of which Baht 563,352 million was equity (attributable to equity holders of the Bank), resulting in a debt-to-equity ratio of 6.56. The main source of funds on the liabilities side was deposits, which equaled Baht 2,718,675 million or 62.86 percent of the total source of funds as of December 31, 2024. Meanwhile, interbank and money market items as well as debt issued and borrowings accounted for 3.98 percent and 1.56 percent of the total source of funds, respectively.

As of December 31, 2024, KBank and subsidiaries' major use of funds was loans to customers which amounted to Baht 2,504,565 million, resulting in loan-to-deposit ratio of 92.12 percent. Excluding the deposit volume that increased over the short term, the loan-to-deposit ratio stood almost at the same level as reported in the previous quarter. As for the remaining liquidity, KBank invested in various selections of liquid assets, such as interbank and money market items, financial assets measured at fair value through profit or loss, and investments in securities.

KBank and Subsidiaries' Major Sources and Uses of Funds

(Unit: Million Baht)

Period	Deposits				Loans and accrued interest receivables ¹⁾			
	Dec. 31, 2024	Percent	Dec. 31, 2023	Percent	Dec. 31, 2024	Percent	Dec. 31, 2023	Percent
≤ 1 Year	2,654,777	97.65	2,670,705	98.93	1,156,626	45.86	1,106,514	44.17
> 1 – 5 Years	63,898	2.35	28,857	1.07	540,987	21.45	591,513	23.61
> 5 Years	-	-	-	-	824,280	32.69	807,341	32.22
Total	2,718,675	100.00	2,699,562	100.00	2,521,893	100.00	2,505,368	100.00

¹⁾ Including loan to customers and accrued interest and undue interest receivables

As of December 31, 2024, deposits with maturities within one year were larger than loans with remaining maturities within one year. This is considered normal for commercial banks in Thailand, which mainly mobilized short-term funds for long-term loan extension or investment. However, the majority of deposits at KBank were renewed continually upon maturities. As a result, most deposits remained with KBank longer than their stated contractual term, thereby helping to support funding for KBank's lending.

□ Change in Cash Flows

As of 31 December 2024, the Bank and its subsidiaries' cash were Baht 46,021 million, decreasing by Baht 2,668 million from the end of previous year. Net cash provided by and used in activities can be summarized as follows:

- Net cash provided by operating activities were Baht 77,860 million which was derived mainly from Baht 101,932 million of operating profit before changes in operating assets and liabilities, and changes in significant operating assets and liabilities consisting of deposits that increased by Baht 21,239 million, and other liabilities that increased by Baht 8,341 million, while interbank and money market items (liabilities) decreased by Baht 9,306 million and short-term debts issued and borrowings decreased by Baht 14,636 million. Meanwhile, interbank and money market items (assets) decreased by Baht 45,385 million, properties foreclosed decreased by Baht 13,393 million, and other assets decreased by Baht 8,017 million, while loans to customers increased by Baht 86,117 million, derivative assets increased by Baht 8,420 million, and financial assets measured at fair value through profit or loss increased by Baht 1,633 million.
- Net cash used in investing activities were Baht 60,154 million which was derived mainly from Baht 279,814 million of purchase of investments measured at fair value through other comprehensive income, Baht 108,178 million of purchase of investments measured at amortised cost, Baht 1,920 million of purchase of investments in subsidiaries associates and joint venture, Baht 5,933 million of purchase of intangible assets and Baht 3,137 million of purchase of premises and equipment, while there were Baht 168,762 million of proceeds from disposal of investments measured at fair value through other comprehensive income and Baht 169,946 million of proceeds from redemption of investments measured at amortised cost.
- Net cash used in financing activities were Baht 20,292 million which was derived mainly from Baht 17,770 million of dividend paid to shareholders and Baht 1,094 million of cash paid for lease liabilities.

□ Contingent Liabilities and Commitments

Contingent liabilities and commitments of the Bank and its subsidiaries consisted of:

(Unit : Million Baht)

	Dec. 31, 2024	Dec. 31, 2023	Dec. 31, 2022
Avals to bills and guarantees of loans	16,728	21,064	18,431
Liability under unmatured import bills	45,096	48,174	47,898
Letters of credit	28,914	25,054	38,491
Other contingencies	718,307	729,551	744,206
Total	809,045	823,843	849,026

4.3 Loans and Deposits

Loans

As of December 31, 2024, KBank's consolidated outstanding loans stood at Baht 2,504,565 million, increasing by Baht 14,167 million or 0.57 percent, compared to Baht 2,490,398 million as of December 31, 2023.

Loan Portfolio by Type of Customer and Credit Amount

(Unit: Million Baht)

	Dec. 31, 2024		Dec. 31, 2023	
	Corporate Business ¹⁾	Retail Business ²⁾	Corporate Business ¹⁾	Retail Business ²⁾
Loans	1,668,973	687,520	1,653,392	683,960

Notes: ¹⁾ "Corporate Business" refers to registered companies, certain private individual business customers, government agencies, state enterprises, as well as financial institutions, etc. KBank provides a variety of financial products and services to them, e.g., long-term and working capital loans, letters of guarantee, trade finance solutions, syndicated loans, cash management solutions and value chain solutions.

²⁾ "Retail Business" refers to private individual customers using KBank products and services, e.g., deposit accounts, debit cards, credit cards, personal loans, housing loans, financial advisory services, investment products and other transactional services.

KBank has a policy of prudent credit extension, accounting for the Thai economic situation and the highly competitive market. We focused on improvement of loan products and services, especially through adoption of data analytics and technology for enhanced efficiency in lending. We aimed to acquire customers with sound debt servicing ability who are interested in borrowing, in order to generate additional income for KBank under risk-adjusted pricing strategies and efficient risk management.

Corporate Business Loans

As of the end of 2024, our corporate business loans (Corporate and SME customers) increased by Baht 15,581 million or 0.94 percent compared to 2023. Notably, growth was observed in the industrial agriculture, commerce consumer, petroleum and petrochemical products and packaging and printing. In contrast, SME business loans experienced a decline, reflecting the segment's limited recovery amidst ongoing economic challenges. Additionally, the Bank maintained a prudent loan growth strategy, focusing on existing customers during this period of economic slowdown. We also rebalanced our portfolio by reducing unsecured commercial loans to enhance risk management efficiency.

Retail Business Loans

As of the end of 2024, our retail loans increased by Baht 3,560 million or 0.52 percent compared to 2023. This growth was driven growth in home loans in line with the Bank's strategic focus on secured lending and targeting high-potential existing customers. Additionally, strategic collaborations with top-tier property developers enabled the Bank to maintain competitiveness and achieve its housing loan market share targets. Meanwhile, unsecured retail loans declined in alignment with the Bank's strategy, which prioritizes customer's debt servicing ability. The focus remains on enhancing liquidity and supporting daily spending needs to ensure that customers can avoid overleveraged situations through responsible lending principles.

□ Deposits

Deposits Classified by Type of Deposit Account

(Unit: Million Baht)

	Percent of Total Deposits	Deposits		Change	
		Dec. 31, 2024	Dec. 31, 2023	Increase (Decrease)	Percent
Total Deposits	100.00	2,718,675	2,699,562	19,113	0.71
Current accounts	6.01	163,328	165,512	(2,184)	(1.32)
Savings accounts	74.18	2,016,813	1,986,993	29,820	1.50
Fixed-term deposit accounts	19.81	538,534	547,057	(8,523)	(1.56)

In 2024, overall competition for deposits among commercial banks remained at a low to moderate level due to the inconsistent and uneven recovery of the Thai economy, which impacted overall loan volume, resulting in a decline compared to that reported for 2023. Meanwhile, the MPC began to cut the policy rate to 2.25 percent in October 2024 from 2.50 percent in 2023, with further reductions likely in the following year. This trend prompted commercial banks to manage deposit costs carefully by focusing on aligning financial liquidity with the sluggish lending conditions, as seen during the final quarter of 2024. Additionally, many commercial banks introduced special fixed deposit products with lower interest rates and discontinued some special fixed deposit offerings.

KBank cut both lending and deposit interest rates in line with the aforementioned reduction in the policy rate. Specifically, both the Minimum Loan Rate (MLR) for corporate clients and the Minimum Retail Rate (MRR) for retail clients were reduced by 0.12 percent per annum, while the Minimum Overdraft Rate (MOR) was reduced by 0.25 percent per annum. For deposits, KBank lowered savings interest rates for both retail and corporate clients by 0.05–0.15 percent per annum and fixed deposit interest rates by 0.05–0.35 percent per annum.

KBank had guidelines in place to manage deposits, a key liquidity source of KBank, with a focus on appropriate cost management. With this in mind, KBank continued to focus on offering deposit products tailored to meet savings needs of different customer segments. In the fourth quarter of 2024, KBank introduced the Taweasap Special Fixed Deposit, a tax-exempt savings product with attractive interest rates. Additionally, KBank launched deposit products for payroll customers – those receiving their salaries via the Bank's accounts – including a 3-month fixed deposit and the flexible time deposit plus family protection. These products offer special benefits, such as an additional 0.25-percent interest rate on top of the announced rate.

At the same time, KBank continued to place emphasis on managing the proportion of current accounts and savings accounts (CASA) originating from customers' main bank operating accounts, which are considered high-quality deposits. As of the end of 2024, KBank's total deposits from CASA increased by Baht 27,636 million, accounting for 1.28 percent compared to the end of 2023. This brought the CASA-to-total-deposits ratio to 80.19 percent.

4.4 Treasury Operations

In 2024, the US Federal Reserve (Fed) initiated its first interest rate-cutting cycle after maintaining the policy rate at the highest level during the current cycle for approximately one year. Throughout the year, the Fed's policy rate was cut by a total of 1.00 percent, from 5.25-5.50 percent to 4.25-4.50 percent. Meanwhile, Thailand's Monetary Policy Committee lowered the policy rate, after maintaining the policy rate at the highest level during the current cycle for approximately one year, by 0.25 percent to 2.25 percent on October 16, 2024. Future economic developments will need close monitoring, as they could lead to further reductions in the US policy rate. For Thailand, the policy rate may decline somewhat.

The recent Fed's interest rate cuts and further reductions in the future would have positive impact to the bond value. However, during the initial phase of the rate adjustment, combined with uncertainties surrounding US economic and geopolitical policies following President Trump's inauguration, volatility and pressure on both the US dollar bond market and the Thai bond market may arise. Domestically, monetary policy, which is expected to ease slightly, coupled with reduced risks from the implementation of high fiscal deficit policy, aimed at stimulating the economy, may support Thai government bond yields to move within a narrow range or decline slightly in the near term.

KBank adopted an investment portfolio management approach that prioritizes maintaining liquidity to facilitate changes in targeted core businesses. KBank has aligned its investment strategy with prevailing economic conditions and movements in domestic and international financial and capital markets. Under the potential decline in interest rates abroad and in the country, KBank has managed the overall bond holdings within the investment portfolio by slightly increasing the average maturity of held bonds to a cautiously appropriate level. This approach aims to mitigate impacts of such volatility on KBank.

In 2024, the average interest rate for overnight interbank borrowing was 2.41 percent p.a., an increase from the average rate of 1.95 percent p.a. in 2023. This trend aligned with the policy rate, which ranged from 1.25 percent to 2.50 percent in 2023, and 2.25 percent to 2.50 percent in 2024.

Additionally, KBank adopted a liquidity management approach within an acceptable risk framework and with appropriate cost management. It emphasizes funding through deposits, particularly deposits from current accounts and savings accounts (CASA) from customers' main bank operating accounts. For foreign currency liquidity management, KBank focused on the strategy based on matching maturity to help mitigate risks associated with securing liquidity in non-core currencies of KBank.

❑ Liquid Asset Ratio

KBank maintains average fortnightly current deposits at not less than 1.00 percent of total deposits and certain types of borrowings in accordance with the Bank of Thailand's regulations. As of December 31, 2024, our deposits at the Bank of Thailand and cash at cash center averaged Baht 29,216 million.

4.5 Operating Performance of K Companies and Muang Thai Life Assurance PCL

Operating Performance of K Companies* and Muang Thai Life Assurance PCL

(Unit: Million Baht)

Company	Performance Measurement	2024	2023	2022
KASIKORN ASSET MANAGEMENT CO., LTD. (KAsset)	Assets under management	1,715,068	1,573,324	1,489,097
	Market Share (Percent)	17.79	18.01	18.10
KASIKORN SECURITIES PCL (KSecurities)	Trading Volume	588,622	655,703	1,021,116
	Market Share (Percent)	2.77	2.73	3.00
KASIKORN LEASING CO., LTD. (KLeasing)	Outstanding Loans	125,840	153,393	137,366
KASIKORN FACTORY AND EQUIPMENT CO., LTD. (KF&E)	Outstanding Loans	24,471	23,720	24,314
Muang Thai Life Assurance PCL (MTL)	Net Premiums Earned	71,817	70,978	69,326
	Market Share (Percent)	10.98	11.21	11.34

Note: * KResearch is not included, since this company does not engage in financial business.

During 2024, K Companies and Muang Thai Life Assurance PCL (MTL) attained satisfactory qualitative and quantitative operating performance. This achievement was attributable to the close cooperation between KBank and K Companies, as well as MTL. Key details are as follows:

KASIKORN ASSET MANAGEMENT CO., LTD. (KAsset): KAsset maintained the number-one position in the mutual fund business as gauged by assets under management in this category, with a market share of 21.94 percent as of the end of 2024. Total market share of assets under management (AUM) was 17.79 percent. This excellent performance was due in part to strategic cooperation with new partners while also maintaining investment collaboration with existing partners, development of various types of new fund products to fully meet the needs of all customer segments, as well as development of effective sales channels to take care of customers before and after investment. Key operations are as follows:

- Establishing a strategic partnership with J.P. Morgan Asset Management (JPMAM) to develop products and services, as well as investment innovations. This partnership focuses on enhancing KAsset's capabilities in global asset selection and allocation in accordance with the multi-asset portfolio principle in order to reduce investment portfolio risks and volatility arising from uncertainties in the timing of the US Federal Reserve's interest rate policy changes and divergent economic recoveries among major economies. JPMAM's in-depth investment perspective on foreign assets has been incorporated to strengthen the K-WealthPLUS Series of funds, comprising all five funds.
- Maintaining sustainable investment cooperation with Lombard Odier to formulate strategies and develop sustainable investment products in alignment with international standards, including the K Planetary Transition Fund-A(A) (K-PLANET-A(A)) and the K Target Net Zero Thai Equity Fund-ThaiESG (K-TNZ-ThaiESG), which has a policy of investing in businesses related to environmental,

social and governance (ESG) matters to create sustainability for participants in the business ecosystem.

- Developing new products by expanding fund classes to provide investors with more options, including tax-saving and general funds, such as K India Equity RMF (KINDIARMF), K US Equity Passive RMF (KUS500XRMF), and K Target Net Zero Thai Equity Fund-A(A) (K-TNZ-A(A)). Other newly launched funds included Thai ESG Fund, which allows investors to claim personal income tax deductions, capital-guaranteed funds, private markets funds for institutional and ultra-high-net-worth investors, and global equity funds.
- Enhancing sales channel efficiency in compliance with the regulations of the Office of the Securities and Exchange Commission (SEC). Emphasis was placed on the competency of fund sales officers, and support of investment via digital channels that are easily accessible to customers. The company prioritized providing investment information and recommendations via its website, online media, and the K PLUS and K-My Funds applications. Another notable initiative was after-sales service that customers can process by themselves for greater convenience and swift response time.

KASIKORN SECURITIES PCL (KSecurities): In 2024, the company's securities trading volume totaled Baht 588,622 million, holding a market share of 2.77 percent. It emphasized the development of services via online channels in sync with investor behavior, such as opening of online accounts and online account-related services that allow investors to conduct transactions by themselves. Focus was also on provision of quality information via multiple online channels to keep investors abreast of the latest developments. In addition, KSecurities is developing a comprehensive investment tool to serve as a source of investment data and a one-stop platform for trading multiple products.

KASIKORN LEASING CO., LTD. (KLeasing): As of December 31, 2024, the company reported portfolio outstanding of Baht 125,840 million, dropping by 17.96 percent YoY. This decline resulted of the transfer of auto title loan portfolio to Ngern Hai Jai Co. Ltd., a subsidiary of KASIKORN INVESTURE Co. Ltd. Excluding this factor, the company's outstanding balance as of the end of 2024 would have decreased by 3.32 percent because of the decline of new loans in line with the steepest contraction of domestic car sales in two decades. Amid sluggish conditions in the car market and hefty household debt, the company, however, implemented a strategy, aimed at bolstering income through higher interest returns from new loans and fee-based revenues, combined with productivity improvements across all departments. This included cost ratio management by increasing automation in processes and workflows while closely monitoring asset quality in accordance with the Bank of Thailand's responsible lending practices.

Additionally, the company continued to advance digital innovations to strengthen business and enhance customer experience through following digital platforms:

- **Digital Self-Apply Platform:** A self-service loan application platform enabling customers to apply for auto loans and receive instant approval. This platform embeds E-KYC functionalities, credit data analysis and automated credit scoring, catering to modern customer lifestyles.
- **KEV Shop Platform:** A comprehensive platform offering a wide range of EVs and energy-efficient cars, featuring API connection with platform of various leading automotive manufacturers.
- **KLeasing LINE Platform:** Officially launched in December 2024, this platform provides end-to-end services from acquisition of New Car, Used Car, and Top-up, real time approval notifications, exclusive promotional updates, and also after sale services such as registration, insurance renewal, and account closure. Moreover, it serves as a channel for receiving information and special offers for customers utilizing the service.

KASIKORN FACTORY AND EQUIPMENT CO., LTD. (KF&E): In 2024, KF&E's outstanding equipment leasing was Baht 24,471 million. The company collaborated with KBank to offer "Green Loans", to reduce environmental impact and promote energy conservation for the clean energy and/or renewable energy sectors, i.e., K-Energy Saving Guarantee Program (Solar Rooftop), and EV Charging Loan. Meanwhile, KF&E provided support to investment in machinery for other types of renewable energy while continually maintaining relationships with its partners who are machinery dealers in other industries.

Muang Thai Life Assurance PCL (MTL): In 2024, market share of the company's total premiums in bancassurance business was 16.38 percent, ranking second in the life insurance industry. The company prioritized collaboration with KBank in developing multiple life and health insurance products focusing on personalization so as to provide increased coverage options to meet the needs of each individual customer. Notable products included ShieldLife, life and health insurance, life and health insurance with coverage for critical illnesses, retirement life insurance, and life insurance with business loan protection specifically designed for small business customers. In 2024, two new products were developed. They are easy to apply for and there is no need to take a medical examination or answer health questions. They included Life Insurance 80/8 (Big Bonus) and Life Insurance Smart Wealth 10/1.

In addition, the company prioritized customer benefits throughout all of its processes – before, during and after each sale – through the following initiatives:

- The e-Application program on tablets for offering bancassurance products to enhance application efficiency.
- Unit-Linked Portfolio Review to equip our customers with useful information and knowledge on investment, while MTL Portfolio Management Service was also offered.
- Policy renewal notification and insurance premium payment via K PLUS, and the MTL Click application.

- Collaborated with KBank to improve after-sales services, aimed at fostering customer confidence and maintaining cordial relationships with customers in the long term. Additionally, KBank established a specialized service unit to assist customers with health coverage who require hospitalization.

4.6 Capital Requirements

Placing great emphasis on capital as a significant funding source for business operations that also reflects the financial strength and credibility of a financial institution, KBank has adopted capital management framework in line with international sound practice. KBank's Capital Management Sub-committee is responsible for planning and overseeing capital adequacy, while the Risk Oversight Committee supervises capital management of the Financial Conglomerate for enhanced efficiency. Moreover, KBank has forward-looking capital planning for assessment of capital adequacy based on economic outlook, our business plans and regulatory changes while also regularly undertaking stress tests to ensure that we have adequate capital for operations under normal and crisis situations.

As of the end of 2024, KASIKORNBANK FINANCIAL CONGLOMERATE, under the Basel III capital requirements, had capital funds of Baht 565,826 million, consisting of Baht 510,448 million in Tier-1 capital (Baht 483,536 million in Common Equity Tier-1 capital) and Baht 55,378 million in Tier-2 capital. The capital adequacy ratio was 20.25, which was above the Bank of Thailand's minimum requirement and buffer requirement of 12.00 percent. Meanwhile, Tier-1 capital ratio was 18.27 percent (Common Equity Tier-1 ratio was equal to 17.31 percent), all of which were above the BOT's minimum requirement and buffer requirement of 9.50 percent and 8.00 percent, respectively.

□ Overview of Capital Requirements

After the global financial crisis, the Basel Committee on Banking Supervision (BCBS) undertook a great effort to revise capital supervision framework (Basel III) to reinforce the stability of the global banking system. The framework is intended to increase financial institutions' stability and ability to absorb losses that may be incurred. Financial institutions are required to maintain higher capital quality and quantity. The Bank of Thailand has adopted Basel III in Thailand. KBank's and the Financial Conglomerate's capital levels are above regulatory requirements.

Current capital requirement includes:

1. Minimum Capital Requirement: Total capital ratio of KBank and the Financial Conglomerate must be maintained at not less than 8.50 percent, comprising Common Equity Tier-1 ratio (CET1 ratio) and Tier-1 ratio at not less than 4.50 percent and 6.00 percent of total risk weighted asset, respectively
2. Capital Buffer: It consists of two parts, namely (1) conservation buffer, with CET1 ratio of more than 2.50 percent of total risk weighted asset in addition to minimum capital ratio; and (2) Domestic Systemically Important Banks (D-SIBs) to maintain the additional CET1 of 1.00 percent of total risk weighted assets.

Capital Adequacy Ratio¹⁾

● KASIKORNBANK FINANCIAL CONGLOMERATE²⁾

(Unit: Percent)

Capital Adequacy Ratio	Basel III					
	Minimum Requirements including Buffer Requirement ³⁾	Dec. 31, 2024	Sep. 30, 2024	Jun. 30, 2024	Mar. 31, 2024	Dec. 31, 2023
Tier 1 Capital Ratio	9.50	18.27	18.59	17.46	17.42	17.44
<i>Common Equity Tier 1 Ratio</i>	8.00	17.31	17.61	16.50	16.46	16.47
Tier 2 Capital Ratio	-	1.98	1.99	1.96	1.95	1.97
Capital Adequacy Ratio	12.00	20.25	20.58	19.42	19.37	19.41

● The Bank

(Unit: Percent)

Capital Adequacy Ratio	Basel III					
	Minimum Requirements including Buffer Requirement ³⁾	Dec. 31, 2024	Sep. 30, 2024	Jun. 30, 2024	Mar. 31, 2024	Dec. 31, 2023
Tier 1 Capital Ratio	9.50	17.51	17.89	16.80	16.70	16.66
<i>Common Equity Tier 1 Ratio</i>	8.00	16.49	16.86	15.77	15.68	15.63
Tier 2 Capital Ratio	-	2.04	2.06	2.04	2.05	2.06
Capital Adequacy Ratio	12.00	19.55	19.95	18.84	18.75	18.72

Notes: ¹⁾ Excluding net profit of each period, which under the Bank of Thailand's regulations, net profit in the first half-year period is to be counted as capital after approval by the Board of Directors per KBank's regulations. Net profit in the second half-year period is counted as capital after approval of the General Meeting of Shareholders. However, whenever a net loss occurs, the capital must be immediately reduced at the end of period.

²⁾ KASIKORNBANK FINANCIAL CONGLOMERATE means the company under the Notification of the Bank of Thailand Re: Consolidated Supervision, consisting of KASIKORNBANK, K Companies and subsidiaries operating in support of KBank, Phetai Asset Management Co., Ltd. and other subsidiaries within the permitted scope from the BOT's to be a financial conglomerate.

³⁾ Bank of Thailand required that the Bank maintain two capital buffers as follows:

- Conservation Buffer: BOT required that KBank maintain an additional Common Equity Tier 1 at more than 2.50 percent.
- Domestic Systemically Important Banks Buffer (D-SIBs Buffer): BOT required that KBank as a D-SIB maintain an additional Common Equity Tier 1 at 1.00 percent.

□ Risk-Adjusted Performance Measurement

KBank continued to implement Value-Based Management (VBM), which is a management practice comprising two main components, Corporate Value Creation and Corporate Governance. The VBM has been applied to business undertaking with the aim of achieving the highest value creation for shareholders over the long-term in accordance with our business strategies and goals.

For credit risk management, the Bank has adopted risk-adjusted return throughout the credit process, starting from the approval of new credit, to assess the ability of portfolios in creating value per the established business target. Analysis of asset quality and risk-adjusted return of newly approved credit is conducted to help business units adjust their strategies appropriately for changing economic circumstances, focusing on customer groups or products that create appropriate risk-adjusted return within our risk appetite. Moreover, we have monitored and measured performance that is consistent with and linked to various management aspects to ensure efficient resource management, and risk-adjusted performance measurement has been applied with each business units so as to attain the highest efficiency in capital usage.

4.7 Credit Ratings

At the end of December 2024, the Bank's credit ratings given by Moody's Investors Service, Standard & Poor's, and Fitch Ratings remained unchanged from the end of December 2023. However, Fitch Ratings announced in July 2024 that KBank's Long-term Issuer Default Rating (xgs) and its Senior Unsecured Notes (xgs) have been affirmed and withdrawn, as they are no longer considered relevant to Fitch Ratings' coverage.

Details of the Bank's credit ratings are shown in the following table.

KASIKORNBANK's Credit Ratings			
Credit Ratings Agency		Dec. 31, 2024	Dec. 31, 2023
Moody's Investors Service *			
<u>Foreign Currency</u>			
Outlook		Stable	Stable
Long-term - Senior Unsecured Notes		Baa1	Baa1
- Deposit		Baa1	Baa1
- Counterparty Risk		Baa1	Baa1
- Subordinated Debt		Ba1	Ba1
- Non-Cumulative Preferred Stock		Ba2	Ba2
Short-term - Debt/Deposit		P-2	P-2
- Counterparty Risk		P-2	P-2
Baseline Credit Assessment		baa2	baa2
<u>Domestic Currency</u>			
Outlook		Stable	Stable
Long-term - Deposit		Baa1	Baa1
- Counterparty Risk		Baa1	Baa1
Short-term - Debt / Deposit		P-2	P-2
- Counterparty Risk		P-2	P-2

Credit Ratings Agency	Dec. 31, 2024	Dec. 31, 2023
Standard & Poor's *		
<u>Global Scale Ratings</u>		
Outlook	Stable	Stable
Long-term Counterparty Credit Rating	BBB	BBB
Long-term Certificate of Deposit	BBB	BBB
Short-term Counterparty Credit Rating	A-2	A-2
Short-term Certificate of Deposit	A-2	A-2
Senior Unsecured Notes (Foreign Currency)	BBB	BBB
Fitch Ratings *		
<u>International Credit Ratings (Foreign Currency)</u>		
Outlook	Stable	Stable
Long-term Issuer Default Rating	BBB	BBB
Long-term Issuer Default Rating (xgs) **	n.a.	BBB(xgs)
Short-term Issuer Default Rating	F2	F2
Short-term Issuer Default Rating (xgs)	F3(xgs)	F3(xgs)
Senior Unsecured Notes	BBB	BBB
Senior Unsecured Notes (xgs) **	n.a.	BBB(xgs)
Viability	bbb	bbb
Subordinated Debt (Basel III-compliant Tier 2 securities)	BB+	BB+
Government Support	bbb	bbb
<u>National Credit Ratings</u>		
Outlook	Stable	Stable
Long-term	AA+(tha)	AA+(tha)
Short-term	F1+(tha)	F1+(tha)

Note: * The base levels for investment grade on long-term credit ratings for Moody's Investors Service, Standard & Poor's, and Fitch Ratings are Baa3, BBB- and BBB-, respectively. For short-term credit ratings, the base levels for investment grade as viewed by these three agencies are P-3, A-3, and F3, respectively.

** Fitch Ratings announced in July 2024 that KBank's Long-term Issuer Default Rating (xgs) and its Senior Unsecured Notes (xgs) have been affirmed and withdrawn, as they are no longer considered relevant to Fitch Ratings' coverage.

5. KASIKORNBANK's Investments in Subsidiaries, Associated Companies and Joint Ventures

❑ Subsidiaries, Associated Companies and Joint Ventures

The definitions of subsidiaries, associated companies and joint ventures are in alignment with those specified in the Thai Financial Reporting Standards, which KBank discloses in the Notes to the Financial Statements.

❑ Investment Policy

Our investment policy can be summarized as:

- **Strategic Investments**

KBank invests in companies for strategic benefits. KBank and such companies collaborate in the review of business strategies and synergies through the sharing of various resources, equipment, tools and channels to efficiently meet the needs of customers, with minimal operational redundancies.

- **Outsourcing Investments**

KBank invests in companies that support our operations. These are companies providing services in place of KBank units that are not our core business and would be relatively inflexible under KBank's operation. Our executives are appointed as directors of these companies to oversee their management and operating policies. These directors are assigned to maintain control over such firms' operations, which helps to ensure that their undertakings are in accordance with standardized service quality and maximized efficiency, and are thus of benefit to KBank.

In 2024, KBank expanded its investment in the following companies which are part of KASIKORNBANK FINANCIAL CONGLOMERATE:

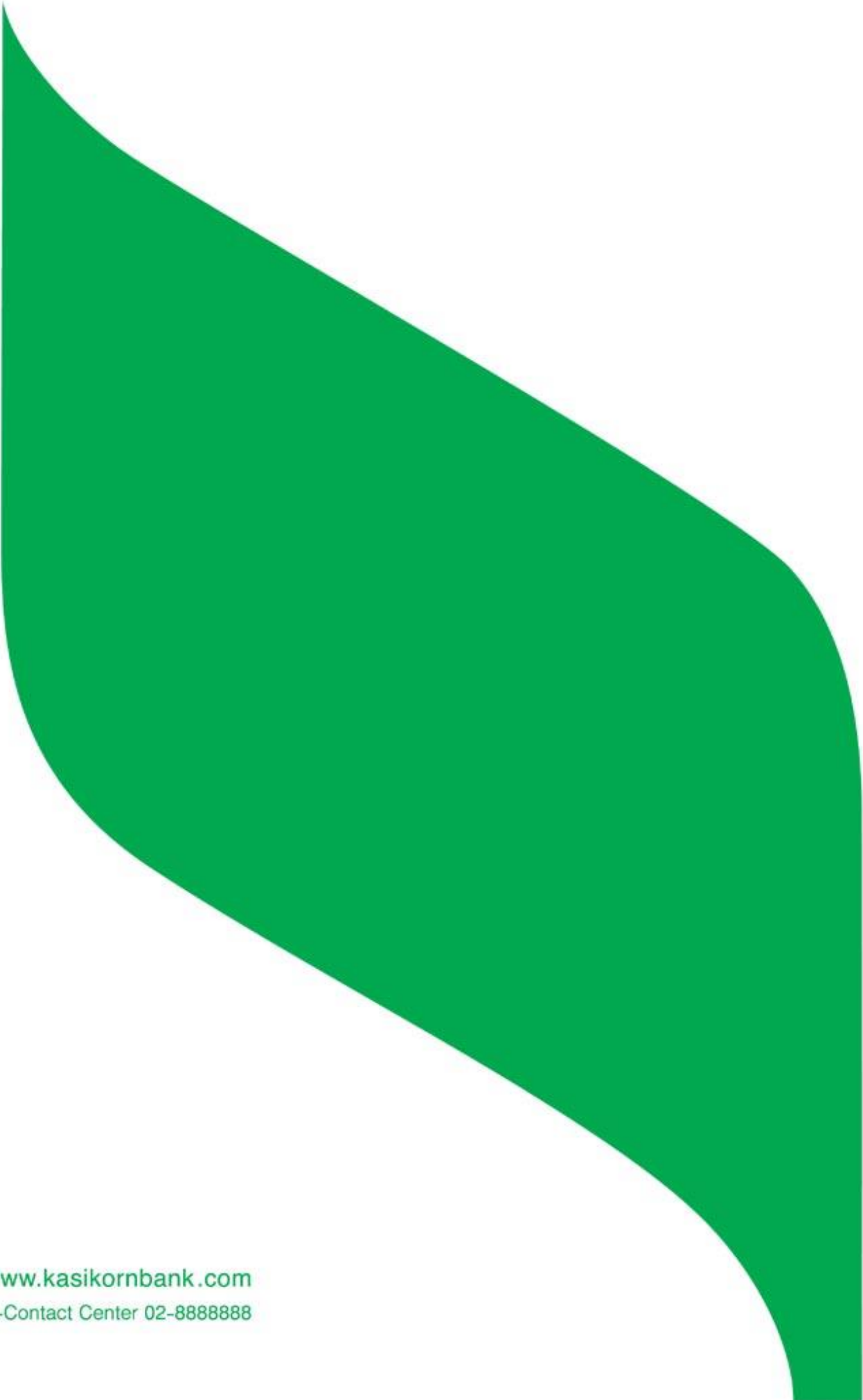
1. T2P HOLDINGS CO. LTD.: KASIKORN INVESTURE CO., LTD. holds 50.16 percent of the company's shares, with registered capital totaling Baht 357.59 million. It operates as a holding company investing in its own financial business conglomerate.
2. T2P CO., LTD.: T2P HOLDINGS CO. LTD. holds 100 percent of the company's shares, with registered capital totaling Baht 339.57 million. The company's business includes electronic money, payment facilitating, bill payment and e-Payment services, and being an authorized money transfer (MT) agent.
3. LANDNOVATE CO., LTD.: T2P HOLDINGS CO. LTD. holds 100 percent of the company's shares, with registered capital totaling Baht 120 million. It conducts a lending business under the Civil and Commercial Code, and nano finance business.
4. DEEPBLOK CO., LTD.: T2P CO., LTD. holds 100 percent of the company's shares, with registered capital totaling Baht 1 million. The company operates the business of providing loyalty platform

services, both turnkey and customized, for merchants or corporate clients, as well as the business of developing platforms or IT systems to support financial services.

5. KCLIMATE 1.5 CO., LTD.: The Bank holds 100 percent of the company's shares through KOP50 CO., LTD., with registered capital totaling Baht 5 million. The company operates the business of providing support services to KASIKORNBANK FINANCIAL CONGLOMERATE. These services are related to greenhouse gas management and processing programs and the submission of ESG data.

Disclaimer

Certain statements shown in this report are forward- looking statements in respect of the financial position or the performance of KASIKORNBANK PUBLIC COMPANY LIMITED ("KBank"). KBank has prepared such forward-looking statements based on several assumptions, and has relied on financial and other information available from public sources as of the date such statements were made. Statements containing words such as "expect", "believe", "estimate", etc. and other similar expressions, are considered as forward-looking statements which involve uncertainties and are subject to changes at any time due to future events, including but not limited to, changes in global/national economic, political and regulatory environment. Accordingly, the readers or the recipients of information shall carefully review this report and make their own independent decision as well as thoroughly evaluate such fact or information which may have changed prior to making any investment or entering into any transaction.

A large, solid green abstract shape that starts as a point at the top left and curves downwards and to the right, ending in a vertical line on the right side. It occupies the majority of the page area.

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