



**บริษัท บัตรกรุงไทย จำกัด (มหาชน)**

591 อาคารสมัชชานาถวิษ 2 ชั้น 14 ถนนสุขุมวิท แขวงคลองตันเหนือ เขตวัฒนา กรุงเทพฯ 10110  
โทร: 02 123 5100 โทรสาร: 02 123 5190 ทะเบียนเลขที่ 0107545000110

**Krungthai Card Public Company Limited**

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KTC 197 / 2562

February 14, 2019

To: The President of the Stock Exchange of Thailand  
The Stock Exchange of Thailand

Subject: Operating result notification of the year ended December 31, 2018

Enclosure: Management Discussion and Analysis for the year ended December 31, 2018

KTC's Board of Directors has approved the Company's Financial Statements and the Report of certified public accountant for the year ended December 31, 2018, which were audited by Deloitte Touche Tohmatsu Jaiyos Company Limited, details enclosed. We would like to submit the corresponding Management Discussion and Analysis to the Stock Exchange of Thailand for the purpose of distributing to investors.

Please be informed accordingly

Respectfully yours,

Krungthai Card Public Company Limited

(Mr.Chutidej Chayuti)

Chief Financial Officer

**Executive Summary**

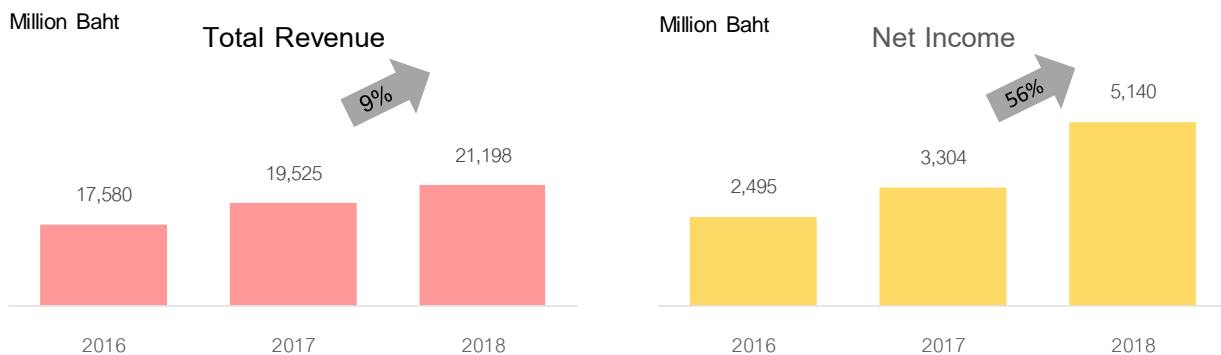
Net profit in 2018 grew 56%. The Company had net operating profit of 5,140 MB, 56% higher than that of 3,304 MB in 2017. This was owing to not only the income growth in both credit card business and personal loan business but also the expansion in total receivable portfolio. The company had also effectively managed its borrowings, therefore leading to the decline in total financial expense of 4% and slightly lower cost of funding. In addition, the Company's working process had been consistently enhanced through continuous personnel development, improved working processes, along with more efficient technologies supporting business operations. All these factors had contributed to the Company's fast-growing businesses and its 2018 profit surge. The company had also continuously attained its lower level of operating cost to income ratio compared to that of last year. Moreover, the Company continued to effectively manage its debt collection and improve its receivable portfolio's quality, thus resulting in lower amounts of bad debts and doubtful accounts as well as higher income from bad debts recovery. Due to both the decrease in its total expense of 4% and the significantly increase in its revenue base of more than 9%, the Company had successfully achieved its net profit growth as earlier estimated.

For its business plan in 2019, the Company targets its growth of credit card spending and total receivable portfolio of no less than 15% and 10% respectively, with NPL level expected to be maintained as the same level as last year. The Company also estimates its net profit growth of 10% from 2018.

**Performance Summary**

**Overall performance analysis for year 2018**

In 2018, the Company had not just continued to attain its sustainable profit growth from last year but also achieved its new record-breaking profit with total revenue growth of 9%. Although the company had faced the constantly increased and intense competition in consumer finance business, the challenge from changes in consumer behavior, the impacts from rapid technological advancement, as well as strict regulations from regulatory bodies, the company had tirelessly adjusted and improved its business plans to respond promptly to these changes. For this year, KTC reported a net profit of 5,140 MB, a 56% growth from last year. Due to the Company's abilities to continually adapt itself to the aforementioned challenges, its



credit card spending continued to expand, so did credit card and personal loan receivables. Yet, the Company still monitored the standard of its credit card approval process strictly under appropriate guidelines and criteria suitable for each target group's risk profile. In addition, with the Company's capability in effectively managing its debt collection, its NPL level had remained lower than that of the industry. KTC's performance overview can be summarized as the followings.

- Total comprehensive income for year 2018 amounted to 5,141 MB, a growth of 56% (yoy), composing of net profit 5,140 MB and other comprehensive income net of tax 1.4 MB which was estimated from employee benefit program and income tax relating to items that will not be reclassified subsequently.
- Credit card spending continued to grow in every quarter of year 2018. By quarterly comparison, KTC's growth (yoy) in Q1, Q2, Q3 and Q4 was at 8.4%, 7.1%, 10.7%, and 10.5% respectively whereas the industry's was at 10.1%, 11.5%, 9.9% and 8.9% respectively. For the whole year of 2018, the industry's growth was at 10.0% while KTC's was at 9.2%, with its total credit card spending amounted to 193,101 MB. The Company also expanded its credit card member base with the growth of 10.1% (yoy). Under its modified conceptual framework according to consumer behavioral change, the Company had continually introduced its unique marketing campaigns throughout the year to assure both old and new customers' satisfaction. Furthermore, the Company had offered not only its additional benefits thru discounts, cashback and points redemption but also online services which are simple and convenient to use. All these factors had contributed to the growth of credit card spending.

Operating Result (unit: Million Baht)	Y2018	Revenue (%)	Y2017	Revenue (%)	YoY (%)
Total Revenue	21,198	100%	19,525	100%	9%
- Bad debt recovery	3,342	16%	2,855	15%	17%
Administrative Expense	7,524	35%	7,143	37%	5%
Financial Expenses	1,555	7%	1,629	8%	-5%
Bad debt and Doubtful Accounts	5,703	27%	6,627	34%	-14%
Profit before tax	6,416	30%	4,127	21%	55%
Income tax expense	(1,277)	-6%	(822)	4%	55%
<b>Net Profit</b>	<b>5,140</b>	<b>24%</b>	<b>3,304</b>	<b>17%</b>	<b>56%</b>
Other Comprehensive income for the year net of income tax	1	0%	(18)	0%	-108%
<b>Total Comprehensive Income for the year</b>	<b>5,141</b>	<b>24%</b>	<b>3,287</b>	<b>17%</b>	<b>56%</b>

- In term of merchant business, the Company's merchant volume for year 2018 grew at 10.1% to 85,732 MB, up from 77,884 MB, with merchant outlets increased from 32,875 to 36,837, up 12.1%. The volume increase was resulted from the merchant expansion and EDC terminal installation campaign. Additionally, in August 2018, KTC had successfully tested and got approval from the Bank of Thailand to take its card payment service through QR Code out of Regulatory Sandbox, hence enabling the company to offer this QR Code payment service to the general public. This KTC QR Pay channel not only would yield in more new merchants acquiring business but

would also offer KTC's members to newly experience different ways of payment including Fitbit Pay, Garmin Pay and Samsung Pay.

- Total receivables for year 2018 was 78,202 MB, a 6% growth from the previous year. Credit card receivables increased from 48,388 MB to 51,062 MB and personal loan receivables increased from 24,757 MB to 26,821 MB.
- Total revenue was up 9% compared to last year or amounted to 21,198 MB, resulting from the increase in interest income (including credit usage fee) of 6%, in fee income of 13% and in bad debt recovery income of 17%.
- Net interest margin for year 2018 was at 15.10%, almost unchanged from the last year level of 15.13%. The Company's average interest received was lower and so was its financing cost. Therefore, net interest margin hardly changed from the prior year.
- Total receivable portfolio's quality was effectively managed. Its total NPL this year was down to 1.1%, from 1.3% (yoy) and expected to be continuously maintained at this low level.
- Bad debts and doubtful accounts amounted to 5,703 MB, decreased by 14% compared to the previous year. This was due to better portfolio quality, thus less bad debt write-offs and less provisions are required. The Company's allowance for doubtful accounts to NPL ratio remained at the high level of 616%.
- Operating cost to income ratio was at 26.6%, down from last year's 27.6%, indicating that the Company was still able to manage its expense ratio efficiently.

## Business Overview in 2018

In 2018, the Bank of Thailand had forecasted GDP growth of 4.2% higher from last year of 3.9%, mainly on the back of ongoing growth of domestic demand. Household spending had continued to expand well. Private consumption had still grown steadily from consumer spending in almost all product categories. Government spending and private investment had also continuously expanded. Yet, external demand had been slow down especially in tourism and export sectors. Global economy had still faced high risk of fluctuation and expanded lower than anticipated. Rising trade barriers, along with the increase in global interest rates faster than economic fundamental factors had also contributed to global economy slowdown. However, continued government spending was still the key driving force for domestic economy to continually expand as estimated.

For 2019 outlook, Thai economy is expected to expand at a slower pace with GDP growth forecast of 3.9%-4.0%. Main driving forces would be from continually expansion in household spending, accelerated government investment, as well as ongoing growth in private investment. The number of tourists is expected to return to normal since the first quarter of 2019 thanks to the government's additional measures to ensure tourist safety and security and to promote tourism. Export sector is also estimated to remain growing at a satisfactory level. Moreover, change in trade direction and production will support the expansion in Thai economy. However, global economy and its financial conditions have continued facing high risk of fluctuation, thus possibly leading to lower than estimated growth. The increase in global interest rates faster than economic fundamental factors might also affect global economy slowdown, therefore in turn causing the impact on Thai economy.

In 2018, overall consumer finance industry had continued to grow from last year. The industry's credit card receivables as of December 2018 amounted 418,747 MB, a 6.2% growth, compared to last year of a 9.4% growth with total

amount of 394,123 MB. The industry’s personal receivables amounted to 383,278 MB, an 8.2% growth, up from that of 6.4% in 2017. The industry’s total credit card spending amounted to 1,730,488 MB, a 10% growth, higher than last year of 5.7%. This was due to overall Thai economic recovery and the stimulation in government spending.

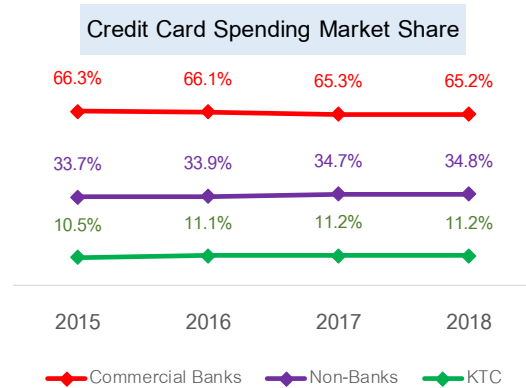
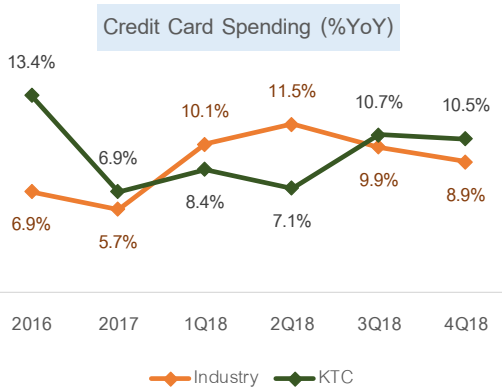
Industry Comparison	2016	2017	2018
Credit Card Receivable (MB)	360,096	394,123	418,747
Growth (%)	8.0%	9.4%	6.2%
KTC credit card receivables to industry	12.8%	12.3%	12.2%
Number of cards (cards)	20,136,341	20,334,780	22,105,554
Growth (%)	6.1%	1.0%	8.7%
Credit card spending (MB)	1,488,273	1,572,599	1,730,488
Growth (%)	6.9%	5.7%	10.0%
KTC credit card spending to industry	11.1%	11.2%	11.2%
Personal loan receivables (MB)	332,997	354,243	383,278
Growth (%)	4.6%	6.4%	8.2%
KTC Personal loan receivables to industry	6.6%	7.0%	7.0%

Source: The Bank of Thailand

In 2018, KTC’s credit card receivables accounted for 12.2% of the industry, almost unchanged from last year of 12.3%, with its credit card spending’s market share at the same level as last year of 11.2%. For personal loan receivables, KTC accounted for 7% of the industry, unchanged from last year.

### KTC’s credit card spending growth higher than the industry’s

- The Company's credit card spending for year 2018 compared to the industry. KTC's credit card spending growth for year 2018 was at 9.2%, compared to that of the industry at 10%. The company's market share at the end of 2018 was at 11.2%, same as last year.



## Higher interest income from two main businesses

- Higher total revenue.** Total revenue for 2018 amounted to 21,198 MB, a 9% increase. Interest income (including credit usage fee), fee income and other incomes amounted to 12,641 MB, 4,795 MB and 3,342 MB respectively and were accounted for 60%, 23% and 16% of total revenue respectively. In term of other revenues, 89% of those were mainly from bad debt recovery.
- Interest income growth contributed mainly from personal loan receivable.** Credit card receivable and personal loan receivable portfolios grew at 6% and 8% respectively. Interest income (including credit usage fee) amounted to 12,641 MB, with credit card's interest income slightly down by 1% due to the impact of the decrease in interest rate charged from 20% to 18%. Nonetheless, personal loan's interest income was up 13%, thus total interest income still grew at 6%. The Company had continued to expand its member base and design its marketing campaigns to satisfy member's demands and to thoroughly cover their daily transactions so that they would use KTC as their primary card. KTC FOREVER points were also used to promote member's long-term loyalty. The Company had also adapted online technologies to its businesses. Furthermore, the Company had expanded its member base to premium customers, adding to its existing customers.
- Maintained net interest margin.** The Company's average interest rate received for year 2018 was at 17.99%. down from last year of 18.25%. Its cost of fund for 2018 was also lower to 2.89%, from last year of 3.12%. Hence, net interest margin slightly decreased to 15.10% from 15.13%. This was due to the decline in average interest received was almost the same as the decline in cost of fund.

Unit: Million Baht	2018	% of total revenue	2017	% of total revenue	Growth
Total interest income including credit usage fee	12,641	60%	11,960	61%	6%
- Credit card receivables	5,820	27%	5,894	30%	-1%
- Personal loan receivables	6,791	32%	6,027	31%	13%
- Other receivables (Circle loans / self-employ)	30	0.1%	39	0.2%	-23%
Fee income (excluding credit usage fee)	4,795	23%	4,253	22%	13%
Financial cost	1,555	7%	1,629	8%	-5%
Net Interest Margin	15.10%		15.13%		

- Higher fee income.** Fee income (excluding credit usage fee) grew at 13% compared to the previous year or amounted to 4,795 MB. The increase resulted mainly from merchant discounts fee which is the fee charged to KTC merchants for providing services, from cash advance fee and from interchange fee which is the fee charged between issuing banks or issuing credit card companies and banks or intermediary payment companies. However, fee income from bad debt recovery grew at a slower pace.

## Expense Management

- Total expense decreased by 4% (yoy) due to less provision set up and less bad debts write-offs.** For year 2018, the company's total expense (excluding income tax) amounted to 14,782 MB, down 4% from 15,399 MB. Total administrative expense was up 5% (yoy), composing of the 6% (yoy) increase in personnel expense, the 5% (yoy) increase in marketing expense from new member acquiring cost which helped grow member base more than 10%, the 5% (yoy) increase in fee expense from higher transaction volumes and higher fee from outsourced debt collection, as well as the 5% (yoy) increase in other administrative expense. Bad debts and doubtful accounts were down by 14% (yoy) as a resulting of less provisions set up from ongoing high quality of receivable portfolio, along with less bad debts write-offs. The Company's cost of fund was also lower by 5% (yoy) due to the fact that the Company had efficiently managed its funding as well as suitably apportioned its funding sources, therefore less amount of interest paid.
- Improved operating cost to income ratio compared to last year due to enhanced working procedures.** Total cost to income ratio was at 35.5%, lower from the previous year of 36.6%. When operating expense excluding marketing expense and interchange fee expense was only considered, net operating cost to income ratio was at 26.6%, down from last year of 27.6%. This is owing to the continually improvement in working procedures. The Company also enhanced its communication tool with cardmembers, the application 'KTC Mobile' (used to name 'TapKTC'), to assure its simplicity and convenience and to satisfy member's needs as 'KTC Mobile' can help them to control their expense and risk. In addition, the increase in the Company's net income together with the decline in its total expense coordinately resulted in its higher performance.

Unit: Million Baht	2018	% of total revenue	2017	% of total revenue	Growth
Personal Expense	2,374	11%	2,231	11%	6%
Marketing Expense	909	4%	866	4%	5%
Fees	2,366	11%	2,258	12%	5%
Other Administrative Expense	1,874	9%	1,787	9%	5%
<b>Total Administrative Expense</b>	<b>7,524</b>	<b>35%</b>	<b>7,143</b>	<b>37%</b>	<b>5%</b>

## Maintained high quality of receivable portfolio.

- Total receivable portfolio continued to grow.** In 2018, total receivables amounted to 78,202 MB, up 6% from last year. Total credit card receivables amounted to 51,062 MB (up 6% yoy) and total personal loan receivables amounted to 26,821 MB (up 8% yoy). When deducting the allowance for doubtful accounts of 5,498 MB, the company's net receivables was at 72,713 MB, with the amount of 47,937 MB which was 66% of total net receivables accounted for net credit card receivables, and with the amount of 24,644 MB accounted for net personal loan receivables. The continuing growth of total receivable portfolio was due to the increase in credit card spending and the increase in cash withdrawal from KTC PROUD cash card.

- Increase in member base from new membership acquiring in both businesses.** At the end of December 2018, the company had total members of 3.3 million accounts, up by 10.5% compared to last year, with current membership consisting of total number of 2,387,659 credit cards (grew at 10.1%) and total number of 951,882 personal loan accounts (grew at 11.6%).

Unit: Million Baht	2018	% of total revenue	2017	% of total revenue	Growth
- Credit card's bad debts and doubtful accounts	2,858	13%	3,431	18%	-17%
- Personal loan's bad debts and doubtful accounts	2,834	13%	3,180	16%	-11%
- Other bad debts and doubtful accounts	11	0.1%	17	0.1%	-36%
<b>Total bad debts and doubtful accounts</b>	<b>5,703</b>	<b>27%</b>	<b>6,627</b>	<b>34%</b>	<b>-14%</b>

\* Other loans includes include circle loans, self-employed loans etc.

- NPL level continued to lower.** Due to the company's emphasis on portfolio quality, total portfolio NPL for 2018 stood at 1.1%, dropped from last year of 1.3% with credit card NPL down to 1.0% from 1.1% while personal loan NPL unchanged from last year at 0.76%. With high quality of incoming receivable portfolio, even applying the previous calculation method for bad debts write offs, the company still had lower level of NPL, thus contributing to the remaining high ratio of the allowance for doubtful accounts to NPL at 616%, compared to last year of 589%.
- Less bad debts and less provision set up.** Bad debts and doubtful accounts for 2018 amounted to 5,703 MB, down 14% from last year of 6,627 MB. Not only the Company's provision was set up less due to its better receivable portfolio's quality, but the Company's write offs for bad debts that were in legal process and due for write offs this year was also declined by 7% (yoy), with write offs in credit card and personal loan down by 10% and 0.2% respectively.

KTC Financial Highlight (Unit: Million Baht)	2018	2017	Growth (Y-Y%)
Total Revenue	21,198	19,525	9%
Total Expense (Excluding Financial Cost)	13,226	13,770	-4%
Total Expense (Including Financial Cost)	14,782	15,399	-4%
Net Profit	5,140	3,304	56%
Credit card net receivables	47,937	45,048	6%
Personal loan net receivables	24,644	22,596	9%
Other net receivables	132	144	-8%
Total Assets	79,648	73,636	8%
Total Borrowing	54,122	53,423	1%
Toal Liabilities	63,296	61,059	4%
Toal Sharehodlers' Equity	16,352	12,577	30%

\* Other loans include circle loan, self employed loan, etc.



## Financial status and sources of fund raising

- Increased assets from receivables portfolio.** The company's assets at the end of 2018 were at 79,648 MB, increased from 73,636 MB by 8% compared to the previous year. The main income generating assets were net receivables of 72,713 MB, accounted for 91% of total assets whereas the rest of 9% comprised of cash, other receivables, deferred tax assets and other assets.
- Effective fund raising.** Compared to last year, the company's total borrowing amounted to 54,122 MB or increase by 1%. Fund raising structure was both from short-term and long-term borrowings. Short term borrowings were loans from related financial institutions of 3,840 MB and from other financial institutions of 4,948 MB. Long term borrowings were from debentures issuances of 45,335 MB. The Company had acquired its funding from various sources, i.e. Thai commercial banks, securities companies, insurance companies and other asset managements. At the end of year 2018, the company's available credit lines amounted to 24,450 MB, comprising of 18,030 MB from Krung Thai Bank and 6,420 MB from other commercial banks. The company's cost of funds at the end of year 2018 stood at 2.89%, down from last year of 3.12%. Even though its total borrowing amounts was higher according to the expansion in its total portfolio, the Company had effectively managed its borrowing cost to be lower from the previous year. Additionally, the company's debt to equity ratio was at 3.87 times, very well below the bond covenant limited at 10 times.

KTC Financial Highlight (Unit: Million Baht)	2018	2017	Growth (Y-Y%)
Gross profit margin	86.8%	85.8%	1%
Net profit margin	24.2%	16.9%	43%
Interest coverage ratio (times)	5.1	3.5	46%
Debt to equity ratio (times)	3.9	4.9	-21%
Return on equity	35.5%	28.9%	23%
Return on asset	6.7%	4.7%	43%
Allowance/ Total receivables	7.0%	7.8%	-10%
Allowance / NPL	616%	589%	5%
Book Value	6.3	4.88	30%
Earning per shares (Baht)	1.99	1.282	55%

## Actual performance compared to 2018 expectation

For year 2018, KTC had targeted to achieve credit card spending growth of no less than 15%, yet it only expanded at 9%. The Company had also set the target growth of receivables portfolio at 10%, yet the growth was only at 6%. Nevertheless, the Company was able to manage its NPL level to be lower to 1.1% from earlier estimated of 1.3% which was the same level as last year. In addition, the Company had attained its actual net profit of 5,140 MB, as previously anticipated.

	2018 target	2018 Actual
Total card spending growth	15%	9%
Total portfolio growth	10%	6%
% NPL	Maintain 2017 level at 1.3%	1.1%
Net profit growth* (MB)	± 5000	5,140

Due to the ongoing recovery of the overall economy, strict measures and regulations were set to tighten credit limits and access in credit card and personal loan business as well as the impact of less interest rate charged in credit card from 20% to 18%, the Company was unable to achieve its target growth of portfolio and credit card spending as previously planned. Nonetheless, the Company successfully expanded its member base, achieved its lower NPL level, along with effectively managed its financial cost. Additionally, owing to ongoing growth of its interest income, its higher fee income, as well as the decline in its total expense due to less amount of write-offs and doubtful accounts, the Company was able to accomplish its net profit as earlier estimated.

## Business Plan for 2019

Due to current intense competition in consumer finance business, the Company has been forced to overcome various challenges which include government control measures, the rapid coming of FinTech evolution, the coming of digital economy that will transform ways of conducting financial transactions, as well as the government policy of National e-Payment intended to change consumer behavior to cashless society, thus leading to the important role of technology-based intermediary payment companies in people's life. Owing to all aforementioned challenges, the Company has constantly improved its strategies to ensure its continuously and satisfactory solid performance, as well as its long-term secure stance in the business.

For business direction in year 2019, to create its new business opportunities, along with to enhance its income base, KTC plans to expand its new businesses in Nano finance and Pico finance while continues conducting its two main businesses, credit card and personal loan businesses. The Company also intends to run extremely competitive marketing campaigns for its all key businesses on the basis of flexibility and caution. In addition, the Company emphasizes all its departments to work closely and cooperatively. Forming business partnerships with different types of businesses will also be the key to enhance and complete the Company's goods and services. Furthermore, the Company plans to consistently develop its IT systems in various fields so that KTC's members can experience new innovations that will help them utilize KTC's goods and services more conveniently and more effectively, thus leading to their long-term commitment to KTC' brand.

Existing corporate branding strategies that members select and satisfy with will remain to proceed. The Company has focused on its continuous corporate management and development both internal and external to ensure its long-term sustainable success. The Company will also continue to operate its businesses under the concept of Brand Core Value, comprising of 3 main factors which are 1) Courageous - dare to think and act righteously, 2) Smart & Simplicity and 3) Meaningful, with the purpose of encouraging members or stakeholders to live their lives as they expect, therefore thoroughly extending this branding concept from inside the organization to outside.

For year 2019, the Company has continually focused on conducting its businesses with stability and sustainability by effectively managing its financing cost at maximum benefit. The Company targets to acquire low cost of funding as well as to increase portion of its long-term borrowings. This year, to support its ongoing growth and to replace its next year matured debentures, the Company plans to continuously issue its corporate debentures. Furthermore, KTC has started the pilot project of RPA (Robotic Process Automation) to help with repetitive tasks in accounting department in which this technology has already been proven of its success in many countries. The Company expects that robot utilization would increase its long-term productivity by more than 30% and personnel with old jobs could be transferred to perform more value-added tasks. The Company has also already set aside enough provisions according to IFRS9. Additionally, the Company commits to persistently improve its business operations as it believes that customer loyalty in KTC's brand should be created from customer's satisfaction in their actual experience of using KTC's products and services, and this would finally lead to the Company's stable and sustainable growth.

### **Credit Card Business**

For key marketing strategies of its credit card business in 2019, KTC will continue its robust coordination with various merchant partners in offering creative and distinctive promotions to motivate its members' interest both storefront and online. These promotions will focus on conveying direct and simple messages, providing values and satisfaction, as well as covering every member groups both in Bangkok and other provinces, with 3 main strategies of 1) KTC FOREVER point rewards which offers flexibility, simplicity and actual redemption, 2) installment payment service with KTC credit card to satisfy needs of merchants and cardmembers, and 3) KTC World Travel Services for frequent travelers. Moreover, to support current consumer lifestyle that favors self-service both in searching interesting information and in performing financial transactions, the Company has developed its service and communication channel by enhancing its application 'KTC Mobile' (used to name 'TapKTC') to ensure members' convenient access and their security confidence. The Company has also improved its website [www.ktc.co.th](http://www.ktc.co.th) and [www.ktcworld.co.th](http://www.ktcworld.co.th) to assure their convenient use and to satisfy more of members' needs.

### **Merchant Business**

KTC plans to aggressively expand its merchants in many new types of businesses, including in provincial market. Online merchants will also be specifically focused to respond to jumping growth in digital trend and to encourage merchants to change from accepting payment in cash to credit card via effective financial tools in which this will coincide with the government's project of cashless society. Key strategic plans will be in 3 areas which are 1) Develop goods and services to satisfy every needs of merchant members used to receive cash payment by offering various appropriate Payment Solutions including QR Pay for credit card or NFC Pay depending on each merchant's business nature. Security in performing transactions must also be concerned and needed to pass the international security standards. 2) Target on Chinese tourist group and continuously expand merchants that support Alipay Wallet. 3) Focus on DCC business (Dynamic Currency Conversion) to facilitate merchants servicing foreign customers who then can choose to pay goods and services in 30 different currencies.

### Personal Loan Business

For personal loan business in 2019, the Company plans to alleviate members' debt burdens with fair personal loans to help reduce members' difficulties and their dependence on unofficial money lenders (black market). To increase its members, the Company intends to organize diverse marketing activities that will satisfy members' needs as well as reduce their debt burdens in various dimensions such as the offer in interest rate decrease in a fashion that has never been done before etc. To maintain its existing member base, the Company plans to provide members with good experience by offering satisfactory marketing campaigns for each member segment, promote members' financial discipline, as well as arrange activities that create long term relationship with member base thru knowledge sharing workshops relating to financial management and career and income enhancement.

### Card Acquiring

For strategies of distribution channel management in 2019, KTC intends to focus more on the quality of sales presentation by emphasizing on customer needs and accuracy according to the Bank of Thailand's regulation. Outsource Sales and KTB's branches will be the Company's main distribution channels. Online channel will also be used for long-term strategy. The Company has well prepared in every aspect to support its growth by organizing Open Platform in new website or arranging new registration by leaving name and contact number for telesales agent to call back or providing self registration via system with simple, convenient and quick result steps.

The Company's key target groups remain to be salary employees in every occupation and newly graduated who only start working and have no loan or borrowings history. The Company also intends to expand more of its member base to premium customers by coordinating with KTB to offer premium privileges to members of KTC-KTB Precious Visa Signature, KTC-KTB Precious Plus Visa Signature and KTC-KTB Precious Plus Visa Infinite.

### Other Supporting Strategies

- KTC FOREVER continues to be the Company's strategy regarding KTC credit card's marketing activities. Customers can redeem goods and services at service points more than 3,000 places and can also redeem points via online with various business partners according to the Company's terms and conditions.
- Improvement in Self Service Business for customer's convenient use. KTC has approached into Digital Age thru online market expansion. To support customer's behavior favoring self service in searching information or executing transactions, KTC has developed more of its online services which include not only the application 'KTC Mobile' (used to name 'TapKTC') but also 'KTC Online' (used to name 'ClickKTC') which is logged on via website. Customers can perform self-service transactions such as bill payments, credit limit checking, additional limit request, card application status checking, as well as reward points checking and points redemption etc.
- Extend unique and full service in Tourism market by conducting joint marketing with airline partners, travel agents, hotels, Tourism Authority of Thailand and foreign tourism organizations etc., offering discounts or privileges that cover every tourism sector, and thru KTC World Travel Service, facilitating KTC cardmembers in travel planning, plane ticket, hotel booking, and other travel information as One Stop Service. Moreover, the Company will focus on running creative marketing campaigns and organizing continuous activities to satisfy customer demands.

The Company has laid down its business plans for year 2019 by creating its new business opportunities in Pico and Nano Finance business to support continuing expansion in its income base. New business model for Pico and Nano Finance has already been prepared and when the Company gets approvals from KTB and the Bank of Thailand, it will promptly run competitive marketing campaigns on the basis of flexibility and caution. In addition, due to its target growth of credit card spending of no less than 15% and that of receivable portfolio of no less than 10%, as well as its target NPL of same level as last year, the Company expects that in 2019 its net profit will expand at 10% from last year.

	2019 target
Total card spending growth	15%
Total portfolio growth	10%
% NPL	Maintain 2018 level at 1.1%
Net profit growth* (MB)	10% growth