



Management discussion and analysis for the nine-month period ending 30th September 2017

This paper describes changes in the financial statements (unreviewed)

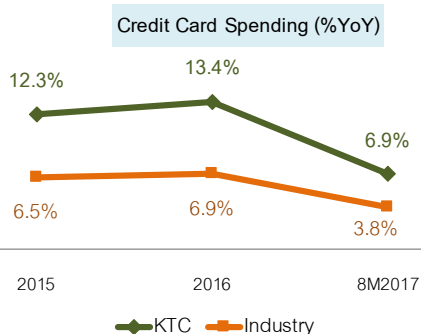
Nine months profit grew 28%

Operating Result (Unit: Baht Million)	9M2017	9M2016	Y-Y(%)
Total Revenue	14,421	12,840	12%
- <i>Bad debt recovery</i>	2,088	1,756	19%
Administrative Expense	5,242	5,084	3%
Financial Cost	1,220	1,116	9%
Bad Debt and Doubtful Accounts	4,997	4,314	16%
- Bad Debt	4,732	4,153	14%
- Doubtful Accounts	265	160	65%
Profit Before Tax	2,961	2,326	27%
Income Tax Expense	(596)	(472)	26%
Net Profit	2,365	1,854	28%

- Net profit for the nine months of 2017 grew 28% yoy to 2,365 MB, with earnings per share of 9.17 THB. The profit growth was achieved by the ability to generate income from the main businesses, ability to manage operating expenses, and effective collection
- The company reported 14,421 MB of revenue in the nine months of 2017. The revenue growth was contributed by credit card and personal loan interest income growth of 6% and 19% respectively. Bad debt recovery grew 19%, while fee income (excluding credit usage) grew 11% resulting from merchant discounts, interchange fee and cash advance fee.
- Administrative expense increased 3% yoy to 5,242 MB from 10% growth in fee expense (contributed by collection fee to outsourced and

higher interchange fee paid). Marketing expense decreased 18% yoy, however the company planned to allocate more marketing budget for the last quarter of 2017. Bad debt and doubtful accounts increased 16% yoy, resulting a 6,487 MB increment to the portfolio (the difference between gross receivables at the third quarter of 2016 and that of the third quarter of 2017). To take advantage of the low yield, the company increased the long-term proportion of loans, as well as replacing maturing loans with longer tenors; combined with the expanding portfolio, financial expense increased 9% yoy.

Credit card spending remained higher than the industry

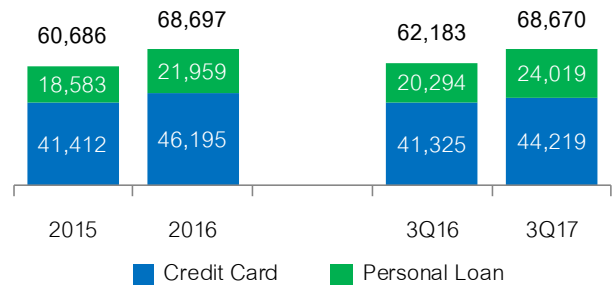


- Credit card spending growth in the eight months of 2017 was 6.9% higher than the industry that grew 3.8%. The industry's growth in July and August was 6.4% and 6.8%, while KTC spending growth in July, August, and September was 6.2%, 8.0%, and 8.6% respectively. The company aimed to keep the gap higher than the industry by providing constant marketing campaigns covering the main spending category. Consequently, the company's spending growth in the third quarter of 2017 was 7.6% trending higher than the industry.

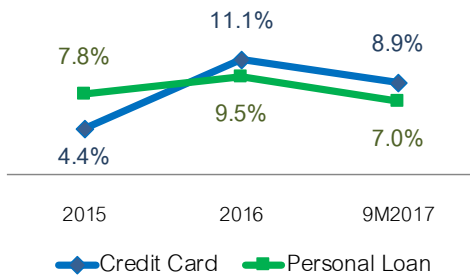
Portfolio Quality

• In the third quarter, total portfolio was 68,670 MB, a 10% yoy growth; the portfolio consists of 44,219 MB credit card receivables, and 24,019 MB personal loan receivables. Once the 5,661 MB total allowance was deducted, total net receivable was 63,008 MB; consists of 40,918 MB credit card net receivable (a 7% increase), and 21,940 MB personal loan net receivable (an 18% increase).

Total Receivable (Million Baht)



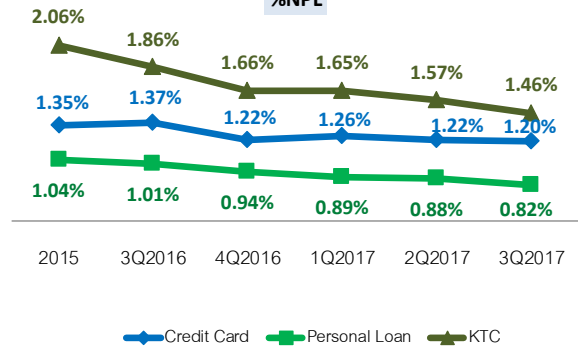
Member Base (%YoY)



• By the end of September 2017, the company reported 3.1 million members; an 8% yoy increase, consisted of 2,220,970 cards (9% growth), and 849,335 personal loan accounts (7% growth).

• The company always prioritizes on portfolio's quality, as a result total NPL was 1.46% down from 1.86% of the same period prior year. Credit card and personal loan NPL decrease slightly to 1.20% and 0.82% respectively.

%NPL



Nine months of 2017 Performance overview

The company continues to maintain the ability to increase revenue and grow profits from the increasing credit card spending, and from the expansion of both credit card and personal loan portfolio, while NPL remains at the same level. Despite new challenges faced, the performance overviews are as follows:

- The company reported 2,365 MB net profit a 28% increase compared to 1,854 MB net profit from the same period of prior year.
- Cost to income ratio was 36.3% declined from 39.6% in the same period of last year, as a result of higher revenue growth compared to the expense. Operating cost to income ratio was 27.2% down from 29.0% of the same period of prior year.
- Credit card spending in the eight-months expanded 6.9%, growing faster than the industry that grew 3.8% despite more intense competition.
- Total portfolio expanded 10% from the same period of prior year; total credit card receivable increased from 41,325 MB in 3Q16 to 44,219 MB, personal loan receivables increased from 20,294 MB in 3Q16 to 24,019 MB.



- Net interest margin in the nine-months was 15.6% a similar level to that of 2016, average interest received was 18.8%, and average cost of fund was 3.2%.
- Total portfolio NPL was 1.46% down from 1.66% at the end of 2016, and also down from 1.86% of 3Q16. The company expects to maintain NPL at low level.

In 2017 the company faced challenges from high competition and the bank of Thailand's regulatory changes which was in effect on 1st September 2017. The decrease of credit card interest rate, from 20% down to 18%, will especially affect the credit card interest income for the entire fourth quarter 2017; as a result, credit card revenue may grow at a slower pace. Despite the aforementioned challenges, the company expected to deliver the 10% profit growth as projected.