



Details of financial analysis and operating performance for the three-month period ended 31 March 2019

(The report details significant changes in unreviewed financial statements)

Company's performance overview for the first quarter of year 2019

For the first quarter of 2019, KTC had continued to attain its sustainable revenue and profit growth from the same period of last year. The Company's receivables portfolio had continuously expanded at 7% compared to the same period of the previous year. In addition, not only the decline in write-offs and less provisions set up for doubtful accounts had been achieved but the increase in income from bad debts recovery had also been accomplished. However, administrative expense remained higher, yet at a much slower pace than the growth of total income. And together with its capability in efficiently managing financial expense, the Company's performance continued to grow with its overview as the followings.

- Total net profit was 1,589 MB, increased by 31 % compared to the same period of the previous year of 1,209 MB.
- Total interest income for the first quarter of 2019 grew at 9% (yoy), higher compared to the same period of last year which grew at 3% (yoy). This was due to the increase in interest income from both credit card and personal loan businesses. The company had not just consistently expanded its member base but continuingly grown in its total receivables from both businesses. Moreover, fee income (excluding credit usage fee) was up by 8% (yoy). Therefore, total revenue, amounted to 5,574 MB, increased by 9% (yoy) from the first quarter of 2018.
- Total operating cost to income ratio was 33%, down 35.5% from the same period of the prior year. For this first quarter of 2019, total operating cost was amounted to 1,839 MB, remained almost unchanged compared to the 1,811 MB the same period of last year and accounted for 2% increase only. Whereas total income was much higher by 9%, therefore total cost to income ratio was dropped.
- For the first 2 months (January and February) of 2019, KTC's credit card spending grew at 9.4%, higher than that of the industry which grew at 8.6%. The Company's merchant volume expanded at 8.0% or amounted to 14,256 MB with merchant outlets increased from 33,154 to 37,574.
- Total receivable was 75,209 MB, a 7% growth of the same period of the prior year. Credit card receivables increased from 45,317 MB to 48,413 MB (up 7% yoy) and personal loan receivables increased from 24,469 MB to 26,483 MB (up 8% yoy)
- Net interest margin for the first quarter of 2019 was 15.43%, higher than that of 15.08% for the same period of last year. This was resulted from the increase in average interest received from 18.10% to 18.33%, which was mainly due to higher interest income from larger personal loan portfolio values. Simultaneously, the Company was also able to reduce its cost of fund from 3.02% to 2.91%.
- Total receivables portfolio has been constantly well managed. The Company's total NPL stood at 1.18%, down from that of 1.34% in the first quarter of 2018.

Net profit grew at 31% (yoy)

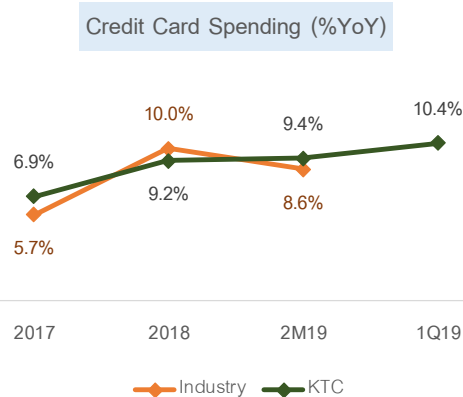
- For the first quarter of 2019, the company had net profit of 1,589 MB, a 31% growth. This was due to the ongoing capability in generating higher income from both credit card and personal loan businesses. Income from bad debts recovery also continued to increase. In addition, financial expense along with bad debts and doubtful accounts were declined. Meanwhile, the rise in administrative expense was at a much slower pace than the increase in total revenue. Hence, the Company's overall profits remained continuously growing.

(Unit: Baht Million)	1Q18	1Q19	Y-Y(%)
Total Revenue	5,574	5,108	9%
- <i>Bad debt recovery</i>	948	838	13%
Administrative Expense	1,839	1,811	2%
Financial Cost	380	388	(2%)
Bad Debt and Doubtful	1,371	1,404	(2%)
- Bad Debt	1,502	1,534	(2%)
- Doubtful Accounts	(132)	(130)	1%
Profit Before Tax	1,984	1,506	32%
Income Tax Expense	(394)	(297)	33%
Net Profit (Loss)	1,589	1,209	31%

- Total revenue for the first quarter of 2019 grew at 9%, mainly resulted from the increase in interest income from credit card and personal loan receivables of 9% and 10% respectively, the increase in fee income (excluding credit usage fee) of 8%, and the increase in bad debts recovery of 13%.

- For this first quarter, administrative expense was at 1,839 MB, accounted for 2% (yoy) increase only. This was mainly caused by the increase in personnel expense (up 4% yoy), fee expense (up 1% yoy), and other administrative expenses (up 1% yoy). Nonetheless, marketing expense was lower by 2% (yoy) due to lower marketing spending at the beginning of the year compared to other quarters. Also, 2% (yoy) less provisions were set up due to the decline in bad debts and doubtful accounts because of efficiently managed portfolio. Furthermore, financial expense declined 2% (yoy) since the company has issued its new debentures for longer maturities yet at lower funding costs than its old ones. With higher revenue and shrinking expense, therefore, the company successfully managed to achieve its higher profits than the same period of last year.

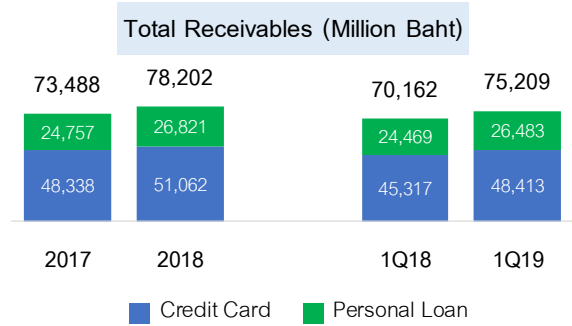
Credit card spending continues to grow.



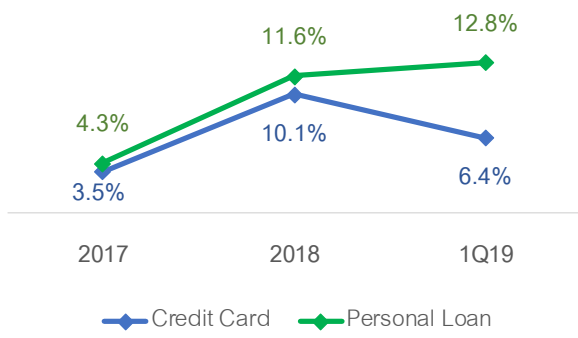
For accumulatively first 2 months (January & February 2019), KTC's credit card spending expanded more than the industry. The growth of KTC's credit card spending stood at 9.4% compared to that of the industry at 8.6% for the first 2 months of 2019. By monthly comparison for January and February, the growth for industry was 8.8% and 8.5% respectively while the growth for KTC was 8.6% and 10.2% respectively. In March, the company's credit card spending grew at 12.1%. Thus, for the first quarter of 2019, the company's credit card spending expanded at 10.4%.

The quality of receivables portfolio.

- Total receivables portfolio grew 7% (YOY). The company had total receivables amounted to 75,209 MB, consisted of total credit card receivables amounted 48,413 MB (7% yoy) and total personal loan receivables amounted to 26,483 MB (8% yoy). Once the amount of 5,359 MB provision for doubtful accounts was deducted, the company's total net receivables was 69,850 MB, of which, 45,379 MB was net receivables of credit cards and the rest 24,343 MB was that of personal loans.

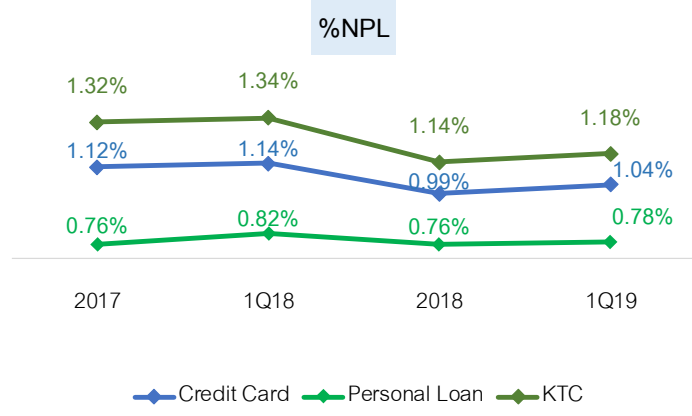


Member Base (%YoY)



- Member base grew 8.2% from last year. At the end of March 2019, the company had total members of 3.3 million accounts, consisting of 2,348,990 credit cards (up 6.4% yoy) and 967,059 personal loan accounts (up 12.8% yoy).

- NPL for both credit cards and personal loans increased slightly. KTC has consistently attributed to the importance of its receivables portfolio's quality. The company had total NPL of 1.18%, down from that of 1.34% for the same period of last year but slightly up from that of 1.14% at the end of last year. NPL of credit cards and personal loans for the first quarter was 1.04% and 0.78% respectively.



2019 growth outlook

In 2019 the company has targeted to achieve its growth in credit card spending and in receivables portfolio of 15% and 10% respectively. It has also planned to maintain NPL level to be the same as last year of 1.1%. As a result, the company has anticipated its net profit in 2019 to expand approximately 10% from last year. Additionally, KTC has laid out its business plans for 2019 by creating new business opportunities through Nano and Pico finance businesses including car for cash business.