



Ref. FAOP 005/65

February 25, 2022

Subject: Report the audited operating result for the three – month period and year ended December 31, 2021

To: President of the Stock Exchange of Thailand

Krungthai Zmico Securities Company Limited would like to report the audited operating result ended December 31, 2021 as follows:

The audited separate operating result for the three - month period ended December 31, 2021

Krungthai Zmico Securities Company Limited (The Company) generated net income of Baht 64.33 million comparing to the net profit of Baht 38.77 million of the same period last year. Baht 25.56 million of net income increased.

The main reasons for the fourth quarter of 2021 operating results changed from the same quarter of 2020 are as follows:

- The company has total revenue of Baht 411.40 million increased by Baht 7.45 million or 2% comparing to the same period last year resulted as below.
 - The brokerage fee from securities increased by Baht 16.55 million or 7%, from Baht 241.22 million in the fourth quarter of 2020 to Baht 257.77 million in the fourth quarter of 2021, because average daily trading volume of the Company increased 3% from Baht 3.28 billion to Baht 3.37 billion in accordance with average daily market trading volume (Exclude of the proprietary trading) increased from Baht 71.85 billion to Baht 78.08 billion, or 9%.
 - The brokerage fee from derivatives in TFEX market decreased from Baht 21.24 million to Baht 14.26 million, or 33%.
 - Sharing brokerage fee income from offshore trading decreased from Baht 19.21 million in the fourth quarter of prior year to Baht 12.68 million in the fourth quarter of 2021 because the fee from providing offshore investment services decreased from the same period of prior year.

บริษัทหลักทรัพย์ กรุงเทพ ซีเอ็มที จำกัด

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- Fee and services income increased by Baht 3.19 million or 5%, from Baht 66.03 million in the fourth quarter of prior year to Baht 69.22 million in the fourth quarter of 2021, caused by increasing in underwriting fee income amounting to Baht 4.23 million, increasing in financial advisory fee income amounting to Baht 10.36 million, increasing in assets management of customers income amounting to Baht 4.92 million while others fees decreased by Baht 16.32 million because the Company had arranging fees for bill of exchange amounting to Baht 15.89 million in prior year.
 - Interest income increased Baht 12.27 million or 27% which increased from Baht 44.83 million in the fourth quarter of prior year to Baht 57.10 million in the fourth quarter of 2021 because interest income from margin loan increased by Baht 12.65 million which increased in accordance with an increase in margin loan transactions. The average margin loan increased from the same period of prior year 52%. Moreover, interest income from financial institutions increased by Baht 0.74 million, while interest income from debt security investments decreased by Baht 1.12 million.
 - Gains and returns on financial instruments increased by Baht 3.12 million because gains on trading derivatives increased by Baht 5.36 million and dividend income increased by Baht 1.06 million, while gains on trading equity investments decreased by Baht 3.30 million.
 - Other income decreased Baht 14.16 million because gain on exchange rate decreased from the same quarter of prior year.
- Total expenses decreased by Baht 42.96 million, or 11% due to the following reasons.
 - Employee benefit expenses decreased by Baht 67.56 million mainly from decrease in incentive of marketing department and accrued bonus expense compared to the same period last year.
 - Interest expenses increased by Baht 2.00 million mainly from an increment of interest expenses from debenture and bill of exchange that issued by the Company amounting to Baht 4.88 million in accordance with increase in the principal, while interest expense from the borrowing from financial institution decreased by Baht 0.79 million in accordance with decrease in the principal, interest paid from money deposit for securities trading of customers decreased by Baht 1.92 million due to the decreasing of interest rate in line with market interest rates and interest expenses from leases decreased by Baht 0.16 million due to the decreasing of lease liabilities.
 - Expected credit losses increased by Baht 1.81 million due to the revaluation of allowance for expected credit loss of securities and derivatives business receivables in the fourth quarter of 2021.

- The Company had loss from impairment on investment in the fourth quarter of 2021 amounting to Baht 24.65 million due to providing of allowance for impairment of investment in an associated company.
- Income tax expense increased by Baht 24.86 million which increased in accordance with the increasing of net profits.

From the above reasons, these made the Company's net income for the fourth quarter of 2021 by Baht 64.33 million while the Company's net income for the fourth quarter of the prior year was Baht 38.77 million.

The audited operating result in which equity method is applied for the three - month period ended December 31, 2021

The audited operating result in which equity method is applied for the three - month period ended December 31, 2021 showed net income of Baht 57.06 million. Baht 18.31 million of net income increased.

Since, the Company recognized share profit of Baht 0.40 million from BCEL-KT Securities Co., Ltd. which is Securities Company in LAO PDR (An associated company with 30% holding) under the equity method, recognized share loss of Baht 3.13 million from KTZ Ruby Hill Securities Co., Ltd. which is Securities Company in Myanmar (An associated company with 49% holding) under the equity method and recognized share profit of Baht 0.68 million from Deepscope Pte, Ltd. which is Web hosting Company in Singapore (An associated company with 31% holding) under the equity method. For the Company's operating result in which equity method and separated operating result showed identically as mentioned above.

By the way, the net income in which equity method is applied for the three – month period ended December 31, 2021 is lower than the separated net income by Baht 7.26 million because the separated statement of income recognized an impairment loss from investment in an associated company, net of tax, by Baht 19.72 million. The financial statements in which equity method is applied also recognized share of loss from associated companies by Baht 2.06 million and loss from impairment on investment in an associated company by Baht 24.92 million.

The audited separate operating result for the year ended December 31, 2021

Krungthai Zmico Securities Company Limited (The Company) generated net income of Baht 408.48 million comparing to the net income of Baht 170.19 million of the last year. Baht 238.29 million of net income increased.

The main reasons for the year ended 2021 operating results changed from 2020 are as follows:

- The company has total revenue of Baht 1,908.57 million increased by Baht 534.46 million or 39% comparing to last year resulted as below.
 - The brokerage fee from securities increased by Baht 327.54 million or 37%, from Baht 881.00 million in 2020 to Baht 1,208.54 million in 2021, because the average daily trading volume of the Company increased by 38%, from Baht 2.98 billion to Baht 4.12 billion, which increased in accordance with an increase in market trading volume (Exclude of the proprietary trading) that increased from Baht 61.38 billion to Baht 85.06 billion, or 39%.
 - The brokerage fee from derivatives in TFEX market decreased from Baht 78.64 million to Baht 74.52 million, or 5%.
 - Sharing brokerage fee income from offshore trading increased from Baht 32.98 million in prior year to Baht 82.97 million in 2021 because the Company provides offshore investment services more than the prior year.
 - Fee and services income increased by Baht 90.57 million or 58%, from Baht 157.50 million in 2020 to Baht 248.07 million in 2021, caused by increase in underwriting fee income amounting to Baht 34.07 million, increase in financial advisory fee income amounting to Baht 65.00 million and increase in assets management of customers income amounting to Baht 11.39 million. While others fees decreased by Baht 19.89 million.
 - Interest income increased 34% mainly from increase in interest from margin loan amounting to Baht 46.29 million which resulted from increase of average margin loan 44% from prior year. Moreover, interest income from debt security investments increased by Baht 18.10 million and interest income from financial institutions increased by Baht 2.26 million.
 - Gains and returns on financial instruments increased by Baht 9.35 million from gains on equity investments increased by Baht 135.54 million, while gains on derivatives decreased by Baht 125.71 million and dividend income decreased by Baht 0.48 million.
 - Other income decreased by Baht 5.54 million because gain on exchange rate decreased from prior year by Baht 1.64 million, returns from clearing funds decreased amounting to Baht 1.72 million and other income decreased amounting to Baht 2.17 million.

- Total expenses increased by Baht 217.11 million, or 18% due to the following reasons.
 - Employee benefit expenses increased by Baht 184.70 million mainly from increase in incentive of marketing department which increase in accordance with trading volume. Moreover, accrued bonus expense increased.
 - Fee and service expenses increased by Baht 14.33 million mainly from trading fee and clearing fee paid to the SET increased approximately Baht 25 million which were in line with an increase in trading volume and other fee and expenses increased approximately Baht 5 million, while advisory fee of investment banking department decreased approximately Baht 16 million.
 - Interest expenses decreased by Baht 10.92 million, the major reasons are decrement of interest expenses from debenture that issued by the Company and interest paid from borrowing from financial institutions amounting to Baht 6.73 million and Baht 4.04 million, respectively, which in accordance with decrease in the principal, interest paid from money deposit for securities trading of customers decreased by Baht 15.83 million due to the decreasing of interest rate in line with market interest rates and interest expenses from lease decreased by Baht 0.80 due to the decreasing of lease liabilities. While interest expenses from bill of exchange that issued by the Company increased by Baht 16.49 million in accordance with increase in the principal.
 - Expected credit losses increased by Baht 3.82 million due to the revaluation of allowance for expected credit loss of securities and derivatives business receivables in 2021.
 - The Company had loss from impairment on investment in 2021 amounting to Baht 24.65 million due to providing of allowance for impairment of investment in an associated company.
- Income tax expense increased by Baht 79.06 million which increased in accordance with the increasing of net profits.

From the above reasons, these made the Company's net income for 2021 by Baht 408.48 million while the Company's net income for the previous year by Baht 170.19 million.



The audited operating result in which equity method is applied for the year ended December 31, 2021

The audited operating result in which equity method is applied for the year ended December 31, 2021 showed net income of Baht 410.95 million. Baht 246.55 million of net income increased.

Since, the Company recognized share profit of Baht 3.87 million from BCEL-KT Securities Co., Ltd. which is Securities Company in LAO PDR (An associated company with 30% holding) under the equity method, recognized share profit of Baht 5.36 million from KTZ Ruby Hill Securities Co., Ltd. which is Securities Company in Myanmar (An associated company with 49% holding) under the equity method and recognized share profit of Baht 0.42 million from Deepscope Pte, Ltd. which is Web hosting Company in Singapore (An associated company with 31% holding) under the equity method. For the Company's operating result in which equity method and separated operating result showed identically as mentioned above.

By the way, the net income in which equity method is applied for the year ended December 31, 2021 is higher than the separated net income by Baht 2.48 million because the separated financial statements recognized an impairment loss from investment in an associated company, net of tax, by Baht 19.72 million and dividend income from an associated company of Baht 1.98 million while the financial statements in which equity method is applied recognized share of profit from associated companies under the equity method by Baht 9.66 million and loss from impairment on investment in an associated company by Baht 24.92 million.

Yours sincerely,

(M.L. Thongmakut Thongyai)
Chief Executive Officer