



Management Discussion and Analysis for 1st Quarter of 2024

Executive Summary

“In the first quarter of 2024, the Group continuously maintained its profitability despite decelerating growth in credit card spending and loan expansion, reflecting slower-than-expected economic growth. Nonetheless, the Group has remained committed to maintaining overall asset quality under appropriate risk levels.”

Krungthai Card Public Company Limited and its subsidiaries (the “Group”) reported a net profit of Baht 1,803 million for the first quarter of 2024, up 2.4% from the 4Q2023 net profits of Baht 1,761 million, but down 3.7% from the 1Q2023 net profits of Baht 1,872 million. On a separate basis, KTC registered a net profit of Baht 1,893 million, up 2.7% (YoY - "year over year") compared to Baht 1,843 million net earnings in 1Q2023. The Group's revenues grew by 11.7% (YoY), driven by interest income, fee income, and bad debt recovery. Meanwhile, total expenses increased by 20.4% (YoY) thanks to a higher number of transactions and an increase in bad-debt write-offs as KTC had decided to quicken the timing criteria for writing off bad debts to realistically reflect the actual asset quality following the expiry of the financial assistance program which temporarily relaxed loan staging.

As of 1Q2024, the Group's card spending volume grew 8.5% (YoY), and the total portfolio rose by 2.0% (YoY) to Baht 105,347 million, driven by the credit card and personal loan portfolio, which expanded 2.3% and 2.4% (YoY), respectively. KTC P BERM Car for Cash registered a new loan booking worth Baht 611 million, rising 82.6% (YoY). In contrast, KTB Leasing Public Company Limited (“KTBL”)’s lease receivable portfolio contracted 9.6% (YoY) due to the cessation of new loan issuance since August 2023. KTC remains focused on expanding its loan portfolio alongside prudent asset quality management.

KTC continued to appropriately manage the asset quality by maintaining a high Non-Performing Loan (NPL) Coverage Ratio of 434.7%, with the NPL ratio (%NPL) of the separate financial statement of 1.5%, a reduction from the year-end 2023 of 1.7%. On a consolidated basis, the Group maintained a high NPL Coverage Ratio of 353.8%, with the Group's NPL ratio of 2.0%, down from 2.2% at the end of 2023. For 1Q2024, our credit cost rose to 6.4% from 5.3% in 1Q2023 due to the accelerated write-off criteria. Nevertheless, the Group has concrete operational targets and remains dedicated to expanding our quality loan portfolio responsibly and fairly under the ongoing economic conditions.

Target vs Actual Performance

Target	2024 Target	1Q24 Actual Performance
Net Profit (MB)	> 7,295	1,803
Total Portfolio Growth (%)	6% - 7%	2.0%
Credit Card Spending Growth (%)	15%	8.5%
KTC PROUD Portfolio Growth (%) (0-90 Days)	5%	3.9%
New Booking of P BERM Car for Cash (MB)	6,000	611
Portfolio Quality (%Total NPL)	< 2.0%	2.0%

In 2024, the Group aims to expand its profits continually by targeting a 15% growth in credit card spending and a Baht 6,000 million new KTC P BERM Car for Cash loan booking. However, since the Group had adopted a faster bad-debt write-off policy, we had to revise our original 10% total loan growth target to about 6% - 7% growth. The KTC PROUD portfolio (0-90 days) targeted growth to 5%, and the NPL from 2.2% to no more than 2.0%.

In 1Q2024, most targets were short of projections due to the weaker-than-expected economy. Nonetheless, the Group believes that its strategy of building a higher-income credit card customer base, robust screening of credit card and personal loan portfolios and applications, and raising the awareness of the KTC P BERM Car for Cash among the target customer group should ultimately enable KTC to achieve its set goals.

Industry Overview

According to the Monetary Policy Committee report dated April 10, 2024, the Bank of Thailand has forecasted the Thai economic growth rate for 2024 and 2025 to be 2.6% and 3.0%, respectively. The Thai economy is anticipated to exhibit an increased expansion from the previous year (with the economic growth rate for 2023 of 1.9%), propelled by continuous support from private sector consumption and the tourism sector, augmented public sector spending, as well as government economic stimulus measures which may have a positive knock-on effect on consumer finance businesses.

Industry Data	Y2023	2M2023	2M2024
Credit Card Receivables (Million Baht)	513,491	476,381	531,455
Growth (%)	3.3%	10.0%	11.6%
KTC Market Share (%)	14.5%	14.2%	13.2%
Amount of Credit Card (Cards)	26,279,164	25,815,589	26,313,500
Growth (%)	2.1%	3.5%	1.9%
KTC Market Share (%)	10.0%	10.0%	10.2%

Industry Data	Y2023	2M2023	2M2024
Credit Card Spending (Million Baht)	2,166,728	340,593	364,029
Growth (%)	8.1%	18.6%	6.9%
KTC Market Share (%)	12.2%	12.2%	12.4%
Personal Loan Receivables (Excluding Auto Title Loan) (Million Baht)	510,301	501,089	504,771
Growth (%)	2.3%	9.9%	0.7%
KTC Market Share (%)	6.4%	6.2%	6.1%
Auto Title Loan Receivables (Million Baht)	337,192	258,799	348,909
Growth (%)	36.2%	38.9%	34.8%

Source: Industry Data, Bank of Thailand (Data as of April 19, 2024)

The consumer finance industry experienced moderating growth, impacted by constrained debt repayment capability and the persistently elevated level of household debts. However, the overall Consumer Confidence Index in March 2024 stood at 54.1, marking the 16th consecutive month of sustained confidence, reflecting a generally positive sentiment. The industry's total credit card receivables as of February 2024 amounted to Baht 531,455 million, rising 11.6% (YoY). The industry's total credit card spending for the first two months of 2024 grew by 6.9% (YoY), while the receivables of personal loans (excluding auto title loan receivables) were Baht 504,771 million, up 0.7% (YoY). The auto title loan receivables stood at Baht 348,909 million, representing a growth of 34.8% from the same period in 2023.

KTC's market share of credit card receivables for the first two months of 2024 stood at 13.2%, and the Group's market share of the total credit card spending was 12.4%, up from the same period in 2023. Moreover, KTC's market share of personal loans (excluding auto title loan receivables) was 6.3%.

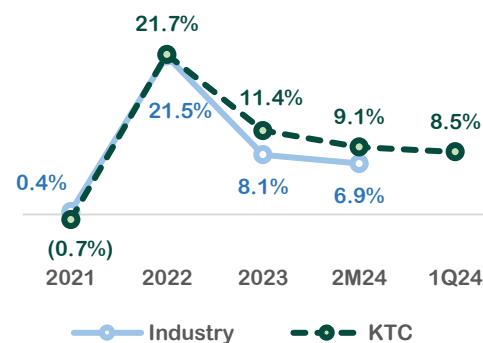
Portfolio Overview

“KTC's 1Q24 credit card spending increased by 8.5% (YoY), while the total portfolio grew by 2.0% (YoY)”

The total value of KTC's card spending for the first two months and the first quarter of 2024 was Baht 45,187 million and Baht 69,419 million, respectively, exhibiting growth rates of 9.1% and 8.5% (YoY). The Group had 3,423,147 accounts, consisting of 2,695,453 credit cards, up 4.0% (YoY), and 727,694 personal loan accounts, down 2.6% (YoY).

As of 1Q2024, the total loans to customers and the accrued interest was Baht 105,347 million, demonstrating a growth of 2.0% (YoY). This can be segmented as follows:

Credit Card Spending Growth



1. The credit card receivables amounted to Baht 69,213 million, up 2.3% (YoY), driven by sustained card spending growth despite some slowdown in the growth rate.
2. Personal loans amounted to Baht 33,149 million, up 2.4% (YoY), with KTC P BERM Car for Cash receivables amounted to Baht 2,419 million, surging 114.0% (YoY).
3. Lease receivables amounted to Baht 2,985 million, down 9.6% (YoY) from the previous year, as KTC had stopped booking new loans and instead concentrated on managing the existing loan portfolio.

Loans to customers and accrued interest receivables

(Unit: Million Baht)	1Q2023	1Q2024	%Growth
Credit Card	67,640	69,213	2.3%
Personal Loan	32,371	33,149	2.4%
Leasing	3,301	2,985	(9.6%)

The changes in the allowance for expected credit loss as of March 31, 2024 are as following table.

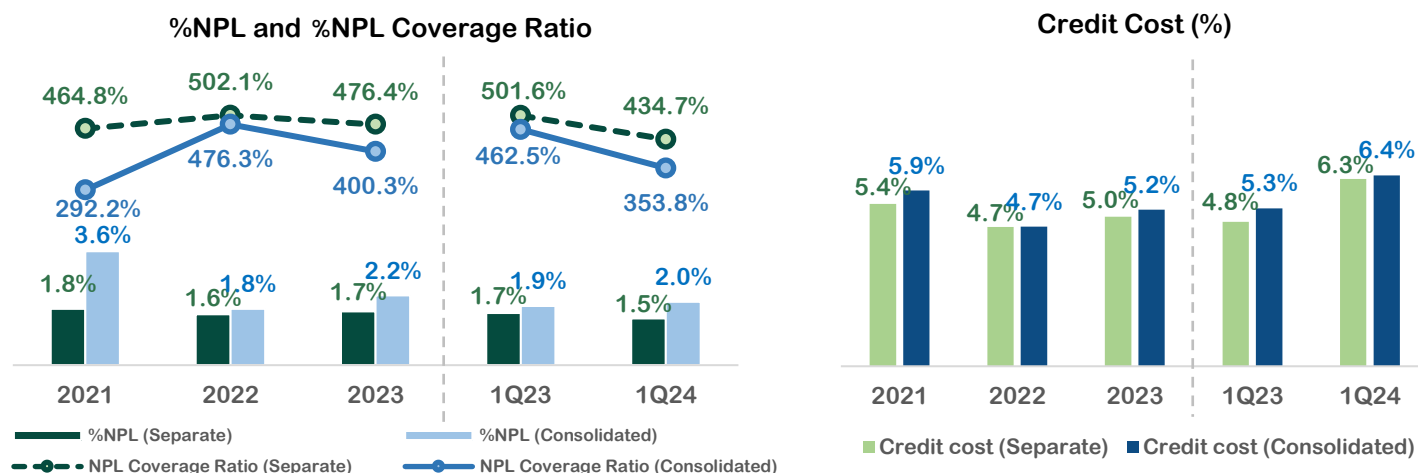
(Unit: Million Baht)	Consolidated Financial Statement : Allowance for Expected Credit Loss				
	Financial assets where there has not been a significant increase in credit risk (Stage 1)	Financial assets where there has been a significant increase in credit risk (Stage 2)	Financial assets that are credit- impaired (Stage 3)	Financial assets where applied simplified approach to calculate lifetime expected credit loss	Total
Balance as of January 1, 2024	4,332	3,316	1,283	832	9,763
Changes in staging	230	(670)	439	-	-
Changes in risk parameters	(1,573)	37	3,860	96	2,420
New financial assets originated or purchased	159	-	-	0.01	159
Financial assets derecognized	(55)	(200)	(623)	(18)	(896)
Written-off	-	-	(3,999)	(48)	(4,048)
Balance as of March 31, 2024	3,093	2,483	960	863	7,399

“NPL ratio stood at 2.0%, and NPL coverage remained high at 353.8%.”

For 1Q2024, the total Non-Performing Loan (NPL) ratio of the Group was recorded at 2.0%. This represents a decrease from the 2.2% reported in 4Q2023 and a slight increase from 1Q2023, which had a ratio of 1.9%. The increase is primarily attributable to defaults on lease receivable. Specifically, the NPL ratios for credit cards, personal loans, and leasing for 1Q2024 stood at 1.2%, 2.1%, and 19.7%, respectively. The Group has set aside an allowance for expected credit losses of Baht 7,399 million, a decrease of 17.2% (YoY), resulting from accelerated write-offs for which provisions had already been established. NPL coverage ratio was at 353.8%, a drop from the same period in 2023, at 462.5%.

According to the separate financial statement, the %NPL for 1Q2024 stood at 1.5%, a decline from the 1.7% reported in the same period last year. The allowance for expected credit losses was valued at Baht 6,536 million, resulting in an NPL coverage ratio of 434.7%, down from 501.6% in 1Q2023.

Due to an accelerated written-off period, the credit cost for separate and consolidated financial statements in 1Q2024 increased to 6.3% and 6.4%, respectively. The Group has adequately provisioned for expected credit losses, ensuring sufficient coverage to mitigate potential economic disruptions and future uncertainties.



NPL
Separate: 1.5%
Consolidated: 2.0%

	1Q2023		4Q2023		1Q2024	
	MB	%NPL	MB	%NPL	MB	%NPL
Total NPL	1,932	1.9%	2,439	2.2%	2,091	2.0%
NPL – Credit Card	739	1.1%	851	1.1%	804	1.2%
NPL – Personal Loan	902	2.8%	1,024	3.0%	699	2.1%
NPL – Leasing	290	8.8%	564	17.7%	588	19.7%

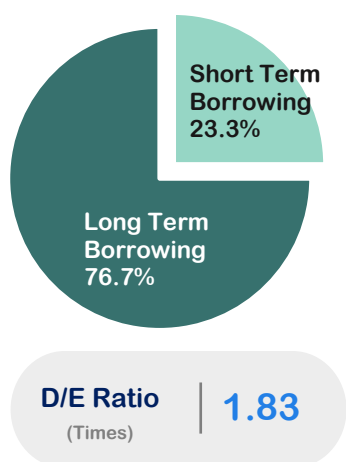
The outstanding balances of loans to customers and accrued interest receivables classified by type of business and stage as of March 31, 2024 are as follows

(Unit: Million Baht)	Consolidated Financial Statements			
	Credit Card	Personal Loan	Leasing	Total
Stage 1	61,073	26,395	-	87,467
Stage 2	7,043	5,691	-	12,734
Stage 3	804	699	-	1,504
Financial assets where applied simplified approach to calculate lifetime expected credit losses	-	-	2,985	2,985
Total loans to customers	68,920	32,785	2,985	104,690
Add Accrued interest receivables and undue interest receivables	293	364	-	657
Total loan to customers and accrued interest receivables	69,213	33,149	2,985	105,347
Less Allowance for expected credit loss	(3,817)	(2,719)	(863)	(7,399)
Total loans to customers and accrued interest receivables, net	65,395	30,430	2,122	97,948

Borrowing

"The Debt-to-Equity Ratio has decreased to a level of 1.83 times, and short-term borrowing facility amounting to Baht 24,990 million."

1Q24 Borrowing Proportion



As of 1Q2024, the Group had total borrowings of Baht 59,344 million. The funding structure was divided into short-term borrowings (including short-term loans and the current portion of long-term borrowings due within 1 year) of 23.3% and long-term borrowings of 76.7%. KTC diversified sources of funding, including from Thai commercial banks, securities companies, insurance companies, and various funds, allocated as short-term borrowings from financial institutions and related parties at Baht 3,980 million, long-term loans from Krungthai Bank at Baht 10,500 million and debentures amounting to Baht 44,864 million

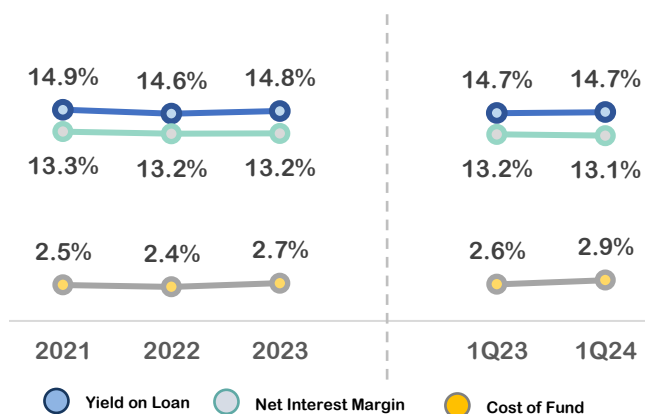
The debt-to-equity ratio stood at 1.83 times in 1Q2024, dropping from 2.00 times in 1Q2023, and remained below the debt covenant of 10 times.

Furthermore, the Group has a total short-term credit line of Baht 28,871 million (including a credit line from Krungthai Bank of Baht 18,561 million). The Group utilized Baht 3,881 million of the short-term credit facility, leaving the remaining credit line of Baht 24,990 million.

In 1Q2024, the cost of funds was 2.9%, up from 2.6% in the same period last year due to the higher cost of new borrowings.

The loan yield was stable at 14.7% (YoY basis), causing the net interest margin to contract to 13.1% compared with the previous year at 13.2%.

Yield on Loans, Net Interest Margin and Cost of Funds



Revenues & Expenses

	Consolidated Financial Statement		
	1Q2023	1Q2024	Growth (%YoY)
(Unit: Million Baht)			
Total Revenues	6,055	6,763	12%
Bad Debt Recovery	822	1,041	27%
Total Operating Expenses	1,985	2,369	19%
Finance Costs	390	451	16%
Profit before Expected Credit Loss	3,685	3,943	7%
Expected Credit Loss	1,367	1,683	23%
Bad Debt	1,224	4,048	231%
Doubtful Accounts	142	(2,364)	(1,760%)
Profit before Income Tax	2,319	2,259	(3%)
Net Profit	1,866	1,793	(4%)
Total Comprehensive Income (Loss)			
Owners of the parent	1,872	1,803	(4%)
Earning per Shares (Baht)	0.73	0.70	(4%)
Book Value per Share (Baht)	12.97	14.60	13%

Total Revenues 1Q2024

6,763 | **11.7%**
(Million Baht) | YoY

Total interest income increased by

▲ **5.4%**
YoY

Fee income increased by

▲ **14.7%**
YoY

The total interest income (including credit usage fee) ⁽¹⁾ for the first quarter of 2024 stood at Baht 4,008 million, up 5.4% (YoY), comprising of interest income from credit cards amounting to Baht 1,991 million, up 5.8% (YoY); interest income from personal loans Baht 1,970 million, up 5.4% (YoY); and interest income from lease receivables Baht 47 million, down 8.9% (YoY). The rise in interest income was from the company's overall loan portfolio expansion. For 1Q2024, fee income amounted to Baht 1,544 million, expanding 14.7% (YoY), driven by a robust transaction volume. The increase in fee income included a 24.3% (YoY) jump in merchant discount fees, a 22.4% (YoY) increase in cash advance fees, a 12.1% (YoY) expansion in collection fees, and a 6.0% (YoY) rise in interchange fees.

In 1Q2024, bad debt recovery totaled Baht 1,041 million, rising 26.7% (YoY). This was divided into Baht 1,013 million for KTC and Baht 28 million for KTBL. The increase in bad debt recovery was due to effective debt collection across all business groups and a strategic focus on enhancing the debt recovery process. Adjustments to strategies that are more suitable to the current situation have also contributed to improved efficiency in debt collection.

⁽¹⁾ Starting from 1Q2024, the company has reclassified interest income and income from credit usage fee as 'interest income' in the statement of comprehensive income. Consequently, the 'interest income' line item now reflects the sum of interest income and credit usage fee.



Interest Income
(Including Credit Usage Fee)

4,008 Million Baht

	1Q2023	%Total Revenue	1Q2024	%Total Revenue	%Growth
Interest Income - Credit Card	1,883	31.1%	1,991	29.4%	5.8%
Interest Income - Personal Loan	1,868	30.9%	1,970	29.1%	5.4%
Interest Income - Leasing	51	0.8%	47	0.7%	(8.9%)



Fee Income

1,544 Million Baht

	1Q2023	%Total Revenue	1Q2024	%Total Revenue	%Growth
Fee income	1,347	22.2%	1,544	22.8%	14.7%

Total Expenses 1Q2024

4,504 | **20.4%**
(Million Baht) | YoY

In the first quarter of 2024, the Group's total administrative expenses amounted to Baht 2,369 million, rising 19.4% (YoY), driven mainly by higher fee payments and service charges in line with the increased number of transactions and increased marketing expenses due to the launch of new products and enhanced online marketing efforts. Additionally, other administrative expenses expanded due to investments in system development to improve operational efficiency. As a result, the cost-to-income ratio for the first quarter of fiscal year 2024 stood at 35.0%, up from the 32.8% reported in the previous year's first quarter.

The expected credit losses amounted to Baht 1,683 million, up 23.2% (YoY), due to the accelerated write-off policy.

Financial costs totaled Baht 451 million, up 15.6% (YoY), in line with higher interest rates compared to the same period last year.

Cost to Income Ratio

 **35.0%**

“Total expenses increased (YoY) due to the growth in transaction volume, expansion of the overall loan portfolio, and investments in system development.”

Total Operating Expense **2,369** Million Baht

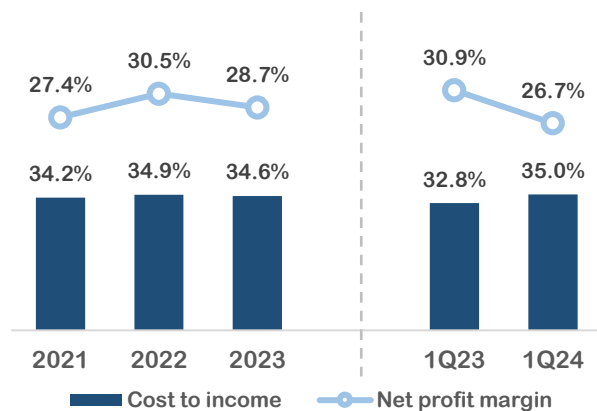
	1Q2023	%Total Revenue	1Q2024	%Total Revenue	%Growth
Personal expense	670	11.1%	695	10.3%	3.7%
Marketing expense	164	2.7%	194	2.9%	18.1%
Fee and service expense	708	11.7%	888	13.1%	25.4%
Other administrative expense	442	7.3%	591	8.7%	33.8%

Expected Credit Loss (ECL) **1,683** Million Baht

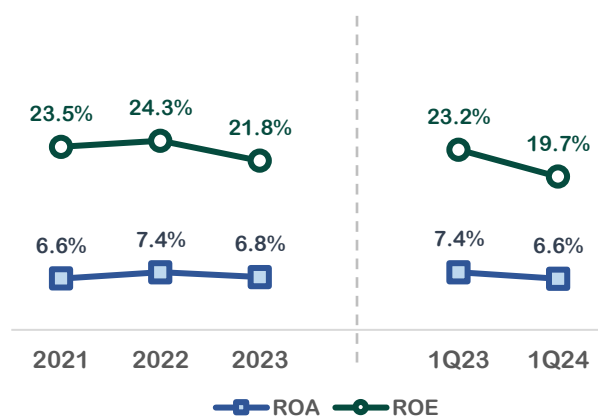
	1Q2023	%Total Revenue	1Q2024	%Total Revenue	%Growth
ECL - Credit Card	636	10.5%	731	10.8%	14.9%
ECL - Personal loan	572	9.4%	874	12.9%	52.8%
ECL - Leasing	158	2.6%	79	1.2%	(50.3%)

Key Financial Ratios

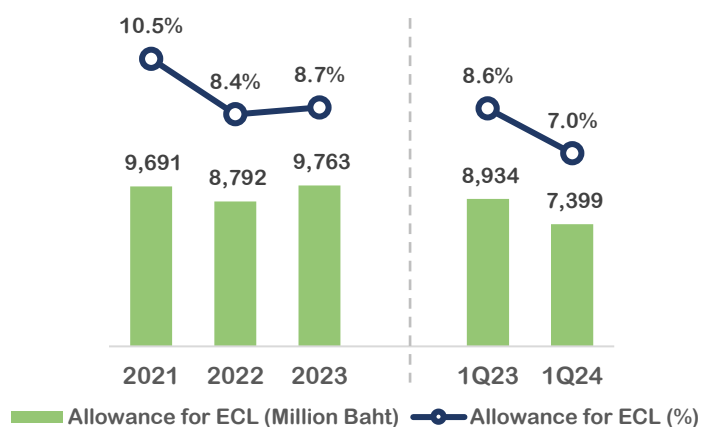
Net Profit Margin and Cost to income ratio



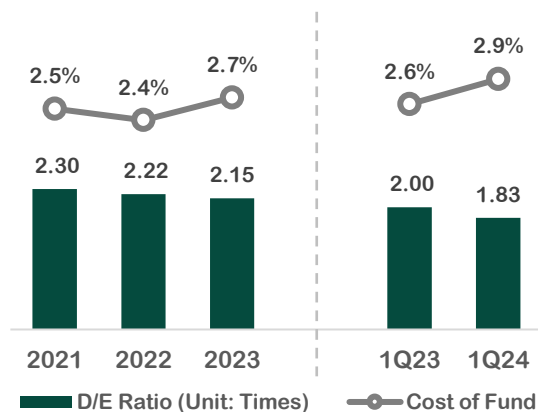
Return on Asset (ROA) and Return on Equity (ROE)



Allowance for ECL to Total Port



Debt to Equity (D/E) Ratio and Cost of Fund



Sustainable Household Debt Solution Approach and Potential Impacts

The Bank of Thailand (BOT) published the regulations for Responsible Lending (RL) in the Notification of Bank of Thailand No. SorKorChor 7/2566 to reinforce the role of financial service providers in responsibly serving customers throughout the credit lifecycle. These criteria have been effective since January 1, 2024.

These lending management criteria encompass eight main areas: (1.) Product Development, (2.) Advertising, (3.) Sales Process, (4.) Consideration of customers' debt repayment capability (affordability), (5.) Discipline Promotion and Financial Management during the indebtedness period, (6.) Assistance for Customers with Persistent Debt (PD), (7.) Assistance for customers with payment problems, including restructuring non-NPL debt for both preemptive debt restructuring (Preemptive DR) and troubled debt restructuring (TDR), and (8.) Compliance with Laws and Debt Transfers.

KTC has implemented measures to assist debtors in compliance with the BOT announcement as follows:

The adjustment of the minimum payment rate for credit cards from 5% to 8% took effect in the billing cycle starting from January 1, 2024. In 1Q2024, we found that most of the company's debtors could make the minimum payment at 8%. Only a minority experienced difficulties. Hence, the company proposed various fair and appropriate debt relief options for these debtors.

Moreover, the company has ready-to-implement measures to assist non-NPL debtors, which involves pre-emptive debt restructuring as soon as there is an indication that debtors may face payment difficulties at least once. This ensures that debtors can meet their obligations without falling into NPL status. The company will also propose at least one form of assistance for NPL debtors, especially before undertaking legal action, debt sale, contract termination, or asset seizure. In providing such debtor assistance, the company will consider the debtor's ability to repay without unduly increasing their debt burden beyond the original obligation.

KTC has reviewed the implementation of assistance measures based on the aforementioned criteria and is confident that these measures will not significantly impact the company's overall operations.

Furthermore, regarding the assistance of debtors with persistent debt issues (Persistent Debt: PD), which will be enforced starting from April 1, 2024, the company has assessed the potential impacts and estimates that if all qualified debtors participate in the program, our interest income will decrease by approximately Baht 18 million per month.

KTC's Strategy Incorporating Sustainability Development



KTC's strategy has integrated sustainable economic, social, and environmental dimensions through Better Products and Services, Better Quality of Life, and Better Climate. KTC conducts its business with responsibility and continuously develops products, services, technology, digital innovation, and human resources to meet business demands, builds trust with stakeholders, increases access to financial products and services for Thai society, alleviates environmental impacts, and supports sustainable development goals of the United Nations. For more information, please visit the website at <https://www.ktc.co.th/en/sustainability-development>