

Management Discussion and Analysis for 1Q2025

Executive Summary

“Despite the challenging environment, performance remained strong. In 1Q2025, net profit was at Baht 1,861 million, with a slight increase in the portfolio while maintaining satisfactory asset quality under appropriate risk levels. Meanwhile, card spending grew at a pace that surpassed the industry average.”

Krungthai Card Public Company Limited and its subsidiaries (“the Group”) reported a net profit of Baht 1,861 million for 1Q2025, reflecting an increase of 3.2% (YoY) compared to the same period in 2024 when the net profit was Baht 1,803 million. The separate financial statements of Krungthai Card Public Company Limited (KTC or the “Company”) for 1Q2025 showed a net profit of 1,877 million baht, a decrease of 0.9% (YoY). This decline was primarily due to a one-time gain on the sale of investment in an associate in 1Q2024, amounted to Baht 82 million. Excluding this gain, KTC’s net profit would have increased by 2.7%.

In 1Q2025, the Group’s total revenue was at Baht 6,832 million, grew by 1.0% (YoY), driven by an increase in fee income, including merchant fees, cash advance withdrawal fees, and interchange fees. Meanwhile, interest income and bad debt recovery slightly decreased. Total expenses equaled Baht 4,433 million, decreased by 1.6% (YoY), driven by lower expected credit losses and financial costs. However, total operating expenses rose due to higher transaction volumes and an increase in marketing expenses. The cost to income ratio stood at 35.1%.

At the end of 1Q2025, the Group’s total loan portfolio reached Baht 107,093 million, reflecting a growth of 1.7% (YoY). This includes a 1.5% (YoY) increase in the credit card portfolio, with card spending growth of 6.7% (YoY), and the personal loan portfolio grew by 5.2% (YoY).

KTC has continued to maintain good control over asset quality, with the NPL Coverage Ratio for the separate financial statements remaining high at 449.5%. Meanwhile, the NPL ratio (%NPL) stood at 1.58%, down from 1.64% at year ended 2024. The NPL Coverage Ratio for the Group also remains high at 384.5%, and the %NPL for the Group stands at 1.97%, slightly increased from the year ended 2024 at 1.95%. For 1Q2025, the Group’s Credit Cost decreased to 6.0% from 6.4% in 1Q2024.

The Group maintains strong financial ratios, such as a higher net profit margin of 27.2%, a high return on equity ratio of 18.3%, and a low debt-to-equity ratio of only 1.58 times. Demonstrating resilience across business cycles through consistent profitability, strong asset quality, and a well-maintained market position, TRIS Rating Co., Ltd. upgraded the Company’s corporate credit rating and senior unsecured debenture rating from ‘AA-’ to ‘AA’ on 9 April 2025.

As KTC continues to prioritize the expansion of the total loan portfolio, it does so with a firm commitment maintaining control over asset quality, and upholding responsible lending practices, ensuring that the Group achieves its business plan goals.

Target 2025 vs Actual 1Q2025

Target	2025	Actual 1Q2025
Net Profit (MB)	> 7,437	1,861
Total Portfolio Growth	4% - 5%	1.7%
Credit Card Spending Growth	10%	6.7%
KTC PROUD Portfolio Growth	3%	0.6%
New Booking of P BERM Car for Cash (MB)	3,000	511
Asset Quality (%NPL)	≤ 2.0%	1.97%

The year 2025 marks a year of transition into the digital technology era. The Group is flexible and capable of adapting to the rapidly changing and volatile environment. At the same time, the Group continues to target higher profit values to achieve 10% growth in card spending, total portfolio growth of approximately 4%-5%, the KTC PROUD portfolio growth of 3%, new bookings of Baht 3 billion for KTC P BERM Car for Cash and total NPL ratio not exceeding 2.0%.

Although the economic downturn was more significant than expected, the Company believes the strategy of expanding a credit card and personal loans customer base, along with quality screening, will enable KTC to achieve its intended goals.

Industry Overview

According to the February 2025 meeting report of the Monetary Policy Committee, the Bank of Thailand (BOT) revised Thailand's economic growth to slightly higher than 2.5% (Revised forecast on 19 March 2025), lower than the previous forecast at 2.9% (As of 18 December 2024), driven by challenges in the industrial production sector, increased competition from foreign goods, and impact of U.S. trade policies, particularly in the automotive, petrochemical, and construction material industries. However, the service and tourism sector continues to expand, and domestic demand is expected to grow due to private consumption.

On 2 April 2025, the United States announced new import tariffs, which have directly and indirectly impacted the Thai economy, particularly Thailand's exports to the U.S., which may decrease due to the tariff increase. The U.S. is Thailand's largest export market, accounting for 17% of the country's total export value in 2024. Additionally, U.S. trade policies could affect the global economy and the demand for Thai goods and services in international markets. These changes to U.S. import tariffs may lead to a slowdown in Thailand's economic growth. However, on 9 April 2025, the U.S. announced a 90-day delay in implementing reciprocal tariffs. The situation remains uncertain, particularly U.S. trade policies, which could influence the direction and outlook of Thailand's future economy.

Industry Data	Y2024	2M2024	2M2025
Credit Card Receivables (MB)	497,258	480,080	466,804
Growth (%)	(3.2%)	0.8%	(2.8%)
KTC Market Share (%)	14.9%	14.6%	15.3%
Number of Credit Card (Cards)	26,043,756	26,313,500	26,116,403
Growth (%)	(0.9%)	1.9%	(0.7%)
KTC Market Share (%)	10.7%	10.2%	10.7%
Credit Card Spending (MB)	2,231,734	364,124	358,498
Growth (%)	2.6%	6.9%	(1.5%)
KTC Market Share (%)	13.1%	12.4%	13.5%
Personal Loan Receivables (Excluding Auto Title Loan) (MB)	482,601	504,771	476,728
Growth (%)	(5.4%)	0.7%	(5.6%)
KTC Market Share (%)	6.6%	6.1%	6.7%
Auto Title Loan Receivables (MB)	375,322	348,918	375,174
Growth (%)	11.3%	34.8%	7.5%

Source: Industry Data, Bank of Thailand (as of 10 April 2025)

The growth of the consumer finance industry has contracted, partly due to household income that has not fully recovered and high debt burdens. At the end of February 2025, total credit card receivables in the industry amounted to Baht 466,804 million, a decrease of 2.8% (YoY). Credit card spending in 2M2025 declined slightly by 1.5% (YoY). Meanwhile, personal loan receivables (excluding auto title loans) totaled Baht 476,728 million, down 5.6% (YoY). However, auto title loans grew by 7.5% (YoY), reaching Baht 375,174 million.

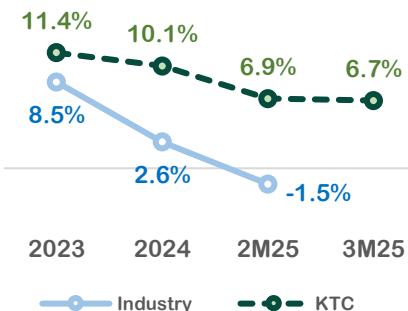
KTC's market share for 2M2025 increased across all dimensions compared to 2M2024. This includes credit card receivables, which increased to 15.3% from 14.6%; credit card spending volume, which rose to 13.5% from 12.4%; and personal loan receivables (excluding auto title loans), which increased to 6.7% from 6.1%.

Portfolio Overview

“KTC's credit card spending in 1Q2025 grew by Baht 4,634 million or 6.7% (YoY).”

KTC's credit card spending for 2M2025 reached Baht 48,288 million, an increase of Baht 3,101 million or 6.9% (YoY), surpassing the industry's average, which contracted by 1.5%. For 1Q2025, credit card spending amounted to Baht 74,053 million, an increase of Baht 4,634 million or 6.7% (YoY). The Company has a total of 3,486,729 accounts, including 2,796,551 credit card accounts, which increased by 3.8% (YoY), and 690,178 personal loan accounts (including auto title loans), which decreased by 5.2% (YoY), primarily due to the closure of inactive KTC PROUD cash card accounts.

Credit Card Spending Growth



At the end of 1Q2025, the total loans to customers and accrued interest amounted to Baht 107,093 million, growing by 1.7% (YoY), which can be listed below.

1. Credit card receivables amounted to Baht 70,283 million, growing by 1.5% (YoY) due to continued growth in card spending, although the growth rate has slowed due to the overall economic slowdown.
2. Personal loans amounted to Baht 34,857 million, increasing by 5.2% (YoY) due to a strategy focusing on growth and quality management of the loan portfolio, including the development of additional benefits for personal loan members along with credit cardholders, which will help build a growing value base in the future.
3. Lease receivables amounted to Baht 1,953 million, a decrease of 34.6% (YoY), as the Company has ceased offering this type of loan since August 2023. The Company is currently focused on debt collection and managing the quality of its existing loan portfolio.

Loans to customers and accrued interest receivables

(Unit: Million Baht)	1Q24	1Q25	%Growth
Credit Card	69,213	70,283	1.5%
Personal Loans (Including KTC P BERM Car for Cash)	33,149	34,857	5.2%
Leasing	2,985	1,953	(34.6%)

The changes in the allowance for expected credit loss as of March 31, 2025 are as following table.

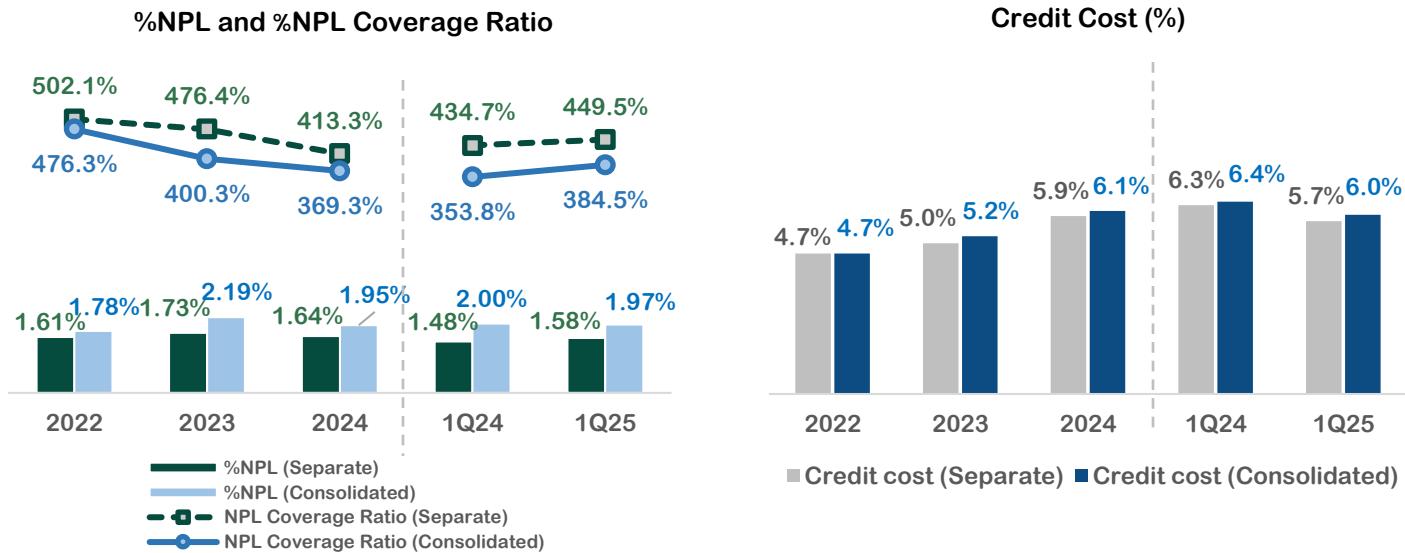
(Unit: Million Baht)	Consolidated Financial Statements: Allowance for Expected Credit Loss				
	Financial assets where there has not been a significant increase in credit risk (Stage 1)	Financial assets where there has been a significant increase in credit risk (Stage 2)	Financial assets that are credit- impaired (Stage 3)	Financial assets where applied simplified approach to calculate lifetime expected credit loss	Total
Balance as of January 1, 2025	3,780	2,442	1,119	626	7,966
Changes in staging	276	(696)	419	-	-
Changes in risk parameters	(277)	855	1,783	96	2,456
New financial assets originated or purchased	158	-	-	-	158
Financial assets derecognized	(59)	(105)	(845)	(10)	(1,020)
Written-off	-	-	(1,428)	(61)	(1,489)
Balance as of March 31, 2025	3,878	2,496	1,047	650	8,071

“The NPL ratio stands at 1.97%, lower than the target set at $\leq 2.0\%$, and the NPL Coverage ratio remains strong at 384.5%.”

The ratio of non-performing loans (NPL) to total loans for the Group (%NPL) in 1Q2025 was 1.97%, slightly higher than 1.95% at the end of 2024, due to a decline in the debt quality of lease receivables. The %NPL of credit card receivables, personal loan receivables, and lease receivables were at 1.21%, 2.35%, and 22.94%, respectively. The allowance for expected credit losses stood at Baht 8,071 million, an increase of 9.1% (YoY), driven by higher provisions in line with the expansion of the loan portfolio. The NPL Coverage Ratio remained strong at 384.5%, up from 369.3% at the end of 2024 and 353.8% at the end of 1Q2024.

For the separate financial statements, the total %NPL at the end of 1Q2025 stood at 1.58%, down from 1.64% at the end of 2024. The allowance for expected credit losses was 7,421 million baht, representing an NPL Coverage Ratio of 449.5%, an increase from 413.3% at the end of 2024 and 434.7% at the end of 1Q2024.

Additionally, the Group has sufficient allowances for expected credit losses to absorb potential economic fluctuations and uncertainties that may arise in the future. The credit cost for the Group and the separate financial statements in 1Q2025 compared with the same quarter last year decreased to 6.0% and 5.7%, respectively.



NPL		1Q2024		4Q2024		1Q2025			
Separate	Consolidated	MB	%NPL	MB	%NPL	MB	%NPL		
Total NPL	1.58%	2,091	2.00%	2,157	1.95%	2,099	1.97%		
NPL – Credit Card	804	804	1.17%	923	923	1.25%	844	844	1.21%
NPL – Personal Loan	699	699	2.13%	853	853	2.46%	807	807	2.35%
NPL – Leasing	588	588	19.68%	381	381	18.06%	448	448	22.94%

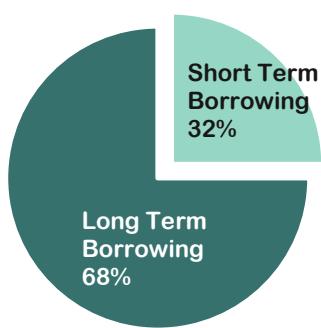
The outstanding balances of loans to customers and accrued interest receivables classified by type of business and stage as of March 31, 2025 are as follows.

(Unit: Million Baht)	Consolidated Financial Statements			
	Credit Card	Personal Loan	Leasing	Total
Stage 1	62,608	28,107	-	90,715
Stage 2	6,541	5,512	-	12,054
Stage 3	844	807	-	1,651
Financial assets where applied simplified approach to calculate lifetime expected credit losses	-	-	1,953	1,953
Total loans to customers	69,993	34,427	1,953	106,372
Add Accrued interest receivables and undue interest receivables	290	431	-	721
Total loan to customers and accrued interest receivables	70,283	34,857	1,953	107,093
Less Allowance for expected credit loss	(4,161)	(3,260)	(650)	(8,071)
Total loans to customers and accrued interest receivables, net	66,122	31,598	1,302	99,022

Borrowing

“Financial position and capital structure remain strong, with the capacity to support future growth. D/E ratio remains low at 1.58 times, and the remaining credit line stands at Baht 23,495 million.”

1Q25 Borrowing Proportion



D/E Ratio (Times) **1.58**

At the end of 1Q2025, the Group's total borrowings amounted to Baht 56,461 million (including lease liabilities), with the capital structure divided into short-term borrowings (including loans and debentures maturing within one year) at 32%, and long-term borrowings at 68%. KTC has diversified sources of borrowings from various institutions, including Thai commercial banks, securities companies, insurance companies, and funds. This includes short-term loans from Krungthai Bank and related companies amounting to Baht 1,790 million, other financial institutions totaling Baht 4,500 million, long-term borrowing from Krungthai Bank totaling Baht 9,500 million, and debentures amounting to Baht 40,297 million.

The debt-to-equity ratio stands at 1.58 times, down from 1.83 times at the end of 1Q2024, and remains below the covenant level (Debt Covenants), which is set at 10 times.

Additionally, the Group has a total short-term credit line from financial institutions amounting to Baht 29,755 million (including the credit line from Krungthai Bank of Baht 18,045 million). The Group has utilized Baht 6,260 million of the short-term credit line, leaving a balance of Baht 23,495 million. Furthermore, there is an outstanding long-term loan balance from Krungthai Bank of Baht 2,000 million. The Group also has debentures and long-term loans maturing in the remainder of 2025, amounting to Baht 11,000 million.

Yield on Loans, Net Interest Margin and Cost of Funds



For 1Q2025, the cost of funds increased to 2.96% from 2.85%, from the reduced borrowings despite a decrease in financial cost from Baht 451 million to Baht 439 million. The yield on loans stood at 14.63%, slightly down from the same period last year, which was 14.73%. This decrease is mainly due to the higher payment rate, resulting in a net interest margin of 13.02% at the end of 1Q2025, down from 13.07% at the end of 1Q2024.

Revenues & Expenses

(Unit: Million Baht)	Consolidated Financial Statement		
	1Q2024	1Q2025	Growth (%YoY)
Total Revenues	6,763	6,832	1.0%
Bad Debt Recovery	1,041	997	(4.2%)
Total Operating Expenses	2,369	2,400	1.3%
Finance Costs	451	439	(2.6%)
Profit before Expected Credit Loss	3,943	3,992	1.3%
Expected Credit Loss	1,683	1,594	(5.3%)
Bad Debt	4,048	1,489	(63.2%)
Doubtful Accounts	(2,364)	105	104.4%
Profit before Income Tax	2,259	2,398	6.1%
Net Profit	1,793	1,828	2.0%
Total Comprehensive Income (Loss)	1,803	1,861	3.2%
Owners of the parent			
Earning per Shares (Baht)	0.70	0.72	3.2%
Book Value per Share (Baht)	14.60	16.18	10.9%

Total Revenues 1Q25

6,832 | ▲ 1.0%
(Million Baht) | YoY

Total interest income

▼ **0.4%**
YoY

Total interest income for 1Q2025 amounted to Baht 3,992 million, a decrease of 0.4% (YoY). Interest income from credit card receivables in the first quarter of 2025 was Baht 1,921 million, down 3.5% (YoY) due mainly to higher payment rate. Meanwhile, interest income from personal loan receivables was Baht 2,037 million, increasing by 3.4% (YoY), driven by the growth in the personal loan portfolio, which increased by Baht 1,709 million, or growing by 5.2% (YoY).

Fee income

▲ 7.2%
YoY

Fee income amounted to Baht 1,656 million, an increase of 7.2% (YoY), driven by increased transaction volume. The growth primarily came from interchange, cash advance, and discount merchant fees.

Interest Income

	1Q2024	%Total Revenue	1Q2025	%Total Revenue	%Growth
Credit Card	1,991	29.4%	1,921	28.1%	(3.5%)
Personal Loan	1,970	29.1%	2,037	29.8%	3.4%
Leasing	47	0.7%	34	0.5%	(26.9%)

Fee Income

	1Q2024	%Total Revenue	1Q2025	%Total Revenue	%Growth
Fee income	1,544	22.8%	1,656	24.2%	7.2%

Total Expenses 1Q25

4,433 | ▼ 1.6%
(Million Baht) YoY

In 1Q2025, total operating expenses increased to Baht 2,400 million, an increase of 1.3% (YoY), mainly driven by higher transaction fees and service charges in line with the increased transaction volumes. Marketing expenses increased due to promotions. As a result, the cost-to-income ratio in 1Q2025 was 35.1%, slightly higher than 35.0% in 1Q2024.

Meanwhile, expected credit losses amounted to Baht 1,594 million, a decrease of 5.3% (YoY) due to reduced bad debt write-offs, and financial costs were Baht 439 million, a decrease of 2.6% (YoY) due to borrowings declined.

“Total expenses decreased from lower expected credit losses and financial costs.”

Cost-to-Income Ratio

 35.1%

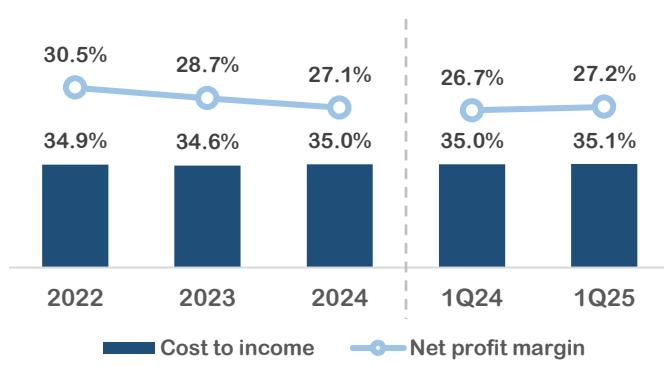
Total Operating Expense

	1Q2024	%Total Revenue	1Q2025	%Total Revenue	%Growth
Personal expense	695	10.3%	698	10.2%	0.4%
Marketing expense	194	2.9%	215	3.1%	10.5%
Fee and service expense	888	13.1%	920	13.5%	3.6%
Other administrative expense	591	8.7%	568	8.3%	(4.0%)

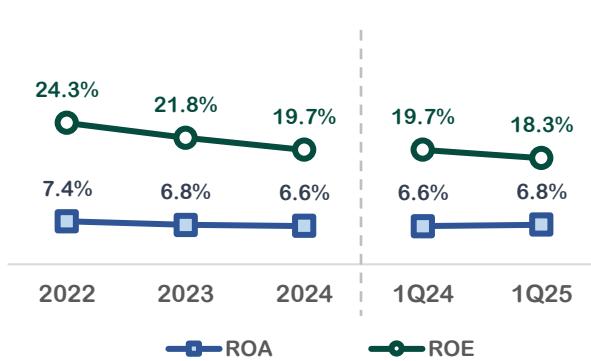
Expected Credit Loss (ECL) (Million Baht)	1Q2024	%Total Revenue	1Q2025	%Total Revenue	%Growth
ECL - Credit Card	731	10.8%	755	11.0%	3.3%
ECL - Personal loan	874	12.9%	753	11.0%	(13.8%)
ECL - Leasing	79	1.2%	86	1.3%	8.8%

Key Financial Ratios

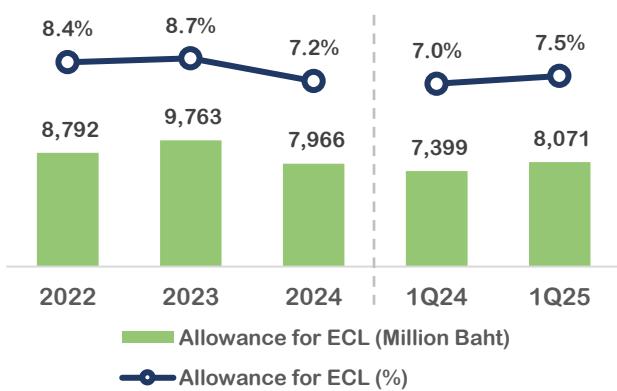
Net Profit Margin and Cost to Income Ratio



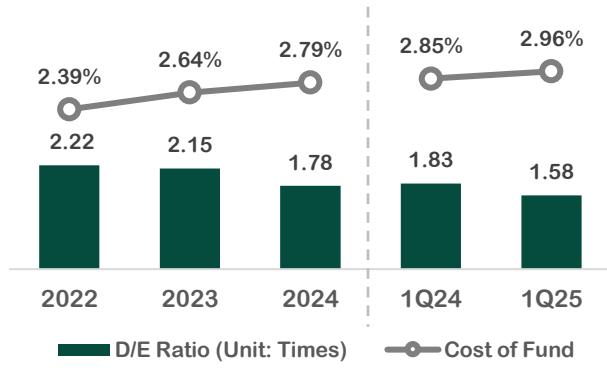
Return on Asset (ROA) and Return on Equity (ROE)



Allowance for ECL to Total Port (Unit: MB)



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



BOT's Sustainable Household Debt Solution Program and Potential Impacts

KTC has implemented long-term debt relief measures, which follow the Bank of Thailand's Notification No. 3/2568 regarding Responsible Lending, dated 10 February 2025. The objective is to strengthen service providers' role in appropriately taking responsibility for customers throughout the debt cycle. The Company has considered debtors' ability to repay and avoid unreasonably increasing their debt burden beyond their existing obligations. These measures include converting credit card debt to long-term personal loans, extending repayment periods, reducing installment amounts, etc. Details about these debt relief measures can be found at the link: <https://www.ktc.co.th/en/about/news/measure>

KTC is a financial business group of Krungthai Bank Public Company Limited, collaborating with the Bank of Thailand on the debt relief initiative under the project 'Khun Soo, Rao Chuay' ('You Fight, We Help'). Members can register via <https://www.ktc.co.th/en/khunsoo> from 12 December 2024 to 30 April 2025.

Additionally, due to the earthquake in late March 2025, KTC has implemented continuous debt relief measures for customers affected by the disaster. Customers affected by the quake can register to participate in the relief program through the following link: <https://www.ktc.co.th/en/about/news/earthquake-aid-measures>

KTC believes that the debt relief measures outlined above will not have a significant impact on the overall performance of the Group.

KTC's Strategy Incorporating Sustainability Development



KTC's strategy integrates sustainability concepts into responsible business operations, while continuously developing the organization to meet the needs of stakeholders. This also strengthens the financial sector and drives Thailand's sustainable growth. The Company's sustainability strategy details are as follows:

Economic Dimension (Better Products and Services)

KTC conducts business with transparency and fairness according to good corporate governance principles, based on responsible business operations and appropriate risk management. The Company emphasizes using technology, digital innovation, and artificial intelligence (AI) to efficiently develop products and services, while maintaining security and considering privacy. KTC also offers a variety of benefits to create satisfaction and positive experiences for its members.

Social Dimension (Better Quality of Life)

KTC develops diverse financial products and services to provide choices for customers, allowing them to select company products and services that appropriately match their needs and increase opportunities for inclusive and equal access to financial services. Additionally, KTC participates in promoting financial literacy to support and elevate the quality of life for Thai people, while developing personnel within the organization to enhance potential and work efficiency, as well as supporting respect for human rights in society.

Environmental Dimension (Better Climate)

KTC conducts business while being environmentally conscious, promoting the transition to a low-carbon society through business operations and developing of environmentally friendly financial products and services.

KTC supports the United Nations' Sustainable Development Goals, and more details can be found on the website: <https://www.ktc.co.th/en/sustainability-development>.

Additionally, KTC has organized investor activities for both equity and debt instruments, as well as analysts, fund managers, and other interested parties seeking information about the Company's performance to meet with the Company's executives and gain insights. The Company will present business information and performance, explaining the business model, industry overview, factors affecting operations, goals, plans, and growth strategies each quarter throughout the year. For 1Q2025 performance, the Opportunity Day will be organized through an online platform on Friday 16 May 2025 from 10.15-11.00 hrs. via the Stock Exchange of Thailand's communication channels as follows.



SET Opportunity Day



SET Thailand



SET Application