

Management Discussion and Analysis for Y2024

Executive Summary

“In 2024, KTC sustained profit growth while maintaining the portfolio quality within the target framework. Although, the credit card portfolio experienced a slight deceleration due to the increase in the minimum payment rate, card spending volumes have continued to exhibit strong growth.”

Krungthai Card Public Company Limited and its subsidiaries (the “Group”) have achieved another year of consistent profit growth, reporting a net profit of Baht 7,437 million for 2024. This represents an increase of 1.9% compared to the net profit of Baht 7,295 million recorded during the same period in 2023.

At the year-ended 2024, KTC reported a total portfolio value of Baht 111,162 million, reflecting a decline of 1.1% (YoY), influenced by elevated household debt levels. The credit card portfolio experienced a slowdown, partially attributed to the increase in the minimum repayment rate; the personal loan portfolio slightly expanded. The Group remained committed to portfolio expansion with a focus on rigorous quality screening under an appropriate level of risk. The NPL Ratio stayed within the target range of 1.95%, showing improvement from the previous year due to enhanced portfolio quality. The Group’s NPL Coverage Ratio stood at 369.3%, signifying a robust and sufficient buffer to mitigate unforeseen circumstances. The NPL Ratio and NPL Coverage Ratio of separate financial statements were 1.64% and 413.3%, respectively.

In 2024, the Group achieved total revenue growth of 8.0% (YoY), driven by increased interest income, fee income, and solid growth in bad debt recovery. Total expenses rose by 10.9% (YoY), primarily due to higher administrative expense. The increase is primarily driven by higher fee income, which corresponds to the expansion in transaction volume. Expected Credit Loss (ECL) grew by 14.7% (YoY), reflecting accelerated write-offs under the new write-off policy and higher provisioning based on prudent financial principles. In addition, financial costs increased to 2.8% (YoY) from 2.6% in the previous year due to the issuance of new debentures at higher interest rates to replace some maturing bonds. This resulted in increased financial expenses. However, with higher profitability in recent years, the debt-to-equity ratio at the end of 2024 stood at 1.78 times, a decrease compared to 2.15 times at the end of the previous year.

Moreover, the growth rate of card spending was 10.1%, exceeding the industry average due to the Company’s targeted marketing initiatives aligned with member needs. However, cautious consumer spending, influenced by the economic environment and an increase in the minimum payment rate, led to a contraction in the credit card portfolio to 0.7%. Conversely, the personal loan portfolio saw modest growth, reaching 1.1%, supported by new booking of KTC P BERM Car for Cash.

In summary, when comparing the targets with the performance in 2024, KTC successfully achieved continuous profit growth from the previous year. While the overall portfolio size remained stable, this approach prioritized maintaining high-quality debtors, a critical foundation for sustainable growth. Non-performing loans were effectively managed, maintaining at 1.95%, meeting the target of ≤ 2.00%.

Industry Overview

During the Monetary Policy Committee (MPC) meeting on December 18, 2024, the Bank of Thailand reaffirmed its economic growth forecasts for Thailand at 2.7% in 2024 and 2.9% in 2025. The economy is expected to expand in line with these projections, supported by sustained growth in tourism and private consumption, alongside improving exports of electronic products and machinery, which are aligned with the technology product cycle.

Industry Data	Y2022	Y2023	11M2024 ⁽¹⁾
Credit Card Receivables (Million Baht)	497,146	513,491	469,335
Growth (%)	8.5%	3.3%	(3.7%)
KTC Market Share (%)	14.0%	14.5%	15.0%
Number of Credit Card (Cards)	25,733,923	26,279,164	26,008,372
Growth (%)	3.6%	2.1%	(0.7%)
KTC Market Share (%)	9.9%	10.0%	10.7%
Credit Card Spending (Million Baht)	2,004,737	2,175,834	2,004,529
Growth (%)	21.5%	8.5%	2.4%
KTC Market Share (%)	11.9%	12.2%	13.0%
Personal Loan Receivables (Excluding Auto Title Loan) (Million Baht)	498,958	510,301	487,639
Growth (%)	10.3%	2.3%	(4.9%)
KTC Market Share (%)	6.3%	6.4%	6.6%
Auto Title Loan Receivables (Million Baht)	247,516	337,192	374,120
Growth (%)	36.9%	36.2%	13.8%

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

(1) %Growth Year-over-Year (YoY) for 11M2024 compared to 11M2023

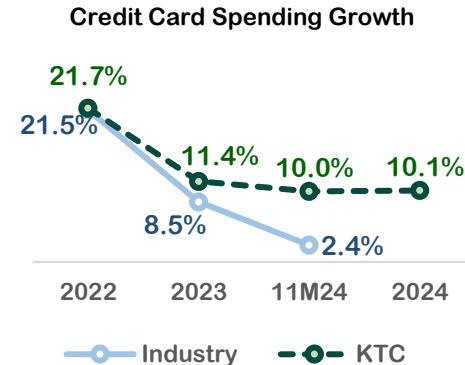
The consumer finance industry experienced a contraction due to persistently high household debt levels and economic conditions that prompted consumers to exercise caution in their spending. During the first 11 months of 2024 ("11M24"), total credit card spending in the industry reached Baht 2,004,529 million, representing an increase of 2.4% (YoY). Auto title loan demonstrated robust growth, rising by 13.8% (YoY) to Baht 374,120 million. However, the industry's credit card receivables stood at Baht 469,335 million, a decline of 3.7% YoY, primarily due to an increase in the minimum repayment rate. Additionally, personal loans (excluding auto title loan) amounted to Baht 487,639 million, representing a 4.9% (YoY) decrease.

KTC achieved an increased market share during 11M24 compared to the same period in the previous year. KTC's card spending volume grew to 13.0% from 12.1%, while the proportion of credit card receivables rose to 15.0% from 14.7%. Additionally, the market share on personal loan receivables (excluding auto title loan) increased to 6.6% from 6.3%.

Portfolio Overview

“KTC achieved a 10.1% YoY growth in card spending for 2024.”

The total credit card spending volume of KTC for 11M24 amounted to Baht 261,551 million, growing by 10.0% (YoY), surpassing the industry's growth rate of only 2.4% (YoY). For 2024, KTC's card spending volume amounted to Baht 292,146 million, reflecting a growth of 10.1% (YoY). The Company has a total of 3,488,156 member accounts, comprising of 2,799,301 credit card accounts, which grew by 6.1% (YoY), and 688,855 personal loan accounts, which decreased by 4.6% (YoY).



At the end of 2024, the total loans to customers and accrued interest receivables amounted to Baht 111,162 million, reflecting a decline of 1.1% (YoY). The contraction was driven by a slowdown in household loan demand, in line with the broader economic conditions and high household debt levels in Thailand, which have constrained consumers' ability to take on new loans. KTC has consistently maintained a stringent credit approval process. The details of the Company's total loans to customers and accrued interest receivables are as follows:

1. Credit card receivables were valued at Baht 73,954 million, reflecting a slight decrease of 0.7% (YoY) which was attributed to the increase in the minimum repayment rate from 5% to 8%, as well as the implementation of faster write-off policy, which resulted in the portfolio growth stabilizing near the same period of last year.
2. Personal loans amounted to Baht 35,096 million, reflecting an increase of 1.1% (YoY) which mainly derived from the increase in receivables of KTC P BERM Car for Cash, resulting in totaled Baht 3,015 million of outstanding loan at the end of 2024. The Company remains focused on developing and refining its communication strategies to enhance product awareness and expand its reach to a broader target audience through leveraging Krungthai Bank branches, dealers, and various business partners, as well as utilizing technology to enable real-time applications, ensuring customers can easily and securely access loan funding with maintaining the quality of its loan portfolio at the same time.
3. Lease receivables amounted to Baht 2,112 million, reflecting a decrease of 33.8% (YoY) due to the cessation of new loans since August 2023. The Group focuses on debt collection and managing the quality of the existing portfolio.

Loans to customers and accrued interest receivables

(Unit: Million Baht)	2023	2024	%Growth
Credit Card	74,441	73,954	(0.7%)
Personal Loan (Including KTC P BERM Car for Cash)	34,716	35,096	1.1%
Leasing	3,189	2,112	(33.8%)

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

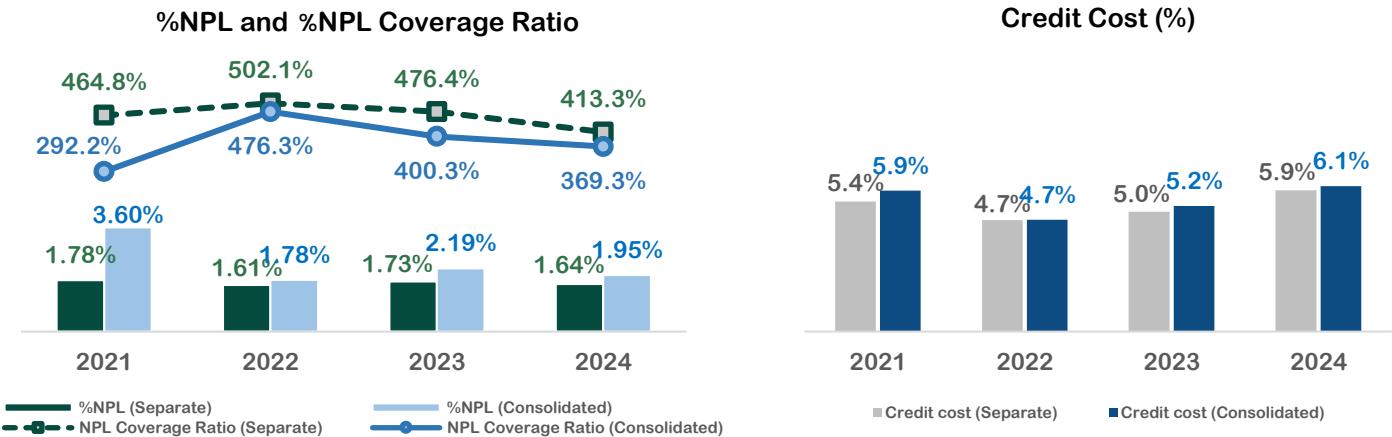
(Unit: Million Baht)	Consolidated Financial Statement : Allowance for Expected Credit Loss				
	Financial assets where there has not been a significant increase in credit risk (Stage 1)	Financial assets where there has been a significant increase in credit risk (Stage 2)	Financial assets that are credit- 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	516	(569)	53	-	-
Changes in risk parameters	(1,588)	594	8,543	371	7,919
New financial assets originated or purchased	830	-	-	0.01	830
Financial assets derecognized	(309)	(899)	(727)	(52)	(1,987)
Written-off	-	-	(8,034)	(524)	(8,559)
Balance as of December 31, 2024	3,780	2,442	1,119	626	7,966

“Portfolio quality remains robust, with the overall NPL Ratio at 1.95% and NPL Coverage ratio maintaining a strong level of 369.3%”

The ratio of NPLs to total loans, based on separate financial statements, for 2024 was 1.64%, down from 1.73% in 2023. The overall portfolio quality remains strong, with NPL effectively controlled. The allowance for expected credit loss stood at Baht 7,341 million, resulting in an NPL Coverage Ratio of 413.3%, a decrease from 476.4% in the same period last year.

The Group's NPLs to total loan for 2024 was 1.95%, a decrease from 2.19% in the same period of 2023. The NPLs to total loan for credit card debt, personal loans, and lease receivables stood at 1.25% 2.46% and 18.06%, respectively. The Group maintained an allowance for expected credit loss of Baht 7,966 million, a decrease of 18.4% (YoY), resulting in an NPL Coverage Ratio of 369.3%, down from 400.3% in the same period of 2023.

As the result, the new write-off policy in 2024 led to the Group's credit cost rising to 6.1%, compared to 5.2% in 2023.



NPL

	Separate	Consolidated				
	1.64%	1.95%				
	4Q2023		3Q2024		4Q2024	
	MB	%NPL	MB	%NPL	MB	%NPL
Total NPL	2,439	2.19%	2,039	1.93%	2,157	1.95%
NPL – Credit Card	851	1.15%	895	1.30%	923	1.25%
NPL – Personal Loan	1,024	2.99%	762	2.21%	853	2.46%
NPL – Leasing	564	17.69%	382	16.71%	381	18.06%

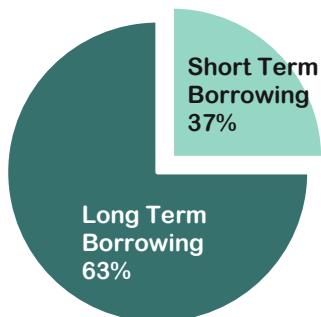
The outstanding balances of loans to customers and accrued interest receivables classified by type of business and stage as of December 31, 2024 are as follows.

(Unit: Million Baht)	Consolidated Financial Statements			
	Credit Card	Personal Loan	Leasing	Total
Stage 1	66,233	28,408	-	94,641
Stage 2	6,494	5,412	-	11,905
Stage 3	923	853	-	1,776
Financial assets where applied simplified approach to calculate lifetime expected credit losses	-	-	2,112	2,112
Total loans to customers	73,650	34,672	2,112	110,435
Add Accrued interest receivables and undue interest receivables	304	423	-	727
Total loan to customers and accrued interest receivables	73,954	35,096	2,112	111,162
Less Allowance for expected credit loss	(4,159)	(3,181)	(626)	(7,966)
Total loans to customers and accrued interest receivables, net	69,795	31,914	1,486	103,195

Borrowing

“The balance sheet remains robust, positioning the Company well to support future growth with D/E Ratio of 1.78 times and available credit balance totaling Baht 21,821 million”

Y2024 Borrowing Proportion



D/E Ratio (Times) **1.78**

As of the end of 2024, the Group's total borrowings amounted to Baht 62,336 million (including lease liability). These borrowings were divided into 37% of short-term borrowings (including all borrowings due within one year) and 63% of long-term borrowings. KTC diversified borrowing sources across Thai commercial banks, securities companies, insurance companies, and various funds. Short-term borrowings included Baht 5,119 million from related parties, Baht 5,000 million from other financial institutions, long-term borrowings of Baht 9,500 million from Krungthai Bank, and debentures totaling Baht 42,290 million

The debt-to-equity (D/E) ratio stood at 1.78 times, a decrease compared to the end of 2023, which was 2.15 times. This ratio remains below the debt covenants which is set at 10 times.

Additionally, the Group's short-term credit line amounting to Baht 29,771 million (including a credit line of Baht 18,061 million from Krungthai Bank). The Group has utilized Baht 9,950 million of this short-term credit line, leaving a remaining credit line of Baht 19,821 million, along with available long-term loan from Krungthai Bank of Baht 2,000 million. The Group also has debentures and long-term loans maturing in 2025, totaling Baht 13,000 million.

As of the end of 2024, financial costs amounted to 2.8%, reflecting an increase from the issuance of new bonds at higher interest rates compared to previously issued. This led to a higher financial cost compared to the end of 2023, which stood at 2.6%.

The loan yield was 14.5%, slightly lower than the 14.8% recorded at the end of 2023. As a result, the net interest margin for 2024 stood at 12.9%, a decrease from 13.2% at the end of 2023.

Yield on Loans, Net Interest Margin and Cost of Funds



Revenues & Expenses

(Unit: Million Baht)	Consolidated Financial Statement					
	2023	2024	Growth (%YoY)	4Q2023	4Q2024	Growth (%YoY)
Total Revenues	25,418	27,456	8%	6,663	7,022	5%
Bad Debt Recovery	3,249	4,110	26%	841	1,024	22%
Total Operating Expenses	8,801	9,622	9%	2,429	2,435	0.2%
Finance Costs	1,703	1,806	6%	456	454	(0.3%)
Profit before Expected Credit Loss	14,962	16,027	7%	3,796	4,133	9%
Expected Credit Loss	5,894	6,762	15%	1,612	1,777	10%
Bad Debt	4,924	8,560	74%	1,320	1,421	8%
Doubtful Accounts	970	(1,797)	(285%)	292	356	22%
Profit before Income Tax	9,068	9,265	2%	2,184	2,356	8%
Net Profit	7,250	7,388	2%	1,745	1,885	8%
Total Comprehensive Income (Loss) Owners of the parent	7,295	7,437	2%	1,761	1,889	7%
Earning per Shares (Baht)	2.83	2.88	2%	0.68	0.73	7%
Book Value per Share (Baht)	13.90	15.48	11%	13.90	15.48	11%

Total Revenues
Y2024 **27,456 | 8.0%**
(Million Baht) YoY

Total interest income increased by

▲ 1.1%
YoY

Fee income increased by

▲ 14.8%
YoY

Total interest income ⁽¹⁾ for 2024 was Baht 16,188 million, representing an increase of 1.1% (YoY). This growth was primarily driven by higher interest income from KTC's P BERM Car for Cash, with interest income from credit card amounting to Baht 7,905 million, personal loan at Baht 8,100 million, and lease receivables totaling Baht 182 million.

Fee income amounted to Baht 6,378 million, reflecting an increase of 14.8% (YoY), driven by higher transaction volumes. Bad debt recovery reached Baht 4,110 million, an increase of 26.5% (YoY), attributed to accelerated bad debt write-offs and improved debt collection efficiency across all business segments. This includes bad debt recovery of Baht 4,014 million from KTC and Baht 95 million from KTBL.

⁽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		2023	%Total Revenue	2024	%Total Revenue	%Growth
Interest Income - Credit Card	16,188 Million Baht	7,943	31.3%	7,905	28.8%	(0.5%)
Interest Income - Personal Loan		7,845	30.9%	8,100	29.5%	3.3%
Interest Income - Leasing		232	0.9%	182	0.7%	(21.2%)

Fee Income		2023	%Total Revenue	2024	%Total Revenue	%Growth
Fee income	6,378 Million Baht	5,557	21.9%	6,378	23.2%	14.8%

Total Expenses **Y2024**

18,190 | **10.9%**
(Million Baht) | YoY

The Group's administrative expenses for 2024 amounted to Baht 9,622 million, reflecting an increase of 9.3% (YoY), primarily due to higher fees and service expenses aligning with increasing card spending volume and technology-related expenses. Consequently, cost to income ratio for 2024 stood at 35.0%, an increase from 34.6% in 2023. Meanwhile, expected credit losses were recorded at Baht 6,762 million, marking a rise of 14.7% (YoY), driven by provisioning in accordance with the quality of receivables and the accelerated write-off process following the implementation of a new write-off policy this year.

Financial costs amounted to Baht 1,806 million, reflecting an increase of 6.1% (YoY), primarily due to the issuance of new set of bonds to replace the maturing bonds with higher funding costs.

Cost to Income Ratio

 **35.0%**

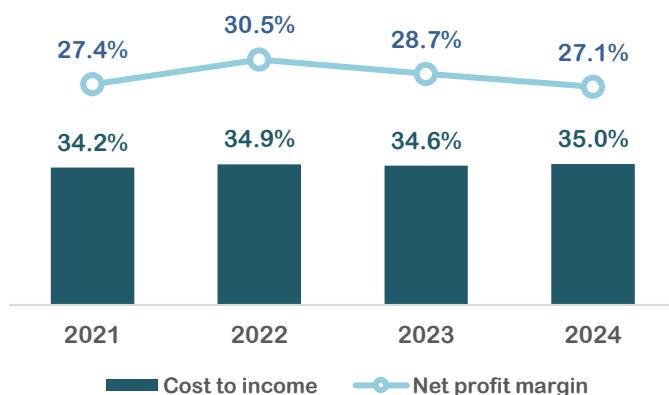
Total Operating Expense		2023	%Total Revenue	2024	%Total Revenue	%Growth
Personal expense	9,622 Million Baht	2,694	10.6%	2,757	10.0%	2.3%
Marketing expense		808	3.2%	821	3.0%	1.5%
Fee and service expense		3,112	12.2%	3,631	13.2%	16.7%
Other administrative expense		2,186	8.6%	2,413	8.8%	10.4%

 **Expected Credit Loss (ECL)**
6,762 Million Baht

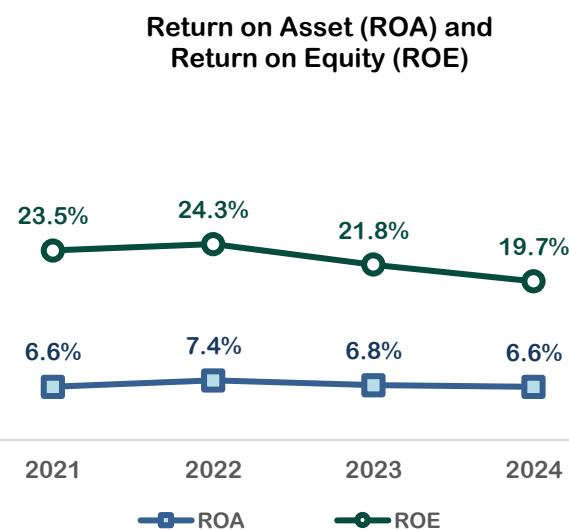
	2023	%Total Revenue	2024	%Total Revenue	%Growth
ECL - Credit Card	2,955	11.6%	3,278	11.9%	10.9%
ECL - Personal loan	2,512	9.9%	3,166	11.5%	26.0%
ECL - Leasing	427	1.7%	317	1.2%	(25.7%)

Key Financial Ratios

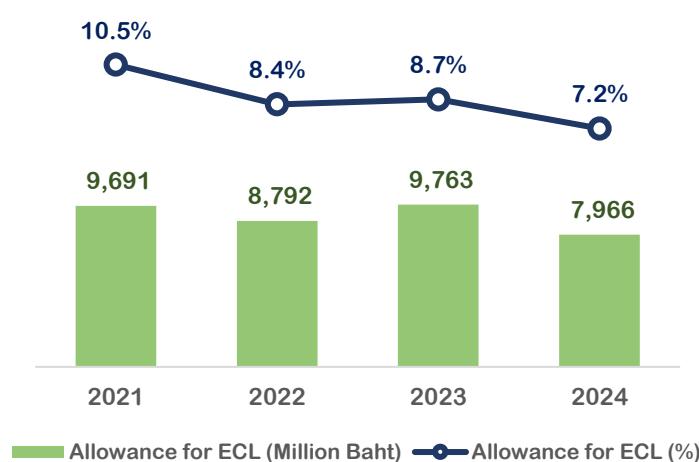
Net Profit Margin and Cost to income ratio



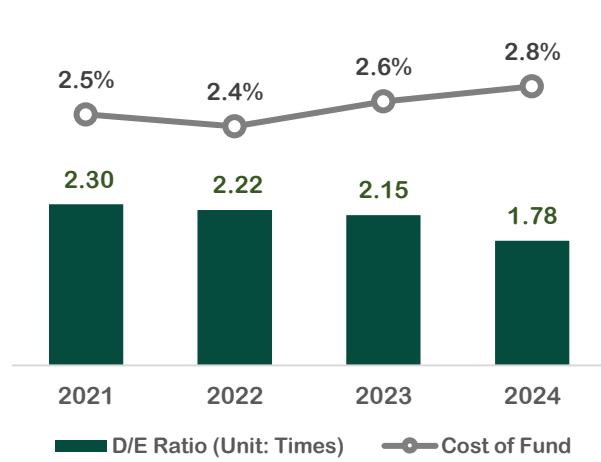
Return on Asset (ROA) and Return on Equity (ROE)



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 ongoing measures to support debtors in alignment with the BOT's announcement No. SorKorChor 7/2566 on Responsible Lending (RL) criteria, dated December 21, 2023. This initiative aims to enhance the role of service providers in responsibly managing customer relationships throughout the debt cycle. The Company ensures that assistance is provided based on the debtor's repayment capacity, preventing any undue increase in their debt burden. Further details on the debtor assistance guidelines can be found at the following link: <https://www.ktc.co.th/about/news/measure>

In 2024, KTC provided assistance to debtors with Severe Persistent Debt (SPD) for a period of nine months, following the implementation of the SPD criteria effective from April 1, 2024. In August 2024, the BOT launched the press release to notify the extension of the debt closure period from 5 years to 7 years to alleviate the monthly installment burden; however, the further details are pending confirmation and will be included in the official announcement. In 2024, KTC debtors participated in the assistance program, which resulted in a reduction of approximately Baht 300,000 per month in actual interest income. This calculation was based on debtors who met the criteria and joined the program.

KTC is a Non-Bank entity within the financial business group of Krungthai Bank Public Company Limited, and as such it actively collaborates with the Bank of Thailand on initiatives aimed at assisting debtors who have previously defaulted on installment payments or are classified as non-performing loans. The "You Fight, We Help" program enables members to register online at www.bot.or.th/Khunsoo from December 12, 2024, to February 28, 2025.

Additionally, KTC credit card members are eligible to participate in a financial relief measure, which involves crediting interest back to their credit card account. This benefit applies to cardholders who make a minimum payment of at least 8% of the outstanding balance by the due date, within the measure period from January 1 to December 31, 2025. For more details on this measure, please visit the following link: <https://www.ktc.co.th/financial-relief-credit>.

KTC anticipates that the value of debt relief provided under the aforementioned measures will not materially affect the overall performance of the Group.

KTC's Strategy Incorporating Sustainability Development



KTC's strategy incorporates sustainability principles into its responsible business practices, continuously enhancing the organization to meet stakeholder expectations and contribute to the strengthening of the financial sector, fostering sustainable growth in Thailand. The details of the Company's sustainability strategy are outlined as follows:

Economic Dimension (Better Products and Services) integrates technology and digital innovation to develop financial products and services that cater to customer needs, offering smart solutions for sustainable financial management. By leveraging advanced financial innovations, digital technology, and Artificial Intelligence (AI), ensures a focus on security, underpinned by a commitment to responsible business practices and appropriate risk management.

Social Dimension (Better Quality of Life) aims to enhance the quality of life and promote sustainable development in Thai society through a comprehensive range of financial products and services. The strategy focuses on increasing access to finance for all, including vulnerable groups, through Responsible Lending practices. Additionally, it emphasizes supporting skill development and upholding human rights.

Environmental Dimension (Better Climate) supports the transition to a low-carbon society by conducting business and developing financial products and services that prioritize environmental sustainability.

KTC is committed to supporting the United Nations' Sustainable Development Goals. For more information, please visit <https://www.ktc.co.th/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 information on its business information and its performance, industry overview, factors influencing operations, objectives, plans, and growth strategies on a quarterly basis throughout the year. For information regarding 2024 performance, the Opportunity Day event will take place on Wednesday, February 26, 2025, from 10:15 a.m. to 11:00 a.m., accessible via the Stock Exchange of Thailand's communication channels at

KTC Business Growth Direction in 2025



In 2025, KTC aims to elevate the organization toward sustainable digital transformation with the goal of "Building a Sustainable Future Through Digital Transformation." This will be achieved by enhancing efficiency through IT systems and streamlined work processes. The Company is committed to growing its total portfolio by adhering to responsible lending principles across three core businesses: Credit Cards, KTC PROUD Personal Loan, and KTC P BERM Car for

Cash. These segments are expected to continue meeting consumer demand for each respective loan type, as the demand for each type of credit remains strong among consumers. KTC is determined to achieve sustainable profit growth while maintaining the quality of its loan portfolio, ensuring expansion within acceptable risk parameters. Should the Thai economy perform stronger than anticipated in 2025, KTC is confident that it will exceed its growth targets.