

Management Discussion and Analysis for 3rd Quarter of 2024

Executive Summary

“Profits have improved, and asset quality is on target.”

Krungthai Card Public Company Limited and its subsidiaries (the “Group”) reported a net profit of Baht 1,919 million for 3Q24 and Baht 5,549 million for 9M24, reflecting an increase of 3.4% and 0.3%, respectively, compared to the corresponding periods in 2023.

As of 3Q24, the Group’s total loan portfolio stood at Baht 106,183 million, demonstrating stability compared to the same period last year, despite elevated household debt levels. The credit card receivables portfolio experienced a slowdown, partly attributed to the increase in the minimum repayment rate, while card spending maintained a solid growth of 10.0% (YoY). The personal loan portfolio continued its gradual expansion. The Group’s focus on portfolio quality is evident in the NPL ratio of 1.93%, which is within the target range and an improvement from the prior quarter, reflecting enhanced portfolio quality. The NPL coverage ratio stood at 373.31%, providing a solid buffer to support any unforeseen situations.

In 3Q24, the Group’s total revenue grew by 6.6% (YoY), driven by fee and service income and increased bad debt recovery. Total expenses rose by 8.5% (YoY), reflecting higher fee and service costs aligned with the growth in card spending. Expected credit losses increased by 9.1% (YoY) due to accelerated bad debt write-offs under the new write-off policy and prudent provisioning measures. With rising money market interest rates, financial costs also increased by 2.6% (YoY).

Despite continued pressure on the economy and overall lending due to high household debt, KTC has maintained strong portfolio quality and consistently enhanced its performance through efficient process adjustments and adaptability to evolving market conditions. This is reflected in its high net profit margin and return on equity of 27.2% and 20.1%, respectively. Additionally, KTC has actively collaborated with the government sector to offer ongoing support to debtors, including new assistance measures for those affected by flooding. Debtors can apply for these measures between September 26 and November 30, 2024.

Target vs Actual Performance 9M24

Target	2024 Target	9M24 Performance
Net Profit (MB)	> 7,295	5,549
Total Portfolio Growth (%)	6% - 7%	(0.5%)
Credit Card Spending Growth (%)	15%	10.0%
KTC PROUD Portfolio Growth (%) (0-90 Days)	5%	2.1%
New Booking of P BERM Car for Cash (MB)	6,000	1,946
Asset Quality (%NPL)	≤ 2.00%	1.93%

KTC remains dedicated to upholding strong portfolio quality, a key pillar of its growth strategy. This commitment is reflected in the NPL ratio, which remains within the established target range. With this solid foundation, KTC is confident in its ability to drive profit growth and achieve sustainable long-term success consistently.

Industry Overview

According to the Monetary Policy Committee (MPC) meeting on October 16, 2024, the Bank of Thailand has revised its economic growth forecasts in 2024 and 2025 from 2.6% and 3.0% to 2.7% and 2.9%, respectively. This adjustment is primarily driven by the tourism sector and private consumption, which have gained additional momentum from economic stimulus measures, increased government domestic demand, and exports improvements. Furthermore, the Monetary Policy Committee resolved to reduce the policy interest rate by 0.25% per annum to 2.25% per annum, hoping that the lower policy interest rate will help alleviate some of the household debt burden without hindering the reduction of the household debt-to-income ratio.

Industry Data	Y2023	8M2023	8M2024
Credit Card Receivables (Million Baht)	513,491	474,951	459,564
Growth (%)	3.3%	5.5%	(3.2%)
KTC Market Share (%)	14.5%	14.5%	14.9%
Amount of Credit Card (Cards)	26,279,164	26,026,516	26,351,789
Growth (%)	2.1%	2.2%	1.2%
KTC Market Share (%)	10.0%	10.0%	10.4%
Credit Card Spending (Million Baht)	2,175,834	1,415,764	1,452,201
Growth (%)	8.5%	11.7%	2.6%
KTC Market Share (%)	12.2%	12.1%	12.9%
Personal Loan Receivables (excluding Auto Title Loan) (Million Baht)	510,301	512,390	491,897
Growth (%)	2.3%	5.9%	(4.0%)
KTC Market Share (%)	6.4%	6.2%	6.4%

Industry Data	Y2023	8M2023	8M2024
Auto Title Loan Receivables (Million Baht)	337,192	308,950	370,732
Growth (%)	36.2%	41.0%	20.0%

Source: Industry Data, Bank of Thailand (Data as of October 10, 2024)

The consumer finance industry experienced a contraction, with loan quality deteriorating partly due to reduced debt repayment capacity among vulnerable households, stemming from a sluggish income recovery. Despite credit card spending in the industry increasing by 2.6% over 8M24, total credit card receivables reached Baht 459,564 million, reflecting a decrease of 3.2% (YoY). Personal loan receivables, excluding those secured by vehicle registration, amounted to Baht 491,897 million, down 4.0% (YoY). In contrast, loans secured by vehicle registration continued to grow, increasing by 20.0% (YoY).

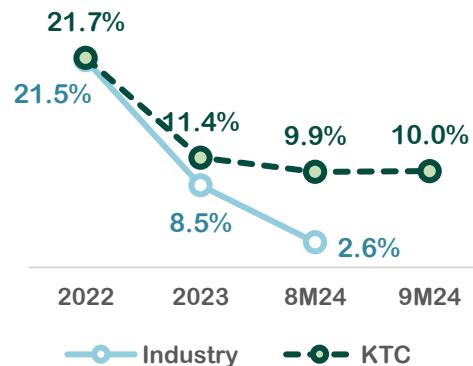
KTC increased its market share in card spending volume to 12.9% compared to last year's period and the proportion of credit card receivables relative to the industry for 8M24 to 14.9%. Additionally, the Company's share of personal loan receivables (excluding those secured by vehicle registration) compared to the industry has experienced a modest increase, rising to 6.4% from 6.2% in the corresponding period last year.

Portfolio Overview

KTC's card spending volume for 8M24 reached Baht 187,786 million, representing a growth of 9.9% (YoY), outpacing the industry's growth rate of 2.6%. For 9M24, KTC's card spending volume was Baht 211,459 million, expanding 10.0% YoY. The Company had 3,445,286 account members, comprising 2,758,150 credit card accounts, an increase of 5.4% (YoY), and 687,136 personal loan accounts, reflecting a decrease of 3.9% (YoY).

As of 3Q24, the total loans to customers and accrued interest stood at Baht 106,183 million, a slight decrease of 0.5% (YoY), reflecting the slowdown in household loan demand amid the current economic environment. The persistently high level of Thai household debt has also pressured consumers' capacity to take on new debt. KTC continues to adhere to a stringent credit approval process. The breakdown of the Company's total loans to customers and accrued interest is as follows:

Credit Card Spending Growth (YoY)



1) Credit card receivables amounted to Baht 69,093 million, reflecting a slight decrease of 0.2% (YoY). This decline was due to the increase in the minimum repayment rate from 5% to 8% and the implementation of the Company's new bad-debt write-off policy, which resulted in the portfolio size being stable over the year.

2) Personal loans amounted to Baht 34,806 million, growing by 2.1% (YoY). This included KTC P BERM Car for Cash, totaling Baht 2,959 million. Although the overall value of KTC P BERM Car for Cash has not yet reached the expected level, the Company remains focused on developing and refining its communication strategies to increase product awareness and better reach target customers. At the same time, the Company emphasizes maintaining the quality of its loan portfolio.

3) Lease receivables amounted to Baht 2,284 million, representing a decline of 32.2% (YoY) from the previous year, as KTC has ceased issuing this type of loan. Currently, the Company is focusing on debt collection and managing the quality of its existing loan portfolios.

Loans to customers and accrued interest receivables

(Unit: Million Baht)	3Q2023	3Q2024	%Growth
Credit Card	69,225	69,093	(0.2%)
Personal Loan	34,106	34,806	2.1%
Leasing	3,369	2,284	(32.2%)

Changes in the allowance for expected credit loss as of September 30, 2024, are as follows.

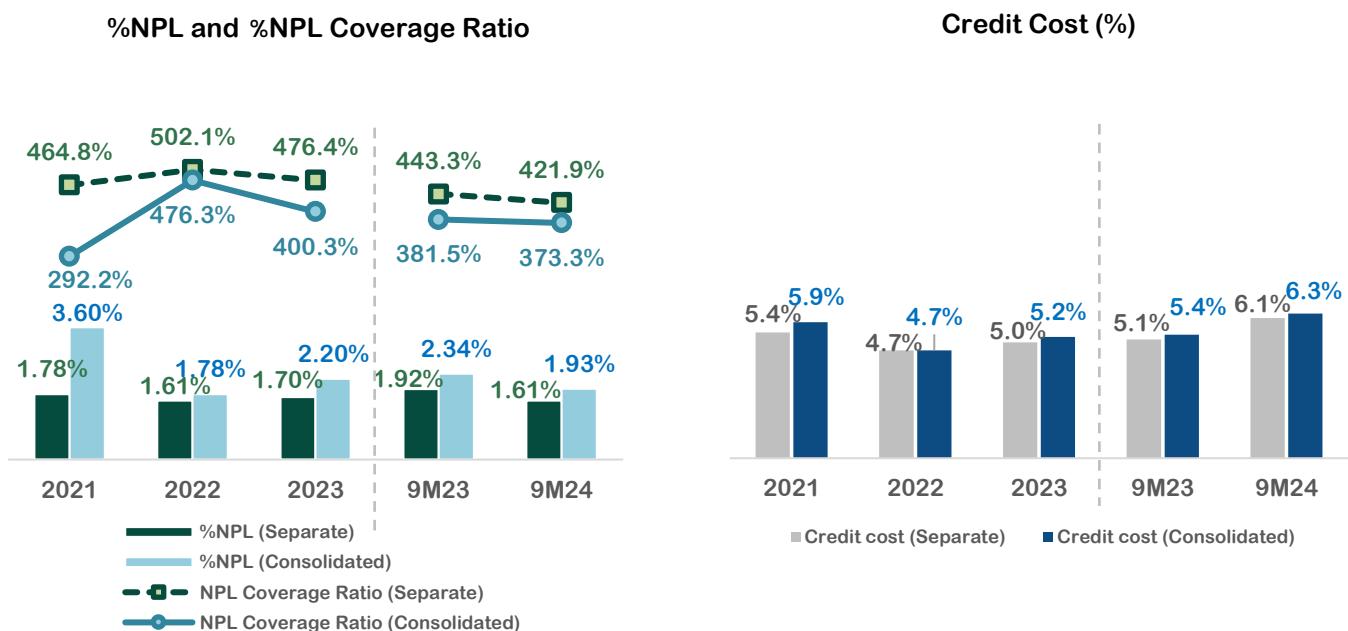
(Unit: Million Baht)	Consolidated Financial Statement: Allowance for Expected Credit Loss				
	Financial assets where there has not been a significant increase in credit risk (Stage 1)	Financial assets where there has been a significant increase in credit risk (Stage 2)	Financial assets that are credit- 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	490	(526)	36	-	-
Changes in risk parameters	(1,538)	346	7,115	290	6,213
New financial assets originated or purchased	570	-	-	0.01	570
Financial assets derecognized	(243)	(798)	(723)	(34)	(1,798)
Written-off	-	-	(6,669)	(469)	(7,138)
Balance as of September 30, 2024	3,611	2,338	1,042	619	7,610

“Ensure the quality of the total portfolio remains within the targeted parameters, with an NPL ratio of 1.93% and an NPL coverage ratio of 373.31%.”

The Group's non-performing loan ratio (%NPL) for 3Q24 was 1.93%, showing a decrease compared to 2Q24, which was 1.97%. In 3Q24, the %NPL for the credit card, personal loan, and leasing business stood at 1.30%, 2.21%, and 16.71%, respectively. The Group's allowance for expected credit losses amounted to Baht 7,610 million, representing a decline of 19.6% (YoY), driven by accelerated write-offs this year, for which provisions had already been accounted for. The NPL Coverage Ratio, reflecting the allowance for expected credit losses relative to NPLs, remained robust at 373.31%, although slightly lower than the 381.53% recorded in Q3 2023.

The ratio of non-performing loans to total loans in the separate financial statements (%NPL) for 3Q24 was 1.61%, a decline from 1.92% in the same period last year. The allowance for expected losses stood at Baht 6,991 million, leading to an allowance for expected credit losses to NPLs (NPL Coverage Ratio) of 421.93%, down from 443.3% in the prior year.

As a result of the policy adjustment to accelerate the write-off of bad debts, the credit cost in the consolidated financial statements for 3Q24 was 6.1%, an increase from 5.5% in 3Q23.



NPL	
Separate	Consolidated
1.61%	1.93%

	3Q2023		2Q2024		3Q2024	
	MB	% NPL	MB	% NPL	MB	% NPL
Total NPL	2,482	2.34%	2,072	1.97%	2,039	1.93%
NPL - Credit Card	919	1.33%	976	1.42%	895	1.30%
NPL - Personal Loan	1,048	3.11%	744	2.21%	762	2.21%
NPL - Leasing	514	15.27%	351	13.93%	382	16.71%

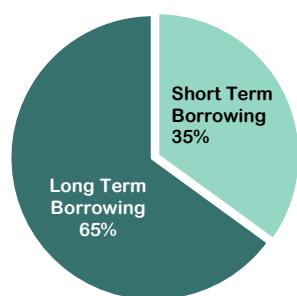
The outstanding balances of loans to customers and accrued interest receivables classified by type of business and stage as of September 30, 2024, are as follows.

(Unit: Million Baht)	Consolidated Financial Statements			
	Credit Card	Personal Loan	Leasing	Total
Stage 1	61,395	28,260	-	89,655
Stage 2	6,522	5,393	-	11,915
Stage 3	895	762	-	1,657
Financial assets where applied simplified approach to calculate lifetime expected credit losses	-	-	2,284	2,284
Total loans to customers	68,812	34,415	2,284	105,510
Add Accrued interest receivables and undue interest receivables	281	392	-	672
Total loan to customers and accrued interest receivables	69,093	34,806	2,284	106,183
Less Allowance for expected credit loss	(4,013)	(2,978)	(619)	(7,610)
Total loans to customers and accrued interest receivables, net	65,080	31,828	1,665	98,573

Borrowing

The balance sheet remains robust, with the capacity to support future growth, as evidenced by the D/E Ratio of 1.78 times and available credit balance of Baht 28,201 million.”

3Q24 Borrowing Proportion



As of the end of 3Q24, the Group's total borrowings amounted to Baht 60,054 million, comprising 35% short-term borrowings (including borrowings and debentures maturing within one year) and 65% long-term borrowings. KTC utilizes diverse borrowing sources, including Thai commercial banks, securities companies, insurance firms, and various funds. The breakdown of borrowings includes short-term loans from related financial institutions and affiliated companies totaling Baht 3,159 million and borrowings from other financial institutions amounting to Baht 3,599 million.

D/E Ratio
(Times)

1.78

Long-term loans from Krungthai Bank totaled Baht 9,500 million, and debentures amounted to Baht 43,796 million.

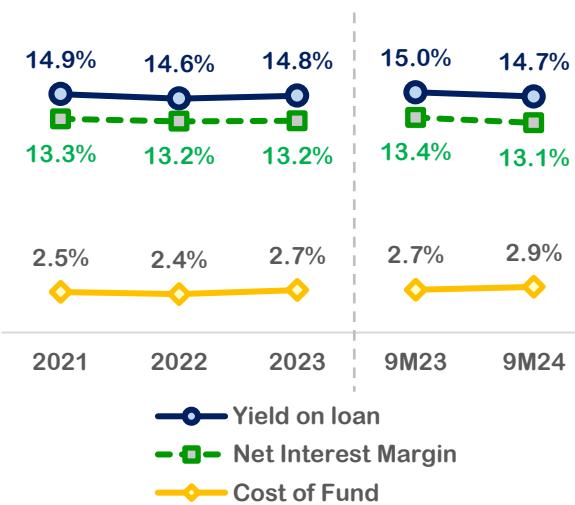
The D/E ratio was 1.78 times, a decrease from 2.07 times in the same period of the previous year. It remains well below the debt covenant limit, which is set at 10 times.

Additionally, the Group has a total short-term credit line from financial institutions amounting to Baht 28,371 million, which includes a credit line of Baht 18,061 million from Krungthai Bank. The Group has utilized Baht 5,170 million of the short-term credit line, resulting in a remaining balance of Baht 23,201 million. Furthermore, the Group has a long-term credit line from Krungthai Bank totaling Baht 5,000 million. Debentures and long-term loans due in the 4Q24 amount to Baht 5,245 million.

For 9M24, financial costs were at 2.9%, reflecting an increase in response to higher interest rates in the financial market, compared to 2.7% during the same period in 2023.

In 9M24, the yield on loan declined to 14.7%, down from 15.0% in the same period of 2023. As a result, the net interest margin was at 13.1%, reflecting a slight decrease compared to the previous year.

Yield on Loans, Net Interest Margin and Cost of Fund



Revenues & Expenses

(Unit: Million Baht)	Consolidated Financial Statements					
	9M2023	9M2024	Growth (%YoY)	3Q2023	3Q2024	Growth (%YoY)
Total Revenues	18,755	20,434	9%	6,461	6,890	7%
Bad Debt Recovery	2,408	3,086	28%	821	1,030	25%
Total Operating Expenses	6,371	7,187	13%	2,252	2,460	9%
Finance Costs	1,247	1,352	8%	441	453	3%
Profit before Expected Credit Loss	11,167	11,895	7%	3,780	3,977	5%
Expected Credit Loss	4,282	4,985	16%	1,477	1,611	9%
Bad Debt	3,604	7,139	98%	1,233	1,526	24%
Doubtful Accounts	678	(2,154)	(418%)	244	86	(65%)
Profit before Income Tax	6,884	6,910	0.4%	2,303	2,366	3%
Net Profit	5,505	5,503	(0.03%)	1,838	1,895	3%
Total Comprehensive Income (Loss)						
Owners of the parent	5,534	5,549	0.3%	1,857	1,919	3%

(Unit: Million Baht)	Consolidated Financial Statements					
	9M2023	9M2024	Growth (%YoY)	3Q2023	3Q2024	Growth (%YoY)
Earning per Shares (Baht)	2.15	2.15	-	0.72	0.74	3%
Book Value per Share (Baht)	13.23	14.76	12%	13.23	14.76	12%

Total Revenues
3Q2024

6,890 | **6.6%**
(Million Baht) | YoY

Total interest income declined in line with the slight slowdown in the portfolio

In 3Q24, total interest income⁽¹⁾ amounted to Baht 4,075 million, representing a slight decline of 0.5% (YoY) in alignment with the slowdown in the portfolio. This includes interest income from credit card receivables of Baht 1,970 million, interest income from personal loan receivables of Baht 2,058 million, and interest income from lease receivables of Baht 46 million.

Fee and service income continuously grew by

▲ 14.5%
YoY

Fee and service income reached Baht 1,582 million, reflecting a growth of 14.5% (YoY) driven by an increase in transaction volume. This growth includes a 27.5% (YoY) rise in cash advance fee income, a 17.7% (YoY) increase in merchant discount fee income, and a 10.8% (YoY) uptick in interchange fee income.

As a result of expedited bad debt write-offs, a new recovery base was established, amounting to Baht 1,030 million in 3Q24, representing an increase of 25.4% (YoY). This growth facilitated effective debt monitoring across all business segments, with bad debt recoveries totaling Baht 1,006 million from KTC and Baht 23 million from KTBL.

(1) Beginning in the first quarter of 2024, the Company has reclassified interest and credit line usage fee income to be included as part of interest income in the statement of comprehensive income. Consequently, the line item labeled "Interest Income" now reflects the total of both interest income and credit line usage fee income.

Interest Income (Including Credit Usage Fee) 4,075 Million Baht	3Q2023	%Total Revenue	3Q2024	%Total Revenue	%Growth
Interest Income - Credit Card	2,025	31.3%	1,970	28.6%	(2.7%)
Interest Income - Personal Loan	2,009	31.1%	2,058	29.9%	2.5%
Interest Income - Leasing	62	1.0%	46	0.7%	(26.1%)

Fee and Service Income 1,582 Million Baht		3Q2023	%Total Revenue	3Q2024	%Total Revenue	%Growth
Fee Income		1,381	21.4%	1,582	23.0%	14.5%

Total Expenses
3Q2024

4,524
(Million Baht)

8.5%
YoY

In 3Q24, the Group reported total operating expenses of Baht 2,460 million, representing an increase of 9.2% (YoY). This rise was primarily attributed to higher fees and service payments associated with increased card spending, and elevated marketing expenses related to promotional activities aimed at boosting credit card usage. Consequently, the cost-to-income ratio 3Q24 stood at 35.7%, up from 34.9% in 3Q24 2023.

The expected credit loss amounted to Baht 1,611 million, reflecting an increase of 9.1% (YoY). This rise is attributed to provisioning based on debtor quality and accelerated write-offs resulting from implementing the new bad debt write-off policy effective January 1, 2024.

Financial costs totaled Baht 453 million, representing an increase of 2.6% (YoY), primarily driven by higher money market interest rates compared to the same period last year.

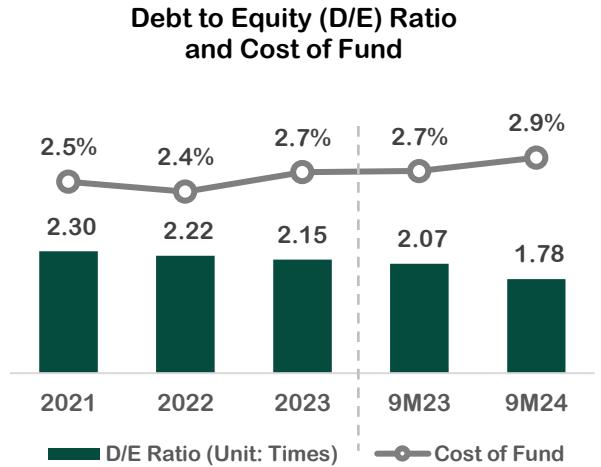
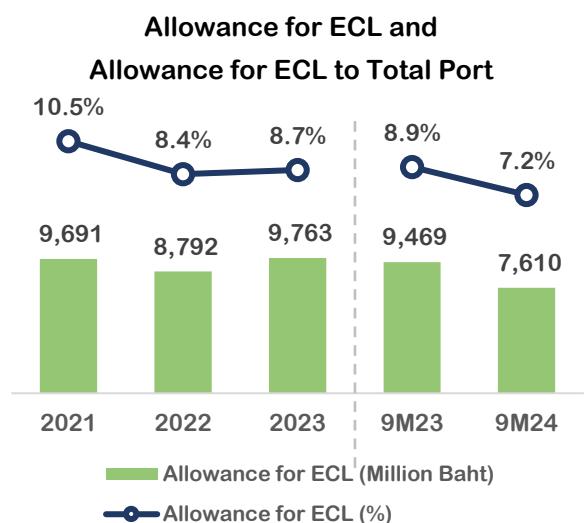
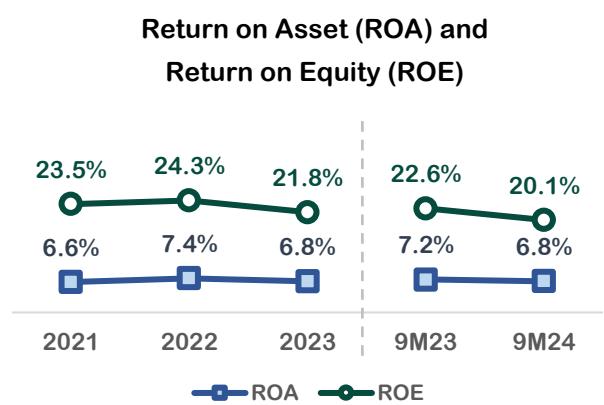
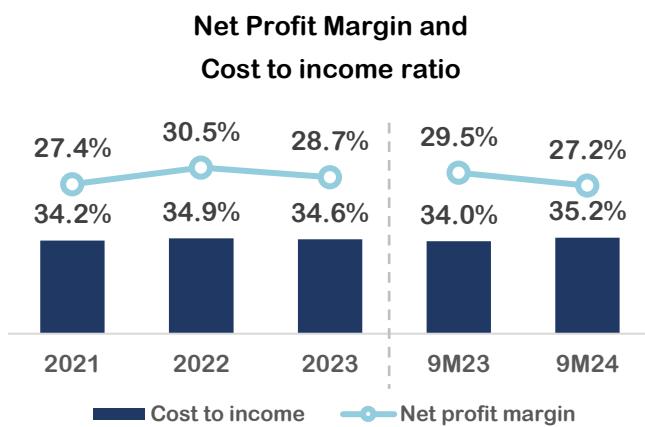
Total Operating Expense 2,460 Million Baht		3Q2023	%Total Revenue	3Q2024	%Total Revenue	%Growth
Personal expense	672	10.4%	728	10.6%	8.2%	
Marketing expense	204	3.2%	250	3.6%	22.6%	
Fee and service expense	793	12.3%	879	12.8%	11.0%	
Other administrative expense	583	9.0%	602	8.7%	3.4%	

Expected Credit Loss
(ECL)

1,611 Million Baht

Expected Credit Loss (ECL)		3Q2023	%Total Revenue	3Q2024	%Total Revenue	%Growth
ECL - Credit Card	752	11.6%	792	11.5%	5.3%	
ECL - Personal loan	624	9.7%	708	10.3%	13.4%	
ECL - Leasing	101	1.6%	112	1.6%	10.5%	

Key Financial Ratios



Sustainable Household Debt Solution Approach and Potential Impacts

KTC has implemented ongoing debt relief measures per the BOT's announcement No. SorKorChor. 7/2566 regarding Responsible Lending (RL) criteria, dated December 21, 2023. These measures aim to enhance the responsibility of service providers in managing customer debt throughout the debt cycle effectively. The Company will assess each debtor's repayment capability to ensure no unreasonable increase in their debt burden relative to their original obligations. For further details on the debt relief guidelines, please refer to the link: <https://www.ktc.co.th/about/news/measure>

In the third quarter of 2024, which marks the first six months since the implementation of the Severe Persistent Debt (SPD) criteria on April 1, 2024, KTC debtors participating in the assistance program had an actual impact on interest income of 1.7% of the previously estimated effect of Baht 18 million per month, assuming full participation from all eligible debtors in the program.

Additionally, starting in August 2024, several areas in Thailand have been declared disaster zones due to flooding, affecting some debtors. In response, BOT has issued a letter "BOT.F.N. (01) Wor. 601/2024, Regarding Cooperation to Assist Debtors Affected by Natural Disasters dated August 30, 2024." This letter requested

cooperation from financial institutions, specialized financial institutions, and non-financial credit businesses to assist affected individuals as necessary and appropriate. In line with this, KTC has implemented measures to assist debtors in good standing—those who have not defaulted on principal or interest payments for more than 30 days from the date of their request to participate in the program—who reside in areas declared as disaster zones. Debtors can submit their requests to participate in the program from September 26 to November 30, 2024, via the following link: <https://www.ktc.co.th/about/news/measures-flood>

KTC anticipates that the debt relief associated with the measures mentioned above will not significantly affect the group's overall performance.

KTC's Strategy Incorporating Sustainability Development



KTC has integrated sustainability into its strategy, focusing on economic growth (Better Products and Services), enhancing social well-being (Better Quality of Life), and promoting environmental responsibility (Better Climate). The Company operates responsibly, continuously developing its products, services, digital technologies and innovations, while investing in its workforce. This commitment aims to address business needs, build trust with stakeholders, increase access to financial products and services for Thai society, mitigate environmental impacts, and support the United Nations' Sustainable Development Goals. For more information, please visit the website at <https://www.ktc.co.th/en/sustainability-development>

KTC organizes Opportunity Day every quarter for shareholders, bondholders, analysts, fund managers, and any stakeholders interested in KTC's operating results, business directions, industry overview, etc. According to the operating result for 3Q24, KTC Opportunity Day will take place on Tuesday, November 19, 2024, 10:15 – 11:00 hrs., through official channels of the Stock Exchange of Thailand, as follows.



SET Opportunity Day



SET Thailand



SET Application