

บริษัท บัตรกรุงไทย จำกัด (มหาชน)
591 อาคารสมบัติชวาณิช 2 ชั้น 14 ถนนสุขุมวิท แขวงคลองเตยเหนือ เขตวัฒนา กรุงเทพฯ 10110
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Krungthai Card Public Company Limited
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KTC 706 / 2022

November 14, 2022

To: The President of the Stock Exchange of Thailand
The Stock Exchange of Thailand

Subject: Operating result notification of the quarter ended September 30, 2022

Enclosure: Management Discussion and Analysis for the quarter ended September 30, 2022

KTC's Board of Directors has approved the Company's Financial Statement and the Report of certified public accountant for the quarter ended September 30, 2022, which were reviewed by EY Office Limited details enclosed. We would like to submit the corresponding Management Discussion and Analysis to the Stock Exchange of Thailand in order to show the operating results, financial status, industry overview, and other factors that have the impact on the Company for the purpose of distributing to investors.

Please be informed accordingly

Respectfully yours
Krungthai Card Public Company Limited



(Mr. Chutidej Chayuti)

Chief Financial Officer

Executive Summary

“KTC’s net profit for 3Q22 and 9M22 continued to grow at 35.7% and 17.0% respectively.”

while in the consolidated financial statements equaled to Baht 1,773 million and Baht 5,414 million respectively, increased by 34.6% and 16.9% from the same period of 2021 amounted to Baht 1,317 million and Baht 4,631 million respectively.

Total receivables portfolio increased by 11.5% (YoY) due to the recovery of Thai economy that has been benefited from the gradual opening of cities in many countries around the world. Furthermore, Thailand has fully unlocked the conditions for accepting foreign tourists since July 2022. Total loan to customers and accrued interest receivables for 3Q22 equaled to Baht 97,016 million, increased by 4.7% from the end of 2021 which equaled to Baht 92,636 million.

“Total industry and KTC’s credit card spending volume for 9-month grew at 23.9% and 22.7% (YoY) respectively due to the country opening, while KTC’s credit card spending volume for 3Q22 and 9M22 grew at 36.1% and 22.7% respectively.”

The Company total revenue for 3Q22 equaled to Baht 5,887 million, increased by 14.7% (YoY) mainly from an increase of interest income and fee income by 8.5% (YoY) and 30.6% (YoY) respectively. Total bad debt recovery for 3Q22 equaled to Baht 857 million, increased by 17.0% (YoY). Total revenue for 9M22 equaled to Baht 16,978 million, increased by 6.6% (YoY).

Total expense for 3Q22 equaled to Baht 3,676 million, increased by 5.5% (YoY) due to administrative expense increased by 11.3% (YoY), while expected credit loss decreased by 1.2% (YoY) and cost of fund dropped by 0.5% (YoY). The Company’s total expense for 9M22 equaled to Baht 10,215 million, increased by 1.2% (YoY) due to administrative expense increased by 8.1% (YoY) which derived from an increase of marketing expense by 33.9% (YoY) and an increase of fee expense by 13.4% (YoY).

The 3Q22 was a good time for KTC in both credit card and personal loan business. Its portfolios grew better than expected and expanded by 16.6% (YoY) and 7.9% (YoY) respectively. In addition, credit card spending volume continued to increase after the country was fully opened. More foreign tourists entered the country together with more activities from domestic tourists. Meanwhile, P BERM loan has been cooperated closely and continuously with good response despite its slower growth than projected. Nevertheless, the Company still places importance to maintaining its portfolio’s quality. When KTC’s portfolio is expanded, provisions and write-offs will be set according to its nature as it should be. Consequently, expected credit loss expanded by 22.9% (QoQ) yet decreased by 1.2% (YoY). Total administrative expense increased by 3.5% (QoQ) and by 11.3% (YoY) mainly from higher interchange fee as number of transactions increased. Expense from recruiting new members and marketing promotional campaign was also higher in order to invest in portfolio building. In addition, the Company was able to control its cost of fund to be about the same level. Revenue grew at 2.6% (QoQ) and 14.7% (YoY) mainly from an increase of interest income, fee income and bad debt recovery. Bad debt recovery for 3Q22 grew at 17.0% (YoY) or equaled to Baht 857 million, similarly to 2Q22 which amounted to Baht 851 million, or expanded by 0.7% (QoQ). The Company tends to build its portfolio with a level of risk that corresponds to the received income. As a result, the Company could continuously grow its profit.

Operating's Result for 9M22 and 3Q22

9M22 Financial Statement (Unit: Million Baht)	Consolidated Financial Statement			Separate Financial Statement		
	9M2021	9M2022	Growth (%YoY)	9M2021	9M2022	Growth (%YoY)
Total Revenues	15,930	16,978	7%	15,720	16,784	7%
Bad Debt Recovery	2,419	2,565	6%	2,362	2,487	5%
Total Operating Cost	5,402	5,840	8%	5,204	5,754	11%
Finance Costs	1,071	1,014	(5%)	1,064	1,008	(5%)
Share of Profit from Investments in an associate	8	7	(15%)	-	-	-
Profit before Expected Credit Loss	9,464	10,131	7%	9,452	10,021	6%
Expected Credit Loss	3,623	3,360	(7%)	3,656	3,233	(12%)
Bad Debt	4,536	4,456	(2%)	3,690	2,723	(26%)
Doubtful Accounts (Reversal)	(913)	(1,096)	(20%)	(33)	510	1633%
Profit before Income Tax	5,841	6,771	16%	5,796	6,788	17%
Income Tax Expense	1,177	1,362	16%	1,163	1,366	17%
Net Profit	4,664	5,409	16%	4,633	5,421	17%
Total Comprehensive Income (Loss)						
Owners of the parent	4,631	5,414	17%	4,633	5,421	17%
Non-controlling interests	34	(5)	(115%)	-	-	-
Earning per Shares	1.80	2.10	17%	1.80	2.10	17%

3Q22 Financial Statement (Unit: Million Baht)	Consolidated Financial Statement			Separate Financial Statement		
	3Q2021	3Q2022	Growth (%YoY)	3Q2021	3Q2022	Growth (%YoY)
Total Revenues	5,132	5,887	15%	5,076	5,795	14%
Bad Debt Recovery	733	857	17%	717	810	13%
Total Operating Cost	1,847	2,056	11%	1,758	2,010	14%
Finance Costs	345	343	(0.5%)	343	341	(0.6%)
Share of Profit (Loss) from Investments in an associate	4	(1)	(114%)	-	-	-
Profit before Expected Credit Loss	2,943	3,487	18%	2,975	3,443	16%
Expected Credit Loss	1,293	1,276	(1%)	1,316	1,189	(10%)
Bad Debt	1,984	2,495	26%	1,183	886	(25%)
Doubtful Accounts (Reversal)	(691)	(1,218)	(76%)	133	303	128%
Profit before Income Tax	1,650	2,210	34%	1,659	2,254	36%
Income Tax Expense	337	447	32%	333	454	36%
Net Profit	1,313	1,764	34%	1,326	1,800	36%
Total Comprehensive Income (Loss)						
Owners of the parent	1,317	1,773	35%	1,326	1,800	36%
Non-controlling interests	(4)	(9)	114%	-	-	-
Earning per Shares	0.51	0.69	35%	0.51	0.70	36%

Total portfolio amounted to Baht 97,016 million expanding from the overall economic recovery

For 3Q22, total loan to customers and accrued interest receivables equaled to Baht 97,016 million, expanded by 11.5% (YoY), comprising of credit card receivables equaled to Baht 63,558 million, increased by 16.6% (YoY), personal loan receivables equaled to Baht 31,524 million, increased by 7.9% (YoY) and leasing receivables equaled to Baht 1,934 million, decreased by 41.5% (YoY).

Moreover, the new booking from KTC P BERM and KTBL for 9M22 equaled to Baht 804 million, while the number of new booking increased much more slower than expected. It is estimated that the number of P BERM's new booking will be equaled to Baht 1,000 million by the end of 2022.

Card spending volume for 9M22 ↑ 22.7% (YoY) higher than the pre-COVID period

Recovering economic activities from the relaxation of various control measures as well as the fully opened country policy leading to higher domestic spending. As a result, the Company's credit card spending volume had returned which reflected by its spending volume for 9M22 amounted to Baht 169,033 million, higher than 9M19, which was the pre-COVID-19 period with spending volume amounted to Baht 152,715 million.

For 3Q22 and 9M22, the Company's credit card spending expanded by 36.1% and 22.7% with spending volume amounted to Baht 59,251 million and Baht 169,033 million respectively. The Company's total member base amounted to 3,269,027 accounts, comprising of 2,534,226 credit card accounts, increased by 0.4% (YoY) and 734,801 personal loan accounts, decreased by 6.2% (YoY) due to the closure of inactive accounts.

For 9M22, the Company's credit card spending volume increased by 22.7%, which was in line with the industry growth of 23.9%. It is noted that the Company's credit card spending volume in July, August and September expanded by 39.2%, 43.9% and 26.5% respectively.

Net interest margin for the third quarter slightly increased

The Company managed its cost of fund efficiently; the cost of fund for 3Q22 was 2.5%, decreased from the same period last year at 2.6%. On the other hand, an average interest income was 15.5%, increased from the same period last year at 15.3%. As a result, the net interest margin for 3Q22 increased to 13.1% from 12.7% in the same period last year. Meanwhile, the net interest margin for 9M22 was 12.4%

The portfolio quality continuously improved

NPL Ratio (% of total NPL) for 3Q22 was at 2.0%, decreased from 2Q22 and 3Q21 at 3.5% and 3.8% respectively. The NPL of credit cards, personal loans and lease receivables was at 1.2%, 3.0% and 11.1% respectively.

Total NPL decreased from 3Q21 by Baht 3,295 million and from 2Q22 by Baht 3,270 million, remaining amounted to Baht 1,917 million in 3Q22. This was caused by a significant decrease in NPL of lease receivables (KTBL) due to the written-off of existing debt with full provisions. However, the Company's overall NPL was still at a satisfactory level due to rigorous debt collections and ongoing operations.

NPL	2.0%	3Q2021		2Q2022		3Q2022	
		NPL	%Total Receivables	NPL	NPL	%Total Receivables	NPL
Total NPL		3,295	3.8%	3,270	3.5%	1,917	2.0%
NPL – Credit Card		835	1.5%	716	1.2%	783	1.2%
NPL – Personal Loan		935	3.2%	836	2.8%	920	3.0%
NPL – Leasing		1,525	46.1%	1,718	54.0%	214	11.1%

Bad Debt Recovery

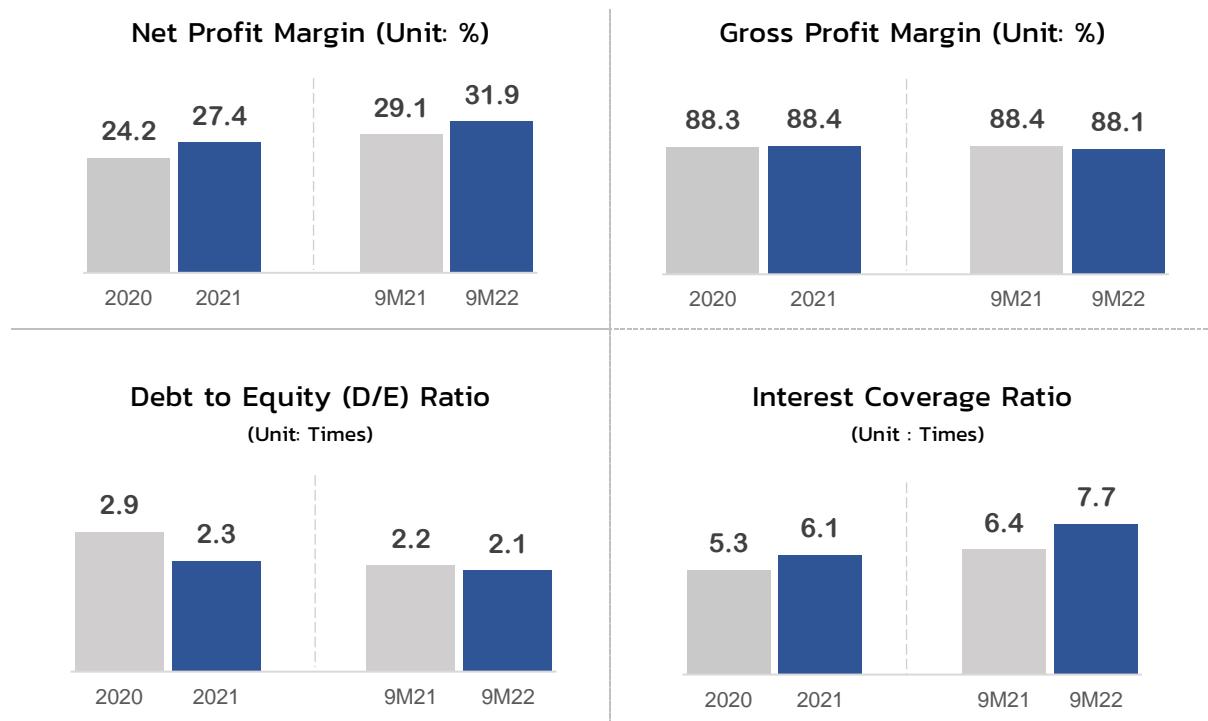
857
(Million Baht)  17% YoY

An increase of KTC's write-off caused higher NPL coverage ratio

The Company was able to maintain good debt collection capability, total bad debt recovery for 3Q22 equaled to Baht 857 million, comprising of KTC amounted to Baht 810 million, increased by 13.0% (YoY) and from KTC amounted to Baht 47 million, increased by 201.8% (YoY).

For 3Q22, the Company's allowance for expected credit loss in the separate financial statement equaled to Baht 7,859 million, increased by 7.3% (YoY) while in the consolidated financial statement equaled to Baht 8,598 million, decreased by 5.0% (YoY) as the allowance for expected credit loss from personal loans and credit cards increased by 11.2% (YoY) and 4.3% (YoY) respectively. While the allowance for expected credit loss from lease receivables decreased by 57.2% (YoY). In addition, NPL of lease receivables (KTBL) decreased significantly from the written-off of existing debt with full provisions. Thus, total NPL decreased, resulting in KTC's allowance for expected credit loss to NPL coverage ratio in the separate and consolidated financial statements as of 3Q22 increased to 461.4% and 448.5% respectively.

Key Financial Ratio



Key Financial Ratio	Y2020 (Original) (Consolidated)	Y2021 (Consolidated)	9M2022 (Separate)	9M2022 (Consolidated)
Earnings per Share (Baht)	2.07	2.28	2.10	2.10
Book Value per share (Baht)	8.9	10.5	11.5	11.6
Cost to Income	32.9%	34.2%	34.3%	34.4%
Operating Cost to Income	25.4%	27.3%	25.8%	26.0%
NPL Coverage Ratio	460.4%	292.2%	461.4%	448.5%
Expected Credit Loss/Total Receivables	7.3%	5.9%	4.5%	4.6%
Allowance for Expected Credit Loss/Total Receivables	8.2%	10.5%	8.3%	8.9%
Return on Equity (ROE) ⁽¹⁾	25.0%	23.5%	25.6%	25.5%
Return on Asset (ROA)	6.1%	6.6%	7.9%	7.9%
Dividend Payout Ratio	42.5%	41.2%	N/A	N/A

Cost of fund was 2.4% and D/E was only 2.1 times

At the end of 3Q22, KTC's total borrowing equaled to Baht 57,137 million, increased by 12.9% (YoY) whereas sources of fund structure were both from short-term and long-term borrowings at the ratio of 28%:72%.

KTC distributed its sources of borrowing that derived from Thai commercial banks, securities companies, insurance companies and various funds, comprising of short-term loans from related financial institutions amounted to Baht 7,080 million and from other financial institutions amounted to Baht 3,310 million, long-term loans from KTB amounted to Baht 1,500 million and debentures amounted to Baht 39,649 million. Cost of fund for 3Q22 and 9M22 stood at 2.5% and 2.4% respectively, close to 2.4% of the second quarter. Debt-to-equity ratio stood at 2.1 times, which is well below the bond covenant limited at 10 times.

KTC's total credit lines equaled to Baht 33,340 million

KTC's total credit lines consist of short-term credit lines of Baht 27,340 million (from KTB Baht 18,030 million) and long-term credit lines from KTB of Baht 6,000 million. As the Company utilized some of those credit lines at amounted of Baht 9,441 million. Therefore, at the end of 3Q22, its available credit lines equaled to Baht 23,899 million.

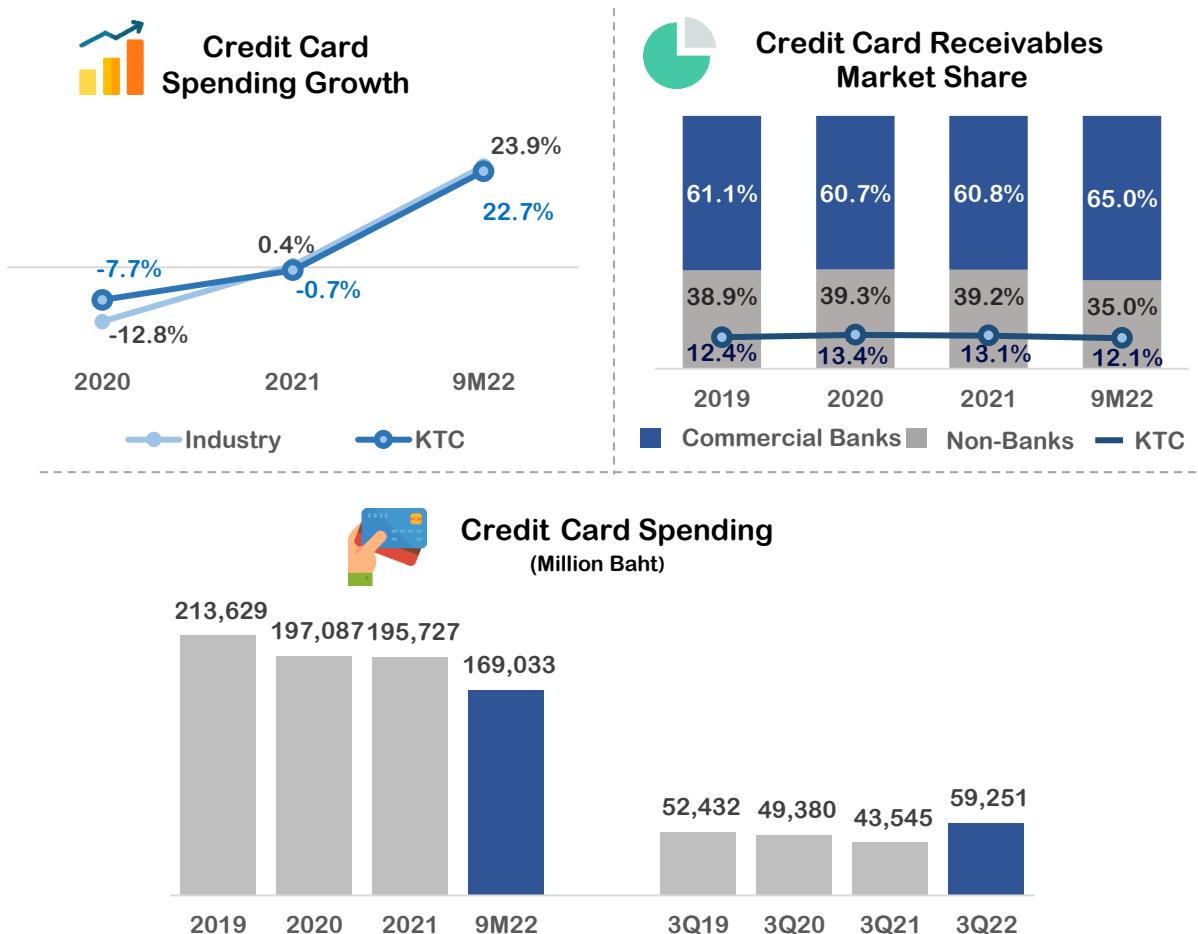
Industry Overview

According to the Bank of Thailand (BOT)'s monetary policy report at the end of 3Q22, Thai overall economy will recover continuously due to improved COVID-19 outbreak situation, private sectors consumption and the return of foreign tourists after the re-opening of Thailand and other countries which was in line with recovering economic activities. BOT has maintained its economic growth forecast for the year 2022 at 3.3% and for the year 2023 at 3.8% (decreased from previously projected at 4.2% as of June 2022). However, economic expansion remains at risk due to higher cost of living, household debts and the economy that tends to slow down affected by high inflation. This might create a higher demand for consumers' personal loan.

Industry Data	Y2021	9M2021	9M2022
Credit Card Receivables (Million Baht)	458,181	405,069	524,450
Growth	1.9%	(0.3%)	29.5%
Proportion of KTC Credit Card Receivables VS Industry	13.1%	13.5%	12.1%
Amount of Credit Card (Cards)	24,849,285	24,681,778	25,578,882
Growth	2.8%	2.6%	3.6%
Proportion of KTC Credit Card VS Industry	10.1%	10.2%	9.9%
Credit Card Spending (Million Baht)	1,649,491	1,159,423	1,436,194
Growth	0.4%	(1.5%)	23.9%
Proportion of KTC Credit Card Spending VS Industry	11.9%	11.9%	11.8%
Personal Loan Receivables (Million Baht)	707,715	668,839	811,942
Growth	21.9%	18.1%	21.4%
Proportion of KTC Personal Loan Receivables VS Industry	4.1%	4.4%	3.9%

Source: Bank of Thailand

Credit card and personal loan business began to grow again as evidenced by the total industry credit card receivables as of September 2022 equaled to Baht 524,450 million, expanded by 29.5% compared to the same period in 2021. The total card spending volume for 9M22 equaled to Baht 1,436,194 million, expanded by 23.9%, while personal loan receivables equaled to Baht 811,942 million, expanded by 21.4%. A continuation of the government relaxation measures elevated economic activities back to normal, so did the consumer confidence, especially the tourism sector that entered the tourist season during the second half of this year.



Revenue & Expense

Revenue :

Total interest income (including credit usage fee) for 3Q22 equaled to Baht 3,680 million, increased by 8.5% (YoY) mainly from an increase of interest income from credit card receivables at amount of Baht 1,805 million, increased by 11.6% (YoY), interest income from personal loan receivables at amount of Baht 1,845 million, increased by 5.5% (YoY) and interest income from lease receivables at amount of Baht 30 million, increased by 16.8% (YoY). An increase of interest income derived from a well-grown receivable portfolio as well as a better direction of the economic recovery.

Total Revenue (Million Baht)		5,887	14.7% YoY			
Interest Income (Including Credit Usage Fee) 3,680 Million Baht		3Q2021	% Total Revenue	3Q2022	% Total Revenue	% Growth
Interest Income - Credit Card	1,617	31.5%	1,805	30.7%	11.6%	
Interest Income - Personal Loan	1,748	34.1%	1,845	31.3%	5.5%	
Interest Income - Leasing	26	0.5%	30	0.5%	16.8%	



Fee Income (Excluding Credit Usage Fee) 1,249 Million Baht		3Q2021	% Total Revenue	3Q2022	% Total Revenue	% Growth
Fee income (Excluding credit usage fee)		957	18.6%	1,249	21.2%	30.6%

For 3Q22 Fee income (excluding credit usage fee) equaled to Baht 1,249 million, increased by 30.6% (YoY) due to fee income from interchange increased by 51.3% (YoY), merchant discounts fee increased by 38.2% (YoY) and fee income from cash advance increased by 32.4% (YoY). However, fee income from debt collection decreased by 44.9% (YoY) because the Company reduced debt collection fee as mandated by the Debt Collection Supervisory Committee. Debt collection fee was reduced from the previous rate of 100 baht per installment to 50 baht per round (in case of one outstanding installment) and 100 per round (in case of more than one outstanding installment).

Expense :

Total administrative expense for 3Q22 equaled to Baht 2,056 million, increased by 11.3% (YoY) mainly from an increase of marketing expense by 52.4% (YoY) regarding to the recruiting of new members and higher marketing promotional campaign to invest in building additional membership portfolios. In addition, fee expense increased by 26.8% (YoY) mainly from interchange fee as number of transactions increased. Cost to income at the end of 3Q22 was at 34.4%, close to the previous quarter at 34.6% but decreased from the same quarter of 2021 at 36.0%.

Expected credit loss for 3Q22 and 9M22 equaled to Baht 1,276 million, decreased by 1.2% (YoY) and equaled to Baht 3,360 million, decreased by 7.3% (YoY) respectively as the Company was able to continuously well-control its portfolio quality, while provisions would be in line with the expanding portfolio and the written-off of lease receivables (KTBL) substantially increased due to the written-off of existing debt with full provisions.

Cost of fund for 3Q22 and 9M22 equaled to Baht 343 million and Baht 1,014 million, decreased by 0.5% (YoY) and decreased by 5.3% (YoY) respectively, resulting from efficient cost of fund management and cost controlling at appropriate level.

Total Expense (Million Baht)

3,676

5.5%
YoY



Finance
Cost
(Million Baht)

343

Operating's
Expense
2,056 Million
Baht

Operating's
Expense
2,056 Million
Baht

	3Q2021	% Total Revenue	3Q2022	% Total Revenue	% Growth
Personal expenses	668	13.0%	624	10.6%	(6.6%)
Marketing expenses	135	2.6%	206	3.5%	52.4%
Fee Expense	532	10.4%	674	11.5%	26.8%
Other administrative expenses	512	10.0%	552	9.4%	7.7%

Expected
Credit Loss (ECL)
1,276 Million
Baht

Expected
Credit Loss (ECL)
1,276 Million
Baht

	3Q2021	% Total Revenue	3Q2022	% Total Revenue	% Growth
ECL - Credit Card	642	12.5%	604	10.3%	(6.0%)
ECL - Personal loan	673	13.1%	586	9.9%	(13.0%)
ECL - Leasing	(23)	(0.5)	87	1.5%	475.8%

Financial Position

Asset Increased

The Company's assets as of September 30, 2022 equaled to Baht 93,962 million, increased by 12.8% (YoY). The main income-generating assets were loan to customers and accrued interest receivables, accounting for 94.1% of total assets or equaled to Baht 88,418 million, whereas the remaining of 5.9%, comprising of crucial assets such as cash and deferred tax assets, etc.

Total Assets (MB)
93,962  13%

Asset	9M21	9M22	% Growth
Credit Card - Loans to customers and accrued interest receivables, net	50,404	59,264	17.6%
Personal Loan - Loans to customers and accrued interest receivables, net	25,998	27,959	7.5%
Leasing - Loans to customers and accrued interest receivables, net	1,579	1,195	(24.3%)

Total
Liabilities
 12%

Total
Equity
 15%

Liability	9M21	9M22
Total liability	57,377	64,047
Total borrowing	50,622	57,137

Equity	9M21	9M22
Total Shareholder Equity	25,914	29,915

Total Portfolio expanded by 11.5% YoY

(Unit: Million Baht)	Consolidated Financial Statements			
	Credit Card	Personal Loan	Leasing	Total
Stage 1	56,635	25,095	-	81,730
Stage 2	5,882	5,141	-	11,023
Stage 3	783	920	-	1,703
Financial assets applied simplified approach to calculate lifetime expected credit losses	-	-	1,934	1,934
Total loans to customers	63,300	31,156	1,934	96,390
Add Accrued interest receivables and undue interest receivables	258	368	-	625
Total loan to customers and accrued interest receivables	63,558	31,524	1,934	97,016
Less Allowance for expected credit loss	(4,294)	(3,565)	(739)	(8,598)
Total loans to customers and accrued interest receivables, net	59,264	27,959	1,195	88,418

Total loans for 9M22 expanded by 11.5% (YoY) with total portfolio equaled to Baht 97,016 million, comprising of total credit card receivables of Baht 63,558 million, total personal loan receivables of Baht 31,524 million, and total lease receivables of Baht 1,934 million. The Company's allowance for expected credit loss equaled to Baht 8,598 million, mainly derived from an increase of the allowance for expected credit loss from personal loan by 11.2% (YoY), while the allowance for expected credit loss from lease receivables decreased by 57.2% (YoY) due to the written-off of lease receivables (KTBL).

The changes in the allowance for expected credit loss as of September 30, 2022 are as following table.

(Unit: Million Baht)	Allowance for Expected Credit Loss				
	12-month ECL (Stage 1)	Lifetime ECL: Not Credit Impaired (Stage 2)	Lifetime ECL: Credit Impaired (Stage 3)	Financial Assets Applied Simplified Approach to Calculate Lifetime Expected Credit Losses	Total
Balance as of January 1, 2022	3,918	2,365	1,066	2,343	9,691
Changes in staging	308	(383)	75	-	-
Changes in risk parameters	(415)	1,141	3,421	140	4,287
New financial assets originated or purchased	441	-	-	12	453
New financial assets derecognized	(191)	(501)	(663)	(22)	(1,377)
Written-off	-	-	(2,723)	(1,733)	(4,456)
Balance as of September 30, 2021	4,061	2,622	1,176	739	8,598

Impact from COVID-19

The Bank of Thailand (BOT) has periodically issued measures to assist debtors who have been affected by the COVID-19 outbreak constantly. These include the reduction of the minimum repayment rate, lowering of interest rates, consideration of credit line extensions, deferring of installment payments and converting into low interest long-term loans. The purpose is to help support the overall economy through this crisis. In this regard, KTC has complied with and followed the Bank of Thailand's guidelines on all measures to assist debtors in accordance with the BOT's sustainable debt settlement measures.

For the year 2022, KTC continues to implement these policies to alleviate the burden of members affected by the COVID-19 outbreak. As of September 30, 2022, KTC provided assistance to debtors in all statuses according to the Notification of the Bank of Thailand No. BOT.RPD2.C.802/2564 equaled to the remaining of Baht 2,136 million, accounting for 2.3% of total portfolio.

2022 Target vs 9M22 Actual

According to operating results for 9M22, the Company generated profit attributable to owners of the parent amounted to Baht 5,414 million. The Company operated its core business according to the target set in various areas. The credit card spending volume for 9M22 grew at 22.7% or equaled to Baht 169,033 million. The recovery of domestic economy together with more active economic activities caused the Company's credit card spending volume to grow substantially. The company is projected that its card spending growth rate at the end of the year will be expanded by more than 15%, although the Company still maintains its growth target at 10.0%.

Personal loan business grew at 7.9% or equaled to Baht 31,524 million by focusing on new customers and retaining existing customers. It is forecasted that the growth rate at the end of the year will be 7.0% as targeted, while the new booking from P BERM and KTBL receivables approximately equaled to Baht 804 million. Even though the new booking amount was much lower than the target, the Company still commits to cooperate with all parties to accelerate customer acquisition and increase its expansion at the maximum level for the remaining of the year with the targeted amount of Baht 1,000 million at the end of 2022.

The Company's NPL for 3Q22 was at 2.0%. The company is confident that it can maintain the overall portfolio quality as targeted. It is forecasted that total loan portfolio will be worth more than Baht 100,000 million, with a higher projected profit for the year 2022.

Target	2022	9M22 (Actual)	Notes
Net Profit (Million Baht)	> 6,251	5,414	Revenue grows well with good cost of fund management at -5% (YoY) and ECL -12% (YoY)
Total Receivables (Million Baht)	> 100,000	97,016	Portfolio grows well from both credit card and personal loan business
Credit Card Spending Growth	10.0%	22.7%	Positive growth continuously from opening the country and accelerating the recovery of Thai economy

Target	2022	9M22 (Actual)	Notes
Personal Loan Receivables Port Growth	7.0%	7.9%	Demand for personal loan still has room to grow
New Booking of P BERM & KTBL (Million Baht)	11,500	804	Projected amount of Baht 1,000 million as of December 31, 2022
Portfolio Quality (% Total NPL)	3.6%	2.0%	Total NPL decreased due to bad debts write-off of lease receivables from total portfolio

Announcement of the Office of the Consumer Protection Board Re: Cars and motorcycles hire purchase business be a controlled business under the contract B.E. 2022 does not affect KTC

On October 12, 2022, there was an announcement from the board regarding cars and motorcycles hire purchase business as a contract regulated business B.E. 2022 on the website of the Government Gazette which will be effective around early January 2023. An interest rate for new cars hire purchase is set not exceeding 10% per year, used cars not exceeding 15% per year and motorcycles not exceeding 23% per year. The announcement is to control hire purchase interest rate to be calculated at effective interest rate (effective rate). Nevertheless, this announcement does not affect KTC's business operations because most of KTC P BERM's business is in the form of car title loans. KTBL's lease receivables mainly derived from retail hire purchase loans and its portfolio value is very small. Therefore, its impact is limited. However, the announcement may cause this hire purchase segment to grow at a slower pace, while KTBL continues to provide more commercial loan, namely heavy-duty industrial trucks.

Growth Direction in 2023

Target	2023
Net Profit	> Net Profit 2022
Total Receivables	15 %
Credit Card Spending Growth	10 %
Personal Loan Receivables Port Growth	7 %
New Booking of P BERM & KTBL	9,000 MB
New Booking of Commercial Loan KTBL	3,000 MB
Portfolio Quality	< %NPL 2022

For 2023 business direction, KTC is striving to grow its payment business and retail lending business by paying special attention to building up customer base to increase P BERM receivables portfolio. Meanwhile, credit card business and personal loan business will grow at the accelerated rate by emphasizing on acquiring new customers as well as creating marketing activities in accordance with the changing situation or context. As a result, marketing expenses and provisions may increase in line with the expanding portfolio. Nevertheless, the Company is confident that it will achieve growth target in terms of credit card spending, portfolio expansion, NPL control as well as stable financial costs. Thus, the Company strongly believes that it will be able to make profit as projected.

In 2023, the Company plans to implement the new core system, replacing the old one. The data will be processed on Cloud, which will be recorded as an expense in that accounting period. As a result, the administrative expenses for next year will be higher as there will be expenses for the parallel system between the new system and the old one. However, in the following years expenses related to system will gradually adjust to the normalization. Furthermore, marketing expenses for KTC P BERM business will be risen to increase efficiency and expansion. Even so, the Company aims to make more profit than 2022.

Moreover, next year will be the transition period where new executives, or successors, are taking on various responsibilities. There will still be existing executives acting as a coach working closely to make the transition seamless and help drive the organization continuously.

KTC's Strategy and Sustainable Development Integration

With the vision of "KTC is a membership company in payment and retail lending business with sustainability as key element", KTC established the sustainability framework that harmonizes the Company's strategy with sustainability. Under the basis of good corporate governance and appropriate risk and cost management, the framework has served business strategy, sustainability material topics, corporate vision and in line with the United Nations Sustainable Development Goals and the New Normal way of life.

In addition, the Company established the 5-year sustainability strategy (2022-2026) covering 3 dimensions, namely the Economic Dimension (Better Product and Service), the Social Dimension (Better Quality of Life) and the Environmental Dimension (Better Climate). The flagship of digital technology and innovation has enhanced business operations and products and services development. It enables the company to achieve business requirements, create good experience and trust for members and stakeholders. KTC Mobile and KTC QR PAY, for instant, with the standards of information security, cyber security and privacy information security increase the opportunities to access financial products and services for the people in the society thoroughly and mitigate the impact on the environment in a sustainable way. Moreover, the Company continues to elevate its integration of business and sustainability in various dimensions continuously such as respecting human rights, care of employees' health and safety, providing assistance to debtors affected by the COVID-19 situation, raising environmental awareness and giving back to society through various activities. This represents the commitment to drive for key results in consolidating all 3 sustainability dimensions with all business aspects, to grow alongside with all stakeholders, elevate its business-sustainability integration to become a leading national and international consumer finance organization.