

บริษัท บัตรกรุงไทย จำกัด (มหาชน)

591 อาคารสมบัติชัชวาลี ชั้น 14 ถนนสุขุมวิท แขวงคลองเตยเหนือ เขตวัฒนา กรุงเทพฯ 10110

โทรศัพท์: 02 123 5100 โทรสาร: 02 123 5190 ทะเบียนเลขที่: 0107545000110

Krunthai Card Public Company Limited

591 United Business Centre II, 14th Fl., Sukhumvit Rd., North Klongton, Wattana, Bangkok 10110 Thailand

Tel: 02 123 5100 Fax: 02 123 5190 Reg. No. 0107545000110

KTC 437 / 2023

May 12, 2023

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

Subject: Operating result notification for the Company and its subsidiaries of the quarter ended
March 31, 2023

Enclosure: Management Discussion and Analysis for the quarter ended March 31, 2023

KTC's Board of Directors has approved the Company and its subsidiaries Financial Statement and the Report of certified public accountant for the quarter ended March 31, 2023, 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

Krunthai Card Public Company Limited



(Mr. Chutidej Chayuti)

Chief Financial Officer

Executive Summary for 1st Quarter 2023

The net profit for the first quarter of 2023 in the separate financial statement of Krungthai Card Public Company Limited ("KTC") amounted to Baht 1,843 million whereas its consolidated financial statement of Krungthai Card Public Company Limited and its subsidiaries ("the Group") amounted to Baht 1,872 million, which represents an increase of 5.2% and 7.1%, respectively, compared to the same period in 2022, which had a net profit of Baht 1,752 million and Baht 1,747 million, respectively.

"In 1Q23, the Group's net profit generated a consistent growth trend and rose by 7.1% (YoY)."

As of the end of the first quarter of 2023, the total loans to customers grew by 14.5% (YoY) through expansion in all products namely credit cards, personal loans, and lease receivables. Total loan to customers and accrued interest receivables amounted to Baht 103,312 million. Furthermore, the Group was able to maintain the portfolio quality with non-performing loans (NPLs) totaling 1.9%.

Card Spending Volume of Industry and KTC showed an ongoing increase.

In the first quarter of 2023, KTC's credit card spending experienced a 22.5% growth which is higher than the industry's growth rate of 17.7%, with the uptrend expansion as the economic activities continued to recover.

The total revenue of the Group amounted to Baht 6,055 million, increased by 13.0% (YoY), derived from interest income (including credit usage fee) and fee income, which increased by 14.7% (YoY) and 21.8% (YoY), respectively. Total bad debt recovery for the first quarter of 2023 amounted to Baht 822 million, decreased by 4.1% (YoY).

The total expenses amounted to Baht 3,742 million, an increase of 17.6% (YoY), primarily due to expected credit losses increased by 30.8% (YoY), financial costs increased by 15.8% (YoY), and administrative expenses increased by 10.4% (YoY).

The Group continued to expand its portfolio and generated strong revenue growth from both interest income and fee income. Card spending volume increased consistently from the previous year, while the Group managed to maintain an appropriate portfolio quality based on each business risks and set the expected credit loss as well as write-offs according to the characteristics of each portfolio. Operating expenses increased due to interchange fees from the higher spending transactions, while marketing expenses and other operating expenses decreased. Financial costs increased slightly in line with market conditions, resulting in an overall increase in expenses. Nevertheless, the Group was able to balance revenue and expenses through effective management, creating a portfolio that generated the revenue corresponding to risk levels, resulting in consistent growth and profitability in the first quarter of the year.

Operating's Result for 1st Quarter 2023

1 st Quarter Financial Statement (Unit: Million Baht)	Consolidated Financial Statement			Separate Financial Statement		
	1Q2022	1Q2023	Growth (%YoY)	1Q2022	1Q2023	Growth (%YoY)
Total Revenues	5,357	6,055	13%	5,311	5,965	12%
Bad Debt Recovery	857	822	(4%)	841	791	(6%)
Total Operating Cost	1,798	1,985	10%	1,755	2,063	18%
Finance Costs	337	390	16%	335	386	15%
Share of Profit from Investments in an associate	4	5	29%	-	-	-
Profit before Expected Credit Loss	3,225	3,685	14%	3,220	3,516	9%
Expected Credit Loss	1,045	1,367	31%	1,030	1,208	17%
Bad Debt	992	1,224	23%	988	1,142	16%
Doubtful Accounts	53	142	167%	43	66	54%
Profit before Income Tax	2,180	2,319	6%	2,190	2,308	5%
Income Tax Expense	436	452	4%	438	465	6%
Net Profit	1,744	1,866	7%	1,752	1,843	5%
Total Comprehensive Income (Loss)						
Owners of the parent	1,747	1,872	7%	1,752	1,843	5%
Non-controlling interests	(3)	(6)	96%	-	-	-
Earning per Shares	0.68	0.73	7%	0.68	0.71	5%

Total portfolio well-expanded

In the first quarter of 2023, total loan to customers and accrued interest receivables amounted of Baht 103,312 million, an increase of 14.5% (YoY), consisting of credit card receivables totaling Baht 67,640 million, an increase of 16.8% (YoY), personal loans receivables totaling Baht 32,371 million, an increase of 11.1% (YoY), and lease receivables totaling Baht 3,301 million, an increase of 4.6% (YoY).

New booking of P BERM Car for Cash totaling Baht 334 million, or an increase of 42.0% (YoY), and new booking for KTBL commercial loan amounted to Baht 944 million.

KTC card spending volume rose by ↑ 22.5% (YoY)

As the result of the expansion of the tourism sector which had a positive impact on employment and labor income, as well as the rebate scheme "Shop Dee Mee Kuen" in 2023, leading to an increase in domestic spending. This is reflected in the higher overall card spending volume of KTC and industry for the first quarter 2023 when compared to the same period last year, at 22.5% and 17.7%, respectively. Thereby, card spending amounted to Baht 63,989 million and Baht 526,527 million, respectively. Total member base amounted to 3,333,227 accounts, divided into 2,591,404 credit card accounts, which increased by 3.2% (YoY), and 741,823 personal loan accounts, which decreased by 1.6% (YoY), partly due to the closure of inactive accounts or in accordance with the specified conditions.

Higher net interest margin was driven by the growth of Ktbl's interest income

The Group was able to manage its cost of fund effectively, maintaining at 2.6% which was the same level as 1Q22, while its average interest income was at 14.7%, increased from 14.5% due to the increase in interest income from Ktbl. This resulted in an increase in the net interest margin to 12.1% from 11.9% in the previous year. However, according to the separate financial statements, KTC generated an average interest income and net interest margin at 14.7% and 12.1% respectively, which were comparable to the same period of the previous year.

The portfolio quality still well-maintained

The non-performing loans (NPL) ratio in 1Q23 was 1.9%, a slight increase from 1.8% in 4Q22. The NPL ratio for credit card, personal loan, and lease receivables were at 1.1%, 2.8%, and 8.8%, respectively. The Group approved loans in line with risk profiles to maintain the good quality of portfolio. The Group diligently monitors delinquent accounts and takes continuous actions while expanding its customer base within acceptable risk parameters.

NPL	1Q2022		4Q2022		1Q2023	
	NPL	%Total Receivables	NPL	%Total Receivables	NPL	%Total Receivables
Total NPL	3,206	3.6%	1,846	1.8%	1,932	1.9%
NPL – Credit Card	671	1.2%	730	1.1%	739	1.1%
NPL – Personal Loan	760	2.6%	896	2.8%	902	2.8%
NPL – Leasing	1,774	56.2%	219	8.9%	290	8.8%

Bad Debt Recovery

822
(Million Baht)

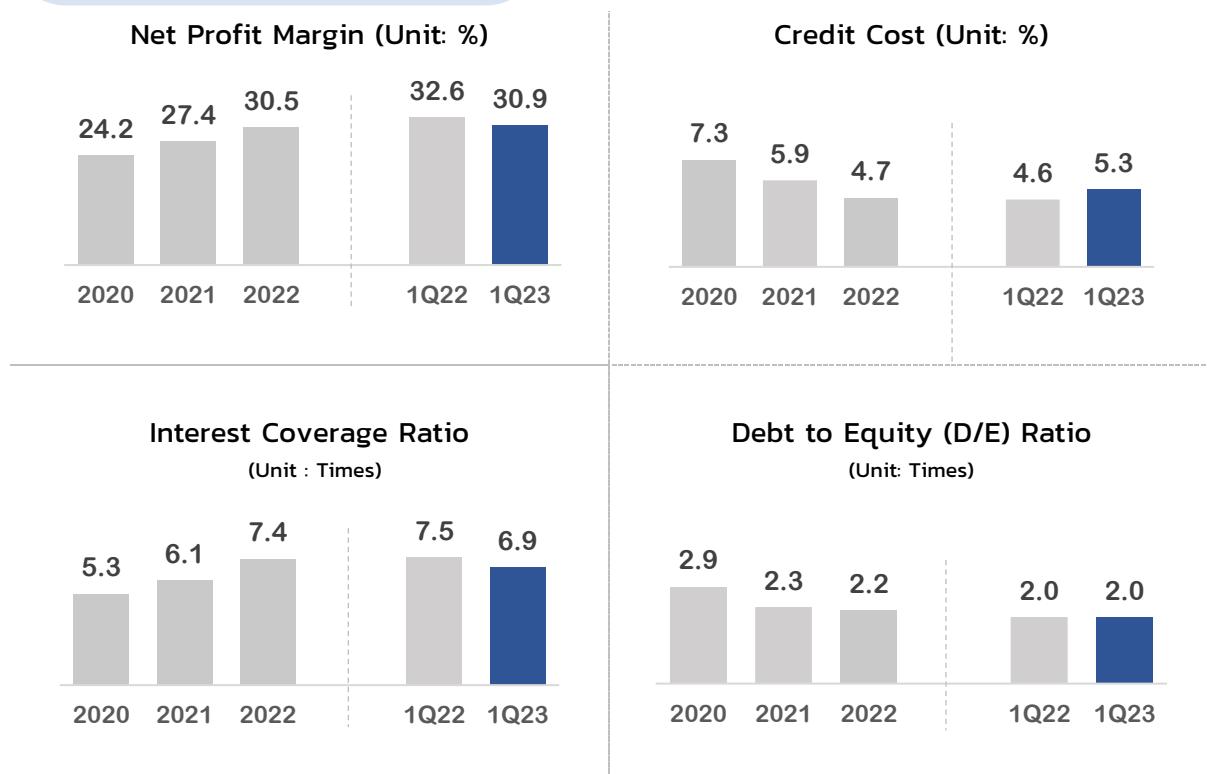
4.1%
YoY

NPL Coverage Ratio remains at a high level of 462.5%

The Group still maintains its ability in debt collection. The bad debt recovery in 1Q23 was Baht 822 million, consisting of KTC accounted for Baht 791 million, representing a decrease of 5.9% (YoY) and Ktbl accounted for Baht 31 million, representing an increase of 90.7% (YoY).

The allowance for expected credit losses of the Group in 1Q23 amounted to Baht 8,934 million, a decrease of 8.3% (YoY). On the other hand, the allowance for expected credit losses of KTC amounted to Baht 8,233 million, which resulted in an NPL coverage ratio for the Group at 462.5%. This represents an increase from the same period in 2022, which was at 303.9%.

Key Financial Ratio



Key Financial Ratio	1Q22 (Separate)	1Q22 (Consolidated)	1Q23 (Separate)	1Q23 (Consolidated)
Earnings per Share (Baht)	0.68	0.68	0.71	0.73
Book Value per share (Baht)	11.1	11.2	12.9	13.0
Cost to Income	33.1%	33.6%	34.6%	32.8%
NPL Coverage Ratio	516.3%	303.9%	501.6%	462.5%
Credit Cost	4.7%	4.6%	4.8%	5.3%
Allowance for ECL/Total Receivables	8.5%	10.8%	8.2%	8.6%
Return on Equity (ROE)	25.3%	25.2%	22.8%	23.2%
Return on Asset (ROA)	8.0%	8.0%	7.4%	7.4%

Low D/E ratio at 2.0 times

As of the end of 1Q23, total borrowing of the Group amounted to Baht 59,252 million, an increase of 17.6% (YoY), with funding sources consisting of both short-term and long-term loans in a proportion of 28% : 72%.

The Group diversified its source of fund from various institutions, including Thai commercial banks, securities companies, insurance companies, and various funds. Short-term loans from related financial institutions amounted to Baht 3,700 million, while those from other financial institutions amounted to Baht 6,277 million. In addition, the Group had long-term loans from KTB in the amount of Baht 6,000 million and debentures in the amount of Baht 43,275

KTC's total credit lines from financial institutions amounted to Baht 34,340 million

million. The debt-to-equity ratio remained low at 2.0 times compared to the debt covenants set by the Group's policy which is at 10 times

Short-term credit line amounted of Baht 28,340 million (Baht 18,030 million from Krung Thai Bank) and long-term credit line of Baht 6,000 million from Krung Thai Bank. KTC utilized a portion of the aforementioned credit line of Baht 10,701 million, resulting in an available credit line of Baht 23,639 million as of the end of 1Q23. Meanwhile, the total credit facilities of the Group from financial institutions were Baht 35,471 million and available credit line was Baht 23,670 million.

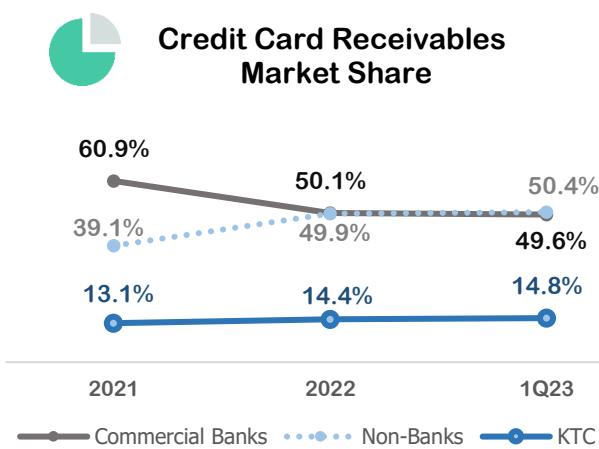
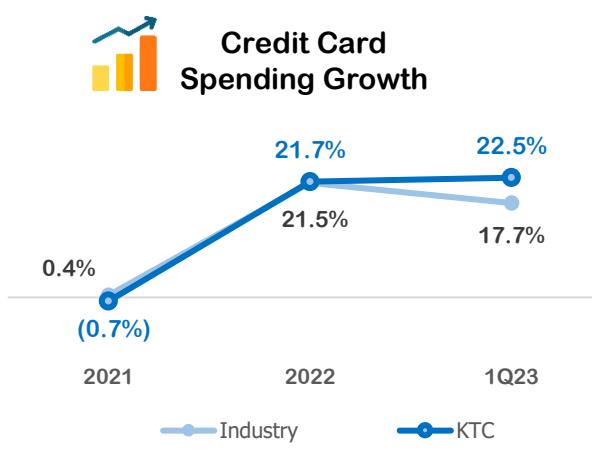
Industry Overview

According to Bank of Thailand (BOT) forecast summary in April 2023, which reported that Thai economy will continue to expand, with a growth rate of 3.6% and 3.8% in 2023 and 2024, respectively (previously forecasted growth in 2023 at 3.7% and in 2024 at 3.9% as of November 2022). This is due to continual growth in the tourism sector, which has resulted in increased employment and consumer spending in the private sector, an important factor in the economic recovery, along with a rebound in exports, which is expected to pick up momentum in the second half of the year. This could have a positive impact on stimulating spending further.

Industry Data	Y2022	1Q22	1Q23
Credit Card Receivables (Million Baht)	482,966	430,425	456,783
Growth	5.4%	3.0%	6.1%
KTC Market Share	14.4%	13.5%	14.8%
Amount of Credit Card (Cards)	25,733,923	25,058,463	25,840,518
Growth	3.6%	3.1%	3.1%
KTC Market Share	9.9%	10.0%	10.0%
Credit Card Spending (Million Baht)	2,004,737	447,504	526,527
Growth	21.5%	11.9%	17.7%
KTC Market Share	11.9%	11.7%	12.2%
Personal Loan Receivables (Million Baht)	849,152	721,057	851,590
Growth	20.0%	21.9%	18.1%
KTC Market Share	3.8%	4.0%	3.8%

Source: Bank of Thailand

The credit card and personal loan businesses continue to expand. The industry's credit card receivables as of March 2023 was Baht 456,783 million, an increase of 6.1% over the same period last year. Meanwhile, total outstanding of personal loan receivables in the industry this year amounted to Baht 851,590 million, growing at a rate of 18.1%.



KTC market share on credit card receivables for the first three-month of 2023 is 14.8%. The company's market share of credit card spending volume is 12.2% while the proportion of personal loan receivables compared to the industry is 3.8%.

Revenue & Expense

Revenue:

Total interest income (including credit usage fee) for 1Q23 amounted to Baht 3,803 million, an increase of 14.7% (YoY). This is divided into interest income from credit card receivables of Baht 1,883 million, an increase of 16.8% (YoY), interest income from personal loans receivables of Baht 1,869 million, an increase of 10.7% (YoY), and interest income from lease receivables of Baht 51 million, an increase of 249.1% (YoY). The increase in interest income is attributed to the expansion of the loan portfolio, driven by the continuous growth of the economy and domestic spending stimulated by the government's economic policies, as well as the increasing economic activities, especially in the tourism sector and improving employment situation.

For 1Q23, fee income (excluding credit usage fee) amounted to Baht 1,347 million, an increase of 21.8% (YoY), comprising of 28.5% (YoY) increase in Interchange fees, 25.5% (YoY) increase in merchant discount fees, 23.7% (YoY) increase in cash advance fees, and 4.8% (YoY) increase in debt collection fees. The increase in fee-based income is due to the increase in transaction volume.



Total Revenue
(Million Baht) **6,055** | **13.0% YoY**

	1Q2022	% Total Revenue	1Q2023	% Total Revenue	% Growth
Interest Income (Including Credit Usage Fee) 3,803 Million Baht					
Interest Income - Credit Card	1,613	30.1%	1,883	31.1%	16.8%
Interest Income - Personal Loan	1,688	31.5%	1,869	30.9%	10.7%
Interest Income - Leasing	15	0.3%	51	0.8%	249.1%



		1Q2022	% Total Revenue	1Q2023	% Total Revenue	% Growth
	Fee Income (Excluding Credit Usage Fee) 1,347 Million Baht					
Fee income (Excluding credit usage fee)		1,106	20.6%	1,347	22.2%	21.8%

Expense:

The Group had total operating expenses of Baht 1,985 million, an increase of 10.4% (YoY), which came from higher personal expenses as well as fee and service expense of 14.6% and 30.9%, respectively, while marketing expenses decreased by 5.6% (YoY). The cost-to-income ratio was 32.8%.

The expected credit losses amounted to Baht 1,367 million, an increase of 30.8% (YoY), due mainly to an increase of write-offs and bad debts from each business.

Financial costs amounted to Baht 390 million, an increase of 15.8% (YoY), due to higher interest expenses resulting from market conditions where interest rates increased. The Group had total borrowing of Baht 59,252 million in the first quarter of 2023 compared to the same period of 2022 which was equivalent to Baht 50,367 million. Even the total borrowing increased, the Group still well-managed financial costs effectively, resulting in a cost of funds at 2.6%, which is the same level as the same period of the previous year.

		1Q2022	% Total Revenue	1Q2023	% Total Revenue	% Growth
	Total Expense (Million Baht) 3,742 17.6% YoY					
Operating's Expense 1,985 Million Baht						
Personal expense	578	10.8%	663	10.9%		14.6%
Marketing expense	174	3.3%	164	2.7%		(5.6%)
Fee and service expense	541	10.1%	708	11.7%		30.9%
Other administrative expense	505	9.4%	450	7.4%		(10.9%)

		1Q2022	% Total Revenue	1Q2023	% Total Revenue	% Growth
	Expected Credit Loss (ECL) 1,367 Million Baht					
ECL - Credit Card	502	9.4%	636	10.5%		26.8%
ECL - Personal loan	528	9.9%	572	9.4%		8.2%
ECL - Leasing	15	0.3%	158	2.6%		959.9%

Financial Position

Asset Increased 16.3%

As of March 31, 2023, the company's assets had a value of Baht 100,220 million, an increase of 16.3% (YoY). The assets that generated the main income for the company were in the form of money lent to borrowers and accrued interest, which accounted for 94.2% of total assets, or an amount of Baht 94,378 million. The remaining 5.8% of the assets were divided into cash, other receivables, tax assets awaiting recognition, and other assets.



Asset	1Q2022	1Q2023	% Growth
Credit Card – Loans to customers and accrued interest receivables, net	53,811	63,186	17.4%
Personal Loan – Loans to customers and accrued interest receivables, net	25,851	28,592	10.6%
Leasing – Loans to customers and accrued interest receivables, net	802	2,600	224.4%



Liability	1Q2022	1Q2023
Total liability	57,334	66,778
Total borrowing	50,367	59,252



Equity	1Q2022	1Q2023
Total Shareholder Equity	28,829	33,442

Total portfolio expanded by 17.3% (YoY)

For the first quarter of 2023, the net receivables expanded by 17.3% (YoY), in amount of Baht 94,378 million divided into credit card receivables totaling Baht 63,186 million, personal loan receivables totaling Baht 28,592 million, and lease receivables totaling Baht 2,600 million. Additionally, allowance for expected credit loss of the Group was Baht 8,934 million. Its details are shown as below.

(Unit: Million Baht)	Consolidated Financial Statements			
	Credit Card	Personal Loan	Leasing	Total
Stage 1	60,094	25,453	-	85,547
Stage 2	6,528	5,619	-	12,147
Stage 3	739	902	-	1,641
Financial assets applied simplified approach to calculate lifetime expected credit losses	-	-	3,301	3,301
Total loans to customers	67,361	31,974	3,301	102,636
Add Accrued interest receivables and undue interest receivables	279	397	-	676

(Unit: Million Baht)	Consolidated Financial Statements			
	Credit Card	Personal Loan	Leasing	Total
Total loan to customers and accrued interest receivables	67,640	32,371	3,301	103,312
Less Allowance for expected credit loss	(4,455)	(3,778)	(701)	(8,934)
Total loans to customers and accrued interest receivables, net	63,186	28,592	2,600	94,378

The changes in the allowance for expected credit loss as of March 31, 2023 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 ECL	Total
Balance as of January 1, 2023	4,247	2,782	1,139	624	8,792
Changes in staging	134	(489)	355	-	-
Changes in risk parameters	(298)	717	1,498	153	2,070
New financial assets originated or purchased	126	-	-	12	138
New financial assets derecognized	(52)	(86)	(698)	(7)	(842)
Written-off	-	-	(1,143)	(82)	(1,224)
Balance as of March 31, 2023	4,158	2,924	1,152	701	8,934

The Bank of Thailand raised the market conduct standards for fairness and equitable treat for customers in accordance with BOT.FCD.C 951/2564, through emphasizing on the assistance in resolving debt-related issues in order to timely help retail debtors on point. The bank has developed a sustainable end-to-end process, including product development that matches customer risk profiles, support for customers with repayment issues, debt restructuring, and debt mediation to alleviate the debt burden on the public.

The Group followed this policy by implementing various projects to assist borrowers in managing credit effectively. As of March 31, 2023, KTC has provided assistance to all borrowers in need, totaling Baht 1,995 million, or accounted for 2.0% of the total loan portfolio.

Direction in 2023

The results of the first quarter of 2023 showed that the Group generated a net profit of Baht 1,872 million for the owners of the parent. These results are in line with the targeted plan, which focuses on sustainable economic growth (Better Product and Service), social improvement (Better Quality of Life), and environmental sustainability (Better Climate). The increase in card usage volume in the first quarter of 2023 was 22.5%, amounting to Baht 63,989 million, due to the economic recovery within the country and the increase in foreign tourists. This led to a significant increase in the Group's card usage,

exceeding the estimated amount. At the same time, the growth rate of the overall loan portfolio also aligned with the targeted plan.

The growth rate of the personal loan portfolio in the first quarter was slightly higher than estimated, achieved through a strategy of retaining existing customers and expanding the customer base. However, it is expected that the growth rate for the rest of the year will be close to the target rate.

Target	2023 Target	1Q2023 Actual
Net Profit (MB)	> 7,079	1,872
Total Portfolio Growth	15%	14.5%
Credit Card Spending Growth	10%	22.5%
Personal Loan Receivables Growth	7%	9.5%
New Booking of P BERM Car for Cash (MB)	9,000	334
New Booking of KTBL Commercial Loan (MB)	3,000	944
Portfolio Quality (%Total NPL)	< 1.8%	1.9%

Although the amount of new booking for KTC P BERM Car for Cash is still below the target, amounted to Baht 334 million baht. The Group still committed to working with all relevant parties to accelerate customer acquisition and increase the growth rate for the remaining nine months.

For KTBL Commercial Loan, the amount of new booking reached Baht 944 million and will continue to grow in line with the economic conditions.

NPL for the first quarter of 2023 was at 1.9%. The Group assured to maintain the portfolio quality in line with the targeted plan and anticipated higher profits for the year 2023.

KTC's Integrated Strategy with Sustainable Development



KTC's strategy has integrated sustainable economic, social, and environmental dimensions through Better Product and Service, Better Quality of Life, and Better Climate. KTC conducts its business with responsibility and continuously develops products, services, technology, digital innovation, and human resources to meet business demands, build trust with stakeholders, increase access to financial products and services for Thai society, alleviate environmental impacts, and support sustainable development goals of the United Nations.

For more information, please visit the company's website at <https://www.ktc.co.th/en/sustainability-development>