



บริษัท บัตรกรุงไทย จำกัด (มหาชน)

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Krungthai Card Public Company Limited

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KTC 299 / 2565

May 13, 2022

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

Subject: Operating result notification of the quarter ended March 31, 2022

Enclosure: Management Discussion and Analysis for the quarter ended March 31, 2022

KTC's Board of Directors has approved the Company's Financial Statement and the Report of certified public accountant for the quarter ended March 31, 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 1Q2022 continued to grow at 7%"

Krungthai Card Public Company Limited's ("KTC" or "the Company") net profit for the first quarter of 2022 in separate and consolidated financial statements equaled to 1,752 million baht and 1,747 million baht respectively, increased by 7.3% and 6.9% from the same period of 2021 amounted to 1,632 million baht and 1,634 million baht respectively.

Total receivables portfolio expanded by 3.9% (YoY), mainly from an acquisition of KTB Leasing Company Limited (KTBL) with loans to customers and accrued interest receivables amounted to 90,208 million baht with good quality portfolio.

KTC's total card spending volume for the first quarter of 2022 increased by 7.9% or equaled to 52,247 million baht which was higher than those before the Covid-19 outbreak (amounted to 49,091 million baht in 2019). In addition, there is an opportunity to further expand due to the open-country policy both in Thailand and other countries.

"Total industry and KTC's credit card spending volume

Total revenue equaled to 5,357 million baht, increased by 0.7% (YoY). Fee income was about the same as previous year and total bad debt recovery for the first quarter of 2022 equaled to 857 million baht, higher than that of the same period last year which amounted to 834 million baht.

Total expense decreased by 3.1% (YoY) due to expected credit losses decreased by 13.2% (YoY) and cost of fund decreased by 7.4% (YoY), while administrative expense increased by 5.0% (YoY).

For the first quarter of 2022, KTC still maintains good portfolio quality with less bad debts write-off. Although the marketing promotional cost was higher in order to generate income and profit in the long run. Nevertheless, the Company still takes into account the balance of income and expense to be at an appropriate level by controlling cost of fund to be about the same level, together with creating a portfolio with a level of risk that corresponds to the received income. As a result, the Company can grow profit continuously.

The Company is committed to work closely with Krungthai Bank (KTB) to expedite the building of KTC P BERM portfolio in order to achieve its set goal. KTC will also monitor the government's open-country policy which affects the recovery of the Thai economy, giving KTC an opportunity to increase its portfolio through customer spending, as well as expanding the portfolio base via recruiting more new members.

Operating's Result for 1Q2022

(Unit: Million Baht)	Consolidated Financial Statement			Separated Financial Statement		
	1Q2022	1Q2021 (Original)	Growth (%YoY)	1Q2022	1Q2021	Growth (%YoY)
Total Revenues	5,357	5,320	1%	5,311	5,320	(0.2%)
Bad Debt Recovery	857	834	3%	841	834	1%
Total Operating Cost	1,798	1,713	5%	1,755	1,712	3%
Finance Costs	337	364	(7%)	335	365	(8%)
Profit (Loss) from Associate Company	4	2	91%	-	-	-
Profit before Expected Credit Loss	3,225	3,245	(1%)	3,220	3,243	(0.7%)
Expected Credit Loss	1,045	1,204	(13%)	1,030	1,203	(14%)
Bad Debt	992	1,222	(19%)	988	1,222	(19%)
Doubtful Accounts (Reversal)	53	(19)	384%	43	(19)	327%
Profit before Income Tax	2,180	2,041	7%	2,190	2,040	7%
Income Tax Expense	436	408	7%	438	408	8%
Net Profit	1,744	1,634	7%	1,752	1,632	7%
Total Comprehensive Income (Loss)						
Owners of the parent	1,747	1,634	7%	1,752	1,632	7%
Non-controlling interests	(3)	(0.2)	1,199%	-	-	-
Earning per Shares	0.68	0.63	8%	0.68	0.63	8%

Remark: *The acquisition of KTBL's ordinary shares to be part of KTC considered as a business combination under common control similar to pooling of interest method as if the acquisition had occurred at the beginning of the earliest comparative period presented, or since January 1, 2020 according to the Accounting Guidance by the Federation of Accounting Professions. However, the management's discussion and analysis will compare the consolidated performance results for the first quarter of 2022 with the results of the first quarter of 2021 before the adjustment so that the business performance can be compared according to the actual situation.

Total portfolio expanded from lease receivables and new booking from secured loans

For the first quarter of 2022, total loan to customer and accrued interest receivables equaled to 90,208 million baht, expanded by 3.9% (YoY), consisting of credit card receivables equaled to 57,929 million baht, increased by 0.9% (YoY), personal loan receivables equaled to 29,125 million baht, decreased by 1.1% (YoY), and leasing receivables equaled to 3,155 million baht.

In addition, the trend of new booking from KTC P BERM and KTBL in the first quarter of 2022 increased by 112.6% (YoY) or 27.6% (QoQ) due to an expansion of secured loans. Regarding to the good collaboration with KTB, KTC is confident that the number of P BERM's new booking will be increased and reach the target of 11,500 million baht by the end of 2022.

Card spending volume recovered

Due to the relaxation of various control measures, the open-country policy, and measures to enhance the existing debt restructuring facilities to be more sustainable, including the promotion policy to create more economic activities, lead to higher domestic spending. This reflected to the expansion of Company's and the industry's credit card spending for first quarter of 2022



compared to the same period last year at 7.9% and 11.9% respectively. For the first quarter of 2022, the Company's credit card spending amounted to 52,247 million baht, increased by 7.9% (YoY). Furthermore, the card spending volume is growing and higher in value than those before the Covid-19 outbreak with spending volume in the first quarter of 2019 amounted to 49,901 million baht. The Company's total member base amounted to 3,263,842 million accounts, comprising of 2,510,221 credit card accounts, decreased by 1.4% (YoY) and 735,621 personal loan accounts, or declined by 6.3% (YoY) due to the closure of inactive accounts or in accordance with the specified conditions.

Net interest margin decreased

The Company managed its cost of fund efficiently; the cost of fund for the first quarter of 2022 was 2.6%, about the same amount comparing to the same period last year. An average interest income for the first quarter of 2022 was 14.3% (the separate financial statement was at 14.7%), dropped from the first quarter of 2021 as at 15.2% due to the decrease in yield of personal loan portfolio caused the total portfolio's net interest margin to be declined to 11.8% in the first quarter of 2022 from 12.5% in the first quarter of 2021.

The portfolio quality continuously improved

NPL Ratio (% of NPL) for the first quarter of 2022 was 3.6%, about the same rate as the fourth quarter of 2021. The NPL of credit cards, personal loans and hire purchase receivables was at 1.2%, 2.6% and 56.2% respectively, which is at a satisfactory level from rigorous debt collection and ongoing operations. As a result, the loan approval rate gradually increased during the first three months of the year. The company is ready to deal with the expansion of new customer base within an acceptable risk level.

NPL 3.6%

	1Q2022		4Q2021		1Q2021 (Original)	
	NPL	%Total Receivables	NPL	% Total Receivables	NPL	% Total Receivables
Total NPL	3,206	3.6%	3,317	3.6%	1,661	1.9%
NPL – Credit Card	671	1.2%	738	1.2%	814	1.4%
NPL – Personal Loan	760	2.6%	843	2.9%	847	2.9%
NPL – Leasing	1,774	56.2%	1,736	54.3%	-	-

Bad Debt Recovery

857
(Million Baht)

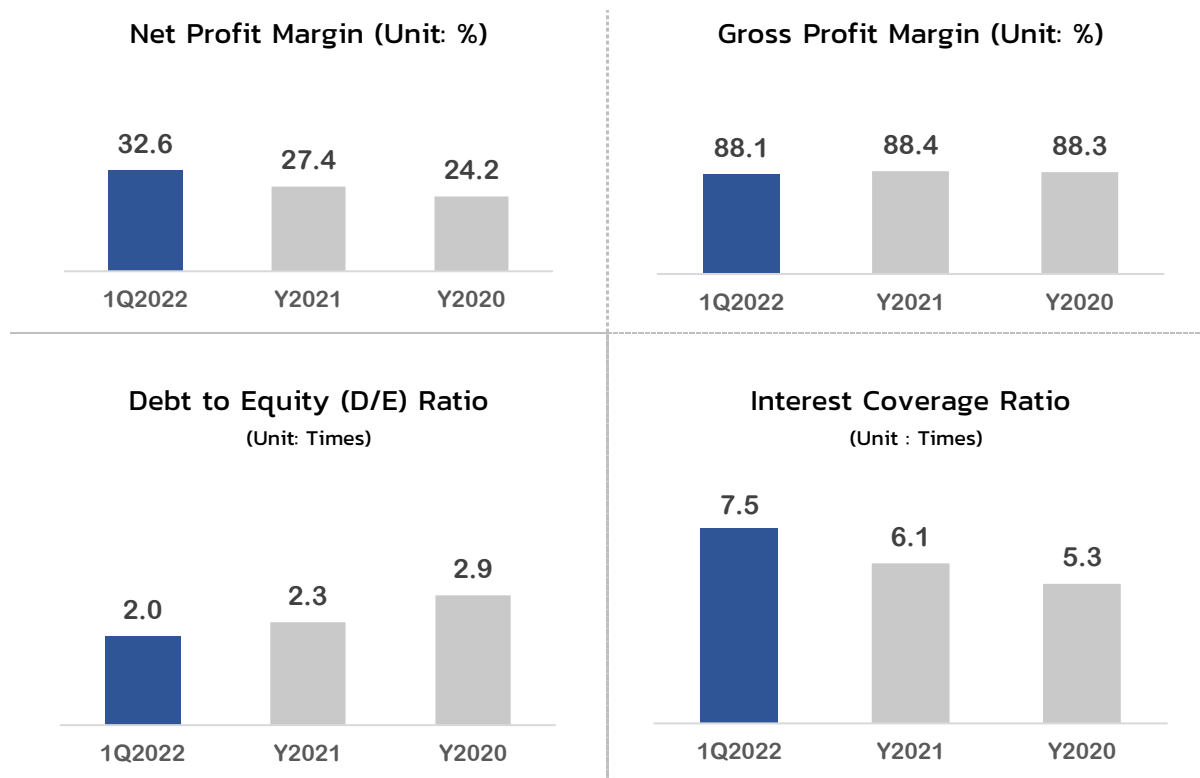
↑ 3%
YoY

The Company was able to maintain good debt collection capability, total bad debt recovery for the first quarter of 2022 equaled to 857 million baht, comprising of KTC at the amount of 841 million baht, increased by 0.8% (YoY) and from KTBL at the amount of 16 million baht.

Allowance for expected credit loss to NPL increased

In the first quarter of 2022, the Company's allowance for expected credit loss in the consolidated financial statement equaled to 9,744 million baht, increased by 32.8% (YoY) while in the separate financial statement equaled to 7,391 million baht, close to the same period last year. The allowance for expected credit loss to KTC's NPL in the separate and consolidated financial statements at the end of the first quarter of 2022 was at 516.3% and 303.9% respectively, increased from the fourth quarter of 2021 at 464.8% and 292.2% respectively.

Key Financial Ratio



Key Financial Ratio	1Q2022 (Consolidated)	1Q2022 (Separate)	Y2021 (Consolidated)	Y2020 (Original) (Consolidated)
Earnings per Share (Baht)	0.68	0.68	2.28	2.07
Book Value per share (Baht)	11.2	11.1	10.5	8.9
Cost to Income (%)	33.6%	33.1%	34.2%	32.9%
Operating Cost to Income (%)	25.8%	25.2%	27.3%	25.4%
NPL Coverage Ratio (%)	303.9%	516.3%	292.2%	460.4%
Expected Credit Loss/Total Receivables (%)	4.6%	4.7%	5.9%	7.3%

Key Financial Ratio	1Q2022 (Consolidated)	1Q2022 (Separate)	Y2021 (Consolidated)	Y2020 (Original) (Consolidated)
Allowance for Expected Credit Loss/Total Receivables (%)	10.8%	8.5%	10.5%	8.2%
Return on Equity (ROE) (%) ⁽¹⁾	25.2%	25.3%	23.55%	25.0%
Return on Asset (ROA) (%)	8.0%	8.0%	6.6%	6.1%
Dividend Payout Ratio (%)	N/A	N/A	41.2%	42.5%

Remark:

⁽¹⁾ Calculation of "ROE" based on average equity attributable to owners of the parent since 1Q2022 onwards

Efficient cost of fund at 2.6% and D/E was at 2 times

At the end of the first quarter of 2022, the Company's total borrowing equaled to 50,367 million baht, decreased by 4.9% (YoY) whereas sources of fund structure were both from short-term and long-term borrowings at the ratio of 29% : 71%. KTC distributed the sources of loans from Thai commercial banks, securities companies, insurance companies and various funds. KTC borrowed from related financial institutions (KTB) at the amount of 2,600 million baht and from other financial institutions at the amount of 2,980 million baht. In addition, the Company issued the debentures at the amount of 44,787 million baht. Cost of fund for the first quarter of 2022 stood at 2.6% and its debt-to-equity ratio was at 2 times, well below the bond covenant limited at 10 times.

Total credit lines equaled to 33,340 million Baht

Total credit lines consist of short-term credit lines of 27,340 million baht (from KTB 18,030 million baht) and long-term credit lines from KTB of 6,000 million baht. As the Company utilized some of those credit lines at amounted of 4,081 million baht; therefore, at the end of the first quarter of 2022, its available credit lines equaled to 29,259 million baht.

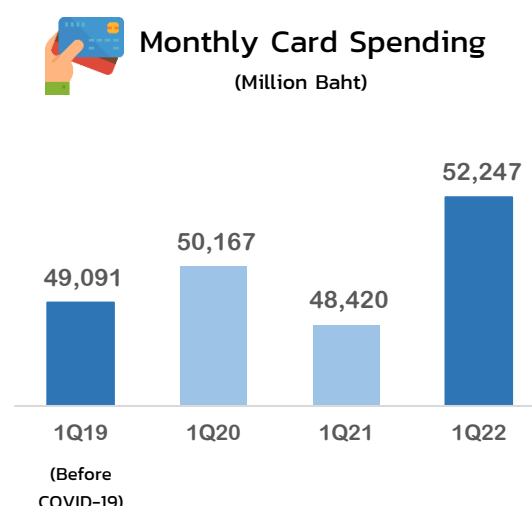
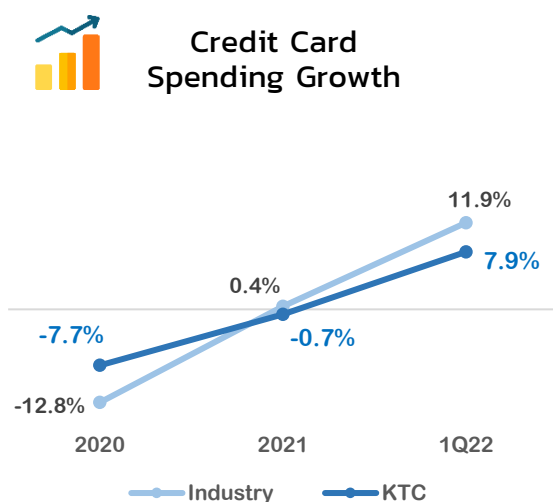
Industry Overview

Thailand's overall economic at the end of 2021 was expanded at 1.6%. The Bank of Thailand estimated that the Thai economy will continue to recover in 2022 and 2023 due to the recovery of domestic demand and tourism sector, and the return of foreign tourists. Furthermore, the impact of the COVID-19 outbreak of Omicron variant on economic activities is not as much as previous wave which will have positive impact on confidence in economic activities. However, economic expansion remains at risk from the impact of higher cost of living on households and business sectors, especially low-income households, and SMEs whose income have not fully recovered with high debt burden. This may affect private consumption and the ability to repay debt. The Bank of Thailand has slightly revised its economic growth forecast for the year 2022 down to 3.2% (previously estimated at 3.4% as of December 2021).

Industry Data	1Q2022	1Q2021	Y2021
Credit Card Receivables (Million Baht)	430,425	417,926	458,181
Growth (%)	3.0%	5.8%	1.9%
Proportion of KTC Credit Card Receivables VS Industry (%)	13.5%	13.7%	13.1%
Amount of Credit Card (Cards)	25,058,463	24,308,436	24,849,285
Growth (%)	3.1%	1.7%	2.8%
Proportion of KTC Credit Card VS Industry (%)	10.0%	10.5%	10.1%
Credit Card Spending (Cards)	447,504	339,841	1,649,491
Growth (%)	11.9%	(8.0%)	0.4%
Proportion of KTC Credit Card Spending VS Industry (%)	11.7%	12.1%	11.9%
Personal Loan Receivables (Million Baht)	720,975	591,497	707,715
Growth (%)	21.9%	3.3%	21.9%
Proportion of KTC Personal Loan Receivables VS Industry (%)	4.0%	5.0%	4.1%

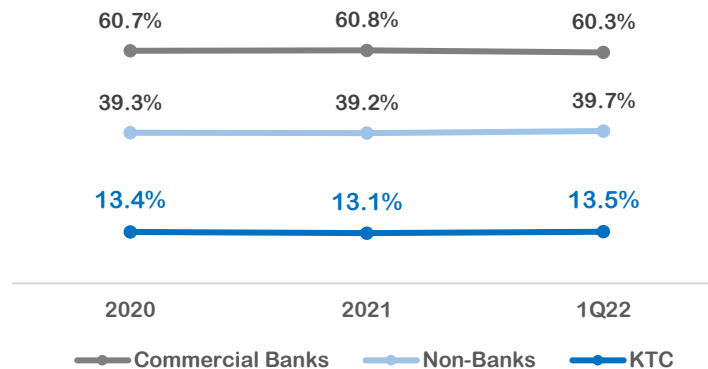
Source: Bank of Thailand

Credit card and personal loan business show sign of recovery as the total industry credit card receivables in the first quarter of 2022 equaled to 430,425 million baht, a growth of 3.0% compared to the same period in 2021. The total card spending for the first quarter of 2022 equaled to 447,504 million baht, a growth of 11.9%, while personal loan receivables equaled to 720,975 million baht or a growth of 21.9%





Credit Card Market Share by Receivables



KTC's credit card receivables market share for the first quarter of 2022 was at 13.5% and personal loan receivables market share was at 4.0%.

Total card spending for the first quarter of 2022 for both the Company and the industry showed better growth than previous year. The Company's total card spending grew by 7.9% (YoY), and the industry grew by 11.9% (YoY), whereby the Company's market share equaled to 11.7%.

Revenue & Expense

Revenue:

Total interest income (including credit usage fee) for the first quarter of 2022 equaled to 3,315 million baht, decreased by 1.3% (YoY). Interest income from credit card and personal loan businesses equaled to 1,613 million baht, increased by 0.5% (YoY) and equaled to 1,688 million baht, decreased by 3.7% (YoY) respectively, mainly due to the reduction of interest rate ceiling by the Bank of Thailand and slow growth of personal loan receivables portfolio. From the ease of the COVID-19 outbreak, customers spending gradually recovered.

Fee income for the first quarter of 2022 (excluding credit usage fee) equaled to 1,106 million baht, increased by 2.2% (YoY) due to fee income from cash advance increased by 9.2% (YoY), fee income from interchange increased by 7.8% (YoY), and merchant discounts fee increased by 5.2% (YoY), while fee income from debt collection decreased by 51% (YoY).

Total Revenue

(Million Baht)

5,357 | 0.7%
YoY



Interest Income
(Including Credit Usage Fee)
3,315 Million Baht

	1Q2022	% Total Revenue	1Q2021 (Original)	% Total Revenue	% Growth
Interest Income - Credit Card	1,613	30.1%	1,604	30.2%	0.5%
Interest Income - Personal Loan	1,688	31.5%	1,753	33.0%	(3.7%)

	1Q2022	% Total Revenue	1Q2021 (Original)	% Total Revenue	% Growth
Interest Income - Leasing	15	0.3%	-	-	-



Net Interest Margin (NIM) | **11.75%**



Average Interest Received | **14.33%**
Cost of Fund | **2.58%**



Fee Income
(Excluding Credit Usage Fee)
1,106 Million Baht

	1Q2022	% Total Revenue	1Q2021 (Original)	% Total Revenue	% Growth
Fee income (Excluding credit usage fee)	1,106	20.6%	1,082	20.3%	2.2%

Expenses:

Total administrative expense increased by 5.0%(YoY) for the first quarter of 2022, equaled to 1,798 million baht, mainly from personnel expense and marketing expense regarding to the new marketing campaign to penetrate higher income market by launching two new credit cards to enable portfolio growth and future revenue generation. Furthermore, other administrative expense increased such as investments in software development in various operating systems to increase the efficiency of KTC's system.

Expected credit losses equaled to 1,045 million baht, decreased by 13.2% (YoY) for the first quarter of 2022 due mainly to the well-monitor on the portfolio quality constantly, therefore, the write-off was lowered from both credit card and personal loan portfolio.

Cost of fund decreased due to lower borrowing as well as interest expenses. At the end of the first quarter of 2022, the Company's borrowing decreased to 50,367 million baht, comparing to 52,941 million baht in the first quarter of 2021. Moreover, the Company managed cost of fund efficiently by securing new borrowings with lower cost. The Company's cost of fund equaled to 337 million baht declined by 7.4% (YoY). The Company's cost of fund stood at 2.6%, about the same level comparing to the same period last year.

Total Expense
(Million Baht)

3,180 | (3.1%)
YoY



Finance Cost | **337**
(Million Baht)



Operating's
Expense
1,798 Million Baht

	1Q2022	% Total Revenue	1Q2021 (Original)	% Total Revenue	% Growth
Personal expenses	578	10.8%	542	10.2%	6.6%
Marketing expenses	174	3.3%	164	3.1%	6.4%
Fee Expense	541	10.1%	528	9.9%	2.4%
Other administrative expenses	505	9.4%	479	9.0%	5.4%

Expected
Credit Loss (ECL)
1,045 Million
Baht

	1Q2022	% Total Revenue	1Q2021 (Original)	% Total Revenue	% Growth
ECL - Credit Card	502	9.4%	592	11.1%	(15.2%)
ECL - Personal loan	528	9.9%	612	11.5%	(13.6%)
ECL - Leasing	15	0.3%	-	-	-

Financial Position

Asset Increased

As of March 31, 2022, the Company's assets amounted to 86,163 million baht, increased by 2.5% (YoY). The assets which generated main income were in term of loan to customers and accrued interest receivables accounted for 93% of total assets or equaled to 80,463 million baht, whereas the remaining of 7% comprised of cash, other receivables, deferred tax assets and other assets.

Total Assets (MB)
86,163 ↑ **2.5%**

Asset	1Q2022	1Q2021 (Original)	% Growth
Credit Card - Loans to customers and accrued interest receivables, net	53,811	53,205	1.1%
Personal Loan - Loans to customers and accrued interest receivables, net	25,851	26,312	(1.8%)
Leasing - Loans to customers and accrued interest receivables, net	802	-	-

Total Liabilities ↓ **4%**

Liability	1Q2022	1Q2021 (Original)
Total liability	57,334	59,605
Total borrowing	50,367	52,941

Total Equity ↑ **18%**

Equity	1Q2022	1Q2021 (Original)
Total Shareholder Equity	28,829	24,484

Portfolio Expanded by 3.9% YoY

As of March 31, 2022, total loans expanded by 3.9% (YoY) with total portfolio amounted to 90,208 million baht, comprising of total credit card receivables of 57,929 million baht, total personal loan receivables of 29,125 million baht, and lease receivables of 3,155 million baht. Total allowance for expected credit losses amounted to 9,744 million baht as shown in the table below.

(Unit: Million Baht)	Consolidated Financial Statements			
	Credit Card	Personal Loan	Leasing	Total
Stage 1	51,722	23,306	-	75,028
Stage 2	5,297	4,711	-	10,009
Stage 3	671	760	-	1,432
Financial assets applied simplified approach to calculate lifetime expected credit losses	-	-	3,155	3,155
Total loans to customers	57,691	28,778	3,155	89,623
Add Accrued interest receivables and undue interest receivables	238	347	-	585
Total loan to customers and accrued interest receivables	57,929	29,125	3,155	90,208
Less Allowance for expected credit loss	(4,117)	(3,274)	(2,353)	(9,744)
Total loans to customers and accrued interest receivables, net	53,811	25,851	802	80,463

The changes in the allowance for expected credit losses as of March 31, 2022 are as following table.

(Unit: Million Baht)	Allowance for Expected Credit Loss				
	12-month ECL	Lifetime ECL: Not Credit Impaired	Lifetime ECL: Credit Impaired	Financial Assets Applied Simplified Approach to Calculate Lifetime Expected Credit Losses	Total
	(Stage 1)	(Stage 2)	(Stage 3)		
Balance as of January 1, 2022	3,918	2,365	1,066	2,343	9,691
Changes in staging	204	(424)	221	-	-
Changes in risk parameters	(196)	525	1,288	14	1,632
New financial assets originated or purchased	116	-	-	0.27	117
New financial assets derecognized	(42)	(59)	(603)	-	(704)
Written-off	-	-	(988)	(4)	(992)
Balance as of March 31, 2021	4,000	2,407	985	2,353	9,744

Impact of 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 March 31, 2022, KTC provides assistance to debtors in all statuses according to the Notification of the Bank of Thailand TorPorTor.PhouNorSor.2 Wor.802/2564 equaled to 2,278 million baht, accounted for 2.63% of total portfolio.

Outlook 2022

KTC's 2022 Business Direction is to embark on a new journey through different business model. The credit card business will be focusing on the expansion of card base with major partners in term of both for new products and improve co-branded cards with the target for the credit card spending volume to grow at 10% or approximately 220,000 million baht. Meanwhile, the personal loan business will focus on expanding the new member base to target potential customers by presenting KTC PROUD cash card to customers who have regular income and have a higher income base with targeted growth rate of 7%. The Company also set a new target for P BERM receivables, including KTBL, amounted to 11,500 million baht through cooperation with KTB's nationwide network over 900 branches, while maintaining the overall portfolio quality at the same level. According to this year plan, KTC's strategic marketing costs will be higher in order to obtain a higher market shares and total loan portfolio is projected to be worth more than 100,000 million baht, with a higher net profit projection of 2022.

Sustainability Development

Under the Company's vision "KTC is a membership company in payment and retail lending business with sustainability as key element", the Company harmonizes with the needs of stakeholders and support the Sustainable Development Goals of the United Nations. To reflect its sustainability goals, the Company focuses on the development of financial products and services to enhance the quality of life for all Thais. The strategies in 3 dimensions are namely, Economic Dimension: Better product and service; Social Dimension: Better quality of life; and Environmental Dimension: Better Climate. The Company's previous operations lead to tangible success, and to elevate sustainability-business convergence for the Company to become a leading national and international consumer finance organization.

International Certificates			National Certificates	Global Certificate
   			 	

For further information of sustainability development, please visit
<https://www.ktc.co.th/en/sustainability-development>