# KTC PERFORMANCE
# 1H23

ISO/IEC 27001 Information Security Management
ISO/IEC 27701 Privacy Information Management
TRIS RATING AA-
MSCI ESG RATINGS BBB
CCC B BB BBB A AA AAA
THSI THAILAND SUSTAINABILITY INVESTMENT 2022
ESG100 2022 Environmental • Social • Governance
CAC COLLECTIVE ACTION AGAINST CORRUPTION

# AGENDA


1 | KTC Overview & Key Highlights

2 | Financial Results

3 | Consumer Finance Industry & KTC Portfolio Performances

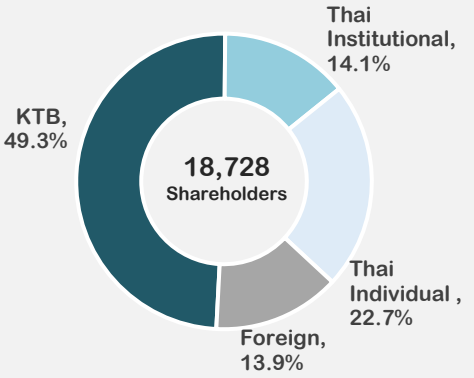
4 | Target vs Actual

5 | KTC Sustainability

# KTC Overview

- Incorporated in 1996 as a credit card servicing subsidiary company of Krung Thai Bank PLC
- In July 2002, KTB sold the credit card portfolio to KTC which subsequently transformed KTC into a full consumer finance company and later listed on the SET in October 2002

## Shareholder Structure

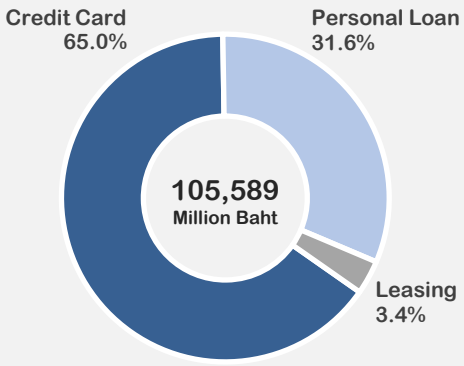



### Top 5 Shareholders

| | | |
|---|---|---|
| 1. | Krungthai Bank Public Company Limited | 49.29% |
| 2. | MR. MONGKOL PRAKITCHAIWATTANA | 10.15% |
| 3. | Thai NVDR Company Limited | 9.44% |
| 4. | MS. CHANTANA JIRATTITEPAT | 4.42% |
| 5. | UOB KAY HIAN PTE LTD A/C - RC | 3.68% |

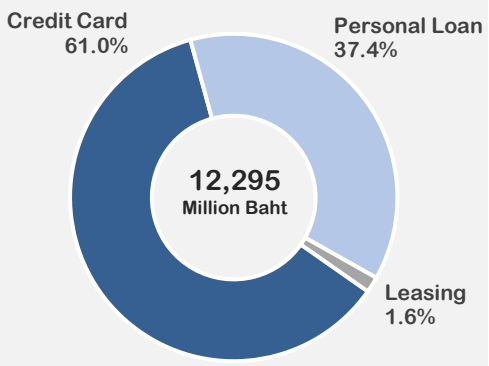
(As of 30 Jun 2023)

## %Total Receivables



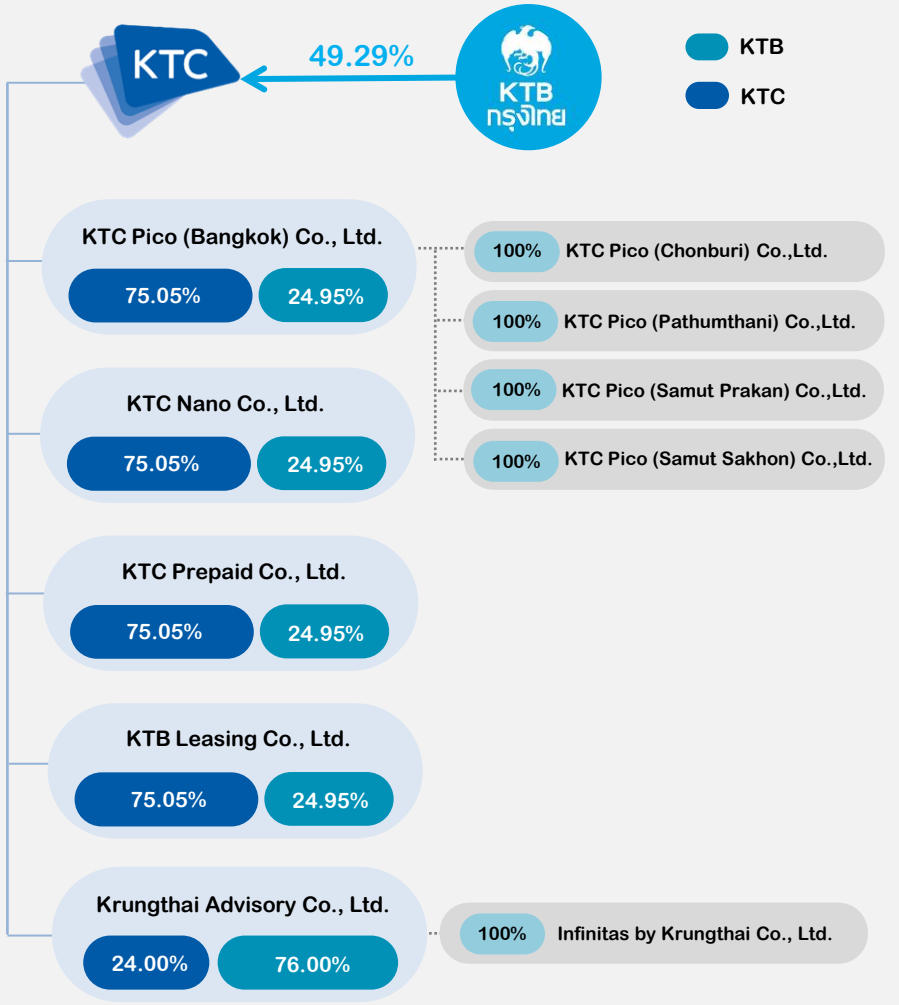

(As of 30 Jun 2023)

## %Total Revenue



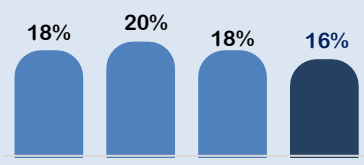
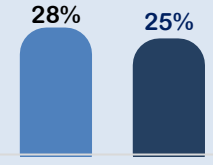
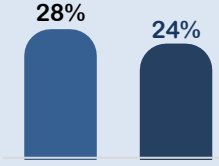
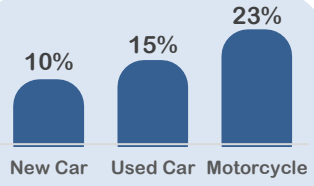

(As of 30 Jun 2023)

## KTC Holding Structure



# Rules and Regulations



| | Credit Card | Personal Loan | Auto Title Loan | Hire Purchase |
|---|---|---|---|---|
| Type of Loan | Multipurpose Unsecure Nationwide | Multipurpose Unsecure Nationwide | Multipurpose Secured or Unsecure Nationwide | Multipurpose Secured Nationwide |
| Minimum Income (THB) | 15,000 | - | - | - |
| Maximum Credit Line (THB) | 1.5x (income < 30K)<br>3x (income 30 – 50K)<br>5x (income ≥ 50K) | 1.5x (income < 30K)<br>5x (income ≥ 30K) | Automotive Value | Automotive Value |
| Maximum Interest Rate & Fee | 16% | 25% | 24% | New Car 10%<br>Used Car 15%<br>New & Used Motorcycle 23% |
| Rate Cap History |  |  |  |  |

Other Licenses: Nano Finance, Prepaid, Hire-Purchase and Financial Lease

# Sustainable Household Debt Solution Framework

BOT's Briefing on 21 Jul 2023

| | Responsible Lending (RL) | Persistent Debt (PD) | Risk-Based Pricing (RBP) | Debt Service Ratio (DSR) |
|---|---|---|---|---|
| Target Group | Retail Borrowers | Revolving Personal Loans | | |
| Loan Type | NPLs<br>Persistent Debt (PD)<br>New Loans | Performing Loans<br>(Interest payment higher than principal payment over the past 3 or 5 years) | | |
| Condition | **Debtor having debt problems**<br>▪ Receives solutions that best suit debtor's affordability<br>**New Debtor**<br>▪ Receives advertisement and product that is complete, correct and clear, and do not encourage excessive borrowing or discourage a healthy credit culture | **General PD (3 years)**<br>Notification to warn of becoming Severe PD<br>**Severe PD (5 years)**<br>Option to convert Revolving to Term loans (Revolving credit line must be closed)<br>✓ Monthly Income < THB 20,000<br>✓ Interest rate ≤ EIR 15% per Annum<br>✓ Fully repay loans within 5 years | SANDBOX<br>Start testing in mid 2024 (1-2 years in the Regulatory Sandbox)<br>✓ Flexible interest rate based on clients' risk appetite<br>✓ Qualifying creditors must apply to test lending out in the Regulatory Sandbox | Plans to take effect in in 2025 depending on the economic situation |
| Effective Period | 1 Jan 2024 | 1 April 2024 | | |
| Status & Impact on KTC | In compliance with BOT's Framework | Maximum impact on interest income<br>THB 18 Million/month | | |

Note: BOT Consultation paper will be announced around the end of 3Q23

Source: Bank of Thailand
Updated as of 15 Aug 2023

# Key Highlights 1H23

| Total Revenue | Net Profit |
|---|---|
| 12,295 MB | 3,678 MB |
| ▲ 10.8% (YoY) | ▲ 1.0% (YoY) |

**Total Portfolio**

105,589 MB

▲ 11.1% (YoY)

| Credit Card | Personal Loans | Leasing |
|---|---|---|
| 68,664 MB | 33,385 MB | 3,540 MB |
| ▲ 11.8% (YoY) | ▲ 9.6% (YoY) | ▲ 11.2% (YoY) |

| Credit Card Spending | Net Interest Margin |
|---|---|
| 127,644 MB | 12.2% |
| ▲ 16.3% (YoY) | |

| Total NPL | | NPL Coverage Ratio | |
|---|---|---|---|
| 2.0% (Consolidated) | 1.8% (Separate) | 433.2% (Consolidated) | 472.4% (Separate) |

- Strong growth in Revenue
- Robust portfolio expansion from all businesses
- Credit card spending continued to grow
- Manageable asset quality with high buffer

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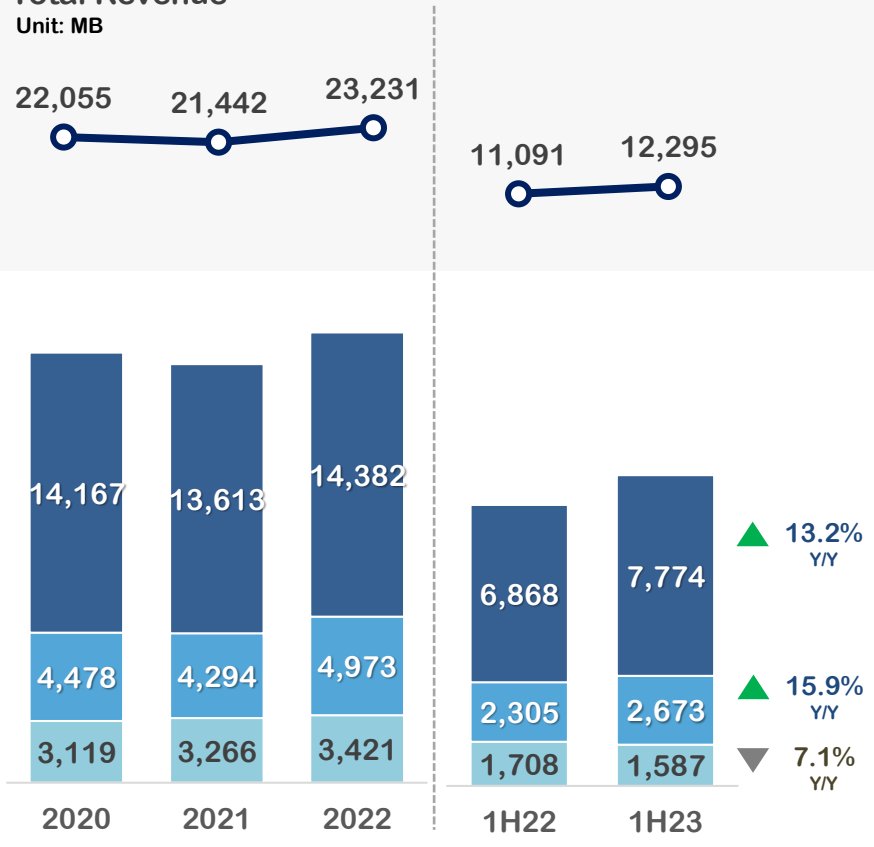
# Financial Result 1H23

## Total Revenue 12,295 Million Baht ▲ 10.8% (YoY)

### Total Revenue
Unit: MB

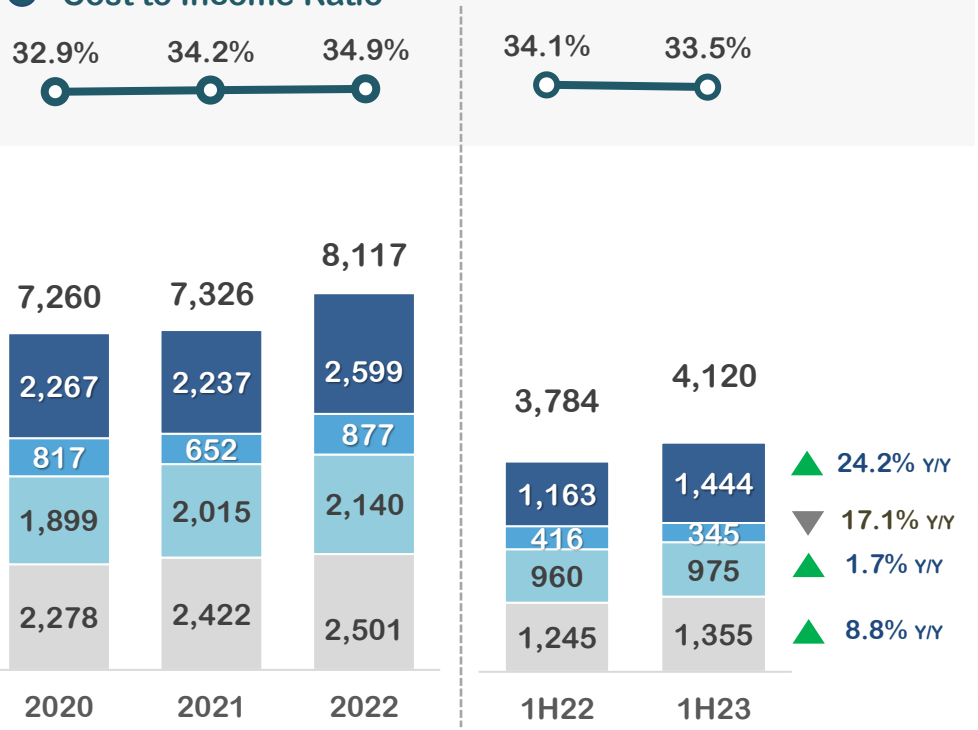



Interest Income (Including Credit Usage) | Fee Income (Excluding Credit Usage) | Recovery Income

## Total Expense 7,730 Million Baht ▲ 18.2% (YoY)

## Total Operating Expense 4,120 Million Baht ▲ 8.9% (YoY)

### Cost to Income Ratio



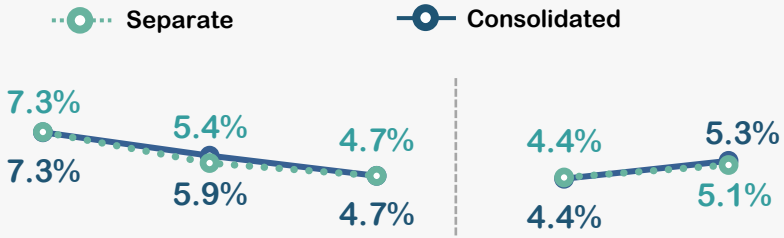

Fee Expense | Marketing Expense | Other Operating Expense (Other Taxes, F&E and etc.) | Personal Expense

Note: Based on Consolidated Financial Statement

# Expected Credit Loss

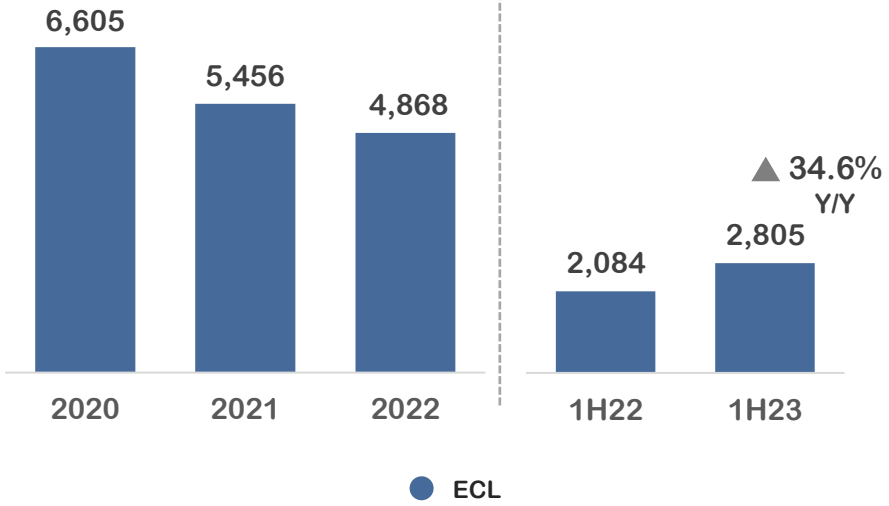
## Expected Credit Loss

### Credit Cost (Total ECL to Total Loan)



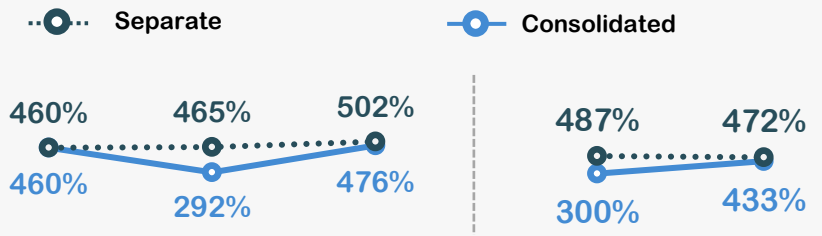

### Total Expected Credit Loss

Unit: MB



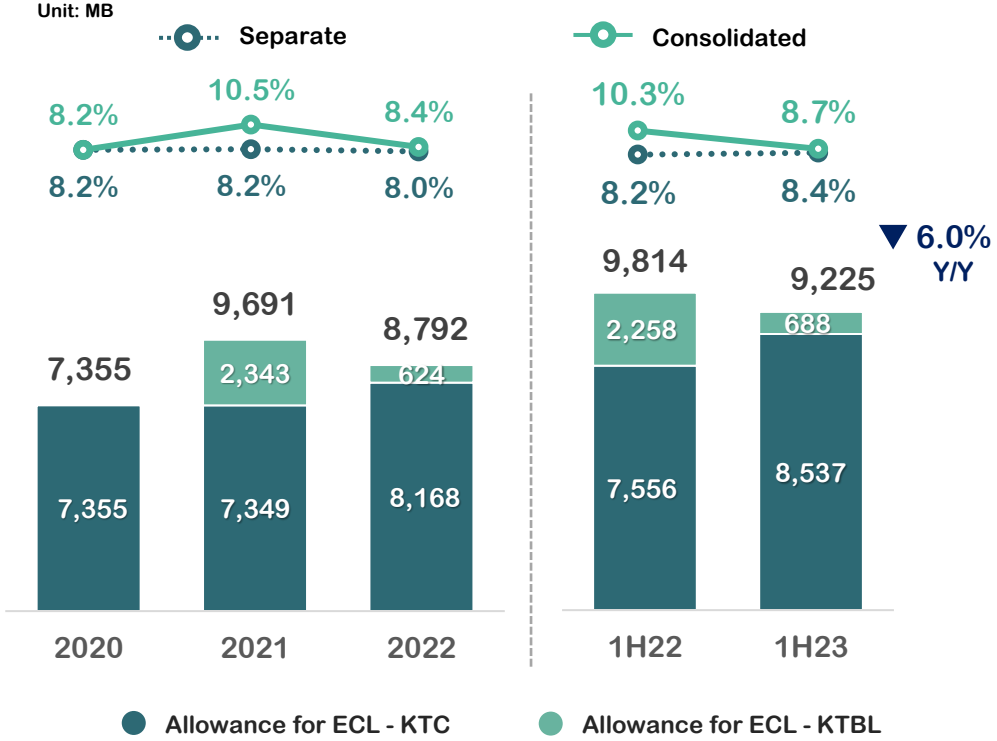

## Allowance for Expected Credit Loss

### NPL Coverage ratio (Total Allowance to NPLs)



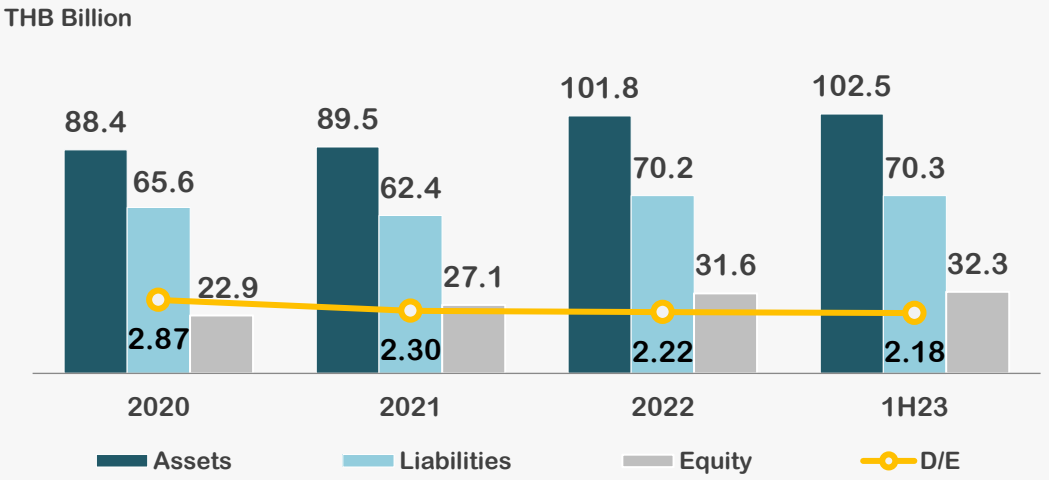

### Total Allowance for Expected Credit Loss (Total Allowance to Total Loan)

Unit: MB



# Balance Sheet and Source of Fund

## Balance Sheet Highlight

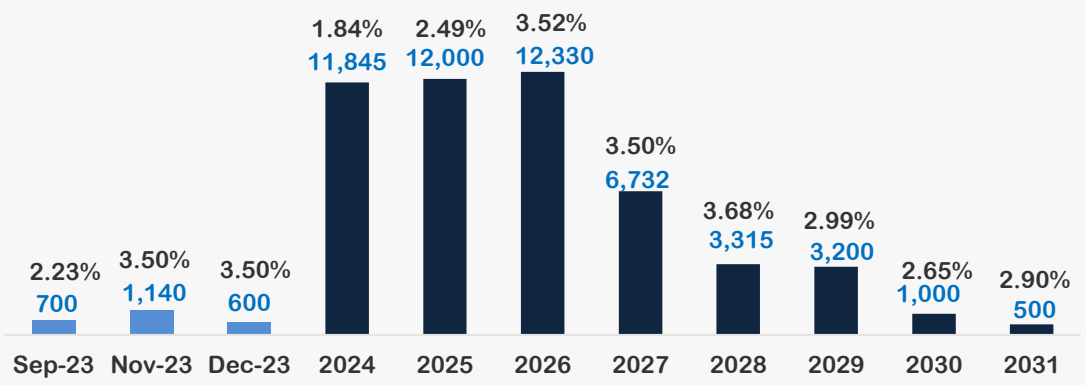



## Maturity Profile

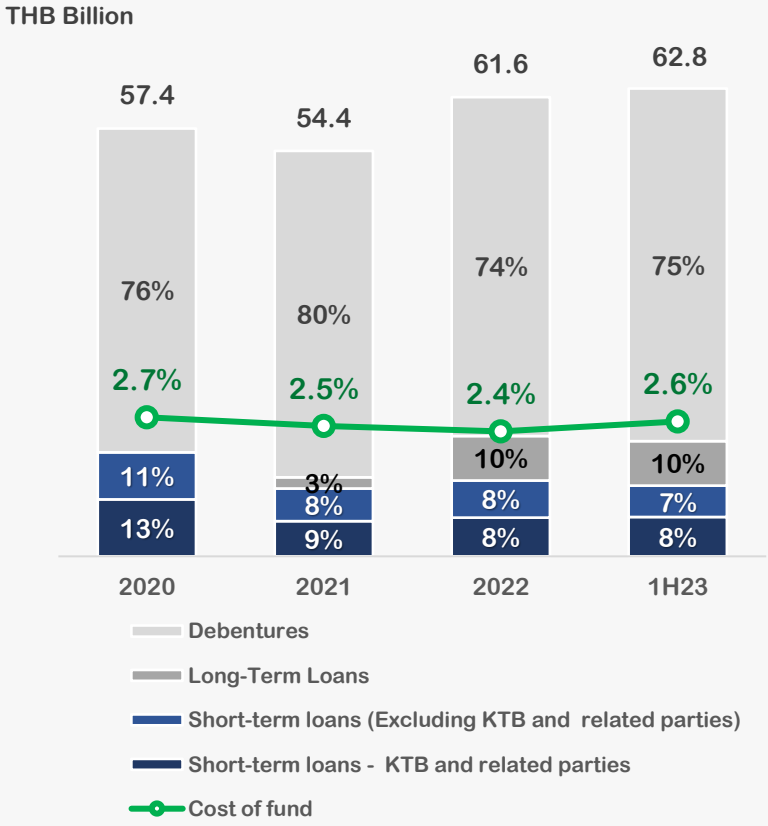
(As of 30 Jun 2023)

| 3.14% 2,440 MB | 2.84% 50,922 MB | Remaining LT Duration 2.89 Years |
|---|---|---|

Unit: MB




## Interest Bearing Debt
(Original Term)

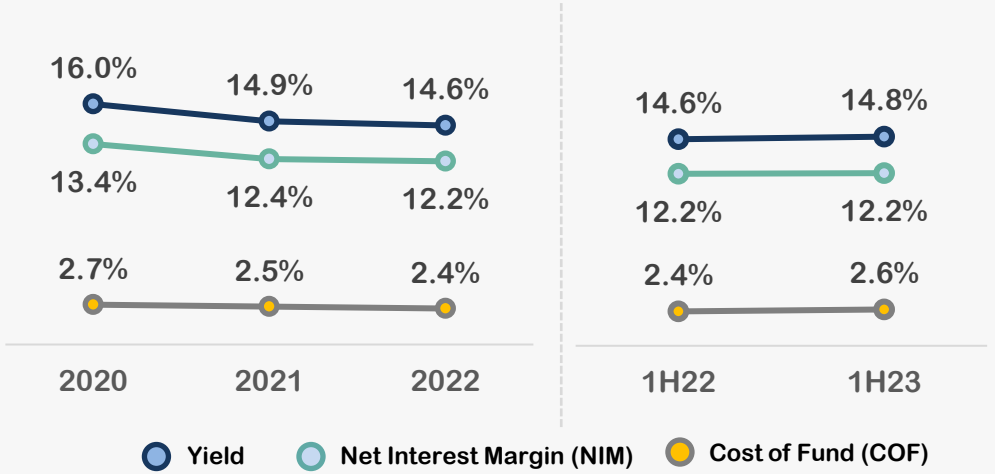



**Total ST Credit Line = 29,371 MB**
**ST: KTB = 19,061 MB, Others = 10,310 MB**
**LT: KTB = 6,000 MB**

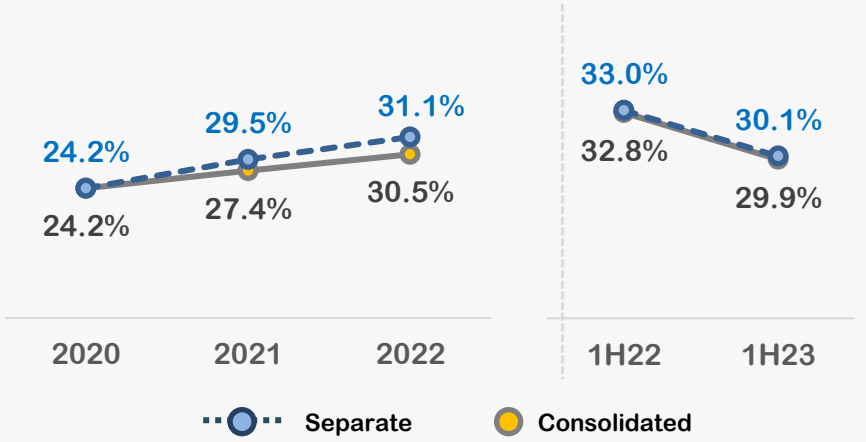
KTC rating AA- by TRIS RATING

# Profitability Ratio

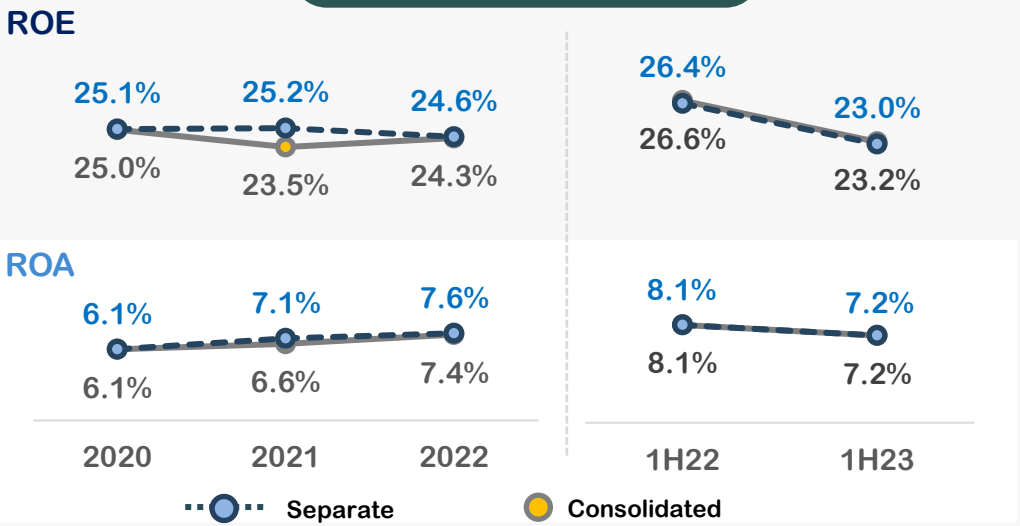
## Yield & NIM & COF



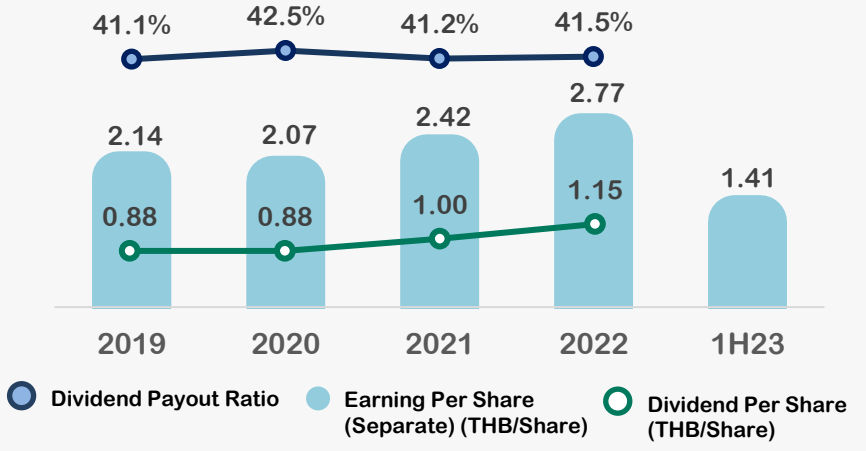

## Net Profit Margin




## ROE & ROA




## EPS & Dividend Payout



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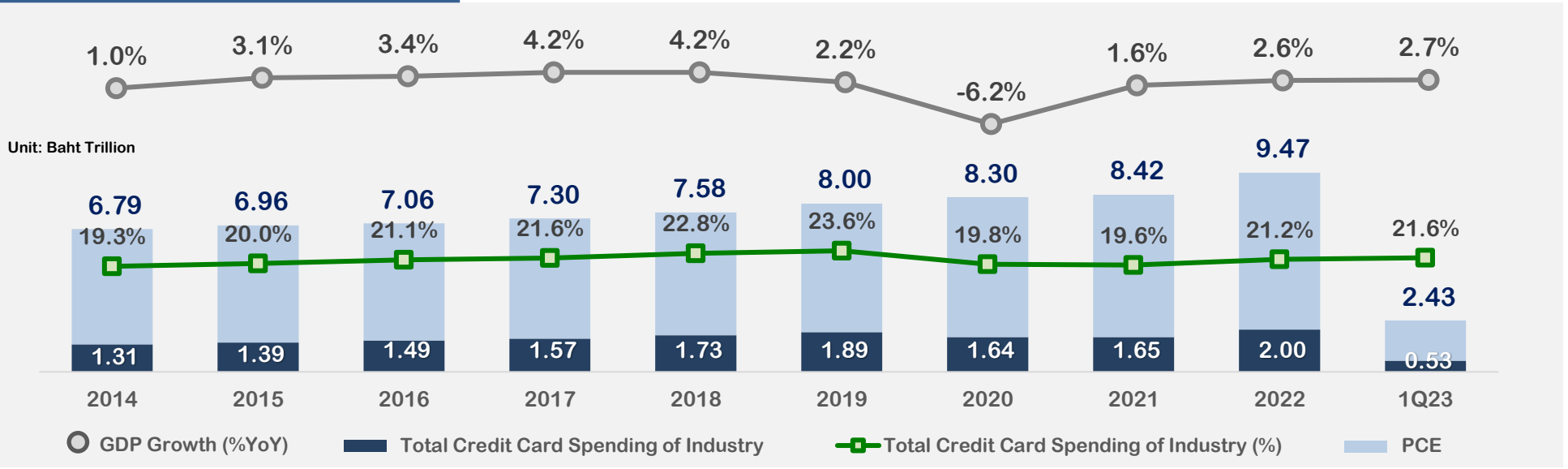
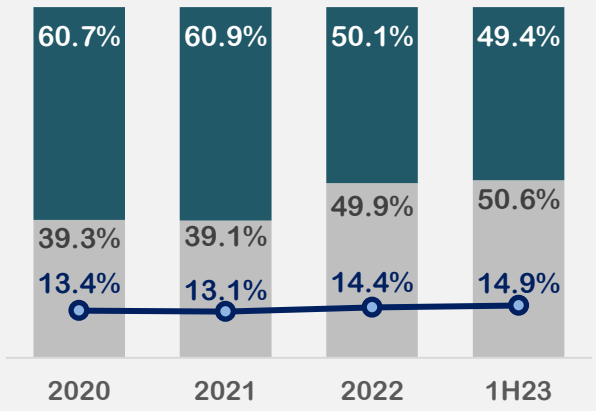
# Credit Card Industry & Market Share

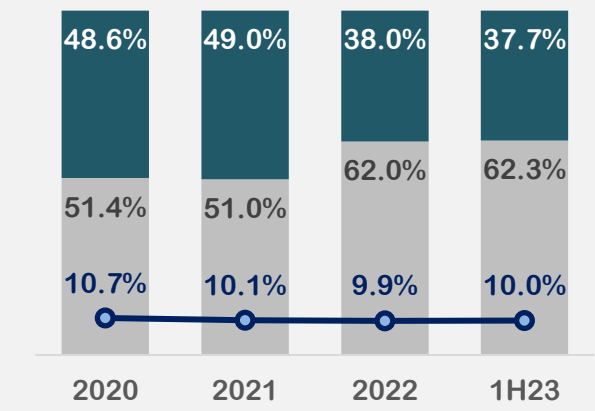
## Credit Card Penetration



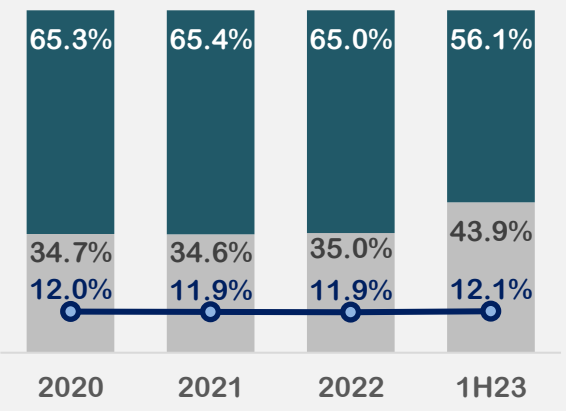

## Credit Card Portfolio




## No. of Credit Cards



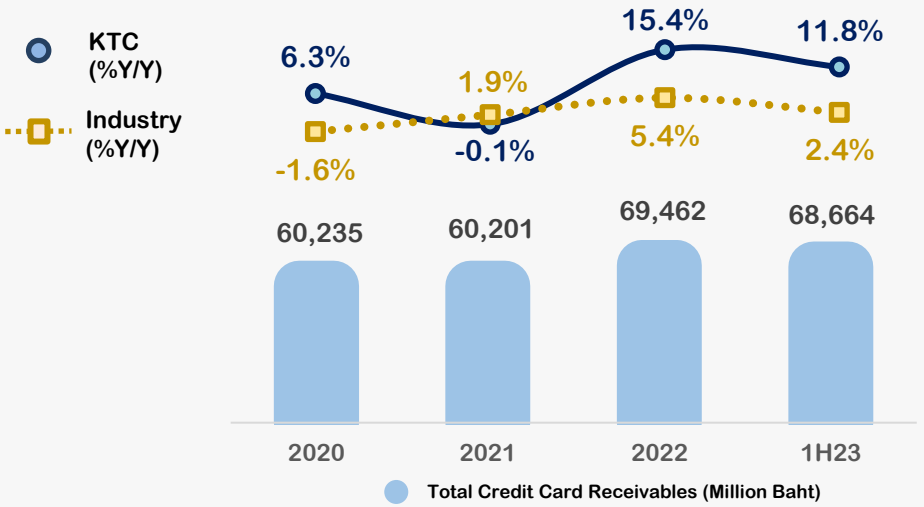

## Credit Card Spending



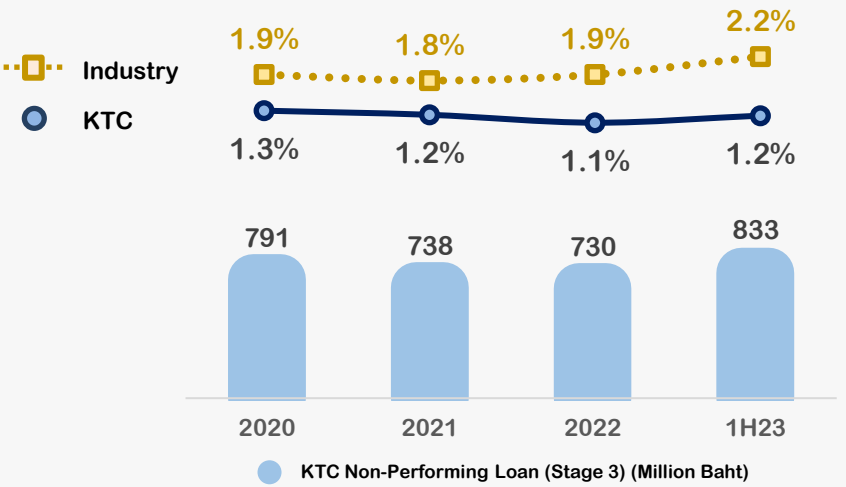

Commercial Bank  Non-Bank  KTC

# Credit Card Performance

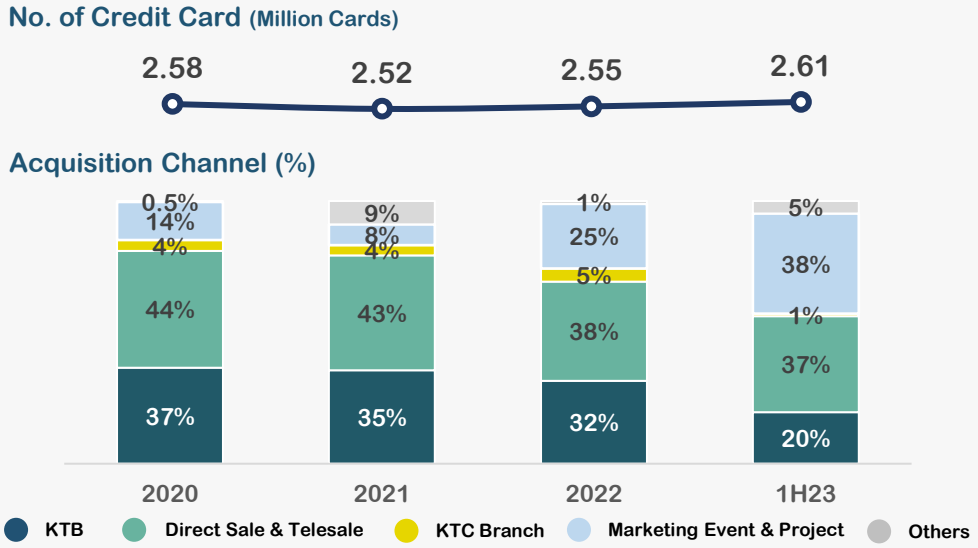
## Portfolio Growth



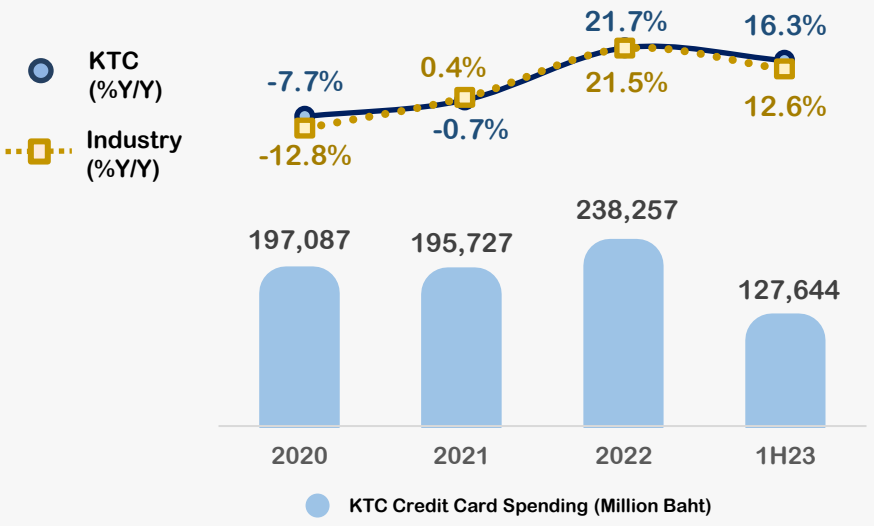

## Portfolio Quality




## Acquisition Channel

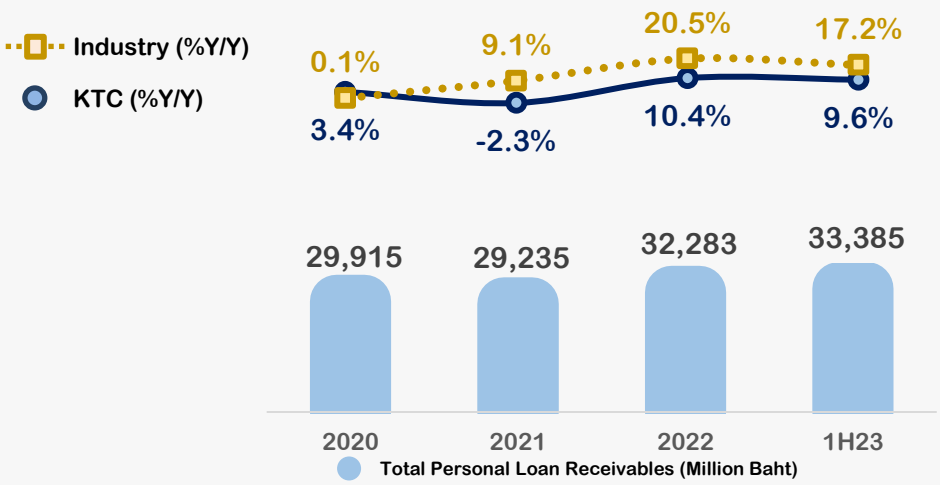



## Card Spending

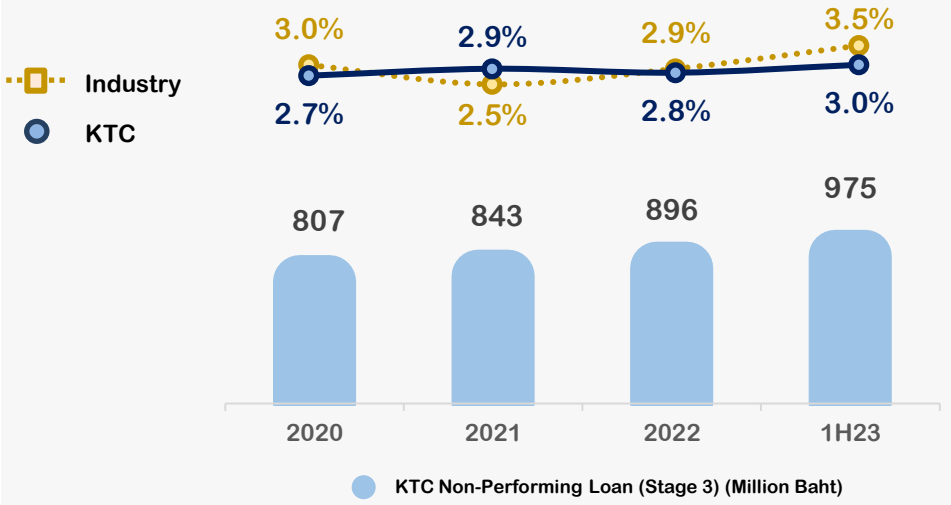


# Personal Loan Performance

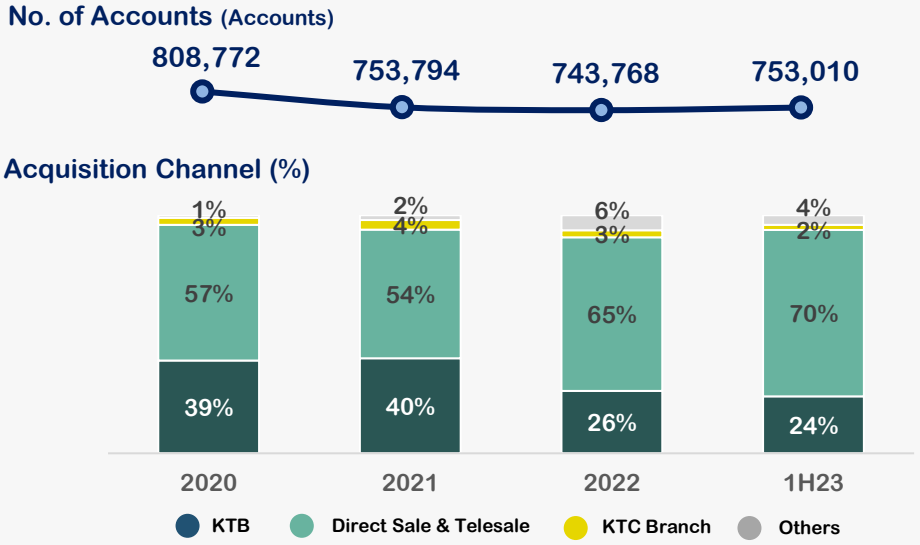
## Portfolio Growth



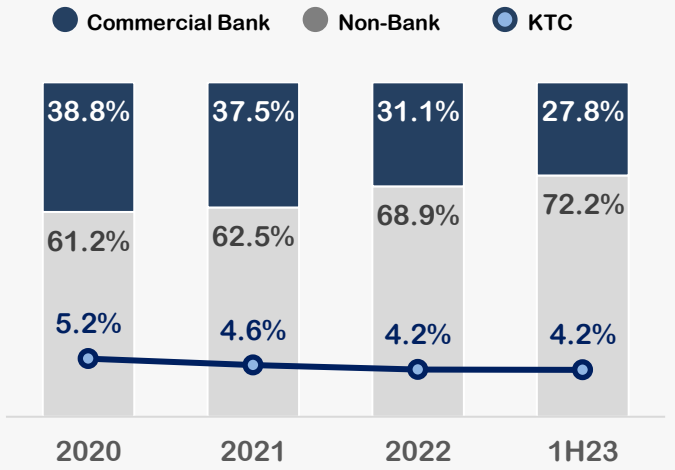

## Portfolio Quality




## Acquisition Channel




## Market Share



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# Target vs Actual

| | Financial Target 2023 | Actual 1H23 |
|---|---|---|
| Net Profit | > 7,079 MB | 3,678 MB |
| Total Portfolio Growth | 15% | 11.1% |
| Credit Card Spending Growth | 10% | 16.3% |
| Personal Loan Receivables Growth | 7% | 6.8% |
| New Booking of P BERM Car for Cash | 9,000 MB | 1,132 MB |
| New Booking of KTBL Commercial Loan | 3,000 MB | 1,402 MB |
| Portfolio Quality (%NPL) | < 1.8% | 2.0% |

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4 | 2022 Achievement & 2023 Targets

**5 | KTC Sustainability**

# Sustainability Overview

**Vision** KTC is a membership company in payment and retail lending business with emphasis on being a trusted organization with sustainable growth

**Purpose** To provide better financial products and services to enhance quality of life for all Thais

## Strategies

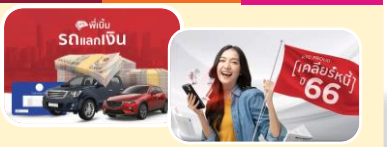
### Economic Dimension
**Better Product & Service**

1 NO POVERTY · 7 AFFORDABLE AND CLEAN ENERGY · 8 DECENT WORK AND ECONOMIC GROWTH · 9 INDUSTRY, INNOVATION AND INFRASTRUCTURE · 13 CLIMATE ACTION · 16 PEACE, JUSTICE AND STRONG INSTITUTIONS

"Digital Transition for Customers and Employees"

### Social Dimension
**Better Quality of Life**

1 NO POVERTY · 3 GOOD HEALTH AND WELL-BEING · 4 QUALITY EDUCATION · 5 GENDER EQUALITY · 7 AFFORDABLE AND CLEAN ENERGY · 8 DECENT WORK AND ECONOMIC GROWTH · 9 INDUSTRY, INNOVATION AND INFRASTRUCTURE · 10 REDUCED INEQUALITIES · 16 PEACE, JUSTICE AND STRONG INSTITUTIONS




"Financial Access and Education for All Thais"

### Environmental Dimension
**Better Climate**

3 GOOD HEALTH AND WELL-BEING · 7 AFFORDABLE AND CLEAN ENERGY · 12 RESPONSIBLE CONSUMPTION AND PRODUCTION · 13 CLIMATE ACTION

"Environmentally Friendly"

## National Awards

| | |
|---|---|
| THSI THAILAND SUSTAINABILITY INVESTMENT 2022 | In SETTHSI Index since 2020 & in the list of Thailand Sustainability Investment (THSI) since 2019 |
| ESG100 2023 Environmental • Social • Governance | Certified as an ESG100 company and recognized for outstanding sustainability performance by Thaipat Institute since 2016 |
| ★★★★★ | Excellence CG Scoring by Thai Institute of Directors Association (IOD) since 2016 (Based on OECD Principles of CG) |
| CAC COLLECTIVE ACTION AGAINST CORRUPTION | Membership of the Thai Private Sector Collective Action Against Corruption since 2016 |

## International Awards

| | |
|---|---|
| MSCI ESG RATINGS BBB (CCC B BB BBB A AA AAA) | MSCI ESG Ratings BBB Since July 2023 |
| FTSE4Good | FTSE4Good Index since 2021 |
| ASEAN CORPORATE GOVERNANCE | ASEAN CG Scorecard award (ASEAN Asset Class PLCs category), average score of 97.5 in 2022 |

## World Class Standards

| | |
|---|---|
| GRI STANDARDS : With Reference | Adopting an International Sustainability Reporting Framework, the Global Reporting Initiatives Standards (GRI Standards) since 2019 |
| bsi. ISO/IEC 27001 Information Security Management | The Information Security Management System ISO/IEC 27001:2013 |
| bsi. ISO/IEC 27701 Privacy Information Management ISO/IEC certified | The Privacy Information Management System ISO/IEC 27701:2019 |

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# THANK YOU

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