

## Information Memorandum on Connected Transaction of Krungthai Card Public Company Limited

The Board of Directors Meeting of Krungthai Card Public Company Limited (“Company”) No. 3/2021 dated 10 February 2021 has agreed to proceed according to the specified regulations of the Securities and Exchange and The Stock Exchange of Thailand (“SEC”), including to present to the Annual General Meeting of 2021 (“Annual General Meeting”) to consider and approval of an investment in Krungthai Leasing Company Limited (“Krungthai Leasing”) by acquiring ordinary shares totalling 75,050,000 shares (Seventy-five million and fifty thousand) or equivalent to 75.05 percent from total ordinary shares from targeted company from Krungthai Bank Public Company Limited (“Krungthai Bank”) of whom is the connected party to the Company (“The Acquisition of Ordinary Shares of Krungthai Leasing”) at the price per share of THB. 7.92 (par value of THB. 10.00), that is equivalent at the amount of THB. 594,396,000 (“agreed buying share price”). Furthermore, Company and Krungthai Bank has agreed upon the ordinary share price that after the adjustment of the agreed buying share price, Krungthai Leasing ordinary shares acquisition at the total of 75,050,000 shares, the share price might be lower or higher from the agreed buying share price, however the highest buying share price after share price adjustment shall not exceed THB 13.15 per share, which is totalling of THB 986,907,500 that is equivalent to the Krungthai Leasing’s net book value as of 31 December 2020 combined with the highest net cash received from debt collection of written-off debtors from 1 January 2021 till 30 September 2021 from Krungthai Leasing debt collection of company’s debtors that has been written-off prior to 1 January 2021

The acquisition of ordinary shares of targeted company is considered an acquired asset in accordance to the Announcement of the Capital Market Tor Jor 20/2551, Regarding Rules on Entering into Material Transactions Deemed as Acquisition or Disposal of Assets dated 31 August 2008 (further adjustment included) and The Announcement of The Stock Exchange of Thailand, regarding to Disclose of Information and Operations of the Listed Company upon Acquiring or Disposition of Assets Year 2003, dated 19 November 2003 (including additional adjustment) (“referred to as “Notifications on Acquisition or Disposal of Assets”). By taking the highest ordinary share after the adjustment on the agreed buying share price which shall not exceed THB 986,907,500 when calculating the item size according to the specified calculation method within the period of the previous 6-month that shows that the net tangible assets which yields highest value at the equivalent of 2.78 percent, that is less than 15 percent. Therefore, Company has no obligation to disclose any information.

However, the acquisition of Krungthai Leasing ordinary shares from Krungthai bank is considered as connected transaction regarding to assets or services in accordance to The Announcement of the Capital Market Supervisory Board Tor Jor 21/2551 under the circumstance of Connected transaction dated 31 August 2008 (including additional adjustments) and The Announcement of the Board of Governors of the Stock Exchange of Thailand under the agenda of Information Disclose and Listed Company Operations for Connected Transaction year 2004 (including additional adjustments) (altogether referred to as “The Connected Transaction”). Due to the fact that, Krungthai

Bank has a relationship as the majority shareholder of The Company. Consequently, the agreement of highest ordinary share buying price after adjustment of the acquisition shall not exceed THB. 986,907,500. In which, the transaction size from calculation according to regulations in the aforementioned Announcement, the transaction size of Krungthai Leasing is equivalent to 4.78 percent of the company's net tangible assets and when combining with the transactions between Company and Krungthai Bank that occurred in the previous 6-month period, which is equivalent to 5.13 percent that is higher than 3 percent of the net tangible asset value considering from Company's Consolidated of Financial Statements that is certified by Company's auditor as of 31 December 2020. Therefore, Company has the obligations as follows;

- (1) Prepare and disclose information report to the Stock Exchange of Thailand in accordance to Connected Transactions Announcement
- (2) Arrange the Annual General Meeting in order to seek approval for such transaction with the minimum vote of  $\frac{3}{4}$  of the total attended shareholders, of whom has the right to vote, on the other hand, the vote from the shareholders with interests shall not be counted
- (3) Appoint an Independent Financial Advisor to comment upon Connected Transactions, and to submit the opinion to The Office of The Securities Exchange Commission of the Stock Market Exchange and The Stock Market Exchange ("SET") and Company shareholders.

Besides, the acquisition of the ordinary shares of Krungthai Leasing is considered to be buying or accepting business transferred to Company, according to Section 107/(2)(B) of the Public Company Act year 2535 (including additional adjustments). As a result of acquiring the ordinary shares of Krungthai Leasing, Company is the shareholder that acquires more than 50 percent of total Krungthai Leasing shares. Therefore, it is specified that Company is obligated to arrange a shareholders' meeting to consider the approval of acquiring the Krungthai Leasing's ordinary shares, which must be approved by the Company's shareholders with  $\frac{3}{4}$  of the majority votes from the total of the attended shareholders that has voting rights without counting the vote from shareholders with interests. Furthermore, the Board of Directors Meeting 3/2021 dated 10 February 2021 approved the appointment of Silom Advisory Limited ("Silom Advisory"), that is the financial advisor that is listed and approved by The Securities Exchange Commission as Company's independent financial advisor, to provide advice to shareholders upon other agendas that is related to connected transaction.

The company would like to provide the information regarding the Acquisition of Ordinary Shares of Krungthai Leasing with details as follow;

1. **Date Month Year that has agreed to do the transaction**

On 10 February 2021, The Board of Directors No. 3/2021 has agreed to present at the Annual General Meeting in order to consider and approve the Company's proceeding to ordinary shares acquisition totaling 75,050,000 shares (Seventy-five million and fifty thousand) or equivalent to 75.05 percent of the total ordinary shares from Krungthai Bank, and further proceeding other steps necessary in order to accomplish such mission, presumably Company and Krungthai Bank shall sign the Agreement of ordinary shares acquisition of Krungthai Leasing ("Ordinary Share Acquisition Contract") which shall be performed in February 2021.

2. **Related Counterparties**

Buyer : Krungthai Card Public Company Limited

Seller : Krungthai Bank Public Company Limited

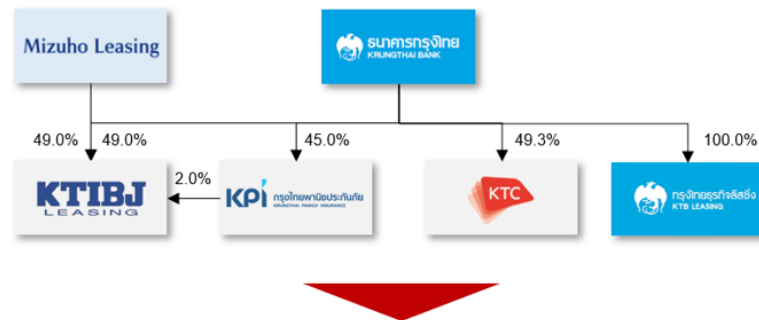
3. **Details of the Connected Individuals, Relationship and Limitation of the Interest**

Krungthai Bank is considered a connected company, due to the fact that Krungthai Bank is the major shareholder that is equivalent to 1,270,908,500 shares, or 49.29 percent of the total shares that yields the rights to vote.

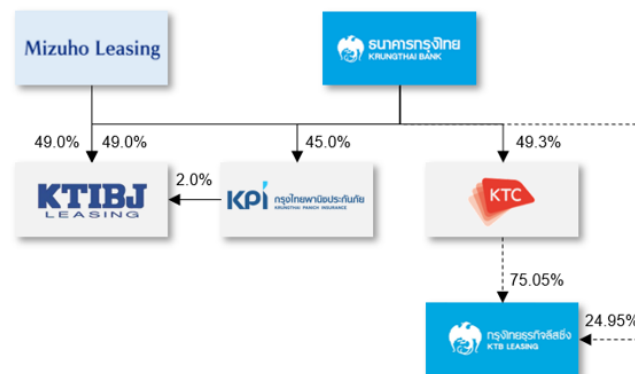
Within Krungthai Bank Group, there are two companies operating hire-purchase and leasing business which are 1) Krungthai Leasing 2) Krung Thai I B J Company Limited ("KT IBJ"). The details of their product offering and targets customer are as follows;

Companies	Product offering	Target Customer	Shareholding structure (Post-transaction)
Krungthai Leasing	<ul style="list-style-type: none"><li>● Hire-purchase loans for personal and commercial vehicles</li><li>● Leasing for machines</li><li>● Consumer loan</li></ul>	<ul style="list-style-type: none"><li>● Retail</li><li>● Thai corporates</li></ul>	<ul style="list-style-type: none"><li>● Krungthai's direct holding of 24.95% and effective holding of 61.90%</li></ul>
KT IBJ	<ul style="list-style-type: none"><li>● Hire-purchase loans for personal and commercial vehicles</li><li>● Leasing for machines</li><li>● Operating leases</li></ul>	<ul style="list-style-type: none"><li>● Japanese and Thai corporates</li></ul>	<ul style="list-style-type: none"><li>● Krungthai's direct holding of 49.00% and effective holding of 49.90%</li></ul>

#### Pre-transaction shareholding structure



#### Post-transaction shareholding structure



KT IBJ, an associate company of Krungthai Bank and Mizuho Leasing Company Limited (“Mizuho Leasing”), operating hire-purchase and leasing business, however Mizuho Leasing is responsible for the daily operation of KT IBJ. Furthermore, KT IBJ mainly offers leasing for machines and operating lease of vehicles to automobile part manufacturers and focuses its market activities to Japanese corporates. Unlike KT IBJ, Krungthai Leasing mainly offers hire-purchase for personal and commercial vehicles, however Krungthai Leasing’s loan portfolio also partially consists of leasing for machines. Krungthai Leasing centers its marketing effort around Thai retail and corporates (Before the transaction)

Nevertheless, the post-transaction shareholding structure does not provide particular benefits to or cause any conflict of interest for Krungthai Bank because of the following;

1. Post-transaction, Krungthai Leasing will emphasize its marketing effort towards retail borrowers as KTC specializes in such group of borrowers and is not the main target group of KT IBJ
2. Krungthai Bank’s effective shareholding in Krungthai Leasing is approximately 61.90% which is higher than its effective holding in KT IBJ of 49.90%. In additional, Krungthai Bank does not have controlling interest in KT IBJ since KT IBJ is an associate company and is under the management of Mizuho Leasing
3. Apart from the shareholding structure, the company’s directors and executives must responsibly, conscientiously, and faithfully perform their duties in managing the company in accordance to the laws, company’s objectives and regulations, resolutions from board of directors and shareholders. Therefore, the resolutions of the board of director meeting No. 4/2021 concluded that should Krungthai Bank, as a major

shareholder of the company, operate any businesses that affect or may affect the operation of Krungthai Leasing, the board of directors had a resolution that the company shall work with Krungthai Bank to established an appropriate measure to prevent any conflict of interests

After the transaction, Krungthai Bank will maintain its holding in Krungthai Leasing of 24.95% because Krungthai Bank considers the future share of profit of Krungthai Bank under the company's management and Krungthai Bank intends to continue its support to Krungthai Leasing e.g. allowing Krungthai Leasing to use Krungthai Bank branches as distribution channels

The post-transaction shareholding structure is similar to previous joint-ventures between Krungthai Bank and the company in which the Bank of Thailand has approved. Moreover, the entering into the transaction would broaden the company's product offering, allowing it to offer all non-mortgage consumer financing products to retail borrowers which is the company's target customer, and overall strengthen Krungthai Bank Group

#### 4. Types and General Characteristics of the Transaction

##### 4.1 Details of the Connected Transaction

Transaction Type	Transaction(s) relating to assets or services
Assets Acquisition	Ordinary shares of Krungthai Leasing Limited Company equivalent to 75,050,000 (seventy-five million and fifty thousand shares), or 75.05 percent of the total ordinary Krungthai Leasing shares.
Agreed buying share price	THB 7.92 per share, approximately at total amount of THB 594,396,000 (“Agreed buying share price”)
Share Price Purchased after adjustments of share price	After the adjustments of the share purchase price, the share price might be lower or higher from the agreed price, thus the highest share price after adjustment shall not exceed THB 13.15 per share which is totaling of THB 986,907,500 that is equivalent to Net Book Value of Krungthai Leasing as of 31 December 2020 combined with highest value of the net cash received in accordance with debt collection of written-off debtors. (Please consider the agenda of payment conditions and price adjustments).
Criteria to specify share price	Share price calculation by methods of improving the net book value by applying Krungthai Leasing net book value as of 31 December 2020, at the amount of THB 1,262.1 mm <sup>1</sup> (“net book value”) and deducted by the adjustment as follows;  (1) Reserve of the cost of increasing Krungthai Leasing competitiveness to increase Krungthai Leasing’s performance to compete, at the amount of THB 57,380,000  (2) Reserve increase from high-risk debtor(s) at the amount of THB 412,740,000
Conditions of the payment and price adjustment	Company will pay for the acquisition of the shares to Krungthai Bank at 50 percent (fifty) of share price that is totaling of THB 297,198,000 on the day of the completion of shares transferred <sup>2</sup> , and company will pay the remaining which may be increase or decrease to Krungthai Bank, or receive reimburse payment from Krungthai Bank within November 2021 according to the remaining amount of share price company must reimburse to Krungthai Bank or will receive reimbursement from Krungthai Bank which depends on the followings;  (1) Beginning from the date that ordinary shares are completely transferred, and to increase Krungthai Leasing’s business competitiveness as Company sees fit, the actual operation expenses occurred from business process, which is lower than the reserve of the cost of increasing Krungthai Leasing competitiveness which is

<sup>1</sup> Information of the Financial Statement as year ended of 31 December 2020, that is the information used for Krungthai Bank consolidated Financial Statement as of 31 December 2020

<sup>2</sup> The completion date of share transferred refers to the day that precedent condition is completed as required.

	<p>equivalent to THB 57,380,000, that is deducted from purchase price, the buyer shall pay back Krungthai Bank at the rate of 75.05 percent of the difference.</p> <p>(2) From the date of the signed by contract of ordinary shares acquisition, buyer shall evaluate the reserve sufficiency of company's debtors by checking and evaluating the all-collateral value and the debtors' ability to pay back to company as of 31 December 2020 .Moreover, the buyer shall evaluate the company's reserve that should be set up from the reserve amount as of 30 September 2021, and calculate from the difference from lost amount reserve of Krungthai Leasing as of 30 September 2021, and from reserve of the debtors of Krungthai Leasing as of 31 December 2020 ("Lost Amount Value")</p> <p>(A) In the case that the lost amount exceeds the high-risk debtors' at the amount of THB 412,740,000 Krungthai Bank agreed to pay back the ordinary shares acquisition at the rate of 75.05 percent of the mentioned lost amount to buyer, however the amount shall not exceed THB 676,550,000.</p> <p>(B) In the case that the lost amount is less than high-risk debtors', specified at the amount of THB 412,740,000. Thus, Company agreed to pay for the ordinary shares acquisition at the rate of 75.05 percent of the aforementioned lost amount to buyer, however the difference amount shall not exceed THB 412,740,000.</p> <p>(3) Company agreed to pay for the share price to Krungthai Bank at the rate of 75.05 percent of the net cash received from 1 January 2021 till 30 September 2021 from Krungthai Leasing debt collection after deduction from debt collection cost of company's debtors that has been written-off prior to 1 January 2021 whereas the value of the cash received from debt collection before deducted by price adjustment expenses shall not exceed THB 53,000,000.</p>
<b>Important Precedent Conditions</b>	<p>Krungthai Leasing ordinary shares acquisition will occur only upon the completion of the condition(s) specified in the, Ordinary Share Acquisition Contract, or receive an exemption by mandatory condition(s) which includes the followings;</p> <ul style="list-style-type: none"> <li>● Company's Representative or Company advisor had already checked the financial status, taxes and legal status of Krungthai Leasing, that is satisfaction. There was neither affected nor significant negative impact towards its financial status or business operations.</li> <li>● Company and Krungthai Bank had completed signing the Ordinary Share Acquisition Contract and the stocks transfer instrument.</li> <li>● Krungthai Bank is not at fault or breach any of the requirements of the Ordinary Share Acquisition Contract.</li> </ul>

	<ul style="list-style-type: none"> <li>● Krungthai Bank has received an agreed upon from The Ministry of Finance and The Securities Exchange Commission and The Stock Exchange of Thailand and/or other relevant agency (if any) in terms of selling ordinary shares and restructure the shareholding in Krungthai Bank financial group, or any other matter related to the aforementioned transaction including Board of Directors approval/and or the Krungthai Bank shareholders' meeting (if any), in case of having any law or regulation related matter, approval or consent is necessary for instance acquiring or disposition of assets, or connected Transaction.</li> <li>● Company has received an approval from Ministry of Finance and The Securities Exchange Commission and The Stock Exchange of Thailand and/or other relevant agency (if any) in terms of buying ordinary shares from Krungthai Leasing or any other matter related to the aforementioned transaction including Board of Directors approval/and or the Company shareholders' meeting (if any), in case of having any law or regulation related matter, approval or consent is necessary for instance acquiring or disposition of assets, or connected Transaction.</li> <li>● Krungthai Leasing shall conduct normal business operations without any change in policy and business operations that cause the negative effect to Krungthai Leasing and</li> <li>● There appeared to be no significant negativity to its financial status, business operations or overall Krungthai Leasing operations.</li> <li>● All in all, presumably the aforementioned precedent conditions shall be completed within April 2021 (or any other day that Company and Krungthai Bank agreed upon), in accordance to agreed conditions of the Ordinary Share Acquisition Contract.</li> </ul>
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## 4.2 Details of the Assets to be Acquired

### 4.2.1 General Details of Krungthai Leasing Company Limited

<b>Address:</b>	Number 20 Floor 6-8 Suan Mali Building Yukol Road 2 Kwang Thepsirin Temple Khet Pom Prab Satrupai Bangkok 10100
<b>Nature of Business:</b>	Krungthai Leasing was established on October 2005 offering Hire Purchase, Financial Lease that offer leasing and sale and lease back in order to satisfy varieties of customers both individual and juristic person
<b>Registered Capital:</b>	THB 1,000,000,000 Ordinary shares of 100,000,000 shares Par Value at THB 10



Paid Registered Capital: THB1,000,000,000 Ordinary shares of 100,000,000 shares Par Value at THB 10

#### 4.2.2 Lists of The Board of Directors (as of 3 February 2021)

Names	Position
1. Mr. Luechai Chaiparinya	Chairman of the Board
2. Mrs. Chalida Phankrawi	Director
3. Mr. Chanchai Sinsuppharat	Director and Chairman of the Risk Management
4. Mrs. Amara Klabpratum	Director and Risk Management Director
5. Mr. Kroekphong Kesornthong	Independent Director
6. Mrs. Wandee Srimonthon	Director and Risk Management Director

#### 4.2.3 List of Shareholders

Name lists of the shareholders in accordance to Lists of Krungthai Leasing Shareholders prior to the transaction (as of 23 April 2020)

Name	Number of Shares	Percentage
1. Krungthai Bank	99,999,993	100.00
2. Other shareholders	7	0.00
Total	100,000,000	100.00

Source: Lists of Shareholders

Name lists of the shareholders in accordance to Lists of Krungthai Leasing Shareholders after the transaction

Name	Number of Shares	Percentage
1. Krungthai Card	75,050,000	75.05
2. Krungthai Bank	24,949,993	24.95
3. Other shareholders	7	0.00
Total	100,000,000	100.00

#### 4.2.4 Summary of Financial Status and Business Operations

Unit:THB Million	Financial Statement for The Date Ended		
	31-Dec-2018	31-Dec-2019	31-Dec-2020 <sup>3</sup>
<b>Statement of Financial Position</b>			
<b>Assets</b>			
Current Assets	6,069.3	2,540.3	1,353.4
Non-Current Assets	4,879.7	2,445.6	1,837.8
<b>Total Assets</b>	<b>10,949.0</b>	<b>4,985.9</b>	<b>3,191.2</b>
<b>Liability and Equity</b>			
Current Liability	9,499.6	3,865.0	1,888.1
Non-Current Liability	682.3	32.3	41.1
<b>Total Liability</b>	<b>10,181.9</b>	<b>3,897.3</b>	<b>1,929.1</b>
<b>Equity</b>	<b>767.1</b>	<b>1,088.6</b>	<b>1,262.1</b>
<b>Profit and Loss Statement</b>			
Interest Income from Hire Purchase and Finance Lease Income	938.2	428.3	183.6
Financial lease Income	30.9	1.5	0.0
Other Income	283.7	316.1	218.8
<b>Total Income</b>	<b>1,252.9</b>	<b>746.0</b>	<b>402.4</b>
<b>Total Expense</b>	<b>(515.7)</b>	<b>(224.5)</b>	<b>(152.8)</b>
<b>Profit and Loss Before Interest and Income Tax Expense</b>	<b>737.2</b>	<b>521.4</b>	<b>249.5</b>
Financial Cost	(391.1)	(124.3)	(25.9)
Income Tax Expense	(72.4)	(80.3)	(47.2)
<b>Profits for the year</b>	<b>273.7</b>	<b>316.8</b>	<b>176.4</b>

## 5. Total Value and Criteria That Is Used to Determine the Value of the Transaction

Highest Transaction Value: The value of the total Consideration that Company shall be paid in accordance to ordinary shares acquisition of Krungthai Leasing, at the total of 75,050,000 shares, at the highest price of THB 13.15 totaling of THB 986,907,500.

Method of Paying the Value of Consideration: Company shall pay for Krungthai Leasing ordinary shares acquiring to Krungthai Bank via BAHTNET/ Cashier Cheque/ funds transfer to Krungthai Bank Account.

Transaction Completion Date: Company shall complete payment of ordinary shares acquisition of Krungthai Leasing to Krungthai Bank within November 2021.

Price Criteria: Calculation of the price of the ordinary share acquisition of the net book value adjustments by applying the net book value of Krungthai Leasing as of 31 December 2020 ("Net Book Value") and deduct by adjustment as followings;

- (1) Reserve of the cost of increasing Krungthai Leasing competitiveness of Krungthai Leasing totaling of THB 57,380,000
- (2) Reserve increase from High-Risk Debtors totaling of THB 412,740,000.

In fact, Company shall pay the ordinary share acquisition to Krungthai Bank at the rate of 50 percent (fifty) or THB 297,198,000 on the day of completion of share transferred<sup>2</sup>. And Company shall pay the remaining which may increase or decrease in price to Krungthai Bank, or receive reimburse payment from Krungthai Bank within November 2564. As a matter of fact, the amount Company shall pay to Krungthai Bank for the remaining shares or shall receive from Krungthai Bank depends on the followings;

- (1) The difference between expense(s) which occur from increasing Krungthai Leasing competitiveness and expense reserve.

- (2) The value of the loss from the increase in the difference of reserve as of 30 September 2021, and reserve of the debtors of Krungthai Leasing as of 31 December 2020.
- (3) The net cash received from 1 January 2021 till 30 September 2021 from Krungthai Leasing debt collection after deduction from debt collection cost of company's debtors that has been written-off prior to 1 January 2021

Highest Case Calculation Table

Unit: THB mm

Highest Case	Calculation Based on 100.00 Percentage	Calculation Based on 75.05 Percentage
Book Value	1,262.1	947.2
Deduct reserve of the cost of increasing competitiveness	(57.4)	(43.1)
Deduct reserve increase from High-Risk Debtors	(412.7)	(309.8)
<b>Purchase Price</b>	<b>792.0</b>	<b>594.4</b>
Adjustment Lists		
(1) The difference between expense(s) which occur from increasing Krungthai Leasing competitiveness and expense reserve	57.4	43.1
(2) The value of the loss from the increase in the difference of reserve as of 30 September 2021, and reserve of the debtors of Krungthai Leasing as of 31 December 2020.	412.7	309.8
(3) Highest Value of net cash received from debt collection after deduction of operating expenses from company's written-off debt account customers	53.0	39.8
<b>Price after Adjustments</b>	<b>1,315.1</b>	<b>986.9</b>

Remarks: The agreed buying share price and price after adjustment might not be equivalent to sum of the price due to rounding of decimal.

#### 6. Calculation of the Announcement of Connected Transaction

The ordinary share acquisition of Krungthai Leasing is equivalent to 4.78 percent of the net tangible assets, that is certified by Company's auditor as of 31 December 2020, details are as follows;

Transaction Size	=	The value of item paid or received / Total company's Net Tangible Asset
Highest Transaction	=	THB 986.9 mm/ THB 20,656.9 mm
	=	4.78 Percent

(Net Tangible Asset: NTA) = Total Assets – Net Intangible Assets – withholding taxes– Total Liabilities – Share of non-controlling shareholders

Thus, Company has connected transaction with Krungthai Bank which occurred within the period of 6-month prior to the above-mentioned transaction, in which it is equivalent to 0.35 percent, when combined with this current transaction there yields Highest of 5.13 percent of the Net Tangible Assets.

#### 7. Source of funds and sufficiency of the working capital

Company will use cash that derives from the operating cashflow, which Company considered that payment of consideration shall not affect the company's working capital, because the company has sufficient operating cashflow.

#### 8. Names and shareholding of Top 10 Largest shareholders as of 25 May 2020

Major Shareholders	# Shares	% Shares
1. Krung Thai Bank Public Company Limited	1,270,908,500	49.29
2. Mr. Mongkhol Prakitchaiwattana	388,669,300	15.07
3. Mr. Sataporn Ngarmruengpong	128,509,000	4.98
4. Thai NVDR	121,809,471	4.72
5. Ms. Chantana Jirattitepat	109,247,000	4.24
6. UOB KAY HIAN PTE LTD A/C - RC	50,000,000	1.94
7. SOUTH EAST ASIA UK (TYPE C) NOMINEES LIMITED	36,955,531	1.43
8. Maybank Kim Eng Securities (Thailand) Public Company Limited	25,018,300	0.97
9. Mrs. Maneerat Ngarmruengpong	17,079,200	0.66
10. UBS AG SINGAPORE BRANCH	15,300,000	0.59
11. Mrs. Rawisara Ngarmruengpong	13,300,000	0.52
12. Mr. Kiattinan Denpaisan	13,248,900	0.51

Source: SET

## 9. Directors and Executives

### Board of directors

As of 18 February 2021, Board of directors consists of 8 directors as follow;

Directors	Positions
1. Mr. Parinya Patanaphakdee	Chairman of the Board of Directors/Chairman of Nomination and Remuneration committee
2. Mr. Rathian Srimongkol	President & Chief Executive Officer/Director
3. Mrs. Praralee Ratanaprasartporn	Director
4. Mr. Pichit Jongsaliswang	Director/Nomination and Remuneration Committee
5. Major General Apichat Chaiyadar	Independent Director
6. Mr. Praphaisith Tankeyura	Independent Director/Chairman of the Audit Environmental Social and Government Committee/ Nomination and Remuneration Committee
7. Mr. Nathporn Chatusripitak	Independent Director/Audit Environmental Social and Governance Committee
8. Mrs. Nampung Wongsmith	Independent Director/Audit Environmental Social and Governance Committee

### Authorized board of directors

Two directors jointly sign and affix the company's seal

### Executives

As of 18 February 2021, there are 13 executives as follow;

Executives	Positions
1. Mr. Rathian Srimongkol	President & Chief Executive Officer/Director
2. Mr. Chutidej Chayuti	Chief Financial Officer
3. Mr. Virach Paisitsavet	Chief Operation Officer
4. Mr. Piyasak Tejasen	Senior Executive Vice President-Distribution & Merchant Acquiring
5. Mrs. Pittaya Vorapanyasakul	Executive Vice President- Credit Card
6. Mr. Khan Kachonboon	Senior Executive Coach – Corporate Communications
7. Mr. Bucha Sirichumsang	Executive Vice President- Office of President & CEO/Secretary of the Board of Directors
8. Mr. Woottichai Jarernpol	Executive Vice President- Information Technology
9. Mr. Sakda Chantrasuriyarat	Senior Vice President – Compliance / Assistant Secretary for the Audit, Environmental, Social Responsibilities, and Corporate Governance Committee
10. Ms. Phichamon Jitpentham	Senior Vice President- Personal Loans

Executives	Positions
11. Ms. Sirikalya Suthanyaphruet	Senior Vice President- Corporate Communications and Online Acquisition
12. Ms. Chanidapa Suriya	Senior Vice President- Services Center and Process Development
13. Ms. Rueankeaw Kasemsavatsri	Vice President - KTC P Berm

**10. Shareholders with Conflicting Interest in this Transaction May Not Vote for this Transaction in Agenda 7 of the 2021 Annual General Meeting of Shareholders**

Krungthai Bank is the company's major shareholder with 1,270,908,500 shares (49.29% of the company's total outstanding shares). Therefore, Krungthai Bank is a connected person in this Transaction and do not have the voting right in this agenda

**11. Directors with Interests in this Transaction**

Director with interests that take part in this transaction contains Mr. Pichit Jongsaliswang and Mrs. Paralee Ratanaprasartporn, in fact both directors did not attend the meeting and had no rights to vote in the particular transactions.

**12. Opinion of Independent Financial Advisor on Asset Acquisition and Connected Transaction**

Please consider the Opinion of Independent Financial Advisor on Asset Acquisition and Connected Transaction prepared by Silom Advisory, attached with the Invitation to the 2021 Annual General Meeting of Shareholders (Enclosure No.8)

After considering the pros, cons, risks factors of entering into the related party transaction as well as the highest post-adjusted purchase price which is within the IFA's valuation range, Silom Advisor concluded that the Transaction is appropriate and the shareholders should consider approving the Transaction.

**13. Resolution to the board of Directors in Relation to the agreement of Connected Transaction**

The Board of Directors meeting No. 3/2021, which was held on 10 February 2021, the board has considered and has the opinion upon the ordinary share acquisition of Krungthai Leasing at the amount of 75,050,000 shares (Seventy-five million and fifty thousand shares) par value of THB 10.00, which is not exceeding THB 13.15 per share, or at the amount of not more than THB 986,907,500 that is the highest agreed price in case of price adjustment from THB 7.92 per share, or totaling of THB 594,396,000 under the specified condition in Krungthai Leasing's Ordinary Share Acquisition Contract between Company and Krungthai Bank, whereas there might be adjustments upon lower or higher from the agreed price in order to reflect the Krungthai Leasing enterprise value after evaluation in accordance to conditions of the Agreed buying share price adjustments that is reasonable and beneficial to Company and its shareholders. All in all, the aforesaid share price is reasonable as the followings;

- (1) Such transaction allows the Company to complete the cycle of motor vehicle loans and increase the opportunity to expand into SME loans in the future
- (2) The transaction allows the Company to swiftly expand into hire purchase and leasing business
- (3) To diversify the risk in Company's business operations whereas increasing the ratio of loans that has more collateral, which results in Company's capacity to better prepare for business uncertainty(s)
- (4) To increase growth opportunities by using the advantage of the 11 branches that are located in major areas all over Thailand, which can be customer service center for Company's customer in terms of offering loans, receive payments and others, which could increase the opportunity to create Company's credit network.
- (5) Increase the opportunities to grow Krungthai Bank's financial group from a synergy of the company, and Krungthai Bank. Increasing the opportunity to offer loans and other services (Cross-selling) to Krungthai Leasing and Krungthai Bank Customer bases, including offering hire purchase and leasing to current customer bases as well.

**14. Audit Committee's Opinion and/or Directors that had different from the opinions according to number 13.**

None

**15. Other Information that May Materially Affect the Decision of Investors**

None

**16. Proxy Form**

Any of the company's independent directors may be appointed as a proxy of a shareholder of the company to cast the votes in the 2021 Annual General Meeting of Shareholder. For more details, please refer to Proxy Form (Form B) (Enclosure 9)

**17. Company Information**

**17.1 General Information**

<b>Name:</b>	Krung Thai Card Public Company Limited
<b>Registered Number:</b>	0107545000110
<b>Registered Address:</b>	591 Samatcha Wanich 2 Bldg. 14 Fl. Sukhumvit Rd. Khlong Ton Nua, Vadhana, Bangkok 10110
<b>Registered Capital:</b>	THB 2,578,334,070.00 consisting of 2,578,334,070 shares with par value of THB 1.0
<b>Paid-up Capital:</b>	THB 2,578,334,070.00 consisting of 2,578,334,070 shares with par value of THB 1.0

**17.2 Description of products or services**



Krungthai Card Public Company Limited operates credit card business and other businesses related to credit card business as well as merchant acquiring business, proxy payment service, and personal loan businesses. As of 31 December 2020, total membership reached 3.4 million accounts, and 52% of its members reside in the Bangkok Metropolitan Region.

In terms of revenue structure, KTC revenue consists of interest income and fees generated from its two core businesses, including credit card and personal loan. As for fee income, the Company also records credit usage fee as an income by calculating this income from the total amount of outstanding debts. Notably, under the Civil and Commercial Code, non-bank consumer credit providers are permitted to charge a maximum interest rate of only 15%. Nevertheless, formerly under the Bank of Thailand's regulation, the Company can charge an interest rate, inclusive of credit line usage fee, up to 18% per annum for credit card. However, from 1 August 2020 onwards, the Company could charge an interest rate, inclusive of credit line usage fee, up to only 16% per annum.

For regulated personal loans and the type of regulated personal loan using vehicle registration as collateral, the Company can formerly charge an interest rate, inclusive of credit line usage fee, up to 28% per annum. However, from 1 August 2020 onwards, the Company could charge an interest rate for personal loans, inclusive of credit line usage fee, up to 25% and 24% per annum for Auto Title Deed Lending. The difference between interest rates and incurred fees stipulated in the Civil and Commercial Code and the Bank of Thailand's regulation are recorded as credit usage fee income. In addition, KTC also has other sources of income, such as forex gains, and so forth.

**Three-year revenue structure as shown in the financial statements during 2018-2020**

Revenue Structure	2020		2019		2018	
	Million Baht	%	Million Baht	%	Million Baht	%
<b>Credit Card Revenue</b>	<b>12,587</b>	<b>57.1%</b>	<b>13,068</b>	<b>57.8%</b>	<b>12,363</b>	<b>58.3%</b>
(1) Interest Income <sup>(1)</sup>	6,611	30.0%	6,255	27.6%	5,820	27.5%
(2) Fee Income	4,294	19.5%	4,846	21.4%	4,602	21.7%
(3) Recovery Income	1,681	7.6%	1,967	8.7%	1,942	9.2%
<b>Personal Loan Revenue</b>	<b>9,177</b>	<b>41.6%</b>	<b>9,069</b>	<b>40.1%</b>	<b>8,414</b>	<b>39.7%</b>
(1) Interest Income <sup>(2)</sup>	7,556	34.3%	7,351	32.5%	6,821	32.2%
(2) Fee Income	183	0.8%	187	0.8%	192	0.9%

Revenue Structure	2020		2019		2018	
	Million Baht	%	Million Baht	%	Million Baht	%
(3) Recovery Income	1,437	6.5%	1,530	6.8%	1,400	6.6%
Other Income	293	1.3%	489	2.2%	420	2.0%
Total Revenue	22,056	100.0%	22,625	100.0%	21,198	100.0%

Source: 2018-2020 financial statements audited by Deloitte Touche Tomatsu Jaiyos Co., Ltd.









Note: (1) The Company recognized interest income of each business based on 15% interest rate, exclusive of credit usage fee income which was recorded as fee income.

(2) Interest income for personal loan include any front-end fee

### 17.2.1 Credit Card business

The credit card business consists of two components, including card issuing and merchant acquiring businesses. The card issuing business ranges from recruiting prospective credit card customers, approving a credit limit for cardholders, regulating credit card spending, receiving debt payment, and pursuing debts. In this regard, an issuing bank/card issuer can earn income from transaction fees and interest charges. As for merchant acquiring business, it is a business that deals with merchants that accept credit card payment for goods and services. In the process, the Company will select and install card swipe machines and/or set up a payment gateway system at stores so that it can oversee credit card acceptance for payment of goods and services by cardholders, whereby it generates fee income from this business.

#### 17.2.1.1 Issuing Business

The issuing business is part of KTC operation. As an issuing bank/card issuer, the Company is authorized to issue credit cards with    and  logos. Visa International Service Association ("Visa"), Mastercard Asia/Pacific Pte., Ltd ("Mastercard"), JCB International Co., Ltd. ("JCB"), and UnionPay International Co., Ltd. ("UnionPay") act as an intermediary that facilitates payment settlement between an issuing bank/card issuer and an acquiring banks/merchant acquirer. Cardholders can selectively use cards jointly issued with Visa, Mastercard, JCB or UnionPay and can use their credit cards in lieu of cash at merchants that display with    and  logos.

With regard to credit card loan of issuing business, the Company has a fee waiver policy that waives the first-year annual fee and lifetime annual membership fee for generic credit cards (only the first two cards). Moreover, it levies 500 baht annual fee only for the first year for the

third card onwards, in case such card has the same brand as that of currently held credit cards.





The Company consistently focused on development of business and marketing plans to foster business growth by increasing the number of cards and expanding the customer base. In collaboration with its partners, the Company jointly promoted spending via KTC credit cards and established long-term relationship. KTC implemented six core strategies as follows:

1. Focused on development and introduction of fully integrated products and services.
2. Responded to the needs of every target group by offering benefits and privileges in all categories of spending.
3. Highlighted the importance of KTC Forever point collection to boost the value of these points.
4. Implemented brand building activities to foster strong relationship with members.
5. Adhered to the customer-centric principles and conducted data analysis to understand customer needs.
6. Exploited digital marketing that attaches importance to security and great customer experience.

Finally, the Company still recognized the importance of market research and new business opportunities in order to offer benefits and privileges that best match the needs and lifestyles of cardholders. This approach represents another growth strategy. Over the year, the Company issued the credit cards to customers as follows.

Number of Credit Cards and Credit Card Receivables	2020	2019	2018
Total Number of Credit Cards (Cards)	2,575,684	2,510,914	2,387,659
<i>Growth(%)</i>	2.6%	5.2%	10.1%
Credit Card Receivables – net (Million Baht)	56,017	53,507	47,937
<i>Growth(%)</i>	4.7%	11.6%	6.4%

The Company offers several types of credit cards as follows:

1. **Generic Credit Card** in a form of KTC, VISA/ MASTERCARD/ JCB/ UNIONPAY credit cards can be used by cardholders to pay for goods and services in lieu of cash at any service outlets or stores displaying    and  logos throughout the world. In addition, cardholders can also

withdraw a cash advance, jointly issue credit cards for three core groups of customers: Super-Premium, Premium and General.

2. **Co-branded card** is a credit card jointly issued by KTC and its commercial partners. Cardholders can use a co-branded card for payment of goods and services in lieu of cash to any merchants. In addition, the credit card holders will receive more privilege if they use this card is at the merchants that are joint card issuers.
3. **Affinity Credit Card** is a credit card jointly issued in partnership with an alumni association or a non-profit organization, such as Thai Pilots Association, Chiang Mai University Alumni Association, and Chulalongkorn University's Faculty of Commerce and Accountancy Alumni Association.
4. **Government Services Credit Card** is a credit card for government agencies that helps facilitating the government budget spending, and reduces the burden and risks of holding cash for government entities.
5. **Corporate Credit Card** is a credit card for entities such as public corporations, independent organizations, and private companies, which helps in facilitating the corporate spending.

#### Types of services offered by card issuing business










The Company offers cardholders a multitude of services and benefits as follows:

1. Payment of goods and services in lieu of cash payment: The Company's cardholders can make payment for goods and services at any merchants displaying    and  logos in Thailand and over 200 countries throughout the world, depending on approved credit limit of each cardholder. In the process, the Company will make payment for goods and services to these merchants through bank. At the end of billing cycle of each cardholder (around one month), the Company will proceed to collect money from cardholders who can choose to pay off the outstanding balance in full or opt for minimum installment payment set out in the Bank of Thailand's notification. To alleviate financial burden of credit card members affected by Covid-19 outbreaks, KTC implemented credit relief measures for its members during 26 March 2020 - 31 December 2022 as follows:

KTC automatically reduces the minimum installment amount for its cardmembers – without having to express their own desires whatsoever – from 10% to

- 5% for credit card billing cycles from 26 March 2020 to 31 December 2021
- 8% for credit card billing cycles from 1 January 2022 to 31 December 2022
- 10% for credit card billing cycles from 1 January 2023 onwards

As for installment payment plan, the Company charges an annual interest rate of 15% plus an annual credit usage fee of 1% of the outstanding balance from the date of when each transaction is recorded by the Company until the repayment date.





2. **Cash advance** is a service that enables cardholders to withdraw cash by deducting a withdrawn amount from their approved credit lines. Cardholders can withdraw cash advance in Thailand and abroad. In case of domestic cash advance, cardholders can either withdraw cash advance from any bank ATMs with   or  logos or withdraw from any Krungthai bank counters displaying “we accept credit cards” sign of VISA/ MASTERCARD/ JCB/ UNIONPAY. In case of overseas withdrawal, cardholders can either withdraw cash advance from ATMs      and  logos or withdraw from bank counters or any exchange booth displaying “we accept Visa, MasterCard, JCB and UnionPay” sign. Moreover, cardholders can also make online cash withdrawal on the website (via KTC Online) and any iOS, Android, and Huawei’s Harmony OS for smartphones/ tablets (via KTC Mobile Application). The 24-hour online service will promptly transfer money to a Krungthai bank account once the transaction is completed. For this cash advance service, the Company receives a cash advance fee of 3% of the withdrawn amount from service users, but a minimum withdrawal amount must not be less than 500 baht. Furthermore, the Company can earn income from credit card interest, whereby it charges interest and credit usage fee from the date of cash withdrawal until the date of repayment of the entire outstanding amount.
3. **Other supplementary** services constitute extra services or privileges offered to cardholders, including
- **KTC Phone:** Call 02 123 5000 for 24/7 customer service
  - **KTC Personal Assistance:** Personal assistant service for all types of credit card members of KTC VISA INFINITE, KTC WORLD MASTERCARD and KTC UNIONPAY ASIA PRESTIGE DIAMOND, which the members can directly contact KTC VIP service at 02 206 54631 extension 3 to reach 4 following assistances worldwide:
    - Worldwide medical emergency assistance
    - Domestic roadside emergency assistance
    - Home emergency assistance
    - Worldwide personal secretary service
  - **JCB Platinum Services for KTC JCB PLATINUM credit cardholders:** To serve information needs of customers, more than 71 Concierge Service centers are located worldwide to provide credit card membership services as follows:
    - 2 JCB Plaza in Japan
    - 9 JCB Plaza Lounges
    - More than 60 Airport Lounges in 40 airports for a total of 10 countries.
  - **Automatic payment for monthly bills:** The customers are able to pay bills through all types of credit cards, such as landline and mobile phone services.
  - **KTC newsletter:** The monthly newsletter updates card members with news and information about latest privileges and services.

- **“My World” travel magazine:** This bimonthly magazine provides news and information about domestic and international travel as well as benefits and privileges offered by our partners.
- **“KTC Guideline” travel guide:** This novel travel guide provides information about popular destinations specifically for independent travelers.
- **Travel insurance:** Our travel insurance plans provide coverages for cardmembers as well as their spouses and children under 23 years old if the member use the card to pay for transportation tickets and public transportation ,both in Thailand and abroad. Below are the details of maximum insurance coverages:

1 million baht	- For all credit card types that belongs to KTC VISA CLASSIC/ KTC MASTERCARD CLASSIC
4 million baht	- For all credit card types that belongs to KTC VISA GOLD/ KTC MASTERCARD/ KTC TITANIUM MASTERCARD
8 million baht	- For all credit card types that belongs to KTC VISA PLATINUM/ KTC PLATINUM MASTERCARD/ KTC JCB PLATINUM/ KTC UNIONPAY PLATINUM, with a maximum coverage for lost or damaged luggages of 40,000 baht per claim.
20 million baht	- For all credit card types that belongs to KTC X VISA SIGNATURE/ KTC VISA SIGNATURE/ KTC X WORLD REWARDS MASTERCARD/ KTC WORLD REWARDS MASTERCARD/ KTC UNIONPAY DIAMOND, with a maximum coverage for lost or damaged luggages of 40,000 baht per claim.
40 million baht	- For all credit card types that belongs to KTC VISA INFINITE/ KTC WORLD MASTERCARD/ KTC UNIONPAY ASIA PRESTIGE DIAMOND, with a maximum coverage for lost or damaged luggages of 100,000 baht per claim.

- **KTC FOREVER point accumulation program:** One KTC FOREVER Reward point is earned for every 25 baht spent on the credit card. Reward points have no expiry date, so they can be accumulated to redeem for discounts and/or prizes and services at participating merchants.
- **KTC installment payment:** This service facilitates payment for goods and services in installments with a special monthly interest rate of 0 - 0.74% up to 10 months at participating merchants.
- **KTC Phone 02 123 5000 installment payment:** Cardholders can request for installment payment by phone for outstanding balance due in the following month. Normally, the Company charges a

monthly interest rate of 0.74%, but interest rate may vary, depending on promotional offers in each period.

- **KTC U Shop:** This online shopping service offers free delivery of various products from more than 300 merchant partners. Cardholders can choose to purchase over 5,000 items in the catalogue or place an online order on the website [www.ktc.co.th/USHOP](http://www.ktc.co.th/USHOP) or LINE@KTCUSHOP or at KTC TOUCH service counters. Payment can be made with all types of KTC credit cards or KTC FOREVER points.
- **KTC Real Privileges:** Our website [www.ktc.co.th](http://www.ktc.co.th) provides a compilation of news and information about benefits and privileges for all spending categories, such as restaurant, hotel, and department stores. These benefits and privileges are also announced via KTC LINE Official Account. In addition, the Company launched extra channels of communication between cardmembers and KTC on Facebook at [www.facebook.com/ KtcRealPrivilege](http://www.facebook.com/KtcRealPrivilege) Twitter at [twitter.com/ KtcRealPrivilege](https://twitter.com/KtcRealPrivilege) Instagram at [@ktccard](https://www.instagram.com/ktccard) and Youtube at [www.youtube.com/c/KTCCard1](http://www.youtube.com/c/KTCCard1). The purpose is to promote exchange of interesting knowledge and tidbits of information among cardmembers and social network users and to publicize PR news and KTC privileges.
- **KTC World Travel Service:** Our website [www.ktcworld.co.th](http://www.ktcworld.co.th) provides travel-related information, benefits in travelling with various partners both in local and international routes. Cardmembers also can access this news and information on Facebook at [www.facebook.com/ktcworld](http://www.facebook.com/ktcworld).
- **Secured e-pay:** The e-pay service provides a secure platform for payment of goods and services via the internet network. This platform, which conforms to international cyber security standards, is compatible with Visa International's VbV system  , Mastercard International's MCSC system  , and JCB International's J/Secure system  and UnionPay Online Payment pf UnionPay International.
- **KTC Online Service:** KTC cardmembers can either make online transactions via KTC mobile app that is supported by various systems including iOS, Android, and Huawei's HarmonyOS or at [www.ktc.co.th/onlineservice](http://www.ktc.co.th/onlineservice).
- **Samsung Pay:** Cardmembers can make payment for goods and services with all types of KTC Visa and KTC Mastercard credit cards at participating stores via  app on a Samsung phone. This highly secure service is easy and convenient to use.
- **Fitbit Pay:** Cardmembers can make payment for goods and services with all types of KTC Visa and KTC Mastercard credit cards via a Fitbit smartwatch at participating stores that accept contactless payment. This secure service is easy and convenient to use.
- **Garmin Pay:** This payment service via Garmin smartwatch with all types of KTC Visa and Mastercard credit cards is available for payment of goods and services at participating stores that accept contactless payment.

### 17.2.1.2 Acquiring Business

This business aims to build a network of merchant partners where the Company acts as an acquiring company. Merchant members will submit transactions summary of products and services purchased with credit card (Only Visa, Mastercard, JCB, UnionPay and Alipay including the Company's cards, bank's cards, or cards issued by other companies) and bill the Company, where service fees are deducted and kept as the Company's revenue. After that, the Company will charge the bank / card issuer to have them collect from their cardholders.

In 2018, the Company had 26,283 units of Electronic Data Capture (EDC) device. In 2019, the Company had 26,690 units, and in 2020, the Company had 27,691 units.

#### Types of Acquiring Business services

There are 4 types of acquiring businesses as follows;

1. **Payment via Electronic Data Capture (KTC EDC)** – currently the Company offers (1) EDC for Visa, Mastercard, JCB and UnionPay and (2) EDC for Alipay O2O payment.
2. **Payment via QR Code (KTC QR PAY)** – a Push Payment that the cardholder (customer) can process the payment himself/ herself by scanning the merchant's QR Code via banks' applications, as well as "TapKTC MERCHANT" application, that support QR Code Payment (including KTC Mobile).
3. **Receiving Payment Online (KTC GATEWAY/ KTC Link Pay)** - a service that allows merchants to process online payment via the internet or e-commerce via KTC GATEWAY which is suitable for merchants who provide products or services on the website. For KTC Link Pay, it is suitable for merchants providing products or services on social commerce platform. At present, the Company uses 3D Secure 2.0 system which requires cardholder' confirmation: a password set by the cardholder with the issuing bank (PIN) or One Time Password (OTP) during online payment process.
4. **Automatic Payment Collection (RECURRING)** - merchants send settlement in electronic form to the Company which will automatically deduct money from members' credit card on a monthly basis.

Merchants can offer customers with credit/ debit cards and Alipay to make a payment with aforementioned methods which are convenient and quick for customers.

Merchants must open deposits account with Krungthai Bank or other banks via Media Clearing system. Transactions summary will be submitted to the Company for settlement through automatic information technology system every day. An installation of EDC will be mainly considered from sales value of credit card/ debit card/ Alipay, expense related to the EDC, and cost-effectiveness. In case of small to medium merchants, QR Code Payment is a new channel to increase their business opportunity.

The Company makes a contract with merchants without expiration which includes guidelines for merchants as well as actions that can be considered as fraud based on the standards set by Visa,



Mastercard, JCB, UnionPay, and Alipay. The guidelines are adjusted to align with the operation of the Company and credit card business conditions in Thailand. The Company revises contract together with merchants from time to time. The contract also mentions the Company's right to claim from merchants in case they breach the contract, as well as service fees the Company collects from merchants. As of 31 December 2020, the Company had total of 42,050 merchants.

#### **.17.22 Personal Loan Business**

The Company started Personal Loan Business in 2003. It is an unsecure loan with 2 types of services which are multi-purpose loan KTC CASH and ready loan KTC PROUD.

A multi-purpose loan KTC CASH launched in October 2003. In 2006 the Company introduced a ready credit and rebranded to ready credit KTC PROUD. In 2014, KTC PROUD was launched as a revolving loan. KTC recognizes revenue of these personal loans based on effective interest rate, credit limit fee, and debt collection expense, etc.

For personal loan business operations, the Company sets interest based on the Risk Base Pricing method which depends on the rate specified by Bank of Thailand and also uses a Credit Scoring system to process and analyze data.

#### **Types of Personal Loan Services**

There are 3 types of KTC personal loan which are suitable for people with regular income. Customers can choose according to their needs as follows;

- 1) Multi-purpose loan (KTC CASH) is suitable for people with an income over 15,000 baht. This type of loan offers cash. The loan is to be repaid in equal installments. Applicant gets cash in his/ her bank account within 2 days after approval. It is not a revolving credit. Installation period is ranged from 12 - 60 payments depending on approved credit limit.
- 2) Ready loan (KTC PROUD) is suitable for people with an income over 12,000 baht. It is a revolving loan. After approval, the first portion of the loan will be transferred into applicant's bank account. It is a convenience cash card with 4 in 1 function "Withdraw-Transfer-Swipe-Pay" in one card. Customer may swipe for purchase of goods and services at any leading merchants that support transactions with UnionPay cards nationwide with a 6 digit PIN to confirm the transaction for both convenience and safety. Furthermore, the card supports the Contactless Payment system that makes payments easier simply with a single touch; just simply search for the Contactless symbol on the EDC device. Customer can use the card to withdraw cash from ATM machines across the country, at "KTC TOUCH" service branches, or online on the "KTC Mobile" application or on the "KTC Online" site real-time into Krungthai bank account and into Kasikorn Bank site real-time with no fee. Moreover, customer can use the card for installment payment with 0% interest rate or special interest rate up to 36 installments, which customers can choose to pay back at least 3%

of the total outstanding balance, but not less than 300 baht, at participated merchants across the country.

- 3) Vehicle title loan is a loan paid in installments with maximum interest rate of 24% per annum. The credit limit is determined by the age of the car, brand, model, and its conditions.

Number of Accounts and Personal Loans Receivables	2020	2019	2018
Number of Personal Loan Accounts (Accounts)	814,329	888,342	951,882
<i>Growth(%)</i>	<i>(8.3%)</i>	<i>(6.7%)</i>	<i>11.6%</i>
Personal Loan Receivables – net (Million Baht)	26,777	27,248	24,776
<i>Growth(%)</i>	<i>(1.7%)</i>	<i>10.0%</i>	<i>9.1%</i>

### 17.2.3 Vehicle Title Loan Business – KTC P BERM

The Company launched vehicle title loan business, “KTC P BERM” in 2019. It is a loan with vehicle title as collateral. There are 2 main products, car title loans and motorcycle title loans.

The Company offered car title loans since October 2019 and motorcycle title loans since July 2020. It is a loan paid in installments. Customers must bring a burden-free vehicle booklet with a vehicle ownership under their name as collateral. KTC recognizes revenue of both types of loans based on effective interest rate, vehicle assessment fee, and debt collection expense, etc.

For vehicle tile loan business operations, the Company sets interest based on the Risk Base Pricing method which depends on the rate specified by the Bank of Thailand. The Company also analyses risk based on customers' qualifications and debt repayments ability. This also includes cars or motorcylces' qualifications that customers use as collateral.

#### Types of Vehicle Title Loan Business – KTC P BERM.

The Vehicle Title Loan business - KTC P BERM offers 2 main types of services which is suitable for people of all occupations, whether they are permanent employees, small business owners, or freelancers. Customers can choose product according to their credit limit needs or types of vehicle title that will be used as collateral as follows;

- 1) Car Title Loans for customers with earnings of 8,000 baht or more (or business owners with turnover of 40,000 baht or more). It is a loan paid in installments with equal payment amount every month. The maximum effective interest rate is 24% per annum or about 1.13% per month. The maximum credit limit is 700,000 baht with up to 60 months installation period. The credit limit is

determined by customers' qualifications, the age of the car, brand, model, and its conditions.

- 2) Motorcycle Title Loans for customers with earnings of 8,000 baht or more (or business owners with turnover of 40,000 baht or more). It is a loan paid in installments with equal payment amount every month. The maximum effective interest rate is 24% per annum. The credit limit is determined by the age of the car, brand, model, and its conditions.

Number of Accounts and Car Title Deed Receivables	2020
Number of Personal Loan Accounts (Accounts)	209
Personal Loan Receivable-net (Million Baht)	162

#### 17.2.4 Subsidiary businesses (which are KTC PICO (Bangkok) Company limited / KTC Nano Company Limited / KTC Prepaid Company Limited / Krungthai Advisory Company Limited)

- 1) **KTC PICO (Bangkok) Company Limited** plays a major part in ridding of the informal debt problems by providing loan services in the provincial level (PICO Plus) which approves loans of up to 100,000 baht for any individual with home registration document and/ or residing or working in the vicinity of the Company's head office in that province. Loans can be approved without collateral and/or with in the form of car title or motorcycle title as a collateral. The maximum interest rate together with penalty, service fee, and other related fees is no more than 36% per annum for credit limit not over 50,000 baht and no more than 28% for credit limit over 50,000 baht. As of 31 December 2020, total sum of loans stood at 3.8 million baht. KTC PICO (Bangkok) currently holds shares in KTC PICO Company Limited in 4 provinces namely Chonburi, Samutprakarn, Samutsakorn, and Patumthani. The Company plans to approve more loans in 2021.
- 2) **KTC Nano Company Limited** offers personal loans to freelancers or individuals with irregular income such as mom-and-pop store owners, traders, any typical registered merchants, or regular employees with monthly salary less than 15,000 baht. Key purpose of getting loans must be occupationally related such as to expand businesses, or to relieve burdens from informal debts. Each individual can get a loan for up to 100,000 baht at an effective interest rate of no more than 33% per annum. But due to the current economic conditions with high uncertainty, especially in small business operators group, the Company therefore considers postponing the nano finance launching plan until the economic situation becomes clearer.
- 3) **KTC Prepaid Company Limited** is established to operate E-payment services, such as acquiring services, bill payment services, and money transfer services via electronic channels which the permission is to be granted from the business governing bodies. Krungthai Bank holds 24.95% of total shares while KTC holds 75.05% of total shares.

- 4) **Krungthai Advisory Company Limited (KTBA)** conducts business as a holding company where KTC and Krungthai Bank made a joint venture agreement on 30 October 2020. KTC purchased ordinary shares in KTBA from Krungthai Bank. As a result, Krungthai Bank holds 76.00% of total shares while KTC holds 24.00% of total shares.

### 17.3 Transactions with Related Parties in 2020 and 2019

The Group and the Company have transactions with related parties. Certain portions of the Group's and the Company's assets, liabilities, revenues and administrative expenses represent transactions occurred with such related parties. These parties are related through common shareholders and/or directorships. Those significant transactions with related parties as included in the consolidated and separate financial statements are determined at the prices in line with those occur in the normal course of business based on the market price in general or the price as stipulated in the agreements.

#### 17.3.1 The significant balances with related parties

The significant balances with related parties as of December 31, 2020 and 2019 are as follows:

CONSOLIDATED FINANCIAL STATEMENTS			
Related parties	Relationship	2563 Thousand Baht	2562 Thousand Baht
Krung Thai Bank Public Company Limited	Major Shareholder		
– Deposits at a financial institution (a part of cash and cash equivalents)		1,468,909	881,553
– Other receivables		1,791	723
– Short-term borrowings		7,660,000	3,490,000
– Trade payables		712,484	901,518
– Accrued interest expenses		399	287
– Other current liabilities		1,693	1,693
KTBC Computer Services Company Limited	Same Ultimate Holding Company		
– Trade payables		-	208

CONSOLIDATED FINANCIAL STATEMENTS			
Related parties	Relationship	2563 Thousand Baht	2562 Thousand Baht
KTB General Services and Security Company Limited	Same Ultimate Holding Company		
- Trade payables		7,934	8,729
Krungthai Assets Management Public Company Limited	Same Ultimate Holding Company		
- Other receivables		3,622	4,844
- Trade payables		79	78
Krungthai Panich Insurance Public Company Limited	Same Ultimate Holding Company		
- Other receivables		1,100	1,325
KT Zmico Securities Company Limited	Same Ultimate Holding Company		
- Short-term borrowings			349,625
Krungthai AXA Life Insurance Public Company Limited	Same Ultimate Holding Company		
- Other receivables		730	2,100
- Trade payables		-	12
Krungthai Thai IBJ Leasing Company Limited	Same Ultimate Holding Company		
- Trade payables		-	318
KTB Law Company Limited	Same Ultimate Holding Company		

CONSOLIDATED FINANCIAL STATEMENTS			
Related parties	Relationship	2563 Thousand Baht	2562 Thousand Baht
- Trade payables		200	-

SEPARATE FINANCIAL STATEMENTS			
Related parties	Relationship	2563 Thousand Baht	2562 Thousand Baht
Krung Thai Bank Public Company Limited	Major Shareholder		
- Deposits at a financial institution (a part of cash and cash equivalents)		1,468,536	881,007
- Other receivables		1,791	723
- Short-term borrowings		7,660,000	3,490,000
- Trade payables		712,484	901,518
- Accrued interest expenses		399	287
- Other current liabilities		1,693	1,693
KTB Computer Services Company Limited	Same Ultimate Holding Company	0	0
- Trade payables		-	208
KTB General Services and Security Company Limited	Same Ultimate Holding Company	0	0
- Trade payables		7,934	8,729

SEPARATE FINANCIAL STATEMENTS			
Related parties	Relationship	2563 Thousand Baht	2562 Thousand Baht
Krungthai Assets Management Public Company Limited	Same Ultimate Holding Company		
– Other receivables		3,622	4,844
– Trade payables		78	78
Krungthai Panich Insurance Public Company Limited	Same Ultimate Holding Company		
– Other receivables		1,100	1,325
KT Zmico Securities Company Limited	Same Ultimate Holding Company		
– Short-term borrowings		-	349,625
Krungthai AXA Life Insurance Public Company Limited	Same Ultimate Holding Company		
– Other receivables		730	2,100
– Trade payables		-	12
Krungthai Thai IBJ Leasing Company Limited	Same Ultimate Holding Company		
– Trade payables		-	318
KTB Law Company Limited	Same Ultimate Holding Company		
– Trade payables		200	-
KTC Pico (Bangkok) Co., Ltd.	Subsidiary		

SEPARATE FINANCIAL STATEMENTS			
Related parties	Relationship	2563 Thousand Baht	2562 Thousand Baht
- Other receivables		334	169
- Short-term borrowings		52,143	17,929
- Accrued interest expenses		3	1
- Other current liabilities		22	22
KTC Nano Co., Ltd.	Subsidiary		
- Other receivables		389	109
- Short-term borrowings		50,270	50,110
- Accrued interest expenses		1	4
KTC Pico (Chonburi) Co., Ltd.	Subsidiary		
- Other receivables		278	11
- Short-term borrowings		-	9,900
- Accrued interest expenses		-	1
KTC Pico (Samut Sakhon) Co., Ltd.	Subsidiary		
- Other receivables		27	11
- Short-term borrowings		-	9,800
- Accrued interest expenses		-	1
KTC Pico (Pathum Thani) Co., Ltd.	Subsidiary		
- Other receivables		246	52
- Short-term borrowings		-	9,900



SEPARATE FINANCIAL STATEMENTS			
Related parties	Relationship	2563 Thousand Baht	2562 Thousand Baht
- Accrued interest expenses		-	1
KTC Pico (Samut Prakan) Co., Ltd.	Subsidiary		
- Other receivables		282	9
- Short-term borrowings		-	9,850
- Accrued interest expenses		-	1
KTC Prepaid Co., Ltd.	Subsidiary		
- Other receivables		63	-
- Short-term borrowings		99,900	-
- Accrued interest expenses		171	-

**.17.32 Movements of short-term borrowings from related financial institutions and related parties**

Movements of short-term borrowings from related financial institutions for the years ended December 31, 2020 and 2019 are as follows:

CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS			
Related parties	Relationship	2020 Thousand Baht	2019 Thousand Baht
Krung Thai Bank Public Company Limited	Major Shareholder		
- Beginning balance		3,490,000.00	3,539,907.00
- <u>Add</u> Borrowings during the years		60,650,000.00	65,090,093.00
- <u>Less</u> Repayments during the years		(56,480,000.00)	(65,140,000.00)
- Ending balance		7,660,000.00	3,490,000.00

CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS			
Related parties	Relationship	2020 Thousand Baht	2019 Thousand Baht
KT Zmico Securities Company Limited	Same Ultimate Holding Company		
- Beginning balance		349,625.00	299,872.00
- <u>Add</u> Borrowings during the years		2,720,375.00	2,359,753.00
- <u>Less</u> Repayments during the years		(3,070,000.00)	(2,310,000.00)
- Ending balance		-	349,625.00

As of December 31, 2020, short-term borrowings from related financial institutions are promissory notes have carrying interest rate at Money Market Rate (MMR), which is 0.95% per annum. (As of December 31, 2019: 1.45% - 1.50% per annum)

Movements of short-term borrowings from related parties for the years ended December 31, 2020 and 2019 are as follows:

SEPARATE FINANCIAL STATEMENTS			
Related parties	Relationship	2020 Thousand Baht	2019 Thousand Baht
KTC Pico (Bangkok) Co., Ltd.	Subsidiary		
- Beginning balance		17,929	-
- <u>Add</u> Borrowings during the years		81,621	192,119
- <u>Less</u> Repayments during the years		(47,407)	(174,190)
- Ending balance		52,143	17,929
KTC Nano Co., Ltd.	Subsidiary		
- Beginning balance		50,110	-

SEPARATE FINANCIAL STATEMENTS			
Related parties	Relationship	2020 Thousand Baht	2019 Thousand Baht
- <u>Add</u> Borrowings during the years		220,320	495,500
- <u>Less</u> Repayments during the years		(220,160)	(445,390)
- Ending balance		50,270	50,110
KTC Pico (Chonburi) Co., Ltd.	Subsidiary		
- Beginning balance		9,900	-
- <u>Add</u> Borrowings during the years		27,000	55,800
- <u>Less</u> Repayments during the years		(36,900)	(45,900)
- Ending balance		-	9,900
KTC Pico (Samut Sakhon) Co., Ltd.	Subsidiary		
- Beginning balance		9,800	-
- <u>Add</u> Borrowings during the years		27,000	56,500
- <u>Less</u> Repayments during the years		(36,800)	(46,700)
- Ending balance		-	9,800
KTC Pico (Pathum Thani) Co., Ltd.	Subsidiary		
- Beginning balance		9,900	-
- <u>Add</u> Borrowings during the years		27,000	55,800
- <u>Less</u> Repayments during the years		(36,900)	(45,900)
- Ending balance		-	9,900
KTC Pico (Samut Prakan) Co., Ltd.	Subsidiary		

SEPARATE FINANCIAL STATEMENTS			
Related parties	Relationship	2020 Thousand Baht	2019 Thousand Baht
- Beginning balance		9,850	-
- <u>Add</u> Borrowings during the years		27,000	56,600
- <u>Less</u> Repayments during the years		(36,850)	(46,750)
- Ending balance		-	9,850
KTC Prepaid Co., Ltd.	Subsidiary		
- Beginning balance		-	-
- <u>Add</u> Borrowings during the years		99,900	-
- <u>Less</u> Repayments during the years		-	-
- Ending balance		99,900	-

As at December 31, 2020, short-term borrowings from related parties are borrowings have carrying interest rate at Money Market Rate (MMR), which is 0.95% per annum. (As at December 31, 2019 : 1.50% per annum)

#### .17.33 The significant transactions with related parties

The significant transactions with related parties for the years ended December 31, 2020 and 2019 are as follows

CONSOLIDATED FINANCIAL STATEMENTS			
Related parties	Relationship	2020 Thousand Baht	2019 Thousand Baht
Krung Thai Bank Public Company Limited	Major Shareholder		
- Fee and service income		1,925	1,805
- Other income		7,519	7,526

CONSOLIDATED FINANCIAL STATEMENTS			
Related parties	Relationship	2020 Thousand Baht	2019 Thousand Baht
- Administrative expenses		219,832	268,434
- Finance costs		35,487	41,694
KTB Computer Services Company Limited	Same Ultimate Holding Company		
- Other income		-	60
- Administrative expenses		-	2,434
Krungthai General Services and Security Company Limited	Same Ultimate Holding Company		
- Administrative expenses		45,016	49,531
Krungthai Assets Management Public Company Limited	Same Ultimate Holding Company		
- Fee and service income		5,633	7,276
- Administrative expenses		76	78
Krungthai Panich Insurance Public Company Limited	Same Ultimate Holding Company		
- Fee and service income		14,549	16,407
KT Zmico Securities Company Limited	Same Ultimate Holding Company		
- Finance costs		1,839	2,723
Krungthai AXA Life Insurance Public Company Limited	Same Ultimate Holding Company		

CONSOLIDATED FINANCIAL STATEMENTS			
Related parties	Relationship	2020 Thousand Baht	2019 Thousand Baht
- Fee and service income		106,149	146,888
- Other income		-	2,784
- Administrative expenses		-	3,769
Krungthai IBJ Leasing Company Limited	Same Ultimate Holding Company		

SEPARATE FINANCIAL STATEMENTS			
Related parties	Relationship	2020 Thousand Baht	2019 Thousand Baht
Krung Thai Bank Public Company Limited	Major Shareholder		
- Fee and service income		1,925	1,805
- Other income		7,518	7,525
- Administrative expenses		219,706	268,431
- Finance costs		35,487	41,694
KTB Computer Services Company Limited	Same Ultimate Holding Company		
- Other income		-	60
- Administrative expenses		-	2,434
Krungthai General Services and Security Company Limited	Same Ultimate Holding Company		

SEPARATE FINANCIAL STATEMENTS			
Related parties	Relationship	2020 Thousand Baht	2019 Thousand Baht
- Administrative expenses		45,016	49,531
Krungthai Assets Management Public Company Limited	Same Ultimate Holding Company		
- Fee and service income		5,633	7,276
- Administrative expenses		75	78
Krungthai Panich Insurance Public Company Limited	Same Ultimate Holding Company		
- Fee and service income		14,549	16,407
KT Zmico Securities Company Limited	Same Ultimate Holding Company		
- Finance costs		1,839	2,723
Krungthai AXA Life Insurance Public Company Limited	Same Ultimate Holding Company		
- Fee and service income		106,149	146,888
- Other income		-	2,784
- Administrative expenses		-	3,769
Krungthai IBJ Leasing Company Limited	Same Ultimate Holding Company		
- Administrative expenses		5,427	3,020
KTB Law Company Limited	Same Ultimate Holding Company		

SEPARATE FINANCIAL STATEMENTS			
Related parties	Relationship	2020 Thousand Baht	2019 Thousand Baht
- Administrative expenses		545	-
KTC Pico (Bangkok) Co., Ltd.	Subsidiary		
- Other income		569	233
- Finance cost		439	226
KTC Nano Co., Ltd.	Subsidiary		
- Other income		319	109
- Finance cost		554	572
KTC Pico (Chonburi) Co., Ltd.	Subsidiary		
- Other income		278	11
- Finance cost		36	59
KTC Pico (Samut Sakhon) Co., Ltd.	Subsidiary		
- Other income		27	11
- Finance cost		35	58
KTC Pico (Pathum Thani) Co., Ltd.	Subsidiary		
- Other income		203	52
- Finance cost		36	59
KTC Pico (Samut Prakan) Co., Ltd.	Subsidiary		
- Other income		282	9
- Finance cost		36	58



The above revenues and expenses are determined according to the Business cooperation agreement:

Since the back-office service agreement between the Company and Krung Thai Bank Public Company Limited (“KTB”) was expired on March 31, 2018. The Company and KTB (“Counterparties”) entered into a business cooperation agreement dated March 30, 2018 to provide cooperation and support each other in existing and potential matters in the future. The counterparties will enter into a specific agreement, memorandum of agreement or other service request separately to determine details and conditions of cooperation, support or provide service in compliance with normal business operations of the counterparties.

The term of the business cooperation agreement is 5 years commencing on April 1, 2018. The expiration of this agreement will not impact the existence of agreement, memorandum of agreement or other service request under this agreement which are normal business activities of the counterparties.

**17.4 Summarized Report of the Certified Public Accountants for Financial Statements year 2020, 2019 and 2018**

## 17.4.1 Financial Statements

## STATEMENT OF FINANCIAL POSITION

Audited by Deloitte Touche Tohmatsu Jaiyos Audit Co., Ltd

Unit: Million Baht	Financial Statements					
	Consolidated Financial Statements					
	2020	%	2019	%	2018	%
<b>ASSETS</b>						
<b><u>CURRENT ASSETS</u></b>						
Cash and cash equivalents	1,914	2.2%	1,348	1.6%	2,722	3.4%
Other current financial assets	-	-	4	0.0%	-	-
Loans to credit card customers and accrued interest receivables, net	56,017	63.4%	53,507	62.6%	-	-
Loans to personal loan customers and accrued interest receivables, net <sup>1)</sup>	26,777	30.3%	27,248	31.9%	-	-
Credit card receivables-net	-	-	-	-	47,937	60.2%
Circle loan receivables-net	-	-	-	-	130	0.2%
Personal loan receivables-net	-	-	-	-	24,644	30.9%
Self-employed loan receivables-net	-	-	-	-	2	0.0%
Other receivables	459	0.5%	580	0.7%	1,387	1.7%
<b>Total Current Assets</b>	<b>85,167</b>	<b>96.3%</b>	<b>82,688</b>	<b>96.8%</b>	<b>76,822</b>	<b>96.5%</b>
<b><u>NON-CURRENT ASSETS</u></b>						
Other non-current financial assets	5	0.0%	5	0.0%	9	0.0%
Investments in subsidiaries and an associate	73	0.1%	-	-	-	-

Unit: Million Baht	Financial Statements					
	Consolidated Financial Statements					
	2020	%	2019	%	2018	%
Leasehold improvements and equipment	481	0.5%	495	0.6%	529	0.7%
Right-of-use assets	457	0.5%	-	-	-	-
Intangible assets	475	0.5%	481	0.6%	506	0.6%
Deferred tax assets	1,667	1.9%	1,659	1.9%	1,692	2.1%
Other non-current assets	79	0.1%	82	0.1%	90	0.1%
<b>Total Non-current Assets</b>	<b>3,237</b>	<b>3.7%</b>	<b>2,721</b>	<b>3.2%</b>	<b>2,825</b>	<b>3.5%</b>
<b>Total Assets</b>	<b>88,403</b>	<b>100.0%</b>	<b>85,409</b>	<b>100.0%</b>	<b>79,648</b>	<b>100.0%</b>

<sup>(1)</sup> Loans to personal loan customers and accrued interest receivables is included both circle loan and self-employed loan receivables from 2019

## STATEMENT OF FINANCIAL POSITION (CONTINUED)

Unit: Million Baht	Financial Statements					
	Consolidated Financial Statements					
	2020	%	2019	%	2018	%
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>						
<b><u>CURRENT LIABILITIES</u></b>						
Short-term borrowings from financial institutions						
- Related financial institutions	7,660	8.7%	3,840	4.5%	3,840	4.8%
- Other financial institutions	6,299	7.1%	7,536	8.8%	4,948	6.2%
Trade payables - Related financial institution and related parties	721	0.8%	911	1.1%	1,781	2.2%
Trade payables - Other companies	747	0.8%	856	1.0%	505	0.6%
Accrued interest expenses	328	0.4%	349	0.4%	378	0.5%
Current income tax payable	663	0.7%	598	0.7%	609	0.8%
Accrued expenses	1,107	1.3%	1,198	1.4%	1,087	1.4%
Other payables	1,254	1.4%	1,433	1.7%	2,069	2.6%
Current portion of lease liabilities	213	0.2%	-	-	-	-
Current portion of long-term debentures	8,780	9.9%	6,185	7.2%	5,285	6.6%
Deferred income for reward points	2,346	2.7%	2,277	2.7%	2,336	2.9%
<b>Total Current Liabilities</b>	<b>30,117</b>	<b>34.1%</b>	<b>25,181</b>	<b>29.5%</b>	<b>22,837</b>	<b>28.7%</b>
<b><u>NON-CURRENT LIABILITIES</u></b>						
Long-term debentures	34,700	39.3%	39,980	46.8%	40,050	50.3%

Unit: Million Baht	Financial Statements					
	Consolidated Financial Statements					
	2020	%	2019	%	2018	%
Provisions for employee benefits	489	0.6%	513	0.6%	409	0.5%
Lease liabilities	248	0.3%	-	-	-	-
Total Non-current Liabilities	35,436	40.1%	40,493	47.4%	40,459	50.8%
Total Liabilities	65,553	74.2%	65,674	76.9%	63,296	79.5%

## STATEMENT OF FINANCIAL POSITION (CONTINUED)

Unit: Million Baht	Financial Statements					
	Consolidated Financial Statements					
	2020	%	ปี 2562	%	ปี 2561	%
Authorized share capital						
2 -,578,334, 070ordinary shares of Baht 1.00each	2,578	2.9%	2,578	3.0%	2,578	3.2%
Issued and paid share capital						
- 2,578,334,070 ordinary shares of Baht 1.00 each, fully paid	2,578	2.9%	2,578	3.0%	2,578	3.2%
Share premium on ordinary shares	1,892	2.1%	1,892	2.2%	1,892	2.4%
<b>Retained Earning</b>						
- Appropriated-Legal reserve	258	0.3%	258	0.3%	258	0.3%
- Unappropriated	18,071	20.4%	14,980	17.5%	11,624	14.6%
Non-Controlling Interests	51	0.1%	27	0.0%	-	-
<b>Total Shareholders' Equity</b>	<b>22,850</b>	<b>25.8%</b>	<b>19,735</b>	<b>23.1%</b>	<b>16,352</b>	<b>20.5%</b>
<b>Total Liabilities and Shareholders' Equity</b>	<b>88,403</b>	<b>100.0%</b>	<b>85,409</b>	<b>100.0%</b>	<b>79,648</b>	<b>100.0%</b>

**STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**

Unit: Million Baht	Financial Statements					
	Consolidated Financial Statements					
	2020	%	2019	%	2018	%
<b>Income</b>						
Interest Income-Credit Card	5,849	26.5%	5,259	23.2%	4,884	23.0%
Interest Income-Personal Loan <sup>(1)</sup>	4,506	20.4%	4,208	18.6%	3,883	18.3%
Interest Income-Circle Loan	-	-	-	-	23	0.1%
Interest Income-Self-Employed Loan	-	-	-	-	7	0.0%
Fee and service income	8,290	37.6%	9,172	40.5%	8,640	40.8%
Bad debt recovered	3,119	14.1%	3,496	15.5%	3,342	15.8%
Gain on exchange rate-net	45	0.2%	149	0.7%	142	0.7%
Other income	246	1.1%	340	1.5%	277	1.3%
<b>Total Revenues</b>	<b>22,055</b>	<b>100.0%</b>	<b>22,625</b>	<b>100.0%</b>	<b>21,198</b>	<b>100.0%</b>
<b>Expenses</b>						
Administrative expenses	7,050	32.0%	7,519	33.2%	7,311	34.5%
Management remuneration	210	1.0%	203	0.9%	212	1.0%
Expected credit loss-Credit card	3,467	15.7%	3,508	15.5%	2,858	13.5%
Expected credit loss-Personal Loan <sup>(2)</sup>	3,138	14.2%	2,925	12.9%	2,834	13.4%
Expected credit loss-Circle Loan	-	-	-	-	5	0.0%
Expected credit loss-Self-Employed loan	-	-	-	-	6	0.0%
Finance costs	1,534	7.0%	1,566	6.9%	1,555	7.3%

Unit: Million Baht	Financial Statements					
	Consolidated Financial Statements					
	2020	%	2019	%	2018	%
Total Expenses	15,400	69.8%	15,721	69.5%	14,782	69.7%
Share of profit of an associate accounted for using equity method	0.8	0.0%	-	-	-	-
Profit before income tax	6,656	30.2%	6,904	30.5%	6,416	30.3%
Income tax expense	(1,325)	6.0%	(1,380)	6.1%	(1,277)	6.0%
<b>Net Profit for the year</b>	<b>5,332</b>	<b>24.2%</b>	<b>5,524</b>	<b>24.4%</b>	<b>5,140</b>	<b>24.2%</b>

<sup>(1)</sup> Personal loan interest income is included circle and self-employed loan

<sup>(2)</sup> Personal loan expected credit loss is included circle and self-employed loan



STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (CONTINUED)

Unit: Million Baht	Financial Statements					
	Consolidated Financial Statements					
	2020	%	ปี 2562	%	ปี 2561	%
Other comprehensive income (loss)						
Gains (losses) on remeasurements of defined benefit plans	34	0.2%	(67)	(0.3%)	2	0.01%
Income tax relating to components of other comprehensive income (loss) that will not be reclassified to profit or loss	(7)	0.0%	13	0.1%	0	0.0%
Other comprehensive income (loss) for the year-net of tax	27	0.1%	(54)	(0.2%)	1	0.01%
Total Comprehensive Income for the year	5,359	24.3%	5,470	24.2%	5,141	24.3%
PROFIT (LOSS) ATTRIBUTABLE TO						
Owners of the parent	5,333	24.2%	5,524	24.4%	5,140	24.2%
Non-controlling interests	(1)	0.0%	(0.1)	0.0%	-	-
	5,332	24.2%	5,524	24.4%	5,140	24.2%
Basic Earnings Per Share (Baht)	2.07	-	2.14	-	1.99	-

**STATEMENT OF CASH FLOWS**

Unit: Million Baht	Financial Statements		
	Consolidated Financial Statements		
	2020	2019	2018
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Profit before income tax	6,656	6,904	6,416
Amortization of premium on debt securities	0.01	0.03	0.03
Share of profit of an associate accounted for using equity method	(0.8)	-	-
Amortization of deferred interest expense on bills of exchange	-	6	6
Employee benefits expense	49	44	117
Depreciation and amortization	508	339	352
(Gain) Loss from disposal and written-off of leasehold improvements and equipment-net	(0.4)	410	0.2
Reversal of allowance for impairment of assets	-	(386)	-
Expected Credit Loss	6,605	6,433	5,703
Interest expense	1,515	1,546	1,537
	15,332	15,296	14,131
<b>Operating assets decrease (increase)</b>			
Loans to customers and accrued interest receivables, net increase	(8,644)	(13,942)	(10,628)
Other receivables decrease (increase)	122	273	(123)
Other non-current assets decrease (increase)	3	8	(9)
<b>Operating liability increase (decrease)</b>			

Unit: Million Baht	Financial Statements		
	Consolidated Financial Statements		
	2020	2019	2018
Trade payables-related financial institution and related parties increase (decrease)	(190)	(870)	462
Trade payables-other companies increase (decrease)	(102)	536	9
Accrued interest expenses increase (decrease)	4	(2)	(0.4)
Accrued expenses increase (decrease)	(91)	110	31
Other payables increase (decrease)	(179)	(637)	768
Deferred income for reward points increase (decrease)	69	(58)	(223)
<b>Cash received from operations</b>	<b>6,323</b>	<b>715</b>	<b>4,419</b>
Interest expense paid	(1,529)	(1,574)	(1,452)
Employee benefits paid	(39)	(8)	(27)
Income tax paid	(1,275)	(1,345)	(1,024)
<b>Net cash provided by (used in) operating activities</b>	<b>3,480</b>	<b>(2,211)</b>	<b>1,916</b>

**STATEMENT OF CASH FLOWS (CONTINUED)**

Unit: Million Baht	Financial Statement		
	Consolidated Financial Statements		
	2020	2019	2018
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Cash paid for investments in subsidiaries and an associate	(72)	-	-
Cash received from sale of long-term investment	-	-	3
Cash paid for purchase of leasehold improvements and equipment	(210)	(230)	(93)
Cash paid for purchase of computer software	(127)	(274)	(132)
Proceeds from sale of leasehold improvements and equipment	3	16	0.3
Cash received from redemption of other financial assets	4	-	-
Net cash used in investing activities	(402)	(487)	(222)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Cash received from (paid for) short-term borrowings from financial institutions and related parties (net)	2,584	2,582	(1,287)
Proceeds from issuance of long-term debentures	3,500	6,115	9,250
Cash paid for redemption of long-term debentures	(6,185)	(5,285)	(7,270)
Dividend paid	(2,269)	(2,114)	(1,366)
Cash paid for lease liabilities	(168)	-	-
Proceed from ordinary shares issued of subsidiaries from non-controlling interest	25	27	-
Net cash provided by (used in) financing activities	(2,513)	1,325	(673)
<b>NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>566</b>	<b>(1,374)</b>	<b>1,021</b>

Unit: Million Baht	Financial Statement		
	Consolidated Financial Statements		
	2020	2019	2018
CASH AND CASH EQUIVALENTS AS AT JANUARY 1,	1,348	2,722	1,701
CASH AND CASH EQUIVALENTS AS AT DECEMBER 31,	1,914	1,348	2,722

## 17.4.2 Key Financial Ratio

	Unit	As of 31 December 2020	As of 31 December 2019	As of 31 December 2018
<b><u>Profitability Ratio</u></b>				
Gross Profit Margin	%	88.3%	87.7%	86.8%
Net Profit Margin	%	24.2%	24.4%	24.2%
Return on Equity (ROE)	%	25.0%	30.6%	35.5%
Average Interest Received <sup>(1)</sup>	%	17.3%	17.7%	18.0%
Average Cost of Fund	%	2.7%	2.8%	2.9%
Net Interest Margin	%	14.7%	14.9%	15.1%
<b><u>Efficiency Ratio</u></b>				
Net Interest Revenue/Total Asset <sup>(2)</sup>	%	14.5%	14.6%	14.5%
Return on Asset (ROA)	%	6.1%	6.7%	6.7%
Asset Turnover	times	0.3	0.3	0.3
<b><u>Financial Ratio</u></b>				
Debt to Equity (D/E)	times	2.9	3.3	3.9
Loan to Borrowing	%	157.0%	150.2%	144.5%
Interest Coverage Ratio	times	5.3	5.4	5.1
Dividend Payout Ratio	%	42.5% <sup>(3)</sup>	41.1%	41.1%
<b><u>Asset Quality Ratio</u></b>				
Allowance for Expected Credit Loss to Total Receivables	%	8.2%	6.6%	7.0%
Bad Debt/Total Receivables	%	5.5%	7.3%	7.6%
% NPL	%	1.8%	1.1%	1.1%
% NPL Credit Card	%	1.3%	0.9%	1.0%

	Unit	As of 31 December 2020	As of 31 December 2019	As of 31 December 2018
% NPL Personal Loan	%	2.7%	0.9%	0.8%

<sup>(1)</sup> Credit usage fee is included in the calculation

<sup>(2)</sup> Interest revenue is included credit usage fee

<sup>(3)</sup> The right to receive dividends is unconfirmed until approved in the Annual General Shareholders Meeting 2021 No(19).

#### 17.4.3. Overall performance analysis for year 2020

The COVID-19 pandemic which started since the beginning of 2020 had severely affected overall economic data. However, due to the stimulus from public spending, the Thai economy had gradually recovered since the end of the second quarter. As overall economic data began to improve, the Company's credit card spending passed its lowest point which contracted at -36% (yoy) in April (the average contraction rate in Q2 was -21.0% yoy) and returned to grow in each month, hence only contracted at -7.7% (yoy) in average for the Year 2020. The Company's total receivable portfolio in 2020 was also able to expand at 4.3% (yoy). Nonetheless, following the Bank of Thailand's new criteria to reduce its interest rate ceiling both for credit card business by 2% and for personal loan business by 3% since August 1, 2020, the Company's revenue in the last quarter of 2020 had been unavoidably impacted for the entire period. Thus, the Company had given further priority to its customer screening so as to effectively manage its asset quality. The Company had also adjusted its strategies and acquired new business models to be in accordance with changing consumer behaviors. In addition, the Company had obtained appropriate measures for its receivables risk management, improved its entire work process, reduced its operating costs, as well as shortened its period for bad debts write-off so as to truly reflected reality of its portfolio. Meanwhile, the Company continued to maintain appropriate financial expense and gained income from bad debt recovery at a satisfactory level. The Company's profits before expected credit loss for 2020 was approximately the same as last year.

**Business plans in 2021** Despite various risk factors affecting its business operations, the Company continues to aim for the expansion in both credit card spending and total receivables portfolios. The Company also places the significance in its asset quality by focusing on its management of debt collection and its control of NPLs at an appropriate level. The Company is positively convinced that profits can be achieved this year with an acceptable, yet even better than last year growth rate.

Under the TFRS 9 standard, net profits for 2020 totaled to 5,332 MB. Profit values before expected credit loss for 2020 equaled to 13,262 MB, nearly the same as last year of 13,337 MB.

With the increase in interest income from both credit card and personal loan of 5.7% (yoy) and 2.8% (yoy), respectively, the Company's total interest income (including credit usage fee) for 2020 amounted to 14,167 MB, a 4.1% (yoy) growth but at a slower pace than that of 7.3% (yoy) for the first nine months period of this year. This was due to the impact from the reduction in interest rate ceiling for the last 5 months of this year, thus some decline in interest income for the fourth quarter. However, the Company still have sound member base whose accounts remained active roughly as before and continued to generate continuous interest income. In the meantime, fee income (excluding credit usage fee) for 2020 contracted at -11% (yoy) or amounted to 4,478 MB.

KTC's credit card spending for the year 2020 contracted at -7.7% while that of the industry at -12.8%. By quarterly comparison in percentage changes for this year, the industry's percentage changes in Q1, Q2, Q3, and Q4 were at -0.7%, -25.8%, -12.5%, and -12.2% respectively while percentage changes of KTC's credit card spending were better than those of the industry at 2.2%, -21.0%, -5.8%, and -6.3% respectively. For 2020, KTC's credit card spending valued 197,087 MB in total.

(Unit : Million Baht)	Consolidated 4Q2020	Consolidated 4Q2019	Consolidated Y2020	Consolidated Y2019
Total Revenues <sup>(1)</sup>	5,566	5,927	22,056	22,625
- Bad Debt Recovered	836	898	3,119	3,496
Administrative Expense	2,037	2,038	7,260	7,722
Finance Costs	375	399	1,534	1,566
Pre-Provision Profit	3,153	3,490	13,262	13,337
Expected Credit Loss	1,511	1,841	6,605	6,433
(Bad Debts and Doubtful Accounts)				
- Bad Debt	1,186	1,648	4,920	6,290
- Doubtful Accounts (Reversal)	324	193	1,685	143
Profit before Income Tax	1,642	1,649	6,656	6,904
Income Tax Expense	321	330	1,325	1,380
Net Profit for the Period	1,321	1,319	5,332	5,524

Remark: (1) Total revenue for 2020 included share of profit of associates in which the equity method is applied.

The Company's member base remained closely the same as the previous year, with total members of 3.4 million accounts, comprising of 2,575,684 credit cards (up 2.6% yoy) and 814,329 personal loan accounts (down -8.3% yoy from non-active accounts closing during the past period).

Total loans expanded at 4.3% or amounted to 90,149 MB, consisting of 60,235 MB from total credit card receivables and 29,915 MB from total personal loan receivables.



(Unit : Million Baht)	Consolidated Financial Statement		
	As at December 31, 2020		
	Credit Card	Personal Loan	Total
Stage 1	53,402	23,618	77,020
Stage 2	5,797	5,192	10,989
Stage 3	791	807	1,598
Total loans to customers	59,990	29,617	89,607
<u>Add</u> Accrued interest receivables and undue interest receivables, net	245	298	543
Total loan to customers and accrued interest receivables	60,235	29,915	90,149
<u>Less</u> Allowance for expected credit loss	4,218	3,138	7,355
Total loans to customers and accrued interest receivables, net	56,017	26,777	82,794

Net interest margin for 2020 was 14.66% due to average interest received at 17.32% and cost of funds at 2.67%. Net interest margin for this year was down from last year of 14.93% following the reduction in interest rate ceiling.

The Company's total NPL under the TFRS 9 standard for 2020 declined to 1.8% from that of 1.9% in Q3, thanks to the Company's capability in effectively managing its receivables quality. The Company had also been in full support of the government policy to assist debtors not to be too quickly classified as NPL during this abnormal economic situation by following the Bank of Thailand's relaxation guidelines to postpone debt classification for NPL receivables who still can make predetermined repayment without undertaking debt restructuring. Therefore, the value of receivables in Stage 3 (NPL) at the end of the year hardly changed with the amount of 1,598 MB, compared to that of 1,555 MB in Q3.

Impacts from Implementing TFRS9	Consolidated 4Q2020 (TFRS9)	Consolidated 3Q2020 (TFRS9)	Consolidated 2Q2020 (TFRS9)
Total NPL(%)	1.8%	1.9%	6.6%
-NPL Credit Card (%)	1.3%	1.4%	5.6%
-NPL Personal Loan (%)	2.7%	2.6%	8.5%
Allowance for Expected Credit Loss to Total Receivables (%)	8.2%	8.3%	10.4%
NPL Coverage Ratio (%)	460.4%	452.0%	157.5%

Allowance for expected credit loss to total loans at the end of 2020 equaled to 8.2%, down from that of 8.3% in Q3 and NPL Coverage Ratio was higher to 460.4% in this quarter from that of 452.0% in the last quarter

For 2020, total operating cost to income ratio was 32.9%, declined from 34.1% (yoy). This was owing to less marketing campaigns for both new card acquisition and card spending promotion, but more focus on marketing campaigns via online channels. Yet, net operating cost to income ratio was 25.4%, approximately the same as previous of 25.3% (yoy).

#### 17.4.3.1 Revenue and Expense

Total revenue for 2020 was 22,056 MB, down by -2.5% compared to last year. Interest income from credit card receivables and personal loan receivables increased by 5.7% (yoy) and 2.8% (yoy) respectively, nonetheless at a slower pace as a result of the COVID-19 pandemic, together with the impact from the reduction of interest rate ceiling following the Bank of Thailand's debt relief measure. Meanwhile, fee income (excluding credit usage fee) contracted at -11.0% (yoy) because of the decline in fee income from interchange fee, from cash withdrawal, as well as from merchant's acquiring business

(Unit: Million Baht)	Y2020	% of Revenue	Y2019	% of Revenue	Growth
Total interest income including credit usage fee	14,167	64%	13,607	60%	4%
- Credit Card Receivables	6,611	30%	6,255	28%	6%
- Personal Loan Receivables	7,556	34%	7,352	32%	3%
Fee Income (excluding credit usage fee)	4,478	20%	5,032	22%	-11%
Financial Cost	1,534	7%	1,566	7%	-2%
Net Interest Margin	14.66%	0.00%	14.93%	0.00%	0.00%
- Average Interest Received (%)	17.32%	0.00%	17.73%	0.00%	0.00%
- Cost of Fund (%)	2.67%	0.00%	2.81%	0.00%	0.00%

In 2020, the total expense equaled to 15,400 MB, comprising of 7,260 MB from administrative expense, 6,605 MB from expected credit loss, and 1,534 MB from funding cost.

Administrative expense was down by -6.0% (yoy) due to the decline in both transaction volumes and marketing activities.

Details of total administrative expense in 2020 are listed as follows.

(Unit: Million Baht)	Y2020	% of Revenue	Y2019	% of Revenue	Growth (%)
Personal Expense	2,278	10%	2,450	11%	-7%
Marketing Expense	817	4%	1,014	4%	-19%
Fees	2,267	10%	2,373	10%	-4%
Other Administrative Expense	1,899	9%	1,884	8%	1%
Total Administrative Expense	7,260	33%	7,722	34%	-6%

Expected credit loss valued 6,605 MB in total, up 2.7% (yoy), consisting of 4,920 MB of bad debts and 1,685 MB of doubtful accounts. Details are explained as follows.

(Unit: Million Baht)	Y2020	% of Revenue	Y2018	% of Revenue	Growth
Expected Credit Loss	6,605	30%	6,433	28%	3%
- Expected Credit Loss: Credit Card	3,467	16%	3,508	16%	-1%
- Expected Credit Loss: Personal Loan	3,138	14%	2,926	13%	7%

Change in allowance for expected credit loss as of December 31, 2020

(Unit : Million Baht)	Allowance for Expected Credit Loss			Allowance for Doubtful Account	Total
	12-month ECL (Stage 1)	Lifetime ECL - not Credit Impaired (Stage 2)	Lifetime ECL - Credit Impaired (Stage 3)		
Balance as at December 31, 2019	-	-	-	5,670	5,670
Impact of adoption of TFRS 9	2,419	1,998	1,252	(5,670)	-
Balance as at January 1, 2020	2,419	1,998	1,252	-	5,670
Changes in staging	831	(582)	(249)	-	-
Changes in risk parameters	148	1,528	5,696	-	7,372
New financial assets purchased/acquisition	631	-	-	-	631
New financial assets derecognized	(165)	(500)	(732)	-	(1,397)
Written-off	-	-	(4,920)	-	(4,920)
Balance as at December 31, 2020	3,865	2,445	1,046	-	7,355

At the end of 2020, the Company's Management Overlay was 1,000 MB to prepare to mitigate economic risk in the future.

#### 17.4.3.2 Financial status and sources of funding

**Increase in assets.** The Company's assets at the end of 2020 were at 88,403 MB. The main income generating assets were loans to customers and net accrued interest receivables of 82,794 MB, accounted for 94% of total assets whereas the rest of 6% comprised of cash, other receivables, deferred tax assets and other assets.

**Effective fund raising.** The Company's total borrowing amounted to 57,439 MB, nearly the same as the previous year of 57,540 MB. Fund raising structure was both from short-term and long-term borrowings. Short term borrowings were loans from related financial institutions of 7,660 MB and from other financial institutions of 6,299 MB. Long term borrowings were from debentures issuances of 43,480 MB to various sources, i.e. Thai commercial banks, securities companies, insurance companies and other asset managements. At the end of 2020, the Company's total credit lines amounted to 29,940 MB, consisting of 18,030 MB from Krung Thai Bank and 11,910 MB from other commercial banks. As the Company had utilized some of those credit lines, its available credit lines at the end of December 2020 equaled to 16,979 MB. The Company's cost of funds was at 2.67% and its debt-to-equity ratio was at 2.87 times, very well below the bond covenant limited at 10 times.

KTC Financial Highlights (Unit : Million Baht)	4Q2020	4Q2019	Y2020	Y2019
Total Revenue	5,566	5,927	22,056	22,625
Total Expense (excluding Financial Cost)	3,548	3,878	13,866	14,155
Total Expense (including Financial Cost)	3,923	4,278	15,400	15,721
Net Profit	1,321	1,319	5,332	5,524
Loans to Credit Card Customer and Accrued Interest Receivables, net	56,017	53,507	56,017	53,507
Loans to Personal Loans Customers and Accrued Interest Receivables, net	26,777	27,248	26,777	27,248
Total Assets	88,403	85,409	88,403	85,409
Total Borrowings	57,439	57,540	57,439	57,540
Total Liabilities	65,553	65,674	65,553	65,674
Total Shareholders' Equity	22,850	19,735	22,850	19,735