

Management Discussion and Analysis (MD&A)

Financial Statements

Statements of Financial Position

(Unit: Million Baht)	31 December 2021	31 December 2022	31 December 2023	Growth rate 2023-2022	
				Change	% change
Assets					
Cash and cash equivalents	3,994.7	2,191.2	1,656.0	(535.2)	(24.4%)
Loans and hire purchase receivables	61,458.2	81,265.4	97,456.5	16,191.1	19.9%
Allowance for expected credit loss	(2,610.9)	(3,198.9)	(3,981.4)	(782.5)	24.5%
Other current assets	944.8	1,263.1	1,431.2	168.1	13.3%
Other non-current assets	2,738.6	3,206.2	3,585.6	379.4	11.8%
Total assets	66,525.4	84,727.0	100,147.9	15,420.9	18.2%
Liabilities and Shareholders' Equity					
Loan and debentures	41,185.3	55,749.2	68,214.0	12,464.8	22.4%
Other liabilities	2,935.1	3,555.9	3,510.4	(45.5)	(1.3%)
Total liabilities	44,120.4	59,305.1	71,724.4	12,419.3	20.9%
Total shareholders' equity	22,405.0	25,421.9	28,423.5	3,001.6	11.8%
Total liabilities and shareholders' equity	66,525.4	84,727.0	100,147.9	15,420.9	18.2%

Statements of Profit or Loss and Other Comprehensive Income

(Unit: Million Baht)	2021	2022	2023	Growth rate 2023-2022	
				Change	% change
Interest income on loans and hire-purchase receivables	9,824.7	12,532.3	15,544.8	3,012.5	24.0%
Fee and service income	2,197.1	2,710.5	3,380.2	669.7	24.7%
Other income	25.3	31.6	47.1	15.5	49.1%
Total revenues	12,047.1	15,274.4	18,972.1	3,697.7	24.2%
Service and administrative expenses	(6,558.9)	(7,923.2)	(9,400.8)	(1,477.6)	18.6%
Finance costs	(1,121.1)	(1,235.1)	(1,841.9)	(606.8)	49.1%
Profit before credit loss	4,367.1	6,116.1	7,729.4	1,613.3	26.4%
Credit loss	(414.1)	(1,582.7)	(2,985.7)	(1,403.0)	88.6%
Loss arising from derecognition of financial assets measured at amortized cost	(624.8)	(943.6)	(2,180.8)	(1,237.2)	131.1%
(Impairment loss) reversal of impairment loss determined in accordance with TFRS 9	210.7	(639.1)	(804.9)	(165.8)	25.9%
Profit before income tax expense	3,953.0	4,533.4	4,743.7	210.3	4.6%
Income tax expenses	(784.1)	(893.2)	(953.3)	(60.1)	6.7%
Net profit	3,168.9	3,640.2	3,790.4	150.2	4.1%

Key Financial Ratio

	2021	2022	2023
<u>Profitability ratio</u>			
Interest Margin (%)	17.4	17.6	17.4
Funding Cost (%)	2.0	1.7	2.1
Net interest margin (%)	15.4	15.8	15.3
Net profit margin (%)	26.3	23.8	20.0
Return on equity (ROE) (%)	18.6	15.2	14.1
Return on asset (ROA) (%)	5.3	4.8	4.1
<u>Operating efficiency ratio</u>			
Current Ratio (times)	1.2	1.3	0.9
Net debt to EBITDA ratio (times) (Net debt to EBITDA ratio = interest bearing liabilities - cash and cash equivalents - short-term investments / EBITDA)	6.3	8.1	8.8
Interest Coverage ratio (times) (Interest Coverage Ratio: ICR = earnings before tax and finance costs / finance costs)	4.5	4.7	3.6
Debt service coverage ratio (times) (Debt Service Coverage Ratio: DSCR = EBITDA/ interest bearing short-term debt + current portions of interest bearing debts)	0.3	0.3	0.2
Debt-to-equity ratio (times) (Debt to Equity Ratio: D/E = total liabilities / total shareholders' equity))	2.0	2.3	2.5
<u>Financial ratio</u>			
Current portion of interest-bearing debts due within 1 year to total interest-bearing debt (times)	0.5	0.4	0.5
Borrowings from financial institutions to total liabilities (times)	0.6	0.5	0.5
<u>Asset quality ratio</u>			
Non-performing loans to total loans and hire-purchase receivables (%)	1.2	1.6	1.4
Expected credit losses to non-performing loans (%)	356.6	248.9	282.1
Credit cost (%)	0.7	2.2	3.3

Summary of Annual Operating Results and Analysis of Operating Performance and Financial Position

The following is the description of the Company's management relating to financial position and performance prepared in accordance with Thai Financial Reporting Standards.

Executive Summary

Ngern Tid Lor Public Company Limited ("TIDLOR" or "the Company") achieved higher profits for the year 2023, reporting a net profit of Baht 3,790.4 million, an increase of 4.1% (YoY) from the previous year's performance of Baht 3,640.2 million.

At the end of 2023, the Company had an outstanding loan portfolio of Baht 97,456.5 million, expanding by 19.9% (YoY), with the overall loan portfolio quality remaining well-controlled. The non-performing loans (%NPL) ratio was at 1.45%, decreasing from 1.58% at the end of 2022. The key drivers supporting business growth stemmed from investment strategies and technological development, reflected in the success of the TIDLOR card and NTL application, which saw a consistent increase in usage. Additional growth factors were the phased recovery of Thailand's economy and the continued expansion of the insurance brokerage business. The total non-life insurance premiums for the year 2023 amounted to Baht 8,743.3 million baht, an increase of 25.3% (YoY).

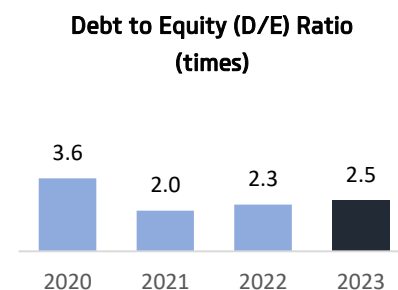
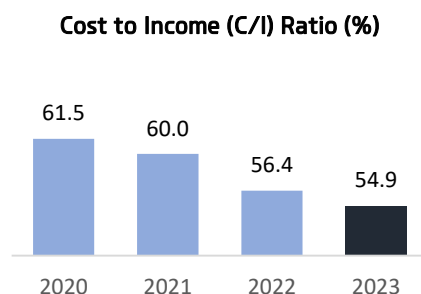
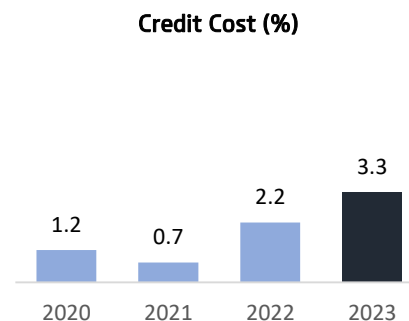
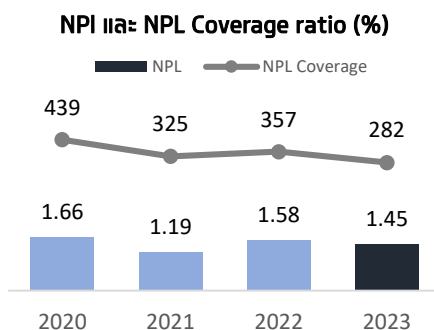
The Company generated total revenue of Baht 18,972.1 million, marking an increase of 24.2% (YoY), driven by the expansion of its operations. The primary revenue was derived from the interest income from loans and hire-purchase receivables, which increased by 24.0% (YoY), alongside a 24.7% (YoY) rise in fees and service income. Meanwhile, the total expenses amounted to Baht 14,228.4 million, resulting from an increase in service and administrative expenses that paralleled the growth of the customer base and businesses. Credit losses were in line with the expansion of the total loan portfolio and reflected asset quality after the expiration of debt moratorium, as well as an uptick in financial costs in response to rising policy interest rates. However, the cost-to-income ratio in 2023 improved, decreasing to 54.9% from the same period of the previous year at 56.4%, reflecting efficient expense management.

For the year 2023, the Company maintained its commitment to services and enhancing financial inclusion through its core businesses in lending and insurance brokerage. The performance was in line with the direction of the set targets, including the continuous growth of both the total loan portfolio and the insurance brokerage business with efficient management of the non-performing loan ratio (%NPL) and credit costs. The Company witnessed robust income growth, effective cost control, and proficient asset quality management as well as setting aside appropriate and adequate reserves to accommodate business expansion, risks associated with economic revitalization, geopolitical uncertainties, and the depreciation of used car prices in the market. Moreover, the Company also prioritized cultivating a healthy portfolio within a stringent and efficient risk management policy, enabling the Company to generate decent profit while maintaining a strong financial position.

Summary of the year 2023 Performance

(Unit: Million Baht)	2022	2023	% YoY Increase/ (Decrease)
Interest income on loans and hire-purchase receivables	12,532.3	15,544.8	24.0%
Fee and service income	2,710.5	3,380.2	24.7%
Other income	31.6	47.1	49.1%
Total revenues	15,274.4	18,972.1	24.2%
Service and administrative expenses	(7,923.2)	(9,400.8)	18.6%
Finance costs	(1,235.1)	(1,841.9)	49.1%
Profit before credit loss	6,116.1	7,729.4	26.4%
Credit loss	(1,582.7)	(2,985.7)	88.6%
Loss arising from derecognition of financial assets measured at amortized cost	(943.6)	(2,180.8)	131.1%
Impairment loss determined in accordance with TFRS 9	(639.1)	(804.9)	25.9%
Profit before income tax expense	4,533.4	4,743.7	4.6%
Income tax expenses	(893.2)	(953.3)	6.7%
Net profit	3,640.2	3,790.4	4.1%

Key financial ratio



Overview of the Loan and Insurance Brokerage Business

“Loan portfolio expanded by 19.9% YoY, and insurance premiums grew by 25.3% YoY, through branches, online channels, and TIDLOR applications”

At the end of 2023, the total loan portfolio continued to grow, expanding by 19.9% (YoY) and 6.1% (QoQ). Consequently, this brought the total portfolio value to Baht 97,456.5 million, divided into two categories: loans to customers and accrued interest receivables, amounting to Baht 87,237.8 million baht, and hire-purchase receivables amounting to Baht 10,218.7 million baht. Additionally, the allowance for expected credit loss amounted to Baht 3,981.4 million.

The growth of the loan portfolio aligned with predetermined goals, alongside a rigorous loan approval policy to ensure that the risk associated with the overall portfolio remained at an appropriate and acceptable level. The portfolio expansion was facilitated not only through 1,678 branches nationwide but also non-branch channels such as telesales, agents, and online platforms. One of the main drivers of lending business growth continues to be TIDLOR card, enhancing customer convenience by offering 24-hour cash access. The number of TIDLOR card user experienced a steady rise, with the Company distributing over 644,000 cards by the end of 2023, witnessing the card user base increasing by 29.6% (YoY). Furthermore, the Company has launched loan transfer services through NTL application, enabling immediate transfers of loan amounts to bank accounts or through the PromptPay service for cardholders, without the need to use the revolving cash card (TIDLOR card) for cash withdrawals at ATMs. This provides a more convenient option for cardholders, which has now become another main channel for customer usage.

Additionally, the insurance brokerage business, which stands as another core business aiding the Company's performance growth, persisted in its upward trajectory in 2023. It recorded insurance premium revenues totaling Baht 8,743 million, marking an increase of 25.3% (YoY). Insurance brokerage business had notable growth through both offline channels and Areegator platform as well as online insurance brokers (heygoody). This strong expansion through comprehensive service channels reflects the company's dedication to evolving and offering significantly superior service quality.

A detailed breakdown of the lending portfolio as of December 31, 2023

(Unit: Million Baht)	Loans to customers and accrued interest receivables	Hire-purchase receivables*	Total
Stage 1 (Performing)	73,591.6	6,431.3	80,022.9
Stage 2 (Under-performing)	12,489.5	3,532.6	16,022.1
Stage 3 (Non-performing)	1,156.7	254.8	1,411.5
Total loans and hire purchase receivables and accrued interest receivables	87,237.8	10,218.7	97,456.5
Less allowance for expected credit loss	(3,557.7)	(423.7)	(3,981.4)
Net total loans and hire purchase receivables and accrued interest receivables	83,680.1	9,795.0	93,475.1

*after deduction of unearned interest income

“Loan portfolio quality improved, maintaining a low NPL at 1.45% along with a strong NPL Coverage Ratio at a high level of 282.1%”

As of December 31, 2023, the Company's loan portfolio quality was well-managed and controllable. The Non-Performing Loan ratio (%NPL) stood at 1.45%, showing a decrease from the same period in the previous year at 1.58% and the allowance for expected credit loss amounted to Baht 3,981.4 million, corresponding to an NPL coverage ratio of 282.1%. These figures demonstrate effective asset quality management despite having faced economic uncertainties, geopolitical situations, inflation rates, and the expiration of debt moratorium measures, as well as meticulous risk management policies and prudent business operation.

The Company maintained a commitment to preserving asset quality and conducting comprehensive risk management as well as continued to strengthen and enhance the loan approval and debt collection processes. It also persistently reviews and adjusts operational strategies to suit the fluctuating external environmental factors. This strategic direction is intended to maintain the overall portfolio quality at an appropriate level, in accordance with the Company's rigorous risk management policy.

Quality of loans and hire-purchase receivables

(Unit: Million Baht)	2021		2022		2023	
	Amount	%	Amount	%	Amount	%
Performing	47,769.0	77.73%	65,700.2	80.85%	80,022.9	82.11%
Under-performing	12,957.0	21.08%	14,280.0	17.57%	16,022.1	16.44%
Non-performing	732.2	1.19%	1,285.2	1.58%	1,411.5	1.45%
Total loans and hire-purchase receivables	61,458.2	100.00%	81,265.4	100.00%	97,456.5	100.00%
Less Allowance for expected credit losses	(2,610.9)	(4.25%)	(3,198.9)	(3.94%)	(3,981.4)	(4.09%)
Net loans and hire-purchase receivables	58,847.3	95.75%	78,066.5	96.06%	93,475.1	95.91%

“D/E ratio was low at 2.5 times, remaining the strategy of diversified funding structure”

At the end of 2023, the Company's total borrowing and debentures amounted to Baht 68,214.0 million, an increase of 22.4% (YoY). The funding structure was at a 49:51 between bank loans and debentures. The Company continued to emphasize a strategy of diversifying funding sources, involving borrowing from financial institutions both domestic and international and utilizing debt instruments. This multifaceted strategy has contributed to enhance financial flexibility and minimizing concentration risk. Additionally, the debt-to-equity ratio remained at a low level of 2.5 times, indicating prudent financial management and the ability to maintain a strong debt and equity proportions.

(Unit: Million Baht)	31 December 2022		31 December 2023		Growth rate 2023-2022	
	Amount	%	Amount	%	Change	% change
Loans from financial institutions	29,987.5	53.8%	33,086.7	48.5%	3,099.2	10.3%
Debentures	25,761.7	46.2%	35,127.3	51.5%	9,365.6	36.4%
Total borrowings	55,749.2	100.0%	68,214.0	100.0%	12,464.8	22.4%

For the year 2023, the Company secured an interest income rate from lending business at 17.4%, slightly decreased from the same period of the previous year, with a funding cost of 2.1%, increasing from 1.7% at the end of 2022. The primary drivers behind the uptrend financial cost were higher market and policy interest rates, leading to a net interest margin at a level of 15.3%. Moreover, the Company and its outstanding debentures still were affirmed at “A” and “Stable” outlook from TRIS Rating, and the Company continued to align the asset-liability durations and to maintain fixed-rate borrowing to preserve a steady interest rate spread, thereby enabling the Company to generate profits consistently.

(Unit: %)	2021	2022	2023
Interest Margin	17.4	17.6	17.4
Funding Cost	2.0	1.7	2.1
Net interest margin (%)	15.4	15.8	15.3

Overview of revenue and expenses

**“Interest income and fee and service income continued to grow,
while expenses increased in line with business growth and rising interest rates”**

Revenue: For the year 2023, the Company achieved total revenue of Baht 18,972.1 million, representing 24.2% (YoY) increase. Interest income accounted for 81.9% of the total revenue, which was divided into interest income from hire-purchase receivables of Baht 1,537.1 and interest income from loans of Baht 14,007.7 million. The growth in interest income stemmed from the expansion of the total loan portfolio and rising loan demand fueled by the economy's stepwise recovery, with significant support from the tourism and consumption sectors.

Furthermore, in the year 2023, fee and service income amounted to Baht 3,380.2 million, a 24.7% (YoY) increase, constituting 17.8% of the total revenue. This rise was mainly attributed to the robust and continuous performance of insurance brokerage businesses, both in terms of non-life and life insurance. For fees and service income, there was a slight increase due to an increase in fee collection such as debt collection fees and late fees.

(Unit: Million Baht)	2022	% Total Revenue	2023	% Total Revenue	% YoY Increase/ (Decrease)
Interest income on hire-purchase receivables	1,474.5	9.7%	1,537.1	8.1%	4.2%
Interest income on loans	11,057.8	72.4%	14,007.7	73.8%	26.7%
Fee and service income	2,710.5	17.7%	3,380.2	17.8%	24.7%
Other income	31.6	0.2%	47.1	0.3%	49.1%
Total revenues	15,274.4	100%	18,972.1	100%	24.2%

Expense: For the year 2023, the Company's total expenses amounted to Baht 14,228.4 million, mainly stemming from service and administrative expenses for example employee expenses, advertising and promotional costs, etc., amounted to Baht 9,400.8 million, increased 18.6% (YoY), aligned with the continuous growth of both lending and insurance brokerage activities. In 2023, the operating cost-to-income ratio was at 54.9%, decreasing from the previous year at 56.4%, reflecting efficient expense management.

The financial costs stood at Baht 1,841.9 million, rising by 49.1 % (YoY) following the rise in policy interest rate and market conditions, as well as the increase in total borrowings from financial institutions and debentures to support business expansion. As for the credit loss, it amounted to Baht 2,985.7 million, increasing from the previous year, aligned with the total loan portfolio growth, write-offs, and prudent provisioning to accommodate uncertainties from macroeconomic factors, geopolitical situations, and adjustments in market vehicle price. This also takes into account the quality of assets following the expiration of debt moratorium.

(Unit: Million Baht)	2022	% Total Revenue	2023	% Total Revenue	% YoY Increase/ (Decrease)
Service and administrative expenses	7,923.2	51.9%	9,400.8	49.6%	18.6%
Finance costs	1,235.1	8.1%	1,841.9	9.7%	49.1%
Credit loss	1,582.7	10.4%	2,985.7	15.7%	88.6%
Loss arising from de-recognition of financial assets measured at amortized cost	943.6	6.2%	2,180.8	11.5%	131.1%
Impairment loss determined in accordance with TFRS 9	639.1	4.2%	804.9	4.2%	25.9%

According to the above reasons, the Company's net profit for the year ended December 31, 2023 was Baht 3,790.4 million, an increase of 4.1% from Baht 3,640.2 million as of December 31, 2022, as a result of the lending portfolio and insurance brokerage businesses growth, along with effective cost management.

Financial Position

Assets: As of December 31, 2023, the total assets of the Company had reached Baht 100,147.9 million, reflecting an increase of 18.2% (YoY). This growth can be attributed to the augmentation in both lending and insurance brokerage businesses, with the Company's primary assets being loans and hire purchase receivables amounting to Baht 97,456.5 million. This represents an increase from the previous year, mirroring the enlargement of the total loan portfolio, which constitutes 97.3% of the total assets.

(Unit: Million Baht)	31 December 2022		31 December 2023		Growth rate 2023-2022	
	Amount	%	Amount	Amount	Change	% change
Cash and cash equivalents	2,191.2	2.6%	1,656.0	1.7%	(535.2)	(24.4%)
Loans and hire purchase receivables	81,265.4	95.9%	97,456.5	97.3%	16,191.1	19.9%
Allowance for expected credit loss	(3,198.9)	(3.8%)	(3,981.4)	(4.0%)	(782.5)	24.5%
Other current assets	1,263.1	1.5%	1,431.2	1.4%	168.1	13.3%
Other non-current assets	3,206.2	3.8%	3,585.6	3.6%	379.4	11.8%
Total assets	84,727.0	100.0%	100,147.9	100.0%	15,420.9	18.2%

Liabilities and shareholders' equity: As of December 31, 2023, the company's total liabilities amounted to Baht 71,724.4 million, marking an increase of 20.9% (YoY). This growth is primarily due to the increase in both short-term and long-term borrowings, as well as long-term debentures, aimed at funding the loan portfolio's growth and serving as operational working capital. The borrowings from financial institutions and debentures totaling Baht 68,214.0 million accounting for 95.1% of total liabilities.

The total shareholders' equity amounted to Baht 28,423.5 million, experiencing an increase of 11.8% (YoY). This growth can be attributed to the increase in net profit of 2023.

(Unit: Million Baht)	31 December 2022		31 December 2023		Growth rate 2023-2022	
	Amount	%	Amount	ร้อยละ	Change	% change
Loans from financial institutions and debentures	55,749.2	65.8%	68,214.0	68.1%	12,464.8	22.4%
Other liabilities	3,555.9	4.2%	3,510.4	3.5%	(45.5)	(1.3%)
Total liabilities	59,305.1	70.0%	71,724.4	71.6%	12,419.3	20.9%
Total shareholders' equity	25,421.9	30.0%	28,423.5	28.4%	3,001.6	11.8%
Total liabilities and shareholders' equity	84,727.0	100.0%	100,147.9	100.0%	15,420.9	18.2%

Liquidity

The Company's cash flow for the year ended December 31, 2023 .The details are as follows:

(Unit: Million Baht)	2021	2022	2023	Growth rate 2023-2022	
				Change	% change
Net cash from (used in) operating activities	(5,892.8)	(14,674.8)	(10,710.7)	3,964.1	(27.0%)
Net cash from (used in) investing activities	(498.6)	(363.1)	(750.0)	(386.9)	106.6%
Net cash from financing activities	9,120.9	13,234.4	10,925.5	(2,308.9)	(17.4%)
Net increase (decrease) in cash and cash equivalents	2,729.5	(1,803.5)	(535.2)	1,268.3	(70.3%)

Net cash from operating activities: The Company experienced net cash used in operating activities, typical for the lending business's cash flow. By the end of 2023, this amount was Baht 10,710.7 million, a decrease of 27.0% (YoY), mainly attributable to decreased operational cash disbursements.

Net cash from investing activities: The Company reported a net cash used in investment activities at the end of 2023, totaling Baht 750.0 million, marking an increase of 106.6% (YoY). This was mainly due to investments in joint ventures and expenditures on leasehold improvements, and software purchases.

Net cash from financing activities: The Company generated net cash from financing activities at the end of 2023, amounting to Baht 10,925.5 million baht, a decrease of 17.4% from the year 2022. The primary reason was a reduction in new borrowings, consistent with scheduled repayments to financial institutions and the redemption of debentures.

Factors or situations that may have significant impacts on financial position or performance in the future (Forward Looking)

Throughout 2023, Thailand's economy incrementally rebounded from the impacts of the COVID-19 pandemic, supported by the tourism and consumption sectors. Despite this, the growth was lower than anticipated due to an uneven domestic economic recovery and subdued demand for exports internationally. The Company remained vigilant and has been closely monitoring various situations, adopting cautious strategies and business operations to align with the changing circumstances. It maintained compliance with regulations and guidelines from regulators, while still offering products and services that enhance customers' access to financial services. This was achieved through a full spectrum of service channels, available both online and offline 24-hours, covering all 74 provinces nationwide.

Looking ahead to 2024, the Thai economy is forecasted to experience a gradual improvement, driven primarily by the tourism sector and exports. Nonetheless, external challenges such as the global economic downturn, geopolitical instability, and international central banks' monetary policies are expected to pose potential risks to operational outcomes in the future.