



Operating Performance

	Year 2022	Year 2023	Change
	THB Million	THB Million	%
Net profit	2,352.5	3,556.8	51.2%
Earnings per share (Baht)	2.28 ⁽¹⁾	3.05	33.8%
Net interest income	11,052.3	13,330.6	20.6%
Non-interest income	179.4	130.4	(27.3%)
Net operating income	11,231.7	13,461.0	19.8%
Total other operating expenses	4,436.4	4,945.3	11.5%
Expected credit loss	3,835.4	4,062.4	5.9%
Profit before tax expense	2,959.9	4,453.3	50.5%

⁽¹⁾ Adjusted EPS, calculated based on the revised number of shares after Thai Credit changed the par value of its shares from THB 10.0 to THB 5.0 in 1Q23, hence the number of paid-up capital increased from 582,291,666 shares to 1,164,583,332 shares

Financial Position

	Year 2022	Year 2023	Change
	THB Million	THB Million	%
Gross loans	121,298.0	144,156.5	18.8%
Total assets	143,189.5	163,444.3	14.1%
Deposits	113,444.1	116,761.6	2.9%
Total liabilities	128,807.9	145,939.2	13.3%

Key performance ratio

	Year 2022	Year 2023
Net interest margin (NIM)	8.4%	8.2%
Return on average assets (ROA)	1.82%	2.32%
Return on average equity (ROE)	18.94%	22.31%
Cost to Income Ratio	39.5%	36.7%

Asset quality ratio / Financial policy ratio

	Year 2022	Year 2023
Gross NPLs ratio	3.9%	4.2%
NPL Coverage ratio	177.4%	161.4%
Loan to Deposit ratio	106.9%	123.5%
Tier 1 Capital ratio	14.1%	13.8%
Capital adequacy ratio (CAR)	15.2%	16.3%



In 2023, Thai Credit's net profit attributable to owner recorded a new high of THB 3,556.8 million, increased 51.2 percent from the previous year. 2023 interest income increased by 20.6 percent compared to the previous year, in line with the 18.8 percent increase in gross loans. This increase was caused by an increase in loans in all main segments especially micro SME loans, nano and micro loans, and home loans, plus an increase in the Bank of Thailand (BoT)'s policy rate.

Moreover, Thai Credit gained productivity from continuous business process and digital transformation. As a result, the cost to income ratio declined to 36.7 percent from 39.5 percent during the same time previous year.

Net interest margin in 2023 is at 8.2 percent, slightly decreased from the previous year due to an increase in the average financial costs. This is consistent with the policy interest rate increased by the BoT and the end of the measures to help reduce the rate of contribution to the Financial Institutions Development Fund (FIDF) in 2022. However, the return on average equity in 2023 increased from 18.94 percent to 22.31 percent. To address potential future economic uncertainties, Thai Credit increased its allowance for expected credit losses by 17.6 percent in order to maintain a strong coverage ratio.

Analysis of the operation results

	2022		2023		Change	
	THB Million	%	THB Million	%	THB Million	%
Interest income	12,684.7	112.9%	15,894.6	118.0%	3,209.9	25.3%
Interest expenses	(1,632.4)	(14.5%)	(2,564.0)	(19.0%)	931.6	57.1%
Net interest income	11,052.3	98.4%	13,330.6	99.0%	2,278.3	20.6%
Fee and service income	528.1	4.7%	504.9	3.8%	(23.2)	(4.4%)
Fee and service expenses	(587.4)	(5.2%)	(573.7)	(4.3%)	(13.7)	(2.3%)
Net fee and service income (expense)	(59.3)	(0.5%)	(68.8)	(0.5%)	9.5	16.0%
Net gain (loss) from foreign exchange transactions	-	0.0%	(5.7)	0.0%	5.7	100.0%
Net gain (loss) on investments	0.1	0.0%	0.1	0.0%	-	0.0%
Other operating income	238.6	2.1%	204.8	1.5%	(33.8)	(14.2%)
Total operating income	11,231.7	100.0%	13,461.0	100.0%	2,229.3	19.8%
Other operating expenses	4,436.4	39.6%	4,945.3	36.7%	508.9	11.5%
Expected credit loss	3,835.4	34.1%	4,062.4	30.2%	227.0	5.9%
Profits before income tax expenses	2,959.9	26.3%	4,453.3	33.1%	1,493.4	50.5%
Income tax	607.4	5.4%	896.5	6.7%	289.1	47.6%
Profit for the year	2,352.5	20.9%	3,556.8	26.4%	1,204.3	51.2%
Earnings per share (Baht)	2.28⁽¹⁾		3.05		0.77	



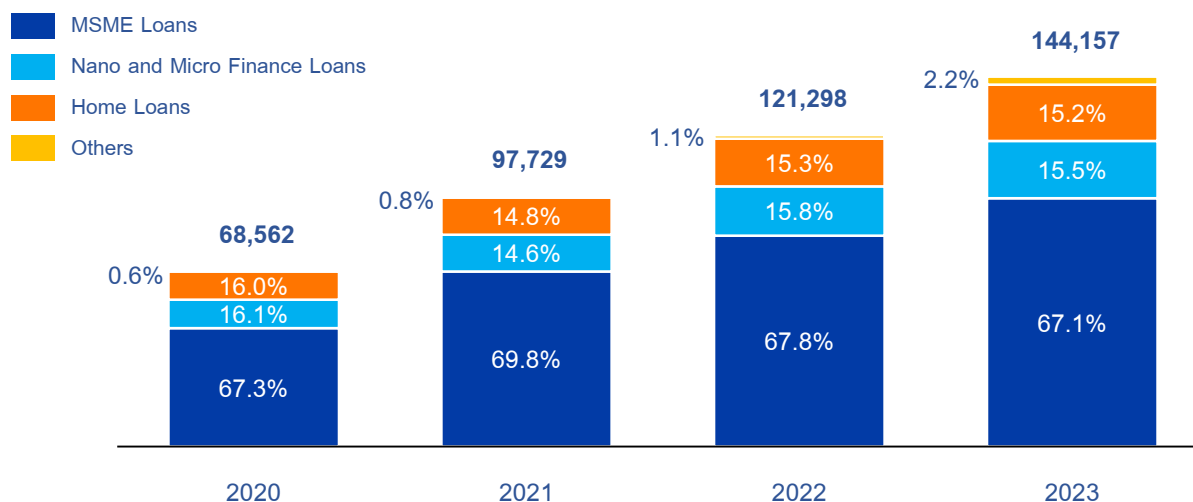
⁽¹⁾ calculated based on the revised number of shares after Thai Credit changed the par value of its shares from THB 10.0 to THB 5.0 in 1Q23, hence the number of paid-up capital increased from 582,291,666 shares to 1,164,583,332 shares

Interest income, interest expenses, and net interest income

	2022		2023		Change	
	THB Million	%	THB Million	%	THB Million	%
Interest income						
Interbank and money market items	71.5	0.6%	340.5	2.1%	269.0	376.2%
Investments in debt instruments	27.5	0.2%	62.6	0.4%	35.1	127.6%
Loans to customers	12,466.9	98.3%	15,371.4	96.7%	2,904.5	23.3%
Hire-purchase	118.8	0.9%	119.8	0.8%	1.0	0.8%
Others	0	0.0%	0.3	0.0%	0.3	100.0%
Total interest income	12,684.7	100.0%	15,894.6	100.0%	3,209.9	25.3%
Interest expenses						
Deposits	1,308.3	80.1%	1,802.9	70.3%	494.6	37.8%
Interbank and money market items	5.8	0.4%	82.4	3.2%	76.6	1320.7%
Debt issued and borrowings – subordinated debentures	77.5	4.7%	135.2	5.3%	57.7	74.5%
Contributions to the Deposit Protection Agency and the BOT	240.8	14.8%	542.9	21.2%	302.1	125.5%
Other	0	0.0%	0.6	0.0%	0.6	100.0%
Total interest expenses	1,632.4	100.0%	2,564.0	100.0%	931.6	57.1%
Net interest income	11,052.3		13,330.6		2,278.3	20.6%

Gross Loan Structure

Unit: THB Million





Interest income

Thai Credit's interest income increased 25.3 percent from THB 12,684.7 million for the year ended 31 December 2022 to THB 15,894.6 million for the year ended 31 December 2023, primarily due to the increase in interest income from loans to customers equivalent to THB 2,904.5 million, as a result of the growth in all Thai Credit's key loan product segments, particularly micro SME loans, nano and micro loans, and home loans. Additionally, the increase in Thai Credit's reference interest rate also contributed to the increase in interest income.

Interest expenses

Thai Credit's interest expenses increased 57.1 percent from THB 1,632.4 million for the year ended 31 December 2022 to THB 2,564.0 million for the year ended 31 December 2023, primarily attributable to interest expenses on deposits which increased by THB 494.6 million during the period, mainly from the increase in deposit interest rates following the BoT's policy rate, as well as the increase in contributions to the Financial Institutions Development Fund from 0.23% to a normal rate of 0.46% according to BoT measures, which resulted in the increase of THB 302.1 million in contribution to the Deposit Protection Agency and the BoT during the same period.

Net interest income

As a result of the foregoing, Thai Credit's net interest income recorded at THB 13,330.6 million, increased by 20.6 percent, from the same period last year.

Non-interest income

Thai Credit's non-interest expenses recorded at THB 68.8 million, increased by THB 9.5 million or 16.0 percent from the same period last year, primarily due to the decrease in fee and service income of THB 23.2 million, mainly from lower insurance brokerage fees, which align with Thai Credit's strategy of not have a policy in place to sell insurance to loan customers under the Soft Loan program. However, Thai Credit's fee and service expenses decreased by 13.7 percent from the same period last year, primarily due to the decrease in loan guarantee commissions in line with Thai Credit's policy, that the customers shall bear and pay the loan guarantee commissions associated with the MSME Loans, by themselves.

Other operating expenses

	2022		2023		Change	
	THB Million	%	THB Million	%	THB Million	%
Employee expenses	3,040.4	68.5%	3,284.3	66.4%	243.9	8.0%
Directors' remuneration	16.5	0.4%	17.5	0.4%	1.0	6.1%
Premises and equipment expenses	602.9	13.6%	671.8	13.6%	68.9	11.4%
Taxes	411.4	9.3%	496.1	10.0%	84.7	20.6%
Others	365.2	8.2%	475.6	9.6%	110.4	30.2%
Total	4,436.4	100.0%	4,945.3	100.0%	508.9	11.5%



Cost-to-income ratio	39.5%	36.7%	(2.8%)
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Other operating expenses increased by 11.5 percent, from THB 4,436.4 million for the year ended 31 December 2022 to THB 4,945.3 million for the year ended 31 December 2023, primarily due to the increase of THB 243.9 million in employee expenses following the addition of new branches, the number of deposit branches increased by 2 branches in 2023, bringing the total to 28 branches, and the increased number of relationship managers (RMs) to increase the ability to provide loan services and reach more customers, the increase of THB 84.7 million in taxes, in line with the increase in contractual transactions and online marketing, and the increase of THB 68.9 million in premises and equipment expenses, as a result of Thai Credit's investment in the continued development of IT systems and equipment to improve its work efficiency.

The cost to income ratio, however, decreased from 39.5 percent for the year ended 31 December 2022, to 36.7 percent for the year ended 31 December 2023, primarily due to improved work efficiency from tools previously employed by Thai Credit such as digital management tools, MSME One App system and loan approval system (SDE System) in which those systems have been continuously developed to be more efficient. The operating income per branch, loans per branch and the deposit amount per branch continued to improve.

Expected credit loss (ECL)

	2022		2023		Change	
	THB Million	%	THB Million	%	THB Million	%
Expected credit loss						
Investments in debt instruments measured at FVOCI	0.0	0.0%	(21.7)	(0.5%)	(21.7)	(100.0%)
Loans to customers, accrued interest receivables, and undue interest receivables	3,728.6	97.2%	4,097.3	100.9%	368.7	9.9%
Other financial assets	9.6	0.3%	22.4	0.5%	12.8	133.3%
Undrawn loan commitments and financial guarantee contracts	0.3	0.0%	(19.4)	(0.5%)	(19.7)	(6,566.7%)
Others	96.9	2.5%	(16.2)	(0.4%)	(113.1)	(116.7%)
Total expected credit loss	3,835.4	100.0%	4,062.4	100.0%	227.0	5.9%
Expected Credit Loss to Average Loan (credit cost) ⁽¹⁾ (basis points)	338		294			

Notes: Expected credit loss to average loan (credit cost) (expressed as basis points) is calculated by dividing expected credit loss at the beginning and the end of accounting period.



Thai Credit set its expected credit loss at 4,062.4 million, for the year ended 31 December 2023, representing an increase by 5.9 percent from the THB 3,835.4 million expected credit loss set for the year ended 31 December 2022, which was in line with the increase in loans to customers.

The setting of reserve above caused the expected credit loss to average loan of Thai Credit to decrease to 294 basis points for the year ended 31 December 2023.

Profit for the year/ period

Thai Credit's net profit was THB 3,556.8 million, increased by 51.2 percent from THB 2,352.5 million for the year period ended 31 December 2022, from the reasons that mentioned above. However, the Thai Credit's earnings per share recorded at THB 3.05 per share in 2023, increased from THB 2.28 per share in 2022. (2022 earnings per share calculated based on the revised number of shares after Thai Credit changed the par value of its shares from THB 10.0 to THB 5.0 in 1Q23, hence the number of number of paid-up capital increased from 582,291,666 shares to 1,164,583,332 shares)

Analysis of financial position

Assets

	2022		2023		Change	
	THB Million	%	THB Million	%	THB Million	%
Cash	504.1	0.4%	513.4	0.3%	9.3	1.9%
Net interbank and money market items	19,184.5	13.4%	15,484.7	9.5%	(3,699.8)	(19.3%)
Derivatives	-	-	-	-	-	-
Net investment	2,922.8	2.1%	2,993.7	1.8%	70.90	2.4%
Net loans to customers and accrued interest receivables	117,456.9	82.0%	140,180.6	85.8%	22,723.7	19.3%
Net properties for sale	770.7	0.5%	910.8	0.6%	140.1	18.2%
Net premises and equipment	1,002.2	0.7%	1,340.8	0.8%	338.6	33.8%
Net intangible asset	185.5	0.1%	245.3	0.1%	59.8	32.3%
Deferred tax assets	412.5	0.3%	211.5	0.1%	(201.0)	(48.7%)
Net other assets	750.3	0.5%	1,563.5	1.0%	813.2	108.4%
Total assets	143,189.5	100.0%	163,444.3	100.0%	20,254.8	14.1%

Gross Loans and Allowance for Expected Credit Loss

	2022		2023	
	Loans	Allowance for expected credit loss	Loans	Allowance for expected credit loss
Stage 1 (Performing)	110,861.0	3,718.9	128,753.6	3,173.7



Stage 2 (Under-Performing)	9,501.1	1,497.3	14,262.7	2,383.7
Stage 3 (Non-Performing)	5,491.4	3,180.4	7,037.5	4,315.8
Total	125,853.5	8,396.6	150,053.8	9,873.2

The allowance for expected credit loss was THB 9,873.2 million as of 31 December 2023, an increase of 1,476.6 million baht or 17.6 percent from the same period last year. This is in line with the growth of loans to customers.

However, Thai Credit remains prudent in loan portfolio quality monitor and risk management, including set aside management overlay (balance) of THB 741.0 million for the year ended 31 December 2023 to preserve the bank's financial stability and improve the capacity to withstand threats in the future.

Gross NPLs before allowance for expected credit loss and gross NPL ratio before allowance for expected credit loss

Gross NPLs before allowance for expected credit loss increased by 29.2 percent, from THB 4,734.4 million as of 31 December 2022, to THB 6,115.6 million as of 31 December 2023, while the gross NPLs ratio before allowance for expected credit loss increased from 3.9 percent as of 31 December 2022 to 4.2 percent as of 31 December 2023, primarily due to the change of measures to assist debtors implemented by the BoT, resulting in debtors being more likely to become NPL debtors, as well as a downturn in the overall economic situation due to macroeconomic factors that impacted credit quality and abilities to repay debts, including continuously high inflation, the impact of the Russian-Ukrainian, the slowdown of export sector, and slow recovery of domestic demand.

Liabilities

	2022		2023		Change	
	THB Million	%	THB Million	%	THB Million	%
Deposits	113,444.1	88.1%	116,761.6	80.0%	3,317.5	2.9%
Interbank and money market items	11,398.5	8.8%	22,757.4	15.6%	11,358.9	99.7%
Liabilities payable on demand	72.6	0.1%	145.6	0.1%	73.0	100.6%
Derivative liabilities	0	0.0%	152.1	0.1%	152.1	100.0%
Debt issued and borrowings	889.9	0.7%	2,611.8	1.8%	1,721.9	193.5%
Provisions	255.0	0.2%	296.4	0.2%	41.5	16.3%
Other liabilities	2,747.8	2.1%	3,214.3	2.2%	466.5	17.0%
Total liabilities	128,807.9	100.0%	145,939.2	100.0%	17,131.3	13.3%

Thai Credit's deposits recorded at THB 116,761.6 million, increased THB 3,317.5 million or 2.9 percent from the same period last year, primarily due to significant rise in term deposit, which increased THB 4,170.8 million or 5.5 percent from the previous year from the opening of deposit branches. The Rollover Rate of depositors for all product groups for the years ended 31 December 2022 remained high at 94.0 percent.



Current deposits and savings account (CASA) to total deposits ratio (CASA ratio) recorded at 31.3 percent, similar to the previous year. However, loan-to-deposit ratio remained high at 123.5 percent in 2023, compared to 106.9 percent in 2022.

Equity

	2022		2023		Change	
	THB Million	%	THB Million	%	THB Million	%
Authorized share capital	6,598.2		6,174.2		(424.0)	(6.4%)
Paid-up capital	5,822.9	40.5%	5,822.9	33.2%	-	-
Warrants	288.9	2.0%	-	0.0%	(288.9)	(100.0%)
Premium on share capital	798.2	5.3%	768.2	4.4%	-	-
Other reserves	1.2	0.1%	(12.2)	(0.1%)	(13.4)	(1,116.7%)
Retained earnings						
Appropriated						
Legal reserves	389.8	2.7%	569.4	3.3%	179.6	46.1%
Unappropriated	7,110.5	49.4%	10,356.8	59.2%	3,246.3	45.7%
Total	14,381.5	100.0%	17,505.1	100.0%	3,123.6	21.7%

As of 31 December 2023, Thai Credit's equity stood at THB 17,505.1 million, representing an increase by 21.7 percent from THB 14,381.5 million as of 31 December 2022, primarily due to profits earned during the year less the repurchase and cancellation of warrants (to purchase Thai Credit's ordinary shares) issued by Thai Credit in the amount of 74.75 million units. The proceeds received by Thai Credit from the issuance of ordinary shares to existing shareholders in the previous year were deemed sufficient for business expansion. Additionally, the increase in equity was due to the recognition of profits from fair value measurement of derivative instruments.

Maintenance of statutory capital fund

	2022		2023		Change	
	THB Million	%	THB Million	%	THB Million	%
Common Equity Tier 1 capital (CET1)	12,488.3	85.3%	15,431.4	80.3%	2,943.1	23.6%
Additional Tier 1 capital (financial instruments)	1,150.0	7.8%	861.1	4.5%	(288.9)	(25.1%)
Total Tier 1 capital	13,638.3	93.1%	16,292.5	84.8%	2,654.2	19.5%
Tier 2 capital	1,003.3	6.9%	2,919.3	15.2%	1,916.0	191.0%
Total capital	14,641.6	100.0%	19,211.8	100.0%	4,570.2	31.2%
Risk weighted assets	96,496.2		118,002.6		21,506.4	22.3%



As of 31 December 2023, Thai Credit's capital, as required under applicable law, pursuant to the principles of Basel III, stood at THB 19,211.8 million, consisting of THB 16,292.5 million of Tier 1 capital, the year-on-year increase in the Tier 1 capital was driven by the retained earnings; and THB 2,919.3 million of Tier 2 capital, the year-on-year increase in the Tier 2 capital was mainly from Thai Credit issued subordinated bonds of THB 1,700 million of in the second quarter of 2023 to support its future growth and upgrade to a full commercial bank.

The total capital to total risk-weighted asset ratio was 16.3 percent. The Tier 1 capital to total risk-weighted asset ratio was 13.8 percent. The CET1 to total risk-weighted asset ratio was 13.1 percent. These ratios were higher than the minimum ratios required by the BoT (11.0%, 8.5%, and 7.0%, respectively).