



Thaicredit Bank

Management Discussion and Analysis

For the First Quarter Ending March 31, 2024

(Reviewed)

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Thai Economy and Banking sector overview in 1Q/2024

The global economy continues facing challenges in 2024, due to the several factors, including rising global inflation, potentially more severe Global geopolitical tensions, such as the prolongation of Russia-Ukraine war, conflict in Israel and Gaza that may expand, or the China economy situation that may have an impact on the supply chain for Thailand's exports and the recovery of tourism sectors. Inflationary pressures have led to tighter monetary policy in major trading partners which may potentially affect the implementation of international policy and the growth of the Thai economy.

The Thai economy in 2024 is expected to continue recover, with the main factors of the export volume of goods and services and the tourism sector are expected to continue to expand, especially from China and Malaysia, both in terms of the number of tourists and the spending expenses per person. However, Thai economy's growth is expected to slow recovery after the COVID crisis, Thai people's consumption is sluggish due to weak incomes, delayed government investment, sluggish industrial production and lower agricultural output as a result of unfavorable weather conditions. Including the gradually rebounding exports in response to global market demand as well as the slowly economic expansion of trading partners. Based on the forecast from Thai economic forecast for the 1st quarter of 2024, the **Thai economy in 2024 is expected to expand by 2.8 percent**, accelerating from an expansion of 1.8 percent in 2023, private consumption spending is expected to expand by 3.3 percent, while the government investment are expected to increase by 3.2 percent. Export value is expected to expand by 4.2 percent, while nominal inflation is expected to be at 1.0 percent.

Commercial banking business outlook for 2024: Commercial banks are expected to continue to grow in a positive direction from the previous year mainly from the continued economic recovery, while the Bank of Thailand reduces interest rates slower than expected. In addition, the average debt provision rate is expected to remain stable and be supported by the government's capital expenditure disbursement policy that will accelerate in the second half of 2024. However, there are several factors that should be closely monitored including, the recovery of Global and Thai economy, Thailand's structural problems, and high interest rates, which have an impact on debt repayment ability of debtors and the tendency of private consumption to slow down, as well as challenges from a lack of competition and oversupply in the market. This may impact the quality of the bank's assets and debt provision ratio, and the trend of credit cost due to an increase in loans stage 2 and non-performing loans (NPL).

The policy interest rate is expected to reduce in the second half of 2024 in order to support the Thai economy's slow growth and low inflation in the first half of the year. Cuts in interest rates, however, could cause capital outflows. This may pressure on the import sector as a result of the weakening Baht against the US dollar, including higher expenses for both household consumption and production. However, to maintain operational growth under challenging market conditions, cost control is an important issue for commercial banks such as, measures to reduce costs and improve operational efficiency, including adapting to the declining interest rates environment and a responsible lending to address the issue of high household debt.



Source: Office of the National Economic and Social Development Council, Bank of Thailand, International Monetary Fund, Organization for Economic Cooperation and Development, Siam Commercial Bank Economic and Business Research Center, Kasikom Research Center, CIMB Thai Bank

Operating Performance in 1Q/2024

Financial Highlight

	1Q/2023	1Q/2024	Change
	THB Million	THB Million	%
Gross Loans	131,742.1	147,613.6	12.0%
Net Profit	926.9	449.6	(51.5%)
Earnings per Share (Baht)	0.80	0.37	(53.8%)
Net Interest Margin (NIM) ⁽¹⁾	8.8%	8.7%	(0.1%)
Cost to Income Ratio	36.7%	38.1%	1.4%
Return on Asset (ROA)	2.07%	1.88%	(0.19%)
Return on Equity (ROE)	22.1%	17.7%	(4.4%)

⁽¹⁾ Net interest margin is calculated by dividing net interest income from the last 12 months by average earning financial assets (Excluding accrued interest income).

In the first quarter year 2024, Thai Credit's net interest income increased 16.4 percent compared to the previous year, mainly from loans that are still growing. However, net profit attributable to owner recorded at THB 449.6 million, decreased 51.5 percent from the previous year. This decrease was caused by higher expected credit loss of loan stage 2. Moreover, Thai Credit also has efficient operations, the cost to income ratio remained at low level of 38.1 percent for the first quarter year 2024.

Net interest margin in the first quarter year 2024 is solid at 8.7 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. However, Thai Credit increased its allowance for expected credit losses by 2.3 percent due to the conservative operational policies to address potential future economic uncertainties.

Analysis of Thai Credit's results

	1Q/2023		1Q/2024		Change	
	THB Million	%	THB Million	%	THB Million	%
Interest income	3,615.6	118.3%	4,352.6	122.1%	737.0	20.4%
Interest expenses	(571.7)	(18.7%)	(808.3)	(22.6%)	236.6	41.4%
Net interest income	3,043.9	99.6%	3,544.3	99.5%	500.4	16.4%
Fee and service income	122.5	4.0%	121.0	3.4%	(1.5)	(1.2%)
Fee and service expenses	(147.1)	(4.8%)	(151.2)	(4.3%)	4.1	2.8%
Net fee and service income (expense)	(24.6)	(0.8%)	(30.2)	(0.9%)	5.6	22.8%
Net gain (loss) from foreign exchange transactions	-	0.0%	10.7	0.3%	10.7	N/A
Net gain (loss) on investments	-	0.0%	-	0.0%	-	0.0%
Other operating income	37.2	1.2%	39.1	1.1%	1.9	5.1%



Total operating income	3,056.5	100.0%	3,563.9	100.0%	507.4	16.6%
Other operating expenses						
Employee expenses	778.6	69.3%	909.9	67.0%	131.3	16.9%
Directors' remuneration	4.4	0.4%	8.9	0.6%	4.5	102.3%
Premises and equipment expenses	137.9	12.3%	166.6	12.3%	28.7	20.8%
Taxes	125.3	11.2%	147.6	10.9%	22.3	17.8%
Others	76.8	6.8%	125.1	9.2%	48.3	62.7%
Total other operating expenses	1,123.0	100.0%	1,358.1	100.0%	235.1	20.9%
Expected credit loss	774.7	25.4%	1,643.0	46.1%	868.3	112.1%
Profits before income tax expenses	1,158.8	37.9%	562.8	15.8%	(596.0)	(51.4%)
Income tax	231.9	7.6%	113.2	3.2%	(118.7)	(51.2%)
Profit for the year	926.9	30.3%	449.6	12.6%	(477.3)	(51.5%)
Earnings per share (Baht)	0.80		0.37		(0.43)	

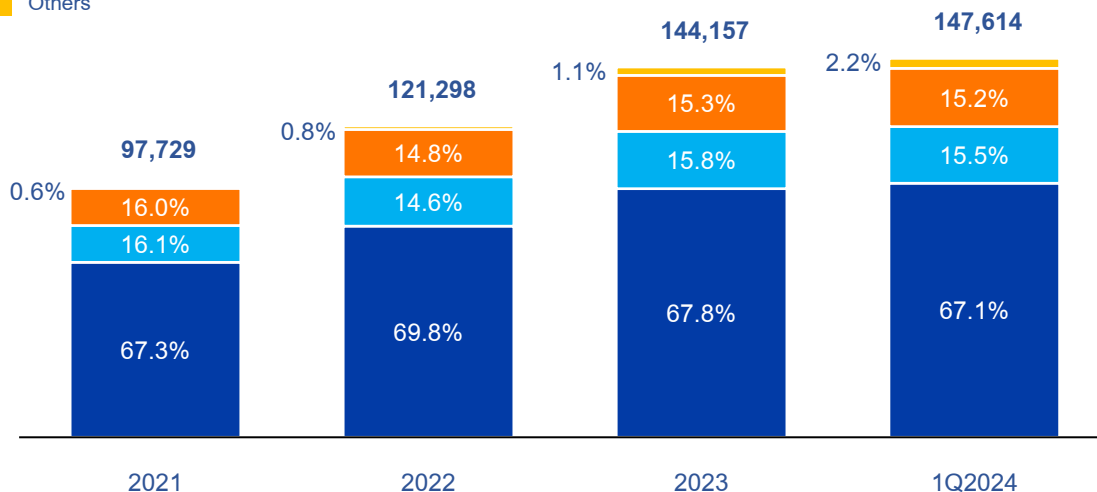
Interest income, interest expenses, and net interest income

	1Q/2023		1Q/2024		Change	
	THB Million	%	THB Million	%	THB Million	%
Interest income						
Interbank and money market items	58.1	1.6%	106.3	2.5%	48.2	83.0%
Investments in debt instruments	9.6	0.3%	36.5	0.8%	26.9	280.2%
Loans to customers	3,517.6	97.3%	4,180.1	96.0%	662.5	18.8%
Hire-purchase	30.3	0.8%	29.5	0.7%	(0.8)	(2.6%)
Others	-	0.0%	0.2	0.0%	0.2	N/A
Total interest income	3,615.6	100.0%	4,352.6	100.0%	737.0	20.4%
Interest expenses						
Deposits	416.7	72.9%	578.4	71.6%	161.7	38.8%
Interbank and money market items	1.1	0.2%	39.1	4.8%	38.0	3,454.5%
Debt issued and borrowings – subordinated debentures	19.4	3.4%	45.5	5.6%	26.1	134.5%
Contributions to the Deposit Protection Agency and the BOT	134.5	23.5%	145.1	18.0%	10.6	7.9%
Others	-	0.0%	0.2	0.0%	0.2	N/A
Total interest expenses	571.7	100.0%	808.3	100.0%	236.6	41.4%
Net interest income	3,043.9		3,544.3		500.4	16.4%



Gross Loan Structure

Unit: THB Million



Interest income

Thai Credit's interest income increased 20.4 percent from THB 3,615.6 million for the first quarter year 2023 to THB 4,352.6 million for the first quarter year 2024, primarily due to the increase in interest income from loan to customers equivalent to THB 662.5 million, as a result of the growth in all Thai Credit's key loan product segments, particularly micro SME loan. Additionally, the increase in the policy rate, as well as the increase in interest income from interbank and money market items and investments in debt instruments.

Interest expenses

Thai Credit's interest expenses increased 41.4 percent from THB 571.7 million for the first quarter year 2023 to THB 808.3 million for the first quarter year 2024, primarily attributable to interest expenses on deposits which increased by THB 161.7 million during the period, mainly from the increase in deposit interest rates following the BoT's policy rate, especially the fixed deposit and Thunjai programs, which resulted in the increase of THB 10.6 million in contribution to the Deposit Protection Agency and the BoT during the same period. However, Thai Credit has reduced the interest rates for the fixed deposit and Thunjai programs in February 2024.

Net interest income

As a result of the foregoing, Thai Credit's net interest income recorded at THB 3,544.3 million in the first quarter year 2024, increased by 16.4 percent, from the same period last year.

Non-interest income

Thai Credit's non-interest income recorded at THB 30.2 million, increased by THB 5.6 million or 22.8 percent from the same period last year, primarily due to the increase in fee and service expenses of THB 4.1 million



mainly from TCG guarantee fee, in line with growth of nano and micro loan. While, Thai Credit's fee and service incomes slightly decreased.

Other operating expenses

	1Q/2023		1Q/2024		Change	
	THB Million	%	THB Million	%	THB Million	%
Employee expenses	778.6	69.3%	909.9	67.0%	131.3	16.9%
Directors' remuneration	4.4	0.4%	8.9	0.6%	4.5	102.3%
Premises and equipment expenses	137.9	12.3%	166.6	12.3%	28.7	20.8%
Taxes	125.3	11.2%	147.6	10.9%	22.3	17.8%
Others	76.8	6.8%	125.1	9.2%	48.2	62.7%
Total	1,123.0	100.0%	1,358.1	100.0%	235.1	20.9%
Cost-to-income ratio	36.7%		38.1%			1.4%

Other operating expenses increased by 20.9 percent, from THB 1,123.0 million for the first quarter year 2023 to THB 1,358.1 million for the first quarter year 2024, primarily due to the increase of THB 131.3 million in employee expenses following the addition of new 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 28.7 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, and the increase of THB 22.3 million in taxes, in line with the increase in contractual transactions and online marketing.

The cost to income ratio remained at low level of 38.1 percent for the first quarter year 2024.

Expected credit loss (ECL)

	1Q/2023		1Q/2024		Change	
	THB Million	%	THB Million	%	THB Million	%
Expected credit loss						
Investments in debt instruments measured at FVOCI	-	0.0%	0.7	0.0%	0.7	N/A
Loans to customers, accrued interest receivables, and undue interest receivables	767.5	99.1%	1,626.8	99.0%	859.3	112.0%
Other financial assets	6.7	0.8%	15.7	1.0%	9.0	134.3%
Undrawn loan commitments and financial guarantee contracts	0.5	0.1%	(0.2)	(0.0%)	(0.7)	(140.0%)
Total expected credit loss	774.7	100.0%	1,643.0	100.0%	868.3	112.1%
Expected Credit Loss to Average Loan (credit cost) ⁽¹⁾ (basis points)	290		325			

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 1,643.0 million, for the first quarter year 2024, representing an increase by 112.1 percent from the THB 774.7 million expected credit loss set for the first quarter year 2023, which was in line with the increase in loan to customers and an increase in loan stage 2 due to measures to assist debtors from the BoT as expected.

The setting of reserve above caused the expected credit loss to average loan of Thai Credit increase to 325 basis points for the first quarter year 2024.

Tax expenses

Thai Credit's tax expenses was THB 113.2 million, decreased by 51.2 percent, from THB 231.9 million for the same period last year, which was in line with the decrease in profits before income tax expenses.

Net Profit

Thai Credit's net profit was THB 449.6 million, decreased by 51.5 percent from THB 926.9 million for the first quarter year 2024, from the reasons that mentioned above. As a result, the Thai Credit's earnings per share recorded at THB 0.37 per share in the first quarter year 2024.

Analysis of financial position

Assets

	31 December 2023		31 March 2024		Change	
	THB Million	%	THB Million	%	THB Million	%
Cash	513.5	0.3%	562.4	0.3%	48.9	9.5%
Net interbank and money market items	15,484.7	9.5%	17,135.1	9.8%	1,650.4	10.7%
Derivatives	-	0.0%	117.1	0.1%	117.1	N/A
Net investment	2,993.7	1.8%	8,586.2	4.9%	5,592.5	186.8%
Net loans to customers and accrued interest receivables	140,180.6	85.8%	143,627.9	82.5%	3,447.3	2.5%
Net properties for sale	910.8	0.6%	909.6	0.5%	(1.2)	(0.1%)
Net premises and equipment	1,340.8	0.8%	1,342.1	0.8%	1.3	0.1%
Net intangible asset	245.3	0.1%	244.7	0.1%	(0.6)	(0.2%)
Deferred tax assets	211.5	0.1%	123.8	0.1%	(87.7)	(41.5%)
Net other assets	1,563.4	1.0%	1,576.2	0.9%	12.8	0.8%
Total assets	163,444.3	100.0%	174,225.1	100.0%	10,780.8	6.6%

Loans to customers

	1Q/2023		1Q/2024		Change	
	THB Million	%	THB Million	%	THB Million	%
MSME Loan	90,276.4	68.5%	98,991.8	67.1%	8,715.4	9.7%
Nano and Micro Finance Loan	20,368.7	15.5%	22,020.1	14.9%	1,651.4	8.1%
Home Loan	19,467.6	14.8%	22,698.2	15.4%	3,230.6	16.6%
Personal Loan	1,338.8	1.0%	3,650.7	2.5%	2,311.9	172.7%
Other retail Loans	290.6	0.2%	252.8	0.2%	(37.8)	(13.3%)



Total loans to customers	131,742.1	100.0%	147,613.6	100.0%	15,871.5	12.0%
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Thai Credit's loans to customers recorded at THB 147,613.6 million, increases by THB 15,871.5 million or 12.0 percent, mainly from the growth in all major loan product categories, especially Personal Loans and Home Loans.

MSME Loan

Micro SME loan of THB 98,991.8 million, increased THB 8,715.4 million or 9.7 percent from the same period last year, primarily due to Micro SME loans growth by THB 7,947.6 million from the previous year. This was primarily because of the positive response from customers towards the promotion of 0% special interest rate for three-month period for the Klahai SMEs loan products, as well as the growth in new loans and good portfolio quality management. Including the adjustment of bank loan approval criteria to attract customers with a good credit history and loan repayment records (NCB score) and expanding overdraft (OD) limits.

Nano and Micro Finance Loan

Nano and Micro Finance Loan of THB 22,020.1 million, increased THB 1,651.4 million or 8.1 percent from the same period last year. This is primarily because of continued loan growth, however, Thai Credit is implementing a conservative lending strategy according to the customer's repayment ability. Thai Credit is also launching new loan products for online merchants, giving them greater access to credit through the system to expand the Bank's customer base, and positive responses from customers on the loan disbursement through the Micro Pay e-Wallet application.

Home Loan

Home Loan of THB 22,698.2 million, increased THB 3,230.6 million or 16.6 percent from the same period last year, primarily due to positive feedback from customers on the sale promotion offering a zero interest rate for the first three months of the Refinance Plus Loan, and marketing promotions offering zero collateral appraisal fee, including continuous marketing to create brand recognition for customers.

Personal Loan

Personal Revolving Loan of THB 3,650.7 million, increased THB 2,311.9 million or 172.7 percent from the same period last year, primarily due to the launch of a new campaign with the lowest interest rate of 9.99% for up to five months to reduce customer debt and reinforce the penetration for the personal loan market, including a collaboration project with Ascend Nano Company Limited and True Money Company Limited. Thai Credit expanded its personal revolving loans products to new target groups (apart from customers with fixed income) by entering into the Right of Claims Purchase Agreement and relevant agreements with Ascend Nano Co., Ltd. ("Ascend Nano") to purchase right of claims under loan agreements that Ascend Nano enters into with debtors.



Credit Quality

	31 December 2023	31 March 2024	Change
Gross non-performing loans (Gross NPLs) (million baht)	6,115.6	6,594.6	7.8%
Gross NPL ratio ⁽¹⁾	4.2%	4.5%	0.3%
Allowance for expected credit loss			
Expected credit loss (ECL) (million baht)	4,062.4	1,643.0	
Allowance for expected credit loss (million baht)	9,873.2	10,098.3	2.3%
Allowance for expected credit loss against non-performing loans ratio (percent) ⁽²⁾	161.4%	153.1%	(8.3%)
Allowance for expected credit loss against total gross loans ratio (percent) ⁽³⁾	6.8%	6.8%	0.0%

Notes: (1) Calculated by dividing loans with credit impairment by total gross loans for each accounting period.

(2) Calculated by dividing allowance for expected credit loss by non-performing loans before allowance for expected credit loss for each accounting period.

(3) Calculated by dividing the allowance for expected credit loss by loans to customers for each accounting period.

Gross Loans and Allowance for Expected Credit Loss

	31 December 2023		31 March 2024	
	Loans	Allowance for expected credit loss	Loans	Allowance for expected credit loss
Stage 1 (Performing)	128,753.6	3,173.7	129,974.0	2,676.3
Stage 2 (Under-Performing)	14,262.7	2,383.7	16,188.0	3,331.9
Stage 3 (Non-Performing)	7,037.5	4,315.8	7,564.2	4,090.1
Total	150,053.8	9,873.2	153,726.2	10,098.3

The allowance for expected credit loss was THB 10,098.3 million as of 31 March 2024, an increase of 225.1 million baht or 2.3 percent from the ended last year. This is in line with the growth of loan to customers and an increase in loan stage 2 due to measures to assist debtors from the BoT as expected. However, the ratio of expected credit losses to non-performing loans was 153.1 percent as of 31 March 2024, slightly decreased from 161.4 percent as of 31 December 2023.

Thai Credit remains prudent in loan portfolio quality monitor and risk management, including set aside management overlay (balance) of THB 289.0 million as of 31 March 2024 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 7.8 percent, from THB 6,115.6 million as of 31 December 2023, to THB 6,594.6 million as of 31 March 2024, while the gross NPLs ratio before allowance for expected credit loss increased from 4.2 percent as of 31 December 2023 to 4.5 percent as of 31 March



2024 as expected, which is still within a manageable range. The increase primarily due to the measures to assist debtors implemented by the BoT have begun to expire, resulting in an increase in non-performing loans, 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 Iran-Israel, the slow recovery of domestic economy.

Liabilities

	31 December 2023		31 March 2024		Change	
	THB Million	%	THB Million	%	THB Million	%
Deposits	116,761.6	80.0%	125,764.1	81.5%	9,002.5	7.7%
Interbank and money market items	22,757.4	15.6%	22,388.9	14.5%	(368.5)	(1.6%)
Liabilities payable on demand	145.6	0.1%	190.0	0.1%	44.4	30.5%
Derivative liabilities	152.1	0.1%	-	0.0%	(152.1)	(100.0%)
Debt issued and borrowings	2,611.8	1.8%	2,617.5	1.7%	5.7	0.2%
Provisions	296.4	0.2%	315.5	0.2%	19.1	6.4%
Other liabilities	3,214.3	2.2%	3,120.2	2.0%	(94.1)	(2.9%)
Total liabilities	145,939.2	100.0%	154,396.2	100.0%	8,457.0	5.8%

Deposits

	31 December 2023		31 March 2024		Change	
	THB Million	%	THB Million	%	THB Million	%
Current deposits	113.8	0.1%	159.6	0.1%	45.8	40.2%
Savings	36,456.8	31.2%	37,078.2	29.5%	621.4	1.7%
Term deposits	80,191.0	68.7%	88,526.3	70.4%	8,335.3	10.4%
Total deposits	116,761.6	100.0%	125,764.1	100%	9,002.5	7.7%
Up to one year	100,955.2	86.5%	114,071.6	90.7%	13,116.4	13%
More than one year	15,806.4	13.5%	11,682.5	9.3%	(4,123.9)	(26.1%)
Rollover Rate⁽¹⁾		94.0%		94.6%		
CASA ratio		31.3%		29.6%		
Loan-to-deposit ratio⁽²⁾		123.5%		117.4%		

Notes: (1) Rollover Rate is the rate at which depositors continue to deposit money with the Bank after the maturity date of their existing deposit products.

(2) Calculated by dividing loans by deposits as at the end of each accounting period.

Thai Credit's deposits recorded at THB 125,764.1 million as of 31 March 2024, increased THB 9,002.5 million or 7.7 percent from the year ended 31 December 2023, primarily due to significant rise in term deposit, which increased THB 8,335.3 million or 10.4 percent from the previous year from the opening of deposit branches. The Rollover Rate of depositors for all product groups for the first quarter year 2024 remained high at 94.6 percent.



Current deposits and savings account (CASA) to total deposits ratio (CASA ratio) recorded at 29.6 percent, similar to the year end 31 December 2023. However, loan-to-deposit ratio remained high at 117.4 percent for the first quarter year 2024.

Net interbank and money market items

	31 December 2023		31 March 2024		Change	
	THB Million	%	THB Million	%	THB Million	%
Domestic						
Bank of Thailand	18,651.7	82.0%	18,056.9	80.7%	(594.8)	(3.2%)
Specialized financial institutions	26.2	0.1%	25.1	0.1%	(1.1)	(4.2%)
Others	524.9	2.3%	513.2	2.3%	(11.7)	(2.2%)
Total of Domestic	19,202.8	84.4%	18,595.2	83.1%	(607.6)	(3.2%)
Foreign						
US Dollars	3,554.6	15.6%	3,793.7	16.9%	239.1	6.7%
Total of Foreign	3,554.6	15.6%	3,793.7	16.9%	239.1	6.7%
Total of Domestic and Foreign	22,757.4	100.0%	22,388.9	100.0%	(368.5)	(1.6%)

Net interbank and money market items decreased by 1.6 percent, from THB 22,757.4 million as of 31 December 2023, to THB 22,388.9 million as of 31 March 2024, primarily due to the decrease in funds obtained from the BoT for lending to customers under the Soft Loan program.

Equity

	31 December 2023		31 March 2024		Change	
	THB Million	%	THB Million	%	THB Million	%
Authorized share capital	6,174.2	35.3%	6,174.2	31.1%	-	0.0%
Paid-up capital	5,822.9	33.2%	6,146.4	31.0%	323.5	5.6%
Premium on share capital	768.2	4.4%	2,279.6	11.5%	1,511.4	196.8%
Other equity interest	-	0.0%	11.6	0.1%	11.6	N/A
Other reserves	(12.2)	(0.1%)	15.4	0.1%	27.6	(226.2%)
Retained earnings						
Appropriated						
Legal reserves	569.4	3.3%	569.4	2.9%	-	0.0%
Unappropriated	10,356.8	59.2%	10,806.4	54.5%	449.6	4.3%
Total	17,505.1	100.0%	19,828.8	100.0%	2,323.7	13.3%

As of 31 March 2024, Thai Credit's equity stood at THB 19,828.8 million, representing an increase by 13.3 percent from THB 17,505.1 million as of 31 December 2023, primarily due to common shares and the premium on share capital increasing from Initial Public Offering (IPO) in February 2024, and profits earned during the period.



Capital

	31 December 2023		31 March 2024		Change	
	THB Million	%	THB Million	%	THB Million	%
Common Equity Tier 1 capital (CET1)	15,431.4	80.3%	17,381.5	82.3%	1,950.1	12.6%
Additional Tier 1 capital (financial instruments)	861.1	4.5%	861.1	4.1%	0.0	0.0%
Total Tier 1 capital	16,292.5	84.8%	18,242.6	86.4%	1,950.1	12.0%
Tier 2 capital	2,919.3	15.2%	2,862.4	13.6%	(56.9)	(1.9%)
Total capital	19,211.8	100.0%	21,105.0	100.0%	1,893.2	9.9%
Risk weighted assets	118,002.6		121,170.0		3,167.4	2.7%

As of 31 March 2024, Thai Credit's capital, as required under applicable law, pursuant to the principles of Basel III, stood at THB 21,105.0 million, consisting of THB 18,242.6 million of Tier 1 capital, increase from the year ended 31 December 2023, driven by common shares and the premium on share capital increasing from Initial Public Offering (IPO); and THB 2,862.4 million of Tier 2 capital.

The total capital to total risk-weighted asset ratio was 17.4 percent. The Tier 1 capital to total risk-weighted asset ratio was 15.1 percent. The CET1 to total risk-weighted asset ratio was 14.3 percent. These ratios were higher than the minimum ratios required by the BoT (11.0%, 8.5%, and 7.0%, respectively).

Cash flows

	31 March 2023		31 March 2024	
	THB Million	%	THB Million	%
Net cash inflow (outflow) from operating activities	989.4	218.3%	3,807.5	677.0%
Net cash inflow (outflow) from investing activities	(582.4)	(128.5%)	(5,573.8)	(991.1%)
Net cash inflow (outflow) from financing activities	(457.9)	101.0%	1,815.3	322.8%
Net cash and cash equivalents increase (decrease)	(50.9)	11.2%	49.0	8.7%
Cash and cash equivalents at the beginning of the year/period	504.1	111.2%	513.4	91.3%
Cash and cash equivalents at the end of the year/period	453.2	100.0%	562.4	100.0%

Net cash inflow (outflow) from operating activities

For the year ended 31 March 2024, net cash used in Thai Credit's operating activities was THB 3,807.5 million, increased from THB 2,818.1 million for the first quarter ended 31 March 2023, mainly from deposit increase THB 9,073.3 million, including operating profits before changes in operating assets and liabilities of THB 2,356.8 million, offset by loan to customers increased THB 4,864.8 million from the previous year, consistent with the loan growth, and spending on activities in interbank and money market transactions increased THB 2,244.4 million⁽¹⁾ due to the Bank's management of excess liquidity.



⁽¹⁾ Net interbank and money market items include assets and liabilities.

Net cash inflow (outflow) from investing activities

For the year ended 31 March 2024, net cash used in Thai Credit's investing activities was THB 5,573.8 million, increased mainly from cash paid for purchasing investments measured at fair value through other comprehensive income of THB 9,983.2 million, offset by cash received from sales and redemptions of investments measured at fair value through other comprehensive income of THB 4,422.0 million.

Net cash inflow (outflow) from financing activities

For the year ended 31 March 2024, net cash from Thai Credit's financing activities was THB 1,815.3 million, increased mainly from cash received from the initial public offering (IPO) in February 2024 in the amount of THB 1,834.9 million.

Business Highlight in 1Q/2024

1. Thai Credit **successful listed in the Stock Exchange of Thailand under Financials/Banking sector, symbol of “CREDIT”**. The purpose is to expand the loan growth services supporting Thai people. In addition, this IPO, with a market capitalization of THB 35,649.39 million at the IPO price on February 9, 2024, was the first commercial bank to raise capital (IPO) in the previous ten years.



2. Thai Credit was **ranked the 7th bank of the year 2024 from Money & Banking Magazine** and ranked the **1st** for Return on Asset (ROA) and Return on Equity (ROE)

อันดับ			ธนาคาร	รายได้รวม (Revenue)		กำไรสุทธิ (Net Profit)		อัตรากำไรสุทธิ (Net Profit Margin)		อัตราผลตอบแทนจากสินทรัพย์ (ROA)		อัตราผลตอบแทนต่อหุ้น (ROE)	
2566	2565	2564		อันดับ	ล้านบาท	อันดับ	ล้านบาท	อันดับ	%	อันดับ	%	อันดับ	%
1	1	2	ไทยพาณิชย์	4	180,829.41	1	47,958.20	1	26.52	10	1.79	3	11.35
2	5	4	กรุงเทพ	2	241,407.88	3	41,635.52	8	17.42	4	2.59	9	8.05
3	2	1	กสิกรไทย	1	306,529.43	2	42,405.04	9	14.70	8	2.13	8	8.19
4	3	6	กรุงไทย	3	189,487.17	4	36,615.91	5	21.28	5	2.45	4	9.40
5	4	7	ทีเอสบี	9	18,524.97	8	4,888.44	2	26.39	6	2.32	2	13.51
6	6	3	กรุงศรีอยุธยา	5	179,970.28	5	32,929.52	7	18.41	2	3.01	5	9.28
7	9	11	ไทยเครดิต	10	16,604.31	9	3,556.78	4	21.42	1	4.58	1	22.31
8	7	5	เกียรตินาคินภัทร	7	37,741.08	7	5,443.40	10	14.46	3	2.89	6	9.16
9	8	9	ไอซีบีซี (ไทย)	12	12,208.59	10	3,103.53	3	25.42	11	1.38	10	7.61
10	10	9	ทีเอ็มบีธนชาต	6	94,530.50	6	18,462.18	6	19.53	7	2.16	7	8.24
11	11	13	แลนด์ แอนด์ เฮ้าส์	11	12,544.89	11	1,692.98	11	13.50	12	0.68	11	4.77
12	11	12	ซีไอเอ็มบี ไทย	8	20,104.91	12	1,605.27	12	7.98	9	1.80	12	3.46



3. Thai Credit announce **new partnership synergy with Aberdeen Asset Management (Thailand) Limited** to



develop products and provide sustainable investment solution following the customer demand by adding a channel for selling mutual funds through Thai Credit Bank, offering retail investors to access in Aberdeen mutual funds. Also offer private fund services managed by fund managers and expert team with experience in many asset classes under comprehensive risk control management in order to increase the opportunity of receiving good returns in the long run and meet the financial goals of customers.

4. Thai Credit opened **one new deposit branches**: Mega Bangna Branch. Currently, there are a total of 29 deposit branches.

5. Thai Credit **launched loan program for online retailers, or merchants who sell products through various online platforms** which contribute significantly to the growth of the Thai economy but have limited access to the system. As this product doesn't require securities or personal guarantors, as a result this can help increase the competitiveness, enhance the potential of online business operations as well as create opportunities for business expansion to grow steadily and sustainably.



2024 Operating Guidance

	2023 Performance	2024 Target
Loan Growth	18.8%	Double digit growth
Net Interest Spread	8.2%	7.8 – 8.2% <i>(from 8.0 – 8.2%)</i>
Net Interest Margin (NIM)	8.7%	8.0 – 8.5%
Cost to Income Ratio	36.7%	36.0 – 37.0%
NPL Ratio	4.2%	4.0 – 4.5%
Credit Cost	2.9%	3.0 – 3.5% <i>(from 2.9 – 3.3%)</i>
ROE	22.3%	Above 20.0%

Sustainable Development in 1Q/2024

Thai Credit is a commercial bank that adheres to its vision and mission that focuses on conducting business on the basis of sustainable growth by providing the best financial services to support customers grow their business and improve people's quality of life with the bank's unique microfinance services and elevate the financial status in a sustainable manner, according to the philosophy **"Everyone Matters"**



In addition, Thai Credit places importance on improving the quality of life and financial knowledge for communities and society and being a middle enterprise in driving change towards the sustainable development goals through various Thai Credit's initiatives and dedication to regularly conducting business responsibly.

1. Thai Credit under Tang To Know-How entering 8th years, reflects the Bank's unwavering commitment to help improve the quality of life of people in society, focusing on small entrepreneurs who are the driving force of the Thai economy, and strengthen communities to be self-reliant especially the farmer group which is the backbone of the country, under the concept of EMpower, encourage and help people develop healthy saving habits to allow participants to learn about good financial management. This will be a set of skills and knowledge that will help to manage financial resources more efficiently. **In the first quarter of 2024, there were more than 13,458 people** attending training through the learning center, online systems, and off-site training.

2. Thai Credit SME Klahai organized a training course for micro SME business executives, 2nd generation, on the topic "Accounting for SMEs Entrepreneurs" (Micro MBA), developed by National Institute of Development Administration (NIDA) to **enhance the potential of business owners** in order to update knowledge and develop new skills as a tool for expanding business and in line with competition in the market that requires speed and up to date.



3. Thai Credit signed the Memorandum Of Understanding (MOU) with Department of Community Development, Ministry of Interior, to drive the mission to provide knowledge and develop financial discipline to government officer, this honorable event shows that government trust our bank to pass on financial skills to people.

4. Thai Credit under the project of "gives a bag instead of love", donated cloth bags and paper bags to patients to take medicine home, totaling more than 1,500 bags to Siriraj Hospital and Phramongkutklao Hospital. Campaign about using cloth bags instead of plastic bags to help reduce the problem of global warming, reduce costs and encourage people to participate in protecting the environment. Purpose to help and support all citizens to have a better, sustainable life.

