

Management Discussion and Analysis Q2 2024

Executive Summary

“ Net profit for 2nd quarter 2024 of Baht 1,091.4 million, strong growth of 17.7% (YoY).

**Lending and insurance brokerage businesses have continued to expand
with a focus on sustaining long-term business growth. ”**

Ngern Tid Lor Public Company Limited (“TIDLOR” or “Company”) achieved a net profit of Baht 1,091.4 million for the second quarter of 2024 (“2Q24”), reflecting a robust growth of 17.7% (YoY) from Baht 927.2 million in the same period of last year. Additionally, for the first six months of the year, the Company achieved a net profit of Baht 2,195.5 million, representing a 16.6% increase (YoY). Growth in the second quarter was driven by increased revenue and efficient cost management. The Company reported a total revenue of Baht 5,464.2 million, a rise of 20.6% (YoY), primarily due to business expansion. The main revenue was derived from the interest income on loans and hire-purchase receivables, which increased by 22.0% (YoY), and fee and service income, which rose by 14.5% (YoY). Meanwhile, total expenses amounted to Baht 4,099.1 million, an increase of 21.8% (YoY), due to higher service and administrative expenses related to business growth, credit losses, and an increase in funding costs following the policy rate hikes implemented since the previous year. Nevertheless, the Company maintained effective cost management, with the cost-to-income ratio decreasing to 53.4%

As of the end of 2Q24, the Company's outstanding loan portfolio stood at Baht 103,041.6 million, growing by 18.1% (YoY). The development of customer-centric products like TIDLOR Card and cash transfer service for loan via NTL application (E-Withdrawal), has been a key contributor to the growth of lending business, with usage volume continuing to expand. The Non-Performing Loan (NPL) ratio was at 1.86%, an increase from 1.60% at the end of the first quarter, attributed to persistent economic fragility, however, the Company sustained a strong NPL coverage ratio of 227.3%. Additionally, the insurance brokerage business continued its growth trajectory, supported by comprehensive acquisition and service channels both online and offline. This includes enhancing services across all processes, from sales to claims with Call Center at 1501 available to support customer 24/7. This quarter, non-life insurance premiums reached Baht 2,306.9 million, growing 20.2% (YoY).

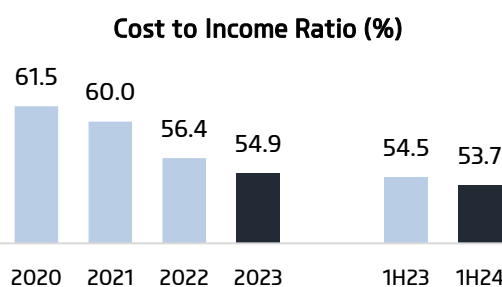
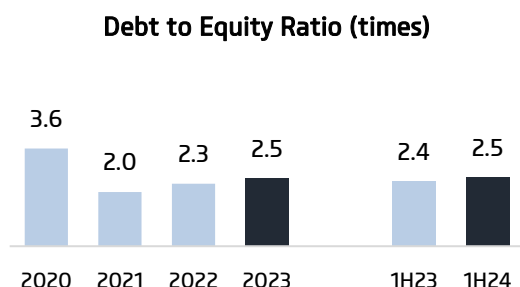
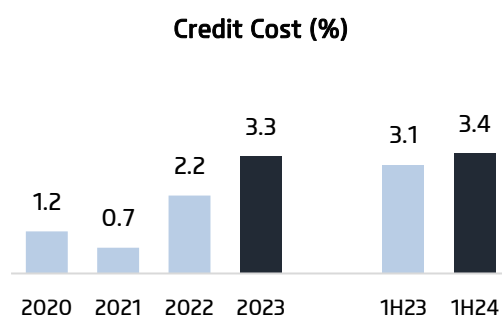
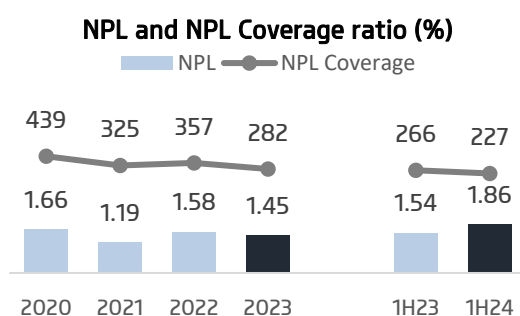
The Company prioritizes high-quality business growth, maintaining a strong financial position, enhancing fee income, and managing expenses efficiently, all while adhering to operating within an appropriate risk management framework. This approach is aimed at addressing the challenges posed by slower-than-expected economic recovery, high household debt levels, and uncertainties that may affect asset quality. Regarding the

shareholding and management restructuring plan, the Company received approval from the Extraordinary General Meeting of Shareholders (e-EGM) No. 1/2024 on June 11, 2024, and is currently in the process of obtaining approvals from relevant regulatory agencies.

Financial Highlights

(Unit: THB million)	2Q23	2Q24	% YoY Increase/ (Decrease)	1H2023	1H2024	% YoY Increase/ (Decrease)
Interest income on loans and hire-purchase	3,743.9	4,565.8	22.0%	7,311.3	8,939.8	22.3%
Fee and service income	776.8	889.7	14.5%	1,537.0	1,811.5	17.9%
Other income	9.0	8.7	(3.3%)	26.8	21.9	(18.3%)
Total revenues	4,529.7	5,464.2	20.6%	8,875.1	10,773.2	21.4%
Service and administrative expenses	(2,269.8)	(2,603.6)	14.7%	(4,389.5)	(5,172.9)	17.8%
Finance costs	(426.4)	(590.1)	38.4%	(821.4)	(1,146.6)	39.6%
Profit before credit loss	1,833.5	2,270.5	23.8%	3,664.2	4,453.7	21.5%
Credit loss	(669.8)	(905.4)	35.2%	(1,304.6)	(1,714.7)	31.4%
Loss arising from derecognition of financial assets measured at amortized cost	(418.0)	(842.9)	101.7%	(884.7)	(1,404.7)	58.8%
Impairment loss determined in accordance	(251.8)	(62.5)	(75.2%)	(419.9)	(310.0)	(26.2%)
Profit before income tax expense	1,163.7	1,365.1	17.3%	2,359.6	2,739.0	16.1%
Income tax expenses	(236.5)	(273.7)	15.7%	(477.2)	(543.5)	13.9%
Net profit for the period	927.2	1,091.4	17.7%	1,882.4	2,195.5	16.6%

Key Financial Ratio



Operating Result for Q2 2024

Overview of the Loan and Insurance Brokerage Business

**“ The total loan portfolio expanded by 18.1% YoY,
with non-life insurance premiums continuously grew 20.2% YoY. ”**

By the end of 2Q24, the total lending portfolio demonstrated consistent growth, representing an expansion of 18.1% (YoY) and 2.9% (QoQ), reaching a total portfolio value of Baht 103,041.6 million. The portfolio is comprised of two categories: loans to customers and accrued interest receivables amounting to Baht 92,868.9 million, representing 90.1% of the total loan portfolio, and hire-purchase receivables amounting to Baht 10,172.7 million, accounting for 9.9% of the total loan portfolio.

Loan portfolio growth has aligned with the set targets. The Company continue a stringent lending and refine credit approval policies to adapt to the changing economic landscape, ensuring appropriate levels of return and risk while catering to customer needs. The portfolio’s expansion has been fueled by over 1,723 branches nationwide, as well as alternative non-branch channels such as telesales, agents, and online platforms. Additionally, TIDLOR Card and cash transfer service via NTL application (E-Withdrawal) remain to be key growth drivers for the lending business. These innovations are the result of ongoing technology investments to develop products and services that enhance financial accessibility and convenience for customers. At the end of June 2024, the Company has issued over 696,000 Cards, rising by 21% (YoY), and over 67% of disbursement transactions conducted through E-Withdrawal service. This reflects the company's dedication to elevating financial services and delivering differentiating service quality to meet diverse needs of the customers.

A Detailed Breakdown of the Lending Portfolio:

(Unit: THB million)	Loans to customers and accrued interest receivables	Hire-purchase receivables*	Total
Stage 1 (Performing)	76,971.3	6,361.5	83,332.8
Stage 2 (Under-performing)	14,277.0	3,515.5	17,792.5
Stage 3 (Non-performing)	1,620.6	295.7	1,916.3
Total loans and hire purchase receivables and accrued interest receivables	92,868.9	10,172.7	103,041.6
Less Allowance for expected credit loss	(3,912.7)	(443.3)	(4,356.0)
Total loans and hire purchase receivables and accrued interest receivables - Net	88,956.2	9,729.4	98,685.6

*After deduction of unearned interest income

The non-performing loan (NPL) ratio at the end of 2Q24 stood at 1.86%, rising from 1.60% at the end of the first quarter. This increase was influenced by economic conditions and debtor quality following the expiry of the debt moratorium. The Company's allowance for expected credit losses amounted to Baht 4,356.0 million, accounting to a NPL coverage ratio of 227.3%, a decline from 264.1% at the end of the previous quarter, but still at a strong level. These provisions adhere to prudent risk management and consideration of potential future uncertainties.

The insurance brokerage business, another key contributor to the Company's performance, continued to demonstrate strong growth. As of 2Q24, the Company achieved non-life insurance premiums totaling Baht 2,306.9 million, marking a 20.2% (YoY) increase. This growth was well-distributed across offline channels, supported by more than 5,000 licensed insurance brokerage branch staff, as well as through Areegator platforms, and online insurance brokerage platforms (heygoody). Similar to the lending business, the Company has consistently developed suitable products and invested in technology to improve the insurance services. The Call Center 1501 service, launched in December last year, has been well-received and has a steady flow of customers.

“ Low D/E ratio at 2.5 times with approximately Baht 23,000 million in available credit facilities, and maintaining NIM at an appropriate level. ”

As of the end of 2Q24, the Company had total borrowings and debentures amounting to Baht 71,987.0 million, increasing by 18.6% (YoY). The funding structure comprised of 53:47 ratio between financial institution loans and debentures, with amounts of Baht 38,158.7 million and Baht 33,828.3 million baht, respectively. The Company emphasizes a strategy of funding diversification through both domestic and international financial institution borrowings and issuing debt instruments, enhancing financial flexibility and mitigating concentration risk. Furthermore, the debt-to-equity ratio remained low at 2.5 times. As of the end of June 2024, the Company had approximately Baht 23,000 million in unused credit facilities, indicating efficient sourcing and management of funding to withstand financial market volatility caused by a lack of confidence in companies that have defaulted on bond repayment obligations.

(Unit: THB million)	2Q23	% Total Revenue	2Q24	% Total Revenue	% YoY Increase/ (Decrease)
Financial institution loans	32,582.7	53.7%	38,158.7	53.0%	17.1%
Debentures	28,097.4	46.3%	33,828.3	47.0%	20.4%
Total borrowings and debentures	60,680.1	100.0%	71,987.0	100.0%	18.6%

The Company's interest income rate from the lending business in 2Q24 was 17.98%, a rise from 17.59% in the same period last year, due to lending rate increases for certain loan products. Financial costs rose to 2.32% from 2.00% in the second quarter of 2023, mainly due to elevated interest rates in the financial market. This led to an increase

in the net interest margin (NIM) to 15.65% in 2Q24, compared to 15.59% in the same quarter of the previous year. Nonetheless, the Company continues to prioritize aligning the average duration of assets and liabilities to optimize finance costs and reduce financial risks, and borrowing at fixed interest rates to mitigate interest rate risk.

Overview of Revenue and Expenses

**“ Sustained revenue growth in interest and fees and service income,
with efficient operating cost management. ”**

Revenue: The Company achieved total revenue for 2Q24 of Baht 5,464.2 million, indicating a 20.6% (YoY). Interest income accounted for 83.6% of total revenue, comprising Baht 4,193.9 million from interest income on loans and Baht 371.9 million from interest income on hire-purchase receivables. The rise in interest income was attributed to the expansion of the total loan portfolio and the increase in lending rates on certain loan products.

Moreover, fee and service income in 2Q24 amounted to Baht 889.7 million, an increase of 14.5% (YoY), representing 16.3% of total revenue. This growth was mainly driven by the robust performance of the insurance brokerage business, encompassing both non-life and life insurance.

(Unit: THB million)	2Q23	% Total Revenue	2Q24	% Total Revenue	% YoY Increase/ (Decrease)
Interest income on hire-purchase receivables	386.6	8.5%	371.9	6.8%	(3.8%)
Interest income on loans	3,357.3	74.1%	4,193.9	76.7%	24.9%
Fee and service income	776.8	17.2%	889.7	16.3%	14.5%
Other income	9.0	0.2%	8.7	0.2%	(3.3%)
Total revenues	4,529.7	100.0%	5,464.2	100.0%	20.6%

Expenses: In 2Q24, the Company incurred total expenses of Baht 4,099.1 million, with the majority attributed to service and administrative expenses, totaling Baht 2,603.6 million, rising by 14.7% (YoY). This aligned with the continued growth of both the lending and insurance brokerage businesses. The cost-to-income ratio for 2Q24 was 53.4%, a decrease from 55.3% in the same quarter last year.

Financial costs amounted to Baht 590.1 million, an increase of 38.4% (YoY), driven by the rise in policy rate since last year and additional borrowing to support business growth. Credit losses amounted to Baht 905.4 million, a rise of 35.2% (YoY), corresponded to the expansion of the overall loan portfolio, higher write-offs, and prudent provisions to address external uncertainties, responsible lending measure, and price volatility of used car within the market, as well as asset quality amid a slower-than-expected economic recovery.

(Unit: THB million)	2Q23	% Total Revenue	2Q24	% Total Revenue	% YoY Increase/ (Decrease)
Service and administrative expenses	2,269.8	50.1%	2,603.6	47.6%	14.7%
Finance costs	426.4	9.4%	590.1	10.8%	38.4%
Credit loss	669.8	14.8%	905.4	16.6%	35.2%
Loss arising from de-recognition of financial assets measured at amortized cost	418.0	9.2%	842.9	15.4%	101.7%
Impairment loss determined in accordance with TFRS 9	251.8	5.6%	62.5	1.1%	(75.2%)

Financial Position

As of June 30, 2024, the Company's total assets reached Baht 105,294.0 million, an increase of 5.1% from Baht 100,147.9 million as of December 31, 2023. This growth was supported by the expansion of both the lending and insurance brokerage businesses, with the key assets comprising loans and high purchase receivables totaling Baht 103,041.6 million.

Total liabilities amounted to Baht 75,440.4 million, rising 5.2% from Baht 71,724.4 million as of December 31, 2023. This increase was primarily due to higher borrowings to facilitate loan portfolio growth and support working capital.

Total shareholders' equity was at Baht 29,853.6 million, increasing by 5.0% from Baht 28,423.5 million as of December 31, 2023. This growth can be attributed to the increase in net profit for the six months ending June of the current year, deducted by dividend payment made in the second quarter of 2024.

(Unit: THB million)	31 December 2023	30 June 2024	%YTD Increase/ (Decrease)
Cash and cash equivalents	1,656.0	1,432.5	(13.5%)
Loans and hire purchase receivables	97,456.5	103,041.6	5.7%
Allowance for expected credit loss	(3,981.4)	(4,356.0)	9.4%
Other current assets	1,431.2	1,397.1	(2.4%)
Other non-current assets	3,585.6	3,778.8	5.4%
Total assets	100,147.9	105,294.0	5.1%
Current liabilities	35,246.2	32,398.0	(8.1%)
Non-current liabilities	36,478.2	43,042.4	18.0%
Total liabilities	71,724.4	75,440.4	5.2%
Total shareholders' equity	28,423.5	29,853.6	5.0%
Total liabilities and shareholders' equity	100,147.9	105,294.0	5.1%