

# Analyst Meeting

Statements Unreviewed

As of 31 March 2014

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## 1Q14 Financial Highlights



Business As Usual



NPL Management



Capital Planning & Liquidity

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## Appendix

# 1Q14 Financial Highlights

***Business as Usual***

# Profit Movement

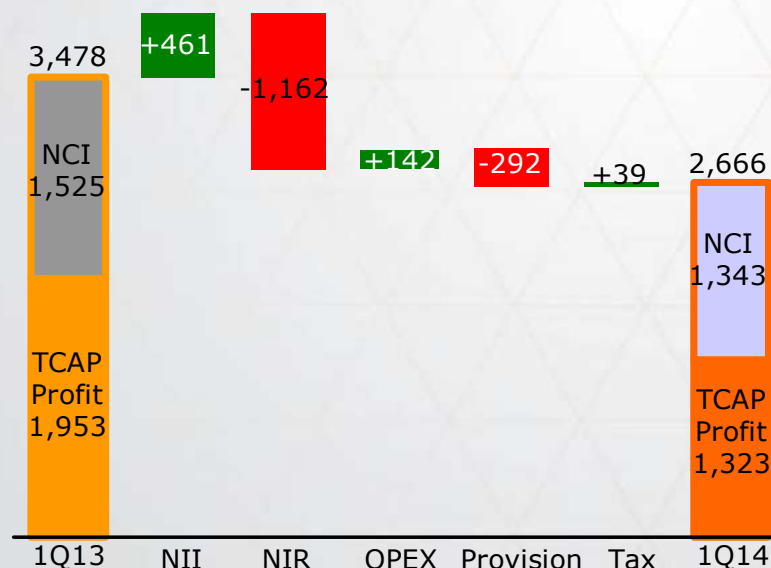
**Movement of Total Profit  
1Q14 VS 4Q13 (MTHB)**



## Highlights QoQ

- NII decreased by 3.31% from a decrease in interest income of 3.06% and a decrease in interest expenses of 2.80%
- NIR decreased by 13.42% from less gains on investments
- OPEX dropped by 5.28% from efficient cost control
- Provision dropped by 12.61% from better NPL formation

**Movement of Total Profit  
1Q14 VS 1Q13 (MTHB)**



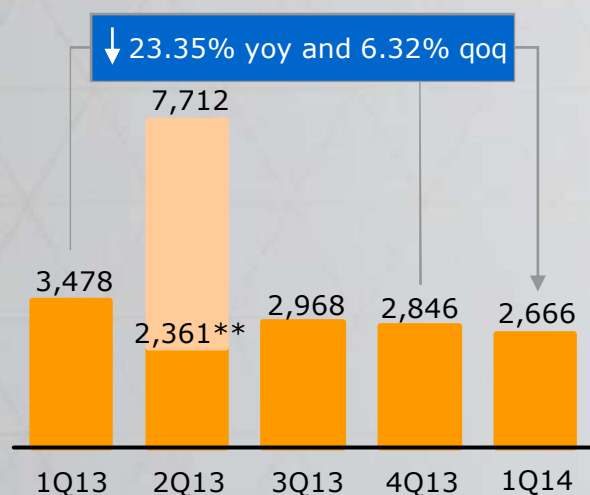
## Highlights YoY

- NII increased by 7.30% from an interest income increase of 3.41% and a decrease in interest expenses of 0.21%
- NIR decreased by 26.37% from less brokerage fees and less share of profit from an associated company
- OPEX decreased by 2.75% from less variable costs
- Provision rose by 21.39% from economic slowdown

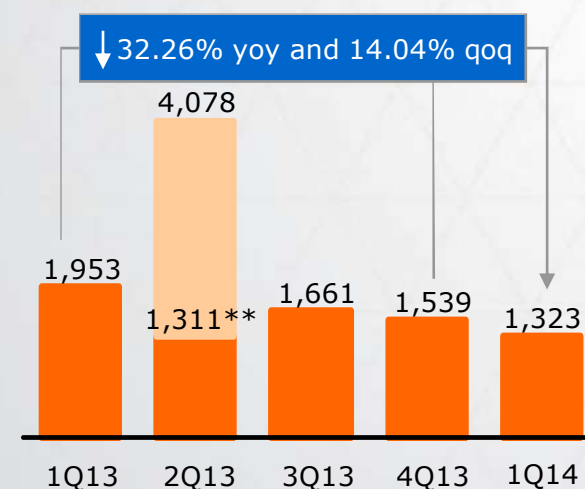
# Group Profitability

Business as Usual

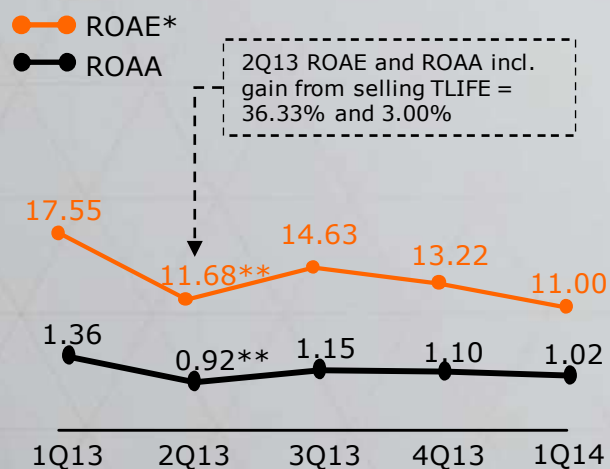
Total Profit (MTHB)



Net Profit of TCAP (MTHB)



ROAA and ROAE\* (Percent)



## TCAP Profitability

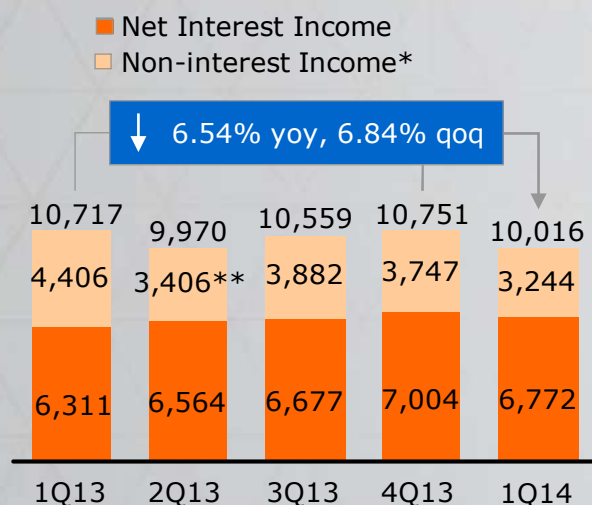
- 1Q14 net profit of TCAP decreased by 14.04% qoq. The decrease was due mainly to less income while operating expenses were well controlled. Also, 1Q14 provision was in a better position than that in 4Q13
- 1Q14 net profit of TCAP decreased by 32.26% yoy. This was due mainly to a decrease in non-interest income and an increase in provision from economic slowdown. Operating expenses were still under control
- ROAA and ROAE in 1Q14 were at 1.02% and 11.00% respectively

Note: \*Excluding non-controlling interest \*\*Excluding gain on sale of TLIFE; Source: Company data

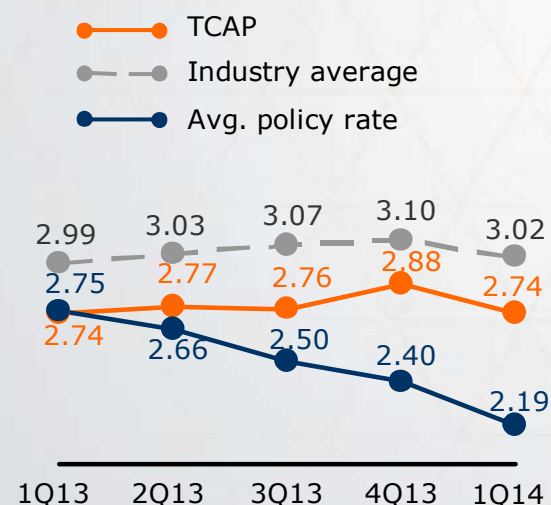
# Group Income and Margin

Business as Usual

## Total Income (MTHB)



## Net Interest Margin (Percent)



## Highlights

- 1Q14 total income declined by 735 MTHB or 6.84% qoq from:
  - Net interest income decreased by 232 MTHB or 3.31% from a decrease in high yield HP portfolio and less interest income from debt restructuring
  - Non-interest income decreased by 503 MTHB or 13.42% from less gains on investments
- 1Q14 total income decreased by 701 MTHB or 6.54% yoy from:
  - Net interest income increased by 461 MTHB or 7.30% from loan increase yoy and lower cost of fund
  - Non-interest income dropped by 1,162 MTHB or 26.37% from less brokerage fees and less share of profit from an associated company

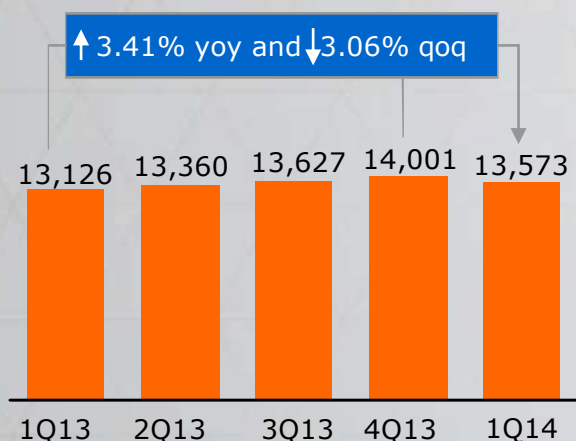
Note: \*Net of insurance expenses and include profit from discontinued operations \*\*Excluding gain on sale of TLIFE;  
Source: Company data



# Group Interest Income & Expenses

Business as Usual

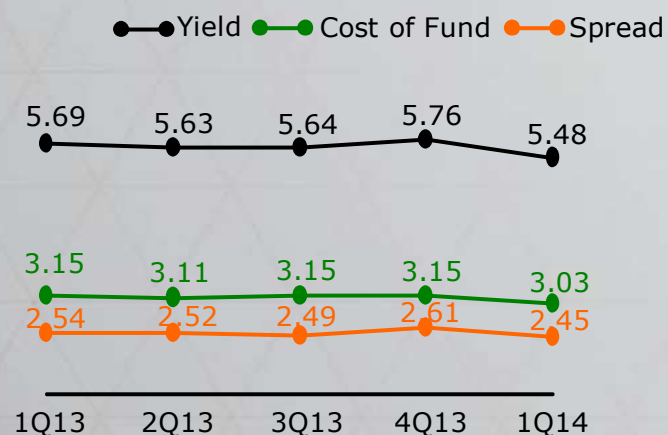
## Interest Income (MTHB)



## Interest Expenses (MTHB)



## Yield, Cost of Fund, and Spread (Percent)



Source: Company data

## Highlights

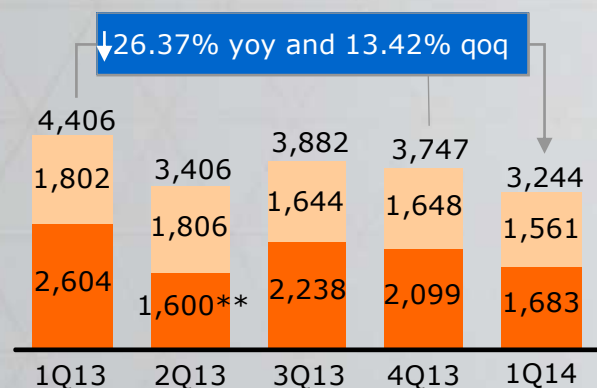
- 1Q14 interest income decreased by 428 MTHB or 3.06% qoq. This was mainly from a decrease in high-yield HP portfolio and less interest income from debt restructuring
- 1Q14 interest income increased by 447 MTHB or 3.41% yoy. This was mainly from loan growth of 2.47%. However, overall yield dropped from a decrease in high-yield HP portfolio and less interest income on investments
- 1Q14 interest expenses decreased by 196 MTHB or 2.80% qoq. This was mainly from lower cost of fund
- 1Q14 interest expenses decreased by 14 MTHB or 0.21% yoy. This was mainly from cost of fund decrease
- 1Q14 spread narrowed both qoq and yoy, due to a drop in yield by 28 bps qoq and 21 bps yoy while cost of fund dropped by 12 bps qoq and yoy

# Group Non-interest Income

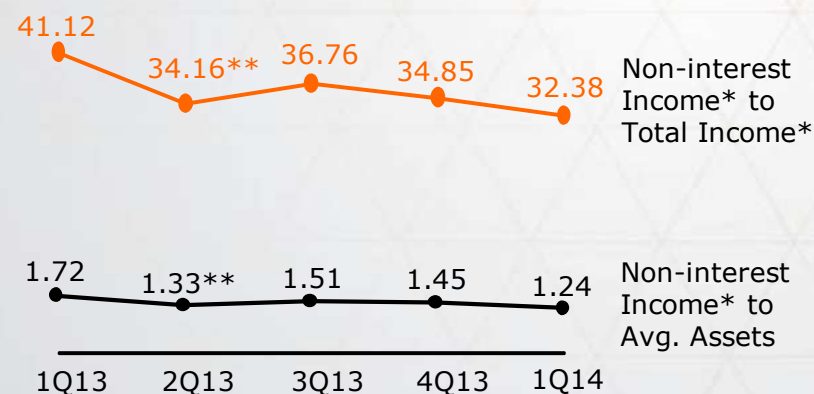
Business as Usual

## Non-interest Income (MTHB)

- Operating Income\*
- Net Fees & Service Income



## Ratios of Non-interest Income\* (Percent)



## Highlights

- 1Q14 non-interest income decreased by 503 MTHB or 13.42% qoq from:
  - Net fees and service income dropped by 5.28% mostly from a decrease in brokerage fees
  - Operating income decreased by 19.82% because, in 4Q13, there were investment gain on liquidation Vayupak Fund
- 1Q14 non-interest income decreased by 1,162 MTHB or 26.37% yoy from:
  - Net fees and service income decreased by 13.37% from a decrease in brokerage fees while banking fees increased
  - Operating income dropped by 35.37% from less share of profit from an associated company and no dividend from Vayupak
- 1Q14 non-interest income ratio was at 32.38%

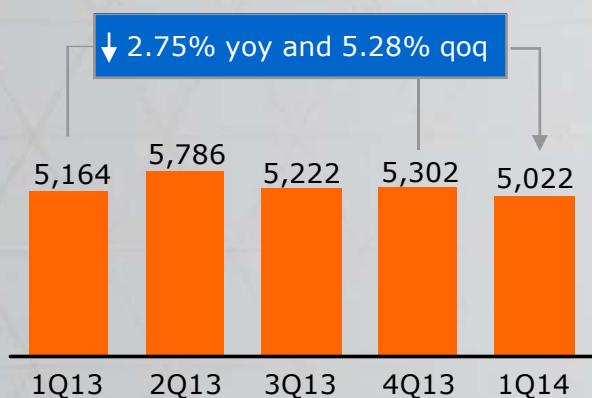
Note: \*Net of insurance expenses and include profit from discontinued operations  
 \*\*Excluding gain on sale of TLIFE; Source: Company data



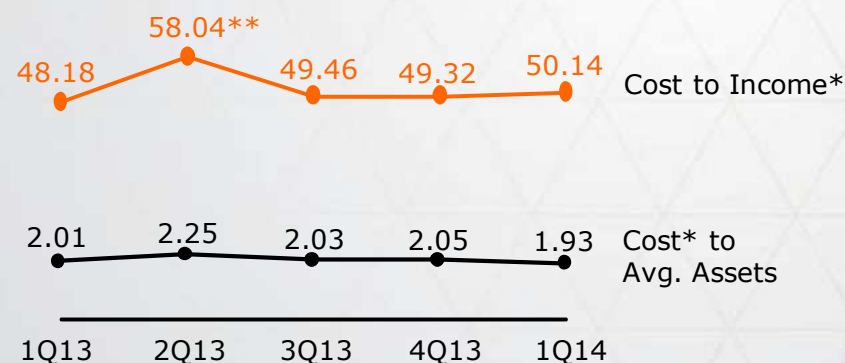
# Group Operating Expenses

**Business as Usual**

**Operating Expenses (MTHB)**



**Ratios of Operating Expenses\* (Percent)**



## Highlights

- 1Q14 operating expenses decreased by 280 MTHB or 5.28% qoq from:
  - Fixed costs increased mainly from personnel expenses which increased by 8.67%
  - Variable costs were well controlled and decreased in line with business transactions
- 1Q14 operating expenses decreased by 142 MTHB or 2.75% yoy from an effective cost control and a decrease in expenses related to business transactions
- 1Q14 cost to income ratio increased to 50.14% from lower income

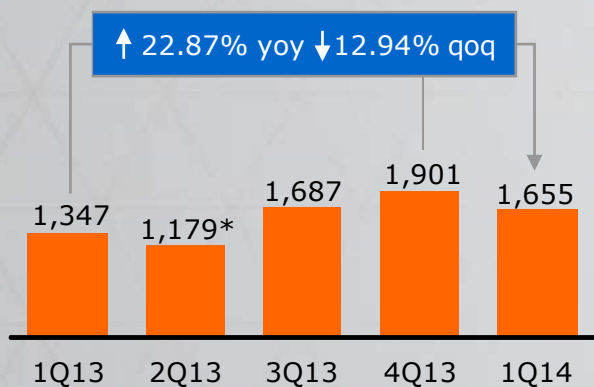
Note: \*Net of insurance expenses and include profit from discontinued operations

\*\*Excluding gain on sale of TLIFE; Source: Company data

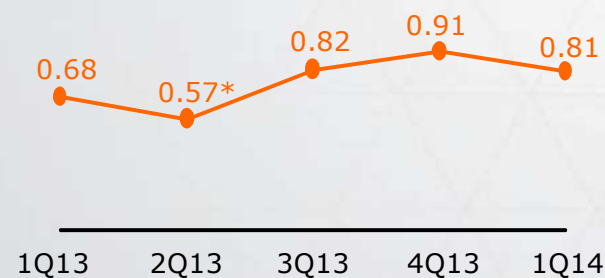
# Group Provision Expenses

Business as Usual

## Impairment Loss of Loans (MTHB)



## Credit Cost (Percent)



## Highlights

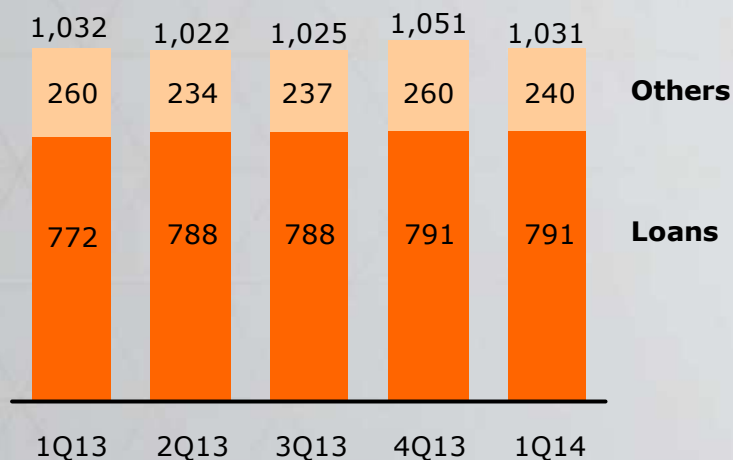
- 1Q14 impairment loss of loans decreased by 246 MTHB or 12.94% qoq. This was mainly from a better position in hire purchase NPL formation
- 1Q14 impairment loss of loans increased by 308 MTHB or 22.87% yoy. This was mainly from an increase in NPLs from the economic slowdown
- 1Q14 credit cost was at 0.81%, a decrease from 0.91% in 4Q13 and an increase from 0.68% in 1Q13

Note: \*Excluding the additional provision of 5,380 MTHB; Source: Company data

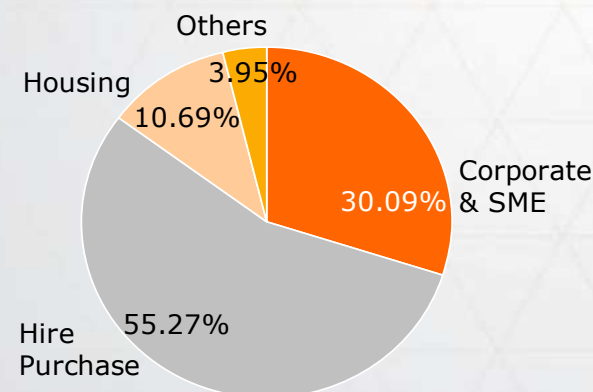
# Group Assets

**Business as Usual**

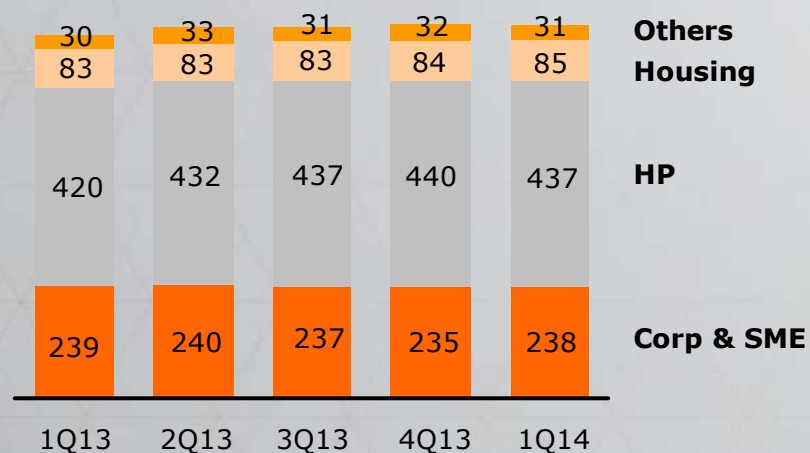
**Assets (BTHB)**



**Loans Breakdown (31 Mar 14) (Percent)**



**Loans Breakdown (BTHB)**



## Key Highlights

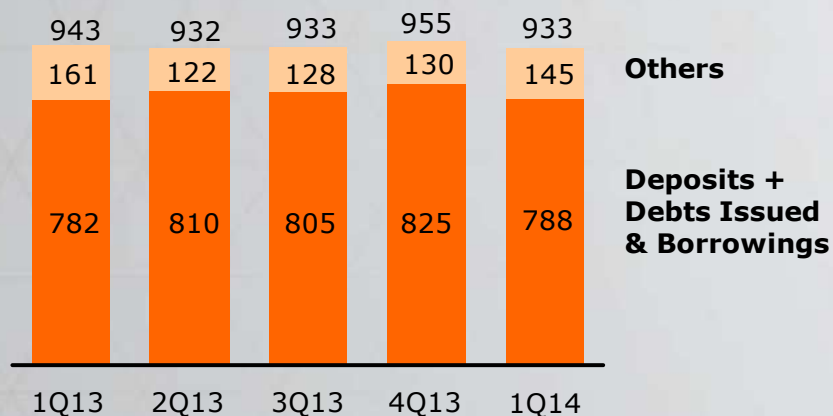
- Loans decreased by 0.07% from 4Q13
- HP loans decreased by 3,172 MTHB or 0.72% from 4Q13. The decrease was due to a slowdown in car market
- Corporate and SME loans increased from an expansion of client base into medium sized clients which are TBANK target customers
- Retails accounted for 70% while corporate and SMEs accounted for 30% at the end of 1Q14

Note: \*Excluding THANI; Source: Company data

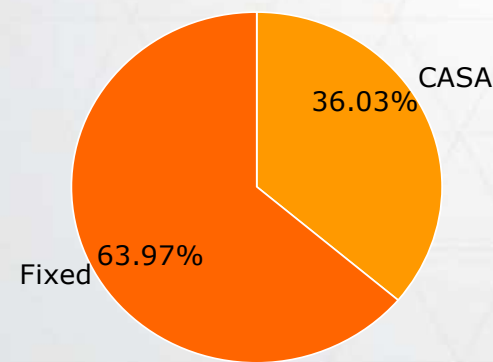
# Group Liabilities

**Business as Usual**

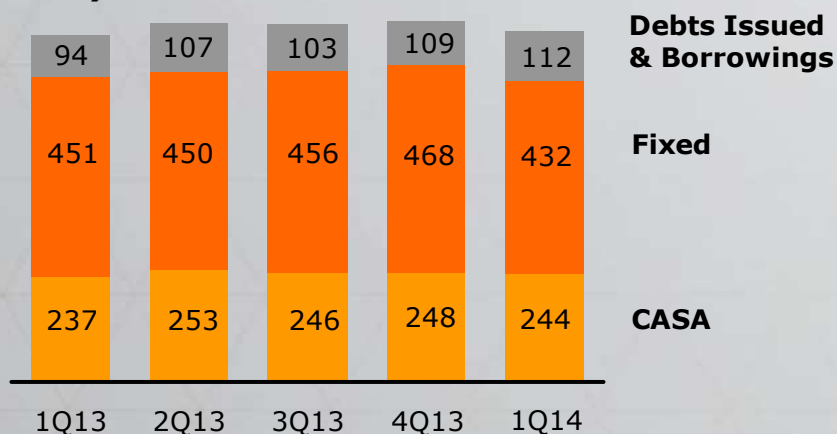
## Liabilities (BTHB)



## Deposits Breakdown (31 Mar 14) (Percent)



## Deposits + Debts Issued & Borrowings (BTHB)



## Key Highlights

- 1Q14 deposits and debt issued and borrowings decreased by 37 BTHB or 4.47% from 4Q13. This was due to the deposit structure management to be in line with slowdown in loan growth
- 1Q14 CASA accounted for 36.03%, increased from 34.63% in 4Q13
- 1Q14 loans to deposits and debt issued and borrowings was at 100.28%, an increase from 95.87% in 4Q13

Note: CASA including debt issued and borrowings of March 2014 was at 30.91%; Source: Company data

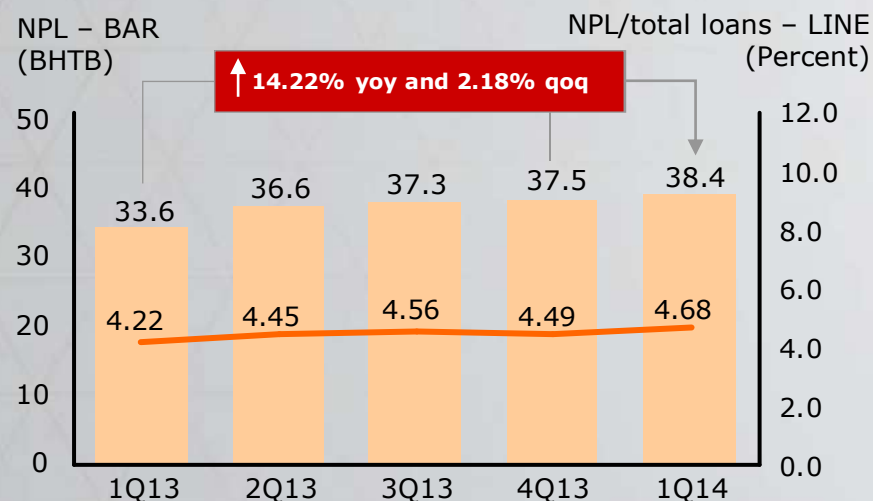
# 1Q14 Financial Highlights

***NPL Management***

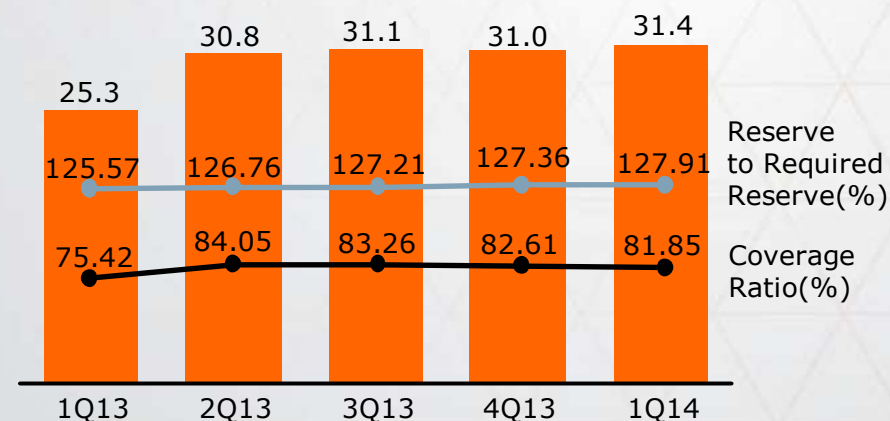
# Group NPLs and Reserve

## NPL Management

### Group's NPL vs. NPL to Total Loans



### Group's Reserve (BTHB)



## Highlights

- 1Q14 NPL ratio was at 4.68%, an increase from 4.49% in 4Q13. The increase in NPLs was mainly due to the NPLs from hire purchase portfolio which increase in line with market condition and economic slowdown.
- The Group has still had sufficient reserve with fully collateralized
- Reserve to required reserve increased to 127.91% or 6,851 MTHB of excess reserve
- If excluding NPLs from corporate clients in 2Q13, NPL ratio and coverage ratio at the end of 1Q14 would stay at 4.27% and 90.07% respectively

Source: Company data



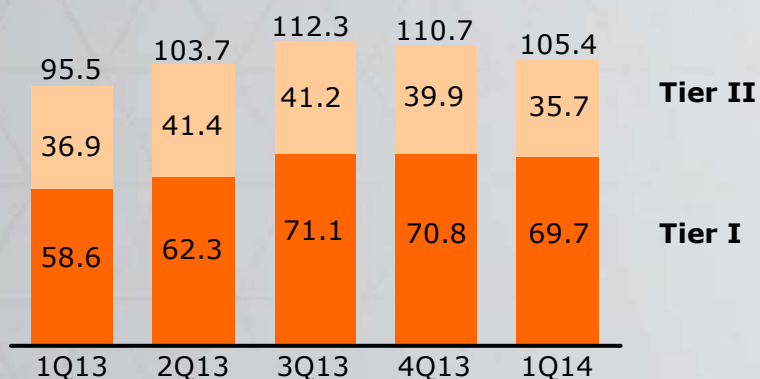
# 1Q14 Financial Highlights

***Capital Planning***

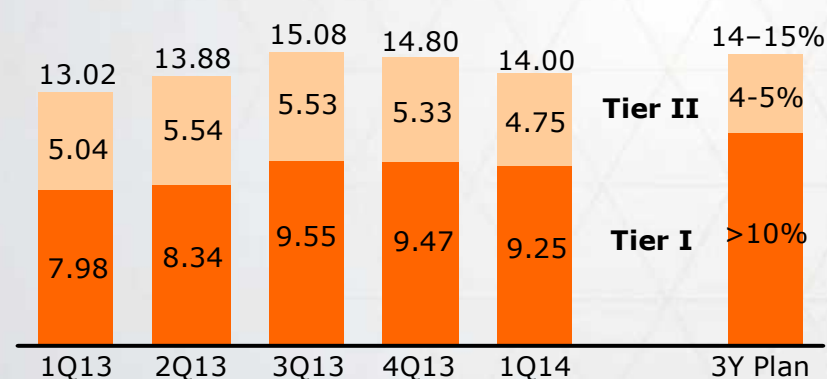
# Capital Adequacy

## Capital Planning

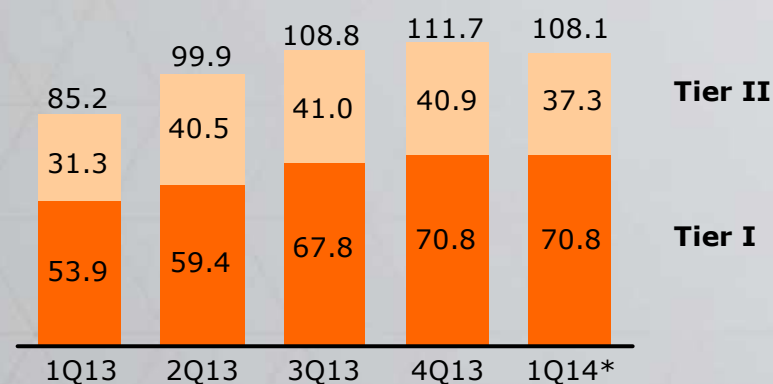
**TBANK's Capital (Solo Basis) (BTHB)**



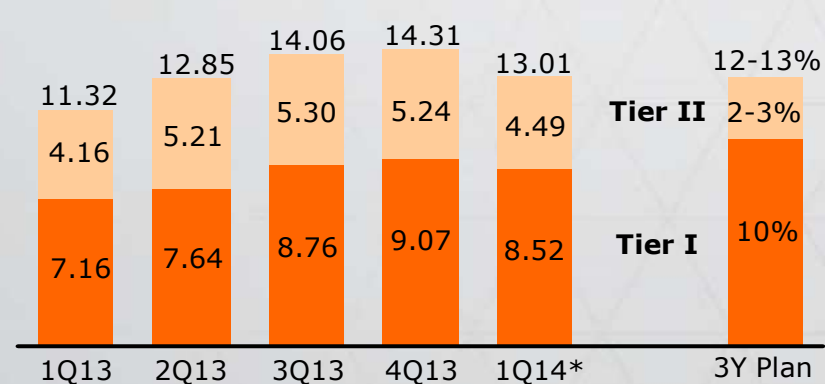
**TBANK's BIS Ratio (Solo Basis) (Percent)**



**TCAP's Capital (Full Consol.) (BTHB)**



**TCAP's BIS Ratio (Full Consol.) (Percent)**



Note: \*TCAP has implemented Basel III in the beginning of 2014  
Source: Company data

# Comparison to Targets

Performance parameters		2013A	2013A (excl. TLIFE)	2014F	1Q14
Profitability	ROAE	20.36%	14.26%	13.00-15.00%	11.00%
	ROAA	1.65%	1.13%	1.20%	1.02%
	Spread	2.55%	2.55%	2.50-2.70%	2.45%
	Non-interest Income Ratio*	51.07%	36.76 %	35.00%	32.38%
	Cost to Income Ratio*	39.57%	51.14%	50.00%	50.14%
Loans	Loan Growth	4.75%		6.00-7.00%	-0.07%
Deposits	CASA Ratio**	34.63%		35.00-40.00%	36.03%
Asset Quality	NPL Ratio	4.49%		4.00%	4.68%
	Credit Cost	1.38%	0.73%	0.60%	0.81%

Note: \*Net of insurance expenses, \*\*CASA Ratios including debt issued and borrowings of 2013 and 1Q14 were at 30.05% and 30.91% respectively  
Source: Company data

# Appendix

# Detailed Group's Financial Info.

Consolidated statements of comprehensive income	1Q13	2Q13	3Q13	4Q13	1Q14
Interest income	13,126	13,360	13,627	14,001	13,573
Interest expense	6,815	6,796	6,950	6,997	6,801
<b>Net interest income</b>	<b>6,311</b>	<b>6,564</b>	<b>6,677</b>	<b>7,004</b>	<b>6,772</b>
Fees and service income	2,246	2,270	2,138	2,136	2,077
Fees and service expenses	444	464	494	488	516
<b>Net fees and service income</b>	<b>1,802</b>	<b>1,806</b>	<b>1,644</b>	<b>1,648</b>	<b>1,561</b>
Gain (loss) on tradings and foreign exchange transactions	168	(23)	117	270	347
Gain on Investment	210	12,418	175	790	302
Share of income from investment in associated	405	97	250	48	61
Dividend income	203	29	342	60	37
Gain (loss) on properties foreclosed and other assets	313	144	168	190	197
Insurance premium income	1,684	1,788	1,638	1,613	1,575
Other operating income	425	291	601	347	341
<b>Total operating income</b>	<b>11,521</b>	<b>23,114</b>	<b>11,612</b>	<b>11,970</b>	<b>11,193</b>
Insurance expenses	1,116	1,053	1,053	1,219	1,177
<b>Net operating income</b>	<b>10,405</b>	<b>22,061</b>	<b>10,559</b>	<b>10,751</b>	<b>10,016</b>
Personnel expenses	2,668	2,794	2,623	2,515	2,733
Premises and equipment expenses	732	749	755	801	707
Taxes and duties	231	215	221	232	212
Directors' remuneration	7	42	8	10	8
Other expenses	1,526	1,676	1,615	1,744	1,362
<b>Total operating expenses</b>	<b>5,164</b>	<b>5,476</b>	<b>5,222</b>	<b>5,302</b>	<b>5,022</b>
Impairment loss of loans and debt securities	(1,365)	(6,726)	(1,687)	(1,896)	(1,657)
<b>Profit before corporate income tax</b>	<b>3,876</b>	<b>9,859</b>	<b>3,650</b>	<b>3,553</b>	<b>3,337</b>
Income Tax	(710)	(2,189)	(682)	(707)	(671)
<b>Profit after tax</b>	<b>3,166</b>	<b>7,670</b>	<b>2,968</b>	<b>2,846</b>	<b>2,666</b>
Profit from discontinued operations	312	42	-	-	-
<b>Profit for the period</b>	<b>3,478</b>	<b>7,712</b>	<b>2,968</b>	<b>2,846</b>	<b>2,666</b>
<b>Net profit of the Company</b>	<b>1,953</b>	<b>4,078</b>	<b>1,661</b>	<b>1,539</b>	<b>1,323</b>

Consolidated statements of financial position	31-Dec-13	31-Mar-14
Cash	17,940	13,246
Interbank and money market items-interest	60,538	40,894
Interbank and money market items-no interest	9,677	9,055
Net Interbank and MM	70,215	49,949
Net investments	147,686	152,366
Net Investment in associated companies	2,389	2,339
<b>Loans and receivables</b>	<b>853,177</b>	<b>851,640</b>
Accrued interest receivables	1,015	864
Deferred revenue	(62,003)	(61,036)
Allowance for doubtful accounts	(30,772)	(31,163)
Net loans and accrued interest receivables	761,417	760,305
Properties foreclosed - net	9,027	8,629
Intangible assets - net	3,844	3,696
Goodwill	16,726	16,786
Other assets	21,670	24,001
<b>Total assets</b>	<b>1,050,914</b>	<b>1,031,317</b>
<b>Deposits</b>	<b>715,931</b>	<b>676,280</b>
Interbank and money market items-interest	79,533	94,078
Interbank and money market items-no interest	1,549	1,569
Net interbank and money market items	81,082	95,647
<b>Debt issued and borrowings</b>	<b>109,290</b>	<b>112,078</b>
Insurance contract liabilities	15,019	14,930
Other liabilities	34,152	33,872
<b>Total liabilities</b>	<b>955,474</b>	<b>932,807</b>
Company shareholders' equity	47,369	48,932
Non-controlling interest	48,071	49,578
<b>Shareholders' equity</b>	<b>95,440</b>	<b>98,510</b>
<b>Total liabilities &amp; shareholders' equity</b>	<b>1,050,914</b>	<b>1,031,317</b>

# Group Background

TCAP has grown steadily over the past two decades to become Thailand's leading financial institution today offering a wide range of financial products & services

<b>1980</b>	Thanachart Group began business operations
<b>1997</b>	Thanachart Securities separated to become a subsidiary
<b>1997</b>	Thanachart Insurance and Distressed Asset Management companies were established
<b>1998</b>	Thanachart Fund Management was established
<b>2002</b>	Thanachart Bank (TBANK) was established
<b>2006</b>	TCAP became a holding company, transferring all business to TBANK
<b>2007</b>	Scotiabank became strategic partner with 24.98% shareholding
<b>2009</b>	Scotiabank raised shareholding of TBANK to 49%
<b>2010</b>	TBANK acquired Siam City Bank (SCIB) with ownership of 99.95%
<b>2011</b>	TBANK successfully integrated with SCIB
<b>2012</b>	TBANK changing platforms to be ready to compete
<b>2013</b>	TBANK signed Exclusive Bancassurance Agreement with and sold TLIFE to Prudential

## Key Product Offerings

- Retail banking
  - Hire purchase (No.1 in Thailand)
  - Home loans
  - Others (personal, cards, CYC, etc.)
- Corporate & SME banking
- Distressed asset management
- Insurance
  - Life insurance
  - Auto insurance
  - Property insurance
  - Others
- Securities business
- Fund management
- Financial advisory

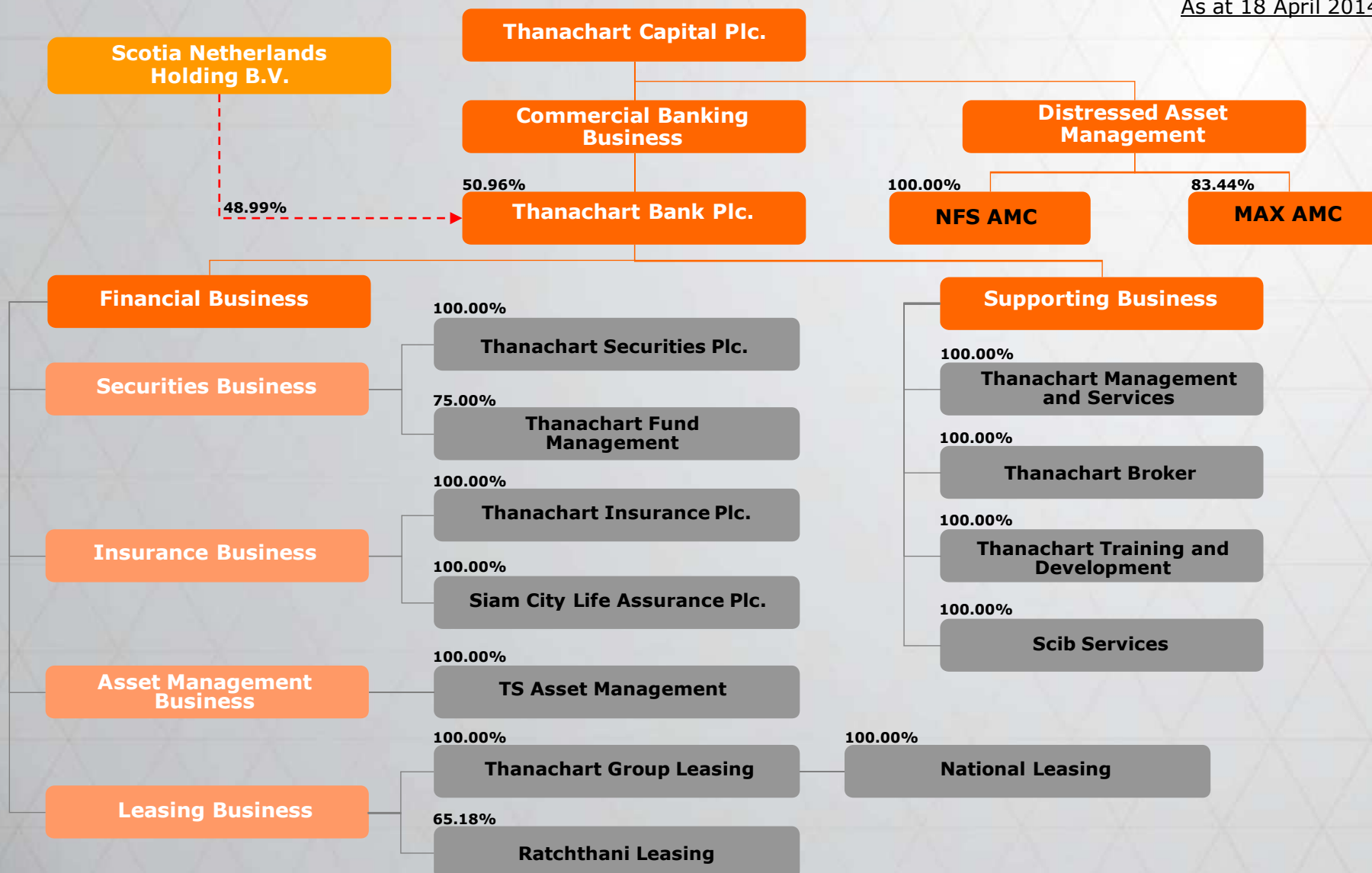
<b>TBANK</b>	<b>2009 (Pre-SCIB)</b>	<b>1Q14</b>
Customers	1.4M	4.1M
Branches	256	622
ATMs	401	2,058

Source: Company data



# Group Structure

As at 18 April 2014



Source: Company data

# **Investor Relations**

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