

# Analyst Meeting

**Statements Unreviewed**

**As of 30 September 2014**

# Contents

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**1**

## 3Q14 Financial Highlights



Business As Usual



NPL Management



Capital Planning

**2**

## Appendix

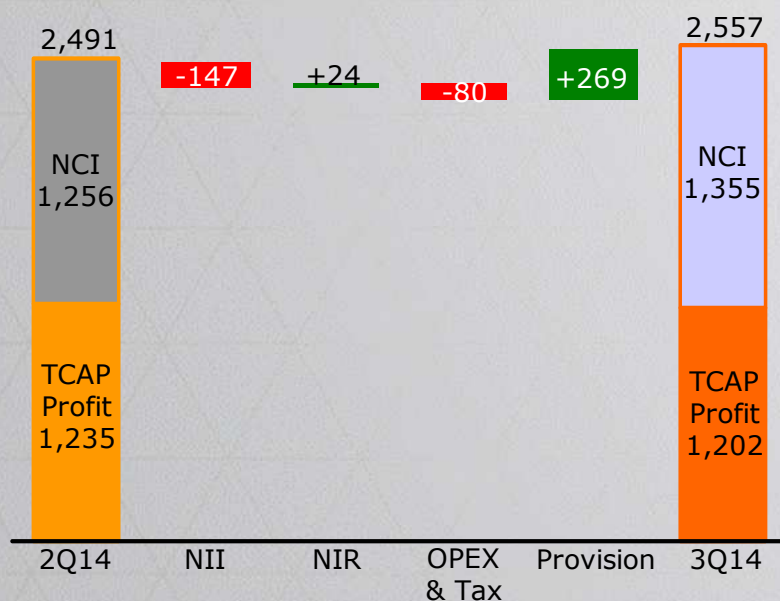
# 3Q14 Financial Highlights

***Business as Usual***



# 3Q14 Profit Movement

## Movement of Total Profit 3Q14 VS 2Q14 (MTHB)



## Highlights

- Group profit increased by 2.65%
- TCAP profit decreased by 2.67%
- NII decreased by 2.09% from
  - Interest expenses increased by 1.16% from acquiring longer term deposits
  - Interest income decreased by 0.57% from less volume and lower earning yield
  - Spread squeezed from 2.64% to 2.59%
- NIR increased slightly by 0.80% from
  - Higher brokerage fees
  - Higher gains on foreign exchange
  - Lower gains on investment
  - Lower gains on properties foreclose
- OPEX increased by 4.24% from personnel expenses related to brokerage commission
- Pre-provision profit decreased by 6.25%
- Provision decreased by 13.06% from better debt collection and NPL formation

# 3Q14 Highlights

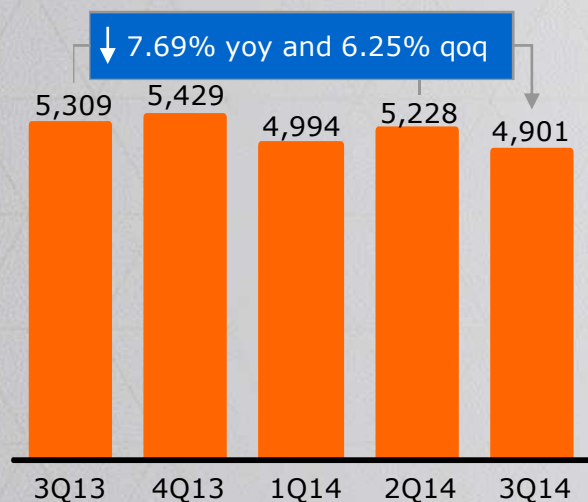
<b>Assets</b>	Loans decreased from a decline in HP in line with the overall car market decline. The majority of other loan categories have increased
<b>Spread</b>	Spread narrowed, mainly from a higher cost of fund caused by offering longer term of deposit products to customers while yield was stable
<b>NIR</b>	Non-interest income increased mainly from fees and service income, especially the brokerage fees. 4Q14 non-interest income is expected to grow as a result of better economic situation and seasonal impact
<b>OPEX</b>	Operating expenses have still been well controlled since TBANK implemented its positive operating leverage policy under the concept of strategic sourcing. 3Q14 operating expenses increased mainly from variable costs related to securities business
<b>Provision</b>	Credit cost decreased mainly from better debt collection and NPL management. The Group believes that its tightened credit policy and improved collection system should help reduce the credit cost in 4Q14 and 2015
<b>Capital</b>	Capital strengthened. TBANK Tier I capital ratio increased to be higher than 10% and total BIS ratio stayed at 15.35% at the end of 3Q14. In 9M14, TBANK has early redeemed its subordinated debentures in a total amount of 17,000 MTHB and issued 13,000 MTHB Tier II capital instrument to replace
<b>4Q14</b>	In 4Q14, business will be affected from lower agricultural product prices. Loan growth will come from corporate & SMEs and housing. Spread is expected to maintain. Non-interest income outlook is getting better. Costs may increase in line with business volume. Provisions are forecast to decline

Source: Company data

# Group Profitability

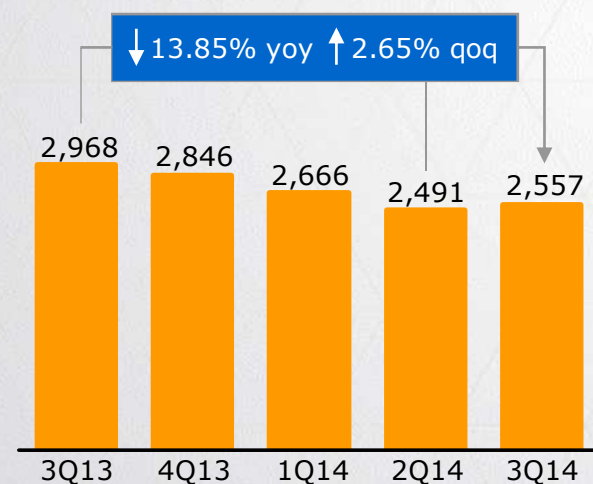
Business as Usual

Pre-Provision Profit (MTHB)



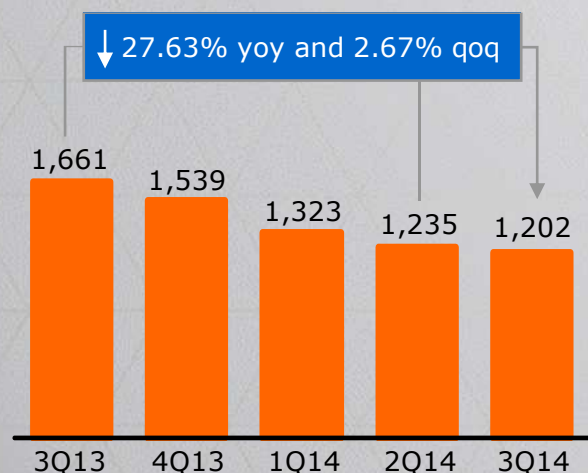
3Q14 pre-provision profit decreased from a declined in net interest income due mainly to a contraction in HP portfolio and an increase in costs relating to securities business

Total Profit (MTHB)



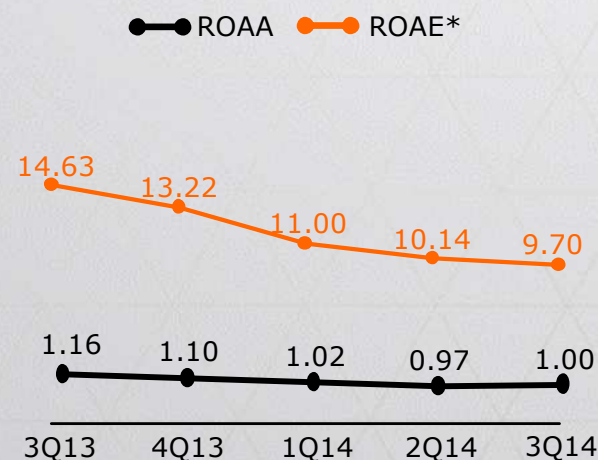
The increase in 3Q14 total profit was due mainly to a decrease in provision from an effective NPL management

Net Profit of TCAP (MTHB)



However, net profit attributable to the Company decreased from a slowdown in distressed asset management business while banking business performed well

ROAA and ROAE\* (Percent)



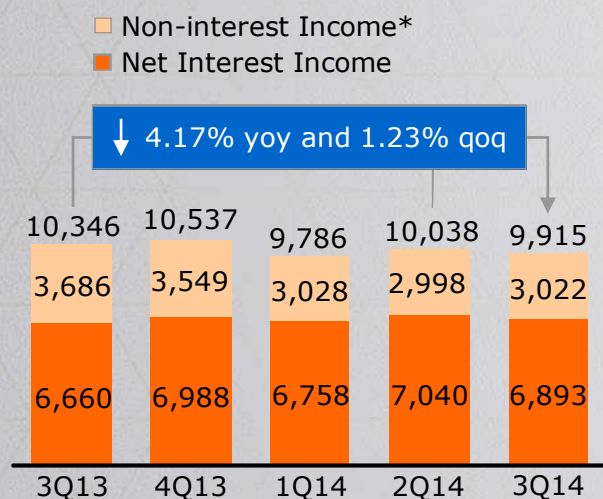
Note: \*Excluding non-controlling interest; Source: Company data



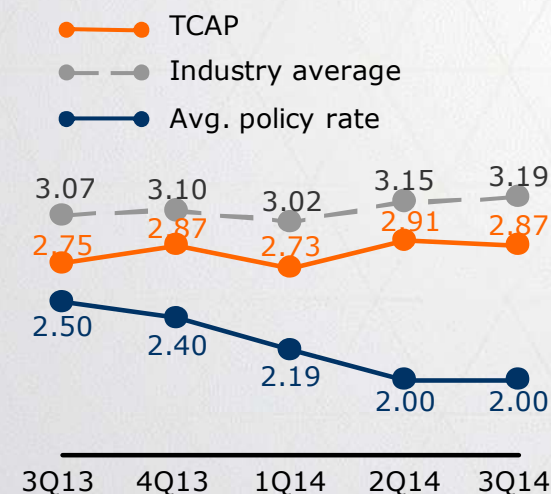
# Group Income and Margin

Business as Usual

## Total Income (MTHB)



## Net Interest Margin (Percent)



## Highlights

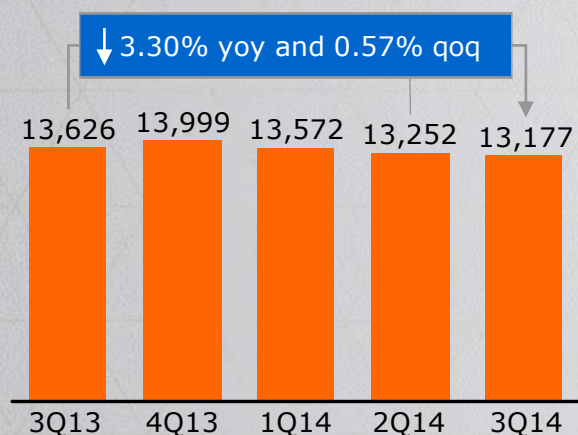
- 3Q14 total income decreased by 123 MTHB or 1.23% qoq from:
  - Net interest income decreased by 147 MTHB or 2.09% mainly from a lower interest income caused by a negative growth of hire purchase loans portfolio. In addition, interest expenses increased due to an increase in deposit products with longer duration
  - Non-interest income increased by 24 MTHB or 0.80% from an increase in brokerage fees while operating income decreased mainly from less gains on asset for sale and debt restructuring
- 3Q14 net interest margin dropped by 4 basis points from 2.91% in 2Q14 to 2.87%.

Note: \*Net of insurance expenses and include profit from discontinued; Source: Company data

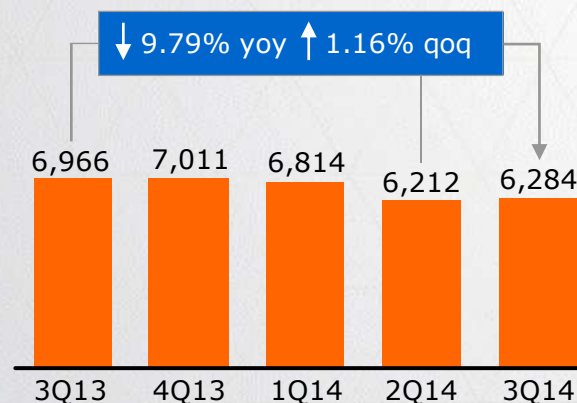
# Group Interest Income & Expenses

Business as Usual

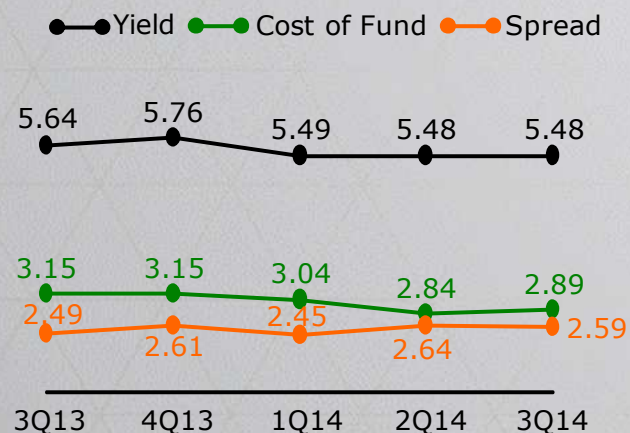
## Interest Income (MTHB)



## Interest Expenses (MTHB)



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



## Highlights

- 3Q14 interest income decreased by 75 MTHB or 0.57% qoq. This was mainly from a contraction in hire purchase loans portfolio and a lower yield earned from liquidity management
- 3Q14 interest expenses increased by 72 MTHB or 1.16% qoq. This was due to a restructuring deposits and borrowings into a longer duration
- 3Q14 spread narrowed qoq, due to a 5 basis points increment in cost of fund

Source: Company data

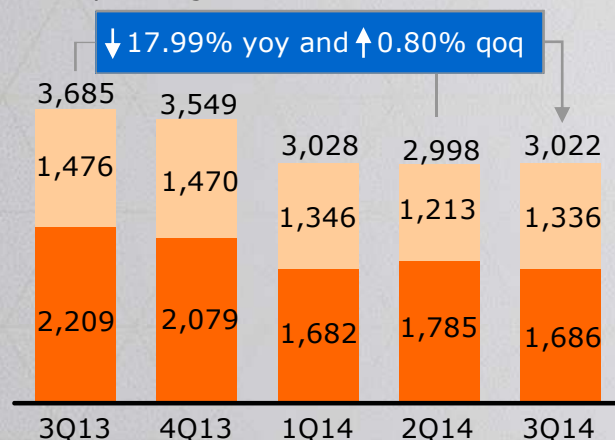


# Group Non-interest Income

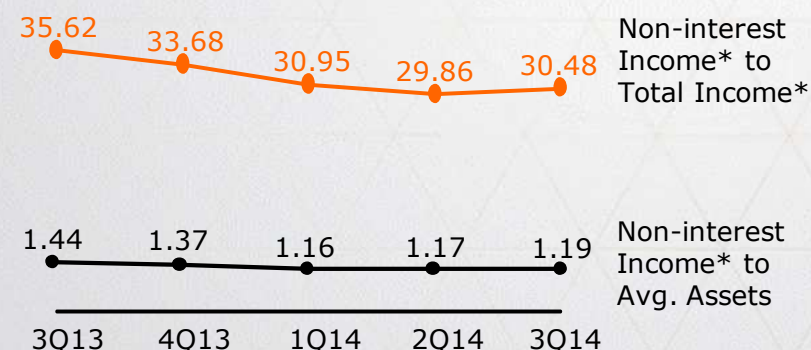
Business as Usual

## Non-interest Income (MTHB)

Net Fees & Service Income  
Operating Income\*



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



## Highlights

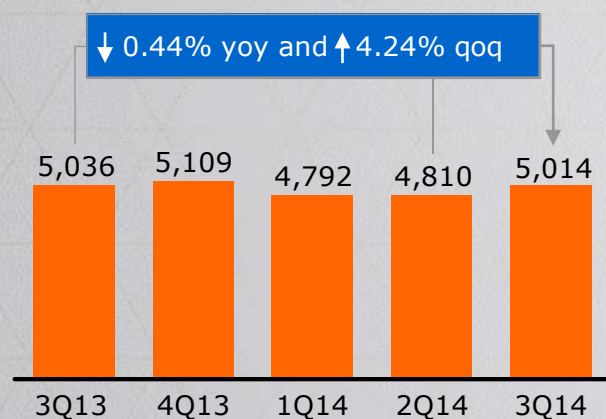
- 3Q14 non-interest income increased by 24 MTHB or 0.80% qoq from:
  - Net fees and service income rose by 123 MTHB or 10.14% mostly from an increase in brokerage fees in line with the better capital market condition
  - Operating income dropped by 99 MTHB or 5.55%. The decrease was due to a reduction in gains on properties foreclose from an unsupportive market environment and a decrease in gains on investment from selling less investments

Note: \*Net of insurance expenses and include profit from discontinued operations; Source: Company data

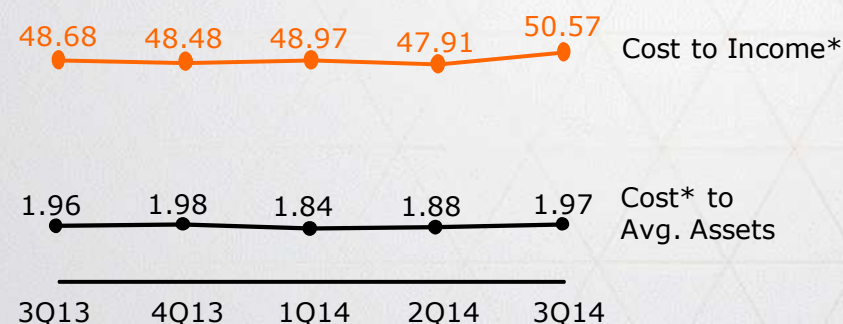
# Group Operating Expenses

Business as Usual

Operating Expenses (MTHB)



Ratios of Operating Expenses\* (Percent)



## Highlights

- 3Q14 operating expenses increased by 204 MTHB or 4.24% qoq from an increase in costs of securities business that varied in line with the better capital market condition, the accrued personnel costs and an increment in advertising costs for supporting the business expansion in the future
- 3Q14 cost to income ratio increased from 47.91% to 50.57% from the effect of higher operating expenses and lower total income
- 3Q14 cost to average assets increased to 1.97%

Note: \*Net of insurance expenses and include profit from discontinued operations; Source: Company data

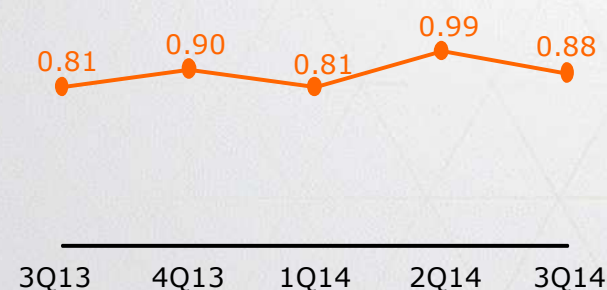
# Group Provision Expenses

Business as Usual

Impairment Loss of Loans (MTHB)



Credit Cost (Percent)



## Highlights

- 3Q14 impairment loss of loans decreased by 283 MTHB or 13.74% qoq. This was mainly due to effective debt collection and NPL management
- 3Q14 credit cost was at 0.88%, a decrease from 0.99% in 2Q14
- It is expected that in the impairment loss of loans will continue to decline since the Group has put more emphasis on NPL management

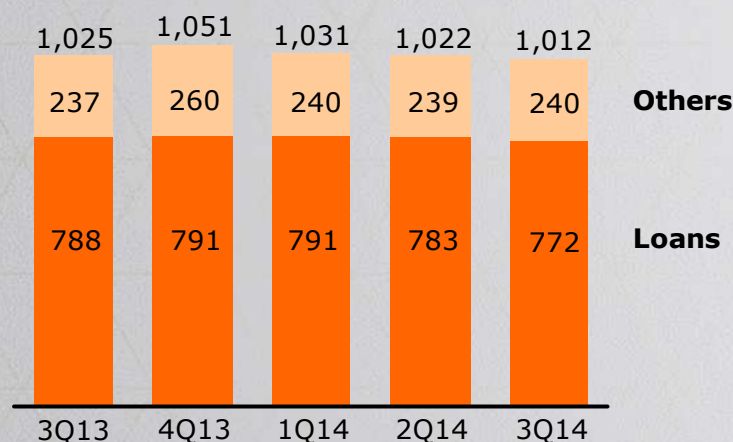
Source: Company data



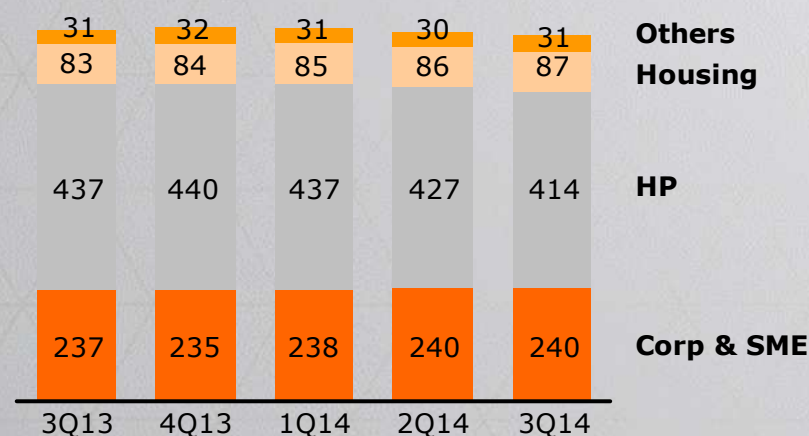
# Group Assets

**Business as Usual**

**Assets (BTHB)**

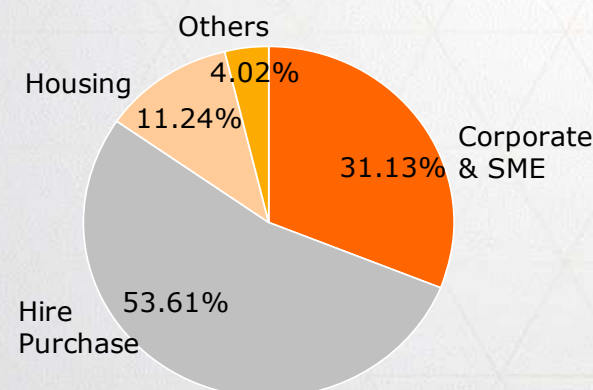


**Loans Breakdown (BTHB)**



Source: Company data

**Loans Breakdown (30 Sep 14) (Percent)**



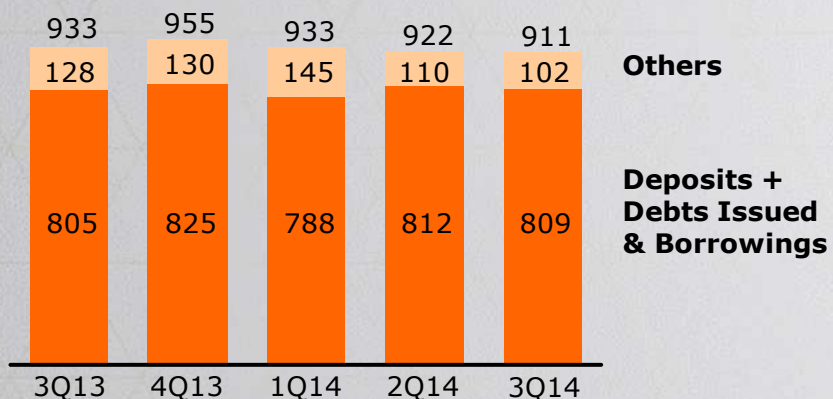
## Key Highlights

- Loans decreased by 2.43% from 4Q13
- HP loans decreased by 26 BTHB from 4Q13. The decrease was due to a slowdown in car market and fierce competition from OEM
- Corporate & SME and housing loans increased from an expansion of client base into medium sized clients which are TBANK target customers
- HP portion reduced from 55.63% in 4Q13 to 53.61% in 3Q14
- Retails accounted for 69% while corporate and SMEs accounted for 31% at the end of 3Q14

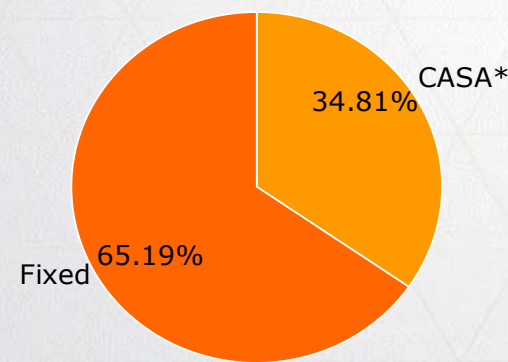
# Group Liabilities

Business as Usual

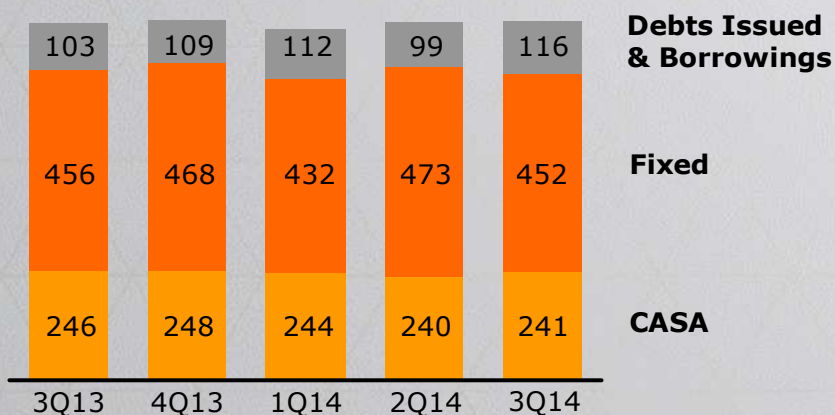
## Liabilities (BTHB)



## Deposits Breakdown (30 Sep 14) (Percent)



## Deposits + Debts Issued & Borrowings (BTHB)



## Key Highlights

- 3Q14 deposits and debt issued & borrowings decreased by 16 BTHB or 1.97% from 4Q13. This was due to the deposit restructuring and cost of fund management to be in line with a slowdown of loans
- 3Q14 loans to deposits and debt issued & borrowings was at 95.42%, slightly increased from 95.87% in 4Q13
- In 3Q14, the Bank early redeemed 5,000 MTHB of subordinated debentures. As a result, in 9M14 the Bank has redeemed subordinated debentures in a total of 17,000 MTHB and replaced with 13,000 MTHB Tier II capital instrument

Note: \*CASA including debt issued and borrowings of September 2014 was at 29.80%; Source: Company data

# **3Q14 Financial Highlights**

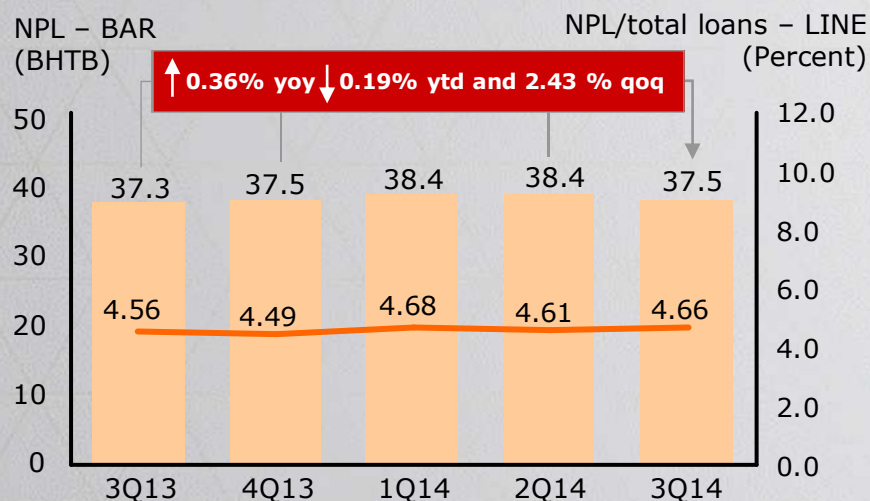
## ***NPL Management***



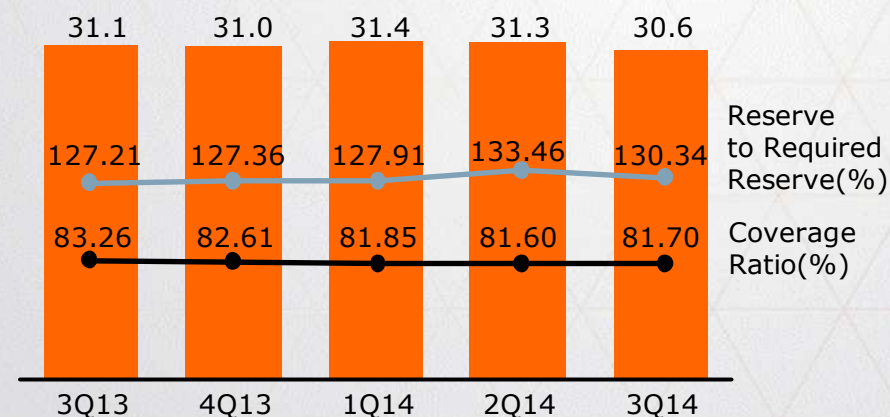
# Group NPLs and Reserve

## NPL Management

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



### Group's Reserve (BTHB)



## Highlights

- 3Q14 NPL ratio was at 4.66%, an increase from 4.61% in 2Q14 due to a contraction of loans. However, in terms of value NPLs in 3Q14 decreased by 932 MTHB from 2Q14. This was due to better debt collection and NPL management through debt selling and NPL writing off
- The Group has still had sufficient reserve with fully collateralized
- 3Q14 Reserve to required reserve increased to 130.34% from 127.36% in 4Q13 with the excess reserve of 7,126 MTHB
- It is expected that NPL will decrease further in 4Q14

Source: Company data

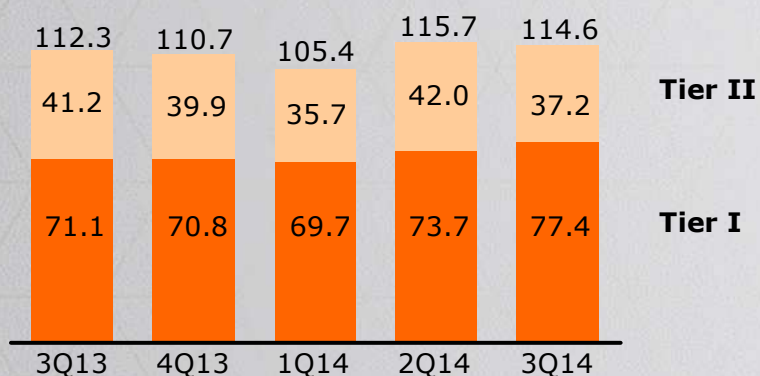
# 3Q14 Financial Highlights

*Capital Planning*

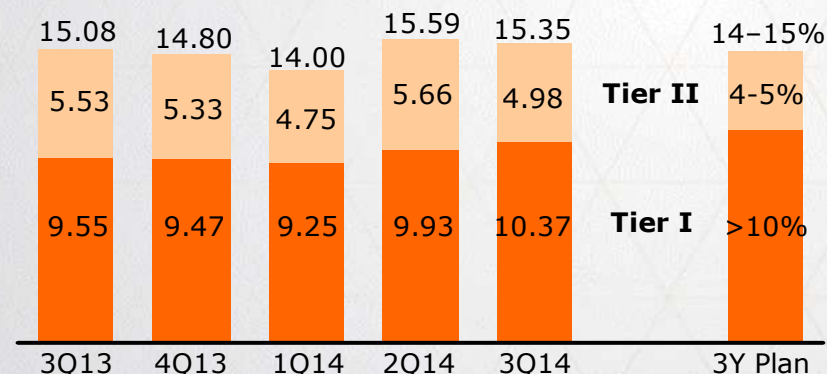
# Capital Adequacy

## Capital Planning

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

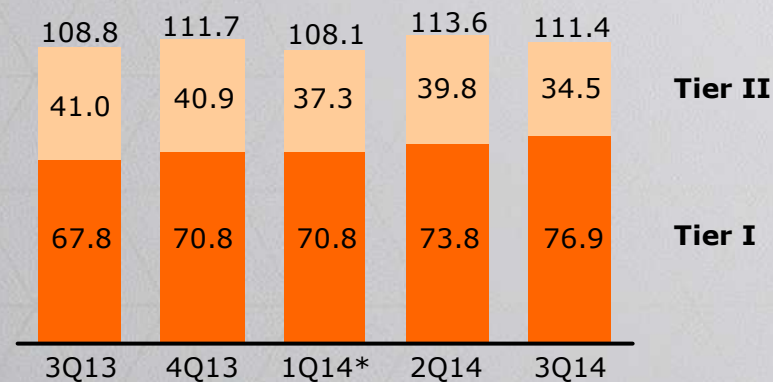


### TBANK's BIS Ratio (Solo Basis) (Percent)

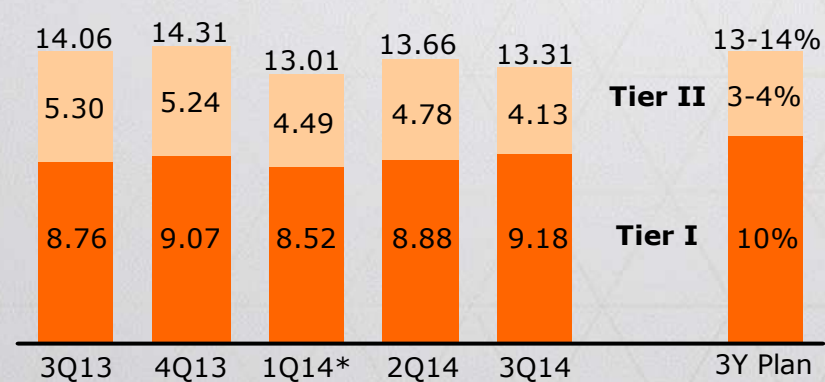


In 9M14, TBANK has early redeemed subordinated debentures amounting to 17,000 MTHB and issued Tier 2 capital instrument under Basel III regulations amounting to 13,000 MTHB in replacement.

### 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 (revised)	9M14
Profitability	ROAE	20.36%	14.26%	11.00-13.00%	10.28%
	ROAA	1.65%	1.13%	1.10%	1.00%
	Spread	2.54%		2.50-2.70%	2.56%
	Non-interest Income Ratio*	50.33%	35.47%	35.00%	30.43%
	Cost to Income Ratio*	38.67%	50.24%	< 50.00%	49.15%
Loans	Loan Growth	4.75%		1.00-3.00%	-2.43%
Deposits	CASA Ratio**	34.63%		35.00%	34.81%
Asset Quality	NPL Ratio	4.49%		4.00%	4.66%
	Credit Cost	1.36%	0.72%	0.85%	0.91%

Note: \*Net of insurance expenses, \*\*CASA Ratios including debt issued and borrowings of 2013 and 3Q14 were at 30.05% and 29.80% respectively  
Source: Company data

# Appendix

# Detailed Group's Financial Info.

Consolidated statements of comprehensive income	3Q13	4Q13	1Q14	2Q14	3Q14
Interest income	13,626	13,999	13,572	13,252	13,177
Interest expense	6,966	7,011	6,814	6,212	6,284
<b>Net interest income</b>	<b>6,660</b>	<b>6,988</b>	<b>6,758</b>	<b>7,040</b>	<b>6,893</b>
Fees and service income	2,139	2,136	2,056	1,874	2,048
Fees and service expenses	663	666	710	661	712
<b>Net fees and service income</b>	<b>1,476</b>	<b>1,470</b>	<b>1,346</b>	<b>1,213</b>	<b>1,336</b>
Gain on tradings and foreign exchange transactions	117	270	347	165	332
Gain on Investment	175	790	302	410	214
Share of income from investment in associated	250	48	61	59	63
Dividend income	342	60	37	108	164
Gain on properties foreclose and other assets	168	190	197	164	15
Insurance premium income	1,638	1,613	1,575	1,594	1,633
Other operating income	573	328	341	397	413
<b>Total operating income</b>	<b>11,399</b>	<b>11,757</b>	<b>10,964</b>	<b>11,150</b>	<b>11,063</b>
Insurance expenses	1,053	1,219	1,178	1,112	1,148
<b>Net operating income</b>	<b>10,346</b>	<b>10,538</b>	<b>9,786</b>	<b>10,038</b>	<b>9,915</b>
Personnel expenses	2,623	2,515	2,733	2,647	2,829
Premises and equipment expenses	755	801	707	739	734
Taxes and duties	221	233	212	210	215
Directors' remuneration	8	10	8	48	9
Other expenses	1,429	1,550	1,132	1,166	1,227
<b>Total operating expenses</b>	<b>5,036</b>	<b>5,109</b>	<b>4,792</b>	<b>4,810</b>	<b>5,014</b>
Impairment loss of loans and debt securities	(1,660)	(1,876)	(1,657)	(2,060)	(1,791)
<b>Profit before corporate income tax</b>	<b>3,650</b>	<b>3,553</b>	<b>3,337</b>	<b>3,168</b>	<b>3,110</b>
Income Tax	(682)	(707)	(671)	(677)	(553)
<b>Profit for the period</b>	<b>2,968</b>	<b>2,846</b>	<b>2,666</b>	<b>2,491</b>	<b>2,557</b>
<b>Net profit of the Company</b>	<b>1,661</b>	<b>1,539</b>	<b>1,323</b>	<b>1,235</b>	<b>1,202</b>

Consolidated statements of financial position	31-Dec-13	30-Sep-14
Cash	17,940	12,155
Interbank and money market items-interest	60,538	49,785
Interbank and money market items-no interest	9,677	6,466
Net Interbank and MM	70,215	56,251
Net investments	147,686	143,020
Net Investment in associated companies	2,389	2,453
<b>Loans and receivables</b>	<b>853,177</b>	<b>829,678</b>
Accrued interest receivables	1,015	911
Deferred revenue	(62,003)	(57,754)
Allowance for doubtful accounts	(30,772)	(30,402)
Net loans and accrued interest receivables	761,417	742,433
Properties foreclosed - net	9,027	9,111
Intangible assets - net	3,844	3,502
Goodwill	16,726	16,908
Other assets	21,670	26,299
<b>Total assets</b>	<b>1,050,914</b>	<b>1,012,132</b>
<b>Deposits</b>	<b>715,931</b>	<b>692,546</b>
Interbank and money market items-interest	79,533	52,541
Interbank and money market items-no interest	1,549	1,497
Net interbank and money market items	81,082	54,038
<b>Debt issued and borrowings</b>	<b>109,290</b>	<b>116,392</b>
Insurance contract liabilities	15,019	14,367
Other liabilities	34,152	33,731
<b>Total liabilities</b>	<b>955,474</b>	<b>911,074</b>
Company shareholders' equity	47,369	49,752
Non-controlling interest	48,071	51,306
<b>Shareholders' equity</b>	<b>95,440</b>	<b>101,058</b>
<b>Total liabilities &amp; shareholders' equity</b>	<b>1,050,914</b>	<b>1,012,132</b>

Source: Company data



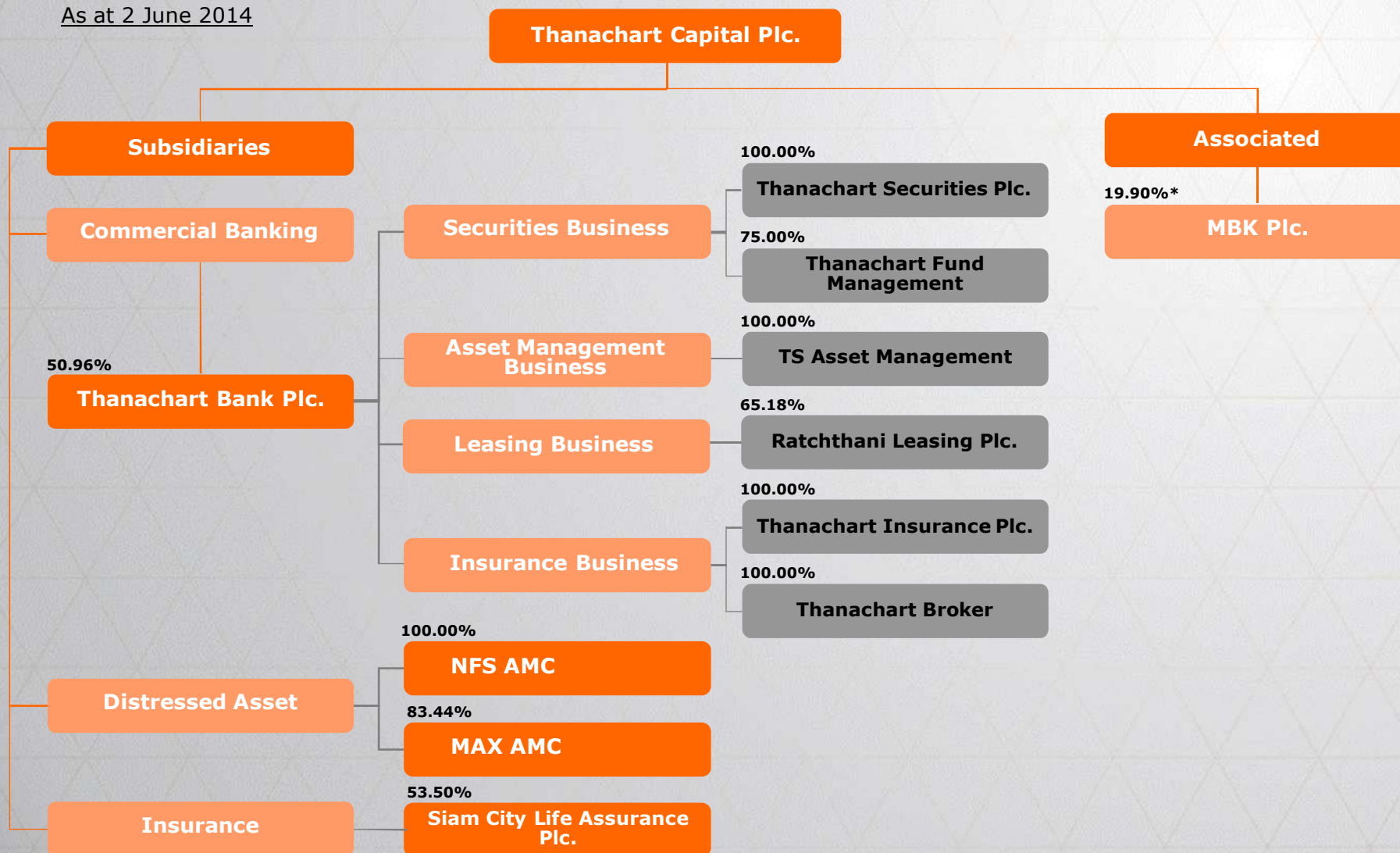
# Subsidiaries Performance

Subsidiaries	% held	Net Profit (MTHB)				
		3Q13	4Q13	1Q14	2Q14	3Q14
<b>Thanachart Bank Plc. (Consolidated)</b>		2,522	2,641	2,555	2,347	2,428
<b>Thanachart Securities Plc.</b>	100.00%	167	103	80	102	154
<b>Thanachart Fund Management</b>	75.00%	77	65	74	77	74
<b>Thanachart Insurance Plc.</b>	100.00%	247	245	248	303	257
<b>TS AMC</b>	100.00%	104	435	55	81	137
<b>Ratchthani Leasing Plc.</b>	65.18%	212	145	201	167	193
<b>NFS AMC</b>	100.00%	107	68	8	9	(2)
<b>MAX AMC</b>	83.44%	21	42	26	94	11
<b>SCILIFE*</b>	53.50%	-	-	-	11	83

Note: \*TCAP bought SCILIFE from TBANK on 2 June 2014; Source: Company data

# Main Business Structure

As at 2 June 2014



Note: \*Including direct and indirect shareholding; Source: Company data

# **Investor Relations**

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