



# Analyst Meeting

**Statements Unreviewed**

**As of 31 March 2015**



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# TGroup 1Q15 Financial Highlights



# 1Q15 Performance Summary

## TGroup

In 1Q15, Thanachart Group faced a slowdown in loans due to a weak recovery of Thai economy and depressed automotive market. However, NPL reduced through an effective and systematic NPL management whereas coverage ratio became better.

## NPL & Coverage Ratio

NPL decreased continuously from 4.68% in 1Q14 to 4.07% in 1Q15 and coverage ratio increased. These reflected a stronger asset quality of the Company

## Assets

Assets declined mainly from a decrease in loans volume especially hire purchase loans and a decrease in net investment, a result of sale and maturity of debentures.

## Spread

Spread widened due mainly from a restructuring of funding and an efficiency of the Bank's liquidity management.

## OPEX

Operating expenses increased due to an increase in provision set aside for future litigation liabilities and an increase in employee's expenses as salaries increased.

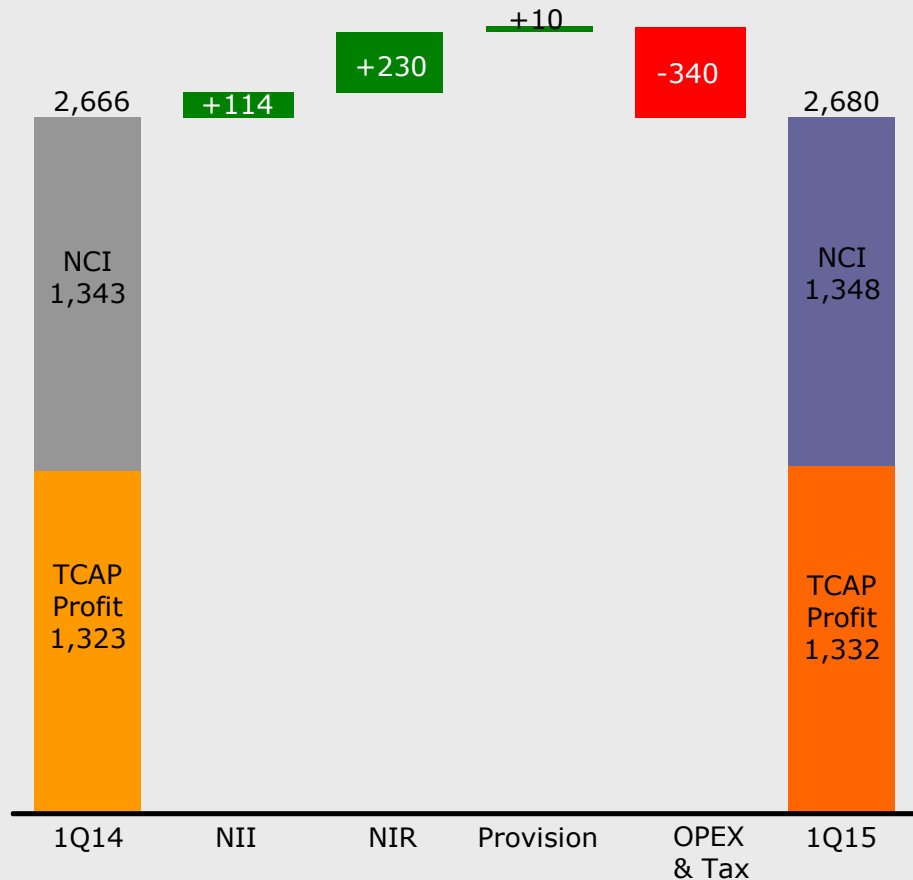
## Provision

Provision reduced following the decrease in NPL formation.



# TGroup: Profit Movement

## Movement of Total Profit 1Q14 VS 1Q15 (MTHB)



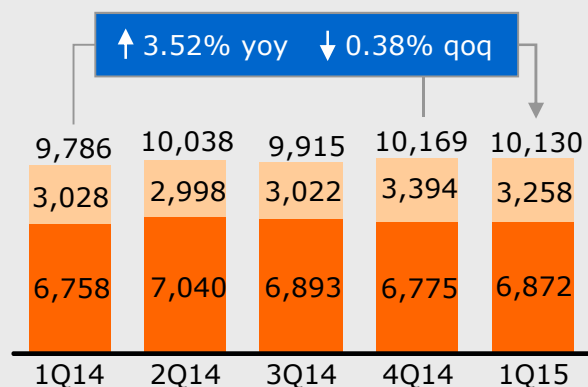
## Highlights

- Group profit increased by 0.53%
- TCAP profit increased by 0.68%
- NII increased by 114 MTHB or 1.69% from
  - Interest expenses decreased by 16.01% from a restructuring of funding
  - Interest income decreased by 7.20% from a decrease in both loan volume and lending rate
- NIR increased by 230 MTHB or 7.60% from
  - Net fees & service income up 20 MTHB from brokerage fees
  - Gains on investments up 376 MTHB from selling government bonds and debentures
  - Net insurance / life insurance income up 98 MTHB
  - Gains on properties foreclose and other assets down 193 MTHB
- OPEX increased by 323 MTHB or 6.74% from an increase in employee's expenses and a provision set aside for future liabilities
- Provision slightly decreased by 10 MTHB or 0.60%

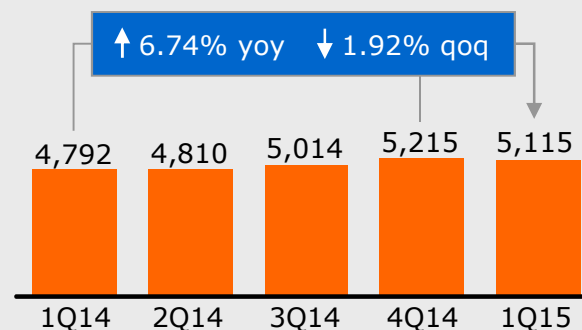
# TGroup: Financial Highlights (1)

## Total Income (MTHB)

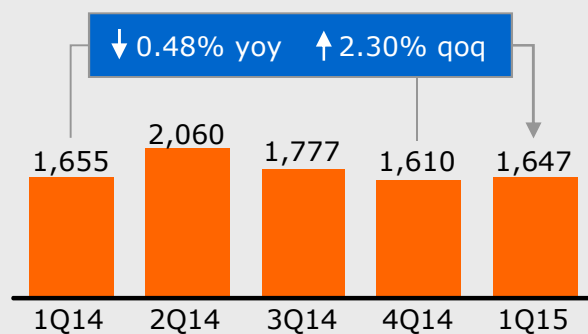
Non-interest Income\*  
Net Interest Income



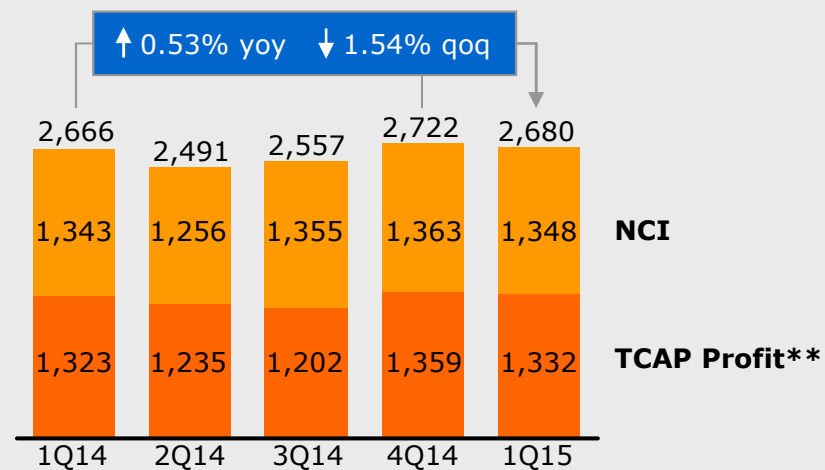
## Operating Expenses (MTHB)



## Impairment Loss of Loans (MTHB)



## Net Profit (MTHB)

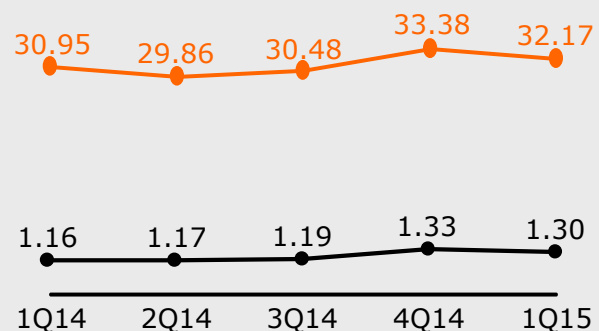


Note: \*Net of insurance expenses \*\*Excluding non-controlling interest; Source: Company data

# TGroup: Financial Highlights (2)

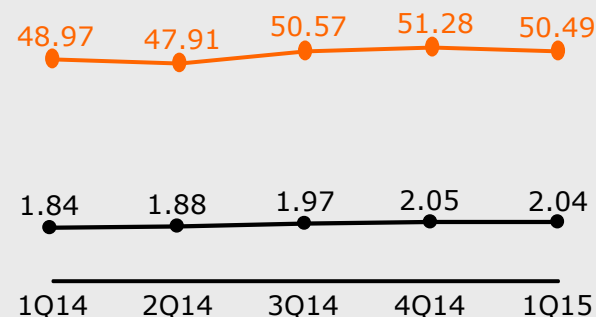
## Ratios of Non-interest Income\* (Percent)

- Non-interest Income\* to Total Income\*
- Non-interest Income\* to Avg. Assets

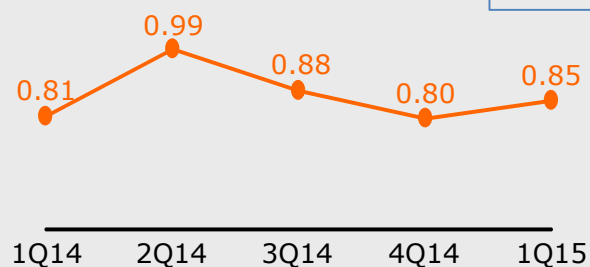


## Ratios of Operating Expenses\* (Percent)

- Cost to Income\*
- Cost\* to Avg. Assets



## Credit Cost (Percent)



Credit cost increased yoy and qoq from a decline of loans

## Other Key Ratios (Percent)

Ratios (%)					
	1Q14	2Q14	3Q14	4Q14	1Q15
ROAA	1.02	0.97	1.00	1.07	1.07
ROAE**	11.00	10.14	9.70	10.75	10.25
Loan Spread	2.93	3.06	3.05	3.08	3.22
Interest Spread	2.45	2.64	2.59	2.54	2.62
Cost of Fund	3.04	2.84	2.89	2.85	2.70

Note: \*Net of insurance expenses \*\*Excluding non-controlling interest; Source: Company data



# Treasury Stock

## Rationale

- Treasury stock is the best alternative investment of TCAP's excess liquidity. Shareholders will receive higher earnings per share
- Capital of TCAP and TBANK are sufficient. There is no need for capital injection

## Details of the Project

Treasury Stock				
Project	Project 3 (11 Dec 12 – 10 Jun 13)		Project 4 (10 Feb 15 – 9 Aug 15)	
Total Registered Shares (million shares)	1,277.83			
Total Share Repurchased	10% of total registered shares or 127.78 million shares			
	Amount	%	Amount	%
No. of Share Repurchased (million shares)	71.35	5.58	56.43	4.42
Total Funding (MTHB)	3,398		1,400	
Average Price per Share (Baht)	47.63		N/A	

## Project 4 Update

Project 4	As of 7 May 15			
	Amount	% of Total Shares	Avg. Price (Baht)	Funding (MTHB)
No. of Share Repurchased (million shares)	21.38	1.67	33.98	726.42





# TGroup: Comparison to Targets

Performance Parameters		2013A (excl. TLIFE)	2014A	2015F	1Q15
Profitability	ROAE (excl. NCI)	14.26%	10.39%	12.00-14.00%	10.25%
	ROAA	1.13%	1.02%	1.10-1.30%	1.07%
	Spread	2.54%	2.55%	2.60-2.80%	2.62%
	Non-interest Income Ratio*	35.47%	31.18%	32.00-35.00%	32.17%
	Cost to Income Ratio*	50.24%	49.69%	< 50.00%	50.49%
Loans	Loan Growth	4.75%	-4.49%	2.00-4.00%	-3.26%
Deposits	CASA Ratio**	34.63%	35.76%	35.00-40.00%	37.00%
Asset Quality	NPL Ratio	4.49%	4.21%	< 4.00%	4.07%
	Credit Cost	0.72%	0.89%	0.80-0.90%	0.85%
Capital	BIS Ratio***	14.31%	13.59%	~ 14.00%	13.94%

Note: \*Net of insurance expenses \*\*CASA Ratio excludes debt issued and borrowings  
 \*\*\*Implementing Basel III in 2014; Source: Company data

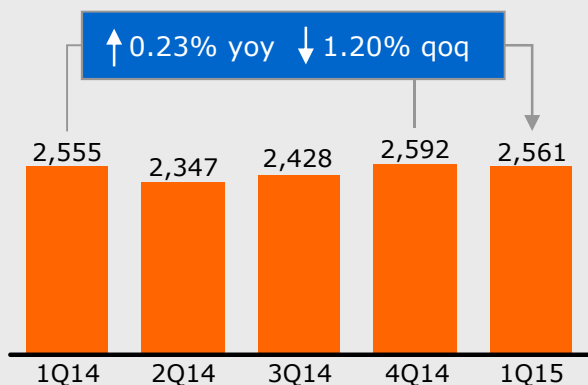


# **TBANK 1Q15 Financial Highlights**

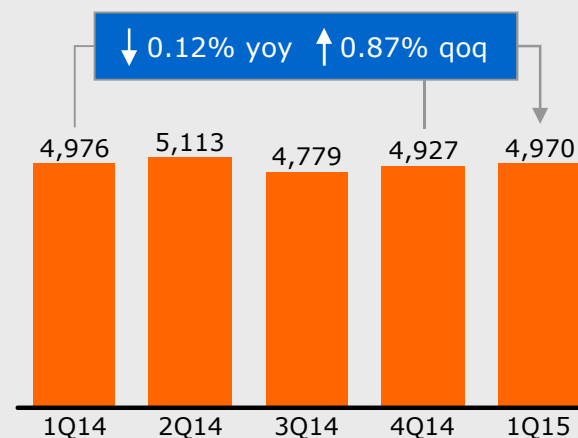


# TBANK: Profitability

## Net Profit (MTHB)\*



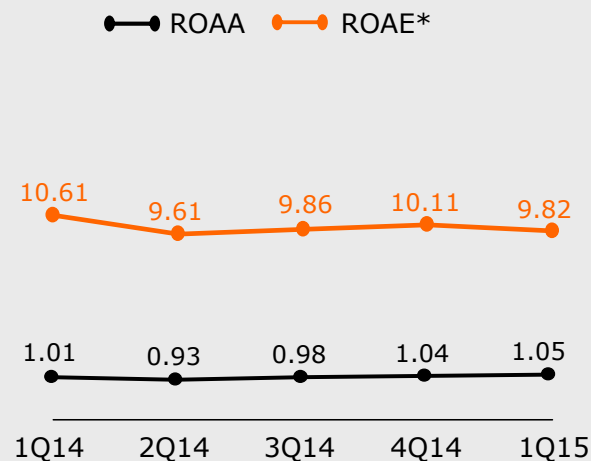
## Pre-Provision Profit (MTHB)



## Highlights

- 1Q15 net profit maintained from the same period last year with a slight growth of 0.23%. This was mainly due to;
  - Maintained NII amidst declining loan volume through an effective cost management
  - Improved NIR from recovered brokerage fees, high gains on securities and net insurance premium income
  - OPEX increased from employee's expenses and provision for litigation

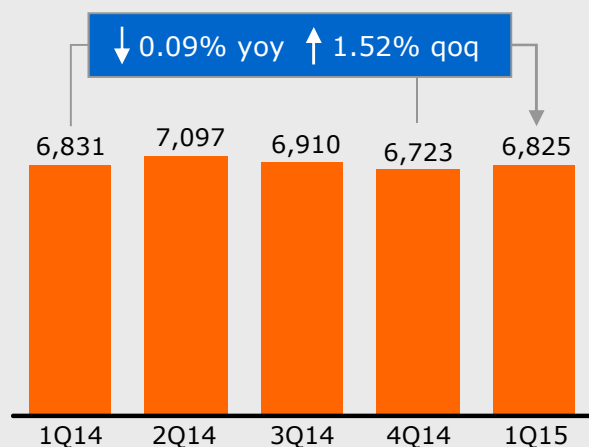
## ROAA and ROAE\* (Percent)



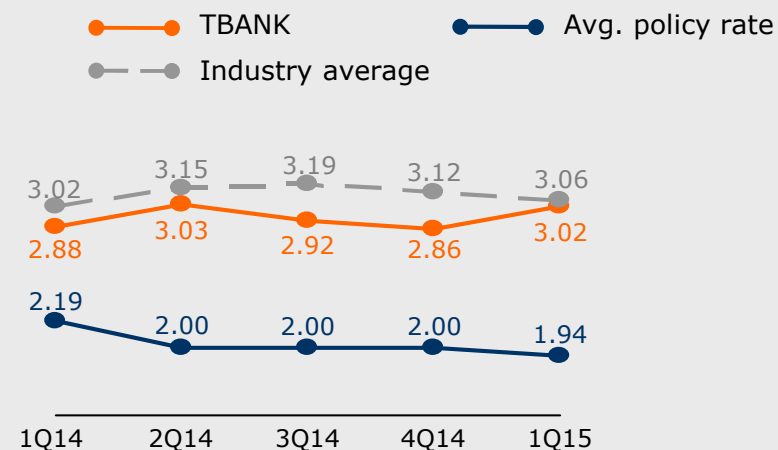
Note: \*Excluding non-controlling interest; Source: Company data

# TBANK: Net Interest Income

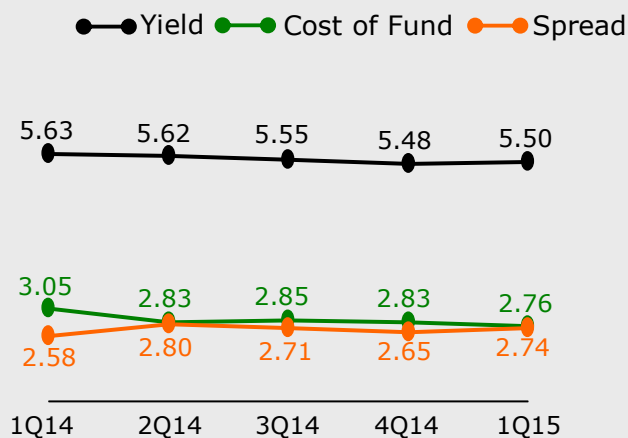
## Net Interest Income (MTHB)



## Net Interest Margin (Percent)



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



Source: Company data

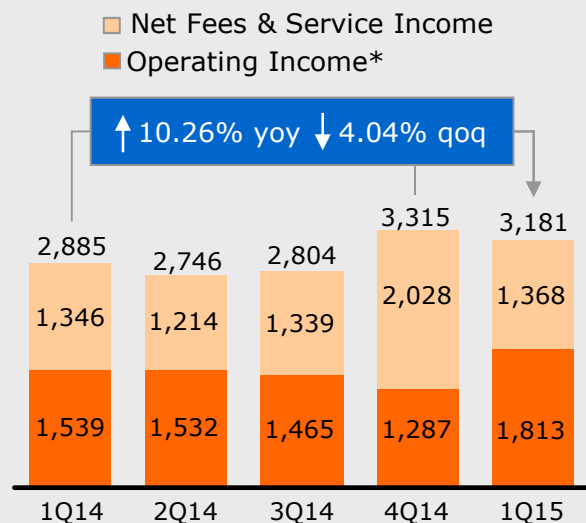
## Highlights

- 1Q15 interest income decreased by 1,021 MTHB or 7.56% yoy. This was due to a decrease in loan volume and a decrease in yield in line with market rate.
- 1Q15 interest expenses declined by 1,015 MTHB or 15.22% yoy. This was mainly from a strategy to manage liquidity and cost of fund appropriately as well as the trend of market rate.
- 1Q15 NIM rose 16bps from 2.86% in 4Q14 to 3.02%.
- Spread also widened by 16bps from 2.58% in 1Q14 to 2.74% in 1Q15.

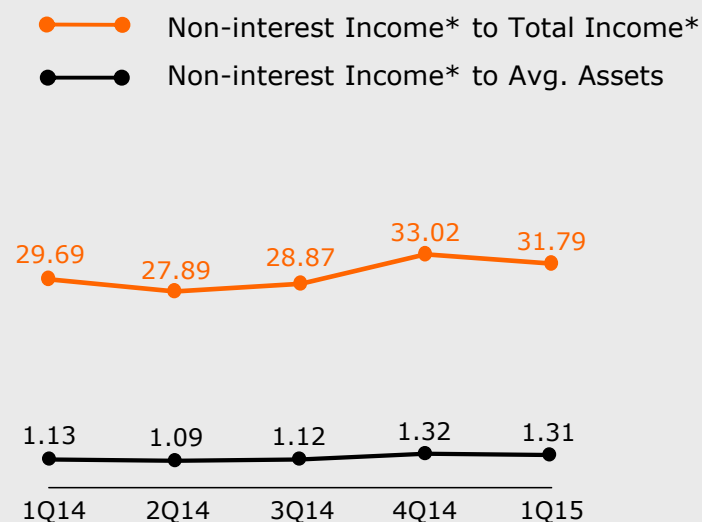


# TBANK: Non-interest Income

## Non-interest Income (MTHB)



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



## Highlights

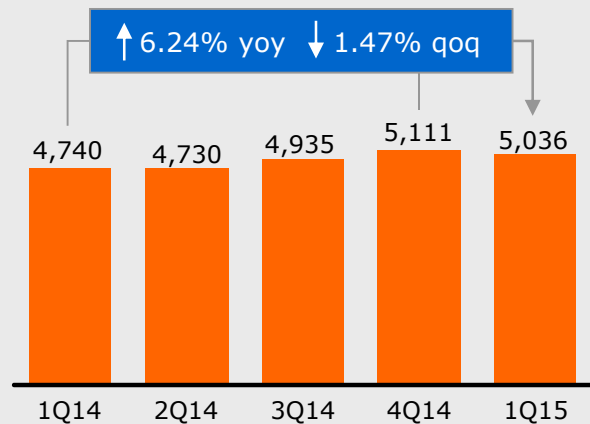
- 1Q15 non-interest income increased by 296 MTHB or 10.26% yoy. This reflected the improving trend of TBANK's normal business.
- 1Q15 net fees and service income increased by 22 MTHB or 1.63% yoy, mainly from higher brokerage fees which was subdued during 1Q14 from a political unrest.
- 1Q15 operating income increased by 274 MTHB or 17.80% yoy. This was due to higher gains on investments and net insurance / life insurance income
- Consequently, 1Q15 non-interest income ratio improved to 31.79%, as well as, non-interest income to average assets which increased to 1.31%.

Note: \*Net of insurance expenses; Source: Company data

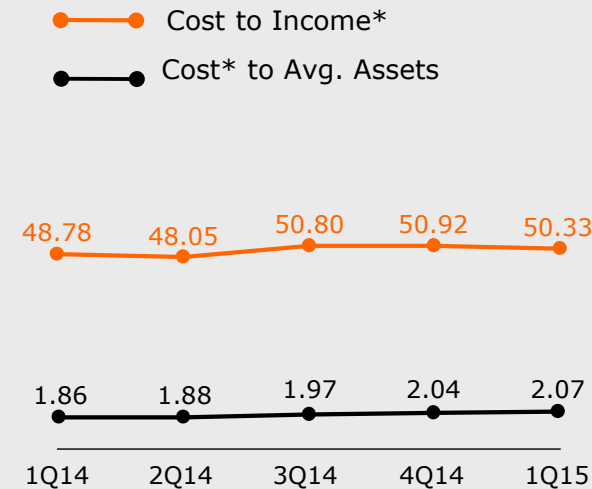


# TBANK: Operating Expenses

## Operating Expenses (MTHB)



## Ratios of Operating Expenses\* (Percent)



## Highlights

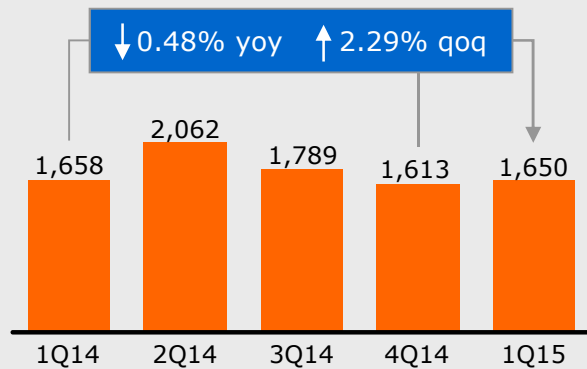
- 1Q15 operating expenses increased by 296 MTHB or 6.24% yoy. This was mainly due to an increase in employee's expenses and provision set aside for legal cases.
- Consequently, 1Q15 cost to income ratio increased to 50.33% while cost to average assets increased to 2.07%.
- TBANK will continue to put focus on increasing productivity in expense utilization while pushing progress with IT system development with aims to improve work capability, efficiency, and service quality.

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

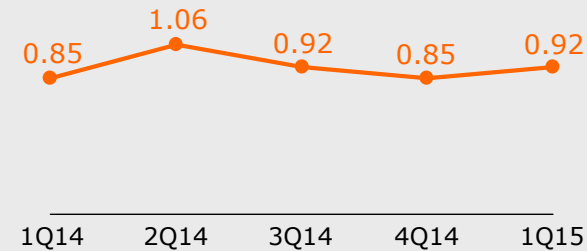


# TBANK: Provision Expenses

## Impairment Loss of Loans (MTHB)



## Credit Cost (Percent)



## Highlights

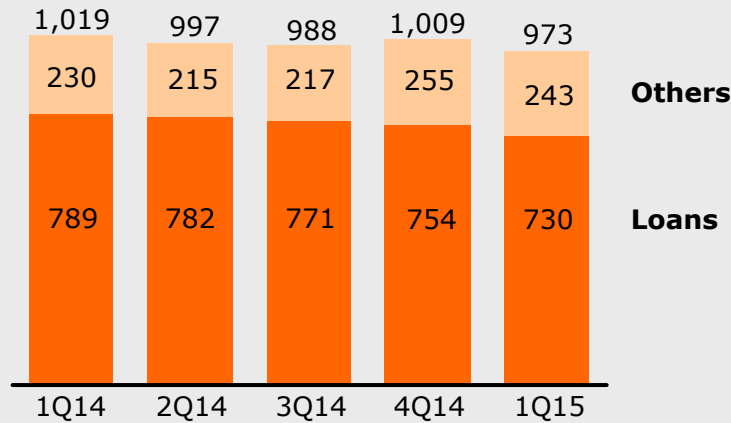
- 1Q15 impairment loss of loans slightly decreased by 8 MTHB or 0.48% yoy under the Bank's effort to manage NPL and proper provisioning
- Consequently, NPL ratio dropped to 3.95%, from 4.09% at the end of 2014. Furthermore, coverage ratio improved to 89.76%, from 85.52%.
- 1Q15 credit cost was 0.92%, an increase from 0.85% yoy, mainly due to a loan contraction.

Source: Company data

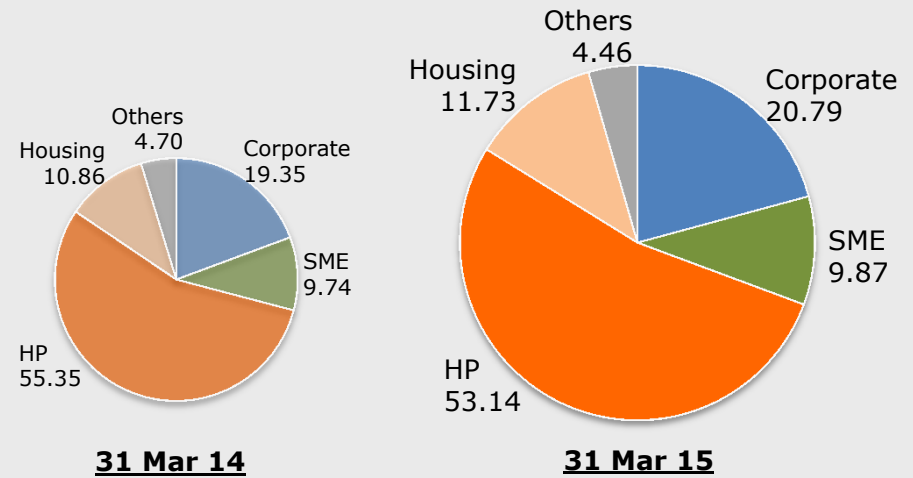


# TBANK: Assets

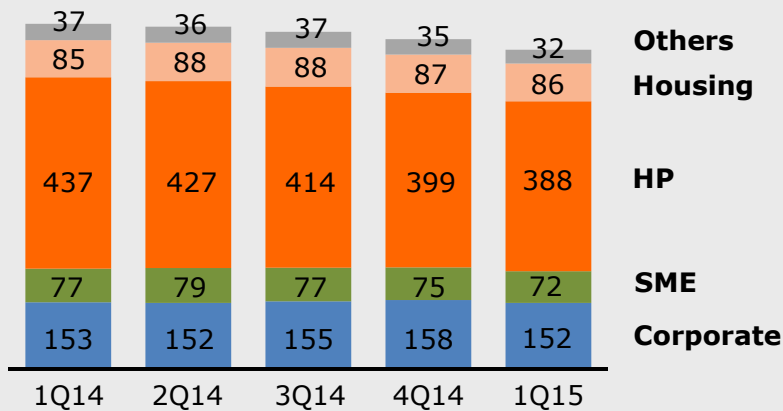
**Assets (BTHB)**



**Loans Breakdown (Percent)**



**Loans Breakdown (BTHB)**



## Key Highlights

- Loans decreased by 3.26% from the end of 2014.
- Hire purchase loans decreased by 11 BTHB or 2.88% from the end of 2014 following the sluggish in automotive market.
- Amid fragile economic condition and high household debt, TBANK focuses on asset quality management and was able to reduce NPL by 2,020 MTHB from the end of 2014
- HP portion was 53.14% in 1Q15, a decrease from 55.35% at the end of 1Q14.
- Retails accounted for 69% while corporate and SMEs accounted for 31%.

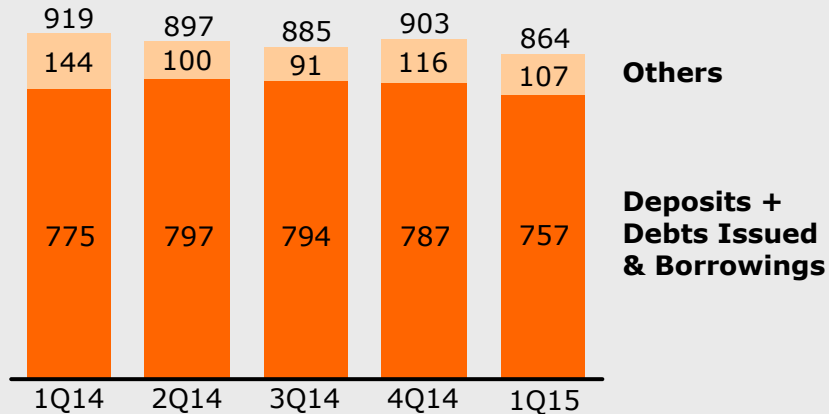
Source: Company data



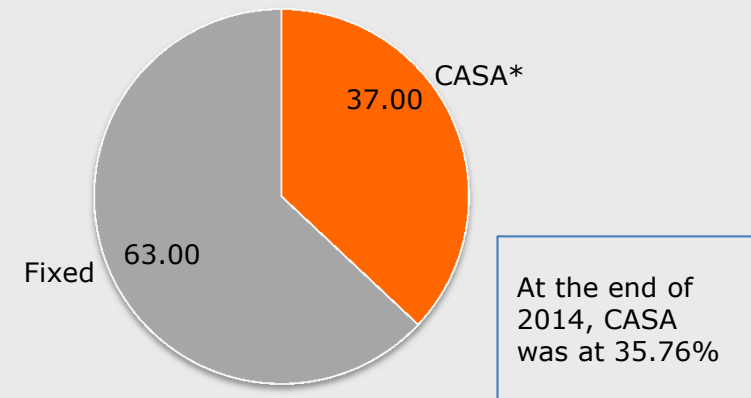


# TBANK: Liabilities

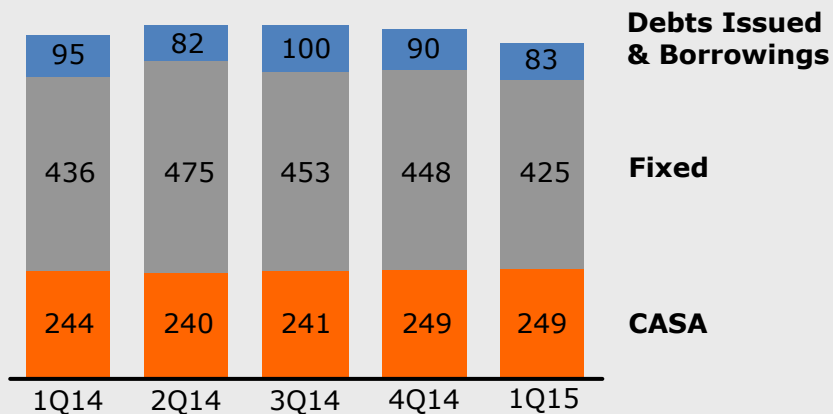
## Liabilities (BTHB)



## Deposits Breakdown (31 Mar 15) (Percent)



## Deposits + Debts Issued & Borrowings (BTHB)



## Key Highlights

- 1Q15 deposits and debt issued & borrowings decreased by 31 BTHB or 3.81% from the end of 2014. This was mainly due to deposit restructuring and cost of fund management to be in line with a slowdown of loans.
- 1Q15 CASA ratio increased from 35.76% in 1Q14 to 37.00%.
- 1Q15 loan to deposit ratio was 95.91%, similar to the end of 2014 at 95.83%.
- The Bank emphasizes on liquidity management and it is ready to implement the Basel III Liquidity Coverage Ratio (LCR) in January 2016

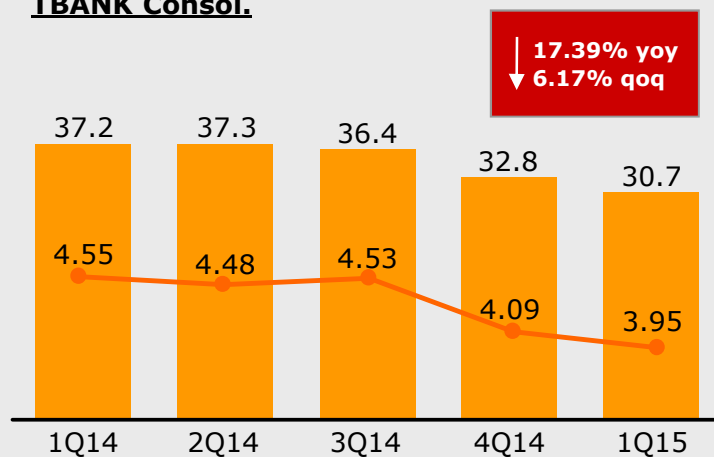
Note: \*CASA including debt issued and borrowings as of 31 March 2015 was at 32.92%; Source: Company data

# TBANK: NPLs and Reserve

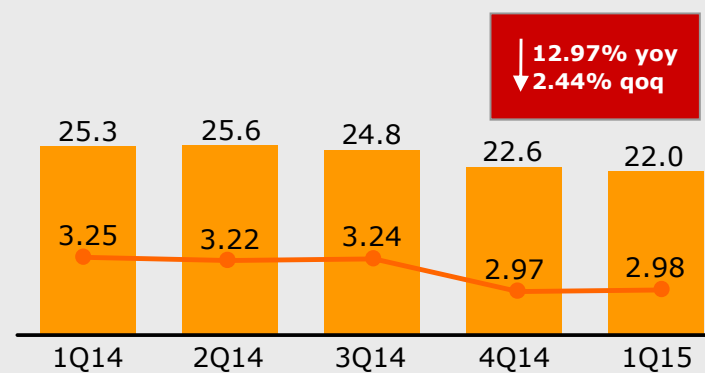
## TBANK's NPL vs. NPL to Total Loans

■ NPL (MTHB) ● NPL to Total Loans (%)

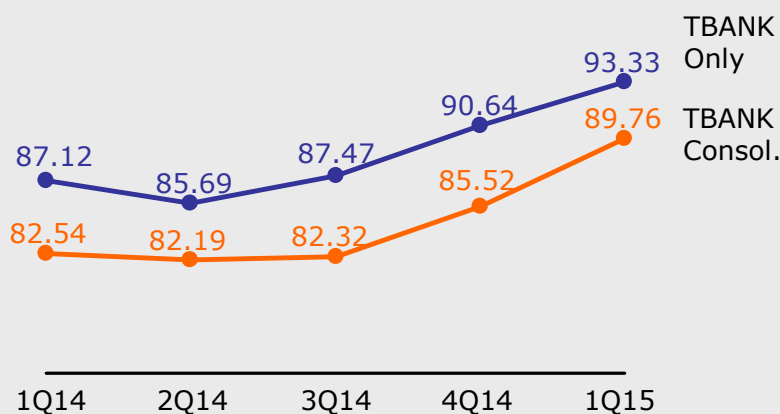
### TBANK Consol.



### TBANK Only



## Coverage Ratio (Percent)



Source: Company data

### TBANK Consol.

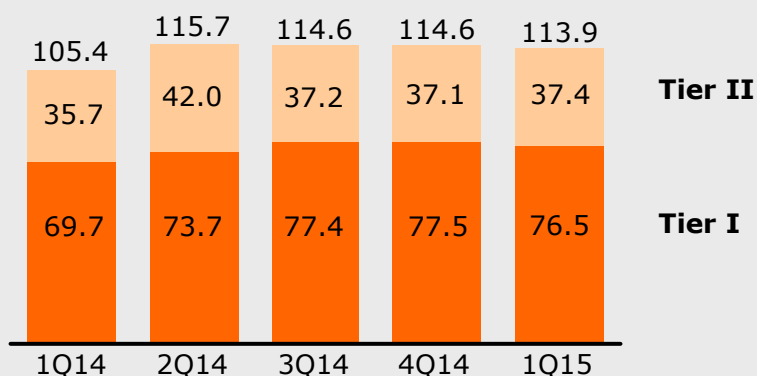
**NPLs** dropped **2,020** MTHB ytd with the NPL ratio of **3.95%** **excess reserve** of **7,263** MTHB

### TBANK Only

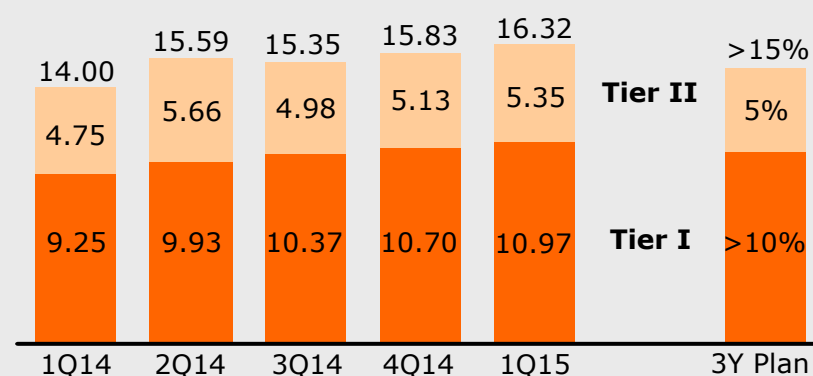
**Coverage** increased to **93.33%**

# Capital Adequacy

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

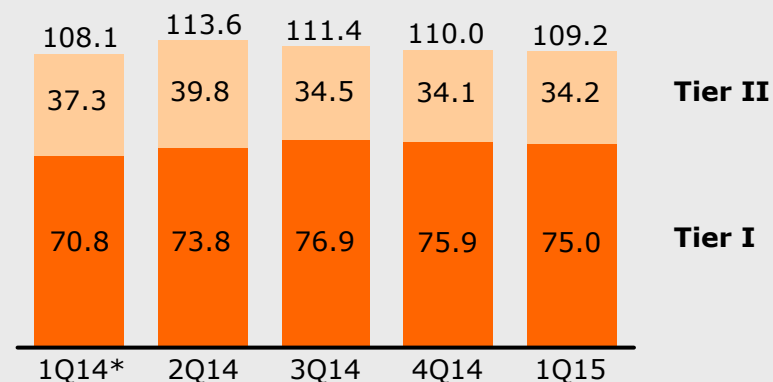


## TBANK's BIS Ratio (Solo Basis) (Percent)

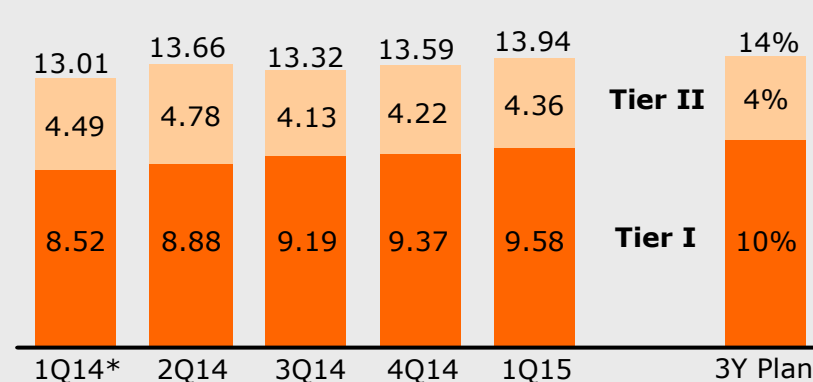


- In 2014, TBANK has early redeemed subordinated debentures amounting to 17,000 MTHB and issued Tier 2 capital instrument under Basel III regulations amounting to 13,000 MTHB in replacement.
- In 1Q15, TBANK Tier I reduced because its Hybrid Tier I has been phased out of old style Hybrid Tier I in accordance with Basel III regulations

## 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

# Appendix



# Detailed Group's Financial Info.

Consolidated statements of comprehensive income	1Q14	2Q14	3Q14	4Q14	1Q15
Interest income	13,572	13,252	13,177	12,939	12,595
Interest expenses	6,814	6,212	6,284	6,164	5,723
<b>Net interest income</b>	<b>6,758</b>	<b>7,040</b>	<b>6,893</b>	<b>6,775</b>	<b>6,872</b>
Fees and service income	2,056	1,874	2,049	2,710	2,055
Fees and service expenses	710	661	713	685	689
<b>Net fees and service income</b>	<b>1,346</b>	<b>1,213</b>	<b>1,336</b>	<b>2,025</b>	<b>1,366</b>
Gain on tradings and foreign exchange transactions	347	165	332	460	256
Gain on Investment	302	410	214	172	678
Share of income from investment in associated	61	59	63	80	73
Dividend income	37	108	164	41	70
Gain on properties foreclose and other assets	197	164	15	(198)	4
Insurance premium income	1,575	1,594	1,633	1,646	1,658
Other operating income	341	397	413	468	316
<b>Total operating income</b>	<b>10,964</b>	<b>11,150</b>	<b>11,063</b>	<b>11,469</b>	<b>11,293</b>
Insurance expenses	1,178	1,112	1,148	1,300	1,163
<b>Net operating income</b>	<b>9,786</b>	<b>10,038</b>	<b>9,915</b>	<b>10,169</b>	<b>10,130</b>
Personnel expenses	2,733	2,647	2,829	2,751	2,798
Premises and equipment expenses	707	739	734	778	711
Taxes and duties	212	210	215	230	222
Directors' remuneration	8	48	9	10	9
Other expenses	1,132	1,166	1,227	1,446	1,375
<b>Total operating expenses</b>	<b>4,792</b>	<b>4,810</b>	<b>5,014</b>	<b>5,215</b>	<b>5,115</b>
Impairment loss of loans and debt securities	(1,657)	(2,060)	(1,791)	(1,575)	(1,647)
<b>Profit before corporate income tax</b>	<b>3,337</b>	<b>3,168</b>	<b>3,110</b>	<b>3,379</b>	<b>3,368</b>
Income Tax	(671)	(677)	(553)	(657)	(688)
<b>Profit for the period</b>	<b>2,666</b>	<b>2,491</b>	<b>2,557</b>	<b>2,722</b>	<b>2,680</b>
<b>Net profit of the Company</b>	<b>1,323</b>	<b>1,235</b>	<b>1,202</b>	<b>1,359</b>	<b>1,332</b>

Consolidated statements of financial position	31-Dec-14	31-Mar-15
Cash	16,605	12,455
Interbank and money market items-interest	58,202	64,361
Interbank and money market items-no interest	7,836	5,098
Net Interbank and MM	66,038	69,459
Net investments	162,318	151,282
Net Investment in associated companies	2,417	2,378
<b>Loans and receivables</b>	<b>811,443</b>	<b>785,080</b>
Accrued interest receivables	788	697
Deferred revenue	(55,787)	(54,042)
Allowance for doubtful accounts	(28,450)	(27,983)
Net loans and accrued interest receivables	727,994	703,752
Properties foreclosed - net	8,931	8,465
Intangible assets - net	3,427	3,291
Goodwill	16,969	17,028
Other assets	20,931	22,267
<b>Total assets</b>	<b>1,025,630</b>	<b>990,377</b>
<b>Deposits</b>	<b>696,949</b>	<b>673,752</b>
Interbank and money market items-interest	77,536	67,142
Interbank and money market items-no interest	2,603	1,266
Net interbank and money market items	80,139	68,408
<b>Debt issued and borrowings</b>	<b>98,418</b>	<b>92,036</b>
Insurance contract liabilities	14,610	14,698
Other liabilities	31,238	34,563
<b>Total liabilities</b>	<b>921,354</b>	<b>883,457</b>
Company shareholders' equity	51,353	52,638
Non-controlling interest	52,923	54,282
<b>Shareholders' equity</b>	<b>104,276</b>	<b>106,920</b>
<b>Total liabilities &amp; shareholders' equity</b>	<b>1,025,630</b>	<b>990,377</b>

Source: Company data



# Subsidiaries Performance

Subsidiaries	% held	Net Profit (MTHB)				
		1Q14	2Q14	3Q14	4Q14	1Q15
<b>Thanachart Bank Plc. (Consolidated)</b>	50.96%	2,555	2,347	2,428	2,592	2,561
<b>Thanachart Securities Plc.</b>	50.96%	80	102	154	225	183
<b>Thanachart Fund Management</b>	38.22%	74	77	74	65	84
<b>Thanachart Insurance Plc.</b>	50.96%	248	303	257	240	304
<b>TS AMC</b>	50.96%	55	55	137	74	(104)
<b>Ratchthani Leasing Plc.</b>	33.12%	201	167	193	143	174
<b>NFS AMC</b>	100.00%	8	9	(2)	42	25
<b>MAX AMC</b>	83.44%	26	94	11	(0)	(5)
<b>SCILIFE*</b>	51.00%	-	11	83	79	(2)

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



# **Investor Relations**

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**Thanachart Capital Public Company Limited**

**17th Floor, MBK Tower,**

**444 Phayathai Rd., Wangmai,**

**Pathumwan, Bangkok 10330**

**Tel: (662) 613-6107**

**Fax: (662) 217 - 8312**

**E-mail: [tcap\\_ir@thanachart.co.th](mailto:tcap_ir@thanachart.co.th)**

**Website: <http://www.thanachart.co.th/ir.html>**



# Disclaimer Statement

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