

# Analyst Meeting

**Statements Unaudited**

**As of 30 June 2015**



# Contents

---

**1**

TGroup 2Q15 Financial Highlights

**2**

TBANK 2Q15 Financial Highlights

**3**

Appendix



# TGroup 2Q15 Financial Highlights



# 2Q15 Performance Summary

## TGroup

Although Thai economy was sluggish, TGroup still maintained the growth of revenues and had an effective control of operating expenses. Moreover, TGroup still focused on strengthening asset quality and capital fund. As a result, NPL ratio decreased and coverage ratio increased. BIS ratio of the Bank increased to 17.19%.

## NPL & Coverage Ratio

NPL decreased continuously since the end of 2014 to 3.76% while coverage ratio increased to 98.85%. This was mainly from an effective NPL management amid the economic slowdown. Coverage ratio of TBANK increased to 105.92%.

## Assets

Assets decreased from a decrease in hire purchase loans which was in line with the depressive automotive market and a decrease in net investment due to financial asset management based on opportunistic timing in the market.

## Spread

Spread widened and was able to compensate with a contraction of loans. This was mainly from a reduce in cost of fund from an efficient cost management and a decrease in policy interest rate.

## OPEX

Operating expenses decreased, due to an effective cost control management.

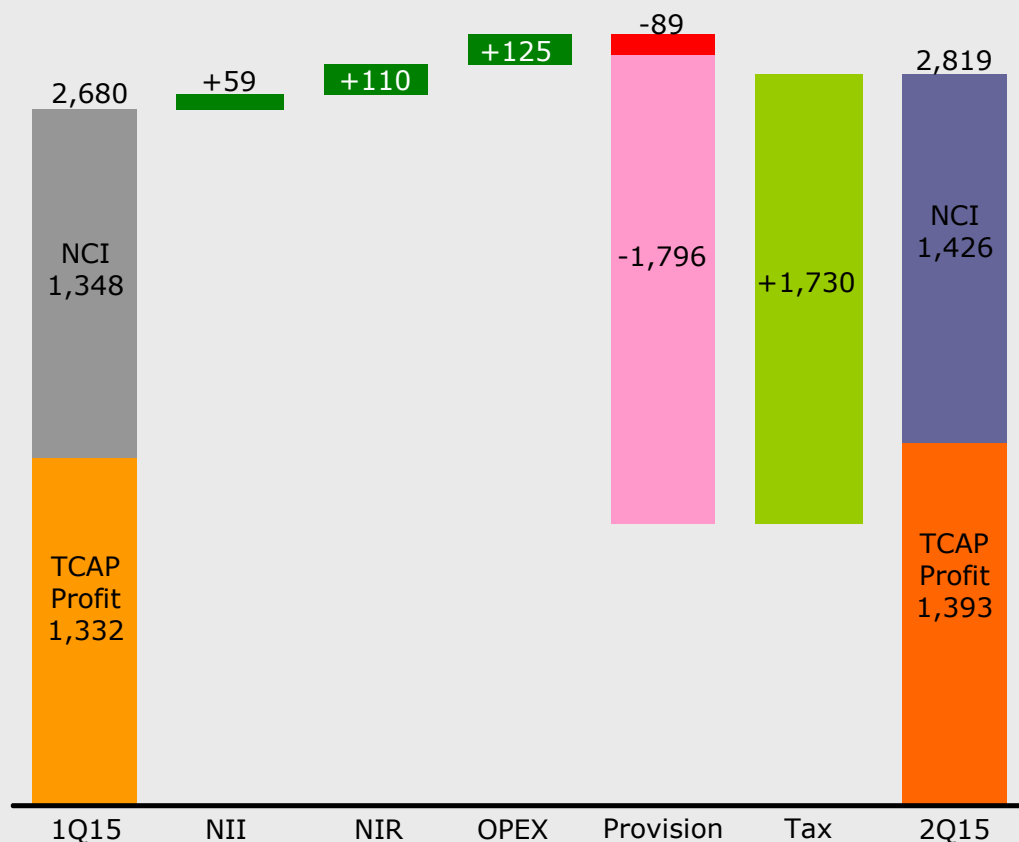
## Provision

Normal provision slightly increased, due to a seasonal effect. In addition, As the completeness of SCIB liquidation, the Bank has had tax losses from its investment in SCIB. As a result, the Bank did not have tax expenses in 1H15 and decided to provide a special provision in 2Q15.



# TGroup: Profit Movement

## Movement of Total Profit 2Q15 VS 1Q15 (MTHB)

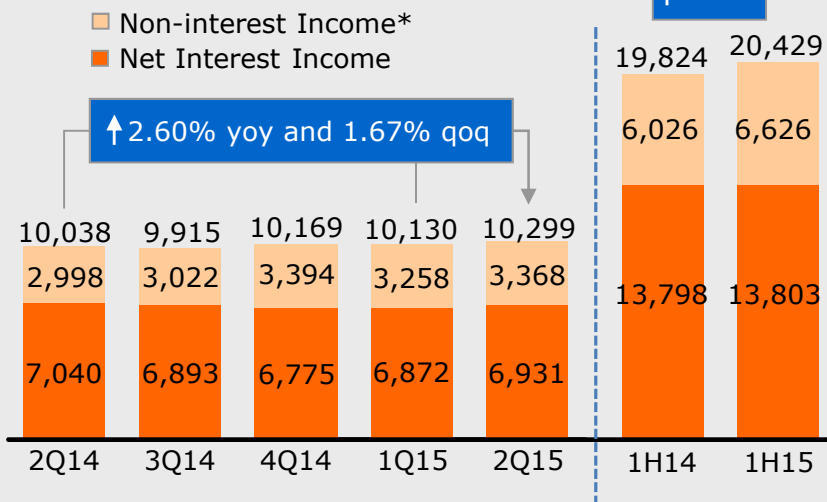


## Highlights

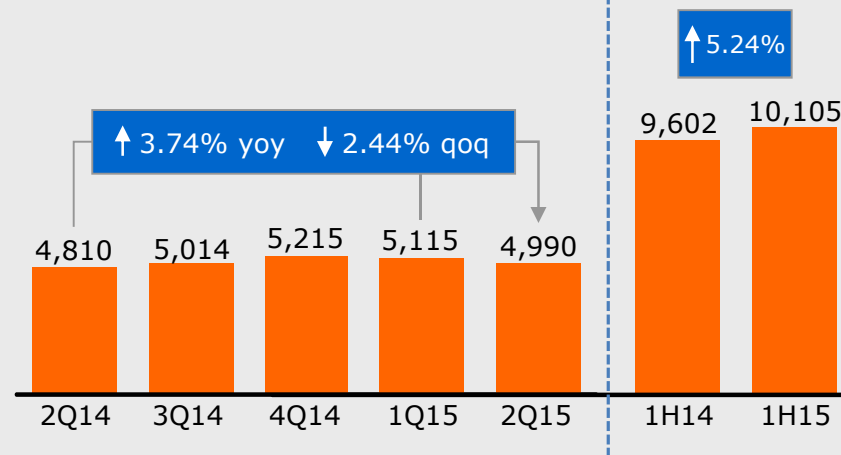
- Group profit increased by 5.19%
- TCAP profit increased by 4.58%
- NII increased by 59 MTHB or 0.86% from
  - Interest expenses decreased by 7.44% from a restructuring of funding cost which was in line with a decrease in policy interest rate
  - Interest income decreased by 2.91% from a decrease in both loan volume and lending rate
- NIR increased by 110 MTHB or 3.38% from
  - Gains on investments up 27 MTHB from selling government bonds and debentures
  - Gains on property foreclosed and other assets up 283 MTHB
  - Net insurance / life insurance income up 89 MTHB
- OPEX decreased by 125 MTHB or 2.44% due to a provision set aside in 1Q15 for future liabilities
- Normal provision slightly increased by 89 MTHB or 5.40%. (In addition, the Bank set a special provision of 1,796 MTHB for improving its coverage ratio to more than 100%)
- Tax decreased by 1,730 MTHB from the liquidation of SCIB as mentioned

# TGroup: Financial Highlights (1)

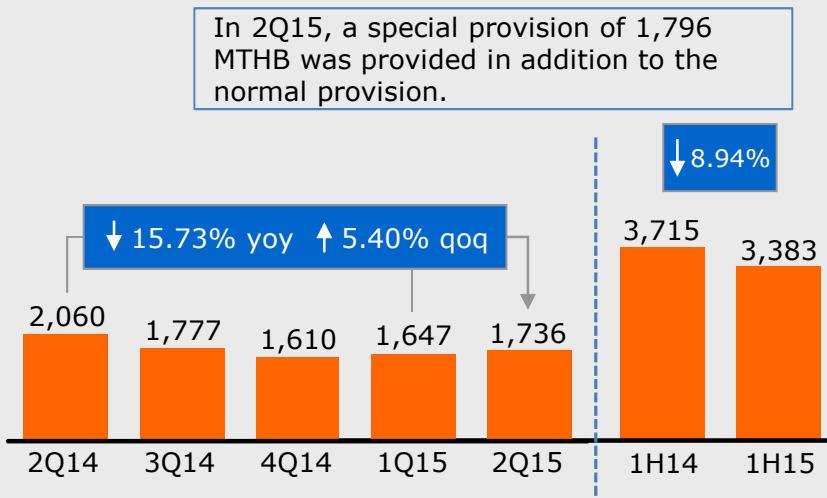
## Total Income (MTHB)



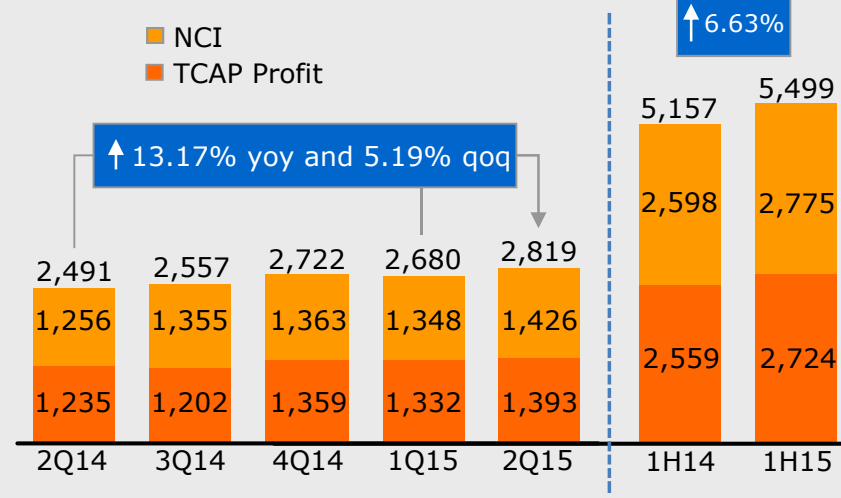
## Operating Expenses (MTHB)



## Impairment Loss of Loans (MTHB)



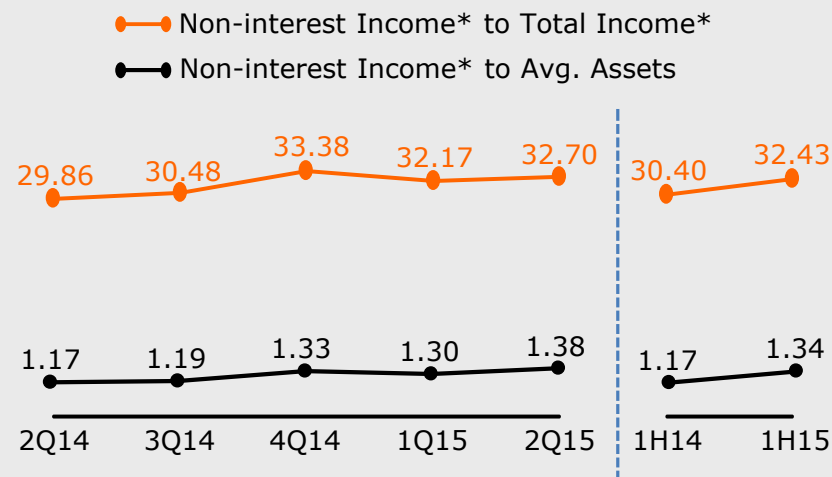
## Net Profit (MTHB)



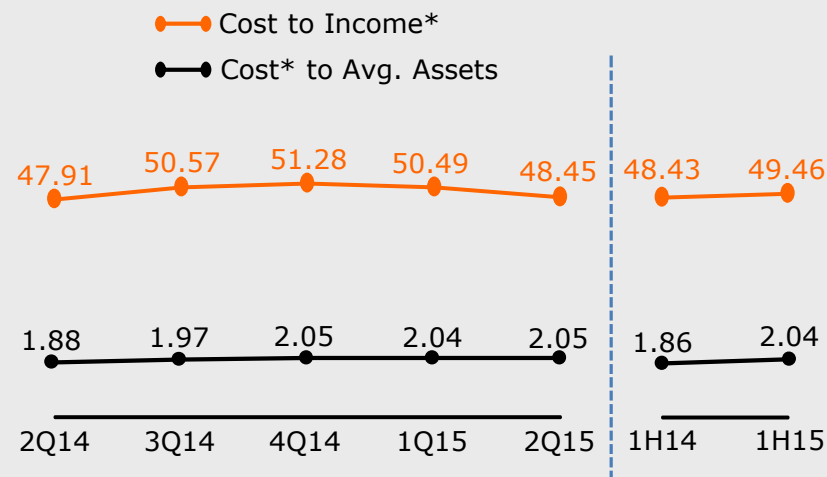
Note: \*Net of insurance expenses; Source: Company data

# TGroup: Financial Highlights (2)

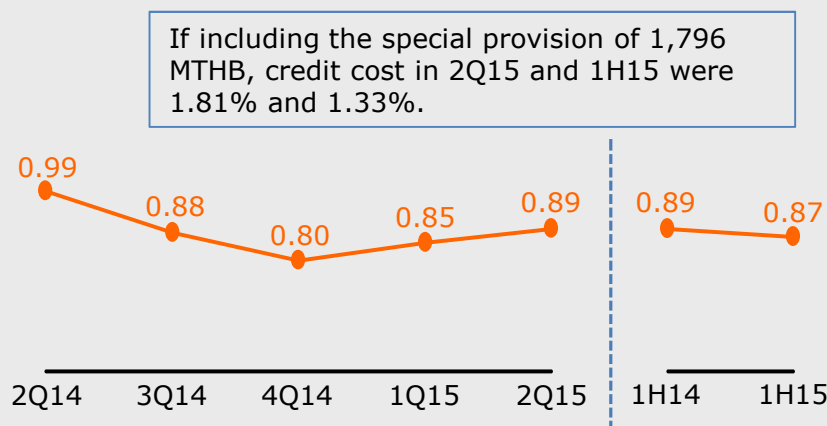
## Ratios of Non-interest Income\* (Percent)



## Ratios of Operating Expenses\* (Percent)



## Credit Cost (Percent)



## Other Key Ratios (Percent)

Ratios (%)	Quarterly					Half Yearly	
	2Q14	3Q14	4Q14	1Q15	2Q15	1H14	1H15
ROAA	0.97	1.00	1.07	1.07	1.16	1.00	1.11
ROAE**	10.14	9.70	10.75	10.25	10.81	10.58	10.55
Loan Spread	3.06	3.05	3.08	3.22	3.37	3.00	3.29
Interest Spread	2.64	2.59	2.54	2.62	2.74	2.54	2.68
Cost of Fund	2.84	2.89	2.85	2.70	2.58	2.94	2.64

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 30 June 15			
	Amount	% of Total Shares	Avg. Price (Baht)	Funding (MTHB)
No. of Share Repurchased (million shares)	41.35	3.24	33.86	1,399.91





# TGroup: Comparison to Targets

Performance Parameters		2013A (excl. TLIFE)	2014A	2015F	1H15
Profitability	ROAE (excl. NCI)	14.26%	10.39%	12.00-14.00%	10.55%
	ROAA	1.13%	1.02%	1.10-1.30%	1.11%
	Spread	2.54%	2.55%	2.60-2.80%	2.68%
	Non-interest Income Ratio*	35.47%	31.18%	32.00-35.00%	32.43%
	Cost to Income Ratio*	50.24%	49.69%	< 50.00%	49.46%
Loans	Loan Growth	4.75%	-4.49%	2.00-4.00%	-4.83%
Deposits	CASA Ratio**	34.63%	35.76%	35.00-40.00%	39.62%
Asset Quality	NPL Ratio	4.49%	4.21%	< 4.00%	3.76%
	Credit Cost	0.72%	0.89%	0.80-0.90%	0.87%
Capital	BIS Ratio***	14.31%	13.59%	~ 14.00%	14.27%

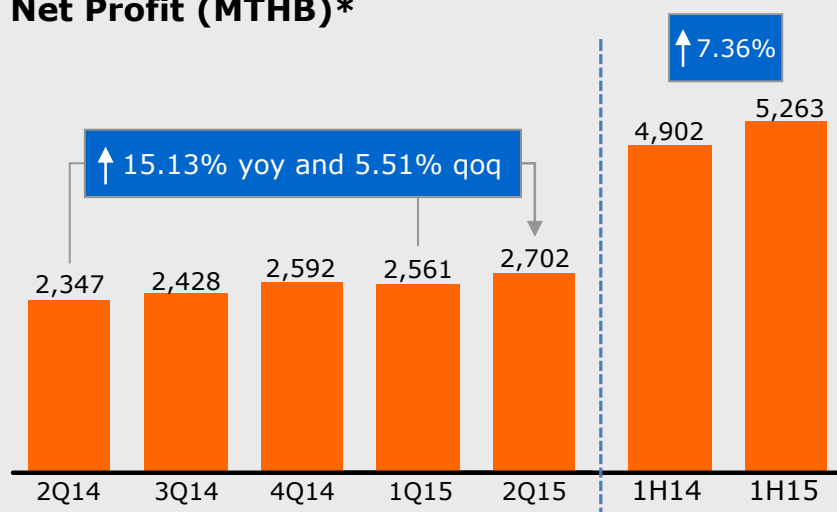
Note: \*Net of insurance expenses \*\*CASA Ratio excludes debt issued and borrowings  
 \*\*\*Implementing Basel III in 2014; Source: Company data



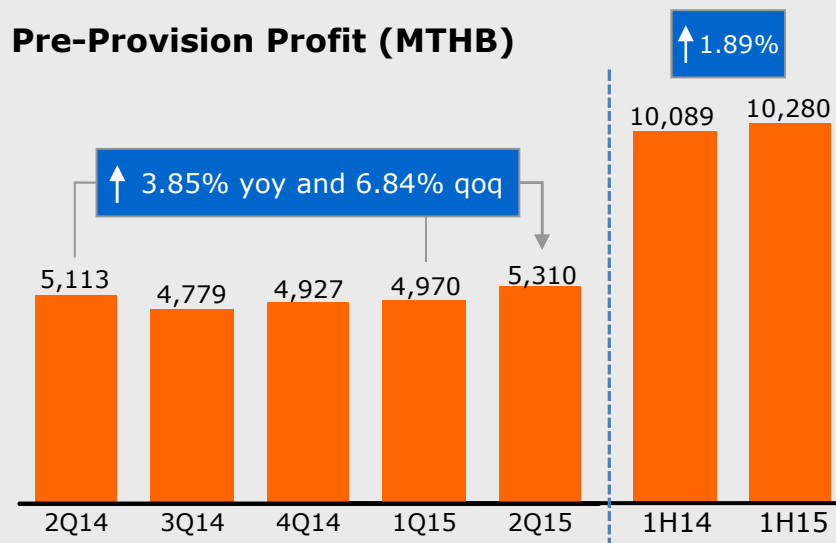
# **TBANK 2Q15 Financial Highlights**

# TBANK: Profitability

## Net Profit (MTHB)\*



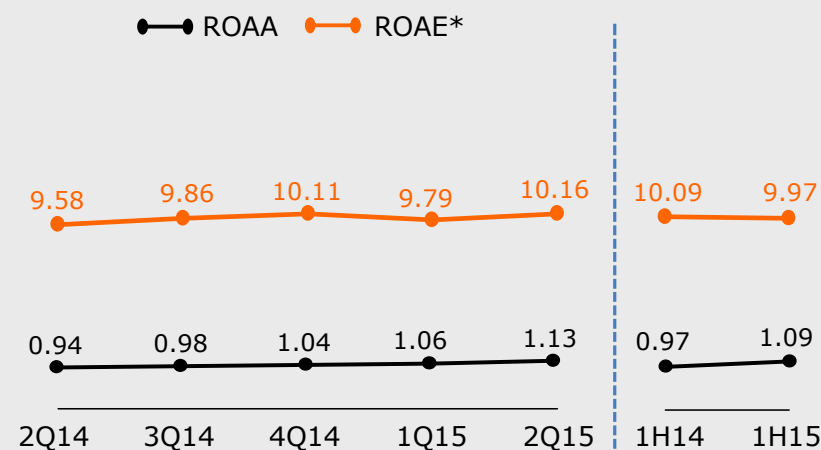
## Pre-Provision Profit (MTHB)



## Highlights

- 2Q15 net profit increased by 141 MTHB or 5.51% qoq. This was due to
  - NII and NIR increased
  - Opex decreased
- 2Q15 PPOP increased by 6.84% qoq
- 1H15 net profit increased by 361 MTHB or 7.36% yoy. This was mainly from NIR increased
- 1H15 PPOP increased by 1.89%
- ROAA was at 1.13%
- ROAE was at 10.16%

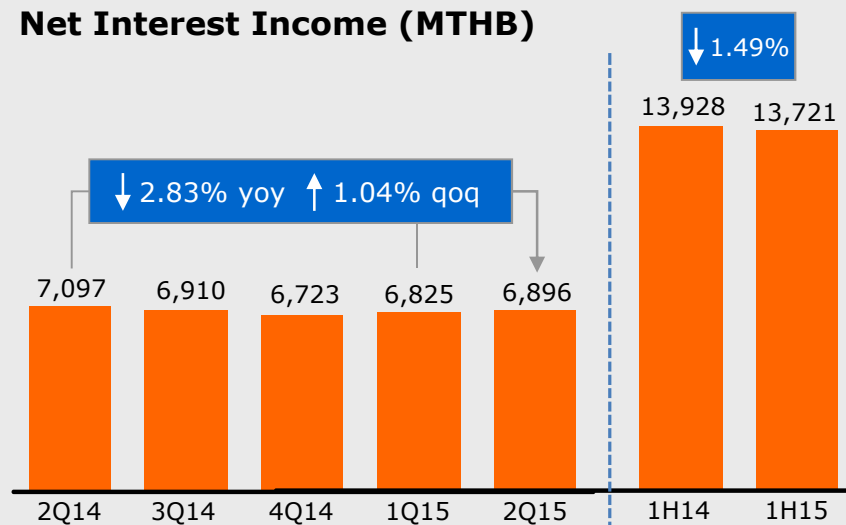
## ROAA and ROAE\* (Percent)



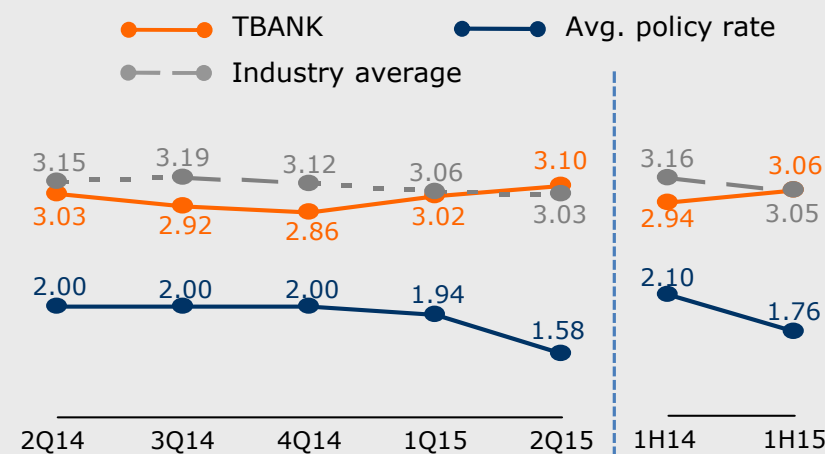
Note: \*Excluding non-controlling interest; Source: Company data

# TBANK: Net Interest Income

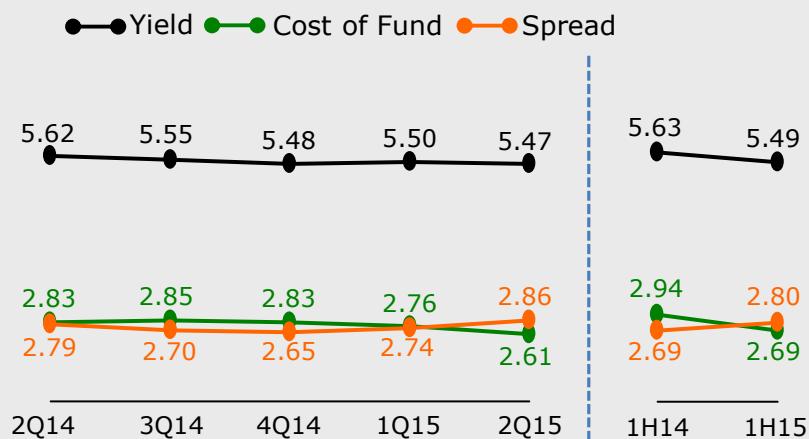
## Net Interest Income (MTHB)



## Net Interest Margin (Percent)



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



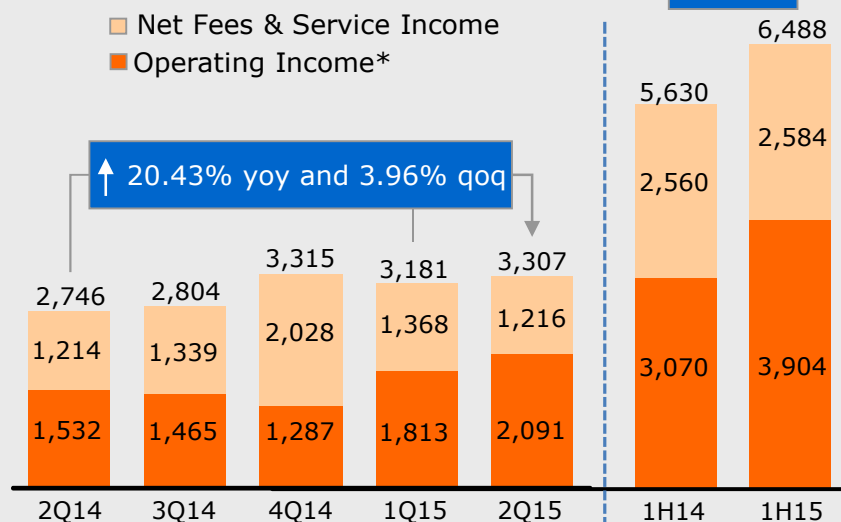
Source: Company data

## Highlights

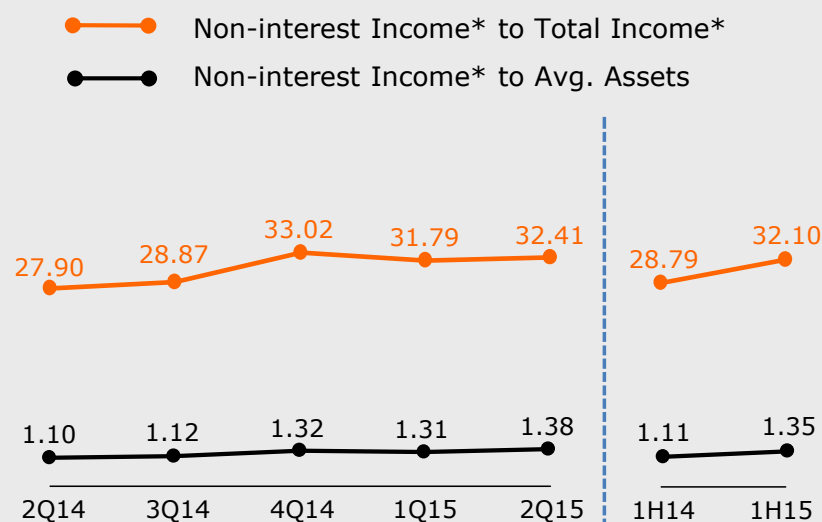
- 2Q15 interest income decreased by 361 MTHB or 2.89% qoq due to a drop in loans volume which was in line with a decrease from yield on earning assets
- 2Q15 interest expenses decreased by 432 MTHB or 7.64% qoq. This was mainly from a strategically cost of fund management and a decrease in policy interest rate
- 2Q15 NIM increased to 3.10%
- 2Q15 interest spread widened to 2.86% and was able to compensate a decline in loans volume

# TBANK: Non-interest Income

## Non-interest Income (MTHB)



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



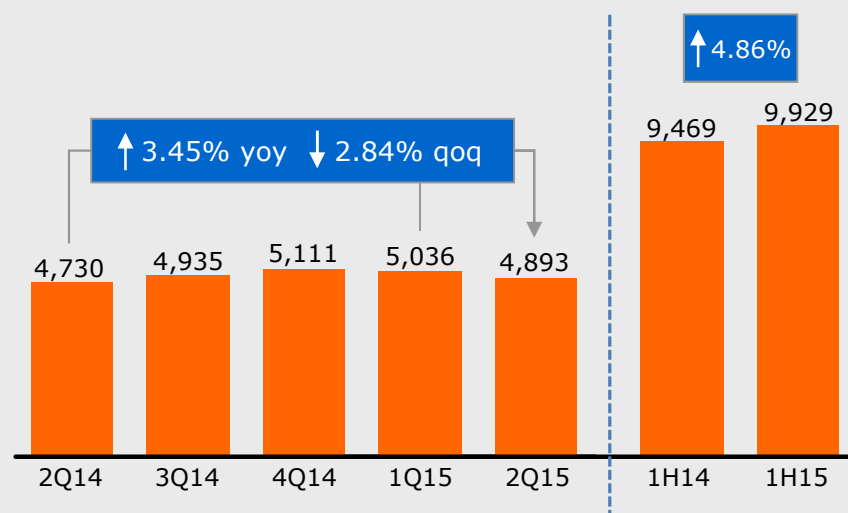
## Highlights

- 2Q15 non-interest income increased by 126 MTHB or 3.96% qoq.
- 2Q15 net fees and service income decreased by 152 MTHB or 11.11%, mainly due to a decrease in brokerage fees which was in line with a slowdown in the stock market.
- 2Q15 operating income increased by 278 MTHB or 15.33% from
  - Gains on property foreclosed increased by 264 MTHB from selling its NPA
  - Gains on investments increase by 27 MTHB from selling government bonds and debentures.
- As a result, 2Q15 non-interest income ratio increased to 32.41% from 31.79% in 1Q15.

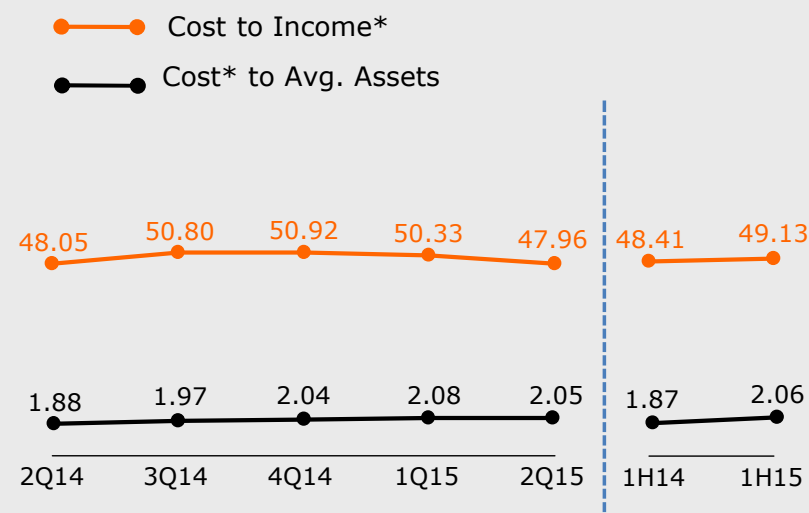
Note: \*Net of insurance expenses; Source: Company data

# TBANK: Operating Expenses

Operating Expenses (MTHB)



Ratios of Operating Expenses\* (Percent)



## Highlights

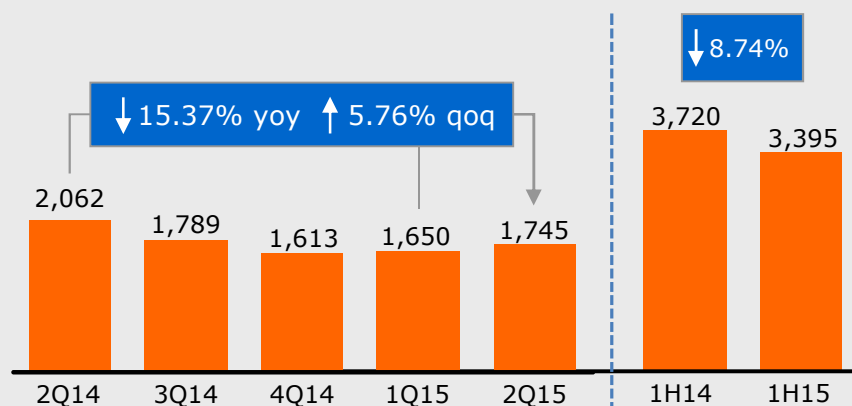
- 2Q15 operating expenses decreased by 143 million baht or 2.84% qoq mainly due to a declining provision set aside for litigation liabilities in 1Q15.
- As a result, 2Q15 cost to income ratio dropped to 47.96% from 50.33% in 1Q15. In addition, cost to average assets ratio was 2.05%, a decrease from 2.08% in 1Q15.
- TBANK will continue to put a focus on increasing productivity and 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

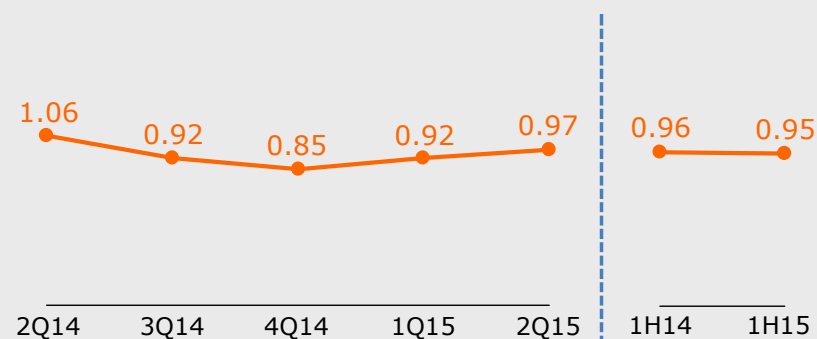
## Impairment Loss of Loans (MTHB)

In 2Q15, a special provision of 1,796 MTHB was provided in addition to the normal provision.



## Credit Cost (Percent)

If including the special provision of 1,796 MTHB, credit cost in 2Q15 and 1H15 were 1.98% and 1.46%.



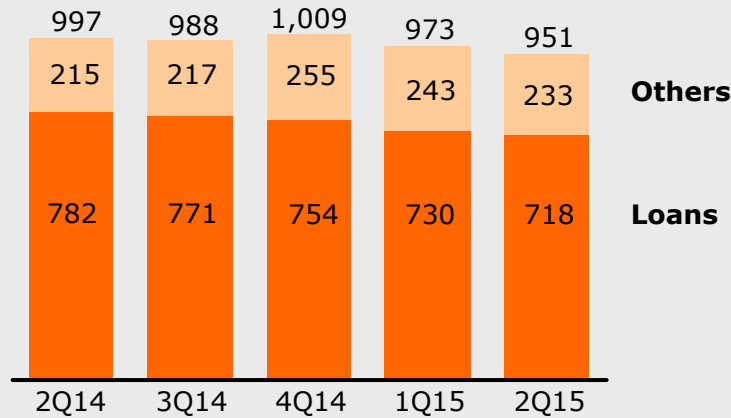
## Highlights

- 2Q15 provision increased by 95 MTHB or 5.76% qoq from an effective NPL management. In addition, the Bank provided 1,796 MTHB as a special provision by utilizing tax reversal from liquidation of SCIB.
- 2Q15 NPL ratio (Bank Consol.) was at 3.65%, a decrease from 4.09% at the end of 2014.
- 2Q15 coverage ratio (Bank Consol.) up to 100.12%, an increase from 85.52% as at the end of 2014.
- 2Q15 credit cost was at 0.97%, an increase from 0.92% in 1Q15.

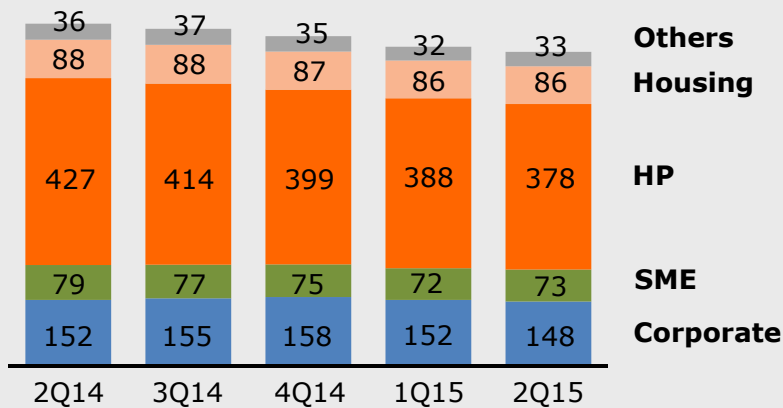


# TBANK: Assets

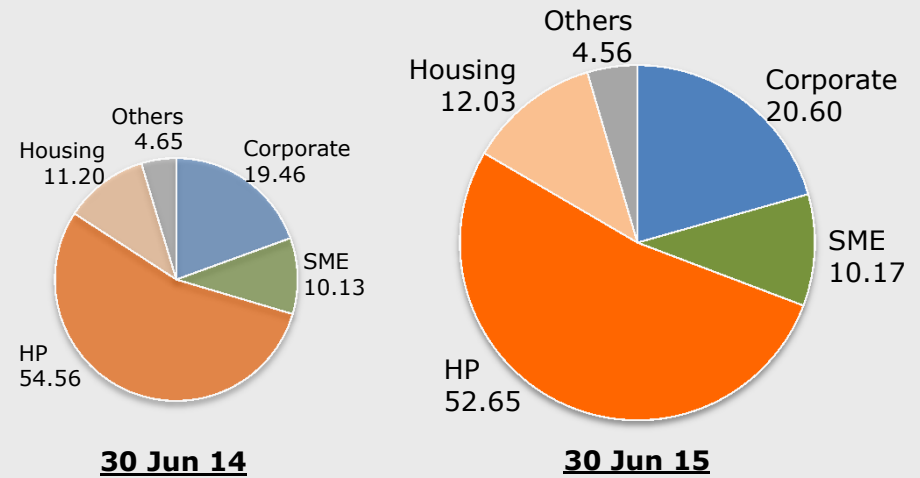
**Assets (BTHB)**



**Loans Breakdown (BTHB)**



**Loans Breakdown (Percent)**



## Key Highlights

- 2Q15 loans decreased by 4.82% from the end of 2014. This was mainly due to a decrease of 5.35% in hire purchase loans which was in line with a slowdown in automotive market.
- 2Q15 loan portfolio was more diversified. HP accounted for 52.65%, a decrease from 54.56% from the same period last year.
- 2Q15 Retails accounted for 69% while corporate and SMEs accounted for 31%.

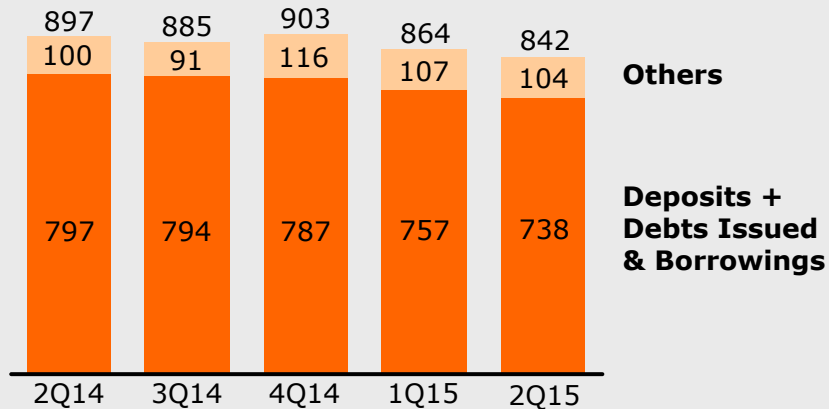
Source: Company data



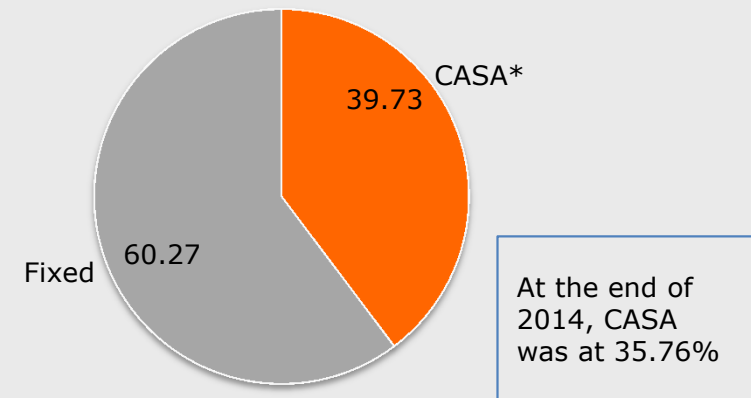


# TBANK: Liabilities

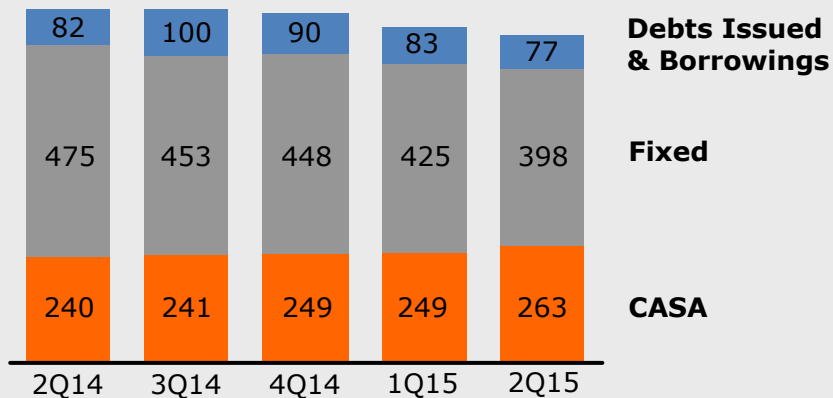
## Liabilities (BTHB)



## Deposits Breakdown (30 Jun 15) (Percent)



## Deposits + Debts Issued & Borrowings (BTHB)



## Key Highlights

- 2Q15 deposits + debt issued and borrowings decreased by 6.21% from the end of 2014. This was mainly from deposits restructuring and cost of fund management following the strategic liquidity management.
- 2Q15 CASA ratio was at 39.73%, an increase from 35.76 at the end of 2014
- 2Q15 loan to deposit ratio was 97.25%.
- The Bank emphasizes on liquidity management and it is ready to implement the Basel III Liquidity Coverage Ratio (LCR) in January 2016

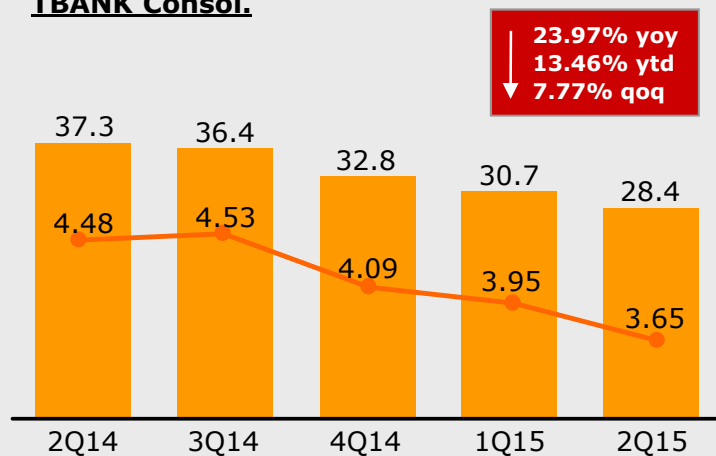
Note: \*CASA including debt issued and borrowings as of 30 June 2015 was at 35.56%; Source: Company data

# TBANK: NPLs and Reserve

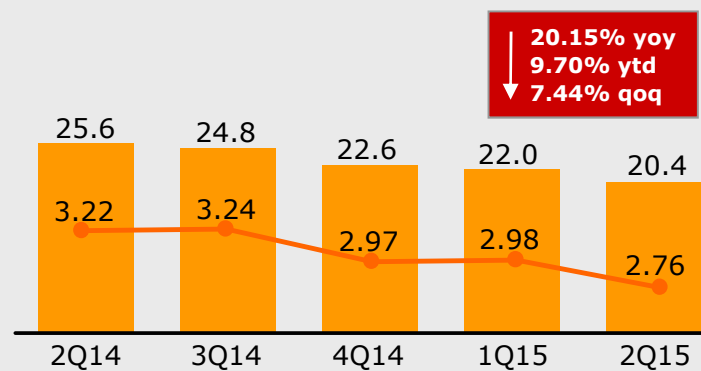
## TBANK's NPL vs. NPL to Total Loans

■ NPL (MTHB) ● NPL to Total Loans (%)

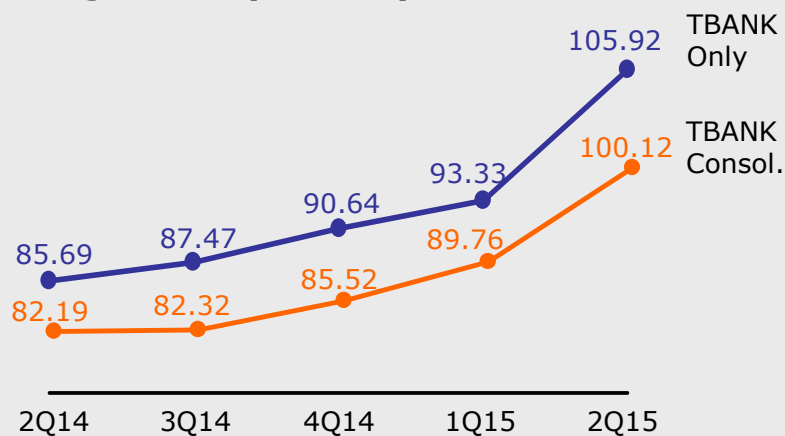
### TBANK Consol.



### TBANK Only



## Coverage Ratio (Percent)



Source: Company data

### TBANK Consol.

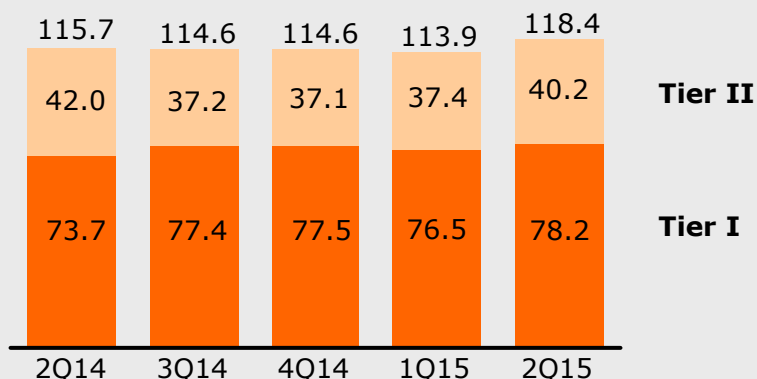
**NPLs** dropped **4,409** MTHB ytd with the NPL ratio of **3.65%** **excess reserve** of **8,760** MTHB

### TBANK Only

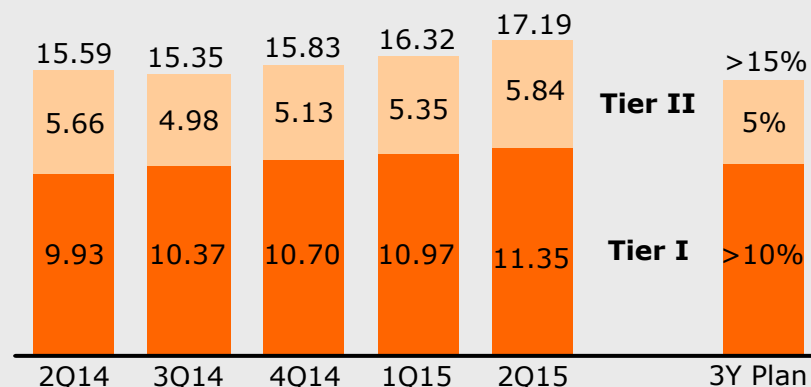
**Coverage** increased to **105.92%**

# Capital Adequacy

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

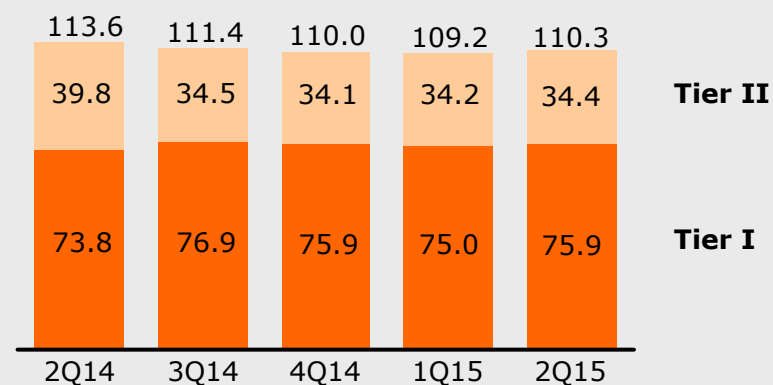


## TBANK's BIS Ratio (Solo Basis) (Percent)

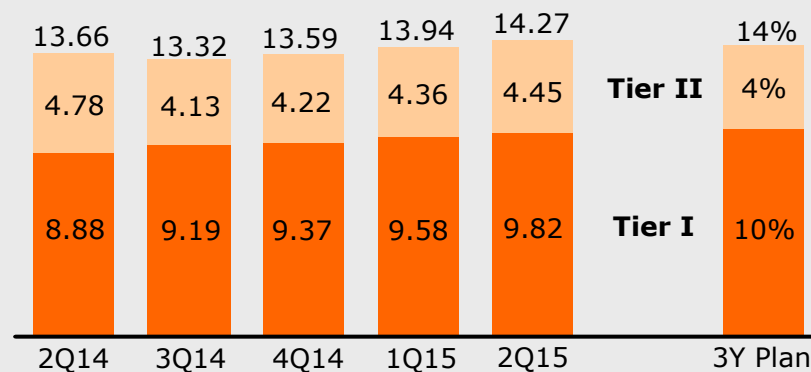


- In 2014, TBANK has early redeemed subordinated debentures amounting to 17,000 MTHB and issued Tier 2 capital instrument under Basel III regulations amounting to 13,000 MTHB in replacement.
- In 1Q15, TBANK Tier I reduced because its Hybrid Tier I has been phased out in accordance with Basel III regulations
- In 2Q15, TBANK has redeemed subordinated debentures amounting to 11,000 MTHB and issued Tier 2 capital instrument under Basel III regulations amounting to 7,000 MTHB in replacement.

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



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



Source: Company data

# Appendix



# Detailed Group's Financial Info.

Consolidated statements of comprehensive income	2Q14	3Q14	4Q14	1Q15	2Q15	1H14	1H15
Interest income	13,252	13,177	12,939	12,595	12,228	26,824	24,823
Interest expenses	6,212	6,284	6,164	5,723	5,297	13,026	11,020
<b>Net interest income</b>	<b>7,040</b>	<b>6,893</b>	<b>6,775</b>	<b>6,872</b>	<b>6,931</b>	<b>13,798</b>	<b>13,803</b>
Fees and service income	1,874	2,049	2,710	2,055	1,879	3,929	3,934
Fees and service expenses	661	713	685	689	666	1,370	1,355
<b>Net fees and service income</b>	<b>1,213</b>	<b>1,336</b>	<b>2,025</b>	<b>1,366</b>	<b>1,213</b>	<b>2,559</b>	<b>2,579</b>
Gain on tradings and foreign exchange transactions	165	332	460	256	138	511	394
Gain on Investment	410	214	172	678	705	712	1,383
Share of income from investment in associated	59	63	80	73	84	120	157
Dividend income	108	164	41	70	55	145	125
Gain on properties foreclose and other assets	164	15	(198)	4	287	361	291
Insurance premium income	1,594	1,633	1,646	1,658	1,682	3,170	3,340
Other operating income	397	413	468	316	302	738	618
<b>Total operating income</b>	<b>11,150</b>	<b>11,063</b>	<b>11,469</b>	<b>11,293</b>	<b>11,397</b>	<b>22,114</b>	<b>22,690</b>
Insurance expenses	1,112	1,148	1,300	1,163	1,098	2,290	2,261
<b>Net operating income</b>	<b>10,038</b>	<b>9,915</b>	<b>10,169</b>	<b>10,130</b>	<b>10,299</b>	<b>19,824</b>	<b>20,429</b>
Personnel expenses	2,647	2,829	2,751	2,798	2,786	5,380	5,584
Premises and equipment expenses	739	734	778	711	717	1,446	1,427
Taxes and duties	210	215	230	222	218	423	440
Directors' remuneration	48	9	10	9	49	56	59
Other expenses	1,166	1,227	1,446	1,375	1,220	2,297	2,595
<b>Total operating expenses</b>	<b>4,810</b>	<b>5,014</b>	<b>5,215</b>	<b>5,115</b>	<b>4,990</b>	<b>9,602</b>	<b>10,105</b>
Impairment loss of loans and debt securities	(2,060)	(1,791)	(1,575)	(1,647)	(3,532)	3,717	(5,179)
<b>Profit before corporate income tax</b>	<b>3,168</b>	<b>3,110</b>	<b>3,379</b>	<b>3,368</b>	<b>1,777</b>	<b>6,505</b>	<b>5,145</b>
Income Tax	(677)	(553)	(657)	(688)	1,042	(1,348)	354
<b>Profit for the period</b>	<b>2,491</b>	<b>2,557</b>	<b>2,722</b>	<b>2,680</b>	<b>2,819</b>	<b>5,157</b>	<b>5,499</b>
<b>Net profit of the Company</b>	<b>1,235</b>	<b>1,202</b>	<b>1,359</b>	<b>1,332</b>	<b>1,393</b>	<b>2,559</b>	<b>2,724</b>

Consolidated statements of financial position	31-Dec-14	30-Jun-15
Cash	16,605	11,035
Interbank and money market items-interest	58,202	70,817
Interbank and money market items-no interest	7,836	8,330
Net Interbank and MM	66,038	79,147
Net investments	162,318	131,556
Net Investment in associated companies	2,417	2,456
<b>Loans and receivables</b>	<b>811,443</b>	<b>771,846</b>
Accrued interest receivables	788	658
Deferred revenue	(55,787)	(52,664)
Allowance for doubtful accounts	(28,450)	(28,741)
Net loans and accrued interest receivables	727,994	691,099
Properties foreclosed - net	8,931	7,698
Intangible assets - net	3,427	3,174
Goodwill	16,969	17,088
Other assets	20,931	24,001
<b>Total assets</b>	<b>1,025,630</b>	<b>967,254</b>
<b>Deposits</b>	<b>696,949</b>	<b>660,558</b>
Interbank and money market items-interest	77,536	65,459
Interbank and money market items-no interest	2,603	1,213
Net interbank and money market items	80,139	66,672
<b>Debt issued and borrowings</b>	<b>98,418</b>	<b>86,612</b>
Insurance contract liabilities	14,610	14,551
Other liabilities	31,238	33,309
<b>Total liabilities</b>	<b>921,354</b>	<b>861,702</b>
Company shareholders' equity	51,353	51,289
Non-controlling interest	52,923	54,263
<b>Shareholders' equity</b>	<b>104,276</b>	<b>105,552</b>
<b>Total liabilities &amp; shareholders' equity</b>	<b>1,025,630</b>	<b>967,254</b>

Source: Company data



# Subsidiaries Performance

Subsidiaries	% held	Net Profit (MTHB)						
		2Q14	3Q14	4Q14	1Q15	2Q15	1H14	1H15
<b>Thanachart Bank Plc. (Consolidated)</b>	50.96%	2,347	2,428	2,592	2,561	2,702	4,902	5,263
<b>Thanachart Securities Plc.</b>	50.96%	102	154	225	183	93	182	276
<b>Thanachart Fund Management</b>	38.22%	77	74	65	84	75	151	159
<b>Thanachart Insurance Plc.</b>	50.96%	303	257	240	304	297	551	600
<b>TS AMC</b>	50.96%	55	137	74	(104)	35	110	(68)
<b>Ratchthani Leasing Plc.</b>	33.22%	167	193	143	174	191	368	365
<b>NFS AMC</b>	100.00%	9	(2)	42	25	7	18	32
<b>MAX AMC</b>	83.44%	94	11	(0)	(5)	(2)	120	(7)
<b>SCILIFE*</b>	51.00%	11	83	79	(2)	(27)	41	(29)

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



# **Investor Relations**

---

**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

---

Thanachart Capital Public Company Limited (“the Company”) provides this presentation for the purpose of publishing the Company and its subsidiaries’ performance and material financial information. In preparation of this presentation, the Company made assumptions and relied on the information made available from many sources including the public sources. The Company, therefore, makes no representation or warranty as to the accuracy, completeness or appropriateness of the information contained in this presentation. This presentation does not constitute any advice, offer or solicitation for any investment or otherwise. The readers or recipients should consider the information carefully and please use your discretion to review the information relating to the Company and Thanachart Group from the presentation and the other sources before making a decision in any transaction. Any unauthorized use, reproduction or distribution in whole or in part of the information contained in this report without the Company’s permission is strictly prohibited. However, the Company reserves the right with its own discretion to amend or modify the information contained in this presentation without any prior notice. The Company shall have no responsibility for any inaccuracy, inappropriateness or incompleteness of any information contained in this presentation.