

# Analyst Meeting

Statements Unaudited

As of 30 June 2017



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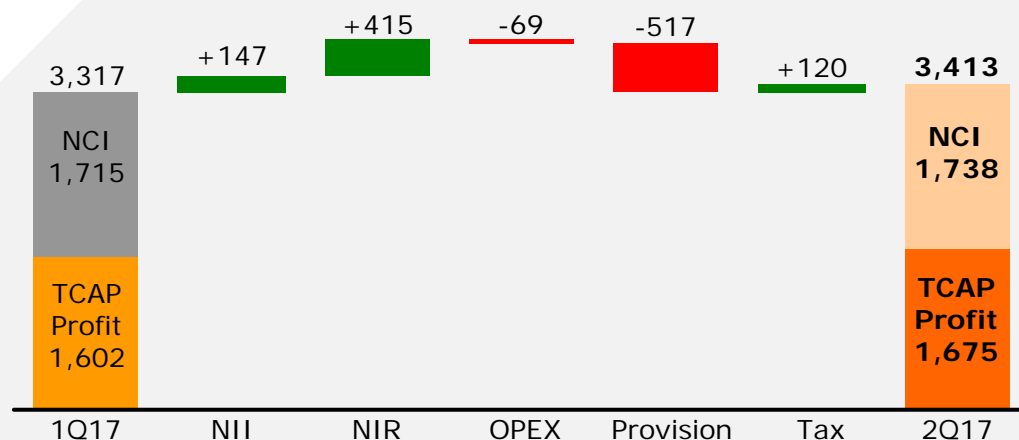
# TGroup 2Q17 Financial Highlights

## 2Q17 Overview

- **Loans turned positive**
  - Loans grew 1.92% q-q and 0.62% ytd
- **Strong 2Q17 & 1H17 results**
  - 2Q17 TGroup net profit up 2.89% q-q and 8.28% y-y
  - 1H17 TGroup net profit up 12.79% y-y
  - 2Q17 TBANK net profit = 3,331 MTHB, up 10 quarters
- **Asset quality well managed**
  - TGroup NPL ratio = 2.26%, down from 2.41% at 4Q16
  - TBANK NPL ratio = 2.16%, down from 2.29% at 4Q16
- **Capital position remains strong**
  - TBANK BIS Ratio is the second highest in the industry, rose to 20.39%

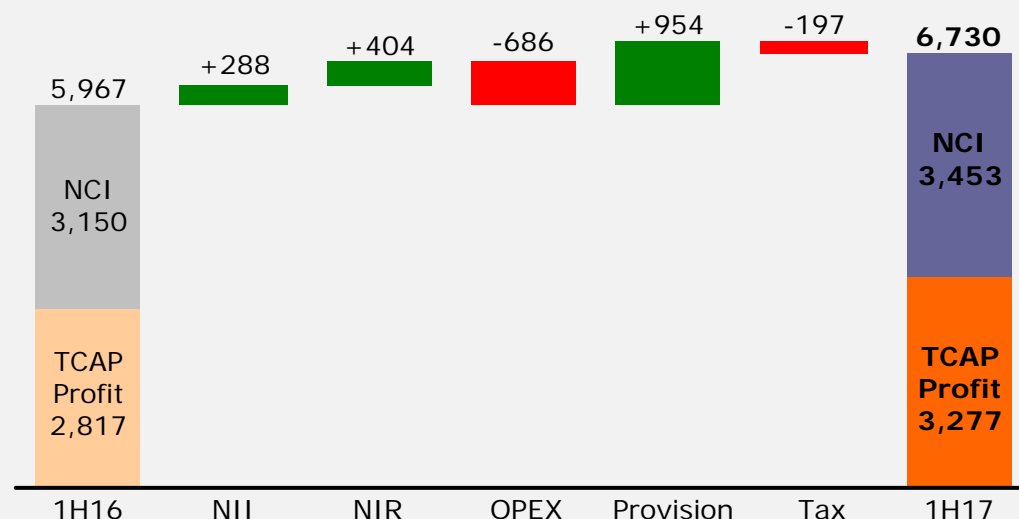
# TGroup: Profit Movement

## Movement of Total Profit 2Q17 VS 1Q17 (MTHB)



- Group profit increased by 96 MTHB or 2.89%
- TCAP profit increased by 73 MTHB or 4.56%
- NII increased by 147 MTHB or 2.07% from loan growth and widened spread from 2.89% to 2.91%
- NIR increased by 415 MTHB or 14.59% due mainly to:
  - Dividend income increased 222 MTHB
  - Gains on investments increased 159 MTHB
  - Gains on property foreclosed and other assets increased 125 MTHB
- OPEX slightly increased by 69 MTHB or 1.27%
- Provision increased by 517 MTHB or 60.68%

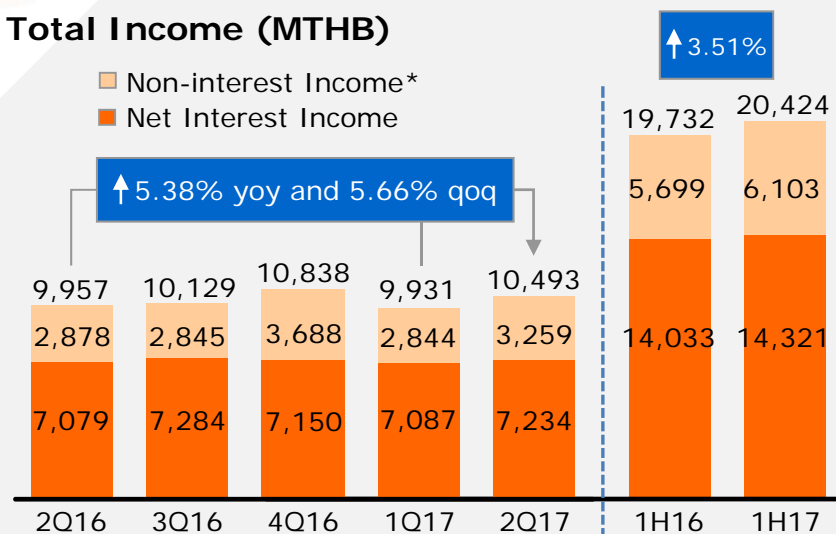
## Movement of Total Profit 1H17 VS 1H16 (MTHB)



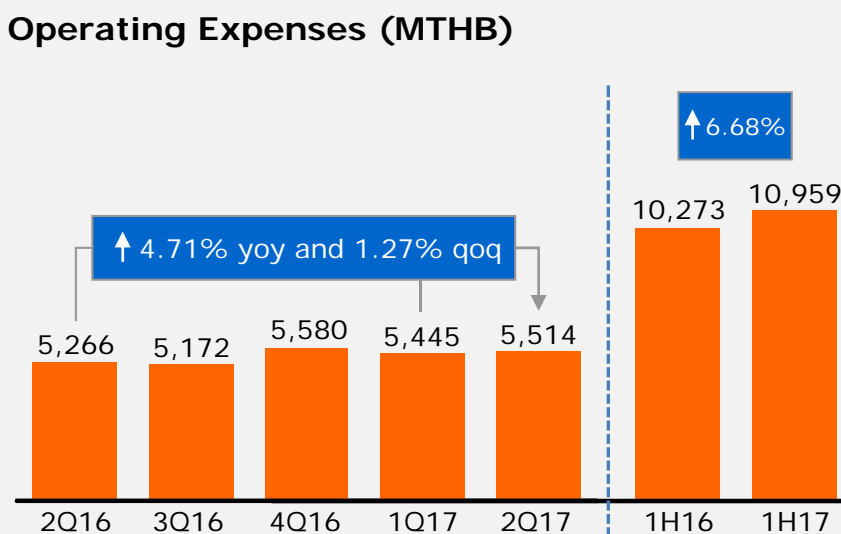
- Group profit increased by 763 MTHB or 12.79%
- TCAP profit increased by 460 MTHB or 16.33%
- NII increased by 288 MTHB or 2.05% from loan growth and effective cost of fund management (Spread increased from 2.76% to 2.90%)
- NIR increased by 404 MTHB or 7.09% from:
  - Net fees and service income increased 202 MTHB from bancassurance and fund management
  - Net insurance/ life insurance income increased 208 MTHB
- OPEX increased by 686 MTHB or 6.68% mainly from reorganization expenses
- Provision decreased by 954 MTHB or 30.05%

# TGroup: Financial Highlights

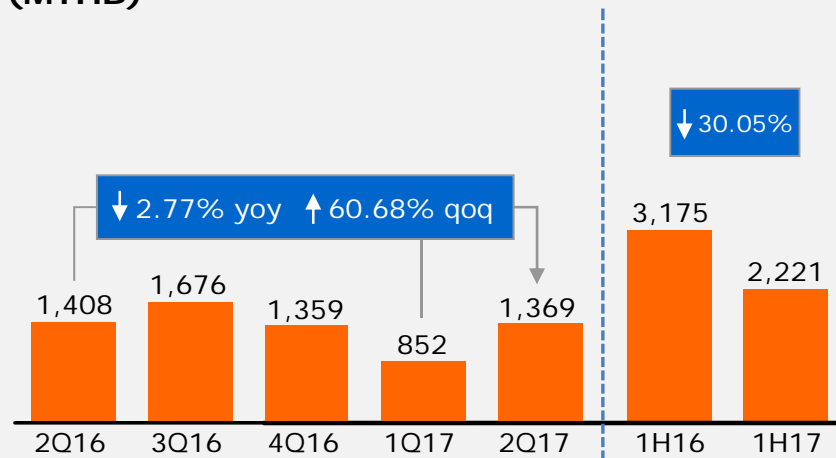
## Total Income (MTHB)



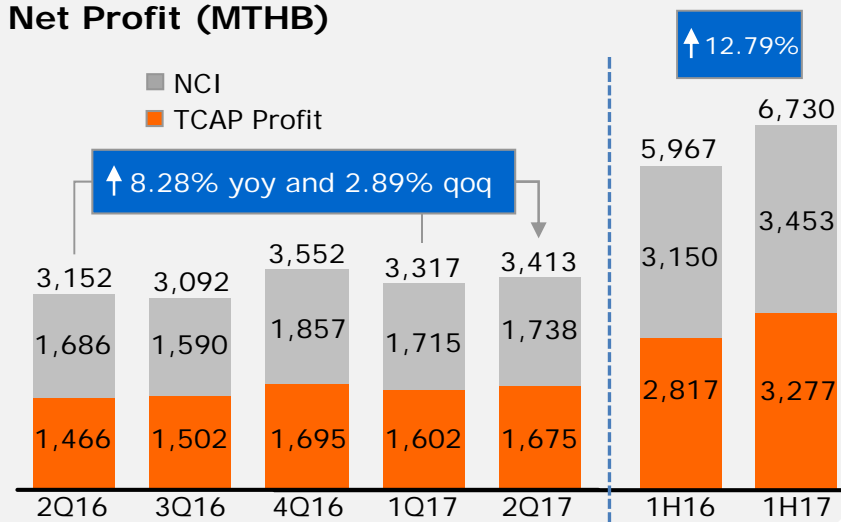
## Operating Expenses (MTHB)



## Impairment Loss of Loans & Debt Securities (MTHB)



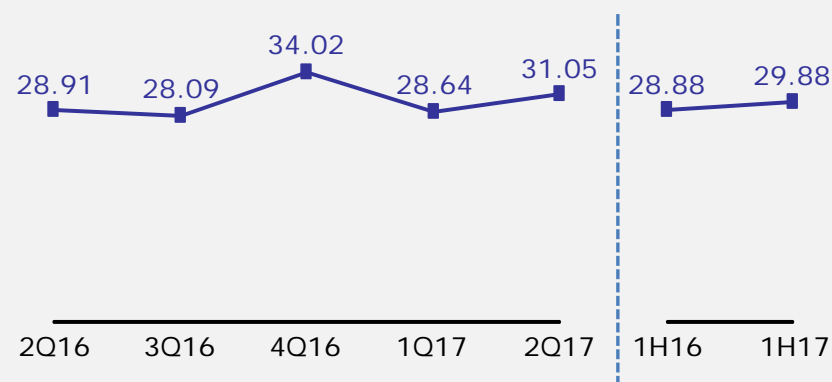
## Net Profit (MTHB)



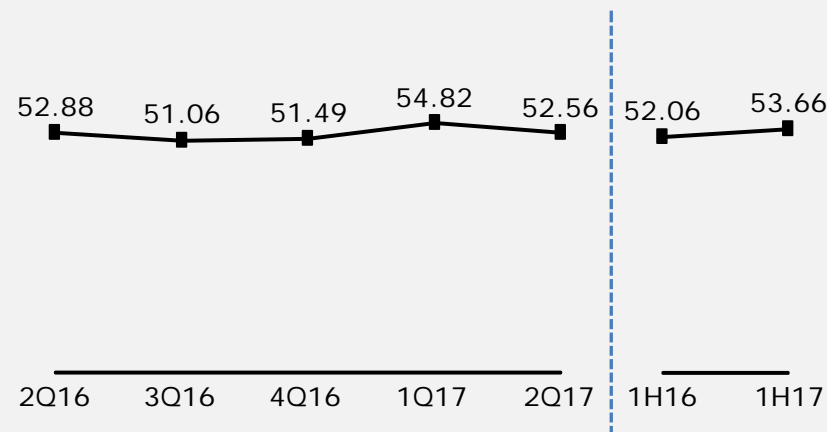
Note: \*Net of insurance expenses \*\*From Normal Business Operation; Source: Company data

# TGroup: Financial Ratio

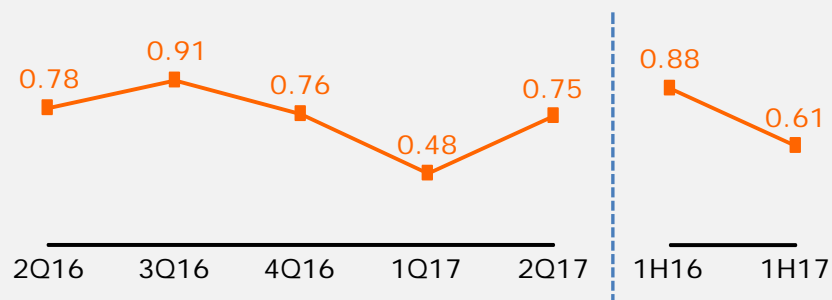
Non-interest Income Ratio\* (Percent)



Cost to Income Ratio\* (Percent)



Credit Cost (Percent)



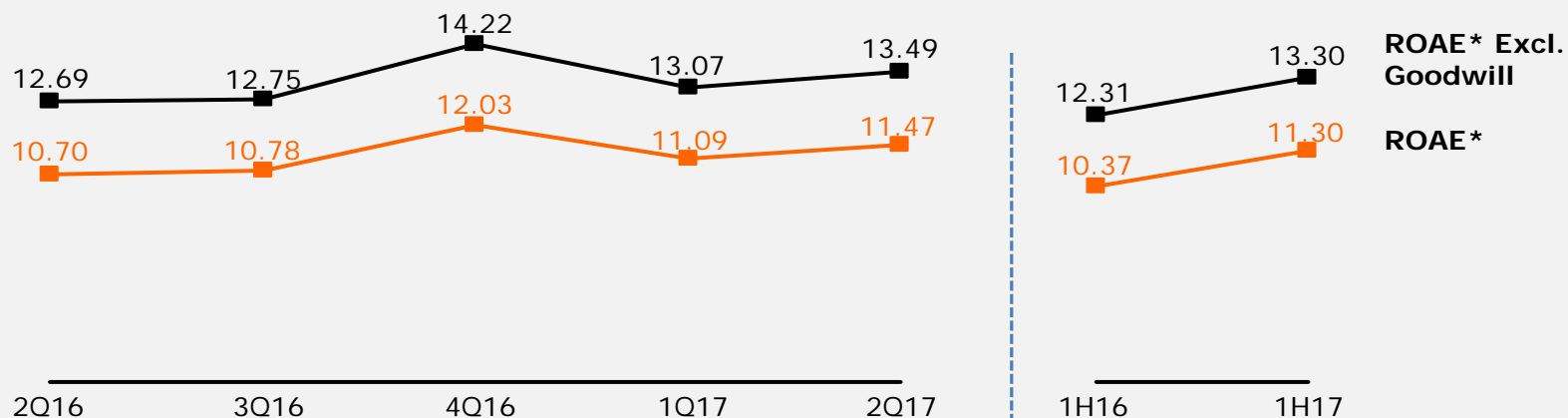
Other Key Ratios (Percent)

Ratios (%)	Quarterly					Half Yearly	
	2Q16	3Q16	4Q16	1Q17	2Q17	1H16	1H17
ROAA	1.28	1.27	1.47	1.37	1.40	1.20	1.38
ROAE**	10.70	10.78	12.03	11.09	11.47	10.37	11.30
Loan Spread	3.68	3.88	3.81	3.76	3.81	3.62	3.78
Interest Spread	2.81	2.98	2.92	2.89	2.91	2.76	2.90
Cost of Fund	2.10	1.93	1.91	1.88	1.92	2.17	1.90
NPL	2.71	2.56	2.41	2.32	2.26		
Coverage	126.0	132.9	146.8	152.1	142.7		

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

# TGroup: ROAE –Excl. Goodwill

TCAP ROAE\* (Percent)



## Highlights

- According to the Basel III regulations, goodwill has to be deducted from CET I equity. Therefore, TCAP and TBANK CET I are lower than they should have been. That means TCAP and TBANK need to have higher equity to support the goodwill.
- In other words, we are overcapitalized. That is why we have quite lower ROAE.
- Goodwill at the end of 2Q17 amounted to 17,538 MTHB.
- ROAE excluding goodwill of TCAP is higher than ROAE around 2 percent.



# TGroup: Comparison to Targets

Performance Parameters		2015A	2016A	2017F	1H17A
Profitability	ROAE (excl. NCI)	10.48%	10.89%	11.00-12.00%	11.30%
	ROAE (excl. GW)	12.52%	12.91%		13.30%
	ROAA	1.12%	1.29%	1.30-1.40%	1.38%
	Spread	2.70%	2.86%	2.90-3.00%	2.90%
	Non-interest Income Ratio*	30.49%	30.13%	30.00-31.00%	29.88%
	Cost to Income Ratio*	50.15%	51.72%	51.00-53.00%	53.66%
Loans	Loan Growth	-5.43%	-3.16%	3.00-5.00%	0.62%
Deposits	CASA Ratio**	40.13%	45.58%	45.00-50.00%	43.54%
Asset Quality	NPL Ratio	2.96%	2.41%	< 2.50%	2.26%
	Credit Cost	0.83% (From Normal Business Operation)	0.71% (From Normal Business Operation)	0.60-0.70%	0.61%
	Coverage Ratio	117.16%	146.79%	> 130.00%	142.70%
Capital	TBANK BIS Ratio	17.92%	19.15%	> 18.00%	20.39%

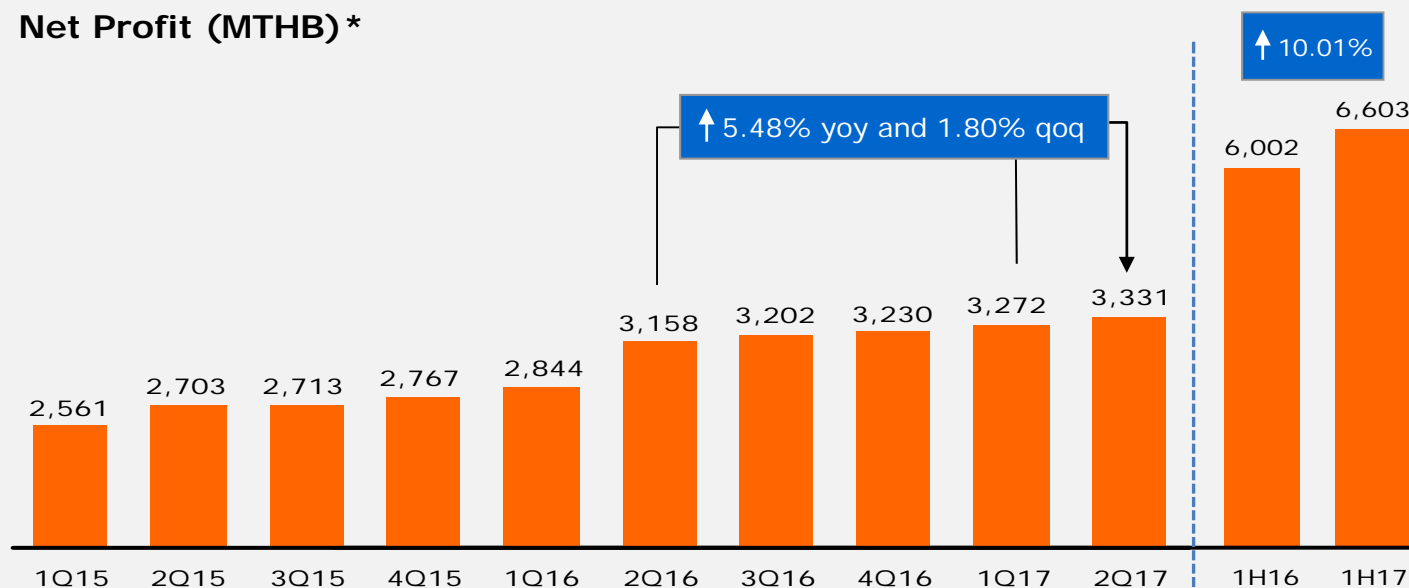
Note: \*Net of insurance expenses \*\*CASA Ratio excludes debt issued and borrowings; Source: Company data



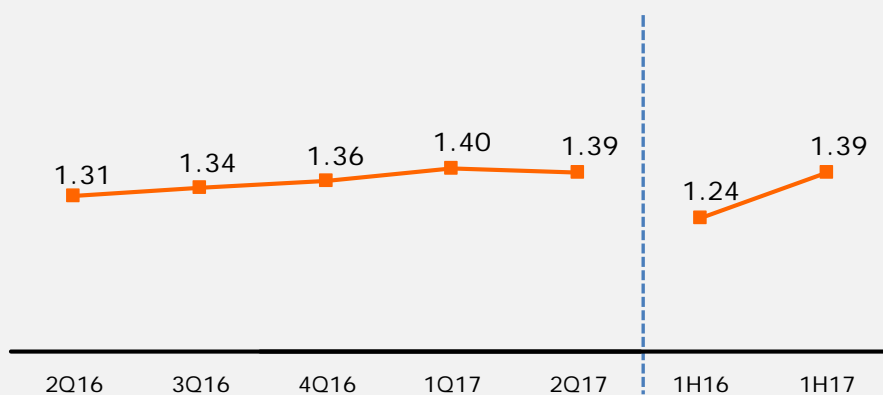
# TBANK 2017 Financial Highlights

# TBANK: Profitability

Net Profit (MTHB) \*

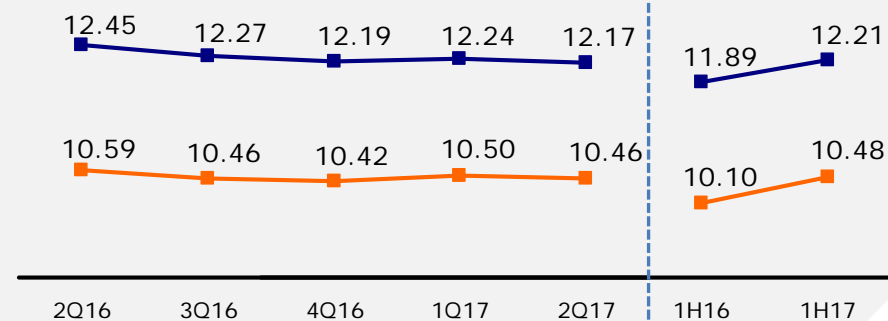


ROAA (Percent)



ROAE\* (Percent)

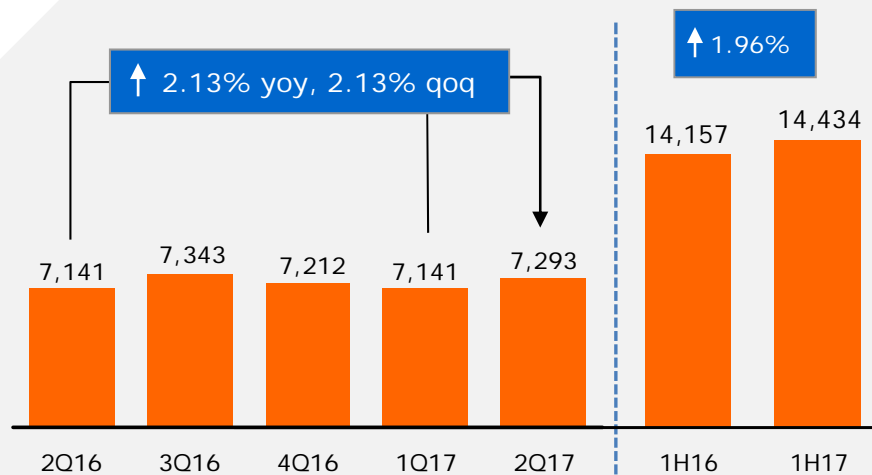
— ROAE — ROAE excluding Goodwill



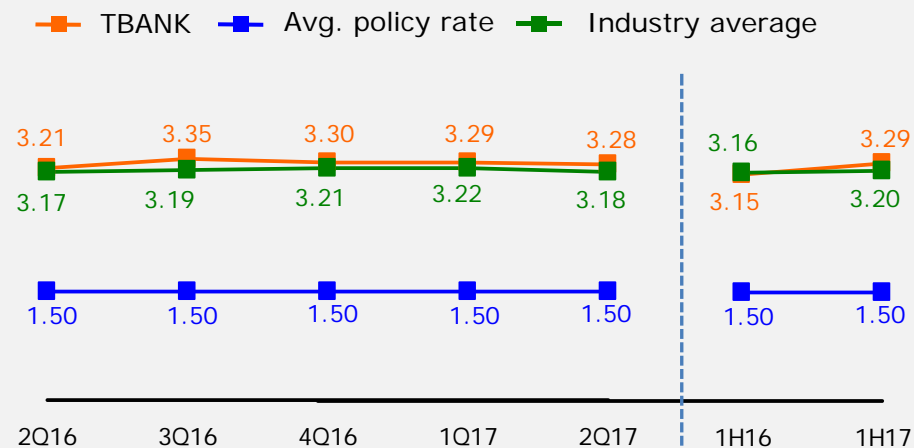
Note: \*Excluding non-controlling interest; Source: Company data

# TBANK: Net Interest Income

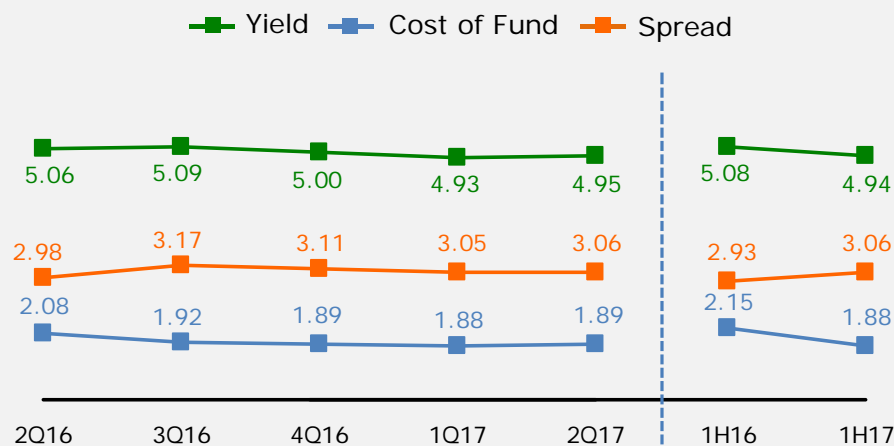
## Net Interest Income (MTHB)



## Net Interest Margin (Percent)



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



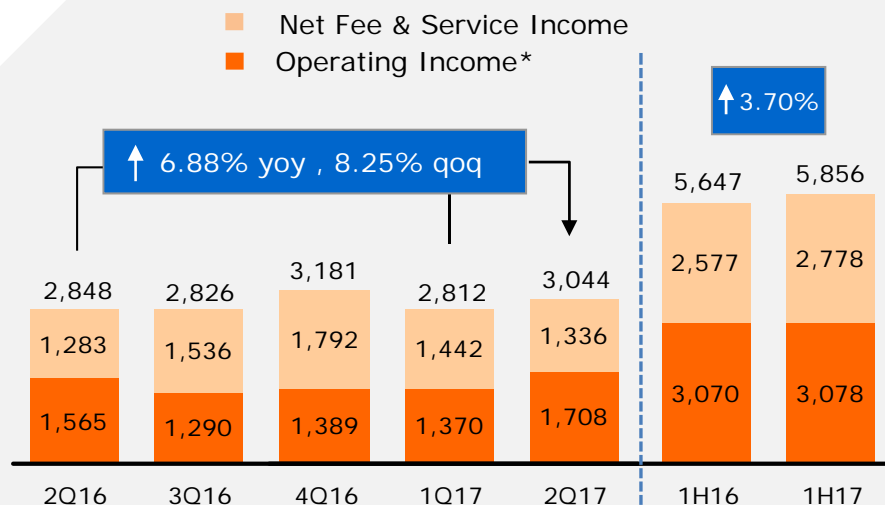
## Highlights

- **2Q17 interest income** increased by 247 MTHB or 2.29% qoq, mainly from an increasing loan outstanding and higher yield.
- **2Q17 interest expenses** increased by 95 MTHB or 2.62% qoq from adjustment deposit structure.
- **2Q17 interest spread slightly widened** from 3.05% in 1Q17 to 3.06%.
- **1H17 interest income** decreased by 1,093 MTHB or 4.78% yoy from lower yield on earning assets.
- **1H17 interest expenses** decreased by 1,370 MTHB or 15.72% yoy from cost of fund management.
- **1H17 interest spread widened** to 3.06%, an increase from 2.93% in 1H16.

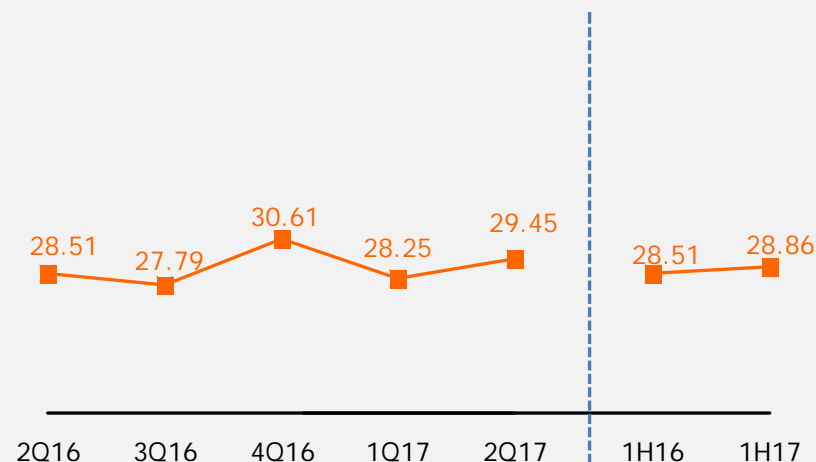
Source: Company data

# TBANK: Non-interest Income

Non-interest Income (MTHB)



Non-interest Income Ratio\* (Percent)



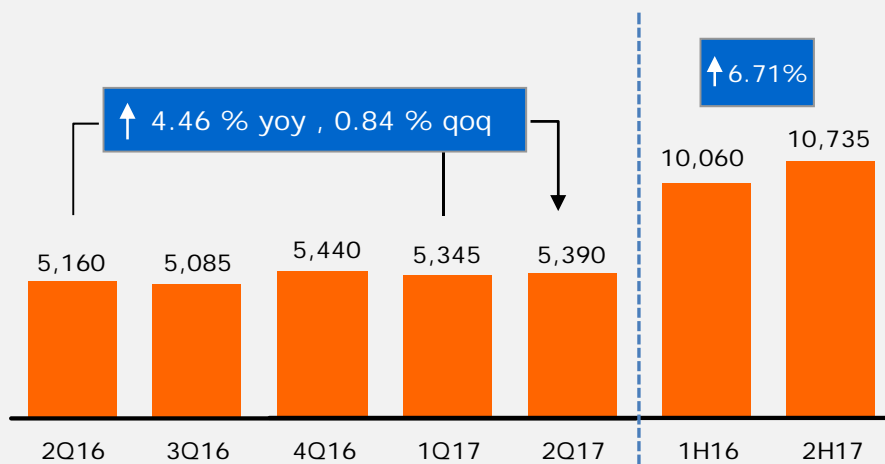
## Highlights

- **2Q17 non-interest income** increased by 232 MTHB or 8.25% qoq.
- **2Q17 net fees and service income** decreased by 106 MTHB or 7.35% qoq, mainly from a decrease in brokerage fees.
- **2Q17 operating income** increased by 338 MTHB or 24.67% qoq. This was mainly from an increase in gains on investment, insurance business and dividend income.
- **2Q17 non-interest income ratio was at 29.45%**, an increase from 28.25% in 1Q17.
- **1H17 non-interest income** grew by 209 MTHB or 3.70% yoy.
- **1H17 net fees and service income** increased by 201 MTHB or 7.80% yoy. This was due to an increase in commission fees from selling insurance and fund management fees.
- **1H17 operating income** increased by 8 MTHB or 0.26% yoy. This was mainly from an increase in dividend income, gain on trading and F/X transactions, insurance business and gains on property foreclosed, partially offset by a decrease in gains on investment.
- **1H17 non-interest income ratio was at 28.86%**, a slight increase from 28.51% in 1H16.

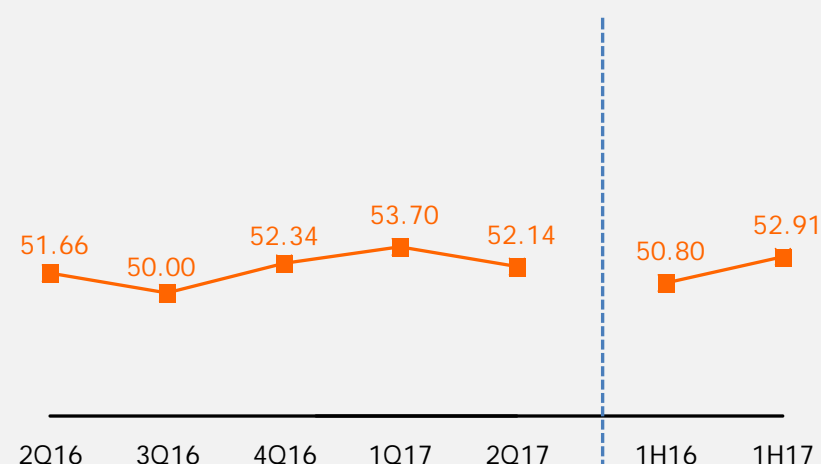
Note: \*Net of insurance expenses; Source: Company data

# TBANK: Operating Expenses

Operating Expenses (MTHB)



Cost to Income Ratio\* (Percent)



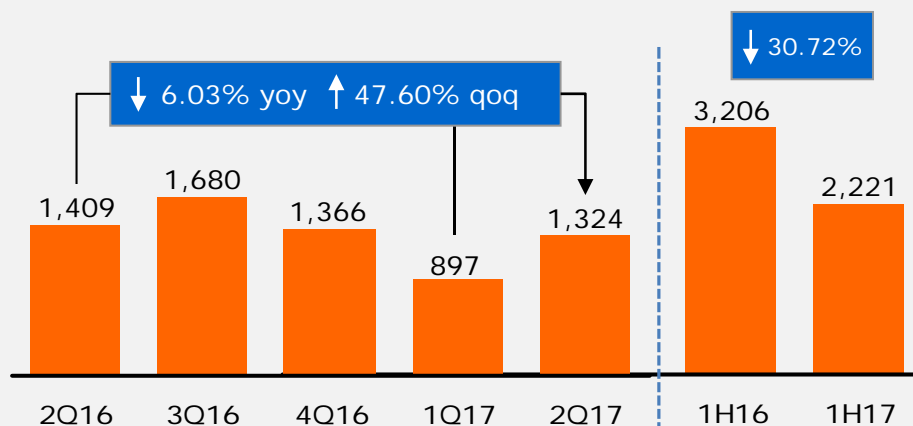
## Highlights

- **2Q17 operating expenses** increased by 45 MTHB or 0.84% qoq, mainly from the expenses related to reorganization.
- **2Q17 cost to income was at 52.14%**, a decrease from 53.70% in 1Q17.
- **1H17 operating expenses** increase by 675 MTHB or 6.71% yoy, mainly from the expenses related to reorganization which aimed to enhance the bank's competitive advantage in the future.
- **1H17 cost to income was 52.91%**, an increase from 50.80% in 1H16.

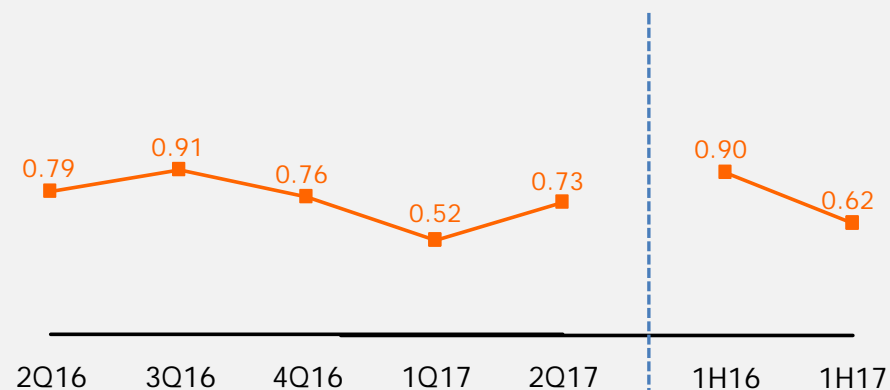
Note: \*Net of insurance expenses; Source: Company data

# TBANK: Provision Expenses

## Impairment Loss of Loans (MTHB)



## Credit Cost (Percent)



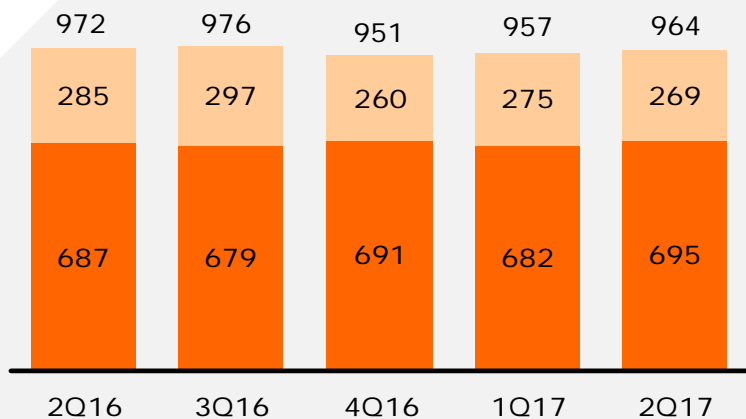
## Highlights

- **2Q17 provision expenses** increased by 427 MTHB or 47.60% qoq. This was due to the unusually low credit cost in 1Q17 and loan growth in 2Q17.
- **2Q17 credit cost** was 0.73%, an increase from 0.52% in 1Q17.
- **1H17 provision expenses** decreased by 985 MTHB or 30.72% from an effective risk management.
- **1H17 credit cost** was 0.62%, decrease from 0.90% in 1H16.

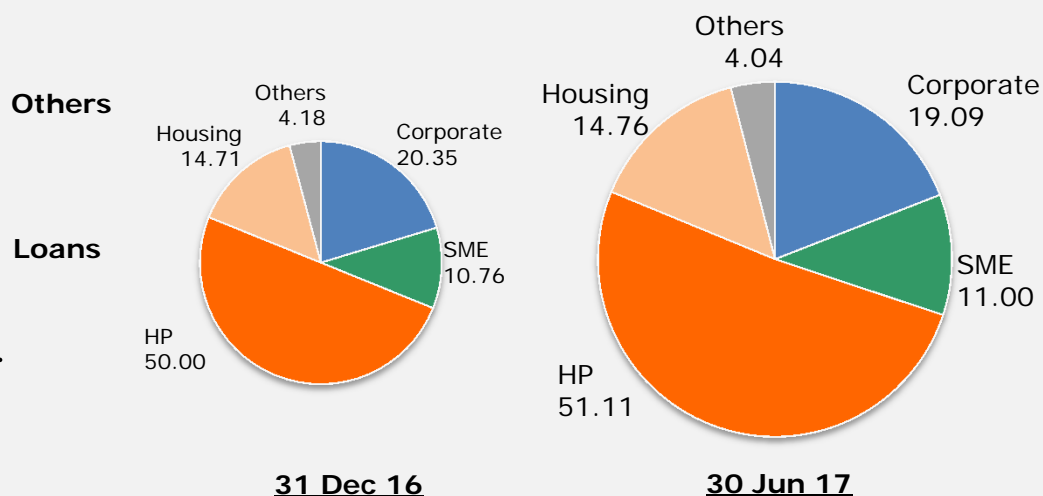
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# TBANK: Assets

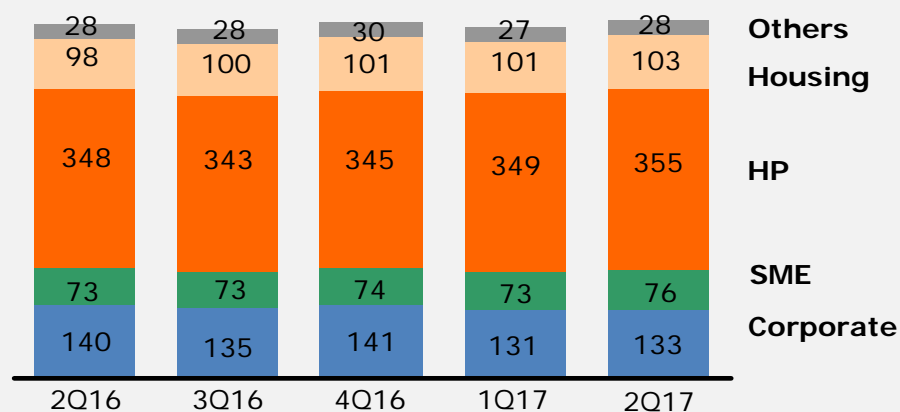
Assets (BTHB)



Loans Breakdown (Percent)



Loans Breakdown (BTHB)

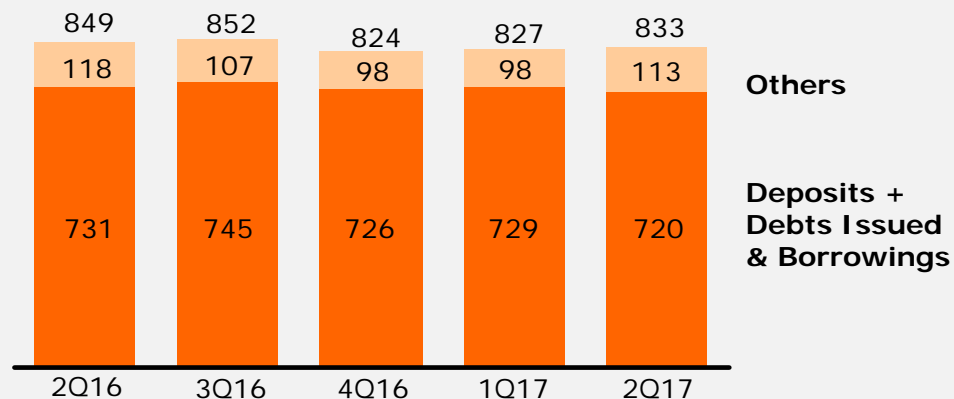


## Highlights

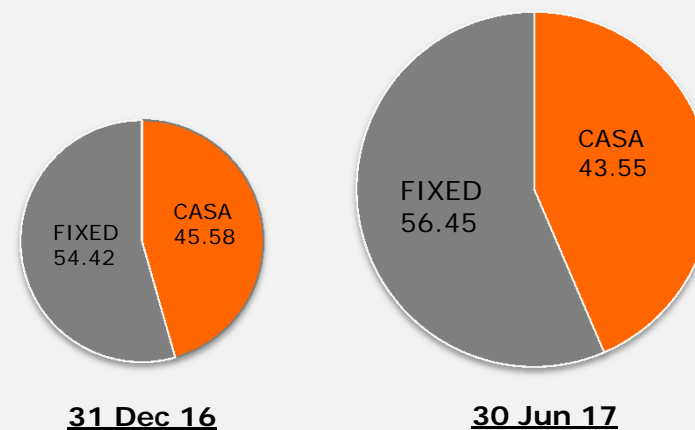
- 2Q17 Asset increased by 1.45% from the end of 2016.
- 2Q17 Loans volume increased by 0.63%.
- 2Q17 Total retail loan grew 2.19% from the end of 2016 including a growth of 2.86% in HP.
- The Bank continued to strengthen its asset quality and NPL ratio has been on a consistent decline ended at 2.16%.
- The proportion of retail to corporate and SME loan was 70 : 30.

# TBANK: Liabilities

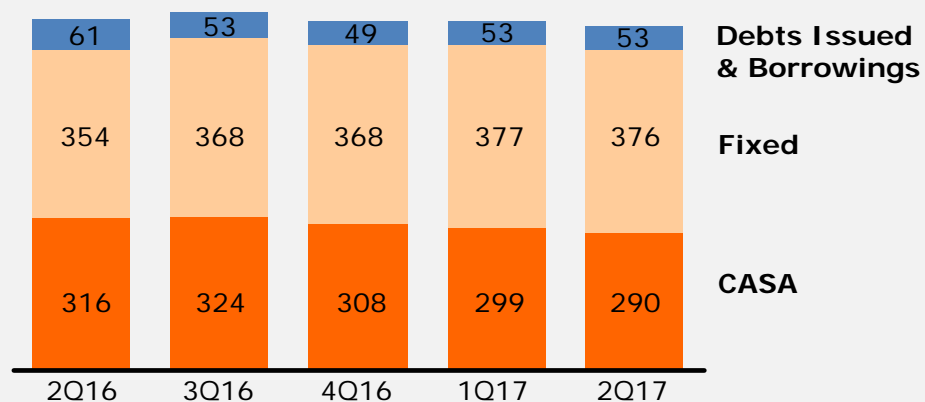
## Liabilities (BTHB)



## Deposits Breakdown (Percent)



## Deposits + Debts Issued & Borrowings (BTHB)



## Highlights

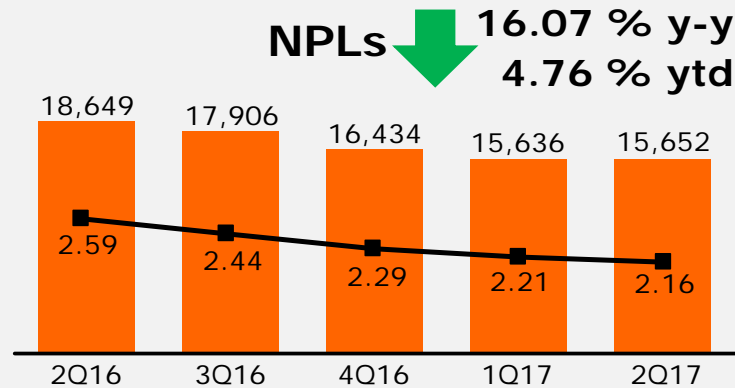
- 2017 deposits decreased by 1.55% from the end of 2016.
- 2017 CASA to total deposit portion was 43.55%, a decline from 45.60% at the end of last year.
- 2017 debt issued and borrowings increased by 8.12% from the end of 2016.
- Moreover, the Bank continued to maintain strong Liquidity Coverage Ratio (LCR) of more than 100% which was much higher than the requirement of the Bank of Thailand.

# TBANK: NPLs and Reserve

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

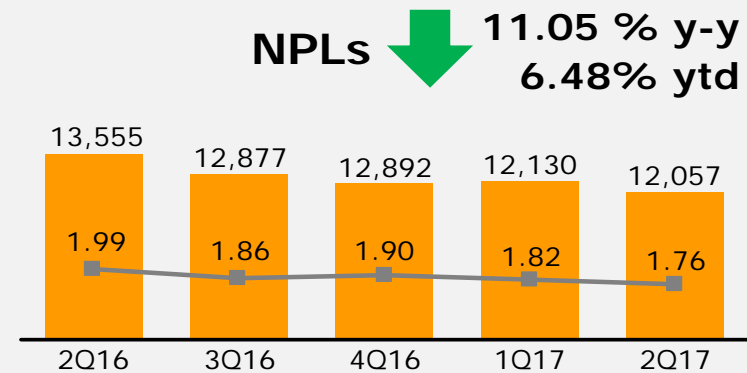
### TBANK Consolidated

■ NPL (MTHB) ■ NPL to Total Loans (%)

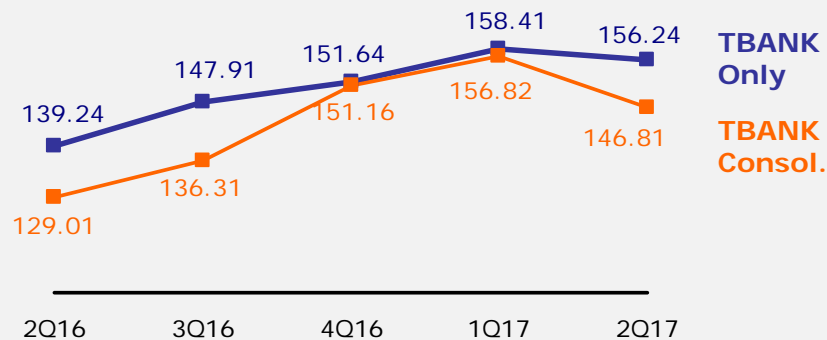


### TBANK Only

■ NPL (MTHB) ■ NPL to Total Loans (%)



## Coverage Ratio (Percent)



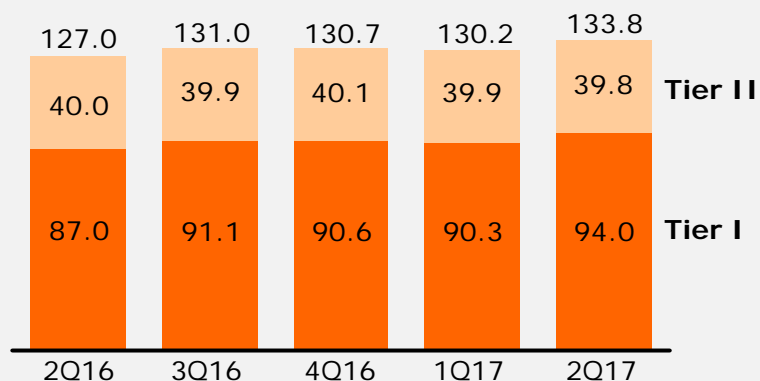
## Reserve (MTHB)

TBANK (Consol.)	2Q16	3Q16	4Q16	1Q17	2Q17
Reserve	24,058	24,407	24,841	24,520	22,978
Excess Reserve	9,549	10,249	11,928	12,146	10,199
Reserve to Required Reserve by BOT (%)	165.82	172.39	192.38	198.15	179.82

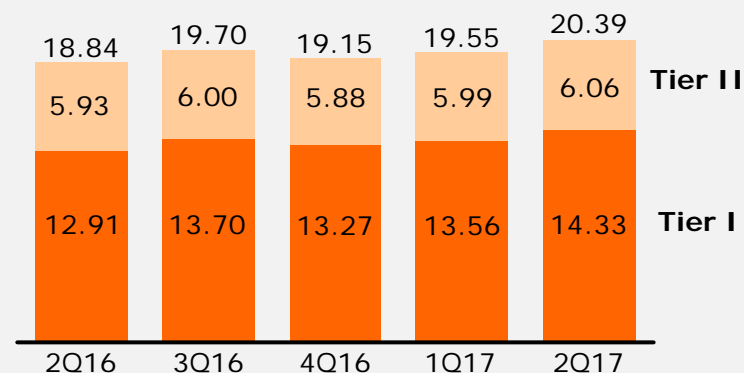
TBANK Only	2Q16	3Q16	4Q16	1Q17	2Q17
Reserve	18,874	19,047	19,550	19,216	18,837
Excess Reserve	8,750	9,308	9,883	10,115	9,447
Reserve to Required Reserve by BOT (%)	186.43	195.57	202.23	211.14	200.61

# Capital Adequacy

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

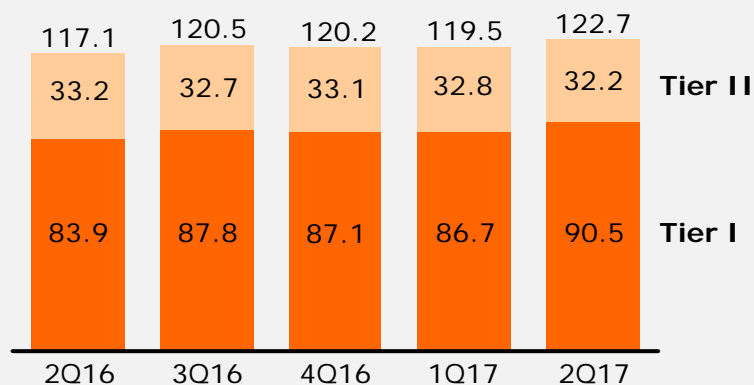


**TBANK's BIS Ratio (Solo Basis) (Percent)**

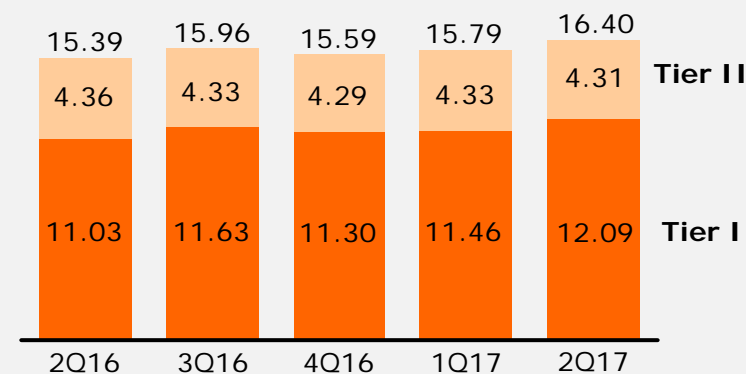


As the Bank focused on strengthening the capital position, BIS ratio of the Bank has been growing as evidenced by an industry leading level of 20.39% at the end of 2Q17.

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



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



On consolidated level, TCAP's BIS Ratio is considered strong and sufficient to expand its business in long run.



# Appendix

# Detailed Group's Financial Info.

Consolidated statements of comprehensive income	2Q16	3Q16	4Q16	1Q17	2Q17
Interest income	11,383	11,188	10,988	10,849	11,092
Interest expenses	4,304	3,904	3,838	3,762	3,858
<b>Net interest income</b>	<b>7,079</b>	<b>7,284</b>	<b>7,150</b>	<b>7,087</b>	<b>7,234</b>
Fees and service income	1,971	2,283	2,543	2,238	2,094
Fees and service expenses	690	750	760	798	760
<b>Net fees and service income</b>	<b>1,281</b>	<b>1,533</b>	<b>1,783</b>	<b>1,440</b>	<b>1,334</b>
Gains on tradings and foreign exchange transactions	1	97	33	185	144
Gains on Investments	130	203	211	191	350
Share of income from investment in associated	115	87	84	75	105
Dividend income	290	94	55	89	311
Insurance premium income	1,645	1,661	1,723	1,735	1,831
Other operating income	453	223	410	297	435
<b>Total operating income</b>	<b>10,994</b>	<b>11,182</b>	<b>11,449</b>	<b>11,099</b>	<b>11,744</b>
Insurance expenses	1,037	1,053	611	1,168	1,251
<b>Net operating income</b>	<b>9,957</b>	<b>10,129</b>	<b>10,838</b>	<b>9,931</b>	<b>10,493</b>
Personnel expenses	2,890	2,985	3,136	3,074	3,232
Premises and equipment expenses	764	772	790	711	704
Taxes and duties	192	197	186	187	182
Directors' remuneration	53	10	9	10	58
Other expenses	1,367	1,208	1,459	1,463	1,338
<b>Total operating expenses</b>	<b>5,266</b>	<b>5,172</b>	<b>5,580</b>	<b>5,445</b>	<b>5,514</b>
Impairment loss of loans and debt securities	(1,408)	(1,676)	(1,359)	(852)	(1,369)
<b>Profit before corporate income tax</b>	<b>3,283</b>	<b>3,281</b>	<b>3,899</b>	<b>3,634</b>	<b>3,610</b>
Income Tax	(131)	(189)	(347)	(317)	(197)
<b>Profit for the period</b>	<b>3,152</b>	<b>3,092</b>	<b>3,552</b>	<b>3,317</b>	<b>3,413</b>
<b>Net profit of the Company</b>	<b>1,466</b>	<b>1,502</b>	<b>1,695</b>	<b>1,602</b>	<b>1,675</b>

Consolidated statements of financial position	31-Dec-16	30-Jun-17
Cash	12,077	9,293
Interbank and money market items-interest	43,958	47,093
Interbank and money market items-no interest	4,776	6,021
Net Interbank and MM	48,734	53,114
Net investments	186,928	193,086
Net Investment in associated companies	2,890	2,965
<b>Loans to customers</b>	<b>740,219</b>	<b>747,599</b>
Accrued interest receivables	631	599
Deferred revenue	(48,173)	(51,266)
Allowance for doubtful accounts	(25,155)	(23,275)
Net loans and accrued interest receivables	667,522	673,657
Properties foreclosed - net	4,992	5,014
Intangible assets - net	2,709	2,482
Goodwill	17,439	17,538
Other assets	23,576	23,277
<b>Total assets</b>	<b>966,867</b>	<b>980,426</b>
<b>Deposits</b>	<b>676,456</b>	<b>665,968</b>
Interbank and money market items-interest	64,397	76,169
Interbank and money market items-no interest	1,304	2,604
Net interbank and money market items	65,701	78,773
<b>Debt issued and borrowings</b>	<b>61,704</b>	<b>65,701</b>
Insurance contract liabilities	14,589	15,210
Other liabilities	28,566	30,250
<b>Total liabilities</b>	<b>847,016</b>	<b>855,902</b>
Company shareholders' equity	56,891	59,155
Non-controlling interest	62,960	65,369
<b>Shareholders' equity</b>	<b>119,851</b>	<b>124,524</b>
<b>Total liabilities &amp; shareholders' equity</b>	<b>966,867</b>	<b>980,426</b>

Source: Company data

# Subsidiaries Performance

Subsidiaries	% held	Net Profit (MTHB)				
		2Q16	3Q16	4Q16	1Q17	2Q17
<b>Thanachart Bank Pcl. (Consolidated)</b>		3,158	3,202	3,230	3,272	3,331
<b>Thanachart Securities Pcl.</b>	50.96%	92	216	215	168	92
<b>Thanachart Fund Management</b>	38.22%	92	93	84	100	106
<b>Thanachart Insurance Pcl.</b>	50.96%	267	256	231	216	239
<b>TS AMC</b>	50.96%	116	163	(19)	51	76
<b>Ratchthani Leasing Pcl.</b>	33.22%	216	218	237	246	258
<b>NFS AMC</b>	100.00%	(15)	(8)	88	29	14
<b>MAX AMC</b>	83.44%	50	15	34	1	49
<b>MBK Life Assurance Pcl.*</b>	51.00%	(19)	(27)	291	(9)	(41)

Note: \*Siam City Life Assurance Public Company Limited Changed its name to MBK Life Assurance Public Company Limited on 8 August 2016; Source: Company data

# Investor Relations

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