

# Analyst Meeting

**Statements Unreviewed**

**As of 31 March 2019**





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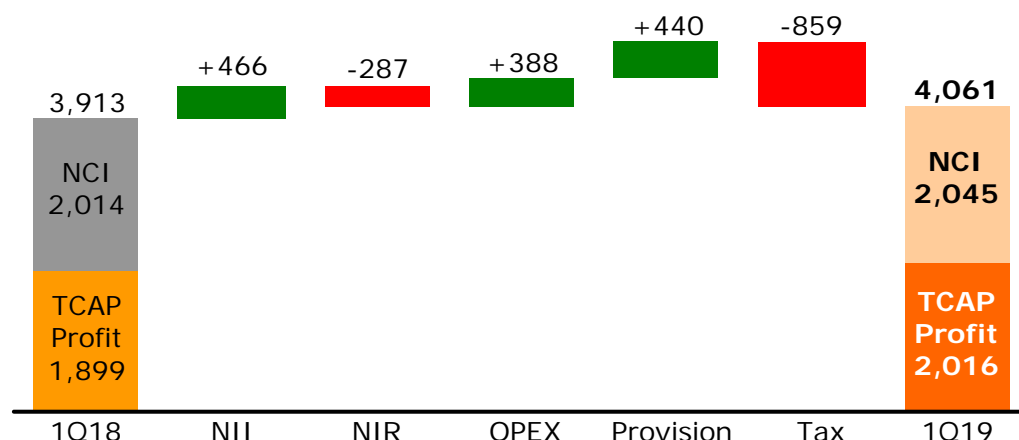
Appendix

# TGroup 1Q19 Performance



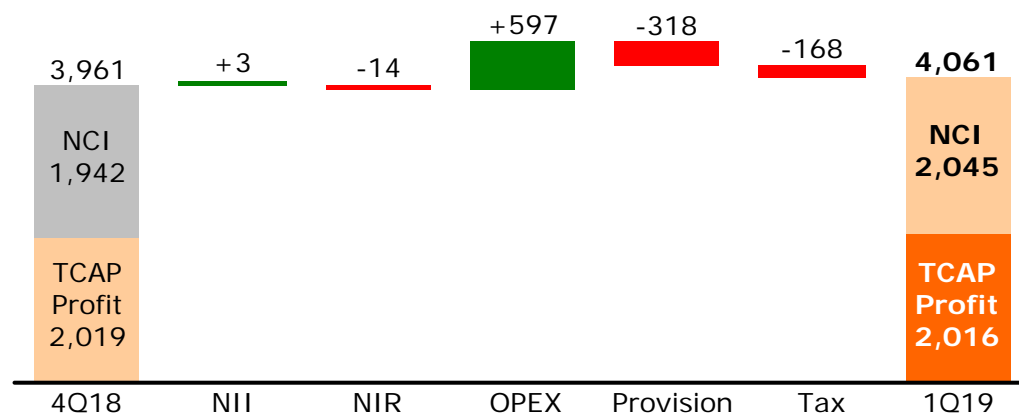
# TGroup: Profit Movement

## Movement of Total Profit 1Q19 VS 1Q18 (MTHB)



- Group profit increased 148 MTHB or 3.78%
- TCAP profit increased 117 MTHB or 6.16%
- NII increased 466 MTHB or 6.25% from higher loan volume and widened spread. Loans grew 7.02% y-y interest spread increased from 2.85% to 2.92%
- NIR dropped 287 MTHB or 8.15% from:
  - Lower net fees & service income of 319 MTHB, mainly from brokerage business
  - Lower gains on investments of 142 MTHB
- OPEX decreased 388 MTHB or 7.13%
- Provision decreased 440 MTHB or 30.75%
- Tax increase 859 MTHB from no tax incentive

## Movement of Total Profit 1Q19 VS 4Q18 (MTHB)

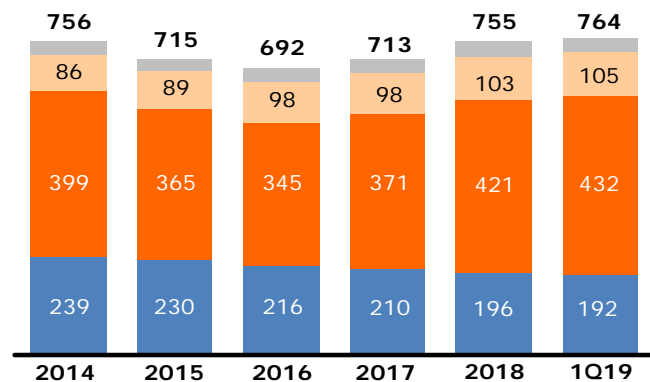


- Group profit increased 100 MTHB or 2.52%
- TCAP profit decreased 3 MTHB or 0.15%
- NII increased 3 MTHB or 0.04% from higher loan volume. Loans grew 1.21% q-q interest spread dropped from 2.98% to 2.92%
- NIR decreased 14 MTHB or 0.43% from:
  - Lower net fees & service income of 350 MTHB
  - Higher gains on investments of 226 MTHB
- OPEX decreased 597 MTHB or 10.56%
- Provision increased 318 MTHB or 47.25%

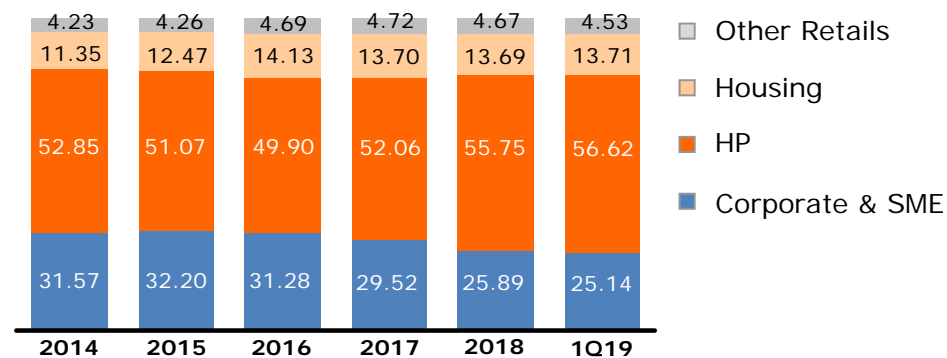


# TGroup: Loans Portfolio

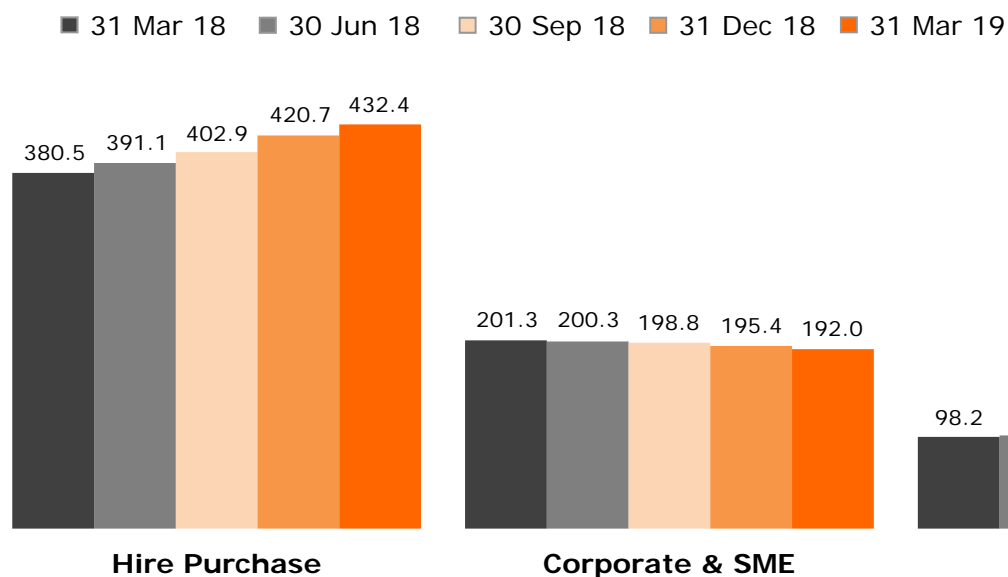
TGroup Loans Breakdown (BTHB)



TGroup Loans Breakdown (Percent)



TGroup Loans Breakdown by Quarter (BTHB)



Loan Growth (Percent)	Q-Q	Y-Y
Hire Purchase	2.79	13.64
Corporate & SME	(1.76)	(4.63)
Housing	1.43	6.70
Other Retails	(1.76)	2.79
<b>Total Loans</b>	<b>1.21</b>	<b>7.02</b>

Loans (MTHB)	1Q18	4Q18	1Q19
<b>Total Loans</b>	<b>713,693</b>	<b>754,613</b>	<b>763,776</b>

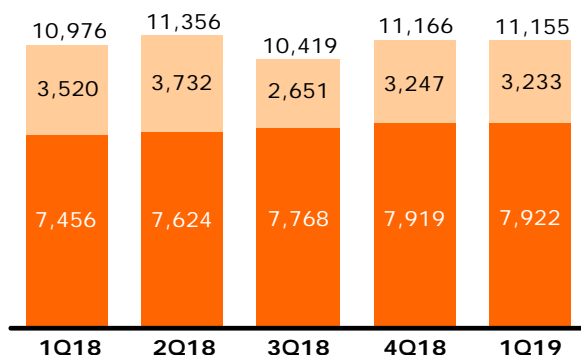
Source: Company data



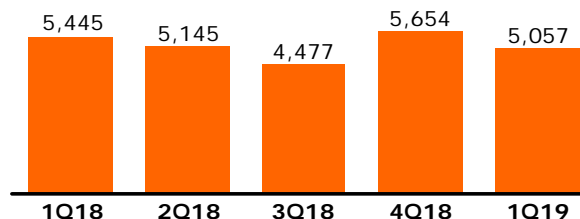
# TGroup's Financial Highlights

## Total Income (MTHB)

- Non-interest Income\*
- Net Interest Income



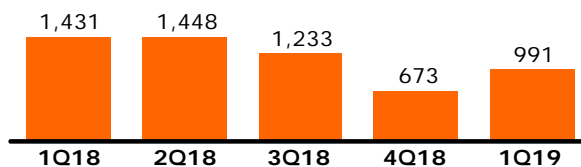
## Operating Expenses (MTHB)



## Highlights

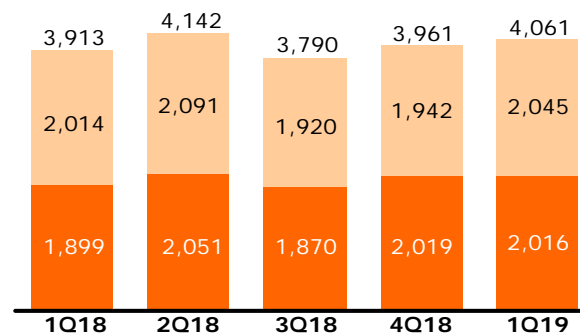
- Total income was 11,155 MTHB**, up 1.63% Y-Y and down 0.10% Q-Q
- Net interest income was 7,922 MTHB**
  - 6.25% increase Y-Y or 0.04% increase Q-Q. This was mainly from loan growth (7.02% Y-Y and 1.21% YTD)
- Non-interest income was 3,233 MTHB**
  - 8.15% decrease Y-Y was mainly from lower brokerage business
  - 0.43% decrease Q-Q
- Operating expenses were 5,057 MTHB**
  - 7.13% decrease Y-Y
  - 10.56% decrease Q-Q
- Provision was 991 MTHB**
  - 30.75% decrease Y-Y
- TGroup net profit was 4,061 MTHB**
- TCAP net profit was 2,016 MTHB**

## Provision (MTHB)



## TGroup Net Profit (MTHB)

- Non-Controlling Interest
- TCAP Profit

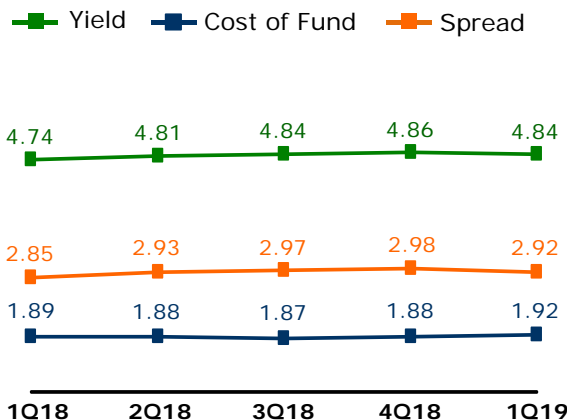


Note: \*Net of insurance expenses; Source: Company data

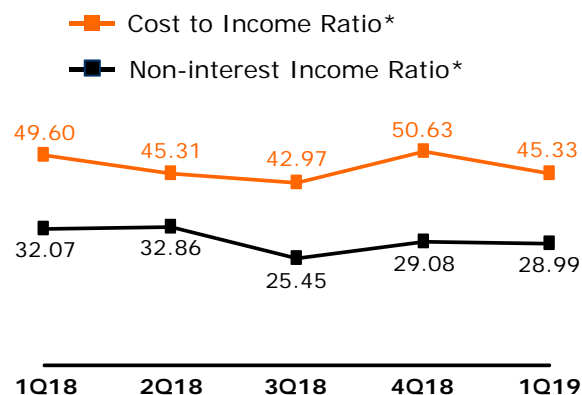


# TGroup: Financial Ratios

## Yield, COF, and Spread (Percent)



## Non-interest Income Ratio (Percent) Cost to Income Ratio (Percent)

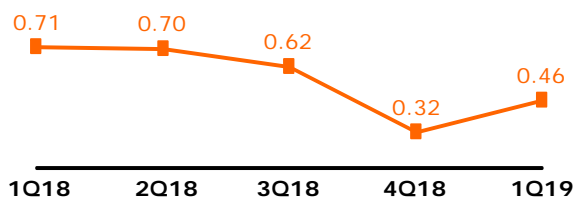


## Highlights

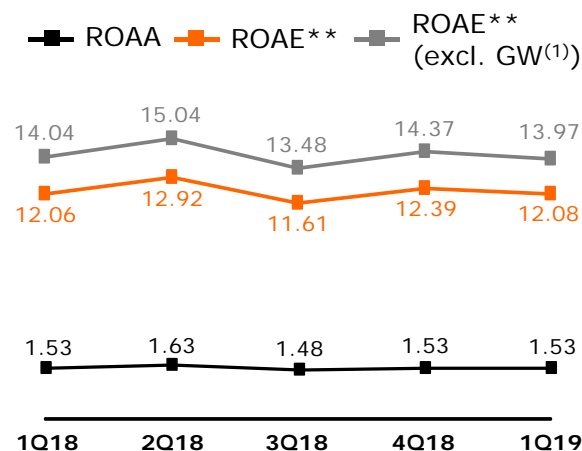
Percent	1Q18	2Q18	3Q18	4Q18	1Q19
Loan Spread	3.85	3.87	3.89	3.89	3.85
NPL	2.48	2.35	2.52	2.40	2.28
Coverage	127.47	128.87	125.04	120.49	120.85
Reserve to Required Reserve	167.15	163.64	159.08	153.56	151.59

- Spread was 2.92%
  - COF up in line with the market rate
- Non-interest income ratio was 28.99%
  - Down Q-Q and Y-Y from lower fees & service income

## Credit Cost (Percent)



## ROAA and ROAE (Percent)



- Cost to income ratio was 45.33% from effective cost control
- Credit cost was 0.46%

- ROAE: Under Basel III, goodwill is deducted from CET I. That means TBANK and TGroup have to have extra capital to support the regulation. ROAE excl. goodwill in 1Q19 was **13.97%**

<sup>(1)</sup>Goodwill at the end of 1Q19 = 17,833 MTHB

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



# TGroup: Comparison to Targets

Performance Parameters		2017A	2018A	2019F	1Q19A
Profitability	ROAE (excl. NCI)	11.80%	12.25%	12.00-13.00%	12.08%
	ROAE (excl. GW)	13.85%	14.23%		13.97%
	ROAA	1.45%	1.54%	> 1.50%	1.53%
	Spread	2.90%	2.94%	2.90-3.00%	2.92%
	Non-interest Income Ratio*	31.48%	30.35%	> 30.00%	28.99%
	Cost to Income Ratio*	48.94%	47.49%	< 47.00%	45.33%
Loans	Loan Growth	2.99%	5.87%	> 5.00%	1.21%
Deposits	CASA Ratio**	42.92%	48.50%	48.00-50.00%	49.29%
Asset Quality	NPL Ratio	2.40%	2.40%	< 2.50%	2.28%
	Credit Cost	0.79%	0.57%	0.60-0.70%	0.46%
Capital	TBANK BIS Ratio	18.94%	19.45%	> 18.00%	19.18%

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



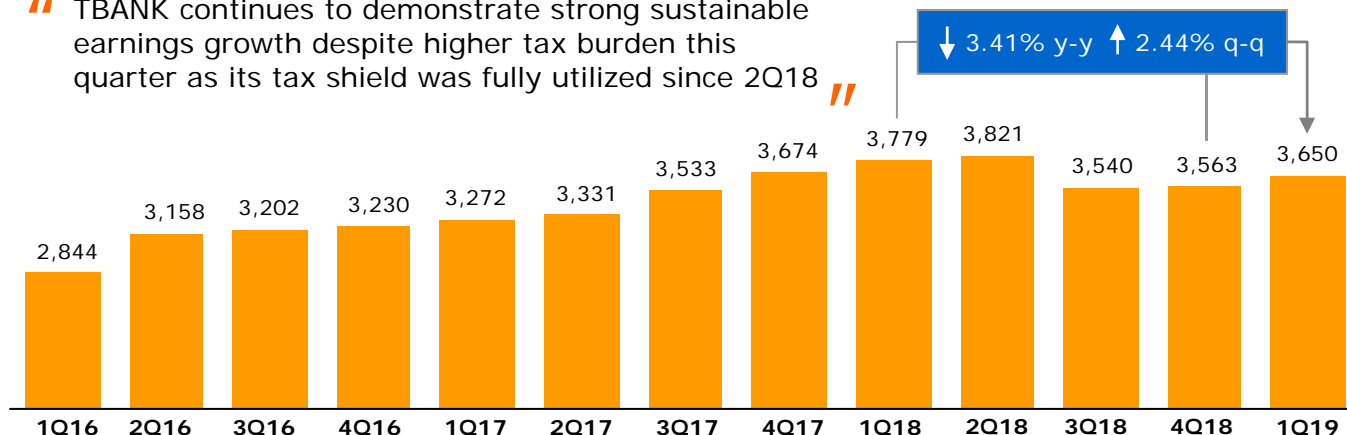
# TBANK 1Q19 Performance



# TBANK's Performance

## TBANK Consolidated Net Profit\* (MTHB)

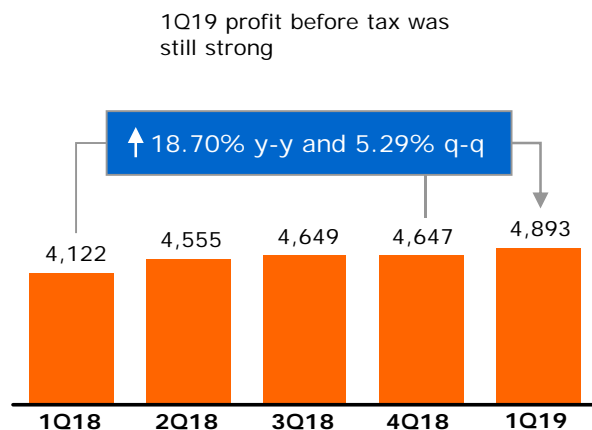
// TBANK continues to demonstrate strong sustainable earnings growth despite higher tax burden this quarter as its tax shield was fully utilized since 2Q18 //



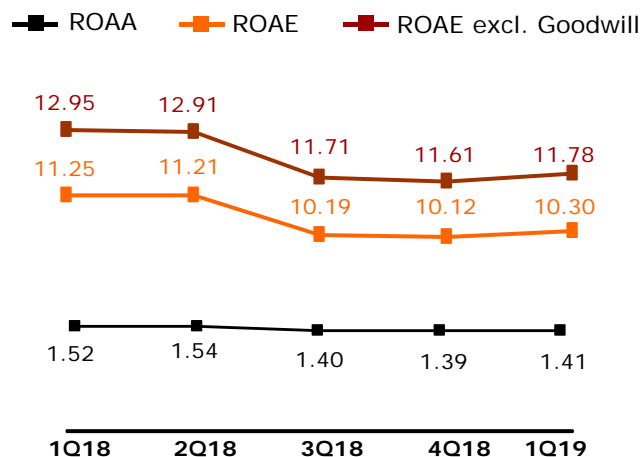
- **1Q19 VS 4Q18**
- **Net Profit** up 2.44% Q-Q from:
  - NII down 0.08%
  - NIR down 7.44%
  - OPEX down 13.88%
  - Provision up 46.75%

- **1Q19 VS 1Q18**
- **Net Profit** down 3.41% Y-Y from:
  - NII up 6.06%
  - NIR down 15.36%
  - OPEX down 7.46
  - Provision down 30.48%

## Profit before Tax (MTHB)



## ROAA & ROAE\* (Percent)

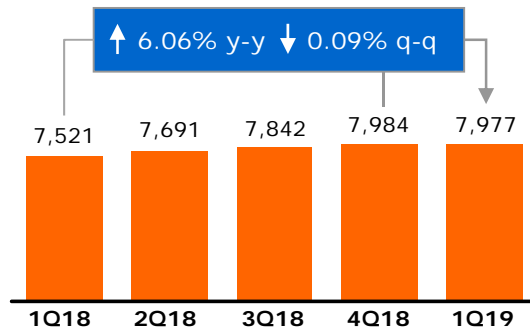


Note: \*Excluding non-controlling interest; Source: Company data



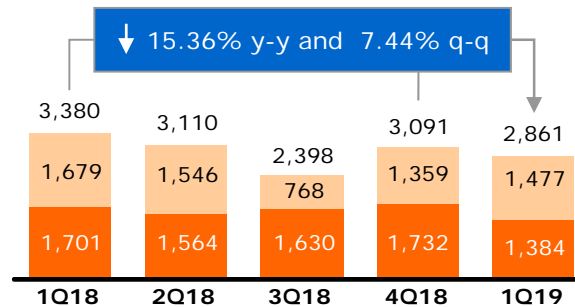
# TBANK: Total Income

## Net Interest Income (MTHB)



## Non-interest Income (MTHB)

■ Operating Income\*  
■ Net Fees & Service Income



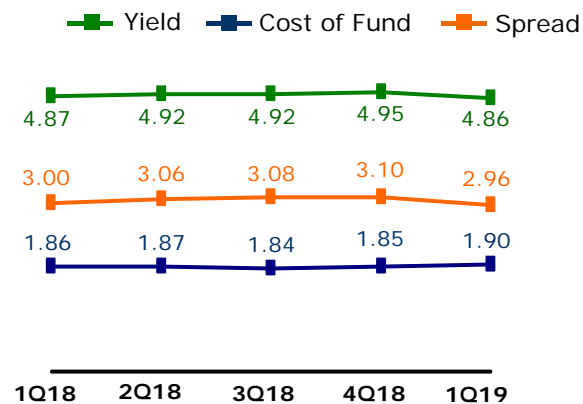
## Highlights

NIM (%)	1Q18	2Q18	3Q18	4Q18	1Q19
TBANK	3.27	3.31	3.29	3.31	3.26
Industry	3.12	3.12	3.14	3.17	3.25

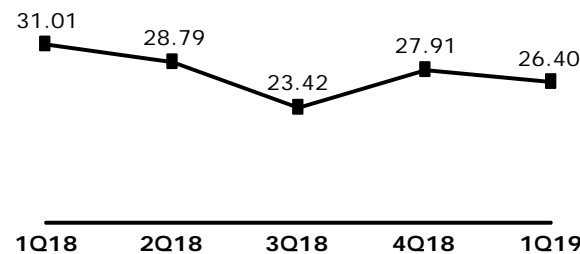
### 1Q19 vs 4Q18

- Interest Income up 1.05% Q-Q from growing loan volume
- Interest Expenses up 3.36% Q-Q
- Net Fees and service Income down 20.09% Q-Q
- Operating Income up 8.68% Q-Q

## Yield, COF, and Spread (Percent)



## Non-interest Income Ratio\* (Percent)



### 1Q19 vs 1Q18

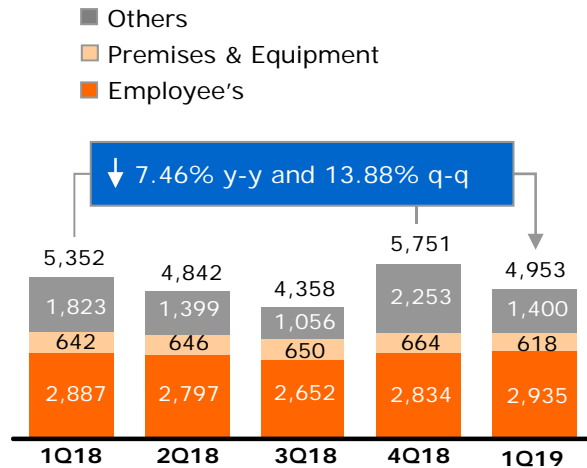
- Interest Income up 6.61% Y-Y from growing loan volume
- Interest Expenses up 7.70% Y-Y from higher deposit volume and higher cost of fund
- Net Fees and Service Income down 18.64% mainly from brokerage fees
- Operating Income down 12.03% from decline of gains on investments

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

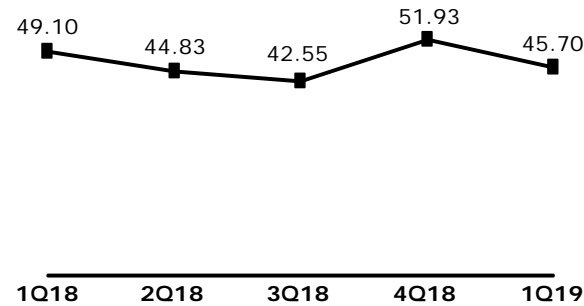


# TBANK: OPEX & Provision

## Operating Expenses (MTHB)

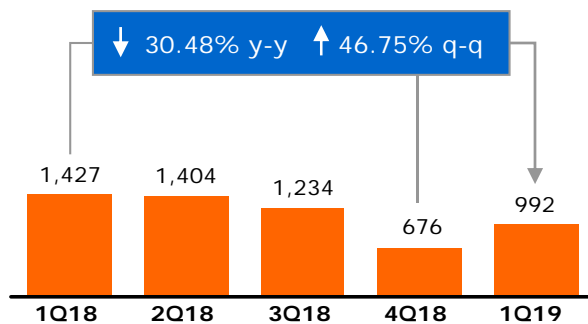


## Cost to Income Ratio\* (Percent)

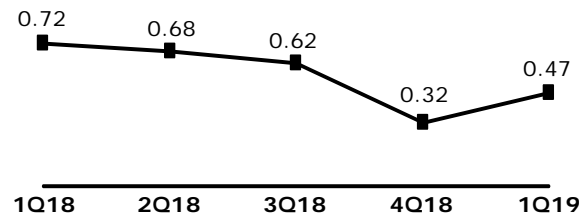


- **1Q19 vs 4Q18**
  - OPEX down 13.88% q-q from effective cost management
- **1Q19 vs 1Q18**
  - OPEX down 7.46% y-y from effective cost management amidst loans growth

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



## Credit Cost\* (Percent)



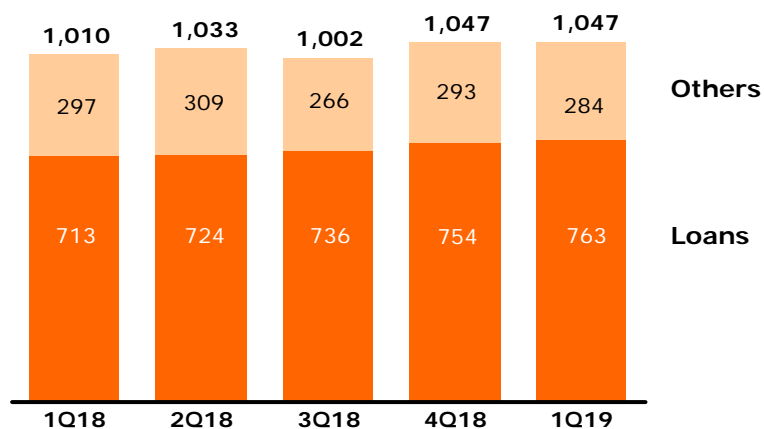
- **1Q19 vs 4Q18**
  - Provision up 46.75% q-q due to growing loan volume
- **1Q19 vs 1Q18**
  - Provision down 30.48% y-y

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

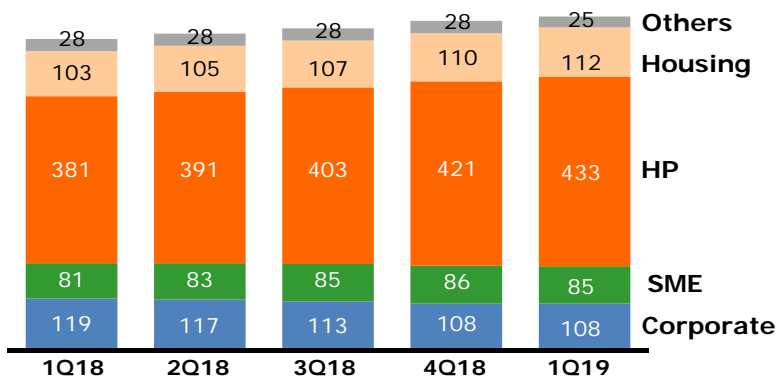


# TBANK: Assets

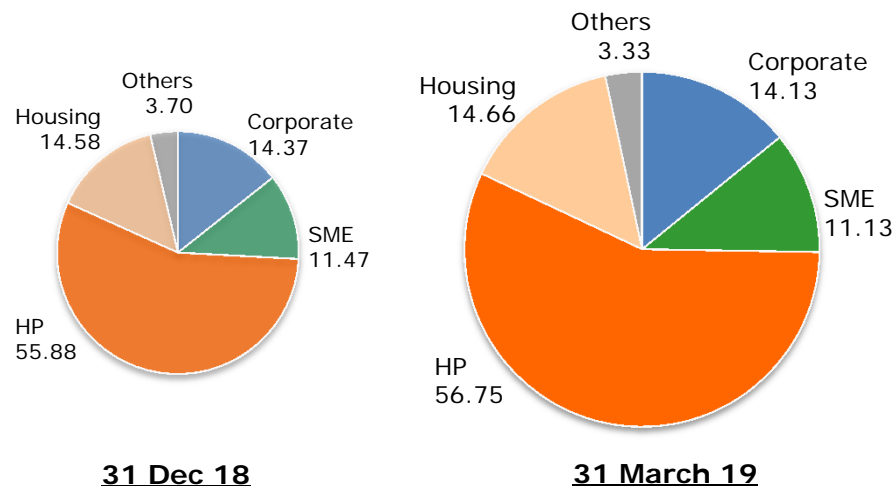
Assets (BTHB)



Loans Breakdown (BTHB)



Loans Breakdown (Percent)



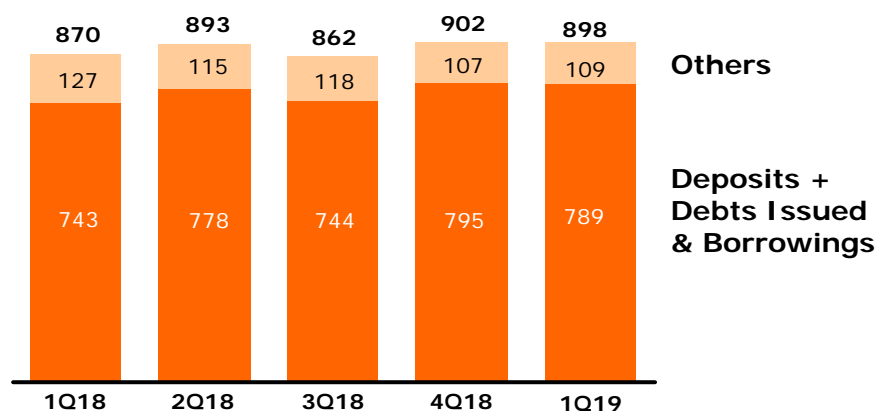
- **1Q19 VS 4Q18**
- **Assets** up 0.01% YTD from:
  - Loans up 1.22%, especially from
    - an increase of 2.81% in HP loans

- **1Q19 VS 1Q18**
- **Assets** up 3.60% Y-Y from:
  - Loans up 7.03%, mainly from:
    - an increase of 13.71% in HP loans
    - an increase of 8.24% in Housing

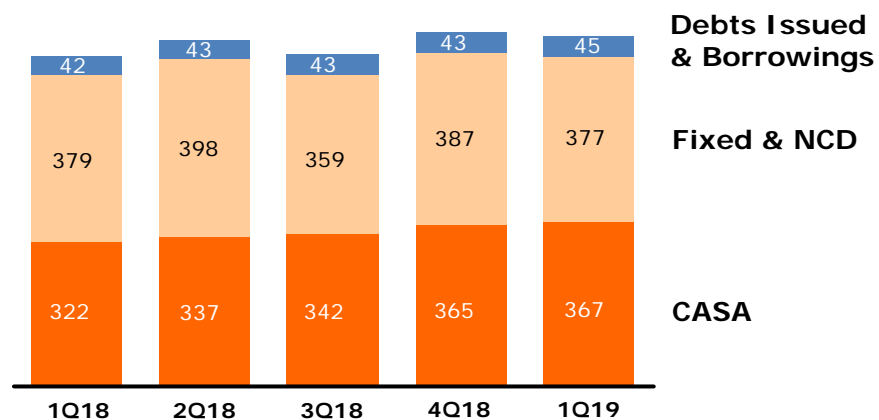


# TBANK: Liabilities

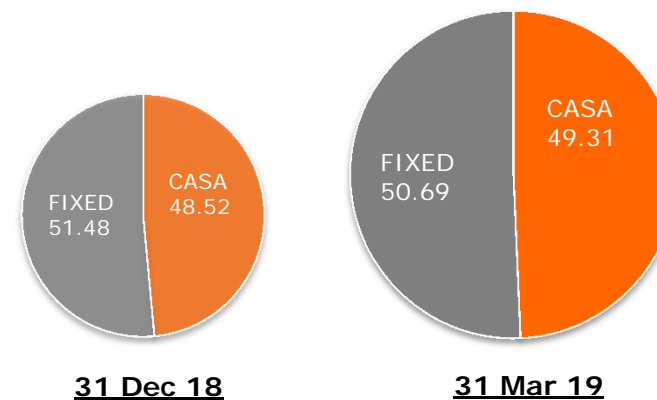
## Liabilities (BTHB)



## Deposits + Debts Issued & Borrowings (BTHB)



## Deposits Breakdown (Percent)



- **1Q19 VS 4Q18**
  - **Deposits** down 1.11% YTD from:
    - Fixed and NCD down 2.62%
    - CASA deposits up 0.50%
  - **CASA Ratio** up from 48.52% in 4Q18 to 49.31%
- **1Q19 VS 1Q18**
  - **Deposits** up 6.08% Y-Y both in CASA and fixed deposits in the following:
    - CASA grew 13.81% Y-Y
    - Fixed and NCD reduced 0.49% Y-Y
  - **CASA Ratio** improved from 45.96% in 1Q18 to 49.31%

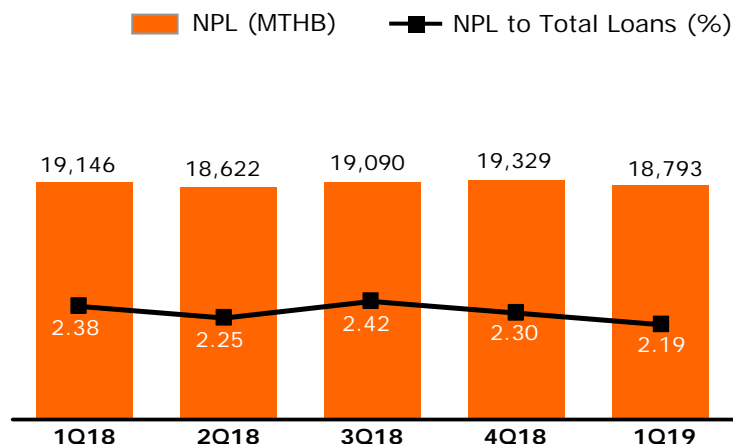
Moreover, the Bank continued to maintain strong Liquidity Coverage Ratio (LCR) of more than 100% which was much higher than the requirement of the Bank of Thailand



# TBANK: NPLs and Reserve

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

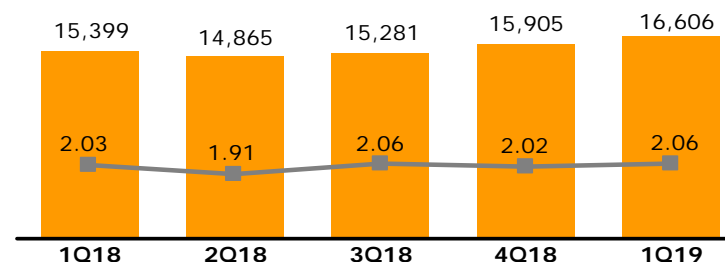
### TBANK Consolidated



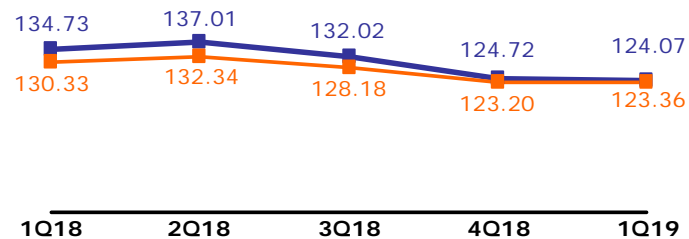
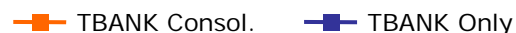
### TBANK Only



- NPL to total loans of TBANK Only still was at a very low level



## Coverage Ratio (Percent)



## Reserve (MTHB)

TBANK (Consol.)	1Q18	2Q18	3Q18	4Q18	1Q19
Reserve	24,954	24,645	24,469	23,812	23,183
Excess Reserve	10,221	9,769	9,234	8,439	8,021
Reserve to Required Reserve by BOT (%)	169.38	165.67	160.61	154.90	152.90

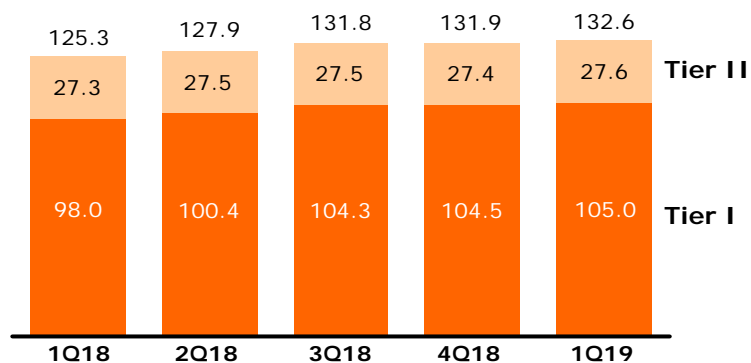
  

TBANK Only	1Q18	2Q18	3Q18	4Q18	1Q19
Reserve	20,747	20,367	20,174	19,837	20,603
Excess Reserve	9,619	9,172	8,591	7,820	7,932
Reserve to Required Reserve by BOT (%)	186.45	181.93	174.16	165.07	162.60

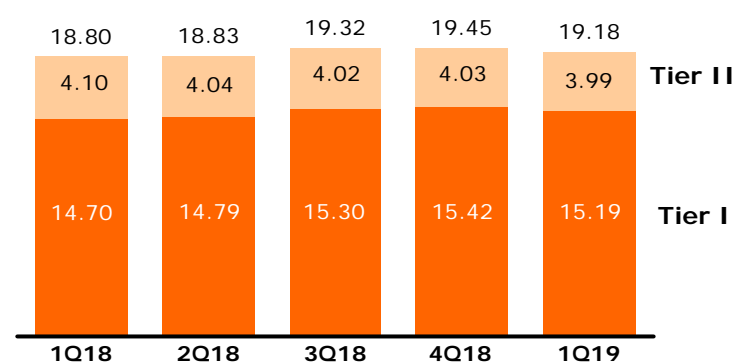


# Capital Adequacy

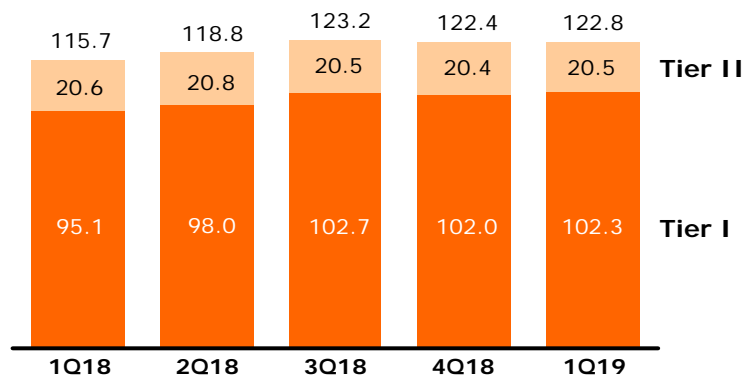
**TBANK's Capital (Solo Basis) (BTHB)**



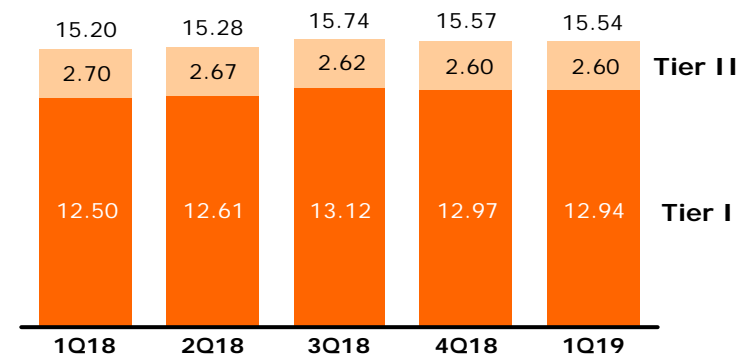
**TBANK's BIS Ratio (Solo Basis) (Percent)**



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



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



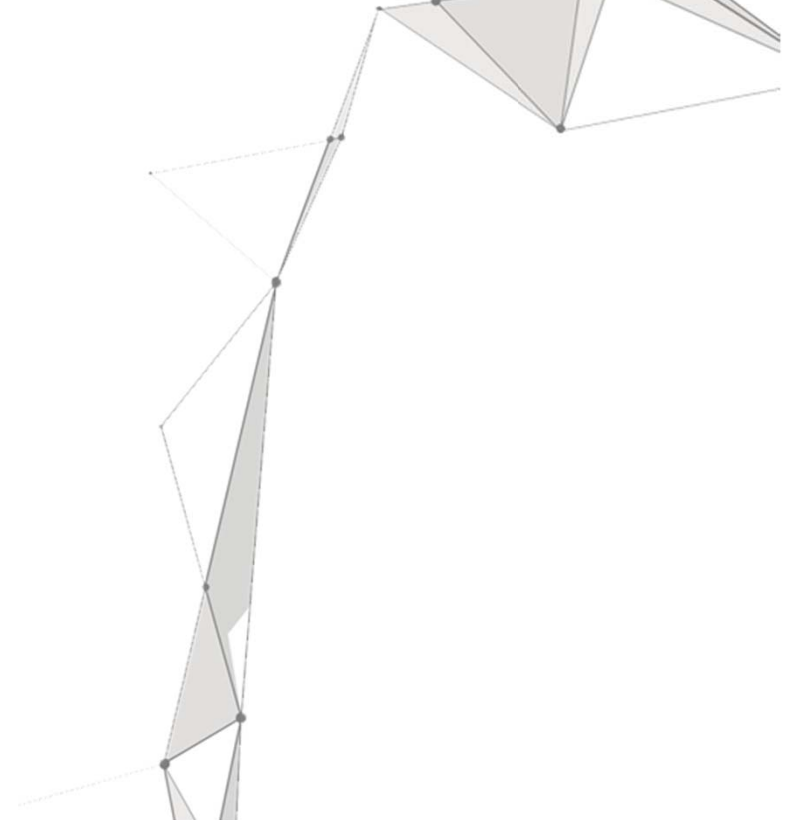
**On consolidated level, TCAP's BIS Ratio is considered strong and sufficient to expand its business in long run.**





THANACHART GROUP

# Appendix





# Detailed TGroup's Financial Info.

Consolidated statements of comprehensive income	1Q18	2Q18	3Q18	4Q18	1Q19	Consolidated statements of financial position	31-Dec-18	31-Mar-19
Interest income	11,330	11,542	11,742	11,945	12,064	Cash	11,022	9,373
Interest expenses	3,874	3,918	3,974	4,026	4,142	Interbank and money market items-interest	91,305	98,645
<b>Net interest income</b>	<b>7,456</b>	<b>7,624</b>	<b>7,768</b>	<b>7,919</b>	<b>7,922</b>	Interbank and money market items-no interest	7,812	8,572
Fees and service income	2,608	2,439	2,526	2,671	2,368	Net Interbank and MM	99,117	107,217
Fees and service expenses	902	867	883	934	981	Net investments	170,437	152,307
<b>Net fees and service income</b>	<b>1,706</b>	<b>1,572</b>	<b>1,643</b>	<b>1,737</b>	<b>1,387</b>	Net Investment in associated companies	3,027	2,925
Gain on tradings and foreign exchange transactions	152	15	31	112	162	<b>Loans and receivables</b>	<b>820,771</b>	<b>832,386</b>
Gain on Investment	467	393	(500)	99	325	Accrued interest receivables	657	686
Share of income from investment in associated	78	101	175	189	59	Deferred revenue	(66,158)	(68,610)
Dividend income	94	250	95	63	119	Allowance for doubtful accounts	(24,145)	(23,508)
Insurance premium income	1,932	1,894	1,921	2,054	1,974	Net loans and accrued interest receivables	731,125	740,954
Other operating income	355	636	485	394	548	Properties foreclosed - net	4,822	5,673
<b>Total operating income</b>	<b>12,240</b>	<b>12,485</b>	<b>11,618</b>	<b>12,567</b>	<b>12,496</b>	Intangible assets - net	1,850	1,751
Insurance expenses	1,264	1,129	1,199	1,401	1,341	Goodwill	17,799	17,833
<b>Net operating income</b>	<b>10,976</b>	<b>11,356</b>	<b>10,419</b>	<b>11,166</b>	<b>11,155</b>	Other assets	21,730	23,668
Personnel expenses	2,944	2,856	2,716	2,897	2,997	<b>Total assets</b>	<b>1,060,929</b>	<b>1,061,701</b>
Premises and equipment expenses	649	653	657	670	626	<b>Deposits</b>	<b>751,917</b>	<b>743,559</b>
Taxes and duties	180	187	183	183	182	Interbank and money market items-interest	70,619	74,803
Directors' remuneration	12	65	12	13	16	Interbank and money market items-no interest	1,304	747
Other expenses	1,660	1,384	909	1,891	1,236	Net interbank and money market items	71,923	75,550
<b>Total operating expenses</b>	<b>5,445</b>	<b>5,145</b>	<b>4,477</b>	<b>5,654</b>	<b>5,057</b>	<b>Debt issued and borrowings</b>	<b>55,013</b>	<b>56,775</b>
Impairment loss of loans and debt securities	(1,431)	(1,448)	(1,233)	(673)	(991)	Insurance contract liabilities	14,062	14,108
<b>Profit before corporate income tax</b>	<b>4,100</b>	<b>4,763</b>	<b>4,709</b>	<b>4,839</b>	<b>5,107</b>	Other liabilities	30,096	29,453
Income Tax	(187)	(621)	(919)	(878)	(1,046)	<b>Total liabilities</b>	<b>923,011</b>	<b>919,445</b>
<b>Profit for the period</b>	<b>3,913</b>	<b>4,142</b>	<b>3,790</b>	<b>3,961</b>	<b>4,061</b>	Company shareholders' equity	65,735	67,809
<b>Net profit of the Company</b>	<b>1,899</b>	<b>2,051</b>	<b>1,870</b>	<b>2,019</b>	<b>2,016</b>	Non-controlling interest	72,183	74,447
						<b>Shareholders' equity</b>	<b>137,918</b>	<b>142,256</b>
						<b>Total liabilities &amp; shareholders' equity</b>	<b>1,060,929</b>	<b>1,061,701</b>

Source: Company data



# Subsidiaries Performance

Subsidiaries	% held	Net Profit (MTHB)				
		1Q18	2Q18	3Q18	4Q18	1Q19
Thanachart Bank Pcl. (Consolidated)		3,779	3,821	3,540	3,563	3,650
Thanachart Securities Pcl.	50.96%	249	116	133	95	99
Thanachart Fund Management	38.22%	171	170	166	147	147
Thanachart Insurance Pcl.	50.96%	274	276	257	235	278
TS AMC	50.96%	(4)	121	49	71	251
Ratchthani Leasing Pcl.	33.22%	364	391	431	455	477
NFS AMC	100.00%	(6)	30	(5)	(5)	111
MAX AMC	83.44%	46	125	(2)	32	139
MBK Life Assurance Pcl.*	51.00%	(24)	40	(12)	(67)	(30)



# **Investor Relations**

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