

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the second quarter and the first six-month period ended 30 June 2018
(Audited Financial Statements)

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THANACHART CAPITAL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

Management's Discussion and Analysis (Audited Financial Statements)

Economics Outlook and Competition in Banking Industry

The Thai economy in the second quarter of 2018 grew 4.6 percent from the previous quarter according to the information from the Office of the National Economic and Social Development Board. Export continued to be the key contributor as the economies of the trade-partnering countries improved. Tourism also showed good growth although the number of tourists experienced a slower growth when compared to the previous quarter. Private consumption and private investment grew in line with recovering domestic demand. In addition, government expenditures continued to be the reliable core engine of the Thai economic growth. In summary, the Thai economy grew from the previous quarter while inflation rate increased at a gradual rate. Consequently, the Monetary Policy Committee of the Bank of Thailand issued a resolution to maintain the policy rate at 1.50 percent per annum.

In the second quarter of 2018, the loan volume in the commercial bank industry grew following economic recovery while deposit volume increased in line with loan volume.

Key Events in the Second Quarter of 2018

1. On 25 April 2018, the Annual General Meeting of Shareholders for the year 2018 of Thanachart Capital Public Company Limited ("the Company") had a resolution to pay dividend to shareholders at the rate of 1.30 baht per share, amounting to 1,515 million baht. Taking into account this round of dividend payment and the interim dividend payment worth 0.90 baht per share or 1,048 million baht, total dividend payment in 2017 amounted to 2.20 baht per share or 2,563 million baht. The dividend payment was made on 17 May 2018.
2. On 24 July 2018, the Board of Directors of the Company had a resolution to approve share repurchase project for financial management. The amount of share repurchase would not be more than 1,000 million baht and the repurchase period would be from 8 August 2018 to 7 February 2019. The total number of share repurchase would not be more than 79,296,648 shares, and after combining the aforementioned share repurchase with the previous share repurchase program of 41,350,000 shares bought from 10 February 2015 to 9 August 2015, the total number of share repurchase will be 120,646,648 shares or account for not exceeding 10 percent of total paid-up shares of the Company.

For clarification of information disclosure, Thanachart Group has submitted Management's Discussion and Analysis of Thanachart Bank and its subsidiaries separately from this report.

Financial Highlights

Financial Highlights

| Audited Financial Statements | For the 3 months ended | | | For the 6 months ended | |
|--|------------------------|--------------|--------------|------------------------|--------------|
| | 30-Jun-18 | 31-Mar-18 | 30-Jun-17 | 30-Jun-18 | 30-Jun-17 |
| Operating Performance (Million Baht) | | | | | |
| Interest Income | 11,542 | 11,330 | 11,092 | 22,872 | 21,941 |
| Interest Expenses | 3,918 | 3,874 | 3,858 | 7,792 | 7,620 |
| Net Interest Income | 7,624 | 7,456 | 7,234 | 15,080 | 14,321 |
| Non-interest Income | 3,732 | 3,503 | 3,259 | 7,235 | 6,103 |
| Net Operating Income ⁽¹⁾ | 11,356 | 10,959 | 10,493 | 22,315 | 20,424 |
| Other Operating Expenses | 5,145 | 5,428 | 5,514 | 10,573 | 10,959 |
| Pre-Provision Operating Profit (PPOP) | 6,211 | 5,531 | 4,979 | 11,742 | 9,465 |
| Impairment Loss of Loans and Debt Securities | 1,448 | 1,431 | 1,369 | 2,879 | 2,221 |
| Profit before Tax | 4,763 | 4,100 | 3,610 | 8,863 | 7,244 |
| Income Tax | 621 | 187 | 197 | 808 | 514 |
| Profit for the Period | 4,142 | 3,913 | 3,413 | 8,055 | 6,730 |
| Net Profit Attributable to the Company | 2,051 | 1,899 | 1,675 | 3,950 | 3,277 |
| Operating Performance Ratios (Percent) | | | | | |
| ROAA | 1.63 | 1.53 | 1.40 | 1.58 | 1.38 |
| ROAE ⁽²⁾ | 12.92 | 12.06 | 11.47 | 12.51 | 11.30 |
| Interest Spread ⁽³⁾ | 2.93 | 2.85 | 2.91 | 2.89 | 2.90 |
| Loan Spread ⁽⁴⁾ | 3.87 | 3.85 | 3.81 | 3.86 | 3.78 |
| Credit Cost | 0.70 | 0.71 | 0.75 | 0.69 | 0.61 |
| Non-interest Income Ratio ⁽⁵⁾ | 32.86 | 31.96 | 31.05 | 32.42 | 29.88 |
| Cost to Income Ratio ⁽⁶⁾ | 45.31 | 49.52 | 52.56 | 47.38 | 53.66 |
| | 30-Jun-18 | 31-Mar-18 | 31-Dec-17 | | |
| Financial Position (Million Baht) | | | | | |
| Loans | 725,080 | 713,693 | 712,761 | | |
| Total Assets | 1,047,562 | 1,026,120 | 1,025,525 | | |
| Deposits | 733,965 | 701,028 | 716,091 | | |
| Total Liabilities | 913,845 | 892,225 | 895,455 | | |
| Total Equity | 133,717 | 133,895 | 130,070 | | |
| Financial Position Quality | | | | | |
| Loans to Deposits (%) | 98.79 | 101.81 | 99.53 | | |
| Non-performing Loans (Million Baht) | 19,511 | 19,959 | 18,894 | | |
| NPL Ratio (%) | 2.35 | 2.48 | 2.40 | | |
| Coverage Ratio ⁽⁷⁾ (%) | 128.87 | 127.47 | 131.06 | | |
| Reserve to Required Reserve ⁽⁸⁾ (%) | 163.64 | 167.15 | 170.48 | | |

(1) Net Operating Income = Net Interest Income + Non-interest Income

(2) ROAE is calculated from equity attributable to the Company's shareholders

(3) Interest Spread = Yield – Cost of Fund

Yield = Interest Income / Average Earning Assets

Cost of Fund = Interest Expenses / Average Paying Liabilities

(4) Loan Spread = Loan Yield – Cost of Fund

(5) Non-interest Income Ratio = Non-interest Income / Net Operating Income

(6) Cost to Income Ratio = Other Operating Expenses / Net Operating Income

(7) Coverage Ratio = Total Allowance / Non-performing Loans

(8) Reserve to Required Reserve = Total Allowance / Reserve Required by the BOT

Operating Results for the Second Quarter and the First Six-month Period of 2018

Performance Overview

Thanachart Capital Public Company Limited (“the Company”) operates as the holding company and thus is the parent company of Thanachart Financial Business Conglomerate. The Company’s performance is mainly from the performance of Thanachart Bank and its subsidiaries. The Company holds shares in Thanachart Bank 50.96 percent. As a result, profit attributable to the Company is calculated from the proportion shareholding of the Company in each subsidiary company. In order to compare its operating results with other companies’ in the industry, the financial information presented in this report is based on consolidated financial statements.

In the second quarter of 2018, the Company and its subsidiaries’ net profit according to the consolidated financial statements amounted to 4,142 million baht, an increase of 229 million baht or 5.85 percent from the previous quarter. This was a result of the success in implementing Customer Centric strategy by focusing on being the Main Bank. As a result, Thanachart Bank and its subsidiaries showed a continuous growth in their performances. The Company and its subsidiaries’ total income base increased both net interest income and non-interest income while operating expenses decreased. As a result, pre-provision operating profit (PPOP) increased by 12.29 percent. However, impairment loss of loans and debt securities increased slightly.

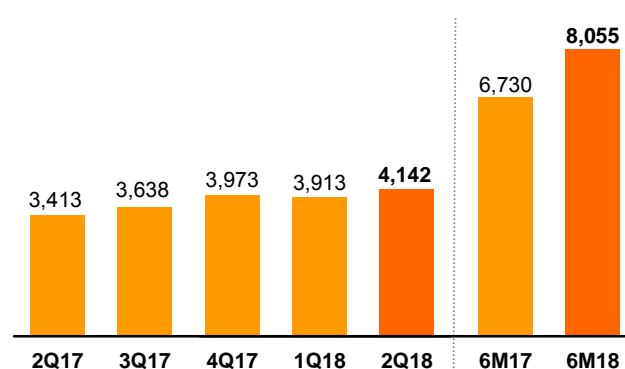
For the first six-month period of 2018, net profit according to the consolidated financial statements of the Company and its subsidiaries amounted to 8,055 million baht, an increase of 1,325 million baht or 19.69 percent from the same period last year.

Total assets of Thanachart Group increased from the end of the previous year following the loan growth of 1.73 percent. In this connection, retails, especially hire purchase loans and SME loans increased. Deposits expanded by 2.50 percent from an increase in savings deposits. As a result, CASA ratio accounted for 45.78 percent, an increase from 42.92 at the end of last year.

NPLs of Thanachart Group increased by 3.27 percent from the end of 2017. However, NPL ratio declined to 2.35 percent. Coverage ratio stayed at 128.87 percent. On capital fund, TBANK had capital adequacy

ratio of 18.83 percent.

Net Profit of Thanachart Group (Million Baht)



In the second quarter of 2018, net profit attributable to the Company was 2,051 million baht, an increase of 152 million baht or 8.00 percent from the previous quarter. Earning per share (EPS) was 1.76 baht, an increase from 1.63 baht. Return on average assets (ROAA) and return on average equity (ROAE) of the Company’s shareholders were at 1.63 percent and 12.92 percent, respectively.

For the first six-month period of 2018, net profit attributable to the Company was 3,950 million baht, an increase of 673 million baht or 20.54 percent from the same period last year. EPS was 3.39 baht, an increase from 2.81 baht. ROAA and ROAE of the Company’s shareholders were at 1.58 percent and 12.51 percent respectively.

Summary of Key Operating Results

Summary of key operating results in **the second quarter of 2018 comparing with the first quarter of 2018** is as follows:

- Net profit of Thanachart Group amounted to 4,142 million baht, an increase of 5.85 percent.
- Net profit of the Company amounted to 2,051 million baht, an increase of 8.00 percent.
- Net interest income increased by 2.25 percent from interest spread which increased to 2.93 percent and the expansion of loans.
- Non-interest income increased by 6.54 percent, mainly from gains on properties foreclosed, dividend income and net insurance / life insurance income.
- Operating expenses decreased by 5.21 percent from effective cost management.
- Pre-provision operating profit (PPOP) amounted to 6,211 million baht, an increase of 12.29 percent.
- Impairment loss of loans and debt securities expenses increased by 1.19 percent.
- NPL ratio stayed at 2.35 percent, a decrease from 2.40 percent at the end of last year.

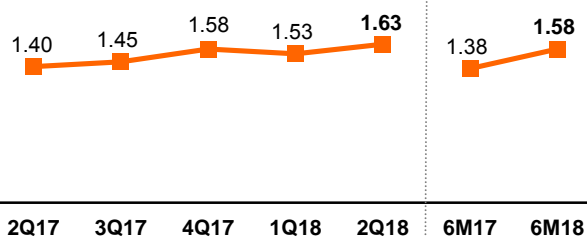
Summary of key operating results in **the first six-month period of 2018 comparing with the same period last year** is as follows:

- Net profit of Thanachart Group amounted to 8,055 million baht, an increase of 19.69 percent.
- Net profit of the Company amounted to 3,950 million baht, an increase of 20.54 percent.
- Net interest income increased by 5.30 percent from the expansion of loans.
- Non-interest income increased by 18.55 percent, mainly from the increases in net fees and service income, gains on investments, and net insurance / life insurance income.
- Operating expenses decreased by 3.52 percent from effective cost management.
- Pre-provision operating profit (PPOP) amounted to 11,742 million baht, an increase of 24.06 percent.
- Impairment loss of loans expenses increased by 29.63 percent from loans growth.

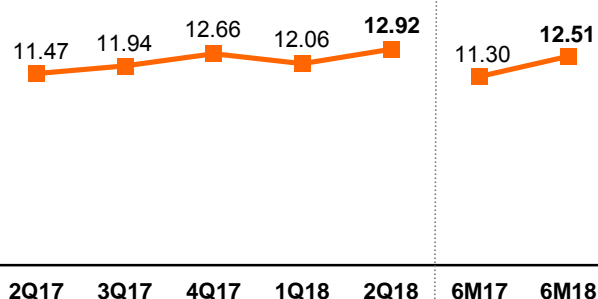
Net Profit (Million Baht)

| Audited Financial Statements | For the 3 months ended | | | For the 6 months ended | |
|---|------------------------|-----------|-----------|------------------------|-----------|
| | 30-Jun-18 | 31-Mar-18 | 30-Jun-17 | 30-Jun-18 | 30-Jun-17 |
| Net Profit (Million Baht) | | | | | |
| Profit for the Period | 4,142 | 3,913 | 3,413 | 8,055 | 6,730 |
| Net Profit Attributable to the Company | 2,051 | 1,899 | 1,675 | 3,950 | 3,277 |
| Net Profit Attributable to Non-controlling Interest | 2,091 | 2,014 | 1,738 | 4,105 | 3,453 |
| Basic Earning per Share (Baht) | 1.76 | 1.63 | 1.44 | 3.39 | 2.81 |

ROAA (Percent)



ROAE* (Percent)



*Equity attributable to the Company's shareholders

Net Interest Income

Net Interest Income (Million Baht)

| | 2Q18 | 1Q18 | Change | | 6M18 | 6M17 | Change | |
|------------------------------------|---------------|---------------|------------|-------------|---------------|---------------|------------|-------------|
| | | | + / (-) | % | | | + / (-) | % |
| Interest Income | 11,542 | 11,330 | 212 | 1.87 | 22,872 | 21,941 | 931 | 4.24 |
| Interbank and Money Market Items | 448 | 483 | (35) | (7.25) | 931 | 525 | 406 | 77.33 |
| Investments for Tradings | 56 | 63 | (7) | (11.11) | 119 | 121 | (2) | (1.65) |
| Investments for Debts Securities | 682 | 641 | 41 | 6.40 | 1,323 | 1,719 | (396) | (23.04) |
| Loans | 4,404 | 4,314 | 90 | 2.09 | 8,718 | 8,790 | (72) | (0.82) |
| Hire Purchase and Financial Leases | 5,952 | 5,829 | 123 | 2.11 | 11,781 | 10,786 | 995 | 9.22 |
| Interest Expenses | 3,918 | 3,874 | 44 | 1.14 | 7,792 | 7,620 | 172 | 2.26 |
| Deposits | 2,250 | 2,258 | (8) | (0.35) | 4,508 | 4,168 | 340 | 8.16 |
| Interbank and Money Market Items | 240 | 200 | 40 | 20.00 | 440 | 371 | 69 | 18.60 |
| Fund Contributed to FIDF and DPA | 870 | 862 | 8 | 0.93 | 1,732 | 1,634 | 98 | 6.00 |
| Debts Issued | 555 | 552 | 3 | 0.54 | 1,107 | 1,443 | (336) | (23.28) |
| Borrowing Fee | 3 | 2 | 1 | 50.00 | 5 | 4 | 1 | 25.00 |
| Net Interest Income | 7,624 | 7,456 | 168 | 2.25 | 15,080 | 14,321 | 759 | 5.30 |

In the second quarter of 2018, the Company and its subsidiaries had 7,624 million baht in net interest income, an increase of 168 million baht or 2.25 percent from the previous quarter. Interest Spread was at 2.93 percent, an increase from 2.85 percent.

- Interest income amounted to 11,542 million baht, an increase of 212 million baht or 1.87 percent from the expansion of loans as well as the increase in yield on earning assets.
- Interest expenses amounted to 3,918 million baht, an increase of 44 million baht or 1.14 percent. This was due to an increase in deposits.

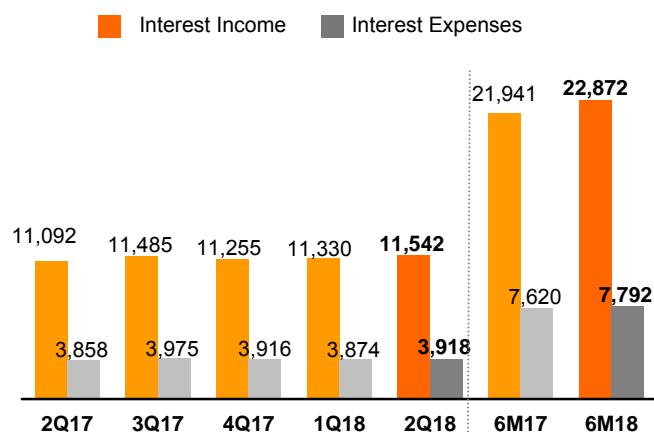
For the first six-month period of 2018, the Company and its subsidiaries had 15,080 million baht in net interest income, an increase of 759 million baht or 5.30 percent from the same period last year. Interest Spread was at 2.89 percent, a slight decrease from 2.90 percent.

- Interest income was 22,872 million baht, an increase of 931 million baht or 4.24 percent. This was from the expansion of loans despite a decrease in yield on earning assets.
- Interest expenses were 7,792 million baht, an increase of 172 million baht or 2.26 percent. This was due to the increase in deposits.

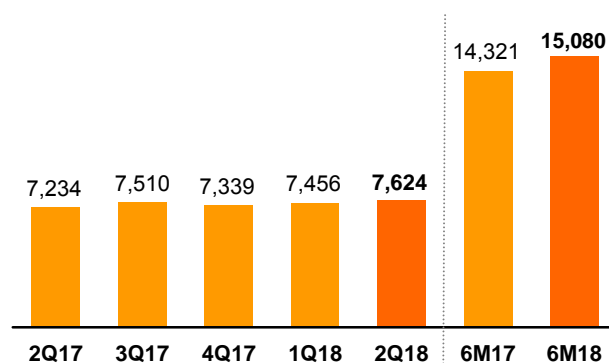
Yield, Cost of Fund, and Interest Spread (Percent)

| | 2Q18 | 1Q18 | 4Q17 | 3Q17 | 2Q17 | 6M18 | 6M17 |
|------------------------------|------|------|------|------|------|------|------|
| Average Policy Interest Rate | 1.50 | 1.50 | 1.50 | 1.50 | 1.50 | 1.50 | 1.50 |
| Yield | 4.81 | 4.74 | 4.74 | 4.87 | 4.84 | 4.78 | 4.82 |
| Cost of Fund | 1.88 | 1.89 | 1.87 | 1.91 | 1.93 | 1.89 | 1.92 |
| Interest Spread | 2.93 | 2.85 | 2.87 | 2.96 | 2.91 | 2.89 | 2.90 |

Interest Income and Interest Expenses (Million Baht)



Net Interest Income (Million Baht)



Non-interest Income

| Non-interest Income (Million Baht) | | | | | | | | |
|--|--------------|--------------|--------------|---------------|--------------|--------------|--------------|--------------|
| | 2Q18 | 1Q18 | Change | | 6M18 | 6M17 | Change | |
| | | | + / (-) | % | | | + / (-) | % |
| Net Fees and Service Income | 1,572 | 1,706 | (134) | (7.85) | 3,278 | 2,774 | 504 | 18.17 |
| Gains on Trading and F/X Transactions | 15 | 152 | (137) | (90.13) | 167 | 329 | (162) | (49.24) |
| Gains on Investments | 393 | 467 | (74) | (15.85) | 860 | 541 | 319 | 58.96 |
| Share of Profit from Investments in Associated Companies Accounted for under Equity Method | 101 | 78 | 23 | 29.49 | 179 | 180 | (1) | (0.56) |
| Gains (Loss) on Properties Foreclose and Other Assets | 288 | (17) | 305 | 1,794.12 | 271 | 83 | 188 | 226.51 |
| Net Insurance / Life Insurance Income | 765 | 668 | 97 | 14.52 | 1,433 | 1,147 | 286 | 24.93 |
| Dividend Income | 250 | 94 | 156 | 165.96 | 344 | 400 | (56) | (14.00) |
| Other Income | 348 | 355 | (7) | (1.97) | 703 | 649 | 54 | 8.32 |
| Total Operating Income | 2,160 | 1,797 | 363 | 20.20 | 3,957 | 3,329 | 628 | 18.86 |
| Total Non-interest Income | 3,732 | 3,503 | 229 | 6.54 | 7,235 | 6,103 | 1,132 | 18.55 |

Non-interest income of the Company and its subsidiaries in the second quarter of 2018 amounted to 3,732 million baht, an increase of 229 million baht or 6.54 percent from the previous quarter. This was mainly due to the following.

- Net fees and service income amounted to 1,572 million baht, a decrease of 134 million baht or 7.85 percent. This was due mainly to the decrease in brokerage fees which were in line with the market condition.
- Other operating income amounted to 2,160 million baht, an increase of 363 million baht or 20.20 percent. This was mainly due to the increase of 305 million baht in gains on properties foreclosed; the increase of 156 million baht in dividend income; and the increase of 97 million baht in net insurance / life insurance income.

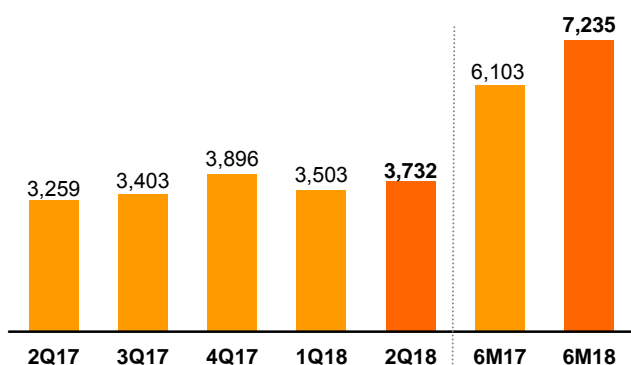
As a result, non-interest income ratio in the second quarter of 2018 was at 32.86 percent, an increase from that in the previous quarter of 31.96 percent.

Non-interest income of the Company and its subsidiaries in the first six-month period of 2018 was 7,235 million baht, an increase of 1,132 million baht or 18.55 percent from the same period last year. This was mainly due to the following.

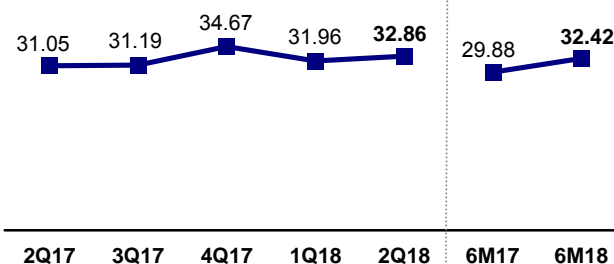
- Net fees and service income amounted to 3,278 million baht, an increase of 504 million baht or 18.17 percent. This was due mainly to the increases in fund management fees, brokerage fees, and commission received from selling insurance / life insurance.
- Other operating income amounted to 3,957 million baht, an increase of 628 million baht or 18.86 percent. The key changes mainly included the increase of 319 million baht in gains on investments; the increase of 286 million baht in net insurance / life insurance income; and the increase of 188 million baht in gains on properties foreclose.

As a result, non-interest income ratio in the first six-month period of 2018 was at 32.42 percent, an increase from 29.88 percent of the same period last year.

Non-interest Income (Million Baht)



Non-interest Income Ratio (Percent)



Other Operating Expenses

Other Operating Expenses (Million Baht)

| | 2Q18 | 1Q17 | Change | | 6M18 | 6M17 | Change | |
|---------------------------------------|--------------|--------------|--------------|---------------|---------------|---------------|--------------|---------------|
| | | | + / (-) | % | | | + / (-) | % |
| Employee's Expenses | 2,856 | 2,944 | (88) | (2.99) | 5,800 | 6,306 | (506) | (8.02) |
| Premises and Equipment Expenses | 653 | 649 | 4 | 0.62 | 1,302 | 1,415 | (113) | (7.99) |
| Taxes and Duties | 187 | 180 | 7 | 3.89 | 367 | 369 | (2) | (0.54) |
| Directors' Remuneration | 65 | 12 | 53 | 441.67 | 77 | 68 | 9 | 13.24 |
| Other Expenses | 1,384 | 1,643 | (259) | (15.76) | 3,027 | 2,801 | 226 | 8.07 |
| Total Other Operating Expenses | 5,145 | 5,428 | (283) | (5.21) | 10,573 | 10,959 | (386) | (3.52) |

In the second quarter of 2018, other operating expenses of the Company and its subsidiaries amounted to 5,145 million baht, a decrease of 283 million baht or 5.21 percent from the previous quarter. As a result, cost to income ratio in the second quarter of 2018 was 45.31 percent, a decrease from 49.52 percent in the previous quarter.

For the first six-month period of 2018, other operating expenses of the Company and its subsidiaries amounted to 10,573 million baht, a decrease of 386 million baht or 3.52 percent from the same period last year. As a result, cost to income ratio in the first six-month period of 2018 was 47.38 percent, a decrease from the same period last year of 53.66 percent.

Impairment Loss of Loans and Debt Securities

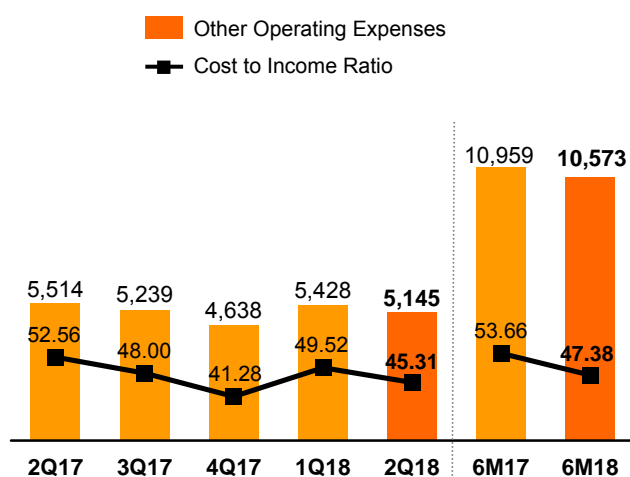
Impairment Loss of Loans and Debt Securities (Million Baht)

| | 2Q18 | 1Q18 | Change | | 6M18 | 6M17 | Change | |
|--|-------|-------|---------|--------|-------|-------|---------|-------|
| | | | + / (-) | % | | | + / (-) | % |
| Impairment Loss of Loans and Debt Securities | 1,448 | 1,431 | 17 | 1.19 | 2,879 | 2,221 | 658 | 29.63 |
| Credit Cost (%) | 0.70 | 0.71 | (0.01) | (1.41) | 0.69 | 0.61 | 0.08 | 13.11 |

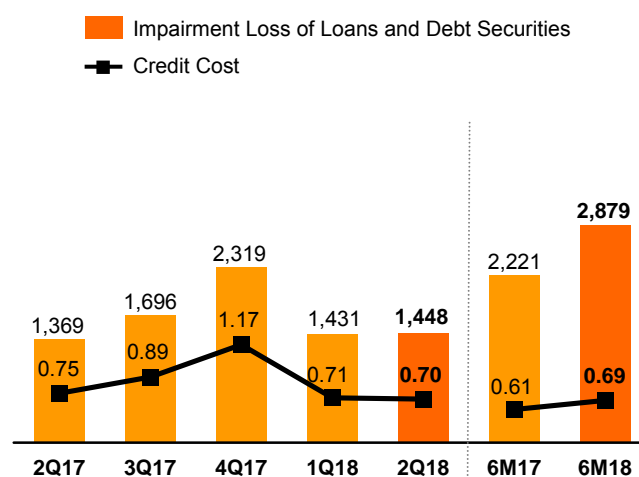
In the second quarter of 2018, the Company and its subsidiaries had impairment loss of loans and debt securities in the amount of 1,448 million baht, close to that of the previous quarter. Credit cost was at 0.70 percent, a slight decrease from 0.71 percent.

For the first six-month period of 2018, the Company and its subsidiaries had impairment loss of loans and debt securities amounting to 2,879 million baht, an increase of 658 million baht or 29.63 percent from the same period last year which was in line with the loans growth. Credit cost was at 0.69 percent, an increase from 0.61 percent.

Other Operating Expenses (Million Baht) and Cost to Income Ratio (Percent)



Impairment Loss of Loans and Debt Securities (Million Baht) and Credit Cost (Percent)



Financial Position

Consolidated Statements of Financial Position (Million Baht)

| | 30 June 2018 | | 31 December 2017 | | Change | |
|---|------------------|---------------|------------------|---------------|---------------|-------------|
| | Amount | % | Amount | % | +/(−) | % |
| Cash | 8,642 | 0.82 | 11,453 | 1.12 | (2,811) | (24.54) |
| Interbank and Money Market Items-net | 121,477 | 11.60 | 95,918 | 9.35 | 25,559 | 26.65 |
| Investment-net | 160,203 | 15.29 | 178,703 | 17.42 | (18,500) | (10.35) |
| Investment in Associated Company-net | 2,834 | 0.27 | 2,827 | 0.28 | 7 | 0.25 |
| Loans | 725,080 | 69.22 | 712,761 | 69.50 | 12,319 | 1.73 |
| Accrued Interest Receivables | 588 | 0.06 | 601 | 0.06 | (13) | (2.16) |
| Allowance for Doubtful Accounts and Revaluation Allowance for Debt Restructuring | (24,980) | (2.38) | (24,518) | (2.39) | (462) | 1.88 |
| Property Foreclosed-net | 4,663 | 0.44 | 4,747 | 0.46 | (84) | (1.77) |
| Intangible Assets Acquired in a Business Combination-net | 519 | 0.05 | 677 | 0.07 | (158) | (23.34) |
| Goodwill | 17,718 | 1.69 | 17,637 | 1.72 | 81 | 0.46 |
| Other Assets | 30,818 | 2.94 | 24,719 | 2.41 | 6,099 | 24.67 |
| Total Assets | 1,047,562 | 100.00 | 1,025,525 | 100.00 | 22,037 | 2.15 |
| Deposits | 733,965 | 70.07 | 716,091 | 69.83 | 17,874 | 2.50 |
| Interbank and Money Market Items | 79,384 | 7.58 | 82,343 | 8.03 | (2,959) | (3.59) |
| Debt Issued and Borrowings | 54,917 | 5.24 | 51,596 | 5.03 | 3,321 | 6.44 |
| Other Liabilities | 45,579 | 4.35 | 45,425 | 4.43 | 154 | 0.34 |
| Total Liabilities | 913,845 | 87.24 | 895,455 | 87.32 | 18,390 | 2.05 |
| Company's Shareholders' Equity | 63,780 | 6.09 | 62,020 | 6.05 | 1,760 | 2.84 |
| Non-controlling Interests | 69,937 | 6.67 | 68,050 | 6.63 | 1,887 | 2.77 |
| Total Shareholders' Equity | 133,717 | 12.76 | 130,070 | 12.68 | 3,647 | 2.80 |
| Total Liabilities and Shareholders' Equity | 1,047,562 | 100.00 | 1,025,525 | 100.00 | 22,037 | 2.15 |
| Book Value per Share (Baht) | 54.74 | | 53.23 | | | |

Assets

As of 30 June 2018, Thanachart Group's total assets amounted to 1,047,562 million baht, an increase of 22,037 million baht or 2.15 percent from the end of 2017. Key factors are as follows:

- Net interbank and money market amounted to 121,477 million baht, an increase of 25,559 million baht or 26.65 percent from the end of last year due to liquidity management.
- Net investment amounted to 160,203 million baht, a decrease of 18,500 million baht or 10.35 percent from the end of last year. This was mainly due to an appropriate management of investment yield.

- Loans amounted to 725,080 million baht, an increase of 12,319 million baht or 1.73 percent from the end of last year. The growth was from retail and SME loans especially hire purchase loans which continued increasing. Portion of retail loans to corporate and SME loans was 72 percent to 28 percent.

Liabilities

Total liabilities of Thanachart Group as of 30 June 2018 **were 913,845 million baht, an increase of 18,390 million baht or 2.05 percent** from the end of 2017. The key items were as follows:

Deposits (Million Baht)

| | 30 June 2018 | | 31 December 2017 | | Change | |
|---------------------------|----------------|---------------|------------------|---------------|---------------|-------------|
| | Amount | % | Amount | % | +/(−) | % |
| Current | 11,490 | 1.57 | 11,953 | 1.67 | (463) | (3.87) |
| Savings | 324,522 | 44.21 | 295,390 | 41.25 | 29,132 | 9.86 |
| Fixed Deposits | | | | | | |
| Less than 6 Months | 42,585 | 5.80 | 36,529 | 5.10 | 6,056 | 16.58 |
| 6 Months and up to 1 Year | 44,238 | 6.03 | 63,772 | 8.91 | (19,534) | (30.63) |
| Over 1 Year | 186,616 | 25.43 | 165,942 | 23.17 | 20,674 | 12.46 |
| Certificate of Deposits | 124,514 | 16.96 | 142,505 | 19.90 | (17,991) | (12.62) |
| Total Deposits | 733,965 | 100.00 | 716,091 | 100.00 | 17,874 | 2.50 |

- Deposits were 733,965 million baht, an increase of 17,874 million baht or 2.50 percent from the end of last year. This was mainly from the increase in savings deposits. As a result, the ratio of current and savings accounts to total deposits (CASA) was 45.78 percent, an increase from 42.92 percent at the end of last year.
- Interbank and money market items were 79,384 million baht, a decrease of 2,959 million baht or 3.59 percent from the end of last year. This was due to liquidity management.
- Debt issued and borrowings amounted to 54,917 million baht, an increase of 3,321 million baht or 6.44 percent from the end of last year.

Shareholders' Equity

Total shareholders' equity as of 30 June 2018 **was 133,717 million baht, an increase of 3,647 million baht or 2.80 percent** from the end of 2017. The total shareholders' equity comprised of the following:

- Equity attributable to the owners of the Company was 63,780 million baht, an increase of 1,760 million baht or 2.84 percent. This was mainly from the increase in operating profit attributable to the Company in the first six-month period of 2018 which amounted to 3,950 million baht. At the same time, there were dividend payments paid for the performance in the second half of 2017 in the amount of 1,515 million baht

- Equity attributable to non-controlling interest amounted to 69,937 million baht, an increase of 1,887 million baht or 2.77 percent. This was mainly from the operating results of subsidiary companies.

Non-performing Loans: NPLs

NPLs

| | TCAP (Consol.) | | | | |
|---------------------------------|----------------|-----------|-----------|-----------|-----------|
| | 30-Jun-18 | 31-Mar-18 | 31-Dec-17 | 30-Sep-17 | 30-Jun-17 |
| NPL-gross (Million Baht) | 19,511 | 19,959 | 18,894 | 16,798 | 16,441 |
| Total Allowance* (Million Baht) | 25,144 | 25,443 | 24,762 | 24,037 | 23,461 |
| NPL-gross to Total Loans (%) | 2.35 | 2.48 | 2.40 | 2.21 | 2.26 |
| NPL-net to Total Loans (%) | 1.23 | 1.23 | 1.23 | 1.06 | 1.07 |
| Reserve to Required Reserve (%) | 163.64 | 167.15 | 170.48 | 171.97 | 176.91 |
| Coverage Ratio (%) | 128.87 | 127.47 | 131.06 | 143.09 | 142.70 |

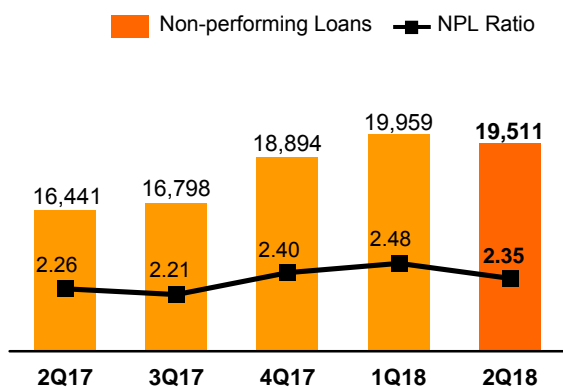
* Including allowance for interbank and money market items and revaluation allowance for debt restructuring.

Under the market and economic conditions that continued to gradually recover, the Company and its subsidiaries still placed strong emphasis on managing NPLs through systematic and effective control. **NPLs** as of 30 June 2018 amounted to **19,511 million baht**, an increase of **617 million baht or 3.27 percent** from the end of the previous year. **Non-performing loans to total loans (NPL Ratio)** was at **2.35 percent**, a decrease from 2.40 percent at the end of last year. Non-performing loans after deducting reserve (NPL-net) amounted to 10,135 million baht while the ratio of NPL-net to total loans was at 1.23 percent.

Coverage ratio at the end of June 2018 was at 128.87 percent while the ratio of reserve to required reserve under the BOT's regulation was at 163.64 percent. Excess reserve was 9,779 million baht.

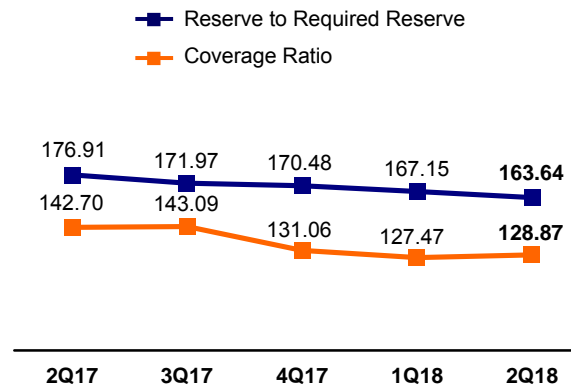
Non-performing Loans (Million Baht) and

NPL Ratio (Percent)



Coverage Ratio (Percent) and

Reserve to Required Reserve (Percent)



Operating Results of Subsidiaries

Operating Results of Subsidiaries (Million Baht)

| Subsidiaries | % holding Direct/Indirect | Net Profit (Loss) | | | | |
|--|------------------------------|-------------------|-------|-------|-------|-------|
| | | 2Q18 | 1Q18 | 2Q17 | 6M18 | 6M17 |
| Thanachart Bank Public Company Limited Consolidated Financial Statements* | | 3,821 | 3,779 | 3,331 | 7,600 | 6,603 |
| Thanachart Securities Public Company Limited | 50.96% | 116 | 249 | 92 | 365 | 260 |
| Thanachart Fund Management Company Limited | 38.22% | 170 | 171 | 107 | 341 | 207 |
| Thanachart Insurance Public Company Limited | 50.96% | 276 | 274 | 239 | 550 | 455 |
| TS AMC Company Limited | 50.96% | 121 | (4) | 76 | 117 | 127 |
| Ratchthani Leasing Public Company Limited | 33.22% | 391 | 364 | 258 | 755 | 504 |
| NFS AMC Company Limited | 100.00% | 30 | (6) | 14 | 24 | 43 |
| MAX AMC Company Limited | 83.44% | 125 | 46 | 49 | 171 | 50 |
| MBK Life Assurance Public Company Limited | 51.00% | 40 | (24) | (41) | 16 | (50) |

* Only the profit attributable to the owners of Thanachart Bank.

Risk Management and Risk Factors

For risk management, the Company and its subsidiaries have put in place the process to manage risk systematically by having the Company's Board of Directors specify risk management policies of Thanachart Group to ensure complete policy alignment throughout the entire organization. There is a business unit that is dedicatedly responsible for risk management and consistently monitors and controls risks to be in accordance with the specified policies of the Company. The measurement and analysis of various risks are done by using an appropriate tools and methodology. Such various risks include strategic risk, credit risk, market risk, interest rate risk, liquidity risk, and operational risk. For risk measurement and monitoring discipline, the risk limit and warning signal are set to ensure that business operation would always be within such acceptable risk limit. Moreover, the Executive Committee and the Board of Directors of the Company closely govern and monitor risk status and the efficiency of risk management system on a monthly basis.

In overall view, the risks of the Company and subsidiaries are within the risk limit and have enough capital after risk allocation to support the business expansion in sustainable and secure manner.

Disclaimer

Thanachart Capital Public Company Limited ('the Company') had provided this report to publish the Company's performance. Information contained in this report is the Company's past performance. Some information may be based on financial information and any information from the other sources as of the date of this report, which are subject to be changed according to economies and politics both inside and outside country. The readers or recipients should consider the information carefully and please use your discretion before making a decision in any transaction. However, the Company reserves the right with its own discretion to amend or modify the information contained in this report without any prior notice. The Company shall have no responsibility for any inaccuracy, inappropriate or incomplete of any information contained in this report.