

# MANAGEMENT'S DISCUSSION AND ANALYSIS

For the second quarter and the first six-month period ended 30 June 2020  
(Reviewed Financial Statements)

**Thanachart Capital Public Company Limited**

Tel: 0 2217 8000, 0 2217 8444

Fax: 0 2217 8312

Website: [www.thanachart.co.th](http://www.thanachart.co.th)

Investor Relations

Email: [tcap\\_ir@thanachart.co.th](mailto:tcap_ir@thanachart.co.th)

Tel: 0 2613 6007

## THANACHART CAPITAL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

### Management's Discussion and Analysis (Reviewed Financial Statements)

#### Economics Outlook and Competition in Banking Industry

The Thai economy in the second quarter has a tendency to contract much higher than the contraction of 1.8 percent in the first quarter. This was mainly due to the impact of the epidemic of COVID-19 in which the government has issued strict measures since April to control the epidemic by closing the cities and announcing curfews nationwide which resulted in a shutdown of almost all the economic activities. Although, there were periodically easing of measures in May and June as the epidemic situation has been improving in Thailand, all aspect of economic sectors tend to contract; tourism sector has been affected by the denial of permission to entry into Thailand and the international travel limitation; export sector has been affected by the economic slowdown in the counterparty countries; private consumption has been weakened by lockdowns of cities and a reduction of employment although there have been relaxation of disease control measures and government's handout measures; private investment tends to decline from a significant reduction in demand for goods and services in both domestic and international; and government spending has been expected to improve from the expenditures associated with the outbreak control measures of COVID-19.

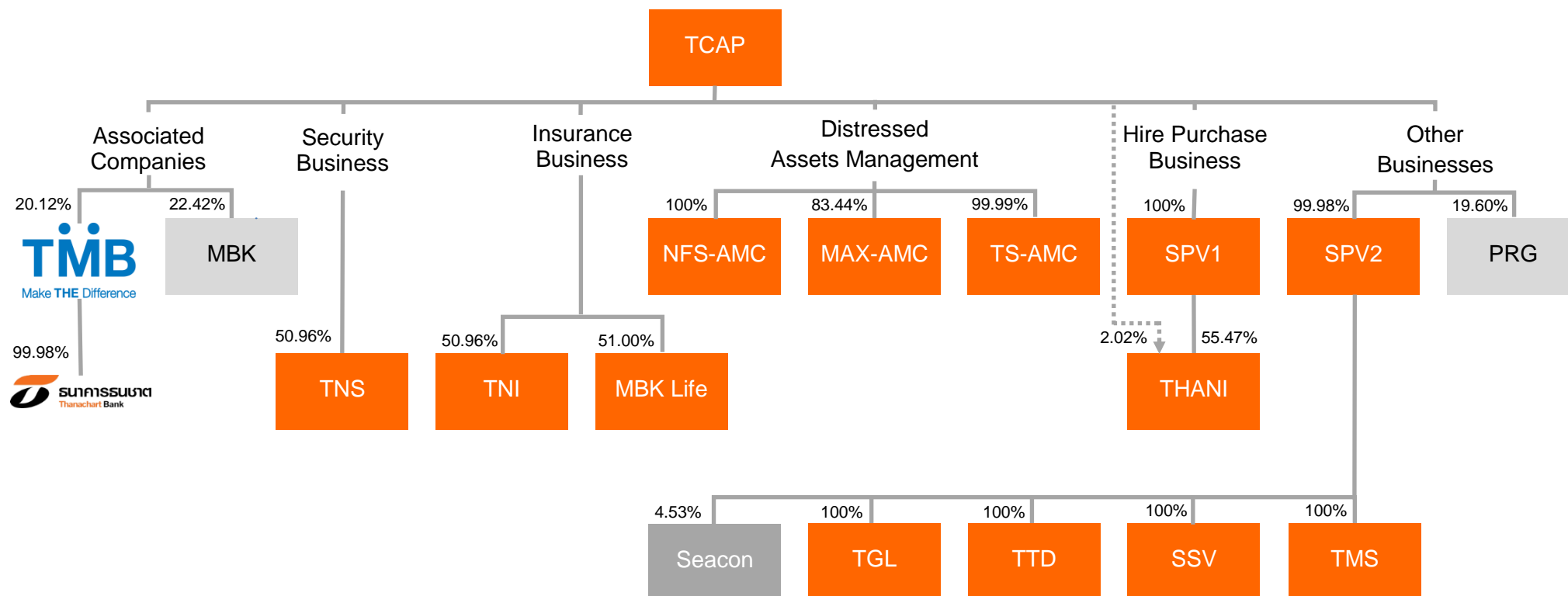
The Bank of Thailand and financial institutions have jointly issued various measures to mitigate the effects of the COVID-19 to the public and private sectors, including measures to help the retail debtors with Phase 1 and Phase 2 of the moratorium, grace period for debt repayments, soft loan measures for the SMEs debtors, measures to increase the liquidity for the Mutual Fund Liquidity Facility (MFLF), and the establishment of Corporate Bond Stabilization Fund (BSF) to maintain liquidity in the market. At the same time, the Monetary Policy Committee of the Bank of Thailand issued a resolution to reduce the policy rate by another 0.25 percent in May 2020, resulting in a reduction of the policy rate to 0.50 percent per annum. The reason was to prevent the impact of the COVID-19 on the overall economy as the economy is likely to be contracted more than the expected in the year 2020 and headline inflation is likely to be more negative than estimated.

#### Key Events in the Second Quarter of 2020

On 29 July 2020, the Board of Directors of Thanachart Capital Public Company Limited ("the Company") had a resolution to approve the interim dividend payment at a rate of 1.20 baht per share to the shareholders of the Company. The list of shareholders entitled to receive the interim dividend is set on 13 August 2020 and the payment of the interim dividend will be made on 27 August 2020.

After the restructuring of Thanachart Group Including the sale of ordinary shares of TBANK to TMB and the subscription of newly issued ordinary shares of TMB, resulting in as of 30 June 2020, the shareholding structure of Thanachart Group has changed, as shown

## Thanachart Group's Shareholding Structure after Closing Date (As of 30 June 2020)



Remark : TCAP = Thanachart Capital PCL, NFS-AMC = NFS Asset Management Col. Ltd. MAX-AMC = MAX Asset management Col. Ltd., MBK = MBK PCL, PRG = Patum Rice Mill and Granary PCL, TNS = Thanachart Security PCL, TNI = Thanachart Insurance PCL, TS-AMC = TS Asset management Col. Ltd, SPV 1&2 = Thanachart Special Purpose Vehicle 1 & 2, THANI = Ratchthani Leasing PCL, TGL = Thanachart Group leasing Col. Ltd., TTD = Thanachart Training & Development Company Limited, SSV = Security Scib Services Col. Ltd., TMS = Thanachart Management and Service Col. Ltd.

## **Operating Results for the Second Quarter and the First Six Month Period of 2020**

### **Performance Overview**

In the second quarter of 2020, the Company and its subsidiaries' net profit according to the consolidated financial statements amounted to 1,351 million baht. This was mainly due to the operating results of the important subsidiary and associated companies as follows:

- Thanachart Securities Public Company Limited had a net profit of 129 million baht
- Thanachart Insurance Public Company Limited had a net profit of 296 million baht
- Ratchthani Leasing Public Company Limited had a consolidated net profit of 443 million baht
- Asset Management Companies and other subsidiaries had net losses of 95 million baht
- Share of profit from investments accounted for under equity method was 672 million baht

As a result, **net profit attributable to the Company in the second quarter amounted to 1,029 million baht, decreased by 3,287 million baht or 76.16 percent** from the previous quarter. This was mainly due to the fact that in previous quarter, the Company recognized gain on sale of investment in Ajinomoto (Thailand) Co., Ltd. ("AJT"). As well, the share of profit from associated companies declined in this quarter, due to the impact of COVID-19 pandemic. However, the main subsidiaries including Thanachart Securities, Thanachart Insurance as well as Ratchthani Leasing have performed well.

Earnings per share (EPS) of the Company in the second quarter of 2020 were 0.98 baht, decreased from 3.86 baht. Return on average assets (ROAA) and return on average equity (ROAE) of the Company's shareholders were at 3.60 and 6.54 percent, respectively.

In the first six-month period of 2020, the Company and its subsidiaries' net profit according to the consolidated financial statements amounted to 5,953 million baht. This was mainly due to the operating results of the important subsidiary and associated companies as follows:

- Thanachart Securities Public Company Limited had a net profit of 241 million baht
- Thanachart Insurance Public Company Limited had a net profit of 481 million baht
- Ratchthani Leasing Public Company Limited had a consolidated net profit of 908 million baht
- Thanachart SPV2 Company Limited had a net profit of 2,905 million baht.
- Asset Management Companies and other subsidiaries had net profits of 77 million baht
- Share of profit from investments accounted for under equity method was 1,626 million baht

As a result, **net profit attributable to the Company in the first six-month period of 2020 amounted to 5,345 million baht, an increase of 1,430 million baht or 36.53 percent** from the same period last year. This was mainly due to the recognition of gain on sale of investment in AJT and the increase in share of profit from associated companies.

EPS of the Company in the first six-month period of 2020 were 4.94 baht, increased from 3.42 baht. ROAA and ROAE were at 7.67 and 16.56 percent, respectively.

## Financial Highlights

### Financial Highlights

Reviewed Financial Statements	For the 3 months ended			For the 6 months ended	
	30-Jun-20	31-Mar-20	30-Jun-19	30-Jun-20	30-Jun-19
<b>Operating Performance (Million Baht)</b>			(Restated)		(Restated)
Interest Income	1,028	1,135	1,079	2,163	2,141
Interest Expenses	420	404	386	824	758
Net Interest Income	608	731	693	1,339	1,383
Non-interest Income	2,040	5,645	1,154	7,685	2,475
Net Operating Income <sup>(1)</sup>	2,648	6,376	1,847	9,024	3,858
Other Operating Expenses	705	734	840	1,439	1,610
Expected Credit Losses / Impairment Loss of Loans and Debt Securities (Reversal)	216	157	169	373	(286)
Profit before Tax	1,727	5,485	838	7,212	2,534
Income Tax	376	883	140	1,259	511
Profit for the Period from Continuing Operations	1,351	4,602	698	5,953	2,023
Profit for the Period from Discontinued Operations	-	-	3,108	-	5,844
<b>Profit for the Period</b>	<b>1,351</b>	<b>4,602</b>	<b>3,806</b>	<b>5,953</b>	<b>7,867</b>
<b>Net Profit Attributable to the Company</b>	<b>1,029</b>	<b>4,316</b>	<b>1,899</b>	<b>5,345</b>	<b>3,915</b>
Basic Earnings per Share (Baht)	0.98	3.86	1.66	4.94	3.42
	30-Jun-20	31-Mar-20	31-Dec-19		
<b>Financial Position (Million Baht)</b>					
Net Loans to Customers and Accrued Interest Receivables	51,094	52,416	53,159		
Investments in Associated Companies-net	47,398	47,316	45,421		
Total Assets	148,732	148,619	160,927		
Debts Issued and Borrowings	46,240	42,626	44,780		
Total Liabilities	77,093	78,326	86,868		
Company's Shareholders' Equity	63,396	62,566	65,833		
Non-controlling Interests	8,243	7,727	8,226		
Total Shareholders' Equity	71,639	70,293	74,059		
	30-Jun-20	31-Mar-20	30-Jun-19	30-Jun-20	30-Jun-19
<b>Operating Performance Ratios (Percent)</b>					
ROAA	3.60	11.62	1.42	7.67	1.48
ROAE <sup>(2)</sup>	6.54	26.30	11.08	16.56	11.58
	30-Jun-20	31-Mar-20	31-Dec-19		
D/E Ratio (times)	1.08	1.11	1.17		

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

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

## Net Interest Income

## Net Interest Income (Million Baht)

	2Q20	1Q20	Change		6M20	6M19 (Restated)	Change	
			+ / (-)	%			+ / (-)	%
<b>Interest Income</b>	<b>1,028</b>	<b>1,135</b>	<b>(107)</b>	<b>(9.43)</b>	<b>2,163</b>	<b>2,141</b>	<b>22</b>	<b>1.03</b>
Interbank and Money Market Items – Deposits at Financial Institutions	45	30	15	50.00	75	62	13	20.97
Investments and Trading Transactions	22	26	(4)	(15.38)	48	60	(12)	(20.00)
Investments in Debt Securities	56	95	(39)	(41.05)	151	131	20	15.27
Loans to Customers	53	62	(9)	(14.52)	115	142	(27)	(19.01)
Hire Purchase and Financial Lease	852	922	(70)	(7.59)	1,774	1,746	28	1.60
<b>Interest Expenses</b>	<b>420</b>	<b>404</b>	<b>16</b>	<b>3.96</b>	<b>824</b>	<b>758</b>	<b>66</b>	<b>8.71</b>
Interbank and Money Market Items - Borrowings from Financial Institutions	50	63	(13)	(20.63)	113	184	(71)	(38.59)
Debts Issued and Borrowings	365	337	28	8.31	702	567	135	23.81
Borrowing Cost	5	4	1	25.00	9	7	2	28.57
<b>Net Interest Income</b>	<b>608</b>	<b>731</b>	<b>(123)</b>	<b>(16.83)</b>	<b>1,339</b>	<b>1,383</b>	<b>(44)</b>	<b>(3.18)</b>

In the second quarter of 2020, the Company and its subsidiaries had 608 million baht in net interest income, a decrease of 123 million baht or 16.83 percent from the previous quarter.

- Interest income was 1,028 million baht, a decrease of 107 million baht or 9.43 percent. This was mainly due to the reduction of interest income on hire purchase of Ratchthani Leasing, which was a result of a slowdown in its lending from the adjustment of the credit approval policy to be more cautious and more stringent in order to deal with the economic slowdown and a higher risk.
- Interest expenses were 420 million baht, an increase of 16 million baht or 3.96 percent. This was mainly due to an increase in interest expenses for debt securities of Ratchthani Leasing as per its plan to widen the time to maturity of borrowings.

For the first six-month period of 2020, the Company and its subsidiaries had 1,339 million baht in net interest income, a decrease of 44 million baht or 3.18 percent from the same period last year.

- Interest income was 2,163 million baht, an increase of 22 million baht or 1.03 percent. This was mainly due to an increase in interest income on hire purchase, which was a result of the income recognition in accordance with Effective Interest Rate (EIR) method under TFRS9.
- Interest expenses were 824 million baht, an increase of 66 million baht or 8.71 percent. This was mainly due to an increase in interest expenses for debt securities of Ratchthani Leasing as per its plan to widen the time to maturity of borrowings.

## Non-interest Income

Non-interest Income (Million Baht)								
	2Q20	1Q20	Change		6M20	6M19 (Restated)	Change	
			+ / (-)	%			+ / (-)	%
<b>Net Fees and Service Income</b>	<b>320</b>	<b>352</b>	<b>(32)</b>	<b>(9.09)</b>	<b>672</b>	<b>558</b>	<b>114</b>	<b>20.43</b>
Gains (Losses) on Financial Instruments								
Measured at Fair Value through Profit or Loss/								
Gains on Trading and FX Transactions	70	(167)	237	141.92	(97)	52	(149)	(286.54)
Gains on Investments	6	3,744	(3,738)	(99.84)	3,750	202	3,548	1,756.44
Share of Profit from Investments Accounted for								
under Equity Method	672	954	(282)	(29.56)	1,626	140	1,486	1,061.43
Gains on Property Foreclosed and Other Assets	43	129	(86)	(66.67)	172	146	26	17.81
Net Insurance / Life Insurance Income	581	420	161	38.33	1,001	766	235	30.68
Dividend Income	231	32	199	621.88	263	116	147	126.72
Other Income	117	181	(64)	(35.36)	298	495	(197)	(39.80)
<b>Total Operating Income</b>	<b>1,720</b>	<b>5,293</b>	<b>(3,573)</b>	<b>(67.50)</b>	<b>7,013</b>	<b>1,917</b>	<b>5,096</b>	<b>265.83</b>
<b>Total Non-interest Income</b>	<b>2,040</b>	<b>5,645</b>	<b>(3,605)</b>	<b>(63.86)</b>	<b>7,685</b>	<b>2,475</b>	<b>5,210</b>	<b>210.51</b>

**Non-interest income of the Company and its subsidiaries in the second quarter of 2020 amounted to 2,040 million baht, a decrease of 3,605 million baht or 63.86 percent** from the previous quarter. This was mainly due to the following.

- Net fees and service income amounted to 320 million baht, a decrease of 32 million baht or 9.09 percent. This was mainly due to the decline of insurance brokerage fee income.
- Other operating income amounted to 1,720 million baht, a decrease of 3,573 million baht or 67.50 percent from the previous quarter. This was mainly due to the fact that in the previous quarter, there was gain on investment from selling of AJT's shares. In addition, share of profit from investments accounted for under equity method amounted to 672 million baht, a decrease of 282 million baht from the previous quarter. This was due to the fact that share of profit from TMB in this quarter declined from that of the previous quarter.

**Non-interest income of the Company and its subsidiaries for the first six-month period of 2020 amounted to 7,685 million baht, an increase of 5,210 million baht or 210.51 percent** from the same period last year. This was mainly due to the following.

- Net fees and service income amounted to 672 million baht, an increase of 114 million baht or 20.43 percent. This was mainly due to the increase in brokerage fees from securities business which was in line with the SET's trading volume.
- Other operating income amounted to 7,013 million baht, an increase 5,096 million baht or 265.83 percent. This was mainly due to gains on investments which amounted to 3,750 million baht. Most of which were from gain on selling of AJT's shares. At the same time, share of profit from investments accounted for under equity method amounted to 1,626 million baht. This was mainly from the share of profit from TMB.

## Other Operating Expenses

Other Operating Expenses (Million Baht)								
	2Q20	1Q20	Change		6M20	6M19 (Restated)	Change	
			+ / (-)	%			+ / (-)	%
Employee's Expenses	458	445	13	2.92	903	990	(87)	(8.79)
Premises and Equipment Expenses	60	60	-	-	120	124	(4)	(3.23)
Taxes and Duties	5	6	(1)	(16.67)	11	21	(10)	(47.62)
Directors' Remuneration	13	11	2	18.18	24	50	(26)	(52.00)
Other Expenses	169	212	(43)	(20.28)	381	425	(44)	(10.35)
<b>Total Other Operating Expenses</b>	<b>705</b>	<b>734</b>	<b>(29)</b>	<b>(3.95)</b>	<b>1,439</b>	<b>1,610</b>	<b>(171)</b>	<b>(10.62)</b>

In the second quarter of 2020, other operating expenses of the Company and its subsidiaries amounted to 705 million baht, a decrease of 29 million baht or 3.95 percent from the previous quarter. The main reason was due to the reduction of expenses on marketing, public relations, and advertising.

In the first six-month period of 2020, other operating expenses of the Company and its subsidiaries amounted to 1,439 million baht, a decrease of 171 million baht or 10.62 percent from the same period last year. The main reason was the decrease in employee's expenses as there was a one-time expense for retirement pension in the first six-month period last year.

## Expected Credit Losses / Impairment Loss of Loans and Debt Securities

Expected Credit Losses / Impairment Loss of Loans and Debt Securities (Million Baht)								
	2Q20	1Q20	Change		6M20	6M19 (Restated)	Change	
			+ / (-)	%			+ / (-)	%
Expected Credit Losses / Impairment Loss of Loans and Debt Securities (Reversal)	216	157	59	37.58	373	(286)	659	230.42

In the second quarter of the year 2020, the Company and its subsidiaries had expected credit losses in the amount of 216 million baht, an increase of 59 million baht or 37.58 percent from the previous quarter. The increase was to support the risks that may arise in the future due to the economic contraction from the effect of the epidemic of COVID-19.

In the first six-month period of 2020, the Company and its subsidiaries had expected credit losses in the amount of 373 million baht, while in the first six-month of the previous year, the Company and its subsidiaries had the reversal of impairment loss of loans and debt securities amounting to 286 million baht.



## Financial Position

### Consolidated Statements of Financial Position (Million Baht)

	30 June 2020		31 December 2019		Change	
	Amount	%	Amount	%	+/( - )	%
Cash	3	0.00	3	0.00	-	-
Interbank and Money Market Items-net						
- Deposits at Financial Institutions	24,299	16.34	7,404	4.60	16,895	228.19
Financial Assets Measured at Fair Value through Profit or Loss	5,862	3.94	-	-	5,862	100.00
Investments-net	10,817	7.27	41,551	25.82	(30,734)	(73.97)
Investments in Associated Companies-net	47,398	31.87	45,421	28.22	1,977	4.35
Net Loans to Customers and						
Accrued Interest Receivables	51,094	34.35	53,159	33.03	(2,065)	(3.88)
Property Foreclosed-net	3,050	2.05	3,128	1.94	(78)	(2.49)
Land, Premises and Equipment - net	272	0.18	301	0.19	(29)	(9.63)
Assets Classified as Held for Sale	-	-	3,423	2.13	(3,423)	(100.00)
Other Assets	5,937	4.00	6,537	4.07	(600)	(9.18)
<b>Total Assets</b>	<b>148,732</b>	<b>100.00</b>	<b>160,927</b>	<b>100.00</b>	<b>(12,195)</b>	<b>(7.58)</b>
Interbank and Money Market Items						
- Borrowings from Financial Institutions	9,376	6.30	15,660	9.73	(6,284)	(40.13)
Debts Issued and Borrowings	46,240	31.09	44,780	27.83	1,460	3.26
Insurance Contracts Liabilities	12,087	8.13	13,096	8.14	(1,009)	(7.70)
Other Liabilities	9,390	6.31	13,332	8.28	(3,942)	(29.57)
<b>Total Liabilities</b>	<b>77,093</b>	<b>51.83</b>	<b>86,868</b>	<b>53.98</b>	<b>(9,775)</b>	<b>(11.25)</b>
Company's Shareholders' Equity	63,396	42.63	65,833	40.91	(2,437)	(3.70)
Non-controlling Interests	8,243	5.54	8,226	5.11	17	0.21
<b>Total Shareholders' Equity</b>	<b>71,639</b>	<b>48.17</b>	<b>74,059</b>	<b>46.02</b>	<b>(2,420)</b>	<b>(3.27)</b>
<b>Total Liabilities and Shareholders' Equity</b>	<b>148,732</b>	<b>100.00</b>	<b>160,927</b>	<b>100.00</b>	<b>(12,195)</b>	<b>(7.58)</b>
Book Value per Share (Baht)	60.46		57.46			

### Assets

As of 30 June 2020, Thanachart Group's total assets amounted to 148,732 million baht, a decrease of 12,195 million baht or 7.58 percent from the end of 2019. Key factors are as follows:

- Financial assets measured at fair value through profit or loss amounted to 5,862 million baht.
- Net investment amounted to 10,817 million baht, a decrease of 30,734 million baht or 73.97 percent from the end of last year. This was mainly due to the sale and maturity of government bonds.

- Net investment in associated companies amounted to 47,398 million baht, an increase of 1,977 million baht or 4.35 percent from the end of last year.
- Net loans to customers and accrued interest receivables amounted to 51,094 million baht, a decrease of 2,065 million baht or 3.88 percent from the end of last year. This was mainly due to the decrease in new lending of Ratchathani Leasing, which was a result of a slowdown in its lending from the adjustment of the credit approval policy to be more cautious and more stringent in order to deal with the economic slowdown and a higher risk.

## **Liabilities**

**Total liabilities of Thanachart Group** as of 30 June 2020 **were 77,093 million baht, a decrease of 9,775 million baht or 11.25 percent** from the end of 2019. The key items were as follows:

- Interbank and money market items – borrowings from financial institutions amounted to 9,376 million baht, a decrease of 6,284 million baht or 40.13 percent from the end of last year. This was mainly from liquidity management.
- Debt issued and borrowings amounted to 46,240 million baht, an increase of 1,460 million baht or 3.26 percent from the end of last year. This was due to the fact that a subsidiary company issued long-term debt securities in the amount of 13,232 million baht while the Company and its subsidiary company redeemed their debt securities in the amount of 10,478 million baht.

## **Shareholders' Equity**

**Total shareholders' equity** as of 30 June 2020 **was 71,639 million baht, a decrease of 2,420 million baht or 3.27 percent** from the end of 2019. The total shareholders' equity comprised of the following:

- Equity attributable to the owners of the Company was 63,396 million baht, a decrease of 2,437 million baht or 3.70 percent. This was mainly due to the share repurchased of 4,863 million baht, the interim dividend payment paid for the performance in the second half of 2019 of 1,888 million baht, and the operating net profit of the Company in the first six-month period of 2020 in the amount of 5,345 million baht.
- Equity attributable to non-controlling interest amounted to 8,243 million baht, an increase of 17 million baht or 0.21 percent.

## Operating Results of Subsidiaries

### Operating Results of Subsidiaries (Million Baht)

Subsidiaries	% Shareholding	Net Profit (Loss)				
		2Q20	1Q20	2Q19	6M20	6M19
Thanachart Securities Public Company Limited	50.96%	129	112	1,437	241	1,536
Thanachart Insurance Public Company Limited	50.96%	296	185	805	481	1,083
TS AMC Company Limited	99.99%	25	3	1	28	252
Ratchthani Leasing Public Company Limited (Consol.)	57.49%	443	465	511	908	1,007
NFS AMC Company Limited	100.00%	(11)	(6)	19	(17)	130
MAX AMC Company Limited	83.44%	(6)	16	(4)	10	135
MBK Life Assurance Public Company Limited	51.00%	(153)	(132)	(52)	(285)	(82)

#### Thanachart Securities Public Company Limited

Average daily trading volume of Thanachart Securities Public Company Limited in the second quarter of 2020 was 3,095 million baht, a decrease from that of the previous quarter of 3,240 million baht. Market share of securities trading was at 2.40 percent. The trading volume could be divided into 70.73 percent of retails, 28.34 percent of institutions, and 0.93 percent of foreign investors.

**Net profit for the second quarter of 2020 amounted to 129 million baht, an increase of 17 million baht or 15.18 percent** from the previous quarter. Total income amounted to 394 million baht, an increase of 10.06 percent from brokerage fees of 288 million baht and interest income from margin loans of 31 million baht. Interest expenses and fees and service expenses equaled 44 million baht while operating expenses amounted to 190 million baht.

**Net profit for the first six-month period ended 30 June 2020 amounted to 241 million baht, a decrease of 1,295 million baht or 84.31 percent** from the same period last year. Total income was 752 million baht, a decrease of 68.94 percent, due to the fact that in the same period last year, there was the recognition of gains from the transfer of investments from available-for-sale investments to trading investments and recognizing the gains of 1,715 million baht in the profit and loss statement instead of recognizing as other comprehensive income. Meanwhile, brokerage fees amounted to 594 million baht, increased by 29.41 percent in line with the trading volume of the stock market and the company's market share during the period. Interest income from margin loans declined from the decrease in margin loans volume. Total expenses declined by 10.67 percent.

As of 30 June 2020, the company maintained its liquidity ratio (Net Liquid Capital Rules: NCR) at 124.70 percent, higher than the minimum requirement regulated by the Securities and Exchange Commissions (SEC) of 7.00 percent of general indebtedness and securities pledged.

#### Thanachart Insurance Public Company Limited

**In the second quarter of 2020**, Thanachart Insurance Public Company Limited had **total insurance premium of 1,868 million baht, a decrease of 368 million baht or 16.45 percent** from the previous quarter. This was due to the result of the COVID-19 outbreak. At the same time, **the company had total insurance premium in the first six-month period**

of 2020 in the amount of 4,104 million baht, an increase of 71 million baht or 1.76 percent from the same period last year. The increase was due to higher sales volumes through external brokers which grew more than 200 percent comparing to the same period last year.

For operating results, the company's net profit in the second quarter of 2020 amounted to 296 million baht, an increase of 111 million baht or 60.00 percent from the previous quarter. This was due to the reduction of insurance premium which resulted in a reversal of unearned premium reserve as the company's income as well as the decline in car insurance claims as a result of decreased in car accidents during the lockdown period. For the operating result in the first six-month period of 2020, the company had a net profit of 481 million baht, a decrease of 602 million baht or 55.59 percent from the same period last year. This was due to the fact that, in the second quarter of 2019, there was a transfer of investments in related companies from available-for-sale securities to securities held for trading and the company recognized the difference as gains of 768 million baht in profit and loss statement instead of being recorded in other comprehensive income.

#### **Ratchthani Leasing Public Company Limited**

At the end of the second quarter of 2020, Ratchathani Leasing Public Company Limited had total assets of 52,451 million baht, an increase of 1,747 million baht or 3.45 percent from the end of the previous year. The company had hire purchase loans in the amount of 47,760 million baht, a decrease of 1,949 million baht or 3.92 percent. The decrease was from the adjustment of the company's credit policy to be more cautious and more stringent in order to deal with the economic slowdown and a higher risk from economic uncertainties. Hire purchase loans accounted for 91.06 percent of total assets, which were mainly from truck hire purchase. Total liabilities and shareholders' equity of the company amounted to 44,528 million baht and 7,923 million baht, respectively.

Net profit according to the separate financial statements for the second quarter of 2020 amounted to 533 million baht, an increase of 97 million baht or 22.25 percent from the previous quarter. Total income was 1,127 million baht, an increase of 56 million baht or 5.23 percent while interest expenses were 287 million baht, an increase of 37 million baht or 14.80 percent from the acquisition of borrowings with interest bearing to support lending. Expected credit losses amounted to 65 million baht, a decrease of 75 million baht or 53.57 percent. This was due to its credit assistance measures to support customers affected by COVID-19 and the BOT's regulations on debt restructuring and moratorium on repayment of principal to alleviate financial burdens for customers experiencing financial difficulties whose participation were allowed to maintain the loans classification status.

Net profit according to the separate financial statements for the first six-month period of 2020 amounted to 969 million baht, an increase of 12 million baht or 1.25 percent from the same period last year. Total income was 2,198 million baht, an increase of 172 million baht or 8.49 percent, while the interest expenses were 537 million baht, an increase of 53 million baht or 10.95 percent from the acquisition of borrowings to support lending. Expected credit losses amounted to 205 million baht, an increase of 135 million baht or 192.86 percent. This was due to the fact that there was a reversal of general provision of 60 million baht in the same period last year which resulted in a less than usual provision in the second quarter last year.

**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.