



## THANACHART GROUP

# Company Overview

31 December 2008 (Audited)

---



# Table of Contents

<b>Section 1</b>	Thanachart Group
<b>Section 2</b>	Thanachart Group Financial Highlights
<b>Section 3</b>	Summary of Hire Purchase Business
<b>Section 4</b>	Appendix



Section 1

# Thanachart Group

---

---

# History

1974 - 1997

- Thanachart Capital was approved by the Ministry of Finance to operate finance and securities business in 1974.
- The Company has been a member number 16 of the Stock exchange of Thailand (SET) since 1979, and been a listed company of the SET on April 1, 1982.

1997-2004

- Finance and Securities businesses were separated in 1997.
- Thanachart Insurance and Thanachart Life Assurance were established in 1997.
- Thanachart Asset Management was established in 1998.
- Thanachart Bank was established in 2002.

2005-2006

- Thanachart Securities co-operated with BNP Paribas Peregrine in investment banking, research, and equity trading in 2005.
- In March 2006, TCAP returned its Finance Business License to the MOF.
- TCAP became the holding company of a fully integrated financial services group.

2007

- TBANK bought 8 subsidiaries from TCAP in order to comply with the group's reorganization plan.
- Scotiabank became a strategic partner of TBANK by holding 24.98% of TBANK's issued and paid-up shares.

2008

- Thanachart Bank, by its own request, was delisted from the SET in January.
- The SET reclassified TCAP's business sector from "Finance and Securities" sector to "Banking" sector on July 2.
- On November 13, the Bank of Thailand approved Scotiabank to hold 49% of TBANK.
- In November, TCAP increased holding stake in MAX-AMC to 83.4% from 58.5%.

# Group Structure

- Thanachart Bank is majority held by Thanachart Capital holding **50.92%** and the Bank of Nova Scotia holding **48.99%**.

**Thanachart Capital**



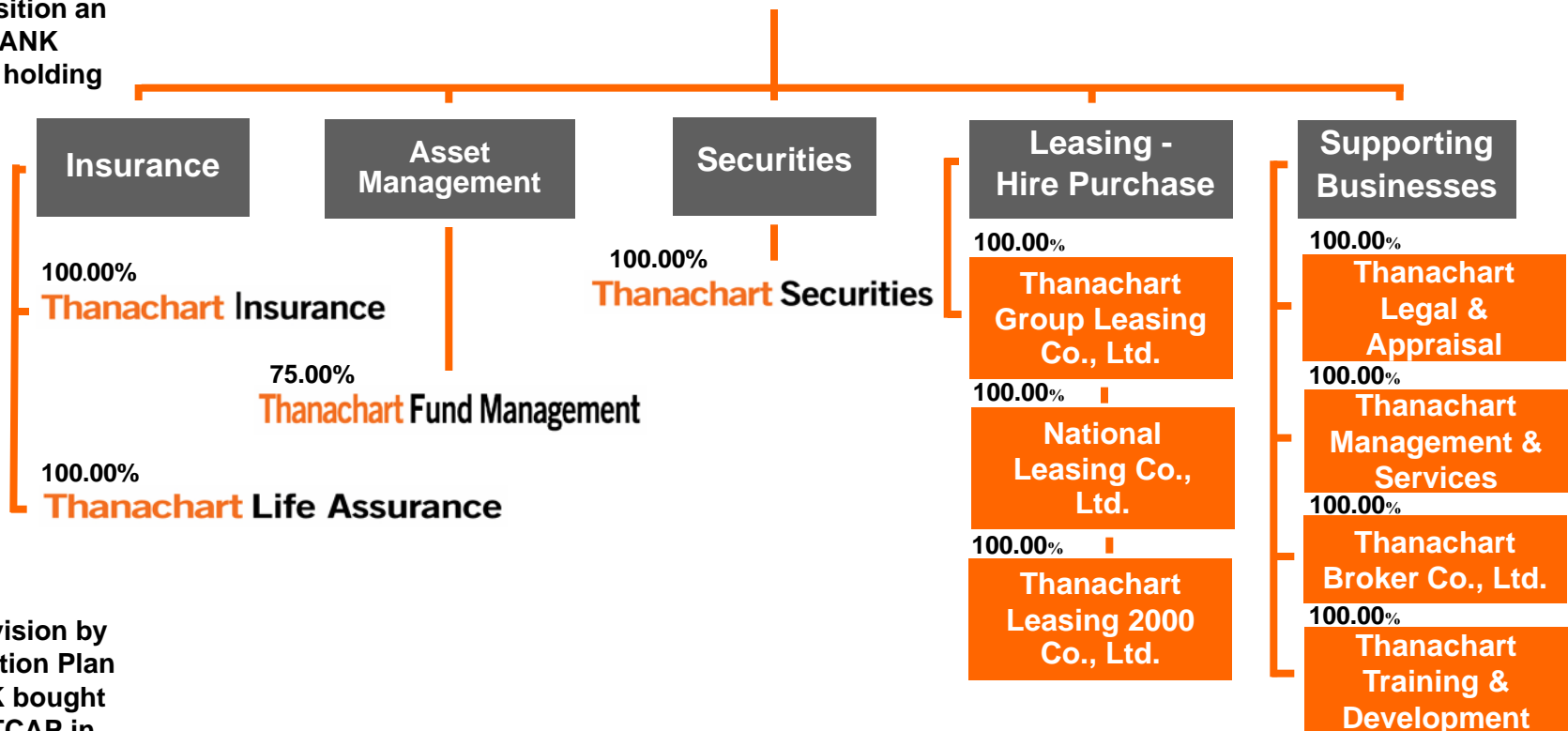
50.92%

**Thanachart Bank**

48.99%

As of 3 Feb 2009

- On 3 Feb 2009, Scotiabank completed the acquisition an additional 24% of TBANK raising Scotiabank's holding in TBANK to 49%.



- To comply with the Consolidated Supervision by BOT and Reorganization Plan of the Group, TBANK bought 8 subsidiaries from TCAP in July 2007.

# Fact Sheet

- Total of 13,213 shareholders as at 13 October 2008.
- Thanachart Capital is owned by a diverse range of foreign investors, mostly institutional.
- Thanachart Bank is now a medium sized bank with a niche in consumer finance and retail lending
- Thanachart Bank is the 8<sup>th</sup> largest bank in Thailand according to assets size.

## TCAP Shareholding Structure

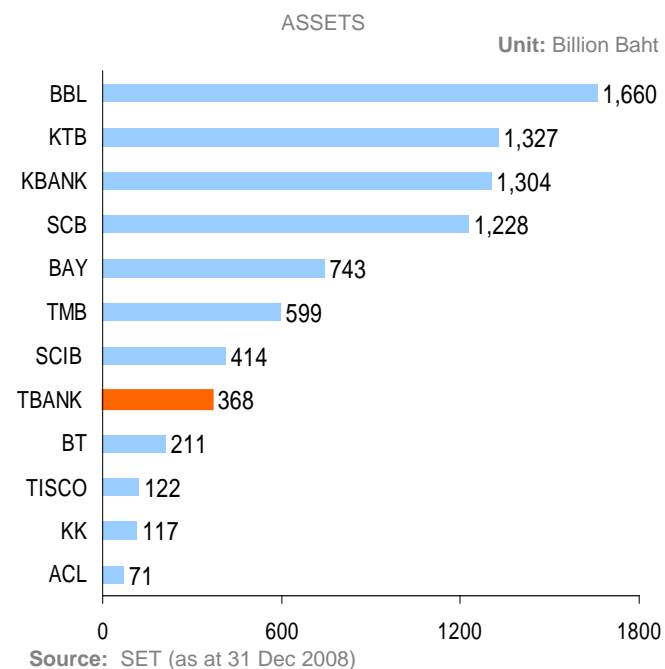
Top Ten Shareholders	%
1. Com-link Co., Ltd.	10.00
2. Thai NVDR Co., Ltd.	10.00
3. MBK Plc.	9.75
4. Chase Nominees Limited 42	4.54
5. Mr. Banpoj Damapong	4.28
6. State Street Bank and Trust Company	3.10
7. The Southeast Life Insurance Co., Ltd.	2.08
8. Clearstream Nominees Ltd.	1.77
9. Somers (U.K.) Limited	1.60
10. Raffles Nominees (PTE) Ltd.	1.51
<b>Total</b>	<b>48.63</b>

Source: TSD (as at 13 October 2008)

## Thanachart Capital

• Paid-up Capital	13,332 MB
• Total Equity	32,361 MB

Source: Company Data (as at 31 Dec 2008)



## Thanachart Bank Market Share

	Amount (MB)	Market Share (%)
Assets	368,272	4.5
Loans	272,925	4.7
Deposits*	318,760	4.8
# Branches	213	4.1

Source: BOT; SET; Company Data (as at 31 Dec 2008)

\* Including short-term borrowings



Section 2

## Thanachart Group Financial Highlights

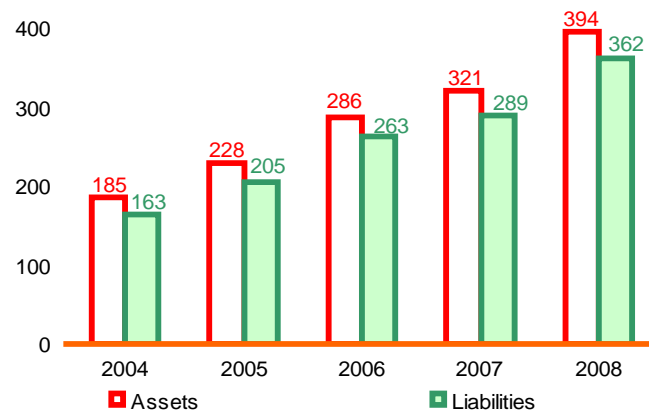
---

---

# Assets & Liabilities

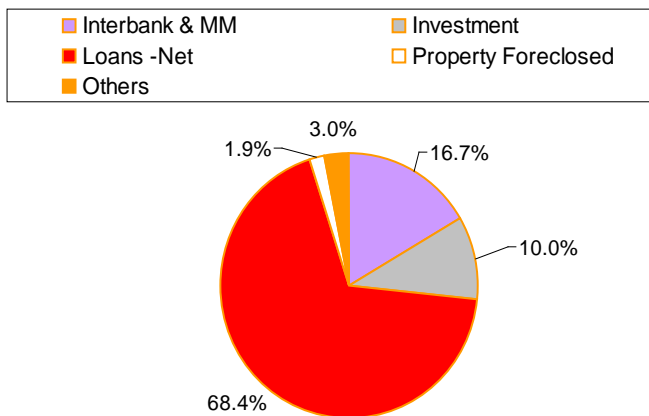
- Thanachart Group has been able to grow its assets and loans.
- Loans CAGR since the end of 2004 to 2008 is equal to 21%.

**Assets vs Liabilities**  
THB BN



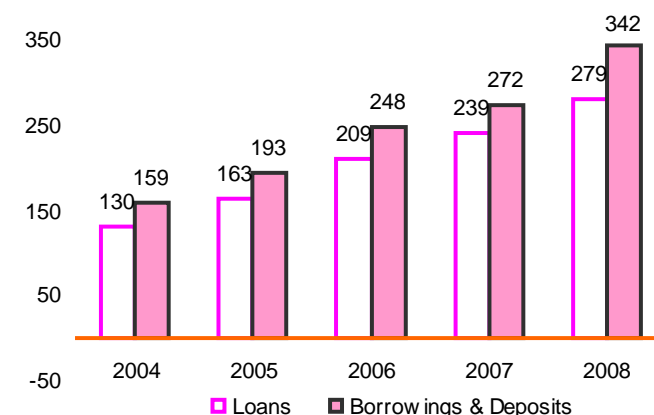
Source: Company Data

**Assets Breakdown**  
%



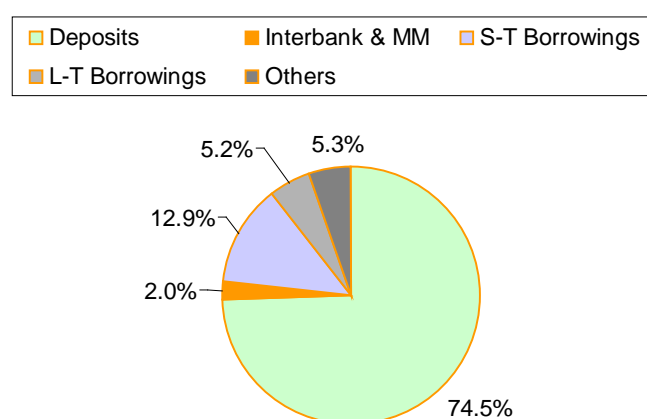
Source: Company Data (as at 31 Dec 2008)

**Loans vs Borrowings & Deposits**  
THB BN



Source: Company Data

**Liabilities Breakdown**  
%



Source: Company Data (as at 31 Dec 2008)

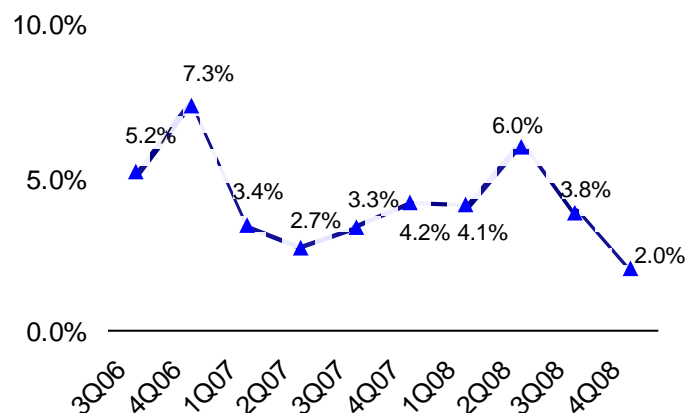


# Loans Portfolio

- Hire Purchase Loans accounted for 75.7% of total loans and accrued interest receivable and 53.7% of total assets.
- Total loans and HP loans grew 16.8% and 10.9% respectively from the end of last year.

## Loans Growth (QoQ)

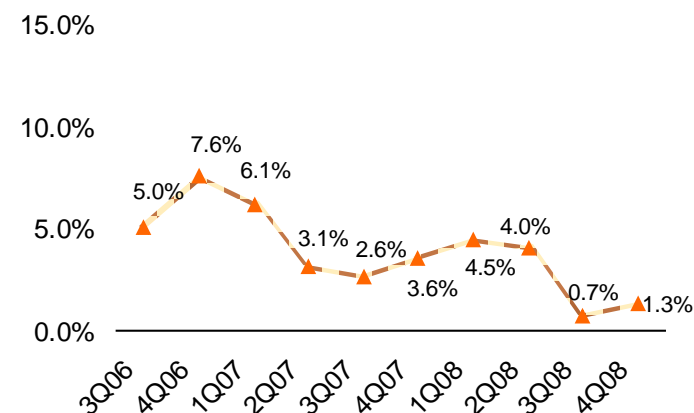
%



Source: Company Data

## HP Loan Growth (QoQ)

%



Source: Company Data

Unit: Million Baht

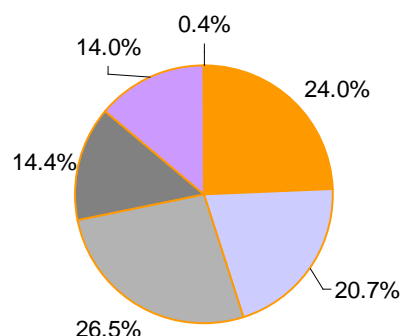
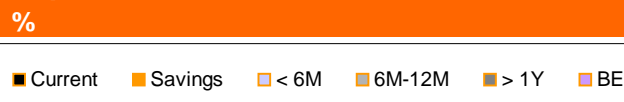
Loans and Accrued Interest	2005	%	2006	%	2007	%	2008	%
Manufacturing & Commerce	7,082	4.3	5,914	2.8	7,717	3.2	13,404	4.8
Real Estate & Construction	5,113	3.1	7,558	3.6	7,258	3.0	15,596	5.6
Public Utilities & Services	10,281	6.3	7,996	3.8	9,129	3.8	13,829	4.9
Hire Purchase	121,251	74.4	164,325	78.4	191,025	79.8	211,828	75.7
Housing Loans	11,120	6.8	9,793	4.7	8,143	3.4	7,724	2.8
Personal Loans	3,251	2.0	7,792	3.7	8,519	3.6	8,556	3.1
Others	4,863	3.0	6,187	3.0	7,699	3.2	8,837	3.2
<b>Total</b>	<b>162,961</b>	<b>100.0</b>	<b>209,565</b>	<b>100.0</b>	<b>239,490</b>	<b>100.0</b>	<b>279,774</b>	<b>100.0</b>

Source: Company Data

# Borrowings & Deposits

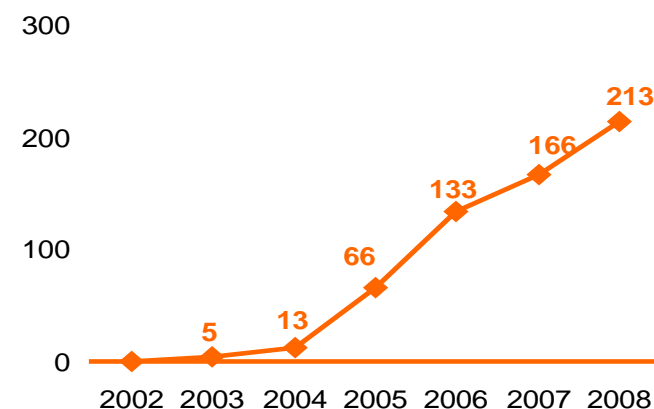
- As banking branches expand, an increased portion of funding will originate from public savings deposits.
- In term of No. of branches, Mini vs Full branches 103 : 110 BKK vs Up-country 112 : 101.
- Expansion of banking branches will lead to more fund raising, stability of deposits, channels of distribution, and cost of funds reduction.

## Deposits Breakdown



Source: Company Data (as at 31 Dec 2008)

## Branch Expansion



Source: Company Data

Unit: Million Baht

Borrowings & Deposits	2005	2006	2007	2008	%
<b>Deposits + B/E from Public</b>	<b>148,371</b>	<b>203,341</b>	<b>239,525</b>	<b>314,065</b>	<b>91.7%</b>
Public Deposits	148,371	198,527	188,166	269,730	78.8%
B/E from Public	-	4,814	51,359	44,335	12.9%
<b>Interbank and Money Market Items</b>	<b>2,601</b>	<b>4,507</b>	<b>3,709</b>	<b>7,293</b>	<b>2.1%</b>
<b>Borrowings</b>	<b>41,950</b>	<b>40,221</b>	<b>28,606</b>	<b>21,128</b>	<b>6.2%</b>
Debentures	7,521	7,087	6,845	12,741	3.7%
Promissory Notes	15,964	15,665	7,730	500	0.1%
B/E and Others	18,465	17,469	14,031	7,887	2.3%
<b>Total</b>	<b>192,922</b>	<b>248,069</b>	<b>271,840</b>	<b>342,486</b>	<b>100.0%</b>

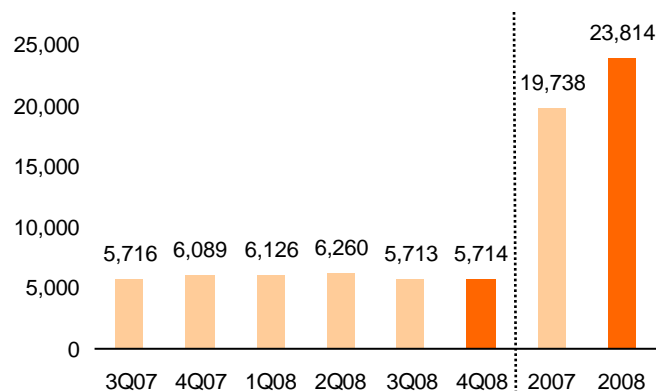
Source: Company Data

# Performance

## 2008 vs. 2007

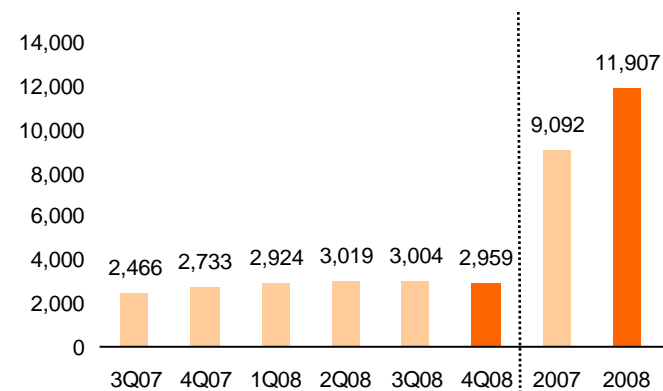
- Total Income up 20.6% from  
+ NII up 31.0%.
- Non-Interest Income up 11.8%,  
mainly from fees and services  
income and income from HP  
related business (life/non-life  
insurance).
- NII up 31.0% from  
+ HP Interest Income up 12.3%.
- Interest Expenses dropped by  
2.1%.
- Profit down 1.8%

### Total Income THB MN



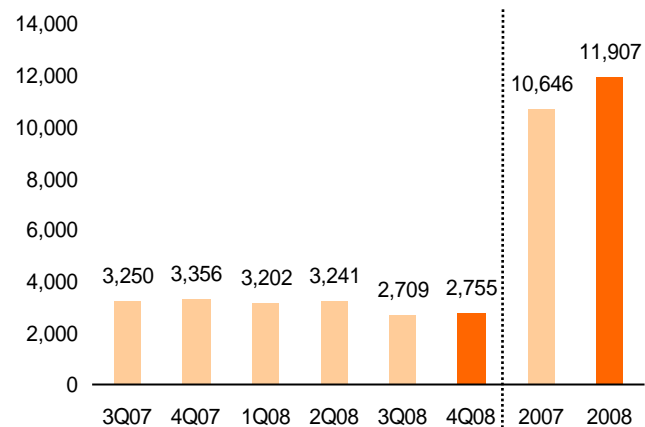
Source: Company Data

### Net Interest Income THB MN



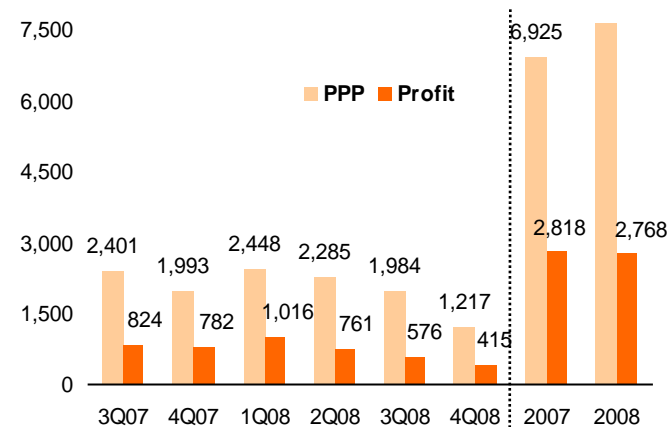
Source: Company Data

### Non-Interest Income THB MN



Source: Company Data

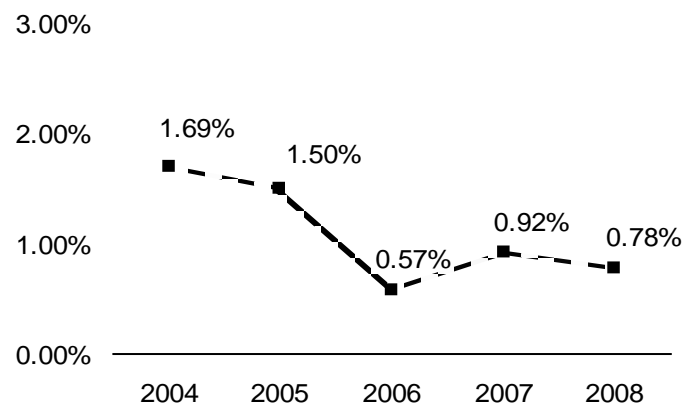
### Pre-Provision Profit and Net Profit THB MN



Source: Company Data

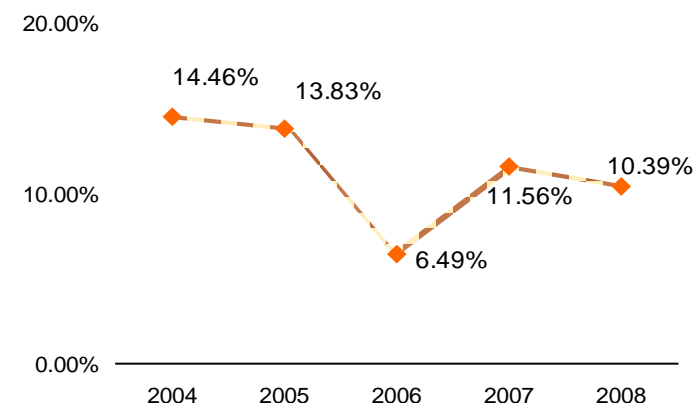
# Financial Ratios

## ROAA %



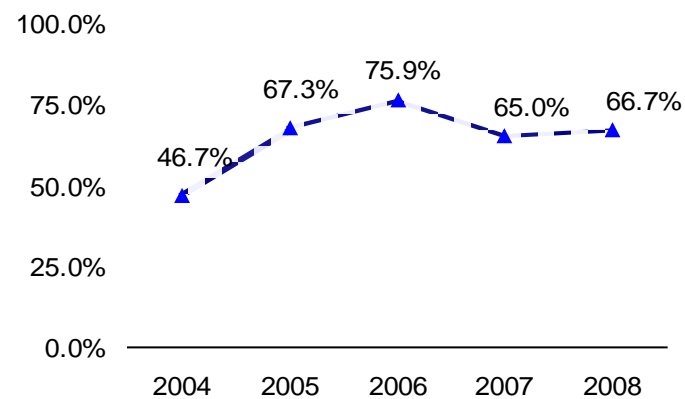
Source: Company Data

## ROAE %



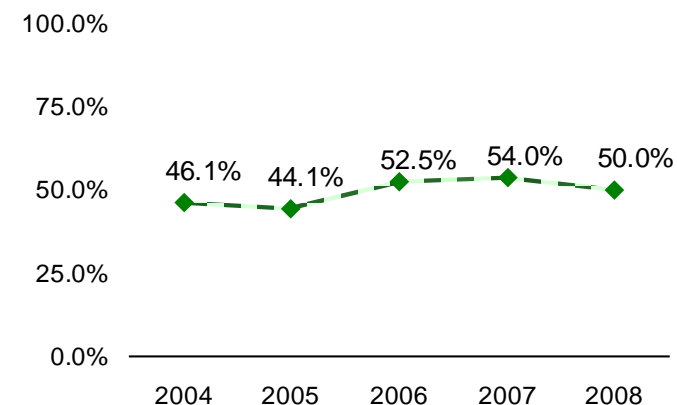
Source: Company Data

## Cost to Income %



Source: Company Data

## Non-Interest Income Ratio %



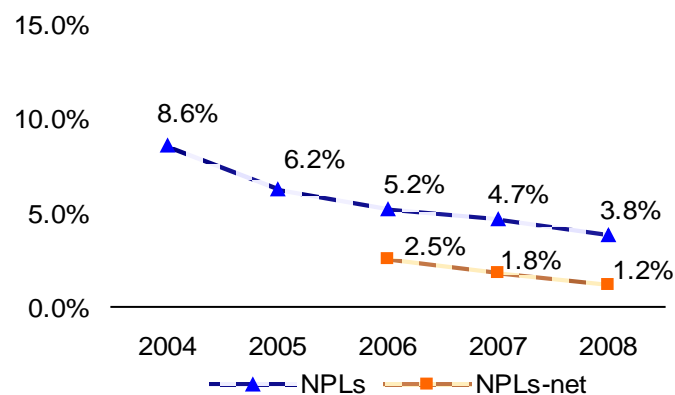
Source: Company Data

# Strengthened Assets and Capital Profile

- Thanachart has also been able to strengthen its asset and capital profile.
- The Group's NPLs ratio has been significantly decreasing after the crisis.
- As at 31 December 2008, NPLs = 12,265 MB up from 11,260 MB at the end of 2007 while allowance for doubtful accounts = 9,947 MB up from 8,417 MB at the end of 2007.
- Thanachart has already set aside its provision in line with the new reserve requirement regulation imposed by the BOT since 1Q07.

## NPLs / Total Loans

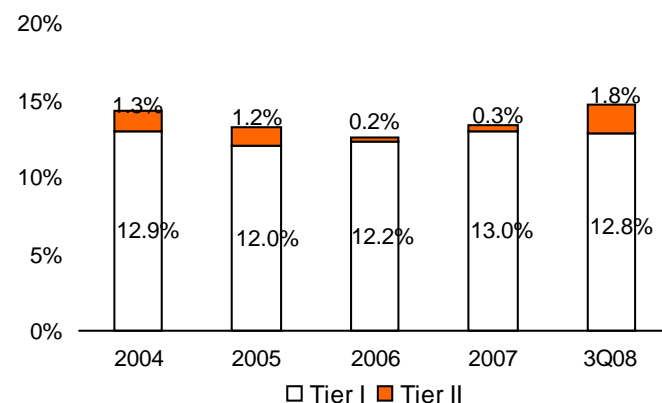
%



Source: Company Data

## BIS Ratio

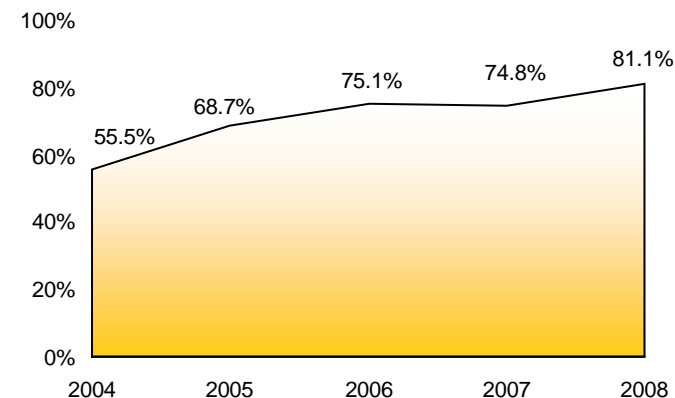
%



Source: Company Data  
BIS Ratio of 3Q08 will be announced.

## LLR / NPLs

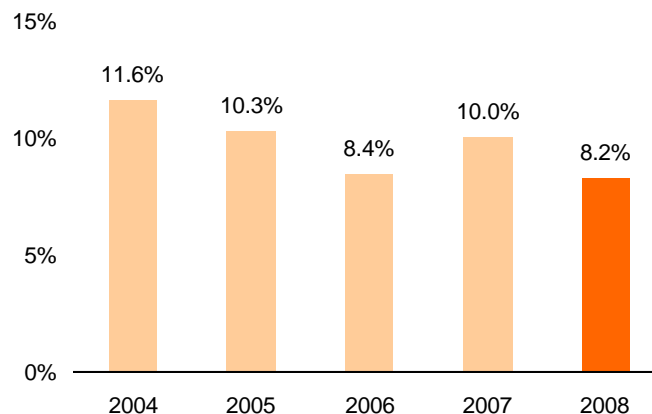
%



Source: Company Data

## Equity / Asset

%



Source: Company Data

# Subsidiaries Performance

Unit: Million Baht

- In November 2008, the Company purchased the additional investment in MAX-AMC in the amount of Baht 242 million from MSCF. This transaction made the Company hold the shares in MAX-AMC up to 83.4% from 58.5%.

Net Profit	% of Holding Direct/Indirect	2006	2007	2008
Thanachart Bank Plc. (the Bank only)	74.9%	225	991	1,304
Thanachart Securities Plc.	74.9%	207	257	97
Thanachart Fund Management	56.2%	57	102	123
Thanachart Insurance	74.9%	28	66	63
Thanachart Life Assurance	74.9%	103	176	350
NFS-AMC	100.0%	82	78	253
MAX-AMC	83.4%	308	98	130
<b>Total</b>		<b>1,010</b>	<b>1,767</b>	<b>2,320</b>

Source: Company Data



### Section 3

## Summary of Hire Purchase Business

---

---

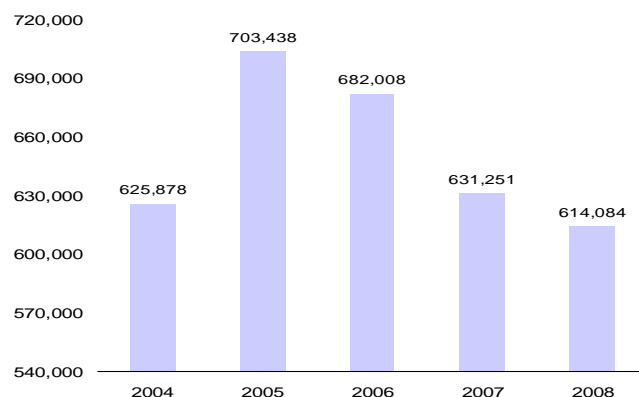
# Hire Purchase Growth

- The Thanachart hire purchase loan portfolio has experienced high growth rate since the beginning up until now.
- Thanachart has maintained its market leading position in the auto hire purchase market and has been able to dictate a healthy rate in the market.

	2005	2006	2007	2008	% Growth Y on Y
Domestic New Car Sales (Units)	703,438	682,008	631,251	614,084	-2.7%
Number of Thanachart Group HP Lease (Units)	170,543	217,318	204,624	213,561	4.4%
Total Number of Thanachart Group HP Lease (Units)	431,565	584,252	704,411	801,565	13.8%
Amount of Thanachart Group HP Loans (Baht Million)	68,493	91,013	87,717	93,389	6.5%
Total Outstanding Thanachart Group HP Loans (Baht Million)	122,178	164,325	191,025	211,828	10.9%

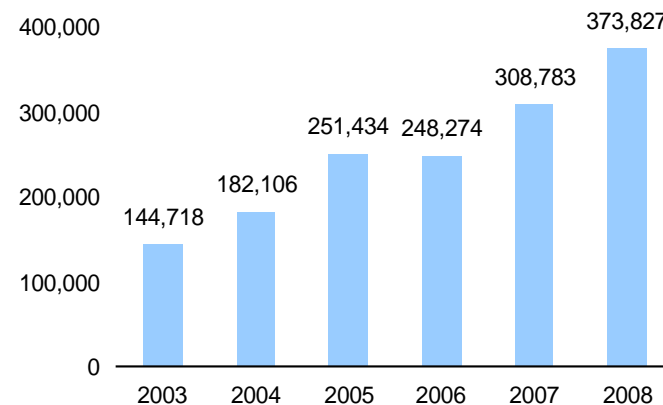
Source: Bank of Thailand; Company Data

**New Automobile Sales in Thailand**  
Units



Source: Bank of Thailand; Company Data

**Outstanding New Car Loans by Financial Institutions**  
THB MN



Source: Bank of Thailand



# Hire Purchase Asset Quality

- The Thanachart hire purchase portfolio has very low levels of NPLs.
- In addition, the recovery rate on NPLs for auto hp average about 80%.

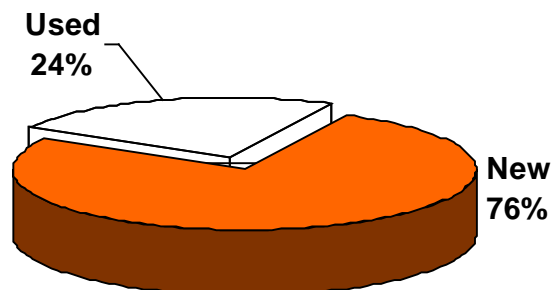
Unit: Million Baht

31-Dec-08	New Cars		Used Cars		Car Fleet	Total
	Bangkok	Other Areas	Bangkok	Other Areas		
PL	50,948	99,251	13,661	34,765	1,415	200,040
	98.31%	98.24%	97.41%	97.91%	99.16%	98.15%
NPL	874	1,781	363	741	12	3,771
	1.69%	1.76%	2.59%	2.09%	0.84%	1.85%

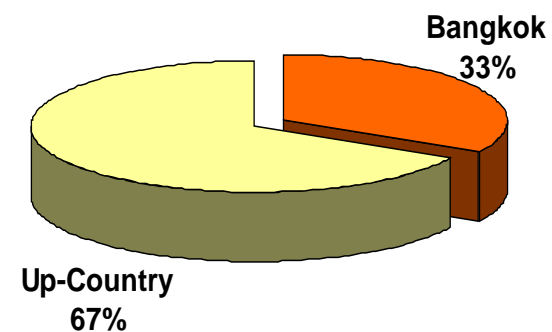
Thanachart Capital and Thanachart Bank only

**HP Portfolio by Type of Car (Amount)**

%


**HP Contract Value by Region**

%



Source: Company Data (as at 31 Dec 2008)

Source: Company Data (as at 31 Dec 2008)



#### Section 4

# Appendix

---

---

# TCAP Financial Information

Income Statements	2005	2006	2007	2008	Variance (2008/2007)	
					Amount	%
HP Income	7,028	10,425	13,118	14,736	1,618	12.3%
<b>Total Interest Income</b>	<b>10,935</b>	<b>16,951</b>	<b>18,799</b>	<b>21,413</b>	<b>2,614</b>	<b>13.9%</b>
Interest Expenses	4,421	10,042	9,707	9,506	-201	-2.1%
<b>Net Interest Income</b>	<b>6,514</b>	<b>6,909</b>	<b>9,092</b>	<b>11,907</b>	<b>2,815</b>	<b>31.0%</b>
Non-Interest Income	5,144	7,643	10,646	11,907	1,261	11.8%
Operating Expenses	7,842	11,043	12,813	15,878	3,065	23.9%
<b>Pre Provision Profit</b>	<b>3,816</b>	<b>3,509</b>	<b>6,925</b>	<b>7,936</b>	<b>1,011</b>	<b>14.6%</b>
Provision	294	-924	-2,051	-3,594	-1,543	75.2%
<b>Income before Tax</b>	<b>4,108</b>	<b>2,585</b>	<b>4,874</b>	<b>4,342</b>	<b>-532</b>	<b>-10.9%</b>
Tax	-972	-965	-1,705	-1,000	705	-41.3%
Minority Interest	-33	-152	-351	-574	-223	63.5%
<b>Net Profit</b>	<b>3,104</b>	<b>1,468</b>	<b>2,818</b>	<b>2,768</b>	<b>-50</b>	<b>-1.8%</b>

Balance Sheets	2005	2006	2007	2008	Variance (2008/2007)	
					Amount	%
MM	4,912	27,064	40,462	65,790	25,328	62.6%
RP	19,700	6,300	2,500	0	-2,500	-100.0%
Investment	33,203	34,766	28,874	39,385	10,511	36.4%
Loans	160,366	207,472	237,307	277,554	40,247	17.0%
Others	9,938	10,627	12,113	11,407	-706	-5.8%
<b>Total Assets</b>	<b>228,119</b>	<b>286,229</b>	<b>321,256</b>	<b>394,136</b>	<b>72,880</b>	<b>22.7%</b>
Deposits	148,371	198,527	188,166	269,730	81,564	43.3%
Borrowings						
-Short-term	1,254	18,460	65,848	46,653	-19,195	-29.2%
-Long-term	40,696	26,575	14,117	18,811	4,694	33.3%
MM	2,601	4,507	3,709	7,293	3,584	96.6%
Others	11,811	14,729	17,154	19,288	2,134	12.4%
<b>Total Liabilities</b>	<b>204,733</b>	<b>262,798</b>	<b>288,994</b>	<b>361,775</b>	<b>72,781</b>	<b>25.2%</b>
Equity	22,639	22,565	26,208	26,592	384	1.5%
MI	747	866	6,054	5,769	-285	-4.7%
<b>Total Equity</b>	<b>23,386</b>	<b>23,431</b>	<b>32,262</b>	<b>32,361</b>	<b>99</b>	<b>0.3%</b>

Key Financial Ratio	2005	2006	2007	2008
ROA	1.50%	0.57%	0.92%	0.78%
ROE	14.31%	6.49%	11.56%	10.39%
Yield	5.50%	6.87%	6.42%	6.27%
Funding Cost	2.52%	4.55%	3.72%	3.17%
Loan Spread	3.98%	2.72%	3.54%	3.93%
Interest Spread	2.99%	2.31%	2.70%	3.10%
NIM	3.28%	2.80%	3.11%	3.49%
Non-interest Income Ratio	44.12%	52.52%	53.99%	50.00%
Cost to Income	67.27%	75.89%	64.98%	66.68%
Loans to Deposits	109.67%	102.92%	99.88%	88.98%
Coverage Ratio	68.68%	75.07%	74.75%	-
NPLs Ratio	6.20%	5.18%	4.71%	4.39%
Net Profit Margin	19.30%	5.97%	9.56%	8.31%
EPS (Baht)	2.33	1.10	2.11	2.08
DPS (Baht)	0.80	0.80	0.90	0.30*


\* Interim Dividend for half year performance of 2008

Quarterly Performance	3Q07	4Q07	1Q08	2Q08	3Q08	4Q08
HP Income	3,349	3,431	3,582	3,666	3,725	3,763
Total Interest Income	4,810	4,711	5,095	5,162	5,416	5,738
Interest Expenses	2,343	1,979	2,171	2,143	2,412	2,778
<b>Net Interest Income</b>	<b>2,466</b>	<b>2,733</b>	<b>2,924</b>	<b>3,019</b>	<b>3,004</b>	<b>2,960</b>
Non-interest Income	3,250	3,356	3,202	3,241	2,709	2,755
Operating Expenses	3,315	4,095	3,678	3,976	3,728	4,497
<b>Pre Provision Profit</b>	<b>2,401</b>	<b>1,993</b>	<b>2,448</b>	<b>2,285</b>	<b>1,984</b>	<b>1,218</b>
Provision	-667	-1,001	-726	-1,021	-1,157	-690
<b>Income before Tax</b>	<b>1,735</b>	<b>992</b>	<b>1,722</b>	<b>1,264</b>	<b>827</b>	<b>528</b>
Tax	-709	-79	-467	-294	-165	-74
<b>Minority Interest</b>	<b>-202</b>	<b>-131</b>	<b>-239</b>	<b>-209</b>	<b>-86</b>	<b>-39</b>
<b>Net Profit</b>	<b>824</b>	<b>782</b>	<b>1,016</b>	<b>761</b>	<b>576</b>	<b>415</b>

# Scotiabank Information

- Scotiabank is the most international bank and the third largest bank by assets in Canada.
- Scotiabank started its business operation in 1832 (177 years ago).
- Its core businesses include
  - Domestic Banking (Retail Banking)
  - International Banking
  - Scotia Capital (Wholesale banking)
- Scotiabank is the leader in automotive finance.
- Scotiabank has over 12.5 million customers in 50 countries worldwide.
- Scotiabank has no direct exposure to U.S. sub-prime mortgage.

Unit: Million \$

	2005	2006	2007	2008
Net interest income	5,871	6,408	7,098	7,574
Total revenue	10,400	11,208	12,490	11,876
Provision for credit losses	230	216	270	630
Non-interest expenses	6,043	6,443	6,994	7,296
Provision for income taxes	847	872	1,063	691
Net income available to common shareholders	3,184	3,549	3,994	3,033
Basic earnings per share (\$)	3.19	3.59	4.04	3.07
Return on equity (%)	20.9	22.1	22.0	16.7
Net interest margin on total average assets (%)	2.00	1.95	1.89	1.75
Tier 1 capital ratio (%)	11.1	10.2	9.3	9.3
Total capital ratio (%)	13.2	11.7	10.5	11.1
Net impaired loans (\$ millions)	681	570	601	1,191
Dividends per share (\$)	1.32	1.50	1.74	1.92
Dividend yield (%)	3.3	3.3	3.4	4.3
Market capitalization (\$ millions)	42,568	48,783	52,612	39,865
Employees	46,631	54,199	58,113	69,049
Branches and offices	1,959	2,191	2,331	2,672
Loans and acceptances	178,003	212,329	238,685	300,649
Total assets	314,025	379,006	411,510	507,625
Deposits	217,445	263,914	288,458	346,580
Preferred shares	600	600	1,635	2,860

Source: BNS 2008 Annual Report; www.scotiabank.com

## Scotiabank Commitment to TBANK

Scotiabank has demonstrated a long term commitment to Thailand:

- Scotiabank has been in Thailand for over 27 years
- Scotiabank made a substantial investment in Thanachart Bank (closed post political disruption in 2007):
  - Acquired 24.98% in July 2007 for THB 7.1 Billion
  - Hold 49% in February 2009
  - Seconded 6 experienced Scotiabankers to work with Thanachart Bank staff in Retail & SME, Risk Management, Corporate, Treasury, Operations, Financial Institution
  - 3 Board seats plus 2 seat nominated by Scotiabank
  - Our partnership is working well

### Key Priorities:

- Corporate** – Accelerate growth via sales management
- Retail** – Sales & Service, Cross sell, Products (Cards, Mortgages)
- Treasury** – Reduce COF, increase returns on investment portfolios
- Operations** – Centralize to reduce costs & improve productivity
- Risk** – Efficiency and control, policies for cards and unsecured

### Contributions from Scotiabank:

- Corporate** – Sales mgmt introduced, Trade Finance business quadrupled
- Retail** – Card project commenced, National Mortgage program under development, collections improved
- Treasury** – Improve on investment yield
- Risk** – Reorganization completed, credit approval process accelerated

## Investor Relations

---

**Thanachart Capital Public Company Limited**

**16th Floor, MBK Tower,**

**444 Phayathai Rd., Wangmai,**

**Pathumwan, Bangkok 10330**

**Tel: (662) 613-6107**

**Fax: (662) 217 - 8312**

**E-mail: [IR.NF@thanachart.co.th](mailto:IR.NF@thanachart.co.th)**

**Website: <http://www.thanachart.co.th/ir.html>**

## Disclaimer Statement

**PLEASE BE ADVISED THAT THIS PRESENTATION MAY CONTAIN EXPECTATIONS AND ASSUMPTIONS THAT ARE SUBJECT TO CHANGE AT ANY TIME. RESULTS AND FUTURE PERFORMANCE ARE NOT GUARANTEED AND MAY DIFFER FROM EXPECTATIONS.**