



## THANACHART GROUP

# Company Overview

31 March 2008

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Section 1

# Thanachart Group

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# 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, Thanachart Capital returned its Finance Business License to the MOF.
- Thanachart Capital became the holding company of a fully integrated financial services group.

2007

- Thanachart Bank bought 8 subsidiaries from Thanachart Capital in order to comply with the group's reorganization plan.
- The Bank of Nova Scotia became a strategic partner of Thanachart Bank by holding 24.98% of Thanachart Bank's issued and paid-up shares.

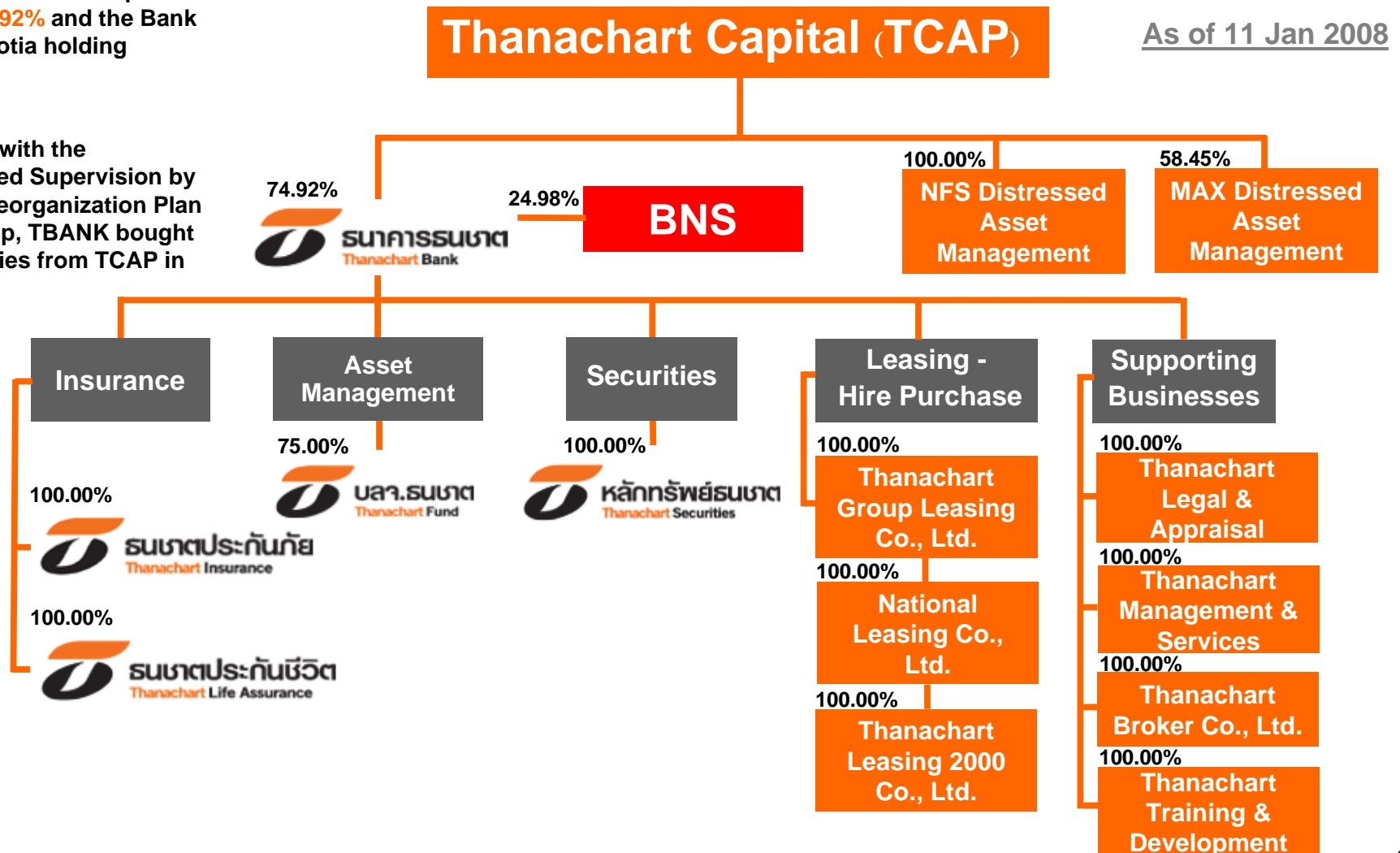
2008

- Thanachart Bank, by its own request, was delisted from the Stock Exchange of Thailand in January.

# TCAP the Holding Company

- Thanachart Bank is majority held by Thanachart Capital holding **74.92%** and the Bank of Nova Scotia holding **24.98%**.

- 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 13,032 shareholders as at 9 Apr 2008.
- Thanachart Capital is owned by a diverse range of foreign investors, mostly institutional.
- Thanachart Bank is a small to 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. Thai NVDR Co., Ltd.	10.65
2. Com-link Co., Ltd.	10.42
3. MBK Plc.	9.75
4. Chase Nominees Limited 42	4.65
5. Mr. Banpoj Damapong	4.28
6. State Street Bank and Trust Company	2.81
7. Morgan Stanley & Co. International Plc.	2.62
8. The Southeast Life Insurance Co., Ltd.	2.08
9. HSBC (Singapore) Nominees Pte Ltd.	1.79
10. Clearstream Nominees Ltd.	1.77
<b>Total</b>	<b>50.82</b>

Source: TSD (as at 9 April 2008)

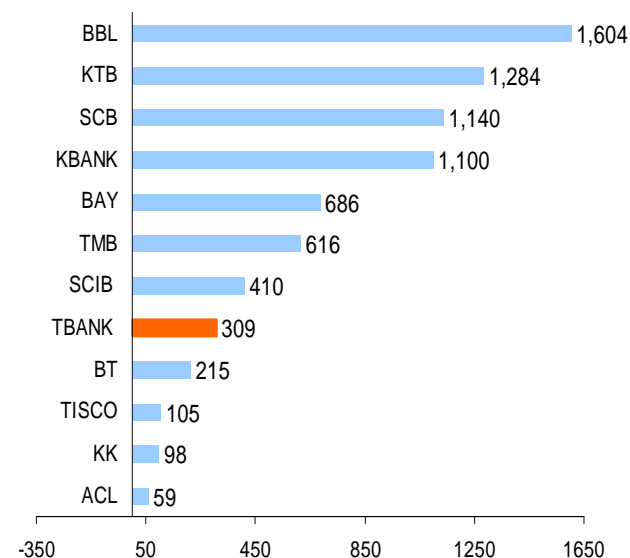
## Thanachart Capital

• Paid-up Capital	13,331 MB
• Total Equity	33,805 MB

Source: Company Data (as at 31 Mar 2008)

## ASSETS

Unit: Billion Baht



Source: SET (as at 31 Mar 2008)

## Thanachart Bank Market Share

	Amount (MB)	Market Share (%)
<b>Assets</b>	309,120	4.1
<b>Loans</b>	237,980	4.3
<b>Deposits</b>	259,168	4.3
<b># Branches</b>	172	3.5

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



Section 2

# Thanachart Group Financial Highlights

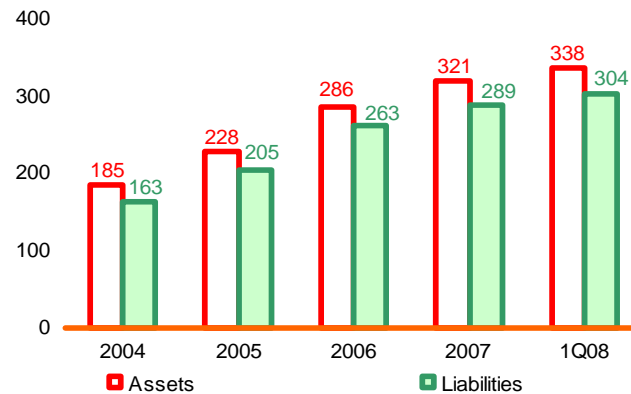
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# Assets & Liabilities

- Thanachart Group has been able to grow its assets and loans.

## Assets vs Liabilities

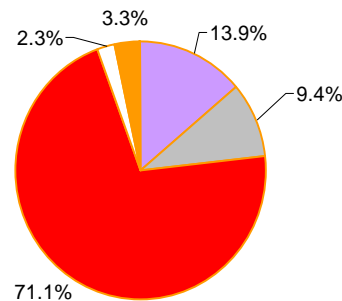
THB BN



Source: Company Data

## Assets Breakdown

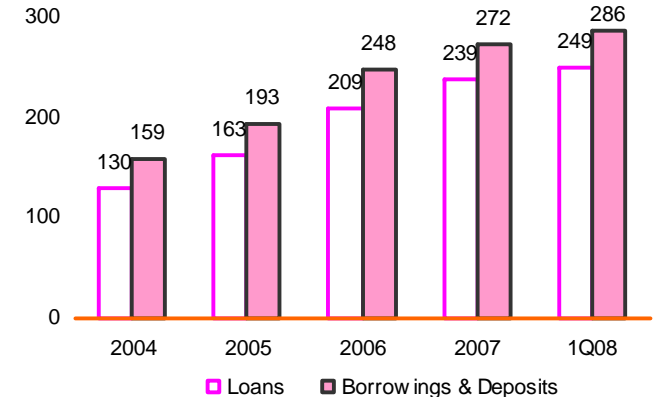
%



Source: Company Data (as at 31 Mar 2008)

## Loans vs Borrowings & Deposits

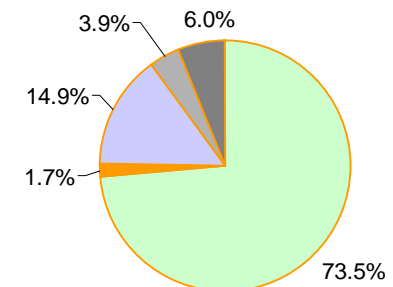
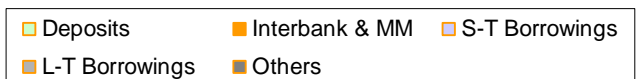
THB BN



Source: Company Data

## Liabilities Breakdown

%

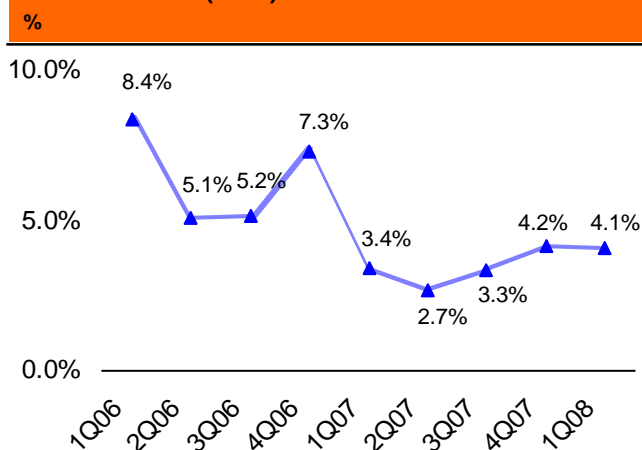


Source: Company Data (as at 31 Mar 2008)

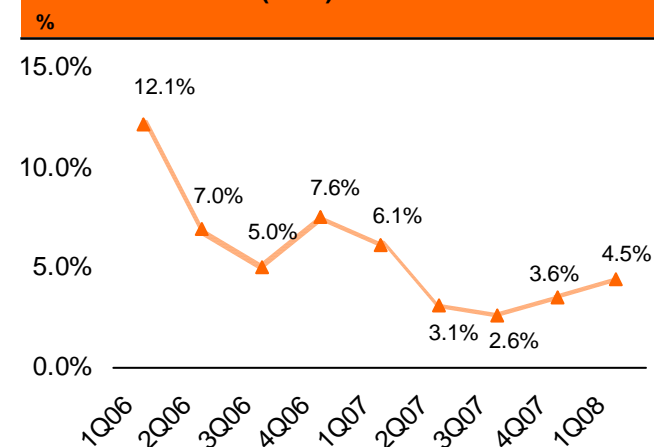


# Loans Portfolio

- Hire Purchase Loans accounted for 80.0% of total loans and accrued interest receivable and 59.0% of total assets.
- HP loans growth has been improving since 2Q07.

**Loans Growth (QoQ)**


Source: Company Data

**HP Loans Growth (QoQ)**


Source: Company Data

Unit: Million Baht

Loans and Accrued Interest	2005	%	2006	%	2007	%	1Q08	%
Manufacturing & Commerce	7,082	4.4	5,914	2.8	7,717	3.2	7,874	3.2
Real Estate & Construction	5,113	3.1	7,558	3.6	7,258	3.0	9,036	3.6
Public Utilities & Services	10,281	6.3	7,996	3.8	9,129	3.8	9,242	3.7
Hire Purchase	121,251	74.4	164,325	78.4	191,025	79.8	199,542	80.0
Housing Loans	11,120	6.8	9,793	4.7	8,143	3.4	7,859	3.2
Others	8,114	5.0	13,979	6.7	16,218	6.8	15,770	6.3
<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>249,323</b>	<b>100.0</b>

Source: Company Data

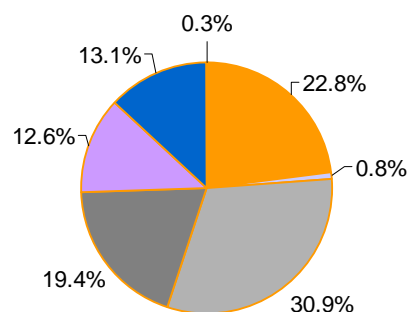
# Borrowings & Deposits

- As banking branches expand, an increased portion of funding will originate from public savings deposits.
- With the target of **350** branches within 2010, Thanachart has been continuously aggressive in opening its outlets. It is expected to open around **80** branches in 2008.
- In term of No. of branches, Mini vs Full branches 86 : 86 BKK vs Up-country 88 : 84.
- Expansion of banking branches will lead to more fund raising, stability of deposits, channels of distribution, and cost of funds reduction.

## Deposits Breakdown

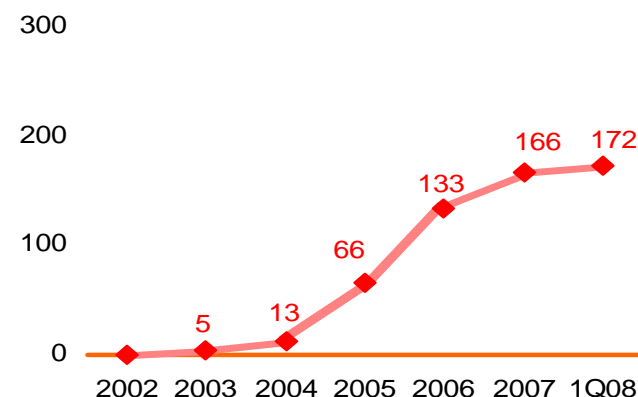
%

■ Current ■ Savings ■ PN ■ < 6M ■ 6M-12M ■ > 1Y ■ BE



Source: Company Data (as at 31 Mar 2008)

## Branch Expansion



Source: Company Data

Unit: Million Baht

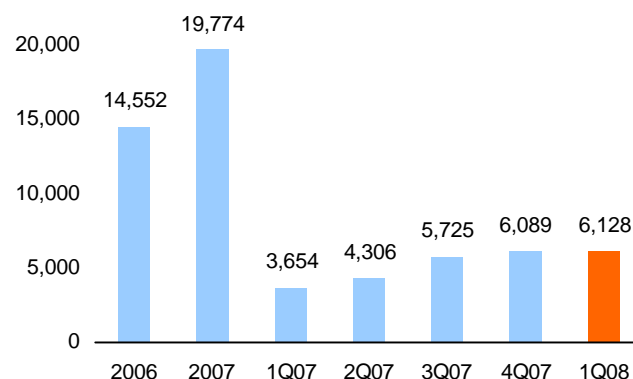
Borrowings & Deposits	2005	2006	2007	1Q08	%
<b>Deposits + B/E from Public</b>	<b>148,371</b>	<b>203,341</b>	<b>241,985</b>	<b>257,908</b>	<b>90.2%</b>
Public Deposits	148,371	198,527	190,626	223,546	78.2%
B/E from Public	-	4,814	51,359	34,362	12.0%
<b>Interbank and Money Market Items</b>	<b>2,601</b>	<b>4,507</b>	<b>4,769</b>	<b>5,071</b>	<b>1.8%</b>
<b>Borrowings</b>	<b>41,950</b>	<b>40,221</b>	<b>25,086</b>	<b>22,932</b>	<b>8.0%</b>
Debentures	7,521	7,087	6,845	5,845	2.0%
Promissory Notes	15,964	15,665	7,730	7,730	2.7%
B/E and Others	18,465	17,469	10,511	9,357	3.3%
<b>Total</b>	<b>192,922</b>	<b>248,069</b>	<b>271,840</b>	<b>285,911</b>	<b>100.0%</b>

Source: Company Data

# Performance

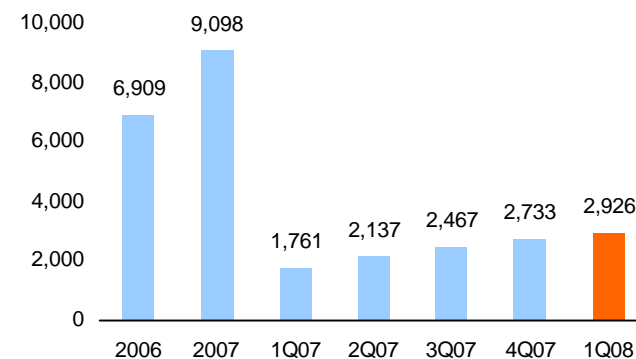
- Total Income up 67.7% yoy from + NII up 66.2% .
- + Non-Interest Income up 69.1%, mainly from fees and services income and income from HP related business (life/non-life insurance).
- NII up 66.2% yoy from + HP Interest Income up 16.7%.
- + Interest Expenses dropped by 26.0%.
- Net Profit increased by 76.1% yoy.

**Total Income**  
THB MN



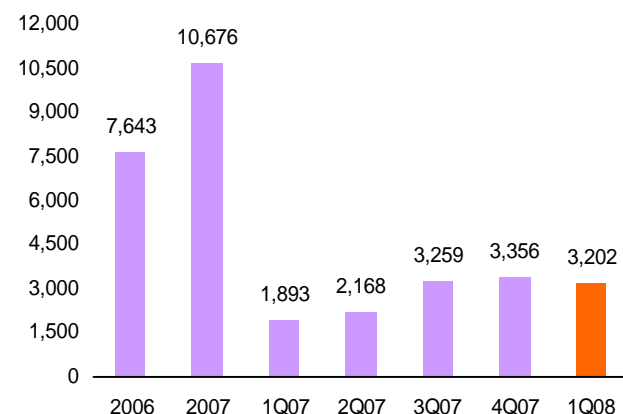
Source: Company Data

**Net Interest Income**  
THB MN



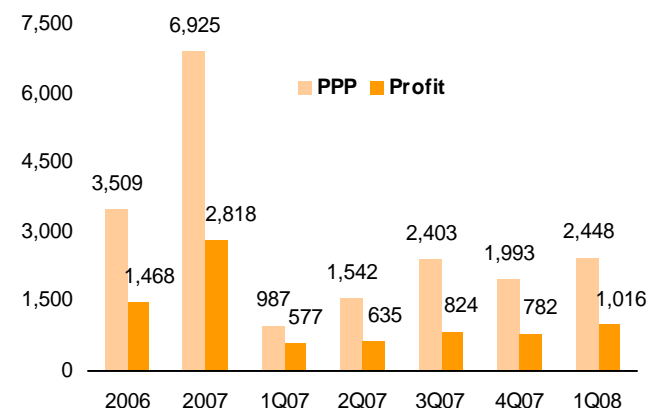
Source: Company Data

**Non-Interest Income**  
THB MN



Source: Company Data

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



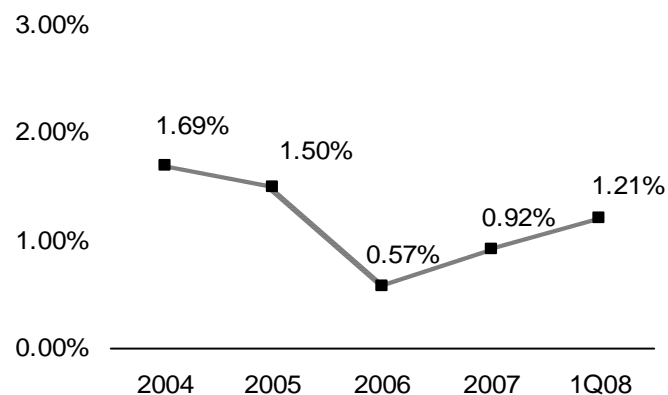
Source: Company Data

# Financial Ratios

- Financial Ratios have been improving since 2006.
- + Net Interest and dividend income increased from interest income on HP and appropriate control on interest cost and deposits mixture.
- + Non-Interest Income rose from fees and services income and income from HP related business as mentioned.

## ROAA

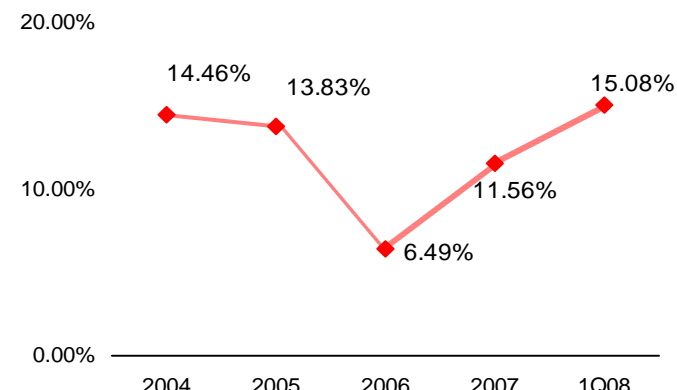
%



Source: Company Data

## ROAE

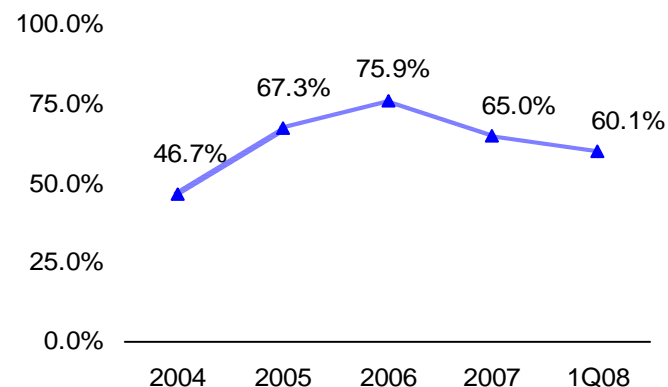
%



Source: Company Data

## Cost to Income

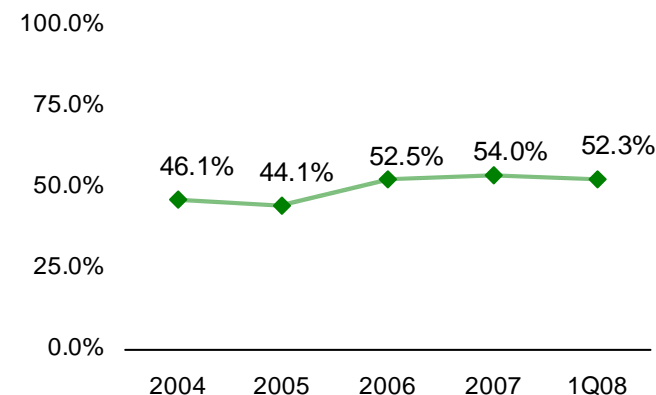
%



Source: Company Data

## Non-Interest Income Ratio

%



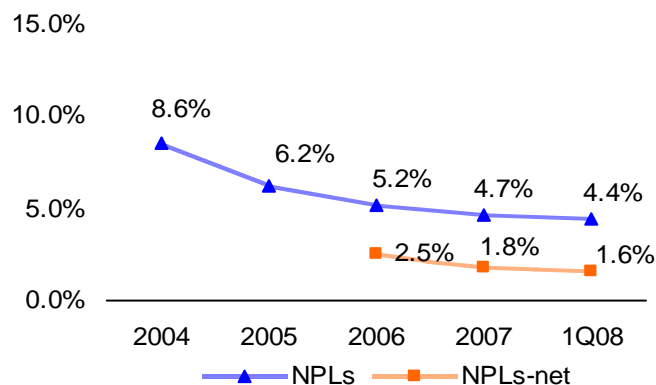
Source: Company Data

# 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 Mar 2008, NPLs = 11,675 MB up from 11,260 MB at the end of 2007 while allowance for doubtful accounts = 9,040 MB up from 8,417 MB at the end of 2007.
- About 15% of The Group's NPLs are Purchased Loans with low carrying costs, collateral backed, and very low purchasing price. That means the actual NPLs originated at Thanachart Group only accounted for about 4% of total loans.
- Thanachart has already set aside its provision in line with the new reserve requirement regulation imposed by the BOT since 1Q07.

## NPLs / Total Loans

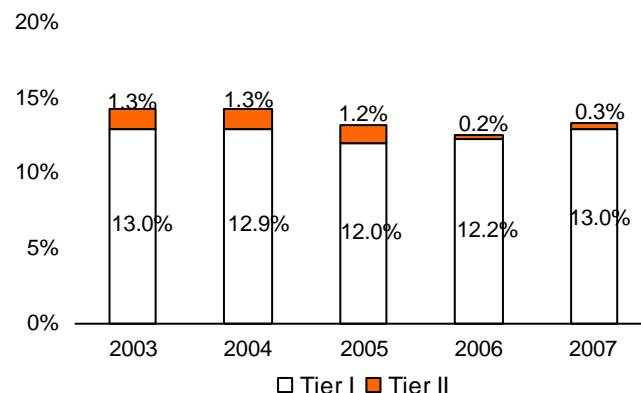
%



Source: Company Data

## BIS Ratio

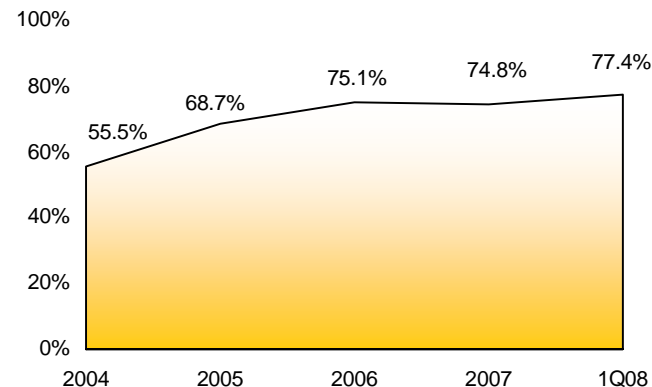
%



Source: Company Data

## LLR / NPLs

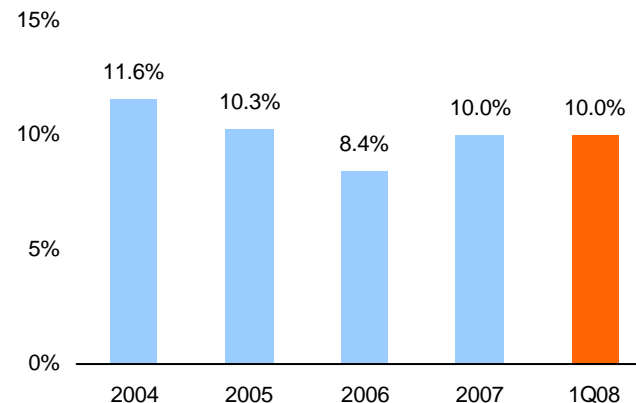
%



Source: Company Data

## Equity / Asset

%



Source: Company Data

# Subsidiaries Performance

Unit: Million Baht

Net Profit	% of Holding Direct/Indirect	1Q07	2Q07	3Q07	4Q07	1Q08
Thanachart Bank Plc. (the Bank only)	74.9%	128.8	164.4	422.6	274.8	637.6
Thanachart Securities Plc.	74.9%	-11.1	33.4	180.0	54.9	43.8
Thanachart Fund Management	56.2%	15.4	21.2	30.3	35.1	37.0
Thanachart Insurance	74.9%	-10.9	45.2	20.0	11.6	-2.6
Thanachart Life Assurance	74.9%	48.4	61.5	37.2	28.6	115.4
NFS-AMC	100.0%	-127.2	113.0	25.0	65.4	28.4
MAX-AMC	58.5%	-4.3	20.9	37.1	49.4	27.2
<b>Total</b>		<b>39.1</b>	<b>459.6</b>	<b>752.2</b>	<b>519.8</b>	<b>886.8</b>

Source: Company Data



### Section 3

## Summary of Hire Purchase Business

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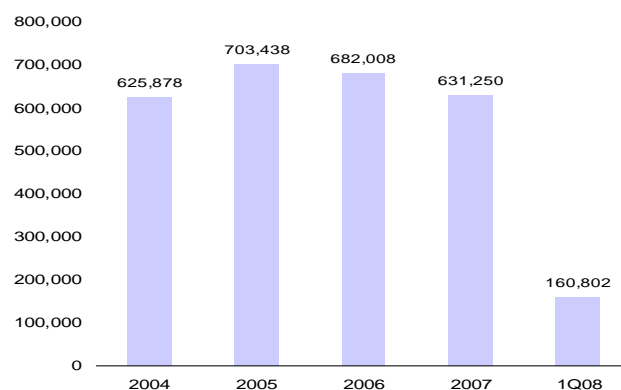
**Summary of Hire Purchase Business**

# Hire Purchase Growth

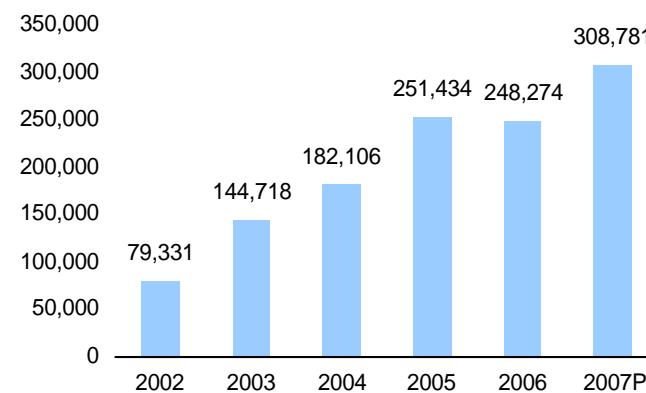
- The Thanachart hire purchase loan portfolio has experienced high growth rate since the beginning up until now.
- Thanachart has maintained its market leading position in the auto hire purchase market and has been able to dictate a healthy rate in the market.

	2005	2006	2007	1Q07	1Q08	% Growth Y on Y
Domestic New Car Sales (Units)	703,438	682,008	631,250	138,270	160,802	16.3%
Number of Thanachart Group HP Lease (Units)	170,543	217,318	204,624	58,613	58,762	0.3%
Total Number of Thanachart Group HP Lease (Units)	431,565	584,252	704,411	621,512	740,228	19.1%
Amount of Thanachart Group HP Loans (Baht Million)	68,493	91,013	87,717	25,154	26,000	3.4%
Total Outstanding Thanachart Group HP Loans (Baht Million)	122,178	164,325	191,025	174,417	199,542	14.4%

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%.

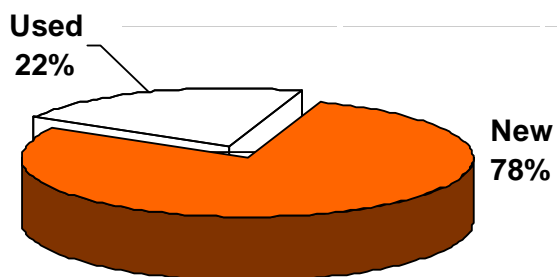
Unit: Million Baht

1Q08	New Cars		Used Cars		Car Fleet	Total
	Bangkok	Other Areas	Bangkok	Other Areas		
PL	50,379	95,855	11,718	30,271	1,655	189,878
	98.39%	98.53%	97.14%	98.12%	99.16%	98.34%
NPL	825	1,432	345	581	14	3,197
	1.61%	1.47%	2.86%	1.88%	0.84%	<b>1.66%</b>

Thanachart Capital and Thanachart Bank only

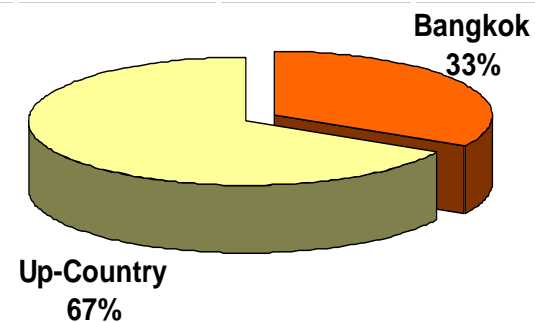
**HP Portfolio by Type of Car (Amount)**

%



**HP Contract Value by Region**

%



Source: Company Data (as at 31 Mar 2008)

Source: Company Data (as at 31 Mar 2008)



#### Section 4

# Appendix

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## TCAP Financial Information

Income Statements	2005	2006	2007	Variance ('07/'06)	
				Amount	%
HP Income	7,028	10,425	13,118	2,693	25.8%
<b>Total Interest Income</b>	<b>10,935</b>	<b>16,951</b>	<b>18,799</b>	<b>1,848</b>	<b>10.9%</b>
Interest Expenses	4,421	10,042	9,701	-341	-3.4%
<b>Net Interest Income</b>	<b>6,514</b>	<b>6,909</b>	<b>9,098</b>	<b>2,189</b>	<b>31.7%</b>
Non-Interest Income	5,144	7,643	10,676	3,033	39.7%
Operating Expenses	7,842	11,043	12,849	1,806	16.4%
<b>Pre Provision Profit</b>	<b>3,815</b>	<b>3,509</b>	<b>6,925</b>	<b>3,416</b>	<b>97.3%</b>
Provision	294	-924	-2,051	-1,127	122.0%
<b>Income before Tax</b>	<b>4,108</b>	<b>2,585</b>	<b>4,874</b>	<b>2,289</b>	<b>88.5%</b>
Tax	-972	-965	-1,705	-740	76.7%
Minority Interest	-33	-152	-351	-199	130.9%
<b>Net Profit</b>	<b>3,104</b>	<b>1,468</b>	<b>2,818</b>	<b>1,350</b>	<b>92.0%</b>

Key Financial Ratio	2005	2006	2007	1Q08
ROA	1.50%	0.57%	0.92%	1.21%
ROE	14.31%	6.49%	11.56%	15.08%
Yield	5.50%	6.87%	6.42%	6.33%
Cost	2.52%	4.55%	3.72%	3.06%
Loan Spread	3.98%	2.72%	3.54%	4.10%
Interest Spread	2.99%	2.31%	2.70%	3.27%
NIM	3.28%	2.80%	3.11%	3.63%
Non-interest Income Ratio	44.12%	52.52%	53.99%	52.25%
Cost to Income	67.27%	75.89%	64.98%	60.05%
Loans to Deposits	109.67%	102.92%	98.86%	96.58%
Coverage Ratio	68.68%	75.07%	74.75%	77.43%
NPLs Ratio	6.20%	5.18%	4.71%	4.66%
Net Profit Margin	19.30%	5.97%	9.56%	12.24%
EPS (Baht)	2.33	1.10	2.11	0.76
DPS (Baht)	0.80	0.80	0.90	

Balance Sheets	2005	2006	2007	1Q08	Variance (1Q08/2007)	
					Amount	%
MM	4,912	27,064	40,462	47,042	6,580	16.3%
RP	19,700	6,300	2,500	0	-2,500	-100.0%
Investment	33,203	34,766	28,874	31,837	2,963	10.3%
Loans	160,366	207,472	237,307	246,834	9,527	4.0%
Others	9,938	10,627	12,113	12,258	145	1.2%
<b>Total Assets</b>	<b>228,119</b>	<b>286,229</b>	<b>321,256</b>	<b>337,971</b>	<b>16,715</b>	<b>5.2%</b>
Deposits	148,371	198,527	190,626	223,546	32,920	17.3%
Borrowings						
-Short-term	1,254	18,460	65,398	45,336	-20,062	-30.7%
-Long-term	40,696	26,575	11,047	11,958	911	8.2%
MM	2,601	4,507	4,769	5,071	302	6.3%
Others	11,811	14,729	17,154	18,255	1,101	6.4%
<b>Total Liabilities</b>	<b>204,733</b>	<b>262,798</b>	<b>288,994</b>	<b>304,166</b>	<b>15,172</b>	<b>5.2%</b>
Equity	22,639	22,565	26,208	27,505	1,297	4.9%
MI	747	866	6,054	6,300	246	4.1%
<b>Total Equity</b>	<b>23,386</b>	<b>23,431</b>	<b>32,262</b>	<b>33,805</b>	<b>1,543</b>	<b>4.8%</b>


Quarterly Performance	4Q06	1Q07	2Q07	3Q07	4Q07	1Q08
HP Income	2,953	3,080	3,258	3,349	3,431	3,582
Total Interest Income	4,803	4,508	4,759	4,810	4,711	5,097
Interest Expenses	3,059	2,747	2,632	2,343	1,979	2,171
<b>Net Interest Income</b>	<b>1,744</b>	<b>1,761</b>	<b>2,126</b>	<b>2,467</b>	<b>2,732</b>	<b>2,926</b>
Non-interest Income	1,882	1,893	2,168	3,259	3,356	3,202
Operating Expenses	3,402	2,667	2,752	3,324	4,095	3,680
<b>Pre Provision Profit</b>	<b>224</b>	<b>987</b>	<b>1,542</b>	<b>2,402</b>	<b>1,993</b>	<b>2,448</b>
Provision	-108	248	-631	-667	-1,001	-726
<b>Income before Tax</b>	<b>116</b>	<b>1,235</b>	<b>911</b>	<b>1,735</b>	<b>992</b>	<b>1,722</b>
Tax	-202	660	-257	-709	-79	-467
<b>Minority Interest</b>	<b>-31</b>	<b>1</b>	<b>-19</b>	<b>-202</b>	<b>-131</b>	<b>-239</b>
<b>Net Profit</b>	<b>-117</b>	<b>577</b>	<b>635</b>	<b>824</b>	<b>782</b>	<b>1,016</b>
EPS (Baht)	-0.09	0.43	0.48	0.62	0.59	0.76

# BNS Information

- **BNS is the most international bank and the third largest bank by assets in Canada.**
- **BNS started its business operation in 1832 (176 years ago).**
- **Its core businesses include**
  - **Domestic Banking (Retail Banking)**
  - **International Banking**
  - **Scotia Capital (Wholesale banking)**
- **BNS is the leader in automotive finance.**
- **BNS has over 12.5 million customers in 50 countries worldwide.**
- **BNS has no direct exposure to U.S. sub-prime mortgage.**

As at and for the years ended October 31

Unit: Million USD

	2005	2006	2007
Net interest income	5,871	6,408	7,098
Total revenue	10,400	11,208	12,490
Provision for credit losses	230	216	270
Non-interest expenses	6,043	6,443	6,994
Provision for income taxes	847	872	1,063
Net income available to common shareholders	3,184	3,549	3,994
Basic earnings per share (\$)	3.19	3.59	4.04
Return on equity (%)	20.9	22.1	22.0
Net interest margin on total average assets (%)	2.00	1.95	1.89
Tier 1 capital ratio (%)	11.1	10.2	9.3
Total capital ratio (%)	13.2	11.7	10.5
Net impaired loans (\$ millions)	681	570	601
Dividends per share (\$)	1.32	1.50	1.74
Dividend yield (%)	3.3	3.3	3.4
Dividend payout ratio (4) (%)	41.4	41.8	43.1
Market capitalization (\$ millions)	42,568	48,783	52,612
Employees	46,631	54,199	58,113
Branches and offices	1,959	2,191	2,331
Loans and acceptances	178,003	212,329	238,685
Total assets	314,025	379,006	411,510
Deposits	217,445	263,914	288,458
Preferred shares	600	600	1,635

Source: BNS 2007 Annual Report; www.scotiabank.com

# BNS Commitment to TBANK

BNS has demonstrated a long term commitment to Thailand:

- BNS have been on the ground for over 26 years
- BNS made a substantial investment in Thanachart Bank (closed post political disruption in 2007):
  - Acquired 24.99% in July 2007 for THB7.1 Billion
  - Plan to increase to 49% in 2008, terms agreed
  - Seconded 6 experienced Scotiabankers to work with Thanachart Bank staff in Retail, Risk Management, Corporate, Treasury, Operations, Trade Finance
  - 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

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## 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.**