

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the second quarter and the first six-month period ended 30 June 2021

(Reviewed Financial Statements)

Thanachart Capital Public Company Limited

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THANACHART CAPITAL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

Management's Discussion and Analysis (Reviewed Financial Statements)

Economics Outlook and Competition in Banking Industry

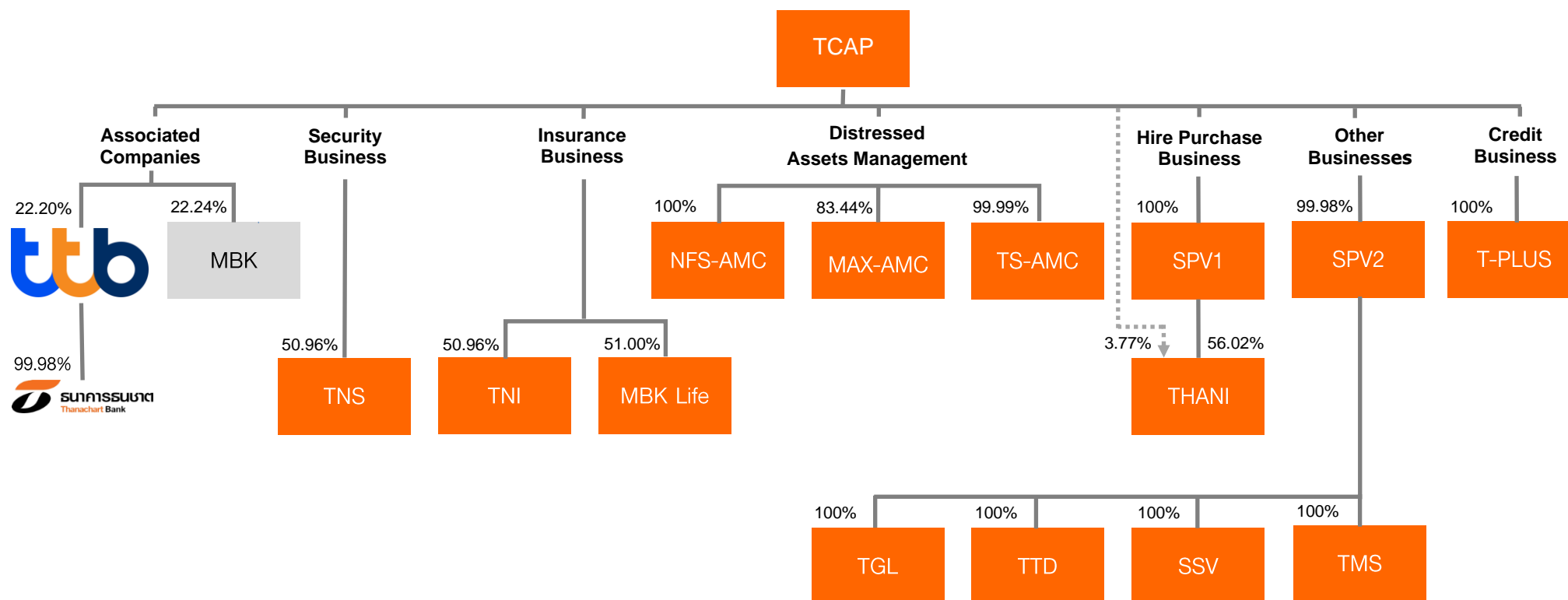
The Thai economy in the second quarter of 2021 tends to contract from the previous quarter. This is due to the severe impact of the third wave of COVID-19 outbreak and the government implementation of more stringent epidemic control measures. As a result, private consumption tends to contract, even with the help from the government's stimulus measures. Private investment tends to slow down; however, the expansion of exports following the recovery in trading partners' demand helps support industrial production and private investment to some extent. Meanwhile, tourism sector continues to stagnate. Government expenditure remains the main driver to support the Thai economy in this quarter. Due to the COVID-19 outbreak which has been impacting severely to the country's economic system, the Bank of Thailand and financial institutions have jointly issued various measures to appropriately mitigate the impact of COVID-19 on each group of households and business sectors. At the same time, the Monetary Policy Committee of the Bank of Thailand has maintained the policy interest rate at 0.50 percent per annum as they viewed that the fastening implementation of financial measures especially rehabilitation of loans including debt restructuring would be more effective to help businesses and households than cutting the current low level of the policy interest rate.

Commercial bank loans in the second quarter of 2021 continued to expand from the previous quarter and increased from the end of last year. This was mainly due to the expansion of both corporate and SME loans as well as the implementation of relief measures to assist debtors which led to the reduction of the repayment of debtors' principal. Housing loans continued to expand due to the sales promotion from entrepreneurs. Deposits increased in line with the loan growth. Non-performing loans in this quarter increased from the previous quarter as a result of the economic slowdown.

Key Events in the First Six-month Period of 2021

1. The Board of Directors of the Company at its meeting held on 19 April 2021 had a resolution to approve the interim dividend payments at the rate of 1.80 baht per share to the Company's shareholders and the interim dividend payment was scheduled to be made on 19 May 2021. Taking into account this interim dividend payment and the interim dividend payment of 1.20 baht for the first half of 2020 which was made on 27 August 2020, the total dividend payment amounted to 3.00 baht per share or 3,146 million baht in total.
2. On 29 March 2021, the Company's Board of Directors adopted a resolution approving the establishment of Thanachart Plus Company Limited to offer asset-based financing services in which Thanachart Group has expertise. The purpose was to help generate future returns for the Company. In this regard, the Company has established Thanachart Plus Company Limited on 26 April 2021.
3. On 7 July 2021, the Company's Board of Directors adopted a resolution to approve the purchase of MBK Life Assurance Public Company Limited ("MBK Life"), TM Broker Company Limited ("TM"), and MT Service 2016 Company Limited ("MTS") from MBK Public Company Limited ("MBK") in the total amount owned by MBK. As a result, the proportion of shares held by the Company in those 3 companies equals 100 percent and the transaction is expected to be completed in August 2021.
4. During the first six-month period of 2021, the Company and its subsidiary have been purchasing additional shares of Ratchthani Leasing Public Company Limited, representing an increase in shareholding of 0.94 percent. As a result, the total shareholding accounted for 59.79 percent. Meanwhile, the Company has been purchasing additional shares of TMBThanachart Bank Public Company Limited, representing an increase in shareholding of 2.09 percent. As a result, the total shareholding accounted for 22.20 percent.

Thanachart Group's Shareholding Structure As of 30 June 2021



Remark : TCAP = Thanachart Capital PCL., ttb = TMBThanachart Bank PCL., MBK = MBK PCL., TNS = Thanachart Securities PCL., TNI = Thanachart Insurance PCL., MBK Life = MBK Life Assurance PCL., NFS-AMC = NFS Asset Management Co., Ltd., MAX-AMC = MAX Asset management Co., Ltd., TS-AMC = TS Asset management Co., Ltd., SPV 1 = Thanachart Special Purpose Vehicle 1 Co., Ltd., THANI = Ratchthani Leasing PCL., SPV2 = Thanachart Special Purpose Vehicle 2 Co., Ltd., TGL = Thanachart Group leasing Co., Ltd., TTD = Thanachart Training & Development Co., Ltd., SSV = Security Scib Services Co., Ltd., TMS = Thanachart Management and Service Co., Ltd., T-PLUS = Thanachart Plus Co., Ltd.

Operating Results for the Second Quarter and the First Six Month Period of 2021

Performance Overview

In the second quarter of 2021, **the Company and its subsidiaries' net profit according to the consolidated financial statements amounted to 1,437 million baht**. This was mainly due to the operating results of the important subsidiary and associated companies as follows:

- Ratchthani Leasing Public Company Limited had a consolidated net profit of 427 million baht
- Thanachart Insurance Public Company Limited had a net profit of 214 million baht
- Thanachart Securities Public Company Limited had a net profit of 159 million baht
- Share of profit from investments accounted for under equity method was 488 million baht
- Asset Management Companies and other subsidiaries had a net profit of 66 million baht

As a result, **net profit attributable to the Company amounted to 1,107 million baht, an increase of 29 million baht or 2.69 percent** from the previous quarter. This was mainly due to an increase in operating income of the Company and its subsidiaries while the associated companies which are TMBThanachart Bank Public Company Limited ("TTB") and MBK Public Company Limited ("MBK") whose businesses are in commercial banking business and shopping center and hotel businesses were still directly and adversely impacted by the COVID-19 crisis.

Earnings per share (EPS) of the Company in the second quarter of 2021 were 1.06 baht, an increase from 1.03 baht. Return on average assets (ROAA) and return on average equity of the Company's shareholders (ROAE) were at 4.06 and 6.99 percent, respectively.

In the first six-month period of 2021, the Company and its subsidiaries' net profit according to the consolidated financial statements amounted to 2,958 million baht. This was mainly due to the operating results of the important subsidiary and associated companies as follows:

- Ratchthani Leasing Public Company Limited had a consolidated net profit of 854 million baht
- Thanachart Insurance Public Company Limited had a net profit of 392 million baht
- Thanachart Securities Public Company Limited had a net profit of 359 million baht
- Share of profit from investments accounted for under equity method was 1,088 million baht
- Asset Management Companies and other subsidiaries had net profits of 191 million baht

As a result, **net profit attributable to the Company in the first six-month period of 2021 amounted to 2,185 million baht, a decrease of 3,160 million baht or 59.12 percent** from the same period last year. This was mainly due to the fact that in the six-month period of 2020, the Company recognized a gain on sale of its investment in Ajinomoto (Thailand) Company Limited ("AJT") which was a one-time special gain. Excluding such special gain, the Company's net profit decreased by 170 million baht or 7.22 percent. This was mainly due to a decline in share of profit from TTB and MBK which were still directly and adversely impacted by the COVID-19 crisis.

EPS of the Company in the first six-month period of 2021 were 2.08 baht, decreased from 4.94 baht. ROAA and ROAE were at 4.16 and 6.89 percent, respectively.

Financial Highlights

Financial Highlights

Reviewed Financial Statements	For the 3 months ended			For the 6 months ended	
	30-Jun-21	31-Mar-21	30-Jun-20	30-Jun-21	30-Jun-20
Operating Performance (Million Baht)					
Interest Income	988	974	1,028	1,962	2,163
Interest Expenses	335	335	423	670	830
Net Interest Income	653	639	605	1,292	1,333
Non-interest Income	1,984	1,967	2,018	3,951	7,622
Net Operating Income ⁽¹⁾	2,637	2,606	2,623	5,243	8,955
Other Operating Expenses	808	757	680	1,565	1,372
Expected Credit Losses	139	97	216	236	371
Profit before Tax	1,690	1,752	1,727	3,442	7,212
Income Tax	253	231	376	484	1,259
Profit for the Period	1,437	1,521	1,351	2,958	5,953
Net Profit Attributable to the Company	1,107	1,078	1,029	2,185	5,345
Basic Earnings per Share (Baht)	1.06	1.03	0.98	2.08	4.94
	30-Jun-21	31-Mar-21	31-Dec-20		
Financial Position (Million Baht)					
Net Loans to Customers and Accrued Interest Receivables	53,294	51,573	50,251		
Investments in Associated Companies and Joint Ventures	50,508	49,842	48,007		
Total Assets	141,333	141,959	140,756		
Debts Issued and Borrowings	32,829	29,819	33,887		
Total Liabilities	68,636	67,843	67,987		
Company's Shareholders' Equity	63,483	64,333	63,311		
Non-controlling Interests	9,214	9,783	9,458		
Total Shareholders' Equity	72,697	74,116	72,769		
	30-Jun-21	31-Mar-21	30-Jun-20	30-Jun-21	30-Jun-20
Operating Performance Ratios (Percent)					
ROAA	4.06	4.27	3.60	4.16	7.67
ROAE ⁽²⁾	6.99	6.77	6.54	6.89	16.56
	30-Jun-21	31-Mar-21	31-Dec-20		
D/E Ratio (times)	0.94	0.92	0.93		

(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)

	2Q21	1Q21	Change		6M21	6M20	Change	
			+ / (-)	%			+ / (-)	%
Interest Income	988	974	14	1.44	1,962	2,163	(201)	(9.29)
Interbank and Money Market Items – Deposits at Financial Institutions	24	24	-	-	48	75	(27)	(36.00)
Financial Assets Measured at Fair Value through Profit or Loss	8	9	(1)	(11.11)	17	48	(31)	(64.58)
Investments in Debt Securities Measured at Amortized Cost	-	1	(1)	(100.00)	1	10	(9)	(90.00)
Investments in Debt Securities Measured at Fair Value through Other Comprehensive Income	32	33	(1)	(3.03)	65	141	(76)	(53.90)
Loans to Customers	81	64	17	26.56	145	115	30	26.09
Hire Purchase and Financial Lease	843	843	-	-	1,686	1,774	(88)	(4.96)
Interest Expenses	335	335	-	-	670	830	(160)	(19.28)
Interbank and Money Market Items - Borrowings from Financial Institutions	70	64	6	9.38	134	126	8	6.35
Debts Issued and Borrowings	259	264	(5)	(1.89)	523	689	(166)	(24.09)
Borrowing Cost	3	4	(1)	(25.00)	7	9	(2)	(22.22)
Others	3	3	-	-	6	6	-	-
Net Interest Income	653	639	14	2.19	1,292	1,333	(41)	(3.08)

In the second quarter of 2021, the Company and its subsidiaries had 653 million baht in net interest income, an increase of 14 million baht or 2.19 percent from the previous quarter. Interest income was 988 million baht, an increase of 14 million baht or 1.44 percent, due to an increase in interest income on margin loans and interest income on asset-based loans while interest expenses were 335 million baht, close to that of the previous quarter.

For the first six-month period of 2021, the Company and its subsidiaries had 1,292 million baht in net interest income, a decrease of 41 million baht or 3.08 percent from the same period last year.

- Interest income was 1,962 million baht, a decrease of 201 million baht or 9.29 percent. This was mainly due to the interest income on investments and the interest income on hire purchase loans as the average hire purchase loans of the subsidiary company in the first six-month period of this year declined when compared with the same period last year.
- Interest expenses were 670 million baht, a decrease of 160 million baht or 19.28 percent. This was a result of the proper cost of fund management to be in line with the market interest rate.

Non-interest Income

Non-interest Income (Million Baht)

	2Q21	1Q21	Change		6M21	6M20	Change	
			+ / (-)	%			+ / (-)	%
Net Fees and Service Income	349	394	(45)	(11.42)	743	610	133	21.80
Gains (Losses) on Financial Instruments								
Measured at Fair Value through Profit or Loss	174	87	87	100.00	261	(97)	358	369.07
Gains on Investments	15	1	14	1,400.00	16	3,750	(3,734)	(99.57)
Share of Profit from Investments Accounted for under Equity Method	488	600	(112)	(18.67)	1,088	1,626	(538)	(33.09)
Gains on Property Foreclosed and Other Assets	10	16	(6)	(37.50)	26	172	(146)	(84.88)
Net Insurance / Life Insurance Income	558	722	(164)	(22.71)	1,280	1,001	279	27.87
Dividend Income	82	23	59	256.52	105	263	(158)	(60.08)
Other Income	308	124	184	148.39	432	297	135	45.45
Total Operating Income	1,635	1,573	62	3.94	3,208	7,012	(3,804)	(54.25)
Total Non-interest Income	1,984	1,967	17	0.86	3,951	7,622	(3,671)	(48.16)

Non-interest income of the Company and its subsidiaries in the second quarter of 2021 amounted to 1,984 million baht, an increase of 17 million baht or 0.86 percent from previous quarter. This was mainly due to the following.

- Net fees and service income amounted to 349 million baht, a decrease of 45 million baht or 11.42 percent. This was mainly due to a decrease in brokerage fees from securities business which was in line with the decrease in securities trading volume of Thanachart Securities.
- Other operating income amounted to 1,635 million baht, an increase of 62 million baht or 3.94 percent. This was mainly due to gain on debt settlement.

Non-interest income of the Company and its subsidiaries for the first six-month period of 2021 amounted to 3,951 million baht, a decrease of 3,671 million baht or 48.16 percent from the same period last year. This was mainly due to the following.

- Net fees and service income amounted to 743 million baht, an increase of 133 million baht or 21.80 percent. This was mainly due to an increase in brokerage fees from securities business which was in line with the SET's trading volume as well as an increase in fees received from unit trust trading.
- Other operating income amounted to 3,208 million baht, a decrease of 3,804 million baht or 54.25 percent. This was mainly due to the fact that in the first quarter of 2020, there was the gain on selling the investment in AJT. If such special gain was excluded, other operating income decreased by 67 million baht or 2.05 percent as a result of share of profit from investments accounted for under equity method which amounted to 1,088 million baht, a decrease of 538 million baht, due to the fact that associated companies are operating in commercial banking business and shopping center and hotel businesses which were still directly and adversely impacted by the COVID-19 crisis.

Other Operating Expenses

Other Operating Expenses (Million Baht)

	2Q21	1Q21	Change		6M21	6M20	Change	
			+ / (-)	%			+ / (-)	%
Personnel Expenses	519	522	(3)	(0.57)	1,041	903	138	15.28
Premises and Equipment Expenses	68	61	7	11.48	129	120	9	7.50
Taxes and Duties	6	4	2	50.00	10	11	(1)	(9.09)
Directors' Remuneration	46	16	30	187.50	62	24	38	158.33
Other Expenses	169	154	15	9.74	323	314	9	2.87
Total Other Operating Expenses	808	757	51	6.74	1,565	1,372	193	14.07

In the second quarter of 2021, other operating expenses of the Company and its subsidiaries amounted to 808 million baht, an increase of 51 million baht or 6.74 percent from the previous quarter.

In the first six-month period of 2021, other operating expenses of the Company and its subsidiaries amounted to 1,565 million baht, an increase of 193 million baht or 14.07 percent from the same period last year. This was mainly due to incentive expenses paid to employees in line with the transaction volume.

Expected Credit Loss

Expected Credit Loss (Million Baht)

	2Q21	1Q21	Change		6M21	6M20	Change	
			+ / (-)	%			+ / (-)	%
Expected Credit Losses	139	97	42	43.30	236	371	(135)	(36.39)

In the second quarter of 2021, the Company and its subsidiaries had expected credit loss in the amount of 139 million baht, an increase of 42 million baht or 43.30 percent. This was from setting aside allowances for impairment of investments in debt instruments and from providing provision for debtors in line with the increase in credit risks from the economic slowdown which was affected by the new wave of COVID-19 outbreak.

In the first six-month period of 2021, the Company and its subsidiaries had expected credit loss in the amount of 236 million baht, a decrease of 135 million baht or 36.39 percent. This was mainly due to the fact that in the first six-month of 2020, there were allowances set for impairment of investments in debt instruments. Meanwhile, there was an increase in provision provided for debtors as the new wave of COVID-19 outbreak impacted the ability to repay of some debtors.

Financial Position

Consolidated Statements of Financial Position (Million Baht)

	30 June 2021		31 December 2020		Change	
	Amount	%	Amount	%	+/(−)	%
Cash	6	0.00	2	0.00	4	200.00
Interbank and Money Market Items - net						
- Deposits at Financial Institutions	8,852	6.26	7,812	5.55	1,040	13.31
Financial Assets Measured at Fair Value through Profit or Loss	2,921	2.07	3,357	2.38	(436)	(12.99)
Investments - net	16,796	11.88	21,650	15.38	(4,854)	(22.42)
Investments in Associated Companies and Joint venture	50,508	35.74	48,007	34.11	2,501	5.21
Net Loans to Customers and Accrued Interest Receivables	53,294	37.71	50,251	35.70	3,043	6.06
Property Foreclosed - net	3,080	2.18	3,054	2.17	26	0.85
Land, Premises, Equipment and Right-of-use Assets - net	832	0.59	678	0.48	154	22.71
Other Assets	5,044	3.57	5,945	4.23	(901)	(15.16)
Total Assets	141,333	100.00	140,756	100.00	577	0.41
Interbank and Money Market Items						
- Borrowings from Financial Institutions	15,901	11.25	13,312	9.46	2,589	19.45
Debts Issued and Borrowings	32,829	23.23	33,887	24.07	(1,058)	(3.12)
Insurance Contracts Liabilities	11,434	8.09	12,231	8.69	(797)	(6.52)
Other Liabilities	8,472	5.99	8,557	6.08	(85)	(0.99)
Total Liabilities	68,636	48.56	67,987	48.30	649	0.95
Company's Shareholders' Equity	63,483	44.92	63,311	44.98	172	0.27
Non-controlling Interests	9,214	6.52	9,458	6.72	(244)	(2.58)
Total Shareholders' Equity	72,697	51.44	72,769	51.70	(72)	(0.10)
Total Liabilities and Shareholders' Equity	141,333	100.00	140,756	100.00	577	0.41
Book Value per Share (Baht)	60.54		60.38			

Assets

As of 30 June 2021, Thanachart Group's total assets amounted to 141,333 million baht, a decrease of 577 million baht or 0.41 percent from the end of 2020. Key factors were as follows:

- Net interbank and money market items – deposits at financial institutions amounted to 8,852 million baht, an increase of 1,040 million baht or 13.31 percent. This was due to liquidity management.

- Net investments amounted to 16,796 million baht, a decrease of 4,854 million baht or 22.42 percent. This was mainly due to the maturity of government bonds.
- Investment in associated companies and joint venture amounted to 50,508 million baht, an increase of 2,501 million baht or 5.21 percent from the end of last year. This was mainly due to the additional investments in TTB.
- Net loans to customers and accrued interest receivables amounted to 53,294 million baht, an increase of 3,043 million baht or 6.06 percent. This was mainly due to the loan expansion of the subsidiaries including Ratchthani Leasing and Thanachart Plus.

Liabilities

Total liabilities of Thanachart Group as of 30 June 2021 **were 68,636 million baht, an increase of 649 million baht or 0.95 percent** from the end of 2020. Interbank and money market items - borrowings from financial Institutions and debts issued and borrowings totaled 48,730 million baht, an increase of 1,531 million baht or 3.24 percent from liquidity management.

Shareholders' Equity

Total shareholders' equity as of 30 June 2021 **was 72,697 million baht, a decrease of 72 million baht or 0.10 percent** from the end of 2020. The total shareholders' equity comprised of the following:

- Equity attributable to the owners of the Company was 63,483 million baht, an increase of 172 million baht or 0.27 percent. This was mainly due to the operating net profit of the Company and its subsidiaries in the first six-month period of 2021 in the amount of 2,185 million baht and the interim dividend payment paid from the performance in the second half of 2020 of 1,888 million baht.
- Equity attributable to non-controlling interest amounted to 9,214 million baht, a decrease of 244 million baht or 2.58 percent This was mainly from the dividend payments of subsidiary companies.

Operating Results of Subsidiaries

Operating Results of Subsidiaries (Million Baht)

Subsidiaries	% Shareholding	Net Profit (Loss)				
		2Q21	1Q21	2Q20	6M21	6M20
Ratchthani Leasing Public Company Limited (Consol.)	59.79%	427	427	443	854	908
Thanachart Insurance Public Company Limited	50.96%	214	178	296	392	481
Thanachart Securities Public Company Limited	50.96%	159	200	129	359	241
TS AMC Company Limited	99.99%	38	(3)	25	35	28
MAX AMC Company Limited	83.44%	(3)	(12)	(6)	(15)	10
NFS AMC Company Limited	100.00%	92	(6)	(11)	86	(17)
MBK Life Assurance Public Company Limited	51.00%	(55)	128	(153)	73	(285)

Ratchthani Leasing Public Company Limited (Consolidated)

The Thai economy in the second quarter of 2021 slowed down from the impact of the new wave of COVID-19 outbreak and the government's stricter epidemic control measures. This affects private consumption and investment, meanwhile the tourism sector has not been able to recover due to international travel restrictions. However, the current COVID-19 situation in Thailand is still highly uncertain and there are tens of thousands of new infections per day. Viruses are constantly changing through mutation and leading to prolong the outbreak. In addition, the proportion of the vaccinated population is insufficient. As a result, the economic activity has been severely slowed down, especially in the manufacturing and private consumption sectors within the country. The company understands the situation that the customers are facing right now and therefore, it also provides appropriate assistance to each group of customers and the company continues to operate its business with prudence under this uncertain circumstance.

At the end of the second quarter of 2021, Ratchthani Leasing Public Company Limited and its subsidiary had total assets of 49,717 million baht, an increase of 1,199 million baht or 2.47 percent from the end of 2020. The company had **hire purchase loans of 47,777 million baht, an increase of 1,029 million baht or 2.20 percent**. Hire purchase receivables represented 96.10 percent of total assets, which was mainly from truck segment. Total liabilities amounted to 39,007 million baht, an increase of 1,308 million baht or 3.47 percent while shareholders' equity was 10,710 million baht, a decrease of 109 million baht or 1.01 percent, due to the dividend payment.

Net profit for the second quarter of 2021 amounted to 427 million baht which is the same as previous quarter.

Total income amounted to 1,034 million baht, increased by 2 million baht or 0.19 percent. Interest expenses amounted to 228 million baht, decreased by 1 million baht or 0.44 percent while expected credit loss amounted to 140 million baht, increased by 34 million baht or 32.08 percent as a result of the increase in credit risk due to the economic slowdown affected by the COVID-19 outbreak.

Net profit for the first six-month period of 2021 amounted to 854 million baht, a decrease of 54 million baht or 5.95 percent from the same period last year. Total income amounted to 2,066 million baht, decreased by 90 million baht or 4.17 percent. Interest expenses amounted to 457 million baht, decreased by 80 million baht or 14.90 percent

while expected credit loss amounted to 246 million baht, increased by 41 million baht or 20.00 percent as a result of the impact from the new wave of COVID-19 outbreak which was affecting the ability to repay of some debtors.

Thanachart Insurance Public Company Limited

In the second quarter of 2021, Thanachart Insurance Public Company Limited had **total insurance premium of 1,923 million baht, a decrease of 148 million baht or 7.15 percent** from the previous quarter. The decrease was mainly due to the decrease in sales through the bank channel. Auto insurance premium amounted to 1,604 million baht, a decrease of 151 million baht or 8.66 percent from the previous quarter. At the same time, **the company had total insurance premium in the first six-month period of 2021 in the amount of 3,994 million baht, a decrease of 110 million baht or 2.68 percent** from the same period last year. The decrease was mainly due to the decrease in sales through the bank channel while sales from non-bank channels increased. Auto insurance premium amounted to 3,360 million baht, a decrease of 116 million baht or 3.34 percent from the same period last year.

For operating results, **the net profit of the company in the second quarter of 2021 was 214 million baht, an increase of 36 million baht or 20.22 percent** from the previous quarter. This was due to the increase in net earned premium from reinsurance of 35 million baht as income increased from reversal of unearned premium reserve; an increase in gain on financial instruments of 10 million baht; a decrease in net claim and loss adjustment expenses of 17 million baht; a decrease in commission and brokerage expenses of 29 million baht which was in line with the lower insurance premium; and an increase in expected credit loss of 39 million baht, due to the increase in impairment for debt instruments.

For the operating result in the first six-month period of 2021, the company had a net profit of 392 million baht, a decrease of 89 million baht or 18.50 percent from the same period last year. This was mainly due to the increase in net earned premium from reinsurance of 348 million baht as income increased from reversal of unearned premium reserve and reinsurance decreased; a decrease in fee and commission income from reinsurers of 86 million baht which was in line with the decrease in reinsurance premiums; a decrease in investment income of 81 million baht, due to lower interest and dividend income; an increase in net claim and loss adjustment expenses of 251 million baht, due to a decrease in claim recovery from reinsurers; an increase in other underwriting expenses of 67 million baht; and an increase in operating expenses of 60 million baht. However, the expected credit loss decreased by 53 million baht, due to the fact that in the first six-month of the previous year, the allowance for impairment of debt instruments was set higher than that in the current period.

Thanachart Securities Public Company Limited

Average daily trading volume of Thanachart Securities Public Company Limited in the second quarter of 2021 was 3,629 million baht, a decrease from 4,603 million baht in the previous quarter. Market share of securities trading was at 1.99 percent. The trading volume of this quarter could be divided into 78.70 percent of retails, 20.41 percent of institutions, and 0.89 percent of foreign investors. Average daily trading volume of the company in the first six-month of 2021 was 4,133 million baht, an increase from 3,165 million baht in the same period last year. Market share of securities trading was at 2.32 percent. The trading volume of first six-month could be divided into 78.44 percent of retails, 20.79 percent of institutions, and 0.77 percent of foreign investors.

Net profit for the second quarter of 2021 amounted to 159 million baht, a decrease of 41 million baht or 20.50 percent from the previous quarter. Total income amounted to 463 million baht, a decrease of 53 million baht or 10.27 percent. The main income consisted of brokerage fees income of 331 million baht, a decrease of 39 million baht or

10.54 percent which was in accordance with the decrease in trading volume of the company; income on financial instruments of 34 million baht; and income from fees and services of 45 million baht. Meanwhile, while the company's total expenses were 264 million baht, similar to the previous quarter. The company's expenses consisted of financial costs, fees and service payments of 51 million baht and operating expenses of 213 million baht.

Net profit for the first six-month period ended 30 June 2021 amounted to 359 million baht, an increase of 118 million baht or 48.96 percent from the same period last year. Total income was 979 million baht, an increase of 30.19 percent, divided into the increase in brokerage fees of 19.24 percent in line with the trading volume of the stock market and the company's market share during the period; fee and service income of 94 million baht, increased by 63 million baht or 203.23 percent, due to the increase in unit trust trading fees of 47 million baht and the increase in investment advisory fees (ZEAL) of 15 million baht; and the increase in interest income from margin loans of 20.59 percent, following the increase in margin loans outstanding. Total expenses were 530 million baht, an increase of 17.26 percent, due to higher revenues of the company.

As of 30 June 2021, the company maintained its liquidity ratio (Net Liquid Capital Rules: NCR) at 76.52 percent, higher than the minimum requirement by the Securities and Exchange Commissions (SEC) of 7.00 percent of general indebtedness and securities pledged.

Disclaimer

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