

# MANAGEMENT'S DISCUSSION AND ANALYSIS

For the second quarter and the first six-month period ended 30 June 2022

(Reviewed Financial Statements)

**Thanachart Capital Public Company Limited**

Tel: 0 2217 8000, 0 2613 6000

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 Commercial Banking Industry

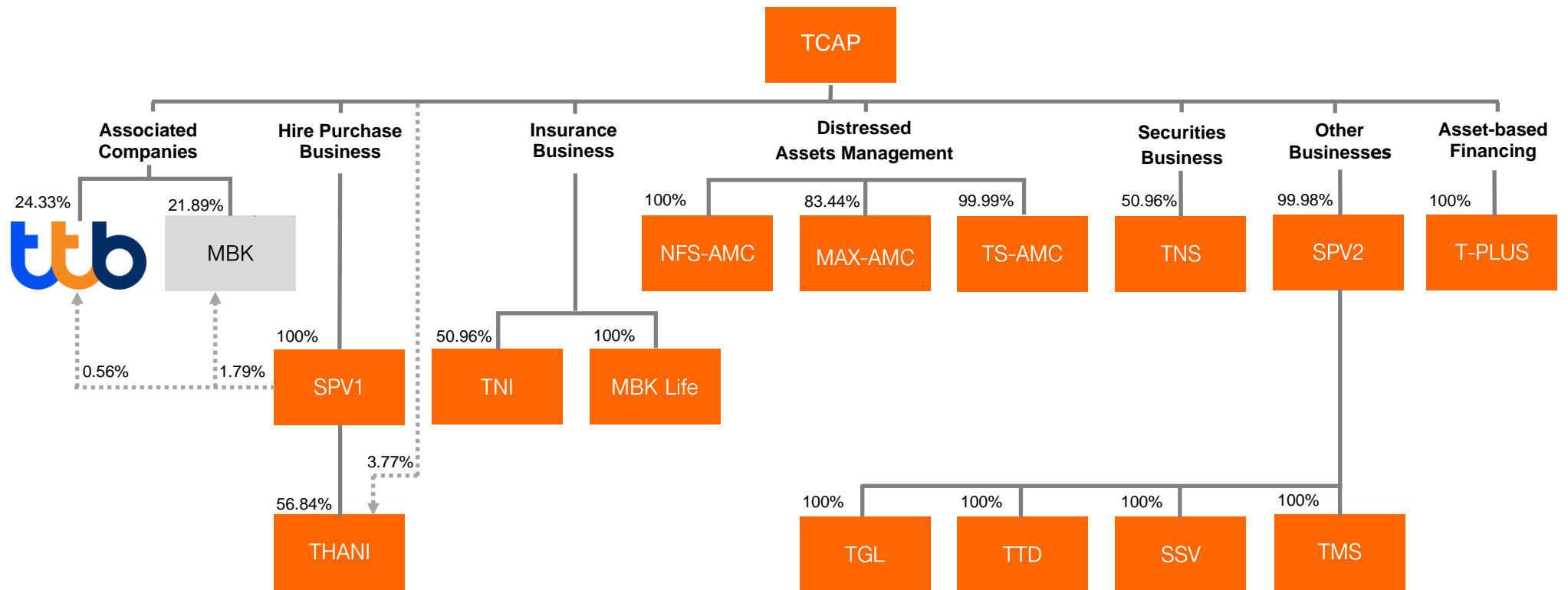
The Thai economy in the second quarter of 2022 is expected to register continuous growth when compared to the previous quarter, thanks to the recovery in consumption and private investment due to positive improvements in the overall trajectory of the COVID-19 Omicron outbreak. The tourism sector also recovers in line with the easing of restrictions imposed on international travels. As a result, the number of foreign tourists increases continuously. This has positive impacts on the trading sector as well as the service sector. Also noteworthy is the export sector which expands well in line with the demand of the trading counterpart countries, which continues growing. On the other hand, the industrial production sector is faced with not only a shortage of spare parts for production lines, but also increasing production costs. While inflation rate escalates due to the increases in energy and food prices, Thai baht weakens as a result of the hikes in Fed rate. However, the Bank of Thailand's Monetary Policy Committee still maintains the benchmark rate at 0.50 percent per annum while they become increasingly worried about the inflation outlook and send out a signal of a potential hike in the benchmark rate in line with the economic trends and risks as well as the future change in inflation.

Loans of Thai commercial banks in the second quarter of 2022 increased, when compared to the previous quarter. This was mainly attributable to expansion of Corporate loans, SME loans, and mortgage loans. On the other hand, deposits via Current Accounts and Savings Accounts (CASA) which were sources of low-cost funds also increased in line with the commercial banks' financial cost management. As regards non-performing loans, NPLs increased slightly when compared to the previous quarter. However, commercial banks' reserve for loan losses was at a relatively high level for dealing with credit risks which might arise in the future.

### Key Events in the First Six-month Period of 2022

1. On 25 February 2022, the Company's Board of Directors had a resolution approving the Company to decrease its paid-up capital from the treasury stock project in the amount of 19,467,000 shares, valued at 1,000 million baht which was over 3-year period from the repurchased date but were not resold. The Company has decreased its paid-up capital in the amount of 194,670,000 baht and registered the capital reduction with the Ministry of Commerce on 8 March 2022. As a result, the Company's issued and paid-up capital decreased from 11,651,297,030 baht to 11,456,627,030 baht.
2. On 8 April 2022, the Annual General Meeting of Shareholders for the year 2022 of the Company had a resolution to pay dividend to shareholders at the rate of 3.00 baht per share or 3,146 million baht in total representing 59.50 percent of the net profit for the year 2021. However, the Company's Board of Directors already approved to make interim dividend payments at the rate of 1.20 baht per share to shareholders and the payments were made on 28 September 2021. As a result, the remaining dividend payments to be made amounted to 1.80 baht per share. The dividend payments was made on 6 May 2022.
3. During the first quarter of 2022, the Company's subsidiary has been purchasing additional shares of Ratchthani Leasing Public Company Limited, resulting in the increase in total shareholding to 60.61 percent. In addition, the Company has purchased additional ordinary shares of TMBThanachart Bank Public Company Limited, resulting in the total shareholding increased to 24.89 percent. Moreover, the Company and its subsidiaries have exercised the right to convert warrants by purchasing ordinary shares of MBK Public Company Limited, which resulted in the increase in total shareholding to 23.68 percent.
4. On 6 July 2022, MBK Life Assurance Public Company Limited, a subsidiary company, has registered its name change to T Life Assurance Public Company Limited. In this regard, the policyholders still receive the same rights and benefits in all respects.

# Thanachart Group's Shareholding Structure As of 30 June 2022



Remark : TCAP = Thanachart Capital PCL., ttb = TMBThanachart Bank PCL., MBK = MBK PCL., SPV 1 = Thanachart Special Purpose Vehicle 1 Co., Ltd., THANI = Ratchthani Leasing 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., TNS = Thanachart Securities 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 2022

### Performance Overview

In the second quarter of 2022, the Company and its subsidiaries' net profit according to the consolidated financial statements amounted to 2,122 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 492 million baht
- Thanachart Insurance Public Company Limited had a net profit of 199 million baht
- Thanachart Securities Public Company Limited had a net profit of 107 million baht
- Share of profit from investments accounted for under equity method – associated companies and joint venture was 860 million baht
- Asset Management Companies and other subsidiaries had net profits of 198 million baht

As a result, **net profit attributable to the Company amounted to 1,772 million baht, an increase of 736 million baht or 71.04 percent** from the previous quarter. This was mainly due to the growth of subsidiary and associated companies' operating results and the increase in gains on financial instruments measured at fair value through profit or loss.

Earnings per share (EPS) of the Company in the second quarter of 2022 were 1.69 baht, an increase from 0.99 baht. Return on Average Assets (ROAA) and Return on Average Equity of the Company's shareholders (ROAE) were at 5.59 and 10.86 percent, respectively.

In the first six-month period of 2022, the Company and its subsidiaries' net profit according to the consolidated financial statements amounted to 3,512 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 947 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 283 million baht
- Share of profit from investments accounted for under equity method – associated companies and joint venture was 1,446 million baht
- Asset Management Companies and other subsidiaries had net profits of 300 million baht

As a result, **net profit attributable to the Company amounted to 2,808 million baht, an increase of 623 million baht or 28.51 percent** from the same period last year. This was mainly due to the increases in interest income from loans expansion and non-interest income from share of profit from investments accounted for under equity method, net insurance/life insurance income, and gains on financial instruments measured at fair value through profit or loss.

EPS of the Company in the first six-month period of 2022 were 2.68 baht, an increase from 2.08 baht. ROAA and ROAE were at 4.71 and 8.60 percent, respectively.

## Financial Highlights

### Financial Highlights

Reviewed Financial Statements	For the 3 months ended			For the 6 months ended	
	30-Jun-22	31-Mar-22	30-Jun-21	30-Jun-22	30-Jun-21
<b>Operating Performance (Million Baht)</b>					
Interest Income	1,108	1,047	988	2,155	1,962
Interest Expenses	356	341	335	697	670
Net Interest Income	752	706	653	1,458	1,292
Non-interest Income	2,469	1,814	1,984	4,283	3,951
Net Operating Income <sup>(1)</sup>	3,221	2,520	2,637	5,741	5,243
Other Operating Expenses	814	790	808	1,604	1,565
Expected Credit Losses	43	138	139	181	236
Profit before Tax	2,364	1,592	1,690	3,956	3,442
Income Tax	242	202	253	444	484
<b>Profit for the Period</b>	<b>2,122</b>	<b>1,390</b>	<b>1,437</b>	<b>3,512</b>	<b>2,958</b>
<b>Net Profit Attributable to the Company</b>	<b>1,772</b>	<b>1,036</b>	<b>1,107</b>	<b>2,808</b>	<b>2,185</b>
Basic Earnings per Share (Baht)	1.69	0.99	1.06	2.68	2.08
	30-Jun-22	31-Mar-22	31-Dec-21		
<b>Financial Position (Million Baht)</b>					
Net Loans to Customers and Accrued Interest Receivables	61,853	59,330	55,221		
Investments in Associated Companies and Joint Ventures	55,463	53,547	52,955		
Total Assets	155,460	149,676	142,735		
Debts Issued and Borrowings	43,845	37,960	34,308		
Total Liabilities	80,461	74,437	68,584		
Company's Shareholders' Equity	65,935	65,899	65,114		
Non-controlling Interests	9,064	9,340	9,027		
Total Shareholders' Equity	74,999	75,239	74,141		
	30-Jun-22	31-Mar-22	30-Jun-21	30-Jun-22	30-Jun-21
<b>Operating Performance Ratios (Percent)</b>					
ROAA	5.59	3.79	4.06	4.71	4.16
ROAE <sup>(2)</sup>	10.86	6.33	6.99	8.60	6.89
	30-Jun-22	31-Mar-22	31-Dec-21		
D/E Ratio (times)	1.07	0.99	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)								
	2Q22	1Q22	Change		6M22	6M21	Change	
			+ / (-)	%			+ / (-)	%
<b>Interest Income</b>	<b>1,108</b>	<b>1,047</b>	<b>61</b>	<b>5.83</b>	<b>2,155</b>	<b>1,962</b>	<b>193</b>	<b>9.84</b>
Interbank and Money Market Items – Deposits								
at Financial Institutions	18	17	1	5.88	35	48	(13)	(27.08)
Financial Assets Measured at Fair Value								
through Profit or Loss	4	3	1	33.33	7	17	(10)	(58.82)
Investments in Debt Securities Measured at								
Amortized Cost	-	-	-	-	-	1	(1)	(100.00)
Investments in Debt Securities Measured at								
Fair Value through Other Comprehensive								
Income	32	22	10	45.45	54	65	(11)	(16.92)
Loans to Customers	188	162	26	16.05	350	145	205	141.38
Hire Purchase and Financial Lease	866	843	23	2.73	1,709	1,686	23	1.36
<b>Interest Expenses</b>	<b>356</b>	<b>341</b>	<b>15</b>	<b>4.40</b>	<b>697</b>	<b>670</b>	<b>27</b>	<b>4.03</b>
Interbank and Money Market Items - Borrowings								
from Financial Institutions	59	59	-	-	118	134	(16)	(11.94)
Debts Issued and Borrowings	290	274	16	5.84	564	523	41	7.84
Borrowing Cost	5	4	1	25.00	9	7	2	28.57
Others	2	4	(2)	(50.00)	6	6	-	-
<b>Net Interest Income</b>	<b>752</b>	<b>706</b>	<b>46</b>	<b>6.52</b>	<b>1,458</b>	<b>1,292</b>	<b>166</b>	<b>12.85</b>

In the second quarter of 2022, the Company and its subsidiaries had 752 million baht in net interest income, an increase of 46 million baht or 6.52 percent from the previous quarter. Interest income was 1,108 million baht, an increase of 61 million baht or 5.83 percent. This was mainly due to the increases in interest income on loans and interest income on hire purchase as asset-based financing, margin loans, and hire purchase loans increased. Meanwhile, interest expenses were 356 million baht, an increase of 15 million baht or 4.40 percent from the previous quarter. This was due to the increase in the amount of debt issued and borrowings to support business growth.

For the first six-month period of 2022, the Company and its subsidiaries had 1,458 million baht in net interest income, an increase of 166 million baht or 12.85 percent from the same period last year. Interest income was 2,155 million baht, an increase of 193 million baht or 9.84 percent, due to the increases in asset-based financing, margin loans, and hire purchase loans. Interest expenses were 697 million baht, an increase of 27 million baht or 4.03 percent from the increase in debt issued and borrowings outstanding to support business growth.

## Non-interest Income

Non-interest Income (Million Baht)								
	2Q22	1Q22	Change		6M22	6M21	Change	
			+ / (-)	%			+ / (-)	%
<b>Net Fees and Service Income</b>	<b>267</b>	<b>345</b>	<b>(78)</b>	<b>(22.61)</b>	<b>612</b>	<b>743</b>	<b>(131)</b>	<b>(17.63)</b>
<b>Total Operating Income</b>	<b>2,202</b>	<b>1,469</b>	<b>733</b>	<b>49.90</b>	<b>3,671</b>	<b>3,208</b>	<b>463</b>	<b>14.43</b>
Gains on Financial Instruments								
Measured at Fair Value through Profit or Loss	400	36	364	1,011.11	436	261	175	67.05
Gains on Investments	2	-	2	100.00	2	16	(14)	(87.50)
Share of Profit from Investments Accounted for under Equity Method	860	586	274	46.76	1,446	1,088	358	32.90
Gains on Property Foreclosed and Other Assets	29	-	29	100.00	29	26	3	11.54
Net Insurance / Life Insurance Income	762	703	59	8.39	1,465	1,280	185	14.45
Dividend Income	47	35	12	34.29	82	105	(23)	(21.90)
Other Income	102	109	(7)	(6.42)	211	432	(211)	(51.16)
<b>Total Non-interest Income</b>	<b>2,469</b>	<b>1,814</b>	<b>655</b>	<b>36.11</b>	<b>4,283</b>	<b>3,951</b>	<b>332</b>	<b>8.40</b>

In the second quarter of 2022, non-interest income of the Company and its subsidiaries amounted to 2,469 million baht, an increase of 655 million baht or 36.11 percent from the previous quarter. This was mainly due to the following:

- Net fees and service income amounted to 267 million baht, a decrease of 78 million baht or 22.61 percent. This was mainly due to the decrease in brokerage fees from lower securities trading volume of Thanchart Securities.
- Other operating income amounted to 2,202 million baht, an increase of 733 million baht or 49.90 percent. This was mainly due to the increase in gains on financial instruments measured at fair value through profit or loss and the increase in share of profit from investments accounted for under equity method from the improvement in operating performance of associated companies in line with economic recovery.

For the first six-month period of 2022, non-interest income of the Company and its subsidiaries amounted to 4,283 million baht, an increase of 332 million baht or 8.40 percent from the same period last year. This was mainly due to the following:

- Net fees and service income amounted to 612 million baht, a decrease of 131 million baht or 17.63 percent. This was mainly due to the decreases in brokerage fees from securities business and mutual funds trading fees.
- Other operating income amounted to 3,671 million baht, an increase of 463 million baht or 14.43 percent. This was mainly due to the increase in share of profit from investments accounted for under equity method from the improvement in operating performance of associated companies in line with economic recovery, the increase in net insurance/life insurance income, and the increase in gains on financial instruments measured at fair value through profit or loss.

## Other Operating Expenses

## Other Operating Expenses (Million Baht)

	2Q22	1Q22	Change		6M22	6M21	Change	
			+ / (-)	%			+ / (-)	%
Personnel Expenses	490	515	(25)	(4.85)	1,005	1,041	(36)	(3.46)
Premises and Equipment Expenses	69	70	(1)	(1.43)	139	129	10	7.75
Taxes and Duties	4	6	(2)	(33.33)	10	10	-	-
Directors' Remuneration	46	16	30	187.50	62	62	-	-
Other Expenses	205	183	22	12.02	388	323	65	20.12
<b>Total Other Operating Expenses</b>	<b>814</b>	<b>790</b>	<b>24</b>	<b>3.04</b>	<b>1,604</b>	<b>1,565</b>	<b>39</b>	<b>2.49</b>

In the second quarter of 2022, other operating expenses of the Company and its subsidiaries amounted to 814 million baht, an increase of 24 million baht or 3.04 percent from the previous quarter.

For the first six-month period of 2022, other operating expenses of the Company and its subsidiaries amounted to 1,604 million baht, an increase of 39 million baht or 2.49 percent. This was mainly due to legal expenses of a subsidiary company.

## Expected Credit Loss (Reversal)

## Expected Credit Loss (Reversal) (Million Baht)

	2Q22	1Q22	Change		6M22	6M21	Change	
			+ / (-)	%			+ / (-)	%
Interbank and Money Market Items	(2)	-	(2)	(100.00)	(2)	1	(3)	(300.00)
Investments in Debt Securities Measured at Amortized Cost	(37)	1	(38)	(3,800.00)	(36)	36	(72)	(200.00)
Loans to Customers and Accrued Interest Receivables	102	160	(58)	(36.25)	262	278	(16)	(5.76)
Other Assets	(20)	(23)	3	13.04	(43)	(79)	36	45.57
<b>Expected Credit Loss</b>	<b>43</b>	<b>138</b>	<b>(95)</b>	<b>(68.84)</b>	<b>181</b>	<b>236</b>	<b>(55)</b>	<b>(23.31)</b>

In the second quarter of 2022, the Company and its subsidiaries had expected credit loss in the amount of 43 million baht, a decrease of 95 million baht or 68.84 percent from the previous quarter. For the first six-month period of 2022, the Company and its subsidiaries had expected credit loss in the amount of 181 million baht, a decrease of 55 million baht or 23.31 percent from the same period last year. This was in line with improving asset quality and the effective asset quality control.



## Financial Position

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

	30 June 2022		31 December 2021		Change	
	Amount	%	Amount	%	+/(-)	%
Cash	4	0.00	4	0.00	-	-
Interbank and Money Market Items - net						
- Deposits at Financial Institutions	10,500	6.75	8,947	6.27	1,553	17.36
Financial Assets Measured at Fair Value through Profit or Loss	2,468	1.59	2,781	1.95	(313)	(11.25)
Investments - net	14,765	9.50	13,124	9.19	1,641	12.50
Investments in Associated Companies and Joint venture	55,463	35.68	52,955	37.10	2,508	4.74
Net Loans to Customers and Accrued Interest Receivables	61,853	39.79	55,221	38.69	6,632	12.01
Property Foreclosed - net	3,677	2.36	3,679	2.58	(2)	(0.05)
Land, Premises, Equipment and Right-of-use Assets - net	682	0.44	756	0.53	(74)	(9.79)
Other Assets	6,048	3.89	5,268	3.69	780	14.81
<b>Total Assets</b>	<b>155,460</b>	<b>100.00</b>	<b>142,735</b>	<b>100.00</b>	<b>12,725</b>	<b>8.92</b>
Interbank and Money Market Items						
- Borrowings from Financial Institutions	17,758	11.42	15,984	11.20	1,774	11.10
Debts Issued and Borrowings	43,845	28.21	34,308	24.04	9,537	27.80
Insurance Contracts Liabilities	11,693	7.52	11,414	8.00	279	2.44
Other Liabilities	7,165	4.61	6,888	4.82	277	4.02
<b>Total Liabilities</b>	<b>80,461</b>	<b>51.76</b>	<b>68,594</b>	<b>48.06</b>	<b>11,867</b>	<b>17.30</b>
Company's Shareholders' Equity	65,935	42.41	65,114	45.62	821	1.26
Non-controlling Interests	9,064	5.83	9,027	6.32	37	0.41
<b>Total Shareholders' Equity</b>	<b>74,999</b>	<b>48.24</b>	<b>74,141</b>	<b>51.94</b>	<b>858</b>	<b>1.16</b>
<b>Total Liabilities and Shareholders' Equity</b>	<b>155,460</b>	<b>100.00</b>	<b>142,735</b>	<b>100.00</b>	<b>12,725</b>	<b>8.92</b>
Book Value per Share (Baht)	62.88		62.10			

### Assets

As of 30 June 2022, **Thanachart Group's total assets amounted to 155,460 million baht, an increase of 12,725 million baht or 8.92 percent** from the end of 2021. Key factors were as follows:

- Net interbank and money market items – deposits at financial institutions amounted to 10,500 million baht, an increase of 1,553 million baht or 17.36 percent. This was due to liquidity management.

- Net investments amounted to 14,765 million baht, an increase of 1,641 million baht or 12.50 percent. This was mainly due to the additional investments in debt securities.
- Investment in associated companies and joint venture amounted to 55,463 million baht, an increase of 2,508 million baht or 4.74 percent. This was mainly due to the additional investments in TMBThanachart Bank.
- Net loans to customers and accrued interest receivables amounted to 61,853 million baht, an increase of 6,632 million baht or 12.01 percent. This was mainly due to the loan expansion of the subsidiaries including Ratchthani Leasing, Thanachart Plus, and Thanachart Securities.

### **Liabilities**

**Total liabilities of Thanachart Group** as of 30 June 2022 **were 80,461 million baht, an increase of 11,867 million baht or 17.30 percent** from the end of 2021. Interbank and money market items - borrowings from financial Institutions and debts issued and borrowings totaled 61,603 million baht, an increase of 11,311 million baht or 22.49 percent. This was due to the issuance and offering of debentures of the Company and its subsidiaries to support business growth.

### **Shareholders' Equity**

**Total shareholders' equity** as of 30 June 2022 **was 74,999 million baht, an increase of 858 million baht or 1.16 percent** from the end of 2021. The total shareholders' equity comprised of the following:

- Equity attributable to the owners of the Company was 65,935 million baht, an increase of 821 million baht or 1.26 percent. This was mainly due to the operating net profit of the Company and its subsidiaries in the first six-month of 2022 in the amount of 2,808 million baht and the dividend payment paid from the performance in the second half of 2021 of 1,888 million baht.
- Equity attributable to non-controlling interest amounted to 9,064 million baht, an increase of 37 million baht or 0.41 percent. This was mainly from the operating results of subsidiary companies.

## Operating Results of Subsidiaries

### Operating Results of Subsidiaries (Million Baht)

Subsidiaries	% Shareholding	Net Profit (Loss)				
		2Q22	1Q22	2Q21	6M22	6M21
Ratchthani Leasing Public Company Limited (Consol.)	60.61%	492	455	427	947	854
Thanachart Insurance Public Company Limited	50.96%	199	193	214	392	392
Thanachart Securities Public Company Limited	50.96%	107	176	159	283	359
TS AMC Company Limited	99.99%	(6)	(6)	38	(12)	35
MAX AMC Company Limited	83.44%	(1)	(7)	(3)	(8)	(15)
NFS AMC Company Limited	100.00%	(2)	-	92	(2)	86
MBK Life Assurance Public Company Limited	100.00%	173	103	(55)	276	73
Thanachart Plus Company Limited	100.00%	27	19	-	46	-

#### Ratchthani Leasing Public Company Limited (Consolidated)

As of 30 June 2022, Ratchthani Leasing Public Company Limited and its subsidiary had total assets of 52,317 million baht, an increase of 3,094 million baht or 6.29 percent from the end of 2021. The company had **hire purchase and financial leases in the amount of 50,714 million baht, an increase of 2,803 million baht or 5.85 percent**. Loans represented 97.08 percent of total assets. Total liabilities amounted to 40,766 million baht while shareholders' equity was 11,551 million baht.

**Net profit for the second quarter of 2022 amounted to 492 million baht, an increase of 37 million baht or 8.13 percent** from the previous quarter. Total income amounted to 1,099 million baht, an increase of 16 million baht or 1.48 percent. Interest expenses amounted to 223 million baht, an increase of 3 million baht or 1.36 percent. Expected credit loss amounted to 71 million baht, decreased by 55 million baht or 43.65 percent which was in line with improving asset quality.

**Net profit for the first six-month period of 2022 amounted to 947 million baht, an increase of 93 million baht or 10.89 percent** from the same period last year. Total income amounted to 2,182 million baht, an increase of 116 million baht or 5.61 percent. Interest expenses amounted to 443 million baht, a decrease of 14 million baht or 3.06 percent. Expected credit loss amounted to 197 million baht, a decrease of 49 million baht or 19.92 percent due to effective asset quality control.

#### Thanachart Insurance Public Company Limited

**In the second quarter of 2022**, Thanachart Insurance Public Company Limited had **total insurance premium of 2,400 million baht, a decrease of 51 million baht or 2.08 percent** from the previous quarter. This was due to the decline in sales growth through the broker channels. Auto insurance premium in the second quarter of 2022 amounted to 2,087 million baht, a decrease of 62 million baht or 2.86 percent from the previous quarter. At the same time, **the company's total insurance premium in the first six-month period amounted to 4,851 million baht, an increase of 857 million baht or 21.46 percent** from the same period last year. This was due to the increase in sales through the broker

channels. Auto insurance premium amounted to 4,236 million baht, an increase of 876 million baht or 26.07 percent from the same period last year.

For operating results, **the net profit of the company in the second quarter of 2022 amounted to 199 million baht, an increase of 6 million baht or 3.11 percent** from the previous quarter. This was mainly due to the increase in net earned premium of 34 million baht as unearned premium reserve decreased; the increase in investment income of 5 million baht; the increase in other income of 4 million baht; the decrease in commission and brokerage expenses of 12 million baht in line with the decrease in insurance premium; the decrease in other underwriting expenses of 7 million baht; and the decrease in expected credit loss of 5 million baht. However, fee and commission income from reinsurers decreased by 3 million baht in line with the decrease in reinsurance premium, meanwhile, in gross claims and loss adjustment expenses increased by 49 million baht and operating expenses increased by 6 million baht as well.

**For the operating result in the first six-month period of 2022, the company had a net profit of 392 million baht, close to** that of the same period last year. This was mainly due to the increase in net earned premium of 21 million baht which was in line with the increase in gross premium written received from broker channels; the increase in fee and commission income from reinsurers of 133 million baht which was in line with the increase in reinsurance premium; the decrease in gross claims and loss adjustment expenses of 77 million baht; the increase in other income of 4 million baht; and the decrease in expected credit loss of 44 million baht. However, investment income decreased by 32 million baht while commission and brokerage expenses increased by 144 million baht in line with higher insurance premium. As well, other underwriting expenses increased by 58 million baht and operating expenses increased by 45 million baht.

#### **Thanachart Securities Public Company Limited**

Average daily securities trading volume of Thanachart Securities Public Company Limited in the second quarter of 2022 was 2,591 million baht, a decrease from the average trading volume of 3,259 million baht in the previous quarter. The company's market share of securities trading was at 1.80 percent. The trading volume could be divided into 73.48 percent of retails, 25.31 percent of institutions, and 1.21 percent of foreign investors. Average daily trading volume of the company in the first six-month period of 2022 was 2,939 million baht, a decrease from the average daily trading volume of 4,133 million baht in the same period last year. However, in the first six-month period last year, the company's customers had large volume of trading transactions (Big Lot) and the average daily trading volume excluded the Big Lot amounted to 3,763 million baht. The trading volume of the first six-month period of this year could be divided into 76.05 percent of retails, 22.42 percent of institutions, and 1.53 percent of foreign investors.

**Net profit for the second quarter of 2022 amounted to 107 million baht, a decrease of 69 million baht or 39.20 percent** from the previous quarter. Total income was 360 million baht, a decrease of 121 million baht or 25.16 percent, divided into brokerage fees of 224 million baht, a decrease of 25.83 percent in line with the trading volume of the company and the decline in trading condition of the stock market; interest income on margin loans of 79 million baht, an increase of 14.49 percent; gains and returns on financial instruments of 15 million baht; and fees and service income of 34 million baht. Meanwhile, total expenses amounted to 231 million baht, a decrease of 11.49 percent. The company's total expenses consisted of interest expenses and fees and service expenses of 50 million baht and operating expenses of 181 million baht.

**Net profit for the first six-month period of 2022 amounted to 283 million baht, a decrease of 76 million baht or 21.17 percent** from the same period last year. Total income was 842 million baht, a decrease of 13.99 percent, divided into brokerage fees of 526 million baht, a decrease of 24.86 percent in line with the trading condition of the stock market and trading volume of the company during this period; fees and service income of 65 million baht, consisting of fees

income related to the investment allocation plan (ZEAL) of 31 million baht, an increase of 40.91 percent and fees income from mutual fund trading of 22 million baht, a decrease of 60.00 percent; and interest income on margin loans of 148 million baht, an increase of 80.49 percent in line with the margin loans outstanding which expanded significantly. Meanwhile, interest expenses amounted to 38 million baht, an increase of 123.53 percent in line with the expansion of margin loans. Total expenses excluding interest expenses amounted to 453 million baht, a decrease of 11.70 percent in line with the decrease in the company's income.

As of 30 June 2022, the company maintained its liquidity ratio (Net Liquid Capital Rules: NCR) at 44.48 percent, higher than the minimum requirement by the Securities and Exchange Commissions (SEC) of 7.00 percent of general indebtedness and securities pledged.

#### 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.