

# MANAGEMENT'S DISCUSSION AND ANALYSIS

For the fourth quarter and full year ended 31 December 2022  
(Audited Financial Statements)

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# THANACHART CAPITAL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

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

### Economics Outlook and Commercial Banking Industry

Overall, the Thai economy in 2022 continued expanding when compared to 2021. In particular, the economy expanded by 2.6 percent, mainly due to the improvements of the COVID-19 pandemic situation. The tourism sector expanded in line with the relaxation of international travel restrictions in the second half of 2022, which resulted in the continued increase in the number of foreign tourists. These had positive impacts on the service sector and the private consumption. On the other hand, the export sector slowed down in line with the slowdown not only in the demand of the trading partner countries since the middle of 2022 but also in the production in the industrial sector and the private investment. Noteworthy was the inflation rate which had risen significantly since the beginning of 2022, mainly due to rising prices of energy and fresh food. Moreover, the inflation rate was expected to increase in line with the economic recovery. As a result, the Bank of Thailand's Monetary Policy Committee decided to increase the policy rate three times in the second half of the year, by 25 basis points each time. In consequence, the policy rate increased to 1.25 percent per annum from 0.50 percent per annum. In this connection, the gradual increases in the policy rate followed the policy implementation in accordance with the direction of the economic recovery and inflationary trends.

Loans of Thai commercial banks in 2022 increased from the previous year. This was mainly due to the expansion of corporate loans as well as retail loans which included both mortgage loans and hire-purchase loans. On the other hand, deposits increased in line with the loan expansion. As well, commercial banks accelerated deposit mobilization not only to accommodate the loan expansion but also to deal with the rising interest rates in the period ahead. As regards non-performing loans, NPLs decreased in line with the gradual economic recovery.

As for the Thai economy in 2023, the economy is expected to continue expanding. Based on the forecasts prepared by the National Economic and Social Development Board (NESDB), the economy will expand by 2.7 - 3.7 percent. In this connection, supporting factors include the recovery of the tourism sector, the continued expansion of private consumption, as well as the expansion of both public and private investment. On the other hand, there may be constraints caused by the risk from the global economic slowdown amidst the rising policy rates worldwide and the uncertainties caused by the persistent geopolitical conflicts as well as the debt burdens of small and medium-sized enterprise (SME) groups and local low-income people who are still faced with risks and inequalities in the economic recovery.

### Key Events in 2022

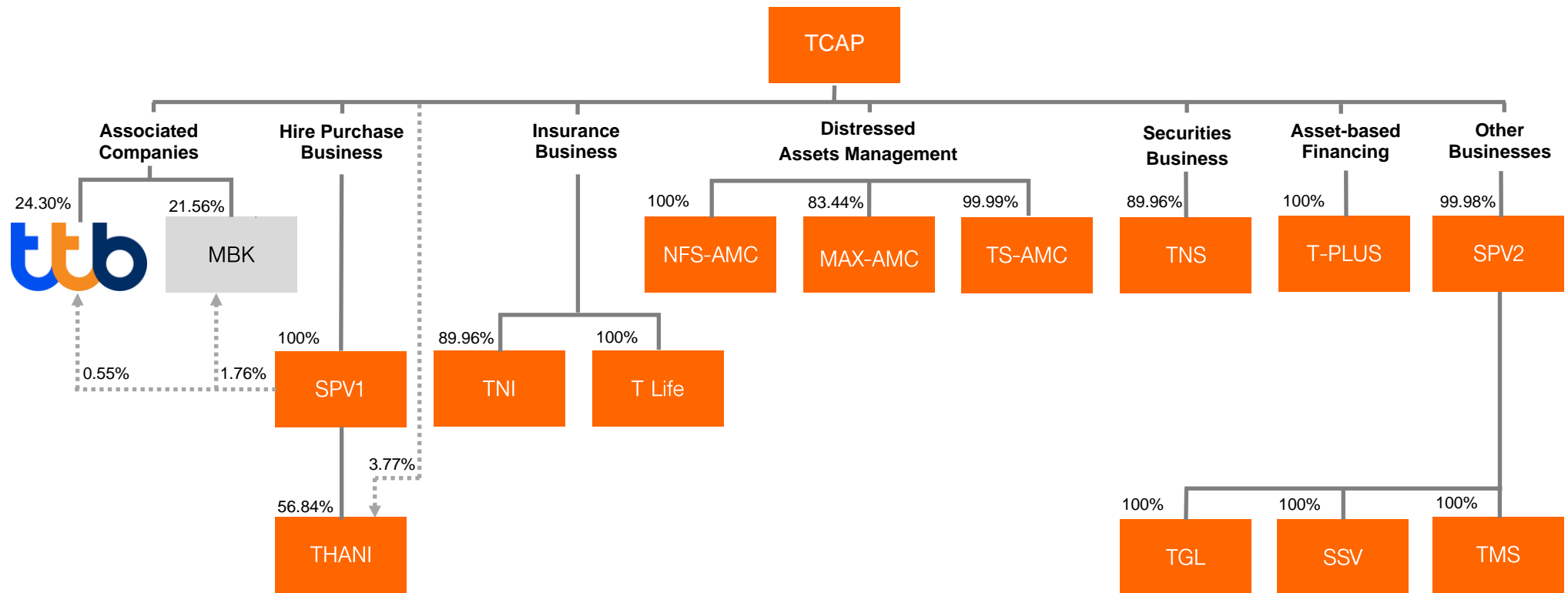
1. On 25 February 2022, the Company's Board of Directors had a resolution approving the Company to decrease its paid-up capital from the treasury stock project in the amount of 19,467,000 shares, valued at 1,000 million baht which was over 3-year period from the repurchased date but were not resold. 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 6 May 2022, the Company made the dividend payments to the Company's shareholders at the rate of 1.80 baht per share or 1,888 million baht in total. Later, on 28 October 2022, the Company made the interim dividend payments to the Company's shareholders at the rate of 1.20 baht per share or 1,258 million baht in total.
3. 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.

4. The Company has made additional investments and extended loans to create more return for shareholders in the future, which could be divided into:

- 1) Additional investments in subsidiaries and associated company: During the year 2022, the Company has been purchasing ordinary shares of TMBThanachart Bank Public Company Limited, resulting in an increase in total shareholding from 23.32 percent to 24.85 percent and the Company's subsidiary has been purchasing ordinary shares of Ratchthani Leasing Public Company Limited, resulting in an increase in total shareholding from 60.16 percent to 60.61 percent. In the fourth quarter of 2022, the Company has increased its investments in Thanachart Insurance Public Company Limited and Thanacahrt Securities Public Company Limited. As a result, the shareholding proportions in both companies have increased from 50.96 percent to 89.96 percent.
- 2) Investments by giving financial support to Thanachart Plus Company Limited in granting secured loans (asset-based financing).

The funds used for additional investments and financial support amounted to 8,267 million baht.

# Thanachart Group's Shareholding Structure As of 31 December 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., T Life = T 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., T-PLUS = Thanachart Plus Co., Ltd., SPV2 = Thanachart Special Purpose Vehicle 2 Co., Ltd., TGL = Thanachart Group leasing Co., Ltd., SSV = Security Scib Services Co., Ltd., TMS = Thanachart Management and Service Co., Ltd.

## Operating Results for the Fourth Quarter and Full Year of 2022

### Performance Overview

In the fourth quarter of 2022, the Company and its subsidiaries' net profit according to the consolidated financial statements amounted to 1,286 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 353 million baht
- Thanachart Insurance Public Company Limited had a net profit of 168 million baht
- Thanachart Securities Public Company Limited had a net profit of 70 million baht
- Share of profit from investments accounted for under equity method – associated companies was 954 million baht
- Asset Management Companies and other subsidiaries had net losses of 147 million baht

As a result, **net profit attributable to the Company amounted to 1,086 million baht, a decrease of 240 million baht or 18.10 percent** from the previous quarter. This was mainly due to a decrease in non-interest income from net life insurance income and a decrease in fees and service income.

Earnings per share (EPS) of the Company in the fourth quarter of 2022 were 1.04 baht, a decrease from 1.26 baht in the previous quarter. Return on Average Assets (ROAA) and Return on Average Equity of the Company's shareholders (ROAE) were at 3.25 and 6.54 percent, respectively.

In 2022, the Company and its subsidiaries' net profit according to the consolidated financial statements amounted to 6,428 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 1,753 million baht
- Thanachart Insurance Public Company Limited had a net profit of 697 million baht
- Thanachart Securities Public Company Limited had a net profit of 448 million baht
- Share of profit from investments accounted for under equity method – associated companies was 3,233 million baht
- Asset Management Companies and other subsidiaries had net profits of 372 million baht

As a result, **net profit attributable to the Company amounted to 5,220 million baht, a decrease of 67 million baht or 1.27 percent** from last year. This was mainly due to a decrease in non-interest income as there was a special income from the reversal of NPA reserves and gains on debt repayment from a large client in 2021. In case the special income from the reversal of NPA reserves was excluded, the Company's net profit increased by 13.7 percent. However, in 2022, the performances of associated companies improved, resulting in the increase in share of profit from investments accounted for under equity method. In addition, all major subsidiaries have had high level of return on equity in this year.

EPS of the Company in 2022 were 4.98 baht, a decrease from 5.04 baht in the previous year. ROAA and ROAE were at 4.19 and 7.93 percent, respectively.

**Financial Highlights**

**Financial Highlights**

Audited Financial Statements	For the 3 months ended			For the Year ended	
	31-Dec-22	30-Sep-22	31-Dec-21	31-Dec-22	31-Dec-21
<b>Operating Performance (Million Baht)</b>					
Interest Income	1,226	1,182	991	4,563	4,026
Interest Expenses	458	404	342	1,559	1,355
Net Interest Income	768	778	649	3,004	2,671
Non-interest Income	1,757	1,925	2,553	7,964	8,513
Net Operating Income <sup>(1)</sup>	2,525	2,703	3,202	10,968	11,184
Other Operating Expenses	844	827	820	3,275	3,143
Expected Credit Losses	223	90	83	493	483
Profit before Tax	1,458	1,786	2,299	7,200	7,558
Income Tax	172	156	222	772	836
<b>Profit for the Period</b>	<b>1,286</b>	<b>1,630</b>	<b>2,077</b>	<b>6,428</b>	<b>6,722</b>
<b>Net Profit Attributable to the Company</b>	<b>1,086</b>	<b>1,326</b>	<b>1,769</b>	<b>5,220</b>	<b>5,287</b>
Basic Earnings per Share (Baht)	1.04	1.26	1.69	4.98	5.04
<b>Financial Position (Million Baht)</b>					
Net Loans to Customers and Accrued Interest Receivables	62,383	62,307	55,221		
Investments in Associated Companies and Joint Ventures	56,986	56,096	52,955		
Total Assets	157,089	160,272	142,735		
Debts Issued and Borrowings	47,730	46,393	34,308		
Total Liabilities	84,558	84,036	68,594		
Company's Shareholders' Equity	66,763	66,923	65,114		
Non-controlling Interests	5,768	9,313	9,027		
Total Shareholders' Equity	72,531	76,236	74,141		
<b>Operating Performance Ratios (Percent)</b>					
ROAA	3.25	4.12	5.83	4.19	4.73
ROAE <sup>(2)</sup>	6.54	7.99	11.02	7.93	8.31
D/E Ratio (times)	1.17	1.10	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)

	4Q22	3Q22	Change		2022	2021	Change	
			+ / (-)	%			+ / (-)	%
<b>Interest Income</b>	<b>1,226</b>	<b>1,182</b>	<b>44</b>	<b>3.72</b>	<b>4,563</b>	<b>4,026</b>	<b>537</b>	<b>13.34</b>
Interbank and Money Market Items – Deposits								
at Financial Institutions	18	19	(1)	(5.26)	72	81	(9)	(11.11)
Financial Assets Measured at Fair Value								
through Profit or Loss	2	5	(3)	(60.00)	14	27	(13)	(48.15)
Investments in Debt Securities Measured at								
Amortized Cost	9	3	6	200.00	12	1	11	1,100.00
Investments in Debt Securities Measured at								
Fair Value through Other Comprehensive Income	75	54	21	38.89	183	115	68	59.13
Loans to Customers	221	208	13	6.25	779	372	407	109.41
Hire Purchase and Financial Lease	901	893	8	0.90	3,503	3,430	73	2.13
<b>Interest Expenses</b>	<b>458</b>	<b>404</b>	<b>54</b>	<b>13.37</b>	<b>1,559</b>	<b>1,355</b>	<b>204</b>	<b>15.06</b>
Interbank and Money Market Items - Borrowings								
from Financial Institutions	67	63	4	6.35	248	255	(7)	(2.75)
Debts Issued and Borrowings	382	334	48	14.37	1,280	1,071	209	19.51
Borrowing Cost	5	4	1	25.00	18	16	2	12.50
Others	4	3	1	33.33	13	13	-	-
<b>Net Interest Income</b>	<b>768</b>	<b>778</b>	<b>(10)</b>	<b>(1.29)</b>	<b>3,004</b>	<b>2,671</b>	<b>333</b>	<b>12.47</b>

In the fourth quarter of 2022, the Company and its subsidiaries had 768 million baht in net interest income, a decrease of 10 million baht or 1.29 percent from the previous quarter. Interest income was 1,226 million baht, an increase of 44 million baht or 3.72 percent. This was mainly due to the increase in interest income on investments in debt securities from additional investments in debentures and the increase in interest income on loans to customers and hire purchase loans. Meanwhile, interest expenses were 458 million baht, an increase of 54 million baht or 13.37 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 year 2022, the Company and its subsidiaries had 3,004 million baht in net interest income, an increase of 333 million baht or 12.47 percent from the previous year. Interest income was 4,563 million baht, an increase of 537 million baht or 13.34 percent, due to the increases in asset-based financing, margin loans, and hire purchase loans. Interest expenses were 1,559 million baht, an increase of 204 million baht or 15.06 percent from the increase in debt issued and borrowings outstanding to support business growth.

## Non-interest Income

Non-interest Income (Million Baht)								
	4Q22	3Q22	Change		2022	2021	Change	
			+ / (-)	%			+ / (-)	%
<b>Net Fees and Service Income</b>	<b>212</b>	<b>289</b>	<b>(77)</b>	<b>(26.64)</b>	<b>1,113</b>	<b>1,454</b>	<b>(341)</b>	<b>(23.45)</b>
<b>Total Operating Income</b>	<b>1,545</b>	<b>1,636</b>	<b>(91)</b>	<b>(5.56)</b>	<b>6,851</b>	<b>7,059</b>	<b>(208)</b>	<b>(2.95)</b>
Gains (Losses) on Financial Instruments								
Measured at Fair Value through Profit or Loss	88	(62)	150	241.94	461	527	(66)	(12.52)
Gains (Losses) on Investments	(30)	6	(36)	(600.00)	(21)	(3)	(18)	(600.00)
Share of Profit from Investments Accounted for under Equity Method	954	834	120	14.39	3,233	1,986	1,247	62.79
Gains on Property Foreclosed and Other Assets	18	69	(51)	(73.91)	116	850	(734)	(86.35)
Net Insurance / Life Insurance Income	363	552	(189)	(34.24)	2,380	2,411	(31)	(1.29)
Dividend Income	17	41	(24)	(58.54)	140	145	(5)	(3.45)
Other Income	135	196	(61)	(31.12)	542	1,143	(601)	(52.58)
<b>Total Non-interest Income</b>	<b>1,757</b>	<b>1,925</b>	<b>(168)</b>	<b>(8.73)</b>	<b>7,964</b>	<b>8,513</b>	<b>(549)</b>	<b>(6.45)</b>

In the fourth quarter of 2022, non-interest income of the Company and its subsidiaries amounted to 1,757 million baht, a decrease of 168 million baht or 8.73 percent from the previous quarter. This was mainly due to the following:

- Net fees and service income amounted to 212 million baht, a decrease of 77 million baht or 26.64 percent. This was mainly due to the decrease in brokerage fees from securities business in line with the decrease in trading volume of Thanachart Securities and the decrease in underwriting fees and financial advisory fees.
- Other operating income amounted to 1,545 million baht, a decrease of 91 million baht or 5.56 percent. This was mainly due to the decrease in net life insurance income as reserve under the GPV method increased in line with the decline in long-term bond yields. At the same time, gains on financial instruments measured at fair value through profit or loss increased in line with market condition and share of profit from investments accounted for under equity method increase from better performance of associated companies.

For the year 2022, non-interest income of the Company and its subsidiaries amounted to 7,964 million baht, a decrease of 549 million baht or 6.45 percent from the previous year. This was mainly due to the following:

- Net fees and service income amounted to 1,113 million baht, a decrease of 341 million baht or 23.45 percent. This was mainly due to the decrease of income from securities business in line with the declined trading volume.
- Other operating income amounted to 6,851 million baht, a decrease of 208 million baht or 2.95 percent. This was mainly due to the fact that in the previous year there was the reversal of NPA reserves and gains on debt repayment from the large client. Meanwhile, share of profit from investments accounted for under equity method increased from the improvement in operating performance of associated companies in line with economic recovery.



## Other Operating Expenses

## Other Operating Expenses (Million Baht)

	4Q22	3Q22	Change		2022	2021	Change	
			+ / (-)	%			+ / (-)	%
Personnel Expenses	515	508	7	1.38	2,028	2,052	(24)	(1.17)
Premises and Equipment Expenses	66	71	(5)	(7.04)	276	273	3	1.10
Taxes and Duties	9	9	-	-	28	40	(12)	(30.00)
Directors' Remuneration	13	13	-	-	88	87	1	1.15
Other Expenses	241	226	15	6.64	855	691	164	23.73
<b>Total Other Operating Expenses</b>	<b>844</b>	<b>827</b>	<b>17</b>	<b>2.06</b>	<b>3,275</b>	<b>3,143</b>	<b>132</b>	<b>4.20</b>

In the fourth quarter of 2022, other operating expenses of the Company and its subsidiaries amounted to 844 million baht, an increase of 17 million baht or 2.06 percent from the previous quarter. This was mainly due to marketing expenses which was a seasonal increase.

For the year 2022, other operating expenses of the Company and its subsidiaries amounted to 3,275 million baht, an increase of 132 million baht or 4.20 percent from the previous year. The increase was mainly due to legal expenses, computer and work system expenses, and marketing expenses of subsidiary companies.

## Expected Credit Loss (Reversal)

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

	4Q22	3Q22	Change		2022	2021	Change	
			+ / (-)	%			+ / (-)	%
Interbank and Money Market Items	-	(1)	1	100.00	(3)	-	(3)	(100.00)
Investments in Debt Securities Measured at Amortized Cost	1	-	1	100.00	1	-	1	100.00
Investments in Debt Securities Measured at Fair Value through Other Comprehensive Income	1	2	(1)	(50.00)	(33)	(30)	(3)	(10.00)
Loans to Customers and Accrued Interest Receivables	272	123	149	121.14	657	667	(10)	(1.50)
Other Assets	(52)	(34)	(18)	(52.94)	(129)	(154)	25	16.23
<b>Expected Credit Loss</b>	<b>222</b>	<b>90</b>	<b>132</b>	<b>146.67</b>	<b>493</b>	<b>483</b>	<b>10</b>	<b>2.07</b>

In the fourth quarter of 2022, the Company and its subsidiaries had expected credit loss in the amount of 222 million baht, an increase of 132 million baht or 146.67 percent from the previous quarter. This was due to an increase in provision for debtors of a subsidiary company, which was provided under the principle of caution in provisioning against economic uncertainty. For the year 2022, the Company and its subsidiaries had expected

credit loss in the amount of 493 million baht, an increase of 10 million baht or 2.07 percent from the previous year.

## Financial Position

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

	31 December 2022		31 December 2021		Change	
	Amount	%	Amount	%	+/(-)	%
Cash	5	0.00	4	0.00	1	25.00
Interbank and Money Market Items - net						
- Deposits at Financial Institutions	4,828	3.07	8,947	6.27	(4,119)	(46.04)
Financial Assets Measured at Fair Value through Profit or Loss	2,490	1.59	2,781	1.95	(291)	(10.46)
Investments - net	18,623	11.86	13,124	9.19	5,499	41.90
Investments in Associated Companies and Joint venture	56,986	36.28	52,955	37.10	4,031	7.61
Net Loans to Customers and Accrued Interest Receivables	62,383	39.71	55,221	38.69	7,162	12.97
Property Foreclosed - net	3,854	2.45	3,679	2.58	175	4.76
Land, Premises, Equipment and Right-of-use Assets - net	682	0.43	756	0.53	(74)	(9.79)
Other Assets	7,238	4.61	5,268	3.69	1,970	37.40
<b>Total Assets</b>	<b>157,089</b>	<b>100.00</b>	<b>142,735</b>	<b>100.00</b>	<b>14,354</b>	<b>10.06</b>
Interbank and Money Market Items - Borrowings from Financial Institutions	16,415	10.45	15,984	11.20	431	2.70
Debts Issued and Borrowings	47,730	30.38	34,308	24.04	13,422	39.12
Insurance Contracts Liabilities	12,543	7.99	11,414	8.00	1,129	9.89
Other Liabilities	7,870	5.01	6,888	4.82	982	14.26
<b>Total Liabilities</b>	<b>84,558</b>	<b>53.83</b>	<b>68,594</b>	<b>48.06</b>	<b>15,964</b>	<b>23.27</b>
Company's Shareholders' Equity	66,763	42.50	65,114	45.62	1,649	2.53
Non-controlling Interests	5,768	3.67	9,027	6.32	(3,259)	(36.10)
<b>Total Shareholders' Equity</b>	<b>72,531</b>	<b>46.17</b>	<b>74,141</b>	<b>51.94</b>	<b>(1,610)</b>	<b>(2.17)</b>
<b>Total Liabilities and Shareholders' Equity</b>	<b>157,089</b>	<b>100.00</b>	<b>142,735</b>	<b>100.00</b>	<b>14,354</b>	<b>10.06</b>
Book Value per Share (Baht)	63.67		62.10			

## Assets

As of 31 December 2022, Thanachart Group's total assets amounted to 157,089 million baht, an increase of 14,354 million baht or 10.06 percent from the end of 2021. Key factors were as follows:

- Net interbank and money market items – deposits at financial institutions amounted to 4,828 million baht, a decrease of 4,119 million baht or 46.04 percent. This was due to liquidity management.
- Net investments amounted to 18,623 million baht, an increase of 5,499 million baht or 41.90 percent. This was mainly due to the additional investments in debt securities.
- Investment in associated companies and joint venture amounted to 56,986 million baht, an increase of 4,031 million baht or 7.61 percent. This was mainly due to the additional investments in TMBThanachart Bank.
- Net loans to customers and accrued interest receivables amounted to 62,383 million baht, an increase of 7,162 million baht or 12.97 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 31 December 2022 **were 84,558 million baht, an increase of 15,964 million baht or 23.27 percent** from the end of 2021. Interbank and money market items - borrowings from financial Institutions and debts issued and borrowings totaled 64,145 million baht, an increase of 13,853 million baht or 27.55 percent. This was due to the issuance and offering of debentures of the Company and its subsidiary to support business growth.

### **Shareholders' Equity**

**Total shareholders' equity** as of 31 December 2022 **was 72,531 million baht, a decrease of 1,610 million baht or 2.17 percent** from the end of 2021. The total shareholders' equity comprised of the following:

- Equity attributable to the owners of the Company was 66,763 million baht, an increase of 1,649 million baht or 2.53 percent. This was mainly due to the operating net profit of the Company and its subsidiaries in 2022 in the amount of 5,220 million baht and the dividend payment of 3,146 million baht.
- Equity attributable to non-controlling interest amounted to 5,768 million baht, a decrease of 3,259 million baht or 36.10 percent. This was mainly from the increase in shareholding proportion in Thanachart Insurance and Thanachart Securities from 50.96 percent to 89.96 percent.

## Operating Results of Subsidiaries

### Operating Results of Subsidiaries (Million Baht)

Subsidiaries	% Shareholding	Net Profit (Loss)				
		4Q22	3Q22	4Q21	2022	2021
Ratchthani Leasing Public Company Limited (Consol.)	60.61%	353	453	454	1,753	1,709
Thanachart Insurance Public Company Limited	89.96%	168	137	98	697	768
Thanachart Securities Public Company Limited	89.96%	70	95	161	448	661
TS AMC Company Limited	99.99%	(4)	74	13	58	43
MAX AMC Company Limited	83.44%	(6)	76	-	62	34
NFS AMC Company Limited	100.00%	27	(6)	(2)	19	88
T Life Assurance Public Company Limited	100.00%	(196)	21	26	101	111
Thanachart Plus Company Limited	100.00%	38	33	5	118	7

### Ratchthani Leasing Public Company Limited (Consolidated)

As of 31 December 2022, Ratchthani Leasing Public Company Limited and its subsidiary had total assets of 53,909 million baht, an increase of 4,686 million baht or 9.52 percent from the end of 2021. The company had **hire purchase and financial leases in the amount of 51,893 million baht, an increase of 3,982 million baht or 8.31 percent.** Loans represented 96.55 percent of total assets. Total liabilities amounted to 41,548 million baht while shareholders' equity was 12,361 million baht.

**Net profit for the fourth quarter of 2022 amounted to 353 million baht, a decrease of 100 million baht or 22.08 percent** from the previous quarter. Total income amounted to 1,131 million baht, an increase of 1 million baht or 0.09 percent. Interest expenses amounted to 253 million baht, an increase of 23 million baht or 10.00 percent as a result of fund raising to support loan growth. Expected credit loss amounted to 236 million baht, an increase of 144 million baht or 93.44 percent. In this regard, the company still adhered to the principle of caution in provisioning taking in to account the volatility of the global and domestic economy that might affect the Thai economic recovery in the future.

**Net profit of the year 2022 amounted to 1,753 million baht, an increase of 44 million baht or 2.57 percent** from the previous year. Total income amounted to 4,443 million baht, an increase of 217 million baht or 5.13 percent. Interest expenses amounted to 926 million baht, an increase of 13 million baht or 1.42 percent. Expected credit loss amounted to 555 million baht, a decrease of 31 million baht or 5.29 percent due to the improvement in overall asset quality. **Return on equity (ROE) of the company was 14.65 percent.**

### Thanachart Insurance Public Company Limited

**In the fourth quarter of 2022,** Thanachart Insurance Public Company Limited had **total insurance premium of 2,962 million baht, an increase of 455 million baht or 18.15 percent** from the previous quarter. This was due to the sales growth through the broker and dealer channels. Auto insurance premium in the fourth quarter of 2022 amounted to 2,679 million baht, an increase of 460 million baht or 20.73 percent from the previous quarter. At the same time, **the company's total insurance premium in 2022 amounted to 10,320 million baht, an increase of 1,986 million baht**

or **23.83 percent** from the previous year. This was a result of the development of products and services to reach more target groups of customers to suit the changing behavioral patterns of customer as well as to gain trust from them. The growth of insurance premium was mainly from the increase in sales through the broker and dealer channels. Also, the auto insurance premium in 2022 amounted to 9,134 million baht, an increase of 1,988 million baht or 27.82 percent from the previous year.

For operating results, **the net profit of the company in the fourth quarter of 2022 amounted to 168 million baht, an increase of 31 million baht or 22.63 percent** from the previous quarter. This was mainly due to the increase in net earned premium of 71 million baht; the increase in fee and commission income on reinsurers of 32 million baht; the increased in other income of 10 million baht; and the decrease in expected credit loss of 140 million baht. However, gross claims and loss adjustment expenses increased by 12 million baht and commission and brokerage expenses increased by 75 million baht which were in line with the increase in insurance premium. Other underwriting expenses and operating expenses increased by 36 million baht and 11 million baht and total investment income decreased by 81 million baht.

**For the operating result of 2022, the company had a net profit of 697 million baht,** a decrease of 71 million baht or 9.24 percent from the previous year. This was mainly due to the increase in gross claims and loss adjustment expenses of 113 million baht; the increase in commission and brokerage expenses of 342 million baht in line with the increase in insurance premium; the increase in other underwriting expenses of 196 million baht; the increase in operating expenses of 141 million baht; and the decrease in total investment income of 94 million baht. However, net earned premium increased by 323 million baht while fee and commission income on reinsurers increased by 281 million baht. As well, expected credit loss decreased by 186 million baht; and other income increased by 10 million baht. **Return on equity (ROE) of the company was 12.14 percent.**

Capital fund at the end of December 2022 was at 576.83 percent, a decrease from 1,291.58 percent at the end of December 2021. The decrease was due to the increase in market risks which was in line with higher equity and debt investments and the increase in insurance risk as incurred loss reserve for auto insurance increased. However, the capital fund was well above the requirement of 140.00 percent set by the Office of Insurance Commission (OIC).

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

Average daily securities trading volume of Thanachart Securities Public Company Limited in the fourth quarter of 2022 was 2,290 million baht, a decrease from the average trading volume of 2,390 million baht in the previous quarter. The company's market share of securities trading was at 2.01 percent. The trading volume could be divided into 75.17 percent of retails, 22.68 percent of institutions, and 2.15 percent of foreign investors. Average daily trading volume of the company for the year 2022 was 2,636 million baht, a decrease from the average daily trading volume of 3,508 million baht in the previous year. However, in the previous year, the company's customers had large volume of trading transactions (Big Lot) and the average daily trading volume excluding the Big Lot amounted to 3,265 million baht. The trading volume in 2022 could be divided into 74.83 percent of retails, 23.58 percent of institutions, and 1.59 percent of foreign investors.

**Net profit for the fourth quarter of 2022 amounted to 70 million baht, a decrease of 25 million baht or 26.32 percent** from the previous quarter. Total income was 318 million baht, a decrease of 32 million baht or 9.14 percent, divided into brokerage fees of 166 million baht, a decrease of 18.23 percent in line with the trading volume of the company; brokerage fees from derivatives trading of 17 million baht, a decrease of 19.05 percent; and fees and service income of 29 million baht, a decrease of 35.56 percent as a result of underwriting fees and financial advisory fees while

gains and returns on financial instruments increased by 29 million baht. Meanwhile, total expenses amounted to 231 million baht, unchanged from the previous quarter. 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 year 2022 amounted to 448 million baht, a decrease of 213 million baht or 32.22 percent** from the previous year. Total income was 1,510 million baht, a decrease of 20.69 percent, with a 26.48 percent reduction in brokerage fees in line with the trading condition of the stock market and trading volume of the company. Fees and service income amounted to 139 million baht, consisting of fees income related to the investment allocation plan (ZEAL) of 65 million baht, a decrease of 41.96 percent; fees income from underwriting and financial advisory of 29 million baht; and fees income from mutual fund trading of 38 million baht, a decrease of 62.38 percent. Interest income on margin loans amounted to 291 million baht, an increase of 57.30 percent in line with the margin loans outstanding which expanded significantly. Meanwhile, interest expenses amounted to 78 million baht, an increase of 85.71 percent in line with the expansion of margin loans. Total expenses excluding interest expenses amounted to 876 million baht, a decrease of 15.36 percent in line with the decrease in the company's income. **Return on equity (ROE) of the company was 12.53 percent.**

As of 31 December 2022, the company maintained its liquidity ratio (Net Liquid Capital Rules: NCR) at 44.72 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.