

PHAHONYOTHIN ASSET MANAGEMENT CO., LTD.

No. 41/2023
23 March 2023

FINANCIAL INSTITUTIONS

Issue Ratings:

| | | |
|-----------------|------------|--------|
| Guaranteed | Long-term | AA |
| Guaranteed | Short-term | T1+ |
| Outlook: | | Stable |

Last Review Date: 11/03/22

Issue Ratings History:

| Date | Rating | Outlook/Alert |
|----------|---------|---------------|
| 11/03/22 | AA/T1+ | Stable |
| 14/07/21 | AA-/T1+ | Stable |

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RATIONALE

TRIS Rating affirms the “AA” ratings on long-term guaranteed debentures issued by Phahonyothin Asset Management Co., Ltd. (PAMCO or “Issuer”) and the “T1+” ratings on short-term guaranteed debentures issued under a medium-term note program of up to THB30 billion in the year 2021. The rating outlook is “stable”.

PAMCO is a wholly-owned subsidiary of TMBThanachart Bank (TTB, rated “AA/stable”)*. The debentures are guaranteed by TTB (“Guarantor”). The ratings reflect the creditworthiness of TTB as the guarantor.

KEY RATING CONSIDERATIONS

TTB, as the obligor under terms and conditions of the guarantee agreement, is rated “AA” with a “stable” rating outlook, by TRIS Rating.

Under the terms and conditions of the guarantee agreement, TTB agrees to provide unconditional and irrevocable guarantees for the payment of principal, interest, fees, duties, and any other amounts that the Issuer shall pay to the debenture holders. The principal provisions include, but are not limited to the following:

Pari Passu Ranking: The debenture holders’ rights to receive payments rank pari passu with the rights to receive payments of other outstanding or future unsecured and unsubordinated creditors of the Guarantor, except for obligations mandatorily preferred by laws that affect the rights of creditors in general.

Payment: In the event of default, the Guarantor agrees to make payment to the debenture holders, accordance with the terms and guarantee agreement, and not to exercise the right to set-off that it may have against the Issuer.

Changes of terms and conditions: In case the debenture holders’ representative (on behalf of the bondholders) agrees to a grace period or to waive any conditions or change any provisions in the terms and conditions, which is not a debt conversion, it shall be deemed that the Guarantor agrees to these without taking them as reason for release from guarantee obligations.

RATING OUTLOOK

The ratings and outlook on PAMCO’s guaranteed debentures solely reflect the creditworthiness of its guarantor, TTB.

RATING SENSITIVITIES

The ratings and/or outlook on PAMCO’s guaranteed debentures may change, corresponding to any changes of the rating and/or outlook on its guarantor, TTB.

COMPANY OVERVIEW

PAMCO was established by TTB on 22 November 2018. The company is a wholly-owned subsidiary of TTB. The company conducts the asset management business under the Emergency Decree on Asset Management Company B.E. 2541 (1998). The company was formed to manage non-performing loans, non-performing assets, and relevant collateral transferred from TTB to maximize the bank’s returns. Phayathai Asset Management Co., Ltd., a former wholly-owned subsidiary of TTB, completely transferred the

* The company rating assigned to TTB is based on public information which TRIS Rating believes provides a sufficient basis for the assessment of credit profile of TTB. The rating is assigned without participation from TTB.

entire business to PAMCO on 27 December 2018. The goal of the entire business transfer of Phayathai Asset Management to PAMCO is to reform the business process. Phayathai Asset Management finished the liquidation process on 1 October 2020.

TTB (previously TMB Bank PLC) was founded on 5 November 1957 with an initial registered capital of THB10 million. TMB Bank was listed on the Stock Exchange of Thailand (SET) on 23 December 1983 and became a public company limited in 1994. In September 2004, Thai Military Bank, DBS Thai Danu Bank, and the Industrial Finance Corporation of Thailand (IFCT) legally merged to become TMB Bank. Following the capital increase in December 2007, ING Group became TMB Bank's new business partner. In December 2019, Thanachart Bank PLC (TBANK) became TMB Bank's subsidiary as a result of the merger of TMB Bank and TBANK. TMB Bank changed its name to TMBThanachart Bank (TTB) to reinforce the strength of both banks. TTB's credit profile reflects its solid market position in auto-hire purchase lending and well-diversified loan portfolio. TTB's rating also takes into account the bank's adequate capital position, average funding and liquidity profile, and adequate risk management.

FINANCIAL STATISTICS AND KEY FINANCIAL RATIOS¹

The Guarantor TMBThanachart Bank PLC (TTB)

Unit: Mil. THB

| | -----Year Ended 31 December ----- | | | | |
|---|-----------------------------------|-----------|-----------|-------------------|---------|
| | 2022 | 2021 | 2020 | 2019 ² | 2018 |
| Total assets | 1,826,279 | 1,758,170 | 1,808,332 | 1,858,190 | 891,713 |
| Total deposits | 1,399,247 | 1,339,195 | 1,373,408 | 1,398,112 | 649,568 |
| Loans and receivables | 1,376,118 | 1,371,304 | 1,392,925 | 1,392,225 | 685,707 |
| Gross NPL | 41,707 | 42,120 | 39,594 | 37,746 | 21,720 |
| Net Interest income | 51,617 | 51,000 | 53,805 | 26,865 | 24,497 |
| Non-interest income ³ | 14,236 | 14,537 | 15,541 | 12,956 | 23,545 |
| Other operating expenses (non-interest expenses) ⁴ | 29,952 | 31,219 | 32,177 | 20,674 | 17,475 |
| Earnings before provision and taxes | 35,900 | 34,318 | 37,266 | 19,658 | 30,540 |
| Expected credit loss | 18,353 | 21,514 | 24,831 | 10,337 | 16,100 |
| Net income | 14,195 | 10,477 | 10,115 | 7,222 | 11,601 |

1 Consolidated financial statement

2 Consolidated P&L included TBANK's performance for 28 days. /Balance sheet included TBANK's financial position as of 31 Dec 2019.

3 Net of fees and service expense

4 Excluding fees and service expense

Unit: %

| | -----Year Ended 31 December ----- | | | | |
|----------------------|-----------------------------------|--------|--------|-------------------|--------|
| | 2022 | 2021 | 2020 | 2019 ⁵ | 2018 |
| Profitability | | | | | |
| ROAA | 0.79 | 0.56 | 0.55 | 0.74 | 1.34 |
| ROAE | 6.60 | 5.05 | 5.06 | 6.50 | 12.30 |
| NIM | 2.96 | 2.95 | 3.04 | 2.81 | 2.90 |
| Cost-to-income ratio | 45.48 | 47.57 | 45.80 | 50.63 | 36.39 |
| Asset Quality | | | | | |
| Gross NPL/loan | 3.03 | 3.07 | 2.84 | 2.71 | 3.16 |
| Reserve/Gross NPL | 137.60 | 129.32 | 133.80 | 120.48 | 152.14 |
| Capital | | | | | |
| CET-1 | 15.67 | 14.35 | 14.45 | 13.62 | 13.53 |
| CAR | 19.95 | 19.33 | 19.59 | 18.95 | 17.31 |

5 Consolidated P&L included TBANK's performance for 28 days. /Balance sheet included TBANK's financial position as of 31 Dec 2019

RELATED CRITERIA

- Bank Rating Methodology, 20 March 2023
- Issue Rating Criteria, 15 June 2021

Phahonyothin Asset Management Co., Ltd. (PAMCO)

Issue Ratings:

Up to THB30,000 million guaranteed debentures under the medium-term note program in the year 2021

| | |
|---|-----|
| Long-term guaranteed debentures | AA |
| - PAMCO230A: THB500 million long-term guaranteed debentures due 2023 | AA |
| - PAMCO23DA: THB2,000 million long-term guaranteed debentures due 2023 | AA |
| Short-term guaranteed debentures | T1+ |
| - PAMCO23615A: THB2,000 million short-term guaranteed debentures due 2023 | T1+ |
| - PAMCO23615B: THB1,600 million short-term guaranteed debentures due 2023 | T1+ |

Rating Outlook: Stable

TRIS Rating Co., Ltd.

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