



Press Release

Synergizing 2 banks' complementary strengths, TMB Bank and Thanachart Bank announce merger plan to bolster customer offerings and increase customer base to over 10 million

Bangkok, 27 February 2019 – Major shareholders and chief executives of TMB Bank Public Company Limited (**TMB**) and Thanachart Bank Public Company Limited (**TBANK**) announced in the joint press conference today the entry into a non-binding Memorandum of Understanding (**MOU**) between ING Groep N.V. (**ING**), Thanachart Capital Public Company Limited (**TCAP**), The Bank of Nova Scotia (**BNS**), TBANK and TMB.

The objective of the transactions set out in the MOU is the merging of TMB and TBANK to bolster their banking and financial service offerings to customers and to become one of the major leading banks in Thailand.

The MOU is a non-binding MOU between 5 parties, consisting of The Bank of Nova Scotia (**BNS**), ING Groep N.V. (**ING**), TBANK, Thanachart Capital Public Company Limited (**TCAP**) and TMB. The MOU serves as the basis for the commencement of due diligence and the negotiation of definitive agreements between the parties. After completion of the transactions, ING expects to remain a key shareholder together with TCAP, with each holding more than 20% in the Combined Bank and the Ministry of Finance is also expected to continue being a large shareholder. The exact structuring of the overall transaction is yet to be agreed upon but it would likely include an entire business transfer in order to ensure that the combined bank's businesses are integrated in a single legal entity in accordance with the Single Presence Rule of the Bank of Thailand.

Honorable guests in the joint event today included **Mr. Chumpol Rimsakorn**, the Deputy Permanent Secretary of the Ministry of Finance as a representative of Chairman of the TMB Board of Directors, **Mr. Philippe G.J.E.O. Damas**, Chairman of the Executive Board of Director, TMB and **Mr. Suphadej Poonpipat**, Chairman of the Executive Committee of TCAP.

The representative of the MOU parties and both banks' chief executives comprised **Mr. Mark Newman**, ING's Head of Challengers & Growth Markets Asia as representative of ING; **Mr. Somjate Moosirilert**, CEO of TCAP, **Mr. Piti Tantakasem**, CEO of TMB Bank, and **Mr. Praphan Anupongongarch**, CEO and President of TBANK.

Mr. Chumpol Rimsakorn and Mr. Philippe G.J.E.O. Damas said “As the representatives of TMB board members, we consider this merger to be a good match, given the clear synergies between the two banks. It would help enhance the competitiveness and the stability of the combined bank. In addition, this transaction is in line with the national agenda to consolidate banks to increase scale and competitiveness.”

Mr. Suphadej Poonpipat also added “I am supportive of this merger plan because it not only enhances the bank’s potentiality after the merger but allows the bank to have sufficient capital with doubled service capacity. Thanachart currently takes a leading position in the retail hire purchase market, especially auto loan and is no.1 in the market while TMB has strength in acquiring a large deposit base. The merger will improve the bank’s competitiveness with enhanced capability to support customers. This will benefit customers, partner, employees, shareholders including Thai banking industry and Thai economy. We can say that this will create value for all stakeholders”

Mr. Mark Newman, said, “ING supports this merger. We expect to hold in excess of 20% of the combined bank after the transaction and remain a committed shareholder. We also welcome the broader shareholder base that this deal will bring.”

“We believe that combining the banks will enable the creation of a well-governed financial institution of greater significance to the Thai banking industry overall and, in particular, to customers in Thailand. The two banks have complementary strengths and the combined bank will be double the size with more critical mass. With the increased scale and leading digital capabilities, operational efficiency would be improved together with balance sheet optimization.” he added.

Mr. Somjate Moosirilert, CEO of TCAP, said, “We believe that the management teams of two banks will achieve a successful merger. With the synergy of personnel expertise and the banks’ strengths, it will bring value to the banks’ stakeholders, customers, employees, and shareholders. Besides, we also see that the shareholders will enjoy more benefits and rewards of the larger bank with strong potential growth. This will strengthen TCAP’s position as Thailand’s leading Financial Holding Company. Regarding human resources, this transaction would offer employees of both banks more challenging opportunities given the larger customer base and a more comprehensive range of products and service offerings. It is a mutual commitment of all parties involved in the potential transactions to ensure that employees from both banks are treated fairly and impartially.”

The parties now expect to begin due diligence, and prepare for the negotiation of definitive agreements. Key conditions are expected to include relevant regulatory approvals, shareholders approvals, necessary third party consents, the business restructuring of TBANK and the successful completion of fund raising by TMB in an amount sufficient to complete the transaction. The share transactions are expected to close by the end of 2019.

Prior to the merger, it is currently contemplated that, should definitive agreements in connection with the transactions be signed, TBANK would undergo a business restructuring, to divest a number of interests in subsidiaries and its investment, both listed on the SET and non-listed companies to achieve the objectives of the merger. It is expected that Thanachart Securities Public Company Limited, Thanachart Insurance Public Company Limited, TS Asset Management Co. Ltd, Ratchathani Leasing Public Company Limited and TBANK's investment in listed companies which are MBK Public Company Limited, Phatum Rice Mill & Granary Public Company Limited and certain investment in non-listed companies would be transferred to some or all of TBANK's existing shareholders, which are TCAP and/or BNS and/or minority shareholders.

To facilitate the deal, TMB would need to raise approximately THB 130-140 billion. About 70% of this amount would be raised via equity financing and the remainder via debt financing.

The total equity financing would be split into two amounts, the first amount of approximately THB 50-55 billion would come from newly issued TMB shares issued to TCAP and BNS. It is expected that the newly issued TMB shares will be issued at 1.1 times of TMB's latest available book value adjusted for the capital raise and a mechanism to be set out in the definitive agreements. The remaining THB 40-45 billion of new equity would be raised by TMB from existing shareholders with the support from its current major shareholders and may also include a public offering and/or private placements to existing or new investors.

Mr. Piti Tantakasem, CEO of TMB, and **Mr. Praphan Anupongongarch**, CEO and President of TBANK, also expressed their common view: "As chief executives, we focus on leading the drive for continuous development and efficient growth for our respective organizations to serve customers with the best products, services and customer experience, creating sustainable growth for our shareholders, and ensuring good corporate governance as well as good corporate citizenship.

We see that this merger can take advantage of the strengths of our respective banks to create better customer offerings. TMB is an excellent deposit franchise whose business model is a move away from the traditional banking while TBANK is a leader in retail lending, especially in the hire purchase area. The management and staff of the two banks can embrace the new opportunities to further develop new products and services to bolster customer and take it to new heights. At the same time, with the scaling-up of operations after the merger, our competitiveness and efficiency would be enhanced. Our customer base would reach over 10 million."

Mr. Praphan added, "During the business integration process, we would maintain the operations and do our utmost to avoid creating hassles which could affect customers, employees and shareholders. Both banks will continue to use their existing brands during this period after which the combined bank branding will be pursued as directed by the Board of Directors of the combined bank."

It is important to note that this MOU is non-binding and therefore the terms in the MOU may change. More information will be disclosed if and when the definitive agreements are signed.

The customers of both banks are advised to continue to bank as they normally do at their existing branches and through electronic channels.

For Information

Corporate Branding and Communication
TMB Bank
Tel. 02 299 1953, 02 242 3260

Communication and Brand Management
Thanachart Bank
Tel. 02 613 6000 ext. 3929, 6456