

# MANAGEMENT'S DISCUSSION AND ANALYSIS AND FINANCIAL STATEMENTS

For the three-month period ended 31 March 2019

(Reviewed Financial Statements)

**Thanachart Bank Public Company Limited**

Tel: 0 2217 8000, 0 2217 8444

Fax: 0 2217 8451

Website: [www.thanachartbank.co.th](http://www.thanachartbank.co.th)

---

## Thanachart Bank 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 first quarter of 2019 is expected to grow from the previous quarter mainly driven by domestic demand and private consumption, following increase in household income, as well as the consistent growth of private investment. On the other hand, export sector is expected to detract from the economic slowdown in counterparty countries and from the trade war between the US and China. Consequently, the Monetary Policy Committee of the Bank of Thailand issued a resolution to maintain the policy rate at 1.75 percent per annum to support the current economic condition and in response to the stable inflation rate.

In the first quarter of 2019, the loan volume in the commercial bank industry is expected to expand from the previous quarter especially the retail loans or more specifically mortgage loans, as the Macroprudential Regulation to tighten the policy of the mortgage loans was coming in effect on 1 April 2019. Deposit volume is also expected to increase in line with the loan volume.

#### Key Events in the First Quarter

1. On 26 February 2019, Thanachart Capital Public Company Limited ("the Company") as a major shareholder of Thanachart Bank Public Company Limited ("TBANK") entered the Non-binding Memorandums of Understanding in relation to a merger between TBANK and TMB Bank Public Company Limited ("TMB"), divided into (i) a 5-party Memorandum of Understanding among 1) ING Groep N.V. ("ING") 2) TCAP 3) The Bank of Nova Scotia ("BNS") 4) TBANK and 5) TMB and (ii) a 2-party Memorandum of Understanding between TCAP and BNS, to set out the non-binding agreements and form the basis for further discussion in relation to series of transactions to be entered into by the parties with the objective of merging TMB and TBANK, creating a larger and stronger bank.
2. On 24 April 2019, the Annual General Meeting of Shareholders 2019 issued a resolution to approve dividend payment for shareholders of Thanachart Bank Public Company Limited at a rate of 0.5810 baht per share, equivalent to 3,524 million baht. Together with the interim dividend payment of 0.51 baht per share equivalent to 3,093 million baht, the dividend payment of the year 2018 totaled to 1.0910 baht per share equivalent to 6,617 million baht, or 47.57 percent of 2018 net profit in the bank only financial statements and 45.00 percent of 2018 net profit in consolidated financial statements. The dividend payment was scheduled to be made on 10 May 2019.

**Financial Highlights**

	For the three-month period ended		
Reviewed Financial Statements	31 Mar 19	31 Dec 18	31 Mar 18
<b>Operating Performance (Million Baht)</b>			
Interest Income	12,003	11,878	11,259
Interest Expenses	4,026	3,895	3,738
Net Interest Income	7,977	7,983	7,521
Non-interest Income	2,861	3,091	3,380
Net Operating Income <sup>(1)</sup>	10,838	11,074	10,901
Other Operating Expenses	4,953	5,751	5,352
Pre-Provision Operating Profit (PPOP)	5,885	5,323	5,549
Impairment Loss of Loans and Debt Securities	992	676	1,427
Profit before Tax	4,893	4,647	4,122
Income Tax	981	876	166
<b>Profit for the Period</b>	<b>3,912</b>	<b>3,771</b>	<b>3,956</b>
Other Comprehensive Income	500	71	58
<b>Total Comprehensive Income</b>	<b>4,412</b>	<b>3,842</b>	<b>4,014</b>
Total Attributable to:			
Net Profit	3,912	3,771	3,956
Non-Controlling Interests	262	208	177
<b>The Bank</b>	<b>3,650</b>	<b>3,563</b>	<b>3,779</b>
<b>Operating Performance Ratios (Percent)</b>			
ROAA	1.41	1.39	1.52
ROAE <sup>(2)</sup>	10.30	10.12	11.25
Interest Spread <sup>(3)</sup>	2.96	3.10	3.00
Loan Spread <sup>(4)</sup>	3.88	4.03	3.99
Credit Cost <sup>(4)</sup>	0.47	0.32	0.72
Non-interest Income Ratio <sup>(5)</sup>	26.40	27.91	31.01
Cost to Income Ratio <sup>(6)</sup>	45.70	51.93	49.10
<b>Financial Position (Million Baht)</b>			
Loans	762,709	753,498	712,589
Total Assets	1,046,720	1,046,612	1,010,350
Deposits and Debt Issued and Borrowings	788,692	795,239	743,014
Total Liabilities	898,182	902,406	870,183
Total Equity	148,538	144,206	140,167
<b>Financial Position Quality (Consolidated)</b>			
Loans to Deposits and Debts Issued and Borrowings (Percent)	96.71	94.75	95.91
Non-performing Loans (Million Baht)	18,793	19,329	19,146
NPL Ratio (Percent)	2.19	2.30	2.38
Reserve (Million Baht)	23,183	23,812	24,954
Coverage Ratio <sup>(7)</sup> (Percent)	123.36	123.20	130.33
Reserve to Required Reserve <sup>(8)</sup> (Percent)	152.90	154.90	169.38
<b>Financial Position Quality (Bank Only)</b>			
Non-performing Loans (Million Baht)	16,606	15,905	15,399
NPL Ratio (Percent)	2.06	2.02	2.03
Reserve (Million Baht)	20,603	19,837	20,747
Coverage Ratio <sup>(7)</sup> (Percent)	124.07	124.72	134.73
Reserve to Required Reserve <sup>(8)</sup> (Percent)	162.60	165.07	186.45
Capital Adequacy Ratio (Percent)	19.18	19.45	18.80
Tier I Ratio (Percent)	15.19	15.42	14.70

(1) Net Operating Income = Net Interest Income + Non-interest Income

(2) ROAE is calculated from equity attributable to the Bank's shareholders.

(3) Interest Spread = Yield - Cost of Fund

Yield = Interest Income/ Average Earning Assets

Cost of Fund = Interest Expenses/ Average Paying Liabilities

(4) Loan Spread = Loan Yield - Cost of Fund

(5) Non-interest Income Ratio = Non-interest Income/ Net Operating Income

(6) Cost to Income Ratio = Other Operating Expenses/ Net Operating Income

(7) Coverage Ratio = Total Allowance/ Non-performing Loans

(8) Reserve to Required Reserve = Total Allowance/ Reserve Required by the BOT

---

## Operating Results of the First Quarter

### Operating Result Overview

The success in the strategic aim at becoming Customer Centric as an organization, and thus, becoming the Main Bank for the customers through excellence in services in all channels coupled with offering products suitable for the specific needs of each customer, and the increase in the productivity in business operation, especially in the core businesses. These strategic aims resulted in the continuous improvement in performances. **In the first quarter of 2019, the Bank and its subsidiaries' net profit before tax was 4,893 million baht, an increase of 771 million baht or 18.70 percent compared to the same quarter last year, as a result of core business expansion.** However, the income tax expense has increased significantly from the tax benefit that was all utilized since May 2018. Consequently, the net profit of TBANK and its subsidiaries totaled 3,650 million baht, a decrease of 129 million baht or 3.41 percent from the same period last year. Furthermore, the Bank continued to maintain asset quality, liquidity and capital adequacy consistently, illustrating strength and sustainability.

**In the first quarter of 2019, pre-provision operating profit (PPOP) grew 6.06 percent from the same period last year and totaled 5,885 million baht.** This was due to net interest income which grew 6.06 percent which was contributed by consistent loan growth especially in hire purchase loan. On the other hand, non-interest income declined 15.36 percent from the brokerage fee and gain on investments. Operating expenses decreased 7.46 percent.

Total assets grew slightly from the end of last year while loan volume grew 1.22 percent from retail loan growth, particularly in hire purchase loan which grew 2.81 percent. Deposit volume declined 1.11 percent from the end of last year mainly from the decline in fixed deposits, resulting in CASA ratio of 49.31 percent, an increase from 48.52 percent at the end of last year.

**NPL on consolidated financial statements decreased 536 million baht from the end of last year. NPL ratio ended at 2.19 percent with coverage ratio at 123.36 percent.** Reserve to required reserve as of 31 March 2019 was 152.90 percent.

**For Bank only financial statements NPL ratio ended at 2.06 percent with coverage ratio at 124.07 percent.** Reserve to required reserve was at 162.60 percent. **For Capital adequacy, BIS ratio was at 19.18 percent,** a decrease from 19.45 percent at the end of 2018. **Tier 1 capital ratio of the Bank is at 15.19 percent, a decrease from 15.42 percent at the end of 2018.**

## Summary of Key Operating Results

The Bank and its subsidiaries' operating results in the first quarter of 2019 comparing with the first quarter of 2018 can be summarized as follows:

- Net interest income increased 6.06 percent from the growing loan volume.
- Non-interest income decreased 15.36 percent from lower brokerage fee income and gain on investments.
- Operating expenses decreased 7.46 percent from efficient cost management.
- Pre-provision operating profit increased 336 million baht or 6.06 percent.
- Impairment loss of loans and debt securities expenses decreased 30.48 percent.
- Profit before tax totaled 4,893 million baht, increased 771 million baht or 18.70 percent from core business growth.
- Income tax expenses increased 815 million baht due to tax benefit that was all utilized since May 2018.
- Net profit totaled 3,650 million baht, a decrease of 129 million baht or 3.41 percent.

## Net Interest Income

### Net Interest Income (Million Baht)

	1Q19	1Q18	Change	
			+ / (-)	%
<b>Interest Income</b>	<b>12,003</b>	<b>11,259</b>	<b>744</b>	<b>6.61</b>
Interbank and Money Market Items	469	475	(6)	(1.26)
Investments for Tradings	43	17	26	152.94
Investments for Debts Securities	650	631	19	3.01
Loans	4,223	4,308	(85)	(1.97)
Hire Purchase and Financial Leases	6,618	5,828	790	13.56
<b>Interest Expenses</b>	<b>4,026</b>	<b>3,738</b>	<b>288</b>	<b>7.70</b>
Deposits	2,403	2,258	145	6.42
Interbank and Money Market Items	283	200	83	41.50
Fund Contributed to FIDF and DPA	904	862	42	4.87
Debts Issued	433	416	17	4.09
Borrowing Fee	3	2	1	50.00
<b>Net Interest Income</b>	<b>7,977</b>	<b>7,521</b>	<b>456</b>	<b>6.06</b>

In the first quarter of 2019, the Bank and its subsidiaries' net interest income totaled 7,977 million baht, an increase of 456 million baht or 6.06 percent from the same period last year.

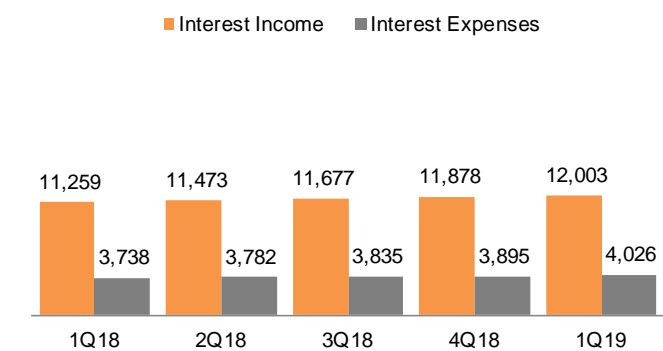
- Interest income totaled 12,003 million baht, an increase of 744 million baht or 6.61 percent from growing loan volume.
- Interest expenses totaled 4,026 million baht, an increase of 288 million baht or 7.70 percent from higher deposit volume and higher cost of fund following the market rate increase.

Consequently, interest spread in the first quarter of 2019 was at 2.96 percent, lower than 3.00 percent in the same period last year.

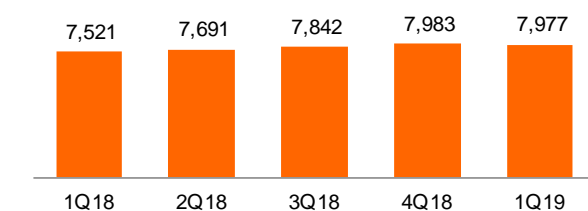
**Yield, Cost of Fund, and Spread (Percent)**

	1Q19	4Q18	3Q18	2Q18	1Q18
Average Policy Interest Rate	1.75	1.54	1.54	1.50	1.50
Yield	4.86	4.95	4.92	4.92	4.87
Cost of Fund	1.90	1.85	1.84	1.87	1.86
Interest Spread	2.96	3.10	3.08	3.06	3.00

**Interest Income and Interest Expenses (Million Baht)**



**Net Interest Income (Million Baht)**



## Non-interest Income

### Non-interest Income (Million Baht)

	1Q19	1Q18	Change	
			+ / (-)	%
<b>Net Fees and Service Income*</b>	<b>1,384</b>	<b>1,701</b>	<b>(317)</b>	<b>(18.64)</b>
Gains on Trading and F/X Transactions	172	147	25	17.01
Gains on Investments	102	347	(245)	(70.61)
Share of Profit from Investments in Associated Companies Accounted for under Equity Method	39	52	(13)	(25.00)
Net Insurance Income	723	723	-	-
Dividend Income	89	70	19	27.14
Other Income	352	340	12	3.53
<b>Operating Income</b>	<b>1,477</b>	<b>1,679</b>	<b>(202)</b>	<b>(12.03)</b>
<b>Non-interest Income</b>	<b>2,861</b>	<b>3,380</b>	<b>(519)</b>	<b>(15.36)</b>

\*Net Fees and Service Income including Hire Purchase Fees, Brokerage Fees, Commission Fees from Selling Insurance, Fund Management Fees, and Other Fees and Service Income

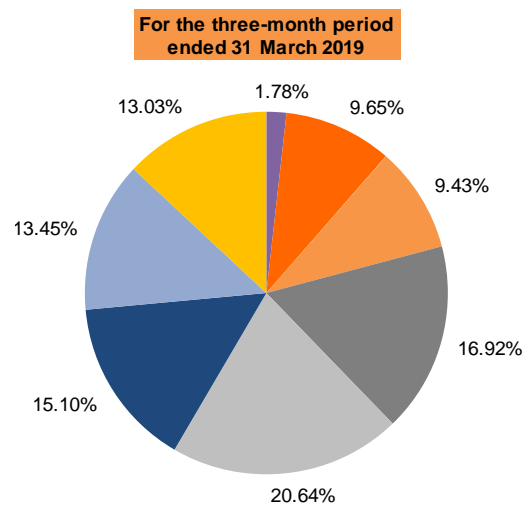
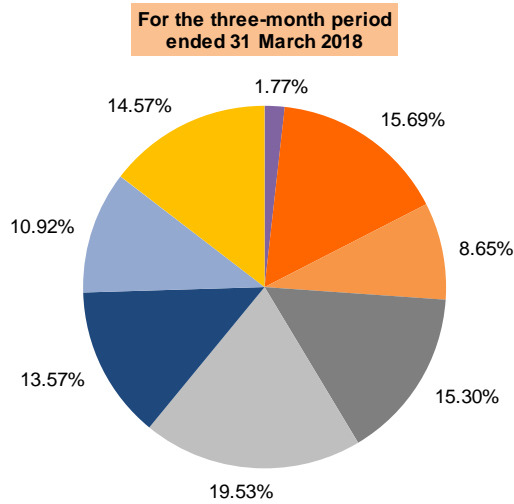
**Non-interest income of the Bank and its subsidiaries totaled 2,861 million baht in the first quarter of 2019, a decrease of 519 million baht or 15.36 percent from the same period last year. This was mainly due to the following:**

- Net fees and service income totaled 1,384 million baht, a decrease of 317 million baht or 18.64 percent, mainly from brokerage fees.
- Other operating income totaled 1,477 million baht, a decrease of 202 million baht or 12.03 percent from the same period last year. This was mainly due to gains on investments which declined by 245 million baht.

Consequently, non-interest income ratio in the first quarter of 2019 was at 26.40 percent, a decrease from 31.01 percent in the same period last year.

**Fees Income Portion\* (Percent)**

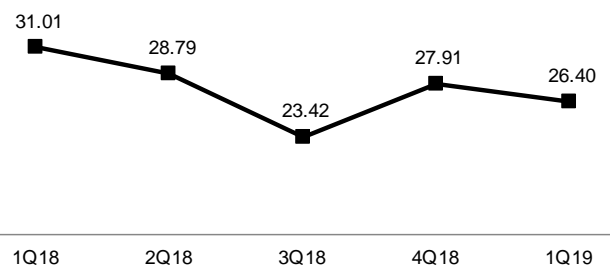
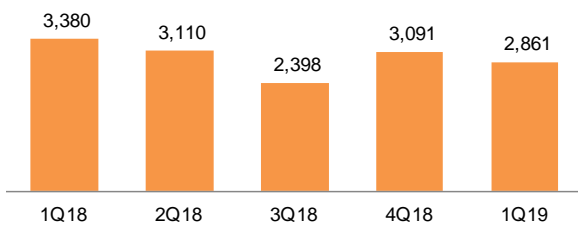
- Acceptance, Aval and Guarantees
- Brokerage Fees
- ATM and Electronic Banking Services
- Hire Purchase Fees
- Insurance Brokerage Fees
- Fund Management Fees
- Credit Card Fees
- Others



\* Fees Income Portion is based on Gross Fees and Service Income excluding Fees Expense.

**Non-interest Income (Million Baht)**

**Non-interest Income Ratio (Percent)**





**Other Operating Expenses****Other Operating Expenses (Million Baht)**

	1Q19	1Q18	Change	
			+ / (-)	%
Employee's Expenses	2,935	2,887	48	1.66
Premises and Equipment Expenses	618	642	(24)	(3.74)
Taxes and Duties	174	176	(2)	(1.14)
Directors' Remuneration	11	8	3	37.50
Other Expenses	1,215	1,639	(424)	(25.87)
<b>Operating Expenses</b>	<b>4,953</b>	<b>5,352</b>	<b>(399)</b>	<b>(7.46)</b>

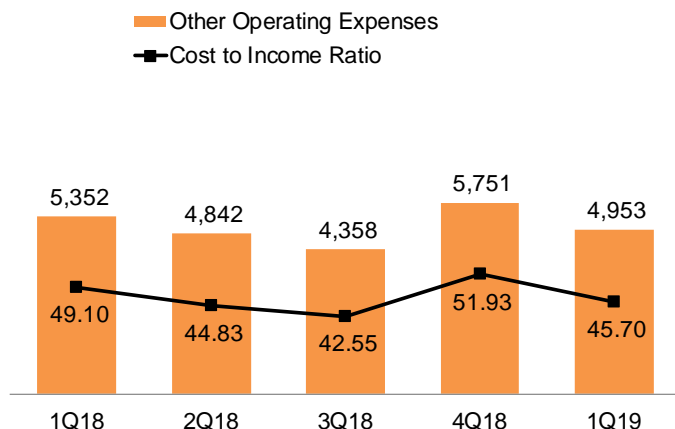
For the first quarter of 2019, operating expenses of the Bank and its subsidiaries totaled 4,953 million baht, a decrease of 399 million baht or 7.46 percent from the same period last year. As a result, cost to income ratio in the first quarter of 2019 was at 45.70 percent, a decrease from 49.10 percent in the same period last year.

**Impairment Loss of Loans and Debts Securities (Million Baht)****Impairment Loss of Loans and Debts Securities (Million Baht)**

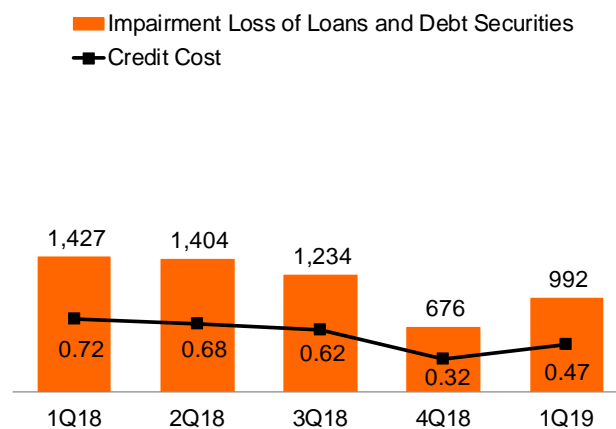
	1Q19	1Q18	Change	
			+ / (-)	%
Impairment Loss of Loans and Debts Securities	992	1,427	(435)	(30.48)
Credit Cost (Percent)	0.47	0.72	(0.25)	(34.72)

In the first quarter of 2019, the Bank and its subsidiaries had 992 million baht in impairment loss of loans and debt securities, a decrease of 435 million baht or 30.48 percent from the same period last year. Consequently, credit cost was at 0.47 percent, a decrease from 0.72 percent in the same period last year.

**Other Operating Expenses (Million Baht)  
and Cost to Income (Percent)**



**Impairment Loss of Loans and Debt Securities  
(Million Baht) and Credit Cost (Percent)**



**Net Profit Attributable to the Bank**

In the first quarter of 2019, net profit attributable to the Bank totaled 3,650 million baht, a decrease of 129 million baht or 3.41 percent from the same period last year. Earnings per share (EPS) was 0.60 baht, a decrease from 0.62 baht in the same period last year. ROAA and ROAE were 1.41 percent and 10.30 percent respectively.

**Net Profit (Million Baht)**

Reviewed Financial Statements	For the three-month period ended		
	31 Mar 19	31 Dec 18	31 Mar 18
<b>Net Profit (Million Baht)</b>			
Profit for the Period	3,912	3,771	3,956
<b>Net Profit Attributable to the Company</b>	<b>3,650</b>	<b>3,563</b>	<b>3,779</b>
Net Profit Attributable to Non-controlling Interest	262	208	177
Basic Earning per Share	0.60	0.59	0.62
ROAA (Percent)	1.41	1.39	1.52
ROAE (Percent)	10.30	10.12	11.25

## Financial Position

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

	31 Mar 19		31 Dec 18		Change	
	Amount	%	Amount	%	+ / (-)	%
Cash	9,371	0.90	11,019	1.05	(1,648)	(14.96)
Interbank and Money Market Items - net	106,019	10.13	97,568	9.32	8,451	8.66
Investment - net	142,870	13.65	161,078	15.39	(18,208)	(11.30)
Investment in Associated Company - net	2,352	0.22	2,437	0.23	(85)	(3.49)
Loans	762,709	72.87	753,498	71.99	9,211	1.22
Accrued Interest Receivables	674	0.06	645	0.06	29	4.50
Allowance for Doubtful Accounts and Revaluation Allowance for Debt Restructuring	(23,015)	(2.20)	(23,652)	(2.26)	637	(2.69)
Property Foreclosed - net	2,900	0.28	2,815	0.27	85	3.02
Lands, Premises, and Equipment - net	7,754	0.74	7,996	0.76	(242)	(3.03)
Intangible Assets Acquired in a Business Combination - net	1,740	0.17	1,839	0.18	(99)	(5.38)
Goodwill	17,951	1.71	17,951	1.72	-	-
Other Assets	15,395	1.47	13,418	1.28	1,977	14.73
<b>Total Assets</b>	<b>1,046,720</b>	<b>100.00</b>	<b>1,046,612</b>	<b>100.00</b>	<b>108</b>	<b>0.01</b>
Deposits	743,818	71.06	752,160	71.87	(8,342)	(1.11)
Interbank and Money Market Items	75,625	7.22	71,955	6.88	3,670	5.10
Debt Issued and Borrowings	44,874	4.29	43,079	4.12	1,795	4.17
Other Liabilities	33,865	3.24	35,212	3.36	(1,347)	(3.83)
<b>Total Liabilities</b>	<b>898,182</b>	<b>85.81</b>	<b>902,406</b>	<b>86.22</b>	<b>(4,224)</b>	<b>(0.47)</b>
Company's Shareholders' Equity	145,847	13.93	141,699	13.54	4,148	2.93
Non-controlling Interests	2,691	0.26	2,507	0.24	184	7.34
<b>Total Shareholders' Equity</b>	<b>148,538</b>	<b>14.19</b>	<b>144,206</b>	<b>13.78</b>	<b>4,332</b>	<b>3.00</b>
<b>Total Liabilities and Shareholders' Equity</b>	<b>1,046,720</b>	<b>100.00</b>	<b>1,046,612</b>	<b>100.00</b>	<b>108</b>	<b>0.01</b>
Book Value per Share (Baht)	24.49		23.78			
No. of Issued and Paid-up Share Capital (Million Shares)						
Average No. of Shares	6,065		6,065			
As of Period Ended	6,065		6,065			

### Assets

As of 31 March 2019, the Bank and its subsidiaries' total assets totaled 1,046,720 million baht, an increase of 108 million baht or 0.01 percent from the end of 2018. The key changes are as follows:

- Net interbank and money market items were in the amount of 106,019 million baht, an increase of 8,451 million baht or 8.66 percent from the end of last year, mainly due to liquidity management.
- Net investments totaled 142,870 million baht, a decrease of 18,208 million baht or 11.30 percent from the end of last year, mainly due to management for suitable yield return.

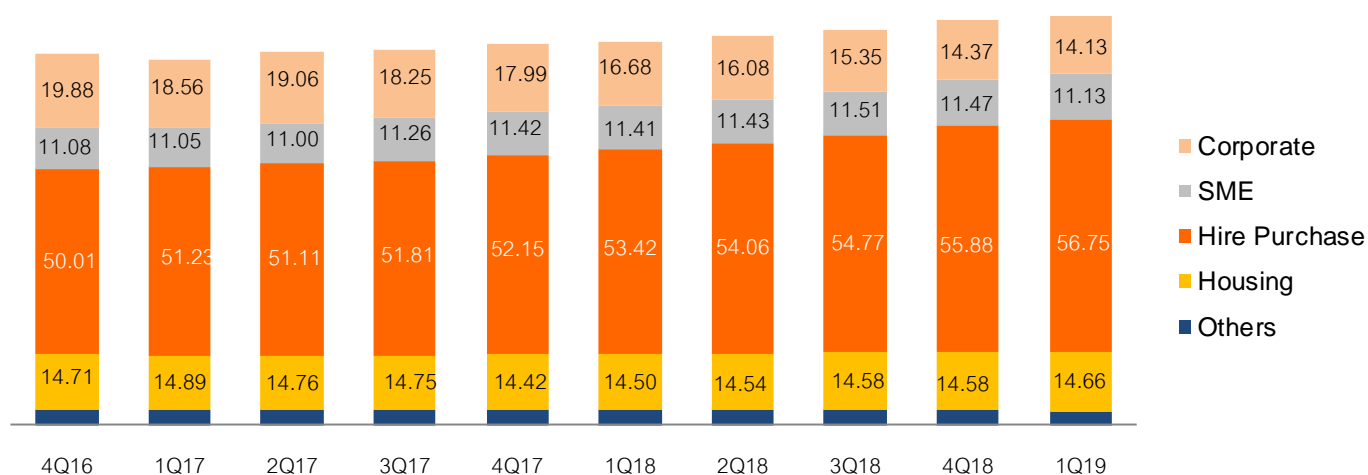
- Loans totaled 762,709 million baht, an increase of 9,211 million baht or 1.22 percent from the end of last year from retail loans. In particular, hire purchase loans have experienced good growth of 2.81 percent. The proportion of retail to corporate and SME loans was 75 to 25 percent.

The details of loans breakdown were as follows:

Loans (Million Baht)											Change From 4Q18		Change From 1Q18	
Loans	1Q19	4Q18	3Q18	2Q18	1Q18	4Q17	3Q17	2Q17	1Q17	4Q16	+(-)	%	+(-)	%
Corporate	107,773	108,293	112,942	116,434	118,875	128,026	127,515	132,528	126,624	137,363	(520)	(0.48)	(11,102)	(9.34)
SME	84,852	86,461	84,721	82,733	81,317	81,281	78,678	76,479	75,405	76,587	(1,609)	(1.86)	3,535	4.35
Retail	569,720	556,712	535,800	522,179	509,746	499,667	489,764	483,343	475,803	472,560	13,008	2.34	59,974	11.77
Hire Purchase	432,848	421,024	403,121	391,318	380,644	371,146	362,011	355,359	349,476	345,493	11,824	2.81	52,204	13.71
Housing	111,803	109,883	107,273	105,229	103,293	102,630	103,037	102,600	101,543	101,598	1,920	1.75	8,510	8.24
Other Retail	25,069	25,805	25,406	25,632	25,809	25,891	24,716	25,384	24,784	25,469	(736)	(2.85)	(740)	(2.87)
Others	364	2,032	2,496	2,566	2,651	2,701	2,789	2,895	4,285	4,397	(1,668)	(82.09)	(2,287)	(86.27)
<b>Total Loans</b>	<b>762,709</b>	<b>753,498</b>	<b>735,959</b>	<b>723,912</b>	<b>712,589</b>	<b>711,675</b>	<b>698,746</b>	<b>695,245</b>	<b>682,117</b>	<b>690,907</b>	<b>9,211</b>	<b>1.22</b>	<b>50,120</b>	<b>7.03</b>

\* Other loans including loans of TS AMC and staff loans

### Loans Breakdown (Percent)



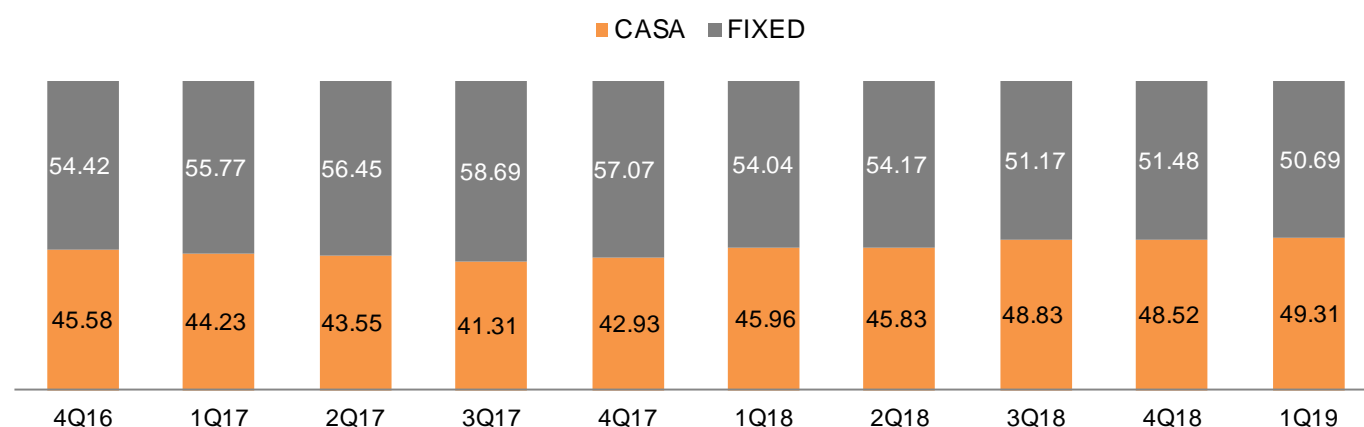
### Liabilities

The Bank and its subsidiaries' total liabilities as of 31 March 2019 totaled 898,182 million baht, a decrease of 4,224 million baht or 0.47 percent from the end of 2018. The key changes are as follows:

Deposits (Million Baht)	31 Mar 19		31 Dec 18		Change	
	Amount	%	Amount	%	+/(-)	%
Current	12,300	1.56	12,770	1.61	(470)	(3.68)
Savings	354,462	44.94	352,170	44.28	2,292	0.65
Fixed Deposits						
Less than 6 Months	31,949	4.05	44,024	5.54	(12,075)	(27.43)
6 Months and up to 1 Year	44,232	5.61	41,832	5.26	2,400	5.74
Over 1 Year	220,465	27.95	215,904	27.15	4,561	2.11
Certified of Deposits	80,410	10.20	85,460	10.75	(5,050)	(5.91)
<b>Total Deposits</b>	<b>743,818</b>	<b>94.31</b>	<b>752,160</b>	<b>94.58</b>	<b>(8,342)</b>	<b>(1.11)</b>
Debt Issued and Borrowings	44,874	5.69	43,079	5.42	1,795	4.17
<b>Total Deposits and Debt Issued and Borrowings</b>	<b>788,692</b>	<b>100.00</b>	<b>795,239</b>	<b>100.00</b>	<b>(6,547)</b>	<b>(0.82)</b>

- Deposits totaled 743,818 million baht, a decrease of 8,342 million baht or 1.11 percent from the end of last year. A decrease was mainly due to fixed and NCD deposits. Consequently, CASA ratio was 49.31 percent, an increase from 48.52 percent at the end of last year.
- Debt issued and borrowings totaled 44,874 million baht, an increase of 1,795 million baht or 4.17 percent.

#### Deposits Breakdown (Percent)



#### Liquidity and Loan to Deposit Ratio

As of 31 March 2019, loan to deposit and debt issued and borrowing ratio of the Bank and its subsidiaries was 96.71 percent, an increase from 94.75 percent at the end of 2018, due to liquidity management in coherent with market condition. The Bank maintained its strong liquidity with liquid and low risk asset portion in high level.

The Bank also put focus on the implementation of Basel III Liquidity Coverage Ratio (LCR) and currently had been maintaining LCR ratio of more than 100 percent, higher than the regulated requirement of the Bank of Thailand of 90 percent.

### **Shareholders' Equity**

**Shareholders' equity** as of 31 March 2019 **was in the amount of 148,538 million baht, an increase of 4,332 million baht or 3.00 percent** from the end of 2018. The details are as follows:

- The Bank's shareholders' equity was in the amount of 145,847 million baht, an increase of 4,148 million baht or 2.93 percent. This was mainly due to profitable operating results of the Bank and its subsidiaries in the first quarter of 2019 which totaled 3,650 million baht and mark to market on investment which increased by 554 million baht.
- Equity attributable to non-controlling interests was in the amount of 2,691 million baht, an increase of 184 million baht or 7.34 percent, a result of profitable operating results of subsidiaries.

### **Non-performing Loans: NPLs**

#### **Non-performing Loans**

	<b>TBANK (Consol.)</b>				
	<b>1Q19</b>	<b>4Q18</b>	<b>3Q18</b>	<b>2Q18</b>	<b>1Q18</b>
NPL - gross (Million Baht)	18,793	19,329	19,090	18,622	19,146
Total Allowance* (Million Baht)	23,183	23,812	24,469	24,645	24,954
NPL - gross to Total Loans (Percent)	2.19	2.30	2.42	2.25	2.38
NPL - net to Total Loans (Percent)	1.17	1.22	1.31	1.19	1.19
Reserve to Required Reserve (Percent)	152.90	154.90	160.61	165.67	169.38
Coverage Ratio (Percent)	123.36	123.20	128.18	132.34	130.33

\* Total Allowance including Allowance for Interbank and Money Market Items and Revaluation Allowance for Debt Restructuring

#### **Non-performing Loans**

	<b>TBANK Only</b>				
	<b>1Q19</b>	<b>4Q18</b>	<b>3Q18</b>	<b>2Q18</b>	<b>1Q18</b>
NPL - gross (Million Baht)	16,606	15,905	15,281	14,865	15,399
Total Allowance* (Million Baht)	20,603	19,837	20,174	20,367	20,747
NPL - gross to Total Loans (Percent)	2.06	2.02	2.06	1.91	2.03
NPL - net to Total Loans (Percent)	1.23	1.24	1.33	1.20	1.20
Reserve to Required Reserve (Percent)	162.60	165.07	174.16	181.93	186.45
Coverage Ratio (Percent)	124.07	124.72	132.02	137.01	134.73

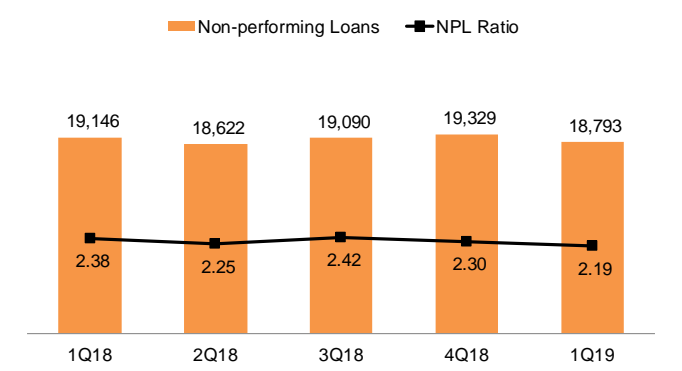
\* Total Allowance including Allowance for Interbank and Money Market Items and Revaluation Allowance for Debt Restructuring

Under the market and economic conditions that continued to gradually recover, the Bank and its subsidiaries managed NPL through systematic and effective control. NPL as of 31 March 2019 was 18,793 million baht, a decrease of 536 million baht or 2.77 percent from the end of last year. NPL ratio of the Bank and its subsidiaries was at 2.19 percent lower

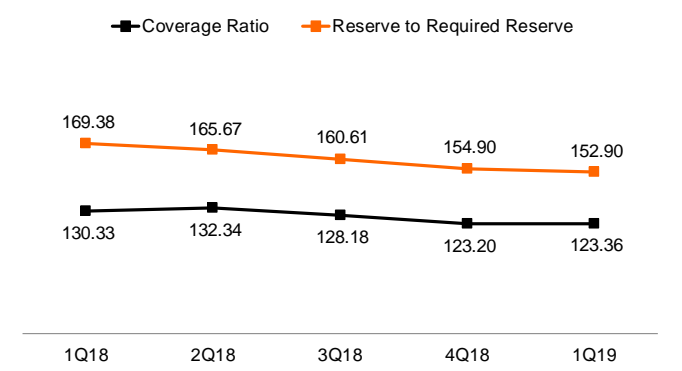
than 2.30 percent at the end of last year. For Bank only, NPLs increased 701 million baht from the end of last year. NPL ratio of the Bank was at 2.06 percent, an increase from 2.02 percent at the end of last year.

Coverage ratio of the Bank and its subsidiaries as of 31 March 2019 was at 123.36 percent. The Bank and its subsidiaries have an excess reserve of 8,021 million baht and a reserve to required reserve ratio of 152.90 percent. Coverage ratio of the Bank as of 31 March 2019 was at 124.07 percent. The Bank has an excess reserve of 7,932 million baht and a reserve to required reserve ratio of 162.60 percent.

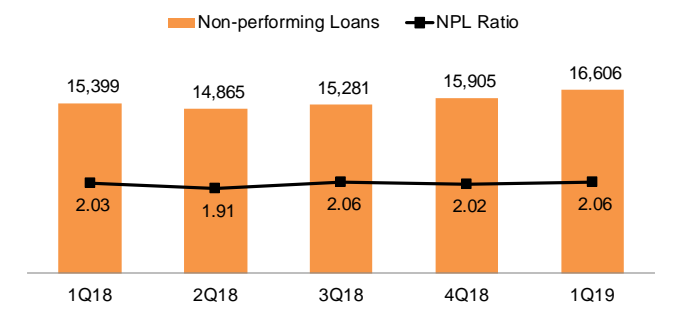
**Non-performing Loans (Million Baht) and NPL Ratio (Percent) of TBANK and Its Subsidiaries**



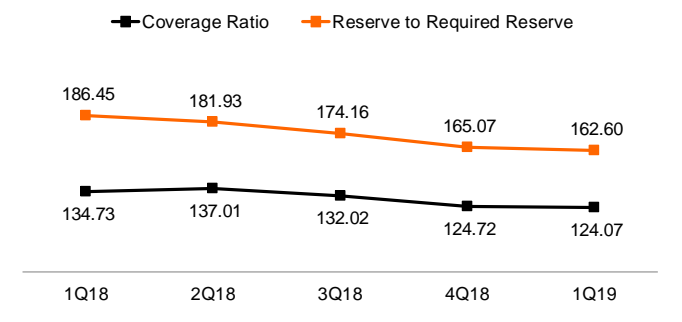
**Coverage Ratio (Percent) and Reserve to Required Reserve (Percent) of TBANK and Its Subsidiaries**



**Non-performing Loans (Million Baht) and NPL Ratio (Percent) of TBANK**



**Coverage Ratio (Percent) and Reserve to Required Reserve (Percent) of TBANK**



**Capital Adequacy**

The Bank had capitals according to Basel III regulation in a total of 132,555 million baht as of 31 March 2019, of which 105,009 million baht was Tier I capital and 27,546 million baht was Tier II capital. BIS ratio was at 19.18 percent, of which 15.19 percent was Tier I capital and 3.99 percent was Tier II capital, as compared to BIS ratio of 19.45 percent in the end of 2018. The decrease in BIS ratio was due to the increase in risk weighted assets following consistent loan growth.

**Capital Adequacy Ratio (Percent)**

	Capital Ratio of TBANK					Minimum Requirement By BOT
	1Q19	4Q18	3Q18	2Q18	1Q18	
Total Common Equity Tier I to Risk Weighted Assets	15.19	15.42	15.30	14.79	14.70	7.00
Total Tier I to Risk Weighted Assets	15.19	15.42	15.30	14.79	14.70	8.50
Total Tier II to Risk Weighted Assets	3.99	4.03	4.02	4.04	4.10	-
Total Capital to Risk Weighted Assets	19.18	19.45	19.32	18.83	18.80	11.00

**Operating Results of Subsidiaries (Million Baht)****Operating Results of Subsidiaries (Million Baht)**

Subsidiaries	Percent of Holding Direct/ Indirect	Net Profit (Loss)		
		1Q19	4Q18	1Q18
Thanachart Bank Public Company Limited				
Consolidated Financial Statements		3,650	3,563	3,779
Thanachart Securities Public Company Limited	100.00%	99	95	249
Thanachart Fund Management Company Limited	75.00%	147	147	171
Thanachart Insurance Public Company Limited	100.00%	278	235	274
TS AMC Company Limited	100.00%	251	71	(4)
Ratchthani Leasing Public Company Limited	65.18%	477	455	364

**Thanachart Securities Public Company Limited**

Average daily trading volume of Thanachart Securities Public Company Limited for the first quarter of 2019 was 2,325 million baht and market share accounted for 2.94 percent, close to the previous quarter but decreased as compared to the same quarter of previous year which has an average daily trading volume of 4,024 million baht. The trading volume in first quarter of 2019 could be divided into 48.35 percent of retails, 41.21 percent of institutions and 10.44 percent of foreign investors.

**Net profit for the first quarter of 2019 amounted to 99 million baht, a decrease of 150 million baht** from the same quarter of previous year. The decrease was mainly due to the decrease in brokerage fees which was in line with the trading volume of the stock market and the company's market share during the period. At the same time, fees and service income in terms of financial advisory income and fees income from unit trust underwriting and repurchasing decreased. Interest income on margin loans decreased in line with the loan volume. Total expenses declined by 16.29 percent which was in line with decrease in total income and the company's cost control policy.

As of March 31 2019, the company maintained its liquidity ratio at 51.98 percent, higher than the minimum requirement regulated by the Securities and Exchange Commission (SEC) of 7.00 percent of general indebtedness and securities pledged.



---

### **Thanachart Fund Management Company Limited**

As of March 31, 2019, Thanachart Fund Management Company Limited had assets under management of 226,923 million baht, an increase of 5,563 million baht or 2.51 percent from the end of 2018. Assets under management comprised of 89.06 percent of mutual funds, 3.76 percent of private funds, and 7.18 percent of provident funds.

Mutual fund business of the company ranked 8<sup>th</sup> with market share of 3.86 percent. Private fund business ranked 13<sup>th</sup> with market share of 0.85 percent and provident fund business ranked 13<sup>th</sup> with market share of 1.41 percent.

**For operating results, in first quarter of 2019, the company had a net profit of 147 million baht, a decrease of 24 million baht or 14.04 percent from the same quarter last year.** This was mainly due to the decrease in fund management fees.

### **Thanachart Insurance Public Company Limited**

In the first quarter of 2019, Thanachart Insurance Public Company Limited had total insurance premiums of 2,040 million baht, an increase of 158 million baht or 8.40 percent from the same quarter of previous year. The increase was mainly due to increase in premiums of auto and personal accident insurance, increase sales in Bancassurance channel and External Partners, while comparing to the same period last year.

**For operating results, in the first quarter of 2019, the company had a net profit of 278 million baht, an increase of 4 million baht or 1.46 percent compared to the same quarter last year.** This was mainly due to the increase in investment income.

### **TS Asset Management Company Limited**

TS Asset Management Company Limited has been managing non-performing debts in accordance with the policy and business plan of Thanachart Group continuously. As of March 31, 2019, the company's total assets were 2,575 million baht, an increase of 77 million baht or 3.08 percent from the end of last year.

**For operating result of the first quarter of 2019, the company had a net profit of 251 million baht, an increase of 255 million baht from the same quarter last year.** The main reason was the profit from the sale of receivables of 305 million baht.

### **Ratchthani Leasing Public Company Limited**

As of March 31 2019, Ratchthani Leasing Public Company Limited has continued to have a strong financial structure even though the domestic economy is still in recovery. The company's total assets were 48,865 million baht, an increase of 1,334 million baht or 2.81 percent from the end of previous year. **The company had hire purchase loans of 47,862 million baht, an increase of 1,450 or 3.12 percent and representing 97.95 percent of total assets.** The growth is mainly due to the expansion target of hire purchase loans. Total liabilities and the shareholders' equity were 41,193 million baht and 7,672 million baht, respectively.

**Net profit for the first quarter of 2019 amounted to 477 million baht, an increase of 113 million baht or 31.04 percent from the same quarter last year.** Total income increased by 94 million baht or 10.33 percent. At the same time financial costs increased by 27 million baht or 12.68 percent as a result of borrowing acquisition for supporting lending. Provision expenses decreased from the same quarter of last year by 94 million baht or 76.06 percent. This was due to better asset quality from its strict and close monitoring of customers.

### **Risk Management**

As of March 31, 2019, TBANK's total capital according to Basel III regulation amounted to 132,555 million baht, an increase from 131,859 million baht at the end of the previous year. Consequently, Common Equity Tier I capital and Tier I capital amounted to 105,009 million baht, increased from the end of previous year. Tier II capital amounted to 27,546 million baht, an increase from 27,378 million baht at the end of previous year. This was due to an increase in reserve for normal loans.

#### **Capital Fund according to Basel III (Million Baht)**

TBANK Solo Consolidated	Capital Fund according to Basel III				
	31-Mar-19	31-Dec-18	Change		
			+ / (-)		%
Common Equity Tier I Capital	105,009	104,481	528		0.51
Tier I Capital	105,009	104,481	528		0.51
Tier II Capital	27,546	27,378	168		0.61
Total Capital	132,555	131,859	696		0.53
Risk Weighted Assets	691,147	677,775	13,372		1.97

Credit risk increased due to an increase in loans, especially hire purchase loans, and an increase in investments in subsidiaries. At the same time, market risk declined.

Although market and economic conditions gradually recovering, the Bank has managed NPLs systematically and effectively. As of 31 March 2019, NPL ratio of the Bank was at 2.06 percent, a slight increase from the end of previous year of 2.02 percent.

Coverage ratio of the Bank as of 31 March 2019 was at 124.07 percent, a decrease from 124.72 percent at the end of pervious year. The Bank had 7,932 million baht in excess reserve based on the BOT's regulation with 162.60 percent of reserve to reserve required by the BOT, a result of conservative reserve policy.

Capital was adequate with common equity Tier I ratio, Tier I ratio, and total capital ratio at 15.19, 15.19, and 19.18 percent, respectively. These are higher than the minimum requirement by the BOT of 7.00, 8.50, and 11.00 percent, respectively.

In summary, risk evaluation concluded that the Bank's risk level is within the controlled limit and the Bank has sufficient capital after allocation for overall risks to support business expansion in sustainable and secure manners as planned.

**Disclaimer**

Thanachart Bank Public Company Limited ('the Bank') had provided this report to publish the Bank's performance. Information contained in this report is the Bank'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 Bank reserves the right with its own discretion to amend or modify the information contained in this report without any prior notice. The Bank shall have no responsibility for any inaccuracy, inappropriate or incomplete of any information contained in this report.

Thanachart Bank Public Company Limited  
and its subsidiaries  
Report and interim consolidated financial statements  
31 March 2019

## **Independent Auditor's Report on Review of Interim Financial Information**

To the Shareholders of Thanachart Bank Public Company Limited

I have reviewed the accompanying consolidated statement of financial position of Thanachart Bank Public Company Limited and its subsidiaries as at 31 March 2019, the related consolidated statements of comprehensive income, changes in equity and cash flows for the three-month period then ended, as well as the condensed notes to the consolidated financial statements. I have also reviewed the separate financial information of Thanachart Bank Public Company Limited for the same period. Management is responsible for the preparation and presentation of this interim financial information in accordance with Thai Accounting Standard 34 Interim Financial Reporting. My responsibility is to express a conclusion on this interim financial information based on my review.

### **Scope of Review**

I conducted my review in accordance with Thai Standard on Review Engagements 2410, Review of Interim Financial Information Performed by the Independent Auditor of the Entity. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Thai Standards on Auditing and consequently does not enable me to obtain assurance that I would become aware of all significant matters that might be identified in an audit. Accordingly, I do not express an audit opinion.

### **Conclusion**

Based on my review, nothing has come to my attention that causes me to believe that the accompanying interim financial information is not prepared, in all material respects, in accordance with Thai Accounting Standard 34 Interim Financial Reporting.

Somjai Khunapasut

Certified Public Accountant (Thailand) No. 4499

EY Office Limited

Bangkok: 9 May 2019

**Thanachart Bank Public Company Limited and its subsidiaries**

**Statement of financial position**

**As at 31 March 2019**

(Unit: Thousand Baht)

	Note	Consolidated		Separate	
		financial statements		financial statements	
		31 March 2019	31 December 2018	31 March 2019	31 December 2018
		(Unaudited but reviewed)	(Audited)	(Unaudited but reviewed)	(Audited)
<b>Assets</b>					
Cash		9,370,387	11,019,018	9,368,441	11,012,023
Interbank and money market items - net		106,018,420	97,567,628	105,248,304	95,257,115
Derivatives assets	3	2,483,524	2,005,387	2,483,001	2,001,344
Investments - net	4	142,870,147	161,077,885	133,397,699	152,430,216
Investments in subsidiary and associated companies - net	5	2,352,386	2,436,970	11,506,290	7,156,290
Loans to customers and accrued interest receivables	6				
Loans to customers		831,316,930	819,654,144	771,020,775	760,284,420
Accrued interest receivables		674,278	645,276	674,245	645,471
Total loans to customers and accrued interest receivables		831,991,208	820,299,420	771,695,020	760,929,891
Less: Deferred revenue		(68,607,876)	(66,156,575)	(63,015,940)	(60,683,476)
Allowance for doubtful accounts	7	(23,014,771)	(23,651,007)	(20,412,539)	(19,661,597)
Revaluation allowance for debt restructuring	8	(473)	(603)	(473)	(603)
Net loans to customers and accrued interest receivables		740,368,088	730,491,235	688,266,068	680,584,215
Customers' liability under acceptances		644	9,164	644	9,164
Properties foreclosed - net		2,900,003	2,814,835	1,782,882	1,633,036
Land, premises and equipment - net		7,754,182	7,995,772	7,562,285	7,798,454
Goodwill and intangible assets - net		19,691,588	19,790,601	19,532,862	19,637,196
Deferred tax assets		713,374	767,994	-	-
Receivables from purchase and sale of securities		3,754,250	2,741,745	2,963,063	1,090,531
Other assets - net	10	8,442,954	7,893,423	4,776,601	5,513,955
<b>Total assets</b>		<b>1,046,719,947</b>	<b>1,046,611,657</b>	<b>986,888,140</b>	<b>984,123,539</b>

The accompanying notes are an integral part of the financial statements.

**Thanachart Bank Public Company Limited and its subsidiaries**

**Statement of financial position (continued)**

**As at 31 March 2019**

(Unit: Thousand Baht)

	Note	Consolidated		Separate	
		financial statements		financial statements	
		31 March	31 December	31 March	31 December
		2019	2018	2019	2018
		(Unaudited but reviewed)	(Audited)	(Unaudited but reviewed)	(Audited)
<b>Liabilities and equity</b>					
Deposits		743,817,748	752,160,436	746,306,078	753,944,978
Interbank and money market items	11	75,624,823	71,954,867	59,951,767	55,964,405
Liability payable on demand		2,011,398	1,163,165	2,011,398	1,163,165
Derivatives liabilities	3	2,094,445	2,097,019	2,090,310	2,092,519
Debt issued and borrowings	12	44,873,703	43,079,280	20,005,158	20,005,158
Banks' liability under acceptances		644	9,164	644	9,164
Provisions	13	3,799,982	3,874,580	3,489,712	3,582,155
Deferred tax liabilities		1,573,441	1,319,748	1,457,746	1,183,607
Payables from purchase and sale of securities		2,519,394	1,518,341	1,224,289	759,003
Accrued interest payables		2,526,339	2,187,972	2,387,002	2,065,060
Accrued expenses		3,183,933	5,966,880	2,665,976	5,240,305
Insurance contracts liabilities	14	5,892,489	5,729,438	-	-
Other liabilities	15	10,263,384	11,345,546	6,233,120	6,972,799
<b>Total liabilities</b>		<b>898,181,723</b>	<b>902,406,436</b>	<b>847,823,200</b>	<b>852,982,318</b>
<b>Equity</b>					
Share capital					
Registered					
9,913,664,903 ordinary shares of Baht 10 each		99,136,649	99,136,649	99,136,649	99,136,649
Issued and paid-up share capital					
6,064,862,170 ordinary shares of Baht 10 each		60,648,622	60,648,622	60,648,622	60,648,622
Share premium		2,100,694	2,100,694	2,100,694	2,100,694
Other components of equity	16	1,940,907	1,440,747	1,105,265	651,307
Retained earnings					
Appropriated - statutory reserve		4,954,068	4,954,068	4,954,068	4,954,068
Unappropriated		76,203,067	72,554,413	70,256,291	62,786,530
<b>Equity attributable to owner of the company</b>		<b>145,847,358</b>	<b>141,698,544</b>	<b>139,064,940</b>	<b>131,141,221</b>
Non-controlling interests of the subsidiaries		2,690,866	2,506,677	-	-
<b>Total equity</b>		<b>148,538,224</b>	<b>144,205,221</b>	<b>139,064,940</b>	<b>131,141,221</b>
<b>Total liabilities and equity</b>		<b>1,046,719,947</b>	<b>1,046,611,657</b>	<b>986,888,140</b>	<b>984,123,539</b>
		-	-	-	-

The accompanying notes are an integral part of the financial statements.

(Unaudited but reviewed)

## Thanachart Bank Public Company Limited and its subsidiaries

## Statement of comprehensive income

For the three-month period ended 31 March 2019

(Unit: Thousand Baht except earnings per share expressed in Baht)

	Note	Consolidated		Separate	
		financial statements		financial statements	
		2019	2018	2019	2018
<b>Profit or loss</b>					
Interest income	18	12,002,841	11,259,159	11,075,784	10,439,003
Interest expenses	19	(4,026,285)	(3,738,474)	(3,800,527)	(3,542,612)
<b>Net interest income</b>		7,976,556	7,520,685	7,275,257	6,896,391
Fees and service income		2,364,226	2,603,117	1,882,239	1,879,755
Fees and service expenses		(980,485)	(902,109)	(932,896)	(838,053)
<b>Net fees and service income</b>	20	1,383,741	1,701,008	949,343	1,041,702
Gains on trading and foreign exchange transactions	21	172,187	147,107	152,132	109,967
Gains on investments	22	102,545	346,814	73,560	341,024
Share of profit from investments accounted for under equity method		38,708	52,422	-	-
Insurance income		1,729,763	1,734,181	-	-
Dividend income		89,003	69,743	4,969,650	203,058
Other operating income		351,693	339,535	323,804	315,038
<b>Total operating income</b>		11,844,196	11,911,495	13,743,746	8,907,180
Insurance expenses		(1,006,206)	(1,011,277)	-	-
<b>Net operating income</b>		10,837,990	10,900,218	13,743,746	8,907,180
<b>Other operating expenses</b>					
Employee's expenses		2,935,146	2,887,362	2,455,649	2,418,203
Directors' remuneration		10,526	7,964	4,683	4,635
Premises and equipment expenses		618,312	641,719	547,816	568,972
Taxes and duties		174,399	175,631	166,601	171,857
Other expenses		1,214,846	1,638,851	1,027,575	1,464,946
<b>Total other operating expenses</b>		4,953,229	5,351,527	4,202,324	4,628,613
<b>Impairment losses of loans and debt securities</b>	23	991,964	1,426,698	1,443,234	1,335,896
<b>Profit before income tax</b>		4,892,797	4,121,993	8,098,188	2,942,671
<b>Income tax</b>	24	(980,534)	(166,070)	(628,427)	102,016
<b>Profit for the period</b>		3,912,263	3,955,923	7,469,761	3,044,687

The accompanying notes are an integral part of the financial statements.



(Unaudited but reviewed)

**Thanachart Bank Public Company Limited and its subsidiaries****Statement of comprehensive income (continued)****For the three-month period ended 31 March 2019**

(Unit: Thousand Baht except earnings per share expressed in Baht)

	Note	Consolidated		Separate	
		financial statements		financial statements	
		2019	2018	2019	2018
<b>Other comprehensive income</b>	25				
<i>Transactions that will be reclassified subsequently to profit or loss</i>					
Gains (losses) on changes in value of available-for-sale investments		692,169	(18,775)	567,447	(2,781)
Share of other comprehensive income of associate		(59,457)	81,102	-	-
Income tax relating to components of other comprehensive income		(132,488)	(4,355)	(113,489)	556
<i>Transactions that will never be reclassified subsequently to profit or loss</i>					
Share of other comprehensive income of the associate		322	16	-	-
Actuarial loss on defined benefit plan		(1,012)	-	-	-
Income tax relating to components of other comprehensive income		(32)	(2)	-	-
<b>Total other comprehensive income (loss)</b>		<u>499,502</u>	<u>57,986</u>	<u>453,958</u>	<u>(2,225)</u>
<b>Total comprehensive income</b>		<u>4,411,765</u>	<u>4,013,909</u>	<u>7,923,719</u>	<u>3,042,462</u>
<b>Total profit attributable to:</b>					
The Bank		3,649,666	3,778,878	<u>7,469,761</u>	<u>3,044,687</u>
Non-controlling interests		262,597	177,045		
		<u>3,912,263</u>	<u>3,955,923</u>		
<b>Total comprehensive income attributable to:</b>					
The Bank		4,149,168	3,836,864	<u>7,923,719</u>	<u>3,042,462</u>
Non-controlling interests		262,597	177,045		
		<u>4,411,765</u>	<u>4,013,909</u>		
<b>Earnings per share of the Bank</b>	26				
Basic earnings per share					
Profit attributable to the Bank (Baht per share)		<u>0.60</u>	<u>0.62</u>	<u>1.23</u>	<u>0.50</u>

The accompanying notes are an integral part of the financial statements.

(Unaudited but reviewed)

**Thanachart Bank Public Company Limited and its subsidiaries****Statements of cash flows****For the three-month period ended 31 March 2019**

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements	financial statements	financial statements	financial statements
	2019	2018	2019	2018
<b>Cash flows from operating activities</b>				
Profit before income tax	4,892,797	4,121,993	8,098,188	2,942,671
Adjustments to reconcile profit before income tax to net cash received (paid) from operating activities:				
Share of profit from investments accounted for under equity method	(38,708)	(52,422)	-	-
Depreciation and amortisation	329,552	359,553	310,679	339,034
Impairment losses of loans and debt securities	991,964	1,426,698	1,443,234	1,335,896
Increase in provisions	181,367	555,299	157,651	547,464
Amortisation of premiums (discounts) on investment in debt securities	(108,355)	54,873	(105,845)	57,573
Decrease in allowance for impairment of investments	2,381	-	2,381	-
Decrease (increase) in allowance for change in value of investments	(69,387)	33,006	7,633	3,999
Increase (decrease) in allowance for impairment of properties foreclosed	22,991	58,954	(25,576)	5,456
Interest income from the assets transferred for debt repayment	(1,232)	-	(1,232)	-
Losses (gain) from disposal of land, premises and equipment	(747)	(1,862)	(2)	133
Loss from disposal of intangible assets	1	-	-	-
Unrealised losses on exchange	152,980	432,112	152,980	432,112
Increase in allowance for impairment of other assets	3,981	6,268	3,218	681
Decrease in other income receivable	273,169	84,106	63,109	16,455
Decrease in fees and rental received in advance	(53,430)	(42,371)	(53,430)	(42,371)
Decrease in deferred income	(1,956)	(3,973)	(1,956)	(3,973)
Decrease in accrued expenses	(1,937,099)	(994,833)	(1,728,482)	(763,872)
	4,640,269	6,037,401	8,322,550	4,871,258
Net interest income	(7,868,201)	(7,575,558)	(7,169,412)	(6,953,964)
Dividend income	(89,003)	(69,743)	(4,969,650)	(203,058)
Cash received from interest income	11,351,682	10,619,630	10,453,086	9,829,618
Cash paid for interest expenses	(4,120,165)	(3,941,989)	(4,060,617)	(3,898,923)
Cash paid for corporate income tax	(105,117)	(96,278)	(59,627)	(53,771)
<b>Income from operating activities before changes in operating assets and liabilities</b>	<b>3,809,465</b>	<b>4,973,463</b>	<b>2,516,330</b>	<b>3,591,160</b>

The accompanying notes are an integral part of the financial statements.

(Unaudited but reviewed)

**Thanachart Bank Public Company Limited and its subsidiaries****Statements of cash flows (continued)****For the three-month period ended 31 March 2019**

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	2019	2018	2019	2018
<b>Cash flows from operating activities (continued)</b>				
Decrease (increase) in operating assets				
Interbank and money market items	(8,461,990)	(16,710,782)	(10,003,904)	(17,248,390)
Investments in trading securities	(3,478,147)	21,718	(3,547,383)	280,344
Derivatives assets	488,886	774,504	485,366	773,768
Loans to customers	(12,817,737)	(3,439,306)	(10,851,202)	600,759
Properties foreclosed	1,760,951	1,323,684	1,596,638	1,197,643
Receivables from purchase and sale of securities	(1,012,505)	(4,287,518)	(1,872,532)	(4,826,214)
Other assets	(422,090)	48,366	243,734	(40,716)
Increase (decrease) in operating liabilities				
Deposits	(8,342,689)	(15,083,671)	(7,638,900)	(15,068,021)
Interbank and money market items	3,611,495	(1,018,240)	3,928,901	(1,012,328)
Liability payable on demand	848,233	749,806	848,233	749,806
Derivatives liabilities	(537,817)	(875,714)	(537,451)	(875,933)
Payables from purchase and sale of securities	1,001,052	11,313,617	465,286	11,727,544
Insurance contract liabilities	163,052	23,024	-	-
Other liabilities	(2,059,178)	(902,251)	(1,380,468)	(551,993)
<b>Net cash flows used in operating activities</b>	<b>(25,449,019)</b>	<b>(23,089,300)</b>	<b>(25,747,352)</b>	<b>(20,702,571)</b>
<b>Cash flows from investing activities</b>				
Decrease in investments in securities held for investment	22,210,757	18,069,943	22,900,519	17,877,291
Cash paid for purchase of investment in subsidiary companies	-	-	(4,350,000)	-
Cash received from interest on investments	423,562	845,189	395,283	816,716
Cash received from dividend	23,919	34,423	5,561,536	174,737
Cash paid for purchase of premises and equipment	(77,651)	(27,468)	(66,843)	(19,685)
Cash received from disposal of premises and equipment	1,728	3,161	944	1,000
Cash paid for purchase of intangible assets	(70,651)	(55,783)	(63,296)	(47,410)
<b>Net cash flows from investing activities</b>	<b>22,511,664</b>	<b>18,869,465</b>	<b>24,378,143</b>	<b>18,802,649</b>

The accompanying notes are an integral part of the financial statements.

(Unaudited but reviewed)

**Thanachart Bank Public Company Limited and its subsidiaries**

**Statements of cash flows (continued)**

**For the three-month period ended 31 March 2019**

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	2019	2018	2019	2018
<b>Cash flows from financing activities</b>				
Cash received from borrowings	4,938,075	3,457,500	-	-
Cash paid for borrowings	(3,143,652)	(945,723)	-	-
Cash paid for interest from borrowings	(427,291)	(417,895)	(274,373)	(274,373)
Cash paid for dividend to non-controlling interests	(78,408)	(54,650)	-	-
<b>Net cash flows from (used in) financing activities</b>	<b>1,288,724</b>	<b>2,039,232</b>	<b>(274,373)</b>	<b>(274,373)</b>
<b>Net decrease in cash</b>	<b>(1,648,631)</b>	<b>(2,180,603)</b>	<b>(1,643,582)</b>	<b>(2,174,295)</b>
<b>Cash at beginning of the period</b>	<b>11,019,018</b>	<b>11,452,983</b>	<b>11,012,023</b>	<b>11,444,929</b>
<b>Cash at end of the period</b>	<b>9,370,387</b>	<b>9,272,380</b>	<b>9,368,441</b>	<b>9,270,634</b>

**Supplemental cash flows information**

Non-cash transactions

Transfer of properties foreclosed from receivables for debt settlement	1,737,683	1,220,866	1,589,480	1,105,129
Accounts payable for purchase of fixed assets	14,917	35,847	13,667	35,713
Bad debt written-off	865,390	926,973	815,353	911,706

The accompanying notes are an integral part of the financial statements.

(Unaudited but reviewed)

## Thanachart Bank Public Company Limited and its subsidiaries

## Statements of changes in equity

For the three-month period ended 31 March 2019

(Unit: Thousand Baht)

	Consolidated financial statements										
	Other components of equity										
	Issued and fully paid-up share capital	Share premium	Surplus from business combination under common control	Surplus on revaluation of assets	Surplus on changes in value of investments - net	Share of other comprehensive income of associate	Share of surplus from the change in the ownership interests in subsidiaries of the associate	Retained earnings			Total
								Appropriated - statutory reserve	Unappropriated	Non-controlling interests	
<b>Balance as at 1 January 2018</b>	60,648,622	2,100,694	(123,379)	1,234,813	862,541	531,393	36,594	4,258,534	64,740,444	1,917,701	136,207,957
Decrease in non-controlling interests of the subsidiaries	-	-	-	-	-	-	-	-	-	(54,651)	(54,651)
Profit for the period	-	-	-	-	-	-	-	-	3,778,878	177,045	3,955,923
Other comprehensive income for the period (loss)	-	-	-	-	(15,020)	73,006	-	-	-	-	57,986
Transferred to retained earnings	-	-	-	(4,836)	-	-	-	-	4,836	-	-
<b>Balance as at 31 March 2018</b>	<u>60,648,622</u>	<u>2,100,694</u>	<u>(123,379)</u>	<u>1,229,977</u>	<u>847,521</u>	<u>604,399</u>	<u>36,594</u>	<u>4,258,534</u>	<u>68,524,158</u>	<u>2,040,095</u>	<u>140,167,215</u>
<b>Balance as at 1 January 2019</b>	60,648,622	2,100,694	(123,379)	1,194,263	(200,290)	533,838	36,315	4,954,068	72,554,413	2,506,677	144,205,221
Decrease in non-controlling interests of the subsidiaries	-	-	-	-	-	-	-	-	-	(78,408)	(78,408)
Surplus from the change in the ownership interests in subsidiaries of the associate	-	-	-	-	-	-	(354)	-	-	-	(354)
Profit for the period	-	-	-	-	-	-	-	-	3,649,666	262,597	3,912,263
Other comprehensive income for the period (loss)	-	-	-	-	553,735	(53,221)	-	-	(1,012)	-	499,502
<b>Balance as at 31 March 2019</b>	<u>60,648,622</u>	<u>2,100,694</u>	<u>(123,379)</u>	<u>1,194,263</u>	<u>353,445</u>	<u>480,617</u>	<u>35,961</u>	<u>4,954,068</u>	<u>76,203,067</u>	<u>2,690,866</u>	<u>148,538,224</u>

The accompanying notes are an integral part of the financial statements.

(Unaudited but reviewed)

Thanachart Bank Public Company Limited and its subsidiaries

Statements of changes in equity (continued)

For the three-month period ended 31 March 2019

(Unit: Thousand Baht)

	Separate financial statements						Total
	Issued and fully paid-up share capital	Share premium	Other components of equity		Retained earnings		
			Surplus on revaluation of assets	Surplus on changes in value of investments - net	Appropriated - statutory reserve	Unappropriated	
<b>Balance as at 1 January 2018</b>	60,648,622	2,100,694	1,232,590	368,888	4,258,534	55,776,158	124,385,486
Profit for the period	-	-	-	-	-	3,044,687	3,044,687
Other comprehensive income for the period (loss)	-	-	-	(2,225)	-	-	(2,225)
Transferred to retained earnings	-	-	(4,836)	-	-	4,836	-
<b>Balance as at 31 March 2018</b>	<u>60,648,622</u>	<u>2,100,694</u>	<u>1,227,754</u>	<u>366,663</u>	<u>4,258,534</u>	<u>58,825,681</u>	<u>127,427,948</u>
<b>Balance as at 1 January 2019</b>	60,648,622	2,100,694	1,192,040	(540,733)	4,954,068	62,786,530	131,141,221
Profit for the period	-	-	-	-	-	7,469,761	7,469,761
Other comprehensive income for the period	-	-	-	453,958	-	-	453,958
<b>Balance as at 31 March 2019</b>	<u>60,648,622</u>	<u>2,100,694</u>	<u>1,192,040</u>	<u>(86,775)</u>	<u>4,954,068</u>	<u>70,256,291</u>	<u>139,064,940</u>

The accompanying notes are an integral part of the financial statements.

## **Thanachart Bank Public Company Limited and its subsidiaries**

### **Notes to interim consolidated financial statements**

**For the three-month period ended 31 March 2019**

#### **1. General information**

Thanachart Bank Public Company Limited (“Thanachart Bank” or “the Bank”) was incorporated as a public limited company under Thai laws and its parent company is Thanachart Capital Public Company Limited (herein after referred to as “the Parent company”), a public limited company also existing under Thai laws. The Parent company holds 50.96 percent of the Bank’s issued shares and Scotia Netherlands Holding BV, a company registered in Netherlands, holds 49.00 percent of the Bank’s issued shares. The Bank’s registered address is 444, MBK Tower, Phayathai Road, Wangmai, Pathumwan, Bangkok. The Bank has 502 operational branches (31 December 2018: 512 operational branches).

All subsidiaries are registered limited or public limited companies under Thai laws and operate their businesses in Thailand. The subsidiaries’ businesses include non-performing assets management business, securities business, leasing and hire purchase business, non-life insurance business, fund management business and others.

#### **2. Basis of preparation of the financial statements**

##### **2.1 Basis of preparation of the interim financial statements**

These interim financial statements are prepared in accordance with Thai Accounting Standard No. 34 Interim Financial Reporting, with the Bank choosing to present condensed interim financial statements. However, the Bank has presented the statements of financial position, comprehensive income, changes in equity, and cash flows in the same format as that used for the annual financial statements, which are in accordance with the Bank of Thailand (“BOT”)’s Notification relating to the preparation and format of the financial statements of commercial banks and holding company of financial business groups, dated 4 December 2015.

These interim financial statements are intended to provide information additional to that included in the latest annual financial statements. Accordingly, they focus on new activities, events and circumstances so as not to duplicate information previously reported. These interim financial statements should therefore be read in conjunction with the latest annual financial statements.

The interim financial statements in Thai language are the official interim financial statements of the Bank. The interim financial statements in English language have been translated from the Thai language financial statements.

## 2.2 Basis of preparation of the interim consolidated financial statements

- a) The basis of preparation for the interim consolidated financial statements is the same as that for the consolidated financial statements for the year ended 31 December 2018, and there was no change in shareholding structure during this period. Therefore, the interim consolidated financial statements included the financial statements of the Bank and the following subsidiary companies.

	Nature of business	Percentage of holding	
		31 March 2019	31 December 2018
<u>Subsidiaries directly held by the Bank</u>			
Thanachart Securities Plc.	Securities business	100.00	100.00
Thanachart Insurance Plc.	Non-life insurance	100.00	100.00
Thanachart Fund Management Co., Ltd.	Fund management	75.00	75.00
Thanachart Broker Co., Ltd.	Insurance broker	100.00	100.00
Thanachart Group Leasing Co., Ltd.	Hire purchase	100.00	100.00
Thanachart Management and Services Co., Ltd.	Services	100.00	100.00
Thanachart Training and Development Co., Ltd.	Training services	100.00	100.00
TS Asset Management Co., Ltd.	Non-performing asset management	100.00	100.00
Security Scib Services Co., Ltd.	Services	100.00	100.00
Ratchthani Leasing Plc.	Hire purchase and leasing business	65.18	65.18
<u>Subsidiary indirectly held by the Bank</u>			
RTN Insurance Broker Co., Ltd.	Insurance broker	65.18	65.18

- b) Total assets and net operating income of the subsidiaries that have significant impact to and are included in the consolidated financial statements as at 31 March 2019 and 31 December 2018 and for the three-month periods ended 31 March 2019 and 2018, after eliminating significant intercompany transactions, are as follows:

	Total assets		Net operating income for the three-month periods ended 31 March	
	31 March 2019	31 December 2018	2019	2018
Ratchthani Leasing Plc.	48,670	47,124	742	683
TS Asset Management Co., Ltd.	1,542	2,066	19	20
Thanachart Insurance Plc.	14,090	13,742	844	816
Thanachart Securities Plc.	8,599	8,702	326	547
Thanachart Fund Management Co., Ltd.	350	634	428	496

(Unit: Million Baht)



- c) The financial statements of the subsidiaries are prepared for the same reporting period as the Bank, using the same significant accounting policies. In case where there are different accounting policies, the Bank has adjusted the effect of these in the consolidated financial statements.

**2.3** The separate financial statements present investments in subsidiary and associated companies under the cost method.

## **2.4 New financial reporting standards**

### **a) Financial reporting standards that became effective in the current period**

During the period, the Bank and its subsidiaries have adopted the revised (revised 2018) and new financial reporting standards and interpretations which are effective for fiscal periods beginning on or after 1 January 2019. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards with most of the changes directed towards clarifying accounting treatment and providing accounting guidance for users of the standards. The adoption of these financial reporting standards does not have any significant impact on the Bank's and its subsidiaries' financial statements. However, the new standard involves changes to key principles, which are summarised below:

#### **TFRS 15 Revenue from Contracts with Customers**

TFRS 15 supersedes the following of accounting standards together with related interpretations.

TAS 11 (revised 2017)	Construction Contracts
TAS 18 (revised 2017)	Revenue
TSIC 31 (revised 2017)	Revenue - Barter Transactions Involving Advertising Services
TFRIC 13 (revised 2017)	Customer Loyalty Programmes
TFRIC 15 (revised 2017)	Agreements for the Construction of Real Estate
TFRIC 18 (revised 2017)	Transfers of Assets from Customers

Entities are to apply TFRS 15 to all contracts with customers unless those contracts fall within the scope of other standards. The standard establishes a five-step model to account for revenue arising from contracts with customers, with revenue being recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The standard requires entities to exercise judgement, taking into consideration all of the relevant facts and circumstances when applying each step of the model.

This standard does not have any significant impact on the Bank's and its subsidiaries' financial statements.

**b) Financial reporting standards that will become effective for fiscal years beginning on or after 1 January 2020.**

The Federation of Accounting Professions issued a number of new financial reporting standards and interpretations, which are effective for fiscal years beginning on or after 1 January 2020. These new standards involve changes to key principles, which are summarised below.

**Financial reporting standards related to financial instruments**

A set of TFRSs related to financial instruments consists of five accounting standards and interpretations, as follows:

Financial reporting standards:

TFRS 7	Financial Instruments: Disclosures
TFRS 9	Financial Instruments

Accounting standard:

TAS 32	Financial Instruments: Presentation
--------	-------------------------------------

Financial Reporting Standard Interpretations:

TFRIC 16	Hedges of a Net Investment in a Foreign Operation
TFRIC 19	Extinguishing Financial Liabilities with Equity Instruments

These TFRSs related to financial instruments make stipulations relating to the classification of financial instruments and their measurement at fair value or amortised cost (taking into account the type of instrument, the characteristics of the contractual cash flows and the Bank's business model), calculation of impairment using the expected credit loss method, and hedge accounting. These include stipulations regarding the presentation and disclosure of financial instruments. When the TFRSs related to financial instruments are effective, some accounting standards, interpretations and guidance which are currently effective will be cancelled.

The management of the Bank and its subsidiaries is currently evaluating the impact of these standards to the financial statements in the year when they are adopted.

### **TFRS 16 Leases**

TFRS 16 supersedes TAS 17 Leases together with related Interpretations. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases, and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is low value.

Accounting by lessors under TFRS 16 is substantially unchanged from TAS 17. Lessors will continue to classify leases as either operating or finance leases using similar principles to those used under TAS 17.

The management of the Bank and its subsidiaries is currently evaluating the impact of this standard on the financial statements in the year when it is adopted

## **2.5 Significant accounting policies**

The interim financial statements are prepared using the same accounting policies and methods of computation as were used for the financial statements for the year ended 31 December 2018.

### 3. Derivatives

As at 31 March 2019 and 31 December 2018, the notional amount and the fair value of trading derivatives, and the adjustments made on an accrual basis for hedging derivatives (banking book), were classified by type of risk as follows:

(Unit: Million Baht)

	Consolidated financial statements					
	31 March 2019			31 December 2018		
	Fair value/Adjustments on an accrual basis		Notional amount*	Fair value/Adjustments on an accrual basis		Notional amount*
	Assets	Liabilities		Assets	Liabilities	
<b>Types of risk</b>						
<b>Foreign exchange rate</b>						
Derivatives for trading	749	664	145,144	460	527	78,516
Derivatives for banking book	-	-	-	2	-	137
<b>Interest rate</b>						
Derivatives for trading	1,143	1,133	264,828	1,144	1,128	282,096
Derivatives for banking book	-	-	21,530	-	-	21,530
<b>Foreign exchange rate and interest rate</b>						
Derivatives for trading	147	143	4,954	111	104	5,014
Derivatives for banking book	444	150	17,083	284	334	17,426
<b>Others</b>						
Derivatives for trading	1	4	1,214	4	4	1,216
<b>Total</b>	<b>2,484</b>	<b>2,094</b>	<b>454,753</b>	<b>2,005</b>	<b>2,097</b>	<b>405,935</b>

\* Disclosed only in case that the Bank and its subsidiaries have an obligation to pay

(Unit: Million Baht)

	Separate financial statements					
	31 March 2019			31 December 2018		
	Fair value/Adjustments on an accrual basis		Notional amount*	Fair value/Adjustments on an accrual basis		Notional amount*
	Assets	Liabilities		Assets	Liabilities	
<b>Types of risk</b>						
<b>Foreign exchange rate</b>						
Derivatives for trading	749	664	145,144	460	527	78,516
Derivatives for banking book	-	-	-	2	-	137
<b>Interest rate</b>						
Derivatives for trading	1,143	1,133	264,828	1,144	1,128	282,096
Derivatives for banking book	-	-	21,530	-	-	21,530
<b>Foreign exchange rate and interest rate</b>						
Derivatives for trading	147	143	4,954	111	104	5,014
Derivatives for banking book	444	150	17,083	284	334	17,426
<b>Total</b>	<b>2,483</b>	<b>2,090</b>	<b>453,539</b>	<b>2,001</b>	<b>2,093</b>	<b>404,719</b>

\* Disclosed only in case that the Bank has an obligation to pay

Derivatives for hedging (banking book) are obligations under contracts which are not held for trading, and are measured on an accrual basis. Gain (loss) on exchange at the end of the period is presented under derivatives assets/derivatives liabilities. Accrued interest receivables/payables per the contracts are recorded as accrued interest receivables under the caption of other assets or accrued interest payables, as the case maybe.

#### 4. Investments

##### 4.1 Classified by type of investments

(Unit: Million Baht)

	Consolidated financial statements				Separate financial statements			
	31 March 2019		31 December 2018		31 March 2019		31 December 2018	
	Cost/ Amortised cost	Fair value	Cost/ Amortised cost	Fair value	Cost/ Amortised cost	Fair value	Cost/ Amortised cost	Fair value
<b>Trading securities</b>								
Government and state enterprises securities	16,314	16,324	12,300	12,317	16,314	16,324	12,300	12,317
Private debt securities	127	127	693	694	227	227	693	694
Domestic marketable equity securities	1,110	1,065	1,079	958	-	-	-	-
	17,551	17,516	14,072	13,969	16,541	16,551	12,993	13,011
Add (less): Allowance for change in value	(35)		(103)		10		18	
Net	17,516		13,969		16,551		13,011	
<b>Available-for-sale securities</b>								
Government and state enterprises securities	79,685	79,534	100,009	99,720	77,712	77,561	99,391	99,102
Private debt securities	20,815	20,804	21,361	21,340	16,226	16,201	16,811	16,779
Foreign debt securities	17,044	17,094	17,385	17,203	17,044	17,094	17,385	17,203
Domestic marketable equity securities	3,506	3,965	4,461	4,610	1,851	1,866	2,386	2,213
Unit trusts	3	3	3	3	-	-	-	-
	121,053	121,400	143,219	142,876	112,833	112,722	135,973	135,297
Add (less): Allowance for change in value	349		(343)		(109)		(676)	
Less: Allowance for impairment	(2)		-		(2)		-	
Net	121,400		142,876		112,722		135,297	

(Unaudited but reviewed)

(Unit: Million Baht)

	Consolidated financial statements				Separate financial statements			
	31 March 2019		31 December 2018		31 March 2019		31 December 2018	
	Cost/ Amortised cost	Fair value	Cost/ Amortised cost	Fair value	Cost/ Amortised cost	Fair value	Cost/ Amortised cost	Fair value
<b>Held-to-maturity debt securities</b>								
Government and state enterprises securities	132	139	381	387	-	-	-	-
Private debt securities	190	216	220	247	511	543	508	541
Net	<u>322</u>	<u>355</u>	<u>601</u>	<u>634</u>	<u>511</u>	<u>543</u>	<u>508</u>	<u>541</u>
<b>General investment</b>								
Domestic non-marketable equity securities	3,639		3,639		3,621		3,621	
Foreign non-marketable equity securities	<u>1</u>		<u>1</u>		<u>1</u>		<u>1</u>	
	3,640		3,640		3,622		3,622	
Less: Allowance for impairment	<u>(8)</u>		<u>(8)</u>		<u>(8)</u>		<u>(8)</u>	
Net	<u>3,632</u>		<u>3,632</u>		<u>3,614</u>		<u>3,614</u>	
<b>Total investments - net</b>	<u><u>142,870</u></u>		<u><u>161,078</u></u>		<u><u>133,398</u></u>		<u><u>152,430</u></u>	

## 5. Investments in subsidiary and associated companies

### 5.1 Separate financial statements

As at 31 March 2019 and 31 December 2018, investments in subsidiary and associated companies in the separate financial statements stated under the cost method, consist of investment in ordinary shares of the following subsidiary and associated companies:

(Unit: Million Baht)

Company's name	Separate financial statements							
	Paid-up share capital		Percentage of holding (%)		Value of investment under the cost method		Dividend income for the three-month periods ended	
	31	31	31	31	31	31	31 March	
	March	December	March	December	March	December	2019	2018
	2019	2018	2019	2018	2019	2018	2019	2018
<b>Subsidiary companies</b>								
TS Asset Management Co., Ltd.	2,000	2,000	100	100	2,000	2,000	250	-
Thanachart Securities Plc.	1,660	1,500	100	100	2,018	1,858	-	-
Ratchthani Leasing Plc.	3,020	3,020	65.18	65.18	1,201	1,201	-	-
Thanachart Insurance Plc.	4,930	740	100	100	5,057	867	4,422	-
Thanachart Group Leasing Co., Ltd.	360	360	100	100	400	400	-	-
Thanachart Broker Co., Ltd.	100	100	100	100	104	104	-	-
Thanachart Fund Management Co., Ltd.	100	100	75	75	97	97	235	164
Security Scib Services Co., Ltd.	10	10	100	100	5	5	-	-
Thanachart Management and Services Co., Ltd.	6	6	100	100	6	6	-	-
Thanachart Training and Development Co., Ltd.	5	5	100	100	5	5	-	-
<b>Total investments in subsidiary companies</b>					10,893	6,543	4,907	164
Less: Allowance for impairment					(5)	(5)		
<b>Total investments in subsidiary companies - net</b>					10,888	6,538		
<b>Associated company</b>								
MBK Plc.	1,695	1,695	3.41	3.41	618	618	22	22
<b>Total investment in an associated company</b>					618	618	22	22
<b>Total investments in subsidiary and associated companies - net</b>					11,506	7,156	4,929	186

On 6 December 2018, an Extraordinary General Meeting of shareholders of Thanachart Insurance Plc., a subsidiary of the Bank, passed a resolution granting approval for the subsidiary to increase its registered share capital from Baht 740 million to Baht 4,930 million, through the issuance of 419 million ordinary shares with a par value of Baht 10 per share, or a total of Baht 4,190 million. On 15 January 2019, the Board of Directors of the subsidiary passed a resolution to allocate additional shares to the Bank in proportion to its shareholding, and the Bank paid for the additional shares on 21 January 2019. The increase in the share capital of the subsidiary was registered with the Ministry of Commerce on 7 February 2019.

On 11 January 2019, an Extraordinary General Meeting of shareholders of Thanachart Securities Plc, a subsidiary of the Bank, passed a resolution granting approval for the subsidiary to increase its registered share capital from Baht 1,500 million to Baht 1,660 million, through the issuance of 160 million ordinary shares with a par value of Baht 1 per share, or a total of Baht 160 million, and to allocate additional shares to the Bank in proportion to its shareholding. The Bank paid for the additional shares on 16 January 2019. The increase in the share capital of the subsidiary was registered with the Ministry of Commerce on 21 January 2019.

## 5.2 Consolidated financial statements

As at 31 March 2019 and 31 December 2018, investment in an associated company, which presented under the equity method, in the consolidated financial statements consists of investment in ordinary shares of the following company which operates in Thailand:

Company's name	Paid-up share capital		Percentage of holding (%)		Value of investment				Dividend income		Share of profit		Share of other comprehensive income	
					Cost method		Equity method		for the three-month periods ended		for the three-month periods ended		for the three-month periods ended	
	31 March 2019	31 December 2018	31 March 2019	31 December 2018	31 March 2019	31 December 2018	31 March 2019	31 December 2018	31 March 2019	31 March 2018	31 March 2019	31 March 2018	31 March 2019	31 March 2018
	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018
MBK Plc. (operating in property rental, hotel and services business)	1,695	1,695	9.90	9.90	884	884	2,352	2,437	64	62	39	52	(59)	81
Total investment in an associated company					884	884	2,352	2,437	64	62	39	52	(59)	81

The Bank and its subsidiaries classified investment in MBK Plc. as investment in an associated company since the Parent company, the Bank and its subsidiaries had significant influence in that company.



### 5.3 Summarised financial information of an associated company

- a) Summarised financial information of MBK Plc. as at 31 December 2018 and 30 September 2018 and for the three-month periods ended 31 December 2018 and 2017 are as follows:

Paid-up share capital		Total assets <sup>(1)</sup>		Total liabilities <sup>(1)</sup>		Total income for the three-month periods ended		Profit for the three-month periods ended		Other comprehensive income for the three-month periods ended	
31 December 2018	30 September 2018	31 December 2018	30 September 2018	31 December 2018	30 September 2018	31 December		31 December		31 December <sup>(1)</sup>	
						2018	2017	2018	2017	2018	2017
1,695	1,695	51,562	52,119	26,905	27,201	2,868	2,863	391	530	(597)	819

(1) Presents in the amount after adjustment for the effect of differences in accounting policies.

The share of profit from investment in MBK Plc. accounted for under the equity method was determined based on financial statements of MBK Plc. that were prepared for periods different from those of the Bank, due to limited information available. However, they are financial statements prepared for the same length of time and based on the principle of consistency. Therefore, share of profit of the associate under the equity method for the three-month period ended 31 March 2019 was determined based on financial statements that were prepared with reference to financial statements for the three-month period ended 31 December 2018 that had been audited or reviewed by the associate's auditor and adjusted for the effect of differences in accounting policies by the Bank's management. In addition, the Bank's management considered that the income for the three-month period ended 31 December 2018 is not materially different from the income for the three-month period ended 31 March 2019.

- b) The fair value of investment in an associated company

As at 31 March 2019 and 31 December 2018, the fair value of investment in an associated company which is listed on the Stock Exchange of Thailand is as follows:

	(Unit: Million Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	31 March 2019	31 December 2018	31 March 2019	31 December 2018
MBK Plc.	3,473	3,440	1,197	1,186

**6. Loans to customers and accrued interest receivables****6.1 Classified by loan type**

	(Unit: Million Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	31 March	31 December	31 March	31 December
	2019	2018	2019	2018
<u>Loans to customers</u>				
Overdrafts	15,619	16,370	15,619	16,370
Loans	271,777	272,137	271,300	269,987
Notes receivables	37,015	38,390	37,015	39,419
Hire purchase receivables	500,794	486,588	445,454	432,787
Financial lease receivables	2,108	2,167	1,452	1,540
Others	181	181	181	181
Less: Deferred revenues	(68,608)	(66,157)	(63,016)	(60,683)
Total loans to customers net of deferred revenues	758,886	749,676	708,005	699,601
Add: Accrued interest receivables	674	645	674	646
Total loans to customers and accrued interest receivables net of deferred revenues	759,560	750,321	708,679	700,247
Less: Allowance for doubtful accounts				
1) BOT's minimum requirement provision				
- Individual Approach	(7,321)	(8,110)	(4,812)	(4,752)
- Collective Approach	(7,668)	(7,090)	(7,668)	(7,090)
2) Excess provision	(8,020)	(8,438)	(7,932)	(7,820)
Less: Revaluation allowance for debt restructuring	(1)	(1)	(1)	(1)
Loans to customers and accrued interest receivables - net	736,550	726,682	688,266	680,584
<u>Securities business receivables</u>				
Credit balances receivables	3,816	3,791	-	-
Other receivables	8	31	-	-
Total securities business receivables	3,824	3,822	-	-
Less: Allowance for doubtful accounts	(6)	(13)	-	-
Securities business receivables - net	3,818	3,809	-	-
Loans to customers and accrued interest receivables - net	740,368	730,491	688,266	680,584

## 6.2 Non-performing loans

As at 31 March 2019 and 31 December 2018, the Bank and its subsidiaries (securities and asset management businesses) had non-performing loans classified in accordance with the Notification of the BOT and SEC (debtors classified as substandard, doubtful and doubtful of loss) as follows:

	(Unit: Million Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	31 March 2019	31 December 2018	31 March 2019	31 December 2018
Non-performing loans (excluding accrued interest receivables)				
Banking business	16,613	15,911	16,606	15,905
Securities business	37	45	-	-
Asset management business	348	1,582	-	-

The above definition of non-performing loans does not include overdue loans which have been already restructured and are now qualified for classification as Normal or Special mention debt.

Additionally, the Bank and its subsidiary engaged in the securities business had loans for which income recognition under an accrual basis has been discontinued, as follows:

	(Unit: Million Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	31 March 2019	31 December 2018	31 March 2019	31 December 2018
Banking business	23,490	21,897	23,483	21,891
Securities business	37	45	-	-

The subsidiary company engaged in the asset management business recognises income from loan on a cash basis.

### 6.3 Debt restructuring

During the three-month periods ended 31 March 2019 and 2018, the Bank and its subsidiaries (which engaged in asset management and securities business) have entered into debt restructuring agreements with their debtors as follows:

Consolidated financial statements					
For the three-month periods ended 31 March					
Type of restructuring	Number of debtors	Outstanding balance before restructuring <sup>(1)</sup> Million Baht	Outstanding balance after restructuring <sup>(1)</sup> Million Baht	Type of assets to be transferred	Fair value of assets to be transferred under agreement Million Baht
<b>2019</b>					
Modification of repayment conditions	284	625	625		
Transfer of assets and/or ordinary shares and/or modification of repayment conditions	2	26	26	Land and buildings	27
<b>Total</b>	<b>286</b>	<b>651</b>	<b>651</b>		
<b>2018</b>					
Modification of repayment conditions	258	504	504		
<b>Total</b>	<b>258</b>	<b>504</b>	<b>504</b>		

(1) Presents the outstanding balance per the books of account (principal plus accrued interest receivables)

Separate financial statements					
For the three-month periods ended 31 March					
Type of restructuring	Number of debtors	Outstanding balance before restructuring <sup>(1)</sup> Million Baht	Outstanding balance after restructuring <sup>(1)</sup> Million Baht	Type of assets to be transferred	Fair value of assets to be transferred under agreement Million Baht
<b>2019</b>					
Modification of repayment conditions	283	624	624		
Transfer of assets and/or ordinary shares and/or modification of repayment conditions	2	26	26	Land and buildings	27
<b>Total</b>	<b>285</b>	<b>650</b>	<b>650</b>		
<b>2018</b>					
Modification of repayment conditions	257	484	484		
<b>Total</b>	<b>257</b>	<b>484</b>	<b>484</b>		

(1) Presents the outstanding balance per the books of account (principal plus accrued interest receivables)

Counting from the end of the period, the remaining periods to maturity of receivables which entered into debt restructuring agreements during the three-month periods ended 31 March 2019 and 2018, are summarised below.

Period	Consolidated financial statements			
	2019		2018	
	Number of debtors	Outstanding balances after restructuring	Number of debtors	Outstanding balances after restructuring
		Million Baht		Million Baht
Past due after restructuring	89	289	28	50
Due within the year	66	136	47	117
Less than 5 years	28	15	106	132
5 - 10 years	73	128	48	117
10 - 15 years	9	25	7	30
Over 15 years	21	58	22	58
<b>Total</b>	<b>286</b>	<b>651</b>	<b>258</b>	<b>504</b>

Period	Separate financial statements			
	2019		2018	
	Number of debtors	Outstanding balances after restructuring	Number of debtors	Outstanding balances after restructuring
		Million Baht		Million Baht
Past due after restructuring	89	289	28	50
Due within the year	65	135	47	117
Less than 5 years	28	15	105	112
5 - 10 years	73	128	48	117
10 - 15 years	9	25	7	30
Over 15 years	21	58	22	58
<b>Total</b>	<b>285</b>	<b>650</b>	<b>257</b>	<b>484</b>

Supplemental information for the three-month periods ended 31 March 2019 and 2018 relating to restructured loan is as follows:

	(Unit: Million Baht)			
	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
Interest income recognised in the statements of comprehensive income	114	159	102	142
Cash repayment from receivables	496	689	459	623
Properties foreclosed received for debts settlement	28	3	28	3
Loss on debt restructuring (net of allowance for doubtful accounts as previously recorded)	-	-	-	-

As at 31 March 2019 and 31 December 2018, the Bank and its subsidiaries have the following restructured receivables balances (principal and accrued interest receivable):

	Restructured receivables					
	Number of receivables		Outstanding balances		Outstanding balances net of collateral	
	31 March	31 December	31 March	31 December	31 March	31 December
	2019	2018	2019	2018	2019	2018
		Million Baht	Million Baht	Million Baht	Million Baht	
Thanachart Bank Plc.	6,231	6,430	8,364	7,829	1,816	1,532
TS Asset Management Co., Ltd.	28	190	280	1,926	122	1,180

#### 6.4 Classified by classification

As at 31 March 2019 and 31 December 2018, the Bank and its financial institution subsidiary (asset management business) classified and made allowances against their loans in accordance with the BOT's guidelines as summarised below.

(Unit: Million Baht)

	Consolidated financial statements <sup>(1)</sup>					
	Loans and accrued interest receivables		Net balances used in making allowance for doubtful accounts		Allowance for doubtful accounts	
	31 March	31 December	31 March	31 December	31 March	31 December
	2019	2018	2019	2018	2019	2018
Normal	662,185	656,396	443,646	437,436	4,160	4,127
Special mention	30,305	27,759	27,879	25,868	2,516	2,438
Substandard	3,998	4,602	2,216	2,359	1,467	1,617
Doubtful	3,350	3,171	2,056	1,947	1,251	1,155
Doubtful of loss	9,615	9,724	3,967	3,959	3,272	3,562
Total	709,453	701,652	479,764	471,569	12,666	12,899
Additional allowance for possible uncollectability debts					8,020	8,218
Total					20,686	21,117

(1) Only the Bank and a subsidiary company subject to BOT's regulations; and after deducting intragroup transactions.

(Unit: Million Baht)

	Separate financial statements					
	Loans and accrued interest		Net balances used in making			
	receivables		allowance for doubtful		Allowance for doubtful	
			accounts		accounts	
	31 March	31 December	31 March	31 December	31 March	31 December
	2019	2018	2019	2018	2019	2018
Normal	661,803	656,652	443,645	438,168	4,159	4,134
Special mention	30,268	27,686	27,879	25,861	2,516	2,438
Substandard	3,958	4,503	2,213	2,333	1,464	1,590
Doubtful	3,347	3,153	2,055	1,947	1,251	1,155
Doubtful of loss	9,303	8,253	3,785	2,921	3,090	2,525
Total	<u>708,679</u>	<u>700,247</u>	<u>479,577</u>	<u>471,230</u>	12,480	11,842
Additional allowance for possible uncollectability debts					<u>7,932</u>	<u>7,820</u>
Total					<u>20,412</u>	<u>19,662</u>

	Percentage of allowance for doubtful accounts			
	The Banks' hire purchase receivables-		Other loans	
	personal consumer <sup>(2)</sup>			
	31 March 2019	31 December 2018	31 March 2019	31 December 2018
Normal	0.92	0.93	1	1
Special mention	9.70	9.60	2	2
Substandard	47.72	47.57	100	100
Doubtful	43.46	42.88	100	100
Doubtful of loss	51.37	42.75	100	100

(2) These percentages are average rates used in setting up allowance for doubtful accounts

## 6.5 Loans to companies which have settlement problems

As at 31 March 2019 and 31 December 2018, loans of the Bank and its subsidiaries (which engaged in asset management and hire purchase and financial lease businesses) in the consolidated financial statements and the separate financial statements included amounts due from companies with weak financial positions and poor operating results, as follows:

Consolidated financial statements								
						Allowance for doubtful accounts provided in the accounts		
Number of debtors		Debt balances		Collateral value				
31 March 2019	31 December 2018	31 March 2019	31 December 2018	31 March 2019	31 December 2018	31 March 2019	31 December 2018	
		Million Baht	Million Baht	Million Baht	Million Baht	Million Baht	Million Baht	Million Baht
1. Listed companies possible to delisting from the SET	3	5	198	200	1	2	3	3
2. Non - listed companies with similar operating results and financial position to listed companies possible to delisting from the SET	31	30	314	302	200	195	114	107
3. Companies which have loan settlement problems or have defaulted on the repayment	980	970	6,485	7,765	4,011	4,273	2,568	3,594

Separate financial statements								
						Allowance for doubtful accounts provided in the accounts		
Number of debtors		Debt balances		Collateral value				
31 March 2019	31 December 2018	31 March 2019	31 December 2018	31 March 2019	31 December 2018	31 March 2019	31 December 2018	
		Million Baht	Million Baht	Million Baht	Million Baht	Million Baht	Million Baht	Million Baht
1. Listed companies possible to delisting from the SET	2	3	198	199	-	-	3	3
2. Non - listed companies with similar operating results and financial position to listed companies possible to delisting from the SET	28	28	312	300	200	195	112	105
3. Companies which have loan settlement problems or have defaulted on the repayment	340	335	5,494	5,360	3,866	3,801	1,628	1,560



## 6.6 Classification of securities business receivables in accordance with the Notification of the Securities and Exchange Commission

As at 31 March 2019 and 31 December 2018, a subsidiary company operating in the securities business classified securities business receivables and accrued interest receivables in accordance with the Notification of the Securities and Exchange Commission (“SEC”), governing accounting for the non-performing debts of securities companies as follows:

(Unit: Million Baht)

	Debt balances		Allowance for doubtful accounts		Debt balances net of allowance for doubtful accounts	
	31 March	31 December	31 March	31 December	31 March	31 December
	2019	2018	2019	2018	2019	2018
Normal	3,787	3,777	-	-	3,787	3,777
Substandard	32	33	1	1	31	32
Doubtful	5	12	5	12	-	-
<b>Total</b>	<b>3,824</b>	<b>3,822</b>	<b>6</b>	<b>13</b>	<b>3,818</b>	<b>3,809</b>

Allowance for doubtful accounts for substandard loans set aside by the subsidiary is higher than the minimum amount required by the SEC, and takes into account uncertainties as to collateral value and the risk from collection of such receivables.

**6.7 Hire purchase/financial lease receivables of subsidiaries classified by aging**

As at 31 March 2019 and 31 December 2018, hire purchase and financial lease receivables balances of subsidiary companies engaged in hire purchase and financial lease businesses are classified by the due date of the contracts (after elimination) as follows:

	(Unit: Million Baht)	
	31 March 2019	31 December 2018
Current or overdue not over 90 days	48,198	46,761
Overdue 91 - 365 days	819	831
Overdue more than 1 year	170	179
Debtors under legal actions	807	781
<b>Total</b>	<b>49,994</b>	<b>48,552</b>
Allowance for doubtful accounts provided in the accounts	2,323	2,521

**7. Allowance for doubtful accounts**

(Unit: Million Baht)

Consolidated financial statements									
For the three-month period ended 31 March 2019									
The Bank and a subsidiary company which is a financial institution									
	Normal	Special mention	Sub- standard	Doubtful	Doubtful of loss	General provision	Total	Other subsidiary companies	Consolidated
Balance - beginning of the period	4,127	2,438	1,617	1,155	3,562	8,218	21,117	2,534	23,651
Increase (decrease) during the period	33	78	(150)	96	394	(198)	253	(165)	88
Bad debts recovery	-	-	-	-	138	-	138	3	141
Bad debts written-off	-	-	-	-	(822)	-	(822)	(43)	(865)
<b>Balance - end of the period</b>	<b>4,160</b>	<b>2,516</b>	<b>1,467</b>	<b>1,251</b>	<b>3,272</b>	<b>8,020</b>	<b>20,686</b>	<b>2,329</b>	<b>23,015</b>

(Unit: Million Baht)

Consolidated financial statements									
For the year ended 31 December 2018									
The Bank and a subsidiary company which is a financial institution									
	Normal	Special mention	Sub- standard	Doubtful	Doubtful of loss	General provision	Total	Other subsidiary companies	Consolidated
Balance - beginning of the year	3,310	2,336	2,219	823	3,013	10,017	21,718	2,315	24,033
Increase (decrease) during the year	817	102	(602)	332	5,057	(1,799)	3,907	320	4,227
Bad debts recovery	-	-	-	-	1,033	-	1,033	12	1,045
Bad debts written-off	-	-	-	-	(5,541)	-	(5,541)	(113)	(5,654)
<b>Balance - end of the year</b>	<b>4,127</b>	<b>2,438</b>	<b>1,617</b>	<b>1,155</b>	<b>3,562</b>	<b>8,218</b>	<b>21,117</b>	<b>2,534</b>	<b>23,651</b>

(Unaudited but reviewed)

(Unit: Million Baht)

Separate financial statements							
For the three-month period ended 31 March 2019							
	Normal	Special mention	Substandard	Doubtful	Doubtful of loss	General provision	Total
Balance - beginning of the period	4,134	2,438	1,590	1,155	2,525	7,820	19,662
Increase (decrease) during the period	25	78	(126)	96	1,243	112	1,428
Bad debts recovery	-	-	-	-	138	-	138
Bad debts written-off	-	-	-	-	(816)	-	(816)
Balance - end of the period	<u>4,159</u>	<u>2,516</u>	<u>1,464</u>	<u>1,251</u>	<u>3,090</u>	<u>7,932</u>	<u>20,412</u>

(Unit: Million Baht)

Separate financial statements							
For the year ended 31 December 2018							
	Normal	Special mention	Substandard	Doubtful	Doubtful of loss	General provision	Total
Balance - beginning of the year	3,321	2,336	2,027	816	1,744	9,632	19,876
Increase (decrease) during the year	813	102	(437)	339	5,314	(1,812)	4,319
Bad debts recovery	-	-	-	-	1,000	-	1,000
Bad debts written-off	-	-	-	-	(5,533)	-	(5,533)
Balance - end of the year	<u>4,134</u>	<u>2,438</u>	<u>1,590</u>	<u>1,155</u>	<u>2,525</u>	<u>7,820</u>	<u>19,662</u>

## 8. Revaluation allowance for debt restructuring

(Unit: Million Baht)

	Consolidated financial statements		Separate financial statements	
	For the three-month period ended 31 March 2019	For the year ended 31 December 2018	For the three-month period ended 31 March 2019	For the year ended 31 December 2018
Balance - beginning of the period/year	1	1	1	1
Amortised during the period/year	-	-	-	-
Balance - end of the period/year	<u>1</u>	<u>1</u>	<u>1</u>	<u>1</u>

## 9. Classification of assets

As at 31 March 2019 and 31 December 2018, the quality of assets of the Bank and its financial institution subsidiary (asset management business) classified in accordance with the announcements of the Bank of Thailand are as follows:

(Unit: Million Baht)

Consolidated financial statements						
31 March 2019						
	Loans to		Investments	Properties		Total
	Interbank and money market items	customers and accrued interest receivables		foreclosed	Other assets	
Normal	94,021	662,185	-	-	137	756,343
Special mention	-	30,305	-	-	107	30,412
Substandard	-	3,998	-	-	10	4,008
Doubtful	-	3,350	-	-	9	3,359
Doubtful of loss	-	9,615	508	355	317	10,795
<b>Total</b>	<b>94,021</b>	<b>709,453</b>	<b>508</b>	<b>355</b>	<b>580</b>	<b>804,917</b>

(Unit: Million Baht)

Consolidated financial statements						
31 December 2018						
	Loans to		Investments	Properties		Total
	Interbank and money market items	customers and accrued interest receivables		foreclosed	Other assets	
Normal	85,449	656,396	-	-	142	741,987
Special mention	-	27,759	-	-	109	27,868
Substandard	-	4,602	-	-	11	4,613
Doubtful	-	3,171	-	-	9	3,180
Doubtful of loss	-	9,724	902	324	315	11,265
<b>Total</b>	<b>85,449</b>	<b>701,652</b>	<b>902</b>	<b>324</b>	<b>586</b>	<b>788,913</b>

(Unaudited but reviewed)

(Unit: Million Baht)

Separate financial statements

31 March 2019

	Loans to		Investments	Properties		Total
	Interbank and money market items	customers and accrued interest receivables		foreclosed	Other assets	
Normal	96,221	661,803	-	-	137	758,161
Special mention	-	30,268	-	-	107	30,375
Substandard	-	3,958	-	-	10	3,968
Doubtful	-	3,347	-	-	9	3,356
Doubtful of loss	-	9,303	513	285	316	10,417
Total	96,221	708,679	513	285	579	806,277

(Unit: Million Baht)

Separate financial statements

31 December 2018

	Loans to		Investments	Properties		Total
	Interbank and money market items	customers and accrued interest receivables		foreclosed	Other assets	
Normal	86,899	656,652	-	-	142	743,693
Special mention	-	27,686	-	-	109	27,795
Substandard	-	4,503	-	-	11	4,514
Doubtful	-	3,153	-	-	9	3,162
Doubtful of loss	-	8,253	907	310	312	9,782
Total	86,899	700,247	907	310	583	788,946

**10. Other assets**

(Unit: Million Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	31 March 2019	31 December 2018	31 March 2019	31 December 2018
Accrued premium insurance income	328	470	-	-
Other receivables	1,863	1,700	1,369	1,210
Accrued interest and dividend income receivables	745	394	639	1,012
VAT refundable	889	962	610	670
Prepaid leasehold rights	87	91	87	91
Other receivables - VAT paid in advance				
for customers	256	251	195	193
Deposits	249	248	253	254
Estimated insurance claims recoveries	270	259	-	-
Receivable from clearing house	653	64	-	-
Prepaid expenses	570	475	199	114
Deposits from derivative contracts	387	337	387	337
Reinsurance assets	827	707	-	-
Others	1,740	2,352	1,385	1,977
<b>Total</b>	<b>8,864</b>	<b>8,310</b>	<b>5,124</b>	<b>5,858</b>
Less: Allowance for impairment	(421)	(417)	(347)	(344)
<b>Other assets - net</b>	<b>8,443</b>	<b>7,893</b>	<b>4,777</b>	<b>5,514</b>

**11. Interbank and money market items (liabilities)**

As at 31 March 2019, interbank and money market items in the consolidated financial statements included loans of a subsidiary company of Baht 1,190 million in the form of promissory notes, repayable at the date as specified in each promissory note, and carrying interest at fixed rates per annum, payable monthly. In addition, the subsidiary has to comply with the terms and conditions specified in the loan agreements, such as maintenance of a debt to equity ratio (31 December 2018: included loans of a subsidiary company amounting to Baht 2,690 million).

(Unaudited but reviewed)

**12. Debt issued and borrowings**

As at 31 March 2019 and 31 December 2018, the balance of domestic debt issued and borrowings, stated in Baht, are as follows:

(Unit: Million Baht)											
Instrument	Type of borrowings	Issue period	Year of maturity	Interest rate	Face value per unit	Issuance unit		Consolidated financial statements		Separate financial statements	
						31 March 2019	31 December 2018	31 March 2019	31 December 2018	31 March 2019	31 December 2018
						(Thousand units)	(Thousand units)				
1	Subordinated instruments issued under Tier II	Year 2014	Year 2024	6.00	1,000	13,000	13,000	12,930	12,930	13,000	13,000
2	Subordinated instruments issued under Tier II	Year 2015	Year 2025	4.65	1,000	7,000	7,000	7,000	7,000	7,000	7,000
3	Unsubordinated debentures	Year 2016	Year 2019	2.70, 2.88	1,000	1,500	1,700	1,200	1,400	-	-
4	Unsubordinated debentures	Year 2016	Year 2019	2.95, 3.00	1,000	1,735	1,735	1,735	1,735	-	-
5	Unsubordinated debentures	Year 2017	Year 2019	2.52	1,000	-	2,000	-	2,000	-	-
6	Unsubordinated debentures	Year 2017	Year 2020	2.39 - 2.88	1,000	10,060	10,060	10,010	10,010	-	-
7	Unsubordinated debentures	Year 2017	Year 2020	2.58	1,000	70	70	70	70	-	-
8	Unsubordinated debentures	Year 2018	Year 2020	2.28 - 2.80	1,000	3,865	3,865	3,815	3,815	-	-
9	Unsubordinated debentures	Year 2018	Year 2020	2.80	1,000	140	140	140	140	-	-
10	Unsubordinated debentures	Year 2018	Year 2021	2.31, 2.70	1,000	1,970	1,970	1,870	1,970	-	-
11	Unsubordinated debentures	Year 2018	Year 2021	2.30, 2.50	1,000	1,110	1,110	1,110	1,110	-	-
12	Unsubordinated debentures	Year 2019	Year 2021	2.65, 2.66	1,000	675	-	675	-	-	-
13	Unsubordinated debentures	Year 2019	Year 2021	2.67, 2.68	1,000	1,020	-	1,020	-	-	-
14	Unsubordinated debentures	Year 2019	Year 2022	2.94	1,000	2,070	-	2,070	-	-	-
15	Unsubordinated debentures	Year 2019	Year 2022	2.96	1,000	155	-	155	-	-	-
16	Structured notes		Year 2019					141	276	-	-
17	Promissory notes		At call	0.20 - 2.50				644	334	5	5
18	Promissory notes		Year 2019 - 2021	2.90, 3.30				289	289	-	-
<b>Total debt issued and borrowings</b>								<b>44,874</b>	<b>43,079</b>	<b>20,005</b>	<b>20,005</b>

Instruments 1) and 2) are name-registered, Tier II capital, subordinated, unsecured instruments with no instrument holder's representative, paying interest quarterly. The instruments will be fully converted to ordinary shares of the Bank in the event that a Point of Non-Viability is triggered requiring financial assistance from the regulators. The Bank has a call option to early redeem these instruments at par if the conditions specified are met.

Instruments 3) and 5) - 6) and 8) and 10) and 13) and 15) are name-registered, unsubordinated, unsecured debentures with no debenture holders' representative, paying interest semi-annually. The subsidiary has to comply with the terms and conditions as specified in the loan agreement, such as maintenance of a debt to equity ratio.

Instruments 4) and 7) and 9) and 11) - 12) and 14) are name-registered, unsubordinated, unsecured debentures with no debenture holders' representative, paying interest quarterly. The subsidiary has to comply with the terms and conditions specified in the loan agreement, such as maintenance of a debt to equity ratio.

### 13. Provisions

	(Unit: Million Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	31 March 2019	31 December 2018	31 March 2019	31 December 2018
Loss from litigation	606	599	606	599
Employee benefits payable	2,657	2,732	2,347	2,439
Obligations from off-balance items	150	134	150	134
Others	387	410	387	410
<b>Total</b>	<b>3,800</b>	<b>3,875</b>	<b>3,490</b>	<b>3,582</b>



(Unaudited but reviewed)

**14. Insurance contract liabilities**

(Unit: Million Baht)

	31 March 2019			31 December 2018		
	Insurance contract liabilities		Reinsurance assets	Insurance contract liabilities		Reinsurance assets
	liabilities	Net		liabilities	Net	
Loss reserves and outstanding claims	1,729	(205)	1,524	1,590	(153)	1,437
Premium reserves	4,163	(622)	3,541	4,139	(554)	3,585
<b>Total</b>	<b>5,892</b>	<b>(827)</b>	<b>5,065</b>	<b>5,729</b>	<b>(707)</b>	<b>5,022</b>

**15. Other liabilities**

(Unit: Million Baht)

	Consolidated financial statements		Separate financial statements	
	31 March 2019	31 December 2018	31 March 2019	31 December 2018
	Other payables	1,825	2,067	1,390
Suspense cash received from account receivables	1,391	2,044	1,196	1,912
Insurance premium payable	316	402	149	221
Income received in advance	1,782	1,759	1,758	1,731
Corporate income tax payable	1,702	989	964	557
Others	3,247	4,085	776	837
<b>Total other liabilities</b>	<b>10,263</b>	<b>11,346</b>	<b>6,233</b>	<b>6,973</b>

**16. Other components of equity**

	(Unit: Million Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	31 March 2019	31 December 2018	31 March 2019	31 December 2018
<b>Surplus from business combination under common control</b>	(123)	(123)	-	-
<b>Surplus on revaluation of assets</b>	1,493	1,493	1,490	1,490
Less: The effect of deferred tax liabilities	(299)	(299)	(298)	(298)
<b>Net surplus on revaluation of assets</b>	1,194	1,194	1,192	1,192
<b>Revaluation surplus (deficit) on investments</b>				
Revaluation surplus on investments				
Available-for-sale investments				
Debt instruments	199	82	200	84
Equity instruments	867	762	186	133
Total	1,066	844	386	217
Revaluation deficit on investments				
Available-for-sale investments				
Debt instruments	(334)	(597)	(326)	(587)
Equity instruments	(309)	(516)	(169)	(306)
Total	(643)	(1,113)	(495)	(893)
<b>Total revaluation surplus (deficit) on investments</b>	423	(269)	(109)	(676)
Add (less): The effect of deferred tax liabilities	(70)	69	22	135
<b>Net revaluation surplus (deficit) on investments</b>	353	(200)	(87)	(541)
<b>Share of other comprehensive income of the associate</b>	534	593	-	-
Less: The effect of deferred tax liabilities	(53)	(59)	-	-
<b>Net share of other comprehensive income of the associate</b>	481	534	-	-
<b>Share of surplus from the change in the ownership interests in subsidiaries of the associate</b>	40	40	-	-
Less: The effect of deferred tax liabilities	(4)	(4)	-	-
<b>Net share of surplus from the change in the ownership interests in subsidiaries of the associate</b>	36	36	-	-
<b>Total</b>	1,941	1,441	1,105	651

**17. Capital funds**

The primary objectives of the Bank's capital management are to maintain the Bank's ability to continue as a going concern and to maintain a capital adequacy ratio in accordance with the Act on Undertaking of Banking business B.E. 2551.

As at 31 March 2019 and 31 December 2018, capital funds of the Bank calculated in accordance with the BOT's regulation regarding "Elements of Capital Funds for Commercial Bank Incorporate in Thailand", consist of the following:

	(Unit: Million Baht)	
	31 March 2019	31 December 2018
<b><u>Tier I capital</u></b>		
<b>Common Equity Tier I capital</b>		
Issued and fully paid-up share capital	60,649	60,649
Share premium	2,101	2,101
Statutory reserve	4,603	4,603
Retained earnings - unappropriated	56,092	56,092
Other components of equity - Revaluation surplus on land - net	1,124	1,141
Other components of equity - Revaluation surplus (deficit) on investments in equity securities - net	14	(139)
Other components of equity - Revaluation deficit on investments in debt securities - net	(100)	(402)
	<u>124,483</u>	<u>124,045</u>
Less: goodwill	(17,941)	(17,941)
Less: intangible assets	(1,533)	(1,623)
Total Common Equity Tier I capital	<u>105,009</u>	<u>104,481</u>
Total Tier I capital	<u>105,009</u>	<u>104,481</u>
<b><u>Tier II capital</u></b>		
Reserve for assets classified as normal	7,616	7,448
Subordinated debentures	20,000	20,000
	<u>27,616</u>	<u>27,448</u>
Less: Cross holding of financial instruments included in Tier II capital between commercial bank and the company operating financial business or supporting business	(70)	(70)
Total Tier II capital	<u>27,546</u>	<u>27,378</u>
Total capital funds	<u>132,555</u>	<u>131,859</u>

As at 31 March 2019 and 31 December 2018, the capital adequacy ratios of the Bank calculated in accordance with the BOT's regulation regarding the calculation of capital funds, dated 8 November 2012, are as follows:

	31 March 2019		31 December 2018	
	Capital ratio of the Bank	Minimum requirement by BOT	Capital ratio of the Bank	Minimum requirement by BOT
Total capital to risk-weighted assets (percent)	19.18	11.00	19.45	10.375
Total Common Equity Tier I to risk-weighted assets (percent)	15.19	7.00	15.42	6.375
Total Tier I to risk-weighted assets (percent)	15.19	8.50	15.42	7.875

The Bank disclosed qualitative and quantitative information regarding capital maintenance as at 31 December 2018 in accordance with the Notification of the Bank of Thailand Re: Public Disclosure of Capital Maintenance Information for Commercial Banks on its website at [www.thanachartbank.co.th](http://www.thanachartbank.co.th), since April 2019.

In addition, the Bank disclosed the maintaining Liquidity Coverage Ratio as at 31 December 2018 in accordance with the Notification of the Bank of Thailand No. Sor Nor Sor. 2/2018, dated 25 January 2018, Re: Public Disclosure of Liquidity Coverage Ratio on its website at [www.thanachartbank.co.th](http://www.thanachartbank.co.th), since April 2019.

## 18. Interest income

Interest income for the three-month periods ended 31 March 2019 and 2018 consisted of the following:

	(Unit: Million Baht)			
	Consolidated		Separate	
	financial statements	financial statements	financial statements	financial statements
	2019	2018	2019	2018
Interbank and money market items	469	475	463	478
Investments and trading transactions	43	17	43	17
Investments in debt securities	650	631	617	603
Loans to customers	4,223	4,308	4,156	4,232
Hire purchase and financial lease	6,618	5,828	5,797	5,109
Total interest income	12,003	11,259	11,076	10,439

**19. Interest expenses**

Interest expenses for the three-month periods ended 31 March 2019 and 2018 consisted of the following:

	(Unit: Million Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2019	2018	2019	2018
Deposits	2,403	2,258	2,407	2,261
Interbank and money market items	283	200	217	147
Contribution fee to FIDF and the Deposit Protection Agency	904	862	904	862
Debts issued and borrowings				
- Unsubordinated and short-term debentures	157	140	-	-
- Subordinated instruments	272	273	273	273
- Others	4	3	-	-
Borrowing cost	3	2	-	-
Total interest expenses	<u>4,026</u>	<u>3,738</u>	<u>3,801</u>	<u>3,543</u>

**20. Fees and service income**

Fees and service income for the three-month periods ended 31 March 2019 and 2018 consisted of the following:

	(Unit: Million Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2019	2018	2019	2018
Fees and service income				
Acceptance, aval and guarantees	42	47	42	47
Brokerage fee from securities/derivatives	228	408	-	-
ATM and electronic banking services	223	225	223	225
Hire purchase fee income	400	399	362	361
Insurance fee incomes	488	458	570	554
Management fees	357	353	-	-
Credit card fee	318	284	318	284
Others	308	429	367	409
Total fees and service income	<u>2,364</u>	<u>2,603</u>	<u>1,882</u>	<u>1,880</u>
Fees and service expenses	<u>(980)</u>	<u>(902)</u>	<u>(933)</u>	<u>(838)</u>
Net fees and service income	<u>1,384</u>	<u>1,701</u>	<u>949</u>	<u>1,042</u>

**21. Gains on trading and foreign exchange transactions**

Gains on trading and foreign exchange transactions for the three-month periods ended 31 March 2019 and 2018 consisted of the following:

	(Unit: Million Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2019	2018	2019	2018
Foreign exchange and derivatives contract relating to foreign exchange	104	77	104	77
Derivatives contract relating to interest rate	4	8	4	8
Debt securities	44	25	44	25
Equity securities	50	(99)	-	-
Others	(30)	136	-	-
<b>Total</b>	<b>172</b>	<b>147</b>	<b>152</b>	<b>110</b>

**22. Gains on investments**

Gains on investments for the three-month periods ended 31 March 2019 and 2018 consisted of the following:

	(Unit: Million Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2019	2018	2019	2018
Gains on disposal				
Available-for-sale securities	105	347	76	341
Losses on impairment				
Available-for-sale securities	(2)	-	(2)	-
<b>Total</b>	<b>103</b>	<b>347</b>	<b>74</b>	<b>341</b>

**23. Impairment losses of loans and debt securities**

Impairment losses of loans and debt securities for the three-month periods ended 31 March 2019 and 2018 consisted of the following:

	(Unit: Million Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2019	2018	2019	2018
Impairment losses of loans (reversal)				
Loans to customers	985	1,459	1,428	1,359
Interbank and money market items	7	(32)	15	(23)
<b>Total</b>	<b>992</b>	<b>1,427</b>	<b>1,443</b>	<b>1,336</b>

**24. Income tax**

Income tax expenses for the three-month periods ended 31 March 2019 and 2018 are as follows:

	(Unit: Million Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2019	2018	2019	2018
<b>Current income tax:</b>				
Interim corporate income tax	805	283	468	-
<b>Deferred tax:</b>				
Relating to origination and reversal of temporary differences	176	(117)	160	(102)
<b>Income tax expense reported in statements of comprehensive income (income)</b>	<b>981</b>	<b>166</b>	<b>628</b>	<b>(102)</b>

The amounts of income tax relating to each component of other comprehensive income for the three-month periods ended 31 March 2019 and 2018 are as follows:

	(Unit: Million Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2019	2018	2019	2018
Deferred tax relating to gain on changes in value of available-for-sale investments	138	(4)	113	(1)
Deferred tax relating to share of other comprehensive income of associate	(6)	8	-	-
	<b>132</b>	<b>4</b>	<b>113</b>	<b>(1)</b>

## 25. Components of other comprehensive income

Components of other comprehensive income for the three-month periods ended 31 March 2019 and 2018 are as the following:

	(Unit: Million Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2019	2018	2019	2018
<b>Other comprehensive income</b>				
<i>Transactions that will be reclassified subsequently to profit or loss</i>				
Available-for-sale investments:				
Unrealised gains during the period	797	328	643	338
Less: Reclassification of adjustment for the realised gains that included in profit or loss	(105)	(347)	(76)	(341)
	692	(19)	567	(3)
Share of other comprehensive income in associate	(59)	81	-	-
Other comprehensive income for the period	633	62	567	(3)
Impact from related income tax:				
Income tax - (gains) losses on changes in value of available-for-sale investments	(138)	4	(113)	1
Income tax - share of other comprehensive income of the associate	6	(8)	-	-
Impact from related income tax	(132)	(4)	(113)	1
	501	58	454	(2)
<i>Transactions that will never be reclassified subsequently to profit or loss</i>				
Actuarial loss on defined benefit plan	(1)	-	-	-
Other comprehensive income for the period (loss)	(1)	-	-	-
Income tax - actuarial (gain) loss on defined benefit plan	-	-	-	-
Impact from related income tax	-	-	-	-
	(1)	-	-	-
Other comprehensive income for the period - net of related income tax (loss)	500	58	454	(2)



**26. Earnings per share**

Basic earnings per share is calculated by dividing profit for the periods attributable to equity holders of the Bank (excluding other comprehensive income) by the weighted average number of ordinary shares in issued during the periods.

	For the three-month periods ended 31 March			
	Consolidated		Separate	
	financial statements		financial statements	
	2019	2018	2019	2018
Profit for the period (Million Baht)	3,650	3,779	7,470	3,045
Earnings per share (Baht/share)	0.60	0.62	1.23	0.50
Weighted average number of shares (Million shares)	6,065	6,065	6,065	6,065

**27. Related party transactions**

During the periods, the Bank and its subsidiaries have significant business transactions with its related parties. These transactions have been concluded on commercial terms and based agreed upon in the ordinary course of businesses between the Bank and those companies. Below is a summary of those significant transactions.

(Unit: Million Baht)

	For the three-month periods ended 31 March				Transfer pricing policy (For the year 2019)
	Consolidated		Separate		
	financial statements		financial statements		
	2019	2018	2019	2018	
<b><u>Transactions occurred during the periods</u></b>					
<b>Parent company</b>					
Purchase of debt securities	170	499	170	499	At market price
Sales of debt securities	448	-	448	-	At market price
Income on supporting service	1	1	1	1	At the rate agreed under the service contract
Rental expenses	1	1	1	1	At the rate agreed under the rental contracts
Other expenses	10	9	10	9	
<b>Subsidiary companies</b>					
Purchase of debt securities	-	-	104	1,032	At market price
Sales of debt securities	-	-	2,319	1,744	At market price
(Related gain)	-	-	1	-	
Interest income	-	-	57	57	At interest rate of 1.95 - 2.45 and 7.43 percent per annum
Dividend income	-	-	4,907	164	As declared
Fees and service income	-	-	321	351	At the rate agreed under the service contract
Income on supporting services	-	-	43	49	At the rate agreed under the service contract
Other income	-	-	8	4	
Interest expenses	-	-	20	21	At interest rate of 0.13 - 1.85 percent per annum
Fees and service expenses	-	-	16	17	At the rate agreed under the service contract
Other expenses	-	-	44	39	

	For the three-month periods ended 31 March				Transfer pricing policy (For the year 2019)
	Consolidated		Separate		
	financial statements	financial statements	financial statements	financial statements	
	2019	2018	2019	2018	
<b><u>Transactions occurred during the periods (continued)</u></b>					
<b>Associated company</b>					
Dividend income	-	-	22	22	As declared
Rental expenses	22	22	14	15	At the rate agreed under the rental contracts
Other expenses	1	1	-	-	
<b>Related companies</b>					
Purchase of debt securities	768	3,545	768	3,545	At market price
Sales of debt securities	1,037	1,613	1,037	1,613	At market price
(Related gain)	-	1	-	1	
Purchase/sales of forward exchange contracts	384	10,041	384	10,041	At market price
Interest income	75	50	75	50	At interest rate of 2.40 - 4.95 and 6.08 - 7.43 percent per annum
Dividend income	18	18	6	6	As declared
Fees and service income	1	1	1	1	At the rate agreed under the service contracts
Income on supporting services	1	1	1	1	At the rate agreed under the service contracts
Other income	-	2	-	-	
Interest expenses	100	70	100	70	At interest rate of 0.13 - 2.95 percent per annum
Insurance expenses	9	1	-	-	At the rate agreed under the service contracts
Rental expenses	40	38	21	20	At the rate agreed under the rental contracts
Other expenses	9	10	7	7	

(Unaudited but reviewed)

The outstanding balances of the above transactions during the three-month periods ended 31 March 2019 and 2018 have been shown at the average balance at the end of each month as follows:

	(Unit: Million Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2019	2018	2019	2018
<b><u>Parent company</u></b>				
Deposits	45	25	45	25
<b><u>Subsidiary companies</u></b>				
Interbank and money market items (assets)	-	-	2,025	3,550
Loans to customers	-	-	282	1,132
Deposits	-	-	2,018	1,516
Interbank and money market items (liabilities)	-	-	302	342
<b><u>Associated company</u></b>				
Deposits	142	41	142	41
<b><u>Related companies</u></b>				
Interbank and money market items (assets)	14	188	14	188
Loans to customers	6,279	6,112	6,279	5,770
Deposits	1,704	2,333	1,704	2,333
Interbank and money market items (liabilities)	12,846	12,813	12,846	12,813
Debt issued and borrowings	400	470	400	470

As at 31 March 2019 and 31 December 2018, the significant outstanding balances of the above transactions are as follows:

(Unit: Million Baht)

Consolidated financial statements								
31 March 2019								
Assets				Liabilities				
Loans to								
Interbank and money market items	customers and interest receivables	Other assets	Deposits	Interbank and money market items	Debt issued and borrowings	Other liabilities	Commitments	
<b>Parent company</b>								
Thanachart Capital Plc.	-	-	1	49	-	-	-	-
<b>Associated company</b>								
MBK Plc.	-	-	214	60	-	-	1	-
<b>Related companies</b>								
Other related companies	12	6,441	74	1,520	12,883	400	75	1,084
	<u>12</u>	<u>6,441</u>	<u>289</u>	<u>1,629</u>	<u>12,883</u>	<u>400</u>	<u>76</u>	<u>1,084</u>

(Unit: Million Baht)

Consolidated financial statements								
31 December 2018								
Assets				Liabilities				
Loans to								
Interbank and money market items	customers and interest receivables	Other assets	Deposits	Interbank and money market items	Debt issued and borrowings	Other liabilities	Commitments	
<b>Parent company</b>								
Thanachart Capital Plc.	-	-	3	26	-	-	199	-
<b>Associated company</b>								
MBK Plc.	-	-	26	327	-	-	2	-
<b>Related companies</b>								
Other related companies	11	5,575	53	1,586	13,054	400	114	1,348
	<u>11</u>	<u>5,575</u>	<u>82</u>	<u>1,939</u>	<u>13,054</u>	<u>400</u>	<u>315</u>	<u>1,348</u>

## (Unaudited but reviewed)

(Unit: Million Baht)

Separate financial statements									
31 March 2019									
Assets					Liabilities				
Interbank and money market items	Investments - debt securities	Loans to customers and interest receivables	Other assets	Deposits	Interbank and money market items	Debt issued and borrowings	Other liabilities	Commitments	
<b>Parent company</b>									
Thanachart Capital Plc.	-	-	-	1	49	-	-	-	-
<b>Subsidiary companies</b>									
Thanachart Group Leasing Co., Ltd.									
-	-	-	-	406	-	-	1	-	-
Thanachart Securities Plc.	2,200	-	-	-	-	123	-	3	30
Thanachart Insurance Plc.	-	-	-	47	183	-	70	94	50
Thanachart Broker Co., Ltd.	-	-	-	6	192	-	-	-	-
TS Asset Management Co., Ltd.									
-	-	-	-	1,423	-	-	1	-	-
Ratchthani Leasing Plc.	-	100	-	1	165	-	-	-	30
Other subsidiary companies	-	-	-	97	139	150	-	20	-
<b>Associated company</b>									
MBK Plc.	-	-	-	39	60	-	-	1	-
<b>Related companies</b>									
Other related companies	12	-	6,441	29	1,520	12,883	400	65	1,084
	<u>2,212</u>	<u>100</u>	<u>6,441</u>	<u>220</u>	<u>4,137</u>	<u>13,156</u>	<u>470</u>	<u>185</u>	<u>1,194</u>

(Unit: Million Baht)

Separate financial statements									
31 December 2018									
Assets					Liabilities				
Interbank and money market items	Loans to customers and interest receivables	Other assets	Deposits		Interbank and money market items	Debt issued and borrowings	Other liabilities	Commitments	
<b>Parent company</b>									
Thanachart Capital Plc.	-	-	3	26	-	-	199	-	-
<b>Subsidiary companies</b>									
Thanachart Group Leasing Co., Ltd.									
-	-	-	405	-	-	-	1	-	-
Thanachart Securities Plc.	1,450	-	649	-	192	-	4	30	
Thanachart Insurance Plc.	-	-	56	132	-	70	126	50	
Thanachart Broker Co., Ltd.	-	-	4	213	-	-	-	-	
TS Asset Management Co., Ltd.									
-	-	-	896	-	-	-	1	-	-
Ratchthani Leasing Plc.	-	1,030	-	120	-	-	-	30	
Other subsidiary companies	-	-	79	34	33	-	29	-	
<b>Associated company</b>									
MBK Plc.	-	-	18	327	-	-	1	-	
<b>Related companies</b>									
Other related companies	11	5,575	19	1,586	13,054	400	59	1,348	
	<u>1,461</u>	<u>6,605</u>	<u>828</u>	<u>3,739</u>	<u>13,279</u>	<u>470</u>	<u>420</u>	<u>1,458</u>	

(Unaudited but reviewed)

As at 31 March 2019, the Bank has no loans to Ratchthani Leasing Plc. (31 December 2018: loans to Ratchthani Leasing Plc. amounting to Baht 1,030 million at interest rate of 2.10 percent per annum).

As at 31 March 2019, the Bank and its subsidiaries have investments amounting to approximately Baht 871 million (Baht 361 million in the separate financial statements) in related companies in which they are related by means of members of their management being shareholders and/or directors of those companies (31 December 2018: Baht 871 million in the consolidated financial statements, and Baht 361 million in the separate financial statements).

As at 31 March 2019 and 31 December 2018, the Bank and its subsidiaries have the following related parties transactions with executive employees of the Bank and companies within Thanachart Group from management level up, including related persons who together with these employees:

(Unit: Million Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	31 March	31 December	31 March	31 December
	2019	2018	2019	2018
Loans to customers	73	103	67	96
Deposits	1,425	1,204	1,425	1,204

#### Directors and management's remuneration

During the three-month periods ended 31 March 2019 and 2018, the Bank and its subsidiaries recorded the following benefits to their key management personnel, including directors, totaled 108 persons and 108 persons, respectively (separate financial statements: 37 persons and 40 persons, respectively):

(Unit: Million Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	2019	2018	2019	2018
Short-term employee benefits	128	130	62	70
Post-employment benefits	5	4	2	2
	133	134	64	72

**28. Financial information classified by operating segments**

The Bank and its subsidiaries are organised into business units based on its products and services. The Bank is organised into business units based on the Bank's organisation structure, which is determined based on the Bank's management policies. During the current period, the Bank and its subsidiaries have not changed the organisation of their reportable segments.

Financial information of the Bank and its subsidiaries presented by segment is as follows:

(Unit: Million Baht)

	For the three-month period ended 31 March 2019								
	Banking business			Securities				Eliminations	Consolidated
	Retail	Corporate and SME	Treasury & Investment and others	and fund management business	Non-life insurance business	Asset management business	Other businesses		
Net interest income	6,521	829	(75)	45	55	18	629	(45)	7,977
Net insurance income	-	-	-	-	480	-	-	244	724
Other operating income	1,130	146	5,192	541	66	1	293	(5,232)	2,137
Other operating expenses	(3,495)	(335)	(372)	(284)	(256)	(72)	(245)	106	(4,953)
Impairment losses of loans and debt securities	(1,480)	(274)	311	1	-	289	(27)	188	(992)
Profit before income tax	2,676	366	5,056	303	345	236	650	(4,739)	4,893
Income tax	(535)	(73)	(20)	(57)	(67)	(60)	(133)	(36)	(981)
Profit before non-controlling interest	2,141	293	5,036	246	278	176	517	(4,775)	3,912

(Unaudited but reviewed)

(Unit: Million Baht)

For the three-month period ended 31 March 2018

	Banking business							Eliminations	Consolidated
				Securities					
		Corporate	Treasury &	and fund	Non-life	Asset	Other		
	Retail	and SME	Investment	management	insurance	management	businesses		
		and others	business	business	business	businesses			
Net interest income	5,916	953	27	49	47	19	546	(36)	7,521
Net insurance income	-	-	-	-	486	-	-	237	723
Other operating income	1,259	121	631	777	45	1	284	(461)	2,657
Other operating expenses	(3,465)	(345)	(818)	(306)	(237)	(65)	(218)	102	(5,352)
Impairment losses of loans and debt securities	(1,159)	274	(451)	-	-	(1)	(121)	31	(1,427)
Profit (loss) before income tax	2,551	1,003	(611)	520	341	(46)	491	(127)	4,122
Income tax	(510)	(201)	813	(100)	(67)	1	(96)	(6)	(166)
Profit before non-controlling interest	2,041	802	202	420	274	(45)	395	(133)	3,956

Assets for segment of the Bank and its subsidiaries as at 31 March 2019 and 31 December 2018 are as follows:

(Unit: Million Baht)

	Banking business							Eliminations	Consolidated
				Securities					
		Corporate	Treasury &	and fund	Non-life	Asset	Other		
	Retail	and SME	Investment	management	insurance	management	businesses		
		and others	business	business	business	businesses			
Assets for segment									
As at 31 March 2019	548,044	175,809	263,035	9,222	14,847	2,575	49,998	(16,810)	1,046,720
As at 31 December 2018	536,719	177,411	269,994	9,557	14,494	2,573	48,496	(12,632)	1,046,612



**29. Encumbrance of assets**

As at 31 March 2019 and 31 December 2018, the Bank and its subsidiaries have the assets, which are subject to restriction, presented at book value as follows:

	(Unit: Million Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	31 March	31 December	31 March	31 December
	2019	2018	2019	2018
Interbank and money market items (assets)				
Guarantee placed with the registrar	750	750	-	-
Placed with court for stay of execution	2	2	-	-
Investments in securities				
Guarantee placed with the registrar	18	18	-	-
Placed with derivative contract	16	-	-	-
Placed with court for stay of execution	13	14	6	6
Properties foreclosed				
Immovable assets subject to purchase or sell agreements with clients but currently being settled in installments or through transfer of ownership	75	18	21	3
	<u>874</u>	<u>802</u>	<u>27</u>	<u>9</u>

**30. Commitments and contingent liabilities**

As at 31 March 2019 and 31 December 2018, significant commitments and contingent liabilities consisted of:

**30.1 Commitments**

(Unit: Million Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	31 March 2019	31 December 2018	31 March 2019	31 December 2018
Aval to bills	170	303	170	303
Guarantees of loans	2,386	2,402	2,386	2,402
Liability under unmatured import bills	285	283	285	283
Letter of credits	675	759	675	759
Other obligations				
Committed (but not drawn) overdraft	23,649	22,341	23,649	22,341
Others	61,805	61,018	61,777	60,994
<b>Total</b>	<b>88,970</b>	<b>87,106</b>	<b>88,942</b>	<b>87,082</b>

In addition, the Bank and its subsidiaries have commitments in respect of foreign exchange contracts, cross currency and interest rate swap contracts, interest rate swap contracts, and gold futures contracts, as mentioned in Note 3 to the financial statements.

**30.2** As at 31 March 2019, the Bank and its subsidiaries have commitments to pay the service fees in relation to properties foreclosed, computer system services and other services, including commitments in respect of office rental and related service fees under long-term contracts, as follows:

(Unit: Million Baht)

Year	Consolidated		Separate		
	financial statements		financial statements		
	Other parties	Parent company	Other parties	Parent company	Subsidiary companies
2019	1,380	4	1,281	4	51
2020	1,427	6	1,350	5	-
2021 onward	1,413	-	1,179	-	-

In addition, the Bank has obligations to pay an administrative fee to a subsidiary company, determined at actual cost plus a margin, for the period stipulated in the agreement.

### **30.3 Commitments of SCIB from transfer of business from Bangkok Metropolitan Bank Public Company Limited and transfer of non-performing assets to Sukhumvit Asset Management Company Limited**

SCIB entered into a business transfer agreement with Bangkok Metropolitan Bank Plc. (“BMB”), effective from 1 April 2002, and transferred its assets and those of BMB to Petchburi Asset Management Co., Ltd. (“PAM”), before they were transferred to Sukhumvit Asset Management Co., Ltd. (“SAM”). Subsequently, SCIB transferred its entire business, including commitments and agreements with PAM and SAM, to Thanachart Bank, effective from 1 October 2011. Thanachart Bank thus has commitments as a result of such transfer. However, the commitments of the Financial Institutions Development Fund (“FIDF”) to SCIB have been transferred to/assumed by Thanachart Bank as the purchaser of SCIB’s shares from FIDF. As at 31 March 2019, outstanding obligations are summarised below.

- a) There was an outstanding difference of Baht 2 million, as a result of the transfer of assets to SAM. This comprised receivables awaiting collection and the difference is presented under other assets in the statements of financial position. The remaining mainly relates to transfers of guarantee claims, for which there are pending issues with regard to proof of rights of claim or the qualification of the assets transferred under the conditions set out in the transfer agreements. Such differences, for which full allowance for doubtful debts has been set aside, are now being examined and/or negotiated among Thanachart Bank, SAM and the FIDF for final resolution.
- b) SAM is re-examining certain previously transferred assets (both of SCIB and BMB) in order to determine whether to transfer the assets back, to request price adjustments or to request settlement together with interest. The major pending issue relates to the proof of rights of claim over these assets.

As at 31 March 2019, the transferred assets which SAM is re-examining totaling Baht 29 million of transactions incurred by BMB. If losses arise, Thanachart Bank will receive compensation for those from FIDF and any adjusting transactions will be within the limit of the funds set aside by FIDF to compensate losses in such cases, amounting to approximately Baht 29 million.

- c) Lawsuits in which SCIB is involved as a result of the transfer of business from BMB amounting to Baht 452 million, as disclosed under contingent liabilities in Note 31 to the financial statements.
- d) Outstanding letters of guarantee

The FIDF deposited an amount equal to the loss compensation limit with Thanachart Bank in FIDF's account. This deposit account is to compensate for losses incurred as a result of the transfer of business from BMB, if actual losses are incurred due to the outstanding issues described in a), b), c) and d) above. As at 31 March 2019, the deposit account of the FIDF with Thanachart Bank to fund the payment of compensation for losses has an outstanding balance of approximately Baht 407 million.

However, Thanachart Bank and SAM had a meeting and mutually agreed a resolution to such pending issues. Thanachart Bank believes that no significant further loss will be incurred, other than losses for which it has already set aside full allowance for doubtful debts and/or amount that will be compensated by FIDF.

### **31. Contingent liabilities/Litigation**

As at 31 March 2019, the Bank and its subsidiaries have contingent liabilities amounting to approximately Baht 2,191 million (separate financial statements: Baht 2,020 million) in respect of litigation. However, the Bank and its subsidiaries' management have already made certain provisions for contingent losses, and for the remaining portion the management believes that no loss will result and therefore no liabilities are currently recorded.

Part of the contingent liabilities for litigation mentioned above, amounting to Baht 452 million, relates to lawsuits involving the Bank as a result of the transfer of business from BMB to SCIB, and the Bank is entitled to compensation for actual losses incurred if such losses are in accordance with the conditions agreed with the FIDF.

### **32. Letter of guarantees**

As at 31 March 2019, the Bank and its subsidiaries had letter of guarantees issued by banks on behalf of the Bank and its subsidiaries, amounting approximately Baht 29 million, placed for electricity usage of the branches (separate financial statements: Baht 29 million).

**33. Fair value of financial instruments**

As at 31 March 2019 and 31 December 2018, the Bank and its subsidiaries have the financial assets and financial liabilities that were measured at fair value which presented based on fair value hierarchy as follows:

(Unit: Million Baht)

	Consolidated financial statements				
	31 March 2019				
	Book value	Total	Level 1	Level 2	Level 3
Derivatives assets	2,040	2,040	-	2,040	-
Investments	138,916	138,916	5,030	133,886	-
Derivatives liabilities	1,944	1,944	4	1,940	-

(Unit: Million Baht)

	Consolidated financial statements				
	31 December 2018				
	Book value	Total	Level 1	Level 2	Level 3
Derivatives assets	1,719	1,719	-	1,719	-
Investments	156,845	156,845	5,568	151,277	-
Derivatives liabilities	1,763	1,763	2	1,761	-

(Unit: Million Baht)

	Separate financial statements				
	31 March 2019				
	Book value	Total	Level 1	Level 2	Level 3
Derivatives assets	2,039	2,039	-	2,039	-
Investments	129,273	129,273	1,866	127,407	-
Derivatives liabilities	1,940	1,940	-	1,940	-

(Unit: Million Baht)

	Separate financial statements				
	31 December 2018				
	Book value	Total	Level 1	Level 2	Level 3
Derivatives assets	1,715	1,715	-	1,715	-
Investments	148,308	148,308	2,213	146,095	-
Derivatives liabilities	1,759	1,759	-	1,759	-

Valuation techniques and inputs used for Level 2 fair value measurement

- a) The fair value of investments in debt securities has been determined by using the yield rates quoted by the Thai Bond Market Association or by other market.
- b) The fair value of derivatives, which there is no observable market price, is measured using a valuation technique that uses observable inputs, such as interest rates and foreign exchange rates from reliable sources and adjusted to reflect counterparty credit risk.

During the current period, the Bank and its subsidiaries did not transfer any items among fair value hierarchy levels.

**34. Events after reporting period**

- a) On 5 April 2019, the Labor Protection Act (No. 7) B.E. 2562 was announced in the Royal Gazette. This stipulates additional legal severance pay rates for employees who have worked for an uninterrupted period of twenty years or more, with such employees entitled to receive not less than 400 days' compensation at the latest wage rate. The law is effective from 5 May 2019. This change is considered a post-employment benefits plan amendment and the Bank and its subsidiaries have additional long-term employee benefit liabilities of Baht 754 million (separate financial statements: Baht 671 million) as a result. The Bank and its subsidiaries will reflect the effect of the change by recognising past service costs as expenses in the income statement of the period in which the law is effective, which is the second quarter of the year.
- b) On 24 April 2019, the Annual General Meeting of Shareholders of the Bank passed a resolution to pay dividend at a rate of Baht 0.581 per share, or a total of Baht 3,524 million, to its shareholders. This transaction will be recorded in the second quarter of the year.

**35. Approval of interim financial statements**

These interim financial statements were authorised for issue by Audit Committee on 9 May 2019.