

# MANAGEMENT'S DISCUSSION AND ANALYSIS AND FINANCIAL STATEMENTS

For the third quarter and the nine-month period ended 30 September 2019  
(Reviewed Financial Statements)

**Thanachart Bank Public Company Limited**

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## 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 third quarter of 2019 is expected to grow at a slower rate compared to the growth of 2.3 percent of the previous quarter. This was mainly due to household income and high household debt, together with impact from the natural disaster. Private investment and government spending are expected to experience dampened growth while export sector showed sign of continuous decline from the sluggish global economic conditions and unresolved trade conflict. Consequently, the Monetary Policy Committee of the Bank of Thailand issued a resolution to reduce the policy rate from 1.75 percent per annum to 1.50 percent per annum to help stimulate the economy.

In the third quarter of 2019, the loan volume of the commercial bank industry grew slightly which was mainly contributed by retail loans. This slow growth was partly due to more cautious lending in hire purchase as non-performing loans continued to rise. Deposit volume also grew following loan growth.

#### Key Events in the Third Quarter of 2019

1. On 25 July 2019, the Bank's Board of Directors Meeting had a resolution to approve the payment of interim dividend payment for the first six-month period of 2019 at a rate of 0.53732 baht per share to all shareholders of the Bank. The closing of registrar book was on 8 August 2019 and the dividend has been paid on 23 August 2019.
2. Thanachart Bank Public Company Limited held the Extraordinary Meeting of Shareholders No.1/2019 on 23 September 2019 which acquired a resolution with unanimous votes for the Bank to undergo business restructuring. More details are disclosed in the website: <http://www.thanachartbank.co.th> under investor relations tab in accordance with the details of the letter: No. ThorThorSor. 136/2562 Re: Informing the Resolutions of the Extraordinary General Meeting of Shareholders No. 1/2019 of Thanachart Bank Public Company Limited.
3. On 30 September 2019, the Bank and Government Savings Bank which are the shareholders of Thanachart Fund Management Company Limited ("TFUND") have entered into a share purchase agreement to sell all shares of TFUND to Prudential Corporation Holdings Limited ("Prudential"). An affiliate of Eastspring Investments (Singapore) Limited ("Eastspring"). In this regards, it is expected that the whole value of TFUND is not less than 8,400 million baht. The details of which are disclosed in the notification submitted to the Stock Exchange of Thailand by Thanachart Capital Public Company Limited, Re: Notification of Execution Agreements in relation to Thanachart Fund Management Company Limited.

## Financial Highlights

Reviewed Financial Statements	For the 3 months ended			For the 9 months ended	
	30-Sep-19	30-Jun-19	30-Sep-18	30-Sep-19	30-Sep-18
<b>Operating Performance (Million Baht)</b>					
Interest Income	12,270	12,250	11,677	36,523	34,410
Interest Expenses	4,219	4,128	3,835	12,373	11,355
Net Interest Income	8,051	8,122	7,842	24,150	23,055
Non-interest Income	3,280	3,165	2,414	9,282	9,050
Net Operating Income <sup>(1)</sup>	11,331	11,287	10,256	33,432	32,105
Other Operating Expenses	4,989	5,625	4,373	15,543	14,714
<b>Pre-Provision Operating Profit (PPOP)</b>	<b>6,342</b>	<b>5,662</b>	<b>5,883</b>	<b>17,889</b>	<b>17,391</b>
Impairment Loss of Loans and Debt Securities	1,091	961	1,234	3,044	4,065
Profit before Tax	5,251	4,701	4,649	14,845	13,326
Income Tax	1,021	939	915	2,941	1,639
<b>Profit for the Period</b>	<b>4,230</b>	<b>3,762</b>	<b>3,734</b>	<b>11,904</b>	<b>11,687</b>
Other comprehensive income	34	3,137	(17)	3,671	(1,133)
Total comprehensive income	4,264	6,899	3,717	15,575	10,553
Total attributable to:					
Net Profit	4,230	3,762	3,734	11,904	11,687
Non-Controlling Interests	176	170	194	608	547
<b>The Bank</b>	<b>4,054</b>	<b>3,592</b>	<b>3,540</b>	<b>11,296</b>	<b>11,140</b>
<b>Operating Performance Ratios (Percent)</b>					
ROAA	1.50	1.37	1.40	1.43	1.49
ROAE <sup>(2)</sup>	10.82	9.80	10.19	10.31	10.87
Interest Spread <sup>(3)</sup>	2.93	2.99	3.03	2.96	3.00
Loan Spread <sup>(4)</sup>	3.86	3.90	3.97	3.87	3.94
Credit Cost	0.48	0.46	0.62	0.45	0.69
Non-interest Income Ratio <sup>(5)</sup>	28.95	28.04	23.54	27.76	28.19
Cost to Income Ratio <sup>(6)</sup>	44.03	49.84	42.64	46.49	45.83
	<b>30 Sep 19</b>	<b>30 Jun 19</b>	<b>31 Dec 18</b>		
<b>Financial Position (Million Baht)</b>					
Loans	770,102	768,784	753,498		
Total Assets	1,065,360	1,060,346	1,046,612		
Deposits and Debt Issued and Borrowings	813,659	788,314	795,239		
Total Liabilities	912,957	908,737	902,406		
Total Equity	152,403	151,609	144,206		
<b>Financial Position Quality (Consolidated)</b>					
Loans to Deposits & Debts Issued & Borrowings (%)	94.65	97.52	94.75		
Non-performing Loans (Million Baht)	21,614	19,594	19,329		
NPL Ratio (%)	2.41	2.32	2.30		
Reserve (Million Baht)	22,864	22,851	23,812		
Coverage Ratio <sup>(7)</sup> (%)	105.78	116.62	123.20		
Reserve to Required Reserve <sup>(8)</sup> (%)	138.86	145.20	154.90		
<b>Financial Position Quality (Bank Only)</b>					
Non-performing Loans (Million Baht)	19,353	17,240	15,905		
NPL Ratio (%)	2.29	2.17	2.02		
Reserve (Million Baht)	20,182	20,144	19,837		
Coverage Ratio <sup>(7)</sup> (%)	104.28	116.84	124.72		
Reserve to Required Reserve <sup>(8)</sup> (%)	145.83	153.58	165.07		
Capital Adequacy Ratio (%)	19.39	18.01	19.45		
Tier I Ratio (%)	17.28	15.91	15.42		

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

(2) ROAE is calculated from equity attributable to the Company'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 Third Quarter and the Nine Month Period of 2019

### 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, resulting in sustainable growth in the core business. Consequently, **the net profit of the Bank and its subsidiaries in the third quarter of 2019 totaled to 4,054 million baht, an increase of 462 million baht or 12.86 percent compared to the previous quarter.** Furthermore, the Bank continued to strengthen its core business together with stable liquidity and capital position.

Net interest income declined slightly mainly from narrower interest spread and increase in interest expense from deposit, following deposit strong growth in this quarter. Non-interest income increased 3.63 percent from the previous quarter mainly from increase in gains on investment. Consequently, total income grew 0.39 percent. Operating expenses decreased 11.31 percent from the previous quarter mainly from the one-time expense of retirement pension and severance pay. Furthermore, impairment loss of loans and debt securities expenses increased 13.53 percent.

**In the nine month period of 2019, the Bank and its subsidiaries had net profit totaled 11,296 million baht, an increase of 156 million baht or 1.40 percent from the same period last year.** Furthermore, the Bank has fully utilized its tax benefit since May 2018 so the net profit before tax should be considered. The Bank and its subsidiaries' net profit before tax increased 1,519 million baht or 11.40 percent.

In the nine month period of 2019, total income grew 4.14 percent from the same period last year as a result of both net interest income and non-interest income. Net interest income increased 4.75 percent from growing loan volume from the same period last year while non-interest income increased 2.56 percent from the increase gains on investment. Operating expenses increased 5.63 percent from the one-time expense of retirement pension and severance pay. As a result, pre-provision operating profit (PPOP) in the nine month period grew 2.86 from the same period last year. Impairment loss of loans and debt securities expenses decreased 25.12 percent.

Total assets grew from the end of last year while loan volume grew 2.20 percent from retail loans growth, particularly in hire purchase loans which grew 5.99 percent. Deposit volume declined 0.84 percent from the end of last year mainly from the decline in saving deposits, resulting in CASA ratio of 48.45 percent, a decrease from 48.52 percent at the end of last year.

**NPL on consolidated financial statements increased 2,285 million baht from the end of last year. NPL ratio ended at 2.41 percent with coverage ratio at 105.78 percent.** Reserve to required reserve as of 30 September 2019 was 138.86 percent.

**For Bank only financial statements NPL ratio ended at 2.29 percent with coverage ratio at 104.28 percent.** Reserve to required reserve was at 145.83 percent. **For Capital adequacy, BIS ratio was at 19.39 percent,** a decrease from 19.45 percent at the end of 2018, as a result of unsecured subordinated debentures early redemption. **Tier 1 capital ratio of the Bank is at 17.28 percent, an increase from 15.42 percent at the end of 2018.**

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## Summary of Key Operating Results

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

- Net interest income declined by 0.87 percent due to a decrease in interest spread and fast growing deposit volume.
- Non-interest income grew 3.63 percent mainly from an increase in gains on investment.
- Operating expenses decreased 11.31 percent from the one-time expenses for retirement pension and severance payment.
- Impairment loss of loans and debt securities expenses increased 13.53 percent.
- Net profit totaled 4,054 million baht, an increase of 462 million baht or 12.86 percent.

The Bank and its subsidiaries' operating results **in the nine month period of 2019 comparing with the same period last year** can be summarized as follows:

- Net interest income grew by 4.75 percent due to growing loan volume.
  - Non-interest income increased 2.56 percent mainly from the increase in gains on investments.
  - Consequently, total income grew 4.14 percent from both net interest income and non-interest income.
  - Operating expenses increased 5.63 percent mainly from the one-time expenses for retirement pension and severance payment.
  - Impairment loss of loans and debt securities expenses decreased 25.12 percent.
  - Profit before tax of the Bank and its subsidiaries totaled 14,845 million baht, increased 1,519 million baht or 11.40 percent.
  - Net profit totaled 11,296 million baht, an increase of 156 million baht or 1.40 percent.
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**Net Interest Income**

<b>Net Interest Income (Million Baht)</b>								
	<b>3Q19</b>	<b>2Q19</b>	<b>Change</b>		<b>9M19</b>	<b>9M18</b>	<b>Change</b>	
			<b>+ / (-)</b>	<b>%</b>			<b>+ / (-)</b>	<b>%</b>
<b>Interest Income</b>	<b>12,270</b>	<b>12,250</b>	<b>20</b>	<b>0.16</b>	<b>36,523</b>	<b>34,410</b>	<b>2,113</b>	<b>6.14</b>
Interbank and Money Market Items	496	465	31	6.67	1,429	1,371	58	4.23
Investments for Tradings	12	57	(45)	(78.95)	112	72	40	55.56
Investments for Debts Securities	653	645	8	1.24	1,949	1,937	12	0.62
Loans	4,270	4,287	(17)	(0.40)	12,779	13,130	(351)	(2.67)
Hire Purchase and Financial Leases	6,839	6,796	43	0.63	20,254	17,900	2,354	13.15
<b>Interest Expenses</b>	<b>4,219</b>	<b>4,128</b>	<b>91</b>	<b>2.20</b>	<b>12,373</b>	<b>11,355</b>	<b>1,018</b>	<b>8.97</b>
Deposits	2,607	2,458	149	6.06	7,468	6,767	701	10.36
Interbank and Money Market Items	234	296	(62)	(20.95)	814	717	97	13.53
Fund Contributed to FIDF and DPA	948	914	35	3.83	2,764	2,601	163	6.27
Debts Issued	426	456	(31)	(6.78)	1,316	1,263	53	4.20
Borrowing Fee	4	4	-	-	11	7	4	57.14
<b>Net Interest Income</b>	<b>8,051</b>	<b>8,122</b>	<b>(71)</b>	<b>(0.87)</b>	<b>24,150</b>	<b>23,055</b>	<b>1,095</b>	<b>4.75</b>

In the third quarter of 2019, the Bank and its subsidiaries had 8,051 million baht in net interest income, a decrease of 71 million baht or 0.87 percent comparing with the previous quarter.

- Interest income increased 20 million baht or 0.16 percent from the growing loan volume especially hire purchase loan which grew 1.47 percent this quarter.
- Interest expenses increased 91 million baht or 2.20 percent from fast growing deposit volume.

Consequently, interest spread in the third quarter of 2019 was at 2.93 percent, a decrease from 2.99 percent in the previous quarter.

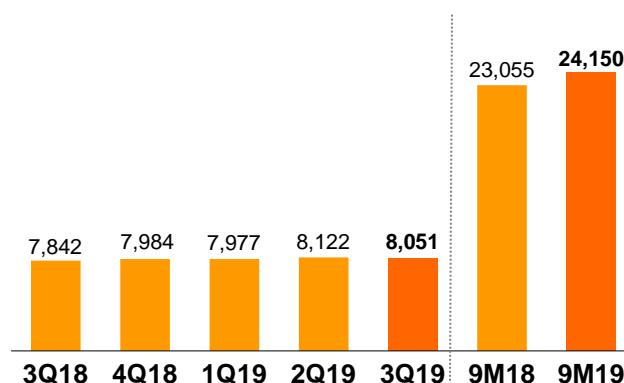
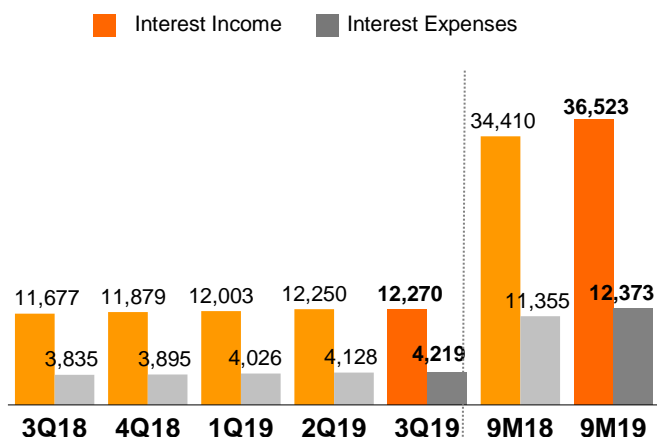
For the nine-month period of 2019, the Bank and its subsidiaries had 24,150 million baht, an increase of 1,095 million baht or 4.75 percent from the same period last year.

- Interest income increased 2,113 million baht or 6.14 percent from the growing loan volume and higher yield on earning asset.
- Interest expenses increased 1,018 million baht or 8.97 percent from higher cost of fund.

Consequently, interest spread in the nine-month period of 2019 was at 2.96 percent, a decrease from 3.00 percent in the same period last year.

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

	<b>3Q19</b>	<b>2Q19</b>	<b>1Q19</b>	<b>4Q18</b>	<b>3Q18</b>	<b>9M19</b>	<b>9M18</b>
Average Policy Interest Rate	1.60	1.75	1.75	1.54	1.50	1.70	1.50
Yield	4.84	4.91	4.86	4.90	4.87	4.88	4.86
Cost of Fund	1.92	1.92	1.90	1.85	1.84	1.92	1.86
Interest Spread	2.93	2.99	2.96	3.05	3.03	2.96	3.00

**Interest Income and Interest Expenses (Million Baht)****Net Interest Income (Million Baht)****Non-interest Income****Non-interest Income (Million Baht)**

	3Q19	2Q19	Change		9M19	9M18	Change	
			+ / (-)	%			+ / (-)	%
<b>Net Fees and Service Income*</b>	<b>1,543</b>	<b>1,557</b>	<b>(14)</b>	<b>(0.90)</b>	<b>4,484</b>	<b>4,896</b>	<b>(412)</b>	<b>(8.42)</b>
Gains on Trading and F/X Transactions	208	172	36	20.93	553	263	290	110.27
Gains on Investments	337	34	303	891.18	474	(108)	582	538.89
Share of Profit from Investments in Associated Companies Accounted for under Equity Method	53	39	14	35.90	130	206	(76)	(36.89)
Net Insurance Income	686	734	(48)	(6.54)	2,143	2,180	(37)	(1.70)
Dividend Income	27	220	(193)	(87.73)	336	373	(37)	(9.92)
Other Income	426	409	17	4.16	1,162	1,240	(78)	(6.29)
<b>Operating Income</b>	<b>1,737</b>	<b>1,608</b>	<b>129</b>	<b>8.02</b>	<b>4,798</b>	<b>4,154</b>	<b>644</b>	<b>15.50</b>
<b>Non-interest Income</b>	<b>3,280</b>	<b>3,165</b>	<b>115</b>	<b>3.63</b>	<b>9,282</b>	<b>9,050</b>	<b>232</b>	<b>2.56</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 in the third quarter of 2019 was 3,280 million baht, an increase of 115 million baht or 3.63 percent from the previous quarter. This was mainly due to an increase in gains on investment.**

- Net fee and service income totaled 1,543 million baht, a decrease of 14 million baht or 0.90 percent mainly from insurance commission income and other fee income.
- Operating income amounted to 1,737 million baht, an increase of 129 million baht or 8.02 percent from the previous quarter. This was mainly due to an increase of 303 million baht in gains on investment which was partially offset by a seasonal decline in dividend income of 193 million baht.

As a result, non-interest income ratio in the third quarter of 2019 was 28.95 percent, an increase from 28.04 percent in the previous quarter.

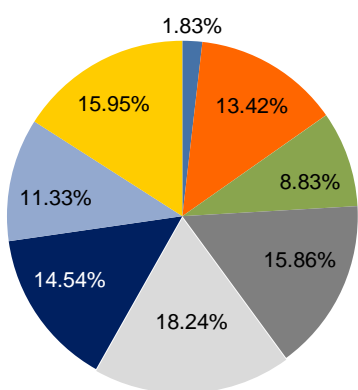
Non-interest income of the Bank and its subsidiaries in the nine-month period of 2019 was 9,282 million baht, an increase of 232 million baht or 2.56 percent from the same period last year.

- Net fee and service income totaled 4,484 million baht, a decrease of 412 million baht or 8.42 percent, mainly due to brokerage fee income.
- Operating income totaled 4,798 million baht, an increase of 644 million baht or 15.50 percent from the same period last year. This was mainly due to 582 million baht increase in gains on investment.

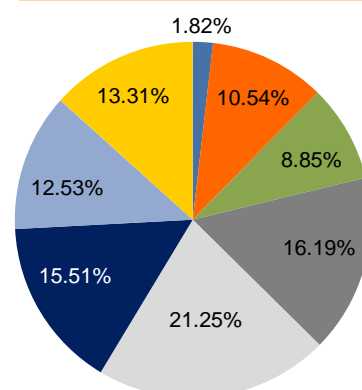
Consequently, non-interest income ratio for the nine-month period of 2019 was at 27.76 percent, a decrease from 28.19 percent in the same period last year.

**Fee Income portion\* (Percent)**

For the nine-month period ended 30 September 2018



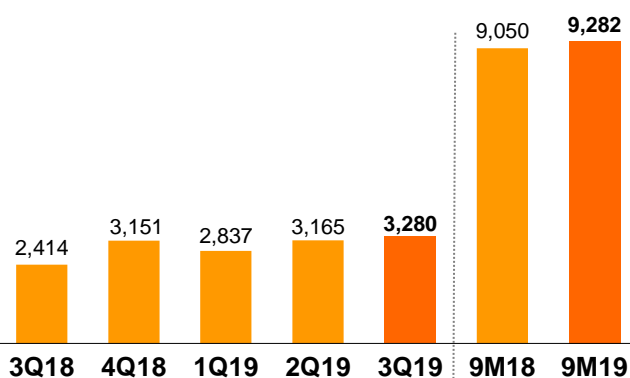
For the nine-month period ended 30 September 2019



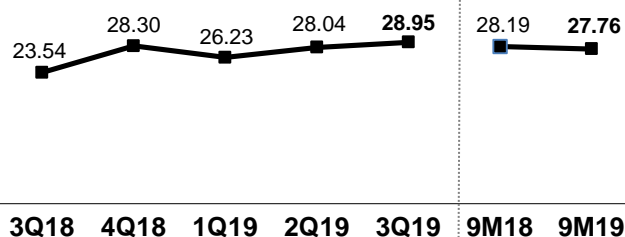
- Acceptance, Aval and Guarantees
- Brokerage Fees
- ATM and Electronic Banking Services
- Hire Purchase Fees
- Insurance Brokerage Fees
- Fund Management Fees
- Credit Card Fees
- Others

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

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



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





## Other Operating Expenses

### Other Operating Expenses (Million Baht)

	3Q19	2Q19	Change		9M19	9M18	Change	
			+ / (-)	%			+ / (-)	%
Employee's Expenses	3,062	3,445	(383)	(11.12)	9,442	8,337	1,105	13.25
Premises and Equipment Expenses	675	658	17	2.58	1,951	1,939	12	0.62
Taxes and Duties	173	174	(1)	(0.57)	522	533	(11)	(2.06)
Directors' Remuneration	10	34	(24)	(70.59)	53	50	3	6.00
Other Expenses	1,069	1,314	(245)	(18.65)	3,575	3,855	(280)	(7.26)
<b>Operating Expenses</b>	<b>4,989</b>	<b>5,625</b>	<b>(636)</b>	<b>(11.31)</b>	<b>15,543</b>	<b>14,714</b>	<b>829</b>	<b>5.63</b>

In the third quarter of 2019, the Bank and its subsidiaries' other operating expenses totaled 4,989 million baht, a decrease of 636 million baht or 11.31 percent from the previous quarter due to the one-time expense for retirement pension and severance payment booked in the previous quarter. As a result, cost to income ratio totaled 44.03 percent, a decrease from 49.84 percent in the previous quarter.

In the nine-month period of 2019, the Bank and its subsidiaries' other operating expenses totaled 15,543 million baht, an increase of 829 million baht or 5.63 percent from the same period last year. As a result, cost to income ratio totaled 46.49 percent, an increase from 45.83 percent in the same period last year.

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

#### Impairment Loss of Loans and Debt Securities (Million Baht)

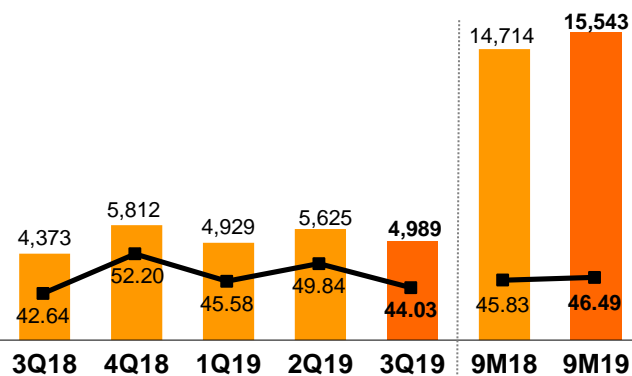
	3Q19	2Q19	Change		9M19	9M18	Change	
			+ / (-)	%			+ / (-)	%
Impairment Loss of Loans and Debt Securities	1,091	961	130	13.53	3,044	4,065	(1,021)	(25.12)
Credit Cost (%)	0.48	0.46	0.02	4.35	0.45	0.69	(0.24)	(34.78)

In the third quarter of 2019 the Bank and its subsidiaries had 1,091 million baht in impairment loss of loans and debt securities, an increase of 130 million baht or 13.53 percent from the second quarter of 2019. Credit cost for the third quarter of 2019 was 0.48 percent, increased from 0.46 percent in the previous quarter.

In the nine-month period of 2019 the Bank and its subsidiaries had 3,044 million baht, a decrease of 1,021 million baht or 25.12 percent from the same period last year. Credit cost for the period was at 0.45 percent, a decrease from 0.69 percent from the same period last year.

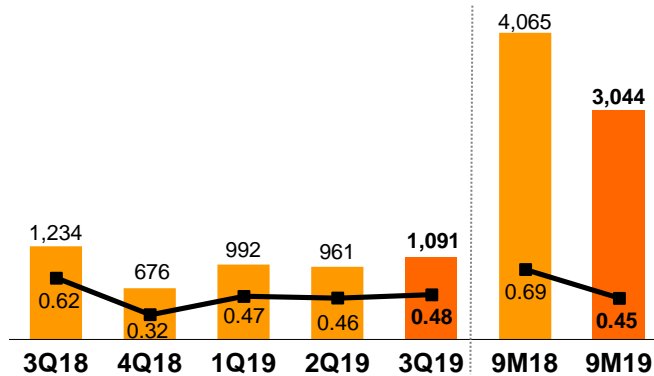
### Other Operating Expenses (Million Baht) and Cost to Income Ratio (Percent)

Other Operating Expenses  
Cost to Income Ratio



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

Impairment Loss of Loans and Debt Securities  
Credit Cost



### Net Profit Attributable to the Bank

In the third quarter of 2019, net profit attributable to the Bank totaled 4,054 million baht, an increase of 462 million baht or 12.86 percent from the previous quarter. Earning per share (EPS) was 0.67 baht in the third quarter of 2019, an increase from 0.59 baht in the previous quarter. ROAA and ROAE were 1.50 percent and 10.82 percent respectively.

For the nine-month period of 2019, net profit attributable to the Bank totaled 11,296 million baht, an increase of 156 million baht or 1.40 percent from the same period last year. Earning per share (EPS) was 1.86 baht in the nine-month period of 2019, an increase from 1.84 baht in the same period last year. ROAA and ROAE were 1.43 percent and 10.31 percent respectively.

### Net Profit (Million Baht)

Reviewed Financial Statements	For the 3 months ended			For the 9 months ended	
	30-Sep-19	30-Jun-19	30-Sep-18	30-Sep-19	30-Sep-18
<b>Net Profit (Million Baht)</b>					
Profit for the Period	4,230	3,762	3,734	11,904	11,687
<b>Net Profit Attributable to the Company</b>	<b>4,054</b>	<b>3,592</b>	<b>3,540</b>	<b>11,296</b>	<b>11,140</b>
Net Profit Attributable to Non-controlling Interest	176	170	194	608	547
Basic Earning per Share (Baht)	0.67	0.59	0.58	1.86	1.84
ROAA (Percent)	1.50	1.37	1.40	1.43	1.49
ROAE (Percent)	10.82	9.80	10.19	10.31	10.87

## Financial Position

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

	30 Sep 2019		31 Dec 2018		Change	
	Amount	%	Amount	%	+ / (-)	%
Cash	9,369	0.88	11,019	1.05	(1,650)	(14.97)
Interbank and Money Market Items-net	138,135	12.97	97,568	9.32	40,567	41.58
Investment-net	119,013	11.17	161,078	15.39	(42,065)	(26.11)
Investment in Associated Company-net	2,567	0.24	2,437	0.23	130	5.33
Loans	770,102	72.29	753,498	71.99	16,604	2.20
Accrued Interest Receivables	612	0.06	645	0.06	(33)	(5.12)
Allowance for Doubtful Accounts and Revaluation Allowance for Debt Restructuring	(22,713)	(2.13)	(23,652)	(2.26)	939	(3.97)
Property foreclosed-net	3,075	0.29	2,815	0.27	260	9.24
Lands, Premises, and Equipment - net	10,691	1.00	7,996	0.76	2,695	33.70
Intangible Assets Acquired in a Business Combination-net	1,562	0.15	1,839	0.18	(277)	(15.06)
Goodwill	17,951	1.68	17,951	1.72	-	-
Other Assets	14,996	1.41	13,418	1.28	1,578	11.76
<b>Total Assets</b>	<b>1,065,360</b>	<b>100.00</b>	<b>1,046,612</b>	<b>100.00</b>	<b>18,748</b>	<b>1.79</b>
Deposits	745,873	70.01	752,160	71.87	(6,287)	(0.84)
Interbank and Money Market Items	59,400	5.58	71,955	6.88	(12,555)	(17.45)
Debt Issued and Borrowings	67,786	6.36	43,079	4.12	24,707	57.35
Other Liabilities	39,898	3.75	35,212	3.36	4,686	13.31
<b>Total Liabilities</b>	<b>912,957</b>	<b>85.69</b>	<b>902,406</b>	<b>86.22</b>	<b>10,551</b>	<b>1.17</b>
Company's Shareholders' Equity	149,872	14.07	141,699	13.54	8,173	5.77
Non-controlling Interests	2,531	0.24	2,507	0.24	24	0.96
<b>Total Shareholders' Equity</b>	<b>152,403</b>	<b>14.31</b>	<b>144,206</b>	<b>13.78</b>	<b>8,197</b>	<b>5.68</b>
<b>Total Liabilities and Shareholders' Equity</b>	<b>1,065,360</b>	<b>100.00</b>	<b>1,046,612</b>	<b>100.00</b>	<b>18,748</b>	<b>1.79</b>
Book Value per Share (Baht)	24.71		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 30 September 2019, the Bank and its subsidiaries' total assets totaled 1,065,360 million baht, an increase of 18,748 million baht or 1.79 percent from the end of 2018. The key changes are as follows

- Net interbank and money market items were in the amount of 138,135 million baht, an increase of 40,567 million baht or 41.58 percent from the end of last year, mainly due to liquidity management.
- Net investments totaled 119,013 million baht, a decrease of 42,065 million baht or 26.11 percent from the end of last year, mainly due to management for suitable yield return.

- Loans totaled 770,102 million baht, an increase of 16,604 million baht or 2.20 percent from the end of last year from retail loans. In particular, hire purchase loans grew 5.99 percent reaffirming the Bank’s market leader position. The proportion of retail to non-retail loans was 76 to 24 percent.

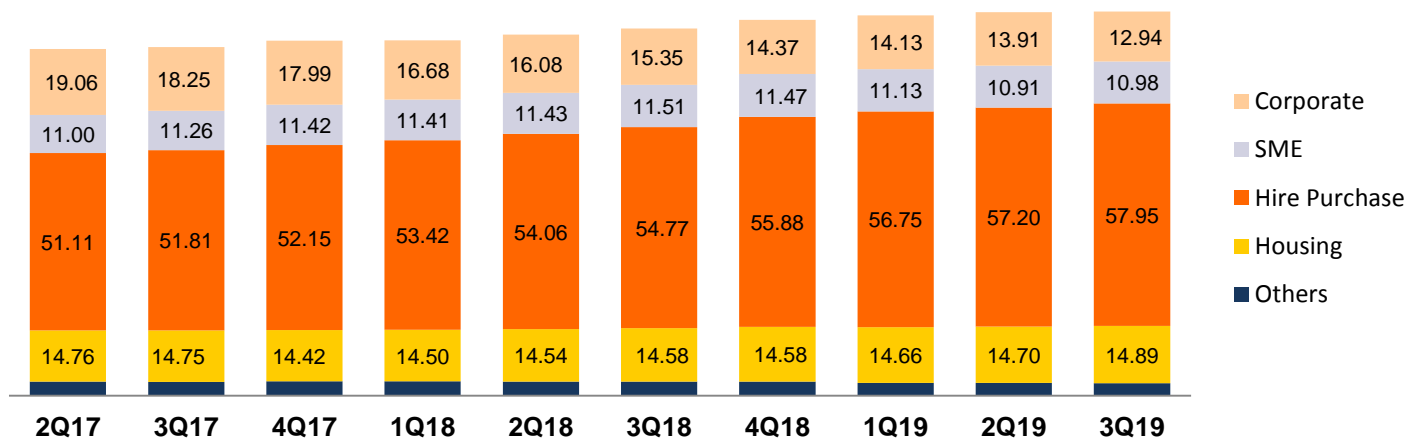
The details of loans breakdown were as follows:

**Loans (Million Baht)**

Loans	3Q19	2Q19	1Q19	4Q18	3Q18	2Q18	1Q18	4Q17	3Q17	2Q17	Change From 2Q19		Change from 4Q18	
											+ / (-)	%	+ / (-)	%
Corporate	99,667	106,957	107,773	108,293	112,942	116,434	118,875	128,026	127,515	132,528	(7,290)	(6.82)	(8,626)	(7.97)
SME	84,568	83,889	84,852	86,461	84,721	82,733	81,317	81,281	78,678	76,479	679	0.81	(1,893)	(2.19)
Retail	585,751	577,590	569,720	556,712	535,800	522,179	509,746	499,667	489,764	483,343	8,161	1.41	29,039	5.22
Hire Purchase	446,237	439,777	432,848	421,024	403,121	391,318	380,644	371,146	362,011	355,359	6,460	1.47	25,213	5.99
Housing	114,661	112,986	111,803	109,883	107,273	105,229	103,293	102,630	103,037	102,600	1,675	1.48	4,778	4.35
Other Retail	24,853	24,827	25,069	25,805	25,406	25,632	25,809	25,891	24,716	25,384	26	0.10	(952)	(3.69)
Others	116	348	364	2,032	2,496	2,566	2,651	2,701	2,789	2,895	(232)	(66.67)	(1,916)	(94.29)
<b>Total Loans</b>	<b>770,102</b>	<b>768,784</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>1,318</b>	<b>0.17</b>	<b>16,604</b>	<b>2.20</b>

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

**Loans Breakdown (Percent)**



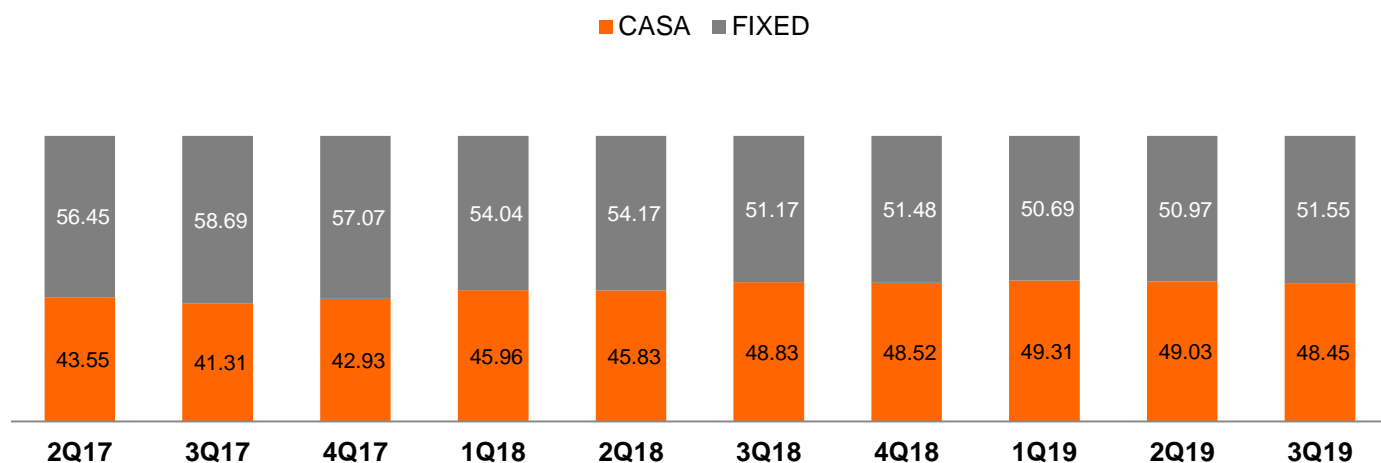
**Liabilities**

The Bank and its subsidiaries’ total liabilities as of 30 September 2019 totaled 912,957 million baht, an increase of 10,551 million baht or 1.17 percent from the end of 2018. The key changes are as follows

**Deposits (Million Baht)**

	30 Sep 2019		31 Dec 2018		Change	
	Amount	%	Amount	%	+ / (-)	%
Current	12,363	1.52	12,770	1.61	(407)	(3.19)
Savings	349,023	42.90	352,170	44.28	(3,147)	(0.89)
Fixed Deposits						
Less than 6 Months	31,065	3.82	44,024	5.54	(12,959)	(29.44)
6 Months and up to 1 Year	59,548	7.32	41,832	5.26	17,716	42.35
Over 1 Year	210,878	25.92	215,904	27.15	(5,026)	(2.33)
Certificate of Deposits	82,996	10.20	85,460	10.75	(2,464)	(2.88)
<b>Total Deposits</b>	<b>745,873</b>	<b>91.67</b>	<b>752,160</b>	<b>94.58</b>	<b>(6,287)</b>	<b>(0.84)</b>
Debt Issued and Borrowings	67,786	8.33	43,079	5.42	24,707	57.35
<b>Total Deposits and Debt Issued and Borrowings</b>	<b>813,659</b>	<b>100.00</b>	<b>795,239</b>	<b>100.00</b>	<b>18,420</b>	<b>2.32</b>

- Deposits totaled 745,873 million baht, a decrease of 6,287 million baht or 0.84 percent from the end of last year. A decrease was mainly from saving and NCD deposits, resulting in CASA ratio of 48.45 percent, an increase from 48.52 percent at the end of last year
- Debt issued and borrowings totaled 67,786 million baht, an increase of 24,707 million baht or 57.35 percent. This was due to issuing private placement of debentures and early redemption of unsecured subordinated debentures.

**Deposits Breakdown (Percent)****Liquidity and Loan to Deposit Ratio**

As of 30 September 2019, loan to deposit and debt issued and borrowing ratio of the Bank and its subsidiaries was 94.65 percent, a decrease 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 30 September 2019 was in the amount of 152,403 million baht, an increase of 8,197 million baht or 5.68 percent from the end of 2018. The details are as follows:

- The Bank's shareholders' equity was in the amount of 149,872 million baht, an increase of 8,173 million baht or 5.77 percent. This was mainly due to profitable operating results of the Bank and its subsidiaries in the nine month of 2019 which totaled 11,296 million baht, surplus from fixed asset revaluation 2,492 million baht, mark to market on investment which increased by 1,395 million baht and dividend payment of 6,783 million baht.
- Equity attributable to non-controlling interests was in the amount of 2,531 million baht, an increase of 24 million baht or 0.96 percent, a result of profitable operating results of subsidiaries.

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

	TBANK (Consol.)				
	3Q19	2Q19	1Q19	4Q18	3Q18
NPL-gross (Million Baht)	21,614	19,594	18,793	19,329	19,090
Total Allowance* (Million Baht)	22,864	22,851	23,183	23,812	24,469
NPL-gross to Total Loans (%)	2.41	2.32	2.19	2.30	2.42
NPL-net to Total Loans (%)	1.29	1.24	1.17	1.22	1.31
Reserve to Required Reserve (%)	138.86	145.20	152.90	154.90	160.61
Coverage Ratio (%)	105.78	116.62	123.36	123.20	128.18

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

**NPLs**

	TBANK Only				
	3Q19	2Q19	1Q19	4Q18	3Q18
NPL-gross (Million Baht)	19,353	17,240	16,606	15,905	15,281
Total Allowance* (Million Baht)	20,182	20,144	20,603	19,837	20,174
NPL-gross to Total Loans (%)	2.29	2.17	2.06	2.02	2.06
NPL-net to Total Loans (%)	1.36	1.30	1.23	1.24	1.33
Reserve to Required Reserve (%)	145.83	153.58	162.60	165.07	174.16
Coverage Ratio (%)	104.28	116.84	124.07	124.72	132.02

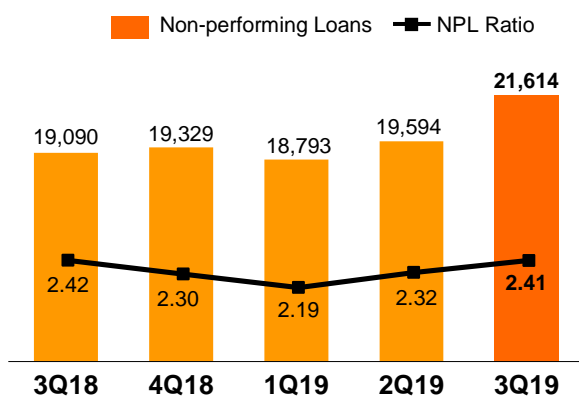
\*Total Allowance including Allowance for Interbank and Money Market Items and Revaluation Allowance for Debt Restructuring

Under the market and economic conditions that has slowed down, the Bank and its subsidiaries managed NPL through systematic and effective control. NPL as of 30 September 2019 was 21,614 million baht, an increase of 2,285 million baht or 11.82 percent from the end of last year. NPL ratio of the Bank and its subsidiaries was at 2.41 percent higher than 2.30 percent at the end of last year. For Bank only, NPLs increased 3,448 million baht from the end of last year. NPL ratio of the Bank was at 2.29 percent, an increase from 2.02 percent at the end of last year.

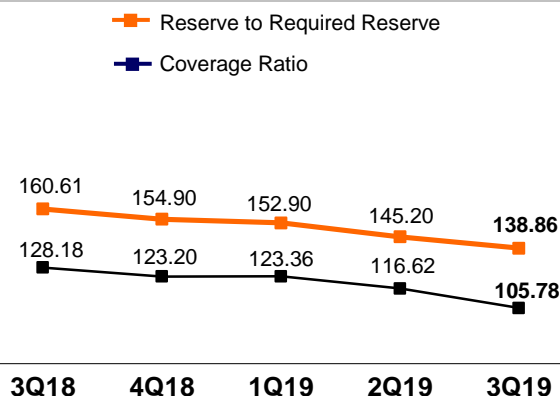
Coverage ratio of the Bank and its subsidiaries as of 30 September 2019 was at 105.78 percent. The Bank and its subsidiaries have an excess reserve of 6,398 million baht and a reserve to required reserve ratio of 138.86 percent.

Coverage ratio of the Bank as of 30 September 2019 was at 104.28 percent. The Bank has an excess reserve of 6,342 million baht and a reserve to required reserve ratio of 145.83 percent.

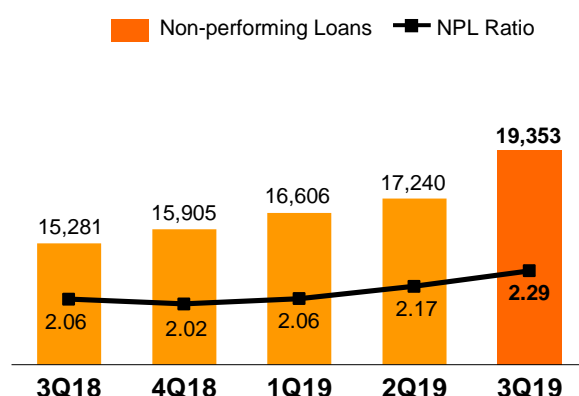
**Non-performing Loans (Million Baht) and NPL Ratio (Percent) of TBANK and its Subsidiaries**



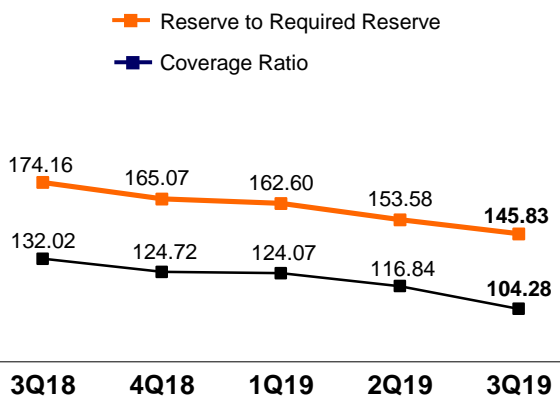
**Coverage Ratio (Percent) and Reserve to Required Reserve (Percent) of TBANK and its Subsidiaries**



**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 134,451 million baht as of 30 September 2019, of which 119,863 million baht was Tier I capital and 14,588 million baht was Tier II capital. BIS ratio was at 19.39 percent, of which 17.28 percent was Tier I capital and 2.11 percent was Tier II capital. Compared to BIS ratio of 19.45 percent at the end of 2018, the BIS ratio declined mainly due to the early redemption of unsecured subordinated debentures.

**Capital Adequacy Ratio (Percent)**

	3Q19	2Q19	1Q19	4Q18	3Q18	Minimum Requirement By BOT in 2019
Total Common Equity Tier I to Risk Weighted Assets	17.28	15.91	15.19	15.42	15.30	7.00
Total Tier I to Risk Weighted Assets	17.28	15.91	15.19	15.42	15.30	8.50
Total Tier II to Risk Weighted Assets	2.11	2.10	3.99	4.03	4.02	-
Total Capital to Risk Weighted Assets	19.39	18.01	19.18	19.45	19.32	11.00

## Operating Results of Subsidiaries (Million Baht)

### Operating Results of Subsidiaries (Million Baht)

Subsidiaries	% of holding Direct/Indirect	Net Profit (Loss)				
		3Q19	2Q19	3Q18	9M19	9M18
Thanachart Bank Public Company Limited Consolidated Financial Statements*		4,054	3,592	3,540	11,296	11,140
Thanachart Securities Public Company Limited	100.00%	180	1,437	133	1,716	498
Thanachart Fund Management Company Limited	75.00%	149	138	166	434	507
Thanachart Insurance Public Company Limited	100.00%	246	805	257	1,329	807
TS AMC Company Limited	100.00%	289	1	49	541	166
Ratchthani Leasing Public Company Limited	65.18%	443	480	431	1,400	1,186

### Thanachart Securities Public Company Limited

Average daily trading volume of Thanachart Securities Public Company Limited in the third quarter of 2019 was 3,152 million baht, an increase from 2,486 million baht in the previous quarter. Market share of securities trading was at 2.94 percent. The trading volume could be divided into 52.65 percent of retails, 38.98 percent of institutions, and 8.37 percent of foreign investors.

**Net profit for the third quarter of 2019 amounted to 180 million baht, a decrease of 1,257 million baht or 87.47 percent** from the previous quarter. Total income amounted to 484 million baht, decreased substantially. This was due to the fact that, in the previous quarter, there was a transfer of investments in associated companies from available-for-sale securities to securities held for trading and the company recognized the difference as gains of 1,715 million baht in profit and loss statement instead of being recorded in other comprehensive income. Brokerage fees amounted to 302 million baht, interest income on margin loans amounted to 52 million baht and fees and service income amounted to 31 million baht. Financial costs and fees and service expenses amounted to 68 million baht, increased in line with the transaction volume. Operating expenses were 195 million baht, unchanged from the previous quarter.

**Net profit for the nine-month period ended 30 September 2019 amounted to 1,716 million baht, an increase of 1,218 million baht or 244.58 percent** from the same period last year. Total income increased by 1,402 million baht or 93.28 percent, due to the said gains from transferring of investments. Brokerage fees decreased by 23.84 percent, in line with the trading volume of the stock market and the company's market share during the period. Also, interest income on margin loans decreased from lower credit balances and the declining interest rate. Total expenses declined by 13.60 percent.

As of 30 September 2019, the company maintained its liquidity ratio (Net Liquid Capital Rules: NCR) at 67.04 percent, higher than the minimum requirement regulated by the Securities and Exchange Commissions (SEC) of 7.00 percent of general indebtedness and securities pledged.



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

As of 30 September 2019, Thanachart Fund Management Company Limited had assets under management of 230,091 million baht, an increase of 8,732 million baht or 3.94 percent from the end of 2018. Assets under management comprised of 88.80 percent mutual funds, 7.50 percent provident funds, and 3.70 percent private funds.

Mutual fund business of the company ranked 8 with market share of 3.89 percent (As of 30 September 2019). Provident fund business ranked 13 with market share of 1.41 percent (As of 31 August 2019) while private fund business ranked 15 with market share of 0.90 percent (As of 31 August 2019).

**For operating results in the third quarter of 2019, the company had a net profit of 149 million baht, an increase of 11 million baht or 7.97 percent** from the previous quarter. This was due to an increase in fund management fees. **For operating results of the nine-month period of 2019, the company had a net profit of 434 million baht, a decrease of 73 million baht or 14.40 percent** from the same period last year. This was due to increase in rate charges paid to the agents.

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

In the third quarter of 2019, Thanachart Insurance Public Company Limited had total insurance premium of 2,041 million baht, an increase of 48 million baht or 2.41 percent from the previous quarter. As well, the company had total insurance premium in the nine-month period of 2019 in the amount of 6,073 million baht, an increase of 290 million baht or 5.01 percent from the same period last year. The increase was due to higher sales volumes through the Bank's branches (Bancassurance), dealers, and external brokers.

For operating results, **the company had a net profit in the third quarter of 2019 of 246 million baht, a decrease of 559 million baht or 69.44 percent** from the previous quarter. This was due to the fact that, in the second quarter of 2019, there was a transfer of investments in associated companies from available-for-sale securities to securities held for trading and the company recognized the difference as gains of 768 million baht in profit and loss statement instead of being recorded in other comprehensive income. **For the operating result in the nine-month period of 2019, the company had a net profit of 1,329 million baht, an increase of 522 million baht or 64.68 percent** from the same period last year. This was mainly due to the aforementioned transfer of investments as well as higher premium received and lowers claims.

### **TS AMC Company Limited**

TS AMC Company Limited has been managing non-performing debts in accordance with the policy and business plan of Thanachart Group continuously. As a result, on 30 September 2019, the company's the total assets were 2,836 million baht, an increase of 327 million baht or 13.03 percent from the end of last year.

**For operating result of the third quarter of 2019, the company had a net profit of 289 million baht, an increase of 288 million baht** from the previous quarter. This was mainly due to gains on selling NPLs. **For operating result of the nine-month period of 2019, the company had a net profit of 541 million baht, an increase of 375 million baht** from the same period last year. This was mainly due to gains on selling NPLs.

**Ratchthani Leasing Public Company Limited**

As of 30 September 2019, Ratchthani Leasing Public Company Limited has still had a strong financial structure. The company's total assets were 50,754 million baht, an increase of 3,223 million baht or 6.78 percent from the end of last year. **The company had hire purchase loans in the amount of 49,607 million baht, an increase of 3,195 million baht or 6.88 percent.** This was mainly from an increase in truck hire purchase. Moreover, the hire purchase loans accounted for 97.74 percent of the total assets. Total liabilities and shareholders' equity were 43,646 million baht and 7,107 million baht, respectively.

**Net profit for the third quarter of 2019 amounted to 443 million baht, a decrease of 37 million baht or 7.71 percent from the previous quarter.** Total income of the company amounted to 1,024 million baht, an increase of 3 million baht or 0.29 percent. This was due to the increase in hire purchase lending. At the same time, financial costs were 264 million baht, an increase of 17 million baht or 6.88 percent, due to the acquisition of borrowings to support lending. Provision expenses in the third quarter of 2019 amounted to 60 million baht, an increase of 19 million baht or 46.34 percent.

**Net profit of the nine-month period of 2019 amounted to 1,400 million baht, an increase of 214 million baht or 18.04 percent from the same period last year.** Total income amounted to 3,050 million baht, an increase of 233 million baht or 8.27 percent. Interest expenses were 748 million baht, an increase of 104 million baht or 16.15 percent, due to the acquisition of borrowings to support lending. Provision expenses of the company amounted to 130 million baht, a decrease of 181 million baht or 58.20 percent. This was due to its strict and close monitoring of lending which resulted in better asset quality. Also, the company has reversed its general provision in the amount of 70 million baht for providing provision in accordance with its business operation under TFRS9 accounting standards.

**Risk Management**

As of 30 September 2019 TBANK's total capital according to Basel III regulation amounted to 134,452 million baht, an increase from 126,107 million baht at the end of the previous quarter. Consequently, Common Equity Tier I capital and Tier I capital amounted to 119,864 million baht, an increase from 111,433 million baht in the previous quarter. This was due to the operating profit of the Bank. Tier II capital amounted to 14,588 million baht, a slight decrease from 14,674 million baht in the previous quarter, due to a decrease in reserve for normal loans.

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

TBANK Solo Consolidated	Capital Fund according to Basel III			
	30-Sep-19	30-Jun-19	Change	
			+ / (-)	%
Common Equity Tier I Capital	119,864	111,433	8,431	7.57
Tier I Capital	119,864	111,433	8,431	7.57
Tier II Capital	14,588	14,674	(86)	(0.59)
Total Capital	134,452	126,107	8,345	6.62
Risk Weighted Assets	693,545	700,371	(6,826)	(0.97)

Credit risk has decreased due to a decrease in investments. Furthermore, market risk has decreased from a decrease in trading transactions.

Under the market and economic conditions that tended to slow down from the previous quarter, the Bank has managed NPLs systematically and effectively. As of 30 September 2019, NPL ratio of the Bank was at 2.29 percent, a slight increase from the previous quarter of 2.17 percent.

Coverage ratio of the Bank as of 30 September 2019 was at 104.28 percent, a decrease from the previous quarter of 116.84 percent. The Bank had 6,342 million baht in excess reserve based on the BOT's regulation with 145.83 percent of reserve required by the BOT, a result of vigilant reserve policy.

Capital was adequate with common equity Tier I ratio, Tier I ratio, and total capital ratio at 17.28, 17.28, and 19.39 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 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  
30 September 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 statements of financial position of Thanachart Bank Public Company Limited and its subsidiaries as at 30 September 2019, the related consolidated statements of comprehensive income for the three-month and nine-month periods ended 30 September 2019 and the consolidated statements of changes in equity and cash flows for the nine-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.

**Emphasis of matter**

I draw attention to Notes 2 and 3.6 to the financial statements regarding the business restructuring and business merger plan between Thanachart Bank Public Company Limited and TMB Bank Public Company Limited and the change in accounting policy on the measurement of buildings, from cost method to revaluation method, respectively. My conclusion is not qualified in respect of this matter.

Somjai Khunapasut

Certified Public Accountant (Thailand) No. 4499

EY Office Limited

Bangkok: 11 November 2019

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

**Statements of financial position**

**As at 30 September 2019**

(Unit: Thousand Baht)

	Note	Consolidated		Separate	
		financial statements		financial statements	
		30 September 2019	31 December 2018	30 September 2019	31 December 2018
		(Unaudited but reviewed)	(Audited)	(Unaudited but reviewed)	(Audited)
<b>Assets</b>					
Cash		9,368,854	11,019,018	9,364,917	11,012,023
Interbank and money market items - net		138,135,318	97,567,628	137,035,450	95,257,115
Derivatives assets	4	4,040,978	2,005,387	4,030,255	2,001,344
Investments - net	5	119,012,721	161,077,885	110,019,973	152,430,216
Investments in subsidiary and associated companies - net	6	2,566,927	2,436,970	12,455,690	7,156,290
Loans to customers and accrued interest receivables	7				
Loans to customers		841,179,607	819,654,144	781,750,266	760,284,420
Accrued interest receivables		611,750	645,276	611,825	645,471
Total loans to customers and accrued interest receivables		841,791,357	820,299,420	782,362,091	760,929,891
Less: Deferred revenue		(71,077,411)	(66,156,575)	(65,358,877)	(60,683,476)
Allowance for doubtful accounts	8	(22,712,321)	(23,651,007)	(20,006,931)	(19,661,597)
Revaluation allowance for debt restructuring	9	(239)	(603)	(239)	(603)
Net loans to customers and accrued interest receivables		748,001,386	730,491,235	696,996,044	680,584,215
Customers' liability under acceptances		644	9,164	644	9,164
Properties foreclosed - net		3,075,044	2,814,835	2,266,986	1,633,036
Land, premises and equipment - net	11	10,690,953	7,995,772	10,447,825	7,798,454
Goodwill and intangible assets - net		19,513,505	19,790,601	19,350,874	19,637,196
Deferred tax assets		762,917	767,994	-	-
Receivables from purchase and sale of securities		3,848,765	2,741,745	2,724,061	1,090,531
Other assets - net	12	6,342,525	7,893,423	3,211,879	5,513,955
<b>Total assets</b>		<b>1,065,360,537</b>	<b>1,046,611,657</b>	<b>1,007,904,598</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**

**Statements of financial position (continued)**

**As at 30 September 2019**

(Unit: Thousand Baht)

	Note	Consolidated		Separate	
		financial statements		financial statements	
		30 September	31 December	30 September	31 December
		2019	2018	2019	2018
		(Unaudited but reviewed)	(Audited)	(Unaudited but reviewed)	(Audited)
<b>Liabilities and equity</b>					
Deposits		745,872,913	752,160,436	748,754,936	753,944,978
Interbank and money market items	13	59,400,364	71,954,867	44,833,637	55,964,405
Liability payable on demand		1,881,231	1,163,165	1,881,231	1,163,165
Derivatives liabilities	4	3,311,121	2,097,019	3,254,088	2,092,519
Debt issued and borrowings	14	67,786,039	43,079,280	41,777,701	20,005,158
Banks' liability under acceptances		644	9,164	644	9,164
Provisions	15	4,747,392	3,874,580	4,276,002	3,582,155
Deferred tax liabilities		2,452,675	1,319,748	2,310,179	1,183,607
Payables from purchase and sale of securities		4,764,831	1,518,341	3,712,010	759,003
Accrued interest payables		2,277,669	2,187,972	2,122,906	2,065,060
Accrued expenses		4,055,138	5,966,880	3,387,110	5,240,305
Insurance contracts liabilities	16	5,852,229	5,729,438	-	-
Other liabilities	17	10,554,800	11,345,546	6,707,534	6,972,799
<b>Total liabilities</b>		<b>912,957,046</b>	<b>902,406,436</b>	<b>863,017,978</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	18	5,434,141	1,440,747	4,339,948	651,307
Retained earnings					
Appropriated - statutory reserve		5,530,525	4,954,068	5,530,525	4,954,068
Unappropriated		76,158,363	72,554,413	72,266,831	62,786,530
<b>Equity attributable to owner of the company</b>		<b>149,872,345</b>	<b>141,698,544</b>	<b>144,886,620</b>	<b>131,141,221</b>
Non-controlling interests of the subsidiaries		2,531,146	2,506,677	-	-
<b>Total equity</b>		<b>152,403,491</b>	<b>144,205,221</b>	<b>144,886,620</b>	<b>131,141,221</b>
<b>Total liabilities and equity</b>		<b>1,065,360,537</b>	<b>1,046,611,657</b>	<b>1,007,904,598</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

## Statements of comprehensive income

For the three-month period ended 30 September 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	21	12,269,396	11,677,768	11,345,082	10,791,302
Interest expenses	22	(4,218,510)	(3,835,387)	(3,987,176)	(3,628,196)
<b>Net interest income</b>		8,050,886	7,842,381	7,357,906	7,163,106
Fees and service income		2,429,926	2,514,033	1,869,068	1,951,392
Fees and service expenses		(886,493)	(883,728)	(820,085)	(827,701)
<b>Net fees and service income</b>	23	1,543,433	1,630,305	1,048,983	1,123,691
Gains on trading and foreign exchange transactions	24	208,379	52,533	195,571	41,247
Gains (losses) on investments	25	337,199	(608,550)	307,536	(607,834)
Share of profit from investments accounted for under equity method		52,597	105,231	-	-
Insurance income		1,711,740	1,706,114	-	-
Dividend income		27,384	76,882	2,752,033	311,297
Other operating income		425,283	413,397	296,482	401,680
<b>Total operating income</b>		12,356,901	11,218,293	11,958,511	8,433,187
Insurance expenses		(1,025,738)	(961,688)	-	-
<b>Net operating income</b>		11,331,163	10,256,605	11,958,511	8,433,187
<b>Other operating expenses</b>					
Employee's expenses		3,062,191	2,651,975	2,544,517	2,207,452
Directors' remuneration		9,568	7,641	5,250	4,512
Premises and equipment expenses		674,707	650,337	604,734	578,645
Taxes and duties		173,218	178,086	169,800	174,497
Other expenses		1,069,259	885,388	932,073	721,702
<b>Total other operating expenses</b>		4,988,943	4,373,427	4,256,374	3,686,808
<b>Impairment losses of loans and debt securities</b>	26	1,091,477	1,233,772	1,387,892	1,201,737
<b>Profit before income tax</b>		5,250,743	4,649,406	6,314,245	3,544,642
<b>Income tax</b>	27	(1,021,169)	(915,219)	(721,176)	(649,023)
<b>Profit for the period</b>		4,229,574	3,734,187	5,593,069	2,895,619

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

(Unaudited but reviewed)

## Thanachart Bank Public Company Limited and its subsidiaries

## Statements of comprehensive income (continued)

For the three-month period ended 30 September 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>	28				
<i>Transactions that will be reclassified subsequently to profit or loss</i>					
Gains on changes in value of available-for-sale investments		573,391	118,519	567,761	21,481
Share of other comprehensive income of the associate (loss)		8,336	(124,366)	-	-
Income tax relating to components of other comprehensive income		(115,512)	(11,267)	(113,552)	(4,296)
<i>Transactions that will never be reclassified subsequently to profit or loss</i>					
Share of other comprehensive income of the associate (loss)		(238)	-	-	-
Actuarial loss on defined benefit plan		(540,238)	-	(467,247)	-
Income tax relating to components of other comprehensive income		108,032	-	93,449	-
<b>Total other comprehensive income (loss)</b>		<u>33,771</u>	<u>(17,114)</u>	<u>80,411</u>	<u>17,185</u>
<b>Total comprehensive income</b>		<u>4,263,345</u>	<u>3,717,073</u>	<u>5,673,480</u>	<u>2,912,804</u>
<b>Total profit attributable to:</b>					
The Bank		4,054,074	3,539,955	5,593,069	2,895,619
Non-controlling interests		175,500	194,232		
		<u>4,229,574</u>	<u>3,734,187</u>		
<b>Total comprehensive income attributable to:</b>					
The Bank		4,091,684	3,522,841	5,673,480	2,912,804
Non-controlling interests		171,661	194,232		
		<u>4,263,345</u>	<u>3,717,073</u>		
<b>Earnings per share of the Bank</b>	29				
Basic earnings per share					
Profit attributable to the Bank (Baht per share)		<u>0.67</u>	<u>0.58</u>	<u>0.92</u>	<u>0.48</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 comprehensive income

For the nine-month period ended 30 September 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	21	36,522,656	34,410,045	33,739,668	31,844,784
Interest expenses	22	(12,373,192)	(11,355,521)	(11,680,623)	(10,752,919)
<b>Net interest income</b>		24,149,464	23,054,524	22,059,045	21,091,865
Fees and service income		7,219,772	7,549,268	5,686,415	5,671,093
Fees and service expenses		(2,735,302)	(2,653,708)	(2,566,995)	(2,477,936)
<b>Net fees and service income</b>	23	4,484,470	4,895,560	3,119,420	3,193,157
Gains on trading and foreign exchange transactions	24	552,568	263,149	513,815	198,897
Gains (losses) on investments	25	473,980	(108,227)	474,244	(140,060)
Share of profit from investments accounted for under equity method		130,240	206,208	-	-
Insurance income		5,170,875	5,136,263	-	-
Dividend income		336,154	372,772	8,916,018	1,646,367
Other operating income		1,162,265	1,240,585	979,251	1,158,321
<b>Total operating income</b>		36,460,016	35,060,834	36,061,793	27,148,547
Insurance expenses		(3,027,699)	(2,956,152)	-	-
<b>Net operating income</b>		33,432,317	32,104,682	36,061,793	27,148,547
<b>Other operating expenses</b>					
Employee's expenses		9,441,841	8,336,568	7,907,548	6,964,064
Directors' remuneration		53,637	50,412	38,114	37,562
Premises and equipment expenses		1,951,168	1,938,601	1,739,694	1,723,306
Taxes and duties		521,849	532,944	508,018	521,365
Other expenses		3,574,853	3,855,418	3,155,050	3,436,132
<b>Total other operating expenses</b>		15,543,348	14,713,943	13,348,424	12,682,429
<b>Impairment losses of loans and debt securities</b>	26	3,043,858	4,064,821	3,504,785	3,838,692
<b>Profit before income tax</b>		14,845,111	13,325,918	19,208,584	10,627,426
<b>Income tax</b>	27	(2,941,077)	(1,639,138)	(2,086,375)	(828,297)
<b>Profit for the period</b>		11,904,034	11,686,780	17,122,209	9,799,129

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

(Unaudited but reviewed)

**Thanachart Bank Public Company Limited and its subsidiaries****Statements of comprehensive income (continued)****For the nine-month period ended 30 September 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>	28				
<i>Transactions that will be reclassified subsequently to profit or loss</i>					
Gains (losses) on changes in value of available-for-sale investments		1,740,602	(1,317,774)	1,527,537	(1,246,579)
Share of other comprehensive income of the associate (loss)		344	(87,526)	-	-
Income tax relating to components of other comprehensive income		(348,155)	271,954	(305,507)	249,315
<i>Transactions that will never be reclassified subsequently to profit or loss</i>					
Surplus on revaluation of assets		3,245,790	-	3,196,769	-
Share of other comprehensive income of the associate		127,350	16	-	-
Actuarial loss on defined benefit plan		(541,251)	-	(467,247)	-
Income tax relating to components of other comprehensive income		(553,885)	(2)	(545,905)	-
<b>Total other comprehensive income (loss)</b>		<b>3,670,795</b>	<b>(1,133,332)</b>	<b>3,405,647</b>	<b>(997,264)</b>
<b>Total comprehensive income</b>		<b>15,574,829</b>	<b>10,553,448</b>	<b>20,527,856</b>	<b>8,801,865</b>
<b>Total profit attributable to:</b>					
The Bank		11,295,683	11,140,034	17,122,209	9,799,129
Non-controlling interests		608,351	546,746		
		<b>11,904,034</b>	<b>11,686,780</b>		
<b>Total comprehensive income attributable to:</b>					
The Bank		14,956,663	10,006,702	20,527,856	8,801,865
Non-controlling interests		618,166	546,746		
		<b>15,574,829</b>	<b>10,553,448</b>		
<b>Earnings per share of the Bank</b>	29				
Basic earnings per share					
Profit attributable to the Bank (Baht per share)		1.86	1.84	2.82	1.62

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 nine-month period ended 30 September 2019

(Unit: Thousand Baht)

Consolidated financial statements											
Other components of equity											
Note	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 the associate	Share of surplus from the change in the ownership interests in subsidiaries of the associate	Retained earnings		Non-controlling interests	Total
								Appropriated - statutory reserve	Unappropriated		
<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
Effect of share capital reduction of associate	-	-	-	-	-	-	-	-	13,675	-	13,675
Dividend paid	20	-	-	-	-	-	-	-	(6,246,808)	-	(6,246,808)
Transfer to statutory reserve	-	-	-	-	-	-	-	345,176	(345,176)	-	-
Decrease in non-controlling interests of the subsidiaries	-	-	-	-	-	-	-	-	-	(165,144)	(165,144)
Profit for the period	-	-	-	-	-	-	-	-	11,140,034	546,746	11,686,780
Other comprehensive income for the period (loss)	-	-	-	-	(1,054,573)	(78,759)	-	-	-	-	(1,133,332)
Transferred to retained earnings	-	-	-	(19,647)	-	(1,370)	(279)	-	21,296	-	-
<b>Balance as at 30 September 2018</b>	<b>60,648,622</b>	<b>2,100,694</b>	<b>(123,379)</b>	<b>1,215,166</b>	<b>(192,032)</b>	<b>451,264</b>	<b>36,315</b>	<b>4,603,710</b>	<b>69,323,465</b>	<b>2,299,303</b>	<b>140,363,128</b>
<b>Balance as at 1 January 2019</b>	<b>60,648,622</b>	<b>2,100,694</b>	<b>(123,379)</b>	<b>1,194,263</b>	<b>(200,290)</b>	<b>533,838</b>	<b>36,315</b>	<b>4,954,068</b>	<b>72,554,413</b>	<b>2,506,677</b>	<b>144,205,221</b>
Dividend paid	20	-	-	-	-	-	-	-	(6,782,457)	-	(6,782,457)
Transfer to statutory reserve	-	-	-	-	-	-	-	576,457	(576,457)	-	-
Decrease in non-controlling interests of the subsidiaries	-	-	-	-	-	-	-	-	-	(593,697)	(593,697)
Surplus from the change in the ownership interests in subsidiaries of the associate	-	-	-	-	-	-	(405)	-	-	-	(405)
Profit for the period	-	-	-	-	-	-	-	-	11,295,683	608,351	11,904,034
Other comprehensive income for the period (loss)	-	-	-	2,582,978	1,392,481	114,924	-	-	(429,403)	9,815	3,670,795
Transferred to retained earnings	-	-	-	(91,313)	-	(5,271)	-	-	96,584	-	-
<b>Balance as at 30 September 2019</b>	<b>60,648,622</b>	<b>2,100,694</b>	<b>(123,379)</b>	<b>3,685,928</b>	<b>1,192,191</b>	<b>643,491</b>	<b>35,910</b>	<b>5,530,525</b>	<b>76,158,363</b>	<b>2,531,146</b>	<b>152,403,491</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 changes in equity (continued)

For the nine-month period ended 30 September 2019

(Unit: Thousand Baht)

		Separate financial statements						
				Other components of equity		Retained earnings		
		Issued and fully paid-up share capital	Share premium	Surplus on revaluation of assets	Surplus on changes in value of investments - net	Appropriated - statutory reserve      Unappropriated		Total
Note								
	<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
20	Dividend paid	-	-	-	-	-	(6,246,808)	(6,246,808)
	Transfer to statutory reserve	-	-	-	-	345,176	(345,176)	-
	Profit for the period	-	-	-	-	-	9,799,129	9,799,129
	Other comprehensive income for the period (loss)	-	-	-	(997,264)	-	-	(997,264)
	Transferred to retained earnings	-	-	(19,647)	-	-	19,647	-
	<b>Balance as at 30 September 2018</b>	<b>60,648,622</b>	<b>2,100,694</b>	<b>1,212,943</b>	<b>(628,376)</b>	<b>4,603,710</b>	<b>59,002,950</b>	<b>126,940,543</b>
	<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
20	Dividend paid	-	-	-	-	-	(6,782,457)	(6,782,457)
	Transfer to statutory reserve	-	-	-	-	576,457	(576,457)	-
	Profit for the period	-	-	-	-	-	17,122,209	17,122,209
	Other comprehensive income for the period (loss)	-	-	2,557,415	1,222,030	-	(373,798)	3,405,647
	Transferred to retained earnings	-	-	(90,804)	-	-	90,804	-
	<b>Balance as at 30 September 2019</b>	<b>60,648,622</b>	<b>2,100,694</b>	<b>3,658,651</b>	<b>681,297</b>	<b>5,530,525</b>	<b>72,266,831</b>	<b>144,886,620</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****For the nine-month period ended 30 September 2019**

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	2019	2018	2019	2018
<b>Cash flows from operating activities</b>				
Profit before income tax	14,845,111	13,325,918	19,208,584	10,627,426
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	(130,240)	(206,208)	-	-
Depreciation and amortisation	1,078,401	1,097,222	1,019,047	1,035,705
Impairment losses of loans and debt securities	3,043,858	4,064,821	3,504,785	3,838,692
Increase in provisions	848,735	592,872	736,890	572,105
Amortisation of premiums on investment in debt securities	(195,640)	48,507	(191,886)	55,333
Increase (decrease) in allowance for impairment of investments	260	(1,494)	260	(1,494)
Gain from disposal of investment in the associate company	-	(16,475)	-	(15,238)
Decrease (increase) in allowance for change in value of investments	(30,097)	28,766	10,441	39,721
Increase (decrease) in allowance for impairment of properties foreclosed	39,397	(48,864)	31,907	(28,527)
Increase in allowance for impairment of land, premises and equipment	183	312	-	-
Reversal of loss from revaluation of land and building	(4,226)	-	(5,905)	-
Interest income and other income from the assets transferred for debt repayment	(7,539)	-	(7,539)	-
Loss (gain) on disposal of land, premises and equipment	1,929	(26,267)	2,173	(24,281)
Loss from disposal of intangible assets	262	-	-	-
Unrealised loss (gain) on exchange	306,323	(115,042)	306,323	(115,042)
Increase (decrease) in allowance for impairment of other assets	(27,629)	3,459	(19,336)	(2,100)
Decrease in other income receivable	296,325	37,504	54,107	25,537
Decrease in fees and rental received in advance	(167,757)	(171,190)	(167,757)	(171,190)
Decrease in deferred income	(5,380)	(8,065)	(5,380)	(8,065)
Decrease in accrued expenses	(1,109,778)	(443,609)	(1,051,231)	(387,304)
Amortisation of discounts on borrowings	214,953	-	214,953	-
	18,997,451	18,162,167	23,640,436	15,441,278
Net interest income	(24,168,777)	(23,103,031)	(22,082,112)	(21,147,198)
Dividend income	(336,154)	(372,772)	(8,916,018)	(1,646,367)
Cash received from interest income	34,708,544	32,458,103	32,037,879	29,989,934
Cash paid for interest expenses	(11,754,657)	(11,348,353)	(11,573,000)	(11,191,089)
Cash paid for corporate income tax	(2,795,577)	(1,336,677)	(1,801,739)	(367,459)
<b>Income from operating activities before changes in operating assets and liabilities</b>	<b>14,650,830</b>	<b>14,459,437</b>	<b>11,305,446</b>	<b>11,079,099</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 nine-month period ended 30 September 2019

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements	financial statements	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	(40,558,433)	24,614,088	(41,780,091)	25,033,594
Investments in trading securities	5,953,909	(5,131,740)	6,435,138	(4,262,095)
Derivatives assets	134,046	1,243,609	140,725	1,244,824
Loans to customers	(27,089,479)	(32,763,512)	(25,725,324)	(26,213,108)
Properties foreclosed	5,919,414	4,490,388	5,047,827	3,904,183
Receivables from purchase and sale of securities	(1,107,020)	(2,171,302)	(1,633,530)	(3,756,218)
Other assets	1,396,165	75,768	1,679,333	295,787
Increase (decrease) in operating liabilities				
Deposits	(6,287,523)	(15,892,275)	(5,190,042)	(15,823,264)
Interbank and money market items	(12,533,492)	139,006	(11,109,757)	(1,379,121)
Liability payable on demand	718,066	(627,905)	718,066	(627,905)
Derivatives liabilities	(167,237)	(1,404,072)	(219,770)	(1,407,529)
Payables from purchase and sale of securities	3,246,490	3,438,118	2,953,007	3,936,196
Insurance contract liabilities	122,791	(13,010)	-	-
Other liabilities	(1,105,536)	(1,641,795)	(864,239)	(710,941)
<b>Net cash flows used in operating activities</b>	<b>(56,707,009)</b>	<b>(11,185,197)</b>	<b>(58,243,211)</b>	<b>(8,686,498)</b>
<b>Cash flows from investing activities</b>				
Decrease in investments in securities held for investment	37,305,020	10,031,676	36,847,750	9,661,941
Cash paid for purchase of investment in subsidiary company	-	-	(5,690,000)	-
Cash received from disposal of investment in the associate company	-	29,026	-	29,026
Cash received from capital refunded from a subsidiary company	-	-	390,600	-
Cash received from interest on investments	1,815,159	2,207,976	1,708,449	2,128,973
Cash received from dividend	334,794	371,243	9,538,083	1,623,133
Cash paid for purchase of premises and equipment	(204,214)	(86,286)	(169,381)	(89,803)
Cash received from disposal of land, premises and equipment	4,762	51,752	2,794	49,143
Cash paid for purchase of intangible assets	(206,103)	(161,798)	(174,934)	(135,663)
<b>Net cash flows from investing activities</b>	<b>39,049,418</b>	<b>12,443,589</b>	<b>42,453,361</b>	<b>13,266,750</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 nine-month period ended 30 September 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	45,034,060	8,786,161	34,557,589	-
Cash paid for borrowings	(20,542,254)	(4,875,426)	(13,000,000)	-
Cash paid for interest from borrowings	(1,108,225)	(1,259,485)	(632,388)	(828,991)
Cash paid for dividend	(6,782,457)	(6,246,808)	(6,782,457)	(6,246,808)
Cash paid for dividend to non-controlling interests	(593,697)	(165,144)	-	-
<b>Net cash flows from (used in) financing activities</b>	<b>16,007,427</b>	<b>(3,760,702)</b>	<b>14,142,744</b>	<b>(7,075,799)</b>
<b>Net decrease in cash</b>	<b>(1,650,164)</b>	<b>(2,502,310)</b>	<b>(1,647,106)</b>	<b>(2,495,547)</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>9,368,854</b>	<b>8,950,673</b>	<b>9,364,917</b>	<b>8,949,382</b>

**Supplemental cash flows information**

Non-cash transactions

Transfer of properties foreclosed from receivables

for debt settlement

6,013,306 4,364,610 5,507,969 3,961,498

Accounts payable for purchase of fixed assets

37,351 25,031 28,687 24,389

Bad debt written-off

4,110,581 4,393,226 4,026,694 4,304,581

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 nine-month period ended 30 September 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 B.V, 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 496 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. Business restructuring and business merger plan between Thanachart Bank Public Company Limited and TMB Bank Public Company Limited**

On 7 August 2019, the Board of Directors of the Bank passed a resolution to approve the business restructuring, business merger plan and related action plans for the merger between the Bank and TMB Bank Public Company Limited (“TMB Bank”), including approval to enter into a contract with Thanachart Capital Public Company Limited and Scotia Netherlands Holding B.V. to purchase and sell the ordinary shares that the Bank holds in subsidiaries and certain other companies.

On 23 September 2019, the Extraordinary General Meeting of the Bank’s shareholders No. 1 for the year 2019 passed a resolution to approve a business restructuring of the Bank, whereby ordinary shares held by the Bank in certain subsidiaries and other companies would be sold to all shareholders in proportion to their respective shareholdings.

On 30 September 2019, the Bank entered into the Sale and Purchase Agreement to sell shares of Thanachart Fund management Co., Ltd. (“TFUND”) to Prudential Corporation Holdings Limited (“Prudential”). The Bank agreed to sell the first batch of 25.10 percent of TFUND’s shares to Prudential, for which it will receive compensation of Baht 2,108 million, and this will decrease the Bank’s shareholding in TFUND to 49.90 percent. These transactions will be executed after Thanachart Capital Public Company Limited sells the Bank’s ordinary shares to TMB Bank in accordance with the merger plan. On the date that the Bank’s first sale of TFUND’s shares is complete, the Bank will enter into an agreement to sell Prudential all remaining shares in TFUND. In 2021, after completion of the sale of all shares in TFUND to Prudential, the merger between TFUND and TMB Asset Management Company Limited will be proceeded.

On 2 October 2019, the Bank of Thailand approved the Share Purchase Project for the entire business transfer of the Bank to TMB Bank, and ordered the Bank to transfer the entire business to TMB Bank within year 2021 and return the banking licenses and other related banking authorisations within the same fiscal year as the business transfer date.

On 30 October 2019, the Extraordinary General Meeting of Shareholders No. 2 for the year 2019 passed a resolution to approve the entire business transfer of the Bank to TMB bank, including but not limited to its assets, liabilities, all obligations and employees, with compensation for the transfer to be made at fair value, which is the value after relevant reserves are set, by proceeding in accordance with the laws and regulatory notifications regarding related matters. The meeting also passed a resolution to approve the sale of all ordinary shares of TFUND to Prudential.

However, the business restructuring by means of selling ordinary shares that the Bank holds in certain subsidiaries and other companies will occur after the key conditions precedent specified in the Bank’s ordinary share purchase agreement have been satisfied or waived. At present, some conditions have not been fulfilled and so the Bank has not reclassified the investments in subsidiaries and certain other companies that are to be sold to the Bank’s shareholders as assets held for sale in the statements of financial position, and did not present the results of operations of the subsidiaries as operating results from discontinued operations in the statements of comprehensive income.

### 3. Basis of preparation of the financial statements

#### 3.1 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.

#### 3.2 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	
		30 September 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.	In liquidation process	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

(Unaudited but reviewed)

- 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 30 September 2019 and 31 December 2018 and for the nine-month periods ended 30 September 2019 and 2018, after eliminating significant intercompany transactions, are as follows:

(Unit: Million Baht)

	Total assets		Net operating income for the nine-month periods ended 30 September	
	30 September	31 December		
	2019	2018	2019	2018
Ratchthani Leasing Plc.	50,130	47,124	2,244	2,119
TS Asset Management Co., Ltd.	1,310	2,066	44	90
Thanachart Insurance Plc.	13,731	13,742	2,375	2,466
Thanachart Securities Plc.	8,591	8,702	970	1,321
Thanachart Fund Management Co., Ltd.	366	634	1,391	1,392

- 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.

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

### **3.4 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 and revised financial reporting standards and interpretations, which are effective for fiscal years beginning on or after 1 January 2020. 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 except the following new standards which 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
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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.

### **3.5 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, except for the changes in the accounting policies as follows.

Land, premises and equipment - buildings

Buildings are stated at the revalued amount less accumulated depreciation and allowance for impairment (if any). Depreciation is calculated by reference to their revalued amount on a straight-line basis over the following estimated useful lives:

Buildings and building improvements	-	5 - 50 years
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The Bank and its subsidiaries initially record buildings at their cost on the acquisition date, and subsequently have them revalued by an independent professional appraiser, and state them at the revalued amount. Revaluations are made with sufficient regularity to ensure that the carrying amount does not differ materially from fair value at the end of reporting period.

### **3.6 Change in accounting policy to the valuation of buildings from cost method to revaluation method**

During the period, the Bank and its subsidiaries reviewed and changed their accounting policy for recording the value of buildings from the cost method to the revaluation method, under which value is the fair value of the asset at the valuation date appraised by an independent professional appraiser.

In making the changes in accounting policy (as described in Note 3.5 to the financial statements), the Bank and its subsidiaries adopted TAS 8. This is considered to be a revaluation of assets in accordance with TAS 16 Property, Plant and Equipment, which does not require the change to be applied retroactively. Therefore, the Bank and its subsidiaries have applied the change prospectively.



(Unaudited but reviewed)

The amounts of adjustments affecting the statement of financial position as at 30 September 2019 and the statements of comprehensive income for the three-month and nine-month periods then ended are as follows.

(Unit: Million Baht)

	30 September 2019	
	Consolidated financial statements	Separate financial statements
<b>The statements of financial position:</b>		
Increase in investment in associated	111	-
Increase in land, premises and equipment	1,465	1,419
Increase in deferred tax liabilities	304	284
Decrease in retained earnings - unappropriated	2	1
Increase in other components of equity	1,261	1,136
Increase in non-controlling interests of the subsidiaries	13	-

(Unit: Million Baht)

	For the three-month period ended 30 September 2019		For the nine-month period ended 30 September 2019	
	Consolidated financial statements	Separate financial statements	Consolidated financial statements	Separate financial statements
<b>The statements of comprehensive income:</b>				
<b>Profit or loss</b>				
Increase in premises and equipment expenses	52	51	106	103
Decrease in share of profit from investments accounted for under equity method	3	-	6	-
Decrease in income tax	11	10	22	21
Decrease in profit for the period	44	41	90	82
<b>Other comprehensive income</b>				
Increase in surplus on revaluation of assets	-	-	1,571	1,522
Increase in share of other comprehensive income of associate	-	-	117	-
Increase in income tax relating to components of other comprehensive income	-	-	326	304
Increase in other comprehensive income for the period	-	-	1,362	1,218
<b>Earnings per share of the Bank</b>				
Decrease in basic earnings per share (Baht per share)	0.0073	0.0068	0.0148	0.0136

#### 4. Derivatives

As at 30 September 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					
	30 September 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	762	767	111,157	460	527	78,516
Derivatives for banking book	2	-	5,659	2	-	137
<b>Interest rate</b>						
Derivatives for trading	2,288	2,267	236,820	1,144	1,128	282,096
Derivatives for banking book	-	-	21,030	-	-	21,530
<b>Foreign exchange rate and interest rate</b>						
Derivatives for trading	184	220	4,133	111	104	5,014
Derivatives for banking book	794	-	13,766	284	334	17,426
<b>Others</b>						
Derivatives for trading	11	57	3,857	4	4	1,216
<b>Total</b>	<b>4,041</b>	<b>3,311</b>	<b>396,422</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					
	30 September 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	762	767	111,157	460	527	78,516
Derivatives for banking book	2	-	5,659	2	-	137
<b>Interest rate</b>						
Derivatives for trading	2,288	2,267	236,820	1,144	1,128	282,096
Derivatives for banking book	-	-	21,030	-	-	21,530
<b>Foreign exchange rate and interest rate</b>						
Derivatives for trading	184	220	4,133	111	104	5,014
Derivatives for banking book	794	-	13,766	284	334	17,426
<b>Total</b>	<b>4,030</b>	<b>3,254</b>	<b>392,565</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.

## 5. Investments

### 5.1 Classified by type of investments

(Unit: Million Baht)

	Consolidated financial statements				Separate financial statements			
	30 September 2019		31 December 2018		30 September 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	5,516	5,523	12,300	12,317	5,516	5,523	12,300	12,317
Private debt securities	1,042	1,042	693	694	1,042	1,042	693	694
Domestic marketable equity securities	1,561	1,480	1,079	958	-	-	-	-
	8,119	8,045	14,072	13,969	6,558	6,565	12,993	13,011
Add (less): Allowance for change in value	(74)		(103)		7		18	
Net	8,045		13,969		6,565		13,011	
<b>Available-for-sale securities</b>								
Government and state enterprises								
securities	74,735	75,191	100,009	99,720	72,652	73,104	99,391	99,102
Private debt securities	14,905	15,162	21,361	21,340	10,549	10,763	16,811	16,779
Foreign debt securities	13,778	13,927	17,385	17,203	13,778	13,927	17,385	17,203
Domestic marketable equity securities	2,177	2,713	4,461	4,610	1,484	1,521	2,386	2,213
Unit trusts	-	-	3	3	-	-	-	-
	105,595	106,993	143,219	142,876	98,463	99,315	135,973	135,297
Add (less): Allowance for change in value	1,398		(343)		852		(676)	
Net	106,993		142,876		99,315		135,297	
<b>Held-to-maturity debt securities</b>								
Government and state enterprises								
securities	142	155	381	387	-	-	-	-
Private debt securities	190	222	220	247	518	565	508	541
Net	332	377	601	634	518	565	508	541
<b>General investment</b>								
Domestic non-marketable equity securities	3,650		3,639		3,629		3,621	
Foreign non-marketable equity securities	1		1		1		1	
	3,651		3,640		3,630		3,622	
Less: Allowance for impairment	(8)		(8)		(8)		(8)	
Net	3,643		3,632		3,622		3,614	
<b>Total investments - net</b>	<b>119,013</b>		<b>161,078</b>		<b>110,020</b>		<b>152,430</b>	

## 6. Investments in subsidiary and associated companies

### 6.1 Separate financial statements

As at 30 September 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 nine-month periods ended	
	30	31	30	31	30	31	30 September	
	September	December	September	December	September	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	250
Thanachart Securities Plc.	3,000	1,500	100	100	3,358	1,858	1,439	600
Ratchthani Leasing Plc.	3,775	3,020	65.18	65.18	1,201	1,201	965	47
Thanachart Insurance Plc.	4,930	740	100	100	5,058	867	5,624	-
Thanachart Group Leasing Co., Ltd.	360	360	100	100	9	400	9	-
Thanachart Broker Co., Ltd.	100	100	100	100	104	104	60	40
Thanachart Fund Management Co., Ltd.	100	100	75	75	97	97	235	420
Security Scib Services Co., Ltd.	10	10	100	100	5	5	-	-
Thanachart Management and Services Co., Ltd.	6	6	100	100	6	6	3	-
Thanachart Training and Development Co., Ltd.	5	5	100	100	5	5	29	15
<b>Total investments in subsidiary companies</b>					11,843	6,543	8,614	1,372
Less: Allowance for impairment					(5)	(5)		
<b>Total investments in subsidiary companies - net</b>					11,838	6,538		
<b>Associated company</b>								
MBK Plc.	1,695	1,695	3.41	3.41	618	618	44	43
<b>Total investment in the associated company</b>					618	618	44	43
<b>Total investments in subsidiary and associated companies</b>					12,456	7,156	8,658	1,415

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.

On 23 August 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 1,660 million to Baht 3,000 million, through the issuance of 1,340 million ordinary shares with a par value of Baht 1 per share, or a total of Baht 1,340 million, and to allocate additional shares to the Bank in proportion to its shareholding. The Bank paid for the additional shares on 26 August 2019. The increase in the share capital of the subsidiary was registered with the Ministry of Commerce on 26 August 2019.

In September 2019, Thanachart Group Leasing Co., Ltd. returned capital to its shareholders at a rate of Baht 10.85 per share, or a total of Baht 391 million. The Bank therefore recognised this amount by deducting it against the value of its investments.

## 6.2 Consolidated financial statements

As at 30 September 2019 and 31 December 2018, investment in the 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 for the nine-month periods ended		Share of profit for the nine-month periods ended		Share of other comprehensive income for the nine-month periods ended	
	30	31	30	31	Cost method		Equity method		for the nine-month periods ended		for the nine-month periods ended		for the nine-month periods ended	
	September 2019	December 2018	September 2019	December 2018	September 2019	December 2018	September 2019	December 2018	30 September 2019	30 September 2018	30 September 2019	30 September 2018	30 September 2019	30 September 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	2,567	2,437	128	125	130	206	128
Total investment in the associated company					884	884	2,567	2,437	128	125	130	206	128	(87)

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

## 6.3 Summarised financial information of the associated company

- a) Summarised financial information of MBK Plc. as at 30 June 2019 and 30 September 2018 and for the nine-month periods ended 30 June 2019 and 2018 are as follows:

Paid-up share capital		Total assets <sup>(1)</sup>		Total liabilities <sup>(1)</sup>		Total income for the nine-month periods ended		Profit for the nine-month periods ended		Other comprehensive income for the nine-month periods ended	
30 June 2019	30 September 2018	30 June 2019	30 September 2018	30 June 2019	30 September 2018	for the nine-month periods ended 30 June		for the nine-month periods ended 30 June <sup>(1)</sup>		for the nine-month periods ended 30 June <sup>(1)</sup>	
2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018
1,695	1,695	55,118	52,119	28,171	27,201	8,643	9,310	1,316	2,088	1,290	(851)

(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 nine-month period ended 30 September 2019 was determined based on financial statements that were prepared with reference to financial statements for the nine-month period ended 30 June 2019 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 nine-month period ended 30 June 2019 is not materially different from the income for the nine-month period ended 30 September 2019.

b) The fair value of investment in the associated company

As at 30 September 2019 and 31 December 2018, the fair value of investment in the associated company which is listed on the Stock Exchange of Thailand is as follows:

	(Unit: Million Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	30 September	31 December	30 September	31 December
	2019	2018	2019	2018
MBK Plc.	3,742	3,440	1,290	1,186

**7. Loans to customers and accrued interest receivables****7.1 Classified by loan type**

	(Unit: Million Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	30 September	31 December	30 September	31 December
	2019	2018	2019	2018
<u>Loans to customers</u>				
Overdrafts	15,386	16,370	15,386	16,370
Loans	271,339	272,137	271,084	269,987
Notes receivables	32,265	38,390	34,465	39,419
Hire purchase receivables	516,315	486,588	459,068	432,787
Financial lease receivables	2,262	2,167	1,579	1,540
Others	168	181	168	181
Less: Deferred revenues	(71,078)	(66,157)	(65,359)	(60,683)
Total loans to customers net of deferred revenues	766,657	749,676	716,391	699,601
Add: Accrued interest receivables	612	645	612	646
Total loans to customers and accrued interest receivables net of deferred revenues	767,269	750,321	717,003	700,247
Less: Allowance for doubtful accounts				
1) BOT's minimum requirement provision				
- Individual Approach	(7,895)	(8,110)	(5,251)	(4,752)
- Collective Approach	(8,414)	(7,090)	(8,414)	(7,090)
2) Excess provision	(6,398)	(8,438)	(6,342)	(7,820)
Less: Revaluation allowance for debt restructuring	-	(1)	-	(1)
Loans to customers and accrued interest receivables - net	744,562	726,682	696,996	680,584
<u>Securities business receivables</u>				
Credit balances receivables	3,436	3,791	-	-
Other receivables	8	31	-	-
Total securities business receivables	3,444	3,822	-	-
Less: Allowance for doubtful accounts	(5)	(13)	-	-
Securities business receivables - net	3,439	3,809	-	-
Loans to customers and accrued interest receivables - net	748,001	730,491	696,996	680,584



## 7.2 Non-performing loans

As at 30 September 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	
	30 September 2019	31 December 2018	30 September 2019	31 December 2018
Non-performing loans (excluding accrued interest receivables)				
Banking business	19,361	15,911	19,353	15,905
Securities business	37	45	-	-
Asset management business	117	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	
	30 September 2019	31 December 2018	30 September 2019	31 December 2018
Banking business	24,450	21,897	24,441	21,891
Securities business	37	45	-	-

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

### 7.3 Debt restructuring

During the nine-month periods ended 30 September 2019 and 2018, the Bank and its subsidiaries (which engaged in asset management) have entered into debt restructuring agreements with their debtors as follows:

Consolidated financial statements					
For the nine-month periods ended 30 September					
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 under agreement	Fair value of assets to be transferred under agreement Million Baht
<b>2019</b>					
Modification of repayment conditions	915	2,200	2,200		
Transfer of assets and/or ordinary shares and/or modification of repayment conditions	4	45	45	Land, buildings and ownership of condominium units	53
Total	919	2,245	2,245		
<b>2018</b>					
Modification of repayment conditions	874	1,662	1,652		
Total	874	1,662	1,652		

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

Separate financial statements					
For the nine-month periods ended 30 September					
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 under agreement	Fair value of assets to be transferred under agreement Million Baht
<b>2019</b>					
Modification of repayment conditions	913	2,197	2,197		
Transfer of assets and/or ordinary shares and/or modification of repayment conditions	4	45	45	Land, buildings and ownership of condominium units	53
Total	917	2,242	2,242		
<b>2018</b>					
Modification of repayment conditions	851	1,586	1,576		
Total	851	1,586	1,576		

(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 nine-month periods ended 30 September 2019 and 2018, are summarised below.

Consolidated financial statements				
For the nine-month periods ended 30 September				
Periods	2019		2018	
	Number of debtors	Outstanding balances after restructuring Million Baht	Number of debtors	Outstanding balances after restructuring Million Baht
Past due after restructuring	332	849	231	478
Due within the year	230	550	172	362
Less than 5 years	90	350	207	224
5 - 10 years	217	359	171	357
10 - 15 years	14	40	27	87
Over 15 years	36	97	66	144
<b>Total</b>	<b>919</b>	<b>2,245</b>	<b>874</b>	<b>1,652</b>

Separate financial statements				
For the nine-month periods ended 30 September				
Periods	2019		2018	
	Number of debtors	Outstanding balances after restructuring Million Baht	Number of debtors	Outstanding balances after restructuring Million Baht
Past due after restructuring	332	849	231	478
Due within the year	228	547	155	350
Less than 5 years	90	350	202	160
5 - 10 years	217	359	170	357
10 - 15 years	14	40	27	87
Over 15 years	36	97	66	144
<b>Total</b>	<b>917</b>	<b>2,242</b>	<b>851</b>	<b>1,576</b>

Supplemental information for the nine-month periods ended 30 September 2019 and 2018 relating to restructured loans is as follows:

(Unit: Million Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	2019	2018	2019	2018
Interest income recognised in the statements of comprehensive income	354	488	339	435
Cash repayment from receivables	1,679	1,886	1,634	1,648
Properties foreclosed received for debts settlement	55	8	55	8
Loss on debt restructuring (net of allowance for doubtful accounts as previously recorded)	-	9	-	9

As at 30 September 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	
	30 September 2019	31 December 2018	30 September 2019	31 December 2018	30 September 2019	31 December 2018
			Million Baht	Million Baht	Million Baht	Million Baht
Thanachart Bank Plc.	5,684	6,430	8,606	7,829	2,236	1,532
TS Asset Management Co., Ltd.	5	190	38	1,926	-	1,180

#### 7.4 Classified by classification

As at 30 September 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>					
	Net balances used in making					
	Loans and accrued interest		allowance for doubtful		Allowance for doubtful	
	receivables		accounts		accounts	
30 September	31 December	30 September	31 December	30 September	31 December	
2019	2018	2019	2018	2019	2018	
Normal	663,559	656,396	445,892	437,436	4,048	4,127
Special mention	32,274	27,759	29,535	25,868	2,771	2,438
Substandard	6,224	4,602	3,244	2,359	2,367	1,617
Doubtful	3,521	3,171	2,172	1,947	1,229	1,155
Doubtful of loss	9,734	9,724	3,972	3,959	3,247	3,562
<b>Total</b>	<b>715,312</b>	<b>701,652</b>	<b>484,815</b>	<b>471,569</b>	<b>13,662</b>	<b>12,899</b>
Additional allowance for possible uncollectability debts					6,398	8,218
<b>Total</b>					<b>20,060</b>	<b>21,117</b>

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

(Unit: Million Baht)

	Separate financial statements					
	Net balances used in making					
	Loans and accrued interest		allowance for doubtful		Allowance for doubtful	
	receivables		accounts		accounts	
30 September	31 December	30 September	31 December	30 September	31 December	
2019	2018	2019	2018	2019	2018	
Normal	665,412	656,652	448,091	438,168	4,070	4,134
Special mention	32,237	27,686	29,535	25,861	2,771	2,438
Substandard	6,222	4,503	3,244	2,333	2,367	1,590
Doubtful	3,517	3,153	2,172	1,947	1,229	1,155
Doubtful of loss	9,615	8,253	3,953	2,921	3,228	2,525
<b>Total</b>	<b>717,003</b>	<b>700,247</b>	<b>486,995</b>	<b>471,230</b>	<b>13,665</b>	<b>11,842</b>
Additional allowance for possible uncollectability debts					6,342	7,820
<b>Total</b>					<b>20,007</b>	<b>19,662</b>

	Percentage of allowance for doubtful accounts			
	The Banks' hire purchase receivables-			
	personal consumer <sup>(2)</sup>		Other loans	
	30 September 2019	31 December 2018	30 September 2019	31 December 2018
Normal	0.88	0.93	1	1
Special mention	10.05	9.60	2	2
Substandard	52.49	47.57	100	100
Doubtful	44.86	42.88	100	100
Doubtful of loss	53.59	42.75	100	100

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

## 7.5 Loans to companies which have settlement problems

As at 30 September 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	
	Number of debtors		Debt balances		Collateral value		in the accounts	
	30 September 2019	31 December 2018	30 September 2019	31 December 2018	30 September 2019	31 December 2018	30 September 2019	31 December 2018
		Million Baht	Million Baht	Million Baht	Million Baht	Million Baht	Million Baht	
1. Listed companies possible to delisting from the SET	3	5	196	200	2	2	2	3
2. Non - listed companies with similar operating results and financial position to listed companies possible to delisting from the SET	27	30	270	302	166	195	104	107
3. Companies which have loan settlement problems or have defaulted on the repayment	1,053	970	7,968	7,765	4,987	4,273	3,041	3,594

(Unaudited but reviewed)

	Separate financial statements										
	Number of debtors		Debt balances		Collateral value		Allowance for doubtful accounts provided in the accounts				
	30	31	30	31	30	31	30	31			
	September	December	September	December	September	December	September	December			
2019		2018		2019		2018		2019		2018	
		Million Baht		Million Baht		Million Baht		Million Baht		Million Baht	
1. Listed companies possible to delisting from the SET	1	3	195	199	-	-	2	3			
2. Non - listed companies with similar operating results and financial position to listed companies possible to delisting from the SET	23	28	266	300	166	195	100	105			
3. Companies which have loan settlement problems or have defaulted on the repayment	359	335	6,979	5,360	4,889	3,801	2,090	1,560			

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

As at 30 September 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	
	30 September	31 December	30 September	31 December	30 September	31 December
	2019	2018	2019	2018	2019	2018
Normal	3,407	3,777	-	-	3,407	3,777
Substandard	32	33	-	1	32	32
Doubtful	5	12	5	12	-	-
Total	3,444	3,822	5	13	3,439	3,809

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.

## 7.7 Hire purchase/financial lease receivables of subsidiaries classified by aging

As at 30 September 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)	
	30 September 2019	31 December 2018
Current or overdue not over 90 days	49,721	46,761
Overdue 91 - 365 days	1,041	831
Overdue more than 1 year	168	179
Debtors under legal actions	889	781
<b>Total</b>	<b>51,819</b>	<b>48,552</b>
Allowance for doubtful accounts provided in the accounts	2,647	2,521

## 8. Allowance for doubtful accounts

(Unit: Million Baht)

Consolidated financial statements									
For the nine-month period ended 30 September 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	(79)	333	750	74	2,573	(1,820)	1,831	163	1,994
Bad debts recovery	-	-	-	-	1,159	-	1,159	19	1,178
Bad debts written-off	-	-	-	-	(4,047)	-	(4,047)	(64)	(4,111)
<b>Balance - end of the period</b>	<b>4,048</b>	<b>2,771</b>	<b>2,367</b>	<b>1,229</b>	<b>3,247</b>	<b>6,398</b>	<b>20,060</b>	<b>2,652</b>	<b>22,712</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 nine-month period ended 30 September 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	(64)	333	777	74	3,813	(1,478)	3,455
Bad debts recovery	-	-	-	-	917	-	917
Bad debts written-off	-	-	-	-	(4,027)	-	(4,027)
Balance - end of the period	4,070	2,771	2,367	1,229	3,228	6,342	20,007

(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	4,134	2,438	1,590	1,155	2,525	7,820	19,662

**9. Revaluation allowance for debt restructuring**

(Unit: Million Baht)

	Consolidated financial statements		Separate financial statements	
	For the nine-month period ended 30 September 2019	For the year ended 31 December 2018	For the nine-month period ended 30 September 2019	For the year ended 31 December 2018
Balance - beginning of the period/year	1	1	1	1
Amortised during the period/year	(1)	-	(1)	-
Balance - end of the period/year	-	1	-	1

**10. Classification of assets**

As at 30 September 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					
	30 September 2019					
	Interbank and money market items	Loans to customers and accrued interest receivables	Investments	Properties foreclosed	Other assets	Total
Normal	125,185	663,559	-	-	140	788,884
Special mention	-	32,274	-	-	111	32,385
Substandard	-	6,224	-	-	16	6,240
Doubtful	-	3,521	-	-	11	3,532
Doubtful of loss	-	9,734	91	356	286	10,467
<b>Total</b>	<b>125,185</b>	<b>715,312</b>	<b>91</b>	<b>356</b>	<b>564</b>	<b>841,508</b>

(Unit: Million Baht)

	Consolidated financial statements					
	31 December 2018					
	Interbank and money market items	Loans to customers and accrued interest receivables	Investments	Properties foreclosed	Other assets	Total
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

30 September 2019

	Loans to		Investments	Properties		Total
	Interbank and money market items	customers and accrued interest receivables		foreclosed	Other assets	
Normal	127,535	665,412	-	-	140	793,087
Special mention	-	32,237	-	-	111	32,348
Substandard	-	6,222	-	-	16	6,238
Doubtful	-	3,517	-	-	11	3,528
Doubtful of loss	-	9,615	96	342	285	10,338
Total	127,535	717,003	96	342	563	845,539

(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

**11. Land, premises and equipment**

(Unit: Million Baht)

Consolidated financial statements						
For the nine-month period ended 30 September 2019						
	Revaluation basis		Cost basis			
	Land	Buildings and building improvements	Furniture, fixtures and equipment	Vehicles	Assets under installation	Total
<u>Cost / Revaluation</u>						
1 January 2019	5,465	2,059	6,740	63	92	14,419
Additions	-	-	120	2	60	182
Appraisal increase	1,684	1,570	-	-	-	3,254
Appraisal decrease	(1)	(4)	-	-	-	(5)
Transfers accumulated depreciation to deduct cost	-	(763)	-	-	-	(763)
Transfers/disposals	(109)	(40)	(103)	(8)	(124)	(384)
30 September 2019	7,039	2,822	6,757	57	28	16,703
<u>Accumulated depreciation</u>						
1 January 2019	-	767	5,528	49	-	6,344
Transfers accumulated depreciation to deduct cost	-	(763)	-	-	-	(763)
Transfers/disposals	-	(27)	(211)	(7)	-	(245)
Depreciation for the period	-	184	409	4	-	597
30 September 2019	-	161	5,726	46	-	5,933
<u>Allowance for impairment</u>						
1 January 2019	57	22	-	-	-	79
30 September 2019	57	22	-	-	-	79
<u>Net book value</u>						
30 September 2019	6,982	2,639	1,031	11	28	10,691
Depreciation charged for the nine-month periods ended 30 September						
2018						574
2019						597

(Unaudited but reviewed)

(Unit: Million Baht)

	Consolidated financial statements					
	For the year ended 31 December 2018					
	Revaluation basis		Cost basis			
	Land	Buildings and improvements	Furniture, fixtures and equipment	Vehicles	Assets under installation	Total
<u>Cost / Revaluation</u>						
1 January 2018	5,591	2,224	7,321	67	2	15,205
Additions	-	-	182	5	106	293
Transfers/disposals	(126)	(165)	(763)	(9)	(16)	(1,079)
31 December 2018	5,465	2,059	6,740	63	92	14,419
<u>Accumulated depreciation</u>						
1 January 2018	-	788	5,664	52	-	6,504
Transfers/disposals	-	(142)	(766)	(9)	-	(917)
Depreciation for the year	-	121	630	6	-	757
31 December 2018	-	767	5,528	49	-	6,344
<u>Allowance for impairment</u>						
1 January 2018	57	22	-	-	-	79
31 December 2018	57	22	-	-	-	79
<u>Net book value</u>						
31 December 2018	5,408	1,270	1,212	14	92	7,996

(Unaudited but reviewed)

(Unit: Million Baht)

	Separate financial statements					
	For the nine-month period ended 30 September 2019					
	Revaluation basis		Cost basis			
	Land	Buildings and improvements	Furniture, fixtures and equipment	Vehicles	Assets under installation	Total
<u>Cost / Revaluation</u>						
1 January 2019	5,391	2,052	6,076	6	83	13,608
Additions	-	-	98	-	42	140
Appraisal increase	1,684	1,522	-	-	-	3,206
Appraisal decrease	(1)	(3)	-	-	-	(4)
Transfers accumulated depreciation to deduct cost	-	(886)	-	-	-	(886)
Transfers/disposals	(109)	(22)	(67)	-	(111)	(309)
30 September 2019	6,965	2,663	6,107	6	14	15,755
<u>Accumulated depreciation</u>						
1 January 2019	-	867	4,938	5	-	5,810
Transfers accumulated depreciation to deduct cost	-	(886)	-	-	-	(886)
Transfers/disposals	-	(9)	(168)	-	-	(177)
Depreciation for the period	-	175	385	-	-	560
30 September 2019	-	147	5,155	5	-	5,307
<u>Allowance for impairment</u>						
1 January 2019	-	-	-	-	-	-
30 September 2019	-	-	-	-	-	-
<u>Net book value</u>						
30 September 2019	6,965	2,516	952	1	14	10,448
Depreciation charged for the nine-month periods ended 30 September						
2018						532
2019						560

(Unaudited but reviewed)

(Unit: Million Baht)

	Separate financial statements					
	For the year ended 31 December 2018					
	Revaluation basis	Cost basis				
	Land	Buildings and building improvements	Furniture, fixtures and equipment	Vehicles	Assets under installation	Total
<u>Cost / Revaluation</u>						
1 January 2018	5,517	2,094	6,166	10	1	13,788
Additions	-	-	165	-	98	263
Transfers/disposals	(126)	(42)	(255)	(4)	(16)	(443)
31 December 2018	5,391	2,052	6,076	6	83	13,608
<u>Accumulated depreciation</u>						
1 January 2018	-	775	4,609	8	-	5,392
Transfers/disposals	-	(19)	(261)	(4)	-	(284)
Depreciation for the year	-	111	590	1	-	702
31 December 2018	-	867	4,938	5	-	5,810
<u>Allowance for impairment</u>						
1 January 2018	-	-	-	-	-	-
31 December 2018	-	-	-	-	-	-
<u>Net book value</u>						
31 December 2018	5,391	1,185	1,138	1	83	7,798

As at 30 September 2019 and 31 December 2018, the Bank and its subsidiaries have buildings, office equipment and vehicles which have been fully depreciated but are still in use, with gross carrying amounts before deducting accumulated depreciation and allowance for impairment of approximately Baht 4,127 million and Baht 3,931 million, respectively (separate financial statements: Baht 3,697 million and Baht 3,514 million, respectively).

The Bank and its subsidiaries arranged for an independent professional appraiser to appraise the value of certain assets in 2018 on an asset-by-asset basis. The basis of the revaluation was as follows:

- Land were revalued using the market approach
- Buildings were revalued using the depreciated replacement cost approach.

(Unaudited but reviewed)

Had the land and buildings been carried in the financial statements on a historical cost basis, its net book value as of 30 September 2019 and 31 December 2018 would have been as follows:

(Unit: Million Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	30 September 2019	31 December 2018	30 September 2019	31 December 2018
Land				
Cost	3,966	4,049	3,895	3,978
Allowance for impairment	(57)	(57)	-	-
Net book value	<u>3,909</u>	<u>3,992</u>	<u>3,895</u>	<u>3,978</u>
Buildings				
Cost	2,019	2,059	2,030	2,052
Accumulated depreciation	(822)	(767)	(933)	(867)
Allowance for impairment	(22)	(22)	-	-
Net book value	<u>1,175</u>	<u>1,270</u>	<u>1,097</u>	<u>1,185</u>

Assumptions used in the valuation are summarised below.

	Consolidated	Separate	Result to fair value where as an increase in assumption value
	financial statements	financial statements	
Price per square wah (Baht)	6,500 - 1,500,000	12,000 - 1,500,000	Increase in fair value
Building construction cost per square meter (Baht)	2,126 - 100,000	2,126 - 100,000	Increase in fair value

### **Surplus on revaluation of assets**

Movements in surplus on revaluation of assets arising from revaluation of land and buildings of the Bank and its subsidiaries during the nine-month period ended 30 September 2019 and for the year ended 31 December 2018 are summarised below.

(Unit: Million Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	30 September 2019	31 December 2018	30 September 2019	31 December 2018
Balance - beginning of the period/year	1,493	1,544	1,490	1,541
Increased during the period/year	3,228	-	3,197	-
Transfer out during the period/year	(114)	(51)	(114)	(51)
Balance - end of the period/year	<u>4,607</u>	<u>1,493</u>	<u>4,573</u>	<u>1,490</u>

Surplus on revaluation of assets can neither be offset against deficit nor used for dividend distribution.



**12. Other assets**

(Unit: Million Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	30	31	30	31
	September	December	September	December
	2019	2018	2019	2018
Accrued premium insurance income	335	470	-	-
Other receivables	1,391	1,700	925	1,210
Accrued interest and dividend income receivables	482	394	414	1,012
VAT refundable	414	962	268	670
Prepaid leasehold rights	79	91	79	91
Other receivables - VAT paid in advance				
for customers	279	251	213	193
Deposits	239	248	245	254
Estimated insurance claims recoveries	246	259	-	-
Receivable from clearing house	109	64	-	-
Prepaid expenses	539	475	151	114
Deposits from derivative contracts	152	337	152	337
Reinsurance assets	908	707	-	-
Others	1,558	2,352	1,089	1,977
Total	6,731	8,310	3,536	5,858
Less: Allowance for impairment	(388)	(417)	(324)	(344)
Other assets - net	6,343	7,893	3,212	5,514

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

As at 30 September 2019, interbank and money market items in the consolidated financial statements included loans of a subsidiary company amounting to Baht 1,640 million, consisting of (i) a loan of Baht 450 million, repayable in full within 3 years from the date of the loan drawdown, and carrying interest at a fixed rate per annum, payable monthly, and (ii) a loan 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)

**14. Debt issued and borrowings**

As at 30 September 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 (Baht)	Issuance unit		Consolidated financial statements		Separate financial statements	
						30 September	31 December	30 September	31 December	30 September	31 December
						2019	2018	2019	2018	2019	2018
				(Percent per annum)		(Thousand units)	(Thousand units)				
1	Subordinated instruments issued under Tier II	Year 2014	Year 2024	6.00	1,000	-	13,000	-	12,930	-	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	-	1,700	-	1,400	-	-
4	Unsubordinated debentures	Year 2016	Year 2019	2.95, 3.00	1,000	-	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	1,970	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, 2.99	1,000	1,720	-	1,720	-	-	-
14	Unsubordinated debentures	Year 2019	Year 2022	2.94, 3.30	1,000	3,815	-	3,775	-	-	-
15	Unsubordinated debentures	Year 2019	Year 2022	2.96 - 3.10	1,000	795	-	795	-	-	-
16	Unsubordinated debentures	Year 2019	Year 2023	3.40	1,000	486	-	486	-	-	-
17	Unsubordinated debentures	Year 2019	Year 2024	3.50	1,000	594	-	594	-	-	-
18	Unsubordinated debentures	Year 2019	Year 2019	1.85, 1.88	1,000	10,500	-	10,473	-	10,473	-
19	Unsubordinated debentures	Year 2019	Year 2020	1.90, 1.93, 1.96	1,000	24,500	-	24,101	-	24,300	-
20	Structured notes		Year 2019					427	276	-	-
21	Promissory notes		At call	0.20 - 2.50				424	334	5	5
22	Promissory notes		Year 2019 - 2022	2.90, 3.30				201	289	-	-
<b>Total debt issued and borrowings</b>								<b>67,786</b>	<b>43,079</b>	<b>41,778</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. The Bank early redeemed instruments 1) in the second quarter of 2019.

Instruments 3), 5), 6), 8), 10), 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), 7), 9), 11), 12), 14), 16) and 17) 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.

## 15. Provisions

	(Unit: Million Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	30 September 2019	31 December 2018	30 September 2019	31 December 2018
Loss from litigation	617	599	617	599
Employee benefits payable	3,845	2,732	3,374	2,439
Obligations from off-balance items	128	134	128	134
Others	157	410	157	410
<b>Total</b>	<b>4,747</b>	<b>3,875</b>	<b>4,276</b>	<b>3,582</b>

## 16. Insurance contract liabilities

	Consolidated financial statements					
	30 September 2019			31 December 2018		
	Insurance contract liabilities	Reinsurance assets	Net	Insurance contract liabilities	Reinsurance assets	Net
Loss reserves and outstanding claims	1,779	(239)	1,540	1,590	(153)	1,437
Premium reserves	4,073	(669)	3,404	4,139	(554)	3,585
<b>Total</b>	<b>5,852</b>	<b>(908)</b>	<b>4,944</b>	<b>5,729</b>	<b>(707)</b>	<b>5,022</b>

(Unaudited but reviewed)

**17. Other liabilities**

(Unit: Million Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	30 September 2019	31 December 2018	30 September 2019	31 December 2018
Other payables	2,275	2,067	1,857	1,715
Suspense cash received from account receivables	1,274	2,044	1,119	1,912
Insurance premium payable	234	402	139	221
Income received in advance	1,975	1,759	1,953	1,731
Corporate income tax payable	846	989	562	557
Others	3,951	4,085	1,078	837
<b>Total other liabilities</b>	<b>10,555</b>	<b>11,346</b>	<b>6,708</b>	<b>6,973</b>

**18. Other components of equity**

(Unit: Million Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	30 September 2019	31 December 2018	30 September 2019	31 December 2018
<b>Surplus from business combination under common control</b>	(123)	(123)	-	-
<b>Surplus on revaluation of assets</b>	4,607	1,493	4,573	1,490
Less: The effect of deferred tax liabilities	(921)	(299)	(914)	(298)
<b>Net surplus on revaluation of assets</b>	<b>3,686</b>	<b>1,194</b>	<b>3,659</b>	<b>1,192</b>
<b>Revaluation surplus (deficit) on investments</b>				
Revaluation surplus on investments				
Available-for-sale investments				
Debt instruments	854	82	827	84
Equity instruments	706	762	108	133
<b>Total</b>	<b>1,560</b>	<b>844</b>	<b>935</b>	<b>217</b>

(Unaudited but reviewed)

(Unit: Million Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	30 September 2019	31 December 2018	30 September 2019	31 December 2018
Revaluation deficit on investments				
Available-for-sale investments				
Debt instruments	(17)	(597)	(12)	(587)
Equity instruments	(71)	(516)	(71)	(306)
Total	(88)	(1,113)	(83)	(893)
<b>Total revaluation surplus (deficit) on investments</b>	1,472	(269)	852	(676)
Add (less): The effect of deferred tax liabilities	(280)	69	(171)	135
<b>Net revaluation surplus (deficit) on investments</b>	1,192	(200)	681	(541)
<b>Share of other comprehensive income of the associate</b>	714	593	-	-
Less: The effect of deferred tax liabilities	(71)	(59)	-	-
<b>Net share of other comprehensive income of the associate</b>	643	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>	<b>5,434</b>	<b>1,441</b>	<b>4,340</b>	<b>651</b>

**19. 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 30 September 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)	
	<u>30 September 2019</u>	<u>31 December 2018</u>
<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	5,531	4,603
Retained earnings - unappropriated	66,624	56,092
Other components of equity - Revaluation surplus on land - net	2,460	1,141
Other components of equity - Revaluation surplus on buildings - net	1,136	-
Other components of equity - Revaluation surplus (deficit) on investments in equity securities - net	29	(139)
Other components of equity - Revaluation surplus (deficit) on investments in debt securities - net	652	(402)
	<u>139,182</u>	<u>124,045</u>
Less: goodwill	(17,941)	(17,941)
Less: intangible assets	(1,377)	(1,623)
Total Common Equity Tier I capital	<u>119,864</u>	<u>104,481</u>
Total Tier I capital	<u>119,864</u>	<u>104,481</u>
<b><u>Tier II capital</u></b>		
Reserve for assets classified as normal	7,588	7,448
Subordinated debentures	7,000	20,000
	<u>14,588</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)
Total Tier II capital	<u>14,588</u>	<u>27,378</u>
Total capital funds	<u>134,452</u>	<u>131,859</u>

On 25 July 2019, the Board of Directors of the Bank passed a resolution to allocate amounting Baht 576 million of net income for the six-month period ended 30 June 2019 to statutory reserve. The remaining net income of Baht 7,694 million was allocated as capital funds of the Bank.

As at 30 September 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:

	30 September 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)	19.39	11.00	19.45	10.375
Total Common Equity Tier I to risk-weighted assets (percent)	17.28	7.00	15.42	6.375
Total Tier I to risk-weighted assets (percent)	17.28	8.50	15.42	7.875

The Bank disclosed qualitative and quantitative information regarding capital maintenance as at 30 June 2019 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 October 2019.

In addition, the Bank disclosed the maintaining Liquidity Coverage Ratio as at 30 June 2019 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 October 2019.

## 20. Dividends

During the nine-month periods ended 30 September 2019 and 2018, the Bank has dividends payments as follow:

Dividends	Approved by	Total dividends	Dividend per share
		Million Baht	Baht
Interim dividends on net income for the first half of the year 2019	The Board of Directors of the Bank on 25 July 2019	3,259	0.53732
Dividends on net income for the year 2018	Annual General Meeting of the Shareholders on 24 April 2019	3,524	0.581
Total		6,783	
Interim dividends on net income for the first half of the year 2018	The Board of Directors of the Bank on 23 August 2018	3,093	0.51
Dividends on net income for the year 2017	Annual General Meeting of the Shareholders on 25 April 2018	3,154	0.52
Total		6,247	

**21. Interest income**

Interest income for the three-month and nine-month periods ended 30 September 2019 and 2018 consisted of the following:

(Unit: Million Baht)

	For the three-month periods ended 30 September			
	Consolidated		Separate	
	financial statements		financial statements	
	2019	2018	2019	2018
Interbank and money market items	496	458	488	455
Investments and trading transactions	12	39	12	39
Investments in debt securities	653	636	622	605
Loans to customers	4,270	4,425	4,231	4,350
Hire purchase and financial lease	6,839	6,119	5,992	5,342
<b>Total interest income</b>	<b>12,270</b>	<b>11,677</b>	<b>11,345</b>	<b>10,791</b>

(Unit: Million Baht)

	For the nine-month periods ended 30 September			
	Consolidated		Separate	
	financial statements		financial statements	
	2019	2018	2019	2018
Interbank and money market items	1,429	1,371	1,410	1,372
Investments and trading transactions	111	72	112	72
Investments in debt securities	1,949	1,937	1,840	1,847
Loans to customers	12,779	13,130	12,630	12,901
Hire purchase and financial lease	20,254	17,900	17,748	15,653
<b>Total interest income</b>	<b>36,522</b>	<b>34,410</b>	<b>33,740</b>	<b>31,845</b>



**22. Interest expenses**

Interest expenses for the three-month and nine-month periods ended 30 September 2019 and 2018 consisted of the following:

(Unit: Million Baht)

	For the three-month periods ended 30 September			
	Consolidated		Separate	
	financial statements		financial statements	
	2019	2018	2019	2018
Deposits	2,607	2,258	2,612	2,262
Interbank and money market items	234	276	177	219
Contribution fee to FIDF and the Deposit Protection Agency	948	869	948	869
Debts issued and borrowings				
- Unsubordinated debentures and short-term debentures	340	147	167	-
- Subordinated instruments	82	278	82	278
- Others	4	4	-	-
Borrowings cost	4	3	1	-
<b>Total interest expenses</b>	<b>4,219</b>	<b>3,835</b>	<b>3,987</b>	<b>3,628</b>

(Unit: Million Baht)

	For the nine-month periods ended 30 September			
	Consolidated		Separate	
	financial statements		financial statements	
	2019	2018	2019	2018
Deposits	7,468	6,767	7,483	6,777
Interbank and money market items	814	717	610	548
Contribution fee to FIDF and the Deposit Protection Agency	2,765	2,601	2,765	2,601
Debts issued and borrowings				
- Unsubordinated debentures and short-term debentures	697	426	215	-
- Subordinated instruments	604	826	605	827
- Others	14	11	-	-
Borrowings cost	11	7	3	-
<b>Total interest expenses</b>	<b>12,373</b>	<b>11,355</b>	<b>11,681</b>	<b>10,753</b>

**23. Fees and service income**

Fees and service income for the three-month and nine-month periods ended 30 September 2019 and 2018 consisted of the following:

(Unit: Million Baht)

	For the three-month periods ended 30 September			
	Consolidated		Separate	
	financial statements		financial statements	
	2019	2018	2019	2018
Fees and service income				
Acceptance, aval and guarantees	47	54	47	54
Brokerage fee from securities/derivatives	301	299	-	-
ATM and electronic banking services	214	230	214	230
Hire purchase fee income	386	405	348	366
Insurance brokerage fee income	490	450	565	574
Management fees	388	371	-	-
Credit card fee	292	295	292	296
Others	311	410	403	431
Total fees and service income	2,429	2,514	1,869	1,951
Fees and service expenses	(886)	(884)	(820)	(827)
Net fees and service income	1,543	1,630	1,049	1,124

(Unit: Million Baht)

	For the nine-month periods ended 30 September			
	Consolidated		Separate	
	financial statements		financial statements	
	2019	2018	2019	2018
Fees and service income				
Acceptance, aval and guarantees	131	138	131	138
Brokerage fee from securities/derivatives	761	1,013	-	-
ATM and electronic banking services	639	666	639	666
Hire purchase fee income	1,169	1,197	1,055	1,084
Insurance brokerage fee income	1,534	1,377	1,757	1,704
Management fees	1,119	1,098	-	-
Credit card fee	905	855	905	856
Others	961	1,205	1,199	1,223
Total fees and service income	7,219	7,549	5,686	5,671
Fees and service expenses	(2,735)	(2,653)	(2,567)	(2,478)
Net fees and service income	4,484	4,896	3,119	3,193

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

Gains on trading and foreign exchange transactions for the three-month and nine-month periods ended 30 September 2019 and 2018 consisted of the following:

(Unit: Million Baht)

	For the three-month periods ended 30 September			
	Consolidated		Separate	
	financial statements		financial statements	
	2019	2018	2019	2018
Foreign exchange and derivatives contract				
relating to foreign exchange	53	102	53	102
Derivatives contract relating to interest rate	9	(9)	9	(9)
Debt securities	134	(52)	134	(52)
Equity securities	(174)	101	-	-
Others	186	(89)	-	-
<b>Total</b>	<b>208</b>	<b>53</b>	<b>196</b>	<b>41</b>

(Unit: Million Baht)

	For the nine-month periods ended 30 September			
	Consolidated		Separate	
	financial statements		financial statements	
	2019	2018	2019	2018
Foreign exchange and derivatives contract				
relating to foreign exchange	252	264	252	264
Derivatives contract relating to interest rate	19	(17)	19	(17)
Debt securities	243	(48)	243	(48)
Equity securities	(65)	(219)	-	-
Others	104	283	-	-
<b>Total</b>	<b>553</b>	<b>263</b>	<b>514</b>	<b>199</b>

**25. Gains (losses) on investments**

Gains (losses) on investments for the three-month and nine-month periods ended 30 September 2019 and 2018 consisted of the following:

(Unit: Million Baht)

	For the three-month periods ended 30 September			
	Consolidated		Separate	
	financial statements		financial statements	
	2019	2018	2019	2018
Gains (losses) on disposal				
Available-for-sale securities	308	(609)	279	(608)
General investments	29	-	29	-
<b>Total</b>	<b>337</b>	<b>(609)</b>	<b>308</b>	<b>(608)</b>

(Unit: Million Baht)

	For the nine-month periods ended 30 September			
	Consolidated		Separate	
	financial statements		financial statements	
	2019	2018	2019	2018
Gains (losses) on disposal				
Available-for-sale securities	445	(148)	445	(179)
General investments	29	-	29	-
Investment in the associated company	-	16	-	15
Reversal of losses on impairment				
General investments	-	2	-	2
Gains on capital refund				
General investments	-	22	-	22
<b>Total</b>	<b>474</b>	<b>(108)</b>	<b>474</b>	<b>(140)</b>

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

Impairment losses of loans and debt securities for the three-month and nine-month periods ended 30 September 2019 and 2018 consisted of the following:

(Unit: Million Baht)

	For the three-month periods ended 30 September			
	Consolidated		Separate	
	financial statements		financial statements	
	2019	2018	2019	2018
Impairment losses of loans (reversal)				
Loans to customers	1,098	1,187	1,395	1,151
Interbank and money market items	(7)	47	(7)	51
<b>Total</b>	<b>1,091</b>	<b>1,234</b>	<b>1,388</b>	<b>1,202</b>

(Unit: Million Baht)

	For the nine-month periods ended 30 September			
	Consolidated		Separate	
	financial statements		financial statements	
	2019	2018	2019	2018
Impairment losses of loans (reversal)				
Loans to customers	3,054	4,098	3,506	3,866
Interbank and money market items	(9)	(33)	-	(27)
Amortisation of revaluation allowance for debts restructured during the period	(1)	-	(1)	-
<b>Total</b>	<b>3,044</b>	<b>4,065</b>	<b>3,505</b>	<b>3,839</b>

**27. Income tax**

Income tax expenses for the three-month and nine-month periods ended 30 September 2019 and 2018 are as follows:

(Unit: Million Baht)

	For the three-month periods ended 30 September			
	Consolidated		Separate	
	financial statements		financial statements	
	2019	2018	2019	2018
<b>Current income tax:</b>				
Interim corporate income tax	959	742	628	476
<b>Deferred tax:</b>				
Relating to origination and reversal of temporary differences	62	173	93	173
<b>Income tax expenses reported in statements of comprehensive income</b>	<b>1,021</b>	<b>915</b>	<b>721</b>	<b>649</b>

(Unit: Million Baht)

	For the nine-month periods ended 30 September			
	Consolidated		Separate	
	financial statements		financial statements	
	2019	2018	2019	2018
<b>Current income tax:</b>				
Interim corporate income tax	2,669	1,589	1,778	779
Adjustment in respect of income tax from previous year	36	10	33	-
<b>Deferred tax:</b>				
Relating to origination and reversal of temporary differences	236	40	275	49
<b>Income tax expenses reported in statements of comprehensive income</b>	<b>2,941</b>	<b>1,639</b>	<b>2,086</b>	<b>828</b>

(Unaudited but reviewed)

The amounts of income tax relating to each component of other comprehensive income for the three-month and nine-month periods ended 30 September 2019 and 2018 are as follows:

(Unit: Million Baht)

	For the three-month periods ended 30 September			
	Consolidated		Separate	
	financial statements		financial statements	
	2019	2018	2019	2018
Deferred tax relating to gains on changes in value of available-for-sale investments	115	24	114	4
Deferred tax relating to actuarial loss on defined benefit plan	(108)	-	(94)	-
Deferred tax relating to share of other comprehensive income of the associate	1	(13)	-	-
	<u>8</u>	<u>11</u>	<u>20</u>	<u>4</u>

(Unit: Million Baht)

	For the nine-month periods ended 30 September			
	Consolidated		Separate	
	financial statements		financial statements	
	2019	2018	2019	2018
Deferred tax relating to surplus on revaluation of assets	649	-	640	-
Deferred tax relating to gains (losses) on changes in value of available-for-sale investments	348	(263)	306	(249)
Deferred tax relating to actuarial loss on defined benefit plan	(108)	-	(94)	-
Deferred tax relating to share of other comprehensive income of the associate	13	(9)	-	-
	<u>902</u>	<u>(272)</u>	<u>852</u>	<u>(249)</u>

**28. Components of other comprehensive income**

Components of other comprehensive income for the three-month and nine-month periods ended 30 September 2019 and 2018 consisted of the following:

	(Unit: Million Baht)			
	For the three-month periods ended 30 September			
	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 (losses) during the period	882	(490)	847	(587)
Less: Reclassification of adjustment for the realised gains that included in profit or loss	(308)	609	(279)	608
	574	119	568	21
Share of other comprehensive income of the associate (loss)	8	(125)	-	-
Other comprehensive income for the period (loss)	582	(6)	568	21
Impact from related income tax				
Income tax - gains on changes in value of available-for-sale investments				
	(115)	(24)	(114)	(4)
Income tax - share of other comprehensive income of the associate				
	(1)	13	-	-
Impact from related income tax	(116)	(11)	(114)	(4)
	466	(17)	454	17
<i>Transactions that will never be reclassified subsequently to profit or loss</i>				
Actuarial loss on defined benefit plan	(540)	-	(467)	-
Other comprehensive income for the period (loss)	(540)	-	(467)	-
Impact from related income tax				
Income tax - actuarial loss on defined benefit plan				
	108	-	94	-
Impact from related income tax	108	-	94	-
	(432)	-	(373)	-
Other comprehensive income for the period - net of related income tax (loss)	34	(17)	81	17



(Unaudited but reviewed)

(Unit: Million Baht)

For the nine-month periods ended 30 September

	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 (losses) during the period	2,186	(1,466)	1,973	(1,425)
Less: Reclassification of adjustment for the realised gains that included in profit or loss	(445)	148	(445)	179
	1,741	(1,318)	1,528	(1,246)
Share of other comprehensive income of the associate (loss)	-	(87)	-	-
Other comprehensive income for the period (loss)	1,741	(1,405)	1,528	(1,246)
Impact from related income tax				
Income tax - (gains) losses on changes in value of available-for-sale investments	(348)	263	(306)	249
Income tax - share of other comprehensive income of the associate	-	9	-	-
Impact from related income tax	(348)	272	(306)	249
	1,393	(1,133)	1,222	(997)
<i>Transactions that will never be reclassified subsequently to profit or loss</i>				
Surplus on revaluation of assets	3,246	-	3,197	-
Share of other comprehensive income in the associate	127	-	-	-
Actuarial loss on defined benefit plan	(541)	-	(467)	-
Other comprehensive income for the period	2,832	-	2,730	-
Impact from related income tax				
Income tax - surplus on revaluation of assets	(649)	-	(640)	-
Income tax - share of other comprehensive income of the associate	(13)	-	-	-
Income tax - actuarial loss on defined benefit plan	108	-	94	-
Impact from related income tax	(554)	-	(546)	-
	2,278	-	2,184	-
Other comprehensive income for the period - net of related income tax (loss)	3,671	(1,133)	3,406	(997)

**29. 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 issued during the periods.

	For the three-month periods ended 30 September			
	Consolidated		Separate	
	financial statements		financial statements	
	2019	2018	2019	2018
Profit for the period (Million Baht)	4,054	3,540	5,593	2,896
Earnings per share (Baht/share)	0.67	0.58	0.92	0.48
Weighted average number of ordinary shares (Million shares)	6,065	6,065	6,065	6,065

	For the nine-month periods ended 30 September			
	Consolidated		Separate	
	financial statements		financial statements	
	2019	2018	2019	2018
Profit for the period (Million Baht)	11,296	11,140	17,122	9,799
Earnings per share (Baht/share)	1.86	1.84	2.82	1.62
Weighted average number of ordinary shares (Million shares)	6,065	6,065	6,065	6,065

**30. 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 30 September				Transfer pricing policy (For the period 2019)
	Consolidated		Separate		
	financial statements	financial statements	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	1,250	363	1,250	363	At market price
Sales of debt securities	5,806	289	5,806	289	At market price
Income on supporting service	1	1	1	1	At the rate agreed under the service contract
Interest expenses	-	1	-	1	
Rental expenses	1	1	1	1	At the rate agreed under the rental contract
Other expenses	2	10	2	10	
Dividend payment	1,661	1,576	1,661	1,576	As declared
<b>Subsidiary companies</b>					
Purchase of debt securities	-	-	1,460	1,089	At market price
Sales of debt securities	-	-	700	699	At market price
(Related loss)	-	-	-	1	
Purchase/sales of forward exchange contracts	-	-	6	2	At market price
Sales of fixed assets	-	-	1	-	At the rate agreed under the contract
Interest income	-	-	71	59	At interest rate of 1.70 - 2.25 and 7.18 percent per annum
Dividend income	-	-	2,712	256	As declared
Fees and service income	-	-	370	327	At the rate agreed under the service contract
Income on supporting service	-	-	25	49	At the rate agreed under the service contract
Other income	-	-	5	8	
Interest expenses	-	-	18	21	At interest rate of 0.13 - 2.00 percent per annum
Fees and service expenses	-	-	14	18	At the rate agreed under the service contract
Other expenses	-	-	58	49	

(Unaudited but reviewed)

(Unit: Million Baht)

	For the three-month periods ended 30 September				Transfer pricing policy (For the period 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	21	As declared
Rental expenses	19	22	12	15	At the rate agreed under the rental contract
<b>Related companies</b>					
Purchase of debt securities	2,366	681	2,366	681	At market price
Sales of debt securities	2,085	1,521	2,085	1,521	At market price
(Related gain)	4	-	4	-	
Purchase/sales of forward exchange contracts	111	1,093	108	1,091	At market price
Interest income	71	57	71	57	At interest rate of 1.99 - 5.20 and 6.08 - 7.43 percent per annum
Fees and service income	1	1	1	1	At the rate agreed under the service contract
Income on supporting service	1	1	1	1	At the rate agreed under the service contract
Other income	1	-	-	-	
Interest expenses	60	93	60	93	At interest rate of 0.13 - 2.95 percent per annum
Rental expenses	43	39	22	20	At the rate agreed under the rental contract
Insurance expenses	10	6	-	-	At the rate agreed under the service contract
Other expenses	9	10	6	7	
Dividend payment	1,597	1,516	1,597	1,516	As declared

(Unaudited but reviewed)

(Unit: Million Baht)

	For the nine-month periods ended 30 September				Transfer pricing policy (For the period 2019)
	Consolidated		Separate		
	financial statements		financial statements		
	2019	2018	2019	2018	
<b>Transactions occurred during the periods</b>					
<b>Parent company</b>					
Purchase of debt securities	1,495	957	1,495	957	At market price
Sales of debt securities	10,829	375	10,829	375	At market price
(Related gain)	1	-	1	-	
Income on supporting service	4	4	4	4	At the rate agreed under the service contract
Other income	1	1	-	-	
Interest expenses	1	1	1	1	At interest rate of 0.40 - 0.85 percent per annum
Rental expenses	4	4	4	4	At the rate agreed under the rental contract
Other expenses	22	29	22	29	
Dividend payment	3,456	3,183	3,456	3,183	As declared
<b>Subsidiary companies</b>					
Purchase of debt securities	-	-	2,318	2,620	At market price
Sales of debt securities	-	-	4,771	3,143	At market price
(Related gain (loss))	-	-	2	(1)	
Purchase/sales of forward exchange contracts	-	-	6	3	At market price
Sales of fixed assets	-	-	1	-	At the rate agreed under the contract
Interest income	-	-	192	179	At interest rate of 1.70 - 2.45, 7.18 and 7.43 percent per annum
Dividend income	-	-	8,614	1,372	As declared
Fees and service income	-	-	1,042	992	At the rate agreed under the service contract
Income on supporting service	-	-	98	147	At the rate agreed under the service contract
Other income	-	-	19	17	
Interest expenses	-	-	55	62	At interest rate 0.13 - 2.00 percent per annum
Fees and service expenses	-	-	44	52	At the rate agreed under the service contract
Other expenses	-	-	145	133	

	For the nine-month periods ended 30 September				Transfer pricing policy (For the period 2019)
	Consolidated		Separate		
	financial statements	financial statements	financial statements	financial statements	
	2019	2018	2019	2018	
<b>Transactions occurred during the periods (continued)</b>					
<b>Associated company</b>					
Dividend income	-	-	44	43	As declared
Other income	1	-	-	-	
Interest expenses	1	-	1	-	At interest rate of 0.40 percent per annum
Rental expenses	61	66	40	45	At the rate agreed under the rental contract
Other expenses	2	3	1	1	
<b>Related companies</b>					
Purchase of debt securities	4,021	5,168	4,021	5,168	At market price
Sales of debt securities	4,035	4,629	4,035	4,629	At market price
(Related gain)	4	-	4	-	
Purchase/sales of forward exchange contracts	605	20,130	602	20,128	At market price
Interest income	219	161	219	161	At interest rate of 1.99 - 5.20 and 6.08 - 7.43 percent per annum
Dividend income	30	30	19	18	As declared
Fees and service income	2	2	2	2	At the rate agreed under the service contract
Income on supporting service	4	4	4	4	At the rate agreed under the service contract
Other income	2	2	-	-	
Interest expenses	262	252	262	252	At interest rate of 0.13 - 2.95 percent per annum
Rental expenses	125	117	64	60	At the rate agreed under the rental contract
Insurance expenses	31	13	-	-	At the rate agreed under the service contract
Other expenses	26	31	20	21	
Dividend payment	3,323	3,061	3,323	3,061	As declared

(Unaudited but reviewed)

The outstanding balances of the above transactions during the nine-month periods ended 30 September 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	82	344	82	344
<b><u>Subsidiary companies</u></b>				
Interbank and money market items (assets)	-	-	2,185	3,272
Loans to customers	-	-	1,705	1,629
Deposits	-	-	2,417	1,572
Interbank and money market items (liabilities)	-	-	313	266
<b><u>Associated company</u></b>				
Deposits	138	102	138	102
<b><u>Related companies</u></b>				
Interbank and money market items (assets)	12	81	12	81
Loans to customers	6,297	5,835	6,297	5,596
Deposits	1,617	2,049	1,617	2,049
Interbank and money market items (liabilities)	10,822	13,025	10,822	13,025
Debt issued and borrowings	240	456	240	456

As at 30 September 2019 and 31 December 2018, the significant outstanding balances of the above transactions are as follows:

	(Unit: Million Baht)						
	Consolidated financial statements						
	30 September 2019						
	Assets			Liabilities			
	Interbank and money market items	Loans to customers and interest receivables	Other assets	Deposits	Interbank and money market items	Other liabilities	Commitments
<b><u>Parent company</u></b>							
Thanachart Capital Plc.	-	-	2	40	-	-	-
<b><u>Associated company</u></b>							
MBK Plc.	-	-	88	64	-	1	-
<b><u>Related companies</u></b>							
Other related companies	5	5,617	64	1,546	3,519	21	1,082
	5	5,617	154	1,650	3,519	22	1,082

## (Unaudited but reviewed)

(Unit: Million Baht)

Consolidated 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.	-	-	195	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
	11	5,575	274	1,939	13,054	400	315	1,348

(Unit: Million Baht)

Separate financial statements								
30 September 2019								
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.	-	-	1	40	-	-	-	-
<b>Subsidiary companies</b>								
Thanachart Group Leasing Co., Ltd.	-	-	-	8	-	-	-	-
Thanachart Securities Plc.	2,350	-	7	-	170	-	3	33
Thanachart Insurance Plc.	-	-	69	189	-	198	85	50
Thanachart Broker Co., Ltd.	-	-	4	183	-	-	-	-
TS Asset Management Co., Ltd.	-	-	-	1,923	-	-	1	-
Ratchthani Leasing Plc.	-	2,200	-	433	-	-	1	30
Other subsidiary companies	-	-	91	155	392	-	7	-
<b>Associated company</b>								
MBK Plc.	-	-	39	64	-	-	1	-
<b>Related companies</b>								
Other related companies	5	5,617	40	1,546	3,519	-	14	1,079
	2,355	7,817	251	4,541	4,081	198	112	1,192



(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
	1,461	6,605	828	3,739	13,279	470	420	1,458

As at 30 September 2019, the Bank has loans to Ratchthani Leasing Plc. amounting to Baht 2,200 million, carrying interest at rate of 1.90 percent per annum (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 30 September 2019, the Bank and its subsidiaries have investments amounting to approximately Baht 853 million (Baht 355 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).

(Unaudited but reviewed)

As at 30 September 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	
	30 September 2019	31 December 2018	30 September 2019	31 December 2018
Loans to customers	73	103	65	96
Deposits	1,350	1,204	1,350	1,204

#### Directors and management's remuneration

During the three-month and nine-month periods ended 30 September 2019 and 2018, the Bank and its subsidiaries recorded the following benefits to their key management personnel, including directors, totaled 113 persons and 108 persons, respectively (the separate financial statements: 37 persons and 41 persons, respectively):

(Unit: Million Baht)

	For the three-month periods ended 30 September			
	Consolidated		Separate	
	financial statements		financial statements	
	2019	2018	2019	2018
Short-term employee benefits	137	127	69	68
Post-employment benefits	5	4	3	2
	<u>142</u>	<u>131</u>	<u>72</u>	<u>70</u>

(Unit: Million Baht)

	For the nine-month periods ended 30 September			
	Consolidated		Separate	
	financial statements		financial statements	
	2019	2018	2019	2018
Short-term employee benefits	413	416	211	232
Post-employment benefits	15	12	9	6
	<u>428</u>	<u>428</u>	<u>220</u>	<u>238</u>

**31. 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 30 September 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	6,481	912	(35)	45	61	4	631	(48)	8,051
Net insurance income	-	-	-	-	458	-	-	228	686
Other operating income	1,143	197	3,261	664	55	69	270	(3,065)	2,594
Other operating expenses	(3,861)	(352)	(44)	(301)	(266)	(20)	(243)	98	(4,989)
Impairment losses of loans and debt securities	(1,757)	279	90	-	-	309	(50)	38	(1,091)
Profit before income tax	2,006	1,036	3,272	408	308	362	608	(2,749)	5,251
Income tax	(401)	(207)	(113)	(78)	(62)	(68)	(123)	31	(1,021)
Profit before non-controlling interest	1,605	829	3,159	330	246	294	485	(2,718)	4,230

(Unaudited but reviewed)

(Unit: Million Baht)

For the three-month period ended 30 September 2018

	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	6,135	979	49	53	53	16	599	(42)	7,842
Net insurance income	-	-	-	-	491	-	-	253	744
Other operating income	1,210	231	(171)	619	36	10	267	(532)	1,670
Other operating expenses	(3,586)	(378)	278	(303)	(260)	(14)	(228)	118	(4,373)
Impairment losses of loans and debt securities	(1,442)	(74)	314	-	-	8	(71)	31	(1,234)
Profit before income tax	2,317	758	470	369	320	20	567	(172)	4,649
Income tax	(463)	(152)	(34)	(71)	(64)	(12)	(109)	(10)	(915)
Profit before non-controlling interest	1,854	606	436	298	256	8	458	(182)	3,734

(Unaudited but reviewed)

(Unit: Million Baht)

For the nine-month period ended 30 September 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	19,635	2,634	(210)	132	174	27	1,897	(140)	24,149
Net insurance income	-	-	-	-	1,451	-	-	692	2,143
Other operating income	3,537	556	9,910	3,420	837	20	865	(12,005)	7,140
Other operating expenses	(10,848)	(1,011)	(1,490)	(875)	(805)	(52)	(752)	290	(15,543)
Impairment losses of loans and debt securities	(4,959)	369	1,085	1	-	603	(111)	(32)	(3,044)
Profit before income tax	7,365	2,548	9,295	2,678	1,657	598	1,899	(11,195)	14,845
Income tax	(1,473)	(508)	(105)	(528)	(328)	(127)	(383)	511	(2,941)
Profit before non-controlling interest	5,892	2,040	9,190	2,150	1,329	471	1,516	(10,684)	11,904

(Unaudited but reviewed)

(Unit: Million Baht)

For the nine-month period ended 30 September 2018

	Banking business							Eliminations	Consolidated
				Securities					
	Retail	Corporate and SME	Treasury & Investment and others	and fund management business	Non-life insurance business	Asset management business	Other businesses		
Net interest income	18,081	2,895	116	155	149	57	1,721	(119)	23,055
Net insurance income	-	-	-	-	1,463	-	-	717	2,180
Other operating income	3,668	633	1,756	2,009	134	32	822	(2,184)	6,870
Other operating expenses	(10,600)	(1,141)	(942)	(917)	(737)	(41)	(667)	331	(14,714)
Impairment losses of loans and debt securities	(3,469)	405	(775)	-	-	40	(302)	36	(4,065)
Profit before income tax	7,680	2,792	155	1,247	1,009	88	1,574	(1,219)	13,326
Income tax	(1,536)	(558)	1,266	(242)	(202)	(42)	(308)	(17)	(1,639)
Profit before non-controlling interest	6,144	2,234	1,421	1,005	807	46	1,266	(1,236)	11,687

Assets for segment of the Bank and its subsidiaries as at 30 September 2019 and 31 December 2018 are as follows:

(Unit: Million Baht)

	Banking business							Eliminations	Consolidated
				Securities					
	Retail	Corporate and SME	Treasury & Investment and others	and fund management business	Non-life insurance business	Asset management businesses	Other businesses		
Assets for segment									
As at 30 September 2019	563,809	164,841	279,255	9,522	14,339	2,841	51,410	(20,656)	1,065,361
As at 31 December 2018	536,719	177,411	269,994	9,557	14,494	2,573	48,496	(12,632)	1,046,612

**32. Encumbrance of assets**

As at 30 September 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	
	30 September 2019	31 December 2018	30 September 2019	31 December 2018
Interbank and money market items (assets)				
Guarantee placed with the registrar	750	750	-	-
Placed with court for stay of execution	1	2	-	-
Placed with Office of Insurance Commission	3	2	-	-
Investments in securities				
Guarantee placed with the registrar	20	18	-	-
Placed with derivative contract	43	-	-	-
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	57	18	53	3
	<u>887</u>	<u>804</u>	<u>59</u>	<u>9</u>

### 33. Commitments and contingent liabilities

As at 30 September 2019 and 31 December 2018, significant commitments and contingent liabilities consisted of:

#### 33.1 Commitments

(Unit: Million Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	30 September 2019	31 December 2018	30 September 2019	31 December 2018
Aval to bills	159	303	159	303
Guarantees of loans	2,359	2,402	2,359	2,402
Liability under unmatured import bills	291	283	291	283
Letter of credits	1,202	759	1,202	759
Other obligations				
Committed (but not drawn) overdraft	21,829	22,341	21,829	22,341
Others	62,478	61,018	62,439	60,994
<b>Total</b>	<b>88,318</b>	<b>87,106</b>	<b>88,279</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 4 to the financial statements.

**33.2** As at 30 September 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	465	8	428	8	17
2020	1,548	10	1,455	10	-
2021 onward	1,579	-	1,338	-	-

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.



### **33.3 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 30 September 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 30 September 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 34 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 30 September 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.

#### 34. Contingent liabilities/Litigation

As at 30 September 2019, the Bank and its subsidiaries have contingent liabilities amounting to approximately Baht 2,085 million (separate financial statements: Baht 1,942 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.

#### 35. Letter of guarantees

As at 30 September 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).

#### 36. Fair value of financial instruments

As at 30 September 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				
	30 September 2019				
	Book value	Fair value			
	Total	Level 1	Level 2	Level 3	
Derivatives assets	3,245	3,245	2	3,243	-
Investments	115,038	115,038	4,193	110,845	-
Derivatives liabilities	3,311	3,311	57	3,254	-

(Unaudited but reviewed)

(Unit: Million Baht)

Consolidated financial statements					
31 December 2018					
Book value	Fair 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					
30 September 2019					
Book value	Fair value				
	Total	Level 1	Level 2	Level 3	
Derivatives assets	3,234	3,234	-	3,234	-
Investments	105,880	105,880	1,521	104,359	-
Derivatives liabilities	3,254	3,254	-	3,254	-

(Unit: Million Baht)

Separate financial statements					
31 December 2018					
Book value	Fair 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

- 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.
- 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.

### **37. Approval of interim financial statements**

These interim financial statements were authorised for issue by Audit Committee on 11 November 2019.