

Thanachart Capital Public Company Limited  
and its subsidiaries  
Report and interim financial statements  
30 September 2018

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

To the Shareholders of Thanachart Capital Public Company Limited

I have reviewed the accompanying consolidated statements of financial position of Thanachart Capital Public Company Limited and its subsidiaries as at 30 September 2018, the related consolidated statements of comprehensive income for the three-month and nine-month periods ended 30 September 2018 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 Capital Public Company Limited for the same period. Management is responsible for the preparation and presentation of this interim financial information in accordance with Thai Accounting Standard 34 Interim Financial Reporting. My responsibility is to express a conclusion on this interim financial information based on my review.

### **Scope of Review**

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

### **Conclusion**

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

Somjai Khunapasut

Certified Public Accountant (Thailand) No. 4499

EY Office Limited

Bangkok: 12 November 2018

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

**Statements of financial position**

**As at 30 September 2018**

(Unit: Thousand Baht)

	Note	Consolidated		Separate	
		financial statements		financial statements	
		30 September	31 December	30 September	31 December
		2018	2017	2018	2017
		(Unaudited but reviewed)	(Audited)	(Unaudited but reviewed)	(Audited)
<b>Assets</b>					
Cash		8,950,701	11,453,283	10	-
Interbank and money market items - net		71,915,575	95,918,183	3,134,662	22,346
Derivatives assets	3	2,884,581	2,889,208	-	-
Investments - net	4	172,539,429	178,702,646	3,652,135	2,787,420
Investments in subsidiary and associated companies - net	5	2,801,102	2,827,333	33,817,913	33,822,462
Loans to customers and accrued interest receivables	6				
Loans to customers		799,348,070	767,889,652	1,144,250	806,749
Accrued interest receivables		599,497	601,200	1	2
Total loans to customers and accrued interest receivables		799,947,567	768,490,852	1,144,251	806,751
Less: Deferred revenue		(62,239,445)	(55,128,589)	(2,124)	(1,951)
Allowance for doubtful accounts	7	(24,755,688)	(24,517,149)	(83,259)	(79,899)
Revaluation allowance for debt restructuring	8	(411)	(977)	-	-
Net loans to customers and accrued interest receivables		712,952,023	688,844,137	1,058,868	724,901
Customers' liability under acceptances		6,564	9,824	-	-
Property foreclosed - net		4,806,001	4,747,089	700,246	708,943
Land, premises and equipment - net		8,062,372	8,677,958	40,038	45,502
Intangible assets - net		1,912,868	2,263,007	795	873
Goodwill		17,758,551	17,636,604	-	-
Deferred tax assets		798,920	908,093	-	-
Receivables from purchase and sale of securities		5,031,226	3,126,780	-	-
Accrued interest and dividend receivables		748,351	741,618	67,780	3,253
Other assets - net	10	7,160,958	6,779,160	48,714	33,797
<b>Total assets</b>		<b>1,018,329,222</b>	<b>1,025,524,923</b>	<b>42,521,161</b>	<b>38,149,497</b>

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

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

**Statements of financial position (continued)**

**As at 30 September 2018**

		(Unit: Thousand Baht)			
		Consolidated		Separate	
		financial statements		financial statements	
Note		30 September	31 December	30 September	31 December
		2018	2017	2018	2017
		(Unaudited but reviewed)	(Audited)	(Unaudited but reviewed)	(Audited)
<b>Liabilities and equity</b>					
Deposits		697,095,725	716,091,089	-	-
Interbank and money market items	11	82,259,508	82,342,804	-	-
Liability payable on demand		1,360,751	1,988,656	-	-
Derivatives liabilities	3	2,847,702	2,867,633	-	-
Debts issued and borrowings	12	58,235,597	51,595,578	15,300,000	12,700,000
Bank's liability under acceptances		6,564	9,824	-	-
Provisions	13	3,881,726	3,679,324	27,330	25,888
Deferred tax liabilities		988,366	1,323,465	146,864	149,488
Accrued interest payables		2,177,021	2,453,222	203,149	98,371
Insurance contract liabilities	14	13,797,103	14,641,100	-	-
Accrued dividend payables		1,165,130	-	1,165,130	-
Other liabilities	15	19,721,300	18,461,956	302,961	302,084
<b>Total liabilities</b>		<b>883,536,493</b>	<b>895,454,651</b>	<b>17,145,434</b>	<b>13,275,831</b>

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

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

**Statements of financial position (continued)**

**As at 30 September 2018**

		(Unit: Thousand Baht)			
		Consolidated		Separate	
		financial statements		financial statements	
		30 September	31 December	30 September	31 December
Note		2018	2017	2018	2017
		(Unaudited but reviewed)	(Audited)	(Unaudited but reviewed)	(Audited)
<b>Equity</b>					
Share capital	16				
Registered, issued and paid-up					
13,216 preferred shares of Baht 10 each		132	132	132	132
1,165,116,487 common shares of Baht 10 each					
(31 December 2017: 1,206,466,487 common shares of Baht 10 each)		11,651,165	12,064,665	11,651,165	12,064,665
		11,651,297	12,064,797	11,651,297	12,064,797
Premium on common share		2,065,645	2,065,645	2,065,645	2,065,645
Other components of equity	17	2,408,373	3,067,410	584,222	593,864
Retained earnings					
Appropriated - statutory reserve		1,277,830	1,277,830	1,277,830	1,277,830
- treasury share reserve		-	1,399,914	-	1,399,914
Unappropriated		47,120,223	43,544,720	9,796,733	8,871,530
Less: Treasury shares - common shares	16	-	(1,399,914)	-	(1,399,914)
<b>Equity attributable to owners of the Company</b>		<b>64,523,368</b>	<b>62,020,402</b>	<b>25,375,727</b>	<b>24,873,666</b>
Non-controlling interests		70,269,361	68,049,870	-	-
<b>Total equity</b>		<b>134,792,729</b>	<b>130,070,272</b>	<b>25,375,727</b>	<b>24,873,666</b>
<b>Total liabilities and equity</b>		<b>1,018,329,222</b>	<b>1,025,524,923</b>	<b>42,521,161</b>	<b>38,149,497</b>

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

Directors

(Unaudited but reviewed)

## Thanachart Capital Public Company Limited and its subsidiaries

## Statements of comprehensive income

For the three-month period ended 30 September 2018

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

	Note	Consolidated financial statements		Separate financial statements	
		2018	2017	2018	2017
<b>Profit or loss</b>					
Interest income	20	11,742,093	11,485,416	18,620	18,163
Interest expenses	21	(3,974,049)	(3,975,788)	(145,342)	(147,033)
<b>Net interest income</b>		7,768,044	7,509,628	(126,722)	(128,870)
Fees and service income		2,525,897	2,256,408	269	63
Fees and service expenses		(882,754)	(807,589)	(18)	(31)
<b>Net fees and service income</b>	22	1,643,143	1,448,819	251	32
Gains on trading and foreign exchange transactions	23	31,152	161,792	-	-
Gains (losses) on investments	24	(500,084)	586,833	5,344	177,253
Share of profit from investments accounted for under equity method		175,015	88,492	-	-
Gains (losses) on property foreclosed and other assets		42,386	(19,085)	(367)	(31,233)
Insurance/Life insurance income		1,921,869	1,878,693	-	-
Dividend income		95,039	89,272	1,795,650	1,300,644
Other operating income		442,644	353,111	79,809	39,641
<b>Total operating income</b>		11,619,208	12,097,555	1,753,965	1,357,467
Insurance expenses		(1,199,481)	(1,184,417)	-	-
<b>Net operating income</b>		10,419,727	10,913,138	1,753,965	1,357,467
<b>Other operating expenses</b>					
Employee's expenses		2,715,862	3,023,680	30,157	25,014
Directors' remuneration		12,141	11,596	3,400	3,425
Premises and equipment expenses		656,996	716,254	4,689	5,109
Taxes and duties		182,732	195,572	2,762	4,149
Other expenses		910,097	1,291,481	9,545	10,221
<b>Total other operating expenses</b>		4,477,828	5,238,583	50,553	47,918
<b>Impairment loss of loans and debt securities (reversal)</b>	25	1,233,246	1,696,429	1,167	(4,858)
<b>Profit before income tax</b>		4,708,653	3,978,126	1,702,245	1,314,407
<b>Income tax</b>	26	(918,411)	(339,746)	25	(82,203)
<b>Profit for the period</b>		3,790,242	3,638,380	1,702,270	1,232,204

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

(Unaudited but reviewed)

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

**Statements of comprehensive income (continued)**

**For the three-month period ended 30 September 2018**

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

	Note	Consolidated		Separate	
		financial statements		financial statements	
		2018	2017	2018	2017
<b>Other comprehensive income</b>	<b>27</b>				
<i>Transactions that will be reclassified subsequently to profit or loss</i>					
Gains on change in value of available-for-sale investments		200,825	400,338	55,133	20,508
Share of other comprehensive income (loss) of an associate		(106,329)	7,361	-	-
Income tax relating to components of other comprehensive income (loss)		(34,674)	(80,505)	(11,026)	(4,102)
<b>Total other comprehensive income</b>		<b>59,822</b>	<b>327,194</b>	<b>44,107</b>	<b>16,406</b>
<b>Total comprehensive income</b>		<b>3,850,064</b>	<b>3,965,574</b>	<b>1,746,377</b>	<b>1,248,610</b>
<b>Profit attributable to</b>					
The Company		1,869,950	1,788,432	1,702,270	1,232,204
Non-controlling interests		1,920,292	1,849,948	-	-
		<b>3,790,242</b>	<b>3,638,380</b>	<b>1,702,270</b>	<b>1,232,204</b>
<b>Total comprehensive income attributable to</b>					
The Company		1,892,604	1,965,066	1,746,377	1,248,610
Non-controlling interests		1,957,460	2,000,508	-	-
		<b>3,850,064</b>	<b>3,965,574</b>	<b>1,746,377</b>	<b>1,248,610</b>
<b>Earnings per share of the Company</b>	<b>28</b>				
Basic earnings per share (Baht per share)		1.60	1.53	1.46	1.06
Diluted earnings per share (Baht per share)		1.60	1.53	1.46	1.06

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

(Unaudited but reviewed)

## Thanachart Capital Public Company Limited and its subsidiaries

## Statements of comprehensive income

For the nine-month period ended 30 September 2018

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

	Note	Consolidated financial statements		Separate financial statements	
		2018	2017	2018	2017
<b>Profit or loss</b>					
Interest income	20	34,614,586	33,426,161	54,502	57,855
Interest expenses	21	(11,766,177)	(11,595,480)	(430,586)	(437,179)
<b>Net interest income</b>		22,848,409	21,830,681	(376,084)	(379,324)
Fees and service income		7,572,899	6,588,603	478	247
Fees and service expenses		(2,651,793)	(2,365,488)	(270)	(267)
<b>Net fees and service income</b>	22	4,921,106	4,223,115	208	(20)
Gains on trading and foreign exchange transactions	23	198,604	491,014	-	-
Gains on investments	24	359,455	1,127,137	48,582	240,706
Share of profit from investments accounted for under equity method		353,841	268,989	-	-
Gains (losses) on property foreclosed and other assets		313,357	64,123	18,362	(60,332)
Insurance/Life insurance income		5,747,415	5,444,475	-	-
Dividend income		439,209	489,524	3,574,639	2,800,316
Other operating income		1,145,486	1,001,083	109,848	81,446
<b>Total operating income</b>		36,326,882	34,940,141	3,375,555	2,682,792
Insurance expenses		(3,592,360)	(3,602,928)	-	-
<b>Net operating income</b>		32,734,522	31,337,213	3,375,555	2,682,792
<b>Other operating expenses</b>					
Employee's expenses		8,515,998	9,329,267	90,967	91,403
Directors' remuneration		89,314	80,192	36,082	33,295
Premises and equipment expenses		1,959,376	2,131,241	14,499	15,022
Taxes and duties		549,839	564,027	3,272	5,339
Other expenses		3,936,344	4,092,962	34,832	38,623
<b>Total other operating expenses</b>		15,050,871	16,197,689	179,652	183,682
<b>Impairment loss of loans and debt securities</b>	25	4,112,306	3,917,267	4,669	41,254
<b>Profit before income tax</b>		13,571,345	11,222,257	3,191,234	2,457,856
<b>Income tax</b>	26	(1,726,791)	(853,217)	214	(83,420)
<b>Profit for the period</b>		11,844,554	10,369,040	3,191,448	2,374,436

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



(Unaudited but reviewed)

## Thanachart Capital Public Company Limited and its subsidiaries

## Statements of comprehensive income (continued)

For the nine-month period ended 30 September 2018

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

	Consolidated		Separate	
	financial statements		financial statements	
Note	2018	2017	2018	2017
<b>Other comprehensive income</b>	<b>27</b>			
<i>Transactions that will be reclassified subsequently to profit or loss</i>				
Gains (losses) on change in value of available-for-sale investments	(1,343,368)	1,324,900	(12,053)	7,857
Share of other comprehensive income (loss) of an associate	(131,557)	25,145	-	-
Income tax relating to components of other comprehensive income (loss)	275,549	(265,933)	2,411	(1,572)
	(1,199,376)	1,084,112	(9,642)	6,285
<i>Transactions that will never be reclassified subsequently to profit or loss</i>				
Share of other comprehensive income of an associate	(158)	-	-	-
Actuarial gain on defined benefit plan	-	2,607	-	-
Income tax relating to components of other comprehensive income (loss)	(2)	(521)	-	-
	(160)	2,086	-	-
<b>Total other comprehensive income (loss)</b>	<b>(1,199,536)</b>	<b>1,086,198</b>	<b>(9,642)</b>	<b>6,285</b>
<b>Total comprehensive income</b>	<b>10,645,018</b>	<b>11,455,238</b>	<b>3,181,806</b>	<b>2,380,721</b>
<b>Profit attributable to</b>				
The Company	5,819,615	5,065,685	3,191,448	2,374,436
Non-controlling interests	6,024,939	5,303,355	-	-
	11,844,554	10,369,040	3,191,448	2,374,436
<b>Total comprehensive income attributable to</b>				
The Company	5,166,281	5,626,471	3,181,806	2,380,721
Non-controlling interests	5,478,737	5,828,767	-	-
	10,645,018	11,455,238	3,181,806	2,380,721
<b>Earnings per share of the Company</b>	<b>28</b>			
Basic earnings per share (Baht per share)	4.99	4.35	2.74	2.04
Diluted earnings per share (Baht per share)	4.99	4.35	2.74	2.04

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

(Unaudited but reviewed)

**Thanachart Capital Public Company Limited and its subsidiaries****Statements of cash flows****For the nine-month period ended 30 September 2018**

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2018	2017	2018	2017
<b>Cash flows from operating activities</b>				
Profit before income tax	13,571,345	11,222,257	3,191,234	2,457,856
Adjustments to reconcile profit before income tax				
to net cash received by (paid from) operating activities				
Share of profit from investments accounted for under equity method	(353,841)	(268,989)	-	-
Depreciation and amortisation	1,111,150	1,189,829	14,378	12,871
Impairment loss of loans and debt securities	4,112,306	3,917,267	4,669	41,254
Increase in provisions	597,146	1,089,078	1,442	1,243
Increase (decrease) in allowance for impairment of property foreclosed	(71,018)	201,144	(21,810)	183,820
Increase (decrease) in allowance for impairment of equipment / other assets	3,898	57,875	(20)	22,986
Unrealised loss (gain) from change in value of investments / allowance for impairment of investments	109,051	(171,881)	-	-
Gain from disposal of investment in an associated company	(37,890)	(12,844)	(24,874)	(47,779)
Unrealised loss (gain) on exchange	(115,042)	926,150	-	-
Gain on the capital returned from investment in a subsidiary	-	-	-	(52,988)
Loss (gain) on disposal of land, premises and equipment / intangible assets	(28,415)	8,518	(2,143)	(37)
Decrease (increase) in accrued other income receivable	(89,109)	258,872	(7,650)	(20)
	18,809,581	18,417,276	3,155,226	2,619,206
Net interest income	(22,848,409)	(21,830,681)	376,084	379,324
Dividend income	(439,209)	(489,524)	(3,574,639)	(2,800,316)
Cash received from interest on operating activities	32,695,945	31,019,466	37,778	40,511
Cash paid for interest on operating activities	(11,312,783)	(10,239,352)	-	-
Cash paid for income tax	(1,429,467)	(1,073,868)	(2,215)	(3,888)
<b>Income from operating activities before</b>				
<b>changes in operating assets and liabilities (loss)</b>	15,475,658	15,803,317	(7,766)	234,837

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

(Unaudited but reviewed)

## Thanachart Capital Public Company Limited and its subsidiaries

## Statements of cash flows (continued)

For the nine-month period ended 30 September 2018

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2018	2017	2018	2017
<b>Cash flows from operating activities (continued)</b>				
Decrease (increase) in operating assets				
Interbank and money market items	23,994,189	(35,845,989)	(3,111,848)	(9,280)
Derivative assets	1,243,609	772,383	-	-
Investments in trading securities	(1,826,660)	(2,064,284)	-	-
Loans to customers	(32,847,489)	(17,317,154)	(336,076)	379,499
Property foreclosed	4,506,975	3,578,112	29,465	(265,084)
Receivables from purchase and sale of securities	(1,904,446)	(5,255,215)	-	-
Other assets	(538,793)	(686,437)	(15,443)	(19,449)
Increase (decrease) in operating liabilities				
Deposits	(18,995,364)	26,838,557	-	-
Interbank and money market items	174,138	(2,759,210)	-	-
Liability payable on demand	(627,905)	(75,558)	-	-
Derivatives liabilities	(1,404,072)	(1,389,861)	-	-
Payables from purchase and sale of securities	3,237,609	2,978,466	-	-
Insurance contract liabilities	(843,997)	152,666	-	-
Other liabilities	(1,737,481)	2,050,417	879	(9,862)
<b>Net cash flows from (used in) operating activities</b>	<b>(12,094,029)</b>	<b>(13,219,790)</b>	<b>(3,440,789)</b>	<b>310,661</b>
<b>Cash flows from investing activities</b>				
Decrease (increase) in investments in securities	6,717,941	18,813,817	(877,410)	(837,838)
Cash received from disposal of investment in an associated company	58,449	-	29,423	-
Cash received from interest	2,149,293	2,995,594	13,564	16,673
Cash received from dividend	563,437	613,806	3,511,927	2,738,090
Cash paid for purchase of premises and equipment / intangible assets	(238,914)	(409,051)	(654)	(539)
Cash received from disposal of land, premises and equipment / intangible assets	54,688	16,718	2,931	37
<b>Net cash flows from investing activities</b>	<b>9,304,894</b>	<b>22,030,884</b>	<b>2,679,781</b>	<b>1,916,423</b>

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

(Unaudited but reviewed)

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

**Statements of cash flows (continued)**

**For the nine-month period ended 30 September 2018**

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2018	2017	2018	2017
<b>Cash flows from financing activities</b>				
Cash received from debts issued and borrowings	11,886,161	9,410,254	3,100,000	-
Cash paid for debts issued and borrowings	(5,246,142)	(14,878,674)	(500,000)	(500,000)
Cash paid for interest expenses on debts issued and borrowings	(1,574,798)	(2,051,533)	(324,366)	(328,967)
Cash paid for dividend	(1,514,616)	(1,398,107)	(1,514,616)	(1,398,107)
Cash paid for dividend to non-controlling interests	(3,264,052)	(2,660,634)	-	-
<b>Net cash flows from (used in) financing activities</b>	<b>286,553</b>	<b>(11,578,694)</b>	<b>761,018</b>	<b>(2,227,074)</b>
<b>Net increase (decrease) in cash</b>	<b>(2,502,582)</b>	<b>(2,767,600)</b>	<b>10</b>	<b>10</b>
<b>Cash at beginning of the period</b>	<b>11,453,283</b>	<b>12,077,047</b>	<b>-</b>	<b>-</b>
<b>Cash at end of the period</b>	<b>8,950,701</b>	<b>9,309,447</b>	<b>10</b>	<b>10</b>

**Supplemental cash flows information**

Non-cash transactions

Property foreclosed transferred from loans to customers

and investments in receivables purchased

4,384,674	3,518,714	-	-
-----------	-----------	---	---

Property foreclosed received from capital returned

from a subsidiary company

-	-	-	93,183
---	---	---	--------

Bad debt written off

4,393,226	5,759,508	-	-
-----------	-----------	---	---

Payable from purchase of assets

25,031	19,977	-	-
--------	--------	---	---

Accrued dividend payables

1,165,130	1,048,621	1,165,130	1,048,617
-----------	-----------	-----------	-----------

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

(Unaudited but reviewed)

## Thanachart Capital Public Company Limited and its subsidiaries

## Statements of changes in equity

For the nine-month period ended 30 September 2018

(Unit: Thousand Baht)

Consolidated financial statements															
Equity attributable to the Company's shareholders															
Other components of equity															
Issued and paid-up share capital		Premium on common share	Amount by which the value of investment				Share of surplus from			Retained earnings			Treasury shares	Non-controlling interests	Total
			Share premium of a subsidiary	in subsidiary / associate lower than attributable net book value	Revaluation surplus on investments - net	Revaluation surplus on assets	Share of other comprehensive income (loss) of an associate	the change in the ownership interests of an associate	Appropriated						
Preferred shares	Common shares									Statutory reserve	Treasury shares reserve	Unappropriated			
Balance as at 1 January 2017	132	12,064,665	2,065,645	775,814	226,460	389,880	664,875	392,875	-	1,277,830	1,399,914	39,032,705	(1,399,914)	62,960,488	119,851,369
Dividend paid (Note 19)	-	-	-	-	-	-	-	-	-	-	-	(2,446,773)	-	-	(2,446,773)
Reversal of dividend on shares held by shareholders who are not entitled to receive dividend	-	-	-	-	-	-	-	-	-	-	-	49	-	-	49
Decrease in non - controlling interests of the subsidiaries	-	-	-	-	-	-	-	-	-	-	-	-	-	(2,660,762)	(2,660,762)
Surplus from the change in the ownership interests in subsidiaries of the associate	-	-	-	-	-	-	-	331	-	-	-	-	-	108	439
Transfer to retained earnings	-	-	-	-	-	-	(12,075)	(3,765)	-	-	-	15,840	-	-	-
Profit for the period	-	-	-	-	-	-	-	-	-	-	-	5,065,685	-	5,303,355	10,369,040
Other comprehensive income for the period	-	-	-	-	-	543,411	-	16,312	-	-	-	1,063	-	525,412	1,086,198
Balance as at 30 September 2017	132	12,064,665	2,065,645	775,814	226,460	933,291	652,800	405,753	-	1,277,830	1,399,914	41,668,569	(1,399,914)	66,128,601	126,199,560
Balance as at 1 January 2018	132	12,064,665	2,065,645	775,814	226,460	977,914	641,547	385,956	59,719	1,277,830	1,399,914	43,544,720	(1,399,914)	68,049,870	130,070,272
Cumulative effect from share capital reduction of an associate	-	-	-	-	3,625	-	-	2,898	471	-	-	9,436	-	4,806	21,236
Dividend paid (Note 19)	-	-	-	-	-	-	-	-	-	-	-	(2,679,798)	-	-	(2,679,798)
Reversal of dividend on shares held by shareholders who are not entitled to receive dividend	-	-	-	-	-	-	-	-	-	-	-	53	-	-	53
Share capital reduction from treasury shares cancellation (Note 16)	-	(413,500)	-	-	-	-	-	-	-	-	(1,399,914)	413,500	1,399,914	-	-
Decrease in non - controlling interests of the subsidiaries	-	-	-	-	-	-	-	-	-	-	-	-	-	(3,264,052)	(3,264,052)
Transfer to retained earnings	-	-	-	-	-	-	(10,013)	(2,229)	(455)	-	-	12,697	-	-	-
Profit for the period	-	-	-	-	-	-	-	-	-	-	-	5,819,615	-	6,024,939	11,844,554
Other comprehensive income (loss) for the period	-	-	-	-	-	(552,357)	-	(100,977)	-	-	-	-	-	(546,202)	(1,199,536)
Balance as at 30 September 2018	132	11,651,165	2,065,645	775,814	230,085	425,557	631,534	285,648	59,735	1,277,830	-	47,120,223	-	70,269,361	134,792,729

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

(Unaudited but reviewed)

## Thanachart Capital Public Company Limited and its subsidiaries

## Statements of changes in equity (continued)

For the nine-month period ended 30 September 2018

(Unit: Thousand Baht)

	Separate financial statements									
	Issued and paid-up share capital			Other components of equity		Retained earnings				
	Preferred	Common	Premium on	Revaluation	Revaluation	Appropriated				
	shares	shares	common share	surplus on	surplus on	Statutory	Treasury shares	Unappropriated	Treasury shares	Total
				investments - net	assets	reserve	reserve			
Balance as at 1 January 2017	132	12,064,665	2,065,645	490,247	12,278	1,277,830	1,399,914	8,940,189	(1,399,914)	24,850,986
Dividend paid (Note 19)	-	-	-	-	-	-	-	(2,446,773)	-	(2,446,773)
Reversal of dividend on shares held by shareholders who are not entitled to receive dividend	-	-	-	-	-	-	-	49	-	49
Profit for the period	-	-	-	-	-	-	-	2,374,436	-	2,374,436
Other comprehensive income for the period	-	-	-	6,285	-	-	-	-	-	6,285
Balance as at 30 September 2017	132	12,064,665	2,065,645	496,532	12,278	1,277,830	1,399,914	8,867,901	(1,399,914)	24,784,983
Balance as at 1 January 2018	132	12,064,665	2,065,645	581,586	12,278	1,277,830	1,399,914	8,871,530	(1,399,914)	24,873,666
Dividend paid (Note 19)	-	-	-	-	-	-	-	(2,679,798)	-	(2,679,798)
Reversal of dividend on shares held by shareholders who are not entitled to receive dividend	-	-	-	-	-	-	-	53	-	53
Share capital reduction from treasury shares cancellation (Note 16)	-	(413,500)	-	-	-	-	(1,399,914)	413,500	1,399,914	-
Profit for the period	-	-	-	-	-	-	-	3,191,448	-	3,191,448
Other comprehensive income (loss) for the period	-	-	-	(9,642)	-	-	-	-	-	(9,642)
Balance as at 30 September 2018	132	11,651,165	2,065,645	571,944	12,278	1,277,830	-	9,796,733	-	25,375,727

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

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

**Notes to interim financial statements**

**For the nine-month period ended 30 September 2018**

**1. General information**

Thanachart Capital Public Company Limited (“the Company”) is incorporated as a public limited company and operated its business in Thailand. The Company is mainly engaged in investment holding and is the parent company of the Thanachart Group. The registered office of the Company is at 444, 16-17<sup>th</sup> Floor, MBK Tower, Phayathai Road, Wangmai, Pathumwan, Bangkok.

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

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

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

These interim financial statements are prepared in accordance with Thai Accounting Standard No. 34 Interim Financial Reporting, with the Company choosing to present condensed interim financial statements. However, the Company 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 Company. The interim financial statements in English language have been translated from the Thai language financial statements.

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

- a) The interim consolidated financial statements were prepared on the same basis as the consolidated financial statements for the year ended 31 December 2017. Therefore, the interim consolidated financial statements included the financial statements of the Company and the following subsidiary companies.

	Percentage of holding by the Company		Percentage of holding by the subsidiaries	
	30 September	31 December	30 September	31 December
	2018	2017	2018	2017
<u>Subsidiaries directly held by the Company</u>				
Thanachart Bank Plc.	50.96	50.96	-	-
NFS Asset Management Co., Ltd.	100.00	100.00	-	-
Max Asset Management Co., Ltd.	83.44	83.44	-	-
NASSET Property Fund 6	99.80	99.80	0.06	0.06
MBK Life Assurance Plc.	51.00	51.00	-	-
TM Broker Co., Ltd.	51.00	51.00	-	-
MT Service 2016 Co., Ltd.	51.00	51.00	-	-
<u>Subsidiaries indirectly held by the Company</u>				
Thanachart Securities Plc.	-	-	100.00	100.00
Thanachart Insurance Plc.	-	-	100.00	100.00
Thanachart Fund Management Co., Ltd.	-	-	75.00	75.00
Thanachart Broker Co., Ltd.	-	-	100.00	100.00
Thanachart Group Leasing Co., Ltd.	-	-	100.00	100.00
Thanachart Management and Services Co., Ltd.	-	-	100.00	100.00
Thanachart Training and Development Co., Ltd.	-	-	100.00	100.00
TS Asset Management Co., Ltd.	-	-	100.00	100.00
Ratchthani Leasing Plc.	-	-	65.18	65.18
National Leasing Co., Ltd. <sup>(1)</sup>	-	-	-	100.00
Security Scib Services Co., Ltd.	-	-	100.00	100.00

(1) On 20 September 2018, National Leasing Co., Ltd. returned all capital to its shareholders.



- 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 2018 and 31 December 2017 and for the nine-month periods ended 30 September 2018 and 2017, 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		
	2018	2017	2018	2017
Thanachart Bank Plc.	928,369	942,889	24,531	24,390
MBK Life Assurance Plc.	9,387	9,996	130	55
Thanachart Insurance Plc.	13,828	12,749	2,477	2,431
Thanachart Securities Plc.	11,554	11,447	1,321	1,238
TS Asset Management Co., Ltd.	2,132	2,528	90	154
Ratchthani Leasing Plc.	45,434	39,019	2,119	1,741
NFS Asset Management Co., Ltd.	1,215	1,182	111	54

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

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

## **2.4 New financial reporting standards**

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

During the period, the Company and its subsidiaries have adopted the revised financial reporting standards and interpretations (revised 2017) which are effective for fiscal years beginning on or after 1 January 2018. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards with most of the changes and clarifications directed towards disclosures in the notes to financial statements. The adoption of these financial reporting standards does not have any significant impact on the Company and its subsidiaries' financial statements.

**b) Financial reporting standards that will become effective in the future**

During the period, the Federation of Accounting Professions issued the financial reporting standard TFRS 15 Revenue from Contracts with Customers, which is effective for fiscal years beginning on or after 1 January 2019 and a set of 5 standards related to financial instruments, which are effective for fiscal years beginning on or after 1 January 2020. Key principles of these standards are summarised below.

**TFRS 15 Revenue from Contracts with Customers**

TFRS 15 supersedes TAS 11 Construction Contracts and TAS 18 Revenue, together with related Interpretations. Entities are to apply this standard 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 judgment, taking into consideration all of the relevant facts and circumstances when applying each step of the model.

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

**Thai Financial Reporting Standards related to financial instruments**

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

Financial reporting standards:

TFRS 9	Financial Instruments
TFRS 7	Financial Instruments: Disclosures

Accounting standard:

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

Financial Reporting Standard Interpretations:

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

These TFRSs related to financial instruments make stipulations relating to the classification of financial instruments and their measurement at fair value or amortised cost (taking into account the type of instrument, the characteristics of the contractual cash flows and the Company'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 Company and its subsidiaries is currently evaluating the impact of these standards to the financial statements in the year when they are adopted.

## 2.5 Significant accounting policies

The interim financial statements are prepared using the same accounting policies and methods of computation as were used for the financial statements for the year ended 31 December 2017.

## 3. Derivatives

As at 30 September 2018 and 31 December 2017, 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)

Types of risk	Consolidated financial statements					
	30 September 2018			31 December 2017		
	Fair value/Adjustments on an accrual basis		Notional amount*	Fair value/Adjustments on an accrual basis		Notional amount*
	Assets	Liabilities		Assets	Liabilities	
<b>Foreign exchange rate</b>						
Derivatives for trading	979	936	101,174	530	585	85,137
Derivatives for banking book	28	2	1,402	128	32	9,592
<b>Interest rate</b>						
Derivatives for trading	1,461	1,453	290,075	1,848	1,785	271,684
Derivatives for banking book	-	-	21,530	-	-	20,530
<b>Foreign exchange rate and interest rate</b>						
Derivatives for trading	123	107	5,021	139	138	7,931
Derivatives for banking book	292	343	18,050	243	325	10,425
<b>Other</b>						
Derivatives for trading	2	7	2,904	1	3	2,303
<b>Total</b>	<b>2,885</b>	<b>2,848</b>	<b>440,156</b>	<b>2,889</b>	<b>2,868</b>	<b>407,602</b>

\* Disclosed only in case that the subsidiaries have 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/payables, as the case maybe.

## 4. Investments

### 4.1 Classified by type of investments

(Unit: Million Baht)

	Consolidated financial statements				Separate financial statements			
	30 September 2018		31 December 2017		30 September 2018		31 December 2017	
	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	14,324	14,293	11,487	11,500	-	-	-	-
Private debt securities	3,286	3,426	5,135	5,364	-	-	-	-
Domestic marketable equity securities	2,587	2,562	1,748	1,713	-	-	-	-
	20,197	20,281	18,370	18,577	-	-	-	-
Add: Allowance for change in value	84		207		-		-	
Net	20,281		18,577		-		-	
<b>Available-for-sale securities</b>								
Government and state enterprises securities	101,255	100,802	114,299	114,495	159	159	497	497
Private debt securities	21,408	21,324	25,025	25,373	320	321	686	695
Foreign debt securities	18,008	17,820	10,441	10,430	-	-	-	-
Domestic marketable equity securities	4,334	5,445	3,350	4,531	224	939	224	941
Unit trusts	1,787	1,786	610	625	1,785	1,784	199	200
	146,792	147,177	153,725	155,454	2,488	3,203	1,606	2,333
Add: Allowance for change in value	385		1,729		715		727	
Net	147,177		155,454		3,203		2,333	
<b>Held-to-maturity debt securities</b>								
Government and state enterprises securities	561	566	43	49	-	-	-	-
Private debt securities	220	245	240	273	-	-	-	-
Investment in receivables purchased	869	1,550	956	1,702	525	1,118	529	1,124
	1,650	2,361	1,239	2,024	525	1,118	529	1,124
Less: Allowance for impairment	(221)		(239)		(127)		(126)	
Net	1,429		1,000		398		403	

(Unaudited but reviewed)

(Unit: Million Baht)

	Consolidated financial statements				Separate financial statements			
	30 September 2018		31 December 2017		30 September 2018		31 December 2017	
	Cost/ Amortised		Cost/ Amortised		Cost/ Amortised		Cost/ Amortised	
	cost	Fair value	cost	Fair value	cost	Fair value	cost	Fair value
<b>General investment</b>								
Domestic non-marketable								
equity securities	3,684		3,681		76		76	
Foreign non-marketable								
equity securities	1		1		-		-	
Unit trusts	-		25		-		-	
	3,685		3,707		76		76	
Less: Allowance for impairment	(33)		(35)		(25)		(25)	
Net	3,652		3,672		51		51	
<b>Total investments - net</b>	<u>172,539</u>		<u>178,703</u>		<u>3,652</u>		<u>2,787</u>	

## 4.2 Investments in receivables purchased

Investments in receivables purchased are loans receivable purchased through bidding from local financial institutions. The outstanding balances of loans receivable as at 30 September 2018 and 31 December 2017 can be summarised as follows:

(Unit: Million Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	30 September	31 December	30 September	31 December
	2018	2017	2018	2017
Investments in receivables purchased	869	956	525	529
Less: Allowance for impairment	(221)	(239)	(127)	(126)
Investments in receivables purchased - net	<u>648</u>	<u>717</u>	<u>398</u>	<u>403</u>

	30 September 2018				31 December 2017			
	Number	Balance			Number	Balance		
	of	per	Purchase	Yield	of	per	Purchase	Yield
	debtors	agreement	price		debtors	agreement	price	
		Million Baht	Million Baht			Million Baht	Million Baht	
<b><u>Consolidated financial statements</u></b>								
Total accumulated investments								
in receivables purchased	2,938	33,611	7,845	1.75 - 18.97	2,938	33,611	7,845	1.75 - 18.97
Outstanding investments in								
receivables purchased as at								
the end of the period	291	7,683	869		307	8,240	956	
<b><u>Separate financial statements</u></b>								
Total accumulated investments								
in receivables purchased	691	8,190	1,937	11.94 - 18.97	691	8,190	1,937	11.94 - 18.97
Outstanding investments in								
receivables purchased as at								
the end of the period	193	4,749	525		193	4,752	529	

During the nine-month period ended 30 September 2018, the Company and its subsidiaries have not entered into any debt restructuring agreements with debtors (for the nine-month period ended 30 September 2017: the Company entered into debt restructuring agreements for its investments in 6 debtors with book balances before restructuring amounting to Baht 14 million, by means of modification of repayment conditions. There were no losses on debt restructuring, and Baht 8 million of the receivables were due within the year 2017 while Baht 6 million were due within 5 years).

Restructured receivables are transferred to the loans account on the debt restructuring agreement date, in accordance with the BOT's regulations. They are transferred at their book value, which is considered to be fair value. Therefore, as at 30 September 2018 and 31 December 2017, there was no outstanding restructured receivables in the investments in receivables purchased account.

#### 4.3 Investments in companies having problems relating to financial position and operating results

As at 30 September 2018 and 31 December 2017, investments in securities of the Company and its subsidiaries included investments in companies having problems relating to financial position and operating results, which are summarised below.

Consolidated financial statements								
						Allowance for possible		
Number of debtors		Cost		Fair value/ collateral value		loss/impairment provided in the accounts		
30	31	30	31	30	31	30	31	
September	December	September	December	September	December	September	December	
r 2018	2017	r 2018	2017	r 2018	2017	r 2018	2017	
		Million	Million	Million	Million	Million	Million	
		Baht	Baht	Baht	Baht	Baht	Baht	
<b><u>Investments in receivables purchased</u></b>								
1. Companies which have loan	101	114	665	729	1,220	1,287	129	147
settlement problems or have								
defaulted on the repayment								

Separate financial statements								
						Allowance for possible		
Number of debtors		Cost		Fair value/ collateral value		loss/impairment provided in the accounts		
30	31	30	31	30	31	30	31	
Septembe	December	Septembe	December	Septembe	December	Septembe	December	December
r 2018	2017	r 2018	2017	r 2018	2017	r 2018	2017	2017
		Million	Million	Million	Million	Million	Million	Million
		Baht	Baht	Baht	Baht	Baht	Baht	Baht
<b><u>Investments in receivables purchased</u></b>								
1. Companies which have loan	64	65	389	392	902	905	58	58
settlement problems or have								
defaulted on the repayment								

## 5. Investments in subsidiary and associated companies

### 5.1 Separate financial statements

As at 30 September 2018 and 31 December 2017, 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 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	
	30	31	30	31	30	31	for the nine-month periods	
	September	December	September	December	September	December	ended 30 September	
	2018	2017	2018	2017	2018	2017	2018	2017
<u>Subsidiary companies</u>								
Thanachart Bank Plc.	60,649	60,649	50.96	50.96	31,866	31,866	3,183	2,472
NFS Asset Management Co., Ltd.	700	700	100.00	100.00	700	700	56	130
MBK Life Assurance Plc.	700	700	51.00	51.00	460	460	-	-
Max Asset Management Co., Ltd.	143	143	83.44	83.44	117	117	179	45
NASSET Property Fund 6	121	121	99.80	99.80	48	48	-	-
MT Service 2016 Co., Ltd.	50	50	51.00	51.00	26	26	-	-
TM Broker Co., Ltd.	20	20	51.00	51.00	10	10	-	-
<u>Associated company</u>								
MBK Plc.	1,695	1,708	10.00	10.00	591	596	126	124
<b>Total investments in subsidiary and associated companies</b>					<b>33,818</b>	<b>33,823</b>	<b>3,544</b>	<b>2,771</b>



## 5.2 Consolidated financial statements

As at 30 September 2018 and 31 December 2017, investment in an associated company in the consolidated financial statements, which are recorded under the equity method, consists of investment in ordinary shares of the following company which operates in Thailand:

Company's name	(Unit: Million Baht)													
	Paid-up share capital		Percentage of holding		Value of investment				Dividend income		Share of profit		Share of other comprehensive income	
					Cost method <sup>(1)</sup>		Equity method		for the nine-month periods ended		for the nine-month periods ended		for the nine-month periods ended	
	30	31	30	31	30	31	30	31	30	31	30	31	30	31
	September 2018	December 2017	September 2018	December 2017	September 2018	December 2017	September 2018	December 2017	30 September 2018	30 September 2017	30 September 2018	30 September 2017	30 September 2018	30 September 2017
MBK Plc. (operating in property rental, hotel and services businesses)	1,695	1,708	19.90	19.90	855	861	2,801	2,827	251	248	354	269	(132)	25
Total investment in an associated company					855	861	2,801	2,827	251	248	354	269	(132)	25

(1) After deducting intergroup transactions.

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

## 5.3 Summarised financial information of an associated company

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

(Unit: Million Baht)											
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 2018	30 September 2017	30 June 2018	30 September 2017	30 June 2018	30 September 2017	30 June 2018	30 June 2017	30 June 2018	30 June 2017	30 June <sup>(1)</sup> 2018	30 June <sup>(1)</sup> 2017
1,695	1,708	51,083	46,668	27,576	23,830	9,288	7,912	2,088	1,550	(851)	696

(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 Company, 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 2018 was determined based on financial statements that were prepared with reference to financial statements for the nine-month period ended 30 June 2018 that had been audited or reviewed by the associate's auditor and adjusted for the effect of differences in accounting policies by the Company's management. In addition, the Company's management considered that the profit for the nine-month period ended 30 June 2018 is not materially different from the profit for the nine-month period ended 30 September 2018.

During the year 2018, the Company and Thanachart Bank Plc. (the subsidiary) sold 1,303,700 ordinary shares and 1,290,700 ordinary shares of MBK Plc., respectively. As a result, the shareholding of the Company and its subsidiaries decreased from 19.90 percent to 19.75 percent.

On 26 July 2018, MBK Plc. registered a decrease in its share capital of 13,037,000 shares, reducing its paid-up share capital from 1,707,960,000 shares to 1,694,923,000 shares, and increasing the shareholding of the Company and its subsidiaries from 19.75 percent to 19.90 percent.

b) Fair value of investment in an associated company

As at 30 September 2018 and 31 December 2017, the fair value of investment in an associated company which is listed on the Stock Exchange of Thailand is as follows:

(Unit: Million Baht)

	Consolidated financial statements		Separate financial statements	
	30 September 2018	31 December 2017	30 September 2018	31 December 2017
MBK Plc.	8,685	6,560	4,364	3,296

## 6. Loans to customers and accrued interest receivables

### 6.1 Classified by loan type

	(Unit: Million Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	30 September 2018	31 December 2017	30 September 2018	31 December 2017
<u>Loans to customers</u>				
Overdrafts	16,062	16,668	-	-
Loans	266,289	263,062	45	48
Notes receivables	45,420	56,185	1,051	711
Hire purchase receivables	464,906	425,996	48	48
Financial lease receivables	2,180	1,710	-	-
Others	152	153	-	-
Less: Deferred revenues	(62,239)	(55,129)	(2)	(2)
Total loans to customers net of deferred revenues	732,770	708,645	1,142	805
Add: Accrued interest receivables	599	601	-	-
Total loans to customers and accrued interest				
receivables net of deferred revenues	733,369	709,246	1,142	805
Less: Allowance for doubtful accounts				
1) BOT's minimum requirement provision				
- Individual approach	(8,697)	(8,446)	(83)	(80)
- Collective approach	(6,773)	(5,820)	-	-
2) Excess provision	(9,272)	(10,237)	-	-
Less: Revaluation allowance for debt restructuring	-	(1)	-	-
Loans to customers and accrued interest				
receivables - net	708,627	684,742	1,059	725
<u>Securities business receivables</u>				
Credit balances receivables	4,323	4,101	-	-
Other receivables	16	15	-	-
Total securities business receivables	4,339	4,116	-	-
Less: Allowance for doubtful accounts	(14)	(14)	-	-
Securities business receivables - net	4,325	4,102	-	-
Total loans to customers and accrued interest				
receivables - net	712,952	688,844	1,059	725

## 6.2 Non-performing loans

As at 30 September 2018 and 31 December 2017, the Company and its subsidiaries (banking, 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 2018	31 December 2017	30 September 2018	31 December 2017
Non-performing loans (excluding accrued interest receivables)				
The Company	85	85	85	85
Banking business	15,254	14,384	-	-
Asset management business	2,780	2,744	-	-
Securities business	46	14	-	-

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 Company and its subsidiaries (banking and securities businesses) 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 2018	31 December 2017	30 September 2018	31 December 2017
The Company	85	85	85	85
Banking business	21,305	21,362	-	-
Securities business	46	14	-	-

The Company recognises income from loans that were transferred from investment in receivables on a cash basis. Subsidiary companies engaged in the asset management business also recognise income from loans on a cash basis.

### 6.3 Debt restructuring

During the nine-month periods ended 30 September 2018 and 2017, the subsidiaries (banking and asset management businesses) 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 balances before restructuring <sup>(1)</sup>	Outstanding balances after restructuring <sup>(1)</sup>	Type of assets to be transferred under agreement	Fair value of assets to be transferred under agreement
		Million Baht	Million Baht		Million Baht
<b><u>2018</u></b>					
Modification of repayment conditions	907	1,737	1,727		
Transfer of assets	4	16	16	Land and premise thereon	20
Total	911	1,753	1,743		
<b><u>2017</u></b>					
Modification of repayment conditions	872	1,759	1,759		
Transfer of assets and/or ordinary shares and/or modification of repayment conditions	2	60	59	Land and premise thereon and car	49
Total	874	1,819	1,818		

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

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 2018 and 2017, are summarised below.

Periods	Consolidated financial statements			
	For the nine-month periods ended 30 September			
	2018		2017	
	Number of	Outstanding	Number of	Outstanding
	debtors	balances after restructuring	debtors	balances after restructuring
		Million Baht		Million Baht
Past due after restructuring	231	478	285	638
Due within the year	179	390	204	545
Less than 5 years	208	224	239	340
5 - 10 years	176	362	107	205
10 - 15 years	27	87	12	27
Over 15 years	90	202	27	63
Total	911	1,743	874	1,818

Supplemental information for the nine-month periods ended 30 September 2018 and 2017 relating to restructured loans is as follows:

	(Unit: Million Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2018	2017	2018	2017
Interest income recognised in the statements of comprehensive income	492	699	1	-
Gain on debt settlement/assets transferred for debt settlement	90	49	64	37
Loss on debt restructuring (net of allowance for doubtful accounts as previously recorded)	9	-	-	-
Cash repayment from receivables	1,984	2,715	67	47
Property foreclosed received for debts settlement	28	63	-	-

As at 30 September 2018 and 31 December 2017, the Company 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	31	30	31	30	31
	September	December	September	December	September	December
	2018	2017	2018	2017	2018	2017
			Million Baht	Million Baht	Million Baht	Million Baht
Thanachart Capital Plc.	16	17	28	30	17	17
Thanachart Bank Plc.	6,874	8,465	7,864	8,240	1,597	1,772
TS Asset Management Co., Ltd.	202	238	2,390	2,580	1,567	1,771
Other subsidiaries	113	100	335	319	113	118

#### 6.4 Classified by classification

As at 30 September 2018 and 31 December 2017, the Company and its financial institution subsidiaries (banking and asset management businesses) 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>					
	30 September 2018			31 December 2017		
	Net balances			Net balances		
	Loans and accrued interest receivables	used in making allowance for doubtful accounts	Allowance for doubtful accounts	Loans and accrued interest receivables	used in making allowance for doubtful accounts	Allowance for doubtful accounts
Normal	640,192	341,377	3,943	624,843	416,560	3,311
Special mention	27,809	25,675	2,391	26,308	23,844	2,336
Substandard	4,443	2,216	1,542	5,960	2,998	2,241
Doubtful	3,392	1,643	1,100	2,674	1,491	823
Doubtful of loss	10,287	3,068	4,208	8,582	4,111	3,473
Total	686,123	373,979	13,184	668,367	449,004	12,184
Additional allowance for possible uncollectible accounts			9,052			10,017
Total			22,236			22,201

(1) Only the Company and subsidiary companies subject to BOT's regulations; and after deducting intergroup transactions.

(Unaudited but reviewed)

(Unit: Million Baht)

Separate financial statements						
	30 September 2018			31 December 2017		
	Net balance			Net balance		
	Loans and accrued interest receivables	used in making allowance for doubtful accounts	Allowance for doubtful accounts	Loans and accrued interest receivables	used in making allowance for doubtful accounts	Allowance for doubtful accounts
Normal	1,057	1,047	10	716	707	7
Special mention	-	-	-	4	-	-
Substandard	1	-	-	-	-	-
Doubtful	-	-	-	1	-	-
Doubtful of loss	84	73	73	84	73	73
Total	1,142	1,120	83	805	780	80

Percentage of allowance for doubtful accounts set up				
	Hire purchase receivables - personal			
	consumer of Thanachart Bank <sup>(2)</sup>		Other loans	
	30 September 2018	31 December 2017	30 September 2018	31 December 2017
Normal	0.90	0.71	1	1
Special mention	9.48	10.03	2	2
Substandard	47.05	40.67	100	100
Doubtful	42.45	39.66	100	100
Doubtful of loss	71.81	40.60	100	100

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



## 6.5 Loans to companies which have settlement problems

As at 30 September 2018 and 31 December 2017, loans of the Company and its subsidiaries (which engaged in banking business, asset management business, hire purchase and financial lease businesses) in the consolidated financial statements and the separate financial statements included amounts due from companies with weak financial positions and poor operating results, as follows:

Consolidated financial statements								
						Allowance for doubtful accounts provided in the accounts		
Number of debtors		Debt balances		Collateral value				
30	31	30	31	30	31	30	31	
September	December	September	December	September	December	September	December	
2018	2017	2018	2017	2018	2017	2018	2017	
		Million	Million	Million	Million	Million	Million	
		Baht	Baht	Baht	Baht	Baht	Baht	
1. Listed companies possible to delisting from the SET	6	4	203	205	2	1	3	2
2. Non - listed companies with similar operating results and financial position to listed companies possible to delisting from the SET	34	32	352	554	201	310	151	245
3. Companies which have loan settlement problems or have defaulted on the repayment	1,048	1,035	8,429	8,262	4,774	4,634	4,056	3,874
Separate financial statements								
						Allowance for doubtful accounts provided in the accounts		
Number of debtors		Debt balances		Collateral value				
30	31	30	31	30	31	30	31	
September	December	September	December	September	December	September	December	
2018	2017	2018	2017	2018	2017	2018	2017	
		Million	Million	Million	Million	Million	Million	
		Baht	Baht	Baht	Baht	Baht	Baht	
1. Companies which have loan settlement problems or have defaulted on the repayment	19	20	16	16	14	11	10	10

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

As at 30 September 2018 and 31 December 2017, 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)

	30 September 2018			31 December 2017		
	Debt			Debt		
	balances net			balances net		
	Allowance for			Allowance for		
	doubtful			doubtful		
	of allowance			of allowance		
	Debt	doubtful	for doubtful	Debt	doubtful	for doubtful
	balances	accounts	accounts	balances	accounts	accounts
Normal	4,293	-	4,293	4,102	-	4,102
Substandard	33	1	32	1	1	-
Doubtful	13	13	-	13	13	-
Total	4,339	14	4,325	4,116	14	4,102

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

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

As at 30 September 2018 and 31 December 2017, 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 2018	31 December 2017
Current or overdue not over 90 days	45,058	38,793
Overdue 91 - 365 days	853	811
Overdue more than 1 year	195	168
Debtors under legal actions	745	679
Total	46,851	40,451
Allowance for doubtful accounts provided in the accounts	2,505	2,301

**7. Allowance for doubtful accounts**

(Unit: Million Baht)

Consolidated financial statements									
For the nine-month period ended 30 September 2018									
The Company and subsidiary companies which are financial institutions									
	Normal	Special mention	Sub- standard	Doubtful	Doubtful of loss	Excess provision	Total	Other subsidiary companies	Consolidated
Balance - beginning of the period	3,311	2,336	2,241	823	3,473	10,017	22,201	2,316	24,517
Increase (decrease) during the period	632	55	(699)	277	4,324	(965)	3,624	276	3,900
Bad debts recovery	-	-	-	-	724	-	724	8	732
Bad debts written-off	-	-	-	-	(4,313)	-	(4,313)	(80)	(4,393)
Balance - end of the period	<u>3,943</u>	<u>2,391</u>	<u>1,542</u>	<u>1,100</u>	<u>4,208</u>	<u>9,052</u>	<u>22,236</u>	<u>2,520</u>	<u>24,756</u>

(Unit: Million Baht)

Consolidated financial statements									
For the year ended 31 December 2017									
The Company and subsidiary companies which are financial institutions									
	Normal	Special mention	Sub- standard	Doubtful	Doubtful of loss	Excess provision	Total	Other subsidiary companies	Consolidated
Balance - beginning of the year	2,985	2,151	1,666	906	3,577	11,743	23,028	2,125	25,153
Increase (decrease) during the year	326	185	575	(83)	6,411	(1,726)	5,688	290	5,978
Bad debts recovery	-	-	-	-	1,051	-	1,051	8	1,059
Bad debts written-off	-	-	-	-	(7,566)	-	(7,566)	(107)	(7,673)
Balance - end of the year	<u>3,311</u>	<u>2,336</u>	<u>2,241</u>	<u>823</u>	<u>3,473</u>	<u>10,017</u>	<u>22,201</u>	<u>2,316</u>	<u>24,517</u>

(Unaudited but reviewed)

(Unit: Million Baht)

Separate financial statements					
For the nine-month period ended 30 September 2018					
	Normal	Special mention	Substandard	Doubtful of loss	Total
Balance - beginning of the period	7	-	-	-	73
Increase during the period	3	-	-	-	3
Balance - end of the period	10	-	-	-	73

(Unit: Million Baht)

Separate financial statements					
For the year ended 31 December 2017					
	Normal	Special mention	Substandard	Doubtful of loss	Total
Balance - beginning of the year	10	-	-	-	76
Decrease during the year	(3)	-	-	-	(3)
Bad debts recovery	-	-	-	-	1
Bad debts written-off	-	-	-	-	(1)
Balance - end of the year	7	-	-	-	73

## 8. Revaluation allowance for debt restructuring

(Unit: Million Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	For the	For the	For the	For the
	nine-month period ended	year ended	nine-month period ended	year ended
	30 September 2018	31 December 2017	30 September 2018	31 December 2017
Balance - beginning of the period/year	1	2	-	-
Amortised during the period/year	(1)	(1)	-	-
Balance - end of the period/year	-	1	-	-

## 9. Classification of assets

As at 30 September 2018 and 31 December 2017, the quality of assets of the Company and its financial institution subsidiaries (banking and asset management businesses) classified in accordance with the announcements of the Bank of Thailand are as follows:

(Unit: Million Baht)

Consolidated financial statements						
30 September 2018						
	Interbank and money market items	Loans to customers and accrued interest receivables	Investments	Property foreclosed	Other assets	Total
Normal	54,052	640,192	-	-	154	694,398
Special mention	-	27,809	-	-	112	27,921
Substandard	-	4,443	-	-	11	4,454
Doubtful	-	3,392	-	-	10	3,402
Doubtful of loss	-	10,287	1,243	1,683	396	13,609
Total	54,052	686,123	1,243	1,683	683	743,784

(Unit: Million Baht)

Consolidated financial statements						
31 December 2017						
	Interbank and money market items	Loans to customers and accrued interest receivables	Investments	Property foreclosed	Other assets	Total
Normal	76,154	624,843	-	-	187	701,184
Special mention	-	26,308	-	-	116	26,424
Substandard	-	5,960	-	-	11	5,971
Doubtful	-	2,674	-	-	8	2,682
Doubtful of loss	-	8,582	503	1,761	402	11,248
Total	76,154	668,367	503	1,761	724	747,509

(Unit: Million Baht)

## Separate financial statements

30 September 2018

	Loans to customers and		Property			
	Interbank and money market items	accrued interest receivables	Investments	foreclosed	Other assets	Total
Normal	-	1,057	-	-	-	1,057
Special mention	-	-	-	-	-	-
Substandard	-	1	-	-	-	1
Doubtful	-	-	-	-	-	-
Doubtful of loss	-	84	154	1,286	104	1,628
Total	-	1,142	154	1,286	104	2,686

(Unit: Million Baht)

## Separate financial statements

31 December 2017

	Loans to customers and		Property			
	Interbank and money market items	accrued interest receivables	Investments	foreclosed	Other assets	Total
Normal	-	716	-	-	-	716
Special mention	-	4	-	-	-	4
Substandard	-	-	-	-	-	-
Doubtful	-	1	-	-	-	1
Doubtful of loss	-	84	151	1,308	104	1,647
Total	-	805	151	1,308	104	2,368

**10. Other assets**

	(Unit: Million Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	30 September 2018	31 December 2017	30 September 2018	31 December 2017
Accrued premium insurance income	402	308	-	-
Suspense debtors	320	700	-	-
Other receivables	1,914	1,495	112	107
VAT refundable	734	690	-	-
Other receivables - VAT paid in advance for customers	256	248	-	-
Deposits	245	246	3	3
Estimated insurance claims recoveries	254	248	-	-
Receivable from clearing house	466	343	-	-
Leasehold right	106	123	9	9
Prepaid corporate income tax	710	661	11	9
Deposits from derivative contracts	334	535	-	-
Prepaid expenses	512	446	8	8
Reinsurance assets	568	418	-	-
Other receivables	104	129	8	-
Others	735	684	2	2
Total	7,660	7,274	153	138
Less: Allowance for impairment	(499)	(495)	(104)	(104)
Other assets - net	7,161	6,779	49	34

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

As at 30 September 2018, interbank and money market items in the consolidated financial statements included loans of a subsidiary company amounting to Baht 2,390 million, consisting of (i) a loan of Baht 200 million, repayable in full within 3 years from the date of the loan drawdown and carrying interest at a fixed rate per annum, payable quarterly, and (ii) a loan of Baht 2,190 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 2017: included loans of a subsidiary company amounting to Baht 2,550 million).

## 12. Debt issued and borrowings

As at 30 September 2018 and 31 December 2017, the balance of domestic debt issued and borrowings, stated in Baht, are as follows:

(Unit: Million Baht)											
Instrument	Types of borrowings	Issue period	Year of maturity	Interest rate	Face value per unit	Issuance unit		Consolidated financial statements		Separate financial statements	
						30 September 2018	31 December 2017	30 September 2018	31 December 2017	30 September 2018	31 December 2017
						(Thousand unit)	(Thousand unit)				
				(Percent per annum)	(Baht)						
1	Subordinated instruments issued under Tier II	Year 2014	Year 2024	6.00	1,000	13,000	13,000	12,530	12,530	-	-
2	Subordinated instruments issued under Tier II	Year 2015	Year 2025	4.65	1,000	7,000	7,000	7,000	7,000	-	-
3	Unsubordinated debentures	Year 2012	Year 2022	4.60	1,000	3,000	3,000	3,000	3,000	3,000	3,000
4	Unsubordinated debentures	Year 2013	Year 2018	4.70	1,000	3,100	3,100	3,100	3,100	3,100	3,100
5	Unsubordinated debentures	Year 2013	Year 2020	5.03	1,000	2,900	2,900	2,900	2,900	2,900	2,900
6	Unsubordinated debentures	Year 2013	Year 2023	4.85, 5.00	1,000	1,800	1,800	1,800	1,800	1,800	1,800
7	Unsubordinated debentures	Year 2013	Year 2025	4.95	1,000	900	900	900	900	900	900
8	Unsubordinated debentures	Year 2014	Year 2018	4.75	1,000	-	2,000	-	2,000	-	-
9	Unsubordinated debentures	Year 2015	Year 2018	1.96	1,000	-	500	-	500	-	500
10	Unsubordinated debentures	Year 2015	Year 2018	3.00	1,000	300	1,100	300	1,100	-	-
11	Unsubordinated debentures	Year 2016	Year 2019	2.70, 2.88	1,000	1,700	1,700	1,400	1,400	-	-
12	Unsubordinated debentures	Year 2016	Year 2019	2.95, 3.00	1,000	1,735	1,735	1,735	1,735	-	-
13	Unsubordinated debentures	Year 2017	Year 2019	2.52	1,000	2,000	2,000	2,000	2,000	-	-
14	Unsubordinated debentures	Year 2017	Year 2019	1.75	1,000	500	500	500	500	500	500
15	Unsubordinated debentures	Year 2017	Year 2020	2.39 - 2.88	1,000	10,060	10,060	10,010	9,979	-	-
16	Unsubordinated debentures	Year 2017	Year 2020	2.58	1,000	70	70	70	70	-	-
17	Unsubordinated debentures	Year 2018	Year 2019	1.88	1,000	3,100	-	3,100	-	3,100	-



(Unaudited but reviewed)

(Unit: Million Baht)											
						Issuance unit		Consolidated financial statements		Separate financial statements	
Instrument	Types of borrowings	Issue period	Year of maturity	Interest rate	Face value per unit	30 September	31 December	30 September	31 December	30 September	31 December
						2018	2017	2018	2017	2018	2017
				(Percent annum)	per (Baht)	(Thousand unit)	(Thousand unit)				
18	Unsubordinated debentures	Year 2018	Year 2020	2.28, 2.48, 2.70	1,000	3,765	-	3,715	-	-	-
19	Unsubordinated debentures	Year 2018	Year 2021	2.31, 2.70	1,000	1,870	-	1,870	-	-	-
20	Unsubordinated debentures	Year 2018	Year 2021	2.30, 2.50	1,000	1,110	-	1,110	-	-	-
21	Structured notes		Year 2018	1.00				379	393	-	-
22	Promissory notes		At call	0.20 - 2.50, 5.65, 6.65				528	399	-	-
23	Promissory notes		Year 2019 - 2021	2.90, 3.30				289	290	-	-
Total debt issued and borrowings								58,236	51,596	15,300	12,700

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 issuer in the event that a Point of Non-Viability is triggered requiring financial assistance from the regulators. Thanachart Bank has a call option to early redeem these instruments at par if the conditions specified are met.

Instruments 8) are name-registered, unsubordinated, unsecured debentures with a debentures holders' representative, paying interest quarterly. 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 10), 11), 13), 15), 18) and 19) 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 specified in the loan agreement, such as maintenance of a debt to equity ratio.

Instruments 3) to 7), 9), 14) and 17) are name-registered, unsubordinated, unsecured debenture with no debentures holders' representative, paying interest semi-annually.

Instruments 12), 16) and 20) are name-registered, unsubordinated, unsecured debentures with no debenture holders' representative, paying interest quarterly. The subsidiary has to comply with the terms and conditions specified in the loan agreement, such as maintenance of a debt to equity ratio.

### 13. Provisions

	(Unit: Million Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	30 September 2018	31 December 2017	30 September 2018	31 December 2017
Loss from litigation	617	361	-	-
Employee benefits payable	2,735	2,740	27	26
Obligations from off-balance items	152	167	-	-
Others	378	411	-	-
Total	<u>3,882</u>	<u>3,679</u>	<u>27</u>	<u>26</u>

**14. Insurance contract liabilities**

(Unit: Million Baht)

	Consolidated financial statements					
	30 September 2018			31 December 2017		
	Insurance		Net	Insurance		Net
	contract liabilities	Reinsurance assets		contract liabilities	Reinsurance assets	
Life policy reserve	7,913	-	7,913	8,953	-	8,953
Loss reserves and outstanding claims	1,614	(140)	1,474	1,701	(137)	1,564
Unearned premium reserve	4,157	(428)	3,729	3,851	(281)	3,570
Unexpired risks reserve	36	-	36	3	-	3
Unpaid policy benefits	5	-	5	5	-	5
Other liabilities under insurance policies	72	-	72	128	-	128
<b>Total</b>	<b>13,797</b>	<b>(568)</b>	<b>13,229</b>	<b>14,641</b>	<b>(418)</b>	<b>14,223</b>

**15. Other liabilities**

(Unit: Million Baht)

	Consolidated financial statements		Separate financial statements	
	30 September	31 December	30 September	31 December
	2018	2017	2018	2017
Other payables	2,903	2,741	224	219
Suspense cash received from accounts receivable	1,655	1,962	-	-
Income received in advance	1,765	1,830	-	-
Corporate income tax payable	684	408	-	-
Accrued personnel expenses	1,914	2,353	66	69
Accrued contribution fee to the Financial Institutions Development Fund/Deposit Protection Agency	869	1,714	-	-
Accrued other expenses	1,484	1,431	2	3
Insurance premium received in advance	1,626	1,422	-	-
Payables from purchase and sale of securities	5,496	2,259	-	-
Payable to clearing house	-	1,269	-	-
Others	1,325	1,073	11	11
<b>Total other liabilities</b>	<b>19,721</b>	<b>18,462</b>	<b>303</b>	<b>302</b>

## **16. Share capital/Treasury stocks**

During the nine-month period ended 30 September 2018, there is no conversion of preferred shares to the Company's common shares. Therefore, as at 30 September 2018, 13,216 preferred shares remained unconverted. Each preferred share can convert to 1 common share. The conversion right is unconditional and does not expire.

As at 30 June 2018, the Company has 41,350,000 treasury shares valued at Baht 1,400 million that were repurchased during 10 February 2015 to 9 August 2015. Repurchase plan require that the treasury shares are to be sold within 3 years from the repurchase date.

On 27 August 2018, the Board of Directors of the Company approved a decrease of Baht 413,500,000 in the Company's registered share capital due to the end of treasury stock program, though the cancellation of 41,350,000 shares, valued at Baht 1,400 million. The Company registered the decrease in its share capital with the Ministry of Commerce on 31 August 2018 resulting in a decline in the issued and fully paid up share capital from Baht 12,064,797,030 to Baht 11,651,297,030. Of the difference between the treasury stock value and the par value, amounting to Baht 986 million, the Company recognised as a deduction against retained earnings. Moreover, the Company cancelled the appropriation of retained earnings as a reserve for treasury shares amounting Baht 1,400 million, and returned it to unappropriated retained earnings.

**17. Other components of equity**

(Unit: Million Baht)

	Consolidated financial statements		Separate financial statements	
	30 September	31 December	30 September	31 December
	2018	2017	2018	2017
<b>Share premium of a subsidiary</b>	776	776	-	-
<b>Amount by which the value of investment in subsidiary / associate lower than attributable net book value</b>	230	226	-	-
<b>Revaluation surplus (deficit) on investments</b>				
Revaluation surplus on investments				
Available-for-sale securities				
Debt instruments	50	336	1	9
Equity instruments	1,101	1,110	715	718
Total	1,151	1,446	716	727
Revaluation deficit on investments				
Available-for-sale securities				
Debt instruments	(415)	(55)	-	-
Equity instruments	(200)	(164)	(1)	-
Total	(615)	(219)	(1)	-
<b>Total revaluation surplus on investments</b>	536	1,227	715	727
Less: The effect of deferred tax liabilities	(111)	(249)	(143)	(145)
<b>Net revaluation surplus on investments</b>	425	978	572	582
<b>Revaluation surplus on assets</b>	789	802	15	15
Less: The effect of deferred tax liabilities	(158)	(160)	(3)	(3)
<b>Net revaluation surplus on assets</b>	631	642	12	12
<b>Share of other comprehensive income of associate</b>	296	399	-	-
Less: The effect of deferred tax liabilities	(10)	(14)	-	-
<b>Net share of other comprehensive income of associate</b>	286	385	-	-
<b>Share of surplus from the change in the ownership interests in subsidiaries of the associate</b>	62	62	-	-
Less: The effect of deferred tax liabilities	(2)	(2)	-	-
<b>Net share of surplus from the change in the ownership interests in subsidiaries of the associate</b>	60	60	-	-
<b>Total</b>	2,408	3,067	584	594

## 18. Capital funds

The primary objective of the Company and its subsidiaries' capital management is to ensure that they have an appropriate financial structure and to preserve the ability to continue their businesses as going concerns. Moreover, the Company and its subsidiaries have legal requirements and rules specific to their areas of business regarding maintenance of capital funds, cash, liquidity and other matters.

As at 30 September 2018 and 31 December 2017, the capital funds of the Company and its subsidiaries, calculated in accordance with the BOT regulation regarding "Consolidated Supervision", consist of the following:

	(Unit: Million Baht)	
	30 September 2018	31 December 2017
<b><u>Tier I capital</u></b>		
<b>Common Equity Tier I capital</b>		
Issued and fully paid-up share capital less treasury shares	11,651	10,665
Share premium	2,066	2,066
Statutory reserve	1,278	1,278
Retained earnings - unappropriated	45,200	41,263
Other components of equity		
Accumulated other comprehensive income	1,001	1,619
Other components of changes in equity	776	776
Portion of non-controlling interest of subsidiary operating		
commercial banking business qualifying as Tier I capital	60,484	57,527
Less: Deductions from Common Equity Tier I capital	(19,756)	(19,613)
Total Common Equity Tier I capital	102,700	95,581
Total Tier I capital	102,700	95,581
<b><u>Tier II capital</u></b>		
Subordinated debentures	11,826	12,061
Reserve for assets classified as normal	8,675	8,412
Total Tier II capital	20,501	20,473
Total capital funds	123,201	116,054

As at 30 September 2018 and 31 December 2017, the capital adequacy ratios of the financial group calculated in accordance with the Notification of the BOT are as follows:

	30 September 2018		31 December 2017	
	Capital ratio of the financial group	Minimum BOT requirement	Capital ratio of the financial group	Minimum BOT requirement
Total capital to risk-weighted assets (percent)	15.74	10.375	15.33	9.75
Total Tier I to risk-weighted assets (percent)	13.12	7.875	12.62	7.25
Total Common Equity Tier I to risk-weighted assets (percent)	13.12	6.375	12.62	5.75

In compliance with the Notification of the BOT regarding Consolidated Supervision, the Company has to disclose qualitative and quantitative information about the capital requirements of the Company and its subsidiaries in the financial group (Full Consolidation). The Company has disclosed capital requirement information as at 30 June 2018 on its website at [www.thanachart.co.th](http://www.thanachart.co.th) in October 2018.

## 19. Dividends

During the nine-month periods ended 30 September 2018 and 2017, the Company has dividend payment as follows:

Dividends	Approved by	Dividend payment Million Baht	Dividend per share Baht	Payment date
Interim dividend for the first half-year of 2018	The Company's Board of Directors on 24 September 2018	1,165	1.00	22 October 2018
Dividend for the second half-year of 2017	The Annual General Meeting of shareholders on 25 April 2018	1,515	1.30	17 May 2018
		2,680	2.30	
Interim dividend for the first half-year of 2017	The Company's Board of Directors on 25 September 2017	1,049	0.90	20 October 2017
Dividend for the second half-year of 2016	The Annual General Meeting of shareholders on 5 April 2017	1,398	1.20	3 May 2017
		2,447	2.10	

**20. Interest income**

Interest income for the three-month and nine-month periods ended 30 September 2018 and 2017 consisted of the following:

(Unit: Million Baht)

	For the three-month periods ended 30 September			
	Consolidated		Separate	
	financial statements		financial statements	
	2018	2017	2018	2017
Interbank and money market items	467	432	1	-
Investments and trading transactions	73	62	-	-
Investments in debt securities	652	777	4	6
Loans to customers	4,431	4,626	14	12
Hire purchase and financial lease	6,119	5,588	-	-
Total interest income	11,742	11,485	19	18

(Unit: Million Baht)

	For the nine-month periods ended 30 September			
	Consolidated		Separate	
	financial statements		financial statements	
	2018	2017	2018	2017
Interbank and money market items	1,398	957	1	-
Investments and trading transactions	192	183	-	-
Investments in debt securities	1,975	2,496	16	18
Loans to customers	13,149	13,416	38	40
Hire purchase and financial lease	17,900	16,374	-	-
Total interest income	34,614	33,426	55	58



**21. Interest expenses**

Interest expenses for the three-month and nine-month periods ended 30 September 2018 and 2017 consisted of the following:

	(Unit: Million Baht)			
	For the three-month periods ended 30 September			
	Consolidated		Separate	
	financial statements		financial statements	
	2018	2017	2018	2017
Deposits	2,257	2,251	-	-
Interbank and money market items	277	221	-	-
Contribution fee to the Financial Institutions Development Fund and the Deposit Protection Agency	869	851	-	-
Debts issued and borrowings				
- Subordinated debentures	-	68	-	-
- Unsubordinated debentures/short-term debentures	291	306	145	147
- Subordinated instruments	271	271	-	-
- Others	6	5	-	-
Borrowings cost	3	2	1	-
Total interest expenses	3,974	3,975	146	147

  

	(Unit: Million Baht)			
	For the nine-month periods ended 30 September			
	Consolidated		Separate	
	financial statements		financial statements	
	2018	2017	2018	2017
Deposits	6,765	6,419	-	-
Interbank and money market items	717	592	-	-
Contribution fee to the Financial Institutions Development Fund and the Deposit Protection Agency	2,601	2,485	-	-
Debts issued and borrowings				
- Subordinated debentures	-	360	-	-
- Unsubordinated debentures/short-term debentures	854	911	429	436
- Subordinated instruments	806	806	-	-
- Others	15	16	-	-
Borrowings cost	8	6	2	1
Total interest expenses	11,766	11,595	431	437

**22. Fees and service income**

Fees and service income for the three-month and nine-month periods ended 30 September 2018 and 2017 consisted of the following:

	(Unit: Million Baht)			
	For the three-month periods ended 30 September			
	Consolidated		Separate	
	financial statements		financial statements	
	2018	2017	2018	2017
Fees and service income				
Acceptance, aval and guarantees	54	59	-	-
Brokerage fees from securities/derivatives	299	315	-	-
Hire purchase fee income	404	388	-	-
Credit card fees	295	262	-	-
ATM and electronic banking services	230	220	-	-
Insurance brokerage fee income	462	445	-	-
Fund management fees	370	259	-	-
Others	412	309	-	-
Total fees and service income	2,526	2,257	-	-
Fees and service expenses	(883)	(808)	-	-
Net fees and service income	1,643	1,449	-	-

	(Unit: Million Baht)			
	For the nine-month periods ended 30 September			
	Consolidated		Separate	
	financial statements		financial statements	
	2018	2017	2018	2017
Fees and service income				
Acceptance, aval and guarantees	138	150	-	-
Brokerage fees from securities/derivatives	1,013	955	-	-
Hire purchase fee income	1,197	1,154	-	-
Credit card fees	855	754	-	-
ATM and electronic banking services	666	666	-	-
Insurance brokerage fee income	1,402	1,353	-	-
Fund management fees	1,097	726	-	-
Others	1,205	831	-	-
Total fees and service income	7,573	6,589	-	-
Fees and service expenses	(2,652)	(2,366)	-	-
Net fees and service income	4,921	4,223	-	-

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

Gains (losses) on trading and foreign exchange transactions for the three-month and nine-month periods ended 30 September 2018 and 2017 consisted of the following:

(Unit: Million Baht)

	For the three-month periods ended 30 September			
	Consolidated		Separate	
	financial statements		financial statements	
	2018	2017	2018	2017
Foreign exchange and derivatives contract				
relating to foreign exchange	102	59	-	-
Derivatives relating to interest	(9)	27	-	-
Debt securities	(73)	75	-	-
Equity securities	101	95	-	-
Others	(90)	(94)	-	-
Total	31	162	-	-

(Unit: Million Baht)

	For the nine-month periods ended 30 September			
	Consolidated		Separate	
	financial statements		financial statements	
	2018	2017	2018	2017
Foreign exchange and derivatives contract				
relating to foreign exchange	264	200	-	-
Derivatives relating to interest	(17)	56	-	-
Debt securities	(113)	185	-	-
Equity securities	(219)	(37)	-	-
Others	283	87	-	-
Total	198	491	-	-

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

Gains (losses) on investments for the three-month and nine-month periods ended 30 September 2018 and 2017 consisted of the following:

	(Unit: Million Baht)			
	For the three-month periods ended 30 September			
	Consolidated		Separate	
	financial statements		financial statements	
	2018	2017	2018	2017
Gains (losses) on disposal of available-for-sale securities	(599)	370	3	4
Gains on disposal of investment in an associated Company	-	35	-	48
Gains on debt settlement/assets transferred from investments in receivables purchased	58	129	3	126
Reversal of loss on impairment of investments	-	9	-	-
Others	41	43	-	-
<b>Total</b>	<b>(500)</b>	<b>586</b>	<b>6</b>	<b>178</b>

	(Unit: Million Baht)			
	For the nine-month periods ended 30 September			
	Consolidated		Separate	
	financial statements		financial statements	
	2018	2017	2018	2017
Gains (losses) on disposal of available-for-sale securities	(128)	674	4	8
Gains on the capital returned from a subsidiary	-	-	-	53
Gains on disposal of investment in an associated company	38	35	25	48
Gains on debt settlement/assets transferred from investments in receivables purchased	305	261	20	132
Reversal of loss on impairment of investments	1	65	-	-
Others	144	92	-	-
<b>Total</b>	<b>360</b>	<b>1,127</b>	<b>49</b>	<b>241</b>

**25. Impairment loss of loans and debt securities**

Impairment loss of loans and debt securities for the three-month and nine-month periods ended 30 September 2018 and 2017 consisted of the following:

	(Unit: Million Baht)			
	For the three-month periods ended 30 September			
	Consolidated		Separate	
	financial statements		financial statements	
	2018	2017	2018	2017
Impairment loss of loans (reversal)				
Interbank and money market items	47	(1)	-	-
Loans to customers	1,187	1,705	1	2
Amortised of revaluation allowance for debts restructured during the period	(1)	-	-	-
Reversal of loss from impairment of investments in receivables purchased	-	(8)	-	(7)
Total (reversal)	1,233	1,696	1	(5)

	(Unit: Million Baht)			
	For the nine-month periods ended 30 September			
	Consolidated		Separate	
	financial statements		financial statements	
	2018	2017	2018	2017
Impairment loss of loans (reversal)				
Interbank and money market items	(33)	(37)	-	-
Loans to customers	4,144	3,917	3	(2)
Amortised of revaluation allowance for debts restructured during the period	(1)	(1)	-	-
Loss from impairment of investments in receivables purchased	2	38	1	43
Total	4,112	3,917	4	41

**26. Income tax**

Income tax expenses for the three-month and nine-month periods ended 30 September 2018 and 2017 are as follows:

(Unit: Million Baht)

	For the three-month periods ended 30 September			
	Consolidated		Separate	
	financial statements		financial statements	
	2018	2017	2018	2017
<b>Current income tax:</b>				
Interim corporate income tax	737	209	-	-
<b>Deferred tax:</b>				
Relating to origination and reversal of temporary differences	182	131	-	82
<b>Income tax expense reported in statements of comprehensive income</b>	<b>919</b>	<b>340</b>	<b>-</b>	<b>82</b>

(Unit: Million Baht)

	For the nine-month periods ended 30 September			
	Consolidated		Separate	
	financial statements		financial statements	
	2018	2017	2018	2017
<b>Current income tax:</b>				
Interim corporate income tax	1,669	635	-	-
Adjustment in respect of income tax from previous year	10	3	-	-
<b>Deferred tax:</b>				
Relating to origination and reversal of temporary differences	48	216	-	83
<b>Income tax expense reported in statements of comprehensive income</b>	<b>1,727</b>	<b>854</b>	<b>-</b>	<b>83</b>

The amounts of income tax relating to each component of other comprehensive income for the three-month and nine-month periods ended 30 September 2018 and 2017 are as follows:

	(Unit: Million Baht)			
	For the three-month periods ended 30 September			
	Consolidated		Separate	
	financial statements		financial statements	
	2018	2017	2018	2017
Deferred tax relating to gains (losses) on changes in value of available-for-sale investments	40	80	11	4
Deferred tax relating to share of other comprehensive income (loss) of an associate	(6)	1	-	-
	<u>34</u>	<u>81</u>	<u>11</u>	<u>4</u>

	(Unit: Million Baht)			
	For the nine-month periods ended 30 September			
	Consolidated		Separate	
	financial statements		financial statements	
	2018	2017	2018	2017
Deferred tax relating to gains (losses) on changes in value of available-for-sale investments	(269)	265	(2)	2
Deferred tax relating to actuarial gain on defined benefit plan	-	1	-	-
Deferred tax relating to share of other comprehensive income (loss) of an associate	(7)	1	-	-
	<u>(276)</u>	<u>267</u>	<u>(2)</u>	<u>2</u>

**27. Components of other comprehensive income**

Components of other comprehensive income for the three-month and nine-month periods ended 30 September 2018 and 2017 are as the following:

	(Unit: Million Baht)			
	For the three-month periods ended 30 September			
	Consolidated		Separate	
	financial statements		financial statements	
	2018	2017	2018	2017
<b>Other comprehensive income</b>				
<i>Transactions will be reclassified subsequently to profit or loss</i>				
Available-for-sale securities:				
Unrealised gains (losses) during the period	(398)	771	58	24
Less: Reclassification of adjustment for realised gains/losses that included in profit or loss	599	(370)	(3)	(4)
	201	401	55	20
Share of other comprehensive income (loss) of an associate company	(107)	7	-	-
Other comprehensive income for the period	94	408	55	20
Impact from related income taxes:				
Income tax - gains (losses) on changes in value of available-for-sale securities	(40)	(80)	(11)	(4)
Income tax - other comprehensive income (loss) of an associated company	6	(1)	-	-
Impact from related income taxes	(34)	(81)	(11)	(4)
Other comprehensive income for the period - net of related income tax	60	327	44	16



(Unaudited but reviewed)

(Unit: Million Baht)

For the nine-month periods ended 30 September

	Consolidated		Separate	
	financial statements		financial statements	
	2018	2017	2018	2017
<b>Other comprehensive income</b>				
<i>Transactions will be reclassified subsequently to profit or loss</i>				
Available-for-sale securities:				
Unrealised gains (losses) during the period	(1,471)	1,999	(8)	16
Less: Reclassification of adjustment for realised gains/losses that included in profit or loss	128	(674)	(4)	(8)
	(1,343)	1,325	(12)	8
Share of other comprehensive income (loss) of an associate company	(132)	25	-	-
Other comprehensive income for the period (losses)	(1,475)	1,350	(12)	8
Impact from related income taxes:				
Income tax - gains (losses) on changes in value of available-for-sale securities	269	(265)	2	(2)
Income tax - other comprehensive income (loss) of an associated company	7	(1)	-	-
Impact from related income taxes	276	(266)	2	(2)
	(1,199)	1,084	(10)	6
<i>Transactions that will never be reclassified subsequently to profit or loss</i>				
Actuarial gains on defined benefit plan	-	3	-	-
Other comprehensive income for the period	-	3	-	-
Impact from related income taxes:				
Income tax - actuarial gains (losses) on defined benefit plan	-	(1)	-	-
Impact from related income taxes	-	(1)	-	-
	-	2	-	-
Other comprehensive income for the period - net of related income tax (losses)	(1,199)	1,086	(10)	6

**28. Earnings per share**

Basic earnings per share is calculated by dividing profit for the period attributable to equity holders of the Company (excluding other comprehensive income) by the weighted average number of common shares issued during the period, netting of treasury shares held by the Company.

Diluted earnings per share is calculated by dividing profit for the period attributable to equity holders of the Company (excluding other comprehensive income) by the total sum of the weighted average number of common shares outstanding during the period, netting of treasury shares held by the Company, plus the weighted average number of common shares that would be required to be issued to convert all potential common shares to common shares. The calculation assumes that the conversion took place either at the beginning of the period or on the date the potential common shares were issued.

Consolidated financial statements						
For the three-month periods ended 30 September						
	Profit for the period		Weighted average number of common shares		Earnings per share	
	2018	2017	2018	2017	2018	2017
	Thousand Baht	Thousand Baht	Thousand shares	Thousand shares	Baht	Baht
<b>Basic earnings per share</b>						
Profit attributable to the Company	1,869,950	1,788,432	1,165,117	1,165,117	1.60	1.53
<b>Effect of dilutive securities</b>						
Preferred shares convertible to common shares	-	-	13	13		
<b>Diluted earnings per share</b>						
Profit of common shareholders assuming conversion of dilutive securities	1,869,950	1,788,432	1,165,130	1,165,130	1.60	1.53

  

Consolidated financial statements						
For the nine-month periods ended 30 September						
	Profit for the period		Weighted average number of common shares		Earnings per share	
	2018	2017	2018	2017	2018	2017
	Thousand Baht	Thousand Baht	Thousand shares	Thousand shares	Baht	Baht
<b>Basic earnings per share</b>						
Profit attributable to the Company	5,819,615	5,065,685	1,165,117	1,165,117	4.99	4.35
<b>Effect of dilutive securities</b>						
Preferred shares convertible to common shares	-	-	13	13		
<b>Diluted earnings per share</b>						
Profit of common shareholders assuming conversion of dilutive securities	5,819,615	5,065,685	1,165,130	1,165,130	4.99	4.35

	Separate financial statements					
	For the three-month periods ended 30 September					
	Profit for the period		Weighted average number of common shares		Earnings per share	
	2018	2017	2018	2017	2018	2017
	Thousand Baht	Thousand Baht	Thousand shares	Thousand shares	Baht	Baht
Basic earnings per share						
Profit attributable to the Company	1,702,270	1,232,204	1,165,117	1,165,117	1.46	1.06
Effect of dilutive securities						
Preferred shares convertible to common shares	-	-	13	13		
Diluted earnings per share						
Profit of common shareholders assuming conversion of dilutive securities	1,702,270	1,232,204	1,165,130	1,165,130	1.46	1.06

	Separate financial statements					
	For the nine-month periods ended 30 September					
	Profit for the period		Weighted average number of common shares		Earnings per share	
	2018	2017	2018	2017	2018	2017
	Thousand Baht	Thousand Baht	Thousand shares	Thousand shares	Baht	Baht
<b>Basic earnings per share</b>						
Profit attributable to the Company	3,191,448	2,374,436	1,165,117	1,165,117	2.74	2.04
<b>Effect of dilutive securities</b>						
Preferred shares convertible to common shares	-	-	13	13		
<b>Diluted earnings per share</b>						
Profit of common shareholders assuming conversion of dilutive securities	3,191,448	2,374,436	1,165,130	1,165,130	2.74	2.04

## 29. Related party transactions

During the periods, the Company and its subsidiaries had 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 Company and those companies. Below is a summary of those transactions.

(Unit: Million Baht)

	For the three-month periods ended				
	30 September				
	Consolidated		Separate		
	financial statements		financial statements		Transfer pricing policy
	2018	2017	2018	2017	(For the period 2018)
<b><u>Transactions occurred during the periods</u></b>					
<b>Subsidiary companies</b>					
Purchase of debt securities	-	-	289	-	At market prices
Sales of debt securities	-	-	363	266	At market prices
Interest income	-	-	14	12	At interest rate of 0.40 - 5.65 percent per annum
Dividend income	-	-	1,731	1,237	As declared
Rental and other service income	-	-	15	12	At the rate agreed under the contract
Other expenses	-	-	1	1	
<b>Associated company</b>					
Dividend income	-	-	63	62	As declared
Interest expenses	1	1	-	-	At interest rate of 0.40 , 5.65 and 6.65 percent per annum
Dividend payment	-	-	130	117	As declared
Other expenses	26	31	3	3	
<b>Related companies</b>					
Purchases of debt securities	101	1,734	-	-	At market prices
Sales of debt securities	69	1,437	-	-	At market prices
Purchases/sales of forward exchange contracts	1,091	10,932	-	-	At market prices
Interest income	57	58	-	-	At interest rate of 1.76 - 7.43 percent per annum
Insurance premium/life insurance premium income	-	3	-	-	
Other income	-	1	-	-	
Interest expenses	86	51	-	-	At interest rate of 0.40 - 2.52 percent per annum
Dividend payment	1,516	1,188	-	-	As declared
Project management expenses	10	8	2	4	At the contract price calculated by reference to estimated usage time
Other expenses	47	56	-	-	

(Unit: Million Baht)

	For the nine-month periods ended				
	30 September				
	Consolidated		Separate		Transfer pricing policy
	financial statements		financial statements		
	2018	2017	2018	2017	(For the period 2018)
<b>Transactions occurred during the periods</b>					
<b>Subsidiary companies</b>					
Purchase of debt securities	-	-	375	200	At market prices
Sales of debt securities	-	-	957	266	At market prices
Returned capital from a subsidiary company (2017: gain Baht 53 million)	-	-	-	93	
Interest income	-	-	37	40	At interest rate of 0.40 - 5.65 percent per annum
Dividend income	-	-	3,418	2,647	As declared
Rental and other service income	-	-	43	35	At the rate agreed under the contract
Other expenses	-	-	1	2	
<b>Associated company</b>					
Dividend income	-	-	126	124	As declared
Other income	-	1	-	-	
Interest expenses	4	3	-	-	At interest rate of 0.40 ,5.65 and 6.65 percent per annum
Dividend payment	-	-	299	273	As declared
Other expenses	79	95	9	9	
<b>Related companies</b>					
Purchase of debt securities	2,834	4,169	-	-	At market prices
Sales of debt securities	1,093	3,092	-	-	At market prices
Purchase/sales of forward exchange contracts	20,128	49,053	-	-	At market prices
Interest income	161	169	-	-	At interest rate of 1.30 - 7.65 percent per annum
Dividend income	55	49	24	22	As declared
Insurance premium/life insurance premium income	3	11	-	-	At the rate agreed under the contract
Other income	1	3	-	-	
Interest expenses	230	142	-	-	At interest rate of 0.40 – 2.52 percent per annum
Dividend payment	3,061	2,377	-	-	As declared
Project management expenses	30	22	8	10	At the contract price calculated by reference to estimated usage time
Other expenses	145	153	1	5	

The outstanding balances of the above transactions during the nine-month periods ended 30 September 2018 and 2017 have been shown at the average balance at the end of each month as follows:

	(Unit: Million Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2018	2017	2018	2017
<b><u>Subsidiary companies</u></b>				
Interbank and money market items (assets)	-	-	337	153
Loans to customers	-	-	875	768
Debt issued and borrowings	-	-	-	4
<b><u>Associated company</u></b>				
Deposits	102	84	-	-
Debt issued and borrowings	85	53	-	-
<b><u>Related companies</u></b>				
Interbank and money market items (assets)	81	215	-	-
Loans to customers	5,836	6,786	-	-
Investment in debt securities	64	1,149	-	-
Deposits	1,815	1,522	-	-
Interbank and money market items (liabilities)	12,939	13,795	-	-

As at 30 September 2018 and 31 December 2017, the significant outstanding balances of the above transactions are as follows:

	(Unit: Million Baht)								
	Consolidated financial statements								
	30 September 2018								
	Assets				Liabilities				
	Interbank and money market items	Investment s - debt securities	Loans to customers and interest receivables	Other assets	Deposits	Interbank and money market items	Debt issued and borrowings	Other liabilities	Commitment s
<b>Associated company</b>									
MBK Plc.	-	-	-	154	50	-	117	196	-
<b>Related companies</b>									
Other related companies	16	-	5,135	32	1,389	13,041	-	59	1,374
	16	-	5,135	186	1,439	13,041	117	255	1,374

(Unaudited but reviewed)

(Unit: Million Baht)

## Consolidated financial statements

31 December 2017

	Assets				Liabilities				
	Interbank and money market items	Investments - debt securities	Loans to customers and interest receivables	Other assets	Deposits	Interbank and money market items	Debt issued and borrowings	Other liabilities	Commitments
<b>Associated company</b>									
MBK Plc.	-	-	-	29	56	-	58	2	-
<b>Related companies</b>									
Other related companies	301	591	5,839	36	1,478	13,138	-	32	698
	301	591	5,839	65	1,534	13,138	58	34	698

(Unit: Million Baht)

## Separate financial statements

30 September 2018

	Assets				Liabilities				
	Interbank and money market items	Investments - debt securities	Loans to customers and interest receivables	Other assets	Deposits	Interbank and money market items	Debt issued and borrowings	Other liabilities	Commitments
<b>Subsidiary companies</b>									
Thanachart Bank Plc.	3,135	-	-	-	-	-	-	1	-
Thanachart Securities Plc.	-	-	-	1	-	-	-	-	-
NFS Asset Management Co., Ltd.	-	-	462	4	-	-	-	-	-
Max Asset Management Co., Ltd.	-	-	580	4	-	-	-	-	-
TM Broker Co., Ltd.	-	-	2	-	-	-	-	-	-
<b>Associated company</b>									
MBK Plc.	-	-	-	66	-	-	-	130	-
	3,135	-	1,044	75	-	-	-	131	-

(Unit: Million Baht)

Separate financial statements									
31 December 2017									
Assets					Liabilities				
Interbank and money market items	Investments - debt securities	Loans to customers and interest receivables	Other assets	Deposits	Interbank and money market items	Debt issued and borrowings	Other liabilities	Commitments	
<b>Subsidiary companies</b>									
Thanachart Bank Plc.	22	-	-	-	-	-	1	-	
Thanachart Securities Plc.	-	-	-	1	-	-	-	-	
<b>NFS Asset Management</b>									
Co., Ltd.	-	-	420	-	-	-	-	-	
<b>Max Asset Management</b>									
Co., Ltd.	-	-	281	-	-	-	-	-	
TM Broker Co., Ltd.	-	-	2	-	-	-	-	-	
<b>Associated company</b>									
MBK Plc.	-	-	-	3	-	-	-	-	
	22	-	703	4	-	-	1	-	

As at 30 September 2018 and 31 December 2017, the Company has loans to subsidiary companies as follows:

(Unit: Million Baht)			
Company's name	Interest rate	Outstanding balances	
		30 September 2018	31 December 2017
	(For the year 2018)		
Max Asset Management Co., Ltd.	MLR	580	281
	of Thanachart Bank - 1%		
NFS Asset Management Co., Ltd.	MLR	462	420
	of Thanachart Bank - 1%		
TM Broker Co., Ltd.	MLR	2	2
	of Thanachart Bank - 1%		
Total		1,044	703

As at 30 September 2018, the Company and its subsidiaries have investments amounting to Baht 1,812 million (Baht 873 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 2017: Baht 1,835 million in the consolidated financial statements and Baht 878 million in the separate financial statements).



As at 30 September 2018 and 31 December 2017, the Company and its subsidiaries have the following related parties transactions with executive employees of the Company 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 2018	31 December 2017	30 September 2018	31 December 2017
Loans to customers	69	88	-	-
Deposits	1,364	1,527	-	-

#### Directors and management's remuneration

During the three-month and nine-month periods ended 30 September 2018 and 2017, the Company and its subsidiaries recorded the following benefits to their key management personnel, including directors:

	(Unit: Million Baht)			
	For the three-month periods ended 30 September			
	Consolidated		Separate	
	financial statements		financial statements	
	2018	2017	2018	2017
Short-term employee benefits	156	145	19	19
Post-employment benefits	5	4	1	-
	161	149	20	19

	(Unit: Million Baht)			
	For the nine-month periods ended 30 September			
	Consolidated		Separate	
	financial statements		financial statements	
	2018	2017	2018	2017
Short-term employee benefits	519	511	85	80
Post-employment benefits	13	13	1	1
	532	524	86	81

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

The Company and its subsidiaries' operations involve 6 principal segments: (1) Company; (2) Banking business; (3) Asset management business; (4) Securities business; (5) Life insurance business; and (6) Non-life insurance business.

The chief operating decision maker reviews the operating results of each segment separately in order to make decisions on the allocation of resources to each operating segment and to assess performance. The Company and its subsidiaries measure segment performance based on net interest income generated by each segment with net interest income being interest income and interest expenses from external customers, net of interest income and interest expenses from inter-segment lending and borrowing with other business segment. For inter-segment borrowing, market interest rates are charged.

Financial information of the Company and its subsidiaries presented by operating segments are as follows:

(Unit: Million Baht)

	For the three-month period ended 30 September 2018								
	The	Banking	Securities	Life	Non-life	Asset			
	Company	business	business	insurance	insurance	management	Other	Eliminations	Consolidated
				business	business	business	businesses		
Net interest income	(127)	7,163	53	65	53	4	598	(41)	7,768
Other operating income	1,881	1,269	619	(42)	527	26	358	(1,987)	2,651
Other operating expenses	(51)	(3,686)	(303)	(36)	(259)	(26)	(258)	142	(4,477)
Impairment loss of loans and debt securities	(1)	(1,202)	-	-	-	8	(71)	33	(1,233)
Profit (loss) before income tax	1,702	3,544	369	(13)	321	12	627	(1,853)	4,709
Income tax	-	(649)	(71)	3	(64)	(11)	(109)	(18)	(919)
Profit (loss) before non- controlling interests	1,702	2,895	298	(10)	257	1	518	(1,871)	3,790

## (Unaudited but reviewed)

(Unit: Million Baht)

For the three-month period ended 30 September 2017

	The Company	Banking business	Securities business	Life insurance business	Non-life insurance business	Asset management business	Other businesses	Eliminations	Consolidated
Net interest income	(129)	7,009	43	78	47	16	478	(32)	7,510
Other operating income	1,487	2,013	574	(57)	607	35	274	(1,530)	3,403
Other operating expenses	(48)	(4,480)	(320)	(37)	(240)	(25)	(242)	153	(5,239)
Impairment loss of loans and debt securities	5	(1,606)	-	-	-	7	(119)	17	(1,696)
Profit (loss) before income tax	1,315	2,936	297	(16)	414	33	391	(1,392)	3,978
Income tax	(83)	(8)	(56)	(5)	(82)	(15)	(78)	(13)	(340)
Profit (loss) before non-controlling interests	1,232	2,928	241	(21)	332	18	313	(1,405)	3,638

(Unit: Million Baht)

For the nine-month period ended 30 September 2018

	The Company	Banking business	Securities business	Life insurance business	Non-life insurance business	Asset management business	Other businesses	Eliminations	Consolidated
Net interest income	(376)	21,092	155	203	149	23	1,720	(118)	22,848
Other operating income	3,752	6,056	2,010	(84)	1,597	404	971	(4,820)	9,886
Other operating expenses	(180)	(12,682)	(917)	(104)	(737)	(85)	(753)	408	(15,050)
Impairment loss of loans and debt securities	(5)	(3,839)	-	-	-	(8)	(300)	40	(4,112)
Profit before income tax	3,191	10,627	1,248	15	1,009	334	1,638	(4,490)	13,572
Income tax	-	(828)	(242)	(4)	(202)	(101)	(308)	(42)	(1,727)
Profit before non-controlling interests	3,191	9,799	1,006	11	807	233	1,330	(4,532)	11,845

(Unit: Million Baht)

For the nine-month period ended 30 September 2017

	The Company	Banking business	Securities business	Life insurance business	Non-life insurance business	Asset management business	Other businesses	Eliminations	Consolidated
Net interest income	(379)	20,325	127	237	138	94	1,372	(83)	21,831
Other operating income	3,062	6,901	1,698	(170)	1,536	160	861	(4,542)	9,506
Other operating expenses	(184)	(13,910)	(949)	(106)	(693)	(81)	(723)	448	(16,198)
Impairment loss of loans and debt securities	(41)	(3,642)	-	-	-	59	(401)	108	(3,917)
Profit (loss) before income tax	2,458	9,674	876	(39)	981	232	1,109	(4,069)	11,222
Income tax	(84)	(64)	(169)	-	(193)	(74)	(213)	(57)	(854)
Profit (loss) before non-controlling interests	2,374	9,610	707	(39)	788	158	896	(4,126)	10,368

The segment assets of the Company and its subsidiaries as at 30 September 2018 and 31 December 2017 are as follows:

(Unit: Million Baht)

	The Company	Banking business	Securities business	Life insurance business	Non-life insurance business	Asset management business	Other businesses	Eliminations	Consolidated
Segment assets									
As at 30 September 2018	42,521	941,175	12,128	10,095	14,560	4,875	47,009	(54,034)	1,018,329
As at 31 December 2017	38,150	954,460	12,306	10,610	13,452	4,782	40,617	(48,852)	1,025,525

### 31. Encumbrance of assets

As at 30 September 2018 and 31 December 2017, the Company and its subsidiaries have the following encumbrance assets, presented at book value as follows:

(Unit: Million Baht)

	Consolidated financial statements		Separate financial statements	
	30 September 2018	31 December 2017	30 September 2018	31 December 2017
Interbank and money market items (assets)				
Placed at insurance registrar	750	770	-	-
Placed at court	2	3	-	-
Investments in securities				
Placed at insurance registrar	2,128	2,462	-	-
Placed at court	30	30	-	-
Security lending	6	10	-	-
Placed for electricity usage	1	1	-	-
Property foreclosed				
Immovable assets subject to buyback options or first rights refusal	2	2	-	-
Immovable assets subject to purchase or sell agreements with clients but currently being settled in installments or through transfer of ownership	304	30	-	-
	3,223	3,308	-	-

**32. Commitments and contingent liabilities**

As at 30 September 2018 and 31 December 2017, significant commitments and contingent liabilities consisted of:

**32.1 Commitments**

	(Unit: Million Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	30 September 2018	31 December 2017	30 September 2018	31 December 2017
Aval to bills	158	115	-	-
Guarantees of loans	2,400	2,291	-	-
Liability under unmatured import bills	467	270	-	-
Letter of credits	1,327	1,045	-	-
Other obligations				
Committed (but not drawn) overdraft	23,246	23,832	-	-
Others	60,131	55,644	1	1
<b>Total</b>	<b>87,729</b>	<b>83,197</b>	<b>1</b>	<b>1</b>

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

**32.2** As at 30 September 2018, the Company and its subsidiaries have commitments to pay the service fees in relation to property foreclosed, computer system services and other services, including commitments in respect of office rental and related service fees under long-term rental and services contracts, as follows:

Year	(Unit: Million Baht)	
	Consolidated	Separate
	financial statements	financial statements
	Other companies	Other companies
2018	519	4
2019	1,604	4
2020 onward	2,568	3

In addition, the Company 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.

### **32.3 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/or 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 2018, 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. These comprised receivables awaiting collection and the difference is presented under other assets in the statements of financial position. Such amount relate 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 2018, 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 33 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 2018, 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.

### **33. Contingent liabilities/litigation**

- a) As at 30 September 2018, the Company and its subsidiaries have contingent liabilities amounting to approximately Baht 2,956 million (separate financial statements: Baht 215 million) in respect of litigation. However, the Company 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 in the consolidated financial statements amounting to Baht 452 million, relates to lawsuits involving Thanachart Bank, as a result of the transfer of business from BMB to SCIB, Thanachart Bank is entitled to compensation for actual losses incurred if such losses are in accordance with the conditions agreed with the FIDF.

- b) Furthermore, an organization supervised by a government agency requested that a subsidiary pay compensation amounting to Baht 2,100 million, plus interest at 7.5 percent per annum. The management of a subsidiary is confident that no loss will be incurred.

### **34. Letter of guarantees**

As at 30 September 2018, the Company and its subsidiaries had letter of guarantees issued by banks on behalf of the Company and its subsidiaries, amounting approximately Baht 29 million, placed for electricity usage (separate financial statements: Baht 1 million).

**35. Fair value of financial instruments**

As at 30 September 2018 and 31 December 2017, the Company and its subsidiaries have 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 2018					
	Book value	Fair value			
		Total	Level 1	Level 2	Level 3
Derivatives assets	2,565	2,565	-	2,565	-
Investments	167,458	167,458	8,007	159,451	-
Derivatives liabilities	2,503	2,503	6	2,497	-

(Unit: Million Baht)

Consolidated financial statements					
31 December 2017					
	Book value	Fair value			
		Total	Level 1	Level 2	Level 3
Derivatives assets	2,518	2,518	-	2,518	-
Investments	174,031	174,031	6,244	167,787	-
Derivatives liabilities	2,511	2,511	-	2,511	-

(Unit: Million Baht)

Separate financial statements					
30 September 2018					
	Book value	Fair value			
		Total	Level 1	Level 2	Level 3
Investments	3,203	3,203	939	2,264	-

(Unit: Million Baht)

Separate financial statements					
31 December 2017					
	Book value	Fair value			
		Total	Level 1	Level 2	Level 3
Investments	2,333	2,333	941	1,392	-



Valuation techniques and inputs used for Level 2 fair value measurement

- a) The fair value of investments in debt securities has been determined by using the yield rates quoted by the Thai Bond Market Association or by other market.
- b) The fair value of derivatives, which have no active market, has been determined by using valuation model technique. Most of the inputs used for the valuation are observable in the relevant market, such as interest rate and foreign exchange rate and adjust with counterparty credit risk.

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

**36. Approval of interim financial statements**

These interim financial statements were authorised for issue by the Company's Board of Directors on 12 November 2018.