

Thanachart Capital Public Company Limited
and its subsidiaries
Report and interim financial statements
30 September 2019

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 2019, the related consolidated statements of comprehensive income for the three-month and nine-month periods ended 30 September 2019 and the consolidated statements of changes in equity and cash flows for the nine-month period then ended, as well as the condensed notes to the consolidated financial statements. I have also reviewed the separate financial information of Thanachart 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.

Emphasis of matter

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

Somjai Khunapasut

Certified Public Accountant (Thailand) No. 4499

EY Office Limited

Bangkok: 11 November 2019

Thanachart Capital Public Company Limited and its subsidiaries

Statement of financial position

As at 30 September 2019

(Unit: Thousand Baht)

	Note	Consolidated		Separate	
		financial statements		financial statements	
		30 September	31 December	30 September	31 December
		2019	2018	2019	2018
		(Unaudited but reviewed)	(Audited)	(Unaudited but reviewed)	(Audited)
Assets					
Cash		9,374,366	11,021,897	10	-
Interbank and money market items - net		139,094,021	99,117,357	37,446	23,512
Derivatives assets	4	4,040,978	2,005,388	-	-
Investments - net	5	130,370,405	170,436,987	4,238,676	1,855,854
Investments in subsidiary and associated companies - net	6	3,196,214	3,026,903	33,166,944	33,166,944
Loans to customers and accrued interest receivables	7				
Loans to customers		842,118,178	820,771,229	790,947	1,466,959
Accrued interest receivables		622,411	656,970	1	2
Total loans to customers and accrued interest receivables		842,740,589	821,428,199	790,948	1,466,961
Less: Deferred revenue		(71,079,472)	(66,158,693)	(2,061)	(2,117)
Allowance for doubtful accounts	8	(23,140,599)	(24,144,379)	(72,319)	(86,371)
Revaluation allowance for debt restructuring	9	(239)	(603)	-	-
Net loans to customers and accrued interest receivables		748,520,279	731,124,524	716,568	1,378,473
Customers' liability under acceptances		644	9,164	-	-
Property foreclosed - net		5,650,567	4,822,435	1,671,145	851,814
Land, premises and equipment - net	11	10,773,896	8,042,888	76,331	38,623
Intangible assets - net		1,572,004	1,850,151	675	759
Goodwill		17,900,910	17,799,200	-	-
Deferred tax assets		739,880	779,113	-	-
Receivables from purchase and sale of securities		3,816,649	2,639,539	-	289,344
Accrued interest and dividend receivables		634,615	485,468	67,854	2,163
Other assets - net	12	6,168,964	7,768,158	69,064	36,091
Total assets		1,081,854,392	1,060,929,172	40,044,713	37,643,577

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

Thanachart Capital Public Company Limited and its subsidiaries

Statement of financial position (continued)

As at 30 September 2019

(Unit: Thousand Baht)

	Note	Consolidated		Separate	
		financial statements		financial statements	
		30 September	31 December	30 September	31 December
		2019	2018	2019	2018
		(Unaudited but reviewed)	(Audited)	(Unaudited but reviewed)	(Audited)
Liabilities and equity					
Deposits		745,693,089	751,916,956	-	-
Interbank and money market items	13	58,858,429	71,922,702	-	-
Liability payable on demand		1,881,231	1,163,165	-	-
Derivatives liabilities	4	3,311,121	2,097,019	-	-
Debts issued and borrowings	14	80,406,397	55,012,914	12,567,710	12,200,000
Bank's liability under acceptances		644	9,164	-	-
Provisions	15	4,819,176	3,914,644	45,879	28,683
Deferred tax liabilities		2,613,805	1,402,533	137,935	133,868
Accrued interest payables		2,421,732	2,276,928	144,675	89,756
Insurance contracts liabilities	16	13,241,814	14,061,571	-	-
Payables from purchase and sale of securities		4,764,831	1,324,840	-	192,451
Accrued dividend payables		1,374,795	-	1,374,795	-
Other liabilities	17	15,555,460	17,908,473	693,875	315,569
Total liabilities		934,942,524	923,010,909	14,964,869	12,960,327

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

Thanachart Capital Public Company Limited and its subsidiaries

Statement of financial position (continued)

As at 30 September 2019

(Unit: Thousand Baht)

	Note	Consolidated		Separate	
		financial statements		financial statements	
		30 September	31 December	30 September	31 December
		2019	2018	2019	2018
		(Unaudited but reviewed)	(Audited)	(Unaudited but reviewed)	(Audited)
Equity					
Share capital	18				
Registered, issued and paid-up					
13,156 preferred shares of Baht 10 each					
(31 December 2018: 13,216 preferred shares					
of Baht 10 each)		132	132	132	132
1,165,116,547 common shares of Baht 10 each					
(31 December 2018: 1,165,116,487 common shares					
of Baht 10 each)		11,651,165	11,651,165	11,651,165	11,651,165
		11,651,297	11,651,297	11,651,297	11,651,297
Premium on common share		2,065,645	2,065,645	2,065,645	2,065,645
Other components of equity	19	4,557,416	2,352,253	549,450	531,430
Retained earnings					
Appropriated - statutory reserve		1,277,830	1,277,830	1,277,830	1,277,830
- treasury share reserve		999,964	764,980	999,964	764,980
Unappropriated		51,160,793	48,388,381	9,535,622	9,157,048
Less: Treasury shares - common shares	18	(999,964)	(764,980)	(999,964)	(764,980)
Equity attributable to owners of the Company		70,712,981	65,735,406	25,079,844	24,683,250
Non-controlling interests		76,198,887	72,182,857	-	-
Total equity		146,911,868	137,918,263	25,079,844	24,683,250
Total liabilities and equity		1,081,854,392	1,060,929,172	40,044,713	37,643,577

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 2019**

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

	Note	Consolidated		Separate	
		financial statements		financial statements	
		2019	2018	2019	2018
Profit or loss					
Interest income	22	12,349,795	11,742,093	32,681	18,620
Interest expenses	23	(4,356,556)	(3,974,049)	(139,911)	(145,342)
Net interest income		7,993,239	7,768,044	(107,230)	(126,722)
Fees and service income		2,457,612	2,525,897	244	269
Fees and service expenses		(886,863)	(882,754)	(25)	(18)
Net fees and service income	24	1,570,749	1,643,143	219	251
Gains on trading and foreign exchange transactions	25	276,728	31,152	-	-
Gains (losses) on investments	26	592,896	(500,084)	160,525	5,344
Share of profit from investments accounted for under equity method		71,962	175,015	-	-
Gains (losses) on property foreclosed and other assets		483,455	42,386	327,195	(367)
Insurance/Life insurance income		2,046,914	1,921,869	-	-
Dividend income		35,461	95,039	1,725,102	1,795,650
Other operating income		372,741	442,644	8,100	79,809
Total operating income		13,444,145	11,619,208	2,113,911	1,753,965
Insurance/Life insurance expenses		(1,540,720)	(1,199,481)	-	-
Net operating income		11,903,425	10,419,727	2,113,911	1,753,965
Other operating expenses					
Employee's expenses		3,124,963	2,715,862	33,974	30,157
Directors' remuneration		15,168	12,141	4,490	3,400
Premises and equipment expenses		681,707	656,996	5,581	4,689
Taxes and duties		178,618	182,732	2,825	2,762
Other expenses		1,141,263	910,097	28,866	9,545
Total other operating expenses		5,141,719	4,477,828	75,736	50,553
Impairment loss of loans and debt securities (reversal)	27	1,090,887	1,233,246	(2,155)	1,167
Profit before income tax		5,670,819	4,708,653	2,040,330	1,702,245
Income tax	28	(1,055,084)	(918,411)	258	25
Profit for the period		4,615,735	3,790,242	2,040,588	1,702,270

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 2019**

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

	Note	Consolidated		Separate	
		financial statements		financial statements	
		2019	2018	2019	2018
Other comprehensive income	29				
<i>Transactions that will be reclassified subsequently to profit or loss</i>					
Gains on change in value of available-for-sale investments		613,744	200,825	1,803	55,133
Share of other comprehensive loss of an associate		(3,591)	(106,329)	-	-
Income tax relating to components of other comprehensive income (loss)		(123,582)	(34,674)	(360)	(11,026)
		<u>486,571</u>	<u>59,822</u>	<u>1,443</u>	<u>44,107</u>
<i>Transactions that will never be reclassified subsequently to profit or loss</i>					
Share of other comprehensive loss of an associate		(117)	-	-	-
Actuarial losses on defined benefit plan		(548,319)	-	(5,088)	-
Income tax relating to components of other comprehensive income (loss)		108,496	-	-	-
		<u>(439,940)</u>	<u>-</u>	<u>(5,088)</u>	<u>-</u>
Total other comprehensive income (loss)		<u>46,631</u>	<u>59,822</u>	<u>(3,645)</u>	<u>44,107</u>
Total comprehensive income		<u>4,662,366</u>	<u>3,850,064</u>	<u>2,036,943</u>	<u>1,746,377</u>
Profit attributable to					
The Company		2,472,361	1,869,950	2,040,588	1,702,270
Non-controlling interests		2,143,374	1,920,292	-	-
		<u>4,615,735</u>	<u>3,790,242</u>	<u>2,040,588</u>	<u>1,702,270</u>
Total comprehensive income attributable to					
The Company		2,495,872	1,892,604	2,036,943	1,746,377
Non-controlling interests		2,166,494	1,957,460	-	-
		<u>4,662,366</u>	<u>3,850,064</u>	<u>2,036,943</u>	<u>1,746,377</u>
Earnings per share of the Company	30				
Basic earnings per share (Baht per share)		2.16	1.60	1.78	1.46
Diluted earnings per share (Baht per share)		2.16	1.60	1.78	1.46

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 2019

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

	Note	Consolidated		Separate	
		financial statements		financial statements	
		2019	2018	2019	2018
Profit or loss					
Interest income	22	36,735,007	34,614,586	78,836	54,502
Interest expenses	23	(12,747,543)	(11,766,177)	(386,208)	(430,586)
Net interest income		23,987,464	22,848,409	(307,372)	(376,084)
Fees and service income		7,273,521	7,572,899	484	478
Fees and service expenses		(2,736,207)	(2,651,793)	(313)	(270)
Net fees and service income	24	4,537,314	4,921,106	171	208
Gains on trading and foreign exchange transactions	25	646,275	198,604	-	-
Gains on investments	26	1,030,093	359,455	189,032	48,582
Share of profit from investments accounted for under equity method		211,642	353,841	-	-
Gains on property foreclosed and other assets		684,639	313,357	505,877	18,362
Insurance/Life insurance income		5,924,879	5,747,415	-	-
Dividend income		391,358	439,209	3,612,109	3,574,639
Other operating income		1,309,939	1,145,486	39,605	109,848
Total operating income		38,723,603	36,326,882	4,039,422	3,375,555
Insurance/Life insurance expenses		(4,189,029)	(3,592,360)	-	-
Net operating income		34,534,574	32,734,522	4,039,422	3,375,555
Other operating expenses					
Employee's expenses		9,641,171	8,515,998	105,191	90,967
Directors' remuneration		99,604	89,314	42,657	36,082
Premises and equipment expenses		1,970,664	1,959,376	15,124	14,499
Taxes and duties		537,566	549,839	3,851	3,272
Other expenses		3,739,313	3,936,344	62,223	34,832
Total other operating expenses		15,988,318	15,050,871	229,046	179,652
Impairment loss of loans and debt securities (reversal)	27	3,033,704	4,112,306	(14,661)	4,669
Profit before income tax		15,512,552	13,571,345	3,825,037	3,191,234
Income tax	28	(3,029,761)	(1,726,791)	630	214
Profit for the period		12,482,791	11,844,554	3,825,667	3,191,448

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 2019**

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

	Note	Consolidated		Separate	
		financial statements		financial statements	
		2019	2018	2019	2018
Other comprehensive income	29				
<i>Transactions that will be reclassified subsequently to profit or loss</i>					
Gains (losses) on change in value of available-for-sale investments		1,908,669	(1,343,368)	(16,341)	(12,053)
Share of other comprehensive loss of an associate		(41,608)	(131,557)	-	-
Income tax relating to components of other comprehensive income (loss)		(419,623)	275,549	3,269	2,411
		<u>1,447,438</u>	<u>(1,199,376)</u>	<u>(13,072)</u>	<u>(9,642)</u>
<i>Transactions that will never be reclassified subsequently to profit or loss</i>					
Surplus on revaluation of assets		3,285,621	-	39,830	-
Share of other comprehensive income (loss) of an associate		255,730	(158)	-	-
Actuarial loss on defined benefit plan		(553,947)	-	(5,088)	-
Income tax relating to components of other comprehensive income (loss)		(561,419)	(2)	(7,966)	-
		<u>2,425,985</u>	<u>(160)</u>	<u>26,776</u>	<u>-</u>
Total other comprehensive income (loss)		<u>3,873,423</u>	<u>(1,199,536)</u>	<u>13,704</u>	<u>(9,642)</u>
Total comprehensive income		<u>16,356,214</u>	<u>10,645,018</u>	<u>3,839,371</u>	<u>3,181,806</u>
Profit attributable to					
The Company		6,387,111	5,819,615	3,825,667	3,191,448
Non-controlling interests		6,095,680	6,024,939	-	-
		<u>12,482,791</u>	<u>11,844,554</u>	<u>3,825,667</u>	<u>3,191,448</u>
Total comprehensive income attributable to					
The Company		8,420,416	5,166,281	3,839,371	3,181,806
Non-controlling interests		7,935,798	5,478,737	-	-
		<u>16,356,214</u>	<u>10,645,018</u>	<u>3,839,371</u>	<u>3,181,806</u>
Earnings per share of the Company	30				
Basic earnings per share (Baht per share)		5.57	4.99	3.34	2.74
Diluted earnings per share (Baht per share)		5.57	4.99	3.34	2.74

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 2019**

			(Unit: Thousand Baht)	
	Consolidated		Separate	
	financial statements		financial statements	
	2019	2018	2019	2018
Cash flows from operating activities				
Profit before income tax	15,512,552	13,571,345	3,825,037	3,191,234
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	(211,642)	(353,841)	-	-
Depreciation and amortisation	1,091,762	1,111,150	5,171	5,832
Impairment loss of loans and debt securities (reversal)	3,033,704	4,112,306	(14,661)	4,669
Increase in provisions	869,252	597,146	12,108	1,442
Decrease in allowance for impairment of property foreclosed	(36,074)	(71,018)	(70,363)	(21,810)
Increase (decrease) in allowance for impairment of equipment/other assets	(19,338)	3,898	(5)	(20)
Reversal of loss from revaluation on land and premises	(4,226)	-	-	-
Interest income and gain from assets transferred for debt settlement	(12,339)	(4,445)	-	-
Unrealised loss (gain) from change in value of investments/allowance for impairment of investments	(115,138)	109,051	-	-
Gain from disposal of investment in an associated company	-	(37,890)	-	(24,874)
Unrealised loss (gain) on exchange	306,323	(115,042)	-	-
Loss (gain) on disposal of land, premises and equipment/intangible assets	2,145	(28,415)	(41)	(2,143)
Decrease (increase) in accrued other income receivable	423,704	(89,109)	-	(7,650)
	20,840,685	18,805,136	3,757,246	3,146,680
Net interest income	(23,987,464)	(22,848,409)	307,372	376,084
Dividend income	(391,358)	(439,209)	(3,612,109)	(3,574,639)
Cash received from interest on operating activities	34,979,557	32,695,945	47,009	37,778
Cash paid for interest on operating activities	(11,758,515)	(11,312,783)	-	-
Cash paid for income tax	(2,865,104)	(1,429,467)	(7,651)	(2,215)
Income from operating activities before				
changes in operating assets and liabilities (loss)	16,817,801	15,471,213	491,867	(16,312)

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 2019**

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2019	2018	2019	2018
Cash flows from operating activities (continued)				
Decrease (increase) in operating assets				
Interbank and money market items	(39,970,050)	23,994,189	(13,774)	(3,111,848)
Derivative assets	134,046	1,243,609	-	-
Investments in trading securities	5,341,913	(1,826,660)	-	-
Loans to customers	(26,772,463)	(32,843,044)	676,001	(336,076)
Property foreclosed	5,371,986	4,506,975	(748,968)	29,465
Receivables from purchase and sale of securities	(1,177,110)	(1,904,446)	289,344	-
Other assets	968,832	(538,793)	(28,708)	(6,897)
Increase (decrease) in operating liabilities				
Deposits	(6,223,868)	(18,995,364)	-	-
Interbank and money market items	(13,043,262)	174,138	-	-
Liability payable on demand	718,066	(627,905)	-	-
Derivatives liabilities	(167,237)	(1,404,072)	-	-
Payables from purchase and sale of securities	3,439,991	3,237,609	(192,451)	-
Insurance contract liabilities	(819,757)	(843,997)	-	-
Other liabilities	(2,112,449)	(1,737,481)	378,306	879
Net cash flows from (used in) operating activities	(57,493,561)	(12,094,029)	851,617	(3,440,789)
Cash flows from investing activities				
Decrease (increase) in investments in securities	36,133,597	6,717,941	(2,373,207)	(877,410)
Cash received from disposal of investment in an associated company	-	58,449	-	29,423
Cash received from interest	1,765,147	2,149,293	4,991	13,564
Cash received from dividend	518,168	563,437	3,547,702	3,511,927
Cash paid for purchase of premises and equipment/intangible assets	(335,240)	(238,914)	(2,541)	(654)
Cash received from disposal of land, premises and equipment/intangible assets	4,808	54,688	41	2,931
Net cash flows from investing activities	38,086,480	9,304,894	1,176,986	2,679,781

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 2019

			(Unit: Thousand Baht)	
	Consolidated		Separate	
	financial statements		financial statements	
	2019	2018	2019	2018
Cash flows from financing activities				
Cash received from debts issued and borrowings	48,977,911	11,886,161	3,943,851	3,100,000
Cash paid for debts issued and borrowings	(23,584,428)	(5,246,142)	(3,600,000)	(500,000)
Cash paid for treasury shares	(234,984)	-	(234,984)	-
Cash paid for interest expenses on debts issued and borrowings	(1,646,189)	(1,574,798)	(304,463)	(324,366)
Cash paid for dividend	(1,832,997)	(1,514,616)	(1,832,997)	(1,514,616)
Cash paid for dividend to non-controlling interests	(3,919,763)	(3,264,052)	-	-
Net cash flows from (used in) financing activities	17,759,550	286,553	(2,028,593)	761,018
Net increase (decrease) in cash	(1,647,531)	(2,502,582)	10	10
Cash at beginning of the period	11,021,897	11,453,283	-	-
Cash at end of the period	9,374,366	8,950,701	10	10

Supplemental cash flows information

Non-cash transactions

Property foreclosed transferred from loans to customers

and investments in receivables purchased

6,031,206	4,384,674	-	-
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Bad debt written-off

4,110,581	4,393,226	-	-
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Payable from purchase of assets

37,351	25,031	-	-
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Accrued dividend payables

1,374,795	1,165,130	1,374,795	1,165,130
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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 2019

(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 other comprehensive income (loss) of an associate	Share of surplus from the change in the ownership interests in subsidiaries of an associate	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			Appropriated						
Preferred shares	Common shares									Statutory reserve	Treasury shares reserve	Unappropriated			
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 21)	-	-	-	-	-	-	-	-	-	-	-	(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	-	(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 for the period (loss)	-	-	-	-	-	(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
Balance as at 1 January 2019	132	11,651,165	2,065,645	775,814	230,085	351,460	620,882	314,874	59,138	1,277,830	764,980	48,388,381	(764,980)	72,182,857	137,918,263
Dividend paid (Note 21)	-	-	-	-	-	-	-	-	-	-	-	(3,207,856)	-	-	(3,207,856)
Reversal of dividend on shares held by shareholders who are not entitled to receive dividend	-	-	-	-	-	-	-	-	-	-	-	63	-	-	63
Cash payment for treasury shares	-	-	-	-	-	-	-	-	-	-	-	-	(234,984)	-	(234,984)
Transfer of retained earnings to treasury shares reserve	-	-	-	-	-	-	-	-	-	-	234,984	(234,984)	-	-	-
Decrease in non - controlling interests of the subsidiaries	-	-	-	-	-	-	-	-	-	-	-	-	-	(3,919,763)	(3,919,763)
Surplus from the change in the ownership interests in subsidiaries of an associate	-	-	-	-	-	-	-	-	(64)	-	-	-	-	(5)	(69)
Transfer to retained earnings	-	-	-	-	-	-	(47,306)	(8,602)	-	-	-	55,908	-	-	-
Profit for the period	-	-	-	-	-	-	-	-	-	-	-	6,387,111	-	6,095,680	12,482,791
Other comprehensive income for the period (loss)	-	-	-	-	-	771,702	1,348,170	141,263	-	-	-	(227,830)	-	1,840,118	3,873,423
Balance as at 30 September 2019	132	11,651,165	2,065,645	775,814	230,085	1,123,162	1,921,746	447,535	59,074	1,277,830	999,964	51,160,793	(999,964)	76,198,887	146,911,866

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 2019

(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 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 21)	-	-	-	-	-	-	-	(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	-	(413,500)	-	-	-	-	(1,399,914)	413,500	1,399,914	-
Profit for the period	-	-	-	-	-	-	-	3,191,448	-	3,191,448
Other comprehensive income for the period (loss)	-	-	-	(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
Balance as at 1 January 2019	132	11,651,165	2,065,645	519,152	12,278	1,277,830	764,980	9,157,048	(764,980)	24,683,250
Dividend paid (Note 21)	-	-	-	-	-	-	-	(3,207,856)	-	(3,207,856)
Reversal of dividend on shares held by shareholders										
who are not entitled to receive dividend	-	-	-	-	-	-	-	63	-	63
Cash payment for treasury shares	-	-	-	-	-	-	-	-	(234,984)	(234,984)
Transfer of retained earnings to treasury shares reserve	-	-	-	-	-	-	234,984	(234,984)	-	-
Transfer to retained earnings	-	-	-	-	(772)	-	-	772	-	-
Profit for the period	-	-	-	-	-	-	-	3,825,667	-	3,825,667
Other comprehensive income for the period (loss)	-	-	-	(13,072)	31,864	-	-	(5,088)	-	13,704
Balance as at 30 September 2019	132	11,651,165	2,065,645	506,080	43,370	1,277,830	999,964	9,535,622	(999,964)	25,079,844

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 2019

1. General information

Thanachart Capital Public Company Limited (“the Company” or “TCAP”) 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, 16-17th 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. The business restructuring of the Company and Thanachart Bank Plc. and the business merger plan between Thanachart Bank Plc. and TMB Bank Plc.

On 7 August 2019, the Board of Directors Meeting of the Company No. 9/2019 approved the business restructuring of the Company and Thanachart Bank Plc., (“TBANK”), the business merger plan between Thanachart Bank Plc. and TMB Bank Plc. and related action plans, including approval to enter into agreements, with the Board of Directors authorised to negotiate and make decisions on certain significant additional provisions. The Company signed such agreements on 8 August 2019.

On 23 September 2019, the Company held the Extraordinary Shareholders’ Meeting No. 1/2019 in order for the Meeting to consider and approve important undertakings in relation to the business restructuring of the Company and TBANK and the business merger plan between TBANK and TMB Bank Public Company Limited. The undertakings approved were as follows:

1. TCAP’s purchase of those portions of the ordinary shares that TBANK holds in subsidiaries and other companies that were offered to TCAP.
2. TCAP’s purchase of those portions of ordinary shares that TBANK holds in subsidiaries and some other companies that were offered to the minority shareholders of TBANK, through the account “TCAP offering to the minority of TBANK”, in order that the Company may offer such shares for sale to those minority shareholders.

3. TCAP's sale of all ordinary shares that it holds in TBANK to TMB Bank Public Company Limited ("TMB").
4. TCAP's purchase of the portion of the additional ordinary shares of TMB that were offered to the Company.
5. TCAP's purchase of the portion of the additional ordinary shares of TMB that were offered to the minority shareholders of TBANK through the account "TCAP offering to the minority of TBANK", in order that the Company may offer such shares for sale to those minority shareholders.
6. TCAP's purchase of the ordinary shares that Scotia Netherlands Holdings B.V holds in subsidiaries and certain other companies after the business restructuring of TCAP and TBANK.

The business restructuring of the Company and TBANK and the business merger plan between TBANK and TMB were approved by the Bank of Thailand. However, the business restructuring by way of offering ordinary shares held by the Company in TBANK will occur after the key conditions precedent specified in the Sale and Purchase Agreement have been satisfied or waived. At present, some conditions have not been fully satisfied and so the Company has not reclassified investments in subsidiaries that are to be sold to the Company's shareholders as assets held for sale in the statements of financial position and has not presented the operating results of these subsidiaries as discontinued operations in the statements of comprehensive income.

3. Basis of preparation of the financial statements

3.1 Basis of preparation of the interim financial statements

These interim financial statements are prepared in accordance with Thai Accounting Standard No. 34 Interim Financial Reporting, with the 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.

3.2 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 2018, and there were no changes in shareholding structure during this period. 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
	2019	2018	2019	2018
<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
Security Scib Services Co., Ltd.	-	-	100.00	100.00
RTN Insurance Broker Co., Ltd.	-	-	65.18	65.18

- b) Total assets and net operating income of the subsidiaries that have significant impact to and are included in the consolidated financial statements as at 30 September 2019 and 31 December 2018 and for the nine-month periods ended 30 September 2019 and 2018, after eliminating significant intercompany transactions, are as follows:

(Unit: Million Baht)

	Total assets		Net operating income for the nine-month periods ended 30 September	
	30 September	31 December		
	2019	2018	2019	2018
Thanachart Bank Plc.	990,729	973,716	26,176	24,531
MBK Life Assurance Plc.	8,291	9,287	(50)	130
Thanachart Insurance Plc.	13,648	13,695	2,404	2,477
Thanachart Securities Plc.	8,578	8,509	969	1,321
TS Asset Management Co., Ltd.	1,310	2,066	44	90
Ratchthani Leasing Plc.	50,124	47,124	2,244	2,119
Thanachart Fund Management Co., Ltd.	363	630	1,391	1,392
NFS Asset Management Co., Ltd.	818	936	162	111

- 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.

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

3.4 New financial reporting standards

a) Financial reporting standards that became effective in the current periods

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

TFRS 15 Revenue from Contracts with Customers

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

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

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

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

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

The Federation of Accounting Professions issued a number of and revised new financial reporting standards and interpretations, which are effective for fiscal years beginning on or after 1 January 2020. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards with most of the changes directed towards clarifying accounting treatment and providing accounting guidance for users of the standards except the following new standards which involve changes to key principles, which are summarised below.

Financial reporting standards related to financial instruments

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

Financial reporting standards:

TFRS 7 Financial Instruments: Disclosures

TFRS 9 Financial Instruments

Accounting standard:

TAS 32 Financial Instruments: Presentation

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.

TFRS 16 Leases

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

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

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

3.5 Significant accounting policies

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

Land, premises and equipment - buildings

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

Buildings and building improvements - 5 - 50 years

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

3.6 Change in accounting policy relating to the valuation of buildings from cost method to revaluation method.

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

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

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

(Unit: Million Baht)

	30 September 2019	
	Consolidated financial statements	Separate financial statements
The statements of financial position:		
Investment in an associate increase	224	-
Land, premises and equipment - net increase	1,499	34
Deferred income tax liabilities increase	311	7
Retained earnings - unappropriated decrease	1	-
Increase in other components of equity	783	27
Increase in non-controlling interests of subsidiary companies	630	-

(Unit: Million Baht)

	For the three-month periods ended 30 September 2019		For the nine-month periods ended 30 September 2019	
	Consolidated financial statements	Separate financial statements	Consolidated financial statements	Separate financial statements
The statements of comprehensive income:				
Profit or loss				
Share of profit from investments accounted for under equity method decrease	5	-	11	-
Premises and equipment expenses increase	53	1	107	1
Income tax decrease	11	-	22	-
Decrease in profit attributable to the Company	25	1	52	1
Decrease in non-controlling interests of subsidiary companies	22	-	44	-

(Unaudited but reviewed)

(Unit: Million Baht)

	For the three-month periods ended 30 September 2019		For the nine-month periods ended 30 September 2019	
	Consolidated financial statements	Separate financial statements	Consolidated financial statements	Separate financial statements
Other comprehensive income:				
Surplus on revaluation of assets increase	-	-	1,606	35
Share of other comprehensive income of an associate increase	-	-	235	-
Income tax relating to components of other comprehensive income increase	-	-	333	7
Other comprehensive income of the Company increase	-	-	834	28
Other comprehensive income of non-controlling interests increase	-	-	674	-
Earnings per share of the Company				
Basic earnings per share decrease (Baht per share)	0.02	-	0.05	-
Diluted earnings per share decrease (Baht per share)	0.02	-	0.05	-

4. Derivatives

As at 30 September 2019 and 31 December 2018, the notional amount and the fair value of trading derivatives, and the adjustments made on an accrual basis for hedging derivatives (banking book), were classified by type of risk as follows:

(Unit: Million Baht)

Types of risk	Consolidated financial statements					
	30 September 2019			31 December 2018		
	Fair value/Adjustments on an accrual basis		Notional amount*	Fair value/Adjustments on an accrual basis		Notional amount*
	Assets	Liabilities		Assets	Liabilities	
Foreign exchange rate						
Derivatives for trading	762	767	111,157	460	527	78,516
Derivatives for banking book	2	-	5,659	2	-	137
Interest rate						
Derivatives for trading	2,288	2,267	236,820	1,144	1,128	282,096
Derivatives for banking book	-	-	21,030	-	-	21,530
Foreign exchange rate and interest rate						
Derivatives for trading	184	220	4,133	111	104	5,014
Derivatives for banking book	794	-	13,766	284	334	17,426
Others						
Derivatives for trading	11	57	3,857	4	4	1,216
Total	4,041	3,311	396,422	2,005	2,097	405,935

* 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.

5. Investments

5.1 Classified by type of investments

(Unit: Million Baht)

	Consolidated financial statements				Separate financial statements			
	30 September 2019		31 December 2018		30 September 2019		31 December 2018	
	Cost/ Amortised		Cost/ Amortised		Cost/ Amortised		Cost/ Amortised	
	cost	Fair value	cost	Fair value	cost	Fair value	cost	Fair value
Trading securities								
Government and state enterprises securities	7,008	7,018	13,330	13,346	-	-	-	-
Private debt securities	3,606	3,862	3,348	3,507	-	-	-	-
Domestic marketable equity securities	1,801	1,707	1,079	958	-	-	-	-
	12,415	12,587	17,757	17,811	-	-	-	-
Add: Allowance for change in value	172		54		-		-	
Net	12,587		17,811		-		-	
Available-for-sale securities								
Government and state enterprises securities	77,659	78,116	100,199	99,910	2,904	2,904	170	170
Private debt securities	16,910	17,196	23,725	23,702	240	241	320	321
Foreign debt securities	13,778	13,927	17,385	17,203	-	-	-	-
Domestic marketable equity securities	2,804	4,088	6,025	6,793	221	852	224	877
Unit trusts	110	111	74	68	110	111	71	66
	111,261	113,438	147,408	147,676	3,475	4,108	785	1,434
Add: Allowance for change in value	2,177		268		633		649	
Net	113,438		147,676		4,108		1,434	

(Unaudited but reviewed)

(Unit: Million Baht)

	Consolidated financial statements				Separate financial statements			
	30 September 2019		31 December 2018		30 September 2019		31 December 2018	
	Cost/ Amortised		Cost/ Amortised		Cost/ Amortised		Cost/ Amortised	
	cost	Fair value	cost	Fair value	cost	Fair value	cost	Fair value
Held-to-maturity debt securities								
Government and state enterprises securities	191	205	461	467	-	-	-	-
Private debt securities	190	237	220	247	-	-	-	-
Investment in receivables purchased	501	891	838	1,517	206	495	498	1,078
	882	1,333	1,519	2,231	206	495	498	1,078
Less: Allowance for impairment	(199)		(221)		(126)		(127)	
Net	683		1,298		80		371	
General investment								
Domestic non-marketable equity securities	3,694		3,684		76		76	
Foreign non-marketable equity securities	1		1		-		-	
	3,695		3,685		76		76	
Less: Allowance for impairment	(33)		(33)		(25)		(25)	
Net	3,662		3,652		51		51	
Total investments - net	130,370		170,437		4,239		1,856	

5.2 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 2019 and 31 December 2018 can be summarised as follows:

	(Unit: Million Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	30 September 2019	31 December 2018	30 September 2019	31 December 2018
Investments in receivables purchased	501	838	206	498
Less: Allowance for impairment	(199)	(221)	(126)	(127)
Investments in receivables purchased - net	302	617	80	371

	30 September 2019				31 December 2018			
	Number of debtors	Balance per agreement Million Baht	Purchase price Million Baht	Yield Percent	Number of debtors	Balance per agreement Million Baht	Purchase price Million Baht	Yield Percent
Consolidated financial statements								
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/ year	283	7,364	501		291	7,683	838	
Separate financial statements								
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/ year	192	4,697	206		193	4,749	498	

During the nine-month periods ended 30 September 2019 and 2018 the Company and its subsidiaries did not enter into any debt restructuring agreements with debtors.

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 2019 and 31 December 2018, there was no outstanding restructured receivables in the investments in receivables purchased account.

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

As at 30 September 2019 and 31 December 2018, 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								
Number of debtors		Cost		Fair value/ collateral value		Allowance for possible loss/impairment provided in the accounts		
30 September 2019	31 December 2018	30 September 2019	31 December 2018	30 September 2019	31 December 2018	30 September 2019	31 December 2018	
		Million Baht	Million Baht	Million Baht	Million Baht	Million Baht	Million Baht	
Investments in receivables purchased								
1. Companies which have loan settlement problems or have defaulted on the repayment	97	101	325	638	579	1,180	118	129
Separate financial statements								
Number of debtors		Cost		Fair value/ collateral value		Allowance for possible loss/impairment provided in the accounts		
30 September 2019	31 December 2018	30 September 2019	31 December 2018	30 September 2019	31 December 2018	30 September 2019	31 December 2018	
		Million Baht	Million Baht	Million Baht	Million Baht	Million Baht	Million Baht	
Investments in receivables purchased								
1. Companies which have loan settlement problems or have defaulted on the repayment	63	64	84	362	295	865	59	58

6. Investments in subsidiary and associated companies

6.1 Separate financial statements

As at 30 September 2019 and 31 December 2018, investments in subsidiary and associated companies in the separate financial statements stated under the cost method consist of investment in ordinary shares of the following companies:

(Unit: Million Baht)

Company's name	Separate financial statements							
	Paid-up share capital		Percentage of holding		Value of investment under the cost method		Dividend income for the nine-month periods ended	
	30	31	30	31	30	31	30 September	
	September 2019	December 2018	September 2019	December 2018	September 2019	December 2018	2019	2018
<u>Subsidiary companies</u>								
Thanachart Bank Plc.	60,649	60,649	50.96	50.96	31,866	31,866	3,456	3,183
NFS Asset Management Co., Ltd.	175	175	100.00	100.00	175	175	-	56
MBK Life Assurance Plc.	700	700	51.00	51.00	460	460	-	-
Max Asset Management Co., Ltd.	40	40	83.44	83.44	33	33	-	179
NASSET Property Fund 6	121	121	99.80	99.80	6	6	-	-
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	1,695	10.00	10.00	591	591	129	126
Total investments in subsidiary and associated companies					33,167	33,167	3,585	3,544

6.2 Consolidated financial statements

As at 30 September 2019 and 31 December 2018, 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:

(Unit: Million Baht)

Company's name	Paid-up share capital		Percentage of holding		Value of investment				Dividend income		Share of profit		Share of other comprehensive income (loss)	
					Cost method ⁽¹⁾		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 September		30 September		30 September	
	September 2019	December 2018	September 2019	December 2018	September 2019	December 2018	September 2019	December 2018	2019	2018	2019	2018	2019	2018
MBK Plc. (operating in property rental, hotel and services businesses)	1,695	1,695	19.90	19.90	855	855	3,196	3,027	257	251	212	354	214	(132)
Total investment in an associated company					855	855	3,196	3,027	257	251	212	354	214	(132)

(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.

6.3 Summarised financial information of an associated company

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

(Unit: Million Baht)

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

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

The share of profit from investment in MBK Plc. accounted for under the equity method was determined based on financial statements of MBK Plc. that were prepared for periods different from those of the 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 2019 was determined based on financial statements that were prepared with reference to financial statements for the nine-month period ended 30 June 2019 that had been audited or reviewed by the associate's auditor and adjusted for the effect of differences in accounting policies by the Company's management. In addition, the Company's management considered that the profit for the nine-month period ended 30 June 2019 is not materially different from the profit for the nine-month period ended 30 September 2019.

- b) Fair value of investment in an associated company

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

(Unit: Million Baht)

	Consolidated financial statements		Separate financial statements	
	30 September 2019	31 December 2018	30 September 2019	31 December 2018
MBK Plc.	7,522	6,914	3,780	3,475

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

	Consolidated		Separate	
	financial statements		financial statements	
	30 September	31 December	30 September	31 December
	2019	2018	2019	2018
<u>Loans to customers</u>				
Overdrafts	15,386	16,370	-	-
Loans	272,225	273,199	34	44
Notes receivables	32,272	38,397	711	1,374
Hire purchase receivables	516,361	486,636	46	48
Financial lease receivables	2,262	2,166	-	-
Others	168	181	-	-
Less: Deferred revenues	(71,079)	(66,158)	(2)	(2)
Total loans to customers net of deferred revenues	767,595	750,791	789	1,464
Add: Accrued interest receivables	622	657	-	-
Total loans to customers and accrued interest receivables net of deferred revenues	768,217	751,448	789	1,464
Less: Allowance for doubtful accounts				
1) BOT's minimum requirement provision				
- Individual approach	(8,287)	(8,564)	(72)	(86)
- Collective approach	(8,414)	(7,090)	-	-
2) Excess provision	(6,435)	(8,477)	-	-
Less: Revaluation allowance for debt restructuring	-	(1)	-	-
Loans to customers and accrued interest receivables - net	745,081	727,316	717	1,378
<u>Securities business receivables</u>				
Credit balances receivables	3,436	3,791	-	-
Other receivables	8	31	-	-
Total securities business receivables	3,444	3,822	-	-
Less: Allowance for doubtful accounts	(5)	(13)	-	-
Securities business receivables - net	3,439	3,809	-	-
Total loans to customers and accrued interest receivables - net	748,520	731,125	717	1,378

7.2 Non-performing loans

As at 30 September 2019 and 31 December 2018, 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 2019	31 December 2018	30 September 2019	31 December 2018
Non-performing loans (excluding accrued interest receivables)				
The Company	77	84	77	84
Banking business	19,335	15,881	-	-
Asset management business	754	2,363	-	-
Securities business	37	45	-	-

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 2019	31 December 2018	30 September 2019	31 December 2018
The Company	77	84	77	84
Banking business	24,424	21,867	-	-
Securities business	37	45	-	-

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.

7.3 Debt restructuring

During the nine-month periods ended 30 September 2019 and 2018, 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 ⁽¹⁾	Outstanding balances after restructuring ⁽¹⁾	Type of assets to be transferred under agreement	Fair value of assets to be transferred under agreement
		Million Baht	Million Baht		Million Baht
2019					
Modification of repayment conditions	924	2,223	2,223		
Transfer of assets and/or ordinary shares and/or modification of repayment conditions	8	58	58	Land and premise thereon and ownership in condominium units	71
Total	932	2,281	2,281		
2018					
Modification of repayment conditions	907	1,737	1,727		
Transfer of assets and/or ordinary shares and/or modification of repayment conditions	4	16	16	Land and premise thereon	20
Total	911	1,753	1,743		

(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 2019 and 2018, are summarised below.

Periods	Consolidated financial statements			
	For the nine-month periods ended 30 September			
	2019		2018	
	Number of	Outstanding	Number of	Outstanding
	debtors	balances after restructuring	debtors	balances after restructuring
		Million Baht		Million Baht
Past due after restructuring	332	849	231	478
Due within the year	236	569	179	390
Less than 5 years	93	360	208	224
5 - 10 years	220	363	176	362
10 - 15 years	15	43	27	87
Over 15 years	36	97	90	202
Total	932	2,281	911	1,743

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

	(Unit: Million Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2019	2018	2019	2018
Interest income recognised in the statements of comprehensive income	364	492	6	1
Gain on debt settlement/assets transferred for debt settlement	210	90	-	64
Loss on debt restructuring (net of allowance for doubtful accounts as previously recorded)	-	9	-	-
Cash repayment from receivables	2,003	1,984	15	67
Property foreclosed received for debts settlement	73	28	-	-

As at 30 September 2019 and 31 December 2018, 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
	2019	2018	2019	2018	2019	2018
			(Million Baht)	(Million Baht)	(Million Baht)	(Million Baht)
Thanachart Capital Plc.	14	16	19	28	10	17
Thanachart Bank Plc.	5,684	6,430	8,606	7,829	2,236	1,532
TS Asset Management Co., Ltd.	5	190	38	1,926	-	1,180
Other subsidiaries	102	109	283	324	132	112

7.4 Classified by classification

As at 30 September 2019 and 31 December 2018, 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 ⁽¹⁾					
	30 September 2019			31 December 2018		
	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	663,570	445,895	4,048	656,410	437,439	4,127
Special mention	32,274	29,535	2,771	27,759	25,868	2,438
Substandard	6,284	3,267	2,389	4,659	2,381	1,639
Doubtful	3,528	2,172	1,230	3,172	1,947	1,155
Doubtful of loss	10,355	4,339	3,614	10,500	4,390	3,993
Total	716,011	485,208	14,052	702,500	472,025	13,352
Additional allowance for possible uncollectible accounts			6,435			8,257
Total			20,487			21,609

(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 2019			31 December 2018		
	Loans and accrued interest receivables	Net balance used in making allowance for doubtful accounts	Allowance for doubtful accounts	Loans and accrued interest receivables	Net balance used in making allowance for doubtful accounts	Allowance for doubtful accounts
Normal	712	706	7	1,380	1,370	13
Special mention	-	-	-	-	-	-
Substandard	-	-	-	-	-	-
Doubtful	-	-	-	-	-	-
Doubtful of loss	77	65	65	84	73	73
Total	789	771	72	1,464	1,443	86

	Percentage of allowance for doubtful account set up			
	Hire purchase receivables - personal consumer of			
	Thanachart Bank ⁽²⁾		Other loans	
	30 September 2019	31 December 2018	30 September 2019	31 December 2018
Normal	0.88	0.93	1	1
Special mention	10.05	9.60	2	2
Substandard	52.49	47.57	100	100
Doubtful	44.86	42.88	100	100
Doubtful of loss	53.59	42.75	100	100

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

7.5 Loans to companies which have settlement problems

As at 30 September 2019 and 31 December 2018, loans of the Company and its subsidiaries (which engaged in banking business, asset management business and hire purchase and financial lease businesses) in the consolidated financial statements and the separate financial statements included amounts due from companies with weak financial positions and poor operating results, as follows:

Consolidated financial statements								
	Number of debtors		Debt balances		Collateral value		Allowance for doubtful accounts provided in the accounts	
	30 September 2019	31 December 2018	30 September 2019	31 December 2018	30 September 2019	31 December 2018	30 September 2019	31 December 2018
			Million Baht	Million Baht	Million Baht	Million Baht	Million Baht	Million Baht
1. Listed companies possible to delisting from the SET	3	5	196	200	2	2	2	3
2. Non - listed companies with similar operating results and financial position to listed companies possible to delisting from the SET	27	30	270	302	166	195	104	107
3. Companies which have loan settlement problems or have defaulted on the repayment	1,122	1,050	8,326	8,167	5,339	4,638	3,314	3,907

Separate financial statements								
	Number of debtors		Debt balances		Collateral value		Allowance for doubtful accounts provided in the accounts	
	30 September 2019	31 December 2018	30 September 2019	31 December 2018	30 September 2019	31 December 2018	30 September 2019	31 December 2018
			Million Baht	Million Baht	Million Baht	Million Baht	Million Baht	Million Baht
1. Companies which have loan settlement problems or have defaulted on the repayment	18	19	10	16	14	14	3	10

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

As at 30 September 2019 and 31 December 2018, a subsidiary company operating in the securities business classified securities business receivables and accrued interest receivables in accordance with the Notification of the Securities and Exchange Commission ("SEC") governing accounting for the non-performing debts of securities companies as follows:

(Unit: Million Baht)

	30 September 2019			31 December 2018		
			Debt balances net			Debt balances net
	Allowance for		of allowance	Allowance for		of allowance
	Debt	doubtful	for doubtful	Debt	doubtful	for doubtful
	balances	accounts	accounts	balances	accounts	accounts
Normal	3,407	-	3,407	3,777	-	3,777
Substandard	32	-	32	33	1	32
Doubtful	5	5	-	12	12	-
Total	3,444	5	3,439	3,822	13	3,809

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

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

As at 30 September 2019 and 31 December 2018, hire purchase and financial lease receivables balances of subsidiary companies engaged in hire purchase and financial lease businesses are classified by the due date of the contracts (after elimination) as follows:

(Unit: Million Baht)

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

8. Allowance for doubtful accounts

(Unit: Million Baht)

Consolidated financial statements									
For the nine-month period ended 30 September 2019									
The 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	4,127	2,438	1,639	1,155	3,993	8,257	21,609	2,535	24,144
Increase (decrease) during the period	(79)	333	750	75	2,509	(1,822)	1,766	163	1,929
Bad debts recovery	-	-	-	-	1,159	-	1,159	19	1,178
Bad debts written-off	-	-	-	-	(4,047)	-	(4,047)	(63)	(4,110)
Balance - end of the period	4,048	2,771	2,389	1,230	3,614	6,435	20,487	2,654	23,141

(Unit: Million Baht)

Consolidated financial statements									
For the year ended 31 December 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 year	3,311	2,336	2,241	823	3,473	10,017	22,201	2,316	24,517
Increase (decrease) during the year	816	102	(602)	332	5,028	(1,760)	3,916	320	4,236
Bad debts recovery	-	-	-	-	1,033	-	1,033	12	1,045
Bad debts written-off	-	-	-	-	(5,541)	-	(5,541)	(113)	(5,654)
Balance - end of the year	4,127	2,438	1,639	1,155	3,993	8,257	21,609	2,535	24,144

(Unaudited but reviewed)

(Unit: Million Baht)

Separate financial statements					
For the nine-month period ended 30 September 2019					
	Normal	Special mention	Substandard	Doubtful of loss	Total
Balance - beginning of the period	13	-	-	73	86
Decrease during the period	(6)	-	-	(8)	(14)
Balance - end of the period	7	-	-	65	72

(Unit: Million Baht)

Separate financial statements					
For the year ended 31 December 2018					
	Normal	Special mention	Substandard	Doubtful of loss	Total
Balance - beginning of the year	7	-	-	73	80
Increase during the year	6	-	-	-	6
Balance - end of the year	13	-	-	73	86

9. Revaluation allowance for debt restructuring

(Unit: Million Baht)

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

10. Classification of assets

As at 30 September 2019 and 31 December 2018, 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 2019						
	Loans to customers and Interbank and money market items	accrued interest receivables	Investments	Property foreclosed	Other assets	Total
Normal	125,185	663,570	-	-	140	788,895
Special mention	-	32,274	-	-	111	32,385
Substandard	-	6,284	-	-	16	6,300
Doubtful	-	3,528	-	-	11	3,539
Doubtful of loss	-	10,355	259	1,612	392	12,618
Total	125,185	716,011	259	1,612	670	843,737

(Unit: Million Baht)

Consolidated financial statements						
31 December 2018						
	Loans to customers and Interbank and money market items	accrued interest receivables	Investments	Property foreclosed	Other assets	Total
Normal	85,449	656,410	-	-	142	742,001
Special mention	-	27,759	-	-	109	27,868
Substandard	-	4,659	-	-	11	4,670
Doubtful	-	3,172	-	-	9	3,181
Doubtful of loss	-	10,500	1,094	1,658	423	13,675
Total	85,449	702,500	1,094	1,658	694	791,395

(Unaudited but reviewed)

(Unit: Million Baht)

Separate financial statements						
30 September 2019						
	Loans to customers and Interbank and money market items	accrued interest receivables	Investments	Property foreclosed	Other assets	Total
Normal	-	712	-	-	-	712
Special mention	-	-	-	-	-	-
Substandard	-	-	-	-	-	-
Doubtful	-	-	-	-	-	-
Doubtful of loss	-	77	151	1,180	107	1,515
Total	-	789	151	1,180	107	2,227

(Unit: Million Baht)

Separate financial statements						
31 December 2018						
	Loans to customers and Interbank and money market items	accrued interest receivables	Investments	Property foreclosed	Other assets	Total
Normal	-	1,380	-	-	-	1,380
Special mention	-	-	-	-	-	-
Substandard	-	-	-	-	-	-
Doubtful	-	-	-	-	-	-
Doubtful of loss	-	84	157	1,251	107	1,599
Total	-	1,464	157	1,251	107	2,979

11. Land, premises and equipment

(Unit: Million Baht)

Consolidated financial statements						
For the nine-month period ended 30 September 2019						
	Revaluation basis		Cost basis			
	Land	Buildings and improvements	Furniture, fixtures and equipment	Vehicles	Assets under installation	Total
<u>Cost/Revaluation</u>						
1 January 2019	5,483	2,174	6,836	62	92	14,647
Additions	-	-	121	2	62	185
Appraisal increase	1,689	1,606	-	-	-	3,295
Appraisal decrease	(1)	(4)	-	-	-	(5)
Transfers accumulated depreciation						
to deduct cost	-	(797)	-	-	-	(797)
Transfers/disposals	(109)	(41)	(110)	(8)	(125)	(393)
30 September 2019	7,062	2,938	6,847	56	29	16,932
<u>Accumulated depreciation</u>						
1 January 2019	-	870	5,612	43	-	6,525
Transfers accumulated depreciation						
to deduct cost	-	(797)	-	-	-	(797)
Transfers/disposals	-	(27)	(218)	(8)	-	(253)
Depreciation for the period	-	185	414	5	-	604
30 September 2019	-	231	5,808	40	-	6,079
<u>Allowance for impairment</u>						
1 January 2019	57	22	-	-	-	79
30 September 2019	57	22	-	-	-	79
<u>Net book value</u>						
30 September 2019	7,005	2,685	1,039	16	29	10,774
Depreciation charged for the nine-month periods ended 30 September						
2018						582
2019						604

(Unit: Million Baht)

Consolidated financial statements						
For the year ended 31 December 2018						
	Revaluation	Cost basis				Total
	basis	Buildings and	Furniture,	Assets		
	Land	building	fixtures and	under		
		improvements	equipment	installation		
<u>Cost/Revaluation</u>						
1 January 2018	5,609	2,339	7,417	80	2	15,447
Additions	-	-	184	5	106	295
Transfers/disposals	(126)	(165)	(765)	(23)	(16)	(1,095)
31 December 2018	5,483	2,174	6,836	62	92	14,647
<u>Accumulated depreciation</u>						
1 January 2018	-	889	5,744	57	-	6,690
Transfers/disposals	-	(143)	(769)	(21)	-	(933)
Depreciation for the year	-	124	637	7	-	768
31 December 2018	-	870	5,612	43	-	6,525
<u>Allowance for impairment</u>						
1 January 2018	57	22	-	-	-	79
31 December 2018	57	22	-	-	-	79
<u>Net book value</u>						
31 December 2018	5,426	1,282	1,224	19	92	8,043

(Unit: Million Baht)

Separate financial statements						
For the nine-month period ended 30 September 2019						
	Revaluation basis		Cost basis			Total
	Land	Buildings and improvements	Furniture, fixtures and equipment	Vehicles	Assets under installation	
<u>Cost/Revaluation</u>						
1 January 2019	18	45	62	19	-	144
Additions	-	-	1	-	1	2
Appraisal increase	5	35	-	-	-	40
Transfers accumulated depreciation to deduct cost	-	(34)	-	-	-	(34)
Transfers/disposals	-	-	(6)	-	-	(6)
30 September 2019	23	46	57	19	1	146
<u>Accumulated depreciation</u>						
1 January 2019	-	34	58	13	-	105
Transfers accumulated depreciation to deduct cost	-	(34)	-	-	-	(34)
Transfers/disposals	-	-	(5)	-	-	(5)
Depreciation for the period	-	1	1	2	-	4
30 September 2019	-	1	54	15	-	70
<u>Allowance for impairment</u>						
1 January 2019	-	-	-	-	-	-
30 September 2019	-	-	-	-	-	-
<u>Net book value</u>						
30 September 2019	23	45	3	4	1	76
Depreciation charged for the nine-month periods ended 30 September						
2018						5
2019						4

(Unit: Million Baht)

Separate financial statements						
For the year ended 31 December 2018						
	Revaluation basis		Cost basis			
	Land	Buildings and improvements	Furniture, fixtures and equipment	Vehicles	Assets under installation	Total
<u>Cost/Revaluation</u>						
1 January 2018	18	45	62	33	-	158
Additions	-	-	1	-	-	1
Transfers/disposals	-	-	(1)	(14)	-	(15)
31 December 2018	18	45	62	19	-	144
<u>Accumulated depreciation</u>						
1 January 2018	-	32	56	25	-	113
Transfers/disposals	-	-	(1)	(14)	-	(15)
Depreciation for the year	-	2	3	2	-	7
31 December 2018	-	34	58	13	-	105
<u>Allowance for impairment</u>						
1 January 2018	-	-	-	-	-	-
31 December 2018	-	-	-	-	-	-
<u>Net book value</u>						
31 December 2018	18	11	4	6	-	39

As at 30 September 2019 and 31 December 2018, the Company and its subsidiaries have building, office equipment and vehicles which have been fully depreciated but are still in use. The gross carrying amount before deducting accumulated depreciation and allowance for impairment, amounting to approximately Baht 4,190 million and Baht 3,999 million, respectively (separate financial statements: Baht 60 million and Baht 63 million, respectively).

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

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

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

			(Unit: Million Baht)	
	Consolidated		Separate	
	financial statements		financial statements	
	30 September 2019	31 December 2018	30 September 2019	31 December 2018
Land				
Cost	3,969	4,052	3	3
Allowance for impairment	(57)	(57)	-	-
Net book value	3,912	3,995	3	3
Buildings				
Cost	2,403	2,443	45	45
Accumulated depreciation	(1,196)	(1,139)	(35)	(34)
Allowance for impairment	(22)	(22)	-	-
Net book value	1,185	1,282	10	11

Key assumptions used in the valuation are summarised below.

	Consolidated	Separate	Result to fair value
	financial statements	financial statements	where as an increase in assumption value
Price per square wah (Baht)	6,500 - 1,500,000	51,000	Increase in fair value
Building price cost per square meter (Baht)	2,126 - 100,000	5,054 - 75,000	Increase in fair value

Surplus on revaluation of assets

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

(Unit: Million Baht)

	Consolidated financial statements		Separate financial statements	
	30 September	31 December	30 September	31 December
	2019	2018	2019	2018
Balance - beginning of the period/year	1,508	1,559	15	15
Increase during period/year	3,286	-	40	-
Transfer out during the period/year	(115)	(51)	(1)	-
Balance - end of the period/year	4,679	1,508	54	15

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

12. Other assets

(Unit: Million Baht)

	Consolidated financial statements		Separate financial statements	
	30 September	31 December	30 September	31 December
	2019	2018	2019	2018
Accrued premium insurance income	345	520	-	-
Suspense debtors	371	722	-	-
Other receivables	1,548	1,816	136	112
VAT refundable	414	962	-	-
Other receivables - VAT paid in advance for customers	279	251	-	-
Deposits	239	248	4	3
Estimated insurance claims recoveries	246	259	-	-
Receivable from clearing house	109	64	-	-
Leasehold right	84	101	8	9
Corporate income tax refundable	558	706	18	10
Deposits from derivative contracts	152	337	-	-
Prepaid expenses	551	483	7	7
Reinsurance assets	930	721	-	-
Others	848	1,103	3	2
Total	6,674	8,293	176	143
Less: Allowance for impairment	(505)	(524)	(107)	(107)
Other assets - net	6,169	7,769	69	36

13. Interbank and money market items (liabilities)

As at 30 September 2019, interbank and money market items in the consolidated financial statements included loans of a subsidiary company amounting to Baht 1,640 million (i) a loan of 450 million, repayable in full within 3 years from the date of the loan drawdown and carrying interest at a fixed rate per annum, payable monthly, (ii) a loan of Baht 1,190 million in the form of promissory notes, repayable at the date as specified in each promissory note, and carrying interest at fixed rates per annum, payable monthly. In addition, the subsidiary has to comply with the terms and conditions specified in the loan agreements, such as maintenance of a debt to equity ratio (31 December 2018: included loans of a subsidiary company amounting to Baht 2,690 million).

14. Debt issued and borrowings

As at 30 September 2019 and 31 December 2018, the balance of domestic debt issued and borrowings, stated in Baht, are as follows:

(Unit: Million Baht)											
Instrument	Types of borrowings	Issue period	Year of maturity	Interest rate	Face value per unit	Issuance unit		Consolidated financial statements		Separate financial statements	
						30 September	31 December	30 September	31 December	30 September	31 December
						2019	2018	2019	2018	2019	2018
						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	-	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 2020	5.03	1,000	2,900	2,900	2,900	2,900	2,900	2,900
5	Unsubordinated debentures	Year 2013	Year 2023	4.85, 5.00	1,000	1,800	1,800	1,800	1,800	1,800	1,800
6	Unsubordinated debentures	Year 2013	Year 2025	4.95	1,000	900	900	900	900	900	900
7	Unsubordinated debentures	Year 2016	Year 2019	2.70, 2.88	1,000	-	1,700	-	1,400	-	-
8	Unsubordinated debentures	Year 2016	Year 2019	2.95, 3.00	1,000	-	1,735	-	1,735	-	-
9	Unsubordinated debentures	Year 2017	Year 2019	2.52	1,000	-	2,000	-	2,000	-	-
10	Unsubordinated debentures	Year 2017	Year 2019	1.75	1,000	-	500	-	500	-	500
11	Unsubordinated debentures	Year 2017	Year 2020	2.39 - 2.88	1,000	10,060	10,060	10,010	10,010	-	-
12	Unsubordinated debentures	Year 2017	Year 2020	2.58	1,000	70	70	70	70	-	-
13	Unsubordinated debentures	Year 2018	Year 2019	1.88	1,000	-	3,100	-	3,100	-	3,100
14	Unsubordinated debentures	Year 2018	Year 2020	2.28 - 2.80	1,000	3,865	3,865	3,815	3,815	-	-
15	Unsubordinated debentures	Year 2018	Year 2021	2.31, 2.70	1,000	1,970	1,970	1,970	1,970	-	-
16	Unsubordinated debentures	Year 2018	Year 2021	2.30, 2.50	1,000	1,110	1,110	1,110	1,110	-	-

(Unaudited but reviewed)

(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	31 December	30 September	31 December	30 September	31 December
						2019	2018	2019	2018	2019	2018
						Thousand unit	Thousand unit				
				Percent per annum	Baht						
17	Unsubordinated debentures	Year 2018	Year 2020	2.80	1,000	140	140	140	140	-	-
18	Unsubordinated debentures	Year 2019	Year 2021	2.65, 2.66	1,000	675	-	675	-	-	-
19	Unsubordinated debentures	Year 2019	Year 2022	2.94, 3.30	1,000	3,815	-	3,775	-	-	-
20	Unsubordinated debentures	Year 2019	Year 2021	2.67, 2.68, 2.99	1,000	1,720	-	1,720	-	-	-
21	Unsubordinated debentures	Year 2019	Year 2022	2.96, 3.00, 3.10	1,000	795	-	795	-	-	-
22	Unsubordinated debentures	Year 2019	Year 2019	1.85, 1.88	1,000	10,472	-	10,472	-	-	-
23	Unsubordinated debentures	Year 2019	Year 2020	1.90, 1.93, 1.96	1,000	24,301	-	24,102	-	-	-
24	Unsubordinated debentures	Year 2019	Year 2023	3.40	1,000	486	-	486	-	-	-
25	Unsubordinated debentures	Year 2019	Year 2024	3.50	1,000	594	-	594	-	-	-
26	Structured notes		Year 2019					427	277	-	-
27	Promissory notes		At call	0.20 - 2.50, 5.65, 6.65				476	467	-	-
28	Promissory notes		Year 2019 - 2022	2.90, 3.30				201	289	-	-
29	Bill of Exchange		Year 2020	1.97, 2.00				3,968	-	3,968	-
Total debt issued and borrowings								80,406	55,013	12,568	12,200

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. Instrument 1) had been early redeemed in the second quarter of 2019

Instruments 7), 9), 11), 14), 15), 20) to 23) 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 6), 10) and 13) are name-registered, unsubordinated, unsecured debenture with no debentures holders' representative, paying interest semi-annually.

Instruments 8), 12), 16) to 19), 24) and 25) are name-registered, unsubordinated, unsecured debentures with no debenture holders' representative, paying interest quarterly. The subsidiary has to comply with the terms and conditions specified in the loan agreement, such as maintenance of a debt to equity ratio.

15. Provisions

	(Unit: Million Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	30 September 2019	31 December 2018	30 September 2019	31 December 2018
Loss from litigation	617	599	-	-
Employee benefits payable	3,917	2,772	46	29
Obligations from off-balance items	128	134	-	-
Others	157	410	-	-
Total	4,819	3,915	46	29

16. Insurance contract liabilities

(Unit: Million Baht)

	Consolidated financial statements					
	30 September 2019			31 December 2018		
	Insurance contract liabilities	Reinsurance assets	Net	Insurance contract liabilities	Reinsurance assets	Net
Life policy reserve	7,096	-	7,096	7,903	-	7,903
Loss reserves and outstanding claims	1,859	(247)	1,612	1,695	(158)	1,537
Unearned premium reserve	4,210	(683)	3,527	4,381	(564)	3,817
Unpaid policy benefits	10	-	10	7	-	7
Other liabilities under insurance policies	67	-	67	76	-	76
Total	13,242	(930)	12,312	14,062	(722)	13,340

17. Other liabilities

(Unit: Million Baht)

	Consolidated financial statements		Separate financial statements	
	30 September 2019	31 December 2018	30 September 2019	31 December 2018
Other payables	3,729	2,917	583	221
Suspense cash received from accounts receivable	1,274	2,045	-	-
Income received in advance	1,975	1,758	-	-
Corporate income tax payable	882	1,013	-	-
Accrued personnel expenses	1,853	2,267	66	70
Accrued contribution fee to the Financial Institutions				
Development Fund/Deposit Protection Agency	948	1,750	-	-
Accrued other expenses	1,487	2,158	4	4
Insurance premium received in advance	1,849	1,706	-	-
Payable to clearing house	241	795	-	-
Others	1,317	1,499	41	21
Total other liabilities	15,555	17,908	694	316

18. Share capital/Treasury stocks

During the nine-month period ended 30 September 2019, preferred shares converted 60 preferred shares to the Company's common shares. Therefore, as at 30 September 2019, 13,156 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 September 2019, the Company has 19,467,000 treasury shares valued at Baht 1,000 million that were repurchased during 8 August 2018 to 7 February 2019. Repurchase plan require that the treasury shares are to be sold within 3 years from the repurchase date.

19. Other components of equity

(Unit: Million Baht)

	Consolidated financial statements		Separate financial statements	
	30 September 2019	31 December 2018	30 September 2019	31 December 2018
Share premium of a subsidiary	776	776	-	-
Amount by which the value of investment in subsidiary/associate lower than attributable net book value	230	230	-	-
Revaluation surplus (deficit) on investments				
Revaluation surplus on investments				
Available-for-sale securities				
Debt instruments	466	60	1	1
Equity instruments	989	988	632	653
Total	1,455	1,048	633	654
Revaluation deficit on investments				
Available-for-sale securities				
Debt instruments	(7)	(307)	-	-
Equity instruments	(40)	(297)	-	(5)
Total	(47)	(604)	-	(5)
Total revaluation surplus on investments	1,408	444	633	649
Less: The effect of deferred tax liabilities	(285)	(93)	(127)	(130)
Net revaluation surplus on investments	1,123	351	506	519
Revaluation surplus on assets	2,402	776	54	15
Less: The effect of deferred tax liabilities	(480)	(155)	(11)	(3)
Net revaluation surplus on assets	1,922	621	43	12

(Unit: Million Baht)

	Consolidated financial statements		Separate financial statements	
	30 September	31 December	30 September	31 December
	2019	2018	2019	2018
Share of other comprehensive income of an associate	484	326	-	-
Less: The effect of deferred tax liabilities	(37)	(11)	-	-
Net share of other comprehensive income of an associate	447	315	-	-
Share of surplus from the change in the ownership interests in subsidiaries of an associate	61	61	-	-
Less: The effect of deferred tax liabilities	(2)	(2)	-	-
Net share of surplus from the change in the ownership interests in subsidiaries of an associate	59	59	-	-
Total	4,557	2,352	549	531

20. 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 2019 and 31 December 2018, the capital funds of the Company and its subsidiaries, calculated in accordance with the BOT's regulation regarding "Consolidated Supervision", consist of the following:

	(Unit: Million Baht)	
	30 September 2019	31 December 2018
<u>Tier I capital</u>		
Common Equity Tier I capital		
Issued and fully paid-up share capital less treasury shares	10,651	10,886
Share premium	2,066	2,066
Statutory reserve	1,278	1,278
Retained earnings - unappropriated	49,839	45,200
Other components of equity		
Accumulated other comprehensive income	2,933	955
Other components of changes in equity	776	776
Portion of non-controlling interest of subsidiary operating commercial banking business qualifying as Tier I capital	67,887	60,527
Less: Deductions from Common Equity Tier I capital	(19,855)	(19,720)
Total Common Equity Tier I capital	115,575	101,968
Total Tier I capital	115,575	101,968
<u>Tier II capital</u>		
Subordinated debentures	4,275	11,773
Reserve for assets classified as normal	7,988	8,706
Total Tier II capital	12,263	20,479
Total capital funds	127,838	122,447

As at 30 September 2019 and 31 December 2018, the capital adequacy ratios of the financial group calculated in accordance with the Notification of the BOT are as follows:

	30 September 2019		31 December 2018	
	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)	16.07	11.00	15.57	10.375
Total Tier I to risk-weighted assets (percent)	14.53	8.50	12.97	7.875
Total Common Equity Tier I to risk-weighted assets (percent)	14.53	7.00	12.97	6.375

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 2019 on its website at www.thanachart.co.th in October 2019.

21. Dividends

During the nine-month periods ended 30 September 2019 and 2018, the Company has dividend payment as follows:

Dividends	Approved by	Dividend payment	Dividend per share	Payment date
		Million Baht	Baht	
Interim dividend for the first half-year of 2019	The Company's Board of Directors on 19 September 2019	1,375	1.20	18 October 2019
Dividend for the second half-year of 2018	The Annual General Meeting of shareholders on 24 April 2019	1,833	1.60	17 May 2019
		3,208	2.80	
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	

22. Interest income

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

	(Unit: Million Baht)			
	For the three-month periods ended 30 September			
	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
Interbank and money market items	503	467	1	1
Investments and trading transactions	44	73	-	-
Investments in debt securities	688	652	22	4
Loans to customers	4,276	4,431	10	14
Hire purchase and financial lease	6,839	6,119	-	-
Total interest income	12,350	11,742	33	19

(Unaudited but reviewed)

(Unit: Million Baht)

	For the nine-month periods ended 30 September			
	Consolidated		Separate	
	financial statements		financial statements	
	2019	2018	2019	2018
Interbank and money market items	1,452	1,398	1	1
Investments and trading transactions	203	192	-	-
Investments in debt securities	2,023	1,975	32	16
Loans to customers	12,803	13,149	46	38
Hire purchase and financial lease	20,254	17,900	-	-
Total interest income	36,735	34,614	79	55

23. Interest expenses

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

(Unit: Million Baht)

	For the three-month periods ended 30 September			
	Consolidated		Separate	
	financial statements		financial statements	
	2019	2018	2019	2018
Deposits	2,606	2,257	-	-
Interbank and money market items	232	277	-	-
Contribution fee to the Financial Institutions Development Fund and the Deposit Protection Agency	948	869	-	-
Debts issued and borrowings				
- Unsubordinated debentures/short-term debentures	459	291	119	145
- Subordinated instruments	82	271	-	-
- Others	24	6	20	-
Borrowings cost	6	3	1	1
Total interest expenses	4,357	3,974	140	146

(Unaudited but reviewed)

(Unit: Million Baht)

	For the nine-month periods ended 30 September			
	Consolidated		Separate	
	financial statements		financial statements	
	2019	2018	2019	2018
Deposits	7,466	6,765	-	-
Interbank and money market items	811	717	-	-
Contribution fee to the Financial Institutions Development Fund and the Deposit Protection Agency	2,765	2,601	-	-
Debts issued and borrowings				
- Unsubordinated debentures/short-term debentures	1,057	854	359	429
- Subordinated instruments	593	806	-	-
- Others	42	15	24	-
Borrowings cost	14	8	3	2
Total interest expenses	12,748	11,766	386	431

24. Fees and service income

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

(Unit: Million Baht)

	For the three-month periods ended 30 September			
	Consolidated		Separate	
	financial statements		financial statements	
	2019	2018	2019	2018
Fees and service income				
Acceptance, aval and guarantees	46	54	-	-
Brokerage fees from securities/derivatives	302	299	-	-
Hire purchase fee income	386	404	-	-
Credit card fees	292	295	-	-
ATM and electronic banking services	215	230	-	-
Insurance brokerage fee income	520	462	-	-
Fund management fees	387	370	-	-
Others	309	412	-	-
Total fees and service income	2,457	2,526	-	-
Fees and service expenses	(887)	(883)	-	-
Net fees and service income	1,570	1,643	-	-

(Unaudited but reviewed)

(Unit: Million Baht)

	For the nine-month periods ended 30 September			
	Consolidated		Separate	
	financial statements		financial statements	
	2019	2018	2019	2018
Fees and service income				
Acceptance, aval and guarantees	131	138	-	-
Brokerage fees from securities/derivatives	761	1,013	-	-
Hire purchase fee income	1,169	1,197	-	-
Credit card fees	905	855	-	-
ATM and electronic banking services	639	666	-	-
Insurance brokerage fee income	1,591	1,402	-	-
Fund management fees	1,119	1,097	-	-
Others	958	1,205	-	-
Total fees and service income	7,273	7,573	-	-
Fees and service expenses	(2,736)	(2,652)	-	-
Net fees and service income	4,537	4,921	-	-

25. Gains on trading and foreign exchange transactions

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

(Unit: Million Baht)

	For the three-month periods ended 30 September			
	Consolidated		Separate	
	financial statements		financial statements	
	2019	2018	2019	2018
Foreign exchange and derivatives contract				
relating to foreign exchange	53	102	-	-
Derivatives relating to interest	9	(9)	-	-
Debt securities	214	(73)	-	-
Equity securities	(186)	101	-	-
Others	186	(90)	-	-
Total	276	31	-	-

(Unaudited but reviewed)

(Unit: Million Baht)

	For the nine-month periods ended 30 September			
	Consolidated		Separate	
	financial statements		financial statements	
	2019	2018	2019	2018
Foreign exchange and derivatives contract				
relating to foreign exchange	252	264	-	-
Derivatives relating to interest	19	(17)	-	-
Debt securities	348	(113)	-	-
Equity securities	(77)	(219)	-	-
Others	104	283	-	-
Total	646	198	-	-

26. Gains (losses) on investments

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

(Unit: Million Baht)

	For the three-month periods ended 30 September			
	Consolidated		Separate	
	financial statements		financial statements	
	2019	2018	2019	2018
Gains (losses) on disposal of available-for-sale securities	351	(599)	-	3
Gains on disposal of investment in receivables purchased	23	-	23	-
Gains on debt settlement/assets transferred from investments in receivables purchased	155	58	138	3
Others	64	41	-	-
Total	593	(500)	161	6

(Unaudited but reviewed)

(Unit: Million Baht)

	For the nine-month periods ended 30 September			
	Consolidated		Separate	
	financial statements		financial statements	
	2019	2018	2019	2018
Gains (losses) on disposal of available-for-sale securities	543	(128)	-	4
Gains on disposal of investment in an associate	-	38	-	25
Gains on disposal of investment in receivables purchased	23	-	23	-
Gains on debt settlement/assets transferred from investments in receivables purchased	195	305	166	20
Reversal of loss on impairment of investments	-	1	-	-
Others	269	144	-	-
Total	1,030	360	189	49

27. 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 2019 and 2018 consisted of the following:

(Unit: Million Baht)

	For the three-month periods ended 30 September			
	Consolidated		Separate	
	financial statements		financial statements	
	2019	2018	2019	2018
Impairment loss of loans (reversal)				
Interbank and money market items	(6)	47	-	-
Loans to customers	1,098	1,187	(1)	1
Amortised of revaluation allowance for debts restructured during the period	-	(1)	-	-
Reversal of loss from impairment of investments in receivables purchased	(1)	-	(1)	-
Total	1,091	1,233	(2)	1

(Unaudited but reviewed)

(Unit: Million Baht)

	For the nine-month periods ended 30 September			
	Consolidated		Separate	
	financial statements		financial statements	
	2019	2018	2019	2018
Impairment loss of loans (reversal)				
Interbank and money market items	(9)	(33)	-	-
Loans to customers	3,045	4,144	(14)	3
Amortised of revaluation allowance for debts restructured during the period	(1)	(1)	-	-
Loss from impairment of investments in receivables purchased (reversal)	(1)	2	(1)	1
Total	3,034	4,112	(15)	4

28. Income tax

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

(Unit: Million Baht)

	For the three-month periods ended 30 September			
	Consolidated		Separate	
	financial statements		financial statements	
	2019	2018	2019	2018
Current income tax:				
Interim corporate income tax	981	737	-	-
Deferred tax:				
Relating to origination and reversal of temporary differences	74	182	(1)	-
Income tax expense reported in statements of comprehensive income	1,055	919	(1)	-

(Unaudited but reviewed)

(Unit: Million Baht)

	For the nine-month periods ended 30 September			
	Consolidated		Separate	
	financial statements		financial statements	
	2019	2018	2019	2018
Current income tax:				
Interim corporate income tax	2,724	1,669	-	-
Adjustment in respect of income tax from previous year	36	10	-	-
Deferred tax:				
Relating to origination and reversal of temporary differences	270	48	(1)	-
Income tax expense reported in statements of comprehensive income	3,030	1,727	(1)	-

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

(Unit: Million Baht)

	For the three-month periods ended 30 September			
	Consolidated		Separate	
	financial statements		financial statements	
	2019	2018	2019	2018
Deferred tax relating to gains on changes in value of available-for-sale investments	123	40	-	11
Deferred tax relating to actuarial losses on defined benefit plan	(108)	-	-	-
Deferred tax relating to share of other comprehensive income (loss) of an associate	-	(6)	-	-
	15	34	-	11

(Unit: Million Baht)

	For the nine-month periods ended 30 September			
	Consolidated		Separate	
	financial statements		financial statements	
	2019	2018	2019	2018
Deferred tax relating to gains (losses) on changes in value of available-for-sale investments	382	(269)	(3)	(2)
Deferred tax relating to revaluation surplus on assets	657	-	8	-
Deferred tax relating to actuarial losses on defined benefit plan	(108)	-	-	-
Deferred tax relating to share of other comprehensive income (loss) of an associate	50	(7)	-	-
	981	(276)	5	(2)

29. Components of other comprehensive income

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

	(Unit: Million Baht)			
	For the three-month periods ended 30 September			
	Consolidated		Separate	
	financial statements		financial statements	
	2019	2018	2019	2018
Other comprehensive income				
<i>Transactions that will be reclassified subsequently to profit or loss</i>				
Available-for-sale securities:				
Unrealised gains (losses) during the period	965	(398)	2	58
Less: Reclassification of adjustment for realised gains/losses that included in profit or loss	(351)	599	-	(3)
	614	201	2	55
Share of other comprehensive loss of an associate	(4)	(107)	-	-
Other comprehensive income for the period	610	94	2	55
Impact from related income taxes:				
Income tax - gains on changes in value of available-for-sale securities	(123)	(40)	-	(11)
Income tax - other comprehensive income (loss) of an associate	-	6	-	-
Impact from related income taxes	(123)	(34)	-	(11)
	487	60	2	44
<i>Transactions that will never be reclassified subsequently to profit or loss</i>				
Actuarial losses on defined benefit plan	(548)	-	(5)	-
Other comprehensive income for the period (loss)	(548)	-	(5)	-
Impact from related income taxes:				
Income tax - actuarial losses on defined benefit plan	108	-	-	-
Impact from related income taxes	108	-	-	-
	(440)	-	(5)	-
Net other comprehensive income for the period (loss)	47	60	(3)	44

(Unit: Million Baht)

For the nine-month periods ended 30 September

	Consolidated		Separate	
	financial statements		financial statements	
	2019	2018	2019	2018
Other comprehensive income				
<i>Transactions that will be reclassified subsequently to profit or loss</i>				
Available-for-sale securities:				
Unrealised gains (losses) during the period	2,452	(1,471)	(16)	(8)
Less: Reclassification of adjustment for realised gains/losses that included in profit or loss	(543)	128	-	(4)
	1,909	(1,343)	(16)	(12)
Share of other comprehensive loss of an associate	(42)	(132)	-	-
Other comprehensive income for the period (losses)	1,867	(1,475)	(16)	(12)
Impact from related income taxes:				
Income tax - gains (losses) on changes in value of available-for-sale securities	(382)	269	3	2
Income tax - other comprehensive income (loss) of an associate	(37)	7	-	-
Impact from related income taxes	(419)	276	3	2
	1,448	(1,199)	(13)	(10)
<i>Transactions that will never be reclassified subsequently to profit or loss</i>				
Revaluation surplus on assets	3,286	-	40	-
Share of other comprehensive income (loss) of an associate	256	-	-	-
Actuarial losses on defined benefit plan	(554)	-	(5)	-
Other comprehensive income for the period	2,988	-	35	-
Impact from related income taxes:				
Income taxes - revaluation surplus on assets	(657)	-	(8)	-
Income tax - share of other comprehensive income (loss) of an associate	(13)	-	-	-
Income tax - actuarial losses on defined benefit plan	108	-	-	-
Impact from related income taxes	(562)	-	(8)	-
	2,426	-	27	-
Net other comprehensive income for the period (losses)	3,874	(1,199)	14	(10)

30. 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		
2019	2018	2019	2018	2019	2018	
Thousand Baht	Thousand Baht	Thousand shares	Thousand shares	Baht	Baht	
Basic earnings per share						
Profit attributable to the Company	2,472,361	1,869,950	1,145,650	1,165,117	2.16	1.60
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	<u>2,472,361</u>	<u>1,869,950</u>	<u>1,145,663</u>	<u>1,165,130</u>	<u>2.16</u>	<u>1.60</u>

Consolidated financial statements						
For the nine-month periods ended 30 September						
		Weighted average number				
Profit for the period		of common shares		Earnings per share		
2019	2018	2019	2018	2019	2018	
Thousand	Thousand	Thousand	Thousand	Baht	Baht	
Baht	Baht	shares	shares			
Basic earnings per share						
Profit attributable to the Company	6,387,111	5,819,615	1,145,727	1,165,117	5.57	4.99
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	6,387,111	5,819,615	1,145,740	1,165,130	5.57	4.99
Separate financial statements						
For the three-month periods ended 30 September						
		Weighted average number				
Profit for the period		of common shares		Earnings per share		
2019	2018	2019	2018	2019	2018	
Thousand	Thousand	Thousand	Thousand	Baht	Baht	
Baht	Baht	shares	shares			
Basic earnings per share						
Profit attributable to the Company	2,040,588	1,702,270	1,145,650	1,165,117	1.78	1.46
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	2,040,588	1,702,270	1,145,663	1,165,130	1.78	1.46

Separate financial statements					
For the nine-month periods ended 30 September					
Profit for the period		Weighted average number of common shares		Earnings per share	
2019	2018	2019	2018	2019	2018
Thousand Baht	Thousand Baht	Thousand shares	Thousand shares	Baht	Baht
Basic earnings per share					
Profit attributable to the Company	3,825,667	3,191,448	1,145,727	1,165,117	3.34 2.74
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	3,825,667	3,191,448	1,145,740	1,165,130	3.34 2.74

31. 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		Transfer pricing policy	
financial statements		financial statements			
2019	2018	2019	2018	(For the period 2019)	
<u>Transactions occurred during the periods</u>					
Subsidiary companies					
Purchase of debt securities	-	-	5,806	289	At market prices
Sales of debt securities	-	-	1,250	363	At market prices
Interest income	-	-	11	14	At interest rate of 0.40 - 5.65 percent per annum
Dividend income	-	-	1,660	1,731	As declared
Rental and other service income	-	-	8	15	At the rate agreed under the contract
Other expenses	-	-	-	1	

	For the three-month periods ended				
	30 September				
	Consolidated		Separate		
	financial statements		financial statements		Transfer pricing policy
	2019	2018	2019	2018	(For the period 2019)
Associated company					
Dividend income	-	-	65	63	As declared
Other income	1	-	-	-	
Interest expenses	1	1	-	-	At interest rate of 0.40 and 5.65 percent per annum
Dividend payment	-	-	156	130	As declared
Other expenses	24	26	4	3	
Related companies					
Purchases of debt securities	2,228	101	-	-	At market prices
Sales of debt securities	1,466	69	-	-	At market prices
Purchases/sales of forward exchange contracts	108	1,091	-	-	At market prices
Interest income	71	57	-	-	At interest rate of 1.99 - 7.43 percent per annum
Other income	1	-	-	-	
Interest expenses	57	86	-	-	At interest rate of 0.35 - 2.95 percent per annum
Dividend payment	1,596	1,516	-	-	As declared
Project management expenses	11	10	4	2	At the contract price calculated by reference to estimated usage time
Other expenses	83	47	9	-	

(Unit: Million Baht)

For the nine-month periods ended					
30 September					
Consolidated		Separate		Transfer pricing policy	
financial statements		financial statements			
2019	2018	2019	2018	(For the period 2019)	
<u>Transactions occurred during the periods</u>					
Subsidiary companies					
Purchase of debt securities	-	-	10,829	375	At market prices
Sales of debt securities	-	-	1,495	957	At market prices
Interest income	-	-	41	37	At interest rate of 0.40 - 5.65 percent per annum
Dividend income	-	-	3,456	3,418	As declared
Rental and other service income	-	-	38	43	At the rate agreed under the contract
Other expenses	-	-	-	1	
Associated company					
Dividend income	-	-	129	126	As declared
Insurance premium/life insurance premium income	1	-	-	-	At the rate agreed under the contract
Other income	1	-	-	-	
Interest expenses	5	4	-	-	At interest rate of 0.40 and 5.65 percent per annum
Dividend payment	-	-	364	299	As declared
Other expenses	75	79	10	9	
Related companies					
Purchase of debt securities	3,018	2,834	-	-	At market prices
Sales of debt securities	2,061	1,093	-	-	At market prices
Purchase/sales of forward exchange contracts	602	20,128	-	-	At market prices
Interest income	219	161	-	-	At interest rate of 1.99 - 7.43 percent per annum
Dividend income	55	55	25	24	As declared
Insurance premium/life insurance premium income	4	3	-	-	At the rate agreed under the contract
Other income	1	1	-	-	
Interest expenses	247	230	-	-	At interest rate of 0.35 - 2.95 percent per annum
Dividend payment	3,323	3,061	-	-	As declared
Project management expenses	31	30	10	8	At the contract price calculated by reference to estimated usage time
Other expenses	204	145	15	1	

(Unaudited but reviewed)

The outstanding balances of the above transactions during the nine-month periods ended 30 September 2019 and 2018 have been shown at the average balance at the end of each month as follows:

	(Unit: Million Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2019	2018	2019	2018
<u>Subsidiary companies</u>				
Interbank and money market items (assets)	-	-	75	337
Loans to customers	-	-	957	875
<u>Associated company</u>				
Deposits	138	102	-	-
Debt issued and borrowings	91	85	-	-
<u>Related companies</u>				
Interbank and money market items (assets)	12	81	-	-
Loans to customers	6,297	5,836	-	-
Investment in debt securities	-	64	-	-
Deposits	1,379	1,815	-	-
Interbank and money market items (liabilities)	10,568	12,939	-	-

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

	(Unit: Million Baht)							
	Consolidated financial statements							
	30 September 2019							
	Assets				Liabilities			
	Interbank and money market items	Loans to customers and interest receivables	Other assets	Deposits	Interbank and money market items	Debt issued and borrowings	Other liabilities	Commitments
<u>Associated company</u>								
MBK Plc.	-	-	156	64	-	52	157	-
<u>Related companies</u>								
Other related companies	5	5,617	32	1,404	2,977	-	14	1,082
	5	5,617	188	1,468	2,977	52	171	1,082

(Unit: Million Baht)

Consolidated financial statements								
31 December 2018								
	Assets			Liabilities				
	Interbank and money market items	Loans to customers and interest receivables	Other assets	Deposits	Interbank and money market items	Debt issued and borrowings	Other liabilities	Commitment s
Associated company								
MBK Plc.	-	-	29	327	-	134	2	-
Related companies								
Other related companies	11	5,575	32	1,366	13,022	-	58	1,348
	<u>11</u>	<u>5,575</u>	<u>61</u>	<u>1,693</u>	<u>13,022</u>	<u>134</u>	<u>60</u>	<u>1,348</u>

(Unit: Million Baht)

Separate financial statements								
30 September 2019								
	Assets			Liabilities				
	Interbank and money market items	Loans to customers and interest receivables	Other assets	Deposits	Interbank and money market items	Debt issued and borrowings	Other liabilities	Commitment s
Subsidiary companies								
Thanachart Bank Plc.	37	-	-	-	-	-	1	-
Thanachart Securities Plc.	-	-	1	-	-	-	-	-
NFS Asset Management Co., Ltd.	-	442	-	-	-	-	-	-
Max Asset Management Co., Ltd.	-	260	-	-	-	-	-	-
TM Broker Co., Ltd.	-	1	-	-	-	-	-	-
Associated company								
MBK Plc.	-	-	68	-	-	-	156	-
	<u>37</u>	<u>703</u>	<u>69</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>157</u>	<u>-</u>

(Unaudited but reviewed)

(Unit: Million Baht)

Separate financial statements								
31 December 2018								
	Assets			Liabilities				
	Interbank and money market items	Loans to customers and interest receivables	Other assets	Deposits	Interbank and money market items	Debt issued and borrowings	Other liabilities	Commitments
Subsidiary companies								
Thanachart Bank Plc.	23	-	200	-	-	-	3	-
Thanachart Securities Plc.	-	-	-	-	-	-	192	-
NFS Asset Management Co., Ltd.	-	702	-	-	-	-	-	-
Max Asset Management Co., Ltd.	-	663	-	-	-	-	-	-
TM Broker Co., Ltd.	-	2	-	-	-	-	-	-
Associated company								
MBK Plc.	-	-	3	-	-	-	-	-
	23	1,367	203	-	-	-	195	-

As at 30 September 2019 and 31 December 2018, the Company has loans to subsidiary companies as follows:

(Unit: Million Baht)			
Company's name	Interest rate	Outstanding balances	
		30 September 2019	31 December 2018
	(For the year 2019)		
Max Asset Management Co., Ltd.	MLR	260	663
	of Thanachart Bank - 1%		
NFS Asset Management Co., Ltd.	MLR	442	702
	of Thanachart Bank - 1%		
TM Broker Co., Ltd.	MLR	1	2
	of Thanachart Bank - 1%		
Total		703	1,367

As at 30 September 2019, the Company and its subsidiaries have investments amounting to Baht 1,658 million (Baht 796 million in the separate financial statements) in related companies in which they are related by means of members of their management being shareholders and/or directors of those companies. (31 December 2018: Baht 1,694 million in the consolidated financial statements and Baht 814 million in the separate financial statements).

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

Directors and management's remuneration

During the three-month and nine-month periods ended 30 September 2019 and 2018, 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	
	2019	2018	2019	2018
Short-term employee benefits	170	156	23	19
Post-employment benefits	5	5	1	1
	175	161	24	20

	(Unit: Million Baht)			
	For the nine-month periods ended 30 September			
	Consolidated		Separate	
	financial statements		financial statements	
	2019	2018	2019	2018
Short-term employee benefits	521	519	95	85
Post-employment benefits	16	13	1	1
	537	532	96	86

32. 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 and Fund management 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 2019								
			Securities						
			and Fund	Life	Non-life	Asset			
	The	Banking	management	insurance	insurance	management	Other		
	Company	business	business	business	business	business	businesses	Eliminations	Consolidated
Net interest income	(107)	7,358	45	58	62	(5)	631	(49)	7,993
Other operating income	2,221	4,601	663	(81)	513	195	324	(4,525)	3,911
Other operating expenses	(76)	(4,257)	(301)	(30)	(267)	(32)	(296)	117	(5,142)
Impairment loss of loans and debt securities	2	(1,388)	-	-	-	309	(50)	36	(1,091)
Profit before income tax	2,040	6,314	407	(53)	308	467	609	(4,421)	5,671
Income tax	1	(721)	(78)	(4)	(62)	(92)	(123)	24	(1,055)
Profit (loss) before non- controlling interests	2,041	5,593	329	(57)	246	375	486	(4,397)	4,616

(Unaudited but reviewed)

(Unit: Million Baht)

For the three-month period ended 30 September 2018

	Securities and							Eliminations	Consolidated
	The Company	Banking business	Fund management business	Life insurance business	Non-life insurance business	Asset management business	Other 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

(Unit: Million Baht)

For the nine-month period ended 30 September 2019

	Securities and							Eliminations	Consolidated
	The Company	Banking business	Fund management business	Life insurance business	Non-life insurance business	Asset management business	Other businesses		
Net interest income	(307)	22,059	133	182	174	(11)	1,897	(140)	23,987
Other operating income	4,346	14,003	3,420	(241)	2,288	517	998	(14,783)	10,548
Other operating expenses	(229)	(13,349)	(875)	(102)	(805)	(99)	(891)	362	(15,988)
Impairment loss of loans and debt securities	15	(3,505)	-	-	-	605	(111)	(38)	(3,034)
Profit (loss) before income tax	3,825	19,208	2,678	(161)	1,657	1,012	1,893	(14,599)	15,513
Income tax	1	(2,086)	(528)	(2)	(328)	(195)	(383)	491	(3,030)
Profit (loss) before non-controlling interests	3,826	17,122	2,150	(163)	1,329	817	1,510	(14,108)	12,483

(Unit: Million Baht)

For the nine-month period ended 30 September 2018

	Securities and							Eliminations	Consolidated
	The Company	Banking business	Fund management business	Life insurance business	Non-life insurance business	Asset management business	Other businesses		
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

The segment assets of the Company and its subsidiaries as at 30 September 2019 and 31 December 2018 are as follows:

(Unit: Million Baht)

	The Company	Banking business	Securities and Fund management business	Life insurance business	Non-life insurance business	Asset management business	Other businesses	Eliminations	Consolidated
Segment assets									
As at 30 September 2019	40,045	1,007,905	9,522	8,834	14,339	4,432	51,605	(54,828)	1,081,854
As at 31 December 2018	37,644	984,124	9,557	9,765	14,494	4,622	48,658	(47,935)	1,060,929

33. Encumbrance of assets

As at 30 September 2019 and 31 December 2018, 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 2019	31 December 2018	30 September 2019	31 December 2018
Interbank and money market items (assets)				
Placed at insurance registrar	1,850	1,850	-	-
Placed at court	1	2	-	-
Placed at the Office of Insurance Commission	5	4	-	-
Investments in securities				
Placed at insurance registrar	2,109	2,193	-	-
Placed at financial derivative contract	43	-	-	-
Placed at court	13	13	-	-
Placed for electricity usage	1	1	-	-
Property foreclosed				
Immovable assets subject to buyback options or first rights refusal	1	1	-	-
Immovable assets subject to purchase or sell agreements with clients but currently being settled in installments or through transfer of ownership	301	288	-	-
	4,324	4,352	-	-

34. Commitments and contingent liabilities

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

34.1 Commitments

(Unit: Million Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	30 September 2019	31 December 2018	30 September 2019	31 December 2018
Aval to bills	159	303	-	-
Guarantees of loans	2,359	2,402	-	-
Liability under unmatured import bills	291	283	-	-
Letter of credits	1,202	759	-	-
Other obligations				
Committed (but not drawn) overdraft	21,829	22,341	-	-
Others	62,479	61,019	1	1
Total	88,319	87,107	1	1

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 4 to the financial statements.

34.2 As at 30 September 2019, 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:

(Unit: Million Baht)

Year	Consolidated		Separate	
	financial statements		financial statements	
	Other companies		Other companies	
2019	470		5	
2020	1,548		4	
2021 onward	1,585		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.

34.3 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 2019, outstanding obligations are summarised below.

- a) There was an outstanding difference of Baht 2 million, as a result of the transfer of assets to SAM. 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 2019, the transferred assets which SAM is re-examining totaling Baht 29 million of transactions incurred by BMB. If losses arise, Thanachart Bank will receive compensation for those from FIDF and any adjusting transactions will be within the limit of the funds set aside by FIDF to compensate losses in such cases, amounting to approximately Baht 29 million.

- c) Lawsuits in which SCIB is involved as a result of the transfer of business from BMB amounting to Baht 452 million, as disclosed under contingent liabilities in Note 35 to the financial statements.

d) Outstanding letters of guarantee.

The FIDF deposited an amount equal to the loss compensation limit with Thanachart Bank in FIDF's account. This deposit account is to compensate for losses incurred as a result of the transfer of business from BMB, if actual losses are incurred due to the outstanding issues described in a), b), c) and d) above. As at 30 September 2019, the deposit account of the FIDF with Thanachart Bank to fund the payment of compensation for losses has an outstanding balance of approximately Baht 407 million.

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

35. Contingent liabilities/litigation

As at 30 September 2019, the Company and its subsidiaries have contingent liabilities amounting to approximately Baht 2,153 million (separate financial statements: Baht 44 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.

36. Letter of guarantees

As at 30 September 2019, 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).

37. Fair value of financial instruments

As at 30 September 2019 and 31 December 2018, the Company and its subsidiaries had financial assets and financial liabilities that were measured at fair value which presented based on fair value hierarchy as follows:

(Unit: Million Baht)

Consolidated financial statements					
30 September 2019					
	Book value	Fair value			
		Total	Level 1	Level 2	Level 3
Derivatives assets	3,245	3,245	2	3,243	-
Investments	126,025	126,025	5,795	120,230	-
Derivatives liabilities	3,311	3,311	57	3,254	-

(Unit: Million Baht)

Consolidated financial statements					
31 December 2018					
	Book value	Fair value			
		Total	Level 1	Level 2	Level 3
Derivatives assets	1,719	1,719	-	1,719	-
Investments	165,487	165,487	7,751	157,736	-
Derivatives liabilities	1,763	1,763	2	1,761	-

(Unit: Million Baht)

Separate financial statements					
30 September 2019					
	Book value	Fair value			
		Total	Level 1	Level 2	Level 3
Investments	4,108	4,108	852	3,256	-

(Unit: Million Baht)

Separate financial statements					
31 December 2018					
	Book value	Fair value			
		Total	Level 1	Level 2	Level 3
Investments	1,434	1,434	877	557	-

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.

38. Approval of interim financial statements

These interim financial statements were authorised for issue by the Company's Board of Directors on 11 November 2019.