

MANAGEMENT'S DISCUSSION AND ANALYSIS

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

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THANACHART CAPITAL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

Management's Discussion and Analysis (Reviewed Financial Statements)

Economics Outlook and Competition in Banking Industry

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

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

Key Events in the Third Quarter of 2019

1. On 19 September 2019, the Board of Directors of Thanachart Capital Public Company Limited ("the Company") had a resolution to approve the payment of interim dividend for the first six-month of 2019 at a rate of 1.20 baht per share to all shareholders of the Company. The determination of the name of shareholders eligible for interim dividend payment would be on 4 October 2019 and the payment would be made on 18 October 2019.
2. On 23 September 2019, the Company held the Extraordinary Shareholders' Meeting No. 1/2019 in order for the Meeting to consider and approve the important undertakings in relation to the business restructuring of the Company and Thanachart Bank Public Company Limited ("TBANK") and the merger plan between TBANK and TMB Bank Public Company Limited. The Meeting approved with the votes of not less than three-fourths of the total votes of the shareholders who attended the Meeting and had the right to vote. The details of which are disclosed in the Company's notification submitted to the Stock Exchange of Thailand No. TCAP.CSO 128/2019 Re: Informing the Resolutions of the Extraordinary General Meeting of Shareholders No. 1/2019 of Thanachart Capital Public Company Limited.
3. On 30 September 2019, TBANK and Government Savings Bank which are the shareholders of Thanachart Fund Management Company Limited ("TFUND") have entered into a share purchase agreement to sell all shares of TFUND to Prudential Corporation Holdings Limited ("Prudential"). An affiliate of Eastspring Investments (Singapore) Limited ("Eastspring"). In this regards, it is expected that the whole value of TFUND is not less than 8,400 million baht. The details of which are disclosed in the Company's notification submitted to the Stock Exchange of Thailand No. TCAP.CSO 132/2019 Re: Notification of Execution Agreements in relation to Thanachart Fund Management Company Limited.

For clarification of information disclosure, Thanachart Group has submitted Management's Discussion and Analysis of Thanachart Bank and its subsidiaries separately from this report.

Financial Highlights

Financial Highlights

Reviewed Financial Statements	For the 3 months ended			For the 9 months ended	
	30-Sep-19	30-Jun-19	30-Sep-18	30-Sep-19	30-Sep-18
Operating Performance (Million Baht)					
Interest Income	12,350	12,321	11,742	36,735	34,614
Interest Expenses	4,357	4,249	3,974	12,748	11,766
Net Interest Income	7,993	8,072	7,768	23,987	22,848
Non-interest Income	3,911	3,409	2,651	10,548	9,886
Net Operating Income ⁽¹⁾	11,904	11,481	10,419	34,535	32,734
Other Operating Expenses	5,142	5,794	4,477	15,988	15,050
Pre-Provision Operating Profit (PPOP)	6,762	5,687	5,942	18,547	17,684
Impairment Loss of Loans and Debt Securities	1,091	952	1,233	3,034	4,112
Profit before Tax	5,671	4,735	4,709	15,513	13,572
Income Tax	1,055	929	919	3,030	1,727
Profit for the Period	4,616	3,806	3,790	12,483	11,845
Net Profit Attributable to the Company	2,472	1,899	1,870	6,387	5,820
Operating Performance Ratios (Percent)					
ROAA	1.70	1.42	1.48	1.55	1.55
ROAE ⁽²⁾	14.00	11.08	11.61	12.41	12.20
Interest Spread ⁽³⁾	2.86	2.95	2.97	2.91	2.92
Loan Spread ⁽⁴⁾	3.80	3.84	3.89	3.83	3.86
Credit Cost	0.49	0.45	0.62	0.45	0.69
Non-interest Income Ratio ⁽⁵⁾	32.85	29.69	25.45	30.54	30.20
Cost to Income Ratio ⁽⁶⁾	43.20	50.47	42.97	46.30	45.98
	30-Sep-19	30-Jun-19	31-Dec-18		
Financial Position (Million Baht)					
Loans	771,039	769,747	754,613		
Total Assets	1,081,854	1,078,525	1,060,929		
Deposits	745,693	724,523	751,917		
Total Liabilities	934,942	933,092	923,011		
Total Equity	146,912	145,433	137,918		
Financial Position Quality					
Loans to Deposits (%)	103.40	106.24	100.36		
Non-performing Loans (Million Baht)	22,310	20,299	20,172		
NPL Ratio (%)	2.49	2.40	2.40		
Coverage Ratio ⁽⁷⁾ (%)	104.40	114.68	120.49		
Reserve to Required Reserve ⁽⁸⁾ (%)	138.18	144.33	153.56		

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

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

(3) Interest Spread = Yield – Cost of Fund

Yield = Interest Income / Average Earning Assets

Cost of Fund = Interest Expenses / Average Paying Liabilities

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

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

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

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

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

Operating Results for the Third Quarter and the Nine-month Period of 2019

Performance Overview

Thanachart Capital Public Company Limited (“the Company”) operates as the holding company and thus is the parent company of Thanachart Financial Business Conglomerate. The Company’s performance is mainly from the performance of Thanachart Bank and its subsidiaries. The Company holds shares in Thanachart Bank 50.96 percent. As a result, profit attributable to the Company is calculated from the proportion shareholding of the Company in each subsidiary company. In order to compare its operating results with other companies’ in the industry, the financial information presented in this report is based on consolidated financial statements.

In the third quarter of 2019, the Company and its subsidiaries’ net profit according to the consolidated financial statements amounted to 4,616 million baht, an increase of 810 million baht or 21.28 percent from the previous quarter. This was a result of the success in implementing Customer Centric strategy by focusing on being the Main Bank. As a result, Thanachart Bank showed a continuous growth in their performances.

Net interest income slightly decreased from lower interest spread while non-interest income increased substantially from gains on investments and gains on properties foreclose. Operating expenses decreased due to the fact that in the previous quarter there were one-time expenses for retirement pension and severance payment while impairment loss of loans and debt securities increased.

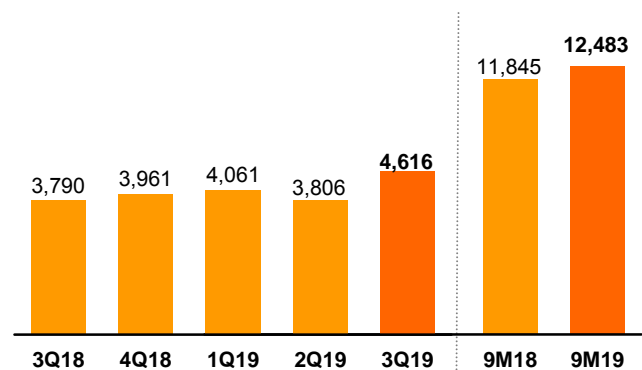
For the nine-month period of 2019, net profit according to the consolidated financial statements of the Company and its subsidiaries amounted to 12,483 million baht, an increase of 638 million baht or 5.39 percent from the same period last year.

Total assets of Thanachart Group increased from the end of the previous year following the loan growth of 2.18 percent. In this connection, retails, especially hire purchase loans increased. Deposits decreased by 0.83 percent, mainly from a decrease in savings deposits. As a result, CASA ratio accounted for 48.44 percent, a slight decrease from 48.50 percent at the end of last year.

NPLs of Thanachart Group increased by 10.60 percent from the end of 2018. NPL ratio was at 2.49 percent, increased from 2.40 percent at the end of last year.

Coverage ratio stayed at 104.40 percent. On capital fund, TBANK had capital adequacy ratio of 19.39 percent, decreased from the early redemption of Thanachart Bank’s subordinated instruments issued under Tier II.

Net Profit of Thanachart Group (Million Baht)



In the third quarter of 2019, net profit attributable to the Company was 2,472 million baht, an increase of 573 million baht or 30.17 percent from the previous quarter. Earning per share (EPS) was 2.16 baht, an increase from 1.66 baht. Return on average assets (ROAA) and return on average equity (ROAE) of the Company’s shareholders were at 1.70 percent and 14.00 percent, respectively.

For the nine-month period of 2019, net profit attributable to the Company was 6,387 million baht, an increase of 567 million baht or 9.74 percent from the same period last year. EPS was 5.57 baht, an increase from 4.99 baht. ROAA and ROAE of the Company’s shareholders were at 1.55 percent and 12.41 percent respectively.

Summary of Key Operating Results

Summary of key operating results in **the third quarter of 2019 comparing with the second quarter of 2019** is as follows:

- Net profit of Thanachart Group amounted to 4,616 million baht, an increase of 21.28 percent.
- Net profit of the Company amounted to 2,472 million baht, an increase of 30.17 percent.
- Net interest income decreased by 0.98 percent from interest spread which decreased to 2.86 percent.
- Non-interest income increased by 14.73 percent, mainly from gains on investments and gains on properties foreclose.
- Operating expenses decreased by 11.25 percent from one-time expenses for retirement pension and severance payment of 755 million baht in the previous quarter.
- Pre-provision operating profit (PPOP) amounted to 6,762 million baht, an increase of 18.90 percent.
- Impairment loss of loans and debt securities expenses increased by 14.60 percent.

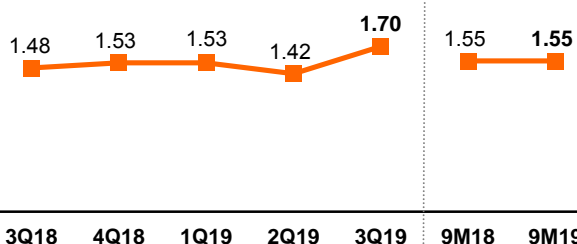
Summary of key operating results in **the nine-month period of 2019 comparing with the same period last year** is as follows:

- Net profit of Thanachart Group amounted to 12,483 million baht, an increase of 5.39 percent.
- Net profit of the Company amounted to 6,387 million baht, an increase of 9.74 percent.
- Net interest income increased by 4.99 percent from the expansion of loans.
- Non-interest income increased by 6.70 percent, mainly from increases in gains on investments, gains on trading and foreign exchange transactions, and gains on properties foreclose.
- Operating expenses increased by 6.23 percent from one-time expenses for retirement pension and severance payment of 755 million baht.
- Impairment loss of loans expenses decreased by 26.22 percent.
- Profit before tax amounted to 15,513 million baht, an increase of 14.30 percent.

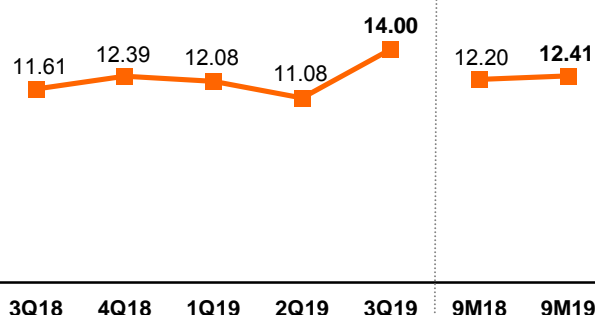
Net Profit (Million Baht)

Reviewed Financial Statements	For the 3 months ended			For the 9 months ended	
	30-Sep-19	30-Jun-19	30-Sep-18	30-Sep-19	30-Sep-18
Net Profit (Million Baht)					
Profit for the Period	4,616	3,806	3,790	12,483	11,845
Net Profit Attributable to the Company	2,472	1,899	1,870	6,387	5,820
Net Profit Attributable to Non-controlling Interest	2,144	1,907	1,920	6,096	6,025
Basic Earning per Share (Baht)	2.16	1.66	1.60	5.57	4.99

ROAA (Percent)



ROAE* (Percent)



*Equity attributable to the Company's shareholders

Net Interest Income

Net Interest Income (Million Baht)

	3Q19	2Q19	Change		9M19	9M18	Change	
			+ / (-)	%			+ / (-)	%
Interest Income	12,350	12,321	29	0.24	36,735	34,614	2,121	6.13
Interbank and Money Market Items	503	473	30	6.34	1,452	1,398	54	3.86
Investments for Tradings	44	87	(43)	(49.43)	203	192	11	5.73
Investments for Debts Securities	688	667	21	3.15	2,023	1,975	48	2.43
Loans	4,276	4,298	(22)	(0.51)	12,803	13,149	(346)	(2.63)
Hire Purchase and Financial Leases	6,839	6,796	43	0.63	20,254	17,900	2,354	13.15
Interest Expenses	4,357	4,249	108	2.54	12,748	11,766	982	8.35
Deposits	2,606	2,458	148	6.02	7,466	6,765	701	10.36
Interbank and Money Market Items	232	296	(64)	(21.62)	811	717	94	13.11
Fund Contributed to FIDF and DPA	948	913	35	3.83	2,765	2,601	164	6.31
Debts Issued	565	578	(13)	(2.25)	1,692	1,675	17	1.01
Borrowing Fee	6	4	2	50.00	14	8	6	75.00
Net Interest Income	7,993	8,072	(79)	(0.98)	23,987	22,848	1,139	4.99

In the third quarter of 2019, the Company and its subsidiaries had 7,993 million baht in net interest income, a decrease of 79 million baht or 0.98 percent from the previous quarter. Interest Spread was at 2.86 percent, a decrease from 2.95 percent.

- Interest income amounted to 12,350 million baht, an increase of 29 million baht or 0.24 percent from the expansion of loans.
- Interest expenses amounted to 4,357 million baht, an increase of 108 million baht or 2.54 percent. This was due to the increase in deposits.

For the nine-month period of 2019, the Company and its subsidiaries had 23,987 million baht in net interest income, an increase of 1,139 million baht or 4.99 percent from the same period last year. Interest Spread was at 2.91 percent, a slight decrease from 2.92 percent.

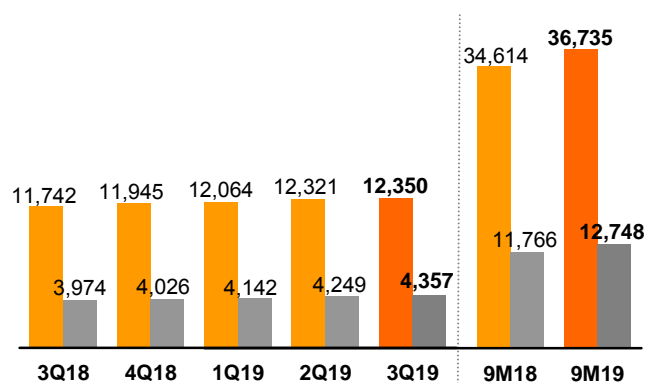
- Interest income was 36,735 million baht, an increase of 2,121 million baht or 6.13 percent. This was from the expansion of loans as well as the increase in yield on earning assets.
- Interest expenses were 12,748 million baht, an increase of 982 million baht or 8.35 percent. This was due to the increase in cost of fund.

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

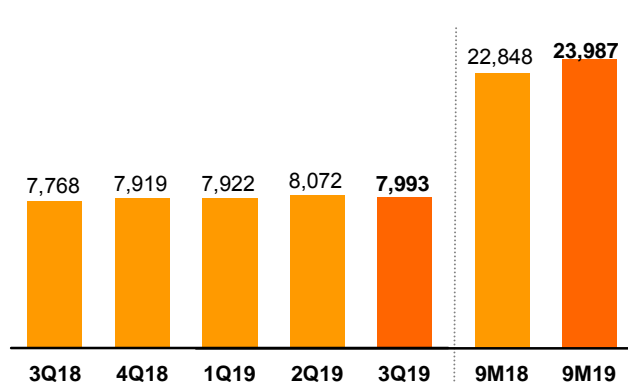
	3Q19	2Q19	1Q19	4Q18	3Q18	9M19	9M18
Average Policy Interest Rate	1.60	1.75	1.75	1.54	1.50	1.70	1.50
Yield	4.81	4.90	4.84	4.86	4.84	4.85	4.81
Cost of Fund	1.95	1.95	1.92	1.88	1.87	1.94	1.89
Interest Spread	2.86	2.95	2.92	2.98	2.97	2.91	2.92

Interest Income and Interest Expenses (Million Baht)

Interest Income Interest Expenses



Net Interest Income (Million Baht)



Non-interest Income

Non-interest Income (Million Baht)								
	3Q19	2Q19	Change		9M19	9M18	Change	
			+ / (-)	%			+ / (-)	%
Net Fees and Service Income	1,570	1,580	(10)	(0.63)	4,537	4,921	(384)	(7.80)
Gains on Trading and F/X Transactions	276	208	68	32.69	646	198	448	226.26
Gains on Investments	593	112	481	429.46	1,030	360	670	186.11
Share of Profit from Investments in Associated Companies Accounted for under Equity Method	72	81	(9)	(11.11)	212	354	(142)	(40.11)
Gains on Properties Foreclose and Other Assets	484	206	278	134.95	685	313	372	118.85
Net Insurance / Life Insurance Income	507	596	(89)	(14.93)	1,736	2,155	(419)	(19.44)
Dividend Income	36	237	(201)	(84.81)	392	439	(47)	(10.71)
Other Income	373	389	(16)	(4.11)	1,310	1,146	164	14.31
Total Operating Income	2,341	1,829	512	27.99	6,011	4,965	1,046	21.07
Total Non-interest Income	3,911	3,409	502	14.73	10,548	9,886	662	6.70

Non-interest income of the Company and its subsidiaries in the third quarter of 2019 amounted to 3,911 million baht, an increase of 502 million baht or 14.73 percent from the previous quarter. This was mainly due to the following.

- Net fees and service income amounted to 1,570 million baht, a decrease of 10 million baht or 0.63 percent. This was due mainly to the decreases in commission received from selling insurance / life insurance and other fees income.
- Other operating income amounted to 2,341 million baht, an increase of 512 million baht or 27.99 percent. This was mainly due to the increase of 481 million baht in gains on investments and the increase of 278 million baht in gains on properties foreclose. Dividend income decreased by 201 million baht which was from seasonality.

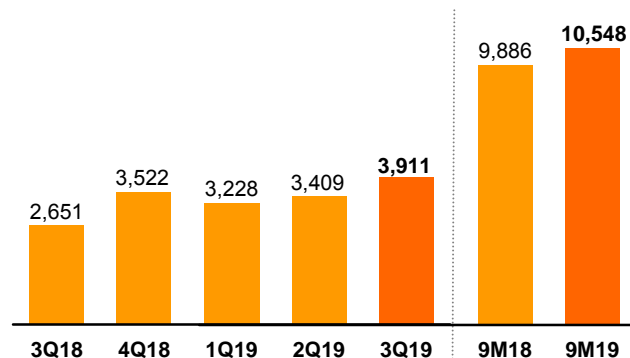
As a result, non-interest income ratio in the third quarter of 2019 was at 32.85 percent, an increase from that in the previous quarter of 29.69 percent.

Non-interest income of the Company and its subsidiaries in the nine-month period of 2019 was 10,548 million baht, an increase of 662 million baht or 6.70 percent from the same period last year. This was mainly due to the following.

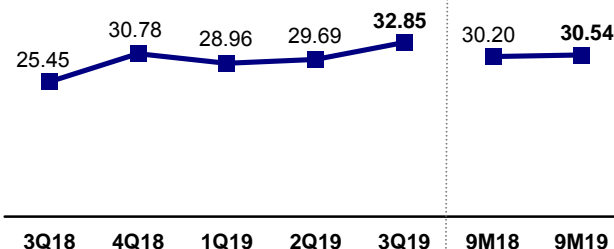
- Net fees and service income amounted to 4,537 million baht, a decrease of 384 million baht or 7.80 percent. This was due mainly to the decrease in brokerage fees.
- Other operating income amounted to 6,011 million baht, an increase of 1,046 million baht or 21.07 percent. This was mainly due to the increase of 670 million baht in gains on investments; the increase of 448 million baht in gains on trading and foreign exchange transactions; the increase of 372 in gains on properties foreclose. Net insurance / life insurance income decreased by 419 million baht.

As a result, non-interest income ratio in the nine-month period of 2019 was at 30.54 percent, an increase from 30.20 percent of the same period last year.

Non-interest Income (Million Baht)



Non-interest Income Ratio (Percent)



Other Operating Expenses

Other Operating Expenses (Million Baht)

	3Q19	2Q19	Change		9M19	9M18	Change	
			+ / (-)	%			+ / (-)	%
Employee's Expenses	3,125	3,519	(394)	(11.20)	9,641	8,516	1,125	13.21
Premises and Equipment Expenses	682	663	19	2.87	1,971	1,959	12	0.61
Taxes and Duties	179	177	2	1.13	538	550	(12)	(2.18)
Directors' Remuneration	15	68	(53)	(77.94)	99	89	10	11.24
Other Expenses	1,141	1,367	(226)	(16.53)	3,739	3,936	(197)	(5.01)
Total Other Operating Expenses	5,142	5,794	(652)	(11.25)	15,988	15,050	938	6.23

In the third quarter of 2019, other operating expenses of the Company and its subsidiaries amounted to 5,142 million baht, a decrease of 652 million baht or 11.25 percent from the previous quarter. This was due to the fact that in the previous quarter there were one-time expenses for retirement pension and severance payment of 755 million baht. As a result, cost to income ratio in the third quarter of 2019 was 43.20 percent, a decrease from 50.47 percent in the previous quarter.

For the nine-month period of 2019, other operating expenses of the Company and its subsidiaries amounted to 15,988 million baht, an increase of 938 million baht or 6.23 percent from the same period last year. This was from one-time expenses for retirement pension and severance payment. As a result, cost to income ratio in the nine-month period of 2019 was 46.30 percent, an increase from the same period last year of 45.98 percent.

Impairment Loss of Loans and Debt Securities

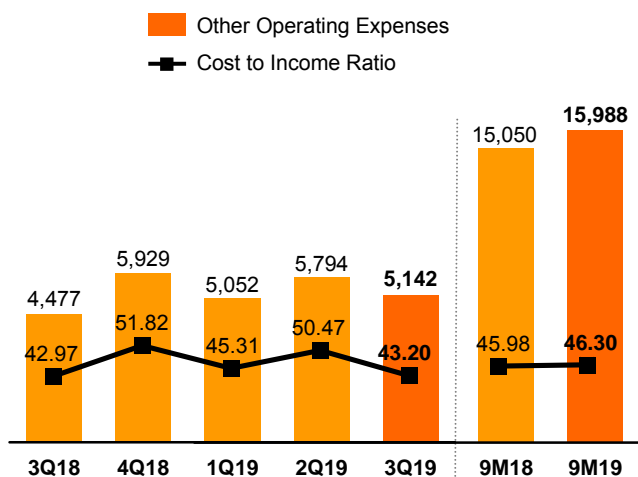
Impairment Loss of Loans and Debt Securities (Million Baht)

	3Q19	2Q19	Change		9M19	9M18	Change	
			+ / (-)	%			+ / (-)	%
Impairment Loss of Loans and Debt Securities	1,091	952	139	14.60	3,034	4,112	(1,078)	(26.22)
Credit Cost (%)	0.49	0.45	0.04	8.89	0.45	0.69	(0.24)	(34.78)

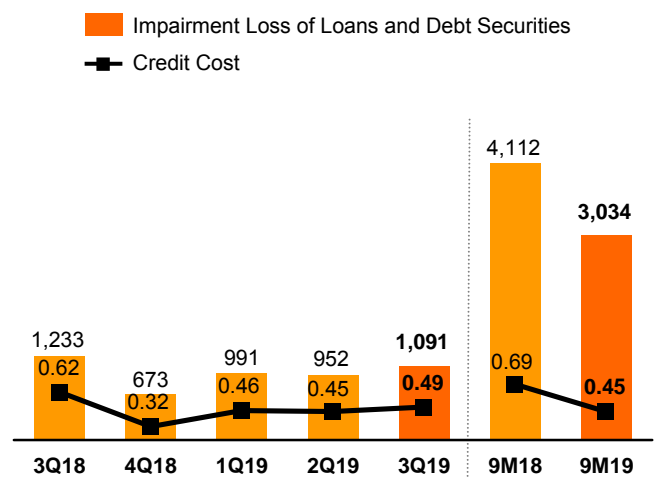
In the third quarter of 2019, the Company and its subsidiaries had impairment loss of loans and debt securities in the amount of 1,091 million baht, an increase of 139 million baht or 14.60 percent from the previous quarter. Credit cost was at 0.49 percent, an increase from 0.45 percent.

For the nine-month period of 2019, the Company and its subsidiaries had impairment loss of loans and debt securities amounting to 3,034 million baht, a decrease of 1,078 million baht or 26.22 percent from the same period last year. Credit cost was at 0.45 percent, a decrease from 0.69 percent.

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



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



Financial Position

Consolidated Statements of Financial Position (Million Baht)

	30 September 2019		31 December 2018		Change	
	Amount	%	Amount	%	+/(−)	%
Cash	9,374	0.87	11,022	1.04	(1,648)	(14.95)
Interbank and Money Market Items-net	139,094	12.86	99,117	9.34	39,977	40.33
Investment-net	130,370	12.05	170,437	16.07	(40,067)	(23.51)
Investment in Associated Company-net	3,196	0.30	3,027	0.29	169	5.58
Loans	771,039	71.27	754,613	71.13	16,426	2.18
Accrued Interest Receivables	622	0.06	657	0.06	(35)	(5.33)
Allowance for Doubtful Accounts and Revaluation Allowance for Debt Restructuring	(23,141)	(2.14)	(24,145)	(2.28)	1,004	(4.16)
Property Foreclosed-net	5,651	0.52	4,822	0.45	829	17.19
Intangible Assets Acquired in a Business Combination-net	164	0.01	361	0.03	(197)	(54.57)
Goodwill	17,901	1.65	17,799	1.68	102	0.57
Other Assets	27,584	2.55	23,219	2.19	4,365	18.80
Total Assets	1,081,854	100.00	1,060,929	100.00	20,925	1.97
Deposits	745,693	68.93	751,917	70.87	(6,224)	(0.83)
Interbank and Money Market Items	58,858	5.44	71,923	6.78	(13,065)	(18.17)
Debt Issued and Borrowings	80,406	7.43	55,013	5.19	25,393	46.16
Other Liabilities	49,985	4.62	44,158	4.16	5,827	13.20
Total Liabilities	934,942	86.42	923,011	87.00	11,931	1.29
Company's Shareholders' Equity	70,713	6.54	65,735	6.20	4,978	7.57
Non-controlling Interests	76,199	7.04	72,183	6.80	4,016	5.56
Total Shareholders' Equity	146,912	13.58	137,918	13.00	8,994	6.52
Total Liabilities and Shareholders' Equity	1,081,854	100.00	1,060,929	100.00	20,925	1.97
Book Value per Share (Baht)	61.72		57.15			

Assets

As of 30 September 2019, Thanachart Group's total assets amounted to 1,081,854 million baht, an increase of 20,925 million baht or 1.97 percent from the end of 2018. Key factors are as follows:

- Net interbank and money market amounted to 139,094 million baht, an increase of 39,977 million baht or 40.33 percent from the end of last year due to liquidity management.
- Net investment amounted to 130,370 million baht, a decrease of 40,067 million baht or 23.51 percent from the end of last year. This was mainly due to an appropriate management of investment yield.

- Loans amounted to 771,039 million baht, an increase of 16,426 million baht or 2.18 percent from the end of last year. The growth was from retail loans especially hire purchase loans which continued increasing. Portion of retail loans to corporate and SME loans was 76 percent to 24 percent.

Liabilities

Total liabilities of Thanachart Group as of 30 September 2019 **were 934,942 million baht, an increase of 11,931 million baht or 1.29 percent** from the end of 2018. The key items were as follows:

Deposits (Million Baht)

	30 September 2019		31 December 2018		Change	
	Amount	%	Amount	%	+/(−)	%
Current	12,354	1.66	12,759	1.70	(405)	(3.17)
Savings	348,854	46.78	351,939	46.80	(3,085)	(0.88)
Fixed Deposits						
Less than 6 Months	31,065	4.16	44,025	5.86	(12,960)	(29.44)
6 Months and up to 1 Year	59,548	7.99	41,832	5.56	17,716	42.35
Over 1 Year	210,876	28.28	215,902	28.71	(5,026)	(2.33)
Certificate of Deposits	82,996	11.13	85,460	11.37	(2,464)	(2.88)
Total Deposits	745,693	100.00	751,917	100.00	(6,224)	(0.83)

- Deposits were 745,693 million baht, a decrease of 6,224 million baht or 0.83 percent from the end of last year. This was mainly from decreases in savings deposits and certificate of deposits. As a result, the ratio of current and savings accounts to total deposits (CASA) was 48.44 percent, a decrease from 48.50 percent at the end of last year.
- Interbank and money market items were 58,858 million baht, a decrease of 13,065 million baht or 18.17 percent from the end of last year. This was due to liquidity management.
- Debt issued and borrowings amounted to 80,406 million baht, an increase of 25,393 million baht or 46.16 percent from the end of last year. This was from the issuance of private placement debentures and the early redemption of Thanachart Bank's subordinated instruments issued under Tier II.

Shareholders' Equity

Total shareholders' equity as of 30 September 2019 **was 146,912 million baht, an increase of 8,994 million baht or 6.52 percent** from the end of 2018. The total shareholders' equity comprised of the following:

- Equity attributable to the owners of the Company was 70,713 million baht, an increase of 4,978 million baht or 7.57 percent. This was mainly due to operating profit attributable to the Company in the nine-month period of 2019 which amounted to 6,387 million baht, surplus from fixed asset revaluation of 1,535 million baht, and mark to market on investments which increased by 772 million baht. At the same time, there were dividend payments paid for the performance in the second half of 2018 in the amount of 1,833 million baht

and interim dividend payments paid for the performance in the first six-month period of 2019 in the amount of 1,375 million baht.

- Equity attributable to non-controlling interest amounted to 76,199 million baht, an increase of 4,016 million baht or 5.56 percent. This was mainly from the operating results of subsidiary companies.

Non-performing Loans: NPLs

NPLs

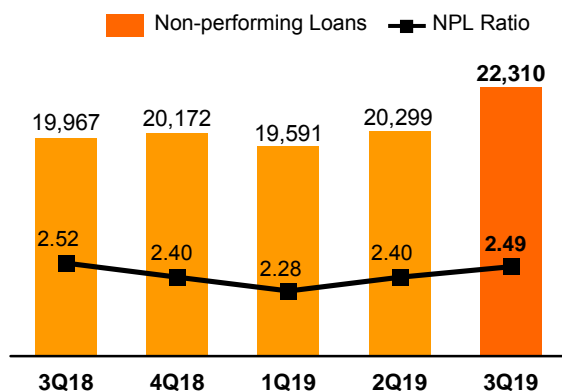
	TCAP (Consol.)				
	30-Sep-19	30-Jun-19	31-Mar-19	31-Dec-18	30-Sep-18
NPL-gross (Million Baht)	22,310	20,299	19,591	20,172	19,967
Total Allowance* (Million Baht)	23,292	23,279	23,676	24,306	24,967
NPL-gross to Total Loans (%)	2.49	2.40	2.28	2.40	2.52
NPL-net to Total Loans –net (%)	1.32	1.27	1.21	1.26	1.36
Reserve to Required Reserve (%)	138.18	144.33	151.59	153.56	159.08
Coverage Ratio (%)	104.40	114.68	120.85	120.49	125.04

* Including allowance for interbank and money market items and revaluation allowance for debt restructuring.

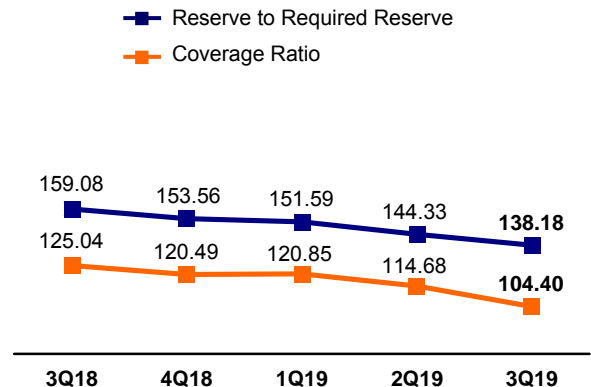
Under the market and economic conditions that have been slowing down, the Company and its subsidiaries still placed strong emphasis on managing NPLs through systematic and effective control. **NPLs** as of 30 September 2019 **amounted to 22,310 million baht, an increase of 2,138 million baht or 10.60 percent** from the end of the previous year. **Non-performing loans to total loans (NPL Ratio) was at 2.49 percent**, an increase from 2.40 percent at the end of last year. Non-performing loans after deducting reserve (NPL-net) amounted to 11,724 million baht while the ratio of NPL-net to total loans – net was at 1.32 percent.

Coverage ratio at the end of September 2019 was at 104.40 percent while the ratio of reserve to required reserve under the BOT's regulation at the end of September 2019 was at 138.18 percent. Excess reserve was 6,435 million baht.

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



Coverage Ratio (Percent) and Reserve to Required Reserve (Percent)



Operating Results of Subsidiaries

Operating Results of Subsidiaries (Million Baht)

Subsidiaries	% holding Direct/Indirect	Net Profit (Loss)				
		3Q19	2Q19	3Q18	9M19	9M18
Thanachart Bank Public Company Limited Consolidated Financial Statements*		4.054	3,592	3,540	11,296	11,140
Thanachart Securities Public Company Limited	50.96%	180	1,437	133	1,716	498
Thanachart Fund Management Company Limited	38.22%	149	138	166	434	507
Thanachart Insurance Public Company Limited	50.96%	246	805	257	1,329	807
TS AMC Company Limited	50.96%	289	1	49	541	166
Ratchthani Leasing Public Company Limited	33.22%	443	480	431	1,400	1,186
NFS AMC Company Limited	100.00%	(8)	19	(5)	122	19
MAX AMC Company Limited	83.44%	90	(4)	(2)	225	169
MBK Life Assurance Public Company Limited	51.00%	(59)	(52)	(12)	(141)	4

* Only the profit attributable to the owners of Thanachart Bank.

Risk Management and Risk Factors

For risk management, the Company and its subsidiaries have put in place the process to manage risk systematically by having the Company's Board of Directors specify risk management policies of Thanachart Group to ensure complete policy alignment throughout the entire organization. There is a business unit that is dedicatedly responsible for risk management and consistently monitors and controls risks to be in accordance with the specified policies of the Company. The measurement and analysis of various risks are done by using an appropriate tools and methodology. Such various risks include strategic risk, credit risk, market risk, interest rate risk, liquidity risk, and operational risk. For risk measurement and monitoring discipline, the risk limit and warning signal are set to ensure that business operation would always be within such acceptable risk limit. Moreover, the Executive Committee and the Board of Directors of the Company closely govern and monitor risk status and the efficiency of risk management system on a monthly basis.

In overall view, the risks of the Company and subsidiaries are within the risk limit and have enough capital after risk allocation to support the business expansion in sustainable and secure manner.

Disclaimer

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