

Thanachart Capital Public Company Limited

Financial Summary

Management's Discussion and Analysis for the Year 2020

Supporting Documents for 2021 Annual General Meeting of Shareholders

*SMART
MOVING
FORWARD»»*

Tuesday, 27 April 2021, at 14.00 Hours,

The Athenee Crystal Hall, 3rd Floor,

The Athenee Hotel, a Luxury Collection Hotel, Bangkok,

61 Wireless Road (Witthayu), Lumpini, Pathumwan, Bangkok, 10330.

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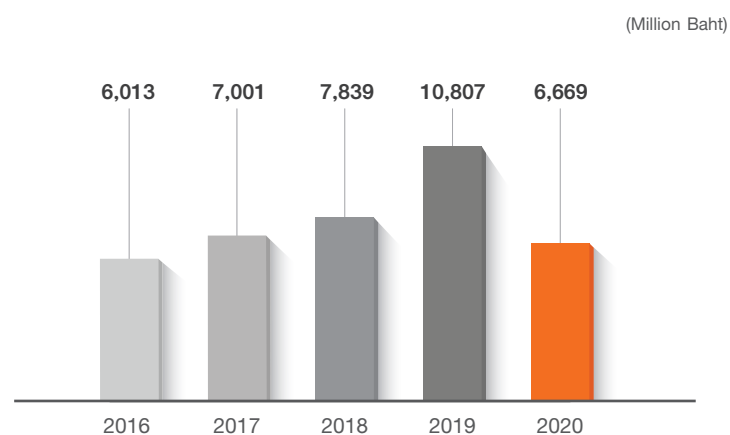
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For more information, please contact the Corporate Secretary Office

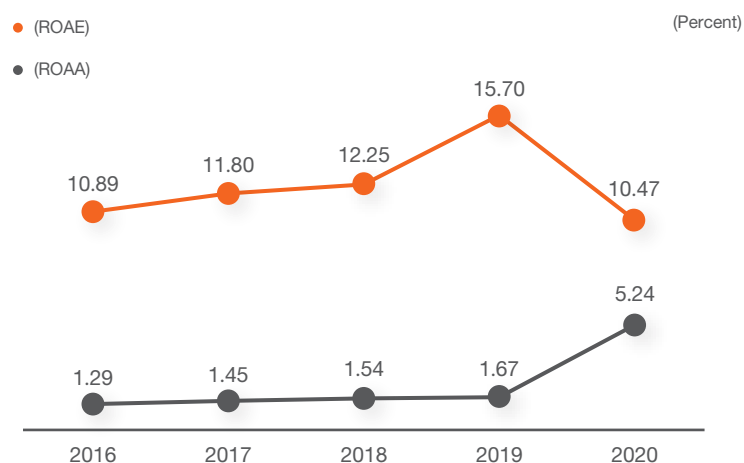
Tel. 0-2217-8000 ext. 3004, 3008-3012 Fax. 0-2217-8312

FINANCIAL HIGHLIGHTS

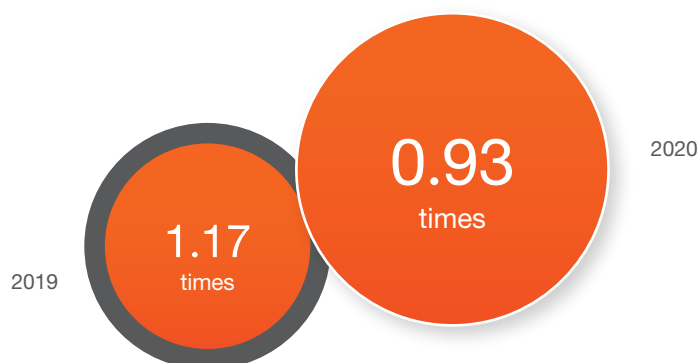
Profit attributable to the Company



Return on Average Assets (ROAA) and Return on Average Equity⁽¹⁾ (ROAE)



Debt to Equity Ratio (D/E Ratio)



Consolidated

As at or for the year ended 31 December	2020	2019	2018 (Restated)	2017	2016
Operating Performance (Million Baht)					
Interest Income	4,213	4,339	4,074	44,681	45,208
Interest Expenses	1,620	1,599	1,515	15,511	16,740
Net Interest Income	2,593	2,740	2,559	29,170	28,468
Non-interest Income	10,317	4,744	5,546	13,402	12,231
Net Operating Income	12,910	7,484	8,105	42,572	40,699
Other Operating Expenses	2,910	3,034	3,019	20,836	21,025
Expected Credit Loss/Impairment Loss of Loans and Debt Securities (Reversal)	595	(316)	302	6,236	6,210
Profit before Income Tax	9,405	4,766	4,784	15,500	13,464
Income Tax	1,557	1,367	927	1,159	853
Profit for the Year from Continuing Operations	7,848	3,399	3,857	14,341	12,611
Profit for the Year from Discontinued Operations	-	13,361	11,949	-	-
Total Profit for the Year	7,848	16,760	15,806	14,341	12,611
Profit attributable to the Company	6,669	10,807	7,839	7,001	6,013
Profit attributable to Non-controlling Interest	1,179	5,953	7,967	7,340	6,598
Operating Performance Ratios (Percent)					
Return on Average Assets (ROAA)	5.24	1.67	1.54	1.45	1.29
Return on Average Equity ⁽¹⁾ (ROAE)	10.47	15.70	12.25	11.80	10.89
Debt to Equity Ratio (D/E Ratio) (times)	0.93	1.17	6.69	6.88	7.07
Financial Position (Million Baht)					
Loans to Customers and Accrued Interest Receivables - net	50,251	53,159	731,125	688,844	667,522
Total Assets	140,756	160,927	1,060,929	1,025,525	966,867
Total Liabilities	67,987	86,868	923,011	895,455	847,016
Total Equity	72,769	74,059	137,918	130,070	119,851
Equity Attributable to Owners of the Company	63,311	65,833	65,735	62,020	56,891
Common Share Information					
Information per Share (Baht)					
Basic Earnings per Share	6.26	9.43	6.74	6.01	5.16
Book Value	60.38	57.46	57.15	53.23	48.83
Dividend ⁽²⁾	1.20	7.00	2.60	2.20	2.00
Common Shares Outstanding (Million Shares)					
Average-Basic	1,066	1,146	1,164	1,165	1,165
End of Year	1,049	1,146	1,150	1,165	1,165
Share Price ⁽³⁾ (Baht)					
Highest	57.00	59.50	60.25	58.00	44.75
Lowest	27.00	50.25	46.25	43.75	33.00
Closing	34.50	53.50	49.75	56.25	44.00
Market Capitalization (Million Baht)	40,197	62,334	57,965	65,539	51,266
Other Information					
Employees ⁽⁴⁾	1,864	2,062	13,893	13,885	14,763

Notes: ⁽¹⁾ ROAE is calculated from equity attributable to owners of the Company

⁽³⁾ Local Board / Highest and Lowest Share Prices During the Year

⁽²⁾ Dividend per share for 2020 is interim rate paid and Dividend per share for 2019 is interim rate paid plus special interim rate paid

⁽⁴⁾ Number of employees in 2020 and 2019 excludes employees of TBANK, TFUND, and TBROKE

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Thanachart Capital Public Company Limited

Opinion

I have audited the accompanying consolidated financial statements of Thanachart Capital Public Company Limited and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at 31 December 2020, and the related consolidated statements of comprehensive income, changes in equity and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies, and have also audited the separate financial statements of Thanachart Capital Public Company Limited for the same period.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Thanachart Capital Public Company Limited and its subsidiaries and of Thanachart Capital Public Company Limited as at 31 December 2020, their financial performance and cash flows for the year then ended in accordance with Thai Financial Reporting Standards.

Basis for Opinion

I conducted my audit in accordance with Thai Standards on Auditing. My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I am independent of the Group in accordance with the Code of Ethics for Professional Accountants as issued by the Federation of Accounting Professions as relevant to my audit of the financial statements, and I have fulfilled my other ethical responsibilities in accordance with the Code. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Emphasis of matters

I draw attention to Note 1.2 and Note 3 a) to the consolidated financial statements. The COVID-19 pandemic is impacting various businesses and industries and this situation could create uncertainties and may affect the future operating results and cash flows of the Group. Moreover, due to the impact of this situation, in preparing the financial statements the Group has elected to adopt the Accounting Guidance on Temporary Relief Measures for Entities Providing Assistance to Debtors Impacted by Situations That Affect the Thai Economy issued by the Federation of Accounting Professions. My opinion is not modified in respect of these matters.

Key Audit Matters

Key audit matters are those matters that, in my professional judgement, were of most significance in my audit of the financial statements of the current year. These matters were addressed in the context of my audit of the financial statements as a whole, and in forming my opinion thereon, and I do not provide a separate opinion on these matters.

I have fulfilled the responsibilities described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report, including in relation to these matters. Accordingly, my audit included the performance of procedures designed to respond to my assessment of the risks of material misstatement of the financial statements. The results of my audit procedures, including the procedures performed to address the matters below, provide the basis for my audit opinion on the accompanying financial statements as a whole.

Key audit matters and how audit procedures respond to each matter are described below.

Allowance for expected credit loss on loans to customers

As discussed in Note 13 to the consolidated financial statements, as at 31 December 2020, the Group had loans to customers – net of Baht 52,593 million (accounting for 37 percent of total assets) and allowance for expected credit loss of Baht 2,342 million, which are material to the financial statements. In 2020, the Group has adopted Thai Financial Reporting Standard No. 9 Financial Instruments, which became effective on 1 January 2020. This standard stipulates the basis to be used for calculation of impairment on financial assets using the expected credit loss method. The basis requires complex calculation modelling, which involves the use of significant management judgement and estimates in the model development, the identification of criteria for a significant increase in credit risk since initial recognition, the probability of default, the loss given default, the exposure at default, the calculation of expected credit loss, the selection of future economic variables to be incorporated into the model and the management overlay adjustment to the allowance for expected credit loss due to limitations of the model. Because of the significant and the extent of judgement and estimates, I addressed the adequacy of the allowance for expected credit loss of loans to customers as a key audit matter.

I gained an understanding of, assessed and tested, on a sampling basis, the effectiveness of internal controls relevant to the loan origination and collection processes, the assessment of probability of default, loss given default and exposure at default, as well as the calculation of allowance for expected credit loss, and tested, on a sampling basis, internal control systems over the relevant information technology systems. In addition, I evaluated and tested the reasonableness of the expected credit loss models, the rules and criteria applied by the Group in the assessment of significant increases in credit risk since initial recognition, including the data used in the model design, the effectiveness of models for significant loan types and the governance process over the model development, by examining model development documentation, testing, on a sampling basis, the accuracy and completeness of data used in model development, and assessing the methods and assumptions applied in the calculation. I assessed the reasonableness of macroeconomic factors and probability of different scenario weights as well as the reasonableness of the management overlay adjustments. I compared accounting policies of the Group with financial reporting standards and assessed the adequacy of disclosure in accordance with the relevant financial reporting standards. Moreover, I examined the allowance for expected credit loss by testing, on a sampling basis, the classification based on the change in credit risks since initial recognition and recalculating the allowance for expected credit loss as at the end of the accounting period, including testing the completeness of data used in the calculation of allowance for expected credit loss.

Recognition of interest income

For the year 2020, the Group recognised interest income on hire-purchase and financial lease receivables amounting to Baht 3,516 million (accounting for 17 percent of total income). The Group recognises interest income using the effective interest rate method, which involves use of management judgement and estimates in the estimation of future cash inflows throughout the expected life of financial instruments, taking into account any discounts or premiums on acquisition, fees and costs that are an integral part of the effective interest rate. In addition, interest income is generated from loans provided to a large number of customers with a high volume of transactions. I therefore focused my audit on whether interest income on loans to customers is recognised correctly, appropriately and in a timely manner, in accordance with Thai Financial Reporting Standards.

I gained an understanding of, assessed and tested, on a sampling basis, the effectiveness of internal controls relating to the processes of loan origination, interest income recognition and loan collection, including relevant internal controls over information systems, by inquiring of management to gain an understanding, assessing the methods applied by the management in estimating cash inflows throughout the expected life of financial assets in the determination of effective interest rate, as well as testing, on a sampling basis, the accuracy of data and calculation. In addition, I applied a sampling method in selecting loan agreements to test whether the recording of loans to customers as well as the income recognition complies with the conditions stipulated in the contracts and is adjusted in line with the effective interest rate according to the income recognition policy, and in accordance with Thai Financial Reporting Standards. I also performed analytical procedures on interest income and tested, on a sampling basis, significant adjustments made through journal vouchers.

Impairment of investment in associated companies

The group has investment in associated companies amounting to Baht 48,007 million (accounting for 34 percent of total assets), as at 31 December 2020. I have focused on considering the impairment of investment in associated companies because the impairment assessment on investment in associated companies is a significant accounting estimate requiring the management to exercise judgment in estimating the recoverable amounts of assets, which is the higher of their fair value less costs to sell and their value in use. This includes identification of the cash generating units and estimates of expected future cash inflows, and the setting of an appropriate discount rate and long-term growth rate, which creates a risk of investment in associated companies being presented at an inappropriate amount.

I gained an understanding of and assessed the identification of cash generating units and the financial models selected by the Group's management by gaining an understanding of the management's decision-making process to determine whether the decisions were consistent with how the assets are utilised. In addition, I tested the significant assumptions applied by the management in preparing estimates of the cash flows expected to be realised from the assets in the future, through comparison of those assumptions with information from both internal and external sources and a review of the accuracy of past cash flow projections in comparison to actual operating results in order to assess the reliability of the cash flow projections. I also considered the reasonableness of discount rate and long-term growth rate used by the management and tested the calculation of the realisable values of the assets.

Insurance contract liabilities

As discussed in Note 24 to the consolidated financial statements, as at 31 December 2020, the Group has life policy reserves of Baht 5,812 million and outstanding claims from insurance contracts of Baht 1,839 million that are treated as part of the insurance / life insurance contract liabilities in the financial statements. Life reserves are the accumulated reserves for insurance policies in force from the inception of the insurance contracts to the end of the reporting period, and are calculated under an actuarial method which applies several assumptions that are best estimates of obligations under the insurance contracts at that time. The loss reserves and outstanding claims are estimates of claims incurred and reported and claims incurred but not reported made by the management of the subsidiaries, also using actuarial methods and assumptions that are determined with reference to historical data. The assumptions require management to exercise judgment. Changes in these assumptions will affect the balances of non-life and life reserves. I therefore focused my audit on the adequacy of these reserves.

I gained an understanding of, assessed, and tested the effectiveness of the internal controls relevant to claims, loss adjustments, claims reserves and outstanding claims and life policy reserves by making enquiry of responsible executives and gaining an understanding of the assumptions used in the estimates made by the actuary. I also randomly selected data used by the actuary in calculating the reserves and claims reserve, performed random tests on major claims, analysed historical data on claims frequency and the severity of loss per claim and analysed movement of the reserves. In addition, I reviewed the actuarial report to assess whether it was consistent with the reserves recognised, assessed the assumptions and methods used in the calculation of reserves, tested the historical data used by the actuary and compared the assumptions to those used in the prior year.

Other Information

Management is responsible for the other information. The other information comprise the information included in annual report of the Group, but does not include the financial statements and my auditor's report thereon.

My opinion on the financial statements does not cover the other information and I do not express any form of assurance conclusion thereon.

In connection with my audit of the financial statements, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact. I have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Thai Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Thai Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Thai Standards on Auditing, I exercise professional judgement and maintain professional skepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. I am responsible for the direction, supervision and performance of the group audit. I remain solely responsible for my audit opinion.

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

I also provide those charged with governance with a statement that I have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on my independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, I determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. I describe these matters in my auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, I determine that a matter should not be communicated in my report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

I am responsible for the audit resulting in this independent auditor's report.

A handwritten signature in black ink, appearing to read 'Somjai Khunapasut'.

Somjai Khunapasut
Certified Public Accountant (Thailand) No. 4499
EY Office Limited
Bangkok: 25 February 2021

FINANCIAL STATEMENTS AND NOTES TO FINANCIAL STATEMENTS

Statements of financial position

Thanachart Capital Public Company Limited and its subsidiaries

Statements of financial position

As at 31 December 2020

(Unit: Thousand Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2020	2019	2020	2019
Assets					
Cash		2,471	2,970	-	-
Interbank and money market items - net					
- deposits at financial institutions	8	7,811,600	7,404,040	171,951	29,841
Financial assets measured at fair value through profit or loss	9	3,356,589	-	1,217,639	-
Derivatives assets	10	145,444	12,755	142,100	-
Investments - net	11	21,650,020	41,550,937	8,697,046	22,597,140
Investments in subsidiaries, associated companies and joint venture - net	12	48,006,971	45,420,712	67,468,789	71,416,280
Loans to customers and accrued interest receivables - net	13	50,250,543	53,159,444	803,616	715,839
Property foreclosed - net	15	3,054,027	3,128,013	1,597,510	1,605,814
Land, premises, equipment and right-of-use assets - net	16	677,699	301,038	138,665	77,785
Intangible assets - net	17	163,898	138,628	870	640
Deferred tax assets	18	917,113	809,047	-	-
Receivables from purchase and sale of securities		1,246,888	2,577,224	-	764,570
Asset classified as held for sale	19	-	3,423,074	-	-
Other assets - net	20	3,472,371	2,998,680	76,092	88,683
Total assets		140,755,634	160,926,562	80,314,278	97,296,592

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

Statements of financial position (continued)

Thanachart Capital Public Company Limited and its subsidiaries

Statements of financial position (continued)

As at 31 December 2020

(Unit: Thousand Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2020	2019	2020	2019
Liabilities and equity					
Interbank and money market items					
- borrowings from financial institutions	21	13,312,347	15,659,515	-	-
Derivatives liabilities	10	14,219	46,515	-	-
Debts issued and borrowings	22	33,887,024	44,780,435	10,700,000	17,587,468
Provisions	23	410,153	468,225	58,513	52,329
Deferred tax liabilities	18	225,797	209,995	178,258	148,869
Insurance contracts liabilities	24	12,231,053	13,095,578	-	-
Dividend payables		-	4,582,651	-	4,582,651
Other liabilities	25	7,906,887	8,024,895	774,997	951,417
Total liabilities		67,987,480	86,867,809	11,711,768	23,322,734
Equity					
Share capital	26				
Registered, issued and paid-up					
13,156 preferred shares of Baht 10 each		132	132	132	132
1,165,116,547 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	27	(2,701,100)	(2,540,472)	529,030	589,637
Retained earnings					
Appropriated - statutory reserve	28	1,277,830	1,277,830	1,277,830	1,277,830
- treasury shares reserve	26	5,863,053	999,964	5,863,053	999,964
Unappropriated		51,016,932	53,378,669	53,078,708	58,389,449
Less: Treasury shares - common shares	26	(5,863,053)	(999,964)	(5,863,053)	(999,964)
Equity attributable to owners of the Company		63,310,604	65,832,969	68,602,510	73,973,858
Non-controlling interests		9,457,550	8,225,784	-	-
Total equity		72,768,154	74,058,753	68,602,510	73,973,858
Total liabilities and equity		140,755,634	160,926,562	80,314,278	97,296,592

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

Statements of comprehensive income

Thanachart Capital Public Company Limited and its subsidiaries

Statements of comprehensive income

For the year ended 31 December 2020

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

	Note	Consolidated financial statements		Separate financial statements	
		2020	2019	2020	2019
Profit or loss					
Continuing operations					
Interest income	30	4,213,087	4,339,052	126,989	119,875
Interest expenses	31	(1,620,162)	(1,599,451)	(567,109)	(538,227)
Net interest income		2,592,925	2,739,601	(440,120)	(418,352)
Fees and service income		1,659,343	1,458,217	480	609
Fees and service expenses		(410,723)	(374,135)	(1,079)	(575)
Net fees and service income	32	1,248,620	1,084,082	(599)	34
Gain on financial instruments measured at fair value through profit or loss/Gain on trading and foreign exchange transactions	33	150,558	145,707	163,441	-
Gain (loss) on investments	34	3,756,985	513,526	(450,742)	53,837,128
Share of profit from investments accounted for under equity method	12.4	2,154,393	366,638	-	-
Gain on property foreclosed and other assets		225,455	221,627	146,975	440,257
Insurance/Life insurance income	35	7,708,659	7,982,593	-	-
Dividend income		308,218	181,467	3,914,027	3,630,726
Other operating income		585,023	822,886	109,275	51,639
Total operating income		18,730,836	14,058,127	3,442,257	57,541,432
Insurance/Life insurance expenses	36	(5,820,488)	(6,574,234)	-	-
Net operating income		12,910,348	7,483,893	3,442,257	57,541,432
Other operating expenses					
Employee's expenses		1,886,934	1,895,377	179,318	139,186
Directors' remuneration	37	82,709	69,772	48,693	46,569
Premises and equipment expenses		244,765	245,286	24,164	20,589
Taxes and duties		20,889	34,655	3,298	3,895
Other expenses		674,730	789,062	60,457	83,997
Total other operating expenses		2,910,027	3,034,152	315,930	294,236
Expected credit loss (reversal)	38	595,389	-	(28,068)	-
Reversal of bad debt and doubtful accounts and impairment loss	39	-	(316,254)	-	(14,037)
Profit before income tax		9,404,932	4,765,995	3,154,395	57,261,233
Income tax	18.2	(1,556,690)	(1,366,653)	(29,932)	(141)
Profit for the year from continuing operations		7,848,242	3,399,342	3,124,463	57,261,092
Discontinued operations					
Profit for the year from discontinued operations		-	13,360,708	-	-
Total profit for the year		7,848,242	16,760,050	3,124,463	57,261,092

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

Statements of comprehensive income (continued)

Thanachart Capital Public Company Limited and its subsidiaries

Statements of comprehensive income (continued)

For the year ended 31 December 2020

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

Note	Consolidated financial statements		Separate financial statements	
	2020	2019	2020	2019
Other comprehensive income				
Continuing operations				
<i>Transactions that will be reclassified subsequently to profit or loss</i>				
Gain (loss) on debt securities measured at fair value through other comprehensive income	(38,669)	-	1,009	-
Gain on change in value of available-for-sale securities	-	379,514	-	34,473
Share of other comprehensive income of associated companies (loss)	10,034	(64,689)	-	-
Income tax relating to components of other comprehensive income (loss)	7,734	27,766	(202)	(6,894)
	(20,901)	342,591	807	27,579
<i>Transactions that will never be reclassified subsequently to profit or loss</i>				
Loss on investments in equity securities designated to be measured at fair value through other comprehensive income	(1,392,658)	-	(708,346)	-
Surplus on revaluation of assets	-	88,852	-	39,830
Share of other comprehensive income of associated companies (loss)	(121,071)	246,604	-	-
Actuarial gain (loss) on defined benefit plan	73,781	(75,622)	12,371	(5,547)
Income tax relating to components of other comprehensive income (loss)	157,156	(14,039)	41,915	(7,966)
	(1,282,792)	245,795	(654,060)	26,317
Total other comprehensive income (loss) from continuing operations	(1,303,693)	588,386	(653,253)	53,896
Discontinued operations				
Total other comprehensive income from discontinued operations	-	2,996,555	-	-
Total other comprehensive income (loss)	(1,303,693)	3,584,941	(653,253)	53,896
Total comprehensive income				
Total comprehensive income from continuing operations	6,544,549	3,987,728	2,471,210	57,314,988
Total comprehensive income from discontinued operations	-	16,357,263	-	-
Total comprehensive income	6,544,549	20,344,991	2,471,210	57,314,988
Total profit attributable to:				
The Company				
Profit attributable from continuing operations	6,669,030	1,729,979	3,124,463	57,261,092
Profit attributable from discontinued operations	-	9,077,080	-	-
Total profit attributable to the Company	6,669,030	10,807,059	3,124,463	57,261,092
Non-controlling interests				
Profit attributable from continuing operations	1,179,212	1,669,363		
Profit attributable from discontinued operations	-	4,283,628		
Total profit attributable to non-controlling interests	1,179,212	5,952,991		
	7,848,242	16,760,050		

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

Statements of comprehensive income (continued)

Thanachart Capital Public Company Limited and its subsidiaries

Statements of comprehensive income (continued)

For the year ended 31 December 2020

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

Note	Consolidated financial statements		Separate financial statements	
	2020	2019	2020	2019
Total comprehensive income attributable to:				
The Company				
Comprehensive income attributable from continuing operations	5,527,435	2,108,033	2,471,210	57,314,988
Comprehensive income attributable from discontinued operations	-	10,495,185	-	-
Total comprehensive income attributable to the Company	5,527,435	12,603,218	2,471,210	57,314,988
Non-controlling interests				
Comprehensive income attributable from continuing operations	1,017,114	1,879,695		
Comprehensive income attributable from discontinued operations	-	5,862,078		
Total comprehensive income attributable to non-controlling interests	1,017,114	7,741,773		
	6,544,549	20,344,991		
Earnings per share of the Company				
40				
Basic earnings per share (Baht per share)				
Profit from continuing operations	6.26	1.51	2.93	49.98
Profit from discontinued operations	-	7.92	-	-
	6.26	9.43	2.93	49.98
Diluted earnings per share (Baht per share)				
Profit from continuing operations	6.26	1.51	2.93	49.98
Profit from discontinued operations	-	7.92	-	-
	6.26	9.43	2.93	49.98

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

Statements of changes in equity

Thanachart Capital Public Company Limited and its subsidiaries

Statements of changes in equity

For the year ended 31 December 2020

(Unit: Thousand Baht)

Consolidated financial statements												
Equity attributable to the Company's shareholders												
	Other components of equity											
	Issued and paid-up share capital	Surplus			Share of other comprehensive income (loss) of associated companies	Share of surplus from the change in the ownership interests in subsidiaries of an associate	Retained earnings				Treasury shares	Non-controlling interests
		Premium on common share	Share of a subsidiary	from the change in the ownership interests of investments			Revaluation surplus on investments - net	Revaluation surplus on assets	Share of surplus from the change in the ownership interests in subsidiaries of an associate	Statutory reserve	Unappropriated reserve	
Preferred shares	Common shares											Total
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	137,918,263
Balance as at 1 January 2019											(7,790,506)	(7,790,506)
Dividend paid (Note 29)	-	-	-	-	-	-	-	-	-	-	-	-
Reversal of dividend on shares held by shareholders who are not entitled to receive dividend	-	-	-	-	-	-	-	-	-	-	1,110	1,110
Cash payment for treasury shares	-	-	-	-	-	-	-	-	-	-	(234,984)	(234,984)
Transfer retained earnings to treasury shares reserve	-	-	-	-	-	-	-	-	-	234,984	(234,984)	-
Decrease in non - controlling interests of the subsidiaries from the increase in the ownership interest in subsidiaries	-	-	-	1,170	250,500	7,554	172,202	21,736	-	-	(294,709)	6,590,547
Surplus from the change in the ownership interests of investments	-	-	-	(4,639,664)	-	-	-	-	-	-	-	(4,639,664)
Surplus from the change in the ownership interests in subsidiaries of an associate	-	-	-	-	-	-	-	(64)	-	-	-	(69)
Transfer to retained earnings	-	-	-	-	-	(70,785)	(13,431)	-	-	-	84,216	-
Decrease from disposal subsidiaries company	-	-	(775,814)	-	-	(1,841,619)	-	-	-	-	2,617,433	(78,130,935)
Profit for the year	-	-	-	-	-	-	-	-	-	-	10,807,059	16,760,050
Other comprehensive income for the year (loss)	-	-	-	-	509,779	1,348,170	137,541	-	-	-	(198,331)	3,584,941
Balance as at 31 December 2019	132	11,651,165	2,065,645	(4,408,409)	1,111,739	64,202	611,186	80,810	1,277,830	999,964	53,378,689	74,058,753
Balance as at 1 January 2020	132	11,651,165	2,065,645	(4,408,409)	1,111,739	64,202	611,186	80,810	1,277,830	999,964	53,378,689	74,058,753
Cumulative effect of change in accounting policy (Note 4)	-	-	-	-	244,726	-	35,100	-	-	-	31,927	9,183
Balance as at 1 January 2020 - after adjusted	132	11,651,165	2,065,645	(4,408,409)	1,356,465	64,202	646,286	80,810	1,277,830	999,964	53,410,596	74,379,689
Dividend paid (Note 29)	-	-	-	-	-	-	-	-	-	-	(3,145,850)	(3,145,850)
Reversal of dividend on shares held by shareholders who are not entitled to receive dividend	-	-	-	-	-	-	-	-	-	-	1,698	1,698
Cash payment for treasury shares	-	-	-	-	-	-	-	-	-	-	(4,863,089)	(4,863,089)
Transfer retained earnings to treasury shares reserve	-	-	-	-	-	-	-	-	-	4,863,089	(4,863,089)	-
Increase in non - controlling interests of the subsidiaries	-	-	-	-	-	1,275	-	-	-	-	324	495,202
Surplus from the change in the ownership interests of investments	-	-	-	104,016	-	-	-	-	-	-	(459,927)	(289,739)
Transfer gain on investment/amortised of surplus to retained earnings	-	-	-	-	783,874	(2,742)	(44,930)	-	-	-	(736,202)	-
Profit for the year	-	-	-	-	-	-	-	-	-	-	6,669,030	7,848,242
Other comprehensive income for the year (loss)	-	-	-	-	(1,068,806)	-	(213,141)	-	-	-	140,352	(162,089)
Balance as at 31 December 2020	132	11,651,165	2,065,645	(4,304,393)	1,071,533	62,735	388,215	80,810	1,277,830	5,863,053	51,016,932	72,768,154
											(5,863,053)	9,457,550

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

Statements of changes in equity (continued)

Thanachart Capital Public Company Limited and its subsidiaries

Statements of changes in equity (continued)

For the year ended 31 December 2020

	Separate financial statements										(Unit: Thousand Baht)
	Issued and paid-up share capital			Other components of equity			Retained earnings				
				Premium on common share	Revaluation surplus on investments - net	Revaluation surplus on assets	Appropriated		Unappropriated	Treasury shares	
	Preferred shares	Common shares	Statutory reserve				Treasury shares reserve				
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 29)	-	-	-	-	-	-	-	(7,790,506)	-	(7,790,506)	
Reversal of dividend on shares held by shareholders who are not entitled to receive dividend	-	-	-	-	-	-	-	1,110	-	1,110	
Cash payment for treasury shares	-	-	-	-	-	-	-	-	(234,984)	(234,984)	
Transfer retained earnings to treasury shares reserve	-	-	-	-	-	-	234,984	(234,984)	-	-	
Transfer to retained earnings	-	-	-	-	(1,236)	-	-	1,236	-	-	
Profit for the year	-	-	-	-	-	-	-	57,261,092	-	57,261,092	
Other comprehensive income for the year (loss)	-	-	-	27,579	31,864	-	-	(5,547)	-	53,896	
Balance as at 31 December 2019	132	11,651,165	2,065,645	546,731	42,906	1,277,830	999,964	58,389,449	(999,964)	73,973,858	
Balance as at 1 January 2020	132	11,651,165	2,065,645	546,731	42,906	1,277,830	999,964	58,389,449	(999,964)	73,973,858	
Cumulative effect of change in accounting policy (Note 4)	-	-	-	108,095	-	-	-	56,588	-	164,683	
Balance as at 1 January 2020 - after adjusted	132	11,651,165	2,065,645	654,826	42,906	1,277,830	999,964	58,446,037	(999,964)	74,138,541	
Dividend paid (Note 29)	-	-	-	-	-	-	-	(3,145,850)	-	(3,145,850)	
Reversal of dividend on shares held by shareholders who are not entitled to receive dividend	-	-	-	-	-	-	-	1,698	-	1,698	
Cash payment for treasury shares	-	-	-	-	-	-	-	-	(4,863,089)	(4,863,089)	
Transfer retained earnings to treasury shares reserve	-	-	-	-	-	-	4,863,089	(4,863,089)	-	-	
Transfer gain on investment/amortise of surplus to retained earnings	-	-	-	498,768	(1,846)	-	-	(496,922)	-	-	
Profit for the year	-	-	-	-	-	-	-	3,124,463	-	3,124,463	
Other comprehensive income for the year (loss)	-	-	-	(665,624)	-	-	-	12,371	-	(653,253)	
Balance as at 31 December 2020	132	11,651,165	2,065,645	487,970	41,060	1,277,830	5,863,053	53,078,708	(5,863,053)	68,602,510	

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

Statements of cash flows

Thanachart Capital Public Company Limited and its subsidiaries

Statements of cash flows

For the year ended 31 December 2020

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2020	2019	2020	2019
Cash flows from operating activities				
Profit before income tax	9,404,932	23,464,638	3,154,395	57,261,233
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	(2,154,393)	(366,638)	-	-
Depreciation and amortisation	195,264	84,342	23,285	7,040
Expected credit loss (reversal)	595,389	-	(28,068)	-
Reversal of bad debt and doubtful accounts and impairment loss	-	(316,254)	-	(14,037)
Increase in provisions	45,350	122,721	22,391	18,099
Increase (decrease) in allowance for impairment of property foreclosed	(73,075)	343,628	(5,125)	(4,590)
Decrease in allowance for impairment of equipment/other assets	(8,716)	(1,732)	(363)	(969)
Loss from revaluation of buildings	-	1,678	-	-
Interest income and gain on assets transferred for debt settlement	(2,733)	(6,012)	-	-
Unrealised loss (gain) from change in value of investments/				
allowance for impairment of investments		(266,274)	454,139	-
Gain on financial instruments measured at fair value				
through profit or loss	(37,824)	-	(154,233)	-
Gain from disposal of investment in subsidiaries/an associated company	-	(4,663,620)	-	(53,647,405)
Gain on the capital returned from investment in a subsidiary	-	-	-	(28)
Loss (gain) on disposal of equipment and intangible assets	3,537	10,989	-	(37)
Decrease (increase) in accrued other income receivable	20,237	(180,140)	(28,559)	-
	7,987,968	18,227,326	3,437,862	3,619,306
Net interest income	(2,592,925)	(2,739,601)	440,120	418,352
Dividend income	(308,218)	(181,467)	(3,914,027)	(3,630,726)
Cash received from interest on operating activities	3,916,642	4,041,806	58,297	59,064
Cash paid for interest on operating activities	(207,427)	(362,494)	-	-
Cash paid for income tax	(1,753,599)	(984,679)	(3,880)	(8,254)
Income from operating activities before				
 changes in operating assets and liabilities	7,042,441	18,000,891	18,372	457,742

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

Statements of cash flows (continued)

Thanachart Capital Public Company Limited and its subsidiaries

Statements of cash flows (continued)

For the year ended 31 December 2020

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2020	2019	2020	2019
Cash flows from operating activities (continued)				
Decrease (increase) in operating assets				
Interbank and money market items - deposits at financial institutions	(413,528)	(68,888)	(142,065)	(6,330)
Derivatives assets	(132,689)	(8,712)	-	-
Financial assets measured at fair value through profit or loss	2,646,100	-	2,130,143	-
Investments in trading securities	-	(925,994)	-	-
Loans to customers	2,666,876	(2,468,972)	41,121	676,771
Property foreclosed	837,045	531,600	13,428	(747,370)
Receivables from purchase and sale of securities	1,330,336	(64,833)	764,570	289,344
Other assets	2,420,152	113,155	5,016	(46,275)
Increase (decrease) in operating liabilities				
Interbank and money market items - borrowings from financial institutions	(2,347,168)	(3,028,743)	-	-
Derivatives liabilities	(32,297)	42,015	-	-
Payable from purchase and sales of securities	1,135,245	(10,688)	(193,902)	(192,451)
Insurance contract liabilities	(864,525)	(965,992)	-	-
Other liabilities	(996,057)	92,927	(36,317)	340,820
Net cash flows from operating activities	13,291,931	11,237,766	2,600,366	772,251
Cash flows from investing activities				
Decrease (increase) in investments in securities	11,974,493	(29,382,633)	10,020,095	(20,653,307)
Cash paid for purchase of investment in subsidiaries, associated, and joint venture	(1,475,340)	(70,249,755)	(1,666,992)	(70,249,755)
Cash received from disposal of investment in subsidiaries/ an associated companies	-	87,113,406	-	85,075,522
Cash received from capital return from subsidiary companies	-	-	5,199,352	-
Cash received from interest	177,352	225,990	9,600	8,203
Cash received from dividend	662,241	393,888	3,914,027	3,630,726
Cash paid for purchase of premises and equipment / intangible assets	(95,321)	(104,807)	(1,046)	(5,655)
Cash received from disposal of equipment	2,005	2,521	489	47
Net cash flows from (used in) investing activities	11,245,430	(12,001,390)	17,475,525	(2,194,219)

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

Statements of cash flows (continued)

Thanachart Capital Public Company Limited and its subsidiaries

Statements of cash flows (continued)

For the year ended 31 December 2020

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2020	2019	2020	2019
Cash flows from financing activities				
Cash received from debts issued and borrowings	18,161,956	18,956,837	-	8,943,851
Cash paid for debts issued and borrowings	(29,055,368)	(9,654,158)	(6,900,000)	(3,600,000)
Cash paid for interest expenses on debts issued and borrowings	(1,427,775)	(1,184,447)	(570,126)	(480,154)
Cash paid for treasury shares	(4,863,089)	(234,984)	(4,863,089)	(234,984)
Cash received from minority shareholders due to capital increases of subsidiary companies	934,402	-	-	-
Cash returned to non-controlling interests due to capital decreases of subsidiary companies	(648)	-	-	-
Cash paid for dividend	(7,726,804)	(3,206,745)	(7,726,804)	(3,206,745)
Cash paid for lease liabilities	(108,796)	-	(15,872)	-
Cash paid for dividend to non-controlling interests	(451,738)	(3,919,763)	-	-
Net cash flows from (used in) financing activities	(24,537,860)	756,740	(20,075,891)	1,421,968
Net decrease in cash	(499)	(6,884)	-	-
Cash at beginning of the year	2,970	9,854	-	-
Cash at end of the year	2,471	2,970	-	-
Supplemental cash flows information				
Non-cash transactions				
Property foreclosed transferred from loans to customers and investments in receivables purchased	689,984	807,593	-	-
Property foreclosed received from capital returned from a subsidiary company	-	-	-	2,040
Bad debt written-off	440,678	156,793	2,422	44,306
Payable from purchase of assets	1,586	2,161	-	39
Dividend payable	-	4,582,651	-	4,582,651
Receivables from purchase and sale of subsidiaries	-	764,039	-	764,039
Payables from purchase of an associated company	-	193,750	-	193,750
Right-of-use assets	52,852	-	3,900	-

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

MANAGEMENT'S DISCUSSION AND ANALYSIS



Overview of Performance

For the year ended 31 December 2020

In 2020, the Company and its subsidiaries' net profit according to the consolidated financial statements amounted to 7,848 million baht. This was mainly due to the operating results of the important subsidiary and associated companies as follows:

- THANI had a consolidated net profit of 1,860 million baht
- TNI had a net profit of 745 million baht
- TNS had a net profit of 479 million baht
- SPV2 had a net profit of 2,878 million baht
- Share of profit from investments accounted for under equity method was 2,154 million baht

As a result, net profit attributable to the Company amounted to 6,669 million baht, a decrease of 4,138 million baht or 38.29 percent from the previous year. The decrease was mainly due to the impact from the spread of COVID-19, and there was a non-recurring gain from business restructuring in 2019. However, the main subsidiaries including THANI, TNI as well as TNS have performed well.

Earnings per share (EPS) of the Company in 2020 were 6.26 baht, decreased from 9.43 baht last year. Return on Average Assets (ROAA) and Return on Average Equity (ROAE) were at 5.24 and 10.47 percent, respectively.

(Unit: Million Baht)

Consolidated Statements of Comprehensive Income	For the Year		Change	
	2020	2019	Increase/ (Decrease)	Percent
Interest Income	4,213	4,339	(126)	(2.90)
Interest Expenses	1,620	1,599	21	1.31
Net Interest Income	2,593	2,740	(147)	(5.36)
Net Fees and Service Income	1,249	1,084	165	15.22
Operating Income ⁽¹⁾	9,068	3,660	5,408	147.76
Net Operating Income	12,910	7,484	5,426	72.50
Other Operating Expenses	2,910	3,034	(124)	(4.09)
Expected Credit Losses/Impairment Loss of Loans and Debt Securities (Reversal)	595	(316)	911	288.29
Profit before Income Tax	9,405	4,766	4,639	97.34
Income Tax	1,557	1,367	190	13.90
Profit for the Year from Continuing Operations	7,848	3,399	4,449	130.89
Profit for the Year from Discontinued Operations	-	13,361	(13,361)	(100.00)
Total Profit for the Year	7,848	16,760	(8,912)	(53.17)
Profit Attributable to the Company	6,669	10,807	(4,138)	(38.29)
Profit Attributable to Non-controlling Interests	1,179	5,953	(4,774)	(80.19)
Earnings per Share from Continuing Operations (Baht)	6.26	1.51	4.75	314.57
Earnings per Share from Discontinued Operations (Baht)	-	7.92	(7.92)	(100.00)
Earnings per Share (Baht)	6.26	9.43	(3.17)	(33.62)
Weighted Average Number of Ordinary Shares (Million Shares)	1,065.52	1,145.72	(80.20)	(7.00)

Note: ⁽¹⁾ Operating income net insurance/life insurance expenses

Net Interest Income

(Unit: Million Baht)

Net Interest Income	For the Year		Change	
	2020	2019	Increase/ (Decrease)	Percent
Interest Income				
Interbank and Money Market Items - Deposits				
at Financial Institutions	150	148	2	1.35
Financial Assets Measured at Fair Value				
through Profit or Loss	83	-	83	100.00
Investments and Trading Transactions	-	121	(121)	(100.00)
Investments in Debt Securities Measured at				
Amortized Cost	2	-	2	100.00
Investments in Debt Securities Measured at Fair				
Value through Other Comprehensive Income	234	-	234	100.00
Investments in Debt Securities	-	281	(281)	(100.00)
Loans to Customers	228	250	(22)	(8.80)
Hire Purchase and Financial Lease	3,516	3,539	(23)	(0.65)
Total Interest Income	4,213	4,339	(126)	(2.90)
Interest Expenses				
Interbank and Money Market Items - Borrowings				
from Financial Institutions	216	363	(147)	(40.50)
Debts Issued and Borrowings	1,373	1,222	151	12.36
Borrowings Cost	19	14	5	35.71
Others	12	-	12	100.00
Total Interest Expenses	1,620	1,599	21	1.31
Net Interest Income	2,593	2,740	(147)	(5.36)

In 2020, the Company and its subsidiaries had 2,593 million baht in net interest income, a decrease of 147 million baht or 5.36 percent from the previous year. This was mainly from the decrease in interest income from investments, due to the decline in interest rates following market conditions. In addition, interest income on loans declined following the slowdown in lending. Interest expenses slightly increased due to the adjustment of the subsidiary's funding structure to be more appropriate.

Non-interest Income

(Unit: Million Baht)

Non-interest Income	For the Year		Change	
	2020	2019	Increase/ (Decrease)	Percent
Fees and Service Income	1,659	1,458	201	13.79
Fees and Service Expenses	410	374	36	9.63
Net Fees and Service Income	1,249	1,084	165	15.22
Gain on Financial Instruments Measured at Fair Value through Profit or Loss/Gain on Trading and Foreign Exchange Transactions	151	146	5	3.42
Gain on Investments	3,757	514	3,243	630.93
Share of Profit from Investments Accounted for under Equity Method	2,154	367	1,787	486.92
Gain on Property Foreclosed and Other Assets	225	222	3	1.35
Net Insurance/Life Insurance Income	1,888	1,408	480	34.09
Dividend Income	308	181	127	70.17
Other Income	585	822	(237)	(28.83)
Total Other Operating Income	9,068	3,660	5,408	147.76
Total Non-interest Income	10,317	4,744	5,573	117.47

Non-interest income of the Company and its subsidiaries in 2020 amounted to 10,317 million baht, an increase of 5,573 million baht or 117.47 percent from the previous year. This was mainly due to the following.

Net Fees and Service Income

In 2020, net fees and service income amounted to 1,249 million baht, an increase of 165 million baht or 15.22 percent. This was mainly due to the increase in brokerage fees of TNS which was in line with the SET's trading volume.

Other Operating Income

Other operating income amounted to 9,068 million baht, an increase of 5,408 million baht or 147.76 percent. The main reasons were from:

- Gain on investments amounted to 3,757 million baht, an increase of 3,243 million baht or 630.93 percent.
- Share of profit from investments accounted for under equity amounted to 2,154 million baht, an increase of 1,787 million baht or 486.92 percent.
- Net insurance/life insurance income amounted to 1,888 million baht, an increase of 480 million baht or 34.09 percent.
- Dividend income amounted to 308 million baht, an increase of 127 million baht or 70.17 percent.
- Gain on financial instruments measured at fair value through profit or loss/gain on trading and foreign exchange transactions amounted to 151 million baht, an increase of 5 million baht or 3.42 percent.

- Gain on property foreclosed and other assets amounted to 225 million baht, an increase of 3 million baht or 1.35 percent.

Other Operating Expenses

(Unit: Million Baht)

Other Operating Expenses	For the Year		Change	
	2020	2019	Increase/ (Decrease)	Percent
Employee's Expenses	1,887	1,895	(8)	(0.42)
Directors' Remuneration	83	70	13	18.57
Premises and Equipment Expenses	245	245	-	-
Taxes and Duties	21	35	(14)	(40.00)
Other Expenses	674	789	(115)	(14.58)
Total Other Operating Expenses	2,910	3,034	(124)	(4.09)

In 2020, other operating expenses of the Company and its subsidiaries amounted to 2,910 million baht, a decrease of 124 million baht or 4.09 percent from last year. This was due to the effective cost control amidst the economic slowdown.

Expected Credit Loss/Impairment Loss of Loans and Debt Securities

(Unit: Million Baht)

Expected Credit Loss/Impairment Loss of Loans and Debt Securities	For the Year		Change	
	2020	2019	Increase/ (Decrease)	Percent
Investments in Debt Securities Measured at Fair Value through Other Comprehensive Income	279	-	279	100.00
Loans to Debtors and Accrued Interest	316	(316)	632	200.00
Expected Credit Loss/Impairment Loss of Loans and Debt Securities (Reversal)	595	(316)	911	288.29

In 2020, the Company and its subsidiaries had expected credit loss in the amount of 595 million baht, to accommodate the potential impact of the COVID-19 outbreak on overall asset quality.

Financial Position

(Unit: Million Baht)

Consolidated Statements of Financial Position	31 December 2020		31 December 2019		Change	
	Amount	Percent	Amount	Percent	Increase/ (Decrease)	Percent
Cash	2	0.00	3	0.00	(1)	(33.33)
Interbank and Money Market Items - net						
- Deposits at Financial Institutions	7,812	5.55	7,404	4.60	408	5.51
Financial Assets Measured at Fair Value through						
Profit or Loss	3,357	2.38	-	-	3,357	100.00
Investments - net	21,650	15.38	41,551	25.82	(19,901)	(47.90)
Investments in Associated Companies and						
Joint Venture - net	48,007	34.11	45,421	28.22	2,586	5.69
Loans to Customers and Accrued Interest						
Receivables - net	50,251	35.70	53,159	33.03	(2,908)	(5.47)
Property Foreclosed - net	3,054	2.17	3,128	1.94	(74)	(2.37)
Land, Premises, Equipment and Right-of-use						
Assets - net	678	0.48	301	0.19	377	125.25
Assets Classified as Held for Sale	-	-	3,423	2.13	(3,423)	(100.00)
Other Assets	5,945	4.23	6,537	4.07	(592)	(9.06)
Total Assets	140,756	100.00	160,927	100.00	(20,171)	(12.53)
Interbank and Money Market Items - Borrowings						
from Financial Institutions	13,312	9.46	15,660	9.73	(2,348)	(14.99)
Debts Issued and Borrowings	33,887	24.07	44,780	27.83	(10,893)	(24.33)
Insurance Contracts Liabilities	12,231	8.69	13,096	8.14	(865)	(6.61)
Other Liabilities	8,557	6.08	13,332	8.28	(4,775)	(35.82)
Total Liabilities	67,987	48.30	86,868	53.98	(18,881)	(21.74)
Equity Attributable to Owners of the Company	63,311	44.98	65,833	40.91	(2,522)	(3.83)
Non-controlling Interests	9,458	6.72	8,226	5.11	1,232	14.98
Total Equity	72,769	51.70	74,059	46.02	(1,290)	(1.74)
Total Liabilities and Equity	140,756	100.00	160,927	100.00	(20,171)	(12.53)

Assets

As of 31 December 2020, Thanachart Group's total assets amounted to 140,756 million baht, a decrease of 20,171 million baht or 12.53 percent from the end of 2019. Key factors are as follows:

Net Investments

(Unit: Million Baht)

Investments Classified by Type	31 December 2020		31 December 2019		Change	
	Amount	Percent	Amount	Percent	Increase/ (Decrease)	Percent
Investments in Debt Securities Measured at Amortized Cost	43	0.06	-	-	43	100.00
Investments in Debt Securities Measured at Fair Value through Other Comprehensive Income	19,250	27.64	-	-	19,250	100.00
Investments in Equity Securities Designated at Fair Value through Other Comprehensive Income	2,357	3.38	-	-	2,357	100.00
Trading Securities - net	-	-	5,786	6.65	(5,786)	(100.00)
Available-for-sale Securities - net	-	-	33,197	38.17	(33,197)	(100.00)
Held-to-maturity Debt Securities - net	-	-	2,426	2.79	(2,426)	(100.00)
General Investments - net	-	-	142	0.17	(142)	(100.00)
Investments - net	21,650	31.08	41,551	47.78	(19,901)	(47.90)
Investments in Associated Companies and						
Joint Venture - net	48,007	68.92	45,421	52.22	2,586	5.69
Total Investments - net	69,657	100.00	86,972	100.00	(17,315)	(19.91)

As at 31 December 2020, the Company and its subsidiaries had total net investments of 69,657 million baht, a decrease of 17,315 million baht or 19.91 percent from the end of the previous year. This was mainly due to the decrease of bonds and private debt instruments. At the same time, net investments in associated companies and joint venture increased, due mainly from investment in TMB amounting to 1,973 million baht.

Net Loans to Customers and Accrued Interest Receivables

As of 31 December 2020, net loans to customers and accrued interest receivables amounted to 50,251 million baht, a decrease of 2,908 million baht or 5.47 percent.

Property Foreclosed

As at 31 December 2020, the Company and its subsidiaries had property foreclosed stated at cost amounted to 4,714 million baht, accounting for 3.35 percent of total assets. The allowance for impairment of the property foreclosed was 1,660 million baht, accounting for 35.21 percent of total value at cost.

Source of Fund

Capital Structure

As at 31 December 2020, the Company and its subsidiaries had funds from liabilities and shareholders' equity of 67,987 million baht and 72,769 million baht, respectively. The ratio of debts to equity was at 0.93 times. The important components of funds from liabilities consisted of debts issued and borrowings which as at 31 December 2020 amounted to 33,887 million baht, accounting for 24.07 percent while interbank and money market items - borrowings from financial institutions, insurance contracts liabilities, and other liabilities accounted for 9.46 percent, 8.69 percent, and 6.08 percent of total source of fund.

(Unit: Million Baht)

Capital Structure	31 December 2020		31 December 2019		Change	
	Amount	Percent	Amount	Percent	Increase/ (Decrease)	Percent
Interbank and Money Market Items - Borrowings						
from Financial Institutions	13,312	9.46	15,660	9.73	(2,348)	(14.99)
Debts Issued and Borrowings	33,887	24.07	44,780	27.83	(10,893)	(24.33)
Insurance Contracts Liabilities	12,231	8.69	13,096	8.14	(865)	(6.61)
Other Liabilities	8,557	6.08	13,332	8.28	(4,775)	(35.82)
Total Liabilities	67,987	48.30	86,868	53.98	(18,881)	(21.74)
Total Shareholders' Equity	72,769	51.70	74,059	46.02	(1,290)	(1.74)
Total Liabilities and Equity	140,756	100.00	160,927	100.00	(20,171)	(12.53)

Liabilities

Total liabilities of Thanachart Group as of 31 December 2020 were 67,987 million baht, a decrease of 18,881 million baht or 21.74 percent from the end of 2019. The key items were as follows:

- Interbank and money market items - borrowings from financial institutions amounted to 13,312 million baht, a decrease of 2,348 million baht or 14.99 percent from the end of the previous year. This was from liquidity management.
- Debts issued and borrowings amounted to 33,887 million baht, a decrease of 10,893 million baht or 24.33 percent from the end of the previous year. This was due to the maturity of debt securities.

Shareholders' Equity

Total shareholders' equity as of 31 December 2020 was 72,769 million baht, a decrease of 1,290 million baht or 1.74 percent from the end of 2019. The total shareholders' equity comprised of the following:

- Equity attributable to the owners of the Company was 63,311 million baht, a decrease of 2,522 million baht or 3.83 percent. This was mainly due to the share repurchased of 4,863 million baht and the dividend payments of 3,146 million baht while the operating net profit of the Company and its subsidiaries in 2020 was in the amount of 6,669 million baht.
- Equity attributable to non-controlling interests amounted to 9,458 million baht, an increase of 1,232 million baht or 14.98 percent. This was mainly due to the operating results of the subsidiaries.

Cash Flows

As at 31 December 2020, the Company and its subsidiaries had cash in the amount of 2 million baht. The details of the net cash flows from various activities were as follows:

- Net cash flows from operating activities were 13,292 million baht, mainly due to 7,043 million baht in profit from operation. Key changes in operating assets and liabilities included a decrease of 2,667 million baht in loans to customers; a decrease of 1,330 million baht in receivables from purchase and sale of securities; a decrease of 837 million baht in property foreclosed; a decrease of 2,420 million baht in other assets; an increase of 1,135 million baht in payables from purchase and sale of securities; an increase of 413 million baht in interbank and money market items - deposits at financial institutions; an increase of 133 million baht in derivatives assets; a decrease of 2,347 million baht in interbank and money market items - borrowing from financial institutions; a decrease of 865 million baht in insurance contract liabilities; a decrease of 32 million baht in derivatives liabilities; and a decrease of 996 million baht in other liabilities.

- Net cash flows used in investing activities amounted to 11,245 million baht. This was due to a decrease of 11,974 million baht in investments in securities; cash received of 662 million baht from dividend; cash received of 177 million baht from interest; and cash received of 2 million baht from disposal of equipment. On the other hand, there were cash paid of 1,475 million baht for purchase of investment in subsidiaries, associated companies, and joint venture; and cash paid of 95 million baht for purchase of premises and equipment/intangible assets.

- Net cash flows from financing activities amounted to 24,538 million baht. This included cash received of 29,055 million baht from debts issued and borrowings; cash paid of 7,727 million baht for dividend; cash paid of 4,863 million baht for treasury shares; cash paid of 1,428 million baht for interest expenses on debts issued and borrowings; cash paid of 452 million baht for dividend to non-controlling interests; cash paid of 109 million baht for lease liabilities; cash received of 18,162 million baht from debts issued and borrowings; and cash received of 934 million baht from minority shareholders due to capital increases of the subsidiary companies.

Commitments

As of 31 December 2020, the Company and its subsidiaries had commitments in the amount of 64 million baht, an increase of 20 million baht or 45.45 percent from the end of 2019.

Percentage of shareholding and performance of significant subsidiaries based on their respective financial statements were as follows:

(Unit: Million Baht)

Subsidiary Companies	Shareholding (Percent)	Profit (Loss) for the Year	
		2020	2019
Ratchthani Leasing Public Company Limited (Consolidated)	58.85	1,860	1,964
Thanachart Insurance Public Company Limited	50.96	745	1,449
Thanachart Securities Public Company Limited	50.96	479	1,674
TS Asset Management Company Limited	99.99	24	135
MAX Asset Management Company Limited	83.44	7	224
NFS Asset Management Company Limited	100.00	(25)	135
MBK Life Assurance Public Company Limited	51.00	(383)	(231)

Ratchthani Leasing Public Company Limited

Overall Performance

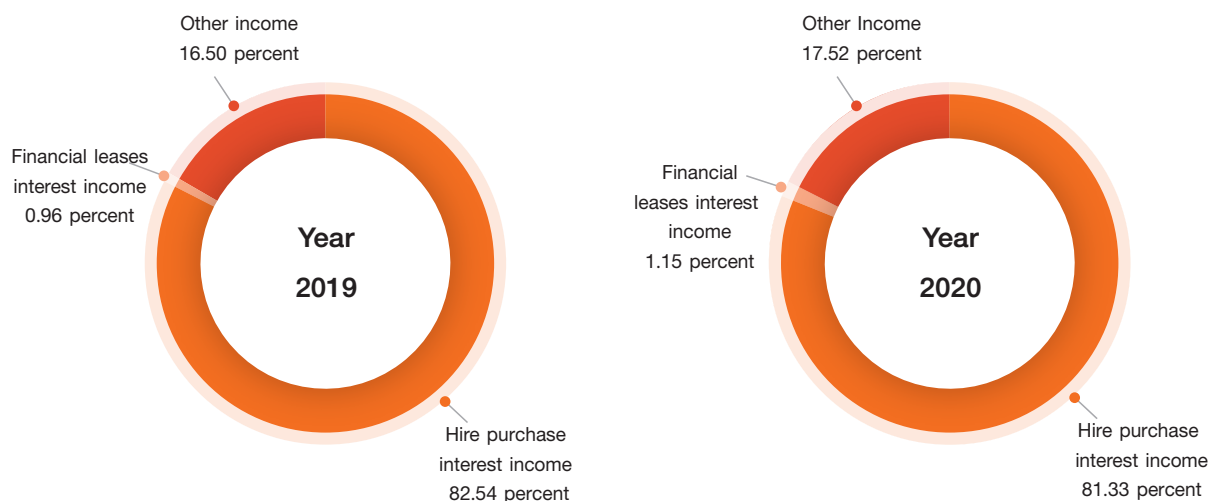
As for the year 2020, net profit of THANI and its subsidiaries amounted to 1,860 million baht, representing a decrease of 104 million baht or 5.30 percent, compared to the prior year. This was primarily due to the economic contraction as a result to COVID-19 pandemic. In this connection, THANI was careful in lending. Total income in 2020 amounted to 4,263 million baht, representing an increase of 25 million baht or 0.59 percent. On the other hand, financial expenses of THANI and its subsidiaries amounted to 1,063 million baht, representing an increase of 52 million baht or 5.14 percent. The company ensured not only that the funds raised through borrowings were in line with the funds loaned out but also that the interest rate spreads were maintained at a level which enabled THANI to make a profit consistently.

Income

In 2020, THANI was prudent in lending, mainly due to the economic contraction as a result of COVID-19 transmission. Total income of THANI and its subsidiaries amounted to 4,263 million baht, representing an increase of 25 million baht or 0.59 percent compared to the prior year. On the other hand, hire purchase receivables and financial lease receivables decreased by 2,961 million baht or 5.96 percent compared to the year 2019.

The key components of the income of THANI and its subsidiaries in 2020 included hire purchase interest income and financial leases interest income. Their combined income amounted to 3,516 million baht, accounting for 82.48 percent of the total income. On the other hand, fees and service income amounted to 316 million baht while other income amounted to 431 million baht. They accounted for 7.41 percent and 10.11 percent respectively.

Proportions of the interest income from both hire purchase and finance lease agreements in comparison with other income (hereinafter referred to as fees and service income as well as other income) of THANI and its subsidiaries for the year 2020 and the year 2019 were as follows:



Expenses

Finance costs of THANI and its subsidiaries in 2020 amounted to 1,063 million baht while their selling and administrative expenses amounted 538 million baht. On the other hand, expected credit losses (ECL) amounted to 338 million baht while income tax amounted to 464 million baht.

The finance costs in 2020 which amounted to 1,063 million baht represented an increase of 52 million baht or 5.14 percent compared to the prior year. This was mainly due to the efforts to ensure not only that the funds raised through borrowings were line with the funds loaned out but also that the interest rate spreads were maintained at a level which enabled THANI to make a profit consistently. As a result, the cost of fund in 2020 was 2.70 percent.

Selling and administrative expenses in 2020 amounted to 538 million baht, representing a decrease of 32 million baht or 5.62 percent compared to the prior year. The key components of the selling and administrative expenses included personnel expenses, losses from impairment of repossessed cars and office expenditure.

Expected credit losses (ECL) in 2020 amounted to 338 million baht, representing an increase when compared to the bad debts and doubtful accounts in 2019, which amounted to 194 million baht. In this connection, the ECL accounted for 0.70 percent of the average hire purchase debts. This was mainly due to the credit risk which rose in line with the economic slowdown which was caused by COVID-19 pandemic. The additional provision in 2020 reflected the ECL model which predicted future developments and management overlay. The objective was to accommodate the risk which might arise from the uncertainties caused by the virus transmission. This was in compliance with the Thai Financial Reporting Standards No. 9 (TFRS 9).

Net Profit

Net Profit	For the Year	
	2020	2019
Net profit (Million Baht)	1,860	1,964
Net profit margin (Percent)	43.64	46.33
Yield on Loans (Percent)	7.04	7.04
Cost of Fund (Percent)	2.70	2.48
Interest Spread (Percent)	4.34	4.56

Net profit of THANI and its subsidiaries in 2020 amounted to 1,860 million baht, representing a decrease of 104 million baht or 5.30 percent compared to the year 2019. In addition, net profit margin of THANI was 43.64 percent, down from 46.33 percent in the prior year, mainly due the contraction of the economy which was caused by COVID-19 pandemic. In this connection, THANI was prudent in extending loans. THANI's yield on loans was 7.04 percent while cost of fund was 2.70 percent. As a result, its interest spread was 4.34 percent.

Financial Position

Assets	For the Year	
	2020	2019
Total Assets (Million Baht)	48,518	50,881
Hire Purchase Receivables - net (Million Baht)	46,058	49,049
Financial Lease Receivable - net (Million Baht)	690	660
Hire Purchase-to-Total Asset Ratio (Percent)	94.93	96.40
Property Foreclosed (Million Baht)	67	156

The major component in the asset structure of THANI and its subsidiaries was hire purchase receivables. As at the end of 2019, hire purchase receivables (net of allowance for doubtful accounts) amounted to 49,049 million baht, accounting for 96.40 percent of THANI's total assets.

For the year 2020, total assets of THANI and its subsidiaries amounted to 48,518 million baht, representing a decrease of 4.64 percent compared to 2019. In this connection, hire purchase receivables (net of allowance for doubtful accounts) accounted for 94.93 percent of their total assets, down from the prior year, mainly due to the contraction of the economy. Taking into account COVID-19 pandemic, THANI was prudent in extending loans. However, THANI continued to focus on giving hire purchase service which was its key business. Emphasis was also placed on

looking after and retaining customer base. The objectives were to maintain its market share and to enable it to stay competitive in the industry in the long run.

Quality of Receivables and Loan Loss Provision

As of 31 December 2020, expected credit losses (ECL) of THANI which might arise from hire purchase receivables and financial lease receivables amounted to 2,158 million baht. (The receivables included the hire purchase agreements which the court ruled that THANI won the case and THANI was in process of collecting debts and enforcing court judgements. These receivables were shown as part of other non-current assets.) The expected credit losses decreased by 67 million baht or 3.00 percent when compared to the loan loss provision as at the end of 2019. On the other hand, in comparison with 2019, the provision based on the expected credit losses increased by about 144 million baht, mainly due to the credit risk which increased as a result the economic slowdown caused by COVID-19 pandemic. The additional provision in 2020 reflected the ECL model which predicted future developments and management overlay. The objective was to accommodate the risk which might arise from the uncertainties caused by the virus transmission. This was in compliance with the Thai Financial Reporting Standards No. 9 (TFRS 9).

THANI adopted a policy for bad debt write-off. In this connection, THANI would dispose of the loans once the court ruled that the debtor and the guarantor make repayments to THANI. When THANI was unable to repossess the assets or enforce the debt judgements or collect debts from debtors, it would write off bad debts by disposing of the bad debts. The objective was to reduce the loan loss provision. On the other hand, any gain received from the disposal of the bad debts would be recorded as other income. As regards the years 2020 and 2019, THANI wrote off bad debts worth amounted to 438 million baht and 103 million baht respectively.

Most of hire purchase receivables and financial lease receivables (less unearned interest income) for the years 2020 and 2019 were normal receivables with no more than 3 installments overdue. They amounted to 46,479 million baht and 49,888 million baht respectively, which accounted for 96.87 percent and 96.05 percent of the total hire purchase receivables and financial lease receivables respectively. The information showed that most of THANI's receivables remained normal.

Adequacy of Loan Loss Provision

THANI set aside the loan loss provision for hire purchase receivables and financial lease receivables based on the probability of loss that it could not collect the debts, taking into consideration the status of the overdue debts. In relation to the receivables with no more than 3 installments overdue, the loan loss provision would be based on the net principal amount after deducting collateral value. In relation to the receivables with more than 3 installments overdue, the loan loss provision would be based on the net principal amount without deducting collateral value. On other other hand, in relation to debtors who signed debt settlement agreements, the loan loss provision was also based on the net principal amount without deducting the collateral value.

In addition, THANI acted prudently by considering setting aside more than adequate provision for loan losses of debts which could not be collected. THANI also enhanced the efficiency in debt collection in line with the expansion of the loan portfolio. In this connection, non-performing loans of hire purchase receivables and financial lease receivables in 2020 and 2019 amounted to 1,500 million baht and 2,049 million baht respectively. On the other hand, the loan loss provision amounted to 1,228 million baht and 2,225 million baht respectively.

Allowance for doubtful account to non-performing loans ratio of THANI as of 31 December 2020 and 31 December 2019 amounted to 81.86 percent and 108.57 percent respectively. Taking into consideration its prudent lending and strict debt collection standards, THANI believed that the loan loss provision remained appropriate, adequate and efficient in the ordinary course of THANI's normal operations.

Total Liabilities

(Unit: Million Baht)

Total Liabilities	31 December 2020	31 December 2019
Total Liabilities	37,699	43,210
Short-term Loans and Overdrafts	10,991	29,085
Long-term Loans	7,590	601
Long-term Debentures	18,099	12,496
Total Other Liabilities	1,019	1,027

Note: Short-term Loans and Overdrafts included the loans which were due to be repaid within one year.

As of 31 December 2020, total liabilities of THANI and its subsidiaries amounted to 37,699 million baht, representing a decrease of 12.75 percent compared to 2019 year end. This was mainly because in 2020 THANI offered for sale newly issued ordinary shares. The objectives were to accommodate THANI's lending and to strengthen its capital by managing the financial structure, ensuring its appropriate proportion. Another important objective was to build confidence of shareholders, investors, creditors and all the concerned stakeholders about THANI's stable and strong financial position in the long term.

As of 31 December 2020, loans of THANI and its subsidiaries consisted of short-term loans and overdrafts worth 10,991 million baht, long-term loans worth 7,590 million baht and long-term debentures worth 18,099 million baht.

Shareholders' Equity

On 26 May 2020, the Board of Directors of THANI at its Meeting No. 5/2020 adopted a resolution approving the second interim dividend for 2019 performance at the rate of 0.16 baht per share. Taking into account the two dividend payments, the total dividend was 0.32 baht per share, accounting for 65.31 percent of 2019 net profit based on the separate financial statements and 61.53 percent of 2019 net profit based on the consolidated financial statements.

On 10 July 2020, the Annual General Meeting of Shareholders of THANI adopted a resolution approving an allocation worth 75 million baht from 2019 net profit as statutory reserve. The meeting also adopted a resolution approving the increase of THANI's registered capital from 3,775,353,450 baht to 5,663,030,175 baht by issuing 1,887,676,725 new ordinary shares (with par value of 1.00 baht per share). They were offered for sale to shareholders in proportion to their respective shareholdings at the allocation ratio of 2 existing ordinary shares to 1 newly-issued ordinary share.

As of 31 December 2020, shareholders' equity of THANI amounted to 10,819 million baht, representing an increase of 3,148 million baht or 41.04 percent compared to 2019 year end. This was mainly due to 2020 net profit less statutory reserve and dividends payable as well as THANI's capital increase.

Liquidity

(Unit: Million Baht)

Cash flows	31 December 2020	31 December 2019
Cash Flows from (Used in) Operation Activities	5,925	(214)
Cash Flows from (Used in) Investing Activities	(16)	(12)
Cash Flows from (Used in) Financing Activities	(5,294)	441
Increase (Decrease) in Cash - net	615	215
Cash and Deposits at Banks	1,044	429

As of 31 December 2020, cash of THANI and its subsidiaries amounted to 1,044 million baht. In this connection, net cash flows increased by 615 million baht, representing an increase of 429 million baht compared to the end of 2019. The increase was mainly due to net cash flows worth 5,925 million baht from operating activities as a result of the efforts to mobilize funds for accommodating THANI's lending activities. Meanwhile, net cash flows used in financing activities for THANI's normal lending activities amounted to 5,294 million baht. On the other hand, net cash flows used in investing activities amounted to 16 million baht.

Liquidity ratio

As of 31 December 2020, liquidity ratio of THANI and its subsidiaries amounted to 1.61 times. In this connection, total current assets amounted to 19,210 million baht while total current liabilities amounted to 11,958 million baht. Total current assets were 7,252 million baht more than total current liabilities. However, THANI and its subsidiaries were still quite flexible in their short-term financial position, mainly due to the fact that most current liabilities included not only short-term loans in the form of Bills of Exchange (B/E) and Promissory Notes (P/N) from financial institutions, but also debentures which were due for redemption within one year. In this connection, most of the two types of the loans could be replaced by issuing new loans when they were due for redemption or reached maturity. Moreover, THANI had a reserve in the form of a short-term credit facility offered by TBANK which was prepared for providing THANI with additional short-term liquidity support. In addition, there were credit facilities made available by other financial institutions. As a result, THANI was able to manage the liquidity risk, ensuring that the risk was at an acceptable level and would not affect its main business operations.

On the other hand, their quick ratio was 1.59 times, which was not different from the liquid ratio, mainly because current assets of THANI and its subsidiaries were relatively highly liquid and accounted for 99.29 percent of total current assets.

Factors or Events that Might Significantly Affect Future Financial Position or Operations

In its conduct of business affairs in the past year amidst COVID-19 pandemic which occurred during 2020, THANI implemented various measures including its own debt relief measures as well as those imposed by the BOT, aiming at helping customers who were affected by COVID-19 pandemic. Although the Thai economy is well on the way to recovery from the slump, the road ahead is still fraught with uncertainties due to the new wave of COVID-19 transmission which might have impacts on the economy if the coronavirus spreads widely and causes the government to impose highly restrictive measures. Successful implementation of the policy to open the country for tourism in 2021 will greatly depend on the effectiveness and efficiency in securing and distributing COVID-19 vaccines. As a result, the key issue faced by the business sector is how to manage the risk as the recovery of the economy remains very uncertain. In this connection, THANI not only monitors the situation closely but also assesses the impacts continuously, particularly in relation to the quality of its assets. Importantly, THANI continues to conduct its business affairs in a cautious manner.

The above circumstances bring about a number of factors or events that might have significant impacts on the future financial position or business operations, a summary of which is as follows:

1. In relation to COVID-19 pandemic, the implementation of the lockdown measures to control the transmission is more specific in terms of areas and business sectors. As a result, it is likely to have less impact than the previous round of implementation. The factors which are expected to impact are the degree of restriction of lockdown measures and the duration of the implementation used for containing the new wave of infection. Successful development of coronavirus vaccines in the latter part of 2020 brings high hope to the recovery of tourism industry. Importantly, vaccines are a key variable which plays a very pivotal role in determining the success of economic recovery efforts in 2021. In relation to the distribution of vaccines, it is anticipated that about 20 percent of the population will be vaccinated in the second half of the year. This will allow Thailand to open the country. Vaccinated tourists will be allowed to enter the country and not subject to mandatory quarantine. As a result, the overall tourism industry and other business sectors will gradually recovery.

2. The economic factor is considered the most important factor affecting the operations of the business sector. Economic problems not only can lead to other problems but also have a psychological impact on the spending and investment of the businesses, particularly those in the service sector which is related to the tourism industry. It will take a long time for them to return to pre-pandemic levels. Moreover, they were hit again by the new wave of transmission towards the end of 2020. This was considered another risk factor which might hinder the economic recovery in 2021.

3. The government sector's disbursement measure was the main driver preventing the severe contraction of the economy in 2020. In this connection, the government sector speeded up budget spending, after the unusual delay problem in the preparation of the annual budget. Emphasis was placed on speeding up the disbursements of the public investment budget. The Thai economy in 2020 was faced with challenges from all directions as economic drivers including exports, tourism, consumption and domestic investment slowed down. As a result, it is necessary for the government sector to play an important role in recovering the economy by promoting injection of money into the economy and stimulating the economy in 2021.

Thanachart Insurance Public Company Limited

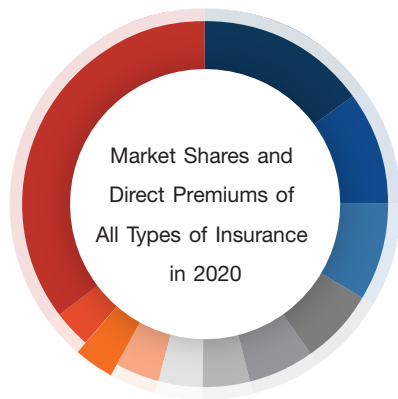
In 2020, TNI had total insurance premium of 8,682 million baht, and increase of 314 million baht or 3.75 percent from the previous year. In 2020, TNI commanded a 3.30 percent market share, taking into account all types of direct premiums. This was mainly attributable to the increase of sales revenue through non-bank channels and external brokers. Of the direct premiums received in 2020, premiums for motor insurance amounted to 7,419 million baht, representing an increase of 372 million baht or 5.27 percent compared to the previous year. In this connection, TNI commanded a 5.00 percent market share of motor insurance industry.

Composition of TNI's Direct Premiums over the Past 4 Years

(Unit: Million Baht)

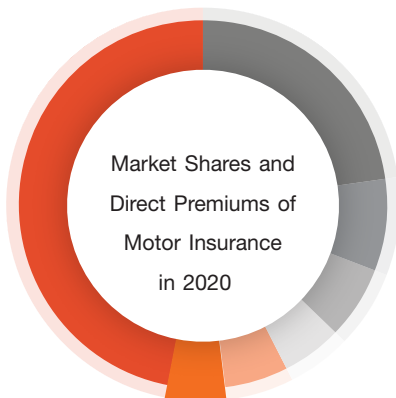
Type of Insurance	2020		2019		2018		2017	
	Direct Premiums	Percent	Direct Premiums	Percent	Direct Premiums	Percent	Direct Premiums	Percent
Motor Insurance	7,419.34	85.46	7,047.80	84.22	6,719.34	84.12	6,405.16	85.33
Fire Insurance	79.30	0.91	71.74	0.86	72.16	0.90	68.59	0.91
Marine Insurance	-	-	-	-	-	-	-	-
Miscellaneous Insurance	1,183.39	13.63	1,248.30	14.92	1,195.84	14.97	1,032.60	13.76
Total	8,682.03	100.00	8,367.84	100.00	7,987.34	100.00	7,506.35	100.00

Market Shares and Direct Premiums of All Types of Insurance



- Company ranked 1st (15.00 percent)
- Company ranked 2nd (9.90 percent)
- Company ranked 3rd (8.50 percent)
- Company ranked 4th (6.90 percent)
- Company ranked 5th (5.80 percent)
- Company ranked 6th (4.10 percent)
- Company ranked 7th (4.00 percent)
- Company ranked 8th (3.80 percent)
- TNI ranked 9th (3.30 percent)
- Company ranked 10th (3.20 percent)
- Other companies (45 in total) (35.50 percent)

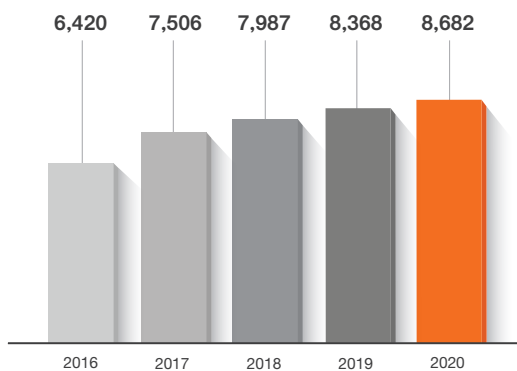
Market Shares and Direct Premiums of Motor Insurance



- Company ranked 1st (22.80 percent)
- Company ranked 2nd (8.10 percent)
- Company ranked 3rd (6.40 percent)
- Company ranked 4th (5.40 percent)
- Company ranked 5th (5.40 percent)
- TNI ranked 6th (5.00 percent)
- Other Companies (35 in total) (46.90 percent)

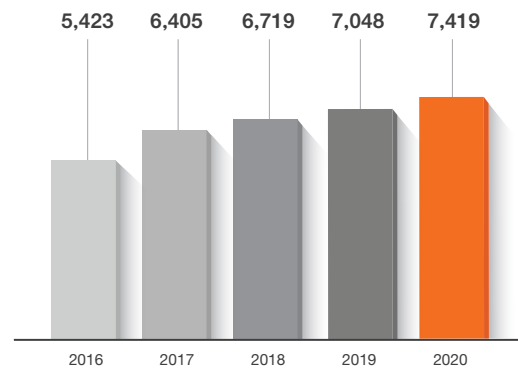
Direct Premiums of All Types of Insurance

(Unit: Million Baht)



Direct Premiums of Motor Insurance

(Unit: Million Baht)



Financial Position and Overall Performance

TNI was financially stable. Its financial position was strong with registered capital of 4,930 million baht, total assets of 15,354 million baht, capital of 5,909 million baht and the mandatory regulatory net capital ratio of 1,456.42 percent.

(Unit: Million Baht)

Financial Position	31 December 2020	31 December 2019
Total Assets	15,354	15,205
Total Liabilities	9,624	9,883
Shareholders' Equity	5,730	5,322
Capital	5,909	5,538

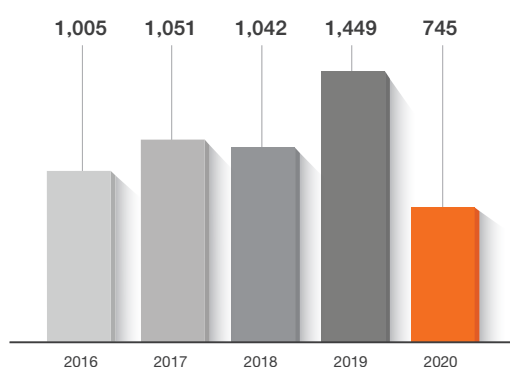
(Unit: Million Baht)

Overall Performance	2020	2019
Gross Premium Written	8,682	8,368
Net Premiums Written	7,750	6,965
Net Earned Premiums	7,271	6,963
Underwriting Expenses	5,604	5,403
Underwriting Profit	1,667	1,560
Operating Expenses	855	785
Operating Profit	812	775
Gain on Investments	103	1,016
Other Income	20	13
Profit before Income Tax	935	1,804
Income Tax	190	355
Net Profit	745	1,449

As regards TNI's performance, 2020 net profit amounted to 745 million baht, representing a decrease of 704 million baht or 48.59 percent from a year earlier. The decrease was mainly due to a special item in the previous year, i.e. net gain of 566 million baht from disposing of investments and the setting aside expected credit losses of 147 million baht in 2020 to prevent the risks arise from COVID-19 pandemic. In this connection, operating profit of TNI amounted to 812 million baht, up 37 million baht or 4.71 percent from a year earlier.

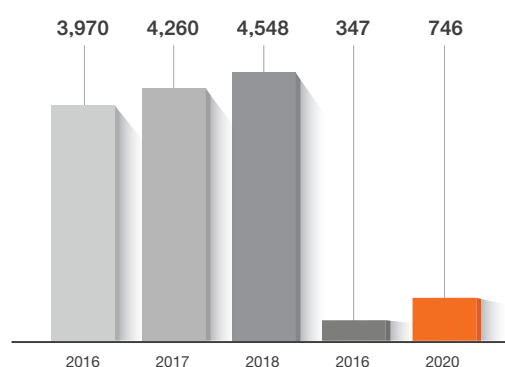
Profit of the year

(Unit: Million Baht)



Retained earnings for the year

(Unit: Million Baht)



Factors or Events that Might Significantly Affect the Future Financial Position or Business Operations

In 2020, TNI was impacted by COVID-19 transmissions in the areas of underwriting and investments, with details as follows:

1. In order to suppress COVID-19 transmission, the government implemented a lockdown measure and imposed a nationwide curfew in the second quarter of 2020. As a result, usage of cars fell sharply during the period. This had a positive impact on TNI's operations whose motor insurance was a major part of its business as the claims decreased.

2. The economic conditions affected the behavior of insurance buyers in relation to the product details, prices, and behavior in paying insurance premiums.

3. The investment climate affected TNI's return on investment. In this connection, the default risk also rose as the issuers of the instruments which TNI purchased might be unable to make the required payments on their debt obligation.

As regards the year 2021 and the direction of future insurance business, TNI expects that motor insurance premiums will grow, thanks to a number of supporting factors including the recovery of domestic demand and the improving economy. On the other hand, accident insurance and health insurance are expected to grow further, mainly due to the rising health care costs and the risk arising from COVID-19 transmissions. Taking into account people's lifestyle changes such as working from home and being acquainted with online shopping, TNI now pays attention to the development of digital insurance and new products suitable for being offered through online channels to enable customers to access protection in an easy, convenient, fast, and safe manner. TNI has also undertaken an initiative on iCloud storage, ensuring that information will be stored in a more efficient and safer manner. Importantly, TNI has also made more use of Artificial Intelligence to improve work systems. The objectives are to enhance potential for being a leader in insurance business, to enable TNI to deliver services to customers and trading partners efficiently and in a comprehensive manner, and to expand customer base.

Thanachart Securities Public Company Limited

Overall Performance

Economic conditions and trading value of the SET are two key factors affecting the business operations and growth of TNS. At 2020 year end, the SET Index closed at 1,449.35 points, which was lower compared to 1,579.84 points at 2019 year end. In this connection, the market share commanded by TNS in 2020 amounted to 2.91 percent of the SET's average daily trading value which was 68,607 million baht, representing an increase of 28.98 percent compared to prior year.

Trading volume on the Thailand Futures Exchange (TFEX) in 2020 amounted to 494,624 contracts, representing an increase compared to 428,369 contracts in the previous year. In this connection, SET50 Index Futures and Single Stock Futures accounted for most of the trading volume.

Net profit in 2020 was 479 million baht, representing a decrease of 1,195 million baht or 71.39 percent compared to prior year. Total income of TNS amounted to 1,517 million baht, representing a decrease of 1,559 million baht or 50.68 percent compared to prior year. The decrease was mainly due to the fact that in prior year, there was a net gain on disposal of investments of 1,267 million baht as per Thanachart Group's business restructuring plan. On the other hand, total expenses of TNS amounted to 920 million baht, representing a decrease of 70 million baht or 7.07 percent compared to prior year. This was mainly due to the cost containment measures adopted by TNS.

Performance Analysis

Income

Total income of TNS consisted of brokerage fees for trading of securities and futures contracts, fees and service income, interest on margin loans, deposit interest, gains and return on financial instruments and other income.

Total income of TNS in 2020 amounted to 1,517 million baht, representing a decrease of 50.68 percent compared to prior year. This was mainly due to the fact that TNS had total income of 3,076 million baht in 2019, the main item was the net gain on disposal of investments of 1,267 million baht as per Thanachart Group's business restructuring plan. Noteworthy was also the interest income on margin loans, which declined in line with the number of margin loans and the margin interest rates. However, brokerage fees in 2020 increased by 120 million baht or 12.21 percent, in line with the SET trading conditions while fees and service income rose by 115 million baht, thanks to underwriting fees and portfolio advisory fees.

Expenses

TNS's expenses in relation to securities business in 2020 consisted of fees and service expenses as well as interest expenses which amounted to 146 million baht and 35 million baht respectively. In this connection, interest expenses decreased by 67 million baht or 65.69 percent compared to prior year. The decrease was mainly because TNS made use of 1,500 million baht from the capital increase in the third quarter of 2019 as revolving funds in business operations in 2020.

Operating expenses amounted to 739 million baht, which consisted of employee benefit expenses and other expenses. In this connection, TNS's operating expense ratio based on security business revenues amounted to 49.04 percent.

Net profit

Net profit of TNS in 2020 amounted to 479 million baht, representing a decrease of 1,194 million baht compared to prior year. The drop in net profit was mainly because total income decreased by 50.68 percent while total expenses decreased by 7.07 percent. In this connection, earnings per share amounted to 0.16 baht while net profit margin was 31.58 percent.

Financial Position

Assets

As of 31 December 2020, total assets of TNS amounted to 6,852 million baht, representing an increase of 2.51 percent compared to 2019 year end. Most of TNS's assets include securities business receivables and receivables from clearing house and broker dealers as well as investments. In this connection, securities business receivables and receivable from clearing house remained unchanged, compared to the prior year. On the other hand, the investments decreased by 17.14 percent. The return on assets (ROA) was 7.08 percent.

Securities Business Receivables and Derivatives Business Receivables

Securities business receivables arose from the stock purchases made by TNS's customers through TNS. In this connection, customers would pay for the stock within two business days. Other receivables included derivatives business receivables, margin loans, receivables under debt restructuring, as well as receivables under enforcement of court judgements by way of reconciliation or in the process of making installment payments.

As at 2020 year end, securities business receivables and derivatives business receivables of TNS amounted to 4,262 million baht, decreased by 745 million baht or 14.88 percent compared to the prior year. The receivables consisted of margin loans worth 3,003 million baht, representing a decrease of 152 million baht or 4.82 percent,

as well as cash accounts receivables worth 1,247 million baht, representing a decrease of 572 million baht or 31.45 percent. This was mainly due to the difference in trading value between the two periods.

TNS classifies securities business receivables and derivatives business receivables, using the Thai Financial Reporting Standards No. 9 - Financial instruments. As of 31 December 2020, TNS set aside the allowance for expected credit loss in full compliance with the Thai Financial Reporting Standards No. 9.

Liabilities

TNS's debt structure included borrowings from financial institutions, securities business payables and derivatives business payables, payables to clearing house and broker dealers as well as other liabilities. As at 2020 year end, total liabilities of TNS amounted to 3,109 million baht, representing a decrease of 73 million baht or 2.29 percent compared to 2019 year end. Most of the liabilities were securities business payables and derivatives business payables as well as payables to clearing house, which amounted to 2,084 million baht or accounted for 67.03 percent of the total liabilities. In this connection, borrowings from financial institutions amounted to 550 million baht, representing a decrease of 150 million baht or 21.43 percent compared to 2019 year end. The decrease was in line with the decrease in margin loans.

Shareholders' Equity

As of 31 December 2020, shareholders' equity of TNS amounted to 3,743 million baht, representing an increase of 241 million baht or 6.88 percent compared to 2019 year end. In this connection, net operating profit amounted to 479 million baht while return on equity (ROE) amounted to 13.22 percent. During the year 2020, TNS paid 240 million baht as the dividend for 2019 performance and set aside 24 million baht from 2020 net profit as statutory reserve.

As at 31 December 2020, debt to equity ratio of TNS was 0.83 times, representing a decrease from 0.91 times compared to 31 December 2019. In case securities business payables and derivatives business payables as well as payables to clearing house were excluded, TNS's debt to equity ratio as at 31 December 2020 and 2019 would be 0.27 times and 0.40 times respectively.

Liquidity

In the conduct of TNS's business affairs, the activities which affected the liquidity most were operating activities. In this connection, cash flows from or used in operating activities arose from changes in revolving funds related to securities business receivables or payables, as well as receivables or payables to clearing house.

In 2020, TNS's net cash flow increased by 211 million baht. In this connection, cash flows from operating activities amounted to 639 million baht. On the other hand, cash flows used in investing activities amounted to 4 million baht while cash flows used in financing activities amounted to 424 million baht. In addition, TNS made a dividend payment worth 240 million baht to shareholders.

Net capital ratio (NCR) of TNS was 118.52 percent, which was well above the minimum requirement of 7 percent of general liabilities and assets pledged as collateral imposed by the SEC.

Sources of Funds

TNS's funds were mainly from shareholders' equity. As of 31 December 2019, changes were made to its shareholdings. Previously, TBANK was a major shareholder holding a 99.99 percent equity stake. After the changes, the shares of TNS which were held by the Company and Scotia Netherlands Holdings B.V. accounted for 50.96 percent and 49.00 percent respectively.

Major Factors that Might Affect TNS's Future Business Operations or Financial Position

Economic and political conditions and various domestic and international situations might have an impact on TNS's financial position and performance. Trend of changing interest rates, oil price volatility, political uncertainties, COVID-19 transmission, the BOT's monetary policy, Thailand's economic conditions as well as global economic situations are the factors that might affect both domestic and international investors confidence. Moreover, trading commissions are expected to fall consistently. Recognizing the aforementioned impacts, TNS has applied technology to the development of products including, among others, an app accessible by customers, through which TNS could inform them of various news such as marketing and sales promotion news, as well as stock trading apps, such as ThinkApp and Line, in order to adapt to changing consumer behavior. Moreover, TNS has developed new work systems as well as new services and products, aiming at not only increasing income and diversifying its income structure further but also increasing and improving the quality of its personnel, various news and services as well as implementing cost containment measures and making plans for optimum use of resources. The objective is to enable TNS to compete with other securities brokerage companies in the future.

MBK Life Assurance Public Company Limited

As at 31 December 2020, MBK LIFE's total assets amounted to 7,064 million baht, a decrease of 1,265 million baht or 15.19 percent from the end of 2019.

MBK LIFE had a net loss for the year 2020 in the total amount of 383 million baht, comparing to a net loss of 231 million baht in the year 2019. The main factor affecting its performance was a decrease in net insurance premium of 584 million baht and investments income decreased by 410 million baht which was an impact from gains on fair value adjustments which decreased from the end of 2019. Insurance expenses decreased by 895 million baht, due mainly to a decrease in benefits paid under insurance policies and net claims of 638 million baht. Insurance reserve for long-term insurance policies decreased by 81 million baht, due to the fact that the Zero Coupon Yield of the government bonds using to calculate insurance reserve according to the Gross Premium Valuation (GPV) decreased from the end of 2019. The expected credit loss was 73 million baht.

ABBREVIATIONS

Thanachart Capital Public Company Limited	the Company
Thanachart Securities Public Company Limited	TNS
Thanachart Insurance Public Company Limited	TNI
MBK Life Assurance Public Company Limited	MBK LIFE
Ratchthani Leasing Public Company Limited	THANI
RTN Insurance Broker Company Limited	RTN
NFS Asset Management Company Limited	NFS AMC
MAX Asset Management Company Limited	MAX AMC
TS Asset Management Company Limited	TS AMC
Thanachart Management and Services Company Limited	TMS
Security Scib Services Company Limited	SSV
TM Broker Company Limited	TM Broker
MT Service 2016 Company Limited	MTS
Thanachart SPV1 Company Limited	SPV1
Thanachart SPV2 Company Limited	SPV2
Thanachart Bank Public Company Limited	TBANK
Thanachart Fund Management Company Limited	TFUND
Thanachart Broker Company Limited	TBROKE
Thanachart Group Leasing Company Limited	TGL
Thanachart Training and Development Company Limited	TTD
TMB Bank Public Company Limited	TMB
ING Bank N.V.	ING
The Bank of Nova Scotia	Scotiabank
Siam City Bank Public Company Limited	SCIB
MBK Public Company Limited	MBK
Prudential Life Assurance (Thailand) Public Company Limited	Prudential
Ajinomoto (Thailand) Company Limited	Ajinomoto
Financial Institutions Development Fund	FIDF
The Bank of Thailand	BOT
The Securities and Exchange Commission, Thailand	SEC
The Stock Exchange of Thailand	SET
Office of the Insurance Commission	OIC

Anti-Money Laundering Office	AMLO
Office of the National Anti-Corruption Commission	Office of NACC
EY Office Limited	EY
The United State of America	USA
Coronavirus Disease 2019	COVID-19



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