



Thanachart Capital Public Company Limited Financial Summary

Management's Discussion and Analysis for the Year 2019

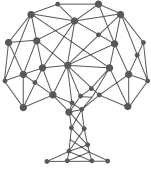
Supporting Documents for 2020 Annual General Meeting of Shareholders

**Wednesday, 29 July 2020, at 10.00 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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FINANCIAL HIGHLIGHTS

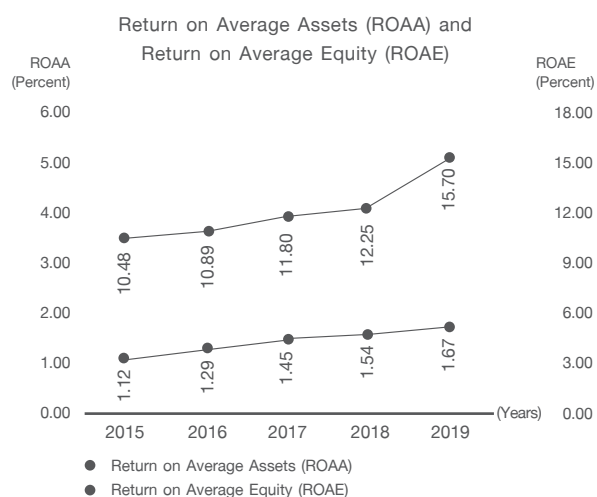
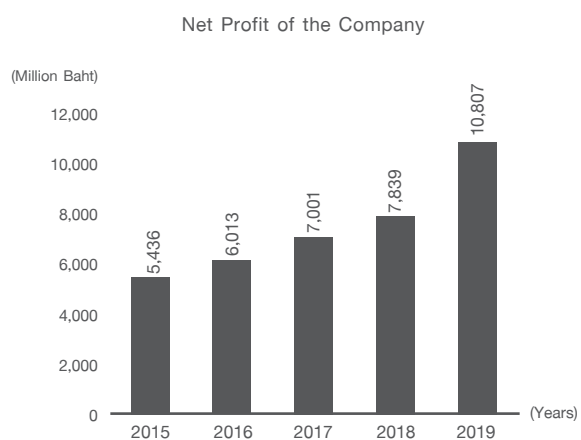
As at or for the year ended 31 December

	CONSOLIDATED				
	2019	2018 (Restated)	2017	2016	2015
Operating Performance (Million Baht)					
Interest Income	4,339	4,074	44,681	45,208	48,640
Interest Expenses	1,599	1,515	15,511	16,740	20,910
Net Interest Income	2,740	2,559	29,170	28,468	27,730
Non-interest Income	4,863	5,546	13,402	12,231	12,474
Net Operating Income	7,603	8,105	42,572	40,699	40,204
Other Operating Expenses	3,153	3,019	20,836	21,025	20,319
Impairment Loss of Loans and Debt Securities (Reversal)	(316)	302	6,236	6,210	8,600
Profit before Income Tax	4,766	4,784	15,500	13,464	11,285
Income Tax	1,367	927	1,159	853	225
Profit for the year from continuing operations	3,399	3,857	14,341	12,611	11,060
Profit for the year from discontinued operations	13,361	11,949	-	-	-
Profit for the Year	16,760	15,806	14,341	12,611	11,060
Profit attributable to the Company	10,807	7,839	7,001	6,013	5,436
Profit attributable to Non-controlling Interest	5,953	7,967	7,340	6,598	5,624

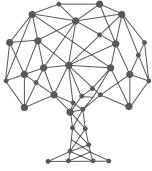
As at or for the year ended 31 December

	CONSOLIDATED				
	2019	2018	2017	2016	2015
Operating Performance Ratios (Percent)					
Return on Average Assets (ROAA)	1.67	1.54	1.45	1.29	1.12
Return on Average Equity ⁽¹⁾ (ROAE)	15.70	12.25	11.80	10.89	10.48
D/E Ratio (times)	1.17	6.69	6.88	7.07	7.96
Financial Position (Million Baht)					
Loans to Customers	56,266	754,613	712,761	692,046	714,628
Total Assets	160,927	1,060,929	1,025,525	966,867	997,581
Total Liabilities	86,868	923,011	895,455	847,016	886,258
Total Equity	74,059	137,918	130,070	119,851	111,323
Equity Attributable to Owners of the Company	65,833	65,735	62,020	56,891	52,674

	CONSOLIDATED				
	2019	2018	2017	2016	2015
Common Share Information					
Information per Share (Baht)					
Basic Earnings per Share	9.43	6.74	6.01	5.16	4.61
Book Value	57.46	57.15	53.23	48.83	45.21
Dividend ⁽²⁾	5.20	2.60	2.20	2.00	1.80
Common Shares Outstanding (Million Shares)					
Average-Basic	1,146	1,164	1,165	1,165	1,179
End of Year	1,146	1,150	1,165	1,165	1,165
Share Price ⁽³⁾ (Baht)					
Highest	59.50	60.25	58.00	44.75	37.00
Lowest	50.25	46.25	43.75	33.00	28.25
Closing	53.50	49.75	56.25	44.00	36.50
Market Capitalization (Million Baht)	62,334	57,965	65,539	51,266	42,527
Other Information					
Employees ⁽⁴⁾	2,062	13,893	13,885	14,763	14,905

**Notes:**

- ⁽¹⁾ ROAE is calculated from equity attributable to owners of the Company
- ⁽²⁾ Dividend per share for 2019 is interim rate paid and special interim rate paid
- ⁽³⁾ Local Board / Highest and Lowest Share Prices During the Year
- ⁽⁴⁾ Number of employees in 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 2019, 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 2019, 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 matter

I draw attention to Notes 2 and 5 to the financial statements regarding the business restructuring and business merger plan between Thanachart Bank Public Company Limited and TMB Bank Public Company Limited and the change in accounting policy on the measurement of buildings, from cost method to revaluation method, respectively. My opinion is not qualified in respect of this matter.

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.

Allowances for doubtful accounts

As discussed in Note 12 to the consolidated financial statements, as at 31 December 2019 the Group had loans to customers of 62,328 million baht (accounting for 39% of total assets) and allowance for doubtful accounts amounting to 3,118 million baht, which are material amounts. The allowance for doubtful accounts is estimated based on criteria established by the Bank of Thailand and relies on various assumptions. Therefore, the management is required to exercise considerable judgment in determining the assumptions to be used. Because the allowance for doubtful accounts is material and estimated based on judgement, I addressed the adequacy of allowance for doubtful accounts as a key audit matter.

I gained an understanding of, assessed and tested on a sampling basis the internal controls relating to the calculation of allowances for doubtful accounts, the calculation of collateral value and the recording of allowance for doubtful accounts. I also assessed the methods applied by the Group in the determination and calculation of the allowance, and compared the Group's policy with regulatory requirements, and I tested certain controls over the computer-based controls relevant to the calculation of allowance for doubtful accounts.

Moreover, I tested on a sampling basis the allowance for doubtful accounts by reviewing the loan classification and checking the correctness of the collateral values used in the allowance calculation, and examined the allowance for doubtful accounts as at the period-end date by testing the completeness of the data used, and reviewing the assumptions and methods applied by the Group in calculating the allowance.

Recognition of interest income

For the year 2019, the Group recognised interest income on loans to customers amounting to 3,937 million baht (accounting for 25% of total income). The interest income was derived from a variety of loans provided to a large number of customers and each type of loan agreement had different conditions. Moreover, the recognition of interest income relies primarily on data processed by information systems and regulations require the Group to cease accrual of interest income for overdue loans. I therefore addressed the measurement and occurrence of interest income as a key audit matter.

The audit procedures I performed were to gain an understanding of, assess and test, on a sampling basis, the Group's internal controls relevant to loan origination and interest income recognition, including related computer-based controls. In addition, I applied a sampling method to select loan agreements to consider whether the recognition was consistent with the conditions of the relevant agreement, whether it was in compliance with the Group's accounting policy and whether recognition ceased in accordance with the regulatory requirements. I also performed analytical procedures on interest income and examined, on a sampling basis, material adjustments made through journal vouchers.

Insurance contract liabilities

As discussed in Note 25 to the consolidated financial statements, as at 31 December 2019, the Group has life policy reserves of 6,770 million baht and outstanding claims from insurance contracts of 1,880 million baht 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. Changes in these assumptions will affect the balance of life reserves. 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 using actuarial methods and assumptions that are determined with reference to historical data. The assumptions require management to exercise judgment. In addition, the estimates of these reserves are dependent on the accuracy of the data related to the number, amounts and nature of both current and historical claims incurred. I therefore focused on the completeness of these reserves.

I assessed and tested the internal controls relevant to claims, loss adjustments, claims reserves and outstanding claims and life policy reserves by making enquiry of responsible executives, 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 life policy reserve and claims reserve, performed random tests on major claims to compare them with the accounting records, and compared historical claims data with the reserve estimates. 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 accuracy and completeness of 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.

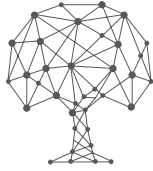
From the matters communicated with those charged with governance, I determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. I describe these matters in my auditor's report unless law or regulation precludes 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.



Somjai Khunapasut
Certified Public Accountant (Thailand) No. 4499

EY Office Limited
Bangkok: 24 February 2020



STATEMENT OF FINANCIAL POSITION

Thanachart Capital Public Company Limited and its subsidiaries

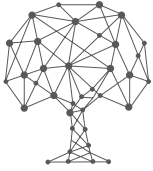
Statement of financial position

As at 31 December 2019

(Unit: Thousand Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2019	2018	2019	2018
Assets					
Cash		2,970	11,021,897	-	-
Interbank and money market items - net	8	7,404,040	99,117,357	29,841	23,512
Derivatives assets	9	12,755	2,005,388	-	-
Investments - net	10	41,550,937	170,436,987	22,597,140	1,855,854
Investments in subsidiary and associated companies - net	11	45,420,712	3,026,903	71,416,280	33,166,944
Loans to customers and accrued interest receivables	12				
Loans to customers		62,327,676	820,771,229	743,814	1,466,959
Accrued interest receivables		11,259	656,970	2	2
Total loans to customers and accrued interest receivables		62,338,935	821,428,199	743,816	1,466,961
Less: Deferred revenue		(6,061,974)	(66,158,693)	-	(2,117)
Allowance for doubtful accounts	13	(3,117,517)	(24,144,379)	(27,977)	(86,371)
Revaluation allowance for debt restructuring		-	(603)	-	-
Net loans to customers and accrued interest receivables		53,159,444	731,124,524	715,839	1,378,473
Property foreclosed - net	14	3,128,013	4,822,435	1,605,814	851,814
Land, premises and equipment - net	15	301,038	8,042,888	77,785	38,623
Intangible assets - net	16	138,628	1,850,151	640	759
Goodwill		-	17,799,200	-	-
Deferred tax assets	17	809,047	779,113	-	-
Receivables from purchase and sale of securities	18	2,577,224	2,639,539	764,570	289,344
Asset classified as held for sale	19	3,423,074	-	-	-
Other assets - net	20	2,998,680	8,262,790	88,683	38,254
Total assets		160,926,562	1,060,929,172	97,296,592	37,643,577

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



STATEMENT OF FINANCIAL POSITION (CONTINUED)

Thanachart Capital Public Company Limited and its subsidiaries

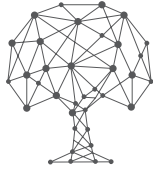
Statement of financial position (continued)

As at 31 December 2019

(Unit: Thousand Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2019	2018	2019	2018
Liabilities and equity					
Deposits		-	751,916,956	-	-
Interbank and money market items	21	15,659,515	71,922,702	-	-
Liability payable on demand		-	1,163,165	-	-
Derivatives liabilities	9	46,515	2,097,019	-	-
Debts issued and borrowings	22	44,780,435	55,012,914	17,587,468	12,200,000
Provisions	23	468,225	3,914,644	52,329	28,683
Deferred tax liabilities	17	209,995	1,402,533	148,869	133,868
Accrued interest payables	24	270,194	2,276,928	100,649	89,756
Insurance contracts liabilities	25	13,095,578	14,061,571	-	-
Payables from purchase and sale of securities	26	948,244	1,324,840	193,902	192,451
Dividend payable	27	4,582,651	-	4,582,651	-
Other liabilities	28	6,806,457	17,917,637	656,866	315,569
Total liabilities		86,867,809	923,010,909	23,322,734	12,960,327

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



STATEMENT OF FINANCIAL POSITION (CONTINUED)

Thanachart Capital Public Company Limited and its subsidiaries

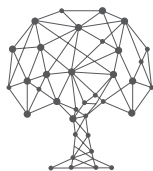
Statement of financial position (continued)

As at 31 December 2019

(Unit: Thousand Baht)

	Note	Consolidated		Separate	
		financial statements		financial statements	
		2019	2018	2019	2018
Equity					
Share capital	29				
Registered, issued and paid-up					
13,156 preferred shares of Baht 10 each (2018: 13,216 preferred shares of Baht 10 each)		132	132	132	132
1,165,116,547 common shares of Baht 10 each (2018: 1,165,116,487 common shares of Baht 10 each)		11,651,165	11,651,165	11,651,165	11,651,165
		11,651,297	11,651,297	11,651,297	11,651,297
Premium on common share		2,065,645	2,065,645	2,065,645	2,065,645
Other components of equity	30	(2,540,472)	2,352,253	589,637	531,430
Retained earnings					
Appropriated - statutory reserve	31	1,277,830	1,277,830	1,277,830	1,277,830
- treasury share reserve		999,964	764,980	999,964	764,980
Unappropriated		53,378,669	48,388,381	58,389,449	9,157,048
Less: Treasury shares - common shares	29	(999,964)	(764,980)	(999,964)	(764,980)
Equity attributable to owners of the Company		65,832,969	65,735,406	73,973,858	24,683,250
Non-controlling interests		8,225,784	72,182,857	-	-
Total equity		74,058,753	137,918,263	73,973,858	24,683,250
Total liabilities and equity		160,926,562	1,060,929,172	97,296,592	37,643,577

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



STATEMENT OF COMPREHENSIVE INCOME

Thanachart Capital Public Company Limited and its subsidiaries

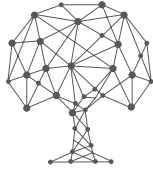
Statement of comprehensive income

For the year ended 31 December 2019

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

	Note	Consolidated		Separate	
		financial statements		financial statements	
		2019	2018	2019	2018
			(Restated)		
Profit or loss					
Continuing operations					
Interest income	33	4,339,052	4,074,002	119,875	80,413
Interest expenses	34	(1,599,451)	(1,515,026)	(538,227)	(571,714)
Net interest income		2,739,601	2,558,976	(418,352)	(491,301)
Fees and service income		1,458,217	1,703,493	609	556
Fees and service expenses		(255,713)	(263,751)	(575)	(539)
Net fees and service income	35	1,202,504	1,439,742	34	17
Gains on trading and foreign exchange transactions	36	145,707	41,341	-	-
Gains on investments	37	513,526	423,097	53,837,128	109,417
Share of profit from investments accounted for under equity method		366,638	542,607	-	-
Gains on property foreclosed and other assets		221,627	368,905	440,257	220,122
Insurance/Life insurance income	38	7,982,593	7,891,387	-	-
Dividend income		181,467	260,963	3,630,726	3,594,276
Other operating income		822,886	662,306	51,639	124,466
Total operating income		14,176,549	14,189,324	57,541,432	3,556,997
Insurance/Life insurance expenses	39	(6,574,234)	(6,084,781)	-	-
Net operating income		7,602,315	8,104,543	57,541,432	3,556,997
Other operating expenses					
Employee's expenses		1,895,377	1,792,738	139,186	121,529
Directors' remuneration	40	69,772	58,504	46,569	39,674
Premises and equipment expenses		245,286	257,954	20,589	19,287
Taxes and duties		34,655	35,149	3,895	3,354
Other expenses		907,484	874,371	83,997	48,946
Total other operating expenses		3,152,574	3,018,716	294,236	232,790
Impairment loss of loans and debt securities (reverse)	41	(316,254)	301,649	(14,037)	7,780
Profit before income tax		4,765,995	4,784,178	57,261,233	3,316,427
Income tax	17.2	(1,366,653)	(926,901)	(141)	12
Profit for the year from continuing operations		3,399,342	3,857,277	57,261,092	3,316,439
Discontinued operations					
Profit for the year from discontinued operations		13,360,708	11,949,274	-	-
Total profit for the year		16,760,050	15,806,551	57,261,092	3,316,439

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



STATEMENT OF COMPREHENSIVE INCOME (CONTINUED)

Thanachart Capital Public Company Limited and its subsidiaries

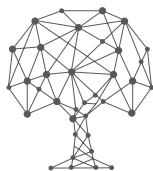
Statement of comprehensive income (continued)

For the year ended 31 December 2019

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

	Note	Consolidated		Separate	
		financial statements		financial statements	
		2019	2018	2019	2018
			(Restated)		
Other comprehensive income	42				
Continuing operations					
<i>Transactions that will be reclassified subsequently to profit or loss</i>					
Gains (losses) on change in value of available-for-sale securities		379,514	(323,885)	34,473	(78,042)
Share of other comprehensive losses of associated companies		(64,689)	(93,732)	-	-
Income tax relating to components of other comprehensive income (loss)		27,766	69,663	(6,894)	15,608
		342,591	(347,954)	27,579	(62,434)
<i>Transactions that will never be reclassified subsequently to profit or loss</i>					
Surplus on revaluation of assets		88,852	-	39,830	-
Share of other comprehensive income (loss) of associated companies		246,604	(158)	-	-
Actuarial gains (losses) on defined benefit plan		(75,622)	2,782	(5,547)	(621)
Income tax relating to components of other comprehensive income (loss)		(14,039)	388	(7,966)	-
		245,795	3,012	26,317	(621)
Total other comprehensive income (loss) from continuing operations		588,386	(344,942)	53,896	(63,055)
Discontinued operations					
Total other comprehensive income (loss) from discontinued operations		2,996,555	(909,012)	-	-
Total other comprehensive income (loss)		3,584,941	(1,253,954)	53,896	(63,055)
Total comprehensive income					
Total comprehensive income from continuing operations		3,987,728	3,512,335	57,314,988	3,253,384
Total comprehensive income from discontinued operations		16,357,263	11,040,262	-	-
Total comprehensive income		20,344,991	14,552,597	57,314,988	3,253,384
Total profit attributable to:					
The Company					
Profit attributable from continuing operations		1,729,979	1,768,109	57,261,092	3,316,439
Profit attributable from discontinued operations		9,077,080	6,071,319	-	-
Total profit attributable to the Company		10,807,059	7,839,428	57,261,092	3,316,439
Non-controlling interests					
Profit attributable from continuing operations		1,669,363	2,089,168		
Profit attributable from discontinued operations		4,283,628	5,877,955		
Total profit attributable to non-controlling interests		5,952,991	7,967,123		
		16,760,050	15,806,551		

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



STATEMENT OF COMPREHENSIVE INCOME (CONTINUED)

Thanachart Capital Public Company Limited and its subsidiaries

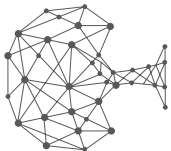
Statement of comprehensive income (continued)

For the year ended 31 December 2019

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

Note	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
		(Restated)		
Total comprehensive income attributable to:				
The Company				
Comprehensive income attributable from continuing operations	2,108,033	1,534,875	57,314,988	3,253,384
Comprehensive income attributable from discontinued operations	10,495,185	5,608,096	-	-
Total comprehensive income attributable to the Company	12,603,218	7,142,971	57,314,988	3,253,384
Non-controlling interests				
Comprehensive income attributable from continuing operations	1,879,695	1,977,460		
Comprehensive income attributable from discontinued operations	5,862,078	5,432,166		
Total comprehensive income attributable to non-controlling interests	7,741,773	7,409,626		
	20,344,991	14,552,597		
Earnings per share of the Company				
Basic earnings per share (Baht per share)				
Profit from continuing operations	1.51	1.52	49.98	2.85
Profit from discontinued operations	7.92	5.22	-	-
	9.43	6.74	49.98	2.85
Diluted earnings per share (Baht per share)				
Profit from continuing operations	1.51	1.52	49.98	2.85
Profit from discontinued operations	7.92	5.22	-	-
	9.43	6.74	49.98	2.85

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



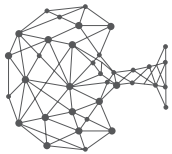
STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2019

(Unit: Thousand Baht)

Consolidated financial statements														
Equity attributable to the Company's shareholders														
Issued and paid-up share capital	Preferred shares	Common shares	Premium on common share	Share premium of a subsidiary	Surplus from the change in the ownership interests of investments	Amount by which the value of investment in subsidiary / associate lower than attributable net book value	Revaluation surplus on investments - net	Revaluation surplus on assets	Share of other comprehensive income (loss) of associated companies	Share of surplus from the change in the ownership interests of an associate	Retained earnings			
											Statutory reserve	Appropriated		Total
												Treasury shares	Unappropriated	
132	12,084,665	2,065,645	775,814	226,460	977,914	641,547	1,277,830	1,389,914	49,544,720	(1,389,914)	68,049,870	130,070,272		
Balance as at 1 January 2018														
Cumulative effect from share capital reduction of an associated company														
Dividend paid (Note 32)														
Reversal of dividend on shares held by shareholders who are not entitled to receive dividend														
Cash payment for treasury shares														
Transfer of retained earnings to treasury shares reserve														
Share capital reduction from treasury shares cancellation														
Decrease in non-controlling interests of the subsidiaries														
Surplus from the change in the ownership interests in subsidiaries of an associate														
Transfer to retained earnings														
Profit for the year														
Other comprehensive income for the year (loss)														
Balance as at 31 December 2018														
132	11,651,165	2,065,645	775,814	230,985	351,460	620,882	1,277,830	764,980	48,388,381	(764,980)	72,182,857	137,918,263		
Balance as at 1 January 2019														
Dividend paid (Note 32)														
Reversal of dividend on shares held by shareholders who are not entitled to receive dividend														
Cash payment for treasury shares														
Transfer of retained earnings to treasury shares reserve														
Decrease in non-controlling interests of the subsidiaries from the increase in the ownership interest in subsidiaries														
Surplus from the change in the ownership interests of investments														
Surplus from the change in the ownership interests in subsidiaries of an associate														
Transfer to retained earnings														
Decrease from disposal subsidiaries company														
Profit for the year														
Other comprehensive income for the year (loss)														
Balance as at 31 December 2019														
132	11,651,165	2,065,645	-	231,255	1,111,739	64,202	1,277,830	999,964	53,378,669	(999,964)	8,225,784	74,068,753		

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



STATEMENT OF CHANGES IN EQUITY (CONTINUED)

Thanachart Capital Public Company Limited and its subsidiaries

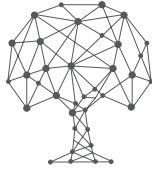
Statement of changes in equity (continued)

For the year ended 31 December 2019

(Unit: Thousand Baht)

	Separate financial statements										
	Issued and paid-up share capital		Other components of equity			Retained earnings		Treasury shares			Total
			Preferred shares	Common shares	Premium on common share	Revaluation surplus on investments - net	Revaluation surplus on assets				
	Statutory reserve	Treasury shares reserve									
Balance as at 1 January 2018	132	12,064,665	2,065,645	581,586	12,278	1,277,830	1,399,914	8,871,530	(1,399,914)	24,873,666	
Dividend paid (Note 32)	-	-	-	-	-	-	-	(2,679,798)	-	(2,679,798)	
Reversal of dividend on shares held by shareholders who are not entitled to receive dividend	-	-	-	-	-	-	-	978	-	978	
Cash payment for treasury shares	-	-	-	-	-	-	-	-	(764,980)	(764,980)	
Transfer of retained earnings to treasury shares reserve	-	-	-	-	-	-	764,980	(764,980)	-	-	
Share capital reduction from treasury shares cancellation	-	(413,500)	-	-	-	-	(1,399,914)	413,500	1,399,914	-	
Profit for the year	-	-	-	-	-	-	-	3,316,439	-	3,316,439	
Other comprehensive income for the year (loss)	-	-	-	(62,434)	-	-	-	(621)	-	(63,055)	
Balance as at 31 December 2018	132	11,651,165	2,065,645	519,152	12,278	1,277,830	764,980	9,157,048	(764,980)	24,683,250	
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 32)	-	-	-	-	-	-	-	(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 of retained earnings to treasury shares reserve	-	-	-	-	(1,236)	-	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	

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



STATEMENT OF CASH FLOWS

Thanachart Capital Public Company Limited and its subsidiaries

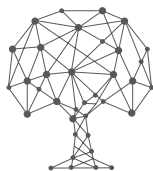
Statement of cash flows

For the year ended 31 December 2019

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	2019	2018	2019	2018
Cash flows from operating activities				
Profit before income tax	23,464,638	18,411,025	57,261,233	3,316,427
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	(366,638)	(542,607)	-	-
Depreciation and amortisation	84,342	1,472,395	7,040	7,530
Impairment loss of loans and debt securities (reverse)	(316,254)	4,784,661	(14,037)	7,780
Increase in provisions	122,721	759,900	18,099	2,174
Increase (decrease) in allowance for impairment of property foreclosed	343,628	(100,141)	(4,590)	(57,386)
Increase (decrease) in allowance for impairment of equipment/other assets	(1,732)	29,234	(969)	2,873
Loss from revaluation of buildings	1,678	-	-	-
Interest income and gain on assets transferred for debt settlement	(6,012)	(4,445)	-	-
Unrealised loss (gain) from change in value of investments/ allowance for impairment of investments	(266,274)	199,593	-	-
Gain from disposal of investment in subsidiaries/an associated company	(4,663,620)	(37,890)	(53,647,405)	(24,875)
Unrealised loss on exchange	-	132,867	-	-
Gain on the capital returned from investment in a subsidiary	-	-	(28)	(58,084)
Loss (gain) on disposal of land, premises and equipment / intangible assets	10,989	(25,562)	(37)	(2,143)
Increase in accrued other income receivable	(180,140)	(468,415)	-	-
	18,227,326	24,610,615	3,619,306	3,194,296
Net interest income	(2,739,601)	(30,767,231)	418,352	491,301
Dividend income	(181,467)	(502,518)	(3,630,726)	(3,594,276)
Cash received from interest on operating activities	4,041,806	43,917,348	59,064	59,946
Cash paid for interest on operating activities	(362,494)	(13,682,204)	-	-
Cash paid for income tax	(984,679)	(1,548,867)	(8,254)	(5,579)
Income from operating activities before changes in operating assets and liabilities	18,000,891	22,027,143	457,742	145,688

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



STATEMENT OF CASH FLOWS (CONTINUED)

Thanachart Capital Public Company Limited and its subsidiaries

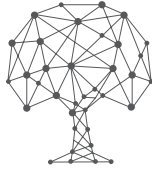
Statement of cash flows (continued)

For the year ended 31 December 2019

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	2019	2018	2019	2018
Cash flows from operating activities (continued)				
Decrease (increase) in operating assets				
Interbank and money market items	(68,888)	(3,132,910)	(6,330)	(1,165)
Derivatives assets	(8,712)	1,230,119	-	-
Investments in trading securities	(925,994)	612,945	-	-
Loans to customers	(2,468,972)	(53,452,323)	676,771	(658,792)
Property foreclosed	531,600	6,284,126	(747,370)	11,584
Receivables from purchase and sale of securities	(64,833)	487,242	289,344	(289,344)
Other assets	113,155	(872,896)	(46,275)	(2,591)
Increase (decrease) in operating liabilities				
Deposits	-	35,825,867	-	-
Interbank and money market items	(3,028,743)	(10,251,111)	-	-
Liability payable on demand	-	(825,491)	-	-
Derivatives liabilities	42,015	(1,444,263)	-	-
Payable from purchase and sales of securities	(10,688)	(1,126,178)	(192,451)	-
Insurance contract liabilities	(965,992)	(579,530)	-	-
Other liabilities	92,927	574,324	340,820	13,485
Net cash flows from (used in) operating activities	11,237,766	(4,642,936)	772,251	(781,135)
Cash flows from investing activities				
Decrease (increase) in investments in securities	(29,382,633)	6,390,741	(20,653,307)	853,701
Cash paid for purchase of investment in subsidiaries/associated companies	(70,249,755)	-	(70,249,755)	-
Cash received from disposal of investment in subsidiaries/an associated company	87,113,406	58,449	85,075,522	29,423
Cash received from capital return from subsidiaries	-	-	-	610,943
Cash received from interest	225,990	2,781,486	8,203	19,860
Cash received from dividend	393,888	752,903	3,630,726	3,594,276
Cash paid for purchase of premises and equipment / intangible assets	(104,807)	(479,571)	(5,655)	(757)
Cash received from disposal of land, premises and equipment / intangible assets	2,521	55,706	47	2,930
Net cash flows from (used in) investing activities	(12,001,390)	9,559,714	(2,194,219)	5,110,376

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



STATEMENT OF CASH FLOWS (CONTINUED)

Thanachart Capital Public Company Limited and its subsidiaries

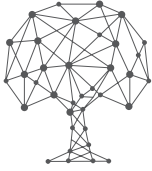
Statement of cash flows (continued)

For the year ended 31 December 2019

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	2019	2018	2019	2018
Cash flows from financing activities				
Cash received from debts issued and borrowings	18,956,837	17,620,202	8,943,851	3,100,000
Cash paid for debts issued and borrowings	(9,654,158)	(14,202,866)	(3,600,000)	(3,600,000)
Cash paid for interest expenses on debts issued and borrowings	(1,184,447)	(2,250,088)	(480,154)	(577,893)
Cash paid for dividend	(3,206,745)	(2,678,820)	(3,206,745)	(2,678,820)
Cash paid for treasury shares	(234,984)	(572,528)	(234,984)	(572,528)
Cash paid for dividend to non-controlling interests	(3,919,763)	(3,264,064)	-	-
Net cash flows from (used in) financing activities	756,740	(5,348,164)	1,421,968	(4,329,241)
Net decrease in cash	(6,884)	(431,386)	-	-
Cash at beginning of the year	9,854	11,453,283	-	-
Cash at end of the year	2,970	11,021,897	-	-
Supplemental cash flows information				
Non-cash transactions				
Property foreclosed transferred from loans to customers and investments in receivables purchased	807,593	6,126,696	-	-
Property foreclosed received from capital returned from a subsidiary company	-	-	2,040	98,110
Bad debt written-off	156,793	5,653,975	44,306	-
Payable from purchase of assets	2,161	83,612	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 associate	193,750	-	193,750	-

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



MANAGEMENT'S DISCUSSION AND ANALYSIS

Thai Economic Condition, and Commercial Bank Competition

In 2019, the Thai economy expanded by 2.4 percent, a decline from the previous year growth of 4.2 percent, mainly due to the contraction in export sector, as a result of the economic slowdown of trading partner countries and harsh trade protection measures together with baht appreciation. Although there were government stimulus measures to help support the economic growth in the fourth quarter of 2019, government investment, private investment and private consumption expanded at a slower rate. As the Thai economy slowed down and the inflation rate was lower than estimated, the Monetary Policy Committee of BOT issued a resolution to reduce the policy rate two times within the year from 1.75 percent per annum to 1.50 percent per annum during the third quarter of 2019 and from 1.50 percent per annum to 1.25 percent per annum during the fourth quarter 2019 to help stimulate the economic growth.

In 2019, loan volume in the commercial banking industry grew at a slower rate, in line with the overall Thai economy. Corporate loans declined as loans repayments. Retail loans slowed down, due to the slowdown of mortgage loans from mortgage control measures and the slowdown of hire purchase loans from a decrease in new car sales. Non-performing loans continued increasing in line with the economic slowdown.

For 2020, the Thai economy is expected to grow by 1.5-2.5 percent as predicted by the Office of the National Economic and Social Development Council. The slowdown is from the spread of COVID-19 virus, the drought, and the delay of government budget implementation. However, the improvement of trade protection measures and the favorable conditions of domestic demand by both government investment and household spending would help support the Thai economic growth.

Overview of Performance

For the year ended 31 December 2019

In 2019, the Company and its subsidiaries' net profit according to the consolidated financial statements amounted to 16,760 million baht of which 10,807 million baht was the net profit attributable to the Company, representing an increase of 2,968 million baht or 37.86 percent from the previous year. This was mainly due to the performance of TBANK and its subsidiaries as well as the gains on selling TBANK to TMB. Net interest income increased from the expansion of hire purchase loans. At the same time, impairment loss of loans declined. However, non-interest income decreased, due to a decrease in net insurance/life insurance income from low long-term bond yields which resulted in an increase in life insurance reserve as per GPV method. Operating expenses increased, due to an increase in expenses for retirement pension and severance payment at the rate of 400 days' wage. As a result, the net profit attributable to the Company amounted to 10,807 million baht. Earning per share (EPS) was 9.43 baht, an increase from 6.74 baht. Return on average assets (ROAA) and return on average equity (ROAE) of the Company's shareholders were at 1.67 and 15.70 percent, respectively.

The Company's net profit according to the separate financial statements in 2019 amounted to 57,261 million baht, an increase of 53,945 million baht from the previous year. This was mainly due to the sale of TBANK to TMB. Earning per share (EPS) was 49.98 baht, an increase from 2.85 baht.

(Unit: Million Baht)

Consolidated Statements of Comprehensive Income	For the Year		Change	
	2019	2018 (Restated)	Increase/ (Decrease)	Percent
Interest Income	4,339	4,074	265	6.50
Interest Expenses	1,599	1,515	84	5.54
Net Interest Income	2,740	2,559	181	7.07
Net Fees and Service Income	1,202	1,440	(238)	(16.53)
Operating Income ⁽¹⁾	3,661	4,106	(445)	(10.84)
Net Operating Income	7,603	8,105	(502)	(6.19)
Other Operating Expenses	3,153	3,019	134	4.44
Impairment Loss of Loans and Debt Securities	(316)	302	(618)	(204.64)
Profit before Income Tax	4,766	4,784	(18)	(0.38)
Income Tax	1,367	927	440	47.46
Profit for the Year from Continuing Operations	3,399	3,857	(458)	(11.87)
Profit for the Year from Discontinued Operations	13,361	11,949	1,412	11.82
Total Profit for the Year	16,760	15,806	954	6.04
Profit Attributable to the Company	10,807	7,839	2,968	37.86
Profit Attributable to Non-controlling Interests	5,953	7,967	(2,014)	(25.28)
Earnings per Share from Continuing Operations	1.51	1.52	(0.01)	(0.66)
Earnings per Share from Discontinued Operations	7.92	5.22	2.70	51.72
Earnings per Share (Baht)	9.43	6.74	2.69	39.91
Weighted Average Number of Ordinary Shares (Million Shares)	1,145.72	1,163.86	(18.14)	(1.56)

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

Net Interest Income

(Unit: Million Baht)

Net Interest Income	For the Year		Change	
	2019	2018 (Restated)	Increase/ (Decrease)	Percent
Interest Income				
Interbank and Money Market Items	148	139	9	6.47
Investments and Trading Transactions	121	149	(28)	(18.79)
Investments in Debt Securities	281	216	65	30.09
Loans to Customers	250	368	(118)	(32.07)
Hire Purchase and Financial Lease	3,539	3,202	337	10.52
Total Interest Income	4,339	4,074	265	6.50
Interest Expenses				
Interbank and Money Market Items	363	342	21	6.14
Debts Issued and Borrowings	1,222	1,161	61	5.25
Borrowings Cost	14	12	2	16.67
Total Interest Expenses	1,599	1,515	84	5.54
Net Interest Income	2,740	2,559	181	7.07

In 2019, the Company and its subsidiaries had 2,740 million baht in net interest income, an increase of 181 million baht or 7.07 percent from the previous year.

- Interest income was 4,339 million baht, an increase of 265 million baht or 6.50 percent. This was mainly due to the growth of hire purchase loans of THANI especially in the truck segment.

- Interest expenses were 1,599 million baht, an increase of 84 million baht or 5.54 percent. This was mainly due to an increase in interest expenses for long-term debt securities of THANI.

Non-interest Income

(Unit: Million Baht)

Non-interest Income	For the Year		Change	
	2019	2018 (Restated)	Increase/ (Decrease)	Percent
Fees and Service Income	1,458	1,704	(246)	(14.44)
Fees and Service Expenses	256	264	(8)	(3.03)
Net Fees and Service Income	1,202	1,440	(238)	(16.53)
Gains on Trading and Foreign Exchange Transactions	146	41	105	256.10
Gains on Investments	514	423	91	21.51
Share of Profit from Investments Accounted for Under Equity Method	367	543	(176)	(32.41)
Gains on Property Foreclosed and Other Assets	222	369	(147)	(39.84)
Net Insurance/Life Insurance Income	1,408	1,807	(399)	(22.08)
Dividend Income	181	261	(80)	(30.65)
Other Operating Income	823	662	161	24.32
Total Other Operating Income	3,661	4,106	(445)	(10.84)
Total Non-interest Income	4,863	5,546	(683)	(12.32)

Non-interest income of the Company and its subsidiaries in 2019 amounted to 4,863 million baht, a decrease of 683 million baht or 12.32 percent from the previous year.

Net Fees and Service Income

- In 2019, net fees and service income amounted to 1,202 million baht, a decrease of 238 million baht or 16.53 percent. This was mainly due to the decrease in brokerage fees from securities businesses.

Total Other Operating Income

Total other operating income amounted to 3,661 million baht, a decrease of 445 million baht or 10.84 percent. The main reasons were from:

- Net insurance/life insurance income amounted to 1,408 million baht, a decrease of 399 million baht or 22.08 percent. This was from low long-term bond yields which resulted in an increase in life insurance reserve as per GPV method.

- Share of profit from investments accounted for under equity method amounted to 367 million baht, a decrease of 176 million baht or 32.41 percent.

- Gains on property foreclosed and other assets amounted to 222 million baht, a decrease of 147 million baht or 39.84 percent.

- Dividend income amounted to 181 million baht, a decrease of 80 million baht or 30.65 percent.
- Gains on trading and foreign exchange transactions amounted to 146 million baht, an increase of 105 million baht or 256.10 percent.
- Gains on investments amounted to 514 million baht, an increase of 91 million baht or 21.51 percent.

Other Operating Expenses

(Unit: Million Baht)

Other Operating Expenses	For the Year		Change	
	2019	2018 (Restated)	Increase/ (Decrease)	Percent
Employee's Expenses	1,895	1,793	102	5.69
Directors' Remuneration	70	59	11	18.64
Premises and Equipment Expenses	245	258	(13)	(5.04)
Taxes and Duties	35	35	-	-
Other Expenses	908	874	34	3.89
Total Other Operating Expenses	3,153	3,019	134	4.44

In 2019, other operating expenses of the Company and its subsidiaries amounted to 3,153 million baht, an increase of 134 million baht or 4.44 percent from the previous year, due to the increase in expenses for retirement pension and severance payment at the rate of 400 days' wage.

Impairment Loss of Loans and Debt Securities

(Unit: Million Baht)

Impairment Loss of Loans and Debt Securities	For the Year		Change	
	2019	2018 (Restated)	Increase/ (Decrease)	Percent
Impairment Loss of Loans and Debt Securities (Reversal)	(316)	302	(618)	(204.64)

In 2019, the Company and its subsidiaries had reversal of impairment loss of loans and debt securities in the amount of 316 million baht. As a result, the impairment loss of loans and debt securities decreased by 618 million baht or 204.64 percent from the previous year.

Financial Position

(Unit: Million Baht)

Consolidated Statements of Financial Position	31 December 2019		31 December 2018		Change	
	Amount	Percent	Amount	Percent	Increase/ (Decrease)	Percent
Cash	3	0.00	11,022	1.04	(11,019)	(99.97)
Interbank and Money Market Items - net	7,404	4.60	99,117	9.34	(91,713)	(92.53)
Investments - net	41,551	25.82	170,437	16.07	(128,886)	(75.62)
Investments in Associated Company - net	45,421	28.22	3,027	0.29	42,394	1,400.53
Loans to Customers	56,266	34.96	754,613	71.13	(698,347)	(92.54)
Accrued Interest Receivables	11	0.01	657	0.06	(646)	(98.33)
Allowance for Doubtful Accounts and Revaluation Allowance for Debt Restructuring	(3,118)	(1.94)	(24,145)	(2.28)	21,027	(87.09)
Property Foreclosed - net	3,128	1.94	4,822	0.45	(1,694)	(35.13)
Land, premises and equipment - net	301	0.19	8,043	0.76	(7,742)	(96.26)
Goodwill	-	-	17,799	1.68	(17,799)	(100.00)
Assets Classified as Held for Sale	3,423	2.13	-	-	3,423	100.00
Other Assets	6,537	4.07	15,537	1.46	(9,000)	(57.93)
Total Assets	160,927	100.00	1,060,929	100.00	(900,002)	(84.83)
Deposits	-	-	751,917	70.87	(751,917)	(100.00)
Interbank and Money Market Items	15,660	9.73	71,923	6.78	(56,263)	(78.23)
Debts Issued and Borrowings	44,780	27.83	55,013	5.19	(10,233)	(18.60)
Insurance Contracts Liabilities	13,096	8.14	14,062	1.32	(966)	(6.87)
Other Liabilities	13,332	8.28	30,096	2.84	(16,764)	(55.70)
Total Liabilities	86,868	53.98	923,011	87.00	(836,143)	(90.59)
Equity Attributable to Owners of the Company	65,833	40.91	65,735	6.20	98	0.15
Non-controlling Interests	8,226	5.11	72,183	6.80	(63,957)	(88.60)
Total Equity	74,059	46.02	137,918	13.00	(63,859)	(46.30)
Total Liabilities and Equity	160,927	100.00	1,060,929	100.00	(900,002)	(84.83)

Assets

As of 31 December 2019, Thanachart Group's total assets amounted to 160,927 million baht, a decrease of 900,002 million baht or 84.83 percent from the end of 2018, mainly due to the sale of TBANK's shares to TMB. Key factors were as follows:

Net Investments

(Unit: Million Baht)

Investments Classified by Type	31 December 2019		31 December 2018		Change	
	Amount	Percent	Amount	Percent	Increase/ (Decrease)	Percent
Trading Securities - net	5,786	6.65	17,811	10.27	(12,025)	(67.51)
Available-for-sale Securities - net	33,197	38.17	147,676	85.13	(114,479)	(77.52)
Held-to-maturity Debt Securities - net	2,426	2.79	1,298	0.75	1,128	86.90
General Investments - net	142	0.17	3,652	2.10	(3,510)	(96.11)
Investments - net	41,551	47.78	170,437	98.25	(128,886)	(75.62)
Investments in Associated Company - net	45,421	52.22	3,027	1.75	42,394	1,400.53
Total Investments - net	86,972	100.00	173,464	100.00	(86,492)	(49.86)

As at 31 December 2019, the Company and its subsidiaries had total net investments of 86,972 million baht, a decrease of 86,492 million baht or 49.86 percent from the end of the previous year. At the same time, net investments in associated companies increased from investment in TMB amounting to 42,044 million baht.

Loans to Customers

As at 31 December 2019, loans amounted to 56,266 million baht, a decrease of 698,347 million baht or 92.54 percent.

Property Foreclosed

As at 31 December 2019, the Company and its subsidiaries had property foreclosed stated at cost amounted to 4,861 million baht, accounting for 3.02 percent of total assets. The allowance for impairment of the property foreclosed was 1,733 million baht, accounting for 35.65 percent of total value at cost.

Source of Fund

Capital Structure

As at 31 December 2019, the Company and its subsidiaries had funds from liabilities and shareholders' equity of 86,868 million baht and 74,059 million baht, respectively. The ratio of debts to equity was at 1.17 times. The important components of funds from liabilities consisted of debts issued and borrowings which as at 31 December 2019 amounted to 44,780 million baht, accounting for 27.83 percent while interbank and money market items, insurance contracts liabilities, and other liabilities accounted for 9.73 percent, 8.14 percent, and 8.28 percent of total source of fund.

(Unit: Million Baht)

Capital Structure	31 December 2019		31 December 2018		Change	
	Amount	Percent	Amount	Percent	Increase/ (Decrease)	Percent
Deposits	-	-	751,917	70.87	(751,917)	(100.00)
Interbank and Money Market Items	15,660	9.73	71,923	6.78	(56,263)	(78.23)
Debts Issued and Borrowings	44,780	27.83	55,013	5.19	(10,233)	(18.60)
Insurance Contracts Liabilities	13,096	8.14	14,062	1.32	(966)	(6.87)
Other Liabilities	13,332	8.28	30,096	2.84	(16,764)	(55.70)
Total Liabilities	86,868	53.98	923,011	87.00	(836,143)	(90.59)
Total Shareholders' Equity	74,059	46.02	137,918	13.00	(63,859)	(46.30)
Total Liabilities and Equity	160,927	100.00	1,060,929	100.00	(900,002)	(84.83)

Liabilities

Total liabilities of Thanachart Group as of 31 December 2019 were 86,868 million baht, a decrease of 836,143 million baht or 90.59 percent from the end of 2018. The decrease was due to the sale of TBANK's shares. The key items were as follows:

- Interbank and money market items amounted to 15,660 million baht, a decrease of 56,263 million baht or 78.23 percent from the end of the previous year.
- Debts issued and borrowings amounted to 44,780 million baht, a decrease of 10,233 million baht or 18.60 percent from the end of the previous year.

Shareholders' Equity

Total shareholders' equity as of 31 December 2019 was 74,059 million baht, of which 65,833 million baht was the Company's shareholders' equity and 8,226 million baht was non-controlling interests. Non-controlling interest decreased by 63,957 million baht or 88.60 percent from the end of the previous year. This was mainly due to the sale of TBANK's shares to TMB, resulting in a decrease of non-controlling interests of Scotiabank.

Cash Flows

As at 31 December 2019, the Company and its subsidiaries had cash in the amount of 3 million baht. The details of the net cash flows from various activities were as follows:

- Net cash flows from operating activities were 11,238 million baht, mainly due to 18,001 million baht in profit from operation. Key changes in operating assets and liabilities included a decrease of 532 million baht in property foreclosed; a decrease of 113 million baht in other assets; an increase of 2,469 million baht in loans to customers; an increase of 926 million baht in investments in trading securities; an increase of 69 million baht in interbank and money market items (assets); an increase of 65 million baht in receivables from purchase and sale of securities; an increase of 9 million baht in derivatives assets; a decrease of 3,029 million baht in interbank and money market items (liabilities); a decrease of 966 million baht in insurance contract liabilities; a decrease of 10 million baht in payable from purchase and sales of securities; an increase of 42 million baht in derivatives liabilities; and an increase of 93 million baht in other liabilities.

- Net cash flows used in investing activities amounted to 12,001 million baht. This was due to cash received of 87,113 million baht from disposal of investment in subsidiaries/an associated company; cash received of 394 million baht from dividend; cash received of 226 million baht from interest; cash received of 3 million baht from disposal of land, premises and equipment/intangible assets. On the other hand, there were cash paid of 70,250 million baht for purchase of investment in subsidiaries/associated companies; cash paid of 29,382 million baht for investments in securities; and cash paid of 105 million baht for purchase of premises and equipment/intangible assets.

- Net cash flows from financing activities amounted to 757 million baht. This included cash received of 18,957 million baht from debts issued and borrowings; cash paid of 9,654 million baht for debts issued and borrowings; cash paid of 3,920 million baht for dividend to non-controlling interests; cash paid of 3,207 million baht for dividend; cash paid of 1,184 million baht for interest expenses on debts issued and borrowings; and cash paid of 235 million baht for treasury shares.

Commitments

As of 31 December 2019, the Company and its subsidiaries had commitments in the amount of 44 million baht, a decrease of 87,063 million baht or 99.95 percent from the end of 2018.

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	
		2019	2018
Thanachart Securities Public Company Limited	50.96	1,674	593
Thanachart Insurance Public Company Limited	50.96	1,449	1,042
TS Asset Management Company Limited	99.96	134	237
Ratchthani Leasing Public Company Limited	55.47	1,850	1,641
NFS Asset Management Company Limited	100.00	135	14
MAX Asset Management Company Limited	83.44	224	201
MBK Life Assurance Public Company Limited	51.00	(231)	(63)

Financial Position and Operating Results of Subsidiary Companies

Thanachart Bank Public Company Limited

Consolidated Financial Statements of TBANK and its subsidiaries were as follows:

Subsidiaries directly held by TBANK at the end of 2019

- Thanachart Broker Company Limited

Subsidiaries that TBANK sold ordinary shares held by it under the business restructuring in accordance with the merger plan. The consolidated financial statement for the year ended 31 December of 2019 of TBANK included the operating results of the following subsidiaries from 1 January 2019 to the date of disposal of investments.

- Thanachart Securities Public Company Limited
- Thanachart Insurance Public Company Limited
- Thanachart Fund Management Company Limited

(On 27 December 2019, TBANK sold 25.10 percent of ordinary shares held in TFUND to Prudential. As a result, TBANK shareholding in TFUND reduced to 49.90 percent. TBANK therefore recorded investment in TFUND as the investment in associated company.)

- Thanachart Group Leasing Company Limited
- Thanachart Management and Services Company Limited
- Thanachart Training and Development Company Limited
- TS Asset Management Company Limited
- Security SCIB Services Company Limited
- Ratchthani Leasing Public Company Limited

Operating Results Overview

(Analysis comparing performance of 2019 and 2018 based on consolidated financial statements)

(Unit: Million Baht)

Consolidated Statements of Comprehensive Income	For the Year		Change	
	2019	2018 (Restated)	Increase/ (Decrease)	Percent
Interest Income	44,969	42,791	2,178	5.09
Interest Expenses	15,569	14,438	1,131	7.83
Net Interest Income	29,400	28,353	1,047	3.69
Net Fees and Service Income	4,974	4,872	102	2.09
Other Operating Income ⁽¹⁾	6,871	1,877	4,994	266.06
Net Operating Income	41,245	35,102	6,143	17.50
Other Operating Expenses ⁽²⁾	18,605	18,037	568	3.15
Pre-Provision Operating Profit (PPOP)	22,640	17,065	5,575	32.67
Impairment Loss of Loans and Debt Securities	5,439	4,483	956	21.33
Profit before Income Tax	17,201	12,582	4,619	36.71
Income Tax	3,563	1,474	2,089	141.72
Profit for the Year from Continuing Operations	13,638	11,108	2,530	22.78
Profit for the Year from Discontinued Operations	12,732	4,349	8,383	192.76
Profit for the Year	26,370	15,457	10,913	70.60
Profit Attributable to the Bank	25,621	14,703	10,918	74.26
Profit Attributable to Non-controlling Interests	749	754	(5)	(0.66)
Earnings per Share (Baht)	4.23	2.42		
Weighted Average Number of Ordinary Shares (Million Shares)	6,064.86	6,064.86		

Notes: ⁽¹⁾ Other operating income net insurance expenses

⁽²⁾ Excluding insurance expenses

Operating Results for the Year 2019

Last year, TBANK maintained its strategic aim at being Customer Centric as an organization, and thus, becoming the Main Bank for the customers by offering products through suitable channels that matched the customers' needs, coupled with business operation enhancement through digital investments. In addition, on 3 December 2019, TBANK sold its ordinary shares in the subsidiaries and other companies according to the business restructuring plan for the integration. TBANK separated the performance of the sold subsidiaries and associated companies as performance from discontinued operations in its total comprehensive income statements. TBANK and its subsidiaries' net profit totaled 25,621 million baht, an increase of 10,918 million baht or 74.26 percent from the previous year as a result of the profit of 13,638 million baht from continuing operations, and the profit of 11,983 million baht from discontinued operations. On the same day, TMB acquired shares in TBANK from TCAP and Scotia Netherlands Holdings B.V. in accordance with TBANK's Master SPA. Once merged, the new bank's size would be almost doubled, with business structures and areas of expertise that complemented each other, and a much larger customer base. This presented greater market and business opportunities. Competitiveness would be enhanced as both banks joined forces, creating higher business returns and advantages to the shareholders, customers, and the national economy in general.

Total income of TBANK grew 17.50 percent from net interest income which grew 3.69 percent, and the non-interest income which increased by 75.51 percent mainly from recognizing the difference in fair value from the loss of control in TFUND. On the other hand, operating expenses increased by 3.15 percent from retirement and severance expenses. Impairment loss of loans and debt securities increased by 21.33 percent. Consequently, the pre-provision operating profit (PPOP) grew as much as 32.67 percent year-on-year.

Total assets contracted by 4.10 percent from the end of last year following the decrease of 5.24 percent in total loans due to the divestment in THANI, a company that operates hire purchase business primarily for the truck segment. The asset quality remained solid due to prudent risk management policies. Total deposits decreased by 2.37 percent.

On separate financial statements, NPL ratio ended at 2.29 percent with coverage ratio of 103.21 percent. Reserve to required reserve by the BOT was at 149.29. For capital adequacy, BIS ratio was at 19.65 percent, an increase from 19.45 percent at the end of 2018. Tier I capital ratio of TBANK is at 17.66 percent, an increase from 15.42 percent at the end of 2018.

Net Interest Income

(Unit: Million Baht)

Net Interest Income	For the Year		Change	
	2019	2018 (Restated)	Increase/ (Decrease)	Percent
Interest Income	44,969	42,791	2,178	5.09
Interbank and Money Market Items	1,929	1,739	190	10.93
Investments and Trading Transactions	117	108	9	8.33
Investments in Debt Securities	2,383	2,498	(115)	(4.60)
Loans to Customers	16,751	17,242	(491)	(2.85)
Hire Purchase and Financial Lease	23,789	21,204	2,585	12.19
Interest Expenses	15,569	14,438	1,131	7.83
Deposits	10,062	9,083	979	10.78
Interbank and Money Market Items	739	768	(29)	(3.78)
Contribution Fee to the Financial Institution Development Fund and the Deposit Protection Agency	3,717	3,482	235	6.75
Debts Issued and Borrowings	1,048	1,105	(57)	(5.16)
Borrowings Cost	3	-	3	-
Net Interest Income	29,400	28,353	1,047	3.69

In 2019, TBANK and its subsidiaries' net interest income totaled 29,400 million baht, an increase of 1,047 million baht or 3.69 percent from last year.

- Interest income totaled 44,969 million baht, an increase of 2,178 million baht or 5.09 percent from growing loan volume in TBANK - only financial statement from the previous year, while yield on earning assets decreased slightly from 4.50 percent in the previous year to 4.49 percent.

- Interest expenses totaled 15,569 million baht, an increase of 1,131 million baht or 7.83 percent, mainly from cost of fund which increased from 1.76 percent in the previous year to 1.81 percent.

Consequently, interest spread in 2019 was at 2.68 percent, reduced from the previous year of 2.74 percent.

Non-interest Income

(Unit: Million Baht)

Non-interest Income	For the Year		Change	
	2019	2018 (Restated)	Increase/ (Decrease)	Percent
Net Fees and Service Income	4,974	4,872	102	2.09
Gains on Trading and Foreign Exchange Transactions	670	268	402	150.00
Gains on Investments	4,528	(129)	4,657	(3,610.08)
Dividend Income	268	241	27	11.20
Other Operating Income	1,405	1,497	(92)	(6.15)
Total Other Operating Income	6,871	1,877	4,994	266.06
Total Non-interest Income	11,845	6,749	5,096	75.51

In 2019, non-interest income of TBANK and its subsidiaries totaled 11,845 million baht, an increase of 5,096 million baht or 75.51 percent from last year. This was mainly due to an increase in gains on investments.

- Net fees and service income was in the amount of 4,974 million baht, an increase of 102 million baht or 2.09 percent.
- Total other operating income amounted to 6,871 million baht, an increase of 4,994 million baht or 266.06 percent from last year. This was mainly due to gains on investment which increased 4,657 million baht, mainly from the recognition of difference in fair value from loss of control in TFUND.

Due to the reasons above, the non-interest income ratio for 2019 was 28.72 percent, an increase from 19.23 percent last year. However, assuming that the profits from discontinued operations were included in the non-interest income and the total revenue base, non-interest income ratio for 2019 would be 45.53 percent, an increase from 28.13 percent of the previous year.

Other Operating Expenses

(Unit: Million Baht)

Other Operating Expenses	For the Year		Change	
	2019	2018 (Restated)	Increase/ (Decrease)	Percent
Employee's Expenses	10,567	9,554	1,013	10.60
Premises and Equipment Expenses	2,376	2,345	31	1.32
Taxes and Duties	678	698	(20)	(2.87)
Directors' Remuneration	65	42	23	54.76
Other Expenses	4,919	5,398	(479)	(8.87)
Total Other Operating Expenses	18,605	18,037	568	3.15

In 2019, other operating expenses of TBANK and its subsidiaries totaled 18,605 million baht, an increase of 568 million baht or 3.15 percent from last year, mainly due to expense allocation to compensate employee retirement and severance. Consequently, cost to income ratio of 2019 was at 45.11 percent, a decrease from 51.38 percent in the previous year. However, assuming that the profits from discontinued operations were included in the non-interest income and the total revenue base, cost to income ratio in 2019 would be 34.47 percent, a decrease from the previous year of 45.72 percent.

Impairment Loss of Loans and Debt Securities

(Unit: Million Baht)

Impairment Loss of Loans and Debt Securities	For the Year		Change	
	2019	2018 (Restated)	Increase/ (Decrease)	Percent
Impairment Loss of Loans and Debt Securities	5,439	4,483	956	21.33
Credit Cost (Percent)	0.64	0.53	0.11	20.75

In 2019, TBANK and its subsidiaries had 5,439 million baht in impairment loss of loans and debt securities, an increase of 956 million baht or 21.33 percent from the previous year. Credit cost was at 0.64 percent, higher than the previous year of 0.53 percent.

Financial Position of TBANK and Its Subsidiaries

(Unit: Million Baht)

Consolidated Statements of Financial Position	31 December 2019	31 December 2018	Change	
			Increase/ (Decrease)	Percent
Assets				
Cash	10,426	11,019	(593)	(5.38)
Interbank and Money Market Items - net	147,537	97,568	49,969	51.21
Investments - net	105,826	161,078	(55,252)	(34.30)
Loans to Customers	713,978	753,498	(39,520)	(5.24)
Accrued Interest Receivables	598	645	(47)	(7.29)
Allowance for Doubtful Accounts and Revaluation				
Allowance for Debt Restructuring	(20,046)	(23,652)	3,606	(15.25)
Property Foreclosed - net	2,071	2,815	(744)	(26.43)
Land, Premises, and Equipment - net	10,526	7,996	2,530	31.64
Goodwill and Intangible Assets - net	19,423	19,790	(367)	(1.85)
Other Assets	13,382	15,855	(2,473)	(15.60)
Total Assets	1,003,721	1,046,612	(42,891)	(4.10)

Assets

As of 31 December 2019, TBANK and its subsidiaries' total assets amounted to 1,003,721 million baht, a decrease of 42,891 million baht or 4.10 percent from the end of 2018. The key changes were as follows:

- Net interbank and money market items were in the amount of 147,537 million baht, an increase of 49,969 million baht or 51.21 percent from the end of last year, mainly from loans to TMB.
- Net investments totaled 105,826 million baht, a decrease of 55,252 million baht or 34.30 percent from the end of last year, mainly due to management for suitable yield return and the reduction of investments in subsidiaries which TBANK had sold.
- Loans totaled 713,978 million baht, a decrease of 39,520 million baht or 5.24 percent from the end of last year as a result of the sale of shares in THANI, which mainly engages in providing services of hire purchase and leasing for trucks.

(Unit: Million Baht)

Consolidated Statements of Financial Position	31 December 2019	31 December 2018	Change	
			Increase/ (Decrease)	Percent
Liabilities and Shareholders' Equity				
Deposits	734,352	752,160	(17,808)	(2.37)
Interbank and Money Market Items	46,680	71,955	(25,275)	(35.13)
Liability Payable on Demand	1,020	1,163	(143)	(12.30)
Debts Issued and Borrowings	31,424	43,079	(11,655)	(27.05)
Provisions	4,616	3,875	741	19.12
Insurance Contracts Liabilities	-	5,729	(5,729)	(100.00)
Other Liabilities	22,369	24,445	(2,076)	(8.49)
Total Liabilities	840,461	902,406	(61,945)	(6.86)
Equity Attributable to Owners of TBANK	163,260	141,699	21,561	15.22
Non-controlling Interests	-	2,507	(2,507)	(100.00)
Total Liabilities and Shareholders' Equity	1,003,721	1,046,612	(42,891)	(4.10)

Liabilities and Shareholders' Equity

TBANK and its subsidiaries' total liabilities as of 31 December 2019 amounted to 840,461 million baht, a decreased of 61,945 million baht or 6.86 percent from the end of 2018. The key changes were as follows:

- Deposits totaled 734,352 million baht, a decrease of 17,808 million baht or 2.37 percent from the end of last year, mainly from the reduction in term deposits and certificate of deposits. As a result, CASA ratio was 51.53 percent, an increase from 48.52 percent at the end of last year.

- Debts issued and borrowings totaled 31,424 million baht, a decrease of 11,655 million baht or 27.05 percent. This was due to the issuance of private placement debentures and the early redemption of unsecured subordinated instruments issued under Tier II.

Shareholders' equity as of 31 December 2019 was in the amount of 163,260 million baht, an increase of 19,054 million baht or 13.21 percent from the end of 2018. The details were as follows:

- TBANK's shareholders' equity was in the amount of 163,260 million baht, an increase of 21,561 million baht or 15.22 percent. This was mainly due to profitable operating results of TBANK and its subsidiaries in 2019 which totaled 25,621 million baht, surplus from fixed asset revaluation of 2,406 million baht, mark to market on investments which decreased by 694 million baht, decrease in net share of other comprehensive income of associates amounting to 534 million baht, and dividend payment of 6,783 million baht.

- Equity attributable to non-controlling interests decreased by 2,507 million baht or 100.00 percent, due to the sale of subsidiaries according to the business restructuring plan.

Asset Quality

The asset quality was considered based on consolidated financial statements.

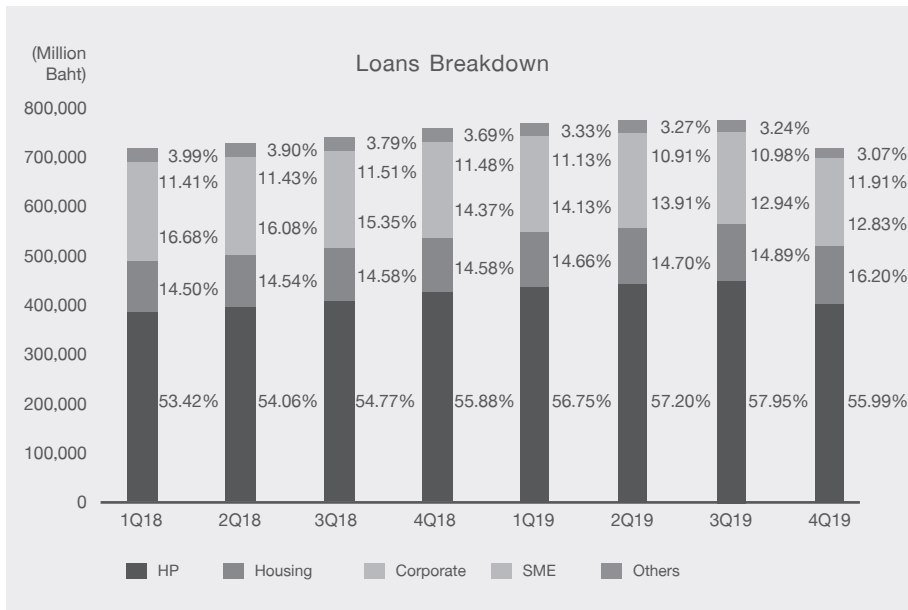
1. Loans

1.1 Loans to Customers and Accrued Interest Receivables

As of 31 December 2019, TBANK and its subsidiaries' loans to customers and accrued interest receivables totaled 714,575 million baht, decreased from the previous year by 39,567 million baht or 5.25 percent, Hire purchase loans declined by 5.05 percent, due to the sale of shares in THANI, which mainly engages in providing services of hire purchase and leasing for trucks. Housing loans grew by 5.29 percent. Corporate and commercial loans declined 9.31 percent from the previous year. The retail to corporate and SME loans ratio was 75 percent to 25 percent. In addition, TBANK managed NPLs and maintained the strength of asset quality. In 2019, TBANK and its subsidiaries carried out debt restructuring agreements with debtors in a number of ways; changing repayment conditions, transfers of assets and/or equity shares and/or amending repayment terms, totaling 1,187 accounts whose accounting outstanding pre-restructuring was 2,978 million baht. At the end of 2019, TBANK had 5,494 restructured accounts, and the principle and accrued interest amounted to 8,698 million baht.

Loans Diversification

At the end of 2019, hire purchase loans accounted for 55.99 percent, followed by corporate and SME loans of 24.74 percent, housing loans of 16.20 percent, and others of 3.07 percent.



1.2 Loans Classified in Accordance with the BOT's Regulation of TBANK and Its Financial Institution Subsidiary

As at 31 December 2019, TBANK and its subsidiaries that are financial institutions (Asset Management Company) had an amount of loans to customers and accrued interest receivables classified in accordance with the BOT's guidelines of 714,574 million baht, increased from the previous year by 12,922 million baht or 1.84 percent. Allowance for doubtful account as at 31 December 2019, was 20,046 million baht and total allowance for doubtful accounts to total loans and accrued interest receivable was 2.81 percent.

Loans Classified by the BOT's Regulations

(Unit: Million Baht)

	Loans and Accrued Interest Receivables		Allowance for Doubtful Accounts	
	31 December 2019	31 December 2018	31 December 2019	31 December 2018
Normal	662,728	656,396	4,021	4,127
Special Mention	32,278	27,759	2,721	2,438
Substandard	4,864	4,602	1,715	1,617
Doubtful	5,194	3,171	1,895	1,155
Doubtful of Loss	9,510	9,724	3,026	3,562
Total	714,574	701,652	13,378	12,899
Additional Allowance for Doubtful Accounts			6,668	8,218
Total Allowance for Doubtful Accounts			20,046	21,117
Ratio of Total Allowance for Doubtful Accounts to Loans and Accrued Interest Receivables (Percent)			2.81	3.01

1.3 Non-performing Loans

Under the market and economic conditions that were slowing down, TBANK managed NPLs through systematic and effective control. NPLs as at 31 December 2019 was at 19,567 million baht, an increase of 3,661 million baht or 23.02 percent from the end of last year as a result of a default of corporate loan. As a result, the NPL ratio of TBANK was at 2.29 percent, an increase from 2.02 percent at the end of last year.

Coverage ratio of TBANK as at 31 December 2019 was at 103.21 percent. TBANK and its subsidiaries had an excess reserve of 6,668 million baht according to BOT's regulations, and a reserve to required reserve ratio of 149.29 percent as at 31 December 2019.

Non-performing Loans

	TBANK		TBANK Consol.	
	31 December 2019	31 December 2018	31 December 2019	31 December 2018
NPLs (Million Baht)	19,567	15,905	19,567	19,329
Total Allowance for Doubtful Accounts * (Million Baht)	20,195	19,837	20,195	23,812
NPL-gross to Total Loans (Percent)	2.29	2.02	2.29	2.30
NPL-net to Total Loans (Percent)	1.28	1.24	1.28	1.22
Reserve to Required Reserve by the BOT (Percent)	149.29	165.07	149.29	154.90
Coverage Ratio (Percent)	103.21	124.72	103.21	123.20

Note: * Including revaluation allowance for debt restructuring

2. Investments in Securities

In 2019, TBANK and its subsidiaries had a total amount of investments in securities of 105,826 million baht. A major portion of approximately 79.07 percent was in government and state enterprises securities, followed by 10.44 percent in private debt securities. After adding (deducting) allowance for change in values and impairment, net investments decreased from 2018 of 161,078 million baht. Details of securities investment were as follows:

Securities Investments Classified by Types of Instruments

(Unit: Million Baht)

Type of Investments	31 December 2019	Percent	31 December 2018	Percent
Debt Securities				
Government and State Enterprises Securities				
• Trading	1,583	1.50	12,300	7.64
• Available-for-sale	82,093	77.57	100,009	62.09
• Held-to-maturity	-	-	381	0.24
Private Debt Securities				
• Trading	416	0.39	693	0.43
• Available-for-sale	9,943	9.40	21,361	13.26
• Held-to-maturity	682	0.65	220	0.14
Foreign Debt Securities				
• Trading	-	-	-	-
• Available-for-sale	9,047	8.55	17,385	10.79
• Held-to-maturity	-	-	-	-
Equity Securities				
Listed Securities				
• Trading	-	-	1,079	0.67
• Available-for-sale	1,317	1.24	4,464	2.77
Investment in Receivables Purchased				
• Held-to-maturity	-	-	-	-
Other Investments	135	0.13	3,640	2.26
Total Debt Securities	105,216	99.43	161,532	100.29
Add (less): Allowance for Change in Value	619	0.58	(446)	(0.28)
Allowance for Impairment	(9)	(0.01)	(8)	(0.01)
Total Investments - net	105,826	100.00	161,078	100.00

Liquidity

As at 31 December 2019, loans to deposits and debts issued and borrowings ratio of TBANK and its subsidiaries was 93.24 percent, a slight decrease from 94.75 percent at the end of 2018, due to liquidity management in coherence with market condition. TBANK maintained its strong liquidity with a high level of liquid and low risk assets portion.

With a focus on liquidity management, TBANK followed the Liquidity Coverage Ratio (LCR) Standard pursuant to Basel III criteria, and could achieve the LCR ratio of more than 100 percent. The LCR ratio as at 31 December 2019 was higher than the 90 percent criteria prescribed by the BOT.

At the end of 2019, TBANK and its subsidiaries had cash used in operating activities of 68,312 million baht, cash received from investing activities of 64,684 million baht, and cash received from financing activities of 3,042 million baht, attributed to a net decrease in cash of 586 million baht. At the end of 2019, TBANK had an amount of 10,426 million baht in cash and cash equivalents. Key items consisted of the followings:

- Cash flows used in operating activities mainly stemmed from increases in interbank and money market items which increased by 52,245 million baht, and customer loan growth of 27,254 million baht, offset by operational profit prior to changes in assets and liabilities of 20,385 million baht.

- Cash flows from investing activities were largely a result of a decrease in investment securities of 35,904 million baht and a decrease in investment of subsidiaries and affiliates by 32,590 million baht.

- Cash flows from financing activities came from loans in the amount of 34,628 million baht, offset by cash to repay loans of 23,500 million baht and dividend payment of 6,782 million baht.

(Unit: Million Baht)

Major Changes Items	2019	2018
Net Cash Flows (used in) Operating Activities	(68,312)	(9,304)
Net Cash Flows Received from Investing Activities	64,684	13,192
Net Cash Flows Received from (used in) Financing Activities	3,042	(4,322)
Net Decrease in Cash	(586)	(434)
Cash at Beginning of the Year	11,012	11,453
Cash at End of the Year	10,426	11,019

Relation between Sources and Uses of Fund

In 2019, TBANK and its subsidiaries' sources of fund from deposits and borrowings were of 734,352 million baht and 31,424 million baht, respectively. Uses of fund in giving credits was 713,977 million baht and investments before adjustment was of 105,216 million baht. List of sources and uses of major fund by remaining tenor to 31 December 2019, the record date of the financial statement, were as follows:

Type	At Call		Less than 1 Year		Over 1 Year		Unspecified		Total	
	Million Baht	Percent	Million Baht	Percent	Million Baht	Percent	Million Baht	Percent	Million Baht	Percent
Sources of Funds										
Deposits	378,427	49.42	341,221	44.56	14,704	1.92	-	-	734,352	95.90
Borrowings	5	-	24,419	3.19	7,000	0.91	-	-	31,424	4.10
Total Sources of Funds	378,432	49.42	365,640	47.75	21,704	2.83	-	-	765,776	100.00
Uses of Funds										
Loans ⁽¹⁾	36,553	4.46	184,112	22.47	493,312	60.22	-	-	713,977	87.16
Investments	5	-	54,552	6.66	49,207	6.01	1,452	0.18	105,216	12.84
Total Uses of Funds	36,558	4.46	238,664	29.13	542,519	66.23	1,452	0.18	819,193	100.00

Note: ⁽¹⁾ The outstanding balance of loans at call includes stop-accrued loans

From the breakdown of sources and uses of fund by remaining tenor of the financial instruments as of 31 December 2019, sources of funds consisted of a major portion of callable deposits of 49.42 percent and deposits reaching maturity in less than 1 year of 44.56 percent of total sources of fund. Whereas the uses of fund consisted of a major portion of loans with remaining tenors of over 1 year of 60.22 percent and loans with remaining tenors of less than 1 year of 22.47 percent of total uses of fund. However, this incongruence between the sources and uses of funds is commonly found in the industry of commercial banks and financial institutions as most depositors tend to keep the matured cash deposited after the due date. Furthermore, TBANK had formulated policies to minimize such discrepancy between the sources and uses of fund using financial instruments to efficiently manage risk that TBANK would receive warning signals in advance in case of the possible impact on the sources and uses of fund.

Commitments

As at 31 December 2019, TBANK and its subsidiaries' total commitments decreased by 3,384 million baht or 3.88 percent from 87,106 million baht at the end of December 2018. This was largely a result of an elevation in other commitments as shown in the table below:

(Unit: Million Baht)

	31 December 2019	31 December 2018	Change	
			Increase/(Decrease)	Percent
Aval to Bills	93	303	(210)	(69.31)
Liabilities under Unmatured Import Bills	166	283	(117)	(41.34)
Letter of Credits	931	759	172	22.66
Guarantees of Loans	2,348	2,402	(54)	(2.25)
Other Obligations				
Committed (but not Drawn) Overdraft	21,717	22,341	(624)	(2.79)
Others	58,467	61,018	(2,551)	(4.18)
Total	83,722	87,106	(3,384)	(3.88)

Capital Adequacy

As at 31 December 2019, TBANK's capital according to Basel III totaled 133,048 million baht, of which an amount of 119,532 million baht was Tier I capital and 13,516 million baht was Tier II capital. The capital adequacy ratio was at 19.65 percent compared to 19.45 percent at the end of 2018, comprising 17.66 percent of Tier I capital and 15.42 percent of Tier II capital.

However, the capital adequacy ratio was well over the minimum requirement of BOT of not below 11.00 percent. Details were as follows:

Capital Adequacy Ratio

	31 December 2019		31 December 2018	
	Million Baht	Percent	Million Baht	Percent
Tier I Capital	119,532	17.66	104,481	15.42
Total Capital Funds	133,048	19.65	131,859	19.45

Operating Results of Subsidiaries

	Shareholding (Percent)		Net Profit	
	2019	2018	2019 ⁽¹⁾	2018
Thanachart Bank Public Company Limited Consolidated Financial Statements			32,317	14,703
Thanachart Securities Public Company Limited	-	100.00	1,648	593
Thanachart Fund Management Company Limited ⁽²⁾	-	75.00	567	655
Thanachart Insurance Public Company Limited	-	100.00	1,413	1,042
TS Asset Management Company Limited	-	100.00	48	237
Ratchthani Leasing Public Company Limited	-	65.18	1,679	1,641

Notes: ⁽¹⁾ Total comprehensive income for the year, ended on 31 December 2019, included the performance of subsidiaries from 1 January 2019 until the disposal date of investment.

⁽²⁾ TBANK currently holds 49.90 percent of the shares in TFUND; thus, TBANK recorded the investment in TFUND as an investment in an associated company.

Thanachart Securities Public Company Limited

Average daily trading volume of TNS in 2019 was 2,664 million baht, a decrease from 3,152 million baht in the previous year. Market share of securities trading was at 2.90 percent.

Net profit for the year 2019 amounted to 1,674 million baht, an increase of 1,081 million baht or 182.29 percent from the previous year. Total income increased by 1,196 million baht or 63.62 percent from the previous year, due to the gains on investments from Thanachart Group's shareholding restructuring plan. Brokerage fees income decreased by 20.51 percent, which was in line with the trading volume of the stock market and TNS's market share during the period. At the same time, the interest income on the margin loans decreased as the margin loans reduced and the interest rate declined. Total expenses declined by 13.99 percent.

As at December 31, 2019, TNS maintained its liquidity ratio (Net Liquid Capital Rules: NCR) at 94.76 percent, higher than the minimum requirement by SEC of 7.00 percent of general indebtedness and securities pledged.

Thanachart Insurance Public Company Limited

In 2019, TNI had total insurance premium of 8,368 million baht, an increase of 380 million baht or 4.75 percent from the previous year. The increase was due to higher sales volumes through TBANK (Bancassurance), dealers and external brokers. The total insurance premium could be divided into auto insurance premium of 7,048 million baht, which increased by 329 million baht or 4.89 percent from the previous year.

For operating results, TNI had a net profit in 2019 of 1,449 million baht, an increase of 407 million baht or 39.05 percent from the previous year. This was due to the gains on investments from Thanachart Group's shareholding restructuring plan. The other reason was from using insurance selection strategies in new car segment by selecting only profitable types of cars.

TS Asset Management Company Limited

TS AMC has continuously managed debt in accordance with the policies and business plans of the Thanachart Group. As of December 31, 2019, TS AMC had total assets of 2,398 million baht, a decrease of 100 million baht or 4.00 percent from the end of the previous year.

For operating result in 2019, TS AMC had a net profit of 134 million baht, a decrease of 103 million baht from the previous year. This was mainly due to the fact that TS AMC had set aside impairment allowance for property foreclosed.

Ratchthani Leasing Public Company Limited

As at 31 December 2019, THANI still had a strong financial structure. Total assets were 50,704 million baht, an increase of 3,173 million baht or 6.68 percent from the end of previous year. The company had hire purchase loans and financial leases in the amount of 49,709 million baht, an increase of 3,297 million baht or 7.10 percent. This was mainly from an increase in truck hire purchase. Moreover, the hire purchase loans accounted for 98.04 percent of the total assets. Total liabilities and shareholders' equity were 43,147 million baht and 7,557 million baht, respectively.

Net profit for the year 2019 amounted to 1,850 million baht, an increase of 209 million baht or 12.74 percent from the previous year. Total income of the company amounted to 4,086 million baht, an increase of 259 million baht or 6.77 percent. Interest expenses were 1,011 million baht, an increase of 142 million baht or 16.34 percent, due to the acquisition of long-term borrowings to support lending. Provision expenses of THANI amounted to 194 million baht, a decrease of 209 million baht or 51.86 percent. This was due to its strict and close monitoring of lending which resulted in better asset quality. Also, THANI has reversed its general provision in the amount of 90 million baht for providing provision in accordance with its business operation under TFRS9 accounting standards.

MBK Life Assurance Public Company Limited

As at 31 December 2019, MBK LIFE's total assets amounted to 8,329 million baht, a decrease of 1,452 million baht or 14.85 percent from the end of 2018.

MBK LIFE had a net loss for the year 2019 in the total amount of 231 million baht, comparing to a net loss of 63 million baht in the year 2018. The main factors affecting its performance were an increase in net insurance premium of 80 million baht and an increase in investments income of 158 million baht from an impact of gains on fair value adjustments which increased from the end of 2018. Insurance expenses increased from a year earlier by 365 million baht, due mainly to an increase in benefits paid under insurance policies and net claims of 45 million baht. Insurance reserve for long-term insurance policies increased by 335 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 2018.

NFS Asset Management Company Limited

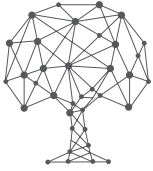
As at 31 December 2019, NFS AMC had total assets in the amount of 886 million baht, a decrease of 149 million baht or 14.40 percent from the end of the previous year.

NFS AMC's net profit for the year 2019 amounted to 135 million baht, an increase of 121 million baht from the previous year. Operating income amounted to 161 million baht, mainly from gains on investments in securities of 137 million baht. At the same time, other operating expenses amounted to 28 million baht.

MAX Asset Management Company Limited

As at 31 December 2019, MAX AMC had total assets in the amount of 692 million baht, a decrease of 322 million baht or 31.76 percent from the end of the previous year.

MAX AMC's net profit for the year 2019 amounted to 224 million baht, an increase of 23 million baht or 11.44 percent from the previous year. Operating income amounted to 316 million baht, mainly from gains on debt settlement/assets transferred for debt settlement of 236 million baht and gains on property foreclosed of 105 million baht. At the same time, other operating expenses were 31 million baht and income tax was 63 million baht.



ABBREVIATIONS

Thanachart Capital Public Company Limited	the Company
Thanachart Bank Public Company Limited	TBANK
Thanachart Securities Public Company Limited	TNS
Thanachart Fund Management Company Limited	TFUND
Thanachart Insurance Public Company Limited	TNI
MBK Life Assurance Public Company Limited	MBK LIFE
Thanachart Group Leasing Company Limited	TGL
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
National Leasing Company Limited	NL
Thanachart Management and Services Company Limited	TMS
Thanachart Training and Development Company Limited	TTD
Thanachart Broker Company Limited	TBROKE
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
TMB Bank Public Company Limited	TMB
The Bank of Nova Scotia	Scotiabank
ING Bank N.V.	ING
Siam City Bank Public Company Limited	SCIB
MBK Public Company Limited	MBK
Prudential Life Assurance (Thailand) Public Company Limited	Prudential
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
The Lao People's Democratic Republic	Lao PDR



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