

Thanachart Capital Public Company Limited
and its subsidiaries
Report and interim financial statements
30 September 2012

**Independent Auditor's Report on Review of Interim Financial Information
To the Shareholders of Thanachart Capital Public Company Limited**

I have reviewed the accompanying consolidated statement of financial position of Thanachart Capital Public Company Limited and its subsidiaries as at 30 September 2012, the related consolidated statements of comprehensive income for the three-month and nine-month periods ended 30 September 2012 and 2011, the related consolidated statements of changes in equity and cash flows for the nine-month periods then ended, as well as the condensed notes to the consolidated financial statements, and have also reviewed the separate financial information of Thanachart Capital Public Company Limited for the same periods. Management is responsible for the preparation and presentation of this interim financial information in accordance with Accounting Standard 34 Interim Financial Reporting. My responsibility is to express a conclusion on this interim financial information based on my reviews.

Scope of review

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

Conclusion

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

Statements of financial position as at 31 December 2011 for comparative purposes

I have previously audited the consolidated financial statements of Thanachart Capital Public Company Limited and its subsidiaries and the separate financial statements of Thanachart Capital Public Company Limited for the year ended 31 December 2011 in accordance with Thai Standards on Auditing, and expressed an unqualified opinion on those statements under my report dated 20 February 2012. The consolidated and separate statements of financial position as at 31 December 2011, as presented herein for comparative purposes, formed an integral part of those financial statements.

Phuphun Charoensuk

Certified Public Accountant (Thailand) No. 4950

Ernst & Young Office Limited

Bangkok: 8 November 2012

Thanachart Capital Public Company Limited and its subsidiaries

Statements of financial position

As at 30 September 2012 and 31 December 2011

(Unit: Thousand Baht)

	Note	Consolidated financial statements		Separate financial statements	
		30 September	31 December	30 September	31 December
		2012	2011	2012	2011
		(Unaudited but reviewed)	(Audited)	(Unaudited but reviewed)	(Audited)
Assets					
Cash		10,786,144	16,005,678	10	-
Interbank and money market items - net		73,910,117	63,232,094	120,367	75,753
Derivatives assets	4	2,133,496	1,536,490	-	-
Investments - net	5	138,889,696	152,511,228	9,004,258	5,657,335
Investments in subsidiaries and associates - net	6	1,811,418	1,672,981	31,572,896	31,598,119
Loans to customers and accrued interest receivables	7				
Loans to customers		754,649,586	676,790,337	331,403	1,344,436
Accrued interest receivables		1,087,147	979,725	9,263	9,245
Total loans to customers and accrued interest receivables		755,736,733	677,770,062	340,666	1,353,681
Less: Deferred revenue		(51,763,146)	(39,686,523)	(7,431)	(7,847)
Less: Allowance for doubtful accounts	8	(24,659,138)	(26,900,029)	(235,878)	(258,777)
Less: Revaluation allowance for debt restructuring	9	(350,570)	(385,980)	-	-
Net loans to customers and accrued interest receivables		678,963,879	610,797,530	97,357	1,087,057
Customers' liability under acceptance		40,103	90,531	-	-
Property foreclosed - net	11	9,981,844	11,560,136	1,805,403	2,006,953
Land, premises and equipment - net		8,431,417	8,814,746	54,413	55,150
Intangible assets - net		4,343,845	4,709,482	383	400
Goodwill	12	14,189,556	13,981,349	-	-
Receivables from purchase and sale of securities		3,556,938	858,326	-	664
Accrued interest and dividend receivables		1,201,085	1,050,831	163,557	78,922
Reinsurance assets		1,221,392	2,573,393	-	-
Other assets - net	13	7,748,342	5,761,842	77,897	82,595
Total assets		957,209,272	895,156,637	42,896,541	40,642,948

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

Thanachart Capital Public Company Limited and its subsidiaries

Statements of financial position (continued)

As at 30 September 2012 and 31 December 2011

(Unit: Thousand Baht)

	Note	Consolidated		Separate	
		financial statements		financial statements	
		30 September	31 December	30 September	31 December
		2012	2011	2012	2011
		(Unaudited but reviewed)	(Audited)	(Unaudited but reviewed)	(Audited)
Liabilities and equity					
Deposits		650,267,864	435,864,954	-	-
Interbank and money market items	14	73,400,262	60,151,091	257	246
Liability payable on demand		3,484,377	2,130,716	-	-
Derivatives liabilities	4	1,296,935	2,885,848	-	-
Debts issued and borrowings	15	87,434,789	262,653,021	12,000,000	12,000,000
Bank's liability under acceptances		40,103	90,531	-	-
Provisions	16	3,385,609	3,143,979	212,800	210,118
Accrued interest payable		3,761,916	3,267,864	79,960	79,960
Payables from purchase and sale of securities		4,401,172	850,724	149,835	-
Insurance contract liabilities	17	36,981,820	36,154,060	-	-
Accrued dividend payable		638,915	-	638,915	-
Other liabilities	18	11,118,872	12,282,710	188,565	147,750
Total liabilities		876,212,634	819,475,498	13,270,332	12,438,074

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

Thanachart Capital Public Company Limited and its subsidiaries

Statements of financial position (continued)

As at 30 September 2012 and 31 December 2011

(Unit: Thousand Baht)

	Note	Consolidated		Separate	
		financial statements		financial statements	
		30 September	31 December	30 September	31 December
		2012	2011	2012	2011
		(Unaudited but reviewed)	(Audited)	(Unaudited but reviewed)	(Audited)
Equity					
Share capital	19				
Registered, issued and paid-up					
13,336 preferred shares of Baht 10 each		133	133	133	133
1,277,816,367 common shares of Baht 10 each					
(31 December 2011: 1,333,140,667					
common shares of Baht 10 each)		12,778,164	13,331,407	12,778,164	13,331,407
		12,778,297	13,331,540	12,778,297	13,331,540
Premium on common share		2,065,645	2,065,645	2,065,645	2,065,645
Premium on treasury share	19	165,742	-	165,742	-
Other components of equity	20	2,009,972	1,563,281	432,851	300,712
Retained earnings					
Appropriated - statutory reserve		1,202,176	1,202,176	1,202,176	1,202,176
- treasury share reserve	19	-	387,501	-	387,501
Unappropriated		23,095,133	20,096,019	12,981,498	11,304,801
Less: Treasury share - common share	19	-	(387,501)	-	(387,501)
Equity attributable to owners					
of the Company		41,316,965	38,258,661	29,626,209	28,204,874
Non-controlling interests		39,679,673	37,422,478	-	-
Total equity		80,996,638	75,681,139	29,626,209	28,204,874
Total liabilities and equity		957,209,272	895,156,637	42,896,541	40,642,948

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

Directors

(Unaudited but reviewed)

Thanachart Capital Public Company Limited and its subsidiaries**Statements of comprehensive income****For the three-month periods ended 30 September 2012 and 2011**

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

	Note	Consolidated		Separate	
		financial statements		financial statements	
		2012	2011	2012	2011
Profit or loss					
Interest income	23	12,725,612	11,658,301	109,514	116,727
Interest expenses	24	(6,682,977)	(5,522,343)	(136,996)	(156,860)
Net interest income		6,042,635	6,135,958	(27,482)	(40,133)
Fees and service income		1,453,488	1,334,153	9,294	2,081
Fees and service expenses		(376,175)	(350,802)	(304)	(1,163)
Net fees and service income	25	1,077,313	983,351	8,990	918
Gains on trading and					
foreign exchange transactions (losses)	26	179,281	267,171	(57)	(2,003)
Gains on investments	27	255,932	284,648	106,871	37,277
Share of profit from investments accounted					
for under equity method		73,652	76,373	-	-
Gains on properties foreclosed and					
other assets (losses)		314,590	(72,164)	(5,377)	36,094
Insurance premium/Life insurance					
premium income		3,553,960	3,414,135	-	-
Dividend income		300,940	295,762	78,560	231,185
Other operating income		489,647	457,166	39,376	55,247
Total operating income		12,287,950	11,842,400	200,881	318,585
Insurance expenses		(2,751,066)	(2,877,957)	-	-
Net operating income		9,536,884	8,964,443	200,881	318,585
Other operating expenses					
Personnel expenses		2,609,289	2,865,300	27,712	26,433
Directors' remuneration		6,851	8,127	2,869	2,330
Premises and equipment expenses		798,445	945,557	14,023	21,618
Taxes and duties		228,311	236,674	941	431
Other expenses		1,880,222	1,670,185	19,094	29,296
Total other operating expenses		5,523,118	5,725,843	64,639	80,108
Impairment loss of loans and debt securities					
(reversal of impairment loss of loans					
and debt securities)	28	1,099,750	129,040	(5,566)	(9,183)
Profit before income tax		2,914,016	3,109,560	141,808	247,660
Income tax	29	(579,948)	(827,323)	-	-
Profit for the period		2,334,068	2,282,237	141,808	247,660

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

(Unaudited but reviewed)

Thanachart Capital Public Company Limited and its subsidiaries

Statements of comprehensive income (continued)

For the three-month periods ended 30 September 2012 and 2011

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

	Note	Consolidated		Separate	
		financial statements		financial statements	
		2012	2011	2012	2011
Other comprehensive incomes	30				
Gains (losses) on remeasuring					
available-for-sale investments		476,928	(616,846)	105,491	(59,854)
Share of other comprehensive income					
of associates (losses)		(4,365)	1,670	-	-
Total other comprehensive income (losses)		472,563	(615,176)	105,491	(59,854)
Total comprehensive income		2,806,631	1,667,061	247,299	187,806
Profit attributable to					
The Company		1,241,198	1,337,150	141,808	247,660
Non-controlling interests		1,092,870	945,087	-	-
		2,334,068	2,282,237	141,808	247,660
Total comprehensive income attributable to					
The Company		1,529,134	995,998	247,299	187,806
Non-controlling interests		1,277,497	671,063	-	-
		2,806,631	1,667,061	247,299	187,806
Earnings per share of the Company	31				
Basic earnings per share					
Profit attributable to the Company					
(Baht per share)		0.97	1.05	0.11	0.19
Diluted earnings per share					
Profit attributable to the Company					
(Baht per share)		0.97	1.05	0.11	0.19

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

(Unaudited but reviewed)

Thanachart Capital Public Company Limited and its subsidiaries**Statements of comprehensive income****For the nine-month periods ended 30 September 2012 and 2011**

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

	Note	Consolidated		Separate	
		financial statements		financial statements	
		2012	2011	2012	2011
Profit or loss					
Interest income	23	36,768,912	32,572,821	323,203	316,144
Interest expenses	24	(18,955,936)	(13,844,709)	(408,055)	(465,434)
Net interest income		17,812,976	18,728,112	(84,852)	(149,290)
Fees and service income		4,177,112	3,908,039	18,579	9,598
Fees and service expenses		(1,106,638)	(1,007,086)	(1,235)	(4,306)
Net fees and service income	25	3,070,474	2,900,953	17,344	5,292
Gains on trading and					
foreign exchange transactions (losses)	26	457,473	717,169	(90)	(1,870)
Gains on investments	27	705,702	523,270	129,437	63,923
Share of profit from investments accounted					
for under equity method	6.2	230,821	231,868	-	-
Gains on properties foreclosed and other assets (losses)		907,907	(4,055)	163,521	64,320
Insurance premium/Life insurance					
premium income		10,016,657	9,668,686	-	-
Dividend income		456,700	746,673	2,662,955	1,538,141
Other operating income		1,317,023	1,152,769	140,666	180,958
Total operating income		34,975,733	34,665,445	3,028,981	1,701,474
Insurance expenses		(7,117,083)	(7,772,848)	-	-
Net operating income		27,858,650	26,892,597	3,028,981	1,701,474
Other operating expenses					
Personnel expenses		8,223,107	8,260,230	83,895	79,155
Directors' remuneration		50,799	61,033	23,071	22,254
Premises and equipment expenses		2,390,448	2,700,901	52,550	61,275
Taxes and duties		706,090	651,697	4,272	2,127
Other expenses		5,212,199	3,937,192	65,112	81,790
Total other operating expenses		16,582,643	15,611,053	228,900	246,601
Impairment loss of loans and debt securities					
(reversal of impairment loss of loans					
and debt securities)	28	2,003,412	1,718,358	(21,451)	(173,998)
Profit before income tax		9,272,595	9,563,186	2,821,532	1,628,871
Income tax	29	(2,040,397)	(2,312,781)	-	(1,319)
Profit for the period		7,232,198	7,250,405	2,821,532	1,627,552

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

(Unaudited but reviewed)

Thanachart Capital Public Company Limited and its subsidiaries

Statements of comprehensive income (continued)

For the nine-month periods ended 30 September 2012 and 2011

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

	Note	Consolidated		Separate	
		financial statements		financial statements	
		2012	2011	2012	2011
Other comprehensive incomes	30				
Gains (losses) on remeasuring					
available-for-sale investments		727,018	(958,857)	132,139	(13,076)
Share of other comprehensive income					
of associates		10,266	13,576	-	-
Total other comprehensive income (losses)		737,284	(945,281)	132,139	(13,076)
Total comprehensive income		7,969,482	6,305,124	2,953,671	1,614,476
Profit attributable to					
The Company		4,143,949	4,064,240	2,821,532	1,627,552
Non-controlling interests		3,088,249	3,186,165	-	-
		7,232,198	7,250,405	2,821,532	1,627,552
Total comprehensive income attributable to					
The Company		4,590,640	3,593,744	2,953,671	1,614,476
Non-controlling interests		3,378,842	2,711,380	-	-
		7,969,482	6,305,124	2,953,671	1,614,476
Earnings per share of the Company	31				
Basic earnings per share					
Profit attributable to the Company					
(Baht per share)		3.24	3.18	2.21	1.27
Diluted earnings per share					
Profit attributable to the Company					
(Baht per share)		3.24	3.18	2.21	1.27

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

(Unaudited but reviewed)

Thanachart Capital Public Company Limited and its subsidiaries**Cash flows statements****For the nine-month periods ended 30 September 2012 and 2011**

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	2012	2011	2012	2011
Cash flows from operating activities				
Profit before income tax	9,272,595	9,563,186	2,821,532	1,628,871
Adjustments to reconcile profit before income tax to net cash provided by (paid from) operating activities				
Share of profit from investments accounted for under equity method	(230,821)	(231,868)	-	-
Depreciation and amortisation	1,223,825	1,344,574	33,495	40,406
Impairment loss of loans and debt securities (reversal)	2,003,412	1,718,358	(21,451)	(173,998)
Increase in provisions for liabilities	278,362	2,874,014	2,682	17,140
Increase (decrease) in provision for impairment of properties foreclosed	(65,209)	84,288	57,315	(46,427)
Increase (decrease) in provision for impairment of equipment/other assets	65,649	(149,095)	(976)	(330)
Increase (decrease) in provision for impairment/ revaluation of investments	(2,602)	45,094	(41,610)	1,831
Amortisation of deferred gain on disposal of properties foreclosed	-	(30,544)	-	-
Unrealised gain on foreign exchange and financial derivatives	(50,897)	(244,969)	-	-
Gain on sales of/capital return from investments in subsidiary companies	(208,207)	(337,697)	(9,205)	(6,516)
Loss (gain) on transfers of assets for debt repayment	2,184	(6,407)	-	-
Loss (gain) on disposal of equipment	1,771	(5,852)	(550)	(31,306)
Decrease (increase) in accrued other income receivable	126,922	113,455	5,566	(15,670)
	12,416,984	14,736,537	2,846,798	1,414,001
Net interest income	(17,812,976)	(18,728,112)	84,852	149,290
Dividend income	(456,700)	(746,673)	(2,662,955)	(1,538,141)
Cash received from interest on operating activities	34,117,401	29,787,866	39,635	58,728
Cash paid for interest on operating activities	(12,300,818)	(8,328,057)	(47)	(15)
Cash paid for income tax	(3,605,891)	(3,922,669)	(10,339)	(10,563)
Income from operating activities before changes in operating assets and liabilities	12,358,000	12,798,892	297,944	73,300

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

(Unaudited but reviewed)

Thanachart Capital Public Company Limited and its subsidiaries**Cash flows statements (continued)****For the nine-month periods ended 30 September 2012 and 2011**

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	2012	2011	2012	2011
Cash flows from operating activities (continued)				
Operating assets (increase) decrease				
Interbank and money market items	(10,733,445)	25,548,806	(44,253)	(7,871)
Investments in trading securities	3,009,403	(579,791)	7,198	(144,473)
Derivatives assets	770,353	1,148,368	-	-
Loans to customers	(74,226,078)	(31,968,387)	1,012,440	120,970
Property foreclosed	5,647,286	3,692,580	179,713	143,920
Receivables from purchase and sale of securities	(2,698,612)	(227,396)	664	-
Reinsurance assets	1,352,001	(30,821)	-	-
Other assets	(2,138,573)	362,781	(15,807)	(15,321)
Operating liabilities increase (decrease)				
Deposits	214,402,910	(73,779,264)	-	-
Interbank and money market items	13,493,007	17,243,686	11	889
Liability payable on demand	1,353,661	(295,627)	-	-
Derivatives liabilities	(2,448,192)	(84,754)	-	-
Payable from purchase and sales of securities	3,550,448	(1,544,971)	149,835	(104,267)
Insurance contract liabilities	827,760	2,512,389	-	-
Other liabilities	(954,700)	(3,539,216)	39,771	(22,248)
Net cash provided from (used in)				
operating activities	163,565,229	(48,742,725)	1,627,516	44,899
Cash flows from investing activities				
Decrease (increase) in investments in securities	11,141,310	(4,786,664)	(3,149,188)	(429,088)
Cash received from disposal of investments				
in subsidiary companies	-	480,055	-	-
Cash received from interest	3,368,133	4,395,944	165,016	150,654
Cash received from dividend	551,481	830,484	2,662,955	1,477,123
Cash paid for purchase of land and equipment/				
intangible assets	(618,551)	(1,115,491)	(6,922)	(2,126)
Cash received from disposal of equipment/				
intangible assets	27,416	167,143	550	96,912
Net cash provided from (used in)				
investing activities	14,469,789	(28,529)	(327,589)	1,293,475

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

(Unaudited but reviewed)

Thanachart Capital Public Company Limited and its subsidiaries

Cash flows statements (continued)

For the nine-month periods ended 30 September 2012 and 2011

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	2012	2011	2012	2011
Cash flows from financing activities				
Cash received from debts issued and borrowings	535,355,208	948,889,177	-	-
Cash paid for debts issued and borrowings	(710,573,440)	(892,364,454)	-	-
Cash paid for interest expenses on debt issued and borrowings	(6,021,298)	(5,797,851)	(406,496)	(444,064)
Cash paid to non-controlling interest for decrease/ return shares capital of a subsidiary company	(6,311)	(41)	-	-
Cash paid for dividend	(893,421)	(894,300)	(893,421)	(894,300)
Cash paid for dividend to non-controlling interests	(1,115,290)	(1,164,437)	-	-
Net cash provided from (used in) financing activities	(183,254,552)	48,668,094	(1,299,917)	(1,338,364)
Net increase (decrease) in cash	(5,219,534)	(103,160)	10	10
Cash at beginning of the period	16,005,678	15,298,105	-	-
Cash at ending of the period	10,786,144	15,194,945	10	10
	-		-	-

Supplemental cash flows information

Non-cash transactions

Property foreclosed transferred from loans,

other receivable and investments in

receivables purchased

3,878,720	2,599,786	1,050	1,852
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Property foreclosed received from

capital returned from a subsidiary company

-	-	34,428	30,970
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Bad debt written off/hair-cut loans from

debt restructuring

4,139,448	920,689	346	1,930
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The accompanying notes are an integral part of the financial statements.

(Unaudited but reviewed)

Thanachart Capital Public Company Limited and its subsidiaries

Statements of changes in equity

For the nine-month periods ended 30 September 2012 and 2011

(Unit: Thousand Baht)

Consolidated financial statements														
Equity attributable to the Company's shareholders														
	Other components of equity													
	Issued and paid-up share capital		Premium on common share	Premium on treasury share	Amount by which the value of investment in subsidiary lower than attributable net book value			Share of other comprehensive income (losses) of associates	Retained earnings			Treasury shares	Non-controlling interests	Total
	Preferred shares	Common shares			Premium of a subsidiary company's share	Revaluation surplus on investments			Appropriated	Statutory reserve	Treasury shares reserve			
Balance as at 1 January 2011	159	13,331,381	2,065,645	-	775,814	226,460	713,487	(19,271)	1,120,420	387,501	16,707,621	(387,501)	34,509,701	69,431,417
Dividend paid (Note 22)	-	-	-	-	-	-	-	-	-	-	(1,533,396)	-	-	(1,533,396)
Reversal of dividend on shares held by shareholders who are not entitled to receive dividend	-	-	-	-	-	-	-	-	-	-	182	-	-	182
Conversion of preference shares to ordinary shares	(26)	26	-	-	-	-	-	-	-	-	-	-	-	-
Decrease in non-controlling interests of the subsidiaries	-	-	-	-	-	-	-	-	-	-	-	-	(1,294,448)	(1,294,448)
Total comprehensive income for the period (losses)	-	-	-	-	-	-	(481,327)	10,831	-	-	4,064,240	-	2,711,380	6,305,124
Balance as at 30 September 2011	<u>133</u>	<u>13,331,407</u>	<u>2,065,645</u>	<u>-</u>	<u>775,814</u>	<u>226,460</u>	<u>232,160</u>	<u>(8,440)</u>	<u>1,120,420</u>	<u>387,501</u>	<u>19,238,647</u>	<u>(387,501)</u>	<u>35,926,633</u>	<u>72,908,879</u>
Balance as at 1 January 2012	133	13,331,407	2,065,645	-	775,814	226,460	579,661	(18,654)	1,202,176	387,501	20,096,019	(387,501)	37,422,478	75,681,139
Dividend paid (Note 22)	-	-	-	-	-	-	-	-	-	-	(1,533,396)	-	-	(1,533,396)
Reversal of dividend on shares held by shareholders who are not entitled to receive dividend	-	-	-	-	-	-	-	-	-	-	1,060	-	-	1,060
Share capital reduction from treasury shares cancellation (Note 19)	-	(553,243)	-	165,742	-	-	-	-	-	(387,501)	387,501	387,501	-	-
Decrease in non-controlling interests of the subsidiaries	-	-	-	-	-	-	-	-	-	-	-	-	(1,121,647)	(1,121,647)
Total comprehensive income for the period	-	-	-	-	-	-	438,924	7,767	-	-	4,143,949	-	3,378,842	7,969,482
Balance as at 30 September 2012	<u>133</u>	<u>12,778,164</u>	<u>2,065,645</u>	<u>165,742</u>	<u>775,814</u>	<u>226,460</u>	<u>1,018,585</u>	<u>(10,887)</u>	<u>1,202,176</u>	<u>-</u>	<u>23,095,133</u>	<u>-</u>	<u>39,679,673</u>	<u>80,996,638</u>

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

(Unaudited but reviewed)

Thanachart Capital Public Company Limited and its subsidiaries

Statements of changes in equity

For the nine-month periods ended 30 September 2012 and 2011

(Unit: Thousand Baht)

	Separate financial statements									
					Other components					
	Issued and paid-up share capital				of equity	Retained earnings				
	Preferred	Common	Premium on	Premium on	Revaluation	Appropriated			Treasury	Total
	shares	shares	common share	treasury share	surplus	Statutory	Treasury shares	Unappropriated	shares	
					on investments	reserve	reserve			
Balance as at 1 January 2011	159	13,331,381	2,065,645	-	289,997	1,120,420	387,501	11,283,703	(387,501)	28,091,305
Dividend paid (Note 22)	-	-	-	-	-	-	-	(1,533,396)	-	(1,533,396)
Reversal of dividend on shares held by shareholders who are not entitled to receive dividend	-	-	-	-	-	-	-	182	-	182
Conversion of preference shares to ordinary shares	(26)	26	-	-	-	-	-	-	-	-
Total comprehensive income for the period (losses)	-	-	-	-	(13,076)	-	-	1,627,552	-	1,614,476
Balance as at 30 September 2011	133	13,331,407	2,065,645	-	276,921	1,120,420	387,501	11,378,041	(387,501)	28,172,567
Balance as at 1 January 2012	133	13,331,407	2,065,645	-	300,712	1,202,176	387,501	11,304,801	(387,501)	28,204,874
Dividend paid (Note 22)	-	-	-	-	-	-	-	(1,533,396)	-	(1,533,396)
Reversal of dividend on shares held by shareholders who are not entitled to receive dividend	-	-	-	-	-	-	-	1,060	-	1,060
Share capital reduction from treasury shares cancellation (Note 19)	-	(553,243)	-	165,742	-	-	(387,501)	387,501	387,501	-
Total comprehensive income for the period	-	-	-	-	132,139	-	-	2,821,532	-	2,953,671
Balance as at 30 September 2012	133	12,778,164	2,065,645	165,742	432,851	1,202,176	-	12,981,498	-	29,626,209

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

Thanachart Capital Public Company Limited and its subsidiaries

Notes to interim financial statements

For the three-month and nine-month periods ended 30 September 2012 and 2011

1. General information

1.1 The Company information

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

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

1.2 Entire Business Transfer from Siam City Bank Plc. (“SCIB”)

Thanachart Bank acquired SCIB’s shares to make it as a subsidiary of Thanachart Bank in April 2010, and included it in the consolidated statements since then. On 30 September 2011, Thanachart Bank entered into the Entire Business Transfer Agreement, legally effective on 1 October 2011, to transfer SCIB’s business to Thanachart Bank. The transferred business consisted of the assets, liabilities and commitments of SCIB as of 1 October 2011 and/or contingent liabilities that may arise in the future. After the transfer, SCIB discontinued its operations and then returned its banking license and banking authorisations to the Ministry of Finance, and registered the changes in its name to be “SCIB Plc.”. SCIB registered its dissolution in December 2011.

2. Basis of preparation of the financial statements

2.1 Basis of preparation of interim financial statements

These interim financial statements are prepared in accordance with Accounting Standard No. 34 (revised 2009) “Interim Financial Reporting”, whereby the Company choosing to present condensed interim financial statements. However, the Company has presented the statements of financial position, comprehensive income, changes in equity, and cash flows in the same format as that used for the annual financial statements, which are in accordance with the BOT’s Notification relating to the preparation and format of financial statements of commercial banks and holding company of financial business groups, date 3 December 2010.

The interim financial statements are intended to provide information additional to that included in the latest annual financial statements. Accordingly, they focus on new activities, events and circumstances so as not to duplicate information previously reported. These interim financial statements should therefore be read in conjunction with the latest annual financial statements.

The interim financial statements in Thai language are the official statutory financial statements of the Company. The interim financial statements in English language have been translated from the Thai language interim financial statements.

2.2 Basis of preparation of the interim consolidated financial statements

- a) The interim consolidated financial statements are prepared using the same basis as were used for the consolidated financial statements for the year ended 31 December 2011, and there were no changes in shareholding structure during the period. Therefore, the interim consolidated financial statements included the financial statements of the Company and the following subsidiaries.

	Percentage of holding by the Company		Percentage of holding by the subsidiaries	
	30 September 2012	31 December 2011	30 September 2012	31 December 2011
<u>Subsidiaries directly held by the Company</u>				
Thanachart Bank Plc.	50.96	50.96	-	-
NFS Asset Management Co., Ltd.	100.00	100.00	-	-
Max Asset Management Co., Ltd.	83.44	83.44	-	-
NASSET Property Fund 6	99.80	99.80	0.06	0.06
Thiravanit Co., Ltd.	99.90	99.90	-	-
Thanachart SPV 01 Co., Ltd.	100.00	100.00	-	-

	Percentage of holding by the Company		Percentage of holding by the subsidiaries	
	30	31	30	31
	September	December	September	December
	2012	2011	2012	2011
<u>Subsidiaries indirectly held by the Company</u>				
SCIB Plc.	-	-	99.98	99.98
Thanachart Securities Plc.	-	-	100.00	100.00
Thanachart Insurance Co., Ltd.	-	-	100.00	100.00
Thanachart Life Assurance Co., Ltd.	-	-	100.00	100.00
Thanachart Fund Management Co., Ltd.	-	-	75.00	75.00
Thanachart Broker Co., Ltd.	-	-	100.00	100.00
Thanachart Group Leasing Co., Ltd.	-	-	100.00	100.00
Thanachart Management and Services Co., Ltd.	-	-	100.00	100.00
Thanachart Legal and Appraisal Co., Ltd.	-	-	100.00	100.00
Thanachart Training and Development Co., Ltd.	-	-	100.00	100.00
TS Asset Management Co., Ltd.	-	-	100.00	100.00
National Leasing Co., Ltd.	-	-	100.00	100.00
Siam City Life Assurance Co., Ltd.	-	-	100.00	100.00
SCIB Service Co., Ltd.	-	-	100.00	100.00
Ratchthani Leasing Plc.	-	-	65.18	65.18

- b) Total assets and net operating income of the subsidiaries that have significant impact to and are included in the consolidated financial statements as at 30 September 2012 and 31 December 2011 and for the nine-month periods ended 30 September 2012 and 2011, after eliminating significant intercompany transactions, are as follows:

			(Unit: Million Baht)	
	Total assets		Net operating income for the nine-month periods ended 30 September	
	30 September	31 December	2012	2011
	2012	2011	2012	2011
Thanachart Bank Plc.	867,663	818,978	19,398	12,121
SCIB Plc.	6	-	3	8,645
Thanachart Life Assurance Co., Ltd.	24,750	20,285	1,975	1,524
Siam City Life Assurance Co., Ltd.	12,173	11,195	467	(47)
Thanachart Insurance Co., Ltd.	7,814	7,142	1,765	1,457
Thanachart Securities Plc.	6,352	3,873	1,038	1,023
TS Asset Management Co., Ltd.	9,973	11,361	541	127
Ratchthani Leasing Plc.	16,918	12,033	809	-
NFS Asset Management Co., Ltd.	2,281	3,915	568	265

- c) The consolidated statements of comprehensive income for the nine-month period ended 30 September 2011 did not include operating result of Ratchthani Leasing Plc., because Thanachart Bank's shareholding increased from 48.35 percent to 65.18 percent of total share in issue and paid up and treated as investment in subsidiary since November 2011. Therefore, the consolidated statements of comprehensive income included only share of profit from investments accounted under equity method, amounting to Baht 91 million.
- d) The consolidated statements of comprehensive income for the nine-month period ended 30 September 2011 included operating result of Siam City Asset Management Co., Ltd. from 1 January 2011 until 30 May 2011 (the date of disposal), which had total income of Baht 31 million and profit of Baht 3 million. The gain on disposal of Baht 26 million was recognised in the consolidated financial statements.
- e) The consolidated statements of comprehensive income for the nine-month period ended 30 September 2011 included operating result of Siam City Securities Co., Ltd., which had total income of Baht 114 million and profit of Baht 87 million. Thanachart Bank disposed of its investments in common shares of this subsidiary in August 2011 with gain on disposal of Baht 40 million recognised in the consolidated financial statements.

2.3 The separate financial statements, which present investments in subsidiary and associated companies under the cost method, have been prepared solely for the benefit of the public.

2.4 Significant accounting policies

The interim financial statements are prepared using the same accounting policies and methods of computation as were used for the financial statements for the year ended 31 December 2011, except for the changes in accounting estimation of allowance for doubtful account of hire purchase receivables - personal consuming.

Allowance for doubtful account of hire purchase receivable - personal consuming

Since 1 January 2012, a subsidiary company engaged in commercial bank set provision for a hire purchase receivable - personal consuming by using collective approach method, which classifies groups of receivable having similar credit risk characteristics and considers historical loss experience of loans which is calculated by the probability of default and the percentage of loss given default. Furthermore, the subsidiary has set aside an additional provision by taking into consideration the potential additional loss arising from changes in economic circumstances that may impact the ability to pay of certain borrowers. This methodology, its parameters and assumptions have been reviewed in detailed and will be monitored on an ongoing basis for continued applicability (2011: the subsidiary set provision for hire purchase receivables - personal consuming that were classified as normal loans and special mention loans at minimum rates of 1% and 2%, respectively, of the loan balances after net of collateral value. For non-performing loans, provision was set at a rate of 100% of the debt balance remaining before deduct collateral).

3. New accounting standards issued during the period but not yet effective

During the period 2012, the Federation of Accounting Professions issued Thai Financial Reporting Standard 8 “Operating segment” that are effective for fiscal year beginning on or after 1 January 2013.

The management of the Company is evaluating the impact on the financial statements in the year when this standard is adopted.

4. Derivatives

As at 30 September 2012 and 31 December 2011, notional amount, fair value of trading derivatives and the adjustment of accrual basis of hedging derivatives (banking book) classified by type of risk as follows:

(Unaudited but reviewed)

(Unit: Million Baht)

Type of risk	Consolidated financial statements					
	30 September 2012			31 December 2011		
	Fair value/Adjustment of accrual basis		Notional amount*	Fair value/Adjustment of accrual basis		Notional amount*
	Assets	Liabilities		Assets	Liabilities	
Foreign exchange rate						
Derivatives for trading	946	784	120,012	858	820	63,491
Derivatives for banking book	223	42	24,138	-	1,706	31,788
Interest rate						
Derivatives for trading	386	390	86,318	64	60	5,957
Derivatives for banking book	-	-	26,100	-	-	3,967
Foreign exchange rate and interest rate						
Derivatives for trading	20	7	1,652	29	9	2,212
Derivatives for banking book	558	73	11,380	585	291	15,445
Others						
Derivatives for trading	-	1	457	-	-	641
Total	<u>2,133</u>	<u>1,297</u>	<u>270,057</u>	<u>1,536</u>	<u>2,886</u>	<u>123,501</u>

* Disclosed only in case that the subsidiaries have an obligation to pay

Derivatives for banking book are obligations under contracts which are not held for trading, and are measured on an accrual basis. Gain (loss) on exchange rate at the end of the period is presented under derivative assets/derivative liabilities. Accrued interest receivables (payables) per the contracts are recorded as receivables and payables in other assets/liabilities.

5. Investments

5.1 Classified by type of investment

(Unit: Million Baht)

	Consolidated financial statements				Separate financial statements			
	30 September 2012		31 December 2011		30 September 2012		31 December 2011	
	Cost/ Amortised		Cost/ Amortised		Cost/ Amortised		Cost/ Amortised	
	cost	Fair value	cost	Fair value	cost	Fair value	cost	Fair value
Trading securities								
Government and state enterprises securities	7,003	6,914	10,883	10,855	-	-	-	-
Private debt securities	5,690	5,706	4,771	4,758	-	-	7	7
Foreign debt securities	624	630	642	637	-	-	-	-
Domestic marketable equity securities	8	8	38	45	-	-	-	-
	13,325	13,258	16,334	16,295	-	-	7	7
Less: Allowance for change in value	(67)		(39)		-		-	
Net	<u>13,258</u>		<u>16,295</u>		<u>-</u>		<u>7</u>	

(Unaudited but reviewed)

(Unit: Million Baht)

	Consolidated financial statements				Separate financial statements			
	30 September 2012		31 December 2011		30 September 2012		31 December 2011	
	Cost/ Amortised		Cost/ Amortised		Cost/ Amortised		Cost/ Amortised	
	cost	Fair value	cost	Fair value	cost	Fair value	cost	Fair value
Available-for-sale securities								
Government and state enterprises securities	39,054	39,183	40,977	41,103	100	100	100	100
Private debt securities	27,602	27,818	18,409	18,553	646	651	20	20
Foreign debt securities	12,571	12,808	25,515	25,425	-	-	-	-
Domestic marketable equity securities	7,176	8,232	7,752	8,553	127	555	264	565
	86,403	88,041	92,653	93,634	873	1,306	384	685
Add: Allowance for change in value	1,638		985		433		301	
Less: Allowance for impairment	-		(4)		-		-	
Net	88,041		93,634		1,306		685	
Held-to-maturity debt securities								
Government and state enterprises securities	27,783	28,074	28,575	29,434	3,182	3,182	419	419
Private debt securities	3,764	3,794	6,592	6,689	3,636	3,627	3,636	3,625
Foreign debt securities	-	-	1,500	1,488	-	-	-	-
Investment in receivables purchased	1,557	1,294	1,658	1,352	900	804	929	824
	33,104	33,162	38,325	38,963	7,718	7,613	4,984	4,868
Less: Allowance for impairment	(263)		(306)		(96)		(105)	
Net	32,841		38,019		7,622		4,879	
Other investment								
Investment in property fund	565		671		-		-	
Domestic non-marketable equity securities	4,191		3,926		112		163	
Foreign non-marketable equity securities	85		84		-		-	
	4,841		4,681		112		163	
Less: Allowance for impairment	(91)		(118)		(36)		(77)	
Net	4,750		4,563		76		86	
Total investment - net	138,890		152,511		9,004		5,657	

- 5.2** As at 30 September 2012, a revaluation surplus and a revaluation deficit in the consolidated equity amounting to Baht 10 million and Baht 44 million, respectively, are as a result of the recategorisation of debt securities (31 December 2011: outstanding revaluation surplus amounting to Baht 15 million and outstanding revaluation deficit amounting to Baht 71 million in the consolidated financial statements).
- 5.3** As at 30 September 2012 and 31 December 2011, the Company has investments of Baht 3,636 million in perpetual non-cumulative subordinated hybrid bonds (Hybrid Tier I). These debentures are unsecured and non-convertible and will be redeemed only upon the dissolution of Thanachart Bank or when conditions specified are met. The debentures bear interest at a rate equal to the highest rate for a six-month fixed deposit plus 6 percent per annum, payable semi-annually.
- 5.4 Investments in securities in which the Company and its subsidiaries hold not less than 20 percent of the equity of the investee**

As at 30 September 2012 and 31 December 2011, the subsidiary companies have investments in the following unit trusts in which the subsidiaries hold not less than 20 percent of the units issued. The subsidiaries do not treat these investments as investments in subsidiaries or associates because the subsidiaries do not have control or influence over the financial and operating policies of these funds, which are independently managed by fund managers in accordance with the details of each fund project, and are under the supervision of the SEC. The subsidiaries therefore record them as available-for-sale or other investments, based on their investment objectives.

Securities	Consolidated financial statements			
	30 September 2012		31 December 2011	
	Net book value	Percentage of	Net book value	Percentage of
		holding		holding
	Million Baht	Percent	Million Baht	Percent
The Thai Business Fund 3	-	-	144	60.00
Sub Thawee Property Fund	-	-	36	56.00
Business Strategic Fund	278	67.33	278	67.33
Thanachart Long Term Fixed Income Fund	60	27.79	62	27.79
Thanachart Fixed Income FIF 51	-	-	50	22.63
SCB Foreign Fixed Income Fund 1Y22	823	23.53	-	-

In addition, as at 30 September 2012, a subsidiary company had investments in 100 percent of ordinary shares of Owendell Co., Ltd. and unit trust of Hua Hin Property Fund which received as a result of debt restructuring at the amount of Baht 311 million and Baht 121 million, respectively. The subsidiary does not treat these investments as investments in subsidiaries because the subsidiary expected to temporarily hold these investments. This holding in excess of the limit is approved by the BOT.

5.5 Investments in receivables purchased

Investments in receivables purchased are loans receivable purchased through bidding from local financial institutions. The outstanding balances of loans receivable as at 30 September 2012 and 31 December 2011 can be summarised as follows:

	(Unit: Million Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	30	31	30	31
	September	December	September	December
	2012	2011	2012	2011
Investments in receivables purchased	1,557	1,658	900	929
Less: Allowance for impairment	(263)	(306)	(96)	(105)
Investments in receivables purchased - net	<u>1,294</u>	<u>1,352</u>	<u>804</u>	<u>824</u>

	30 September 2012				31 December 2011			
	Number	Balance			Number	Balance		
	of	per	Purchase		of	per	Purchase	
	debtors	agreement	price	Yield	debtors	agreement	price	Yield
		Million	Million	Percent		Million	Million	Percent
		Baht	Baht			Baht	Baht	

Consolidated financial

statements

Total accumulated investments								
in receivables purchased	2,938	33,611	7,845	1.75 - 18.97	2,938	33,611	7,845	1.75 - 18.97
Outstanding investments in								
receivables purchased as at								
the end of the period	653	10,373	1,557		911	11,806	1,658	

Separate financial statements

Total accumulated investments								
in receivables purchased	691	8,190	1,937	11.94 - 18.97	691	8,190	1,937	11.94 - 18.97
Outstanding investments in								
receivables purchased as at								
the end of the period	204	5,046	900		263	5,546	929	

During the nine-month periods ended 30 September 2012 and 2011, the Company and its subsidiaries have entered into debt restructuring agreements with its receivables, by means of various types of restructuring, as summarised below.

	For the nine-month period ended September 2012			30
Type of restructuring	Number of debtors	Outstanding balance before restructuring	Outstanding balance after restructuring	
		Million Baht	Million Baht	
<u>Consolidated financial statements</u>				
Modification of terms	1	12	12	
Total	1	12	12	
<u>Separate financial statements</u>				
Modification of terms	-	-	-	
Total	-	-	-	

The remaining periods to maturity of the restructured debts of the Company and its subsidiaries, counting from the end of the period are as follows:

Periods	For the nine-month period ended 30 September 2012			
	Consolidated financial statements		Separate financial statements	
	Number of receivables	Outstanding balances after restructuring	Number of receivables	Outstanding balances after restructuring
		Million Baht		Million Baht
Due within 2012	1	12	-	-
Total	1	12	-	-

Periods	For the nine-month period ended 30 September 2011			
	Consolidated financial statements		Separate financial statements	
	Number of receivables	Outstanding balances after restructuring	Number of receivables	Outstanding balances after restructuring
		Million Baht		Million Baht
Due within 2011	6	35	1	2
Total	6	35	1	2

Restructured receivables are transferred to the loans account on the debt restructuring agreement date, in accordance with the BOT's regulations. They are transferred at their book value, which is considered to be fair value. Therefore, as at 30 September 2012 and 31 December 2011, there were no outstanding restructured receivables in the investments in receivables purchased account.

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

As at 30 September 2012 and 31 December 2011, investments in securities of the Company and its subsidiaries included investments in securities of companies with having problems relating to financial position and operating results, and including investments in receivables with having problems, summarised below.

Consolidated financial statements								
Number of receivables		Cost		Fair value/ collateral value		Allowance for possible loss/impairment provided in the accounts		
30	31	30	31	30	31	30	31	
September	December	September	December	September	December	September	December	
r		r		r		r		
2012	2011	2012	2011	2012	2011	2012	2011	
		Million	Million	Million	Million	Million	Million	
		Baht	Baht	Baht	Baht	Baht	Baht	
<u>Investments in receivables purchased</u>								
1. Closed financial institutions	7	7	-	-	-	-	-	-
2. Non-listed companies with similar operating results and financial positions to listed companies vulnerable to delisting from the SET	1	1	3	3	-	-	3	3
3. Companies which have loan settlement problems or have defaulted on the repayment	179	215	1,166	1,218	1,719	1,780	194	225
Separate financial statements								
Number of receivables		Cost		Fair value/ collateral value		Allowance for possible loss/impairment provided in the accounts		
30	31	30	31	30	31	30	31	
September	December	September	December	September	December	September	December	
r		r		r		r		
2012	2011	2012	2011	2012	2011	2012	2011	
		Million	Million	Million	Million	Million	Million	
		Baht	Baht	Baht	Baht	Baht	Baht	
<u>Investments in receivables purchased</u>								
1. Companies which have loan settlement problems or have defaulted on the repayment	71	86	708	714	1,029	1,085	74	71

6. Investments in subsidiary and associated companies

6.1 Separate financial statements

As at 30 September 2012 and 31 December 2011, investments in subsidiary companies and an associated company in the separate financial statements stated under the cost method, consist of investment in ordinary shares of the following companies:

(Unit: Million Baht)

Company's name	Nature of business	Separate financial statements							
		Paid-up capital		Percentage of holding (Percent)		Value of investment under the cost method		Dividend income for the nine-month periods ended	
		30	31	30	31	30	31	30 September	
		September	December	September	December	September	December	2012	2011
		2012	2011	2012	2011	2012	2011	2012	2011
<u>Subsidiary companies</u>									
Thanachart Bank Plc.	Commercial bank	55,137	55,137	50.96	50.96	29,056	29,056	983	1,124
NFS Asset Management Co., Ltd.	Asset management	1,000	1,000	100.00	100.00	1,000	1,000	1,000	-
Max Asset Management Co., Ltd.	Asset management	572	572	83.44	83.44	469	469	549	262
NASSET Property Fund 6	Investment in non-performing assets and collection rights	371	395	99.80	99.80	370	395	62	20
Thiravanit Co., Ltd.	Liquidating	6	6	99.90	99.90	34	34	-	-
Thanachart SPV 01 Co., Ltd.	Not yet operation	2	2	100.00	100.00	2	2	-	-
<u>Associated company</u>									
MBK Plc.	Property rental, hotel and services	1,886	1,886	10.00	10.00	658	658	47	94
Total investments in subsidiary and associated companies						31,589	31,614	2,641	1,500
Less: Allowance for impairment						(16)	(16)		
Total investments in subsidiary and associated companies - net						31,573	31,598		

During the period 2012, NASSET Property Fund 6 decreased the number of its registered units and returned Baht 34 million to the Company, based on the net assets value at the declaration date. The Company therefore recorded a gain on capital return of Baht 9 million in the separate financial statement. This gain has been eliminated in the consolidated financial statements.

6.2 Consolidated financial statements

As at 30 September 2012 and 31 December 2011, investments in associated companies in the consolidated financial statements, which are recorded under the equity method, consist of investments in ordinary shares of the following companies which operate in Thailand:

(Unit: Million Baht)

Company's name	Paid-up capital		Percentage of holding		Value of investment				Dividend income		Share of profit (loss)	
					Cost method		Equity method		for the nine-month periods ended		for the nine-month periods ended	
	30 September	31 December	30 September	31 December	30 September	31 December	30 September	31 December	30 September	30 September	30 September	30 September
	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011
MBK Plc. (operating in property rental, hotel and services business)	1,886	1,886	19.90	19.90	948	948	1,811	1,639	94	188	256	181
Siam Samsung Life Insurance Co., Ltd. (operating in life insurance business)	-	500	-	25.00	-	104	-	34	-	-	(25)	(32)
Siam City Insurance Co., Ltd. (disposed during 2011)	-	-	-	-	-	-	-	-	-	10	-	(8)
Ratchthani Leasing Plc. (transferred to investment in subsidiary company during 2011)	-	-	-	-	-	-	-	-	-	12	-	91
Total investments in associated companies					948	1,052	1,811	1,673	94	210	231	232

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

In March 2012, Siam Samsung Life Insurance Co., Ltd. issued additional shares capital but Thanachart Bank did not exercise its right to purchase such additional shares. As a result, Thanachart Bank's shareholding decreased from 25 percent to 19.23 percent and the status of Siam Samsung Life Insurance Co., Ltd. was changed from an associated company to a general investment. The value of the investment on the date of the change is treated as a new cost of investment.

In August 2011, SCIB disposed all investment in common share of Siam City Insurance Co., Ltd. In October 2011, Thanachart Bank received the entire business transfer including shares in Ratchthani Leasing Plc. from SCIB, treating it as investment in an associated company. Therefore, share of profit from investment was calculated from operating result of Ratchthani Leasing Plc. for the nine-month period ended 30 September 2011. However, in November 2011, Thanachart Bank taken the right to purchase additional new issue shares, resulting in Thanachart Bank's shareholding increased from 48.35 percent to 65.18 percent and the status of Ratchthani Leasing Plc. was changed from an associated company to a subsidiary company.

- 6.3** The consolidated statements of financial position as at 30 September 2012 and 31 December 2011 included Baht 20 million of assets (before eliminating transactions) of Thiravanit Co., Ltd. which has registered its dissolution and is currently in the liquidation process. The financial statements of this subsidiary were prepared by its management and were not audited by its auditor.

6.4 Summarised financial information of associated companies

- a) Summarised financial information of MBK Plc. as at 30 June 2012 and 30 September 2011 and for the nine-month periods ended 30 June 2012 and 2011 are as follows:

(Unit: Million Baht)									
Paid-up capital		Total assets		Total liabilities		Total income		Profit for	
30	30	30	30	30	30	for the nine-month		for the nine-month	
June	September	June	September	June	September	periods ended		periods ended	
2012	2011	2012	2011	2012	2011	30 June		30 June	
						2012	2011	2012	2011
1,886	1,886	27,127	27,409	12,487	13,916	6,791	6,527	1,211	917

The share of profit of MBK Plc. is determined based on financial statements of MBK Plc. prepared for a different period, as a result of limitations on the availability of information. The financial information used was based on the statements of financial position as at 30 June 2012 and 30 September 2011 and the statements of income for the nine-month periods ended 30 June 2012 and 2011 as prepared by the Company's management, with reference to the financial statements as reviewed by its auditor and adjusted for the effect of the differences in accounting policies. The Company's management believes that the profit for the nine-month period ended 30 June 2012 is not material different from that profit for the nine-month period ended 30 September 2012.

- b) Summarised financial information of Siam Samsung Life Insurance Co., Ltd., Siam City Insurance Co., Ltd. and Ratchthani Leasing Plc. as at 30 September 2012 and 31 December 2011 and for the nine-month periods ended 30 September 2012 and 2011 are as follows:

Company's name	(Unit: Million Baht)									
	Paid-up capital		Total assets		Total liabilities		Total income for the		Profit (loss) for the	
	30	31	30	31	30	31	nine-month		nine-month	
	September	December	September	December	September	December	periods ended		periods ended	
	2012	2011	2012	2011	2012	2011	30 September		30 September	
Siam Samsung Life Insurance Co., Ltd.	-	500	-	1,989	-	1,854	270	885	(100)	(130)
Siam City Insurance Co., Ltd.	-	-	-	-	-	-	-	414	-	(17)
Ratchthani Leasing Plc.	-	-	-	-	-	-	-	816	-	188

Income, profit or loss and share of profit (loss) of investments in associated companies were determined based on the financial statements for the period starting from the date that the Company and/or the subsidiaries invested in such companies, in proportion to the shareholding interest, and until the date of disposal or the date that the status changed.

- 6.5** As at 30 September 2012 and 31 December 2011, the fair value of investments in associated companies which are listed in the Stock Exchange of Thailand is as follows:

	(Unit: Million Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	30 September	31 December	30 September	31 December
	2012	2011	2012	2011
MBK Plc.	4,392	3,313	2,206	1,664

7. Loans to customers and accrued interest receivables

7.1 Classified by loan type

	(Unit: Million Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	30 September	31 December	30 September	31 December
	2012	2011	2012	2011
<u>Loans to customers</u>				
Overdrafts	21,013	23,358	-	-
Loans	269,826	272,788	192	198
Notes receivable	48,200	49,975	8	1,008
Hire purchases receivables	410,769	326,115	131	139
Financial leases receivables	1,861	2,084	-	-
Others	245	234	-	-
Less: Deferred revenues	(51,763)	(39,686)	(7)	(8)
Total loans to customers net of deferred revenues	700,151	634,868	324	1,337
Add: Accrued interest receivables	1,087	980	9	9
Total loans to customers net of deferred revenues and accrued interest receivables	701,238	635,848	333	1,346
Less: Allowance for doubtful accounts				
1) BOT's minimum requirement provision				
- Individual approach	(18,128)	(26,166)	(236)	(259)
- Collective approach	(5,343)	-	-	-
2) Excess provision	(883)	(429)	-	-
Less: Revaluation allowance for debt restructuring	(351)	(386)	-	-
Loans to customers and accrued interest receivables - net	676,533	608,867	97	1,087
<u>Securities business receivables</u>				
Credit balances receivables	2,430	1,926	-	-
Other receivables	306	310	-	-
Total securities business receivables	2,736	2,236	-	-
Less: Allowance for doubtful accounts	(305)	(305)	-	-
Securities business receivables - net	2,431	1,931	-	-
Loans to customers and accrued interest receivables - net	678,964	610,798	97	1,087

7.2 Non-performing loans

As at 30 September 2012 and 31 December 2011, the Company and its subsidiaries (banking, securities and asset management) had non-performing loans classified in accordance with the Notification of the BOT and SEC (debtors classified as substandard, doubtful and doubtful of loss) as follows:

(Unit: Million Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	30 September 2012	31 December 2011	30 September 2012	31 December 2011
Non-performing loans (excluding accrued interest receivables)				
The Company	319	332	319	332
Banking business	21,188	17,989	-	-
Securities business	306	306	-	-
Asset management	13,841	20,918	-	-

The above definition of non-performing loans does not include overdue loans which have been already restructured and are now qualified for classification as normal or special mention debt.

Additionally, the Company and its subsidiaries (banking and securities business) had loans for which income recognition under an accrual basis has been discontinued, as follows:

(Unit: Million Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	30 September 2012	31 December 2011	30 September 2012	31 December 2011
The Company	218	229	218	229
Banking business	19,350	16,579	-	-
Securities business	306	306	-	-

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

7.3 Debt restructuring

During the nine-month periods ended 30 September 2012 and 2011, the Company and its subsidiaries have entered into debt restructuring agreements as follows:

Consolidated financial statements					
For the nine-month periods ended 30 September					
Type of restructuring	Number of debtors	Outstanding loans balance before restructuring ⁽¹⁾ Million Baht	Outstanding loans balance after restructuring ⁽¹⁾ Million Baht	Type of assets to be transferred	Fair value of assets to be transferred under agreement Million Baht
2012					
Modification of repayment conditions	14,722	15,059	12,244		
Transfer of assets and/or ordinary shares and/or modification of repayment conditions	1	582	432	Common share	432
Total	14,723	15,641	12,676		
2011					
Modification of repayment conditions	3,370	3,345	3,345		
Transfer of assets and/or ordinary shares and/or modification of repayment conditions	11	983	983	Land and common share	425
Total	3,381	4,328	4,328		

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

Separate financial statements					
For the nine-month periods ended 30 September					
Type of restructuring	Number of debtors	Outstanding loans balance before restructuring ⁽¹⁾ Million Baht	Outstanding loans balance after restructuring ⁽¹⁾ Million Baht	Type of assets to be transferred	Fair value of assets to be transferred under agreement Million Baht
2012					
Modification of repayment conditions	22	9	9		
Total	22	9	9		
2011					
Modification of repayment conditions	31	5	5		
Total	31	5	5		

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

The remaining periods to maturity of receivables who entered into debt restructuring agreements during the nine-month periods ended 30 September 2012 and 2011, counting from the end of period, are summarised below.

Consolidated financial statements				
For the nine-month periods ended 30 September				
Periods	2012		2011	
	Number of	Outstanding	Number of	Outstanding
	debtors	balances after	debtors	balances after
		restructuring		restructuring
		Million Baht		Million Baht
Past due after restructuring	4,520	3,629	759	483
Due within the year	1,786	3,064	575	139
Less than 5 years	7,155	2,628	1,225	1,274
5 - 10 years	1,106	3,016	753	2,221
10 - 15 years	53	145	22	126
Over 15 years	103	194	47	85
Total	14,723	12,676	3,381	4,328

Separate financial statements				
For the nine-month periods ended 30 September				
Periods	2012		2011	
	Number of	Outstanding	Number of	Outstanding
	debtors	balances after	debtors	balances after
		restructuring		restructuring
		Million Baht		Million Baht
Past due after restructuring	-	-	1	-
Due within the year	18	2	26	2
Less than 5 years	2	2	4	3
5 - 10 years	1	1	-	-
10 - 15 years	1	4	-	-
Total	22	9	31	5

Supplemental information for the nine-month periods ended 30 September 2012 and 2011 relating to restructured loans is as follows:

	(Unit: Million Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2012	2011	2012	2011
Interest incomes recognised in the statements of comprehensive income	1,893	1,198	10	2
Gain on debt settlement/disposal	64	30	-	4
Gain on assets transferred from debt settlement	-	6	-	-
Loss on debt restructuring (net from allowance for doubtful accounts as previously recorded)	3	43	-	-
Cash repayment from receivables	9,939	4,153	13	10
Properties foreclosed received for debts settlement	883	290	-	-

As at 30 September 2012 and 31 December 2011, the Company and its subsidiaries have the following restructured receivables balances (principal and accrued interest receivable):

	Restructured receivables							
	Total number of		Number of receivables		Outstanding balances		Outstanding balances, net of collateral	
	outstanding receivables							
	30	31	30	31	30	31	30	31
	September	December	September	December	September	December	September	December
	2012	2011	2012	2011	2012	2011	2012	2011
	Thousand	Thousand			Million Baht	Million Baht	Million Baht	Million Baht
Thanachart Capital Plc.	3.4	3.6	61	60	119	120	25	26
Thanachart Bank Plc.	1,629.0	1,378.9	56,386	52,289	25,499	25,803	16,231	9,350
Thanachart Securities Plc.	0.4	0.9	3	3	35	35	35	35
TS Asset Management Co., Ltd.	2.3	2.5	1,587	1,630	10,480	12,978	5,412	5,173
Other subsidiaries	0.6	5.9	209	243	641	1,119	207	245

7.4 Classified by classification

As at 30 September 2012 and 31 December 2011, the Company and its financial institution subsidiaries (banking and asset management business) classified and made allowances against their loans in accordance with the BOT's guidelines as summarised below.

(Unit: Million Baht)

	Consolidated financial statements ⁽¹⁾					
	Net balance used in made					
	Loans and accrued		allowance for doubtful		Allowance for doubtful	
	interest receivables		accounts		accounts	
	30	31	30	31	30	31
	September	December	September	December	September	December
	2012	2011	2012	2011	2012	2011
Normal	622,289	542,595	438,111	201,388	4,479	4,049
Special mention	25,466	40,463	20,455	18,290	1,081	721
Substandard	6,507	7,151	4,492	3,897	4,312	3,897
Doubtful	4,718	11,775	2,128	7,509	1,951	7,509
Doubtful of loss	24,201	20,405	11,276	9,005	10,877	9,209
Total	<u>683,181</u>	<u>622,389</u>	<u>476,462</u>	<u>240,089</u>	22,700	25,385
Additional allowance for possible uncollectability debts					871	417
Total					<u>23,571</u>	<u>25,802</u>

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

(Unit: Million Baht)

	Separate financial statements					
	Net balance used in					
	Loans and accrued		made allowance for		Allowance for doubtful	
	interest receivables		doubtful accounts		accounts	
	30	31	30	31	30	31
	September	December	September	December	September	December
	2012	2011	2012	2011	2012	2011
Normal	5	1,005	1	1,000	-	10
Special mention	-	-	-	-	-	-
Substandard	4	4	-	-	-	-
Doubtful	2	-	-	-	-	-
Doubtful of loss	322	337	236	249	236	249
Total	<u>333</u>	<u>1,346</u>	<u>237</u>	<u>1,249</u>	<u>236</u>	<u>259</u>

	Percentage of allowance for doubtful account set up			
	Hire purchase receivables - personal consuming for			
	Thanachart Bank		Other loans	
	30 September 2012 ⁽²⁾	31 December 2011	30 September 2012	31 December 2011
Normal	0.20	1	1	1
Special mention	3.50	2	2	2
Substandard	84	100	100	100
Doubtful	84	100	100	100
Doubtful of loss	84	100	100	100

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

Starting from 1 January 2012, Thanachart Bank changed its method of estimating allowance for doubtful debts for hire purchase receivable-personal consuming, from setting allowance aside in accordance with BOT guidelines with reference to the length of overdue period and fixed provisioning rates to using a collective approach, as mentioned in Note 2.4 to the financial statements. This change in accounting estimate resulted in a Baht 852 million decrease in doubtful accounts in the statement of comprehensive income for the nine-month period ended 30 September 2012.

For other loans, the net balance used in setting allowance for doubtful accounts for loans classified as Normal and Special mention is the principal balance net of deferred revenues, excluding accrued interest receivables, and after deducting collaterals values, while for loans classified as Substandard, Doubtful and Doubtful of loss, it is the principal balance net of deferred revenues plus accrued interest receivables, and after deducting the present value of expected future cash flows from debt collection or from disposal of collaterals.

7.5 Loan to companies which have settlement problems

As at 30 September 2012 and 31 December 2011, loans of the Company and its subsidiaries in the consolidated financial statements and the separate financial statements included debts due from companies with weak financial positions and poor operating results, as follows:

Consolidated financial statements								
							Allowance for doubtful accounts provided	
Number of debtors		Debt balance		Collateral value		in the accounts		
30	31	30	31	30	31	30	31	
September	December	September	December	September	December	September	December	
2012	2011	2012	2011	2012	2011	2012	2011	
		Million	Million	Million	Million	Million	Million	
		Baht	Baht	Baht	Baht	Baht	Baht	
1. Closed financial institutions	4	4	-	-	-	-	-	
2. Listed companies possible to delisting from the SET	6	7	840	888	64	110	776	
3. Non-listed companies with similar operating results and financial positions to listed companies possible to delisting from the SET	10	9	587	585	332	334	238	
4. Companies which have loan settlement problems or have defaulted on the repayment	1,410	1,326	19,813	24,966	11,592	12,324	9,379	
							13,574	
Separate financial statements								
							Allowance for doubtful accounts provided	
Number of debtors		Debt balance		Collateral value		in the accounts		
30	31	30	31	30	31	30	31	
September	December	September	December	September	December	September	December	
2012	2011	2012	2011	2012	2011	2012	2011	
		Million	Million	Million	Million	Million	Million	
		Baht	Baht	Baht	Baht	Baht	Baht	
1. Companies which have loan settlement problems or have defaulted on the repayment	65	72	102	102	81	85	28	
							30	

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

As at 30 September 2012 and 31 December 2011, subsidiary companies operating in the securities business classified securities business receivables and accrued interest receivables, in accordance with the Notification of the Securities and Exchange Commission (“SEC”) governing accounting for the non-performing debts of securities companies as follows:

(Unit: Million Baht)

	Receivable balances		Allowance for doubtful accounts		Debt balance net of allowance for doubtful accounts	
	30 September	31 December	30 September	31 December	30 September	31 December
	2012	2011	2012	2011	2012	2011
Normal	2,430	1,930	-	-	2,430	1,930
Substandard	4	3	3	2	1	1
Doubtful	302	303	302	303	-	-
Total	<u>2,736</u>	<u>2,236</u>	<u>305</u>	<u>305</u>	<u>2,431</u>	<u>1,931</u>

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

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

As at 30 September 2012 and 31 December 2011, hire purchase and financial lease receivables balances of subsidiary companies engaged in hire purchase and financial lease businesses are classified by the due date of the contracts (after elimination) as follows:

(Unit: Million Baht)

	30 September 2012	31 December 2011
Current or overdue not over 90 days	17,422	12,846
Overdue 91 - 365 days	278	363
Overdue more than 1 year	65	66
Debtors under legal actions	238	205
Total	<u>18,003</u>	<u>13,480</u>
Allowance for doubtful accounts provided in the accounts	<u>782</u>	<u>792</u>

7.8 As at 31 December 2011, the Company had call loans of Baht 1,000 million to NFS Asset Management Co., Ltd., a subsidiary company, in the form of a promissory note. The loans carried interest at a rate referenced to the MLR of Thanachart Bank. During the period 2012, the subsidiary company made full payment of the loans.

8. Allowance for doubtful accounts

(Unit: Million Baht)

Consolidated financial statements									
For the nine-month period ended 30 September 2012									
The Company and subsidiary companies which are financial institutions									
	Normal	Special mention	Sub- standard	Doubtful	Doubtful of loss	Excess provision	Total	Subsidiary companies	Consolidated
Balance - beginning of the period	4,049	721	3,897	7,509	9,209	417	25,802	1,098	26,900
Increase (decrease) during the period	430	360	417	(3,113)	3,458	454	2,006	13	2,019
Bad debts recovery	-	-	-	-	322	-	322	6	328
Bad debts written-off	-	-	-	-	(1,144)	-	(1,144)	(25)	(1,169)
Reversal on hair-cut loans	-	-	(2)	(2,445)	(519)	-	(2,966)	(4)	(2,970)
Reversal from disposal of loans	-	-	-	-	(449)	-	(449)	-	(449)
Balance - end of the period	4,479	1,081	4,312	1,951	10,877	871	23,571	1,088	24,659

(Unit: Million Baht)

Consolidated financial statements									
For the year ended 31 December 2011									
The Company and subsidiary companies which are financial institutions									
	Normal	Special mention	Sub- standard	Doubtful	Doubtful of loss	Excess provision	Total	Subsidiary companies	Consolidated
Balance - beginning of the year	2,179	2,249	3,071	8,283	9,455	707	25,944	1,551	27,495
Allowance for doubtful accounts of subsidiary purchased during the year	-	-	-	-	-	-	-	542	542
Allowance for doubtful accounts of subsidiary disposed during the year	-	-	-	-	-	-	-	(1,022)	(1,022)
Increase (decrease) during the year	1,870	(1,528)	988	(575)	1,586	(290)	2,051	92	2,143
Bad debts recovery	-	-	-	253	161	-	414	10	424
Bad debts written-off	-	-	(20)	(452)	(936)	-	(1,408)	(75)	(1,483)
Reversal from disposal of loans	-	-	(142)	-	(1,057)	-	(1,199)	-	(1,199)
Balance - end of the year	4,049	721	3,897	7,509	9,209	417	25,802	1,098	26,900

(Unaudited but reviewed)

(Unit: Million Baht)

Separate financial statements							
For the nine-month period ended 30 September 2012							
	Normal	Special mention	Substandard	Doubtful	Doubtful of loss	Excess provision	Total
Balance - beginning							
of the period	10	-	-	-	249	-	259
Decrease during the period	(10)	-	-	-	(14)	-	(24)
Bad debts recovery	-	-	-	-	1	-	1
Balance - end of the period	-	-	-	-	236	-	236

(Unit: Million Baht)

Separate financial statements							
For the year ended 31 December 2011							
	Normal	Special mention	Substandard	Doubtful	Doubtful of loss	Excess provision	Total
Balance - beginning							
of the year	10	-	1	4	350	140	505
Decrease during the year	-	-	(1)	(4)	(21)	(140)	(166)
Bad debts recovery	-	-	-	-	5	-	5
Bad debts written-off	-	-	-	-	(3)	-	(3)
Reversal from disposal of loan	-	-	-	-	(82)	-	(82)
Balance - end of the year	10	-	-	-	249	-	259

9. Revaluation allowance for debt restructuring

(Unit: Million Baht)

	Consolidated financial statements		Separate financial statements	
	For the nine-month		For the nine-month	
	period ended	For the year ended	period ended	For the year ended
	30 September 2012	31 December 2011	30 September 2012	31 December 2011
Balance - beginning of the period	386	464	-	-
Decrease during the period	(1)	(35)	-	-
Amortised during the period	(34)	(43)	-	-
Balance - end of the period	351	386	-	-

10. Classification of assets

As at 30 September 2012 and 31 December 2011, the quality of assets of the Company and its financial institution subsidiaries (banking and asset management business) classified in accordance with the announcements of the Bank of Thailand are as follows:

(Unit: Million Baht)

Consolidated financial statements						
30 September 2012						
	Loans to customers and Interbank and money market items	accrued interest receivables	Investments	Property foreclosed	Other assets	Total
Normal	39,618	622,289	-	-	153	662,060
Special mention	-	25,466	-	-	86	25,552
Substandard	-	6,507	-	-	7	6,514
Doubtful	-	4,718	-	-	7	4,725
Doubtful of loss	-	24,201	279	696	348	25,524
Total	39,618	683,181	279	696	601	724,375

(Unit: Million Baht)

Consolidated financial statements						
31 December 2011						
	Loans to customers and Interbank and money market items	accrued interest receivables	Investments	Property foreclosed	Other assets	Total
Normal	39,364	542,595	-	-	162	582,121
Special mention	-	40,463	-	-	109	40,572
Substandard	-	7,151	-	-	5	7,156
Doubtful	-	11,775	-	-	4	11,779
Doubtful of loss	-	20,405	523	761	341	22,030
Total	39,364	622,389	523	761	621	663,658

(Unaudited but reviewed)

(Unit: Million Baht)

Separated financial statements						
30 September 2012						
	Loans to customers and Interbank and money market items	accrued interest receivables	Investments	Property foreclosed	Other assets	Total
Normal	-	5	-	-	-	5
Special mention	-	-	-	-	1	1
Substandard	-	4	-	-	-	4
Doubtful	-	2	-	-	-	2
Doubtful of loss	-	322	149	470	83	1,024
Total	-	333	149	470	84	1,036

(Unit: Million Baht)

Separate financial statements						
31 December 2011						
	Loans to customers and Interbank and money market items	accrued interest receivables	Investments	Property foreclosed	Other assets	Total
Normal	-	1,005	-	-	-	1,005
Special mention	-	-	-	-	1	1
Substandard	-	4	-	-	1	5
Doubtful	-	-	-	-	-	-
Doubtful of loss	-	337	198	412	83	1,030
Total	-	1,346	198	412	85	2,041

11. Properties foreclosed

(Unit: Million Baht)

	Consolidated financial statements		Separate financial statements	
	30 September 2012	31 December 2011	30 September 2012	31 December 2011
Cost	10,682	12,325	2,275	2,419
Less: Allowance for impairment	(700)	(765)	(470)	(412)
Net property foreclosed	9,982	11,560	1,805	2,007

12. Goodwill

As at 30 September 2012 and 31 December 2011, goodwill stated in the consolidated financial statements are as follows:

	(Unit: Million Baht)	
	30 September 2012	31 December 2011
Goodwill	15,784	15,784
Deferred gain on disposal of investment	(1,594)	(1,803)
Total	14,190	13,981

13. Other assets

	(Unit: Million Baht)			
	Consolidated financial statements		Separate financial statements	
	30 September 2012	31 December 2011	30 September 2012	31 December 2011
Accrued premium insurance income	414	439	-	-
Other receivables	1,390	1,619	87	89
VAT refundable	1,920	57	-	-
Other receivables - VAT paid in advance for customers	216	201	1	1
Deposit	300	269	6	4
Estimated insurance claims recoveries	295	264	-	-
Receivable from clearing house	353	25	-	-
Leasehold right	355	413	13	29
Prepaid corporate income tax	1,073	1,048	26	13
Deposit from derivative contracts	76	357	-	-
Suspense amount - Deferred tax arrived from business combination	475	537	-	-
Prepaid expenses	362	255	5	5
Others	940	682	23	26
Total	8,169	6,166	161	167
Less: Allowance for impairment	(421)	(404)	(83)	(84)
Other assets - net	7,748	5,762	78	83

14. Interbank and money market items (liabilities)

As at 30 September 2012, interbank and money market items in the consolidated financial statements included long-term loans of a subsidiary company amounting Baht 999 million, consisting of a loan of Baht 199 million that is repayable in 36 monthly installments from the date of loan drawdown, and another loan of Baht 800 million repayable within 3 years from the date of loan drawdown. These loans bear interest at fixed interest rate per annum, payable monthly. In addition, the subsidiary has to comply with the terms and conditions as specified in the loan agreement, such as maintenance of a debt to equity ratio (31 December 2011: including loans of a subsidiary company amounting to Baht 1,054 million).

15. Debt issued and borrowings

As at 30 September 2012 and 31 December 2011, the balance of domestic debt issued and borrowings, which stated in Baht, are as follows:

Type of borrowings	Interest rate per annum (as at 30 September 2012)	Maturity year	(Unit: Million Baht)			
			Consolidated financial statements		Separate financial statements	
			30	31	30	31
			September 2012	December 2011	September 2012	December 2011
Unsubordinated debentures	3.35 - 4.90 percent	2013 - 2014	11,999	12,000	12,000	12,000
Unsubordinated debentures	3.45 - 5.50 percent	2013 - 2016	8,072	-	-	-
Perpetual subordinated hybrid bonds issued under Tier I	8.50 percent	Dissolution	3,494	3,494	-	-
Subordinated hybrid bonds issued under Tier II	5.25 percent	2019 and 2024	5,000	4,996	-	-
Subordinated debentures issued under Tier II	4.70 - 6.00 percent	2015 - 2022	31,497	22,997	-	-
Bills of exchange	0.00 percent	At call	25	56	-	-
Bills of exchange	1.00 - 3.95 percent	2012 - 2013	25,540	217,999	-	-
Promissory notes	0.50 - 4.75 percent	At call	1,693	942	-	-
Borrowings - Department of Alternative Energy Development and Efficiency	0.50 percent	2012 - 2017	115	169	-	-
Total debt issued and borrowings			87,435	262,653	12,000	12,000

On 27 March 2012, a subsidiary company issued 2,072,100 units of name registered unsubordinated, unsecured, unconvertible debentures with debenture holders' representative, with a face value of Baht 1,000 each. The debenture mature in 2013 and bear interests at fixed interest rate of 3.45 percent per annum, payable quarterly.

On 20 July 2012, a subsidiary company issued 8,497,000 units of name registered subordinated, unsecured debentures with debenture holders' representative, with a face value of Baht 1,000 each. The debenture mature in 2022 and bear interests at fixed interest rate of 4.70 percent per annum, payable quarterly. The subsidiary company has a call option to early redeem these debentures at par if the conditions specified are met.

Moreover, on 27 April 2012, a subsidiary company issued 6,000,000 units of name registered unsubordinated, unsecured, unconvertible debentures with debenture holders' representative, with a face value of Baht 1,000 each. Of these, 2 million units bear interests at fixed interest rate of 4.90 percent per annum and mature in 2014, and 1.5 million units bear interests at fixed interest rate of 5.20 percent per annum and mature in 2015, and another 2.5 million units bear interests at fixed interest rate of 5.50 percent per annum and mature in 2016. All debentures pay interest quarterly.

16. Provisions

	(Unit: Million Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	30 September 2012	31 December 2011	30 September 2012	31 December 2011
Loss from litigation	195	95	9	9
Employee benefits payable	2,130	1,970	21	18
Obligations of off-balance	214	269	-	-
Provision for loss sharing arise from loans transferred to TAMC	383	383	183	183
Others	464	427	-	-
Total	3,386	3,144	213	210

17. Insurance contract liabilities

(Unit: Million Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	30 September 2012	31 December 2011	30 September 2012	31 December 2011
Life policy reserve	31,563	29,831	-	-
Loss reserves and outstanding claims	2,059	3,441	-	-
Unearned premium reserve	3,024	2,659	-	-
Other liabilities under insurance policies	336	223	-	-
Total insurance contract liabilities	36,982	36,154	-	-

From July to December 2011, there was widespread flooding in Thailand. The floods affected parties insured by the subsidiary, and the subsidiary has assessed and recorded the impact of the flood in its financial statements. However, there are inherent uncertainties in the assumptions used by management in preparing the loss reserves, which could affect the amount of claims reserve and claim reserve refundable from reinsurers. The management believes that the losses incurred will not significantly exceed the provisions set aside.

18. Other liabilities

(Unit: Million Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	30 September 2012	31 December 2011	30 September 2012	31 December 2011
Other payables	1,577	1,586	93	44
Suspense cash received from accounts receivable	484	546	33	39
Unearned income	325	328	-	-
Provision for income tax	587	330	-	-
Corporate income tax payable	899	2,480	-	-
Accrued expenses	3,727	3,924	30	37
Payables to clearing house	226	306	-	-
Others	3,294	2,783	33	28
Total other liabilities	11,119	12,283	189	148

19. Share capital/Treasury share/Retained earnings appropriated for treasury share reserve

During the nine-month period ended 30 September 2012, there were no preferred shares converted to the Company's common shares. Therefore, as at 30 September 2012, 13,336 preferred shares remained unconverted. Each preferred share can convert to 1 common share and the conversion right is unconditional and does not expire.

As at 31 December 2011, the Company had 55,324,300 shares of treasury stocks, valued at Baht 387.5 million (at cost). A condition of the treasury stock program was that the shares were to be disposed of within 3 years counting from the end of the buy-back period. As of the end of the program (15 June 2012), the Company had not disposed of the treasury stocks, and therefore wrote off all treasury stocks (55,324,300 shares with a par value of Baht 10) by reducing the registered share capital of the Company by Baht 553,243,000 which was registered with the Ministry of Commerce on 19 June 2012. As a result, the issued and paid up share capital decreased from Baht 13,331,540,030 to Baht 12,778,297,030. The difference between the cost of the treasury stocks and the par value of the common shares, amounting to Baht 166 million, is presented as premium on treasury share in equity. Moreover, the Company cancelled the appropriation of retained earnings as a reserve for treasury share, and returned it to unappropriated retained earnings.

20. Other components of equity

	Consolidated		(Unit: Million Baht)	
	financial statements		Separate financial statements	
	30 September 2012	31 December 2011	30 September 2012	31 December 2011
Share premium of a subsidiary	776	776	-	-
Amount by which the value of investment in subsidiary lower than attributable net book value	226	226	-	-
Revaluation surplus on investments				
Revaluation surplus on investments				
Available-for-sale investments				
Debt instruments	325	195	5	-
Equity instruments	756	576	428	301
Held-to-maturity investments (reclassified from available-for-sale investment)	10	15	-	-
Total	1,091	786	433	301

	(Unit: Million Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	30 September	31 December	30 September	31 December
	2012	2011	2012	2011
Revaluation deficit on investments				
Available-for-sale investments				
Debt instruments	(28)	(128)	-	-
Equity instruments	-	(7)	-	-
Held-to-maturity investments (reclassified from available-for-sale investment)	(44)	(71)	-	-
Total	(72)	(206)	-	-
Total revaluation surplus on investments	1,019	580	433	301
Share of other comprehensive income of associates (loss)	(11)	(19)	-	-
Total	2,010	1,563	433	301

21. Capital funds

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

In compliance with the Notification of BOT Re: Consolidated Supervision, the Company has to disclose qualitative and quantitative information about the capital requirements of the Company and its subsidiaries in the financial group (Full Consolidation). The BOT granted a waiver for the Company to indirectly hold more shares of SCIB than permitted by law through Thanachart Bank, for the purposes of the business transfer. The BOT also permitted the Company not to include SCIB into the financial group until the date of completion of liquidation. The Company has disclosed capital requirement information as at 30 June 2012 on its website at www.thanachart.co.th, since October 2012.

22. Dividends

During the nine-month periods ended 30 September 2012 and 2011, the Company has dividend payment as below.

Dividends	Approved by	Dividend payment	Dividend per share
		Million Baht	Baht
Interim dividend on income for the first half-year of 2012	The Company's Board of Directors on 24 September 2012	639	0.50
Dividend on income for the second half-year of 2011	The Annual General Meeting of shareholders on 5 April 2012	894	0.70
Total dividend paid during the nine-month period ended 30 September 2012		<u>1,533</u>	<u>1.20</u>
Interim dividend on income for the first half-year of 2011	The Company's Board of Directors on 26 September 2011	639	0.50
Dividend on income for the second half-year of 2010	The Annual General Meeting of shareholders on 8 April 2011	894	0.70
Total dividend paid during the nine-month period ended 30 September 2011		<u>1,533</u>	<u>1.20</u>

23. Interest income

Interest income for the three-month and nine-month periods ended 30 September 2012 and 2011 consisted of the following:

	(Unit: Million Baht)			
	For the three-month periods ended 30 September			
	Consolidated financial statements		Separate financial statements	
	2012	2011	2012	2011
Interbank and money market items	679	558	1	-
Investments and trading transactions	127	19	-	2
Investments in debt securities	1,129	1,126	105	95
Loans to customers	5,292	5,555	4	20
Hire purchase and financial lease	5,499	4,400	-	-
Total interest income	<u>12,726</u>	<u>11,658</u>	<u>110</u>	<u>117</u>

(Unaudited but reviewed)

(Unit: Million Baht)

	For the nine-month periods ended 30 September			
	Consolidated		Separate	
	financial statements		financial statements	
	2012	2011	2012	2011
Interbank and money market items	1,725	1,317	1	1
Investments and trading transactions	374	72	-	2
Investments in debt securities	3,447	3,072	283	255
Loans to customers	16,000	15,525	39	56
Hire purchase and financial lease	15,223	12,587	-	2
Total interest income	36,769	32,573	323	316

24. Interest expenses

Interest expenses for the three-month and nine-month periods ended 30 September 2012 and 2011 consists of the following:

(Unit: Million Baht)

	For the three-month periods ended 30 September			
	Consolidated		Separate	
	financial statements		financial statements	
	2012	2011	2012	2011
Deposits	4,184	2,486	-	-
Interbank and money market items	369	354	-	-
Contribution fee to the Deposit Protection Agency	16	479	-	-
Contribution fee to the Financial Institutions Development Fund	809	-	-	-
Debts issued				
- Subordinated debentures	559	473	-	-
- Unsubordinated debentures	234	156	136	156
- Others	510	1,574	-	-
Borrowings cost	2	-	1	1
Total interest expenses	6,683	5,522	137	157

(Unaudited but reviewed)

(Unit: Million Baht)

	For the nine-month periods ended 30 September			
	Consolidated		Separate	
	financial statements		financial statements	
	2012	2011	2012	2011
Deposits	10,007	6,316	-	-
Interbank and money market items	1,170	748	-	-
Contribution fee to the Deposit Protection Agency	185	1,483	-	-
Contribution fee to the Financial Institutions Development Fund	1,969	-	-	-
Debts issued				
- Subordinated debentures	1,506	1,373	-	-
- Unsubordinated debentures	578	462	406	464
- Others	3,530	3,461	-	-
Borrowings cost	11	2	2	1
Total interest expenses	18,956	13,845	408	465

25. Fees and service income

Fees and service income for the three-month and nine-month periods ended 30 September 2012 and 2011 consists of the following:

(Unit: Million Baht)

	For the three-month periods ended 30 September			
	Consolidated		Separate	
	financial statements		financial statements	
	2012	2011	2012	2011
Fees and service income				
Acceptance, aval and guarantees	87	85	-	-
Brokerage fee from securities/ derivatives	322	355	-	-
Hire purchase fee income	272	224	-	2
Credit card fee	184	151	-	-
ATM and electronic banking services	175	203	-	-
Insurance brokerage fee income	85	42	-	-
Others	328	274	9	-
Total fees and service income	1,453	1,334	9	2
Fees and service expenses	(376)	(351)	-	(1)
Net fees and service income	1,077	983	9	1

(Unaudited but reviewed)

(Unit: Million Baht)

	For the nine-month periods ended 30 September			
	Consolidated		Separate	
	financial statements		financial statements	
	2012	2011	2012	2011
Fees and service income				
Acceptance, aval and guarantees	248	210	-	-
Brokerage fee from securities/ derivatives	886	934	-	-
Hire purchase fee income	814	688	2	8
Credit card fee	529	427	-	-
ATM and electronic banking services	536	609	-	-
Insurance brokerage fee income	211	154	-	-
Others	953	886	16	1
Total fees and service income	4,177	3,908	18	9
Fees and service expenses	(1,107)	(1,007)	(1)	(4)
Net fees and service income	3,070	2,901	17	5

26. Gains on trading and foreign exchange transactions

Gains (losses) on trading and foreign exchange transactions for the three-month and nine-month periods ended 30 September 2012 and 2011 consists of the following:

(Unit: Million Baht)

	For the three-month periods ended 30 September			
	Consolidated		Separate	
	financial statements		financial statements	
	2012	2011	2012	2011
Foreign exchange and derivatives				
relating to foreign exchange	122	261	-	-
Debt securities	55	11	-	(2)
Equity securities	-	(2)	-	-
Others	2	(3)	-	-
Total	179	267	-	(2)

(Unaudited but reviewed)

(Unit: Million Baht)

	For the nine-month periods ended 30 September			
	Consolidated		Separate	
	financial statements		financial statements	
	2012	2011	2012	2011
Foreign exchange and derivatives				
relating to foreign exchange	431	684	-	-
Foreign exchange and derivatives				
relating to interest rate	-	1	-	-
Debt securities	23	42	-	(2)
Equity securities	(2)	(7)	-	-
Others	5	(3)	-	-
Total	457	717	-	(2)

27. Gains on investments

Gains on investments for the three-month and nine-month periods ended 30 September 2012 and 2011 consists of the following:

	For the three-month periods ended 30 September			
	Consolidated		Separate	
	financial statements		financial statements	
	2012	2011	2012	2011
Gains (losses) on disposal				
Available-for-sale securities	109	114	32	36
Other investments	32	3	29	-
Investments in subsidiaries	69	125	-	-
Gains on debt settlement/disposal of				
debt/assets transferred from investments				
in receivables purchased	4	3	4	1
Gains on conversion of convertible				
debenture	-	40	-	-
Reversal losses from impairment of				
investments	42	-	42	-
Total	256	285	107	37

(Unaudited but reviewed)

(Unit: Million Baht)

	For the nine-month periods ended 30 September			
	Consolidated		Separate	
	financial statements		financial statements	
	2012	2011	2012	2011
Gains (losses) on disposal				
Available-for-sale securities	420	148	33	37
Other investments	19	1	28	-
Investments in subsidiaries	208	338	-	-
Gains on the capital returned	-	-	9	7
Gains on debt settlement/disposal of				
debt/assets transferred from investments				
in receivables purchased	29	37	17	20
Gains on conversion of convertible				
debenture	-	40	-	-
Reversal losses from impairment of				
investments (losses)	30	(40)	42	-
Losses on price adjustments on loans				
disposed to TAMC	-	(1)	-	-
Total	706	523	129	64

28. Impairment loss of loans and debt securities

Impairment loss of loans and debt securities for the three-month and nine-month periods ended 30 September 2012 and 2011 consists of the following:

(Unit: Million Baht)

	For the three-month periods ended 30 September			
	Consolidated		Separate	
	financial statements		financial statements	
	2012	2011	2012	2011
Bad debt and doubtful accounts				
Interbank and money market items				
(reversal)	(14)	(8)	-	-
Loans to customers (reversal)	1,112	156	(6)	(7)
Reversal of revaluation allowance for debts				
restructured during the period	(4)	(37)	-	-
Hair-cut losses from court ruling	4	-	-	-
Loss from debt restructuring	1	21	-	-
Impairment loss of investments in				
receivables purchased (reversal)	1	(3)	-	(2)
Total (reversal)	1,100	129	(6)	(9)

(Unit: Million Baht)

	For the nine-month periods ended 30 September			
	Consolidated		Separate	
	financial statements		financial statements	
	2012	2011	2012	2011
Bad debt and doubtful accounts				
Interbank and money market items				
(reversal)	8	(11)	-	-
Loans to customers (reversal)	2,019	1,826	(24)	(161)
Reversal of revaluation allowance for debts				
restructured during the period	(34)	(40)	-	-
Hair-cut losses from court ruling	4	-	-	-
Loss from debt restructuring (reversal)	3	(33)	-	-
Impairment loss of investments in receivables				
purchased (reversal)	3	(24)	3	(13)
Total (reversal)	2,003	1,718	(21)	(174)

29. Income tax

Corporate income tax was calculated on profit for the period, multiplied by the average tax rate for the period which was determined based on tax payable on estimated income for the period, after adding back and deducting with expenses and provisions which are disallowable for tax computation purposes and deducting income which is exempted for tax computation purposes.

The Company has no corporate income tax expenses for the three-month and nine-month periods ended 30 September 2012 and 2011 since after adding back and deducting income and/or expenses which are disallowed for tax computation purposes, there is a taxable loss.

30. Components of other comprehensive income

Components of other comprehensive income for the three-month and nine-month periods ended 30 September 2012 and 2011 consists of the following:

(Unit: Million Baht)

	For the three-month periods ended 30 September			
	Consolidated		Separate	
	financial statements		financial statements	
	2012	2011	2012	2011
Other comprehensive income				
Available-for-sale securities				
Unrealised gains (losses) during the period	586	(503)	137	(24)
Reclassification of adjustment for realised gains/losses that included in profit or loss	(109)	(114)	(32)	(36)
	477	(617)	105	(60)
Share of other comprehensive income in associated companies	(4)	2	-	-
Other comprehensive income for the period (loss)	473	(615)	105	(60)

(Unit: Million Baht)

	For the nine-month periods ended 30 September			
	Consolidated		Separate	
	financial statements		financial statements	
	2012	2011	2012	2011
Other comprehensive income				
Available-for-sale securities				
Unrealised gains (losses) during the period	1,147	(811)	165	24
Reclassification of adjustment for realised gains/losses that included in profit or loss	(420)	(148)	(33)	(37)
	727	(959)	132	(13)
Share of other comprehensive income in associated companies	10	14	-	-
Other comprehensive income for the period (loss)	737	(945)	132	(13)

31. Earnings per share

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

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

Consolidated financial statements						
For the three-month periods ended 30 September						
	Profit for the period		Weighted average number of common shares		Earnings per share	
	2012	2011	2012	2011	2012	2011
	Thousand Baht	Thousand Baht	Thousand shares	Thousand shares	Baht	Baht
Basic earnings per share						
Profit attributable to the Company	1,241,198	1,337,150	1,277,817	1,277,815	0.97	1.05
Effect of dilutive securities						
Preference shares convertible to common shares	-	-	13	15		
Diluted earnings per share						
Profit of common shareholders assuming conversion of dilutive securities	1,241,198	1,337,150	1,277,830	1,277,830	0.97	1.05

Consolidated financial statements						
For the nine-month periods ended 30 September						
	Profit for the period		Weighted average number of common shares		Earnings per share	
	2012	2011	2012	2011	2012	2011
	Thousand Baht	Thousand Baht	Thousand shares	Thousand shares	Baht	Baht
Basic earnings per share						
Profit attributable to the Company	4,143,949	4,064,240	1,277,817	1,277,814	3.24	3.18
Effect of dilutive securities						
Preference shares convertible to common shares	-	-	13	16		
Diluted earnings per share						
Profit of common shareholders assuming conversion of dilutive securities	4,143,949	4,064,240	1,277,830	1,277,830	3.24	3.18

Separate financial statements					
For the three-month periods ended 30 September					
Weighted average					
Profit for the period		number of common shares		Earnings per share	
2012	2011	2012	2011	2012	2011
Thousand Baht	Thousand Baht	Thousand shares	Thousand shares	Baht	Baht
Basic earnings per share					
Profit attributable to the Company	141,808	247,660	1,277,817	1,277,815	0.11 0.19
Effect of dilutive securities					
Preference shares convertible to common shares	-	-	13	15	
Diluted earnings per share					
Profit of common shareholders assuming conversion of dilutive securities	141,808	247,660	1,277,830	1,277,830	0.11 0.19

Separate financial statements					
For the nine-month periods ended 30 September					
Weighted average					
Profit for the period		number of common shares		Earnings per share	
2012	2011	2012	2011	2012	2011
Thousand Baht	Thousand Baht	Thousand shares	Thousand shares	Baht	Baht
Basic earnings per share					
Profit attributable to the Company	2,821,532	1,627,552	1,277,817	1,277,814	2.21 1.27
Effect of dilutive securities					
Preference shares convertible to common shares	-	-	13	16	
Diluted earnings per share					
Profit of common shareholders assuming conversion of dilutive securities	2,821,532	1,627,552	1,277,830	1,277,830	2.21 1.27

32. Related party transactions

During the periods, the Company and its subsidiaries had significant business transactions with its related parties. These transactions have been concluded on commercial terms and based agreed upon in the ordinary course of businesses between the Company and those companies. Below is a summary of those transactions.

(Unit: Million Baht)

	For the three-month periods ended				
	30 September				
	Consolidated		Separate		
	financial statements		financial statements		Pricing policies
	2012	2011	2012	2011	(For the period 2012)
Subsidiary companies					
Purchase of investments in debt securities	-	-	15,870	3,750	At market prices
Sales of investments in debt securities	-	-	-	49	
Returned capital from a subsidiary company (2011: gain by Baht 30 million)	-	-	-	95	
Interest income from loans	-	-	3	19	At interest rate of Thanachart Bank's MLR
Interest income from investments in debt securities	-	-	78	76	At interest rate of 5.00 - 5.25 and 8.50 percent per annum
Dividend income	-	-	79	167	As declared
Rental and other service income	-	-	33	38	At the rate agreed under the contract
Interest expenses - borrowing cost	-	-	1	1	At the rate agreed under the contract
Other expenses	-	-	4	7	
Associated companies					
Interest income	-	150	-	-	
Dividend income	-	-	-	47	
Interest expenses	17	19	-	-	At interest rate of 0.75 - 5.25 percent per annum
Dividend payment	-	-	65	65	As declared
Other expenses	34	15	7	10	
Related companies					
Purchase of investments in debt securities	40	-	-	-	At market prices
Sales of investments in debt securities	906	5	-	-	At market prices
Purchases/Sales of forward exchange contracts (2012: gain by Baht 19 million 2011: gain by Baht 33 million)	133,381	81,284	-	-	At market prices
Interest income	83	216	-	-	At interest rate of 2.40 - 8.00 percent per annum
Dividend income	7	26	-	13	As declared
Insurance/Life insurance income	31	-	-	-	At the rate agreed under the contract
Other income	4	22	1	1	
Interest expenses	104	116	-	-	At interest rate of 0.37 - 8.60 percent per annum
Project management expenses	9	16	6	7	At the contract price calculated by reference to estimated usage time
Other expenses	42	56	4	1	

	For the nine-month periods ended				
	30 September				
	Consolidated		Separate		
	financial statements		financial statements		Pricing Policies
	2012	2011	2012	2011	(For the period 2012)
Subsidiary companies					
Purchase of investments in debt securities	-	-	27,225	14,495	At market prices
Sales of investments in debt securities	-	-	50	158	At market prices
Sales of operating assets	-	-	-	100	
(2011: gain by Baht 4 million)					
Returned capital from a subsidiary company	-	-	34	31	At the net assets value
(2012: gain by Baht 9 million					
2011: gain by Baht 6 million)					
Interest income from loans	-	-	27	53	At interest rate of Thanachart Bank's MLR
Interest income from cash deposit	-	-	1	1	At interest rate of 0.75 - 1.50 percent
at banks					per annum
Interest income from investments in	-	-	233	218	At interest rate of 5.00 - 5.25 and
debt securities					8.50 - 8.60 percent per annum
Dividend income	-	-	2,594	1,406	As declared
Rental and other service income	-	-	118	126	At the rate agreed under the contract
Interest expenses - borrowing cost	-	-	2	2	At the rate agreed under the contract
Other expenses	-	-	13	23	
Associated companies					
Purchase of investments in debt securities	-	80	-	-	
Sales of investment in debt securities	270	324	-	-	At market prices
Interest income	-	319	-	-	
Dividend income	-	-	47	94	As declared
Other income	-	7	-	-	
Interest expenses	55	61	-	-	At interest rate of 0.75 - 5.25 percent per
					annum
Dividend payment	-	-	156	156	As declared
Other expenses	51	44	22	24	
Related companies					
Purchase of investments in debt securities	40	903	-	-	At market prices
Sales of investments in debt securities	1,203	450	-	-	At market prices
Purchase/Sales of forward exchange	388,872	324,809	-	-	At market prices
contracts					
(2012: gain by Baht 18 million					
2011: gain by Baht 10 million)					
Sale of property foreclosed	(2012: 34	-	-	-	At the rate agreed under the contract
gain by Baht 7 million)					which based on appraisal value

	For the nine-month periods ended				
	30 September				
	Consolidated		Separate		Pricing Policies
	financial statements		financial statements		
	2012	2011	2012	2011	(For the period 2012)
Related companies (continued)					
Interest income	255	549	-	-	At interest rate of 2.40 - 8.00 percent per annum
Dividend income	37	57	17	24	As declared
Insurance/Life insurance income	7	-	-	-	At the rate agreed under the contract
Other income	12	32	1	1	
Dividend payment	851	1,113	-	-	As declared
Interest expenses	309	327	-	1	At interest rate of 0.285 - 8.60 percent per annum
Project management expenses	42	47	20	20	At the contract price calculated by reference to estimated usage time
Insurance/Life insurance expenses	-	4	-	-	
Fee and service expenses	-	1	-	-	
Other expenses	127	122	5	3	

In addition to the transactions mentioned above, during the nine-month period ended 30 September 2011, SCIB transferred non-performing loans amounting to Baht 9,062 million and properties foreclosed amounting to Baht 3,083 million to TS Asset Management Co., Ltd, a subsidiary company. The transfer prices were mutually agreed with reference to what in the opinions of financial advisors were fair values. Moreover, in September 2012, Thanachart Bank purchased investments in equity securities from another subsidiary at a price of Baht 983 million, with reference to market price. Since this transaction is an intercompany transaction, a gain on disposal of Baht 630 million has been recognised in the financial statements of the subsidiary company and eliminated in the consolidated financial statements.

The significant outstanding balances of the above transactions during the nine-month periods ended 30 September 2012 and 2011 are below shown at the average month end balance.

(Unaudited but reviewed)

(Unit: Million Baht)

	Consolidated financial statements		Separate financial statements	
	2012	2011	2012	2011
<u>Subsidiary companies</u>				
Interbank and money market items (assets)	-	-	109	170
Loans to customers	-	-	490	1,000
Interbank and money market items (liabilities)	-	-	-	1
Debts issued and borrowings	-	-	-	47
<u>Associated companies</u>				
Loans to customers	-	7,428	-	-
Deposits	85	342	-	-
Debts issued and borrowings	1,488	2,251	-	-
<u>Related companies</u>				
Interbank and money market items (assets)	475	1,339	-	10
Loans to customers	9,561	19,286	-	-
Deposits	1,220	1,232	-	-
Interbank and money market items (liabilities)	10,476	7,591	-	-
Debts issued and borrowings	4,192	7,746	-	60

As at 30 September 2012 and 31 December 2011, the significant outstanding balances of the above transactions are as follows:

(Unit: Million Baht)

	Consolidated financial statements								
	30 September 2012								
	Assets					Liabilities			
	Interbank and money market items	Investments - debt securities	Loans to customers and interest receivables	Other assets	Deposits	Interbank and money market items	Debt issued and borrowing s	Other liabilities	Commitment s
Associated companies									
MBK Plc.	-	-	-	35	53	-	1,200	11	-
Related companies									
Seacon Development Plc.	-	-	592	1	-	-	-	-	-
Thai Hua Rubber Plc.	-	-	2,003	-	193	-	-	1	-
Synphaet Co., Ltd.	-	-	846	-	72	-	-	-	-
The Bank of Nova Scotia	269	-	-	4	-	11,071	3,494	189	3,124
Srithai Superware Plc.	-	-	862	-	35	-	-	-	-
Krungthai Card Plc.	-	-	3,838	-	9	-	-	-	-
Other related companies	-	-	1,089	176	984	104	400	93	-
	269	-	9,230	216	1,346	11,175	5,094	294	3,124

(Unaudited but reviewed)

(Unit: Million Baht)

Consolidated financial statements									
31 December 2011									
Assets					Liabilities				
Interbank and money market items	Investments - debt securities	Loans to customers and interest receivables	Other assets	Deposits	Interbank and money market items	Debt issued and borrowing s	Other liabilities	Commitment s	
Associated companies									
MBK Plc.	-	-	-	10	93	-	1,500	20	-
Siam Samsung Life Insurance Co., Ltd.	-	-	-	-	26	-	100	-	-
Related companies									
Seacon Development Plc.	-	-	591	1	-	-	-	-	-
Thai Hua Rubber Plc.	-	-	1,993	-	195	-	150	1	10
Synphaet Co., Ltd.	-	-	796	-	9	-	-	-	-
The Bank of Nova Scotia	1,123	-	-	25	-	7,933	3,494	102	2,580
Sriithai Superware Plc.	-	-	577	-	15	-	-	-	76
Krungthai Card Plc.	-	582	3,533	-	7	-	-	-	-
Chaimongkol Refinery Co., Ltd.	-	-	2,471	-	-	-	-	-	3
Other related companies	-	-	1,325	194	744	35	932	318	306
1,123	582	11,286	230	1,089	7,968	6,176	441	2,975	

(Unit: Million Baht)

Separate financial statements									
30 September 2012									
Assets					Liabilities				
Interbank and money market items	Investments - debt securities	Loans to customers and interest receivables	Other assets	Deposits	Interbank and money market items	Debt issued and borrowings	Other liabilities	Commitments	
Subsidiary companies									
Thanachart Bank Plc.	111	3,636	-	159	-	-	1	172	-
Thanachart Securities Plc.	-	-	-	1	-	-	-	4	-
Thanachart Insurance Co., Ltd.	-	-	-	1	-	-	-	-	-
National Leasing Co., Ltd.	-	-	-	-	-	-	17	-	-
Associated company									
MBK Plc.	-	-	-	4	-	-	-	-	-
111	3,636	-	165	-	-	1	193	-	

(Unit: Million Baht)

	Separate financial statements								
	31 December 2011								
	Assets				Liabilities				
	Interbank and money market items	Investments - debt securities	Loans to customers and interest receivables	Other assets	Deposits	Interbank and money market items	Debt issued and borrowings	Other liabilities	Commitments
Subsidiary companies									
Thanachart Bank Plc.	68	3,643	-	86	-	-	-	19	-
NFS Asset Management Co., Ltd.	-	-	1,000	1	-	-	-	-	-
Thanachart Securities Plc.	-	-	-	3	-	-	-	5	-
Thanachart Insurance Co., Ltd.	-	-	-	1	-	-	-	-	-
National Leasing Co., Ltd.	-	-	-	-	-	-	-	17	-
Associated company									
MBK Plc.	-	-	-	1	-	-	-	9	-
	68	3,643	1,000	92	-	-	-	50	-

As at 30 September 2012 and 31 December 2011, the Company has loan to subsidiary as described in note 7.8 to the financial statements.

As at 30 September 2012, the Company and its subsidiaries have investments amounting to Baht 1,419 million (Baht 605 million in the separate financial statements) in related companies in which they are related by means of members of their management being shareholders and/or directors of those companies (31 December 2011: Baht 1,172 million in the consolidated financial statements and Baht 469 million in the separate financial statements).

As at 30 September 2012 and 31 December 2011, the Company and its subsidiaries have the following related parties transactions with executive employees of the Company and companies within Thanachart Group from management level up, including related persons who together with these employees:

(Unit: Million Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	30 September 2012	31 December 2011	30 September 2012	31 December 2011
Loans	36	49	-	-
Deposits	773	535	-	-

Directors and management's remuneration

During the three-month and nine-month periods ended 30 September 2012 and 2011, the Company and its subsidiaries recorded the following benefits to their key management personnel, including directors:

	(Unit: Million Baht)			
	For the three-month periods ended 30 September			
	Consolidated		Separate	
	financial statements		financial statements	
	2012	2011	2012	2011
Short-term employee benefits	120	180	18	17
Post-employment benefits	4	17	1	-
	<u>124</u>	<u>197</u>	<u>19</u>	<u>17</u>
	(Unit: Million Baht)			
	For the nine-month periods ended 30 September			
	Consolidated		Separate	
	financial statements		financial statements	
	2012	2011	2012	2011
Short-term employee benefits	428	491	70	66
Post-employment benefits	12	43	2	1
	<u>440</u>	<u>534</u>	<u>72</u>	<u>67</u>

33. Financial information by segment**33.1 Financial position and results of operations classified by business transaction**

The financial position as at 30 September 2012 and 31 December 2011, and the results of operations for the three-month and the nine-month periods ended 30 September 2012 and 2011, classified by domestic and foreign operations, are as follow:

	(Unit: Million Baht)			
	Consolidated financial statements			
	30 September 2012			
	Domestic	Foreign		
	operations	Operations	Eliminations	Total
Total assets	1,021,454	14,173	(78,418)	957,209
Interbank and money market items (assets)	79,843	12,620	(18,553)	73,910
Investments	141,691	1,465	(4,266)	138,890
Investments in subsidiary and associated companies	43,908	-	(42,097)	1,811
Loans to customers and accrued interest receivables	687,738	-	(8,774)	678,964
Deposits	653,649	-	(3,381)	650,268
Interbank and money market items (liabilities)	82,821	14,089	(23,510)	73,400
Debt issued and borrowings	91,682	-	(4,247)	87,435

(Unaudited but reviewed)

(Unit: Million Baht)

Consolidated financial statements				
31 December 2011				
	Domestic	Foreign		
	operations	operations	Eliminations	Total
Total assets	1,032,972	15,245	(153,060)	895,157
Interbank and money market items (assets)	106,848	8,066	(51,682)	63,232
Investments	153,026	7,132	(7,647)	152,511
Investments in subsidiary and associated companies	74,150	-	(72,477)	1,673
Loans to customers and accrued interest receivables	630,228	-	(19,430)	610,798
Deposits	471,618	-	(35,753)	435,865
Interbank and money market items (liabilities)	78,910	15,010	(33,769)	60,151
Debt issued and borrowings	271,446	-	(8,793)	262,653

(Unit: Million Baht)

Consolidated financial statements				
For the three-month period ended 30 September 2012				
	Domestic	Foreign		
	operations	operations	Eliminations	Total
Interest income	12,932	39	(245)	12,726
Interest expenses	(6,906)	(26)	249	(6,683)
Net interest income	6,026	13	4	6,043
Net fee and service income	1,588	-	(511)	1,077
Net insurance/Life insurance income	48	-	755	803
Other operating income	2,357	3	(746)	1,614
Other operating expenses	(5,706)	-	183	(5,523)
Impairment loss of loans and debt securities	(1,099)	-	(1)	(1,100)
Income tax	(780)	-	200	(580)
Income before non-controlling interests	2,434	16	(116)	2,334

(Unaudited but reviewed)

(Unit: Million Baht)

Consolidated financial statements				
For the three-month period ended 30 September 2011				
	Domestic operations	Foreign operations	Eliminations	Total
Interest income	12,057	53	(452)	11,658
Interest expenses	(5,905)	(7)	390	(5,522)
Net interest income	6,152	46	(62)	6,136
Net fee and service income (losses)	1,316	(2)	(331)	983
Net insurance/Life insurance income	118	-	418	536
Other operating income	1,990	(6)	(675)	1,309
Other operating expenses	(6,457)	-	731	(5,726)
Impairment loss of loans and debt securities	(26)	-	(103)	(129)
Income tax	(809)	-	(18)	(827)
Income before non-controlling interests	2,284	38	(40)	2,282

(Unit: Million Baht)

Consolidated financial statements				
For the nine-month period ended 30 September 2012				
	Domestic operations	Foreign operations	Eliminations	Total
Interest income	37,671	122	(1,024)	36,769
Interest expenses	(19,893)	(67)	1,004	(18,956)
Net interest income	17,778	55	(20)	17,813
Net fee and service income	4,314	-	(1,244)	3,070
Net insurance/Life insurance income	1,733	-	1,166	2,899
Other operating income	8,044	11	(3,979)	4,076
Other operating expenses	(17,164)	-	581	(16,583)
Impairment loss of loans and debt securities	(1,919)	-	(84)	(2,003)
Income tax	(2,125)	-	85	(2,040)
Income before non-controlling interests	10,661	66	(3,495)	7,232

(Unaudited but reviewed)

(Unit: Million Baht)

Consolidated financial statements				
For the nine-month period ended 30 September 2011				
	Domestic operations	Foreign Operations	Eliminations	Total
Interest income	33,483	178	(1,088)	32,573
Interest expenses	(14,690)	(26)	871	(13,845)
Net interest income	18,793	152	(217)	18,728
Net fee and service income (losses)	3,854	(4)	(949)	2,901
Net insurance/Life insurance income	915	-	981	1,896
Other operating income	9,683	40	(6,356)	3,367
Other operating expenses	(16,589)	-	978	(15,611)
Impairment loss of loans and debt securities	(1,669)	-	(49)	(1,718)
Income tax	(2,238)	-	(75)	(2,313)
Income before non-controlling interests	12,749	188	(5,687)	7,250

The financial position as at 30 September 2012 and 31 December 2011 and the results of operations for the three-month and nine-month periods ended 30 September 2012 and 2011, per separate financial statements, are the result of domestic operations only.

33.2 Financial positions and results of operations classified by business type

The Company and its subsidiaries' business operations involve 6 principal segments: (1) Company; (2) Banking business; (3) Asset management; (4) Securities business; (5) Life insurance business; and (6) Non-life insurance business. Below is the consolidated financial information of the Company and its subsidiaries by segment.

(Unit: Million Baht)

For the three-month period ended 30 September 2012									
	The Company	Banking business	Asset management business	Securities business	Life insurance business	Non-life insurance business	Other business	Eliminations	Consolidated
Interest income	110	11,871	96	53	368	48	399	(219)	12,726
Interest expenses	(137)	(6,531)	(60)	(7)	-	-	(171)	223	(6,683)
Net interest income	(27)	5,340	36	46	368	48	228	4	6,043
Net fee and service income (losses)	9	1,066	4	426	(3)	(2)	88	(511)	1,077
Net insurance income	-	-	-	-	(320)	368	-	755	803
Other operating income	219	1,079	302	3	664	19	74	(746)	1,614
Other operating expenses	(65)	(4,870)	(55)	(290)	(116)	(177)	(133)	183	(5,523)
Impairment loss of loans and debt securities	6	(1,140)	35	-	-	-	-	(1)	(1,100)
Income tax	-	(226)	(91)	(44)	(302)	(62)	(55)	200	(580)
Income before non-controlling interest	142	1,249	231	141	291	194	202	(116)	2,334

(Unaudited but reviewed)

(Unit: Million Baht)

For the three-month period ended 30 September 2011

	The Company	Banking business ⁽¹⁾	Asset management business	Securities business	Life insurance business	Non-life insurance business	Other business	Eliminations	Consolidated
Interest income	117	11,380	191	55	295	33	31	(444)	11,658
Interest expenses	(157)	(5,703)	(31)	(8)	-	-	(5)	382	(5,522)
Net interest income	(40)	5,677	160	47	295	33	26	(62)	6,136
Net fee and service income (losses)	1	848	1	425	(4)	(1)	44	(331)	983
Net insurance income	-	-	-	-	(209)	327	-	418	536
Other operating income	358	1,297	96	38	92	18	85	(675)	1,309
Other operating expenses	(80)	(5,627)	(60)	(308)	(118)	(170)	(94)	731	(5,726)
Impairment loss of loans and debt securities	9	(158)	110	-	-	-	13	(103)	(129)
Income tax	-	(475)	(60)	(61)	(140)	(57)	(16)	(18)	(827)
Income before non-controlling interest	248	1,562	247	141	(84)	150	58	(40)	2,282

(1) In 2011, banking business included operating results of Thanachart Bank and SCIB.

(Unit: Million Baht)

For the nine-month period ended 30 September 2012

	The Company	Banking business	Asset management business	Securities business	Life insurance business	Non-life insurance business	Other business	Eliminations	Consolidated
Interest income	323	34,236	631	161	1,047	133	1,195	(957)	36,769
Interest expenses	(408)	(18,747)	(227)	(19)	-	-	(492)	937	(18,956)
Net interest income	(85)	15,489	404	142	1,047	133	703	(20)	17,813
Net fee and service income (losses)	17	2,828	9	1,227	(10)	(4)	247	(1,244)	3,070
Net insurance income	-	-	-	-	818	915	-	1,166	2,899
Other operating income	3,098	3,030	785	35	756	68	283	(3,979)	4,076
Other operating expenses	(229)	(14,636)	(221)	(864)	(338)	(493)	(383)	581	(16,583)
Impairment loss of loans and debt securities	21	(3,616)	1,707	-	-	-	(31)	(84)	(2,003)
Income tax	-	(434)	(640)	(125)	(572)	(190)	(164)	85	(2,040)
Income before non-controlling interest	2,822	2,661	2,044	415	1,701	429	655	(3,495)	7,232

(Unaudited but reviewed)

(Unit: Million Baht)

For the nine-month period ended 30 September 2011

	The Company	Banking business ⁽¹⁾	Asset management business	Securities business	Life insurance business	Non-life insurance business	Other business	Eliminations	Consolidated
Interest income	316	31,864	301	142	823	82	106	(1,061)	32,573
Interest expenses	(465)	(14,129)	(66)	(13)	-	-	(16)	844	(13,845)
Net interest income	(149)	17,735	235	129	823	82	90	(217)	18,728
Net fee and service income (losses)	5	2,507	5	1,210	(12)	(4)	139	(949)	2,901
Net insurance income	-	-	-	-	40	875	-	981	1,896
Other operating income	1,845	7,028	209	179	151	39	272	(6,356)	3,367
Other operating expenses	(246)	(14,223)	(120)	(930)	(331)	(463)	(276)	978	(15,611)
Impairment loss of loans and debt securities	174	(2,025)	161	-	-	-	21	(49)	(1,718)
Income tax	(1)	(1,379)	(110)	(150)	(341)	(200)	(57)	(75)	(2,313)
Income before non-controlling interest	1,628	9,643	380	438	330	329	189	(5,687)	7,250

(1) In 2011, banking business included operating results of Thanachart Bank and SCIB.

(Unit: Million Baht)

As at 30 September 2012

	The Company	Banking business	Asset management business	Securities business	Life insurance business	Non-life insurance business	Other business	Eliminations	Consolidated
Interbank and money market items	120	67,953	649	449	4,807	2,011	2,385	(4,464)	73,910
Investments	9,004	96,708	715	278	32,045	3,889	517	(4,266)	138,890
Investments in subsidiary and associated companies	31,573	10,987	-	884	-	402	62	(42,097)	1,811
Loans to customers and accrued interest receivable - net	97	659,590	7,855	2,458	145	2	17,591	(8,774)	678,964
Land, premises and equipment - net	54	8,015	1	49	132	101	63	16	8,431
Other assets	2,048	45,406	4,737	3,576	1,752	2,132	296	(4,744)	55,203
Total assets	42,896	888,659	13,957	7,694	38,881	8,537	20,914	(64,329)	957,209

(Unaudited but reviewed)

(Unit: Million Baht)

As at 31 December 2011									
	The	Banking	Asset	Securities	Life	Non-life	Other		
	Company	business ⁽¹⁾	management	business	insurance	insurance	business	Eliminations	Consolidated
Interbank and money									
market items	76	97,346	962	376	359	233	411	(36,531)	63,232
Investments	5,657	114,541	1,655	223	32,814	4,776	492	(7,647)	152,511
Investments in subsidiary									
and associated									
companies	31,598	40,842	-	667	678	303	62	(72,477)	1,673
Loans to customers and									
accrued interest									
receivable - net	1,087	604,770	9,226	1,953	99	-	13,093	(19,430)	610,798
Land, premises and									
equipment - net	55	8,365	1	54	155	106	62	17	8,815
Other assets	2,170	46,572	5,992	966	798	3,290	181	(1,841)	58,128
Total assets	40,643	912,436	17,836	4,239	34,903	8,708	14,301	(137,909)	895,157

(1) In 2011, banking business included operating results of Thanachart Bank and SCIB.

34. Encumbrance of assets

As at 30 September 2012 and 31 December 2011, the Company and its subsidiaries have the following assets, presented at book value, which are subjected to restriction:

	(Unit: Million Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	30 September	31 December	30 September	31 December
	2012	2011	2012	2011
Investment in securities				
Placed at insurance registrar	8,350	7,448	-	-
Placed at court	22	20	-	-
Property foreclosed				
Immovable assets subject to buyback				
options or first refusal rights	804	969	-	-
Immovable assets subject to purchase or sell				
agreements with clients but currently being				
settled in installments or through transfer				
of ownership	1,186	1,483	215	102
	10,362	9,920	215	102

35. Commitments and contingent liabilities

As at 30 September 2012 and 31 December 2011, significant commitments and contingent liabilities consisted of:

35.1 Commitments

	(Unit: Million Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	30 September	31 December	30 September	31 December
	2012	2011	2012	2011
Aval to bills	433	386	-	-
Liability under unmatured import bills	1,038	1,105	-	-
Letter of credits	3,858	3,856	-	-
Other obligations				
Committed (but not draw) overdraft	29,465	28,549	-	-
Others	24,233	21,405	1	1
Total	59,027	55,301	1	1

In addition, the subsidiaries have commitments in respect of foreign exchange contracts, interest rate swap contracts, cross currency and interest rate swap contracts and gold futures contracts, as mentioned in Note 4 to the financial statements.

35.2 During the years 2001 - 2003, the Company and its subsidiaries entered into agreements to transfer non-performing loans and receivables of approximately Baht 3,409 million to TAMC. The Company and its subsidiaries are still jointly liable for a share of the gains and losses arising from TAMC's management of these non-performing assets to be calculated at the end of the fifth year and tenth year, counting from 1 July 2001. If there are losses, the Company and its subsidiaries are liable for all initial losses up to 20 percent of the transfer price, while further losses of up to another 20 percent of the transfer price are to be shared equally between the Company and its subsidiaries and TAMC, and TAMC is liable for all remaining losses. Such gains and losses will be determined based on the accumulated value of collections made on the assets at the date of determination, minus transfer costs and all operating expenses of TAMC, including interest on the debt instruments issued to purchase the loans and receivables. The gains or losses cannot be estimated at this stage, but as at 30 September 2012, the Company and its subsidiaries have estimated their share of the losses which may arise from the management of the non-performing assets at approximately Baht 383 million (separate financial statements: Baht 183 million). This amount has been presented as a part of provisions for liabilities in the statements of financial position.

35.3 As at 30 September 2012, the Company and its subsidiaries have commitments to pay the service fees in relation to property foreclosed, computer system services and other services, including commitments in respect of office rental and related service fees under long-term rental contracts, as follow:

(Unit: Million Baht)

Year	Consolidated	Separate	
	financial statements	financial statements	
	Other companies	Other companies	Subsidiaries
2012	561	10	2
2013	1,781	13	5
2014 onward	5,036	20	11

In addition, the Company has obligations to pay an administrative fee to a subsidiary company, determined at actual cost plus a margin, for the period stipulated in the agreement.

35.4 Commitments of SCIB from transfer of business from Bangkok Metropolitan Bank Public Company Limited and transfer of non-performing assets to Sukhumvit Asset Management Company Limited

SCIB entered into a business transfer agreement with Bangkok Metropolitan Bank Plc. (“BMB”), effective from 1 April 2002, and transferred its assets and those of BMB to Petchburi Asset Management Co., Ltd. (“PAM”), before they were transferred to Sukhumvit Asset Management Co., Ltd. (“SAM”). Subsequently, SCIB transferred its entire business, including commitments and agreements with PAM and SAM, to Thanachart Bank, effective from 1 October 2011. Thanachart Bank thus has commitments as a result of such transfer. However, the commitments of FIDF to SCIB have been transferred to/assumed by Thanachart Bank as the purchaser of SCIB’s shares from FIDF. As at 30 September 2012, outstanding obligations are summarised below.

- a) There was an outstanding difference of Baht 93 million, as a result of the transfer of assets to SAM. These comprised receivables awaiting collection and the difference is presented under the caption of “Differences as a result of assets transferred to SAM” in the statements of financial position. Such amounts mainly relate to transfers of guarantee claims, for which there are pending issues with regard to proof the rights of claim or the qualification of the assets transferred in accordance with the conditions set out in the transfer agreements. Such differences are now being examined and/or negotiated among Thanachart Bank, SAM and the FIDF for final resolution.

As at 30 September 2012, such differences consist of (i) Baht 10 million of transactions incurred directly by SCIB, for which full allowance for doubtful debts has been set aside, and (ii) Baht 83 million of transactions incurred by BMB. If losses arise on the latter and collection cannot be made from SAM, the FIDF will consider compensating for all losses. Thanachart Bank's management believes that no significant further losses will arise.

- b) SAM is re-examining certain previously transferred assets (both of SCIB and BMB) in order to determine whether to transfer the assets back, to request price adjustments or to request settlement together with interest. The major pending issue relates to the proof of rights of claim over these assets.

As at 30 September 2012, the transferred assets which SAM is re-examining totaling Baht 282 million consist of (i) Baht 7 million of transactions incurred directly by SCIB, for which full allowance for doubtful loss has been set aside under the caption of "Provision for liabilities" in the statements of financial position, and (ii) Baht 275 million of transactions incurred by BMB. If losses arise, Thanachart Bank will receive compensation for loss from FIDF and any adjusting transactions will be within the limit of the funds set aside by FIDF to compensate losses in such cases, amounting to approximately Baht 199 million. In addition, SAM is now negotiating with Thanachart Bank to request interest payment on the assets transferred back, or a price adjustment.

- c) Lawsuits in which SCIB is involved as a result of the transfer of business from BMB amounting to approximately Baht 11,636 million, as disclosed under contingent liabilities in Note 36 to the financial statements.
- d) Outstanding letters of guarantee.

The FIDF deposited an amount equal to the loss compensation limit with Thanachart Bank in the FIDF's account. Such deposit account is to compensate for losses incurred as a result of the transfer of business from BMB, if such losses are actually incurred due to the outstanding issues described in a), b), c) and d) above. As at 30 September 2012, the deposit account of the FIDF with Thanachart Bank to fund the payment of compensation for losses has an outstanding balance of approximately Baht 727 million. In addition, there is a memorandum of agreement concerning conditions for additional loss compensation if Thanachart Bank incurs losses in relation to the two lawsuits discussed in c), with claims totaling Baht 9,965 million.

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

35.5 Commitments arising from sale of ordinary shares of Siam City Securities

As a result of the sale of all ordinary shares of Siam City Securities in August 2011, SCIB is obligated to pay compensation to indemnify the buyer from pending lawsuits including litigation in which Siam City Securities is pursuing collection of debt amounts and/or future litigation which made claims against its debtor that arose before the disposal date of such shares. Moreover, SCIB undertakes to compensate the buyer for any expenses incurred whenever the buyer or Siam City Securities provide SCIB with written notification of reasons for such compensation, together with evidence, for up to 3 years from the share transfer date. Such commitment of SCIB has transferred to Thanachart Bank at the date of the entire business transfer. However, Thanachart Bank's management believes that no further losses will be incurred.

36. Litigation

As at 30 September 2012, the Company and its subsidiaries have contingent liabilities amounting to approximately Baht 25,303 million (separate financial statements: Baht 622 million) in respect of litigation. However, the Company and its subsidiaries' management have already made certain provisions for contingent losses, and for the remaining portion the management believes that no losses will result and therefore no liabilities are currently recorded.

Part of the contingent liabilities of the litigation mentioned above in the consolidated financial statements amounting to Baht 11,636 million relates to lawsuits involving Thanachart Bank, resulting from the transfer of business from BMB to SCIB. In this regard, Thanachart Bank is entitled to compensation for actual losses incurred if such losses are in accordance with the conditions agreed with the FIDF (Baht 9,586 million of this amount relates a single case brought by a debtor that BMB had already transferred to SAM before SCIB received the transfer of business from BMB, and Thanachart Bank believes that the lawsuit has been brought against the wrong party, and not Thanachart Bank and SCIB's responsibility). And lawsuits, with Baht 8,594 million of this amount relating to a tort case in which the actual loss is only Baht 202 million. The Court of First Instance has already ordered the case be dismissed and it is in the process of being reviewed by the Supreme Court.

In addition, SCIB was requested to make restitution for the forging SCIB's documents and using such counterfeit documents by a person acting on behalf of SCIB. However, SCIB has already filed a complaint against the person who produced and used counterfeit documents so as to proceed with a legal action. The court has already ordered the transfer of some of these cases to Thanachart Bank. The Thanachart Bank's management believes that no liability will arise from such restitution claim.

37. Letter of guarantees

As at 30 September 2012, the Company and its subsidiaries had letter of guarantees issued by the Company and its subsidiaries, amounting approximately Baht 40 million, placed for electricity usage of the branches (separate financial statements: Baht 1 million).

38. Reclassification

The Company and its subsidiaries have reclassified certain amounts in the financial statements for the three-month and nine-month periods ended 30 September 2011 to conform to the current period's classifications with no effect to previously reported profit or equity.

	(Unit: Million Baht)			
	For the three-month period ended 30 September 2011			
	Consolidated		Separate	
	financial statements		financial statements	
	As	As previously	As	As previously
	reclassified	reported	reclassified	reported
Interest income	11,658	11,707	117	117
Interest expenses	5,522	5,571	157	157
Fee and service income	1,334	982	2	2
Fee and service expenses	351	149	1	-
Gains on disposal of property foreclosed and other				
assets (losses)	(72)	(69)	36	36
Other operating income	458	809	55	55
Premises and equipment expenses	946	1,014	22	22
Other expenses	1,670	1,806	29	30

(Unit: Million Baht)

	For the nine-month period ended 30 September 2011			
	Consolidated		Separate	
	financial statements		financial statements	
	As reclassified	As previously reported	As reclassified	As previously reported
Interest income	32,573	32,637	316	316
Interest expenses	13,845	13,909	465	465
Fee and service income	3,908	2,979	9	9
Fee and service expenses	1,007	419	4	1
Other operating income	1,153	2,087	181	181
Premises and equipment expenses	2,701	2,694	61	61
Other expenses	3,937	4,537	82	85

39. Events after the reporting period

On 5 November 2012, Thanachart Bank, a subsidiary company, signed a Share Purchase Agreement with Prudential Life Insurance (Thailand) Plc. ("the Buyer") to sell the common shares of Thanachart Life Assurance Company Limited ("Thanachart Life Assurance") held by Thanachart Bank, which representing 100% of the total issued and paid-up shares. Under this agreement, share payment and transfer will only occur after fulfillment of certain conditions i.e. the buyer has to obtain an approval from the Office of Insurance Commission in accordance with the Life Insurance Act., and the counterparty has to sign the Exclusive Bancassurance Agreement that specifies that Thanachart Bank acting as the distributor of Prudential Life's products and services. The payment of the consideration and the transfer of the shares are expected to occur during the first quarter of 2013. At the date of Thanachart Bank transfers the shares to the buyer, the full amount of Baht 17,500 million will be paid by the buyer and also a post-completion adjustment based on agreed terms to reflect the net asset value as at the completion date. Another further payment of Baht 500 million will be payable 12 months after the completion date. This sale transaction will be recognised on the date that Thanachart Bank completes the transfer of the shares to the buyer and received the above consideration.

40. Approval of interim financial statements

These interim financial statements were authorised for issue by the Company's Board of Directors on 8 November 2012.