



Management Discussion and Analysis

For the third quarter and the nine-month period ended 30 September 2011

(Reviewed Financial Statements)

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Thanachart Capital Public Company Limited and its Subsidiaries

Management Discussion and Analysis (Reviewed Financial Statements)

Economics Outlook and Competition in Banking Industry

In the third quarter of 2011, Thai economy has faced with various challenges whether contributed by domestic or international factors as follows.

1. Unstable global economics including United States and the debt crisis in the European countries will affect Thai economy as they represent 20 percent of Thailand's total export.
2. Many provinces in Thailand are faced with flood crisis and its aftermath.
3. Inflation and cost of production remain to be high.

However, the government policies, such as reduction in domestic oil price and control over other product prices, enable the private consumption to grow continuously. At the same time, production and investment show sign of recovering, especially since the Tsunami in Japan which dampened down the automobile production in Thailand. Furthermore, export to Asean countries continue to grow, as well as, the agriculture, chemical and electrical products which endure to strengthen. In summary, Thai economy has experienced healthy growth in the third quarter.

Global economic downturn plus the massive flood crisis in Thailand evidently affected the economy in the fourth quarter. GDP projection in 2011 was adjusted down to 1.5 percent^{*}.

Inflation rate is believed to have surpassed its peak, so the policy rate is expected to maintain at 3.5 percent until the end of the year.

The key challenges for the last quarter of 2011 include the vast affected area and a long duration of the flood crisis. This will affect industrial sector and agricultural sector, consequently impact domestic consumption. Particularly, the northern Bangkok area is a location of industrial estates, agricultural lands and cultural-based tourism. Once the recovery plan of both public and private sectors is formally put in effect, it should lessen and ease the problem of flood crisis.

^{*} Estimate of GDP is reference from Thanachart Securities Public Company Limited.

Major Events

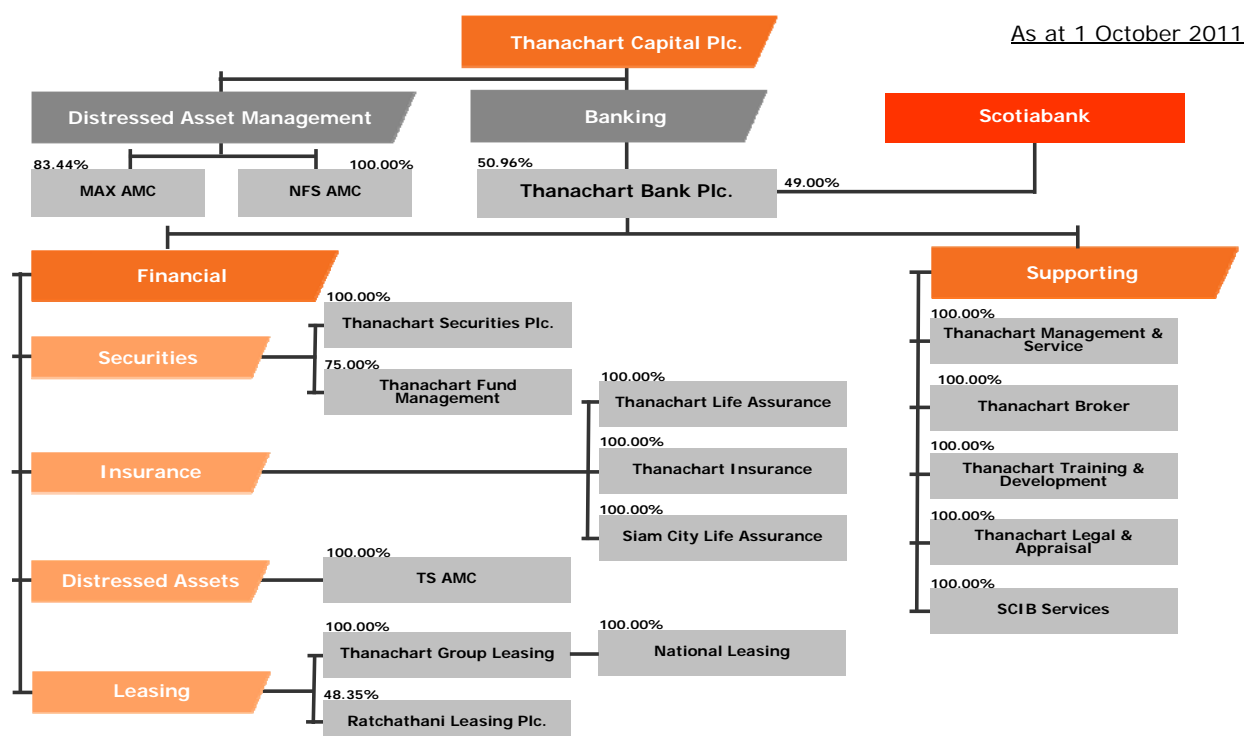
1. The success and completion of the entire business transfer of Siam City Bank Public Company Limited (SCIB) to Thanachart Bank Public Company Limited (TBANK) is transpired on 1 October 2011 as planned. The cooperation between Thanachart Group, Scotiabank and IT alliance enabled this project to meet its success. The entire business transfer of these two banks placed TBANK among the leading Thai commercial banks in terms of its asset size. Furthermore, TBANK is fully equipped with a strong foundation to move forward with an improved service level in all 683 branches and 2,179 ATMs nationwide

Since 1 October 2011, SCIB seized all business operation and will return its banking license to the Ministry of Finance. The liquidation process will be done within 2011.

2. To manage the companies in the Group in the third quarter, Thanachart Capital Public Company Limited (the Company) has done the following details:

- On 19 August 2011, Siam City Bank, a subsidiary of the Company, has sold all of its investment in Siam City Insurance Company Limited which held 45.50 percent of total registered and paid-up shares of Siam City Insurance. The total value was 114 million baht.
- On 26 August 2011, Siam City Bank has also sold all of its investment in Siam City Securities Company Limited which held 99.79 percent of total registered and paid-up shares of Siam City Securities. The total value was 168 million baht.

3. On 1 October 2011, which was the d-day of the Entire Business Transfer of SCIB to TBANK, TBANK has taken transfer shareholding of Siam City Life Assurance Company Limited, SCIB Services Company Limited, and Ratchthani Leasing Public Company Limited from SCIB in order to be member companies of Thanachart Financial Business Group according to the permission of The Bank of Thailand. As a result, Thanachart Financial Business Group structure has been changed as shown below:



4. On 26 September 2011, the Board of Directors Meeting no. 9/2011 has had a resolution to approve the interim dividend payment to ordinary shareholders and preferred shareholders from the first six-month period of 2011 operating results at a rate of 0.50 baht per share or 639 million baht in total. The payment date was scheduled to be on 20 October 2011.

Operating results for the third quarter and the nine-month period of 2011

Performance overview of Thanachart Capital Public Company Limited and its subsidiaries

Since the ordinary share purchase of SCIB during April 2010, TBANK has had two missions running in parallel—completing the entire business transfer process within 1 October 2011 while expanding business under amidst the competition of the commercial bank industry and upward interest rate pressure. Nevertheless, TBANK has received support from a strategic partner, Scotiabank, and was able to grow consistently. **Total assets and total loans increased by 0.7 percent and 4.6 percent respectively from the year-ending 2010, and amounted to 888,110 million baht and 637,911 million baht respectively.**

In the third quarter of 2011, the Company and its subsidiaries had a net income of 1,337 million baht, a decrease of 201 million baht or 13.1 percent from the same quarter last year. The nine-month period of 2011 net income amounted to 4,064 million baht, a decrease of 186 million baht or 4.4 percent from the same period last year. The key contributing factors included the followings.

- **Loans grew** by 0.8 percent from the previous quarter or 4.6 percent from the beginning of 2011. Hire purchase loans increased by 4.0 percent from the previous quarter or 13.0 percent from the year-ending 2010. The ratio of retail loans to corporate and SME loans was 59:41.
- **Deposit and bills of exchange increased** by 2.4 percent from the previous quarter, but decreased by 2.5 percent from the beginning of 2011. The ratio of current account and savings account to total deposits and bills of exchange (CASA) was at 26.1 percent while bills of exchange represented 30.0 percent.
- **Interest Spread** decrease, coherently with increasing interest rate. Interest spread in the third quarter of 2011 was 2.75 percent, a decrease from 3.18 percent in the same quarter last year. Consequently, yield on earning assets was 5.7 percent. Cost of fund increased to 3.0 percent following the increasing interest rate and the competition in saving products.
- **Non-interest income grew** including net fees and service income, brokerage fee, gain on tradings and foreign exchange transactions, gain on investment, share of profit from investments in associated companies accounted for under equity method, dividend income, and net insurance/life insurance premium income. Non-interest income to operating income ratio was at 33.1 percent, compared to 31.7 percent in the same quarter last year.
- **Operating expenses management:** other operating expenses to net operating income (cost to income ratio) was at 64.7 percent, an increase from the same quarter last year, mainly due to the integration cost which included information technology improvement cost, Mutual Separation Program (MSP) cost, branch redecoration cost, variable cost relied on business volume and etc.

- **NPL management:** impairment loss of loans and debt securities expenses to total loans ratio was at 0.1 percent, similar to the same period last year. Furthermore, outstanding balance net of allowance for doubtful account worth 9,000 million baht was transferred to TS AMC during the second and third quarters of 2011 allowing debt management to be more responsive and efficient.

For the financial position, Thanachart Group continued to experience growth in assets, especially the lending side, regardless of the EBT transitioning activities during this period. At the end of the third quarter of 2011, the Company and its subsidiaries' total loans registered at 637,911 million baht, an increase of 28,265 million baht or 4.6 percent at the end of 2010. As a result, total assets amounted to 888,110 million baht, an increase of 6,194 million baht or 0.7 percent from the end of last year.

Earning per share (EPS) in the third quarter of 2011 was 1.05 baht, compared to 1.20 baht of the same quarter last year. Return on Average Assets (ROAA) and Return on Average Equity (ROAE) were 1.04 percent and 14.44 percent, respectively.

EPS for the nine-month period of 2011 was 3.18 baht, compared to 3.33 baht in the same period last year. ROAA and ROAE were 1.11 percent and 14.94 percent, respectively.

Unit: Million Baht

Consolidated Statements of Comprehensive Income	3Q11	3Q10	Change (%)	9M11	9M10	Change (%)
Interest Income	11,707	9,718	20.5	32,637	25,060	30.2
Interest Expenses	(5,571)	(3,228)	72.6	(13,909)	(8,332)	66.9
Net Interest Income	6,136	6,490	(5.5)	18,728	16,728	12.0
Net Fees and Service Income	833	837	(0.5)	2,560	2,001	27.9
Other Operating Income	2,200	2,176	1.1	6,197	5,915	4.8
Net Operating Income	9,169	9,503	(3.5)	27,485	24,644	11.5
Other Operating Expenses	(5,930)	(4,973)	19.2	(16,204)	(12,003)	35.0
Impairment Loss of Loans and Debt Securities	(129)	(363)	(64.5)	(1,718)	(1,114)	54.2
Profit before Income Tax	3,110	4,167	(25.4)	9,563	11,527	(17.0)
Income Tax	(828)	(1,289)	(35.8)	(2,313)	(3,642)	(36.5)
Net Profit before Non-controlling Interests	2,282	2,878	(20.7)	7,250	7,885	(8.1)
Non-controlling Interests	(945)	(1,340)	(29.5)	(3,186)	(3,635)	(12.4)
Net Profit	1,337	1,538	(13.1)	4,064	4,250	(4.4)
Earning per Share (THB)	1.05	1.20	(13.1)	3.18	3.33	(4.4)
Return on Average Equity (ROAE) (%)	14.4	18.0	(20.0)	14.9	16.7	(10.8)
Return on Average Assets (ROAA) (%)	1.0	1.4	(28.6)	1.1	1.5	(26.7)
Interest Spread (%)	2.8	3.2	(12.5)	2.9	3.2	(9.4)
Non-interest Income to Net Operating Income (Non-interest Income Ratio) (%)	33.1	31.7	4.4	31.9	32.1	(0.6)
Other Operating Expenses to Net Operating Income (Cost to Income Ratio) (%)	64.7	52.3	23.7	59.0	48.7	21.1

Net Interest Income

In the third quarter of 2011, net interest income of the Company and its subsidiaries was 6,136 million baht, a decrease of 354 million baht or 5.5 percent from the same quarter last year. Total interest income amounted to 11,707 million baht, an increase of 1,989 million baht or 20.5 percent while interest expenses increased by 2,343 million baht or 72.6 percent from the same quarter last year. As a result, interest spread in the third quarter of 2011 stayed at 2.75 percent, a decrease from 3.18 percent in the same quarter last year according to the increasing interest rate condition and the fierce competition situation.

For the nine-month period of 2011, net interest income was 18,728 million baht, an increase of 2,000 million baht or 12.0 percent from the same period last year. Total interest income amounted to 32,637 million baht, an increase of 7,577 million baht or 30.2 percent while interest expenses increased by 5,577 million baht or 66.9 percent from the same period last year. As a result, interest spread decreased from 3.24 percent at the same period last year to 2.87 percent

Non-interest Income

Non-interest Income consists of net fees and service income and other operating income

■ **Net Fees and Service Income**

In the third quarter of 2011, net fees and service income of the Company and its subsidiaries amounted to 833 million baht, which was close to that of the same quarter last year. Fees and service income amounted to 982 million baht while fees and service expenses amounted to 149 million baht.

For the nine-month period of 2011, the Company and its subsidiaries had net fees and service income of 2,560 million baht, an increase of 559 million baht or 27.9 percent from the same period last year. Fees and service income amounted to 2,979 million baht, an increase of 597 million baht or 25.1 percent while fees and service expenses amounted to 419 million baht, an increase of 38 million baht or 10.0 percent. This was attributable to the increase in the Group financial products offered to the customers.

■ **Other Operating Income**

Other operating income includes gain on tradings and foreign exchange transactions, gain on investments, share of profit from investments in associated companies accounted for under equity method, dividend income, brokerage fees, net insurance/life insurance premium income, and other income. In the third quarter of 2011, other operating income amounted to 2,200 million baht, an increase of 24 million baht or 1.1 percent from the same quarter last year. This was attributable to an increase in gain on investment while gain on properties foreclosed and net insurance/life insurance premium income decreased.

For the nine-month period of 2011, other operating income of the Company and its subsidiaries amounted to 6,197 million baht, an increase of 282 million baht or 4.8 percent from the same period last year. The increase was attributable to an increase in dividend income by 275 million baht from 472 million baht to 747 million baht, due to the dividend income from Vayupak Fund that SCIB has been holding. Also, net

insurance/life insurance premium income increased by 139 million baht from 1,757 million baht to 1,896 million baht, due to the cross-selling of insurance products through the network of SCIB since the third quarter of 2010.

Revenue Breakdown

In the third quarter of 2011, the proportion between the net interest income and the non-interest income was 67 percent to 33 percent.

Other Operating Expenses

In the third quarter of 2011, other operating expenses of the Company and its subsidiaries amounted to 5,930 million baht, representing an increase of 957 million baht or 19.2 percent from the same quarter last year. This was mainly due to personnel expenses which increased by 16.4 percent. In addition, a certain amount of integration cost was recorded at TBANK in this quarter such as information technology improvement cost, branch redecoration cost, as well as the MSP cost. As a result, other operating expenses to net operating income (cost to income ratio) accounted for 64.7 percent.

For the nine-month period of 2011, other operating expenses of the Company and its subsidiaries were 16,204 million baht, an increase of 4,201 million baht or 35.0 percent from the same period last year. This was also mainly due to personnel expenses which increased by 37.0 percent from the expenses recognition in accordance with the accounting standard of employee benefit implemented in 2011. Also, the increase in personnel expenses was partly from the expenses of Mutual Separation Program (MSP). Moreover, premises and equipment expenses increased by 23.0 percent. Cost to income ratio accounted for 59.0 percent.

Impairment Loss of Loans and Debt Securities Expenses

In the third quarter of 2011, impairment loss of loans and debt securities expenses amounted to 129 million baht, a decrease of 234 million baht. This was due to expenses on bad debts and doubtful accounts which decreased by 169 million baht or 60.4 percent.

For the nine-month period of 2011, impairment loss of loans and debt securities expenses of the Company and its subsidiaries was 1,718 million baht, an increase of 604 million baht. This was due to expenses on bad debts and doubtful accounts which increased by 633 million baht or 55.4 percent. The increase was mainly from the provision provided for bad debts of Siam City Bank to protect against potential risks that may arise in the future according to the conservative policy of the Company in setting aside the provision.

Financial Position

Unit: Million Baht

Consolidated Statements of Financial Position	30 September 2011		31 December 2010		Change
	Amount	%	Amount	%	%
Interbank and Money Market Items-net	59,960	6.8	85,105	9.7	(29.5)
Investment-net	149,936	16.9	144,993	16.4	3.4
Investment in Associated Company-net	2,183	0.2	2,239	0.3	(2.5)
Loans to Customers and Accrued Interest Receivables	638,830	71.9	610,602	69.2	4.6
Allowance for Doubtful Accounts and Revaluation allowance for Debt Restructuring	(28,021)	(3.2)	(27,959)	(3.2)	0.2
Intangible assets acquired in a business combination-net	3,613	0.4	3,963	0.4	(8.8)
Goodwill	13,922	1.6	13,671	1.6	1.8
Other Assets	47,687	5.4	49,302	5.6	(3.3)
Total Assets	888,110	100.0	881,916	100.0	0.7
Deposits	458,603	51.6	532,382	60.4	(13.9)
Interbank and Money Market Items	57,982	6.5	40,545	4.6	43.0
Debt Issued and Borrowings	241,242	27.2	184,717	20.9	30.6
Other Liabilities	57,374	6.5	52,553	6.0	9.2
Total Liabilities	815,201	91.8	810,197	91.9	0.6
Company's Shareholders' Equity	36,982	4.2	36,092	4.1	2.5
Non-controlling Interests	35,927	4.0	35,627	4.0	0.8
Total Shareholders' Equity	72,909	8.2	71,719	8.1	1.7
Total Liabilities and Shareholders' Equity	888,110	100.0	881,916	100.0	0.7
Book Value per Share (Baht)	28.87		28.24		2.2

Consolidated Statements of Financial Position ended 31 Dec 2010 is revised for comparable with the financial position ended 30 Sep 2011

Assets

As at 30 September 2011, the Company and its subsidiaries' total assets amounted to 888,110 million baht, representing an increase of 6,194 million baht or 0.7 percent from the end of 2010. However, the loans to customers and accrued interest receivables continued to grow by 4.6 percent during the period of entire business transfer from SCIB to TBANK. The key contributing factors were:

- Net interbank and money market items amounted to 59,960 million baht, a decrease of 25,145 million baht or 29.5 percent from the end of last year, due to the excess liquidity management.
- Loans to customers and accrued interest receivables amounted to 638,830 million baht, an increase of 28,228 million baht or 4.6 percent from the end of last year. The proportion of retail loans to corporate and SME loans was 59 percent to 41 percent.

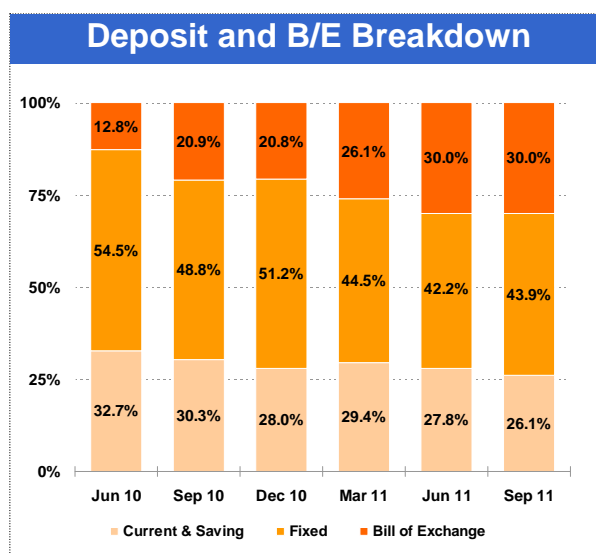
Liabilities

Total liabilities of the Company and its subsidiaries as of 30 September 2011 amounted to 815,201 million baht, representing an increase of 5,004 million baht or 0.6 percent from the end of 2010. The main factors were as follows:

Unit: Million Baht

Consolidated Statements of Financial Position	30 September 2011		31 December 2010		Change
	Amount	%	Amount	%	%
Deposits and Bills of Exchange					
At Call	6,882	1.1	7,205	1.1	(4.5)
Savings	163,721	25.0	181,106	26.9	(9.6)
Fixed Deposits	284,454	43.4	338,713	50.4	(16.0)
Bills of Exchange	196,263	30.0	139,534	20.8	40.7
Others	3,546	0.5	5,358	0.8	(33.8)
Total Deposits and Bills of Exchange	654,866	100.0	671,916	100.0	(2.5)

- Total deposits and bills of exchange amounted to 654,866 million baht, a decrease of 17,050 million baht or 2.5 percent from the end of last year. Out of the total deposits and bills of exchange, savings deposits and current account deposits (CASA) accounted for 26.1 percent of total deposits and bills of exchange while bills of exchange accounted for 30.0 percent, an increase from 20.8 percent as of the end of 2010.



- Interbank and money market items amounted to 57,982 million baht, an increase of 17,437 million baht or 43.0 percent from the end of last year. This was due to the liquidity management of the Bank.

Shareholders' Equity

Total shareholders' equity amounted to 72,909 million baht, representing an increase of 1,190 million or 1.7 percent from the end of 2010. This was mainly due to the increase in the Company

and its subsidiaries' net profit of 4,064 million baht in the nine-month period of 2011 and also the impact of the accounting standard on employee benefits (TAS 19) which caused the retained earnings to decrease by 1,170 million baht as well as the dividend payment of 1,533 million baht paid for the performance of the second half of 2010 and the first half of 2011.

Non-performing Loans: NPLs

	TBANK		SCIB		TCAP (Consol.)	
	30-Sep-11	31-Dec-10	30-Sep-11	31-Dec-10	30-Sep-11	31-Dec-10
NPL-gross (Million Baht)	7,671	7,648	10,604	27,872	42,469	39,663
Total Allowance (Million Baht)	7,931	7,432	5,163	16,964	27,783	27,657
NPL-gross to Total Loans (%)	2.0	2.3	3.7	8.8	6.5	6.0
NPL-net to Total Loans (%)	0.4	0.6	2.7	4.7	3.0	2.7
Reserve to Requirement (%)	103.7	107.1	148.9	115.8	108.9	113.1
Coverage Ratio (%)	103.4	97.2	48.7	60.9	65.4	69.7

At the end of the third quarter of 2011, NPLs amounted to 42,469 million baht, an increase of 2,806 million baht or 7.1 percent. This was attributable to the change in loans classification standard of SCIB to be in line with TBANK's standard and the qualitative standard of loans classification in some groups of debtors. This change was to prepare as part of the entire business transfer.

As a result, non-performing loans to total loans to customers (NPL ratio) was at 6.5 percent, compared to 6.0 percent as at the end of 2010. Non-performing loans after provision (NPL-net) was 18,833 million baht with NPL-net to total loans accounted for 3.0 percent.

Operating results of the subsidiaries

Unit: Million Baht

Subsidiaries	% holding Direct/Indirect	Net Profit (Loss)			
		3Q11	3Q10	9M11	9M10
Thanachart Bank Public Company Limited					
Consolidated Financial Statements	50.96%	1,908	2,708	6,444	6,720
Thanachart Securities Public Company Limited	50.96%	119	128	262	303
Thanachart Fund Management Company Limited	38.22%	22	31	85	98
Thanachart Insurance Company Limited	50.96%	146	118	376	290
Thanachart Life Assurance Company Limited	50.96%	275	227	620	544
TS AMC Company Limited	50.96%	(63)	-	(42)	-
Thanachart Group Leasing Company Limited	50.96%	30	65	87	176
Thanachart Broker Company Limited	50.95%	16	13	53	47
Siam City Bank Public Company Limited*					
Bank only	50.93%	1,162	1,030	3,002	3,275
NFS AMC Company Limited	100.00%	239	135	290	304
MAX AMC Company Limited	83.44%	15	(3)	78	57

* Siam City Bank Public Company Limited and its subsidiaries have become Thanachart Bank's subsidiaries since 9 April 2010.

Operating results of the Bank and its subsidiaries

(Comparison of operating performance according to the consolidated financial statements of the third quarters of 2011 and 2010. For financial ratios, some of them were adjusted to reflect real performance.)

TBANK and its subsidiaries had a net income in the nine-month period of 2011 of 6,444 million baht, a decrease of 276 million baht or 4.1 percent from the same period last year. In the third quarter of 2011, TBANK and its subsidiaries had a net income of 1,908 million baht, a decrease of 800 million baht or 29.5 percent from the same period last year. The details of the operating results were as follows:

- **Loan grew by 0.8 percent** from the previous quarter or 4.7 percent from the beginning of 2011. Hire purchase loan grew by 2.7 percent from the previous quarter or 11.9 percent from the beginning of the year. The quarter-ending hire purchase loans amounted to 266,275 million baht. Hire purchase loans penetration rate in the nine-month period of 2011 was 18.5 percent. The ratio of retail loans to corporate and SME loans was at 59:41.
- **Deposit and bills of exchange increased by 2.0 percent** from the previous quarter, but decreased by 2.60 percent from the beginning of 2011, as a result of strategic adjustment in the product and interest rate in order to be appropriated with the policy rate and competition environment. The ratio of current account and savings account to total deposits and bills of exchange (CASA) was at 26.1 percent while bills of exchange represented 30.0 percent, an increase from 20.8 percent at the end of last year.
- **Interest spread** was at 2.91 percent, a decrease from 3.13 percent in the same period last year. Yield on earning assets increased, following the increase interest rate, to 5.72 percent, from 4.88 percent in the previous quarter. Cost of fund increased to 2.81 percent from 1.76 percent of the same period last year, due to increased interest rate and competition pressure in deposit products.

- **Non-interest income grew:** net fees and service income, brokerage fee, gain on tradings and foreign exchange transactions, gain on investment, share of profit from investments in associated companies accounted for under equity method, dividend income, and net insurance/life insurance premium income. Non-interest income to operating income ratio was at 28.2 percent, increase from 26.7 percent in the same period last year.
- **Operating expense management:** cost to income ratio was at 62.1 percent, an increase from 55.3 percent in the same period last year. This was mainly due to integration cost which included information technology improvement cost, branch redecoration cost as well as the MSP cost, and etc.
- **NPL management:** from our careful business operation policy and the close monitoring NPLs management, impairment loss of loans and debt securities expenses to total loans ratio was at 0.17 percent, a decrease of 0.28 percent from the same quarter last year. Furthermore, an approximately 21,716 million baht worth of non-performing loans, with provisions of 12,755 million baht, was transferred from SCIB to TS AMC during the second and third quarters of 2011. TS AMC manages both NPLs and NPAs and its total assets amounted to 12,048 million baht at the end of the third quarter of 2011.
- **Income tax:** in the third quarter of 2011, TBANK has made estimate of the effective tax rate and project the corporate income tax in the quarter to be 772 million baht or a tax rate of 28.7 percent. For nine-month period 2011, the corporate income tax amounted to 2,162 million baht, or a tax rate of 25.1 percent. This was due to the subsidiaries whose carry high tax burden in coherent with growing business according to the authority standards.
- **Capital adequacy:** TBANK had 95,051 million baht in total capital, of which 77,378 million baht was tier 1 and 17,673 million baht was tier 2. BIS ratio was at 14.74 percent, not taking into consideration the deduction of goodwill of 15,740 million baht and the additional of Tier II worth 10,000 million baht transferred from SCIB. BIS ratio would remain so until the completion of the entire business transfer (1 October 2011). This was in accordance with the regulation and permission of the Bank of Thailand. Nevertheless, TBANK had a capital structure plan in place to comply with Basel III.

Financial Highlights (Consolidated figures)						
	3Q11	3Q10	% Change	9M11	9M10	% Change
Operating results (Million Baht)						
Interest income	11,579	9,568	21.0%	32,458	24,820	30.8%
Interest expenses	5,492	3,141	74.9%	13,667	7,985	71.1%
Net interest income	6,087	6,426	-5.3%	18,791	16,835	11.6%
Net fee and service income	830	829	0.0%	2,548	1,977	28.9%
Net operating income	4,981	4,417	12.8%	13,446	11,029	21.9%
Insurance/Life insurance expenses	2,878	2,405	19.6%	7,773	6,196	25.5%
Net operating income	9,020	9,267	-2.7%	27,012	23,644	14.2%
Other operating expenses	6,060	4,877	24.3%	16,310	11,725	39.1%
Profit (loss) before impairment loss of loans and debt securities	2,960	4,390	-32.6%	10,702	11,920	-10.2%
Impairment loss of loans and debt securities	273	405	-32.5%	2,072	1,423	45.6%
Profit (loss) before income tax	2,687	3,986	-32.6%	8,630	10,497	-17.8%
Income tax	772	1,264	-38.9%	2,162	3,410	-36.6%
Net Profit	1,915	2,722	-29.6%	6,468	7,087	-8.7%
Owners of the company shareholders' equity	1,908	2,708	-29.6%	6,444	6,720	-4.1%
Non-controlling interest	7	13	-44.6%	24	367	-93.4%
	1,915	2,722	-29.6%	6,468	7,087	-8.7%

	Sep.11	Jun.11	% Change	Mar.11	Dec.10	% Change
Key balance sheets (Million Baht)						
Loans	635,645	630,541	0.8%	613,155	606,851	4.7%
Total assets	877,808	851,071	3.1%	853,208	872,656	0.6%
Deposits and bills of exchange	654,920	642,175	2.0%	646,167	667,570	-1.9%
- Deposit	458,721	445,056	3.1%	481,525	532,656	-13.9%
- Bills of exchange	196,199	197,120	-0.5%	164,642	134,914	45.4%
Total liabilities	804,701	779,263	3.3%	781,155	800,262	0.6%
Shareholders' equity ⁽¹⁾	73,040	71,742	1.8%	71,875	72,183	1.2%
<i>(excluding non-controlling interest)</i>						

	3Q11	3Q10	% Change	9M11	9M10	% Change
Key financial ratios (Percent)						
Return on average assets (ROAA)	0.9%	1.3%	-0.4%	1.0%	1.3%	-0.3%
Return on average equity (ROAE) ⁽²⁾	10.6%	15.7%	-5.1%	12.0%	17.3%	-5.3%
Interest Spread	2.9%	3.1%	-0.2%	3.1%	3.4%	-0.3%
Non-interest income ratio	28.2%	26.7%	1.5%	26.9%	26.4%	0.4%
(net insurance premium income)						
Cost to income ratio	62.1%	55.3%	6.8%	58.4%	49.3%	9.0%
(net insurance premium income)						
Provision to total loan	0.17%	0.28%	-0.1%	0.44%	0.33%	0.1%
Loans to deposits ratio inclusive B/E	97.1%	98.2% ⁽³⁾	-1.1%	97.1%	98.2% ⁽³⁾	-1.1%
Total capital ratio	14.7%	14.9% ⁽³⁾	-0.2%	14.7%	14.9% ⁽³⁾	-0.2%

⁽¹⁾ Total equity as of March 31, 2011 was affected by the recognition of accounting standard on employee benefits (TAS 19)

⁽²⁾ TBANK increased its issued and paid-up share capital in the amount of THB35,790 million during the year ended Y2010

⁽³⁾ Information as at the end of period

Thanachart Securities Public Company Limited

Daily trading of Thanachart Securities Public Company Limited (TNS) in the third quarter of 2011 was in the amount of 2,612 million baht, a decrease from 2,957 million baht of the same period last year. The market share was at 4.6 percent, ranked number 8 in the industry. The trading volume was 75.3 percent retail customers, 1.7 percent foreign customers, and 23.0 percent financial institution customers.

In the third quarter of 2011, TNS had a net profit of 119 million baht, a decrease of 9 million baht or 7.1 percent from the same period last year. Total income increased by 10.4 percent, with interest income from margin loan increased by 17 million baht or 86.3 percent. Brokerage fee remained the same as the same period last year. Total expenses increased by 21.4 percent.

For the nine-month period of 2011, TNS had a net profit of 262 million baht, a decrease of 41 million baht or 13.5 percent from the same period last year. This was due to operating expenses which increased by 135 million baht or 25.1 percent, contributing from 88 million baht in personnel expenses which varied with commission fee and the accounting standard on employee benefit (TAS 19) putting in effect in 2011. Other expenses also increased by 32 million baht. Total income increased by 110 million baht or 10.5 percent, mainly due to brokerage fee of 58 million baht or 6.4 percent, interest income from margin loan of 33 million baht or 61.8 percent and interest and dividend income which increased by 27 million baht or 40.6 percent.

TNS net liquid capital ratio was at 84.8 percent which was higher than the minimum requirement of the Securities and Exchange Commission (SEC) regulated level of 7.0 percent.

Thanachart Fund Management Company Limited

At the end of the third quarter of 2011, Thanachart Fund Management Company Limited (TFUND) asset under management was 93,702 million baht, an increase of 147 million baht or 0.2 percent from the year-ending 2010. This was mainly due to an increase of 74.8 percent in provident fund while mutual fund and private fund decreased by 4.2 percent and 2.8 percent respectively. Asset under management was comprised of 82 percent of mutual fund, 9 percent of provident fund, and another 9 percent of private fund.

In the third quarter of 2011, TFUND had a net profit of 22 million baht, a decrease of 9 million baht or 30.1 percent from the same period last year which mainly came from a decrease in fund management fee income.

For the nine-month period of 2011, TFUND had a net profit of 85 million baht, a decrease of 13 million baht or 13.0 percent from the same period last year. This was mainly due to a decrease in fee income in the amount of 16 million baht or 5.1 percent. However, TFUND put in place a plan to launch variety of new products to answer to the needs of the customers and to be more suitable with the market environment in order to create more revenue from fee income and to be in line with the interest rate trend.

Thanachart Insurance Company Limited

In the third quarter of 2011, Thanachart Insurance Company Limited (TNI) had a net profit of 146 million baht, an increase of 28 million baht or 23.7 percent from the same period last year. This was mainly due to the growth in the insurance premium.

For the nine-month period of 2011, TNI has a net income of 376 million baht, an increase of 86 million baht or 29.7 percent from the same period last year. The key contributing factors included an

increase in premium received through bancassurance channel in the amount of around 50 percent compared to the same period last year and efficiency in claim management.

Furthermore, in May 2011, TNI paid out dividend in the amount of 4.05 baht per share which amounted to 300 million baht. The capital ratio at the end of the third quarter was at 308 percent which was higher than the minimum requirement of the Office of Insurance Commission (OIC) of 125.0 percent.

Thanachart Life Assurance Company Limited

In the third quarter of 2011, Thanachart Life Assurance Company Limited (TLIFE) had a net profit of 275 million baht, an increase of 49 million baht or 21.0 percent from the same period last year. This was mainly due to investment income which increased by 65 million baht. Income on underwriting remains the same as the same period last year.

For the nine-month period of 2011, TLIFE had a net income of 620 million baht, an increase of 76 million baht or 14 percent from the same period last year. Insurance premium income increased due to a growing customer base. Investment income increased by 129 million baht or 25 percent. Income on underwriting remained the same as the same period last year. The capital ratio in the third quarter of 2011 was at 849.0 percent which was higher than the minimum requirement of the OIC of 150.0 percent.

TS Asset Management Company Limited

TS Asset Management Company Limited (TS AMC) has been established on 3 March 2011. During May 2011, TS AMC has started taking transfer of non-performing loans and non-performing assets from SCIB. As at the end of the third quarter 2011, TS AMC had total assets of 12,048 million baht while it had a net loss of 42 million baht from the beginning up until the end of September 2011.

Risk Management and Risk Factor

The Company and its subsidiaries had put in place systematic risk management procedure. Risk management policy and guideline were approved by the Company's Board of Directors and were supervised and monitored by a specific unit consistently. Tools and analysis of various risks were conducted, such as, credit risk, market risk, interest rate risk, operational risk and etc, in order to calculate appropriate risk limit and warning signal which will allow officers to proceed under acceptable risk limit level. The Company's Executive Committee and Board of Directors are committed to monitor and supervise risk management performance every month.

In the third quarter 2011, the Company and its subsidiaries' loans portfolio has continuously grown especially the hire purchase loans. In addition, the Company and its subsidiaries made more investments in government bonds, state owned enterprise bonds, corporate bonds, and listed securities, resulted in the increase in credit risks, market risks, and operational risks.

Overall, the Company and its subsidiaries' risks are under the established risk limit. Consequently, the Company and its subsidiaries' capital after risk allocation were adequate to accommodate the established future plan of business expansion.

Appendix

Comparison of Dividend Payments

		2008	2009	2010	6M11
Net Profit (Consolidated Financial Statements)	(MB)	2,768	5,109	5,639	2,727
Net Profit (Separate Financial Statements)	(MB)	1,366	3,527	2,818	1,380
Dividend per Share	(Baht)	0.90	0.95	1.20	0.50
Dividend Payment for the 1st half of the Year Performance	(Baht)	0.30	0.35	0.50	0.50
Dividend Payment for the 2nd half of the Year Performance	(Baht)	0.60	0.60	0.70	-
Total Dividend Payment Amount	(MB)	1,167	1,214	1,533	639
Dividend Payout Ratio (Consolidated Financial Statements)	(%)	42.16	23.76	27.19	23.43
Dividend Payout Ratio (Separate Financial Statements)	(%)	85.41	34.42	54.42	46.30

Comparison of Past Performance

Unit: Million Baht

Consolidated Statements of Comprehensive Income	3Q11	3Q10	Change (%)	9M11	9M10	Change (%)
Interest Income	11,707	9,718	20.5	32,637	25,060	30.2
Interbank and Money Market Items	678	246	175.6	1,474	633	132.9
Investments for trading	19	23	(17.4)	72	62	16.1
Investments for debts securities	1,055	1,017	3.7	2,979	2,736	8.9
Loans	5,555	4,641	19.7	15,525	10,220	51.9
Hire Purchase and Financial Leases	4,400	3,791	16.1	12,587	11,409	10.3
Interest Expenses	(5,571)	(3,228)	72.6	(13,909)	(8,332)	66.9
Deposits	(2,486)	(1,560)	59.4	(6,316)	(4,167)	51.6
Interbank and Money Market Items	(403)	(179)	125.1	(812)	(377)	115.4
Fund Contributed to the DPA	(479)	(528)	(9.3)	(1,483)	(1,376)	7.8
Debts Issued	(2,203)	(960)	129.5	(5,295)	(2,403)	120.3
Borrowing	-	(1)	(100.0)	(1)	(2)	(50.0)
Borrowing Fee	-	-	-	(2)	(7)	(71.4)
Net Interest Income	6,136	6,490	(5.5)	18,728	16,728	12.0
Fees and Service Income	982	987	(0.5)	2,979	2,382	25.1
Fees and Service Expenses	(149)	(150)	(0.7)	(419)	(381)	10.0
Net Fees and Service Income	833	837	(0.5)	2,560	2,001	27.9
Gains on Tradings and Foreign Exchange Transactions	267	207	29.0	717	425	68.7
Gain on Investments	285	47	506.4	523	415	26.0
Share of Profit from Investments in Associated Companies						
Accounted for under Equity Method	76	69	10.1	232	318	(27.0)
Gain (loss) on Properties foreclose and Other Assets	(69)	57	(221.1)	(4)	462	(100.9)
Insurance Premium/ Life Insurance Premium Income	3,414	3,078	10.9	9,669	7,953	21.6
Dividend Income	296	331	(10.6)	747	472	58.3
Other Operating Income	809	794	1.9	2,086	2,066	1.0
Total Operating Income	12,047	11,910	1.2	35,258	30,840	14.3
Insurance/Life Insurance Expenses	(2,878)	(2,407)	19.6	(7,773)	(6,196)	25.5
Net Operating income	9,169	9,503	(3.5)	27,485	24,644	11.5
Personnel Expenses	2,865	2,461	16.4	8,260	6,030	37.0
Directors' Remuneration	8	10	(20.0)	61	57	7.0
Premises and Equipment Expenses	1,014	885	14.6	2,694	2,191	23.0
Taxes and Duties	237	188	26.1	652	434	50.2
Other Expenses	1,806	1,429	26.4	4,537	3,291	37.9
Total Other Operating Expenses	5,930	4,973	19.2	16,204	12,003	35.0
Impairment Loss of Loans and Debt Securities	(129)	(363)	(64.5)	(1,718)	(1,114)	54.2
Profit before Income Tax	3,110	4,167	(25.4)	9,563	11,527	(17.0)
Income Tax	(828)	(1,289)	(35.8)	(2,313)	(3,642)	(36.5)
Profit before Non-controlling Interest	2,282	2,878	(20.7)	7,250	7,885	(8.1)
Non-controlling Interest	(945)	(1,340)	(29.5)	(3,186)	(3,635)	(12.4)
Net Profit	1,337	1,538	(13.1)	4,064	4,250	(4.4)