



Management Discussion and Analysis

For the third quarter and the nine-month period ended 30 September 2013
(Reviewed Financial Statements)

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Thanachart Capital Public Company Limited

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Economics Outlook and Competition in Banking Industry

Overall Thai economy in the third quarter showed sign of slowdown as indicated by economic indices in this period. Private Consumption Index slowed down as a result of concern for weak economy. Similarly, Consumer Confidence Index has been decreasing. Floods in many provinces together with high household debts further dampened consumption. Private Investment Index and Manufacturing Production Index continued to decline, especially in the automotive industry which was a result of low demand post first-car scheme. However, export has shown sign of improvement in some sectors, due to weak Thai Baht currency and improving foreign demand. Tourism has continued to grow robustly, particularly from Chinese tourists.

Inflation declined from the previous quarter to 1.67 percent, but it did not reflect the true cost of living. The cost of living has a tendency to increase in the last quarter of this year following the production cost, the increase in electricity charge, and the increase in LPG gas for households. In this quarter, Monetary Policy Committee had a resolution to maintain the policy interest rate at 2.50 percent to help stimulate economy amidst the price increase pressure.

As a result of the negative economic outlook and the increase in household debt, loan defaults showed an upward trend. Commercial banks have been cautious in approving consumer loans while continuously trying to acquire more deposits to enhance liquidity. Commercial banks are prepared to handle the fluctuation of global financial market which could happen from the decrease in Quantitative Easing Policy in the United States at the end of this year.

Major Events

1. On 23 September 2013, the Board of Directors of Thanachart Capital Public Company Limited had a resolution to approve the payment of interim dividend for the first half of 2013 at a rate of 0.60 baht per share which amounted to 723,887,821.80 baht in total, to all shareholders of the Company, totaling to 1,206,479,703¹ shares. The determination of the name of shareholders eligible for interim dividend payment was set on 7 October 2013 and the registration book was set to be closed for suspension of share transfer on 8 October 2013. The payment is scheduled to be made on 21 October 2013.
2. On 9 August 2013, Thanachart Capital Public Company Limited (“the Company”) issued and offered 2 sets of unsubordinated debentures with no collateral and no debenture holder representative. The first set amounted of 500 million baht offering a fixed rate of 4.85 percent per annum with redemption in 2023 and the second set amounted to 900 million baht offering a fixed rate of 4.95 percent per annum with redemption in 2025 . Such debentures were offered to institutional investors and/or large investors and they were given the rating of A+ by TRIS Rating Company Limited.
3. On 22 October 2013, the Company has issued and offered unsubordinated debentures with no collateral and no debenture holder representative in a total amount of 1,300 million baht at a fixed rate of 5.00 percent per annum with redemption in 2023. Such debentures were offered to institutional investors and/or large investors and they were given the rating of A+ by TRIS Rating Company Limited.

¹ The total shares eligible for dividend payment are the total ordinary shares and preferred shares of the Company deducted by the ordinary shares the Company repurchased and not yet resold amounting to 71,350,000 shares.

Financial Highlights

Reviewed Financial Statements	For the 3 months ended				For the 9 months ended		
	30-Sep-13	30-Jun-13	30-Jun-13	30-Sep-12	30-Sep-13	30-Sep-13	30-Sep-12
Operating Performance (Million Baht)			Excluding extra items**	Restated*		Excluding extra items**	Restated*
Interest Income	13,627	13,360	13,360	12,488	40,114	40,114	36,106
Interest Expenses	6,950	6,796	6,796	6,685	20,562	20,562	18,975
Net Interest Income	6,677	6,564	6,564	5,803	19,552	19,552	17,131
Non-interest Income	3,882	15,497	3,215	3,476	23,473	11,192	9,301
Net Operating Income ⁽¹⁾	10,559	22,061	9,779	9,279	43,025	30,744	26,432
Other Operating Expenses	5,222	5,476	5,476	5,372	15,862	15,862	16,127
Impairment Loss of Loans and Debt Securities	1,687	6,726	1,345	1,100	9,778	4,398	2,003
Profit before Tax	3,650	9,859	2,958	2,807	17,385	10,484	8,302
Income Tax	682	2,189	639	531	3,581	2,031	1,746
Net Profit After Tax	2,968	7,670	2,319	2,276	13,804	8,453	6,556
Profit for the period from discontinued operations***	-	42	42	120	354	354	916
Profit for the period	2,968	7,712	2,361	2,396	14,158	8,807	7,472
Net Profit Attributable to the Company	1,661	4,078	1,311	1,275	7,693	4,926	4,252
Net Profit Attributable to Non-controlling interests	1,307	3,634	1,050	1,121	6,465	3,881	3,220
Operating Performance Ratios							
Basic Earnings per Share (Baht)	1.38	3.29	1.06	1.00	6.20	3.97	3.33
ROAA (%)	1.15	3.00	0.92	1.01	1.84	1.14	1.08
ROAE (%)	14.63	36.33	11.68	12.14	22.85	14.63	13.95
Interest Spread ⁽²⁾ (%)	2.49	2.52	2.52	2.47	2.52	2.52	2.50
Credit Cost (%)	0.82	3.27	0.65	0.59	1.59	0.71	0.36
Non-interest Income Ratio ⁽³⁾ (%)	36.76	70.30	33.16	38.25	54.93	37.13	37.36
Cost to Income Ratio ⁽⁴⁾ (%)	49.46	24.77	55.75	57.16	36.57	51.01	58.97
	30-Sep-13	30-Jun-13	31-Dec-12				
Financial Position (Million Baht)							
Loans	787,712	788,285	755,330				
Total Assets	1,027,292	1,024,069	1,028,072				
Deposits and Debt Issued and Borrowings	805,138	810,075	782,927				
Total Liabilities	934,839	933,743	942,838				
Equity ⁽⁵⁾	45,755	44,885	43,586				
Financial Position Quality							
Loans to Deposits and Debt Issued and Borrowings (%)	97.84	97.31	96.48				
Non-performing Loans (Million Baht)	37,337	36,615	34,307				
NPL Ratio (%)	4.56	4.45	4.32				
Coverage Ratio (%)	83.26	84.05	73.19				
Reserve to Required Reserve (%)	127.21	126.76	124.12				

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

(2) Interest Spread = Yield - Cost of Fund

Yield = Interest Income / Average Earning Assets

Cost of Fund = Interest Expenses / Average Paying Liabilities

(3) Non-interest Income Ratio = Non-interest Income / Net Operating Income (including profit for the period from discontinued operations)

(4) Cost to Income Ratio = Other Operating Expenses / Net Operating Income (including profit for the period from discontinued operations)

(5) Excluding Non-controlling Interest

* Restated the effect from the Accounting Standard No. 12 regarding the income tax

** Excluding gain from selling TLIFE and additional provision occurred in the second quarter of 2013

*** The performance of Thanachart Life Assurance is separately presented in the statements of comprehensive income

Operating results for the third quarter and the nine-month period of 2013

Performance Overview of Thanachart Capital Public Company Limited and Its Subsidiaries

In the second quarter of 2013, Thanachart Bank sold shares of Thanachart Life Assurance to Prudential Life Assurance, and realized gain from sale of 12,281 million baht. Thanachart Group also set aside 5,380 million baht in special provision. These 2 transactions were considered extraordinary items and so would be excluded from the consideration of operating results comparison for the third quarter and nine-month period of 2013.

In the third quarter of 2013, Thanachart Group had a net profit of **2,968 million baht**. Out of the total net profit, **1,661 million baht** was the net profit attributable to the Company, an increase of 350 million baht or 26.70 percent from the previous quarter. For **the nine-month period of 2013**, the Company and its subsidiaries had a net profit of **8,807 million baht**. The Company's net profit amounted to **4,926 million baht**, an increase of 674 million baht or 15.85 percent. The increase in net profit for the third quarter and nine-month period was due to an ability to generate revenue of Thanachart Group, whether in interest or non-interest income, together with prudent expenses management. Impairment loss of loans and debts securities increased due to additional provision to prepare for future uncertainties.

Comparing operating results in the **third quarter of 2013 and third quarter of 2012**, the Company and its subsidiaries' net profit increased by **386 million baht** or 30.27 percent. This was mainly due to an increase in net interest income, which was a result of growing loan portfolio and wider interest spread. Non-interest income also improved from synergy and cross-selling effort between the companies under the Group and the favorable market condition. Operating expenses decreased due to prudent management. Impairment loss of loans and debts securities increased due to the additional provision provided to protect against the possible losses.

Key operating results can be summarized as follows:

- **Net interest income** in the third quarter of 2013 was 6,677 million baht, an increase of 113 million baht or 1.72 percent. This was mainly due to an increase in interest income while interest expenses also increased. As a result, interest spread in this quarter decreased from 2.52 percent in the previous quarter to 2.49 percent. For the nine-month period of 2013, net interest income was 19,552 million baht, an increase of 2,421 million baht or 14.13 percent. Interest spread was 2.52 percent, an increase from 2.50 percent in the same period last year. This was due to loan growth and the expansion of deposits base and issued debt securities.
- **Non-interest income growth:** Non-interest income in the third quarter of 2013 was 3,882 million baht, an increase of 667 million baht or 20.75 percent. For the nine-month

period of 2013, non-interest income was 11,192 million baht, an increase of 1,891 million baht or 20.33 percent. This was due to the cross-selling effort within the group and the favorable market conditions. Non-interest income ratio in the third quarter of 2013 was at 36.76 percent, an increase from 33.16 percent in the previous quarter. For the nine-month period of 2013, the ratio was 37.13 percent, close to that of the same period last year.

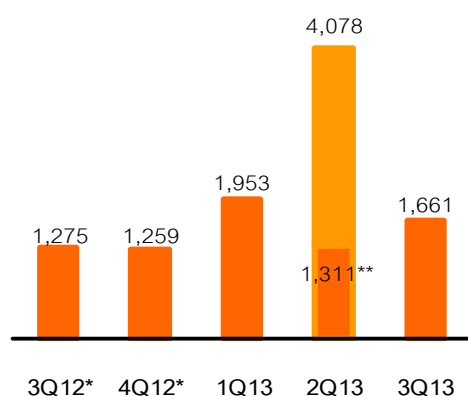
- **Operating expenses** in the third quarter of 2013 amounted to 5,222 million baht, a decrease of 254 million baht or 4.64 percent from the previous quarter, mainly due to prudent cost management. As a result, cost to income ratio was at 49.46 percent, comparing to 55.75 percent in the previous quarter. For the nine-month period of 2013, operating expenses were 15,862 million baht, a decrease of 265 million baht or 1.64 percent from the same period last year, which was still in line with the cost control policy. Cost to income ratio was 51.01 percent, a decrease from 58.97 percent in the same period last year.
- **Impairment loss of loans and debt securities** in the third quarter of 2013 was 1,687 million baht, an increase of 342 million baht or 25.43 percent, due to the increase in NPLs from the slowdown in economy. Credit cost was 0.82 percent, comparing to 0.65 percent in the previous quarter. For the nine-month period of 2013, impairment loss of loans and debts securities were 4,398 million baht, an increase of 2,395 million baht from the same period last year. This was because the nine-month period last year included the reverse reserve from debt restructuring and closed accounts of many corporate clients. Credit cost in this period was 0.71 percent, an increase once comparing to 0.36 percent in the same period last year. Coverage ratio as of 30 September 2013 was at 83.26 percent.
- **Loan grew** by 4.29 percent from the end of last year. This was mainly from hire purchase loans growth of 10.06 percent, which benefited from the excise tax reimburse policy in the first half of the year.
- **Deposits and debts issued and borrowings** increased by 2.84 percent from the end of last year. This was due to the issuance of short-term debentures of the Company and its subsidiaries and the expansion of fixed deposits. At the end of September 2013, the Company and its subsidiaries' CASA portion to total deposits and debts issued and borrowings was 30.53 percent, a decrease from 31.63 percent at the end of last year.
- **NPL management:** NPL of Thanachart Group as of 30 September 2013 was 37,337 million baht, an increase of 3,030 million baht from the end of last year. This was due to degrading movement of corporate account in the second quarter of 2013 and the economic slowdown which resulted in more NPL from hire purchase loans. NPL ratio at

the end of the third quarter of 2013 was at 4.56 percent, an increase from 4.32 percent at the end of last year.

Earning per share (EPS) in the third quarter of 2013 was 1.38 baht, an increase from 1.06 baht per share (EPS including extra items was 3.29 baht per share) in the previous quarter. Return on Average Assets (ROAA) and Return on Average Equity (ROAE) were 1.15 percent and 14.63 percent respectively.

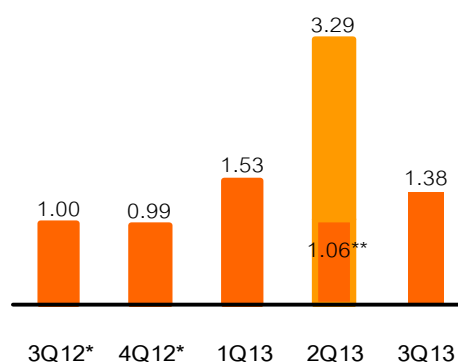
EPS in the nine-month period of 2013 was 3.97 baht, an increase from 3.33 baht per share (EPS including extra items was 6.20 baht per share) in the same period last year. ROAA and ROAE were 1.14 percent and 14.63 percent respectively.

Net Profit of the Company (Million Baht)

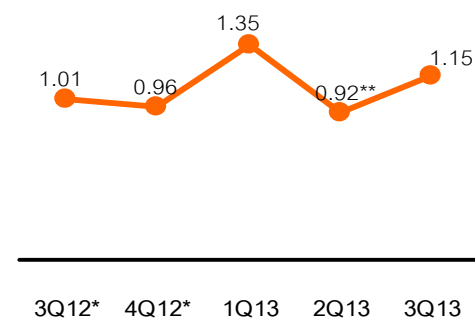


* Restated ** Excluding the extra gain

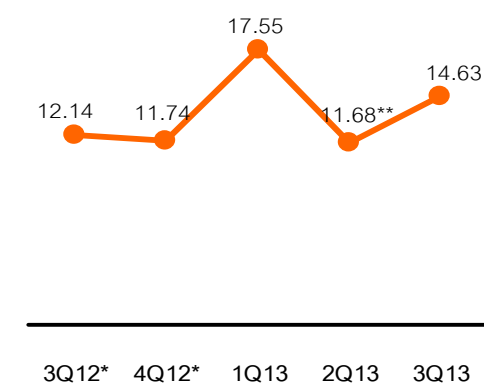
Earning per Share (Baht)



ROAA (%)



ROAE (%)



*Restated **Excluding extra items (ROAA and ROAE including extra items were 3.00% and 36.33% respectively)

Net Interest Income

Unit: Million Baht

Net Interest Income	3Q13	2Q13	Change %	9M13	9M12	Change %
Interest Income	13,627	13,360	2.00	40,114	36,106	11.10
Interbank and Money Market Items	459	432	6.25	1,379	1,695	(18.64)
Investments for trading	109	122	(10.66)	368	374	(1.60)
Investments for debts securities	1,029	963	6.85	2,980	2,815	5.86
Loans	5,328	5,223	2.01	15,688	15,999	(1.94)
Hire Purchase and Financial Leases	6,702	6,620	1.24	19,699	15,223	29.40
Interest Expenses	6,950	6,796	2.27	20,562	18,975	8.36
Deposits	4,507	4,369	3.16	13,305	10,007	32.96
Interbank and Money Market Items	340	372	(8.60)	1,111	1,172	(5.20)
Fund Contributed to FIDF and DPA	912	903	1.00	2,693	2,154	25.02
Debts Issued	1,190	1,151	3.39	3,449	5,631	(38.75)
Borrowing Fee	1	1	-	4	11	(63.64)
Net Interest Income	6,677	6,564	1.72	19,552	17,131	14.13

For the third quarter of 2013, the Company and its subsidiaries' net interest income amounted to 6,677 million baht, an increase of 113 million baht or 1.72 percent from the previous quarter. This was from the increase in interest income while interest expenses also increased from higher cost of fund cost. As a result, the interest spread decreased from 2.52 percent in the previous quarter to 2.49 percent. Interest income amounted to 13,627 million baht, an increase of 267 million baht or 2.00 percent from the previous quarter. This was mainly due to the increase in interest income from loans and hire purchase which increased in line with the outstanding growth. Interest expenses amounted to 6,950 million baht, an increase of 154 million baht or 2.27 percent from the previous quarter, due to the expansion of deposits and debts issued.

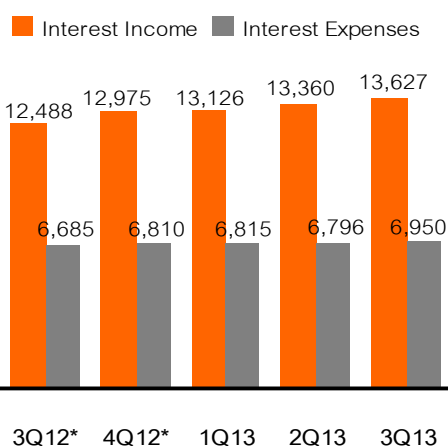
For the nine-month period of 2013, net interest income of the Company and its subsidiaries amounted to 19,552 million baht, an increase of 2,421 million baht or 14.13 percent from the same period last year. Interest spread was at 2.52 percent, an increase from 2.50 percent in the same period last year. Interest income amounted to 40,114 million baht, an increase of 4,008 million baht or 11.10 percent from the same period last year. This was mainly a result of loans growth which grew by 12.07 percent from the end of the third quarter of 2012. Interest expenses amounted to 20,562 million baht, an increase of 1,587 million baht or 8.36 percent from the same period last year. This was due to an expansion of deposits and debts issued base which grew by 9.14 percent from the end of the third quarter of 2012.

Unit: Percent

	3Q12*	4Q12*	1Q13	2Q13	3Q13
Average Policy Interest Rate	3.00	2.79	2.75	2.66	2.50
Yield	5.80	5.81	5.69	5.63	5.64
Cost of Fund	3.33	3.28	3.15	3.11	3.15
Interest Spread	2.47	2.53	2.54	2.52	2.49

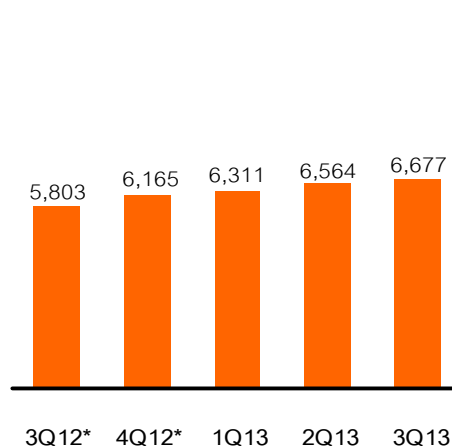
* Restated

Interest Income and Interest Expenses (Million Baht)



* Restated

Net Interest Income (Million Baht)



Non-interest Income

Unit: Million Baht

Non-interest Income	3Q13	2Q13	Change %	9M13	9M12	Change %
Fees and Service Income	2,138	2,270	(5.81)	6,655	4,668	42.57
Fees and Service Expenses	(494)	(464)	6.47	(1,402)	(1,104)	26.99
Net Fees and Service Income	1,644	1,806	(8.97)	5,253	3,564	47.39
Gains on Tradings and Foreign Exchange Transactions	117	(23)	608.70	261	457	(42.89)
Gains on Investments	175	136	28.68	521	573	(9.08)
Share of Profit from Investments in Associated Companies						
Accounted for under Equity Method	250	97	157.73	752	240	213.33
Gains on Properties Foreclose and Other Assets	168	144	16.67	625	914	(31.62)
Net Insurance Premium/ Life Insurance Premium Income*	585	735	(20.41)	1,889	1,770	6.72
Dividend Income	342	29	1,079.31	574	406	41.38
Other Income	601	291	106.53	1,317	1,377	(4.36)
Operating Income	2,238	1,409	58.84	5,939	5,737	3.52
Non-interest Income	3,882	3,215	20.75	11,192	9,301	20.33

* Excluding Thanachart Life Assurance Public Company Limited

■ **Net Fees and Service Income**

For the third quarter of 2013, the Company and its subsidiaries' net fees and service income amounted to 1,644 million baht, a decrease of 162 million baht or 8.97 percent from the previous quarter. This was due to the decrease in brokerage fees which was in line with the slowdown in capital market.

For the nine-month period of 2013, the Company and its subsidiaries' net fees and service income totaled to 5,253 million baht, an increase of 1,689 million baht or 47.39 percent from the same period last year. This was mainly due to the increase in Thanachart Group's transaction volume, especially the brokerage fees and fund management fees which increased in line with the market situation comparing to the last year.

■ **Operating Income**

Operating income includes gain on trading and foreign exchange transactions, gain on investments, share of profit from investments in associated companies accounted for under equity method, gains on properties foreclosed and other assets, net insurance/life insurance premium income, dividend income, and other income.

For the third quarter of 2013, the Company and its subsidiaries' operating income amounted to 2,238 million baht, an increase of 829 million baht or 58.84 percent from the previous quarter. This was due to the increase in gains on tradings which increased from mark to market, dividend income which increased from dividend received from Vayupak Fund, share of profit from investments in associated companies which increased from associated company's profit, and reversal of provision from loans transferred to Thai Asset Management Corporation (TAMC). At the same time, net insurance premium/life insurance premium income decreased from the increase in indemnity payments. Non-interest income ratio in the third quarter of 2013 was at 36.76 percent, an increase from 33.16 percent in the previous quarter.

For the nine-month period of 2013, the Company and its subsidiaries' operating income amounted to 5,939 million baht, an increase of 202 million baht or 3.52 percent from the same period last year. This was mainly due to the success of synergy realization, the increase in cross-selling, and the business environment that favored every business unit under Thanachart Group. As a result, non-interest income ratio in the nine-month period was at 37.13 percent, a slightly decrease from 37.36 percent in the same period last year.

Other Operating Expenses

Unit: Million Baht

Other Operating Expenses	3Q13	2Q13	Change %	9M13	9M12	Change %
Personnel Expenses	2,623	2,794	(6.12)	8,085	8,144	(0.72)
Premises and Equipment Expenses	755	749	0.80	2,237	2,341	(4.44)
Taxes and Duties	221	215	2.79	666	686	(2.92)
Directors' Remuneration	8	42	(80.95)	57	50	14.00
Other Expenses	1,615	1,676	(3.64)	4,817	4,906	(1.81)
Total Other Operating Expenses	5,222	5,476	(4.64)	15,862	16,127	(1.64)

For the third quarter of 2013, the operating expenses of the Company and its subsidiaries were 5,222 million baht, a decrease of 254 million baht or 4.64 percent from the previous quarter. This was due to the ability to manage cost efficiently. Also, in the previous quarter there was the provision for possible damage occurring reinsurance company's inability to fulfill its obligation. As a result, cost to income ratio in this quarter was at 49.46 percent, a decrease from the previous quarter of 55.75 percent.

For the nine-month period of 2013, the operating expenses of the Company and its subsidiaries recorded at 15,862 million baht, a decrease of 265 million baht or 1.64 percent from the same period last year. This indicates the ability to control costs efficiently as planned. Cost to income ratio in this period was at 51.01 percent, comparing to the same period last year of 58.97 percent.

Impairment Loss of Loans and Debt Securities

Unit: Million Baht

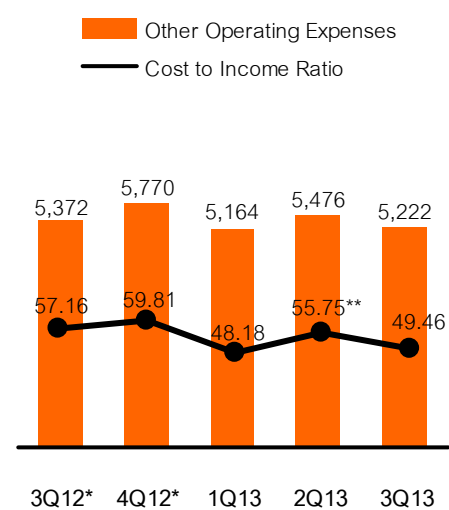
Impairment Loss of Loans and Debt Securities	3Q13	2Q13	Change %	9M13	9M12	Change %
Impairment Loss of Loans	1,687	1,338	26.08	4,373	1,997	118.98
Loss from Debt Restructuring	-	3	(100.00)	3	3	-
Loss from impairment of debt securities	-	4	(100.00)	22	3	633.33
Impairment Loss of Loans and Debt Securities	1,687	1,345	25.43	4,398	2,003	119.57
Credit Cost (%)	0.82	0.65	26.15	0.71	0.36	97.22

For the third quarter of 2013, impairment loss of loans and debt securities expenses of the Company and its subsidiaries amounted to 1,687 million baht, an increase of 342 million baht or 25.43 percent from the previous quarter. This was due to the increase in NPLs from the economic slowdown. As a result, the ratio of impairment loss of loans and loss from debt restructuring to total loans (credit cost) accounted for 0.82 percent, comparing to the previous quarter of 0.65 percent.

For the nine-month period of 2013, the Company and its subsidiaries had impairment loss of loans and debt securities expenses amounting to 4,398 million baht, an increase of 2,395 million baht or 119.57 percent from the same period last year. The increase was to protect against additional losses that may arise in the future. Also, during the nine-month period of last year, there were provision reversals from debt restructuring and closing accounts of corporate clients. Credit cost was at 0.71 percent, an increase from the same period last year of 0.36 percent.

Other Operating Expenses (Million Baht) and

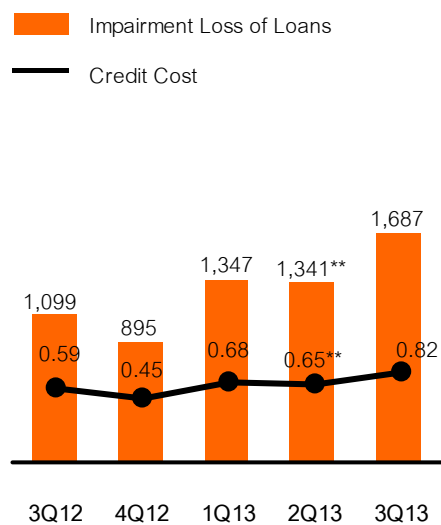
Cost to Income Ratio (%)



*Restated **Excluding extraordinary items

Impairment Loss of Loans (Million Baht)

and Credit Cost (%)



Financial Position

Unit: Million Baht

Consolidated Statements of Financial Position	30 September 2013		31 December 2012		Change
	Amount	%	Amount	%	%
Interbank and Money Market Items-net	54,770	5.33	71,978	7.00	(23.91)
Investment-net	147,659	14.37	150,649	14.65	(1.98)
Investment in Associated Company-net	2,444	0.24	1,807	0.18	35.25
Loans to Customers and Accrued Interest Receivables	788,646	76.77	756,403	73.57	4.26
Allowance for Doubtful Accounts and Revaluation Allowance for Debt Restructuring	(30,848)	(3.00)	(24,891)	(2.42)	23.93
Intangible Assets Acquired in a Business Combination-net	2,574	0.25	2,960	0.29	(13.04)
Goodwill	16,659	1.62	16,461	1.60	1.20
Other Assets	45,388	4.42	52,705	5.13	(13.88)
Total Assets	1,027,292	100.00	1,028,072	100.00	(0.08)
Deposits	702,334	68.37	693,421	67.45	1.29
Interbank and Money Market Items	81,458	7.93	87,777	8.54	(7.20)
Debt Issued and Borrowings	102,804	10.01	89,506	8.70	14.86
Other Liabilities	48,243	4.69	72,134	7.02	(33.12)
Total Liabilities	934,839	91.00	942,838	91.71	(0.85)
Company's Shareholders' Equity	45,755	4.45	43,586	4.24	4.98
Non-controlling Interests	46,698	4.55	41,648	4.05	12.13
Total Shareholders' Equity	92,453	9.00	85,234	8.29	8.47
Total Liabilities and Shareholders' Equity	1,027,292	100.00	1,028,072	100.00	(0.08)
Book Value per Share (Baht)	37.92		34.11		

Total Assets

As at 30 September 2013, Thanachart Group's total assets amounted to 1,027,292 million baht, representing a decrease of 780 million baht or 0.08 percent from the end of 2012. This was mainly due to the divestment of a subsidiary company in the second quarter of 2013, resulting in a decrease in the net investment and also the decrease in the net interbank and money market items. Loans to customers and accrued interest receivables grew by 4.26 percent. The key contributing factors were:

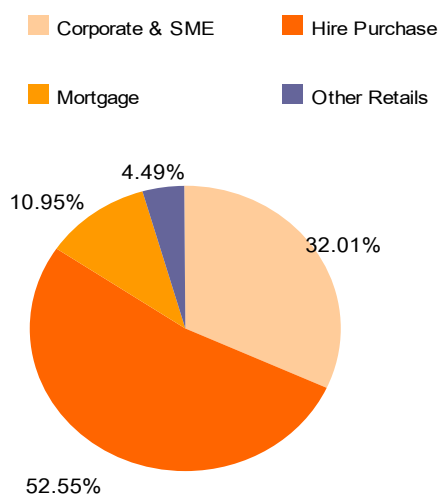
- Net interbank and money market items amounted to 54,770 million baht, a decrease of 17,208 million baht or 23.91 percent from the end of last year.
- Investment-net was 147,659 million baht, a decrease of 2,990 million baht or 1.98 percent from the end of last year, due to the divestment of a subsidiary company and the increase in debt securities investment.

- Loans to customers and accrued interest receivables were 788,646 million baht, an increase of 32,243 million baht or 4.26 percent from the end of last year. This was mainly due to an expansion in hire purchase loans. At the same time, there were repayments from corporate and SME loans. Portion of retail loans to corporate and SME loans was 70 percent to 30 percent.

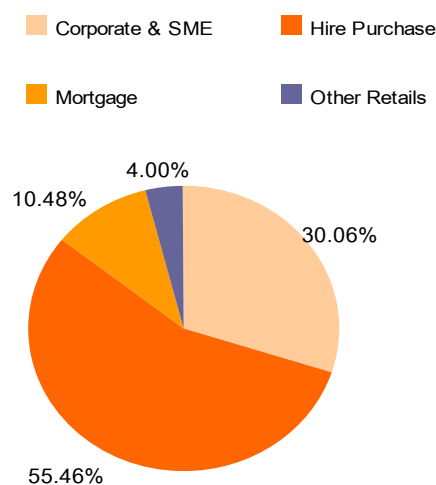
Details of the loan breakdown were as follows:

Loan Breakdown (Percent)

31 December 2012



30 September 2013



Liabilities

Total liabilities of Thanachart Group as of 30 September 2013 were 934,839 million baht, a decrease of 7,999 million baht or 0.85 percent from the end of 2012. The key items were as follows:

Unit: Million Baht					
Deposits and Debt Issued and Borrowings	30 September 2013		31 December 2012		Change
	Amount	%	Amount	%	%
Current	9,010	1.12	8,504	1.09	5.95
Savings	236,783	29.41	239,104	30.54	(0.97)
Fixed Deposits					
Less than 6 Months	85,704	10.64	115,133	14.70	(25.56)
6 Months and up to 1 Year	169,620	21.07	202,747	25.90	(16.34)
Over 1 Year	201,215	24.99	127,931	16.34	57.28
Debt Issued and Borrowings	102,804	12.77	89,506	11.43	14.86
Others	2	-	2	-	-
Total Deposits and Debt Issued and Borrowings	805,138	100.00	782,927	100.00	2.84

- Deposits and debts issued and borrowings were 805,138 million baht, an increase of 22,211 million baht or 2.84 percent from the end of last year. This was due to the increase in debentures of the Company and its subsidiaries and the expansion of fixed deposits.

CASA to deposits and debt issued and borrowings ratio was 30.53 percent, a decrease from 31.63 percent. However, Thanachart Bank is still focusing on increasing CASA ratio to be in line with its plan.

Shareholders' Equity

Shareholders' equity as of 30 September 2013 recorded at 92,453 million baht, an increase of 7,219 million baht or 8.47 percent from the end of 2012 which can be broken down as follows:

- Equity attributable to the owners of the Company was 45,755 million baht, an increase of 2,169 million baht or 4.98 percent. This was mainly due to an increase in operating profit of the Company and its subsidiaries, which in the nine-month period of 2013 amounted to 7,693 million baht, cash paid for treasury stocks amounting to 3,398 million baht during the second quarter of 2013, dividend payment of 1,150 million baht paid from the second half of 2012, and interim dividend payment of 724 million baht paid for the first six-month of 2013.
- Non-controlling interests were 46,698 million baht, an increase of 5,050 million baht or 12.13 percent, mainly due to the operating results of subsidiary companies.

Non-performing Loans: NPLs

	TBANK		TCAP (Consol.)	
	30-Sep-13	31-Dec-12	30-Sep-13	31-Dec-12
NPL-gross (Million Baht)	23,700	20,036	37,337	34,307
Total Allowance* (Million Baht)	21,386	15,633	31,087	25,110
NPL-gross to Total Loans (%)	3.03	2.63	4.56	4.32
NPL-net to Total Loans (%)	1.75	1.35	2.41	2.17
Reserve to Required Reserve (%)	136.89	134.94	127.21	124.12
Coverage Ratio (%)	90.24	78.02	83.26	73.19

* Including revaluation allowance for debt restructuring

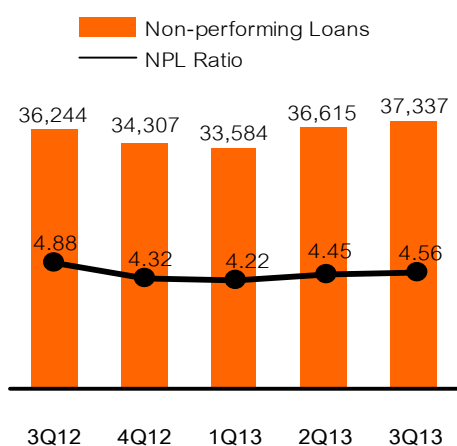
As of 30 September 2013, NPLs amounted to 37,337 million baht, an increase of 3,030 million baht or 8.83 percent from the end of last year. This was due to the NPL from corporate clients in the second quarter of 2013 in which the Bank has fully provided provision after deducting the value of collateral since last year. As a result, there was no impact to the Group's performance.

Also, the impact from the slowdown in economy resulted in the increase in the NPL of hire purchase loans.

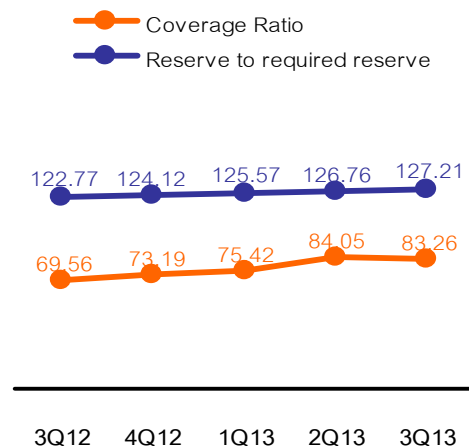
NPL ratio was 4.56 percent, an increase from 4.32 percent at the end of 2012. NPL-net amounted to 19,288 million baht and NPL-net ratio was at 2.41 percent, an increase from 2.17 percent at the end of 2012.

Coverage ratio at the end of September 2013 was at 83.26 percent, an increase from 73.19 percent at the end of December 2012. The ratio of reserve to required reserve under the BOT's regulation was at 127.21 percent at the end of September 2013, an increase from 124.12 percent at the end of December 2012. Excess reserve was 6,650 million baht.

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



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



Operating Results of Subsidiaries

Unit: Million Baht

Subsidiaries	% holding Direct/Indirect	Net Profit (Loss)			
		3Q13	2Q13	9M13	9M12*
Thanachart Bank Plc.					
Consolidated Financial Statements		2,522	7,261	12,744	6,229
Thanachart Securities Plc.	50.96%	167	260	697	311
Thanachart Fund Management Company Limited	38.22%	77	72	220	108
Thanachart Insurance Plc.	50.96%	247	203	708	436
TS AMC Company Limited	50.96%	104	(169)	(31)	1,475
Ratchthani Leasing Plc	33.22%	212	198	610	316
NFS AMC Company Limited	100.00%	107	78	228	384
MAX AMC Company Limited	83.44%	21	9	61	249

*Restated

Thanachart Bank Public Company Limited and Its Subsidiaries

Total assets of TBANK and its subsidiaries as of 30 September 2013 was 1,018,506 million baht, a decrease of 1,438 million baht or 0.14 percent from the end of last year. This was due to the sale of Thanachart Life Assurance Company Limited, a subsidiary company of TBANK. Loan grew by 4.30 percent or 32,456 million baht from the end of last year, mainly from hire purchase, SME, and other retail loans.

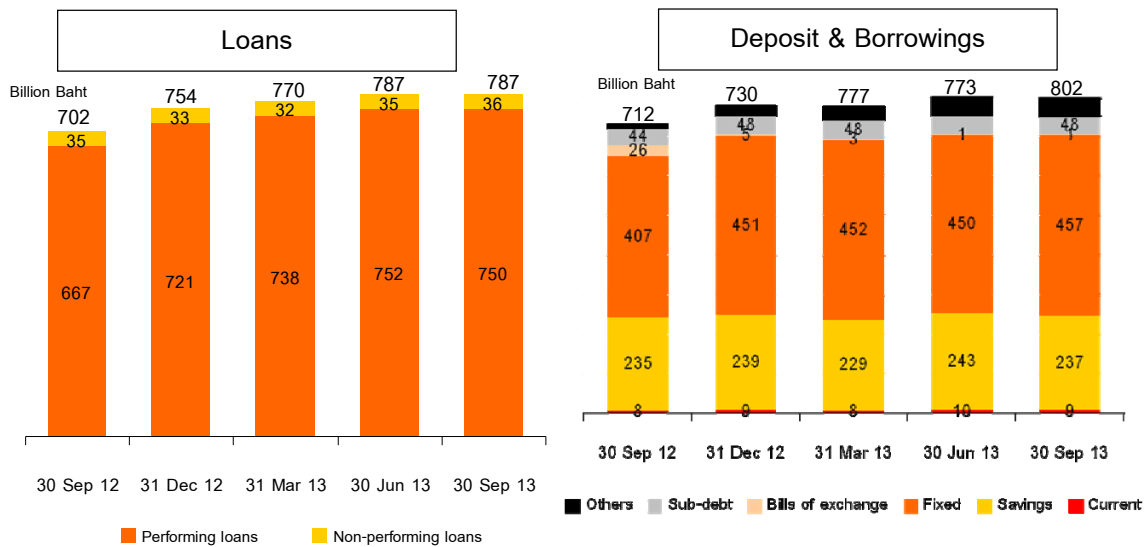
Total liabilities were 923,995 million baht, a decrease of 11,764 million baht or 1.26 percent, due to the sale of the subsidiary company. Total deposits and borrowings increased by 18,949 million baht or 2.44 percent, mostly in short-term debentures and fixed deposits. This was a result of product offering that suited with the customers' needs and market condition.

Shareholders' equity of TBANK and its subsidiaries (excluding minority interest) was 93,497 million baht, an increase of 10,167 million baht or 12.20 percent. This was mainly due to the profit of TBANK and its subsidiaries. This included the extraordinary income from the sale of the subsidiary company net with special provision which was set aside for future uncertainties. Equity was partially decreased by dividend payment in April 2013 in the amount of 2,040 million baht or 0.37 baht per share.

Loan Breakdown

(million baht)

Loans	30-Sep-13	30-Jun-13	31-Mar-13	31-Dec-12	30-Sep-12	Change from 31-Dec-12		Change from 30-Sep-12	
						Amount	%	Amount	%
Corporate	148,121	153,529	150,984	157,839	151,052	(9,718)	-6.16%	(2,931)	-1.94%
SME	78,993	78,986	78,069	77,103	72,362	1,890	2.45%	6,630	9.16%
Retail									
- Hire Purchase	436,686	431,398	419,473	396,519	358,581	40,167	10.13%	78,105	21.78%
- Housing	83,556	83,411	83,468	83,706	80,660	(150)	-0.18%	2,897	3.59%
- Other	20,787	20,229	19,328	19,826	18,797	961	4.85%	1,990	10.59%
Other	18,376	19,520	18,953	19,070	20,088	(694)	-3.64%	(1,712)	-8.52%
Total Loans	786,519	787,073	770,276	754,063	701,541	32,456	4.30%	84,978	12.11%



Operating results in the third quarter and the nine-month period of 2013

In the third quarter 2013, **TBANK and its subsidiaries had a net profit** of 2,522 million baht, a decrease from the previous quarter of 4,740 million baht or 65.27 percent. This was due to the gain on the sale of TLIFE in the previous quarter net with special provision of 5,284 million baht. If excluding such extra items in the previous quarter, the net profit of this quarter increased by 544 million baht or 27.53 percent.

Net profit for the nine-month period 2013 was 12,744 million baht, an increase of 6,515 million baht or 104.59 percent from the same period last year. If excluding the aforementioned extra items, the net profit for nine-month period of 2013 increased by 1,231 million baht or 19.76 percent from the same period last year. The key driving factors in the third quarter were as follows:

1. **Interest spread** in the third quarter 2013 was at 2.48 percent, close to that of the previous quarter. This was a result of effective cost and liquidity management. Cost of fund decreased to 3.14 percent from 3.16 percent from the previous quarter. Yield on earning asset decreased from 5.64 percent to 5.61 percent, mainly due to stopped accrued interest income from NPLs.
2. **Non-interest income**, excluding gain from the sale of the subsidiary company, from the previous quarter, increased from fees and service income of banking business and cross-selling continued increasing. Non-interest income ratio in the third quarter of 2013 was at 32.83 percent, an increase from 31.65 percent in the previous quarter. Non-interest income to average asset increased from 1.19 percent to 1.28 percent.
3. **Operating expenses management** under cost control policy resulted in a decrease in fixed costs and an increase in variable costs. Compared to the previous quarter, operating expenses decreased due to provision for reinsurance in the previous quarter. Cost to

income ratio in the third quarter of 2013 was at 51.32 percent, a decrease from 57.82 percent. The ratio of operating expenses to average assets was 2.00 percent, compared to 2.18 percent in the previous quarter.

4. **Credit cost** in the third quarter of 2013 was at 0.85 percent, an increase from 0.73 percent in the previous quarter (excluding special provision of TBANK and its subsidiaries). This was due the increase in NPLs from the slowdown in economy.

Non-performing loans of TBANK and its subsidiaries as of 30 September 2013 was 36,133 million baht, an increase from 33,047 million baht at the end of last year. This was mainly due to the increase in NPL from corporate clients, which was fully provisioned for, during the second quarter this year. NPL to total loans was 4.59 percent, comparing to 4.38 percent at the end of last year.

Capital adequacy of TBANK under Basel III regulation. As of 30 September 2013, total capital was 112,297 million baht, of which 71,136 million baht was Tier 1 (common equity tier 1 and additional tier 1) and 41,161 million baht was Tier 2. BIS ratio was 15.08 percent, comparing to 13.99 percent at the end of 2012. Total capital included the six-month period of 2013 operating results, the impact from change from Basel II to Basel III, and dividend payment in April 2013.

Thanachart Securities Public Company Limited

Daily trading volume of Thanachart Securities Public Company Limited in the third quarter of 2013 was 3,689 million baht, a decrease from 4,514 million baht in the previous quarter which was in line with the slowdown in capital market. Market share in this quarter was at 4.95 percent. Clients included 63.10 percent retail, 21.33 percent institution, and 15.57 percent foreign.

Comparing the third quarter and the second quarter of 2013, the net profit of the company decreased by 93 million baht or 35.91 percent. Net profit in the third quarter amounted to 167 million baht. Total income was 531 million baht. The main source of income came from brokerage income which totaled to 414 million baht, a slight decrease in line with the trading volume of this quarter. Fees and service income also decreased. On the other side, financial costs and operating expenses were 322 million baht varied with the decreasing income.

Daily trading volume of the company in the nine-month period of 2013 was 4,507 million baht, a significant increase from 2,681 million baht in the same period last year which was in line with the capital market condition. Market share in this period was at 4.65 percent.

Net profit for the nine-month period of 2013 was 697 million baht, an increase of 387 million baht or 124.47 percent from the same period last year. Total income was 1,955 million baht, an increase of 63.02 percent. Brokerage income was 1,529 million baht, fees and service income amounted to 143 million baht, interest income from margin loans was 151 million baht. Financial costs and operating expenses were 1,086 million baht, an increase of 35.67 percent from the same period last year in line with growing business volume and income.

As of 30 September 2013, Net Capital Ratio (NCR) was 48.14 percent higher than the minimum requirement of Securities and Exchange Commissions (SEC) of 7.00 percent.

Thanachart Fund Management Company Limited

As of 30 September 2013, Thanachart Fund Management Company Limited had 128,853 million baht of asset under management, an increase of 6,831 million baht or 5.60 percent from the end of last year and a decrease of 3,070 million baht or 2.33 percent from the previous quarter. Asset under management comprised of 84.46 percent mutual funds, 8.02 percent provident funds, and 7.52 percent private funds.

For operating results in the third quarter of 2013, the company had a net profit of 77 million baht, an increase of 5 million baht or 6.94 percent from the previous quarter. This was mainly due to the increase in fund management fees. For the nine-month period of 2013, net profit was 220 million baht, an increase of 112 million baht or 103.01 percent from the same period last year. This was due to the net asset value of money market fund that increased higher than the previous year and better fees from equity fund and flexible fund.

Thanachart Insurance Public Company Limited

Thanachart Insurance Public Company Limited had a net profit of 247 million baht in the third quarter of 2013, an increase of 44 million baht or 21.67 percent from the second quarter of 2013. For the nine-month period of 2013, net profit was 708 million baht, an increase of 272 million baht or 62.38 percent from the same period last year. The key factors were given to a focus on profitable products, claims management, and an effective cost management.

TS Asset Management Company Limited

For the nine-month period of 2013, TS Asset Management Company Limited has restructured debts in accordance with the group policy. As of 30 September 2013, the company's total assets were 9,477 million baht. For the operating result of the third quarter of 2013, the company had a net profit of 104 million baht, due to the income from debt repayment of 291 million baht. Interest expenses amounted to 44 million baht and the provision expenses were 91 million baht. However, the company was able to restructure 73 loan accounts. Income from debt restructuring was 258 million baht.

For the nine-month period of 2013, the company had a net loss of 31 million baht due to the provision expenses for corporate clients of 342 million baht. The company has restructured 205 loan accounts. Income from debt restructuring was 450 million baht.

Ratchthani Leasing Public Company Limited

As the end of the third quarter of 2013, Ratchthani Leasing Public Company Limited had 26,206 million baht in total assets, an increase of 6,919 million baht or 35.90 percent from the end of last year. This was due to hire purchase loans, particularly from trucks. Hire purchase loans were 25,516 million baht, an increase of 6,857 million baht or 36.75 percent from the end of last year, accounted for 97.37 percent of total assets. Total liabilities and shareholders' equity were 23,127 million baht and 3,079 million baht respectively.

In the third quarter of 2013, the company's net profit was 212 million baht, an increase of 14 million baht or 6.94 percent from previous quarter. Total income was 632 million baht, an increase of 54 million baht or 9.29 percent, due to the continuous growth of hire purchase loan. Interest expenses were 242 million baht, an increase of 28 million baht or 12.83 percent. Impairment loss of loans was 71 million baht, an increase of 29 million baht or 69.65 percent, due partly from the excess provision provided for debts that could not be collected amounting to 12 million baht.

Net profit for the nine-month period of 2013 was 610 million baht, an increase of 294 million baht or 93.18 percent from the same period last year. Total income was 1,733 million baht, an increase of 617 million baht or 55.27 percent. This was due to the domestic automotive industry growth and the continuous hire purchase loan base expansion of the company. Interest expenses were 649 million baht, an increase of 162 million baht or 33.36 percent. The increase was due to an increase in additional borrowings to support loan growth. Impairment loss of loans was 147 million baht, an increase of 85 million baht or 137.57 percent, due to higher provision provided in accordance with the large expansion of hire purchase loan growth.

Risk Management and Risk Factors

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

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

Disclaimer

Thanachart Capital Public Company Limited ("the Company") has provided this report to publish the Company's performance for this quarter. In part of the information contained in this report is the prediction of the financial position and performance of the Company in the future, which is based on many hypotheses, including the financial information and any information from the other sources as of the date of this report. The information in this report may be changed according to economies and politics both inside and outside country. The readers or recipients should consider the information carefully and please use your discretion before making a decision in any transaction. Any unauthorized use, reproduction or distribution in whole or in part of the information contained in this report without the Company's permission is strictly prohibited. However, the Company reserves the right with its own discretion to amend or modify the information contained in this report without any prior notice. The Company shall have no responsibility for any inaccuracy, inappropriate or incomplete of any information contained in this report.