



Management Discussion and Analysis

For the third quarter and the nine-month period ended 30 September 2015

(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

The Thai economy in the third quarter has experienced a decelerated growth compared to the previous quarter. Key economic indicators have shown that the export sector would dampen further with counter-party countries experiencing economic slowdown, especially China. Private consumption is expected to have minimal growth due to high household debt. Similarly, an on-going concerns regarding economic growth in Thailand would continue to suppress private investment. In the third quarter, the headline inflation was still negative due to low global oil prices. Consequently, the Monetary Policy Committee of the Bank of Thailand had a resolution to maintain the policy rate at 1.50 percent per annum to further stimulate the Thai economy.

Amid a slow economic recovery and unfavorable external and internal factors, loan volume in the commercial bank industry has a tendency to also face with a decelerated growth. Similarly, a competition to acquire deposits will subside following timid asset expansion. However, several fiscal stimulus measures are being implemented to help support the private sector. Low interest loan facility and tax exempt are key measures to help enhance capital and financial health of the small and medium enterprises. Furthermore, measures to stimulate real estate sector and government spending will help push for growth. Tourism sector maintains a positive sign of continuous improvement. These measures will be key drivers to stimulate the economy, and thus, loan growth in the last quarter this year.

Key Events in the Third Quarter of 2015

1. On 21 September 2015, 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 2015 at a rate of 0.70 baht per share to all shareholders of the Company. The determination of the name of shareholders eligible for interim dividend payment was set on 5 October 2015 and the registration book was set to be closed for suspension of share transfer on 6 October 2015. The payment is scheduled to be made on 16 October 2015.
2. Thanachart Bank has increased its capital through the rights offering of common shares to the existing shareholders. The offering period was during 28 September – 5 October 2015. The transaction concluded with additional 5,512 million baht paid-up share capital resulting in a total issued and paid-up share capital of 60,649 million baht. The registration of the new paid-up share capital has been completed on 9 October 2015. The Bank is in the process of acquiring the Bank of Thailand's approval to account the additional paid-up share capital as Tier 1 capital. The paid-up share capital increase was intended to be counted as Tier 1 capital in replacement of the 7,130 million baht perpetual and non-cumulative Hybrid Tier 1 of the Bank No. 1/2010 ("Hybrid Tier 1"). This tranche of Hybrid Tier 1 has redeemed at its 5-year tenure on the interest payment date. Hybrid Tier 1 has been phasing out in the amount accountable as Tier 1 capital based on Basel III regulations as stipulated by the Bank of Thailand.

For clarification of information disclosure, Thanachart Group has submitted Management Discussion and Analysis of Thanachart Bank and its subsidiaries separately from this report.

	For the 3 months ended			For the 9 months ended	
Reviewed Financial Statements	30-Sep-15	30-Jun-15	30-Sep-14	30-Sep-15	30-Sep-14
Operating Performance (Million Baht)					
Interest Income	11,957	12,228	13,177	36,780	40,001
Interest Expenses	5,015	5,297	6,284	16,035	19,311
Net Interest Income	6,942	6,931	6,893	20,745	20,690
Non-interest Income	2,958	3,368	3,022	9,584	9,049
Net Operating Income ⁽¹⁾	9,900	10,299	9,915	30,329	29,739
Other Operating Expenses	5,020	4,990	5,014	15,125	14,616
Pre-Provision Operating Profit (PPOP)	4,880	5,309	4,901	15,204	15,123
Impairment Loss of Loans and Debt Securities	1,528	1,736	1,791	4,911	5,508
Impairment Loss of Loans -Special Provision	180	1,796	-	1,976	-
Profit before Tax	3,172	1,777	3,110	8,317	9,615
Income Tax	400	(1,042)	553	46	1,901
Profit for the Period	2,772	2,819	2,557	8,271	7,714
Net Profit Attributable to the Company	1,353	1,393	1,202	4,078	3,761
Operating Performance Ratios					
ROAA (%)	1.14	1.16	1.00	1.12	1.00
ROAE ⁽²⁾ (%)	10.47	10.81	9.70	10.52	10.28
Interest Spread ⁽³⁾ (%)	2.74	2.73	2.59	2.70	2.56
Loan Spread ⁽⁴⁾ (%)	3.47	3.37	3.05	3.35	3.02
Credit Cost (%)	0.91	1.81	0.88	1.22	0.91
Credit Cost Excluding Special Provision (%)	0.81	0.89	0.88	0.87	0.91
Non-interest Income Ratio ⁽⁵⁾ (%)	29.88	32.70	30.48	31.60	30.43
Cost to Income Ratio ⁽⁶⁾ (%)	50.71	48.45	50.57	49.87	49.15
	30-Sep-15	30-Jun-15	31-Dec-14		
Financial Position (Million Baht)					
Loans	715,031	719,182	755,656		
Total Assets	982,280	967,254	1,025,630		
Deposits and Debt Issued and Borrowings	755,404	747,170	795,367		
Total Liabilities	875,207	861,702	921,354		
Equity	107,073	105,552	104,276		
Financial Position Quality					
Loans to Deposits and Debt Issued and Borrowings (%)	94.66	96.25	95.01		
Non-performing Loans (Million Baht)	26,587	29,290	33,800		
NPL Ratio (%)	3.54	3.76	4.21		
Coverage Ratio ⁽⁷⁾ (%)	109.79	98.85	84.81		
Reserve to Required Reserve ⁽⁸⁾ (%)	153.39	143.67	132.64		

(8) Reserve to Required Reserve = Total Allowance / Reserve Required by the BOT

Operating Results for the Third Quarter and the Nine-month Period of 2015

Performance Overview

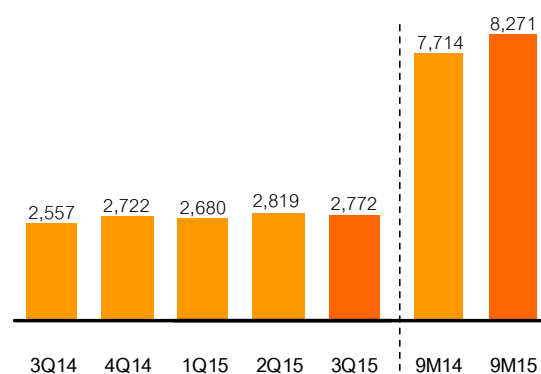
Thanachart Capital Public Company Limited (“the Company”) operates as the holding company and thus is the parent company of Thanachart Financial Business Conglomerate. The Company’s performance is mainly from the performance of Thanachart Bank and its subsidiaries. The Company holds shares in Thanachart Bank 50.96 percent and Scotiabank holds 49.00 percent in Thanachart Bank. As a result, profit attributable to the Company is calculated from the proportion shareholding of the Company in each subsidiary company. In order to compare its operating results with other companies’ in the industry, the financial information presented in this report is based on consolidated financial statements.

The third quarter of 2015 was still the quarter that Thanachart Group faced with a challenging economy. However, **Thanachart Bank and its subsidiaries which are the Group’s main businesses still had a continuous growth in their performances and a strong asset quality from an effective management. As a result, Thanachart Group was able to firmly maintain its profitability and operating results** despite there was a delay of selling property foreclosed of the Company in this quarter according to the market situation. In this connection, **Thanachart Group’s net profit in the third quarter of 2015 amounted to 2,772 million baht, a decrease of 47 million baht or 1.67 percent** from the previous quarter. Net interest income and interest spread slightly increased, operating expenses were close to that of the previous quarter, and impairment loss of loans excluding special provision declined.

For the nine-month period of 2015, Thanachart Group’s net profit posted a strong growth with a significant improvement in asset quality. The net profit in this period amounted to 8,271 million baht, an increase of 557 million baht or 7.22 percent from the same period last year. This

was due to an increase in non-interest income base and an efficiently management of impairment loss of loans.

Net Profit (Million Baht)



Financial position of Thanachart Group that has significantly strengthened was a result of its emphasize on NPL management systematically and continuously. Consolidated NPL outstanding reduced, resulting in **a decrease in NPL ratio to 3.54 percent while coverage ratio improved to stand at 109.79 percent**. The improvements were reflected by **the Bank’s NPL ratio of 2.57 percent and coverage ratio of 121.05 percent. On capital fund, the Bank had capital adequacy ratio of 17.63 percent, an increase from 15.83 percent** from the end of last year.

Summary of key operating results of Thanachart Group in **the third quarter of 2015 comparing with the second quarter of 2015** is as follows:

- Net interest income slightly increased due to an appropriate management of funding costs. Interest spread slightly increased to 2.74 percent.
- Non-interest income decreased by 12.17 percent, mainly from a delay of selling investments and property foreclosed according to the market situation.
- Operating expenses increased by 0.60 percent from an premises and equipment expenses.
- Provision excluding special provision decreased by 11.98 percent. The increase was from an effective management of provision.

Summary of key operating results in **the nine-month period of 2015 comparing with the same period last year** is as follows:

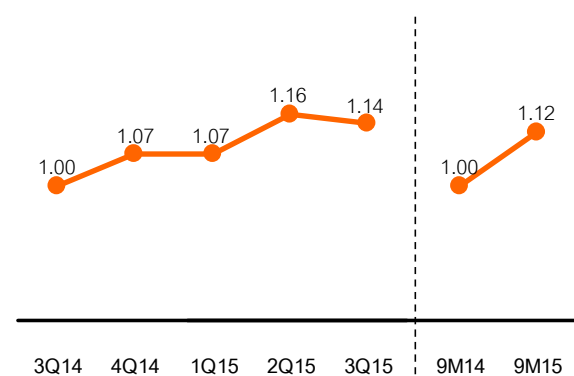
- Net interest income slightly increased from an appropriate management of funding costs. Interest spread increased to 2.70 percent which could be compensated with the loan contraction.
- Non-interest income increased by 5.91 percent, mainly from its ability to make gains on investments and net insurance premium income.
- Operating expenses increased by 3.48 percent from setting aside expenses for litigation for future liabilities in the first quarter of 2015.
- Provision excluding special provision decreased by 10.84 percent from an effective management.

In the third quarter of 2015, net profit attributable to the Company was 1,353 million baht, a decrease of 40 million baht or 2.87 percent from the previous quarter. Earning per share (EPS) was 1.16 baht, a decrease from 1.18 baht. Return on average assets (ROAA) and return on average equity (ROAE) of the Company's shareholders were at 1.14 percent and 10.47 percent respectively.

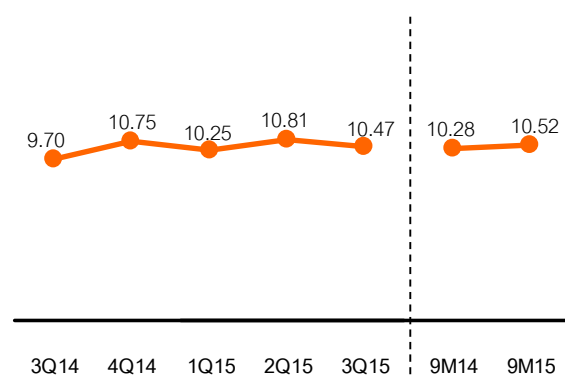
For the nine-month period of 2015, net profit attributable to the Company was 4,078 million baht, an increase of 317 million baht or 8.43 percent from the same period last year. Earning per share (EPS) was 3.44 baht, an increase from 3.12 baht. Return on average assets (ROAA) and return on average equity (ROAE) of the Company's shareholders were at 1.12 percent and 10.52 percent respectively.

Reviewed Financial Statements	For the 3 months ended			For the 9 months ended	
	30-Sep-15	30-Jun-15	30-Sep-14	30-Sep-15	30-Sep-14
Net Profit (Million Baht)					
Profit for the period	2,772	2,819	2,557	8,271	7,714
Net Profit Attributable to the Company	1,353	1,393	1,202	4,078	3,761
Net Profit Attributable to Non-controlling interests	1,419	1,426	1,355	4,193	3,953
Basic Earning per Share (Baht)	1.16	1.18	1.00	3.44	3.12

ROAA (%)



ROAE* (%)



*Equity attributable to the Company's shareholders

Net Interest Income

Net Interest Income	3Q15	2Q15	Change		9M15	9M14	Change	
			+ / (-)	%			+ / (-)	%
Interest Income	11,957	12,228	(271)	(2.22)	36,780	40,001	(3,221)	(8.05)
Interbank and Money Market Items	404	413	(9)	(2.18)	1,224	1,462	(238)	(16.28)
Investments for trading	78	88	(10)	(11.36)	272	367	(95)	(25.89)
Investments for debts securities	897	925	(28)	(3.03)	2,887	3,181	(294)	(9.24)
Loans	4,833	4,910	(77)	(1.57)	14,675	15,331	(656)	(4.28)
Hire Purchase and Financial Leases	5,745	5,892	(147)	(2.49)	17,722	19,660	(1,938)	(9.86)
Interest Expenses	5,015	5,297	(282)	(5.32)	16,035	19,311	(3,276)	(16.96)
Deposits	2,998	3,262	(264)	(8.09)	9,901	12,272	(2,371)	(19.32)
Interbank and Money Market Items	227	257	(30)	(11.67)	757	879	(122)	(13.88)
Fund Contributed to FIDF and DPA	841	847	(6)	(0.71)	2,545	2,672	(127)	(4.75)
Debts Issued	948	928	20	2.16	2,827	3,479	(652)	(18.74)
Borrowing Fee	1	3	(2)	(66.67)	5	9	(4)	(44.44)
Net Interest Income	6,942	6,931	11	0.16	20,745	20,690	55	0.27

In the third quarter of 2015, the Company and its subsidiaries had 6,942 million baht in net interest income, an increase of 11 million baht or 0.16 percent from the previous quarter. Interest Spread was at 2.74 percent, a slight increase from the previous quarter.

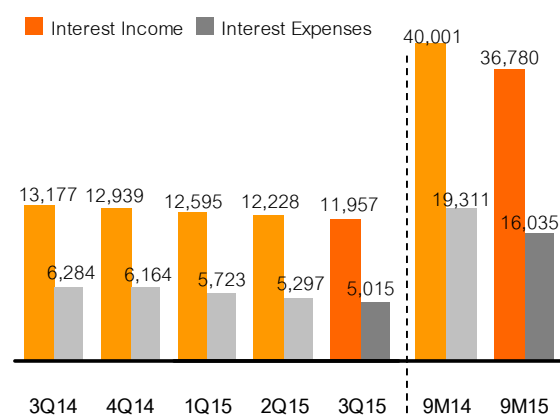
- Interest income was 11,957 million baht, a decrease of 271 million baht or 2.22 percent. This was mainly from loans contraction as well as a decline in return from yield on earning assets in accordance with the market interest rate.
- Interest expenses were 5,015 million baht, a decrease of 282 million baht or 5.32 percent. This was due mainly to the effective cost of fund management under the Bank's liquidity management strategy although deposits increased as well as the delayed impact of policy interest rate cut by the Monetary Policy Committee.

For the nine-month period of 2015, the Company and its subsidiaries had 20,745 million baht in net interest income, an increase of 55 million baht or 0.27 percent from the same period last year. Interest Spread was at 2.70 percent, an increase from 2.56 percent.

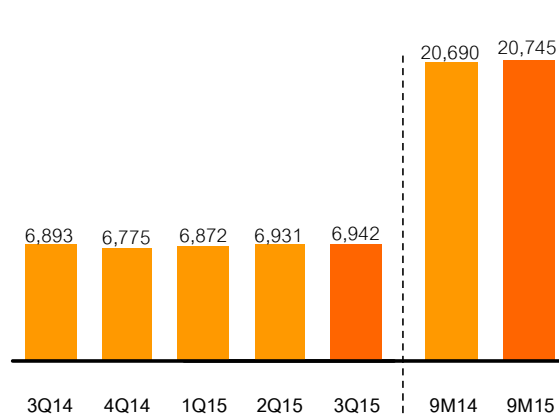
- Interest income was 36,780 million baht, a decrease of 3,221 million baht or 8.05 percent. This was mainly from loans contraction as well as lending rate cut following the downward trend of the policy rate.
- Interest expenses were 16,035 million baht, a decrease of 3,276 million baht or 16.96 percent. This was due mainly to the effective cost of fund management under the Bank's liquidity management strategy and the decrease in policy rate in the first six month of the year.

	3Q14	4Q14	1Q15	2Q15	3Q15	9M14	9M15
Average Policy Interest Rate	2.00	2.00	1.94	1.58	1.50	2.06	1.67
Yield	5.48	5.39	5.32	5.31	5.18	5.48	5.27
Cost of Fund	2.89	2.85	2.70	2.58	2.44	2.92	2.57
Interest Spread	2.59	2.54	2.62	2.73	2.74	2.56	2.70

Interest Income and Interest Expenses (Million Baht)



Net Interest Income (Million Baht)



Non-interest Income

Unit: Million Baht

Non-interest Income	3Q15	2Q15	Change		9M15	9M14	Change	
			+ / (-)	%			+ / (-)	%
Net Fees and Service Income	1,494	1,213	281	23.17	4,073	3,895	178	4.57
Gains on Trading and Foreign Exchange Transactions	153	138	15	10.87	548	843	(295)	(34.99)
Gains on Investments	220	705	(485)	(68.79)	1,602	926	676	73.00
Share of Profit from Investments in Associated Companies Accounted for under Equity Method	54	84	(30)	(35.71)	211	184	27	14.67
Gains (Losses) on Property Foreclosed and Other Assets	(20)	287	(307)	(106.97)	272	377	(105)	(27.85)
Net Insurance / Life Insurance Income	486	584	(98)	(16.78)	1,565	1,365	200	14.65
Dividend Income	185	55	130	236.36	310	309	1	0.32
Other Income	386	302	84	27.81	1,003	1,150	(147)	(12.78)
Operating Income	1,464	2,155	(691)	(32.06)	5,511	5,154	357	6.93
Non-interest Income	2,958	3,368	(410)	(12.17)	9,584	9,049	535	5.91

Non-interest income of the Company and its subsidiaries in the third quarter of 2015 was 2,958 million baht, a decrease of 410 million baht or 12.17 percent from the previous quarter. This was mainly due to a delay of selling investments and property foreclosed according to the market situation.

- Net fees and service income amounted to 1,494 million baht, an increase of 281 million baht or 23.17 percent. This was mainly from commission paid from selling life assurance products which varied with business volumes.
- Operating income amounted to 1,464 million baht, a decrease of 691 million baht or 32.06 percent. This was mainly due to a decrease of 485 million baht in gains on investments and a decrease of 307 million baht in gains on property foreclosed and other assets while dividend income increased by 130 million baht.

Consequently, non-interest income ratio in the third quarter of 2015 was 29.88 percent, a decrease from the previous quarter of 32.70 percent.

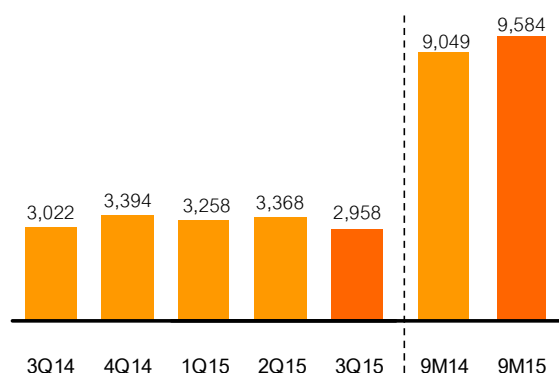
Non-interest income of the Company and its subsidiaries in the nine-month period of 2015 was 9,584 million baht, an increase of 535 million baht or 5.91 percent from the same period last year. Non-interest income from normal business operations showed improving signs particularly gains on investments, and net insurance premium/ life insurance premium income.

- Net fees and service income amounted to 4,073 million baht, an increase of 178 million baht or 4.57 percent. This was mainly from commission paid for selling life assurance products and securities business.
- Operating income amounted to 5,511 million baht, an increase of 357 million baht or 6.93 percent. This was mainly due to an increase of 676 million baht in gains from selling investments and an increase of 200 million baht in net insurance / life insurance premium

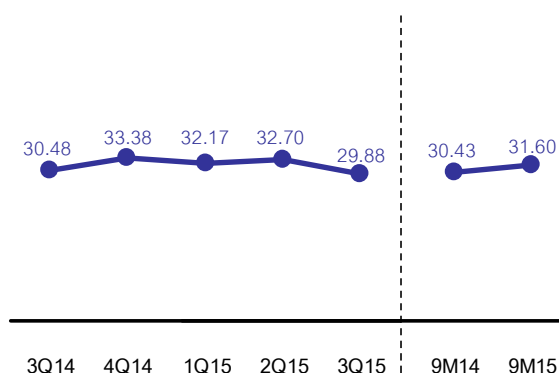
income which was from a focus on products that generated better profit to the company and an effective claim management.

Consequently, non-interest income ratio in the nine-month period of 2015 was 31.60 percent, an increase from the same period last year of 30.43 percent.

Non-interest Income (Million Baht)



Non-interest Income Ratio (%)



Other Operating Expenses

Other Operating Expenses	3Q15	2Q15	Change		9M15	9M14	Change	
			+ / (-)	%			+ / (-)	%
Employee's Expenses	2,793	2,786	7	0.25	8,377	8,209	168	2.05
Premises and Equipment Expenses	775	717	58	8.09	2,202	2,180	22	1.01
Taxes and Duties	212	218	(6)	(2.75)	652	638	14	2.19
Directors' Remuneration	10	49	(39)	(79.59)	69	65	4	6.15
Other Expenses	1,230	1,220	10	0.82	3,825	3,524	301	8.54
Total Other Operating Expenses	5,020	4,990	30	0.60	15,125	14,616	509	3.48

Unit: Million Baht

In the third quarter of 2015, other operating expenses of the Company and its subsidiaries amounted to 5,020 million baht, a increase of 30 million baht or 0.60 percent from the previous quarter. This was mainly due to an increase of 58 million baht in premises and equipment expenses from branches renovation.

As a result, cost to income ratio in the third quarter of 2015 was 50.71 percent, an increase from 48.45 percent of the previous quarter as non-interest income declined following the above mentioned.

For the nine-month period of 2015, other operating expenses of the Company and its subsidiaries amounted to 15,125 million baht, an increase of 509 million baht or 3.48 percent from the same period last year. Key factors include the following.

- Personnel expenses increased by 168 million baht or 2.05 percent following the increase in compensation of employees.

- Other expenses increased by 301 million baht or 8.54 percent due to a provision set aside for litigation for future liabilities in the first quarter of 2015.

As a result, cost to income ratio in the nine-month period of 2015 was 49.87 percent, an increase from the same period last year of 49.15 percent.

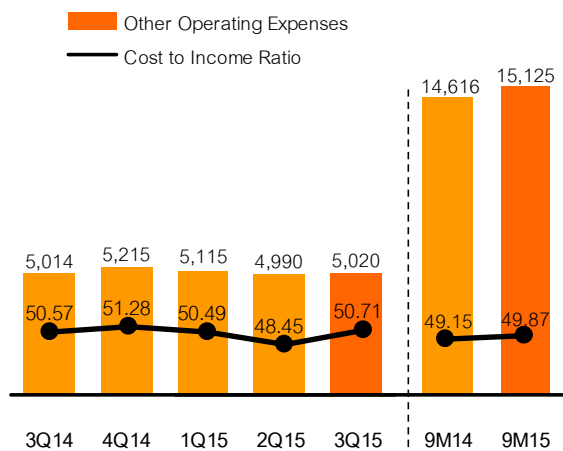
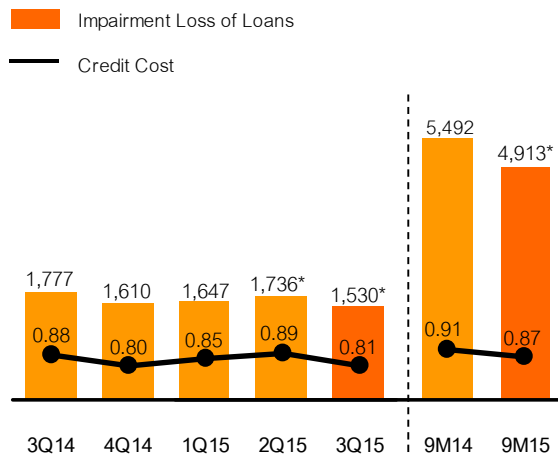
Impairment Loss of Loans and Debt Securities

Unit: Million Baht

Impairment Loss of Loans and Debt Securities	3Q15	2Q15	Change		9M15	9M14	Change	
			+ / (-)	%			+ / (-)	%
Impairment Loss of Loans	1,530	1,736	(206)	(11.87)	4,913	5,492	(579)	(10.54)
Impairment Loss of Loans -Special Provision	180	1,796	(1,616)	(89.98)	1,976	-	1,976	100.00
Loss from impairment of debt securities	(2)	-	(2)	-	(2)	16	(18)	(112.50)
Total Impairment Loss of Loans and Debt Securities	1,708	3,532	(1,824)	(51.64)	6,887	5,508	1,379	25.04
Credit Cost (%)	0.91	1.81	(0.90)	(49.72)	1.22	0.91	0.31	34.07
Credit Cost Excluding Special Provision (%)	0.81	0.89	(0.08)	(8.99)	0.87	0.91	(0.04)	(4.40)

From the effective management of NPLs, Thanachart Group's had **impairment loss of loans and debt securities excluding special provision in the third quarter of 2015 in the amount of 1,530 million baht, a decrease of 206 million baht or 11.87 percent** from the previous quarter. Credit cost was at 0.81 percent, a decrease from 0.89 percent. In addition, as Thanachart Bank (a subsidiary company) did not have tax burden, Thanachart Bank has considered providing special provision in the amount of 180 million baht for being in line with the economic volatility. Such special provision provided did not have any impact to the Group's profit. As a result, the total impairment loss of loans and debt securities amounted to 1,708 million baht.

For the nine-month period of 2015, the Company and its subsidiaries had impairment loss of loans and debt securities excluding special provision amounting to 4,913 million baht, a decrease of 579 million baht or 10.54 percent from the same period last year. Credit cost was at 0.87 percent, a decrease from 0.91 percent. In addition, Thanachart Bank has provided special provision in the amount of 1,976 million baht for protecting against the economic uncertainties and improving its financial strength. From the attempt to manage NPL of the Company and its subsidiaries, NPL ratios has been declining and coverage ratio has been improving significantly from the end of last year. The details of which are shown in the NPL section.

Other Operating Expenses (Million Baht)
and Cost to Income Ratio (%)

Impairment Loss of Loans (Million Baht)
and Credit Cost (%)


*Excluding Special Provision

Income Tax

For the nine-month period of 2015, Thanachart Bank did not have income tax expenses, due to that it had tax losses from liquidation of SCIB Public Company Limited in the second quarter. At the same time, other subsidiaries still had income tax expenses as usual.

Financial Position

Unit: Million Baht

Consolidated Statements of Financial Position	30 September 2015		31 December 2014		Change	
	Amount	%	Amount	%	+/(−)	%
Interbank and Money Market Items-net	57,968	5.90	66,038	6.44	(8,070)	(12.22)
Investment-net	170,431	17.35	162,318	15.83	8,113	5.00
Investment in Associated Company-net	2,503	0.25	2,417	0.24	86	3.56
Loans to Customers and Accrued Interest Receivables	715,692	72.86	756,444	73.75	(40,752)	(5.39)
Allowance for Doubtful Accounts and						
Revaluation Allowance for Debt Restructuring	(28,974)	(2.95)	(28,450)	(2.77)	(524)	1.84
Intangible Assets Acquired in a Business Combination-net	1,626	0.17	1,973	0.19	(347)	(17.59)
Goodwill	17,148	1.75	16,969	1.65	179	1.05
Other Assets	45,886	4.67	47,921	4.67	(2,035)	(4.25)
Total Assets	982,280	100.00	1,025,630	100.00	(43,350)	(4.23)
Deposits	663,416	67.54	696,949	67.95	(33,533)	(4.81)
Interbank and Money Market Items	69,989	7.13	80,139	7.81	(10,150)	(12.67)
Debt Issued and Borrowings	91,988	9.36	98,418	9.60	(6,430)	(6.53)
Other Liabilities	49,814	5.07	45,848	4.47	3,966	8.65
Total Liabilities	875,207	89.10	921,354	89.83	(46,147)	(5.01)
Company's Shareholders' Equity	51,622	5.26	51,353	5.01	269	0.52
Non-controlling Interests	55,451	5.64	52,923	5.16	2,528	4.78
Total Shareholders' Equity	107,073	10.90	104,276	10.17	2,797	2.68
Total Liabilities and Shareholders' Equity	982,280	100.00	1,025,630	100.00	(43,350)	(4.23)
Book Value per Share (Baht)	44.31		42.56			

Assets

As of 30 September 2015, **Thanachart Group's total assets amounted to 982,280 million baht, a decrease of 43,350 million baht or 4.23 percent** from the end of 2014. Key factors are as follows:

- Net interbank and money market amounted to 57,968 million baht, a decrease of 8,070 million baht or 12.22 percent from the end of the previous year due to liquidity management.
- Net investment amounted to 170,431 million baht, an increase of 8,113 million baht or 5.00 percent from the end of last year. The increase was mainly from investments in government and state owned enterprise bonds.
- Loans and accrued interest receivables amounted to 715,692 million baht, a decrease of 40,752 million baht or 5.39 percent from the end of last year. This was due to a decrease of hire purchase loans as a result of slowdown in automotive market as well as an effective NPL management which led to a decrease in NPL. Portion of retail loans to corporate and SME loans was 68 percent to 32 percent.

Liabilities

Total liabilities of Thanachart Group as of 30 September 2015 were 875,207 million baht, a decrease of 46,147 million baht or 5.01 percent from the end of 2014. The key items were as follows:

Unit: Million Baht

Deposits and Debt Issued and Borrowings	30 September 2015		31 December 2014		Change	
	Amount	%	Amount	%	+ / (-)	%
Current	8,790	1.16	8,667	1.09	123	1.42
Savings	249,194	32.99	240,554	30.25	8,640	3.59
Fixed Deposits						
Less than 6 Months	39,558	5.23	64,122	8.06	(24,564)	(38.31)
6 Months and up to 1 Year	110,357	14.61	22,583	2.84	87,774	388.67
Over 1 Year	121,907	16.14	132,369	16.64	(10,462)	(7.90)
Certificate of Deposit	133,610	17.69	228,654	28.75	(95,044)	(41.57)
Debt Issued and Borrowings	91,988	12.18	98,418	12.37	(6,430)	(6.53)
Total Deposits and Debt Issued and Borrowings	755,404	100.00	795,367	100.00	(39,963)	(5.02)

- Deposits and debt issued and borrowings were 755,404 million baht, a decrease of 39,963 million baht or 5.02 percent from the end of last year. This was mainly from deposit restructuring and cost of fund management to be in line with the slowdown of loans.

The ratio of current and saving account to total deposits and debt issued and borrowings (CASA) was 34.15 percent, an increase from 31.34 percent at the end of last year.

- Interbank and money market items were 69,989 million baht, a decrease of 10,150 million baht or 12.67 percent from the end of last year. This was due to liquidity management.

Shareholders' Equity

Total shareholders' equity as of 30 September 2015 was 107,073 million baht, an increase of 2,797 million baht or 2.68 percent from the end of 2014 which comprised of the following:

- Equity attributable to the owners of the Company was 51,622 million baht, an increase of 269 million baht or 0.52 percent. This was mainly from an increase in operating profit attributable to the Company in the nine-month period of 2015 amounting to 4,078 million baht. At the same time, there were dividend payments paid for the performance in the second half of 2014 in the amount of 1,206 million baht and interim dividend payment paid for performance in the first six-month of 2015 in the amount of 816 million baht as well as share repurchased for liquidity management in the amount of 1,400 million baht.
- Equity attributable to non-controlling interest amounted to 55,451 million baht, an increase of 2,528 million baht or 4.78 percent, mainly from profitable operating results of subsidiaries companies.

Non-performing Loans: NPLs

	TCAP (Consol.)			
	30-Sep-15	30-Jun-15	31-Mar-15	31-Dec-14
NPL-gross (Million Baht)	26,587	29,290	31,695	33,800
Total Allowance* (Million Baht)	29,189	28,953	28,176	28,667
NPL-gross to Total Loans (%)	3.54	3.76	4.07	4.21
NPL-net to Total Loans (%)	1.55	1.77	1.97	2.07
Reserve to Required Reserve (%)	153.39	143.67	134.99	132.64
Coverage Ratio (%)	109.79	98.85	88.90	84.81

* Including revaluation allowance for debt restructuring

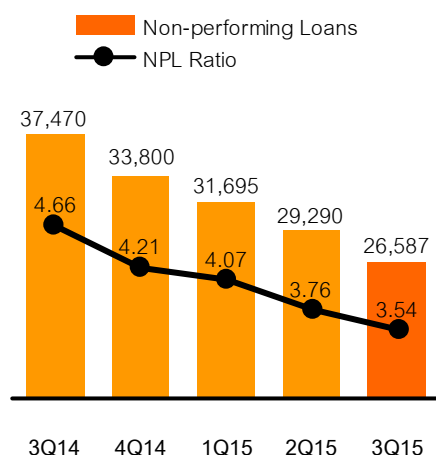
Although market and economic conditions slowed down and NPL was on the uptrend across the industry, the Company and its subsidiaries managed to reduce NPL through systematic and effective control. As a result, **NPL** as of 30 September 2015 **amounted to 26,587 million baht, a decrease of 7,213 million baht or 21.34 percent** from the end of last year.

Non-performing loans to total loans to customers (NPL Ratio) was at 3.54 percent, a decrease from 4.21 percent at the end of previous year. Despite loans contraction, NPL ratio decreased from the effective NPL management. Non-performing loans after deducting reserve (NPL-net) amounted to 11,387 million baht while the ratio of NPL-net to total loans was at 1.55 percent.

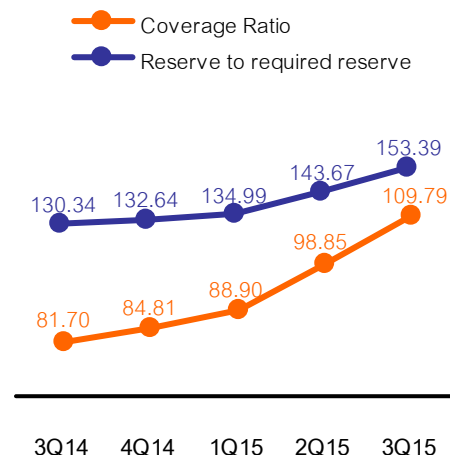
Coverage ratio at the end of September 2015 was at 109.79 percent, an increase from 84.81 percent at the end of December 2014. The ratio of reserve to required reserve under the BOT's regulation was at 153.39 percent at the end of September 2015, an increase from 132.64 percent from the end of December 2014. Excess reserve was 10,160 million baht.

Coverage ratio of TBANK as of 30 September 2015 was at 121.05 percent, an increase from 90.64 percent at the end of December 2014.

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



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



Capital Adequacy of TBANK

Thanachart Bank had capitals according to Basel III regulation in a total of 122,125 million baht as of 30 September 2015, of which 81,881 million baht was Tier I capital (including common equity Tier 1 and additional Tier I), and 40,244 million baht was Tier II capital. BIS ratio was at 17.63 percent, of which 11.82 percent was Tier I capital and 5.81 percent was Tier II capital, as compared to the BIS ratio of 15.83 percent at the end of 2014.

Operating Results of Subsidiaries

Unit: Million Baht

Subsidiaries	% holding Direct/Indirect	Net Profit (Loss)			
		3Q15	2Q15	9M15	9M14
Thanachart Bank Plc.					
Consolidated Financial Statements		2,713	2,702	7,976	7,330
Thanachart Securities Plc.	50.96%	89	93	366	336
Thanachart Fund Management Company Limited	38.22%	83	73	240	225
Thanachart Insurance Plc.	50.96%	298	297	898	808
TS AMC Company Limited	50.96%	120	37	53	247
Ratchthani Leasing Plc.	33.22%	215	191	579	561
NFS AMC Company Limited	100.00%	11	7	43	16
MAX AMC Company Limited	83.44%	4	(2)	(3)	130

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') had provided this report to publish the Company's performance. 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.