

## Thanachart Capital Public Company Limited

### Management Discussion and Analysis (Reviewed Financial Statements)

#### Key Events

1. On 24 July 2009, Thanachart Bank Public Company Limited, a subsidiary company, has issued cumulative upper Tier 2 subordinated debentures in the amount of THB5,000 million, of which THB3,500 million will be matured in the year 2019 and another THB1,500 million will be due in the year 2024, which await for the Bank of Thailand's approval to be accounted as Thanachart Bank's tier 2.
2. On 29 September 2009, Thanachart Capital Public Company Limited held its Board of Directors Meeting No. 10/2009 and had a resolution to approve various matters as follows:
  1. A resolution to approve of interim dividend payment from the operating results of the first 6 months of the year 2009 to common shareholders and preferred shareholders at the amount of THB0.35 per share, totaling dividend payout at approximately THB447 million. The name list of shareholders who have the right to receive interim dividend was specified on 14 October 2009. The names were compiled accordingly to Section 225 of the Securities and Exchange Act. The closing of registrar book to pause the share transfer was scheduled on 15 October 2009 and the interim dividend payment was scheduled to be on 28 October 2009.
  2. A resolution to approve Thanachart Bank Public Company Limited to participate in the bidding of the shares of Siam City Bank Public Company Limited (SCIB) from Financial Institutions Development Fund (FIDF), in conduct accordance to announced procedure. To further the matter, the agenda was proposed to shareholders for approval.
  3. A resolution to call the Extraordinary Meeting of Shareholders No. 1/2009 on 5 November 2009, at 15:00 hours, at Royal Orchid Grand Ballroom, 2<sup>nd</sup> Floor, Royal Orchid Sheraton Hotel, 2 Charoen Krung Road Soi 30, Siphya, Bangrak, Bangkok, in order to obtain approval for Thanachart Bank to participate the bidding of SCIB's shares from FIDF.
3. An Extraordinary Meeting of Shareholders No. 3/2009, held on 6 October 2009, had a resolution to approve of the THB40,000 million capital increase which will total registered shares to THB59,346,192,720. A resolution also included that Thanachart Bank's Board of Directors has the authority to proceed with the sale of additional common shares to existing shareholders as deemed appropriate, in order to prepare for the bidding of Siam City Bank Public Company Limited's shares and to support business operations of Thanachart Bank.
4. On 5 November 2009, Thanachart Capital Public Company Limited held an Extraordinary Meeting of Shareholders No. 1/2009. The agendas and resolutions were as follows:
  1. Approval of the minutes of the Annual General Meeting of Shareholders of the year 2009.
  2. Approval for Thanachart Bank Public Company Limited, a subsidiary company, to participate in the bidding of the shares of Siam City Bank Public Company Limited from Financial Institutions Development Fund.
5. On 2 November 2009, TCAP's Board of Directors Meeting No. 11/2009 issued a resolution to approve the issuance and offering of the Company's debentures in the amount not exceeding THB9,000 million at face value of THB1,000 per unit, with 5 years maturity, an interest rate 4.9% per annum. The date of issuance was set to be on 12 November 2009. Such debentures will be due in the year 2014.

## Operating Results for the 3<sup>rd</sup> Quarter of 2009 and for 9-Month Period of 2009

### Performance Overview of Thanachart Capital Public Company Limited and Its Subsidiaries

- 3Q09 net profit amounted to THB1,002 million, an **increase** of 74.0% from the same period last year.
- 3Q09 total income **increased** by THB5,467 million or 95.7%.
- Interest spread ended at 4.0%, an **increase** from 3.1%.
- Non-interest income **increased** by THB4,364 million or 161.1%.
- Bad debt and doubtful account expense **decreased** by THB966 million or 83.9%.
- Cost to income ratio net insurance premium income ended at 54.5%, a **decrease** from 56.3%.

- 9M09 net profit amounted to THB3,936 million, a 67.3% **increase** from the same period last year.
- 9M09 total income **increased** by THB10,465 million or 57.8%.
- Interest spread ended at 3.6%, an **increase** from 3.2%.
- Non-interest income **increased** by THB8,247 million or 90.1%.
- Bad debt and doubtful account expense **decreased** by THB109 million or 3.8%.
- Cost to income ratio net insurance premium income ended at 45.5%, a **decrease** from 51.6%.

### Performance

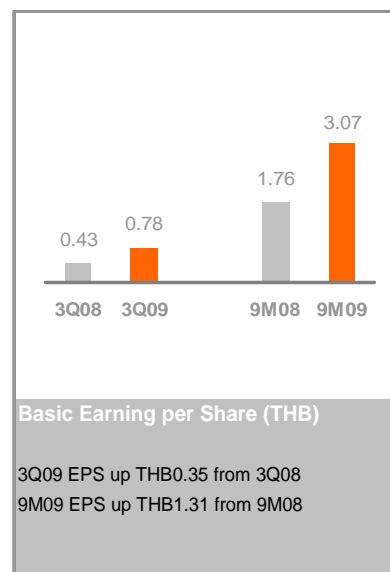
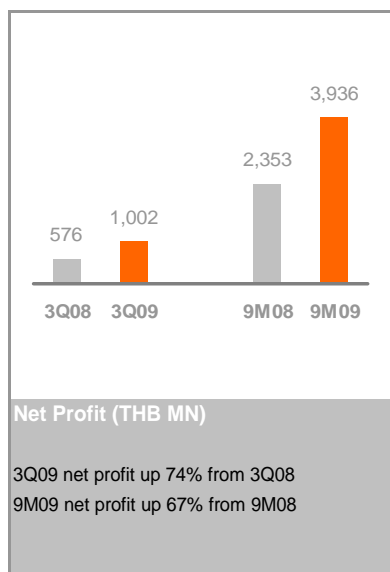
Unit: THB MN

Income Statements	3Q09	3Q08	Change		9M09	9M08	Change	
			Amount	%			Amount	%
Interest and Dividend Income	5,604	5,416	188	3.5	16,604	15,675	929	5.9
Interest Expenses	1,497	2,412	(915)	(37.9)	5,439	6,728	(1,289)	(19.2)
Net Interest and Dividend Income	4,107	3,004	1,103	36.7	11,165	8,947	2,218	24.8
Non-Interest Income	7,073	2,709	4,364	161.1	17,399	9,152	8,247	90.1
<b>Total Income</b>	<b>11,180</b>	<b>5,713</b>	<b>5,467</b>	<b>95.7</b>	<b>28,564</b>	<b>18,099</b>	<b>10,465</b>	<b>57.8</b>
Operating Expenses	8,519	3,729	4,790	128.5	18,155	11,382	6,773	59.5
Bad Debts and Doubtful Accounts	186	1,152	(966)	(83.9)	2,789	2,898	(109)	(3.8)
Loss on Debt Restructuring	15	5	10	200.0	32	5	27	540.0
Corporate Income Tax	718	165	553	335.2	2,359	926	1,433	154.8
Minority Interest	740	86	654	760.5	1,293	535	758	141.7
<b>Net Profit</b>	<b>1,002</b>	<b>576</b>	<b>426</b>	<b>74.0</b>	<b>3,936</b>	<b>2,353</b>	<b>1,583</b>	<b>67.3</b>

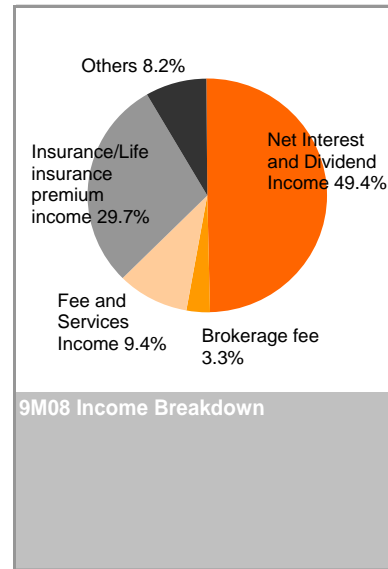
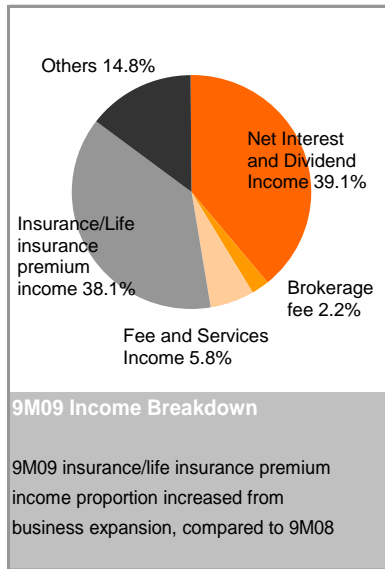
In the consolidated financial statements for the 3<sup>rd</sup> quarter period of 2009, Thanachart Capital Public Company Limited and its subsidiaries' net profit amounted to THB1,002 million, an increase of THB426 million or 74.0% from the same quarter last year. This was mainly due to the loan spread which has been increasing consistently from 3.9% to 5.3%. In addition, debt collection performance improved and caused the bad debt and doubtful account expenses to decrease substantially in the 3<sup>rd</sup> quarter once compared to the same period last year. Operating expenses continued to increase, following the increase of total income.

For the 9-month period of 2009, the net profit amounted to THB3,936 million, an increase of THB1,583 million or 67.3%, following a rapid growth of the group's businesses which include commercial banking, securities, fund management, and life and non-life insurance businesses. These businesses are in line with the strategic direction to offer customers with more accessible service channels, new financial products and alternatives. Furthermore, this strategy utilizes the subsidiary companies to support performance of Thanachart Group, which resulted in an increase of 24.8% in net interest and dividend income, an increase of loan spread from 4.1% to 4.7%, and a growth of 90.1% in non-interest income. The Company and its subsidiaries succeeded in effectively managing cost, thus, the cost to income ratio net insurance premium income decreased from 51.6% to 45.5%.

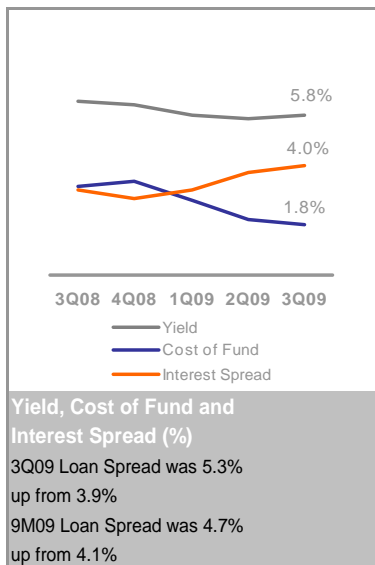
Basic Earning per share in the periods of 3<sup>rd</sup> quarter and 9-month 2009 was THB0.78 and THB3.07 respectively, comparing to THB0.43 and THB1.76 in the periods of 3<sup>rd</sup> quarter and 9-month 2008 respectively. Return on Equity (ROE) in the periods of 3<sup>rd</sup> quarter and 9-month 2009 was averaged at 13.2% and 18.2 % respectively. In addition, Return on Assets (ROA) in the periods of 3<sup>rd</sup> quarter and 9-month 2009 was averaged at 1.0% and 1.3% respectively.



## Income Breakdown



## Net Interest and Dividend Income



In the 3<sup>rd</sup> quarter period 2009, the Company and its subsidiaries' net interest and dividend income amounted to THB4,107 million, an increase of THB1,103 million or 36.7% comparatively to the same period last year. Interest and dividend income was THB5,604 million, an increase of THB188 million or 3.5% while interest expenses decreased by THB915 million or 37.9%, as a result of interest rate downward trend and good cost management which reduced cost of fund from 3.2% in the 3<sup>rd</sup> quarter last year to 1.8%. Consequently, loan spread of the Company and its subsidiaries ended at 5.3%.

In the 9-month period 2009, net interest and dividend income amounted to THB11,165 million, an increase of THB2,218 million or 24.8%. Interest and dividend income was THB16,604 million, an increase of THB929 million or 5.9% from the same period last year. Interest expenses were THB5,439 million, a decrease of THB1,289 million or 19.2%, causing loan spread to widen from 4.1% to 4.7% comparatively to the same period last year.

## Non-interest Income

Unit: THB MN

Non-Interest Income	3Q09	3Q08	Change		9M09	9M08	Change	
			Amount	%			Amount	%
Brokerage Fee	279	164	115	70.1	634	602	32	5.3
Gain on Investment	9	(40)	49	122.5	2,732	122	2,610	2,139.3
Share of Income from Investments in								
Associated Company	61	78	(17)	(21.8)	207	211	(4)	(1.9)
Fees and Services Income	580	543	37	6.8	1,670	1,692	(22)	(1.3)
Gain on Exchange and Financial Derivatives	41	41	-	-	102	186	(84)	(45.2)
Gain on Property Foreclosed	(9)	122	(131)	(107.4)	200	186	14	7.5
Gain on Debt Settlements	36	24	12	50.0	237	190	47	24.7
Insurance/Life Insurance Premium Income	5,820	1,561	4,259	272.8	10,876	5,368	5,508	102.6
Other Income	256	216	40	18.5	741	595	146	24.5
<b>Total</b>	<b>7,073</b>	<b>2,709</b>	<b>4,364</b>	<b>161.1</b>	<b>17,399</b>	<b>9,152</b>	<b>8,247</b>	<b>90.1</b>

For the 3<sup>rd</sup> quarter period 2009, the Company and its subsidiaries' non-interest income amounted to THB7,073 million, an increase of THB4,364 million or 161.1% from the same period last year, which mainly due to the growth of premium income from life/non-life insurance businesses.

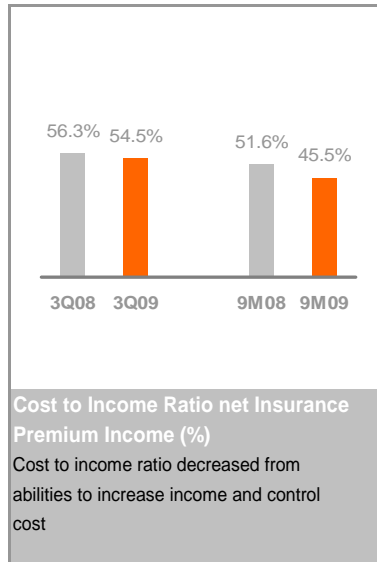
For the 9-month period 2009, the Company and its subsidiaries' non-interest income amounted to THB17,399 million, an increase of THB8,247 million or 90.1%. This was mainly from the expansion of the businesses in the Group. Insurance/Life insurance premium income increased by THB5,508 million or 102.6% from the same period last year, followed by the one-off gains from the sale of Thanachart Bank's common shares to Scotiabank in the amount of THB2,805 million. At the same time, non-interest income net 9-month 2009 insurance premium income amounted to THB7,919 million, an increase of 61.0% from the same period last year.

## Operating Expenses

Unit: THB MN

Operating Expenses	3Q09	3Q08	Change		9M09	9M08	Change	
			Amount	%			Amount	%
Personnel Expenses	1,129	988	141	14.3	3,248	2,638	610	23.1
Premises and Equipment Expenses	457	391	66	16.9	1,315	1,089	226	20.8
Taxes and Duties	43	61	(18)	(29.5)	176	158	18	11.4
Fees and Services Expenses	357	61	296	485.2	529	194	335	172.7
Directors' Remuneration	4	7	(3)	(42.9)	36	35	1	2.9
Fund contributed to the Financial Institutions								
Development Fund/Deposit Protection Fund	282	220	62	28.2	791	604	187	31.0
Insurance/Life Insurance Expenses	5,329	1,173	4,156	354.3	9,480	4,233	5,247	124.0
Other Expenses	918	828	90	10.9	2,580	2,431	149	6.1
<b>Total</b>	<b>8,519</b>	<b>3,729</b>	<b>4,790</b>	<b>128.5</b>	<b>18,155</b>	<b>11,382</b>	<b>6,773</b>	<b>59.5</b>

For the 3<sup>rd</sup> quarter period 2009, the Company and its subsidiaries' operating expenses amounted to THB8,519 million, an increase of THB4,790 million or 128.5% from the same period last year. This was mainly due to the underwriting expenses from insurance that increased by THB4,156 million or 354.3%. Expenses related to personnel increased by THB141 million or 14.3% and other expenses increased following the expansion of the subsidiaries' business volume.



For the 9-month period 2009, operating expenses amounted to THB18,155 million, an increase of THB6,773 million or 59.5% from the same period last year. This was mainly due to the underwriting expenses from life/non-life insurance that increased by 124.0%, following the increase of business volume. Expenses related to personnel, premises and equipments increase by 23.1% and 20.8% respectively. This was a result of Thanachart Bank's branch network expansion, which as of 30 September 2009, Thanachart Bank had a total of 247 branches, a growth from 206 branches in the same period last year. However, the Company and its subsidiaries were able to manage operating expenses efficiently regardless of continuous business expansion. Consequently, the cost to income ratio net insurance premium income decreased from 51.6% in the same period last year to 45.5%.

Operating expenses net 9-month 2009 insurance premium expenses amounted to THB8,675 million, an increase of 21.4% from the same period last year.

### Bad Debts and Doubtful Accounts

In the 3<sup>rd</sup> quarter 2009, despite the circumstance of economic downturn, a proper preparation in systems and working procedure adjustment and an effective debt collection performance resulted in THB186 million in the Company and its subsidiaries' bad debt and doubtful account expenses, a decrease of THB966 million or 83.9% from the same period last year.

For the 9-month period 2009, bad debts and doubtful accounts expenses amounted to THB2,789 million, a decrease of THB109 million or 3.8% from the same period last year.

## Financial Position

Unit: THB MN

Consolidated Balance Sheets	30 September 2009		31 December 2008		Change
	Amount	%	Amount	%	(%)
Interbank and Money Market Item-net	63,251	15.7	65,790	16.7	(3.9)
Investment-net	48,846	12.1	39,385	10.0	24.0
Loans and Accrued Interest Receivables	282,882	70.4	279,774	71.0	1.1
Allowance for Doubtful Accounts and					
Revaluation allowance for Debt Restructuring	(11,571)	(2.9)	(10,008)	(2.5)	15.6
Other Assets	18,690	4.7	19,195	4.8	(2.6)
<b>Total Assets</b>	<b>402,098</b>	<b>100.0</b>	<b>394,136</b>	<b>100.0</b>	<b>2.0</b>
Deposits and Short Term Borrowings	297,750	74.1	316,382	80.3	(5.9)
Interbank and Money Market Item-net	18,390	4.6	7,293	1.8	152.2
Long term Borrowings	13,374	3.3	18,811	4.8	(28.9)
Other Liabilities	28,292	7.0	19,289	4.9	46.7
<b>Total Liabilities</b>	<b>357,806</b>	<b>89.0</b>	<b>361,775</b>	<b>91.8</b>	<b>(1.1)</b>
Company's Shareholders' Equity	31,154	7.7	26,592	6.7	17.2
Minority Interest	13,138	3.3	5,769	1.5	127.7
<b>Total Shareholders' Equity</b>	<b>44,292</b>	<b>11.0</b>	<b>32,361</b>	<b>8.2</b>	<b>36.9</b>
<b>Total Liabilities and Shareholders' Equity</b>	<b>402,098</b>	<b>100.0</b>	<b>394,136</b>	<b>100.0</b>	<b>2.0</b>

### Assets

The Company and its subsidiaries' total assets amounted to THB402,098 million, an increase of THB7,962 million or 2.0% from the year-end 2008. The key contributing factors were:

- Net Interbank and money market items amounted to THB63,251 million, a decrease of 2,539 million or 3.9% from the end of last year.
- Loans amounted to THB282,548 million, an increase of THB3,098 million or 1.1% from the end of last year, which mainly due to the increase of corporate loans.
- Net investments amounted to THB48,846 million, an increase of THB9,461 million or 24.0% from the end of last year.
- The Company and its subsidiaries had THB7,722 million in foreclosed assets waiting for sale. Certain amount of foreclosed assets waiting for sale have been on the Company's holding for 10 years, and thus, the Company had to provide THB80 million in reserve, accordingly to the regulations of the Bank of Thailand. As of the 3<sup>rd</sup> quarter 2009, the Company's total reserve for foreclosed assets waiting for sale was in the amount of THB902 million, following the policy to cautiously set reserve.

### Liabilities

Total liabilities of the Company and its subsidiaries as of 30 September 2009 amounted to THB357,806 million, a decrease of 3,969 million or 1.1% from the end of 2008. The key contributing reasons were:

- Deposits and short-term borrowings were THB297,750 million, a decrease of THB18,632 million or 5.9% from THB316,382 million at year-end 2008.

- Net Interbank and money market items amounted to THB18,390 million, an increase of THB11,097 million or 152.2%, a result of liquidity management.
- Long-term borrowings were THB13,374 million, a decrease of THB5,437 million or 28.9% from the year-end 2008. This was mainly due to the certain portion of long-term borrowings that had remaining maturity less than 1 year was re-recorded as short-term borrowings. Also, Thanachart Bank issued subordinated debentures this year in the amount of THB7,000 million, of which THB2,000 million were unsecured unconvertible subordinated debentures that will be due in the year 2019 and THB5,000 million were subordinated debentures with a due date in the year 2019 and 2024 which awaits for the BOT's approval to be accounted as cumulative upper tier 2.

### Shareholders' Equity

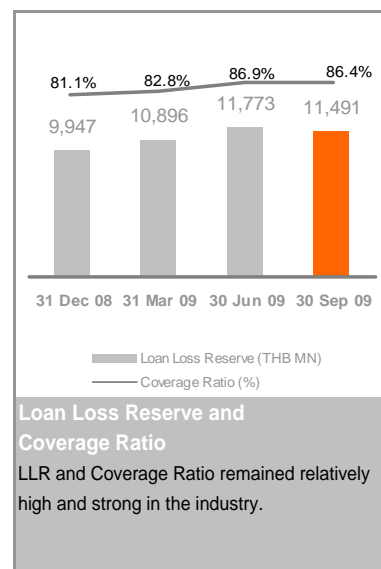
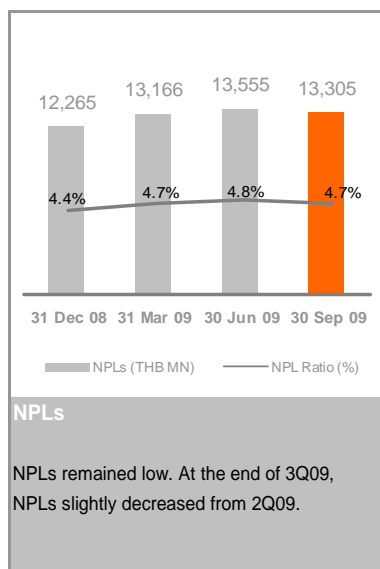
Total shareholders' equity amounted to THB44,292 million, an increase of THB11,931 million or 36.9% from the year-end 2008. The key items were:

- The Company's equity amounted to THB31,154 million, an increase of THB4,562 million or 17.2% from the end of last year.
- Equity attributable to minority shareholders of subsidiaries increased by THB7,369 million from the year-end 2008, mainly due to Scotiabank's shareholding in Thanachart Bank increased to 49.0% during this year.

### Non-performing Loans: NPLs

In the 3<sup>rd</sup> quarter 2009, NPLs amounted to THB13,305 million, with NPL ratio at 4.7%, an increase from 4.4% at year-end 2008. NPL-net was THB3,450 million with NPL-net to total loan ratio ended at 1.3%.

Provisions amounted to THB11,491 million, an increase of THB1,544 million or 15.5% from the end of last year. Coverage ratio (loan loss reserve to NPLs) ended at 86.4% which is higher than the industry average of 70%.

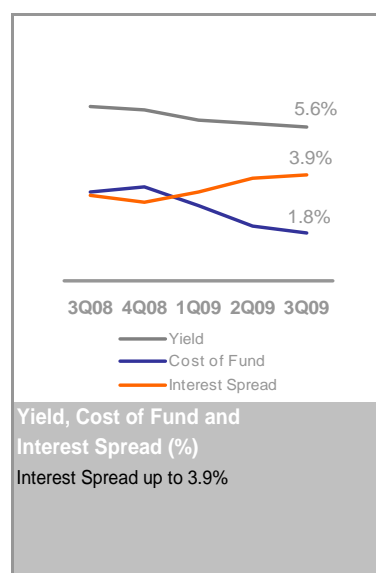
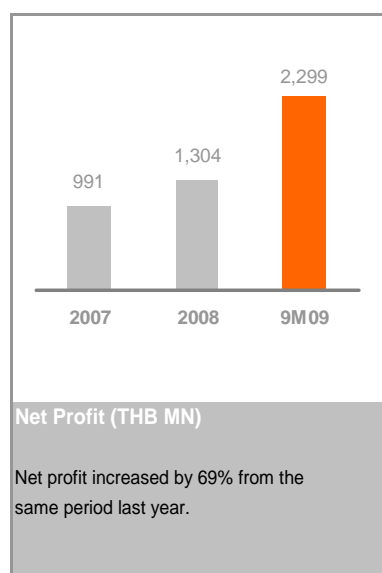


### Operating Results of Subsidiary Companies

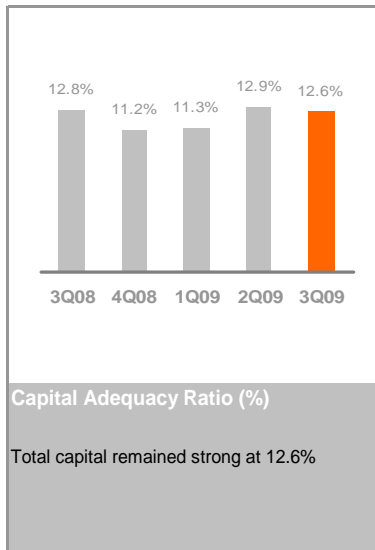
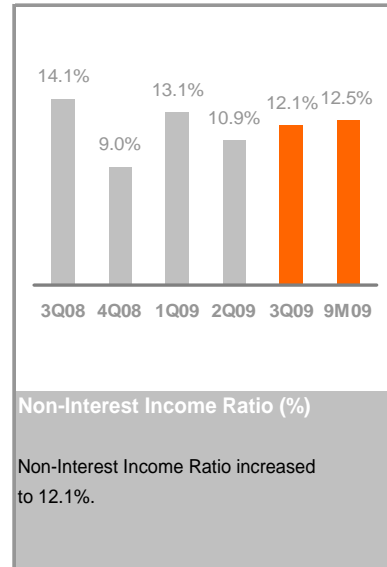
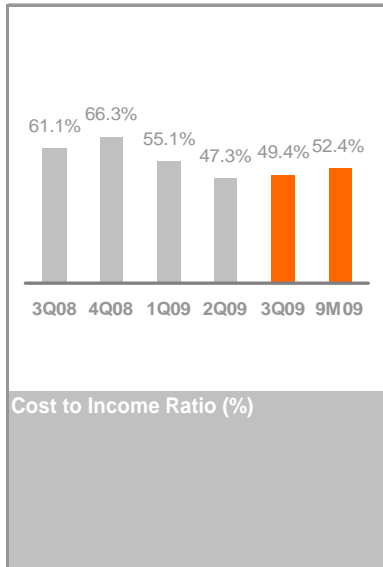
Subsidiaries	% of direct and indirect holding	Net profit (loss)			
		3Q09	3Q08	9M09	9M08
<b>Thanachart Bank Plc.</b>					
(Separate financial statements)	50.9%	1,248	151	2,299	1,361
<b>Thanachart Securities Plc.</b>	50.9%	114	14	207	143
<b>Thanachart Fund Management</b>	38.2%	35	28	82	100
<b>Thanachart Insurance</b>	50.9%	96	15	179	41
<b>Thanachart Life Assurance</b>	50.9%	(82)	100	103	390
<b>NFS-AMC</b>	100.0%	172	38	302	113
<b>MAX-AMC</b>	83.4%	34	21	87	93

## Banking Business

A prompt improvement in system and working procedure adjustment resulted in an ability and efficiency in debt collection and management, despite the economic turmoil climate. Consequently, Thanachart Bank was able to substantially reduce its bad debt and doubtful account expenses in the 3<sup>rd</sup> quarter. Furthermore, Thanachart Bank had a net profit of THB1,248 million in the 3<sup>rd</sup> quarter 2009, an increase of THB1,097 million from the same period last year. Loan spread continued to increase from 3.7% to 4.9%. In addition, non-interest income increased by 26.6% while operating expenses only increased by 18.0%. Consequently, profit before bad debt and doubtful account expenses and tax expense was THB2,087 million, an increase of THB837 million or 67.0% from the same period last year.



For the period of 9-month 2009, Thanachart Bank's net profit amounted to THB2,299 million, an increase of THB939 million or 69.0%. This was a result of loan spread which widened from 3.8% in the same period last year to 4.6%. Furthermore, the Bank continued to generate non-interest income which grew by 13.0%. Non-interest income ratio ended at 12.5%. An efficient cost control and management resulted in a decrease in cost to income ratio from 54.4% in the same period last year to 52.4%. Bad debt and doubtful account expenses decreased by 2.8% from the same period last year.



- For 9-month 2009, the Bank's total assets amounted to THB366,222 million, a decrease of THB2,050 million or 0.6% from year-end 2008. This was mainly due to the adjustment of liquidity level. Loans decreased by 0.2%, as a result of the repayment from companies in the Group. However, new business loans of the Bank continue to expand at 3.3%, especially hire purchase and corporate loans.
- Total liabilities amounted to THB341,292 million, a decrease of THB5,710 million or 1.7%. This was mainly due to the decrease in deposits and the Bank issued THB2,000 million in subordinated debentures and THB5,000 million upper tier 2 in April and July.

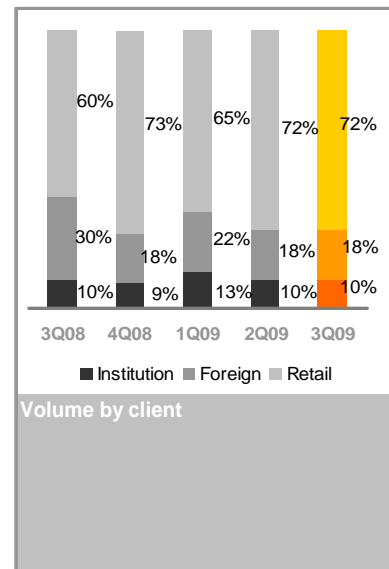
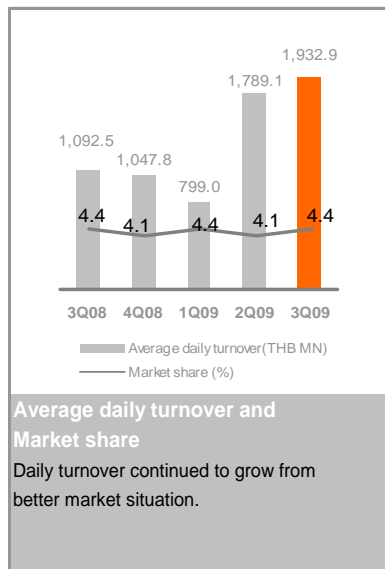
- Shareholders' equity amounted to THB24,930 million, an increase of THB3,660 million or 17.2%. This was mainly due to the profit performance of the Bank. Furthermore, the Bank has increased paid-up capital in the amount of THB2,000 million in May 2009 and paid dividends from profit of the year 2008 to common shareholders at THB0.56 per share, totaling to THB971 million.
- Capital adequacy ratio of the Bank remains strong with BIS ratio as of the period of 9-month 2009 at 12.6%.

## Securities Business

At the end of the 3<sup>rd</sup> quarter 2009, SET index closed at 717.07 points, an increase from 596.54 points in the same period last year. Average daily trading volume of the SET was

THB21,444.97 million, an increase from THB12,211.95 million in the same period last year. As for average daily trading volume of Thanachart Securities Public Company Limited (TNS), the amount was THB1,932.94 million, an increase of 76.93% from THB1,092.47 million in the same period last year. The growth rate of TNS was better than SET daily trading volume which grew by 75.61%. The market share was 4.44% and ranked number 6 in the industry. The customers of TNS can be divided to 72% retail, 18% foreign and 10% financial institutional customers.

In the 3<sup>rd</sup> quarter 2009, TNS had a net profit in the amount of THB114 million, an increase of THB100 million from the same period last year. The key reason was THB121 million increase in brokerage income while operating expenses increased by THB32 million. This was mainly due to personnel expense and fee and services of securities business which varied with trading volume.



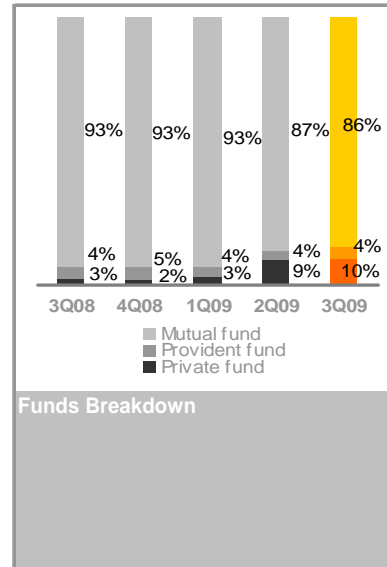
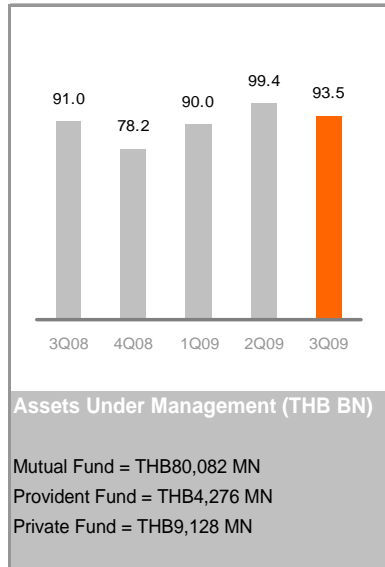
In the 9-month period of 2009, TNS had a net profit in the amount of THB207 million, an increase of 45.0% from the same period last year. This was due to an increase of THB50 million in brokerage income and an increase of THB43 million in gains on long-term securities investments. On the expenses side, the company had the bad debts and doubtful accounts expenses of THB18 million. However, operating expenses were close to that of the same period last year as a result of the cost control and management of Thanachart Group.

## Fund Management Business

At the end of the 3<sup>rd</sup> quarter 2009, Thanachart Fund Management Company Limited (TFUND) had THB93,486 million in asset under management, an increase of THB2,524 million or 2.8% from the same period last year. This was mainly due to the decrease in mutual funds while private and provident funds experienced a growth. The asset under management can be divided to 86% mutual funds, 10% private funds and 4% provident funds.

For the 3<sup>rd</sup> quarter period 2009, TFUND's net profit amounted to THB35 million, an increase of 27.0% from the same period last year. This was mainly due to an efficient cost control which resulted in a decrease of 6.4% in expenses and an increase of 1.8% in total revenues.

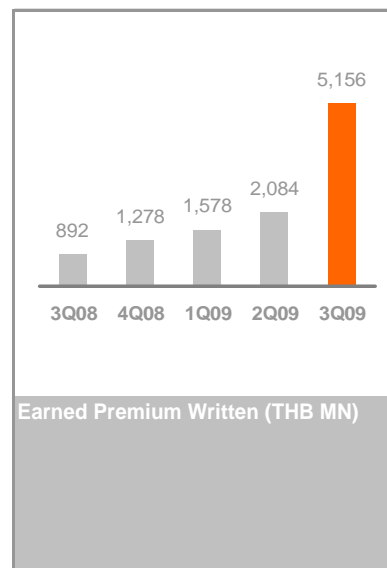
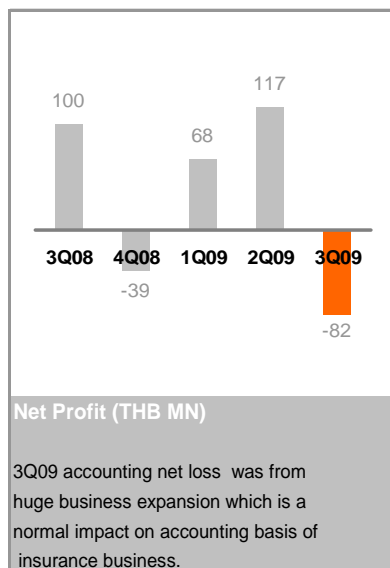
For 9-month period of 2009, TFUND's net profit amounted to THB82 million, a decrease of 17.4% from the same period last year. This was due to the fee income from fund management that decreased by 5.4%, in line with the decrease in asset under management. However, operating expenses decreased by 3.1%.



## Life Assurance Business

For the 3<sup>rd</sup> quarter period 2009, premium income of Thanachart Life Assurance Company Limited (TLIFE) increased, as a result of customer base expansion. However, TLIFE had to provide high provisions accordingly to the regulations of Office of Insurance Commission (OIC), causing the operating results of TLIFE to be a net loss of THB82 million, compared to a THB100 million net profit of TLIFE in the same period last year.

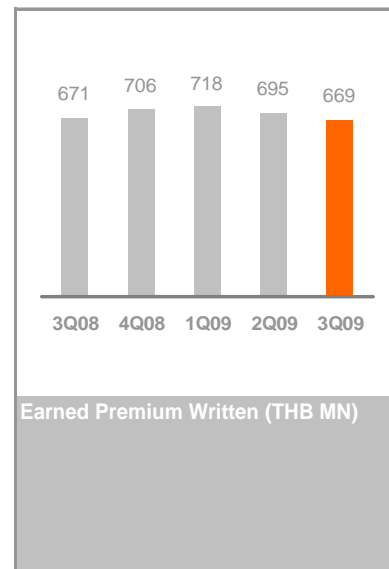
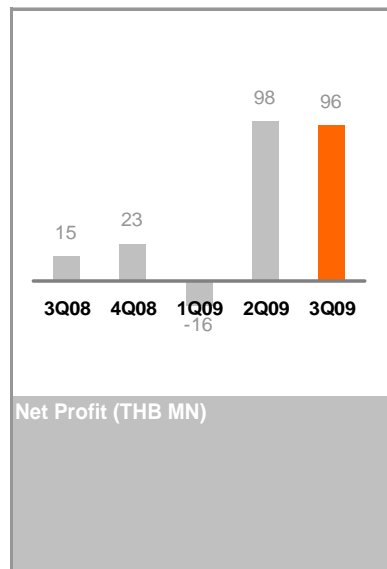
For 9-month period of 2009, TLIFE had a net profit of THB103 million, a decrease of THB286 million from the same period last year. This was mainly due to less underwriting income, which was a result of other product issuance in the 3<sup>rd</sup> quarter. The capital adequacy ended at 421.1%, higher than OIC regulated 150%.



## Non-life Insurance Business

For the 3<sup>rd</sup> quarter period 2009, Thanachart Insurance Company Limited (TNI) had a net profit of THB96 million, an increase of THB81 million from the same period last year. This was mainly due to the increase of THB104 million or 82.4% in underwriting income while loss incurred and commissions of direct premiums decreased, as a result of underwriting policy adjustment in specific products.

For 9-month period of 2009, TNI had a net profit of THB179 million, an increase of THB138 million from the same period last year. This was mainly due to an increase of THB263 million or 91.7% of earned premiums while operating expenses increased by 13.0% following business expansion.



## NPL Assets Management Business

NFS Asset Management Company Limited had a net profit of THB172 million in the 3<sup>rd</sup> quarter 2009, an increase of THB135 million or 356.0% from the same period last year. This was due to the debt repayment and account foreclosed. Interest income from loans increased by THB169 million from the same period last year.

For 9-month period 2009, the net profit was THB302 million, an increase of THB190 million from the same period last year. This was mainly due to interest income from loan which increased by THB133 million. Gains on investments in debtors amounted to THB160 million while reversal provisions of bad debt and doubtful accounts were in the amount of THB72 million, an increase of THB41 million from the same period last year.

## **Risk Management and Risk Factors**

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 3<sup>rd</sup> quarter of 2009, the Company and its subsidiaries' loan portfolio has grown from the previous quarter. The Company and its subsidiaries have invested more in corporate bonds and less in unit trusts, and thus, the credit, market and operational risks have increased.

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