



Management Discussion and Analysis

For the 3rd quarter and the 9-month period ending 30 September 2010
(Reviewed Financial Statements)

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Thanachart Capital Public Company Limited

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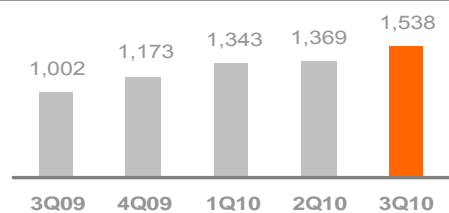
Major Events

1. The Board of Directors of Thanachart Capital Public Company Limited had a resolution to approve interim dividend payment from the half-year operating results from the period of 1 January to 30 June 2010 in the amount of THB 0.50 per share for all 1,278 million shares, which totaled to THB 639 million. Thanachart Capital prepared a list of shareholders eligible for the interim dividend payment on 12 October 2010 and the closing of registration book for suspension of share transfer was on 13 October 2010. The interim dividend payment was scheduled on 26 October 2010.
2. The Board of Directors of Thanachart Bank Public Company Limited deemed it appropriate for Siam City Bank Public Company Limited to voluntarily delist from the Stock Exchange of Thailand (SET). Thanachart Bank would conduct a tender offer for general shareholders at a price of THB 32.50 per share. The Extraordinary Meeting of Shareholders of Siam City Bank dated 5 August 2010 has issued a resolution of approval for such matter. Furthermore, SET has granted an approval for the delisting on 27 August 2010. Thanachart Bank has conducted such tender offer from 17 September to 19 November 2010.
3. The progress of the entire business transfer plan (EBT plan) between Thanachart Bank and Siam City Bank is in the process of completing the plan to be submitted to the Bank of Thailand (BOT), which is expected to be finalized within the end of next year.

Operating Results in the 3rd quarter 2010

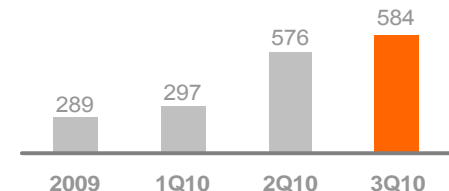
Net Profit (Million Baht)

Net profit grew strongly. 3Q10 net profit up 53.5% yoy and consistently increased for 5 consecutive quarters.



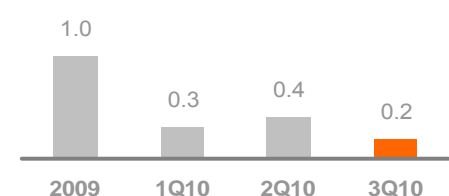
Loans (Billion Baht)

Loans grew 102.1% from the end of last year, due to loans expansion and merging with Siam City Bank.



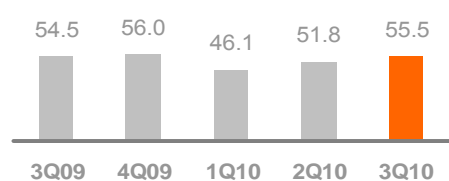
Provision to Loans (%)

Provision to Loans was relatively low, due to the efficiency of debt management and collection.



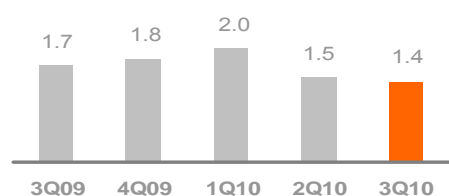
Cost to Income Ratio net Insurance/Life Insurance Expenses (%)

3Q10 cost to income ratio net insurance/life insurance expenses was close to the same quarter last year and also close to the industry average.



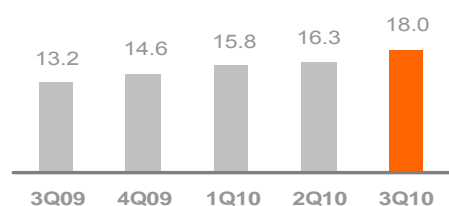
Return on Average Assets (ROAA) (%)

ROAA decreased according to the assets growth after transferring of SCIB and its subsidiaries to Thanachart Group.



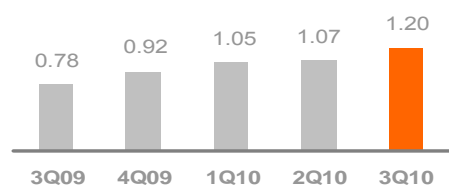
Return on Average Equity (ROAE) (%)

ROAE grew strongly and consistently for more than 5 consecutive quarters.



Earning per Share (EPS) (Baht)

EPS also has a consistent growth from the continuously development of the Group's performance



Operating results for the 3rd quarter and 9-month period of 2010

Performance overview of Thanachart Capital Public Company Limited and its subsidiaries

■ **Operating results of TCAP in the 3rd quarter 2010 were as follows:**

With the successful acquisition of Siam City Bank Public Company Limited in the 2nd quarter 2010, Thanachart Bank now holds 99.24% share ownership of Siam City Bank. This has led to significant gains made by Thanachart Capital and its subsidiaries in the 3rd quarter, especially its overall increase in asset size. At the end of September 2010, total assets of the Company and its subsidiaries amounted to THB 845,118 million, representing an increase of THB 385,153 million or 83.7 percent. Beside from the assets growth, the purchasing of Siam City Bank's ordinary shares has made the Company and its subsidiaries' loans portfolio to be more diversified. Consequently, the loan portfolio proportion of retail loans to corporate and SME loans has changed from 79 percent to 21 percent at the end of 2009 to 56 percent to 44 percent at the end of September 2010. As a result, the interest rate fluctuation did not affect the Company and its subsidiaries' performance as before, which benefited the Company and its subsidiaries in order to maintain interest spread in the interest rate up-trend environment.

Moreover, in the 3rd quarter 2010, the Company and its subsidiaries had impressive operating results with **a consolidated net profit of THB 1,538 million**, an increase of THB 536 million or 53.5 percent. This was mainly due to business expansion in various business units of Thanachart Group, such as commercial banking business, insurance, life insurance, fund management, and distressed assets management. A significantly better operating results unit was also a result of the consolidation of Siam City Bank into the Company and its subsidiaries financial statements. Thanachart Group has leveraged from Siam City Bank's distribution channels of more than 400 branches to build up income. Furthermore, the Company and its subsidiaries were able to manage and control efficiently the bad debt and doubtful account expenses and the operating expenses. Consequently, the provision to loans ratio decreased from 0.3 percent to 0.2 percent while the cost to income ratio also decreased from 76.2 percent to 64.0 percent. Cost to income ratio net insurance/life insurance expenses was at 55.5 percent. From the aforementioned reasons, the Company and its subsidiaries' ROAA and ROAE accounted for 1.4 percent and 18.0 percent respectively.

■ **Operating results of TCAP in the 9-month period of 2010 were as follows:**

For the 9-month period of 2010, Thanachart Capital and its subsidiaries had **consolidated net profit** amounting to THB **4,250** million, representing an increase of THB 314 million or 8.0 percent compared to the same period last year. The said outstanding net profit already included the operating results of Siam City Bank. In 2009, the Company had the extra gain on investment from selling shares of Thanachart Bank to Scotiabank in the amount of THB 1,902 million after tax. If excluding the extra gain, the Company's net profit grew by 108.9 percent. This was mainly due to the improvement of the Company's credit risk as well as the enhancement and adjustment of debt collection process, resulted in the dramatically decrease in the Company and its subsidiaries' provision to loans from 1.3 percent in the 9-month period last year to 0.3 percent in this year. In addition, cost to income ratio decreased from 63.6 percent in the 9-month period last year to 60.9 percent in this year. Interest spread was close to the same period last year, and stayed at 3.6 percent.

Operating Results

Unit: THB MN

Consolidated Income Statements	3Q10	3Q09	Change (%)	9M10	9M09	Change (%)
Net Interest and Dividend Income	7,283	4,107	77.3	18,431	11,165	65.1
Non-Interest Income	5,304	7,073	(25.0)	14,325	17,399	(17.7)
Operating Expenses	8,058	8,519	(5.4)	19,964	18,155	10.0
Operating Profit	4,529	2,661	70.2	12,792	10,409	22.9
Bad Debts and Doubtful Accounts	280	186	50.5	1,142	2,789	(59.1)
Loss on Debt Restructuring	82	15	446.7	123	32	284.4
Profit before Corporate Income Tax and Minority Interest	4,167	2,460	69.4	11,527	7,588	51.9
Corporate Income Tax	1,289	718	79.5	3,642	2,359	54.4
Minority Interest	1,340	740	81.1	3,635	1,293	181.1
Net Profit	1,538	1,002	53.5	4,250	3,936	8.0
Earning per share (THB)	1.20	0.78	53.5	3.33	3.07	8.5
Return on Average Equity (ROAE)	18.0	13.2		16.7	18.3	
Return on Average Assets (ROAA) ¹	1.4	1.7		1.5	1.8	
Interest Spread	3.6	4.0		3.6	3.6	
Provision to Loans	0.2	0.3		0.3	1.3	
Non-interest Income Ratio	42.1	63.3		43.7	60.9	
Cost to Income Ratio	64.0	76.2		60.9	63.6	
Cost to Income Ratio net insurance/life insurance expenses	55.5	54.5		51.8	45.5	

¹Return on Average Assets = Profit before Minority Interest / Average Total Assets

Net Interest and Dividend Income

In the 3rd quarter 2010, net interest and dividend income of the Company and its subsidiaries amounted to THB 7,283 million, representing an increase of THB 3,176 million or 77.3 percent compared to the same quarter last year. Interest and dividend income was THB 9,983 million, an increase of THB 4,379 million or 78.1 percent while interest expenses were THB 2,700 million, an increase of THB 1,203 million or 80.4 percent. In this connection, hire purchase loans of the Company and its subsidiaries has continuously been growing, accompanying with the loans expansion after purchasing ordinary shares of Siam City Bank. At the same time, cost of fund decreased, due to the proper management of deposits structure during the up-trend interest rate environment.

For 9-month period of 2010, net interest and dividend income of the Company and its subsidiaries amounted to THB 18,431 million, representing an increase of THB 7,266 million or 65.1 percent compared to the same period last year. Interest and dividend income was THB 25,380 million, an increase of THB 8,776 million or 52.9 percent while interest expenses were THB 6,949 million, an increase of THB 1,510 million or 27.8 percent. Cost of fund decreased from 2.2 percent in the 9-month period last year to 1.6 percent in this year, due to the suitable management of funding cost. Moreover, interest spread was at 3.6 percent, close to that of the same period previous year.

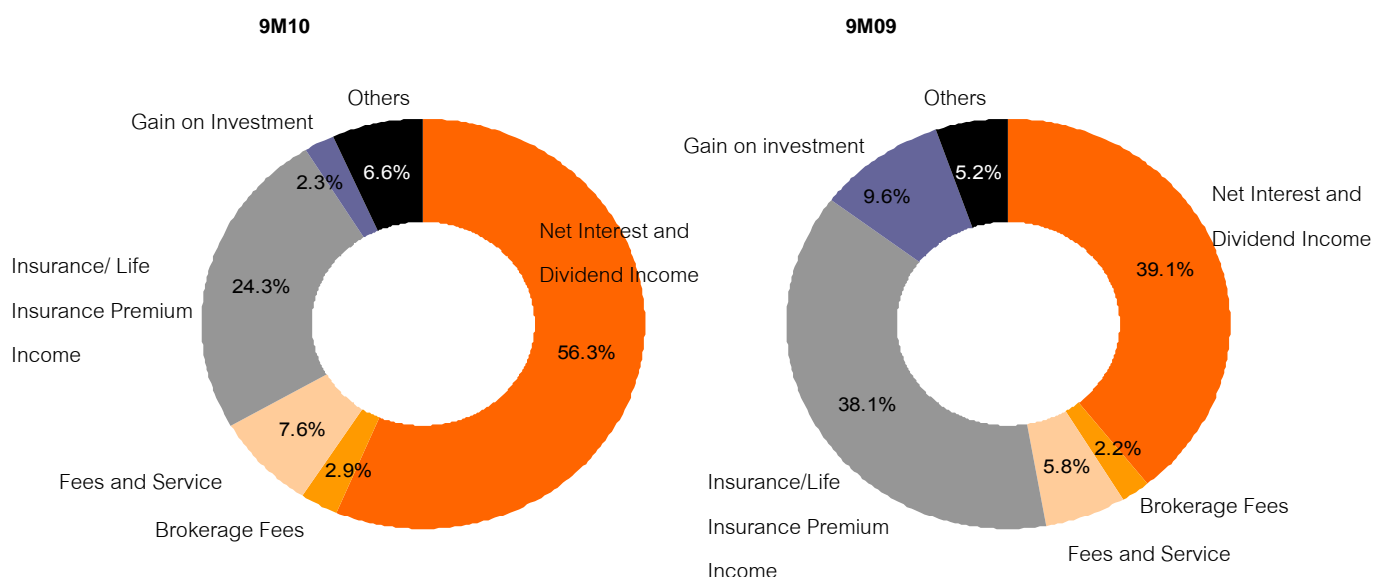
Non-interest Income

In the 3rd quarter 2010, the Company and its subsidiaries had non-interest income in the amount of THB 5,304 million, representing a decrease of THB 1,769 million or 25.0 percent from the same quarter last year. This was mostly due to insurance/life insurance premium income which decreased by THB 2,742 million or 47.1 percent according to the expiration of some insurance products. Fees and service increased by THB 459 million or 79.1 percent. However, non-interest income still has consistent growth from leveraging synergies within the Group by increasing income from cross-selling through the network of Thanachart Bank and Siam City Bank.

For 9-month period of 2010, non-interest income of the Company and its subsidiaries amounted to THB 14,325 million, representing a decrease of THB 3,074 million or 17.7 percent. This was mainly due to the extra gain on selling the ordinary shares of Thanachart Bank to Scotiabank in the amount of THB 1,902 million after tax. If excluding the extra gain, non-interest income in this period decreased only 1.7 percent.

Revenue Breakdown

At the end of the 3rd quarter 2010, the proportion between net interest and dividend income and non-interest income was 56 percent to 44 percent while the industry average was around 60 percent to 40 percent.



Operating Expenses

In the 3rd quarter 2010, operating expenses amounted to THB 8,058 million, representing a decrease of THB 461 million or 5.4 percent from the same quarter last year. This was mainly due to the insurance/life insurance expenses which decreased by THB 2,922 million or 54.8 percent. At the same time, personnel expenses and premise and equipment expenses increased by 118.0 percent and 110.7 percent respectively. The increase in such expenses was from recognition of Siam City Bank's operating expenses into the Group's expenses. From effective cost management, cost to income ratio in this quarter stood at 64.0 percent while cost to income ratio net insurance/life insurance expenses was at 55.5 percent.

For the 9-month period of 2010, operating expenses amounted to THB 19,964 million, representing an increase of THB 1,809 million or 10.0 percent from the same period last year. This was mainly

due to the consolidation of income statements of Siam City Bank into the Company and its subsidiaries' income statements since 9 April 2010. Cost to income ratio in this period accounted for 60.9 percent while cost to income ratio net insurance/life insurance expenses was at 51.8 percent.

Bad Debts and Doubtful Accounts

In the 3rd quarter 2010, the Company and its subsidiaries' bad debts and doubtful accounts expenses amounted to THB 280 million, representing an increase of THB 94 million or 50.5 percent compared to the same quarter last year, due to the consolidation of Siam City Bank's performance. Even bad debts and doubtful accounts expenses increased - the ratio of provision to loans was at 0.2 percent, a decrease from 0.3 percent in the same quarter last year.

For the 9-month period of 2010, bad debts and doubtful accounts expenses amounted to THB 1,142 million, a decrease of THB 1,647 million or 59.1 percent. This was attributable to the effective adjustment in strategies and policies to manage and collect debts in an efficient manner, resulted in the ratio of provision to loans of 0.3 percent, a decrease from 1.3 percent in the same period last year.

Financial Position

Unit: THB MN

Consolidated Balance Sheets	30 September 2010		31 December 2009		Change
	Amount	%	Amount	%	%
Interbank and Money Market Item-net	79,024	9.4	64,867	14.1	21.8
Investment-net	140,108	16.6	97,113	21.1	44.3
Loans and Accrued Interest Receivables	585,352	69.2	289,423	62.9	102.2
Allowance for Doubtful Accounts and					
Revaluation allowance for Debt Restructuring	(28,706)	(3.4)	(10,534)	(2.3)	172.5
Intangible assets acquired in a business combination – net	4,030	0.5	-	0.0	100.0
Goodwill	16,469	1.9	44	0.0	37,329.5
Other Assets	48,841	5.8	19,052	4.2	156.4
Total Assets	845,118	100.0	459,965	100.0	83.7
Deposits and Short Term Borrowings	627,197	74.2	340,799	74.1	84.0
Interbank and Money Market Item	46,094	5.5	20,939	4.5	120.1
Long term Borrowings	48,623	5.7	22,377	4.9	117.3
Other Liabilities	53,167	6.3	28,443	6.2	86.9
Total Liabilities	775,081	91.7	412,558	89.7	87.9
Company's Shareholders' Equity	34,765	4.1	33,323	7.2	4.3
Minority Interest	35,272	4.2	14,084	3.1	150.4
Total Shareholders' Equity	70,037	8.3	47,407	10.3	47.7
Total Liabilities and Shareholders' Equity	845,118	100.0	459,965	100.0	83.7
Book Value per Share (THB)	27.21		26.08		4.3

Assets

As at 30 September 2010, Thanachart Capital and its subsidiaries' total assets amounted to THB 845,118 million, representing an increase of THB 385,153 million or 83.7 percent from the end of 2009. This was mainly due to the consolidation of Siam City Bank's balance sheets into the Company and its subsidiaries' balance sheets. The key contributing factors were:

- Net interbank and money market items amounted to THB 79,024 million, an increase of THB14,157 million or 21.8 percent from the end of last year.
- Loans amounted to THB 584,396 million, an increase of THB 295,284 million or 102.1 percent from the end of last year. The purchasing of Siam City Bank's ordinary shares has caused Thanachart Capital and its subsidiaries' loans to grow 102.1 percent from the end of previous year. There was a continuous expansion in the hire purchase, corporate, SME, housing and other retail loans. Consequently, the loan portfolio proportion of retail loans to corporate and SME loans was 56 percent to 44 percent, comparing to 79 percent to 21 percent at the end of previous year.
- Net investments amounted to THB 140,108 million, an increase of THB 42,995 million or 44.3 percent from the end of last year.

- Goodwill amounted to THB 16,469 million, an increase of THB 16,425 million, due to the purchase of Siam City Bank's shares.

Liabilities

Total liabilities of the Company and its subsidiaries as of 30 September 2010 amounted to THB 775,081 million, representing an increase of THB 362,523 million or 87.9 percent from the end of 2009, mainly due to the followings:

- Deposits amounted to THB 497,364 million, an increase of THB 231,493 million or 87.1 percent. Out of the total deposits, savings accounted for 36.6 percent while fixed deposits accounted for 61.8 percent.
- Interbank and money market items amounted to THB 46,094 million, an increase of THB 25,155 million or 120.1 percent from the end of last year.
- Short-term borrowings were THB 129,833 million, an increase of THB 54,905 million or 73.3 percent.
- Long-term borrowings were THB 48,623 million, an increase of THB 26,246 million. In the 9-month period of 2010, TCAP issued THB 3,000 million worth of debentures and TBANK issued THB 6,000 million worth of Lower Tier 2 debentures and THB 7,130 million worth of Hybrid Tier 1 debentures.

Shareholders' Equity

Total shareholders' equity amounted to THB 70,037 million, representing an increase of THB 22,630 million or 47.7 percent from the year-end 2009. This was mainly due to the increase in minority interest which rose from THB 14,084 million to THB 35,272 million, due to the proportionately purchase of Thanachart Bank's shares for capital increase by Scotiabank. The increase was also from this year performance of the Company and its subsidiaries net dividend paid to shareholders which increased by THB 2,844 million.

Non-performing Loans: NPLs

	TBANK		SCIB		TCAP (Consol.)	
	30-Sep-10	31-Dec-09	30-Sep-10	31-Dec-09	30-Sep-10	31-Dec-09
NPL-gross (THB MN)	8,173	8,359	27,625	24,840	40,127	12,046
Total Allowance (THB MN)	8,171	7,718	16,747	15,908	28,429	10,436
NPL-gross to Total Loans (%)	2.5	2.5	9.1	7.8	6.2	3.5
NPL-net to Total Loans (%)	0.5	0.6	4.9	4.2	2.4	0.9
Coverage Ratio (%)	100.0	92.3	60.6	64.0	70.9	86.6

At the end of the 3rd quarter 2010, NPLs amounted to THB 40,127 million, with NPL ratio at 6.2 percent, an increase from 3.5 percent at year-end 2009. NPL-net was THB 14,997 million with NPL-net to total loans ratio ending at 2.4 percent.

Provisions for bad debt and doubtful accounts amounted to THB 28,429 million, an increase of THB 17,993 million or 172.4 percent from the end of last year. Coverage ratio (loan loss reserve to NPLs ratio) accounted for 70.9 percent.

Operating results of the subsidiaries

Unit: THB MN

Subsidiaries	% holding	Net Profit (Loss)			
	Direct/Indirect	3Q10	3Q09	9M10	9M09
Thanachart Bank Public Company Limited					
Bank only	50.96%	1,311	1,248	4,667	2,299
Thanachart Securities Public Company Limited	50.96%	128	114	303	207
Thanachart Fund Management Company Limited	38.22%	31	35	98	82
Thanachart Insurance Company Limited	50.96%	118	96	290	179
Thanachart Life Assurance Company Limited	50.96%	227	(82)	544	103
Thanachart Group Leasing Company Limited	50.96%	65	95	176	77
Thanachart Broker Company Limited	50.96%	13	14	47	49
Siam City Bank Public Company Limited					
Bank only	50.57%	1,030	-	3,275	-
Siam City Life Assurance Company Limited	50.57%	79	-	185	-
SCIB Services Company Limited	50.57%	1	-	2	-
Siam City Securities Company Limited	50.47%	11	-	1	-
Siam City Assets Management Company Limited	30.34%	-	-	(9)	-
NFS AMC Company Limited	100.00%	135	172	304	302
MAX AMC Company Limited	83.44%	(3)	34	57	87

Operating results of the Bank and its subsidiaries

(including the operating results of SCIB and its subsidiaries)

In the 3rd quarter 2010, the Bank and its subsidiaries' **net profit** (not including minority shareholders') amounted to THB **2,708** million, an increase of THB 1,235 million or 83.9 percent from the same quarter last year. Consequently, the net profit of the 9-month period operating results of 2010 amounted to THB 6,720 million, an increase of 167.7 percent. An impressive performance was due to a continuous growth in all businesses under Thanachart Group. The key drivers in the 3rd quarter include bad debts and doubtful accounts expenses which decreased by 0.3 percent, interest spread which was maintained at 3.5 percent, a growth in non-interest income contributed from fee-based income, and a cost to income ratio of 63.8 percent, which would be 54.9 percent if excluded insurance/life insurance expenses.

Loans grew by THB 8,502 million or 1.5 percent from the previous quarter, and a 104.1 percent increase from the end of last year. Hire purchase, corporate, SME, housing and other retail loans have been increasing continuously. The new car market share of hire purchase loan in the 9-month period of 2010 was at 19.2 percent. Consequently, the loan portfolio proportion of retail loans to corporate and SME loans was 56 percent to 44 percent, comparing to 79 percent to 21 percent at the end of previous year. This created a balance between fixed rate loans and floating rate loans, and therefore, reduced the impact of the interest rate volatility.

Asset quality improved due to a policy to maintain quality of asset in long-term view, improvement in loan approval process, expertise in management and debt collection of Thanachart Group. Consequently, NPLs of Thanachart Bank and Siam City Bank were 2.5 percent and 9.1 percent

respectively. At the end of the 3rd quarter of 2010, the coverage ratio in the consolidated financial statements was at 70.8 percent.

Capital adequacy of TBANK maintains to be strong and ample to support business expansion. At the end of the 3rd quarter 2010, the Bank's capital was THB 86,338 million. BIS ratio was 14.7 percent, of which 11.6 percent was tier 1 capital and 3.1 percent was tier 2. BOT has granted a waiver for Thanachart Bank in calculating BIS ratio after purchasing Siam City Bank's shares. In this connection, Thanachart Bank does not have to deduct the goodwill amount from the Bank's capital fund up until the entire business transfer is completed.

Financial Highlights (Consolidated figures)								
	3Q10	3Q09	% Change	2Q10	% Change	9M10	9M09	% Change
Operating results (Million Baht)								
Total income								
- Net interest income	7,206	3,888	85.3%	7,101	1.5%	18,507	10,712	72.8%
- Non-interest income	5,190	6,920	-25.0%	4,280	21.2%	13,197	13,801	-4.4%
Non-interest expenses	8,006	8,455	-5.3%	6,813	17.5%	19,784	17,892	10.6%
Profit before provision and tax	4,390	2,353	86.6%	4,568	-3.9%	11,920	6,621	80.0%
Provision	404	262	54.5%	649	-37.7%	1,423	2,960	-51.9%
Profit before tax	3,986	2,091	90.6%	3,918	1.7%	10,497	3,661	186.7%
Tax	1,264	610	107.3%	1,336	-5.4%	3,410	1,130	201.7%
Minority interest	13	9	52.1%	345	-96.1%	367	21	1680.2%
Net profit	2,708	1,473	83.9%	2,237	21.1%	6,720	2,510	167.7%
	Sep.10	Dec.09	% Change	Jun.10	% Change			
Key balance sheets (Million Baht)								
Loans	581,310	284,823	104.1%	572,808	1.5%			
Total assets	836,002	432,970	93.1%	829,675	0.8%			
Deposits and short-term borrowings	628,488	341,496	84.0%	620,096	1.4%			
Total liabilities	765,348	405,098	88.9%	762,124	0.4%			
Shareholders' equity (excluding minority interest)	70,126	27,811	152.1%	67,039	4.6%			
	3Q10	3Q09	% Change	2Q10	% Change	9M10	9M09	% Change
Key financial ratios (Percent)								
Return on average assets (ROAA)	1.3%	1.5%	-0.2%	1.1%	0.2%	1.3%	0.9%	0.5%
Return on average equity (ROAE)	15.7%	23.6%	-7.9%	14.1%	1.5%	17.3%	14.7%	2.6%
Interest Spread	3.4%	4.0%	-0.5%	3.3%	0.1%	3.7%	3.6%	0.1%
Non-interest income ratio	40.7%	63.3%	-22.6%	36.6%	4.1%	40.6%	55.1%	-14.5%
Non-interest income ratio (net insurance premium income)	26.2%	26.3%	-0.2%	25.1%	1.1%	25.3%	25.5%	-0.2%
Cost to income ratio	63.8%	77.8%	-14.0%	59.5%	4.3%	61.8%	72.6%	-10.8%
Cost to income ratio (net insurance premium income)	54.9%	55.4%	-0.5%	52.1%	2.8%	52.3%	54.6%	-2.3%
Provision to total loan	0.3%	0.4%	-0.1%	0.5%	-0.2%	0.3%	1.4%	-1.1%
Loans to deposits and short-term borrowings ratio	92.5%	83.4%	9.1%	92.4%	0.1%			
Total capital ratio	14.7%	12.6%	2.1%	14.9%	-0.3%			

Risk Management and Risk Factor

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

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