

Supporting Document

Agenda Item 2: To consider and approve Thanachart Bank Public Company Limited, a subsidiary, to enter into the bidding of the purchase of shares of Siam City Bank Public Company Limited from Financial Institutions Development Fund

Introduction

The Financial Institution Development Fund (“FIDF”), a major shareholder in Siam City Bank Public Company Limited (“SCIB”) with shareholding portion of 47.58% of total registered and paid-up capital or equivalent to 1,005,330,950 shares, has expressed intention to divest its shares in SCIB. On the 14th of September, (Referring to FIDF’s intent to hire a financial advisor) the Board of Directors of the FIDF considered the divestures plan for its investment in SCIB shares in accordance to the Ministry of Finance’s response and as such, has approved to appoint a financial advisor to help with the formulation of the selling process and pertinent strategies in regards to the divestiture of shares in SCIB.

As disclosed to the previous shareholders’ meeting, management team of Thanachart Bank Public Company Limited (“TBANK”) has set forth three alternatives for long-term strategic direction in response of high competition in the banking sector as follows;

1. Conduct business based on organic growth,
2. Mergers and acquisitions of other commercial banks in the Thai banking sector, or
3. Finding strategic partners.

Therefore, it is deemed appropriate that TBANK enters into the bidding of the purchase of SCIB’s shares and the subsequent merger between TBANK and SCIB should have the following business synergies;

- Merger between TBANK and SCIB will make TBANK the 5th largest bank with a combined asset base of Baht 7.9 hundred billion (based on consolidated financial statements as of 30 June 2009).
- An opportunity to enhance TBANK network nationwide with combined branch network of over 600 branches of which will further enhance TBANK’s core capabilities of fund raising, lending and related business.
- TBANK’s loan portfolio has a strong Hire Purchase composition while SCIB’s diverse loan portfolio, when combined, will create well balanced loan portfolio diversification.
- An opportunity to expand customer base exponentially (In-Organic Growth) of which increase cross-selling opportunities.
- Enhance operating management efficiencies through benefits of economies of scale in operations and risk management of which will bring quality and efficiency to services rendered to customers and service users thus ensuring a sustainable competitive advantage over the long run.

If TBANK succeeds in the bidding and acquire SCIB shares from the FIDF, TBANK would hold 47.58% of total paid-up capital in SCIB. Subsequently TBANK will be required to conduct the Tender Offer in accordance with the Securities and Exchanges Act. In compliance with any laws, regulations or notifications of relevant regulatory authorities, the Board of Directors of the Company will call shareholders' meeting for the approval thereafter.

Therefore, the Board of Directors of the Company deems it appropriate that a shareholders' meeting be convened in order to receive approval, for TBANK, a subsidiary company, to enter into the bidding of the purchase of SCIB shares and consent TBANK to have authority to fix the price, propose the bidding price, and set up any terms and conditions of the bidding, as well as any arrangement which it deems necessary or related to the purchase of SCIB shares until the objective completed.

Sources of Funding and Liquidity

Source of funds for the acquisition of SCIB's shares from the FIDF will be composed of TBANK's capital and external fund-raising via debt issuance.

About SCIB

Siam City Bank Public Company Limited ("SCIB") was established on May 8, 1941. In 2002, the Ministry of Finance announced that SCIB was assigned to be the core bank to receive all business from Bangkok Metropolitan Bank Public Co., Ltd.

As of June 30, 2009, SCIB has total assets of 420,418 Million Baht (Consolidated Basis) and as such are the 7th largest Thai commercial bank. Currently, SCIB has 409 branches and approximately 7,104 employees. SCIB Group of financial subsidiaries consists of 6 companies as follows;

- 1) Siam City Life Assurance Co., Ltd., (100% shareholding)
- 2) Siam City Securities Co., Ltd., (99.79% shareholding)
- 3) Siam City Assets Management Co., Ltd., (60% shareholding with the remaining shares held by Government Pension Fund (GPF))
- 4) Siam City Insurance Co., Ltd., (45.50% shareholding)
- 5) Ratchathani Leasing Pcl., (39.76% shareholding)
- 6) SCIB Services Co., Ltd., (100% shareholding)

SCIB Financial Highlights

Unit: Million THB

Consolidated	2006	2007	2008	For the 6-month period as of June 30, 2009
Total Income*	17,972	17,208	19,216	9,673
Net Interest Income	12,843	12,202	12,957	6,360
Pretax Profit	5,611	(2,010)	5,728	2,525
Net Profit	4,258	(2,029)	4,114	1,845
Gross Loans	233,962	252,041	279,795	280,651
Total Assets	414,458	411,269	420,092	420,418
Customer Deposits	353,885	333,463	343,760	334,292
Total Liabilities	377,652	374,907	378,812	379,578
Shareholders' Equity**	36,807	36,362	41,280	40,840
Book Value Per Share**	17.42	17.21	19.54	19.33
Return on Assets (ROA)	0.98%	(0.49%)	0.99%	0.88%
Return on Equity (ROE)	11.75%	(5.55%)	10.60%	8.99%
Total Capital Adequacy Ratio***	12.48%	12.89%	10.38%	14.30%
Tier 1 Capital Ratio***	11.63%	11.80%	9.68%	10.32%

Sources: 2008 Annual Report, Consolidated Financial Statements as of 30 June 2009 and Press Conference 20 July 2009 of SCIB

Remark:

* Net interest, dividend income, and non-interest income

** Including equity of minority interest

*** Calculated from the separate financial statement.